CONSOLIDATED AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Marico Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Marico Limited ("the Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 2 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – 'Consolidated Financial Statements' notified under Section 211(3C) of the Companies Act, 1956.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 9 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
   (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of sixteen subsidiaries and a subsidiary firm included in the consolidated financial statements, which constitute total assets of Rs. 611.22 Crores and net assets of Rs. 194.94 Crores as at March 31, 2013, total revenue of Rs. 929.93 Crores, net lossof Rs.0.32 Crores and net cash inflows amounting to Rs.95.97 Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
9. We did not audit the financial statements of three subsidiaries which constitute total assets of Rs. 125.13 Crores and net assets of Rs.86.31 Crores as at March 31, 2013, total revenue of Rs. 226.80 Crores, net profitof Rs.25.75 Crores and net cash inflows amounting to Rs.46.80 Crores for the year then ended. The unaudited financial information has been provided to us by the management, and our opinion on the consolidated financial statements to the extent they relate to these subsidiariesis based solely on such unaudited financial information furnished to us.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number : 46061

Place : Mumbai
Date : April 30, 2013

CONSOLIDATED BALANCE SHEET

	Note	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	64.48	61.49
Reserves and surplus	5	1,917.02	1,081.52
		1,981.50	1,143.01
Minority Interest		35.14	24.90
Non-current liabilities			
Long-term borrowings	6	432.63	390.67
Deferred tax liabilities (Net)	16	5.79	–
Other long term liabilities	7	0.98	0.63
Long-term provisions	8	10.47	41.93
		449.87	433.23
Current liabilities			
Short-term borrowings	9	358.08	371.58
Trade payables	10	478.47	358.37
Other current liabilities	11	293.27	208.19
Short-term provisions	12	110.90	77.74
		1,240.72	1,015.88
TOTAL		**3,707.23**	**2,617.02**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13 (A)	461.76	373.34
Intangible assets	13 (B)	813.00	88.33
Capital work-in-progress		147.68	40.17
		1,422.44	501.84
Goodwill on consolidation	14	395.52	395.49
Non-current investments	15	38.03	29.39
Deferred tax assets (Net)	16	–	22.34
Long-term loans and advances	17	119.39	124.39
Other non-current assets	18	142.62	123.41
		2,118.00	1,196.86
Current assets			
Current investments	19	113.60	266.26
Inventories	20	862.69	720.22
Trade receivables	21	196.55	208.28
Cash and bank balances	22	266.75	132.10
Short-term loans and advances	23	136.08	75.11
Other current assets	24	13.56	18.19
		1,589.23	1,420.16
TOTAL		**3,707.23**	**2,617.02**

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 46061
Place : Mumbai
Date : April 30, 2013

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Group Chief Financial Officer
HEMANGI GHAG	Company Secretary & Compliance Officer

Place : Mumbai
Date : April 30, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Revenue from operations (Gross)	25	4,598.98	3,981.03
Less : Excise duty		2.80	1.36
Revenue from operations (Net)		4,596.18	3,979.67
Other income	26	37.53	32.57
Total Revenue		**4,633.71**	**4,012.24**
Expenses:			
Cost of materials consumed	27 (A)	2,220.79	2,164.88
Purchases of stock-in-trade	27 (B)	116.60	17.44
Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease	27 (C)	(127.46)	(50.78)
Employee benefits expenses	28	380.56	307.29
Finance costs	29	58.02	42.39
Depreciation, amortisation and impairment	30	86.62	72.52
Other expenses	31	1,379.91	1,056.44
Total Expenses		**4,115.04**	**3,610.18**
Profit before exceptional and extraordinary items and tax		**518.67**	**402.06**
Exceptional items (expenses)/ income	38	33.21	(1.75)
Profit before tax		**551.88**	**400.31**
Consists of:			
- Discontinuing operations		(33.12)	(39.95)
- Continuing operations		585.00	440.26
		551.88	400.31
Tax expense:			
Current tax		131.87	94.81
Less: MAT credit (entitlement) / utilisation		(13.31)	(22.33)
Less: Prior period tax adjustments		–	(1.55)
Net current tax		118.56	70.93
Deferred tax charge		27.63	7.32
		146.19	**78.25**
Profit after tax and before Minority interest		**405.69**	**322.06**
Consists of:			
- Discontinuing operations		(37.04)	(43.78)
- Continuing operations		442.73	365.84
		405.69	322.06
Less: Minority interest		(9.83)	(4.95)
Profit for the year		**395.86**	**317.11**
Earnings per equity share (Nominal value per share Re. 1 (Re. 1))	41		
Basic		6.18	5.16
Diluted		6.17	5.15

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 46061
Place : Mumbai
Date : April 30, 2013

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
NIKHIL KHATTAU Director and Chairman of Audit Committee
MILIND SARWATE Group Chief Financial Officer
HEMANGI GHAG Company Secretary & Compliance Officer

Place : Mumbai
Date : April 30, 2013

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**551.88**	**400.31**
	Adjustments for:		
	Depreciation, amortisation and impairment	86.62	72.52
	Provision for impairment relating to skin clinics in India / Middle East (Refer note 38(b))	17.45	1.75
	Surplus on change in method of depreciation (Refer note 38(a))	(37.45)	–
	Reversal of impairment loss on "Fiancee" trade mark (Refer note 38(c))	(9.05)	–
	Finance costs	58.02	42.39
	Interest income	(22.91)	(17.55)
	Loss on sale of assets - (net)	0.39	0.58
	(Profit) / Loss on sale of current investments (net)	(4.74)	(1.20)
	Dividend income	(8.46)	(12.15)
	Employees stock option charge/ (reversal)	(0.02)	(0.04)
	Stock appreciation rights expenses	4.59	5.94
	Provision for doubtful debts, advances, deposits and others no longer required written back	0.76	(1.03)
		85.20	91.21
	Operating profit before working capital changes	**637.08**	**491.51**
	Adjustments for:		
	(Increase)/ decrease in inventories	(142.47)	(119.08)
	(Increase)/ decrease in trade receivables	10.97	(29.84)
	(Increase)/ decrease in loans and advances, other current and non-current assets and other bank balances	(113.13)	15.08
	Increase/(decrease) in trade payables and other current and non-current liabilities and provisions	149.40	153.22
	Changes in working capital	**(95.23)**	**19.38**
	Cash generated from Operations	**541.85**	**510.90**
	Taxes paid (net of refunds)	(109.99)	(110.01)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**431.86**	**400.89**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(991.51)	(102.12)
	Sale of fixed assets	21.17	0.05
	Effect of translation differences on fixed assets	(7.92)	(16.71)
	(Purchase) / Sale of investments (net)	148.43	(205.65)
	Goodwill on consolidation	(0.02)	(1.02)
	Inter-corporate deposits placed	–	(10.00)
	Deposit in escrow account for acquisition	25.00	(25.00)
	Advance to WEOMA Trust	(56.52)	(19.92)
	Dividend income received	8.46	12.15
	Interest received	20.58	16.22
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(832.33)**	**(352.00)**

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share capital (ESOP + Preferencial allotment) after adjusting share issue expenses	497.94	3.09
	Issue / (Redemption) of commercial papers (net)	42.50	(92.99)
	Increase / (decrease) in Minority interest	0.41	(1.86)
	Issue of Debentures / (redemption)	50.00	(30.00)
	Other borrowings (repaid) / taken (net)	(24.00)	94.73
	Finance costs paid	(57.59)	(44.67)
	Equity dividend paid (inclusive of dividend distribution tax)	(67.01)	(46.99)
	NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	**442.25**	**(118.69)**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	2.45	(3.76)
E	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)**	**44.23**	**(73.56)**
F	Cash and cash equivalents - opening balance (as at April 1) (Refer note 22)	60.74	134.30
G	**Cash and cash equivalents - closing balance (as at March 31) (Refer note 22)**	**104.97**	**60.74**

Notes

1 The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules , 2006.

2 The figures for the previous year have been regrouped where necessary to conform to current year's classification.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 46061
Place : Mumbai
Date : April 30, 2013

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Group Chief Financial Officer
HEMANGI GHAG	Company Secretary & Compliance Officer

Place : Mumbai
Date : April 30, 2013

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

NOTES TO THE FINANCIAL STATEMENTS

1. The Group and nature of its operations:

Marico Limited (herein after referred to as 'the Company'), headquartered in Mumbai, Maharashtra, India, together with its subsidiaries is referred as 'Marico' or 'Group'. Marico Limited carries on business in branded consumer products and services. In India, Marico Limited manufactures and markets products under the brands such as Parachute, Nihar, Saffola, Hair & Care, Revive, Mediker, Livon and Set-wet. Marico's international portfolio includes brands such as Fiancée, HairCode, Camelia, Aromatic, Caivil, Hercules, Black Chic, Ingwe, Code 10, X-men, L'Ovite and Thuan Phat. It is present in Skin Care solutions business under the brand name Kaya in India and international markets and the brand name Derma Rx in Singapore and Malaysia.

2. Subsidiaries considered in Consolidated Financial Statements:

(i) List of subsidiary companies:

Name of the Company	Effective date for acquisition / incorporation	Holding Company	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited (MBL)	September 6, 1999	Marico Limited	Bangladesh	90 (90)
Marico Middle East FZE (MME)	November 8, 2005	Marico Limited	UAE	100 (100)
-Kaya Middle East FZE (KME) (Refer Note 45 below)	December 25, 2005	MME	UAE	100 (100)
-MBL Industries Limited (MBLIL)	August 2, 2003	MME	Bangladesh	100 (100)
-MEL Consumer Care SAE (MELCC)	October 1, 2006	MME	Egypt	100 (100)
-Marico Egypt Industries Company (MEIC)	January 1, 2008	MELCC	Egypt	100 (100)
-Egyptian American Investment & Industrial Development Company (EAIIDC)	December 19, 2006	MME	Egypt	100 (100)
-Marico Malaysia Sdn. Bhd. (MMSB)	December 4, 2009	MME	Malaysia	100 (100)
Marico South Africa Consumer Care (Pty) Limited (MSACC)	October 17, 2007	Marico Limited	South Africa	100 (100)
-Marico South Africa (Pty) Limited (MSA)	November 1, 2007	MSACC	South Africa	100 (100)
-CPF International (Pty) Limited (CPF)	November 1, 2007 (Up to January 16, 2012)	MSACC	South Africa	Nil * (Nil *)
Kaya Limited	March 27, 2003	Marico Limited	India	100 (100)
-Derma – Rx International Aesthetics Pte. Limited (DIAL)	May 22, 2010	Kaya Limited	Singapore	100 (100)
-The DRx Clinic Pte. Limited (DCPL)	May 25, 2010	DIAL	Singapore	100 (100)
-The DRx Medispa Pte. Limited (DMSPL)	May 25, 2010	DIAL	Singapore	100 (100)
-DRx Investments Pte. Limited (DIPL)	May 25, 2010	DIAL	Singapore	100 (100)
-DRx Aesthetics Sdn. Bhd. (DASB)	May 25, 2010	DCPL	Malaysia	100 (100)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Name of the Company	Effective date for acquisition / incorporation	Holding Company	Country of incorporation	Percentage of ownership interest
International Consumer Products Corporation (ICP)	February 18, 2011	Marico Limited	Vietnam	85 (85)
-Beaute Cosmetique Societe Par Actions (BCS)	February 18, 2011	ICP 99% equity held by ICP (Previous Year: 99%)	Vietnam	84.15 (84.15)
-Thuan Phat Foodstuff Joint Stock company (TPF)	February 18, 2011	ICP 99.73% equity held by ICP (Previous Year: 98.6%)	Vietnam	84.77 (83.81)
Marico Consumer Care Limited (MCCL) (Refer Note 36)	April, 20 2012	Marico Limited	India	100 (–)
-Halite Personal Care India Private Limited (Refer Note 36)	May 29, 2012	MCCL	India	100 (–)

* CPF was de-registered during the previous year, which has no impact on the consolidated financial statements as the said company has no operations.

(ii) List of Subsidiary firm:

Name of the Company	Effective date for acquisition	Holding Company	Country of incorporation	Percentage of ownership interest
Wind Company	May 16, 2005	MELCC	Egypt	99 (99)

(iii) The effect of the subsidiaries formed / acquired during the year is as under:

Name of the Subsidiaries	Net Profit (Rs. Crore)	Net assets (Rs. Crore)
Marico Consumers Care Limited (Refer note 36)	3.29 (–)	747.67 (–)
Halite Personal Care India Private Limited (Refer note 36)	9.39 (–)	0.49 (–)
Total	**12.68 (–)**	**748.16 (–)**

(iv) The Board of Directors of the Company in their Board Meeting held on March 15, 2013, approved Marico Limited becoming a member of The Marico Innovation Foundation ("MIF"), a company incorporated under Section 25 of the Companies Act, 1956 (being a private company limited by guarantee not having share capital) primarily with an objective of fuelling and promoting innovation in India and MIF became a wholly owned subsidiary of the Company with effect from the said date. Marico Limited controls the composition of the Board of MIF and has accordingly appointed two directors as its nominees.

Since MIF cannot transfer funds to Marico Limited, it has not been considered for consolidation in accordance with Accounting Standard 21 (AS 21) 'Consolidated Financial Statements'.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

3. Summary of significant accounting policies:

(a) Basis of preparation of Financial Statements

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, except for certain financial instruments which are measured at fair values and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

(b) Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements relate to the Company and its subsidiaries and have been prepared on the following basis:

i) In respect of Subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on intra-group transactions as per Accounting Standard (AS 21) "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest.

ii) In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All asset and liabilities are converted at the rate prevailing at the end of the year. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve' under 'Reserves and Surplus'.

iii) The excess of cost to the Group of its investments in subsidiary companies over its share of equity and reserves of its subsidiary companies at the dates on which investments are made, is recognised in the financial statements as Goodwill, which is tested for impairment at every balance sheet date. The excess of Group's share of equity and reserves of its subsidiary companies over the cost of acquisition is treated as Capital Reserve.

iv) Minority interests in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements, except in case of Marico Middle East FZE, Marico Malaysia Sdn. Bhd., where costs of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.20% (0.05%) of the total consolidated inventories of the Group as at the year end.

(c) Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives and provision for impairment of fixed assets and intangible assets.

Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

(d) Tangible assets, intangible assets and capital work-in-progress

Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation/amortisation and impairments, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset are capitalised until such time as the assets are substantially ready for their intended use. Other pre-operative expenses for major projects are also capitalised, where appropriate.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end.

(e) Depreciation and amortisation

I. Tangible assets

(i) Depreciation in respect of assets of Indian entities viz, Marico Limited, Kaya Limited, Marico Consumer Care Limited and Halite Personal Care Limited is provided on a straight line basis at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The depreciation rates considered for the following items are higher than the rates stipulated in Schedule XIV to the Companies Act, 1956:

Asset	Rates (p.a.)
Computer hardware and related peripherals	33.33%
Moulds	16.21%
Office equipment	10 % - 50%
Technologically advanced machinery	14.29% - 33.33%
Furniture and fixtures (including leasehold improvements)	11.11% - 12.50%
Vehicles	20%

(ii) Depreciation in respect of assets of foreign subsidiaries is provided on a straight line basis based on useful life of the assets as estimated by the management here under:

Asset	Rates (p.a.)
Buildings	4% - 20%
Plant and machinery	6.67% - 50%
Furniture and fixtures (including leasehold improvements)	6.67% - 50%
Vehicles	10% - 33%

(iii) Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.

(iv) Leasehold land, including land use right included under the head Investment Property, is amortised over the primary period of the lease.

(v) Fixtures in leasehold premises are amortised over the primary period of the lease.

(vi) The Company has during the year changed the method of depreciation on certain assets (Refer note 38 (a)).

II. Intangible assets

Intangible assets are amortised on a straight line basis at the rates based on estimated useful lives of respective assets, but not exceeding the period given here under:

Assets	Rates (p.a.)
Trademarks, copyrights and business and commercial rights and other intangibles	10% to 14.28%
Computer software	33.33% to 50%

A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management.

(f) Assets taken on lease

(i) The assets taken on finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased asset and present value of the minimum lease payments. The corresponding amount is shown as lease liabilities. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to the Statement of Profit and Loss.

(ii) Operating lease payments are recognised as expenditure in the Statement of Profit and Loss as per the terms of the respective lease agreement. Initial direct costs incurred by the Company for operating lease arrangements are amortised over a non-cancellable period of the agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(g) Assets given on lease

In respect of Plant and equipment given on operating lease basis, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

(h) Investment property

Investment in land use right and buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, have been classified as Investment property. Investment properties are carried at cost less amortisation. Refer note 3(e) for depreciation rates used for leasehold land and buildings.

(i) Investments

(i) Long term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline in value, other than temporary.

(ii) Current investments are valued at lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

(j) Inventories

(i) Raw materials, packing materials, stores and spares and consumables are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used are expected to be sold at or above cost.

(ii) Work-in-process, finished goods, and stock-in-trade (traded goods) are valued at lower of cost and net realizable value.

(iii) By-products and unserviceable / damaged finished goods are valued at net realizable value.

(iv) Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in case of finished goods includes appropriate production overheads and excise duty, wherever applicable. In case of Marico Middle East FZE and Marico Malaysia Sdn. Bhd. costs of inventories are ascertained on FIFO instead of weighted average basis.

(k) Research and development

Capital expenditure on research and development is capitalised and depreciated as per the accounting policy mentioned in note 3(d) and 3(e) above. Revenue expenditure is charged off in the year in which it is incurred.

(l) Revenue recognition

(i) Domestic sales are recognised at the point of dispatch of goods to the customers, which is when substantial risks and rewards of ownership passed to the customers, and are stated net of trade discounts, rebates, sales tax, value added tax and excise duty.

(ii) Export sales are recognised based on the date of bill of lading except, sales to Nepal which are recognised when the goods cross the Indian Territory, which is when substantial risks and rewards of ownership passed to the customers.

(iii) Revenue from services is recognised on rendering of the services and is recorded net of discount and service tax.

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

(v) Income from export incentives such as premium on sale of import licences, duty drawback etc. are recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

(vi) Dividend income is recongnised when right to receive dividend is established.

(m) Retirement and other benefits to employees

(i) Gratuity

Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit method. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise. Gratuity liability in respect of Marico Limited is funded and in respect of other subsidiaries gratuity liability is unfunded.

(ii) Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by ICICI Prudential Life Insurance Company Limited. The Company has no obligation to the scheme beyond its monthly contributions.

(iii) Leave encashment / Compensated absences

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

(iv) Provident fund

Provident fund contributions are made to a trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses and gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(n) Foreign currency transactions

(i) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

(ii) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates and the resultant exchange differences except those qualifying for hedge accounting are recognised in the Statement of Profit and Loss.

(iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which they arise. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

(iv) The Company uses forward and options contracts to hedge its risks associated with foreign currency transactions relating to certain firm commitments and forecasted transactions. The Company also uses Interest rates swap contracts to hedge its interest rate risk exposure. The Company designates these as cash flow hedges. These contracts are marked to market as at the year end and resultant exchange differences, to the extent they represent effective portion of the hedge, are recognised directly in 'Hedge Reserve'. The ineffective portion of the same is recognised immediately in the Statement of Profit and Loss.

(v) Exchange differences taken to Hedge Reserve account are recognised in the Statement of Profit and Loss upon crystallization of firm commitments or occurrence of forecasted transactions or upon discontinuation of hedge accounting resulting from expiry / sale / termination of hedge instrument or upon hedge becoming ineffective.

(o) Accounting for taxes on income

i) Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income tax is recognised as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

(p) Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(q) Employee Stock Option Plan

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the options (excess of market value of shares over the exercise price of the option at the date of grant) is recognised as Employee compensation cost over the vesting period.

(r) Employee Stock Appreciation Rights Scheme

In respect of Employee Stock Appreciation Rights granted pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011, the intrinsic value of the rights (excess of market value as at the year end and the Grant price) is recognised as Employee compensation cost over the vesting period after amounts adjusting for the difference between the amounts due from the Trust and the loan advanced to the Trust.

(s) Utilization of Securities Premium Reserve

The Securities Premium Reserve is utilized for paying up unissued shares of the Company to be issued as fully paid bonus shares, writing off preliminary expenses, writing off expenses on issue of shares or debentures and writing of premium on redemption of any redeemable preference shares or debentures of the Company.

(t) Provisions and Contingent Liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

A Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent Assets are not recognised or disclosed in the financial statements.

(u) Cash and Cash Equivalents

In the Cash Flow Statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(v) Earnings Per Share

Basic earnings per share, is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4 Share capital

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Authorised		
1,150,000,000 (650,000,000) equity shares of Re. 1/- each	115.00	65.00
100,000,000 (150,000,000) preference shares of Rs. 10/- each	100.00	150.00
Total	**215.00**	**215.00**
Issued, subscribed and paid-up		
644,771,779 (614,934,387) equity shares of Re. 1/- each fully paid-up	64.48	61.49
Total	**64.48**	**61.49**

a Reconciliation of number of shares

Equity Shares :

Particulars	As at March 31, 2013		2012	
	Number of shares	Rs. Crore	Number of shares	Rs. Crore
Balance as at the beginning of the year	614,934,387	61.49	614,399,550	61.44
Shares Issued during the year - ESOP (Refer note (d) below)	425,648	0.05	534,837	0.05
Preferential allotment (Refer note 35)	29,411,764	2.94	–	–
Balance as at the end of the year	**644,771,799**	**64.48**	**614,934,387**	**61.49**

b Rights, preferences and restrictions attached to shares:

Equity Shares: The Company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	As at March 31, 2013 No. of Shares held	% of Holding	2012 No. of Shares held	% of Holding
Equity Shares of Re. 1/- each fully paid-up				
HARSH C MARIWALA (As a representative of Valentine Family Trust)	73,376,000	11.38	73,376,000	11.93
HARSH C MARIWALA (As a representative of Aquarius Family Trust)	73,376,000	11.38	73,376,000	11.93
HARSH C MARIWALA (As a representative of Taurus Family Trust)	73,376,000	11.38	73,376,000	11.93
HARSH C MARIWALA (As a representative of Gemini Family Trust)	73,376,000	11.38	73,376,000	11.93
Arisaig Partners (Asia) Pte Ltd	35,353,269	5.48	35,353,269	5.75
Oppenheimer Developing Markets Fund (Royal Bank of Scotland)	30,483,651	4.73	30,906,283	5.03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

d Shares reserved for issue under options :

The Corporate Governance Committee of the Board of Directors of Marico Limited has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007' ("Scheme"). Each option represents 1 equity share in the Company. The Vesting period and the Exercise Period both range from 1 year to 5 years.

The Scheme is administered by the Corporate Governance Committee comprising independent Directors. The Scheme closed on February 1, 2013.

	As at March 31,	
	2013	**2012**
Weighted average share price of options exercised	57.85	56.98
Number of options granted, exercised and forfeited		
Balance as at beginning of the year	778,313	2,388,050
Granted during the year	–	–
Less : Exercised during the year	425,648	534,837
Forfeited / lapsed during the year	–	1,074,900
Balance as at end of the year	**352,665**	**778,313**
Percentage to current paid-up equity share capital	**0.05%**	**0.13%**

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. (0.02) Crore (Rs. (0.04) Crore) as compensation cost under the 'intrinsic value' method (Refer note 28). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	**For the year ended March 31, 2013**	**2012**
Net Profit after tax as reported (Rs. Crore)	395.86	317.11
Less : Stock-based employee compensation expense (Rs. Crore)	0.31	0.32
Adjusted pro-forma (Rs. Crore)	395.55	316.79
Basic earnings per share as reported	Rs. 6.18	Rs. 5.16
Pro-forma basic earnings per share	Rs. 6.17	Rs. 5.15
Diluted earnings per share as reported	Rs. 6.17	Rs. 5.15
Pro-forma diluted earnings per share	Rs. 6.17	Rs. 5.15

The following assumptions were used for calculation of fair value of grants:

	As at March 31, 2013	2012
Risk-free interest rate - Vest 1 (%)	6.61%	6.61%
Risk-free interest rate - Vest 2 (%)	7.27%	7.27%
Expected life of options (years)	5 years	5 years
Expected volatility - Vest 1 (%)	35.32%	35.32%
Expected volatility - Vest 2 (%)	36.92%	36.92%
Dividend yield	1.20%	1.20%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

5 Reserves and surplus

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Securities Premium Reserve		
Balance as at the beginning of the year	62.53	59.49
Add : Receipt on issue of shares on preferntial allotment basis (Refer note 35)	497.06	–
Add : Receipt on exercise of Employees Stock Options	2.42	3.03
Less: Amount adjusted towards share issue expenses (net of tax effect of Rs. 0.18)	(4.53)	–
Less : Premium on redemption of Debentures (net of tax effect of Rs. 0.31)	(0.66)	–
Add : Transferred from Employee Stock Options outstanding	0.02	0.01
Balance as at the end of the year	556.84	62.53
Debenture Redemption Reserve		
Balance as at the beginning of the year	21.67	31.67
Add : Amount transferred from Surplus in the Statement of Profit and Loss	21.30	20.00
Add: Amount transferred to General Reserve on redemption	–	(30.00)
Balance as at the end of the year	42.97	21.67
Employee Stock Options Outstanding Account (Refer note 4 (d))		
Balance as at the beginning of the year	0.02	0.07
Less : Transferred to Securities Premium Reserve on exercise of stock options	0.02	0.01
Less : Forfeited / lapsed during the year	–	0.04
Balance as at the end of the year	–	0.02
General Reserve		
Balance as at the beginning of the year	186.85	123.19
Add : Amount transferred from Surplus in the Statement of Profit and Loss	43.63	33.66
Add: Amount transferred from Debenture Redemption Reserve on redemption	–	30.00
Balance as at the end of the year	230.48	186.85
Hedge Reserve (Refer note 39 (c))		
Balance as at the beginning of the year	(33.92)	4.99
Adjustments during the year	(18.57)	(38.91)
Balance as at the end of the year	(52.49)	(33.92)
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	(13.62)	(9.86)
Exchange gain/(loss) on translation during the year	2.44	(3.76)
Balance as at the end of the year	(11.19)	(13.62)
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	857.99	644.49
Add : Profit during the year	395.86	317.11
Less: Appropriations		
Interim dividend	32.24	43.04
Dividend distribution tax on Interim dividend	6.27	6.98
Minority share in accumulated profits (Refer note below)	–	(0.07)
Transfer to Debenture Redemption Reserve	21.30	20.00
Transfer to General Reserve	43.63	33.66
Balance as at the end of the year	1,150.41	857.99
Total	**1,917.02**	**1,081.52**

Minority share in accumulated profits of Rs. Nil (Rs. 0.07 Crore) represents adjustments relating to earlier year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

6 Long-term borrowings

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Secured		
Term loans		
From banks		
External commercial borrowing from Hongkong Shanghai Banking Corporation (Loan carries interest @ LIBOR plus 2.1% (Previous year LIBOR plus 2.1%) and is secured by (i) Pledge of shares of International Consumer Products Corporation (a Subsidiary company) (ii) First ranking pari passu charge over all current and future plant and machinery of the Company and (iii) Mortgage on land and building situated at Andheri, Mumbai.) The loan is repayable over a period of 6 years commencing from February 28, 2011 as under:- 1st installment - USD 3 million - payable at the end of 36 months 2nd installment - USD 3 million - payable at the end of 42 months 3rd installment - USD 6 million - payable at the end of 48 months 4th installment - USD 6 million - payable at the end of 54 months 5th installment - USD 9 million - payable at the end of 60 months 6th installment - USD 12 million - payable at the end of 66 months 7th installment - USD 15 million - payable at the end of 72 months Total Amount - USD 54 million (Loan amount of USD 3 million as at March 31, 2013 has been disclosed under Other Current Liabilities as current maturities of long term debt (Refer Note (11))	276.83	274.73
Term loan from Citibank N.A. (Loan carries interest @ 'Swap Offer Rate' plus 3% on quarterly basis and is secured by (i) fixed charge over all the fixed property and assets of one of the subsidiaries, namely, Derma – RX International Aesthetics Pte Ltd. (DIAL) including all machinery and equipment of its subsidiaries; (ii) shares held by DIAL in each of its subsidiaries; (iii) shares held by Kaya Limited in DIAL and (iv) Corporate guarantee of Marico Limited) (Original loan amount of SGD 17 million was outstanding as at March 31, 2012 which was payable in 20 equal quarterly installments of SGD 0.85 million each commencing from March 22, 2013 and ending on December 15, 2017. Loan amount outstanding of SGD 3.40 million as at March 31, 2013 has been disclosed under Other Current Liabilities as Current maturities of long term debt) (Refer note 11)	55.80	65.94
	332.63	340.67
Unsecured		
Debentures		
500, 10.05%, Rated Taxable Unsecured Redeemable Non-convertible debentures of face value of Rs.10,00,000/- each (The above debentures were issued on March 30, 2011 and are redeemable at par after 30 months from the date of issue i.e. by September 30, 2013. Interest on these debentures is payable at an interval of 12 months. The debentures are listed on National Stock Exchange) (Refer Note (a) below and Note 11)	–	50.00
1,000, 8.95%, Rated Taxable Unsecured Zero Coupon Redeemable Non-convertible debentures of face value of Rs. 10,00,000/- each (The above debentures were issued on February 22, 2013 at Par and are reedeemable at premium after 3 years from the date of issue i.e. by February 22, 2016 with a put/ call option at the end of 2 years i.e. February 20, 2015. The debentures are listed on National Stock Exchange). The yield on redemption is 8.95% p.a. on XIRR basis)	100.00	–
	100.00	50.00
Total	**432.63**	**390.67**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

a The scheduled maturity of long term borrowings is summarized as under:

Rs. Crores

	Term loan from Citibank		ECB from HSBC / SCB		Debentures		Total	
	As on March 31		As on March 31		As on March 31		As on March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Within one year (Refer Note 11 - Current Maturities of Long Term Debt)	14.88	3.47	16.28	19.08	50.00	–	81.16	22.55
After 1 year but within 2 years	14.88	13.88	48.85	16.28	100.00	50.00	163.73	80.16
After 2 year but within 5 years	40.92	41.64	227.98	258.45	–	–	268.90	300.09
More than 5 years	–	10.42	–	–	–	–	–	10.42
Total	**70.68**	**69.41**	**293.11**	**293.81**	**150.00**	**50.00**	**513.79**	**413.22**

7 Other Long Term Liabilities

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Advances from customers	0.01	0.63
Premium on redemption of debentures	0.97	–
Total	**0.98**	**0.63**

8 Long term provisions

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Provision for employee benefits :		
Leave Entitlement	0.59	–
Gratuity	5.46	4.10
Employee Stock Appreciation Rights Scheme (Refer Note 40)	1.09	5.96
	7.14	10.06
Others:		
Provision for equalisation of rent expenses (Refer note (a) below)	2.26	2.03
Provision for site restoration cost (Refer note (b) below)	1.07	1.26
Provision for contingent consideration (Refer note (c) below)	–	28.58
	3.33	31.87
Total	**10.47**	**41.93**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

a Provision for equalisation of rent expenses represents provision made towards additional liability created to recognise rent expenses on straight line basis over the lease period.

b Movement in Provision for site restoration cost

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Balance as at the beginning of the year	1.50	1.52
Additions during the year	0.22	0.03
Amounts used during the year	–	(0.05)
Unused amounts reversed	(0.12)	–
Balance as at the end of the year	**1.60**	**1.50**
Classified as Non-current:	1.07	1.26
Classified as current: (Refer Note 12)	0.53	0.24
Total	**1.60**	**1.50**

Provision for site restoration cost represents estimates made for probable liability towards the restoration of leased premises, at the end of the lease period.

c During the year ended March 31, 2011, the Group acquired the skin care business of Derma Rx in Singapore and Malaysia. As per the agreement, the total contingent consideration of Rs. 56.60 Crore (SGD 16,000,000 converted at the exchange rate as at March 31, 2011), is payable over the three years period commencing from May 25, 2010 upon achievement of certain milestones such as turnover, profits etc.

Based on the assessment of the performance of Derma Rx business since the acquisition, the management had assessed that it is more than probable that a consideration of Rs. 45.99 Crore (SGD 13,000,000 converted at the exchange rate as at March 31, 2011) would be payable. Accordingly, the Group had considered the provision of the said amount during the year ended March 31, 2011.

Based on the actual achievement of turnover and profit milestones as envisaged for each year after the acquisition, the company paid the following amounts as consideration :

For the year ended:	SGD	Rs. Crore
March 31, 2012	2,500,000	9.54
March 31, 2013	3,000,000	12.69

The company has estimated the final payment for year three at 7,900,000 SGD and has therefore provided an additional amount of Rs. 1.75 crores (400,000 SGD converted at the year end exchange rate) towards the consideration payable.

Movement in Provision for contingent consideration

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Balance as at the beginning of the year	42.87	45.99
Add: Provision made during the year	1.75	–
Less: Provision utilised during the year	12.69	9.54
Add: Net exchange loss on transaction and translation	2.64	6.42
Balance as at the end of the year	**34.57**	**42.87**
Classified as Non-current:	–	28.58
Classified as current: (Refer Note 12)	34.57	14.29
Total	**34.57**	**42.87**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

9 Short-term borrowings

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Secured		
From banks :		
Cash credit	12.74	0.18
Pre-shipment credit in foreign currency (Secured by hypothecation of inventory and debtors)	–	35.62
	12.74	35.80
Unsecured		
From banks:		
- Buyers' credit in foreign currency	17.82	111.22
(These are loans taken for a term of twelve months and carry interest rate of LIBOR plus applicable spread ranging from 0.05% to 1.5% per annum (previous year 0.05% to 1.50% per annum))		
- Pre-shipment credit in foreign currency (These borrowings are for a term of six months and carry interest rate of LIBOR plus applicable spread ranging from 1.30% to 2% per annum (previous year 1.30% to 2% per annum))	59.71	30.52
- Overdraft in foreign currency	–	22.88
- Other term loans in foreign currency (Overdraft and Other term loans availed in the current year carry interest rate of 3 months LIBOR plus applicable spread ranging from 0.70% to 2.30% (previous year 0.7% to 2.3% per annum) per annum and interest rate ranging from 3% to 13.65% (previous year 3% to 13.65%) (where interest is not linked to LIBOR))	133.00	171.16
- Cash credit	92.31	–
	302.84	335.78
From others :		
- Commercial papers (Commercial papers have been borrowed for a term of 12 months and carried interest rate ranging from 7% to 10% per annum.) Less: Deferred interest	45.00	–
Less: Deferred interest	2.50	–
	42.50	–
	345.34	335.78
Total	**358.08**	**371.58**

10 Trade payables

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Trade Payables (Refer note below)	478.47	358.37
Total	**478.47**	**358.37**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	9.58	13.95
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0.04	0.09
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year.	–	–
Interest due and payable towards suppliers registered under MSMED Act for payments already made.	–	–
Further interest remaining due and payable for earlier years.	0.09	0.01

This information as required to be disclosed under the MSMED Act has been determined to the extent such parties have been identified on the basis of information available with the Company.

11 Other current liabilities

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Current maturities of long-term debt (Refer note 6 (a))	81.16	22.55
Interest accrued but not due on borrowings	1.63	1.20
Unclaimed dividends	0.17	0.16
Book overdraft	2.42	10.55
Other payables:		
Provision for contractual liabilities	38.57	29.67
Advances from customers	93.19	87.15
Statutory dues including provident fund and tax deducted at source	24.86	21.41
Forward / derivative contracts payables	5.22	-
Creditors for capital goods	4.89	2.45
Security deposits from customers and others	0.30	0.36
Employee benefits payable	39.73	31.91
Others	1.13	0.78
Total	**293.27**	**208.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

12 Short term provisions

	As at March 31,	
	2013 Rs. Crore	**2012 Rs. Crore**
Provision for employee benefits:		
Gratuity	2.47	0.41
Leave entitlement	13.09	9.97
Employee Stock Appreciation Rights Scheme (Refer note 40)	9.46	–
Others	1.19	2.46
	26.21	12.84
Others:		
Income tax - (net of advance tax and other tax payment of Rs. 476.84 Crore (Previous year Rs. 354.64 Crore)	30.82	9.08
Interim dividend	–	24.60
Dividend distribution tax on Interim dividend	0.36	4.28
Provision for contingent consideration (Refer note 8(c))	34.57	14.29
Disputed indirect taxes (Refer note (a) below)	17.97	11.78
Provision for equalisation of rent expenses (Refer note 8(a))	0.38	0.50
Provision for lease termination cost (Refer note (b) below)	0.06	0.13
Provision for site restoration cost (Refer note 8(b))	0.53	0.24
Total	**110.90**	**77.74**

a Provision for disputed indirect taxes represents claims against the Company not acknowledged as debts, where management has assessed that unfavourable outcome of the matter is more than probable.

Movement in provision for disputed indirect taxes

	As at March 31,	
	2013 Rs. Crore	**2012 Rs. Crore**
Balance as at the beginning of the year	11.78	8.74
Add: Additions during the year	6.19	4.27
Less: Unused amounts reversed during the year	–	1.23
Balance as at the end of the year	**17.97**	**11.78**

b Provision for lease termination cost represent estimates made for probable liability arising on account of closure of Kaya Life operations and close down of seven clinics of Kaya Skin in the earlier years.

Movement in provision for lease termination cost

	As at March 31,	
	2013 Rs. Crore	**2012 Rs. Crore**
Balance as at the beginning of the year	0.13	0.22
Less: Amounts used during the year	0.07	0.09
Balance as at the end of the year	**0.06**	**0.13**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13 (A) Tangible assets

Rs. (Crore)

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION/IMPAIRMENT										NET BLOCK	
	As at April 1, 2012	Acquisition (Refer note (f) below)	Additions	Deductions / Adjustments	As at March 31, 2013	As at April 1, 2012	For the Year	Adjustment (Refer note 38 (a))	Deductions	As at March 31, 2013	Provision for impairment as at April 1, 2012	Charge / (Reversal) for the year	Adjustment (Refer note 38 (b))	Deductions	Provision for impairment as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets																	
Freehold land	14.04	–	–	(1.26)	15.30	–	–	–	–	–	–	–	–	–	–	15.30	14.04
Leasehold land	35.23	–	0.03	(0.13)	35.39	1.65	0.57	–	(0.04)	2.26	–	–	–	–	–	33.13	33.58
Buildings (Refer note (a) below)	156.87	–	40.38	16.49	180.76	34.03	7.26	(8.95)	1.18	31.16	–	0.02	–	–	0.02	149.58	122.84
Plant and equipment (Refer note (b) below)	419.28	0.73	93.97	25.16	488.82	236.25	41.74	(28.50)	25.81	223.68	15.64	1.85	7.35	0.69	24.15	240.99	167.39
Furniture and fixtures	58.17	–	5.90	5.16	58.91	28.90	10.27	–	4.34	34.83	2.73	–	9.48	(0.06)	12.27	11.81	26.54
Vehicles	5.35	–	1.13	0.16	6.32	3.12	1.41	–	0.25	4.28	–	–	–	–	–	2.04	2.23
Office equipment	13.51	–	3.08	0.51	16.08	7.94	3.31	–	0.14	11.11	0.49	–	0.62	–	1.11	3.86	5.08
Leasehold improvements	3.39	–	4.61	0.11	7.89	1.63	1.01	–	(0.08)	2.72	0.12	–	–	–	0.12	5.05	1.64
Total (A)	**705.84**	**0.73**	**149.10**	**46.20**	**809.47**	**313.52**	**65.57**	**(37.45)**	**31.60**	**310.04**	**18.98**	**1.87**	**17.45**	**0.63**	**37.67**	**461.76**	**373.34**
Previous Year	**617.74**	**–**	**89.61**	**1.51**	**705.84**	**264.61**	**58.47**	**–**	**9.56**	**313.52**	**16.35**	**0.78**	**1.75**	**(0.10)**	**18.98**	**373.34**	**–**

13 (B) Intangible assets

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION/IMPAIRMENT										NET BLOCK	
	As at April 1, 2012	Acquisition (Refer note (f) below)	Additions	Deductions / Adjustments	As at March 31, 2013	As at April 1, 2012	For the Year	Adjustment (Refer note 38 (a))	Deductions	As at March 31, 2013	Provision for impairment as at April 1, 2012	Charge / (Reversal) for the year	Adjustment Refer note 38 (c)	Deductions	Provision for impairment as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Intangible assets																	
Goodwill (Refer note 36 (a))	–	616.10	–	616.10	–	–	–	–	–	–	–	–	–	–	–	–	–
Trademarks and copyrights (Refer note (g) below)	134.08	729.80	–	(0.75)	864.63	32.09	17.54	–	(0.15)	49.78	16.21	(1.00)	(9.05)	0.16	6.00	808.85	85.78
Other intangibles	1.48	–	–	1.38	0.10	1.48	–	–	1.39	0.09	–	–	–	–	–	0.01	–
Computer software	23.38	–	4.37	1.09	26.66	20.76	2.32	–	0.64	22.44	0.07	–	–	(0.01)	0.08	4.14	2.55
Total (B)	**158.94**	**1,345.90**	**4.37**	**617.82**	**891.39**	**54.33**	**19.86**	**–**	**1.88**	**72.31**	**16.28**	**(1.00)**	**(9.05)**	**0.15**	**6.08**	**813.00**	**88.33**
Previous Year	**143.77**	**–**	**2.30**	**(12.87)**	**158.94**	**39.29**	**13.06**	**–**	**(1.98)**	**54.33**	**16.20**	**0.07**	**–**	**(0.01)**	**16.28**	**88.33**	**–**
Total (A)+(B)	**864.78**	**1,346.63**	**153.47**	**664.02**	**1,700.86**	**367.85**	**85.43**	**(37.45)**	**33.48**	**382.35**	**35.26**	**0.87**	**8.40**	**0.78**	**43.75**	**1,274.76**	**461.67**
Total Previous Year	**761.51**	**–**	**91.91**	**(11.36)**	**864.78**	**303.90**	**71.53**	**–**	**7.58**	**367.85**	**32.55**	**0.85**	**1.75**	**(0.11)**	**35.26**	**461.67**	**–**

(a) Gross block of Buildings include Rs. 13.42 Crore (Rs. Nil) where conveyance has been executed, pending registration.

(b) Addition to Plant and machinery are net of Central Capital Investment Subsidy of Rs.Nil (Rs. 0.30 Crore) received from the Government of Himachal Pradesh in respect of Poanta plant.

(c) During the year ended March 31, 2007, the Company carried out financial restructuring scheme ('Scheme') under the relevant provisions of the Companies Act, 1956 which was approved by the shareholders on February 8, 2007 and subsequently by the Hon'ble High Court vide its order dated March 23, 2007. In terms of the Scheme, the Company adjusted the carrying value of Rs. 448.15 Crore of intangible assets such as trademarks, copyrights, business and commercial rights as on January 31, 2007 and related deferred tax adjustment of Rs. 139.06 Crore (net adjustment of Rs. 309.09 Crore) against the balance in Securities Premium Reserve of Rs. 129.09 Crore and Capital Redemption Reserve of Rs. 180 Crore.

(d) During the year ended March 31, 2007, Kaya Limited, subsidiary of the Company, had carried out financial restructuring scheme ('Scheme') under the relevant provisions of the Companies Act, 1956, which was approved by the shareholders on February 7, 2007 and subsequently by the Hon'ble High Court vide its order dated April 16, 2007. In terms of the Scheme, Kaya Limited adjusted the carrying value of Rs.7.08 Crore of Plant and equipment, Rs. 11.57 Crore of Furniture and fixture, related deferred tax liability of Rs. 0.18 Crore and accumulated loss of Rs. 24.00 Crore against the balance in Securities Premium Reserve.

(e) For additional information on assets given on operating lease refer note 37(b).

(f) Acquisitions in Gross block and Depreciation / amortisation represents original costs and accumulated depreciation, respectively for assets of subsidiaries acquired during the previous year.

(g) Trademarks of Rs. 820.17 Crore (Rs. 84.72 Crore) are pending registration / recording in name of the Company, in certain countries .

(h) Deductions / adjustment of Gross block, depreciation and provision for impairment includes translation difference of Rs. 7.92 Crore (Rs. 16.71 Crore).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

14 Goodwill on consolidation

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Balance as at the beginning of the year	395.49	397.59
Add : Arising on acquisition during the year (Refer note 35)	110.63	0.64
Less : Adjustments during the year (Refer note 36 (a))	110.60	2.74
Balance as at the end of the year	**395.52**	**395.49**

15 Non current investments

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Long term Non-trade investments (valued at cost unless stated otherwise)		
Investment Property (at cost less accumalated depreciation / amortization)		
Cost of land use right and building	24.86	5.82
Less : Accumalated depreciation / amortisation	(0.46)	(0.14)
Net block	24.40	5.68
Other Investments :		
Investments in Government Securities		
Unquoted		
National Savings Certificates (Deposited with the Government authorities).	0.01	0.01
Others		
Quoted		
Indian Infrastructure Finance Company Ltd, (Nil (1,000) Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 1,00,000/- each, guaranteed by the Government of India, redeemable on 22nd January, 2014).	–	10.08
Power Finance Corporation Limited (28,479 (28,479) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 1st February, 2022).	2.85	2.85
Indian Railway Finance Corporation (21,751 (21,751) Secured, Redeemable, Tax free Non-convertible Bonds, 8.00%, face value of Rs. 1,000/- each, redeemable on 23rd February, 2022).	2.18	2.18
National Highways Authority of India (24,724 (24,724) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 25th January, 2022).	2.47	2.47
Rural Electrification Corporation Limited (61,238 (61,238) Secured, Redeemable, Tax free Non-convertible Bonds, 8.12%, face value of Rs. 1,000/- each, redeemable on 29th March, 2027).	6.12	6.12
	13.63	23.71
Total	**38.03**	**29.39**
Aggregate amount of quoted investments	13.62	23.70
Market Value of quoted investments	14.39	23.61
Aggregate amount of unquoted investments	24.41	5.69

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

16 Deferred tax assets/liabilities (net)

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Deferred tax assets:		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	1.17	2.16
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium Reserve under the Capital Restructuring scheme implemented in an earlier year (Refer note 13(c))	21.73	27.49
Liabilities / provisions that are deducted for tax purposes when paid	12.71	7.69
Others	1.48	6.74
	37.09	44.08
Deferred tax liability:		
Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates	42.88	21.74
	42.88	21.74
Deferred tax assets / (liabilities) (net)	**(5.79)**	**22.34**

17 Long term loans and advances

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Unsecured, considered good (unless stated otherwise)		
Capital Advances		
Considered good	26.30	33.13
Considered doubtful	–	0.50
	26.30	33.63
Less : Provision for doubtful advances	–	0.50
	26.30	33.13
Other loans and advances:		
Deposits with public bodies and others		
Considered good	23.59	24.88
Considered doubtful	0.50	0.50
	24.09	25.38
Less : Provision for doubtful deposits	0.50	0.50
	23.59	24.88
Loans to employees	2.52	2.70
Prepaid expenses	0.87	1.39
Balance with statutory/government authorities	15.09	12.75
Advances to vendors	1.28	1.28
Inter-corporate deposits	10.00	–
Loans and advances to Welfare of Mariconions Trust (Refer note 40(c))	36.54	19.92
Less: Provision towards doubtful loan (Refer Note 40 (e))	(0.81)	–
	35.73	19.92
Restricted deposit - HSBC Escrow Account	–	25.00
Advance income tax (net of provision for income tax of Rs. 7.04 Crore (Rs. 2.41 Crore))	4.01	3.34
Total	**119.39**	**124.39**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

18 Other non current assets

	As at March 31,	
	2013 Rs. Crore	**2012 Rs. Crore**
Security deposits	0.02	–
Fringe benefit tax payments (net of provisions of Rs. 5.85 Crore (previous year Rs. 5.85 Crore))	0.55	0.55
MAT credit entitlement	131.15	117.84
Long term deposits with banks with maturity period of more than twelve months (Refer note below)	10.83	4.96
Interest accrued on long-term deposits with banks	0.07	0.06
Total	**142.62**	**123.41**

Long term deposits with banks includes Rs. 0.13 Crore (Rs. 0.13 Crore) deposited with sales tax authorities and Rs. 3.57 Crore (Rs. 4.83 Crore) held as lien by banks against guarantees issued on behalf of the Company.

19 Current investments

	As at March 31,	
	2013 Rs. Crore	**2012 Rs. Crore**
Current portion of long term investments		
Quoted		
Indian Infrastructure Finance Company Ltd,	10.08	–
(1,000 (Nil) Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 1,00,000/- each, guaranteed by the Government of India, redeemable on 22nd January, 2014).		–
	10.08	**–**
Current investments (At lower of cost and fair value)		–
Unquoted		
Investment in subsidiaries		
Investment in Marico Kaya Enterprises Limited (wholly owned) (Refer Note 45) 100,000 (Nil) equity shares of Rs. 10 each	0.10	–
Investments in Mutual Funds		
Birla Sunlife Dynamic Bond Fund-Retail-Growth 1,306,807 (Nil) Units of Rs. 10 each fully paid	2.50	–
DSP Blackrock FMP-Series 81-12M-Growth 10,000,000 (Nil) Units of Rs. 10 each fully paid	10.00	–
HDFC Income Fund-Growth 1,908,040 (Nil) Units of Rs. 10 each fully paid	5.00	–
Kotak Bond Scheme Plan A - Growth 1,514,623 (Nil) Units of Rs. 10 each fully paid	5.00	–
Reliance Short Term Fund-Growth 1,184,289 (Nil) Units of Rs. 10 each fully paid	2.50	–
SBI Magnum Insta Cash Fund Liquid Floater-Reg-Growth 42,728 (Nil) Units of Rs. 1,000 each fully paid	8.50	–
JM High Liquidity Fund-Regular Plan-Bonus Option 3,979,357 (Nil) Units of Rs. 10 each fully paid	3.90	–
Peerless Ultra Short Term Fund Super Institutional Growth 15,463,480 (Nil) Units of Rs. 10 each fully paid	20.00	–
ICICI Prudential Ultra Short Term Regular Plan Growth 16,918,086 (Nil) Units of Rs. 10 each fully paid	20.02	–
Baroda Pioneer Liquid Fund Plan A daily dividend reinvestment 67,024 (Nil) Units of Rs. 1,000 each fully paid	9.00	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Reliance Liquid Fund-Treasury Plan Growth 24,546 (Nil) Units of Rs. 1,000 each fully paid	7.00	–
JP Morgan India Liquid Fund Super Institutional Growth 2,304,551(Nil) Units of Rs. 10 each fully paid	3.50	–
JP Morgan India Treasury Fund Super Institutional Growth 3,960,009 (Nil) Units of Rs. 10 each fully paid	6.50	–
UTI Money Market Fund Institutional Plan Growth 8 (Nil) Units of Rs. 1,000 each fully paid [Rs. 10,052 (Previous year Rs. Nil)]	–	–
Religare Liquid Fund Growth 6 (Nil) Units of Rs. 1,000 each fully paid [Rs. 10,051 (Previous year Rs. Nil)]	–	–
Kotak Liquid Scheme Plan A Growth 4 (Nil) Units of Rs. 1,000 each fully paid [Rs. 10,050 (Previous year Rs. Nil)]	–	–
Peerless Liquid Fund Super Institutional Growth 784 (Nil) Units of Rs. 10 each fully paid [Rs. 10,049 (Previous year Rs. Nil)]	–	–
JM High Liquidity Fund Growth Option 315 (Nil) Units of Rs. 10 each fully paid [Rs. 10,049 (Previous year Rs. Nil)]	–	–
JM High Liquidity Fund Growth Option 147 (Nil) Units of Rs. 10 each fully paid [Rs. 4,638 (Previous year Rs. Nil)]	–	–
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth Nil (720,132) Units of Rs.10 each fully paid	–	1.00
Tata Liquidity Management Fund-Growth Nil (69,662) Units of Rs.1,000 each fully paid	–	10.05
Tata Liquid Super High Investment Fund-Appreciation Nil (36,647) Units of Rs.1,000 each fully paid	–	7.25
ICICI Prudential Money Market Fund-Cash Option Nil (1,367,539) Units of Rs.100 each fully paid	–	20.27
IDFC Ultra Short Term Fund-Growth Nil (10,129,181) Units of Rs.10 each fully paid	–	15.00
Kotak Liquid-Institutional Premium-Growth Nil (689,915) Units of Rs.10 each fully paid	–	1.50
DWS Treasury Fund - Cash - IP - Growth Nil (1,732,972) Units of Rs.100 each fully paid	–	20.73
Reliance Liquid Fund-Treasury Plan-IP-Growth Nil (7,957,279) Units of Rs.10 each fully paid	–	20.77
Birla Sun Life Floating Rate Fund-STP-IP-Growth Nil (366,604) Units of Rs.100 each fully paid	–	5.22
Birla Sunlife Short Term FMP Series 29-Payout Nil (15,000,000) Units of Rs.10 each fully paid	–	15.00
DSPBR FMP -Series 33-3M-Dividend Payout Nil (15,000,000) Units of Rs.10 each fully paid	–	15.00
JM Floater Fund-Short Term Plan-Growth Nil (5,914,217) Units of Rs.10 each fully paid	–	10.02
L & T FMP-V-(December 368D A) -Growth Nil (8,000,000) Units of Rs.10 each fully paid	–	8.00
L & T Ultra Short Term Fund- Institutional-Cum-Org Nil (2,314,830) Units of Rs.10 each fully paid	–	4.01
SBI Magnum Income Fund FR Saving Plus Bond-Growth Nil (9,039,227) Units of Rs.10 each fully paid	–	15.04
	103.52	**168.86**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Other Investments		
Quoted		
91 days Certificate of deposit of Punjab National Bank of face value of Rs. 100 Crore expiring on June 26, 2012 with coupon rate of 11.345%	–	97.40
	–	97.40
Total	**113.60**	**266.26**
Aggregate amount of quoted investments	10.08	97.40
Market Value of quoted investments	9.89	97.44
Aggregate amount of unquoted investments	103.52	168.86

20 Inventories

(Refer note 3(j), for basis of valuation)

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Raw materials (includes in-transit: Rs. 10.26 Crore (Rs. 12.72 Crore))	308.07	290.55
Work-in-progress	184.96	113.24
Finished goods (includes in-transit: Rs. 0.08 Crore (Rs. 0.75 Crore))	249.44	220.06
Stock-in-trade (Traded goods)	41.17	12.85
Stores and spares	7.55	8.62
Others:		
Packing materials	69.73	71.17
By-products	1.77	3.73
Total	**862.69**	**720.22**

21 Trade receivables

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	7.95	1.34
Considered doubtful	3.66	2.97
	11.61	4.31
Less: Provision for doubtful debts	(3.66)	(2.97)
	7.95	1.34
Outstanding for a period less than six months from the date they are due for payment		
Considered good	188.60	206.94
Considered doubtful	3.73	0.49
	192.33	207.43
Less: Provision for doubtful debts	(3.73)	(0.49)
	188.60	206.94
Total	**196.55**	**208.28**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

22 Cash and bank balances

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Cash and cash equivalents :		
Cash on hand	1.84	3.34
Remittance in-transit	0.44	0.12
Bank balances		
In current accounts	47.39	44.93
Demand deposits (less than 3 months maturity)	55.30	12.35
	104.97	60.74
Other bank balances:		
Fixed deposits with maturity more than three month but less than twelve months	161.61	71.20
Unclaimed dividend account	0.17	0.16
Total	**266.75**	**132.10**

23 Short term loans and advances

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties (Refer note 43)	0.11	0.65
	0.11	0.65
Others:		
Advances to vendors and others	42.04	26.73
Loans and advances to employees	7.56	6.25
Prepaid expenses	14.63	12.47
Balances with statutory/government authorities	13.87	12.73
Deposits with public bodies and others	8.39	6.28
Loans and advances to Welfare of Mariconions Trust (Refer note 40(c))	40.71	–
Others	0.47	–
Deposit with Leave Encashment plan	8.30	–
Inter-corporate deposits	–	10.00
	135.97	74.46
Total	**136.08**	**75.11**

24 Other current assets

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Interest accrued and due on loans / deposits	6.51	4.19
Insurance receivables	0.06	2.63
Accrued export incentives	0.73	1.54
Assets held for disposal	0.64	0.01
Forward/ derivative contracts receivables	–	7.53
Others	5.62	2.29
Total	**13.56**	**18.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

25 Revenue from operations

	For the year ended March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Sale of products:		
Finished goods *	4,233.60	3,689.29
By-product sales	89.58	63.36
	4,323.18	3,752.65
Less:		
Excise duty	2.80	1.36
	4,320.38	3,751.29
Sale of services	263.96	216.91
Other operating revenues:		
Export incentives	7.79	9.08
Sale of scraps	4.05	2.39
	11.84	11.47
Total	**4,596.18**	**3,979.67**

* Including traded goods

26 Other income

	For the year ended March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Interest Income:		
On Non current investments	1.13	0.85
On current investments	0.69	–
On loans, deposits, etc.	21.09	16.70
	22.91	17.55
Dividend Income		
On current investments	8.46	12.15
	8.46	12.15
Net gain on sale of current investments	4.74	1.20
Other non-operating income:		
Lease rental income	0.41	0.42
Profit on sale of assets (net)	–	0.15
Miscellaneous income	1.01	0.60
Excess provisions no longer required written back	–	0.50
	1.42	1.67
Total	**37.53**	**32.57**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

27 Cost of materials consumed, Purchases of stock-in-trade, Changes in inventories of finished goods, work-in-progress and stock-in-trade - (increase) / decrease

		For the year ended March 31,	
		2013 Rs. Crore	2012 Rs. Crore
A	**Cost of materials consumed**		
	Raw materials consumed		
	Opening inventories	290.55	220.64
	Add : Purchases (net)	1,852.05	1,906.74
	Less : Inventories at the end of the year	308.07	290.55
	Cost of raw materials consumed during the year	1,834.53	1,836.83
	Packing materials consumed		
	Opening inventories	71.17	73.16
	Add : Purchases (net)	384.82	326.06
	Less : Inventories at the end of the year	69.73	71.17
	Cost of packing materials consumed during the year	386.26	328.05
		2,220.79	**2,164.88**
B	**Purchases of stock-in-trade**	**116.60**	**17.44**
C	**Changes in inventories of finished goods, work-in-progress and stock-in-trade - (increase) / decrease**		
	Opening inventories		
	Work-in-progress	113.24	93.05
	Finished goods	220.06	200.50
	By-products	3.73	1.91
	Stock-in-trade	12.85	3.64
	Total A	349.88	299.10
	Less: Closing inventories		
	Work-in-progress	184.96	113.24
	Finished goods	249.44	220.06
	By-products	1.77	3.73
	Stock-in-trade	41.17	12.85
	Total B	477.34	349.88
	(Increase) / decrease in inventories (A-B)	**(127.46)**	**(50.78)**

28 Employee benefit expenses

	For the year ended March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Salaries, wages and bonus	335.09	271.30
Contribution to provident and other funds	15.82	11.15
Employees stock option charge / (reversal) (Refer note 4(d))	(0.02)	(0.04)
Stock appreciation rights expenses (Refer note 40(d)):		
Star Grant Expenses - Gross	14.69	5.94
Less: Accretion in amounts recoverable from trust	(10.10)	–
	4.59	5.94
Staff welfare expenses	25.08	18.94
Total	**380.56**	**307.29**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

29 Finance costs

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Interest on long-term and short-term borrowings		
Long-term borrowings	7.54	7.57
Short-term borrowings	30.11	18.54
Other borrowing costs	3.65	0.42
Bank and other financial charges	8.24	9.59
Applicable net loss on foreign currency transactions and translation	8.48	6.27
Total	**58.02**	**42.39**

30 Depreciation, amortisation and impairment

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Depreciation on tangible assets	65.57	58.47
Amortisation on intangible assets	19.86	13.06
Amortisation on investment property	0.32	0.14
Provision for impairment	0.87	0.85
Total	**86.62**	**72.52**

31 Other Expenses

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Consumption of stores and spare parts	55.28	47.12
Power, fuel and water	19.13	13.54
Contract manufacturing charges	167.00	134.43
Rent and storage charges	80.00	66.87
Repairs to:		
Building	12.86	10.61
Machinery	17.51	11.71
Others	4.27	4.58
Freight, forwarding and distribution expenses	186.81	153.69
Advertisement and sales promotion	597.94	425.82
Rates and taxes	47.10	35.66
Commission to selling agents	9.28	8.46
Communication expenses	11.34	11.09
Printing and stationery	2.94	3.22
Travelling, conveyance and vehicle expenses	42.87	38.18
Royalty	0.30	0.24
Insurance	4.56	3.08
Payments to the auditors	3.96	3.28
Net loss on foreign currency transactions and translation (other than considered as finance cost)	7.17	1.17
Commission to Non-executive directors	0.96	0.42
Provision for doubtful debts and advances	0.76	–
Add: Bad debts written off	0.28	0.51
Less: Advances no longer required written back	–	(0.08)
	1.04	0.43
Miscellaneous expenses (Refer note below)	107.59	82.84
Total	**1,379.91**	**1,056.44**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Miscellaneous expenses include :

	For the year ended March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Labour charges	13.52	7.87
Training and seminar expenses	8.82	6.76
Outside services	4.41	3.28
Legal and professional charges	40.83	34.47
Donation	3.47	0.09
Payments to consultants	13.58	13.90
Net Loss on sale of assets	0.39	0.73
Total	**85.02**	**67.10**

32 Contingent liabilities:

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Disputed tax demands / claims:		
Sales tax	30.16	13.69
Income tax	3.74	10.33
Service tax	0.55	0.37
Customs duty	0.40	0.40
Agricultural produce marketing cess	9.58	8.84
Employees state insurance corporation	0.18	0.13
Excise duty on subcontractors	0.41	0.35
Excise duty on CNO dispatches (Refer note (a) below)	364.09	278.92
Claims against the Company not acknowledged as debts	0.79	1.39
Total	**409.90**	**314.42**

a The contingent liability pertains to a possible excise duty obligation in respect of pure coconut oil packs up to 200 ml. This claim has been contested and a legal opinion in the matter has been obtained. Based on the legal opinion and in its assessment, the management believes that the probability of success in the matter is more likely than not and accordingly, the possible excise obligation has been treated as a contingent liability in accordance with requirements of Accounting Standard (AS) 29 "Provisions, Contingent Liability and Contingent Asset". The possible excise duty obligation of Rs. 242.32 Crore (Rs. 157.15 Crore) for the clearances made after June 3, 2009 (i.e. the date of issue of Board circular) till March 31, 2013 and Rs. 121.77 Crore (Rs. 121.77 Crore) for clearances made prior to June 3, 2009 has been disclosed as contingent liability to the extent of the time horizon covered by show cause notices issued by the excise department within the normal period of one year (from the date of clearance) as per the excise laws.

The Company will continue to review this matter during the coming accounting periods based on the developments on the outcome in the pending cases and the legal advice, that it may receive from time to time.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

33 Capital and other commitments

Capital commitments:

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	76.11	72.04
Consideration payable for Paras acquisition (Refer note 35).	–	740.00
Contingent consideration for acquisition of skin care business of Derma Rx. (Refer note 8(c))	11.38	12.25
Total	**87.49**	**824.29**

Other commitments:

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Lease termination cost - representing lock-in-period rental under rental agreements.	11.10	22.57
Amount outstanding towards Letters of Credit.	82.75	14.13
Total	**93.85**	**36.70**

34. The audited consolidated financial statements for the year ended March 31, 2013 comprised the audited financial statements of Marico Limited, Kaya Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, Marico Malaysia Sdn. Bhd., MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company, Wind Company, Derma Rx International Aesthetics Pte. Ltd, The DRx Clinic Pte. Ltd, The DRx Medispa Pte. Ltd, DRx Investments Pte. Ltd, DRx Aesthetics Sdn. Bhd., Marico Consumers Care Limited and Halite Personal Care India Private Limited and unaudited financial statements of International Consumer Products Corporation, Beauté Cosmétique Societé Par Actions and Thuan Phat Foodstuff Joint Stock Company which have been approved by the respective Board of Directors of these companies.

35. On May 29th, 2012, the Company concluded the effective acquisition of the personal care business of Paras Pharmaceuticals Limited ("PPL") for a consideration of Rs. 745.60 Crore. The acquisition was effected through Marico Consumer Care Limited ("MCCL"), a wholly owned subsidiary of the Company. MCCL was incorporated on April 20, 2012 and it acquired 100 % equity stake in Halite Personal Care India Private Limited ("Halite") from Halite's erstwhile owners. The personal care business had been demerged from PPL into Halite effective March 1, 2012 under a Scheme of amalgamation and arrangements approved by the High Court of Punjab and Haryana.

The shareholders of the Company, at their meeting held on May 2, 2012, approved issue of equity shares on preferential allotment basis aggregating Rs. 500 Crores at a price of Rs. 170 per equity share to two overseas investors for funding a part of the Halite acquisition. Subsequently, the Company allotted 29,411,764 equity shares of face value Re. 1 each at a share premium of Rs. 169 each to these investors on 16th May 2012. This resulted in increase of Equity share capital by Rs. 2.94 Crores and Securities premium reserve by Rs. 497.06 Crores. The proceeds of the issue together with internal accruals were infused by Marico as equity investment in MCCL. MCCL utilized the equity proceeds for acquiring 100% equity stake in Halite on May 29, 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

36. a) The shareholders of Halite vide a special resolution at their extra ordinary general meeting held on January 18, 2013, resolved that the company be voluntarily liquidated. The shareholders also appointed a liquidator. In view of the liquidation, the liquidator, on March 25, 2013, distributed the assets of Halite to MCCL, being the sole shareholder of Halite. MCCL has taken over assets of Halite at fair values, determined by an independent valuer, as applicable. On distribution, MCCL received assets in excess of its Equity investment in Halite, resulting in profit of Rs. 5.91 Crore as mentioned below, which is shown as an exceptional item in the Statement of Profit and Loss. (Refer Note 38).

Particulars	Rs. in Crore
Assets recognised on account of liquidation of Halite	
Tangible assets (net)	0.73
Intangible assets	729.80
Cash and bank balance	20.98
Total (A)	**751.51**
Assets de-recognised on account of liquidation of Halite	
Goodwill (Refer note 13)	616.10
Goodwill on Consolidation (Refer note 14)	110.60
Other assets	18.90
Total (B)	**745.60**
Profit arising on liquidation of Halite (A - B)	**5.91**

b) The shareholders of MCCL, at their meeting held on April 1, 2013 decided to adjust the carrying costs of acquired intellectual property right upon voluntary liquidation of Halite, directly against net worth of the company, in accordance with the provisions of Section 78 (read with sections 100 to 103) of the Companies Act, 1956. The said capital reduction is subject to the approval of the Hon'ble High Court of Judicature at Bombay. MCCL has filed a petition in this regard with the High Court.

37. a) Additional information on assets taken on lease:

The Company's significant leasing arrangements are in respect of residential flats, office premises, Skin clinics, warehouses, vehicles etc taken on lease. The arrangements range between 11 months to 9 years and are generally renewable by mutual consent or mutually agreeable terms. Under these arrangements refundable interest-free deposits have been given.

	March 31, 2013 (Rs. Crore)	March 31, 2012 (Rs. Crore)
Lease rental payments recognised in the Statement of Profit and Loss.	72.62	60.76
In respect of assets taken on non cancelable operating lease:		
Lease obligations		
Future minimum lease rental payments payable		
- not later than one year	42.69	42.59
- later than one year but not later than five years	73.13	74.38
- later than five years	10.42	2.05
Total	**126.24**	**119.02**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b) Additional information on assets given on lease:

	March 31, 2013 (Rs. Crore)	March 31, 2012 (Rs. Crore)
Lease rental payments recognised in the Statement of Profit and Loss.	0.41	0.42

(Rs. Crore)

Asset	Cost as at March 31		Depreciation for the year ended March 31		Accumulated Depreciation as at March 31		Net Book Value as at March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Plant and equipment (Refer note 13)	2.03	2.03	(0.16)	0.01	1.79	1.95	0.24	0.08

Depreciation for the year ended March 31, 2013 is including reversal of depreciation due to change of method of depreciation from WDV to SLM of Rs. 0.18 Crores which is shown as exceptional items.

38. Details of Exceptional items disclosed in the Statement of Profit and Loss are as under:

	March 31, 2013 (Rs. Crore)	March 31, 2012 (Rs. Crore)
Surplus on change in method of depreciation (Refer Note (a) below)	37.45	–
Impairment loss relating to Kaya Skin Clinics in India / Middle East (Refer note (b) below)	(17.45)	(1.75)
Incremental provision towards contingent consideration relating to DRx entity- Singapore (Refer Note 8 (c))	(1.75)	–
Profit on distribution of assets by Halite to MCCL on voluntary liquidation (Refer Note 36)	5.91	–
Reversal of impairment loss on "Fiancee" trademark (Refer Note (c) below)	9.05	–
Total	**33.21**	**(1.75)**

a) Effective January 1, 2013, the Company has retrospectively changed its method of providing depreciation on Factory Building and Plant & Machinery from the 'Written Down Value Method' to 'Straight Line Method' at the rates prescribed in Schedule XIV to the Companies Act, 1956. This change results in a more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits flow to the Company. Accordingly, the Company has recognised the surplus of Rs. 37.45 Crores arising from this retrospective change.

Had the previous method of depreciation been followed, depreciation charge for the quarter and year ended March 31, 2013 would have been higher by Rs. 2.96 Crores and the profit before tax for the current quarter and year ended March 31, 2013 would have been lower by of an equivalent amount.

b) The management has, as in the previous year, carried out impairment testing in respect of Skin business at the clinic level, which the management considers as the relevant cash generating unit. While the overall future potential of the business as a whole is promising, for some of the clinics likely future performance is not adequate to justify and cover the value in use. This resulted in an impairment provision of Rs. 17.45 Crore (Rs. 1.75 Crore) which is included in "Exceptional Items" in the Statement of Profit and Loss. The management has considered a pre-tax discount rate of 19% for Kaya Skin clinics in India and 12% for Kaya Skin clinics in Middle East for determining value in use during the year.

c) During the year ended March 31, 2011, the Company had recognised an impairment loss of Rs. 13.88 Crores towards brand "Fiancee". During the current year, the Company has reassessed the value in use and accordingly reversed an impairment loss of Rs. 9.05 Crores. The management has considered a pre-tax discount rate of 17.40% for determining value in use during the year.

39. Derivative transactions –

a) The total derivative instruments outstanding as on year end March 31, 2013 are Plain Forwards, Plain Vanilla Put Option, Cross currency swap and Interest rate swap:

		March 31, 2013		March 31, 2012	
	Currency	Notional Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Notional Amount in Foreign currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)
Forward contracts outstanding					
Exports:	USD	7,739,273	42.01	8,238,974	41.92
Foreign currency loans:	USD	15,182,985	82.41	34,861,622	177.36
Creditors:	USD	18,049,383	97.97	10,586,215	53.86
Creditors:	AUD	760,000	4.30	–	–
Loan to subsidiary:	ZAR	18,749,500	11.02	22,000,000	14.59
Options Contracts outstanding					
Exports	USD	5,993,000	32.54	8,100,000	41.21
Creditors	USD	1,059,500	5.72	-	–
Currency Swap	USD	10,000,000	55.00	10,000,000	50.88

* Converted into the exchange rate at the year end.

Out of the above, the following have been designated as cash flow hedges:

		March 31, 2013		March 31, 2012	
	Currency	Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Forward contracts	USD	25,788,656	106.77	18,825,189	97.37
Forward contracts	AUD	760,000	4.31	–	–
Options contract	USD	7,052,500	0.49	8,100,000	0.89

Details of Interest rate swaps which the Company has entered into for hedging its interest rate exposure on borrowings in foreign currency

		March 31, 2013		March 31, 2012	
	Currency	Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Borrowings in Foreign currency	USD	27,000,000	3.08	30,750,000	1.55

- The Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 1 year except interest rate swap, in respect of which Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 1 to 4 years (1 to 5 years).

- All the derivative contracts entered by the Company were for hedging purpose and not for any speculative purpose.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b) Net foreign currency exposures not hedged as at the year end are as under:

	Currency	March 31, 2013		March 31, 2012	
		Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)	Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)
a. Amount receivable in foreign currency on account of following :					
- Export of goods	AED	4,988	0.01	4,988	0.01
	USD	5,061,074	27.47	196,514	1.00
b. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods and Services					
	AUD	27,007	0.15	12,342	0.06
	EUR	(56,339)	(0.39)	30,611	0.21
	GBP	(36,094)	(0.30)	(74,111)	(0.60)
	THB	–	–	635,418	0.10
	USD	(4,390,145)	(23.83)	(6,797,096)	(34.58)
	SGD	587,441	2.57	(537,419)	(2.19)
(ii) Capital imports	CHF	680	0.01	680	0.01
	GBP	–	–	800	0.01
(iii) Loan payables *	USD	(14,000,000)	(75.99)	(22,480,947)	(114.37)
c. Bank Balances	USD	1,176,291	6.38	(858,245)	(4.37)
	EUR	–	–	593	0.01
	GBP	–	–	129	0.01
	VND	584,291	0.01	1,183,114	0.01
d. Other receivables / (payables)					
	USD	18,355	0.10	2,298,018	11.69
	AED	(469)	(0.01)	553	0.01
	AUD	2,400	0.01	2,400	0.01
	EUR	55,159	0.38	724,556	4.92
	THB	95,147	0.02	–	–
	GBP	9,703	0.08	–	–

* Excludes Loans payable of Rs. 293.11 Crore [USD 54,000,000] (Rs. 293.81 Crore [USD 57,750,000]) assigned to hedging relationship against highly probable forecast sales. The Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 1 to 4 years (1 to 5 years).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

c) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", the Company had in previous year ended March 31, 2009, decided an early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly, the net unrealised gain / (loss) of Rs. (52.49) Crore [Rs. (33.92) Crore] in respect of outstanding derivative instruments and foreign currency loans at the year end which qualify for hedge accounting, is standing in the 'Hedge Reserve', which would be recognised in the Statement of Profit and Loss when the underlying transaction or forecast revenue arises.

40. a) The Corporate Governance Committee has granted Stock Appreciation Rights ("STAR") to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011 ("Plan"). The grant price is determined based on a formula as defined in the Plan. There are three schemes under the Plan with different vesting period. Under the Plan, the respective employees are entitled to receive excess of the maturity price over the grant price subject to fulfillment of certain conditions. The Plan is administered by Corporate Governance Committee comprising independent directors.

b) Details of Star Grant Scheme are as below:

	Star Scheme I		Star Scheme II				Star Scheme III	
Grant Date	March 28, 2011		December 1, 2011		December 1, 2012		December 1, 2012	
Grant Price (Rs.)	129.15		148.53		213.91		213.91	
Vesting Date	September 30, 2013		November 30, 2014		November 30, 2014		November 30, 2015	
	As at March 31		As at March 31		As at March 31		As at March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Number of grants outstanding at the beginning of the year	3,051,600	3,411,600	1,095,000	–	–	–	–	–
Add : Granted during the year	360,000	–	38,100	1,107,600	200,300	–	1,746,900	–
Less : Forfeited during the year	515,200	360,000	81,000	12,600	8,900	–	7,000	–
Less : Exercised during the year*	230,700	–	75,000	–	–	–	–	–
Number of grants at the end of the year	2,665,700	3,051,600	977,100	1,095,000	191,400	–	1,739,900	–

*Pursuant to a resolution passed by the Corporate Governance Committee approving vesting in respect of certain employees.

Rs. Crore

	Star Scheme I		Star Scheme II				Star Scheme III	
	As at March 31		As at March 31		As at March 31		As at March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Total Provision	17.23	5.64	3.42	0.32	–	–	–	–
Less: Accretion in amounts recoverable from the Trust (Also refer note (c) and (d) below)	7.77	–	2.33	–	–	–	–	–
Net Provision	**9.46**	**5.64**	**1.09**	**0.32**	**–**	**–**	**–**	**–**
Classified as long-term	–	5.64	1.09	0.32	–	–	–	–
Classified as short-term	9.46	–	–	–	–	–	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

c) The Company has formed "Welfare of Mariconians Trust" (The trust) for the implementation and administration of Plans that are notified or may be notified from time to time by the Company under the Plan as at March 31, 2013. The Company has advanced Rs. 76.44 Crore (Rs. 19.92 Crore) to the Trust for purchase of shares under the Plan, out of which Rs. 35.73 Crore is included under "Long term loans and advances" (Refer note 17) and Rs. 40.71 Crore is included under "Short term loans and advances" (Refer note 23). As per the Trust Deed and Trust Rules, upon maturity, the Trust shall sell the Company's shares and hand over the proceeds to the Company. The Company, after adjusting the loan advanced, shall utilize the proceeds towards meeting its STAR value obligation.

d) The difference between the market price of the Company's shares as at the year end and the grant price after adjusting for the difference between the amounts due from the Trust and the loan advanced to the Trust is recognized as an expense over the vesting period and accordingly an amount of Rs. 4.59 Crore (Rs. 5.94 Crore) is charged in the Statement of Profit and Loss (Refer Note 28).

e) As on March 31, 2013, the market price of the Company's shares on the stock exchanges was lower than the average price at which the Trust had bought the shares under one of the STAR schemes. This has resulted in diminution in the recoverable value of loan advanced to the Trust. Accordingly, the Company has charged an amount of Rs. 0.81 Crore (Nil) to the Statement of Profit and Loss.

f) The Securities and Exchange Board of India (SEBI) in January 2013 amended the SEBI (ESOS and ESPS) Guidelines 1999, vide which it mandated that no ESOS/ESPS schemes shall involve acquisition of securities of the Company from the secondary market. The Company had approached SEBI for a clarification whether the amendment also covered non-ESOS employee welfare trust such as WEOMA trust. SEBI had clarified that the clarification corrected secondary market purchases by the WEOMA Trust. Many companies, including Marico Limited, had made a representation to SEBI requesting SEBI to allow the employee trusts to continue holding the shares. After hearing the representations of these companies in a joint meeting convened by SEBI, SEBI had indicated that it will come out with a clarification in this matter. The Company awaits further guidance from SEBI.

41. Earnings per share:

	March 31, 2013	March 31, 2012
Profit for the year as per the Statement of Profit and Loss/ Profit available to equity shareholders (Rs. Crore)	395.86	317.11
Equity shares outstanding as at the year end	644,771,799	614,934,387
Weighted average number of equity shares used as denominator for calculating basic earnings per share	640,971,596	614,748,262
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	641,232,987	615,210,810
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 6.18**	**Rs. 5.16**
***Diluted earnings per equity share**	**Rs. 6.17**	**Rs. 5.15**

*Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 4(d).

Reconciliation of Basic and Diluted Shares used in computing earnings per share

	March 31, 2013	March 31, 2012
Number of shares considered as basic weighted average shares outstanding	640,971,596	614,748,262
Add: Effect of dilutive stock options	261,391	462,548
Number of shares considered as weighted average shares and potential shares outstanding	641,232,987	615,210,810

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

42. Segment Information

The Group regards business segment as the primary segment. The composition of this segment is given below.

Business segments	Type of products and services
Consumer Products	Coconut oils, other edible oils, hair oils and other hair care products, male grooming products, fabric care products, healthy foods, soaps, health care products, female beauty care products.
Others	Skin care

a. "Consumer Products" segment comprises consumer product business of Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, MEL Consumer Care SAE, Marico Egypt Industries Company, Egyptian American Investment & Industrial Development Company, Wind Company, Marico South Africa Consumer Care (pty) Limited, Marico South Africa (Pty) Limited, Marico Malaysia Sdn. Bhd, International Consumer Prouducts, Beauté Cosmétique Societé Par Actions, Thuan Phat Foodstuff Joint Stock Company, Marico Consumer Care Limited and Halite Personal Care India Private Limited.

b. "Skin care" segment comprises operations of Kaya Limited, Kaya Middle East FZE, Kaya operations of Marico Bangladesh Limited, Derma – Rx International Aesthetics Pte. Ltd., The DRx Clinic Pte. Ltd., The DRx Medispa Pte. Ltd., DRx Investments Pte. Ltd. and DRx Aesthetics sdn. Bhd.

The Company has bifurcated the financial results of its Consumer Product business segment into India Business and International Business, by way of providing supplementary information.

During the year, the Company has categorised certain corporate/ common expenses and assets/ liabilities as un-allocable having regard to the nature of such items, which hitherto were allocated to consumer product business segment. Consequently previous period/ year figures have been reclassified to conform to the current period figures.

The discontinuing operations on account of the proposed demerger (Refer Note 45) relate to the skin care segment.

i) Primary segment information

	Consumer Products				Skin Care *		Total	
	Domestic		International					
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Segment revenue	3,252.57	2,765.94	1,007.60	935.46	336.01	278.27	4,596.18	3,979.67
Segment results Profit/(loss)	581.23	444.28	66.41	79.93	0.76	(29.07)	648.40	495.14
Unallocable expenses							(103.08)	(80.39)
Unallocable income							8.46	12.15
Finance costs							58.02	42.39
Interest income							22.91	17.55
Profit before tax, 'Exceptional items' and Minority interest							518.67	402.06
Exceptional items: (Income)/ expense (net)	(42.85)	–	(9.35)	–	19.20	1.75	(33.00)	1.75
Unallocated Exceptional items (Income)/expense (net)							(0.21)	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Consumer Products				Skin Care *		Total	
	Domestic		International					
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Profit before tax and Minority interest							551.88	400.31
Taxation on the above							146.19	78.25
Profit after tax and before Minority interest							405.69	322.06
Minority interest in losses / (profits) of subsidiaries							9.83	4.95
Profit after taxation and Minority interest							**395.86**	**317.11**
Other information								
Segment assets	1,911.27	895.16	687.60	740.55	299.64	348.63	2,898.51	1,984.34
Unallocable assets							808.72	632.68
Total assets							**3,707.23**	**2,617.02**
Segment liabilities	380.38	286.49	202.34	145.59	158.08	156.24	740.80	588.32
Unallocable liabilities							984.93	885.69
Total liabilities							**1,725.73**	**1,474.01**
Capital expenditure	81.67	48.50	54.24	26.81	17.56	16.60	** 153.47	** 91.91
Depreciation, impairment and amortization	49.64	31.12	12.00	20.01	24.98	21.39	*** 86.62	*** 72.52

* Discontinuing operations

** excludes assets acquired on acquisition of new subsidiaries.

*** excludes provision for impairment of Rs. 17.45 Crore (Rs. 1.75 Crore) reflected in Exceptional items.

i) Secondary Segment Information

The Group has identified geographical markets as the Secondary segment.

Geographical Segments	Composition
Domestic	All over India
International (others)	Primarily Middle East, SAARC countries, Egypt, Malaysia, South Africa, Singapore and Vietnam.

(Rs. Crore)

	India		Others		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Revenue	3,435.64	2,935.77	1,160.54	1,043.90	4,596.18	3,979.67
Carrying amount of assets	2,620.43	1,590.35	1,086.80	1,026.67	3,707.23	2,617.02
Capital expenditure	93.09	53.49	60.38	38.42	* 153.47	* 91.91

* excludes assets acquired on acquisition of new subsidiaries

ii) Notes to Segmental information

a) Segment revenue and expense: Revenues and expenses directly attributable to segments are reported under each reportable segment. Revenue and expenses which relate to Group as whole and are not allocable to a segment on reasonable basis, have been disclosed under 'Unallocable'.

b) Segment Assets and Liabilities: Segment assets include all operating assets used by a segment comprising intangibles, fixed assets, inventories, debtors, cash and bank balances and loans and advances. Segment liabilities include all operating liabilities of the segment comprising creditors and other liabilities. Investments, taxes and other assets and liabilities which are not allocable to segment on reasonable basis, have been disclosed under 'Unallocable'.

43. Related Party disclosures

a) Name of related parties and nature of relationship:

i) Subsidiary companies (Refer note 2)

Marico Innovation Foundation (w.e.f March 13, 2013)

Marico Kaya Enterprises Limited (w.e.f January 19, 2013)

ii) Key management personnel (KMP) :

Harsh Mariwala, Chairman and Managing Director

iii) Relatives of Key management personnel:

Rishabh Mariwala, son of Harsh Mariwala

iv) Others - Entities in which KMP has significant influence

The Bombay Oil Private Limited

Marico Innovation Foundation (upto March 12, 2013)

b) Transactions during the year

(Rs. Crore)

Particulars	KMP and their relatives		Subsidiary		Others	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Remuneration	4.65	4.03	–	–	–	–
Rent paid	–	–	–	–	0.08	–
Investments made during the year	–	–	0.10	–	–	–
Donation Given	–	–	1.71	–	–	–
Loans and advances given	–	–	0.11	–	–	0.65

c) Balances as at the year end

(Rs. Crore)

Particulars	KMP and their relatives		Subsidiary		Others	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Investments	–	–	0.10	–	–	–
Dues payable	–	–	–	–	0.02	–
Loans and advances	–	–	0.11	–	–	0.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

d) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties.

(Rs. Crore)

Particulars	Transactions		Balances	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Rent paid				
The Bombay Oil Private Limited	0.08	–	0.02	–
Remuneration				
Harsh Mariwala	4.64	4.01	–	–
Investment made during the year				
Marico Kaya Enterprises Limited	0.10	–	0.10	–
Donation Given				
Marico Innovation Foundation	1.71	–	–	–
Loans and advances given				
Marico Innovation Foundation	–	0.65	–	0.65
Marico Kaya Enterprises Limited	0.11	–	0.11	–

44. Managerial Remuneration:

Nature of transactions:	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Statement of Profit and Loss		
- Salary	2.97	2.60
- Contribution to provident and pension funds	0.34	0.30
- Other perquisites	0.13	0.07
Annual performance incentives	1.20	1.04
	4.64	**4.01**
Remuneration to non-whole time directors (including Sitting fees)	1.10	0.47

The above remuneration to Chairman and Managing Director does not include contribution to gratuity fund and provision for Leave encashment, as these are lump sum amounts for all relevant employees based on actuarial valuation.

45. Information relating to the discontinuing operations:

On January 7, 2013, the Board of Directors of Marico Limited approved a Scheme of Arrangement for demerger of the business undertaking of Kaya (“Kaya Business”) with effect from appointed date, April 1, 2013 (‘the Scheme’) subject to all regulatory and statutory approvals. The Scheme envisages the de-merger of Kaya Business into a new company, “Marico Kaya Enterprises Limited (‘MaKE’)”, which was incorporated on January 19, 2013 for the purpose. As a consideration, the shareholders of Marico Limited as on the record date shall be issued 1 share of MaKE with a face value of Rs. 10 each for every 50 shares of Marico with a face value of Re. 1 each, fully paid up. Consequently, the share holding structure of MaKE will mirror the share holding structure of Marico Limited.

The management of the Company believes that the proposed de-merger will enable value creation for both the FMCG and Kaya businesses through focus and flexibility.

As on March 31, 2013, Marico Limited is the sole shareholder of MaKE. Upon the Scheme becoming effective and upon issue of shares by Marico Kaya to the shareholders of Marico Limited, all the shares held by Marico Limited shall stand cancelled without any payment. Since the control is intended to be temporary, MaKE has not been considered for consolidation in accordance with Accounting Standard 21 (AS 21) ‘Consolidated Financial Statements’.

The discontinuing operations on account of the proposed demerger relate to the skin care segment and comprise results of Kaya Limited, Kaya Middle East FZE, Derma-Rx International Aesthetics Pte. Ltd, Drx Clinic Pte Ltd, DRx Medispa Pte. Ltd, DRx Investments Pte. Ltd. And Drx Aesthetics Sdn. Bhd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

In view of the proposed de-merger of Kaya's business from the Company, the shareholders of Marico Middle East FZE (MME) at their meeting held on March 18, 2013 approved the disinvestment of 100% stake in Kaya Middle East FZE (KME) to Derma Rx International Aesthetics Pte. Ltd (DIAL) for a consideration of 55,050,000 UAE Dirhams. The disinvestment was effected through a share purchase agreement between MME and DIAL dated February 7, 2013 and executed on March 25, 2013, subject to approval from Hamriyah Free Zone Authority (HFZA).

Carrying amounts as at March 31, 2013 and March 31, 2012 of the total assets and total liabilities in respect of skin care business:

Particulars	As at March 31, 2013 (Rs. Crores)	As at March 31, 2012 (Rs. Crores)
Total assets	355.03	349.37
Total liabilities	237.07	252.18

Amount of revenue, expenses, pre - tax profit and tax in respect of the ordinary activities attributable to the discontinuing operations:

Particulars	For the year ended March 31, 2013 (Rs. Crores)	For the year ended March 31, 2012 (Rs. Crores)
Revenue	336.16	278.75
Operating expenses	350.08	316.95
Exceptional items (Refer note 38)	19.20	1.75
Pre-tax profits / (loss)	(33.12)	(39.95)
Tax expenses	3.92	3.83
Post-tax profits / (Loss)	(37.04)	(43.78)

Amounts of net cash flows attributable to discontinuing Operations:

Particulars	For the year ended March 31, 2013 (Rs. Crores)	For the year ended March 31, 2012 (Rs. Crores)
Cash flows from Operating activities	25.58	35.76
Cash flows from Investing activities	(47.48)	(26.36)
Cash flows from Financing activities	32.14	3.65

46. Previous Year Figures

a) Previous year figures have been re-grouped and reclassified wherever necessary to conform to this year's classification.

b) The figures in brackets represent those of the previous year.

Signatures to Notes

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 46061
Place : Mumbai
Date : April 30, 2013

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
NIKHIL KHATTAU Director and Chairman of Audit Committee
MILIND SARWATE Group Chief Financial Officer
HEMANGI GHAG Company Secretary & Compliance Officer

Place : Mumbai
Date : April 30, 2013