AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MARICO LIMITED

1. We have audited the attached Consolidated Balance Sheet of Marico Limited ('the Company') and its subsidiaries (collectively referred to as the 'Group') as at March 31, 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as 'Consolidated Financial Statements') which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

3. We did not audit the financial statements of certain subsidiary companies whose financial statements reflect total assets of Rs. 227.68 Crore as at March 31, 2009 and total revenues of Rs. 413.18 Crore and cash flows (net inflow) amounting to Rs 24.03 Crore for the year ended March 31, 2009. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

4. We have relied on the unaudited financial statements of certain subsidiary companies and subsidiary firms whose financial statements reflect total assets of Rs 69.28 Crore as at March 31, 2009 and total revenues of Rs 61.57 Crore and cash flows (net outflow) amounting to Rs 3.32 Crore for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so for as it relates to the amounts included in respect of these subsidiaries is based solely on such approved unaudited financial statements.

5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21(AS 21) , Consolidated Financial mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006.

6. Based on our audit as aforesaid and on the consideration of the reports of other auditors on separate audited financial statements and on the other financial information of the components and accounts approved by the Board of Directors as explained in paragraph 4 above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2009;

   b. in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and

   c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

BALANCE SHEET

	SCHEDULE	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	60.90	60.90
Reserves and surplus	B	392.59	253.72
		453.49	**314.62**
MINORITY INTEREST		–	**0.12**
LOAN FUNDS			
Secured loans	C	107.51	134.54
Unsecured loans	D	267.46	223.40
		374.97	**357.94**
		828.46	**672.68**
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION	E	**85.03**	**84.24**
FIXED ASSETS	F		
Gross block		456.88	356.07
Less : Depreciation, amortisation and impairment		203.46	163.49
Net block		253.42	192.58
Capital work-in-progress		57.67	64.72
Assets held for disposal		0.01	0.01
		311.10	**257.31**
INVESTMENTS	G	**12.11**	**0.01**
DEFERRED TAX ASSET (NET)		**64.12**	**98.17**
(Refer Note 12 (a), Schedule S)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	H	339.04	260.46
Sundry debtors	I	110.80	86.27
Cash and bank balances	J	92.19	75.28
Loans and advances	K	129.85	106.09
		671.88	**528.10**
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	L	280.27	255.96
Provisions	M	35.51	39.19
		315.78	295.15
NET CURRENT ASSETS		356.10	232.95
MISCELLANEOUS EXPENDITURE	N	–	–
(to the extent not written off or adjusted)		**828.46**	**672.68**
Notes to accounts	S		

As per our attached report of even date

VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
ANJU MADEKA Chief Financial Officer
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
INCOME :			
Sales		2,251.34	1,815.51
Less : Excise Duty		2.07	2.11
		2,249.27	1,813.40
Income from services		139.15	91.64
Total Sales and Services		**2,388.42**	**1,905.04**
Other income	O	12.20	9.56
		2,400.62	**1,914.60**
EXPENDITURE :			
Cost of materials	P	1,310.47	1,004.30
Manufacturing and other expenses	Q	773.96	654.40
Finance charges	R	35.73	30.52
Depreciation, amortisation & impairment	F	35.79	30.75
Amortisation of Miscellaneous expenditure	N	–	0.12
		2,155.95	**1,720.09**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		**244.67**	**194.51**
Exceptional Items (Net) (Refer Note 13 & 19, Schedule S)		(15.03)	10.61
PROFIT BEFORE TAXATION AND MINORITY INTEREST		**229.64**	**205.12**
Minority interest in loss / (profit) of subsidiaries		0.01	(0.10)
PROFIT BEFORE TAXATION AND AFTER MINORITY INTEREST		**229.65**	**205.02**
Provision for taxation - Current Tax		28.09	24.22
- MAT Credit (entitlement)/utilisation		(23.46)	(12.46)
- Fringe benefit tax		2.41	3.98
- Deferred Tax - debit/ (credit)		33.89	20.21
		40.93	35.95
PROFIT AFTER TAXATION AND MINORITY INTEREST		**188.72**	**169.07**
Balance brought forward as on April 1		167.34	64.75
Transferred from Tax Holiday Reserve		18.86	–
		186.20	64.75
PROFIT AVAILABLE FOR APPROPRIATION		**374.92**	**233.82**
APPROPRIATIONS			
Interim dividend		39.89	39.89
Tax on interim dividend		6.78	6.78
Reversal of excess provision of subsidiary		–	(0.01)
General Reserve		14.21	14.34
Tax Holiday Reserve		–	5.48
BALANCE CARRIED TO THE BALANCE SHEET		**314.04**	**167.34**
BASIC EARNINGS PER SHARE		**3.10**	**2.78**
DILUTED EARNINGS PER SHARE		**3.10**	**2.78**
(Refer Note 15 of Schedule S)			
Notes to accounts	S		

As per our attached report of even date

VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
ANJU MADEKA Chief Financial Officer
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

CASH FLOW STATEMENT

			For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS		**229.64**	**205.12**
	Adjustments for:			
	Depreciation and amortisation		35.79	30.87
	Provision for Impairment on assets written back (Refer Note 8, Schedule S)		(0.86)	–
	Finance charges		35.73	30.52
	Interest income		(5.68)	(2.88)
	Effect on impairment of net assets of Sundari (Refer note 19, Schedule S)		14.11	–
	Loss / (Profit) on sale of assets – (Net)		0.16	(0.47)
	Profit on sale of investments		(0.01)	–
	Dividend income		(0.28)	–
	(Write back) / Provision for doubtful debts/advances		7.29	(0.03)
			86.25	58.01
	Operating profit before working capital changes		**315.89**	**263.13**
	Adjustments for:			
	(Increase)/ Decrease in inventories		(85.43)	(38.98)
	(Increase)/ Decrease in sundry debtors		(32.50)	(22.09)
	(Increase)/ Decrease in loans and advances		(0.77)	(24.44)
	Increase/ (Decrease) in current liabilities and provisions		18.02	(4.04)
			(100.68)	**(89.55)**
	Cash generated from Operations		**215.21**	**173.58**
	Taxes paid - net of refunds		(33.57)	(30.53)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**A**	**181.64**	**143.05**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		(79.40)	(131.24)
	(Purchase) / sale of investments – (Net)		(12.10)	–
	Dividend income received		0.28	–
	Goodwill on consolidation *		(1.13)	(39.29)
	Minority Interest		–	0.01
	Sale of fixed asset		0.40	9.12
	Effect of translation differences on fixed assets		(12.71)	–
	Interest received		5.82	2.81
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**B**	**(98.84)**	**(158.59)**

CASH FLOW STATEMENT

			For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Issue of commercial papers – (Net)		29.16	19.39
	Inter-Corporate deposits taken		5.00	–
	Other borrowings (repaid) / taken – (Net)		(15.48)	87.59
	Finance charges paid		(41.99)	(27.32)
	Equity dividend paid (inclusive of dividend distribution tax)		(47.72)	(32.49)
	Unclaimed Preference dividend paid		(0.01)	(0.01)
	NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	**C**	**(71.04)**	**47.16**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	**D**	**3.08**	**(0.17)**
E	**NET INCREASE IN CASH & CASH EQUIVALENTS**	**(A+B+C+D)**	**14.84**	**31.45**
F	**Cash and cash equivalents - opening balance**		**74.19**	**42.74**
G	**Cash and cash equivalents - closing balance**		**89.03**	**74.19**
	Cash and cash equivalents at the year end comprise of:			
	Cash and Bank Balances		92.19	75.28
	Book Overdraft		(3.16)	(1.09)
	Total		**89.03**	**74.19**

* Represents excess of purchase price paid over the net assets value of subsidiaries acquired.

Note :

1. The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006.
2. The figures for the previous year have been regrouped where necessary to conform to current period's clasifications.

As per our attached report of even date
VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
BIPIN SHAH	Director and Chairman of Audit Committee
ANJU MADEKA	Chief Financial Officer
RACHANA LODAYA	Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
650,000,000 (650,000,000) Equity shares of Re. 1 each (Re. 1 each)	65.00	65.00
150,000,000 (150,000,000) Preference shares of Rs. 10 each (Rs.10 each)	150.00	150.00
	215.00	**215.00**
ISSUED AND SUBSCRIBED :		
609,000,000 (609,000,000) Equity shares of Re. 1 each (Re. 1 each) fully paid up	60.90	60.90
The above includes :		
(a) 290,000,000 equity shares issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve.		
(b) 265,000,000 equity shares issued as fully paid bonus shares by capitalisation of General Reserve.		
	60.90	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SHARE PREMIUM ACCOUNT	13.50	13.50
GENERAL RESERVE		
As on April 1	53.95	39.61
Add : Transfer from Profit and Loss Account	14.21	14.34
As at the year end	68.16	53.95
TAX HOLIDAY RESERVE		
As on April 1	18.86	13.38
Add : Transfer (to) / from Profit and Loss Account	(18.86)	5.48
As at the year end	–	18.86
FOREIGN CURRENCY TRANSLATION RESERVE (Translation adjustments)	3.15	0.07
HEDGE RESERVE ACCOUNT (Refer Note 14 (b), Schedule S)	(6.26)	–
PROFIT AND LOSS ACCOUNT	314.04	167.34
	392.59	**253.72**
SCHEDULE 'C'		
SECURED LOANS		
From Banks :		
Term Loan	–	50.00
(Secured by hypothecation of Building)		
Working capital finance	31.41	24.71
(Secured by hypothecation of stocks in trade and debtors)		
External Commercial Borrowings	76.10	59.83
(Secured by hypothecation of Plant and Machinery)		
(Amount repayable within one year Rs 6.34 Crore (Rs Nil))		
	107.51	**134.54**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'D'		
UNSECURED LOANS		
From Banks :		
Short term	163.91	204.01
Other term loans	50.00	–
Inter Corporate Deposits (Short term)	5.00	–
Commercial Paper :		
Face Value	50.00	20.00
Less : Deferred Interest	1.45	0.61
(Maximum amount outstanding during the year Rs.63.28 Crore (Rs.19.66 Crore))	**48.55**	**19.39**
(The commercial paper of Rs. 35.00 Crore would be redeemed on 29 July 2009 and Rs.15.00 Crore would be redeemed on 24 August 2009)		
	267.46	**223.40**
SCHEDULE 'E'		
GOODWILL ON CONSOLIDATION		
Goodwill on consolidation	85.27	84.24
Less: Provision for impairment (Refer Note 19, Schedule S)	0.24	–
	85.03	**84.24**

SCHEDULES TO BALANCE SHEET

SCHEDULE 'F'

FIXED ASSETS

Amount in Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2008	Additions	Deductions/ Adjustments (Refer note 5 below)	As at March 31, 2009	As at March 31, 2008	For the year	Deductions/ Adjustments (Refer note 5 below)	As at March 31, 2009	Provision for impairment as at March 31 2009 (Refer note 2 & 3 below)	As at March 31, 2009	As at March 31, 2008
Tangible Assets											
Freehold land	3.03	0.54	(0.59)	4.16	–	–	–	–	–	4.16	3.03
Leasehold land	1.98	12.25	(0.04)	14.27	0.16	0.22	–	0.38	–	13.89	1.82
Buildings (Note 1)	61.44	14.33	(1.74)	77.51	12.71	2.31	(0.11)	15.13	–	62.38	48.73
Plant and machinery (Note 1)	205.76	52.32	(2.37)	260.45	120.56	23.33	0.27	143.62	5.31	111.52	79.05
Furniture and fittings	18.80	8.47	(1.65)	28.92	4.02	4.10	(0.47)	8.59	0.05	20.28	14.78
Vehicles	2.39	0.59	(0.21)	3.19	0.97	0.52	(0.08)	1.57	–	1.62	1.42
Intangible Assets											
- Trademarks and copyrights (Note 4)	41.34	–	(2.03)	43.37	5.25	2.93	(0.24)	8.42	3.65	31.30	36.09
- Other intangibles	8.03	–	(2.12)	10.15	2.21	0.95	(0.67)	3.83	–	6.32	5.82
- Computer software	13.30	1.52	(0.04)	14.86	11.46	1.43	(0.02)	12.91	–	1.95	1.84
TOTAL	**356.07**	**90.02**	**(10.79)**	**456.88**	**157.34**	**35.79**	**(1.32)**	**194.45**	**9.01**	**253.42**	**192.58**
	277.91	**89.66**	**11.50**	**356.07**	**131.07**	**30.56**	**4.29**	**157.34**	**6.15**		
Capital work–in–progress (at cost) including advances on capital account										57.67	64.72
Assets held for disposal										0.01	0.01
										311.10	**257.31**

Notes :

1. Gross block includes:- Buildings Rs.0.93 Crore (Rs. 0.93 Crore) where conveyance has been executed, pending registration.

   - Plant and Machinery of Rs.1.92 Crore (Rs. 1.92 Crore) and Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on operating lease and finance lease (prior to April 1, 2001) respectively.

2. "Depreciation, amortisation and provision for impairment" includes impairment for the year Rs. Nil (Rs.0.19 Crore) and deletions/adjustments of Rs.Nil (Rs. 2.38 Crore) upon discarding of the related assets.

3. Provision for impairment as at March 31, 2009 is net of reversals of provisions no longer required Rs. 0.86 Crore(Rs.Nil) and includes provision for impairment of assets of Sundari LLC of Rs. 3.72 Crore (Rs. Nil), which is included under 'Exceptional items' in the Profit and Loss Acccount. (Refer Note 19, Schedule S)

4. Trademarks of Rs. 25.20 Crore (Rs.24.14 Crore) are pending registration.

5. Deductions / Adjustments of Gross block and depreciation includes translation difference Rs. 12.71 Crore arising on consolidation.

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'G'		
INVESTMENTS (Non Trade)		
LONG TERM - UNQUOTED, AT COST		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
	0.01	**0.01**
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	2.00	–
2,001,098 (Nil) Units of Rs. 10 each fully paid		
Templeton India Ultra Short Bond Fund Super Institutional Plan - Dividend	5.08	–
5,073,892 (Nil) Units of Rs. 10 each fully paid		
Fortis Money Plus Institutional Plan Daily Dividend	5.02	–
5,019,130 (Nil) Units of Rs. 10 each fully paid		
	12.10	–
	12.11	**0.01**

Units of Mutual Funds purchased and sold during the year

Name of the Scheme	No. of Units Purchased	Sold
Fidelity Cash Fund (Institutional) - Daily Dividend	1,999,869	1,999,869
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	9,018,476	7,017,378
Kotak Liquid (Institutional Premium) - Daily Dividend	4,089,628	4,089,628
Kotak Flexi Debt Scheme Institutional - Daily Dividend	4,988,533	4,988,533
Kotak Floater Long Term - Daily Dividend	19,389,800	19,389,800
DWS Insta Cash Plus Fund - Institutional Plan Daily Dividend	4,995,533	4,995,533
DWS Ultra Short Term Fund - Institutional Daily Dividend	7,050,033	7,050,033
Templeton India Treasury Management Account - Super Institutional Plan - Daily Dividend	49,976	49,976
Templeton India Ultra Short Bond Fund Super Institutional Plan - Dividend	5,073,892	–
Fortis Money Plus Institutional Plan Daily Dividend	5,019,130	–
TATA Floater Fund - Daily Dividend	4,988,472	4,988,472
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend	4,997,083	4,997,083
RLF Treasury Plan - Institutional Option - Growth option	1,962,766	1,962,766
Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan	50,028	50,028
Reliance Medium Term Fund - Daily Dividend plan	8,501,436	8,501,436

	2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'H'		
INVENTORIES		
(Refer Note 2 (j), Schedule S, for basis of valuation and also refer note 19, Schedule S)		
Raw materials	115.71	79.14
Packing materials	43.58	39.28
Work-in-process	51.18	36.67
Finished products	113.36	90.91
Stores, spares and consumables	12.83	10.69
By-products	1.42	1.87
Goods in transit :		
- Raw materials	0.30	1.90
- Finished products	0.66	–
	0.96	1.90
	339.04	**260.46**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'I'		
SUNDRY DEBTORS		
(Refer Note 19, Schedule S)		
Unsecured		
Over six months - considered good	0.01	0.09
- considered doubtful	9.70	2.30
	9.71	2.39
Less: Provision for doubtful debts	9.70	2.30
	0.01	0.09
Other Debts - considered good	110.79	86.18
- considered doubtful	–	0.11
	110.79	86.29
Less: Provision for doubtful debts	–	0.11
	110.79	86.18
	110.80	**86.27**
SCHEDULE 'J'		
CASH AND BANK BALANCES		
(Refer Note 19, Schedule S)		
Cash on hand	1.86	2.37
Remittances in transit	0.49	1.89
Balances with scheduled banks:		
Fixed deposits (Deposited with sales tax authorities Rs. 0.11 Crore (Rs.0.11 Crore))	66.33	54.07
Margin accounts (against bank guarantees)	1.49	1.49
Current accounts *	21.84	15.11
Balances with non-scheduled banks:		
Current accounts	0.18	0.35
	92.19	**75.28**
* Includes balances in Unclaimed dividend account and Unclaimed Preference Share Capital Rs 0.25 Crore (Rs. 0.23 Crore)		
SCHEDULE 'K'		
LOANS AND ADVANCES		
(Refer Note 19, Schedule S)		
(Unsecured-considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	47.77	52.86
Deposits	28.64	24.04
Balances with central excise authorities	1.23	0.27
Interest accrued on loans / deposits	2.34	2.47
Fringe benefit tax payments, net of provisions	0.47	0.51
MAT Credit Entitlement	49.40	25.94
	129.85	**106.09**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'L'		
CURRENT LIABILITIES		
(Refer Note 19, Schedule S)		
Sundry creditors		
- Due to Micro and Small Enterprises	–	–
- Others	246.45	220.30
Other liabilities	28.25	29.50
Book overdraft	3.16	1.09
Security deposits	1.16	1.13
Interest accrued but not due on loans	1.00	3.71
Unclaimed dividend	0.22	0.20
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	280.27	**255.96**
SCHEDULE 'M'		
PROVISIONS		
Income tax (net of tax payments)	2.41	5.52
Leave encashment	6.55	6.92
Gratuity	1.26	0.39
Interim dividend	21.62	22.53
Tax on interim dividend	3.67	3.83
	35.51	**39.19**
SCHEDULE 'N'		
MISCELLANEOUS EXPENDITURE		
Deferred revenue expenditure		
As on April 1	–	0.12
Less : Amortised during the year	–	0.12
	–	–

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'O'		
OTHER INCOME		
Income from current investments :		
Profits on sale of units of mutual funds	0.01	0.13
Dividend on investment in liquid mutual funds	0.28	–
Interest income on loans, deposits, etc.	5.68	2.88
(Tax deducted at source Rs. 0.11 Crore (Rs.0.02 Crore))		
Exchange gains – (Net)	–	4.51
Miscellaneous income	6.23	2.04
(Refer note 7, Schedule S)		
	12.20	**9.56**
SCHEDULE 'P'		
COST OF MATERIALS		
(Refer Note 19, Schedule S)		
Raw materials consumed	1,117.38	832.56
Packing materials consumed	190.01	155.16
Stores and spares consumed	32.61	23.42
Purchase for resale	14.50	19.05
(Increase)/Decrease in stocks		
Opening stocks		
– Work-in-process	36.67	24.93
– By-products	1.87	0.55
– Finished products	90.91	78.08
Less :		
Closing stocks		
– Work-in-process	51.18	36.67
– By-products	1.42	1.87
– Finished products (including goods in transit)	114.02	90.91
	(37.17)	(25.89)
	1,317.33	**1,004.30**
Less : Effect of impairment of inventory of Sundari LLC disclosed as ' Exceptional items' (Refer Note 19, Schedule S)	6.86	–
	1,310.47	**1,004.30**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'Q'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	146.74	111.82
Contribution to provident fund and other funds	6.82	6.64
Welfare expenses	11.20	8.33
	164.76	126.79
Power, fuel and water	9.90	7.98
Contract manufacturing charges	73.62	64.36
Rent and storage charges	32.94	21.04
Repairs :		
Buildings	7.34	5.18
Machinery	6.87	5.16
Others	2.12	1.13
Freight, forwarding and distribution expenses	88.56	77.51
Advertisement and sales promotion	250.42	244.11
Rates and taxes	2.10	1.22
Sales tax and cess	16.76	16.34
Commission to selling agents	5.55	2.71
Bad debts	0.60	–
Provision for doubtful debts and advances	7.29	1.41
Printing, stationery and communication expenses	10.36	9.66
Travelling, conveyance and vehicle expenses	29.62	22.24
Royalty	0.44	0.46
Insurance	2.09	1.47
Auditors' remuneration :		
Audit fees	0.95	0.56
Tax Audit fees	0.10	0.09
Others	0.34	0.10
Out of pocket expenses	0.03	0.02
Exchange losses – (Net)	6.91	–
Miscellaneous expenses	54.29	44.86
(Refer note 8, Schedule S)		
	773.96	**654.40**
SCHEDULE 'R'		
FINANCE CHARGES		
Interest on :		
Fixed period loans	17.24	7.81
Other loans	11.34	17.45
Bank and other financial charges	7.15	5.26
	35.73	**30.52**

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

SCHEDULE 'S'

1) The Group and nature of its operations:

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

- Marico Bangladesh Limited (MBL) in Bangladesh, a wholly owned subsidiary of Marico Limited, which manufactures and sells branded coconut oil in Bangladesh;
- MBL Industries Limited (MBLIL) in Bangladesh, a wholly owned subsidiary of Marico Middle East FZE, which sells branded coconut oil and hair oils in Bangladesh;
- Kaya Limited [Erstwhile Kaya Skin Care Limited] (Kaya) in India, a wholly owned subsidiary of Marico Limited, which provides skin care services and sells products through Kaya Skin Clinics in India;
- Sundari LLC (Sundari) in United States, a wholly owned subsidiary of Marico Limited, carrying on ayurvedic skin care products business under the brand name SUNDARI, (Refer note 19, below);
- Marico Middle East FZE (MME) in United Arab Emirates, a wholly owned subsidiary of Marico Limited, for carrying on business, inter alia, in consumer products in the Middle East region;
- Kaya Middle East FZE (KME) in United Arab Emirates, a wholly owned subsidiary of Marico Middle East FZE for carrying on business, inter alia, in skin care services and products through Kaya Skin Clinics in the Middle East region;
- MEL Consumer Care SAE (MELCC) in Egypt, a wholly owned subsidiary of Marico Middle East FZE for carrying on business of hair care in Egypt under Fiancée brand;
- Marico Egypt Industries Company [erstwhile Pyramid for Modern Industries] (MEIC) in Egypt, a subsidiary company of MEL Consumer Care SAE for carrying on business of hair care in Egypt under Hair Code brand;
- Egyptian American Investment & Industrial Development Company (EAIIDC) in Egypt, a wholly owned subsidiary of Marico Middle East FZE for carrying on business of hair care in Egypt under Fiancée brand;
- Wind Company (Wind), in Egypt, a subsidiary firm of MEL Consumer Care SAE;
- Marico South Africa Consumer Care (Pty) Limited (MSACC) in South Africa, a wholly owned subsidiary of Marico Limited;
- Marico South Africa (Pty) Limited (MSA) in South Africa, a wholly owned subsidiary of Marico South Africa Consumer Care (Pty) Limited for carrying on business of hair care in South Africa; and
- CPF International (Pty) Limited (CPF) in South Africa, a wholly owned subsidiary of Marico South Africa (Pty) Limited.

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

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

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

(b) Basis of Preparation of Consolidated Financial Statements

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

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

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

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

iii) The excess of cost to the Company of its investment in the Subsidiary Company is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company's share of equity and reserves of the Subsidiary Company over the cost of acquisition is treated as Capital Reserve.

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

v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except for:

   a. In case of MME, KME, Sundari, MEIC, MSACC, Wind and CPF deferred tax asset / liability has not been recognised. Deferred tax asset/liability if any, arising for these entities have not been determined. Hence proportion of items in the consolidated financial statements to which the different accounting policy have been applied cannot be given.

   b. In case of all subsidiaries except MEIC, depreciation in respect of factory building and Plant & Machinery is provided on straight line basis instead of written down value basis as followed in Marico Limited (except items specified in note 2(f)(i)(b) below). The total amount of net block of these items of fixed assets represents 28.43% of the total consolidated fixed assets of the group as at the year end.

   c. In case of MME, costs of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.04% of the total consolidated inventories of the group as at the year end.

   d. In case of MME and KME, liability on account of gratuity is provided on arithmetical basis instead of actuarial basis. In case of MBL, MBLIL, EAIIDC, MSA and MME, liability on acount of leave encashement is provided on arithmetical basis instead of actuarial basis. These liabilities represent 18.10% of the total consolidated gratuity and leave encashment liability of the Group as at the year end.

(c) Subsidiaries considered in Consolidated Financial Statements

(i) List of Subsidiary companies

Name of the Company	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited	Bangladesh	100 (100)
MBL Industries Limited (Through Marico Middle East FZE)	Bangladesh	100 (100)
Kaya Limited (erstwhile Kaya Skin Care Limited)	India	100 (100)
Marico Middle East FZE	UAE	100 (100)
Kaya Middle East FZE (Through Marico Middle East FZE)	UAE	100 (100)
MEL Consumer Care SAE (Through Marico Middle East FZE)	Egypt	100 (100)
Egyptian American Investment & Industrial Development Company (Through Marico Middle East FZE)	Egypt	100 (100)

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

Name of the Company	Country of incorporation	Percentage of ownership interest
Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries) (through MEL Consumer Care SAE)	Egypt	100 (99)
Sundari LLC.	United States of America	100 (100)
Marico South Africa Consumer Care (Pty) Limited	South Africa	100 (100)
Marico South Africa (Pty) Limited (Through Marico South Africa Consumer Care (Pty) Limited)	South Africa	100 (100)
CPF International (Pty) Limited (Through Marico South Africa (Pty) Limited)	South Africa	100 (100)

ii) List of Subsidiary firm

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

(d) Use of estimates

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

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

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

Fixed assets and intangible assets are stated at cost of acquisition, less accumulated depreciation and impairments, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset (i.e. assets requiring substantive period of time to get ready for intended use) are capitalized in accordance with the requirements of Accounting Standard 16 (AS 16), "Borrowing Costs" mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006. Other pre-operative expenses for major projects are also capitalised, where appropriate.

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

(f) Depreciation and Amortisation

(i) Tangible assets

a. Depreciation is provided at the higher of the rates, based on useful lives of the assets as estimated by the management every year or those stipulated by the respective statutes in India, UAE, Bangladesh, Egypt, South Africa and the United States, if any.

b. In Marico Limited, depreciation on factory building and plant and machinery (other than items computer hardware, moulds which are depreciated at rates higher than statutorily prescribed on straight line basis) is provided on written down value basis. Depreciation on other assets in Marico Limited and on all assets of subsidiaries, except MEIC, is provided on straight line basis.

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

(ii) Intangible assets

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

Trademarks, copyrights and business & commercial rights and other intangibles	6 to 10 years
Computer software	3 years

(g) Assets taken on lease

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

(ii) Operating lease payments are recognized as expenditure in the Profit and Loss account on straight line basis, representative of the time pattern of benefits received from the use of the assets taken on lease.

(h) Asset given on lease

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

(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, other than temporary.

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

(j) Inventories

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

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

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

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

(k) Research and development

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

(l) Revenue recognition

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

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

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

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

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

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

(m) Retirement benefits to employees

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

(n) Foreign currency transactions

(i) Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Profit and Loss account, except those relating to fixed assets acquired from outside India till March 31, 2007, which were adjusted in the carrying cost of such fixed assets.

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

(iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognized as income or expense and is amortized over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss account in the year in which they arise.

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

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

(o) Accounting for taxes on income

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

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

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

(p) Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

(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) is recognised as Employee compensation cost over the vesting period.

(r) Contingent Liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. 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 the 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.

(s) Share Issue Expenses

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

3) The audited consolidated financial results for the year ended March 31, 2009 comprises the audited financial results of Marico Limited (the Company), Kaya Limited (erstwhile Kaya Skin Care Limited), Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited (erstwhile Enaleni Pharmaceuticals Consumer Division (Pty) Limited), CPF International (Pty) Limited, Sundari LLC and unaudited results of Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company (erstwhile Pyramids for Modern Industries), Wind Company and MEL Consumer Care SAE.

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

(i) Disputed tax demands/ claims:

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Sales tax	4.88	3.52
Income Tax	–	3.71
Service tax	0.38	0.38
Custom duty	2.86	3.48
Agricultural Produce Marketing Committee cess	7.81	7.18
Employees State Insurance Corporation	0.18	0.04

(ii) Claims against the Company not acknowledged as debts Rs. 0.21 Crore (Rs. 0.31 Crore)

b) (i) Counter guarantees given to banks on behalf of subsidiaries Rs.46.05 Crore (Rs. 32.87 Crore)

(ii) Stand by Letter of Credit given to banks on behalf of subsidiaries Rs.80.15 Crore (Rs. 65.01 Crore)

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

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

5) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.13.37 Crore (Rs. 7.76 Crore) net of advances.

6) Borrowing costs capitalised during the year under fixed assets amounts to Rs.3.55 Crore (Rs.Nil).

7) Miscellaneous income include lease income Rs.0.41 Crore (Rs.0.41 Crore), insurance claims Rs. 0.07 Crore (Rs. 0.08 Crore), profit on sale / disposal of assets (net) Rs.Nil (Rs.0.47 Crore).

8) Miscellaneous expenses includes labour charges Rs. 2.43 Crore (Rs.2.24 Crore), training & seminar expenses Rs. 3.05 Crore (Rs. 2.87 Crore), outside services Rs. 14.74 Crore (Rs.12.43 Crore), professional charges Rs. 14.25 Crore (Rs. 12.76 Crore), donations Rs. 1.19 Crore (Rs. 0.74 Crore), loss on sale / disposal of assets (net) Rs. 0.16 Crore (Rs. Nil) and are net of excess provisions no longer required written back Rs.5.14 Crore (Rs. 1.42 Crore) [including Impairment provision of Rs. 0.86 Crore (Rs. Nil)].

9) Research and development expenses aggregating Rs.5.73 Crore (Rs. 5.24 Crore) have been included under the relevant heads in the Profit and Loss account.

10) Additional information on assets taken on lease:

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

The aggregate lease rentals payable on these leasing arrangements are charged as Rent and storage charges under "Manufacturing and Other Expenses" in Schedule 'Q'.

In respect of assets taken on non cancelable operating lease after March 31, 2001:

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Lease rental payments for the year	18.76	10.13
Lease obligations		
Future minimum lease rental payments		
- not later than one year	20.08	9.81
- later than one year but not later than five years	64.98	25.74
- later than five years	8.11	9.85
Total	**93.17**	**45.40**

11) Additional information on assets given on lease:

Fixed Asset given on operating lease as at March 31, 2009 and 2008

	Cost Rs. Crore	Accumulated Depreciation Rs. Crore	Net book Value Rs. Crore
Plant and Machinery	1.92	1.88	0.04
	(1.92)	(1.87)	(0.05)

The aggregate depreciation charged on the above during the year ended March 31, 2009 amounted to Rs. 0.01 Crore (Rs. 0.02 Crore).

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Lease rental income for the year	0.41	0.41
Lease rentals		
Future minimum lease rentals		
- not later than one year	0.41	0.41
- later than one year but not later than five years	0.28	0.41
Total	**0.69**	**0.82**

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

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Deferred tax asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	2.06	0.94
On Intangible assets adjusted against Capital Redemption Reserve and Securities premium account under the Capital Restructuring scheme	65.78	94.44
Liabilities that are deducted for tax purpose when paid	3.84	3.13
Others	1.60	2.90
Total Deferred tax asset	73.28	101.41
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	9.16	3.24
Total Deferred tax liability	9.16	3.24
Deferred tax asset	**64.12**	**98.17**

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

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

a. Profit on Slump Sale of Sil business, including manufacturing unit at Saswad Rs.Nil (Rs.10.61 Crore)

b. Provision for impairment of net assets of Sundari, a wholly owned subsidiary Rs. 15.03 Crore (Rs.Nil) (Refer note 19, below)

14) Derivative Transactions:

a) The total derivative instruments outstanding as at the year end are Plain Forwards and Plain Vanilla Option contracts and Interest rate swap :

	March 31, 2009		March 31, 2008	
	Amount in Foreign currency	Amount in Rs. Crore	Amount in Foreign currency	Amount in Rs. Crore
Forward contracts outstanding				
- in USD *	30,159,544	153.00	13,925,000	55.54
- in AUD *	400,000	1.40	–	–
Option Contract outstanding				
- in USD	4,600,000	23.34	–	–

* Out of the above USD 12,827,524 and AUD 400,000, having fair value of Rs. 66.93 Crore as at the year end have been designated as Cash Flow hedges.

The Company has entered into Interest rate swap of USD 5,000,000 for hedging its interest rate exposure on borrowings in foreign currency.

The Cash flow are expected to occur and impact the Profit and Loss account within the period of 1 year.

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

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

	March 31, 2009			March 31, 2008		
	Foreign Currency		Rs. Crore	Foreign Currency		Rs. Crore
	Curr.	Amount	Amount	Curr.	Amount	Amount
a. Amount receivable in foreign currency on account of following :						
- Export of goods	AED	4,988	0.01	–	–	–

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

	March 31, 2009			March 31, 2008		
	Foreign Currency		Rs. Crore	Foreign Currency		Rs. Crore
	Curr.	Amount	Amount	Curr.	Amount	Amount
b. Amount (payable) /receivable in foreign currency on account of following :						
(i) Import of goods and Services	USD	40,623	0.21	–	–	–
	AED	50,153	0.07	AED	67,559	0.07
	AUD	4,868	0.02	AUD	57,520	0.21
	EUR	112,701	0.76	EUR	204,010	1.29
	GBP	(24,289)	(0.18)	GBP	807	0.01
	USD	(1,468,331)	(7.46)	USD	13,857	0.06
	EUR	(99,493)	(0.68)	–	–	–
	CHF	(14,771)	(0.08)	–	–	–
	–	–	–	MYR	1,500	0.01
	–	–	–	SGD	(450)	(0.01)
	–	–	–	BHD	1,200	(0.01)
(ii) Capital imports	USD	80,968	0.41	–	–	–
	GBP	800	0.01	–	–	–
(iii) Loan payables	USD	* (4,064,476)	(20.63)	USD	(15,000,000)	(59.83)
c. Bank Balances	AED	105	0.01	AED	105	0.01
	USD	62,239	0.32	USD	5,141	0.02
d. Other receivables	AUD	4,050	0.01	–	–	–
	BHD	1,200	0.01	–	–	–
	GBP	500	0.01	–	–	–
	SGD	1,000	0.01	–	–	–
	USD	11,233	0.06	–	–	–
	ZAR	4,918	0.01	–	–	–
			(27.10)			**(58.17)**

*excludes Loans payable of Rs. 76.10 Crore (USD 15,000,000) assigned to hedging relationship against highly probable forecast sales. The Cash flow are expected to occur and impact the Profit and Loss account within the period of 1 to 5 years.

b) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard 30 (AS 30), "Financial Instruments: Recognition and Measurement", the Company has decided on early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. In respect of derivative instruments and foreign currency loans which qualify for hedge accounting, the net unrealized loss aggregating Rs.6.26 Crore has been recognized in 'Hedge Reserve Account', which would be recognized in the Profit and Loss account when the underlying transaction or forecast revenue arises, as against the earlier practice of recognizing the same in the Profit and Loss account.

Had the Company adopted the earlier practice, exchange loss charged to the Profit and Loss account would have been higher and the Profit before tax for the year would have been lower by Rs.6.26 Crore.

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

15) Earnings per share:

	March 31, 2009	March 31, 2008
Profit after taxation / Profit available to equity share holders (Rs. Crore)	188.72	169.07
Equity shares outstanding as at the year end	609,000,000	609,000,000
Weighted average number of equity shares used as denominator for calculating basic earnings per share	609,000,000	609,000,000
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	609,005,757	609,213,468
Nominal value per equity share (Refer note below)	Re. 1	Re. 1
Basic and diluted earnings per equity share	Rs. 3.10	Rs. 2.78

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

16) Segment Information:

Marico has three business segments –

a. Consumer Products (comprising consumer product business of Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, MEL Consumer Care SAE, Marico Egypt Industries Company, Egyptian American Investment & Industrial Development Company, Marico South Africa Consumer Care (pty) Limited, Marico South Africa (Pty) Limited, CPF International (pty) Limited and Wind Company)

b. Skin Care (comprising Kaya Limited (erstwhile Kaya Skin Care Limited), Kaya Middle East FZE) and

c. Global Ayurvedics (Sundari LLC.)

Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. The composition of these segments is given below:

Business segments	Type of products and services
Consumer Products	Coconut oils, other edible oils, hair oils and other hair care products, fabric care products, processed foods (including distribution alliance with Indo Nissin), soaps, baby care products.
Others	Skin care and Global ayurvedics.

	Consumer Products Rs. Crore	Others Rs. Crore	Total Rs. Crore
Segment revenue	2,220.15	168.27	2,388.42
	(1,793.77)	(111.27)	(1,905.04)
Segment Result	285.87	(11.15)	274.72
	(229.32)	(–)(7.14)	(222.18)
Unallocated corporate expenses			–
			–
Operating profit			274.72
			(222.18)
Interest expenses			35.73
			(30.53)
Interest income			5.68
			(2.87)
Profit before tax, exceptional item and minority interest			244.67
			(194.52)
Exceptional items (net)	–	(–) 15.03	(–) 15.03
	(10.61)	–	(10.61)

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

	Consumer Products Rs. Crore	Others Rs. Crore	Total Rs. Crore
Profit before tax and minority interest			229.64
			(205.13)
Minority interest in losses / profits of subsidiary			0.01
			(–) (0.10)
Net profit before tax and after minority interest			229.65
			(205.03)
Taxation on the above			40.93
			(35.95)
Profit after taxation and minority interest			**188.72**
			(169.08)
Other information :			
Segment assets	783.48	166.53	950.01
	(672.93)	(150.12)	(823.05)
Unallocated Corporate assets			194.23
			(144.78)
Total assets			**1,144.24**
			(967.83)
Segment liabilities	639.81	22.99	662.80
	(610.77)	(10.20)	(620.97)
Unallocated Corporate liabilities			27.95
			(32.12)
Total liabilities			**690.75**
			(653.09)
Capital expenditure	63.58	26.44	90.02
	(43.64)	(46.02)	(89.66)
Depreciation, impairment and amortization	22.91	12.88	35.79
	(22.64)	(8.11)	(30.75)

i. Secondary Segment Information

Marico's operating divisions are managed from India. The principal geographical areas in which Marico operates are India, Middle East, SAARC countries and USA.

Geographical Segments	Composition
Domestic	All over India
International	Primarily Middle East, SAARC countries, Egypt and USA

	India (Rs. Crore)	Others (Rs. Crore)	Total (Rs. Crore)
Revenue	1,897.51	490.91	2,388.42
	(1,588.82)	(316.22)	(1,905.04)
Carrying amount of assets	738.27	405.97	1,144.24
	(688.07)	(279.76)	(967.83)
Capital expenditure	49.37	40.65	90.02
	(58.78)	(30.88)	(89.66)

ii. Notes to Segmental information

(i) Segment revenue and expense: Joint revenues and expenses are allocated to the business segments on a reasonable basis. All other segment revenue and expense are directly attributable to the segments.

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

(ii) Segment Assets and Liabilities: Segment assets include all operating assets used by a segment comprising intangibles, fixed assets, inventories, debtors, cash and bank balances and loans and advances. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities of the segment comprising loan funds, deferred tax liability, creditors and other liabilities.

17) Employee Stock Option Scheme 2007:

The Corporate Governance Committee of the Board of Directors of Marico Limited has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007'. Each option represents 1 equity share in the Company. The Vesting period and the Exercise Period both range from 1 year to 5 years. The options outstanding as on the Balance Sheet date correspond to about 1.37% (1.48%) of the current paid up equity capital of the Company.

Number of options granted, excercised, and forfeited	March 31, 2009	March 31, 2008
Options outstanding at beginning of the year	8,996,000	–
Granted	1,048,200	8,996,000
Less : Exercised	–	–
Forfeited / lapsed	1,704,600	–
Options outstanding at the end of the year	8,339,600	8,996,000

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. 0.07 Crore (Rs. 0.01 Crore) under the 'intrinsic value' method. Had the Company considered 'fair value' method for accounting of compensation cost the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Net Profit as reported	188.72	169.07
Less : Stock-based employee compensation expense	4.78	6.24
Adjusted pro-forma	183.94	162.83
Basic earnings per share as reported	Rs. 3.10	Rs. 2.78
Pro forma basic earnings per share	Rs. 3.02	Rs. 2.67
Diluted earnings per share as reported	Rs. 3.10	Rs. 2.78
Pro forma diluted earnings per share	Rs. 3.02	Rs. 2.67

18) Related Party disclosures:

	Nature of transactions:	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
i)	Whole-time director: Harsh Mariwala, Chairman and Managing Director		
	Remuneration for the year	2.27	1.94
ii)	Employee: Rajvi Mariwala, daughter of Harsh Mariwala (employee upto 31st January, 2009)		
	Remuneration for the year	0.09	0.12
iii)	Employee: Rishabh Mariwala, son of Harsh Mariwala		
	Remuneration for the year	0.11	0.08

19) The Company had, in February 2003, acquired the spa products business under the brand "Sundari" through the acquisition of the controlling interest in Sundari LLC ("Sundari"), a company domiciled in the United States. Over the years the Company increased its shareholding and in October 2007 made Sundari a wholly owned subsidiary. The Company had been working upon making improvements in the business model and the business had shown some positive signs of recovery.

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

However, during the year under review, the economic ambience turned for the worse across the globe creating uncertainties, more so in the USA. The Company therefore decided to focus on its prioritized geographies of Asia and Africa and consequently decided to divest its stake in Sundari. It entered into documentation with a US based company that envisaged sale of Marico's interests in Sundari LLC at a consideration which is based on a valuation report from an independent agency and rendering Sundari free of all liabilities (including the amounts advanced by Marico) on or before the date of the actual sale of its interests in Sundari LLC.

Accordingly, the Company initiated necessary steps in March 2009 to comply with applicable FEMA regulations for divestment of its stake in Sundari LLC and write off of Loans and advances (including interest accrued thereon). Upon completion of necessary compliances under FEMA regulations on June 8, 2009, the Company divested its stake in Sundari LLC, which ceased to be subsidiary of the Company from the said date.

Further, to give effect to the said disinvestment, net assets value of Sundari aggregating to Rs. 15.50 Crore referred to in respective schedules to the consolidated financial statements has been impaired for the purpose of consolidation as per the below given table:

Particulars	**Amount (Rs. Crore)**
Goodwill	0.24
Fixed assets	3.72
Inventories :	
Packing materials	3.18
Finished products	3.68
Sundry debtors	0.68
Cash and bank balances	4.88
Loans and advances	0.30
	16.68
Less: Current Liabilities	(1.18)
	15.50

Sundari has also taken steps to settle all its liabilities other than those due to the Company and has credited a net amount of Rs. 0.47 Crore in its Profit and Loss account towards these settlements. These items aggregating to Rs. 15.03 Crore have been disclosed separately as 'Exceptional item' in the consolidated Profit and Loss account.

Based on legal advice received, the loss on account of write off of the non-recoverable advances and interest accrued thereon (in stand alone financial statement) has been treated as business loss for the purposes of computation of income tax provision for year ended March 31, 2009.

20) The Guidance Note on implementing Accounting Standard 15 (AS 15), 'Employee benefits (revised 2005)' issued by Accounting Standards Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liablities. Accordingly, the Company has accounted for the same as a defined contribution plan.

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

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

Signatures to Schedules A to S

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
BIPIN SHAH	Director and Chairman of Audit Committee
ANJU MADEKA	Chief Financial Officer
RACHANA LODAYA	Company Secretary & Compliance Officer

Place: Mumbai
Date: June 19, 2009