AUDITORS' REPORT

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 2 of Schedule R to the attached consolidated financial statements) as at March 31, 2011, the related consolidated Profit and Loss account and the consolidated Cash Flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. 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 thirteen subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 488.02 crores and net assets of Rs 337.07 crores as at March 31, 2011, total revenue of Rs. 715.87 crores, net profit of Rs. 59.52 crores and net cash inflows amounting to Rs. 87.61 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.

4. We have relied on the unaudited financial statements of six subsidiary companies and a subsidiary firm included in consolidated financial statements, which constitute total assets of Rs.136.40 crores and net assets of Rs. 81.99 crores as at March 31, 2011, total revenues of Rs. 89.49 crores, net profit of Rs. 8.34 crores and net cash inflows amounting to Rs. 5.47 crores 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 far as it relates to the amounts included in respect of these subsidiaries is based solely on such approved unaudited financial statements.

5. 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 211of the Companies Act, 1956.

6. 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 para 3 and 4 above, and to the best of our information and according to the explanations given to us, in our opinion, the attached 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, 2011;

   (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 Number: 301112E

Vilas Y. Rane
Partner
Membership Number: F-33220

Date : Mumbai
Place : May 2, 2011

BALANCE SHEET

	SCHEDULE	As at March 31, 2011 Rs. Crore	2010 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	61.44	60.93
Reserves and surplus	B	854.04	593.03
		915.48	**653.96**
MINORITY INTEREST		**21.88**	**12.53**
LOAN FUNDS			
Secured loans	C	425.03	114.20
Unsecured loans	D	346.80	331.68
		771.83	**445.88**
		1,709.19	**1,112.37**
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION	E	**397.59**	**85.03**
FIXED ASSETS	F		
Gross block		761.51	529.18
Less : Depreciation, amortisation and impairment		336.55	242.41
Net block		424.96	286.77
Capital work-in-progress		64.60	112.90
Asset held for disposal		0.18	0.01
		489.74	**399.68**
INVESTMENTS	G	**88.98**	**82.71**
DEFERRED TAX ASSET (NET)		**30.11**	**61.63**
(Refer Note 13 (a), Schedule R)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	H	601.13	444.81
Sundry debtors	I	187.97	150.69
Cash and bank balances	J	213.09	111.46
Loans and Advances	K	218.11	189.99
		1,220.30	896.95
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	L	409.80	336.87
Provisions	M	107.73	76.76
		517.53	413.63
NET CURRENT ASSETS		**702.77**	**483.32**
		1,709.19	**1,112.37**
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 : May 2, 2011

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 and Chief Human Resource Officer
HEMANGI WADKAR Company Secretary & Compliance Officer

Place : Mumbai
Date : May 2, 2011

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2011 Rs. Crore	2010 Rs. Crore
INCOME :			
Sales		2,997.14	2,501.14
Less : Excise Duty		0.98	1.05
		2,996.16	2,500.09
Income from services (Refer Note 16, Schedule R)		132.15	160.67
Total Sales and Services		**3,128.31**	**2,660.76**
Other income	N	27.90	18.26
		3,156.21	**2,679.02**
EXPENDITURE :			
Cost of materials	O	1,667.11	1,302.07
Manufacturing and other expenses	P	1,051.45	983.54
Finance charges	Q	39.33	25.69
Depreciation, amortisation and impairment (Refer Note 14, Schedule R)	F	70.80	60.06
		2,828.69	**2,371.36**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		**327.52**	**307.66**
Exceptional Items - Income/(expense) (Net) (Refer Note 14 (a), Schedule R)		48.91	(9.79)
PROFIT BEFORE TAXATION AND MINORITY INTEREST		**376.43**	**297.87**
Provision for taxation - Current Tax		96.92	63.83
- MAT Credit (entitlement) / utilisation		(43.55)	(2.55)
- Fringe Benefit Tax		–	(0.01)
- Deferred Tax - debit / (credit)		31.61	3.06
		84.98	64.33
PROFIT AFTER TAXATION AND BEFORE MINORITY INTEREST		**291.45**	**233.54**
Minority interest in (profit) / loss of subsidiaries		(5.01)	(1.87)
PROFIT AFTER TAXATION AND AFTER MINORITY INTEREST		**286.44**	**231.67**
Balance brought forward as on April 1		452.95	314.04
PROFIT AVAILABLE FOR APPROPRIATION		**739.39**	**545.71**
APPROPRIATIONS			
Interim dividend		40.54	40.21
Tax on interim dividend		6.65	6.83
Minority Share in accumulated profits (Refer Note 29, Schedule R)		(0.49)	7.22
Debenture Redemption Reserve		16.67	15.00
General Reserve		31.53	23.50
BALANCE CARRIED TO THE BALANCE SHEET		**644.49**	**452.95**
EARNINGS PER SHARE (Face Value Re. 1)			
BASIC		**4.68**	**3.80**
DILUTED		**4.65**	**3.79**
(Refer Note 20 of Schedule R)			
Notes to account	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 : May 2, 2011

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 and Chief Human Resource Officer
HEMANGI WADKAR Company Secretary & Compliance Officer

Place : Mumbai
Date : May 2, 2011

CASH FLOW STATEMENT

		For the year ended March 31, 2011 Rs. Crore	2010 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**376.43**	**297.87**
	Adjustments for:		
	Depreciation, amortisation and impairment	70.80	60.06
	Provision for impairment of assets of Kaya Life centres (Refer Note 14 (f), Schedule R)	–	2.91
	Provision for impairment of assets of Kaya Clinincs (Refer Note 14 (d), Schedule R)	7.74	–
	Provision for impairment on assets written back as no longer required / on discard of assets.	(3.95)	(1.20)
	Provision for impairment of Goodwill and FIANCEE Trademark (Refer Note 14 (c), Schedule R)	22.70	–
	Profit on sale of Sweekar Brand (Refer Note 14 (b), Schedule R)	(50.00)	–
	Impaired Capital advance assets written off	3.92	–
	Provision for contingencies (Refer Note 27, Schedule R)	–	29.35
	Reversal of provision for contingencies (Refer Note 14 (a) and 27, Schedule R)	(29.35)	–
	Finance charges	39.33	25.69
	Interest income	(16.21)	(11.07)
	Loss / (Profit) on sale of assets - (net)	(0.01)	1.16
	(Profit) / Loss on sale of investments	(0.40)	(0.02)
	Dividend income	(2.44)	(2.49)
	Employee stock compensation expense	0.06	0.08
	(Write back) / Provision for doubtful debts, advances and deposits	(0.05)	(4.67)
		42.14	99.80
	Operating profit before working capital changes	**418.57**	**397.67**
	Adjustments for:		
	(Increase) / Decrease in inventories	(156.32)	(105.77)
	(Increase) / Decrease in sundry debtors	(37.31)	(34.15)
	(Increase) / Decrease in loans and advances	14.28	(56.88)
	Increase / (Decrease) in current liabilities and provisions	67.62	68.10
		(111.73)	(128.70)
	Cash generated from Operations	**306.85**	**268.97**
	Taxes paid (net of refunds)	(78.31)	(62.87)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**228.54**	**206.10**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets (includes assets of newly acquired subsidiaries)	(184.12)	(156.35)
	Sale of fixed assets	3.22	3.75
	Proceed from divestment of Sweekar Brand	50.00	–
	Effect of translation differences on fixed assets	(1.01)	3.93
	(Purchase) / Sale of investments (net)	(5.86)	(70.58)
	Goodwill on consolidation*	(277.59)	–
	Dividend income received	2.44	2.49
	Interest received	17.43	9.39
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(395.49)**	**(207.37)**

CASH FLOW STATEMENT

			For the year ended March 31, 2011 Rs. Crore	2010 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from issuance of Share Capital on exercise of stock option		28.59	1.83
	Proceeds from issuance of equity shares by a subsidiary company		–	19.99
	Issue / (Redemption) of commercial papers (net)		58.90	(14.46)
	Inter-Corporate deposits taken / (repaid)		–	(5.00)
	Increase in Minority Interest		5.32	–
	Issue of Debentures		50.00	30.00
	Other borrowings (repaid) / taken (net)		219.22	70.13
	Finance charges paid		(38.84)	(27.17)
	Equity dividend paid (inclusive of dividend distribution tax)		(47.06)	(47.21)
	Dividend paid to Minority shareholder		(0.48)	–
	NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		**275.65**	**28.11**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**		**(9.03)**	**(3.98)**
E	**NET INCREASE IN CASH & CASH EQUIVALENTS**	(A+B+C+D)	**99.67**	**22.86**
F	**Cash and cash equivalents - opening balance (as at April 1)**		**111.19**	**88.33**
G	**Cash and cash equivalents - closing balance (as at March 31)**		**210.86**	**111.19**
	Cash and cash equivalents at the year end comprise of :			
	Cash and Bank Balances		213.09	111.46
	Book Overdraft		(2.23)	(0.27)
	Total		**210.86**	**111.19**

* Represents excess 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 Cash and Cash Equivalents - Closing balance includes balances aggregating to Rs.4.56 Crore (Rs.4.33 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.

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

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 : May 2, 2011

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 and Chief Human Resource Officer
HEMANGI WADKAR	Company Secretary & Compliance Officer

Place : Mumbai
Date : May 2, 2011

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs. Crore	2010 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		
614,399,550 (609,325,700) Equity shares of Re. 1 each (Re. 1 each) fully paid up (Refer Note 21 (a), Schedule R)	61.44	60.93
	61.44	**60.93**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SECURITIES PREMIUM ACCOUNT		
As on April 1	31.29	13.50
Add : Receipt on exercise of Employees stock options (Refer Note 21 (a), Schedule R)	28.08	1.79
Add : Transfer from Employee Stock option reserve	0.12	0.01
Add : Receipt on fresh issue of shares by a subsidiary company	–	15.99
As at the year end	59.49	31.29
GENERAL RESERVE		
As on April 1	91.66	68.16
Add : Transfer from Profit and Loss account	31.53	23.50
As at the year end	123.19	91.66
EMPLOYEE STOCK OPTION RESERVE (Refer Note 21 (a), Schedule R)		
As on April 1	0.15	0.07
Add : Additions	0.08	0.24
	0.23	0.31
Less : Transferred to Securities Premium account	0.12	0.01
Less : Forfeited / Lapsed	0.04	0.15
As at the year end	0.07	0.15
DEBENTURE REDEMPTION RESERVE		
As on April 1	15.00	–
Add : Transfer from Profit and Loss account	16.67	15.00
As at the year end	31.67	15.00
FOREIGN CURRENCY TRANSLATION RESERVE (Translation adjustments)		
As on April 1	(0.83)	3.15
Adjustments during the year (net)	(9.03)	(3.98)
As at the year end	(9.86)	(0.83)
HEDGE RESERVE ACCOUNT (Refer Note 19 (c), Schedule R)		
As on April 1	2.81	(6.26)
Adjustments during the year	2.18	9.07
As at the year end	4.99	2.81
PROFIT AND LOSS ACCOUNT	644.49	452.95
	854.04	**593.03**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'C'		
SECURED LOANS		
Term Loan from banks	74.25	–
Secured by (i) fixed charge over all the fixed property and assets of one of the subsidiaries, namely, Derma – Rx International Asthetics 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		
(Amount repayable within one year Rs. Nil)		
Secured Redeemable Non-Convertible Debentures (NCD)	30.00	30.00
(Refer Note 26 (a), Schedule R)		
(Secured against first pari passu charge over land and building situated at Andheri (East), Mumbai)		
External commercial borrowings from banks		
a) Secured by hypothecation of plant and machinery	39.01	61.76
(Amount repayable within one year Rs. 22.29 Crore (Rs 22.46 Crore)		
b) 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 and (iii) Mortgage on the land and building currently provided as security to NCD holders, post the repayment of the NCD immediately and, in any event, within 90 days from such repayment. The documentation for creation of charge is under progress.	240.76	–
(Amount repayable within one year Rs. Nil)		
	279.77	61.76
Working capital finance from banks	41.01	22.44
(Secured by hypothecation of stocks in trade and debtors)		
	425.03	**114.20**
SCHEDULE 'D'		
UNSECURED LOANS		
From banks:		
Short term	185.20	288.37
Other loans	18.61	9.22
Commercial Papers (Redeemable within a year):		
Face Value	95.00	35.00
Less : Deferred interest	2.01	0.91
	92.99	34.09
(Maximum amount outstanding during the year Rs.146.00 Crore (Rs.104.51 Crore))		
Redeemable Non-convertible Debentures (Refer Note 26 (b), Schedule R)	50.00	–
	346.80	**331.68**
SCHEDULE 'E'		
GOODWILL ON CONSOLIDATION		
Goodwill on consolidation (Refer Note 17 and 18, Schedule R)	406.41	85.03
Less : Provision for impairment (Refer Note 14 (c), Schedule R)	8.82	–
	397.59	**85.03**

SCHEDULES TO BALANCE SHEET

SCHEDULE 'F'

FIXED ASSETS

Rs. Crore

PARTICULARS	GROSS BLOCK					DEPRECIATION / AMORTISATION						NET BLOCK	
	As at April 1, 2010	Acquisition (Refer note 5 below)	Additions	Deductions/ adjustments (Refer note 7 below)	As at March 31, 2011	As at April 1, 2010	Acquisition (Refer note 5 below)	For the Year (Refer note 2, 3 and 4 below)	Deductions/ adjustments (Refer note 7 below)	As at March 31, 2011	Provision for impairment as at March 31, 2011 (See note 2 and 3 below)	As at March 31, 2011	As at March 31, 2010
Tangible Assets													
Freehold land	5.35	–	0.01	0.01	5.35	–	–	–	–	–	–	5.35	5.35
Leasehold land	14.26	4.86	8.25	0.24	27.13	0.60	0.13	0.31	(0.01)	1.05	–	26.08	13.66
Buildings (Note 1)	86.53	8.18	55.07	2.97	146.81	18.27	5.37	5.87	1.73	27.78	–	119.03	68.26
Plant and machinery (Note 1)	301.31	16.44	84.63	16.31	386.07	168.48	9.40	44.22	9.78	212.32	14.24	159.51	121.53
Furniture and fittings	37.87	2.01	10.26	3.23	46.91	14.73	1.46	5.70	1.06	20.83	2.11	23.97	22.28
Vehicles	4.13	–	0.97	(0.37)	5.47	1.62	0.52	0.97	0.38	2.73	–	2.74	2.51
Intangible Assets													
- Trademarks and copyrights (Note 6 below)	60.72	0.16	56.82	(3.88)	121.58	7.91	–	11.95	(0.01)	19.87	16.20	85.51	50.57
- Other intangibles	1.50	0.04	–	0.02	1.52	0.76	0.05	0.30	0.02	1.09	–	0.43	0.74
- Computer software	17.51	2.32	1.26	0.42	20.67	15.63	1.35	1.46	0.11	18.33	–	2.34	1.87
TOTAL	**529.18**	**34.01**	**217.27**	**18.95**	**761.51**	**228.00**	**18.28**	**70.78**	**13.06**	**304.00**	**32.55**	**424.96**	**286.77**
As on March 31, 2010	**456.88**	**–**	**101.06**	**28.76**	**529.18**	**194.45**	**–**	**49.63**	**16.08**	**228.00**	**14.41**	**286.76**	**–**
Capital work-in-progress (at cost) including advances on capital account					66.47					–	1.86	64.60	
					*(115.79)						*(2.89)		*(112.90)
Asset held for disposal					0.18					–	–	0.18	0.01
					*(0.01)						**34.41**	**489.74**	**399.68**

Notes:

1. Gross block includes: - Buildings Rs.0.10 Crore (Rs. 0.10 Crore) where conveyance has been executed, pending registration
   - Plant and Machinery of Rs. Nil (Rs. 3.95 Crore) being assets given on finance lease prior to April 1, 2001.
2. "Depreciation, amortisation and provision for impairment" for the year:
   a) includes impairment provision in respect of capitalised assets Rs.0.02 Crore (Rs. 7.54 Crore) and Capital work in progress Rs.Nil. (Rs. 2.89 Crore).
   b) includes impairment loss written off during the year Rs. Nil (5.13 Crore).
3. Provision for impairment as at March 31, 2011:
   a) includes impairment as mentioned in 2(a) above and is net of reversal of provision no longer required Rs. Nil (Rs. 1.20 Crore) and adjustment on sale / discard of the related assets Rs. 4.39 Crore (Rs. 0.13 Crore).
   b) includes provision for impairment of assets of Rs.21.62 Crore (2.91 Crore), which is included under 'Exceptional items' in the Profit and Loss account.(Refer Note 14 (c) ,(d) and (f) respectively, Schedule R)
4. Depreciation for the year includes accelerated depreciation charged Rs. 3.09 Crore (Rs. 1.56 Crore) due to revision of estimated useful life of certain assets
5. Acquisitions in Gross block and Depreciation / amortisation represents original costs and accumulated depreciation, respectively for assets of subsidiaries acquired during the year.
6. Trademarks of Rs. 71.68 Crore (Rs. 47.42 Crore) are pending registration.
7. Deductions / adjustment of Gross block ,depreciation and Provision for Impairment includes translation difference of Rs. 1.01 Crore (Rs. 3.93 Crore).

* represents previous year figures

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs. Crore	2010 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**
- QUOTED, AT COST		
Indian Infrastructure Finance Company Limited	10.21	10.21
1,000 (1000) 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.		
Grameenphone Ltd.	0.82	0.82
170,229 (170,229) equity shares of Bangladesh Taka 10 each fully paid		
	11.03	**11.03**
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Birla Sun Life Cash Manager - Institutional Plan - Growth	10.00	–
6,087,057 (Nil) Units of Rs. 10 each fully paid		
Fidelity Ultra Short Term Debt Fund Institutional Plan - Growth	–	10.00
NIL (8,399,009) Units of Rs. 10 each fully paid		
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	7.50	–
5,921,645 (Nil) Units of Rs. 10 each fully paid		
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	2.50	–
1,987,297 (Nil) Units of Rs. 10 each fully paid		
Birla Sun Life Dynamic Bond Fund Retail - Monthly Payout	–	2.02
NIL (1,940,982) Units of Rs. 10 each fully paid		
Birla Sunlife Saving Fund Institutional Plan - Growth	–	3.50
NIL (2,002,208) Units of Rs. 10 each fully paid		
Kotak Flexi Debt Scheme Institutional Plan - Growth	–	10.05
NIL (8,878,078) Units of Rs. 10 each fully paid		
ICICI Prudential Flexible Income Premium Institutional Plan -Growth	–	9.85
NIL (575,207) Units of Rs. 100 each fully paid		
LIC MF Savings Plus Fund Institutional Plan - Growth	–	10.28
NIL (7,029,097) Units of Rs. 10 each fully paid		
Templeton India STIR Plan - Weekly Dividend Reinvestment	–	3.14
NIL (29,243) Units of Rs. 1000 each fully paid		
Tata Treasury Manager Institutional Plan - Growth	–	10.09
NIL (96,376) Units of Rs. 1000 each fully paid		
Reliance Money Manager Retail - Daily Dividend Reinvestment	–	0.10
NIL (826) Units of Rs. 1000 each fully paid		
IDFC Money Manager Fund - TP - Institutional Plan C - Growth	10.00	2.60
8,583,470 (2,380,321) Units of Rs. 10 each fully paid		
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Growth	–	10.04
NIL (97,076) Units of Rs. 1000 each fully paid		
UTI Treasury Advantage Fund - Growth	10.00	–
75,743 (Nil) Units of Rs. 10 each fully paid		
BPBIGICICI Prudential Btended Plan B	10.16	–
Institutional Growth option II		
9,659,482 (Nil) Units of Rs. 10 each fully paid		
DWS Money plus Fund - Institutional Plan - Growth	10.16	–
9,865,755 (Nil) Units of Rs. 10 each fully paid		
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale option - Growth	9.50	–
5,678,049 (Nil) Units of Rs. 10 each fully paid		
JPMorgan India Short Term Income Fund - Growth	8.12	–
7,612,090 (Nil) Units of Rs. 10 each fully paid		
	77.94	**71.67**
	88.98	**82.71**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs. Crore	2010 Rs. Crore
Notes:		
1) Cost / Market Value of Quoted/ Unquoted Investments		
Aggregate value of Quoted Investments:		
Cost	11.03	11.03
Market Value	10.00	13.90
Aggregate value of Unquoted Investments:		
Cost	77.95	71.68

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

Name of the Scheme	Face Value	No. of Units	Purchase Cost Rs. Crore
ICICI Prudential Flexible Income Premium - Institutional Plan - Daily Dividend Reinvestment	100	4,112,281	43.48
Prudential ICICI Liquid Plan Super Institutional Plan - Daily Dividend Reinvestment	100	3,204,562	32.05
ICICI Prudential Flexible Income Premium - Institutional Plan -Growth	100	1,183,510	20.35
Prudential ICICI Liquid Plan Super Institutional Plan - Growth	100	1,909,741	26.14
BPBID ICICI Prudential - Blended Plan B - Institutional - Dividend	10	4,853,323	5.03
BPBIG ICICI Prudential Blended Plan B - Institutional Growth Option II	10	9,659,482	10.16
Fortis Money Plus - Institutional Plan - Daily Dividend Reinvestment	10	10,014,509	10.02
Fortis Overnight Fund - Institutional Plan - Daily Dividend Reinvestment	10	1,999,577	2.00
BNP Paribas Overnight Fund - Institutional Plan - Daily Dividend Reinvestment	10	13,128,445	13.13
Tata Floater Fund - Daily Dividend Reinvestment	10	22,849,287	22.93
Tata Treasury Manager Super High Investment Plan - Growth	1,000	96,376	10.09
Tata Treasury Manager Super High Investment Plan-Daily Dividend Reinvestment	1,000	58,346	6.50
Tata Floater Fund - Growth	10	11,730,072	16.50
TATA Liquid Fund - Super Institutional Plan - Growth	1,000	121,165	21.00
Kotak Flexi Debt Scheme - Institutional Plan - Daily Dividend Reinvestment	10	14,109,459	20.79
Kotak Flexi Debt Scheme - Institutional Plan - Growth	10	8,878,078	10.05
Kotak Liquid Fund - Institutional Plan - Growth	10	5,392,244	10.12
Kotak Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	27,388,595	39.45
Kotak Floater - Short term - Daily Dividend	10	4,969,342	5.03
Kotak Floater - Long term - Daily Dividend	10	8,002,417	8.07
LIC Saving Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	18,297,307	18.30
LIC MF Liquid Fund - Daily Dividend Reinvestment	10	10,019,800	11.00
LIC Saving Plus Fund - Institutional Plan - Growth	10	7,029,097	10.28
LIC Floating Rate Fund - Institutional Plan - Growth	10	6,800,931	10.30
LIC MF Liquid Fund - Growth	10	6,106,415	10.35
LIC MF Income plus Fund - Daily Dividend Reinvestment	10	6,754,301	6.75
DWS Ultra Short Term Fund - Institutional Daily Dividend Reinvestment	10	10,030,384	10.05
DWS Insta Cash Plus Fund - Super Institutional Plan - Growth	100	8,290,155	10.00
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend Reinvestment	100	7,023,486	7.05
DWS Treasury Fund - Cash - Institutional Plan - Daily Dividend Reinvestment	10	10,103,620	10.15
DWS Money plus Fund - Institutional Plan Growth	10	9,865,755	10.15

Name of the Scheme	Face Value	No. of Units	Purchase Cost Rs. Crore
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Reinvestment	10	16,996,629	17.05
HDFC Liquid Fund Premium Plan - Daily Dividend Reinvestment	10	10,604,873	13.00
HDFC Floating Rate Income Fund- Short term Fund- Wholesale Plan- Growth	10	10,086,119	10.17
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale option - Growth	10	5,678,049	9.50
JP Morgan India Treasury Fund - Super Institutional Plan- Daily Dividend Reinvestment	10	12,027,801	12.04
JP Morgan India Liquid Fund- Super Institutional Plan-Daily Dividend Reinvestment	10	4,497,034	4.50
JP Morgan India Treasury Fund- Super Institutional Plan-Growth	10	5,285,735	6.50
JP Morgan India Liquid Fund- Super Institutional Plan-Growth	10	4,098,730	5.00
JP Morgan India Short Term Income Fund - Weekly Dividend	10	10,104,722	10.13
JP Morgan India Short Term Income Fund - Growth	10	7,612,090	8.12
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Daily Dividend Reinvestment	10	5,612,381	5.61
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth	10	10,963,791	12.60
IDFC Money Manager - Treasury Plan - Plan C - Daily Dividend	10	10,171,080	10.17
Reliance Money Manager - Institutional Plan - Daily Dividend Reinvestment	1,000	65,068	6.52
Reliance Money Manager - Retail - Growth	1,000	826	0.10
Reliance Medium Term Fund - Retail Plan - Growth Plan	10	1,830,688	3.50
Reliance Medium Term Fund - Daily Dividend Reinvestment	10	17,273,151	29.53
Reliance Money Manager - Institutional Plan - Growth Option	1,000	68,485	8.60
Reliance Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	981,301	1.50
Reliance Monthly Interval Fund - Series II - Institutional Dividend plan	10	10,040,662	10.04
Reliance Liquidity Fund - Daily Dividend Reinvestment	10	3,498,599	3.50
Reliance Liquid Fund - Cash Plan - Daily Dividend Reinvestment	10	9,678,426	10.78
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Growth	10	8,399,010	10.00
Templeton India Short Term Income Retail Plan - Weekly Dividend Reinvestment	1,000	29,702	3.21
Templeton India Treasury Management Account Super institutional Plan - Daily Dividend Reinvestment	1,000	109,939	11.00
Templeton India Ultra Short Bond Fund Super Institutional Plan Daily Dividend Reinvestment	10	30,186,837	30.22
Templeton India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	1,000	59,967	6.00
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	10	5,921,645	7.50
Templeton India Ultra Short Bond Fund Institutional Plan - Growth	10	1,987,297	2.50
Birla Sunlife Saving Fund - Institutional Plan - Daily Dividend Reinvestment	10	30,471,103	30.49
Birla Sunlife Saving Fund - Institutional Plan - Growth	10	2,002,208	3.50
Birla Sunlife Cash Plus - Institutional Plan -Daily Dividend Reinvestment	10	4,990,873	5.00
Birla Sun Life Cash Manager - Institutional Plan - Growth	10	13,390,621	21.50
Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend Reinvestment	10	2,753,354	2.75
Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend	10	1,940,982	2.02
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Growth	1,000	97,076	10.04
UTI Liquid Cash Plan Institutional - Growth Option	1,000	7,976	1.25
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	1,000	93,457	9.53
UTI Floating Rate Fund - Short term plan - Daily Dividend	1,000	96,466	9.65
UTI Treasury Advantage Fund - Growth	1,000	75,743	10.00

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'H'		
INVENTORIES		
(Refer Note 3 (i), Schedule R, for basis of valuation)		
Raw materials	210.39	188.19
Packing materials	73.57	54.45
Work-in-process	93.05	62.56
Finished products	197.83	118.96
Stores, spares and consumables	14.87	13.45
By-products	1.91	1.15
Goods in Transit		
- Raw materials	9.40	5.75
- Finished products	0.11	0.30
	9.51	6.05
	601.13	**444.81**
SCHEDULE 'I'		
SUNDRY DEBTORS		
Unsecured		
Over six months - Considered good	2.95	0.01
- Considered doubtful	2.99	3.81
	5.94	3.82
Less: Provision for doubtful debts	2.99	3.81
	2.95	0.01
Other Debts - Considered good	185.02	150.68
- Considered doubtful	0.99	0.16
	186.01	150.84
Less: Provision for doubtful debts	0.99	0.16
	185.02	150.68
	187.97	**150.69**
SCHEDULE 'J'		
CASH AND BANK BALANCES		
Cash on hand	2.55	1.53
Remittances in transit	5.12	0.36
Balances with scheduled banks:		
Fixed deposits	141.91	86.43
(Rs.0.28 Crore (Rs. 0.24 Crore) deposited with sales tax authorities and against bank gurantees, Rs.0.18 Crore (Rs. Nil) is pledged with bank as collateral for banking facilities)		
Margin accounts (against bank guarantees)	4.09	4.09
Current accounts *	58.87	18.90
Balances with non-scheduled banks:		
Current accounts	0.55	0.15
	213.09	**111.46**

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

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 Rs. Crore	2010 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	81.33	81.56
- considered doubtful	–	0.06
	81.33	81.62
Less: Provision for doubtful advances	–	0.06
	81.33	81.56
Deposits		
- Considered good	37.46	31.54
- Considered doubtful	1.00	1.00
	38.46	32.54
Less: Provision for doubtful deposits	1.00	1.00
	37.46	31.54
Intercorporate Deposits	–	18.49
Balances with central excise authorities	0.47	1.06
Interest accrued on loans / deposits	2.80	4.02
Gratuity	–	0.82
Fringe benefit tax payments, net of provisions	0.55	0.55
MAT Credit Entitlement	95.50	51.95
	218.11	**189.99**
SCHEDULE 'L'		
CURRENT LIABILITIES		
Sundry creditors		
- Due to Micro and Small Enterprises	1.53	–
- Others	306.46	309.58
Other liabilities	47.84	19.21
Advances received from customers	47.82	4.08
Book Overdraft	2.23	0.27
Security deposits	0.25	1.10
Interest accrued but not due on loans	3.41	2.37
Unclaimed Dividend	0.23	0.23
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	409.80	**336.87**
SCHEDULE 'M'		
PROVISIONS		
Income tax (net of payments)	22.72	4.01
Leave encashment	8.36	8.26
Gratuity	5.47	2.68
Long term service benefits	–	1.88
Contingencies (Refer Note 27, Schedule R)	–	29.35
Others (Refer Note 28, Schedule R)	45.40	4.92
Interim dividend	22.11	21.93
Tax on interim dividend	3.67	3.73
	107.73	**76.76**

SCHEDULES TO BALANCE SHEET

	For the year ended March 31, 2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'N'		
OTHER INCOME		
Income from current investments		
Profits on sale of units of mutual funds	0.40	0.02
Dividend on investment in liquid mutual funds	2.45	2.49
Interest income on loans, deposits, etc.	16.21	11.07
(Tax deducted at source Rs. 1.62 Crore (Rs.0.64 Crore))		
Miscellaneous income	8.84	4.68
(Refer Note 8, Schedule R)		
	27.90	**18.26**
SCHEDULE 'O'		
COST OF MATERIALS		
Raw materials consumed	1,440.74	1,049.42
Packing materials consumed	270.54	216.06
Stores and spares consumed	49.19	40.47
Purchase for resale	16.57	12.47
(Increase)/Decrease in stocks		
Opening stocks		
- Work-in-process	62.56	51.18
- By-products	1.15	1.42
- Finished products	119.26	114.02
Less :		
Closing stocks		
- Work-in-process	93.05	62.56
- By-products	1.91	1.15
- Finished products	197.94	119.26
	(109.93)	(16.35)
	1,667.11	**1,302.07**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'P'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
- Salaries, wages and bonus	202.38	171.68
- Contribution to provident fund and other funds	10.01	6.53
- Long term service benefits	3.04	1.88
- Employee stock compensation expense	0.06	0.08
- Welfare expenses	14.88	13.05
	230.37	**193.22**
Power, fuel and water	13.89	10.68
Contract manufacturing charges	104.33	86.25
Rent and storage charges	59.92	50.42
Repairs :		
- Buildings	9.21	7.99
- Machinery	10.96	8.69
- Others	3.81	2.74
Freight, forwarding and distribution expenses	131.50	102.79
Advertisement and sales promotion	345.98	351.12
Rates and taxes	2.68	2.26
Provision for contingencies - Excise Duty	–	29.35
(Refer Note 27, Schedule R)		
Sales tax and cess	11.59	19.15
Commission to selling agents	5.82	5.12
Bad debts	0.11	8.43
Less : Provision for doubtful debts utilised	–	(6.63)
	0.11	**1.80**
Provision for doubtful debts, advances and deposits	0.02	1.96
Printing, stationery and communication expenses	12.41	11.15
Travelling, conveyance and vehicle expenses	31.64	30.64
Royalty	0.29	0.42
Insurance	2.55	2.61
Auditors' remuneration		
- Audit fees	1.73	0.87
- Tax Audit fees	0.10	0.10
- Other services	0.97	0.60
- Out of pocket expenses	0.01	0.01
Exchange losses (net)	2.18	3.55
Miscellaneous expenses	69.38	60.05
(Refer Note 9, Schedule R)		
	1,051.45	**983.54**
SCHEDULE 'Q'		
FINANCE CHARGES		
Interest on		
- Fixed period loans	14.73	10.50
- Other loans	4.10	4.60
- Debentures	2.50	2.23
Bank and other financial charges	18.00	8.36
	39.33	**25.69**

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 is referred as 'Marico' or 'Group'. Marico carries on business in Branded Fast Moving Consumer Goods and Branded services. In India, Marico manufactures and markets products under the brands Parachute, Nihar, Saffola, Hair & Care, Revive, Shanti, Oil of Malabar, Mediker, Manjal. Marico's international portfolio includes brands like 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	Country of incorporation	Percentage of ownership interest
Kaya Limited	India	100 (100)
Marico Bangladesh Limited (MBL)	Bangladesh	90 (90)
MBL Industries Limited (MBLIL) (Through Marico Middle East FZE)	Bangladesh	100 (100)
Marico Middle East FZE (MME)	UAE	100 (100)
Kaya Middle East FZE (KME) (Through Marico Middle East FZE)	UAE	100 (100)
MEL Consumer Care SAE (MELCC) (Through Marico Middle East FZE)	Egypt	100 (100)
Egyptian American Investment & Industrial Development Company (EAIIDC) (Through Marico Middle East FZE)	Egypt	100 (100)
Marico Egypt Industries Company (MEIC) (Through MEL Consumer Care SAE)	Egypt	100 (100)
Sundari LLC. (upto June 8, 2009)	United States of America	Nil (100)
Marico South Africa Consumer Care (Pty) Ltd. (MSACC)	South Africa	100 (100)
Marico South Africa (Pty) Ltd. (MSA) (Through Marico South Africa Consumer Care (Pty) Ltd.)	South Africa	100 (100)
CPF International (Pty) Ltd. (CPF) (Through Marico South Africa (Pty) Ltd.)	South Africa	100 (100)
Marico Malaysia Sdn. Bhd. (MMSB) (Through Marico Middle East FZE) (w.e.f December 4, 2009)	Malaysia	100 (100)
Derma – Rx International Aesthetics Pte. Ltd. (DIAL) (w.e.f. May 22, 2010)	Singapore	100 (Nil)
The DRx Clinic Pte. Ltd. (DCPL) (Through Derma – Rx International Aesthetics Pte. Ltd.) (w.e.f. May 25, 2010)	Singapore	100 (Nil)
The DRx Medispa Pte. Ltd. (DMSPL) (Through Derma – Rx International Aesthetics Pte. Ltd.) (w.e.f. May 25, 2010)	Singapore	100 (Nil)
DRx Investments Pte. Ltd. (DIPL) (Through Derma – Rx International Aesthetics Pte. Ltd.) (w.e.f. May 25, 2010)	Singapore	100 (Nil)
DRx Meditech Pte. Ltd. – (w.e.f. from May 25, 2010 and upto February 28, 2011 – merged with Derma-Rx International Aesthetics Pte. Ltd. w.e.f. March 1, 2011)	Singapore	–
DRx Aesthetics Sdn. Bhd. (DASB) (Through Derma – Rx International Aesthetics Pte. Ltd.) (w.e.f. May 25, 2010)	Malaysia	100 (Nil)
International Consumer Products Corporation (ICP) (w.e.f. February 18, 2011)	Vietnam	85 (Nil)
Beaute Cosmetique Societe Par Actions (BCS) (Through International Consumer Products Corporation) (w.e.f. February 18, 2011) (99% equity held by ICP)	Vietnam	84.15 (Nil)
Thuan Phat Foodstuff Joint Stock Company (TPF) (Through International Consumer Products Corporation) (w.e.f. February 18, 2011) (87% equity held by ICP)	Vietnam	73.95 (Nil)

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

ii) List of Subsidiary firm

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

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

Rs. Crore

Name of Subsidiary	Net Profit	Net Assets
Derma – Rx International Aesthetics Pte. Ltd. and its subsidiaries	5.95	2.10
International Consumer Products Corporation and its subsidiaries	0.22	40.38
Total	**6.17**	**42.48**

3) 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-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 (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 at the dates on which investments are made, is recognized 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 for :

1. In case of all subsidiaries, except Plant & Machinery of Marico Egypt Industries Company, depreciation in respect of Factory Building and Plant & Machinery is provided on Straight Line Basis instead of Written Down Value Basis as followed by Marico Limited (except items specified in note 3(e)(I)(a) below). The total amount of net block of these items of fixed assets represents 15.99% of the total consolidated net block of fixed assets of the Group as at the year end.

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

2. In case of Marico Middle East FZE, Marico Malaysia Sdn. Bhd., The DRx Clinic Pte. Ltd., The DRx Medispa Pte. Ltd. and DRx Aesthetics Sdn. Bhd., costs of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.25 % of the total consolidated inventories of the group as at the year end.

3. In case of certain subsidiaries referred in note 3 (l) below, leave encashment and gratuity is provided on arithmetical basis instead of actuarial basis. These liabilities represent 49.83 % of the total consolidated gratuity and leave encashment liability of the Group as at the year end.

(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 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) 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 16 (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

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

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	4% - 20%
Plant and Machinery	6.67% - 50%
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 items referred in item I(a) above which are depreciated on straight line basis) is provided on written down value basis. Depreciation on all assets of MEIC is provided on written down value basis. Depreciation on other assets of Marico Limited and on all assets of other subsidiaries is provided on straight line basis.

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

II. <u>Intangible assets</u>

Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis but not exceeding the period given here under:

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

(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 materials, stores, 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 and finished products are valued at lower of cost and net realizable value.

(iii) By-products and unserviceable/damaged finished products 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 products includes appropriate production overheads and excise duty, wherever applicable. In case of Marico Middle East FZE, Marico Malaysia Sdn. Bhd., The DRx Clinic Pte. Ltd., The DRx Medispa Pte. Ltd. and DRx Aesthetics Sdn. Bhd., costs of inventories are ascertained on FIFO instead of weighted average basis.

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

(j) Research and development

Capital expenditure on research and development is capitalised and depreciated as per the accounting policy mentioned in para 3(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, which is when risks and rewards of ownership are passed 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 except sales to Nepal which are recognized when the goods cross the Indian territory, which is when risks and rewards of ownership are passed to the customers.

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

(iv) 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 (wherever funded) are administered through trustees/Regional Provident Fund and the Group's contribution thereto is charged to revenue every year. In case of provident fund, 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 Marico Bangladesh Limited, Marico Middle East FZE, Kaya Middle East FZE and MEL Consumer Care SAE liability on account of gratuity and in case of Marico Bangladesh Limited, Marico Middle East FZE, Marico Egypt Industries Company, Wind Co., Marico South Africa (Pty) Ltd., International Consumer Products Corporation, Beauté Cosmétique Societé Par Actions, Thuan Phat Foodstuff Joint Stock Company, liability on account of leave encashment is provided on arithmetical basis instead of actuarial basis.

(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 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 recognized directly in 'Hedge Reserve account'. The ineffective portion of the

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

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 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.

(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.

(q) Employee Stock Appreciation Rights Scheme

In respect of Employee Stock appreciation rights granted pursuant to the Company's Employee Stock Appreciation Rights Scheme, the intrinsic value of the rights (excess of market value as at the year end and the market price on the date of grant) is recognised as Employee compensation cost over the vesting period.

(r) 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 recognized or disclosed in the financial statements.

4) The audited consolidated financial results for the year ended March 31, 2011 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) Ltd., Marico South Africa (Pty) Ltd., CPF International (Pty) Ltd., Marico Malaysia Sdn. Bhd., 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. and unaudited results of MEL Consumer Care SAE, Egyptian American

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

Investment & Industrial Development Company, Marico Egypt Industries Company, Wind Company, 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.

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

(i) Disputed tax demands/ claims:

(Rs. Crore)

	March 31, 2011	March 31, 2010
Sales tax	17.61	6.08
Service tax	0.37	0.38
Customs duty	0.40	0.40
Agricultural Produce Marketing cess	8.14	7.93
Employees State Insurance Corporation	0.13	0.13
Excise duty on Subcontractors	0.29	0.24
Lease termination cost	0.11	2.00

(ii) Excise duty on CNO dispatches Rs. 210.74 Crore (Rs. 131.57 Crore) (Refer note 27 below)

(iii) Claims against the Company not acknowledged as debts Rs. 1.38 Crore (Rs. 1.03 Crore)

(iv) Possible indemnification obligations under the Deed of Assignment for assignment of "Sweekar" brand, in the event Company is unable to reinstate the trademark registration number in the records of the trademark registry within a period of six months from the date of execution of the deed - Rs. 4.00 Crore (Refer note 14 (b) below).

b) (i) Corporate guarantees given to banks on behalf of subsidiaries for credit and other facilities granted by banks Rs. 137.44 Crore (Rs. 41.40 Crore). The credit and other facilities availed by the subsidiaries as at the year end is Rs. 59.04 Crore (Rs. 7.02 Crore).

(ii) Stand by Letter of Credit given to banks on behalf of subsidiaries for credit and other facilities granted by banks Rs. 108.47 Crore (Rs. 76.46 Crore). The credit and other facilities availed by the subsidiaries as at the year end is Rs. 96.65 Crore (Rs. 54.14 Crore).

(iii) Bank guarantees given to statutory authorities Rs. 12.52 Crore (Rs. 7.23 Crore).

(iv) Contingent consideration for acquisition of skin care business of Derma Rx. Rs.10.60 Crore (Rs. Nil) (Refer note 18 below)

c) Amount outstanding towards Letters of Credit Rs. 29.20 Crore (Rs. 12.71 Crore).

6) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 62.87 Crore (Rs. 22.11 Crore) net of advances.

7) Borrowing costs capitalized during the year amount to Rs. 0.56 Crore (Rs. 2.83 Crore).

8) Miscellaneous income includes lease income Rs. 0.39 Crore (Rs. 0.43 Crore) and export subsidy Rs. 6.54 Crore (Rs. 2.10 Crore).

9) Miscellaneous expenses include labour charges Rs 5.43 Crore (Rs. 2.78 Crore), training and seminar expenses Rs. 6.10 Crore (Rs. 4.62 Crore), outside services Rs. 2.60 Crore (Rs. 17.69 Crore) , professional charges Rs. 24.01 Crore (Rs. 19.11 Crore), donations Rs. 0.08 Crore (Rs. 0.44 Crore), loss on sale / disposal/discard of assets (net) Rs. Nil (Rs. 1.16 Crore) , Leakage and Damage expenses of Rs. 2.27 Crore (Rs. 9.66 Crore) and impaired assets/capital advances written off Rs. 3.92 Crore (Rs. Nil) and are net of excess provisions no longer required written back Rs. 1.96 Crore (Rs. 7.88 Crore) [including Impairment provision of Rs. 1.03 Crore (Rs. 1.20 Crore) written back upon sale/discard of related assets and written off impaired capital advance/assets].

10) Research and Development expenses aggregating Rs. 7.81 Crore (Rs. 8.04 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

11) 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.

(Rs. Crore)

	March 31, 2011	March 31, 2010
Lease rentals recognised in the Profit and loss account	60.18	36.85
In respect of assets taken on non cancelable operating lease:		
Lease obligations		
Future minimum lease rental payments payable		
- not later than one year	29.17	23.93
- later than one year but not later than five years	79.80	77.46
- later than five years	1.70	4.79
Total	**110.67**	**106.18**

12) 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, 2011 and 2010

(Rs. Crore)

	Cost	Accumulated Depreciation	Net Book Value
Plant and Machinery	2.03	1.94	0.09
	(2.03)	(1.92)	(0.11)

The aggregate depreciation charged on the above assets during the year ended March 31, 2011 amounted to Rs. 0.02 Crore (Rs. 0.03 Crore).

(Rs. Crore)

	March 31, 2011	March 31, 2010
Lease rental income recognised in the Profit and Loss account.	0.39	0.43

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

(Rs. Crore)

	March 31, 2011	March 31, 2010
Deferred Tax Asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	1.17	2.68
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium Account under the Capital Restructuring Scheme implemented in an earlier year	36.53	48.91
Liabilities / Provisions that are deducted for tax purposes when paid :		
- Provision for contingencies–Excise (refer Note 27 below)	–	9.75
- Provision for others	3.55	2.68
Others	2.76	2.94
Total Deferred tax asset	44.01	66.96
Deferred Tax Liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	13.90	5.33
Total Deferred tax liability	13.90	5.33
Deferred Tax Asset (net)	**30.11**	**61.63**

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

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

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

(Rs. Crore)

	March 31, 2011	March 31, 2010
Profit on divestment of "Sweekar" brand [refer note (b) below]	50.00	NIL
Reversal of provision for excise duty [refer note 27 below]	29.35	NIL
Provision for impairment of goodwill and intangible assets relating to "Fiancee" trademark [refer note (c) below]	(22.70)	NIL
Provision for impairment relating to Kaya Skin clinics in India [refer note (d) below]	(7.74)	NIL
Effect of divestment of Sundari [refer note (e) below]	NIL	(4.05)
Provision relating to closure of 'Kaya Life' centers [refer note (f) below]	NIL	(5.74)
Total Income/(Expense)	**48.91**	**(9.79)**

b) During the year, on March 25, 2011, the Company divested its edible oil brand "Sweekar" to Cargill India Private Limited for a consideration of Rs. 50.00 Crore. The divestment comprised assignment of trademark, designs, copyrights as also a non-compete agreement and limited period licensing for some of the intellectual rights. Profit before tax arising from this divestment aggregating Rs. 50.00 Crore has been included under the head "Exceptional Items" in the Profit and Loss account.

c) During the year, Marico has recognized impairment of goodwill and intangible assets comprising of Trademark relating to Fiancée business, which is used by Egyptian American Investment & Industrial Development Company, having regard to the impairment indicators such as losses incurred in the Fiancée business due to multiple factors like shifting consumer habits, trade issues, weakening brand strength, etc. The Company has considered 'Fianćee business' as the relevant cash generating unit and its value in use has been determined for the purpose of impairment testing applying a pre-tax discount rate of 19%. Accordingly, a provision of Rs. 22.70 Crore comprising Rs. 8.82 Crore towards goodwill on consolidation and Rs. 13.88 Crore towards Impairment of Fiancée Trademark is recognized and included in "Exceptional Items" in the Profit and Loss account.

d) During the year, Kaya Limited has carried out impairment testing 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. 7.74 Crore which is included in "Exceptional Items" in the Profit and Loss account. The Company has considered a pre-tax discount rate of 17.68% for determining value in use.

e) During the previous 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 were 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 Crore was included in "Exceptional items" in the Profit and Loss account.

f) During the previous year, Kaya Ltd., had launched the Kaya Life prototype for holistic weight management solutions, however, the prototype had less than expected progress in building a sustainable business model. The management took a strategic decision of closing down the centres. Consequently, the Company 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' separation, lease termination costs and customer refund relating to these centres. The net effect of the impairment of Rs. 5.74 Crore was included in "Exceptional items" in the Profit and Loss account .

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

15) Intangible Assets namely Brands and Intellectual Property Rights represented by Trademarks etc. are owned by certain foreign subsidiaries of the Company. The management believes that these intangible assets have indefinite useful life. These companies are not amortizing the said assets in accordance with the requirements of the applicable local accounting standards in which their standalone financial statements are prepared.

Under Indian GAAP, under which the Consolidated Financial Statements are prepared, such intangible assets are required to be amortized over a period of 10 years. However, while preparing the Consolidated Financial Statements for the year ended March 31, 2010, the Company had continued the policy adopted by the overseas subsidiaries and accordingly had not amortized these intangible assets.

During the year, the Company has reviewed this policy and has decided to amortize these intangible assets over a period of 10 years so as to align the policy with the Indian Accounting Standards. Accordingly, an amount of Rs. 9.53 Crore has been amortized in the Consolidated Financial Statements and is included in “Depreciation, Amortization and Impairment”.

Had the Company continued to follow the policy of not amortizing such intangible assets as in the previous year, the “Depreciation, Amortization and Impairment” for the year would have been lower by Rs. 9.53 Crore and the carrying value of the said intangible assets and the Profit before tax for the year each would have been higher by Rs. 9.53 Crore.

16) The service revenue of Kaya Skin Care business (Kaya Limited and Kaya Middle East FZE) includes packaged services in which the consideration is collected upfront towards services to be availed by the customers over a period of time covered by the package. These advances are non-refundable. However, due to inadequate measuring tools to record actual availment of services by customers against each package, these companies had been recognizing revenue on an estimated basis. During the year, the companies have been able to develop and deploy Point of Sale (POS) software to track the availment of services by customers against these packages and have accordingly refined the said policy so as to align the recognition of revenue with the services rendered. Accordingly, during the year, an amount of Rs. 35.30 Crore collected upto March 31, 2011 in respect of which services are pending to be rendered as at the year end has been deferred for recognition, and is reflected as Advances received from customers under the head “Current Liabilities”. Had these companies not made the said refinement of the accounting estimates, revenue from sale of services and consolidated profit before tax would have been higher by Rs. 31.32 Crore and advances received from customers would have been lower by an equivalent amount.

17) During the year, on February 18, 2011, Marico Limited acquired controlling equity stake in International Consumer Products Corporation (ICP), a company incorporated in Vietnam and its subsidiaries. The acquisition resulted in Goodwill of Rs. 221.63 Crore arising on consolidation.

18) During the year, Derma Rx International Aesthetics Pte. Ltd. (DIAL), which was incorporated in Singapore as wholly owned subsidiary of Kaya Limited, acquired the skin care business of Derma Rx in Singapore and Malaysia. The acquisition comprised of 100% equity stake in DRx Clinic Pte. Ltd., DRx Meditech Pte. Ltd., The DRx Medispa Pte. Ltd., DRx Investment Pte. Ltd., and DRx Aesthetics Sdn. Bhd. and associated Intellectual Property Rights etc. from Derma Rx (Asia Pacific) Pte. Ltd. for a consideration of Rs. 90.94 Crore comprising cost of Investment Rs. 45.49 Crore and cost of Trademark and other Intellectual Property Rights of Rs. 45.45 Crore . The agreement also envisages a contingent consideration of Rs. 54.39 Crore which 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 has assessed that it is more than probable that a consideration of Rs. 43.79 Crore would be payable. Accordingly, the Company has considered the provision of the said amount as part of the cost of acquisition. The balance of contingent consideration of Rs. 10.60 Crore is considered as ‘Contingent Liability’. The above acquisition has resulted in Goodwill of Rs. 99.75 Crore arising on consolidation.

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

19) a) The total derivative instruments outstanding as on March 31, 2011 are Plain Forwards, Plain Vanilla Option contracts and an Interest rate swap:

	March 31, 2011		March 31, 2010	
	Notional amount in Foreign currency	**Equivalent amount in at the year end (Rs. Crore)**	**Notional amount in Foreign currency**	**Equivalent amount in at the year end (Rs. Crore)**
Forward contracts outstanding*				
Exports:				
- in USD	6,000,000	26.75	4,250,000	19.09
Foreign currency loans:				
- in USD	12,308,344	54.88	11,847,085	53.21
Creditors:				
- in USD	5,000,000	22.29	2,057,775	9.24
- in AUD	297,898	1.37	Nil	Nil
Advance receivable:				
- in AUD	Nil	Nil	600,000	2.47
Loan to subsidiary:				
- in ZAR	19,000,000	84.71	Nil	Nil
Options Contracts outstanding				
Exports:				
- in USD	Nil	Nil	7,250,000	32.57

* Converted into the exchange rate at the year end.

** Out of the forward contracts outstanding as on March 31, 2011, USD 11,000,000 (USD 6,307,775), AUD 297,898 (AUD 600,000), having fair value of Rs. 52.01 Crore(Rs. 31.19 Crore) and all outstanding option contracts as on March 31, 2011, having fair value of Rs. Nil (Rs. 1.01 Crore) have been designated as Cash Flow hedges.

- The Company has entered into Interest rate swap of **USD 8,750,000** (USD 4,583,333), for hedging its interest rate exposure on borrowings in foreign currency which has a fair value of **Rs. 0.34 Crore** (Rs. 0.63 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 2 years (1 to 3 years).

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

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

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

		March 31, 2011		March 31, 2010	
	Currency	Amount in Foreign Currency	Equivalent amount at the year end (Rs.Crore)	Amount in Foreign Currency	Equivalent amount 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	Nil	Nil	21,003	0.09
b. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods and Services	AED	65,000	0.08	45,075	0.06
	AUD	Nil	Nil	188,288	0.61
	EUR	27,380	0.17	(93,550)	(0.57)
	CHF	Nil	Nil	20,600	0.09
	GBP	Nil	Nil	291	0.01
	USD	187,448	0.84	(789,791)	(3.55)
	CHF	Nil	Nil	(24,160)	(0.10)
	GBP	Nil	Nil	(9,842)	(0.07)
	SGD	121	0.01	Nil	Nil
(ii) Capital imports	CHF	680	0.01	680	0.01
	GBP	800	0.01	800	0.01
(iii) Loan payables *	USD	(12,308,344)	(54.88)	Nil	Nil
c. Bank balances	USD	518,470	2.31	152,925	0.69
	EUR	Nil	Nil	1,600	0.01
	OMR	115,147	1.33	22,097	0.26
	SAR	109,632	0.13	285,300	0.36
	VND	2,089,000	0.01	Nil	Nil
d. Other receivables / (payables)	USD	8,288	0.04	190,320	0.85
	AED	(4,447)	(0.01)	147,273	0.18
	OMR	4,694	0.05	2,089	0.02
	SAR	302,470	0.34	120,665	0.15
	EUR	600	0.01	1,324	0.01
Total			**(49.55)**		**(0.87)**

*excludes Loans payable of Rs. 279.77 Crore [USD 62,750,000] (Rs. 61.76 Crore [USD 13,750,000]) 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 6 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 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 unrealized gain Rs. 4.99 Crore (Rs. 2.81 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.

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

20) Earnings per share:

	March 31, 2011	March 31, 2010
Profit after taxation / Profit available to equity share holders (Rs. Crore)	**286.44**	**231.67**
Equity shares outstanding as at the year end	614,399,550	609,325,700
Weighted average number of equity shares used as denominator for calculating basic earnings per share	612,569,618	609,150,561
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	615,400,555	611,557,579
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 4.68**	**Rs. 3.80**
Diluted earnings per equity share*	**Rs. 4.65**	**Rs. 3.79**

*Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 21 below.

21) a) 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 5,073,850 (325,700) options during the year, the issued and subscribed share capital has increased by Rs. 0.51 Crore (Rs. 0.03 Crore) to Rs. 61.44 Crore (Rs. 60.93 Crore) and Securities Premium account has increased by Rs. 28.20 Crore (Rs. 1.80 Crore). The options outstanding as on the Balance sheet date correspond to about 0.39% (1.28%) of the current paid up equity capital of the Company.

Number of options granted, exercised and forfeited	March 31, 2011	March 31, 2010
Options outstanding at beginning of the year	7,816,800	8,339,600
Granted	Nil	1,332,100
Less : Exercised	5,053,850	325,700
Forfeited / Lapsed	354,900	1,529,200
Options outstanding at the end of the year	2,388,050	7,816,800

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. 0.04 Crore (Rs. 0.08 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:

(Rs. Crore)

Particulars	March 31, 2011	March 31, 2010
Net Profit after tax as reported	286.44	231.67
Less : Stock-based employee compensation expense	1.76	3.91
Adjusted pro-forma	284.68	227.76
Basic earnings per share as reported	Rs. 4.68	Rs. 3.80
Pro-forma basic earnings per share	Rs. 4.65	Rs. 3.74
Diluted earnings per share as reported	Rs. 4.65	Rs. 3.79
Pro-forma diluted earnings per share	Rs. 4.63	Rs. 3.72

b) The Corporate Governance Committee has granted stock appreciation rights to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Scheme, 2011("Scheme") . The vesting period under the Scheme is from March 28, 2011 to September 30, 2013. Under the Scheme, the respective employees are entitled to receive excess of the maturity price over the grant price subject to fulfillment of certain conditions. The stock appreciation rights equivalent to 2,874,000 shares were granted to employees which were outstanding as at the year end and difference between the market price of Company's shares as at the year end and the grant price is recognized over the vesting period amounting to Rs. 0.02 Crore in the Profit and Loss account.

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

22) 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 and Global ayurvedics (up to June 8, 2009)

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, CPF International (Pty) Limited, Marico Malaysia Sdn. Bhd, International Consumer Prouducts, Beauté Cosmétique Societé Par Actions and Thuan Phat Foodstuff Joint Stock Company.

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.

c. "Global Ayurvedics" comprised the business of (Sundari LLC.) (up to June 8, 2009)

i) Primary segment information

(Rs. Crore)

	Consumer Products	Others	Total
Segment revenue	2,920.38 (2,475.04)	207.93 (185.72)	3,128.31 (2,660.76)
Segment result Profit / (loss)	380.30 (337.91)	(32.49) (-)(18.12)	347.81 (319.79)
Unallocable expenses	– –	– –	– –
Unallocable income			2.85 (2.49)
Interest expenses			39.33 (25.69)
Interest income			16.21 (11.07)
Profit before tax, 'Exceptional items' and minority interest			327.52 (307.66)
Exceptional Items Income / (expense) (net)	56.65 –	(7.74) (-)(9.79)	48.91 (-)(9.79)
Profit before tax and minority interest			376.43 (297.87)
Taxation on the above			84.98 (64.33)
Net profit after tax and before minority interest			291.45 (233.54)
Minority interest in losses / (profits) of subsidiaries			(5.01) (-)(1.87)

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

	Consumer Products	Others	Total
Profit after taxation and minority interest			**286.44**
			(231.67)
Other information			
Segment assets	1,518.85	348.18	1,867.03
	(1,046.78)	(174.24)	(1,221.02)
Unallocable assets			359.70
			(304.98)
Total assets			**2,226.73**
			(1,526.00)
Segment liabilities	367.02	120.23	487.25
	(366.49)	(27.37)	(393.86)
Unallocable liabilities			824.00
			(478.18)
Total liabilities			**1,311.25**
			(872.04)
Capital expenditure	154.45	6.28	* 217.26
	(73.13)	(27.93)	(101.06)
Depreciation, impairment and amortization	43.65	27.15	** 70.80
	(42.97)	(17.09)	(60.06)

* excludes assets acquired on acquisition of new subsidiaries

** excludes provision for impairment of Rs. 21.62 Crore (Rs. Nil) reflected in “Exceptional items”

ii) 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.

	Domestic (Rs.Crore)	Others (Rs.Crore)	Total (Rs.Crore)
Revenue	2,290.69 (2,001.38)	837.62 (659.38)	3,128.31 (2,660.76)
Carrying amount of assets	1,261.92 (1,146.49)	964.82 (379.51)	2,226.73 (1,526.00)
Capital expenditure	140.96 (56.59)	76.31 (44.47)	217.26 (101.06)

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 and other assets and liabilities which are not allocable to segment on reasonable basis, have been disclosed under ‘Unallocable’.

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

23) Related Party Disclosures

Enterprise over which Key Managerial Personnel exercise significant influence:

The Bombay Oil Private Limited

(Rs. Crore)

	March 31, 2011	March 31, 2010
Nature of transactions		
Transactions during the year		
1) Rent Paid	0.15	0.90
2) Payment made on behalf of the entity	Nil	1.20
3) Recovery of payment made on behalf of the entity	1.20	Nil
Balances		
1) Sundry Creditors	0.01	Nil
2) Loans and advances	Nil	0.30

Key management personnel and their relatives:

i) Whole-time director: Harsh Mariwala, Chairman and Managing Director

(Rs. Crore)

Nature of transactions:	March 31, 2011	March 31, 2010
Remuneration for the year	3.58	3.03

ii) Employee: Rishabh Mariwala, son of Harsh Mariwala

(Rs. Crore)

Nature of transactions:	March 31, 2011	March 31, 2010
Remuneration for the year	0.13	0.11

24) Managerial Remuneration:

(Rs. Crore)

	March 31, 2011	March 31, 2010
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Profit and Loss account		
Salary	2.26	1.96
- Contribution to provident and pension funds	0.26	0.23
- Other perquisites	0.09	0.08
- Annual performance incentives	0.97	0.76
	3.58	**3.03**
Remuneration to non-whole time directors (including Sitting fees)	0.46	0.25

Notes:

1. 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.

2. Since no commission is payable during the year, computation of net profits for the year under section 198 of the Companies Act, 1956 has not been given.

25) 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 permitted by the circular number 2009/104919 issued by the Employees' Provident Fund Organization, the interest shortfall can be adjusted against the Reserve available with the

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

trust. Based on the unaudited financial statements of the fund as at March 31, 2011, the Reserve available with the fund are adequate to cover interest shortfalls arising till the said date. Hence no provision for liability is required to be created on such interest shortfall as on March 31, 2011.

26) a) Secured Debentures represents 300 8.25% Rated Taxable Redeemable Non-convertible Debentures of Face Value Rs. 0.10 Crore each, aggregating to Rs. 30.00 Crore which were issued on May 8, 2009 and are redeemable at par after 3 years. As per the terms of the issue Put / Call option is available with the Investor / Company at the end of 2 years. These debentures are listed on the National Stock Exchange.

b) During the year, on March 30, 2011, The Company has issued 500 10.05% Rated Taxable Unsecured Redeemable Non-convertible Debentures of Face value of Rs. 0.10 Crore each aggregating to Rs. 50.00 Crore which are redeemable at par after 30 months. These debentures have been listed on the National Stock Exchange after the Balance Sheet date.

27) During the year ended March 31, 2010, the Company had made a provision of Rs. 29.35 Crore towards 75% of possible excise duty obligation which may arise in the event of unfavorable outcome of the matter in respect of coconut oil packed in container size up to 200ml and cleared on and after June 3, 2009, which is being contested by the Company. Based on the facts of the case and the legal opinion obtained in this regard, the Company had 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 Liabilities and Contingent Assets", the possible obligation on this account could be in the nature of contingent liabilities, which need not be provided for in the accounts. Pending outcome of the matter, the Company had made the aforesaid provision in the accounts for the year ended March 31, 2010. The Management had, while finalizing financial results for the quarters ended June 30, 2010, September 30, 2010 and December 31, 2010 continued to make provision on the said basis and had provided Rs. 26.61 Crore for the first nine months ended December 31, 2010.

The Auditors had qualified their audit report for the year ended March 31, 2010 and the limited review reports for the said quarters to the effect that the said provisioning was not in accordance with the requirements of AS 29.

As at March 31, 2011, the Company has reviewed the matter again and has taken a legal opinion, which has reaffirmed the earlier assessment that the probability of success in the matter is more likely than not. Considering the continued strength of the Company's case, the Company has, during the year, reversed the entire provision of Rs. 29.35 Crore and Rs. 26.61 Crore made during the year ended March 31, 2010 and during the nine months ended December 31, 2010 respectively, having regard to the fact that the said provision was not in accordance with the requirements of AS 29. The reversal of the provision pertaining to the year ended March 31, 2010 aggregating to Rs. 29.35 Crore has been included under the head "Exceptional Items" in the Profit and Loss account. Further, deferred tax asset of Rs. 9.75 Crore created during the year ended March 31, 2010 has been reversed and included in Deferred Tax charge for the year in the Profit and Loss account. Provisions of Rs. 26.61 Crore made in the first nine months ended December 31, 2010 were reversed in the quarter ended March 31, 2011, which has no impact for the results of the full year ended March 31, 2011. Consequentially, the possible excise duty obligation of Rs. 88.97 Crore for clearances made after June 03, 2009 till March 31, 2011 and Rs. 121.77 Crore for clearances made prior to June 03, 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) under the excise laws.

Had the Company continued to make provisions on the same basis as in the previous year, the Profit before tax and Exceptional Items for the year would have been lower by Rs.37.38 Crore. Further, balances as at March 31, 2011 in Deferred Tax Asset and Provisions would have been higher by Rs. 21.65 Crore and Rs. 66.73 Crore respectively and balance in Reserve and Surplus would have been lower by Rs. 45.08 Crore.

The Company will continue to review this matter during 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.

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

28) Other Provisions in schedule 'M' includes:

(Rs. Crore)

	Lease termination cost*	Employees termination cost*	Customers Refunds*	Site restoration Cost**	Contingent Consideration (Refer note 18)	Total
Opening Balance	2.44	0.27	0.82	1.39	Nil	4.92
Add: Provisions made	Nil	Nil	Nil	Nil	43.79	43.79
Less: Provisions utilized/						
Reversed	2.22	0.27	0.82	Nil	Nil	3.31
Closing Balance	**0.22**	Nil	Nil	**1.39**	**43.79**	**45.40**

Notes:

* Above provisions, represent estimates made for probable liability arising on account of closure of Kaya Life operations and close down of seven clinics of Kaya Skin. Provision for lease termination cost is towards locking period rent which is 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.

** 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.

29) Minority share in accumulated profits of Rs. 0.49 Crore represents adjustment relating to the earlier year.

30) (a) The figures in brackets represent those of the previous year.

(b) 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 : May 2, 2011

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 and Chief Human Resource Officer
HEMANGI WADKAR Company Secretary & Compliance Officer

Place : Mumbai
Date : May 2, 2011