marico

ANNUAL REPORT
2011-12

COMPANY INFORMATION

Board of Directors

Harsh Mariwala, Chairman & Managing Director
Nikhil Khattau, Chairman of Audit Committee
Rajeev Bakshi
Atul Choksey
Anand Kripalu
Rajendra Mariwala
Hema Ravichandar
B. S. Nagesh

Management Team

Harsh Mariwala, Chairman & Managing Director
Saugata Gupta, Chief Executive Officer,
- Consumer Products Business
Ajay Pahwa, Chief Executive Officer - Kaya
Milind Sarwate, Group Chief Financial Officer
Vijay Subramanian, Chief Executive Officer
- International Business

Company Secretary

Hemangi Ghag

Audit Committee

Nikhil Khattau, Chairman
Rajendra Mariwala, Member
Hema Ravichandar, Member
B. S. Nagesh, Member
Hemangi Ghag, Secretary to the Committee
Harsh Mariwala, Permanent Invitee

Corporate Governance Committee

Hema Ravichandar, Chairperson
Rajeev Bakshi, Member
Anand Kripalu, Member
Milind Sarwate, Secretary to the Committee
Harsh Mariwala, Permanent Invitee

Shareholders' Committee

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

Bankers

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

Auditors

Price Waterhouse, Chartered Accountants

Internal Auditors

Aneja Associates (Upto March 31, 2012)
Ernst & Young (w.e.f. April 1, 2012)

Registered Office

Rang Sharda, Krishnachandra Marg,
Bandra Reclamation, Bandra (West),
Mumbai 400 050

Our Presence

Factories – 15 (8 in India and 7 overseas)
Regional Offices – 4 in India
Depots – 32 in India

Websites

www.marico.com
www.maricobd.com
www.kayaclinic.com
www.parachuteadvansed.com
www.parachutearabia.com
www.parachutesecrets.com
www.saffolalife.com
www.haircodeworld.com
www.icpvn.com
www.maricoinnovationfoundation.org

BEMORE.

EVERYDAY.

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CHAIRMAN'S LETTER TO SHAREHOLDERS

A PERSONAL MESSAGE

Dear Shareholders,

It is my privilege to write to you at the end of another eventful year at Marico.

This year, your Company continued to focus on expanding its consumer franchise and grow in volumes. We strengthened our position in all categories and geographies in a challenging macro-economic environment. The steady growth was enabled by sustained investments in marketing and brand building, distribution expansion in rural markets in India and driving operational efficiencies across the value chain.

The year had its set of challenges. Delay in policy implementation, persistent double digit inflation, high interest rate scenario and unfavorable currency movement were only a few of the roadblocks faced by the Indian economy. In our international markets too, the current environment presents a host of challenges. Inflation continues to remain high in Bangladesh and South East Asia. The overall environment in the Middle East and North Africa is relatively better but not without instances of sporadic protests and disturbances. None of these challenges are new; they have stayed with us in some form through the last couple of years.

Your Company, despite all challenges, recorded a revenue growth of 28% and Net Profit growth of 11% in FY12. This makes it a 5-year CAGR of 21% in Revenue and 23% in Net Profits. The domestic consumer business grew 37%, driven by a strong 14% volume growth. International business grew by 30% with robust volume growth and market share gain in all geographies. The integration of International Consumer Products Corporation, a leading FMCG company in Vietnam acquired in February 2011, has been completed successfully. It is growing at a very healthy rate and is gaining market share in the male grooming segment.

Kaya has been consciously trying to change its positioning from "cure" to "cure & care", moving from expert solution provider for skincare problems to a personal guide for total skin care. It also continues to introduce more Derma Rx products in India, as increased product sales will generate more throughputs from the clinics. The business has sustained the top line growth trend for the past few quarters on a same store basis, indicating early signs of the business moving in the right direction.

We have identified inorganic growth as a significant building block to create value for you over the long term. In line with our acquisition philosophy of participating in our focussed categories where we believe we can add value, we have entered into an agreement to acquire the personal care business of Paras Pharmaceutical Ltd. from Reckitt Benckiser. Brands in the portfolio rank No.1 in the hair gels and leave-on hair serum categories, and No.3 in the male deodorant category. This acquisition will give Marico access to a portfolio of youth brands that shall fast-forward our journey towards creating a portfolio for the future. The portfolio addresses the grooming needs of the youth and is supported by India's demographic profile. The Company will also leverage its distribution strength in India to provide a fillip to the growth of the brands. The acquisition of this business is expected to further reduce our dependence on edible oils and hair oils.

Our sustainability initiatives have gathered momentum over the last few years. The 4th edition of The Innovation for India Awards was organised by Marico Innovation Foundation in March 2012. India is clearly burgeoning with talent. The Innovation for India Awards acknowledge and encourage ideas that impact the community at large. Within the organization, our initiatives have significantly helped in reducing usage of energy, water and paper. Our target is that each of our business strategies and processes elegantly passes through a Green filter.

Overall the Company is well positioned to participate in the growth that is happening in the FMCG industry in India and other emerging markets. We hope that you will continue to support us in the same way that you have stood by us over the years. I would like to take this opportunity to thank each and every one of our stakeholders for their trust and encouragement.

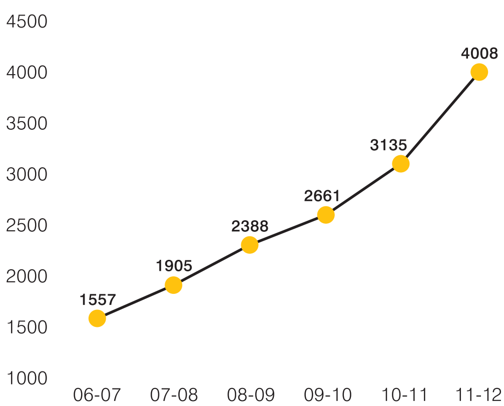
With warm regards,

Harsh Mariwala

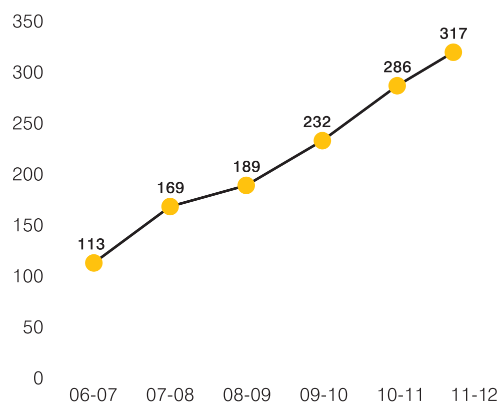
Harsh Mariwala
Chairman and Managing Director

PERFORMANCE AT A GLANCE

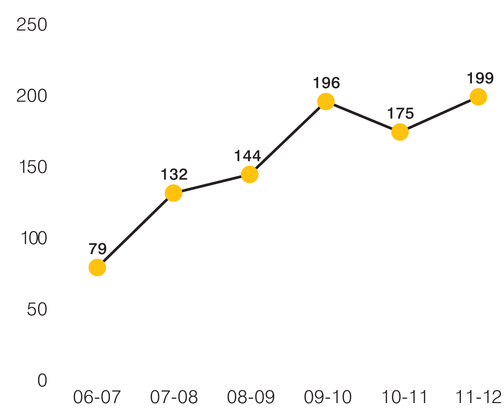
SALES AND SERVICES (RS.CRORE)



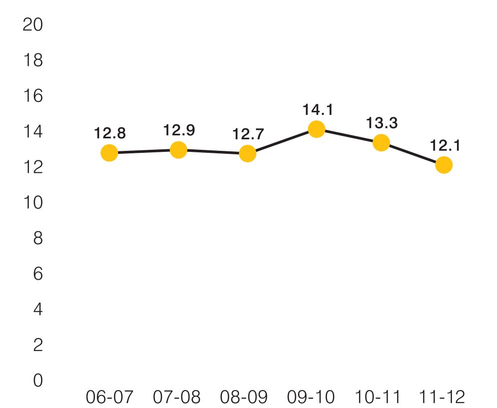
NET PROFIT (RS.CRORE)



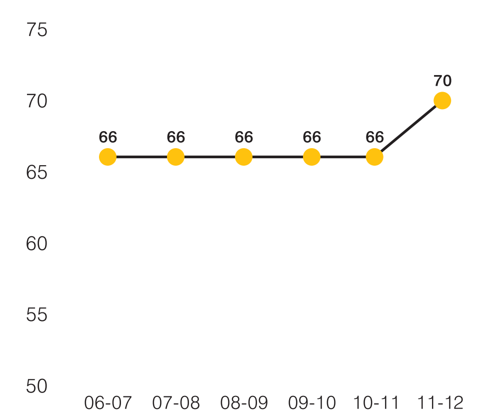
ECONOMIC VALUE ADDED (RS.CRORE)



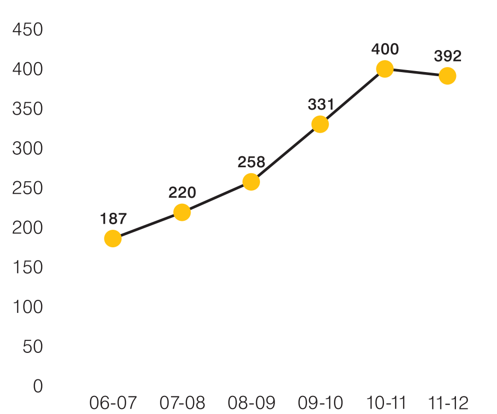
EBIDTA MARGINS (%)



DIVIDEND DECLARED (%)



CASH PROFITS (RS.CRORE)



Note: 10-11 and 11-12 figures are as per revised Scheduled VI.

SUSTAINABLE WEALTH CREATION

Investment	Through	Shares	Value (in Rs.)	Indexed Value
April 1996 - Original Purchase	IPO	100	17,500	100
August 2002	Bonus (Equity 1:1)	100	–	–
September 2002	Bonus (Preference 1:1)	200	–	–
May 2004	Bonus (Equity 1:1)	200	–	–
February 2007	Share Split (10:1)	4,000	–	–
Holdings and Cost as on March 31, 2011		**4,000**	**17,500**	**100**
Return	**Through**	**Shares**	**Value (in Rs.)**	**Indexed Value**
March 31, 2012	Market value	4,000	691,800	3,953
March 2004	Redemption proceeds of Bonus Preference shares	200	4,000	23
April 1996 - March 2012	Dividend Received*#	–	29,138	167
Gross Returns			**724,938**	**4,143**
Compound Annual Return since IPO			**30%**	**30%**

* Dividends are inclusive of those received on Bonus Preference Shares
# Subject to taxes as applicable

EMPOWER
INDIVIDUALS AND
THEY BECOME
ENTREPRENEURS.
CHALLENGE
THEM AND THEY
BREAK
NEW GROUND.

Marico, we believe, is a company of entrepreneurial spirits: empowered individuals who take complete ownership of their brands. Nurturing and driving them as their own, challenging themselves every step of the way, and stretching themselves beyond their own limits. Where others accept the status quo, they challenge it. As a result, they are able to see beyond the obvious and apparent, gain deeper insights into consumers and markets, and come up with innovative, path-breaking solutions that turn brands into market leaders. Generating uncommon growth for the company, across brands and businesses.

We present four success stories, each demonstrating the spirit of entrepreneurship and innovative thinking that achieves exceptional growth for our brands.

HOW DID WE TASTE SUCCESS IN THE BREAKFAST OATS CATEGORY?

WITH A DASH OF PEPPER AND A PINCH OF CURRY POWDER.

A country used to parathas, aloo-poori and dosas for breakfast, was rather cold to the idea of oats. Was there a way to get Indians to enjoy this healthy cereal? The challenge: to redefine the way Indians consumed oats. For a team fired by entrepreneurial zeal and a spirit of innovation, a breakthrough didn't take long: spice up a bland cereal historically eaten as porridge, into a tasty meal, enjoyed any time. Saffola Oats was launched with new recipe ideas and variants like Curry & Pepper, Pepper & Spice and Masala & Coriander, in convenient single-serving packs. Turning a bland, boring breakfast into a tasty meal - with delicious variations that would appeal to the Indian palate. And as Indians responded with enthusiasm to 'oats' upma and 'oats' poha, the Saffola team was thrilled to taste success.

ONLY PROBLEM SKIN NEEDS A SKIN EXPERT. RIGHT?
WRONG. BEAUTIFUL SKIN DOES TOO.

As India’s leading skin care brand, Kaya is trusted by over 6 lac customers for every skin problem - from acne to unwanted hair. The Kaya team, however, recognized that the brand could do much more than cure. In order to grow the brand, consumers needed to see Kaya not just as an expert solution provider for skin problems, but as the ultimate destination for holistic skin care. By changing Kaya’s positioning strategy, the team was able to develop and offer consumers a range of maintenance services, therapies and products, to enhance and maintain beautiful skin. Kaya’s re-branded image and new tagline: ‘Love what you see’ forged an emotional link between the brand and the aspirational urban Indian woman. Moving the brand from a niche ‘cure’ platform to a wider ‘cure & care’ platform. The result: Kaya was able to increase frequency among existing customers, while increasing its customer base.

WE DISCOVERED SOMETHING REMARKABLE ABOUT INDIA'S FAVOURITE HAIR CARE BRAND.

IT DOES WONDERS FOR YOUR SKIN.

Built on the do-good benefits of coconut, Parachute Advansed is the preferred hair care brand in the market today. Having firmly established its position in the hair care category, the team felt the brand had the potential to go much further. They decided to take it to an altogether different category: skin care. Until then, no brand had leveraged the benefits of coconut milk on skin. Could Parachute Advansed, founded on the goodness of coconut, offer its natural moisturizing properties in a body lotion? By formulating the first ever 100% natural moisturizer that naturally replenishes the oil and moisture content skin loses, the team was able to offer the Indian housewife the promise of 'delightfully soft skin that's irresistible to touch'. Within a year of being launched, Parachute Advansed Body Lotion is already the No. 3 brand in all-India urban markets - gaining nearly 7% market share in the category.

THE BEST WAY TO ATTAIN LEADERSHIP IN THE MEN'S HAIR CREAM SEGMENT: SELL YOUR PRODUCT TO WOMEN.

Typically, hair grooming creams were targeted at men. But it didn't take us long to realize, there was a far bigger opportunity in targeting women. Our team at Marico's International Business Group was quick to see that Arab women, much like Indian women, had long hair that needed nourishment. By studying the grooming habits of the local population and the benefits they were seeking from hair care products, our team was able to develop a unique hair care formulation: one that offered the age-old nourishment of coconut oil, but in a convenient, non-sticky cream format that protected the hair from the harsh effects of chlorinated water. In the face of stiff competition from leading international brands, Parachute Gold Coconut Cream has become the market leader in the Middle East region. Notching up a sizeable market share of 27% in the hair cream category.

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion covers the financial results and other developments during the period April 2011 - March 2012 with respect to Marico Consolidated, comprising its domestic Consumer Products Business (CPB) under Marico Limited (Marico) in India, its International Business Group (IBG) comprising consumer products exports from Marico and the operations of its overseas subsidiaries and the Kaya skin care solutions business in India and overseas. The Consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this discussion.

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

INDUSTRY STRUCTURE, OPPORTUNITIES AND THREATS

The year 2011-12 has been a year of consumption, with both the Central government-sponsored schemes and the impact of the Sixth Pay Revision pumping in large amounts of money in the hands of the consumers. Asset price inflation (largely land and gold), drove an increased sense of affluence amongst the masses. Hike in Minimum Support Price for food grains and continued support under NREGS, among other factors, have driven rural incomes and demand. Despite several domestic headwinds including high inflation and interest rates, trade deficit and delay in policy implementation, Fast Moving Consumer Goods (FMCG) continued to show robust growth.

The Indian FMCG market size is in excess of USD 33.4 billion and has grown at ~17% in the last 5 years. It is poised to grow 3.6 times between 2010 and 2020[1], faster than most other emerging markets. Rising household income, urbanization, increasing literacy, decline in the traditional joint-family structure and changing demographics are key contributors to growth. The most notable force is average household income, which is set to rise nearly 3 times between 2010 and 2020[1]. An indication of this is the per capita income which grew by 14% in FY12 to cross the sixty thousand mark. India's income pyramid has typically had a wide base and increasingly smaller layers as income rises. This pyramid is quickly becoming a diamond, as per capita income grows.

In an increasingly globalized economy, India's lion's share comes from services. This requires skilled labour, which is driving the educated population from small towns and villages into the top towns and cities of the country. This is leading to rapid urbanization and expansion of the large cities (primarily because of poor infrastructure in the small towns), which will potentially lead to an inflection in a decade or two, at which point the urban population will become a sizeable portion of the total.

By 2020, 35% of India's population will live in cities[1]. As people move from rural areas to cities, they tend to both increase their purchases as well as spend on different items. Urban dwellers have better access to goods and are exposed to greater consumerism. Apart from the change in the population mix, the urban income distribution has also favorably changed over a period of time. The upper class in the urban income group has increased by about 36% as compared to 7% in 1996[2]. The rise in urban population coupled with improvement in the urban income mix is favorable for the FMCG industry. Apart from the better value growth in the urban market, it provides an opportunity to launch innovative premium products.

Women in urban India are also changing in their quest to break from their traditional image in society. They are increasingly assertive and feeling more secure to venture out to the stores and buy things on their own. A growing number of high-profile women desire the best and are creating a niche market for themselves. A widespread feeling of self-indulgence, which is leading to self-pampering in the form of beauty services and vacations, is emerging. These women are often the biggest potential buyers of niche high-quality, high-end products.

Modernization has led to changing aspirations where the need to be good looking, well-groomed and stylish has taken on a newfound importance. Indian men are also becoming conscious about their appearance, creating a market for male grooming products. Today's men are less inhibited when it comes to looking good and do indulge in image enhancing products and treatments. The categories witnessing significant growth include men's face creams, hair gels and deodorants.

A part of the trend to look fitter and well groomed is the increasing emphasis on a healthy lifestyle. With increasing income, Indians are becoming health conscious leading to a change in lifestyle. Food is the largest consumption category, accounting for 31% of what India spends on today[1]. With growing awareness, product acceptance among the masses has also increased. The market for products that reduce stress, prevent aging, help the heart and fight diabetes are all on a growth curve. The health food market stood at INR 9,000 crore in 2010, and is expected to grow at a CAGR of 20% to INR 22,500 crore by 2015[3]. The health food contribution in packaged food, i.e. 10% in India, is on the lower side when compared to the global average of 25-30%[3]. With more companies focusing on products with a strong health and wellness quotient, the consumer awareness about healthier options of food consumption will increase.

Another significant emerging segment of the market is the rural sector, which currently accounts for 70% of India's population. The rural market is being driven by growth in non-agriculture income, better MSP (Minimum Support Prices) rates, higher education, wealth effect coming from increasing land values, better infrastructure, increasing media penetration and the Government's emphasis on rural development programmes. With a huge population base, improvement in rural income has opened several gates for the industry.

In the last 5 years, rural India has outperformed the overall FMCG growth. About 50% of the rural population will come under the INR 90k-200k annual income range by 2015, as against ~35% in 2005[2]. This rise in annual income is expected to favorably improve the lower middle class and middle class mix in future. This brings new consumers within the fold, while existing consumers move up the value chain. Also, penetration levels across categories are lower in rural areas compared to urban, which provide strong headroom for growth. This will help the industry maintain volume growth for a long period.

Rising consumption and increasing proportion of younger population where 70% of Indians will be of working age in 2025, increasing media penetration and rising aspiration will further drive FMCG growth. India's organized retail is estimated at USD 28 billion with around 7% penetration but is expected to grow to 21% and become a USD 260 billion business over the next decade[1]. Modern retail offers opportunities to experiment with new categories. It also gives customers a chance to educate themselves about new products which is not the case with a general trade store. Category creation and market development starts with modern trade but as more consumers start consuming this category, they penetrate into other channels. Organized retail has fuelled new growth categories - liquid hand wash, breakfast cereals, ready-to-eat foods, pre-and post-wash products and hair conditioners account for almost 50% of their sales. However, a significant share of FMCG business is still generated through the 'mom and pop' store (kirana) format. With better infrastructure aiding access to the rural economy, it is likely that 'mom and pop' stores will remain the chief point of interface for the FMCG companies.

India Incorporated is looking to grow inorganically. It is important to go global not only to create multiple growth engines but also to create reverse learning for the home market. The year gone by has seen a number of overseas acquisitions made by Indian FMCG companies. Also, the emerging economies in Asia and Africa have low-to-medium penetrations in some of the FMCG categories. This signifies considerable headroom for growth in the mid-term. Favorable macros, changing attitudes of the consumers and progressive policies of the governments also make these markets attractive destinations. Typically, gestation periods tend to be longer as one needs to go up the learning curve in a new market. Some of them also offer inorganic entry possibilities that can create access to mainstream distribution, manufacturing and talent. This can speed up one's learning curve as long as there is a strategic fit with the target.

Overall, a study of India's private spending data reveals some fundamental shifts. Hence businesses across different consumer goods need to carry out a fresh assessment of the near term prospects of the Indian economy and the changes in consumer spending behavior. The FMCG sector is likely to benefit from these changes and will also get an opportunity to innovate with new products and categories while looking at extending its learnings to other emerging markets.

RISKS & CONCERNS

Input Costs

Domestic commodity prices are often linked to international indices and volatility in these benchmarks causes fluctuations in the domestic product prices, making the business environment uncertain.

The past few years have witnessed wide fluctuations in the price of input materials. Crude Oil touched a record high and saw considerable fluctuation during the last two to three years. Moreover, many commodities are often used as separate asset classes resulting in speculation-led variations in price trends. As a result, the overall level of uncertainty in the environment has gone up.

Input costs comprise nearly 60% of the production costs in the FMCG sector. Inflationary tendencies in the economy directly impact the input costs and could create a strain on the operating margins of the FMCG companies. Brands with greater equity and pricing power may find it easier to adjust prices in line with fluctuating input costs.

Pricing Power

The equity of a brand generally allows the organization to pass on the impact of any increase in cost structure to the consumers. However, considering the uncertainty in the environment, rising competitive pressures as well as the long term objective of expanding consumer franchise, part of the increased cost may be absorbed by the organizations.

Discretionary spending / Down trading

In situations of economic duress, items which are discretionary in nature are the first to be curtailed. This is relevant for the lifestyle solutions offered by companies. In an extended recession, down trading from branded products to non-branded ones could also occur and affect the financial performance of the Company.

Sources: 1) BCG Research 2) Pinc Research 3) Technopak

Competition

The FMCG environment in India and overseas is competition intensive and companies need to focus on branding, product development, distribution and innovation to ensure their survival. Product innovations help to gain market share, while advertising and sales promotion creates visibility for the product. Such expenditures carry the inherent risk of failure. Counter campaigning by competitors would also reduce the efficacy of promotions. Similarly, aggressive pricing stances by competition have the potential of creating a disruption.

Product innovation and new product launches

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

Currency Risk

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

As the Group eyes expansion into other new geographical territories, the exposure to foreign currency fluctuation risk may increase. Significant fluctuation in these currencies could impact the company's financial performance. The Company is, however, conservative in its approach and is likely to use simple hedging mechanisms.

Funding costs

Though the sector is not capital intensive, fund requirements arise on account of inventory position building or capital expenditure undertaken. In addition, growth through acquisitions may also contribute towards leveraging the Company's balance sheet. Changes in the interest regime and in the terms of borrowing will impact the financial performance of the Group.

Acquisitions

This may take the form of purchasing the brands or purchase of stake in another company and is used as a means of gaining access to new markets or categories, or increasing market share. Acquisitions may divert management attention or result in increased debt burden on the parent entity. It may also expose the Company to country specific risk. Integration of operations and cultural harmonization may also take time, thereby deferring benefits of synergies of unification. Marico is keen on exploring acquisitions in its core segments of beauty and wellness, where it believes it can add value.

INTERNATIONAL MARKETS

FMCG market in Bangladesh

Bangladesh has a demographic profile very similar to that of India. A population in excess of 160 million and a developing economy provide the perfect consumer base for the FMCG sector to flourish. The GDP has grown at 5-7% over the last few years and it is amongst the Next Eleven (N-11) countries identified by Goldman Sachs as having high potential. Political instability may, however, be a cause of concern for companies operating in Bangladesh. Even though the demographic profile is similar to India, the relatively lower spending capacity can be a concern, more so in an inflationary environment.

FMCG markets in the Middle East and North Africa (MENA)

The Middle East offers a curious mix of a local and expatriate population, who are not averse to the idea of indulgence / extravagance. This provides FMCG companies opportunities to offer branded solutions, tailored to the needs of the consumer in the region.

The Egyptian economy has embraced liberalization in the recent past. Thereby opening the doors for foreign direct investment and paving the path to economic growth. It features amongst the Goldman Sachs list of N-11 countries. A steady growing population and a developing economy provides a good base for FMCG companies. Penetration levels in hair grooming and skin care products are modest.

MENA region witnessed socio-political unrest in the second half of FY11. This had an adverse effect on the economy during FY12. Although the overall environment in the region is better, it is not without instances of sporadic protests and disturbances. Our outlook on the long term trends, with respect to demand for personal care products in the region, remains positive.

FMCG markets in South Africa

The South African economy is a productive and industrialized economy that exhibits many characteristics associated with developing countries, including a division of labour between formal and informal sectors and an uneven distribution of wealth and income. The economic measures such as Black Economic Empowerment (BEE), adopted by the Government to ensure growth and equitable distribution of wealth, have been very effective. South African's ascension into BRICS recognizes the country's potential, placing it alongside the leading economies of tomorrow. With 6% of Africa's population, it accounts for 25% of the continent's GDP. South Africa also forms a gateway to the rest of sub-Saharan Africa. Africa is the fastest growing region after China and India, boasting unexploited mineral wealth, 60% of the world's uncultivated agricultural land and the youngest age profile of any continent.

FMCG Markets in Vietnam

Vietnam is one of the fastest growing countries in South East Asia, with a GDP growth of about 6%. The demographics of the country are very promising, with an extremely young population providing an opportunity for FMCG companies to grow rapidly. The country is in the process of integrating into the world's economy, as part of globalization. Vietnam finds a place in the Goldman Sachs list of N-11 countries as a frontier market, indicating an opportunity to invest but with lower market capitalization and liquidity. The currency Vietnamese Dong (VND), however, has shown relative weakness to the US dollar in recent times.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

- Establishment and review of business plans
- Identification of key risks and opportunities
- Policies on operational and strategic risk management
- Clear and well defined organization structure and limits of financial authority
- Continuous identification of areas requiring strengthening of internal controls
- Operating procedures to ensure effectiveness of business processes
- Systems of monitoring compliance with statutory regulations
- Well-defined principles and procedures for evaluation of new business proposals/capital expenditure

- A robust management information system
- A robust internal audit and review system

M/s Aneja Associates, Chartered Accountants, have been carrying out internal audits for Marico for a long time. During the current year, Ernst & Young were appointed as the new business partners to carry out internal audits across Marico. The work of internal auditors is coordinated by an internal team at Marico. This combination of Marico's internal team and expertise of a professional firm ensures independence as well as effective value addition. The Board takes this opportunity to thank Aneja Associates for the value they have added to Marico.

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

HUMAN RESOURCES

Marico is a professionally managed organization that has a flat hierarchy, which empowers people and fosters a culture of innovation. The organization believes that great people deliver great results and lays emphasis on hiring right and retaining key talent. The Company maintains a strong business linkage to all human resource processes and initiatives.

Marico recruits its talent from the country's premier technical and business schools. Marico looks at talent, not just from a short-term perspective, but also from a long-term perspective, where people can be groomed for different roles. The organization believes in providing challenge and early responsibility at work, which serves to keep team members enthused and motivated.

Members' networks are also tapped into for "hiring right". A strong referral mechanism operates under the brand name "Tareef" (Talent referred by Mariconians). This benefits the organization in two ways: the talent referred is usually superior to that sourced independently in the market and it also translates into substantial cost savings in the recruitment process.

The organization has created a favourable work environment that motivates performance. Marico has a process of performance enhancement through deployment of MBR (Management By Results), to create an environment of challenge and stretch. It is also linked to a variable element of performance-based compensation.

The organization believes in investing in people – to help them develop and expand their capability. Personal development plans focus on how each individual's strengths can best be leveraged to deliver his or her full potential. External training programmes and cross-functional exposure often provide the extra edge in turning out well-rounded individuals. In line with Marico's philosophy of evaluating internal talent first, a structured internal job posting mechanism, MINTOS (Marico Internal Talent Opportunity Scheme) is in place. This is an internal forum for members to benefit from opportunities within the organization.

Marico continues to measure and act on improving the "engagement levels" of its teams. The Aon Hewitt Survey provides the organization with a measure of how it is faring at building engagement across the organization as well as within each of its teams.

Marico had articulated a contemporary set of values six years ago and it is important that all members in the organization are aware of and consciously practise these values. To build consciousness and commitment, "Values Workshops" are held for the teams to identify their focus areas and plan action accordingly.

Specific initiatives are underway to standardize Marico HR practices across international locations – the Middle East, Bangladesh, Egypt and South Africa.

The “Popcorn with Harsh” sessions continued last year as well. It is based on the concept of “Learning through Sharing”, where members have an opportunity to directly interact with Chairman and Managing Director, Harsh Mariwala. The sessions seek to leverage Marico leaders as mentors and coaches Mariconians at large.

At Marico, the overall well-being of members is an important priority. The member well-being program looks holistically at physical, emotional and financial aspects of an employee’s well-being. The various initiatives run during the year included a Member Assistance Program in association with 1 to 1 help.net, a counseling service run by a team of qualified and experienced counselors; a physical well-being program that provided personalized diet, lifestyle and physical training by a panel of health experts; and financial well-being through customized financial planning programs.

Employee relations throughout the year were supportive of business performance. As on March 31, 2012, the employee strength of Marico Limited was 1080 and that of the entire group was 3066.

CORPORATE SOCIAL RESPONSIBILITY

Marico believes in aligning the interest of all stakeholders in the environment in which it operates – its shareholders, consumers, members, associates, government and society. Promoting conscious capitalism is an important step towards fulfilling the Company’s purpose. Marico has chosen the following areas of focus to make its contributions towards society and to function responsibly in respect of the impact its operations have on the environment.

Marico Innovation Foundation (MIF)

Innovation is a crucial way to leapfrog into the center stage of global business leadership. Based on this cornerstone, Marico instituted its CSR initiative in 2003 by forming the Marico Innovation Foundation. The Foundation provides a framework to industry and the social sector to leverage innovation for quantum growth. The Foundation plays the role of a catalyst and works towards creating an innovation eco-system through cutting-edge research, knowledge creation and dissemination. Its recognition platform - Innovation for India Awards - biennially awards breakthrough innovations from India.

One of its popular researches resulted in a best seller publication – “11 mission biographies - Making Breakthrough Innovation Happen: 11 Indians who pulled off the impossible”. This publication is a culmination of a six-year joint discovery effort to identify genuine breakthrough innovations from within India, and then uncover cutting-edge insights into what these innovations did differently, to make the impossible happen.

Through its upcoming Innovation Publication, the Marico Innovation Foundation looks to spread innovation knowledge that will enable organizations emerge with innovative thinking and use this to address challenges. MIF felt the need to continuously generate this knowledge and create a regular channel to disseminate this information.

To recognise and applaud outstanding leadership with innovative focus in sectors, the Marico Innovation Foundation in 2006 institutionalised the Innovation for India Awards. These Awards acknowledge and foster leadership with innovative focus in various business and social sectors. From 2010, a new category - Public Governance - has been introduced to recognize innovations where the Central or State government or any wing of the government including public-private partnership has innovated. The intent of the Awards is to reward projects and businesses that make a real difference to India and the community at large. Based on the criteria of uniqueness, impact and scalability, India's Best Innovations are declared biennially.

Since 2006, 41 innovators have been recognized, including organizations like Kirloskar Brothers, BOSCH MICO, Su-Kam, Titan, Azim Premji Foundation, Trichy Police, ITC IBD, Reliance KGD6, Tutor Vista, Goonj, PRS Legislative, Tata Chemicals and TERI, Gujarat Government's Jyotigram Yojana, Defence Institute of High Altitude Research (DIHAR), Pilani Soft Labs Pvt. Ltd (Red Bus), IndiGo Airlines, Akshaya Patra, St. Jude India and EMRI. Bharti Airtel, Tata Nano and the UIDAI – Aadhar programme of the Planning Commission, Government of India were recognized as Global Game Changers for their spirit of Innovation.

To extend the Marico Innovation Foundation's catalytic approach towards innovation, it organizes Innovation Workshops for social enterprises. The purpose of these workshops is to enable social organizations to apply innovation as a key tool to significantly increase their social impact and scale programs. Post the workshop, a detailed analysis of the organization is done. After this, organizations are selected for a 12-18 month innovation incubation program. Two prototypes have successfully been implemented in Mumbai and Bangalore over the year.

One was 'Yuva Parivarthan', a social organization providing employability training to young people who have either dropped out of formal education or are at a risk of having no real livelihood options. The intervention helped the organization to devise a new model for imparting training that exposed them to real life learning and earning scenarios, resulting in a staggering six times growth in the total number of youth impacted.

Another organization which was incubated was 'Waste Wise Trust' which is developing scientific and holistic ways of disposing solid wastes that impacts people, the planet and profits. Earlier they operated in a disconnected manner with waste disposal units, and faced shortage of land space, a major factor for disposing waste. After applying the new model developed under the guidance of MIF, the social organization managed to integrate all stakeholders – waste pickers, waste generators, waste recyclers and entrepreneurs, in an inclusive and mutually value creating manner. This led to the electronic city contracts to manage 10-15 metric tonnes of solid waste every day, up from 1.5 metric tonnes. This prototype has been replicated by the Electronics City Association in Bangalore, which is now funding 80% of the operational cost of the prototype.

The Foundation along with its partners will also be mentoring and providing resource support for 5 organizations, from the 2012 World Bank Developing Marketplace Winners in India. The Foundation aims at becoming a nodal agency for disseminating World Bank resources to social organizations in India.

Torn, useless clothing can be turned around to make excellent sanitary napkins, but it took an ingenious collection and distribution system to reach out to lakhs of underprivileged women across India, providing them much-needed dignity and protection. A unique innovation by GOONJ recognised at the Innovation for India Awards.

Witness some of the most inspiring innovations at the 4th edition of the Awards on 30th March, 2012.
To know more, call 022 42365959 / +91 9930282040 or log on to maricoinnovationfoundation.org

Organised by: Marico Innovation Foundation   Knowledge partners: BAIN & COMPANY

Through the knowledge dissemination mechanism, the Foundation is able to propagate the findings of the researches through large-scale mass platforms across India.

Sustainability reporting initiative in Marico

Sustainability Report is about disclosures on non-financial aspects of business. The reports are generally made on the GRI-G3 (Global Reporting Initiative – 3rd Generation) guidelines, covering the company's performance in following fields:

1. Economic
2. Environmental
3. Social

Marico has been working in various areas related to sustainability over the past few years. There have been a wide range of initiatives across energy conservation, water conservation, CSR and waste disposal, apart from business initiatives involving communities such as farmers and associates.

Associates

Marico organizes an annual reward program "Keraratna", for farmers associated with Marico Copra Collection Centres, to motivate small-scale farmers to stay active in the market and keep away from speculation, thus reducing financial losses. This initiative also aids in creating a long-term mutually beneficial relationship with the farmers.

A cluster farming and coconut producers' society was formed in Kerala to drive cluster activities. It acts as a channel between the Coconut Development Board (CDB) and farmers, enabling farmers to access CDB initiatives, achieve higher yield/productivity and improve earnings per acre. The society also helps farmers receive various government benefits like free fertilizers and intercrops.

Marico also organized training programs with industry experts, educating farmers on quality standards, inspection methods, storage of copra and latest developments in farming/conversion process, enabling them to get a good price for their produce.

Contract farming for safflower was undertaken on around 10,000 acres of land which would have otherwise been barren in the rabi season. The Company also converted vendors from the non-edible grade of raw rice bran oil to the edible grade, thereby increasing their profitability.

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

Members

Marico gives utmost importance to the health and well-being of its members and organizes various workshops and seminars throughout the year to help them in their overall development. This year, a parenting workshop was organized at the corporate centre, to build greater awareness and sensitivity in teams that include Marico Mothers, through focused sessions. The workshop, conducted by a counsellor, covered the key topic of how to build a better relationship with your child, given that there are only a limited number of hours that are spent at home by working mothers and how to balance domestic and professional duties. It included sessions by a nutritionist to share recipes and talk on nutrition for children (of varied age groups) and child health.

Other sessions conducted at certain plants focused on educating parents about their behaviour towards their child during examinations and their role in planning their career.

Yoga classes were launched to help members live a more balanced and stress-free life. Free professional and confidential counselling is also provided to the members. On International Women's Day, a session was conducted for women members of Marico on 'How women get ahead'. It covered topics such as dealing with stereotypes and creating a professional image at work. Apart from these initiatives, investment and safety workshops are organized at all plants for members and health and safety seminars are conducted for contract workers. Reinforcement training like fire-fighting is compulsory at least once a year at all plants.

Society

Marico was once again a part of the 'Joy of Giving Week', popularly referred to as India's own 'giving festival.' Members from all locations participated, and contributions touched an all-time high. This year, we reached out to more than 2000 people. Mariconians also contributed by lending their expertise; for instance, the Marketing team worked with NGOs on a voluntary basis to help them create a brand image for their enterprises.

Apart from this, assistance was provided to neighbouring communities through scholarship awards for meritorious students, and contributions towards repairing roads and places of worship. Cleaning of the PIPDIC estate was undertaken by the Pondicherry plant members. Help was extended during a fire at Jain Irrigation factory at Jalgaon.

Green Initiatives

At its Baddi plant, Marico launched an initiative by which all open land spaces would be converted into a green belt, using the ETP processed water. Fuel consumption was reduced in Kanjikode. Several initiatives were taken to reduce CO2 emissions in Pondicherry and Jalgaon. 500 coconut trees were planted in coastal districts across Bangladesh. Most of the trees on the new plant site in Bangladesh were re-planted and in some cases roadways and drains were modified to avoid cutting trees.

Sustainability Management

Any company taking up Sustainability Management typically has the following approach.

Sustainability Vision and Policy

Core Sustainability Team at Corporate Level

Internal & External Stakeholder Dialogue

Identifying & Prioritizing Sustainability Challenges and Risks

Planning Activities for Sustainability Performance and Allocating Resources

Monitoring Activities and Performance

Reporting Sustainability Performance

Reviewing through Monitoring and Stakeholder Feedback

Sustainability Management at Marico

In 2011-12 Marico started its journey towards a sustainability report, and is currently putting a Sustainability Management Framework in place. This will help the company to collate sustainability information in a structured manner. The Company has engaged CII as a knowledge partner for preparing the Sustainability Report and helping to set up a Sustainability Management Framework.

In this regard, the following steps were taken:

Creation of a Sustainability Task Force: A cross-functional team was created for Sustainability Reporting. The team comprised two representatives from each manufacturing location, one each from HR, Finance, Company Secretariat, Quality Assurance, Product Integrity Management, Supply Chain and 3P Manufacturing.

Stakeholder Engagement: Key stakeholders were identified and the modes of engagement with them were listed. This was done to avoid re-inventing the wheel.

Site Visits: The core team, along with CII consultants, visited key manufacturing locations of Marico. The visits helped to train other members in manufacturing locations on the basics of sustainability. At the same time, sustainability challenges were identified at each site.

Data Collection: During this phase, data for the past two years was collected from each manufacturing location on all aspects of sustainability.

Comments from CII: Based on the data shared, CII shared their comments and rectifications in data collection methodologies.

Planning for Sustainability Performance: Based on the data collected and stakeholder engagement outcomes, projects shall be suggested by CII in areas where the sustainability performance needs improvement. These projects will be undertaken during FY13.

Setting up Sustainability Management Framework: The data collection on sustainable indicators and monitoring of the projects will ensure that a sound sustainability management framework is put in place. This will be a stepping stone towards sustainability reporting.

Sustainability Reporting: Once the framework is in place along with strong systems, Marico plans to publish its Sustainability Report and share it with all its stakeholders. We expect this to take place in the near future.

A task force comprising members from various functions in the Company's corporate office as well as manufacturing locations has been formed. This year, the focus is on Marico's 7 manufacturing locations in India viz. Kanjikode, Pondicherry, Goa, Jalgaon, Baddi, Dehradun and Paonta Sahib.

CII conducted awareness training on GRI guidelines for the members of the sustainability task force. This training covered GRI G3 guidelines in detail along with other sustainability reporting aspects. Later, CII consultants also visited the manufacturing locations to help with data collection for sustainability indicators and to train other members at the manufacturing locations on aspects of sustainability.

The Company has begun capturing data for some of the environmental indicators. These include:

- GHG emissions
- Effluents
- Electricity consumption
- Energy conservation initiatives
- Water consumption
- Waste disposal

Marico also has systems to collect information regarding labour, as required for compliance by various authorities.

However, the Company still needs to set up systems to accurately measure the impact of various initiatives particularly Society and Human rights indicators. The company plans to set up these systems this year.

Marico will initially focus on manufacturing plants in India, as these locations are the most significant from the point of view of sustainability risks. The Company will look to expand its reporting boundaries in the years to come.

THE MARICO GROWTH STORY

Marico achieved revenue from operations of INR 4008 crore during FY12, a growth of 28% over FY11. The volume growth underlying this revenue growth was healthy at 17%. Profit after tax (PAT) for FY12 was INR 317 crore, a growth of 11% over FY11. Over the past 5 years, the top line and bottom line have grown at a compounded average growth rate (CAGR) of 21% and 23% respectively.

CONSUMER PRODUCTS BUSINESS (INDIA)

Parachute and Nihar in India

Parachute, Marico's flagship brand, continued to expand its consumer franchise during the year. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by about 11% in volume as compared to FY11.

Marico has continued to drive conversion from loose oil usage to branded oil. Small packs helped to drive this growth. It is estimated that the loose market comprises about 40% of the coconut oil market in volume terms. This is expected to continue to be a source of growth in the medium term.

During FY12 Parachute improved its market share in the coconut oils segment by 130 bps. The inflationary environment in the key input prices of coconut oil has kept the competition from the local/regional players relatively soft. However, the downward correction in the input prices could see the return of competition from some of the local players.

During the 12 months ended March 2012, Marico's volume share represented by brands Parachute and Nihar, in the approximately INR 2300 crore (USD 460 million) branded coconut oil segment in India, was ~ 55.2% (FY11: 53.2%). Marico's share in coconut oil in the rural markets, however, is lower at 39%. This provides headroom for growth in rural areas through market share gains.

Saffola

The Saffola Oils franchise grew by about 11% in volume terms during FY12 compared to FY11. The brand has recorded healthy volume growth over several quarters, indicating strong brand equity and a category tailwind.

Saffola has been, over recent years, leveraging the consumer trend of proactively managing a healthy lifestyle. Adopting Saffola is one of the shifts that consumers continue to make. The Saffola range of blended refined oils (available in four variants) operates in the premium niche of the refined edible oils market. Saffola refined oils are estimated to reach about 2.5 million households of the 21.4 million SEC A/B households in India. With rising awareness about heart health in the country, this provides significant headroom for growth. The brand maintained its leadership position in the super-premium refined edible oils segment, with a market share of about 58.2% during the 12 months ended March 2012 (FY11 53.1%).

Saffola would, in the longer term, establish itself as a leading healthy lifestyle brand that offers

healthy food options for all meals. The Company has prioritized the breakfast space in the near term. Last year it entered the breakfast cereals market with the introduction of Saffola Oats. This has met with a favorable response, with trials building rapidly. Encouraged by this, the Company commenced a prototype with savory variants of oats in Tamil Nadu and later extended it to Kerala. The Company plans to extend this prototype to other parts of South India in a phased manner. Marico has about 14% value market share in the oats category and has emerged as the number two player in the category. The participation of multiple players in the oats market is helping to fast-forward growth in this category.

The Company will continue to innovate in the packaged food space and prototype new products in the near future.

Hair Oils

During the year, all Marico's hair oil brands recorded healthy growth. The Company's hair oils in rigid packs volumes grew by about 24% over FY11.

Marico's hair oils franchise had achieved market share gains during FY11 and has continued to do so in FY12. There has been a positive shift of around 132 basis points in FY12 compared to FY11. Its volume market share during the 12 months ended March 2012 was about 24.1%, up from 17% about 5 years ago. These market share gains have been achieved through providing consumers with specific solutions, product innovation, packaging restaging, participation in more sub-segments of the value-added hair oils category, continued media support for some of the brands and penetrative pricing action in others, and expansion of Marico's retail reach in the rural markets.

Marico offers its consumers a basket of value-added hair oils for their pre-wash and post-wash hair conditioning, nourishment and grooming needs, in the approximately INR 3800 crore (USD 760 million) branded hair oils market. Hair oiling remains a deeply ingrained hair conditioning habit in the Indian sub-continent. The Company has carried out scientific research and conducted successful clinical trials to establish the benefits that hair oiling provides to consumers. With rising incomes in India there exist increasing opportunities to serve consumers looking for value-added options to their hair oiling needs. In recent times, it has been one of the fastest growing FMCG categories in the country.

The Company's aim is to participate in all the sub-segments and have a wider portfolio to drive growth. This is being achieved through the introduction of new products such as Parachute Advansed Ayurvedic Hot Oil, Parachute Advansed Ayurvedic cooling oil and Parachute Advansed Ayurvedic Hair Oil. All these have grown the overall hair oils franchise by bringing specificity and creating more occasions for use. Nihar Shanti Amla continues to gain market share on the back of disruptive pricing and achieved a volume market share of about 18.6% for the 12 months ended March 2012 in the Amla hair oils category. The Company is now focusing on scaling up its presence in these sub-segments.

Prototypes and New Launches

Marico, being an FMCG company, has to create a healthy pipeline of new products so that they become growth engines for the future. In order to identify scalable marketing and product propositions, Marico follows a prototyping approach to test the products before launching in a low-cost fail-fast model.

In order to invest in new product initiatives, Marico follows a Strategic Funding (SF) approach. Marico defines SF as the negative contribution a product makes after providing for material costs, variable manufacturing and distribution costs and advertising and sales promotion expenditure for the product. Each year the Company budgets for a certain percentage of its Profit Before Tax to be available towards strategic funding for new products and businesses. All new products would have to fight for these resources. As the Company's bottom line grows, the SF pie grows larger. This provides sufficient investments towards creating future growth engines and at the same time puts an overall ceiling to the SF at the group level.

During the year, the Company continued the process of prototyping and launching. Encouraged by the favorable response to Saffola Oats, the Company is prototyping savory variants of oats in Tamil Nadu and Kerala. These variants will be extended to other parts of South India in a phased manner.

Marico had started a prototype of Parachute Advansed Body Lotion in West Bengal in September 2010. This is in line with the Company's strategy to participate in the Beauty and Wellness space – specifically in Hair Care and Skin Care. Encouraging results of the prototype led to a launch on a national basis during Q2FY12, supported by high impact marketing. Recently, the Company also introduced a summer variant. Feedback from consumers and the trade is very positive. Parachute Advansed Body Lotion has achieved a market share of ~7% within a short period of time.

In line with the Company's aim to participate in all the sub-segments of Value Added Hair Oils, new products such as Parachute Advansed Ayurvedic Hot Oil, Parachute Advansed Ayurvedic cooling oil and Parachute Advansed Ayurvedic Hair Oil were launched during the year.

The Company believes that even though the category is competitive, there is a lot of head room for growth. The penetration levels are still less than 20%. The total skin care segment is estimated to be around INR 5000 crore (USD 1 billion), of which the body care segment is around INR 1300 crore (USD 290 million).

INTERNATIONAL FMCG BUSINESS GROUP (IBG)

Marico's International FMCG business (its key geographical constituents being Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia) comprised ~24% of the Marico Group's turnover in FY12. IBG continued its growth journey, clocking a turnover of INR 955 crore (USD 191 million) during FY12. This denotes a growth of about 30% over FY11, boosted by the acquisition of 85% equity in International Consumer Products in Vietnam in February 2011. The EBITDA margin for the year stood at approximately 11%.

Bangladesh

The business environment in Bangladesh has been challenging. Overall economic crises and liquidity crunch impacted the business. High inflation, including food inflation and a sharp depreciation in the Bangladeshi Taka versus USD, has resulted in cost push and resistance to retail price increases. Consequently, volume growth and margins have both been under pressure. Despite a challenging macro-economic environment that has put pressure on volume growth, on a like to like comparison (after adjusting MODVAT), our Bangladesh business posted a business growth of 11% during the year. Parachute was able to hold its market share of about 80% in the branded coconut oil market, suggesting strong brand fundamentals. It continues to be among the top 5 most trusted brands for the third consecutive year (Source: Bangladesh Brand forum). Parachute continues to play out its market expansion strategy by converting loose oil users to packed branded coconut oil.

The Company is building upon its strategy of leveraging the extensive distribution network created by Parachute. Hair Code hair dye has achieved 29% value market share, thus establishing itself as the number one player in the hair dye market. The Company plans to extend the brand into the liquid hair dye segment during the coming year. In the INR 150 crore value-added hair oils space, the Company strengthened its presence through increased volumes of Parachute Beliphool, a light hair oil with a floral fragrance, and Parachute Advansed Cooling Oil. This has resulted in an increase in market shares. During Q4FY12, the Company also introduced three variants of value-added hair oils under the brand Nihar. The Company now has about 14% market share in the segment.

MENA (Middle East and North Africa)

The overall business environment in the region was much better this year, despite sporadic instances of protest and unrest. Some of the territories that still face instability, such as Libya, Yemen and Syria, are yet to return to normalcy in terms of operations. However, they comprise only about 5% of Marico's business in the MENA region.

The Hair Code brand performed well during the year. The re-stage of the brand along with the new visual identity and the spout sachet packaging innovation, continues to yield good returns. This change was well supported with 360-degree marketing initiatives. The re-launch also helped the Company deal with counterfeit issues. Fiancée was backed by a campaign reinforcing its VFM positioning.

Marico has continued to leverage local consumer insights. It has launched a new range of Hair Oils and Hammam Zait under Parachute Secrets. This range leverages the tradition and belief amongst Arab women about the hair nourishment properties of certain ingredients. The response has been positive. To strengthen the core equity of its offerings, the Company has also re-staged Parachute Gold creams and hair oils across the Middle East markets. The response to the new range is encouraging.

South Africa

The South African business recorded a double digit Y-o-Y growth over FY11. The turnover for FY12 crossed the INR 100 crore mark. Caivil Just for Kids consolidated its leadership position in the kids' hair care market. Given the inflationary situation, the market has been witnessing some degree of down-trading. However, Marico's representation in the VFM segment through Black Chic was able to capitalize on this trend. Overall, Marico's hair care brands have been growing steadily and improving their market shares in the ethnic hair care market in South Africa.

South East Asia

The business environment in Vietnam remained challenging through the year, with high rates of inflation and cost push in power and fuel. The Vietnamese Dong has remained weak, leading to a rise in the cost of imported materials.

Amidst this, X-Men, a leading men's grooming brand, saw an uptick in its market share in the men's shampoo category, to ~47%, aided by the launch of the new 4-Step X-Men campaign. Apart from the thematic TVC for shampoo, the campaign prompts a full male grooming regimen, with X-Men extensions in shower gel, face wash and deodorant. The thematic campaign has been supported by a 360-degree surround PR, including a digital campaign, outdoor visibility and merchandising. The other business segments of Skin Care and Foods are tracking as per plan. The integration of operations is on track. The Company has also started using Vietnam as a manufacturing hub for its operations in Malaysia.

Marico's Malaysian business continues to grow at a very healthy rate. Code 10 has responded well to the brand re-stage and the Company has recently launched range extensions in male hair styling.

Kaya Skin Care Solutions

Kaya now offers skin care solutions – technology-led cosmetic dermatological services and products – through 107 clinics: 82 in India across 26 cities, 19 in the Middle East and 2 in Bangladesh, in addition to the 4 Derma Rx clinics and medispas in Singapore and Malaysia.

During FY12, Kaya achieved a turnover of INR 279 crore (USD 55.8 million). The Kaya business in India and in the Middle East achieved same store collection growth of 15% during FY12 as compared to FY11. Kaya has thus sustained the topline growth trend for the past 6 quarters on a same store basis, indicating early signs that the initiatives taken thus far are yielding results. Derma Rx also reported a healthy double digit top line growth.

This has been achieved through several initiatives:

- Introduction of regular skin care services at affordable price points to serve as traffic generators. During the latter part of FY11 and FY12, Kaya introduced a range of everyday skin care services like facials and aqua jet peels. Unlike ordinary facials, these services are created especially by dermatologists who combine the best of science and nature to give consumers a rehydrated, rebalanced, smooth, supple and brighter skin. These services are not in the nature of problem solution which means that they can be availed of after short periodic intervals, leading to regular foot falls in the clinic.

- Unlocking of portfolio synergies by introducing products from Derma Rx in India. These have experienced good acceptability from clients.

- A new bridal skincare program.

- A 360-degree campaign on Juvederm XC (dermal filler for anti-ageing) rolled out across key markets in order to penetrate the anti-ageing market.

- The Milestone program, designed to bring back customers who have not transacted with Kaya in the recent past – one of Kaya's CRM initiatives.

Kaya has consciously made a shift in its positioning from "cure" to "cure & care", moving from expert solution provider for skincare problems to personal guide for total skin care. The new tagline 'Love what you see' is an expression of how consumers feel after a visit to Kaya. This re-branding will be rolled out across all Kaya Skin Clinics in India, product packaging and advertising, in a phased manner.

The products from Derma Rx introduced in India continue to gain good traction. Apart from these, Kaya also introduced a few other products in the Indian market during the year. About 23% of the revenues from Indian operations now come from the sale of products. This ratio was static at about 13% before the Company started focusing on products. The company will continue to introduce more products in India in a phased manner. Derma Rx products are in the process of being introduced in the Middle East too. A launch is expected in Q1FY13. We believe that these launches make Kaya's product range more comprehensive. Higher product sales will generate more through-put from the clinics and help improve their ROCE.

During FY12, Kaya recorded a revenue growth of about 34% over FY11 and made a loss of INR 29.1 crore (USD 6.4 million) at the PBIT level. Losses at PBIT level for FY11 were about INR 32.5 crore (USD 8 million).

We believe that compared to the CPB or IBG, Kaya is a much younger business and encapsulates an emerging business model. Its distributed locations make it a complex business to manage, from the point of view of customer interfacing as well as business control. We have launched initiatives in both these areas. Our focus is on building sustainable consumer bases, as partially explained above.

Our focus has also been on rationalizing operations and costs. We are conscious of the fact that most costs in Kaya are front-ended and therefore we have to constantly ensure that the carrying cost of all our assets reflects current reality. There has therefore been a drive in Kaya towards greater automation and scrutiny across all its clinics, in India and overseas. The constant re-assessment of asset values across Kaya has led to varying accounting changes. We expect this to continue for some time.

Thus, the current phase of securing consumers and ensuring cost effectiveness will hold out for some time. This will keep Kaya in an investment phase for a few more quarters.

COST STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	FY12	FY11
Material Cost (Raw + Packaging)	52.3	51.6
Advertising & Sales Promotion (ASP)	11.5	11.3
Personnel Costs	7.6	7.3
Other Expenses	16.2	16.5
PBDIT Margins	12.5	13.3
Gross Margins (PBDIT before ASP)	23.9	24.6

Notes:

1. The above ratios are before considering the effect on non comparable items to enable like to like comparison.

2. The year witnessed steep inflation in prices of input materials as compared to last year. Market price of Copra, the input for coconut oil, which accounts for about 40% of the Group's raw material cost, was about 20% higher in FY12 on a YoY basis. Market prices of Safflower Oil and Rice Bran were up by 28% and 34% respectively on a YoY basis. The Company chose to pass on a part of the input cost increase to consumers.

3. There has been a marginal increase in ASP as a result of investments made by the Company behind existing brands and new initiatives.

4. The company endeavors to keep its absolute margins per unit within a band. A significant increase in realizations per unit will result in

reflecting a lower margin in percentage terms.

CAPITAL UTILIZATION

Over the years, Marico has been maintaining a healthy Return on Capital Employed (ROCE). Given below is a snapshot of various capital efficiency ratios for Marico Group:

Ratio	FY12	FY11
Return on Capital Employed	25.5%	27.4%
• Marico Group		
Return on Net Worth (Group)	28.4%	32.0%
Working Capital Ratios (Group)		
• Debtors Turnover (Days)	17	19
• Inventory Turnover (Days)	60	61
• Net Working Capital Turnover (Days)	49	50
Debt: Equity (Group)	0.58	0.55
Finance Costs to Turnover (%) (Group)	1.2%	1.3%

*Turnover Ratios calculated on the basis of average balances

1. There has been a marginal decline in the Group's ROCE in FY12 compared to FY11 mainly on account of the investment made by the Company in new products. The Company also chose to pass on only a part of the cost push to the consumer leading to contraction in operating margins.

2. The Net Debt position of the Marico Group as of March 31, 2012 is as below:

Particulars	Amount (INR/Cr)
Gross Debt	795
Cash/Cash Equivalents and Investments	388
Net Debt	407
Foreign Current Denominated	745
Foreign Current Denominated: Payable in One Year	456
Rupee Debt	50
Rupee Debt: Payable in One Year	–
Foreign Currency Debt as a % age of Gross Debt	94%
Total Debt Payable with in One year	57%
Average Cost of Debt (%): Pre tax	5.20%

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

3. The Debt denominated in foreign currency is either hedged or enjoys a natural hedge against future probable exports the hence the MTM differences are routed through the balance sheet rather than the income statement.

4. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.

SHAREHOLDER VALUE

Marico has focused on deploying its resources in avenues which will result in maximization of shareholder value. Continuing with this policy, the Board of Directors of Marico has decided to follow a conservative dividend policy and deploy its internal accruals to fuel organic and inorganic growth. The broad direction is to maintain the absolute amount of dividend as paid out in the previous year. On a growing profit base, the payout ratio would be lower. However, if we do not find any suitable avenue to deploy funds in the near term, we will repay the debt on the balance sheet and re-look at the dividend payout ratios.

Dividend Declared

The Company had declared interim dividends of 30% and 40% during the year. With this the dividend declared for FY12 is 70%. The payout ratio on the annual profit after tax is 15.8%. The Company has remained conservative on its dividend payout. As the Company continues to explore inorganic growth opportunities to complement its organic growth plans, it continues to conserve cash.

Results of Operations – An Overview

Marico achieved revenue from operations of INR 4008 crore during FY12, a growth of 28% over FY11. The volume growth underlying this revenue growth was healthy at 17%.

Profit after tax (PAT) for FY12 was INR 317 crore, a growth of 11% over FY11. These results include the following items that are not strictly comparable with FY11. Each of these items are explained in detail in the Notes to the Consolidated Annual Financial Statements:

Rs/Cr Particulars	FY12	
	PBT	PAT
Clinic Impairment in Kaya: India and Middle East	(1.7)	(1.7)
Prior period adjustment in Kaya Middle East	(13.0)	(13.0)
Write back of income tax provision of earlier years	–	5.6
Total	**(14.7)**	**(9.1)**

Rs/Cr Particulars	FY11	
	PBT	PAT
Write back on Excise Provision relating FY10 on Coconut Oils	29.3	19.6
Sales proceeds from divestment of Brand "Sweekar"	50.0	36.2
Impairment relating to Finacee business in Egypt	(22.6)	(18.1)
Clinic Impairment in Kaya: India	(7.7)	(7.7)
Accelerated Depreciation – Kaya (India)	(5.4)	(5.4)
Total	**43.6**	**24.6**

Particulars	FY12	FY11
Reported Profit after Tax	317	286
Reported Growth %	11%	
Normalised Profits before considering exceptional and non comparable items	326	262
Adjusted Growth %	25%	

Over the past 5 years, Marico has shown a consistent performance with Sales and Profit after Tax growing at a compounded annual growth rate of 21% and 23% respectively.

TOTAL INCOME

Our total income consists of the following

1. Net Sales / Income from Operations comprising
   a. Sales from "Consumer Products" including coconut oil, value added hair oils, premium refined edible oils, anti-lice treatments, fabric care, edible salt, functional and other processed foods, hair creams & gels, shampoos, hair relaxers & straighteners, deodorants and other similar consumer products, by-products, scrap sales and certain other operating income.
   b. Sale and income from other products including skin care products sold through Skin Care Clinics under the brands Kaya and Derma Rx.
   c. Income from services offered at the Skin Care Clinics under the brands Kaya and Derma Rx
2. Other Income, primarily includes profits on sale of investments, dividends, interest and miscellaneous income.

The following table shows the details of income from sales and services for FY12 and FY11.

INR crore

Particulars	FY 11-12	FY 10-11
Net Sales / Income from Operations	4,008.3	3,135.0
Other Income	32.6	21.2
Total	**4,040.9**	**3,156.2**

There has been around 28% growth in Net Sales/ Income from Operations on account of 26% growth in Consumer Products Business in India, 30% growth in Consumer Products Business outside India and 34% in Kaya. All the franchises of the Group witnessed a healthy growth during the year.

The underlying volume growth was healthy at 17% at Group level. It was possible as a result of 14% growth in Consumer Products Business in India with International Business Group and Kaya also recording healthy volume growth.

Other income mainly accounts for profit on sales of investment, interest and dividend income arising largely from investment of short term surpluses.

EXPENSES

The following table sets the expenses and certain other profit and loss account line items for the years FY12 and FY11:

INR crore

Particulars	FY 2011-12	FY 2010-11
Total Income	**4,040.85**	**3,156.21**
Expenditure		
Cost of Materials	2,098.70	1,617.59
% of Total Income	51.94%	51.25%
Employees Cost	307.29	229.98
% of Total Income	7.60%	7.29%
Advertisement and Sales Promotion	448.99	345.95
% of Total Income	11.11%	10.96%
Depreciation, Amortisation and Impairment	72.52	70.8
% of Total Income	1.79%	2.24%
Other Expenditure	668.9	523.36
% of Total Income	16.55%	16.58%
Finance Charges	42.39	41.01
% of Total Income	1.05%	1.30%
Total Expenses before exceptional items	3,638.79	2,828.69
% of Total Income	90.05%	89.62%
PBT before Exceptional Items	402.06	327.52
% of Total Income	9.95%	10.38%
Exceptional Items	(1.75)	48.91
Profit Before Tax	400.31	376.43
% of Total Income	9.91%	11.93%
Tax	78.25	84.98
Profit after tax before Minority Interest	322.06	291.45
% of Total Income	7.97%	9.23%
Minority Interest	4.95	5.01
Profit after Tax	317.11	286.44
% of Total Income	7.85%	9.08%

Cost of Materials

Cost of material includes consumption of raw material, packing material, purchase of finished goods for re-sale and increase or decrease in the stocks of finished goods, by-products and work in progress. Input prices had seen an unprecedented increase in H2FY11 and continued to rise during the current year before a decline was witnessed in the latter part of FY12. For the year as a whole the average market prices of copra were higher than FY11 by about 20%. The market prices of other key inputs such as Safflower Oil and Rice bran oil were up 28% and 34% respectively during FY12 as compared to FY11. The Company had passed on part of this cost push to the consumers, some in the later part of previous financial year and some in the current financial year, and therefore the material cost as a percentage to total income is slightly higher as compared to the previous year. The Company maintained its thrust on volume growth and therefore chose not to pass on the entire input cost push to the consumers.

Employee Cost

Employee cost includes salaries, wages, bonus and gratuity, contribution to provident and other funds and staff welfare schemes expenses. The Company has an extensive process of performance management enhancement through the deployment of MBR (Management By Results), which is intended to create an environment where employees are encouraged to challenge and stretch themselves. Linked to this is a variable compensation element based on the Company's target achievement and the individual's performances against goals identified. The increase in employee costs is primarily on account of normal annual compensation revisions and increase in headcount. A part of the increase is also attributed to provision made during the year towards the Stock Appreciation Rights Plan (STAR Plan) which was not there in the previous year.

Advertisement and Sales Promotion

Advertisement and sales promotion (ASP) expenses in FY12 were slightly higher than that in FY11 on a percentage to net income basis. During the current year the consumer products business in India scaled up the prototype of Saffola Oats and launched Parachute Advansed Body Lotion nationally. Moreover, there were new launches in International markets. In Bangladesh new variants of value added hair oils were introduced during the current year and in the MENA region there were launch and re-launch of products.

Depreciation, amortisation and impairment

Generally, depreciation costs increase based on the capital expenditure incurred. Depreciation expense has remained in line with FY11 as no substantial capital expenditure was incurred this year. In line with the Indian Accounting Standards, the Company has continued to amortise Brands held by some of its overseas subsidiaries.

Other Expenses

Other expenses include items such as Conversion charges, Freight & Forwarding, Selling and Distribution, Rent, Travel and other expenses. Other expenses include spends that are variable, semi-variable and fixed in nature. There has been no significant change on percentage to sales basis. However, in absolute terms the spends have gone up mainly on account of the investment in Vietnam. For the operations in Vietnam the entire year's operations during FY12 were consolidated as compared to only two months during FY11. Moreover, a robust volume growth has lead to increase in expenses that are variable and semi variable in nature.

Finance Charges

Financial charges include interest on loans and other financial charges. Interest costs are in line with increase in long term and short term borrowings.

Exceptional Items

There were some items which are exceptional in nature and hence detailed separately on the face of Profit and Loss account. These are explained in Note 38 of the Consolidated Financial Statements.

Tax

Tax comprises Income Tax and Deferred Tax. The effective tax rate for FY12 is ~20%. The effective tax rate is lower than the corporate tax rate as the Company has invested in manufacturing facilities in tax free zones. There were some exceptional and non-comparable items in FY11 financial statements due to which the effective tax rate for FY11 was higher.

BALANCE SHEET

Statement of Assets and Liabilities - Consolidated Financials

INR crore

Particulars	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	61.49	61.44
Reserves and surplus	1,081.52	854.04
Sub-total Shareholder's fund	**1,143.01**	**915.48**
Minority Interest	24.90	21.88
Non-current liabilities		
Long-term borrowings	390.67	381.73
Other Long-term liabilities	0.63	0.57
Long-term provisions	41.93	44.60
Sub-total Non current liabilities	**433.23**	**426.90**
Current Liabilities		
Short-term borrowings	371.58	340.13
Trade payables	358.37	269.36
Other current liabilities	208.19	182.66
Short-term provisions	77.74	76.72
Sub-total current liabilities	**1,015.88**	**868.87**
TOTAL - EQUITY AND LIABILITIES	**2,617.02**	**2,233.13**
ASSETS		
Non-current assets		
Fixed assets	501.84	457.77
Goodwill on consolidation	395.49	397.59
Non-current investments	29.39	10.22
Deferred tax assets (net)	22.34	29.90
Long-term loans and advances	124.39	76.38
Other non-current assets	123.41	98.64
Sub-total Non current assets	**1,196.86**	**1,070.50**
Current assets		
Current investments	266.26	78.71
Inventories	720.22	601.14
Trade receivables	181.57	177.91
Cash and cash equivalents	158.81	220.57
Short-term loans and advances	75.11	79.17
Other current assets	18.19	5.13
Sub-total current assets	**1,420.16**	**1,162.63**
TOTAL - ASSETS	**2,617.02**	**2,233.13**

Shareholders' Funds

This comprises the paid up share capital and reserves & surplus. There has been an increase in the share capital on account of stock options exercised by the employees under the ESOP Scheme. Annexure to the Directors' Report provides further details of stock options issued, exercised and to be exercised.

Minority Interest

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

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

Non-current Liabilities

Non-current Liabilities include borrowings which are payable after one year or more from the date of the balance sheet and long term provisions such as gratuity. These include a judicious blend of borrowings in local and foreign currency. Long term provision also includes provision for consideration towards acquisition of the Derma Rx business, payable over 3 years. (Ref. Note 8(f) of the Consolidated Financial Statement).

Current Liabilities

Current liabilities mainly comprise the amounts payable by the Company for the purchase of various input materials and services and short term provisions. Increase in current liabilities is mainly on account of trade payables which are in line with the business growth.

Fixed Assets

Fixed assets represent investments made by the Company in tangible assets such as Buildings, Plant & Machinery, Furniture & Fixtures etc. Apart from normal yearly capital expenditure, the increase is on account of capitalisation of R&D office building in Mumbai and fixed assets in Bangladesh, Middle East and Egypt.

Goodwill on Consolidation

Goodwill on consolidation represents the consideration paid to acquire companies in excess of their net assets.

Non-current Investments

Non-current Investments comprise long term investments the full value of which will not be realized before one year from the date of the balance sheet. These investments have increased in FY12 as the Company has parked some amount of the additional funds generated during the year in tax free bonds.

Deferred Tax Asset (DTA)

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

The amount of deferred tax asset has come down on account of:

- The Company had adjusted in the Books of Account the value of Intangible Assets against the Capital Redemption Reserve and Securities Premium Account under the Capital Restructuring Scheme in an earlier year and hence created a DTA. As the Written Down Value of those Intangible Assets as per Taxation books is reducing each year the DTA is getting reversed.

Long-term Loans and Advances

Long-term Loans and advances include the amounts paid by the Company recoverable in cash or in kind after 12 months from the balance sheet date. These include security deposits, advances paid to suppliers in select cases etc. Increase in long term loans and advances in FY12 are mainly on account of the refundable Earnest Money Deposit paid for acquisition of Personal Care business of Paras and advance to Welfare of Mariconians Trust. This trust manages the long term incentive plan, Marico Stock Appreciation Rights Plan (STAR Plan) for its employees. Under the plan, stock appreciation rights are granted to certain eligible employees.

On completion of the Paras acquisition, the Company will get a refund of the Earnest Money Deposit along with interest thereon.

Other Non-current Assets

Other non-current assets include receivables/ entitlements maturing after more than 12 months from the balance sheet date. Increase in non-current assets in FY12 is on account of increase in MAT credit entitlement.

Current Investments

Current investments comprise short term investments the full value of which will be realized before one year from the date of the balance sheet. It includes investments made in Mutual Funds, Bank Certificates of Deposits etc. Increase in current investments is mainly on account of the surplus generated during the year and continuing the arbitrage opportunity by not redeeming the investments while continuing with the loan book.

Inventory

Inventory includes the stocks of raw material, packing material, work in process and finished goods held for sale in the ordinary course of business. Increase in inventory is on account of inflation and is in line with the business growth. The Company has also built up stocks of finished goods to service the Q1FY13 sales plans.

Trade Receivables

Trade Receivables include the monies to be received from its customers against sales made to them. Increase in trade receivables is on account of inflation and in line with the business growth.

Cash and Cash Equivalents

This includes amounts lying in Cash and with the Company's bankers. There is a decrease in the cash balances primarily due to maturity of Fixed Deposits in Bangladesh which has been used for dividend remittance and capital expenditure.

Short-term Loans and Advances

Short term loans and advances include monies to be received within one year from the date of the balance sheet. There has been no significant change in short term loans and advances as compared to FY11.

Other Current Assets

Other current assets includes all other monies to be received within one year from the date of the balance sheet, such as interest receivable, export incentive receivable etc. Increase in interest receivable is on account of increase in investments.

OTHER DEVELOPMENTS

Acquisition of the Paras PC Business

In February 2012, the Company has executed definitive agreements to purchase the personal care business of Paras Pharmaceuticals Limited (PPL), from Reckitt Benckiser (Singapore) Pte Limited for a consideration of INR 740 crores to be paid in cash. This acquisition will give the Company access to youth brands such as Setwet, Zatak and Livon. Brands in the portfolio rank within the top three positions in the hair gels, male deodorant and leave-on hair serum categories. This acquisition gives Marico an opportunity to participate in the rapidly growing deodorant and male grooming categories in India. The portfolio addresses the grooming needs of the youth and is supported by India's demographic profile. Marico will also leverage its distribution strength in India to provide a fillip to the growth of the brands. The acquisition of this business is expected to further reduce Marico's dependence on edible oils and hair oils.

Preferential Allotment of Equity Shares

To part-finance the Paras personal care acquisition, and considering your Company's medium term funds requirements, it will be issuing additional equity shares amounting to INR 500 crore on preferential basis. The shareholders of the Company had accorded necessary approval for the preferential issue of equity shares at their Extra-Ordinary General Meeting held on May 2, 2012. The allotment will be made on a preferential basis to Indivest Pte. Ltd. (an affiliate of Government of Singapore Investment Corporation Pte. Ltd.) and Baring India Private Equity Fund III Listed Investments Limited in the ratio of 3:1. The issue is placed at a price of INR 170 per share. Your Company was able to get a premium of about 2.5% over the SEBI floor price.

OUTLOOK

Marico has positioned itself, strategically, in emerging markets - India, South Africa (part of BRICSA), Bangladesh, Vietnam and Egypt (Part of N-11 Group) and the Middle East. In emerging markets, a focus on the long term is crucial. Long term success can be ensured only through stronger brands that enjoy loyal consumer franchises. Marico has therefore chosen to prioritize expansion of consumer franchise over expansion of margins.

In the immediate term, however, there exists some uncertainty in the business environment. While the pressure of inflation has eased to some extent in India, the GDP growth estimates have been revised downwards. Even though FMCG companies marketing items of daily consumption are not affected as much as some other industries might be, there could be an effect on consumer demand especially for items of discretionary consumption in our portfolio. In addition, high inflation and weak currencies may have some impact on business in a few of Marico's international markets.

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

Consumer Products Business in India

- In coconut oils, the Company will aim to grow by leading market expansion through its recruiter low unit size packs. In rural areas the Company aims to gain market share. The Company expects to achieve volume growth of 6% to 8% per annum in the medium term.
- In hair oils, Marico will focus on share gain through the introduction of differentiated and innovative products and by providing specificity to consumers accompanied by effective communication. The successful execution of this strategy is expected to result in annual volume growth of 15% to 17% over the next 2-3 years.
- The Company's efforts in expanding rural reach is also expected to contribute towards franchise expansion in coconut oils and hair oils.
- Saffola is expected to continue growing its basket of premium refined edible oils by about 15% in volume each year. In addition the Company plans to build a sizeable business in the healthy foods space by leveraging Saffola's equity. It aims to get about 25% revenues of Saffola from healthy foods over a period of 3 years.
- The Company will also focus on integrating the Paras acquisition into Marico. The Paras portfolio participating in tail wind categories is expected to have a rate of growth higher than Marico's existing portfolio.

International Business Group (IBG)

- Marico will focus on growing the categories where it has significant market share - such as in coconut oil in Bangladesh and male grooming in MENA and Vietnam.
- The Company will focus on complementing growth of Parachute Coconut Oil in Bangladesh by expanding its portfolio to value-added hair oils and other personal care products. In the immediate future, however, there may some

pressure on growth given the overall economic scenario in Bangladesh.

- In South Africa, the Company would work on increasing share in key categories and on expanding its footprint to other parts of sub-Saharan Africa, in the medium term.
- The overall environment in MENA is relatively better than it was last year. The business is largely back on track and the Company will aim to carry this momentum into the next year.
- Code 10 in Malaysia is expected to continue to show healthy growth.
- Marico will also explore other countries in the emerging markets of Asia and Africa as targets for expansion in the long term.
- IBG is expected to grow in healthy double digits.

Kaya

- The Kaya skin business in India is showing early signs of recovery having posted growth at same clinic level for 6 consecutive quarters. In the short term therefore, the Company plans to work on improving its revenue streams from the existing clinics in India and bringing the business firmly back on the growth track. It will focus on increasing its share of revenue through sales of products. Kaya will be cautious in terms of expansion plans but may continue to add a few clinics at strategic locations to drive growth. The Company believes that the building blocks for long-term value creation by Kaya are falling into place.
- The Company will be prototyping a new clinic format for Kaya in the coming year. This clinic is likely to be much smaller in size as compared to the existing Kaya clinics and will focus on sale of maintenance products and services. The Company expects that such a prototype, if successful, has a high scalability potential. Moreover, smaller clinics and a focus on maintenance services will also mean lower rental and capital expenses, leading to better returns on investments.

The long-term potential of the businesses continues to be strong. This belief stands bolstered by the recent record of strong volume growths across categories, despite price hikes. This emboldens the Company to spell out a preference for growing volume franchise as compared to focusing on profit margins alone.

On behalf of the Board of Directors

Harsh Mariwala
Chairman & Managing Director

Place: Mumbai
Date: May 3, 2012

AWARDS & ACKNOWLEDGEMENTS

Leadership and HR Awards:

- Marico was ranked 18th in the Top Companies for Leaders 2011 from the Asia Pacific region, in a study conducted by Aon Hewitt.
- Kaya Ltd. has won the Asia Best Employer Brand Award 2011 in the category 'Excellence in Training'.
- Milind Sarwate was awarded the ICAI Award 2011 in CFO FMCG category.
- Milind Sarwate, Marico's Group CFO & CHRO, recently received the CNBC TV 18 Best Performing CFO - FMCG & Retail Award for 2012.

Marketing

- Saffola was awarded the Marketing Campaign Gold Medal for its 'Saffolalife: Young at Heart' campaign at the APPIES 2011, the Asia Pacific Marketing Congress.
- The Marico Marketing Team won 3 awards at the EMVIEs 2011.
  – Parachute Advansed Ayurvedic Hair Oil bagged a gold award (Print) for its 'Real Recommendations' campaign.
  – Saffola won 2 bronze awards for its 'Saffolalife Times Of India' innovation and for co-creating the World Heart Day Anthem
- The Marico Marketing Team won 3 awards at the EFFIEs 2011 for Parachute Advansed, Saffola and Nihar. Parachute Advansed Ayurvedic Hair Oil got a silver award for its 'Real Recommendations' campaign. Nihar won a bronze for its 'Jaani Naa' campaign, while Saffola bagged a bronze for its 'Saffolalife World Heart Day' campaign.
- Saffola's 'World Heart Day – Times of India' innovation campaign was awarded a silver at the Spikes Asia Award 2011 for the best use of Media (Magazines/Newspapers) category.
- Kaya Skin Clinic was adjudged a winner of the India Social Case Challenge, in the 'Best use of social media platform' category.
- Parachute Advansed Ayurvedic won a gold at the Media Abbys in the print category at the Goafest 2012.

Supply Chain

- Marico won the India International Logistics Forum (IILF) 'Innovation in Supply Chain Award 2011' for the 'Best Strategy Innovation in Supply Chain' category
- Marico won the 'Innovator of the year - Supply Chain for Agro Products' Award by Supply Chain Leadership Council.

IT

- Marico won three EDGE Awards – the Silver EDGE Award for 'Financial Consolidation using Emerge' and 2 EDGE Awards for 'Rearchitecting IT Landscape' and 'Innovative Business Analytics using Cognos' projects respectively.
- Girish Rao has been selected as one of the 7 Indian CIOs in the Global CIO 50 for the year 2010-2011.
- Marico was adjudged as one of the top 5 winners of the CIO Asia 100 Award for 2011

Manufacturing

- Marico (Kanjikode) won the IMC Ramakrishna Bajaj Quality Award (RBNQA) in the manufacturing category.

Packaging

- Marico won the World Star Award 2011 for the 'Saffola Arise 4.5 kg Jar Rice pack'

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 Rs. Crore	2011 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%

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

(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.

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

(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.

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

(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	2011
	Rs. Crore	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	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	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 Rs. Crore	As at March 31, 2011 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 Rs. Crore	As at March 31, 2011 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 Rs. Crore	As at March 31, 2011 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 Rs. Crore	As at March 31, 2011 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	As at March 31, 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	As at March 31, 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	As at March 31, 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	As at March 31, 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	As at March 31, 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	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	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	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	For the year ended March 31, 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	For the year ended March 31, 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	2011
	Rs. Crore	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	2011
	Rs. Crore	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	2011
	Rs. Crore	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 Rs. Crore	2011 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 Rs. Crore	2011 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 Rs. Crore	2011 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

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

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

DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') is pleased to present the Twenty Fourth Annual Report of your Company, Marico Limited, for the year ended March 31, 2012 ('the year under review', 'the year' or 'FY12').

In line with the requirements of the Listing Agreement with the Bombay Stock Exchange and National Stock Exchange, your Company has been reporting consolidated results – taking into account the results of its subsidiaries. This Discussion therefore covers the financial results and other developments during April 2011 – March 2012 in respect of Marico Consolidated comprising **Domestic Consumer Products Business** under Marico Limited (Marico) in India, **International Consumer Products Business** comprising exports from Marico and operations of its overseas subsidiaries and the **Skin Solutions Business** of Kaya in India and overseas. The consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this discussion.

FINANCIAL RESULTS - AN OVERVIEW

	Rs. Crore Year ended March 31, 2012	2011
Consolidated Summary Financials for the Group		
Revenue from Operations	4008.3	3135.0
Profit before Tax	400.3	376.4
Profit after Tax	317.1	286.4
Marico Limited – financials		
Revenue from Operations	**2970.3**	**2350.4**
Profit before Tax	**399.3**	**374.6**
Less: Provision for Tax for the current year	62.7	59.2
Profit after Tax for the current year	336.6	315.3
Add : Surplus brought forward	602.5	382.6
Profit available for Appropriation	**939.1**	**697.9**
Appropriations:		
Distribution to shareholders	**43.0**	**40.5**
Tax on dividend	7.0	6.7
	50.0	47.2
Transfer to General Reserve	**33.7**	**31.5**
Debenture Redemption Reserve	**20.0**	**16.7**
Surplus carried forward	**835.4**	**602.5**
Total	**939.1**	**697.9**

DISTRIBUTION TO EQUITY SHAREHOLDERS

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

Marico has identified acquisitions as one of its avenues to pursue growth. In February 2012, your Company entered into an agreement to acquire the Personal Care business of Paras Pharmaceuticals from Reckitt Benckiser, Singapore. This transaction is expected to be completed by May 2012. Since April 2005, the Group has consummated 11 acquisitions including two each in India, Bangladesh, Egypt and South Africa and one each in Malaysia, Singapore and Vietnam. As part of its growth agenda, Marico would continue to explore new acquisition opportunities in the focus categories of skin care, hair care and functional food in the emerging markets of Asia and Africa to supplement its organic growth. These would create a need for additional funds. Your Company therefore intends to remain conservative in the quantum of dividend payout in the near future.

DIRECTORS' REPORT

Your Company's distribution to equity shareholders during FY 12 comprised the following:

First interim dividend of 30% on the equity base of Rs 61.49 Crore

Second interim dividend of 40% on the equity base of Rs. 61.49 Crore

The total equity dividend for FY12 at 70.0% is thus slightly higher compared to the dividend paid during FY11. The total dividend (including dividend tax) was Rs. 50.0 Crore (about 15.8 % of the Group PAT).

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

REVIEW OF OPERATIONS

Your Group continued to focus on expanding its consumer franchise. During FY12 Marico registered revenue from operations of INR 4008 Crore, a growth of 28% over the previous year. This was contributed by 17% expansion in volumes (includes 6% inorganic growth) accompanied by 11% through price increases and sales mix. The top line increase was accompanied by a bottom-line growth of 11%. Profit After Tax (PAT) including exceptional / extra-ordinary items during the year was at INR317 Crore as against INR 286 Crore in FY11. The growth in profits does not mirror the growth in top line due to inflationary pressures faced by the Company during the year. The Company consciously decided to absorb a part of the increase in input costs in order to maintain and grow its long term consumer franchise. Further, the financial statements of FY12 and FY11 include certain exceptional items. The growth in PAT after excluding the impact of such exceptional items is a healthy 25%.

During the year, Marico extended its record of year on year quarterly growth.

The company has demonstrated steady growth on both the top line and the bottom line. Over the last 5 years, they have grown at a Compounded Annual Growth Rate of 21% and 23% respectively.

Consumer Products Business: India

The Consumer Products Business in India (CPB) achieved a turnover of INR 2766 Crore during FY12, a growth of about 37% over FY11 (excluding turnover from Sweekar which was divested in March 2011 from the base. If sales of Sweekar were to be included in the base the growth would be 26%). The turnover growth reflected healthy demand and continued business momentum manifest in a volume growth of about 14% over FY11.

Parachute, Marico's flagship brand, continued to expand its franchise during the year. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by 11% in volume as compared to FY11. Small packs helped in driving this volume growth. Also, owing to the inflationary environment in the key input prices of coconut oil the competitive environment (specially the local/regional players) during the last few quarters has been soft thereby resulting in Marico's brands gaining market share. Its share during the 12 months ended March '12 was 55%.

DIRECTORS' REPORT

Marico offers its consumers a basket of value added hair oils for their pre-wash and post wash hair conditioning, nourishment and grooming needs (Key brands being Parachute Advansed hair oil, Parachute Advansed Cooling oil, Parachute Jasmine non sticky hair oil, Parachute Advansed Ayurvedic Hair Oil, Nihar Naturals perfumed hair oil, Hair & Care nourishing non sticky hair oil, and Nihar Shanti Badam Amla hair oil). During the year, Marico's hair oil brands recorded healthy growth and the portfolio as a whole grew by about 24% in volume terms over FY11.

Marico's premium refined edible oils brand Saffola grew by about 11% in volume terms compared to FY11. The brand's strong heart health equity is now being leveraged through functional food extensions in breakfast cereal and low glycemic index rice.

Marico has been constantly investing in a healthy pipeline of new products. During the year your Company launched savory oats under Saffola and Body Lotion under Parachute Advansed.

International FMCG Business

From a single digit share in FY05, about 24% of the group's turnover is now contributed by Marico's International FMCG business. Its key geographical presence is in Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia.

During FY12, the company's international business recorded a turnover growth of 30% over FY11. During the year, your Company also successfully integrated the 85% acquisition of International Consumer Products (ICP) in Vietnam.

Marico has entered new geographies as well as scaled up presence in Nepal/Bhutan, Malaysia and Myanmar. During the year, your Company has used the connect & develop model of faster innovation to launch an exciting new range of water gels, Ice gels & Rave Gels, Wax and Clay under Code 10 within six months of opportunity identification. We have also started using ICP as a sourcing base for the Malaysian market.

Myanmar tripled its base in FY12 with both the Nourishment (Parachute Advansed) and Male grooming (Code 10) business showing good traction. In the process we have gained significant market share. The Group expects to scale up this business significantly in the coming year(s).

Kaya

Kaya offers its technology led cosmetic dermatological services through 107 clinics: 82 in India across 26 cities and 19 in the Middle East, 2 in Dhaka and 4 clinics through Derma Rx in Singapore and Malaysia.

During FY12, Kaya's skin solutions business achieved a turnover of INR 279 Crore, recording a revenue growth of ~33% over FY11. On an overall basis Kaya made a loss of INR 29.1 Crore at PBIT level. During the year Kaya initiated a change in its positioning from 'cure' to 'cure + care'. The new services introduced to take care of regular skin care needs received good traction. The focus on increasing revenue from products, led by introducing products from the Derma Rx range into the clinics in India has resulted in the contribution from the sales of products increasing from 13% to about 23%. These initiatives also helped Kaya business in India and Middle East to achieve the same clinic growth of 15%. Sustaining same store growth would reinforce Marico's belief in the Kaya Business model, especially as we perceive a significant long term opportunity in skin care solutions.

OTHER CORPORATE DEVELOPMENTS

Acquisition of Personal Care brands of Paras Pharmaceuticals from Reckitt Benckiser

Marico has entered into an agreement to acquire the erstwhile personal care business of Paras Pharmaceuticals Limited from Reckitt Benckiser, Singapore. Upon completion of this transaction, Marico shall own well known brands such as Set Wet, Livon, Zatak. The transaction is expected to be completed in the month of May 2012. This acquisition is in line with the strategy to strengthen our participation in categories of hair care, skin care and male grooming. The acquired business operates in categories such as Hair creams/gels, Leave-on conditioner and Deodorants. While your Company already participates in hair creams and gels and Leave-on conditioners, the acquisition provides an entry into the fast growing deodorant category. The Company also expects to leverage synergies in buying (input materials and media) and distribution of the acquired portfolio with Marico's existing portfolio.

DIRECTORS' REPORT

Preferential Allotment of Equity Shares to part fund the acquisition of Personal care business of Paras Pharmaceuticals

Your Company, considering its medium term funds requirements, will be issuing additional equity shares amounting to INR 500 Crore preferential basis. The shareholders of the Company have accorded necessary approval for the preferential issue of equity shares at their extra-ordinary general meeting held on May 2, 2012. The allotment will be made on a preferential basis to Indivest Pte. Ltd. (an affiliate of Government of Singapore Investment Corporation Pte Ltd) and Baring India Private Equity Fund III Listed Investments Limited in the ratio of 3:1. These funds shall be used to fund part of the purchase consideration for the proposed acquisition of Paras personal care business by the Company. The issue is placed at a price of Rs. 170 per share. Your Company was able to get a premium of about 2.5% over the SEBI floor price. The receipt of funds and allotment of shares is expected to take place during May. 2012.

Marico Employee Stock Option Scheme 2007

In pursuance of shareholders' approval obtained on November 24, 2006, your Company formulated and implemented an Employee Stock Options Scheme (the Scheme) for grant of Employee Stock Options (ESOS) to certain employees of the Company and its subsidiaries. The Corporate Governance Committee ('Committee') of the Board of Directors of your Company is entrusted with the responsibility of administering the Scheme and in pursuance thereof, the Committee has granted 1,13,76,300 stock options (as at March 31, 2012) comprising about 1.85% of the current paid up equity capital of the Company as at March 31, 2012. An aggregate of 7,78,313 options were outstanding as on March 31, 2012. Additional information on ESOS as required by Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is annexed and forms part of this report.

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

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

Marico Employees Stock Appreciation Rights Plan, 2011

Your Company had implemented a long term incentive plan namely, Marico Stock Appreciation Rights Plan, 2011 **('STAR Plan')** in the previous financial year for the welfare of its employees and those of its subsidiaries. Pursuant to the STAR Plan the Corporate Governance Committee of the Board of Directors notifies various Schemes granting Stock Appreciation Rights (SARs) to certain eligible employees. Each SAR is represented by one equity share of the Company. The eligible employees are entitled to receive excess of the maturity price over the grant price in respect of such SARs subject to fulfillment of certain conditions and subject to deduction of tax. During the financial year under review the Corporate Governance Committee notified Scheme II on December 1, 2011 under the STAR Plan granting additional SARs to certain eligible employees. The vesting date of the SARs granted under Scheme II is November 30, 2014. As on March 31, 2012, an aggregate of 41,46,600 SARs were outstanding.

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

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

In terms of the said circular, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached to the Balance Sheet of the Company. The Company has presented Consolidated Financial Statements comprising Marico Limited and its subsidiaries duly audited by the Statutory Auditors of the Company. The Consolidated Financial Statements prepared by the Company are in compliance with the Accounting Standard AS-21 as prescribed by the Companies (Accounting Standards) Rules, 2006 and the Listing Agreement with the Stock Exchanges. The statement required under Section 212 of the Companies Act, 1956 is attached to the annual accounts of the

DIRECTORS' REPORT

Company. The Annual Accounts and related documents of all the Subsidiary Companies shall be made available for inspection to the shareholders of the Company and its subsidiaries at the Registered Office of the Company from Monday to Friday during the hours between 11.00 a.m. and 1.00 p.m. The Company will also make available physical copies of such documents upon request by any Member of the Company or its subsidiaries interested in obtaining the same and the same would also be made available on the website of the Company.

PUBLIC DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In preparation of the Annual Accounts of your Company, the Accounting Standards, laid down by the Institute of Chartered Accountants of India from time to time, have been followed and that no material departures have been made from the same;
- Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgment and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at March 31, 2012 and the profits of your Company for the year ended March 31, 2012;
- Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis;
- The observation(s) and qualification(s) of the Auditors in their report to the Members have been adequately dealt with in the relevant notes to the accounts. Hence no additional explanation is considered necessary.

CORPORATE GOVERNANCE

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

DIRECTORS

Directors retiring by rotation

Mr. Anand Kripalu and Mr. B. S. Nagesh, Directors of the Company, are liable to retire pursuant to the provisions of Section 256 and 262 of the Companies Act, 1956 respectively and being eligible offer themselves for re-appointment.

ADDITIONAL STATUTORY INFORMATION

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

STATUTORY AUDITORS

M/s. Price Waterhouse, Chartered Accountants and Statutory Auditors of the Company retire at the ensuing Annual General Meeting and have confirmed their eligibility for re-appointment.

DIRECTORS' REPORT

COST AUDITORS

Your Company appointed M/s. Ashwin Solanki & Associates, Cost Accountants, Mumbai, to conduct the cost audit of the formulations for the Financial Year ended March 31, 2012. The Company has received necessary approval from Central Government for appointment of the Cost Auditor. The Cost Audit Report for the year ended March 31, 2012, will be submitted to the Central Government in due course.

INTERNAL AUDITORS

Aneja Associates, a Chartered Accountant Firm, has been associated with your Company as its internal auditor partnering your Company in the area of risk management and internal control systems. This role has now been taken over by Ernst & Young, a Chartered Accountants Firm, who have been appointed as the new internal auditor of the Company for the financial year 2012-13 and onward. Your Company places on record its sincere appreciation for the services rendered by Aneja Associates as internal auditors of the Company.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place : Mumbai
Date : May 3, 2012

HARSH MARIWALA
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

Marico continued to emphasize on the conservation and optimal utilization of energy in every manufacturing unit of the Company. The energy conservation measures implemented during FY12 are listed below:

Plant - Kanjikode

- Installation of online load monitoring system which improved expeller load-ability thereby reducing power & fuel consumption by 21340 units & 2120 Litres.
- Steam usage optimization in second stage kettles by throttling valve with respect to feed temperature, thereby resulting in FO saving of 1500 Litres.
- Six sigma project completed on SPC reduction thereby reducing the SPC from 86 to 84 units per MT of copra.
- Filling Compressor usage optimization study conducted thereby arriving at effective combination of compressor for different matrix of line formation.
- Indicator system provided in second stage Expeller 118 to prevent idling thereby saving around 2500 units.
- Cylindrical capacitors installed on cutter motor thereby improving the motor Power factor from 0.64 to 0.89.
- Oil & foots conveyor interlocking done to prevent idling.
- Automation of RC02, resulting in a savings of 4900 units.
- RM section underground water seepage area corrected & seepage water used for Expeller shaft cooling.

Plant - Pondicherry

Pondicherry Power Task Force Energy Conservation Initiatives have resulted in a reduction of 668,000 Units/Year and reduction of 145 tons of CO_2 emission through initiatives like:

- Changing the I Stage Expeller motor to 185KW from 250KW.
- First stage Recycle conveyor elimination – 2.2 KW.
- Boiler Feed water Pump auto cut-off automation.
- Reducing the number of lights in Amenity Hall, replaced with 40w tube light.

Pondicherry Plant Water Savings: 390 KL of water saved in the year through initiatives like:

- Redesigning the Cooling water line to eliminate Water Overflow during Power Failure.
- Recycling of soxlet water in lab.
- Reducing the water consumption in garden by Drip Irrigation.

Pondicherry Plant reduced consumption of plastic bags by 414 Kg during the year by using SS Containers for sampling instead of plastic bags.

Plant - Jalgaon

- Installed self start and stop timer for higher HP machines.
- Replacement of higher HP pump with lower HP pump basis energy audit data analysis.

  - 10 HP blend transfer pump replaced with 3 HP Kirloskar pump.
  - Cooling Tower Pump.
  - Filling Day Tank Pump.
- Use of refined oil heat to heat boiler feed water to reduce energy consumption at boiler.
- Bleacher barometric pump stoppage.
- Restructuring of air compressors of refinery and filling for proper air utilization.
- Fitting solar lamp in factory premises.
- Reducing pipeline dimension where it is oversize to reduce power required.
- Replacing old high watt CFL by lower watt CFL and high illumination.

Plant – Paonta

- VFD installed in manufacturing vessels leading to batch time reduction and thereby reduction in energy consumption.
- Water harvesting done thereby returning 20% of ground water usage.
- Usage of treated ETP water for gardening purposes.
- Utilization of the compressed air in transfer pump for SNS thereby decreasing energy consumption.
- Translucent sheets used in roofing for proper utilization of sunlight for illumination.
- Installation of turbo ventilators for air ventilation instead of conventional air exhausts.
- Reducing the diesel consumption by introducing the heating rod for heating the LPG cylinders in the FT area.

Plant – Dehradun

- Usage of spent steam for heating RCNO in storage tanks during winters (14,580 units saved per annum).
- Introduction of online cap heater for flip top caps by removing the conventional off-line cap heater, and saving power.
- Through a lean sigma project optimized the Interplant movement from 265 to 133 average movements per month, thus saving fuel consumption reducing carbon foot-print.
- Replacement of 250w mercury lamps with 22 W CFL lamps.
- Reduced the batch manufacturing time of Nihar Shanti Badam batch by 20 minutes, thus saving the agitator running time for 20 mins for each batch. On an average 80 minutes of agitator running saved per manufacturing tank.
- Reduced the batch making time of Parachute Body lotion by 95 minutes for each bath, thus saving the use of homogenizer and the transfer activity, which in turn saved power.
- Insulation of steam and chiller pipeline in MGS location.
- Re-designed the blowing mechanism of the Hot Air Room and reduced the use of 2 heaters of 1 kw.

Plant - Goa

- Cooker 2 bypass activation resulting in reduction of installed load from 37 kw to 5.5 kw.
- Cake bagging conveyor modification to reduce installed load by 2.2 kw.
- Overflow bin deactivation leading to elimination of 1.5 kw motor.
- Using 3 machines to print 4 colors instead of 4 machines, saving 4 kw per line.

ANNEXURE TO THE DIRECTORS' REPORT

- Use of heat exchanger to heat oil.
- Condensate recovery system modification to avoid condensate loss due to overflow.

Plant – Baddi

- Furnace Oil usage reduction through initiatives like:
  - o Vacuum pump installation for both bleachers.
  - o Condensate recovery PPPU pump installation.
  - o DM plant installation.
  - o Usage of single booster in Deo for soft oils.
- Power usage reduction through initiatives like:
  - o Cooling Tower Fan Automation.
  - o Automation in Fat Trap.
  - o Using two PHE for Deo out cooling.

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

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

B. Technology Absorption

I. Research and Development (R&D)

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

   In the past year, the thrust areas for R&D have been Consumer led Product innovation supported by top end science. R&D has invested considerable efforts in gaining relevant consumer insights for new categories like skin care and breakfast cereals. These insights have played a key role in generating differentiating sensories and creating unique sensorial signatures for the products. This has led to a greater consumer acceptance of these new products. The functionality of the products has been developed keeping the market benchmarks in sight. Supported by cutting edge research conducted both in house as well as in collaboration with universities and institutions across the globe, the products have surpassed the market leaders in terms of overall performance. Following are some of the new initiatives in R&D:

   - Basic research: Programmes to understand hair health and skin moisturization. These programmes were focused on developing new models and screening various actives for efficacy.
   - New benefits: Leveraging advanced instrumentation techniques, strong claims were generated for establishing new benefits of coconut based products in various conditions. These have positioned Marico products higher than competition benchmarks in terms of efficacy and value-for-money.
   - Efficacious naturals: Naturals from Ayurveda have been known to be efficacious, however proving their efficacy and overcoming the negative sensories have been a challenge. The naturals programme at Marico R&D focused on generating efficacious natural actives for hair and skin care, proving their clinical efficacy and generating consumer acceptable sensories through use of perfumes and sensory modifiers.
   - Novel delivery systems: While the quest for efficacious actives continues, their delivery into the desired site of action (ex hair follicles, deeper layers of skin) is equally important. Novel delivery systems is a technology area which focuses on enhancing the stability and delivery of actives in order to increase the efficacy of the product.

ANNEXURE TO THE DIRECTORS' REPORT

- Open Innovation: Open Innovation has gained popularity recently as a way of fast tracking innovations. This journey has begun at Marico R&D by initiating networks with the open innovation community. These inputs are adding to the current pool of innovations developed in house.

2. Benefits derived as the result of the above efforts:
   - Technology based products leading to differentiation in the market.
   - Integration of Consumer Technology Insights into product development, leading to shorter product development time, creation of right sensories into the product and better success rate.
   - Stronger claims on existing and new products.
   - Co-creation of best in class products and solutions with experts

3. Future Plan of Action:

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

4. Expenditure on R&D:

(Rs. Crore)

	2011-12	2010-11
a) Capital	0.78	17.70
b) Recurring	6.37	7.53
Total	**7.15**	**25.23**
c) Total R & D expenditure as % to Sales & Services	0.24	1.08
d) Total R & D expenditure as % to PBT	1.79	6.74

II. Technology absorption, adaptation and innovation

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

   The efforts to unravel the benefits of Hair oiling on the health of Hair and scalp were progressed with the help of many International Research agencies. Collaborations with many hair experts including Dermatologist contributed significantly to the understanding of biology of hair. All these efforts resulted in the creation of effective hair products. In order to create differentiated technical innovations, a problem solving tool, TRIZ was employed. R&D and manufacturing team was given hands-on training on the problems from their own area that led to a creation of a few innovative ideas which are being progressed. The efforts on Open Innovation have enabled spotting of a few ideas which can support current innovation journey. These ideas are currently been considered for feasibility.

2. Imported technology (imported during the last 5 years reckoned from the beginning of this financial year):

   The evaluation of certain technologies in the area of Personal care and Foods is on.

C. Foreign Exchange Earnings and Outgo

The details of total exchange used and earned are provided in Schedule Q of Notes to the Accounts of Marico Limited.

On behalf of the Board of Directors

Place : Mumbai
Date : May 3, 2012

HARSH MARIWALA
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Marico Limited

We have examined the compliance of conditions of Corporate Governance by Marico Limited ('the Company'), for the year ended March 31,2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: F-46061

Place: Mumbai
Date: May 3, 2012

ANNEXURE TO THE DIRECTORS' REPORT

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

Marico Employees Stock Option Scheme 2007 (ESOS 2007)

a)	Options granted (as at March 31, 2012)	11,376,300 options aggregating to about 1.85% of the paid-up equity capital of the Company (options, net of lapsed/forfeited/ exercised as at March 31, 2012: 778,313 options aggregating to about 0.13% of the paid-up capital of the Company)
b)	The pricing formula	The Exercise Price of the options shall be lower of the following: Average of the closing price for last 21 (twenty one) trading session(s) on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of options to the employees, Or The closing price for the last session on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of options to the employees.
c)	Options vested (as at March 31, 2012)	63,95,835
d)	Options exercised (as at March 31, 2012)	5,934,387
e)	The total number of shares arising as a result of exercising of option (as at March 31, 2012)	59,34,387
f)	Options lapsed/forfeited (as at March 31, 2012)	4,663,600
g)	Variation of terms of options	-N.A.-
h)	Money realised by exercise of options (as at March 31, 2012)	Rs. 30,881,792
i)	Total number of options in force (as at March 31, 2012)	778,313
j)	Employee wise details of options granted to : (as at March 31, 2012)	
	i) Senior Managerial Personnel	A summary¨ of options granted to senior managerial personnel are as under : No. of employees covered – 53 (Fifty Three) No. of options granted to such personnel(options, net of lapsed/ forfeited/exercised) – 778,313 (Seven Lac Seventy Eight Thousand Three Hundred and Thirteen only) ¨ Only summary given due to sensitive nature of information
	ii) any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year	-N.A.-
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	-N.A.-

ANNEXURE TO THE DIRECTORS' REPORT

k)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS) 20' Earnings per Share	Rs. 5.47
l)	i) Method of calculating employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting for the options granted under the Scheme
	ii) Difference between the employee compensation cost so computed at (I) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Rs. 0.32Crores
	iii) The impact of this difference on the profits and on EPS of the Company	Had the Company considered 'fair value' method then the additional employee compensation cost would be Rs. 0.32crore the Profit Before Tax would be lower by the same amount and Earning Per Share by Re.0.01
m)	Weighted average exercise price and weighted average fair values of options (to be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock)	Weighted average Exercise Price : Rs. 56.98 Weighted average Fair Value of Option : Rs.24.9
n)	Description of method and significant assumptions used during the year to estimate the fair values of options	Intrinsic Value Method
	i) risk – free interest rate	
	ii) expected life of options	
	iii) expected volatility	
	iv) expected dividends	
	v) closing market price of share on date of option grant	

ANNEXURE TO THE DIRECTORS' REPORT ENCLOSURE 'A'

ENCLOSURE 'A'

Power & Fuel Consumption

			For the year ended March 31	
Note: The numbers given below relate to the own manufacturing facilities of the company.			**2012**	**2011**
1.	**Electricity**			
	a. Purchased units (Kwh)		12,246,583	9,946,291
	Amount (Rs. Crore)		5.77	4.43
	Average (Rs./ Unit)		4.71	4.46
	b. Own Generation			
	i. Through Diesel Generator (Kwh)		2,135,953	3,652,696
	Amount (Rs. Crore)		3.00	4.66
	Average Rate (Rs. / Unit)		14.07	12.76
2.	**Coal**		–	–
3.	**Furnace oil**			
	Quantity (KL)		2,702.69	2,755.30
	Amount (Rs. Crore)		11.92	9.17
	Average Rate (Rs. / KL)		44,122.43	33,284.44
4.	**Other Internal Generation (excludes HSD used for electricity generation)**			
	L.D.O / H.S.D.		–	–
	Quantity (KL)		542.28	430.65
	Amount (Rs. Crore)		2.02	1.45
	Average Rate (Rs. / KL)		37,163.82	33,714.71
5.	**Baggase Consumption**			
	Quantity (MT)		6,705.91	12,503.81
	Amount (Rs. Crore)		1.49	2.74
	Average Rate (Rs. / MT)		2,225.60	2,189.66
	Consumption per unit of production of edible oils			
		Unit		
	Electricity	Kwh	138.80	127.86
	Coal	MT	–	–
	Furnace oil	KL	0.03	0.03
	L.D.O./H.S.D.	KL	–	–
	Baggase	KG	0.50	0.38
	Consumption per unit of production of processed foods			
		Unit		
	Electricity	Kwh	–	–
	Coal	MT	–	–
	Furnace oil	KL	–	–
	L.D.O./H.S.D.	KL	–	–
	Consumption per unit of production of hair oils & other formulations			
		Unit		
	Electricity	Kwh	44.96	50.51
	Coal	MT	–	–
	Furnace oil	KL	–	–
	L.D.O./H.S.D.	KL	–	–

CORPORATE GOVERNANCE REPORT

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

- Philosophy on Code of Corporate Governance
- Board of Directors
- Audit Committee
- Remuneration Committee / Corporate Governance Committee
- Shareholders' Committee
- General Body Meetings
- Disclosures
- Means of Communication
- General Shareholder Information

I. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Basic Philosophy

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

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

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

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

Corporate Governance as a concept has gained considerable importance of late, primarily because of the proposal to enshrine many of the accepted good governance principles into corporate law. For Marico, however, good corporate governance has been a cornerstone of the entire management process, the emphasis being on professional management, with a decision making model based on decentralisation, empowerment and meritocracy. Together, the management & Board ensure that Marico remains a company of uncompromised integrity and excellence.

Risk Assessment and Risk Mitigation Framework

Marico believes that:

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

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

❖ Business Risks

❖ Controls Risks

❖ Governance Risks

CORPORATE GOVERNANCE REPORT

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

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

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

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

Cornerstones

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

Generative Transparency and Openness in Information sharing

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

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

Constructive Separation of Ownership and Management

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

No related party transactions exist except for those with subsidiaries/group companies and for remuneration to Chairman and Managing Director (CMD) and relatives of CMD. These can be referred to in Notes to Accounts annexed to the financial statements for the year ended March 31, 2012.

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

All Directors and employees are required to comply with Marico's Unified Code Of Conduct (share dealing rules) for trading in Company's securities in addition to concerned SEBI regulations.

CORPORATE GOVERNANCE REPORT

The Company's Internal, External or Cost auditors are not related to the Company.

Accountability

The Board plays a supervisory role rather than an executive role. Members of the Board of Directors of the Company provide constructive critique on the strategic business plans and operations of the Company. Each business unit is headed by a Chief Executive Officer who is responsible for its management and operation and is answerable to the Board.

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

Discipline

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

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

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

The Company has also followed a prudent dividend policy and has been declaring cash dividend on a regular basis thereby providing a regular return on investment to shareholders.

Responsibility

The Group has put in place checks and balances to ensure orderly and smooth functioning of operations and also defined measures in case of transgressions by members.

There exists a Unified Code of Conduct which regulates the behaviour and conduct of the members of the Organisation. Swift action is taken against members found in violation of the code.

Purchase and sale of shares by members is governed by the Unified Code of Conduct to ensure transparency in trading by all members of the Organisation.

Fairness

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

Social Awareness

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

Value-adding Checks & Balances

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

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

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

Board / Committee Proceedings

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

Other Significant Practices

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

Checks & Balances

- ❖ All directors are provided with complete information relating to operations and Company finances to enable them to participate effectively in Board discussions.
- ❖ Proceedings of Board are logically segregated and matters are delegated to committees as under:
  - Administrative Committee covers routine transactional issues.
  - Investment and Borrowing Committee covers management of funds.
  - Audit Committee covers internal control and audit systems, risk management systems, financial reporting and compliance issues.
  - Corporate Governance Committee (erstwhile Remuneration Committee) covers remuneration of Directors and their relatives, Corporate Governance policy and procedures and has been designated as the Compensation Committee for the purpose of administration and superintendence of the Marico Employees Stock Option Scheme 2007.
  - Share Transfer Committee covers transfer formalities and other share-related procedures.
  - Shareholders' Committee covers redressal of investor grievances.
  - Securities Issue Committee covers the matters relating to the issue and allotment of securities and allied matters.
  - Above constituted committees meet periodically to review operations.
- ❖ Each non-executive director brings value through a specialisation.
- ❖ Directorships held are within the ceiling limits specified.
- ❖ Committee memberships and chairmanship of directors are within overall limits.
- ❖ Statutory compliance report along with a Compliance Certificate is placed before the Audit Committee/Board at every meeting.
- ❖ Audit Committee is chaired by an Independent Director to check control systems and review them.
- ❖ All Directors endeavour to attend all the Board/Committee meetings as also the Annual General Meeting. The Chairman of the Audit Committee attends the Annual General Meeting to answer queries, if any, on accounts.
- ❖ The Chairman of the Board/Committee, in consultation with the Chief Financial Officer and the Company Secretary, formalises the agenda for each of the Board Meetings.

CORPORATE GOVERNANCE REPORT

- ❖ The Board/Committees, at their discretion, invite Senior Managers of the Company and / or outside Advisors to any meeting(s) of the Board/Committee.

Compliance with Clause 49 of the Listing Agreement

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

The Company already has a Unified Code of Conduct for the Board of Directors and Senior Members, and a Whistle Blower Policy in place.

The Unified Code of Conduct prescribes certain dos and don'ts to the Directors, Senior Management comprising key personnel of the Company and other employees of the Company to promote ethical conduct in accordance with the stated values of Marico and also to meet statutory requirements.

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

II. BOARD OF DIRECTORS

(I) Composition and categories of Directors :-

Name	Category
Mr. Harsh Mariwala	Chairman & Managing Director (Promoter)
Mr. Rajeev Bakshi	Non-Executive and Independent
Mr. Atul Choksey	Non-Executive and Independent
Mr. Nikhil Khattau	Non-Executive and Independent
Mr. Anand Kripalu	Non-Executive and Independent
Mr. Rajendra Mariwala	Non-Executive (Promoter)
Ms. Hema Ravichandar	Non-Executive and Independent
Mr. B. S. Nagesh	Non-Executive and Independent

No director is related to any other director on the Board in terms of the definition of 'Relative' given under the Companies Act, 1956. Mr. Harsh Mariwala and Mr. Rajendra Mariwala are related to each other as first cousins.

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

Four meetings of the Board of Directors were held during the period April 01, 2011 to March 31, 2012 viz: May 2, 2011, July 27, 2011, November 4, 2011 and February 2, 2012. The attendance record of all directors is as under: -

Names of Directors	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Mr. Harsh Mariwala	4	4	Yes
Mr. Rajeev Bakshi	4	4	No
Mr. Atul Choksey	4	3	No
Mr. Nikhil Khattau	4	4	Yes
Mr. Anand Kripalu	4	4	No
Mr. Rajendra Mariwala	4	4	No
Ms. Hema Ravichandar	4	4	Yes
Mr. B. S. Nagesh	4	4	Yes

(III) Number of Board or Board Committees of which a Director is a member or chairperson (#) (Only the Membership(s)/ Chairmanship(s) of Audit Committee and Shareholders' Committee is considered as per Clause 49 of the Listing Agreement)

Director	Number of Outside Directorships ($) held	Number of Committee Memberships in other Companies (*)	Number of Committees (*) in which Chairperson
Mr. Harsh Mariwala	4	1	1
Mr. Rajeev Bakshi	2	1	Nil
Mr. Atul Choksey	8	Nil	Nil
Mr. Nikhil Khattau	Nil	Nil	Nil
Mr. Anand Kripalu	2	Nil	Nil
Mr. Rajendra Mariwala	3	1	Nil
Ms. Hema Ravichandar	1	Nil	Nil
Mr. B. S. Nagesh	2	1	Nil

(#) As on May 3, 2012

($) Excludes directorship in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956

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

III. AUDIT COMMITTEE

Constitution:

The Audit Committee was constituted by the Board of Directors at its meeting held on January 23, 2001, in accordance with Section 292A of the Companies Act, 1956. The Audit Committee was last re-constituted by the Board of Directors on July 16, 2010.

The Audit Committee now comprises of the following Members:

Mr. Nikhil Khattau - Chairman

Mr. Rajendra Mariwala - Member

Ms. Hema Ravichandar - Member

Mr. B. S. Nagesh - Member

Ms. Hemangi Ghag - Secretary to the Committee

Mr. Harsh Mariwala - Permanent Invitee

The terms of reference of the Audit Committee are as stated in Clause 49 of the Standard Listing Agreement and Section 292A of the Companies Act, 1956 and include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

CORPORATE GOVERNANCE REPORT

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgement by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Reviewing mandatorily the following information:
    a. Management discussion and analysis of financial condition and results of operations;
    b. Statement of significant related party transactions, submitted by management;
    c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
    d. Internal audit reports relating to internal control weaknesses; and
    e. The appointment, removal and terms of remuneration of the Chief internal auditor.

The Committee had 5 meetings during the period April 01, 2011 to March 31, 2012 viz: May 2, 2011, July 27, 2011, November 4, 2011, January 31, 2012 and March 29, 2012.

Names of Directors	No. of Audit Committee Meetings	
	Held	Attended
Mr. Nikhil Khattau	5	5
Mr. Rajendra Mariwala	5	5
Ms. Hema Ravichandar	5	4
Mr. B. S. Nagesh	5	5
Mr. Harsh Mariwala	5	5

IV. CORPORATE GOVERNANCE COMMITTEE

Constitution:

The Board of Directors had at its meeting held on October 25, 2005, renamed the Remuneration Committee as the Corporate Governance Committee with terms of reference relating to overseeing and continuously improving the Corporate Governance policies and practices in the Company. The primary purpose of the Corporate Governance Committee is 'to enable' the Board function effectively in strategic and core issues of management.

The Corporate Governance Committee reviews and oversees the Remuneration strategy and Performance Management Philosophy of Marico, especially for Directors and senior employees. The Committee has also been designated as the Compensation Committee for administration and superintendence of the Company's Employees Stock Option Scheme. The Committee will also act as the Nomination Committee, with the details of this role being defined at an appropriate and relevant time in the future. The Corporate Governance Committee was last reconstituted by the Board of Directors on January 28, 2010.

The Corporate Governance Committee comprises of the following Directors:

Ms. Hema Ravichandar	-	Chairperson
Mr. Rajeev Bakshi	-	Member
Mr. Anand Kripalu	-	Member
Mr. Milind Sarwate	-	Secretary to the Committee
Mr. Harsh Mariwala	-	Permanent Invitee

The Corporate Governance Committee met three times during the period April 01, 2011 to March 31, 2012 viz: May 2, 2011, July 27, 2011 and November 4, 2011.

Details of Remuneration of Non-Executive Directors for the Financial Year Ended March 31, 2012

The Remuneration paid/payable to Non-Executive Directors for the Financial Year 2011-2012 is as under:

Name	Remuneration (payable annually) (Rs.)	Sitting Fees (Rs.)
Mr. Rajeev Bakshi	6,00,000	70,000
Mr. Atul Choksey	6,00,000	30,000
Mr. Nikhil Khattau	6,00,000	1,00,000
Mr. Anand Kripalu	6,00,000	70,000
Mr. Rajendra Mariwala	6,00,000	1,00,000
Ms. Hema Ravichandar	6,00,000	1,10,000
Mr. B. S. Nagesh	6,00,000	90,000

CORPORATE GOVERNANCE REPORT

The remuneration paid to Mr. Harsh Mariwala, Chairman & Managing Director, for the financial year 2011-12 is as under:

Name	Salary and Perquisites (Rs.)	Annual Performance Incentive (Rs.)	Contribution to Provident and Pension Funds (Rs.)
Mr. Harsh Mariwala	2,67,50,462	1,03,95,001	29,88,352

For any termination of service contract, the Company and/or the Executive Director is required to give a notice of three months.

Shareholding of Non Executive Directors

Name of Non Executive Director	No. of Shares held (As on March 31, 2012)
Mr. Rajeev Bakshi	0
Mr. Atul Choksey	12,000
Mr. Nikhil Khattau	0
Mr. Anand Kripalu	0
Mr. Rajendra Mariwala	34,93,200
Ms. Hema Ravichandar	0
Total	35,05,200

REMUNERATION POLICY OF THE COMPANY

Remuneration Policy for Executive Director

The Marico Board presently consists of only one executive director namely Mr. Harsh Mariwala, Chairman & Managing Director (CMD). Therefore, the remuneration policy for executive directors presently covers only the CMD.

The remuneration of the CMD is governed by the agreement dated August 12, 2011 executed between the Company and Mr. Harsh Mariwala. The said agreement is valid for a period of 3 years w.e.f April 1, 2011. The terms of this agreement have already been shared with the members. The remuneration to the CMD comprises of two broad terms – Fixed Remuneration and Variable remuneration in the form of performance incentive.

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

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

Remuneration Policy for Non-Executive Directors

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

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

CORPORATE GOVERNANCE REPORT

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

The Board of Directors, at its meeting held on May 3, 2012 approved an increase in the remuneration of the Non-Executive Directors as under:

Type of Remuneration	Existing Remuneration	Revised Remuneration
Sitting Fees	Rs. 10,000 per meeting	Rs. 20,000 per meeting
Annual Remuneration	Rs. 6,00,000	Rs. 12,00,000
Additional Annual Remuneration to Chairpersons of Audit Committee and Corporate Governance Committee	Nil	Rs. 50,000

The above increase was proposed by the management after a benchmarking study with similar listed organizations in the industry. The revised remuneration continues to remain within 1% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956.

V. SHAREHOLDERS' COMMITTEE

Constitution:

The Shareholders' Committee was constituted by the Board of Directors at its meeting held on October 23, 2001 and was last re-constituted on July 24, 2008.

The terms of reference of the Shareholders' Committee are to specifically look into the redressal of shareholders' and investors' complaints relating to transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc.

The Shareholders' Committee now comprises the following Directors (All Non-Executive):

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

VI. ADMINISTRATIVE COMMITTEE

Constitution:

The Administrative Committee was constituted by the Board of Directors at its meeting held on April 27, 1998 and was last re-constituted on November 4, 2011.

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

The Administrative Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Rajendra Mariwala	-	Member
Mr. Milind Sarwate	-	Member
Mr. Vivek Karve	-	Member
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

The Administrative Committee met 16 (Sixteen) times during the period April 01, 2011 to March 31, 2012.

CORPORATE GOVERNANCE REPORT

VII. INVESTMENT AND BORROWING COMMITTEE

Constitution:

The Investment and Borrowing Committee was constituted by the Board of Directors at its meeting held on June 30, 1998 and was last re-constituted on October 26, 2010.

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

The Investment and Borrowing Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Milind Sarwate	-	Member
Mr. Chaitanya Deshpande	-	Member
Mr. Vivek Karve	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

The Investment and Borrowing Committee met 13 (Thirteen) times during the period April 01, 2011 to March 31, 2012.

VIII. SECURITIES ISSUE COMMITTEE

Constitution:

The Securities Issue Committee was constituted by the Board of Directors on April 20, 2006 and was re-constituted on May 3, 2012.

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

The Securities Issue Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Milind Sarwate	-	Member
Mr. Chaitanya Deshpande	-	Member
Mr. Vivek Karve	-	Member
Mr. Rajeev Doshi	-	Member
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

There was no meeting of the Securities Issue Committee held during the period April 01, 2011 to March 31, 2012.

IX. SHARE TRANSFER COMMITTEE

Constitution:

The Share Transfer Committee was constituted by the Board of Directors at its meeting held on April 20, 2006 and was re-constituted on May 3, 2012.

The terms of reference of the Share Transfer Committee to approve, transfer and transmission of shares and to approve sub-division, consolidation and issue of new/duplicate share certificates, whenever requested for by the shareholders of the Company.

The Share Transfer Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Milind Sarwate	-	Member
Mr. Chaitanya Deshpande	-	Member
Mr. Vivek Karve	-	Member
Mr. Rajeev Doshi	-	Member
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

The Share Transfer Committee met 3 (Three) times during the period April 01, 2011 to March 31, 2012.

Name and Designation of Compliance Officer:

Ms. Hemangi Ghag, the Company Secretary & Compliance Officer

Status Report of Investor Complaints for the year ended March 31, 2012

No. of Complaints Received	-	34
No. of Complaints Resolved	-	34
No. of Complaints Pending	-	NIL

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

X. GENERAL BODY MEETINGS

Annual General Meetings

YEAR	VENUE	DATE	TIME
2009	Mayfair Rooms, 'Mayfair South', 254- C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	July 23, 2009	3.00 p.m.
2010	The National Stock Exchange of India Limited, 'NSE Auditorium', Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051	July 28, 2010	3.30 p.m.
2011	IES Management College & Research Centre, Gate No. 4, Seminar Hall, 6th Floor, Plot No. 791, S. K. Marg, VMDL Complex, Bandra Reclamation, Bandra (West), Mumbai – 400050	July 27, 2011	3.30 p.m.

XI. DISCLOSURES

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

During the year 2011-2012, there were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

CORPORATE GOVERNANCE REPORT

The Company has a well-defined Whistle Blower Policy and it is fully implemented by the Management.

No personnel have been denied access to the Audit Committee.

Compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with mandatory requirements of Clause 49 of the Listing Agreement requiring it to obtain a certificate from either the Auditors or Practising Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in this clause and annex the certificate with the Directors' Report, which is sent annually to all the shareholders of the Company. We have obtained a certificate to this effect from the auditors and the same is given as an annexure to the Directors' Report.

The clause further states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on Corporate Governance of the Annual Report. We comply with the following non-mandatory requirements:

Remuneration Committee

The scope of the Remuneration Committee was expanded and designated as the Corporate Governance Committee by the Board of Directors at its meeting held on October 25, 2005. A detailed note on the Committee is provided elsewhere in this report.

Whistle Blower Policy

We have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The guidelines are meant for all members of the Organization from the day they join and are designed to ensure that they may raise any specific concern on integrity, value adherence without fear of being punished for raising that concern. The guidelines also cover our associates who partner us in our organizational objectives and customers for whom we exist.

The Board and its Corporate Governance Committee are informed periodically on the matters reported with the Whistle Blower Ombudsman and the status of resolution of such cases.

XII. MEANS OF COMMUNICATION

Quarterly and annual results for Marico Limited as also consolidated financial results for the Marico group are published in an English financial daily (Free Press Journal) and a vernacular newspaper (Navashakti). The Company also sends an email update of the same to the shareholders who have registered their email address with the Company.

All official news releases and financial results are communicated by the Company through its corporate website - www.marico.com. Presentations made to Institutional Investors/ analysts at Investor Meets organized by the Company are also put up on the website for wider dissemination.

The Management Discussion and Analysis Report forms part of the Annual Report.

XIII. GENERAL SHAREHOLDER INFORMATION

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

Mr. Anand Kripalu

Profile :

Mr. Anand Kripalu is a Bachelor of Electronics from the Indian Institute of Technology, Madras and an MBA from the Indian Institute of Management, Calcutta. He is currently the President, South Asia & Indochina, Kraft Foods Inc and additionally, Managing Director for Cadbury India.

Mr. Kripalu, in his long experience of 28 years in the FMCG Industry, has held several positions in Sales, Marketing and Operations in Unilever. His last assignment was Managing Director for Unilever's East Africa operations. Key assignments handled by him include setting up of the Dental Innovation Centre at Mumbai, Head of Market Research, and Head of Marketing for the Laundry category for India and the Central Asia Middle East Region. He has also been General Manager - Sales & Customer Development for HLL's Detergents business, with the overall responsibility of Customer Management for the company.

He has been on the Board of Directors of the Company since April 26, 2007. He does not have any shareholding in the Company.

Directorship and Committee membership of Mr. Kripalu in other Companies :

Directorships in other companies(*):	**Membership / Chairmanship of Board Committees in other Companies (*):**
Cadbury India Limited Induri Farm Ltd	None
(*) As on May 3, 2012	

Mr. B. S. Nagesh

Profile :

Mr. B. S. Nagesh has been with Shopper's Stop Ltd since its inception in 1991. Recognized as the pioneer of the retail boom in India, Mr. Nagesh was voted by Business India as one of the top 50 managers in India who will influence the Indian business scenario in the 21st century. Mr. Nagesh was also instrumental in acquisition of the Crossword chain of bookstores in the year 2000. Ernst & Young nominated him for the Entrepreneur of the Year Award 2005 as one of the top 30 finalists.

Mr. Nagesh is the first Asian to be inducted into the "World Retail Hall of Fame" 2008 along with Mr. Millard Drexler of J Crew, Sir Philip Green of BHS and Arcadia and Mr. Amancio Ortega of Inditex at the World Retail Congress 2008 conducted in Barcelona. The four iconic retailers have been selected by retail industry leaders and experts from across the Globe in recognition of their supreme industry achievements.

Shoppers Stop Ltd also won the 'Emerging Market Retailer of the Year' Award at the World Retail Congress 2008.

Mr. B.S. Nagesh has been involved in setting up and opening the country's largest hypermarket HyperCity, which was launched in May 2006 and there has been no looking back ever since, with the seventh HyperCity being opened on 29th of March 2010 in whitefield Bangalore. HyperCity has been declared as one of the top 100 retail destinations in the world by Retail Week, UK and the best hypermarket at the United States International Design Awards in New York. In August this year Mr. Nagesh was elevated as the Vice Chairman of Shoppers' Stop in a non executive position.

CORPORATE GOVERNANCE REPORT

Before joining the K.Raheja Corp group in 1991, Nagesh was involved with Carona Ltd. (1988-1991) as its zonal manager retail for South & East controlling the operations of 128 stores in these two regions.

Starting his career as a Sales Officer in the Delhi branch of Blow Plast Ltd in 1982, Nagesh left Blow Plast in 1986 when he was the Area Manager for Vijaywada branch to Join Orson Electronics as the Branch Manager for Delhi, Haryana. (1986-1988).

As part of his personal philosophy of Learn, Earn & Return, Nagesh stepped down from all operational role in the K.Raheja Corp group in August 2009 at the age of 50. He has set up a charitable trust called TRRAIN (TRUST FOR RETAILERS AND RETAIL ASSOCIATES OF INDIA). He has also established Section 25 company called TRRAIN FOUNDATION with a not for profit objective. Both these organisations are working towards empowering people in retail by helping them through financial literacy, skilling, education and getting them pride and respect through awards and celebrations.

Mr. Nagesh has been on the Board of Directors of the Company since July 16, 2010. He does not have any shareholding in the Company.

Directorship and Committee membership of Mr. Nagesh in other Companies.

Directorships in other companies(*):	**Membership / Chairmanship of Board Committees in other Companies (*):**
Shoppers Stop Limited Hypercity Retail (India) Limited Retailers Association of India Train Foundation Nagesh (BSN) Consults Private Limited	*Hypercity Retail (India) Limited:* Remuneration Committee – Chairman Finance Committee – Member *Shoppers Stop Limited:* Finance Committee – Member Investor Grievance and Share Transfer Committee - Member
(*) As on May 3, 2012	

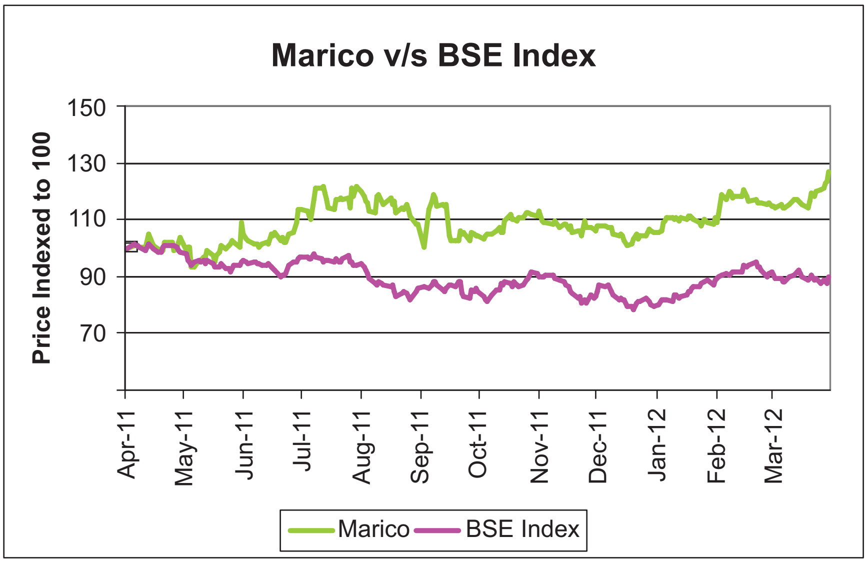
Annual General Meeting – Date, time and Venue	:	Friday, August 3, 2012 at 4.00 p.m. 'NSE Auditorium', Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051.
Financial Year	:	April 01 - March 31
Book Closure Date	:	Wednesday, August 1, 2012 to Friday, August 3, 2012, both days inclusive.
Dividend Payment Date	:	November 25, 2011 (1st Interim Equity Dividend 11-12) May 18, 2012 (2nd Interim Equity Dividend 11-12)
Listing on Stock Exchanges	:	Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051.
Stock /Scrip Code	:	BSE – 531642 NSE – MARICO
ISIN number	:	INE 196A01026
Company Identification Number (CIN)	:	L15140MH1988PLC049208
Unique Identification Number	:	100067223

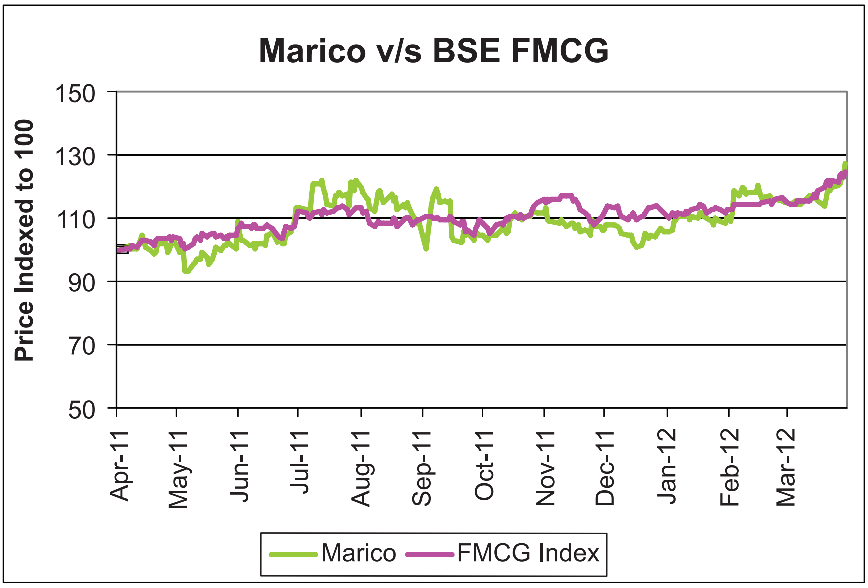
Market Price Data

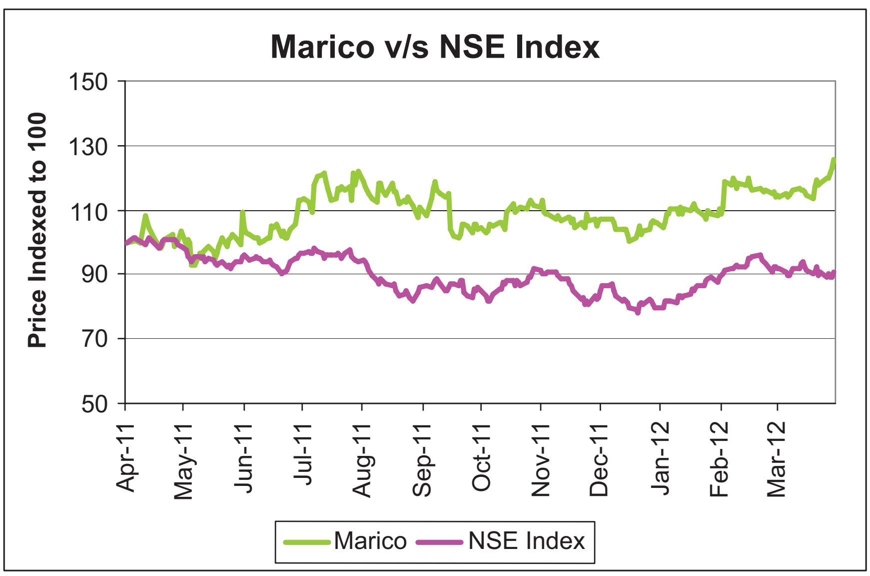
Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		The National Stock Exchange of India Limited (NSE) (in Rs.)	
	*High	*Low	*High	*Low
April 2011	150	134.6	150	134.5
May 2011	151.8	127	152.4	127.2
June 2011	159.4	137.05	159.5	137.5
July 2011	172.7	150.2	172.95	150.1
August 2011	169.95	144.5	173.65	144.05
September 2011	166.5	139.75	166.8	138.2
October 2011	163.8	140.65	173.1	140.65
November 2011	170	142.1	177.2	142.05
December 2011	150	134.1	154.9	137
January 2012	156.5	143.45	156.4	141.35
February 2012	174	149	178.5	149.1
March 2012	176.5	155.15	178	155.25

CORPORATE GOVERNANCE REPORT

PERFORMANCE IN COMPARISON: BSE SENSEX, S & P CNX NIFTY AND BSE FMCG







CORPORATE GOVERNANCE REPORT

Share Transfer System	:	Transfers in physical form are registered by the Registrar and Share Transfer Agents immediately on receipt of completed documents and certificates are issued within one month of date of lodgement of transfer. Invalid share transfers are returned within 15 days of receipt. The Share Transfer Committee generally meets as may be warranted by the number of share transaction requests received by the Company. All requests for dematerialisation of shares are processed and the confirmation is given to respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, generally within 20 days.
Registrar & Transfer Agents	:	M/s Link Intime India Pvt Limited (erstwhile Intime Spectrum Registry Limited), (Unit: Marico Ltd.) C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078

Distribution of Shareholding as on March 31, 2012 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	27,814	84.37	3,250,537	0.53
501-1000	1,998	6.06	1,721,916	0.28
1001 -2000	1,064	3.23	1,779,842	0.29
2001-3000	362	1.10	966,444	0.16
3001-4000	588	1.78	2,282,740	0.37
4001- 5000	195	0.59	928,589	0.15
5001-10000	405	1.23	3,081,478	0.50
10001 & above	541	1.64	600,922,841	97.72
Total	**32,967**	**100**	**614,934,387**	**100**

Categories of Shareholding- as on March 31, 2012 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	27	385,738,520	62.73
Foreign Institutional Investors	110	157,333,650	25.59
NRIs and OCBs	657	2,036,436	0.33
Insurance Companies, Banks and other Financial Institutions	10	4,717,036	0.77
Mutual Funds, including Unit Trust of India	57	22751247	3.70
Public / Private Ltd. Companies	643	18,642,634	3.03
Resident Individuals, Trusts and In Transit	31.463	23,714,864	3.86
Total	32.967	614,934,387	100

CORPORATE GOVERNANCE REPORT

Dematerialization of Shares and Liquidity	:	As on March 31, 2012, 99.85% of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.
	:	In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialised form with effect from May 31, 1999.
Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity	:	The Company has not issued any GDR / ADR / Warrants or any convertible instruments.
Plant Locations	:	Kanjikode, Jalgaon, Goa, Pondicherry, Daman, Dehradun, Paonta Sahib and Baddi
Address for correspondence	:	**Shareholding related queries** Company's Registrar & Transfer Agent: M/s Link Intime India Pvt Limite (erstwhile Intime Spectrum Registry Limited) Unit: Marico Limited C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078. Tel.: 022 - 25946970, Fax: 022 - 25946969 E-mail: rnt.helpdesk@linkintime.co.in **General Correspondence** Marico Limited, Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050. Tel.: 022 - 66480480, Fax:022 - 66490112 E-mail: investor@maricoindia.net

CORPORATE GOVERNANCE REPORT

CHIEF EXECUTIVE OFFICER (CEO) DECLARATION

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and senior management. This Code of Conduct is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2012, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, senior management team means personnel as specified in the Annexure to the Code of Conduct of the Company.

HARSH MARIWALA
Chairman and Managing Director

Place: Mumbai
Date: May 3, 2012

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, to the best of our knowledge and belief, hereby certify that:

(a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2012 and to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent or illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Accounts to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours truly,

For Marico Limited

Harsh Mariwala
Chairman and Managing Director

Place: Mumbai
Date : May 3, 2012

For Marico Limited

Milind Sarwate
Group Chief Financial Officer

Place: Mumbai
Date : May 3, 2012

AUDITORS' REPORT

Auditors' Report to the Members of Marico Limited

1. We have audited the attached Balance Sheet of **Marico Limited** (the "Company")as at March 31, 2012 and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date (all together referred to as 'financial statements') annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

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

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

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

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on March 31,2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

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

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number : F-46061

Place : Mumbai
Date : May 3, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Marico Limited on the financial statements for the year ended March 31, 2012.

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

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

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

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

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

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

3. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

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

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

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

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

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

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

ANNEXURE TO AUDITORS' REPORT

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax and customs duty as at March 31, 2012 which have not been deposited on account of a dispute are as follows:

Name of the Statue	Nature of dues	Amount (Rs. in Crore)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act and Local Sales Tax Acts	Sales tax including interest and penalty as applicable	2.09	2006 -07 to 2010-2011	Additional Commissioner – Sales tax Appeals
		0.86	Various years	Deputy Commissioner – sales tax Appeals.
		0.53	2005-06 to 2008-09	Joint Commissioner – Sales Tax Appeals
		2.59	Various years	Sales tax Tribunal
		0.04	1995-96	High Court - U.P.
		0.57	2004-05	Assistant Commissioner – Sales Tax Appeals
The Indian Customs Act,1962	Export cess	0.09	2004	Deputy Commissioner of Customs - Kolkatta
The Indian Customs Act,1962	Redemption fine and penalty	0.30	2002 to 2004	Customs Excise and Service Tax Appellate Tribunal - Mumbai
The Indian Customs Act,1962	Custom duty	0.01	2008	Assistant Commissioner of Customs – Mumbai
Income Tax Act,1961	Income tax	0.47	Block period from 1991-92 to 1996-97.	Income Tax Appellate Tribunal
Income Tax Act,1961	Income Tax	0.66	Assessment Year 2005-06	Commissioner of Income Tax Appeals

10. The Company has no accumulated losses as at March 31,2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

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

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

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

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

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

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

ANNEXURE TO AUDITORS' REPORT

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

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

19. The Company issued 500, 10.05% Rated Taxable Unsecured Redeemable Non – convertible debentures of face value of Rs. 10 lakhs each, aggregating Rs. 50 Crore which are outstanding at the year-end, in respect of which it is not required to create security or charge.

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number : F-46061

Place : Mumbai
Date : May 3, 2012

BALANCE SHEET

	Note	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	61.49	61.44
Reserves and surplus	4	1,062.63	811.68
		1,124.12	873.12
Non-current liabilities			
Long-term borrowings	5	324.73	307.48
Long-term provisions	6	5.32	0.02
		330.05	307.50
Current liabilities			
Short-term borrowings	7	228.42	192.71
Trade payables	8	244.47	162.73
Other current liabilities	9	85.72	108.97
Short-term provisions	10	47.88	40.70
		606.49	505.11
TOTAL		**2,060.66**	**1,685.73**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11 (A)	238.08	221.16
Intangible assets	11 (B)	2.01	1.30
Capital work-in-progress		36.22	24.71
		276.31	247.17
Non-current investments	12	405.91	392.42
Deferred tax assets (net)	13	19.08	26.54
Long-term loans and advances	14	235.81	205.60
Other non-current assets	15	123.14	98.21
		1,060.25	969.94
Current assets			
Current investments	16	266.26	77.94
Inventories	17	530.04	454.22
Trade receivables	18	101.04	118.98
Cash and bank balances	19	32.26	15.94
Short-term loans and advances	20	54.46	44.94
Other current assets	21	16.35	3.77
		1,000.41	715.79
TOTAL		**2,060.66**	**1,685.73**

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

STATEMENT OF PROFIT AND LOSS

	Note	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Revenue from operations (Gross)	22	2,971.66	2,351.39
Less : Excise duty		1.36	0.98
Revenue from operations (Net)		2,970.30	2,350.41
Other income	23	51.65	21.63
Total Revenue		**3,021.95**	**2,372.04**
Expenses:			
Cost of materials consumed	24 (A)	1,671.92	1,309.01
Purchases of stock-in-trade	24 (B)	106.33	106.85
Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease	24 (C)	(40.02)	(74.10)
Employee benefits expenses	25	126.21	107.82
Finance costs	26	28.34	31.60
Depreciation, amortisation and impairment	27	31.49	27.63
Other expenses	28	698.40	554.16
Total Expenses		**2,622.67**	**2,062.97**
Profit before exceptional and extraordinary items and tax		**399.28**	**309.07**
Exceptional items	38	–	(65.47)
Profit before tax		**399.28**	**374.54**
Tax expense:			
Current tax		77.55	70.81
Less: MAT credit (entitelment) / utilisation		(22.33)	(43.55)
Net current tax		55.22	27.26
Deferred tax charge		7.47	31.96
		62.69	**59.22**
Profit for the year		**336.59**	**315.32**
Earnings per equity share (Nominal value per share Re. 1 (Re. 1))	40		
Basic		5.48	5.15
Diluted		5.47	5.12

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

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	**399.28**	**374.54**
	Adjustments for:		
	Depreciation, amortisation and impairment	31.49	27.63
	Provision for impairment on assets written back as no longer required	–	(1.03)
	Capital advances written off	–	1.00
	Provision for impairment of Fiancee Trademark	–	13.88
	Reversal of provision for contingencies (Refer Note 46)	–	(29.35)
	Profit on divestment of "Sweekar" Brand	–	(50.00)
	Finance costs	28.34	31.60
	Interest income	(8.11)	(5.18)
	Loss / (Profit) on sale of assets - (net)	0.67	(0.08)
	(Profit) / Loss on sale of current investments (net)	(0.14)	(0.40)
	Dividend income	(31.81)	(6.82)
	Employees stock option charge/ (reversal)	(0.04)	0.04
	Stock appreciation rights expenses	5.30	0.02
	Provision for doubtful debts, advances, deposits and others no longer required written back	(0.58)	(0.55)
		25.12	(19.24)
	Operating profit before working capital changes	**424.40**	**355.30**
	Adjustments for:		
	(Increase)/ decrease in inventories	(75.82)	(84.32)
	(Increase)/ decrease in trade receivables	18.02	(23.93)
	(Increase)/ decrease in loans and advances and other current and non-current assets	(43.98)	17.06
	Increase/ (decrease) in trade payables and other current and non-current liabilities and provisions	97.37	(0.38)
	Changes in Working capital	(4.41)	(91.57)
	Cash generated from Operations	**419.99**	**263.73**
	Taxes paid (net of refunds)	(76.84)	(67.50)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**343.15**	**196.23**

CASH FLOW STATEMENT

		For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(61.44)	(69.88)
	Sale of fixed assets	0.14	0.68
	Proceeds from divestment of "Sweekar" Brand	–	50.00
	Purchase of investments	(278.88)	(75.34)
	Sale of investments	77.20	69.49
	Investment in Subsidiary	–	(254.98)
	Inter-corporate deposits placed	(10.00)	–
	Deposit in escrow account for acquisition (Refer note 36)	(25.00)	–
	Loans and advances repaid by related parties	66.44	149.19
	Loans and advances given to related parties	(65.40)	(197.84)
	Dividend income received	31.81	6.82
	Interest received	7.89	4.26
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(257.24)**	**(317.60)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share Capital on exercise of stock option	3.09	28.59
	Issue / (redemption) of commercial papers (net)	(92.99)	58.90
	Issue of debentures / (redemption)	(30.00)	50.00
	Other borrowings (repaid) / taken (net)	103.84	68.83
	Finance costs paid	(30.30)	(31.22)
	Equity dividend paid (inclusive of dividend distribution tax)	(47.28)	(47.07)
	NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	**(93.64)**	**128.03**
D	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)**	**(7.73)**	**6.66**
E	Cash and cash equivalents - opening balance (as at April 1) (Refer note 19)	13.69	7.03
F	**Cash and cash equivalents - closing balance (as at March 31) (Refer note 19)**	**5.96**	**13.69**

Notes

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

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTES TO THE FINANCIAL STATEMENTS

1. The Company and nature of its operations :

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

2. Summary of significant accounting policies :

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with 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) Use of estimates

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

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

(c) Tangible assets, intangible assets and capital work-in-progress

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

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

(d) Depreciation and amortisation

I. <u>Tangible assets</u>

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

Asset	Rates (p.a.)
Computer hardware and related peripherals	33.33%
Moulds	16.21%
Office equipment	10% to 50%
Furniture and fixtures	12.50%
Vehicles	20%

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

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

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

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

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

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

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

II. Intangible assets

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

Asset	Rates (p.a.)
Trademarks, copyrights and business and commercial rights	10%
Computer software	33.33%

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

(e) Assets taken on lease

(i) The assets taken on finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased asset and present value of the minimum lease payments.The corresponding amount is shown as lease liabilities. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to the Statement of Profit and Loss.

(ii) Operating lease payments are recognised as expenditure in the Statement of Profit and Loss as per the terms of the respective lease agreement.

(f) Asset 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.

(g) Investments

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

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

(h) Inventories

(i) Raw materials, packing materials, stores and spares 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 estimated net realizable value.

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

(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.

(i) Research and Development

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

(j) Revenue recognition

(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 services.

(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.

(vii) Revenue from royalty income is recognised on accrual basis.

(k) Retirement and other benefits to employees

(i) Gratuity

Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit method and contributed to Employees Gratuity Fund managed by HDFC Standard Life Insurance Limited. 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.

(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.

(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.

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

(l) 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.

(vi) Non-monetary foreign currency items are carried at cost / fair value and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

(vii) Exchange differences arising on monetary items that in substance form part of Company's net investment in a non-integral foreign operation are accumulated in a 'Foreign Currency Translation Reserve' until the disposal of the net investment. The same is recognised in the Statement of Profit and Loss upon disposal of the net investment.

(m) Accounting for taxes on income

(i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is 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 realisation.

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

(n) Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing the 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.

(o) Employee Stock Option Plan

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

(p) Employee Stock Appreciation Rights Scheme

In respect of Employee Stock Appreciation Rights granted pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011, the intrinsic value of the rights (excess of market value as at the year end and the Grant Price) is recognised as Employee compensation cost over the vesting period.

(q) Provisions and Contingent Liabilities

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

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

(r) Share issue Expenses

Expenses incurred on issues of shares are adjusted against Securities Premium Reserve.

(s) 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.

(t) Earnings Per Share

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

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

3 Share capital :

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

d Shares reserved for issue under options :

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

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
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 25). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	As at March 31,	
	2012	2011
Net Profit after tax as reported (Rs. Crore)	336.59	315.32
Less : Stock-based employee compensation expense (Rs. Crore)	0.32	1.76
Adjusted pro-forma (Rs. Crore)	336.27	313.56
Basic earnings per share as reported	Rs. 5.48	Rs. 5.15
Pro-forma basic earnings per share	Rs. 5.47	Rs. 5.12
Diluted earnings per share as reported	Rs. 5.47	Rs. 5.12
Pro-forma diluted earnings per share	Rs. 5.47	Rs. 5.10

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

	As at March 31,	
	2012	2011
Risk-free interest rate - Vest 1 (%)	6.61%	6.61%
Risk-free interest rate - Vest 2 (%)	7.27%	7.27%
Expected life of options (years)	5 years	5 years
Expected volatility - Vest 1 (%)	35.32%	35.32%
Expected volatility - Vest 2 (%)	36.92%	36.92%
Dividend yield	1.20%	1.20%

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

4 Reserves and surplus :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Securities Premium Reserve		
Balance as at the beginning of the year	43.50	15.30
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	46.54	43.50
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 3 (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 (Refer note below)		
Balance as at the beginning of the year	5.74	3.23
Exchange gain/(loss) on translation during the year	0.30	2.51
Balance as at the end of the year	6.04	5.74
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	602.52	382.58
Add : Profit during the year	336.59	315.32
Less: Appropriations :		
Interim dividend	43.04	40.54
Dividend distribution tax on Interim dividend	6.98	6.64
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	835.43	602.52
Total	**1,062.63**	**811.68**

The Company has advanced long term loans to its wholly owned subsidiary, Marico South Africa Consumer Care (pty) Limited, which is outstanding as at the year end. The operations of the said subsidiary are classified as 'Non – integral foreign operations'. Accordingly, as per the requirements of Accounting Standard 11 'The effect of changes in Foreign Exchange Rates', exchange gain of Rs. 6.04 Crore (Rs. 5.74 Crore) arising on revaluation of the said loan is accumulated in 'Foreign Currency Translation Reserve', to be recognised as income or expenses in the Statement of Profit and Loss upon disposal of the net investment in said subsidiary.

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

5 Long-term borrowings :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Secured		
Term loans		
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 9). 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		
	274.73	257.48
Unsecured		
Debentures (Refer note below)		
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	**324.73**	**307.48**

The above debentures were issued on March 30, 2011 and are reedeemable 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.

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

6 Long-term provisions :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Provision for employee benefits :		
Employee Stock Appreciation Rights Scheme	5.32	0.02
Total	**5.32**	**0.02**

a The Corporate Governance Committee has granted Stock Appreciation Rights ("STAR") to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011 ("Plan"). The grant price is determined based on a formula as defined in the Plan. There are 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. 5.30 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 14).

c Details of STAR Grant Schemes :

STAR Scheme I

	As at March 31, 2012	As at March 31, 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	2,838,600	–
Add : Granted during the year	–	2,838,600
Less : Forfeited during the year	177,500	–
Grants at the end of the year	**2,661,100**	**2,838,600**

STAR Scheme II

	As at March 31, 2012	As at March 31, 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	956,000	–
Less : Forfeited during the year	6,100	–
Grants at the end of the year	**949,900**	–

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

7 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
Other term loans	50.88	20.00
	192.62	77.07
From others :		
Commercial papers	–	95.00
Less: Deferred interest	–	2.01
	–	92.99
	192.62	170.06
Total	**228.42**	**192.71**

a 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.

b 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.

c Other term loans availed in the current year are in foreign currency for a term of 12 months and carries interest rate of 3 months LIBOR + spread of 2.3% per annum. (previous year amount borrowed in Indian Rupees carried interest rate of 8% per annum).

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

8 Trade payables :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Trade payables	244.47	162.73
Total	**244.47**	**162.73**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	As at March 31, 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	–	–
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	–

9 **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 5)	19.08	22.29
Secured Redeemable Non-Convertible Debentures (Refer note (a) below)	–	30.00
	19.08	52.29
Interest accrued but not due on borrowings	1.20	3.15
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
Other payables :		
Provision for contractual liabilities	15.49	12.55
Advances from customers	13.94	5.81
Statutory dues including provident fund and tax deducted at source	10.19	9.68
Forward / derivative contracts payables	–	2.58
Creditors for capital goods	2.43	1.38
Security deposits from customers and others	0.31	0.25
Employee benefits payable	22.69	20.76
Others	0.23	0.25
Total	**85.72**	**108.97**

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 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

10 Short-term provisions :

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Provision for employee benefits :		
Gratuity (Refer note 44 (A))	0.17	0.18
Leave encashment (Refer note 44(B))	6.20	5.57
	6.37	5.75
Others :		
Income tax - (net) (refer note (a) below)	1.14	0.43
Interim dividend	24.60	22.11
Dividend distribution tax on Interim dividend	3.99	3.67
Disputed taxes / claims (Refer notes (b) and (c) below)	11.78	8.74
Total	**47.88**	**40.70**

a Provison for income tax is net off advance tax and other tax payments for various years of Rs. 310.01 Crore (Rs. 233.17 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.

c 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	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**

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

11 (A) Tangible assets

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION/IMPAIRMENT							NET BLOCK	
	As at April 1, 2011	Additions	Deductions / Adjustments	As at March 31, 2012	As at April 1, 2011	For the Year	Deductions / Adjustments	As at March 31, 2012	Provision for impairment as at April 1, 2011	Charge / (Reversal) for the year	Provision for impairment as at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible assets													
Freehold land	2.49	–	–	2.49	–	–	–	–	–	–	–	2.49	2.49
Leasehold land	22.32	6.57	–	28.89	0.91	0.41	–	1.32	–		–	27.57	21.41
Buildings (Note a)	105.73	6.66	0.01	112.38	18.61	4.61	0.01	23.21	–	–	–	89.17	87.12
Plant and equipments (Notes b and c)	237.28	32.55	4.04	265.79	128.16	22.35	3.24	147.27	4.60	1.06	5.66	112.86	104.52
Furniture and fixtures	7.52	0.44	0.06	7.90	3.81	0.85	0.05	4.61	–	–	–	3.29	3.71
Vehicles	1.20	0.04	0.01	1.23	0.44	0.23	0.01	0.66	–	–	–	0.57	0.76
Office equipments	3.38	1.86	0.12	5.12	2.22	0.88	0.12	2.98	0.01	–	0.01	2.13	1.15
Total (A)	**379.92**	**48.12**	**4.24**	**423.80**	**154.15**	**29.33**	**3.43**	**180.05**	**4.61**	**1.06**	**5.67**	**238.08**	**221.16**
Previous Year	**254.09**	**133.82**	**7.99**	**379.92**	**136.75**	**24.17**	**6.77**	**154.15**	**5.02**	**(0.41)**	**4.61**	**221.16**	**–**

11 (B) Intangible assets

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION/IMPAIRMENT							NET BLOCK	
	As at April 1, 2011	Additions	Deductions / Adjustments	As at March 31, 2012	As at April 1, 2011	For the Year	Deductions / Adjustments	As at March 31, 2012	Provision for impairment as at April 1, 2011	Charge / (Reversal) for the year	Provision for impairment as at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Intangible assets													
Trademarks and copyrights (Note d)	25.20	–	–	25.20	10.32	–	–	10.32	14.88	–	14.88	–	–
Computer software	16.08	1.81	0.08	17.81	14.78	1.10	0.08	15.80	–	–	–	2.01	1.30
Total (B)	**41.28**	**1.81**	**0.08**	**43.01**	**25.10**	**1.10**	**0.08**	**26.12**	**14.88**	**–**	**14.88**	**2.01**	**1.30**
Previous Year	**40.36**	**0.95**	**0.03**	**41.28**	**21.69**	**3.44**	**0.03**	**25.10**	**1.00**	**13.88**	**14.88**	**1.30**	**–**
Total (A)+(B)	**421.20**	**49.93**	**4.32**	**466.81**	**179.25**	**30.43**	**3.51**	**206.17**	**19.49**	**1.06**	**20.55**	**240.09**	**222.46**
Total Previous Year(Note e)	**294.45**	**134.77**	**8.02**	**421.20**	**158.44**	**27.61**	**6.80**	**179.25**	**6.02**	**13.47**	**19.49**	**222.46**	**–**

a. Gross block of Buildings include Rs. Nil (Rs. 0.10 Crore) where conveyance has been executed, pending registration.

b. The borrowing costs capitalised to Plant and equipment Rs. Nil (Rs. 0.42 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. Impairment charge for the previous year included Rs. 13.88 Crore which was reflected as "Exceptional items" in the Statement of Profit and Loss.

Additional information on assets given on operating lease

Rs. Crore

	Cost	Depreciation for the year	Accumulated Depreciation	Net Book Value
Plant and equipments	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	2011
	Rs. Crore	Rs. Crore
Lease rental income recognised in the Statement of Profit and Loss	0.42	0.39

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

12 Non-current investments :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Long term Non-trade investments (valued at cost unless stated otherwise)		
Investments in equity instruments :		
Investment in Subsidiaries		
Quoted		
Marico Bangladesh Limited 28,350,000 (28,350,000) equity shares of Bangladesh taka 10 each fully paid (Quoted on Dhaka Stock exchange).	0.86	0.86
Unquoted		
Kaya Limited (wholly owned) 14,500,000 (14,500,000) equity shares of Rs.10 each fully paid (Refer note 47)	73.00	73.00
Marico Middle East FZE (wholly owned) 22 (22) equity share of UAE dirham 1,000,000 (1,000,000) fully paid	27.99	27.99
Marico South Africa Consumer Care (Pty) Limited (wholly owned) 800 (800) equity shares of SA Rand 1.00 fully paid	25.37	25.37
International Consumer Products Corporation 9,535,495 (9,535,495) equity shares of VND 10,000 fully paid	254.98	254.98
	382.20	382.20
Other Investments :		
Investments in Government Securities		
Unquoted		
National Savings Certificates (Deposited with the Government authorities)	0.01	0.01
Others		
Quoted		
Indian Infrastructure Finance Company Ltd, (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).	10.08	10.21
Power Finance Corporation Limited (28,479 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 1st February, 2022).	2.85	–
Indian Railway Finance Corporation (21,751 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.00%, face value of Rs. 1,000/- each, redeemable on 23rd February, 2022).	2.18	–
National Highways Authority of India (24,724 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 25th January, 2022).	2.47	–
Rural Electrification Corporation Limited (61,238 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.12%, face value of Rs. 1,000/- each, redeemable on 29th March, 2027).	6.12	–
	23.71	10.22
Total	**405.91**	**392.42**
Aggregate amount of quoted investments	24.56	11.07
Market Value of quoted investments	700.15	1,154.80
Aggregate amount of unquoted investments	381.35	381.35

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

13 Deferred tax assets (net) :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Deferred Tax assets:		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	0.95	1.15
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium Reserve under the Capital Restructuring scheme implemented in an earlier year (Refer note 11 (d))	27.49	36.53
Liabilities / provisions that are deducted for tax purposes when paid	3.80	2.50
	32.24	40.18
Deferred tax liability:		
Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates.	13.16	13.64
	13.16	13.64
Deferred tax assets (net)	**19.08**	**26.54**

14 Long-term loans and advances :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Unsecured, considered good unless stated otherwise		
Capital Advances		
Considered good	10.31	20.81
Considered doubtful	0.50	0.50
	10.81	21.31
Less : Provision for doubtful advances	0.50	0.50
	10.31	20.81
Loans and advances to related parties - Subsidiaries (Refer notes 42 and 47)	156.59	160.05
Other loans and advances :		
Deposits with public bodies and others		
Considered good	7.24	7.81
Considered doubtful	0.50	1.00
	7.74	8.81
Less : Provision for doubtful deposits	0.50	1.00
	7.24	7.81
Loans to employees	2.70	1.72
Prepaid expenses	0.02	0.02
Balance with statutory/government authorities	12.75	13.91
Advances to vendors	1.28	1.28
Loans and advances to Welfare of Mariconians Trust (Refer note 6 (b))	19.92	–
Restricted deposit - HSBC Escrow Account (Refer note 36)	25.00	–
Total	**235.81**	**205.60**

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

15 Other non current assets :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Fringe benefit tax payments (net of provisions)	0.48	0.48
MAT credit entitlement	117.84	95.50
Long term deposits with banks with maturity period of more than twelve months (Refer note below)	4.82	2.23
Total	**123.14**	**98.21**

Long term deposits with bank includes Rs. 0.13 Crore (Rs. 0.13 Crore) deposited with sales tax authorities and Rs. 4.69 Crore (Rs. 2.10 Crore) held as lien by banks against guarantees issued on behalf of the Company.

16 Current investments :

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

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

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
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 - Institutional Plan - Growth 1,732,972 (Nil) Units of Rs. 100 each fully paid	20.73	–
Reliance Liquid Fund-Treasury Plan - Institutional Plan - Growth 7,957,279 (Nil) Units of Rs. 10 each fully paid	20.77	–
Birla Sun Life Floating Rate Fund-STP-Institutional Plan - 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**	**77.94**
Aggregate amount of quoted investments	97.40	–
Market Value of quoted investments	97.44	–
Aggregate amount of unquoted investments	168.86	77.94

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

17 Inventories :

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

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Raw materials	203.91	160.88
Work-in-progress	87.77	77.73
Finished goods (includes in–transit Rs. 0.75 Crore (Previous year Rs. 3.79 Crore))	168.43	149.65
Stock-in-trade (Traded goods)	12.20	2.74
Stores and spares	5.29	5.65
Others :		
Packing materials	48.80	55.67
By-products	3.64	1.90
Total	**530.04**	**454.22**

18 Trade receivables :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	0.60	0.68
Considered doubtful	2.91	2.99
	3.51	3.67
Less: Provision for doubtful debts	(2.91)	(2.99)
	0.60	0.68
Outstanding for a period less than six months from the date they are due for payment		
Considered good	100.44	118.30
Considered doubtful	–	–
	100.44	118.30
Total	**101.04**	**118.98**

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

19 Cash and bank balances :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Cash and cash equivalents :		
Cash on hand	0.17	0.46
Remittance in–transit	0.12	4.55
Bank balances in current account	5.67	8.68
	5.96	13.69
Other bank balances :		
Fixed deposits with maturity more than three month but less than twelve months	26.14	1.99
Unclaimed dividend account	0.16	0.23
Preference share redemption account	–	0.03
Total	**32.26**	**15.94**

20 Short-term loans and advances :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties :		
Subsidiaries	18.76	16.69
Others	0.65	–
	19.41	16.69
Others :		
Advances to vendors and others	15.33	16.32
Loans and advances to employees	2.13	1.67
Prepaid expenses	3.42	3.28
Balances with statutory / government authorities	4.17	6.98
Inter-corporate deposits	10.00	–
	35.05	28.25
Total	**54.46**	**44.94**

21. Other current assets :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Interest accrued and due on loans / deposits	2.40	2.18
Insurance receivables	2.50	–
Accrued export incentives	1.54	–
Assets held for disposal	0.01	0.18
Forward/ derivative contracts receivables	7.53	–
Others	2.37	1.41
Total	**16.35**	**3.77**

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

22 Revenue from operations :

	For the year ended March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Sale of products:		
Finished goods	2,767.61	2,169.82
Traded goods	136.66	120.85
By product sales	60.24	54.83
	2,964.51	2,345.50
Less:		
Excise duty	1.36	0.98
	2,963.15	2,344.52
Other operating revenues:		
Export incentives	4.91	3.54
Sale of scraps	2.24	2.35
	7.15	5.89
Total	**2,970.30**	**2,350.41**

a) Details of Sales (Finished goods)

	For the year ended March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Edible oils	1,830.60	1,519.86
Hair oils	591.48	476.41
Others	345.53	173.55
Total	**2,767.61**	**2,169.82**

b) Details of Sales (Traded goods)

	For the year ended March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Oil seeds (Copra)	111.41	92.31
Others	25.25	28.54
Total	**136.66**	**120.85**

23 Other income :

	For the year ended March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Interest Income		
On Non current investments	0.85	0.69
On loans, deposits, etc.	7.26	4.49
	8.11	5.18
Dividend Income		
On current investments	11.92	2.34
On Non current investments (from subsidiaries)	19.89	4.48
	31.81	6.82

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Net gain on sale of current investments	0.14	0.40
Other non-operating income :		
Lease rental income	0.42	0.39
Royalty income	7.62	6.84
Net gain on foreign currency transactions and translations	2.06	–
Profit on sale of assets (net)	–	0.08
Miscellaneous income	0.99	1.92
Excess provisions no longer required	0.50	–
Total	**51.65**	**21.63**

24 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** (Refer note (a) below)		
	Raw materials consumed		
	Opening Inventories	160.88	161.46
	Add : Purchases (net)	1,454.38	1,095.75
	Less : Inventory at the end of the year	203.91	160.88
	Cost of raw material consumed during the year	1,411.35	1,096.33
	Packing materials consumed		
	Opening Inventories	55.67	46.04
	Add : Purchases (net)	253.70	222.31
	Less : Inventory at the end of the year	48.80	55.67
	Cost of packing material consumed during the year	260.57	212.68
	Total	**1,671.92**	**1,309.01**
B	**Purchases of Stock-in-trade** (Refer note (b) below)	**106.33**	**106.85**
C	**Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease**		
	Opening inventories		
	Work-in-progress	77.73	58.01
	Finished goods	149.65	97.42
	By-products	1.90	1.02
	Stock-in-trade	2.74	1.47
	Total A	**232.02**	**157.92**
	Less: Closing inventories		
	Work-in-progress	87.77	77.73
	Finished goods	168.43	149.65
	By-products	3.64	1.90
	Stock-in-trade	12.20	2.74
	Total B	**272.04**	**232.02**
	(Increase) / decrease in inventories (A-B)	**(40.02)**	**(74.10)**

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

a Details of Raw materials consumed

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Oil seeds (Copra and Kardi seeds)	677.95	490.91
Raw oils (other than Copra and Kardi seeds)	450.46	412.77
Others	282.94	192.65
Total	**1,411.35**	**1,096.33**

b Details of Purchases of Stock-in-trade

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Oil seeds (Copra)	93.09	89.07
Others	13.24	17.78
Total	**106.33**	**106.85**

c Value of Imported and indigenous raw materials consumed

	For the year ended March 31,			
	2012 Rs. Crore	%	2011 Rs. Crore	%
Imported	126.92	8.99	57.74	5.27
Indigeneous	1,284.43	91.01	1,038.59	94.73
Total	**1,411.35**	**100.00**	**1,096.33**	**100.00**

25 Employee benefit expenses :

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Salaries, wages and bonus	105.67	91.02
Contribution to provident and other funds (Refer note 44 (C) and 45)	6.74	6.43
Employees stock option charge/ (reversal) (Refer note 3 (d))	(0.04)	0.04
Stock appreciation rights expenses (Refer note 6 (a))	5.30	0.02
Staff welfare expenses	8.54	7.26
Long term service benefits	–	3.05
Total	**126.21**	**107.82**

26 Finance costs :

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Interest on:		
Long term borrowings	5.28	2.50
Short term borrowings	13.95	16.06
Other borrowing costs	0.33	9.30
Bank and other financial charges	2.51	2.48
Applicable net loss on foreign currency transactions and translation	6.27	1.26
Total	**28.34**	**31.60**

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

27 Depreciation, amortisation and impairment :

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Depreciation on tangible assets	29.33	24.17
Amortisation on intangible assets	1.10	3.44
Provision for impairment	1.06	0.02
Total	**31.49**	**27.63**

28 Other expenses :

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
Consumption of stores and spare parts (refer note (a) below)	26.16	22.54
Power, fuel and water	7.78	9.49
Contract manufacturing charges	101.82	84.91
Rent and storage charges	21.64	24.05
Repairs to:		
Building	3.15	2.59
Machinery	7.27	6.30
Others	1.81	1.77
Freight, forwarding and distribution expenses	124.26	108.58
Advertisement and sales promotion	300.88	213.65
Rates and taxes	29.80	11.30
Commission to selling agents	5.31	3.23
Communication expenses	4.40	4.00
Printing and stationery	1.36	1.26
Travelling, conveyance and vehicle expenses	18.52	16.96
Royalty	0.24	0.29
Insurance	2.08	1.76
Payments to the auditor as :		
Statutory audit fees	0.66	0.46
Tax audit fees	0.10	0.09
for other services	0.23	0.03
for reimbursement of expenses	0.01	0.01
Net loss on foreign currency transactions and translation (other than considered as finance cost)	–	0.14
Commission to Non-executive directors	0.42	0.40
Miscellaneous expenses (Refer note (b) below)	40.50	40.35
Total	**698.40**	**554.16**

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

(a) There are no stores and spares imported during the current year and the previous year.

(b) Miscellaneous expenses include :

	For the year ended March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Labour charges	6.74	4.53
Training & seminar expenses	4.70	4.62
Outside services	2.32	2.22
Legal & professional charges	18.59	18.34
Donation	0.09	0.04
Loss on sale of assets (net)	0.67	–
Capital advance written off	–	1.00
Provision for impairment on assets no longer required written back	–	(1.03)
Provision for doubtful debts/ advances no longer required written back	(0.08)	(0.55)
Total	**33.03**	**29.17**

29 Contingent liabilities :

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Disputed tax demands / claims :		
Sales tax	13.32	17.24
Income tax	4.14	–
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 46)	278.92	210.74
Claims against the Company not acknowledged as debts.	0.28	0.27
Possible indemnification obligations under the Deed of Assignment for assignment of "Sweekar" brand.	–	4.00
Total	**306.38**	**241.21**

30 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)	71.24	54.48
Consideration for Paras acquisition (Refer note 36)	740.00	–
Total	**811.24**	**54.48**

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

31 Other commitments :

	As at March 31, 2012 Rs. Crore	As at March 31, 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	16.61	12.26
Total	**274.93**	**258.17**

32 CIF value of imports :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Raw materials	131.89	32.80
Packing materials	2.20	2.70
Capital goods	1.17	0.16
Stock - in - trade (Traded goods)	1.09	1.88
Total	**136.35**	**37.54**

33 Expenditure in foreign currency :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Travelling and other expenses	0.65	0.39
Advertisement and sales promotion	4.78	2.67
Interest on other loans	8.01	3.78
Miscellaneous expenses	1.13	8.64
Total	**14.57**	**15.48**

34 Earnings in foreign currency :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
FOB value of exports	192.35	139.16
Royalty	7.62	6.84
Dividend	19.89	4.48
Interest	4.09	4.03
Corporate guarantee income	0.77	–
Total	**224.72**	**154.51**

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

35 Research and Development expenses aggregating Rs. 6.37 Crore (Rs. 7.53 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 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, warehouses, vehicles etc taken on lease. The arrangements range between 11 months to 3 years and are generally renewable by mutual consent or mutually agreeable terms. Under these arrangements refundable interest-free deposits have been given.

Particulars	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
Lease rental payments recognised in the Statement of Profit and Loss.	17.99	19.57
In respect of assets taken on non-cancellable operating lease:		
Lease obligations		
Future minimum lease rental payments		
- not later than one year	2.16	1.18
- later than one year but not later than five years	1.28	0.96
Total	**3.44**	**2.14**

38 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
a.	Profit on divestment of "Sweekar" brand	–	50.00
b.	Reversal of provision for excise duty. (Refer Note 46 below)	–	29.35
c.	Provision for Impairment of "Fiancee" trademark	–	(13.88)
	Net income shown as Exceptional items	**–**	**65.47**

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

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 (Rs. Nil) having fair value of Rs. 0.89 Crore (Rs. Nil) have been designated as Cash flow hedges.

- 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.

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

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

		March 31, 2012		March 31, 2011	
	Currency	Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)	Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)
a. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods and services	AED	–	–	65,000	0.08
	AUD	12,342	0.06	–	–
	EUR	68,430	0.46	(5,038)	(0.03)
	GBP	(74,111)	(0.60)	–	–
	SGD	(26,554)	(0.11)	121	0.01
(ii) Capital imports	CHF	680	0.01	680	0.01
	GBP	800	0.01	800	0.01
(iii) Export of goods	AED	4,988	0.01	4,988	0.01
b. Bank balances	USD	38,308	0.19	215,186	0.96
	VND	1,183,114	0.01	2,089,001	0.01
c. Other receivable / (payable)	USD	22,778	0.12	8,288	0.04
	AED	553	0.01	(4,447)	(0.01)
	EUR	–	–	600	0.01
d. Loans and Advances to	AED	2,784,511	3.86	2,290,417	2.78
Subsidiaries including interest	TAKA/ BDT	174,689,865	10.85	120,335,640	7.40
accrued	USD	371,844	1.89	313,727	1.40
	ZAR	61,718,443	40.94	62,312,333	41.01
	EGP	617,600	0.52	371,830	0.28
	SGD	190,247	0.77	64,175	0.23

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).

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, during the year ended March 31, 2009, decided an early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly, the net unrealised gain/(loss) of Rs. (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.

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

40 Earnings per share :

	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)	336.59	315.32
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. 5.48**	**Rs. 5.15**
***Diluted earnings per equity share**	**Rs. 5.47**	**Rs. 5.12**

* Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 3(d).

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

	March 31, 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 Company has only one reportable segment in terms of Accounting Standard 17 (AS 17) 'Segment Reporting' mandated by Rule 3 of the Companies (Accounting Standard) Rules 2006, which is manufacturing and sale of consumer products and geographical segments are insignificant.

42 Related Party disclosures :

a) Name of related parties and nature of relationship:

i) Subsidiary companies (wholly owned, unless stated otherwise)

Name of the Company
Kaya Limited
Marico Bangladesh Limited (MBL)
MBL Industries Limited (MBLIL) (Through Marico Middle East FZE)
Marico Middle East FZE (MME)
Kaya Middle East FZE (KME) (Through Marico Middle East FZE)
MEL Consumer Care SAE (MELCC) (Through Marico Middle East FZE)
Egyptian American Investment & Industrial Development Company (EAIIDC) (Through Marico Middle East FZE)
Marico Egypt Industries Company (MEIC) (through MEL Consumer Care SAE)
Marico South Africa Consumer Care (Pty) Limited (MSACC)
Marico South Africa (Pty) Limited (MSA) (Through Marico South Africa Consumer Care (Pty) Ltd)
CPF International (Pty) Limited (CPF) (Through Marico South Africa (Pty) Limited) (upto January 16, 2012)
Marico Malaysia Sdn. Bhd. (MMSD) (Through Marico Middle East FZE)
Derma – Rx International Aesthetics Pte. Ltd. (DIAL) (w.e.f May 22, 2010)
The DRx Clinic Pte. Ltd. (DCPL) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)

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

Name of the Company
The DRx Medispa Pte. Ltd. (DMSPL) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)
DRx Investments Pte. Ltd. (DIPL) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)
DRX Meditech Pte Limited – (With effect from May 25, 2010 and upto February 28, 2011 – merged with Derma-Rx International Aesthetics Pte Limited with effect from March 1, 2011)
DRx Aesthetics Sdn. Bhd. (DASB) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)
International Consumer Products Corporation (ICP) (w.e.f February 18, 2011)
Beaute Cosmetique Societe Par Actions (BCS) (Through International Consumer Products Corporation) (w.e.f February 18, 2011) (99% (99%) equity held by ICP)
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)

ii) Subsidiary firm :

Wind Company. (Through MEL Consumer Care SAE)

iii) Key management personnel (KMP) :

Harsh Mariwala, Chairman and Managing Director

iv) Relatives of Key management personnel:

Rishabh Mariwala, son of Harsh Mariwala

v) 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	Subsidiaries		KMP		Others	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Sale of goods	158.43	127.83	–	–	–	–
Purchase of goods	0.13	1.74	–	–	–	–
Royalty income	7.62	6.84	–	–	–	–
Dividend income	19.89	4.48	–	–	–	–
Interest income	4.09	4.03	–	–	–	–
Corporate guarantee commission	0.77	0.23	–	–	–	–
Expenses paid on behalf of subsidiaries	10.55	10.00	–	–	–	–
Remuneration	–	–	4.03	3.70	–	–
Loans and advances given	62.79	173.39	–	–	0.65	–
Loan repaid	66.46	137.82	–	–	–	–
Investments	–	254.98	–	–	–	–
Rent paid	–	–	–	–	–	0.15
Stand by Letter of Credit issued to banks	51.98	42.91	–	–	–	–
Corporate guarantee discharged	58.73	–	–	–	–	–
Corporate guarantee given to banks	–	82.93	–	–	–	–

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

c) Balances as at the year end

(Rs. Crore)

Particulars	Subsidiaries		KMP		Others	
	March 31, 2012	March 31,2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Investment	382.21	382.21	–	–	–	–
Trade payable	0.15	0.41	–	–	–	0.01
Trade receivable	21.17	16.47	–	–	–	–
Short term loans and advances	18.76	16.69	–	–	0.65	–
Long term loans and advances	156.59	160.05	–	–	–	–
Interest accrued on loans and advances	1.10	1.48	–	–	–	–
Corporate guarantees given to banks	88.90	137.44	–	–	–	–
Stand-by Letter of Credit given to banks	169.42	108.48	–	–	–	–

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

(Rs. Crore)

PARTICULAR	For the year ended		Balances	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Sale of goods				
Marico Bangladesh Limited	116.71	98.65	8.21	5.71
Marico Middle East FZE	40.38	27.29	12.72	10.76
Purchase of goods				
Marico Egypt for Industries Company	0.13	1.18	0.13	0.31
Egyptian American Investment & Industrial Development Company	–	0.56	0.02	0.10
Royalty income				
Marico Bangladesh limited	3.43	3.68	10.49	7.02
Marico Middle East FZE	3.70	2.84	3.86	2.78
Dividend income				
Marico Bangladesh limited	19.89	4.48	–	–
Interest income				
Marico South Africa Consumer Care (pty) Ltd	4.09	3.77	1.10	1.48
Corporate guarantee commission				
Derma Rx International Aesthetics Pte. Ltd.	0.77	0.23	0.77	0.23
Expenses paid on behalf of subsidiaries				
Marico Middle East FZE	2.01	0.81	0.61	0.22
Kaya Limited	6.54	9.21	–	–
Rent paid				
The Bombay Oil Private Limited	–	0.15	–	–
Investments made during the year				
International Consumer Products Corporation	–	254.98	254.98	254.98

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

PARTICULAR	For the year ended		Balances	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Remuneration				
Harsh Mariwala	4.01	3.58	–	–
Loans and advances given				
Kaya Limited	60.83	130.98	103.00	112.92
Loan and advances repaid				
Kaya Limited	77.29	103.13	–	–
Stand by Letter of Credit given to banks				
Marico Middle East FZE	26.79	40.68	141.44	106.02
Kaya Middle East FZE	26.39	–	22.39	–
Corporate guarantee discharged				
Derma Rx International Aesthetics Pte. Ltd.	14.15	–	80.90	84.86
Marico South Africa (Pty) Limited	44.59	–	–	44.59
Corporate guarantees given to banks				
Derma Rx International Aesthetics Pte. Ltd.	–	82.93	80.90	84.86

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 subsidiary: Kaya Limited		
Balance as at the year end	103.00	112.92
Maximum amount outstanding at any time during the year	115.00	186.70
Loans to subsidiary: Marico South Africa Consumer Care (pty) Limited		
Balance as at the year end	54.44	52.04
Maximum amount outstanding at any time during the year	63.65	53.99
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 other 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.

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

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

A. Defined Benefit plan (Gratuity):

	March 31, 2012	March 31, 2011
I. Actuarial assumptions for Gratuity benefits and Compensated absence for employees:		
Discount rate	8.50%	8.00%
Rate of return on Plan assets*	8.60%	8.00%
Future salary rise**	10.00%	10.00%
Attrition rate	17.00%	17.00%
Mortality	Published notes under the IC (1994-96) Mortality tables	

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

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

	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
II. Changes in benefit obligations:		
Liability at the beginning of the year	11.64	10.57
Interest cost	0.93	0.80
Current service cost	1.33	1.42
Past service cost (non vested benefit)	–	–
Past service cost (vested benefit)	–	–
Benefits paid	(1.05)	(0.68)
Actuarial (gain)/loss on obligations	(1.04)	(0.47)
Liability at the end of the year	11.81	11.64

	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
III. Fair value of plan assets :		
Fair value of plan assets at the beginning of the year	11.46	11.39
Expected return on plan assets	0.98	0.91
Contributions	0.63	–
Benefits paid	(1.05)	(0.68)
Actuarial gain/(loss) on plan assets	(0.38)	(0.16)
Fair value of plan assets at the end of the year	11.64	11.46
Total Actuarial (gain)/loss to be recognised	**(0.66)**	**(0.31)**

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

	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
IV. Actual return on plan assets :		
Expected return on plan assets	0.98	0.91
Actuarial gain/(loss) on plan assets	(0.38)	(0.16)
Actual return on plan assets	0.60	0.75

	March 31, 2012 Rs. Crore	2011 Rs. Crore	2010 Rs. Crore	2009 Rs. Crore	2008 Rs. Crore
V. Amount recognised in the Balance Sheet :					
Liability at the end of the year	11.81	11.64	10.57	9.56	9.17
Fair value of plan assets at the end of the year	11.64	11.46	11.39	9.02	9.05
Difference	0.17	0.18	(0.82)	0.54	0.12
Unrecognised past service cost	–	–	–	–	–
(Assets) / Liability recognised in the Balance Sheet	0.17	0.18	(0.82)	0.54	0.12

	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
VI. Percentage of each category of plan assets to total fair value of plan assets.		
Administered by HDFC Standard Life Insurance	94.13%	93.32%
Special deposit scheme, Fixed deposit scheme and others	5.87%	6.68%
Total	100%	100%

	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
VII. Expenses recognised in the Statement Profit and Loss :		
Current service cost	1.33	1.42
Interest cost	0.93	0.80
Expected return on plan assets	(0.98)	(0.91)
Net actuarial (gain)/loss to be recognised	(0.66)	(0.31)
Past service cost (non vested benefit) recognised	–	–
Past service cost (vested benefit) recognised	–	–
(Income) / Expense recognised in the Statement of Profit and Loss	0.62	1.00

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

	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
VIII. Balance Sheet reconciliation		
Opening net liability	0.18	(0.82)
(Income) / Expense as above	0.62	1.00
Employers contribution	(0.63)	–
Closing net liability	0.17	0.18

	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
IX. Experience Adjustments			
On Plan liability (gain) / loss	(0.80)	0.17	(0.34)
On plan asset (loss) / gain	(0.38)	(0.16)	1.53

As per actuarial valuation report, expected employer's contribution in next year is Rs. 1.55 Crore (Rs. 0.40 Crore).

B. Privileged leave (Compensated absence for employees):

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

Particulars	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
Opening balance of compensated absences (a)	5.57	5.35
Present value of compensated absences(As per actuary valuation) as at the year end (b)	6.20	5.57
(Excess)/ Unfunded liability of Compensated Absences recognised in the Statement of Profit and Loss for the year (b-a)	0.63	0.22

The privileged leave liability is not funded.

C. Defined contribution plan :

The Company has recognised Rs. 5.20 Crore (Rs. 5.11 Crore) towards contribution to provident fund, Rs 0.45 Crore (Rs. 0.56 Crore) towards contribution to superannuation fund and Rs. 0.35 Crore (Rs. 0.23 Crore) towards employee state insurance plan in the Statement of Profit and Loss.

45 The Guidance Note on implementing AS 15, Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the year. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at March 31, 2012.

The details of fund and plan asset position are given below:

Particulars	March 31, 2012 Rs. Crore
Plan asset at the year end, at fair value	59.25
Present value of benefit obligation at the year end	59.25
Asset recognised in the Balance Sheet	–

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

Assumption used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

Particulars	March 31, 2012
Actuarial assumptions for Provident fund benefits	
Discount rate	8.50%
Rate of return on assets	8.69%
Guaranteed interest rate	8.25%
Attrition rate	17.00%
Average Holding period of assets	6.43 Years
Mortality	Published notes under the IC (1994-96) Mortality tables

Percentage of each category of plan assets to total fair value of plan assets.	March 31, 2012
Central government securities	23.56 %
State loan / State government guaranteed securities	18.65 %
Public sector units	47.55 %
Private sector units	6.68 %
Special deposit Scheme	3.56 %
Total	**100 %**

Expected employers contribution in next year Rs. 5.08 Crore.

There are no previous year figures as the actuarial valuation has been done for the first time in the current year.

46 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 Crores 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 Crores 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 Crores (Rs. 88.97 Crores) for clearences made after June 3, 2009 (i.e. the date of issue of relevant excise circular) till March 31, 2012 and Rs. 121.77 Crores (Rs. 121.77 Crores) for clearences 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.

47 As at March 31, 2012, Marico Limited ("Marico") holds 100 % of the Equity Capital of Kaya Limited ("Kaya") at a cost of Rs.73.00 Crore (Rs.73.00 Crore). The Company has also advanced long term loans to Kaya of Rs. 103.00 Crore (Rs. 112.92 Crore). As per the latest audited financial statements, Kaya has negative net-worth as at March 31, 2012. The management believes that these losses are not reflective of future trends and operations of the Company and the Kaya business model continues to be robust and offers significant long term growth opportunities. Further, the operations of Kaya

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

are expected to improve significantly due to positive changes in the economic environment, maturity of new clinics, renewed focus on reducing the time to scale up revenues in new clinics, improve capacity utilization of clinics, expansion of Kaya's range of services and product offerings, rationalization of costs and other restructuring measures under consideration, including leveraging the synergies from the acquisition of Derma Rx business in Singapore (by its wholly owned subsidiary) and by increasing the share of product sales in the total business. Having regard to the above factors, based on the fundamentals of Kaya and its future business plans and improved performance in the current year, the management is of the opinion that it is strategically desirable for Marico to continue to support Kaya through funding (equity / debt infusion), through either fresh funds or conversion of existing loans into equity. Accordingly, the management perceives that the erosion in the value of investments in Kaya is not other than temporary. Hence, no provision for diminution in value is considered necessary in respect of the Company's investments in Kaya or of the loans and advances given to Kaya.

48 Previous year figures :

a) The 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 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 financial statements.

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

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 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

STATEMENT PURSUANT TO SECTION 212(1)(E) OF THE COMPANIES ACT, 1956.

Amount in Crore

Name of the subsidiary company	Marico Bangladesh Limited		MBL Industries Limited #		Kaya Limited		Marico Middle East FZE		Kaya Middle East FZE #		MEL Consumer Care SAE #		Egyptian American Investment and Industrial Development Company #		Marico South Africa Consumer Care (Pty) Limited		Marico South Africa (Pty) Limited #	
Name of the holding company	Marico Limited		Marico Middle East FZE		Marico Limited		Marico Limited		Marico Middle East FZE		Marico Middle East FZE		Marico Middle East FZE		Marico Limited		Marico South Africa Consumer Care (Pty) Limited	
Reporting Currency	BDT	Rs.	BDT	Rs.	Rs.	Rs.	AED	Rs.	AED	Rs.	EGP	Rs.	EGP	Rs.	ZAR	Rs.	ZAR	Rs.
Exchange Rate		0.621		0.621		1.000		13.851		13.851		8.423		8.423		6.634		6.634
Holding Company's interest	28,350,000 ordinary shares of Taka 10 each, fully paid up		100,000 ordinary shares of Taka 10 each, fully paid up		14,500,000 ordinary shares of Rs. 10 each, fully paid up		22 ordinary share of AED 1,000,000 each, fully paid up		1 Equity share of AED 1,50,000 fully paid up		250 Equity share of EGP 1,000 fully paid up		68,920 ordinary shares of EGP 100 each, fully paid up		800 ordinary shares of ZAR 1 each, fully paid up		500,000 ordinary shares of ZAR 0.01 each, fully paid up	
Extent of Holding as on 31st March 2012	90%		100%		100%		100%		100%		100%		100%		100%		100%	
The "financial year" of the subsidiary company ended on	March 31,2012		September 30, 2011		March 31, 2012		March 31, 2012		March 31, 2012		March 31, 2012		December 31, 2011		March 31, 2012		March 31, 2012	
	Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore	
	BDT	Rs.	BDT	Rs.	Rs.	Rs.	AED	Rs.	AED	Rs.	EGP	Rs.	EGP	Rs.	ZAR	Rs.	ZAR	Rs.
Net aggregate amount of the subsidiary company's profits/ (losses) dealt with in the holding company's accounts																		
For the subsidiary's aforesaid financial year	34.02	21.13	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
For the previous financial years since it became subsidiary	24.13	15.07	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net aggregate amount of the subsidiary company's profits/ (losses) not dealt with in the holding company's accounts																		
For the subsidiary's aforesaid financial year	19.54	12.14	0.16	0.10	(2.94)	(2.94)	(0.07)	(0.98)	(3.18)	(44.01)	(0.01)	(0.12)	(0.44)	(3.72)	(0.04)	(0.28)	0.12	0.81
For the previous financial years since it became subsidiary	208.80	131.39	(2.91)	(1.95)	(66.28)	(66.28)	0.40	5.71	(1.31)	(16.11)	(1.27)	(10.74)	(1.90)	(17.38)	(0.33)	(1.36)	(0.51)	(3.32)
Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	NA		NA		NA		NA		NA		NA		NA		NA		NA	
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	NA		NA		NA		NA		NA		NA		NA		NA		NA	

STATEMENT PURSUANT TO SECTION 212(1)(E) OF THE COMPANIES ACT, 1956.

Amount in Crore

Name of the subsidiary company	Marico Egypt Industries Company#		Marico Malaysia Sdn. Bhd#		Derma Rx International Aesthetics Pte. Ltd #		The DRx Clinic Pte. Ltd #		The DRx Medispa Pte. Ltd #		DRx Investments Pte. Ltd #		DRx Aesthetics Sdn Bhd #		International Consumer Products Corporation #		Beauté Cosmétique Societé Par Actions #		Thuan Phat Foodstuff Joint stock Company #	
Name of the holding company	MEL Consumer Care SAE		Marico Middle East FZE		Kaya Liminted		Derma Rx International Aesthetics Pte. Ltd		Derma Rx International Aesthetics Pte. Ltd		Derma Rx International Aesthetics Pte. Ltd		DRx Investments Pte. Ltd		Marico Limited		International Consumer Products Corporation		International Consumer Products Corporation	
Reporting Currency	EGP	Rs.	MYR	Rs.	SGD	Rs.	SGD	Rs.	SGD	Rs.	SGD	Rs.	MYR	Rs.	VND	Rs.	VND	Rs.	VND	Rs.
Exchange Rate		8.423		16.617		40.829		40.829		40.829		40.829		16.617		0.00244		0.00244		0.00244
Holding Company's interest	1,228,769 Equity shares of EGP 10 each, fully paid		17,660,240 Equity shares of MYR 1 each, fully paid		7,000,000 Equity shares of SGD 1 each fully paid up		100,000 Equity shares of SGD 1 each fully paid up		100,000 Equity shares of SGD 1 each fully paid up		748,343 Equity shares of SGD 1 each fully paid up		990,000 Equity shares of MYR 1 each fully paid up		11,217,760 Equity shares of VND 10,000 each fully paid up		1,697,000 Equity shares of VND 10,000 each fully paid up		2,631,634 Equity shares of VND 10,000 each fully paid up	
Extent of Holding as on 31st March 2012	100%		100%		100%		100%		100%		100%		100%		85%		84.85%		83.81%	
The "financial year" of the subsidiary company ended on	December 31, 2011		March 31, 2012		March 31, 2012		March 31, 2012		March 31, 2012		March 31, 2012		March 31, 2012		December 31, 2011		December 31, 2011		December 31, 2011	
	Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore	
	EGP	Rs.	MYR	Rs.	SGD	Rs.	SGD	Rs.	SGD	Rs.	SGD	Rs.	MYR	Rs.	VND	Rs.	VND	Rs.	VND	Rs.
Net aggregate amount of the subsidiary company's profits/ (losses) dealt with in the holding company's accounts																				
For the subsidiary's aforesaid financial year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
For the previous financial years since it became subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net aggregate amount of the subsidiary company's profits/ (losses) not dealt with in the holding company's accounts																				
For the subsidiary's aforesaid financial year	0.95	8.02	(0.12)	(2.03)	0.34	13.98	0.30	12.39	0.17	6.81	(0.01)	(0.41)	0.01	0.46	4,765.36	11.63	651.06	1.59	(657.62)	(1.60)
For the previous financial years since it became subsidiary	4.58	37.43	(0.20)	(2.92)	0.01	0.14	0.28	9.79	0.09	3.02	(0.01)	(0.02)	0.03	0.50	1,233.68	2.63	448.19	0.96	(217.17)	(0.46)
Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	NA		NA		NA		NA		NA		NA		NA		NA		Holding company increased its holding from 84.15% as on December 31, 2011 to 84.85% as on March 31, 2012		Holding company increased its holding from 81.77% as on December 31, 2011 to 83.81% as on March 31, 2012	
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	NA		NA		NA		NA		NA		NA		NA		NA		NA		NA	

STATEMENT PURSUANT TO SECTION 212(1)(E) OF THE COMPANIES ACT, 1956.

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on March 31, 2012 .
By virtue of Section 4 (1) (c) of the Companies Act, 1956,

a) MBL Industries Limited (MBLIL) is a subsidiary of the Company as Marico Middle East FZE, a subsidiary of the Company, holds 100% stake in MBLIL,

b) Kaya Middle East FZE (KME), MEL Consumer Care SAE (MELCC) and Egyptian American Industrial and Investment Development Company (EAIIDC) are subsidiaries of the company as Marico Middle East FZE, a subsidiary of the Company, holds 100% stake in KME, MELCC and EAIIDC,

c) Marico South Africa (Pty) Limited (MSA) is a subsidiary of the company as Marico South Africa Consumer Care (Pty) Limited (MSACC), a subsidiary of the Company, holds 100% stake in MSA,

d) Marico Egypt Industries Company is a subsidiary of the the Company, as MELCC which holds 100% stake in MEIC is a 100% subsidiary of MME, which is a 100% subsidiary of the Company.

e) Derma Rx International Aesthetics Pte. Ltd (DIAL) is a subsidiary of the the Company, as Kaya Limited (KAL) , a subsidiary of the Company, holds 100% stake in DIAL.

f) The DRx Clinic Pte. Ltd (DCPL), The DRx Medispa Pte. Ltd (DMSPL), DRx Investments Pte. Ltd (DIPL) are subsidiaries of the company, as DIAL which holds 100% stake DCPL,DMSPL,DIPL , is a 100% subsidiary of KAL , which is a 100% subsidiary of the Company,

g) DRx Aesthetics Sdn Bhd (DASB) is a subsidiary of the Company, as DIPL which holds 100% stake in DASB is a 100% subsidiary of DIAL, which is a 100% subsidiary of the Company,

h) Beauté Cosmétique Societé Par Actions (BCS) and Thuan Phat Foodstuff Joint stock Company (TP) are subsidiaries of the Company, as International Consumer Products Corporation(ICP) which holds 99.8% stake in BCS and 98.6% stake in TP, is a subsidiary in which the Company hold 85% stake."

For and On behalf of Board of Directors

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

Place : Mumbai
Date : May 3, 2012

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956.

As per AS 21 issued by the Institute of Chartered Accountants of India, the financial statements of the Company reflecting the consolidation of the accounts of its subsidiary companies to the extent of equity holding of the companies are included in the report.

In terms of approval granted by the Central Government, Dept. of Company Affairs vide Approval letter no. 47/313/2010-CL-III dated May 10, 2010 u/s 212 (8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss account, report of the Board of Directors and the report of the Auditors of the subsidiary companies have not been attached to this annual report. The accounts of these companies have been separately audited as per Generally Accepted Accounting Principles / Practices as applicable in their respective jurisdiction of the country of incorporation. A statement pursuant to the above order giving details of the subsidiaries is attached herewith:

(Amount in Crore)

Sr. No.	Name of the subsidiary company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (Excluding Investment in Subsidiaries)	Turnover	Profit / (Loss) Before Tax	Provision for Tax	Profit / (Loss) After Tax	Proposed Dividend including Dividend declared during the year
1	Marico Bangladesh Limited	BDT Rs.	0.621	31.50 19.56	228.82 142.10	420.26 260.99	159.94 99.33	0.01 0.01	603.63 374.85	70.21 43.60	16.65 10.34	53.56 33.26	37.80 23.47
2	MBL Industries Limited	BDT Rs.	0.621	0.10 0.06	2.73 1.70	3.42 2.12	0.59 0.37	– –	– –	0.26 0.16	0.10 0.06	0,16 0.10	– –
3	Kaya Limited	Rs. Rs.	1.000	14.50 14.50	(59.09) (59.09)	113.52 113.52	158.10 158.10	– –	129.63 129.63	(2.97) (2.97)	(0.02) (0.02)	(2.94) (2.94)	– –
4	Marico Middle East FZE	AED Rs.	13.851	2.20 30.47	(0.17) (2.40)	13.88 192.22	11.85 164.15	– –	15.10 209.17	(0.07) (0.98)	– –	(0.07) (0.98)	– –
5	Kaya Middle East FZE	AED Rs.	13.851	0.02 0.21	(4.50) (62.27)	4.26 58.98	8.74 121.04	– –	6.51 90.23	(3.18) (44.01)	– –	(3.18) (44.01)	– –
6	MEL Consumer Care SAE	EGP Rs.	8.423	0.03 0.21	(0.91) (7.68)	3.64 30.66	4.53 38.12	– –	– –	(0.01) (0.12)	– –	(0.01) (0.12)	– –
7	Egyptian American Investment and Industrial Development Company	EGP Rs.	8.423	0.69 5.81	(1.82) (15.33)	1.33 11.16	2.46 20.68	– –	1.84 15.50	(0.44) (2.77)	– –	(0.44) (2.77)	– –
8	Marico South Africa Consumer Care (Pty) Limited	ZAR Rs.	6.634	0.01 0.01	4.01 26.62	12.40 82.18	8.37 55.55	– –	– –	(0.04) (0.28)	– –	(0.04) (0.28)	– –
9	Marico South Africa (Pty) Limited	ZAR Rs.	6.634	0.01 0.01	0.44 2.95	10.45 69.23	9.99 66.28	– –	15.73 104.33	0.18 1.21	0.06 0.41	0.12 0.81	– –
10	Marico Egypt Industries Company	EGP Rs.	8.423	1.23 10.35	5.28 44.47	9.03 76.05	2.52 21.24	– –	7.18 60.45	0.95 8.02	– –	0.95 8.02	– –
11	Marico Malaysia Sdn. Bhd.	MYR Rs.	16.617	1.77 29.35	(0.32) (5.32)	2.39 39.65	0.94 15.63	– –	1.32 21.96	(0.12) (2.03)	– –	(0.12) (2.03)	– –
12	Derma Rx International Aesthetics Pte. Ltd.	SGD Rs.	40.829	0.70 28.58	0.11 4.52	4.23 172.78	3.42 139.68	– –	0.38 15.37	0.44 18.13	0.10 4.15	0.34 13.98	– –
13	The DRx Clinic Pte. Ltd.	SGD Rs.	40.829	0.01 0.41	0.23 9.54	0.34 13.68	0.09 3.74	– –	0.98 39.96	0.28 11.38	(0.02) (1.01)	0.30 12.39	– –
14	The DRx Medispa Pte. Ltd.	SGD Rs.	40.829	0.01 0.41	(0.03) (1.25)	0.33 13.62	0.35 14.46	– –	0.66 26.79	0.19 7.80	0.02 0.99	0.17 6.81	– –
15	DRx Investments Pte. Ltd.	SGD Rs.	40.829	0.07 3.06	(0.08) (3.10)	0.01 0.48	0.01 0.52	– –	– –	(0.01) (0.41)	– –	(0.01) (0.41)	– –
16	DRx Aesthetics Sdn. Bhd.	MYR Rs.	16.617	0.10 1.65	(0.25) (4.17)	0.04 0.60	0.19 3.12	– –	0.07 1.24	0.01 0.18	(0.01) (0.17)	0.01 0.19	– –
17	International Consumer Products Corporation	VND Rs.	0.002440	11,217.76 27.37	17,223.71 42.03	34,049.38 83.08	5,607.91 13.68	1,000.00 2.44	59,341.33 144.79	5,358.20 13.07	592.84 1.45	4,765.36 3.01	–
18	Beauté Cosmétique Societé Par Actions	VND Rs.	0.002440	2,000.00 4.88	904.30 2.21	4,311.07 10.52	1,406.76 3.43	– –	9,753.74 23.80	916.35 2.24	265.29 0.65	651.06 1.58	– –
19	Thuan Phat Foodstuff Joint stock Company	VND Rs.	0.002440	3,140.00 7.66	(283.33) (0.69)	5,882.25 14.35	3,025.58 7.38	– –	9,159.05 22.35	(657.62) (1.60)	– –	(657.62) (1.60)	– –

The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the companies.
The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on March 31, 2012.
Undertaking:
We undertake that the annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investor in the Registered / Head office of Marico and that of subsidiary companies concerned.

For and On behalf of Board of Directors

HARSH MARIWALA 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 03, 2012

10 YEARS HIGHLIGHTS

The highlights pertains to the financial performance of Marico Consolidated

Amount in Rs. Crore

Year ended March 31,	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Income from Operations	**775.5**	**888.5**	**1,007.0**	**1,143.9**	**1,556.9**	**1,905.0**	**2,388.4**	**2,660.8**	**3,135.0**	**4,008.3**
EBITDA	75.7	74.5	88.3	144.3	198.7	246.4	304.0	375.1	418.1	484.4
Profit before Interest & Tax (PBIT)	64.9	64.5	75.0	103.1	156.7	225.1	280.4	333.3	368.5	444.5
Profit before Tax	63.8	63.3	73.0	98.0	136.0	194.5	244.7	307.7	327.5	402.1
Extraordinary / Exceptional items	–	–	–	–	(14.0)	(10.6)	15.0	9.8	(48.9)	1.8
Profit before Tax (PBT)	**64.0**	**65.1**	**74.3**	**98.0**	**150.1**	**205.0**	**229.6**	**296.0**	**371.4**	**395.4**
Profit after Tax (PAT)	56.2	59.0	70.1	86.9	112.9	169.1	188.7	231.7	286.4	317.1
Cash Profits (Profit after Current Tax + Depreciation + Amortisation)	78.2	72.1	82.8	137.2	187.1	220.1	258.4	330.8	400.3	391.7
Economic Value Added	**31.3**	**38.2**	**46.0**	**50.7**	**79.3**	**131.5**	**144.4**	**196.0**	**174.7**	**198.6**
Goodwill on consolidation	–	–	1.7	1.7	45.0	84.2	85.0	85.0	397.6	395.5
Net Fixed Assets	105.7	112.5	145.9	381.3	165.4	257.3	311.1	399.7	457.8	501.8
Investments	13.9	0.5	12.4	18.5	0.0	0.0	13.0	82.7	185.2	277.2
Net Current Assets	93.9	90.2	128.3	107.7	117.7	233.0	355.3	483.3	293.8	404.3
Miscellaneous Expenditure	0.7	0.5	0.4	0.3	0.1	–	–	–	–	–
Deferred Tax Asset	–	–	–	–	115.2	98.2	64.1	61.6	29.9	22.3
Total Capital Employed	**214.1**	**203.6**	**288.7**	**509.4**	**443.3**	**672.7**	**828.5**	**1,112.4**	**1,364.3**	**1,601.1**
Equity Share Capital	29.0	29.0	58.0	58.0	60.9	60.9	60.9	60.9	61.4	61.5
Advance against Equity	–	0.2	–	–	–	–	–	–	–	–
Preference Share Capital	29.0	–	–	–	–	–	–	–	–	–
Reserves	135.0	155.2	158.9	203.5	131.5	253.7	392.6	593.0	854.0	1,081.5
Net Worth	**193.0**	**184.4**	**216.9**	**261.5**	**192.4**	**314.6**	**453.5**	**654.0**	**915.5**	**1,143.0**
Minority interest	3.1	1.9	–	–	0.0	0.1	–	12.5	21.9	24.9
Borrowed Funds	12.0	11.1	65.7	239.7	251.0	358.0	375.0	445.9	382.3	389.0
Deferred Tax Liability	6.1	6.2	6.1	8.3	–	–	–	–	–	–
Total Funds Employed	**214.1**	**203.6**	**288.7**	**509.4**	**443.3**	**672.7**	**828.5**	**1,112.4**	**1,319.7**	**1,556.9**
EBITDA Margin (%)	9.8	8.4	8.8	12.6	12.8	12.9	12.7	14.1	13.3	12.1
Profit before Tax to Turnover (%)	8.2	7.3	7.4	8.6	9.6	10.8	9.6	11.1	11.8	9.9
Profit after Tax to Turnover (%)	7.2	6.6	7.0	7.6	7.3	8.9	7.9	8.7	9.1	7.9
Return on Net Worth (%)										
(PAT / Average Net Worth $)	28.8	31.2	35.0	36.3	49.7	66.7	49.1	41.8	36.5	30.8
Return on Capital Employed										
(PBIT* / Average Total Capital Employed @)	**30.8**	**31.7**	**31.0**	**25.8**	**35.8**	**40.3**	**37.4**	**34.2**	**25.8**	**29.6**
Net Cash Flow from Operations per share										
(Rs.) (Refer Cash Flow Statement)##, ###	2.2	2.7	0.7	2.8	3.1	2.3	3.0	3.4	4.0	6.6
Earning per Share (EPS) (Rs.)										
(PAT / No. of Equity Shares)##, ###	**1.9**	**2.0**	**1.2**	**1.5**	**1.9**	**2.8**	**3.1**	**3.8**	**4.7**	**5.2**
Economic Value Added per share (Rs.) (Refer Management Discussion)##, ###	1.1	1.3	0.8	0.9	1.3	2.2	2.4	3.2	2.8	3.2
Dividend per share (Rs.) ##, ###	0.5	0.4	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Debt / Equity	**0.1**	**0.1**	**0.3**	**0.9**	**1.3**	**1.1**	**0.8**	**0.7**	**0.4**	**0.3**
Book Value per share (Rs.)										
(Net Worth / No. of Equity Shares) ##, ###	**6.7**	**6.4**	**3.7**	**4.5**	**3.2**	**5.2**	**7.4**	**10.7**	**14.9**	**18.6**
Sales to Average Capital Employed @	3.7	4.3	4.1	2.9	3.3	3.4	3.2	2.7	2.2	2.8
Sales to Average Net Working Capital #	9.6	9.7	9.2	9.7	13.8	10.9	8.1	6.3	5.3	11.5

* PBIT includes extraordinary items

@ Average Capital Employed = (Opening Capital Employed + Closing Capital Employed)/2

$ Average Net Worth = (Opening Net Worth + Closing Net Worth)/2

Average Net Working Capital = (Opening Net Current Assets + Closing Net Current Assets)/2

Per share information for 2004-05 is re-calculated on enhanced equity share capital of Rs. 58 Crores (5.8 Crore shares)

Previous year figures have been recomputed based on the post split face value of Re 1

Note 1: 1 crore equals 10 million

Note 2: FY11 & FY12 figures are as per revised Schedule VI

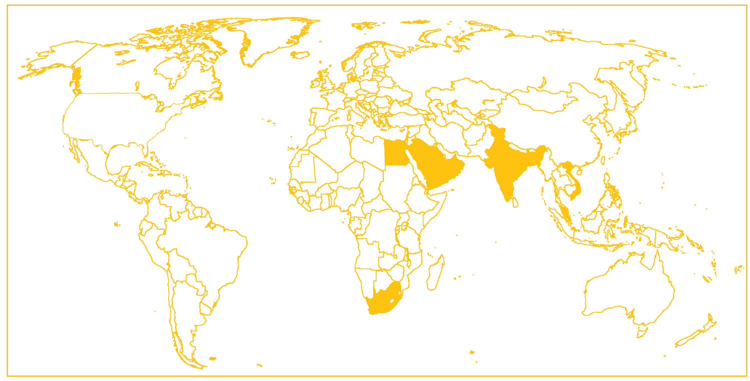
CONSOLIDATED QUARTERLY FINANCIALS

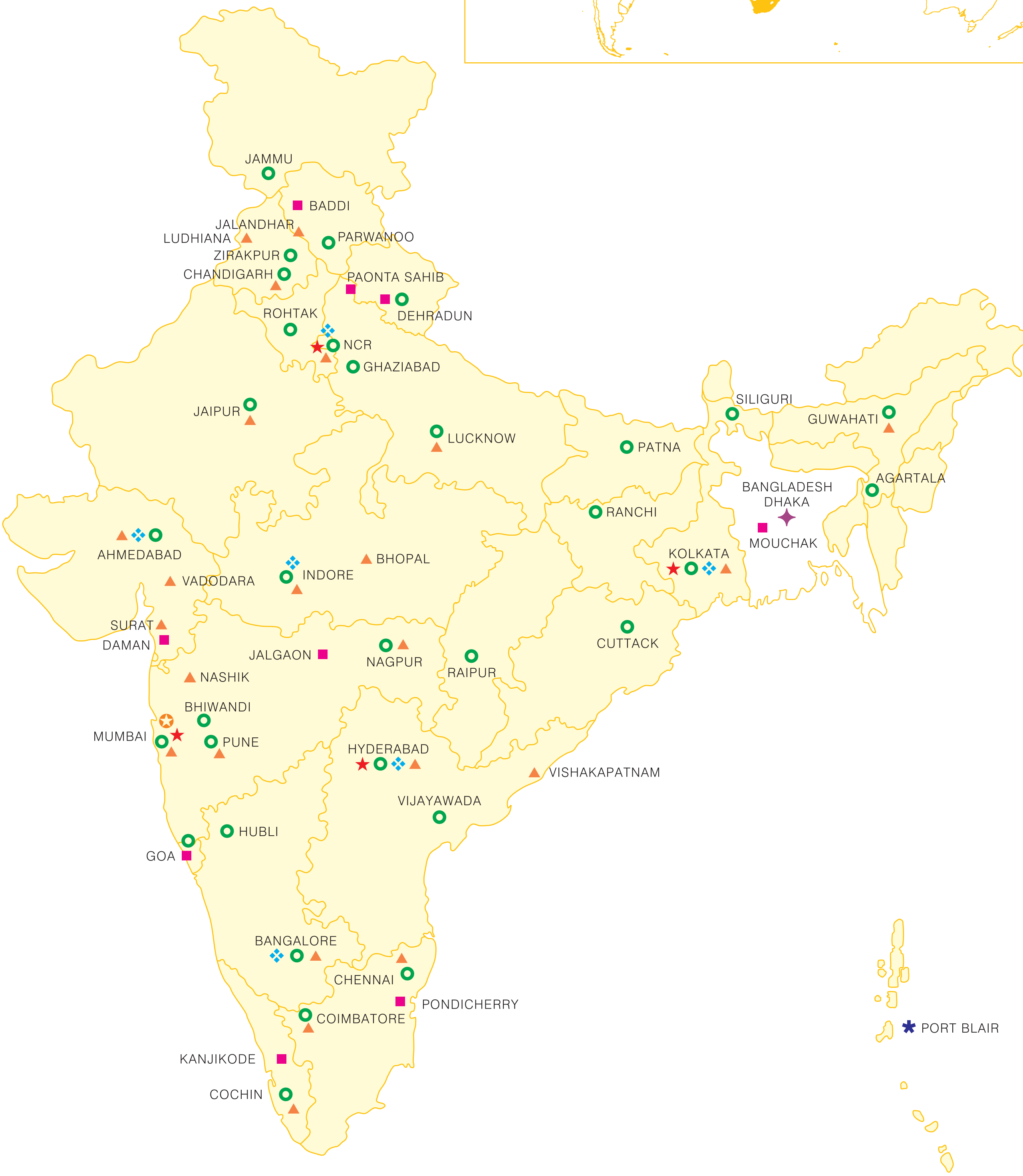
2011-12	(Amount in Rupees Crore)				
Particulars	**Three Month Ended**				**Annual**
	Jun. 30, 11	**Sept. 30, 11**	**Dec. 31,11**	**Mar. 31, 12**	**FY12**
Total Revenue	1,057.6	986.5	1,067.4	929.4	4,040.9
Total Expenditure	923.4	857.8	933.7	809.0	3,523.9
Finance Charges	9.8	10.5	10.9	11.2	42.4
Gross profit after Finance Charges but before Depreciation and Taxation	124.4	118.2	122.8	109.2	474.6
Depreciation and Amortisation	16.90	17.7	18.8	19.1	72.5
Profit before Taxation and Exceptional Item	**107.5**	**100.5**	**103.9**	**90.1**	**402.1**
Exceptional Item	-	-	-	(1.8)	(1.8)
Profit before Tax	**107.5**	**100.5**	**103.9**	**88.4**	**400.3**
Minority Interest and Goodwill on consolidation	1.5	1.7	2.0	(0.2)	5.0
Profit before Tax after minority interest & goodwill	106.0	98.8	101.9	88.6	395.4
Provision for Tax (Current)	25.1	25.9	24.5	19.1	94.7
MAT Credit	(6.1)	(6.1)	(9.8)	(0.4)	(22.3)
Profit after Tax (Current)	**87.0**	**79.0**	**87.2**	**69.9**	**323.0**
Provision for Tax (Deferred Taxation)	2.0	0.7	3.1	0.1	5.9
Profit after Tax	**85.0**	**78.3**	**84.1**	**69.7**	**317.1**
Equity Share Capital	**61.5**	**61.5**	**61.5**	**61.5**	**61.5**
Earning per Share - (Rs.)	1.4	1.3	1.4	1.1	5.2

2010-11	(Amount in Rupees Crore)				
Particulars	**Three Month Ended**				**Annual**
	Jun. 30, 10	**Sept. 30, 10**	**Dec. 31,10**	**Mar. 31, 11**	**FY11**
Total Revenue	791.7	783.1	824.6	756.7	3,156.2
Total Expenditure	673.0	668.5	708.5	666.9	2,716.9
Finance Charges	7.0	6.5	7.6	20.0	41.0
Gross profit after Finance Charges but before Depreciation and Taxation	111.7	108.1	108.5	69.8	398.3
Depreciation and Amortisation	12.0	14.0	14.6	30.2	70.8
Profit before Taxation and Exceptional Item	**99.7**	**94.2**	**93.9**	**39.8**	**327.5**
Exceptional Item	(8.8)	(8.2)	(9.6)	75.5	48.9
Profit before Tax	**90.9**	**86.0**	**84.3**	**115.3**	**376.4**
Minority Interest and Goodwill on consolidation	1.0	1.8	1.5	0.8	5.0
Profit before Tax after minority interest & goodwill	89.9	84.2	82.9	114.4	371.4
Provision for Tax (Current)	22.9	24.0	20.3	29.7	96.9
MAT Credit	(6.7)	(11.6)	(15.1)	(10.2)	(43.6)
Profit after Tax (Current)	**73.7**	**71.7**	**77.6**	**94.9**	**318.1**
Provision for Tax (Deferred Taxation)	0.0	0.2	8.1	23.3	31.6
Profit after Tax	**73.7**	**71.6**	**69.5**	**71.6**	**286.4**
Equity Share Capital	**60.9**	**61.4**	**61.4**	**61.4**	**61.4**
Earning per Share - (Rs.)	1.2	1.2	1.1	1.2	4.7

Note: Figures are as per revised Schedule VI

OUR PRESENCE





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