AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MARICO LIMITED

1. We have audited the attached consolidated balance sheet of **Marico Limited** (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 1, 3(a) and (b) of Schedule R to the attached consolidated financial statements) as at March 31, 2010, the related consolidated Profit and Loss account and the consolidated Cash Flow statement for the year ended on that date annexed thereto (collectively referred to as 'consolidated financial statements'), which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the financial statements of eight subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 276.46 Crore and net assets of Rs. 120.69 Crore as at March 31, 2010, total revenue of Rs. 569.89 Crore, net proft of Rs. 42.94 Crore and net cash flows (net inflow) amounting to Rs. 29.21 Crore 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.

4. We have relied on the unaudited financial statements of four subsidiary companies and a subsidiary firm included in consolidated financial statements, which constitute total assets of Rs. 93.15 Crore and net assets of Rs. 62.72 Crore as at March 31, 2010, total revenues of Rs. 78.31 Crore, net profit of Rs. 1.94 Crore and net cash flows (net inflow) amounting to Rs. 6.01 Crore for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of these companies and firm have been furnished to us by the Management and our report in so for as it relates to the amounts included in respect of these subsidiaries is based solely on such approved unaudited financial statements.

5. *As detailed in Note 22 of Schedule R to the consolidated financial statements and for reasons stated therein, the Company has made a provision of Rs 29.35 Crore towards contingencies on account of possible excise obligations which may arise in the event of unfavourable outcome of the matter, which is assessed by the Management to be 'less than probable'. The said provisioning is not in accordance with the requirements of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent assets", as per which, the provision should be recognized only in the event, unfavorable outcome is assessed to be 'more than likely'. The resultant excess provision is in the nature of reserves as defined in part III of Schedule VI of the Act.*

   Had the Company not recognized the said contingency provision, the "Manufacturing and Other expenses" for the year would have been lower by Rs. 29.35 Crore , Profit before tax for the year would have been higher by Rs 29.35 Crore ,Profit after tax for the year and balances in Reserves and Surplus as at the year end would have been higher by Rs 19.60 Crore and contingent liability as at the year end would have been higher by Rs 29.35 Crore.

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 sub-section 3C of Section 211 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 above in paragraph 3 and accounts approved by the Board of Directors as referred above in paragraph 4, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements *subject to the matter referred in paragraph 5 above,* 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, 2010;

   (b) in the case of the consolidated Profit and Loss account, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

Vilas Y. Rane
Partner
Membership No. F - 33220

Place: Mumbai
Date: April 28, 2010.

BALANCE SHEET

	SCHEDULE	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	60.93	60.90
Reserves and surplus	B	593.03	392.66
		653.96	**453.56**
MINORITY INTEREST		**12.53**	–
LOAN FUNDS			
Secured loans	C	114.20	81.22
Unsecured loans	D	331.68	293.05
		445.88	**374.27**
		1,112.37	**827.83**
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION	E	85.03	85.03
FIXED ASSETS	F		
Gross block		529.18	456.88
Less : Depreciation, amortisation and impairment		242.41	203.46
Net block		286.77	253.42
Capital work-in-progress		112.90	57.67
Asset held for Disposal		0.01	0.01
		399.68	**311.10**
INVESTMENTS	G	**82.71**	**12.11**
DEFERRED TAX ASSET (NET)		**61.63**	**64.12**
(Refer Note 12 (a), Schedule R)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	H	444.81	339.04
Sundry debtors	I	150.69	110.80
Cash and bank balances	J	111.46	90.20
Loans and Advances	K	189.99	129.85
		896.95	669.89
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	L	336.87	277.87
Provisions	M	76.76	36.55
		413.63	314.42
NET CURRENT ASSETS		**483.32**	**355.47**
		1,112.37	**827.83**
Notes to accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

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 Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
INCOME :			
Sales		2,501.14	2,251.34
Less : Excise Duty		1.05	2.07
		2,500.09	2,249.27
Income from services		160.67	139.15
Total Sales and Services		**2,660.76**	**2,388.42**
Other income	N	18.26	12.20
		2,679.02	**2,400.62**
EXPENDITURE :			
Cost of materials	O	1,302.07	1,311.79
Manufacturing and other expenses	P	983.54	772.64
Finance charges	Q	25.69	35.73
Depreciation, amortisation & impairment	F	60.06	35.79
		2,371.36	**2,155.95**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		**307.66**	**244.67**
Exceptional Items (Net) (Refer Note 13, Schedule R)		(9.79)	(15.03)
PROFIT BEFORE TAXATION AND MINORITY INTEREST		**297.87**	**229.64**
Provision for taxation - Current Tax		63.83	28.09
- MAT Credit (entitlement)/utilisation		(2.55)	(23.46)
- Fringe Benefit Tax		(0.01)	2.41
- Deferred Tax - debit/ (credit)		3.06	33.89
		64.33	40.93
PROFIT AFTER TAXATION AND BEFORE MINORITY INTEREST		**233.54**	**188.71**
Minority Intererst in (profit) / loss of subsidiaries		(1.87)	0.01
PROFIT AFTER TAXATION AND AFTER MINORITY INTEREST		**231.67**	**188.72**
Balance brought forward as on April 1		314.04	167.34
Transferred from Tax Holiday Reserve		–	18.86
		314.04	186.20
PROFIT AVAILABLE FOR APPROPRIATION		**545.71**	**374.92**
APPROPRIATIONS			
Interim dividend		40.21	39.89
Tax on interim dividend		6.83	6.78
Dividend distributed to Minority Shareholders		0.54	–
Minority Share in Accumulated profits		6.68	–
Debenture Redemption Reserve		15.00	–
General Reserve		23.50	14.21
BALANCE CARRIED TO THE BALANCE SHEET		**452.95**	**314.04**
BASIC EARNINGS PER SHARE		**3.80**	**3.10**
DILUTED EARNINGS PER SHARE		**3.79**	**3.10**
(Refer Note 15 of Schedule R)			
Notes to accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

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 Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

CASH FLOW STATEMENT

		For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**297.87**	**229.64**
	Adjustments for:		
	Depreciation, amortisation and impairment	60.06	35.79
	Provision for impairment of assets of Kaya Life centres (Refer Note 13 (c), Schedule R)	2.91	–
	Provision for impairment on assets written back (Refer Note 8, Schedule R)	(1.20)	(0.86)
	Provision for contingencies (Refer Note 22, Schedule R)	29.35	–
	Finance charges	25.69	35.73
	Interest income	(11.07)	(5.68)
	Effect of impairment of net assets of Sundari	–	14.11
	Loss / (Profit) on sale of assets – (net)	1.16	0.16
	(Profit) / Loss on sale of investments	(0.02)	(0.01)
	Dividend income	(2.49)	(0.28)
	Provision for Employee Stock Option Reserve	0.08	0.07
	(Write back) / Provision for doubtful debts, advances and deposits	(4.67)	7.29
		99.80	86.32
	Operating profit before working capital changes	**397.67**	**315.96**
	Adjustments for:		
	(Increase)/ Decrease in inventories	(105.77)	(85.45)
	(Increase)/ Decrease in sundry debtors	(34.15)	(32.50)
	(Increase)/Decrease in loans and advances	(56.88)	(0.77)
	Increase/ (Decrease) in current liabilities and provisions	68.10	17.95
		(128.70)	(100.77)
	Cash generated from Operations	**268.97**	**215.19**
	Taxes paid (net of refunds)	(62.87)	(33.57)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**206.10**	**181.62**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(156.35)	(79.40)
	Sale of fixed assets	3.75	0.40
	Effect of translation differences on fixed assets	3.93	(12.71)
	(Purchase) / Sale of investments (net)	(70.58)	(12.10)
	Dividend income received	2.49	0.28
	Goodwill on consolidation *	–	(1.13)
	Interest received	9.39	5.82
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(207.37)**	**(98.84)**

CASH FLOW STATEMENT

		For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share Capital on exercise of stock option	1.83	–
	Proceeds from issuance of equity shares by a subsidiary company	19.99	–
	Issue / (Redemption) of commercial papers (net)	(14.46)	29.16
	Inter–Corporate deposits taken / (repaid)	(5.00)	5.00
	Issue of Debentures	30.00	–
	Other borrowings (repaid) / taken (net)	70.13	(16.17)
	Finance charges paid	(27.17)	(41.99)
	Equity dividend paid (inclusive of dividend distribution tax)	(47.21)	(47.72)
	Unclaimed Preference dividend paid	–	(0.01)
	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**28.11**	**(71.73)**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	**(3.98)**	**3.08**
E	**NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C+D)**	**22.86**	**14.13**
F	**Cash and cash equivalents – opening balance (as at April 1)**	**88.33**	**74.20**
G	**Cash and cash equivalents – closing balance (as at March 31)**	**111.19**	**88.33**
	Cash and cash equivalents at the year end comprise of:		
	Cash and Bank Balances	111.46	90.20
	Book Overdraft	(0.27)	(1.87)
	Total	111.19	88.33

* Represents assets of purchase price paid over the net assets value of a subsidiary acquired.

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 period's classification.

3 Cash and Cash Equivalents – Closing balance includes balances aggregating to Rs. 4.33 Crore (Rs. 1.75 Crore) with scheduled banks in fixed deposits and Margin accounts which is pledged against the bank guarantees and deposit with sales tax authorities, which are not available for use by the company.

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

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	Chief-Finance, HR & Strategy
RACHANA LODAYA	Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
650,000,000 (650,000,000) Equity shares of Re. 1 each (Re. 1 each)	65.00	65.00
150,000,000 (150,000,000) Preference shares of Rs. 10 each (Rs.10 each)	150.00	150.00
	215.00	**215.00**
ISSUED AND SUBSCRIBED:		
609,325,700 (609,000,000) Equity shares of Re. 1 each (Re. 1 each) fully paid up (Refer Note 16, Schedule R)	60.93	60.90
The above includes:		
a) 290,000,000 equity shares issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve.		
b) 265,000,000 equity shares issued as fully paid bonus shares by capitalisation of General Reserve		
	60.93	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SECURITIES PREMIUM ACCOUNT		
As on April 1	13.50	13.50
Add : Receipt on exercise of Employees stock options (Refer Note16, Schedule R)	1.79	–
Add : Transfer from Employee Stock option reserve	0.01	–
Add : Receipt on fresh issue of shares by a subsidiary company (Refer Note 3 (c)(i), Schedule R)	15.99	–
As at the year end	31.29	13.50
GENERAL RESERVE		
As on April 1	68.16	53.95
Add : Transfer from Profit and Loss account	23.50	14.21
As at the year end	91.66	68.16
EMPLOYEE STOCK OPTION RESERVE (Refer Note 16, Schedule R)		
As on April 1	0.07	0.01
Add : Additions	0.24	0.07
	0.31	0.08
Less : Transferred to Securities Premium account	0.01	–
Less : Forefeited/Lapsed	0.15	0.01
As at the year end	0.15	0.07
DEBENTURE REDEMPTION RESERVE		
As on April 1	–	–
Add : Transfer from Profit and Loss account	15.00	–
As at the year end	15.00	–
FOREIGN CURRENCY TRANSLATION RESERVE (Translation adjustment)		
As on April 1	3.15	0.07
Adjustments during the year (net)	(3.98)	3.08
As at the year end	(0.83)	3.15
HEDGE RESERVE ACCOUNT (Refer Note 14 (c), Schedule R)		
As on April 1	(6.26)	–
Adjustments during the year	9.07	(6.26)
As at the year end	2.81	(6.26)
TAX HOLIDAY RESERVE		
As on April 1	–	18.86
Less: Transfer to Profit and Loss account	–	(18.86)
As at the year end	–	–
PROFIT AND LOSS ACCOUNT	452.95	314.04
	593.03	**392.66**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'C'		
SECURED LOANS		
Secured Redeemable Non–convertible Debentures (Refer Note 21, Schedule R) (Secured against first pari passu charge over land and building situated at Andheri (East), Mumbai)	30.00	–
External commercial borrowings (Secured by hypothecation of Plant and Machinery) (Amount repayable within one year Rs 22.46 Crore (Rs 6.34 Crore))	61.76	76.10
Working capital finance (Secured by hypothecation of stocks in trade and debtors)	22.44	5.12
	114.20	81.22
SCHEDULE 'D'		
UNSECURED LOANS		
From banks :		
Short term	288.37	189.50
Other term loans	–	50.00
Other loans	9.22	–
Inter corporate deposits (Short term)	–	5.00
Commercial Papers (Redeemable within a year)		
Face Value	35.00	50.00
Less : Deferred Interest	0.91	1.45
	34.09	48.55
(Maximum amount outstanding during the year Rs.104.51 Crore (Rs.63.28 Crore))		
	331.68	293.05
SCHEDULE 'E'		
GOODWILL ON CONSOLIDATION		
Goodwill on consolidation	85.03	85.27
Less: Provision for impairment	–	0.24
	85.03	85.03

SCHEDULES TO BALANCE SHEET

SCHEDULE 'F'

FIXED ASSETS

Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2009	Addi– tions	Deduc– tions/ Adjust– ments (Note 6)	As at March 31, 2010	As at March 31, 2009	For the year (Note 2(a) & 4)	Deductions/ Adjustments (Note 6)	As at March 31, 2010	Provision for impair– ment as at March 31 2010 (Note 3)	As at March 31, 2010	As at March 31, 2009
Tangible Assets											
Freehold land	4.16	1.56	0.37	5.35	–	–	–	–	–	5.35	4.16
Leasehold land	14.27	0.01	0.02	14.26	0.38	0.22	–	0.60	–	13.66	13.89
Buildings (Note 1)	77.51	10.14	1.12	86.53	15.13	2.76	(0.38)	18.27	–	68.26	62.38
Plant and machinery (Note 1)	260.45	51.74	10.88	301.31	143.62	29.60	4.74	168.48	11.30	121.53	111.52
Furniture and fittings	28.92	11.50	2.55	37.87	8.59	7.29	1.15	14.73	0.86	22.28	20.28
Vehicles	3.19	2.46	1.52	4.13	1.57	0.66	0.61	1.62	–	2.51	1.62
Intangible Assets											
- Trademarks and copyrights (Note 5)	43.37	22.01	4.66	60.72	8.42	2.46	2.97	7.91	2.24	50.57	31.30
- Other intangibles (Note 2(b))	10.15	–	8.65	1.50	3.83	5.13	8.20	0.76	–	0.74	6.32
- Computer software	14.86	1.64	(1.01)	17.51	12.91	1.51	(1.21)	15.63	0.01	1.87	1.95
TOTAL	**456.88**	**101.06**	**28.76**	**529.18**	**194.45**	**49.63**	**16.08**	**228.00**	**14.41**	**286.77**	**253.42**
As on March 31, 2009	**356.07**	**90.02**	**(10.79)**	**456.88**	**157.34**	**35.79**	**(1.32)**	**194.45**	**9.01**	**253.42**	–
Capital work–in–progress (at cost) including advances on capital account (Note 2(a)				115.79				–	2.89	112.90	57.67
Assets held for disposal				0.01				–	–	0.01	0.01
									17.30	**399.68**	**311.10**

Notes :

1. Gross block includes: – Buildings - Rs.0.10 Crore (Rs. 0.10 Crore) where conveyance has been executed, pending registration.

   – Plant and Machinery - Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on finance lease (prior to April 1, 2001).

2. "Depreciation, amortisation and impairment" charged to the Profit and Loss accounts for the year includes.

   a) impairment provision in respect of capitalised assets - Rs. 7.54 Crore (Rs. Nil)and Capital work in progress - Rs.2.89 Crore (Rs. Nil).

   b) impairment loss written off during the year - Rs. 5.13 Crore (Rs. Nil) included in depreciation/amortisation of other intangibles.

3. Provision for impairment as at March 31, 2010:

   a) includes impairment as mentioned in 2(a) above and is net of reversal of provision no longer required - Rs. 1.20 Crore (Rs. 0.86 Crore) and adjustment on sale / discard of the related assets - Rs. 0.13 Crore (Rs. Nil).

   b) includes provision for impairment of assets of Kaya Life centres - Rs. 2.91 Crore (Rs. 3.72 Crore assets of Sundari), which is included under 'Exceptional items' in the Profit and Loss account.(Refer Note 13, Schedule R)

   c) is net of reversal of provision of impairment made in previous year in respect of net assets of Sundari LLC - Rs. 3.72 Crore (Rs. Nil) (Refer Note 13 (b), Schedule R)

4. Depreciation for the year includes accelerated depreciation charged - Rs.1.56 Crore (Rs.Nil) due to revision of estimated useful life of certain assets.

5. Trademarks - Rs. 25.20 Crore (Rs.25.20 Crore) are pending registration and Rs. 22.22 Crore (Rs.Nil) are pending recordal.

6. Deductions / Adjustments of Gross block and Depreciation/Amortaisation are on accounts of sale, discarding and reclassification of assets and also includes translation difference - Rs. 3.93 Crore [(Rs.12.71 Crore)].

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'G'		
INVESTMENTS (Non Trade)		
LONG TERM - UNQUOTED, AT COST		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
	0.01	0.01
LONG TERM - QUOTED, AT COST		
Indian Infrastructure Finance Company Limited (1,000 Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 100,000 each, guaranteed by Government of India, redeemable on 22nd January 2014)	10.21	–
Grameenphone Ltd 170,229 (Nil) equity shares of Bangladesh Taka10 each fully paid	0.82	–
	11.03	–
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend Reinvestment Nil (2,001,098) Units of Rs. 10 each fully paid	–	2.00
Fidelity Ultra Short Term Debt Fund Institutional Plan – Growth 8,399,009 (Nil) Units of Rs. 10 each fully paid	10.00	–
Templeton India Ultra Short Bond Fund Super Institutional Plan – Dividend Nil (5,073,892) Units of Rs. 10 each fully paid	–	5.08
Fortis Money Plus Institutional Plan – Daily Dividend Reinvestment Nil (5,019,130) Units of Rs. 10 each fully paid	–	5.02
Birla Sun Life Dynamic Bond Fund Retail – Monthly Payout 1,940,982 (Nil) Units of Rs. 10 each fully paid	2.02	–
Birla Sunlife Saving Fund Institutional Plan – Growth 2,002,208 (Nil) Units of Rs. 10 each fully paid	3.50	–
Kotak Flexi Debt Scheme Institutional Plan – Growth 8,878,078 (Nil) Units of Rs. 10 each fully paid	10.05	–
ICICI Prudential Flexible Income Premium Institutional Plan –Growth 575,207 (Nil) Units of Rs. 100 each fully paid	9.85	–
LIC MF Savings Plus Fund Institutional Plan – Growth 7,029,097 (Nil) Units of Rs. 10 each fully paid	10.28	–
Templeton India STIR Plan – Weekly Dividend Reinvestment 29,243 (Nil) Units of Rs. 1000 each fully paid	3.14	–
Tata Treasury Manager Institutional Plan – Growth 96,376 (Nil) Units of Rs. 1000 each fully paid	10.09	–
Reliance Money Manager Retail – Daily Dividend Reinvestment 826 (Nil) Units of Rs. 1000 each fully paid	0.10	–
IDFC Money Manager Fund – TP – Institutional Plan C – Growth 2,380,321 (Nil) Units of Rs. 10 each fully paid	2.60	–
UTI Floating Rate Fund – Short Term Plan – Institutional Plan – Growth 97,076 (Nil) Units of Rs. 1000 each fully paid	10.04	–
	71.67	12.10
	82.71	**12.11**
Notes:		
1) **Cost / Market Value of Quoted/ Unquoted Investments**		
Aggregate value of Quoted Investments:		
Cost	11.03	–
Market Value	13.90	–
Aggregate value of Unquoted Investments:		
Cost	71.68	12.11

SCHEDULES TO BALANCE SHEET

2) Units of Mutual Funds purchased and sold during the year

Name of the Scheme	Face Value	No. of Units	Purchase Cost Rs. Crore
DWS Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10	17,280,992	17.31
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	1,989,873	2.00
IDFC Money Manager Fund - TP - Institutional Plan C - Daily Dividend Reinvestment	10	17,358,705	17.36
IDFC Cash Fund - Institutional Plan C - Daily Dividend Reinvestment	10	3,999,358	4.00
IDFC Cash Fund - Institutional Plan B - Daily Dividend Reinvestment	10	2,835,321	3.00
IDFC Money Manager Fund - TP - Institutional Plan B - Daily Dividend Reinvestment	10	2,234,515	2.25
Kotak Flexi Debt Scheme - Institutional Plan - Daily Dividend Reinvestment	10	20,223,425	20.32
Kotak Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	4,825,348	5.90
J. P . Morgan India Treasury Fund - Institutional Plan - Daily Dividend Reinvestment	10	19,290,790	19.31
J. P . Morgan India Liquid Fund- Institutional Plan - Daily Dividend Reinvestment	10	3,497,550	3.50
Tata Floater Fund - Daily Dividend Reinvestment	10	12,368,669	12.41
Tata Treasury Manager Institutional Plan - Daily Dividend Reinvestment	1,000	397,433	40.15
Tata Liquid Institutional Plan - Daily Dividend Reinvestment	1,000	53,839	6.00
Fortis Money Plus - Institutional Plan - Daily Dividend Reinvestment	10	14,109,459	14.11
Fortis Overnight Fund - Institutional Plan - Daily Dividend Reinvestment	10	4,999,117	5.00
Fortis Money Plus - Growth	10	511,031	0.70
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Daily Dividend Reinvestment	10	27,388,595	27.40
Fidelity Cash Fund - Institutional Plan - Growth	10	7,976,326	10.00
Fidelity Cash Fund - Institutional Plan - DDR	10	12,497,778	12.50
ICICI Prudential Flexible Income Premium - Institutional Plan - Daily Dividend Reinvestment	100	32,252,493	56.92
Prudential ICICI Liquid Plan Institutional Plan - Daily Dividend Reinvestment	100	22,624,962	46.03
Reliance Money Manager - Institutional Plan - Daily Dividend Reinvestment	1,000	411,408	41.19
Reliance Liquid Fund - Treasury Plan - Institutional Plan - Daily Dividend Reinvestment	10	981,303	1.50
Reliance Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	8,997,984	9.00
Templeton India Ultra Short Bond Fund Institutional Plan - Daily Dividend Reinvestment	10	26,089,804	26.12
Templeton India Treasury Management Account Fund Institutional Plan Daily Dividend Reinvestment	1,000	159,908	16.00
Birla Sunlife Saving Fund - Institutional Plan - Daily Dividend Reinvestment	10	19,654,144	19.67
Birla Sunlife Cash Plus - Institutional Plan -Daily Dividend Reinvestment	10	17,966,608	18.00
Birla Sunlife Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10	8,001,170	8.01
Birla Sunlife Saving Fund - Institutional Plan - Growth	10	1,431,385	2.50
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Reinvestment	10	15,756,355	15.81
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale - Daily Dividend Reinvestment	10	6,095,988	6.15
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	10	6,111,687	6.50
LIC Saving Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	26,689,127	26.69
LIC Floating Rate Fund - Institutional Plan - Daily Dividend Reinvestment	10	20,273,286	20.27
UTI Treasury Advantage Fund - Institutional Plan -Daily Dividend Reinvestment	1,000	143,447	14.52
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Daily Dividend Reinvestment	1,000	200,642	20.08

SCHEDULES TO BALANCE SHEET

		As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'H'			
INVENTORIES			
(Refer Note 2 (i), Schedule R, for basis of valuation)			
Raw materials		188.19	115.71
Packing materials		54.45	43.58
Work–in–process		62.56	51.18
Finished products		118.96	113.36
Stores, spares and consumables		13.45	12.83
By–products		1.15	1.42
Goods in Transit			
– Raw materials		5.75	0.30
– Finished products		0.30	0.66
		6.05	0.96
		444.81	**339.04**
SCHEDULE 'I'			
SUNDRY DEBTORS			
Unsecured			
Over six months	– Considered good	0.01	0.01
	– Considered doubtful	3.81	9.70
		3.82	9.71
Less: Provision for doubtful debts		3.81	9.70
		0.01	0.01
Other Debts	– Considered good	150.68	110.79
	– Considered doubtful	0.16	–
		150.84	110.79
Less: Provision for doubtful debts		0.16	–
		150.68	110.79
		150.69	**110.80**
SCHEDULE 'J'			
CASH AND BANK BALANCES			
Cash on hand		1.53	1.86
Remittances in transit		0.36	0.49
Balances with scheduled banks:			
Fixed deposits {deposited with sales tax authorities and against bank gurantees - Rs.0.24 Crore (Rs.0.26 Crore)}		86.43	66.33
Margin accounts (against bank guarantees)		4.09	1.49
Current accounts *		18.90	19.86
Balances with non–scheduled banks:			
Current accounts		0.15	0.17
		111.46	**90.20**

* Includes balances in Unclaimed dividend account and Unclaimed Preference Share Capital - Rs. 0.26 Crore (Rs. 0.25 Crore)

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'K'		
LOANS AND ADVANCES		
(Unsecured–considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
– considered good	81.56	47.77
– considered doubtful	0.06	–
	81.62	47.77
Less: Provision for doubtful advances	0.06	–
	81.56	47.77
Deposits		
– Considered good	31.54	28.64
– Considered doubtful	1.00	–
	32.54	28.64
Less: Provision for doubtful deposits	1.00	–
	31.54	28.64
Intercoporate Deposits	18.49	–
Balances with central excise authorities	1.06	1.23
Interest accrued on loans / deposits	4.02	2.34
Gratuity	0.82	–
Fringe benefit tax payments, net of provisions	0.55	0.47
MAT Credit Entitlement	51.95	49.40
	189.99	**129.85**
SCHEDULE 'L'		
CURRENT LIABILITIES		
Sundry creditors		
– Due to Micro and Small Enterprises	–	–
– Others	309.58	245.40
Other liabilities	23.29	28.19
Book Overdraft	0.27	1.87
Security deposits	1.10	1.16
Interest accrued but not due on loans	2.37	1.00
Unclaimed Dividend	0.23	0.22
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	336.87	**277.87**
SCHEDULE 'M'		
PROVISIONS		
Income tax (net of payments)	4.01	2.41
Leave encashment	8.26	6.55
Gratuity	2.68	2.30
Long term service benefits	1.88	–
Contingencies (Refer Note 22, Schedule R)	29.35	–
Others (Refer Note 23, Schedule R)	4.92	–
Interim dividend	21.93	21.62
Tax on interim dividend	3.73	3.67
	76.76	**36.55**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'N'		
OTHER INCOME		
Income from current investments		
Profits on sale of units of mutual funds	0.02	0.01
Dividend on investment in liquid mutual funds	2.49	0.28
Interest income on loans, deposits, etc. (Tax deducted at source - Rs. 0.64 Crore (Rs. 0.57 Crore))	11.07	5.68
Miscellaneous income (Refer Note 7, Schedule R)	4.68	6.23
	18.26	**12.20**
SCHEDULE 'O'		
COST OF MATERIALS		
Raw materials consumed	1,049.42	1,117.38
Packing materials consumed	216.06	190.01
Stores and spares consumed	40.47	33.93
Purchase for resale	12.47	14.50
(Increase)/Decrease in stocks		
Opening stocks		
– Work–in–process	51.18	36.67
– By–products	1.42	1.87
– Finished products	114.02	90.91
Less :		
Closing stocks		
– Work–in–process	62.56	51.18
– By–products	1.15	1.42
– Finished products	119.26	114.02
	(16.35)	(37.17)
	1,302.07	1,318.65
Less : Effect of impairment of inventory of Sundari LLC disclosed as 'Exceptional items'	–	6.86
	1,302.07	**1,311.79**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'P'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
– Salaries, wages and bonus	168.59	147.71
– Contribution to provident fund and other funds	6.53	7.02
– Long term service benefits	1.88	–
– Welfare expenses	13.13	11.03
	190.13	165.76
Power, fuel and water	10.68	9.90
Contract manufacturing charges	86.25	73.32
Rent and storage charges	50.42	32.94
Repairs :		
– Buildings	7.99	7.34
– Machinery	8.68	6.87
– Others	2.74	2.12
Freight, forwarding and distribution expenses	102.79	94.09
Advertisement and sales promotion	351.12	242.59
Rates and taxes	2.26	2.10
Provision for contingencies – Excise Duty (Refer Note 22, Schedule R)	29.35	–
Sales tax and cess	19.15	16.76
Commission to selling agents	5.12	5.55
Bad debts	8.43	0.60
Less: Provision for doubtful debts utilised	(6.63)	–
	1.80	0.60
Provision for doubtful debts, advances and deposits	1.96	7.29
Printing, stationery and communication expenses	11.15	10.49
Travelling, conveyance and vehicle expenses	30.64	30.04
Royalty	0.42	0.44
Insurance	2.61	2.09
Auditors' remuneration		
– Audit fees	0.87	0.95
– Tax Audit fees	0.10	0.10
– Others services	0.60	0.34
– Out of pocket expenses	0.01	0.03
Exchange losses (net)	3.55	6.91
Miscellaneous expenses (Refer Note 8, Schedule R)	63.15	54.02
	983.54	**772.64**
SCHEDULE 'Q'		
FINANCE CHARGES		
Interest on		
Fixed period loans	10.50	23.80
Other loans	4.60	4.78
Debentures	2.23	–
Bank and other financial charges	8.36	7.15
	25.69	**35.73**

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE 'R'

1) The Group and nature of its operations:

Marico Limited (herein after referred to as the "Company"), headquartered in Mumbai, India, together with its subsidiaries carries on business in Branded Fast Moving Consumer Goods and Branded services. In India, Marico manufactures and markets products under the brands such as Parachute and its extentions, Nihar, Saffola, Sweekar, Hair & Care, Revive, Shanti, Oil of Malabar, Mediker and Manjal. The Company has the following subsidiaries:

- Marico Bangladesh Limited (MBL) in Bangladesh, subsidiary of Marico Limited, which carries on business of consumer products in Bangaldesh;
- MBL Industries Limited (MBLIL) in Bangladesh, a wholly owned subsidiary of Marico Middle East FZE, which carries on business of consumer products in Bangaldesh;
- Kaya Limited (Kaya) in India, a wholly owned subsidiary of Marico Limited, which provides skin care services and sells products through Kaya Skin Clinics in India;
- Marico Middle East FZE (MME), in United Arab Emirates, a wholly owned subsidiary of Marico Limited, which carries on business, inter alia, in consumer products in the Middle East region;
- Kaya Middle East FZE (KME), in United Arab Emirates, a wholly owned subsidiary of Marico Middle East FZE which carries on business, inter alia, in skin care services and products through Kaya Skin Clinics in the Middle East region;
- MEL Consumer Care SAE (MELCC) in Egypt, a wholly owned subsidiary of Marico Middle East FZE;
- Marico Egypt Industries Company (MEIC), in Egypt, a subsidiary company of MEL Consumer Care SAE which carries on business of consumer products in Egypt;
- Egyptian American Investment & Industrial Development Company (EAIIDC), in Egypt, a wholly owned subsidiary of Marico Middle East FZE which carries on business of consumer products in Egypt;
- Wind Company (Wind), in Egypt, a subsidiary firm of MEL Consumer Care SAE which carries on business of consumer products;
- Marico South Africa Consumer Care (Pty) Limited (MSACC), in South Africa, a wholly owned subsidiary of Marico Limited;
- Marico South Africa (Pty) Limited (MSA), in South Africa, a wholly owned subsidiary of Marico South Africa Consumer Care (Pty) Limited which carries on business of consumer products in South Africa;
- CPF International (Pty) Limited (CPF), in South Africa, a wholly owned subsidiary of Marico South Africa (Pty) Limited; and
- Marico Malaysia Sdn. Bhd. (MMSD), a wholly owned subsidiary of Marico Middle East FZE which carries on business of consumer products in Malaysia.

All the aforesaid entities are collectively referred as 'Marico' or 'Group'

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") 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).

(b) Basis of preparation of consolidated financial statements

The consolidated financial statements relate to the Company and its subsidiaries. The consolidated financial statements 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-

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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 exchange rate prevailing during the year. All assets and liabilities are converted at the exchange rate prevailing at the end of the year. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve (Translation adjustments)' under 'Reserves and Surplus'.

iii) The excess of cost to the Group of its investment in subsidiary companies over its share of equity and reserves of its subsidiary companies is recognized in the financial statements as Goodwill, which is tested for impairment on 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 interest in the net assets of consolidated subsidiaries consists 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 for :

1. In case of MSACC deferred tax asset / liability has not been recognised. Deferred tax asset/liability if any, arising for these entities have not been determined. Hence proportion of items in the consolidated financial statements to which the different accounting policy have been applied cannot be given.
2. In case of all subsidiaries, except Plant & Machinery of MEIC, depreciation in respect of factory building and Plant & Machinery is provided on straight line basis instead of written down value basis as followed in Marico Limited (except items specified in note 2(e)(I)(a) below). The total amount of net block of these items of fixed assets represents 23.70 % of the total consolidated net block of fixed assets of the Group as at the year end.
3. In case of MME and MMSD, cost of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.05 % of the total consolidated inventories of the group as at the year end.
4. In case of MME and KME, liability on account of gratuity is provided on arithmetical basis instead of actuarial basis. In case of MBL, MME, MEIC, EAIIDC, Wind Co and MSA; liability on account of leave encashment is provided on arithmetical basis instead of actuarial basis. These liabilities represent 39.14% of the total consolidated gratuity and leave encashment liability of the Group as at the year end.
5. In case of MSA and MMSD, Intangible assets are estimated to have an indefinite useful life and hence not amortized. As per the Group policy, the intangible assers are amortized over a maximum period of 10 years. The total amount of the block of these assets is 12.46% of the total consolidated net block of fixed assets of the Group as at the year end (refer Note 24 below).

(c) Use of estimates

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure 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 provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives 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.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

Fixed assets and intangible assets are stated at cost of acquisition, less accumulated depreciation 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 a qualifying asset (i.e. an asset requiring substantial period of time to get ready for intended use) are capitalized in accordance with the requirements of Accounting Standard (AS)16, "Borrowing Costs" mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006. Other pre-operative expenses for major projects are also capitalised, where appropriate.

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

(e) Depreciation and amortisation

I. Tangible assets

a. Depreciation in respect of assets of Indian entities viz, Marico Limited and Kaya Limited is provided 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 class	Particulars	Rates
Plant and Machinery	Computer hardware and related peripherals	33.33%
	Moulds	16.21%
	Office Equipment	10% - 50%
	Technologically advanced machinery	14.29% - 33.33%
Furniture and Fittings	Furniture and Fittings (including lease hold improvements)	11.11% - 12.5%
Vehicles	Vehicles	20%
Leasehold land	Leasehold land	Lease period

b. Depreciation in respect of assets of foreign subsidiaries is provided based on useful life of the assets as estimated by the Management here under:

Asset class	Rates
Buildings	5% - 20%
Plant and Machinery	6.67% - 100%
Furniture and fittings (including leasehold improvements)	6.67% - 50%
Vehicles	10% - 33%

c. In Marico Limited, depreciation on factory building and plant and machinery (other than computer hardware and related peripherals, moulds and office equipments which are depreciated on straight line basis) and depreciation on all assets of MEIC is provided on written down value basis. Depreciation on other assets in Marico Limited and on all assets of other subsidiaries is provided on straight line basis.

II. Intangible assets

a) Intangible assets are amortized over their respective individual estimated useful lives [other than assets referred to in (b) below] on a straight line basis but not exceeding the period given here under:

Trademarks, copyrights and business & commercial rights and other intangibles	7 to 10 years
Computer software	2 to 3 years

b) Intangible assets viz Brands and Intellectual property rights represented by Trade marks etc, held by MSA and MMSD, which are estimated by Management to have an indefinite useful life are not amortized, but are tested annually for the impairment.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(f) Assets taken on lease

(i) In respect of finance lease arrangements, the assets are capitalized and depreciated. Finance charges are charged off to the Profit and Loss account of the year in which they are incurred.

(ii) Operating lease payments are recognized as expenditure in the Profit and Loss account as per the terms of the respective lease agreement.

(g) Assets given on lease

The Company has given Plant and Machinery on an operating lease basis. Lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

(h) 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.

(i) Inventories

(i) Raw material, packing material, stores, spares and consumables are valued at cost.

(ii) Work-in-process and finished products are valued at lower of cost and net realisable value.

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

(iv) Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in case of finished products includes appropriate production overheads and excise duty, wherever applicable. In case of MME and MMSD, costs of inventories are ascertained on FIFO basis.

(j) Research and development

Capital expenditure on research and development is capitalised and depreciated as per the accounting policy mentioned in para 2(e) above. Revenue expenditure is charged off in the year in which it is incurred.

(k) Revenue recognition

(i) Domestic sales are recognized at the point of dispatch of goods to the customers and stated net of trade discount and exclusive of sales tax and excise duty.

(ii) Export sales are recognised based on the date of bill of lading.

(iii) Revenue from services is recognized on rendering of the services.

(iv) Agency commission is recognised upon effecting sales on behalf of the principal.

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

(l) Retirement and other benefits to employees

(i) The Group has various schemes of employee benefits as per applicable Local Laws of the respective countries, namely; provident fund, superannuation fund, gratuity, leave encashment and contributions to government social insurance system. Provident, superannuation and gratuity funds are administered through trustees/Regional Provident Fund and the Group's contribution thereto is charged to revenue every year. In case of provident fund administered through trusties, the Company has an obligation to make good the shortfall if any, between return on investment by the trust and government administered interest rates. Leave encashment and gratuity are provided on the basis of actuarial valuation as at the year end by an independent actuary except that in case of MME and KME, liability on account of gratuity and in case of MBL, MME, EAIIDC, MEIC, Wind Co and MSA, liability on account of leave encashment is provided on arithmetical basis instead of actuarial basis.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(ii) Long term service benefits

Liability on account of long term service benefits is determined and provided on the basis of an independent actuarial valuation.

(m) Foreign currency transactions

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

(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 Profit and Loss account.

(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 recognized as income or expense and is amortized over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss account in the year in which they arise.

(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 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 recognized directly in 'Hedge Reserve account'. The ineffective portion of the same is recognized immediately in the Profit and Loss account.

(v) Exchange differences taken to Hedge Reserve account are recognised in the Profit and Loss account 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.

(n) 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 recognized as an asset by crediting the Profit and Loss account 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.

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 substantially 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 realization.

(o) Impairment

The Group 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 recoverable amount, 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.

(p) 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.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(q) 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. 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 recognized or disclosed in the financial statements.

3) Subsidiaries considered in Consolidated Financial Statements:

(a) List of subsidiary companies:

Name of the Company	**Country of incorporation**	**Percentage of ownership interest**
Marico Bangladesh Limited	Bangladesh	90 (100)
MBL Industries Limited (through Marico Middle East FZE)	Bangladesh	100 (100)
Kaya Limited	India	100 (100)
Marico Middle East FZE	UAE	100 (100)
Kaya Middle East FZE (through Marico Middle East FZE)	UAE	100 (100)
MEL Consumer Care SAE (through Marico Middle East FZE)	Egypt	100 (100)
Egyptian American Investment & Industrial Development Company (through Marico Middle East FZE)	Egypt	100 (100)
Marico Malaysia Sdn. Bhd.(through Marico Middle East FZE) (with effect from December 4, 2009)	Malaysia	100 (Nil)
Marico Egypt Industries Company (through MEL Consumer Care SAE)	Egypt	100 (100)
Sundari LLC. (upto June 8, 2009)	United States of America	100 (100)
Marico South Africa Consumer Care (Pty) Limited	South Africa	100 (100)
Marico South Africa (Pty) Limited (through Marico South Africa Consumer Care (Pty) Limited)	South Africa	100 (100)
CPF International (Pty) Limited (through Marico South Africa (Pty) Limited)	South Africa	100 (100)

(b) List of Subsidiary firm:

Name of the firm	**Country of incorporation**	**Percentage of interest ownership**
Wind Company (through MEL Consumer Care SAE)	Egypt	99 (99)

(c) i) Divestment/Incorporation during the year:

1) During the year, MBL made initial public offer of equity shares in Bangladesh at premium. Consequently, the Company's share of interest in MBL was reduced to 90%. These shares were listed on Dhaka Stock Exchange from August 28, 2009.

2) The Company divested its stake in Sundari LLC (Sundari) on June 8, 2009 and hence Sundari ceased to be subsidiary of the Company from the said date [refer note 13 (b) below].

3) With effect from December 4, 2009, MMSD (which was newly incorporated), became wholly owned subsidiary of the Company, pursuant to 100% equity subscription by MME.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

ii) The effect of incorporation / disposal of subsidiaries during the year is as under:

Rs. Crore

Name of subsidiary	Revenue	Net Profit / (loss)	Net assets
Marico Malaysia Sdn. Bhd.	2.02	(0.84)	23.46
	(–)	(–)	(–)
Sundari LLC *	1.33	(0.77)	–
	(9.47)	(–)(20.96)	(–)

* Net loss and net assets of the previous year is after considering provision for impairment of assets and gain on settlement of liabilities of Rs. 15.03 Crore. (Refer note 13 (b) below).

d) The audited consolidated financial results for the year ended March 31, 2010 comprised the audited financial results 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, CPF International (Pty) Limited and Sundari LLC (up to June 8, 2009) and unaudited results of MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company, Wind Company and Marico Malaysia Sdn. Bhd., which have been approved by the respective Board of Directors of these companies.

4) a) Contingent liabilities not provided for in respect of:

(i) Disputed tax demands/ claims:

Rs. Crore

	March 31, 2010	March 31, 2009
Sales tax	6.08	4.88
Service tax	0.38	0.38
Customs duty	0.40	2.86
Agricultural Produce Marketing cess	7.93	7.81
Employees State Insurance Corporation	0.13	0.18
Excise duty on Subcontractors	0.24	Nil
Lease termination cost (refer note 23 below)	2.00	Nil

(ii) Excise duty on CNO dispatches Rs. 131.57 Crore (Rs. Nil) (Refer note 22 below)

(iii) Claims against the Company not acknowledged as debts Rs. 1.03 Crore (Rs. 0.21 Crore)

b) (i) Counter guarantees given to banks on behalf of subsidiaries Rs. 41.40 Crore (Rs. 46.05 Crore).

(ii) Stand by Letter of Credit given to banks on behalf of subsidiaries Rs. 76.46 Crore (Rs. 80.15 Crore).

c) Amount outstanding towards Letters of Credit Rs. 12.71 Crore (Rs. 24.97 Crore).

5) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 22.11 Crore (Rs. 13.37 Crore) net of advances.

6) Borrowing costs capitalized during the year amount to Rs. 2.83 Crore (Rs. 3.55 Crore).

7) Miscellaneous income includes lease income Rs. 0.43 Crore (Rs. 0.41 Crore).

8) Miscellaneous expenses include labour charges Rs. 2.78 Crore (Rs. 2.43 Crore), training & seminar expenses Rs. 4.62 Crore (Rs. 3.05 Crore), outside services Rs. 17.69 Crore (Rs. 14.74 Crore), professional charges Rs. 19.11 Crore (Rs. 14.25 Crore), donations Rs. 0.44 Crore (Rs. 1.19 Crore), loss on sale / disposal of assets (net) Rs. 1.16 Crore (Rs. 0.16 Crore), leakage and damage expenses of Rs. 9.66 Crore (Rs.12.10 Crore) and are net of reversal of excess provisions no longer required written back Rs. 7.88 Crore (Rs. 5.14 Crore) [including impairment provision of Rs. 1.20 Crore (Rs. 0.86 Crore)]

9) Research and development expenses aggregating Rs. 8.04 Crore (Rs. 5.73 Crore) have been included under the relevant heads in the Profit and Loss account.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

10) Additional information on assets taken on lease:

The Company's significant leasing arrangements are in respect of residential flats, office premises, 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.

Rs. Crore

	March 31, 2010	March 31, 2009
Lease rentals recognised in the Profit and Loss account	36.85	18.76
In respect of assets taken on non cancelable operating lease:		
Lease obligations		
Future minimum lease rental payments payable:		
– not later than one year	23.93	20.08
– later than one year but not later than five years	77.46	64.98
– later than five years	4.79	8.11
Total	**106.18**	**93.17**

11) Additional information on assets given on operating lease:

The Company has given on lease certain plant & machinery for a lease period ranging between 1 to 3 years. These arrangements are in the nature of cancelable lease and are generally renewable by mutual consent or mutual agreeable terms.

Fixed Asset given on operating lease as at March 31, 2010 and 2009

Rs. Crore

	Cost	Accumulated Depreciation	Net Book Value
Plant and Machinery	2.03	1.92	0.11
	(1.92)	(1.88)	(0.04)

The aggregate depreciation charged on the above assets during the year ended March 31, 2010 amounted to Rs. 0.03 Crore (Rs.0.01 Crore).

Rs. Crore

	March 31, 2010	March 31, 2009
Lease rental income recognised in the Profit and Loss account.	0.43	0.41

12) a) Break-up of deferred tax asset:

Rs. Crore

	March 31, 2010	March 31, 2009
Deferred Tax Asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	2.68	2.06
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium account under the Capital Restructuring Scheme implemented in an earlier year	48.91	65.78
Liabilities /Provisions that are deducted for tax purposes when paid (including provision for contingencies – Excise) (refer Note 22 below)	12.43	3.84
Others	2.94	1.60
Total Deferred tax asset	66.96	73.28
Deferred Tax Liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	5.33	9.16
Total Deferred tax liability	5.33	9.16
Deferred Tax Asset (net)	**61.63**	**64.12**

b) MAT Credit includes Rs. 2.67 Crore (Rs. 7.78 Crore) on account of prior year adjustments.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

13) a) The Exceptional items stated in the Profit and Loss account are as under:

Rs. Crore

	March 31, 2010	March 31, 2009
Effect of divestment of Sundari [refer note (b) below]	4.05	Nil
Provision for impairment of net assets of Sundari (net) [refer note (b) below]	Nil	15.03
Provision relating to closure of 'Kaya Life' centers [refer note (c) below]	5.74	Nil
Total	**9.79**	**15.03**

b) During the year, upon completion of necessary compliances under FEMA regulations, the Company divested its stake in Sundari LLC (Sundari) on June 8, 2009. Sundari ceased to be subsidiary of the Company from the said date. Accordingly, the financial statements of Sundari have been consolidated with that of Marico Limited for the period from April 1, 2009 to June 8, 2009. The net effect of the divestment of Rs. 4.05 Crores is charged to the Profit and Loss account and reflected as 'Exceptional item' (detailed hereunder):

Rs. Crore

	March 31, 2010	March 31, 2009
Debit balance in foreign currency translation reserve (loss) arising on consolidation of Sundari and other translation related adjustment (loss)	5.31	Nil
Loss on divestment	14.24	Nil
Less: Withdrawal of provision for impairment made in the previous year	(15.50)	Nil
Provision for impairment of net assets of Sundari	Nil	15.50
Gain on settlement of liabilities	Nil	(0.47)
Net amount charge to Profit and Loss account	**4.05**	**15.03**

c) Kaya Ltd., a wholly owned subsidiary of the Company, had launched the Kaya Life prototype to offer customers holistic weight Management solutions and had opened 5 'Kaya Life' centres in Mumbai and Kaya Middle East FZE, a step down subsidiary of the Company had also opened 1 centre in the Middle East during the past 3 years. While clients had been experiencing effective results on both weight loss and inch loss, the prototype had less than expected progress in building a sustainable business model. Hence, the Management took a strategic decision of closing down the centres in March, 2010. Consequently, the Group has made an aggregate provision of Rs. 5.74 Crore towards impairment of assets of Rs. 2.91 Crore and other related estimated liabilities of Rs. 2.83 Crore towards employees' termination, lease termination costs, customer refunds and stock written down relating to these centres for the year ended March 31, 2010. (Refer note 23 below)

14) Derivative Transactions

a) The total derivative instruments outstanding as on March 31, 2010 are Plain Forwards, Plain Vanilla Option contracts and an Interest rate swap:

	March 31, 2010		March 31, 2009	
	Notional Amount in Foreign Currency	Equivalent Amount at the year end Rs. Crore	Notional Amount in Foreign Currency	Equivalent Amount at the year end Rs. Crore
Forward contracts outstanding *				
Trade debtors:				
– in USD	4,250,000	19.09	7,100,000	36.02
Foreign currency loans:				
– in USD	11,847,085	53.21	13,846,804	70.24
Creditors:				
– in USD	2,057,775	9.24	9,212,740	46.74
– in AUD	Nil	Nil	400,000	1.40
Advance Receivable:				
– in AUD	600,000	2.47	Nil	Nil
Options Contracts outstanding *				
Trade debtors:				
– in USD	7,250,000	32.57	4,600,000	23.34

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

* Out of the forward contracts outstanding an March 31, 2010, USD 6,307,775 (USD 12,827,524), AUD 600,000 (AUD 400,000), having fair value of Rs. 31.83 Crore (Rs. 66.93 Crore) and all outstanding option contracts as on March 31, 2010, having fair value of Rs. 1.01 Crore (Rs. 0.34 Crore) have been designated as Cash Flow hedges.

– The Company has entered into Interest rate swap of USD 4,583,333 (USD 5,000,000), for hedging its interest rate exposure on borrowings in foreign currency which has a fair value of Rs. 0.63 Crore (Rs. 0.90 Crore).

– The cash flows are expected to occur and impact the Profit and Loss account within the period of 1 year except interest rate swap, in respect of which cash flows are expected to occur and impact the Profit and Loss account within the period of 1 to 3 years.

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

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

		March 31, 2010		March 31, 2009	
	Currency	Amount in Foreign Currency	Equivalent amount at the year end Rs. Crore	Amount in Foreign Currency	Equivalent Rs. Crore at the year end Rs. Crore
a. Amount receivable in foreign currency on account of following :					
- Trade debtors	AED	4,988	0.01	4,988	0.01
	USD	21,003	0.09	Nil	Nil
b. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods and services	USD	Nil	Nil	40,623	0.21
	AED	45,075	0.06	50,153	0.07
	AUD	188,288	0.61	4,868	0.02
	EUR	(93,550)	(0.57)	112,701	0.76
	CHF	20,600	0.09	(14,771)	(0.08)
	GBP	291	0.01	(24,289)	(0.18)
	USD	(789,791)	(3.55)	(1,468,331)	(7.46)
	EUR	Nil	Nil	(99,493)	(0.68)
	CHF	(24,160)	(0.10)	Nil	Nil
	GBP	(9,842)	(0.07)	Nil	Nil
(ii) Capital imports	CHF	680	0.01	Nil	Nil
	GBP	800	0.01	800	0.01
	USD	Nil	Nil	80,968	0.41
(iii) Loan payables *	USD	Nil	Nil	(4,064,476)	(20.63)
c. Bank Balances	USD	152,925	0.69	62,239	0.32
	AED	Nil	Nil	105	0.01
	EUR	1,600	0.01	Nil	Nil
	OAR	22,097	0.26	27,296	0.36
	SAR	285,300	0.36	70,463	0.10
d. Other receivables / (payables)	USD	190,320	0.85	11,233	0.06
	AED	147,273	0.18	Nil	Nil
	AUD	Nil	Nil	4,050	0.01
	BHD	Nil	Nil	1,200	0.01
	GBP	Nil	Nil	500	0.01
	SGD	Nil	Nil	1,000	0.01
	ZAR	Nil	Nil	4,918	0.01
	OAR	2,089	0.02	6,343	0.08
	SAR	120,665	0.15	3,921	0.06
	EUR	1,324	0.01	Nil	Nil
Total			**(0.87)**		**(26.50)**

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

* excludes loans payable of Rs. 61.76 Crore (USD 13,750,000) [P.Y. Rs. 76.10 Crore (USD 15,000,000)] assigned to hedging relationship against highly probable forecast sales. The cash flows are expected to occur and impact the Profit and Loss account within the period of 1 to 3 years.

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 during the 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 unrealized gain/ (loss) Rs. 2.81 Crore [(Rs. 6.26 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 Account', which would be recognized in the Profit and Loss account when the underlying transaction or forecast revenue arises, as against the earlier practice of recognizing the same in the Profit and Loss account.

15) Earnings per share:

	March 31, 2010	March 31, 2009
Profit after taxation/ Profit available to equity share holders (Rs. Crore)	**231.67**	**188.72**
Equity shares outstanding as at the year end	609,325,700	609,000,000
Weighted average number of equity shares used as denominator for calculating basic earnings per share	609,150,561	609,000,000
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	611,557,579	609,005,757
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 3.80**	**Rs. 3.10**
Diluted earnings per equity share*	**Rs. 3.79**	**Rs. 3.10**

*Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 16 below.

16) Employee Stock Option Scheme 2007

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'. Each option represents 1 equity share in the Company. The Vesting Period and the Exercise Period both range from 1 year to 5 years. Pursuant to exercise of 325,700 (Nil) options during the year, the issued and subscribed share capital has increased by Rs. 0.03 Crore to Rs. 60.93 Crore and Securities Premium account has increased by Rs. 1.80 Crore to Rs. 15.30 Crore. The options outstanding as on the Balance sheet date correspond to about 1.28% (1.37%) of the current paid up equity capital of the Company.

Number of options granted, exercised, and forfeited	March 31, 2010	March 31, 2009
Options outstanding at beginning of the year	8,339,600	8,996,000
Granted	1,332,100	1,048,200
Less : Exercised	325,700	-
Forfeited / Lapsed	1,529,200	1,704,600
Options outstanding at the end of the year	7,816,800	8,339,600

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. 0.08 Crore (Rs. 0.07 Crore) under the 'intrinsic value' method. 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	March 31, 2010	March 31, 2009
Net Profit as reported	231.67	188.72
Less : Stock-based employee compensation expense	3.91	4.78
Adjusted pro-forma	227.76	183.94
Basic earnings per share as reported	Rs. 3.80	Rs. 3.10
Pro forma basic earnings per share	Rs. 3.74	Rs. 3.02
Diluted earnings per share as reported	Rs. 3.79	Rs. 3.10
Pro forma diluted earnings per share	Rs. 3.72	Rs. 3.02

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

17) 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, fabric care products, processed foods, soaps, baby care products.
Others	Skin care and Global ayurvedics (up to June 8, 2009)

a. Consumer Products (comprising 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, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, CPF International (Pty) Limited, Wind Company and Marico Malaysia Sdn. Bhd.

b. Skin Care comprising Kaya Limited, Kaya Middle East FZE and;

c. Global Ayurvedics (Sundari LLC) (up to June 8, 2009)

i) Primary segment information

	Consumer Products Rs. Crore	Others Rs. Crore	Total Rs. Crore
Segment revenue	2,475.04 (2,220.15)	185.72 (168.27)	2,660.76 (2,388.42)
Segment result	337.91 (285.59)	(18.12) (-)(11.15)	319.79 (274.44)
Unallocable expenses	– –	– –	– –
Unallocable income			2.49 (0.28)
Interest expenses			25.69 (35.73)
Interest income			11.07 (5.68)
Profit before tax, exceptional item and minority interest			**307.66** (244.67)
Exceptional items (net)		(9.79) (-)(15.03)	(9.79) (-)(15.03)
Profit before tax and minority interest			**297.87** (229.64)
Taxation on the above			64.33 (40.93)
Net profit after tax and before minority interest			**233.54** (188.71)
Minority interest in losses / (profits) of subsidiary			(1.87) (0.01)
Profit after taxation and minority interest			**231.67** **(188.72)**
Other information			
Segment assets	1,046.78 (781.58)	174.24 (166.56)	1,221.02 (948.14)
Unallocable assets			304.98 (194.11)
Total assets			**1,526.00** **(1,142.25)**

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	Consumer Products Rs. Crore	Others Rs. Crore	Total Rs. Crore
Segment liabilities	366.49	27.37	393.86
	(261.79)	(22.99)	(284.78)
Unallocable liabilities			478.18
			(403.91)
Total liabilities			**872.04**
			(688.69)
Capital expenditure	73.13	27.93	101.06
	(63.58)	(26.44)	(90.02)
Depreciation, impairment and amortization	42.97	17.09	60.06
	(22.91)	(12.88)	(35.79)

ii) Secondary segment information

The Group has identified geographical markets as the secondary segment. The principal geographical areas in which Marico operates are India, Middle East, Malaysia, Africa, SAARC countries, USA and Egypt.

Geographical segments	Composition
Domestic	All over India
International (others)	Primarily Middle East, SAARC countries, Africa, Egypt, USA and Malaysia

	India Rs. Crore	Others Rs. Crore	Total Rs. Crore
Revenue	2,001.38	659.38	2,660.76
	(1,897.51)	(490.91)	(2,388.42)
Carrying amount of assets	1,146.49	379.51	1,526.00
	(827.77)	(314.48)	(1,142.25)
Capital expenditure	56.59	44.47	101.06
	(49.37)	(40.65)	(90.02)

iii) 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, borrowings and other assets and liabilities which are not allocable to segment on reasonable basis, have been disclosed under 'Unallocable'.

18) Related party disclosures

Key Management personnel and their relatives:

Nature of transaction	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
i) Whole-time director: Harsh Mariwala, Chairman and Managing Director		
Remuneration for the year	3.03	2.27
ii) Employee: Rishabh Mariwala, son of Harsh Mariwala		
Remuneration for the year	0.11	0.11
iii) Employee: Rajvi Mariwala, daughter of Harsh Mariwala (upto 31st January, 2009)		
Remuneration for the year	Nil	0.09

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

19) Particulars of Managerial remuneration:

Nature of transaction	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Profit and Loss account		
– Salary	1.96	1.64
– Contribution to provident and pension funds	0.23	0.19
– Other perquisites	0.08	Nil
– Annual performance incentives	0.76	0.44
	3.03	**2.27**
Remuneration to non-whole time directors (including Sitting fees)	0.25	0.15

Note: 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.

20) The Guidance Note on implementing AS 15, Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company has accounted for the same as a defined contribution plan. However, as per the information provided by trustees, there is no interest shortfall as at the year end.

21) During the year, on May 08, 2009, the Company issued 300 8.25% Rated Taxable Secured Redeemable Non-convertible Debentures of Face Value Rs. 10 lakhs each, aggregating to Rs. 30.00 Crore which are redeemable at par after 3 years. As per the terms of the issue Put/Call option is available with the investor and Company at the end of 2 years.

22) The Company manufactures and markets pure coconut oil (CNO) under the brands Parachute, Nihar and Oil of Malabar. Such CNO is a 100 % natural product and meets all standards of edible oil as given in the Prevention of Food Adulteration Act. For the purpose of Excise, CNO is classified as a vegetable oil under Chapter 15 and attracts excise at nil rate. Although in the past the Central Excise Department (Department) has attempted to classify CNO as hair oil by issuing show cause notices to some of the Company's job workers, the Company's stand has been vindicated by the decisions of Appellate Tribunal benches ("the Tribunal"), confirming that CNO is not hair oil but a vegetable oil. Some of these decisions are being contested by the Excise Department in the Hon. Supreme Court.

On June 3, 2009, however, the Central Board of Excise & Customs (CBEC) issued a circular under which it classified coconut oil packed in container size up to 200 ml as hair oil, chargeable to excise duty. The Department has, at some locations, asked the Company / some of its job workers to clear coconut oil packs up to 200 ml. on or after June 3, 2009, only on payment of excise duty and issued show cause notices (including for periods prior to June 3, 2009). As the Circular and consequent actions by the Department are contrary to the classification under excise tariff and Appellate Tribunal decisions, the Company / its job workers filed writ petitions with the Hon. High Courts of Mumbai (Goa bench) and Kerala challenging the validity of the Department's actions. The Honorable High Court of Mumbai has, in the interim, allowed dispatches of coconut oil in packs up to 200 ml without payment of excise duty based on the security of bank guarantees / surety bonds as applicable. The petition filed with the Honorable High Court of Mumbai is pending final disposal. The Honorable Kerala High Court has disposed of the petition with a direction that the excise authorities cannot call upon the Company to pay excise duty on clearances of coconut oil packs up to 200 ml. till the disposal of the appeals filed by the Department before the Supreme Court.

While passing this judgment, the High Court has also held that the Department cannot take the stand that the Department is entitled to depart from the stand taken by the Appellate Tribunal.

The Management had, while finalizing financial results for the quarter ended June 30, 2009, September 30, 2009 and December 31, 2009, based on then available facts had assessed the probable obligation in respect of clearance after the date of the circular dated June 3, 2009 and had made a provision of Rs 28.20 Crore for the period from 3rd June, 2009 to 31st December, 2009 on account of excise duty on clearances after the date of circular.

At the year ended March 31, 2010, the Management reviewed the matter particularly in the light of decision of Kerala High Court and has also obtained legal opinion in this regard in accordance with which the Company has a strong case even for clearances after the date of the circular. Having regard to the said facts and legal advice obtained, the Management has made an assessment that the probability of success in the matter is more likely than not. In terms of Accounting Standard (AS) 29, Provisions, Contingent liability and Contingent Assets, the possible obligation on this account could be in the nature of contingent liabilities, which need not be provided in the accounts. However, as a matter of abundant caution and financial

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

prudence, the Company has, pending outcome of the matter, made a provision at 75% of the excise duty that may have to be paid on the dispatches of coconut oil on packs up to 200 ml after June 3, 2009 in the event the matter is decided against the Company. Accordingly a provision of Rs. 29.35 Crore has been made for the year ended March 31, 2010 and recognized in the Profit and Loss account. The balance amount of Rs. 9.83 Crore and a possible obligation of Rs. 121.74 Crore for the period prior to June 3, 2009 arising out of show-cause notices received in the past has been disclosed as contingent liability to the extent the time horizon covered by such notice is within the normal period of one year under the excise laws.

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

Had the Company treated the entire possible obligation towards the above matter as a contingent liability, the profit before tax for the year would have been higher by Rs. 29.35 Crore, profit after tax for the year and balances in the Reserves and Surplus as at the year end would have been higher by Rs. 19.60 Crore and the contingent liabilities as at the year end would have been higher by Rs. 29.35 Crore.

23) Other Provisions in schedule 'M' includes:

Rs. Crore

	Lease termination costs*	Employees termination costs*	Customers Refunds*	Site restoration costs**	Total
Opening Balance	–	–	–	–	–
Add: Provisions made	2.44	0.27	0.82	1.39	4.92
Less: Provisions utilized/reversed	–	–	–	–	–
Closing Balance	**2.44**	**0.27**	**0.82**	**1.39**	**4.92**

* Above provisions, except site restoration cost, represents estimates made for probable liability arising on account of closure of Kaya Life operations and close down of certain clinics of Kaya Skin. Provision for lease termination cost are towards lock-in period rent which are recognized to the extent its more than probable that outflow of resources will be required to settle the transactions. The balance amount is treated as contingent in nature.

** Kaya uses various leased premises for its clinics. A provision for site restoration cost is recognized for the estimates made for probable liability towards the restoration of these premises at the end of lease period.

24) Marico South Africa (Pty) Limited and Marico Malaysia Sdn. Bhd. own intangible assets viz Brands and Intellectual property rights represented by Trade marks etc, which the Management believes have indefinite useful life. These companies have not amortized the said assets in accordance with the requirement of IFRS framework in which their standalone financials statements are prepared.

Under Indian GAAP, in which consolidated financial statements are prepared and as per the Group policy, such intangible assets are required to be amortized over maximum period of 10 years. However, for the purpose of consolidated financial statements, the Company has not carried any adjustments on account of these GAAP differences. The impact of the same is not material on the financial statements.

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

26) The figures for the previous year have been restated / regrouped wherever necessary to conform to current period's classification

Signatures to Schedules A to R

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

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 Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010