CONSOLIDATED AUDITORS' REPORT

Auditors' Report to the Members of Marico Limited

The Board of Directors of Marico Limited

1. We have audited the attached consolidated balance sheet of Marico Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note [2] to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the financial statements of twelve subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 478.76 crores and net assets of Rs. 88.91 crores as at March 31, 2012, total revenue of Rs. 793.57 crores, net profit of Rs. 114.03 crores and net cash outflows amounting to Rs. 109.25 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We have relied on the unaudited financial statements of six subsidiaries and a subsidiary firm included in the consolidated financial statements, which constitute total assets of Rs. 172.55 crores and net assets of Rs. 102.70 crores as at March 31, 2012, total revenue of Rs. 273.99 crores, net loss of Rs. 13.44 crores and net cash inflows amounting to Rs. 30.87 crores for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of these companies and firm have been furnished to us by the Management and our report is so far as it relates to the amounts included in respect of these subsidiaries and firm is based solely on such approved unaudited financial statements.

5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraphs 3 and 4 above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number:F - 46061

Place: Mumbai
Date: May 3, 2012

CONSOLIDATED BALANCE SHEET

	Note	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	4	61.49	61.44
Reserves and surplus	5	1,081.52	854.04
		1,143.01	915.48
Minority Interest		24.90	21.88
Non-current liabilities			
Long-term borrowings	6	390.67	381.73
Other Long-term liabilities	7	0.63	0.57
Long-term provisions	8	41.93	44.60
		433.23	426.90
Current liabilities			
Short-term borrowings	9	371.58	340.13
Trade payables	10	358.37	269.36
Other current liabilities	11	208.19	182.66
Short-term provisions	12	77.74	76.72
		1,015.88	868.87
TOTAL		**2,617.02**	**2,233.13**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13 (A)	373.34	336.78
Intangible assets	13 (B)	88.33	88.28
Capital work-in-progress		40.17	32.71
		501.84	457.77
Goodwill on consolidation	14	395.49	397.59
Non-current investments	15	29.39	10.22
Deferred tax assets (net)	16	22.34	29.90
Long-term loans and advances	17	124.39	76.38
Other non-current assets	18	123.41	98.64
		1,196.86	1,070.50
Current assets			
Current investments	19	266.26	78.71
Inventories	20	720.22	601.14
Trade receivables	21	181.57	177.91
Cash and bank balances	22	158.81	220.57
Short-term loans and advances	23	75.11	79.17
Other current assets	24	18.19	5.13
		1,420.16	1,162.63
TOTAL		**2,617.02**	**2,233.13**

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. F-46061
Place : Mumbai
Date : May 3, 2012

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
NIKHIL KHATTAU Director and Chairman of Audit Committee
MILIND SARWATE Group Chief Financial Officer
HEMANGI GHAG Company Secretary & Compliance Officer

Place : Mumbai
Date : May 3, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Revenue from operations (Gross)	25	4,009.64	3,135.97
Less : Excise duty		1.36	0.98
Revenue from operations (Net)		4,008.28	3,134.99
Other income	26	32.57	21.22
Total Revenue		**4,040.85**	**3,156.21**
Expenses:			
Cost of materials consumed	27 (A)	2,132.04	1,712.66
Purchases of stock-in-trade	27 (B)	17.44	20.36
Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease	27 (C)	(50.78)	(115.43)
Employee benefits expenses	28	307.29	229.98
Finance costs	29	42.39	41.01
Depreciation, amortisation and impairment	30	72.52	70.80
Other expenses	31	1,117.89	869.31
Total expenses		**3,638.79**	**2,828.69**
Profit before exceptional and extraordinary items and tax		**402.06**	**327.52**
Exceptional items - (expenses) / income	38	(1.75)	48.91
Profit before tax		**400.31**	**376.43**
Tax expense:			
Current tax		94.81	96.92
Less: MAT credit (entitlement)/utilisation		(22.33)	(43.55)
Less: Prior period tax adjustments		(1.55)	–
Net current tax		70.93	53.37
Deferred tax charge		7.32	31.61
		78.25	**84.98**
Profit after tax and before Minority interest		**322.06**	**291.45**
Less: Minority interest		(4.95)	(5.01)
Profit for the year		**317.11**	**286.44**
Earnings per equity share (Nominal value per share Re. 1 (Re. 1))	40		
Basic		5.16	4.68
Diluted		5.15	4.65

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. F-46061
Place : Mumbai
Date : May 3, 2012

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Group Chief Financial Officer
HEMANGI GHAG	Company Secretary & Compliance Officer

Place : Mumbai
Date : May 3, 2012

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended March 31,	
		2012	2011
		Rs. Crore	Rs. Crore
A	CASH FLOW FROM OPERATING ACTIVITIES		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	400.31	376.43
	Adjustments for:		
	Depreciation, amortisation and impairment	72.52	70.80
	Provision for impairment relating to skin clinics in India / Middle East (Refer note 38)	1.75	7.74
	Provision for impairment on assets written back as no longer required	–	(3.95)
	Provision for impairment of Goodwill and FIANCEE Trademark (Refer Note 38(a))	–	22.70
	Profit on divestment of “Sweekar” Brand	–	(50.00)
	Capital advance written off	–	3.92
	Reversal of provision for contingencies (Refer Note 44)	–	(29.35)
	Finance costs	42.39	41.01
	Interest income	(17.55)	(16.21)
	Loss / (profit) on sale of assets - (net)	(0.15)	(0.01)
	(Profit) / loss on sale of current investments (net)	(1.20)	(0.40)
	Dividend income	(12.15)	(2.45)
	Employees stock option charge/ (reversal)	(0.04)	0.04
	Stock appreciation rights expenses	5.94	0.02
	Provision for doubtful debts, advances, deposits and others, no longer required written back	(1.03)	(0.05)
		90.48	43.81
	Operating profit before working capital changes	**490.79**	**420.24**
	Adjustments for:		
	(Increase)/ decrease in inventories	(119.08)	(156.32)
	(Increase)/ decrease in trade receivables	(3.13)	(37.31)
	(Increase)/ decrease in loans and advances and other current and non-current assets	(4.84)	24.59
	Increase/ (decrease) in trade payables and other current and non-current liabilities and provisions	153.22	71.01
	Changes in working capital	**26.17**	**(98.03)**
	Cash generated from Operations	**516.96**	**322.21**
	Taxes paid (net of refunds)	(110.01)	(78.31)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	406.95	243.90
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(102.11)	(184.12)
	Sale of fixed assets	0.78	3.22
	Proceeds from divestment of “Sweekar” Brand	–	50.00
	Effect of translation differences on fixed assets	(16.71)	(1.01)
	Purchase of investments	(284.70)	(75.34)
	Sale of investments	79.04	69.49
	Goodwill on consolidation (Refer note (c) below)	(1.02)	(277.60)
	Inter-corporate deposits placed	(10.00)	–
	Deposit in escrow account for acquisition (Refer note 36)	(25.00)	–
	Dividend income received	12.15	2.45
	Interest received	16.22	17.43
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(331.35)	(395.48)

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share capital on exercise of stock option	3.09	28.60
	Issue / (redemption) of commercial papers (net)	(92.99)	58.90
	Increase in Minority interest	(1.86)	4.84
	Issue of debentures / (redemption)	(30.00)	50.00
	Other borrowings (repaid) / taken (net)	94.73	219.22
	Finance costs paid	(44.67)	(40.51)
	Equity dividend paid (inclusive of dividend distribution tax)	(46.99)	(47.07)
	NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	**(118.69)**	**273.98**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	(3.76)	(9.03)
E	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)**	**(46.85)**	**113.37**
F	**Cash and cash equivalents - opening balance (as at April 1) (Refer note 22)**	**134.30**	**20.93**
G	**Cash and cash equivalents - closing balance (as at March 31) (Refer note 22)**	**87.45**	**134.30**

Notes

(a) 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.

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

(c) Cash flow on account of goodwill on consolidation represents excess of purchase price paid over the net assets value of subsidiary acquired, and is determined after taking into effect of movement in contingent consideration. (Refer note 8(f) and 14).

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. F-46061
Place : Mumbai
Date : May 3, 2012

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Group Chief Financial Officer
HEMANGI GHAG	Company Secretary & Compliance Officer

Place : Mumbai
Date : May 3, 2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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 and services. In India, Marico manufactures and markets products under the brands such as Parachute, Nihar, Saffola, Hair & Care, Revive, Shanti, Oil of Malabar, Mediker and Manjal. Marico's international portfolio includes brands such as Fiancée, HairCode, Camelia, Aromatic, Caivil, Hercules, Black Chic, Ingwe, Code 10, X-men, L'Ovite and Thuan Phat. It is present in Skin Care solutions business under the brand name Kaya in India and international markets and the brand Derma Rx in Singapore and Malaysia.

2. Subsidiaries considered in Consolidated Financial Statements:

(i) List of subsidiary companies:

Name of the Company	Country of incorporation	Percentage of ownership interest
Kaya Limited	India	100 (100)
Marico Bangladesh Limited (MBL)	Bangladesh	90 (90)
MBL Industries Limited (MBLIL) (Through Marico Middle East FZE)	Bangladesh	100 (100)
Marico Middle East FZE (MME)	UAE	100 (100)
Kaya Middle East FZE (KME) (Through Marico Middle East FZE)	UAE	100 (100)
MEL Consumer Care SAE (MELCC) (Through Marico Middle East FZE)	Egypt	100 (100)
Egyptian American Investment & Industrial Development Company (EAIIDC) (Through Marico Middle East FZE)	Egypt	100 (100)
Marico Egypt Industries Company (MEIC) (Through MEL Consumer Care SAE)	Egypt	100 (100)
Marico South Africa Consumer Care (Pty) Limited (MSACC)	South Africa	100 (100)
Marico South Africa (Pty) Limited (MSA) (Through Marico South Africa Consumer Care (Pty) Limited)	South Africa	100 (100)
CPF International (Pty) Limited (CPF) (Through Marico South Africa (Pty) Limited) (upto January 16, 2012*)	South Africa	NIL (100)
Marico Malaysia Sdn. Bhd. (MMSB) (Through Marico Middle East FZE)	Malaysia	100 (100)
Derma – Rx International Aesthetics Pte. Ltd. (DIAL) (Through Kaya Limited) (w.e.f May 22, 2010)	Singapore	100 (100)
The DRx Clinic Pte. Ltd. (DCPL) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)	Singapore	100 (100)
The DRx Medispa Pte. Ltd. (DMSPL) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)	Singapore	100 (100)
DRx Investments Pte. Ltd. (DIPL) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)	Singapore	100 (100)
DRx Aesthetics Sdn. Bhd. (DASB) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)	Malaysia	100 (100)
International Consumer Products Corporation (ICP) (w.e.f February 18, 2011)	Vietnam	85 (85)
Beaute Cosmetique Societe Par Actions (BCS) (Through International Consumer Products Corporation) (w.e.f February 18, 2011) (99% (99%) equity held by ICP)	Vietnam	84.85 (84.15)
Thuan Phat Foodstuff Joint Stock company (TPF) (Through International Consumer Products Corporation) (w.e.f February 18, 2011) (98.6% (87%) equity held by ICP)	Vietnam	83.81 (73.95)

* CPF was de-registered during the year, which has no impact on the consolidated financial statement of the year as the said company has no operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

ii) List of Subsidiary firm:

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

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

Name of the Subsidiaries	Net Profit Rs. Crore	Net assets Rs. Crore
Derma - Rx International Aesthetics Pte. Ltd. and its subsidiaries	–	–
	(5.95)	(2.10)
International Consumer Products Corporation and its subsidiaries	–	–
	(0.22)	(40.38)
Total	–	–
	(6.17)	(42.48)

3. Summary of significant accounting policies:

(a) Basis of preparation of financial statements

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

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 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 unrealised profits / losses on intra-group transactions as per Accounting Standard (AS 21) "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest.

ii) In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All asset and liabilities are converted at the rate prevailing at the end of the year. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve' 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 interests in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

1. In case of all subsidiaries, except Plant and equipment of Marico Egypt Industries Company, depreciation in respect of factory building and Plant and equipment is provided on straight line basis instead of written down value basis as followed by Marico Limited (except items specified in note 3(e)(I)(i) below). The total amount of net block of these items of fixed assets represents 17.59% (15.99%) of the total consolidated net block of fixed assets of the Group as at the year end.

2. In case of Marico Middle East FZE, Marico Malaysia Sdn. Bhd., costs of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.05% (0.25%) of the total consolidated inventories of the Group as at the year end.

3. In case of certain subsidiaries referred in note 3(m) below, leave encashment and gratuity is provided on arithmetical basis instead of actuarial basis. These liabilities represent 40.00% (49.83%) of the total consolidated gratuity and leave encashment liability of the Group as at the year end.

(c) Use of estimates

The preparation of the financial statements in conformity with GAAP requires 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.

(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 Kaya Limited is provided at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The depreciation rates considered for the following items are higher than the rates stipulated in Schedule XIV to the Companies Act, 1956:

Asset	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 lease hold improvements)	11.11% - 12.50%
Vehicles	20%

(ii) Depreciation in respect of assets of foreign subsidiaries is provided based on useful life of the assets as estimated by the management here under:

Asset	Rates (p.a.)
Buildings	4% - 20%
Plant and equipment	6.67% - 50%
Furniture and fixtures (including leasehold improvements)	6.67% - 50%
Vehicles	10% - 33%

(iii) In Marico Limited, depreciation on factory building and plant and machinery (other than items referred in item I(i) above which are depreciated on straight line basis) is provided on written down value basis. Depreciation on all assets of MEIC is provided on written down value basis. Depreciation on other assets in Marico Limited and on all assets of other subsidiaries is provided on straight line basis.

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

(v) Leasehold land, including land use right included under the head Investment Property, is amortised over the primary period of the lease.

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

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 period given here under:

Asset	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 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 amortisation. Refer note 3(e)(I)(v) for depreciation rates used for leasehold land.

(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 which are unquoted, 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 considered to be realizable at cost if the finished products in which they will be used are expected to be sold at or above cost.

(ii) Work-in-process, 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

(k) Research and development

Capital expenditure on research and development is capitalised and depreciated as per the accounting policy mentioned in note 3(d) and 3(e) 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, which is when substantial risks and rewards of ownership 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 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 recongnised when right to receive dividend is established.

(m) 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, except for Marico Middle East FZE and Kaya Middle East FZE, where such liabilities are determined on arithmetical basis instead of actuarial valuation. 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.

(ii) Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by ICICI Prudential Life Insurance Company Limited. 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, except in case of Marico Middle East FZE, Kaya Middle East FZE and Marico South Africa Consumer Care (Pty) Limited, where such liabilities are determined on arithmetical basis instead of actuarial valuation.

(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 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. Realized gains and losses on settlement of foreign currency transactions are recognised 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 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. 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 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 on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other deferred tax assets are recognised only when there is a reasonable certainty of their realization.

(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. The recoverable amount is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(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 Scheme, 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.

(s) 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.

(t) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(u) 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, 2012

4 Share capital

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
650,000,000 (650,000,000) equity shares of Re. 1/- each	65.00	65.00
150,000,000 (150,000,000) preference shares of Rs. 10/- each	150.00	150.00
Total	**215.00**	**215.00**
Issued, subscribed and paid-up		
614,934,387 (614,399,550) equity shares of Re. 1/- each fully paid-up	61.49	61.44
Total	**61.49**	**61.44**

a Reconciliation of number of shares

Equity Shares :

Particulars	As at March 31, 2012		2011	
	Number of shares	Rs. Crore	Number of shares	Rs. Crore
Balance as at the beginning of the year	614,399,550	61.44	609,325,700	60.93
Shares Issued during the year - ESOP (Refer note (d) below)	534,837	0.05	5,073,850	0.51
Balance as at the end of the year	**614,934,387**	**61.49**	**614,399,550**	**61.44**

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, 2012		2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Re. 1/- each fully paid-up				
Harsh C Mariwala (As a representative of Valentine Family Trust)	73,376,000	11.93	73,376,000	11.94
Harsh C Mariwala (As a representative of Aquarius Family Trust)	73,376,000	11.93	73,376,000	11.94
Harsh C Mariwala (As a representative of Taurus Family Trust)	73,376,000	11.93	73,376,000	11.94
Harsh C Mariwala (As a representative of Gemini Family Trust)	73,376,000	11.93	73,376,000	11.94
Arisaig Partners (Asia) Pte Ltd	35,353,269	5.75	35,353,269	5.75
Oppenheimer Developing Markets Fund (Royal Bank of Scotland)	30,906,283	5.03	31,780,318	5.17

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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 a Corporate Governance Committee comprising of independent Directors. The weighted average share price of options excerised during the year was Rs. 56.98 (Rs. 55.57).The Scheme lapses on February 1, 2013. The options outstanding as on the Balance Sheet date correspond to about 0.13% (0.39%) of the current paid-up equity share capital of the Company.

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Number of options granted, exercised, and forfeited		
Balance as at beginning of the year	2,388,050	7,816,800
Granted during the year	–	–
Less : Exercised during the year	534,837	5,073,850
Forfeited / lapsed during the year	1,074,900	354,900
Balance as at end of the year	**778,313**	**2,388,050**

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. (0.04) Crore (Rs. 0.04 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:

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Net Profit after tax as reported (Rs. Crore)	317.11	286.44
Less : Stock-based employee compensation expense (Rs. Crore)	0.32	1.76
Adjusted pro-forma (Rs. Crore)	316.79	284.68
Basic earnings per share as reported	Rs. 5.16	Rs. 4.68
Pro-forma basic earnings per share	Rs. 5.15	Rs. 4.65
Diluted earnings per share as reported	Rs. 5.15	Rs. 4.65
Pro-forma diluted earnings per share	Rs. 5.15	Rs. 4.63

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

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
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, 2012

5 Reserves and surplus

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Securities Premium Reserve		
Balance as at the beginning of the year	59.49	31.29
Add : Receipt on exercise of Employees Stock Options	3.03	28.08
Add : Transferred from Employee Stock Options outstanding	0.01	0.12
Balance as at the end of the year	62.53	59.49
Debenture Redemption Reserve		
Balance as at the beginning of the year	31.67	15.00
Add : Amount transferred from Surplus in the Statement of Profit and Loss	20.00	16.67
Less: Amount transferred to General reserve on redemption	(30.00)	–
Balance as at the end of the year	21.67	31.67
Employee Stock Options Outstanding Account (Refer note 4 (d))		
Balance as at the beginning of the year	0.07	0.15
Add : Compensation for options granted during the year	–	0.08
Less : Transferred to Securities Premium Reserve on exercise of stock options	0.01	0.12
Less : Forefeited / lapsed	0.04	0.04
Balance as at the end of the year	0.02	0.07
General Reserve		
Balance as at the beginning of the year	123.19	91.66
Add : Amount transferred from Surplus in the Statement of Profit and Loss	33.66	31.53
Add: Amount transferred from Debenture Redemption Reserve on redemption	30.00	–
Balance as at the end of the year	186.85	123.19
Hedge Reserve (Refer note 39 (c))		
Balance as at the beginning of the year	4.99	2.81
Adjustments during the year	(38.91)	2.18
Balance as at the end of the year	(33.92)	4.99
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	(9.86)	(0.83)
Exchange gain/(loss) on translation during the year	(3.76)	(9.03)
Balance as at the end of the year	(13.62)	(9.86)
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	644.49	452.95
Add : Profit during the year	317.11	286.44
Less: Appropriations :		
Interim dividend	43.04	40.54
Dividend distribution tax on Interim dividend	6.98	6.65
Minority share in accumulated profits	(0.07)	(0.49)
Transfer to Debenture Redemption Reserve	20.00	16.67
Transfer to General Reserve	33.66	31.53
Balance as at the end of the year	857.99	644.49
Total	**1,081.52**	**854.04**

Minority share in accumulated profits of Rs. 0.07 Crore (Rs. 0.49 Crore) represents adjustments relating to earlier year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

6 Long-term borrowings

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Secured		
From banks		
External commercial borrowings from Standard Chartered Bank	–	16.72
(Loan carries interest @ LIBOR plus 1.3%. Original loan amount of USD 15 million was payable in 12 equal quarterly installments of USD 1.25 million along with interest commencing from February 26, 2010. Loan amount outstanding of USD 3.75 millions as at March 31 2012 has been shown under other current liabilities as current maturities of long term debt (Refer note 11). The loan is secured by hypothecation of plant and machinery).		
External Commercial Borrowing from HSBC bank	274.73	240.76
(Loan carries interest @ 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 28th February 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		
Term loan from Citibank N.A.	65.94	74.25
(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 21 million was outstanding as at March 31, 2011. The loan amount of SGD 4 million was prematurely repaid during the year and the balance amount of SGD 17 million outstanding as at March 31, 2012 is 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 0.85 millions as at March 31, 2012 has been shown under other current liabilities as current maturities of long term debt) (Refer note 11)		
	340.67	331.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Unsecured		
Debentures		
500, 10.05%, Rated Taxable Unsecured Redeemable Non-convertible debentures of face value of Rs. 10,00,000/- each	50.00	50.00
	50.00	50.00
Total	**390.67**	**381.73**

The above debentures were issued on March 30, 2011 and are redeemable at par after 30 months from the date of issue i.e. by September 30, 2013. Interest on these debentures is payable at an interval of 12 months. The debentures are listed on National Stock Exchange.

7 Other long-term liabilities

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Advances from customers	0.63	0.57
Total	**0.63**	**0.57**

8 Long term provisions

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Provision for employee benefits		
Gratuity	4.10	4.52
Employee Stock Appreciation Rights Scheme (Refer note (a) to (c) below)	5.96	0.02
	10.06	4.54
Others:		
Provision for equalisation of rent expenses (Refer note (d) below)	2.03	1.44
Provision for site restoration cost (Refer note (e) below)	1.26	1.50
Provision for contingent consideration (Refer note (f) below)	28.58	37.12
	31.87	40.06
Total	**41.93**	**44.60**

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 formulae as defined in the Plan. There are two schemes under the Plan with different vesting period. Under the Plan, the respective employees are entitled to receive excess of the maturity price over the grant price subject to fulfilment of certain conditions. The difference between the market price of Company’s shares as at the year end and the grant price is recognised over the vesting period and accordingly an amount of Rs. 5.94 Crore (Rs. 0.02 Crore) is charged in the Statement of Profit and Loss. The Plan is administered by Corporate Governance Committee comprising of independent directors.

b The Company has formed “Welfare of Mariconians Trust” (The trust) for the implementation and admistration of Schemes that are notified or may be notified from time to time by the Company under the Plan as at March 31, 2012. The Company has advanced Rs. 19.92 Crore (Nil) to the Trust for purchase of shares under the Plan, which are included under “Long term loans and advances” (refer note 17).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

c Details of STAR Grant Schemes :

STAR Scheme I

	As at March 31, 2012	2011
Grant Date	March 28, 2011	March 28, 2011
Grant Price (Rs.)	129.33	129.33
Vesting Date	September 30, 2013	September 30, 2013
Grants outstanding at the beginning of the year	3,411,600	–
Add : Granted during the year	–	3,411,600
Less : Forfeited during the year	360,000	–
Grants at the end of the year	**3,051,600**	**3,411,600**

STAR Scheme II

	As at March 31, 2012	2011
Grant Date	December 1, 2011	–
Grant Price (Rs.)	148.53	–
Vesting Date	November 30,2014	–
Grants outstanding at the beginning of the year	–	–
Add : Granted during the year	1,107,600	–
Less : Forfeited during the year	12,600	–
Grants at the end of the year	**1,095,000**	**–**

d 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.

e Movement in Provision for site restoration cost

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Balance as at the beginning of the year	1.52	1.52
Additions during the year	0.03	–
Amounts used during the year	(0.05)	–
Balance as at the end of the year	1.50	1.52
Classified as Non-current:	1.26	1.50
Classified as current: (Refer note 12)	0.24	0.02
Total	**1.50**	**1.52**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

f During the year ended March 31, 2011, the Group acquired the skin care 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.

Based on the assessment of the performance of Derma Rx business since the acquisition, the management has assessed that it is more than probable that a consideration of Rs. 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.

The balance contingent consideration of Rs. 12.25 Crore (Rs. 10.60 Crore) (SGD 3,000,000 converted as at respective year end exchange rates) is considered as contingent liability as at the year end.

During the year based on the actual achievement of turnover and profit milestones as envisaged for year 1 of the acquisition the company paid a consideration of Rs. 9.54 Crore (SGD 2,500,000) to the vendors. There are no changes in the acquisition assumptions during the year.

Movement in Provision for contingent consideration

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Balance as at the beginning of the year	45.99	–
Add: Provision made during the year	–	45.99
Less: Provision utilised / reversed during the year	9.54	–
Add: Net exchange loss on transaction and translation	6.42	–
Balance as at the end of the year	42.87	45.99
Classified as Non-current:	28.58	37.12
Classified as current: (Refer note 12)	14.29	8.87
Total	**42.87**	**45.99**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

9 Short-term borrowings

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Secured		
From banks :		
Cash credit	0.18	9.28
Pre-shipment credit in foreign currency	35.62	13.37
(Secured by hypothecation of inventory and debtors)		
	35.80	22.65
Unsecured		
From banks :		
Buyers' credit	111.22	14.75
Pre-shipment credit in foreign currency	30.52	42.32
Overdraft	22.88	0.61
Other term loans	171.16	166.81
	335.78	224.49
From others :		
Commercial papers	–	95.00
Less: Deferred interest	–	2.01
	–	92.99
	335.78	317.48
Total	**371.58**	**340.13**

a Pre-shipment credit in foreign currency arrangements are for a term of six months and carry interest rate of LIBOR plus applicable spread ranging from 1.30% to 2% per annum.

b Buyers' credit arrangements are loans taken in foreign currency for a term of twelve months and carry interest rate of LIBOR plus applicable spread ranging from 0.05% to 1.5% per annum.

c Overdraft and Other term loans availed in the current year are in foreign currency and carries interest rate of 3 months LIBOR plus applicable spread ranging from 0.70% to 2.30% per annum and interest rate ranging from 3% to 13.65% (where interest is not linked to LIBOR).

d Commercial papers were borrowed for a term of 12 months and carried interest rate ranging from 7% to 10% per annum.

10 Trade payables

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Trade Payables (Refer note below)	358.37	269.36
Total	**358.37**	**269.36**

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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	13.95	1.53
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0.09	0.01
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.	0.01	–

11 Other current liabilities

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Current maturities of long-term debt:		
External commercial borrowings from Standard Chartered Bank (Refer note 6)	19.08	22.29
Secured Redeemable Non-Convertible Debentures (Refer note (a) below)	–	30.00
Term loan from Citibank N.A. (Refer note 6)	3.47	–
	22.55	52.29
Interest accrued but not due on borrowings	1.20	3.47
Interest accrued and due on borrowings	–	0.01
Unpaid dividends (Refer note (b) below)	0.16	0.23
Unclaimed Redeemed 8% Preference Share Capital	–	0.03
Book overdraft	10.55	3.65
Other payables :		
Provision for contractual liabilities	29.67	15.92
Advances from customers	87.15	60.43
Statutory dues including provident fund and tax deducted at source	21.41	17.20
Forward/ derivative contracts payables	–	2.58
Creditors for capital goods	2.45	1.44
Security deposits from customers and others	0.36	0.25
Employee benefits payable	31.91	24.66
Others	0.78	0.50
Total	**208.19**	**182.66**

a The Company had issued 300 8.25% Rated Taxable Secured Redeemable Non - Convertible Debentures of Face Value Rs. 10 lakhs each on May 8, 2009 which were secured against first pari passu charge over Land and Building situated in Andheri (East) Mumbai, aggregating to Rs. 30 Crore and same were redeemable at par after 3 years. As per the terms of the issue Put / Call option was available with the Investors / Company at the end of 2 years. Investors exercised the option and debentures were repaid during the year. These debentures were listed on the National Stock Exchange.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

b The following amounts are payable towards the Investors Education and Protection Fund account :

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Third interim dividend of year 2003-04	–	0.01
Preference Shares redemption	–	0.02

12 Short-term provisions

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Provision for employee benefits:		
Gratuity	0.41	0.95
Leave encashment	9.97	7.39
Others	2.46	1.41
	12.84	9.75
Others :		
Income tax - (net) (refer note (a) below)	9.08	23.18
Interim dividend	24.60	22.11
Dividend distribution tax on Interim dividend	4.28	3.67
Provision for contingent consideration (Refer note 8(f))	14.29	8.87
Disputed taxes / claims (Refer notes (b) below)	11.78	8.74
Provision for equalisation of rent expenses (Refer note 8(d))	0.50	0.16
Provision for lease termination cost (Refer note (c) below)	0.13	0.22
Provision for site restoration cost (Refer note 8(e))	0.24	0.02
Total	**77.74**	**76.72**

a Provison for income tax is net off advance tax and other tax payments of Rs.354.64 Crore (Rs. 252.61 Crore)

b Provision for disputed taxes (other than Income tax) / claims 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 tax/ claims

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Balance as at the beginning of the year	8.74	7.41
Add: Additions during the year	4.27	1.48
Less: Unused amounts reversed during the year	1.23	0.15
Balance as at the end of the year	11.78	8.74

c 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 disputed taxes / claims

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Balance as at the beginning of the year	0.22	2.44
Less: Amounts used during the year	0.09	2.22
Balance as at the end of the year	0.13	0.22

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

13 (A) Tangible assets

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION/IMPAIRMENT									NET BLOCK	
	As at April 1, 2011	Acquisition (Refer note (i) below)	Additions	Deductions / Adjustments	As at March 31, 2012	As at April 1, 2011	Acquisition (Refer note (i) below)	For the Year (Refer notes (h) and (j) below)	Deductions / Adjustments	As at March 31, 2012	Provision for impairment as at April 1, 2011	Charge / (Reversal) for the year (Refer note (f) below	Deduct-ions / Adjustm-ents	Provision for impairment as at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible assets																
Freehold land	5.35	-	8.62	(0.07)	14.04	-	-	-	-	-	-	-	-	-	14.04	5.35
Leasehold land	27.13	-	8.19	(1.64)	36.96	1.05	-	0.48	(0.13)	1.66	-	-	-	-	35.30	26.08
Buildings (Refer note (a) below)	146.81	-	8.77	(2.51)	158.09	27.78	-	6.92	(0.91)	35.61	-	-	-	-	122.48	119.03
Plant and equipment (Refer notes (b) and (c) below)	374.26	-	53.51	8.49	419.28	205.70	-	41.10	10.55	236.25	13.87	1.73	(0.04)	15.64	167.39	154.69
Furniture and fixtures	46.91	-	6.02	(5.24)	58.17	20.83	-	6.62	(1.45)	28.90	2.11	0.56	(0.06)	2.73	26.54	23.97
Vehicles	5.47	-	1.46	1.58	5.35	2.73	-	1.17	0.78	3.12	-	-	-	-	2.23	2.74
Office equipment	11.81	-	2.60	0.90	13.51	6.52	-	2.14	0.72	7.94	0.37	0.12	-	0.49	5.08	4.92
Leasehold improvements	-	-	0.44	-	0.44	-	-	0.04	-	0.04	-	0.12	-	0.12	0.28	-
TOTAL (A)	**617.74**	**-**	**89.61**	**1.51**	**705.84**	**264.61**	**-**	**58.47**	**9.56**	**313.52**	**16.35**	**2.53**	**(0.10)**	**18.98**	**373.34**	**336.78**
Previous Year	**449.45**	**31.49**	**159.19**	**22.39**	**617.74**	**203.60**	**16.88**	**57.07**	**12.94**	**264.61**	**12.16**	**7.73**	**3.54**	**16.35**	**336.78**	

13 (B) Intangible assets

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION/IMPAIRMENT									NET BLOCK	
	As at April 1, 2011	Acquisition (Refer note (i) below)	Additions	Deductions / Adjustments	As at March 31, 2012	As at April 1, 2011	Acquisition (Refer note (i) below)	For the Year (Refer notes (h) and (j) below)	Deductions / Adjustments	As at March 31, 2012	Provision for impairment as at April 1, 2011	Charge / (Reversal) for the year (Refer note (f) below	Deduct-ions / Adjustm-ents	Provision for impairment as at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Intangible assets																
Trademarks and copyrights (Refer note (k) below)	121.58	-	0.24	(12.26)	134.08	19.87	-	10.47	(1.75)	32.09	16.20	-	(0.01)	16.21	85.78	85.51
Other intangibles	1.52	-	0.01	0.05	1.48	1.09	-	0.42	0.03	1.48	-	-	-	-	-	0.43
Computer software	20.67	-	2.05	(0.66)	23.38	18.33	-	2.17	(0.26)	20.76	-	0.07	-	0.07	2.55	2.34
TOTAL (B)	**143.77**	**-**	**2.30**	**(12.87)**	**158.94**	**39.29**	**-**	**13.06**	**(1.98)**	**54.33**	**16.20**	**0.07**	**(0.01)**	**16.28**	**88.33**	**88.28**
Previous year	**79.73**	**2.52**	**58.08**	**(3.44)**	**143.77**	**24.30**	**1.40**	**13.71**	**0.12**	**39.29**	**2.25**	**13.91**	**(0.04)**	**16.20**	**88.28**	
Total (A)+(B)	**761.51**	**-**	**91.91**	**(11.36)**	**864.78**	**303.90**	**-**	**71.53**	**7.58**	**367.85**	**32.55**	**2.60**	**(0.11)**	**35.26**	**461.67**	**425.06**
Total Previous year	**529.18**	**34.01**	**217.27**	**18.95**	**761.51**	**227.90**	**18.28**	**70.78**	**13.06**	**303.90**	**14.41**	**21.64**	**3.50**	**32.55**	**425.06**	

(a) Gross block of Buildings includes Rs. Nil (Rs. 0.10 Crore) where conveyance has been executed, pending registration.
(b) The borrowing cost capitalised to Plant and equipment Rs. Nil (Rs.0.56 Crore)
(c) Addition to Plant and equipment are net of Central Capital Investment Subsidy of Rs. 0.30 Crore (Rs. Nil) received from the Government of Himachal Pradesh in respect of Poanta plant.
(d) 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.
(e) 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. 7.08 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.
(f) Impairment charge includes Rs. 1.75 Crore (Rs. 21.62 Crore) which is reflected as "Exceptional items" in the Statement of Profit and Loss.
(g) Additional information on assets given on operating lease (Rs. Crore)

	Cost	Depreciation for the year	Accumulated Depreciation	Net Book Value
Plant and equipment	2.03	0.01	1.95	0.08
Previous year	2.03	0.03	1.94	0.09

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Lease rental income recognised in the Statement of Profit and Loss	0.42	0.39

(h) Depreciation for the year includes accelerated depreciation charged Rs. Nil (Rs. 3.09 Crore) due to revision of estimated useful life of certain assets.
(i) Acquisitions in Gross block and Depreciation / amortisation represents original costs and accumulated depreciation, respectively, for assets of subsidiaries acquired during the previous year.
(j) Amortisation of intangible assets in the previous year included Rs. 9.53 Crore arising on account of change in the accounting policy.
(k) Trademarks of Rs. 84.72 (Rs. 71.68 Crore) are pending registration.
(l) Deductions / adjustment of Gross block, depreciation and provision for impairment includes translation difference of Rs. 16.71 Crore (Rs. 1.01 Crore).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

14 Goodwill on consolidation

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Balance as at the beginning of the year	397.59	85.03
Add : Arising on acquisition during the year	0.64	321.38
Less : Adjustments during the year	2.74	–
Less : Impairment charged during the year	–	8.82
Balance as at the end of the year	**395.49**	**397.59**

15 Non-current investments

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Long term Non-trade investments (valued at cost unless stated otherwise)		
Investment Property (at cost less amortisation)		
Cost of land use right	5.82	–
Less : Amortisation during the year	(0.14)	–
Net block	5.68	–
Other Investments :		
Investments in Government SecuritiesUnquoted		
National Savings Certificates (Deposited with the Government authorities).	0.01	0.01
Other		
Quoted		
Indian Infrastructure Finance Company Ltd,	10.08	10.21
(1,000 (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).		
Power Finance Corporation Limited	2.85	–
(28,479 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 1st February, 2022).		
Indian Railway Finance Corporation	2.18	–
(21,751 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.00%, face value of Rs. 1,000/- each, redeemable on 23rd February, 2022).		
National Highways Authority of India	2.47	–
(24,724 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 25th January, 2022).		
Rural Electrification Corporation Limited	6.12	–
(61,238 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.12%, face value of Rs. 1,000/- each, redeemable on 29th March, 2027).		
	23.71	10.22
Total	**29.39**	**10.22**
Aggregate amount of quoted investments	23.70	10.21
Market Value of quoted investments	23.61	10.00
Aggregate amount of unquoted investments	5.69	0.01

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

16 Deferred tax asset (net)

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Deferred tax assets:		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	2.16	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 13(d))	27.49	36.53
Liabilities / provisions that are deducted for tax purposes when paid	7.69	3.55
Others	6.74	2.55
	44.08	43.80
Deferred tax liability:		
Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates	21.74	13.90
	21.74	13.90
Deferred tax assets (net)	**22.34**	**29.90**

17 Long-term loans and advances

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Unsecured, Considered good unless stated otherwise		
Capital Advances		
Considered good	33.13	29.81
Considered doubtful	0.50	0.50
	33.63	30.31
Less : Provision for doubtful advances	0.50	0.50
	33.13	29.81
Other loans and advances:		
Deposits with public bodies and others		
Considered good	24.88	25.72
Considered doubtful	0.50	1.00
	25.38	26.72
Less : Provision for doubtful deposits	0.50	1.00
	24.88	25.72
Loans to employees	2.70	1.72
Prepaid expenses	1.39	3.46
Balance with statutory/government authorities	12.75	13.91
Advances to vendors	1.28	1.28
Loans and advances to Welfare of Mariconions Trust (Refer note 8(b))	19.92	–
Restricted deposit - HSBC Escrow Account (Refer note 36)	25.00	–
Advance income tax (Refer note below)	3.34	0.48
Total	**124.39**	**76.38**

Advance income tax is net of provision for income tax of Rs. 2.41 Crore (Rs. 2.32 Crore)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

18 Other non-current assets

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Fringe benefit tax payments (net of provisions)	0.55	0.55
MAT credit entitlement	117.84	95.50
Long term deposits with banks with maturity period of more than twelve months (Refer note below)	4.96	2.54
Interest accrued on long-term deposits with banks	0.06	0.05
Total	**123.41**	**98.64**

Long term deposits with banks includes Rs. 0.13 Crore (Rs. 0.13 Crore) deposited with sales tax authorities and Rs. 4.83 Crore (Rs. 2.41 Crore) held as lien by banks against guarantees issued on behalf of the Company.

19 Current Investments

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Current investments (At lower of cost and fair value)		
Quoted		
Investments in equity instruments	–	0.77
Grameenphone Ltd. Nil (170,229) equity shares of Bangladesh Taka 10 each fully paid		
Unquoted		
Investments in Mutual Funds		
Birla Sun Life Cash Manager - Institutional Plan - Growth Nil (6,087,057) units of Rs. 10 each fully paid	–	10.00
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth 720,132 (5,921,645) units of Rs. 10 each fully paid	1.00	7.50
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth Nil (1,987,297) Units of Rs. 10 each fully paid	–	2.50
IDFC Money Manager Fund - TP - Institutional Plan C - Growth Nil (8,583,470) units of Rs. 10 each fully paid	–	10.00
UTI Treasury Advantage Fund - Growth Nil (75,743) units of Rs. 10 each fully paid	–	10.00
BPBIG ICICI Prudential Blended Plan B - Institutional Growth Option II Nil (9,659,482) units of Rs. 10 each fully paid	–	10.16
DWS Money plus Fund - Institutional Plan Growth Nil (9,865,755) units of Rs. 10 each fully paid	–	10.16
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale option - Growth Nil (5,678,049) units of Rs. 10 each fully paid	–	9.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
JP Morgan India Short term Income Fund - Growth Nil (7,612,090) Units of Rs. 10 each fully paid	–	8.12
Tata Liquidity Management Fund - Growth 69,662 (Nil) Units of Rs. 1,000 each fully paid	10.05	–
Tata Liquid Super High Investment Fund-Appreciation 36,647 (Nil) Units of Rs. 1,000 each fully paid	7.25	–
ICICI Prudential Money Market Fund-Cash Option 1,367,539 (Nil) Units of Rs. 100 each fully paid	20.27	–
IDFC Ultra Short Term Fund - Growth 10,129,181 (Nil) Units of Rs. 10 each fully paid	15.00	–
Kotak Liquid-Institutional Premium - Growth 689,915 (Nil) Units of Rs. 10 each fully paid	1.50	–
DWS Treasury Fund - Cash - IP - Growth 1,732,972 (Nil) Units of Rs. 100 each fully paid	20.73	–
Reliance Liquid Fund-Treasury Plan-IP - Growth 7,957,279 (Nil) Units of Rs. 10 each fully paid	20.77	–
Birla Sun Life Floating Rate Fund-STP-IP - Growth 366,604 (Nil) Units of Rs. 100 each fully paid	5.22	–
Birla Sunlife Short Term FMP Series 29-Payout 15,000,000 (Nil) Units of Rs. 10 each fully paid	15.00	–
DSPBR FMP -Series 33-3M-Dividend Payout 15,000,000 (Nil) Units of Rs. 10 each fully paid	15.00	–
JM Floater Fund-Short Term Plan - Growth 5,914,217 (Nil) Units of Rs. 10 each fully paid	10.02	–
L & T FMP-V-(December 368D A) - Growth 8,000,000 (Nil) Units of Rs. 10 each fully paid	8.00	–
L & T Ultra Short Term Fund- Institutional-Cum-Org 2,314,830 (Nil) Units of Rs. 10 each fully paid	4.01	–
SBI Magnum Income Fund FR Saving Plus Bond - Growth 9,039,227 (Nil) Units of Rs. 10 each fully paid	15.04	–
Other Investments		
Quoted		
91 days Certificate of deposit of Punjab National Bank of face value of Rs. 100 Crore expiring on June 26, 2012 with coupon rate of 11.345%	97.40	–
Total	**266.26**	**78.71**
Aggregate amount of quoted investments	97.40	0.77
Market Value of quoted investments	97.44	1.82
Aggregate amount of unquoted investments	168.86	77.94

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

20 Inventories

(Refer note 3 (j), for basis of valuation)

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Raw materials (includes in-transit: Rs. 12.72 Crore (Rs. 9.63 Crore))	290.55	220.64
Work-in-progress	113.24	93.05
Finished goods (includes in-transit: Rs. 0.75 Crore (Rs. 0.11 Crore))	220.06	200.50
Stock-in-trade (Traded goods)	12.85	3.64
Stores and spares	8.62	8.24
Others:		
Packing materials	71.17	73.16
By-products	3.73	1.91
Total	**720.22**	**601.14**

21 Trade receivables

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	1.34	0.84
Considered doubtful	2.97	3.44
	4.31	4.28
Less: Provision for doubtful debts	(2.97)	(3.44)
	1.34	0.84
Outstanding for a period less than six months from the date they are due for payment		
Considered good	180.23	177.07
Considered doubtful	0.49	0.55
	180.72	177.62
Less: Provision for doubtful debts	(0.49)	(0.55)
	180.23	177.07
Total	**181.57**	**177.07**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

22 Cash and bank balances

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Cash and cash equivalents:		
Cash on hand	3.34	2.41
Remittance in-transit	0.12	5.12
Cheques, drafts on hand	26.71	11.37
Bank balances :		
In current accounts	44.93	54.17
Demand deposits (less than 3 months maturity)	12.35	61.23
	87.45	134.30
Other bank balances:		
Fixed deposits with maturity more than three month but less than twelve months	71.20	86.01
Unclaimed dividend account	0.16	0.23
Preference share redemption account	–	0.03
Total	**158.81**	**220.57**

23 Short-term loans and advances

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties (Refer note 42)	0.65	–
	0.65	–
Others:		
Advances to vendors and others	26.73	38.01
Loans and advances to employees	6.25	7.39
Prepaid expenses	12.47	13.86
Balances with statutory/government authorities	12.73	16.58
Deposits with public bodies and others	6.28	3.33
Inter-corporate deposits	10.00	–
	74.46	79.17
Total	**75.11**	**79.17**

24. Other current assets

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Interest accrued and due on loans / deposits	4.19	2.87
Insurance receivables	2.63	0.19
Accrued export incentives	1.54	–
Assets held for disposal	0.01	0.18
Forward/ derivative contracts receivables	7.53	–
Others	2.29	1.89
Total	**18.19**	**5.13**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

25 Revenue from operations

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Sale of products:		
Finished goods*	3,717.90	2,939.95
By-product sales	63.36	54.83
	3,781.26	2,994.78
Less:		
Excise duty	1.36	0.98
	3,779.90	2,993.80
Sale of servises	216.91	132.15
Other operating revenues:		
Export incentives	9.08	6.54
Sale of scraps	2.39	2.50
	11.47	9.04
Total	**4,008.28**	**3,134.99**

* Including traded goods

26 Other income

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Interest income :		
On Non current investments	0.85	0.69
On loans, deposits, etc.	16.70	15.52
	17.55	16.21
Dividend income :		
On current investments	12.15	2.45
	12.15	2.45
Net gain on sale of current investments	1.20	0.40
Other non-operating income :		
Lease rental income	0.42	0.39
Profit on sale of assets (net)	0.15	0.01
Miscellaneous income	0.60	1.76
Excess provisions no longer required	0.50	–
	1.67	2.16
Total	**32.57**	**21.22**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

27 Cost of Materials Consumed, Purchase 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, 2012 Rs. Crore	2011 Rs. Crore
A Cost of materials consumed		
Raw materials consumed		
Opening inventories	220.64	188.19
Add : Purchases (net)	1,873.90	1,474.57
Less : Inventories at the end of the year	290.55	220.64
Cost of raw material consumed during the year	1,803.99	1,442.12
Packing materials consumed		
Opening inventories	73.16	54.45
Add : Purchases (net)	326.06	289.25
Less : Inventories at the end of the year	71.17	73.16
Cost of packing material consumed during the year	328.05	270.54
	2,132.04	**1,712.66**
B Purchases of stock-in-trade	**17.44**	**20.36**
C Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease		
Opening inventories		
Work-in-progress	93.05	62.41
Finished goods	200.50	118.40
By-products	1.91	1.15
Stock-in-trade	3.64	1.71
Total A	299.10	183.67
Less: Closing inventories		
Work-in-progress	113.24	93.05
Finished goods	220.06	200.50
By-products	3.73	1.91
Stock-in-trade	12.85	3.64
Total B	349.88	299.10
(Increase) / decrease in inventories (A-B)	**(50.78)**	**(115.43)**

28 Employee benefit expenses

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Salaries, wages and bonus	271.30	202.12
Contribution to provident and other funds	11.15	10.72
Employees stock option charge / (reversal) (Refer note 4(d))	(0.04)	0.04
Stock appreciation rights expenses (Refer note 8(a))	5.94	0.02
Staff welfare expenses	18.94	14.03
Long term service benefits	–	3.05
Total	**307.29**	**229.98**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

29 Finance costs

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Interest on:		
Long-term borrowings	7.57	4.80
Short-term borrowings	18.54	17.66
Other borrowing costs	0.42	9.40
Bank and other financial charges	9.59	7.89
Applicable net loss on foreign currency transactions and translation	6.27	1.26
Total	**42.39**	**41.01**

30 Depreciation, amortisation and impairment

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Depreciation on tangible assets	58.47	57.07
Amortisation on intangible assets	13.06	13.71
Amortisation on investment property	0.14	–
Provision for impairment	0.85	0.02
Total	**72.52**	**70.80**

31 Other Expenses

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Consumption of stores and spare parts	70.99	49.30
Power, fuel and water	13.54	14.19
Contract manufacturing charges	134.43	104.33
Rent and storage charges	66.87	59.92
Repairs to:		
Building	10.61	9.21
Machinery	11.71	10.84
Others	4.58	3.62
Freight, forwarding and distribution expenses	166.39	132.42
Advertisement and sales promotion	448.99	345.95
Rates and taxes	35.66	13.96
Commission to selling agents	8.46	5.82
Bad debts	0.51	0.11
Communication expenses	11.09	9.34
Printing and stationery	3.22	2.98
Travelling, conveyance and vehicle expenses	38.18	31.34
Royalty	0.24	0.29
Insurance	3.08	2.55
Payments to the auditor as :		
Statutory audit fees	2.68	1.56
Tax audit fees	0.15	0.12
for other services	0.44	1.09
for reimbursement of expenses	0.01	0.01
Net loss on foreign currency transactions and translation (other than considered as finance cost)	1.17	0.50
Commission to Non-executive directors	0.42	0.40
Miscellaneous expenses (Refer note below)	84.47	69.46
Total	**1,117.89**	**869.31**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Miscellaneous expenses includes :

	For the year ended March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Labour charges	7.87	5.43
Training and seminar expenses	6.76	6.25
Outside services	3.28	2.90
Legal and professional charges	34.47	24.52
Donation	0.09	0.08
Payments to consultants	13.90	14.31
Capital advance written off	–	3.92
Provision for impairment on assets no longer required written back	–	(3.95)
Provision for doubtful debts/ advances no longer required written back	(0.52)	(0.55)
Total	**65.85**	**52.91**

32 Contingent liabilities:

	As at March 31	
	2012	2011
	Rs. Crore	Rs. Crore
Disputed tax demands / claims:		
Sales tax	13.69	17.61
Income tax	10.33	–
Service tax	0.37	0.37
Customs duty	0.40	0.40
Agricultural produce marketing cess	8.84	8.14
Employees state insurance corporation	0.13	0.13
Excise duty on subcontractors	0.35	0.29
Excise duty on CNO dispatches (Refer note 44)	278.92	210.74
Lease termination cost	–	0.11
Claims against the Company not acknowledged as debts	1.39	1.38
Possible indemnification obligations under the Deed of Assignment for assignment of “Sweekar” brand	–	4.00
Total	**314.42**	**243.17**

33 Capital and other commitments

Capital commitments:

	As at March 31	
	2012	2011
	Rs. Crore	Rs. Crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	72.04	62.87
Consideration for Paras acquisition (Refer note 36)	740.00	–
Contingent consideration for acquisition of skin care business of Derma Rx. (Refer note 8(f))	12.25	10.60
Total	**824.29**	**73.47**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Other commitments:

	As at March 31	
	2012 Rs. Crore	2011 Rs. Crore
Corporate guarantees given to 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.69.45 Crore (Rs. 59.04 Crore)).	88.90	137.44
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.132.23 Crore (Rs. 96.65 Crore)).	169.42	108.47
Guarantees given by banks on behalf of the Company to statutory authorities	17.34	12.52
Lease termination cost - representing lock-in-period rental under rental agreements.	22.57	27.46
Amount outstanding towards Letters of Credit.	14.13	29.20
Total	**312.36**	**315.09**

34 The audited consolidated financial statements for the year ended March 31, 2012 comprised the audited financial statements of Marico Limited, Kaya Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, Marico Malaysia Sdn. Bhd., Derma Rx International Aesthetics Pte. Ltd, The DRx Clinic Pte. Ltd, The DRx Medispa Pte. Ltd, DRx Investments Pte. Ltd and DRx Aesthetics Sdn. Bhd. and unaudited financial statements of MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company, Wind Company, International Consumer Products Corporation, Beauté Cosmétique Societé Par Actions and Thuan Phat Foodstuff Joint Stock Company which have been approved by the respective Board of Directors of these companies.

35. Research and Development expenses aggregating Rs. 6.78 Crore (Rs. 7.81 Crore) have been included under the relevant heads in the Statement of Profit and Loss.

36. During the year, the Company signed definitive agreements to acquire the personal care business of Paras Pharmaceuticals Limited (PPL), a 100% subsidiary of Reckitt Benckiser Investments India Private Limited for a consideration of Rs. 740.00 Crore. The acquisition transaction is expected to be concluded in May 2012. The Company intends to fund the requirements with a mix of proceeds from an issuance of equity shares and internal accruals. The shareholders, at their meeting held on May 2, 2012 have approved issue of equity shares on preferential allotment basis aggregating Rs. 500.00 Crore at a price of Rs. 170 per equity share (face value Re. 1 and share premium Rs. 169) to two overseas investors.

In terms of the agreement, the Company had deposited Rs. 25.00 Crore in an Escrow deposit account maintained with a bank which is appointed by the parties for operating the account. The balance in Escrow account would be released to the seller in the event the said transaction could not be completed due to reasons attributable to the Company. The said balance is reflected as 'non - current assets' in the balance sheet having regards to the capital nature of the transaction.

37. **Additional information on assets taken on lease:**

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

Particulars	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
In respect of assets taken on non-cancellable operating lease:		
Lease obligations		
Future minimum lease rental payments payable		
- not later than one year	42.59	29.17
- later than one year but not later than five years	74.38	79.80
- later than five years	2.05	1.70
Total	**119.02**	**110.67**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

38. a) Details of Exceptional Items disclosed in the Statement of Profit and Loss are as under:

Particulars	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
Profit on divestment of "Sweekar" brand	–	50.00
Reversal of provision of excise duty (Refer Note 44 below)	–	29.35
Provision for impairment of goodwill of Rs. 8.82 Crore and intangible assets relating to "Fiancée" trademark of Rs. 13.88 Crore.	–	(22.70)
Provision for impairment relating to Kaya Skin clinics in India / Middle East (Refer note (b) below)	(1.75)	(7.74)
Total – (expenses) / income	**(1.75)**	**48.91**

(b) The management has, as in the previous year, carried out impairment testing in respect of Skin business at the clinic level, which the management considers as the relevant cash generating unit. While the overall future potential of the business as a whole is promising, for some of the clinics likely future performance is not adequate to justify and cover the value in use. This resulted in an impairment provision of Rs. 1.75 Crore (Rs. 7.74 Crore) which is included in "Exceptional Items" in the Statement of Profit and Loss. The management has considered a pre-tax discount rate of 19% for Kaya Skin clinics in India and 12% for Kaya Skin clinics in Middle East for determining value in use during the year.

39. Derivative transactions

a) The total derivative instruments outstanding as on year end March 31, 2012 are Plain Forwards, Plain Vanilla Put Option, Cross currency swap and Interest rate swap:

	March 31, 2012		March 31, 2011	
	Notional Amount in Foreign Currency	Equivalent Amount at the year end * (Rs. Crore)	Notional Amount in Foreign currency	Equivalent Amount at the year end * (Rs. Crore)
Forward contracts outstanding **				
Exports:				
- in USD	8,238,974	41.92	6,000,000	26.75
Foreign currency loans:				
- in USD	34,861,622	177.36	12,308,344	54.88
Creditors:				
- in USD	10,586,215	53.86	5,000,000	22.29
- in AUD	–	–	297,898	1.37
Loan to subsidiary:				
- in ZAR	22,000,000	14.59	19,000,000	12.51
Options Contracts outstanding				
Exports:				
- in USD	8,100,000	41.21	–	–
Currency Swap				
- in USD	10,000,000	50.88		

* Converted into the exchange rate at the year end.

** Out of the forward contracts outstanding as on March 31, 2012, USD 18,825,189 (USD 11,000,000), AUD Nil (AUD 297,898), having fair value of Rs. 97.37 Crore (Rs. 52.01 Crore) and all outstanding option contracts as on March 31, 2012, USD 8,100,000 (Nil) having fair value of Rs. 0.89 Crore (Rs. Nil) have been designated as Cash Flow hedges.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- The Company has entered into interest rate swap for hedging its interest rate exposure on borrowings in foreign currency of USD 30,750,000 (USD 8,750,000), which has a fair value of Rs. 1.55 Crore (Rs. 0.34 Crore).
- 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 1 to 5 years (1 to 2 years).
- All the derivative contracts entered by the Company were for hedging purpose and not for any speculative purpose.

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

	Currency	March 31, 2012		March 31, 2011	
		Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)	Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)
a. Amount receivable in foreign currency on account of following:					
- Export of goods	AED	4,988	0.01	4,988	0.01
	USD	196,514	1.00	–	–
b. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods	AED	–	–	65,000	0.08
and Services	AUD	12,342	0.06	–	–
	EUR	30,611	0.21	27,380	0.17
	GBP	(74,111)	(0.6)	–	–
	THB	635,418	0.10	–	–
	USD	(6,797,096)	(34.58)	187,448	0.84
	SGD	(537,419)	(2.19)	121	0.01
(ii) Capital imports	CHF	680	0.01	680	0.01
	GBP	800	0.01	800	0.01
(iii) Loan payables *	USD	(22,480,947)	(114.37)	(12,308,344)	(54.88)
c. Bank Balances	USD	(858,245)	(4.37)	518,470	2.31
	OMR	–	–	115,147	1.33
	SAR	–	–	109,632	0.13
	EUR	593	0.01	–	–
	GBP	129	0.01	–	–
	VND	1,183,114	0.01	2,089,000	0.01
d. Other receivables / (payables)	USD	2,298,018	11.69	8,288	0.04
	AED	553	0.01	(4,447)	(0.01)
	AUD	2,400	0.01	–	–
	OMR	–	–	4,694	0.05
	SAR	–	–	302,470	0.34
	EUR	724,556	4.92	600	0.01

* Excludes Loans payable of **Rs. 293.81 Crore [USD 57,750,000]** (Rs. 279.77 Crore [USD 62,750,000]) 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 1 to 5 years (1 to 6 years).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

c) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", the Company had in previous year ended March 31, 2009, decided an early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly, the net unrealized gain / (loss) of Rs. (33.92) Crore [Rs. 4.99 Crore] in respect of outstanding derivative instruments and foreign currency loans at the year end which qualify for hedge accounting, is standing in the 'Hedge Reserve', which would be recognised in the Statement of Profit and Loss when the underlying transaction or forecast revenue arises.

40. Earnings per share:

Particulars	March 31, 2012	March 31, 2011
Profit for the year as per the Statement of Profit and Loss/ Profit available to equity shareholders (Rs. Crore)	317.11	286.44
Equity shares outstanding as at the year end	614,934,387	614,399,550
Weighted average number of equity shares used as denominator for calculating basic earnings per share	614,748,262	612,569,618
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	615,210,810	615,400,555
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 5.16**	**Rs. 4.68**
***Diluted earnings per equity share**	**Rs. 5.15**	**Rs. 4.65**

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

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

Particulars	March 31, 2012	March 31, 2011
Number of shares considered as basic weighted average shares outstanding	614,748,262	612,569,618
Add: Effect of dilutive stock options	462,548	2,830,937
Number of shares considered as weighted average shares and potential shares outstanding	615,210,810	615,400,555

41. Segment Information

The Group regards business segment as the primary segment. The composition of this segment is given below.

Business segments	Type of products and services
Consumer Products	Coconut oils, other edible oils, hair oils and other hair care products, male grooming products, fabric care products, healthy foods, soaps, health care products, female beauty care products.
Others	Skin care

a. "Consumer Products" segment comprises consumer product business of Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, MEL Consumer Care SAE, Marico Egypt Industries Company, Egyptian American Investment & Industrial Development Company, Wind Company, Marico South Africa Consumer Care (pty) Limited, Marico South Africa (Pty) Limited, Marico Malaysia Sdn. Bhd, International Consumer Prouducts, Beauté Cosmétique Societé Par Actions and Thuan Phat Foodstuff Joint Stock Company.

b. "Skin care" segment comprises operations of Kaya Limited, Kaya Middle East FZE, Kaya operations of Marico Bangladesh Limited, Derma – Rx International Aesthetics Pte. Ltd., The DRx Clinic Pte. Ltd., The DRx Medispa Pte. Ltd., DRx Investments Pte. Ltd. and DRx Aesthetics sdn. Bhd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

i) Primary segment information

(Rs. Crore)

	Consumer Products	Skin Care	Total
Segment revenue	3,730.01 (2,927.06)	278.27 (207.93)	4,008.28 (3,134.99)
Segment results Profit/(loss)	443.82 (382.38)	(29.07) (–)(32.49)	414.75 (349.89)
Unallocable expenses			– –
Unallocable income			12.15 (2.43)
Finance costs			42.39 (41.01)
Interest income			17.55 (16.21)
Profit before tax, 'Exceptional items' and Minority interest			402.06 (327.52)
Exceptional items (Income)/expense (net)	– (56.65)	1.75 (–)(7.74)	1.75 (48.91)
Profit before tax and Minority interest			400.31 (376.43)
Taxation on the above			78.25 (84.98)
Profit after tax and before Minority interest			322.06 (291.45)
Minority interest in losses / (profits) of subsidiaries			4.95 (5.01)
Profit after taxation and Minority interest			**317.11** **(286.44)**
Other information			
Segment assets	1,751.89 (1,518.85)	354.28 (348.18)	2,106.17 (1,867.03)
Unallocable assets			510.85 (366.10)
Total assets			**2,617.02** **(2,233.13)**
Segment liabilities	496.06 (367.02)	161.25 (120.23)	657.31 (487.25)
Unallocable liabilities			816.7 (830.04)
Total liabilities			**1,474.01** **(1,317.65)**
Capital expenditure	48.69 (154.46)	43.22 (62.81)	91.91 *(217.27)
Depreciation, impairment and amortisation	51.13 (43.65)	21.39 (27.15)	72.52 **(70.80)

* excludes assets acquired on acquisition of new subsidiaries

** excludes provision for impairment of Rs. 1.75 Crore (Rs. 21.62 Crore) reflected in Exceptional items

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

ii) Secondary Segment Information

The Group has identified geographical markets as the Secondary segment.

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

(Rs. Crore)

	Domestic	Others	Total
Revenue	2,899.76	1,108.52	4,008.28
	(2,294.23)	(840.76)	(3,134.99)
Carrying amount of assets	1,590.35	1,026.67	2,617.02
	(1,261.92)	(971.21)	(2,233.13)
Capital expenditure	53.49	38.42	91.91
	(140.96)	(76.31)	*(217.27)

* excludes assets acquired on acquisition of new subsidiaries

iii) Notes to Segmental information

a) Segment revenue and expense: Revenues and expenses directly attributable to segments are reported under each reportable segment. Revenue and expenses which relate to Group as whole and are not allocable to a segment on reasonable basis, have been disclosed under 'Unallocable'.

b) Segment Assets and Liabilities: Segment assets include all operating assets used by a segment comprising intangibles, fixed assets, inventories, debtors, cash and bank balances and loans and advances. Segment liabilities include all operating liabilities of the segment comprising creditors and other liabilities. Investments, taxes and other assets and liabilities which are not allocable to segment on reasonable basis, have been disclosed under 'Unallocable'.

42. Related Party disclosures

a) Name of related parties and nature of relationship:

i) Key management personnel (KMP) :

Harsh Mariwala, Chairman and Managing Director

ii) Relatives of Key management personnel:

Rishabh Mariwala, son of Harsh Mariwala

iii) Others - Entities in which KMP has significant influence

The Bombay Oil Private Limited

Marico Innovation Foundation Trust

b) Transactions during the year

(Rs. Crore)

Particulars	KMP		Others	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Remuneration	4.03	3.70	–	–
Loans and advances given	–	–	0.65	–
Rent paid	–	–	–	0.15

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

c) Balances as at year end

(Rs. Crore)

Particulars	KMP		Others	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Trade Payable	–	–	–	0.01
Short term loans and advances	–	–	0.65	–

d) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties.

(Rs. Crore)

Particulars	KMP		Others	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Rent paid				–
The Bombay Oil Private Limited	–	0.15	–	–
Remuneration				0.15
Harsh Mariwala	4.01	3.58	–	–
Loans and advances given				
Marico Innovation Foundation Trust	0.65	–	0.65	–

e) Clause 32 disclosures

Loans and advances in the nature of loans to subsidiaries / entity in which KMP has significant influence

Particulars	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
Loans to Marico Innovation Foundation Trust		
Balance as at the year end	0.65	–
Maximum amount outstanding at any time during the year	0.65	–

43. Managerial remuneration:

Nature of transactions:	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Statement of Profit and Loss		
- Salary	2.60	2.26
- Contribution to provident and pension funds	0.30	0.26
- Other perquisites	0.07	0.09
Annual performance incentives	1.04	0.97
	4.01	**3.58**
Remuneration to non-whole time directors (including Sitting fees)	0.47	0.46

The above remuneration to Chairman and Managing Director does not include contribution to gratuity fund and provision for Leave encashment, as these are lump sum amounts for all relevant employees based on actuarial valuation.

44. During the year ended March 31, 2010, the Company had made provisions towards 75% of possible excise duty obligations in respect of the coconut oil packs up to 200 ml, which is being contested by the Company. Based on facts of the case and the legal opinion obtained, the Company had made an assessment that the probability of success in the matter is more likely than not and the liability was in the nature of contingent liability. As the said provisioning of contingent liability was not in accordance with the requirement of Accounting Standard (AS) 29 "Provisions, Contingent Liability and Contingent Assets", the Company reviewed the matter and reversed the provision of Rs. 29.35 Crore made upto March 31, 2010 during

the year ended March 31, 2011 (Refer Note 38 above) and the same was included under the "Exceptional items" in the Statement of Profit and Loss. Further, deferred tax asset of Rs. 9.75 Crore recognised during the year ended March 31, 2010 was reversed and included in Deferred tax charge for the year in the Statement of Profit and Loss for the said year.

The possible excise duty obligation of Rs. 157.15 Crore (Rs. 88.97 Crore) for clearances made after June 3, 2009 (i.e. the date of issue of relevant excise circular) till March 31, 2012 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 notice issued by the excise department with in the normal period of one year (from the date of clearance) under the excise laws.

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

45. During the year, the management carried out a review of Kaya Middle East FZE, which revealed certain misstatement of expenses pertaining to earlier years. The management has taken appropriate action on this. Consequently, prior year expenses aggregating Rs. 12.98 Crore have been accounted during the year ended March 31, 2012, which are included in the respective expense heads such as cost of material, advertising and sales promotion, employee costs and other expenses. The management has also initiated necessary steps to strengthen the processes of monitoring and oversight of operations.

46. Previous Year Figures

a) The consolidated financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

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

Signatures to Notes

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. F-46061
Place : Mumbai
Date : May 3, 2012

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Group Chief Financial Officer
HEMANGI GHAG	Company Secretary & Compliance Officer

Place : Mumbai
Date : May 3, 2012