

2013

!

2014

2015

**MAKE A DIFFERENCE**



**ANNUAL REPORT 2013-14**

**from established homelands**



**to new territories**

**to emerging possibilities**





**to diverse cultures**









# MAKE A DIFFERENCE



# DIFFERENCE

As the global landscape changes, Marico sees that the way forward for growth is through partnership and a shared understanding of resources and needs. Having consolidated our successes and innovations, we now look at streamlining our vision for the future towards developing economies. A partnership with these countries relies on collaborative effort - constantly giving, taking, learning and enhancing value. Through directed strategy and our hard earned expertise in nourishment and grooming, we will focus our efforts in Asia and Africa towards creating a new wave of recognition, awareness and penetration. While each context demands specific, customized products, we offer a variety of options through our diverse portfolio. We will be 'One Marico' spread across geographies and categories, and continue to create more synergies and learnings as we move forward in this journey. And we will continue to motivate and transform the lives of all those we touch because we are empowered to make a difference!



# COMPANY INFORMATION

## BOARD OF DIRECTORS

Harsh Mariwala, Chairman (w.e.f. April 1, 2014)  
Saugata Gupta, Managing Director & CEO (w.e.f. April 1, 2014)  
Nikhil Khattau, Chairman of Audit Committee  
Hema Ravichandar, Chairman of Corporate Governance Committee  
Rajeev Bakshi  
Atul Choksey  
Anand Kripalu  
Rajen Mariwala  
B. S. Nagesh

## MANAGEMENT TEAM

Mr. Ashutosh Telang  
Mr. Chaitanya Deshpande  
Mr. Jitendra Mahajan  
Mr. John Mason  
Mr. Mukesh Kripalani  
Mr. Phan Quoc Cong  
Mr. Sameer Satpathy  
Mr. Sridhar B.  
Mr. Sudhakar Mhaskar  
Mr. Vivek Karve

## COMPANY SECRETARY

Hemangi Ghag

## AUDIT COMMITTEE

Nikhil Khattau, Chairman  
Rajen Mariwala, Member  
Hema Ravichandar, Member  
B. S. Nagesh, Member  
Hemangi Ghag, Secretary to the Committee  
Harsh Mariwala, Permanent Invitee  
Saugata Gupta, Special Invitee (w.e.f. April 30, 2014)

## CORPORATE GOVERNANCE COMMITTEE

Hema Ravichandar, Chairperson  
Rajeev Bakshi, Member  
Anand Kripalu, Member  
B.S. Nagesh, Member  
Ashutosh Telang, Secretary to the Committee (w.e.f. April 30, 2014)  
Harsh Mariwala, Permanent Invitee  
Saugata Gupta, Special Invitee (w.e.f. April 30, 2014)

## STAKEHOLDER RELATIONSHIP COMMITTEE

Nikhil Khattau, Chairman  
Rajen Mariwala, Member  
Hemangi Ghag, Secretary to the Committee

## BANKERS

Axis Bank Limited  
Barclays Bank PLC  
Citibank N.A.  
HDFC Bank Limited  
ICICI Bank Limited  
Kotak Mahindra Bank Limited  
Royal Bank of Scotland N.V.  
Standard Chartered Bank  
State Bank of India  
The Hong Kong and Shanghai Banking Corporation Limited

## AUDITORS

Price Waterhouse, Chartered Accountants

## INTERNAL AUDITORS

Ernst & Young LLP

## COST AUDITOR

Ashwin Solanki & Associates

## REGISTERED OFFICE

7th Floor, Grande Palladium,  
175, CST Road, Kalina,  
Santacruz (East), Mumbai 400 098

## OUR PRESENCE

Factories - 16 (9 in India and 7 overseas)  
Regional Offices - 4 in India  
Depots - 32 in India

## WEBSITES

[www.marico.com](http://www.marico.com)  
[www.maricobd.com](http://www.maricobd.com)  
[www.maricoinnovationfoundation.org](http://www.maricoinnovationfoundation.org)  
[www.parachuteadvanced.com](http://www.parachuteadvanced.com)  
[www.saffolalife.com](http://www.saffolalife.com)  
[www.haircodeworld.com](http://www.haircodeworld.com)  
[www.icpvn.com](http://www.icpvn.com)  
[www.chottekadam.com](http://www.chottekadam.com)  
[www.setwet.com](http://www.setwet.com)  
[www.livonhairstgain.com](http://www.livonhairstgain.com)  
[www.livonilovemyhair.com](http://www.livonilovemyhair.com)  
[www.code10.com](http://www.code10.com)  
[www.lovite.com](http://www.lovite.com)



# INDEX

<b>Chairman’s Letter to Shareholders</b>	<b>01</b>
<b>Performance at a Glance</b>	<b>02</b>
<b>Sustainable Wealth Creation</b>	<b>03</b>
<b>Management Discussion and Analysis</b>	<b>04</b>
<b>Sustainability Report</b>	<b>28</b>
<b>Marico Consolidated</b>	
<b>Auditors’ Report</b>	<b>42</b>
<b>Balance Sheet</b>	<b>44</b>
<b>Statement of Profit and Loss</b>	<b>45</b>
<b>Cash Flow Statement</b>	<b>46</b>
<b>Notes to the Accounts</b>	<b>48</b>
<b>Marico Limited</b>	
<b>Directors’ Report</b>	<b>89</b>
<b>Corporate Governance Report</b>	<b>104</b>
<b>Auditors’ Report</b>	<b>131</b>
<b>Balance Sheet</b>	<b>136</b>
<b>Statement of Profit and Loss</b>	<b>137</b>
<b>Cash Flow Statement</b>	<b>138</b>
<b>Notes to the Accounts</b>	<b>140</b>
<b>Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956</b>	<b>178</b>
<b>Statement pursuant to Section 212 (8) of the Companies Act, 1956</b>	<b>180</b>
<b>Our Presence</b>	<b>181</b>
<b>Awards &amp; Acknowledgements</b>	<b>182</b>
<b>10 Years’ Highlights</b>	<b>184</b>
<b>Consolidated Quarterly Financials</b>	<b>185</b>
<b>Marico’s Global Portfolio</b>	<b>186</b>



# CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

We are pleased to inform you that we have ended yet another successful year with strong results. Despite the increasingly challenging environment, we continue to grow our business profitably. The Consolidated top line grew 10% on the back of an underlying volume growth of 6%. The consolidated profit after tax (excluding exceptional items) grew 19% compared to last year.

This year, your Company embarked on a brand new journey with key changes in organization structure, demerger of our services business and movement to our new Corporate Office in Mumbai. The demerger of Kaya business into a separate entity (Marico Kaya Enterprises Limited) and unification of India and International FMCG business under one leadership is expected to further enhance and accelerate your Company's growth trajectory in the coming years.

During the year, our India business grew by 8% with an underlying volume growth of 6%. Although the economy witnessed further softening in consumer sentiments, we continued to expand our franchise reflecting the strong equity of our brands. Although the growth rates of various categories have come down, we continue to grow faster than the market and gain market shares. The India business operating margins were at 18.7% (before corporate overheads) reflecting efficient cost management in an environment where raw material prices have witnessed unprecedented increase.

The international business grew by 16% with a structural shift in the operating margins from 10-11% a few years back to over 16% for the year. I expect the long term operating margins to stabilize in the range of 13-14%. All the international geographies grew steadily and the GCC region is on the path of sustained recovery.


Going forward, the India and international businesses will witness higher interaction facilitated by unified leadership. I am looking forward to yet another exciting phase of growth in your Company's journey.

Your Company has always done business with a keen realization and recognition that we are part of an economic ecosystem with many interdependent participants. A compelling sense of higher purpose creates an extraordinary degree of engagement among all stakeholders and fosters creativity, innovation, and commitment. During the year, we took new initiatives to reduce the harmful impact on environment and keep our commitment for greater good of society. I would encourage you to read our first Sustainability Report which is a part of this year's annual report.

Just as the year started with some organizational changes, the year has ended with a change in my role in the organization. Mr. Saugata Gupta, the CEO of the unified FMCG business, has also taken over as the Managing Director and I will continue as the Chairman of your Company. Under Mr. Gupta's leadership and my guidance, the management team will continue working towards fulfilling our responsibilities towards all stakeholders. I would also like to take this opportunity to thank all our consumers, members, shareholders and business associates for their constant encouragement.

I look forward to receiving your continued trust and support.

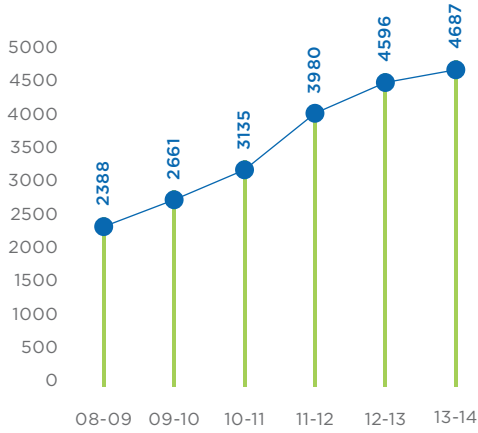
With warm regards,



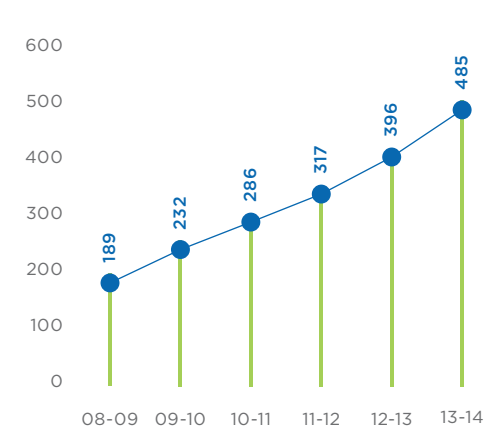
Harsh Mariwala  
Chairman

# PERFORMANCE AT A GLANCE

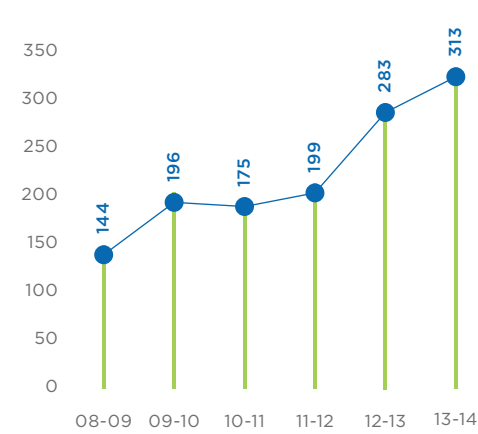
**REVENUE FROM OPERATIONS INR/Cr.**



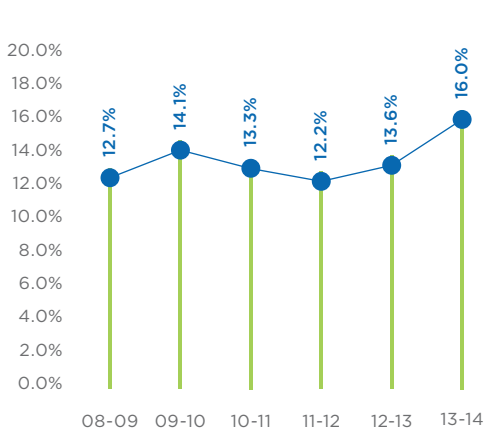
**NET PROFIT INR/Cr.**



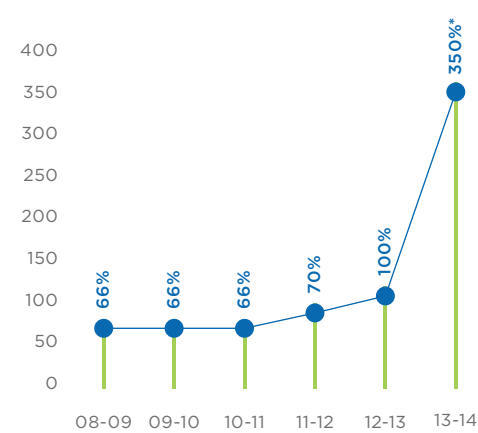
**EVA INR/Cr.**



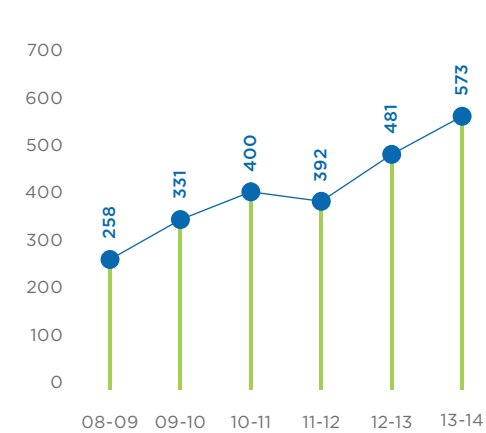
**EBIDTA MARGINS (%)**



**DIVIDEND DECLARED (%)**



**CASH PROFITS INR/Cr.**



Note 1: FY14 financials do not include the Skin Care Business (Kaya) which has been de-merged effective April 1, 2014

\*Note 2: Includes a special Silver Jubilee Dividend of 175% to commemorate 25 years since incorporation.



# SUSTAINABLE WEALTH CREATION

Investment	Through	Shares	Value (in Rs.)	Indexed Value
April 1996 - Original Purchase	IPO	100	17,500	100
August 2002	Bonus (Equity 1:1)	100	-	-
September 2002	Bonus (Preference 1:1)	200	-	-
May 2004	Bonus (Equity 1:1)	200	-	-
February 2007	Share Split (10:1)	4000	-	-
<b>Holdings and Cost as on March 31, 2014</b>		<b>4,000</b>	<b>17,500</b>	<b>100</b>

Return	Through	Shares	Value (in Rs.)	Indexed Value
March 31, 2014	Market value	4000	832,600	4,758
March 2004	Redemption proceeds of Bonus Preference shares	200	4,000	23
April 1996 - March 2014	Dividend Received*#		47,138	269
<b>Gross Returns</b>			<b>883,738</b>	<b>5,050</b>
<b>Compound Annual Return since IPO</b>			<b>24%</b>	<b>24%</b>

\* Dividends are inclusive of those received on Bonus Preference Shares

# Subject to taxes as applicable

# MANAGEMENT DISCUSSION & ANALYSIS

This discussion covers the financial results and other developments during April '13 - March '14 in respect of Marico Consolidated comprising its domestic FMCG business and its International FMCG business (exports from India and the operations of its overseas subsidiaries). The Consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this discussion.

Some statements in this discussion describing projections, estimates, expectations or outlook may be forward looking. Actual results may however differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Group conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.

## INDUSTRY STRUCTURE AND DEVELOPMENT

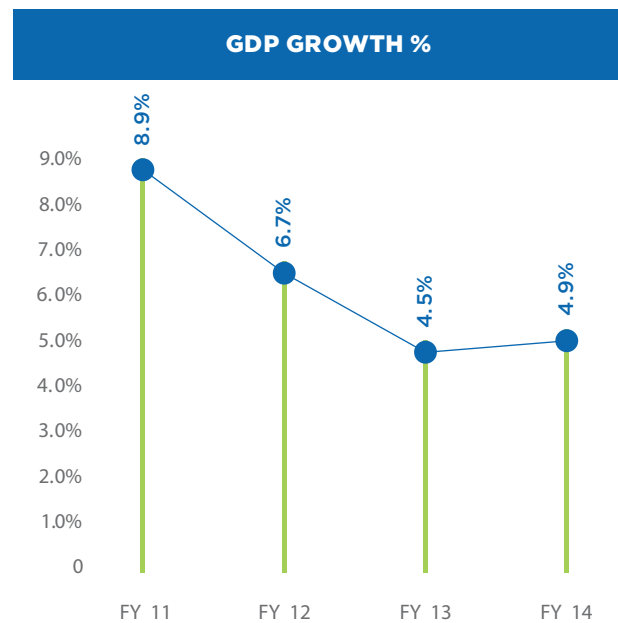


India

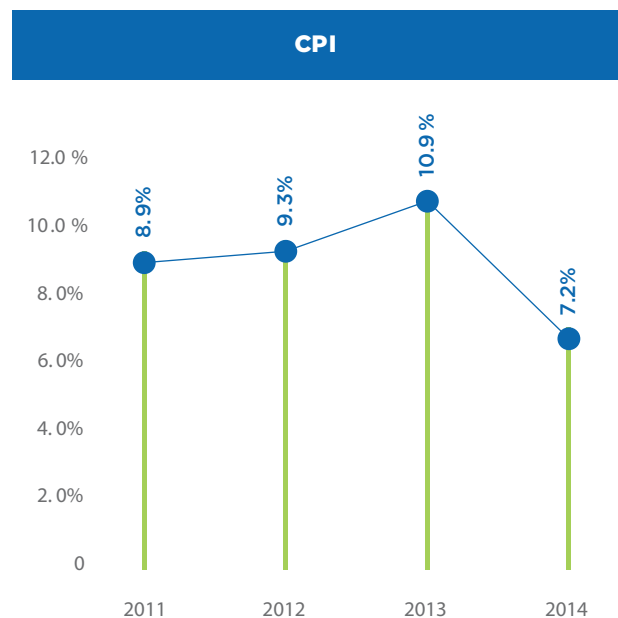
While the long term drivers of India's consumption story continue to remain robust given its large population and demographic profile, the last financial year was challenging. Slowing GDP growth and sustained inflationary pressure acted as a catalyst to temporarily hinder corporate earnings growth momentum, i.e. as consumers lose confidence in future income, they decrease consumption.

Muted wage growth coupled with double digit inflation is putting pressure on real wage growth. This has an adverse impact on urban middle

income consumption. The trend in rural wage growth is not looking good as well; with growth in rural real wages tapering from 13.7% in December 2011 to 2.2% in August 2013 [Source: RBI].



One percent rise in GDP roughly adds 1.5 million direct jobs, each job creates three indirect jobs, and each job supports five people. This means 30 million people are impacted by one percent growth. The 4 percentage point decline in GDP



over the last 3 years has therefore impacted earnings (and consumption) of approximately 120 million people.

Growth moderation, high inflation, negative real wage inflation and lack of employment generation have hurt consumer sentiment. Rising inflation and negative real wage inflation imply greater share of wallet going towards non-discretionary items, hence less money to spend on discretionary consumer goods.

Although key economic indicators worsened in the past 3 years, demographic and social indicators have seen improvement. All India literacy rates have hit new highs and population growth rate, although higher than the global average, has slowed significantly. With improvement in economic growth and slowing population growth, the country's per capita income is expected to rise further. Per capita disposable income in India has been growing at c.13% since 2005 which is higher than the average CPI inflation of c.9%. This has resulted in spending on discretionary categories increasing substantially. It has also enabled consumers to upgrade to premium products.

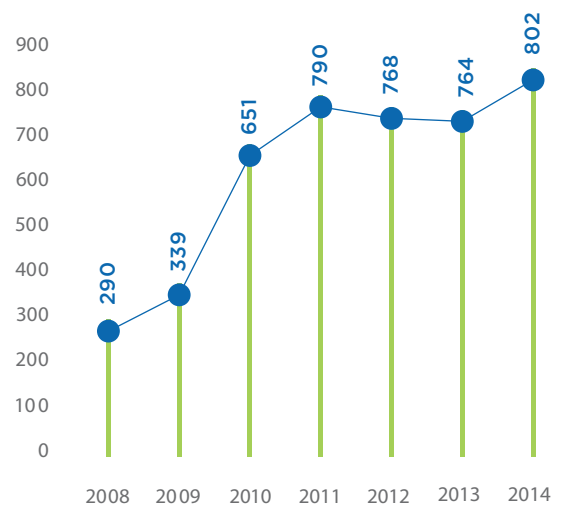
Urbanization remains India's driving force and a key engine of growth acceleration in the past decade. India's urban sector presently contributes c.63% of India's GDP (from 45% in 1990). It is estimated that this contribution could go up to 70-75% of GDP by 2020 [Source: Barclays Research]. Government focus on urban infrastructure and organized sector jobs would result in the revival of urban sector.

Urbanization has a direct impact on discretionary spends of consumers. Discretionary consumption is in its infancy in India. India's per capita consumption in most discretionary categories is less than 25% of the emerging market average, and the share of unorganised/local brands is more than 60% in most categories. Besides rising incomes, structural drivers like nuclear families, the

rising number of working women and aspirations aid growth in discretionary spends.

Favorable demographics are one of India's key, sustainable, long-term advantages. A young population is at the heart of India's demographic dividend. Thus, although the share of working-age population in total population has peaked in most developed and many developing countries, in India, it will continue to rise until 2035 [Source: Census India]. Such a demographic situation generally brings a surge in economic growth as gains to society from those in the productive age far outweigh the burden of supporting the old and the very young. The rising share of young population will support the uptick in domestic consumption and household savings. Both of these are already large components of the economy and they result in growth being domestically driven. This will be a key driver of India's long-term growth despite the current downturn. The dividend typically adds two percentage points to per capita GDP growth per year, as many economically successful countries have demonstrated in the past.

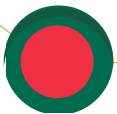
#### TOTAL RURAL SPEND (INR bn)



Rural India continues to remain a huge opportunity for consumer companies in India. Over the past decade, the government has stepped up its spending in rural areas leading to double digit growth in per capita income in rural India. The

total government spending in rural India increased to INR 800 billion in 2014 from INR 290 billion in 2008. Minimum support price (announced by the government) for various commodities is up c.3x in 2007-2013. Higher disposable income in rural has led to consistent outperformance of rural consumption growth as compared to urban. However, future growth in rural spends might not match up to the historical trends. Growth in rural is expected to now come from expanding distribution networks.

There is a lot to be optimistic about the long term potential of the consumer sector in India. In spite of the near term difficulties, the fundamentals of the Indian economy are robust.



## Bangladesh

FY14 was a challenging year for Bangladesh. Post the general elections, political situation and economic sentiments have started to ease, thereby sending positive signals to the business environment. However the political uncertainty continues to some degree.

Inflation rate increased during the year mainly due to increasing food inflation on account of supply disruptions and wage increases. The International Monetary Fund (IMF) has reduced the estimated growth rate for Bangladesh's economy for FY14 to 5.4% as compared to 6% last year. BDT has remained strong against USD as the country's forex reserve crossed USD 20 billion mark for the first time in history.

Like India, Bangladesh promises substantial long term potential in terms of socio-economic growth. The country has a demographic profile very similar to that of India. A population in excess of 160 million and a developing economy provide the perfect consumer base for the FMCG sector to flourish.



## Middle East and North Africa (MENA)

Middle East offers a curious mix of local and expatriate population. This provides FMCG companies opportunities to offer branded solutions tailored to the needs of the consumer in the region. Dubai's economic outlook remains bullish over the coming years as a whole host of sectors possess significant growth prospects. Real GDP for Dubai is forecasted at 4.3% in 2014 and 4.5% in 2015 on the back of tourism, real estate and retail sectors. GDP growth in KSA is forecasted to be at 3.4% spurred by sustained domestic demand and government's ongoing infrastructure spending. Retail sales are set to benefit over the years from structural factors, including rising disposable income, favorable demographics, and increasing urbanization.

The Egyptian economy has embraced liberalization in the recent past, thereby opening the doors to foreign direct investment and paving the path to economic growth. However, higher inflation levels and deteriorating foreign currency reserves along with the unstable political situation poses a threat to economic growth of the country. GDP growth has toppled from around 7% in 2006 to expected 1.5% for the year.

A steadily growing population and a developing economy provide a good base for FMCG companies. Penetration levels in hair grooming and skin care products are modest. Egypt also offers a gateway to North African countries such as Algeria, Libya and Morocco.

Our outlook on the long term trends in demand for personal care products in the MENA region remains positive.



## Vietnam

Vietnam is one of the fastest growing countries in South East Asia, with a GDP growth of about 6%. In 2013, the GDP growth was at 5.4%, lower than estimated 6.3%. The demographics of the country are very promising, with an extremely young population providing an opportunity for FMCG companies to grow rapidly. The country is in the period of integrating into the world's economy, as part of globalization.



## South Africa

The South African economy is the second largest in Africa behind Nigeria and accounts for 24% of its GDP in terms of purchasing power parity. High levels of unemployment and inequality are considered to be the most salient economic problems facing the country. The long-term potential growth rate of South Africa has been estimated at 3.5%.

However in the near term, South African economy is expected to remain below potential on higher inflation and interest rates, depreciating currency and subdued domestic demand. In FY14 the household consumption expenditure was contained by slower income growth, high inflation and lower wage payments.

In spite of the near term challenges, South Africa offers a unique opportunity in ethnic hair care and grooming. The country also forms a gateway to the rest of sub-Saharan Africa. Africa is the fastest growing region after China and India, boasting unexploited mineral wealth, 60% of the world's uncultivated agricultural land and the youngest age profile of any continent.

## RISKS & CONCERNS

### Changing Consumer Preferences

A shift in consumer preferences could adversely affect demand. Given the explosion of social media, the speed of such shift could be very swift. Your Group invests significantly in consumer insighting to adapt to changing preferences. It also invests in educating the consumers about the functional benefits of using its products. The objective is to expand the categories in which the Group operates.

### Input Costs

Unexpected changes in commodity prices can reduce margins. The past few years have witnessed wide fluctuations in the price of input materials. As a result, the overall level of uncertainty in the environment continues to remain high.

However, brands with greater equity and pricing power may find it easier to adjust prices when the input prices increase and hold prices when the input prices decline. Further, a firm's agility to manage price volatility will determine its win at the market place.

### Economic Climate

In situations of economic constraints, items which are in the nature of discretionary spending are the first to be curtailed. In an extended recession, down trading from branded to non-branded or premium to mass market products could occur and affect the financial performance of the Company.

### Competition

The competitive intensity in the FMCG sector in India is high and companies need to focus on branding, distribution and innovation to ensure their survival. Counter campaigning by competitors

could reduce the efficacy of promotions. Similarly, aggressive pricing stances by competition have the potential of creating a disruption. Marico has recently entered categories such as mass skin care, breakfast cereals, hair styling, post wash leave-on conditioners, deodorants and hair colours where the competitive intensity is relatively higher as compared to the segments it has been operating in hitherto, such as coconut oil, hair oils and refined edible oils.

### **Product Innovation and New Product Launches**

Success rate for new product launches in the FMCG sector is low. New products may not be accepted by the consumer or may fail to achieve the targeted sales volume or value. Cost overruns and cannibalization of sales in existing products cannot be ruled out. Marico has adopted the prototyping approach to new product introductions that helps maintain a healthy pipeline and at the same time limits the downside risks.

### **Foreign Currency Exposure**

The Marico Group has a significant presence in Bangladesh, South East Asia, Middle East, Egypt and South Africa. The Group is therefore exposed to a wide variety of currencies like the US Dollar, South African Rand, Bangladeshi Taka, UAE Dirham, Egyptian Pound, Malaysian Ringgit, and Vietnamese Dong. Import payments are made in various currencies including but not limited to the US Dollar, Australian Dollar and Malaysian Ringgit.

Significant fluctuation in these currencies could impact the Company's financial performance. The Company is, however, conservative in its approach and uses plain vanilla hedging mechanisms.

### **Funding Costs**

Though the FMCG sector is not capital intensive, fund requirements arise on account of inventory

position building, capital expenditure undertaken or funding inorganic growth. Changes in interest regime and in the terms of borrowing will impact the financial performance of the Group. The Group maintains comfortable liquidity positions, thereby insulating itself from short term volatility in interest rates.

### **Acquisitions**

This may take the form of purchasing brands or purchase of stake in another company and is used as a means for gaining access to new markets or categories, or increasing market share. Acquisitions may divert management attention or result in increased debt burden on the parent entity. It may also expose the company to country specific risk. Integration of operations and cultural harmonization may also take time thereby deferring benefits of synergies of unification.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Marico has a well-established and comprehensive internal control structure across the value chain to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition that transactions are authorized, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner. The key constituents of the internal control system are:

- Establishment and periodic review of business plans
- Identification of key risks and opportunities and regular reviews by top management and the Board of Directors
- Policies on operational and strategic risk management
- Clear and well defined organization structure and limits of financial authority
- Continuous identification of areas requiring strengthening of internal controls

- Operating procedures to ensure effectiveness of business processes
- Systems of monitoring compliance with statutory regulations
- Well-defined principles and procedures for evaluation of new business proposals/capital expenditure
- A robust management information system
- A robust internal audit and review system

Ernst & Young LLP has been carrying out internal audits for Marico for the last three years. The work of internal auditors is coordinated by an internal team at Marico. This combination of Marico's internal team and expertise of a professional firm ensures independence as well as effective value addition.

Internal audits are undertaken on a continuous basis, covering various areas across the value chain like manufacturing, operations, sales and distribution, marketing and finance. The internal audit program is reviewed by the Audit Committee at the beginning of the year to ensure that the coverage of the areas is adequate. Reports of the internal auditors are regularly reviewed by the management and corrective action is initiated to strengthen the controls and enhance the effectiveness of the existing systems. Summaries of the reports are presented to the Audit Committee of the Board.

The statutory auditors, as part of their audit process, carry out a systems and process audit to ensure that the ERP and other IT systems used for transaction processing have adequate internal controls embedded to ensure preventive and detective controls. The audit report is reviewed by the management for corrective actions and the same is also presented to and reviewed by the Audit Committee of the Board.

## THE MARICO GROWTH STORY

Marico achieved revenue from operations of INR 4,687 Crore (USD 781 million) during FY14, a growth of 10% over FY13 (FMCG Business). The volume growth underlying this revenue growth was at 6%. Profit after Tax (PAT) for FY14 was INR 485 Crore (USD 81 million), a growth of 12% over FY13 (including exceptional items). Excluding the one-time accounting adjustments made in FY13, the PAT growth for the year was at 19%.

During FY14, the Company received 900% dividend from Marico Bangladesh Limited on which income tax charge of INR 34.5 Crore was accounted in the books. This has increased the effective tax rate (ETR) for the year. Profit growth excluding this tax impact is 26% for FY14.

Over the past 5 years, the FMCG topline and bottom line have grown at a compounded annual growth rate (CAGR) of 16% and 21% respectively.

## DOMESTIC FMCG BUSINESS: MARICO INDIA

### Parachute and Nihar

Marico participates in the INR 2800 Crore (USD 466 million) branded coconut oil market through Parachute and Nihar. It is estimated that in volume





terms of the total coconut oil market about 60% to 65% is in branded form and the balance is loose. With growing aspirations to use branded products, this loose component provides headroom for growth to branded players. The Company's flagship brand Parachute, being the market leader, is well placed to capture disproportionate share of this growth potential on a sustainable basis.

Parachute's rigid portfolio (packs in blue bottles), recorded a volume growth of about 4% for FY14 over FY13. Copra prices on an annual average have moved up 51% compared to FY13. It is generally observed that an inflationary environment swings the competitive position to the Company's advantage as it puts pressure on the working capital requirements of marginal players. Moreover, an inferior cost structure and thin margins compel smaller competitors to pass on almost all the increases in input costs, whilst the Company can opt to absorb a part of the cost push. In a year when the category grew at a slower rate, Parachute along with Nihar marginally improved its market share over the same period last year to 56%.



Growth is being contemplated through conversion from loose oil usage to branded oil and by share gain in rural areas. Parachute's share in the rural markets, in the range of 35% to 40%, is lower than that in the urban markets, thus providing potential headroom for growth.

Due to a spurt in copra prices from mid-2013 onwards, the Company has initiated a series of price increases. Weighted average price increase of 9% and 4% was taken in the second and third quarter of the year. The Company had initiated another round of price increase in April'14 of about 12-13% across the portfolio on a weighted average basis, taking the point to point increase to about 25%. This is sufficient to pass on the cost push and maintain absolute margins, though percentage margins may appear lower on the increased realization base.

### Saffola

The Saffola refined edible oils franchise grew by 9% in volume terms during FY14 compared to FY13. The brand has been able to reverse a softer performance in 2012-13 and accelerate in the second half of the year based on its effective equity building communication.

The Company has revamped its top-end variant i.e., New Saffola with an improved and top of the line offering for modern day needs "Saffola Total". The Company also initiated a new communication strategy to establish its superiority. The strategy was implemented with the release of "High Science" campaign in which the consumers were informed of the reasons why Saffola is a better product to consume. The brand has seen good traction since launch. The Company's approach is to deliver a





product that is best for the consumers based on science rather than offer plain commodities.

As a result of growing affluence in India, consumers are proactively moving on to healthy lifestyles. Moreover, awareness about health has been increasing in India. Saffola has made a significant contribution towards increasing the awareness about heart health ([www.saffolalife.com](http://www.saffolalife.com)).

The Saffola range of blended refined oils (available in four variants) operates in the super premium niche of the refined edible oils market. Saffola is estimated to reach over 3 million households of the 22 million SEC A/B households in India. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 55% during the 12 months ended March 2014 (MAT 12 months ended March 13: 57%).

In the long term, Saffola expects to establish itself as a leading healthy lifestyle brand that offers healthy food options during all meals of the day. The rise in the number of nuclear households and that of working women provides an opportunity for convenient and healthy breakfast food options. The intent of the Company is to come up with value added offerings. Saffola savory oats are now available in six flavors. Saffola has a market share of over 14% by volume in the oats category and has emerged as the number two player in the category. Saffola Oats has increased its market share by about 24 bps as compared to last year. Saffola Oats crossed Rs. 50 Crore landmark (USD 8.3 million) in top line during the year under review. The Company expects to continue the robust growth in Oats.

## Hair Oils

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 11% in volume terms during FY14 over FY13. Marico

continues to gain market share in Value Added Hair Oils and has emerged as a clear market leader with 28% share (for 12 months ended March 2014) in the INR 4500 Crore (USD 834 million) market as against 26% during the same period last year.

These market share gains have been achieved through providing consumers with specific solutions, product innovation, packaging restaging, participation in more sub-segments of the value added hair oils category, continued media support in some of the brands and penetrative pricing action in others and expansion of Marico's direct retail reach in the rural markets.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 30% for the 12 months ended March 2014 in the Amla hair oils category (FY13: 25%). Nihar Shanti Amla is now a INR 250 Crore (USD 41.7 million) brand.



Hair oiling is a deeply ingrained habit for leave-in hair conditioning on the Indian sub-continent. The Company has carried out scientific research and conducted successful clinical trials to establish the benefits of hair oiling. The Company believes that educating consumers by putting science behind the habit of hair oiling will build credibility and

create a loyal franchise. ([www.parachuteadvanced.com](http://www.parachuteadvanced.com)). There is also an emergence of new age hair oils such as argon & mythic oil in the developed markets that could create a super-premium segment in India too. This serves to emphasize the conditioning property of hair oils.

Hair oil category has been amongst the fastest growing large sized FMCG segments in India. The category has grown at 17% to 18% CAGR over the last 5 years. Marico has a “category play” in the segment whereby it offers its consumers a basket of value added hair oils for their pre-wash and post wash leave-in hair conditioning, nourishment and grooming needs. The Company’s aim is to participate in all the sub-segments and have a wider portfolio to drive growth. Each brand in the portfolio has grown the overall hair oils franchise by bringing specificity and creating more occasions for use. There may also be an opportunity to enhance the overall sensorial experience of using hair oils by contemporizing the product and packaging formats.

### **Parachute Advanced Body Lotion**

The Company launched India’s first unique multi-dimensional ‘spray-on’ body lotion. It has a fragrant non-sticky formulation with double sunscreen to cool down the skin and protect it from the harmful effects of the sun. The new launch will



be extensively supported with heavy media and visibility campaign. The variant has been launched in a 100ml SKU with an introductory price of INR 99.

Parachute Advanced Body Lotion has been voted the no.1 body lotion by Consumer Voice, a Government of India recognized organization. When tested on improvement in skin texture, the ability to make skin soft and supple, and other such factors, Parachute Advanced Body Lotion beat the top 12 leading body lotion brands. The brand also won three Effie Awards on debut in Integrated Campaign, Consumer Products and David vs Goliath categories.

The total skin care segment is estimated to be around INR 5000 Crore (USD 833 million) out of which the body lotion segment is around INR 550 Crore (USD 92 million) with penetration levels below 20%. The Company plans to increase its participation in the skin care segment in the longer term.

Due to the challenging environment, the body lotion category growth rate has fallen to single digit. Parachure Advanced Body Lotion has maintained its no.3 position with a market share of 6%. The Company expects the brand to be back on track next year. ([www.facebook.com/ParachuteAdvancedBodyLotion](http://www.facebook.com/ParachuteAdvancedBodyLotion))

### **Youth brands (Set Wet, Zatak, Livon)**

The acquired portfolio of youth brands grew by 16% during the year over FY13. Due to inflationary trend and restricted spends on discretionary products, the category growth rates of Post Wash Serums, Hair Gels/Creams and Deodorants have come off considerably.

There is a fair degree of consolidation in two of the three streams in the Company’s youth portfolio. The Company has established a leadership



position in the Hair Gels and Post Wash Leave-on conditioner (2/3rd of the Youth Portfolio) market with about 33% and 82% share respectively. High share is expected to benefit the Company's brands as they participate in market growth over the medium term.

Set Wet and Zatak deodorants (a third of the Youth portfolio) increased its market share marginally to 5% for 12 months ended March 2014, in this crowded category. In February, Set Wet

launched a new variant Set Wet Infinity, a non-aerosol perfume spray with 'no-gas' formulation. The launch was supported by an extensive media campaign during the IPL7 cricket season. Set Wet (Deodorants and Gels) is now a INR 100 Crore (USD 16.7 million) brand with a strong equity and growing consumer franchise.

Over the next few years, the Company's growth rates are likely to average around 20-25% supported by new advertisement communication and product launches. However in the immediate term, the growth rates are more likely to be around 15-20%. In the medium term the company expects some consolidation to take place in the category and gain from our wider distribution supported by brand building initiatives. However, the environment in the immediate term is challenging and the category growth may be lower than the medium term outlook.

This youth portfolio will also witness a much higher interaction with overseas portfolio thereby leveraging scale and innovation synergies.

## NEW INITIATIVES

### Livon Conditioning Cream Colour

This year, the Company entered the Hair Colour category by introducing Livon Conditioning Cream Colour. This is a highly differentiated 'no ammonia' product which gives women natural looking coloured hair which is soft and shiny. Priced only at Rs.39, the Livon Conditioning Cream Colour Kit is packed with features that no other brand of hair colour offers. The product was introduced in January 2014 and is available in three colours with two SKUs.

The total hair colour category has low penetration and is estimated to be around INR 2500 Crores (USD 400 million), of which creams form about 25%. The cream format is the fastest growing in



the hair color category with growth rates of about 20%. The Company will focus on expanding the category by recruiting new users and upgrading powder and henna users by providing them a superior product at an affordable range. Entry into the hair colour category not only strengthens the Company's hair care portfolio in India but also establishes our presence in categories which are replicable in other geographies.

### **Bio-Oil, a distribution alliance with Union Swiss**

In partnership with Union Swiss, the Company has introduced Bio-Oil in India during FY14. Union Swiss is a privately owned MNC based in South Africa. It researches, develops and manufactures oil based skin care products which it licenses for distribution across the world. Marico will be marketing and distributing its flagship brand, Bio-Oil, in India on an exclusive basis. With presence in 76 countries, Bio-Oil is the No.1 selling product to improve appearance of scars and stretch marks.

Bio-Oil is positioned as a premium skin care product priced at Rs. 450 for 60 ml. Scar and stretch mark category is estimated to be around INR 650 Crores (USD 105 million). It is a nascent category dominated by clinical-looking products with limited category building investments. Bio-Oil promises to revolutionize the space by

balancing “efficacy with beauty”, bringing about a fundamental shift in how the category operates. This marks Marico's foray into premium specialist skin care category. Having Bio-Oil in the portfolio will further strengthen Marico's presence in channels such as chemists and modern trade. The Company will earn an operating margin higher than the current Company average. The scale of business is however very small in Marico's overall context.

## **INTERNATIONAL FMCG BUSINESS: MARICO INTERNATIONAL**

Over the years, two platforms have emerged as a core to international business – Hair Nourishment and Grooming. With focus on emerging markets of Asia and Africa, the Company operates in geographic hubs leading to supply chain and media synergies. The portfolio in India will also witness a much higher interaction with the international portfolio thereby leveraging scale and innovation synergies. Such focused commonalities in portfolio coupled with market leadership will help the Company create ‘centers of excellence’ across these hubs and transfer learnings across geographies.

The year FY14 began with the unification of India and International leadership which will enhance and accelerate this process. The focus of international business in the coming years will be organic growth. Margins will be maintained in a band and re-invested in the business to reinforce established brands and build new growth engines for the future.

Marico's International FMCG business (its key geographical constituents being Bangladesh, Middle East, Egypt, South Africa and South East Asia) comprised ~25% of the Marico Group's turnover in FY14.

The overall growth in Marico International was 16%. The underlying volume growth for the year was 5% over FY13. The Operating margin for the year as a whole was about 16.4%. The Company believes that the sustainable margins are more in the region of 14-15%. This demonstrates a structural shift in International margins based on the cost management projects undertaken in the last one year.

The Company continues to make investments behind existing and new products such as Value Added Hair Oils (VAHO), Hair Dye, Deodorants, Leave-on conditioners and Premium Edible oils. These products continue to gain traction and are expected to help create a portfolio of the future in Bangladesh. The Company's value added hair oils portfolio maintained its market share at 18.5% on MAT basis. It holds no.3 position in VAHO category on MAT basis. However, on the basis of exit market share, Marico is now no.2 in the category with 20% share.



## Bangladesh

Due to the macro-economic instability during the year, the business has grown by 4% on a constant currency basis in FY14. However, owing to the brand strength, the business recorded robust bottom line growth.

The Company's HairCode brand (coupled with its newer variant HairCode Active) continues to lead the powdered hair dye market with a market share of around 36%.

During the year, Bangladesh business has made significant journey towards new products launch and entering new categories to strengthen the portfolio for future growth. HairCode Keshkala (Liquid hair dye), Livon, Set Wet and Saffola Active offers a substantial proposition for future roadmap in Bangladesh. The Company expects



to leverage its strong distribution network and learning from the India market to quickly scale up its new product introductions in Bangladesh.

### **MENA (Middle East and North Africa)**

The MENA business on an overall basis grew by 4% (constant currency basis) during FY14 as compared to FY13. This is mainly on account of strong 21% business growth in Egypt primarily led by volume growth in HairCode and Fiancée. The GCC business reported topline decline of 20% for the year. However, the region has started showing signs of revival and reported topline growth in the fourth quarter of the year. This trend of improvement will continue over the next year.

In Egypt, HairCode and Fiancée together improved its market share to 52% in the gels category and reported double digit volume growths.

The Company’s performance in the Middle East region faced challenges during most of the previous year due to some execution issues. Various steps have been taken during the last year such as distributor transition in KSA region, restructuring of the business model and SKU rationalization which has led to a significant shift in profitability this year.

### **South East Asia**

The business in South East Asia (of which Vietnam comprises a significant portion) grew by 11% over FY13. Business in Vietnam was largely affected by sluggishness in the overall economy leading to reduced consumer confidence. Vietnam is expected to face consumption headwinds in the immediate term. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. Over the medium term the Company remains well poised to participate in the category growths when economic growth picks up. The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar and Cambodia.

### **South Africa**

The business reported a topline growth of 5% for the full year. The business environment continues to be challenging with the ethnic hair care segments declining. Marico South Africa has, however, gained market share in the category over the past few years.



## RESULTS OF OPERATIONS – AN OVERVIEW

Marico achieved revenue from operations of INR 4,687 Crore during FY14, a growth of 10% over FY13. The volume growth underlying this revenue growth was 6%.

Profit after tax (PAT) for FY14 was INR 485 Crore, a growth of 12% over FY13. These results include the following items that are not strictly comparable. Profit growth without considering these non-comparable items is given below:

INR/Crore

Particulars	FY14	FY13
<b>Reported PAT</b>	<b>485.4</b>	<b>433.9</b>
<b>Exceptional Items</b>		
Marico India	-	22.0
Depreciation gain on account of method change	-	17.6
Gain on account of brand valuation in MCCL	-	4.4
Marico International	-	2.8
Depreciation gain on account of method change	-	0.2
Profit on sale of MBL soap plant	-	2.6
Corporate	-	0.1
Depreciation gain on account of method change	-	0.1
MCCL Brand Depreciation	-	(6.1)
Fiancee Write Back	-	6.1
<b>Total</b>	<b>-</b>	<b>24.9</b>
<b>Comparable PAT</b>	<b>485.4</b>	<b>409.0</b>
Growth	19%	
Tax on MBL Dividend	34.5	3.2
PAT excluding Tax on MBL Dividend	519.9	412.2
PAT Growth excluding MBL Dividend Impact	26%	

FY13 figures do not include the Skin Care Business (Kaya) in order to make them comparable to FY14, which relate only to the FMCG business.

## TOTAL INCOME

### Total income consists of the following

1. Revenue from Operations includes Sales from “Consumer Products” including coconut oil, value added hair oils, premium refined edible oils, anti-lice treatments, fabric care, edible salt, functional and other processed foods, hair creams & gels, hair serums, hair colours, shampoos, hair relaxers & straightners, deodorants and other similar consumer products, by products, scrap sales and certain other operating income.
2. Other Income primarily includes profits on sale of investments, dividends, interest and miscellaneous income.

The following table shows the details of income from sales and services for FY14 and FY13.

INR/Crore

Particulars	FY14	FY13
Revenue from Operations	4686.5	4,260.2
Other Income	57.9	43.6
Total Income	4744.4	4303.8

There has been 10% growth in Revenue from Operations on account of 8% growth in Marico India and 16% growth in Marico International. The underlying volume growth was 6% at Group level.

## EXPENSES

The following table sets the expenses and certain other profit and loss account line items for the years FY14 and FY13:

INR/Crore

Particulars	FY14		FY13	
	Amount	% of Revenue	Amount	% of Revenue
<b>Revenue from Operations</b>	<b>4,686.5</b>		<b>4,260.2</b>	
<b>Expenditure</b>				
Cost of Materials	2,399.2	51.2%	2,169.3	50.9%
Employees Cost	284.7	6.1%	263.2	6.2%
Advertisement and Sales Promotion	561.2	12.0%	570.7	13.4%
Depreciation, Amortisation and Impairment	76.9	1.6%	61.6	1.4%
Other Expenditure	693.5	14.8%	655.5	15.4%
Finance Charges	34.5	0.7%	49.8	1.2%
Exceptional Items	-	0.0%	(52.4)	-1.2%
Tax	190.5	4.1%	142.3	3.3%

FY13 figures do not include the Skin Care Business (Kaya) in order to make them comparable to FY14, which relate only to the FMCG business.

### Cost of Materials

Cost of material comprises consumption of raw material, packing material, semi-finished goods, purchase of finished goods for re-sale and increase or decrease in the stocks of finished goods, by-products and work in progress. At an overall level the cost of goods sold was 27 bps higher in FY14 as compared to FY13.

On a full year basis, the copra prices have been up by 51% compared to last year. Historically it is noted that copra prices are driven by market sentiments during extreme supply and demand

imbalances causing sharp increase or decrease in prices before it settles down to fundamentally logical levels. The market prices of the other key input, Safflower Oil and Rice Bran Oil has been down 31% and 5% respectively. Considering copra accounts for a major proportion of input costs the Company margins declined on a net basis during FY14.

### Employee Cost

Employee cost includes salaries, wages, bonus and gratuity, contribution to provident and other funds and staff welfare schemes expenses.



The Company has an extensive process of performance management enhancement through the deployment of MBR (Management By Results), which is intended to create an environment where employees are encouraged to challenge and stretch themselves. Linked to this is a variable compensation element based on the Company's target achievement and the individual's performances against goals identified. The increase in employee costs is primarily on account of normal annual compensation revisions and increase in headcount. As a percentage of revenue, employee costs stayed at the same level as last year.

### Advertisement and Sales Promotion

The Company continues to make investments behind existing products and new products such as Livon Color, Saffola Total, Saffola Oats, Parachute Advanced Body Lotion, Youth brands in India and Value Added Hair Oils in Bangladesh. ASP spends on new products comprises significant part of the overall ASP. Overall ASP spends have decreased by 142 bps for the year as a whole. ASP spends have come down on account of higher number of new launches last year such as Parachute Advanced Tender Coconut Oil, Saffola muesli and Parachute Advanced Body Lotion.

### Depreciation, Amortisation and Impairment

For the year as a whole, depreciation has increased from INR 61.6 Crore (USD 9.9 million) in FY13 to INR 76.9 Crore (USD 12.4 million) in FY14. The increase in depreciation is largely on account of impairment of certain plant and machinery items at some of its plants in India. The other factors are: depreciation on new corporate office building and its interiors, new copra crushing plant in Bangladesh, amortization of the brand "Fiancée" and other additions made during the year.

### Other Expenses

The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses).

- Fixed Expenses include items such as rent, legal and professional charges, donation, certain one-time project based consulting charges for capability building and value enhancement in the organization.
- Variable Expenses include items such as freight, subcontracting charges, power and fuel, warehousing etc. The variable expenses have grown slower than growth in sales mainly due to reduction in Marico Bangladesh as a result of shifting of crushing from third party operators to own factory.

INR/Crore

Other Expenses	FY14	FY13	% Variation
Variable	482.6	467.9	3%
Fixed	211.2	187.8	12%
Total	693.9	655.7	6%

### Finance Charges

Finance charges include interest on loans and other financial charges. Reduction in finance charges are in line with reduction in the Company's Net Debt.

### Direct Tax

The Effective Tax Rate (ETR) for the business during FY14 was 27.4% as compared to 24.3% during FY13. The increase in the ETR is primarily due to tax on dividend received from Bangladesh. The normalized ETR without considering the impact of Bangladesh dividend is 23.1% in FY14 and 22.7% in FY13.

## BALANCE SHEET

INR/Crore

Particulars	As at	As at
	March 31, 2014	March 31, 2013
<b>A EQUITY AND LIABILITIES</b>		
<b>1 Shareholders' Funds</b>		
(a) Share Capital	64.49	64.48
(b) Reserves & Surplus	1,296.15	1,804.00
<b>Sub-total Shareholder's fund</b>	<b>1,360.63</b>	<b>1,868.47</b>
<b>2 Minority Interest</b>	<b>35.79</b>	<b>35.14</b>
<b>3 Non-current liabilities</b>		
(a) Long-term borrowings	251.54	376.83
(b) Deferred tax liabilities (Net)	9.61	(0.89)
(c) Other Long-term liabilities	0.01	0.98
(d) Long-term provisions	3.32	3.71
<b>Sub-total Non-current liabilities</b>	<b>264.48</b>	<b>380.64</b>
<b>4 Current Liabilities</b>		
(a) Short-term borrowings	274.35	358.07
(b) Trade payables	502.51	459.23
(c) Other current liabilities	444.81	184.77
(d) Short-term provisions	82.37	70.98
<b>Sub-total current liabilities</b>	<b>1,304.05</b>	<b>1,073.05</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>2,964.95</b>	<b>3,357.30</b>
<b>B ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Fixed assets	637.75	1,342.98
(b) Goodwill on consolidation	254.25	254.25
(c) Non-current investments	49.86	38.03
(d) Long-term loans and advances	60.93	100.53
(e) Other non-current assets	155.03	142.34
<b>Sub-total Non-current assets</b>	<b>1,157.82</b>	<b>1,878.12</b>
<b>2 Current assets</b>		
(a) Current investments	260.67	72.11
(b) Inventories	796.24	837.53
(c) Trade receivables	223.19	195.44
(d) Cash and cash equivalents	406.39	238.54
(e) Short-term loans and advances	86.47	122.92
(f) Other current assets	34.16	12.64
<b>Sub-total current assets</b>	<b>1,807.13</b>	<b>1,479.18</b>
<b>TOTAL - ASSETS</b>	<b>2,964.95</b>	<b>3,357.30</b>

Balance Sheet figures as on March 31, 2013 do not include the Skin Care Business (Kaya) in order to make them comparable to FY14, which relate only to the FMCG business.

## Shareholders' Funds

This comprises the paid up share capital and reserves & surplus. Increase in Share Capital is on account of stock options exercised by the employees under the ESOP Scheme. Annexure to the Directors' Report provides further details of stock options issued, exercised and pending to be exercised.

Reduction in Reserves & Surplus is on account of Capital Reduction pertaining to Marico Consumer Care Ltd. (MCCL). Accordingly, intangible assets aggregating to INR 723.72 Crore were adjusted against the Share Capital and Securities Premium Reserves.

## Minority Interest

Minority Interest represents the share of consolidated profits attributable to non-Marico shareholders in Marico Bangladesh Limited and International Consumer Products Corporation:

1. Company's Bangladesh subsidiary, Marico Bangladesh Limited, had listed 10% of its equity share capital on the Dhaka Stock Exchange in September 2009 by issuing fresh shares to public in that country;
2. The Company acquired 85% stake in International Consumer Products Corporation (ICP) in Vietnam and started consolidating it with effect from February 18, 2011. The balance 15% shareholding continues to be with the company founder.

Increase in minority interest is on account of increase in profits in Marico Bangladesh and ICP.

## Non-current Liabilities

Non-current Liabilities include borrowings which are payable after one year or more from the date of the balance sheet and long term provisions

such as gratuity. These include a judicious blend of borrowings in local and foreign currency. Non-current liabilities have decreased on account of reclassification of current maturity of INR 100 Crore debentures and USD 9 million term loan to Other Current liabilities.

## Current Liabilities

Current liabilities mainly comprise the amounts payable by the Company for the purchase of various input materials and services and short term provisions. Increase in current liabilities is mainly on account of reclassification of current maturity of the above mentioned long term loans.

## Fixed Assets

Fixed assets represent investments made by the Company in tangible assets such as Buildings, Plant & Machinery, Furniture & Fixtures etc.

Reduction in Fixed Assets is on account of Capital Reduction pertaining to Marico Consumer Care Ltd. (MCCL). Accordingly, intangible assets aggregating to INR 723.72 Crore were adjusted against the Share Capital and Securities Premium Reserves.

## Goodwill on Consolidation

Goodwill on consolidation represents the consideration paid to acquire companies in excess of their net assets at the time of acquisition. There is no material change in Goodwill on Consolidation as the Company did not make any acquisitions during the year.

## Non-current Investments

Non-current Investments comprise long term investments the full value of which will not be realized before one year from the date of the balance sheet. Increase in non-current investments

is on account of investments made in Bonds and Mutual Funds during the year.

### **Deferred Tax Asset (DTA)**

Deferred Tax Asset represents the timing differences resulting due to variations in the treatment of items as per Income Tax Act, 1961 and Indian GAAP.

### **Long-term Loans and Advances**

Long-term Loans and advances include the amounts paid by the Company recoverable in cash or in kind after 12 months from the balance sheet date. These include security deposits, advances paid to suppliers in select cases etc. Long-term Loans and Advances have decreased during the year mainly due to settlement of certain capital advances in FY14.

### **Other Non-current Assets**

Other non-current assets include receivables/entitlements maturing after more than 12 months from the balance sheet date. Increase in Other Non-current assets is on account of increase of MAT credit entitlement.

### **Current Investments**

Current investments comprise short term investments the full value of which will be realized before one year from the date of the balance sheet. It includes investments made in Mutual Funds. Increase in current investments is mainly on account of increase in investments in Mutual Funds.

### **Inventory**

Inventory includes the stocks of raw material, packing material, work in process and finished goods held for sale in the ordinary course of

business. Decrease in inventory is on account of shedding of inventory positions mainly in Marico Limited.

### **Trade Receivables**

Trade Receivables include the monies to be received from its customers against sales made to them. Increase in trade receivables is in line with increase in Sales.

### **Cash and Cash Equivalents**

This includes amounts lying in Cash and with the Company's bankers. There is an increase in the cash balances primarily due to increase in balance in Unpaid Dividend account. The unpaid dividend pertains mainly to the third one time silver jubilee dividend declared in March 2014 and paid in April 2014.

### **Short-term Loans and Advances**

Short term loans and advances include monies to be received within one year from the date of the balance sheet. Decrease in short term loans and advances are mainly on account of repayment of the advances to Welfare of Mariconians Trust on maturity of STAR Scheme I during the year (also refer to Note 41 to the Consolidated Financials).

### **Other Current Assets**

Other current assets include all other monies to be received within one year from the date of the balance sheet, such as interest receivable, export incentive receivable etc. Increase in Other Current Assets is on account of reclassification of the fixed assets as 'Held for Disposal' (namely one of the Company office building), Land & Building at one of the manufacturing plants and accrued export incentive.

## CAPITAL UTILIZATION

Given below is a snapshot of various capital efficiency ratios for Marico Group:

Ratio	FY14	FY13
Return on Capital Employed-Marico Group	25.1%	23.5%
Return on Net Worth - (Group)	22.9%	25.3%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	16	16
- Inventory Turnover (Days)	64	67
- Net Working Capital (Days)	60	62
Debt Equity (Group)	0.35	0.44
Finance Costs to Turnover(%) (Group)	0.7%	1.2%

\* Turnover Ratios calculated on the basis of average balances

1. Kaya impact has been removed from FY13 ratios in order to make them comparable to FY14.
2. The MCCL capital reduction has not been considered in FY14 ratios in order to make them comparable to FY13. Marico Consumer Care Limited a wholly owned subsidiary of Marico, has under a scheme that was approved by Bombay High Court on 21st June 2013, adjusted the book value of Youth Brands, amounting to INR 723 Crore, acquired during last year against the Securities Premium and paid up equity share capital. This has resulted in a decline in the value of capital employed leading to an improvement in the reported ROCE, RONW and an increased D:E ratio. The Company will endeavor to improve its return ratios going forward.
3. The variation in working capital ratios is due to:
  - a. Decrease in inventory is on account of shedding of inventory positions mainly in Marico Limited.
4. Finance cost as a % of turnover has come down because the Net Debt of the Company has reduced significantly during the year.

5. The Net Debt position of the Marico Group as of March 31, 2014 is as below-

Particulars	March 31, 2014	March 31, 2014
<b>Gross Debt</b>	<b>680</b>	<b>872</b>
Cash/Cash Equivalents & Investments(Marico Ltd: INR 309 Crore. Marico International: INR 273 Crore)	582	389
<b>Net Debt</b>	<b>98</b>	<b>483</b>
Foreign Currency Denominated out of the total gross debt (54% of Gross Debt hedged) (Also refer to Note 4 below)	441	584
Foreign Currency Denominated: Payable in One year	190	252
Foreign Currency Debt as a % age of Gross Debt	65%	67%
Rupee Debt out of the total gross debt	239	278
Rupee Debt: Payable in 1 Year	239	187
Total Debt Payable within 1 Year	428	439
Average Cost of Debt (%) : Pre tax	4.0%	5.7%

The Company may roll over some of the loans when they fall due during the year or redeem investments for repayment. Marico has adequate cash flows to maintain healthy debt service coverage.

6. The Debt denominated in foreign currency is either hedged or enjoys a natural hedge against future probable exports. Hence the MTM differences are routed through the balance sheet (Hedge Reserve) rather than the income statement.
7. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.
8. The Company had, opted for early adoption of Accounting Standard 30 “Financial Instruments: Recognition and Measurement” to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements. Accordingly, the net unrealised loss of Rs. 76.3 Crores as at March 31, 2014 (Rs. 52.5 Crores as at March 31, 2013) in respect of outstanding derivative instruments and foreign currency loans at the period end which qualify for hedge accounting, stands in the ‘Hedge Reserve’, which is recognised in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue.

## SHAREHOLDER VALUE

The Company’s distribution policy has aimed at sharing its prosperity with its shareholders, through a formal earmarking / disbursement of profits to shareholders.

### Dividend Declared

Keeping in mind the increase in the profits made by the Company over the last five years and in an endeavor to maximize the returns to its

shareholders, the Company increased its dividend payout during the year to 350% as compared to 100% during FY13. This includes a one-time Silver Jubilee dividend of 175%, declared on the occasion of 25 years since incorporation. The overall dividend payout ratio is 47.3% as compared to 19.3% during FY13. Excluding the one-time dividend, the payout ratio for the year is 24.1%. The Company will endeavor to improve the dividend payout ratio further depending on the acquisition pipeline.

## HUMAN RESOURCES (HR)

The mission of the HR Function at Marico is to partner business and attract and nurture talent to succeed. The HR function is also the custodian of Marico’s culture and governance standards. This year the function took on several initiatives to strengthen the organization culture, build talent capability, enhance connect with members and potential talent and implement new governance standards. This included initiatives to integrate the international geographies with the Marico Way of Working while valuing the cultural aspects of each country. The key highlights are outlined below:

### Culture building

Marico believes that Culture is a key differentiator and a source of competitive advantage. Every year, Marico takes considerable effort to educate members on Marico’s core cultural tenets and values to encourage them to live the Marico Values. This is done through Values Workshops, Values Conversations with Leaders and Living the Values booklet.

### Maricognize

The Company strongly believes that “celebrating small wins” is a stepping stone to achieve “big bets”. In January 2014, Marico took a giant leap



to drive a culture of recognition through a unique web-based recognition programme Maricognize. The programme provides a platform for members to connect, inspire and celebrate achievements and contributions. Maricognize has helped increase the frequency of recognition; in the first quarter itself there were 9,800+ recognitions & wishes for members.

### **Campus Connect**

This year, Marico renewed its Campus Connect programme, to enhance the Company's connect with today's youth using their preferred platform – the social media. MC2 is Marico's Facebook page for direct interaction with campus students. It upped the cool quotient with digital contests, recruitments, crowd sourcing ideas for socially relevant projects, and constant updates and dialogues with students. In just a year of its launch, the page has more than 50,000 fans.

### **Talent attraction and development**

Marico's Talent Value Proposition (TVP) to 'continuously challenge, enrich, and fulfill the aspirations of Mariconians so that they can maximize their true potential to Make a Difference' is an anchor for talent acquisition and development processes.

- **Talent Acquisition:** Marico leverages multiple sources to hire talent laterally such as member referral programme, TAREEF – Talent Referral, recruitment partners and the Company alumni. The Company also hires fresh talent from premier technical and business schools.

- **Performance Management System:** Management by Results (MBR) is Marico's performance management process that aligns individual and team goals with the organizational thrust areas.
- **Talent Development:** Personal Development Planning (PDP) is a career development process, distinct from performance management process. It provides a platform to members to discuss their career aspirations, identify their strengths and development areas and work towards enhancing individual competence. The process also helps in creating a Talent Pipeline and Succession Plan for key roles in the organization.
- **Leadership Development:** Marico invests in leadership development at front line, middle and senior leadership levels. Multiple development options are leveraged such as job rotation, classroom training, coaching and attending management development programmes at reputed institutes like Indian School of Business to address specific individual development needs.

This year as part of Marico's signature leadership development program, LEAD Talent (Lead, Encourage & Develop Talent) Marico Leaders became teachers and conducted sessions on how to become better people leaders for the Managers in their teams. 17 interactive sessions were conducted by different leaders covering more than 300 Managers.

A new programme was launched under LEAD Talent to equip first time managers to Lead, Encourage And Develop Talent. The programme focuses on enabling first time managers to transition from individual contributors to people leaders by orienting them to their new roles and teaching them skills on delegation and coaching. The concept of Marico Leaders as Teachers has also been leveraged for this program with Marico

leaders taking session on the role of the leader in developing team members and living Marico values.

Overall, the employee relations throughout the year were supportive of business performance. As on March 31, 2014, the employee strength of Marico Limited was 1,938.

## OTHER DEVELOPMENTS

For other corporate developments, refer to the Director's Report.

## OUTLOOK

Marico has positioned itself, strategically, in the Developing and Emerging (D & E) markets of Asia and Africa. Most of these markets have large populations with growing GDP's where affluence is expected to continue to rise and segments where Marico participates – hair care, body care, skin care and health foods are under-penetrated. The Company believes that in D & E markets, focus on the long term is crucial. Long term success can be ensured only through stronger brands that enjoy loyal consumer franchises. The Company has therefore chosen to prioritize expansion of consumer franchise over expansion of margins.

The unified Domestic and International FMCG business will aim at leveraging the synergies in portfolio unlocking, efficiencies in supply chain and talent mobilization in the medium term.

Here is a broad outline of Marico's strategies and the expected outcome for its various businesses:

### Marico India:

- The Company will continue to report gradual recovery in volume growths to the medium term outlook.
- The growth momentum in Rural and Middle

India will continue to be ahead of Urban. Moreover, the Company is likely to invest significantly behind distribution which could give immediate gains.

- Immediate future could see volume growth rates of 7% to 8%. This is expected to improve going forward from early/mid FY15. With the price increases already in market place the overall top line growth could still be well over 15%.
- In the short term the margins will be impacted by the unprecedented rise in copra prices in recent months. The Company has chosen not to pass on the entire input cost push in order to continue the process of conversion from loose oil.
- In the immediate term, Operating margin will face compression. However over the medium term, margin of about 17% to 18% (without corporate overheads) is sustainable.
- The Youth brands portfolio is expected to grow by about 20% to 25%. However in the immediate term, the growth rates are likely to be around 15-20%.

### Marico International:

- Organic top line growth in the region of 15% to 20% in constant currency.
- Operating margins expected to be sustained at around 14%.
- Growth potential in the core markets of Bangladesh, Vietnam and Egypt intact and will continue to drive growth.
- Expansion in adjacent markets such as Pakistan, Cambodia, Sri Lanka, North Africa.
- GCC region likely to come back on track from FY15 onwards.

### Overall:

- The Company will focus on deriving synergies as a result of the combination of Domestic and International FMCG businesses.



- Product platforms will be leveraged across geographies and scale is expected to improve cost structures.
- Top line growth in the region of 15% to 20% in the medium term with an operating margin in the band of 14% to 15%.
- Market growth initiatives in core categories and markets and expansion into adjacent categories and markets will be supported by investments in ASP in the region of 11-12% of sales.
- The Company will focus on building capabilities to set it up for growth in the long run.
- Significant portion of the gains from the value transformation exercise in India and overseas will be ploughed back to fund growth and innovation.
- The Company will continue to invest in increasing its direct rural reach and Go To Market transformation initiatives.
- The Company will continue to engage in sustainability initiatives to enhance value of all its stakeholders.

On behalf of the Board of Directors,



Harsh Mariwala  
Chairman

Place: Mumbai

Date: April 30, 2014

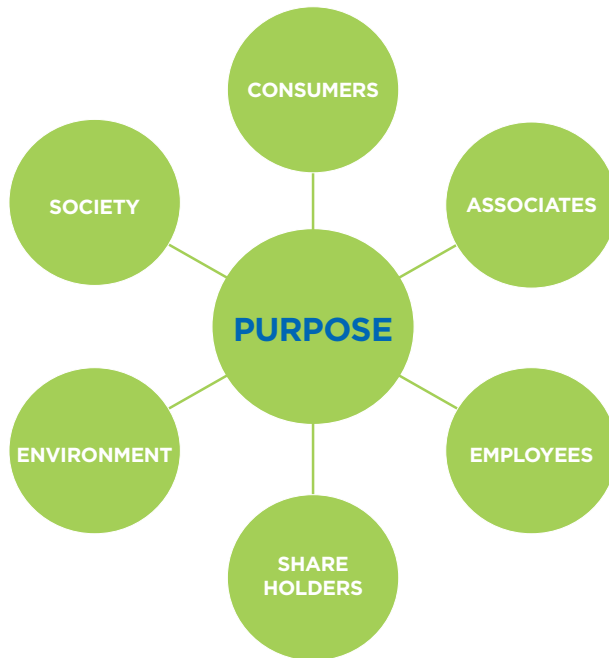
# SUSTAINABILITY REPORT

## MARICO PURPOSE & SUSTAINABILITY PHILOSOPHY

Marico believes that it belongs to an interdependent ecosystem comprising Shareholders, Consumers, Associates, Employees, Environment and Society. **Sustainable Profitable Growth goes Hand in Hand with the sustainable progress of the entire ecosystem.**

The pursuit of profits is not at odds with the pursuit of Purpose: It is the pursuit of a purpose that helps realize the true potential of all participants of the ecosystem.

Marico endeavours to be a purpose-focused organization, which achieves sustainable profitable growth by making a difference to the other members of its environment by enabling them to realize their true potential.



### 1. CONSUMERS

**Consumers desire a partnership - they don't want merely a transaction. An organization has to think about consumers to become big. This thought is embedded in the core values of Marico.**

This core belief has allowed Marico to create brands that consumers love and can't live without. Testimony to this is the fact that over 90% of Marico's portfolio consists of brands that are market leaders in their categories and in most cases have enjoyed that position for years.

## When you delight consumer, they reward you with leadership

Brand	Category	Indicative Market Share	Rank
Parachute/Nihar	Coconut Oil (India)	~ 56%	1
Parachute	Coconut Oil (Bangladesh)	~84%	1
Saffola	Super Premium Refined Edible Oils	~55%	1
Saffola	Oats	~14%	2
Parachute Advansed/ Nihar Naturals/Hair & Care	Hair Oils	~28%	1
X Men	Male Shampoo (Vietnam)	~39%	1
Fiancee/HairCode	Hair Styling (Egypt)	~52%	1
Set Wet/Parachute Advansed	Hair Gels & Creams (India)	~33%	1
Livon/Silk & Shine	Post Wash Conditioner	~82%	1
Set Wet/Zatak	Male Deodorants	~5%	5

**Marico brands have a no 1 position in their respective segments over around 90% of its turnover**

The Company's teams constantly search for unmet needs, insights and innovative offerings that can cement the relationship further. And these efforts are boosted by the organizational values of Consumer Centricity, a strong ethical code and a high bar for excellence. Here are a few examples of how Marico brands created enriching partnerships with their consumer franchise.

### Saffola – Winning Hearts by empowering consumers to heal their Hearts

For over two decades, Saffola has been playing a pioneering role in leading the cause of generating awareness and motivation for lifestyle changes. This is among the most critical health concerns in India with more people dying of Coronary Heart Disease than of any other cause.

**Four Indians Die every minute of a heart related problem - Saffola's mission is to reduce this statistic.** Saffola does this by coming out with innovative products that incorporate the best that science has to offer, by creating awareness for the problem and by providing encouragement and support, so that citizens can take concrete steps to adopt a healthier lifestyle.

**Novel Partnerships across the ecosystem** Over the years, Saffola Healthy Heart Foundation has taken the lead role in bringing together all the stakeholders in this cause, be it the media,

government, NGOs, hospitals, doctors, private health service providers and citizen groups – perhaps among the rare occasions where such a synergy has been achieved across such a diverse set of stakeholders.



**Scale of Impact** - Over the years, Saffola has reached out to millions across the country via large scale mass media awareness programs, helped over 100,000 people over 90 cities with diagnostic check-ups and pioneered the First Dial, a dietician service and the 'Heart Age Finder' in India. Today Saffola is among the most awarded and rewarded brands in the country – by consumers and the industry.

## Parachute - Packaging Innovations

Parachute has been a pioneer in the shift from tins to HDPE and in making pure Coconut oil available across the country. Today, almost every third household in India uses Parachute. This was made possible by various packaging innovations. Over the past decade, the brand Parachute Advanced has also provided multiple product innovations that meet consumer needs in a unique way. It is no wonder then that Parachute regularly features among the strongest brands in the country.



## Nihar - Doing Good is the path to Leadership

Nihar Shanti Amla established education as a purpose of the brand and contributes 2% of its sales towards children's education. It has partnered with CRY on 19 live projects across 10 states in India to impact 36,058 children in the first year itself. To inspire children and women, Nihar converted an entire village in UP into a school.



The brand took this cause further and, in partnership with CRY, launched India's first series of mobile-based teaching modules for children. This innovation had an overwhelming response - more than 1.4 lakh participants have benefited from it.

Nihar is a unique case where 'doing good' for society also propelled the brand towards market share gains.

## Influencing the Business Environment and Regulation to safeguard and promote Consumer Interest

Marico believes in taking the initiative in advocating consumer interest by taking up causes with other participants in the ecosystem, including the regulators.

Several members of the leadership team across the organization engage on regular basis with various government authorities and industry

bodies such as the Federation of Indian Chamber of Commerce and Industry (FICCI), Associated Chambers of Commerce and Industry of India (ASSOCHAM), Advertising Standard Council of India (ASCI) and similar bodies, to promote and advocate responsible business practices. Some of the issues on which Marico has played a role in advocacy with Regulatory Authorities are:

1. Hygienic packing of edible oil in order to improve the level of responsibility of the manufacturers, instead of edible oil being sold in loose form.
2. The Company has zero tolerance policy for counterfeiting. The Company has taken several actions against counterfeiters by making complaints to the enforcement agencies and seizing counterfeit products.
3. The Company has taken action on the collection of plastic waste from scrap vendors. This not only has a positive impact as an anti-counterfeit measure, but also promotes re-use of plastic.

## Sustainability and the Consumer Franchise

It is no surprise then that most Marico brands are not just market leaders but thought leaders as well. The equities that Marico owns in consumer's minds and hearts create not just enduring memories and associations, but also a rock solid business, immune to volatility, uncertainty and change.

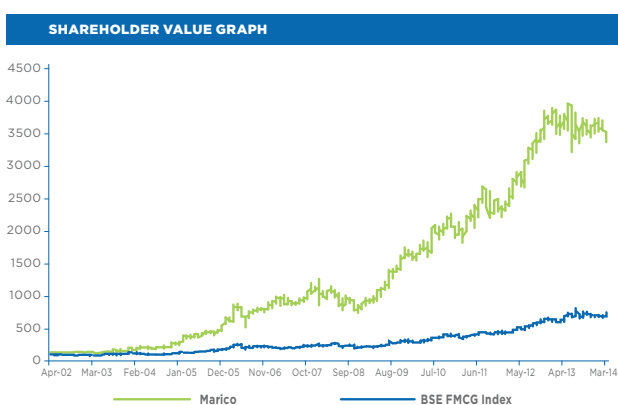
## 2. SHAREHOLDERS

Marico believes that shareholders gain more when their interests align with the interests of all other stakeholder groups. And Marico has consistently demonstrated that this is indeed true, that making the world better can make the shareholders wealthier.

And this route to creating value is far more sustainable and protects the shareholder's wealth far better than finding short term opportunities in

the environment - which may bring gains in the near term but cause pain and damage for the organization and its shareholders in the future.

The Company has demonstrated a consistent track record of growth, with FMCG revenue and profit growing at a compounded annual growth rate of 16% and 21% respectively in the last 5 years. The total returns to shareholders from the time of listing till date is at 24% CAGR.



## Emerging Market MNC

Marico has been one of the most consistent value creators in the past decade, and has beaten the FMCG Index. It was also identified by S&P as one of the eight Indian firms with the potential of being the emerging market Global Challenger; a journey it has started backed by a solid business in India and a widening International footprint across emerging markets in Asia and Africa. In May 2014, Marico was ranked no.53 in the prestigious **Forbes 100 Most Innovative Growth Companies**.

## Business with Strong Moats

Marico brands occupy leadership positions in over 90% of markets and Marico enjoys strong competitive advantage and barriers to entry for competition. A large part of its portfolio involves products and categories with a strong habit and loyalty and minimal risk of obsolescence. Over the past two decades Marico has demonstrated strong immunity to MNC competition as well as to business cycles, making it a durable value creator.

## Investor Relations Philosophy

The Company has always followed the guiding principle of open and transparent communication while dealing with its shareholders. Marico has set high standards of Corporate Governance and Business Ethics in the industry and is considered a benchmark for its peers. These high standards compel the Company to make reasonable promises to the investors in terms of business performance and then strive to over deliver.

**Marico's investor relations team was ranked 2nd in the Consumer Sector across Asia** in the 2012 Asia Investor Relations Perception Study. The Company was also ranked no.1 in the Euro Money Asia's Best Managed Companies.

## Investor Friendly

Over the years, the Company has addressed a number of capital market concerns which has in turn helped its profitability and growth journey. In mid-90s when the Company got listed, it faced market concerns regarding low stock liquidity. Marico issued bonus shares twice in 2002 and split the stock 10:1 in 2004 to address this issue which benefitted the retail investors.

## High Standards of Professionalism and Ethics

Through continuous efforts, Marico has succeeded in transforming a local, low margin oil-based company into a global high margin consumer goods company. This strategic Focus and Value centric Culture is now embedded in the Investor Relations function of the Company which constantly seeks feedback from investors to better deliver value to them. Investor feedback is also discussed with senior management and the Board.

## 3. ASSOCIATES

### Copra Farmers

India is the 3rd largest producer of copra in the world with more than 7.5 lakh farmers engaged in coconut farming. Marico buys 1 in every 10 coconuts produced in the country. Copra Collection centres was initiated by Marico in 2003 to procure copra directly from Farmers & Converters in Tamil Nadu and Kerala. Over the years the number of Collection centres has increased up to 27 which contribute a significant share of the Company's total copra requirement. These centres not only provide supply assurance to the Company but also a number of benefits to the farmers such as:

- Fair Pricing: Procurement price at collection centres are fixed based on prevailing market price on the day. Once material reaches the centre, quality check and payment is done on the spot and in front of the farmer to ensure complete transparency. This is highly beneficial to farmers who earlier used to sell to local traders based on the arbitrary prices fixed by them.
- Buying Assurance: Marico provides buying assurance to farmers and small converters throughout the year, irrespective of market conditions.
- Loyalty programs: Marico has been conducting loyalty programs at all its collection centres in Kerala through which farmers are provided non-monetary incentives over and above the copra price.





In order to develop long term sustainable farming source, Marico endeavours to train farmers on best farming practices. Marico organized training programs with industry experts, educating farmers on quality standards, inspection methods, storage of copra and latest developments in farming/ conversion process, enabling them to get a good price for their produce. Last year, Marico trained 400 farmers through its 13 centres towards model farm practices.

Marico plays a vital catalytic role in the cluster development program run by Coconut Development Board which touches approximately 8,000 farmers across 63 cluster locations. In this program, Marico team helps farmers adopt best practices as well as help farmers avail benefits under central government assistance towards yield improvement such as free fertilizers and intercrops. The program has helped improve productivity and income of farmers by c.15%. Thus by improving copra availability, the Company has also de-risked itself from supply uncertainties.

Marico organizes an annual reward program 'Keraratna', for farmers associated with Marico Copra Collection centres, to motivate small scale farmers to stay active in the market and keep away from speculation, thus reducing financial losses.

## **Safflower Farmers**

Marico is the largest buyer of safflower in India. Safflower is a sturdy crop grown mainly in west India. 'Farmer First' was launched in safflower growing belts in June 2012, with the vision to achieve socially responsible growth by keeping farmers as the pivot.

Marico has entered into a Public Private Partnership arrangement with Government of Maharashtra wherein the Company has covered 1,250 acres of Safflower area and 575 small and marginal farmers. In this arrangement farmers were given



all inputs i.e. seeds, fertilisers and pesticides free of cost and also given buying assurance for their produce.

Marico also regularly works with prominent seed companies and research agencies to ensure availability of high yielding seed varieties to farmers at competitive costs.

Marico also partnered with Parbhani University to develop a handbook on recommended package of practices in Safflower. The Company distributed these booklets among 1,000 farmers across Maharashtra. Marico also worked with Akola University for research in developing a farmer-friendly solution to the Gujhia Weevil, a major pest in Vidarbha region which destroys large quantity of Safflower crops. Subsequently, an All India Radio platform was used to telecast recommended package of practices across 18 districts of Maharashtra.

Marico has engaged 6,632 farmers for contract farming of safflower seeds over 26,000 Acres. Marico provides knowhow and troubleshooting support throughout crop cycle to assist farmers get better yield apart from providing risk free assurance on prices and quantity.

The Company also encourages farmers to adopt the practice of briquetting, which helps improve farmer realization and also provides a greener fuel.

## Distributors

Marico pioneered in leveraging IT in sales and distribution. The Company introduced Personal Digital Assistants (PDA), a unique hand-held device, which enabled simplification of order management for its Direct Sales Representatives (DSR). The device improves the quality of a sales call by guiding the DSR in order taking and reducing the order to bill cycle time. Marico IT team also enabled other multiple functions into the PDA such as route formation, outlet listing and classification, geo tagging and measurement of retailer service levels. PDAs were extended to the rural DSRs in FY14.

Marico's sales team strives to function on a Daily Distributor Replenishment (DDR) model. One of the key enablers of DDR is the seamless integration of IT in Marico sales force. Some of the benefits of Daily Distributor Replenishment model are:

- Optimizes distributor investment
- Improves stock freshness on the shelf
- Improves retailer service
- Reduces Out of Stocks
- Improves distributor retention

## 4. ENVIRONMENT

Climate change, global warming and environmental degradation pose grave challenges to the society. Marico believes in taking the lead and setting an example of how business goals may be pursued while caring for the Planet.

The Environment policy has been deployed at all manufacturing locations of Marico and constant efforts are taken to spread awareness about the policy as well as to enhance member commitment towards it through various programs such as Environment Day, Workshops and Trainings. Marico's manufacturing units adopt world class

standards toward environment management and are ISO 14000 certified. As a part of these standards a risk assessment is done continuously and such risks are mitigated on an on-going basis. Marico adopts stringent environment management standards as governed by ISO 14000 requirements. The Company has always invested in environment management infrastructure to keep all the statutory parameters within permissible limits set by state and central pollution boards.

### Reducing Plastic Usage

The Company continuously works on newer technologies and opportunities to reduce consumption of plastic for its packaging material requirement. This year through multiple design initiative, the Company saved 60 MT of HDPE / LDPE by reducing unit weight of packaging materials.

Marico sells over 1 billion blue bottles of Parachute coconut oil every year. Through continuous innovation, Parachute bottles use the least plastic in the industry. In other words, Parachute rigid bottles have the lowest packaging material/gram packed in its category and serves as a benchmark. Marico packaging is 7% lighter (bottles) and 2% lighter (caps) compared to the nearest benchmark. With similar efficiencies across the portfolio, in FY 14 alone, Parachute saved around 350 MT in HDPE & 15 MT in PP.





## Reduced Usage of Polyvinyl Chloride (PVC)

Marico has replaced usage of PVC with Polyethylene Terephthalate (PET). In FY14, PVC usage was less than 2% of total plastic usage.

Metric Tonne	FY14
Total PVC	209
Total PET	3427
Total HDPE	7504

The following are the advantages of using PET over PVC:

1. Unlike PET, PVC breaks down over time regardless of sun exposure and leaches chemical onto whatever it is in contact with. Since PVC can add chemicals to everything it comes into contact with, it is not a safe option for storing edibles. Even products that are not edible may be harmed by the chemical output of PVC, and the product can be changed or damaged over long term exposure to PVC.
2. When burned, PVC emits hydrogen chloride and dioxin gases that can be very harmful to everything around it. Compared to that, PET can be recycled and remade into plastic containers or plastic items and also into clothing.
3. The recycling process of PET has minimal impact on the environment and is very similar to the process of recycling paper. No harmful gasses are emitted, and the PET containers can be completely remade into more PET containers, eliminating high levels of material loss through the process.

## Transportation Optimization

Marico continuously explores opportunities of optimizing transportation by adopting more efficient modes or vehicle types. In previous year,

Marico adopted customized high volume carrying capacity trucks for its light weight food product transportation to reduce transportation of trucks by almost 2 Lakh km. Marico has put in place a process to increase share of multi-axle trucks for transportation of finished goods. 86% of the Company's finished goods primary transportation uses multi-axle vehicles. Wherever feasible the Company uses railways for bulk transportation. Almost 40% of safflower oil is transported using the rail network.

## Energy Management

Marico has converted most of its fossil fuel steam generation boilers to renewable biomass based boilers. The Company has used 94% of its fuel requirement through renewable fuels such as biomass briquettes, rice husk and bagasse in FY14 as against 59% in FY13.

Fuel type	2012-13	2013-14
Furnace Oil	3671	931
Diesel	465	190
Fossil	4136	1121
Biomass	5916	16526
<b>% of fossil fuel used</b>	<b>41%</b>	<b>6%</b>
<b>% of renewable fuel used</b>	<b>59%</b>	<b>94%</b>



Marico has deployed ISO 50000 energy management standards in its unit in Himachal Pradesh and is certified on these standards for adopting best practices in energy conservation and performance monitoring processes.

The Company also encourages farmers to adopt the practice of briquetting, which helps improve farmer realization and also provides a greener fuel.

## Water Management

The Company has been able to achieve zero water discharge status for most of its manufacturing facilities. Marico ensures water undergoes effluent treatment and is recycled by the units for alternate usage such as gardening and other process requirements.



All the factories have a water harvesting system installed on the premises.

## 5. EMPLOYEES

Marico facilitates, encourages, rewards and recognizes employees as the Company believes that its people are the key source of competitive advantage.

Marico's Talent Value Proposition (TVP) reflects the significant offerings the organization has for its members. Marico's TVP is "to continuously challenge, enrich and fulfil the aspirations of Mariconians so that they can maximise their true potential to Make a Difference". This is also an anchor for talent acquisition and development processes.



## Code of Conduct

In March 2014, Marico launched its updated Code of Conduct (CoC) worldwide, a revision over the earlier CoC that was launched in 2010. A strong need to have an updated CoC was felt in the context of the changing business landscape, social and regulatory environment and Marico's increased size and complexity of business.

The underlying philosophy of this code is to conduct the business in an ethical manner as well as create a work environment that is conducive to members and associates alike, based on the Company's values and beliefs.

The new CoC has 3 major areas:

1. Policy additions in the area of Information Security, IT Policy and Internet usage
2. The Prevention of Sexual Harassment rules have been revised as per the recent legislation in India
3. Important committees have been updated like the CoC committee, PoSH committee and Whistle Blower committee.

The Code covers all members of Marico and its subsidiaries at different locations.

Members have been provided many options to speak up fearlessly to report any violations of the code or share their concerns. Education sessions for all members are planned in the coming year to improve their understanding of the CoC.

Following is the snapshot of the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in FY14:

Sr. No.	Category	No of complaints filed during FY14	No of complaints pending as on March'14
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

## Member Well Being

The innovative and humanistic practices that Marico follows in dealing with employees reflect a deep understanding of what people are looking for in their work lives today. The employee profile of Marico Limited is as below:

Total number of Employees	1938
Temporary/Contractual/Casual employees	692*
Permanent Women Employees	154
Permanent Employees with disabilities	2

*\*On a daily average basis in FY14*

The Company believes that when the employees are happy, they are its best brand ambassadors. Marico undertakes many initiatives to create, enhance and enrich its members work experience.

## Community Well Being

Marico has been participating in the Joy of Giving Week, since 2010, with the objective of creating a platform to encourage members to give back to society. The week saw active participation from members across all office locations in India. Some activities conducted this year include fulfilling wishes of underprivileged children, Blood donation

campaigns and distribution drives (stationery, books and old clothes).

There are various community building initiatives undertaken at each manufacturing plant site of Marico such as, donation to children diagnosed with life threatening diseases, providing ration supplies and clothes to street girl children and orphans, medical camps, eye donation camps,

campaigns to raise awareness about water consumption etc. One of the key initiatives at Poanta plant last year was 'Sakshar Beti, Sudradh Samaj' - An initiative to impart Career Awareness to girl children of contract labourers. Girl children along with their parents were given awareness about various career options available in order to enable them to choose the right one.

## Health & Safety Well Being

Health camps were conducted across different locations in India in which 450+ members participated. A new **Health newsletter** series has also been launched where health tips are provided through a monthly health e-mail and health talks were conducted for women.

For the second year in a row, Marico participated in **Stepathlon**, a unique mass participation event that takes place over 100 days, with the objective of promoting a healthy lifestyle amongst its members. This year the participation saw an increase of over 200%, with 115 members joining the event. More than half of the Stepathletes reported improvement in their fitness levels.

A team of 35 members participated in the 6 kilometre Dream Run at the Mumbai Standard Chartered Marathon. Members in Delhi also participated in the Delhi leg of the Standard Chartered marathon.

On the International Women’s Day, Marico had organised a self-defence session for all its women members in Mumbai, with the aim of empowering them to take charge of their own safety. Other safety and skill up-gradation training is provided every year to members. The details of coverage of such trainings in FY14 are given below:

Type of Employee	% Trained
Permanent employees	72%
Permanent women employees	36%
Casual/Temporary/Contractual employees	78%
Employees with disability	100%

## Financial Well Being

Certified financial advisors conducted financial wellness workshops and webinars to equip members to manage their personal finances for long term financial security and wealth creation. An Aadhar Camp was also organized in the corporate office which facilitated members to apply for Aadhar cards for themselves and their family members.

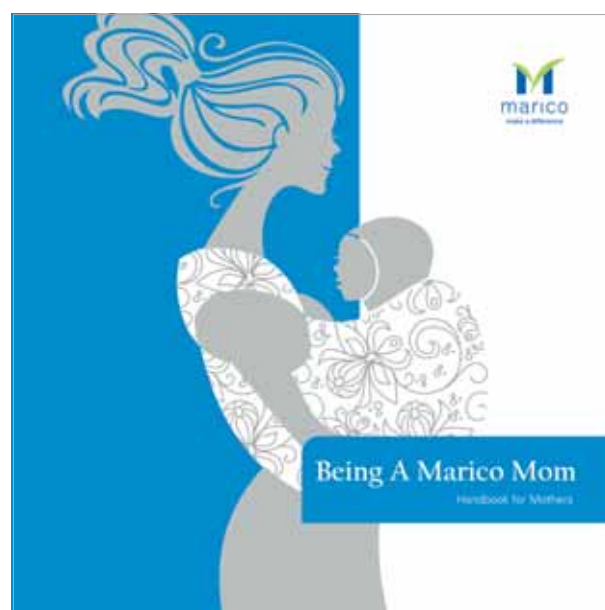
## Emotional Well Being

Marico’s Member Assistance Program (MAP) is aimed at extending emotional support and assistance to members and their immediate families when in need. The program is currently offered in India. Trained Counsellors from Marico’s MAP partner conducted sessions to equip supervisors to identify signs of stress and understand member concerns better. They also explained how the MAP service works to support members while maintaining complete confidentiality of member concerns.

## Well Being initiatives for Marico Women

### Marico Mothers’ policy

With the philosophy to empower working mothers to effectively integrate their careers and family life, Marico introduced the Mothers policy in May 2013. This policy is an initiative to support working mothers during the challenging phase of managing the dual roles of motherhood and a career. To equip supervisors and expectant and returning mothers to effectively manage this phase of a woman’s life, Marico launched two handbooks – one for Expectant and Returning mothers and another for their supervisors.



The handbooks guide the supervisors and mothers on how to deal with various dilemmas, managing workload, planning for the member’s maternity leave and return to the office.

## 6. SOCIETY

The Marico Innovation Foundation (MIF) is a not-for-profit organization established in 2003 to help business and social organizations enhance economic and social value using breakthrough innovations.



The mission of the Marico Innovation Foundation is to foster Innovation in India and it uses a multipronged approach to promote innovation across the business and social sectors.

The Foundation works closely with social organizations, philanthropic institutions, social entrepreneurs and the social innovation ecosystem to nurture and implement 'direct impact' innovations to overcome systematic challenges inhibiting scale.

### Scaling up Innovations

The flagship programme of the Foundation, the **Social Innovation Acceleration Programme** (SIAP) is a prime initiative taken by MIF to help social organizations apply innovation as a key tool to multiply their impact and reach. It is designed as a two-year programme, with Innovation and Direct Impact being the two pillars that drive it.

Eight organizations are under SIAP out of which three have reached the end of the acceleration process.

Completed Acceleration process:

#### Yuva Parivartan - Leading Youth to Livelihood

A non-profit organization set up in 1998, Yuva Parivartan aims at equipping school dropouts with vocational and life skills and connecting them with meaningful occupations.

The SIAP helped Yuva Parivartan develop two key innovations:

1. A unique 'Mobile Camp' was developed which could be taken to remote locations to train youth in familiar surroundings as against the traditional 'fixed camp' model.
2. A Livelihood Exchange Programme was then developed to bridge the gap between unemployed youth and prospective employers.



Yuva Parivartan has grown to impact 1.2 lakh youth in 2013-2014 from 18,000 youth in 2010-2011. With a challenging target of scaling their impact to 650,000 youth in 2014-2015, Yuva Parivartan has embarked upon an exciting journey of skill development in India.

#### The Akshaya Patra Foundation - More than just happy meals

Founded to serve nutritious meals to underprivileged children to reduce the instances of school dropouts, Akshaya Patra currently serves 1.3 million children in India daily across 10 states. However, this reach was only about 2% of the total population of children in need of healthy mid-day meals across India.

SIAP facilitated the movement from a large centralized kitchen model to a 'Hub and Spoke' model. A central service 'hub' looks into procurement, processing and storage of food supplies while smaller satellite kitchens, i.e. 'spokes' prepare the actual meal. This enables them to



optimize cooking to consumption time, providing breakfast with lunch to students, optimizing costs and generates spare kitchen capacity to reach out to a wider section of society including senior citizens, migrant workers, and hospitals and so on.



The Akshaya Patra Foundation is now firmly in the driver's seat to reach the target of serving 5 million children with nutritious mid-day meals by 2017-2018 from the current figure of 1.3 million children.

#### Fractal Microspin - In high cotton

Fractal Microspin began as a social initiative to bridge the gap in the textile industries field to fabric value chain with the ultimate aim to curb farmer suicides. A fragmented value chain had an adverse impact on weavers and cotton farmers and out of the need to address this very issue; Kannan Lakshminarayan, a serial entrepreneur developed the Microspin Machine and founded Microspin Machine Works in 2011.

By utilizing the 'Farm to Fabric' model, the Microspin machine enabled small cotton farmers to:

1. Convert cotton directly into yarn in their very own backyards, rather than selling to large textile mills.

2. This final yarn produced was sold directly to potential buyers helping farmers secure better margins and returns on their investment, by cutting the intermediary layers and the non-value added costs.
3. The high quality material produced by these micro-spinning machines called "Crafted Yarn™" commands a 50-80% premium compared to commoditized yarn.



The Foundation also helped Microspin identify 'potential adopters' who will set up and run the micro spinning mills. SIAP helped Microspin re-orient its strategy in a market-driven manner, rather than one led by grants and social sector subsidies. With SIAP having set the spindle in motion for Microspin, cotton growers are slowly transforming into yarn producers. Microspin has set targets to grow its revenues tenfold by 2017 and become one of the leaders in yarn production by 2023.

Organizations currently undergoing Acceleration include TARA Livelihood Academy, Safe Harvest, ERAM Scientific Solutions, Environfit India and Aglakadam Aajeevika Academy.

### **Innovation for India Awards 2014**

The Innovation for India Awards is the biennial recognition platform of the Marico Innovation Foundation recognizing outstanding innovations from the business, social and public sector organizations in India. Over the past four Editions

of the Awards, over 40 innovations have been awarded across the Business, Social and Public Services Sector in India.

The 5th Edition of the Awards witnessed an overwhelming response with over 430 nominations received across the Business and Social sectors in India. The winners of the Innovation for India Award 2014 were **Zydex Industries, TATA Power Delhi Distribution Ltd (TPDDL) and RML (former Reuters Market Light)** in the Business category and **Khabar Lahariya and Association for Democratic Reforms (ADR)** in the Social category.

The Foundation presented the **Global Game Changer Award** to Dr. Radhakrishnan, Chairman, Indian Space Research Organisation (ISRO) for the stellar achievements of ISRO in the recent past and for putting India on the global space exploration map.

The Foundation launched Innowin, India's 1st magazine dedicated to innovation. Over the past four editions, the magazine has received an excellent response and feedback in terms of the content featured. Over 300 subscriptions (including leading industry stalwarts) have been received.

The Foundation has also launched its new website [www.maricoinnovationfoundation.org](http://www.maricoinnovationfoundation.org) featuring the latest news and updates on the various activities of the Marico Innovation Foundation.

# CONSOLIDATED AUDITORS' REPORT

## INDEPENDENT AUDITORS' REPORT

### To the Board of Directors of Marico Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Marico Limited ("the Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 2 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under Section 211(3C) of the Companies Act, 1956 read with the General Circular No. 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute to Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of the Act.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 9 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
  - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.



# CONSOLIDATED AUDITORS' REPORT

## Emphasis of Matter

8. We draw attention to Note 35 to the Consolidated Financial Statements for the year ended March 31, 2014, regarding the adjustment of intangible assets aggregating Rs.723.72 Crores, against the Share capital to the extent of Rs. 53.96 Crores and securities premium to the extent of Rs. 669.76 Crores pursuant to the Honourable High Court of Bombay order dated June 21, 2013, approving a Scheme of Capital Reduction pertaining to the Company's wholly owned subsidiary company, Marico Consumer Care Limited. Consequently, in the consolidated financial statements of the Company, intangible assets to the extent of Rs. 723.72 Crores have been adjusted against Reserves and Surplus.

Our opinion is not qualified in respect of this matter.

## Other Matter(s)

9. We did not audit the financial statements of nine subsidiaries and one firm included in the consolidated financial statements, which constitute total assets of Rs. 691.74 Crores and net assets of Rs. 290.47 Crores as at March 31, 2014, total revenue of Rs. 1122.96 Crores, net profit of Rs. 123.12 Crores and net cash flows amounting to Rs 58.10 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.

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Uday Shah**

Partner

Membership Number 46061

Mumbai

April 30, 2014

# CONSOLIDATED BALANCE SHEET

		As at March 31,	
	Note	2014 Rs. Crore	2013 Rs. Crore
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	64.49	64.48
Reserves and surplus	5	1,296.14	1,917.02
		1,360.63	1,981.50
<b>Minority Interest</b>			
		35.79	35.14
<b>Non-current liabilities</b>			
Long-term borrowings	6	251.54	432.63
Deferred tax liabilities (Net)	7	9.62	5.79
Other Long-term liabilities	8	0.01	0.98
Long-term provisions	9	3.31	10.47
		264.48	449.87
<b>Current liabilities</b>			
Short-term borrowings	10	274.35	358.08
Trade payables	11	502.52	478.47
Other current liabilities	12	444.81	293.63
Short-term provisions	13	82.37	110.54
		1,304.05	1,240.72
<b>TOTAL</b>		<b>2,964.95</b>	<b>3,707.23</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	14 (A)	594.90	461.18
Intangible assets	14 (B)	38.46	813.58
Capital work-in-progress		4.39	147.68
		637.75	1,422.44
Goodwill on consolidation	15	254.25	395.52
Non-current investments	16	49.86	38.03
Long-term loans and advances	17	60.93	119.39
Other non-current assets	18	155.03	142.62
		1,157.82	2,118.00
<b>Current assets</b>			
Current investments	19	260.67	113.60
Inventories	20	796.24	862.69
Trade receivables	21	223.19	196.55
Cash and bank balances	22	406.40	266.75
Short-term loans and advances	23	86.47	136.08
Other current assets	24	34.16	13.56
		1,807.13	1,589.23
<b>TOTAL</b>		<b>2,964.95</b>	<b>3,707.23</b>

The notes are an integral part of these financial statements.

As per our attached report of even date.

## For Price Waterhouse

Chartered Accountants  
Firm Registration No. 301112E

## UDAY SHAH

Partner  
Membership No. 46061

Place : Mumbai  
Date : April 30, 2014

## For and on behalf of the Board of Directors

**HARSH MARIWALA** Chairman  
**SAUGATA GUPTA** Managing Director and CEO  
**VIVEK KARVE** Chief Financial Officer  
**HEMANGI GHAG** Company Secretary & Compliance Officer

Place : Mumbai  
Date : April 30, 2014

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	For the year ended March 31,	
		2014 Rs. Crore	2013 Rs. Crore
Revenue from operations (Gross)	25	4,693.21	4,598.98
Less : Excise duty		6.69	2.80
Revenue from operations (Net)		<b>4,686.52</b>	<b>4,596.18</b>
Other income	26	57.90	37.53
<b>Total Revenue</b>		<b>4,744.42</b>	<b>4,633.71</b>
Expenses:			
Cost of materials consumed	27 (A)	2,242.48	2,220.79
Purchases of stock-in-trade	27 (B)	111.47	116.60
Changes in inventories of finished goods, work-in-progress and stock-in-trade - (increase) / decrease	27 (C)	45.21	(127.46)
Employee benefits expenses	28	284.71	370.29
Finance costs	29	34.45	58.02
Depreciation, amortisation and impairment	30	76.86	86.62
Other expenses	31	1,254.66	1,390.18
<b>Total Expenses</b>		<b>4,049.84</b>	<b>4,115.04</b>
<b>Profit before exceptional items and tax</b>		<b>694.58</b>	<b>518.67</b>
Exceptional items - (expenses) / income	39	-	33.21
<b>Profit before tax</b>		<b>694.58</b>	<b>551.88</b>
Consists of:			
- Discontinuing operations		-	(34.12)
- Continuing operations		694.58	586.00
		694.58	551.88
Tax expense:			
Current tax		201.94	131.87
Less: MAT credit (entitlement) / utilisation		(22.65)	(13.31)
Net current tax		179.29	118.56
Deferred tax charge		11.19	27.63
		190.48	146.19
<b>Profit after tax and before Minority interest</b>		<b>504.10</b>	<b>405.69</b>
Consists of:			
- Discontinuing operations		-	(38.04)
- Continuing operations		504.10	443.73
		504.10	405.69
Less: Minority interest		(18.72)	(9.83)
<b>Profit for the year</b>		<b>485.38</b>	<b>395.86</b>
Earnings per equity share (Nominal value per share Re. 1 (Re. 1))	42		
Basic		Rs. 7.53	Rs. 6.18
Diluted		Rs. 7.53	Rs. 6.17

The notes are an integral part of these financial statements.

As per our attached report of even date.

## For Price Waterhouse

Chartered Accountants

Firm Registration No. 301112E

## UDAY SHAH

Partner

Membership No. 46061

Place : Mumbai

Date : April 30, 2014

## For and on behalf of the Board of Directors

**HARSH MARIWALA**

**SAUGATA GUPTA**

**VIVEK KARVE**

**HEMANGI GHAG**

Chairman

Managing Director and CEO

Chief Financial Officer

Company Secretary & Compliance Officer

Place : Mumbai

Date : April 30, 2014

# CONSOLIDATED CASH FLOW STATEMENT

	For the year ended March 31,	
	2014 Rs. Crore	2013 Rs. Crore
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>694.58</b>	<b>551.88</b>
Adjustments for:		
Depreciation, amortisation and impairment	76.86	86.62
Provision for impairment relating to skin clinics in India / Middle East (Refer note 39(b))	-	17.45
Surplus on change in method of depreciation (Refer Note 39(a))	-	(37.45)
Reversal of impairment loss on "Fiancee" trade mark (Refer Note 39 (d))	-	(9.05)
Finance costs	34.45	58.02
Interest income	(37.42)	(22.91)
(Profit) / Loss on sale of assets - (net)	(1.58)	0.39
Profit on sale of investments (net)	(9.90)	(4.74)
Dividend income	(5.86)	(8.46)
Employees stock option reversal	-	(0.02)
Stock appreciation rights expenses (Refer note 28)	2.81	4.59
Provision for doubtful debts, advances, deposits and no longer others written back	(0.17)	0.76
	<u>59.19</u>	<u>85.20</u>
<b>Operating profit before working capital changes</b>	<b>753.77</b>	<b>637.08</b>
Adjustments for:		
(Increase)/ Decrease in inventories	41.29	(142.47)
(Increase)/ Decrease in trade receivables	(27.87)	10.97
Increase/(Decrease) in loans and advances, other current and non-current assets and other bank balances	3.65	(113.13)
Increase/(Decrease) in trade payables and other current and non-current liabilities and provisions	70.72	149.40
	<u>70.72</u>	<u>149.40</u>
<b>Changes in Working Capital</b>	<b>87.79</b>	<b>(95.23)</b>
<b>Cash generated from Operations</b>	<b>841.56</b>	<b>541.85</b>
Taxes paid (net of refunds)	(181.09)	(109.99)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>660.47</b>	<b>431.86</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(77.41)	(991.51)
Sale of fixed assets	5.16	21.17
Effect of translation differences on fixed assets	(10.64)	(7.92)
(Purchase) / Sale of investments (net)	(197.17)	148.43
Goodwill on consolidation	-	(0.02)
Inter-corporate deposits placed	(5.00)	-
(Advance to) / Refund received from WEOMA Trust	40.13	(56.52)
Refund / (deposit) in escrow account for acquisition	-	25.00
Dividend income received	5.86	8.46
Interest received	34.86	20.58
	<u>(204.21)</u>	<u>(832.33)</u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(204.21)</b>	<b>(832.33)</b>

# CONSOLIDATED CASH FLOW STATEMENT

	For the year ended March 31,	
	2014 Rs. Crore	2013 Rs. Crore
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of Share capital (ESOP + Preferential allotment) after adjusting share issue expenses	0.56	497.94
Issue / (redemption) of commercial papers (net)	(42.50)	42.50
Issue / (redemption) of debentures	(50.00)	50.00
Other borrowings (repaid) / taken (net)	(52.67)	(24.00)
Increase / (decrease) in Minority interest	(18.06)	0.41
Finance charges paid	(34.63)	(57.59)
Equity dividend paid (inclusive of dividend distribution tax)	(142.02)	(67.01)
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES</b>	<b>(339.32)</b>	<b>442.25</b>
<b>D Effect of exchange difference on translation of foreign currency cash and cash equivalents</b>	27.45	2.45
<b>E NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C+D)</b>	<b>144.39</b>	<b>44.23</b>
<b>F Cash and cash equivalents - opening balance (as at April 1) (Refer note 22)</b>	104.97	60.74
Less: Cash and bank balances adjusted upon demerger of Kaya business	(25.19)	-
<b>G Cash and cash equivalents - closing balance (as at March 31) (Refer note 22)</b>	<b>224.17</b>	<b>104.97</b>

## Notes

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

As per our attached report of even date.

### For Price Waterhouse

Chartered Accountants  
Firm Registration No. 301112E

### UDAY SHAH

Partner  
Membership No. 46061

Place : Mumbai  
Date : April 30, 2014

### For and on behalf of the Board of Directors

**HARSH MARIWALA** Chairman  
**SAUGATA GUPTA** Managing Director and CEO  
**VIVEK KARVE** Chief Financial Officer  
**HEMANGI GHAG** Company Secretary & Compliance Officer

Place : Mumbai  
Date : April 30, 2014

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. The Group and nature of its operations:

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

#### 2. Summary of significant accounting policies:

##### a) Basis of preparation of Financial Statements

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair values. Pursuant to circular number 15/2013 dated September 13, 2013 read with circular number 08/2014 dated April 04, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of the Act and other relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

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

##### b) Basis of preparation of Consolidated Financial Statements

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

- i) In respect of Subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transaction and resulting unrealised profits / losses as per Accounting Standard (AS 21) "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest.
- ii) In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All asset and liabilities are converted at the rate prevailing at the end of the year. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve' under 'Reserves and Surplus'.
- iii) The excess of cost to the Group of its investments in subsidiary companies over its share of equity and reserves of its subsidiary companies at the dates, on which investments are made, is recognised in the financial statements as Goodwill, which is tested for impairment at every Balance Sheet date. The excess of Group's share of equity and reserves of its subsidiary companies over the cost of acquisition is treated as Capital Reserve.
- iv) Minority interest in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements, except in case of Marico Middle East FZE, Marico Malaysia Sdn.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Bhd., where costs of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.15% (0.20%) of the total consolidated inventories of the Group as at the year end.

c) Use of estimates

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

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

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

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

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

e) Depreciation and amortisation

i. Tangible assets

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

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

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

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

- iii) Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.
- iv) Leasehold land, including land use right included under the head Investment Property, is amortised over the primary period of the lease.
- v) Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalised / up to the month in which the asset is disposed off.
- vi) During the previous year ended March 31, 2013 the company had changed the method of depreciation on certain assets. (Refer note 39 (a)).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### II. Intangible assets

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

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

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

#### f) Assets taken on lease

- i) The assets taken on finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased asset and present value of the minimum lease payments. The corresponding amount is shown as lease liabilities. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to the Statement of Profit and Loss.
- ii) Operating lease payments are recognised as expenditure in the Statement of Profit and Loss as per the terms of the respective lease agreement. Initial direct costs incurred by the Company for operating lease arrangements are amortised over a non-cancellable period of the agreement.

#### g) Assets given on lease

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

#### h) Investment property

Investment in land use right and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as Investment property. Investment properties are carried at cost less amortization or impairment loss, if any.

#### i) 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, net asset value is taken as fair value.

#### j) Inventories

- i) Raw materials, packing materials, stores and spares and consumables are valued at lower of cost and net realizable value. However, these items are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.
- ii) Work-in-process, finished goods, and stock-in-trade (traded goods) are valued at lower of cost and net realizable value.
- iii) By-products and unserviceable / damaged finished goods are valued at net realizable value.
- iv) Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in case of finished goods includes appropriate production overheads and excise duty, wherever applicable. In case of Marico Middle East FZE and Marico Malaysia Sdn. Bhd. costs of inventories are ascertained on FIFO instead of weighted average basis.
- v) Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### k) Research and development

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

### l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

- i) Domestic sales are recognised at the point of dispatch of goods to the customers, which is when substantial risks and rewards of ownership are passed to the customers, and are stated net of trade discounts, rebates, sales tax, value added tax and excise duty.
- ii) Export sales are recognised based on the date of bill of lading, except sales to Nepal, which are recognised when the goods cross the Indian Territory, which is when substantial risks and rewards of ownership are passed to the customers.
- iii) Revenue from services is recognised on rendering of the services and is recorded net of discount and service tax.
- iv) Interest and other income are recognised on accrual basis.
- v) Income from export incentives such as premium on sale of import licences, duty drawback etc. are recognised on accrual basis to the extent the ultimate realisation is reasonably certain.
- vi) Dividend income is recognised if right to receive dividend is established by the reporting date.

### m) 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. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise. Gratuity liability in respect of Marico Limited is funded and in respect of other subsidiaries gratuity liability is unfunded.

#### - Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by insurance companies. The Company has no obligation to the scheme beyond its monthly contributions.

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

### n) Foreign currency transactions

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- ii) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates and the resultant exchange differences except those qualifying for hedge accounting are recognised in the Statement of Profit and Loss.
  - iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which they arise. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.
  - iv) The Company uses forward and options contracts to hedge its risks associated with foreign currency transactions relating to certain firm commitments and forecasted transactions. The Company also uses Interest rates swap contracts to hedge its interest rate risk exposure. The Company designates these as cash flow hedges. These contracts are marked to market as at the year end and resultant exchange differences, to the extent they represent effective portion of the hedge, are recognised directly in 'Hedge Reserve'. The ineffective portion of the same is recognised immediately in the Statement of Profit and Loss.
  - v) Exchange differences taken to Hedge Reserve account are recognised in the Statement of Profit and Loss upon crystallization of firm commitments or occurrence of forecasted transactions or upon discontinuation of hedge accounting resulting from expiry / sale / termination of hedge instrument or upon hedge becoming ineffective.
- o) Accounting for taxes on income
- i) Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. For Marico Ltd and its Indian subsidiaries, Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income tax is recognised as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.
  - ii) Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

p) Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds the recoverable amounts are written down to the Recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

q) Employee Stock Option Plan

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

r) Employee Stock Appreciation Rights Scheme

In respect of Employee Stock Appreciation Rights granted pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011, the intrinsic value of the rights (excess of market value as at the year end and the Grant price) is recognised as Employee compensation cost over the vesting period after amounts adjusting for the difference between the amounts due from the Trust and the loan advanced to the Trust. (Refer Note 41)

s) Utilization of Securities Premium Reserve

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

t) Provisions and Contingent Liabilities

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

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

u) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash on hand and cash at bank including fixed deposit with original maturity period of 3 months or less and short term highly liquid investment with an original maturity of three months or less.

v) Earnings Per Share

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 3 Subsidiaries considered in these Consolidated Financial Statements:

i) List of subsidiary companies:

Name of the Company	Effective date for Acquisition / Incorporation	Holding Company	Country of incorporation	Percentage of ownership interest as at 31st March 2014
Marico Bangladesh Limited (MBL)	September 6, 1999	Marico Ltd	Bangladesh	90 (90)
Marico Middle East FZE (MME)	November 8, 2005	Marico Ltd	UAE	100 (100)
-MBL Industries Limited (MBLIL)	August 2, 2003	MME	Bangladesh	100 (100)
-Egyptian American Investment & Industrial Development Company (EAIIDC)	December 19, 2006	MME	Egypt	100 (100)
-Marico Malaysia Sdn. Bhd. (MMSB)	December 4, 2009	MME	Malaysia	100 (100)
-MEL Consumer Care SAE (MELCC)	October 1, 2006	MME	Egypt	100 (100)
-Marico Egypt Industries Company (MEIC)	January 1, 2008	MELCC	Egypt	100 (100)
Marico South Africa Consumer Care (Pty) Limited (MSACC)	October 17, 2007	Marico Ltd	South Africa	100 (100)
-Marico South Africa (Pty) Limited (MSA)	November 1, 2007	MSACC	South Africa	100 (100)
International Consumer Products Corporation (ICP)	February 18, 2011	Marico Ltd	Vietnam	85 (85)
-Beaute Cosmetique Societe Par Actions (BCS)	February 18, 2011	ICP : 99% equity held by ICP (Previous Year : 99%)	Vietnam	84.15 (84.15)
-Thuan Phat Foodstuff Joint Stock Company (TPF)	February 18, 2011	ICP : 99.73% equity held by ICP (Previous Year: 98.6%)	Vietnam	84.77 (84.77)
Marico Consumer Care Limited (MCCL) (Refer Note (iii) below & Note 35(a))	April, 20 2012	Marico Ltd	India	100 (100)
Halite Personal Care India Private Limited (A Company under Voluntary Liquidation) (Refer Note (iii) below & Note 35 (b))	May 29, 2012	MCCL	India	Nil (100)
Marico Innovation Foundation (Refer Note (iv) below))	March 15, 2013	Marico Ltd	India	N.A. (N.A.)

ii) List of Subsidiary firm:

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

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

Rs. Crore

Name of the Subsidiaries	Net Profit		Net Assets	
	FY14	FY13	FY14	FY13
Marico Consumers Care Limited (Refer note 35(a))	-	3.29	-	747.67
Halite Personal Care India Private Limited *	-	9.39	-	0.49

\* Consolidated upto March 31, 2013 (Refer note 35 (b))

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- iv) The Marico Innovation Foundation (“MIF”), a company incorporated under Section 25 of the Companies Act, 1956 (being a private company limited by guarantee not having share capital) primarily with an objective of fuelling and promoting innovation in India, is a wholly owned subsidiary of the Company with effect from March 15, 2013. Since MIF cannot transfer funds to Marico Limited, it has not been considered for consolidation in accordance with Accounting Standard 21 (AS 21) ‘Consolidated Financial Statements’.
- v) The effect of the subsidiaries divested / de-merged during the year is as under:

The Kaya Business, earlier a part of Marico Limited, has been demerged effective October 17, 2013, with April 1, 2013 as the Appointed Date (Refer Note 36). Accordingly, following companies have not been considered for the Consolidated Financial Statements for the year ended March 31, 2014 in accordance with Accounting Standard 21 (AS 21) ‘Consolidated Financial Statements’. However the same were part of Consolidated financial statements for the year ended March 31, 2013. Refer Note 36 for the effect of demerger :

Name of the Company	Effective date for Acquisition / Incorporation	Holding Company	Country of incorporation	Percentage of ownership interest as at 31st March 2014
Kaya Limited	March 27, 2003	Marico Ltd	India	Nil (100)
Derma - Rx International Aesthetics Pte. Ltd. (DIAL)	May 22, 2010	Kaya Limited	Singapore	Nil (100)
Kaya Middle East FZE (KME)	December 25, 2005	DIAL	UAE	Nil (100)
The DRx Clinic Pte. Ltd. (DCPL)	May 25, 2010	DIAL	Singapore	Nil (100)
The DRx Medispa Pte. Ltd. (DMSPL)	May 25, 2010	DIAL	Singapore	Nil (100)
DRx Investments Pte. Ltd. (DIPL)	May 25, 2010	DIAL	Singapore	Nil (100)
DRx Aesthetics Sdn. Bhd. (DASB)	May 25, 2010	DIAL	Malaysia	Nil (100)
Marico Kaya Enterprises Limited (Refer Note 36)	January 19, 2013	Marico Ltd	India	Nil (100)

#### 4 Share capital

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Authorised</b>		
1,150,000,000 (1,150,000,000) equity shares of Re. 1/- each	115.00	115.00
100,000,000 (100,000,000) preference shares of Rs. 10/- each	100.00	100.00
<b>Total</b>	<b>215.00</b>	<b>215.00</b>
<b>Issued, subscribed and paid-up</b>		
644,872,999 (644,771,799) equity shares of Re. 1/- each fully paid-up	64.49	64.48
<b>Total</b>	<b>64.49</b>	<b>64.48</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

a) Reconciliation of number of shares

Equity Shares :

Particulars	As at March 31,			
	2014		2013	
	Number of shares	Rs. Crore	Number of shares	Rs. Crore
Balance as at the beginning of the year	644,771,799	64.48	614,934,387	61.49
Shares Issued during the year - ESOP (Refer note (d) below)	101,200	0.01	425,648	0.05
Shares issued on Preferential allotment basis (Refer note 35 (a))	-	-	29,411,764	2.94
<b>Balance as at the end of the year</b>	<b>644,872,999</b>	<b>64.49</b>	<b>644,771,799</b>	<b>64.48</b>

b) Rights, preferences and restrictions attached to shares :

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

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

Name of Shareholder	As at March 31,			
	2014		2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares of Re. 1/- each fully paid-up</b>				
HARSH C MARIWALA (As a representative of Valentine Family Trust)	73,376,000	11.38	73,376,000	11.38
HARSH C MARIWALA (As a representative of Aquarius Family Trust)	73,376,000	11.38	73,376,000	11.38
HARSH C MARIWALA (As a representative of Taurus Family Trust)	73,376,000	11.38	73,376,000	11.38
HARSH C MARIWALA (As a representative of Gemini Family Trust)	73,376,000	11.38	73,376,000	11.38
First State Investments (along with Persons acting in concert)	51,789,164	8.03	39,224,461	6.08
Arisaig Partners (Asia) Pte Ltd	35,353,269	5.48	35,353,269	5.48

d) Shares reserved for issue under options :

The Corporate Governance Committee of the Board of Directors of Marico Limited has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007' ("Scheme"). Each option represents 1 equity share in the Company. The Vesting period and the Exercise period both range from 1 year to 5 years. The Scheme is administered by the Corporate Governance Committee comprising independent Directors. The Scheme closed on February 1, 2013.

During the year the Company approved Marico Employee Stock Option Scheme 2014 ("Marico ESOS 2014") for grant of 300,000 employee stock options to the Chief Executive Officer of the Company at an exercise price of Re. 1 per option. This does not have any impact on current financial statement as the grant date is April 1, 2014.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31,	
	2014	2013
Weighted average share price of options exercised	55.74	57.85
<b>Number of options granted, exercised, and forfeited</b>		
Balance as at beginning of the year	352,665	778,313
Granted during the year	-	-
Less : Exercised during the year	101,200	425,648
Forfeited / lapsed during the year	38,865	-
<b>Balance as at end of the year</b>	<b>212,600</b>	<b>352,665</b>
<b>Percentage to current paid-up equity share capital</b>	<b>0.03%</b>	<b>0.05%</b>

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. Nil (Rs. (0.02) Crore) as compensation cost under the 'intrinsic value' method (Refer note 28). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	For the year ended March 31,	
	2014	2013
Net Profit after tax as reported (Rs. Crore)	485.38	395.86
Less : Stock-based employee compensation expense (Rs. Crore)	-	0.31
Adjusted pro-forma (Rs. Crore)	485.38	395.55
Basic earnings per share as reported	Rs. 7.53	Rs. 6.18
Pro-forma basic earnings per share	Rs. 7.53	Rs. 6.17
Diluted earnings per share as reported	Rs. 7.53	Rs. 6.17
Pro-forma diluted earnings per share	Rs. 7.53	Rs. 6.17

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

	For the year ended March 31,	
	2014	2013
Risk-free interest rate - Vest 1 (%)	6.61%	6.61%
Risk-free interest rate - Vest 2 (%)	7.27%	7.27%
Expected life of options (years)	5 years	5 years
Expected volatility - Vest 1 (%)	35.32%	35.32%
Expected volatility - Vest 2 (%)	36.92%	36.92%
Dividend yield	1.20%	1.20%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 5 Reserves and surplus

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
<b>Securities Premium Reserve</b>		
Balance as at the beginning of the year (Refer Note 35 (a))	556.84	62.53
Add : Receipt on issue of shares on preferential allotment basis	-	497.06
Add : Receipt on exercise of Employees Stock Options	0.55	2.42
Less: Amount adjusted towards share issue expenses (Previous year net of tax effect of Rs. 0.18)	-	(4.53)
Less : Premium on redemption of Debentures [net of tax effect of Rs. 3.03 Crore (Previous year Rs. 0.31 Crore)]	(5.89)	(0.66)
Less: Adjusted towards demerger of Kaya business (Refer Note 36)	(138.35)	-
Add : Transferred from Employee Stock Options outstanding	-	0.02
Balance as at the end of the year	413.15	556.84
<b>Debenture Redemption Reserve</b>		
Balance as at the beginning of the year	42.97	21.67
Add : Amount transferred from Surplus in the Statement of Profit and Loss	20.87	21.30
Less: Amount transferred to General Reserve on redemption	(50.00)	-
Balance as at the end of the year	13.84	42.97
<b>Employee Stock Options Outstanding Account</b> (Refer note 4 (d))		
Balance as at the beginning of the year	-	0.02
Less : Transferred to Securities Premium Reserve on exercise of stock options	-	0.02
Balance as at the end of the year	-	-
<b>General Reserve</b>		
Balance as at the beginning of the year	230.48	186.85
Add : Amount transferred from Surplus in the Statement of Profit and Loss	57.72	43.63
Add: Amount transferred from Debenture redemption reserve on redemption	50.00	-
Balance as at the end of the year	338.20	230.48
<b>Hedge Reserve</b> (Refer note 40 (c))		
Balance as at the beginning of the year	(52.49)	(33.92)
Add / (Less) : Transferred to the Statement of Profit and Loss	(5.60)	-
Adjustments during the year	(18.20)	(18.57)
Balance as at the end of the year	(76.29)	(52.49)
<b>Foreign Currency Translation Reserve</b>		
Balance as at the beginning of the year	(11.19)	(13.62)
Adjusted upon demerger of Kaya business (Refer Note 36)	25.39	-
Exchange gain/(loss) on translation during the year (Refer Note 2(b)(ii))	26.86	2.43
Balance as at the end of the year	41.06	(11.19)
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	1,150.41	857.99
Add : Profit for the year	485.38	395.86
Less: Appropriations		
Equity dividend	257.93	32.24
Tax on equity dividend (net of tax on dividend received from foreign subsidiary of Rs. 34.47 Crore)	9.37	6.27
Transfer to Debenture Redemption Reserve	20.87	21.30
Transfer to General reserve	57.72	43.63
Balance as at the end of the year	1,289.90	1,150.41
Adjustment pursuant to the Scheme of Capital Reduction of MCCL (Refer Note 35(c))	(723.72)	-
<b>Total</b>	<b>1,296.14</b>	<b>1,917.02</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 6 Long-term borrowings

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
<b>Secured</b>		
Term loans		
From banks		
External commercial borrowing from Hongkong Shanghai Banking Corporation (Loan carries interest @ LIBOR plus 2.1% (Previous year LIBOR plus 2.1%) and is secured by (i) Pledge of shares of International Consumer Products Corporation (a Subsidiary company) (ii) First ranking pari passu charge over all current and future plant and machinery of the Company and (iii) Mortgage on land and building situated at Andheri, Mumbai.)	251.54	276.83
The loan is repayable over a period of 6 years commencing from February 28, 2011 as under:- 1st installment - USD 3 million - payable at the end of 36 months 2nd installment - USD 3 million - payable at the end of 42 months 3rd installment - USD 6 million - payable at the end of 48 months 4th installment - USD 6 million - payable at the end of 54 months 5th installment - USD 9 million - payable at the end of 60 months 6th installment - USD 12 million - payable at the end of 66 months 7th installment - USD 15 million - payable at the end of 72 months Total Amount - USD 54 million Loan amount outstanding of USD 9 million (Rs. 153.90 Crore) [(Previous year USD 3 million (Rs. 16.28 Crore)] as at March 31, 2014 has been disclosed under Other current liabilities as current maturities of long term debt (Refer note (a) below and note 12).		
Term loan from Citibank N.A. (Loan carries interest @ 'Swap Offer Rate' plus 3% on quarterly basis and is secured by (i) fixed charge over all the fixed property and assets of one of the subsidiaries, namely, Derma - RX International Aesthetics Pte Ltd. (DIAL) including all machinery and equipment of its subsidiaries; (ii) shares held by DIAL in each of its subsidiaries; (iii) shares held by Kaya Limited in DIAL and (iv) Corporate guarantee of Marico Limited) (Original loan amount of SGD 17 million was outstanding as at March 31, 2012 which was payable in 20 equal quarterly installments of SGD 0.85 million each commencing from March 22, 2013 and ending on December 15, 2017. Loan amount outstanding of SGD Nil (SGD 3.40 million as at March 31, 2013) has been disclosed under Other current liabilities as Current maturities of long term debt) (Refer note (a) below and note 12) (Refer note 36).	-	55.80
	251.54	332.63
<b>Unsecured</b>		
Debentures		
1,000, 8.95%, Rated Taxable Unsecured Zero Coupon Redeemable Non-convertible debentures of face value of Rs. 10,00,000/- each (The above debentures were issued on February 22, 2013 at Par and are redeemable at premium after 3 years from the date of issue i.e. by February 22, 2016 with a put/call option at the end of 2 years i.e. February 20, 2015. The debentures are listed on National Stock Exchange. The yield on redemption is 8.95% p.a. on XIRR basis). Considering the probability of exercising the put/call option on debentures, it has been disclosed under Other current liabilities as current maturities of long term debt (Refer note (a) below and note 12).	-	100.00
	-	100.00
<b>Total</b>	<b>251.54</b>	<b>432.63</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Within one year (Refer Note 12 - Current Maturities of Long Term Debt)	153.90	81.16
After 1 year but within 2 years	89.84	163.73
After 2 year but within 5 years	161.70	268.90
<b>Total</b>	<b>405.44</b>	<b>513.79</b>

### 7 Deferred tax liabilities (net)

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Deferred tax assets:</b>		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	1.28	1.17
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium Reserve under the Capital Restructuring scheme implemented in an earlier year (Refer note 14 (b) and(c))	16.26	21.73
Liabilities / provisions that are deducted for tax purposes when paid	6.77	12.71
Other Timing Differences	8.36	1.48
	(A) 32.67	37.09
<b>Deferred tax liability:</b>		
Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates	42.29	42.88
	(B) 42.29	42.88
<b>Total</b>	<b>(A-B) 9.62</b>	<b>5.79</b>

### 8 Other long-term liabilities

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Advances from customers	0.01	0.01
Premium on redemption of debentures	-	0.97
<b>Total</b>	<b>0.01</b>	<b>0.98</b>

### 9 Long term provisions

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Provision for employee benefits:</b>		
Leave entitlement (Refer note 37 (B))	0.50	0.59
Gratuity (Refer note 37 (A))	2.17	5.46
Long Service award	0.64	-
Employee Stock Appreciation Rights Scheme (Refer Note 41)	-	1.09
	3.31	7.14
<b>Others:</b>		
Provision for equalisation of rent expenses (Refer note (a) below)	-	2.26
Provision for site restoration cost (Refer note (b) below)	-	1.07
	-	3.33
<b>Total</b>	<b>3.31</b>	<b>10.47</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- a) Provision for equalisation of rent expenses represents provision made towards additional liability created to recognise rent expenses on straight line basis over the lease period.
- b) Movement in Provision for site restoration cost

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Balance as at the beginning of the year	1.60	1.50
Additions during the year	-	0.22
Unused amounts reversed	-	(0.12)
Less : Adjusted upon demerger of Kaya business	(1.60)	-
Balance as at the end of the year	-	1.60
Classified as Non-current:	-	1.07
Classified as current: (Refer Note 13)	-	0.53
<b>Total</b>	<b>-</b>	<b>1.60</b>

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

### 10 Short-term borrowings

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
<b>Secured</b>		
From banks :		
Cash credit	12.17	12.74
Export Packing Credit in INR	39.00	-
(These borrowings are for a term of one month to eight months and carry interest rate of Bank Base rate plus applicable spread less interest subvention, ranging from 7.00% to 7.45% per annum (Previous year NIL)).		
(Secured by hypothecation of inventory and debtors)		
Working Capital demand loan	13.91	7.00
(These are loans taken for a terms of upto twelve months and carry interest rate of LIBOR plus applicable spread ranging from 0.05% to 1.5% per annum (previous year Nil)).		
(Secured by hypothecation of inventory and debtors in Marico Limited)		
	65.08	19.74
<b>Unsecured</b>		
From banks:		
- Buyers' credit in foreign currency	17.97	17.82
(These borrowings are for a term of twelve months from the date of shipment of goods and carry interest rate of LIBOR plus applicable spread, ranging from 0.50% to 1.50% per annum (Previous year 0.05% to 1.50% per annum)).		
- Pre-shipment credit in foreign currency	-	59.71
(These borrowings were for a term of six months and carried interest rate of LIBOR plus applicable spread, ranging from 1.30% to 2% per annum).		
- Export Packing credit in INR	5.00	-
(These borrowings are for a term of one month to Eight months and carry interest rate of Bank Base rate plus applicable spread less interest subvention, ranging from 7.00% to 7.45% per annum (Previous year NIL)).		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
- Working capital demand loan (These are loans taken for a terms of upto twelve months and carry interest rate of LIBOR plus applicable spread ranging from 0.05% to 1.5% (previous year 0.70% to 2.30% per annum.)	75.94	126.00
- Cash credit	110.36	92.31
	209.27	295.84
From others :		
- Commercial papers (Commercial papers have been borrowed for a term of 12 months and carry interest rate ranging from 8% to 10% per annum.)	-	45.00
Less: Deferred interest	-	2.50
	-	42.50
	209.27	338.34
<b>Total</b>	<b>274.35</b>	<b>358.08</b>

### 11 Trade payables

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Trade Payables	502.52	478.47
<b>Total</b>	<b>502.52</b>	<b>478.47</b>

### 12 Other current liabilities

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Current maturities of long-term debt (Refer note 6 (a))	153.90	81.16
Interest accrued but not due on borrowings	0.12	1.63
Interest accrued and due on borrowings	1.33	-
Unclaimed dividends	0.20	0.17
Unpaid dividend	112.88	-
Book overdraft	3.14	2.42
Premium on redemption of debentures	9.90	-
Other payables:		
Provision for contractual liabilities	47.52	38.57
Advances from customers	17.49	93.19
Statutory dues including provident fund and tax deducted at source	48.31	25.22
Forward / derivative contracts payables	2.54	5.22
Creditors for capital goods	3.57	4.89
Security deposits from customers and others	0.26	0.30
Employee benefits payable	42.45	39.73
Others	1.20	1.13
<b>Total</b>	<b>444.81</b>	<b>293.63</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 13 Short term provisions

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Provision for employee benefits:</b>		
Gratuity (Refer note 37 (A))	1.63	2.47
Leave entitlement (Refer note 37 (B))	6.28	13.09
Employee Stock Appreciation Rights Scheme (Refer note 41)	0.40	9.46
Others	0.56	1.19
	8.87	26.21
<b>Others:</b>		
Income tax - (net of advance tax)	48.35	30.82
Disputed indirect taxes (Refer note (a) below)	25.15	17.97
Provision for contingent consideration (Refer note (c) below)	-	34.57
Provision for equalisation of rent expenses (Refer note 9(a))	-	0.38
Provision for lease termination cost (Refer note (b) below)	-	0.06
Provision for site restoration cost (Refer note 9(b))	-	0.53
<b>Total</b>	<b>82.37</b>	<b>110.54</b>

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

#### Movement in provision for disputed indirect taxes

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Balance as at the beginning of the year	17.97	11.78
Add: Additions during the year	7.54	6.19
Less: Unused amounts reversed during the year	(0.36)	-
<b>Balance as at the end of the year</b>	<b>25.15</b>	<b>17.97</b>

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

#### Movement in provision for lease termination cost

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Balance as at the beginning of the year	0.06	0.13
Less: Amounts used during the year	-	(0.07)
Less : Adjusted upon demerger of Kaya business	(0.06)	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>0.06</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

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

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

During the year ended March 31, 2013 the company had estimated the final payment for year three at 7,900,000 SGD and had therefore provided an additional amount of Rs. 1.75 crores (400,000 SGD converted at the year end exchange rate) towards the consideration payable. (Refer note 36)

Movement in Provision for contingent consideration

	<b>As at March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>Rs. Crore</b>	<b>Rs. Crore</b>
Balance as at the beginning of the year	34.57	42.87
Add: Provision made during the year	-	1.75
Less: Provision utilised during the year	-	(12.69)
Add: Net exchange loss on transaction and translation	-	2.64
Less : Adjusted upon demerger of Kaya business (Refer note 36)	(34.57)	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>34.57</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

**13 (A) Tangible assets**

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION/IMPAIRMENT							NET BLOCK				
	As at April 1, 2013	Acquisition / Demerger	Additions	Deductions / Adjustments (Refer note (i) below)	As at March 31, 2014	As at April 1, 2013	Acquisition / Demerger	For the Year	Adjustments (Refer note 39 (a))	Deductions	As at March 31, 2014	Charge / (Reversal) for the year	Adjustment for Demerger	Deductions	Impairment as at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Tangible assets</b>																	
Freehold land (Refer note (h) below)	15.30	-	0.16	0.62	16.08	-	-	-	-	-	-	-	-	-	-	16.08	15.30
Leasehold land	35.39	-	0.08	0.13	35.60	2.26	-	0.58	-	0.05	2.89	-	-	-	-	32.71	33.13
Buildings (Refer note (a), (g) and (h) below)	180.76	(3.79)	151.86	(13.72)	315.11	31.14	(3.78)	10.51	-	(6.68)	31.19	0.02	0.01	-	0.03	283.89	149.60
Plant and equipment	488.79	(109.62)	69.53	(0.07)	448.63	223.72	(71.90)	36.86	-	(3.49)	185.19	24.17	9.23	(13.22)	20.68	242.76	240.90
Furniture and fixtures	61.31	(44.30)	9.06	(2.81)	23.26	37.16	(25.42)	3.24	-	(2.97)	12.01	12.26	-	(12.26)	-	11.25	11.89
Vehicles	7.21	(0.42)	-	0.19	6.98	4.28	(0.25)	1.37	-	0.03	5.43	-	-	-	-	1.55	2.93
Office equipment	15.69	(5.65)	5.31	(0.98)	14.37	11.25	(4.54)	3.14	-	(0.95)	8.90	1.11	0.02	(1.10)	0.03	5.44	3.33
Leasehold improvements	4.60	(3.95)	0.73	-	1.38	0.38	(0.35)	0.13	-	0.16	0.16	0.12	(0.12)	-	-	1.22	4.10
<b>TOTAL (A)</b>	<b>809.05</b>	<b>(167.73)</b>	<b>236.73</b>	<b>(16.64)</b>	<b>861.41</b>	<b>310.19</b>	<b>(106.24)</b>	<b>55.83</b>	<b>-</b>	<b>(14.01)</b>	<b>245.77</b>	<b>37.68</b>	<b>9.26</b>	<b>(26.70)</b>	<b>0.50</b>	<b>594.90</b>	<b>461.18</b>
<b>Previous Year</b>	<b>705.42</b>	<b>0.73</b>	<b>149.10</b>	<b>(46.20)</b>	<b>809.05</b>	<b>313.67</b>	<b>-</b>	<b>65.57</b>	<b>(37.45)</b>	<b>(31.60)</b>	<b>310.19</b>	<b>18.99</b>	<b>1.87</b>	<b>17.45</b>	<b>(0.63)</b>	<b>461.18</b>	<b>-</b>

**14 (B) Intangible assets**

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION/IMPAIRMENT							NET BLOCK				
	As at April 1, 2013	Acquisition / Demerger	Additions	Deductions / Adjustments (Refer note (i) below)	As at March 31, 2014	As at April 1, 2013	Acquisition / Demerger	For the Year	Adjustments (Refer note 39 (a))	Deductions	As at March 31, 2014	Charge / (Reversal) for the year	Adjustment for Demerger	Deductions	Impairment as at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Intangible assets</b>																	
Trademarks and copyrights (Refer note (e) and (i) below)	864.68	(61.71)	-	(729.34)	73.63	54.56	(17.54)	8.06	-	(6.08)	39.00	1.21	0.50	-	1.66	32.97	808.91
Other intangibles	0.10	-	-	(0.05)	0.05	2.06	(1.96)	-	-	(0.05)	0.05	-	-	-	-	-	(1.96)
Computer software	27.03	(2.40)	4.41	(0.70)	28.34	20.33	-	2.71	-	(0.19)	22.85	0.07	(0.07)	-	-	5.49	6.63
<b>TOTAL (B)</b>	<b>891.81</b>	<b>(64.11)</b>	<b>4.41</b>	<b>(730.09)</b>	<b>102.02</b>	<b>76.95</b>	<b>(19.50)</b>	<b>10.77</b>	<b>-</b>	<b>(6.32)</b>	<b>61.90</b>	<b>1.28</b>	<b>0.50</b>	<b>(0.07)</b>	<b>1.66</b>	<b>38.46</b>	<b>813.58</b>
<b>Previous year</b>	<b>159.36</b>	<b>1,345.90</b>	<b>4.37</b>	<b>(617.82)</b>	<b>891.81</b>	<b>54.18</b>	<b>-</b>	<b>19.86</b>	<b>-</b>	<b>(1.88)</b>	<b>72.16</b>	<b>16.27</b>	<b>(1.00)</b>	<b>(9.05)</b>	<b>6.07</b>	<b>813.58</b>	<b>-</b>
<b>Total (A)+(B)</b>	<b>1,700.86</b>	<b>(231.84)</b>	<b>241.14</b>	<b>(746.73)</b>	<b>963.43</b>	<b>387.14</b>	<b>(125.74)</b>	<b>66.60</b>	<b>-</b>	<b>(20.33)</b>	<b>307.67</b>	<b>38.96</b>	<b>9.76</b>	<b>(26.77)</b>	<b>0.45</b>	<b>633.36</b>	<b>1,274.76</b>
<b>Total Previous year</b>	<b>864.78</b>	<b>1,346.63</b>	<b>153.47</b>	<b>(664.02)</b>	<b>1,700.86</b>	<b>367.85</b>	<b>-</b>	<b>85.43</b>	<b>(37.45)</b>	<b>(33.48)</b>	<b>382.35</b>	<b>35.26</b>	<b>0.87</b>	<b>8.40</b>	<b>(0.78)</b>	<b>1,274.76</b>	<b>-</b>

Notes:

- Gross block of Buildings include Rs.13.42 Crore (Rs. 13.42 Crore) where conveyance has been executed, pending registration.
- During the year ended March 31, 2007, the Company carried out financial restructuring scheme ('Scheme') under the relevant provisions of the Companies Act, 1956 which was approved by the shareholders on February 8, 2007 and subsequently by the Hon'ble High Court vide its order dated March 23, 2007. In terms of the Scheme, the Company adjusted the carrying value of Rs. 448.15 Crore of intangible assets such as trademarks, copyrights, business and commercial rights as on January 31, 2007 and related deferred tax adjustment of Rs. 139.06 Crore (net adjustment of Rs. 309.09 Crore) against the balance in Securities Premium Reserve of Rs. 129.09 Crore and Capital Redemption Reserve of Rs. 180 Crore.
- During the year ended March 31, 2007, Kaya Limited, subsidiary of the Company, had carried out financial restructuring scheme ('Scheme') under the relevant provisions of the Companies Act, 1956, which was approved by the shareholders on February 7, 2007 and subsequently by the Hon'ble High Court vide its order dated April 16, 2007. In terms of the Scheme, Kaya Limited adjusted the carrying value of Rs.708 Crore of Plant and equipment, Rs. 11.57 Crore of Furniture and fixture, related deferred tax liability of Rs. 0.18 Crore and accumulated loss of Rs. 24.00 Crore against the balance in Securities Premium Reserve.
- Acquisitions in Gross block and Depreciation / amortisation represents original costs and accumulated depreciation, respectively for assets of group acquired during the previous year.
- During the year ended March 31, 2014, Capital Reduction scheme pertaining to Marico Consumer Care Limited ("MCCCL") for adjustment of intangible assets aggregating Rs. 723.72 Crore, was duly approved and given effect to (Refer Note 35(C)).
- Impairment reversal for the previous year Rs. 13.88 Crore towards brand "Fiancee". The amount of Rs. 9.05 Crore which is net of depreciation charge of Rs. 4.83 Crore was reflected as "Exceptional items" in the Statement of Profit and Loss (Refer note 39(d)).
- During the year ended March 31, 2014, one of the office building appearing in Investment property of net book value Rs. 6.37 Crore has been reclassified as Building.
- During the year ended March 31, 2014, Freehold land and Building of net book value of Rs. 0.77 Crore and Rs. 15.50 Crore has been reclassified as assets held for disposal.
- Trademarks of Rs. 30.05 Crore (Rs. 820.17 Crore) are pending registration / recording in name of the Company in certain countries.
- Deductions / adjustment of Gross block, depreciation and provision for impairment includes translation difference of Rs. 10.64 Crore (Rs. 7.92 Crore).
- For additional information on assets given on operating lease refer note 38(b).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 15 Goodwill on consolidation

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Balance as at the beginning of the year	395.52	395.49
Add : Arising on acquisition (Refer note 35 (a))	-	110.63
Less : Adjustments on liquidation (Refer note 35 (b))	-	(110.60)
Less : Adjustments pursuant to the Demerger of Kaya business (Refer note 36)	(141.27)	-
<b>Balance as at the end of the year</b>	<b>254.25</b>	<b>395.52</b>

### 16 Non current investments

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment Property (at cost less accumulated depreciation / amortisation)</b>		
Cost of land use right and building	19.13	24.86
Less : Accumulated depreciation / amortisation	(0.90)	(0.46)
Net block	18.23	24.40
<b>Other Investments :</b>		
<b>Investments in Government Securities</b>		
<b>Unquoted</b>		
National Savings Certificates (Deposited with the Government authorities)	0.01	0.01
<b>Others</b>		
<b>Quoted</b>		
Power Finance Corporation Limited (28,479 (28,479) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20% , face value of Rs. 1,000/- each, redeemable on February 01, 2022)	2.85	2.85
Indian Railway Finance Corporation (21,751 (21,751) Secured, Redeemable, Tax free Non-convertible Bonds, 8.00% , face value of Rs. 1,000/- each, redeemable on February 23, 2022)	2.18	2.18
National Highways Authority of India (24,724 (24,724) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20% , face value of Rs. 1,000/- each, redeemable on January 25, 2022)	2.47	2.47
Rural Electrification Corporation Limited (61,238 (61,238) Secured, Redeemable, Tax free Non-convertible Bonds, 8.12% , face value of Rs. 1,000/- each, redeemable on March 29, 2027)	6.12	6.12
Rural Electrification Corporation Limited (50 (NIL) Secured, Redeemable, Tax free Non-convertible Bonds , 8.46% , face value of Rs. 10,00,000/- each, redeemable on August 29, 2028)	5.00	-
Housing & Urban Development Corporation Ltd (500 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds , 8.56% , face value of Rs. 1,00,000/- each, redeemable on September 02, 2028)	5.00	-
<b>Investments in Mutual Funds</b>		
<b>Unquoted</b>		
LIC Nomura MF Fixed Maturity Plan Series 77-396 Days-Growth 8,000,000 (NIL) units of Rs. 10 each fully paid	8.00	-
	31.63	13.63
<b>Total</b>	<b>49.86</b>	<b>38.03</b>
Aggregate amount of quoted investments	23.62	13.62
Market Value of quoted investments	24.08	14.39
Aggregate amount of unquoted investments	26.24	24.41
Aggregate net asset value of unquoted investment in mutual funds	8.08	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 17 Long-term loans and advances

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Unsecured, considered good unless stated otherwise</b>		
Capital Advances	5.74	26.30
Other loans and advances:		
Deposits with public bodies and others	8.73	23.59
Considered doubtful	-	0.50
	8.73	24.09
Less : Provision for doubtful deposits	-	(0.50)
	8.73	23.59
Loans to employees	3.63	2.52
Prepaid expenses	0.26	0.87
Balance with statutory/government authorities	13.99	15.09
Advances to vendors	2.41	1.28
Inter-corporate deposits	-	10.00
Loans and advances to Welfare of Mariconions Trust (Refer note 41(c))	26.48	36.54
Less: Provision towards doubtful loan (Refer Note 41 (e))	(0.70)	(0.81)
	25.78	35.73
Advance income tax (net of provision)	0.39	4.01
<b>Total</b>	<b>60.93</b>	<b>119.39</b>

### 18 Other non current assets

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Security deposits	0.02	0.02
Fringe benefit tax payments (net of provisions of Rs. 5.85 Crore (previous year Rs. 5.85 Crore))	0.48	0.55
MAT credit entitlement	153.80	131.15
Long term deposits with banks with maturity period of more than twelve months (Refer note below)	0.73	10.83
Interest accrued on long-term deposits with banks	-	0.07
<b>Total</b>	<b>155.03</b>	<b>142.62</b>

Long term deposits with bank include Rs. 0.25 Crore (Rs. 0.13 Crore) deposited with sales tax authorities and Rs. 0.45 Crore (Rs. 3.57 Crore) held as lien by banks against guarantees issued on behalf of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 19 Current investments

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
<b>Current portion of long term investments</b>		
<b>Quoted</b>		
Indian Infrastructure Finance Company Ltd, (Nil (1,000) Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 1,00,000/- each, guaranteed by the Government of India, redeemable on 22nd January, 2014).	-	10.08
	-	10.08
<b>Current investments (At lower of cost and fair value)</b>		
<b>Unquoted</b>		
<b>Investment in subsidiaries</b>		
Investment in Marico Kaya Enterprises Limited (wholly owned) (Refer Note 36) Nil (100,000) equity shares of Rs. 10 each	-	0.10
<b>Investments in Mutual Funds</b>		
Baroda Pioneer Treasury Advantage Fund- Plan A-Growth 12,041 (NIL) units of Rs. 1,000 each fully paid	1.76	-
Birla Sun Life Fixed Term Plan-Series JN (368 Days) 6,000,000 (NIL) units of Rs. 10 each fully paid	6.00	-
DWS Ultra Short Term Fund-SIP-Growth 9,569,990 (NIL) units of Rs. 10 each fully paid	14.64	-
DWS Fixed Maturity Plan Series 62-Reg Plan-Growth 20,000,000 (NIL) units of Rs. 10 each fully paid	20.00	-
HDFC FMP 396 Days March 2014(3) Series 29-Regular-Growth 20,000,000 (NIL) units of Rs. 10 each fully paid	20.00	-
HDFC Floating Rate Income Fund-STP-WO-Growth 4,911,345 (NIL) units of Rs. 10 each fully paid	10.75	-
ICICI Prudential FMP Series 73-368 D-Plan M-Cumulative 10,000,000 (NIL) units of Rs. 10 each fully paid	10.00	-
JM Money Manager Fund-Super Plus Plan-Bonus Option-Bonus Units 3,748,072 (NIL) units of Rs. 10 each fully paid	3.78	-
JM Money Manager Fund-Super Plus Plan-Growth 4,524,192 (NIL) units of Rs. 10 each fully paid	4.43	-
JM Money Manager Fund-Super Plus Plan-Growth 976,112 (NIL) units of Rs. 10 each fully paid	1.77	-
JP Morgan India Treasury Fund-SIP-Growth 9,930,359 (NIL) units of Rs. 10 each fully paid	16.68	-
Kotak Flexi Debt Scheme Plan A-Growth 971,164 (NIL) units of Rs. 10 each fully paid	1.53	-
Kotak FMP Series 111 - Growth 9,000,000 (NIL) units of Rs. 10 each fully paid	9.00	-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Kotak Banking & PSU Debt Fund -Growth 176,035 (NIL) units of Rs. 10 each fully paid	0.50	-
Peerless Ultra Short Term Fund-Super Instl-Growth 10,809,928 (NIL) units of Rs. 10 each fully paid	15.25	-
Reliance Money Manager Fund-Growth Plan 58,597 (NIL) units of Rs. 1000 each fully paid	10.29	-
Religare Invesco FMP-Series XIX-Plan F(370 Days)-Growth Plan 9,000,000 (NIL) units of Rs. 10 each fully paid	9.00	-
Religare Invesco FMP-Sr.23 -Plan F(367 Days)- Reg Growth Plan 20,000,000 (NIL) units of Rs. 10 each fully paid	20.00	-
SBI Debt Fund Series-366 Days-Reg-Growth 10,000,000 (NIL) units of Rs. 10 each fully paid	10.00	-
Sundaram Ultra Short Term Fund-Regular-Growth 8,201,076 (NIL) units of Rs. 10 each fully paid	14.41	-
Tata Floater Fund - Plan A-Growth 6,581 (NIL) units of Rs. 1,000 each fully paid	1.28	-
Templeton India Ultra Short Term Bond Fund-SIP-Growth 300,671 (NIL) units of Rs. 10 each fully paid	0.51	-
UTI Fixed Term Income Fund Series XVIII-IV(366 Days)-Growth 30,000,000 (NIL) units of Rs. 10 each fully paid	30.00	-
Birla Sun Life Fixed Term Plan-Series HS (366 Days) -Gr.Regular 5,000,000 (Nil) units of Rs. 10 each fully paid	5.00	-
HDFC FMP 371D July 2013 Series 26-Regular-Growth 10,000,000 (Nil) units of Rs. 10 each fully paid	10.00	-
JP Morgan India Liquid Fund-SIP-Growth 20,80,609 (Nil) units of Rs. 10 each fully paid	3.35	-
LIC Nomura MF Fixed Maturity Plan Series 73 - 366 Days - Growth Plan 2,500,000 (Nil) units of Rs. 10 each fully paid	2.50	-
Reliance Interval Fund I-Half Yearly Interval Fund-Series 2-Growth Plan 5,000,000 (Nil) units of Rs. 10 each fully paid	5.00	-
Reliance Fixed Horizon Fund-XXVI-Series 2-Growth Plan 1,000,000 (Nil) units of Rs. 10 each fully paid	1.00	-
Birla Sunlife Dynamic Bond Fund-Retail-Growth Nil (1,306,807) Units of Rs. 10 each fully paid	-	2.50
DSP Blackrock FMP-Series 81-12M-Growth Nil (10,000,000) Units of Rs. 10 each fully paid	-	10.00
HDFC Income Fund-Growth Nil (1,908,040) Units of Rs. 10 each fully paid	-	5.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Kotak Bond Scheme Plan A - Growth Nil (1,514,623) Units of Rs. 10 each fully paid	-	5.00
Reliance Short Term Fund-Growth Nil (1,184,289) Units of Rs. 10 each fully paid	-	2.50
SBI Magnum Insta Cash Fund Liquid Floater-Reg-Growth 10,281 (42,728 ) Units of Rs. 1,000 each fully paid	2.24	8.50
JM High Liquidity Fund-Growth Option Nil (462) Units of Rs. 10 each fully paid [Rs.Nil (Previous year Rs. 14,687)]	-	-
JM High Liquidity Fund-Regular Plan-Bonus Option Nil (3,979,357) Units of Rs. 10 each fully paid	-	3.90
Peerless Ultra Short Term Fund Super Institutional Growth Nil (15,463,480) Units of Rs. 10 each fully paid	-	20.00
ICICI Prudential Ultra Short Term Regular Plan Growth Nil (16,918,086) Units of Rs. 10 each fully paid	-	20.02
Baroda Pioneer Liquid Fund Plan A daily dividend reinvestment Nil (67,024 ) Units of Rs. 1,000 each fully paid	-	9.00
Kotak Liquid Scheme Plan A-Growth Nil (4) units of Rs. 1,000 each, fully paid [Rs. Nil (Previous year Rs. 10,050)]	-	-
Peerless Liquid Fund-SI-Growth Nil (784) units of Rs. 10 each, fully paid [Rs.Nil (Previous year Rs. 10,049)]	-	-
Reliance Liquid Fund-Treasury Plan Growth Nil (24,546) Units of Rs. 1.000 each fully paid	-	7.00
JP Morgan India Liquid Fund Super Institutional Growth Nil (2,304,551) Units of Rs. 10 each fully paid	-	3.50
JP Morgan India Treasury Fund Super Institutional Growth Nil (3,960,009) Units of Rs. 10 each fully paid	-	6.50
Religare Liquid Fund - Growth Nil (6) units of Rs. 1,000 each, fully paid [Rs. Nil (Previous year Rs. 10,051)]	-	-
UTI Money Market Fund-Institutional Plan-Growth Nil (8) units of Rs. 1,000 each, fully paid [Rs. Nil (Previous year Rs. 10,052)]	-	-
	260.67	103.52
<b>Total</b>	<b>260.67</b>	<b>113.60</b>
Aggregate amount of quoted investments	-	10.08
Market Value of quoted investments	-	9.89
Aggregate amount of unquoted investments	260.67	103.52
Aggregate net asset value of unquoted investment in mutual funds	264.53	62.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 20 Inventories

(Refer note 2 (j), for basis of valuation)

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Raw materials (includes in-transit: Rs. 12.64 Crore (Rs. 10.26 Crore))	279.68	308.07
Work-in-progress	139.62	184.96
Finished goods (includes in-transit: Rs. 0.08 Crore (Rs. 0.08 Crore))	272.46	249.44
Stock - in - trade (Traded goods)	17.32	41.17
Stores and spares	7.19	7.55
Others :		
Packing materials	77.24	69.73
By-products	2.73	1.77
<b>Total</b>	<b>796.24</b>	<b>862.69</b>

### 21 Trade receivables

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	1.03	7.95
Considered doubtful	2.64	3.66
	3.67	11.61
Less: Provision for doubtful debts	(2.64)	(3.66)
	1.03	7.95
Outstanding for a period less than six months from the date they are due for payment		
Considered good	222.16	188.60
Considered doubtful	0.26	3.73
	222.42	192.33
Less: Provision for doubtful debts	(0.26)	(3.73)
	222.16	188.60
<b>Total</b>	<b>223.19</b>	<b>196.55</b>

### 22 Cash and Bank balances

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Cash and cash equivalents :		
Cash on hand	0.83	1.84
Remittance in-transit	0.18	0.44
Bank balances		
- In current accounts	21.56	41.35
- Cheques on hand	3.52	6.04
- Demand deposits (less than 3 months maturity)	198.08	55.30
	224.17	104.97
Other bank balances :		
Fixed deposits with maturity more than three months but less than twelve months	69.15	161.61
Unclaimed dividend account	0.20	0.17
Unpaid Dividend	112.88	-
<b>Total</b>	<b>406.40</b>	<b>266.75</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 23 Short term loans and advances

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties (Refer note 44)	2.32	0.11
	2.32	0.11
Others :		
Advances to vendors and others	29.55	42.04
Loans and advances to employees	6.15	7.56
Prepaid expenses	8.63	14.63
Balances with statutory/government authorities	14.49	13.87
Deposits with public bodies and others	0.50	8.39
Loans and advances to Welfare of Mariconions Trust (Refer note 41(c))	9.83	40.71
Deposit with Leave Encashment plan	-	8.30
Inter-corporate deposits	15.00	-
Other	-	0.47
	84.15	135.97
<b>Total</b>	<b>86.47</b>	<b>136.08</b>

### 24 Other current assets

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Interest accrued and due on loans / deposits	9.08	6.51
Insurance receivables	0.05	0.06
Accrued export incentives	2.04	0.73
Assets held for disposal	16.27	0.64
Others	6.72	5.62
<b>Total</b>	<b>34.16</b>	<b>13.56</b>

### 25 Revenue from operations

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Sale of products:		
Finished goods *	4,590.60	4,233.60
By-product sales	92.28	89.58
	4,682.88	4,323.18
Less:		
Excise duty	6.69	2.80
	4,676.19	4,320.38
Sale of services	-	263.96
Other operating revenues:		
Export incentives	5.76	7.79
Sale of scraps	4.57	4.05
	10.33	11.84
<b>Total</b>	<b>4,686.52</b>	<b>4,596.18</b>

\* Including traded goods

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 26 Other income

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Interest Income :		
On Non current investments	1.78	1.13
On current investments	3.00	0.69
On loans, deposits, etc.	32.64	21.09
	37.42	22.91
Dividend Income		
On current investments	5.86	8.46
	5.86	8.46
Net gain on sale of current investments	9.90	4.74
Other non-operating income :		
Lease rental income	1.26	0.41
Profit on sale of assets (net)	1.58	-
Miscellaneous income	1.88	1.01
	4.72	1.42
<b>Total</b>	<b>57.90</b>	<b>37.53</b>

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

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>A Cost of materials consumed</b>		
Raw materials consumed		
Opening Inventories	308.07	290.55
Add : Purchases (net)	1,739.80	1,852.05
Less : Inventories at the end of the year	279.68	308.07
Cost of raw materials consumed during the year	1,768.19	1,834.53
Packing materials consumed		
Opening Inventories	69.73	71.17
Add : Purchases (net)	481.80	384.82
Less : Inventories at the end of the year	77.24	69.73
Cost of packing materials consumed during the year	474.29	386.26
<b>Total</b>	<b>2,242.48</b>	<b>2,220.79</b>
<b>B Purchases of Stock-in-trade</b>	<b>111.47</b>	<b>116.60</b>
<b>C Changes in inventories of finished goods, work-in-progress and stock-in-trade - (increase) / decrease</b>		
Opening inventories		
Work-in-progress	184.96	113.24
Finished goods	249.44	220.06
By-products	1.77	3.73
Stock-in-trade	41.17	12.85
Total	A 477.34	349.88
Less: Closing inventories		
Work-in-progress	139.62	184.96
Finished goods	272.46	249.44
By-products	2.73	1.77
Stock-in-trade	17.32	41.17
Total	B 432.13	477.34
<b>(Increase) / decrease in inventories</b>	<b>(A-B) 45.21</b>	<b>(127.46)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 28 Employee benefit expenses

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Salaries, wages and bonus	253.93	324.82
Contribution to provident and other funds	10.40	15.82
Employees stock option charge/ (reversal) (Refer note 4 (d))	-	(0.02)
Stock appreciation rights expenses (Refer note 41 (d)):		
Star Grant Expenses - Gross	5.34	14.69
Less: Accretion in amounts recoverable from the Trust	(2.53)	(10.10)
	2.81	4.59
Staff welfare expenses	17.57	25.08
<b>Total</b>	<b>284.71</b>	<b>370.29</b>

### 29 Finance costs

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Interest cost :		
Long term borrowings	11.69	16.62
Short term borrowings	13.89	21.03
Other borrowing costs	1.20	3.65
Bank and other financial charges	2.89	8.24
Applicable net loss on foreign currency transactions and translation	4.78	8.48
<b>Total</b>	<b>34.45</b>	<b>58.02</b>

### 30 Depreciation, amortisation and impairment

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Depreciation on tangible assets	55.83	65.57
Amortisation on intangible assets	10.77	19.86
Amortisation on investment property	0.50	0.32
Impairment loss	9.76	0.87
<b>Total</b>	<b>76.86</b>	<b>86.62</b>

### 31 Other Expenses

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Consumption of stores and spare parts	9.61	31.48
Power, fuel and water	33.01	42.92
Contract manufacturing charges	174.27	167.00
Rent and storage charges	39.42	80.00
Repairs to:		
Building	6.81	12.86
Machinery	13.86	17.51
Others	3.18	4.27
Freight, forwarding and distribution expenses	196.88	186.81
Advertisement and sales promotion	561.17	597.94
Rates and taxes	44.28	47.10



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	For the year ended March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Commission to selling agents	4.59	9.28
Communication expenses	7.57	11.34
Printing and stationery	2.60	2.94
Travelling, conveyance and vehicle expenses	38.73	42.87
Royalty	0.42	0.30
Insurance	5.18	4.56
Net loss on foreign currency transactions and translation (other than considered as finance cost)	3.00	7.17
Commission to Non-executive directors	0.94	0.96
Provision for doubtful debts and advances (net)	0.12	0.76
Add: Bad debts written off	-	0.28
	0.12	1.04
Miscellaneous expenses (Refer note below)	109.02	121.83
<b>Total</b>	<b>1,254.66</b>	<b>1,390.18</b>

Miscellaneous expenses includes :

	For the year ended March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Labour charges	19.75	23.79
Training and seminar expenses	6.71	8.82
Outside services	4.76	4.41
Legal and professional charges	46.32	40.83
Donation	8.09	3.47
Payments to consultants (Skin care)	-	13.58
Net Loss on sale of assets	-	0.39

### 32 Contingent liabilities:

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Disputed tax demands / claims :		
Sales tax	34.23	30.16
Income tax	41.50	12.51
Service tax	0.17	0.55
Customs duty	0.40	0.40
Agricultural produce marketing cess	9.69	9.58
Employees state insurance corporation	0.18	0.18
Excise duty on subcontractors	0.54	0.41
Excise duty on CNO dispatches (Refer note below)	443.23	364.09
Claims against the Company not acknowledged as debts	0.19	0.79
Corporate guarantees given to banks on behalf of group companies for credit and other facilities granted by banks.	8.00	-
Bank guarantees given to statutory authorities	0.05	-
Amount outstanding towards Letters of Credit	51.73	82.75
<b>Total</b>	<b>589.91</b>	<b>501.42</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

Note:

The contingent liability pertains to a possible excise duty obligation in respect of pure coconut oil packs up to 200 ml. This claim has been contested and a legal opinion in the matter has been obtained. Based on the legal opinion and in its assessment, the management believes that the probability of success in the matter is more likely than not and accordingly, the possible excise obligation has been treated as a contingent liability in accordance with requirements of Accounting Standard (AS) 29 "Provisions, Contingent Liability and Contingent Asset". The possible excise duty obligation of Rs. 321.46 Crore (Rs. 242.32 Crore) for the clearances made after June 3, 2009 (i.e. the date of issue of Board circular) till March 31, 2014 and Rs. 121.77 Crore (Rs. 121.77 Crore) for clearances made prior to June 3, 2009 has been disclosed as contingent liability to the extent of the time horizon covered by show cause notices issued by the excise department within the normal period of one year (from the date of clearance) as per the excise laws.

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

### 33 Capital and other commitments

Capital commitments :

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	194.77	76.11
Contingent consideration for acquisition of Kaya business of Derma Rx. (Refer note 13(c))	-	11.38
<b>Total</b>	<b>194.77</b>	<b>87.49</b>

other commitments

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Lease termination cost - representing lock-in-period rental under rental agreements.	3.53	11.10
<b>Total</b>	<b>3.53</b>	<b>11.10</b>

34 The consolidated financial statements for the year ended March 31, 2014 comprise the audited financial statements of Marico Limited, Marico Bangladesh Limited, Marico Middle East FZE, Marico South Africa (Pty) Limited, Marico Malaysia Sdn. Bhd., Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company, Wind Company, International Consumer Products Corporation, Beauté Cosmétique Société Par Actions and Thuan Phat Foodstuff Joint Stock Company, Marico Consumer Care Limited and Halite Personal Care India Private Limited and unaudited financial statements of MBL Industries Limited, Marico South Africa Consumer Care (Pty) Limited and MEL Consumer Care SAE which have been approved by the respective Board of Directors of these companies.

35 a) On May 29, 2012, the Company concluded the effective acquisition of the personal care business of Paras Pharmaceuticals Limited ("PPL") for a consideration of Rs. 745.60 Crore. The acquisition was effected through Marico Consumer Care Limited ("MCCL"), a wholly owned subsidiary of the Company. MCCL was incorporated on April 20, 2012 and it acquired 100 % equity stake in Halite Personal Care India Private Limited ("Halite") from Halite's erstwhile owners. As a result, the financial results for the year ended March 31, 2013 included the performance of this business only for a part of the year while the financial results for the year ended March 31, 2014 includes the performance of this business for the entire year.

The shareholders of the Company, at their meeting held on May 2, 2012, approved issue of equity shares on preferential allotment basis aggregating Rs. 500 Crore at a price of Rs. 170 per equity share to two overseas investors for funding a part of the Halite acquisition. Subsequently, the Company allotted 29,411,764 equity shares of face value Re. 1 each at a share premium of Rs. 169 each to these investors on May 16, 2012. This resulted in increase of Equity share

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

capital by Rs. 2.94 Crore and Securities premium reserve by Rs. 497.06 Crore. The proceeds of the issue together with internal accruals were infused by Marico as equity investment in MCCL. MCCL utilized the equity proceeds for acquiring 100% equity stake in Halite on May 29, 2012.

- b) The shareholders of Halite Personal Care Private Limited ("Halite") vide a special resolution at their extra ordinary general meeting held on January 18, 2013, resolved that the company be voluntarily liquidated. The shareholders also appointed a liquidator. In view of the liquidation, the liquidator, on March 25, 2013, distributed the assets of Halite to MCCL, being the sole shareholder of Halite. MCCL took over assets of Halite at fair values, determined by an independent valuer, as applicable. On distribution, MCCL received assets in excess of its Equity investment in Halite, resulting in profit of Rs. 5.91 Crore as mentioned below, which was shown as an exceptional item in the Statement of Profit and Loss for the year ended March 31, 2013.

During the year, a final meeting of the shareholders of Halite was held on January 15, 2014 to approve the Statement of Accounts (stating the manner in which liquidation was conducted) prepared by the Liquidator. Further assets were distributed on the said date as below. The liquidation proceedings are now pending with the Official Liquidator.

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Tangible assets (net)	-	0.73
Intangible assets	-	729.80
Distribution of other assets and liabilities (net)	0.03	-
Cash and bank balance	0.45	20.98
<b>Total</b>	<b>0.48</b>	<b>751.51</b>
Less: Value of equity investments in Halite in books of MCCL	-	(745.60)
<b>Excess of assets taken over on investment</b>	<b>0.48</b>	<b>5.91</b>
Classified as exceptional item (Refer Note 39)	-	5.91
Classified as Miscellaneous income	0.48	-

- c) Pursuant to the Scheme of Capital Reduction in accordance with the provisions of Section 78 (read with Sections 100 to 103) of the Companies Act, 1956, pertaining in the Company's wholly owned subsidiary, Marico Consumer Care Limited as approved by Hon'ble High Court of Bombay vide its order dated June 21, 2013, intangible assets aggregating Rs. 723.72 Crore, have been adjusted against the Share capital to the extent of Rs. 53.96 Crore and securities premium to the extent of Rs. 669.76 Crore. Consequently, in the consolidated financial statements of Marico, intangible assets to the extent of Rs. 723.72 Crore have been adjusted against Reserves and Surplus.

- 36** The Kaya Business, earlier a part of Marico, has been demerged effective October 17, 2013, with April 1, 2013 as the Appointed Date. Pursuant to the demerger Scheme, the transfer of Kaya Business to Marico Kaya Enterprises Limited ("MaKE") has been accounted by the Company by recording the transfer of the relevant assets and liabilities of the Kaya Business at their book values as of the appointed date. In accordance with the scheme approved by Hon'able High Court of Bombay, the excess of book value of assets over liabilities has been adjusted against Securities Premium Reserve and all the shares held by Marico in MaKE were cancelled without any payment.

Further pursuant to the scheme, as on the Record Date i.e. November 5, 2013, every shareholder holding 50 fully paid equity shares with a face value of Re. 1 each in Marico Limited has been allotted 1 fully paid equity share with a face value of Rs. 10 each of MaKE.

Accordingly, the financial statements of the Kaya Business does not form part of these Consolidated financial statements for the year ended March 31, 2014.

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

Particulars	(Rs. Crore)	
	As at March 31, 2013	
Total assets	349.92	
Total liabilities	236.96	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Amount of results attributable to the Kaya business:

(Rs. Crore)

Particulars	For the year ended March 31, 2013
Net Sales / Income from Operations	336.01
Profit from ordinary activities before tax	(34.12)
Profit from ordinary activities after tax	(38.04)

Amounts of net cash flows attributable to Kaya business:

(Rs. Crore)

Particulars	For the year ended March 31, 2013
Cash flows from Operating activities	25.58
Cash flows from Investing activities	(47.48)
Cash flows from Financing activities	32.14

37 Table (A) & (B) below set forth the funded status of the plan and the amounts relating to provident fund, gratuity and leave encashment recognized in the Consolidated financial statements:

a) Defined Benefit plan:

I. Actuarial assumptions :	Provident Fund		Gratuity	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Discount rate	9.03%	8.00%	9.03% - 12.5%	8% - 15.5%
Rate of return on Plan assets*	8.75%	8.50%	0-8.7%	0-8.7%
Future salary rise**	-	-	5-12%	8-14%
Attrition rate	17.00%	17.00%	5.25% - 17.5%	0% - 45%

\*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.

II. Changes in defined benefit obligations:	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Liability at the beginning of the year	72.02	60.75	20.42	16.15
Interest cost	6.28	5.18	1.49	1.10
Current service cost	6.37	5.45	2.22	1.50
Employee contribution	7.94	6.87	-	-
Liability Transferred in	2.11	1.47	-	-
Liability Transferred out	(6.00)	(0.54)	(3.42)	-
Past service cost (non vested benefit)	-	-	(0.50)	-
Benefits paid	(6.89)	(7.16)	(2.89)	-
Actuarial (gain)/loss on obligations	-	-	1.04	1.67
<b>Liability at the end of the year</b>	<b>81.83</b>	<b>72.02</b>	<b>18.36</b>	<b>20.42</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	Provident Fund		Gratuity	
<b>III. Change in fair value of plan assets</b>	<b>March 31, 2014 Rs. Crore</b>	<b>March 31, 2013 Rs. Crore</b>	<b>March 31, 2014 Rs. Crore</b>	<b>March 31, 2013 Rs. Crore</b>
Fair value of plan assets at the beginning of the year	72.02	60.75	12.49	11.64
Expected return on plan assets	6.28	5.18	1.09	1.00
Contributions	14.31	12.32	3.32	1.25
Transfer from other Company	2.11	1.47	-	-
Transfer to other Company	(6.00)	(0.54)	(0.78)	(0.14)
Benefits paid	(6.89)	(7.16)	(2.08)	(1.40)
Actuarial gain/(loss) on plan assets	0.76	-	(0.90)	0.14
<b>Fair value of plan assets at the end of the year</b>	<b>82.58</b>	<b>72.02</b>	<b>13.14</b>	<b>12.49</b>

	Provident Fund		Gratuity	
<b>IV. Actual return on plan assets</b>	<b>March 31, 2014 Rs. Crore</b>	<b>March 31, 2013 Rs. Crore</b>	<b>March 31, 2014 Rs. Crore</b>	<b>March 31, 2013 Rs. Crore</b>
Expected return on plan assets	6.28	5.18	1.09	1.00
Actuarial gain/(loss) on plan assets	0.76	-	(0.90)	0.14
<b>Actual return on plan assets</b>	<b>7.04</b>	<b>5.18</b>	<b>0.19</b>	<b>1.14</b>

	Provident Fund		Gratuity	
<b>V. Amount recognised in the Balance Sheet</b>	<b>March 31, 2014 Rs. Crore</b>	<b>March 31, 2013 Rs. Crore</b>	<b>March 31, 2014 Rs. Crore</b>	<b>March 31, 2013 Rs. Crore</b>
Liability at the end of the year	-	-	18.36	20.42
Fair value of plan assets at the end of the year	82.58	72.02	13.14	12.49
Present value of benefit obligation as at the end of the period	(81.82)	(72.02)	-	-
Difference	0.76	-	5.22	7.93
Unrecognized past service Cost	(0.76)	-	1.42	-
<b>(Assets) / Liability recognised in the Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>3.80</b>	<b>7.93</b>

	Provident Fund		Gratuity	
<b>VI. Percentage of each category of plan assets to total fair value of plan assets</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Administered by HDFC Standard Life Insurance / Kotak Gratuity Group plan	-	-	95.95%	95.15%
Special deposit scheme, Fixed deposit scheme and others	-	2.92%	4.05%	4.85%
Central Government securities	24.76%	23.27%	-	-
State loan/State government Guaranteed Securities	18.79%	16.43%	-	-
Public Sector Units	46.93%	48.72%	-	-
Private Sector Units	7.22%	7.00%	-	-
Others	2.30%	1.66%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

VII. Expenses recognised in the Statement Profit and Loss	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Current service cost	6.37	5.45	2.22	1.50
Interest cost	6.28	5.18	1.49	1.10
Expected return on plan assets	(6.28)	(5.18)	(1.09)	(1.00)
Net actuarial (gain)/loss to be recognised	-	-	1.04	1.53
Past service cost (non vested benefit) recognised	-	-	0.15	-
Past service cost (vested benefit) recognized	-	-	-	-
<b>(Income) / Expense recognised in the Statement of Profit and Loss</b>	<b>6.37</b>	<b>5.45</b>	<b>3.81</b>	<b>3.13</b>

VIII. Balance Sheet reconciliation	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Opening net liability	-	-	7.93	6.05
(Income) / Expense as above	6.37	5.45	3.81	3.13
Employers contribution	(6.37)	(5.45)	(3.32)	(1.25)
Transfer to other Company	-	-	0.72	-
Unrecognized past service Cost	-	-	(1.42)	-
Liability Transferred out	-	-	(3.92)	-
<b>Closing net liability</b>	<b>-</b>	<b>-</b>	<b>3.80</b>	<b>7.93</b>

IX. Experience Adjustments	Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
On Plan liability (gain) / loss	1.94	1.53
On plan asset (loss) / gain	0.76	0.13

As per actuarial valuation report, expected employer's contribution in next year is Rs. 2.15 Crore (Rs. 2.89 Crore) for gratuity and Rs. 8.00 Crore (Rs. 7.17 Crore) for provident fund.

b) Privileged leave (Compensated absence for employees):

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

Particulars	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Opening balance of compensated absences (a)	11.72	9.97
Present value of compensated absences (As per actuarial valuation) as at the year end (b)	6.78	13.68
Short term compensated absences payable included in other current liabilities calculated on arithmetical basis (c)	3.78	-
(Excess)/ Unfunded liability of Compensated Absences recognized in the Statement of Profit and Loss for the year (b-a+c)	(1.16)	3.71

The privileged leave liability is not funded.

c) Defined contribution plan :

The Company has recognised Rs. 7.27 Crore (Rs. 6.32 Crore) towards contribution to provident fund, Rs. 0.34 Crore (Rs. 0.41 Crore) towards contribution to superannuation fund and Rs. 0.15 Crore (Rs. 0.39 Crore) towards employee state insurance plan in the Statement of Profit and Loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

The information in respect of provident fund is provided to the extent available with the Company.

### 38 a) Additional information on assets taken on lease:

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

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Lease rental payments recognised in the Statement of Profit and Loss.	34.08	72.62
<b>In respect of assets taken on non cancellable operating lease:</b>		
<b>Lease obligations</b>		
Future minimum lease rental payments payable		
not later than one year	16.64	42.69
later than one year but not later than five years	19.04	73.13
later than five years	0.04	10.42
<b>Total</b>	<b>35.72</b>	<b>126.24</b>

### b) Additional information on assets given on lease:

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Lease rental Income recognised in the Statement of Profit and Loss.	1.26	0.41

Rs. Crore

Asset	Cost as at March 31		Depreciation for the year ended March 31		Accumulated Depreciation as at March 31		Net Book Value as at March 31	
	2014	2013	2014	2013	2014	2013	2014	2013
Plant and equipment (refer note 14)	2.03	2.03	0.06	(0.16)	1.85	1.79	0.18	0.24
Investment Property	12.36	18.83	0.20	0.31	0.40	0.31	11.96	18.52

Depreciation for the previous year ended March 31, 2013 includes reversal of depreciation due to change of method of depreciation from WDV to SLM of Rs. 0.18 Cr which is shown as exceptional items.(Refer Note 39)

### 39 Details of Exceptional items disclosed in the Statement of Profit and Loss are as under:

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Surplus on change in method of depreciation (Refer Note (a) below)	-	37.45
Impairment loss relating to Kaya Skin Clinics in India / Middle East (Refer Note (b) below)	-	(17.45)
Incremental provision towards contingent consideration (Refer Note 13(c))	-	(1.75)
Profit on distribution of assets by Halite to MCCL on voluntary liquidation (Refer Note (c) below)	-	5.91
Reversal of impairment loss on "Fiancee" trademark (Refer Note (d) below)	-	9.05
<b>Total</b>	<b>-</b>	<b>33.21</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- a) During the previous year, effective January 1, 2013, the Company had retrospectively changed its method of providing depreciation on Factory Building and Plant & Machinery from the 'Written Down Value Method' to 'Straight Line Method' at the rates prescribed in Schedule XIV to the Companies Act, 1956. Accordingly, the Company had recognised the surplus of Rs. 37.45 Crores arising from this retrospective change.

Had the previous method of depreciation been followed, depreciation charge for the year ended March 31, 2014 would have been higher by Rs. 8.21 Crores (Rs. 2.96 Crore) and the profit before tax would have been lower by of an equivalent amount.

- b) The management had, in the previous year, carried out impairment assessment in respect of Kaya business at the clinic level, which the management had considered as the relevant cash generating unit. This resulted in an impairment provision of Rs. 17.45 Crore, which is included in "Exceptional Items" in the Statement of Profit and Loss.
- c) During the year ended March 31, 2013, under voluntary liquidation, Halite distributed its assets to MCCL, its sole shareholder. MCCL had taken over these assets of Halite at fair values. Excess of assets received by MCCL over its Equity investment in Halite, had resulted in profit of Rs. 5.91 Crore, which is shown as an "Exceptional Items" in the Statement of Profit and Loss. (Refer Note 35 (b))
- d) During the year ended March 31, 2011, the Company had recognised an impairment loss of Rs. 13.88 Crores towards brand "Fiancee". During the previous year, the Company had reassessed the value in use and accordingly reversed an impairment loss of Rs. 13.88 Crore. The company has provided depreciation of Rs. 4.83 Crore for the year ended March 2012 and March 2013. Net reversal reflected under "Exceptional Items" after adjusting for depreciation is Rs. 9.05 Crore.

#### 40 Derivative transactions

- a) The total derivative instruments outstanding as on year end March 31, 2014 are Plain Forwards, Plain Vanilla Put Option, Cross currency swap and Interest rate swap:

	Currency	March 31, 2014		March 31, 2013	
		Notional Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Notional Amount in Foreign currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)
<b>Forward contracts outstanding</b>					
Exports:	USD	5,425,824	32.50	7,739,273	42.01
Foreign currency loans (including Interest)	USD	3,000,000	17.97	15,182,985	82.41
Creditors	USD	5,071,095	30.37	18,049,383	97.97
Creditors	AUD	611,578	3.39	760,000	4.30
Loan to subsidiary:	ZAR	16,544,500	9.41	18,749,500	11.02
<b>Options Contracts outstanding</b>					
Exports	USD	4,817,444	28.85	5,993,000	32.53
Creditors	USD	3,430,000	20.54	1,059,500	5.75
Creditors	AUD	664,998	3.69	-	-
<b>Currency Swap</b>	USD	-	-	10,000,000	54.28

\* Converted into the exchange rate at the year end.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

		March 31, 2014		March 31, 2013	
	Currency	Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Forward contracts	USD	10,496,919	64.02	2,57,88,656	106.77
Forward contracts	AUD	611,578	3.41	760,000	4.31
Options contract	AUD	664,998	0.20	-	-
Options contract	USD	8,247,444	1.40	7,052,500	0.49

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

		March 31, 2014		March 31, 2013	
	Currency	Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Borrowings in Foreign currency	USD	25,500,000	1.77	27,000,000	3.08

- The Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 1 year except interest rate swap, in respect of which Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 3 years (1 to 4 years).
- All the derivative contracts entered by the Company were for hedging purpose and not for any speculative purpose.

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

		March 31, 2014		March 31, 2013		
	Currency	Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Amount in Foreign currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	
<b>a.</b>	<b>a. Amount receivable in foreign currency on account of following :</b>					
	- Export of goods	AED	4,988	0.01	4,988	0.01
		USD	5,890,404	35.28	5,061,074	27.47
<b>b.</b>	<b>Amount (payable) / receivable in foreign currency on account of following :</b>					
	(i) Import of goods and services	AUD	627,191	3.48	27,007	0.15
		MYR	(128,000)	(0.23)	-	-
		EUR	84,990	0.70	(56,339)	(0.39)
		GBP	(32,227)	(0.32)	(36,094)	(0.30)
		USD	(13,419,226)	(80.37)	(4,390,145)	(23.83)
		SGD	121	0.01	587,441	2.57
	(ii) Capital imports	CHF	680	0.01	680	0.01
		USD	12,102	0.07	-	-
		EUR	9,977	0.08	-	-
		GBP	800	0.01	-	-
	(iii) Loan payables *	USD	(18,658,161)	(111.74)	(14,000,000)	(75.99)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Currency	March 31, 2014		March 31, 2013	
		Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Amount in Foreign currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)
<b>c. Bank balances</b>	USD	1,467,667	8.79	1,176,291	6.38
	IDR	10,741,257	0.01	-	-
	GBP	7,080	0.07	-	-
	EUR	409	0.01	-	-
	VND	254,291	0.01	584,291	0.01
<b>d. Other receivable / (payable)</b>	USD	(94,139)	(0.56)	18,355	0.10
	AED	2,580	0.01	(469)	(0.01)
	BDT	27,000	0.01	-	-
	SGD	(60)	(0.01)	-	-
	MYR	2,130	0.01	-	-
	IDR	(377,230,626)	(0.20)	-	-
	AUD	-	-	2,400	0.01
	EUR	12,453	0.10	55,159	0.38
	THB	118,503	0.02	95,147	0.02
	GBP	-	-	9,703	0.08

\* Excludes Loans payable of Rs. 305.44 Crore [USD 51,000,000] (Rs. 293.11 Crore [USD 54,000,000]) assigned to hedging relationship against highly probable forecast sales. The Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 3 years (1 to 4 years).

c) The Company had, opted for early adoption of Accounting Standard 30 "Financial Instruments: Recognition and Measurement" to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements. Accordingly, the net unrealised loss of Rs. 76.29 Crore as at March 31, 2014 (Rs. 52.49 Crores as at March 31, 2013) in respect of outstanding derivative instruments and foreign currency loans at the period end which qualify for hedge accounting, stands in the 'Hedge Reserve', which is being recognised in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue.

41 a) The Corporate Governance Committee has granted Stock Appreciation Rights ("STAR") to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011 ("Plan"). The grant price is determined based on a formula as defined in the Plan. During the year, Scheme I got vested & settled on vesting date September 30, 2013. There are three live schemes under the Plan with different vesting period. Under the Plan, the respective employees are entitled to receive a STAR Value which is the excess of the maturity price over the grant price subject to fulfillment of certain conditions. The Plan is administered by Corporate Governance Committee comprising independent directors.

b) Details of Star Scheme:

	STAR I		STAR II		STAR III		STAR IV	
	As at March 31 2014	As at March 31 2013	As at March 31 2014	As at March 31 2013	As at March 31 2014	As at March 31 2013	As at March 31 2014	As at March 31 2013
Grant Date	March 28, 2011		December 1, 2011		December 1, 2012		December 1, 2012	
Grant Price (Rs.)	129.15		148.53		213.91		213.91	
Vesting Date	September 30, 2013		November 30, 2014		November 30, 2015		November 30, 2016	
Number of grants outstanding at the beginning of the year	2,665,700	3,051,600	977,100	1,095,000	191,400	-	1,739,900	-
Add : Granted during the year	-	360,000	-	38,100	-	200,300	-	1,746,900
Less : Forfeited during the year	53,200	515,200	272,100	81,000	40,200	8,900	665,700	7,000
Less : Exercised during the year	2,612,500	*230,700	*84,400	*75,000	-	-	-	-
Number of grants at the end of the year	-	2,665,700	620,600	977,100	151,200	191,400	1,074,200	1,739,900
							202,300	-
								1,057,600

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Rs. in Crore

	STAR I		STAR II				STAR III				STAR IV	
	As at March 31		As at March 31		As at March 31		As at March 31		As at March 31		As at March 31	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total Provision	-	17.23	2.93	3.42	-	-	-	-	-	-	-	-
Less: Accretion in amounts recoverable from the Trust (Also refer note (c) and (d) below)	-	7.77	2.53	2.33	-	-	-	-	-	-	-	-
<b>Net Provision</b>	-	<b>9.46</b>	<b>0.40</b>	<b>1.09</b>	-	-	-	-	-	-	-	-
Classified as long-term	-	-	-	1.09	-	-	-	-	-	-	-	-
Classified as short-term	-	9.46	0.40	-	-	-	-	-	-	-	-	-

- c) The Company has formed "Welfare of Mariconians Trust" (The Trust) for the implementation of the schemes that are notified or may be notified from time to time by the Company under the Plan. The Company has advanced Rs. 36.31 Crore (Rs. 77.25 Crore) to the Trust for purchase of the Company's shares under the Plan, of which Rs. 26.48 Crore (Rs. 36.54 Crore) is included under "Long term loans and advances" (Refer Note 17) and Rs. 9.83 Crore (Rs. 40.71 Crore) under "Short term loans and advances" (Refer Note 23). As per the Trust Deed and Trust Rules, upon maturity, the Trust shall sell the Company's shares and hand over the proceeds to the Company. The Company, after adjusting the loan advanced, shall utilize the proceeds towards meeting its STAR Value obligation.
- d) The difference between the market price of the Company's shares as at the year end and the grant price after adjusting for the difference between the amounts due from the Trust and the loan advanced to the Trust is recognized as an expense over the vesting period and accordingly an amount of Rs. 2.81 Crore (Rs. 4.59 Crore) is charged in the Statement of Profit and Loss (Refer Note 28). The total provision of Rs. 0.40 Crore (Rs. 9.46 Crore) as at March 31, 2014 which relates to STAR Scheme II maturing on November 30, 2014 has been disclosed under Short Term provision (Refer Note 13).
- e) As on March 31, 2014, the market price of the Company's shares on the stock exchanges was lower than the average price at which the Trust had bought the shares under one of the STAR schemes. This has resulted in diminution in the recoverable value of loan advanced to the Trust. Accordingly, the Company has charged an amount of Rs. 0.70 Crore (Rs. 0.81 Crore) to the Statement of Profit and Loss (Refer Note 17).
- f) The Securities and Exchange Board of India (SEBI) in January 2013 amended the SEBI (ESOS and ESPS) Guidelines 1999, vide which it mandated that no ESOS/ESPS schemes shall involve acquisition of securities of the Company from the secondary market. Accordingly such existing schemes need to comply with the amended guidelines by June 30, 2014. Considering the proposals in the consultative papers issued by SEBI on implementation of new guidelines, the effect of compliance with new guidelines is not likely to be material on these financial statements.

### 42 Earnings per share:

	March 31, 2014	March 31, 2013
<b>Profit for the year as per the Statement of Profit and Loss/ Profit available to equity shareholders (Rs. Crore)</b>	<b>485.38</b>	<b>395.86</b>
Equity shares outstanding as at the year end	644,872,999	644,771,799
Weighted average number of equity shares used as denominator for calculating basic earnings per share	644,843,409	640,971,596
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	645,002,031	641,232,987
Nominal value per equity share	Re. 1	Re. 1
<b>Basic earnings per equity share</b>	<b>Rs. 7.53</b>	<b>Rs. 6.18</b>
<b>*Diluted earnings per equity share</b>	<b>Rs. 7.53</b>	<b>Rs. 6.17</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

	March 31, 2014	March 31, 2013
Number of shares considered as basic weighted average shares outstanding	644,843,409	640,971,596
Add: Effect of dilutive stock options	158,622	261,391
Number of shares considered as weighted average shares and potential shares outstanding	645,002,031	641,232,987

### 43 Segment Information

Pursuant to the De-merger of Kaya Business (Refer Note 36), the Consolidated financial statements of Marico have only one reportable segment- "Consumer Products" - in terms of Accounting Standard 17 "Segment Reporting" mandated by Rule 3 of the Companies ("Accounting Standards") Rules, 2006. The Group has identified following geographical markets as the Secondary segment.

Geographical Segments	Composition
India	All over India
International (others)	Primarily Middle East, SAARC countries, Egypt, Malaysia, South Africa, Singapore (for FY 12-13) and Vietnam.

(Rs. Crore)

	India		International (others)		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Revenue	3,563.55	3,435.64	1,122.97	1,160.54	4,686.52	4,596.18
Carrying amount of assets	2,015.39	2,620.43	949.56	1,086.80	2,964.95	3,707.23
Capital expenditure	74.67	93.09	23.31	60.38	97.98	* 153.47

\* excludes assets acquired on acquisition of new subsidiaries

### 44 Related Party disclosures

a) Name of related parties and nature of relationship:

i) Subsidiary companies (Refer note 3)

Marico Innovation Foundation (w.e.f. March 15, 2013)

Marico Kaya Enterprises Limited (upto March 31, 2013)

ii) Key management personnel (KMP) :

Harsh Mariwala, Chairman and Managing Director upto March 31; effective April 1, 2014, Mr. Harsh Mariwala has been re-designated as Chairman and Non-Executive Director.

iii) Relatives of Key management personnel:

Rishabh Mariwala, son of Harsh Mariwala

iv) Others - Entities in which KMP has significant influence & transactions have taken place:

The Bombay Oil Private Limited

Marico Innovation Foundation (upto March 14, 2013)

Marico Kaya Enterprises Limited (w.e.f. April 1, 2013)

Kaya Limited (w.e.f. April 1, 2013)

Kaya Middle East FZE (w.e.f. April 1, 2013)

Derma Rx International Aesthetics PTE Ltd (w.e.f. April 1, 2013)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### b) Transactions during the year

(Rs. Crore)

Particulars	KMP and their relative		Subsidiaries		Others	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Remuneration</b>	<b>4.99</b>	<b>4.64</b>	-	-	-	-
Harsh Mariwala	4.98	4.64	-	-	-	-
Others	0.01	0.01	-	-	-	-
<b>Rent paid</b>	-	-	-	-	-	<b>0.08</b>
The Bombay Oil Private Limited	-	-	-	-	-	0.08
<b>Investments made during the year</b>	-	-	-	<b>0.10</b>	-	-
Marico Kaya Enterprises Limited	-	-	-	0.10	-	-
<b>Expenses paid on behalf of subsidiary</b>	-	-	-	-	<b>12.66</b>	-
Kaya Limited	-	-	-	-	12.25	-
Others	-	-	-	-	0.41	-
<b>Purchase of Fixed Assets</b>	-	-	-	-	<b>0.48</b>	-
Kaya Limited	-	-	-	-	0.48	-
<b>Sale of Fixed Assets</b>	-	-	-	-	<b>0.02</b>	-
Kaya Limited	-	-	-	-	0.02	-
<b>Lease Rental Income</b>	-	-	-	-	<b>0.83</b>	-
Kaya Limited	-	-	-	-	0.82	-
Others	-	-	-	-	0.01	-
<b>Loans and Advances Recovered</b>	-	-	-	-	<b>17.07</b>	-
Kaya Limited	-	-	-	-	15.39	-
Others	-	-	-	-	1.68	-
<b>Donation Given</b>	-	-	<b>2.92</b>	<b>1.71</b>	-	-
Marico Innovation Foundation	-	-	2.92	1.71	-	-
<b>Expenses paid by subsidiary on behalf of Marico Limited</b>	-	-	-	-	<b>0.06</b>	-
Kaya Middle East FZE	-	-	-	-	0.06	-
<b>Claim Settled</b>	-	-	-	-	<b>0.06</b>	-
Kaya Middle East FZE	-	-	-	-	0.06	-
<b>Stand by Letter of Credit Discharged</b>	-	-	-	-	<b>23.88</b>	-
Kaya Middle East FZE	-	-	-	-	23.88	-
<b>Coporate Guarantee Commission</b>	-	-	-	-	<b>0.74</b>	-
Derma Rx International Aesthetics PTE Ltd	-	-	-	-	0.74	-
<b>Coporate Guarantee Discharged</b>	-	-	-	-	<b>105.03</b>	-
Derma Rx International Aesthetics PTE Ltd	-	-	-	-	105.03	-
<b>Loans and advances given</b>	-	-	-	<b>0.11</b>	-	-
Marico Kaya Enterprises Limited	-	-	-	0.11	-	-
<b>Transfer of Assets and Liabilities on de-merger of Kaya business</b>	-	-	-	-	<b>297.27</b>	-
Marico Kaya Enterprises Limited	-	-	-	-	297.27	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### c) Balances as at the year end

(Rs. Crore)

Particulars	KMP and their relative		Subsidiaries		Others	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Investments</b>	-	-	-	<b>0.10</b>	-	-
Marico Kaya Enterprises Limited	-	-	-	0.10	-	-
<b>Dues payable</b>	-	-	-	-	-	<b>0.02</b>
The Bombay Oil Private Limited	-	-	-	-	-	0.02
<b>Loans and advances</b>	-	-	-	<b>0.11</b>	<b>2.32</b>	-
Kaya Limited	-	-	-	-	1.97	-
Marico Kaya Enterprises Limited	-	-	-	0.11	0.32	-
Others	-	-	-	-	0.03	-
<b>Corporate guarantees given to banks</b>	-	-	-	-	<b>8.00</b>	<b>8.00</b>
Kaya Limited	-	-	-	-	8.00	8.00

#### 45 Previous year figures

- Previous year figures have been re-grouped and reclassified wherever necessary to conform to this year's classification
- In view of the acquisition of personal care business of PPL (Refer Note 35) and demerger of Kaya business (Refer Note 36) previous year figures are not comparable.
- The figures in brackets represent those of the previous year.

#### As per our attached report of even date.

##### For Price Waterhouse

Chartered Accountants  
Firm Registration No. 301112E

##### UDAY SHAH

Partner  
Membership No. 46061

Place : Mumbai  
Date : April 30, 2014

##### For and on behalf of the Board of Directors

**HARSH MARIWALA** Chairman  
**SAUGATA GUPTA** Managing Director and CEO  
**VIVEK KARVE** Chief Financial Officer  
**HEMANGI GHAG** Company Secretary & Compliance Officer

Place : Mumbai  
Date : April 30, 2014

# DIRECTORS' REPORT

To the Shareholders

Your Board of Directors ('Board') is pleased to present the Twenty Sixth Annual Report of your Company, Marico Limited, for the year ended March 31, 2014 ('the year under review', 'the year' or 'FY14').

In line with the requirements of the Listing Agreement with BSE Limited and the National Stock Exchange of India Limited, your Company has been reporting consolidated results – taking into account the results of its subsidiaries. This report, therefore, covers the financial results and other developments during April 2013 – March 2014 in respect of Marico Consolidated comprising the unified FMCG business under Marico Limited ('Marico') in India and overseas. The consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this report.

## FINANCIAL RESULTS - AN OVERVIEW

	Rs. Crore	
	Year ended March 31,	
	2014	2013
<b>Consolidated Summary Financials for the Group</b>		
Revenue from Operations	<b>4686.52</b>	<b>4596.18</b>
Profit before Tax	694.58	551.88
Profit after Tax	485.38	395.86
<b>Marico Limited – financials</b>		
<b>Revenue from Operations</b>	<b>3682.58</b>	<b>3407.10</b>
Profit before Tax	717.27	541.99
Less: Provision for Tax for the current year	140.05	112.90
Profit after Tax for the current year	577.22	429.09
Add : Surplus brought forward	1162.84	835.43
<b>Profit available for Appropriation</b>	<b>1740.06</b>	<b>1264.52</b>
Appropriations:		
<b>Distribution to shareholders</b>	<b>257.95</b>	<b>32.24</b>
Tax on dividend	9.37	5.23
	267.31	37.47
<b>Transfer to General Reserve</b>	<b>57.72</b>	<b>42.91</b>
<b>Debenture Redemption Reserve</b>	<b>20.86</b>	<b>21.30</b>
<b>Surplus carried forward</b>	<b>1394.18</b>	<b>1162.84</b>
<b>Total</b>	<b>1740.07</b>	<b>1264.52</b>

## DISTRIBUTION TO EQUITY SHAREHOLDERS

Your Company's distribution policy has aimed at sharing its prosperity with its shareholders, through a formal earmarking / disbursement of profits to shareholders.

Keeping in mind the increase in the profits made by the Company over the last five years and in an endeavor to maximize the returns to its shareholders, the Company increased its dividend payout during the year to 350% as compared to 100% during FY13. Your Company's distribution to equity shareholders during FY14 comprised the following:

First interim dividend of 75% on the equity base of Rs 64.48 Crore.

Second interim dividend of 100% on the equity base of Rs. 64.48 Crore.

Third interim dividend (A special onetime Silver Jubilee Dividend to commemorate 25 years since incorporation) of 175% on the equity base of Rs.64.48 Crore.

The total equity dividend for FY14 (including dividend tax) aggregated to Rs. 229.6 Crore. The overall dividend payout ratio hence is 47.3% as compared to 19.3% during FY13. Excluding the one-time dividend, the payout ratio for the year is 24.1%.

# DIRECTORS' REPORT

## MANAGEMENT DISCUSSION AND ANALYSIS

An Annexure to this Report contains a detailed Management Discussion and Analysis, which, inter alia, covers the following:

- Industry structure and development
- Opportunities and Threats
- Risks and Concerns
- Internal control systems and their adequacy
- Discussion on financial and operational performance
- Segment-wise performance
- Outlook

In addition, a Review of Operations of your Company has been given in this report.

## REVIEW OF OPERATIONS

During FY14 Marico posted revenue from operations of INR 4,687 Crore, a growth of 10% over the previous year. This was contributed by 6% expansion in volumes accompanied by 4% price increases and improvement in sales mix. The business reported bottom line of INR 485 Crore, growth of 12% over last year. The growth in PAT after excluding the impact of certain one-time accounting adjustments made in FY13 is 19%.

During FY14, the Company has received 900% dividend from Marico Bangladesh Limited on which income tax charge of INR 34.5 Crore has been accounted in the books. This has increased the effective tax rate (ETR) for the year. Profit growth excluding this tax impact is 26% for FY14.

The company has demonstrated steady growth on both the top line and the bottom line. Over the last 5 years, the topline has grown by 16% and bottom line by 21% at a Compounded Annual Growth Rate.

### Domestic FMCG Business: Marico India

The Domestic FMCG Business achieved a turnover of INR 3,519 Crore during FY14, a growth of about 8% over FY13. This was mainly led by volume growth of 6% in an environment of subdued demand. The Company's brands have continued to improve their market shares.

Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by 4% in volume as compared to FY13. During the 12 month period ended March 2014 Parachute along with Nihar improved its market share marginally over the same period last year to 56%.

Marico's value added hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 11% in volumes during the year. Marico continues to gain market share and has emerged as a clear market leader with 28% share (for 12 months ended March 2014) in the INR 4500 Crore (USD 834 million) market. Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 30% for the 12 months ended March 2014 in the Amla hair oils category (FY13: 25%).

The Saffola refined edible oils franchise grew by about 9% in volume terms during FY14 compared to FY13 reporting an improvement in performance albeit on a lower base. During the year, the Company revamped one of its existing variants i.e., New Saffola with an improved and top of the line offering for modern day needs "Saffola Total". The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 55% during the 12 months ended March 2014.

Saffola plain and savory oats represents Marico's healthy foods franchise. Saffola has a market share of over 14% by volume in the oats category and has emerged as the number two player in the category. Saffola Oats has increased its market share by about 24 bps as compared to last year. Saffola Oats crossed Rs. 50 Crore landmark in top line during the year under review. The Company expects to continue the robust growth in Oats.

Parachute Advansed Body Lotion has achieved a market share of over 6% (moving 12 months basis) and is the number 3 participant in the market. The Company launched India's first unique multi-dimensional 'spray-on' body lotion. The new launch



# DIRECTORS' REPORT

will be extensively supported with heavy media and visibility support.

The acquired portfolio of the youth brands grew by 16% in value terms during the year over FY13. The Company has established a leadership position in the Hair Gels and Post Wash Leave-on conditioner market with about 33% and 82% share respectively. Set Wet and Zatak increased its market share marginally in the deodorants segment to 5% for 12 months ended March 2014, in this crowded category. In February, Set Wet launched a new variant Set Wet Infinity, a non-aerosol perfume spray with 'no-gas' formulation.

The Company has entered into the fastest growing creams segment of Hair Colour category by introducing Livon Conditioning Cream Colour in January 2014. Entry into the hair colour category not only strengthens the Company's hair care portfolio in India but also establishes our presence in categories which are replicable in other geographies.

In partnership with Union Swiss, the Company has introduced Bio-Oil in India. Union Swiss is a privately owned MNC based in South Africa. Marico will be marketing and distributing its flagship brand, Bio-Oil, in India. With presence in 76 countries, Bio-Oil is the No.1 selling product to improve appearance of scars and stretch marks. Having Bio-Oil in the portfolio will further strengthen Marico's presence in channels such as chemists and modern trade.

## **International FMCG Business: Marico International**

The international business reported a topline growth of 16% during FY14 albeit 10% of it came from favorable foreign exchange movement. The overall volume growth in international business was 5%. It was a mixed bag for the international business. Business in Vietnam and Egypt grew in double digits while growth in Bangladesh was in single digit due to political instability in the country. Your Group has managed to cut back its losses in the Middle East region substantially and the geography is showing early signs of revival.

## **OTHER CORPORATE DEVELOPMENTS**

### **Organizational Changes**

Marico's Board of Directors, on March 25, 2014, approved the appointment of Mr. Saugata Gupta, CEO Marico Limited as Managing Director and CEO. Mr. Saugata Gupta has been inducted into the Company's Board of Directors effective April 1, 2014. Mr. Harsh Mariwala, previously Chairman & Managing Director, has been re-designated as Non-Executive Director. He will continue to act as Chairman of the Board and will guide the MD & CEO on long term strategy and direction.

The Board, at its meeting held on April 30, 2014, approved appointment of Mr. Vivek Karve, previously EVP and Head Corporate Finance, as the Chief Finance Officer of the Company effective April 1, 2014, in place of Mr. Milind Sarwate who moved on.

### **Demerger of Kaya Business**

The Kaya Business, earlier a part of Marico, has been demerged effective October 17, 2013, with April 1, 2013 as the Appointed Date. Pursuant to the De-merger Scheme, the transfer of Kaya Business to Marico Kaya Enterprises Limited ("MaKE") has been accounted by the Company by recording the transfer of the relevant assets and liabilities of the Kaya Business at their book values as of the appointed date. In accordance with the scheme approved by the Hon'ble High Court of Bombay, the excess of book value of assets over liabilities has been adjusted against Securities Premium Reserve.

Further, pursuant to the scheme, as on the Record Date i.e. November 5, 2013, every shareholder holding 50 fully paid equity shares with a face value of Re. 1 each in Marico Limited has been allotted 1 fully paid equity share of MaKE with a face value of Rs. 10 and a premium of Rs. 200 each. MaKE submitted the Listing application along with the Information Memorandum to the Stock Exchanges on March 14, 2014 for seeking relaxation from SEBI. In April 2014, MaKE has received the necessary relaxations from SEBI and will now proceed with completing other listing formalities.

Accordingly, the financial results of the Kaya Business do not form part of the audited consolidated financial results for the year ended March 31, 2014. However, the audited consolidated financial results of previous year include the results of Kaya Business and accordingly, to that extent, are not comparable with the results for the year ended March 31, 2014.

# DIRECTORS' REPORT

## Final Distribution of Halite Assets to MCCL

The shareholders of Halite Personal Care Private Limited ("Halite"), a wholly owned step-down subsidiary of your Company, vide a special resolution at their extra ordinary general meeting held on January 18, 2013, resolved that the company be voluntarily liquidated. The shareholders also appointed a liquidator. In view of the liquidation, the liquidator, on March 25, 2013, distributed the assets of Halite to MCCL, being the sole shareholder of Halite. MCCL took over assets of Halite at fair values, determined by an independent valuer, where applicable. On distribution, MCCL received assets in excess of its Equity investment in Halite, resulting in profit of Rs. 5.91 Crore as mentioned below, which was shown as an exceptional item in the Statement of Profit and Loss for the year ended March 31, 2013.

During the year under review, a final meeting of the shareholders of Halite was held on January 15, 2014 to approve the Statement of Accounts (stating the manner in which liquidation was conducted) prepared by the Liquidator. Further assets were distributed on the said date as below. The liquidation proceedings are now pending before the Official Liquidator.

(Rs. Crore)

Particulars	As at March 31, 2014	As at March 31, 2013
Tangible assets (net)	-	0.73
Intangible assets	-	729.80
Distribution of other assets and liabilities (net)	0.03	-
Cash and bank balance	0.45	20.98
<b>Total</b>	<b>0.48</b>	<b>751.51</b>
Less: Value of equity investments in Halite in books of MCCL	-	(745.60)
<b>Excess of assets taken over on investment</b>	<b>0.48</b>	<b>5.91</b>
Classified as exceptional item (Refer Note 39)	-	5.91
Classified as Miscellaneous income	0.48	-

## MCCL Capital Reduction Scheme

During the year under review, the Honourable Bombay High Court vide its order dated June 21, 2013 approved the Scheme of Capital Reduction pertaining to Marico Consumer Care Limited (MCCL) (a wholly owned subsidiary of your Company). Accordingly intangible assets aggregating Rs. 723.72 Crore were adjusted against the Share Capital and Securities Premium Reserves in accordance with the provisions of Section 78 (read with sections 100 to 103) of the Companies Act, 1956.

## Marico Employee Stock Option Scheme 2007

In pursuance of shareholders' approval obtained on November 24, 2006, your Company had formulated and implemented an Employee Stock Options Scheme (the Scheme) for grant of Employee Stock Options (ESOS) to certain employees of the Company and its subsidiaries. The Corporate Governance Committee ('Committee') of the Board of Directors of your Company is entrusted with the responsibility of administering the Scheme and in pursuance thereof, the Committee has granted 1,13,76,300 stock options (as at March 31, 2014) comprising about 1.76% of the current paid up equity capital of the Company as at March 31, 2014. An aggregate of 212,600 options were outstanding as on March 31, 2014. Additional information on ESOS as required by Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is annexed and forms part of this report.

None of the Non-executive Directors (including Independent Directors) have received any stock options in pursuance of the above Scheme. Likewise, no employee has been granted stock options, during the year equal to or exceeding 0.5% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

The Company's Auditors, M/s. Price Waterhouse, have certified that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders at the Extra-Ordinary General Meeting held on November 24, 2006.

# DIRECTORS' REPORT

During the year the Company approved Marico Employee Stock Option Scheme 2014 ("Marico ESOS 2014") for grant of 300,000 employee stock options to the Chief Executive Officer of the Company at an exercise price of Re. 1 per option. This does not have any impact on current financial statement as the grant date is April 1, 2014.

On April 30, 2014, the Corporate Governance Committee and the Board of Directors approved formulation of a new ESOP Plan for further grant of ESOPs to the Managing Director & CEO on an annual basis as a part of a long term incentive plan of the MD & CEO on a similar basis as Marico ESOS 2014, for which approval of the shareholders is being sought in the accompanying Notice of the 26<sup>th</sup> Annual General Meeting.

## **Marico Employees Stock Appreciation Rights Plan, 2011**

Your Company had implemented a long term incentive plan namely, Marico Stock Appreciation Rights Plan, 2011 ('STAR Plan') in the previous financial years for the welfare of its employees and those of its subsidiaries. Pursuant to the STAR Plan the Corporate Governance Committee of the Board of Directors notifies various Schemes granting Stock Appreciation Rights (STARs) to certain eligible employees. Each STAR is represented by one equity share of the Company. The eligible employees are entitled to receive excess of the maturity price over the grant price in respect of such STARs subject to fulfillment of certain conditions and subject to deduction of tax. The Corporate Governance Committee notified Scheme IV on December 2, 2013 and 1,079,000 STARs were granted under the Scheme. The vesting date of STARs granted under Scheme IV is November 30, 2016. The Company also granted 202,300 additional STARs under Scheme III on the same date. As on March 31, 2014, an aggregate of 31,05,900 STARs were outstanding.

## **Exemption from attaching the Balance Sheets, etc. of the Subsidiary Companies with the Balance Sheet of the Company**

The Ministry of Corporate Affairs ("MCA") has vide its circular no. 02/2011 dated February 8, 2011, granted a general exemption under Section 212(8) of the Companies Act from attaching copies of the Balance Sheet, Profit and Loss Accounts, Directors' Report and Auditors' Report of its subsidiary companies with the Balance Sheet of the Company, subject to fulfillment of certain conditions.

In terms of the said circular, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached to the Balance Sheet of the Company. The Company has presented Consolidated Financial Statements comprising Marico Limited and its subsidiaries duly audited by the Statutory Auditors of the Company. The Consolidated Financial Statements prepared by the Company are in compliance with the Accounting Standard AS-21 as prescribed by the Companies (Accounting Standards) Rules, 2006 and the Listing Agreement with the Stock Exchanges. The statement required under Section 212 of the Companies Act, 1956 is attached to the annual accounts of the Company. The Annual Accounts and related documents of all the Subsidiary Companies shall be made available for inspection to the shareholders of the Company and its subsidiaries at the Registered Office of the Company from Monday to Friday during the hours between 11.00 a.m. and 1.00 p.m. The Company will also make available physical copies of such documents upon request by any shareholder of the Company or its subsidiaries interested in obtaining the same and the same would also be made available on the website of the Company.

## **PUBLIC DEPOSITS**

There were no outstanding Public deposits at the end of this or the previous year. The Company did not accept any public deposits during the year.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- In preparation of the Annual Accounts of your Company, the Accounting Standards, laid down by the Institute of Chartered Accountants of India from time to time, have been followed and that no material departures have been made from the same;

# DIRECTORS' REPORT

- Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgment and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at March 31, 2014 and the profits of your Company for the year ended March 31, 2014;
- Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis;

## CORPORATE GOVERNANCE

A report on Corporate Governance has been provided as a separate part of this Report.

## DIRECTORS

### Directors retiring by rotation

The relevant provisions of the Companies Act, 2013 were notified and made effective from April 1, 2014. In terms of Section 149(14) of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Accordingly, Mr. Rajen Mariwala, Non-Executive Director of the Company is liable to retire by rotation at this 26<sup>th</sup> Annual General Meeting and being eligible offers himself for re-appointment.

### Appointment of Independent Directors

With the notification of the Companies Act, 2013 and the amended Clause 49 of the Listing Agreement with the Stock Exchanges, Independent Directors who have served as such for 5 years or more with the Company can be re-appointed for another term of maximum 5 years only. All Independent Directors on your Company's Board, except Mr. B S Nagesh, have already served a term of 5 years or more. Accordingly, your Board proposes re-appointment of all Independent Directors for a term of 5 years at the ensuing Annual General Meeting subject to your approval.

## ADDITIONAL STATUTORY INFORMATION

Information under Section 217(1)(e) of the Companies ('the Act') 1956 Act read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms part of this Report. Information pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) Amendment Rules, 1999 forms part of this Report. Although in accordance with the provisions of Section 219(1)(b)(iv) of the Act such information has been excluded from the Report and Accounts sent to the shareholders, any shareholder desirous of obtaining this information may write to the Company Secretary at the Registered Office of the Company.

## STATUTORY AUDITORS

M/s. Price Waterhouse, Chartered Accountants and Statutory Auditors of the Company retire at the ensuing Annual General Meeting. In terms of Section 139 of the Companies Act, 2013, M/s. Price Waterhouse who have been the Statutory Auditors of the Company over the last seven years, are eligible for a further term of maximum three years from the date of this Annual General Meeting. Such appointment shall be subject to ratification by the shareholders at each of the subsequent Annual General Meetings held during their tenure as Auditors. Accordingly, your Directors recommend appointment of M/s. Price Waterhouse as the Statutory Auditors of the Company to hold office from the conclusion of this 26<sup>th</sup> Annual General Meeting until the conclusion of 29<sup>th</sup> Annual General Meeting. M/s. Price Waterhouse have confirmed their willingness and eligibility for such re-appointment.

## COST AUDITORS

Your Company appointed M/s. Ashwin Solanki & Associates, Cost Accountants, Mumbai, to conduct the cost audit for the Financial Year ended March 31, 2014 with respect to the products falling under vegetable fats and oils, pharmaceutical products, cereals, flour and product of cereals, prepared food products, food residues or prepared animal feed, personal care products,

# DIRECTORS' REPORT

soaps and cleansing agents and albuminoidal substances, starches, glues, enzymes category. The Company had received necessary approval from Central Government for appointment of the Cost Auditor. The Cost Audit Report for the year ended March 31, 2014 will be submitted to the Central Government in due course.

## INTERNAL AUDITORS

Ernst & Young LLP, a Chartered Accountant Firm, has been associated with your Company from the financial year 2012-13 as Internal Auditor partnering your Company in the area of risk management and internal control systems.

## ACKNOWLEDGEMENT

The Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. The Board also wishes to place on record its sincere appreciation for the wholehearted support received from shareholders, distributors, bankers and all other business associates, and from the neighbourhood communities of the various Marico locations. We look forward to continued support of all these partners in progress.

**On behalf of the Board of Directors**

Place : Mumbai  
Date : April 30, 2014

**Harsh Mariwala**  
**Chairman**

# ANNEXURE TO THE DIRECTORS' REPORT

**Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.**

## A. Conservation of Energy

Marico continued to emphasize on the conservation and optimal utilization of energy in every manufacturing unit of the Company. The energy conservation measures implemented during FY 14 are listed below:

### Plant - Baddi

The Baddi team undertook the below initiatives to reduce their CO<sub>2</sub> footprint in a phased manner -

- Solid Fuel Boiler was installed in place of FO Boiler resulting in savings of 3000 T of FO worth 9.8Cr / 9300 T of CO<sub>2</sub>
- Pressure transmitter installed in the deodorizing booster steam line which acts as an automatic controller to reduce the steam supply to booster. This led to a savings of 576 MT of steam per year and 1 Cr in cost of generation - 625 T of CO<sub>2</sub>
- Improvements in power consumption of boiler via reduction of choking by installation of rotary valve in the bottom of the boiler bank hopper led to 120,000 units and 7.8 Lacs of savings PA.

### Plant - Kanjikode

Initiatives taken in Kanjikode have led to reduction in overall CO<sub>2</sub> emissions by 14.3 T of CO<sub>2</sub> per year

- Improvements in the generation, distribution and utilization of steam has resulted a saving in furnace oil consumption by 3000 liters per annum which reduce CO<sub>2</sub> emission of 8.7 T of CO<sub>2</sub>/Year.
- Replaced a higher capacity conveyor motor to lower HP in Tin filling line has resulted a saving of 2160 units per year which is equivalent to GHG emission of 2.2 T of CO<sub>2</sub>/Year
- Installed VFD in the final filtration bagda (coconut cake) conveyor in Oil mill and optimized the running time which reduced energy consumption by 1868 units/year equivalent to GHG emission of 1.9T CO<sub>2</sub>/Year.
- Replaced the existing 5.5TR Air condition system to 3TR split type system in the Administration department thereby saving 1460 units per year which is equivalent to GHG emission of 1.5 T CO<sub>2</sub>/Year.

### Plant - Perundurai

The following initiatives in Perundurai have led to reduction in copra crushing electricity consumption (SPC) by 5.7 units/T leading to annual reduction in electricity consumption by 79782 units.

- During plant capacity expansion from 50 TPD to 120 TPD the team ensured that only 72% extra electrical load is added to the existing system. This was achieved through optimization of conveyers, pumps and other equipment.
  - Using the same pre breaker and grinder saving 25 HP of a motor running.
  - Elimination of 1 cake discharge conveyer having load of 2 HP through re orienting the existing conveyer to carry cake from both second stage expellers.
  - Elimination of 1st stage cooker feed conveyer having 3 HP motor by modifying the elevator discharge chute.

To tide over power shortage lasting for 8 hours per day, 3P electricity purchase through a dedicated feeder forming a consortium of companies was initiated and electricity was bought from a Co- Generation capacity. This led to elimination of usage of Diesel Generator leading to reduction in overall CO<sub>2</sub> emissions by 16.26 T of CO<sub>2</sub> in 2013-14, with annual potential being at 40 T.

# ANNEXURE TO THE DIRECTORS' REPORT

## Plant – Pondicherry

Pondicherry Power Task Force Energy Conservation Initiatives have resulted in a reduction of 14423 Units/Year and reduction of 357 tons of CO<sub>2</sub> emission through following initiatives:

- Boiler Fuel changed from Diesel to Briquette (Compressed Agro Waste)
- Variable Frequency Drive installed for Cooker for Power reduction
- Installation of Solar powered lights in parts of the factory premises and LED lights as a green initiative

## Plant – Jalgaon

The Jalgaon Team undertook twin initiatives to reduce their footprint. The below segments enabled a saving of 8110 units for a month of operations and 97320 units PA.

### For Power Consumption reduction

- Use of energy efficient pumps for cleaner liquids
- Variable Frequency Drive installation done for centrifugal flow
- Replacement of equipment through kaizen like Boiler and TF heater rotary feeder for fuel feeding to less energy consuming equipment
- Air leakage audit done and gaps closed.

### For Fuel Consumption reduction

- Steam trap auditing and rectification for better efficiency
- Temperature monitoring and rectification for heat exchangers for better efficiency
- Usage of Briquettes as a fuel which has higher Calorific value and very less amount of moisture.

Marico continued its journey towards effective utilization of energy. Significant reduction in power consumption has been achieved and rationalization efforts will continue.

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

## B. Technology Absorption

### I. Research and Development (R&D)

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

In the past year, R&D has done considerable work to expand our understanding in Hair, Skin and Male grooming categories in Personal care and also in Healthy food formats. As these categories have witnessed increased competition from Local as well as International players, the benchmarks in the product performance have changed in big leaps. The entries of technologically stronger players have upped the benchmark of product performance. The group has spent considerable time to understand the state of competitive intensity and consumer shifts. We also needed to create different benchmarks for the products as we operated in international countries where the product performances were significantly different than India. Healthy formats, both in edible oils as well as in breakfast cereals space were invented. The health benefits for lifestyle diseases were delivered through the designer edible oils formats. We concentrated on three areas

# ANNEXURE TO THE DIRECTORS' REPORT

- **Competitive Scenario:** In our categories, competitive insighting was done in terms of understanding product efficacy and sensorial. This has paid good dividends in creating products which performed better than the identified competition.
- **Product in-sighting:** A strong impetus was put on understanding consumer habits and usage towards the products. This was done through consumer research for the targeted consumer segments. These efforts enabled creation of products with right functionality and appropriate sensorial, creating differentiated products than the existing competition. This approach has been unique in creation of products which satisfied the un-met as well as under-met needs of consumers securing sustainable win.
- **Efficacy:** Efficacious active systems were created at functionally differentiated levels and also incorporated in products to be discernible to consumers. This has created good consumer loyalty in consumers both in the personal care as well as food formats. Several edible oil variants stand testimony to this.

## 2. Benefits derived as the result of the above efforts:

- Product format with differentiable functionality and appropriate sensorials.
- Competitive watch for targeted response in time and custom-made product.
- Creation of new technology platforms to address un-met as well as under-met consumer needs.
- “Outside-in-approach” through collaboration to build science platforms.
- Creation of healthy food formats with Indian tastes

## 3. Future Plan of Action:

Your Company's R&D will work towards continuous innovation in process, product & packaging technology to offer consumers value for money with delightful new product concepts, sensorial and product efficacy in “Beauty and wellness space”.

## 4. Expenditure on R&D:

(Rs. Crore)

Particulars	As at March 31, 2014	As at March 31, 2013
a) Capital	1.66	0.86
b) Recurring	16.57	5.95
<b>Total</b>	<b>18.23</b>	<b>6.81</b>
c) Total R & D expenditure as % to Sales & Services	0.49	0.20
d) Total R & D expenditure as % to PBT	2.54	1.26

## II. Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adoption and innovation and benefits derived as a result of the same:

During this year, the team invested substantial efforts in collaborating with external research community and vendors under open innovation program. Special efforts were devoted towards creating new technologies in the area of perfumes, hair fall actives and skin care. The efforts have yielded in improving current products with the use of new technologies to stay ahead of competition in efficacy. Currently there are many technologies under assessment for several consumer benefits. During the year, the focus has been placed on delivering health through technologies in edible oils. Several collaborations have significantly contributed in this journey. The Research Advisor Committee established a few years back has given impetus to the science journey. All of this has made a huge impact on the quality of products in terms of benefit level and shorter development time.



# ANNEXURE TO THE DIRECTORS' REPORT

## 2. Imported technology:

A few technologies have been sourced through the Open Innovation model. These technologies are being offered by the International suppliers to the manufacturers at large. Marico R & D is working with these suppliers to create modified versions of the technologies which will be appropriate to the targeted consumers.

## C. Foreign Exchange Earnings and Outgo

### CIF value of imports

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Raw materials	140.00	149.22
Packing materials	5.46	1.18
Capital goods	3.59	0.36
Stock - in - trade (Traded goods)	1.37	0.15
<b>Total</b>	<b>150.42</b>	<b>150.91</b>

### Expenditure in foreign currency

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Travelling and other expenses	0.65	0.50
Advertisement and sales promotion	6.10	5.19
Interest on other loans	11.48	11.19
Miscellaneous expenses	2.07	2.19
<b>Total</b>	<b>20.30</b>	<b>19.07</b>

### Earnings in foreign currency

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
FOB value of exports	162.76	138.59
Royalty	6.78	6.08
Dividend	202.99	18.71
Interest	1.49	4.10
Corporate guarantee income	0.74	0.70
<b>Total</b>	<b>374.76</b>	<b>168.18</b>

On behalf of the Board of Directors

Place : Mumbai  
Date : April 30, 2014

Harsh Mariwala  
Chairman

# ANNEXURE TO THE DIRECTORS' REPORT

## Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Shareholders of Marico Limited

We have examined the compliance of conditions of Corporate Governance by Marico Limited ('the Company'), for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us,

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Uday Shah**

**Partner**

Membership Number: F-46061

Place: Mumbai

Date: April 30, 2014

# ANNEXURE TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of the Securities and Exchange Board of India  
(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

## Marico Employee Stock Option Scheme 2007 (ESOS 2007)

a) Options granted (as at March 31, 2014)	11,376,300 options aggregating to about 1.85% of the paid-up equity capital of the Company (options, net of lapsed/forfeited/ exercised as at March 31, 2014: 212,600 options aggregating to about 0.03% of the paid-up capital of the Company)
b) The pricing formula	<p>The Exercise Price of the options shall be lower of the following:</p> <p>Average of the closing price for last 21 (twenty one) trading session(s) on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of options to the employees,</p> <p>Or</p> <p>The closing price for the last session on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of options to the employees.</p>
c) Options vested (as at March 31, 2014)	68,66,635
d) Options exercised (as at March 31, 2014)	64,61,235
e) The total number of shares arising as a result of exercising of option (as at March 31, 2014)	64,61,235
f) Options lapsed/forfeited (as at March 31, 2014)	47,02,465
g) Variation of terms of options	-N.A.-
h) Money realised by exercise of options (as at March 31, 2014)	Rs. 56,41,298
i) Total number of options in force (as at March 31, 2014)	2,12,600
j) Employee wise details of options granted to : (as at March 31, 2014)	
i) Senior Managerial Personnel	<p>A summary* of options granted to senior managerial personnel are as under :</p> <p>No. of employees covered - 7 (Seven)</p> <p>No. of options granted to such personnel(options, net of lapsed/ forfeited/exercised ) - 4,05,300 (Four Lakh Five Thousand Three Hundred)</p> <p>*Only summary given due to sensitive nature of information</p>
ii) any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year	-N.A.-
iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	-N.A.-

# ANNEXURE TO THE DIRECTORS' REPORT

- |    |  |  |
|----|--|--|
| k) | Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS) 20' Earnings per Share   | Rs. 8.95   |
| l) | i) Method of calculating employee compensation cost  | The Company has calculated the employee compensation cost using the intrinsic value method of accounting for the options granted under the Scheme  |
|    | ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options                   | Nil  |
|    | iii) The impact of this difference on the profits and on EPS of the Company  | Had the Company considered 'fair value' method then the additional employee compensation cost would be NIL, the Profit Before Tax would be lower by the same amount and Earning Per Share by NIL |
| m) | Weighted average exercise price and weighted average fair values of options (to be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock) | Weighted average Exercise Price : Rs. 55.74<br>Weighted average Fair Value of Option : Rs.22.46  |
| n) | Description of method and significant assumptions used during the year to estimate the fair values of options  | Intrinsic Value Method   |
|    | i) risk - free interest rate   |  |
|    | ii) expected life of options   |  |
|    | iii) expected volatility   |  |
|    | iv) expected dividends   |  |
|    | v) closing market price of share on date of option grant   |  |

# ANNEXURE TO THE DIRECTORS' REPORT ENCLOSURE 'A'

## Power & Fuel Consumption

**Note: The number given below relate to the own manufacturing facilities of the Company**

			For the year ended March 31	
			2014	2013
1.	Electricity			
a.	Purchased units (Kwh)		1,29,07,947	1,38,86,537
	Amount ( Rs. Crore)		8.68	7.41
	Average (Rs./ Unit)		6.72	5.33
b.	Own Generation			
i.	Through Diesel Generator (Kwh)		20,43,757	17,81,465
	Amount ( Rs. Crore)		3.46	2.91
	Average Rate ( Rs. / Unit)		16.94	16.31
2.	Furnace oil			
	Quantity ( KL)		931	3,671
	Amount ( Rs. Crore)		4.7	17.9
	Average Rate ( Rs. / KL)		50,125	48,759
3.	Other Internal Generation ( excludes HSD used for electricity generation)			
	L.D.O / H.S.D.			
	Quantity (KL)		190.6	465.8
	Amount ( Rs. Crore)		1.0	2.1
	Average Rate ( Rs. / KL)		52,533	45,127
4.	Baggase Consumption			
	Quantity (MT)		4,326.5	5,916.5
	Amount ( Rs. Crore)		1.2	1.6
	Average Rate ( Rs. / MT)		2,784.8	2,711.0
5.	Briquette Consumption			
	Quantity (MT)		2,572	-
	Amount ( Rs. Crore)		1.33	-
	Average Rate ( Rs. / MT)		5,179.67	-
6.	Rice Husk Consumption			
	Quantity (MT)		9,628	-
	Amount ( Rs. Crore)		5	-
	Average Rate ( Rs. / MT)		5,063.67	-
	Consumption per unit of production of edible oils			
		Unit		
	Electricity	Kwh	141.95	128.78
	Furnace oil	KL	0.01	0.03
	L.D.O./H.S.D.	KL	0.00	0.00
	Baggase	MT	0.36	0.52
	Briquette	MT	0.22	-
	Rice Husk	MT	0.30	-
	Consumption per unit of production of Hair Oils and other formulations			
		Unit		
	Electricity	Kwh	48.07	37.69
	Furnace oil	KL	0.00	-

# CORPORATE GOVERNANCE REPORT

This report on Corporate Governance is divided into the following parts:

- Philosophy on Code of Corporate Governance
- Board of Directors
- Audit Committee
- Remuneration Committee / Corporate Governance Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Other Committees
- General Body Meetings
- Disclosures
- Means of Communication
- General Shareholder Information

## I. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

### Basic Philosophy

Corporate Governance encompasses laws, procedures, practices and implicit rules that determine a management's ability to make sound decisions vis-à-vis all its stakeholders - in particular, its shareholders, creditors, the State and employees. There is a global consensus on the objective of Good Corporate Governance: Maximising long-term shareholder value.

Since shareholders are residual claimants, this objective follows from a premise that in well-performing capital and financial markets, whatever maximises shareholder value must necessarily maximise corporate value, and best satisfy the claims of creditors, employees and the State.

A company which is proactively compliant with the law and which adds value to itself through Corporate Governance initiatives would also command a higher value in the eyes of present and prospective shareholders.

Marico therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximization of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance - the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices.

Corporate Governance as a concept has gained considerable importance of late, primarily because of the proposal to enshrine many of the accepted good governance principles into corporate law. The Companies Act 2013 and the recently amended SEBI Corporate Governance norms aim to strengthen the framework of corporate governance for India Inc. For Marico, however, corporate governance has always been a cornerstone of the entire management process, the emphasis being on professional management, with a decision making model based on decentralization, empowerment and meritocracy. Together, the management and the Board ensure that Marico remains a company of uncompromised integrity and excellence.

### Risk Assessment and Risk Mitigation Framework

Marico believes that:

- Risks are an integral part of any business environment and it is essential that we create structures that are capable of identifying and mitigating the risks in a continuous and vibrant manner.
- Risks are multi-dimensional and therefore have to be looked at in a holistic manner, straddling both, the external environment and the internal processes.

Marico's Risk Management processes therefore envisage that all significant activities are analysed across the value chain keeping in mind the following types of risks:

# CORPORATE GOVERNANCE REPORT

- ❖ Business Risks
- ❖ Controls Risks
- ❖ Governance Risks

This analysis is followed by the relevant function(s) in Marico prioritizing the risks basis their potential impact and then tracking and reporting status on the mitigation plans for periodic management reviews. This is aimed at ensuring that adequate checks and balances are in place with reference to each significant risk.

The Board and its Audit Committee are periodically presented with all the information under risk management at group level and the progress on the risk responses.

The Company has an internal audit system commensurate with the size of the Company and the nature of its business. The Audit Committee of the Board has the ultimate authority and responsibility to select, evaluate and where appropriate, replace the Internal Independent Auditor in accordance with the law. All possible measures are taken by the Committee to ensure the objectivity and independence of the Independent Internal Auditor. The Committee, independent of the executive director and promoter directors of the Company, holds periodic one to one discussions with the Internal Auditors to review the scope and findings of audit and to ensure adequacy of internal audit system in the Company. The Audit Committee reviews the internal audit plan for every year and approves the same in consultation with top management and the internal auditor.

We believe that this framework ensures a unified and comprehensive perspective.

## **Cornerstones**

Marico thus follows Corporate Governance Practices around the following philosophical cornerstones:

### **Generative Transparency and Openness in Information Sharing**

Marico believes that sharing and explaining all relevant information on the Company's policies and actions to all those to whom it has responsibilities, with transparency and openness, generates an ambience which helps all stakeholders to take informed decisions about the Company. This reflects externally in making maximum appropriate disclosures without jeopardising the Company's strategic interests as also internally in the Company's relationship with its employees and in the conduct of its business.

The Company announces its financial results each quarter, usually within a month of the end of the quarter. Apart from disclosing these in a timely manner to the stock exchanges, the Company also hosts the results on its website together with a detailed information update and media release discussing the results. The financial results are published in leading newspapers. The Company also sends an email update to the shareholders who have registered their email address with the Company. Generally, once the quarterly results are announced, the Company conducts a call with analyst community explaining to them the results and responding to their queries. The transcripts of such calls are posted on the Company's website in due course. Marico participates in analyst and investor conference calls, one-on-one meetings and investor conferences where analysts and fund managers get frequent access to the Company's senior management. Presentations made by the Company at investor conferences are also uploaded on its website. Through these meetings, presentations and information updates the Company shares its broad strategy and business outlook. The Company also follows a practice of making public information on significant developments through immediate disclosure to the stock exchanges on which it is listed.

### **Constructive Separation of Ownership and Management**

Marico believes that constructive separation of the Management of the Company from its owners results in maximising the effectiveness of both, by sharpening their respective accountability. The recently revamped Board comprises nine directors out of which eight are non-executive and six of them are independent. The Board does not consist of representatives of creditors or banks. The Committees of the Board are chaired by Independent Directors.

No related party transactions exist except for those with subsidiaries/group companies and for remuneration to the

# CORPORATE GOVERNANCE REPORT

Chairman and his relatives. These can be referred to in Notes to Accounts annexed to the financial statements for the year ended March 31, 2014.

As and when required, senior management personnel are present at Board / Committee meetings so that the Board/ Committees can seek and get explanations as required from them.

All Directors and employees are required to comply with Marico Employees (Dealing in Securities & Prevention of Insider Trading) Rules, 2012, which forms part of Marico's Unified Code of Conduct, for trading in securities of the Company.

The Company's Internal, Statutory or Cost Auditors are not related to the Company.

## **Accountability**

The Board plays a supervisory role rather than an executive role. Members of the Board of Directors of the Company provide constructive critique on the strategic business plans and operations of the Company. Effective April 1, 2014, Company's business is headed by the Managing Director and Chief Executive Officer, who is responsible for its management and operation and is answerable to the Board.

The Audit Committee and the Board of Directors meet at least once in every quarter to consider inter alia, the business performance and other matters of importance.

## **Discipline**

Marico's senior management understands and advocates the need for good corporate governance practices. The Company places significant emphasis on good corporate governance practices and endeavours to ensure that the same is followed at all levels across the Organisation.

The Company continues to focus on its core businesses of beauty and wellness. In its international business too, it is focussed on growing in the Asian and African continents in the near term. This would result in the Company building depth in its selected segments and geographies rather than spreading itself thin.

The Company has always adopted a conservative policy with respect to debt. All actions having financial implications are well thought through. Funds are raised for financing activities which add to the business performance and not for the purpose of arbitrage. The Company has also stayed away from entering into exotic derivative products.

The Company has also followed a prudent dividend policy formulated considering organic & inorganic growth of the Company's business and has been declaring cash dividend on a regular basis thereby providing a regular return on investment to shareholders.

## **Responsibility**

The Company has put in place various mechanisms and policies to ensure orderly and smooth functioning of operations and also defined measures in case of transgressions by members.

The Company felt the need to integrate its internal regulations relating to these mechanisms, into a Unified Code of Conduct. In order to ensure that such Code of Conduct reflects the changing environment, both social and regulatory, given the increasing size and complexity of the businesses and the human resources deployed in them, the Board of Directors of the Company approved and adopted a revised Unified Code of Conduct on January 31, 2014.

## **Fairness**

All actions taken are arrived at after considering the impact on the interests of all stakeholders including minority shareholders. All shareholders have equal rights and can convene general meetings if they feel the need to do so. Investor Relations is given due priority. There exists a separate department for handling this function. Full disclosures are made in the general meeting of all matters. Notice of the meetings are comprehensive, the presentations made at the meetings are informative. Also the Board remuneration does not rise faster than Company's profits.



# CORPORATE GOVERNANCE REPORT

## Social Awareness

The Company has an explicit policy emphasising ethical behaviour. It follows a strict policy of not employing the under-aged. The Company believes in equality of genders and does not practise any type of discrimination. All policies are free of bias and discrimination. Environmental responsibility is given high importance and measures have been taken at all locations to ensure that members are educated and equipped to discharge their responsibilities in ensuring the proper maintenance of the environment.

## Value-adding Checks & Balances

Marico relies on a robust structure with value adding checks and balances designed to:

- ❖ prevent misuse of authority
- ❖ facilitate timely response to change and
- ❖ ensure effective management of risks, especially those relating to statutory compliance

At the same time, the structure provides scope for adequate executive freedom, so that bureaucracies do not take value away from the Governance Objective.

## Board / Committee Proceedings

The process of the conduct of the Board and Committee proceedings is explained in detail later in this Report.

## Other Significant Practices

Other significant Corporate Governance Practices followed by Marico are listed below:

## Checks & Balances

- ❖ All Directors are provided with complete information relating to operations and Company finances to enable them to participate effectively in Board discussions.
- ❖ Proceedings of Board are logically segregated and matters are delegated to Committees as under:
  - Administrative Committee covers routine transactional issues.
  - Investment and Borrowing Committee covers management of funds.
  - Audit Committee covers related party transactions, internal control and audit systems, risk management systems, financial reporting, compliance issues and effective April 1, 2014, vigil mechanism.
  - Corporate Governance Committee (erstwhile Remuneration Committee) covers remuneration of Directors and their relatives, and senior employees. Corporate Governance Committee has been designated as the Compensation Committee for the purpose of administration and superintendence of the Marico Employees Stock Option Scheme 2007, the Marico Employees Stock Option Scheme 2014 and Marico Stock Appreciation Rights Plan 2011. However, the powers as regards allotment of equity shares arising out of exercise of stock options under Marico Employees Stock Option Scheme 2007 are vested with the Securities Issue Committee.
  - Whistle blowing cases are discussed and reviewed in detail by the Corporate Governance Committee (w.e.f. April 1, 2014, they are reviewed and discussed by the Audit Committee). The Audit Committee reviews the effectiveness of this process to ensure that there is an environment that is conducive to escalate issues, if any in the system.
  - Share Transfer Committee covers transfer formalities and other share-related procedures.
  - Stakeholders' Relationship Committee covers redressal of stakeholders grievances.
  - Securities Issue Committee covers the matters relating to the issue and allotment of securities and allied matters.

# CORPORATE GOVERNANCE REPORT

- Project Resurgence Committee was a special committee constituted by the Board to take necessary decisions as regards implementation of the Scheme of Demerger of Kaya undertaking from the Company. The Scheme of Demerger of Kaya undertaking was sanctioned by the Hon'ble High Court of Judicature at Bombay on September 27, 2014. Since, the specific purpose of the Committee was achieved, this Committee stands dissolved on April 30, 2014.
- Corporate Social Responsibility Committee was formed during the year under review to meet the requirements of the new company law.
- ❖ Each Non-Executive Director brings value through their specialisation.
- ❖ Directorships held are within the ceiling limits specified.
- ❖ Committee memberships and chairmanship of Directors are also within overall limits.
- ❖ Statutory compliance report along with the Compliance Certificate is placed before the Audit Committee and Board at every meeting.
- ❖ Audit Committee is chaired by an Independent Director to check control systems and review them.
- ❖ All Directors endeavour to attend all the Board/Committee meetings as also the Annual General Meeting. The Chairman of the Audit Committee attends the Annual General Meeting to answer queries, if any, on accounts.
- ❖ The Chairman of the Board/Committee, in consultation with the Chief Financial Officer and the Company Secretary, formalises the agenda for each of the Board Meetings.
- ❖ The Board/Committees, at their discretion, invite Senior Management of the Company and / or outside Advisors to any meeting(s) of the Board/Committee.

## Compliance with Clause 49 of the Listing Agreement

The Company has complied with the provisions of Clause 49 of the Listing agreement (LA), as revised from time to time.

The Company's Unified Code of Conduct is applicable to all members viz. the employees (whether permanent or not), members of the Board and Associates. The Unified Code of Conduct prescribes the guiding principles of conduct of the members to promote ethical conduct in accordance with the stated values of Marico and also to meet statutory requirements. The Whistle Blower Policy is embedded in the Unified Code of Conduct.

The CEO declaration has been included in the CEO Certificate given elsewhere in the Annual Report.

## II. BOARD OF DIRECTORS

(I) Composition and categories of Directors :-

Name	Category
Mr. Harsh Mariwala	Chairman & Non-Executive Director (w.e.f. April 1, 2014)
Mr. Saugata Gupta	Managing Director & CEO (w.e.f. April 1, 2014)
Mr. Rajeev Bakshi	Non-Executive and Independent
Mr. Atul Choksey	Non-Executive and Independent
Mr. Nikhil Khattau	Non-Executive and Independent
Mr. Anand Kripalu	Non-Executive and Independent
Ms. Hema Ravichandar	Non-Executive and Independent
Mr. B. S. Nagesh	Non-Executive and Independent
Mr. Rajen Mariwala	Non-Executive (Promoter)

No Director is related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 2013. Mr. Harsh Mariwala and Mr. Rajen Mariwala are related to each other as first cousins.

# CORPORATE GOVERNANCE REPORT

(II) Attendance of each Director at the Board meetings and the last Annual General Meeting:

6 (Six) meetings of the Board of Directors were held during the period from April 01, 2013 to March 31, 2014 viz: on April 30, 2013, August 12, 2013, October 17, 2013, October 29, 2013, January 31, 2014 and March 25, 2014. The attendance record of all Directors is as under: -

Names of Directors	No. of Board Meetings		Attendance at Last AGM held on August 12, 2013
	Held	Attended	
Mr. Harsh Mariwala	6	6	Yes
Mr. Rajeev Bakshi	6	2	No
Mr. Atul Choksey	6	4	No
Mr. Nikhil Khattau	6	5	No
Mr. Anand Kripalu	6	3	No
Mr. Rajen Mariwala	6	6	No
Ms. Hema Ravichandar	6	5	Yes
Mr. B. S. Nagesh	6	6	Yes

(III) Number of Board or Board Committees of which a Director is a member or chairperson (#)

Director	Number of Outside Directorships (\$) held	Number of Committee Memberships in other Companies (*)	Number of Committees (*) in which Chairperson
Mr. Harsh Mariwala	5	1	1
Mr. Rajeev Bakshi	1	1	Nil
Mr. Atul Choksey	8	Nil	Nil
Mr. Nikhil Khattau	1	2	2
Mr. Anand Kripalu	Nil	Nil	Nil
Mr. Rajen Mariwala	4	2	Nil
Ms. Hema Ravichandar	1	Nil	Nil
Mr. B. S. Nagesh	5	4	Nil

(#) As on March 31, 2014

(\$) Excludes directorship in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

(\*) Only two committees, namely, Audit Committee and Shareholders'/Investors' Grievance Committee have been considered as per Clause 49 of the Listing Agreement.

## III. AUDIT COMMITTEE

### Constitution:

The Audit Committee was constituted by the Board of Directors at its meeting held on January 23, 2001, in accordance with Section 292A of the Companies Act, 1956. The Audit Committee was last re-constituted by the Board of Directors on April 30, 201.

The Audit Committee now comprises the following Members:

Mr. Nikhil Khattau	-	Chairman
Mr. Rajen Mariwala	-	Member
Ms. Hema Ravichandar	-	Member

# CORPORATE GOVERNANCE REPORT

Mr. B. S. Nagesh	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee
Mr. Harsh Mariwala	-	Permanent Invitee
Mr. Saugata Gupta	-	Special Invitee (w.e.f April 30, 2014)

In accordance with Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013, the terms of reference of the Audit Committee inter-alia include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
8. Evaluation of internal financial controls and risk management systems.
9. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
10. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
11. Discussion with internal auditors on any significant findings and follow up there on.
12. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
13. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

# CORPORATE GOVERNANCE REPORT

14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
15. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
16. Approval of all transactions with related parties and any subsequent modification of such transactions.
17. Scrutiny of inter-corporate loans and investments.
18. Valuation of undertakings or assets of the Company, wherever it is necessary;
19. Reviewing mandatorily the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions, submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Internal Auditor.
20. Vigil Mechanism:
  - a. To ensure establishment of vigil mechanism for its Directors and Employees to report genuine concerns.
  - b. The vigil mechanism to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.
  - c. To ensure that existence of vigil mechanism is appropriately communicated within the Company and also made available on Company's website.
  - d. To oversee the functioning of Vigil Mechanism and decide on the matters reported thereunder.
  - e. To ensure that the interests of a person who uses such a mechanism are not prejudicially affected on account of such use.

The Committee met 8 (eight) times during the period from April 01, 2013 to March 31, 2014 viz: on April 17, 2013, April 30, 2013, July 10, 2013, August 12, 2013, October 17, 2013, October 29, 2013, January 7, 2014 and January 31, 2014

Names of Directors	No. of Audit Committee Meetings	
	Held	Attended
Mr. Nikhil Khattau	8	7
Mr. Rajen Mariwala	8	7
Ms. Hema Ravichandar	8	6
Mr. B. S. Nagesh	8	8

Mr. B. S. Nagesh, appointed as alternate chairman of the Audit Committee for the purpose of the last Annual General Meeting was present at the Annual General Meeting to answer shareholder queries.

## IV. CORPORATE GOVERNANCE COMMITTEE

### Constitution:

The Board of Directors at its meeting held on October 25, 2005, renamed the Remuneration Committee as the Corporate Governance Committee with terms of reference relating to overseeing and continuously improving the Corporate

# CORPORATE GOVERNANCE REPORT

Governance policies and practices in the Company. The primary purpose of the Corporate Governance Committee is 'to enable' the Board function effectively in strategic and core issues of management.

The Corporate Governance Committee reviews and oversees the Remuneration strategy and Performance Management Philosophy of Marico, especially for Directors and senior employees. The Committee has also been designated as the Compensation Committee for administration and superintendence of the Company's Employees Stock Option Schemes. However, the powers conferred on Corporate Governance Committee as regards allotment of equity shares under the ESOP Scheme are vested with the Securities Issue Committee. The Committee will also act as the Nomination and Remuneration Committee, with the details of this role being defined at an appropriate and relevant time in the future. The Corporate Governance Committee was last reconstituted by the Board of Directors on April 30, 2014.

The Corporate Governance Committee comprises the following Directors:

Ms. Hema Ravichandar	-	Chairperson
Mr. Rajeev Bakshi	-	Member
Mr. Anand Kripalu	-	Member
Mr. B.S. Nagesh	-	Member
Mr. Ashutosh Telang	-	Secretary to the Committee (w.e.f. April 30, 2014. Mr. Milind Sarwate upto March 31, 2014)
Mr. Harsh Mariwala	-	Permanent Invitee
Mr. Saugata Gupta	-	Special Invitee (w.e.f. April 30, 2014)

The Corporate Governance Committee met 5 (five) times during the period from April 01, 2013 to March 31, 2014 viz: on April 30, 2013, August 12, 2013, October 17, 2013, October 29, 2013 and January 31, 2014.

Names of Directors	No. of Corporate Governance Committee Meetings	
	Held	Attended
Ms. Hema Ravichandar	5	5
Mr. B. S. Nagesh	5	5
Mr. Anand Kripalu	5	3
Mr. Rajeev Bakshi	5	2

## Details of Remuneration of Non-Executive Directors for the Financial Year Ended March 31, 2014

The Remuneration paid/payable to Non-Executive Directors for the Financial Year 2013-2014 is as under:

Name	Remuneration (payable annually) (Rs.)	Sitting Fees (Rs.)
Mr. Rajeev Bakshi	12,00,000	80,000
Mr. Atul Choksey	12,00,000	80,000
Mr. Nikhil Khattau	12,50,000	2,60,000
Mr. Anand Kripalu	12,00,000	1,40,000
Mr. Rajen Mariwala	12,00,000	2,80,000
Ms. Hema Ravichandar	12,50,000	3,20,000
Mr. B. S. Nagesh	12,00,000	3,80,000

The remuneration paid to Mr. Harsh Mariwala, Chairman & Managing Director, for the financial year 2013-14 is as under:

Name	Salary and Perquisites (Rs.)	Annual Performance Incentive (Rs.)	Contribution to Provident and Pension Funds (Rs.)
Mr. Harsh Mariwala	30,616,285	1,65,50,001	3,397,600

# CORPORATE GOVERNANCE REPORT

Mr. Harsh Mariwala occupied the position of the Managing Director of the Company from July 1, 1991 upto March 31, 2014.

The Board of Directors of the Company at its meeting held on March 25, 2014 had appointed Mr. Harsh Mariwala as Chairman & Executive Director with effect from April 1, 2014. He was re-designated as "Chairman & Non-Executive Director" effective April 1, 2014 by the Board of Directors on April 30, 2014.

## Shareholding of Non Executive Directors

Name of Non Executive Director	No. of Shares held (As on March 31, 2014)
Mr. Harsh Mariwala*	114,54,600
Mr. Nikhil Khattau	0
Ms. Hema Ravichandar	0
Mr. Anand Kripalu	0
Mr. Atul Choksey	18,168
Mr. B.S. Nagesh	0
Mr. Rajeev Bakshi	0
Mr. Rajen Mariwala	34,43,200
<b>Total</b>	<b>149,15,968</b>

\* Appointed as Non-Executive Director w.e.f. April 1, 2014

## REMUNERATION POLICY OF THE COMPANY

### Remuneration Policy for Executive Director

The Company's Board comprised only one Executive Director viz. Mr. Harsh Mariwala, Chairman & Managing Director (CMD). The remuneration of CMD was governed by an agreement dated August 12, 2011 executed into between the Company and CMD which was valid upto March 31, 2014. The terms of this agreement were shared with the shareholders. The remuneration to CMD comprised two broad terms - Fixed Remuneration and Variable remuneration in the form of performance incentive.

The performance incentive was based on internally developed detailed performance related matrix which is verified by the HR department.

Annual increase in fixed remuneration within the band already approved by the shareholders was first reviewed and then approved by the Corporate Governance Committee. The Board noted such annual increases.

In view of changes in the managerial personnel effective April 1, 2014, the Company's Board presently consists of only one Executive Director viz. Mr. Saugata Gupta, Managing Director & CEO (MD & CEO). Mr. Mariwala, now a Non-Executive Director, continues to act as the Chairman of the Board. Therefore, the remuneration policy for Executive Directors now covers only MD & CEO.

The remuneration of MD & CEO is subject to the approval of the shareholders at the ensuing 26th Annual General Meeting ("AGM"). The terms of his appointment and remuneration forms part of the explanatory statement to the notice of AGM. The remuneration to MD & CEO comprises two broad terms - Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive is based on internally developed detailed performance related matrix which is verified by the HR department. Additionally, the MD & CEO is entitled to Employee Stock Options granted under any Employee Stock Option Scheme(s) and Stock Appreciation Rights granted under any Stock Appreciation Rights Plan of the Company ("STAR Plan") & Schemes notified thereunder.

Annual increase in fixed remuneration within the band once approved by the shareholders shall be first reviewed and then approved by the Corporate Governance Committee. The Board shall note such annual increases.

# CORPORATE GOVERNANCE REPORT

## Remuneration Policy for Non-Executive Directors

Non-Executive Directors of a Company's Board of Directors can add substantial value to the Company through their contribution to the Management of the Company. In addition, they can safeguard the interests of the investors at large by playing an appropriate control role. For best utilizing the Non-Executive Directors, Marico has constituted certain Committees of the Board, viz. Corporate Governance Committee, Audit Committee and Stakeholders Relationship Committee.

Non-Executive Directors bring in their vast experience and expertise to bear on the deliberations of the Marico Board and its Committees. Although the Non-Executive Directors would contribute to Marico in several ways, including off-line deliberations with the Managing Director, the bulk of their measurable inputs come in the form of their contribution to Board/Committee meetings. Marico therefore has a structure for remuneration to non-executive Directors, based on engagement levels of the Board members linked to their attendance at Board/Committee Meetings.

The shareholders of the Company had on July 28, 2010 approved payment to Non-Executive Directors for a period of five years up to a limit of 3% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956 with a liberty to the Board of Directors to decide the mode, the quantum, the recipients and the frequency of payment of such remuneration within the said limit.

The Board of Directors, accordingly, fixes the remuneration of Non-Executive Directors based on the recommendation made by the Corporate Governance Committee. The last revision in the remuneration of Non - Executive Directors was approved by the Board of Directors at its meeting held on April 30, 2014, as set out below:

Particulars	Remuneration
1. Fixed Remuneration	Rs.12,00,000 per annum per Director for the whole year's directorship
2. Additional Remuneration to Chairpersons of Audit Committee, Corporate Governance Committee and Corporate Social Responsibility Committee	Rs.50,000 per annum to Chairperson of each Committee
3. Sitting Fees:	
a) For Board Meetings	Rs.20,000 per meeting attended (either physically or through video conferencing)
b) For meetings of following Committees of the Board:	Rs.20,000 per meeting attended (either physically or through video conferencing)
- Audit Committee	
- Corporate Governance Committee	
- Shareholders Committee	
- Corporate Social Responsibility Committee	

The Chairman of the Board would be entitled to an additional remuneration which will be commensurate with his engagement beyond Board meetings and industry benchmarks. The Chairman of the Board will continue to play an important role in guiding the MD & CEO for ensuring sustainable profitable growth of the Company. The remuneration structure of the Chairman is being devised so as to be commensurate with the efforts and inputs that he is expected to provide to the Company and to the MD & CEO.

The remuneration payable to all Non-Executive Directors including the Chairman would not exceed the overall limit of 3% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 2013 as approved by the Shareholders of the Company.

## V. STAKEHOLDERS RELATIONSHIP COMMITTEE

### (Erstwhile Shareholders' Committee)

#### Constitution:

The Shareholders' Committee was constituted by the Board of Directors at its meeting held on October 23, 2001.

The Shareholders' Committee was reconstituted as Stakeholder Relationship Committee on April 30, 2014 to meet the requirements of the Companies Act 2013.



# CORPORATE GOVERNANCE REPORT

The terms of reference of the Stakeholders Relationship Committee are to specifically look into the redressal of stakeholders' complaints relating to transfer of shares, non-receipt of balance sheet, non-receipt of dividends, etc.

The Stakeholders Relationship Committee comprises following Non - Executive Directors :

Mr. Nikhil Khattau	-	Chairman
Mr. Rajen Mariwala	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

## VI. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was constituted by the Board of Directors at its meeting held on January 31, 2014 to meet the requirements of the Companies Act, 2013. The detailed terms of reference of the Corporate Social Responsibility Committee shall be formulated by the Board of Directors in due course.

The Corporate Social Responsibility Committee comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Atul Choksey	-	Member
Mr. Rajen Mariwala	-	Member
Ms. Priya Kapadia	-	Secretary to the Committee

### Name and Designation of Compliance Officer:

Ms. Hemangi Ghag, Company Secretary & Compliance Officer

### Status Report of Investor Complaints for the year ended March 31, 2014

No. of Complaints Received	-	36
No. of Complaints Resolved	-	36
No. of Complaints Pending	-	NIL

All valid requests for share transfer received during the year have been acted upon and no such transfer is pending.

## VII. OTHER COMMITTEES

### ADMINISTRATIVE COMMITTEE

#### Constitution:

The Administrative Committee was constituted by the Board of Directors at its meeting held on April 27, 1998 and was last re-constituted on April 30, 2014.

The terms of reference of the Administrative Committee are to consider and dispose of any day-to-day matters, with a view to ensuring smooth operation and timely action/compliances. The Committee meets at frequent intervals and dispose matters which are of routine but urgent in nature without having to wait for the next board meeting or resorting of passing of circular resolutions.

The Administrative Committee now comprises the following members:

Mr. Saugata Gupta	-	Member (appointed w.e.f April 30, 2014) (Mr. Harsh Mariwala upto March 31, 2014)
Mr. Rajen Mariwala	-	Member
Mr. Vivek Karve	-	Member
Mr. Pawan Agrawal	-	Member (appointed w.e.f. April 30, 2014) (Mr. Milind Sarwate upto March 31, 2014)
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

# CORPORATE GOVERNANCE REPORT

The Administrative Committee met 18 (Eighteen) times during the period from April 01, 2013 to March 31, 2014.

## INVESTMENT AND BORROWING COMMITTEE

### Constitution:

The Investment and Borrowing Committee was constituted by the Board of Directors at its meeting held on June 30, 1998 and was last re-constituted on April 30, 2014.

The terms of reference of the Investment and Borrowing Committee to invest, borrow or lend monies with a view to ensure smooth operation and timely action. The Committee meets at frequent intervals and disposes matters which are of routine but urgent in nature without having to wait for the next board meeting or resorting of passing of circular resolutions.

The Investment and Borrowing Committee now comprises the following members:

Mr. Saugata Gupta	-	Member (appointed w.e.f April 30, 2014) (Mr. Harsh Mariwala upto March 31, 2014)
Mr. Chaitanya Deshpande	-	Member
Mr. Vivek Karve	-	Member
Mr. Pawan Agrawal	-	Member (appointed w.e.f April 30, 2014) (Mr. Milind Sarwate upto March 31, 2014)
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

The Investment and Borrowing Committee met 11 (Eleven) times during the period from April 01, 2013 to March 31, 2014.

## SECURITIES ISSUE COMMITTEE

### Constitution:

The Securities Issue Committee was constituted by the Board of Directors on April 20, 2006 and was re-constituted on April 30, 2014.

The terms of reference of the Securities Issue Committee relates to overseeing all matters pertaining to issue of Securities, other matters incidental to the issue and all such acts/ powers as may be entrusted to it by the Board from time to time.

The Securities Issue Committee now comprises the following members:

Mr. Nikhil Khattau	-	Chairman
Mr. Saugata Gupta	-	Member (appointed w.e.f April 30, 2014) (Mr. Harsh Mariwala upto March 31,2014)
Mr. Rajen Mariwala	-	Member
Mr. Vivek Karve	-	Member
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

The Securities Issue Committee met once during the period from April 01, 2013 to March 31, 2014.

## SHARE TRANSFER COMMITTEE

### Constitution:

The Share Transfer Committee was constituted by the Board of Directors at its meeting held on April 16, 1990 and was re-constituted on April 30, 2014.

# CORPORATE GOVERNANCE REPORT

The terms of reference of the Share Transfer Committee is to approve, transfer and transmission of shares and to approve sub-division, consolidation and issue of new/duplicate share certificates, whenever requested for by the shareholders of the Company.

The Share Transfer Committee now comprises the following members:

Mr. Nikhil Khattau	-	Member
Mr. Saugata Gupta	-	Member (appointed w.e.f. April 30, 2014) (Mr. Harsh Mariwala upto March 31, 2014)
Mr. Rajen Mariwala	-	Member
Mr. Vivek Karve	-	Member
Mr. Pawan Agrawal	-	Member (appointed w.e.f. April 30, 2014) (Mr. Milind Sarwate upto March 31, 2014)
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

The Share Transfer Committee met 2 (Two) times during the period from April 01, 2013 to March 31, 2014.

## VIII GENERAL BODY MEETINGS

### Annual General Meetings

YEAR	VENUE	DATE	TIME
2011	IES Management College & Research Centre, Gate No. 4, Seminar Hall, 6th Floor, Plot No. 791, S. K. Marg, VMDL Complex, Bandra Reclamation, Bandra (West), Mumbai - 400050	July 27, 2011	3.30 p.m.
2012	NSE Auditorium, Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	August 3, 2012	4.00 p.m.
2013	Indian Education Society ("IES"), Manik Sabhagriha, Vishwakarma, M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Bandra (West), Mumbai - 400 050	August 12, 2013	9.00 a.m.

### Court Convened Meeting

YEAR	VENUE	Brief Particulars of Business Transacted	DATE	TIME
2013	Indian Education Society ("IES"), Manik Sabhagriha, Vishwakarma, M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Bandra (West), Mumbai - 400 050	Court Convened Meeting of the Equity Shareholders to consider and approve the Scheme of Arrangement between Marico Limited, Marico Kaya Enterprises Limited and their respective shareholders and creditors	July 30, 2013	10.00 a.m.

### Extra Ordinary General Meetings

YEAR	VENUE	Brief Particulars of Business Transacted	DATE	TIME
2012	Indian Education Society ("IES"), Manik Sabhagriha, Vishwakarma, M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Bandra (West), Mumbai - 400 050	Preferential Allotment of Equity Shares and Alteration of Article of Association of the Company	May 2, 2012	9.30 a.m.

# CORPORATE GOVERNANCE REPORT

2013	Indian Education Society ("IES"), Manik Sabhagriha, Vishwakarma, M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Bandra (West), Mumbai - 400 050	Utilisation of securities premium account in order to adjust the difference between the excess of book value of assets over the book value of liabilities of the Kaya Business of Marico Limited being demerged into Marico Kaya Enterprises Limited.	July 30, 2013	11.00 a.m.
2014	Indian Education Society ("IES"), Manik Sabhagriha, Vishwakarma, M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Bandra (West), Mumbai - 400 050	Structuring and Implementation of Marico ESOS 2014 to grant employee stock options to the Chief Executive Officer of the Company	March 25, 2014	10.00 a.m.

## IX. DISCLOSURES

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

During the year 2013-2014, there were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

The Company has a well-defined Whistle Blower Policy embedded in the Unified Code of Conduct and it is fully implemented by the Management.

No personnel have been denied access to the Audit Committee.

### **Compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement**

The Company has complied with mandatory requirements of Clause 49 of the Listing Agreement requiring it to obtain a certificate from either the Auditors or Practising Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in this clause and annex the certificate with the Directors' Report, which is sent annually to all the shareholders of the Company. We have obtained a certificate to this effect from the auditors and the same is given as an annexure to the Directors' Report.

The clause further states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on Corporate Governance of the Annual Report. We comply with the following non-mandatory requirements:

### **Remuneration Committee**

The scope of the Remuneration Committee was expanded and the committee was designated as the Corporate Governance Committee by the Board of Directors at its meeting held on October 25, 2005. A detailed note on this Committee is provided earlier in this report.

### **Whistle Blower Policy**

We have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our Unified Code of Conduct. To encourage employees to report any concerns and to maintain anonymity, the Company has provided a toll free helpline number and a website, wherein the grievances / concerns can reach the Company. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The guidelines are meant for all members of the Organization from the day they join and are designed to ensure that they may raise any specific concern on integrity, value adherence without fear of being punished for raising that concern. The guidelines also cover our associates who partner us in our organizational objectives and customers for whom we exist.

# CORPORATE GOVERNANCE REPORT

For administration and governance of the Code, a Committee called “the Code of Conduct Committee” (“CCC”) is constituted. The CCC has the following sub-Committees namely:

- HR Committee - with an objective to appoint investigation team for investigation of HR related concerns / complaints.
- IT Committee - with an objective of implementing the IT policy and resolution of IT related concerns / complaints under the Code.
- Whistle Blower Committee - with an objective to appoint an investigation team for investigation for whistle blower complaints.
- Prevention of Sexual Harassment Committee (PoSH Committee) - with an objective to ensure a harassment free work environment including but not limited to appointment of investigation team for investigation of sexual harassment concerns/complaints.

The Board and its Audit Committee are informed periodically on the matters reported to CCC and the status of resolution of such cases.

## x. MEANS OF COMMUNICATION

Quarterly and annual results for Marico Limited as also consolidated financial results for the Marico group are published in an English financial daily (Free Press Journal) and a vernacular newspaper (Navashakti). The Company also sends an email update of the same to the shareholders who have registered their email address with the Company.

All official news releases and financial results are communicated by the Company through its corporate website - [www.marico.com](http://www.marico.com). Presentations made to Institutional Investors/ analysts at Investor Meets organized by the Company are also hosted on the website for wider dissemination.

The Management Discussion and Analysis Report forms part of the Annual Report.

## XI. GENERAL SHAREHOLDER INFORMATION

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

### Mr. Saugata Gupta

#### Profile :

Mr. Saugata Gupta joined Marico Limited (“Marico”) in January 2004 as head of Marketing. In the year 2007 he was elevated to become CEO of the Company’s India business. In April 2013, Marico restructured its Consumer Product Business (CPB) in India and International Business Group (IBG) under Saugata’s leadership as the CEO of Marico Limited, the unified FMCG business. Mr. Saugata Gupta was appointed as the Managing Director w.e.f. April 1, 2014. He is designated as “Managing Director & CEO” and his appointment is subject to the approval of the shareholders. Accordingly, the appointment of Mr. Saugata Gupta as Managing Director including the terms of his appointment and remuneration forms part of the Notice convening this 26th Annual General Meeting of the Company.

Prior to joining Marico, Mr. Saugata Gupta was Chief of Marketing and Group Sales at ICICI Prudential Life Insurance Company Limited (ICICI Prudential) and was part of the start-up team that was instrumental in establishing ICICI Prudential as the largest private sector Insurance firm in the country. Mr. Saugata Gupta started his career with Cadbury’s where he spent 9 years in various roles in Sales and Marketing in India and the United Kingdom. His last role was Marketing Manager - Chocolates. Mr. Saugata Gupta has 20 years of experience primarily in the FMCG sector. He has an engineering degree from IIT Kharagpur and is an alumnus from IIM Bangalore.

Mr. Saugata Gupta holds 8,700 equity shares of the Company as on March 31, 2014.

# CORPORATE GOVERNANCE REPORT

<b>Directorships in other companies :</b>	<b>Membership / Chairmanship of Board Committees in other Companies :</b>
Marico Consumer Care Limited Halite Personal Care India Private Limited Marico Innovation Foundation (A Company registered under section 8 of the Companies Act, 2013) Marico Bangladesh Limited International Consumer Product Corporation Beauté Cosmétique Société Par Actions Thuan Phat Foodstuff Joint Stock Company Marico Middle East FZE Marico South Africa Consumer Care (Pty) Limited Marico South Africa (Pty) Limited	Marico Consumer Care Limited - Audit Committee Member

## Mr. Rajen Mariwala

<b>Profile :</b>	
<p>Mr. Rajen Mariwala has done his Masters in Chemical Engineering from Cornell University, USA. He is currently the Managing Director of Hindustan Polyamides &amp; Fibers Limited, a leading exporter of specialty chemicals - specifically chemicals for fragrances and personal care products. He brings with him a rich experience of over 16 years in leading a competitive global business in specialty chemicals. He has been on the Board of Directors of Patspin India Limited and Village Laundry Services Inc.</p> <p>He has been on the Board of Directors of Marico Limited since July 26, 2005.</p>	
<b>Directorships in other companies :</b>	<b>Membership / Chairmanship of Board Committees in other Companies :</b>
Marico Kaya Enterprises Limited Hindustan Polyamides and Fibres Limited Patspin India Limited Kaya Limited Scientific Precision Private Limited Arctic Investment & Trading Company Private Limited Rajanjali Estates Private Limited Mariwala Estates Private Limited Hindustan Polyamides & Fibres Limited B. V, Netherlands Village Laundry Services Inc	Kaya Limited - Audit Committee Member Marico Kaya Enterprises Limited: Audit Committee - Member

# CORPORATE GOVERNANCE REPORT

## Mr. Atul Choksey

### Profile :

Mr. Atul Choksey has done his Chemical Engineering from Illinois Institute of Technology, Chicago, USA and has also done management courses in Finance, Personnel, Micro and Macro Economics, etc.

He joined Asian Paints (India) Ltd as a Junior Executive in July, 1973. He was subsequently appointed as a Wholetime Director of the Company with effect from 1st May, 1979. He served as the Managing Director of the Company from 15th April, 1984 to 22nd August, 1997.

He is the Chairman of Apcotex Industries Ltd. and Apco Enterprises Ltd. as well as other group Companies. He is a member of the Asian Executive Board of the Wharton Business School of the University of Pennsylvania, Philadelphia, USA. He is a trustee of Mahalaxmi Temple Trust

He is also a Director on the Boards of Finolex Cables Ltd and CEAT Ltd. He has been on the Board of Directors of the Company since July 18, 2002.

Directorships in other companies :	Membership / Chairmanship of Board Committees in other Companies :
Apco Enterprises Limited Apcotex Industries Limited (previously known as Apcotex Lattices Limited.) CEAT Limited Finolex Cables Limited Mazda Colours Limited Shyamal Fin-vest (India) Limited Titan Trading and Agencies Limited Trivikram Investments & Trading Company Limited Choksey Chemicals Private Limited Saldhar Investments and Trading Company Private Limited Dhumraketu Investments and Trading Company Private Limited	None

# CORPORATE GOVERNANCE REPORT

## Mr. B. S. Nagesh

<p><b>Profile :</b></p> <p>Mr. B. S. Nagesh is the Vice Chairman and Non-Executive Director of Shoppers Stop Limited. He holds a degree of Masters in Management Studies from the Benaras Hindu University. He is credited with ushering various formats in modern retailing like Hypercity, M.A.C. and Mothercare, Airport Retailing and Entertainment Centres in India. He is the Chairman of Retailers Association of India. He has been voted by Business India as one of the top 50 Managers in India.</p> <p>He was honored with “The Best Professional of the Year” award at ICICI Bank, Retails Awards in 2005. He has been recognized as ‘The Retailer Professional of The Year’ by CMAI for four years. He has been the only Indian Retailer to be inducted into the World Retail Hall of Fame at World Retail Congress 2008 at Barcelona and has also been inducted into the Indian Retail Hall of Fame in October 2012 at IRF.</p> <p>Mr. B. S. Nagesh founded TRRAIN, a “not for profit” organisation working towards “empowering people in Retail” in 2011”. He has been on the Board of Directors of Marico Limited since July 16, 2010.</p>	
<p><b>Directorships in other companies :</b></p>	<p><b>Membership / Chairmanship of Board Committees in other Companies :</b></p>
<p>Retailers Association of India</p> <p>TRRAIN Foundation</p> <p>Shoppers Stop Limited</p> <p>Hypercity Retail (India) Limited</p> <p>Entertainment Network (India) Limited</p> <p>Marico Kaya Enterprises Limited</p> <p>Nagesh (BSN) Consults Private Limited</p>	<p>Marico Kaya Enterprises Limited : Audit Committee Member</p> <p>Marico Kaya Enterprise Limited: Corporate Governance Committee Chairman</p> <p>Shoppers Stop Limited : Investor’s Grievance Committee Member</p> <p>Hypercity Retail (India) Limited : Finance Committee Member</p>

## Mr. Nikhil Khattau

<p><b>Profile :</b></p> <p>Mr. Nikhil Khattau is an experienced banker, entrepreneur and venture investor who has built and invested in companies in India since 1995. He also has an additional 10 years of international work experience. He focuses on the agriculture, financial services, retail, consumer services and media sectors in India.</p> <p>Apart from Marico he is on the boards of Securens Systems (monitoring and surveillance), Matrimony.com (world’s largest marriage portal), India Property (property services), dealsandyou (deals site), Kaya Enterprises (specialty skin care) and Sohanlal Commodity Management (agriculture logistics).</p> <p>Mr. Nikhil Khattau was the founding CEO of SUN F&amp;C Asset Management, one of the first private sector mutual fund companies in India. Under his leadership, the firm successfully acquired two other mutual funds, and built one of the top-ranked India funds. Mr. Khattau successfully sold the business to the Principal Financial Group, USA in 2004.</p> <p>His prior experience includes working for Ernst &amp; Young’s Audit and Corporate Finance practices in New York and London from 1986-1995, where he successfully advised a number of mid-market companies on their acquisition and divestment strategies. He also helped set up the firm’s investment banking advisory operation in Russia.</p> <p>Mr. Nikhil Khattau received his Bachelor’s degree in Commerce from Bombay University and is an associate of the Institute of Chartered Accountants in England and Wales.</p> <p>He has been on the Board of Directors of Marico Limited since July 18, 2002.</p>
--



# CORPORATE GOVERNANCE REPORT

<b>Directorships in other companies :</b>	<b>Membership / Chairmanship of Board Committees in other Companies :</b>
Marico Kaya Enterprises Limited Matrimony.Com Private Limited Sohan Lal Commodity Management Private Limited North End Foods Marketing Private Limited WannaMo Marketing Private Limited Securens Systems Private Limited India Property Online Private Limited Bee Pee Jain Finance & Investments Private Limited	Marico Kaya Enterprises Limited- Audit Committee Chairman Marico Kaya Enterprises Limited- Shareholder Grievance Committee Chairman

## Mr. Rajeev Bakshi

<b>Profile :</b>	
<p>Mr. Rajeev Bakshi has an Honours Degree in Economics from St. Stephens College in Delhi and an MBA degree from the Indian Institute of Management, Bangalore. He is currently the Managing Director of Metro Cash &amp; Carry India Pvt Ltd. Until recently he was the Joint Managing Director of ICICI Venture Funds Management Company Limited (ICICI), prior to which he was Vice President Commercial - Asia of PepsiCo International and the Chairman of PepsiCo India Holdings (P) Ltd., with responsibility for the Company's business in India, Nepal, Bhutan, Bangladesh and Sri Lanka.</p> <p>His other stints include a range of assignments in Lakme India, Cadbury Schweppes Limited, Cadbury India Limited and Cadbury (Pty), South Africa. Additionally, Mr. Bakshi holds a Directorship with Cummins India Limited besides being on the Board of Directors of Marico since July 17, 2003.</p>	
<b>Directorships in other companies :</b>	<b>Membership / Chairmanship of Board Committees in other Companies :</b>
Cummins India Limited Metro Cash & Carry India Private Limited	Cummins India Limited- Finance & Audit Committee Member

## Ms. Hema Ravichandar

<b>Profile :</b>
<p>Ms. Hema Ravichandar is a Bachelor of Arts (Economics) from the University of Chennai and holds a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.</p> <p>Her experience of over 30 years comprises corporate roles in Infosys Technologies Ltd. and Motor Industries Co. Ltd., and entrepreneurial stints in HR, across industries. Her experience spans Change Management, Leadership Development and Human Resource Development.</p> <p>In her last role as the Senior Vice President and Global Head of HR for the Infosys Group, she was responsible for staffing &amp; recruitment, compensation and benefits, performance management, immigration, learning &amp; development and organizational effectiveness.</p> <p>She currently provides Strategic HR Advisory to several multinational and Indian organizations.</p> <p>She was formerly the Chairperson for the Conference Board's HR Council of India and was a Member of the National Advisory Council of the National HRD Network of India.</p> <p>She has worked closely with industry bodies such as CII and NASSCOM on some of their key initiatives. She is a regular speaker at several international and national conferences and leading business schools.</p> <p>She has been on the Board of Directors of Marico Limited since July 26, 2005.</p>

# CORPORATE GOVERNANCE REPORT

Directorships in other companies :	Membership / Chairmanship of Board Committees in other Companies :
Titan Company Limited Feedback Business Consulting Services Private Limited	Titan Company Limited- Ethics & Compliance Committee Member Titan Company Limited- Nomination & Remuneration Committee Chairperson

## Mr. Anand Kripalu

Profile :	
<p>Mr. Anand Kripalu took over as Chief Executive Officer of United Spirits Ltd. (USL), on the 1st of May 2014.</p> <p>He was formerly President, India and South Asia, at Mondelez International, and Managing Director of Cadbury India Ltd. He joined the legacy Cadbury India business at the end of 2005 as Managing Director - Indian Sub-continent and was subsequently appointed as President - Cadbury Asia in October 2008.</p> <p>Prior to this he worked in Unilever for 22 years. He had joined Unilever in 1983 through the erstwhile Indian division of Chesebrough Ponds.</p> <p>His Key assignments include setting up of the Dental Innovation Centre at Mumbai, Head of Market Research, Head of Marketing for the Laundry category for both India and the Central Asia Middle East Region, as well as General Manager - Sales &amp; Customer Development for HLL's Detergents business.</p> <p>He has also been Managing Director for Unilever's East Africa operations. He earned a Bachelor Degree in Electronics from the Indian Institute of Technology, Madras and completed an MBA from the Indian Institute of Management, Calcutta. He completed the Advanced Management Programme from Wharton in 2004.</p> <p>He has been on the Board of Marico since July 25, 2007.</p>	
Directorships in other companies :	Membership / Chairmanship of Board Committees in other Companies :
None	None

## Annual General Meeting

Date	: Wednesday, July 30, 2014
Time	: 10.00 a.m.
Venue	: Indian Education Society ("IES"), Manik Sabhagriha, Vishwakarma, M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai 400 050.
Book Closure Date	: Thursday, July 24, 2014 to Monday, July 28, 2014, both days inclusive
Interim Dividend Payment Date	: November 26, 2013 ( 1st Interim Equity Dividend 13-14) February 28, 2014 (2nd Interim Equity Dividend 13-14) April 22, 2014 (3rd Interim Equity Dividend 13-14)

## Financial calendar

Financial Year	: April 01 - March 31
----------------	-----------------------

### For the year ended March 31, 2014, results were announced on:

First quarter	: August 12, 2013
Half year	: October 29, 2013
Third quarter	: January 31, 2014
Annual	: April 30, 2014

# CORPORATE GOVERNANCE REPORT

## Tentative Schedule for declaration of financial results during the financial year 2014-15

First quarter	:	Wednesday, July 30, 2014
Half year	:	Friday, November 07, 2014
Third quarter	:	Thursday, January 29, 2015
Annual	:	Thursday, April 30, 2015

## Listing Details

Name of Stock Exchange	Stock/ Scrip Code
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	531642
The National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051	MARICO
ISIN	INE 196A01026
Company Identification Number (CIN)	L15140MH1988PLC049208

## Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

Pursuant to section 205A of the Companies Act, 1956, unclaimed balance of the dividends lying in the dividend accounts in respect of the dividend declared till April 2006 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The dividends for the following years, which remain unclaimed for seven years, will be transferred to the IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividend specified in table below are requested to immediately send their request for issue of duplicate warrants. Once unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof either with the Company or IEPF:

Financial Year	Type of Dividend	Rate (%)	Date of Declaration	Due Date for transfer to IEPF
2007-08	1st Interim Dividend	13.50	25/07/2007	30/08/2014
	2nd Interim Dividend	15.00	24/10/2007	29/11/2014
	3rd Interim Dividend	37.00	24/04/2008	30/05/2015
2008-09	1st Interim Dividend	30.00	21/10/2008	26/11/2015
	2nd Interim Dividend	35.50	22/04/2009	28/05/2016
2009-10	1st Interim Dividend	30.00	28/10/2009	03/12/2016
	2nd Interim Dividend	36.00	28/04/2010	03/06/2017
2010-11	1st Interim Dividend	30.00	26/10/2010	01/12/2017
	2nd Interim Dividend	36.00	02/05/2011	07/06/2018
2011-12	1st Interim Dividend	30.00	04/11/2011	10/12/2018
	2nd Interim Dividend	40.00	03/05/2012	08/06/2019
2012-13	1st Interim Dividend	50.00	02/11/2012	08/12/2019
	2nd Interim Dividend	50.00	30/04/2013	05/06/2020
2013-14	1st Interim Dividend	75.00	29/10/2013	04/12/2020
	2nd Interim Dividend	100.00	31/01/2014	08/03/2021
	3rd Interim Dividend	175.00	25/03/2014	30/04/2021

# CORPORATE GOVERNANCE REPORT

## Market Price Data

Month	BSE Limited (BSE) (in Rs.)		National Stock Exchange of India Limited (NSE) (in Rs.)	
	High	Low	High	Low
April 2013	236.95	211.00	237.40	211.05
May 2013	251.10	208.55	251.70	208.60
June 2013	239.00	190.50	239.25	190.00
July 2013	230.90	200.35	231.00	200.00
August 2013	217.00	196.05	217.40	196.25
September 2013	226.00	203.00	225.95	202.65
October 2013	226.90	207.05	225.40	206.50
November 2013	216.90	200.00	217.00	202.45
December 2013	223.75	205.95	225.00	205.90
January 2014	226.75	208.25	226.85	208.20
February 2014	220.60	210.25	220.85	210.00
March 2014	213.00	201.00	213.90	200.25

Share Transfer System : Transfers in physical form are registered by the Registrar and Share Transfer Agents immediately on receipt of completed documents and certificates are issued within 15 days of date of lodgement of transfer.

Invalid share transfers are returned within 15 days of receipt.

The Share Transfer Committee generally meets as may be warranted by the number of share transaction requests received by the Company.

All requests for dematerialisation of shares are processed and the confirmation is given to respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited generally within 21 days.

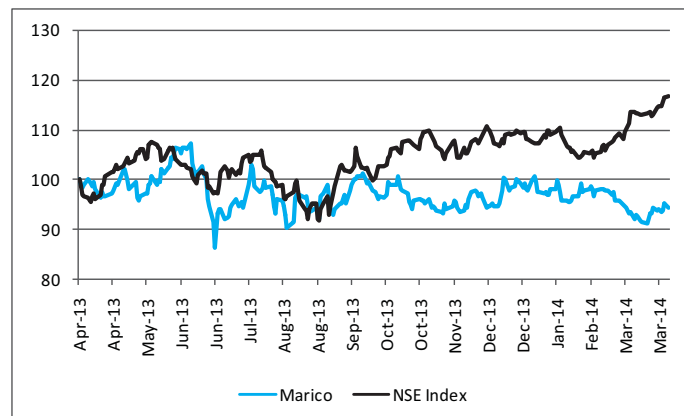
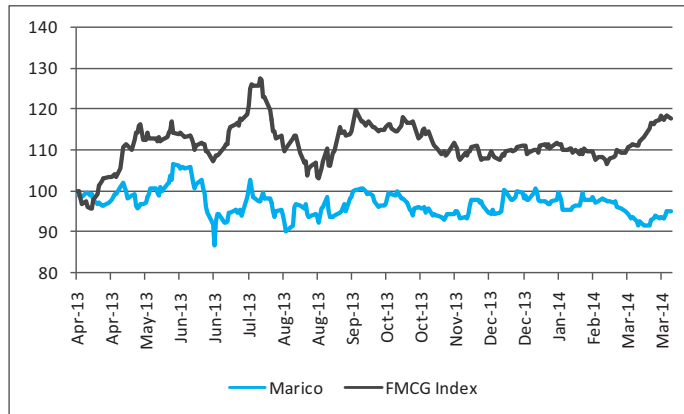
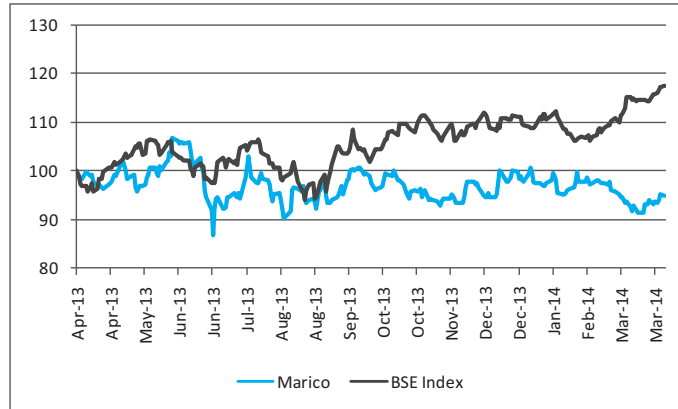
Registrar & Transfer Agents : M/s Link Intime India Pvt Limited (erstwhile Intime Spectrum Registry Limited), (Unit: Marico Ltd.) C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078

Distribution of Shareholding as on March 31, 2014 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	31854	85.80	3441156	0.53
501-1000	2103	5.66	1792356	0.28
1001 -2000	1144	3.08	1875425	0.29
2001-3000	388	1.05	1023692	0.16
3001-4000	555	1.49	2143672	0.33
4001- 5000	199	0.54	945389	0.15
5001-10000	384	1.03	2953912	0.46
10001 & above	501	1.35	630697397	97.80
<b>Total</b>	<b>37128</b>	<b>100</b>	<b>644872999</b>	<b>100</b>

# CORPORATE GOVERNANCE REPORT

## PERFORMANCE IN COMPARISON: BSE SENSEX, S & P CNX NIFTY AND BSE FMCG



# CORPORATE GOVERNANCE REPORT

Categories of Shareholding- as on March 31, 2014 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	28	384927520	59.69
Foreign Institutional Investors	116	177682981	27.55
NRIs /FVC / OCBs	926	1566522	0.24
Insurance Companies, Banks and other Financial Institutions	12	7,233,314	1.12
Mutual Funds, including Unit Trust of India	26	9478479	1.47
Bodies Corporate	779	41207084	6.39
Resident Individuals, Trusts and in Transit	35241	22777099	3.53
<b>Total</b>	<b>37128</b>	<b>644872999</b>	<b>100</b>

Dematerialization of Shares : As on March 31, 2014, 99.88% of shareholding was held in Dematerialised form with and Liquidity National Securities Depository Limited and Central Depository Services (India) Limited. In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialised form with effect from May 31, 1999.

Outstanding GDR / ADR / : The Company has not issued any GDR / ADR / Warrants or any convertible instruments. Warrants or any convertible instruments, conversion date and impact on equity

Plant Locations : Kanjikode, Jalgaon, Goa, Puducherry, Paonta Sahib, Baddi, Paldhi and, Perundurai, Jalgaon MIDC, Dehradun - B2 and Dehradun - D7.

Shareholders / Investors Complaint's received and redressed :

The Company gives utmost priority to the interests of the investors. All the requests / complaints of the shareholders have been resolved to the satisfaction of the shareholders within the statutory time limits. During the financial year ended March 31, 2014, 36 complaints were received from the shareholders as per the details given below;

Nature of Complaint	Received	Resolved
Non-Receipt of Dividend	22	22
Non-Receipt of Shares lodged for Transfer	-	-
Others (e.g. non-receipt of Annual Report etc.)	14	14
<b>Total</b>	<b>36</b>	<b>36</b>

# CORPORATE GOVERNANCE REPORT

Address for correspondence : **Shareholding related queries**

Company's Registrar & Transfer Agent:  
M/s Link Intime India Pvt Limited  
(erstwhile Intime Spectrum Registry Limited)  
Unit: Marico Limited  
C -13 Pannalal Silk Mills Compound,  
LBS Road, Bhandup (West),  
Mumbai 400 078.  
Tel.: 022 - 25946970, Fax: 022 - 25946969  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**General Correspondence**

Grande Palladium, 9th Floor  
175, CST Road, Kalina,  
Santacruz (East),  
Mumbai 400098.  
Tel.: 022 - 66480480, Fax:022 - 26500159  
E-mail: [investor@maricoindia.net](mailto:investor@maricoindia.net)

# CORPORATE GOVERNANCE REPORT

## CHIEF EXECUTIVE OFFICER (CEO) DECLARATION

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and senior management. This Code of Conduct is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2014, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

**Saugata Gupta**  
**Managing Director & CEO**

Place: Mumbai

Date: April 30, 2014

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

### We hereby certify that:

- (a) We have reviewed financial statements for the financial year ended March 31, 2014 and to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent or illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - (i) significant changes in internal control during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

This certificate is being given to the Board pursuant to Clause 49 of the Listing Agreement

Yours truly,

**For Marico Limited**

**Saugata Gupta**  
**Managing Director & CEO**

Place: Mumbai

Date: April 30, 2014

**For Marico Limited**

**Vivek Karve**  
**Chief Financial Officer**

Place: Mumbai

Date: April 30, 2014



# AUDITORS' REPORT

## INDEPENDENT AUDITORS' REPORT

### To the Members of Marico Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Marico Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

#### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act") read with the General Circular No. 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of the Act. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), 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.

# AUDITORS' REPORT

8. As required by Section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, 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 read with the General Circular No. 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Uday Shah**

Partner

Membership Number 46061

Place : Mumbai

Date : April 30, 2014

# ANNEXURE TO AUDITORS' REPORT

**Referred to in Paragraph 7 of the Auditors' Report of even date to the members of Marico Limited on the financial statements for the year ended March 31, 2014.**

- i. (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 have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (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.
- iii. The Company has not granted/taken any loans, secured or unsecured, to from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d)/(f) and (g)] of the said Order are not applicable to the Company.
- iv. 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 and 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.
- v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act, accordingly our commenting on transactions made in pursuance of such contracts or arrangement does not arise.
- vi. 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.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. 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.
- ix. (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 and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax and excise duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax and customs duty as at March 31, 2014 which have not been deposited on account of a dispute, are as follows;

## ANNEXURE TO AUDITORS' REPORT

Name of the Statute	Nature of dues	Amount (Rs. in Crore )	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act and Local Sales Tax Acts	Sales tax including interest and penalty as applicable	2.13	Various years	Additional Commissioner - Sales tax Appeals
		0.92	Various years	Deputy Commissioner - sales tax Appeals.
		11.77	Various years	Joint Commissioner - Sales Tax Appeals
		5.04	Various years	Sales tax Tribunal
		0.11	Various years	High Court - U.P.
		0.57	Various years	Assistant Commissioner - Sales Tax Appeals
The Indian Customs Act,1962	Export cess	0.09	2004	Deputy Commissioner of Customs - Kolkatta
The Indian Customs Act,1962	Redemption fine and penalty	0.30	2002 to 2004	Customs Excise and Service Tax Appellate Tribunal - Mumbai
The Indian Customs Act,1962	Custom duty	0.01	2008	Assistant Commissioner of Customs - Mumbai
Income Tax Act,1961	Income tax	12.57	2009-10	Commissioner of Income Tax (Appeals)
		12.27	2010-11	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Service Tax	0.17	2005-10	Commissioner of Customs, Central Excise and Service Tax

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. 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.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. 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 others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.

# ANNEXURE TO AUDITORS' REPORT

- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company had issued Unsecured Redeemable Non- Convertible Debentures which was outstanding as at the year end, in respect of which it is not required to create security or charge.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Uday Shah**

Partner

Membership Number : 46061

Place : Mumbai

Date : April 30, 2014

# BALANCE SHEET

			As at March 31,	
	Note	2014 Rs. Crore	2013 Rs. Crore	
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	3	64.49	64.48	
Reserves and surplus	4	1,908.85	1,926.95	
		<u>1,973.34</u>	<u>1,991.43</u>	
<b>Non-current liabilities</b>				
Long-term borrowings	5	251.54	376.83	
Deferred tax liabilities (Net)	6	12.75	3.04	
Other long term liabilities	7	-	0.97	
		<u>264.29</u>	<u>380.84</u>	
<b>Current liabilities</b>				
Short-term borrowings	8	156.59	279.36	
Trade payables	9	320.64	310.08	
Other current liabilities	10	387.07	152.37	
Short-term provisions	11	41.65	54.19	
		<u>905.95</u>	<u>796.00</u>	
<b>TOTAL</b>		<b><u>3,143.58</u></b>	<b><u>3,168.27</u></b>	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed assets				
Tangible assets	12 (A)	483.24	322.76	
Intangible assets	12 (B)	10.90	12.47	
Capital work-in-progress		2.06	145.34	
		<u>496.20</u>	<u>480.57</u>	
Non-current investments	13	1,132.93	1,087.05	
Long-term loans and advances	14	67.82	139.28	
Other non-current assets	15	154.92	135.34	
		<u>1,851.87</u>	<u>1,842.24</u>	
<b>Current assets</b>				
Current investments	16	233.83	229.42	
Inventories	17	663.96	708.98	
Trade receivables	18	148.45	123.85	
Cash and bank balances	19	128.95	22.03	
Short-term loans and advances	20	89.63	233.41	
Other current assets	21	26.89	8.34	
		<u>1,291.71</u>	<u>1,326.03</u>	
<b>TOTAL</b>		<b><u>3,143.58</u></b>	<b><u>3,168.27</u></b>	

The notes are an integral part of these financial statements.

As per our attached report of even date.

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No. 301112E

**UDAY SHAH**  
Partner  
Membership No. 46061

Place : Mumbai  
Date : April 30, 2014

**For and on behalf of the Board of Directors**

**HARSH MARIWALA**  
**SAUGATA GUPTA**  
**VIVEK KARVE**  
**HEMANGI GHAG**

Chairman  
Managing Director and CEO  
Chief Financial Officer  
Company Secretary & Compliance Officer

Place : Mumbai  
Date : April 30, 2014

# STATEMENT OF PROFIT AND LOSS

	Note	For the year ended March 31,	
		2014 Rs. Crore	2013 Rs. Crore
Revenue from operations (Gross)	22	3,689.18	3,409.90
Less : Excise duty		6.69	2.80
Revenue from operations (Net)		<b>3,682.49</b>	<b>3,407.10</b>
Other income	23	234.38	50.20
<b>Total Revenue</b>		<b>3,916.87</b>	<b>3,457.30</b>
Expenses:			
Cost of materials consumed	24 (A)	1,842.16	1,760.09
Purchases of stock-in-trade	24 (B)	138.42	202.61
Changes in inventories of finished goods, work-in-progress and stock-in-trade - (increase) / decrease	24 (C)	24.15	(132.70)
Employee benefits expenses	25	171.34	155.69
Finance costs	26	30.43	43.68
Depreciation, amortisation and impairment	27	46.20	33.13
Other expenses	28	946.89	899.31
<b>Total Expenses</b>		<b>3,199.59</b>	<b>2,961.81</b>
<b>Profit before exceptional items and tax</b>		<b>717.28</b>	<b>495.49</b>
Exceptional items - income	36	-	46.50
<b>Profit before tax</b>		<b>717.28</b>	<b>541.99</b>
Tax expense:			
Current tax		153.00	103.95
Less: MAT credit (entitlement) / utilisation		(22.65)	(13.31)
Net current tax		<b>130.35</b>	<b>90.64</b>
Deferred tax charge		9.71	22.26
<b>Profit for the year</b>		<b>577.22</b>	<b>429.09</b>
Earnings per equity share (Nominal value per share Re. 1 (Re. 1))	38		
Basic		Rs. 8.95	Rs. 6.69
Diluted		Rs. 8.95	Rs. 6.69
The Company and nature of its operations	1		
Summary of significant accounting policies	2		

The notes are an integral part of these financial statements.

As per our attached report of even date.

## For Price Waterhouse

Chartered Accountants  
Firm Registration No. 301112E

## UDAY SHAH

Partner  
Membership No. 46061

Place : Mumbai

Date : April 30, 2014

## For and on behalf of the Board of Directors

**HARSH MARIWALA**

Chairman

**SAUGATA GUPTA**

Managing Director and CEO

**VIVEK KARVE**

Chief Financial Officer

**HEMANGI GHAG**

Company Secretary & Compliance Officer

Place : Mumbai

Date : April 30, 2014

# CASH FLOW STATEMENT

	<b>For the year ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>Rs. Crore</b>	<b>Rs. Crore</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>717.28</b>	<b>541.99</b>
Adjustments for:	-	
Depreciation, amortisation and impairment	46.20	33.13
Surplus on change in method of depreciation (Refer Note 36(a))	-	(37.45)
Reversal of impairment loss on "Fiancee" trade mark (Refer Note 36 (b))	-	(9.05)
Finance costs	30.43	43.68
Interest income	(6.89)	(10.59)
Loss / (Profit) on sale of assets - (net)	(0.46)	1.35
(Profit) / Loss on sale of investments (net)	(9.82)	(4.73)
Dividend income	(208.32)	(26.35)
Employees stock option charge/ (reversal)	-	(0.02)
Stock appreciation rights expenses (Refer note 25)	2.81	2.37
Provision for doubtful debts, advances, deposits and others written back	(0.29)	1.14
	<u>(146.34)</u>	<u>(6.52)</u>
<b>Operating profit before working capital changes</b>	<b>570.94</b>	<b>535.47</b>
Adjustments for:		
(Increase)/ Decrease in inventories	45.02	(178.95)
(Increase)/ Decrease in trade receivables	(24.71)	(23.13)
(Increase)/ Decrease in loans and advances, other current and non-current assets and other bank balances	(205.45)	103.13
Increase/( Decrease) in current liabilities and provisions	27.77	95.02
<b>Changes in Working Capital</b>	<u><b>(157.37)</b></u>	<u><b>(3.93)</b></u>
<b>Cash generated from Operations</b>	<b>413.57</b>	<b>531.54</b>
Taxes paid (net of refunds)	(157.22)	(87.18)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u><b>256.35</b></u>	<u><b>444.36</b></u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(59.67)	(192.42)
Sale of fixed assets	3.59	0.19
Purchase of investment property	-	(18.83)
Purchase of investments	(243.32)	(156.33)
Sale of investments	48.80	281.07
Investment in Subsidiary	(34.44)	(745.80)
Inter-corporate deposits placed	(5.00)	-
(Advance to) / Refund received from WEOMA Trust	40.13	(56.52)
Refund / (deposit) in escrow account for acquisition	-	25.00
Loans and advances repaid by related parties	74.32	76.15
Loans and advances given to related parties	68.50	(202.06)
Dividend income received	208.32	26.35
Interest received	7.94	10.14
<b>NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES</b>	<u><b>109.17</b></u>	<u><b>(953.06)</b></u>



# CASH FLOW STATEMENT

	<b>For the year ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>Rs. Crore</b>	<b>Rs. Crore</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of Share capital (net of Share issue expenses)	0.56	499.19
Issue / (Redemption) of commercial papers (net)	(42.50)	42.50
Issue of Debentures / (redemption)	(50.00)	100.00
Other borrowings (repaid) / taken (net)	(91.75)	(10.87)
Finance charges paid	(30.66)	(43.32)
Equity dividend paid (inclusive of dividend distribution tax)	(154.41)	(66.05)
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES</b>	<b>(368.76)</b>	<b>521.45</b>
<b>D NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(3.24)</b>	<b>12.75</b>
E Cash and cash equivalents - opening balance (as at April 1) (Note 19)	18.71	5.96
<b>F Cash and cash equivalents - closing balance (as at March 31) (Note 19)</b>	<b>15.47</b>	<b>18.71</b>

## Notes

- 1 The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006.
- 2 The figures for the previous year have been regrouped where necessary to conform to current year's classification.
- 3 For significant non-cash financial and investing activities refer Note 44.

As per our attached report of even date.

### For Price Waterhouse

Chartered Accountants  
Firm Registration No. 301112E

### UDAY SHAH

Partner  
Membership No. 46061

Place : Mumbai  
Date : April 30, 2014

### For and on behalf of the Board of Directors

<b>HARSH MARIWALA</b>	Chairman
<b>SAUGATA GUPTA</b>	Managing Director and CEO
<b>VIVEK KARVE</b>	Chief Financial Officer
<b>HEMANGI GHAG</b>	Company Secretary & Compliance Officer

Place : Mumbai  
Date : April 30, 2014

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

## NOTES TO THE FINANCIAL STATEMENTS

### 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, Nihar, Saffola, Hair & Care, Revive, Mediker, Livon and Set-wet etc. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising regional offices, carrying & forwarding agents, redistribution centers and distributors spread all over India.

### 2. Summary of significant accounting policies:

#### a) Basis of preparation of financial statements

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair values. Pursuant to circular number 15/2013 dated September 13, 2013 read with circular number 08/2014 dated April 04, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of the Act and other relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

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

#### b) Use of estimates

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

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

#### c) Tangible assets, intangible assets and capital work-in-progress

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

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

#### d) Depreciation and amortization

##### i. Tangible assets

- i) Depreciation is provided on a straight line basis at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The depreciation rates considered for the following items are higher than the rates stipulated in Schedule XIV to the Companies Act, 1956:

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Asset	Rates (p.a.)
Computer hardware and related peripherals	33.33%
Moulds	16.21%
Office equipment	10% to 50%
Furniture and fixtures	12.50%
Vehicles	20%

- ii) Extra shift depreciation is provided on "Plant" basis.
- iii) Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.
- iv) Leasehold land is amortised over the primary period of the lease.
- v) Fixtures in leasehold premises are amortised over the primary period of the lease.
- vi) Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalised / up to the month in which the asset is disposed off.
- vii) During the year ended March 31, 2013, the Company had changed the method of depreciation on certain assets (Refer note 36 (a)).

### II. Intangible assets

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

Asset	Rates (p.a.)
Trademarks, copyrights and business and commercial rights	10%
Computer software	33.33%

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

### e) Assets taken on lease

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

### f) Assets given on lease

In respect of Plant and equipment and Investment property given on 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.
- iii) Investment property: Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are carried at cost less accumulated amortization and impairment loss, if any.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### h) Inventories

- i) Raw materials, packing materials, stores and spares are valued at lower of cost and net realizable value. However, these items are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.
- ii) Work-in-progress, finished goods and stock-in-trade (traded goods) are valued at lower of cost and net realizable value.
- iii) By-products and unserviceable / damaged finished goods are valued at estimated net realizable value.
- iv) Cost is ascertained on weighted average method and in case of work-in-progress includes appropriate production overheads and in case of finished goods includes appropriate production overheads and excise duty, wherever applicable.
- v) Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

### i) Research and Development

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

### j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognized:

- i) Domestic sales are recognized at the point of dispatch of goods to the customers, which is when substantial risks and rewards of ownership are passed to the customers, and are stated net of trade discounts, rebates, sales tax, value added tax and excise duty.
- ii) Export sales are recognized based on the date of bill of lading which is when substantial risks and rewards of ownership are passed to the customers.
- iii) Revenue from services is recognized on rendering of services.
- iv) Interest and other income are recognized on accrual basis.
- v) Income from export incentives such as premium on sale of import licenses, duty drawback etc. are recognized on accrual basis to the extent the ultimate realization is reasonably certain.
- vi) Dividend income is recognized if right to receive dividend is established by the reporting date.
- vii) Revenue from royalty income is recognized on accrual basis.

### k) Retirement and other benefits to employees

#### i) Gratuity

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

#### ii) Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by insurance companies. The Company has no obligation to the scheme beyond its monthly contributions.

#### iii) Leave encashment / Compensated absences

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- iv) Provident fund

Provident fund contributions are made to a trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund balance maintained by the Trust set up by the Company is additionally provided for. Actuarial losses and gains are recognized in the Statement of Profit and Loss in the year in which they arise.
- l) 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 Statement of Profit and Loss.
  - ii) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences except those qualifying for hedge accounting are recognized in the Statement of Profit and Loss.
  - iii) 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.
  - iv) 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 amortised over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which they arise. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognized as income or expense for the period.
  - v) 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'. The ineffective portion of the same is recognized immediately in the Statement of Profit and Loss.
  - vi) Exchange differences taken to Hedge Reserve account are recognized in the Statement of Profit and Loss upon crystallization of firm commitments or occurrence of forecasted transactions or upon discontinuation of hedge accounting resulting from expiry / sale / termination of hedge instrument or upon hedge becoming ineffective.
  - vii) 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 Statement of Profit and Loss 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 Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.
  - ii) Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

n) Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds the recoverable amounts are written down to the Recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

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 recognized as Employee compensation cost over the vesting period.

p) Employee Stock Appreciation Rights Scheme

In respect of Employee Stock Appreciation Rights (STAR) granted pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011, the intrinsic value of the rights (excess of market value as at the year end and the Grant price) is recognized as Employee compensation cost over the vesting period after adjusting amount recoverable from the Trust (Refer Note 41).

q) Provisions and Contingent Liabilities

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

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

r) Utilization of Securities Premium Reserve

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

s) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash on hand and cash at bank including demand deposit with original maturity period of 3 months or less and short term highly liquid investment with an original maturity of three months or less.

t) Earnings Per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 3 Share capital

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Authorised</b>		
1,150,000,000 (1,150,000,000) equity shares of Re. 1/- each	115.00	115.00
100,000,000 (100,000,000) preference shares of Rs. 10/- each	100.00	100.00
<b>Total</b>	<b>215.00</b>	<b>215.00</b>
<b>Issued, subscribed and paid-up</b>		
644,872,999 (644,771,799) equity shares of Re. 1/- each fully paid-up	64.49	64.48
<b>Total</b>	<b>64.49</b>	<b>64.48</b>

a) Reconciliation of number of shares

Equity Shares :

Particulars	As at March 31,			
	2014		2013	
	Number of shares	Rs. Crore	Number of shares	Rs. Crore
Balance as at the beginning of the year	644,771,799	64.48	614,934,387	61.49
Shares Issued during the year - ESOP (Refer note (d) below)	101,200	0.01	425,648	0.05
Shares issued on Preferential allotment basis (Refer note 43)	-	-	29,411,764	2.94
<b>Balance as at the end of the year</b>	<b>644,872,999</b>	<b>64.49</b>	<b>644,771,799</b>	<b>64.48</b>

b) Rights, preferences and restrictions attached to shares :

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

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

Name of Shareholder	As at March 31,			
	2014		2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares of Re. 1/- each fully paid-up</b>				
Harsh C Mariwala (As a representative of Valentine Family Trust)	73,376,000	11.38	73,376,000	11.38
Harsh C Mariwala (As a representative of Aquarius Family Trust)	73,376,000	11.38	73,376,000	11.38
Harsh C Mariwala (As a representative of Taurus Family Trust)	73,376,000	11.38	73,376,000	11.38
Harsh C Mariwala (As a representative of Gemini Family Trust)	73,376,000	11.38	73,376,000	11.38
First State Investments (along with Persons acting in concert)	51,789,164	8.03	39,224,461	6.08
Arisaig Partners (Asia) Pte Ltd	35,353,269	5.48	35,353,269	5.48

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

d) Shares reserved for issue under options :

The Corporate Governance Committee of the Board of Directors of Marico Limited had granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007' ("Scheme"). Each option represents 1 equity share in the Company. The Vesting period and the Exercise Period, both range from 1 year to 5 years. The Scheme is administered by the Corporate Governance Committee comprising Independent Directors. The Scheme closed on February 1, 2013.

During the year, the Company approved Marico Employee Stock Option Scheme 2014 ("Marico ESOS 2014") for grant of 300,000 employee stock options to the Chief Executive Officer of the Company, at an exercise price of Re.1 per option. This does not have any impact on current financial statement as the grant date is April 1, 2014.

	As at March 31,	
	2014	2013
Weighted average share price of options exercised	55.74	57.85
<b>Number of options granted, exercised, and forfeited</b>		
Balance as at beginning of the year	352,665	778,313
Granted during the year	-	-
Less : Exercised during the year	101,200	425,648
Forfeited / lapsed during the year	38,865	-
<b>Balance as at end of the year</b>	<b>212,600</b>	<b>352,665</b>
Percentage to current paid-up equity share capital	0.03%	0.05%

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly reversed Rs. Nil (Rs. 0.02 Crore) as compensation cost under the 'intrinsic value' method (Refer note 25). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	For the year ended March 31,	
	2014	2013
Net Profit after tax as reported (Rs. Crore)	577.22	429.09
Less : Stock-based employee compensation expense (Rs. Crore)	-	0.31
Adjusted pro-forma (Rs. Crore)	577.22	428.78
Basic earnings per share as reported	Rs. 8.95	Rs. 6.69
Pro-forma basic earnings per share	Rs. 8.95	Rs. 6.69
Diluted earnings per share as reported	Rs. 8.95	Rs. 6.69
Pro-forma diluted earnings per share	Rs. 8.95	Rs. 6.69

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

	As at March 31,	
	2014	2013
Risk-free interest rate - Vest 1 (%)	6.61%	6.61%
Risk-free interest rate - Vest 2 (%)	7.27%	7.27%
Expected life of options (years)	5 years	5 years
Expected volatility - Vest 1 (%)	35.32%	35.32%
Expected volatility - Vest 2 (%)	36.92%	36.92%
Dividend yield	1.20%	1.20%



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 4 Reserves and surplus

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
<b>Securities Premium Reserve</b>		
Balance as at the beginning of the year	542.28	46.54
Add : Receipt on issue of shares on preferential allotment basis (Refer note 43)	-	497.06
Add : Receipt on exercise of Employees stock options	0.55	2.42
Less: Amount adjusted towards share issue expenses (Previous year net of tax effect of Rs. 0.18)	-	(3.10)
Less: Premium on redemption of Debentures [net of tax effect of Rs. 3.04 Crore (Previous year 0.31 Crore)]	(5.89)	(0.66)
Add : Transferred from Employee Stock Options outstanding	-	0.02
Less: Adjusted upon de-merger of Kaya business (Refer note 44)	(297.27)	-
Balance as at the end of the year	239.67	542.28
<b>Debenture Redemption Reserve</b>		
Balance as at the beginning of the year	42.97	21.67
Add : Amount transferred from Surplus in the Statement of Profit and Loss	20.86	21.30
Less: Amount transferred to General Reserve on redemption	(50.00)	-
Balance as at the end of the year	13.83	42.97
<b>Employee Stock Options Outstanding Account (Refer note 3 (d))</b>		
Balance as at the beginning of the year	-	0.02
Less : Transferred to Securities Premium Reserve on exercise of stock options	-	0.02
Balance as at the end of the year	-	-
<b>General Reserve</b>		
Balance as at the beginning of the year	229.76	186.85
Add : Transferred from Surplus in the Statement of Profit and Loss	57.72	42.91
Add : Amount transferred from Debenture Redemption Reserve on redemption	50.00	-
Balance as at the end of the year	337.48	229.76
<b>Hedge Reserve (Refer note 37 (c))</b>		
Balance as at the beginning of the year	(52.49)	(33.92)
Add / (Less) : Transferred to the Statement of Profit and Loss	(5.60)	-
Adjustments during the year	(18.21)	(18.57)
Balance as at the end of the year	(76.30)	(52.49)
<b>Foreign Currency Translation Reserve (Refer note (a) below)</b>		
Balance as at the beginning of the year	1.59	6.04
Exchange gain/(loss) on translation during the year	(1.59)	(4.45)
Balance as at the end of the year	-	1.59
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	1,162.84	835.43
Add : Profit during the year	577.22	429.09
Less: Appropriations :		
Equity dividend	257.94	32.24
Tax on Equity dividend [net of tax on dividend received from a foreign subsidiary of Rs. 34.47 Crore (Previous year Nil)]	9.37	5.23
Transfer to Debenture Redemption Reserve	20.86	21.30
Transfer to General Reserve	57.72	42.91
Balance as at the end of the year	1,394.17	1,162.84
<b>Total</b>	<b>1,908.85</b>	<b>1,926.95</b>

Note :

- a) The long term loans advanced to its wholly owned subsidiary, Marico South Africa Consumer Care (pty) Limited, was recovered during the year. 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 of Rs. 1.59 Crore arising on revaluation of the said loan was accumulated in 'Foreign Currency Translation Reserve', and has been recognized as income in the Statement of Profit and Loss during the current year.

Further, during the year the Company has infused additional equity of Rs. 34.44 Crore in its wholly owned subsidiary, Marico South Africa Consumer Care (pty) Limited.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 5 Long-term borrowings (net)

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Secured</b>		
Term loans		
From banks		
External commercial borrowing from The Hongkong and Shanghai Banking Corporation Limited	251.54	276.83
(Loan carries interest @ LIBOR plus 2.1% (Previous year LIBOR plus 2.1%) and is secured by (i) Pledge of shares of International Consumer Products Corporation ( a Subsidiary company) (ii) First ranking pari passu charge over all current and future plant and machinery and (iii) Mortgage on land and building situated at Andheri, Mumbai). The loan is repayable over a period of 6 years commencing from February 11, 2011 as under:-		
1st installment - USD 3 million - payable at the end of 36 months		
2nd installment - USD 3 million - payable at the end of 42 months		
3rd installment - USD 6 million - payable at the end of 48 months		
4th installment - USD 6 million - payable at the end of 54 months		
5th installment - USD 9 million - payable at the end of 60 months		
6th installment - USD 12 million - payable at the end of 66 months		
7th installment - USD 15 million - payable at the end of 72 months		
Total amount - USD 54 million		
Loan amount outstanding of USD 9 million (Rs. 153.90 Crore) [(previous year USD 3 million (Rs. 16.28 Crore)] as at March 31, 2014 has been disclosed under Other current liabilities as current maturities of long term debt (Refer note below and note 10).		
	251.54	276.83
<b>Unsecured</b>		
Debentures		
1,000, Rated, Listed Unsecured, Zero Coupon Redeemable Non-convertible debentures of face value of Rs. 10,00,000/- each	-	100.00
Nil (The above debentures were issued on February 22, 2013 at Par and are redeemable at premium after 3 years from the date of issue i.e. by February 22, 2016 with a put/call option at the end of 2 years i.e. February 20, 2015. The debentures are listed on National Stock Exchange. The yield on redemption is 8.95% p.a. on XIRR basis). Considering the probability of exercising the put/call option on debentures, it has been disclosed under Other current liabilities as current maturities of long term debt (Refer note below and note 10).		
	-	100.00
<b>Total</b>	<b>251.54</b>	<b>376.83</b>
Note:		
The scheduled maturity of long term borrowings is summarized as under:		
Within one year (Refer note 10 - Current maturities of long term debt)	153.90	66.28
After 1 year but within 2 years	89.84	148.85
After 2 year but within 5 years	161.70	227.98
<b>Total</b>	<b>405.44</b>	<b>443.11</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 6 Deferred tax liabilities (net)

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Deferred Tax assets:		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	1.00	1.10
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium Reserve under the Capital Restructuring scheme implemented in an earlier year (Refer note 12(b))	16.26	21.73
Liabilities / provisions that are deducted for tax purposes when paid	8.36	6.65
Other timing Differences	1.73	3.62
Deferred Tax assets (A)	27.35	33.10
Deferred tax liability:		
Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates.	40.10	36.14
Deferred tax liability (B)	40.10	36.14
<b>Total (A-B)</b>	<b>12.75</b>	<b>3.04</b>

### 7 Other Long Term Liabilities

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Premium on redemption of Debentures	-	0.97
<b>Total</b>	<b>-</b>	<b>0.97</b>

### 8 Short-term borrowings

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Secured</b>		
From banks :		
- Cash credit	12.17	12.74
- Export Packing credit in INR	39.00	-
(These borrowings are for a term of one month to eight months and carry interest rate of Bank Base rate plus applicable spread less interest subvention, ranging from 7.00% to 7.45% per annum (Previous year NIL)).		
(Secured by hypothecation of inventory and debtors)		
(A)	51.17	12.74
<b>Unsecured</b>		
From banks:		
- Buyers' credit in foreign currency	17.97	17.82
(These borrowings are for a term of twelve months from the date of shipment of goods and carry interest rate of LIBOR plus applicable spread, ranging from 0.50% to 1.50% per annum (Previous year 0.05% to 1.50% per annum)).		
- Pre-shipment credit in foreign currency	-	59.71
Nil (These borrowings were for a term of six months and carried interest rate of LIBOR plus applicable spread, ranging from 1.30% to 2% per annum).		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
- Export Packing credit in INR (These borrowings are for a term of one month to eight months and carry interest rate of Bank Base rate plus applicable spread less interest subvention, ranging from 7.00% to 7.45% per annum (Previous year Nil)).	5.00	-
- Other term loans in foreign currency Nil (Previous year loans have been availed for a term of 12 months and carry interest rate of 3 months LIBOR plus spread of 2.3% per annum).	-	54.28
- Cash credit	82.45	92.31
	105.42	224.12
From others :		
- Commercial papers Nil (Commercial papers were borrowed for a term of 12 months and carried interest rate ranging from 8% to 10% per annum.)	-	45.00
Less: Deferred interest	-	2.50
	-	42.50
	(B) 105.42	266.62
<b>Total</b>	<b>(A+B) 156.59</b>	<b>279.36</b>

### 9 Trade payables

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Trade Payables (Refer note below)	320.64	310.08
<b>Total</b>	<b>320.64</b>	<b>310.08</b>

#### Note:

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

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	7.81	9.58
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0.01	0.04
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year.	-	-
Interest due and payable towards suppliers registered under MSMED Act for payments already made.	-	-
Further interest remaining due and payable for earlier years.	0.04	0.09
<b>Total</b>	<b>7.86</b>	<b>9.71</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 10 Other current liabilities

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Current maturities of long- term debt (Refer note 5(a))	153.90	66.28
Due to related parties	0.22	-
Interest accrued but not due on borrowings	1.30	1.56
Interest accrued and due on borrowings	0.03	-
Unclaimed dividend	0.20	0.17
Unpaid dividend	112.88	-
Premium on redemption of Debentures	9.90	-
Other Payables		
Provision for contractual liabilities	43.09	32.42
Advance from customers	11.26	5.64
Statutory dues, including provident fund and tax deducted at source	18.69	14.25
Forward/derivative contracts payables	2.54	5.22
Creditors for capital goods	3.00	2.11
Security deposits from customers and others	0.24	0.30
Employee benefits payable	29.59	24.14
Others	0.23	0.28
<b>Total</b>	<b>387.07</b>	<b>152.37</b>

### 11 Short term provisions

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Provision for employee benefits:		
Gratuity (Refer note 42 (A))	1.26	2.12
Leave entitlement (Refer note 42(B))	4.41	8.37
Provision for Employee Stock Appreciation Rights Scheme (Refer notes 41 (b) and 41 (d))	2.56	17.71
Less : Accretion in amounts recoverable from the Trust	(2.53)	10.03
	0.03	7.68
Income tax - (net of advance tax and other tax payments for various years Rs. 553.95 Crore (Previous year Rs. 396.72 Crore))	10.80	18.05
Disputed indirect taxes (Refer notes (a) and (b) below)	25.15	17.97
<b>Total</b>	<b>41.65</b>	<b>54.19</b>

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

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Balance as at the beginning of the year	17.97	11.78
Add: Additions during the year	7.54	6.19
Less: Unused amounts reversed during the year	(0.36)	-
<b>Balance as at the end of the year</b>	<b>25.15</b>	<b>17.97</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 12 Fixed Assets (A) Tangible assets

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				IMPAIRMENT			NET BLOCK	
	As at April 1, 2013	Additions	Deductions	Adjustments	As at April 1, 2013	For the Year	Deductions	Adjustment	As at April 1, 2013	Charge / (Reversal) for the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Tangible assets</b>													
Freehold land	2.49	-	-	(0.77)	1.72	-	-	-	-	-	-	1.72	2.49
Leasehold land	28.90	0.08	(0.50)	-	28.48	0.41	-	2.14	-	-	-	26.34	27.17
Buildings (Refer notes (a), (d) and (e) below)	13771	145.60	(0.72)	(16.49)	266.10	19.08	(0.19)	(7.35)	0.02	0.01	0.03	248.98	118.61
Plant and equipment (Refer note (f) below)	300.34	55.79	(4.79)	-	351.34	21.98	(3.32)	-	6.43	8.91	15.34	191.47	168.04
Furniture and fixtures	8.77	7.83	(2.21)	-	14.39	1.57	(2.17)	-	5.21	-	-	9.18	2.96
Vehicles	1.27	-	-	-	1.27	0.21	-	1.12	-	-	-	0.15	0.36
Office equipment	7.00	4.18	(0.50)	-	10.68	4.48	(0.48)	-	6.47	0.01	0.03	4.18	2.51
Leasehold improvements	0.65	0.73	-	-	1.38	0.13	-	0.16	-	-	-	1.22	0.62
<b>Total (A)</b>	<b>48713</b>	<b>214.21</b>	<b>(8.72)</b>	<b>(17.26)</b>	<b>675.36</b>	<b>32.32</b>	<b>(6.16)</b>	<b>(7.35)</b>	<b>6.46</b>	<b>8.94</b>	<b>15.40</b>	<b>483.24</b>	<b>322.76</b>
Previous Year	423.80	80.04	16.71	-	487.13	31.48	16.17	(37.45)	5.67	0.79	6.46	322.76	

### (B) Intangible asset

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				IMPAIRMENT			NET BLOCK	
	As at April 1, 2013	Additions	Deductions	Adjustments	As at April 1, 2013	For the Year	Deductions	Adjustment	As at April 1, 2013	Charge / (Reversal) for the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Intangible assets</b>													
Trademarks and copyrights (Refer note (b) below)	24.14	-	-	-	24.14	2.41	-	-	-	-	-	6.64	9.05
Computer software	2015	3.73	(0.86)	-	23.02	2.33	(0.30)	-	18.76	-	-	4.26	3.42
<b>Total (B)</b>	<b>44.29</b>	<b>3.73</b>	<b>(0.86)</b>	<b>-</b>	<b>47.16</b>	<b>4.74</b>	<b>(0.30)</b>	<b>-</b>	<b>36.26</b>	<b>-</b>	<b>-</b>	<b>10.90</b>	<b>12.47</b>
Previous Year	43.01	2.97	1.69	-	44.29	0.55	0.68	(9.05)	31.82	-	-	12.47	-
<b>Total (A)+(B)</b>	<b>531.42</b>	<b>217.94</b>	<b>(9.58)</b>	<b>(17.26)</b>	<b>722.52</b>	<b>37.06</b>	<b>(6.46)</b>	<b>(7.35)</b>	<b>6.46</b>	<b>8.94</b>	<b>15.40</b>	<b>494.14</b>	<b>335.23</b>
Previous Year	466.81	83.01	18.40	-	531.42	32.03	16.85	(46.50)	5.67	0.79	6.46	335.23	

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

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

c) Impairment reversal for the previous year Rs. 13.88 Crore towards brand "Fiancee". The amount of Rs. 9.05 Crore which is net of depreciation charge of Rs. 4.83 Crore was reflected as "Exceptional items" in the Statement of Profit and Loss (Refer note 36(b)).

d) During the year ended March 31, 2014, building appearing in Investment property of net book value Rs. 6.37 Crore (Gross block Rs. 6.47 Crore less accumulated depreciation Rs. 0.10 Crore) has been reclassified as office building.

e) During the year ended March 31, 2014, Freehold land of cost of Rs. 0.77 Crore and Building of net book value of Rs. 15.50 (Gross block of Rs. 22.96 Crore and accumulated depreciation of Rs. 7.46 Crore) has been reclassified as assets held for disposal.

f) For assets given on lease refer note 35 (b).

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 13 Non current investments

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Investment Property (at cost less accumulated depreciation and amortisation)</b> <b>[Refer Note 35 (b)]</b>		
Cost of building (Refer Note 12(d))	12.36	18.83
Less: Amortised upto previous year	(0.20)	-
Less: Amortisation during the year	(0.20)	(0.31)
Net block	11.96	18.52
<b>Long term Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investments in equity instruments :</b>		
<b>Investment in Subsidiaries</b>		
<b>Quoted</b>		
Marico Bangladesh Limited 28,350,000 (28,350,000) equity shares of Bangladesh taka 10 each fully paid (Quoted on Dhaka Stock exchange and Chittagong Stock exchange).	0.86	0.86
<b>Unquoted</b>		
Marico Middle East FZE (wholly owned) 22 (22) equity share of UAE dirham 1,000,000 (1,000,000) fully paid	27.99	27.99
Marico South Africa Consumer Care (Pty) Limited (wholly owned) 1,247 (800) equity shares of SA Rand 1.00 fully paid (Refer Note (4a))	59.81	25.37
International Consumer Products Corporation 9,535,495 (9,535,495) equity shares of VND 10,000 fully paid	254.98	254.98
Marico Consumer Care Limited (wholly owned) (Refer Note 43) 74,615,000 (74,615,000) equity shares of Rs. 10 each fully paid	745.70	745.70
	1,089.34	1,054.90
<b>Other Investments :</b>		
<b>Investments in Government Securities</b>		
<b>Unquoted</b>		
National Savings Certificates (Deposited with the Government authorities)	0.01	0.01
<b>Investment in Bonds</b>		
<b>Quoted</b>		
Power Finance Corporation Limited (28,479 (28,479) Secured, Redeemable, Tax free Non-convertible Bonds , 8.20% , face value of Rs. 1,000/- each, redeemable on 1st February, 2022).	2.85	2.85
Indian Railway Finance Corporation (21,751 (21,751) Secured, Redeemable, Tax free Non-convertible Bonds , 8.00% , face value of Rs. 1,000/- each, redeemable on 23rd February, 2022).	2.18	2.18
National Highways Authority of India (24,724 (24,724) Secured, Redeemable, Tax free Non-convertible Bonds , 8.20% , face value of Rs. 1,000/- each, redeemable on 25th January, 2022).	2.47	2.47
Rural Electrification Corporation Limited (61,238 (61,238) Secured, Redeemable, Tax free Non-convertible Bonds , 8.12% , face value of Rs. 1,000/- each, redeemable on 29th March, 2027).	6.12	6.12
Rural Electrification Corporation Limited (50 (NIL) Secured, Redeemable, Tax free Non-convertible Bonds , 8.46% , face value of Rs. 10,00,000/- each, redeemable on 29th August, 2028).	5.00	-
Housing & Urban Development Corporation Ltd 500 (NIL) Secured, Redeemable, Tax free Non-convertible Bonds , 8.56% , face value of Rs. 1,00,000/- each, redeemable on 2nd September, 2028).	5.00	-
<b>Investments in Mutual Funds</b>		
<b>Quoted</b>		
LIC Nomura MF Fixed Maturity Plan Series 77-396 Days-Growth 8,000,000 (NIL) units of Rs. 10 each fully paid	8.00	-
	31.63	13.63
<b>Total</b>	<b>1,132.93</b>	<b>1,087.05</b>
Aggregate amount of quoted investments	32.48	14.49
Market Value of quoted investments	2,499.38	707.46
Aggregate amount of unquoted investments	1,100.45	1,072.56

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 14 Long terms loans and advances

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Unsecured, considered good unless stated otherwise</b>		
Capital Advances	5.27	20.27
Loans and advances to related parties - Subsidiaries (Refer note 40 (c))	9.41	46.45
Other loans and advances :		
Deposits with public bodies and others		
Considered good	7.41	7.85
Considered doubtful	-	0.50
	7.41	8.35
Less: Provision for doubtful deposits	-	0.50
	7.41	7.85
Loans to employees	3.64	2.48
Prepaid expenses	0.20	0.13
Balance with statutory/government authorities	13.99	15.09
Advances to vendors	2.12	1.28
Inter corporate deposits	-	10.00
Loans and advances to Welfare of Mariconians Trust (Refer note 41 (c) )	26.48	36.54
Less: Provision for doubtful loan (Refer note 41 (e))	(0.70)	(0.81)
	25.78	35.73
<b>Total</b>	<b>67.82</b>	<b>139.28</b>

### 15 Other non current Assets

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Fringe benefit tax payments (net of provisions of Rs. 5.85 crore (previous year Rs. 5.85 (crore)))	0.48	0.48
MAT credit entitlement	153.80	131.15
Long term deposits with banks with maturity period of more than twelve months (Refer note below)	0.64	3.71
<b>Total</b>	<b>154.92</b>	<b>135.34</b>

Long term deposits with bank include Rs. 0.25 Crore (Rs. 0.13 Crore) deposited with sales tax authorities and Rs. 0.39 Crore (Rs. 3.58 Crore) held as lien by banks against guarantees issued on behalf of the Company.

### 16 Current investments

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>Current portion of long term investments</b>		
<b>Unquoted</b>		
<b>Investment in subsidiary (Trade investment)</b>		
Kaya Limited (Refer note 44)	-	181.84
Nil (17,848,975 ) equity shares of Rs. 10 each fully paid		



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
<b>Quoted</b>		
Indian Infrastructure Finance Company Ltd, (Nil (1,000) Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 1,00,000/- each, guaranteed by the Government of India, redeemed on 22nd January, 2014).	-	10.08
<b>Current investments (At lower of cost and fair value)</b>		
<b>Unquoted</b>		
<b>Investment in subsidiaries (Trade investment)</b>		
Investment in Marico Kaya Enterprises Limited (wholly owned) (Refer note 44) Nil (100,000 ) equity shares of Rs. 10 each	-	0.10
<b>Investments in Mutual Funds</b>		
Birla Sunlife Dynamic Bond Fund-Retail-Growth Nil (1,306,807) Units of Rs. 10 each fully paid	-	2.50
DSP Blackrock FMP-Series 81-12M-Growth Nil (10,000,000 ) Units of Rs. 10 each fully paid	-	10.00
HDFC Income Fund-Growth Nil (1,908,040) Units of Rs. 10 each fully paid	-	5.00
JM High Liquidity Fund-Regular Plan-Bonus Option Nil (3,979,357) Units of Rs. 10 each fully paid	-	3.90
Kotak Bond Scheme Plan A - Growth Nil (1,514,623) Units of Rs. 10 each fully paid	-	5.00
Reliance Short Term Fund-Growth Nil (1,184,290) Units of Rs. 10 each fully paid	-	2.50
SBI Magnum Insta Cash Fund Liquid Floater-Reg-Growth 10,281 (42,728) Units of Rs. 1,000 each fully paid	2.25	8.50
Baroda Pioneer Treasury Advantage Fund- Plan A-Growth 12,041 (Nil) Units of Rs. 1,000 each fully paid	1.76	-
Birla Sun Life Fixed Term Plan-Series JN (368 Days) 6,000,000 (Nil) Units of Rs. 10 each fully paid	6.00	-
DWS Ultra Short Term Fund-SIP-Growth 9,569,990 (Nil) Units of Rs. 10 each fully paid	14.64	-
DWS Fixed Maturity Plan Series 62-Reg Plan-Growth 20,000,000 (Nil) Units of Rs. 10 each fully paid	20.00	-
HDFC FMP 396 Days March 2014(3) Series 29-Regular-Growth 20,000,000 (Nil) Units of Rs. 10 each fully paid	20.00	-
HDFC Floating Rate Income Fund-STP-WO-Growth 4,911,345 (Nil) Units of Rs. 10 each fully paid	10.75	-
ICICI Prudential FMP Series 73-368 D-Plan M-Cumulative 10,000,000 (Nil) Units of Rs. 10 each fully paid	10.00	-
JM Money Manager Fund-Super Plus Plan-Bonus Option-Bonus Units 3,748,072 (Nil) Units of Rs. 10 each fully paid	3.78	-
JM Money Manager Fund-Super Plan-Bonus Option-Bonus Units 4,524,192 (Nil) Units of Rs. 10 each fully paid	4.43	-
JM Money Manager Fund-Super Plus Plan-Growth 976,112 (Nil) Units of Rs. 10 each fully paid	1.77	-
JP Morgan India Treasury Fund-SIP-Growth 9,930,359 (Nil) Units of Rs. 10 each fully paid	16.68	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Kotak Flexi Debt Scheme Plan A-Growth 971,164 (Nil) Units of Rs. 10 each fully paid	1.53	-
Kotak FMP Series 111 - Growth 9,000,000 (Nil) Units of Rs. 10 each fully paid	9.00	-
Kotak Banking & PSU Debt Fund -Growth 176,035 (Nil) Units of Rs. 10 each fully paid	0.50	-
Peerless Ultra Short Term Fund-Super Instl-Growth 10,809,928 (Nil) Units of Rs. 10 each fully paid	15.25	-
Reliance Money Manager Fund-Growth Plan 58,597 (Nil) Units of Rs. 1,000 each fully paid	10.29	-
Religare Invesco FMP-Series XIX-Plan F(370 Days)-Growth Plan 9,000,000 (Nil) Units of Rs. 10 each fully paid	9.00	-
Religare Invesco FMP-Sr.23 -Plan F(367 Days)- Reg Growth Plan 20,000,000 (Nil) Units of Rs. 10 each fully paid	20.00	-
SBI Debt Fund Series-366 Days-Reg-Growth 10,000,000 (Nil) Units of Rs. 10 each fully paid	10.00	-
Sundaram Ultra Short Term Fund-Regular-Growth 8,201,076 (Nil) Units of Rs. 10 each fully paid	14.41	-
Tata Floater Fund - Plan A-Growth 6,581 (Nil) Units of Rs. 1,000 each fully paid	1.28	-
Templeton India Ultra Short Term Bond Fund-SIP-Growth 300,671 (Nil) Units of Rs. 10 each fully paid	0.51	-
UTI Fixed Term Income Fund Series XVIII-IV(366 Days)-Growth 30,000,000 (Nil) Units of Rs. 10 each fully paid	30.00	-
<b>Total</b>	<b>233.83</b>	<b>229.42</b>
Aggregate amount of quoted investments	-	10.08
Market Value of quoted investments	-	9.99
Aggregate amount of unquoted investments	233.83	219.34
Aggregate net asset value of unquoted investment in mutual funds	236.26	37.46

### 17 Inventories

(Refer note 2 (h), for basis of valuation)

	As at March 31,	
	2014 Rs. Crore	2013 Rs. Crore
Raw materials	215.96	248.98
Work-in-progress	131.25	175.57
Finished goods (Includes in-transit - NIL (Previous year Rs. 0.06 Crore))	232.98	199.03
Stock - in - trade (Traded goods)	13.91	28.46
Stores and spares	6.43	6.46
Others :		
Packing materials	60.98	48.80
By-products	2.45	1.68
<b>Total</b>	<b>663.96</b>	<b>708.98</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 18 Trade receivables

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	1.00	3.04
Considered doubtful	2.64	3.24
	3.64	6.28
Less: Provision for doubtful debts	(2.64)	(3.24)
	1.00	3.04
Outstanding for a period less than six months from the date they are due for payment		
Considered good	147.45	120.81
Considered doubtful	-	-
	147.45	120.81
<b>Total</b>	<b>148.45</b>	<b>123.85</b>

Refer note 40 (c) for amounts receivable from subsidiaries

### 19 Cash and bank balances

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Cash and cash equivalents :		
Cash on hand	0.23	0.21
Remittance in-transit	0.18	0.44
Cheques on hand	3.52	6.04
Bank balances in current accounts	11.54	12.02
	15.47	18.71
Other bank balances :		
Fixed deposits with maturity more than three months but less than twelve months	-	3.00
Unclaimed dividend account	0.20	0.17
Unpaid Dividend account	112.88	-
Demand deposits with maturity upto three months	0.40	0.15
<b>Total</b>	<b>128.95</b>	<b>22.03</b>

### 20 Short term loans and advances

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Loans and advances		
to related parties (Refer note 40 (C))	30.59	142.18
	30.59	142.18
Others :		
Loans and advances to Welfare of Mariconians Trust (Refer note 41 (c))	9.83	40.71
Advances to vendors and others	19.79	27.14
Loans and advances to employees	2.40	3.06
Prepaid expenses	6.76	5.17
Deposits/Balances with Government authorities/Others	5.26	6.85
Deposit with Leave Encashment plan	-	8.30
Inter corporate deposits	15.00	-
	59.04	91.23
<b>Total</b>	<b>89.63</b>	<b>233.41</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 21 Other current assets

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Unsecured, considered good (unless stated otherwise)		
Interest accrued and due on loans / deposits (receivable from subsidiary Rs. 0.10 Crore (Rs. 0.90 Crore))	1.81	2.84
Insurance receivables	0.05	0.05
Accrued export incentives	2.04	0.73
Assets held for disposal (Refer note 12 (e))	16.27	0.01
Others	6.72	4.71
<b>Total</b>	<b>26.89</b>	<b>8.34</b>

### 22 Revenue from operations

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Sale of products:		
Finished goods	3,418.43	3,120.44
Traded goods	182.34	203.06
By-product sales	80.70	78.13
	3,681.47	3,401.63
Less:		
Excise duty	6.69	2.80
	3,674.78	3,398.83
Other operating revenues:		
Export incentives	3.99	4.47
Sale of scraps	3.72	3.80
	7.71	8.27
<b>Total</b>	<b>3,682.49</b>	<b>3,407.10</b>

#### a) Details of Sales (Finished goods)

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Edible oils	2,195.97	2,116.59
Hair oils	904.73	759.70
Personal care	227.26	180.81
Others	90.47	63.34
<b>Total</b>	<b>3,418.43</b>	<b>3,120.44</b>

#### b) Details of Sales (Traded goods)

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Oil seeds (Copra)	69.18	83.22
Personal care	82.31	95.69
Others	30.85	24.15
<b>Total</b>	<b>182.34</b>	<b>203.06</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 23 Other income

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Interest Income		
On Non current investments	1.78	1.13
On current investments	2.98	0.69
On loans, deposits, etc.	2.13	8.77
	6.89	10.59
Dividend Income		
On current investments	5.33	7.64
On Non current investments (from a subsidiary)	202.99	18.71
	208.32	26.35
Net gain on sale of current investments	9.82	4.73
Other non-operating income :		
Lease rental income	1.02	1.43
Royalty income	6.78	6.08
Profit on sale of assets (net)	0.46	-
Miscellaneous income	1.09	1.02
<b>Total</b>	<b>234.38</b>	<b>50.20</b>

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

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
<b>A Cost of materials consumed</b> (Refer notes (a) and (c) below)		
Raw materials consumed		
Opening Inventories	248.98	203.91
Add : Purchases (net)	1,449.27	1,496.72
Less : Inventories at the end of the year	215.96	248.98
Cost of raw materials consumed during the year	1,482.29	1,451.65
Packing materials consumed		
Opening Inventories	48.80	48.80
Add : Purchases (net)	372.05	308.44
Less : Inventories at the end of the year	60.98	48.80
Cost of packing materials consumed during the year	359.87	308.44
<b>Total</b>	<b>1,842.16</b>	<b>1,760.09</b>
<b>B Purchases of Stock-in-trade</b> (refer note (b) below)	<b>138.42</b>	<b>202.61</b>
<b>C Changes in inventories of finished goods, work-in-progress and stock-in-trade - (increase) / decrease</b>		
Opening inventories		
Work-in-progress	175.57	87.77
Finished goods	199.03	168.43
By-products	1.68	3.64
Stock-in-trade	28.46	12.20
Total	(I) 404.74	272.04
Less: Closing inventories		
Work-in-progress	131.25	175.57
Finished goods	232.98	199.03
By-products	2.45	1.68
Stock-in-trade	13.91	28.46
Total	(II) 380.59	404.74
<b>(Increase) / decrease in inventories</b>	<b>(I-II) 24.15</b>	<b>(132.70)</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### a) Details of Raw materials consumed

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Oil seeds (Copra and Kardi seeds)	558.70	662.52
Raw oils (other than Copra and Kardi seeds)	634.07	507.87
Others	289.52	281.26
<b>Total</b>	<b>1,482.29</b>	<b>1,451.65</b>

### b) Details of Purchases of Stock-in-trade

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Oil seeds (Copra)	64.14	69.18
Personal care	53.59	119.87
Others	20.69	13.56
<b>Total</b>	<b>138.42</b>	<b>202.61</b>

### c) Value of imported and indigenous Raw Materials consumed

	For the year ended March 31,			
	2014	%	2013	%
	Rs. Crore		Rs. Crore	
Imported	154.04	10.39	123.15	8.48
Indigenous	1,328.25	89.61	1,328.50	91.52
<b>Total</b>	<b>1,482.29</b>	<b>100.00</b>	<b>1,451.65</b>	<b>100.00</b>

## 25 Employee benefit expenses

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Salaries, wages and bonus	148.36	132.34
Contribution to provident and other funds (Refer notes 42)	9.55	10.30
Employees stock option charge/ (reversal) (Refer note 3 (d))	-	(0.02)
Stock appreciation rights expenses (Refer note 41 (d)):		
STAR Grant Expenses	5.34	12.40
Less: Accretion in amounts recoverable from the Trust	(2.53)	(10.03)
	2.81	2.37
Staff welfare expenses	10.62	10.70
<b>Total</b>	<b>171.34</b>	<b>155.69</b>

## 26 Finance costs

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Interest on:		
Long term borrowings	11.69	14.10
Short term borrowings	11.88	17.92
Other borrowing costs	0.18	0.27
Bank and other financial charges	1.90	3.00
Applicable net loss on foreign currency transactions and translation	4.78	8.39
<b>Total</b>	<b>30.43</b>	<b>43.68</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 27 Depreciation, amortisation and impairment

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Depreciation on tangible assets (Refer note 2(d) (I))	32.32	31.48
Amortisation on intangible assets (Refer note 2(d) (II))	4.74	0.55
Provisions for Impairment of capitalised assets	8.94	0.79
Amortisation of Investment Property (Refer note 13)	0.20	0.31
<b>Total</b>	<b>46.20</b>	<b>33.13</b>

### 28 Other Expenses

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Consumption of stores and spare parts (refer note (a) below)	9.69	9.68
Power, fuel and water	28.18	33.82
Contract manufacturing charges	132.57	125.31
Rent and storage charges	27.94	30.25
Repairs to:		
Building	6.11	5.25
Machinery	12.02	10.89
Others	1.64	2.01
Freight, forwarding and distribution expenses	164.76	150.71
Advertisement and sales promotion	409.71	382.18
Rates and taxes	41.32	41.92
Commission to selling agents	1.15	5.92
Communication expenses	5.26	5.29
Printing and stationery	1.69	1.65
Travelling, conveyance and vehicle expenses	23.79	23.21
Royalty	5.34	1.51
Insurance	3.74	2.96
Payments to the auditor as:		
Statutory audit fees (including Limited Review under the Listing Agreement)	0.88	0.79
Tax audit fees	0.06	0.06
for other services as statutory auditors	0.15	0.21
for reimbursement of expenses	0.01	0.01
Net loss on foreign currency transactions and translation (other than considered as finance cost)	2.02	5.69
Commission to Non-executive directors	0.94	0.96
Provision for doubtful debts and advances	0.15	0.33
Add: Bad debts written off	0.71	-
Less: Provision for doubtful advances no longer required written back	(0.75)	-
	0.11	0.33
Miscellaneous expenses (Refer note (b) below )	67.81	58.69
<b>Total</b>	<b>946.89</b>	<b>899.31</b>

a) There is no consumption of imported stores and spares during the current year and the previous year.

b) Miscellaneous expenses include :

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Labour charges	11.45	11.75
Training & seminar expenses	3.82	5.06
Outside services	3.50	3.14
Legal & professional charges	29.60	24.26
Donation	8.08	3.41
Loss on sale of assets (net)	-	1.35

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 29 Contingent liabilities:

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Disputed tax demands / claims :		
Sales tax	28.83	24.99
Income tax	41.50	9.54
Customs duty	0.40	0.40
Agricultural produce marketing cess	9.69	9.58
Employees state insurance corporation	0.18	0.18
Excise duty on subcontractors	0.54	0.41
Service Tax	0.17	0.17
Excise duty on CNO dispatches (Refer note below)	443.23	364.09
Claims against the Company not acknowledged as debts	0.19	0.42
Corporate guarantees given to banks on behalf of group companies for credit and other facilities granted by banks. (Credit and other facilities availed by the subsidiaries as at the year end - Rs. 0.67 Crore (Rs. 70.77 Crore))	8.00	113.03
Stand by Letter of Credit issued by the Company's banks on behalf of subsidiaries for credit and other facilities granted by banks. (Credit and other facilities availed by the subsidiaries as at the year end - Rs. 119.95 Crore (Rs. 81.56 Crore))	129.24	181.30
Letter of credit	23.39	37.22
<b>Total</b>	<b>685.36</b>	<b>741.33</b>

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

#### Note:

This contingent liability pertains to a possible excise duty obligation in respect of pure coconut oil packs up to 200 ml. This claim has been contested and a legal opinion in the matter has been obtained. Based on the legal opinion and in its assessment, the management believes that the probability of success in the matter is more likely than not and accordingly, the possible excise obligation has been treated as a contingent liability in accordance with requirements of Accounting Standard (AS) 29 "Provisions, Contingent Liability and Contingent Asset". The possible excise duty obligation of Rs. 321.46 Crore (Rs. 242.32 Crore) for the clearances made after June 3, 2009 (i.e. the date of issue of Board circular) till March 31, 2014 and Rs. 121.77 Crore (Rs. 121.77 Crore) for clearances made prior to June 3, 2009 has been disclosed as contingent liability to the extent of the time horizon covered by show cause notices issued by the excise department within the normal period of one year (from the date of clearance) as per the excise laws.

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

### 30 Capital commitments

	As at March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	194.44	75.72
<b>Total</b>	<b>194.44</b>	<b>75.72</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 31 CIF value of imports

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Raw materials	140.00	149.22
Packing materials	5.46	1.18
Capital goods	3.59	0.36
Stock - in - trade (Traded goods)	1.37	0.15
<b>Total</b>	<b>150.42</b>	<b>150.91</b>

### 32 Expenditure in foreign currency

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Travelling and other expenses	0.65	0.50
Advertisement and sales promotion	6.10	5.19
Interest on other loans	11.48	11.19
Miscellaneous expenses	2.07	2.19
<b>Total</b>	<b>20.30</b>	<b>19.07</b>

### 33 Earnings in foreign currency

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
FOB value of exports	162.76	138.59
Royalty	6.78	6.08
Dividend	202.99	18.71
Interest	1.49	4.10
Reimbursement of corporate guarantee commission	0.74	0.70
<b>Total</b>	<b>374.76</b>	<b>168.18</b>

34 Research and Development expenses aggregating Rs. 4.09 Crore for food and edible items and Rs. 12.47 Crore for others have been included under the relevant heads in the Statement of Profit and Loss. (Previous year aggregating Rs. 15.08 Crore)

35 a) 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.

	For the year ended March 31,	
	2014	2013
	Rs. Crore	Rs. Crore
Lease rental payments recognized in the Statement of Profit and Loss.	23.26	25.81
<b>In respect of assets taken on non-cancellable operating lease:</b>		
<b>Lease obligations</b>		
Future minimum lease rental payments		
- not later than one year	10.21	8.63
- later than one year but not later than five years	12.14	10.74
- later than five years	0.04	-
<b>Total</b>	<b>22.39</b>	<b>19.37</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- b) Additional information on assets given on lease:

	March 31, 2014 Rs. Crore	2013 Rs. Crore
Lease rental Income recognised in the Statement of Profit and Loss.	1.02	1.43

Rs. Crore

Asset	Cost as at March 31		Depreciation for the year ended March 31		Accumulated Depreciation as at March 31		Net Book Value as at March 31	
	2014	2013	2014	2013	2014	2013	2014	2013
Plant and equipment (refer note 12(A))	2.03	2.03	0.06	(0.16)	1.85	1.79	0.18	0.24
Investment Property (refer note 13)	12.36	18.83	0.20	0.31	0.40	0.31	11.96	18.52

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

### 36 Details of Exceptional Items are as under:

	March 31, 2014 Rs. Crore	2013 Rs. Crore
a) Surplus on change in method of depreciation (Refer Note (a) below)	-	37.45
b) Reversal of impairment loss on "Fiancee" trade mark (Net of amortisation) (Refer Note (b) below)	-	9.05
<b>Total</b>	<b>-</b>	<b>46.50</b>

- a) During the previous year, effective January 1, 2013, the Company had retrospectively changed its method of providing depreciation on Factory Building and Plant & Machinery from the 'Written Down Value Method' to 'Straight Line Method' at the rates prescribed in Schedule XIV to the Companies Act, 1956. Accordingly, the Company had recognised a surplus of Rs. 37.45 Crore arising from this retrospective change.

Had the previous method of depreciation been followed, depreciation charge for the year ended March 31, 2014 would have been higher by Rs. 8.21 Crore (Rs. 2.96 Crore) and the profit before tax would have been lower by an equivalent amount.

- b) During the year ended March 31, 2011, the Company had recognised an impairment loss of Rs. 13.88 Crore towards brand "Fiancee". During the previous year, the Company had reassessed the value in use and accordingly reversed an impairment loss of Rs. 13.88 Crore. The Company had provided depreciation of Rs. 4.83 Crore for the year ended March 2012 and March 2013. Net reversal reflected under exceptional item after adjusting for depreciation was Rs. 9.05 Crore.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 37 Derivative transactions -

- a) The total derivative instruments outstanding as on year end March 31, 2014 are Plain Forwards, Plain Vanilla Put Option, Cross currency swap and Interest rate swap:

	Currency	March 31, 2014		March 31, 2013	
		Notional Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Notional Amount in Foreign currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)
<b>Forward contracts outstanding</b>					
Exports:	USD	5,425,824	32.50	7,739,273	42.01
Foreign currency loans (including Interest)	USD	3,000,000	17.97	15,182,985	82.41
Creditors	USD	5,071,095	30.37	18,049,383	97.97
Creditors	AUD	611,578	3.39	760,000	4.30
Loan to subsidiary:	ZAR	16,544,500	9.41	18,749,500	11.02
<b>Options Contracts outstanding</b>					
Exports	USD	4,817,444	28.85	5,993,000	32.53
Creditors	USD	3,430,000	20.54	1,059,500	5.75
Creditors	AUD	664,998	3.69	-	-
<b>Currency Swap</b>	USD	-	-	10,000,000	54.28

\* Converted into the exchange rate at the year end.

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

	Currency	March 31, 2014		March 31, 2013	
		Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Forward contracts	USD	10,496,919	64.02	2,578,656	106.77
Forward contracts	AUD	611,578	3.41	760,000	4.31
Options contract	AUD	664,998	0.20	-	-
Options contract	USD	8,247,444	1.40	7,052,500	0.49

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

	Currency	March 31, 2014		March 31, 2013	
		Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Borrowings in Foreign currency	USD	25,500,000	1.77	27,000,000	3.08

- The Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 1 year except interest rate swap, in respect of which Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 3 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

	Currency	March 31, 2014		March 31, 2013	
		Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)	Amount in Foreign currency	Equivalent Amount in Rs. at the year end (Rs. Crore)
<b>a) Amount (payable) / receivable in foreign currency on account of following :</b>					
i) Import of goods and services	MYR	(128,000)	(0.23)	-	-
	AUD	627,191	3.48	27,007	0.15
	EUR	112,862	0.93	190	-
	GBP	(25,147)	(0.25)	(36,093)	(0.30)
	SGD	121	0.01	587,441	2.57
ii) Capital imports	CHF	680	0.01	680	0.01
	GBP	800	0.01	-	-
	EUR	9,977	0.08	-	-
	USD	12,102	0.07	-	-
iii) Export of goods	AED	4,988	0.01	4,988	0.01
<b>b) Bank balances</b>	USD	38,144	0.23	38,264	0.21
	VND	254,291	0.01	584,291	0.01
<b>c) Other receivable / (payable)</b>	BDT	27,000	0.01	-	-
	USD	20,158	0.12	14,032	0.08
	AED	2,580	0.01	(468)	(0.01)
	SGD	(60)	(0.01)	-	-
	MYR	2,130	0.01	-	-
	AUD	-	-	2,400	0.01
<b>d. Loans and Advances to Subsidiaries including interest accrued</b>	AED	980,461	1.60	1,146,839	1.69
	TAKA/ BDT	173,062,263	13.36	230,286,170	16.00
	USD	3,297,670	19.75	78,626	0.43
	ZAR	172,353	0.10	61,588,238	36.30
	EGP	787,845	0.68	577,178	0.46

Excludes Loans payable of Rs. 305.44 Crore [USD 51,000,000] (Rs. 293.11 Crore [USD 54,000,000]) assigned to hedging relationship against highly probable forecast sales. The Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 3 years (1 to 3 years).

- c) The Company had, opted for early adoption of Accounting Standard 30 "Financial Instruments: Recognition and Measurement" to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements. Accordingly, the net unrealised loss of Rs. 76.30 Crore as at March 31, 2014 (Rs. 52.49 Crore as at March 31, 2013) in respect of outstanding derivative instruments and foreign currency loans at the period end which qualify for hedge accounting, stands in the 'Hedge Reserve', which is being recognised in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 38 Earnings per share:

	March 31, 2014	March 31, 2013
<b>Profit for the year as per the Statement of Profit and Loss/ Profit available to equity shareholders (Rs. Crore)</b>	<b>577.22</b>	<b>429.09</b>
Equity shares outstanding as at the year end	644,872,999	644,771,799
Weighted average number of equity shares used as denominator for calculating basic earnings per share	644,843,409	640,971,596
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	645,002,031	641,232,987
Nominal value per equity share	Re. 1	Re. 1
<b>Basic earnings per equity share</b>	<b>Rs. 8.95</b>	<b>Rs. 6.69</b>
<b>*Diluted earnings per equity share</b>	<b>Rs. 8.95</b>	<b>Rs. 6.69</b>

\*Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 3(d).

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

	March 31, 2014	March 31, 2013
Number of shares considered as basic weighted average shares outstanding	644,843,409	640,971,596
Add: Effect of dilutive stock options	158,622	261,391
Number of shares considered as weighted average shares and potential shares outstanding	645,002,031	641,232,987

### 39 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 and geographical segments are insignificant.

### 40 Related Party disclosures :

- a) Name of related parties and nature of relationship:
- i) Subsidiary companies

Name of the Company	Effective date for Acquisition / Incorporation	Holding Company	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited (MBL)	September 6, 1999	Marico Ltd	Bangladesh	90 (90)
Marico Middle East FZE (MME)	November 8, 2005	Marico Ltd	UAE	100 (100)
MBL Industries Limited (MBLIL)	August 2, 2003	MME	Bangladesh	100 (100)
-Egyptian American Investment & Industrial Development Company (EAIIDC)	December 19, 2006	MME	Egypt	100 (100)
-Marico Malaysia Sdn. Bhd. (MMSB)	December 4, 2009	MME	Malaysia	100 (100)
-MEL Consumer Care SAE (MELCC)	October 1, 2006	MME	Egypt	100 (100)
-Marico Egypt Industries Company (MEIC)	January 1, 2008	MELCC	Egypt	100 (100)
Marico South Africa Consumer Care (Pty) Limited (MSACC)	October 17, 2007	Marico Ltd	South Africa	100 (100)
-Marico South Africa (Pty) Limited (MSA)	November 1, 2007	MSACC	South Africa	100 (100)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Name of the Company	Effective date for Acquisition / Incorporation	Holding Company	Country of incorporation	Percentage of ownership interest
International Consumer Products Corporation (ICP)	February 18, 2011	Marico Ltd	Vietnam	85 (85)
-Beaute Cosmetique Societe Par Actions (BCS)	February 18, 2011	ICP 99% equity held by ICP (Previous Year : 99%)	Vietnam	84.15 (84.15)
-Thuan Phat Foodstuff Joint Stock company (TPF)	February 18, 2011	ICP 99.73% equity held by ICP (Previous Year: 98.6%)	Vietnam	84.77 (84.77)
Marico Consumer Care Limited (MCCCL)	April, 20 2012	Marico Ltd	India	100 (100)
Halite Personal Care Private Limited (A Company under Voluntary Liquidation)	May 29, 2012	MCCL	India	Nil (100)
Kaya Limited (upto 31/03/2013 - Refer Note (a) below)	March 27, 2003	Marico Ltd	India	Nil (100)
Derma - Rx International Aesthetics Pte. Ltd. (DIAL) (upto 31/03/2013 - Refer Note (a) below)	May 22, 2010	Kaya Limited	Singapore	Nil (100)
Kaya Middle East FZE (KME) (upto 31/03/2013 - Refer Note (a) below)	December 25, 2005	DIAL	UAE	Nil (100)
The DRx Clinic Pte. Ltd. (DCPL) (upto 31/03/2013 - Refer Note (a) below)	May 25, 2010	DIAL	Singapore	Nil (100)
The DRx Medispa Pte. Ltd. (DMSPL) (upto 31/03/2013 - Refer Note (a) below)	May 25, 2010	DIAL	Singapore	Nil (100)
DRx Investments Pte. Ltd. (DIPL) (upto 31/03/2013 - Refer Note (a) below)	May 25, 2010	DIAL	Singapore	Nil (100)
DRx Aesthetics Sdn. Bhd. (DASB) (upto 31/03/2013 - Refer Note (a) below)	May 25, 2010	DIAL	Malaysia	Nil (100)
Marico Kaya Enterprises Limited (MaKe) (upto 31/03/2013 - Refer Note 44)	January 19, 2013	Marico Ltd	India	Nil (100)
Marico Innovation Foundation (Refer Note (b) below)	March 15, 2013	Marico Ltd	India	N.A. (N.A.)

Percentage in bracket relate to previous year.

### Note

- a) The Kaya Business, earlier a part of Marico Limited, has been demerged effective October 17, 2013, with April 1, 2013 as the Appointed Date (Refer Note 44). In accordance with the scheme, following companies are no longer subsidiaries of Marico Limited in the current year:

- 1) Kaya Limited
- 2) Derma - Rx International Aesthetics Pte. Ltd (DIAL)
- 3) Kaya Middle East FZE (KME)
- 4) The DRx Clinic Pte. Ltd. (DCPL)
- 5) The DRx Medispa Pte. Ltd. (DMSPL)
- 6) DRx Aesthetics Sdn. Bhd. (DASB)
- 7) Marico Kaya Enterprises Limited (MaKe)
- 8) DRx Investments Pte. Ltd. (DIPL)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- b) The Board of Directors of the Company at their meeting held on March 15, 2013, approved Marico Limited becoming a member of Marico Innovation Foundation ("MIF"), a company incorporated under Section 25 of the Companies Act, 1956 (being a private company limited by guarantee not having share capital) primarily with an objective of fuelling and promoting innovation in India and MIF became a wholly owned subsidiary of the Company with effect from the said date. Marico Limited controls the composition of the Board of MIF and has accordingly appointed two directors as its nominees.
- ii) Subsidiary firm :  
Wind Company. (Through MELCC)
- iii) Key management personnel (KMP) :  
Harsh Mariwala, Chairman and Managing Director upto March 31, 2014; effective April 1, 2014, Mr. Harsh Mariwala has been re-designated as Chairman and Non-Executive Director.
- iv) Relative of Key management personnel :  
Rishabh Mariwala, son of Harsh Mariwala
- v) Others - Entities in which KMP has significant influence and transactions have taken place:  
The Bombay Oil Private Limited  
Marico Kaya Enterprises Limited (w.e.f. April 1, 2013) (Refer Note 44)  
Kaya Limited (w.e.f. April 1, 2013) (Refer Note 44)  
Derma Rx International Aesthetics PTE Ltd (w.e.f. April 1, 2013) (Refer Note 44)  
Kaya Middle East FZE (w.e.f. April 1, 2013) (Refer Note 44)

b) Transactions during the year

(Rs. Crore)

Particulars	Subsidiaries		KMP and their relative		Others	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Sale of goods</b>	<b>118.94</b>	<b>109.91</b>	-	-	-	-
Marico Bangladesh Limited	71.70	84.53	-	-	-	-
Marico Middle East FZE	40.74	22.63	-	-	-	-
Others	6.50	2.75	-	-	-	-
<b>Purchase of goods</b>	<b>0.72</b>	<b>73.82</b>	-	-	-	-
Marico Egypt Industries Company	-	0.16	-	-	-	-
Egyptian American Investment & Industrial Development Company	0.27	-	-	-	-	-
Halite Personal Care India Private Limited	-	73.66	-	-	-	-
Wind Company	0.45	-	-	-	-	-
<b>Royalty income</b>	<b>6.78</b>	<b>6.08</b>	-	-	-	-
Marico Bangladesh Limited	4.43	3.73	-	-	-	-
Marico Middle East FZE	1.64	1.79	-	-	-	-
Others	0.72	0.56	-	-	-	-
<b>Dividend income</b>	<b>202.99</b>	<b>18.71</b>	-	-	-	-
Marico Bangladesh Limited	202.99	18.71	-	-	-	-
<b>Interest income</b>	<b>1.49</b>	<b>4.10</b>	-	-	-	-
Marico South Africa Consumer Care (pty) Ltd.	1.49	4.10	-	-	-	-
<b>Corporate guarantee commission</b>	<b>-</b>	<b>0.70</b>	-	-	<b>0.74</b>	-
Derma Rx International Aesthetics Pte. Ltd.	-	0.70	-	-	0.74	-
<b>Expenses paid on behalf of subsidiaries</b>	<b>14.86</b>	<b>21.13</b>	-	-	<b>12.66</b>	-
Marico Bangladesh Limited	2.83	1.63	-	-	-	-
Marico Egypt Industries Company	3.51	1.03	-	-	-	-
Marico Middle East FZE	3.39	2.26	-	-	-	-
Kaya Limited	-	12.71	-	-	12.25	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Subsidiaries		KMP and their relative		Others	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
International Consumer Products Corporation	4.41	0.77	-	-	-	-
Others	0.71	3.76	-	-	0.41	-
<b>Expenses paid by subsidiary on behalf of Marico Limited</b>	<b>-</b>	<b>0.06</b>	<b>-</b>	<b>-</b>	<b>0.06</b>	<b>-</b>
Marico Egypt Industries Company	-	0.06	-	-	-	-
Kaya Middle East FZE	-	-	-	-	0.06	-
<b>Lease Rental Income</b>	<b>-</b>	<b>1.02</b>	<b>-</b>	<b>-</b>	<b>0.83</b>	<b>-</b>
Kaya Limited	-	1.02	-	-	0.82	-
Others	-	-	-	-	0.01	-
<b>Royalty Expenses</b>	<b>5.16</b>	<b>1.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Halite Personal Care India Pvt. Ltd.	-	1.15	-	-	-	-
Marico Consumer Care Limited	5.16	0.06	-	-	-	-
Others	-	0.06	-	-	-	-
<b>Claims Settled</b>	<b>-</b>	<b>11.09</b>	<b>-</b>	<b>-</b>	<b>0.06</b>	<b>-</b>
Kaya Middle East FZE	-	-	-	-	0.06	-
Halite Personal Care India Pvt. Ltd.	-	11.09	-	-	-	-
<b>Remuneration</b>	<b>-</b>	<b>-</b>	<b>4.99</b>	<b>4.64</b>	<b>-</b>	<b>-</b>
Harsh Mariwala	-	-	4.98	4.64	-	-
Others	-	-	0.01	-	-	-
<b>Loans and advances given</b>	<b>-</b>	<b>170.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Kaya Limited	-	165.37	-	-	-	-
Others	-	5.16	-	-	-	-
<b>Loan Recovered</b>	<b>57.25</b>	<b>76.15</b>	<b>-</b>	<b>-</b>	<b>17.07</b>	<b>-</b>
Kaya Limited	-	56.71	-	-	15.39	-
Marico Bangladesh Limited	8.98	-	-	-	-	-
Marico South Africa Consumer Care (Pty) Ltd.	38.09	6.21	-	-	-	-
Others	10.18	13.23	-	-	1.68	-
<b>Conversion of loans into equity share</b>	<b>-</b>	<b>108.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Kaya Limited	-	108.84	-	-	-	-
<b>Investments made during the year</b>	<b>34.44</b>	<b>745.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Marico Consumer Care Limited	-	745.70	-	-	-	-
Marico South Africa Consumer Care (Pty) Ltd.	34.44	-	-	-	-	-
Others	-	0.10	-	-	-	-
<b>Rent paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.08</b>
The Bombay Oil Private Limited	-	-	-	-	-	0.08
<b>Donation Given</b>	<b>2.92</b>	<b>1.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Marico Innovation Foundations	2.92	1.71	-	-	-	-
<b>Purchase of Fixed Assets</b>	<b>-</b>	<b>13.15</b>	<b>-</b>	<b>-</b>	<b>0.48</b>	<b>-</b>
Kaya Limited	-	13.15	-	-	0.48	-
<b>Sale of Fixed Assets</b>	<b>0.55</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>-</b>
Marico Bangladesh Limited	-	0.11	-	-	-	-
Marico Egypt for Industries Company	0.55	-	-	-	-	-
Others	-	-	-	-	0.02	-
<b>Stand by Letter of Credit issued to banks</b>	<b>69.65</b>	<b>69.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Marico Middle East FZE	61.09	69.48	-	-	-	-
Marico Malaysia Sdn. Bhd.	8.56	-	-	-	-	-
<b>Stand by Letter of Credit discharged</b>	<b>103.41</b>	<b>25.44</b>	<b>-</b>	<b>-</b>	<b>23.88</b>	<b>-</b>
Marico Middle East FZE	100.42	25.44	-	-	-	-
Kaya Middle East FZE	-	-	-	-	23.88	-
Others	2.99	-	-	-	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Subsidiaries		KMP and their relative		Others	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Corporate guarantee discharged</b>	-	-	-	-	<b>105.03</b>	-
Derma Rx International Aesthetics Pte. Ltd.	-	-	-	-	105.03	-
<b>Corporate guarantee given to banks</b>	-	<b>17.51</b>	-	-	-	-
Derma Rx International Aesthetics Pte. Ltd.	-	17.51	-	-	-	-
<b>Transfer of Assets and Liabilities on de-merger of Kaya business</b>	-	-	-	-	<b>297.27</b>	-
Marico Kaya Enterprises Limited	-	-	-	-	297.27	-

c) Balances as at the year end

(Rs. Crore)

Particulars	Subsidiaries		KMP and their relative		Others	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Investment</b>	<b>1,089.34</b>	<b>1,236.84</b>	-	-	-	-
International Consumer Products Corporation	254.98	254.98	-	-	-	-
Marico Consumer Care limited	745.70	745.70	-	-	-	-
Others	88.67	236.16	-	-	-	-
<b>Trade payable</b>	<b>0.18</b>	<b>0.22</b>	-	-	-	-
Egyptian American Investment & Industrial Development Company	0.18	0.05	-	-	-	-
Marico Egypt Industries Company	-	0.17	-	-	-	-
<b>Amounts Payable</b>	<b>0.22</b>	-	-	-	-	<b>0.02</b>
Marico Consumer Care Limited	0.22	-	-	-	-	-
Others	-	-	-	-	-	0.02
<b>Trade receivable</b>	<b>23.64</b>	<b>17.79</b>	-	-	-	-
Marico Bangladesh Limited	7.25	7.42	-	-	-	-
Marico Middle East FZE	14.31	8.79	-	-	-	-
Others	2.08	1.58	-	-	-	-
<b>Short term loans and advances</b>	<b>28.28</b>	<b>142.18</b>	-	-	<b>2.31</b>	-
Kaya Limited	-	117.16	-	-	1.97	-
Marico Bangladesh Limited	18.22	17.85	-	-	-	-
Marico Middle East FZE	3.74	2.71	-	-	-	-
Others	6.32	4.46	-	-	0.34	-
<b>Long term loans and advances</b>	<b>9.41</b>	<b>46.45</b>	-	-	-	-
Marico South Africa Consumer Care (Pty) Ltd	9.41	46.45	-	-	-	-
<b>Interest accrued on loans and advances</b>	<b>0.10</b>	<b>0.90</b>	-	-	-	-
Marico South Africa Consumer Care (Pty) Ltd	0.10	0.90	-	-	-	-
<b>Corporate guarantees given to banks</b>	<b>8.00</b>	<b>113.03</b>	-	-	<b>8.00</b>	-
Derma Rx International Aesthetics Pte. Ltd.	-	105.03	-	-	-	-
Kaya Limited	8.00	8.00	-	-	8.00	-
<b>Stand-by Letter of Credit given to banks</b>	<b>129.24</b>	<b>181.30</b>	-	-	-	-
Marico Middle East FZE	117.38	151.44	-	-	-	-
Kaya Middle East FZE	-	23.88	-	-	-	-
Others	11.86	5.98	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

d) Disclosure for loans and advances in terms of Clause 32 of Equity Listing Agreement :

Loans and advances in the nature of loans to subsidiaries /entity in which KMP has significant influence :

	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
<b>Loans to subsidiary: Kaya Limited*</b>		
Balance as at the year end	-	113.28
Maximum amount outstanding at any time during the year	-	113.28
*Interest free and without any repayment schedule		
<b>Loans to subsidiary: Marico South Africa Consumer Care (pty) Limited</b>		
<b>Balance as at the year end</b>	<b>9.51</b>	<b>47.35</b>
Maximum amount outstanding at any time during the year	47.35	56.02
<b>Advances to Marico Innovation Foundation</b>		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	1.14

The subsidiaries do not hold any shares in the holding company.

41 a) The Corporate Governance Committee has granted Stock Appreciation Rights ("STAR") to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011 ("Plan"). The grant price is determined based on a formula as defined in the Plan. There are three live schemes under the Plan with different vesting periods. Scheme I got matured on September 30, 2013. Under the Plan, the respective employees are entitled to receive a Star Value which is the excess of the maturity price over the grant price subject to fulfillment of certain conditions. The Plan is administered by Corporate Governance Committee comprising independent directors.

b) Details of Star Scheme:

	STAR I		STAR II		STAR III		STAR IV					
Grant Date	March 28, 2011		December 1, 2011		December 1, 2012		December 1, 2012		December 2, 2013		December 2, 2013	
Grant Price (Rs.)	129.15		148.53		213.91		213.91		208.96		208.96	
Vesting Date	September 30, 2013		November 30, 2014		November 30, 2014		November 30, 2015		November 30, 2016		November 30, 2016	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Number of grants outstanding at the beginning of the year	2,292,700	2,661,100	815,900	949,900	156,800	-	1,482,800	-	-	-	-	-
Add : Granted during the year	-	-	-	-	8,900	156,800	6,700	1,489,800	133,600	-	909,600	-
Less : Forfeited during the year	10,400	137,700	236,700	59,000	26,100	-	560,000	7,000	-	-	21,400	-
Less : Exercised during the year*	2,282,300	230,700	42,500	75,000	-	-	-	-	-	-	-	-
Number of grants at the end of the year	-	2,292,700	536,700	815,900	139,600	156,800	929,500	1,482,800	133,600	-	888,200	-

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

Rs. in Crore

	STAR I		STAR II		STAR III		STAR IV	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2014	2013	2014	2013	2014	2013	2014	2013
Total Provision	-	17.71	2.56	2.33	-	-	-	-
Less: Accretion in amounts recoverable from the Trust (Also refer note (c) and (d) below)	-	10.03	2.53	2.33	-	-	-	-
<b>Net Provision</b>	<b>-</b>	<b>7.68</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- c) The Company has formed "Welfare of Mariconians Trust" (The Trust) for the implementation of the schemes that are notified or may be notified from time to time by the Company under the Plan. The Company has advanced Rs. 36.31 Crore (Rs. 77.25 Crore) to the Trust for purchase of the Company's shares under the Plan, of which Rs. 26.48 Crore (Rs. 36.54 Crore) is included under "Long term loans and advances" (Refer Note 17) and Rs. 9.83 Crore (Rs. 40.71 Crore) under "Short term loans and advances" (Refer Note 23). As per the Trust Deed and Trust Rules, upon maturity, the Trust shall sell the Company's shares and hand over the proceeds to the Company. The Company, after adjusting the loan advanced, shall utilize the proceeds towards meeting its STAR Value obligation.
- d) The difference between the market price of the Company's shares as at the year end and the grant price after adjusting for the difference between the amounts due from the Trust and the loan advanced to the Trust is recognized as an expense over the vesting period and accordingly an amount of Rs. 2.81 Crore (Rs. 2.37 Crore) has been charged to the Statement of Profit and Loss. The total provision of Rs. 0.03 Crore (Rs. 7.68 Crore) maturing within next 12 months has been disclosed under Short Term provision (Refer Note 11).
- e) As at the year end, the market price of the Company's shares on the stock exchanges was lower than the average price at which the Trust had bought the shares under one of the STAR schemes. This has resulted in diminution in the recoverable value of loan advanced to the Trust. Accordingly, the Company has provided an amount of Rs. 0.70 Crore (Rs. 0.81 Crore) to the Statement of Profit and Loss (Refer Note 14).
- f) The Securities and Exchange Board of India (SEBI) in January 2013 amended the SEBI (ESOS and ESPS) Guidelines 1999, vide which it mandated that no ESOS / ESPS schemes shall involve acquisition of securities of the Company from the secondary market. Accordingly such existing schemes need to comply with the amended guidelines by June 30, 2014. Considering the proposals in the consultative papers issued by SEBI on implementation of new guidelines, the effect of compliance with new guidelines is not likely to be material on these financial statements.

### 42 Disclosures in terms of Accounting Standard 15 : "Employee Benefits" :

- a) Defined Benefit plan:

I. Actuarial assumptions :	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Discount rate	9.03%	8.00%	9.03%	8.00%
Rate of return on Plan assets*	8.75%	8.50%	8.70%	8.70%
Future salary rise**	-	-	10.00%	12.00%
Attrition rate	17.00%	17.00%	17.00%	17.00%
Mortality	Published notes under the IC (1994-96) Mortality tables		Published notes under the IC (1994-96) Mortality tables	

\*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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

II. Changes in defined benefit obligations:	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Liability at the beginning of the year	72.02	60.75	14.61	11.81
Interest cost	6.28	5.18	1.16	1.01
Current service cost	6.37	5.45	0.78	0.73
Employee contribution	7.94	6.87	-	-
Liability Transferred in	2.11	1.47	-	-
Liability Transferred out	(6.00)	(0.54)	-	-
Benefits paid	(6.89)	(7.16)	(2.08)	(1.40)
Actuarial (gain)/loss on obligations	-	-	(0.07)	2.46
<b>Liability at the end of the year</b>	<b>81.82</b>	<b>72.02</b>	<b>14.40</b>	<b>14.61</b>

III. Change in fair value of plan assets :	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Fair value of plan assets at the beginning of the year	72.02	60.75	12.49	11.64
Expected return on plan assets	6.28	5.18	1.09	1.00
Contributions	14.31	12.32	3.26	1.11
Transfer from other Company	2.11	1.47	-	-
Transfer to other Company	(6.00)	(0.54)	(0.72)	-
Benefits paid	(6.89)	(7.16)	(2.08)	(1.40)
Actuarial gain/(loss) on plan assets	0.76	-	(0.90)	0.14
Fair value of plan assets at the end of the year	82.59	72.02	13.14	12.49
<b>Total Actuarial (gain)/loss to be recognized</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

IV. Actual return on plan assets :	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Expected return on plan assets	6.28	5.18	1.09	1.00
Actuarial gain/(loss) on plan assets	0.76	-	(0.90)	0.14
<b>Actual return on plan assets</b>	<b>7.04</b>	<b>5.18</b>	<b>0.19</b>	<b>1.14</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

V. Amount recognized in the Balance Sheet	Provident Fund				Gratuity			
	March 31,		March 31,		March 31,		March 31,	
	2014 Rs. Crore	2013 Rs. Crore	2014 Rs. Crore	2013 Rs. Crore	2012 Rs. Crore	2011 Rs. Crore	2010 Rs. Crore	
Liability at the end of the year	-	-	14.40	14.61	11.81	11.64	10.57	
Fair value of plan assets at the end of the year	82.59	72.02	13.14	12.49	11.64	11.46	11.39	
Present value of benefit obligation as at the end of the period	(81.82)	(72.02)	0.00	-	-	-	-	
Difference	0.76	-	1.26	2.12	0.17	0.18	(0.82)	
Unrecognized past service Cost	(0.76)	-	-	-	-	-	-	
<b>(Assets) / Liability recognized in the Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>1.26</b>	<b>2.12</b>	<b>0.17</b>	<b>0.18</b>	<b>(0.82)</b>	

VI. Percentage of each category of plan assets to total fair value of plan assets	Provident Fund		Gratuity	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Insurance managed funds	-	-	95.95%	95.15%
Special deposit scheme, Fixed deposit scheme and others	-	2.92%	4.05%	4.85%
Central Government securities	24.76%	23.27%	-	-
State loan/State government Guaranteed Securities	18.79%	16.43%	-	-
Public Sector Units	46.93%	48.72%	-	-
Private Sector Units	7.22%	7.00%	-	-
Others	2.30%	1.66%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

VII. Expenses recognized in the Statement Profit and Loss	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Current service cost	6.37	5.45	0.78	0.73
Interest cost	6.28	5.18	1.16	1.01
Expected return on plan assets	(6.28)	(5.18)	(1.09)	(1.00)
Net actuarial (gain)/loss to be recognised	-	-	0.83	2.32
<b>(Income) / Expense recognised in the Statement of Profit and Loss</b>	<b>6.37</b>	<b>5.45</b>	<b>1.68</b>	<b>3.06</b>

VIII. Balance Sheet reconciliation	Provident Fund		Gratuity	
	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2014 Rs. Crore	March 31, 2013 Rs. Crore
Opening net liability	-	-	2.12	0.17
(Income) / Expense as above	6.37	5.45	1.68	3.06
Transfer to other Company	-	-	0.72	-
Employers contribution	(6.37)	(5.45)	(3.26)	(1.11)
<b>Closing net liability</b>	<b>-</b>	<b>-</b>	<b>1.26</b>	<b>2.12</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

<b>Gratuity</b>				
<b>IX. Experience Adjustments</b>	<b>March 31, 2014 Rs. Crore</b>	<b>March 31, 2013 Rs. Crore</b>	<b>March 31, 2012 Rs. Crore</b>	<b>March 31, 2011 Rs. Crore</b>
On Plan liability (gain) / loss	14.67	1.33	(0.80)	0.17
On plan asset (loss) / gain	(8.98)	0.13	(0.38)	(0.16)

As per actuarial valuation report, expected employer's contribution in next year is Rs. 2.15 Crore (Rs. 2.89 Crore) for gratuity and Rs. 8.00 Crore (Rs. 7.17 Crore) for provident fund.

- b) Privileged leave (Compensated absence for employees):

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

<b>Particulars</b>	<b>March 31, 2014 Rs. Crore</b>	<b>March 31, 2013 Rs. Crore</b>
Opening balance of compensated absences (a)	8.37	6.20
Present value of compensated absences (As per actuary valuation) as at the year end (b)	4.41	8.37
Short term compensated absences payable included in other current liabilities calculated on arithmetical basis ( c )	3.78	-
(Excess)/ Unfunded liability of Compensated Absences recognized in the Statement of Profit and Loss for the year (a-b-c)	0.18	(2.17)

The privileged leave liability is not funded.

- c) Defined contribution plan :

The Company has recognized Rs. 7.27 Crore (Rs. 6.32 Crore) towards contribution to provident fund, Rs. 0.34 Crore (Rs. 0.41 Crore) towards contribution to superannuation fund and Rs. 0.15 Crore (Rs. 0.39 Crore) towards employee state insurance plan in the Statement of Profit and Loss.

The informatoin in respect of Provident Fund is provided to the extent of available with the Company.

- 43** On May 29, 2012, the Company concluded the effective acquisition of the personal care business of Paras Pharmaceuticals Limited ("PPL") for a consideration of Rs. 745.60 Crore. The acquisition was effected through Marico Consumer Care Limited ("MCCL"), a wholly owned subsidiary of the Company. MCCL was incorporated on April 20, 2012 and it acquired 100 % equity stake in Halite Personal Care India Private Limited ("Halite") from Halite's erstwhile owners.

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

- 44** a) The Kaya Business, earlier a part of Marico Limited, has been demerged effective October 17, 2013, with April 1, 2013 as the Appointed Date. Pursuant to the demerger Scheme, the transfer of Kaya Business to Marico Kaya Enterprises Limited ("MaKE") has been accounted by the Company by recording the transfer of the relevant assets and liabilities of the Kaya Business at their book values as of the appointed date. The carrying value of assets and liabilities relating to Kaya business as at March 31, 2013 was Rs. 298.29 Crore and Rs. 1.02 Crore, respectively. In accordance with the scheme approved by the Hon'ble High Court of Bombay, the excess of book value of assets over liabilities has been adjusted against Securities Premium Reserve (Refer Note 4) and all the shares held by Marico in MaKE were cancelled without any payment.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Further pursuant to the scheme, as on the Record Date i.e. November 5, 2013, every shareholder holding 50 fully paid equity shares with a face value of Re. 1 each in Marico Limited has been allotted 1 fully paid equity share with a face value of Rs. 10 each of MaKE.

- b) Details of assets and liabilities relating to the Kaya business are as follows:

<b>Rs. Crore</b>	
<b>Assets</b>	<b>As at March 31, 2013</b>
Investment	181.84
Loan & Other Receivable	113.28
Loan to Employee deputed to Kaya	0.17
Balance in fixed deposit	3.00
<b>Total Asset</b>	<b>298.29</b>
<b>Rs. Crore</b>	
<b>Liabilities</b>	<b>As at March 31, 2013</b>
Leave Encashment	0.49
Provision for Star Grant Scheme	0.53
<b>Total Liabilities</b>	<b>1.02</b>

- c) The cash flows pertaining to the Kaya Business for the year ended March 31, 2014 are as follows.

<b>Rs. Crores</b>	
<b>Particulars</b>	<b>For the year ended March 31, 2013</b>
Cash flows from Operating activities	(2.23)
Cash flows from Investing activities	(123.00)
Cash flows from Financing activities	-

- d) The Board of Directors of Kaya Ltd, at their meeting held on March 1, 2013 had approved the conversion of the entire loan due to Marico Limited as on February 28, 2013, aggregating to Rs. 108.84 Crore, into equity capital. In consideration of the conversion of the outstanding loan, Kaya Ltd had issued 3,348,975 Equity Shares of face value of Rs. 10 each at a premium of Rs. 315 per share on a rights basis to Marico Ltd vide a board resolution passed on March 18, 2013.

#### 45 Previous year figures:

- a) Previous year figures have been re-grouped and reclassified wherever necessary to conform to this year's classification
- b) In view of the acquisition of personal care business of PPL (Refer Note 43) and demerger of Kaya business (Refer Note 44) previous year figures are not comparable.
- c) The figures in brackets represent those of the previous year.

As per our attached report of even date.

#### For Price Waterhouse

Chartered Accountants  
Firm Registration No. 301112E

#### UDAY SHAH

Partner  
Membership No. 46061

Place : Mumbai  
Date : April 30, 2014

#### For and on behalf of the Board of Directors

**HARSH MARIWALA** Chairman  
**SAUGATA GUPTA** Managing Director and CEO  
**VIVEK KARVE** Chief Financial Officer  
**HEMANGI GHAG** Company Secretary & Compliance Officer

Place : Mumbai  
Date : April 30, 2014

# STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956.

Amount in Crore

Name of the subsidiary company	Marico Bangladesh Limited		MBL Industries Limited #		Marico Consumer Care limited		Marico Middle East FZE		MEL Consumer Care SAE #		Marico Middle East FZE		Marico South Africa Consumer Care (Pty) Limited		Marico South Africa Consumer Care (Pty) Limited #		Marico Egypt Industries Company#		Marico Malaysia Sdn. Bhd#		International Consumer Products Corporation		Beauté Cosmétique Sociétés Par Actions #		Thuan Phat Foodstuff Joint stock Company #		Marico Innovation Foundation #		
	BDT	Rs.	BDT	Rs.	Rs.	Rs.	AED	Rs.	EGP	Rs.	ZAR	Rs.	EGP	Rs.	ZAR	Rs.	EGP	Rs.	MYR	Rs.	VND	Rs.	VND	Rs.	VND	Rs.	VND	Rs.	
Reporting Currency	0.772		0.772		1,000		16,306		8,592		5,687		5,687		5,687		8,592		18,346		0.00284		0.00284		0.00284		0.00284		1,000
Exchange Rate																													
Holding Company's interest	28,350,000 ordinary shares of Taka 10 each, fully paid up		100,000 ordinary shares of 10 each, fully paid up		20,660,830 ordinary shares of Rs. 10 each, fully paid up		22 ordinary share of AED 1,000,000 each, fully paid up		68,920 ordinary shares of EGP 100 each, fully paid up		800 and 447 ordinary shares of ZAR 1 and ZAR 1.34,361.22, respectively, fully paid up		500,000 and 254,958 ordinary shares of ZAR 0.01 and ZAR 215.10, respectively, fully paid up		1,228,769 Equity shares of EGP 10 each, fully paid up		17,660,240 Equity shares of MYR 1 each, fully paid up		9,535,495 Equity shares of VND 10,000 each fully paid up		1,683,000 Equity shares of VND 10,000 each fully paid up		2,661,778 Equity shares of VND 10,000 each fully paid up		Nil				
Extent of Holding as on 31st March 2014	90%		100%		100%		100%		100%		100%		100%		100%		100%		85%		84.15%		84.77%					100%	
The "financial year" of the subsidiary company ended on	March 31, 2014		September 30, 2013		March 31, 2014		March 31, 2014		December 31, 2013		March 31, 2014		March 31, 2014		March 31, 2014		December 31, 2013		December 31, 2013		December 31, 2013		December 31, 2013		December 31, 2013		December 31, 2013	March 31, 2014	
Net aggregate amount of the subsidiary company's profits/ (losses) dealt with in the holding company's accounts	Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore	Amount in Crore	
- For the subsidiary's aforesaid financial year **	255.15	196.98	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
- For the previous financial years since it became subsidiary	86.50	55.90	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net aggregate amount of the subsidiary company's profits/ (losses) not dealt with in the holding company's accounts	-	-	0.02	0.01	3.53	3.53	(6.23)	(101.55)	(0.02)	(0.19)	(0.20)	(1.69)	0.02	0.12	0.52	2.97	1.92	16.53	(1.01)	(18.46)	(0.55)	547.73	1.56	547.73	1.56	0.29	0.29	0.29	
- For the subsidiary's aforesaid financial year **	-	-	(3.17)	(2.14)	3.29	3.29	(3.41)	(50.49)	(1.42)	(2.00)	(2.16)	(19.65)	(0.41)	(1.86)	(0.36)	(2.36)	7.62	62.12	(0.63)	(10.42)	2.70	(735.43)	(1.70)	(735.43)	(1.70)	Nil	Nil	Nil	
- For the previous financial years since it became subsidiary	286.72	184.11																											
Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	NA		Nil		NA		NA		NA		NA		NA		NA		Nil		Nil		Nil		Nil		Nil		NA	NA	NA
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	NA		Nil		NA		NA		NA		NA		NA		NA		Nil		Nil		Nil		Nil		Nil		NA	NA	NA



## **STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956.**

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on March 31, 2014.

# By virtue of Section 4 (1) (c) of the Companies Act, 1956,

- a) MBL Industries Limited (MBLIL) is a subsidiary of the Company as Marico Middle East FZE, a subsidiary of the Company, holds 100% stake in MBLIL,
- b) MEL Consumer Care SAE (MELCC) and Egyptian American Industrial and Investment Development Company (EAIIDC) are subsidiaries of the company as Marico Middle East FZE, a subsidiary of the Company, holds 100% stake in MELCC and EAIIDC,
- c) Marico South Africa (Pty) Limited (MSA) is a subsidiary of the company as Marico South Africa Consumer Care (Pty) Limited (MSACC), a subsidiary of the Company, holds 100% stake in MSA,
- d) Marico Egypt Industries Company (MEIC) is a subsidiary of the the Company, as MELCC which holds 100% stake in MEIC is a 100% subsidiary of MME, which is a 100% subsidiary of the Company.
- e) Beauté Cosmétique Societé Par Actions (BCS) and Thuan Phat Foodstuff Joint stock Company (TP) are subsidiaries of the Company, as International Consumer Products Corporation(ICP) which holds 99% stake in BCS and 100% stake in TP, is a subsidiary in which the Company hold 85% stake.
- f) Halite Personal Care Private Limited (Halite) is a subsidiary of the Company as Marico Consumer Care Limited, a subsidiary of the Company, holds 100% stake in Halite. Halite has not been included in the above statement as it is under a voluntary liquidation and has concluded the final distribution of its assets.
- g) Marico Innovation Foundation (MIF), a company incorporated under Section 25 of the Companies Act, 1956. Since MIF cannot transfer funds to Marico Limited, it has not been considered for consolidation in accordance with Accounting Standard 21 (AS 21) 'Consolidated Financial Statements'.

\*\* Marico Bangladesh Limited has distributed the dividend out of the past years' profits.

### **For and On behalf of Board of Directors**

HARSH MARIWALA	Chairman
SAUGATA GUPTA	Managing Director and CEO
VIVEK KARVE	Chief Financial Officer
HEMANGI GHAG	Company Secretary & Compliance Officer

Place : Mumbai

Date : April 30, 2014

## STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

As per AS 21 issued by the Institute of Chartered Accountants of India, the financial statements of the Company reflecting the consolidation of the accounts of its subsidiary companies to the extent of equity holding of the companies are included in the report.

In terms of approval granted by the Central Government, Dept. of Company Affairs vide Approval letter no. 47/313/2010-CL-III dated May 10, 2010 u/s 212 (8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss account, report of the Board of Directors and the report of the Auditors of the subsidiary companies have not been attached to this annual report. The accounts of these companies have been separately audited as per Generally Accepted Accounting Principles/Practices as applicable in their respective jurisdiction of the country of incorporation. A statement pursuant to the above order giving details of the subsidiaries is attached herewith:

Sr. No.	Name of the subsidiary company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (Excluding Investment in Subsidiaries)	Turnover	Profit / (Loss) Before Tax	Provision for Tax	Profit / (Loss) After Tax	Proposed Dividend including Dividend declared during the year
1	Marico Bangladesh Limited	BDT Rs.	0.772	31.50 24.32	139.12 107.40	367.35 283.59	196.74 151.88	162.91 125.76	643.48 496.77	187.59 144.82	49.03 37.85	138.56 106.97	283.50 218.86
2	MBL Industries Limited	BDT Rs.	0.772	0.10 0.08	2.31 1.79	6.90 5.33	4.49 3.47	-	-	0.27 0.21	0.25 0.20	0.02 0.01	-
3	Marico Consumer Care Limited	Rs.	1.000	20.66 20.66	6.82 6.82	27.58 27.58	0.09 0.09	26.89 26.89	6.05 6.05	5.27 5.27	1.73 1.73	3.53 3.53	-
4	Marico Middle East FZE	AED Rs.	16.306	2.20 35.87	(10.14) (165.30)	3.74 61.05	11.68 190.48	-	5.59 91.14	(6.23) (101.55)	-	(6.23) (101.55)	-
5	MEL Consumer Care SAE	EGP Rs.	8.592	0.03 0.21	(1.08) (9.24)	4.99 42.91	6.05 51.94	-	-	(0.02) (0.19)	-	(0.02) (0.19)	-
6	Egyptian American Investment and Industrial Development Company	EGP Rs.	8.592	0.69 5.92	(1.83) (15.76)	1.66 14.28	2.81 14.28	-	2.73 23.43	(0.20) (1.69)	-	(0.20) (1.69)	-
7	Marico South Africa Consumer Care (Pty) Limited	ZAR Rs.	5.687	6.01 34.16	4.00 22.72	11.67 66.38	1.67 9.51	-	-	0.03 0.16	0.01 0.05	0.02 0.12	-
8	Marico South Africa (Pty) Limited	ZAR Rs.	5.687	5.48 31.19	0.94 5.35	10.19 57.94	3.76 21.40	-	17.14 97.49	0.75 4.28	0.23 1.31	0.52 2.97	-
9	Marico Egypt Industries Company	EGP Rs.	8.592	1.23 10.56	9.29 79.84	14.66 125.96	4.14 35.56	-	12.69 108.99	1.92 16.53	-	1.92 16.53	-
10	Marico Malaysia Sdn.Bhd	MYR Rs.	18.346	1.77 32.40	(1.64) (30.06)	1.15 21.12	1.02 18.79	-	0.66 12.11	(1.01) (18.46)	-	(1.01) (18.46)	-
11	International Consumer Products Corporation	VND Rs.	0.00284	11,217.76 31.86	45,434.34 129.03	68,663.31 195.00	12,011.21 34.11	23,035.24 65.42	96,820.57 274.97	23,143.86 65.73	2,552.00 7.25	20,591.85 58.48	-
12	Beauté Cosmétique Soci�t� Par Actions	VND Rs.	0.00284	2,000.00 5.68	1,153.30 3.28	4,465.14 12.68	1,311.84 3.73	-	8,558.44 24.31	378.34 1.07	184.88 0.53	193.46 0.54	-
13	Thuan Phat Foodstuff Joint stock Company	VND Rs.	0.00284	3,140.00 8.92	403.76 1.15	5,862.18 16.65	2,318.42 6.58	-	13,414.51 38.10	771.25 2.19	223.52 0.63	547.73 1.56	-
14	Marico Innovation Foundation	Rs.	1.000	-	0.39 0.39	2.10 2.10	1.70 1.70	-	3.00 3.00	0.29 0.29	-	0.29 0.29	-

Note:

Halite Personal Care Private Limited (Halite), a step down subsidiary of the Company, has not been included in the above statement as it is under voluntary liquidation and has concluded final distribution of its assets. The Marico Innovation Foundation ("MIF"), a company incorporated under Section 25 of the Companies Act, 1956, is a wholly owned subsidiary of the Company. Since MIF cannot transfer funds to Marico Limited, it has not been considered for consolidation in accordance with Accounting Standard 21 (AS 21) 'Consolidated Financial Statements'.

The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the companies.

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on March 31, 2014.

Undertaking:

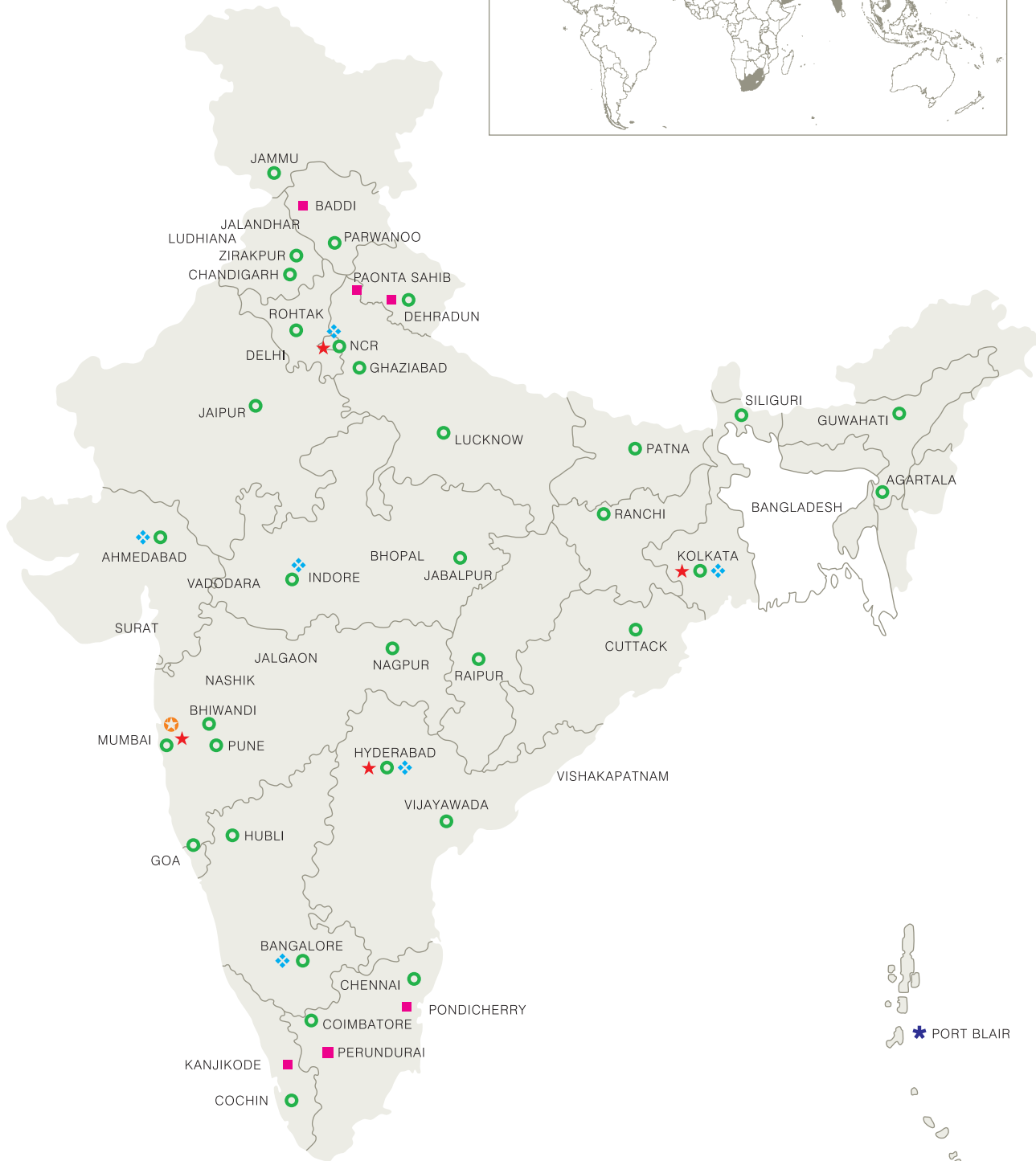
We undertake that the annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investor in the Registered/Head office of Marico and that of subsidiary companies concerned.

**For and On behalf of Board of Directors**

HARSH MARIWALA  
SAUGATA GUPTA  
VIVEK KARVE  
HEMANGI GHAG  
Place : Mumbai  
Date : April 30, 2014

Chairman  
Managing Director and CEO  
Chief Financial Officer  
Company Secretary & Compliance Officer

# OUR PRESENCE



- ★ HEAD OFFICE
 ■ FACTORIES
★ REGIONAL OFFICES
● DEPOTS
◆ REDISTRIBUTION CENTRES
- ★ CONSIGNMENT SALES AGENTS
 ◆ REGISTERED OFFICE - MARICO BANGLADESH LIMITED

# AWARDS & ACKNOWLEDGEMENTS



## Leadership:

- Marico was ranked No.53 in the world in the prestigious Forbes 100 Most Innovative Growth Companies List

## Marketing Awards:

- Marico won 4 ABBY's at the Goafest PR ABBY Awards
  - Saffola won a Silver ABBY for Saffolalife Study 2013
  - Saffola Masala Oats won a Silver ABBY for Saffola Masala Oats-The Other Side
  - Mediker won a Silver ABBY for 'Lice Negative to Life Positive' Campaign
  - Nihar won a Bronze ABBY for 'Chotte Kadam Pragati Ki Aur' Initiative
- Marico won the Pitch Brands 50 Award in the 'Globetrotters' category in 2013
- Marico won a Gold for Parachute Advanced Ayurvedic Hair Oil and a Silver for Parachute Advanced Body Lotion at the APPIES 2013 Asia Pacific Marketing Congress held in Singapore
- Parachute Advanced Ayurvedic Hair Oil won the People's Choice Award for the Best Case Study Presentation and a silver for Best On-going Media Campaign at the EMVIES 2013
- At the Festival of Media Global 2014, Parachute Advanced Ayurvedic Hair Oil won a Bronze in Effectiveness Award Category, one among 3 Indian wins.
- At Festival of Media Asia-Pacific 2014, Parachute Advanced Ayurvedic Hair Oil won a Highly Commended citation in The Effectiveness Award Category.
- Parachute Advanced Ayurvedic Hair Oil won 2 Effies at Effies India 2013: Silver in Consumer Products; Bronze in Best Integrated Advertising Campaign.
- Parachute Advanced Ayurvedic Hair Oil won a Gold at Indian Digital Media Awards, IDMA 2013 in Mobile - Languages Category.
- Parachute Advanced Ayurvedic Hair Oil won a Gold at Mobile Marketing Association Smarties 2013 in Brand Strategy Category.

- Mediker won a Bronze at the WARC Prize for Asian Strategy 2013, and named as “one among two Local Heroes from Asia” by the WARC Asia Strategy Report 2013.
- Mediker won 3 Golds at Rural Marketing Association of India, Flames 2013: Best Integrated Campaign, Property of the Year and Radio Campaign of the Year.
- Mediker won the Best Integrated Campaign Award at the India PR & Corporate Communications Awards 2013.
- Mediker won a Bronze Effie for effectiveness in the Rural Marketing Category at Effies India 2013.
- Mediker won a Bronze at the Golden Mikes Awards 2013 for Best Use of Radio.
- Just for Baby (Marico South Africa) won the most interactive stand at the Baba Indaba Baby Expo

## **Product & Innovation:**

- Black Chic Hair Food won the Best Hair Food Product at the African International Hair Extravaganza
- ICP (Marico Vietnam) won the certificate of Vietnam High Quality Product, voted by consumers through Saigon Marketing Newspaper and Vietnam High Quality Products Associate in 2014
- Thuan Phat (Marico Vietnam) won the certificate of Vietnam High Quality Product, voted by consumers in 2014
- Parachute Advanced Body Lotion was voted the no.1 body lotion by Consumer Voice, a Government of India recognized organization

## **Manufacturing & CQA:**

- Marico’s 3P Business Associate won the “CII Food Safety Award in Rising Star Category”
- Marico Consumer Cell received an ISO 10002:2004 Certification.

## **Human Resources:**

- ICP (Marico Vietnam) won the certificate of Vietnam 100 Best Places to Work 2013 instituted by Saigon Marketing Newspaper and Vietnam High Quality Products Associate

# 10 YEARS' HIGHLIGHTS

The highlights pertains to the financial performance of Marico Consolidated.

INR/Crore

Year ended March 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Income from Operations</b>	<b>1,007.0</b>	<b>1,143.9</b>	<b>1,556.9</b>	<b>1,905.0</b>	<b>2,388.4</b>	<b>2,660.8</b>	<b>3,135.0</b>	<b>3,979.7</b>	<b>4,596.2</b>	<b>4,686.5</b>
EBITDA	88.3	144.3	198.7	246.4	304.0	375.1	418.1	484.4	625.8	748.0
Profit before Interest & Tax (PBIT)	75.0	103.1	156.7	225.1	280.4	333.3	368.5	444.4	576.7	729.0
Profit before Tax	73.0	98.0	136.0	194.5	244.7	307.7	327.5	402.1	518.7	694.6
Extraordinary / Exceptional items	-	-	(14.0)	(10.6)	15.0	9.8	(48.9)	1.8	(33.2)	-
<b>Profit before Tax (PBT)</b>	<b>74.3</b>	<b>98.0</b>	<b>150.1</b>	<b>205.0</b>	<b>229.6</b>	<b>299.7</b>	<b>371.4</b>	<b>395.4</b>	<b>542.1</b>	<b>675.9</b>
Profit after Tax (PAT)	70.1	86.9	112.9	169.1	188.7	235.4	286.4	317.1	395.9	485.4
Cash Profits (Profit after Current Tax + Depreciation + Amortisation)	82.8	137.2	187.1	220.1	258.4	334.5	400.3	391.6	481.1	573.4
<b>Economic Value Added</b>	<b>46.0</b>	<b>50.7</b>	<b>79.3</b>	<b>131.5</b>	<b>144.4</b>	<b>196.0</b>	<b>174.7</b>	<b>198.6</b>	<b>283.3</b>	<b>313.3</b>
Goodwill on consolidation	1.7	1.7	45.0	84.2	85.0	85.0	397.6	395.5	395.5	254.3
Net Fixed Assets	145.9	381.3	165.4	257.3	311.1	399.7	457.8	501.9	1,442.4	637.8
Investments	12.4	18.5	0.0	0.0	13.0	82.7	88.9	295.6	151.6	310.5
Net Current Assets	128.3	107.7	117.7	233.0	355.3	483.3	607.5	532.2	674.1	670.7
Miscellaneous Expenditure	0.4	0.3	0.1	-	-	-	-	-	-	-
Net Non Current Assets	-	-	-	-	-	-	129.9	205.2	250.5	212.6
Deferred Tax Asset (Net)	-	-	115.2	98.2	64.1	61.6	29.9	22.3	-	-
<b>Total Capital Employed</b>	<b>288.7</b>	<b>509.4</b>	<b>443.3</b>	<b>672.7</b>	<b>828.5</b>	<b>1,112.4</b>	<b>1,711.5</b>	<b>1,952.7</b>	<b>2,894.3</b>	<b>2,085.8</b>
Equity Share Capital	58.0	58.0	60.9	60.9	60.9	60.9	61.4	61.5	64.5	64.5
Reserves	158.9	203.5	131.5	253.7	392.6	593.0	854.0	1,081.5	1,917.0	1,296.1
<b>Net Worth</b>	<b>216.9</b>	<b>261.5</b>	<b>192.4</b>	<b>314.6</b>	<b>453.5</b>	<b>654.0</b>	<b>915.5</b>	<b>1,143.0</b>	<b>1,981.5</b>	<b>1,360.6</b>
Minority interest	-	-	0.0	0.1	-	12.5	21.9	24.9	35.1	35.8
Borrowed Funds	65.7	239.7	251.0	358.0	375.0	445.9	774.2	784.8	871.9	679.8
Deferred Tax Liability	6.1	8.3	-	-	-	-	-	-	5.8	9.6
<b>Total Funds Employed</b>	<b>288.7</b>	<b>509.4</b>	<b>443.3</b>	<b>672.7</b>	<b>828.5</b>	<b>1,112.4</b>	<b>1,711.5</b>	<b>1,952.7</b>	<b>2,894.3</b>	<b>2,085.8</b>
EBIDTA Margin (%)	8.8	12.6	12.8	12.9	12.7	14.1	13.3	12.2	13.6	16.0
Profit before Tax to Turnover (%)	7.4	8.6	9.6	10.8	9.6	11.3	11.8	9.9	11.8	14.4
Profit after Tax to Turnover (%)	7.0	7.6	7.3	8.9	7.9	8.8	9.1	8.0	8.6	10.4
Return on Net Worth (%) (PAT/Average Net Worth USD)	35.0	36.3	49.7	66.7	49.1	42.5	36.5	30.8	25.3	30.1
<b>Return on Capital Employed (PBIT/Average Total Capital Employed)</b>	<b>31.0</b>	<b>25.8</b>	<b>35.8</b>	<b>40.3</b>	<b>37.4</b>	<b>34.5</b>	<b>26.1</b>	<b>24.3</b>	<b>23.8</b>	<b>30.4</b>
Net Cash Flow from Operations per share (Rs.) (Refer Cash Flow Statement)##	0.7	2.8	3.1	2.3	3.0	3.4	40.	6.5	6.7	10.6
<b>Earning per Share (EPS) (Rs.) (PAT / No. of Equity Shares)##</b>	<b>1.2</b>	<b>1.5</b>	<b>1.9</b>	<b>2.8</b>	<b>3.1</b>	<b>3.9</b>	<b>4.7</b>	<b>5.2</b>	<b>6.1</b>	<b>7.5</b>
Economic Value Added per share (Rs.) (Refer Management Discussion) ##	0.8	0.9	1.3	2.2	2.4	3.2	2.8	3.2	4.4	4.9
Dividend per share (Rs.) ##	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7	1.0	3.5
<b>Debt / Equity</b>	<b>0.3</b>	<b>0.9</b>	<b>1.3</b>	<b>1.1</b>	<b>0.8</b>	<b>0.7</b>	<b>0.8</b>	<b>0.7</b>	<b>0.4</b>	<b>0.5</b>
<b>Book Value per share (Rs.) (Net Worth / No. of Equity Shares) ##</b>	<b>3.7</b>	<b>4.5</b>	<b>3.2</b>	<b>5.2</b>	<b>7.4</b>	<b>10.7</b>	<b>14.9</b>	<b>18.6</b>	<b>30.7</b>	<b>21.1</b>
Sales to Average Capital Employed @	4.1	2.9	3.3	3.4	3.2	2.7	2.2	2.2	1.9	2.0
Sales to Average Net Working Capital #	9.2	9.7	13.8	10.9	8.1	6.3	5.3	7.0	7.6	6.6

@ Average Capital Employed = (Opening Capital Employed + Closing Capital Employed)/2

\$ Average Net Worth = (Opening Net Worth + Closing Net Worth)/2

# Average Net Working Capital = (Opening Net Current Assets + Closing Net Current Assets)/2

## Per share information for 2004-05 is re-calculated on enhanced equity share capital of Rs. 58 Crores (5.8 Crore shares)

Note 1: 1 crore equals 10 million

Note 2: FY11 onwards the financial figures are as per revised schedule VI

Note 3: Profit Before Tax is after minority interest

Note 4: FY14 onwards, financials will not include Kaya as it has been demerged from Marico Group effective April 1, 2013.

# CONSOLIDATED QUARTERLY FINANCIALS

INR/Crore

2013-14					
Particulars	Three Month Ended				Annual
	Jun. 30, 13	Sept. 30, 13	Dec. 31,13	Mar. 31, 14	FY14
Total Revenue	1,309.6	1,131.2	1,218.7	1,084.9	4,744.4
Total Expenditure	1,073.0	949.6	998.1	917.8	3,938.5
Finance Charges	10.0	10.4	7.3	6.8	34.5
Gross profit after Finance Charges but before Depreciation and Taxation	226.5	171.2	213.3	160.4	771.4
Depreciation and Amortisation	16.8	17.1	21.5	21.5	76.9
<b>Profit before Taxation and Exceptional Item</b>	<b>209.8</b>	<b>154.1</b>	<b>191.8</b>	<b>138.8</b>	<b>694.6</b>
Exceptional Item	-	-	-	-	-
<b>Profit before Tax</b>	<b>209.8</b>	<b>154.1</b>	<b>191.8</b>	<b>138.8</b>	<b>694.6</b>
Minority Interest and Goodwill on consolidation	4.4	5.2	6.3	2.8	18.7
Profit before Tax after minority interest & goodwill	205.4	148.9	185.5	136.0	675.9
Tax Expense (net of MAT credit entitlement)	50.0	43.1	50.1	47.3	190.5
<b>Profit after Tax</b>	<b>155.4</b>	<b>105.9</b>	<b>135.4</b>	<b>88.8</b>	<b>485.4</b>
<b>Equity Share Capital</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>
Earning per Share - (Rs.)	2.4	1.6	2.1	1.4	7.5

INR/Crore

2012-13					
Particulars	Three Month Ended				Annual
	Jun. 30, 12	Sept. 30, 12	Dec. 31,12	Mar. 31, 13	FY13
Total Revenue	1,202.5	1,074.7	1,098.5	928.0	4,303.7
Total Expenditure	1,003.6	929.2	929.8	796.4	3,659.0
Finance Charges	11.5	15.9	12.0	10.4	49.8
Gross profit after Finance Charges but before Depreciation and Taxation	187.4	129.7	156.7	121.2	594.9
Depreciation and Amortisation	12.0	14.2	15.7	19.8	61.6
<b>Profit before Taxation and Exceptional Item</b>	<b>175.4</b>	<b>115.5</b>	<b>141.0</b>	<b>101.4</b>	<b>533.3</b>
Exceptional Item	-	-	-	52.4	52.4
<b>Profit before Tax</b>	<b>175.4</b>	<b>115.5</b>	<b>141.0</b>	<b>153.8</b>	<b>585.7</b>
Minority Interest and Goodwill on consolidation	1.9	3.0	2.3	2.6	9.8
Profit before Tax after minority interest & goodwill	173.5	112.5	138.7	151.2	575.9
Tax Expense (net of MAT credit entitlement)	39.0	27.9	35.1	40.2	142.3
<b>Profit after Tax</b>	<b>134.5</b>	<b>84.5</b>	<b>103.6</b>	<b>111.0</b>	<b>433.6</b>
<b>Equity Share Capital</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>	<b>64.5</b>
Earning per Share - (Rs.)	2.1	1.3	1.6	1.7	6.7

**Note:** FY13 Financials do not include Kaya in order to make them comparable to FY14



The world map shown here is only for graphical representation and may not reflect the current information as to the political boundaries of countries authoritatively. Marico Limited and its directors do not own any responsibility for the correctness or authenticity of the same.







marico  
make a difference

Registered Office  
Marico Ltd.  
7th floor, Grande Palladium  
175, CST Road, Kalina,  
Santa Cruz (East)  
Mumbai 400098, India  
Tel: (91-22) 6648 0480  
Fax: (91-22) 26500159

Websites:  
[www.marico.com](http://www.marico.com)  
[www.maricobd.com](http://www.maricobd.com)  
[www.maricoinnovationfoundation.org](http://www.maricoinnovationfoundation.org)  
[www.parachuteadvanced.com](http://www.parachuteadvanced.com)  
[www.saffolalife.com](http://www.saffolalife.com)  
[www.haircodeworld.com](http://www.haircodeworld.com)  
[www.icpvn.com](http://www.icpvn.com)  
[www.chottekadam.com](http://www.chottekadam.com)  
[www.setwet.com](http://www.setwet.com)  
[www.livonhairgain.com](http://www.livonhairgain.com)  
[www.livonilovemyhair.com](http://www.livonilovemyhair.com)  
[www.code10.com](http://www.code10.com)  
[www.lovite.com](http://www.lovite.com)

email: [investor@maricoindia.net](mailto:investor@maricoindia.net)