AUDITORS' REPORT

TO THE MEMBERS OF MARICO LIMITED

1. We have audited the attached Balance Sheet of **Marico Limited** ('the Company') as at March 31, 2006, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date (all together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003, ('Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

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

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

   d. in our opinion, the financial statements 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 the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2006 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Act;

   f. in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the notes thereon, 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;

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;

      ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

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

For RSM & Co.
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place: Mumbai
Date: April 20, 2006

ANNEXURE TO AUDITORS' REPORT

(Referred to in our Report of even date)

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

(b) The fixed assets are physically verified in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such verification during the year.

(c) The Company has not disposed off a substantial part of fixed assets during the year, and accordingly, going concern is not affected.

(ii) (a) As explained to us, physical verification of the inventory was carried out at reasonable intervals by the management.

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

(c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventory, and the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

(iii) According to information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms, or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses (b), (c), (d), (f) and (g) of paragraph 4(iii) of the said Order are not applicable.

(iv) In our opinion, and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and with regard to the sale of goods and services. Further based on our examination and according to the information and explanation given to us, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

(v) (a) According to information and explanations given to us and based on the disclosure of interest made by the directors of the Company, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

(b) According to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and any other relevant provisions 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 nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company in respect to products where, pursuant to Rules made by the Central Government of India, the maintenance of cost records has been prescribed under section 209(1)(d) of the Act. We 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 determining whether they are accurate or complete.

(ix) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, investors education and protection fund, employees' state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and any other statutory dues as applicable with the appropriate authorities during the year, and there were no such outstanding dues as at March 31, 2006 for a period exceeding six months from the date they became payable.

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 income tax, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute. The particulars of sales tax and custom duty as at March 31, 2006 which have not been deposited on account of dispute are as follows :

Nature of dues	Amount Rs. Crore	Forum where dispute is pending
Sales tax	1.22	Appellate Authority- upto Commissioner's Level
	0.12	Appellate Authority- Tribunal
Customs duty	0.09	Custom Excise and Service Tax Appellate Tribunal

(x) The Company does not have any accumulated losses as at the year end, and has not incurred any cash losses during the financial year and the immediately preceeding financial year.

(xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank. The Company has not obtained any borrowings from financial institutions and by way of debentures.

(xii) As the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, clause (xii) of the Order is not applicable.

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

(xiv) In respect of Company's dealing/trading in its investments, proper records have been maintained of transactions and contracts and timely entries have been made. The investments have been held by the Company in its own name.

(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 subsidiary from banks 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) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, there are no funds raised on a short term basis which 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.

(xix) The Company has not issued debentures during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For **RSM & Co.**
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place : Mumbai
Date : April 20, 2006

BALANCE SHEET

	SCHEDULE	As at March 31, 2006 Rs. Crore	2005 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	58.00	58.00
Reserves and surplus	B	219.36	160.55
		277.36	**218.55**
LOAN FUNDS			
Secured loans	C	203.25	3.25
Unsecured loans	D	20.26	60.78
		223.51	**64.03**
DEFERRED TAX LIABILITY (NET)		**8.28**	**6.05**
(Refer Note 15, Schedule R)			
		509.15	**288.63**
APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross block		402.11	170.42
Less : Depreciation, amortisation and impairment		112.56	81.31
Net block		289.55	89.11
Capital work-in-progress		18.97	11.65
		308.52	**100.76**
INVESTMENTS	F	**36.39**	**29.09**
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	119.59	112.47
Sundry debtors	H	49.53	46.69
Cash and bank balances	I	28.08	17.81
Loans and advances - Subsidiaries [refer Note 13(ii), Schedule R]		84.52	56.08
Loans and advances - Others	J	43.79	34.63
		325.51	267.63
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	K	141.75	93.79
Provisions	L	19.52	15.06
		161.27	108.85
NET CURRENT ASSETS		**164.24**	**158.78**
		509.15	**288.63**
Notes	R		

As per our attached report of even date

For RSM & Co.
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place : Mumbai
Date : April 20, 2006

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
MILIND SARWATE Chief Financial Officer & Company Secretary

Place : Mumbai
Date : April 20, 2006

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2006 Rs. Crore	2005 Rs. Crore
INCOME :			
Sales		1,039.57	943.53
Less : Excise duty		1.31	5.21
		1,038.26	938.32
Income from services		6.65	3.74
Total Sales and Services		**1,044.91**	**942.06**
Other income	M	3.71	5.90
		1,048.62	**947.96**
EXPENDITURE :			
Cost of materials	N	574.06	601.96
Manufacturing and other expenses	O	331.75	256.36
Finance charges	P	0.61	0.42
Depreciation, amortisation & impairment	E	33.23	11.60
(Refer Notes 5, 6 and 7, Schedule R)		**939.65**	**870.37**
PROFIT BEFORE TAXATION		**108.97**	**77.59**
Provision for taxation : - Current tax		9.02	6.05
- MAT credit		(6.58)	–
Sub Total		2.44	6.05
- Fringe benefit tax		2.20	–
- Deferred tax - debit/ (credit)		3.19	(0.20)
Short / (excess) income tax provision of earlier years		2.28	(2.05)
PROFIT AFTER TAXATION		**98.86**	**73.79**
Balance brought forward as on April 1, 2005		143.39	112.15
PROFIT AVAILABLE FOR APPROPRIATION		**242.25**	**185.94**
APPROPRIATIONS			
Interim dividends (subject to deduction of tax where applicable)		35.96	31.03
Tax on interim dividends		5.04	4.14
General reserve		9.89	7.38
BALANCE CARRIED TO THE BALANCE SHEET		**191.36**	**143.39**
BASIC AND DILUTED EARNINGS PER SHARE		**17.04**	**12.72**
Notes	R		

As per our attached report of even date

For RSM & Co.
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place : Mumbai
Date : April 20, 2006

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
MILIND SARWATE Chief Financial Officer & Company Secretary

Place : Mumbai
Date : April 20, 2006

CASH FLOW STATEMENT

			For the year ended March 31, 2006 Rs. Crore	2005 Rs. Crore
A)	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit Before Tax		**108.97**	**77.59**
	Adjustments for:			
	Depreciation and amortisation		33.23	11.60
	Finance charges		5.02	3.02
	Interest income		(4.41)	(2.60)
	(Profit) / loss on sale of asset		(0.49)	(0.03)
	(Profit) / loss on sale of investments		(0.73)	(0.35)
	Dividend income on investments		(0.56)	(4.53)
	Provision for doubtful debts		–	0.10
	Cumulative exchange differences		0.45	0.23
			32.51	7.44
	Operating profit before working capital changes		**141.48**	**85.03**
	Adjustments for:			
	(Increase) / decrease in inventories		(7.11)	(17.75)
	(Increase) / decrease in sundry debtors		(3.42)	(13.59)
	(Increase) / decrease in loans and advances		(2.87)	(10.22)
	Increase / (decrease) in current liabilities		51.27	8.71
			37.87	(32.85)
	Cash generated from Operations		179.35	52.18
	Income tax paid (net of refunds)		(10.15)	(5.40)
	NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	**A**	**169.20**	**46.78**
B)	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets		(244.50)	(22.68)
	(Purchase) / sale of investment		(5.32)	(14.31)
	Dividend income		0.56	4.53
	Sale of fixed assets		3.99	0.12
	Interest income		0.34	2.55
	NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	**B**	**(244.93)**	**(29.79)**

CASH FLOW STATEMENT

		For the year ended March 31, 2006 Rs. Crore	2005 Rs. Crore
C) CASH FLOW FROM FINANCING ACTIVITIES			
Investment in subsidiary		(1.23)	–
Amount borrowed / (repaid)		159.48	54.07
Loans and advances to subsidiary		(27.78)	(41.28)
Finance charges		(5.09)	(2.93)
Unclaimed dividend paid		(0.03)	(0.27)
Unclaimed redeemed 8% preference share capital paid		–	(0.65)
Dividend paid (including tax on dividends)		(39.35)	(31.78)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	C	**86.00**	**(22.84)**
D) NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	A+B+C	**10.27**	**(5.85)**
E) CASH AND CASH EQUIVALENTS - OPENING BALANCE		**17.81**	**23.66**
F) CASH AND CASH EQUIVALENTS - CLOSING BALANCE		**28.08**	**17.81**

As per our attached report of even date
For RSM & Co.
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place : Mumbai
Date : April 20, 2006

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
MILIND SARWATE Chief Financial Officer & Company Secretary

Place : Mumbai
Date : April 20, 2006

SCHEDULES TO BALANCE SHEET

	As at March 31, 2006 Rs. Crore	2005 Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
60,000,000 (60,000,000) equity shares of Rs. 10 each	60.00	60.00
	60.00	**60.00**
ISSUED AND SUBSCRIBED :		
58,000,000 (58,000,000) equity shares of Rs. 10 each fully paid up	58.00	58.00
The above includes :		
(a) 29,000,000 (29,000,000) equity shares issued as fully paid bonus shares by capitalisation of capital redemption reserve of Rs. 290,000,000 (Rs. 290,000,000)		
(b) 26,500,000 (26,500,000) equity shares issued as fully paid bonus shares by capitalisation of General Reserve of Rs. 265,000,000 (Rs. 265,000,000)		
	58.00	**58.00**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
As on April 1, 2005	–	29.00
Less : Utilised for issue of bonus equity shares	–	29.00
	–	–
GENERAL RESERVE		
As on April 1, 2005	17.16	9.78
Add : Transfer from profit and loss account	9.89	7.38
Adjustment of deferred tax on impaired assets	0.95	–
	28.00	17.16
PROFIT AND LOSS ACCOUNT	191.36	143.39
	219.36	**160.55**
SCHEDULE 'C'		
SECURED LOANS		
Term loan from bank	200.00	–
(To be secured by pari passu charge on fixed assets and brands. The loan is repayable in 8 instalments beginning August 1, 2007. The company, however, has the option to make a premature repayment of the loan at the end of 2nd and 6th month from the date of drawdown of the loan, i.e., in April 2006 and August 2006.)		
Working capital finance from banks	3.25	3.25
(Secured by hypothecation of stocks in trade and debtors)		
	203.25	**3.25**
SCHEDULE 'D'		
UNSECURED LOANS		
From banks (short term)	20.26	60.78
	20.26	**60.78**

SCHEDULES TO BALANCE SHEET

SCHEDULE 'E'

FIXED ASSETS

Amount in Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
	As at March 31, 2005	Additions	Deductions/ Adjustments	**As at March 31, 2006**	As at March 31, 2005	For the year	Deductions/ Adjustments	**As at March 31, 2006**	Provision for impairment as at March 31, 2006 (See note 2 below)	**As at March 31, 2006**	As at March 31, 2005
Tangible assets											
Freehold land	1.21	–	–	1.21	–	–	–	–	–	1.21	1.21
Leasehold land	1.79	–	–	1.79	0.10	0.02	–	0.12	–	1.67	1.69
Buildings	40.47	0.36	3.27	37.56	5.85	0.87	0.48	6.24	–	31.32	34.62
Plant and machinery	113.88	11.06	2.16	122.78	60.93	24.49	1.48	83.94	7.64	31.20	47.71
Furniture and fittings	3.23	1.40	0.02	4.61	1.23	0.71	0.01	1.93	–	2.68	2.00
Vehicles	0.85	–	0.03	0.82	0.26	0.08	0.01	0.33	–	0.49	0.59
Intangible assets (see note 3 below)											
– Trademarks and copyrights	–	194.60	–	194.60	–	3.29	–	3.29	–	191.31	–
– Business and commercial rights	0.16	1.85	–	2.01	0.04	0.06	–	0.10	–	1.91	0.12
– Other intangibles (see note 4 below)	–	26.85	–	26.85	–	0.51	–	0.51	–	26.34	–
– Computer software	8.83	1.05	–	9.88	7.66	0.80	–	8.46	–	1.42	1.17
TOTAL	**170.42**	**237.17**	**5.48**	**402.11**	**76.07**	**30.83**	**1.98**	**104.92**	**7.64**	**289.55**	**89.11**
Previous year	152.48	18.64	0.70	170.42	66.14	10.54	0.61	76.07	5.24		
Capital work–in–progress (at cost) including advances on capital account (see note 5)										18.97	11.65
										308.52	**100.76**

Notes :

1. Gross block includes: -
    - Freehold land Rs. 0.30 crore (Rs. 0.30 crore) and buildings Rs. 1.69 crore (Rs. 1.69 crore) pending execution of conveyance.
    - Plant and machinery of Rs. 2.15 crore (Rs. 2.15 crore) and Rs. 3.95 crore (Rs. 3.95 crore) being assets given on operating lease and finance lease respectively prior to April 1, 2001.
    - Trademarks Rs. 93.30 crore (Nil) pending registration.
2. Includes impairment for the year Rs. 2.40 crore (Rs. 1.06 crore) charged to profit and loss account under "Depreciation, amortisation and impairment".
3 Intangible assets include Rs. 211.27 crore (Nil), which are to be offered as security for borrowing of Rs. 200.00 crore referred in Schedule C.
4. Other intangibles comprise non-compete fees for Manjal and Nihar, designs and know-how for Nihar.
5. Capital work-in-progress includes Rs. 11.73 crore (Nil) paid as advance towards acquisition of overseas trademarks.

SCHEDULES TO BALANCE SHEET

	As at March 31, 2006 Rs. Crore	2005 Rs. Crore
SCHEDULE 'F'		
INVESTMENTS (Non Trade)		
LONG TERM - UNQUOTED / AT COST		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
Subsidiary Companies :		
Marico Bangladesh Limited	0.86	0.86
1,000,000 (1,000,000) equity shares of Taka 10 each fully paid		
Kaya Skin Care Limited	10.00	10.00
10,000,000 (10,000,000) equity shares of Rs. 10 each fully paid		
Sundari LLC	5.81	5.81
75,500 (75,500) units of USD 18.25 each fully paid		
Marico Middle East LLC	1.23	–
1 (Nil) equity share of UAE Dirham 150,000 fully paid		
	17.91	16.68
CURRENT INVESTMENT – UNQUOTED, LOWER OF COST AND NAV		
Investment in Mutual Fund Units		
Birla Mutual Fund - Folio No. 1009689027	1.92	–
1,901,366 (Nil) units of Rs. 10 each fully paid		
Prudential ICICI Floating Rate Plan D – Growth	0.49	–
479,931 (Nil) units of Rs. 10 each fully paid		
Tata Floating Rate Short Term Inst Plan	0.05	–
51,318 (Nil) units of Rs. 10 each fully paid		
Kotak FMP Series XX – Growth	3.00	–
3,000,000 (Nil) units of Rs. 10 each fully paid		
Kotak FMP Series XVI – Growth	3.00	–
3,000,000 (Nil) units of Rs. 10 each fully paid		
DSP Merrill Lynch Liquidity Fund – Inst – Growth	10.02	–
99,256 (Nil) units of Rs. 1,000 each fully paid		
Prudential ICICI Floating Rate Plan C – Growth Option	–	4.00
Nil (3,868,920) units of Rs. 10 each fully paid		
Birla Cash Sweep Plan 664 a/c	–	0.36
Nil (358,226.5) units of Rs. 10 each fully paid		
Birla Cash Sweep Plan 884 a/c	–	0.91
Nil (902,520.4) units of Rs. 10 each fully paid		
RMTF Retail – Growth Plan – Bonus Option (4038841574)	–	7.14
Nil (6,988,316) units of Rs. 10 each fully paid		
	18.48	12.41
	36.39	29.09

SCHEDULES TO BALANCE SHEET

Note: Units of Mutual Funds purchased and sold during the year

Name of the scheme	No. of Units Purchased	No. of Units Sold
Birla Sweep Fund 664- Dividend Reinvestment	30,531,037	30,889,264
Prudential ICICI Liquid Plan Inst Plus - Growth Option	12,271,903	12,271,903
Prudential ICICI Floating Rate Plan C - Daily Dividend	8,037,062	8,037,062
Prudential ICICI Floating Rate Plan C - Growth	20,748,654	24,617,575
Prudential ICICI Liquid Fund - Daily Dividend Reinvestment	20,444,171	20,444,171
Prudential ICICI Liquid Fund Growth	9,899,849	9,899,849
Prudential ICICI Inst Liquid Plan- Super Inst Growth	5,009,549	5,009,549
RMTF - Retail Plan - Growth Plan - Bonus Option	–	6,988,316
Reliance Fixed Maturity Fund - Monthly Plan II - Series II - Dividend Option	1,000,000	1,000,000
RLF - Treasury Plan - Inst Option - Daily Dividend Option	1,505,734	1,505,734
RLF - Treasury Plan - Inst Option - Growth Option	862,027	862,027
RLF - Treasury Plan - Retail Option - Monthly Dividend Option	2,085,071	2,085,071
Reliance Floating Rate Fund - Daily Dividend Plan	2,289,603	2,289,603
Reliance Floating Rate Fund - Growth Plan	1,353,274	1,353,274
Reliance Fixed Maturity Fund - Monthly Plan VI -Series II - Growth Option	3,000,000	3,000,000
Reliance Fixed Maturity Fund - Monthly Plan VII -Series II - Growth Option	3,015,330	3,015,330
Reliance Fixed Maturity Fund - Monthly Plan VIII -Series II - Growth Option	3,000,000	3,000,000
Reliance Fixed Maturity Fund - Monthly Plan IX -Series II - Growth Option	3,000,000	3,000,000
Reliance Fixed Maturity Fund - Quarterly Plan II - Series II - Growth Option	3,000,000	3,000,000
RMTF - Retail Plan - Growth Plan	777,647	777,647
Tata Liquid Super High Investment Fund-Daily Dividend	79,548	79,548
Tata Liquid Super High Investment Fund-Appreciation	188,161	188,161
UTI Floating Rate Fund - Short Term Plan (Growth Option)	9,014,830	9,014,830
UTI Liquid Cash Plan Inst - Growth Option	44,868	44,868
GCCD Grindlays - Super Inst Plan C - Daily Dividend	4,207,940	4,207,940
GCCG Grindlays Cash Fund - Super Inst Plan C -Growth	15,698,119	15,698,119
GFBD Grindlays Floating Rate - ST Inst Plan B - Daily Dividend	993,821	993,821
GFCD Grindlays Floating Rate -ST - Inst Plan C - Daily Dividend	5,142,645	5,142,645
G65 Standard Chartered Liquidity Manager - Growth	9,962,901	9,962,901
GFCG - Grindlays Floating Rate- ST- Super Inst Plan C - Growth	6,448,955	6,448,955
Kotak Floater Short Term - Weekly Dividend	7,817,134	7,817,134
Kotak Liquid (Inst Premium)- Daily Dividend	2,996,337	2,996,337
Kotak Liquid (Inst Premium)- Growth	17,172,286	17,172,286
Kotak Floater Short Term - Growth	7,178,919	7,178,919
Kotak Flexi Debt Scheme - Growth	955,521	955,521
Kotak FMP Series XII - Growth	1,000,000	1,000,000
Franklin Templeton - Daily Dividend Reinvestment	26,944	26,944
HSBC Floating Rate Short Term Fund - Inst Option	10,940,381	10,940,381
HSBC Cash Fund - Inst Plus - Growth	8,405,862	8,405,862
DSP Merrill Lynch Liquidity Fund - Regular - Growth	2,976,527	2,976,527
DSP Merrill Lynch Floating Rate Fund - Inst Plan - Growth	49,664	49,664
Principal Floating Rate Fund SMP - Inst Option - Growth Plan	8,778,220	8,778,220
Principal Deposit Fund (FMP- 3-20) 91 Days Plan Growth	2,000,000	2,000,000
Principal Cash Management Fund - Liquid Option - Inst Premium Plan - Growth Plan	6,221,560	6,221,560

SCHEDULES TO BALANCE SHEET

	As at March 31, 2006 Rs. Crore	As at March 31, 2005 Rs. Crore
SCHEDULE 'G'		
INVENTORIES		
(As valued and certified by the Management)		
Raw materials	45.54	47.74
Packing materials	18.53	15.56
Work-in-process	13.87	11.78
Finished products	37.59	33.46
Stores, spares and consumables	3.25	2.72
By-products	0.81	1.21
	119.59	**112.47**

	As at March 31, 2006 Rs. Crore	As at March 31, 2005 Rs. Crore
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months - Considered good	0.99	0.71
- Considered doubtful	1.97	1.97
	2.96	2.68
Less: Provision for doubtful debts	1.97	1.97
	0.99	0.71
Other Debts - Considered good	48.54	45.93
	49.53	**46.64**

	As at March 31, 2006 Rs. Crore	As at March 31, 2005 Rs. Crore
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	0.26	0.11
Balances with scheduled banks:		
Fixed deposits (deposited with Sales Tax authorities Rs. 0.10 crore (Rs. 0.10 crore))	0.66	2.65
Margin accounts (against bank guarantees)	1.49	1.49
Current accounts	24.08	11.08
Balances with non - scheduled banks:		
Current accounts (refer Note 12, Schedule R)	1.59	2.48
	28.08	**17.81**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2006 Rs. Crore	2005 Rs. Crore
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured-considered good, unless otherwise stated)		
Inter corporate deposits	–	9.00
Advances recoverable in cash or in kind or for value to be received	23.13	12.81
Deposits	7.04	6.15
Balances with Central Excise authorities	0.40	0.13
Interest accrued on loans / deposits	0.19	0.11
Interest accrued on loans / advances to subsidiaries	5.29	1.96
Income tax payments, net of provision	0.75	4.47
Fringe benefit tax payments, net of provisions	0.38	–
MAT credit entitlement	6.58	–
Assets held for disposal	0.03	–
	43.79	**34.63**
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors	133.60	90.27
Other liabilities	6.63	1.83
Security deposits	1.26	1.33
Interest accrued but not due on loans	0.05	0.12
Unclaimed dividend	0.18	0.21
Unclaimed redeemed 8% preference share capital	0.03	0.03
	141.75	**93.79**
SCHEDULE 'L'		
PROVISIONS		
Leave encashment	6.29	3.49
Interim dividend	11.60	10.15
Tax on interim dividend	1.63	1.42
	19.52	**15.06**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2006 Rs. Crore	2005 Rs. Crore
SCHEDULE 'M'		
OTHER INCOME		
Income from investments		
Long term investment		
Dividend from subsidiaries	–	4.09
Current investment		
Profits on sale of units of mutual funds	0.73	0.35
Dividend	0.56	0.44
Miscellaneous income	2.42	1.02
(Refer Note 8, Schedule R)		
	3.71	**5.90**

	For the year ended March 31, 2006 Rs. Crore	2005 Rs. Crore
SCHEDULE 'N'		
COST OF MATERIALS		
Raw materials consumed	466.94	514.12
Packing materials consumed	89.97	72.21
Stores and spares consumed	8.34	7.36
Purchase for resale	14.63	9.26
(Increase) / decrease in stocks		
Opening stocks		
- Work-in-process	11.78	15.22
- By-products	1.21	0.31
- Finished products	33.46	29.93
Less :		
Closing stocks		
- Work-in-process	13.87	11.78
- By-products	0.81	1.21
- Finished products	37.59	33.46
	(5.82)	**(0.99)**
	574.06	**601.96**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2006 Rs. Crore	2005 Rs. Crore
SCHEDULE 'O'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	54.91	35.42
Contribution to provident fund and other funds	3.32	3.67
Welfare expenses	3.93	3.05
	62.16	42.14
Power, fuel and water	4.13	3.97
Contract manufacturing charges	37.38	32.43
Rent and storage charges	4.21	4.03
Repairs to buildings	1.53	1.18
Repairs to machinery	4.14	3.38
Repairs - others	0.65	0.50
Freight, forwarding and distribution expenses	42.14	37.50
Advertisement and sales promotion		
(net of write back of previous year's provision no more required - Rs. 4.80 crore)	123.92	85.49
Rates and taxes	0.54	0.40
Sales tax and cess	12.16	10.42
Provision for doubtful debts	–	0.10
Printing, stationery and communication expenses	4.98	4.80
Travelling, conveyance and vehicle expenses	10.90	9.06
Royalty	0.19	–
Insurance	1.02	0.91
Miscellaneous expenses	21.70	20.05
(Refer Note 9, Schedule R)		
	331.75	**256.36**
SCHEDULE 'P'		
FINANCE CHARGES		
Interest on		
Fixed period loans	2.13	0.53
Other loans	1.47	0.76
Bank and other financial charges	1.42	1.73
	5.02	3.02
Less : Interest income on loans, deposits, etc.	4.41	2.60
(Tax deducted at source Rs. 0.08 crore (Rs.0.09 crore))		
	0.61	**0.42**

ADDITIONAL INFORMATION

SCHEDULE 'Q'

Amount in Crore

A) DETAILS OF PRODUCTION, TURNOVER, OPENING STOCK AND CLOSING STOCK

Sr. No.	Particulars	Unit	Period ended	Installed capacity (Note I)	Opening stock Quantity	Opening stock Amount Rs. Crore	Production Quantity (Note IV)	Purchases Quantity	Purchases Amount Rs. Crore	Turnover Quantity	Turnover Amount Rs. Crore	Closing stock Quantity	Closing stock Amount Rs. Crore
1	Edible Oils	(M.T.)	**31.03.2006**	**150,000 of Oils**	**3,430.11**	**25.51**	**66,403.40**	**948.25**	**3.95**	**85,686.04**	**856.84**	**4,910.11**	**24.71**
			31.03.2005	150,000 of Oils	3,388.18	23.18	75,735.44	–	–	78,971.58	750.31	3,430.11	25.51
2	Hair oils (Note II)	(K.L.)	**31.03.2006**	**13,200**	**847.99**	**7.07**	**7,572.25**	–	–	**7,686.98**	**116.22**	**1,148.65**	**9.96**
			31.03.2005	13,200	699.36	4.70	1,480.40	–	–	7,329.83	124.06	847.99	7.07
3	Others (Note III) (Incl. processed foods		**31.03.2006**	–	–	**2.09**	–	–	**10.68**	–	**65.20**	–	**3.73**
	and by - products)		31.03.2005	–	–	2.36	–	–	9.26	–	63.95	–	2.09
4	Service income		**31.03.2006**	–	–	–	–	–	–	–	**6.65**	–	–
	- commission		31.03.2005	–	–	–	–	–	–	–	3.74	–	–
	TOTAL		**31.03.2006**			**34.67**			**14.63**		**1,044.91**		**38.40**
			31.03.2005			30.24			9.26		942.06		34.67

I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis,the certificate being technical in nature.

b) No licenses are required for products manufactured by the company as per Government of India Notification No. S.O.477(E) dated July 25,1991.

II) Produced by others - **415.39 KL** (5,998.05 KL).

III) The Company deals in processed foods which are not packed in homogenous units, hence it is not practicable to furnish quantitative data.

IV) The production of Raw/Refined Oils excludes processed by others M.T. 19,814.39 M.T. (7,355.57 M.T.).

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31,			
	2006		2005	
	Quantity M.T.	Value Rs. Crore	Quantity M.T.	Value Rs. Crore
SCHEDULE 'Q'				
B) RAW MATERIALS CONSUMED				
Oil seeds	94,649.39	267.49	82,959.04	307.48
Raw oils	32,528.54	130.42	33,139.31	144.03
Others	–	69.03	–	62.61
		466.94		**514.12**

	%	Value Rs. Crore	%	Value Rs. Crore
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials				
Imported	2.20	10.27	13.36	60.85
Indigenous	97.80	456.67	86.64	453.27
	100.00	**466.94**	**100.00**	**514.12**
Stores, spares and chemicals				
Imported	–	–	–	–
Indigenous	100.00	8.34	100.00	7.36
	100.00	**8.34**	**100.00**	**7.36**
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw material		10.61		42.37
Packing material		2.15		0.74
		12.76		**43.11**
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling and other expenses		1.01		4.67
Advertisement and sales promotion		18.90		9.64
		19.91		**14.31**
F) EARNINGS IN FOREIGN EXCHANGE				
F.O.B. Value of exports		61.40		47.23
Royalty		0.25		0.23
Dividend		–		4.09
Service income		4.98		2.33
Interest		1.01		0.25
		67.64		**54.13**

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES:

1) The Company and nature of its operations:

Marico Limited ('Marico' or 'the Company'), headquartered in Mumbai, Maharashtra, India, carries on business in Consumer Products and Skin Care. Marico manufactures and markets products under brands such as Parachute, Nihar, Saffola, Sweekar, Hair & Care, Sil, Revive, Shanti, Oil of Malabar, Mediker and Manjal. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 6 regional offices, 31 carrying and forwarding agents, 1 consignment agent, 5 redistribution centers and about 3600 distributors spread all over India. The Company's overseas markets comprise primarily the Middle East and SAARC countries. Marico has manufacturing facilities located at Goa, Kanjikode, Pondicherry, Daman, Jalgaon, Saswad and Dehradun supported by subcontracting units. Marico has an alliance with Indo Nissin Foods Limited for distribution of Top Ramen instant noodles. Marico has the following subsidiaries:

(i) Marico Bangladesh Limited in Bangladesh which manufactures and sells branded coconut oil in Bangladesh;

(ii) MBL Industries Limited, a wholly owned subsidiary of Marico Bangladesh Limited which also sells branded coconut oil and hair oils in Bangladesh;

(iii) Kaya Skin Care Limited which provides skin care services and sells products through Kaya Skin Clinics;

(iv) Sundari LLC, United States, a joint venture, carrying on ayurvedic skin care products business under the brand name SUNDÃRI;

(v) Marico Middle East FZE, in United Arab Emirates(UAE) set up during the year for carrying on business, inter alia, in consumer products in the Middle East region;

(vi) Kaya Middle East FZE, a wholly owned subsidiary of Marico Middle East FZE set up during the year for carrying on business, inter alia, in skin care services and products through Kaya Skin Clinics in the Middle East region.

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards.

(b) Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and at recoverable amount in case of an impairment. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest on borrowing to finance fixed assets during construction period is capitalised. Other pre–operative expenses for major projects are also capitalised, where appropriate.

(c) Depreciation / Amortisation

I. Tangible assets

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

a) Computer hardware and related peripherals	– 33 1/3%
b) Technologically advanced packing machinery	– 20%
c) Laser machines at Kaya Skin Clinics	– 14%
d) Other machines at Kaya Skin Clinics	– 10%
e) Moulds	–16.21%
f) Technologically advanced machinery	– 10%

NOTES TO THE ACCOUNTS

(ii) Depreciation on plant and machinery (other than items specified in (i) above, which are depreciated on Straight Line basis at rates higher than those statutorily prescribed) is provided on Written Down Value basis. Depreciation on all other assets is provided on Straight Line basis.

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

(iv) Assets given on finance lease prior to April 1, 2001 were depreciated over the primary period of the lease.

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

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

(vii) Furniture and fixtures in leasehold premises are amortised over the primary period of lease.

(viii) Depreciation on additions during the year is charged / provided from the month in which the asset is capitalised.

(ix) Depreciation on deletions during the year is charged / provided upto the month prior to the month in which the asset is disposed off.

II. Intangible assets

(i) Trademarks, copyrights and business and commercial rights are amortised over their estimated economic life, but not exceeding 10 years.

(ii) Other intangible assets are amortised over their estimated economic useful lives as estimated by the management, but not exceeding the period given hereunder:

Technical know how	6 years
Non–compete covenants	Non–compete period (not exceeding 10 years)
Computer software	3 years

(d) Investments

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

(ii) Current investments are valued at lower of cost and fair value, computed individually for each investment.

(e) Inventories

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

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

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

(iv) Cost is ascertained on weighted average method and in case of work–in–process includes appropriate production overheads and in the case of finished products includes appropriate production overheads and excise duty.

(f) Research and development

Capital expenditure on research and development is allocated to fixed assets. Revenue expenditure is charged off in the year in which it is incurred.

(g) Revenue recognition

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

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

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

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

NOTES TO THE ACCOUNTS

(h) Retirement benefits

The Company has various schemes of retirement benefits, namely, provident fund, superannuation fund, gratuity and leave encashment. Provident, superannuation and gratuity funds are administered through trustees and the Company's contribution thereto is charged to revenue every year. Leave encashment and gratuity are provided for on the basis of actuarial valuation as at the year end by an independent actuary.

(i) 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 Profit and Loss Account.

(ii) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss Account, except those relating to acquisition of fixed assets, which are included in the cost of the fixed assets.

(iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognized as income or expense and is amortized over the life of the contract.

(iv) Forward exchange contracts entered into to hedge the foreign currency risks of a firm commitment or a highly probable forecast transaction are marked to market as at the year end and the resultant exchange gain or loss is recognised in the Profit and Loss Account.

(v) 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.

(j) Accounting for taxes on income

(i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income Tax Act, 1961) over normal income tax is recognized as an asset by crediting the Profit and Loss Account only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period of seven succeeding assessment years.

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

3) (a) Contingent liabilities not provided for in respect of:

(i) Counter guarantees given to banks on behalf of subsidiaries Rs. 36.41 crore (Rs. 2.95 crore).

(ii) Sales tax / cess claims disputed by the Company Rs. 0.87 crore (Rs. 3.66 crore).

(iii) Income tax and interest demands raised by authorities and disputed by the Company Rs. 8.12 crore (Rs. 7.45 crore).

(iv) Claims of Custom authorities disputed by the Company Rs. 1.84 crore (Nil).

(v) Claims against the Company not acknowledged as debts Rs. 3.01 crore (Rs. 3.03 crore).

(b) Amount outstanding towards Letters of Credit Rs. 0.32 crore (Rs. 2.24 crore).

4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2.94 crore (Rs. 1.82 crore) net of advances.

5) During the year, the Company revised the useful lives of plant and machinery and furniture and fixtures at the Kaya Skin Clinics in Dubai and has depreciated the unamortized depreciable amount as at April 1, 2005 over the remaining useful life resulting in an additional charge of Rs. 0.56 crore. Consequently, depreciation charge for the year is higher by Rs. 0.56 crore and profit for the year is lower by an equivalent amount.

NOTES TO THE ACCOUNTS

6) During the year, the Company changed its method of accounting depreciation on plant and machinery referred in note 2(c)(I)(ii) from Straight Line basis to Written Down Value basis. As a result of this change,

- additional depreciation of Rs. 14.01 crore in respect of earlier years is charged to the Profit and Loss Account and included under “Depreciation, amortisation and impairment” of the current quarter,
- the depreciation for the year ended March 31, 2006 is higher by Rs. 0.90 crore, and
- deferred tax liability of Rs. 3.43 crore has been reversed as at March 31, 2006.

7) Based on th criteria prescribed under Accounting Standard 28 (AS 28) “Impairment of Assets” issued by the Insitute of Chartered Accountants of India, which has become mandatory with effect from April 1, 2004, the Company had identified certain plant and machinery with Written Down Value of Rs. 2.40 crore (Rs. 1.06 crore) as on March 31, 2006 as ‘impaired fixed assets’ and provided for the same as impairment loss and included under “Depreciation, amortisation and impairment” in the Profit and Loss Account.

8) Miscellaneous income includes lease income Rs. 0.57 crore (Rs. 0.56 crore), insurance claims Rs. 0.22 crore (Rs. 0.17 crore), profit on sale / disposal of assets (net) Rs. 0.49 crore (Rs. 0.03 crore), and royalty from subsidiary Rs. 0.25 crore (Rs. 0.23 crore).

9) Miscellaneous expenses (net of write back of earlier years’ provisions no longer required – Rs. 4.50 crore (Rs. 2.28 crore)) include commission and brokerage Rs. 2.01 crore (Rs. 1.72 crore), donations Rs. 0.38 crore (Rs. 0.17 crore), audit fees Rs. 0.18 crore (Rs. 0.16 crore), tax audit fees Rs. 0.06 crore (Rs. 0.02 crore), payment to auditors for other services Rs. 0.07 crore (Rs. 0.07 crore) and reimbursement to auditors for out–of–pocket expenses Rs. 0.01 crore (Rs. 0.01 crore).

10) Research and development expenses aggregating Rs. 3.28 crore (Rs. 2.94 crore) have been included under the relevant heads in the Profit and Loss Account.

11) Exchange gain (net) aggregating Rs. 0.49 crore (Rs. 0.23 crore loss) has been included under the relevant heads in the Profit and Loss Account.

12) Details of balances with non–scheduled banks are as under:

(Rs. Crore)

Bank Name	Balance as on March 31, 2006	Balance as on March 31, 2005	Maximum Balance during the year ended March 31, 2006	Maximum Balance during the year ended March 31, 2005
Karur Vysya Bank	0.41	–	1.00	–
Janata Sahakari Bank	–	0.01	0.01	0.04
Lakshmi Vilas Bank	0.52	1.54	12.74	13.36
Standard Chartered Bank – Dubai	0.56	0.41	0.81	1.66
Mashreq Bank – Dubai	0.10	0.52	2.48	0.85

13) (i) Sundry debtors include amount due from Marico Bangladesh Limited, a subsidiary company and a company under the same management Rs. 5.97 crore (Rs. 2.76 crore).

(ii) Loans and advances to subsidiaries comprise amounts due from:

- Kaya Skin Care Limited, a subsidiary company and a company under the same management Rs. 64.00 crore (Rs. 44.19 crore) [Maximum amount due during the year Rs. 64.00 crore (Rs. 44.19 crore)].
- Sundari LLC, a joint venture of the Company, Rs. 20.42 crore (Rs. 11.89 crore) [Maximum amount due during the year Rs. 20.42 crore (Rs. 11.89 crore)].
- Marico Middle East FZE, a subsidiary company and a company under the same management Rs. 0.05 crore (Nil) [Maximum amount due during the year Rs. 0.05 crores (Nil)].

NOTES TO THE ACCOUNTS

- Kaya Middle East FZE, a subsidiary and a company under the same management Rs. 0.05 crore (Nil) [Maximum amount due during the year Rs. 0.05 crore (Nil)].

(iii) Interest accrued on loans and advances to subsidiaries comprise amounts due from:

- Kaya Skin Care Limited, a subsidiary company and a company under the same management Rs. 3.91 crore (Rs. 1.60 crore) [Maximum amount due during the year Rs. 3.91 crore (Rs. 1.60 crore)].
- Sundari LLC, a joint venture of the Company, Rs. 1.38 crore (Rs. 0.36 crore) [Maximum amount due during the year Rs. 1.38 crore (Rs. 0.36 crore)].

(iv) Loans and advances include amounts due from:

- Marico Bangladesh Limited, a subsidiary company and a company under the same management Rs. 0.65 crore (Rs. 0.40 crore) [Maximum amount due during the year Rs. 0.65 crore (Rs. 0.40 crore)].

14) Additional information on assets taken on lease:

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

	March 31, 2006 (Rs. Crore)	March 31, 2005 (Rs. Crore)
Lease rental payments for the year	0.78	0.70
Future minimum lease payment obligation payable		
– not later than one year	0.52	0.73
– later than one year but not later than five years	0.07	0.57
Total	**1.37**	**2.00**

15) Break–up of deferred tax liability:

	March 31, 2006 (Rs. Crore)	March 31, 2005 (Rs. Crore)
Deferred tax asset:		
Provision for doubtful debtors / advances that are deducted for tax purposes when written off	0.80	0.82
Liabilities that are deducted for tax purpose when paid	3.04	1.62
Total Deferred tax asset	**3.84**	**2.44**
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	12.12	8.49
Total Deferred tax liability	12.12	8.49
Deferred tax liability (Net)	**8.28**	**6.05**

16) Earnings per share:

	March 31, 2006 (Rs. Crore)	March 31, 2005 (Rs. Crore)
Profit after taxation	98.86	73.79
Equity shares outstanding as at the year end	58,000,000	58,000,000
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	58,000,000	58,000,000
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per equity share (Rs.)	**17.04**	**12.72**

NOTES TO THE ACCOUNTS

17) Segment information

The company has two business segments – Consumer Products and Skin Care. Segment revenue, results and capital employed figures include the respective amounts identifiable to each of the segments. The composition of these segments is given below:

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

i. Primary Segment Information

(Rs. Crore)

	Consumer Products	Others	Total
Segment revenue			
External sales	1039.92	4.99	1044.91
	(939.73)	(2.33)	(942.06)
Inter–segment sales	–	–	–
	(–)	(–)	(–)
Total revenue	**1039.92**	**4.99**	**1044.91**
	(939.73)	**(2.33)**	**(942.06)**
Segment result	**113.84**	**(4.26)**	**109.58**
	(79.22)	**(–)(1.20)**	**(78.02)**
Operating profit			109.58
			(78.02)
Interest expenses			5.02
			(3.02)
Interest income			4.41
			(2.6)
Net profit			**108.97**
			(77.59)
Other information			
Segment assets	634.39	7.18	641.57
	(359.77)	(8.63)	(368.40)
Unallocated corporate assets			28.85
			(29.08)
Total assets	**634.39**	**7.18**	**670.42**
	(359.77)	**(8.63)**	**(397.48)**
Segment liabilities	364.77	0.49	365.26
	(157.83)	(–)	(157.83)
Unallocated corporate liabilities			27.80
			(21.10)
Total liabilities	**364.77**	**0.49**	**393.06**
	(157.23)	**(–)**	**(178.93)**
Capital expenditure	235.71	1.46	237.17
	(17.65)	(0.99)	(18.64)
Depreciation, amortisation and impairment	29.42	3.81	33.23
	(11.12)	(0.48)	(11.6)
Impaired value of fixed assets	5.24	2.40	7.64
	(5.24)	(–)	(5.24)

NOTES TO THE ACCOUNTS

ii. Secondary Segment Information

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

Geographical segments	Composition
Domestic	All over India
International	Primarily Middle East and SAARC countries

Sales revenue by geographical market

Locations	**Amount (Rs. Crore)**
India	972.89
	(885.22)
Others (primarily Middle East and SAARC countries)	72.02
	(56.84)
Total	**1044.90**
	(942.06)

Carrying amount of assets and capital expenditure by geographical locations

	India (Rs. Crore)	**Others (Rs. Crore)**	**Total (Rs. Crore)**
Carrying amount of assets	639.04	31.38	670.42
	(388.78)	(8.7)	(397.48)
Capital expenditure	235.50	1.67	237.17
	(17.60)	(1.04)	(18.64)

iii. Notes to segmental information

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

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

18) Related party disclosures

	March 31, 2006 (Rs. Crore)	**March 31, 2005 (Rs. Crore)**
a) Subsidiary: Marico Bangladesh Limited (100% holding by Marico Limited)		
Nature of transactions:		
Balances		
Debtors	5.97	2.76
Loans and advances (Royalty)	0.65	0.40
Investments (1,000,000 (1,000,000) equity shares of Taka 10 (Taka 10) each)	0.86	0.86
Corporate guarantee given to bank	33.46	–

NOTES TO THE ACCOUNTS

	March 31, 2006 (Rs. Crore)	March 31, 2005 (Rs. Crore)
Transactions during the year		
Sales	15.46	12.80
Royalty income	0.25	0.23
Dividend income	–	4.09
Corporate guarantee given to bank	33.46	–
b) Subsidiary: Marico Middle East FZE		
(100% holding by Marico Limited)		
Nature of transactions:		
Balances		
Investments (1 (Nil) equity shares of UAE UAE Dirhams 1 million each)	1.23	–
Loan and advances	0.05	–
Advance received	0.11	–
Transactions during the year		
Investments (1 (Nil) equity shares of UAE UAE Dirhams 1 million each)	1.23	–
Loans and advances	0.05	–
Advance taken	0.11	–
c) Subsidiary: Kaya Skin Care Limited		
(100% holding by Marico Limited)		
Nature of transactions:		
Balances		
Balance of loans / advances	64.00	44.19
Interest accrued on loans	3.91	1.60
Investments (10,000,000 (10,000,000) equity shares of Rs. 10 (Rs. 10) each)	10.00	10.00
Corporate Guarantee given to bank	2.95	2.95
Transactions during the year		
Interest on loans / advance	2.98	1.74
Expenses allocated to the subsidiary	0.54	0.54
Advances given during the year (net of repayment)	18.98	29.25
Sales of goods	–	–
Professional services availed	0.12	–
d) Subsidiary : Kaya Middle East FZE		
(100% subsidiary of Marico Middle East FZE)		
Nature of transactions:		
Balances		
Loans and advances	0.05	–
Transactions during the year		
Loans and advances	0.05	–

NOTES TO THE ACCOUNTS

	March 31, 2006 (Rs. Crore)	March 31, 2005 (Rs. Crore)
e) Joint Venture : Sundari LLC		
(75.5% holding by Marico Limited)		
Nature of transactions:		
Balances		
Loans and advances	20.42	11.89
Interest accrued on loans and advances	1.38	0.36
Investments (75,500 (75,500) equity shares of USD 18.25 (USD 18.25) each)	5.81	5.81
Transactions during the year		
Loans and advances	7.96	6.33
Expenses incurred on behalf and hence allocated	0.24	0.06
Interest on loans and advances	1.01	0.25
f) Whole-time director: Harsh Mariwala, Chairman and Managing Director		
Nature of transactions:		
Remuneration for the year	1.05	1.10
Sale of residential premises	4.25	–
g) Employee: Rajvi Mariwala, daughter of Harsh Mariwala		
Nature of transactions:		
Stipend for the year	0.01	–

Other related parties where control exists, however, with whom the company did not have any transaction:

MBL Industries Limited (100% subsidiary of Marico Bangladesh Limited)

19) Managerial Remuneration:

	For the year ended March 31, 2006 (Rs. Crore)	2005 (Rs. Crore)
Payments and provisions on account of remuneration to Chairman and Managing Director included in Profit and Loss Account		
Salary	0.87	0.60
Contribution to Provident and Pension Funds	0.07	0.16
Other perquisites	0.01	0.16
Annual performance incentive	0.10	0.18
	1.05	1.10
Remuneration to Non–wholetime Directors	0.12	0.08

Notes:

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

2. Since no commission is payable during the year, computation of net profits for the year under Section 198 of the Companies Act, 1956 has not been given.

NOTES TO THE ACCOUNTS

20) Derivative transactions -

- The total derivative instruments outstanding as on March 31, 2006 (3 nos.) are of one kind i.e. participative and variable strip contracts amounting to USD 3.6 million.
- All the option contracts entered into by the company during the year were for hedging purpose and not for any speculative purpose.

There are no unhedged net foreign currency exposures outstanding as on March 31, 2006.

21) The Company deals with several small–scale industrial (SSI) undertakings on mutually accepted terms and conditions. Based on the records of the Company and the information received from SSI suppliers, the total amount outstanding as on March 31, 2006 was at Rs. 0.83 crore (Rs. 0.19 crore). The various amounts due to SSI's where individual balances were outstanding for more than 30 days and included under sundry creditors aggregate Rs. 0.02 crore (Rs. 0.02 crore). The interest payable to SSI's as at March 31, 2006 is Nil (Nil). The names of such SSI suppliers are as under:

Raviraj Plastochems, Chiranjeev Industries Ltd., Shivam Enterprises, Aishwarya Industries, Blow Containers, Galaxy Surfactants Ltd., Sai Plastics, Sri Ganesh Packs, V. I. Plastic Industries, Vignesh Plastics, Bhavani Enterprises, Janani Printers, Paras Polycontainers Pvt. Ltd., Apogee Plastics Pvt. Ltd., Moreshwar Industries, Sree Mookambika Polymers, Anmol Poly Products, Kris Plastics Pvt. Ltd., Complement Marketing Pvt. Ltd., Sigma Pack, Interlabels Industries Ltd., Indian Extrusion, Swan Plastics Pvt. Ltd., Badkur Polycans Industries Ltd., Sharyu Industries, Nikita Plast, Pilot Plastics Pvt. Ltd., Indian Extrusions, Eskay Flexible Packaging, Pratik Enterprises, Refine Marketing Pvt. Ltd., R.S. Polymers, Niki Plast, Shree Ganesha Packaging Industries.

22) During the year, the company made the following acquisitions:–

In January 2006, Marico acquired the Herbal Bath soap brand "Manjal" from Oriental Extractions Pvt. Ltd. for a total consideration of Rs. 7 crore, excluding transaction costs.

In February 2006, Marico purchased from Hindustan Lever Limited (HLL) assignable rights relating to the Brand Nihar for a total consideration of Rs. 216 crore, excluding transaction costs. Such rights include all trademarks, copyrights, technical know–how and designs in India and specified overseas countries. In addition, HLL has agreed to not compete with Marico in the coconut oil category for a period of five years.

23) As at March 31, 2006, the Company holds 100 % of the equity capital of Kaya Skin Care Limited (Kaya) at a cost of Rs. 10.0 crore. The Company has also advanced to Kaya loans (including interest accrued thereon) of Rs. 67.91 crore.

Since the incorporation of Kaya during 2002–03, its business has been in a development phase. Encouraged by the consumer response to Kaya's pioneering offerings in products and services in the skin care category, it has focused on building the brand "Kaya" through setting up of a large number of clinics at several locations and has so far set up 42 clinics in 16 cities. In the process, Kaya has incurred significant set up costs, primarily advertisement and sales promotion, leading to losses, which have eroded its net worth as at March 31, 2006. There were significant improvements in operations during the year. Kaya's business is now expected to stabilize and break even at the profit before interest and tax level during 2006–07.

Based on the fundamentals of the Kaya business, the management is of the opinion that it is strategically desirable for Marico to continue to support Kaya through funding (including equity / debt infusion), through either fresh funds or conversion of existing loans into equity. Having regard to this, the management perceives the erosion in Kaya's net worth as only a temporary diminution in value. Hence, no provision for diminution in value is considered necessary in respect of the Company's investment in Kaya or of the loans given to Kaya.

24) As at March 31, 2006, the Company holds 75.5% of the interests in Sundari LLC (Sundari) at a cost of Rs. 5.81 crore. The Company has also advanced to Sundari loans (including interest accrued thereon) of Rs. 21.80 crore.

Since the Company acquired majority interests in Sundari during 2002–03, its business has been in a reconstruction and development phase. Given the unique nature of Sundari's offerings in the Premium Ayurvedic skin care category, it has focused on building business with spas in the USA and other countries, while restructuring operations to cut costs and establish a profitable business model. As a result of these steps, there were improvements in operations of the company and in the process, sales grew although at a modest rate of 16% over the previous year. Sundari expects to stabilize its operations in the foreseeable future and break even at the profit before interest and tax level in the coming two to three years.

Based on the fundamentals of the Sundari business, the management is of the opinion that it is strategically desirable for Marico to continue to support Sundari through funding, including equity / debt infusion, through either fresh funds or conversion of existing loans into equity. Having regard to this, the management perceives the erosion in Sundari's net worth as only a temporary diminution in value and the Company continues to support Sundari as a strategic investment of long term nature. Hence, no provision for diminution in value is considered necessary in respect of the Company's investment in Sundari or of the loans given to Sundari.

25) There are no dues payable to the Investor Education and Protection Fund as at March 31, 2006.

NOTES TO THE ACCOUNTS

26) (a) The figures in brackets represent those of the previous year.

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

27) Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) **Registration details:**

Registration No.	:	11–49208
Balance Sheet date	:	March 31, 2006

b) **Capital raised during the year:**

Public issue	:	Nil
Bonus issue	:	Nil
Bonus preference shares	:	Nil
Rights issue	:	Nil
Private placement	:	Nil

c) **Position of mobilisation and deployment of funds:**

Total Liabilities	:	Rs. 670.42 Crore
Total Assets	:	Rs. 670.42 Crore

Sources of Funds	(Amount in Rs. Crore)	**Application of Funds**	(Amount in Rs. Crore)
Paid up capital	58.00	Net fixed assets	308.52
Reserves and surplus	219.36	Investments	36.39
Secured loans	203.25	Net current assets	164.24
Unsecured loans	20.26		
Deferred tax liability	8.28		
Accumulated losses	–		
Total Sources	**509.15**	**Total Application**	**509.15**

d) **Performance of the Company:** (Amount in Rs. Crore)

Turnover (Sales and other income)	:	1048.62
Total Expenditure	:	939.65
Profit before tax	:	108.97
Profit after tax	:	98.86
Earnings per share (in Rs.)	:	17.04
Dividend rate (%)	:	62.00%

e) **Generic names of the three principal products/services of the Company:**

Item Code No. (I.T.C. Code)		Product Description
1513 11 00	:	Coconut Oil
1512 19 10	:	Sunflower Oil
1512 19 30	:	Safflower Oil

Signatures to Schedule A to R

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
BIPIN SHAH	Director and Chairman of Audit Committee
MILIND SARWATE	Chief Financial Officer & Company Secretary

Place : Mumbai
Date : April 20, 2006