AUDITORS' REPORT

TO THE MEMBERS OF MARICO LIMITED

1. We have audited the attached Balance Sheet of **Marico Limited** (the "Company") as at March 31,2010, and the related Profit and Loss account and Cash Flow Statement for the year ended on that date (all together referred to as 'financial statements') annexed thereto, which we have signed under reference to this report. These 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. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. *As detailed in Note 24 of Schedule R to the financial statements and for reasons stated therein, the Company has made a provision of Rs 29.35 crores towards contingencies on account of possible excise obligations which may arise in the event of unfavourable outcome of the matter, which is assessed by the management to be 'less than probable'. The said provisioning is not in accordance with the requirements of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent assets", as per which, the provision should be recognised only in the event, unfavourable outcome is assessed to be 'more than likely'. The resultant excess provision is in the nature of reserves as defined in part III of Schedule VI of the Act.*

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

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;

   (d) *Subject to the matter referred in paragraph 4 above*, in our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on March 31,2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

AUDITORS' REPORT

(f) In our opinion and to the best of our information and according to the explanations given to us and *subject to the matter referred in paragraph 4 above* the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;

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

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

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No: F-33220

Mumbai
April 28, 2010

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Marico Limited on the financial statements for the year ended March 31, 2010.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4(iii) (b), 4(iii) (c), 4(iii) (d), 4(iii) (f) and (iii) (g) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie*,* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

ANNEXURE TO AUDITORS' REPORT

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales-tax, customs duty and cess as at March 31, 2010 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of dues	Amount (Rs. Crore)	Period to which amount related	Forum where the dispute is pending
The Central Sales Tax Act and local sales tax Acts	Sales tax including interest and penalty as applicable	1.82	1999 to 2004, 2006, 2007	Sales Tax Tribunal
		2.31	1996, 2000 to 2010	Commissioner of Appeals
		0.17	2007	Superintendent of Sales Tax
Maharashtra Agricultural Produce Marketing (Development & Regulation) Act, 1963	Supervision charges	1.13	2006 to 2010	Mumbai High Court
Maharashtra Agricultural Produce Marketing (Development & Regulation) Act, 1963	Agricultural Produce Marketing committee cess – Goa Bench	7.93	1997 to 2010	Mumbai High Court (Panji Bench)
The Indian Customs Act,1962	Export cess	0.09	2004	Deputy Commissioner of Customs
The Indian Customs Act,1962	Redemption fine and penalty	0.3	2002 to 2004	Customs Excise and Service Tax Appellate Tribunal
The Indian Customs Act,1962	Custom duty	0.01	2008	Assistant Commissioner of Customs

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by subsidiaries from banks during the year are not prejudicial to the interest of the Company.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

19. The Company has created security or charge in respect of debentures issued and outstanding at the year-end.

20. The Company has not raised any money by public issues during the year.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No: F-33220

Mumbai
April 28, 2010

BALANCE SHEET

	SCHEDULE	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	60.93	60.90
Reserves and surplus	B	510.73	306.85
		571.66	**367.75**
LOAN FUNDS			
Secured loans	C	99.61	81.22
Unsecured loans	D	277.31	226.61
		376.92	**307.83**
		948.58	**675.58**
APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross block		294.45	262.16
Less : Depreciation, amortisation and impairment		164.48	146.25
Net block		129.97	115.91
Capital work-in-progress		109.95	45.60
Assets held for disposal		0.01	0.01
		239.93	**161.52**
INVESTMENTS	F	**209.11**	**112.58**
DEFERRED TAX ASSET (NET)		**58.50**	**63.41**
(Refer Note 12 a,Schedule R)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	369.90	273.69
Sundry debtors	H	94.51	61.05
Cash and bank balances	I	11.21	22.98
Loans and Advances	J	254.17	206.23
		729.79	**563.95**
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	226.51	195.01
Provisions	L	62.24	30.87
		288.75	225.88
NET CURRENT ASSETS		**441.04**	**338.07**
		948.58	**675.58**
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
INCOME :			
Sales		2,025.34	1,919.24
Less : Excise Duty		1.05	2.07
		2,024.29	1,917.17
Income from services		–	0.29
Total Sales and Services		**2,024.29**	**1,917.46**
Other income	M	22.06	14.53
		2,046.35	**1,931.99**
EXPENDITURE :			
Cost of materials	N	1,085.10	1,157.03
Manufacturing and other expenses	O	625.17	510.14
Finance charges	P	18.30	28.92
Depreciation, amortisation and impairment	E	25.21	17.03
		1,753.78	**1,713.12**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		**292.57**	**218.87**
Exceptional Items - (net) (Refer Note 13, Schedule R)		–	(47.86)
PROFIT BEFORE TAXATION		**292.57**	**171.01**
Provision for taxation : - Current Tax		55.20	18.19
- MAT Credit (entitlement)/utilisation		(2.55)	(23.46)
- Fringe Benefit Tax		(0.01)	2.06
- Deferred Tax - debit / (credit)		4.91	32.12
		57.55	**28.91**
PROFIT AFTER TAXATION		**235.02**	**142.10**
Balance brought forward as on April 1		233.10	151.88
PROFIT AVAILABLE FOR APPROPRIATION		**468.12**	**293.98**
APPROPRIATIONS			
Interim dividend		40.21	39.89
Tax on interim dividend		6.83	6.78
Debenture Redemption Reserve		15.00	–
General Reserve		23.50	14.21
BALANCE CARRIED TO THE BALANCE SHEET		**382.58**	**233.10**
BASIC EARNINGS PER SHARE		**3.86**	**2.33**
DILUTED EARNINGS PER SHARE		**3.84**	**2.33**
(Refer Note 15 of Schedule R)			
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

CASH FLOW STATEMENT

		For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**292.57**	**171.01**
	Adjustments for:		
	Depreciation, amortisation and Impairment	25.21	17.03
	Provision for Impairment on assets written back (Refer Note 7, Schedule R)	(1.20)	(0.86)
	Provision for contingencies (Refer Note 24, Schedule R)	29.35	–
	Finance charges	18.30	28.92
	Interest income	(5.60)	(4.73)
	Loss / (Profit) on sale of assets - (net)	(0.09)	0.14
	Advances to subsidiary written off (net) (Refer Note 13, Schedule R)	–	47.86
	(Profit) / Loss on sale of investments	(0.02)	–
	Dividend income	(7.18)	(2.57)
	Provision for Employee Stock Option Reserve	0.08	0.07
	Provision for doubtful debts, advances and deposits	1.47	0.71
		60.32	86.57
	Operating profit before working capital changes	**352.89**	**257.58**
	Adjustments for:		
	(Increase)/ Decrease in inventories	(96.21)	(55.11)
	(Increase)/ Decrease in sundry debtors	(33.93)	(20.08)
	(Increase)/ Decrease in loans and advances	(29.07)	9.05
	Increase/(Decrease) in current liabilities and provisions	31.78	(13.26)
		(127.43)	(79.40)
	Cash generated from Operations	**225.46**	**178.18**
	Taxes paid (net of refunds)	(52.31)	(26.52)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**173.15**	**151.66**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(101.16)	(28.47)
	Sale of fixed assets	1.68	0.28
	(Purchase) / Sale of investments (net)	(69.76)	(12.10)
	Investment in subsidiaries	(26.76)	–
	Loans and advances given to subsidiaries (net off repayments)	(15.04)	(45.89)
	Dividend income received	7.18	4.07
	Interest received	5.38	3.84
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(198.48)**	**(78.27)**

CASH FLOW STATEMENT

		For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share Capital on exercise of stock option	1.83	–
	Issue / (Redemption) of commercial papers (net)	(14.46)	29.16
	Inter-Corporate deposits taken / (repaid)	(5.00)	5.00
	Issue of Debentures	30.00	–
	Other borrowings (repaid) / taken (net)	67.62	(31.92)
	Finance charges paid	(19.76)	(34.85)
	Equity dividend paid (inclusive of dividend distribution tax)	(46.67)	(47.72)
	Unclaimed Preference dividend paid	–	(0.01)
	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**13.56**	**(80.34)**
D	**NET DECREASE IN CASH & CASH EQUIVALENTS (A+B+C)**	**(11.77)**	**(6.95)**
E	**Cash and cash equivalents - opening balance (as at April 1)**	22.98	29.93
F	**Cash and cash equivalents - closing balance (as at March 31)**	**11.21**	**22.98**

Notes:

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

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

3 Cash and Cash Equivalents - Closing balance include balances aggregating to Rs. 4.19 Crore (Rs. 1.60 Crore) with scheduled banks in fixed deposits and Margin accounts which is pledged against the bank guarantees and deposit with sales tax authorities, which are not available for use by the company.

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
650,000,000 (650,000,000) Equity shares of Re. 1 each (Re. 1 each)	65.00	65.00
150,000,000 (150,000,000) Preference shares of Rs. 10 each (Rs.10 each)	150.00	150.00
	215.00	**215.00**
ISSUED AND SUBSCRIBED:		
609,325,700 (609,000,000) Equity shares of Re. 1 each (Re. 1 each) fully paid up (Refer Note 17, Schedule R)	60.93	60.90
The above includes :		
(a) 290,000,000 equity shares issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve.		
(b) 265,000,000 equity shares issued as fully paid bonus shares by capitalisation of General Reserve		
	60.93	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SECURITIES PREMIUM ACCOUNT		
As on April 1	13.50	13.50
Add : Receipt on exercise of Employees stock options (Refer Note 17, Schedule R)	1.79	–
Add : Transfer from Employee stock option reserve	0.01	–
As at the year end	15.30	13.50
GENERAL RESERVE		
As on April 1	68.16	53.95
Add : Transfer from Profit and Loss account	23.50	14.21
As at the year end	91.66	68.16
EMPLOYEE STOCK OPTION RESERVE (Refer Note 17, Schedule R)		
As on April 1	0.07	0.01
Add : Additions	0.24	0.07
	0.31	0.08
Less : Transferred to Securities Premium account	0.01	–
Less : Forefeited/Lapsed	0.15	0.01
As at the year end	0.15	0.07
DEBENTURE REDEMPTION RESERVE		
As on April 1	–	–
Add : Transfer from Profit and Loss account	15.00	–
As at the year end	15.00	–
FOREIGN CURRENCY TRANSLATION RESERVE (Refer Note 26, Schedule R)		
As on April 1	(1.72)	–
Adjustments during the year	4.95	(1.72)
As at the year end	3.23	(1.72)
HEDGE RESERVE ACCOUNT (Refer Note 14 c, Schedule R)		
As on April 1	(6.26)	–
Adjustments during the year	9.07	(6.26)
As at the year end	2.81	(6.26)
PROFIT AND LOSS ACCOUNT	382.58	233.10
	510.73	**306.85**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'C'		
SECURED LOANS		
Secured Redeemable Non–convertible Debentures (Refer Note 23, Schedule R) (Secured against first pari passu charge over land and building situated at Andheri (East), Mumbai)	30.00	–
External commercial borrowings (Secured by hypothecation of Plant and Machinery) (Amount repayable within one year Rs 22.46 Crore (Rs 6.34 Crore))	61.76	76.10
Working capital finance (Secured by hypothecation of stocks in trade and debtors)	7.85	5.12
	99.61	**81.22**
SCHEDULE 'D'		
UNSECURED LOANS		
From banks :		
Short term	243.22	123.06
Other term loans	–	50.00
Inter corporate deposits (Short term)	–	5.00
Commercial Papers (Redeemable within a year)		
Face Value	35.00	50.00
Less : Deferred Interest	0.91	1.45
	34.09	48.55
(Maximum amount outstanding during the year Rs.104.51 Crore (Rs.63.28 Crore))		
	277.31	**226.61**

SCHEDULES TO BALANCE SHEET

SCHEDULE 'E'
FIXED ASSETS

Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2009	Additions	Deductions/ Adjustments (Note 5)	As at March 31, 2010	As at March 31, 2009	For the year (Note 3)	Deductions/ Adjustments (Note 5)	As at March 31, 2010	Provision for impairment as at March 31 2010 (Note 2)	As at March 31, 2010	As at March 31, 2009
Tangible Assets											
Freehold land	0.92	1.56	–	2.48	–	–	–	–	–	2.48	0.92
Leasehold land	14.08	–	–	14.08	0.38	0.22	–	0.60	–	13.48	13.70
Buildings (Note 1)	41.76	9.31	–	51.07	13.54	1.19	(0.04)	14.77	–	36.30	28.22
Plant and machinery (Note 1)	160.88	23.35	4.57	179.66	107.29	14.13	3.46	117.96	5.03	56.67	48.30
Furniture and fittings	5.48	0.38	0.27	5.59	2.35	1.01	0.16	3.20	–	2.39	3.13
Vehicles	0.81	0.94	0.54	1.21	0.43	0.20	0.41	0.22	–	0.99	0.38
Intangible Assets											
- Trademarks and Copyrights (Note 4)	25.20	–	–	25.20	5.43	2.48	–	7.91	1.00	16.29	19.77
- Computer software	13.03	1.10	(1.03)	15.16	11.54	1.00	(1.24)	13.78	0.01	1.37	1.49
TOTAL	**262.16**	**36.64**	**4.35**	**294.45**	**140.96**	**20.23**	**2.75**	**158.44**	**6.04**	**129.97**	**115.91**
As on March 31, 2009	**228.89**	**35.50**	**2.23**	**262.16**	**125.75**	**17.03**	**1.82**	**140.96**	**5.29**	**115.91**	–
Capital work–in–progress (at cost) including advances on capital account (Note 2)				112.84				–	2.89	109.95	45.60
Assets held for disposal				0.01				–	–	0.01	0.01
									8.93	**239.93**	**161.52**

Notes :

1. Gross block includes: - Buildings - Rs.0.10 Crore (Rs. 0.10 Crore) where conveyance has been executed, pending registration.
   - Plant and Machinery - Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on finance lease (prior to April 1, 2001).
2. Provision for impairment for the year includes impairment provision in respect of capitalised assets - Rs. 2.08 Crore (Rs. Nil), Capital work in progress - Rs. Croe 2.89 Crore (Rs.Nil) and is net of reversal of provision no longer required - Rs. 1.20 Core (Rs. 0.86 Crore) and adjustment on sale / discard of the related assets - Rs. 0.13 Crore (Rs. Nil).
3. Depreciation for the year includes accelerated depreciation charged - Rs.1.56 Crore (Rs.Nil.) due to revision of estimated useful life of certain assets.
4. Trademarks - Rs. 25.20 Crore (Rs.25.20 Crore) are pending registration.
5. Deductions / adjustments are on accounts of sale, dicarding and reclassification of assets for the year ended March 31, 2010.

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'F'		
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
Subsidiary Companies :		
Kaya Limited (Wholly Owned)	73.00	73.00
14,500,000 (14,500,000) equity shares of Rs. 10 each fully paid		
Sundari LLC		
Nil (100,000) units of USD 18.25 each fully paid		
Cost of Investments	–	6.05
Less : Provision for diminution in value of Investments (Refer Note 13,Schedule R)	–	6.04
	–	0.01
Marico Middle East FZE (Wholly Owned)	27.99	1.23
22 (1) equity share of UAE dirham 1,000,000 (1,000,000) fully paid		
Marico South Africa Consumer Care (Pty) Limited (Wholly Owned)	25.37	25.37
800 (800) equity shares of SA Rand 1.00 fully paid		
	126.36	99.61
LONG TERM – QUOTED, AT COST		
Subsidiary Companies :		
Marico Bangladesh Limited	0.86	0.86
28,350,000 (28,350,000) equity shares of Bangladesh Taka 10 each fully paid (Refer Note 2 below)		
Indian Infrastructure Finance Company Limited	10.21	–
(1,000 Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 1,00,000/- each, guaranteed by Government of India, redeemable on 22nd January, 2014)		
	11.07	0.86
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend Reinvestment Nil (2,001,098) Units of Rs. 10 each fully paid	–	2.00
Fidelity Ultra Short Term Debt Fund Institutional Plan - Growth 8,399,009 (Nil) Units of Rs. 10 each fully paid	10.00	–
Templeton India Ultra Short Bond Fund Super Institutional Plan - Dividend Nil (5,073,892) Units of Rs. 10 each fully paid	–	5.08
Fortis Money Plus Institutional Plan - Daily Dividend Reinvestment Nil (5,019,130) Units of Rs. 10 each fully paid	–	5.02
Birla Sun Life Dynamic Bond Fund Retail - Monthly Payout 1,940,982 (Nil) Units of Rs. 10 each fully paid	2.02	–
Birla Sunlife Saving Fund Institutional Plan - Growth 2,002,208 (Nil) Units of Rs. 10 each fully paid	3.50	–
Kotak Flexi Debt Scheme Institutional Plan - Growth 8,878,078 (Nil) Units of Rs. 10 each fully paid	10.05	–
ICICI Prudential Flexible Income Premium Institutional Plan -Growth 575,207 (Nil) Units of Rs. 100 each fully paid	9.85	–
LIC MF Savings Plus Fund Institutional Plan - Growth 7,029,097 (Nil) Units of Rs. 10 each fully paid	10.28	–
Templeton India STIR Plan - Weekly Dividend Reinvestment 29,243 (Nil) Units of Rs. 1000 each fully paid	3.14	–
Tata Treasury Manager Institutional Plan - Growth 96,376 (Nil) Units of Rs. 1000 each fully paid	10.09	–
Reliance Money Manager Retail - Daily Dividend Reinvestment 826 (Nil) Units of Rs. 1000 each fully paid	0.10	–
IDFC Money Manager Fund - TP - Institutional Plan C - Growth 2,380,321 (Nil) Units of Rs. 10 each fully paid	2.60	–
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Growth 97,076 (Nil) Units of Rs. 1000 each fully paid	10.04	–
	71.67	12.10
	209.11	**112.58**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
Notes:		
1. **Cost / Market Value of Quoted/ Unquoted Investments**		
Aggregate value of Quoted Investments:		
Cost	11.07	–
Market Value	812.01	–
Aggregate value of Unquoted Investments:		
Cost	198.04	112.58

2. Equity shares of Marico Bangladesh Limited were listed on Dhaka Stock exchange on August 28, 2009.These shares were Unqouted as at March 31, 2009

3. **Units of Mutual Funds purchased and sold during the year**

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

SCHEDULES TO BALANCE SHEET

Name of the Scheme	Face Value	No. of Units	Purchase Cost Rs. Crore
Birla Sunlife Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10	8,001,170	8.01
Birla Sunlife Saving Fund - Institutional Plan - Growth	10	1,431,385	2.50
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Reinvestment	10	15,756,355	15.81
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale - Daily Dividend Reinvestment	10	6,095,988	6.15
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	10	6,111,687	6.50
LIC Saving Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	26,689,127	26.69
LIC Floating Rate Fund - Institutional Plan - Daily Dividend Reinvestment	10	20,273,286	20.27
UTI Treasury Advantage Fund - Institutional Plan -Daily Dividend Reinvestment	1,000	143,447	14.52
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Daily Dividend Reinvestment	1,000	200,642	20.08

	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 'G'		
INVENTORIES		
(As valued and certified by the management)		
(Refer Note 2 (h), Schedule R, for basis of valuation)		
Raw materials	161.46	87.66
Packing materials	46.04	34.76
Work-in-process	58.00	50.70
Finished products	98.89	94.37
Stores, spares and consumables	4.49	4.83
By-products	1.02	1.37
	369.90	**273.69**
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months - Considered good	–	–
- Considered doubtful	3.54	3.07
	3.54	3.07
Less: Provision for doubtful debts	3.54	3.07
	–	–
Other Debts - considered good	94.51	61.05
	94.51	**61.05**
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	0.32	0.09
Remittances in transit	0.36	0.49
Balances with scheduled banks:		
Fixed deposits (deposited with sales tax authorities Rs.0.10 Crore (Rs.0.11 Crore))	0.10	10.10
Margin accounts (against bank guarantees)	4.09	1.49
Current accounts *	6.19	10.64
Balances with non - scheduled banks:		
Current accounts (Refer Note 9, Schedule R)	0.15	0.17
	11.21	**22.98**

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

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured-considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	57.69	29.74
Loans and Advances to subsidiaries	125.89	105.90
Deposits		
- Considered good	12.55	12.72
- Considered doubtful	1.00	–
	13.55	12.72
Less : Provision for doubtful deposits	1.00	–
	12.55	12.72
Balances with central excise authorities	0.70	1.23
Interest accrued on loans/deposits	0.52	0.41
Interest accrued on loans/advances to subsidiaries	0.69	0.59
Gratuity (Refer Note 20, Schedule R)	0.82	–
Income tax payments, net of provisions	2.88	5.78
Fringe benefit tax payments, net of provisions	0.48	0.46
MAT credit entitlement	51.95	49.40
	254.17	**206.23**
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors		
- Due to Micro and Small Enterprises (Refer Note 22, Schedule R)	–	–
- Others	209.08	177.28
Due to subsidiaries	1.58	1.35
Other liabilities	12.12	13.97
Security deposits	1.10	1.16
Interest accrued but not due on loans	2.37	1.00
Unclaimed dividend	0.23	0.22
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	226.51	**195.01**
SCHEDULE 'L'		
PROVISIONS		
Leave encashment	5.35	5.04
Gratuity (Refer Note 20, Schedule R)	–	0.54
Long term service benefit	1.88	–
Contingencies (Refer Note 24, Schedule R)	29.35	–
Interim dividend	21.93	21.62
Tax on interim dividend	3.73	3.67
	62.24	**30.87**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'M'		
OTHER INCOME		
Income from current investments :		
Profits on sale of units of mutual funds	0.02	0.01
Dividend on Investment in liquid mutual funds	2.49	0.28
Income from long term investments :		
Dividend from subsidiaries	4.69	2.29
(Tax deducted at source Rs. 0.46 Crore (Rs. 0.17 Crore))		
Interest income on loans, deposits, etc.	5.60	4.73
(Tax deducted at source Rs. 0.03 Crore (Rs. 0.10 Crore))		
Miscellaneous income	9.26	7.22
(Refer note 6, Schedule R)		
	22.06	**14.53**
SCHEDULE 'N'		
COST OF MATERIALS		
Raw materials consumed	830.60	953.24
Packing materials consumed	166.41	168.97
Stores and spares consumed	14.11	12.54
Purchase for resale	85.46	50.07
(Increase)/Decrease in stocks		
Opening stocks		
- Work-in-process	50.70	36.50
- By-products	1.37	1.87
- Finished products	94.37	80.28
Less :		
Closing stocks		
- Work-in-process	58.01	50.70
- By-products	1.02	1.37
- Finished products	98.89	94.37
	(11.48)	(27.79)
	1,085.10	**1,157.03**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'O'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	90.34	73.22
Contribution to provident fund and other funds	4.20	5.31
Long term service benefits	1.88	–
Welfare expenses	6.69	5.65
	103.11	84.18
Power, fuel and water	5.24	5.53
Contract manufacturing charges	71.14	65.89
Rent and storage charges	22.80	13.43
Repairs :		
- Buildings	2.07	1.88
- Machinery	4.72	5.03
- Others	1.75	1.12
Freight, forwarding and distribution expenses	82.32	79.79
Advertisement and sales promotion	221.65	169.56
Rates and taxes	0.82	0.67
Provision for contingencies - Excise Duty (Refer note 24, Schedule R)	29.35	–
Sales tax and cess	16.61	14.40
Commission to selling agents	3.42	4.32
Bad debts	–	0.60
Provision for doubtful debts, advances and deposits	1.47	0.71
Printing, stationery and communication expenses	5.09	5.25
Travelling, conveyance and vehicle expenses	16.64	15.90
Royalty	0.42	0.44
Insurance	1.98	1.52
Auditors' remuneration		
- Audit fees	0.39	0.39
- Tax Audit fees	0.08	0.08
- Other services	0.26	0.24
- Out of pocket expenses	0.01	0.03
Exchange losses (net)	4.90	9.44
Miscellaneous expenses (Refer Note 7, Schedule R)	28.93	29.74
	625.17	**510.14**
SCHEDULE 'P'		
FINANCE CHARGES		
Interest on		
Fixed period loans	10.50	23.39
Other loans	2.31	2.65
Debentures	2.23	–
Bank and other financial charges	3.26	2.88
	18.30	**28.92**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

ADDITIONAL INFORMATION
SCHEDULE 'Q'

A) Details of Production, Turnover, Opening Stock and Closing Stock

Amount in Rs. Crore

Sr No.	Particulars (UNIT)	Period Ended	Installed Capacity (Note I)	Opening Stock Quantity	Opening Stock Amount	Production Quantity	Purchases Quantity	Purchases Amount	Turnover Quantity	Turnover Amount	Closing Stock Quantity	Closing Stock Amount
1	**Edible Oils (Note III (M.T.)**	**31.03.2010**	**170000**	**9,320.97**	**68.34**	**117,485.47**	**–**	**–**	**131,780.03**	**1,476.61**	**11,255.32**	**78.43**
		31.03.2009	170000	8,093.04	56.52	114,709.36	–	–	120,156.93	1,438.71	9,320.97	68.34
2	**Hair Oils (Note II) (K.L.)**	**31.03.2010**	**125000**	**2,060.98**	**19.72**	**16,586.27**	**–**	**–**	**20,120.52**	**382.66**	**1,891.39**	**15.72**
		31.03.2009	24000	2,150.32	16.30	15,033.54	–	–	17,053.19	344.89	2,060.98	19.72
3	**Oil Seeds (M.T)**	**31.03.2010**	–	–	–	–	**19,896.32**	**71.10**	**19,896.32**	**82.83**	–	–
		31.03.2009	–	–	–	–	8,674.43	38.95	8,674.43	45.48	–	–
4	**Others and By - products**	**31.03.2010**	–	–	**7.68**	–	–	**14.36**	–	**82.19**	–	**5.76**
		31.03.2009	–	–	9.33	–	–	11.12	–	88.09	–	7.68
5	**Service Income**											
	- commission	**31.03.2010**	–	–	–	–	–	–	–	–	–	–
		31.03.2009	–	–	–	–	–	–	–	0.29	–	–
	TOTAL	**31.03.2010**			**95.74**			**85.46**		**2,024.29**		**99.91**
		31.03.2009			82.15			50.07		1,917.46		95.74

I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis,the certificate being technical in nature.

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

II) The production of Hair Oil produced by others - 3,364.66 K.L (1,930.31 K.L)

III) The production of Edible Oil produced by others - 16,228.91 M.T. (6,675.50 M.T.)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31,			
	2010		2009	
	Quantity M.T.	Amount Rs. Crore	Quantity M.T.	Amount Rs. Crore
SCHEDULE 'Q'				
B) RAW MATERIALS CONSUMED				
Oil seeds (copra & kardi seeds)	103,887	340.81	121,869	478.21
Raw oils (otherthan copra & kardi seeds)	74,212	347.43	53,021	318.63
Others	–	142.36	–	156.40
		830.60		**953.24**
	%	Amount Rs. Crore	%	Amount Rs. Crore
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials				
Imported	9.96	82.77	6.53	62.24
Indigenous	90.04	747.83	93.47	891.00
	100	**830.60**	**100.00**	**953.24**
Stores, spares and chemicals				
Imported	–	–	–	–
Indigenous	100.00	14.11	100.00	12.54
	100	**14.11**	**100**	**12.54**
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw material		84.45		87.16
Packing material		6.42		11.28
Capital goods		0.50		2.48
Finished goods for resale		3.20		1.45
		94.57		**102.37**
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling and other expenses		0.43		0.14
Advertisement and sales promotion		5.62		0.52
Interest on other loans		1.31		3.57
Commission to Selling Agents		–		0.10
Miscellaneous expenses		0.76		0.94
		8.12		**5.27**
F) EARNINGS IN FOREIGN EXCHANGE				
F.O.B. Value of exports		130.64		125.14
Royalty		6.56		4.39
Dividend		4.69		2.06
Interest		4.41		2.21
		146.30		**133.80**

NOTES TO THE ACCOUNTS

SCHEDULE 'R'
NOTES TO ACCOUNTS:

1) The Company and nature of its operations:

Marico Limited ('Marico' or 'the Company'), headquartered in Mumbai, Maharashtra, India, carries on business in Branded Consumer Products. Marico manufactures and markets products under brands such as Parachute and its extensions, Nihar, Saffola, Sweekar, Hair & Care, Revive, Shanti, Oil of Malabar, Mediker and Manjal. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising regional offices, carrying & forwarding agents, consignment agent, redistribution centers and distributors spread all over India.

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

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

(b) 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 disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

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

(c) 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 qualifying asset (i.e. an asset requiring substantive 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.

(d) Depreciation and amortisation

I. Tangible assets

(i) Depreciation 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:

<u>Plant and Machinery:</u>

a)	Computer hardware and related peripherals	- 33.33%
b)	Moulds	- 16.21%
c)	Office Equipment	- 10% to 50%
<u>Furniture and Fittings:</u>		- 12.50 %
<u>Vehicles:</u>		- 20 %

NOTES TO THE ACCOUNTS

(ii) Depreciation on factory building and plant and machinery (other than items specified in (i) above) is provided on written down value basis. Depreciation on all other assets is provided on straight line basis.

(iii) Extra shift depreciation is provided on "Plant" basis.

(iv) Assets given on finance lease prior to April 1, 2001 were depreciated over the primary period of the lease.

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

(vi) Leasehold land is amortised over the primary period of the lease.

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

(viii) Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalized / up to the month in which the asset is disposed off.

II. Intangible assets

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

Trademarks, copyrights and business & commercial rights	10 years
Computer software	3 years

(e) 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.

(f) Asset 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.

(g) Investments

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

(h) Inventories

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

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

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

(iv) Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in case of finished products includes appropriate production overheads and excise duty, wherever applicable.

(i) Research and development

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

NOTES TO THE ACCOUNTS

(j) Revenue recognition

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

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

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

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

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

(k) Retirement and other benefits to employees

– Gratuity

Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit method and contributed to Employees Gratuity Fund managed by HDFC Standard Life Insurance Limited. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Profit and Loss account in the period in which they arise.

– Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by ICICI Prudential Life Insurance Company Limited, based on a specified percentage of eligible employees' salary.

– Leave encashment / Compensated absences

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

– Provident fund

Provident fund contributions are made to a trust administered by the Company and are charged to the Profit and Loss account. The Company has an obligation to make good the shortfall if any, between return on investment by the trust and government administered interest rate.

– Long term service benefits

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

(l) Foreign currency transactions

– 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

– 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.

– 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.

– The Company uses forward and options contracts to hedge its risks associated with foreign currency transactions relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges. These contracts are marked to market as at the year end and resultant exchange differences, to the extent

NOTES TO THE ACCOUNTS

they represent effective portion of the hedge, are recognized directly in 'Hedge Reserve account'. The ineffective portion of the same is recognized immediately in the Profit and Loss account.

- 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.
- Non-monetary foreign currency items are carried at cost / fair value and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.
- Exchange differences arising on monetary items that in substance form part of Company's net investment in a non-integral foreign operation are accumulated in a 'Foreign Currency Translation Reserve' until the disposal of the net investment. The same is recognized in the Profit and Loss account upon disposal of the net investment.

(m) Accounting for taxes on income

(i) Provision for current tax 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 realisation.

(n) 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 recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(o) 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.

(p) Contingent liabilities

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent assets are not recognized or disclosed in the financial statements.

(q) Share issue expenses

Expenses incurred on issues of shares are adjusted against securities premium.

NOTES TO THE ACCOUNTS

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

(i) Disputed tax demands/ claims:

Rs. Crore

	March 31, 2010	March 31, 2009
Sales tax	6.08	4.88
Customs duty	0.40	2.86
Agricultural Produce Marketing Committee cess	7.93	7.81
Employees State Insurance Corporation	0.13	0.18
Excise duty on Subcontractors	0.24	Nil

(ii) Excise duty on CNO dispatches Rs. 131.57 Crore (Rs. Nil) (Refer note 24 below)

(iii) Claims against the Company not acknowledged as debts. Rs. 0.22 Crore (Rs. 0.21 Crore)

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

(ii) Stand by Letter of Credit given to banks on behalf of subsidiaries Rs. 76.45 Crore (Rs. 80.15 Crore)

c) Amount outstanding towards Letters of Credit Rs. 2.81 Crore (Rs. 18.07 Crore)

4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 21.22 Crore (Rs. 10.38 Crore) net of advances.

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

6) Miscellaneous income includes lease income Rs. 0.43 crore (Rs. 0.41 Crore), profit on sale / disposal of assets (net) Rs. 0.09 Crore (Rs.Nil) and royalty from subsidiaries Rs. 6.56 Crore (Rs. 4.39 Crore).

7) Miscellaneous expenses include labour charges Rs. 2.06 Crore (Rs. 1.91 Crore), training & seminar expenses Rs. 3.47 Crore (Rs. 2.42 Crore), outside services Rs. 2.21 Crore (Rs. 2.37 Crore), professional charges Rs. 13.42 Crore (Rs. 9.61 Crore), donations Rs. 0.43 Crore (Rs. 1.19 Crore), leakage and damage expenses of Rs. 7.84 Crore (10.65 Crore), loss on sale / disposal of assets (net) Rs. Nil (Rs. 0.14 Crore) and are net of reversal of excess provisions no longer required written back Rs.7.54 Crore (Rs. 5.14 Crore) [including Impairment provision of Rs. 1.20 Crore (Rs. 0.86 Crore)]

8) Research and development expenses aggregating Rs. 7.54 Crore (Rs. 5.73 Crore) have been included under the relevant heads in the Profit and Loss account.

9) Details of balances with non-scheduled banks are as under:

Rs. Crore

Bank Name	Balance as on March 31, 2010	Balance as on March 31, 2009	Maximum balance During the year ended March 31, 2010	Maximum balance During the year ended March 31, 2009
Standard Chartered Bank – Dubai	0.15	0.17	0.17	0.18

10) Additional information on assets taken on lease:

The Company's significant leasing arrangements are in respect of residential flats, office premises, warehouses, vehicles etc taken on lease. The arrangements range between 11 months to 3 years and are generally renewable by mutual consent or mutually agreeable terms. Under these arrangements refundable interest-free deposits have been given.

NOTES TO THE ACCOUNTS

Rs. Crore

	March 31, 2010	March 31, 2009
Lease rentals recognised in the Profit and Loss account.	9.26	12.05
In respect of assets taken on non cancelable operating lease:		
Lease obligations		
Future minimum lease rental payables		
– not later than one year	1.16	1.03
– later than one year but not later than five years	0.88	0.74
Total	**2.04**	**1.77**

11) Additional information on assets given on operating lease:

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

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

Rs. Crore

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

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

Rs. Crore

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

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

Rs. Crore

	March 31, 2010	March 31, 2009
Deferred Tax Asset:		
Provision for doubtful debts / advances / deposits that are deducted for tax purposes when written off	1.54	1.09
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium account under the Capital Restructuring scheme implemented in an earlier year	48.91	65.78
Liabilities /Provisions that are deducted for tax purposes when paid (including provision for contingencies – Excise) (Refer Note 24 below)	12.29	2.70
Total Deferred tax asset	62.74	69.57
Deferred Tax Liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	4.24	6.16
Total Deferred tax liability	4.24	6.16
Deferred Tax Asset (net)	**58.50**	**63.41**

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

NOTES TO THE ACCOUNTS

13) During the year, upon completion of necessary compliances under FEMA regulations, the Company divested its stake in Sundari LLC (Sundari) on June 8, 2009. Sundari ceased to be subsidiary of the Company from the said date. The resultant effect of the said transaction is reflected as exceptional item in the Profit and Loss account as under.

Rs. Crore

	March 31, 2010	March 31, 2009
Loss on sale of investment	6.05	Nil
Loans and advances written off	Nil	51.18
Less: Withdrawals from the provision made in earlier years	6.05	3.32
Net amount shown as exceptional item	**Nil**	**47.86**

14) Derivative Transactions

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

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

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

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

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

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

NOTES TO THE ACCOUNTS

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

		March 31, 2010		March 31, 2009	
	Currency	Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)	Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)
1. Amount receivable in foreign currency on account of following :					
- Trade debtors	AED	4,988	0.01	4,988	0.01
2. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods and services	AED	45,075	0.06	50,153	0.07
	AUD	188,288	0.61	4,909	0.02
	EUR	(5,303)	(0.03)	49,551	0.33
	CHF	20,600	0.09	Nil	Nil
	GBP	291	0.01	(359)	(0.01)
	USD	Nil	Nil	(812,245)	(3.89)
(ii) Capital imports	CHF	680	0.01	Nil	Nil
	GBP	800	0.01	800	0.01
	USD	Nil	Nil	1,395	0.01
(iii) Loan payables *	USD	Nil	Nil	(554,973)	(2.82)
3. Bank balances	USD	96,115	0.43	62,239	0.32
	AED	Nil	Nil	105	0.01
4. Other receivables / (payables)	USD	14,368	0.06	11,233	0.06
	AED	(4,447)	(0.01)	Nil	Nil
	AUD	Nil	Nil	4,050	0.01
	BHD	Nil	Nil	1,200	0.01
	GBP	Nil	Nil	500	0.01
	SGD	Nil	Nil	1,000	0.01
	ZAR	Nil	Nil	4,918	0.01
5. Other loans and advances to subsidiaries including interest accrued	AED	2,274,527	2.78	2,662,215	3.67
	BDT	63,726,807	4.11	44,303,431	3.25
	USD	209,641	0.94	2,188,088	11.10
	ZAR	61,183,253	37.73	60,641,286	32.37
	EGP	595,482	0.49	3,350,148	3.02
Total			**47.30**		**47.58**

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

c) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", the Company had in previous year ended March 31, 2009, decided an early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly the net unrealised gain/(loss) of Rs. 2.81 Crore [(Rs. 6.26 Crore)] in respect of outstanding derivative instruments and foreign currency loans at the year end which qualify for hedge accounting, is standing in the 'Hedge Reserve Account', which would be recognised 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 THE ACCOUNTS

15) Earnings per share:

	March 31, 2010	March 31, 2009
Profit after taxation/ Profit available to equity share holders (Rs. Crore)	**235.02**	**142.12**
Equity shares outstanding as at the year end	609,325,700	609,000,000
Weighted average number of equity shares used as denominator for calculating basic earnings per share	609,150,561	609,000,000
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	611,557,579	609,005,757
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 3.86**	**Rs. 2.33**
***Diluted earnings per equity share**	**Rs. 3.84**	**Rs. 2.33**

*Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 17 below.

16) Segment Information

The Company has only one reportable segment in terms of Accounting Standard 17 (AS 17) 'Segment Reporting' mandated by Rule 3 of the Companies (Accounting Standard) Rules 2006, which is manufacturing and sale of consumer products.

17) Employee Stock Option Scheme 2007

The Corporate Governance Committee of the Board of Directors of the Company has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007'. Each option represents 1 equity share in the Company. The Vesting Period and the Exercise Period both range from 1 year to 5 years. Pursuant to exercise of 325,700 (Nil) options during the year, the issued and subscribed share capital has increased by Rs. 0.03 (Rs. Nil) to Rs. 60.93 Crore and Securities Premium account has increased by Rs. 1.80 Crore to Rs. 15.30 Crore. The options outstanding as on the Balance Sheet date correspond to about 1.28% (1.37%) of the current paid up equity capital of the Company.

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

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. 0.08 Crore (Rs. 0.07 Crore) under the 'intrinsic value' method. Had the Company considered 'fair value' method for accounting of compensation cost the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	**March 31, 2010**	**March 31, 2009**
Net Profit as reported (Rs. Crore)	235.02	142.10
Less : Stock-based employee compensation expense (Rs. Crore)	3.91	4.78
Adjusted pro-forma (Rs. Crore)	231.11	137.32
Basic earnings per share as reported	Rs. 3.86	Rs. 2.33
Pro forma basic earnings per share	Rs. 3.79	Rs. 2.26
Diluted earnings per share as reported	Rs. 3.84	Rs. 2.33
Pro forma diluted earnings per share	Rs. 3.78	Rs. 2.26

NOTES TO THE ACCOUNTS

18) Related Party disclosures :

a) Subsidiary: Marico Bangladesh Limited (90% (P.Y.:100%) holding by Marico Limited)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Sales	89.28	70.07
2) Royalty income	2.95	1.93
3) Dividend income	4.69	2.29
4) Guarantee commission	Nil	0.07
5) Sale of assets	0.76	0.09
Balances		
1) Debtors	2.69	0.73
2) Investments	0.86	0.86
3) Loans and advances	4.32	3.45
Maximum balance	10.53	5.88
4) Corporate guarantees given to a bank	33.40	38.05

b) Subsidiary: Marico Middle East FZE (100% holding by Marico Limited)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Sales	33.35	49.66
2) Royalty income	2.92	2.46
3) Guarantee commission	Nil	0.04
4) Interest income	0.54	1.46
5) Recovery of Stand by Letter of Credit charges	0.31	0.59
6) Loans and advances repaid	31.46	14.81
7) Loans and advances given	21.19	23.17
8) Payments made on behalf of subsidiary	0.07	Nil
9) Other expenses recovered by subsidiary	0.12	Nil
10) Stand by Letter of Credit issued	23.84	Nil
11) Investments	26.76	Nil
Balances		
1) Debtors	7.87	13.54
2) Investments	27.99	1.23
3) Loans and advances	3.00	14.00
Maximum balance	25.65	41.09
4) Interest accrued on loans	0.01	0.21
Maximum balance	0.34	1.11
5) Other receivables	Nil	3.35
6) Stand by Letter of Credit	67.47	50.73

NOTES TO THE ACCOUNTS

c) Subsidiary: Kaya Limited (100% holding by Marico Limited)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Payments made on behalf of subsidiary (net)	3.06	6.36
2) Loans and advances repaid	0.77	0.75
3) Loans and advances given	22.97	13.20
4) Corporate guarantee given	Nil	5.05
Balances		
1) Investments	73.00	73.00
2) Loans and advances	79.97	54.71
Maximum balance	79.97	54.71
3) Corporate guarantees given to a Bank	8.00	8.00

d) Subsidiary: Kaya Middle East FZE. (100% subsidiary of Marico Middle East FZE)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Loans and advances repaid	1.01	0.03
2) Payments made on behalf of subsidiary	0.01	0.01
Balances		
1) Loans and advances	0.01	1.08
Maximum balance	1.07	1.26

e) Subsidiary: Sundari LLC. (100% holding by Marico Limited upto June 8, 2009)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Expenses incurred on behalf of subsidiary	Nil	0.05
2) Expenses incurred by subsidiary	Nil	0.01
3) Loans and advances given	Nil	11.97
4) Trademark purchased from subsidiary	Nil	1.06
5) Loss on sale of investment*	6.05	Nil
6) Withdrawals from the provision made in earlier years*	6.05	Nil
7) Sale of investment	0.01	Nil
8) Advance to subsidiary write off	Nil	47.86
Balances		
1) Investments (net of provision for diminution)	Nil	0.01
2) Loans and advances	Nil	Nil
Maximum Balance	Nil	45.89
3) Interest accrued on Loans and advances	Nil	Nil
Maximum balance	Nil	3.68

*Refer Note 13 above

NOTES TO THE ACCOUNTS

f) Subsidiary : MEL Consumer Care SAE (100% holding by Marico Middle East FZE)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Recovery of Stand by Letter of Credit charges	0.02	0.40
2) Stand by Letter of Credit given	Nil	15.22
3) Stand by Letter of Credit cancelled	18.04	Nil
4) Loans and advances repaid	0.40	Nil
5) Advances from subsidiary	0.07	Nil
Balances		
1) Stand by Letter of Credit	8.98	29.42
2) Due to subsidiary	0.05	Nil
3) Loans and advances	Nil	0.40
Maximum balance	0.40	0.61

g) Subsidiary : Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries) (100% holding by MEL Consumer Care SAE)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Purchases	1.76	0.30
2) Royalty income	0.52	Nil
3) Payments made on behalf of subsidiary	0.09	Nil
Balances		
1) Loans and advances	0.61	Nil
Maximum balance	0.95	3.42
2) Due to subsidiary	1.10	0.27

h) Subsidiary: MBL Industries Limited (100% holding by Marico Middle East FZE)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Sales	0.56	1.82
2) Corporate guarantee commission	Nil	0.07
Balances		
1) Loan and advances	0.23	0.26
Maximum balance	0.26	0.30
2) Debtors	Nil	0.15

NOTES TO THE ACCOUNTS

i) Subsidiary : Egyptian American Investment & Industrial Development Company (100 % holding by Marico Middle East FZE)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Royalty income	0.17	Nil
2) Payments on behalf of subsidiary	0.09	Nil
3) Purchases	1.54	1.15
Balances		
1) Loans and advances	0.26	Nil
Maximum balance	0.29	2.38
2) Due to subsidiary	0.43	1.08

j) Subsidiary: Marico South Africa Consumer Care (Pty) Limited (100 % holding by Marico Limited)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Interest income	3.87	1.75
Balances		
1) Investments	25.37	25.37
2) Loans and advances	37.01	32.00
Maximum balance	39.68	33.80
3) Interest receivable	0.68	0.38
Maximum balance	1.98	1.18

k) Subsidiary: Marico South Africa (Pty) Limited (100 % holding by Marico South Africa Consumer Care (Pty) Limited)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Payments made on behalf of subsidiary	0.24	Nil
2) Sale of assets	0.25	Nil
Balances		
1) Loans and advances	0.48	Nil
Maximum balance	0.48	Nil

l) Subsidiary firm: Wind Company (99% stake by MEL Consumer Care SAE)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Sales	1.82	0.01
2) Sale of assets	0.12	0.07
3) Purchases	Nil	0.01
Balances		
1) Debtors	0.02	Nil

Other related parties where control exists, however, with whom the Company did not have any transaction:

- Marico Malaysia Sdn. Bhd (100% subsidiary of of Marico Middle East FZE)

NOTES TO THE ACCOUNTS

Key Management personnel and their relatives:

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Remuneration for the year	3.03	2.27

ii) Employee: Rishabh Mariwala, son of Harsh Mariwala:

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Remuneration for the year	0.11	0.11

iii) Employee: Rajvi Mariwala, daughter of Harsh Mariwala (employee upto 31st January, 2009):

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Remuneration for the year	Nil	0.09

19) Managerial Remuneration:

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

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.

20) The Following table sets forth the funded status of the plan and the amounts relating to gratuity and leave encashment recognized in the Company's financials:

A. Defined benefit plan (Gratuity):

	March 31, 2010	March 31, 2009
I. Actuarial assumptions for Gratuity benefits and Compensated absence for employees:		
Discount rate	7.50%	6.75%
Rate of return on plan assets*	8.50%	8.50%
Future salary rise**	10%	10%
Attrition rate	17%	17%

Mortality : Published notes under the LIC (1994- 96) Mortality tables

NOTES TO THE ACCOUNTS

*The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

**The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market. The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. The above information has been certified by the actuary and has been relied upon by the auditor.

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
II. Changes in benefit obligations:		
Liability at the beginning of the year	9.56	9.17
Interest cost	0.72	0.89
Current service cost	1.38	2.10
Past service cost (non vested benefit)	Nil	Nil
Past service cost (vested benefit)	Nil	Nil
Benefits paid	(0.49)	(0.28)
Actuarial (gain)/loss on obligations	(0.60)	(2.32)
Liability at the end of the year	10.57	9.56
III. Fair value of plan assets :		
Fair value of plan assets at the beginning of the year	9.02	9.05
Expected return on plan assets	0.79	0.71
Contributions	0.54	Nil
Benefits paid	(0.49)	(0.28)
Actuarial gain/(loss) on plan assets	1.53	(0.46)
Fair value of plan assets at the end of the year	11.39	9.02
Total Actuarial (gain)/loss to be recognized	(2.13)	(1.86)
IV. Actual return on plan assets :		
Expected return on plan assets	0.79	0.71
Actuarial gain/(loss) on plan assets	1.53	(0.46)
Actual return on plan assets	2.32	0.25
V. (Assets)/ Liabilities recognised in the Balance Sheet :		
Liability at the end of the year	10.57	9.56
Fair value of plan assets at the end of the year	11.39	9.02
Difference	(0.82)	0.54
Unrecognised past service cost	Nil	Nil
(Assets) / Liability recognised in the Balance Sheet	(0.82)	0.54

	March 31, 2010	March 31, 2009
VI. Percentage of each category of plan assets to total fair value of plan assets.		
Administered by HDFC Standard Life Insurance	94.72%	93.97%
Special deposit scheme, Fixed deposit scheme and others	5.28%	6.03%
Total	100%	100%

NOTES TO THE ACCOUNTS

		March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
VII.	**Expenses recognised in the Profit and Loss account :**		
	Current service cost	1.38	2.10
	Interest cost	0.72	0.89
	Expected return on plan assets	(0.79)	(0.71)
	Net actuarial (gain)/loss to be recognized	(2.13)	(1.86)
	Past service cost (non vested benefit) recognized	Nil	Nil
	Past service cost (vested benefit) recognized	Nil	Nil
	(Income) / Expense recognised in the Profit and Loss account	(0.82)	0.42
VIII.	**Balance Sheet reconciliation**		
	Opening net liability	0.54	0.12
	(Income) / Expense as above	(0.82)	0.42
	Employers contribution	(0.54)	Nil
	Closing net liability / (Asset)	(0.82)	0.54
XI.	**Experience adjustments**		
	On Plan liability (gain) / loss	(0.34)	1.93
	On plan asset (loss) / gain	1.53	(0.46)

As per acturial valuation report, expected employer's contribution in next year Rs. Nil (actual contribution in previous year Rs. Nil).

B. Privileged leave (compensated absence for employees):

The Company permits encashment of privileged leave accumulated by its employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave liability is not funded.

Amount recognized in the Balance Sheet and movements in net liability:

Particulars	**March 31, 2010 Rs. Crore**	**March 31, 2009 Rs. Crore**
Opening balance of compensated absences (a)	5.04	6.20
Present value of compensated absences (as per actuary valuation) as at the year end (b)	5.35	5.04
(Excess)/ Unfunded liability of compensated absences recognized in the Profit and Loss account for the year (b – a)	0.31	(1.16)

C. Defined contribution plan :

The Company has recognised Rs. 5.03 Crore (Rs. 4.43 Crore) towards contribution to provident fund and Rs. 0.18 Crore (Rs. 0.15 Crore) towards employee state insurance plan in Profit and Loss account for the year ended March 31, 2010.

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

NOTES TO THE ACCOUNTS

22) There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010 (Rs. Nil). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

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

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

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

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

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

At the year ended March 31, 2010, the Management reviewed the matter particularly in the light of decision of Kerala High Court and has also obtained legal opinion in this regard in accordance with which the Company has a strong case even for clearances after the date of the circular. Having regard to the said facts and legal advice obtained, the Management has made an assessment that the probability of success in the matter is more likely than not. In terms of Accounting Standard (AS) 29, Provisions, Contingent liability and Contingent assets, the possible obligation on this account could be in the nature of contingent liabilities, which need not be provided in the accounts. However, as a matter of abundant caution and financial prudence, the Company has, pending outcome of the matter, made a provision at 75% of the excise duty that may have to be paid on the dispatches of coconut oil on packs up to 200 ml after June 3, 2009 in the event the matter is decided against the Company. Accordingly a provision of Rs. 29.35 Crore has been made for the year ended March 31, 2010 and recognized in the Profit and Loss account. The balance amount of Rs. 9.83 Crore and a possible obligation of Rs. 121.74 Crore for the period prior to June 3, 2009 arising out of show-cause notices received in the past has been disclosed as contingent liability to the extent the time horizon covered by such notice is within the normal period of one year under the excise laws.

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

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

NOTES TO THE ACCOUNTS

25) As at March 31, 2010, the Company holds 100 % of the Equity Capital of Kaya Limited ("Kaya") at a cost of Rs. 73.00 Crore (Rs.73.00 Crore). The Company has also advanced loans to Kaya of Rs. 79.97 Crore (Rs. 54.71 Crore). As per the latest audited financial statements, Kaya has negative net-worth as at March 31, 2010.

Since the incorporation of Kaya during 2002-03, its business has been under development. It has also moved from time to time in expansion phases. Encouraged by the consumer response to Kaya's pioneering offerings in products and services, it has focused on building the brand "Kaya" through setting up of a large number of Clinics at several locations. In the process Kaya has invested significant set up costs including advertisement and sales promotion cost, leading to losses. The operations of Kaya had shown significant improvement till the year ended March 31, 2009.

During the year, Kaya incurred significant losses due to combined effect of tough economic environment, opening of 31 new clinics in last two years which in normal course would have required 3 – 4 years to achieve profitability and provision of significant one time costs resulting from strategic decision to close down Kaya Life centers by April 30, 2010 and 7 Skin Clinics by June 30, 2010. This has resulted in net worth of Kaya turning negative as on March 31, 2010.

Kaya is a fairly young business - only 7 years since its inception. The business has been able to ramp up its presence to 87 clinics in India across 27 cities and a large customer base with significant long term growth potential. The Management believes that the losses during FY10 are not reflective of future trends and the Kaya business model continuous to be robust and offers significant long term growth opportunities. Further, the operations of Kaya are expected to improve significantly due to positive changes in economic environment, maturity of new clinics, renewed focus on reducing the time to scale up revenues in new clinics, improve capacity utilizations in existing ones and add to Kaya's range of service and product offerings and anticipated savings resulting from restructuring of operations.

Having regard to the above factors, and based on the fundamentals of Kaya and its future business plans, the Management is of the opinion that it is strategically desirable for Marico to continue to support Kaya through funding (equity / debt infusion), through either fresh funds or conversion of existing loans into equity. Having regard to this, the Management perceives the erosion in the value of investment in Kaya, is not other than temporary. Hence, no provision for diminution in value is considered necessary in respect of the Company's investment in Kaya or of the loans and advances given to Kaya.

26) The Company has advanced long term loan to its wholly owned subsidiary Marico South Africa Consumer Care (Pty) Limited which is outstanding at the year ended March 31, 2010. The operations of the said subsidiary are classified as 'Non – integral foreign operations'. Accordingly, as per the requirements of Accounting Standard 11 'The effect of changes in Foreign Exchange Rates', exchange gain/ (loss) of Rs. 3.23 Crore [(Rs. 1.72 Crore)] arising on revaluation of the said loan is accumulated in 'Foreign Currency Translation Reserve', to be recognized as income or expenses in the Profit and Loss account upon disposal of the net investment in said subsidiary.

27) There are no dues payable to the Investor Education and Protection Fund as at March 31, 2010.

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

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

Signatures to Schedules A to R

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Chief-Finance, HR & Strategy
RACHANA LODAYA	Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

a) Registration details:

Registration No.	:	11-49208
Balance Sheet Date	:	March 31, 2010

b) Capital raised during the year:

	Rs. Crore
Public Issue	Nil
Bonus Issue	Nil
Bonus Preference Shares	Nil
Rights Issue	Nil
Private placement	0.03

c) Position of mobilisation and deployment of funds

Total Liabilities	—	Rs. 948.58 Crore
Total Assets	—	Rs. 948.58 Crore

Sources of Funds	(Rs. Crore)	Application of Funds	(Rs. Crore)
Paid up Capital	60.93	Net Fixed Assets	239.93
Reserves & Surplus	510.73	Investments	209.11
Secured Loans	99.61	Net Current Assets	441.04
Unsecured Loans	277.31	Deferred Tax Asset	58.50
Deferred Tax Liability	Nil		
Accumulated losses	Nil		
Total Sources	**948.58**	**Total Application**	**948.58**

d) Performance of the Company

	(Rs. Crore)
Turnover (Sales & Other Income)	2,046.35
Total Expenditure	1,753.78
Profit before Tax	292.57
Profit after Tax	235.02
Earnings per share (in Rs.)	3.86
Dividend rate (%)	65.99%

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

Item Code No. (I.T.C. Code)	Product Description
1513 11 00	Coconut Oil
1512 19 10	Sunflower Oil
1512 19 30	Safflower Oil

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Chief -Finance, HR & Strategy
RACHANA LODAYA	Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010