AUDITORS' REPORT

Auditors' Report to the Members of Marico Limited

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

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

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

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

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

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

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

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

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

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

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

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number : F-46061

Place : Mumbai
Date : May 3, 2012

ANNEXURE TO AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ANNEXURE TO AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

ANNEXURE TO AUDITORS' REPORT

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

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

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

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number : F-46061

Place : Mumbai
Date : May 3, 2012

BALANCE SHEET

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

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

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

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : May 3, 2012

STATEMENT OF PROFIT AND LOSS

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

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

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

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : May 3, 2012

CASH FLOW STATEMENT

	For the year ended March 31, 2012 Rs. Crore	2011 Rs. Crore
A CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**399.28**	**374.54**
Adjustments for:		
Depreciation, amortisation and impairment	31.49	27.63
Provision for impairment on assets written back as no longer required	–	(1.03)
Capital advances written off	–	1.00
Provision for impairment of Fiancee Trademark	–	13.88
Reversal of provision for contingencies (Refer Note 46)	–	(29.35)
Profit on divestment of "Sweekar" Brand	–	(50.00)
Finance costs	28.34	31.60
Interest income	(8.11)	(5.18)
Loss / (Profit) on sale of assets - (net)	0.67	(0.08)
(Profit) / Loss on sale of current investments (net)	(0.14)	(0.40)
Dividend income	(31.81)	(6.82)
Employees stock option charge/ (reversal)	(0.04)	0.04
Stock appreciation rights expenses	5.30	0.02
Provision for doubtful debts, advances, deposits and others no longer required written back	(0.58)	(0.55)
	25.12	(19.24)
Operating profit before working capital changes	**424.40**	**355.30**
Adjustments for:		
(Increase)/ decrease in inventories	(75.82)	(84.32)
(Increase)/ decrease in trade receivables	18.02	(23.93)
(Increase)/ decrease in loans and advances and other current and non-current assets	(43.98)	17.06
Increase/ (decrease) in trade payables and other current and non-current liabilities and provisions	97.37	(0.38)
Changes in Working capital	(4.41)	(91.57)
Cash generated from Operations	**419.99**	**263.73**
Taxes paid (net of refunds)	(76.84)	(67.50)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**343.15**	**196.23**

CASH FLOW STATEMENT

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

Notes

1 The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) ‘Cash Flow Statements’ as specified in Companies (Accounting Standards) Rules , 2006.

2 The figures for the previous year have been regrouped where necessary to conform to current year’s classification.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

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

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : May 3, 2012

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

NOTES TO THE FINANCIAL STATEMENTS

1. The Company and nature of its operations :

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

2. Summary of significant accounting policies :

(a) Basis of preparation of financial statements

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

(b) Use of estimates

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

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

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

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

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

(d) Depreciation and amortisation

I. 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 considered for the following items are higher than the rates stipulated in Schedule XIV to the Companies Act, 1956:

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

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

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

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

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

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

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

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

II. Intangible assets

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

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

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

(e) Assets taken on lease

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

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

(f) Asset given on lease

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

(g) Investments

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

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

(h) Inventories

(i) Raw materials, packing materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used are expected to be sold at or above cost.

(ii) Work-in-process, finished goods and stock-in-trade (traded goods)are valued at lower of cost and net realizable value.

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

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

(i) Research and Development

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

(j) Revenue recognition

(i) Domestic sales are recognised at the point of dispatch of goods to the customers, which is when substantial risks and rewards of ownership passed to the customers, and are stated net of trade discounts, rebates, sales tax, value added tax and excise duty.

(ii) Export sales are recognised based on the date of bill of lading except, sales to Nepal which are recognised when the goods cross the Indian territory, which is when substantial risks and rewards of ownership passed to the customers.

(iii) Revenue from services is recognised on rendering of services.

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

(v) Income from export incentives such as premium on sale of import licences, duty drawback etc. are recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

(vi) Dividend income is recongnised when right to receive dividend is established.

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

(k) Retirement and other benefits to employees

(i) Gratuity

Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit method and contributed to Employees Gratuity Fund managed by HDFC Standard Life Insurance Limited. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

(ii) Superannuation

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

(iii) Leave encashment / Compensated absences

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

(iv) Provident fund

Provident fund contributions are made to a trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses and gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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

(l) Foreign currency transactions

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

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

(iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which they arise. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

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

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

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

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

(m) Accounting for taxes on income

(i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is recognised as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

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

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

(n) Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(o) Employee Stock Option Plan

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

(p) Employee Stock Appreciation Rights Scheme

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

(q) Provisions and Contingent Liabilities

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

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

(r) Share issue Expenses

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

(s) Cash and Cash Equivalents

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

(t) Earnings Per Share

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

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

3 Share capital :

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

a Reconciliation of number of shares

Equity Shares :

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

b Rights, preferences and restrictions attached to shares :

Equity Shares: The Company has one class of equity shares having a par value of Re.1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

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

d Shares reserved for issue under options :

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

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

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

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

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. (0.04) Crore (Rs. 0.04 Crore) as compensation cost under the 'intrinsic value' method (Refer note 25). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

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

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

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

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

4 Reserves and surplus :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Securities Premium Reserve		
Balance as at the beginning of the year	43.50	15.30
Add : Receipt on exercise of Employees stock options	3.03	28.08
Add : Transferred from Employee Stock Options outstanding	0.01	0.12
Balance as at the end of the year	46.54	43.50
Debenture Redemption Reserve		
Balance as at the beginning of the year	31.67	15.00
Add : Amount transferred from Surplus in the Statement of Profit and Loss	20.00	16.67
Less: Amount transferred to General Reserve on redemption	(30.00)	–
Balance as at the end of the year	21.67	31.67
Employee Stock Options Outstanding Account (Refer note 3 (d))		
Balance as at the beginning of the year	0.07	0.15
Add : Compensation for options granted during the year	–	0.08
Less : Transferred to Securities Premium Reserve on exercise of stock options	0.01	0.12
Less : Forefeited / lapsed	0.04	0.04
Balance as at the end of the year	0.02	0.07
General Reserve		
Balance as at the beginning of the year	123.19	91.66
Add : Amount transferred from Surplus in the Statement of Profit and Loss	33.66	31.53
Add : Amount transferred from Debenture Redemption Reserve on redemption	30.00	–
Balance as at the end of the year	186.85	123.19
Hedge Reserve (Refer note 39 (c))		
Balance as at the beginning of the year	4.99	2.81
Adjustments during the year	(38.91)	2.18
Balance as at the end of the year	(33.92)	4.99
Foreign Currency Translation Reserve (Refer note below)		
Balance as at the beginning of the year	5.74	3.23
Exchange gain/(loss) on translation during the year	0.30	2.51
Balance as at the end of the year	6.04	5.74
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	602.52	382.58
Add : Profit during the year	336.59	315.32
Less: Appropriations :		
Interim dividend	43.04	40.54
Dividend distribution tax on Interim dividend	6.98	6.64
Transfer to Debenture Redemption Reserve	20.00	16.67
Transfer to General Reserve	33.66	31.53
Balance as at the end of the year	835.43	602.52
Total	**1,062.63**	**811.68**

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

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

5 Long-term borrowings :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Secured		
Term loans		
From banks		
External commercial borrowings from Standard Chartered Bank	–	16.72
(Loan carries interest @ LIBOR plus 1.3%. Original loan amount of USD 15 million was payable in 12 equal quarterly installments of USD 1.25 million along with interest commencing from February 26, 2010. Loan amount outstanding of USD 3.75 millions as at March 31 2012 has been shown under Other current liabilities as Current maturities of long term debt (Refer note 9). The loan is secured by hypothecation of plant and machinery).		
External commercial borrowing from HSBC bank	274.73	240.76
(Loan carries interest @ LIBOR plus 2.1% and is secured by (i) Pledge of shares of International Consumer Products Corporation (a Subsidiary company) (ii) First ranking pari passu charge over all current and future plant and machinery and (iii) Mortgage on land and building situated at Andheri, Mumbai).		
The loan is repayable over a period of 6 years commencing from 28th February 2011 as under:-		
1st installment - USD 3 million - payable at the end of 36 months		
2nd installment - USD 3 million - payable at the end of 42 months		
3rd installment - USD 6 million - payable at the end of 48 months		
4th installment - USD 6 million - payable at the end of 54 months		
5th installment - USD 9 million - payable at the end of 60 months		
6th installment - USD 12 million - payable at the end of 66 months		
7th installment - USD 15 million - payable at the end of 72 months		
Total Amount - USD 54 million		
	274.73	257.48
Unsecured		
Debentures (Refer note below)		
500, 10.05%, Rated Taxable Unsecured Redeemable Non-convertible debentures of face value of Rs. 10,00,000/- each	50.00	50.00
	50.00	50.00
Total	**324.73**	**307.48**

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

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

6 Long-term provisions :

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

a The Corporate Governance Committee has granted Stock Appreciation Rights ("STAR") to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011 ("Plan"). The grant price is determined based on a formula as defined in the Plan. There are two schemes under the Plan with different vesting period. Under the Plan, the respective employees are entitled to receive excess of the maturity price over the grant price subject to fulfilment of certain conditions. The difference between the market price of Company's shares as at the year end and the grant price is recognised over the vesting period and accordingly an amount of Rs. 5.30 Crore (Rs. 0.02 Crore) is charged in the Statement of Profit and Loss. The Plan is administered by Corporate Governance Committee comprising of independent directors.

b The Company has formed "Welfare of Mariconians Trust" (The trust) for the implementation and admistration of Schemes that are notified or may be notified from time to time by the Company under the Plan as at March 31, 2012. The Company has advanced Rs. 19.92 Crore (Nil) to the Trust for purchase of shares under the Plan, which are included under "Long term loans and advances" (refer note 14).

c Details of STAR Grant Schemes :

STAR Scheme I

	As at March 31, 2012	As at March 31, 2011
Grant Date	March 28, 2011	March 28, 2011
Grant Price (Rs.)	129.33	129.33
Vesting Date	September 30, 2013	September 30, 2013
Grants outstanding at the beginning of the year	2,838,600	–
Add : Granted during the year	–	2,838,600
Less : Forfeited during the year	177,500	–
Grants at the end of the year	**2,661,100**	**2,838,600**

STAR Scheme II

	As at March 31, 2012	As at March 31, 2011
Grant Date	December 1, 2011	–
Grant Price (Rs.)	148.53	–
Vesting Date	November 30, 2014	–
Grants outstanding at the beginning of the year	–	–
Add : Granted during the year	956,000	–
Less : Forfeited during the year	6,100	–
Grants at the end of the year	**949,900**	–

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

7 Short-term borrowings :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Secured		
From banks :		
Cash credit	0.18	9.28
Pre-shipment credit in foreign currency	35.62	13.37
(Secured by hypothecation of inventory and debtors)		
	35.80	22.65
Unsecured		
From banks :		
Buyers' credit	111.22	14.75
Pre-shipment credit in foreign currency	30.52	42.32
Other term loans	50.88	20.00
	192.62	77.07
From others :		
Commercial papers	–	95.00
Less: Deferred interest	–	2.01
	–	92.99
	192.62	170.06
Total	**228.42**	**192.71**

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

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

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

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

8 Trade payables :

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

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

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

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	13.95	1.53
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0.09	0.01
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest paid other than under Section 16 of MSMED Act to suppliers registered	–	–
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year.	–	–
Interest due and payable towards suppliers registered under MSMED Act for payments already made	–	–
Further interest remaining due and payable for earlier years.	0.01	–

9 Other current liabilities :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Current maturities of long-term debt :		
External commercial borrowings from Standard Chartered Bank (Refer note 5)	19.08	22.29
Secured Redeemable Non-Convertible Debentures (Refer note (a) below)	–	30.00
	19.08	52.29
Interest accrued but not due on borrowings	1.20	3.15
Interest accrued and due on borrowings	–	0.01
Unpaid dividends (Refer note (b) below)	0.16	0.23
Unclaimed Redeemed 8% Preference Share Capital	–	0.03
Other payables :		
Provision for contractual liabilities	15.49	12.55
Advances from customers	13.94	5.81
Statutory dues including provident fund and tax deducted at source	10.19	9.68
Forward / derivative contracts payables	–	2.58
Creditors for capital goods	2.43	1.38
Security deposits from customers and others	0.31	0.25
Employee benefits payable	22.69	20.76
Others	0.23	0.25
Total	**85.72**	**108.97**

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

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

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

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

10 Short-term provisions :

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

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

b Provision for disputed taxes (other than Income tax) / claims represents claims against the Company not acknowledged as debts, where management has assessed that unfavourable outcome of the matter is more than probable.

c Movement in provision for disputed taxes / claims

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

11 (A) Tangible assets

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

11 (B) Intangible assets

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

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

b. The borrowing costs capitalised to Plant and equipment Rs. Nil (Rs. 0.42 Crore).

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

d. During the year ended March 31, 2007, the Company carried out financial restructuring scheme ('Scheme') under the relevant provisions of the Companies Act, 1956 which was approved by the shareholders on February 8, 2007 and subsequently by the Hon'ble High Court vide its order dated March 23, 2007. In terms of the Scheme, the Company adjusted the carrying value of Rs. 448.15 Crore of intangible assets such as trademarks, copyrights, business and commercial rights as on January 31, 2007 and related deferred tax adjustment of Rs. 139.06 Crore (net adjustment of Rs. 309.09 Crore) against the balance in Securities Premium Reserve of Rs. 129.09 Crore and Capital Redemption Reserve of Rs. 180 Crore.

e. Impairment charge for the previous year included Rs. 13.88 Crore which was reflected as "Exceptional items" in the Statement of Profit and Loss.

Additional information on assets given on operating lease

Rs. Crore

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

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

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

12 Non-current investments :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Long term Non-trade investments (valued at cost unless stated otherwise)		
Investments in equity instruments :		
Investment in Subsidiaries		
Quoted		
Marico Bangladesh Limited 28,350,000 (28,350,000) equity shares of Bangladesh taka 10 each fully paid (Quoted on Dhaka Stock exchange).	0.86	0.86
Unquoted		
Kaya Limited (wholly owned) 14,500,000 (14,500,000) equity shares of Rs.10 each fully paid (Refer note 47)	73.00	73.00
Marico Middle East FZE (wholly owned) 22 (22) equity share of UAE dirham 1,000,000 (1,000,000) fully paid	27.99	27.99
Marico South Africa Consumer Care (Pty) Limited (wholly owned) 800 (800) equity shares of SA Rand 1.00 fully paid	25.37	25.37
International Consumer Products Corporation 9,535,495 (9,535,495) equity shares of VND 10,000 fully paid	254.98	254.98
	382.20	382.20
Other Investments :		
Investments in Government Securities		
Unquoted		
National Savings Certificates (Deposited with the Government authorities)	0.01	0.01
Others		
Quoted		
Indian Infrastructure Finance Company Ltd, (1,000 (1,000) Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 1,00,000/- each, guaranteed by the Government of India, redeemable on 22nd January, 2014).	10.08	10.21
Power Finance Corporation Limited (28,479 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 1st February, 2022).	2.85	–
Indian Railway Finance Corporation (21,751 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.00%, face value of Rs. 1,000/- each, redeemable on 23rd February, 2022).	2.18	–
National Highways Authority of India (24,724 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.20%, face value of Rs. 1,000/- each, redeemable on 25th January, 2022).	2.47	–
Rural Electrification Corporation Limited (61,238 (Nil) Secured, Redeemable, Tax free Non-convertible Bonds, 8.12%, face value of Rs. 1,000/- each, redeemable on 29th March, 2027).	6.12	–
	23.71	10.22
Total	**405.91**	**392.42**
Aggregate amount of quoted investments	24.56	11.07
Market Value of quoted investments	700.15	1,154.80
Aggregate amount of unquoted investments	381.35	381.35

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

13 Deferred tax assets (net) :

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

14 Long-term loans and advances :

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

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

15 Other non current assets :

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

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

16 Current investments :

	As at March 31, 2012 Rs. Crore	2011 Rs. Crore
Unquoted		
Investments in Mutual Funds		
Birla Sun Life Cash Manager - Institutional Plan - Growth Nil (6,087,057) units of Rs. 10 each fully paid	–	10.00
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth 720,132 (5,921,645) units of Rs. 10 each fully paid	1.00	7.50
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth Nil (1,987,297) Units of Rs. 10 each fully paid	–	2.50
IDFC Money Manager Fund - TP - Institutional Plan C - Growth Nil (8,583,470) units of Rs. 10 each fully paid	–	10.00
UTI Treasury Advantage Fund - Growth Nil (75,743) units of Rs. 10 each fully paid	–	10.00
BPBIG ICICI Prudential Blended Plan B - Institutional Growth Option II Nil (9,659,482) units of Rs. 10 each fully paid	–	10.16
DWS Money plus Fund - Institutional Plan Growth Nil (9,865,755) units of Rs. 10 each fully paid	–	10.16
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale option - Growth Nil (5,678,049) units of Rs. 10 each fully paid	–	9.50
JPMorgan India Short term Income Fund - Growth Nil (7,612,090) Units of Rs.10 each fully paid	–	8.12
Tata Liquidity Management Fund - Growth 69,662 (Nil) Units of Rs. 1,000 each fully paid	10.05	–
Tata Liquid Super High Investment Fund - Appreciation 36,647 (Nil) Units of Rs. 1,000 each fully paid	7.25	–

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

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

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

17 Inventories :

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

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

18 Trade receivables :

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

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

19 Cash and bank balances :

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

20 Short-term loans and advances :

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

21. Other current assets :

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

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

22 Revenue from operations :

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

a) Details of Sales (Finished goods)

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

b) Details of Sales (Traded goods)

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

23 Other income :

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

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

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

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

		For the year ended March 31,	
		2012	2011
		Rs. Crore	Rs. Crore
A	**Cost of materials consumed** (Refer note (a) below)		
	Raw materials consumed		
	Opening Inventories	160.88	161.46
	Add : Purchases (net)	1,454.38	1,095.75
	Less : Inventory at the end of the year	203.91	160.88
	Cost of raw material consumed during the year	1,411.35	1,096.33
	Packing materials consumed		
	Opening Inventories	55.67	46.04
	Add : Purchases (net)	253.70	222.31
	Less : Inventory at the end of the year	48.80	55.67
	Cost of packing material consumed during the year	260.57	212.68
	Total	**1,671.92**	**1,309.01**
B	**Purchases of Stock-in-trade** (Refer note (b) below)	**106.33**	**106.85**
C	**Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease**		
	Opening inventories		
	Work-in-progress	77.73	58.01
	Finished goods	149.65	97.42
	By-products	1.90	1.02
	Stock-in-trade	2.74	1.47
	Total A	**232.02**	**157.92**
	Less: Closing inventories		
	Work-in-progress	87.77	77.73
	Finished goods	168.43	149.65
	By-products	3.64	1.90
	Stock-in-trade	12.20	2.74
	Total B	**272.04**	**232.02**
	(Increase) / decrease in inventories (A-B)	**(40.02)**	**(74.10)**

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

a Details of Raw materials consumed

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

b Details of Purchases of Stock-in-trade

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

c Value of Imported and indigenous raw materials consumed

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

25 Employee benefit expenses :

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

26 Finance costs :

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

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

27 Depreciation, amortisation and impairment :

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

28 Other expenses :

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

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

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

(b) Miscellaneous expenses include :

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

29 Contingent liabilities :

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Disputed tax demands / claims :		
Sales tax	13.32	17.24
Income tax	4.14	–
Customs duty	0.40	0.40
Agricultural produce marketing cess	8.84	8.14
Employees state insurance corporation	0.13	0.13
Excise duty on subcontractors	0.35	0.29
Excise duty on CNO dispatches (Refer note 46)	278.92	210.74
Claims against the Company not acknowledged as debts.	0.28	0.27
Possible indemnification obligations under the Deed of Assignment for assignment of “Sweekar” brand.	–	4.00
Total	**306.38**	**241.21**

30 Capital commitments :

	As at March 31,	
	2012	2011
	Rs. Crore	Rs. Crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	71.24	54.48
Consideration for Paras acquisition (Refer note 36)	740.00	–
Total	**811.24**	**54.48**

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

31 Other commitments :

	As at March 31, 2012 Rs. Crore	As at March 31, 2011 Rs. Crore
Corporate guarantees given to banks on behalf of subsidiaries for credit and other facilities granted by banks. (Credit and other facilities availed by the subsidiaries as at the year end - Rs.69.45 Crore (Rs. 59.04 Crore)).	88.90	137.44
Stand by Letter of Credit issued by the Company's banks on behalf of subsidiaries for credit and other facilities granted by banks. (Credit and other facilities availed by the subsidiaries as at the year end - Rs.132.23 Crore (Rs. 96.65 Crore)).	169.42	108.47
Guarantees given by banks on behalf of the Company to statutory authorities	16.61	12.26
Total	**274.93**	**258.17**

32 CIF value of imports :

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

33 Expenditure in foreign currency :

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

34 Earnings in foreign currency :

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

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

35 Research and Development expenses aggregating Rs. 6.37 Crore (Rs. 7.53 Crore) have been included under the relevant heads in the Statement of Profit and Loss.

36 During the year, the Company signed definitive agreements to acquire the personal care business of Paras Pharmaceuticals Limited (PPL), a 100% subsidiary of Reckitt Benckiser Investments India Private Limited for a consideration of Rs. 740 Crore. The acquisition transaction is expected to be concluded in May 2012. The Company intends to fund the requirements with a mix of proceeds from an issuance of equity shares and internal accruals. The shareholders, at their meeting held on May 2, 2012 have approved issue of equity shares on preferential allotment basis aggregating Rs. 500.00 Crore at a price of Rs. 170 per equity share (face value Re. 1 and share premium Rs. 169) to two overseas investors.

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

37 Additional information on assets taken on lease :

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

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

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

	Particulars	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
a.	Profit on divestment of "Sweekar" brand	–	50.00
b.	Reversal of provision for excise duty. (Refer Note 46 below)	–	29.35
c.	Provision for Impairment of "Fiancee" trademark	–	(13.88)
	Net income shown as Exceptional items	**–**	**65.47**

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

39 Derivative transactions :

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

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

*Converted into the exchange rate at the year end.

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

- The Company has entered into interest rate swap for hedging its interest rate exposure on borrowings in foreign currency of USD 30,750,000 (USD 8,750,000), which has a fair value of Rs. 1.55 Crore (Rs. 0.34 Crore).
- The Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 1 year except interest rate swap, in respect of which Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 1 to 5 years (1 to 2 years).
- All the derivative contracts entered by the Company were for hedging purpose and not for any speculative purpose.

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

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

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

Excludes Loans payable of **Rs. 293.81 Crore [USD 57,750,000]** (Rs. 279.77 Crore [USD 62,750,000]) assigned to hedging relationship against highly probable forecast sales. The Cash flows are expected to occur and impact the Statement of Profit and Loss within the period of 1 to 5 years (1 to 6 years).

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

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

40 Earnings per share :

	March 31, 2012	March 31, 2011
Profit for the year as per the Statement of Profit and Loss/ Profit available to equity shareholders (Rs. Crore)	336.59	315.32
Equity shares outstanding as at the year end	614,934,387	614,399,550
Weighted average number of equity shares used as denominator for calculating basic earnings per share	614,748,262	612,569,618
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	615,210,810	615,400,555
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 5.48**	**Rs. 5.15**
***Diluted earnings per equity share**	**Rs. 5.47**	**Rs. 5.12**

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

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

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

41 Segment Information :

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

42 Related Party disclosures :

a) Name of related parties and nature of relationship:

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

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

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

Name of the Company
The DRx Medispa Pte. Ltd. (DMSPL) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)
DRx Investments Pte. Ltd. (DIPL) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)
DRX Meditech Pte Limited – (With effect from May 25, 2010 and upto February 28, 2011 – merged with Derma-Rx International Aesthetics Pte Limited with effect from March 1, 2011)
DRx Aesthetics Sdn. Bhd. (DASB) (Through Derma – Rx International Aesthetics Pte. Ltd) (w.e.f May 25, 2010)
International Consumer Products Corporation (ICP) (w.e.f February 18, 2011)
Beaute Cosmetique Societe Par Actions (BCS) (Through International Consumer Products Corporation) (w.e.f February 18, 2011) (99% (99%) equity held by ICP)
Thuan Phat Foodstuff Joint Stock company (TPF) (Through International Consumer Products Corporation) (w.e.f February 18, 2011) (98.6% (87%) equity held by ICP)

ii) Subsidiary firm :

Wind Company. (Through MEL Consumer Care SAE)

iii) Key management personnel (KMP) :

Harsh Mariwala, Chairman and Managing Director

iv) Relatives of Key management personnel:

Rishabh Mariwala, son of Harsh Mariwala

v) Others - Entities in which KMP has significant influence

The Bombay Oil Private Limited

Marico Innovation Foundation Trust

b) Transactions during the year

(Rs. Crore)

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

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

c) Balances as at the year end

(Rs. Crore)

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

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

(Rs. Crore)

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

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

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

e) Clause 32 disclosures

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

Particulars	March 31, 2012 Rs. Crore	March 31, 2011 Rs. Crore
Loans to subsidiary: Kaya Limited		
Balance as at the year end	103.00	112.92
Maximum amount outstanding at any time during the year	115.00	186.70
Loans to subsidiary: Marico South Africa Consumer Care (pty) Limited		
Balance as at the year end	54.44	52.04
Maximum amount outstanding at any time during the year	63.65	53.99
Loans to Marico Innovation Foundation Trust		
Balance as at the year end	0.65	–
Maximum amount outstanding at any time during the year	0.65	–

43 Managerial Remuneration

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

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

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

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

A. Defined Benefit plan (Gratuity):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Privileged leave (Compensated absence for employees):

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

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

The privileged leave liability is not funded.

C. Defined contribution plan :

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

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

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

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

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

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

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

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

Expected employers contribution in next year Rs. 5.08 Crore.

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

46 During the year ended March 31, 2010, the Company had made provisions towards 75% of possible excise duty obligations in respect of the coconut oil packs up to 200 ml, which is being contested by the Company. Based on facts of the case and the legal opinion obtained, the Company had made an assessment that the probability of success in the matter is more likely than not and the liability was in the nature of contingent liability. As the said provisioning of contingent liability was not in accordance with the requirement of Accounting Standard (AS) 29 "Provisions, Contingent Liability and Contingent Assets", the Company reviewed the matter and reversed the provision of Rs. 29.35 Crores made upto March 31, 2010 during the year ended March 31, 2011 (Refer Note 38 above) and the same was included under the "Exceptional items" in the Statement of Profit and Loss. Further, deferred tax asset of Rs. 9.75 Crores recognised during the year ended March 31, 2010 was reversed and included in deferred tax charge for the year in the Statement of Profit and Loss for the said year.

The possible excise duty obligation of Rs. 157.15 Crores (Rs. 88.97 Crores) for clearences made after June 3, 2009 (i.e. the date of issue of relevant excise circular) till March 31, 2012 and Rs. 121.77 Crores (Rs. 121.77 Crores) for clearences made prior to June 3, 2009 has been disclosed as contingent liability to the extent of the time horizon covered by show cause notice issued by the excise department with in the normal period of one year (from the date of clearance) under the excise laws.

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

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

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

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

48 Previous year figures :

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

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

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

UDAY SHAH
Partner
Membership No. F-46061

Place : Mumbai
Date : May 3, 2012

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : May 3, 2012