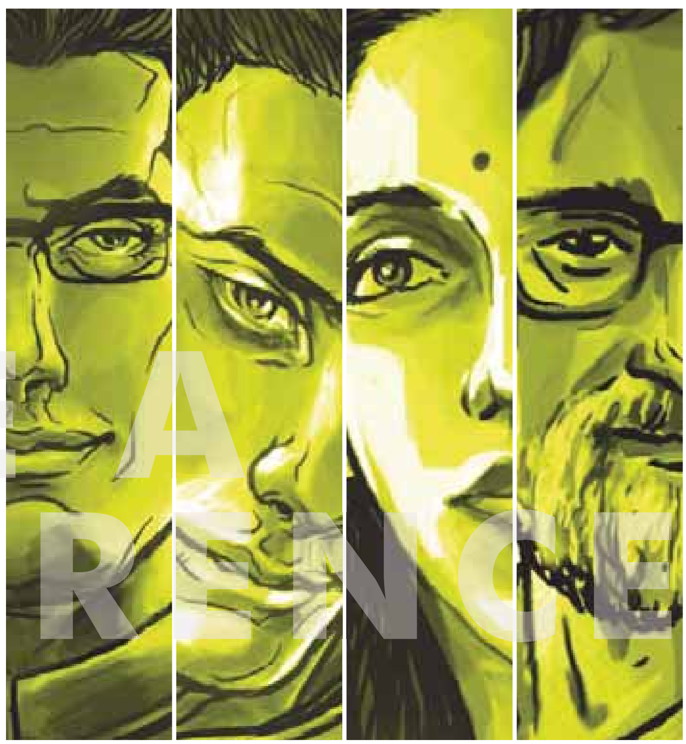
marico

Annual Report 2012-13

MAKE A DIFFERENCE



Only when you are empowered with

FREEDOM *AND* **OPPORTUNITY**

do you rise above the task at hand and take complete ownership to

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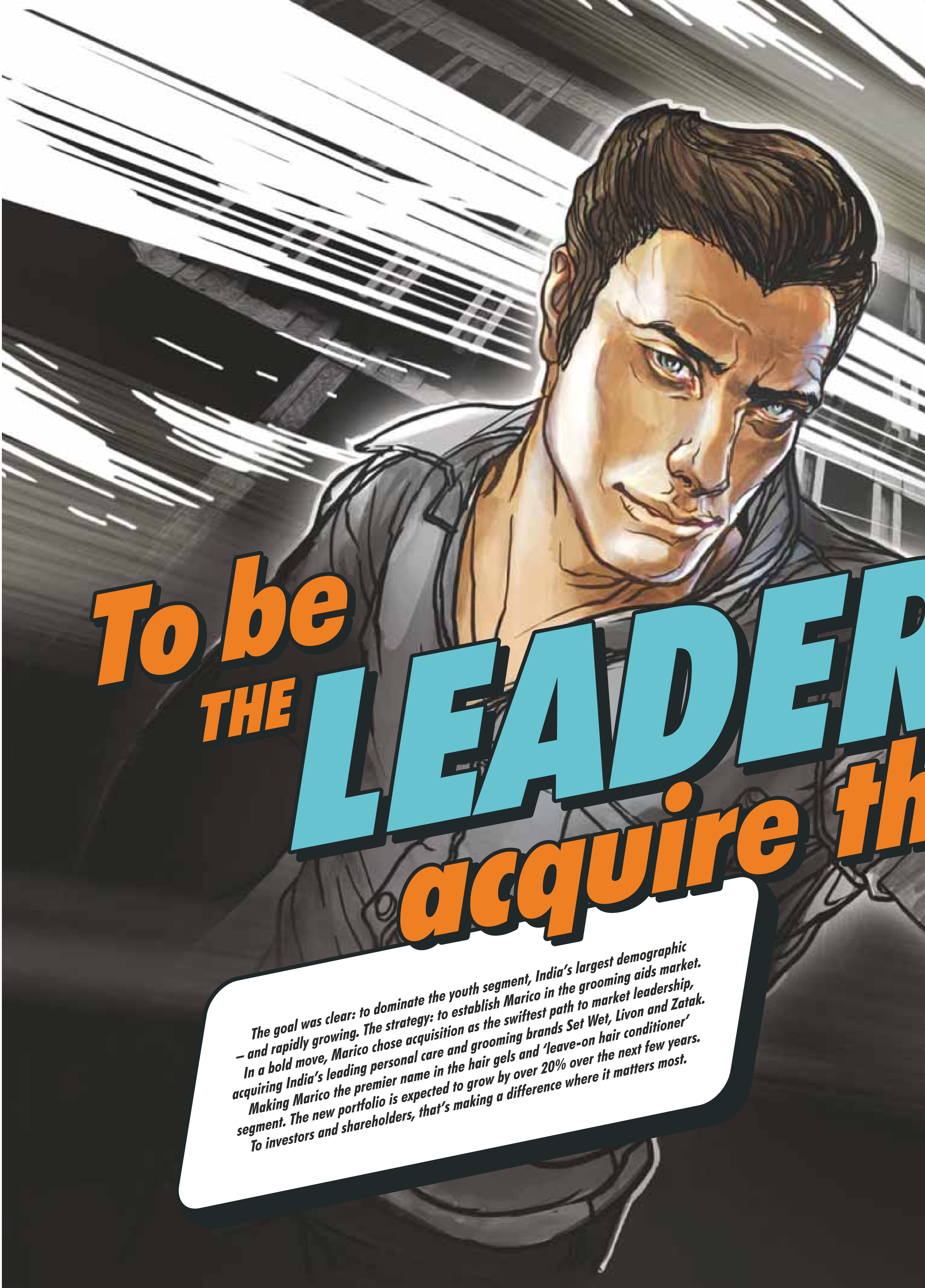
MAKE A DIFFERENCE.

With great POWER co
RESPO

Every member at Marico is empowered from Day One. Each is given the responsibility of taking ownership of their brands and businesses – very early in their careers. Each is encouraged to challenge existing paradigms, stretch their own limits, and steer their own career paths. And everyone is nurtured to grow into higher-order roles. A new recruit was asked to design and implement an integrated information system for the organisation; he's been proud to see it running smoothly for the past decade. A young sales manager was empowered to lead the innovation and development agenda; he's evolved into a well-rounded sales professional. A member of the R&D team brought strong consumer insights into product design; it's helped Marico meet consumer expectations on product performance delivery. Just some examples of how we continuously challenge, enrich and fulfil the aspirations of our people, so they can maximize their true potential – to make a difference.


omes great
NSIBILITY.



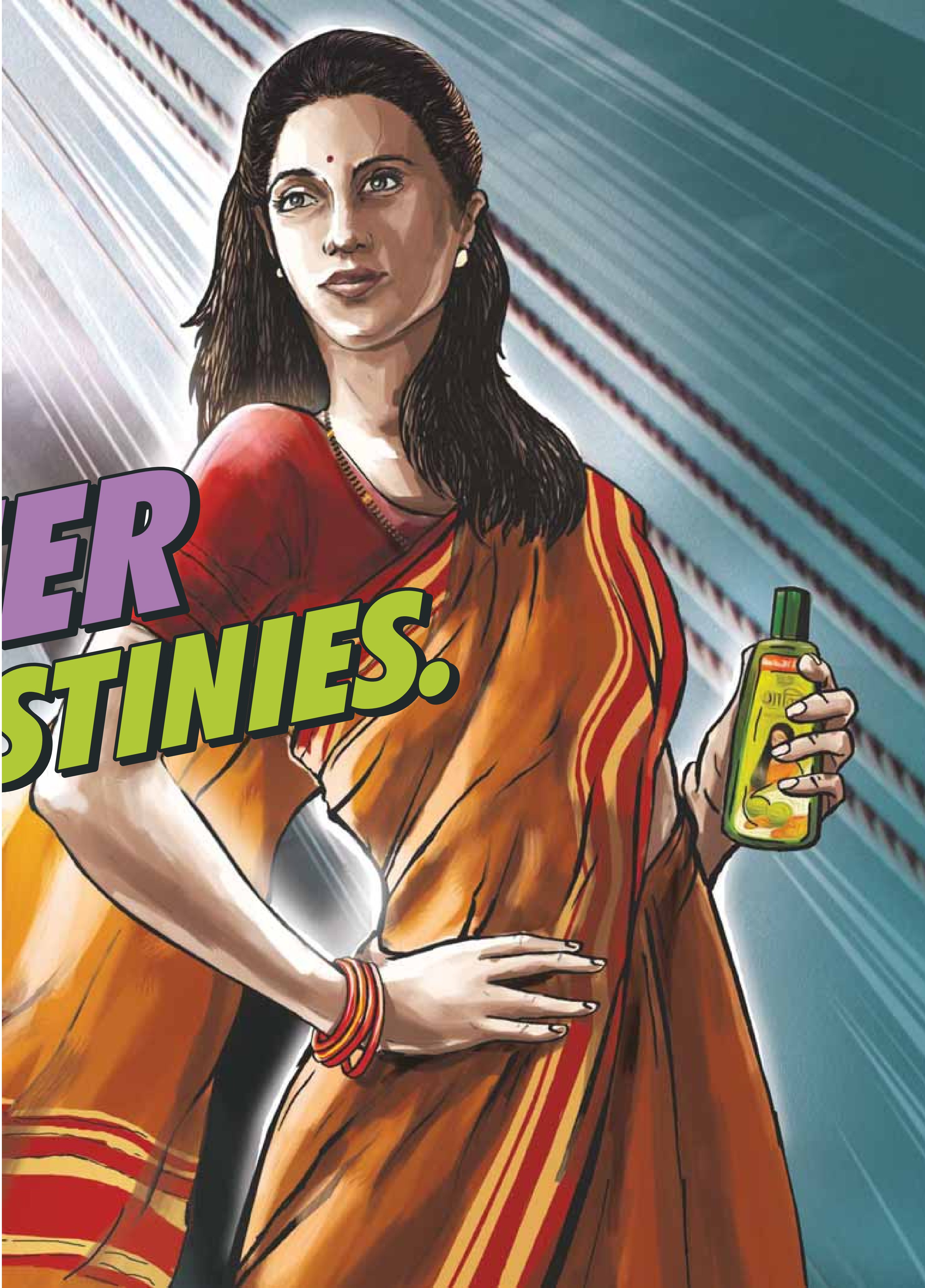
To be THE LEADER acquire th

The goal was clear: to dominate the youth segment, India's largest demographic – and rapidly growing. The strategy: to establish Marico in the grooming aids market. In a bold move, Marico chose acquisition as the swiftest path to market leadership, acquiring India's leading personal care and grooming brands Set Wet, Livon and Zatak. Making Marico the premier name in the hair gels and 'leave-on hair conditioner' segment. The new portfolio is expected to grow by over 20% over the next few years. To investors and shareholders, that's making a difference where it matters most.


he leader.
SET
WET

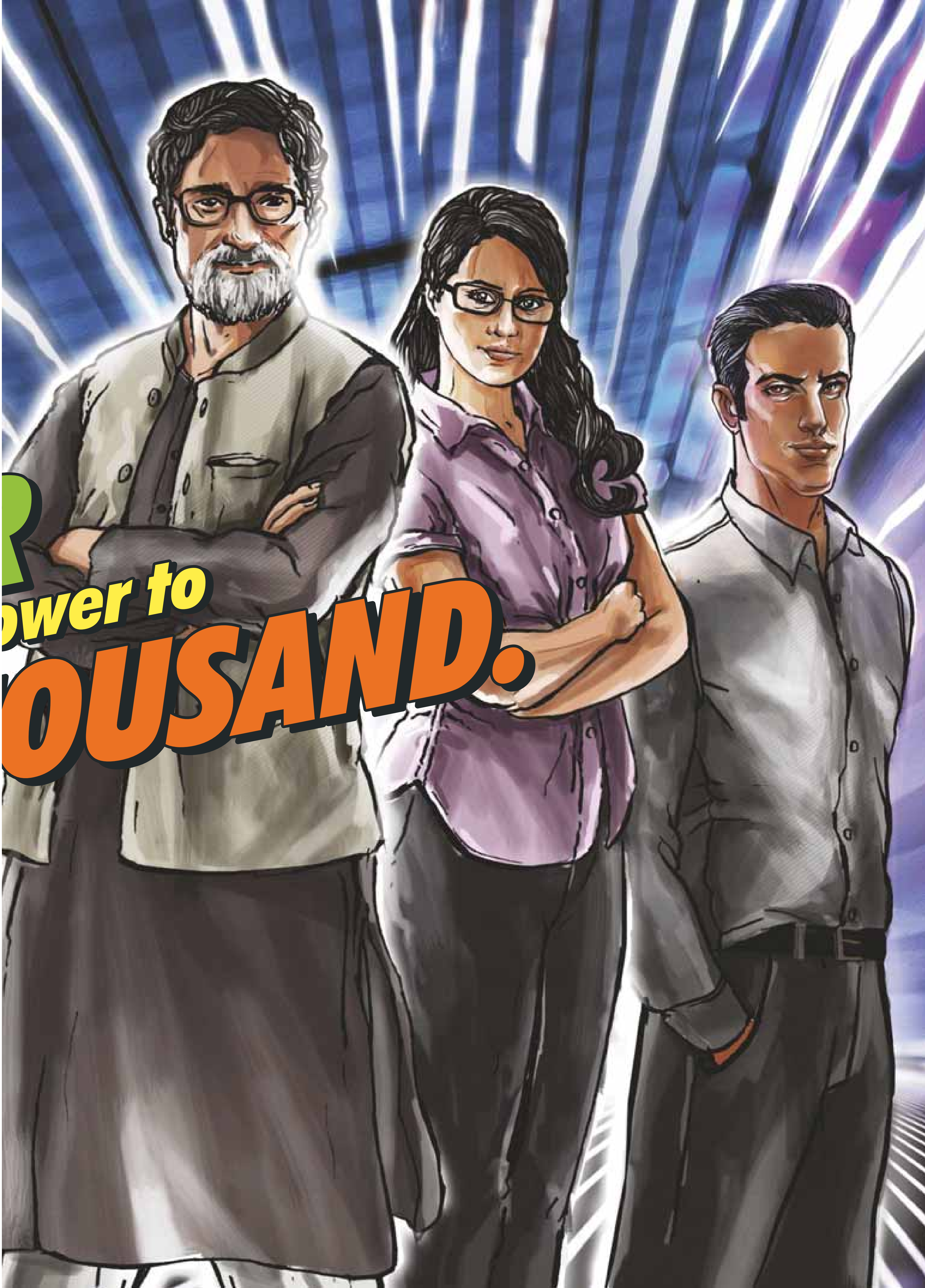
I am the MAST
of many DES

Marico's consumers are empowered with products that don't just open up their confidence, but open up a whole world for underprivileged children, deprived of basic education. By linking products to social initiatives, everyday housewives become agents of social change. With 2% of the sales from Nihar Naturals going to the cause of children's education, its consumers will impact over 50,000 children in one year – the target Marico has set to achieve. With insightful brands that not only raise our consumers' confidence but have a far-reaching impact on society, Marico empowers its consumers to make conscious choices that make a difference.


ER
STINIES.

Those who have THE POWER to HELP a few, have the po help a few TH

18,000 unemployed youth in India's most underdeveloped regions, had found a saviour in Yuva Parivartan – an NGO that gave them vocational training, and the hope of a brighter future. The Marico Innovation Foundation, however, believed it could impact many more. Through its Social Acceleration Program which deployed innovative thinking and unique processes, Marico empowered Yuva Parivartan to scale up its operations, and transform the lives of 100,000 youth in just one year – a quantum leap in its impact. Identifying and supporting dedicated social organizations, the Marico Innovation Foundation enables them to scale up and widen their impact on society. Proving beyond doubt, that true power lies in the ability to make a difference.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COMPANY INFORMATION

BOARD OF DIRECTORS
Harsh Mariwala, Chairman & Managing Director
Nikhil Khattau, Chairman of Audit Committee
Hema Ravichandar, Chairman of Corporate Governance Committee
Anand Kripalu
Atul Choksey
B. S. Nagesh
Rajeev Bakshi
Rajen Mariwala

MANAGEMENT TEAM
Harsh Mariwala, Chairman & Managing Director
Saugata Gupta, Chief Executive Officer, FMCG
Vijay Subramaniam, Chief Executive Officer, Kaya
Milind Sarwate, Group Chief Financial Officer

COMPANY SECRETARY
Hemangi Ghag

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

CORPORATE GOVERNANCE COMMITTEE
Hema Ravichandar, Chairperson
Anand Kripalu, Member
B. S. Nagesh, Member
Rajeev Bakshi, Member
Milind Sarwate, Secretary to the Committee
Harsh Mariwala, Permanent Invitee

SHAREHOLDERS' COMMITTEE
Nikhil Khattau, Chairman
Rajen 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
Ernst & Young LLP

COST AUDITOR
Ashwin Solanki & Associates

REGISTERED OFFICE
7th Floor, Grande Palladium,
175 CST Road, Kalina,
Santacruz (East), Mumbai 400 098
(With effect from June 17, 2013)

OUR PRESENCE
Factories – 19 (11 in India and 8 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

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to share a message about another year of strong performance by Marico with you.

During the year, we have continued to strengthen our position in all our businesses through a sharp focus on four core categories of Hair Care, Health Care, Skin Care and Male Grooming. Your Company grew at a healthy pace despite the industry and global environment facing trying times. We were able to achieve this as a result of an effective category choice-making framework and the strategic building blocks we have put in place – strengthening the core, creating the portfolio of the future, managing costs and investing in people and process capability ahead of the growth curve. We believe these will continue to hold us in good stead in the long run.

The Indian economy is facing challenging times. Investor sentiment is muted, growth numbers are showing a decline and the political environment has not been encouraging. Your company's brands have been able to stand firm in this environment.

Our consolidated revenues grew by 15% and Net Profit After Tax grew by 25% year-on-year accompanied by an expansion in margin. The domestic consumer business grew by 18% driven by volume growth of 16%. Integration of the acquired portfolio of Youth brands was completed and the business grew by 18% over the corresponding period in FY12. International business saw mixed performance due to both macro factors and short term internal challenges and reported a lower growth of 8%. The Kaya business continues to record same store growth and improvement in EBITDA margin despite an environment not supporting discretionary spending. This reinforces our confidence in the current model.

In the month of January 2013, the Board of Directors of Marico passed a resolution approving the restructuring of Marico's businesses, corporate entities and organization, effective April 1, 2013. Marico's FMCG business and its Kaya skin care solutions business require different approaches and therefore, we believe, segregating them will help in delivering better value for both entities. The Indian consumer business and international consumer business will now form a unified FMCG business. With the overseas consumer business crossing the INR 1000 crore mark, we expect that consolidation of the domestic and international consumer product divisions will drive scale and portfolio synergies in the coming years. Kaya will be sharply redefined as a separate business. The skin solutions division will get focused attention and be run in an entrepreneurial manner more suited to its size and nature of business. We are awaiting regulatory approvals.

Marico has demonstrated the value of well-defined and focused strategy consistently. Our brands have delivered volume growths and gained market share across categories. We will continue our journey of sustainable profitable growth by leveraging opportunities in hair care, skin care, male grooming and health care in the developing and emerging markets of Asia and Africa, thereby delivering long term value to our stakeholders.

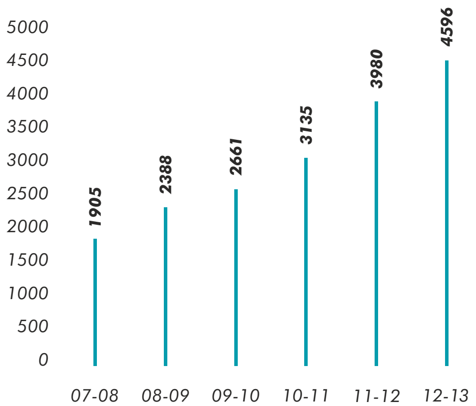
Today, we have the right structure and leadership in place to achieve our strategic goals, and I could not be more excited about the journey ahead. I thank you for your support and look forward to your continued trust.

With warm regards,

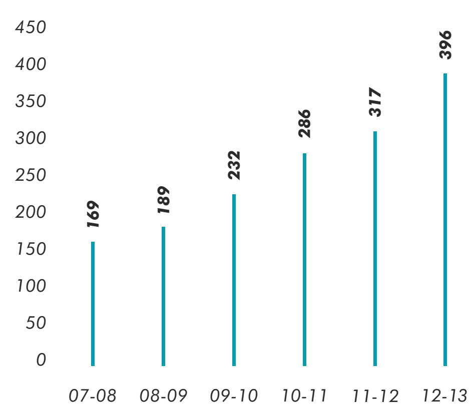
Harsh Mariwala
Chairman and Managing Director

PERFORMANCE AT A GLANCE

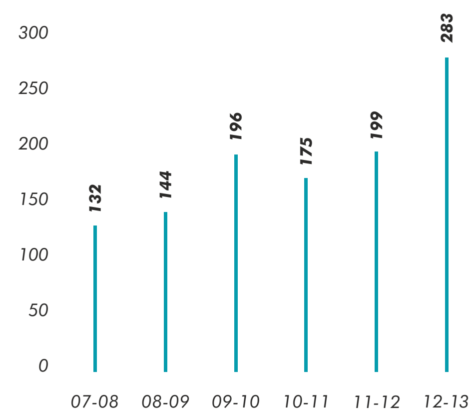
REVENUE FROM OPERATIONS INR/Cr.



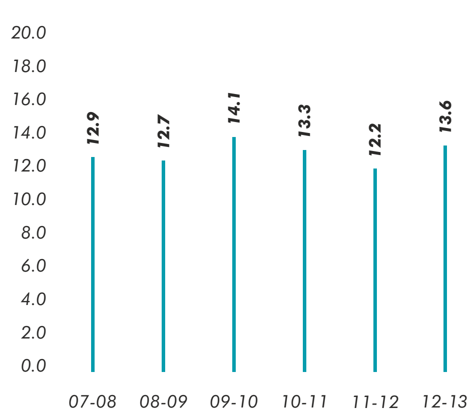
NET PROFIT INR/Cr.



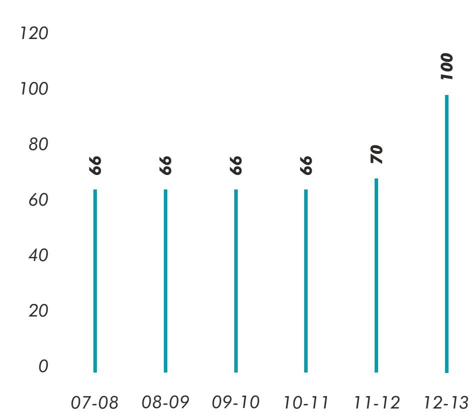
EVA INR/Cr.



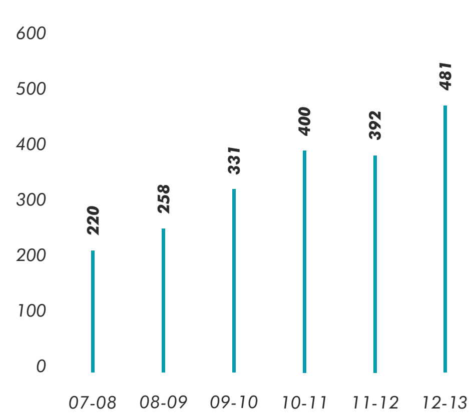
EBIDTA MARGINS (%)



DIVIDEND DECLARED (%)



CASH PROFITS INR/Cr.



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, 2013		4,000	17,500	100

Investment	Through	Shares	Value (in Rs.)	Indexed Value
March 29, 2013	Market value	4,000	848,000	4,846
March 2004	Redemption proceeds of Bonus Preference shares	200	4,000	23
April 1996 - March 2013	Dividend Received*#	–	33,138	189
Gross Returns			885,138	5,058
Compound Annual Return since IPO			26%	26%

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

This discussion covers the financial results and other developments during April '12 – March '13 in respect of 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 the 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 – INDIA

The economic environment continued to be challenging during the current fiscal. The financial year 2013 was characterized by continuous moderation in volume growths, rising advertisement spends to retain market share and the competitive landscape intensifying for the Fast Moving Consumer Goods (FMCG) sector. The year witnessed moderation in the growth rates with real GDP growth declining from 6.2% in FY12 to 5% in FY13 [Source: Centre for Monitoring Indian Economy]. Higher spillover impact of recession in Europe, elevated commodity prices, declining productivity and decline in potential growth have sustained high inflation and rising current account deficit. A combination of all these factors has resulted in broad-based deceleration in investments, consumption and export demand.

However, all categories were not impacted equally in the FMCG sector. Spending on each consumption category changes disproportionately with changes in overall income. The slowdown in automobile and white goods sales points to anecdotal evidence of slowdown in consumer discretionary purchases. The slowdown is much stronger in urban India, but rural India seems to be doing much better.

Inflation in India has been running at high single/low double digits for several years now driven by increases in food and energy prices. Price increases disproportionately hit the lower income segments of society, who spend an overwhelming proportion of income on non-discretionary items such as food. This will delay the expected upward mobility in the Indian consumer pyramid.

Despite the ongoing challenges, India continues to be amongst the fastest growing FMCG markets in the world with 17% CAGR in the last 5 years, valued at USD 35 billion in 2012. Yet, in terms of per capita spend, India remains much lower as compared to other developing economies. Eg: India's per capita spend on Home and Personal Care (HPC) category is at USD 8 vs. USD 19 in China and USD 187 in Brazil [Source: World Bank].

By 2020, India is projected to be the world's third largest middle class consumer market behind China and USA. By 2030, India is likely to surpass both countries with an aggregate consumer spend of nearly USD 13 trillion [Source: OECD Development Centre]. Increase in income levels of the Indian middle classes is driving greater aspirations, the need for world class infrastructure, high quality healthcare, leading brands of consumer products, and sophisticated public and private services.

As household incomes continue to increase further, consumers will have the ability and willingness to shift purchases towards discretionary goods. India has only recently reached about USD 1500 GDP per capita [Source: Bloomberg], providing significant runway for high levels of growth. Commonly accepted convention states that GDP per capita growth starts to moderate only after surging past the USD 10,000 GDP per capita. This indicates a lot of headroom for growth.

The consumption pattern for Indian consumers has also undergone a marked shift from food to non-food categories. While the percentage of expenditure on food has declined from 45% in 1990 to 27% in 2012 [Source: CEIC], the proportion spent on all other categories has risen. There has been a change in the attitude of Indian consumers over the past three to four years, as they are more willing to buy convenience items even if it means slightly higher cash outflow and slightly lower savings.

Further driving increased income levels is rapid urbanization of India's population. Over the last five decades, the urban population has increased from 18% to 30% of the overall population. Indian cities have accommodated ~288 million people. In 2010, ~30% of the Indian population lived in the urban locations, but this is expected to increase to 35% by 2020, according to World Bank. Urban consumers spend roughly 1.9x more than rural consumers [Source: Bloomberg], as they have greater access to jobs and goods. As the number of urban consumers increases, spending correspondingly more than their rural counterparts, consumption should receive a further boost.

In addition, new city workers send part of their wages to their families in rural areas thereby allowing them to consume more. According to Confederation of Indian Industries (CII) and Booz and Allen, the bulk of India's consumption growth will come from the 640,000 villages that house 70% of the population but proportionally consume only 50% of the total.

While India is at the cusp of high growth and voracious consumption, this prospective consumerism may falter if enablers are absent, irrespective of the level of under-penetration or rise in affordability. These enablers are employment, education, infrastructure and financial inclusion.

Real wage growth is coming off sharply in the manufacturing and services sectors due to both a deceleration in nominal wage growth and sustained high inflation (CPI). Wages in the agriculture sector received a substantial boost following increased social spending outlay by the Government about five years ago. But these too are showing initial signs of tapering off. Within private consumption, the impact of wage growth is more pronounced on discretionary spending rather than on non-discretionary spending.

FY14 is expected to mark the beginning of the end of the down cycle that began in 2008. That said – the process of recovery is expected to be slow. Government has earmarked INR 3 trillion incremental spending through the budget. Moreover, the lagged impact of interest rate cuts and poll related spending of ~INR 450 billion will also buoy consumption. Thus, GDP growth is poised to rise to 6.2% in FY14 [Source: Bloomberg], driven by consumption. India will remain the second fastest growing BRIC nation after China.

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.

FY13 has been challenging because of political unrest and uncertainty, rising fuel prices and the negative effect of the global economic slowdown, especially in Europe and USA, which contribute significantly to the export earnings of Bangladesh.

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

The Middle East offers a curious mix of local and expatriate population, which is 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 to 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 provide a good base for FMCG companies. Penetration levels in hair grooming and skin care products are modest.

Our outlook on the long term trends in demand for personal care products in the MENA 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 government is targeting to hold inflation at 6%. Vietnam has also proposed some favorable changes in tax laws for socio-economic development and to reduce the overall tax rate.

RISKS & CONCERNS

Input Costs

Fluctuations in commodity prices cause fluctuations in product prices and margins. This is because domestic commodity prices are often directly or indirectly linked to international indices and volatility in these benchmarks causes uncertainty in business environment.

The past few years have witnessed wide fluctuations in the price of input materials. Crude Oil touched its 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 continues to remain high.

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. However, brands with greater equity and pricing power may find it easier to adjust prices when the input prices increase and hold prices when the input prices decline.

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 have to be absorbed by the organizations.

Discretionary Spending / Down Trading

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

Competition

The competitive intensity in the FMCG sector in India is high and companies need to focus on branding, product development, distribution and innovation to ensure their survival. Marico has recently entered categories such as mass skin care, breakfast cereals, hair styling, post wash leave-on conditioners and deodorants where the competitive intensity is relatively higher as compared to the segments it has been operating in such as coconut oil, hair oils and refined edible oils.

Product Innovation & New Product Launches

Success rate for new product launches in the FMCG sector is low. New products may not be accepted by the consumer or may fail to achieve the targeted sales volume or value but the companies have to keep on trying out newer things. 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, the Middle East, Egypt and South Africa. The Group is therefore exposed to a wide variety of currencies like the US Dollar, South African Rand, Bangladeshi Taka, UAE Dirham, Egyptian Pound, Malaysian Ringgit, 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 uses plain vanilla hedging mechanisms.

Funding Costs

Though the FMCG sector is not capital intensive, fund requirements arise on account of inventory position building, capital expenditure undertaken or funding inorganic growth. Changes in interest regime and in the terms of borrowing will impact the financial performance of the Group.

Acquisitions

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

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, to ensure that transactions are authorized, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner. The key constituents of the internal control system are:

- Establishment and periodic review of business plans
- Identification of key risks and opportunities and regular reviews by top management and the Board of Directors
- Policies on operational and strategic risk management
- Clear and well defined organization structure and limits of financial authority
- Continuous identification of areas requiring strengthening of internal controls
- Operating procedures to ensure effectiveness of business processes
- Systems of monitoring compliance with statutory regulations
- Well-defined principles and procedures for

evaluation of new business proposals/capital expenditure
- A robust management information system
- A robust internal audit and review system

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

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

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

HUMAN RESOURCES (HR)

Marico is a professionally managed organization that 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 provides an environment of flexibility and empowerment to drive the growth and productivity of members. The organization is committed to fostering an entrepreneurial spirit and a sense of ownership in all its members. It displays trust in the young workforce by giving them control over their time and activities.

Marico firmly believes that "Culture drives business". As the custodian as well as the facilitator of Marico's values and culture, HR defines people processes, policies, and practices that drive results and enable profitable growth. Marico's culture has helped in driving sustainable profitable growth over years now. Various manifestations of Marico's values delivering business results are presented at its Annual Values Awards.

The Strategic Business Planning (SBP) process articulates Marico's future imperatives and capability needs. These are translated into individual actions and outcomes through its performance management process – Management By Results, (MBR) that requires members to clearly define the outcomes that they will strive to achieve over the next year.

Marico continues to measure and act on improving the 'engagement levels'. The company has partnered with Aon-Hewitt to use a more evolved framework for driving engagement, benchmarking Marico with industry and global standards. Action planning sessions for more than 150 teams across the organization (India and International) were conducted during the year under review to build engagement and a stronger workplace.

Marico's Talent Value Proposition (TVP) helps articulate the significant offerings an organization has for its members, builds their commitment and makes them brand ambassadors. Marico's TVP is "to continuously challenge, enrich, and fulfill the aspirations of Mariconians so that they can maximize their true potential to Make a Difference". The TVP is one of the most important aspects for attraction and retention of talent in Marico. The experience of the Talent Value Proposition comes alive through various HR processes like:

- **Talent Acquisition:** Hiring is aligned to cater to immediate resourcing needs as well as building capability for the future. Competency-based interviewing is conducted to ensure role fitment and alignment with culture. Aspects of challenging, fulfilling and enriching roles are articulated to make the TVP relevant for prospective talent. The TVP is embedded in the MINTOS – Marico Internal Talent Opportunity Scheme (a process for providing internal job opportunities for members) and TAREEF – Talent Referral (referral program for members to refer talent). Marico also recruits fresh talent from premier technical and business schools in India and in the countries it operates in.

• **Performance Management System:** The process referred to as Management by Results (MBR), enables the performance of the organization and the individual by aligning individual and team goals with organization goals. It provides an opportunity for members to stretch themselves, to realize their full potential, to give their best.

• **Talent Development:** The organization believes in investing in people to develop and enhance their capability. The Personal Development Planning (PDP) is a process to measure a member's potential and is distinct from Performance. It aims at providing career growth through employability enhancement, leveraging member's strengths, perspective building and enhancing skills and knowledge through development plans. Career opportunities are created based on strength and interest areas of members. A talent review process is done by all the function heads before the PDP discussion, to provide line of sight to all members in the discussion. The process also helps in creating a talent pipeline and succession plan for key roles in the organization.

• **Leadership Development:** This is largely through on-the-job experiences, participation in cross-functional projects, secondments, participation in the Strategic Business Planning Process and senior management-led organizational initiatives. It is also supplemented with focused class room training that is either a developmental area or is aimed at building capability for future leadership roles. During the year, a program – Leadership Development Program Lead, Encourage and Develop Talent (LEAD Talent) – was designed and implemented to provide a holistic leadership development approach through classroom training programmes, leveraging Marico leaders as teachers, and through on the job experience.

Marico also facilitates development through Executive Development Programs and Leadership Development Programs in India (ISB, IIMs etc.) and abroad (INSEAD, NUS, Michigan, LBS, Harvard etc.). Leadership coaching through external facilitators is also conducted for members who are groomed for senior and top management roles. The programme aims at strengthening the second level and developing the middle level of leadership.

• **Member Wellness:** Member well-being has a direct impact on the member's engagement with the organization. Marico gives importance to the overall well-being of its members and offers workshops and seminars in the areas of emotional, financial, health and community well-being.

This year, financial planning workshops were conducted across the organization to educate and create awareness amongst members on how they can achieve higher financial security. In the area of health well-being, Marico participated in Stepathlon, a unique, pedometer-based, mass participation event which takes place over 100 consecutive days. It encourages participants to take 10,000 steps a day to remain fit. A total of 35 members from across Mumbai participated in this event. Marico also offers counseling services through an expert counseling agency. Members can avail counseling for themselves as well as their immediate family.

The HR team has worked considerably to integrate the international geographies with the Marico Way of Working, at the same time valuing the cultural aspects of the country.

Employee relations throughout the year were supportive of business performance. As on March 31, 2013, the employee strength of Marico Limited was 1246 and that of the entire group was 3230.

CORPORATE SOCIAL RESPONSIBILITY

It is important to align the interest of all stakeholders in the environment in which the Company operates – its shareholders, consumers, members, associates, government and society. Marico has focused on the following areas to make its contributions towards society.

Marico Innovation Foundation

Innovation has been, since inception, a cornerstone of Marico's value creation strategy. It was therefore natural for Marico to turn to innovation while seeking a theme for its corporate social responsibility efforts. Thus, in 2003 Marico Innovation Foundation (Foundation) was formed with the objective to fuel innovation in India.

The Foundation contributes to the innovation cause in India, through a Thought Leadership based framework. It provides a platform where the industry and the social sector can leverage innovation for quantum growth. It is the catalyst that creates an innovation eco-system through cutting-edge research, knowledge creation and dissemination to enable breakthrough innovations.

The Foundation has worked in several areas to fuel innovation in India over the past 10 years. Its research efforts have yielded a best seller publication – 'Making Breakthrough Innovation Happen: 11 Indians who pulled off the impossible'. This publication was borne out of a six-year effort to identify genuine breakthrough innovations in India. It uncovered cutting-edge unique insights behind each innovation. About 55,000 copies have been sold so far, making this India's first best-seller on innovation.

The Foundation instituted the 'Innovation for India Awards' in 2006. This platform recognizes breakthrough Indian innovations that have positively influenced lives. Innovations that have at their core a great idea coupled with a unique insight are selected. The tally of award-winning innovators is now 41. The Innovation for India awards are declared biennially.

The Foundation's Social Innovation Acceleration programme launched in 2011 provides customized capacity building, strategic advisory support and acceleration facilitation over a 12-18 month period, for organisations working on innovative social enterprise models, seeking to scale the impact of their work by providing them with innovation inputs, tools and frameworks; helping redesign goals to enable scale and bringing in a range of subject matter experts and practitioners to help organisations find the innovation levers, necessary to create a quantum leap in their social impact.

A grey, ashen wasteland. 20 years of attempts at greening. Not one blade of grass. Until a breakthrough technique using saline water transformed this 'Mars-like landscape' into a verdant ecozone teeming with 20,000 species of flora and fauna. A unique innovation by Tata Chemicals 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.
Call 022 4236 5959 /+91 99302 82040 for an invitation or log on to maricoinnovationfoundation.org

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

The Foundation has so far supported five Social Enterprise Projects over the last two years. The first batch (2011) successfully accelerated projects for Yuva Parivartan and Waste Wise Trust to achieve breakthroughs in their impact, while in 2012, three more projects were added to the acceleration portfolio (Akshay Patra's hub-and-spoke kitchen system, Fractal Microspin's product to business model transformation, and Yuva Parivartan's Employment Exchange for rural school dropout youth).

Akshaya Patra – Innovative Kitchens to Reach More Schoolchildren

Having setup large scale centralized kitchens that each have a capacity of over 1 lakh meals per day, Akshay Patra is currently reaching 2.5% of the total children under the mid-day meal program of the Government of India; the methodology is now being applied to help the team design modular hub-spoke kitchen systems without compromising on the quality and cost of the meals, in a way that Akshay Patra can go deeper into rural catchments

– significantly enhancing its reach across schools.

This prototype will also look at a 2-meal model, breakfast and lunch, which will be a breakthrough in the mid-day meal program for India. A prototype is being designed to cover urban and rural Bangalore, to be implemented in the near future.

Fractal Microspin – Scaling a Technology Innovation into a Successful Business Model

Having invented the technology to create small scale, modular spinning mills that convert cotton to yarn, the methodology is now being applied to help the team create a scalable and sustainable business model, a marketing model and a financial feasibility model that creates value for the entire ecosystem of cotton growing farmers, weavers, artisans and consumers of cotton fabric. Fractal's Microspin model is being seen as a breakthrough in the industry as it allows yarn to be manufactured close to the source of cotton, reducing the cost of operations and enhancing the earning potential for both farmers and weavers.

The innovation goal for this project is to demonstrate a route by which 1000 new Microspin units can be sold and established, leading to production of 15 crore meters of fabric through this enhanced process.

Yuva Parivartan – Connecting Youth to Employment Opportunities

Having been able to reach out to large numbers of rural youth and train them with important skills, the Yuva Parivartan team is now creating a scalable and sustainable employment platform that connects rural school-drop out job seekers with relevant job opportunities on a consistent basis. This will then help Yuva Parivartan complete the transformation cycle for school dropouts.

One of the Foundation's dreams has been to come up with a unique publication to continuously generate and disseminate knowledge and wisdom on innovation. The Foundation has realised this dream, just as it celebrates a decade of contribution to the cause of innovation in India.

Innowin – India's first publication dedicated to innovation has been launched. This is a quarterly magazine committed to sustaining a culture of innovation in India. It seeks to reverse the flow of innovative thinking from the West to India. It also underlines the importance of fostering a culture of innovation in the Indian corporate sector.

Sustainability Reporting Initiative in Marico

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

Associates

'Farmer First' was launched in safflower growing belts in June 2012, with the vision to achieve socially responsible growth by keeping farmers as the pivot.

A series of initiatives were launched to maximize the ROI of farmers in safflower growing areas by keeping farmers as the central pivot. The aim was to promote safflower as a very strong and viable alternative option in the rabi season and thus arrest the safflower area decline. Concentrated efforts were carried out in 325 villages spread across 6 states. Under the initiative 12,500 saplings were distributed among the farmers free of cost for plantation and 1,300 quintals certified seeds were sown over 32,000 acres of land, improving the farmers' yield by up to 15%. A PPP model with Government of Maharashtra was worked out in Solapur and Akola districts covering 49 villages, 495 farmers and 900 hectares. This initiative has benefitted farmers by increasing their yield, benefitted Marico through its gain of improved safflower buying surplus from domestic sources and benefitted society with a greener tomorrow.

Cluster Farming Program:

This program is aimed at forming a cluster of coconut farms in an area. Farmers then get together as a group and discuss the agriculture practices to be adopted with the help of a technical expert. Based on this, the preparation of the farms, fertilization, pest control and intercropping are decided. Agricultural inputs were sourced through local cooperative societies and distributed to farmers. Marico's Copra Collection centers in Malappuram district partnered actively with the Coconut Development Board for the rollout and execution of the program in which the center uses its reach to farmers to form clusters to avail themselves of the benefit of the above program from the Government of India.

The scientific farming practiced by a group of farmers resulted in a visible improvement in the coconut crop. Further, planting intercrops according to the soil condition, resulted in additional income from the same farms. Collective initiatives in getting the labour force and technical hands involved in using pesticides has given a boost to the farming culture in the area.

Through the cluster program, Marico has coordinated productivity improvement initiatives in 61 coconut clusters involving 7982 farmers covering 1737 hectares of coconut gardens. The 2 years' intensive productivity improvement program by scientific fertilization, inter-cropping and pest control has given a yield improvement close to 20% in coconut gardens covering over 3 lakh coconut palms. The program has benefitted farmers by increasing their income and benefitted Marico by improving copra availability.

Supplier Relationship Management (SRM)

Supplier Relationship Management (SRM) is a non-agricultural procurement initiative launched in 2012 to promote deeper engagement with suppliers and foster innovative ideas. In the initial phase, this has been rolled out to 20 vendors focusing on improving systemic efficiencies and facilitating a win – win mindset.

Society

During the Joy of Giving week, the 'Member Volunteering Opportunities' initiative was launched, as a prototype in Mumbai. Through this initiative, members are given a platform to offer their expertise to a not-for-profit organization. One of our members has successfully completed content creation for the annual report for Maharashtra Dyslexia Association while other projects are in progress.

Apart from this, assistance was provided to neighbouring communities through various health and education programs, help to underprivileged and deprived children and support to differently – abled and destitute people.

A unique project 'Pratyek Themb Mahatwacha – Each Drop Counts' was undertaken in Jalgaon to educate school children, their parents, teachers and society in general about the importance of water conservation. Over 5,000 students were connected directly across 8 major schools and 10,000 booklets on water conservation were printed and distributed to many schools around Jalgaon.

Nihar Shanti Amla started an initiative which empowers women consumers across India to do their bit for the cause of education. As a part of this initiative, every time a woman chooses to buy a bottle of Nihar Shanti Amla, 2% of all proceeds will be contributed to the cause of children's education in partnership with CRY India. Launched on September 1, 2012, this initiative benefitted many villages, addressing their concerns regarding children's education. Nihar Naturals is funding 19 projects across Uttar Pradesh, Madhya Pradesh, Rajasthan, Bihar, Haryana and other regions, where each project touches around 25 to 30 villages within these geographies. Through this initiative, Nihar Naturals aims to impact lives of more than 35,000 kids in one year.

Green Initiatives

Several initiatives were taken to reduce Greenhouse Gas (GHG) emission in Kanzikode, Dehradun and Baddi. Rain-water harvesting and tree plantation activities were undertaken at Paonta Sahib. Reduction in power consumption was reported in Kanzikode, Paonta Sahib, Dehradun, Baddi and Pondicherry. Kanzikode won the Kerala State Safety Award for the 3rd consecutive year for its safety initiatives.

Sustainability Management at Marico

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

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 was engaged in the preliminary work on sustainability reporting readiness. They visited Marico sites and recommended setting up of data collection systems. The company plans to set up these systems this year.

THE MARICO GROWTH STORY

Marico achieved revenue from operations of INR 4596 crore (USD 851 million) during FY13, a growth of 15% over FY12. The volume growth underlying this revenue growth was healthy at 12%. Profit After Tax (PAT) for FY13 was INR 396 crore (USD 73 million), a growth of 25% over FY12 (including exceptional items). Over the past 5 years, the topline and bottom line have grown at a compounded average growth rate (CAGR) of 19% each.

CONSUMER PRODUCTS BUSINESS (INDIA)

Parachute and Nihar in India

Marico participates in the INR 2800 crore (USD 518 million) branded coconut oil market through Parachute, Nihar and Oil of Malabar. It is estimated that in volume terms, 60% to 65% the total coconut oil market is in branded form, while the remaining comprises loose product. This loose component provides headroom for growth to branded players. The Company's brand Parachute, being the market leader, is well placed to capture the disproportionate share of this growth potential on a sustainable basis.

Rigid packs (packs in blue bottles) Parachute, Marico's flagship brand, recorded a volume growth of about 10% during the year. The Company has been focusing on rigid packs over the past few years as they enjoy a higher margin as compared to pouch packs. The proportion of pouch packs has now reduced to about less than 15% of total Parachute sales in value terms. During the 12-month period ended March 2013, Parachute along with Nihar improved its market share by about 240 basis points over the same period last year, to reach 57.6%

Marico has continued to drive conversion from loose oil usage to branded oil – a source of growth in the medium term. This is expected to be complemented by share gain in rural areas. Its share in the rural markets, in the range of 35% to 40%, is lower than in the urban markets, thus providing potential headroom for growth.

Saffola

The Saffola refined edible oils franchise grew by about 7% in volume terms during FY13 compared to FY12. The growth during the year was lower than expectations. The deceleration in growth can be attributed to two reasons: a softer demand environment in premium packaged foods that are discretionary in nature, and inflation in safflower oil and rice bran oil being at significantly higher levels as compared to inflation in sunflower oil. This had led to expansion in the premium of Saffola vis-à-vis the other refined edible oils. Though the Company doesn't believe that Saffola's existing consumers are down-trading, there is a deceleration in the rate at which new consumers are upgrading into the Saffola brand, leading to a lower growth rate.

The Company has initiated some price reduction in select packs in order to bring the premium back to sustainable levels. The average price correction was 2% to 3%. The Company believes that nothing fundamental has changed and that it would record normal growth rates in the medium term. The initial response to this pricing adjustment (taken in mid-quarter Q4FY13) has been positive and the full impact is expected to be seen in the first quarter of FY14. The Company expects to return to double digit volume growth rates from FY14 onwards.

The income levels in India have seen an increase over the past few years. As a result of this growing affluence, consumers are proactively moving on to healthy lifestyles. Moreover, awareness about health and particularly heart health has been increasing in India. Saffola too has made a significant contribution towards increasing this awareness (www.saffolalife.com).

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 super premium niche of the refined edible oils market. Saffola is estimated to reach about 3 million households of the 22 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 58.6% during the 12 months ended March 2013. (MAT 12 months ended March 2012: 54.8%).

In the long term, Saffola expects to establish itself as a leading healthy lifestyle brand that offers healthy food options for all meals of the day. The rise in the number of nuclear households and that of working women provides an opportunity for convenient and healthy breakfast food options. The Company has prioritized the breakfast space in the near term. The intent of the company will be to come up with value added offerings. Saffola oats are now available in six flavors in the savory oats category. Saffola has an exit market share of about 13% to 14% by volume in the oats category and has emerged as the number two player in the category showing fast paced growth of over 30% per annum.

Besides offering oats, Saffola strengthened its position in the breakfast category by introducing muesli on a national basis. The product is available in three variants. The market size of muesli is estimated to be around INR 80 crore to INR 100 crore (USD 14.8 million to USD 18.5 million) growing rapidly at rates in excess of 40%. Saffola Muesli has already become a number 3 player with an exit market share of about 9%.

The Company discontinued Saffola Rice during the year as the product did not receive expected results. Moreover, the Company has decided to shift focus to breakfast cereals in the near term. The Company will continue to innovate in the health based packaged food space and prototype new products in the near future.

Hair Oils

Marico's hair oil brands (Parachute Advansed, Nihar and Hair & Care) have performed well over the past few years. These brands continued to record very healthy growths and market share gains during FY13. The volume growth rate was 24% for the year. Marico's basket of hair oil brands achieved market leadership position in the Value Added Hair Oils space and now have about 27% share (for 12 months ended March 31, 2013) in the INR 4500 crore (USD 834 million) market. This compares to a share of about 17%-18% about 5-6 years ago.

There has been a positive shift of around 280 basis points in FY13 compared to FY12. These market share gains have been achieved through providing consumers with specific solutions, product innovation, packaging restaging, participation in more sub-segments of the value added hair oils category, continued media support in some of the brands and penetrative pricing action in others and expansion of Marico's direct retail reach in the rural markets.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of over 25% for the 12 months ended March 2013 in the Amla hair oils category (MAT FY12: 18.6%).

Hair oiling remains a deeply ingrained habit for leave-in hair conditioning and nourishment on 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. The study has proved that hair oiling improves the strength, thickness, length and softness of hair. Moreover, hair oiling leaves the hair less damaged. With rising incomes in India, there exist increasing opportunities to serve consumers looking for value-added options to their hair oiling needs. The Company believes that educating the consumer by putting science behind the habit of hair oiling will build credibility and create a loyal franchise. (www.parachuteadvansed.com)

During the year, the Company launched another product under the Parachute Advansed brand called 'Parachute Advansed Tender Coconut Oil'. The new product is an innovation that offers its nourishing goodness in a modern, sensorially pleasing avatar. This initiative has been launched nationally and supported by an aggressive multi-media launch plan across TV, Print, Outdoor and Digital media.

Parachute Advansed has also taken some initiatives in the digital space by launching the Hairfall e-Clinic during the year. The first of its kind, virtual clinic guides hairfall sufferers through individual consultations, and regimen advice from our dermatological expert. Since its inception, the e-clinic has witnessed a promising start and has garnered over 60,000 registrations.

Marico has a 'category play' in the segment whereby it offers its consumers a basket of value-added hair oils for their pre-wash and post-wash leave-in hair conditioning, nourishment and grooming needs in the approximately INR 4500 crore (USD 833 million) branded hair oils market. The Company's aim is to participate in all the sub-segments and have a wider portfolio to drive growth. Nihar, Parachute Advansed and Hair & Care have each established significant franchises. This is being built upon further through the introduction of new products such as Parachute Advansed Ayurvedic Hot Oil, Parachute Advansed Ayurvedic Hair Oil & Parachute Advansed Tender Coconut Hair Oil. All these have grown the overall hair oils franchise by bringing specificity and creating more occasions for use.

The Company is now focusing on scaling up its presence in all the sub segments of Value-Added Hair Oils so that it can get advantages of operating leverage in fixed costs and advertisement spends leading to expansion in operating margins.

Mass Skin Care: Parachute Advansed Body Lotion

Parachute Advansed Body Lotion has continued to record robust growth rates. It has achieved a market share of over 7% (moving 12 months basis) within a short period of time and has become the number 3 participant in the market. The brand gained about 320 basis points in market share during the current season as compared to the last season.

The Company believes that even though the category is relatively more competitive than the other categories it is present in, there is a lot of head room for growth and there is place for a differentiated product. The penetration levels are still below 20% resulting in category growth rates of over 25%. The total skin care segment is estimated to be around INR 5000 crore (USD 926 million), of which the body lotion segment is around INR 550 crore (USD 102 million). The Company plans to increase its participation in the skin care segment in the longer term.

Youth Brands (Set Wet, Zatak, Livon)

The acquired portfolio of youth brands has completed its first financial year in Marico's hands (even though this year was of 9 months' duration as the transaction was completed at the end of May 2012). The overall performance thus far is tracking higher than the company's acquisition assumptions.

Having stabilized the distribution integration, the company has taken a number of new initiatives in the youth portfolio. During the year a new campaign 'Buri Nazar Waale Tera Muh

Kaala' was launched for Set Wet hair gels. It has met with a favorable response. Leveraging its portfolio under Code 10 in Malaysia, the new formats of hair gels and waxes were launched under Set Wet in India. Set Wet and Zatak deodorants have also undergone a packaging restage to enhance their youth appeal. New fragrances were also introduced.

Set Wet and Zatak had earlier seen some decline in market shares in the deodorant segment given that there was some lack of focus in the hands of the erstwhile sellers. This decline has now been arrested and the company expects to reverse the trend and begin gaining share.

The turnover achieved from the youth brands during the year was INR 139 crore (USD 25.7 million), a growth of 18% over the corresponding period in FY12. (During FY12 the business was being run by Reckitt Benckiser). The operating margin expectation is in line with assumptions. Over the next few years, the growth rates are likely to average around 20% to 25% supported by new advertisement communication and product launches.

This acquisition gives the Company an access to youth brands. Brands in the portfolio occupy leading positions in the hair gel, male deodorant and leave-on hair serum categories. Set Wet and Zatak provide 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.

The Company has a significant presence in the male styling/grooming categories in its overseas markets. Its brand X-Men is a leading player in male grooming in Vietnam. Hair Code and Fiancée provide leadership in hair creams and gels in Egypt. Code 10 participates in the male grooming market in Malaysia. This is expected to result in synergies through knowledge on the latest trends, formulations and an available new product pipeline.

INTERNATIONAL FMCG BUSINESS GROUP (IBG)

Marico's International FMCG business (its key geographical constituents being Bangladesh, Middle East, Egypt, South Africa, South East Asia) comprised ~22% of the Marico Group's turnover in FY13.

The year FY13 has been a mixed year for the international FMCG business. The overall business environment in international business remained challenging throughout the year. There were some pockets of the business that performed well whereas others faced challenges. The overall performance was subdued during the year mainly on account of de-growth in the Middle East region (GCC).

The business grew by 8% during the year. The operating margin for the year as a whole was about 8%. If one excludes the impact for GCC then the operating margins stand at about 14%.

Bangladesh

The overall business environment in Bangladesh remains challenging. The last few months of the year saw loss of business days due to strikes in Bangladesh. For example, during the month of March 2013 there were only 10 working days available. These have had a direct adverse impact on the business. The macro-economic indicators, though still weak, have begun witnessing an improvement. The positive sign is that inflation is now in single digits and the Bangladeshi Taka has stabilized in the range of 80 to a USD. GDP growth estimates are at about 6%.

Amidst the political and macro-economic uncertainties, the Bangladesh business was able to record a growth of 1% in turnover during FY13. Parachute improved its market share to about 82% in the branded coconut oil market suggesting strong brand fundamentals.

The profit growth however was healthy with Profits After Tax increasing by 62% as compared to FY12 mainly on account of lower input price led gross margin expansion.

In view of the long term potential that Bangladesh offers, the Company continues to make investments behind existing and new products such as Value Added Hair Oils (VAHO) and hair dye. These products continue to gain traction and are expected to help create a portfolio of the future in Bangladesh.

Hair Code Hair Dye maintained its leadership position with a market share of about 26% in the powdered hair dye market. The launch of Hair Code ACTIVE, a faster-acting variant of Hair Code is expected to add share points to the brand.

The Company enjoys a number 3 position in the VAHO (Value Added Hair Oils) market, estimated to be about INR 250 crore (USD 46 million) with about 19% share in a short period since its entry in this segment in Bangladesh.

The Company now offers a bouquet of products such as Parachute Beliphool, a light hair oil with a floral fragrance, Parachute Advansed Cooling Oil and Nihar. The portfolio posted a growth of about 39% during the year.

The share of VAHO and Hair Dye in the overall top line continues to increase, thereby de-risking the Company from Parachute Coconut Oil.

The new manufacturing facility was completed and commissioned in August 2012.

MENA (Middle East and North Africa)

The overall environment in Egypt remains somewhat unpredictable. There are increased levels of uncertainty due to impending elections. The Company experienced some business disruption during the year due to strikes in the ports leading to adverse impact on the supply chain and logistics. Notwithstanding this, the Egypt business grew by about 12% during the year in volume terms and the leading brands Hair Code and Fiancée maintained their combined market share of about 57%.

The company continues to play out a dual brand strategy leading with Hair Code and Fiancée playing the VFM flanker role.

The Company had taken a financial hit on account on impairment of the brand Fiancée during FY11 amounting to INR 23 crore (USD 4.3 million). The business is tracking well now resulting in a partial reversal of the impairment amounting to INR 9.1 crore (USD 1.7 million).

The Company's performance in the Middle East region faced certain challenges during the year. It recorded de-growth in turnover during the year FY13 as compared to the previous year. This also resulted in loss on account of fixed overheads and stepped up advertisement expenditure. The Company had carried out a packaging change in the Parachute Hair Cream portfolio across the region in the Gulf. This initiative met with some execution challenges wherein the transition in packaging did not yield the desired results with a particular section of consumers. The Company has stepped up its advertisement expenditure since then to communicate this change which has resulted in a marginal improvement in the secondary sales over the past few months.

In the midst of the challenges in packaging transition mentioned above there was also a need to change the company's distributor in Saudi Arabia

in order to streamline the distribution channel and realize efficiencies. This also caused a certain level of disruption in the primary sales.

These two factors put together resulted in a performance which was below expectations. The Company is confident that it will come back on track over the next year. The Company expects to grow the business in the region by above 25% during FY14, from its lowered base.

South Africa

The business performed well notwithstanding the challenging economic conditions. The latest market statistics for the ethnic hair care category reported a de-growth for all major players. Whilst the hair care market is on decline, Marico South Africa gained market share in the category and business grew by 6% during the year FY13 as compared to FY12. The value market share in ethnic hair care category expanded by 70 bps from 6.1% to 6.8%.

South East Asia

The business in Vietnam is tracking as per expectations and grew by 28% in FY13 over FY12 in constant currency terms. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar, Nepal and Bhutan.

KAYA SKIN CARE SOLUTIONS

Kaya offers skin care solutions – technology-led cosmetic dermatological services and products – through 105 clinics: 83 in India across 26 cities, 18 in the Middle East and 4 DRx clinics and medispas in Singapore and Malaysia.

During the year FY13, Kaya achieved a turnover of INR 336 crore (USD 62 million), registering a growth of about 21% over FY12. The Kaya business in India and in the Middle East achieved same store sales growth of about 12% during FY13 as compared to FY12. In an environment where the discretionary spends are witnessing a deceleration in growth rates, the Kaya business has continued to report growth.

During FY13, Kaya recorded a loss of about INR 18.5 crore (USD 3.4 million) at the PBIT level. This compares with a loss of INR 30.8 crore (USD 5.7 million) at the PBIT level for FY12. The losses for the year FY13 also include a financial hit amounting to INR 17.5 crore (USD 3.2 million) on account of impairment of certain clinics in India and the Middle East which are not performing as per expectation. The Company will monitor the performance of these clinics closely.

The products from Derma-Rx introduced in India continue to gain good traction. The Company had started introducing these products in the Middle East from FY13. About 22% to 25% of the revenues from Indian operations now come from the sale of products. The share of products in the Middle East has now increased to 11% from about 7% to 8% earlier. The Company will continue to focus on expansion and growth of its product portfolio. It improves the stickiness of the brand as some customers may continue to use the products even after completing their package of service sessions. Taking the objective of increasing the product sales further, Kaya has commenced prototyping a new concept in the month of December 2012 called 'Kaya Skin Bar'. This concept has the following salient features:

- The store format is smaller than a normal Kaya clinic.
- The store will focus on sale of products and

select skincare services. Therefore, it will require lower capital investment in machines and lower cost of rent and payroll.

- The store is expected to generate product sales to the tune of 70% to 80% over a period of time.

- This format will not incur the cost of a dermatologist. However it will use a world-class skin diagnostic tool.

The Company now has three such stores in Delhi and Bangalore. The Company plans to prototype this concept with 4 or 5 stores and, depending upon the response, will decide the future course of action.

The Kaya business will now be demerged in a separate Company outside of the Marico Group by way of a demerger process. This will allow the business to operate in a more entrepreneurial manner and create value for all the stake holders.

COST STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	FY13	FY12
Material Cost (Raw + Packaging)	48.1	53.0
Advertising & Sales Promotion (ASP)	13.0	10.7
Personnel Costs	8.3	7.7
Other Expenses	17.0	16.4
PBDIT Margins	13.7	12.5
Gross Margins (PBDIT before ASP)	26.7	23.2

Notes:

1. The above ratios are calculated before considering the effect of exceptional and non-comparable items to enable like to like comparison.

2. The average market price of copra, the largest component of input costs, was 26% down during FY13 as a whole as compared to FY12. This led to improvement in the gross margins even though there was an inflationary trend in other input costs. This led to an expansion in gross margins by 490 bps for the year.

3. A part of the gross margin expansion has been re-invested in business in the form of Advertisement & Sales Promotion as is evident from the increase in overall ASP by 230 bps for the year as a whole. The Company continues to make investments behind existing products and new products such as Saffola Oats, Saffola Muesli, Parachute Advansed Body Lotion in India and Value Added hair Oils in Bangladesh. Moreover, ASP investments made behind the acquired Youth brands (Set Wet, Zatak and Livon) also resulted in an overall higher ASP to Sales.

CAPITAL UTILIZATION

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

Ratio	FY13	FY12
Return on Capital Employed • Marico Group	24%	25%
Return on Net Worth (Group)	25%	31%
Working Capital Ratios (Group) • Debtors Turnover (Days) • Inventory Turnover (Days) • Net Working Capital (Days)	 15 63 63	 17 60 60
Debt: Equity (Group)	0.53	0.71
Finance Costs to Turnover (%) (Group)	1.3%	1.1%

* Turnover Ratios calculated on the basis of average balances

1. There has been no material variation between the ratios in two periods under comparison.

2. ROCE and RONW have declined mainly on account of the acquisition of Youth brands (Set Wet, Zatak and Livon) in May 2012. The Company will endeavor to maintain the ROCE in the range of 20% to 25% in the near term and to improve it going forward.

3. The Debt: Equity ratio has improved mainly due to preferential allotment of equity shares aggregating Rs. 500 crore in May 2012 to fund a part of the cost of Youth Brands acquisition.

4. The Net Debt position of the Marico Group as of March 31, 2013 is as follows:

Particulars	Amount (INR/Cr.)
Gross Debt	872
Cash/Cash Equivalents and Investments	389
Net Debt	**483**
Foreign Currency Denominated out of the Total Gross Debt	584
Foreign Currency Denominated: Payable in One Year	252
Foreign Currency Debt as a % age of Gross Debt	67%
Rupee Debt out of the Total Gross Debt	287
Rupee Debt: Payable in One Year	187
Total Debt Payable with in One year	439
Average Cost of Debt (%): Pre tax	5.7%

The Company expects healthy cash flows that can support repayment of debt on time. The company may also roll over some of the loans when they fall due during the year or refinance the same with fresh issuance. Marico has adequate cash flows to maintain healthy debt service coverage.

1. The Debt denominated in foreign currency is either hedged or enjoys a natural hedge against future probable exports. Hence the MTM differences are routed through the balance sheet (Hedge Reserve) rather than the income statement.

2. Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) 'Accounting for Derivatives' on encouraging the early adoption of Accounting Standard 30 (AS 30), 'Financial Instruments: Recognition and Measurement', the Company had, commencing from the year ended March 31, 2009, decided on early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly, the net unrealised gain/loss of Rs. 5,249.45 lacs as at March 31, 2013, Rs. 5,830.37 lacs as at December 31, 2012, Rs. 3,392.52 lacs as at March 31, 2012 and Rs. 4,949.97 lacs as at December 31, 2011 in respect of outstanding derivative instruments and foreign currency loans at the respective period end which qualify for hedge accounting, stands in the 'Hedge Reserve', which would be recognised in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue.

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. On a growing profit base, the payout ratio would be lower. Your Company will periodically review the need for cash and may revise the payout ratio upwards in case it does not find any suitable avenue to deploy internal cash accruals other than dividends.

Dividend Declared

The Company has declared two interim dividends of 50% each during the year. With this the dividend declared for FY13 is 100%. The payout ratio on the annual profit after tax is 19.3%.

RESULTS OF OPERATIONS – AN OVERVIEW

Marico achieved revenue from operations of INR 4596 crore during FY13, a growth of 15% over FY12. The volume growth underlying this revenue growth was healthy at 12%.

Profit After Tax (PAT) for FY13 was INR 396 crore, a growth of 25% over FY12. These results include the following items that are not strictly comparable with FY12. These items have been explained in detail in the Notes to the Consolidated Annual Financial Statements.

Particulars	FY13	FY12
Reported Profit After Tax	396	317
Reported Growth %	25%	
Normalised Profits After Tax Before Considering Exceptional and Non-comparable Items	384	326
Normalized Growth %	18%	

Summary of exceptional or non-comparable items during FY13:

	FY13 (INR/Cr.)	
Particulars	**PBT**	**PAT**
Impacting Domestic FMCG business and Group	49.3	27.8
Brand Amortization Expense in Marico Consumer Care Limited	(6.1)	(6.1)
Surplus on Change in Method of Depreciation	40.4	23.4
Reversal of Impairment Loss on 'Fiancee' Trademark	9.1	6.1
Profit on Distribution of Assets by Halite to MCCL on Voluntary Liquidation	5.9	4.4
Impacting Kaya and Group	(19.1)	(18.8)
Impairment Loss Relating to Kaya Skin Clinics in India / Middle East	(17.5)	(17.5)
Incremental Provision Towards Contingent Consideration Relating to DRx Entity – Singapore	(1.8)	(1.5)
Impacting International Business and Group	**3.5**	**2.6**
Profit on Sale of Soap Plant in Marico Bangladesh Limited	3.5	2.6
Total	33.7	11.6

Summary of exceptional and non-comparable items during FY12:

	FY12 (INR/Cr.)	
Particulars	**PBT**	**PAT**
Impacting Marico Limited and Group		5.6
Write Back of Prior Year Income Tax Provision		5.6
Kaya	(14.7)	(14.7)
Prior Period Items in Kaya Middle East	(13.0)	(13.0)
Impairment Loss Relating to Kaya Skin		
Clinics in India / Middle East	(1.7)	(1.7)
Total	(14.7)	(9.1)

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 19% each.

Total Income

Our total income consists of the following:

1. Revenue 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 and gels, hair serums, shampoos, hair relaxers and 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 FY13 and FY12:

INR/Cr.

Particulars	**FY 12-13**	**FY 11-12**
Revenue from Operations	4596.2	3979.7
Other Income	37.5	32.6
Total Income	4633.7	4012.2

There has been around 15% growth in Net Sales/Income from Operations on account of 18% growth in Consumer Products Business in India, 8% growth in Consumer Products Business outside India and 21% in Kaya.

The underlying volume growth was healthy at 12% at Group level led by a volume growth of 16% in Consumer Products Business in India.

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 FY13 and FY12:

INR/Cr.

Particulars	FY 2012-13		FY 2011-12	
	Amount (INR/Cr.)	% of Total Income	Amount (INR/Cr.)	% of Total Income
Total Income	4,633.7		4,012.2	
Expenditure				
Cost of Materials	2,209.9	47.7%	2,131.5	53.1%
Employees Cost	380.6	8.2%	307.3	7.7%
Advertisement and Sales Promotion	597.9	12.9%	425.8	10.6%
Depreciation, Amortisation and Impairment	86.6	1.9%	72.5	1.8%
Other Expenditure	782.0	16.9%	630.6	15.7%
Finance Charges	58.0	1.3%	42.4	1.1%
Total Expenses Before Exceptional Items	4,115.0	88.8%	3,610.2	90.0%
PBT Before Exceptional Items	518.7	11.2%	402.1	10.0%
Exceptional Items	33.2		-1.8	
Profit Before Tax	551.9	11.9%	400.3	10.0%
Tax	146.2		78.2	
Profit After Tax Before Minority Interest	405.7	8.8%	322.1	8.0%
Minority Interest	9.8		5.0	
Profit after Tax	395.9	8.5%	317.1	7.9%

Cost of Material

Cost of material includes consumption of raw material, packing material, semi-finished goods, purchase of finished goods for re-sale and increase or decrease in the stocks of finished goods, by–products and work in progress. At an overall level the cost of goods sold was 490 bps lower in FY13 as compared to FY12.

Copra prices started to show a downward trend at the beginning of the year and were held in a band for the rest of the year. On an annual basis the copra prices were 26% lower than FY12. The market prices of the other key input, safflower oil, were up 44% during FY13 as compared to FY12. Rice bran oil was up 7% this year as compared to previous year. However, considering copra accounts for a major proportion of input costs, the company gained on a net basis during FY13.

Employee Cost

Employee cost includes salaries, wages, bonus and gratuity, contribution to provident and other funds and staff welfare schemes expenses. The increase in employee costs is primarily on account of normal annual compensation revisions and increase in headcount.

Advertisement and Sales Promotion

Advertisement and sales promotion (ASP) expenses in FY13 were higher than that in FY12 on a percentage to net income basis. The Company continues to make investments behind existing products and new products such as Saffola Oats, Saffola Muesli, Parachute Advansed Body Lotion in India and Value Added Hair Oils in Bangladesh. Moreover, ASP investments made behind the acquired youth brands (Set Wet, Zatak and Livon) also resulted in an overall higher ASP to Sales. About 40% of the absolute ASP was incurred in the new products. Also, the Company spends about 75% of the total ASP on brand building and the balance on promotions.

Depreciation, Amortisation and Impairment

The total increase in depreciation during FY13 as compared to FY12 was INR 14 crore The increase was mainly on account of INR 6.1 crore of brand amortization expenses in Marico Consumer Care Limited (MCCL).

The balance increase was on account of capital expenditure made during the year.

During FY13 the company through industry benchmarking has revisited its policy of depreciation. Until December 31, 2012 factory building and plant and machinery were depreciated using the written down value method of depreciation.

Thus, with effect from January 01, 2013, the company has, with retrospective effect, changed its method of providing depreciation from the written down value method to the straight line method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

The change is considered preferable since the assets under consideration are expected to provide equal amount of benefit throughout their useful life and maintenance costs are not expected to rise significantly in the future years due to the superior quality. The Management therefore believes that this change will result in more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits will be derived from the use of these assets. Also it will provide greater consistency with the depreciation methods used by other companies in the industry. The net gain on account of this change in method of depreciation is about INR 40.4 crore.

Other Expenses

Other expenses include items such as conversion charges, freight and forwarding, selling and distribution, rent, travel and other expenses. These expenses grouped here include spends that are variable, semi-variable and fixed in nature. The expenses which are variable in nature (almost 2/3rd of other expenses) have increased per the volume growth and inflation. The fixed part of other expenses has increased on account of normal inflation and increase in rent due to higher inventory positions.

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. The Company has bought a new corporate office space during the year in Mumbai amounting to about INR 135 crore This was funded by debt. Moreover, in May 2012, the Company funded a part of the cost of acquiring the business of Youth brands with the surplus investment it had carried in the books. This deployment resulted in reduction of income arising therefrom.

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.

Direct Tax

Tax comprises Income Tax and Deferred Tax. The increase in the Effective Tax Rate is primarily due to higher taxable profits during the year in India as a result of growth in the coconut oil franchise and reduced profits in international geographies which are otherwise exempt from tax. International business performance is impacted by de-growth in the Middle East region due some temporary challenges caused due to the packaging transition. The situation is expected to start returning to normal in the coming year. Consequently, the proportions of profits from businesses that do not enjoy a reduced tax rate have been higher and those from businesses that enjoy a tax holiday have been lower than expected.

Balance Sheet

Statement of Assets and Liabilities – Consolidated Financials

INR/Cr.

Particulars	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	64.5	61.5
Reserves and Surplus	1,917.0	1,081.5
Sub-total Shareholder's fund	**1,981.5**	**1,143.0**
Minority Interest	35.1	24.9
Non-current Liabilities		
Long-term Borrowings	432.6	390.7
Deferred Tax Liabilities (Net)	5.8	-
Other Long-term Liabilities	1.0	0.6
Long-term Provisions	10.5	41.9
Sub-total Non-current Liabilities	**449.9**	**433.2**
Current Liabilities		
Short-term Borrowings	358.1	371.6
Trade Payables	478.5	358.4
Other Current Liabilities	293.3	208.2
Short-term Provisions	110.9	77.7
Sub-total Current Liabilities	**1,240.7**	**1,015.9**
TOTAL – EQUITY AND LIABILITIES	3,707.2	2,617.0

ASSETS		
Non-current Assets		
Fixed Assets	1,422.4	501.9
Goodwill on Consolidation	395.5	395.5
Non-current Investments	38.0	29.4
Deferred Tax Assets (Net)	-	22.3
Long-term Loans and Advances	119.4	124.4
Other Non-current Assets	142.6	123.4
Sub-total Non-current Assets	**2,118.0**	**1,196.9**
Current Assets		
Current Investments	113.6	266.3
Inventories	862.7	720.2
Trade Receivables	196.6	208.3
Cash and Cash Equivalents	266.7	132.1
Short-term Loans and Advances	136.1	75.1
Other Current Assets	13.6	18.2
Sub-total Current Assets	**1,589.2**	**1,420.1**
TOTAL – ASSETS	3,707.2	2,617.0

Shareholders' Funds

This comprises the paid up share capital and reserves and surplus. This year, the Company raised capital by issue of additional equity shares amounting to INR 500 crore on preferential basis. The issue concluded at a price of Rs. 170 per share which was about 2.5% premium to the SEBI floor price. The Company allotted 29,411,764 equity shares of face value Re. 1 each at a share premium of Rs.169 each to these investors on 16th May 2012. This resulted in increase of Equity share capital by Rs. 2.94 crores and Securities premium reserve by Rs. 497.06 crores.

A part of increase is also on account of stock options exercised by the employees under the ESOP Scheme. Annexure to the Directors' Report provides further details of stock options issued, exercised and pending to be exercised.

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 public in that country.

2. The Company acquired 85% stake in International Consumer Products Corporation (ICP) in Vietnam and started consolidating it with effect from February 18, 2011. The balance 15% shareholding continues to be with the company founder.

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

Non-current Liabilities

Non-current Liabilities include borrowings which are payable after one year or more from the date of the balance sheet and long term provisions such as gratuity. These include a judicious blend of borrowings in local and foreign currency. Long term borrowings have increased on account of issue of Non-convertible Debentures worth INR 100 crore during FY13.

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. Debentures maturing within a year from the balance sheet date are part of Other Current Liabilities.

Fixed Assets

Fixed Assets represent investments made by the Company in tangible assets such as buildings, plant and machinery, furniture and fixtures etc. Apart from normal yearly capital expenditure, the increase is on account of purchase of the new corporate office in Mumbai and youth brand trademarks acquired from Reckitt Benckiser.

Goodwill on Consolidation

Goodwill on Consolidation represents the consideration paid to acquire companies in excess of their net assets. The break-up of goodwill on consolidation is as below:

Acquisitions	Amount (INR/Cr.)
Vietnam (85%)	222.3
Derma Rx	141.3
Enaleni & Ingwe (South Africa)	30.9
Haircode & Fiancee (Egypt)	1.0
Total	395.5

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. There has been no significant change in the non-current investments this year compared to FY12.

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:

- There is incremental deferred tax charge on account of change in method of depreciation from written down value to the straight line method, which has resulted in lower DTA.

- 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.

These are explained in Note 16 of the Consolidated Financial Statement.

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. There has been no substantial change in Long-term Loans and Advances in FY13.

Other Non-current Assets

Other Non-current Assets include receivables/ entitlements maturing after more than 12 months from the balance sheet date. Increase in Other Non-current Assets is on account of an 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. Decrease in current investments is mainly on account of the investments redeemed for funding the new corporate office in Mumbai.

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 in line with the organic and inorganic business growth.

Trade Receivables

Trade Receivables include the monies to be received from its customers against sales made to them. Decrease in Trade Receivables is on account of debtor days reducing from 17 days in FY12 to 15 days in FY13.

Cash and Cash Equivalents

This includes amounts lying in Cash and with the Company's bankers. There is an increase in the cash balances primarily due to Fixed Deposits in Bangladesh and Vietnam maturing within one year from the date of the Balance Sheet for working capital requirement and other short-term commitments.

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. Increase in Short-term Loans and Advances are mainly on account of the advances to Welfare of Mariconians Trust which will mature within one year from the date of the Balance Sheet. 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.

Other Current Assets

Other Current Assets include all other monies to be received within one year from the date of the balance sheet, such as interest receivable, export incentive receivable etc. There is no significant change in Other Current Assets.

OTHER DEVELOPMENTS

For other corporate developments, refer to the Directors' Report.

OUTLOOK

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

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

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

FMCG Business in India:

- With Parachute, the company will aim to grow by leading market expansion through its recruiter low unit size packs. In rural areas, where the market share is relatively low as compared to its overall market share, the Company aims to gain market share. The Company expects to achieve volume growth of 7% to 8% per annum in the medium to long term. However the growth rates in the near term may be slightly higher.

- With Nihar, Parachute Advansed and Hair & Care, Marico will focus on share gain through a wider participation, there by providing specificity of benefit to consumers accompanied by effective and insightful communication. Successful execution of this strategy is expected to result in annual volume growth of 15% to 17% in the value-added hair oils portfolio 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 riding a trend in healthy living being adopted by the Indian consumer. Its premium refined edible oil franchise expects to return to a growth rate of about 15% in volume in the medium term. The growth rates in edible oils are expected to reach double digits from FY14 onwards. In addition the Company plans to build a sizeable business in the healthy foods space by leveraging Saffola's equity. It aims to derive about 25% revenues of Saffola from healthy foods over a period of 3 to 4 years.

- The company has integrated the newly acquired brands, Set Wet, Zatak and Livon into its sales and distribution network. Being in tail wind categories, this portfolio is expected to have a rate of growth higher than Marico's existing portfolio, viz. in the region of 20% to 25% and operating margins in the region of 17% to 18%, higher than the Group average.

FMCG Business in International geographies:

- Marico will focus on growing the categories where it has significant market share – such as male grooming in MENA and Vietnam.

- The Company will focus on complementing growth of Parachute Coconut Oil in Bangladesh by establishing other products already/yet to be introduced in the market. The pressure on growth experienced during FY13 is expected to come off to normal levels during FY14.

- In South Africa it would work on increasing share in key categories and over the medium term in expanding its footprint to other parts of sub-Saharan Africa. It will also continue to scout for bolt-on acquisitions to increase the scale of business in South Africa.

- In MENA, the company will focus on driving penetration. The Company is confident that it will overcome the challenges it faced in the region from the second half of FY14.

- Both the X-Men business in Vietnam and

Code 10 in Malaysia are expected to continue to show healthy growths.

- The Company will also explore other countries in the D&E markets of Asia and Africa for expansion in the long term.

- The EBITDA margin is expected to move up to around 13% over the next 2 to 3 years.

  The unification of the FMCG business under one leadership is expected to result in swifter movement of portfolio, best practices and talent across geographies. There will also be synergies across the value chain that will unfold over a period of time.

Kaya Skincare Solutions (business to be demerged with effect from April 1, 2013):

- The near-term focus is on same store sales growth to improve capacity utilization and clinic profitability.

- Kaya will remain cautious in its expansion plans until it gets a higher level of confidence over the business model.

- It will endeavor to maximize the potential from sale of products. Kaya Skin Bar is another step in that direction. It will prototype the concept with 4-5 stores during FY14.

- In the Middle East the business is focused on same store growth by increasing footfalls and retaining existing customers through innovation in its range of services. The addition, the Derma-Rx range of products, will accelerate top line growth.

- The Company believes that Kaya has distinct potential to create value as an independent business. The proposed demerger into a separate entity will allow it to be run in an entrepreneurial manner, much needed for a business of its size.

Overall:

- The medium to longer term outlook on both the FMCG Business and the Kaya business remains positive.

- In the medium term, the Company will focus on strengthening the building blocks for future value creation – strong equities for its existing brands amongst its consumers, volume growths, robust new product pipelines and operational effectiveness.

Long Term Outlook

The Company's belief in the long term potential of the businesses continues to be strong. This belief stands bolstered by the record of strong volume growths across categories in recent years. This emboldens the Company to spell out its 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: April 30, 2013

CONSOLIDATED AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Marico Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Marico Limited ("the Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 2 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – 'Consolidated Financial Statements' notified under Section 211(3C) of the Companies Act, 1956.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 9 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
   (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of sixteen subsidiaries and a subsidiary firm included in the consolidated financial statements, which constitute total assets of Rs. 611.22 Crores and net assets of Rs. 194.94 Crores as at March 31, 2013, total revenue of Rs. 929.93 Crores, net lossof Rs.0.32 Crores and net cash inflows amounting to Rs.95.97 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.
9. We did not audit the financial statements of three subsidiaries which constitute total assets of Rs. 125.13 Crores and net assets of Rs.86.31 Crores as at March 31, 2013, total revenue of Rs. 226.80 Crores, net profitof Rs.25.75 Crores and net cash inflows amounting to Rs.46.80 Crores for the year then ended. The unaudited financial information has been provided to us by the management, and our opinion on the consolidated financial statements to the extent they relate to these subsidiariesis based solely on such unaudited financial information furnished to us.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number : 46061

Place : Mumbai
Date : April 30, 2013

CONSOLIDATED BALANCE SHEET

	Note	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	64.48	61.49
Reserves and surplus	5	1,917.02	1,081.52
		1,981.50	1,143.01
Minority Interest		35.14	24.90
Non-current liabilities			
Long-term borrowings	6	432.63	390.67
Deferred tax liabilities (Net)	16	5.79	–
Other long term liabilities	7	0.98	0.63
Long-term provisions	8	10.47	41.93
		449.87	433.23
Current liabilities			
Short-term borrowings	9	358.08	371.58
Trade payables	10	478.47	358.37
Other current liabilities	11	293.27	208.19
Short-term provisions	12	110.90	77.74
		1,240.72	1,015.88
TOTAL		**3,707.23**	**2,617.02**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13 (A)	461.76	373.34
Intangible assets	13 (B)	813.00	88.33
Capital work-in-progress		147.68	40.17
		1,422.44	501.84
Goodwill on consolidation	14	395.52	395.49
Non-current investments	15	38.03	29.39
Deferred tax assets (Net)	16	–	22.34
Long-term loans and advances	17	119.39	124.39
Other non-current assets	18	142.62	123.41
		2,118.00	1,196.86
Current assets			
Current investments	19	113.60	266.26
Inventories	20	862.69	720.22
Trade receivables	21	196.55	208.28
Cash and bank balances	22	266.75	132.10
Short-term loans and advances	23	136.08	75.11
Other current assets	24	13.56	18.19
		1,589.23	1,420.16
TOTAL		**3,707.23**	**2,617.02**

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 46061
Place : Mumbai
Date : April 30, 2013

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 : April 30, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Revenue from operations (Gross)	25	4,598.98	3,981.03
Less : Excise duty		2.80	1.36
Revenue from operations (Net)		4,596.18	3,979.67
Other income	26	37.53	32.57
Total Revenue		**4,633.71**	**4,012.24**
Expenses:			
Cost of materials consumed	27 (A)	2,220.79	2,164.88
Purchases of stock-in-trade	27 (B)	116.60	17.44
Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease	27 (C)	(127.46)	(50.78)
Employee benefits expenses	28	380.56	307.29
Finance costs	29	58.02	42.39
Depreciation, amortisation and impairment	30	86.62	72.52
Other expenses	31	1,379.91	1,056.44
Total Expenses		**4,115.04**	**3,610.18**
Profit before exceptional and extraordinary items and tax		**518.67**	**402.06**
Exceptional items (expenses)/ income	38	33.21	(1.75)
Profit before tax		**551.88**	**400.31**
Consists of:			
- Discontinuing operations		(33.12)	(39.95)
- Continuing operations		585.00	440.26
		551.88	400.31
Tax expense:			
Current tax		131.87	94.81
Less: MAT credit (entitlement) / utilisation		(13.31)	(22.33)
Less: Prior period tax adjustments		–	(1.55)
Net current tax		118.56	70.93
Deferred tax charge		27.63	7.32
		146.19	**78.25**
Profit after tax and before Minority interest		**405.69**	**322.06**
Consists of:			
- Discontinuing operations		(37.04)	(43.78)
- Continuing operations		442.73	365.84
		405.69	322.06
Less: Minority interest		(9.83)	(4.95)
Profit for the year		**395.86**	**317.11**
Earnings per equity share (Nominal value per share Re. 1 (Re. 1))	41		
Basic		6.18	5.16
Diluted		6.17	5.15

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 46061
Place : Mumbai
Date : April 30, 2013

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 : April 30, 2013

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended March 31,	
		2013 Rs. Crore	2012 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**551.88**	**400.31**
	Adjustments for:		
	Depreciation, amortisation and impairment	86.62	72.52
	Provision for impairment relating to skin clinics in India / Middle East (Refer note 38(b))	17.45	1.75
	Surplus on change in method of depreciation (Refer note 38(a))	(37.45)	–
	Reversal of impairment loss on "Fiancee" trade mark (Refer note 38(c))	(9.05)	–
	Finance costs	58.02	42.39
	Interest income	(22.91)	(17.55)
	Loss on sale of assets - (net)	0.39	0.58
	(Profit) / Loss on sale of current investments (net)	(4.74)	(1.20)
	Dividend income	(8.46)	(12.15)
	Employees stock option charge/ (reversal)	(0.02)	(0.04)
	Stock appreciation rights expenses	4.59	5.94
	Provision for doubtful debts, advances, deposits and others no longer required written back	0.76	(1.03)
		85.20	91.21
	Operating profit before working capital changes	**637.08**	**491.51**
	Adjustments for:		
	(Increase)/ decrease in inventories	(142.47)	(119.08)
	(Increase)/ decrease in trade receivables	10.97	(29.84)
	(Increase)/ decrease in loans and advances, other current and non-current assets and other bank balances	(113.13)	15.08
	Increase/(decrease) in trade payables and other current and non-current liabilities and provisions	149.40	153.22
	Changes in working capital	**(95.23)**	**19.38**
	Cash generated from Operations	**541.85**	**510.90**
	Taxes paid (net of refunds)	(109.99)	(110.01)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**431.86**	**400.89**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(991.51)	(102.12)
	Sale of fixed assets	21.17	0.05
	Effect of translation differences on fixed assets	(7.92)	(16.71)
	(Purchase) / Sale of investments (net)	148.43	(205.65)
	Goodwill on consolidation	(0.02)	(1.02)
	Inter-corporate deposits placed	–	(10.00)
	Deposit in escrow account for acquisition	25.00	(25.00)
	Advance to WEOMA Trust	(56.52)	(19.92)
	Dividend income received	8.46	12.15
	Interest received	20.58	16.22
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(832.33)**	**(352.00)**

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share capital (ESOP + Preferencial allotment) after adjusting share issue expenses	497.94	3.09
	Issue / (Redemption) of commercial papers (net)	42.50	(92.99)
	Increase / (decrease) in Minority interest	0.41	(1.86)
	Issue of Debentures / (redemption)	50.00	(30.00)
	Other borrowings (repaid) / taken (net)	(24.00)	94.73
	Finance costs paid	(57.59)	(44.67)
	Equity dividend paid (inclusive of dividend distribution tax)	(67.01)	(46.99)
	NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	**442.25**	**(118.69)**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	2.45	(3.76)
E	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)**	**44.23**	**(73.56)**
F	Cash and cash equivalents - opening balance (as at April 1) (Refer note 22)	60.74	134.30
G	**Cash and cash equivalents - closing balance (as at March 31) (Refer note 22)**	**104.97**	**60.74**

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. 46061
Place : Mumbai
Date : April 30, 2013

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 : April 30, 2013

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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 Limited carries on business in branded consumer products and services. In India, Marico Limited manufactures and markets products under the brands such as Parachute, Nihar, Saffola, Hair & Care, Revive, Mediker, Livon and Set-wet. Marico's international portfolio includes brands such as Fiancée, 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 name Derma Rx in Singapore and Malaysia.

2. Subsidiaries considered in Consolidated Financial Statements:

(i) List of subsidiary companies:

Name of the Company	Effective date for acquisition / incorporation	Holding Company	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited (MBL)	September 6, 1999	Marico Limited	Bangladesh	90 (90)
Marico Middle East FZE (MME)	November 8, 2005	Marico Limited	UAE	100 (100)
-Kaya Middle East FZE (KME) (Refer Note 45 below)	December 25, 2005	MME	UAE	100 (100)
-MBL Industries Limited (MBLIL)	August 2, 2003	MME	Bangladesh	100 (100)
-MEL Consumer Care SAE (MELCC)	October 1, 2006	MME	Egypt	100 (100)
-Marico Egypt Industries Company (MEIC)	January 1, 2008	MELCC	Egypt	100 (100)
-Egyptian American Investment & Industrial Development Company (EAIIDC)	December 19, 2006	MME	Egypt	100 (100)
-Marico Malaysia Sdn. Bhd. (MMSB)	December 4, 2009	MME	Malaysia	100 (100)
Marico South Africa Consumer Care (Pty) Limited (MSACC)	October 17, 2007	Marico Limited	South Africa	100 (100)
-Marico South Africa (Pty) Limited (MSA)	November 1, 2007	MSACC	South Africa	100 (100)
-CPF International (Pty) Limited (CPF)	November 1, 2007 (Up to January 16, 2012)	MSACC	South Africa	Nil * (Nil *)
Kaya Limited	March 27, 2003	Marico Limited	India	100 (100)
-Derma – Rx International Aesthetics Pte. Limited (DIAL)	May 22, 2010	Kaya Limited	Singapore	100 (100)
-The DRx Clinic Pte. Limited (DCPL)	May 25, 2010	DIAL	Singapore	100 (100)
-The DRx Medispa Pte. Limited (DMSPL)	May 25, 2010	DIAL	Singapore	100 (100)
-DRx Investments Pte. Limited (DIPL)	May 25, 2010	DIAL	Singapore	100 (100)
-DRx Aesthetics Sdn. Bhd. (DASB)	May 25, 2010	DCPL	Malaysia	100 (100)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Name of the Company	Effective date for acquisition / incorporation	Holding Company	Country of incorporation	Percentage of ownership interest
International Consumer Products Corporation (ICP)	February 18, 2011	Marico Limited	Vietnam	85 (85)
-Beaute Cosmetique Societe Par Actions (BCS)	February 18, 2011	ICP 99% equity held by ICP (Previous Year: 99%)	Vietnam	84.15 (84.15)
-Thuan Phat Foodstuff Joint Stock company (TPF)	February 18, 2011	ICP 99.73% equity held by ICP (Previous Year: 98.6%)	Vietnam	84.77 (83.81)
Marico Consumer Care Limited (MCCL) (Refer Note 36)	April, 20 2012	Marico Limited	India	100 (–)
-Halite Personal Care India Private Limited (Refer Note 36)	May 29, 2012	MCCL	India	100 (–)

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

(ii) List of Subsidiary firm:

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

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

Name of the Subsidiaries	Net Profit (Rs. Crore)	Net assets (Rs. Crore)
Marico Consumers Care Limited (Refer note 36)	3.29 (–)	747.67 (–)
Halite Personal Care India Private Limited (Refer note 36)	9.39 (–)	0.49 (–)
Total	**12.68 (–)**	**748.16 (–)**

(iv) The Board of Directors of the Company in their Board Meeting held on March 15, 2013, approved Marico Limited becoming a member of The Marico Innovation Foundation ("MIF"), a company incorporated under Section 25 of the Companies Act, 1956 (being a private company limited by guarantee not having share capital) primarily with an objective of fuelling and promoting innovation in India and MIF became a wholly owned subsidiary of the Company with effect from the said date. Marico Limited controls the composition of the Board of MIF and has accordingly appointed two directors as its nominees.

Since MIF cannot transfer funds to Marico Limited, it has not been considered for consolidation in accordance with Accounting Standard 21 (AS 21) 'Consolidated Financial Statements'.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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.

v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements, except in case of Marico Middle East FZE, Marico Malaysia Sdn. Bhd., where costs of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.20% (0.05%) of the total consolidated inventories of the Group as at the year end.

(c) Use of estimates

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

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

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

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

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

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

(vi) The Company has during the year changed the method of depreciation on certain assets (Refer note 38 (a)).

II. Intangible assets

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

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

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

(f) Assets taken on lease

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

(ii) Operating lease payments are recognised as expenditure in the Statement of Profit and Loss as per the terms of the respective lease agreement. Initial direct costs incurred by the Company for operating lease arrangements are amortised over a non-cancellable period of the agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(g) Assets given on lease

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

(h) Investment property

Investment in land use right and buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, have been classified as Investment property. Investment properties are carried at cost less amortisation. Refer note 3(e) for depreciation rates used for leasehold land and buildings.

(i) Investments

(i) Long term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognize 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. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise. Gratuity liability in respect of Marico Limited is funded and in respect of other subsidiaries gratuity liability is unfunded.

(ii) Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by ICICI Prudential Life Insurance Company Limited. The Company has no obligation to the scheme beyond its monthly contributions.

(iii) Leave encashment / Compensated absences

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

(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. Realised 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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.

(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 Plan, 2011, the intrinsic value of the rights (excess of market value as at the year end and the Grant price) is recognised as Employee compensation cost over the vesting period after amounts adjusting for the difference between the amounts due from the Trust and the loan advanced to the Trust.

(s) Utilization of Securities Premium Reserve

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

(t) Provisions and Contingent Liabilities

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

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

(u) Cash and Cash Equivalents

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.

(v) Earnings Per Share

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4 Share capital

	As at March 31,	
	2013	2012
	Rs. Crore	Rs. Crore
Authorised		
1,150,000,000 (650,000,000) equity shares of Re. 1/- each	115.00	65.00
100,000,000 (150,000,000) preference shares of Rs. 10/- each	100.00	150.00
Total	**215.00**	**215.00**
Issued, subscribed and paid-up		
644,771,779 (614,934,387) equity shares of Re. 1/- each fully paid-up	64.48	61.49
Total	**64.48**	**61.49**

a Reconciliation of number of shares

Equity Shares :

Particulars	As at March 31,			
	2013		2012	
	Number of shares	Rs. Crore	Number of shares	Rs. Crore
Balance as at the beginning of the year	614,934,387	61.49	614,399,550	61.44
Shares Issued during the year - ESOP (Refer note (d) below)	425,648	0.05	534,837	0.05
Preferential allotment (Refer note 35)	29,411,764	2.94	–	–
Balance as at the end of the year	**644,771,799**	**64.48**	**614,934,387**	**61.49**

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,			
	2013		2012	
	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	11.38	73,376,000	11.93
HARSH C MARIWALA (As a representative of Aquarius Family Trust)	73,376,000	11.38	73,376,000	11.93
HARSH C MARIWALA (As a representative of Taurus Family Trust)	73,376,000	11.38	73,376,000	11.93
HARSH C MARIWALA (As a representative of Gemini Family Trust)	73,376,000	11.38	73,376,000	11.93
Arisaig Partners (Asia) Pte Ltd	35,353,269	5.48	35,353,269	5.75
Oppenheimer Developing Markets Fund (Royal Bank of Scotland)	30,483,651	4.73	30,906,283	5.03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

d Shares reserved for issue under options :

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

The Scheme is administered by the Corporate Governance Committee comprising independent Directors. The Scheme closed on February 1, 2013.

	As at March 31,	
	2013	**2012**
Weighted average share price of options exercised	57.85	56.98
Number of options granted, exercised and forfeited		
Balance as at beginning of the year	778,313	2,388,050
Granted during the year	–	–
Less : Exercised during the year	425,648	534,837
Forfeited / lapsed during the year	–	1,074,900
Balance as at end of the year	**352,665**	**778,313**
Percentage to current paid-up equity share capital	**0.05%**	**0.13%**

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. (0.02) 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:

Particulars	**For the year ended March 31, 2013**	**2012**
Net Profit after tax as reported (Rs. Crore)	395.86	317.11
Less : Stock-based employee compensation expense (Rs. Crore)	0.31	0.32
Adjusted pro-forma (Rs. Crore)	395.55	316.79
Basic earnings per share as reported	Rs. 6.18	Rs. 5.16
Pro-forma basic earnings per share	Rs. 6.17	Rs. 5.15
Diluted earnings per share as reported	Rs. 6.17	Rs. 5.15
Pro-forma diluted earnings per share	Rs. 6.17	Rs. 5.15

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

	As at March 31, 2013	2012
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, 2013

5 Reserves and surplus

	As at March 31,	
	2013	2012
	Rs. Crore	Rs. Crore
Securities Premium Reserve		
Balance as at the beginning of the year	62.53	59.49
Add : Receipt on issue of shares on preferntial allotment basis (Refer note 35)	497.06	–
Add : Receipt on exercise of Employees Stock Options	2.42	3.03
Less: Amount adjusted towards share issue expenses (net of tax effect of Rs. 0.18)	(4.53)	–
Less : Premium on redemption of Debentures (net of tax effect of Rs. 0.31)	(0.66)	–
Add : Transferred from Employee Stock Options outstanding	0.02	0.01
Balance as at the end of the year	556.84	62.53
Debenture Redemption Reserve		
Balance as at the beginning of the year	21.67	31.67
Add : Amount transferred from Surplus in the Statement of Profit and Loss	21.30	20.00
Add: Amount transferred to General Reserve on redemption	–	(30.00)
Balance as at the end of the year	42.97	21.67
Employee Stock Options Outstanding Account (Refer note 4 (d))		
Balance as at the beginning of the year	0.02	0.07
Less : Transferred to Securities Premium Reserve on exercise of stock options	0.02	0.01
Less : Forfeited / lapsed during the year	–	0.04
Balance as at the end of the year	–	0.02
General Reserve		
Balance as at the beginning of the year	186.85	123.19
Add : Amount transferred from Surplus in the Statement of Profit and Loss	43.63	33.66
Add: Amount transferred from Debenture Redemption Reserve on redemption	–	30.00
Balance as at the end of the year	230.48	186.85
Hedge Reserve (Refer note 39 (c))		
Balance as at the beginning of the year	(33.92)	4.99
Adjustments during the year	(18.57)	(38.91)
Balance as at the end of the year	(52.49)	(33.92)
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	(13.62)	(9.86)
Exchange gain/(loss) on translation during the year	2.44	(3.76)
Balance as at the end of the year	(11.19)	(13.62)
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	857.99	644.49
Add : Profit during the year	395.86	317.11
Less: Appropriations		
Interim dividend	32.24	43.04
Dividend distribution tax on Interim dividend	6.27	6.98
Minority share in accumulated profits (Refer note below)	–	(0.07)
Transfer to Debenture Redemption Reserve	21.30	20.00
Transfer to General Reserve	43.63	33.66
Balance as at the end of the year	1,150.41	857.99
Total	**1,917.02**	**1,081.52**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

6 Long-term borrowings

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Secured		
Term loans		
From banks		
External commercial borrowing from Hongkong Shanghai Banking Corporation (Loan carries interest @ LIBOR plus 2.1% (Previous year LIBOR plus 2.1%) and is secured by (i) Pledge of shares of International Consumer Products Corporation (a Subsidiary company) (ii) First ranking pari passu charge over all current and future plant and machinery of the Company and (iii) Mortgage on land and building situated at Andheri, Mumbai.) The loan is repayable over a period of 6 years commencing from February 28, 2011 as under:- 1st installment - USD 3 million - payable at the end of 36 months 2nd installment - USD 3 million - payable at the end of 42 months 3rd installment - USD 6 million - payable at the end of 48 months 4th installment - USD 6 million - payable at the end of 54 months 5th installment - USD 9 million - payable at the end of 60 months 6th installment - USD 12 million - payable at the end of 66 months 7th installment - USD 15 million - payable at the end of 72 months Total Amount - USD 54 million (Loan amount of USD 3 million as at March 31, 2013 has been disclosed under Other Current Liabilities as current maturities of long term debt (Refer Note (11))	276.83	274.73
Term loan from Citibank N.A. (Loan carries interest @ 'Swap Offer Rate' plus 3% on quarterly basis and is secured by (i) fixed charge over all the fixed property and assets of one of the subsidiaries, namely, Derma – RX International Aesthetics Pte Ltd. (DIAL) including all machinery and equipment of its subsidiaries; (ii) shares held by DIAL in each of its subsidiaries; (iii) shares held by Kaya Limited in DIAL and (iv) Corporate guarantee of Marico Limited) (Original loan amount of SGD 17 million was outstanding as at March 31, 2012 which was payable in 20 equal quarterly installments of SGD 0.85 million each commencing from March 22, 2013 and ending on December 15, 2017. Loan amount outstanding of SGD 3.40 million as at March 31, 2013 has been disclosed under Other Current Liabilities as Current maturities of long term debt) (Refer note 11)	55.80	65.94
	332.63	340.67
Unsecured		
Debentures		
500, 10.05%, Rated Taxable Unsecured Redeemable Non-convertible debentures of face value of Rs.10,00,000/- each (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) (Refer Note (a) below and Note 11)	–	50.00
1,000, 8.95%, Rated Taxable Unsecured Zero Coupon Redeemable Non-convertible debentures of face value of Rs. 10,00,000/- each (The above debentures were issued on February 22, 2013 at Par and are reedeemable at premium after 3 years from the date of issue i.e. by February 22, 2016 with a put/call option at the end of 2 years i.e. February 20, 2015. The debentures are listed on National Stock Exchange). The yield on redemption is 8.95% p.a. on XIRR basis)	100.00	–
	100.00	50.00
Total	**432.63**	**390.67**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

Rs. Crores

	Term loan from Citibank		ECB from HSBC / SCB		Debentures		Total	
	As on March 31		As on March 31		As on March 31		As on March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Within one year (Refer Note 11 - Current Maturities of Long Term Debt)	14.88	3.47	16.28	19.08	50.00	–	81.16	22.55
After 1 year but within 2 years	14.88	13.88	48.85	16.28	100.00	50.00	163.73	80.16
After 2 year but within 5 years	40.92	41.64	227.98	258.45	–	–	268.90	300.09
More than 5 years	–	10.42	–	–	–	–	–	10.42
Total	**70.68**	**69.41**	**293.11**	**293.81**	**150.00**	**50.00**	**513.79**	**413.22**

7 Other Long Term Liabilities

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Advances from customers	0.01	0.63
Premium on redemption of debentures	0.97	–
Total	**0.98**	**0.63**

8 Long term provisions

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Provision for employee benefits :		
Leave Entitlement	0.59	–
Gratuity	5.46	4.10
Employee Stock Appreciation Rights Scheme (Refer Note 40)	1.09	5.96
	7.14	10.06
Others:		
Provision for equalisation of rent expenses (Refer note (a) below)	2.26	2.03
Provision for site restoration cost (Refer note (b) below)	1.07	1.26
Provision for contingent consideration (Refer note (c) below)	–	28.58
	3.33	31.87
Total	**10.47**	**41.93**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

a Provision for equalisation of rent expenses represents provision made towards additional liability created to recognise rent expenses on straight line basis over the lease period.

b Movement in Provision for site restoration cost

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Balance as at the beginning of the year	1.50	1.52
Additions during the year	0.22	0.03
Amounts used during the year	–	(0.05)
Unused amounts reversed	(0.12)	–
Balance as at the end of the year	**1.60**	**1.50**
Classified as Non-current:	1.07	1.26
Classified as current: (Refer Note 12)	0.53	0.24
Total	**1.60**	**1.50**

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

c 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 had assessed that it is more than probable that a consideration of Rs. 45.99 Crore (SGD 13,000,000 converted at the exchange rate as at March 31, 2011) would be payable. Accordingly, the Group had considered the provision of the said amount during the year ended March 31, 2011.

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

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

The company has estimated the final payment for year three at 7,900,000 SGD and has therefore provided an additional amount of Rs. 1.75 crores (400,000 SGD converted at the year end exchange rate) towards the consideration payable.

Movement in Provision for contingent consideration

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Balance as at the beginning of the year	42.87	45.99
Add: Provision made during the year	1.75	–
Less: Provision utilised during the year	12.69	9.54
Add: Net exchange loss on transaction and translation	2.64	6.42
Balance as at the end of the year	**34.57**	**42.87**
Classified as Non-current:	–	28.58
Classified as current: (Refer Note 12)	34.57	14.29
Total	**34.57**	**42.87**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

9 Short-term borrowings

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Secured		
From banks :		
Cash credit	12.74	0.18
Pre-shipment credit in foreign currency (Secured by hypothecation of inventory and debtors)	–	35.62
	12.74	35.80
Unsecured		
From banks:		
- Buyers' credit in foreign currency	17.82	111.22
(These are loans taken for a term of twelve months and carry interest rate of LIBOR plus applicable spread ranging from 0.05% to 1.5% per annum (previous year 0.05% to 1.50% per annum))		
- Pre-shipment credit in foreign currency (These borrowings are for a term of six months and carry interest rate of LIBOR plus applicable spread ranging from 1.30% to 2% per annum (previous year 1.30% to 2% per annum))	59.71	30.52
- Overdraft in foreign currency	–	22.88
- Other term loans in foreign currency (Overdraft and Other term loans availed in the current year carry interest rate of 3 months LIBOR plus applicable spread ranging from 0.70% to 2.30% (previous year 0.7% to 2.3% per annum) per annum and interest rate ranging from 3% to 13.65% (previous year 3% to 13.65%) (where interest is not linked to LIBOR))	133.00	171.16
- Cash credit	92.31	–
	302.84	335.78
From others :		
- Commercial papers (Commercial papers have been borrowed for a term of 12 months and carried interest rate ranging from 7% to 10% per annum.) Less: Deferred interest	45.00	–
Less: Deferred interest	2.50	–
	42.50	–
	345.34	335.78
Total	**358.08**	**371.58**

10 Trade payables

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Trade Payables (Refer note below)	478.47	358.37
Total	**478.47**	**358.37**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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,	
	2013 Rs. Crore	2012 Rs. Crore
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	9.58	13.95
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0.04	0.09
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.	0.09	0.01

This information as required to be disclosed under the MSMED Act has been determined to the extent such parties have been identified on the basis of information available with the Company.

11 Other current liabilities

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Current maturities of long-term debt (Refer note 6 (a))	81.16	22.55
Interest accrued but not due on borrowings	1.63	1.20
Unclaimed dividends	0.17	0.16
Book overdraft	2.42	10.55
Other payables:		
Provision for contractual liabilities	38.57	29.67
Advances from customers	93.19	87.15
Statutory dues including provident fund and tax deducted at source	24.86	21.41
Forward / derivative contracts payables	5.22	-
Creditors for capital goods	4.89	2.45
Security deposits from customers and others	0.30	0.36
Employee benefits payable	39.73	31.91
Others	1.13	0.78
Total	**293.27**	**208.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

12 Short term provisions

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Provision for employee benefits:		
Gratuity	2.47	0.41
Leave entitlement	13.09	9.97
Employee Stock Appreciation Rights Scheme (Refer note 40)	9.46	–
Others	1.19	2.46
	26.21	12.84
Others:		
Income tax - (net of advance tax and other tax payment of Rs. 476.84 Crore (Previous year Rs. 354.64 Crore)	30.82	9.08
Interim dividend	–	24.60
Dividend distribution tax on Interim dividend	0.36	4.28
Provision for contingent consideration (Refer note 8(c))	34.57	14.29
Disputed indirect taxes (Refer note (a) below)	17.97	11.78
Provision for equalisation of rent expenses (Refer note 8(a))	0.38	0.50
Provision for lease termination cost (Refer note (b) below)	0.06	0.13
Provision for site restoration cost (Refer note 8(b))	0.53	0.24
Total	**110.90**	**77.74**

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

Movement in provision for disputed indirect taxes

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Balance as at the beginning of the year	11.78	8.74
Add: Additions during the year	6.19	4.27
Less: Unused amounts reversed during the year	–	1.23
Balance as at the end of the year	**17.97**	**11.78**

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

Movement in provision for lease termination cost

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Balance as at the beginning of the year	0.13	0.22
Less: Amounts used during the year	0.07	0.09
Balance as at the end of the year	**0.06**	**0.13**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13 (A) Tangible assets

Rs. (Crore)

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION/IMPAIRMENT										NET BLOCK	
	As at April 1, 2012	Acquisition (Refer note (f) below)	Additions	Deductions / Adjustments	As at March 31, 2013	As at April 1, 2012	For the Year	Adjustment (Refer note 38 (a))	Deductions	As at March 31, 2013	Provision for impairment as at April 1, 2012	Charge / (Reversal) for the year	Adjustment (Refer note 38 (b))	Deductions	Provision for impairment as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets																	
Freehold land	14.04	–	–	(1.26)	15.30	–	–	–	–	–	–	–	–	–	–	15.30	14.04
Leasehold land	35.23	–	0.03	(0.13)	35.39	1.65	0.57	–	(0.04)	2.26	–	–	–	–	–	33.13	33.58
Buildings (Refer note (a) below)	156.87	–	40.38	16.49	180.76	34.03	7.26	(8.95)	1.18	31.16	–	0.02	–	–	0.02	149.58	122.84
Plant and equipment (Refer note (b) below)	419.28	0.73	93.97	25.16	488.82	236.25	41.74	(28.50)	25.81	223.68	15.64	1.85	7.35	0.69	24.15	240.99	167.39
Furniture and fixtures	58.17	–	5.90	5.16	58.91	28.90	10.27	–	4.34	34.83	2.73	–	9.48	(0.06)	12.27	11.81	26.54
Vehicles	5.35	–	1.13	0.16	6.32	3.12	1.41	–	0.25	4.28	–	–	–	–	–	2.04	2.23
Office equipment	13.51	–	3.08	0.51	16.08	7.94	3.31	–	0.14	11.11	0.49	–	0.62	–	1.11	3.86	5.08
Leasehold improvements	3.39	–	4.61	0.11	7.89	1.63	1.01	–	(0.08)	2.72	0.12	–	–	–	0.12	5.05	1.64
Total (A)	**705.84**	**0.73**	**149.10**	**46.20**	**809.47**	**313.52**	**65.57**	**(37.45)**	**31.60**	**310.04**	**18.98**	**1.87**	**17.45**	**0.63**	**37.67**	**461.76**	**373.34**
Previous Year	**617.74**	**–**	**89.61**	**1.51**	**705.84**	**264.61**	**58.47**	**–**	**9.56**	**313.52**	**16.35**	**0.78**	**1.75**	**(0.10)**	**18.98**	**373.34**	**–**

13 (B) Intangible assets

PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION/IMPAIRMENT										NET BLOCK	
	As at April 1, 2012	Acquisition (Refer note (f) below)	Additions	Deductions / Adjustments	As at March 31, 2013	As at April 1, 2012	For the Year	Adjustment (Refer note 38 (a))	Deductions	As at March 31, 2013	Provision for impairment as at April 1, 2012	Charge / (Reversal) for the year	Adjustment Refer note 38 (c)	Deductions	Provision for impairment as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Intangible assets																	
Goodwill (Refer note 36 (a))	–	616.10	–	616.10	–	–	–	–	–	–	–	–	–	–	–	–	–
Trademarks and copyrights (Refer note (g) below)	134.08	729.80	–	(0.75)	864.63	32.09	17.54	–	(0.15)	49.78	16.21	(1.00)	(9.05)	0.16	6.00	808.85	85.78
Other intangibles	1.48	–	–	1.38	0.10	1.48	–	–	1.39	0.09	–	–	–	–	–	0.01	–
Computer software	23.38	–	4.37	1.09	26.66	20.76	2.32	–	0.64	22.44	0.07	–	–	(0.01)	0.08	4.14	2.55
Total (B)	**158.94**	**1,345.90**	**4.37**	**617.82**	**891.39**	**54.33**	**19.86**	**–**	**1.88**	**72.31**	**16.28**	**(1.00)**	**(9.05)**	**0.15**	**6.08**	**813.00**	**88.33**
Previous Year	**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**	**–**
Total (A)+(B)	**864.78**	**1,346.63**	**153.47**	**664.02**	**1,700.86**	**367.85**	**85.43**	**(37.45)**	**33.48**	**382.35**	**35.26**	**0.87**	**8.40**	**0.78**	**43.75**	**1,274.76**	**461.67**
Total Previous Year	**761.51**	**–**	**91.91**	**(11.36)**	**864.78**	**303.90**	**71.53**	**–**	**7.58**	**367.85**	**32.55**	**0.85**	**1.75**	**(0.11)**	**35.26**	**461.67**	**–**

(a) Gross block of Buildings include Rs. 13.42 Crore (Rs. Nil) where conveyance has been executed, pending registration.

(b) Addition to Plant and machinery are net of Central Capital Investment Subsidy of Rs.Nil (Rs. 0.30 Crore) received from the Government of Himachal Pradesh in respect of Poanta plant.

(c) 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.

(d) 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.

(e) For additional information on assets given on operating lease refer note 37(b).

(f) Acquisitions in Gross block and Depreciation / amortisation represents original costs and accumulated depreciation, respectively for assets of subsidiaries acquired during the previous year.

(g) Trademarks of Rs. 820.17 Crore (Rs. 84.72 Crore) are pending registration / recording in name of the Company, in certain countries .

(h) Deductions / adjustment of Gross block, depreciation and provision for impairment includes translation difference of Rs. 7.92 Crore (Rs. 16.71 Crore).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

14 Goodwill on consolidation

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Balance as at the beginning of the year	395.49	397.59
Add : Arising on acquisition during the year (Refer note 35)	110.63	0.64
Less : Adjustments during the year (Refer note 36 (a))	110.60	2.74
Balance as at the end of the year	**395.52**	**395.49**

15 Non current investments

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Long term Non-trade investments (valued at cost unless stated otherwise)		
Investment Property (at cost less accumalated depreciation / amortization)		
Cost of land use right and building	24.86	5.82
Less : Accumalated depreciation / amortisation	(0.46)	(0.14)
Net block	24.40	5.68
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, (Nil (1,000) Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 1,00,000/- each, guaranteed by the Government of India, redeemable on 22nd January, 2014).	–	10.08
Power Finance Corporation Limited (28,479 (28,479) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 1st February, 2022).	2.85	2.85
Indian Railway Finance Corporation (21,751 (21,751) Secured, Redeemable, Tax free Non-convertible Bonds, 8.00%, face value of Rs. 1,000/- each, redeemable on 23rd February, 2022).	2.18	2.18
National Highways Authority of India (24,724 (24,724) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 25th January, 2022).	2.47	2.47
Rural Electrification Corporation Limited (61,238 (61,238) Secured, Redeemable, Tax free Non-convertible Bonds, 8.12%, face value of Rs. 1,000/- each, redeemable on 29th March, 2027).	6.12	6.12
	13.63	23.71
Total	**38.03**	**29.39**
Aggregate amount of quoted investments	13.62	23.70
Market Value of quoted investments	14.39	23.61
Aggregate amount of unquoted investments	24.41	5.69

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

16 Deferred tax assets/liabilities (net)

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Deferred tax assets:		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	1.17	2.16
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(c))	21.73	27.49
Liabilities / provisions that are deducted for tax purposes when paid	12.71	7.69
Others	1.48	6.74
	37.09	44.08
Deferred tax liability:		
Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates	42.88	21.74
	42.88	21.74
Deferred tax assets / (liabilities) (net)	**(5.79)**	**22.34**

17 Long term loans and advances

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Unsecured, considered good (unless stated otherwise)		
Capital Advances		
Considered good	26.30	33.13
Considered doubtful	–	0.50
	26.30	33.63
Less : Provision for doubtful advances	–	0.50
	26.30	33.13
Other loans and advances:		
Deposits with public bodies and others		
Considered good	23.59	24.88
Considered doubtful	0.50	0.50
	24.09	25.38
Less : Provision for doubtful deposits	0.50	0.50
	23.59	24.88
Loans to employees	2.52	2.70
Prepaid expenses	0.87	1.39
Balance with statutory/government authorities	15.09	12.75
Advances to vendors	1.28	1.28
Inter-corporate deposits	10.00	–
Loans and advances to Welfare of Mariconions Trust (Refer note 40(c))	36.54	19.92
Less: Provision towards doubtful loan (Refer Note 40 (e))	(0.81)	–
	35.73	19.92
Restricted deposit - HSBC Escrow Account	–	25.00
Advance income tax (net of provision for income tax of Rs. 7.04 Crore (Rs. 2.41 Crore))	4.01	3.34
Total	**119.39**	**124.39**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

18 Other non current assets

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Security deposits	0.02	–
Fringe benefit tax payments (net of provisions of Rs. 5.85 Crore (previous year Rs. 5.85 Crore))	0.55	0.55
MAT credit entitlement	131.15	117.84
Long term deposits with banks with maturity period of more than twelve months (Refer note below)	10.83	4.96
Interest accrued on long-term deposits with banks	0.07	0.06
Total	**142.62**	**123.41**

Long term deposits with banks includes Rs. 0.13 Crore (Rs. 0.13 Crore) deposited with sales tax authorities and Rs. 3.57 Crore (Rs. 4.83 Crore) held as lien by banks against guarantees issued on behalf of the Company.

19 Current investments

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Current portion of long term investments		
Quoted		
Indian Infrastructure Finance Company Ltd,	10.08	–
(1,000 (Nil) 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	**–**
Current investments (At lower of cost and fair value)		–
Unquoted		
Investment in subsidiaries		
Investment in Marico Kaya Enterprises Limited (wholly owned) (Refer Note 45) 100,000 (Nil) equity shares of Rs. 10 each	0.10	–
Investments in Mutual Funds		
Birla Sunlife Dynamic Bond Fund-Retail-Growth 1,306,807 (Nil) Units of Rs. 10 each fully paid	2.50	–
DSP Blackrock FMP-Series 81-12M-Growth 10,000,000 (Nil) Units of Rs. 10 each fully paid	10.00	–
HDFC Income Fund-Growth 1,908,040 (Nil) Units of Rs. 10 each fully paid	5.00	–
Kotak Bond Scheme Plan A - Growth 1,514,623 (Nil) Units of Rs. 10 each fully paid	5.00	–
Reliance Short Term Fund-Growth 1,184,289 (Nil) Units of Rs. 10 each fully paid	2.50	–
SBI Magnum Insta Cash Fund Liquid Floater-Reg-Growth 42,728 (Nil) Units of Rs. 1,000 each fully paid	8.50	–
JM High Liquidity Fund-Regular Plan-Bonus Option 3,979,357 (Nil) Units of Rs. 10 each fully paid	3.90	–
Peerless Ultra Short Term Fund Super Institutional Growth 15,463,480 (Nil) Units of Rs. 10 each fully paid	20.00	–
ICICI Prudential Ultra Short Term Regular Plan Growth 16,918,086 (Nil) Units of Rs. 10 each fully paid	20.02	–
Baroda Pioneer Liquid Fund Plan A daily dividend reinvestment 67,024 (Nil) Units of Rs. 1,000 each fully paid	9.00	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Reliance Liquid Fund-Treasury Plan Growth 24,546 (Nil) Units of Rs. 1,000 each fully paid	7.00	–
JP Morgan India Liquid Fund Super Institutional Growth 2,304,551(Nil) Units of Rs. 10 each fully paid	3.50	–
JP Morgan India Treasury Fund Super Institutional Growth 3,960,009 (Nil) Units of Rs. 10 each fully paid	6.50	–
UTI Money Market Fund Institutional Plan Growth 8 (Nil) Units of Rs. 1,000 each fully paid [Rs. 10,052 (Previous year Rs. Nil)]	–	–
Religare Liquid Fund Growth 6 (Nil) Units of Rs. 1,000 each fully paid [Rs. 10,051 (Previous year Rs. Nil)]	–	–
Kotak Liquid Scheme Plan A Growth 4 (Nil) Units of Rs. 1,000 each fully paid [Rs. 10,050 (Previous year Rs. Nil)]	–	–
Peerless Liquid Fund Super Institutional Growth 784 (Nil) Units of Rs. 10 each fully paid [Rs. 10,049 (Previous year Rs. Nil)]	–	–
JM High Liquidity Fund Growth Option 315 (Nil) Units of Rs. 10 each fully paid [Rs. 10,049 (Previous year Rs. Nil)]	–	–
JM High Liquidity Fund Growth Option 147 (Nil) Units of Rs. 10 each fully paid [Rs. 4,638 (Previous year Rs. Nil)]	–	–
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth Nil (720,132) Units of Rs.10 each fully paid	–	1.00
Tata Liquidity Management Fund-Growth Nil (69,662) Units of Rs.1,000 each fully paid	–	10.05
Tata Liquid Super High Investment Fund-Appreciation Nil (36,647) Units of Rs.1,000 each fully paid	–	7.25
ICICI Prudential Money Market Fund-Cash Option Nil (1,367,539) Units of Rs.100 each fully paid	–	20.27
IDFC Ultra Short Term Fund-Growth Nil (10,129,181) Units of Rs.10 each fully paid	–	15.00
Kotak Liquid-Institutional Premium-Growth Nil (689,915) Units of Rs.10 each fully paid	–	1.50
DWS Treasury Fund - Cash - IP - Growth Nil (1,732,972) Units of Rs.100 each fully paid	–	20.73
Reliance Liquid Fund-Treasury Plan-IP-Growth Nil (7,957,279) Units of Rs.10 each fully paid	–	20.77
Birla Sun Life Floating Rate Fund-STP-IP-Growth Nil (366,604) Units of Rs.100 each fully paid	–	5.22
Birla Sunlife Short Term FMP Series 29-Payout Nil (15,000,000) Units of Rs.10 each fully paid	–	15.00
DSPBR FMP -Series 33-3M-Dividend Payout Nil (15,000,000) Units of Rs.10 each fully paid	–	15.00
JM Floater Fund-Short Term Plan-Growth Nil (5,914,217) Units of Rs.10 each fully paid	–	10.02
L & T FMP-V-(December 368D A) -Growth Nil (8,000,000) Units of Rs.10 each fully paid	–	8.00
L & T Ultra Short Term Fund- Institutional-Cum-Org Nil (2,314,830) Units of Rs.10 each fully paid	–	4.01
SBI Magnum Income Fund FR Saving Plus Bond-Growth Nil (9,039,227) Units of Rs.10 each fully paid	–	15.04
	103.52	**168.86**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
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
	–	97.40
Total	**113.60**	**266.26**
Aggregate amount of quoted investments	10.08	97.40
Market Value of quoted investments	9.89	97.44
Aggregate amount of unquoted investments	103.52	168.86

20 Inventories

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

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Raw materials (includes in-transit: Rs. 10.26 Crore (Rs. 12.72 Crore))	308.07	290.55
Work-in-progress	184.96	113.24
Finished goods (includes in-transit: Rs. 0.08 Crore (Rs. 0.75 Crore))	249.44	220.06
Stock-in-trade (Traded goods)	41.17	12.85
Stores and spares	7.55	8.62
Others:		
Packing materials	69.73	71.17
By-products	1.77	3.73
Total	**862.69**	**720.22**

21 Trade receivables

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	7.95	1.34
Considered doubtful	3.66	2.97
	11.61	4.31
Less: Provision for doubtful debts	(3.66)	(2.97)
	7.95	1.34
Outstanding for a period less than six months from the date they are due for payment		
Considered good	188.60	206.94
Considered doubtful	3.73	0.49
	192.33	207.43
Less: Provision for doubtful debts	(3.73)	(0.49)
	188.60	206.94
Total	**196.55**	**208.28**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

22 Cash and bank balances

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Cash and cash equivalents :		
Cash on hand	1.84	3.34
Remittance in-transit	0.44	0.12
Bank balances		
In current accounts	47.39	44.93
Demand deposits (less than 3 months maturity)	55.30	12.35
	104.97	60.74
Other bank balances:		
Fixed deposits with maturity more than three month but less than twelve months	161.61	71.20
Unclaimed dividend account	0.17	0.16
Total	**266.75**	**132.10**

23 Short term loans and advances

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties (Refer note 43)	0.11	0.65
	0.11	0.65
Others:		
Advances to vendors and others	42.04	26.73
Loans and advances to employees	7.56	6.25
Prepaid expenses	14.63	12.47
Balances with statutory/government authorities	13.87	12.73
Deposits with public bodies and others	8.39	6.28
Loans and advances to Welfare of Mariconions Trust (Refer note 40(c))	40.71	–
Others	0.47	–
Deposit with Leave Encashment plan	8.30	–
Inter-corporate deposits	–	10.00
	135.97	74.46
Total	**136.08**	**75.11**

24 Other current assets

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Interest accrued and due on loans / deposits	6.51	4.19
Insurance receivables	0.06	2.63
Accrued export incentives	0.73	1.54
Assets held for disposal	0.64	0.01
Forward/ derivative contracts receivables	–	7.53
Others	5.62	2.29
Total	**13.56**	**18.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

25 Revenue from operations

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Sale of products:		
Finished goods *	4,233.60	3,689.29
By-product sales	89.58	63.36
	4,323.18	3,752.65
Less:		
Excise duty	2.80	1.36
	4,320.38	3,751.29
Sale of services	263.96	216.91
Other operating revenues:		
Export incentives	7.79	9.08
Sale of scraps	4.05	2.39
	11.84	11.47
Total	**4,596.18**	**3,979.67**

* Including traded goods

26 Other income

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Interest Income:		
On Non current investments	1.13	0.85
On current investments	0.69	–
On loans, deposits, etc.	21.09	16.70
	22.91	17.55
Dividend Income		
On current investments	8.46	12.15
	8.46	12.15
Net gain on sale of current investments	4.74	1.20
Other non-operating income:		
Lease rental income	0.41	0.42
Profit on sale of assets (net)	–	0.15
Miscellaneous income	1.01	0.60
Excess provisions no longer required written back	–	0.50
	1.42	1.67
Total	**37.53**	**32.57**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

		For the year ended March 31,	
		2013 Rs. Crore	2012 Rs. Crore
A	**Cost of materials consumed**		
	Raw materials consumed		
	Opening inventories	290.55	220.64
	Add : Purchases (net)	1,852.05	1,906.74
	Less : Inventories at the end of the year	308.07	290.55
	Cost of raw materials consumed during the year	1,834.53	1,836.83
	Packing materials consumed		
	Opening inventories	71.17	73.16
	Add : Purchases (net)	384.82	326.06
	Less : Inventories at the end of the year	69.73	71.17
	Cost of packing materials consumed during the year	386.26	328.05
		2,220.79	**2,164.88**
B	**Purchases of stock-in-trade**	**116.60**	**17.44**
C	**Changes in inventories of finished goods, work-in-progress and stock-in-trade - (increase) / decrease**		
	Opening 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 A	349.88	299.10
	Less: Closing inventories		
	Work-in-progress	184.96	113.24
	Finished goods	249.44	220.06
	By-products	1.77	3.73
	Stock-in-trade	41.17	12.85
	Total B	477.34	349.88
	(Increase) / decrease in inventories (A-B)	**(127.46)**	**(50.78)**

28 Employee benefit expenses

	For the year ended March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Salaries, wages and bonus	335.09	271.30
Contribution to provident and other funds	15.82	11.15
Employees stock option charge / (reversal) (Refer note 4(d))	(0.02)	(0.04)
Stock appreciation rights expenses (Refer note 40(d)):		
Star Grant Expenses - Gross	14.69	5.94
Less: Accretion in amounts recoverable from trust	(10.10)	–
	4.59	5.94
Staff welfare expenses	25.08	18.94
Total	**380.56**	**307.29**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

29 Finance costs

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Interest on long-term and short-term borrowings		
Long-term borrowings	7.54	7.57
Short-term borrowings	30.11	18.54
Other borrowing costs	3.65	0.42
Bank and other financial charges	8.24	9.59
Applicable net loss on foreign currency transactions and translation	8.48	6.27
Total	**58.02**	**42.39**

30 Depreciation, amortisation and impairment

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Depreciation on tangible assets	65.57	58.47
Amortisation on intangible assets	19.86	13.06
Amortisation on investment property	0.32	0.14
Provision for impairment	0.87	0.85
Total	**86.62**	**72.52**

31 Other Expenses

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Consumption of stores and spare parts	55.28	47.12
Power, fuel and water	19.13	13.54
Contract manufacturing charges	167.00	134.43
Rent and storage charges	80.00	66.87
Repairs to:		
Building	12.86	10.61
Machinery	17.51	11.71
Others	4.27	4.58
Freight, forwarding and distribution expenses	186.81	153.69
Advertisement and sales promotion	597.94	425.82
Rates and taxes	47.10	35.66
Commission to selling agents	9.28	8.46
Communication expenses	11.34	11.09
Printing and stationery	2.94	3.22
Travelling, conveyance and vehicle expenses	42.87	38.18
Royalty	0.30	0.24
Insurance	4.56	3.08
Payments to the auditors	3.96	3.28
Net loss on foreign currency transactions and translation (other than considered as finance cost)	7.17	1.17
Commission to Non-executive directors	0.96	0.42
Provision for doubtful debts and advances	0.76	–
Add: Bad debts written off	0.28	0.51
Less: Advances no longer required written back	–	(0.08)
	1.04	0.43
Miscellaneous expenses (Refer note below)	107.59	82.84
Total	**1,379.91**	**1,056.44**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Miscellaneous expenses include :

	For the year ended March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Labour charges	13.52	7.87
Training and seminar expenses	8.82	6.76
Outside services	4.41	3.28
Legal and professional charges	40.83	34.47
Donation	3.47	0.09
Payments to consultants	13.58	13.90
Net Loss on sale of assets	0.39	0.73
Total	**85.02**	**67.10**

32 Contingent liabilities:

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Disputed tax demands / claims:		
Sales tax	30.16	13.69
Income tax	3.74	10.33
Service tax	0.55	0.37
Customs duty	0.40	0.40
Agricultural produce marketing cess	9.58	8.84
Employees state insurance corporation	0.18	0.13
Excise duty on subcontractors	0.41	0.35
Excise duty on CNO dispatches (Refer note (a) below)	364.09	278.92
Claims against the Company not acknowledged as debts	0.79	1.39
Total	**409.90**	**314.42**

a The contingent liability pertains to a possible excise duty obligation in respect of pure coconut oil packs up to 200 ml. This claim has been contested and a legal opinion in the matter has been obtained. Based on the legal opinion and in its assessment, the management believes that the probability of success in the matter is more likely than not and accordingly, the possible excise obligation has been treated as a contingent liability in accordance with requirements of Accounting Standard (AS) 29 "Provisions, Contingent Liability and Contingent Asset". The possible excise duty obligation of Rs. 242.32 Crore (Rs. 157.15 Crore) for the clearances made after June 3, 2009 (i.e. the date of issue of Board circular) till March 31, 2013 and Rs. 121.77 Crore (Rs. 121.77 Crore) for clearances made prior to June 3, 2009 has been disclosed as contingent liability to the extent of the time horizon covered by show cause notices issued by the excise department within the normal period of one year (from the date of clearance) as per the excise laws.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

33 Capital and other commitments

Capital commitments:

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	76.11	72.04
Consideration payable for Paras acquisition (Refer note 35).	–	740.00
Contingent consideration for acquisition of skin care business of Derma Rx. (Refer note 8(c))	11.38	12.25
Total	**87.49**	**824.29**

Other commitments:

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
Lease termination cost - representing lock-in-period rental under rental agreements.	11.10	22.57
Amount outstanding towards Letters of Credit.	82.75	14.13
Total	**93.85**	**36.70**

34. The audited consolidated financial statements for the year ended March 31, 2013 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., MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company, Wind Company, Derma Rx International Aesthetics Pte. Ltd, The DRx Clinic Pte. Ltd, The DRx Medispa Pte. Ltd, DRx Investments Pte. Ltd, DRx Aesthetics Sdn. Bhd., Marico Consumers Care Limited and Halite Personal Care India Private Limited and unaudited financial statements of 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. On May 29th, 2012, the Company concluded the effective acquisition of the personal care business of Paras Pharmaceuticals Limited ("PPL") for a consideration of Rs. 745.60 Crore. The acquisition was effected through Marico Consumer Care Limited ("MCCL"), a wholly owned subsidiary of the Company. MCCL was incorporated on April 20, 2012 and it acquired 100 % equity stake in Halite Personal Care India Private Limited ("Halite") from Halite's erstwhile owners. The personal care business had been demerged from PPL into Halite effective March 1, 2012 under a Scheme of amalgamation and arrangements approved by the High Court of Punjab and Haryana.

The shareholders of the Company, at their meeting held on May 2, 2012, approved issue of equity shares on preferential allotment basis aggregating Rs. 500 Crores at a price of Rs. 170 per equity share to two overseas investors for funding a part of the Halite acquisition. Subsequently, the Company allotted 29,411,764 equity shares of face value Re. 1 each at a share premium of Rs. 169 each to these investors on 16th May 2012. This resulted in increase of Equity share capital by Rs. 2.94 Crores and Securities premium reserve by Rs. 497.06 Crores. The proceeds of the issue together with internal accruals were infused by Marico as equity investment in MCCL. MCCL utilized the equity proceeds for acquiring 100% equity stake in Halite on May 29, 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

36. a) The shareholders of Halite vide a special resolution at their extra ordinary general meeting held on January 18, 2013, resolved that the company be voluntarily liquidated. The shareholders also appointed a liquidator. In view of the liquidation, the liquidator, on March 25, 2013, distributed the assets of Halite to MCCL, being the sole shareholder of Halite. MCCL has taken over assets of Halite at fair values, determined by an independent valuer, as applicable. On distribution, MCCL received assets in excess of its Equity investment in Halite, resulting in profit of Rs. 5.91 Crore as mentioned below, which is shown as an exceptional item in the Statement of Profit and Loss. (Refer Note 38).

Particulars	Rs. in Crore
Assets recognised on account of liquidation of Halite	
Tangible assets (net)	0.73
Intangible assets	729.80
Cash and bank balance	20.98
Total (A)	**751.51**
Assets de-recognised on account of liquidation of Halite	
Goodwill (Refer note 13)	616.10
Goodwill on Consolidation (Refer note 14)	110.60
Other assets	18.90
Total (B)	**745.60**
Profit arising on liquidation of Halite (A - B)	**5.91**

b) The shareholders of MCCL, at their meeting held on April 1, 2013 decided to adjust the carrying costs of acquired intellectual property right upon voluntary liquidation of Halite, directly against net worth of the company, in accordance with the provisions of Section 78 (read with sections 100 to 103) of the Companies Act, 1956. The said capital reduction is subject to the approval of the Hon'ble High Court of Judicature at Bombay. MCCL has filed a petition in this regard with the High Court.

37. a) 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.

	March 31, 2013 (Rs. Crore)	March 31, 2012 (Rs. Crore)
Lease rental payments recognised in the Statement of Profit and Loss.	72.62	60.76
In respect of assets taken on non cancelable operating lease:		
Lease obligations		
Future minimum lease rental payments payable		
- not later than one year	42.69	42.59
- later than one year but not later than five years	73.13	74.38
- later than five years	10.42	2.05
Total	**126.24**	**119.02**

b) Additional information on assets given on lease:

	March 31, 2013 (Rs. Crore)	March 31, 2012 (Rs. Crore)
Lease rental payments recognised in the Statement of Profit and Loss.	0.41	0.42

(Rs. Crore)

Asset	Cost as at March 31		Depreciation for the year ended March 31		Accumulated Depreciation as at March 31		Net Book Value as at March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Plant and equipment (Refer note 13)	2.03	2.03	(0.16)	0.01	1.79	1.95	0.24	0.08

Depreciation for the year ended March 31, 2013 is including reversal of depreciation due to change of method of depreciation from WDV to SLM of Rs. 0.18 Crores which is shown as exceptional items.

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

	March 31, 2013 (Rs. Crore)	March 31, 2012 (Rs. Crore)
Surplus on change in method of depreciation (Refer Note (a) below)	37.45	–
Impairment loss relating to Kaya Skin Clinics in India / Middle East (Refer note (b) below)	(17.45)	(1.75)
Incremental provision towards contingent consideration relating to DRx entity- Singapore (Refer Note 8 (c))	(1.75)	–
Profit on distribution of assets by Halite to MCCL on voluntary liquidation (Refer Note 36)	5.91	–
Reversal of impairment loss on “Fiancee” trademark (Refer Note (c) below)	9.05	–
Total	**33.21**	**(1.75)**

a) Effective January 1, 2013, the Company has retrospectively changed its method of providing depreciation on Factory Building and Plant & Machinery from the ‘Written Down Value Method’ to ‘Straight Line Method’ at the rates prescribed in Schedule XIV to the Companies Act, 1956. This change results in a more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits flow to the Company. Accordingly, the Company has recognised the surplus of Rs. 37.45 Crores arising from this retrospective change.

Had the previous method of depreciation been followed, depreciation charge for the quarter and year ended March 31, 2013 would have been higher by Rs. 2.96 Crores and the profit before tax for the current quarter and year ended March 31, 2013 would have been lower by of an equivalent amount.

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. 17.45 Crore (Rs. 1.75 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.

c) During the year ended March 31, 2011, the Company had recognised an impairment loss of Rs. 13.88 Crores towards brand “Fiancee”. During the current year, the Company has reassessed the value in use and accordingly reversed an impairment loss of Rs. 9.05 Crores. The management has considered a pre-tax discount rate of 17.40% for determining value in use during the year.

39. Derivative transactions –

a) The total derivative instruments outstanding as on year end March 31, 2013 are Plain Forwards, Plain Vanilla Put Option, Cross currency swap and Interest rate swap:

		March 31, 2013		March 31, 2012	
	Currency	Notional Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Notional Amount in Foreign currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)
Forward contracts outstanding					
Exports:	USD	7,739,273	42.01	8,238,974	41.92
Foreign currency loans:	USD	15,182,985	82.41	34,861,622	177.36
Creditors:	USD	18,049,383	97.97	10,586,215	53.86
Creditors:	AUD	760,000	4.30	–	–
Loan to subsidiary:	ZAR	18,749,500	11.02	22,000,000	14.59
Options Contracts outstanding					
Exports	USD	5,993,000	32.54	8,100,000	41.21
Creditors	USD	1,059,500	5.72	-	–
Currency Swap	USD	10,000,000	55.00	10,000,000	50.88

* Converted into the exchange rate at the year end.

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

		March 31, 2013		March 31, 2012	
	Currency	Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Forward contracts	USD	25,788,656	106.77	18,825,189	97.37
Forward contracts	AUD	760,000	4.31	–	–
Options contract	USD	7,052,500	0.49	8,100,000	0.89

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

		March 31, 2013		March 31, 2012	
	Currency	Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Borrowings in Foreign currency	USD	27,000,000	3.08	30,750,000	1.55

- 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 4 years (1 to 5 years).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

	Currency	March 31, 2013		March 31, 2012	
		Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)	Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)
a. Amount receivable in foreign currency on account of following :					
- Export of goods	AED	4,988	0.01	4,988	0.01
	USD	5,061,074	27.47	196,514	1.00
b. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods and Services					
	AUD	27,007	0.15	12,342	0.06
	EUR	(56,339)	(0.39)	30,611	0.21
	GBP	(36,094)	(0.30)	(74,111)	(0.60)
	THB	–	–	635,418	0.10
	USD	(4,390,145)	(23.83)	(6,797,096)	(34.58)
	SGD	587,441	2.57	(537,419)	(2.19)
(ii) Capital imports	CHF	680	0.01	680	0.01
	GBP	–	–	800	0.01
(iii) Loan payables *	USD	(14,000,000)	(75.99)	(22,480,947)	(114.37)
c. Bank Balances	USD	1,176,291	6.38	(858,245)	(4.37)
	EUR	–	–	593	0.01
	GBP	–	–	129	0.01
	VND	584,291	0.01	1,183,114	0.01
d. Other receivables / (payables)					
	USD	18,355	0.10	2,298,018	11.69
	AED	(469)	(0.01)	553	0.01
	AUD	2,400	0.01	2,400	0.01
	EUR	55,159	0.38	724,556	4.92
	THB	95,147	0.02	–	–
	GBP	9,703	0.08	–	–

* Excludes Loans payable of Rs. 293.11 Crore [USD 54,000,000] (Rs. 293.81 Crore [USD 57,750,000]) 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 4 years (1 to 5 years).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

c) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", the Company had in previous year ended March 31, 2009, decided an early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly, the net unrealised gain / (loss) of Rs. (52.49) Crore [Rs. (33.92) 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. a) The Corporate Governance Committee has granted Stock Appreciation Rights ("STAR") to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011 ("Plan"). The grant price is determined based on a formula as defined in the Plan. There are three 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 fulfillment of certain conditions. The Plan is administered by Corporate Governance Committee comprising independent directors.

b) Details of Star Grant Scheme are as below:

	Star Scheme I		Star Scheme II				Star Scheme III	
Grant Date	March 28, 2011		December 1, 2011		December 1, 2012		December 1, 2012	
Grant Price (Rs.)	129.15		148.53		213.91		213.91	
Vesting Date	September 30, 2013		November 30, 2014		November 30, 2014		November 30, 2015	
	As at March 31		As at March 31		As at March 31		As at March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Number of grants outstanding at the beginning of the year	3,051,600	3,411,600	1,095,000	–	–	–	–	–
Add : Granted during the year	360,000	–	38,100	1,107,600	200,300	–	1,746,900	–
Less : Forfeited during the year	515,200	360,000	81,000	12,600	8,900	–	7,000	–
Less : Exercised during the year*	230,700	–	75,000	–	–	–	–	–
Number of grants at the end of the year	2,665,700	3,051,600	977,100	1,095,000	191,400	–	1,739,900	–

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

Rs. Crore

	Star Scheme I		Star Scheme II				Star Scheme III	
	As at March 31		As at March 31		As at March 31		As at March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Total Provision	17.23	5.64	3.42	0.32	–	–	–	–
Less: Accretion in amounts recoverable from the Trust (Also refer note (c) and (d) below)	7.77	–	2.33	–	–	–	–	–
Net Provision	**9.46**	**5.64**	**1.09**	**0.32**	**–**	**–**	**–**	**–**
Classified as long-term	–	5.64	1.09	0.32	–	–	–	–
Classified as short-term	9.46	–	–	–	–	–	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

c) The Company has formed "Welfare of Mariconians Trust" (The trust) for the implementation and administration of Plans that are notified or may be notified from time to time by the Company under the Plan as at March 31, 2013. The Company has advanced Rs. 76.44 Crore (Rs. 19.92 Crore) to the Trust for purchase of shares under the Plan, out of which Rs. 35.73 Crore is included under "Long term loans and advances" (Refer note 17) and Rs. 40.71 Crore is included under "Short term loans and advances" (Refer note 23). As per the Trust Deed and Trust Rules, upon maturity, the Trust shall sell the Company's shares and hand over the proceeds to the Company. The Company, after adjusting the loan advanced, shall utilize the proceeds towards meeting its STAR value obligation.

d) The difference between the market price of the Company's shares as at the year end and the grant price after adjusting for the difference between the amounts due from the Trust and the loan advanced to the Trust is recognized as an expense over the vesting period and accordingly an amount of Rs. 4.59 Crore (Rs. 5.94 Crore) is charged in the Statement of Profit and Loss (Refer Note 28).

e) As on March 31, 2013, the market price of the Company's shares on the stock exchanges was lower than the average price at which the Trust had bought the shares under one of the STAR schemes. This has resulted in diminution in the recoverable value of loan advanced to the Trust. Accordingly, the Company has charged an amount of Rs. 0.81 Crore (Nil) to the Statement of Profit and Loss.

f) The Securities and Exchange Board of India (SEBI) in January 2013 amended the SEBI (ESOS and ESPS) Guidelines 1999, vide which it mandated that no ESOS/ESPS schemes shall involve acquisition of securities of the Company from the secondary market. The Company had approached SEBI for a clarification whether the amendment also covered non-ESOS employee welfare trust such as WEOMA trust. SEBI had clarified that the clarification corrected secondary market purchases by the WEOMA Trust. Many companies, including Marico Limited, had made a representation to SEBI requesting SEBI to allow the employee trusts to continue holding the shares. After hearing the representations of these companies in a joint meeting convened by SEBI, SEBI had indicated that it will come out with a clarification in this matter. The Company awaits further guidance from SEBI.

41. Earnings per share:

	March 31, 2013	March 31, 2012
Profit for the year as per the Statement of Profit and Loss/ Profit available to equity shareholders (Rs. Crore)	395.86	317.11
Equity shares outstanding as at the year end	644,771,799	614,934,387
Weighted average number of equity shares used as denominator for calculating basic earnings per share	640,971,596	614,748,262
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	641,232,987	615,210,810
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 6.18**	**Rs. 5.16**
***Diluted earnings per equity share**	**Rs. 6.17**	**Rs. 5.15**

*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

	March 31, 2013	March 31, 2012
Number of shares considered as basic weighted average shares outstanding	640,971,596	614,748,262
Add: Effect of dilutive stock options	261,391	462,548
Number of shares considered as weighted average shares and potential shares outstanding	641,232,987	615,210,810

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

42. 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, Thuan Phat Foodstuff Joint Stock Company, Marico Consumer Care Limited and Halite Personal Care India Private Limited.

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.

The Company has bifurcated the financial results of its Consumer Product business segment into India Business and International Business, by way of providing supplementary information.

During the year, the Company has categorised certain corporate/ common expenses and assets/ liabilities as un-allocable having regard to the nature of such items, which hitherto were allocated to consumer product business segment. Consequently previous period/ year figures have been reclassified to conform to the current period figures.

The discontinuing operations on account of the proposed demerger (Refer Note 45) relate to the skin care segment.

i) Primary segment information

	Consumer Products				Skin Care *		Total	
	Domestic		International					
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Segment revenue	3,252.57	2,765.94	1,007.60	935.46	336.01	278.27	4,596.18	3,979.67
Segment results Profit/(loss)	581.23	444.28	66.41	79.93	0.76	(29.07)	648.40	495.14
Unallocable expenses							(103.08)	(80.39)
Unallocable income							8.46	12.15
Finance costs							58.02	42.39
Interest income							22.91	17.55
Profit before tax, 'Exceptional items' and Minority interest							518.67	402.06
Exceptional items: (Income)/ expense (net)	(42.85)	–	(9.35)	–	19.20	1.75	(33.00)	1.75
Unallocated Exceptional items (Income)/expense (net)							(0.21)	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Consumer Products				Skin Care *		Total	
	Domestic		International					
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Profit before tax and Minority interest							551.88	400.31
Taxation on the above							146.19	78.25
Profit after tax and before Minority interest							405.69	322.06
Minority interest in losses / (profits) of subsidiaries							9.83	4.95
Profit after taxation and Minority interest							**395.86**	**317.11**
Other information								
Segment assets	1,911.27	895.16	687.60	740.55	299.64	348.63	2,898.51	1,984.34
Unallocable assets							808.72	632.68
Total assets							**3,707.23**	**2,617.02**
Segment liabilities	380.38	286.49	202.34	145.59	158.08	156.24	740.80	588.32
Unallocable liabilities							984.93	885.69
Total liabilities							**1,725.73**	**1,474.01**
Capital expenditure	81.67	48.50	54.24	26.81	17.56	16.60	** 153.47	** 91.91
Depreciation, impairment and amortization	49.64	31.12	12.00	20.01	24.98	21.39	*** 86.62	*** 72.52

* Discontinuing operations

** excludes assets acquired on acquisition of new subsidiaries.

*** excludes provision for impairment of Rs. 17.45 Crore (Rs. 1.75 Crore) reflected in Exceptional items.

i) 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)

	India		Others		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Revenue	3,435.64	2,935.77	1,160.54	1,043.90	4,596.18	3,979.67
Carrying amount of assets	2,620.43	1,590.35	1,086.80	1,026.67	3,707.23	2,617.02
Capital expenditure	93.09	53.49	60.38	38.42	* 153.47	* 91.91

* excludes assets acquired on acquisition of new subsidiaries

ii) 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'.

43. Related Party disclosures

a) Name of related parties and nature of relationship:

i) Subsidiary companies (Refer note 2)

Marico Innovation Foundation (w.e.f March 13, 2013)

Marico Kaya Enterprises Limited (w.e.f January 19, 2013)

ii) Key management personnel (KMP) :

Harsh Mariwala, Chairman and Managing Director

iii) Relatives of Key management personnel:

Rishabh Mariwala, son of Harsh Mariwala

iv) Others - Entities in which KMP has significant influence

The Bombay Oil Private Limited

Marico Innovation Foundation (upto March 12, 2013)

b) Transactions during the year

(Rs. Crore)

Particulars	KMP and their relatives		Subsidiary		Others	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Remuneration	4.65	4.03	–	–	–	–
Rent paid	–	–	–	–	0.08	–
Investments made during the year	–	–	0.10	–	–	–
Donation Given	–	–	1.71	–	–	–
Loans and advances given	–	–	0.11	–	–	0.65

c) Balances as at the year end

(Rs. Crore)

Particulars	KMP and their relatives		Subsidiary		Others	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Investments	–	–	0.10	–	–	–
Dues payable	–	–	–	–	0.02	–
Loans and advances	–	–	0.11	–	–	0.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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	Transactions		Balances	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Rent paid				
The Bombay Oil Private Limited	0.08	–	0.02	–
Remuneration				
Harsh Mariwala	4.64	4.01	–	–
Investment made during the year				
Marico Kaya Enterprises Limited	0.10	–	0.10	–
Donation Given				
Marico Innovation Foundation	1.71	–	–	–
Loans and advances given				
Marico Innovation Foundation	–	0.65	–	0.65
Marico Kaya Enterprises Limited	0.11	–	0.11	–

44. Managerial Remuneration:

Nature of transactions:	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Statement of Profit and Loss		
- Salary	2.97	2.60
- Contribution to provident and pension funds	0.34	0.30
- Other perquisites	0.13	0.07
Annual performance incentives	1.20	1.04
	4.64	**4.01**
Remuneration to non-whole time directors (including Sitting fees)	1.10	0.47

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.

45. Information relating to the discontinuing operations:

On January 7, 2013, the Board of Directors of Marico Limited approved a Scheme of Arrangement for demerger of the business undertaking of Kaya ("Kaya Business") with effect from appointed date, April 1, 2013 ('the Scheme') subject to all regulatory and statutory approvals. The Scheme envisages the de-merger of Kaya Business into a new company, "Marico Kaya Enterprises Limited ('MaKE')", which was incorporated on January 19, 2013 for the purpose. As a consideration, the shareholders of Marico Limited as on the record date shall be issued 1 share of MaKE with a face value of Rs. 10 each for every 50 shares of Marico with a face value of Re. 1 each, fully paid up. Consequently, the share holding structure of MaKE will mirror the share holding structure of Marico Limited.

The management of the Company believes that the proposed de-merger will enable value creation for both the FMCG and Kaya businesses through focus and flexibility.

As on March 31, 2013, Marico Limited is the sole shareholder of MaKE. Upon the Scheme becoming effective and upon issue of shares by Marico Kaya to the shareholders of Marico Limited, all the shares held by Marico Limited shall stand cancelled without any payment. Since the control is intended to be temporary, MaKE has not been considered for consolidation in accordance with Accounting Standard 21 (AS 21) 'Consolidated Financial Statements'.

The discontinuing operations on account of the proposed demerger relate to the skin care segment and comprise results of Kaya Limited, Kaya Middle East FZE, Derma-Rx International Aesthetics Pte. Ltd, Drx Clinic Pte Ltd, DRx Medispa Pte. Ltd, DRx Investments Pte. Ltd. And Drx Aesthetics Sdn. Bhd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

In view of the proposed de-merger of Kaya's business from the Company, the shareholders of Marico Middle East FZE (MME) at their meeting held on March 18, 2013 approved the disinvestment of 100% stake in Kaya Middle East FZE (KME) to Derma Rx International Aesthetics Pte. Ltd (DIAL) for a consideration of 55,050,000 UAE Dirhams. The disinvestment was effected through a share purchase agreement between MME and DIAL dated February 7, 2013 and executed on March 25, 2013, subject to approval from Hamriyah Free Zone Authority (HFZA).

Carrying amounts as at March 31, 2013 and March 31, 2012 of the total assets and total liabilities in respect of skin care business:

Particulars	As at March 31, 2013 (Rs. Crores)	As at March 31, 2012 (Rs. Crores)
Total assets	355.03	349.37
Total liabilities	237.07	252.18

Amount of revenue, expenses, pre - tax profit and tax in respect of the ordinary activities attributable to the discontinuing operations:

Particulars	For the year ended March 31, 2013 (Rs. Crores)	For the year ended March 31, 2012 (Rs. Crores)
Revenue	336.16	278.75
Operating expenses	350.08	316.95
Exceptional items (Refer note 38)	19.20	1.75
Pre-tax profits / (loss)	(33.12)	(39.95)
Tax expenses	3.92	3.83
Post-tax profits / (Loss)	(37.04)	(43.78)

Amounts of net cash flows attributable to discontinuing Operations:

Particulars	For the year ended March 31, 2013 (Rs. Crores)	For the year ended March 31, 2012 (Rs. Crores)
Cash flows from Operating activities	25.58	35.76
Cash flows from Investing activities	(47.48)	(26.36)
Cash flows from Financing activities	32.14	3.65

46. Previous Year Figures

a) Previous year figures have been re-grouped and reclassified wherever necessary to conform to this year's classification.

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. 46061
Place : Mumbai
Date : April 30, 2013

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 : April 30, 2013

DIRECTOR'S REPORT

To the Members

Your Board of Directors ('Board') is pleased to present the Twenty Fifth Annual Report of your Company, Marico Limited, for the year ended March 31, 2013 ('the year under review', 'the year' or 'FY13').

In line with the requirements of the Listing Agreement with the BSE Limited and National Stock Exchange of India Limited, 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 2012 – March 2013 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, 2013	Rs. Crore Year ended March 31, 2012
Consolidated Summary Financials for the Group		
Revenue from Operations	4596.2	3979.7
Profit before Tax	551.9	400.3
Profit after Tax	395.9	317.1
Marico Limited – financials		
Revenue from Operations	**3407.1**	**2965.3**
Profit before Tax	542.0	399.3
Less: Provision for Tax for the current year	112.9	62.7
Profit after Tax for the current year	429.1	336.6
Add : Surplus brought forward	835.4	602.5
Profit available for Appropriation	**1264.5**	**939.1**
Appropriations:		
Distribution to shareholders	**32.2**	**43.0**
Tax on dividend	5.2	7.0
	37.4	50.0
Transfer to General Reserve	**42.9**	**33.7**
Debenture Redemption Reserve	**21.3**	**20.0**
Surplus carried forward	**1162.8**	**835.4**
Total	**1264.5**	**939.1**

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.

Keeping in mind the increase in the profits made by the Company over the last five years and in an endeavor to maximize the returns to its shareholders, the Company increased its dividend payout favourably during the year to 100% as compared to 70% during FY12. Your Company's distribution to equity shareholders during FY13 comprised the following:

First interim dividend of 50% on the equity base of Rs 64.46 Crore

Second interim dividend of 50% on the equity base of Rs. 64.48 Crore

The total equity dividend for FY13 was at 100% amounting to (including dividend tax) Rs. 74.93 Crore. The overall dividend payout ratio hence is 19.3% as compared to 15.8% during FY12.

DIRECTOR'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

REVIEW OF OPERATIONS

During FY13 Marico registered revenue from operations of INR 4,596 Crore, a growth of 15% over the previous year. This was contributed by 12% expansion in volumes (includes 4% inorganic growth) accompanied by 3% through price increases and sales mix. The top line increase was accompanied by a bottom-line growth of 25%. Profit After Tax (PAT) including exceptional items during the year was at INR 396 Crore as against INR 317 Crore in FY12. The financial statements of FY13 and FY12 include certain exceptional items. The growth in PAT after excluding the impact of such items is healthy 18%. The details about the exceptional items is provided under section "Results of Operations".

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 19% each.

Consumer Products Business: India

The Consumer Products Business in India (CPB) achieved a turnover of INR 3,253 Crore during FY13, a growth of about 18% over FY12. The organic domestic volume growth was about 11% in an environment of subdued demand. The healthy volume growth reflects strong equity of the Company's brands in consumers' minds.

Marico participates in the INR 2800 crore (USD 518 million) branded coconut oil market through Parachute, Nihar and Oil of Malabar. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by 10% in volume as compared to FY12. During the 12 month period ended March 2013 Parachute along with Nihar improved its market share by about 240 basis points (bps) over the same period last year to 57.6%

Marico's hair oil brands (Parachute Advansed, Nihar and Hair & Care) have performed well over the past few years. These brands continued to record very healthy growths and market share gains during FY13. The volume growth rate was 24% for FY13. Marico's basket of hair oil brands achieved market leadership position in the Value Added Hair Oils space and now have about 27% share (for 12 months ended March 31, 2013) in the INR 4500 crore (USD 834 million) market. This compares to a share of about 17%-18% about 5-6 years ago.

The Saffola refined edible oils franchise grew by about 7% in volume terms during FY13 compared to FY12. The deceleration in the growth can be attributed to two reasons: a softer demand environment in premium packaged foods that are discretionary in nature and inflation in the safflower oil and rice bran oil being at significantly higher levels compared to inflation in sunflower oil. This had led to expansion in premium of Saffola vis-à-vis the other refined edible oils. Though the Company doesn't believe that Saffola's existing consumers are down trading there is a deceleration in the rate at which new consumers are upgrading into the Saffola brand, leading to a lower growth rate. The Company has initiated some price reduction in select packs in order to bring the premium back to sustainable levels.

Saffola oats, including its savory variants, are now available on a national basis. Saffola has an exit market share of

DIRECTOR'S REPORT

about 13% by volume in the Oats category and has emerged as the number two player in the category showing a fast paced growth of 30% per annum. Besides offering oats Saffola strengthened its position in the breakfast category by introducing Muesli on a national basis. The market size of Muesli is estimated to be around INR 80 crore to INR 100 crore (USD 14.8 million to USD 18.5 million) growing rapidly at rates in excess of 40%. Saffola Muesli has already become a number 3 player with an exit market share of about 9%.

Parachute Advansed Body Lotion has achieved a market share of over 7% (moving 12 months basis) within a short period of time and has become the number 3 participant in the market. The brand gained about 320 bps in market share during the current season as compared to the last season.

The acquired portfolio of the youth brands has completed its first financial year in Marico's hands (even though this year was of 9 months as the transaction was completed in end of May 2012). The overall performance thus far is tracking better than the company's acquisition assumptions. The turnover achieved from the youth brands during the year was INR 139 crore (USD 25.7 million), a growth of 18% over the corresponding period in FY12.

International FMCG Business

The year FY13 has been a mixed year for the international FMCG business. The overall business environment in international business remained challenging throughout the year. There were some pockets of the business that performed well whereas at the same time some faced challenges. The overall performance was subdued during the year mainly on account of de-growth in Middle East region.

During FY13, the Company's international business recorded a turnover growth of 8% over FY12. Without considering the impact of adverse performance in GCC region, the international business grew by 17%.

Kaya

Kaya offers skin care solutions - its technology led cosmetic dermatological services and products through 105 clinics: 83 in India across 26 cities and 18 in the Middle East in addition to the 4 DRx clinics and medispas in Singapore and Malaysia.

During the year FY13, Kaya achieved a turnover of INR 336 crore (USD 62.2 million) registering a growth of about 21% over FY12. The Kaya business in India and in the Middle East achieved same store sales growth of about 12% during FY13 as compared to FY12. Amidst an environment where the discretionary spends are witnessing a deceleration in growth rates Kaya business has continued to report growth.

During FY13, Kaya recorded a loss of about INR 18.5 crore (USD 3.4 million) at the PBIT level. This compares with a loss of INR 30.8 crore (USD 5.7 million) at PBIT level for FY12 (this includes a financial hit of INR 13 crores of one-time adjustment in Kaya Middle East). The losses for the year FY13 also include a financial hit amounting to INR 15 crore (USD 2.8 million) on account of impairment of certain clinics in India and Middle East which are not performing as per expectation.

Taking the objective of increasing the product sales further, Kaya has introduced a new concept in the month of December 2012 called "Kaya Skin Bar". The Company now has three such stores opened in Delhi and Bangalore. The Company plans to prototype this concept with 4 or 5 stores and depending upon the response it will decide the future course of action.

OTHER CORPORATE DEVELOPMENTS

Completion of acquisition of Personal Care brands of Paras Pharmaceuticals from Reckitt Benckiser

Marico completed the acquisition of Halite Personal Care India Private Limited (the Company that owned personal care brands of Paras Pharmaceuticals Limited) from Reckitt Benckiser on May 29, 2012. This acquisition gave Marico an access to the male grooming brands Set Wet and Zatak and the post wash hair serum brand Livon. This acquisition is in line with the strategy to strengthen our participation in categories of hair care, skin care and male grooming. The

DIRECTOR'S REPORT

acquired business operates in categories such as Hair creams/gels, Leave-on conditioner and Deodorants. While this acquisition gives your Company a leadership position in the categories of hair creams and gels and Leave-on conditioners, it also provides an entry into the fast growing deodorant category. The Company also expects to leverage synergies in the areas of buying (input materials and media) and distribution. There are also reverse distribution synergies of the acquired portfolio with Marico's existing portfolio as the acquired portfolio gives Marico an access to the chemist and cosmetic channel of distribution in a much larger way. This year, the Company focused on integrating the operations into its own manufacturing, sales and distribution network. The integration process was successful and now complete.

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

The shareholders of the Company, at their meeting held on May 2, 2012, approved issue of equity shares on preferential allotment basis aggregating Rs. 50,000 lacs at a price of Rs. 170 per equity share to two overseas investors for funding a part of the Halite acquisition. Subsequently, the Company allotted 29,411,764 equity shares of face value of Re. 1 each at a share premium of Rs. 169 each to these investors on May 16, 2012. This resulted in increase of equity share capital by Rs. 294.12 lacs and securities premium reserve by Rs. 49,705.88 lacs. The proceeds of the issue together with internal accruals were infused by Marico as equity investment in MCCL. MCCL utilized the equity proceeds for acquiring 100% equity stake in Halite on May 29, 2012.

Restructuring of businesses, corporate entities and organization

The Board of Directors of Marico Limited, at its meeting held on 7th January 2013, passed a resolution approving restructuring of Marico's businesses, corporate entities and organization, effective April 1, 2013.

This restructuring is a proactive step to build on Marico's sustained value creation, taking into account

- the increasing convergence of businesses in Consumer Products in India (Current CPB) and the International Business Group (Current IBG) and
- Kaya's distinct potential to create value as an independent business.

Marico Limited is currently the apex corporate entity, which effectively owns all businesses in the group. The objective is to create two separate companies through partitioning of the current Marico Limited, into an FMCG Business Company which is Marico Limited and Marico Kaya Enterprises Limited (MaKE), a newly formed Skin Care Solutions Business Company for this purpose.

As a consideration, the shareholders of Marico Limited as on the record date shall be issued 1 share of MaKE with a face value of Rs. 10 each for every 50 shares of Marico with a face value of Re. 1 each. Consequently, the shareholding structure of MaKE will mirror the shareholding structure of Marico Limited.

The Corporate Entity restructuring is subject to shareholders, creditors, lenders and other contractual, statutory and regulatory approvals as may be required.

Subsidiaries of the Company

With effect from March 15, 2013, Marico Innovation Foundation (MIF), a company registered under Section 25 of the Companies Act, 1956, as a company limited by guarantee not having share capital, became a wholly owned subsidiary of the Company. MIF was set up with an objective to fuel innovation and promote application of qualified innovation in all forms of businesses, educational, social, cultural, and creative and sports related enterprises. Your Company would continue to make contributions towards CSR through the activities of MIF.

Halite Personal Care India Private Limited (Halite), a step down subsidiary of the Company, is under voluntary liquidation. On January 18, 2013, the shareholders of Halite passed a special resolution for voluntarily liquidation and appointment of a liquidator. The liquidator distributed the assets of Halite in species to its only shareholder Marico Consumer Care Limited, a wholly owned subsidiary of your Company.

DIRECTOR'S REPORT

MCCL Capital Reduction Scheme

The shareholders of MCCL, at their meeting held on April 1, 2013 decided to adjust the carrying costs of acquired intellectual property right upon voluntary liquidation of Halite, directly against net worth of the company, in accordance with the provisions of Section 78 (read with Sections 100 to 103) of the Companies Act, 1956. The said capital reduction is subject to the approval of the Hon'ble High Court of Judicature at Bombay. MCCL has filed a petition in this regard with the High Court.

Transfer of KME ownership from MME to DIAL

To align the shareholding in Kaya's skin care business so as to integrate the ownership under Kaya Limited in view of the proposed de-merger in Kaya's skin care business from the Company, the shareholders of Marico Middle East FZE at their meeting held on March 18, 2013 approved disinvestment of 100% stake in Kaya Middle East FZE to Derma Rx International Aesthetics Pte. Ltd (DIAL) for a consideration of 55,050,000 UAE Dirhams. The disinvestment was effected through a share purchase agreement between MME and DIAL dated February 7, 2013 subject to approval from Hamriyah Free Zone Authority (HFZA). Post approval it will become a subsidiary of DIAL.

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, 2013) comprising about 1.76% of the current paid up equity capital of the Company as at March 31, 2013. An aggregate of 3,52,665 options were outstanding as on March 31, 2013. 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 (STARs) to certain eligible employees. Each STAR is represented by one equity share of the Company. The eligible employees are entitled to receive excess of the maturity price over the grant price in respect of such STARs subject to fulfillment of certain conditions and subject to deduction of tax. During the financial year under review the Corporate Governance Committee notified Scheme III on December 7, 2012 under the STAR Plan granting additional STARs to certain eligible employees. The vesting date of the STARs granted under Scheme III is November 30, 2015. As on March 31, 2013, an aggregate of 58,79,800 STARs were outstanding.

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

The Ministry of Corporate Affairs ("MCA") has vide its circular no. 02/2011 dated 8th February, 2011, granted a general exemption under Section 212(8) of the Companies Act from attaching copies of the Balance Sheet, Statement of Profit

DIRECTOR'S REPORT

and Loss, 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, Statement of Profit and Loss, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached to the Balance Sheet of the Company. The Company has presented Consolidated Financial Statements comprising Marico Limited and its subsidiaries duly audited by the Statutory Auditors of the Company. The Consolidated Financial Statements prepared by the Company are in compliance with the Accounting Standard AS-21 as prescribed by the Companies (Accounting Standards) Rules, 2006 and the Listing Agreement with the Stock Exchanges. The statement required under Section 212 of the Companies Act, 1956 is attached to the annual accounts of the Company. The Annual Accounts and related documents of all the Subsidiary Companies shall be made available for inspection to the shareholders of the Company and its subsidiaries at the Registered Office of the Company from Monday to Friday during the hours between 11.00 a.m. and 1.00 p.m. The Company will also make available physical copies of such documents upon request by any 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, 2013 and the profits of your Company for the year ended March 31, 2013;
- 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. Rajen Mariwala and Mr. Atul Choksey, Directors of the Company, are liable to retire pursuant to the provisions of Section 256 of the Companies Act, 1956 respectively and being eligible offer themselves for re-appointment.

DIRECTOR'S REPORT

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.

COST AUDITORS

Your Company appointed M/s. Ashwin Solanki & Associates, Cost Accountants, Mumbai, to conduct the cost audit for the Financial Year ended March 31, 2013 with respect to the products falling under Pharmaceutical, Edible Oil seeds and Oils (including Vanaspati) and packaged foods category. 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, 2013, will be submitted to the Central Government in due course.

INTERNAL AUDITORS

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place : Mumbai
Date : April 30, 2013

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 FY13 are listed below:

Plant - Kanjikode

- Installation of VFD in copra silo outlet to ensure optimum load-ability thereby reducing power consumption by 84,000 units.
- Copra cutter process improvement led to significant productivity improvement and utilization, resulting in reduction of SPC by 3.5 units/MT copra; thereby reducing power consumption by 73,500 units and GHG emission by 75,600 $KgCO_2$/year.
- A sensor based control was installed in copra cooking kettle to cut off electricity supply when the kettle is not loaded leading to reduction in power consumption by 3,750 units.
- Installation of Solar powered lights in parts of the factory premises and LED lights as a green initiative.

Plant - Pondicherry

- Pondicherry Power Task Force Energy Conservation Initiatives have resulted in a reduction of 1,06,620 Units/ Year and reduction of 95 tons of CO_2 emission through following initiatives:
  - o Maintaining the power factor @ 0.99 by maintaining the capacitor bank and received 4% initiative from EB
  - o Conversion of CFL from Sodium Vapor Lamp in Oil Mill.
  - o CRT Monitor to LED conversion in Plant.
  - o Level controller in the first compartment of cooker.
- Improvement in productivity led to reduction in SPC by 52,930 units.

Plant - Jalgaon

- Pump rating rationalized basis usage for various pumps used for water pumping as well as oil pumping.
- Installation of VFD on boiler feed belt to reduce rpm from 1440 to 800 rpm.
- Temperature controller installed on cooling tower.

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.
- Transfer of SNS/Livon bulk from storage tanks to day tanks through gravity without any transfer pump thereby eliminating the energy use.
- 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.

ANNEXURE TO THE DIRECTORS' REPORT

- Faster heating of pasteurized water through direct heating method, thus overall KW consumption reduction.
- MALT pouch packaging changed from single trek to multi trek, thus reduce the energy and manpower.
- Cap Bowl feeder pneumatic splashes done on sensor to reduce the overall air usage thus effectively reducing overall air consumption.

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 22W 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 1KW.
- Non insulated Batch oil transfer Tanker insulation done to prevent from freezing during winters reducing electric energy required for heat tracing and melting of bulk oil.
- Common preblend in bulk for batch manufacturing to saving time and energy for 4 batches of Nihar Shanti Badam.
- Lux level improvement on shopfloor through glass pan window through utilization of natural light.
- LLP flushing gun for CIP of batch oil change overs made, thus reducing the cycle time and LLP quantity required for flushing.
- Localized Shanti badam manufacturing to avoid tanker transfer hence reducing the carbon footprint.
- Installation of roof extractors for better natural light and air circulation thus to avoid electricity consumption by exhaust fans.
- Horizontal stack packed deployment for all EBM bottles leading to higher space and vertical height, truck loadibility, cost of corrugated boxes.

Plant - Goa

- The following energy conservation initatives led to reduction of 49,798 units of electricity consumption :
  - o Installation of VFD for Cooker 2 Motor thus by reducing Motor rating from 37KW to 7.4KW with speed reduction.
  - o Pre-breaker Motor size reduction from 22KW to 11KW.
  - o Compressor usage reduction from 173.5 CFM to 105 CFM reducing 15KW.
  - o Reducing C21 Motor size from 2.2KW to 1.5KW.
  - o SPC reduction in Filling from 40 units /KL to 23 Units / KL with changing line configuration.

ANNEXURE TO THE DIRECTORS' REPORT

Plant – Baddi

- Furnace Oil quality improvement through initiatives like :
  - o Installation of Bomb calorimeter for CV measurement of Furnace Oil.
  - o Installation of PHE for heating oil in Post bleaching by using heat of deodorized oil thus saving steam consumption by 1 MT per day.
  - o Changing refining process of KO Oleic from chemical refining and thus saving 5 litres/MT of Furnace oil for KO Oleic.
- Power usage reduction through initiatives like:
  - o VFD installation on Cooling tower motor thereby savings of 25 KW/Hr.

Plant - Perundurai

- Elimination of over flow conveyers for both first stage and second stage expellers by providing instrumentation controls on cookers and bins and erection of energy efficient conveying systems in copra raw material handling section led to savings of 2 units per MT of copra, thereby reducing electricity consumption by 5,100 units per month.
- Idle running of plant machinery eliminated by automation and PLC with SCADA resulting is reduction of electricity consumption by 1,200 Units per month.
- Boiler improvements by way of condensate recovery and design changes have resulted in higher efficiency leading to reduction in SFC by 5%, thereby reducing fuel consumption by 1085 liters per month.
- Other energy conservation initiatives include design of plant to make use of natural lighting and automatic lighting systems.

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

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

B. Technology Absorption

I. Research and Development (R&D)

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

   In the past year, R&D has done considerable work to generate indepth insights in Male grooming and post wash hair care category. This insighting was done to create new business opportunities in the recently acquired business of male grooming category. The group also invested substantial efforts to understand the evolving hair care space in terms of products and solutions. These insights provided triggers for development of new products which found relevance in consumers evolving lifestyle.

   Following are some of the new initiatives in R&D:

   - Consumer Insighting: The quest to understand consumer sensory relating to product usage and benefits was continued by employing newer techniques. This has yielded positive results in creating sensorially differentiable products.
   - Research for New benefits: The thrust on generation of basic science to explore and unravel newer hair and skin care benefits of actives continued. Collaborations with international institutes have played a major role in the successful outcome in product development.
   - Open Innovation: The approach to engage the scientific community at large to cocreate new products was continued. Several collaborations with individuals as well as companies were established to create new science and products.

ANNEXURE TO THE DIRECTORS' REPORT

2. Benefits derived as the result of the above efforts:
   - Products based on consumer insights to build consumer appeal.
   - Focus on competition to benchmark the benefit delivery.
   - Creation of new technology platforms to address unmet as well as under-met consumer needs.
   - Collaborations with experts led to substantial progress in the science journey.
   - 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)

	2012-13	2011-12
a) Capital	0.86	0.78
b) Recurring	5.95	6.37
Total	**6.81**	**7.15**
c) Total R & D expenditure as % to Sales & Services	0.20	0.24
d) Total R & D expenditure as % to PBT	1.26	1.79

II. Technology absorption, adaptation and innovation

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

   During this year, the team invested substantial efforts in collaborating with external research community under open innovation program. Special efforts were taken to identify new technologies which can step jump the new benefits levels in skin and hair products. The collaboration with national and international universities has enabled creation of new technology platforms. The Research Advisor Committee established a few years back has given impetus to the science journey. All of this has made a huge impact on the quality of the products in terms of benefit level and shorter development time.
2. Imported technology:

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

C. Foreign Exchange Earnings and Outgo

CIF value of imports

	As at March 31,	
	2013 Rs. Crore	**2012 Rs. Crore**
Raw materials	149.22	131.89
Packing materials	1.18	2.2
Capital goods	0.36	1.17
Stock - in - trade (Traded goods)	0.15	1.09
Total	**150.91**	**136.35**

ANNEXURE TO THE DIRECTORS' REPORT

Expenditure in foreign currency

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Travelling and other expenses	0.50	0.65
Advertisement and sales promotion	5.19	4.78
Interest on other loans	11.19	8.01
Miscellaneous expenses	2.19	1.13
Total	**19.07**	**14.57**

Earnings in foreign currency

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
FOB value of exports	138.59	192.35
Royalty	6.08	7.62
Dividend	18.71	19.89
Interest	4.10	4.09
Corporate guarantee income	0.70	0.77
Total	**168.18**	**224.72**

On behalf of the Board of Directors

Place : Mumbai
Date : April 30, 2013

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 31,2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: F-46061

Place: Mumbai
Date: April 30, 2013

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of the Securities and Exchange Board of India

(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Marico Employee Stock Option Scheme 2007 (ESOS 2007)

a)	Options granted (as at March 31, 2013)	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, 2013: 352,665 options aggregating to about 0.05% 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, 2013)	6,673,835
d)	Options exercised (as at March 31, 2013)	6,360,035
e)	The total number of shares arising as a result of exercising of option (as at March 31, 2013)	6,360,035
f)	Options lapsed/forfeited (as at March 31, 2013)	4,702,465
g)	Variation of terms of options	-N.A.-
h)	Money realised by exercise of options (as at March 31, 2013)	Rs. 24,624,228
i)	Total number of options in force (as at March 31, 2013)	3,13,800
j)	Employee wise details of options granted to : (as at March 31, 2013)	
	i) Senior Managerial Personnel	A summary* of options granted to senior managerial personnel are as under : No. of employees covered – 11 (Eleven) No. of options granted to such personnel(options, net of lapsed/forfeited/exercised) – 751,400 (Seven Lac Fifty One Thousand Four Hundred 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.-

ANNEXURE TO THE DIRECTORS' REPORT

	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.-
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. 6.69
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. 0.31 Crore
	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. 0.31 Crore the Profit Before Tax would be lower by the same amount and Earning Per Share by Re.0.0048
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. 57.85 Weighted average Fair Value of Option : Rs.25.77
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.			**2013**	**2012**
1.	Electricity			
	a. Purchased units (Kwh)		13,886,537	12,246,583
	Amount (Rs. Crore)		7.41	5.77
	Average Rate (Rs./ Unit)		5.33	4.71
	b. Own Generation			
	i. Through Diesel Generator (Kwh)		1,781,465	2,135,953
	Amount (Rs. Crore)		2.91	3.00
	Average Rate (Rs./ Unit)		16.31	14.07
2.	Coal		–	–
3.	Furnace oil			
	Quantity (KL)		3,670.74	2,702.69
	Amount (Rs. Crore)		17.90	11.92
	Average Rate (Rs./ KL)		48,758.94	44,122.43
4.	Other Internal Generation (excludes HSD used for electricity generation)			
	L.D.O / H.S.D.		–	–
	Quantity (KL)		465.84	542.28
	Amount (Rs. Crore)		2.10	2.02
	Average Rate (Rs./ KL)		45,126.56	37,163.82
5.	Baggase Consumption			
	Quantity (MT)		5,916.53	6,705.91
	Amount (Rs. Crore)		1.60	1.49
	Average Rate (Rs./ MT)		2,711.02	2,225.60
	Consumption per unit of production of edible oils			
		Unit		
	Electricity	Kwh	128.78	136.03
	Coal	MT	–	–
	Furnace oil	KL	0.08	0.03
	L.D.O./H.S.D.	KL	–	–
	Baggase	KG	0.52	0.50
	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	37.69	44.96
	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, 2013.

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 (Marico Insider 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.

CORPORATE GOVERNANCE REPORT

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, remuneration of Chairman and Managing Directors and his direct reports, 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 and Marico Stock Appreciation Rights Plan 2011. However, the powers in relation to allotment of shares under Marico Employees Stock Option Scheme 2007 are vested with the Securities Issue Committee.
  - Whistle blowing cases are discussed and reviewed in detail by the Corporate Governance Committee and the Audit Committee also reviews the effectiveness of this process to ensure that there is an environment that is conducive to escalate issues, if any in the system.
  - Share Transfer Committee covers transfer formalities and other share-related procedures.
  - Shareholders' Committee covers redressal of investor grievances.
  - Securities Issue Committee covers the matters relating to the issue and allotment of securities and allied matters.
  - Project Resurgence Committee is a special committee constituted by the Board to take necessary decisions as regards implementation of the Scheme of Demerger of Kaya undertaking from the Company.

❖ Each non-executive director brings value through a specialisation.

❖ Directorships held are within the ceiling limits specified.

CORPORATE GOVERNANCE REPORT

- ❖ Committee memberships and chairmanship of directors are within overall limits.
- ❖ Statutory compliance report along with the 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.
- ❖ 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 do's 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
Ms. Hema Ravichandar	Non-Executive and Independent
Mr. B. S. Nagesh	Non-Executive and Independent
Mr. Rajen Mariwala	Non-Executive (Promoter)

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

CORPORATE GOVERNANCE REPORT

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

7 (Seven) meetings of the Board of Directors were held during the period April 01, 2012 to March 31, 2013 viz: April 6, 2012, May 3, 2012, August 3, 2012, November 2, 2012, January 7, 2013, February 1, 2013 and March 15, 2013. The attendance record of all directors is as under: -

Names of Directors	No. of Board Meetings		Attendance at Last AGM held on August 3, 2012
	Held	Attended	
Mr. Harsh Mariwala	7	7	Yes
Mr. Rajeev Bakshi	7	4	No
Mr. Atul Choksey	7	6	No
Mr. Nikhil Khattau	7	5	No
Mr. Anand Kripalu	7	4	No
Mr. Rajen Mariwala	7	7	No
Ms. Hema Ravichandar	7	6	No
Mr. B. S. Nagesh	7	6	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. Rajen Mariwala	3	1	Nil
Ms. Hema Ravichandar	1	Nil	Nil
Mr. B. S. Nagesh	3	1	Nil

(#) As on March 31, 2013

($) 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 composition of Audit Committee was last re-constituted by the Board of Directors on October 26, 2010.

CORPORATE GOVERNANCE REPORT

The Audit Committee now comprises of the following Members:

Mr. Nikhil Khattau	-	Chairman
Mr. Rajen 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 includes:

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.
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 judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. 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.

CORPORATE GOVERNANCE REPORT

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 7 (seven) meetings during the period April 01, 2012 to March 31, 2013 viz: May 3, 2012, July 6, 2012, August 3, 2012, October 10, 2012, November 1, 2012, January 7, 2013, and January 31, 2013.

Names of Directors	No. of Audit Committee Meetings	
	Held	Attended
Mr. Nikhil Khattau	7	6
Mr. Rajen Mariwala	7	5
Ms. Hema Ravichandar	7	6
Mr. B. S. Nagesh	7	5
Mr. Harsh Mariwala	7	7

The Chairman of the Audit Committee was present at the Annual General Meeting to answer shareholder queries.

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. However, the powers conferred on Corporate Governance Committee for allotment of shares under the ESOP Scheme have now been transferred to Securities Issue Committee. 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 composition of Corporate Governance Committee was last reconstituted by the Board of Directors on January 7, 2013.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Committee comprises of the following Directors:

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

The Corporate Governance Committee met 4 (four) times during the period April 01, 2012 to March 31, 2013 viz: May 2, 2012, August 3, 2012, November 2, 2012 and February 1, 2013.

Names of Directors	No. of Corporate Governance Committee Meetings	
	Held	Attended
Ms. Hema Ravichandar	4	4
Mr. B. S. Nagesh (appointed w.e.f. January 7, 2013)	4	1
Mr. Anand Kripalu	4	3
Mr. Rajeev Bakshi	4	3
Mr. Harsh Mariwala	4	4

Details of Remuneration of Non-Executive Directors for the Financial Year Ended March 31, 2013

The Remuneration paid/payable to Non-Executive Directors for the Financial Year 2012-2013 is as under:

Name	Remuneration (payable annually) (Rs.)	Sitting Fees (Rs.)
Mr. Rajeev Bakshi	12,00,000	1,40,000
Mr. Atul Choksey	12,00,000	1,00,000
Mr. Nikhil Khattau	12,50,000	2,30,000
Mr. Anand Kripalu	12,00,000	1,20,000
Mr. Rajen Mariwala	12,00,000	2,20,000
Ms. Hema Ravichandar	12,50,000	2,90,000
Mr. B. S. Nagesh	12,00,000	2,30,000

The remuneration paid to Mr. Harsh Mariwala, Chairman & Managing Director, for the financial year 2012-13 is as under:

Name	Salary and Perquisites (Rs.)	Annual Performance Incentive (Rs.)	Contribution to Provident and Pension Funds (Rs.)
Mr. Harsh Mariwala	30,987,176	12,035,001	3,397,600

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

CORPORATE GOVERNANCE REPORT

Shareholding of Non Executive Directors

Name of Non Executive Director	No. of Shares held (As on March 31, 2013)
Mr. Nikhil Khattau	0
Ms. Hema Ravichandar	0
Mr. Anand Kripalu	0
Mr. Atul Choksey	25,268
Mr. B. S. Nagesh	0
Mr. Rajeev Bakshi	0
Mr. Rajen Mariwala	34,43,200
Total	34,68,468

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 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.

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 had revised remuneration payable to Non – Executive Directors as set out below:

CORPORATE GOVERNANCE REPORT

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

* Applicable w.e.f. April 1, 2012

** Applicable w.e.f. meetings of the Board/Committees to be held after May 3, 2012.

V. SHAREHOLDERS' COMMITTEE

Constitution:

The Shareholders' Committee was constituted by the Board of Directors at its meeting held on October 23, 2001 and its composition was last re-constituted on October 26, 2010.

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. Rajen Mariwala	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

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, 2013:

No. of Complaints Received	-	37
No. of Complaints Resolved	-	37
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.

VI. ADMINISTRATIVE COMMITTEE

Constitution:

The Administrative Committee was constituted by the Board of Directors at its meeting held on April 27, 1998 and its composition was last re-constituted on October 26, 2010.

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.

CORPORATE GOVERNANCE REPORT

The Administrative Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Rajen 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 27 (Twenty Seven) times during the period April 01, 2012 to March 31, 2013.

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 its composition was last re-constituted on October 26, 2010.

The terms of reference of the Investment and Borrowing Committee are 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 11 (Eleven) times during the period April 01, 2012 to March 31, 2013.

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 February 1, 2013.

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	-	Member
Mr. Nikhil Khattau	-	Member
Mr. Rajen Mariwala	-	Member
Mr. Milind Sarwate	-	Member
Mr. Vivek Karve	-	Member
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

The Securities Issue Committee met 2 (Two) times during the period April 01, 2012 to March 31, 2013.

CORPORATE GOVERNANCE REPORT

IX. SHARE TRANSFER COMMITTEE

Constitution:

The Share Transfer Committee was constituted by the Board of Directors at its meeting held on April 16, 1990 and its composition was re-constituted on February 1, 2013.

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

The Share Transfer Committee now comprises the following members:

Mr. Harsh Mariwala	-	Member
Mr. Nikhil Khattau	-	Member
Mr. Rajen Mariwala	-	Member
Mr. Milind Sarwate	-	Member
Mr. Vivek Karve	-	Member
Mr. Ravin Mody	-	Member
Ms. Hemangi Ghag	-	Secretary to the Committee

The Share Transfer Committee met 2 (Two) times during the period April 01, 2012 to March 31, 2013.

X. PROJECT RESURGENCE COMMITTEE

The Project Resurgence Committee was constituted by the Board of Directors at its meeting held on January 7, 2013. The terms of reference of the Project Resurgence Committee are to make necessary amendments to the Scheme, fix the day, date and time of EGM and to do all such acts as may be necessary to give effect to the above.

The Project Resurgence Committee now comprises the following members:

Mr. Nikhil Khattau	-	Chairman
Mr. Harsh Mariwala	-	Member
Mr. Milind Sarwate	-	Member

XI. GENERAL BODY MEETINGS

Annual General Meetings

YEAR	VENUE	DATE	TIME
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.
2012	NSE Auditorium, Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051	August 3, 2012	4.00 p.m

CORPORATE GOVERNANCE REPORT

XII. 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 2012-2013, there were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

The Company has a well-defined Whistle Blower Policy 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.

XIII. 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.

CORPORATE GOVERNANCE REPORT

XIV. GENERAL SHAREHOLDER INFORMATION

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

Mr. Rajen Mariwala

Profile :	
Mr. Rajen Mariwala has done his Masters in Chemical Engineering from Cornell University, USA. He is currently the Managing Director of Hindustan Polyamides & Fibres Limited, a leading exporter of specialty chemicals - specifically chemicals for fragrances and personal care products. He brings with him a rich experience of over 16 years in leading a competitive global business in specialty chemicals. He has been on the Board of Directors of Patspin India Limited and Village Laundry Services Inc. He has been on the Board of Directors of Marico Limited since July 26, 2005.	
Directorships in other companies(*):	**Membership / Chairmanship of Board Committees in other Companies (*):**
Hindustan Polyamides and Fibres Limited Patspin India Limited Kaya Limited Scientific Precision Private Limited Arctic Investment & Trading Company Private Limited Rajanjali Estates Private Limited Mariwala Estates Private Limited Hindustan Polyamides & Fibres Limited B. V, Netherlands Village Laundry Services Inc	Kaya Limited: Audit Committee – Member
(*) As on March 31, 2013	

Mr. Atul Choksey

Profile :
Mr. Atul C Choksey has done his Bachelor's in Chemical Engineering from Illinois Institute of Technology, Chicago, USA and has also done management courses in Finance, Personnel, Micro and Macro Economics, etc. He joined Asian Paints (India) Ltd as a Junior Executive in July, 1973. He was subsequently appointed as a Wholetime Director of the Company with effect from 1st May, 1979. He served as the Managing Director of the Company from 15th April, 1984 to 22nd August, 1997. He is the Chairman of Apcotex Industries Ltd. and Apco Enterprises Ltd. as well as other group Companies. He is a member of the Asian Executive Board of the Wharton Business School of the University of Pennsylvania, Philadelphia, USA. He is also a Director on the Boards of Finolex Cables Ltd and CEAT Ltd. He has been on the Board of Directors of the Company since October 23, 2001.

CORPORATE GOVERNANCE REPORT

Directorships in other companies(*):	Membership / Chairmanship of Board Committees in other Companies (*):
Apco Enterprises Limited	Apco Enterprises Limited - Chairman
Apcotex Industries Limited (previously known as Apcotex Lattices Limited.)	Apcotex Industries Limited (previously known as Apcotex Lattices Ltd.) - Chairman
CEAT Limited	CEAT Limited - Member
Finolex Cables Limited	Finolex Cables Limited - Member
Mazda Colours Limited	Mazda Colours Limited – Member
Shyamal Fin-vest (India) Limited	Shyamal Fin-vest (India) Limited - Chairman
Titan Trading and Agencies Limited	Titan Trading and Agencies Limited - Chairman
Trivikram Investments & Trading Company Limited	Trivikram Investments & Trading Company Limited - Chairman
Choksey Chemicals Private Limited	
Saldhar Investments and Trading Company Private Limited	
Propycon Trading and Investments Private Limited	
Dhumraketu Investments and Trading Company Private Limited	
Member – Wharton Asian Executive Board	
Trustee – Baif Development Research Foundation	
Trustee – Shree Mahalaxmi Temple Charities	
(*) As on March 31, 2013	

CORPORATE GOVERNANCE REPORT

Annual General Meeting

Date	:	Monday, August 12, 2013.
Time	:	9.00 a.m.
Venue	:	Indian Education Society ("IES"), Manik Sabhagriha, Vishwakarma', M. D. Lotlikar Vidya Sankul, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai 400 050.
Book Closure Date	:	Thursday, August 8, 2013 to Monday, August 12, 2013, both days inclusive.
Interim Dividend Payment Date	:	November 30, 2012 (1st Interim Equity Dividend 12-13) May 28, 2013 (2nd Interim Equity Dividend 12-13).

Financial calendar

Financial Year	:	April 01 - March 31

For the year ended March 31, 2013, results were announced on:

First quarter	:	May 3, 2012
Half year	:	November 2, 2012
Third quarter	:	February 1, 2013
Annual	:	April 30, 2013

Tentative Schedule for declaration of financial results during the financial year 2013-14

First quarter	:	August 12, 2013
Half year	:	October 29, 2013
Third quarter	:	January 31, 2014
Annual	:	April 30, 2014

Listing Details

Name of Stock Exchange		**Stock/ Scrip Code**
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	:	531642
The National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051	:	MARICO
ISIN	:	INE 196A01026
Company Identification Number (CIN)	:	L15140MH1988PLC049208

Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

Pursuant to section 205A of the Companies Act, 1956, unclaimed balance of the dividends lying in the dividend accounts in respect of the dividend declared till April 2006 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The dividends for the following years, which remain unclaimed for seven years, will be transferred to the IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividend specified in table below are requested to immediately send their request for issue of duplicate warrants. Once unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof either with the Company or IEPF:

CORPORATE GOVERNANCE REPORT

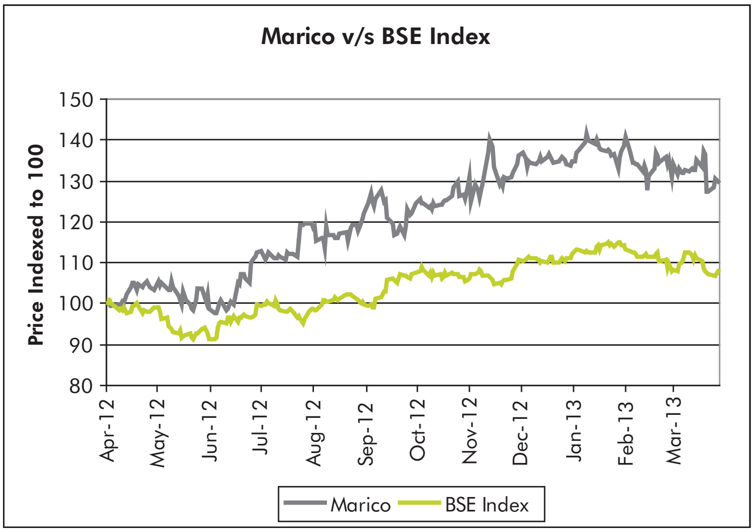
Financial Year	Type of Dividend	Rate (%)	Date of Declaration	Due Date for transfer to IEPF
2006-07	1st Interim Dividend	13.50	25/07/2006	30/08/2013
	2nd Interim Dividend	15.00	18/10/2006	23/11/2013
	3rd Interim Dividend	17.00	19/01/2007	24/02/2014
	4th Interim Dividend	20.00	23/03/2007	28/04/2014
2007-08	1st Interim Dividend	13.50	25/07/2007	30/08/2014
	2nd Interim Dividend	15.00	24/10/2007	29/11/2014
	3rd Interim Dividend	37.00	24/04/2008	30/05/2015
2008-09	1st Interim Dividend	30.00	21/10/2008	26/11/2015
	2nd Interim Dividend	35.50	22/04/2009	28/05/2016
2009-10	1st Interim Dividend	30.00	28/10/2009	03/12/2016
	2nd Interim Dividend	36.00	28/04/2010	03/06/2017
2010-11	1st Interim Dividend	30.00	26/10/2010	01/12/2017
	2nd Interim Dividend	36.00	02/05/2011	07/06/2018
2011-12	1st Interim Dividend	30.00	04/11/2011	10/12/2018
	2nd Interim Dividend	40.00	03/05/2012	08/06/2019
2012-13	1st Interim Dividend	50.00	02/11/2012	08/12/2019
	2nd Interim Dividend	50.00	30/04/2013	05/06/2020

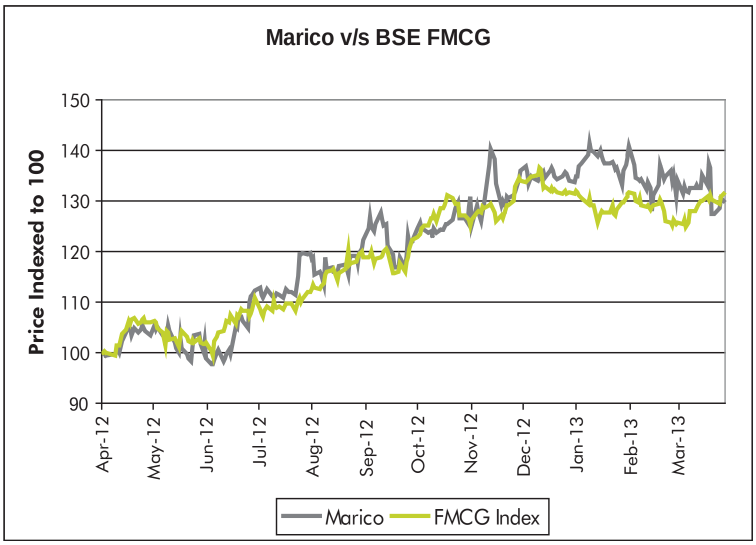
Market Price Data

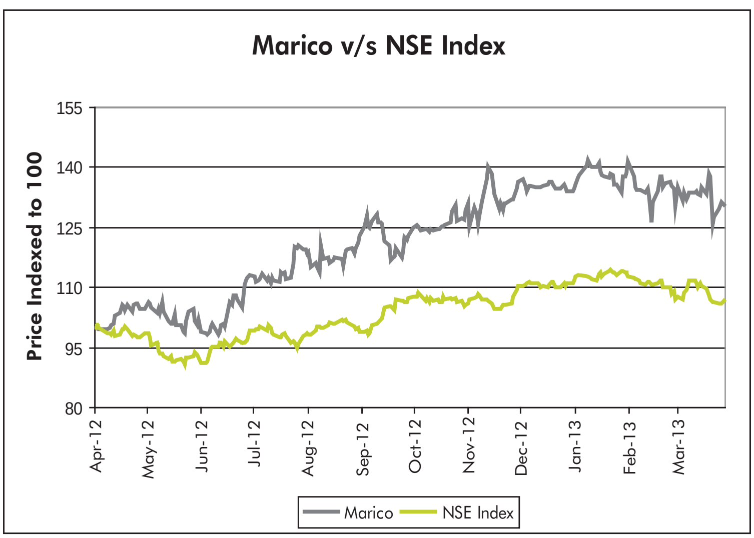
Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		National Stock Exchange (NSE) (in Rs.)	
	*High	*Low	*High	*Low
April 2012	184.40	168.15	189.00	168.10
May 2012	183.00	167.05	183.15	166.95
June 2012	185.00	166.25	185.35	165.35
July 2012	199.90	180.25	199.95	180.25
August 2012	201.80	184.10	201.80	183.55
September 2012	208.95	186.25	210.95	186.20
October 2012	214.40	197.60	212.55	197.40
November 2012	232.70	201.10	232.85	200.30
December 2012	250.00	217.40	232.95	200.30
January 2013	238.70	216.00	238.50	216.25
February 2013	232.95	205.10	238.50	204.50
March 2013	240.00	204.20	229.10	204.05

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 15 days of date of lodgement of transfer. Invalid share transfers are returned within 15 days of receipt. The Share Transfer Committee generally meets as may be warranted by the number of share transaction requests received by the Company. All requests for dematerialisation of shares are processed and the confirmation is given to respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, generally within 21 days.
Registrar & Transfer Agents	:	M/s Link Intime India Pvt Limited (erstwhile Intime Spectrum Registry Limited), (Unit: Marico Ltd.) C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078

Distribution of Shareholding as on March 31, 2013 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	27,263	84.36	29,58,426	0.46
501-1000	1,927	5.97	16,70,273	0.26
1001 -2000	1,075	3.33	17,90,939	0.28
2001-3000	362	1.12	9,64,503	0.15
3001-4000	573	1.77	22,19,830	0.34
4001- 5000	187	0.58	8,95,576	0.14
5001-10000	392	1.21	30,27,013	0.47
10001 & above	538	1.66	63,12,45,239	97.90
Total	**32,317**	**100.00**	**64,47,71,799**	**100.00**

Categories of Shareholding- as on March 31, 2013 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	27	38,51,18,520	59.73
Foreign Institutional Investors	138	18,05,01,050	27.99
NRIs /FVC / OCBs	709	2,38,69,258	3.70
Insurance Companies, Banks and other Financial Institutions	10	47,21,062	0.73
Mutual Funds, including Unit Trust of India	36	84,83,720	1.32
Bodies Corporate	531	1,87,04,704	2.90
Resident Individuals, Trusts and In Transit	30,866	2,33,73,485	3.63
Total	**32,317**	**64,47,71,799**	**100.00**

CORPORATE GOVERNANCE REPORT

Dematerialization of Shares and Liquidity	:	As on March 31, 2013, 99.87% 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, Puducherry, Dehradun, Paonta Sahib, Baddi, Paldhi and Perundurai

Shareholders / Investors Complaint's received and redressed :

The Company gives utmost priority to the interests of the investors. All the requests / complaints of the shareholders have been resolved to the satisfaction of the shareholders within the statutory time limits. During the financial year ended March 31, 2013, 37 complaints were received from the shareholders as per the details given below;

Nature of Complaint	Received	Resolved
Non-Receipt of Dividend	33	33
Non-Receipt of Shares lodged for Transfer	–	–
Others (e.g. non-receipt of Annual Report etc.)	4	4
Total	**37**	**37**

Address for correspondence :

Shareholding related queries

Company's Registrar & Transfer Agent:
M/s Link Intime India Pvt Limited
(erstwhile Intime Spectrum Registry Limited)
Unit: Marico Limited
C -13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai 400 078.
Tel.: 022 - 25946970, Fax: 022 - 25946969
E-mail: rnt.helpdesk@linkintime.co.in

General Correspondence

Grande Palladium, 7th Floor
175, CST Road, Kalina
Santacruz (East)
Mumbai 400098
Tel.: 022 - 66480480, Fax: 022 - 26500159
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, 2013, 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: April 30, 2013

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, 2013 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: April 30, 2013

For Marico Limited

Milind Sarwate
Group Chief Financial Officer

Place: Mumbai
Date: April 30, 2013

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Members of Marico Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Marico Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub–section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2013 ;

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

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

Report on Other Legal and Regulatory Requirements

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

AUDITORS' REPORT

8. As required by section 227(3) of the Act, we report that:

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

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

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

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

   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub–section (1) of section 274 of the Act.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number : 46061

Place : Mumbai
Date : April 30, 2013

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 7 of the Auditors' Report of even date to the members of Marico Limited on the financial statements for the year ended March 31, 2013.

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

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

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

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

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

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

iii. The Company has not granted/taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) [(b), (c) and (d) / (f) and (g)] of the said Order are not applicable to the Company.

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

v According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act, accordingly our commenting on transactions made in pursuance of such contracts or arrangement does not arise.

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

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

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

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

ANNEXURE TO AUDITORS' REPORT

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth–tax and excise duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax and customs duty as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs. in Crore)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act and Local Sales Tax Acts	Sales tax including interest and penalty as applicable	4.76	2005 –06 to 2011–2012	Additional Commissioner – Sales tax Appeals
		0.87	Various years	Deputy Commissioner – sales tax Appeals.
		8.21	Various years	Joint Commissioner – Sales Tax Appeals
		2.92	Various years	Sales tax Tribunal
		0.04	1995–96	High Court – U.P.
		0.57	2004–05 and 2011–2013	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
The Central Excise Act, 1944	Service Tax	0.17	2005–10	Commissioner of Customs, Central Excise and Service Tax

x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

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

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

ANNEXURE TO AUDITORS' REPORT

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

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

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short–term basis have been used for long–term investment.

xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

xix. The Company issued 1,000, Rated, Listed Unsecured, Zero Coupon Redeemable Non– convertible debentures of Rs. 1,000,000 each, aggregating Rs. 100 crore which are outstanding at the year–end, in respect of which it is not required to create security or charge.

xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number : 46061

Place : Mumbai
Date : April 30, 2013

BALANCE SHEET

	Note	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	64.48	61.49
Reserves and surplus	4	1,926.95	1,062.63
		1,991.43	1,124.12
Non–current liabilities			
Long–term borrowings	5	376.83	324.73
Deferred tax liabilities (Net)	14	3.04	–
Other long term liabilities	6	0.97	–
Long–term provisions	7	–	5.32
		380.84	330.05
Current liabilities			
Short–term borrowings	8	279.36	228.42
Trade payables	9	310.08	244.47
Other current liabilities	10	152.37	85.72
Short–term provisions	11	54.19	47.88
		796.00	606.49
TOTAL		**3,168.27**	**2,060.66**
ASSETS			
Non–current assets			
Fixed assets			
Tangible assets	12 (A)	322.76	238.08
Intangible assets	12 (B)	12.47	2.01
Capital work–in–progress		145.34	36.22
		480.57	276.31
Non–current investments	13	1,087.05	405.91
Deferred tax assets (Net)	14	–	19.08
Long–term loans and advances	15	139.28	235.81
Other non–current assets	16	135.34	123.14
		1,842.24	1,060.25
Current assets			
Current investments	17	229.42	266.26
Inventories	18	708.98	530.04
Trade receivables	19	123.85	101.04
Cash and bank balances	20	22.03	32.26
Short–term loans and advances	21	233.41	54.46
Other current assets	22	8.34	16.35
		1,326.03	1,000.41
TOTAL		**3,168.27**	**2,060.66**

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 46061
Place : Mumbai
Date : April 30, 2013

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 : April 30, 2013

STATEMENT OF PROFIT AND LOSS

	Note	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Revenue from operations (Gross)	23	3,409.90	2,966.71
Less : Excise duty		2.80	1.36
Revenue from operations (Net)		3,407.10	2,965.35
Other income	24	50.20	51.65
Total Revenue		**3,457.30**	**3,017.00**
Expenses:			
Cost of materials consumed	25 (A)	1,760.09	1,671.92
Purchases of stock–in–trade	25 (B)	202.61	106.33
Changes in inventories of finished goods, work–in–progress and stock–in–trade – (Increase) / decrease	25 (C)	(132.70)	(40.02)
Employee benefits expenses	26	155.69	126.21
Finance costs	27	43.68	28.34
Depreciation, amortisation and impairment	28	33.13	31.49
Other expenses	29	899.31	693.45
Total Expenses		**2,961.81**	**2,617.72**
Profit before exceptional and extraordinary items and tax		**495.49**	**399.28**
Exceptional items – income	39	46.50	–
Profit before tax		**541.99**	**399.28**
Tax expense:			
Current tax		103.95	77.55
Less: MAT credit (entitlement) / utilisation		(13.31)	(22.33)
Net current tax		**90.64**	**55.22**
Deferred tax charge		22.26	7.47
		112.90	**62.69**
Profit for the year		**429.09**	**336.59**
Earnings per equity share (Nominal value per share Re. 1 (Re. 1))	41		
Basic		6.69	5.48
Diluted		6.69	5.47

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. 46061
Place : Mumbai
Date : April 30, 2013

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 : April 30, 2013

CASH FLOW STATEMENT

		For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**541.99**	**399.28**
	Adjustments for:		
	Depreciation, amortisation and impairment	33.13	31.49
	Surplus on change in method of depreciation	(37.45)	–
	Reversal of impairment loss on "Fiancee" trademark	(9.05)	–
	Finance charges	43.68	28.34
	Interest income	(10.59)	(8.11)
	Loss / (Profit) on sale of assets – (net)	1.35	0.67
	(Profit) / Loss on sale of investments (net)	(4.73)	(0.14)
	Dividend income	(26.35)	(31.81)
	Employees stock option charge/ (reversal)	(0.02)	(0.04)
	Stock appreciation rights expenses	2.37	5.30
	Provision for doubtful debts, advances, deposits and others no longer required written back	1.14	(0.58)
		(6.52)	25.12
	Operating profit before working capital changes	**535.47**	**424.40**
	Adjustments for:		
	(Increase)/ Decrease in inventories	(178.95)	(75.82)
	(Increase)/ Decrease in sundry debtors	(23.13)	18.02
	(Increase)/ decrease in loans and advances, other current and non–current assets and other bank balances	103.13	(24.06)
	Increase/(Decrease) in current liabilities and provisions	95.01	97.37
	Changes in Working Capital	(3.94)	15.51
	Cash generated from Operations	**531.53**	**439.91**
	Taxes paid (net of refunds)	(87.18)	(76.84)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**444.35**	**363.07**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(192.42)	(61.44)
	Sale of fixed assets	0.19	0.14
	Purchase of investment property	(18.83)	–
	Purchase of investments	(156.33)	(278.88)
	Sale of investments	281.07	77.20
	Investment in Subsidiary	(745.80)	–
	Inter–corporate deposits placed	–	(10.00)
	Advance to WEOMA Trust	(56.52)	(19.92)
	Refund / (deposit) in escrow account for acquisition	25.00	(25.00)
	Loans and advances repaid by related parties	76.15	66.44
	Loans and advances given to related parties	(202.06)	(65.40)
	Dividend income received	26.36	31.81
	Interest received	10.14	7.89
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(953.05)**	**(277.16)**

CASH FLOW STATEMENT

		For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share capital (ESOP + Preferencial allotment) after adjusting share issue expenses (net of Share issue expenses)	499.19	3.09
	Issue / (Redemption) of commercial papers (net)	42.50	(92.99)
	Issue of Debentures / (redemption)	100.00	(30.00)
	Other borrowings (repaid) / taken (net)	(10.87)	103.84
	Finance charges paid	(43.32)	(30.30)
	Equity dividend paid (inclusive of dividend distribution tax)	(66.05)	(47.28)
	NET CASH INFLOW FROM FINANCING ACTIVITIES	**521.45**	**(93.64)**
D	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)**	**12.75**	**(7.73)**
E	Cash and cash equivalents – opening balance (as at April 1) (Note 20)	5.96	13.69
F	**Cash and cash equivalents – closing balance (as at March 31) (Note 20)**	**18.71**	**5.96**

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. 46061
Place : Mumbai
Date : April 30, 2013

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 : April 30, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

NOTES TO THE FINANCIAL STATEMENTS

1. The Company and nature of its operations:

Marico Limited ('Marico' or 'the Company'), headquartered in Mumbai, Maharashtra, India, carries on business in branded consumer products. Marico manufactures and markets products under brands such as Parachute, Nihar, Saffola, Hair & Care, Revive,Mediker, Livon and Set–wet. 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. Tangible assets

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

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, 2013

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

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

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

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

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

(vii) The company has during the year changed the method of depreciation on certain assets (Refer note 39 (a))

II. Intangible assets

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

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

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

(e) Assets taken on lease

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

(ii) Operating lease payments are 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 and Investment property given on operating lease basis, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

(g) Investments

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

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

(ii) Investment property: Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are carried at cost less accumulated amortization.

(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–progress, finished goods and stock–in–trade (traded goods) are valued at lower of cost and net realizable value.

(iii) By–products and unserviceable / damaged finished goods are valued at estimated net realizable value.

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

(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 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. 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 balance 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, 2013

(l) Foreign currency transactions

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

(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.

(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 after adjusting amount recoverable from the Trust (refer note. 45)

(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) Utilization of Securities Premium Reserve

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

(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, 2013

3 Share capital

	As at March 31,	
	2013	2012
	Rs. Crore	Rs. Crore
Authorised		
1,150,000,000 (650,000,000) equity shares of Re. 1/– each	115.00	65.00
100,000,000 (150,000,000) preference shares of Rs. 10/– each	100.00	150.00
Total	**215.00**	**215.00**
Issued, subscribed and paid–up		
644,771,779 (614,934,387) equity shares of Re. 1/– each fully paid–up	64.48	61.49
Total	**64.48**	**61.49**

a Reconciliation of number of shares

Equity Shares :

Particulars	As at March 31,			
	2013		2012	
	Number of shares	Rs. Crore	Number of shares	Rs. Crore
Balance as at the beginning of the year	614,934,387	61.49	614,399,550	61.44
Shares Issued during the year – ESOP (Refer note (d) below)	425,648	0.05	534,837	0.05
Shares issued on Preferential allotment basis (Refer note 37)	29,411,764	2.94	–	–
Balance as at the end of the year	**644,771,799**	**64.48**	**614,934,387**	**61.49**

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,			
	2013		2012	
	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	11.38	73,376,000	11.93
Harsh C Mariwala (As a representative of Aquarius Family Trust)	73,376,000	11.38	73,376,000	11.93
Harsh C Mariwala (As a representative of Taurus Family Trust)	73,376,000	11.38	73,376,000	11.93
Harsh C Mariwala (As a representative of Gemini Family Trust)	73,376,000	11.38	73,376,000	11.93
Arisaig Partners (Asia) Pte Ltd	35,353,269	5.48	35,353,269	5.75
Oppenheimer Developing Markets Fund (Royal Bank of Scotland)	30,483,651	4.73	30,906,283	5.03

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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 administered by the Corporate Governance Committee comprising independent Directors. The Scheme closed on February 1, 2013.

	As at March 31,	
	2013	**2012**
Weighted average share price of options exercised	57.85	56.98
Number of options granted, exercised, and forfeited		
Balance as at beginning of the year	778,313	2,388,050
Granted during the year	–	–
Less : Exercised during the year	425,648	534,837
Forfeited / lapsed during the year	–	1,074,900
Balance as at end of the year	**352,665**	**778,313**
Percentage to current paid–up equity share capital	**0.05%**	**0.13%**

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly reversed Rs. 0.02 Crore (Rs. 0.04 Crore) as compensation cost under the 'intrinsic value' method (Refer note 26). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro–forma amounts as indicated:

Particulars	**For the year ended March 31,**	
	2013	**2012**
Net Profit after tax as reported (Rs. Crore)	429.09	336.59
Less : Stock–based employee compensation expense (Rs. Crore)	0.31	0.32
Adjusted pro–forma (Rs. Crore)	428.78	336.27
Basic earnings per share as reported	Rs. 6.69	Rs. 5.48
Pro–forma basic earnings per share	Rs. 6.69	Rs. 5.47
Diluted earnings per share as reported	Rs. 6.69	Rs. 5.47
Pro–forma diluted earnings per share	Rs. 6.69	Rs. 5.47

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

	As at March 31,	
	2013	**2012**
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, 2013

4 Reserves and surplus

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Securities Premium Reserve		
Balance as at the beginning of the year	46.54	43.50
Add : Receipt on issue of shares on preferential allotment basis (Refer note 37)	497.06	–
Add : Receipt on exercise of Employees stock options	2.42	3.03
Less: Amount adjusted towards share issue expenses (net of tax effect of Rs. 0.18)	(3.10)	–
Less: Premium on redemption of Debentures (net of tax effect of Rs. 0.31)	(0.66)	–
Add : Transferred from Employee Stock Options outstanding	0.02	0.01
Balance as at the end of the year	542.28	46.54
Debenture Redemption Reserve		
Balance as at the beginning of the year	21.67	31.67
Add : Amount transferred from Surplus in the Statement of Profit and Loss	21.30	20.00
Less: Amount transferred to General Reserve on redemption	–	(30.00)
Balance as at the end of the year	42.97	21.67
Employee Stock Options Outstanding Account (Refer note 3 (d))		
Balance as at the beginning of the year	0.02	0.07
Less : Transferred to Securities Premium Reserve on exercise of stock options	0.02	0.01
Less : Forefeited / lapsed	–	0.04
Balance as at the end of the year	–	0.02
General Reserve		
Balance as at the beginning of the year	186.85	123.19
Add : Transferred from Surplus in the Statement of Profit and Loss	42.91	33.66
Add : Amount transferred from Debenture Redemption Reserve on redemption	–	30.00
Balance as at the end of the year	229.76	186.85
Hedge Reserve (Refer note 40 (c))		
Balance as at the beginning of the year	(33.92)	4.99
Adjustments during the year	(18.57)	(38.91)
Balance as at the end of the year	(52.49)	(33.92)
Foreign Currency Translation Reserve (Refer note below)		
Balance as at the beginning of the year	6.04	5.74
Exchange gain/(loss) on translation during the year	(4.45)	0.30
Balance as at the end of the year	1.59	6.04
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	835.43	602.52
Add : Profit during the year	429.09	336.59
Less: Appropriations :		
Interim dividend	32.24	43.04
Dividend distribution tax on Interim dividend	5.23	6.98
Transfer to Debenture Redemption Reserve	21.30	20.00
Transfer to General Reserve	42.91	33.66
Balance as at the end of the year	1,162.84	835.43
Total	**1,926.95**	**1,062.63**

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. 1.59 Crore (Rs. 6.04 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, 2013

5 Long–term borrowings

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Secured		
Term loans		
From banks		
External commercial borrowing from The Hongkong and Shanghai Banking Corporation Limited	276.83	274.73
(Loan carries interest @ LIBOR plus 2.1% (Previous year LIBOR plus 2.1%) and is secured by (i) Pledge of shares of International Consumer Products Corporation (a Subsidiary company) (ii) First ranking pari passu charge over all current and future plant and machinery and (iii) Mortgage on land and building situated at Andheri, Mumbai.)		
The loan is repayable over a period of 6 years commencing from February 28, 2011 as under:–		
1st installment – USD 3 million – payable at the end of 36 months		
2nd installment – USD 3 million – payable at the end of 42 months		
3rd installment – USD 6 million – payable at the end of 48 months		
4th installment – USD 6 million – payable at the end of 54 months		
5th installment – USD 9 million – payable at the end of 60 months		
6th installment – USD 12 million – payable at the end of 66 months		
7th installment – USD 15 million – payable at the end of 72 months		
Total Amount – USD 54 million		
Loan amount outstanding of USD 3 million as at March 31, 2013 has been disclosed under Other current liabilities as current maturities of long term debt (Refer note (a) below and note 10).		
	276.83	274.73
Unsecured		
Debentures		
500, 10.05%, Rated Taxable Unsecured Redeemable Non–convertible debentures of face value of Rs. 10,00,000/– each	–	50.00
(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 and have been disclosed as current maturities of long term borrowings in the current year (Refer note (a) below and note 10).		
1,000, Rated, Listed Unsecured, Zero Coupon Redeemable Non–convertible debentures of face value of Rs. 10,00,000/– each	100.00	–
(The above debentures were issued on February 22, 2013 at Par and are reedeemable at premium after 3 years from the date of issue i.e. by February 22, 2016 with a put/call option at the end of 2 years i.e. February 20, 2015. The debentures are listed on National Stock Exchange. The yield on redemption is 8.95% p.a, on XIRR basis).		
	100.00	50.00
Total	**376.83**	**324.73**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

Rs. Crores

	ECB from HSBC / SCB		Debentures		Total	
	As on March 31		As on March 31		As on March 31	
	2013	2012	2013	2012	2013	2012
Within one year (Refer note 10 – Current maturities of long term debt)	16.28	19.08	50.00	–	66.28	19.08
After 1 year but within 2 years	48.85	16.28	100.00	50.00	148.85	66.28
After 2 year but within 5 years	227.98	258.45	–	–	227.98	258.45
Total	**293.11**	**293.81**	**150.00**	**50.00**	**443.11**	**343.81**

6 Other long term liabilities

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Premium on redemption of Debentures	0.97	–
Total	**0.97**	**–**

7 Long term provisions

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Provision for employee benefits :		
Employee Stock Appreciation Rights Scheme (Refer note 45)	–	5.32
Total	**–**	**5.32**

8 Short–term borrowings

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Secured		
From banks :		
– Cash credit	12.74	0.18
– Pre–shipment credit in foreign currency	–	35.62
(Secured by hypothecation of inventory and debtors)		
	12.74	35.80
Unsecured		
From banks:		
– Buyers' credit in foreign currency	17.82	111.22
(These borrowings are for a term of twelve months and carry interest rate of LIBOR plus applicable spread, ranging from 0.05% to 1.5% per annum (Previous year 0.05% to 1.5% per annum)).		
– Pre–shipment credit in foreign currency	59.71	30.52
(These borrowings are for a term of six months and carry interest rate of LIBOR plus applicable spread, ranging from 1.30% to 2% per annum (Previous year 1.30% to 2% per annum)).		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at March 31,	
	2013 Rs. Crore	2012 Rs. Crore
– Other term loans in foreign currency	54.28	50.88
(These loans have been availed for a term of 12 months and carry interest rate of 3 months LIBOR plus spread of 2.3% per annum (Previous year 3 months LIBOR plus spread of 2.3% per annum)).		
– Cash credit	92.31	–
	224.12	192.62
From others :		
– Commercial papers	45.00	–
(Commercial papers have been borrowed for a term of 12 months and carry interest rate ranging from 8% to 10% per annum.)		
Less: Deferred interest	2.50	–
	42.50	–
	266.62	192.62
Total	**279.36**	**228.42**

9 Trade payables

	As at March 31,	
	2012 Rs. Crore	2012 Rs. Crore
Trade Payables	310.08	244.47
Total	**310.08**	**244.47**

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,	
	2013 Rs. Crore	2012 Rs. Crore
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	9.58	13.95
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0.04	0.09
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.	0.09	0.01

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

10 Other current liabilities

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Current maturities of long–term debt (Refer note 5 (a))	66.28	19.08
Interest accrued but not due on borrowings	1.56	1.20
Unclaimed dividends	0.17	0.16
Other payables		
Provision for contractual liabilities	32.42	15.49
Advances from customers	5.64	13.94
Statutory dues, including provident fund and tax deducted at source	14.25	10.19
Forward/ derivative contracts payables	5.22	–
Creditors for capital goods	2.11	2.43
Security deposits from customers and others	0.30	0.31
Employee benefits payable	24.14	22.69
Others	0.28	0.23
Total	**152.37**	**85.72**

11 Short term provisions

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Provision for employee benefits:		
Gratuity (Refer note 46 (A))	2.12	0.17
Leave entitlement (Refer note 46(B))	8.37	6.20
Provision for Employee Stock Appreciation Rights Scheme (Refer note 45(b) and 45 (d))	17.71	–
Less : Accretion in amounts recoverable from the Trust	10.03	–
	7.68	–
Income tax – (net of advance tax and other tax payments for various years Rs. 396.72 Crore (Previous year Rs. (310.01 Crore))	18.05	1.14
Interim dividend	–	24.60
Dividend distribution tax on Interim dividend	–	3.99
Disputed indirect taxes (Refer notes (a) and (b) below)	17.97	11.78
Total	**54.19**	**47.88**

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

b Movement in provision for disputed indirect taxes:

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Balance as at the beginning of the year	11.78	8.74
Add: Additions during the year	6.19	4.27
Less: Unused amounts reversed during the year	–	1.23
Balance as at the end of the year	**17.97**	**11.78**

12 Fixed Assets

(A) Tangible assets

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					IMPAIRMENT				NET BLOCK	
	As at April 1, 2012	Additions	Deductions / Adjustments	As at March 31, 2013	As at April 1, 2012	For the Year	Adjustment (Refer note 39)	Deductions	As at March 31, 2013	Provision for impairment as at April 1, 2012	Charge / (Reversal) for the year	Adjustment	Provision for impairment as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets															
Freehold land	2.49	–	–	2.49	–	–	–	–	–	–	–	–	–	2.49	2.49
Leasehold land	28.89	0.01	–	28.90	1.32	0.41	–	–	1.73	–	–	–	–	27.17	27.57
Buildings (Refer note (a) below)	112.38	25.33	–	137.71	23.21	4.82	(8.95)	–	19.08	–	0.02	–	0.02	118.61	89.17
Plant and equipment (Refer note (b) and (e) below)	265.79	51.00	16.45	300.34	147.27	23.03	(28.50)	15.93	125.87	5.66	0.77	–	6.43	168.04	112.86
Furniture and fixtures	7.90	0.96	0.09	8.77	4.61	1.29	–	0.09	5.81	–	–	–	–	2.96	3.29
Vehicles	1.23	0.04	–	1.27	0.66	0.25	–	–	0.91	–	–	–	–	0.36	0.57
Office equipment	5.12	2.05	0.17	7.00	2.98	1.65	–	0.15	4.48	0.01	–	–	0.01	2.51	2.13
Leasehold improvements	–	0.65	–	0.65	–	0.03	–	–	0.03	–	–	–	–	0.62	–
Total (A)	**423.80**	**80.04**	**16.71**	**487.13**	**180.05**	**31.48**	**(37.45)**	**16.17**	**157.91**	**5.67**	**0.79**	**–**	**6.46**	**322.76**	**238.08**
Previous Year	**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**

(B) Intangible assets

Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					IMPAIRMENT				NETB LOCK	
	As at April 1, 2012	Additions	Deductions / Adjustments	As at March 31, 2013	As at April 1, 2012	For the Year	Adjustment	Deductions	As at March 31, 2013	Provision for impairment as at April 1, 2012	Charge / (Reversal) for the year	Adjustment Refer note (d) below	Provision for impairment as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Intangible assets															
Trademarks and copyrights (Refer note (c) below)	25.20	–	1.06	24.14	10.32	–	–	0.06	10.26	14.88	(1.00)	(9.05)	4.83	9.05	–
Computer software	17.81	2.97	0.63	20.15	15.80	1.55	–	0.62	16.73	–	–	–	–	3.42	2.01
Total (B)	**43.01**	**2.97**	**1.69**	**44.29**	**26.12**	**1.55**	**–**	**0.68**	**26.99**	**14.88**	**(1.00)**	**(9.05)**	**4.83**	**12.47**	**2.01**
Previous Year	**41.28**	**1.81**	**0.08**	**43.01**	**25.10**	**1.10**	**–**	**0.08**	**26.12**	**14.88**	**–**	**–**	**14.88**	**2.01**	**1.30**
Total (A)+(B)	**466.81**	**83.01**	**18.40**	**531.42**	**206.17**	**33.03**	**(37.45)**	**16.85**	**184.90**	**20.55**	**(0.21)**	**(9.05)**	**11.29**	**335.23**	**240.09**
Total Previous Year	**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**

(a) Gross block of Buildings include Rs. 13.42 Crore (Rs. Nil) where conveyance has been executed, pending registration.

(b) Addition to Plant and machinery are net of Central Capital Investment Subsidy of Rs.Nil (Rs. 0.30 Crore) received from the Government of Himachal Pradesh in respect of Poanta plant.

(c) 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.

(d) Impairment reversal for the current year, Rs. 9.05 Crore which is reflected as "Exceptional items" in the Statement of Profit and Loss (Refer note 39).

(e) For assets given on lease refer note 38 (b).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13 Non current investments

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Long term Trade investments (valued at cost unless stated otherwise)		
Investments in equity instruments :		
Investment in Subsidiaries		
Quoted		
Marico Bangladesh Limited	0.86	0.86
28,350,000 (28,350,000) equity shares of Bangladesh taka 10 each fully paid (Quoted on Dhaka Stock exchange).		
Unquoted		
Investment Property (at cost less accumulated depreciation and amortisation)		
Cost of building	18.83	–
Less: Amortisation during the year	(0.31)	–
Net block	18.52	–
Kaya Limited (wholly owned) 17,848,975 (14,500,000) equity shares of Rs.10 each fully paid (Refer note 17 and note 47)	–	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
Marico Consumer Care Limited (wholly owned) (Refer note 37) 74,615,000 (Nil) equity shares of Rs.10 each fully paid	745.70	–
	1,073.42	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
Power Finance Corporation Limited (28,479 (28,479) Secured, Redeemable, Tax free Non–convertible Bonds, 8.20%, face value of Rs. 1,000/– each, redeemable on 1st February, 2022).	2.85	2.85
Indian Railway Finance Corporation (21,751 (21,751) Secured, Redeemable, Tax free Non–convertible Bonds , 8.00%, face value of Rs. 1,000/– each, redeemable on 23rd February, 2022).	2.18	2.18
National Highways Authority of India (24,724 (24,724) Secured, Redeemable, Tax free Non–convertible Bonds , 8.20%, face value of Rs. 1,000/– each, redeemable on 25th January, 2022).	2.47	2.47
Rural Electrification Corporation Limited (61,238 (61,238) Secured, Redeemable, Tax free Non–convertible Bonds , 8.12%, face value of Rs. 1,000/– each, redeemable on 29th March, 2027).	6.12	6.12
	13.63	23.71
Total	**1,087.05**	**405.91**
Aggregate amount of quoted investments	14.49	24.56
Market Value of quoted investments	707.46	700.15
Aggregate amount of unquoted investments	1,072.56	381.35

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

14 Deferred tax assets/liabilities (net)

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Deferred tax assets:		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	1.10	0.95
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium Reserve under the Capital Restructuring scheme implemented in an earlier year (Refer note 12 (c))	21.73	27.49
Liabilities / provisions that are deducted for tax purposes when paid	6.65	3.80
Other timing differences	3.62	–
	33.10	32.24
Deferred tax liability:		
Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates.	36.14	13.16
	36.14	13.16
Deferred tax assets/(liabilities) (net)	**(3.04)**	**19.08**

15 Long term loans and advances

	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Unsecured, considered good unless stated otherwise		
Capital Advances		
Considered good	20.27	10.31
Considered doubtful	–	0.50
	20.27	10.81
Less : Provision for doubtful advances	–	0.50
	20.27	10.31
Loans and advances to related parties – Subsidiaries (Refer notes 43 (c))	46.45	156.59
Other loans and advances :		
Deposits with public bodies and others		
Considered good	7.85	7.24
Considered doubtful	–	0.50
	7.85	7.74
Less : Provision for doubtful deposits	–	0.50
	7.85	7.24
Loans to employees	2.48	2.70
Prepaid expenses	0.13	0.02
Balance with statutory/government authorities	15.09	12.75
Advances to vendors	1.28	1.28
Inter corporate deposits	10.00	–
Loans and advances to Welfare of Mariconians Trust (Refer note 45 (c))	36.54	19.92
Less: Provision for doubtful loan (Refer note 45 (e))	(0.81)	–
	35.73	19.92
Restricted deposit – HSBC Escrow Account	–	25.00
Total	**139.28**	**235.81**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

16 Other non current assets

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Fringe benefit tax payments (net of provisions of Rs. 5.85 Crore (previous year Rs. 5.85 Crore))	0.48	0.48
MAT credit entitlement	131.15	117.84
Long term deposits with banks with maturity period of more than twelve months (Refer note below)	3.71	4.82
Total	**135.34**	**123.14**

Long term deposits with bank include Rs. 0.13 Crore (Rs. 0.13 Crore) deposited with sales tax authorities and Rs. 3.58 Crore (Rs. 4.69 Crore) held as lien by banks against guarantees issued on behalf of the Company.

17 Current investments (Short term investments)

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Current portion of long term investments		
Unquoted		
Investment in subsidiary (Trade investment)		
Kaya Limited (wholly owned) (Refer note 47) 17,848,975 (14,500,000) equity shares of Rs. 10 each fully paid	181.84	–
Quoted		
Indian Infrastructure Finance Company Ltd,	10.08	–
(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).		
Current investments (At lower of cost and fair value) **Unquoted**		
Investment in subsidiaries (Trade investment)		
Investment in Marico Kaya Enterprises Limited (wholly owned) (Refer note 47)	0.10	–
100,000 (NIL) equity shares of Rs. 10 each		
Investments in Mutual Funds		
Birla Sunlife Dynamic Bond Fund–Retail–Growth 1,306,807 (NIL) Units of Rs. 10 each fully paid	2.50	–
DSP Blackrock FMP–Series 81–12M–Growth 10,000,000 (NIL) Units of Rs. 10 each fully paid	10.00	–
HDFC Income Fund–Growth 1,908,040 (NIL) Units of Rs. 10 each fully paid	5.00	–
JM High Liquidity Fund–Regular Plan–Bonus Option 3,979,357 (NIL) Units of Rs. 10 each fully paid	3.90	–
JM High Liquidity Fund–Growth Option 147 Units (NIL) of Rs. 10 each fully paid (Rs. 4,638 (previous year NIL))	–	–
Kotak Bond Scheme Plan A – Growth 1,514,623 (NIL) Units of Rs. 10 each fully paid	5.00	–
Reliance Short Term Fund–Growth 1,184,290 (NIL) Units of Rs. 10 each fully paid	2.50	–
SBI Magnum Insta Cash Fund Liquid Floater–Reg–Growth	8.50	–
42,728 (NIL) Units of Rs. 1,000 each fully paid		
Templeton India Ultra Short Bond Fund Super Institutional Plan – Growth NIL (720,132) units of Rs. 10 each fully paid	–	1.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Tata Liquidity Management Fund–Growth NIL (69,662) Units of Rs. 1,000 each fully paid	–	10.05
Tata Liquid Super High Investment Fund–Appreciation NIL (36,647) Units of Rs. 1,000 each fully paid	–	7.25
ICICI Prudential Money Market Fund–Cash Option NIL (1,367,539) Units of Rs. 100 each fully paid	–	20.27
IDFC Ultra Short Term Fund–Growth NIL (10,129,181) Units of Rs. 10 each fully paid	–	15.00
Kotak Liquid–Institutional Premium–Growth NIL (689,915) Units of Rs. 10 each fully paid	–	1.50
DWS Treasury Fund – Cash – Institutional Plan – Growth NIL (1,732,972) Units of Rs. 100 each fully paid	–	20.73
Reliance Liquid Fund–Treasury Plan–Institutional Plan–Growth NIL (7,957,279) Units of Rs. 10 each fully paid	–	20.77
Birla Sun Life Floating Rate Fund–STP–Institutional Plan–Growth NIL (366,604) Units of Rs. 100 each fully paid	–	5.22
Birla Sunlife Short Term FMP Series 29–Payout NIL (15,000,000) Units of Rs. 10 each fully paid	–	15.00
DSPBR FMP –Series 33–3M–Dividend Payout NIL (15,000,000) Units of Rs. 10 each fully paid	–	15.00
JM Floater Fund–Short Term Plan–Growth NIL (5,914,217) Units of Rs. 10 each fully paid	–	10.02
L & T FMP–V–(December 368D A) –Growth NIL (8,000,000) Units of Rs. 10 each fully paid	–	8.00
L & T Ultra Short Term Fund– Institutional–Cum–Org NIL (2,314,830) Units of Rs. 10 each fully paid	–	4.01
SBI Magnum Income Fund FR Saving Plus Bond–Growth NIL (9,039,227) 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	**229.42**	**266.26**
Aggregate amount of quoted investments	10.08	97.40
Market Value of quoted investments	9.99	97.44
Aggregate amount of unquoted investments	219.34	168.86

18 Inventories

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

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Raw materials	248.98	203.91
Work–in–progress	175.57	87.77
Finished goods (includes in–transit Rs. 0.06 Crore (Previous year Rs. 0.75 Crore))	199.03	168.43
Stock – in – trade (Traded goods)	28.46	12.20
Stores and spares	6.46	5.29
Others :		
Packing materials	48.80	48.80
By–products	1.68	3.64
Total	**708.98**	**530.04**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

19 Trade receivables

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	3.04	0.60
Considered doubtful	3.24	2.91
	6.28	3.51
Less: Provision for doubtful debts	(3.24)	(2.91)
	3.04	0.60
Outstanding for a period less than six months from the date they are due for payment		
Considered good	120.81	100.44
Considered doubtful	–	–
	120.81	100.44
Total	**123.85**	**101.04**

Refer note 43 (c) for due from subsidiaries

20 Cash and bank balances

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Cash and cash equivalents :		
Cash on hand	0.21	0.17
Remittance in–transit	0.44	0.12
Bank balances in current accounts	18.06	5.67
	18.71	5.96
Other bank balances :		
Fixed deposits with maturity more than three months but less than twelve months	3.00	26.14
Unclaimed dividend account	0.17	0.16
Demand deposits with maturity upto three months	0.15	–
Total	**22.03**	**32.26**

21 Short term loans and advances

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties (Refer note 43 (c)):		
Subsidiaries	142.18	18.76
Others	–	0.65
	142.18	19.41
Others :		
Loans and advances to Welfare of Mariconians Trust (Refer note 45 (c))	40.71	–
Advances to vendors and others	27.14	15.33
Loans and advances to employees	3.06	2.13
Prepaid expenses	5.17	3.42
Deposits/Balances with Government authorities/Others	6.85	4.17
Deposit with Leave Encashment plan	8.30	–
Inter corporate deposits	–	10.00
	91.23	35.05
Total	**233.41**	**54.46**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

22 Other current assets

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Unsecured, considered good (unless stated otherwise)		
Interest accrued and due on loans / deposits (due from subsidiary Rs. 0.90 Crore (Rs. 1.10 Crore))	2.84	2.40
Insurance receivables	0.05	2.50
Accrued export incentives	0.73	1.54
Assets held for disposal	0.01	0.01
Forward / derivative contracts receivables	–	7.53
Others	4.71	2.37
Total	**8.34**	**16.35**

23 Revenue from operations

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Sale of products:		
Finished goods	3,120.44	2,762.66
Traded goods	203.06	136.66
By–product sales	78.13	60.24
	3,401.63	2,959.56
Less:		
Excise duty	2.80	1.36
	3,398.83	2,958.20
Other operating revenues:		
Export incentives	4.47	4.91
Sale of scraps	3.80	2.24
	8.27	7.15
Total	**3,407.10**	**2,965.35**

a) Details of Sales (Finished goods)

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Edible oils	2,129.06	2,002.36
Hair oils	757.32	578.43
Personal care	44.24	–
Others	189.82	181.87
Total	**3,120.44**	**2,762.66**

b) Details of Sales (Traded goods)

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Oil seeds (Copra)	83.22	111.41
Personal care	95.69	–
Others	24.15	25.25
Total	**203.06**	**136.66**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

24 Other income

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Interest Income		
On Non current investments	1.13	0.85
On current investments	0.69	–
On loans, deposits, etc.	8.77	7.26
	10.59	8.11
Dividend Income		
On current investments	7.64	11.92
On Non current investments (from a subsidiary)	18.71	19.89
	26.35	31.81
Net gain on sale of current investments	4.73	0.14
Other non–operating income :		
Lease rental income	1.43	0.42
Royalty income	6.08	7.62
Net gain on foreign currency transactions and translation	–	2.06
Miscellaneous income	1.02	0.99
Excess provisions no longer required written back	–	0.50
Total	**50.20**	**51.65**

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

		For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
A	**Cost of materials consumed** (Refer notes (a) and (c) below)		
	Raw materials consumed		
	Opening Inventories	203.91	160.88
	Add : Purchases (net)	1,496.72	1,454.38
	Less : Inventories at the end of the year	248.98	203.91
	Cost of raw materials consumed during the year	1,451.65	1,411.35
	Packing materials consumed		
	Opening Inventories	48.80	55.67
	Add : Purchases (net)	308.44	253.70
	Less : Inventories at the end of the year	48.80	48.80
	Cost of packing materials consumed during the year	308.44	260.57
	Total	**1,760.09**	**1,671.92**
B	**Purchases of Stock–in–trade** (refer note (b) below)	**202.61**	**106.33**
C	**Changes in inventories of finished goods, work–in–progress and stock–in–trade – (increase) / decrease**		
	Opening 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 A	272.04	232.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Less: Closing inventories		
Work–in–progress	175.57	87.77
Finished goods	199.03	168.43
By–products	1.68	3.64
Stock–in–trade	28.46	12.20
Total B	404.74	272.04
(Increase) / decrease in inventories (A–B)	**(132.70)**	**(40.02)**

a Details of Raw materials consumed

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Oil seeds (Copra and Kardi seeds)	662.52	677.95
Raw oils (other than Copra and Kardi seeds)	507.87	450.46
Others	281.26	282.94
Total	**1,451.65**	**1,411.35**

b Details of Purchases of Stock–in–trade

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Oil seeds (Copra)	69.18	93.09
Personal care	119.87	–
Others	13.56	13.24
Total	**202.61**	**106.33**

c Value of imported and indigenous raw materials consumed

	For the year ended March 31,			
	2013 Rs. Crore	%	2012 Rs. Crore	%
Imported	123.15	8.48	126.92	8.99
Indigeneous	1,328.50	91.52	1,284.43	91.01
Total	**1,451.65**	**100.00**	**1,411.35**	**100.00**

26 Employee benefit expenses

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Salaries, wages and bonus	132.34	105.67
Contribution to provident and other funds (Refer notes 46)	10.30	6.74
Employees stock option charge/ (reversal) (Refer note 3 (d))	(0.02)	(0.04)
Stock appreciation rights expenses (Refer note 45 (d)):		
Star Grant Expenses	12.40	5.30
Less: Accretion in amounts recoverable from the Trust	(10.03)	–
	2.37	5.30
Staff welfare expenses	10.70	8.54
Total	**155.69**	**126.21**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

27 Finance costs

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Interest on:		
Long term borrowings	5.03	5.28
Short term borrowings	26.99	13.95
Other borrowing costs	0.27	0.33
Bank and other financial charges	3.00	2.51
Applicable net loss on foreign currency transactions and translation	8.39	6.27
Total	**43.68**	**28.34**

28 Depreciation, amortisation and impairment

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Depreciation on tangible assets (Refer note 2(d) (I))	31.48	29.33
Amortisation on intangible assets (Refer note 2(d) (II))	1.55	1.10
Provisions for Impairment of capitalised assets	(0.21)	1.06
Amortisation of Investment Property (Refer note 13)	0.31	–
Total	**33.13**	**31.49**

29 Other Expenses

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Consumption of stores and spare parts (refer note (a) below)	33.47	26.16
Power, fuel and water	10.03	7.78
Contract manufacturing charges	125.31	101.82
Rent and storage charges	30.25	21.64
Repairs to:		
Building	5.25	3.15
Machinery	10.89	7.27
Others	2.01	1.81
Freight, forwarding and distribution expenses	150.71	124.26
Advertisement and sales promotion	382.18	295.93
Rates and taxes	41.92	29.80
Commission to selling agents	5.92	5.31
Communication expenses	5.29	4.40
Printing and stationery	1.65	1.36
Travelling, conveyance and vehicle expenses	23.21	18.52
Royalty	1.51	0.24
Insurance	2.96	2.08
Payments to the auditor as :		
Statutory audit fees (including Limited Review under the Listing Agreement)	0.79	0.66
Tax audit fees	0.11	0.10
for other services	0.21	0.23
for reimbursement of expenses	0.01	0.01

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Net loss on foreign currency transactions and translation (other than considered as finance cost)	5.69	–
Commission to Non–executive directors	0.96	0.42
Provision for doubtful debts and advances	0.33	–
Add: Bad debts written off	–	–
Less: Provision for doubtful advances no longer required written back	–	(0.08)
	0.33	(0.08)
Miscellaneous expenses (Refer note (b) below)	58.65	40.58
Total	**899.31**	**693.45**

(a) There is no consumption of imported stores and spares during the current year and the previous year.

(b) Miscellaneous expenses include :

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Labour charges	11.75	6.74
Training & seminar expenses	5.06	4.70
Outside services	3.14	2.32
Legal & professional charges	24.21	18.59
Donation	3.41	0.09
Loss on sale of assets (net)	1.35	0.67
Total	**48.92**	**33.11**

30 Contingent liabilities:

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Disputed tax demands / claims :		
Sales tax	24.99	13.32
Income tax	0.77	4.14
Customs duty	0.40	0.40
Agricultural produce marketing cess	9.58	8.84
Employees state insurance corporation	0.18	0.13
Excise duty on subcontractors	0.41	0.35
Service Tax	0.17	–
Excise duty on CNO dispatches (Refer note (a) below)	364.09	278.92
Claims against the Company not acknowledged as debts.	0.42	0.28
Total	**401.01**	**306.38**

(a) The contingent liability pertains to a possible excise duty obligation in respect of pure coconut oil packs up to 200 ml. This claim has been contested and a legal opinion in the matter has been obtained. Based on the legal opinion and in its assessment, the management believes that the probability of success in the matter is more likely than not and accordingly, the possible excise obligation has been treated as a contingent liability in accordance with requirements of Accounting Standard (AS) 29 "Provisions, Contingent Liability and Contingent Asset". The possible excise duty obligation of Rs. 242.32 Crore (Rs. 157.15 Crore) for the clearances made

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

after June 3, 2009 (i.e. the date of issue of Board circular) till March 31, 2013 and Rs. 121.77 Crore (Rs. 121.77 Crore) for clearances made prior to June 3, 2009 has been disclosed as contingent liability to the extent of the time horizon covered by show cause notices issued by the excise department within the normal period of one year (from the date of clearance) as per the excise laws.

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

31 Capital commitments

	As at March 31, 2013 Rs. Crore	2012 Rs. Crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	75.72	71.24
Consideration for Paras acquisition (Refer note 37)	–	740.00
Total	**75.72**	**811.24**

32 Other commitments

	As at March 31, 2013 Rs. Crore	2012 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. 70.77 Crore (Rs. 69.45 Crore)).	113.03	88.90
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. 81.56 Crore (Rs. 132.23 Crore))	181.30	169.42
Letters of credit	37.22	–
Total	**331.55**	**258.32**

33 CIF value of imports

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Raw materials	149.22	131.89
Packing materials	1.18	2.20
Capital goods	0.36	1.17
Stock – in – trade (Traded goods)	0.15	1.09
Total	**150.91**	**136.35**

34 Expenditure in foreign currency

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
Travelling and other expenses	0.50	0.65
Advertisement and sales promotion	5.19	4.78
Interest on other loans	11.19	8.01
Miscellaneous expenses	2.19	1.13
Total	**19.07**	**14.57**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

35 Earnings in foreign currency

	For the year ended March 31, 2013 Rs. Crore	2012 Rs. Crore
FOB value of exports	138.59	192.35
Royalty	6.08	7.62
Dividend	18.71	19.89
Interest	4.10	4.09
Reimbursement of corporate guarantee commission	0.70	0.77
Total	**168.18**	**224.72**

36. Research and Development expenses aggregating Rs. 5.95 Crore (Rs. 6.37 Crore) have been included under the relevant heads in the Statement of Profit and Loss.

37. On May 29, 2012, the Company concluded the effective acquisition of the personal care business of Paras Pharmaceuticals Limited ("PPL") for a consideration of Rs. 745.60 Crores. The acquisition was effected through Marico Consumer Care Limited ("MCCL"), a wholly owned subsidiary of the Company. MCCL was incorporated on April 20, 2012 and it acquired 100 % equity stake in Halite Personal Care India Private Limited ("Halite") from Halite's erstwhile owners. The personal care business had been demerged from PPL into Halite effective March 1, 2012 under a Scheme of amalgamation and arrangements approved by the High Court of Punjab and Haryana.

The shareholders of the Company, at their meeting held on May 2, 2012, approved issue of equity shares on preferential allotment basis aggregating Rs. 500 Crores at a price of Rs. 170 per equity share to two overseas investors for funding a part of the Halite acquisition. Subsequently, the Company allotted 29,411,764 equity shares of face value Re. 1 each at a share premium of Rs. 169 each to these investors on May 16, 2012. This resulted in increase of Equity share capital by Rs. 2.94 Crores and Securities premium reserve by Rs. 497.06 Crores. The proceeds of the issue together with internal accruals were infused by Marico as equity investment in MCCL. MCCL utilized the equity proceeds for acquiring 100% equity stake in Halite on May 29, 2012.

38 a) Additional information on assets taken on lease:

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

	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
Lease rental payments recognised in the Statement of Profit and Loss.	25.81	17.99
In respect of assets taken on non–cancellable operating lease:		
Lease obligations		
Future minimum lease rental payments		
– not later than one year	1.79	2.16
– later than one year but not later than five years	1.30	1.28
Total	**3.09**	**3.44**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b) Additional information on assets given on lease:

	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
Lease rental Income recognised in the Statement of Profit and Loss.	1.43	0.42

Rs. Crore

Asset	Cost as at March 31		Depreciation for the year ended March 31		Accumulated Depreciation as at March 31		Net Book Value as at March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Plant and equipment (refer note 12(A))	2.03	2.03	(0.16)	0.01	1.79	1.95	0.24	0.08
Investment Property	18.83	–	0.31	–	0.31	–	18.52	–

Depreciation for the year ended March 31, 2013 is including reversal of depreciation due to change of method of depreciation from WDV to SLM of Rs. 0.18 Crore which is shown as exceptional items.

39. Details of Exceptional Items are as under:

		March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
a.	Surplus on change in method of depreciation (Refer Note (a) below)	37.45	–
b.	Reversal of impairment loss on "Fiancee" trademark (Refer Note (b) below)	9.05	
	Total	**46.50**	**–**

a. Effective January 1, 2013, the Company has retrospectively changed its method of providing depreciation on Factory Building and Plant & Machinery from the 'Written Down Value Method' to 'Straight Line Method' at the rates prescribed in Schedule XIV to the Companies Act, 1956. This change results in a more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits flow to the Company. Accordingly, the Company has recognised the surplus of Rs. 37.45 Crores arising from this retrospective change.

   Had the previous method of depreciation been followed, depreciation charge for the quarter and year ended March 31, 2013 would have been higher by Rs. 2.96 Crores and the profit before tax for the current quarter and year ended March 31, 2013 would have been lower by an equivalent amount.

b. During the year ended March 31, 2011, the Company had recognised an impairment loss of Rs. 13.88 Crores towards brand "Fiancee". During the current year, the Company has reassessed the value in use and accordingly reversed an impairment loss of Rs. 9.05 Crores. The management has considered a pre–tax discount rate of 17.40% for determining value in use during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

40. Derivative transactions –

a) The total derivative instruments outstanding as on year end March 31, 2013 are Plain Forwards, Plain Vanilla Put Option, Cross currency swap and Interest rate swap:

	Currency	March 31, 2013		March 31, 2012	
		Notional Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Notional Amount in Foreign currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)
Forward contracts outstanding					
Exports:	USD	7,739,273	42.01	8,238,974	41.92
Foreign currency loans (including Interest)	USD	15,182,985	82.41	34,861,622	177.36
Creditors	USD	18,049,383	97.97	10,586,215	53.86
Creditors	AUD	760,000	4.30	–	–
Loan to subsidiary:	ZAR	18,749,500	11.02	22,000,000	14.59
Options Contracts outstanding					
Exports	USD	5,993,000	32.53	8,100,000	41.21
Creditors	USD	1,059,500	5.75	–	–
Currency Swap	USD	10,000,000	54.28	10,000,000	50.88

* Converted into the exchange rate at the year end.

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

		March 31, 2013		March 31, 2012	
	Currency	Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Forward contracts	USD	2,57,88,656	106.77	18,825,189	97.37
Forward contracts	AUD	7,60,000	4.31	–	–
Options contract	USD	70,52,500	0.49	8,100,000	0.89

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

		March 31, 2013		March 31, 2012	
	Currency	Amount in Foreign Currency	Fair Value (Rs. Crore)	Amount in Foreign Currency	Fair Value (Rs. Crore)
Borrowings in Foreign currency	USD	27,000,000	3.08	30,750,000	1.55

– 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 4 years (1 to 5 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, 2013

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

		March 31, 2013		March 31, 2012	
	Currency	Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)	Amount in Foreign currency	Equivalent Amount in Rs. at the year end (Rs. Crore)
a. Amount (payable) / receivable in foreign currency on account of following :					
(i) Import of goods					
and services	AUD	27,007	0.15	12,342	0.06
	EUR	190	–	68,430	0.46
	GBP	(36,093)	(0.30)	(74,111)	(0.60)
	SGD	587,441	2.57	(26,554)	(0.11)
(ii) Capital imports	CHF	680	0.01	680	0.01
	GBP	–	–	800	0.01
(iii) Export of goods	AED	4,988	0.01	4,988	0.01
b. Bank balances	USD	38,264	0.21	38,308	0.19
	VND	584,291	0.01	1,183,114	0.01
c. Other receivable / (payable)	USD	14,032	0.08	22,778	0.12
	AED	(468)	(0.01)	553	0.01
	AUD	2,400	0.01	–	–
d. Loans and Advances	AED	1,146,839	1.69	2,784,511	3.86
to Subsidiaries	TAKA/ BDT	230,286,170	16.00	174,689,865	10.85
including interest	USD	78,626	0.43	371,844	1.89
accrued	ZAR	61,588,238	36.30	61,718,443	40.94
	EGP	577,178	0.46	617,600	0.52
	SGD	–	–	190,247	0.77

Excludes Loans payable of Rs. 293.11 Crore [USD 54,000,000] (Rs. 293.81 Crore [USD 57,750,000]) 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 4 years (1 to 5 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.(52.49) Crore [Rs. (33.92) 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, 2013

41. Earnings per share:

	March 31, 2013	March 31, 2012
Profit for the year as per the Statement of Profit and Loss/ Profit available to equity shareholders (Rs. Crore)	**429.09**	**336.59**
Equity shares outstanding as at the year end	644,771,799	614,934,387
Weighted average number of equity shares used as denominator for calculating basic earnings per share	640,971,596	614,748,262
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	641,232,987	615,210,810
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 6.69**	**Rs. 5.48**
***Diluted earnings per equity share**	**Rs. 6.69**	**Rs. 5.47**

*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, 2013	March 31, 2012
Number of shares considered as basic weighted average shares outstanding	640,971,596	614,748,262
Add: Effect of dilutive stock options	261,391	462,548
Number of shares considered as weighted average shares and potential shares outstanding	641,232,987	615,210,810

42. 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.

43 Related Party disclosures :

a) Name of related parties and nature of relationship:

i) Subsidiary companies

Name of the Company	Effective date for Acquisition / Incorporation	Holding Company	Country of incorporation	Percentage of ownership interest as at 31st March 2013
Marico Bangladesh Limited (MBL)	September 6, 1999	Marico Ltd	Bangladesh	90 (90)
Marico Middle East FZE (MME)	November 8, 2005	Marico Ltd	UAE	100 (100)
–Kaya Middle East FZE (KME) (Refer Note (a) below)	December 25, 2005	MME	UAE	100 (100)
–MBL Industries Limited (MBLIL)	August 2, 2003	MME	Bangladesh	100 (100)
–MEL Consumer Care SAE (MELCC)	October 1, 2006	MME	Egypt	100 (100)
–Marico Egypt Industries Company (MEIC)	January 1, 2008	MELCC	Egypt	100 (100)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Name of the Company	Effective date for Acquisition / Incorporation	Holding Company	Country of incorporation	Percentage of ownership interest as at 31st March 2013
–Egyptian American Investment & Industrial Development Company (EAIIDC)	December 19, 2006	MME	Egypt	100 (100)
–Marico Malaysia Sdn. Bhd. (MMSB)	December 4, 2009	MME	Malaysia	100 (100)
Marico South Africa Consumer Care (Pty) Limited (MSACC)	October 17, 2007	Marico Ltd	South Africa	100 (100)
–Marico South Africa (Pty) Limited (MSA)	November 1, 2007	MSACC	South Africa	100 (100)
Kaya Limited	March 27, 2003	Marico Ltd	India	100 (100)
–Derma – Rx International Aesthetics Pte. Ltd. (DIAL)	May 22, 2010	Kaya Limited	Singapore	100 (100)
–The DRx Clinic Pte. Ltd. (DCPL)	May 25, 2010	DIAL	Singapore	100 (100)
–The DRx Medispa Pte. Ltd. (DMSPL)	May 25, 2010	DIAL	Singapore	100 (100)
–DRx Investments Pte. Ltd. (DIPL)	May 25, 2010	DIAL	Singapore	100 (100)
–DRx Aesthetics Sdn. Bhd. (DASB)	May 25, 2010	DCPL	Malaysia	100 (100)
International Consumer Products Corporation (ICP)	February 18, 2011	Marico Ltd	Vietnam	85 (85)
–Beaute Cosmetique Societe Par Actions (BCS)	February 18, 2011	ICP 99% equity held by ICP (Previous Year : 99%)	Vietnam	84.15 (84.15)
–Thuan Phat Foodstuff Joint Stock company (TPF)	February 18, 2011	ICP 99.73% equity held by ICP (Previous Year: 98.6%)	Vietnam	84.77 (84.77)
Marico Consumer Care Limited (Refer Note 37)	April 20, 2012	Marico Ltd	India	100 (Nil)
–Halite Personal Care India Private Limited (Refer Note 37)	May 29, 2012	MCCL	India	100 (Nil)
Marico Innovation Foundation (Refer Note (b) below)	March 13, 2013	Marico Ltd	India	N.A (Nil)
Marico Kaya Enterprises Limited (Refer Note 47)	January 19, 2013	Marico Ltd	India	100 (Nil)

Note

a) To align the shareholding in Kaya business so as to integrate the ownership under Kaya limited in view of the proposed de–merger of Kaya's business from the Company (also refer Note 47), the shareholders of Marico

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Middle East FZE (MME) at their meeting held on March 18, 2013 approved the disinvestment of 100% stake in Kaya Middle East FZE (KME) to Derma Rx International Aesthetics Pte. Ltd (DIAL) for a consideration of 55,050,000 UAE Dirhams. The disinvestment was effected through a share purchase agreement between MME and DIAL dated February 7, 2013 and executed on March 25, 2013, subject to approval from Hamriyah Free Zone Authority (HFZA). Post approval it will become a subsidiary of Derma Rx International Aesthetics Pte. Ltd (DIAL).

b) The Board of Directors of the Company at their meeting held on March 15, 2013, approved Marico Limited becoming a member of Marico Innovation Foundation ("MIF"), a company incorporated under Section 25 of the Companies Act, 1956 (being a private company limited by guarantee not having share capital) primarily with an objective of fuelling and promoting innovation in India and MIF became a wholly owned subsidiary of the Company with effect from the said date. Marico Limited controls the composition of the Board of MIF and has accordingly appointed two directors as its nominees.

ii) Subsidiary firm :

Wind Company. (Through 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

b) Transactions during the year

(Rs. Crore)

Particulars	Subsidiaries		KMP and their relative		Others	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Sale of goods	109.91	158.43	–	–	–	–
Purchase of goods	73.82	0.13	–	–	–	–
Royalty income	6.08	7.62	–	–	–	–
Dividend income	18.71	19.89	–	–	–	–
Interest income	4.10	4.09	–	–	–	–
Corporate guarantee commission	0.70	0.77	–	–	–	–
Expenses paid on behalf of subsidiaries	21.13	10.55	–	–	–	–
Expenses paid by subsidiary on behalf of Marico limited	0.06	–	–	–	–	–
Lease Rental Income	1.02	–	–	–	–	–
Royalty Expenses	1.27	–	–	–	–	–
Claims Settled	11.09	–	–	–	–	–
Remuneration	–	–	4.64	4.01	–	–
Loans and advances given	170.53	63.44	–	–	–	–
Loan repaid	76.15	66.46	–	–	–	–
Conversion of loans into equity share	108.84	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Subsidiaries		KMP and their relative		Others	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Investments made during the year	745.80	–	–	–	–	–
Rent paid	–	–	–	–	0.08	–
Donation Given	1.71	–	–	–	–	–
Purchase of Fixed Assets	13.15	–	–	–	–	–
Sale of Fixed Assets	0.11	–	–	–	–	–
Stand by Letter of Credit issued to banks	69.48	51.98	–	–	–	–
Stand by Letter of Credit discharged	25.44	–	–	–	–	–
Corporate guarantee discharged	–	58.73	–	–	–	–
Corporate guarantee given to banks	17.51	–	–	–	–	–

c) Balances as at the year end

(Rs. Crore)

Particulars	Subsidiaries		KMP and their relative		Others	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Investment	1,236.84	382.21	–	–	–	–
Trade payable	0.22	0.15	–	–	–	–
Dues Payable	–	–	–	–	0.02	–
Trade receivable	17.79	21.17	–	–	–	–
Short term loans and advances	142.18	19.41	–	–	–	–
Long term loans and advances	46.45	156.59	–	–	–	–
Interest accrued on loans and advances	0.90	1.10	–	–	–	–
Corporate guarantees given to banks	113.03	88.90	–	–	–	–
Stand–by Letter of Credit given to banks	181.30	169.42	–	–	–	–

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	
	March 31, 2013	March 31, 2012
Sale of goods		
Marico Bangladesh Limited	84.53	116.71
Marico Middle East FZE	22.63	40.38
Purchase of goods		
Marico Egypt Industries Company	0.16	0.13
Halite Personal Care India Private Limited	73.66	–
Royalty income		
Marico Bangladesh limited	3.73	3.43

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

PARTICULAR	For the year ended	
	March 31, 2013	March 31, 2012
Marico Middle East FZE	1.79	3.70
Dividend income		
Marico Bangladesh limited	18.71	19.89
Interest income		
Marico South Africa Consumer Care (pty) Ltd	4.10	4.09
Corporate guarantee commission		
Derma Rx International Aesthetics Pte. Ltd.	0.70	0.77
Expenses paid on behalf of subsidiaries		
Marico Middle East FZE	2.26	2.01
Kaya Limited	12.71	6.54
Expenses paid by subsidiary on behalf of Marico limited		
Marico Egypt Industries Company	0.06	–
Lease Rental Income		
Kaya Limited	1.02	–
Royalty Expenses		
Halite Personal Care India Pvt.Ltd.	1.15	–
Rent paid		
The Bombay Oil Private Limited	0.08	–
Investments made during the year		
Marico consumer care limited	745.70	–
Others Remuneration		
Rishabh Mariwala	0.01	–
Donation Given		
Marico Innovation Foundations	1.71	–
Purchase of Fixed Assets		
Kaya Limited	13.15	–
Sale of Fixed Assets		
Marico Bangladesh Limited	0.11	–
Conversion of loans into equity share		
Kaya Limited	108.84	–
Loans and advances given		
Kaya Limited	165.37	60.83
Loan and advances repaid		
Kaya Limited	56.71	77.29
Stand by Letter of Credit given to banks		
Marico Middle East FZE	69.48	26.79
Kaya Middle East FZE	–	26.39
Stand by Letter of Credit discharged		
Marico Middle East FZE	25.44	–
Corporate guarantee discharged		
Derma Rx International Aesthetics Pte. Ltd.	–	14.15
Marico South Africa (Pty) Limited	–	44.59
Corporate guarantees given to banks		
Derma Rx International Aesthetics Pte. Ltd.	17.51	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

(Rs. Crore)

PARTICULAR	Balances as on	
	March 31, 2013	March 31, 2012
Trade payable		
Egyptian American Investment & Industrial Development Company	0.05	0.02
Marico Egypt Industries Company	0.17	0.13
Trade Receivable		
Marico Bangladesh Limited	7.42	8.21
Marico Middle East FZE	8.79	12.72
Short term loans and advances		
Kaya Limited	117.16	0.85
Marico Bangladesh Limited	17.85	11.07
Marico Middle East FZE	2.71	4.47
Long term loans and advances		
Kaya Limited	–	102.15
Marico South Africa Consumer Care (pty) Ltd	46.45	54.44
Interest accrued on loans and advances		
Marico South Africa Consumer Care (pty) Ltd	0.90	1.10
Corporate guarantee given to banks		
Derma Rx International Aesthetics Pte. Ltd.	105.03	80.90
Stand by Letter of Credit given to banks		
Marico Middle East FZE	151.44	141.40
Kaya Middle East FZE	23.88	22.38

f) Clause 32 disclosures

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

	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
Loans to subsidiary: Kaya Limited*		
Balance as at the year end	117.15	103.00
Maximum amount outstanding at any time during the year	117.15	115.00
*Interest free and without any repayment schedule		
Loans to subsidiary: Marico South Africa Consumer Care (pty) Limited		
Balance as at the year end	47.35	54.44
Maximum amount outstanding at any time during the year	56.02	63.65
Advances to Marico Innovation Foundation		
Balance as at the year end	–	0.65
Maximum amount outstanding at any time during the year	1.14	0.65

The subsidiaries do not hold any shares in the holding company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

44 Managerial Remuneration:

Nature of transactions:	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Statement of Profit and Loss		
Salary	2.97	2.60
Contribution to provident and other funds	0.34	0.30
Other perquisites	0.13	0.07
Annual performance incentives	1.20	1.04
	4.64	**4.01**
Remuneration to non–whole time directors (including Sitting fees)	1.10	0.47

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.

45 a) The Corporate Governance Committee has granted Stock Appreciation Rights ("STAR") to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011 ("Plan"). The grant price is determined based on a formula as defined in the Plan. There are three schemes under the Plan with different vesting period. Under the Plan, the respective employees are entitled to receive a Star Value which is the excess of the maturity price over the grant price subject to fulfilment of certain conditions. The Plan is administered by Corporate Governance Committee comprising independent directors.

b) Details of Star Scheme:

	STAR I		**STAR II**				**STAR III**	
Grant Date	March 28, 2011		December 1, 2011		December 1, 2012		December 1, 2012	
Grant Price (Rs.)	129.15		148.53		213.91		213.91	
Vesting Date	September 30, 2013		November 30, 2014		November 30, 2014		November 30, 2015	
	As at March 31		**As at March 31**		**As at March 31**		**As at March 31**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Number of grants outstanding at the beginning of the year	2,661,100	2,838,600	949,900	–	–	–	–	–
Add : Granted during the year	–	–	–	956,000	156,800	–	1,489,800	–
Less : Forfeited during the year	137,700	177,500	59,000	6,100	–	–	7,000	–
Less : Exercised during the year*	230,700	–	75,000	–	–	–	–	–
Number of grants at the end of the year	2,292,700	2,661,100	815,900	949,900	156,800	–	1,482,800	–

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Rs. Crore

	STAR I		STAR II				STAR III	
	As at March 31		As at March 31		As at March 31		As at March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Total Provision	17.71	4.92	2.33	0.40	–	–	–	–
Less: Accretion in amounts recoverable from the Trust (Also refer note (c) and (d) below)	10.03	–	2.33	–	–	–	–	–
Net Provision	7.68	4.92	–	0.40	–	–	–	–

c) The Company has formed "Welfare of Mariconians Trust" (The Trust) for the implementation of the schemes that are notified or may be notified from time to time by the Company under the Plan. The Company has advanced Rs. 76.44 Crore (Rs. 19.92 Crore) to the Trust for purchase of the Company's shares under the Plan, of which Rs. 35.73 Crore is included under "Long term loans and advances" (Refer Note 15) and balance under "Short term loans and advances" (Refer Note 21). As per the Trust Deed and Trust Rules, upon maturity, the Trust shall sell the Company's shares and hand over the proceeds to the Company. The Company, after adjusting the loan advanced, shall utilize the proceeds towards meeting its STAR Value obligation.

d) The difference between the market price of the Company's shares as at the year end and the grant price after adjusting for the difference between the amounts due from the Trust and the loan advanced to the Trust is recognised as an expense over the vesting period and accordingly an amount of Rs. 2.37 Crore (Rs. 5.30 Crore) is charged in the Statement of Profit and Loss. The total provision of Rs 7.68 Crore (Rs. 5.32 Crore) as at March 31, 2013 which relates to STAR Scheme I maturing on September 30, 2013 has been disclosed under Short Term provision (Refer Note 11)

e) As on March 31, 2013, the market price of the Company's shares on the stock exchanges was lower than the average price at which the Trust had bought the shares under one of the STAR schemes. This has resulted in diminution in the recoverable value of loan advanced to the Trust. Accordingly, the Company has charged an amount of Rs. 0.81 Crore (Nil) to the Statement of Profit and Loss (Refer note 15).

f) The Securities and Exchange Board of India (SEBI) in January 2013 amended the SEBI (ESOS and ESPS) Guidelines 1999, vide which it mandated that no ESOS/ESPS schemes shall involve acquisition of securities of the Company from the secondary market. The Company had approached SEBI for a clarification whether the amendment also covered non–ESOS employee welfare trust such as WEOMA trust. SEBI had clarified that the clarification corrected secondary market purchases by the WEOMA Trust. Many companies, including Marico Limited, had made a representation to SEBI requesting SEBI to allow the employee trusts to continue holding the shares. After hearing the representations of these companies in a joint meeting convened by SEBI, SEBI had indicated that it will come out with a clarification in this matter. The Company awaits further guidance from SEBI.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

46 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:

	Provident Fund		Gratuity	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
I. Actuarial assumptions :				
Discount rate	8.00%	8.50%	8.00%	8.50%
Rate of return on Plan assets*	8.50%	8.69%	8.70%	8.60%
Future salary rise**	–	–	12.00%	10.00%
Attrition rate	17.00%	17.00%	17.00%	17.00%
Mortality	Published notes under the IC (1994–96) Mortality tables		Published notes under the IC (1994–96) Mortality tables	

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

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

	Provident Fund		Gratuity	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
II. Changes in defined benefit obligations:				
Liability at the beginning of the year	60.75	–	11.81	11.64
Interest cost	5.18	–	1.01	0.93
Current service cost	5.45	–	0.73	1.33
Employee contribution	6.87	–	–	–
Liability Transferred in	1.47	–	–	–
Liability Transferred out	(0.54)	–	–	–
Past service cost (non vested benefit)	–	–	–	–
Past service cost (vested benefit)	–	–	–	–
Benefits paid	(7.16)	–	(1.40)	(1.05)
Actuarial (gain)/loss on obligations	–	–	2.46	(1.04)
Liability at the end of the year	**72.02**	**–**	**14.61**	**11.81**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Provident Fund		Gratuity	
	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
III. Change in fair value of plan assets :				
Fair value of plan assets at the beginning of the year	60.75	–	11.64	11.46
Expected return on plan assets	5.18	–	1.00	0.98
Contributions	12.32	–	1.11	0.63
Transfer from other Company	1.47	–	–	–
Transfer to other Company	(0.54)	–	–	–
Benefits paid	(7.16)	–	(1.40)	(1.05)
Actuarial gain/(loss) on plan assets	–	–	0.14	(0.38)
Fair value of plan assets at the end of the year	72.02	–	12.49	11.64
Total Actuarial (gain)/loss to be recognised	**–**	**–**	**2.33**	**(0.66)**

	Provident Fund		Gratuity	
	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
IV. Actual return on plan assets :				
Expected return on plan assets	–	–	1.00	0.98
Actuarial gain/(loss) on plan assets	–	–	0.14	(0.38)
Actual return on plan assets	**–**	**–**	**1.14**	**0.60**

	Provident Fund		Gratuity				
	March 31,		March 31,				
	2013 Rs. Crore	2012 Rs. Crore	2013 Rs. Crore	2012 Rs. Crore	2011 Rs. Crore	2010 Rs. Crore	2009 Rs. Crore
V. Amount recognised in the Balance Sheet							
Liability at the end of the year	–	–	14.61	11.81	11.64	10.57	9.56
Fair value of plan assets at the end of the year	72.02	59.25	12.49	11.64	11.46	11.39	9.02
Present value of benefit obligation as at the end of the period	(72.02)	(59.25)	–	–	–	–	–
Difference	–	–	2.12	0.17	0.18	(0.82)	0.54
Unrecognised past service Cost	–	–	–	–	–	–	–
(Assets) / Liability recognised in the Balance Sheet	–	–	2.12	0.17	0.18	(0.82)	0.54

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Provident Fund		Gratuity	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
VI. Percentage of each category of plan assets to total fair value of plan assets.				
Administered by HDFC Standard Life Insurance / Kotak Gratuity Group plan	–	–	95.15%	94.13%
Special deposit scheme, Fixed deposit scheme and others	2.92%	3.56%	4.85%	5.87%
Central Government securities	23.27%	23.56%	–	–
State loan/State government Guaranteed Securities	16.43%	18.65%	–	–
Public Sector Units	48.72%	47.55%	–	–
Private Sector Units	7.00%	6.68%	–	–
Others	1.66%	–	–	
Total	**100%**	**100.%**	**100%**	**100%**

	Provident Fund		Gratuity	
	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
VII. Expenses recognised in the Statement Profit and Loss :				
Current service cost	5.45	–	0.73	1.33
Interest cost	5.18	–	1.01	0.93
Expected return on plan assets	(5.18)	–	(1.00)	(0.98)
Net actuarial (gain)/loss to be recognised	–	–	2.33	(0.66)
Past service cost (non vested benefit) recognised	–	–	–	–
Past service cost (vested benefit) recognised	–	–	–	–
(Income) / Expense recognised in the Statement of Profit and Loss	5.45	–	3.07	0.62

	Provident Fund		Gratuity	
	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
VIII. Balance Sheet reconciliation				
Opening net liability	–	–	0.17	0.18
(Income) / Expense as above	5.45	–	3.06	0.62
Employers contribution	(5.45)	–	(1.11)	(0.63)
Closing net liability	–	–	2.12	0.17

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	Gratuity			
	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
IX. Experience Adjustments				
On Plan liability (gain) / loss	1.33	(0.80)	0.17	(0.34)
On plan asset (loss) / gain	0.13	(0.38)	(0.16)	1.53

As per actuarial valuation report, expected employer's contribution in next year is Rs. 2.89 Crore (Rs. 1.55 Crore) for gratuity and Rs. 7.17 Crore for provident fund.

B. Privileged leave (Compensated absence for employees):

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

Particulars	March 31, 2013 Rs. Crore	March 31, 2012 Rs. Crore
Opening balance of compensated absences (a)	6.20	5.57
Present value of compensated absences(As per actuary valuation) as at the year end (b)	8.37	6.20
(Excess)/ Unfunded liability of Compensated Absences recognised in the Statement of Profit and Loss for the year (b–a)	2.17	0.63

The privileged leave liability is not funded.

C. Defined contribution plan :

The Company has recognised Rs. 6.32 Crore (Rs. 5.20 Crore) towards contribution to provident fund, Rs. 0.41 Crore (Rs. 0.45 Crore) towards contribution to superannuation fund and Rs. 0.39 Crore (Rs. 0.35 Crore) towards employee state insurance plan in the Statement of Profit and Loss.

The informatoin in respect of Provident Fund is provided to the extent of available with the Company.

47 a) On January 7, 2013, the Board of Directors' of Marico Limited approved a Scheme of Arrangement (the Scheme) for demerger of the business undertaking of Kaya ("Kaya Business") with effect from appointed date, April 1, 2013 ('the Scheme') subject to all regulatory and statutory approvals. The Scheme envisages the de–merger of Kaya Business into a new company, "Marico Kaya Enterprises Limited ('MaKE')", which was incorporated on January 19, 2013 for the purpose. As a consideration, the shareholders of Marico Limited as on the record date shall be issued 1 share of MaKE with a face value of Rs. 10 each for every 50 shares of Marico with a face value of Re. 1 each, fully paid–up. Consequently, the share holding structure of MaKE will mirror the share holding structure of Marico Limited.

The management of the Company believes that the proposed de–merger will enable value creation for both the FMCG and Kaya businesses through focus and flexibility.

As on March 31, 2013, Marico Ltd is the sole shareholder of MaKE. Upon the Scheme becoming effective and upon issue of shares by MaKE to the shareholders of Marico Limited, all the shares held by Marico Ltd shall stand cancelled without any payment.

In view of the above, the investments and loans and advances pertaining to Kaya business have been considered as current / short–term in nature.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b) Details of assets and liabilities relating to the Kaya business are as follows:

Assets	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Investment	181.84	73.00
Loan & Other Receivable	117.15	103.00
Loan to Employee deputed to Kaya	0.17	0.25
Balance in fixed deposit	3.00	–
Total Asset	**302.16**	**176.25**

Liabilities	As at March 31, 2013 Rs. Crore	As at March 31, 2012 Rs. Crore
Leave Encashment	0.49	–
Provision for Star Grant Scheme	0.53	0.33
Total Liabilities	**1.02**	**0.33**

c) The cash flows pertaining to the Kaya Business for the year ended March 31, 2013 are as follows.

Particulars	For the year ended March 31, 2013 Rs. Crores	For the year ended March 31, 2012 Rs. Crores
Cash flows from Operating activities	(2.23)	0.33
Cash flows from Investing activities	(123.00)	9.92
Cash flows from Financing activities	–	–

d) The Board of Directors of Kaya Ltd, at their meeting held on March 1, 2013 approved the conversion of the entire loan due to Marico Limited as on February 28, 2013, aggregating to Rs. 108.84 Crore, into equity capital. In consideration of the conversion of the outstanding loan, Kaya Ltd issued 3,348,975 Equity Shares of face value of Rs. 10 each at a premium of Rs. 315 per share on a rights basis to Marico Ltd vide a board resolution passed on March 18, 2013.

48 Previous year figures

a) Previous year figures have been re–grouped and reclassified wherever necessary to conform to this year's classification

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. 46061
Place : Mumbai
Date : April 30, 2013

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 : April 30, 2013

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 Consumer Care Limited		Halite Personal Care India Private 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 Consumer Care 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.	Rs.	Rs.	Rs.	Rs.	AED	Rs.	AED	Rs.	EGP	Rs.	EGP	Rs.	ZAR	Rs.	ZAR	Rs.
Exchange Rate		0.695		0.695		1.000		1.000		1.000		14.779		14.779		7.981		7.981		5.864		5.864
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		17,848,975 ordinary shares of Rs. 10 each, fully paid up		17,848,975 ordinary shares of Rs. 10 each, fully paid up		470,563 ordinary shares of Rs. 10 each, fully paid up		22 ordinary share of AED 1,000,000 each, fully paid up		367 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, 2013	90%		100%		100%		100%		100%		100%		100%		100%		100%		100%		100%	
The "financial year" of the subsidiary company ended on	March 31,2013		September 30, 2012		March 31,2013		March 31,2013		March 31,2013		March 31,2013		March 31,2013		March 31,2013		December 31, 2012		March 31,2013		March 31,2013	
	Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore		Amount in Crore	
	BDT	Rs.	BDT	Rs.	Rs.	Rs.	Rs.	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	28.35	19.70	Nil	Nil	Nil	Nil	Nil	Nil	5.06	5.06	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
For the previous financial years since it became subsidiary	58.15	36.20	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	58.38	40.58	(0.42)	(0.29)	(29.75)	(29.75)	3.29	3.29	4.33	4.33	(3.74)	(55.22)	(1.25)	(18.52)	(0.14)	(1.14)	0.18	1.45	(0.04)	(0.22)	0.03	0.15
For the previous financial years since it became subsidiary	228.34	143.53	(2.75)	(1.85)	(69.22)	(69.22)	Nil	Nil	Nil	Nil	0.33	4.73	(4.49)	(60.12)	(1.28)	(10.86)	(2.34)	(21.10)	(0.37)	(1.64)	(0.39)	(2.51)
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		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		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		7.981		17.537		43.764		43.764		43.764		43.764		17.537		0.00259		0.00259		0.00259
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		25,554,000 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		9,535,096 Equity shares of VND 10,000 each fully paid up		1,683,000 Equity shares of VND 10,000 each fully paid up		2,661,778 Equity shares of VND 10,000 each fully paid up	
Extent of Holding as on 31st March 2013	100%		100%		100%		100%		100%		100%		100%		85%		84.15%		84.77%	
The "financial year" of the subsidiary company ended on	December 31, 2012		March 31,2013		March 31,2013		March 31,2013		March 31,2013		March 31,2013		March 31,2013		December 31, 2012		December 31, 2012		December 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		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	2.09	16.67	(0.31)	(5.47)	0.10	4.16	0.20	8.79	0.14	6.09	(0.01)	(0.44)	0.01	0.09	7,618.78	19.73	58.26	0.15	139.36	0.36
For the previous financial years since it became subsidiary	5.53	45.45	(0.32)	(4.95)	0.35	14.12	0.58	22.18	0.26	9.83	(0.02)	(0.43)	0.04	0.96	5,999.04	14.26	1,099.25	2.55	(874.79)	(2.06)
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		Holding company increased its holding from 83.81% as on December 31, 2012 to 84.77% as on March 31, 2013	
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), Egyptian American Industrial and Investment Development Company (EAIIDC) and Marico Malaysia Sdn. Bhd. (MMSB) are subsidiaries of the Company as Marico Middle East FZE, a subsidiary of the Company, holds 100% stake in KME, MELCC, EAIIDC and MMSB.

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

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

e) Derma Rx International Aesthetics Pte. Ltd (DIAL) is a subsidiary of 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 in 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% stake in BCS and 98.73% stake in TP, is a subsidiary in which the Company hold 85% stake.

i) Halite Personal Care India Private Limited (HPCL) is a subsidiary of the Company as Marico Consumer Care Limited (MCCL), a subsidiary of the Company, holds 100% stake in MHPC.

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 : April 30, 2013

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.	0.695	31.50 21.89	284.05 197.42	518.31 360.22	202.75 140.91	– –	611.99 425.33	117.00 81.31	30.26 21.03	86.73 60.28	31.50 21.89
2	MBL Industries Limited	BDT Rs.	0.695	0.10 0.07	2.29 1.59	7.21 5.01	4.83 3.36	– –	– –	0.18 0.13	0.60 0.42	(0.42) (0.29)	– –
3	Kaya Limited	Rs. Rs.	1.000	17.85 17.85	16.55 16.55	208.11 208.11	173.72 173.72	41.51 41.51	143.34 143.34	(29.75) (29.75)	– –	(29.75) (29.75)	– –
4	Marico Consumer Care Limited	Rs. Rs.	1.000	74.62 74.62	673.05 673.05	749.04 749.04	1.37 1.37	24.52 24.52	– –	4.80 4.80	1.51 1.51	3.29 3.29	– –
5	Halite Personal Care India Private Limited	Rs. Rs.	1.000	0.47 0.47	0.02 0.02	0.63 0.63	0.14 0.14	– –	73.66 73.66	12.06 12.06	2.66 2.66	9.39 9.39	5.06 5.06
6	Marico Middle East FZE	AED Rs.	14.779	2.20 32.51	(3.91) (57.78)	7.24 107.03	8.95 132.29	– –	7.01 103.56	(3.74) (55.22)	– –	(3.74) (55.22)	– –
7	Kaya Middle East FZE	AED Rs.	14.779	5.51 81.36	(5.75) (84.97)	2.57 38.01	2.82 41.62	– –	7.80 115.31	(1.25) (18.52)	– –	(1.25) (18.52)	– –
8	MEL Consumer Care SAE	EGP Rs.	7.981	0.03 0.20	(1.05) (8.41)	4.33 34.58	5.36 42.79	– –	– –	(0.14) (1.14)	– –	(0.14) (1.14)	– –
9	Egyptian American Investment and Industrial Development Company	EGP Rs.	7.981	0.69 5.50	(1.64) (13.07)	1.06 8.46	2.01 16.03	– –	2.35 18.73	0.18 1.45	– –	0.18 1.45	– –
10	Marico South Africa Consumer Care (Pty) Limited	ZAR Rs.	5.864	0.01 0.01	3.96 23.30	12.01 70.42	8.03 47.11	– –	– –	(0.04) (0.22)	– –	(0.04) (0.22)	– –
11	Marico South Africa (Pty) Limited	ZAR Rs.	5.864	0.01 0.01	0.41 2.44	10.74 62.97	10.32 60.51	– –	16.41 96.21	0.02 0.10	0.04 0.25	(0.02) (0.15)	– –
12	Marico Egypt Industries Company	EGP Rs.	7.981	1.23 9.81	7.37 58.80	10.87 86.78	2.28 18.17	– –	10.16 81.12	2.09 16.67	– –	2.09 16.67	– –
13	Marico Malaysia Sdn. Bhd.	MYR Rs.	17.537	1.77 30.97	(0.63) (11.09)	2.02 35.34	0.88 15.46	– –	0.72 12.56	(0.31) (5.47)	– –	(0.31) (5.47)	– –
14	Derma Rx International Aesthetics Pte. Ltd	SGD Rs.	43.764	2.56 111.83	0.14 6.19	6.20 271.21	3.50 153.18	– –	0.55 24.24	0.14 6.32	0.05 2.16	0.10 4.16	– –
15	The DRx Clinic Pte. Ltd	SGD Rs.	43.764	0.01 0.44	0.43 19.01	0.62 26.94	0.17 7.49	– –	1.02 44.44	0.22 9.46	0.02 0.67	0.20 8.79	– –
16	The DRx Medispa Pte. Ltd	SGD Rs.	43.764	0.01 0.44	0.11 4.75	0.57 24.98	0.45 19.79	– –	0.68 29.78	0.16 7.19	0.03 1.10	0.14 6.09	– –
17	DRx Investments Pte. Ltd	SGD Rs.	43.764	0.07 3.28	(0.08) (3.37)	0.01 0.49	0.01 0.59	– –	– –	(0.01) (0.44)	– –	(0.01) (0.44)	– –
18	DRx Aesthetics Sdn Bhd	MYR Rs.	17.537	0.10 1.74	(0.25) (4.31)	0.07 1.26	0.22 3.84	– –	0.13 2.23	0.01 0.09	– –	0.01 0.09	– –
19	International Consumer Products Corporation	VND Rs.	0.00259	11,217.76 29.05	24,842.49 64.34	47,358.55 122.66	11,298.30 29.26	14,399.73 37.30	77,378.48 200.41	8,935.99 23.14	1,317.21 3.41	7,618.78 19.73	– –
20	Beauté Cosmétique Societé Par Actions	VND Rs.	0.00259	2,000.00 5.18	959.84 2.49	4,134.82 10.71	1,174.99 3.04	– –	8,517.63 22.06	88.72 0.23	30.46 0.08	58.26 0.14	– –
21	Thuan Phat Foodstuff Joint stock Company	VND Rs.	0.00259	3,140.00 8.13	(143.97) (0.37)	5,528.74 14.32	2,532.71 6.56	– –	9,634.38 24.95	139.36 0.36	– –	139.36 0.36	– –

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, 2013.

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 : April 30, 2013

AWARDS & ACKNOWLEDGEMENTS

Leadership & HR Awards

- Parachute Coconut Oil has been declared the overall No.1 brand in Bangladesh by the Bangladesh Brand Forum 2012
- Milind Sarwate, Group CFO, was awarded the CNBC TV 18 Best Performing CFO Award

Marketing Awards

- The Marico marketing team won several awards at the APPIES 2012:
  - A Gold for Saffola and a Silver for Parachute Advansed Ayurvedic
  - Two out of four of the Best Presenter Awards for Saffola World Heart Day and Parachute Advansed Ayurvedic
- The Marico marketing team won 7 awards at the EFFIES 2012:
  - Parachute Advansed Body Lotion won 3 awards on debut: a Silver for Integrated Campaign, one Bronze award for Consumer Products and another in the David v/s Goliath category
  - Saffola won 2 Effies: a Bronze for Saffolalife in the Social Cause category and a Silver for Best Ongoing Campaign
  - Mediker won a Bronze in Rural Advertising
- Saffola won a Gold at the Inaugural Mobile Marketing Association Awards 2012 in India
- The Marico marketing team won several awards at the EMVIES 2012
  - Saffola won for the Best Ongoing Media Campaign, a Gold in the Best Integrated Media Category, a Bronze in the Best Use of Print category & a Silver in the Best Use of TV category
  - Parachute Advansed Ayurvedic Hair Oil won a Gold in the Best Use of Print category
- Super brands voted Parachute a Super Brand in UAE & Bangladesh
- Hair Code in Egypt won an Effies MENA
- Marico's brands won 3 Creative ABBY Awards at the Goafest 2013
  - Saffola won a Bronze for the 'Super Dad' creative in the Integrated Advertising category
  - Nihar Naturals won a Bronze for the 'E baar Durga ki korbe' creative in the Branded Content category
  - Parachute Advansed Cooling Oil won a Bronze for the 'Cop' film under the Advertising Film category

Retail Awards

- Marico won the prestigious Annual Supplier Award by Bharti Walmart and was adjudged the Joint Business Planning – Best Debutant for 2012

IT Awards

- Girish Rao, Group IT Head, won the CIO Award for the fourth time in a row. He has entered the Hall of Fame of the CIO 100 winners

Manufacturing Awards

- Marico Pondicherry won the IMC Ramkrishna Bajaj National Quality Award (RBNQA) 2012 (Certificate of Commendation), in the manufacturing category

Packaging Awards

- Marico's R&D team won 3 INDIASTAR Awards for Outstanding Packaging for Parachute Advansed Body Lotion, CODE 10 150 ml Rave Party Gel and Parachute Secrets Hair Oil 200 ml (Dry Hair Repair)

Investor Relations Awards

- Marico was ranked 2nd in Best Investor Relations in the Consumer sector across Asia in the 2012 Asia Investors Relation Perception Study
- Marico was ranked No.1 in the Euro Money Asia's Best Managed Companies ratings 2013 in the Consumer Goods category

Kaya

- Kaya (UAE) was awarded Superbrand Status for 2012
- Kaya's Aqua Radiance has won the Product of the Year Award
- Kaya Limited has won an Award for Best HR Strategy in line with Business 2012 in the 6th Employer Branding Awards organized by the World HRD Congress

10 YEARS' HIGHLIGHTS

The highlights pertain to the financial performance of Marico Consolidated

Amount in INR/Cr.

Year ended March 31,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Income from Operations	888.5	1,007.0	1,143.9	1,556.9	1,905.0	2,388.4	2,660.8	3,135.0	3,979.7	4,596.2
EBITDA	74.5	88.3	144.3	198.7	246.4	304.0	375.1	418.1	484.4	625.8
Profit Before Interest & Tax (PBIT)	64.5	75.0	103.1	156.7	225.1	280.4	333.3	368.5	444.4	576.7
Profit Before Tax	63.3	73.0	98.0	136.0	194.5	244.7	307.7	327.5	402.1	518.7
Extraordinary / Exceptional items	-	-	-	(14.0)	(10.6)	15.0	9.8	(48.9)	1.8	(33.2)
Profit Before Tax (PBT)	**65.1**	**74.3**	**98.0**	**150.1**	**205.0**	**229.6**	**296.0**	**371.4**	**395.4**	**542.1**
Profit After Tax (PAT)	59.0	70.1	86.9	112.9	169.1	188.7	231.7	286.4	317.1	395.9
Cash Profits (Profit after Current Tax + Depreciation + Amortisation)	72.1	82.8	137.2	187.1	220.1	258.4	330.8	400.3	391.6	481.1
Economic Value Added	**38.2**	**46.0**	**50.7**	**79.3**	**131.5**	**144.4**	**196.0**	**174.7**	**198.6**	**283.3**
Goodwill on Consolidation	-	1.7	1.7	45.0	84.2	85.0	85.0	397.6	395.5	395.5
Net Fixed Assets	112.5	145.9	381.3	165.4	257.3	311.1	399.7	457.8	501.9	1,422.4
Investments	0.5	12.4	18.5	0.0	0.0	13.0	82.7	88.9	295.6	151.6
Net Current Assets	90.2	128.3	107.7	117.7	233.0	355.3	483.3	607.5	532.2	674.1
Miscellaneous Expenditure	0.5	0.4	0.3	0.1	-	-	-	-	-	-
Deferred Tax Asset (Net)	-	-	-	115.2	98.2	64.1	61.6	29.9	22.3	(5.8)
Total Capital Employed	**203.6**	**288.7**	**509.4**	**443.3**	**672.7**	**828.5**	**1,112.4**	**1,711.5**	**1,952.7**	**2,888.5**
Equity Share Capital	29.0	58.0	58.0	60.9	60.9	60.9	60.9	61.4	61.5	64.5
Advance Against Equity	0.2	-	-	-	-	-	-	-	-	-
Preference Share Capital	-	-	-	-	-	-	-	-	-	-
Reserves	155.2	158.9	203.5	131.5	253.7	392.6	593.0	854.0	1,081.5	1,917.0
Net Worth	**184.4**	**216.9**	**261.5**	**192.4**	**314.6**	**453.5**	**654.0**	**915.5**	**1,143.0**	**1,981.5**
Minority Interest	1.9	-	-	0.0	0.1	-	12.5	21.9	24.9	35.1
Borrowed Funds	11.1	65.7	239.7	251.0	358.0	375.0	445.9	774.2	784.8	871.9
Deferred Tax Liability	6.2	6.1	8.3	-	-	-	-	-	-	-
Total Funds Employed	**203.6**	**288.7**	**509.4**	**443.3**	**672.7**	**828.5**	**1,112.4**	**1,711.5**	**1,952.7**	**2,888.5**
EBITDA Margin (%)	8.4	8.8	12.6	12.8	12.9	12.7	14.1	13.3	12.2	13.6
Profit Before Tax to Turnover (%)	7.3	7.4	8.6	9.6	10.8	9.6	11.1	11.8	9.9	11.8
Profit After Tax to Turnover (%)	6.6	7.0	7.6	7.3	8.9	7.9	8.7	9.1	8.0	8.6
Return on Net Worth (%) (PAT / Average Net Worth $)	31.2	35.0	36.3	49.7	66.7	49.1	41.8	36.5	30.8	25.3
Return on Capital Employed (PBIT / Average Total Capital Employed @)	**31.7**	**31.0**	**25.8**	**35.8**	**40.3**	**37.4**	**34.2**	**26.1**	**24.3**	**23.8**
Net Cash Flow from Operations Per Share (Rs.) (Refer Cash Flow Statement)##, ###	2.7	0.7	2.8	3.1	2.3	3.0	3.4	4.0	6.5	6.7
Earning Per Share (EPS) (Rs.) (PAT / No. of Equity Shares)##, ###	**2.0**	1.2	1.5	1.9	**2.8**	**3.1**	**3.8**	**4.7**	**5.2**	**6.1**
Economic Value Added Per Share (Rs.) (Refer Management Discussion)##, ###	1.3	0.8	0.9	1.3	2.2	2.4	3.2	2.8	3.2	4.4
Dividend Per Share (Rs.)##, ###	0.4	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7	1.0
Debt / Equity	**0.1**	**0.3**	**0.9**	1.3	1.1	**0.8**	**0.7**	**0.8**	**0.7**	**0.4**
Book Value Per Share (Rs.) (Net Worth / No. of Equity Shares)##, ###	6.4	3.7	4.5	3.2	5.2	7.4	10.7	14.9	18.6	30.7
Sales to Average Capital Employed @	4.3	4.1	2.9	3.3	3.4	3.2	2.7	2.2	2.2	1.9
Sales to Average Net Working Capital#	9.7	9.2	9.7	13.8	10.9	8.1	6.3	5.3	7.0	7.6

@ Average Capital Employed = (Opening Capital Employed + Closing Capital Employed)/2
$ Average Net Worth = (Opening Net Worth + Closing Net Worth)/2
# Average Net Working Capital = (Opening Net Current Assets + Closing Net Current Assets)/2
Per share information for 2004-05 is re-calculated on enhanced equity share capital of Rs. 58 Crores (5.8 Crore shares)
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: Profit Before Tax is after minority interest
Note 3: Previous year's figures have been re-grouped and reclassified wherever necessary to conform to this year's classification.

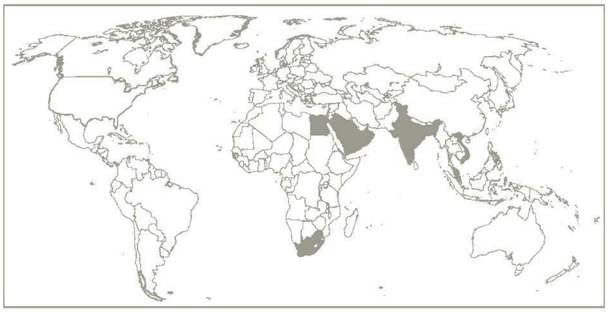
CONSOLIDATED QUARTERLY FINANCIALS

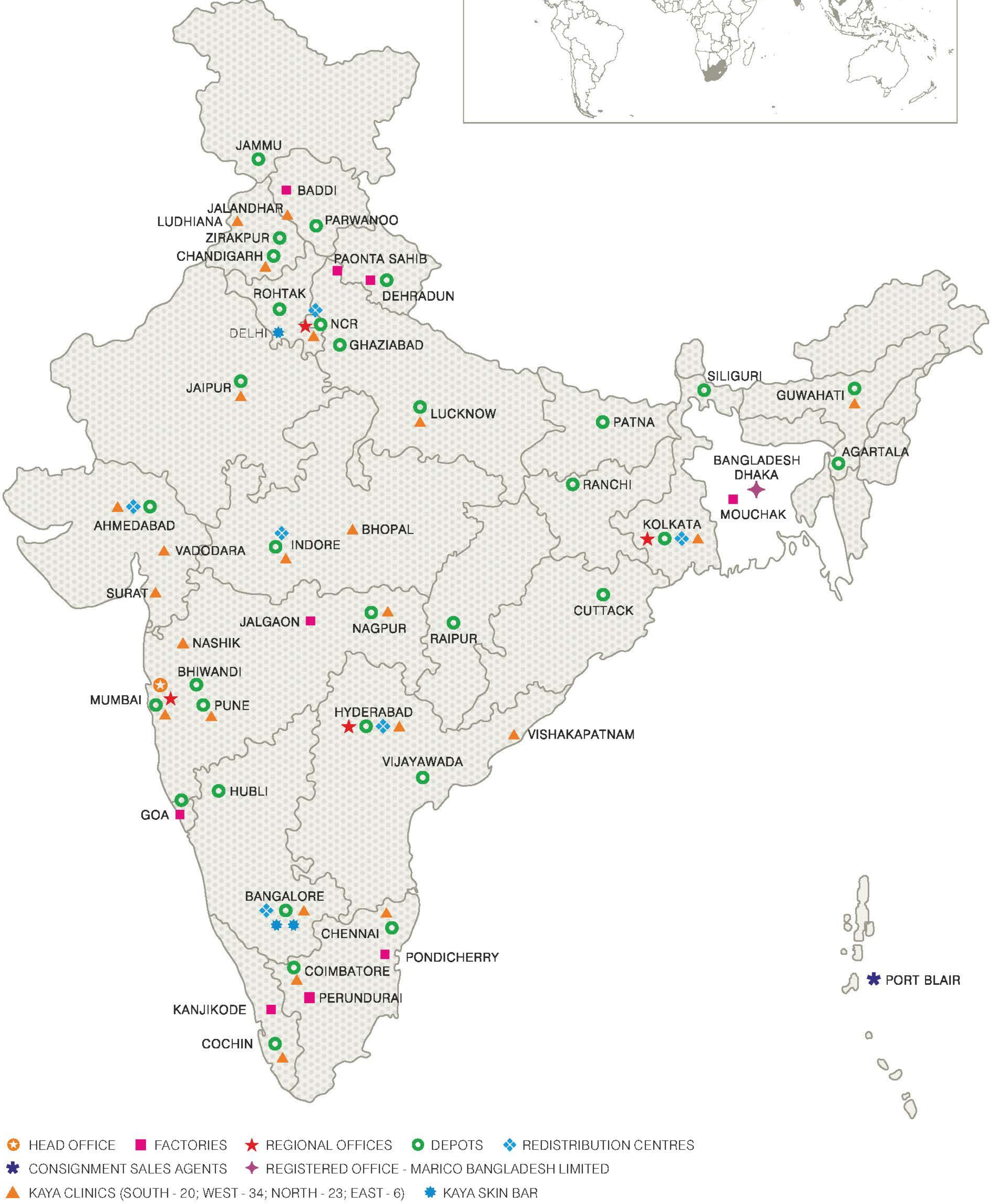
2012-13					(Amount in INR/Cr.)
Particulars	Three Months Ended				Annual
	Jun. 30, 12	Sept. 30, 12	Dec. 31, 12	Mar. 31, 13	FY 13
Total Revenue	1,284.8	1,163.4	1,176.7	1,008.8	4,633.7
Total Expenditure	1,082.4	1,008.2	1,002.0	877.7	3,970.4
Finance Charge	17.0	14.5	14.6	11.9	58.0
Gross Profit After Finance Charges but Before Depreciation and Taxation	185.4	140.6	160.1	119.2	605.3
Depreciation & Amortisation	19.3	22.5	19.5	25.3	86.6
Profit Before Taxation and Exceptional Item	**166.1**	**118.2**	**140.6**	**93.9**	**518.7**
Exceptional Item	-	-	-	33.2	33.2
Profit Before Tax	**166.1**	**118.2**	**140.6**	**127.1**	**551.9**
Minority Interest & Goodwill on Consolidation	2.0	3.0	2.3	2.6	9.8
Profit Before Tax After Minority Interest & Goodwill	164.1	115.2	138.3	124.4	542.1
Provision for Tax (Current)	39.2	29.3	32.9	30.4	131.9
MAT Credit	(1.7)	(0.3)	(1.9)	(9.4)	(13.3)
Profit After Tax (Current)	**126.5**	**86.2**	**107.3**	**103.4**	**423.5**
Provision for Tax (Deferred Taxation)	2.7	0.4	5.0	19.6	27.6
Profit After Tax	**123.8**	**85.9**	**102.3**	**83.9**	**395.9**
Equity Share Capital	**64.5**	**64.5**	**64.5**	**64.5**	**64.5**
Earnings Per Share - (Rs.)	1.9	1.3	1.6	1.3	6.1

2011-12					(Amount in INR/Cr.)
Particulars	Three Months Ended				Annual
	Jun. 30, 11	Sept. 30, 11	Dec. 31, 11	Mar. 31, 12	FY 12
Total Revenue	1,050.6	980.5	1,060.2	921.1	4,012.3
Total Expenditure	916.3	851.9	926.5	800.6	3,495.3
Finance Charge	9.8	10.4	10.9	11.3	42.4
Gross Profit After Finance Charges but Before Depreciation and Taxation	124.5	118.2	122.8	109.2	474.6
Depreciation & Amortisation	16.90	17.7	18.9	19.1	72.5
Profit Before Taxation and Exceptional Item	**107.6**	**100.5**	**103.9**	**90.1**	**402.1**
Exceptional Item	-	-	-	(1.8)	(1.8)
Profit Before Tax	**107.6**	**100.5**	**103.9**	**88.4**	**400.3**
Minority Interest & Goodwill on Consolidation	1.5	1.7	1.9	(0.2)	5.0
Profit Before Tax After Minority Interest & Goodwill	106.0	98.7	102.0	88.6	395.4
Provision for Tax (Current)	25.2	25.9	24.5	17.7	93.3
MAT Credit	(6.1)	(6.1)	(9.8)	(0.4)	(22.3)
Profit After Tax (Current)	**86.9**	**79.0**	**87.3**	**71.2**	**324.4**
Provision for Tax (Deferred Taxation)	1.9	0.8	3.1	1.5	7.3
Profit After Tax	**85.0**	**78.2**	**84.2**	**69.7**	**317.1**
Equity Share Capital	**61.5**	**61.5**	**61.5**	**61.5**	**61.5**
Earnings Per Share - (Rs.)	1.4	1.3	1.4	1.1	5.2

Note: Previous year's figures have been re-grouped and reclassified wherever necessary to conform to this year's classification.

OUR PRESENCE





ONE OUT OF 3 INDIANS IS A MARICO CONSUMER.

HAIR CARE

HEALTH CARE

SKIN CARE

MALE GROOMING & STYLING

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