IT'S TIME

MAKE A DIFFERENCE

SUBSIDIARIES' FINANCIALS

marico
make a difference

ANNUAL REPORT 2013-14

INDEX

INTERNATIONAL CONSUMER PRODUCTS CORPORATION

BEAUTÉ COSMÉTIQUE SOCIETÉ PAR ACTIONS

THUAN PHAT FOODSTUFF JOINT STOCK COMPANY

MARICO INNOVATION FOUNDATION

BOARD OF DIRECTORS	
Mr. Saugata Gupta	Chairman
Mr. B. Sridhar	Director
Mr. Rohit Jaiswal	Director
Mr. Vivek Karve	Director
Mr. Aditya Shome	Managing Director
Mr. Ghulam Mostafa	Independent Director
Mrs. Rupali Chowdhury	Independent Director
MANAGEMENT TEAM	
Mr. Aditya Shome	Managing Director
Mr. Ayyub Khan	Director–Sales
Mr. Aditya Singh	Director–Marketing
Mr. Iqbal Chowdhury	Director – Finance
Mr. Sidhartha Das	Director–HR
Mr. Md. Nazim Uddin	Head–Supply Chain
Mr. Saiful Alam	Head – Manufacturing
COMPANY SECRETARY	Mr. Iqbal Chowdhury
REGISTERED& CORPORATE OFFICE	House-1, Road-1, Sector-1, Uttara, Dhaka-1230. Telephone : +880 2 8931202, Fax : +880 2 8932322
DATE OF INCORPORATION	September 6, 1999
OUR FACTORIES	Factory 1: Mouchak, Kaliakoir, Gazipur Factory 2: Shirirchala, Mahona Bhobanipur, Gazipur
AUDITORS	A. Qasem & Co.
LEGAL ADVISOR	Corporate Counsel
PRINCIPAL BANKERS	Standard Chartered Bank HSBC Citibank N.A BRAC Bank Ltd.
STOCK INFORMATION	Dhaka Stock Exchange Chittagong Stock Exchange Stock Code : MARICO ISIN : BD0481MRICO6 Sector : Pharmaceuticals & Chemicals
INVESTOR RELATIONS	Telephone : +880 2 8931202 Ext: 100 Fax : +880 2 8932322 Email : info@maricobangladesh.net
WEBSITES	www.marico.com/bangladesh

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

We are pleased to report that FY2013-14 was another successful and accomplished year for Marico Bangladesh Limited. Your Company ended the year with a 5 percent growth in turnover while delivering an impressive growth of 60 percent in net profits.

The numbers don't paint the entire picture. This was the same year when unprecedented challenges for us, along with the rest of the FMCG sector, surfaced in light of the turbulent political climate and accompanying economic slowdown. Supply chain disruptions, stemming from political unrest, and subdued consumer demand were the hallmarks of this year. Yet the fact that your Company could sustain its performance despite the macroeconomic headwinds sends strong signals for what it is capable of delivering in future.

During the year, we celebrated 12 years ("ek jug") of our operations in Bangladesh. The important milestone offered us the perfect occasion to adopt a new strategic direction that will position us to lead into the future. Throughout the year, we have made significant progress on our strategic agenda of growth and transformation. This was evident by the slew of new products (Livon, Saffola Active, Nihar Naturals Shanti Badam Amla, HairCode Keshkala and Set Wet) that we rolled out in this financial year in our effort to create a wider but focused portfolio. The new additions to our portfolio enable us to straddle across categories which will open future channels of growth, and to build a sustainable presence in the beauty and wellness space of Bangladesh.

Our flagship brand, Parachute Coconut Oil, has returned back on growth track while maintaining its undisputed leadership position in the coconut oil market of Bangladesh. However, what is more encouraging is that our performance is no longer solely rooted in Parachute. With continued growth and a contribution of over 10 percent to our business turnover, our Value Added Hair Oil (VAHO) portfolio has emerged to be a key source of diversification and growth for our business. We have also continued to lead the powdered hair dye market with our HairCode portfolio.

During the year, we also kicked off several process re-engineering initiatives which strengthen our commitment to quality, have the potential to unlock huge cost savings and create mutually beneficial relationships for all our stakeholders. The results from some of the efforts are already gaining shape. For instance, our Shirirchala factory has recently become ISO14001 and OHSAS18001 certified, reflecting the best practices that we have undertaken to minimize environmental, occupational and safety hazards.

Even though we remain cautious about the short-term macroeconomic outlook, we are committed to delivering on our growth targets over the longer run. We are confident that our continued investments behind our brands and our drive towards operational excellence enable us to continue our growth trajectory and our legacy of driving shareholder value.

Together with our employees, I would like to extend my sincere gratitude for your continued confidence in your Company – which was evident by the strong rally of your Company's stock in Dhaka Stock Exchange & Chittagong Stock Exchange throughout the year. I look forward to another exciting year with strong financial performance from Your Company.

I would also like to take this opportunity to thank all our consumers, members, regulators and business associates for their constant encouragement.

I look forward to receiving your continued trust and support.

With warm regards,

Sd/-

Saugata Gupta
Chairman

BOARD OF DIRECTORS

SAUGATA GUPTA

Chairman

Saugata Gupta is the Chairman of Marico Bangladesh Limited since 2013. He is the Managing Director, Marico Limited and leads the Company's operations in India and the International markets. Saugata joined Marico Limited in January 2004 as Head of Marketing.

In the year 2007, he was elevated to become the CEO of the Company's India business. In April 2013, Marico restructured its Consumer Product Business (CPB) in India and International Business Group (IBG) under Saugata's leadership as the CEO of Marico Limited, the unified FMCG business. In March 2014, Saugata was appointed as the Managing Director of the Company. Prior to joining Marico, Saugata was Chief of Marketing and Group Sales at ICICI Prudential and was part of the start up team that was instrumental in establishing ICICI Prudential as the largest private sector Insurance firm in the country. Saugata started his career with Cadbury's where he spent 9 years in various roles in Sales and Marketing. His last role was Marketing Manager - Chocolates.

Saugata has 21 years of experience primarily in FMCG sector. He has an engineering degree from IIT Kharagpur and a Management degree from IIM Bangalore.

B. SRIDHAR

Director

Sridhar brings with him 19 years of experience and currently heads Marico's International Units comprising of Marico Bangladesh Limited, EM SEANS, Marico Middle East & Rest of Africa. He is responsible for delivery of top line and bottom line of the above mentioned units. He has led Sales, Business Finance and Supply Chain for Marico's India business in the past where he was responsible for developing and deploying the strategic road map for the above mentioned functions. Before joining Marico, he was associated with companies like Tata Steel and Pepsi. Sridhar holds a B-Tech in Electronics from IT BHU and a MBA from XLRI Jamshedpur.

VIVEK KARVE

Director

In April 2014, Vivek became the CFO of Marico Ltd. (India), with his role covering Corporate Finance, Business Finance and Commercial for Marico Group. Vivek joined Marico in 2000, as a Manager in Corporate Finance.

Vivek is a Chartered Accountant (1994), a Cost Accountant (1993) and a B.Com. from the University of Bombay (1991). He has more than 19 years of experience in Finance, Banking, and IT across four organizations - Marico, Siemens Information Systems, ICICI and P&G.

ROHIT JAISWAL

Director

Rohit Jaiswal is currently the Regional Head- Marico Middle East & North Africa. He was the Managing Director of Marico Bangladesh Limited till April 23, 2013.

Rohit is a commerce graduate (a University topper& Gold Medalist) and holds his management degree from Indian Institute of Management –Bangalore. He has over 14 years of experience in Customer Management & Marketing. Rohit brings with him years of rich experience in the consumer goods industry with specialization in Trade Marketing & Customer Management.

ADITYA SHOME

Managing Director

Aditya Shome is appointed as Managing Director of Marico Bangladesh Limited from April 23, 2013. Prior to that, he was the CFO and Executive Director of Marico Bangladesh Limited.

Prior to joining Bangladesh, Aditya was the Head of Finance (MENA) & Country Guardian (Egypt Operations) in Marico Limited & has held management positions in diverse manufacturing companies; petrochemicals, FMCG and engineering products. He qualified Cost and Works Management Accountancy from ICWA in India.

GHULAM MOSTAFA

Independent Director

Mr. Ghulam Mostafa is the Independent Director since 31st December, 2009. Mr. Mostafa is the Managing Director of Kallol Group of Companies. His group of companies is in the business of manufacturing, marketing and distribution of FMCG & Food products. He was awarded CIP status three times and highest VAT payer in business category twice by the NBR.

RUPALI CHOWDHURY

Independent Director

Mrs. Rupali Chowdhury is the Independent Director since 31st December, 2009. Mrs. Chowdhury is also the Managing Director of Berger Paints Bangladesh Limited and Chairman & Managing Director of Jenson & Nicholson (Bangladesh) Limited. She did her MBA from IBA and Bachelor in Chemistry from Chittagong University. She is involved with different trade bodies including FICCI wherein she is the President. She brings with her a rich experience of managing various functions at Berger Paints.

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

In the years to come, we will remember FY2013-14 as a pivotal year in Marico Bangladesh's history. Indeed, it was the year when we started materializing our strategic vision of creating "growth opportunities for tomorrow". On one hand, we have significantly stepped up our investments in brand building and explored categories that will open new channels of growth. On the other hand, we have revisited our operating model and built organizational capabilities that will help us to deliver on our growth potential. From a financial stand point, the impressive bottom-line growth of past year – despite the challenges posed by a volatile macroeconomic environment – exhibited the resilience of our strategy and provided a strong base to advance our growth agenda.

The following management discussion & analysis (prepared in line with the requirements of Section 184 of The Companies Act, 1994, BSEC Notifications, Listing Regulations of Dhaka Stock Exchange and Chittagong Stock Exchange) will provide detailed insights into our business environment, key management interventions, and operational and financial performance for the period between April, 2013 and March, 2014. In some cases, forward-looking outlook has been presented to support the analysis. It is important to understand that various factors (such as changes in government regulation or competitors' moves) may lead to the deviation of actual results from the forward-looking estimates.

FMCG Industry Performance in a Turbulent Economy

Bangladesh's GDP growth rate has been projected to drop down to 5.4% in Fiscal Year 2013-14 – the lowest in 11 years. The considerable dip in GDP growth rate has been a reminder of the intensely VUCA business landscape in which we operated last year – a landscape marred by volatility, uncertainty, complexity and ambiguity. Disruptions in economic activity – in the form of a prolonged trail of shutdowns and blockades – put renewed challenges for our supply chain and adversely impacted the overall trade sentiment.

The challenges were further compounded by consumer spending power erosion – which, in turn, was induced by relatively high and sticky inflation levels. By the end of March, 2014, twelve-month average inflation rose to 7.54% - against 6.23% of March, 2013.

Being in the business of marketing and selling consumer goods, we were not immune to this year's adverse macroeconomic scenario that had a negative bearing on the entire FMCG industry. To put this in perspective, each industry player – including us – experienced a loss of 90 man-days due to political disruptions in the past year.

Yet the tough times provided an opportunity for us to test the robustness of our strategy and increase our capability to deal with unpredictable events beyond our control. We believe that the lessons derived from past year have put us in a stronger position than ever before to capture the long-term potential of the FMCG industry of Bangladesh.

Outlook for FMCG Industry

We are highly positive about the long-term performance of the FMCG industry of Bangladesh. Despite this year's temporary setback, we believe that the growth of this industry will rebound in coming years as the key demand drivers for domestic consumption remain intact:

- Rising Working Age Population
- Increasing Disposable Income
- Government's Continued Spending on Social Sector
- Shift towards Value Added Products

Risks & Risk Management

Like all businesses, Marico Bangladesh Limited too is exposed to risks – which usually arise from events or decisions that are beyond the company's control. We recognize that effective management of these risks is of paramount importance to ensure our business growth. Over the years, we have put processes and practices in place through which we regularly identify and assess risks and take necessary measures to minimize their impact.

MANAGEMENT DISCUSSION AND ANALYSIS

Exchange Rate Risk

Since our products cater to the domestic market, exchange rate exposure does not affect our revenue stream. However, we have to import raw materials that are priced in foreign currency (most notably, US dollar and Indian rupee). Hence, unfavorable exchange rate movement (and consequent rise in the cost of our imports) can have a negative impact on our operating margin and financial outcome.

Risk Mitigation Strategy

Over the years, we have taken concerted efforts to localize our production and source raw materials from local suppliers wherever possible. To some extent, this strategy has reduced our exchange rate exposure. However, a significant volume of our raw material viz. copra still needs to be imported. Regular forecasting of exchange rate movement and position building on our import volume through optimal exchange rate dynamics is the principal way through which we are trying to reduce our exchange rate risks.

Input Risk

Commodities, especially copra, are attributed for the bulk of our production costs. Copra prices have experienced marked volatility in the past years. Unfavorable movement in the price of copra can have a direct impact on our production costs. At the same time, we are dependent on the adequate supply of copra in the countries from which we import in order to ensure the smooth running of our production.

Risk Mitigation Strategy

We are diversifying the countries from which we import copra and other raw materials to ensure uninterrupted supply. Even though India remains the prime hub from which we import copra, other countries (such as Indonesia, Sri Lanka and the Philippines) are also rapidly growing in importance in our sourcing portfolio. Both quality and price determine the selection of the countries from which we import. Such diversification also provides some cushion against adverse country-specific copra price movements.

Competition Risk

Low start-up capital requirement, simplicity of manufacturing processes and availability of sub-contractors to carry out manufacturing remain the essential characteristics of the FMCG industry of Bangladesh – all of which lead to low entry barriers. For this reason, there are a huge number of both local and multinational players vying for market share in the FMCG industry of Bangladesh.

At the same time, there is a growing un organized sector in the FMCG industry which competes through fake and counterfeit products and leads to revenue losses for companies in the organized sector.

Risk Mitigation Strategy

In FY2013-14, we have ramped up our investments in brand building to grow our market share for both existing and new brands. This – coupled with prudent pricing and distribution tactics – has paved the way for building long-term consumer loyalty.

Un-parallel efforts to curtail the menace of counterfeit through concerted efforts with the help of Regulatory Bodies have been initiated and process of setting up mechanisms to structurally intervene and curb availability of fake, look-alike products in the market is in progress.

Internal Control Systems and their Adequacy

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

- Establishment and periodic review of business plans
- Identification of key risks and opportunities and regular reviews by top management and the Board of Directors
- Policies on operational and strategic risk management
- Clear and well defined organization structure and limits of financial authority

MANAGEMENT DISCUSSION AND ANALYSIS

- Continuous identification of areas requiring strengthening of internal controls
- Operating procedures to ensure effectiveness of business processes
- Systems of monitoring compliance with statutory regulations
- Well-defined principles and procedures for evaluation of new business proposals/capital expenditure
- A robust management information system
- A robust internal audit and review system

While Ernst & Young LLP, a global Chartered Accountant Firm practicing in India, has been carrying out internal audits for us for the last couple of years, we also have MS Hossain Farhad & Co., a local Chartered Accountant Firm as our Internal Auditors.The work of internal auditors is coordinated by an internal team at Marico Bangladesh Limited. This team is headed by Mr. Prasad Shinde, Head of Internal Audit. This combination of an internal team at MBL and expertise of a professional firm ensures independence as well as effective value addition.

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

Segment Performance

Parachute

Despite a slowdown in coconut oil market growth caused by the political unrest, our flagship brand - Parachute Coconut Oil – posted a moderate turnover growth in FY2013-14. The growth – coming in after a moderation of performance in previous 2 years – resulted from a dual-pronged marketing approach that aims to drive consumption from existing consumers while encouraging loose oil users to upgrade to branded coconut oil.

Parachute continues to be the clear market leader in the coconut oil segment and has witnessed steady gains in market share over the past years. In FY2013-14, Parachute Coconut Oil completed its 12th anniversary (“ek jug”) in Bangladesh. The important milestone offered us the opportunity to reflect on the extraordinary brand equity that Parachute has built over the years and to extend our appreciation to our consumers for their strong show of confidence in Parachute.

Value Added Hair Oils (VAHO)

In FY2013-14, our Value Added Hair Oil portfolio (comprising of Parachute Advansed Enriched Hair Oil, Parachute Advansed Beliphool, Parachute Advansed Cooling Hair Oil and Nihar Naturals Shanti Badam Amla Hair Oil) continued its momentum, posting a firm turnover growth. An environment characterized by rising inflation and political instability tends to hit discretionary spending and curb down consumers’ appetite for new, value-added products. Hence, a continuation of the momentum of our VAHO portfolio in this year (albeit at a moderate pace) sends promising signals for its future performance.

Over the past years, the company has developed a holistic product line up in its VAHO portfolio to serve consumers’ evolving, fragmented needs when it comes to hair nourishment and hair care. With a contribution of over 10 percent to total business turnover, our VAHO portfolio is now an important source of diversification and growth for our business.

In FY2013-14, we re-launched “Nihar Naturals Shanti Badam Amla” with a superior formulation and improved packaging to appeal to the target market and highlight the added nourishment properties of the hair oil. The product – containing a coconut oil base that is blended with amla and almond oil – prevents hair graying and dandruff and reduces hair fall. Supported by a strong visibility drive, the re-launch has helped to build and communicate Nihar’s differentiated positioning to consumers while providing an important tailwind to its sales volume.

Hair Dye

We continue to lead the powdered hair dye market with our HairCode portfolio (HairCode Herbal Hair Dye and its faster-acting variant Hair Code Active). Backed by strong underlying volume growth, our HairCode portfolio delivered an impressive turnover growth of 13 percent in FY2013-14.

With the introduction of HairCode Keshkala (the latest addition to our HairCode portfolio), we have branched out into the liquid hair dye segment – leveraging the brand equity enjoyed by HairCode. The launch of Keshkala is expected to further augment our position in the hair dye market, helping us to add depth to our range of hair dye solutions to meet consumer needs more comprehensively.

MANAGEMENT DISCUSSION AND ANALYSIS

Saffola Active

The launch of Saffola Active in FY2013-14 marked our renewed foray into the edible oil market. With health benefits of blended rice bran and soybean oil, Saffola Active caters to a growing segment of health conscious consumers. Supported by an outreach campaign that aims to educate potential consumers about its health credentials, Saffola Active has been witnessing traction in its sales volume since its launch.

We take pride in being a part of the wellness space of Bangladesh, and the introduction of Saffola Active enhances our journey in this arena. As consumer needs for wellness products continue to evolve, “health” turns from a niche concept to a mainstream reality. Such a trend towards healthy lifestyle poses bright prospects for Saffola Active over the long term.

Livon

In FY2013-14, we have straddled across the hair care category with the launch of Livon, a post-wash hair serum with a unique CutiSoft formula that detangles hair. The launch furthers our objective of moving up the value pyramid and providing a comprehensive basket of offerings for varied hair care needs to enhance the overall consumer experience.

Set Wet

Due to rising image consciousness among men, the male grooming sector presents considerable headroom for growth. The launch of Set Wet Deo Range in FY2013-14 marks the beginning of our efforts to tap into the opportunity offered by the male grooming sector.

Financial Performance

The turnover for FY14 stood at BDT 643 crore, a growth of 5 percent over FY13. The profit after tax stood at BDT 139 crore, a growth of over 60 percent over FY14.A summary of our cost structure and margins is given below:

Particulars	FY14	FY13
Cost of Goods Sold	51%	64%
Gross Profit	49%	36%
Marketing and S&D Expense	13%	12%
Other Operating Expense	11%	8%
Operating Margin	25%	16%
PBT	29%	19%
PAT	22%	14%

The above percentages are to turnover for the respective years.

Gross margin expands by 1,337 bps

The prices of copra, our key input material, in FY14 have exhibited upward trend in India and other countries from which we import and were considerably higher, on average, than in FY13. However, the continued depreciation of the INR against BDT reduced our overall cost of imports. Moreover, due to position building in copra before the rally, we were not impacted by the upward trend in copra prices till the 3rd quarter. This, along with the substantial cost savings generated through manufacturing efficiency, enabled us to improve the gross profit margin by 1,337 bps.

Net profit margin expands by 736 bps

Part of the gross margin expansion was used to step up our investments behind our brands and organizational capability. During this year, in line with Bangladesh Labor Law (Amendment) 2013, we also had to set aside 5 percent of our profits in a Workers’ Profit Participation Fund (WPPF). In light of these developments, there was an overall increase of 736 bps in profit after tax.

More details on our financial results can be found on the section on Financial Statements.

Human Resources

The mission of our HR function is to attract and nurture talent to succeed. The HR function is also the custodian of MBL’s culture and governance standards. This year the function took on several initiatives to strengthen the organization culture, build talent capability, connect with members and potential talent and implement new governance standards. The key highlights are outlined below:

MANAGEMENT DISCUSSION AND ANALYSIS

Culture Building

We believe that Culture is a key differentiator and a source of competitive advantage. Every year, we take considerable effort to educate members on Marico's core cultural tenets and values to encourage them to live the Marico Values. This is done through Values Workshops,Values Conversations with Leaders and Living the Values booklet.

Maricognize

We strongly believe that "celebrating small wins" is a stepping stone to achieve "big bets". In January 2014, we took a giant leap to drive a culture of recognition through a unique web-based recognition program "Maricognize". The program provides a platform for members to connect, inspire and celebrate achievements and contributions. Maricognize has helped increase the frequency of recognition for members, enabling them to feel more engaged at work.

Talent Attraction and Development

Our Talent Value Proposition (TVP) to 'continuously challenge, enrich, and fulfil the aspirations of Mariconians so that they can maximize their true potential to 'Make a Difference' is an anchor for talent acquisition and development processes.

- **Talent Acquisition:** We leverage multiple sources to hire talent laterally. We also hire fresh talent from premier technical and business schools of the country – such as Institute of Business Administration, University of Dhaka and Bangladesh University of Engineering and Technology.
- **Performance Management System:** Management by Results (MBR) is our performance management process that aligns individual and team goals with the organizational thrust areas.
- **Talent Development:** Personal Development Planning (PDP) is a career development process, distinct from performance management process. It provides a platform to members to discuss their career aspirations, identify their strengths and development areas and work towards enhancing individual competence. The process also helps in creating a Talent Pipeline and Succession Plan for key roles in our organization.
- **Leadership Development:** We invest in leadership development at front line, middle and senior leadership levels through job rotation, classroom training and coaching.

Code of Conduct

In March 2014, we launched our updated Code of Conduct (CoC), a revision over the earlier CoC that was launched in 2009. A strong need to have an updated CoC was felt in the context of the changing business landscape, social and regulatory environment and the increased size and complexity of our business. The underlying philosophy of this code is to conduct the business in an ethical manner as well as create a work environment that is conducive to members and associates alike, based on our values and beliefs.

Business Outlook

We have taken a proactive stance towards capturing the long-term potential of the FMCG market of Bangladesh. We are confident that this approach will add impetus to our goal of maximizing shareholder value over the long run. Shifts in market dynamics have necessitated a strategic reshaping of our portfolio – we believe that our continued investments in both existing and new brands will catalyze future growth of our business.

Charting a New Course for Sustainable Business Growth

In FY2013-14, we started taking concrete actions towards realizing a new strategic direction that aspires to create and capitalize on "growth opportunities for tomorrow". A nearterm element of this strategic direction eyes rapid growth in turnover (coupled with strong bottom-line performance) through a diversified but focused portfolio. At the same time, we remain committed to developing organizational capabilities and driving operational efficiency to sustain our profit margin. In other words, the new direction will underpin a continuation of strong financial results and sustained, long-term increases in the value of our company.

Sd/-

Aditya Shome
Managing Director

DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') is pleased to present the Fifth Annual Report of your Company, Marico Bangladesh Limited, for the year ended March 31, 2014 ('the year under review', 'the year' or 'FY14') after being listed on the stock exchanges.

In line with the requirements of the compliance with section 184 of the Companies Act 1994, Stock Exchanges regulations and Bangladesh Securities & Exchange Commission Order No.SEC/ CMRRCD/2006-158/134/Admin/44 dated August 7, 2012, your Company has been presenting directors' report. This discussion therefore covers the financial results and other developments during April 2013 – March 2014 in respect to Marico Bangladesh Limited's business in Bangladesh.

Prime Business Activities of Your Company

The prime business activities of the company continued to be manufacturing and marketing of Fast Moving Consumer Goods ('FMCG'). The Company is the manufacturer and marketer of well-known brands such as Parachute, Parachute Advansed Enriched Hair Oil, Parachute Advansed Beliphool, Parachute Advansed Cooling Hair Oil, HairCode, HairCode Active, HairCode Keshkala, Nihar, Saffola Active, Livon and Set Wet.

Launching of New Products

During FY2013-14, your Company has launched the following new products – Livon, Saffola Active, HairCode Keshkala, Nihar Naturals Shanti Badam Amla and Set Wet. These products are expected to create new sources of growth for your Company.

Related Party Transaction

Related parties with the Company for the financial (FY14) were Marico Limited, the parent company, and Marico Middle East FZE and International Consumer Products Corporation, being subsidiaries of the parent company. Details of the transactions with related parties have been enclosed under Note 23 of the financial statements.

Directors' Declaration as to Financial Statements

The Statement of the Directors' Responsibilities and Management's Report on Internal Control over Financial Reporting for inancial statements are given on page 48 of this report to Directors' Report Annexure-1 and 2.

Corporate Governance Compliance Statement

As part of its Code of Conduct, MBL always strives to follow higher standard of Governance practices which derived from both internal policies and regulatory framework. In accordance with Bangladesh Securities and Exchange Commission's Notification No-SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012, the Directors are pleased to confirm the following:

a) The financial statements together with the notes thereof have been drawn up in conformity with the Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations cash flow and changes in equity.

b) Proper books of account of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.

e) The systems of internal controls are sound and have been effectively implemented and monitored.

f) There are no significant doubts about the Company's ability to continue as a going concern.

g) The significant deviations from last year in operating results of the Company have been highlighted in the report and reasons thereof have been explained.

h) The key operating and financial data for the last five years are annexed. Further, a Certificate of Compliance required under SEC Guidelines, as provided by M/s. Al-Muqtadir Associates, Chartered Secretaries, is also annexed to this report. Also Corporate Governance Statement is appended in the Annual Report as per SEC Regulation.

DIRECTORS' REPORT

Further, a Certificate of Compliance required under SEC Guidelines, as provided by M/s. Al-Muqtadir Associates, Chartered Secretaries, is also annexed to this report. Also Corporate Governance Statement is appended in the Annual Report as per SEC Regulation.

MANAGEMENT DISCUSSION AND ANALYSIS

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

- Industry Performance
- Risks and Risk Management
- Internal Control Systems and their Adequacy
- Segment Performance
- Financial Performance
- Human Resources
- Business Outlook

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

Directors of the Company

Restructuring in Board of Directors during the year

I. Mr. Milind Sarwate has resigned from the parent company of Marico Bangladesh Limited – i.e. Marico Limited, India, and hence has automatically ceased to be on the Board of the Company w.e.f February 27, 2014.

II. Mr. Vivek Karve has been appointed as Additional Director of the company w.e.f. February 27, 2014 till the ensuing Annual General Meeting (AGM) of the Company.

Directors' retirement and proposed for re-election

Mr. Rohit Jaiswal will retire at the ensuing AGM to be held on August 19, 2014. The Board of Directors has recommended for his re-appointment at the ensuing AGM.

Results of operation

Financial Year Ended Mar 31, 2014 (FY14)

Tk. in Crore Except Per Share Amounts	FY14	FY13
Turnover	643	612
Net Earnings	139	87
Net Earnings Per Share	43.99	27.53
Dividends per Share	90	15
Operating Cash Flow	85.84	62.47
Return on Assets	34.92%	18.50%
Return on Equity	57.00%	30.12%

Contribution to National Exchequer

During the reporting period, your company paid Tk. 144 Crore to the National Exchequer in the form of Corporate Income Tax, Customs Duties, Supplementary Duties and VAT.

Dividend Trend

The Company has declared the following dividends from the time of its listing on the stock exchanges;

In FY 2008-09, 25% cash dividend

In FY 2009-11 (18 months period), a total of 45% (20% & 25%) cash dividend

In FY 2011-12, 100% interim cash dividend which was considered as final dividend

DIRECTORS' REPORT

In FY 2012-13, 100% interim cash dividend and 50% final dividend

In FY 2013-14, 850% interim cash dividend and 50% final dividend

Declaration of Interim Cash Dividends

The Board has declared interim cash dividends of 150%, 200% and 500% for Q1, Q2 and Q3 respectively – all of which have been subsequently paid.

Final Dividend for FY14

The Board of Directors has recommended a final cash dividend of 50% on an equity share Tk. 10. In aggregate, the Board has declared cash dividend of 900% including interim dividend for the financial year 2013-14.

Reserves

The total reserves of the company stood Tk. 139 Crore, details of which are shown in the Statement of Financial Position, as share premium and retained earnings to the financial statements.

Events subsequent to the Statement of Financial Position

For the year ended 31 March 2014, the Board of Directors recommended final cash dividend @ 50% per share at 81st board meeting held on 27 April 2014.

Apart from that, there are no other events identified after the statement of financial position date which might be material.

Statutory Auditors

M/s. A. Qasem & Co., Chartered Accountants and Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility for re-appointment.

Acknowledgement

The Board takes this opportunity to express their heartfelt thanks to all stakeholders - such as employees, customers, consumers, banks and financial institutions, regulatory bodies, auditors, BSEC, DSE, CSE, CDBL, Business Associates and finally the shareholders - for their immense support and contribution towards the success of the Company.

On behalf of Board of Directors

Sd/-

Aditya Shome
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Directors' Responsibilities for Financial Statements

The directors of the company are responsible for the integrity and accuracy of the financial statements. The board believes that the financial statements for the year ended on March 31, 2014 have been prepared in conformity with Bangladesh Accounting Standard (BAS), BFRS/IFRS, Companies Act, 1994, BSEC guidelines, Stock Exchanges Listing Regulations appropriate in the circumstances. In preparing the financial statements, management with the consultation of the board makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed. The Company's disclosure controls and procedures ensure that material information required to be disclosed is recorded, processed, summarized and communicated to management and reported within the required time periods. In meeting its responsibility for the reliability of the financial statements, management relies on a system of internal accounting control. This system **is** designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with the management's authorization and recorded properly to permit the preparation of financial statements in accordance with BAS/ BFRS/IFRS. The design of this system recognizes that errors or irregularities may occur and that estimates and judgments are required to assess the relative cost and expected benefits of the controls. Directors believe that the Company's internal accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. The Audit Committee of the Board of Directors, which **is composed** solely of independent directors, is responsible for overseeing the Company's financial reporting process. The Audit Committee meets with management and sees the report of the Company's internal auditors periodically to review the work of each and to monitor the discharge by each of its responsibilities. The independent auditors are engaged to express an opinion on the Company's financial statements and on the Company's internal control over financial reporting. Their opinions **are based on** procedures that they believe to be sufficient to provide reasonable assurance that the financial statements contain no material errors and that the Company's internal controls are effective.

On behalf of the Board

Sd/-

Aditya Shome
Managing Director

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With the participation of the Chief Financial Officer and Head of Internal Audit, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework and the criteria established in Internal Control – Integrated Framework, issued by the Audit Committee. Based on this evaluation, management has concluded that internal control over financial reporting was effective as of March 31, 2014. The Company's auditor, A. Qasem & Co, Chartered Accountants, statutory auditors enlisted with The Institute of Chartered Accountants of Bangladesh (ICAB), has issued an audit report on the financial statements.

Sd/-

Prasad Shinde
Head of Internal Audit

CORPORATE GOVERNANCE REPORT

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

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

- Compliance with SEC Corporate Governance Guideline Notification
- Board of Directors
- Chief Financial Officer, Head of Internal Audit and Company Secretary
- Audit Committee
- External/Statutory Auditors:
- Remuneration Policy of the Company for Members of the Board
- General Body Meetings
- Means of Communication
- General Shareholder Information
- Corporate Governance Compliance Certificate

Compliance with SEC Corporate Governance Guideline Notification

MBL follows amended Bangladesh Securities & Exchange Commission Corporate Governance guideline issued on August 7, 2012 vides notification no-SEC/CMRRCD/2006-158/134/Admin/44:

Board of Directors:

- MBL's Board of Directors consists of 7 (seven) members including the Managing Director.
- Among the members of Board of Directors, two are Non-shareholding Non-Executive Independent Directors (NEID). These two independent directors were appointed on December 31, 2009 and subsequently re-appointed in 2012. Their term will end in 2015.
- Amongst these independent directors, Mr. Ghulam Mostafa is the Chairman and Managing Director of Kollol Group of Companies and Mrs. Rupali Chowdhury is the Managing Director of Berger Paints Bangladesh Limited. Both the directors are renowned and have vast experiences in corporate arena.
- The Chairman of MBL's Board of Directors is Mr.Saugata Gupta and The Managing Director of the company is, Mr. Aditya Shome.
- The Directors' Report has been enclosed with the annual report.

Chief Financial Officer, Head of Internal Audit and Company Secretary:

- Mr. Mohammad Iqbal Chowdhury is the Chief Financial Officer and acting Company Secretary of the Company and Mr. Prasad Shinde is the Head of Internal Audit.

Audit Committee:

- The Board of Directors has constituted an Audit Committee as a sub-committee of the Board.
- There are 3 (three) members in the Committee (excluding Secretary).
- The Committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business.
- One of the independent directors, Mrs. Rupali Chowdhury is the Chairman of the Committee. The members of the Committee are appointed by and report to Board of Directors.

CORPORATE GOVERNANCE COMPLIANCE REPORT

- All members of the Committee have sound financial knowledge and background.
- The report from the Audit Committee has been annexed with this report

External/Statutory Auditors:

- M/s. A. Qasem & Co is acting as statutory auditors. They are not involved with any other services of the Company.

Reporting and Compliance of Corporate Governance:

- The Company obtained a certificate from practicing chartered secretary, M/s. Al-Muqtadir Associates. The copy of the report has been annexed with the annual report.
- Status of Compliance with Bangladesh Securities and Exchange Commission's Notification SEC/ CMRRCD/2006-158/134/ Admin/44 dated 7th August, 2012 The checklist is attached hereunder:-

Sl No.	Compliance Requirements	Compliance status		Remarks
		Complied	Not complied	
1	**Board of Directors**			
1.1	Board's Size: The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty):	√		
1.2	Independent directors			
1.2 (i)	At least one fifth (1/5)	√		
1.2 (ii) a)	Does not hold any or holds less than one percent (1%) shares	√		
1.2 (ii) b)	Is not a sponsor of the company and not connected with any sponsor, director or shareholder who holds 1% or more shares	√		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	√		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1.2 (ii) f)	Not a partner or executive or was not a partner or an executive during the preceding 3 years of any statutory audit firm	√		
1.2 (ii) g)	Is not an independent director in more than 3 listed companies	√		
1.2 (ii) h)	Has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution	√		
1.2 (ii) i)	Has not been convicted for a criminal offence involving moral turpitude	√		
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 (ninety) days	√		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	√		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 term only	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

1.3	Qualification of Independent Director (ID):			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of Commission.	√		
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		
1.5	The Directors' Report to the Shareholders			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		
1.5 (vi)	Basis for related party transactions	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	√		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc			NA
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance on their Annual Report.	√		
1.5 (x)	Remuneration to directors including independent directors	√		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			NA
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose aggregate number of shares (along with name wise details where stated below) held by:	√		
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	√		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	√		
1.5 (xxi) c)	Executives;	√		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	√		
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-	√		
1.5 (xxii) a)	a brief resume of the director	√		
1.5 (xxii) b)	nature of his/her expertise in specific functional areas	√		
1.5 (xxii) c)	names of companies in which the person also holds the directorship and the membership of committees of the board	√		
2	**CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY :**			
2.1	Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	Head of Internal Audit	CFO is holding position of CS for the time being till new CS is being recruited.	

CORPORATE GOVERNANCE COMPLIANCE REPORT

2.2	Requirement to attend the Board Meetings: The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3	**AUDIT COMMITTEE:**			
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1(iii)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience. Explanation: The term “financially literate” means the ability to read and understand the financial statements like Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if he/ she possesses professional qualification or Accounting/ Finance graduate with at least 12 years of corporate management/ professional experiences.	√		
3.1(iv)	When the term of service of the Committee members expires or there is anycircumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	√		
3.1(v)	The company secretary shall act as the secretary of the Committee.	√		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	Chairman of the Audit Committee			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee Role of audit committee shall include the following:-	√		
3.3(i)	Oversee the financial reporting process.	√		
3.3(ii)	Monitor choice of accounting policies and principles.	√		
3.3(iii)	Monitor Internal Control Risk management process.	√		
3.3(iv)	Oversee hiring and performance of external auditors.	√		
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3(vii)	Review the adequacy of internal audit function.	√		
3.3(viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3(x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/ Rights Issue, the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus.	√		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:	√		
3.4.1(ii) a)	Report on conflicts of interests	√		
3.4.1(ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	√		
3.4.1(ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations	√		
3.4.1(ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	√		
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4	**EXTERNAL/STATUTORY AUDITORS:** The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-	√		
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
5	**SUBSIDIARY COMPANY:**			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			NA
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			NA
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			NA
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			NA
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investmentsmade by the subsidiary company.			NA
6	**DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):**			
6 (i)	The CEO and CFO shall certify to the Board that:-They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

6 (i) a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6 (i) b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:**			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

Board of Directors

(i) Composition and categories of Directors:-

Name	Category
Mr. Saugata Gupta	Nominee Director
Mr. Vivek Karve	Nominee Director
Mr. B. Sridhar	Nominee Director
Mr. Rohit Jaiswal	Nominee Director
Mr. Aditya Shome	Managing Director
Mrs. Rupali Chowdhury	Independent Director
Mr. Ghulam Mostafa	Independent Director

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

Six meetings of the Board of Directors were held during the period April 1, 2013 to March 31, 2014.

The attendance record of all directors is as under:-

Names of Directors	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Saugata Gupta	6	1	Yes
Rohit Jaiswal	6	1	No
Aditya Ajit Kumar Shome	6	6	Yes
B. Sridhar	6	3	Yes
Rupali Chowdhury	6	6	Yes
Md. Ghulam Mustafa	6	4	Yes
Vivek Karve*	Nil	Nil	N/A

CORPORATE GOVERNANCE COMPLIANCE REPORT

(iii) Audit Committee

Constitution:

The Audit Committee re- constituted by the Board of Directors at its meeting held on April 27, 2014.

The Audit Committee now comprises the following Members:

Name	Category
Mrs. Rupali Chowdhury	Chairman
Mr. B. Sridhar	Member
Mr. Vivek Karve	Member
Mr. Aditya Shome	Managing Director
Mr. Iqbal Chowdhury	Secretary to the Committee

The Audit Committee reports to the Board of Directors. It usually notifies Board of Directors along with oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and review internal audit reports findings.

The Committee had 4 meeting during the reporting period April 1, 2013 to March 31, 2014

Names of Directors	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Rupali Chowdhury	4	4	Yes
B. Sridhar	4	2	Yes
Vivek Karve*	N/A	N/A	N/A
Aditya Shome	4	4	Yes

*Mr. Vivek Karve has been inducted in the audit committee on April 27, 2014.

Remuneration Policy of the Company for Members of the Board

Remuneration Policy for Executive Director

The Company's Board presently consists of only one executive director namely Mr. Aditya Shome, Managing Director. Therefore, the remuneration policy for executive directors presently covers only the Managing Director. The remuneration of the Managing Director is governed by the agreement of his appointment. The remuneration to the MD comprises of two broad terms – Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive is based on internally developed detailed performance related matrix which is verified by the HR department.

Remuneration Policy for Non-Executive Director

Non-Executive Directors and Independent Directors only get sitting fees for Board of Directors' meetings and fees to attend Committee Meetings.

General Body Meetings

Annual General Meetings

YEAR	VENUE	DATE	TIME
2009-10	Mouchak, Kaliakoir, Gazipur Company's Factory Premises	January 19, 2010	11:00 AM
2010-11	Army Golf Club Airport Road, Dhaka	June 6, 2011	11:00 AM
2011-12	Army Golf Club,Airport Road, Dhaka	July 19, 2012	11:00 AM
2012-13	Radisson Blu Airport Road, Dhaka	August 19, 2013	10.30 AM

There was no Special Resolution passed at last General Meetings

Means of Communication

Price sensitive information, quarterly, half-yearly and annual results for Marico Bangladesh Limited are published in two daily newspaper one English and another in Bengali newspaper. The Company circulates analyst notes to investors and stock exchanges quarterly. All official financial results and price sensitive information are communicated by the Company through its corporate website - www.marico.com/bangladesh The Management Discussion and Analysis Report form part of the Annual Report.

CORPORATE GOVERNANCE COMPLIANCE REPORT

General Shareholders Information

Details of AGM :

AGM–Date, time and Venue	:	10.00 a.m. Tuesday, August 19, 2014 Radisson Blu, Airport Road, Dhaka, Bangladesh.
Financial Year	:	April 01, 2013 - March 31, 2014
Record Date	:	Tuesday, July 02, 2014
Dividend Paid & Recommended	:	Interim Cash Dividend @850% on Face Value Final Cash Dividend @50% on Face Value
Dividend Payment Date	:	Paid within 30 days from decision of board meeting for all interim cash dividend and proposed 50% Cash Dividend will be paid within 30 days of approval at AGM
Listing on Stock Exchanges	:	Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) Listing fees up to December 31, 2014 has been paid.
Stock /Scrip Code	:	DSE – MARICO CSE – MARICO
ISIN number	:	BD0481MRICO6
Category	:	Chemical & Others
Investors' enquiry	:	+88(02)8931202, Ext-100 info@maricobangladesh.net http://marico.com/bangladesh

ANNEXURE TO THE CORPORATE GOVERNANCE REPORT

Corporate Governance Compliance Certificate

Certificate of Compliance to the Shareholders of Marico Bangladesh Limited
(As required under the BSEC Guidelines)

We have examined compliance to the BSEC guidelines on Corporate Governance by Marico Bangladesh Limited for the year ended 31st March 2014. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification only and not an expression of opinion or audit on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations or representations provided to us, we certify that, subject to the remarks and observations as reported in the attached compliance statement, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

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

Al-Muqutadir Associates
Chartered Secretaries & Consultants

Dhaka, 5th July 2014

AUDITORS' REPORT

To the Shareholders of Marico Bangladesh Limited

Report on the Financial Statement

We have audited the accompanying financial statements of Marico Bangladesh Limited which comprise the statement of financial position as at 31 March 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Marico Bangladesh Limited as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS).

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

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

(c) the statement of financial position, and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and

(d) the expenditure incurred was for the purposes of the Company's business.

A. Qasem & Co.
Chartered Accountants

Dhaka, 27 April 2014

BALANCE SHEET

	Note	31 March 2014 Taka	31 March 2013 Taka	31 March 2014 Rs. Crore	31 March 2013 Rs. Crore
Assets					
Property, plant and equipment	4	883,065,876	836,558,863	68.17	58.14
Capital work in progress		11,148,115	28,157,695	0.86	1.96
Intangible assets	4	6,017,122	-	0.46	-
Deferred tax assets	5	24,240,760	39,235,721	1.87	2.73
Non-current assets		**924,471,873**	**903,952,279**	**71.36**	**62.83**
Inventories	6	919,281,099	1,021,556,368	70.97	71.00
Accrued interest		75,131,935	55,018,956	5.80	3.82
Advances, deposits and prepayments	7	79,841,480	216,454,120	6.16	15.04
Fixed deposits	8	1,629,069,440	2,014,917,416	125.76	140.04
Cash and cash equivalents	9	45,713,429	50,833,931	3.53	3.53
Current assets		**2,749,037,383**	**3,358,780,791**	**212.22**	**233.43**
Total assets		**3,673,509,256**	**4,262,733,070**	**283.59**	**296.26**
Equity and Liabilities					
Equity					
Share capital	10	315,000,000	315,000,000	24.32	21.89
Share premium		252,000,000	252,000,000	19.45	17.51
Retained earnings		1,139,151,102	2,588,543,247	87.94	179.90
Total equity		**1,706,151,102**	**3,155,543,247**	**131.71**	**219.31**
Liabilities					
Provision for gratuity	11	17,691,442	15,956,603	1.37	1.11
Provision for leave encashment	12	7,816,279	9,404,119	0.60	0.65
Non-current liabilities		**25,507,721**	**25,360,722**	**1.97**	**1.76**
Short term finance		-	38,534,964	-	2.68
Trade and Other payables	13	1,488,466,215	883,221,552	114.91	61.38
Current tax liabilities	14	453,384,218	160,072,585	35.00	11.13
Current liabilities		**1,941,850,433**	**1,081,829,101**	**149.91**	**75.19**
Total liabilities		**1,967,358,154**	**1,107,189,823**	**151.88**	**76.95**
Total equity and liabilities		**3,673,509,256**	**4,262,733,070**	**283.59**	**296.26**

The annexed notes 1 to 29 form an integral part of these financial statements.

Company Secretary

Director

Managing Director

As per our annexed report of same date.

A. Qasem & Co.

Chartered Accountants

Dhaka, 27 April 2014

Note: The exchange rate use to convert Taka to Rs.0.772/(Previous year Taka to Rs.0.695)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Note	31 March 2014 Taka	31 March 2013 Taka	31 March 2014 Rs. Crore	31 March 2013 Rs. Crore
Revenue	15	6,434,826,084	6,119,893,866	496.77	425.33
Cost of sales	16	(3,263,927,064)	(3,922,184,161)	(251.98)	(272.59)
Gross profit		**3,170,899,020**	2,197,709,705	**244.79**	152.74
Marketing, selling and distribution expenses	17	(864,459,650)	(754,789,773)	(66.74)	(52.46)
General and administration expenses	18	(722,683,627)	(494,845,683)	(55.79)	(34.39)
Other income	19	3,696,318	58,775,810	0.29	4.08
Profit from operation		**1,587,452,061**	1,006,850,059	**122.55**	69.97
Net finance income	20	288,455,452	163,140,790	22.27	11.34
Profit before tax		**1,875,907,513**	1,169,990,849	**144.82**	81.31
Income tax expense	21	(490,299,658)	(302,641,818)	(37.85)	(21.03)
Profit for the year		**1,385,607,855**	867,349,031	**106.97**	60.28
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		**1,385,607,855**	867,349,031	**106.97**	60.28
Earnings per share					
Basic earnings per share (par value of Tk 10)	22	**43.99**	27.53	**33.96**	19.14

The annexed notes 1 to 29 form an integral part of these financial statements.

Company Secretary | Director | Managing Director

As per our annexed report of same date.

A. Qasem & Co.
Chartered Accountants

Dhaka, 27 April 2014

Note: The exchange rate use to convert Taka to Rs.0.772/(Previous year Taka to Rs.0.695)

CASH FLOWS STATEMENT

	31 March 2014 Taka	31 March 2013 Taka	31 March 2014 Rs. Crore	31 March 2013 Rs. Crore
Cash flows from operating activities				
Collection from customers	6,444,865,658	6,151,925,664	497.54	427.56
Payment to suppliers and operating expenses	(3,828,215,975)	(4,120,154,024)	(295.54)	(286.35)
Net finance (cost)/income	(600,812)	1,478,127	(0.05)	0.10
Interest received	269,748,919	137,276,311	20.82	9.54
Income tax paid	(181,993,063)	(202,614,889)	(14.05)	(14.08)
Net cash from operating activities	**2,703,804,727**	1,967,911,189	**208.72**	136.77
Cash flows from investing activities				
Acquisition of fixed assets	(223,011,335)	(365,771,155)	(17.22)	(25.42)
Disposal of fixed assets	1,773,094	58,869,281	0.14	4.09
Encashment (Investment) in fixed deposits	385,847,976	(1,404,917,416)	29.79	(97.64)
Net cash from/(used in) investing activities	**164,609,735**	(1,711,819,290)	**12.71**	(118.97)
Cash flows from financing activities				
Dividend paid	(2,835,000,000)	(315,000,000)	(218.86)	(21.89)
Short term finance	(38,534,964)	(61,465,036)	(2.97)	(4.27)
Net cash used in financing activities	**(2,873,534,964)**	(376,465,036)	**(221.83)**	(26.16)
Net decrease in cash and cash equivalents	(5,120,502)	(120,373,138)	(0.40)	(8.36)
Opening cash and cash equivalents	50,833,931	171,207,069	3.92	11.90
Closing cash and cash equivalents	**45,713,429**	50,833,931	**3.52**	3.54

Note: The exchange rate use to convert Taka to Rs.0.772/(Previous year Taka to Rs.0.695)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital Taka	Share premium Taka	Retained earnings Taka	Total equity Taka	Share capital Rs.Crore	Share premium Rs.Crore	Retained earnings Rs.Crore	Total equity Rs.Crore
Balance at 1 April 2012	315,000,000	252,000,000	2,036,194,216	2,603,194,216	21.89	17.51	141.52	180.92
Net profit for the year ended 31 March 2013	-	-	867,349,031	867,349,031	-	-	60.28	60.28
Interim dividend for 2012-2013	-	-	(315,000,000)	(315,000,000)	-	-	(21.89)	(21.89)
Balance at 31 March 2013	**315,000,000**	**252,000,000**	**2,588,543,247**	**3,155,543,247**	**21.89**	**17.51**	**179.90**	**219.31**
Balance at 1 April 2013	315,000,000	252,000,000	2,588,543,247	3,155,543,247	24.32	19.45	199.84	243.61
Net profit for the year ended 31 March 2014	-	-	1,385,607,855	1,385,607,855	-	-	106.97	106.97
Final dividend for 2012-2013	-	-	(157,500,000)	(157,500,000)	-	-	(12.16)	(12.16)
1st Interim dividend for 2013-2014	-	-	(472,500,000)	(472,500,000)	-	-	(36.48)	(36.48)
2nd Interim dividend for 2013-2014			(630,000,000)	(630,000,000)	-	-	(48.64)	(48.64)
3rd Interim dividend for 2013-2014			(1,575,000,000)	(1,575,000,000)	-	-	(121.59)	(121.59)
Balance at 1 April 2014	**315,000,000**	**252,000,000**	**1,139,151,102**	**1,706,151,102**	**24.32**	**19.45**	**87.94**	**131.71**

Note: The exchange rate use to convert Taka to Rs.0.772/(Previous year Taka to Rs.0.695)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1 Reporting entity

Marico Bangladesh Limited (MBL) is a listed company incorporated on 6 September 1999 in Bangladesh under the Companies Act 1994. The Company is a subsidiary of Marico Limited, India. Its shares are traded in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

1.1 Registered office

The address of the Company's registered office is House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230.

1.2 Nature of business activities

The Company manufactures and markets products under the brands such as Parachute, Nihar, Saffola, Hair Code, Livon, Parachute Advansed, Beliphool and Set-wet in Bangladesh. The Company sells its products through its own distribution channels comprising of Sales Depots located in Gazipur, Chittagong, Bogra, Jessore and Comilla. The Company started its commercial operations from 30 January 2000.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

The financial statements were authorised for issue by the Board of Directors in the 81st Board of Directors Meeting held on 27 April 2014.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is the Company's functional currency. All financial information presented in BDT/Taka has been rounded off to the nearest integer.

2.4 Reporting period

The financial statements of the Company covered one year from 1 April 2013 to 31 March 2014.

2.5 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

3.2 Property, plant and equipment

i) Recognition and measurement

"Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that are directly attributable to the acquisition of the assets. "

Parts of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal to the carrying amount of the property, plant and equipment and is recognised with other income/general and administrative expenses in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the reminder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on straight line method over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Considering the estimated useful lives of the assets the following rates have been applied in current and comparative years:

Assets	Depreciation rate
Plant and machinery	10-33%
Factory equipment	10-33%
Moulds	20-50%
Factory building	10-20%
Laboratory equipment	20-33%
Office equipment	20-50%
Vehicles	20-33%
Computers	20-33%
Furniture & fixtures	20-33%
Office building	10-20%
A.C, refrigerators & water coolers	20-33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation is charged from the month of acquisition of property, plant and equipment and no depreciation is charged in the month of disposal.

iv) Impairment

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

3.3 Intangible assets

Intangible assets have finite useful lives and are stated at cost less accumulated amortisation and any impairment losses. Intangible assets are recognised in accordance with BAS 38 Intangible assets. Intangible assets include cost of acquisition of the intellectual property, copyright and other costs incidental to such capital expenditure.

Amortisation

Amortisation is recognised in the income statement on straight line basis over the estimated useful lives of intangible assets from the date they are available for use.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

3.4 Finance income/costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, foreign exchange gain or loss, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.5 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.6 Revenue

Revenue is recognised when the risk and reward of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods sold and the amount of revenue can be measured reliably. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents and invoiced to customers. Revenue from sale of goods is measured at fair value of the consideration received or receivable, net off return and allowance, trade discount, volume rebates exclusive of VAT.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.8 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

3.9 Employee benefits

i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. When the benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit and loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit and loss.

The Company recognises all expenses and all actuarial gains and losses arising from defined benefit plan in profit and loss.

ii) Short term employee benefits

Short term employee benefit obligations are measured based on undiscounted basis and are expensed as the related service is rendered. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

iii) Workers' profit participation and welfare fund

Provision for workers' profit participation and welfare fund has been made @ 5% of profit as per provision of the Bangladesh Labor Law 2006 in line with changes of the Law in July 2013.

3.10 Contingencies

Contingencies arising from claims, litigations, assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

3.11 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.12 Financial instruments

Non-derivative financial instruments comprise Fixed Deposit Receipts (FDR), cash and cash equivalents, trade creditors, share capital, and interest-bearing borrowings.

Investment in Fixed Deposit Receipts (FDR)

The company has the positive intent and ability to hold FDR to maturity, and as such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade creditors

Trade creditors are recognised at fair value.

Advances from customers

Advances from customers are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

3.13 Events after the reporting period

Events after statement of financial position date that provide additional information about the company's positions at the statement of financial position date are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4. Property, plant and equipment

Year 2014

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April 2013	Addition during the year	Disposal / Adjustment during the year	As at 31 March 2014	As at 1 April 2013	Charged for the year	Adjustment for the year	As at 31 March 2014	As at 31 March 2014
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	442,238,376	103,951,987	35,000	546,155,363	91,763,031	95,563,786	27,223	187,299,594	358,855,769
Freehold land	174,712,066	2,037,893	–	176,749,959	–	–	–	–	176,749,959
Vehicles	41,247,878	–	3,315,700	37,932,178	18,663,178	9,003,123	2,253,010	25,413,291	12,518,887
Factory equipments	3,561,671	590,383	–	4,152,054	2,743,833	817,764	–	3,561,597	590,457
Moulds	37,252,536	26,497,829	1,399,961	62,350,404	16,157,732	13,014,843	1,399,961	27,772,614	34,577,790
Factory building	119,079,789	52,725,086	–	171,804,875	10,822,332	32,004,092	–	42,826,424	128,978,451
Office building	167,473,589	26,436,615	–	193,910,204	27,583,108	21,449,876	–	49,032,984	144,877,220
Laboratory equipments	4,538,319	822,534	–	5,360,853	985,772	1,091,232	–	2,077,004	3,283,849
Office equipments	14,972,758	4,470,697	123,139	19,320,316	11,195,361	3,713,968	67,993	14,841,336	4,478,980
Computers	7,442,995	2,586,418	475,300	9,554,113	5,415,169	1,447,348	440,660	6,421,857	3,132,256
Furniture and fixtures	31,456,984	11,506,333	14,248	42,949,069	25,060,096	5,515,805	13,457	30,562,444	12,386,625
A.C., refrigerators & water coolers	9,431,529	1,174,594	613,050	9,993,073	6,460,015	1,495,599	598,174	7,357,440	2,635,633
Total	**1,053,408,490**	**232,800,369**	**5,976,398**	**1,280,232,461**	**216,849,627**	**185,117,436**	**4,800,478**	**397,166,585**	**883,065,876**
Intangible Assets	**–**	**7,220,547**	**–**	**7,220,547**	**–**	**1,203,425**	**–**	**1,203,425**	**6,017,122**

4. Property, plant and equipment

Year 2013

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April 2012	Addition during the year	Disposal / Adjustment during the year	As at 31 March 2013	As at 1 April 2012	Charged for the year	Adjustment for the year	As at 31 March 2013	As at 31 March 2013
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	170,146,774	353,317,504	81,225,902	442,238,376	121,730,396	51,191,863	81,159,228	91,763,031	350,475,345
Freehold land	174,712,066	–	–	174,712,066	–	–	–	–	174,712,066
Vehicles	30,836,326	10,411,552	–	41,247,878	10,859,094	7,804,084	–	18,663,178	22,584,700
Factory equipments	3,653,071	–	91,400	3,561,671	1,988,038	820,397	64,602	2,743,833	817,838
Moulds	19,885,048	17,367,488	–	37,252,536	9,559,124	6,598,608	–	16,157,732	21,094,804
Factory building	2,909,990	116,169,799	–	119,079,789	604,507	10,217,825	–	10,822,332	108,257,457
Office building	62,193,176	105,280,413	–	167,473,589	19,922,162	7,660,946	–	27,583,108	139,890,481
Laboratory equipments	1,297,985	3,240,334	–	4,538,319	400,124	585,648	–	985,772	3,552,547
Office equipments	11,884,363	3,088,395	–	14,972,758	5,218,895	5,976,466	–	11,195,361	3,777,397
Computers	5,829,160	1,613,835	–	7,442,995	3,974,948	1,440,221	–	5,415,169	2,027,826
Furniture and fixtures	27,120,084	4,336,900	–	31,456,984	14,038,507	11,021,589	–	25,060,096	6,396,888
A.C., refrigerator & water coolers	6,853,375	2,898,154	320,000	9,431,529	3,382,767	3,397,248	320,000	6,460,015	2,971,514
Total	**517,321,418**	**617,724,374**	**81,637,302**	**1,053,408,490**	**191,678,562**	**106,714,895**	**81,543,830**	**216,849,627**	**836,558,863**
Intangible Assets	**23,075,125**	**–**	**(23,075,125)**	**–**	**23,012,625**	**62,500**	**(23,075,125)**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4.1 Depreciation allocated to:

	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2014	For the year ended 31 March 2013
	Taka	Taka	Rs.Crore	Rs.Crore
Cost of sales (Note 16.1)	148,625,244	71,405,559	11.47	4.96
General and administration expenses (Note 18)	36,492,192	35,309,336	2.82	2.45
	185,117,436	106,714,895	14.29	7.41

4.1 Depreciation allocated to:

Year 2014

	Cost				Accumulated depreciation				Carrying value
Particulars	As at 1 April 2013	Addition during the year	Disposal / Adjustment during the year	As at 31 March 2014	As at 1 April 2013	Charged for the year	Adjustment for the year	As at 31 March 2014	As at 31 March 2014
	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore
Plant and machinery	34.14	8.03	–	42.17	7.08	7.38	–	14.46	27.71
Freehold land	13.49	0.16	–	13.65	–	–	–	–	13.65
Vehicles	3.18	–	0.26	2.92	1.44	0.70	0.17	1.97	0.95
Factory equipments	0.27	0.05	–	0.32	0.21	0.06	–	0.27	0.05
Moulds	2.88	2.05	0.11	4.82	1.25	1.00	0.11	2.14	2.68
Factory building	9.19	4.07	–	13.26	0.84	2.47	–	3.31	9.95
Office building	12.93	2.04	–	14.97	2.13	1.66	–	3.79	11.18
Laboratory equipments	0.35	0.06	–	0.41	0.08	0.08	–	0.16	0.25
Office equipments	1.16	0.35	0.01	1.50	0.86	0.29	0.01	1.14	0.36
Computers	0.57	0.20	0.04	0.73	0.42	0.11	0.03	0.50	0.23
Furniture and fixtures	2.43	0.89	–	3.32	1.93	0.43	–	2.36	0.96
A.C., refrigerators & water coolers	0.73	0.09	0.05	0.77	0.50	0.12	0.05	0.57	0.20
Total	81.32	17.99	0.47	98.84	16.74	14.30	0.37	30.67	68.17
Intangible Assets	**–**	**0.56**	**–**	**0.56**	**–**	**0.09**	**–**	**0.09**	**0.46**

4.1 Depreciation allocated to:

Year 2013

	Cost				Accumulated depreciation				Carrying value
Particulars	As at 1 April 2012	Addition during the year	Disposal / Adjustment during the year	As at 31 March 2013	As at 1 April 2012	Charged for the year	Adjustment for the year	As at 31 March 2013	As at 31 March 2013
	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore
Plant and machinery	11.83	24.56	5.65	30.74	8.46	3.56	5.64	6.38	24.36
Freehold land	12.14	–	–	12.14	–	–	–	–	12.14
Vehicles	2.14	0.72	–	2.87	0.75	0.54	–	1.30	1.57
Factory equipments	0.25	–	0.01	0.25	0.14	0.06	–	0.19	0.06
Moulds	1.38	1.21	–	2.59	0.66	0.46	–	1.12	1.47
Factory building	0.20	8.07	–	8.28	0.04	0.71	–	0.75	7.52

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

	Cost				Accumulated depreciation				Carrying value
Particulars	**As at 1 April 2012**	**Addition during the year**	**Disposal / Adjustment during the year**	**As at 31 March 2013**	**As at 1 April 2012**	**Charged for the year**	**Adjustment for the year**	**As at 31 March 2013**	**As at 31 March 2013**
	Rs.Crore	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**
Office building	4.32	7.32	–	11.64	1.38	0.53	–	1.92	9.72
Laboratory equipments	0.09	0.23	–	0.32	0.03	0.04	–	0.07	0.25
Office equipments	0.83	0.21	–	1.04	0.36	0.42	–	0.78	0.26
Computers	0.41	0.11	–	0.52	0.28	0.10	–	0.38	0.14
Furniture and fixtures	1.88	0.30	–	2.19	0.98	0.77	–	1.74	0.44
A.C., refrigerator & water coolers	0.48	0.20	0.02	0.66	0.24	0.24	0.02	0.45	0.21
Total	35.95	42.93	5.67	73.21	13.32	7.42	5.67	15.07	58.14
Intangible Assets	**1.60**	**–**	**(1.60)**	**–**	**1.60**	**–**	**(1.60)**	**–**	**–**

5 **Deferred tax asset/(liability) is arrived as follows:**

		31 March 2014	31 March 2013		31 March 2014	31 March 2013
	Carrying value as at 31 March	**Taka**	**Taka**	**Carrying value as at 31 March**	**Rs.Crore**	**Rs.Crore**
		Tax base as at 3 1 March	**Temporary Difference Taxable/ (deductible)**		**Tax base as at 31 March**	**Temporary Difference Taxable/ (deductible)**
Deferred tax asset/(liability)						
Year 2014						
Property, plant and equipment	706,312,994	595,254,194	111,058,800	54.53	45.95	8.57
Deferred revenue expense	–	16,572,911	(16,572,911)	–	1.28	(1.28)
Provision for gratuity	(17,691,442)		(17,691,442)	(1.37)	–	(1.37)
Provision for leave encashment	(7,816,279)		(7,816,279)	(0.60)	–	(0.60)
Royalty payable	(166,920,632)	–	(166,920,632)	(12.89)	–	(12.89)
Net deductible temporary difference			(97,942,464)			(7.56)
Income tax rate *			24.75%			0.25
Deferred tax asset (A)			**(24,240,760)**			**(1.87)**
Year 2013						
Property, plant and equipment	661,503,419	537,232,561	124,270,858	45.97	37.34	8.64
Deferred revenue expense	–	27,621,519	(27,621,519)	–	1.92	(1.92)
Provision for gratuity	(15,956,603)	–	(15,956,603)	(1.11)	–	(1.11)
Provision for leave encashment	(9,404,119)	–	(9,404,119)	(0.65)	–	(0.65)
Royalty payable	(229,816,785)	–	(229,816,785)	(15.97)	–	(15.97)
Net deductible temporary difference			(158,528,168)			(11.02)
Income tax rate *			24.75%			0.25
Deferred tax asset (B)			**(39,235,721)**			**(2.73)**
Deferred tax expense (A-B)			**14,994,961**			**0.86**

* The Company has declared 20% interim dividend and thus its tax rate is 24.75% for the relevant assessment year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

6 Inventories

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Raw materials	524,381,270	553,048,338	40.48	38.43
Packing materials	44,447,309	53,502,198	3.43	3.72
Finished goods	219,273,037	283,400,693	16.93	19.70
Raw materials in transit	131,179,483	131,605,139	10.13	9.15
	919,281,099	**1,021,556,368**	**70.97**	**71.00**

7 Advances, deposits and prepayments

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Advances:				
Loans to employees	8,013,924	10,887,727	0.62	0.76
Advance for services	43,897,564	40,085,251	3.39	2.79
Capital goods	468,000	69,218,493	0.04	4.81
	52,379,488	**120,191,471**	**4.04**	**8.35**
Deposits:				
VAT current account	15,455,200	43,246,741	1.19	3.01
Supplementary duty	1,687,066	42,288,306	0.13	2.94
Security deposit	4,726,144	4,726,144	0.36	0.33
	21,868,410	**90,261,191**	**1.69**	**6.27**
Prepayments:				
Prepaid expenses	5,593,582	6,001,458	0.43	0.42
	79,841,480	**216,454,120**	**6.16**	**15.04**

8 Fixed deposits

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Fixed deposits with:				
BRAC Bank Limited	–	175,804,456	–	12.22
Dhaka Bank Limited	150,000,000	50,000,000	11.58	3.48
Commercial Bank of Ceylon PLC	500,000,000	300,000,000	38.60	20.85
IDLC Finance Limited	170,000,000	350,000,000	13.12	24.33
The Hongkong and Shanghai Banking Corporation Limited	312,516,250	272,354,688	24.13	18.93
IFIC Bank Limited	–	10,765,029	–	0.75
Prime Bank Limited	100,000,000	50,000,000	7.72	3.48
State Bank of India	–	240,000,000	–	16.68
Standard Chartered Bank	396,553,190	515,993,243	30.61	35.86
Southeast Bank Limited	–	50,000,000	–	3.48
	1,629,069,440	**2,014,917,416**	**125.76**	**140.04**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9 Cash and cash equivalents

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Cash on hand	**312,711**	**242,136**	**0.02**	**0.02**
Cash at banks				
Citibank N.A.	14,174,552	19,452,342	1.09	1.35
Standard Chartered Bank	(7,509,646)	–	(0.58)	–
Commercial Bank of Ceylon PLC	729,868	73,814	0.06	0.01
The Hongkong and Shanghai Banking Corporation Limited	13,183,026	15,702,830	1.02	1.09
Dutch Bangla Bank Limited	133,525	130,239	0.01	0.01
BRAC Bank Limited	21,069,659	15,232,570	1.63	1.05
Prime Bank Limited	80,980	–	0.01	–
Sonali Bank Limited	6,000	–	–	–
Islami Bank Bangladesh Limited	3,532,754	–	0.27	–
	45,400,718	**50,591,795**	**3.51**	**3.51**
	45,713,429	**50,833,931**	**3.53**	**3.53**

10 Share capital

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Authorised				
40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000	30.88	27.80
Issued, subscribed and paid up				
Issued for cash	41,500,000	41,500,000	3.20	2.88
Issued for consideration other than cash	273,500,000	273,500,000	21.11	19.01
	315,000,000	**315,000,000**	**24.32**	**21.89**

10.1 Composition of shareholding

	2014		2013	
	No. of shares	Percentage	No. of shares	Percentage
Marico Limited, India	28,350,000	90%	28,350,000	90%
Other shareholders	3,150,000	10%	3,150,000	10%
	31,500,000	**100%**	**31,500,000**	**100%**

10.2 Classification of shareholders by holding

Holdings	Number of holders		% Total holding	
	2014	**2013**	**2014**	**2013**
Less than 500 shares	1813	2454	0.41	0.62
500 to 5,000 shares	132	130	0.50	0.65
5,001 to 10,000 shares	7	14	0.16	0.32
10,001 to 20,000 shares	6	14	0.25	0.69
20,001 to 30,000 shares	2	3	0.15	0.24
30,001 to 40,000 shares	3	2	0.34	0.22
40,001 to 50,000 shares	3	3	0.45	0.42
50,001 to 100,000 shares	2	2	0.40	0.54
100,001 to 1,000,000 shares	10	8	7.35	6.29
Over 1,000,000 shares	1	1	90.00	90.00
	1979	**2631**	**100.00**	**100.00**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

11 Provision for gratuity

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Opening balance	15,956,603	12,388,093	1.23	0.86
Add: Provision made during the year	2,639,854	5,564,289	0.20	0.39
	18,596,457	**17,952,382**	**1.43**	**1.25**
Less: Paid during the year	(905,015)	(1,995,779)	(0.06)	(0.14)
	17,691,442	**15,956,603**	**1.37**	**1.11**

12 Provision for leave encashment

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Opening balance	9,404,119	6,419,607	0.73	0.45
Add:Provision made/(reversed) during the year	762,943	4,529,939	0.06	0.31
	10,167,062	10,949,546	0.79	0.76
Less: Paid during the year	(2,350,783)	(1,545,427)	(0.19)	(0.11)
	7,816,279	**9,404,119**	0.60	**0.65**

13 Trade and other payable

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Trade payables				
Marico Limited, India	92,112,892	106,605,619	7.11	7.41
Marico Middle East FZE	73,232,121	5,607,131	5.65	0.39
International Consumer Products Corporation	32,203	–	–	–
Other trade payables	73,864,899	7,926,099	5.70	0.55
	239,242,115	**120,138,849**	**18.46**	**8.35**
Other payables				
Workers' profit participation and welfare fund	98,731,974	–	7.62	–
Royalty and bank guarantee commission	175,814,618	233,038,526	13.57	16.20
General and technical assistance fees	60,052,215	23,427,653	4.64	1.63
Advance from customers	58,862,270	48,822,696	4.54	3.39
Withholding tax and VAT payable	172,003,752	24,312,002	13.28	1.69
Business promotion expenses	361,288,225	218,037,453	27.89	15.15
Advertisement expenses	83,089,744	121,467,319	6.41	8.44
Audit fees	400,000	400,000	0.03	0.03
Creditors for supplies	29,841,494	10,802,127	2.31	0.75
Import duty and related charges	69,267,858	19,750,813	5.36	1.37
Other expenses	139,871,950	63,024,114	10.80	4.38
	1,249,224,100	**763,082,703**	96.45	**53.03**
	1,488,466,215	**–**	**114.91**	**61.38**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

14 Current tax liabilities

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Provision for income tax (Note 14.1)	1,525,985,360	1,080,417,993	117.81	75.09
Less: Advance income tax (Note 14.2)	(1,072,601,142)	(920,345,408)	(82.81)	(63.96)
	453,384,218	**160,072,585**	**35.00**	**11.13**

14.1 Provision for income tax

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Opening balance	1,080,417,993	826,822,981	83.41	57.46
Add: Provision during the year	475,304,697	282,689,572	36.69	19.65
	1,555,722,690	**1,109,512,553**	**120.10**	**77.11**
Less: Prior years' adjustment				
Assessment year 2009-2010	–	(49,593,836)	–	(3.45)
Assessment year 2010-2011	(7,708,957)	54,670,501	(0.60)	3.80
Assessment year 2011-2012	(22,028,373)	(34,171,225)	(1.70)	(2.37)
	1,525,985,360	**1,080,417,993**	117.81	**75.09**

14.2 Advance income tax

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Opening balance	920,345,408	717,730,520	71.05	49.88
Add: Payment made during the year	181,993,064	202,614,888	14.05	14.08
Less: Adjustment during the year				
Assessment year 2010-2011	(7,708,957)	–	(0.60)	–
Assessment year 2011-2012	(22,028,373)	–	(1.70)	–
	1,072,601,142	**920,345,408**	**82.80**	**63.96**

15 Revenue

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Products				
Parachute Coconut Oil	5,618,044,339	5,347,987,702	433.71	371.69
Value Added Hair Oil (VAHO)	666,651,854	632,310,719	51.47	43.95
Haircode hair dye	113,578,816	100,176,003	8.77	6.96
Saffola - Edible oil	6,563,972	10,166,874	0.51	0.71
Others	29,987,103	29,252,568	2.31	2.02
	6,434,826,084	**6,119,893,866**	**496.77**	**425.33**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

16 Cost of sales

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Opening stock of finished goods	283,400,693	224,018,376	21.88	15.57
Cost of goods manufactured (Note 16.1)	3,199,799,408	3,981,566,478	247.02	276.72
	3,483,200,101	4,205,584,854	268.90	292.29
Closing stock of finished goods	(219,273,037)	(283,400,693)	(16.92)	(19.70)
	3,263,927,064	**3,922,184,161**	**251.98**	**272.59**

16.1 Cost of goods manufactured

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Materials consumed:				
Opening stock of raw and packing materials	738,155,675	1,553,920,542	56.99	108.00
Purchases during the year	2,871,692,379	2,975,351,454	221.69	206.79
Closing stock of raw and packing materials	(700,008,062)	(738,155,675)	(54.04)	(51.30)
	2,909,839,992	**3,791,116,321**	**224.64**	**263.49**
Factory overhead:				
Salaries and allowances	29,429,788	23,970,333	2.27	1.67
Cost of outsourced resources	27,819,855	26,278,865	2.15	1.83
Power expenses	40,918,650	33,553,640	3.16	2.33
Warehouse rent	857,969	2,059,949	0.07	0.14
Loading charges	1,571,887	2,229,200	0.12	0.15
Repairs and maintenance of plant and machinery	4,096,972	9,341,028	0.32	0.65
Repairs and maintenance of factory building	169,000	1,549,255	0.01	0.11
Depreciation (Note 4.1)	148,625,244	71,405,558	11.47	4.96
Freight inward	22,781,651	10,780,480	1.76	0.75
LC charges	2,281,836	2,953,425	0.18	0.21
Communication expenses	711,433	33,305	0.05	–
Entertainment	2,184,811	2,584,412	0.17	0.18
Licenses and taxes for factory	189,830	106,006	0.01	0.01
Printing and stationery	673,890	394,849	0.05	0.03
Security charges	2,409,582	77,417	0.19	0.01
Travelling and conveyance-Local	5,116,094	3,015,979	0.39	0.21
Welfare expenses	120,924	116,456	0.01	0.01
	289,959,416	190,450,157	22.38	13.25
	3,199,799,408	**3,981,566,478**	**247.02**	**276.74**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

17 Marketing, selling and distribution expenses

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Advertisement	529,602,272	410,723,089	40.89	28.55
Business promotion expenses	149,225,190	222,513,446	11.52	15.46
Collection charges	3,898,312	5,494,430	0.30	0.38
Distribution expenses	41,779,046	29,063,702	3.23	2.02
Entertainment	5,588,621	2,361,990	0.43	0.16
Free sample	7,249,198	142,747	0.56	0.01
Freight- outward	53,029,180	53,257,488	4.09	3.70
Market research expenses	17,672,897	15,825,943	1.36	1.10
Redistribution expenses	56,414,934	15,406,938	4.36	1.08
	864,459,650	**754,789,773**	**66.74**	**52.46**

18 General and administration expenses

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Salaries and allowances	225,439,980	188,859,239	17.40	13.13
Gratuity	2,639,854	5,564,289	0.20	0.39
Workers' profit participation and welfare fund	98,731,974	–	7.62	–
Rent expenses	1,267,478	11,785,791	0.10	0.82
Professional charges	140,227,933	37,411,864	10.83	2.60
Security charges	1,496,761	1,713,101	0.12	0.12
Legal charges	1,711,924	6,781,814	0.13	0.47
Stamp and license fees	2,566,668	1,171,574	0.20	0.08
Directors' remuneration	24,103,073	31,571,424	1.86	2.19
Directors' fees	527,916	516,765	0.04	0.04
Repair and maintenance	13,467,119	15,743,410	1.04	1.09
Communication expenses	8,126,273	8,405,503	0.63	0.58
Subscription to trade association	98,850	102,900	0.01	0.01
Entertainment	9,541,969	6,788,061	0.74	0.47
Printing and stationery	1,513,441	1,379,547	0.12	0.10
Vehicle running expenses	12,061,998	11,012,813	0.93	0.77
Travelling and conveyance-Local	14,523,747	13,603,864	1.12	0.95
Travelling and conveyance-Foreign	4,417,125	9,281,159	0.34	0.65
Audit fees	460,000	460,000	0.04	0.03
Recruitment expenses	554,330	699,430	0.04	0.05
Insurance premium	10,338,562	4,863,070	0.80	0.34
Books and periodicals	126,413	200,649	0.01	0.01
Bank charges	2,886,102	2,427,765	0.22	0.17
Staff welfare expenses	3,405,571	7,870,106	0.26	0.55
AGM expenses	1,875,410	1,924,342	0.14	0.13
Conference and training expenses	7,259,322	11,157,780	0.56	0.78
Electricity and gas charges	1,883,553	2,062,407	0.15	0.14
Amortisation (Note 4)	1,203,425	62,500	0.09	-
Royalty	56,970,102	55,265,786	4.40	3.84
Depreciation (Note 4.1)	36,492,192	35,309,336	2.82	2.45
Listing fees	140,000	140,000	0.01	0.01
General and technical assistance fees	36,624,562	20,709,394	2.82	1.43
	722,683,627	**494,845,683**	**55.79**	**34.39**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

19 Other income

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Gain on sale of assets (Note 19.1)	597,174	58,775,810	0.05	4.08
Rental income	3,099,144	–	0.24	–
	3,696,318	**58,775,810**	**0.29**	**4.08**

19.1 Gain on sale of assets

2014

	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	Taka	Taka	Taka	Taka	Taka
Plant and machinery	35,000	27,223	7,777	–	(7,777)
Vehicles	3,315,700	2,253,010	1,062,690	1,622,400	559,710
Moulds	1,399,961	1,399,961	–	–	–
Office equipments	123,139	67,993	55,146	51,109	(4,037)
Computers	475,300	440,660	34,640	74,000	39,360
Furniture and fixtures	14,248	13,457	791	12,269	11,478
A.C., refrigerator & water coolers	613,050	598,174	14,876	13,316	(1,560)
	5,976,398	**4,800,478**	**1,175,920**	**1,773,094**	**597,174**

19.2 Gain on sale of assets

	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Plant and machinery	–	–	–	–	–
Vehicles	0.26	0.17	0.08	0.13	0.04
Moulds	0.11	0.11	–	–	–
Office equipments	0.01	0.01	–	–	–
Computers	0.04	0.03	–	0.01	–
Furniture and fixtures	–	–	–	–	–
A.C., refrigerator & water coolers	0.05	0.05	–	–	–
	0.46	**0.37**	**0.09**	**0.14**	**0.05**

2013

	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	Taka	Taka	Taka	Taka	Taka
Plant and machinery	81,225,902	81,159,228	66,674	50,548,032	50,481,358
Factory equipments	91,400	64,602	26,798	55,980	29,182
A.C., refrigerator & water coolers	320,000	320,000	–	265,270	265,270
Intangible assets	23,075,125	23,075,125	–	8,000,000	8,000,000
	104,712,427	**104,618,955**	**93,472**	**58,869,282**	**58,775,810**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Plant and machinery	5.65	5.64	–	3.51	3.51
Factory equipments	0.01	–	–	–	–
A.C., refrigerator & water coolers	0.02	0.02	–	0.02	0.02
Intangible assets	1.60	1.60	–	0.56	0.56
	7.28	**7.27**	**0.01**	**4.09**	**4.08**

20 Net finance income

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Interest on fixed deposits	(288,188,080)	(160,905,031)	(22.25)	(11.18)
Interest on call deposits	(1,673,819)	(757,632)	(0.13)	(0.05)
Interest on term loan	–	1,052,483	–	0.07
Interest on overdraft	600,812	1,201,730	0.05	0.08
Foreign exchange loss/(gain)	805,635	(3,732,340)	0.06	(0.26)
	(288,455,452)	**(163,140,790)**	**(22.27)**	**(11.34)**

21 Income tax expense

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
Current tax expense	475,304,697	253,595,012	36.69	17.62
Deferred tax expense / (income)	14,994,961	49,046,806	1.16	3.41
	490,299,658	**302,641,818**	**37.85**	**21.03**

21.1 Reconciliation of effective tax

	31 March 2014		31 March 2013	
	%	Taka	%	Taka
Profit before tax		1,875,907,513		1,169,990,849
Income tax using the domestic corporate tax rate	24.75%	464,287,110	24.75%	289,572,735
Factors affecting the tax charge for current year				
Non deductible expenses		84,206,232		65,054,159
Deductible expenses		(73,188,645)		(71,937,322)
Previous year adjustment		–		(29,094,560)
Deferred tax expense		14,994,961		49,046,806
Total income tax expenses	**26.14%**	**490,299,658**	**25.87%**	**302,641,818**

21.1 Reconciliation of effective tax

	31 March 2014		31 March 2013	
	%	Rs. Crore	%	Rs. Crore
Profit before tax		144.82		81.31
Income tax using the domestic corporate tax rate	24.75%	35.84	24.75%	20.13
Factors affecting the tax charge for current year				
Non deductible expenses		6.50		4.52
Deductible expenses		(5.65)		(5.00)
Previous year adjustment		–		(2.02)
Deferred tax expense		1.16		3.41
Total income tax expenses	**26.14%**	**37.85**	**25.87%**	**21.03**

22 Earnings per share

22.1 Basic Earnings Per Share

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Taka	Rs. Crore	Rs. Crore
The computation of EPS is given below:				
Earnings attributable to ordinary share holders	1,385,607,855	867,349,031	1,069,689,264	602,807,576
(Net profit after tax)				
Weighted average number of ordinary shares				
outstanding during the year	31,500,000	31,500,000	31,500,000	31,500,000
Earnings per share (EPS) in Taka	43.99	27.53	33.96	19.14

22.2 Diluted earnings per share

Since there is no dilutive factors, diluted earnings per share is not required to be calculated.

23 Related party transactions

During the year the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The name of related parties, nature of transactions, their total value and closing balance have been set out in accordance with the provisions of BAS 24 Related party disclosure:

Name of the related party	Relationship	Nature of transactions	Transaction Amount	Balance as at 31 March 2014	Balance as at 31 March 2013	Transaction Amount	Balance as at 31 March 2014	Balance as at 31 March 2013
Marico Limited, India	Parent company	Purchase of raw materials	949,904,776	92,112,892	106,605,619	73.33	7.11	8.23
		Royalty and bank guarantee commission	56,970,102	175,814,618	233,038,526	4.40	13.57	17.99
		Dividend	2,551,500,000	–	–	196.98	–	–
		General and technical assistance fee	36,624,562	60,052,215	23,427,653	2.83	4.64	1.81
Marico Middle East FZE	Subsidiary of parent company	Purchase of raw materials	320,856,970	73,232,121	5,607,131	24.77	5.65	0.43
International Consumer products Corporation	Subsidiary of parent company	Purchase of finished goods	94,448	32,203	–	0.01	–	–

24 Capacity

Major product	Unit of measure	Budgeted capacity during the year
PCNO	KL	23,400
VAHO	KL	4,800
Copra	Ton	30,500

25 Contingent Liabilities

25.1 L/C amount for import of raw materials which were not received till the reporting date.

	At 31 March 2014 US dollar	At 31 March 2013 US dollar	At 31 March 2014 Rs.Crore	At 31 March 2013 Rs.Crore
Outstanding L/C	**4,238,412**	1,547,747	**25.38**	8.40

25.2 Contingent liability in respect of Value Added Tax

	At 31 March 2014 Taka	At 31 March 2013 Taka	At 31 March 2014 Rs.Crore	At 31 March 2013 Rs.Crore
Outstanding L/C	**69,952,058**	64,113,555	**5.40**	4.46

These are being vigorously defended by the Company and the directors do not consider it is appropriate to make provision in respect of any of these claims.

26 Financial risk management

26.1 *Credit risk*

Credit risk is risk of financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligations which arises principally from the Company's receivables from customers.

The company makes sales on advance basis i.e. it receives advance from customers prior to sale so there is no credit risk due to uncollectibility from the customers. However, the company maintains most of the financial assets with short-term deposits and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

The following are the financial assets of the Company as at 31 March 2014:

Exposure of financial assets	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Taka	Rs. Crore	Taka	Rs. Crore
Financial assets				
Accrued interest	75,131,935	55,018,956	5.80	3.82
Fixed deposits (Note 8)	1,629,069,440	2,014,917,416	125.76	140.04
Cash and cash equivalents (Note 9)	45,713,429	50,833,931	3.53	3.53
Total financial assets	**1,749,914,804**	**2,120,770,303**	**135.09**	**147.39**

26.2 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities of the Company as at 31 March 2014:

Exposure of liquidity risk	Carrying amount	Cash flows	Upto 1 year	Above 1 year to 5 years	Carrying amount	Cash flows	Upto 1 year	Above 1 year to 5 years
	Taka	Taka	Taka	Taka	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Trade and other payables (Note 14)	1,488,466,215	1,488,466,215	1,394,871,551	93,594,664	114.91	114.91	107.68	7.23
Total financial liabilities	1,488,466,215	1,488,466,215	1,394,871,551	93,594,664	114.91	114.91	107.68	7.23
Surplus of financial assets over financial liabilities	261,448,589				20.18			

26.3 Market risk

Market risk is the risk that includes changes in market price, such as foreign exchange rate, interest rates and equity prices that may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company's exposure to foreign currency risk at 31 March 2014 are as follows:

	US Dollar	Rs.Crore
Import of goods and services	5,173,334	30.98
Bank balance	90,058	0.54
	5,263,391	**31.52**

27 Value of import calculated on CIF Basis

	31 March 2014	31 March 2014
	Taka	Rs. Crore
Raw materials	1,844,819,128	142.42
Capital goods	29,823,950	2.30
	1,874,643,078	**144.72**

28 General

28.1 The number of employees engaged for the whole period or part thereof who received a total salary of Tk 36,000 p.a. and above was 140 (previous year: 127).

28.2 Comparative figures have been rearranged wherever considered necessary to conform current year's presentation.

29 Subsequent events

For the year ended 31 March 2014 the Board of Directors recommended final cash dividend @ 50% per share at 81st Board of Directors Meeting held on 27 April 2014.

There is no other event identified after the statement of financial position date which might be material.

Board of Directors	Rohit Jaiswal (Appointed w.e.f April 23, 2013) Aditya Shome (Appointed w.e.f April 23, 2013) Pawan Agrawal (Appointed w.e.f April 23, 2013) Vivek Karve (Appointed w.e.f March 31, 2014) Harsh Mariwala (Resigned w.e.f April 23, 2013) Vijay Subramanian (Resigned w.e.f April 23, 2013) Debashish Neogi (Resigned w.e.f April 23, 2013) Milind Sarwate (Resigned w.e.f January 22, 2014)
Registered Office	House-1, Road-1, Sector-1 Uttara, Dhaka-1230, Bangladesh
Auditors	Rahman Rahman Huq Chartered Accountants
Internal Auditors	Hussain Farhad & Co. Chartered Accountants
Bankers	Standard Chartered Bank Citi N.A.
Legal Advisors	Corporate Counsel Suite-802, Rahat Tower (7th Floor), 14, Biponon C/A West Banglamotor, Dhaka-1000

DIRECTORS' REPORT

To,

The Members

The Board of Directors is pleased to present the Annual Report together with audited accounts of your Company for the year ended September 30, 2013.

FINANCIAL RESULTS

	(Taka Crore)		(Rs. Crore)	
Particulars	**2013**	**2012**	**2013**	**2012**
Sales and Other Income	–	–	–	–
Profit before tax	0.27	0.18	–	(0.13)
Tax	(0.25)	(0.60)	–	–
Profit after Tax	0.02	(0.42)	–	(0.13)
Add: Surplus brought forward	2.30	2.72	–	1.99
Surplus carried forward	2.31	2.30	–	1.86

(Note: The exchange rate used to convert Taka to Rs. 0.806 /Taka)

SALES TURNOVER & PROFITABILITY

During the year ended September 30, 2013 (FY12), there was no trading transaction except other income on which it earned a profit/income before tax of Taka 0.27 Crore and a profit after tax of Taka 0.02 Crore.

DIVIDEND

No dividend is being proposed for this year.

AUDITORS

M/s. Rahman Rahman Huq, Chartered Accountants, retire and a new auditor will be appointed of the Company.

HUMAN RESOURCES

The Board wishes to place on record its application of the co-operation and support received from all members of the organization.

ACKNOWLEDGEMENT

The Board acknowledges the continued support and assistance received from the Government of Bangladesh, Bankers, Vendors, Distributors and other business associates and looks forward to continued support of all these partners in progress.

For and on behalf of Board of Directors

Aditya Shome
Director

Rohit Jaiswal
Director

Place: Dhaka
Date, April 23, 2014

AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of MBL Industries Limited ("the Company") which comprise the balance sheet as at 30 September 2013, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2013, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with Companies Act 1994, we also report the following:

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

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

c) the balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Dhaka, 23 October 2013

BALANCE SHEET

	Note	As at September 2013,			
		2013	2012	2013	2012
		Taka	Taka	Rs. Crore	Rs. Crore
Source of funds					
Shareholders' funds:					
Share capital	4	1,000,000	1,000,000	0.08	0.06
Retained earnings		23,137,682	22,956,699	1.86	1.49
Total		**24,137,682**	**23,956,699**	**1.94**	**1.55**
Application of funds					
Current assets:					
Advance income tax	5	37,225,805	40,734,974	3.00	2.64
Interest receivable	6	583,513	1,174,949	0.05	0.08
Cash and cash equivalents	7	31,226,761	30,331,519	2.52	1.96
		69,036,079	**72,241,442**	**5.57**	**4.68**
Current liabilities and provisions:					
Payable for expenses	8	649,500	703,324	0.05	0.05
Provision for tax	9	39,016,944	42,225,607	3.14	2.73
Payable to holding company	10	3,609,981	3,609,981	0.29	0.23
Other payable	11	1,621,972	1,745,831	0.15	0.12
		44,898,397	**48,284,743**	**3.63**	**3.13**
Net current assets		24,137,682	23,956,699	1.94	1.5
Total		**24,137,682**	**23,956,699**	**1.94**	**1.55**

The annexed notes 1 to 20 form an integral part of these financial statements.

Director

Director

As per our report of same date.

Rahman Rahman Huq
Auditor
Dhaka, 23 October 2013

Note: The exchange rate use to convert Taka to Rs.0.806/(Previous year Taka to Rs.0.647)

PROFIT AND LOSS ACCOUNT

	Note	for the year ended 30 September 2013 Taka	for the year ended 30 September 2012 Taka	for the year ended 30 September 2013 Rs. Crore	for the year ended 30 September 2012 Rs. Crore
Turnover		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
General and administrative expenses	12	491,601	1,569,982	0.04	0.10
Results from operating activities		(491,601)	(1,569,982)	(0.04)	(0.10)
Finance income	13	3,211,928	3,383,312	0.26	0.22
Profit before tax		2,720,327	1,813,330	0.22	0.12
Tax expenses:					
Current tax expenses	14	2,539,344	6,016,279	0.20	0.39
Profit/(loss) for the year		180,983	(4,202,949)	0.01	(0.27)

The annexed notes 1 to 20 form an integral part of these financial statements.

Director Director

As per our report of same date.

Rahman Rahman Huq
Auditor
Dhaka, 23 October 2013

Note: The exchange rate use to convert Taka to Rs.0.806/(Previous year Taka to Rs.0.647)

CASH FLOWS STATEMENT

	As at September 30,			
	2013	**2012**	**2013**	**2012**
	Taka	**Taka**	**Rs. Crore**	**Rs. Crore**
Cash flows from operating activities				
(Loss)/profit for the year	180,983	(4,202,949)	0.01	(0.27)
Adjustment for:				
Tax expense	2,539,344	6,016,279	0.20	0.39
Changes in:				
Payable for expenses	(53,824)	120,250	–	0.01
Other payable	(123,859)	201,314	(0.01)	0.01
Interest receivable	591,436	(32,689)	0.05	–
Cash used in operating activities	3,134,080	2,102,205	0.25	0.14
Tax paid	(2,238,838)	(2,315,921)	(0.18)	(0.15)
Net cash generated/(used in) from operating activities	895,242	(213,716)	0.07	(0.01)
Cash flows from investing activities	–	–	–	–
Net cash from investing activities	–	–	–	–
Cash flows from financing activities	–	–	–	–
Net cash from financing activities	–	–	–	–
Net increase/(decrease) in cash and cash equivalents (A+B+C)	895,242	(213,716)	0.07	(0.01)
Cash and cash equivalents at 1 October	30,331,519	30,545,235	2.44	1.98
Cash and cash equivalents as at 30 September (D+E)	31,226,761	30,331,519	2.52	1.96

Note: The exchange rate use to convert Taka to Rs.0.806/(Previous year Taka to Rs.0.647)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	for the year ended 30 September 2013					
	Share capital	Retained earnings	Total	Share capital	Retained earnings	Total
	Taka	Taka	Taka	Rs.Crore	Rs.Crore	Rs.Crore
Balance as at 1 October 2011	**1,000,000**	**27,159,648**	**28,159,648**	**0.06**	**1.76**	**1.82**
Loss for the year	–	(4,202,949)	(4,202,949)	–	(0.27)	(0.27)
Balance as at 30 September 2012	**1,000,000**	**22,956,699**	**23,956,699**	**0.06**	**1.49**	**1.55**
Balance as at 1 October 2012	**1,000,000**	**22,956,699**	**23,956,699**	**0.08**	**1.85**	**1.93**
Profit for the year	–	180,983	180,983	–	0.01	0.01
Balance as at 30 September 2013	**1,000,000**	**23,137,682**	**24,137,682**	**0.08**	**1.86**	**1.94**

Note: The exchange rate use to convert Taka to Rs.0.806/(Previous year Taka to Rs.0.647)

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

1. Reporting entity

1.1 Company profile

MBL Industries Limited ("the Company") is a private limited company incorporated on 2 August 2003 in Bangladesh under the Companies Act 1994 having it's registered office at House no -1, Road no -1, Sector no -1, Uttara Model Town, Dhaka - 1230. The Company is a wholly owned subsidiary of Marico Middle East FZE (MME) which is a 100% subsidiary of Marico Limited, India.

1.2 Nature of business

The principal activities of the Company are import trading and local trading, marketing and selling of coconut oil and hair code.

The main operation of the entity was discontinued since 2009. No sales has taken place for the year.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards.

2.2 Date of authorisation

The Board of Directors has authorised these financial statements on 23 October 2013.

2.3 Basis of measurement

The financial statements have been prepared on historical cost basis.

2.4 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. All financial information presented in Taka has been rounded off to the nearest Taka.

2.5 Reporting period

These financial statements of the Company have been prepared as at and for the year ended 30 September 2013.

2.6 Use of estimates and judgments

The preparation of the financial statements in conformity with Bangladesh Financial Reporting Standards, requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.7 Statement of cash flows

Statement of cash flows has been prepared in accordance with the BAS 7: Statement of cash flows under indirect method.

2.8 Going concern

The financial statements have been prepared on a going concern basis, which means the Company will be able to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

MBL Industries Ltd. has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available by it. The directors consider that this will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertakings the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

3. Significant accounting policies

The accounting policies set below have been applied consistently to all periods presented in these financial statements.

3.1 Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the distributors. Revenue is measured at fair value of the consideration received or receivable, net of allowance, trade discounts and Value Added Tax (VAT).

3.2 Foreign currency transaction

Transactions in foreign currencies are recorded in the books at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the date of balance sheet are translated into Bangladesh taka at the rate of exchange prevailing at the date of balance sheet. All exchange differences are recognised in the profit and loss account.

3.2.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.2.2 Financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and fixed deposits original maturities of three months or less. Cash comprises cash in hand and cash at bank which are available for use by the Company without any restriction. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.2.3 Financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities include payable for expenses, payable to holding company and other payable.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

3.3 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

3.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net off any tax effects.

Paid up capital represents total amount of shareholders capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

3.5 Taxation

Income tax expenses comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that its relates to a item recognised directly in equity in which case it is recognised in equity.

3.5.1 *Current tax*

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.5.2 *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognised for:

a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

b) Temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and

c) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or there tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

As the Company has no operation since inception, no deferred tax is recognized in the financial statements.

3.6 Adoption of new accounting standards

No new Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) has been adopted during the year 2013.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

3.7 Upcoming accounting standards

Bangladesh Financial Reporting Standard 13 Fair Value Measurement: Bangladesh Financial Reporting Standard 13 Fair Value Measurement shall be applicable for periods beginning on or after 1 January 2013.

3.8 General

3.8.1 Previous year's figures and account titles in the financial statements have been rearranged, where necessary, to conform to current year's presentation along with the explanatory notes, if material.

4. Share capital

	As at September 30,			
	2013	2012	2013	2012
	Taka	Taka	Rs. Crore	Rs. Crore
Authorized:				
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000	0.81	0.65
Issued, subscribed and paid-up:	1,000,000	1,000,000	0.08	0.06
100,000 Ordinary shares of Tk 10 each fully paid up in cash				

Percentage of shareholding as at 30 September 2013:

Name of the shareholders	Number of shares	Value of shares Taka	Value of shares Rs. Crore
Marico Middle East FZE (MME)	99,996	999,960	0.08
Directors (as joint holders with MME)	4	40	–
	100,000	1,000,000	0.08

5. Advance income tax

	2013	2012	2013	2012
	Taka	Taka	Rs. Crore	Rs. Crore
Opening balance	40,734,974	40,009,557	3.28	2.59
Add: Advance tax paid				
TDS on interest	380,338	335,063	0.03	0.02
Tax deposited under section 74	–	390,354	–	0.03
Less: Adjustment during the year for income year 2007-2008	(3,889,507)	–	(0.31)	–
Closing balance	37,225,805	40,734,974	3.00	2.64

6. Interest receivable

	2013	2012	2013	2012
Interest on fixed deposit	583,513	1,174,949	0.05	0.08
	583,513	1,174,949	0.05	0.08

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

7. Cash and cash equivalents

	2013 Taka	2012 Taka	2013 Rs. Crore	2012 Rs. Crore
Cash in hand	–	–	–	–
Cash at banks:	–	–	–	–
Citibank, N.A. (SND Account)	756,241	773,666	0.06	0.05
Standard Chartered Bank (Call deposit account)	3,830,220	1,367,353	0.31	0.09
	4,586,461	2,141,019	0.37	0.14
Fixed deposits with:				
Bank Asia Limited	–	5,000,000	–	0.32
Standard Chartered Bank	22,140,300	–	1.78	–
Citibank, N.A.	4,500,000	2,000,000	0.36	0.13
Delta Brac Housing Finance Corporation Ltd.	–	21,190,500	–	1.37
	26,640,300	28,190,500	2.15	1.82
	31,226,761	30,331,519	2.52	1.96

8. Payable for expenses

	2013 Taka	2012 Taka	2013 Rs. Crore	2012 Rs. Crore
Audit fees	80,500	230,000	0.01	0.01
Creditors for imports	–	473,324	–	0.03
Creditors for services	569,000	–	0.05	–
	649,500	703,324	0.05	0.05

9. Provision for tax

	2013 Taka	2012 Taka	2013 Rs. Crore	2012 Rs. Crore
Opening balance	42,225,607	37,799,831	3.40	2.45
Provision for the income year 2012-2013	1,020,123	4,425,776	0.08	0.29
Provision for the income year 2011-2012	101,428	–	0.01	–
Adjustment for the income year 2007-2008	(4,330,214)	–	(0.35)	–
Closing balance	39,016,944	42,225,607	3.14	2.73

10. Payable to holding company

	2013 Taka	2012 Taka	2013 Rs. Crore	2012 Rs. Crore
Bank guarantee commission	3,609,981	3,609,981	0.29	0.23

11. Other payable

	2013 Taka	2012 Taka	2013 Rs. Crore	2012 Rs. Crore
VAT and SD payable	1,558,750	1,639,164	0.13	0.11
Tax deducted at source	63,222	106,667	0.02	0.01
	1,621,972	1,745,831	0.15	0.12

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

	2013 Taka	2012 Taka	2013 Rs. Crore	2012 Rs. Crore
12. General and administrative expenses				
Professional charges	727,055	784,314	0.06	0.05
Group audit and review fees	46,000	371,000	0.01	0.02
Statutory audit fees	80,500	345,000	0.01	0.02
Bank charges	31,370	8,120	0.01	0.01
License fees	30,000	–	0.01	–
Legal fees	50,000	61,548	0.01	0.01
Written back of advertisement expenses	(473,324)	–	(0.04)	–
	491,601	1,569,982	0.04	0.1
13. Finance income				
Interest on SND account	55,294	38,123	0.01	0.01
Interest on fixed deposits	3,156,634	3,345,189	0.25	0.22
	3,211,928	3,383,312	0.26	0.23
14. Current tax expenses				
Current year tax expense	1,020,123	233,635	0.08	0.02
Prior year tax expense for:				
Income year 2004-2005	–	79,749	–	0.01
Income year 2005-2006	–	1,510,755	–	0.10
Income year 2007-2008	484,113	–	0.04	–
Income year 2008-2009	–	3,067,454	–	0.20
Income year 2009-2010	–	880,340	–	0.06
Income year 2010-2011	–	244,346	–	0.02
Income year 2011-2012	1,035,108	–	0.08	–
	2,539,344	6,016,279	0.20	0.39

15. Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company.

15.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statement of financial position is as follows:

	2013 Taka	2012 Taka	2013 Rs. Crore	2012 Rs. Crore
Interest receivable	583,513	1,174,949	0.05	0.08
Cash and cash equivalents	31,226,761	30,331,519	2.52	1.96
	31,810,274	31,506,468	2.57	2.04

15.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

As at 30 September 2013 (Taka)

	Carrying amount Taka	Contractual cash flows Taka	6 months or less Taka	6 - 12 months Taka	1 - 2 years Taka	2 - 5 years Taka	More than 5 years Taka
Payable to holding company	3,609,981	3,609,981	–	–	–	–	3,609,981
Payable for expenses	649,500	649,500	649,500	–	–	–	–
Other payable	1,621,972	1,621,972	1,621,972	–	–	–	–

As at 30 September 2013 (Taka)

	Carrying amount Rs.Crore	Contractual cash flows Rs.Crore	6 months or less Rs.Crore	6 - 12 months Rs.Crore	1 - 2 years Rs.Crore	2 - 5 years Rs.Crore	More than 5 years Rs.Crore
Payable to holding company	0.29	0.29	–	–	–	–	0.29
Payable for expenses	0.05	0.05	0.05	–	–	–	–
Other payable	0.13	0.13	0.13	–	–	–	–

As at 30 September 2012 (Taka)

	Carrying amount Taka	Contractual cash flows Taka	6 months or less Taka	6 - 12 months Taka	1 - 2 years Taka	2 - 5 years Taka	More than 5 years Taka
Payable to holding company	3,609,981	3,609,981	–	–	–	–	3,609,981
Payable for expenses	703,324	703,324	703,324	–	–	–	–
Other payable	1,745,831	1,745,831	1,745,831	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

As at 30 September 2012 (Taka)

	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	Rs.Crore	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**
Payable to holding company	0.23	0.23	–	–	–	–	0.23
Payable for expenses	0.05	0.05	0.05	–	–	–	–
Other payable	0.11	0.11	0.11	–	–	–	–

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

15.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

15.3.1 Currency risk

The Company is not exposed to any currency risk as the payable to holding company is denominated in a currency which the functional currency of the Company. The Company has not entered into any type of derivatives instrument in order to hedge foreign currency risk as at 30 September 2013.

15.3.2 Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company has no loans which may be significantly affected by fluctuations in interest rates.

16. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

17. Financial instrument: Fair values

Fair values versus carrying amounts

As at 30 September 2013

	Loans and receivables	Other financial liabilities	Carrying amount	Fair value
	Taka	**Taka**	**Taka**	**Taka**
Cash and cash equivalents	31,226,761	–	31,226,761	31,226,761
	31,226,761	–	31,226,761	31,226,761
Other payable		(1,621,972)	(1,621,972)	(1,621,972)
Payable for expenses	–	(649,500)	(649,500)	(649,500)
	–	(2,271,472)	(2,271,472)	(2,271,472)

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 30 September 2013

As at 30 September 2013

	Loans and receivables	Other financial liabilities	Carrying amount	Fair value
	Rs.Crore	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**
Cash and cash equivalents	2.52	–	2.52	2.52
	2.52	–	2.52	2.52
Other payable	–	(0.13)	(0.13)	(0.13)
Payable for expenses	–	(0.05)	(0.05)	(0.05)
	–	(0.18)	(0.18)	(0.18)

As at 30 September 2012

	Loans and receivables	Other financial liabilities	Carrying amount	Fair value
	Taka	**Taka**	**Taka**	**Taka**
Cash and cash equivalents	30,331,519	–	30,331,519	30,331,519
	30,331,519	–	30,331,519	30,331,519
Other payable	–	(1,745,831)	(1,745,831)	(1,745,831)
Payable for expenses	–	(703,324)	(703,324)	(703,324)
	–	(2,449,155)	(2,449,155)	(2,449,155)

As at 30 September 2012

	Loans and receivables	Other financial liabilities	Carrying amount	Fair value
	Rs.Crore	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**
Cash and cash equivalents	1.96	–	1.96	1.96
	1.96	–	1.96	1.96
Other payable	–	(0.11)	(0.11)	(0.11)
Payable for expenses	–	(0.05)	(0.05)	(0.05)
	–	(0.16)	(0.16)	(0.16)

18. Number of employees

MBL Industries Limited has no employee since July 2009. The employees of Marico Bangladesh Limited provide support for continuing its operations. Preparation and presentation of the financial statements was also done by the employees of Marico Bangladesh Limited.

19. Capital expenditure commitment

There is no such commitment as at 30 September 2013.

20. Events after the reporting period

Events after reporting period that provide additional information about the company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate, are reflected in the financial statements. Events after the reporting period that are non-adjusting events are disclosed in the notes when material.

Board of Directors	Saugata Gupta (Appointed w.e.f May 07, 2013)
	Sridhar Balakrishnan (Appointed w.e.f May 07, 2013)
	Mukesh Kripalani (Appointed w.e.f May 07, 2013)
	Rohit Jaiswal (Appointed w.e.f May 07, 2013)
	Souvik Mazumdar (Appointed w.e.f May 07, 2013)
	Saumitra Bhat (Resigned w.e.f June 30, 2014)
	Baiju Mohan (Appointed w.e.f July 01, 2014)
	Vijay Subramanian (Resigned w.e.f May 07, 2013)
	Sudhir Rehgarn (Resigned w.e.f May 07, 2013)
	Pawan Agrawal (Resigned w.e.f May 07, 2013)
	Debashish Neogi (Resigned w.e.f December 24, 2013)
Secretary, Manager, Negotiator	Rohit Jaiswal
Registered Office	Office No. LOB 15326, Jebel Ali, Dubai, UAE
Auditors	M/s. PricewaterhouseCoopers Dubai
Bankers	Standard Chartered Bank HSBC Bank Citibank NA Pt. Bank Mandiri (Persero) TBK, Indonesia

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MARICO MIDDLE EAST FZE

Report on the financial statements

We have audited the accompanying financial statements of Marico Middle East FZE ("the company") which comprise the balance sheet as at 31 March 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

The financial information of the company and its subsidiaries is consolidated into the ultimate holding company which prepares financial statements in accordance with Indian Generally Accepted Accounting Principles ("IGAAP"). These financial statements, prepared for statutory filing purposes, relate to the company only and do not consolidate the financial position, results of operations and cash flows of its subsidiaries. In our opinion, this is a departure from the requirements of IFRS 10, 'Consolidated Financial Statements' and clause 47 of the Implementing Regulations No. 1/92 pursuant to Law No. 9 of 1992 concerning the formation of Free Zone Establishments in the Jebel Ali Free Zone.

Qualified opinion

In our opinion, except for the matter discussed in the basis of qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2014, and its financial performance and its cash flows for year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, we report that, except for the matter discussed in the basis for qualified opinion paragraph, the financial statements of the company comply, in all material respects, with the applicable provisions of the Implementing Regulations No. 1/92 pursuant to Law No. 9 of 1992 concerning the formation of Free Zone Establishments in the Jebel Ali Free Zone.

PricewaterhouseCoopers

Amin H Nasser

Registered Auditor Number 307
Dubai, United Arab Emirates
20 May 2014

BALANCE SHEET

	Notes	As at March 31st 2014 AED	As at March 31st 2013 AED	As at March 31st 2014 Rs. Crore	As at March 31st 2013 Rs. Crore
ASSETS					
Non-current assets					
Property and equipment	6	230,816	463,127	0.38	0.68
Investments in susbidiaries	7	1,339,324	31,851,823	2.18	47.07
		1,570,140	32,314,950	2.56	47.75
Current assets					
Inventories		488,937	168,787	0.80	0.25
Trade and other receivables	8	18,910,934	20,124,777	30.84	29.74
Advances to subsidiairies	9	12,839,308	16,292,144	20.94	24.08
Due from related party	10	3,466,257	330,184	5.65	0.49
Cash and bank balances	11	167,359	3,189,603	0.27	4.71
		35,872,795	40,105,495	58.50	59.27
Total assets		**37,442,935**	**72,420,445**	**61.06**	**107.02**
EQUITY					
Capital and reserves					
Share capital	12	22,000,000	22,000,000	35.87	32.51
Accumulated Losses		(101,374,898)	(39,095,050)	(165.30)	(57.78)
Total equity		(79,374,898)	(17,095,050)	(129.43)	(25.27)
LIABILITIES					
Non-current liabilities					
Provision for employees' end of service benefits	13	591,121	668,663	0.96	0.99
		591,121	668,663	0.96	0.99
Current liabilities					
Trade and other payables	14	36,581,272	27,183,898	59.65	40.18
Due to related parties	10	11,114,015	10,240,934	18.12	15.14
Bank borrowings	15	68,531,425	51,422,000	111.75	76.00
		116,226,712	88,846,832	189.52	131.32
Total liabilities		116,817,833	89,515,495	190.48	132.31
Total equity and liabilities		**37,442,935**	**72,420,445**	**61.06**	**107.02**

These financial statements were approved by the Board of Directors on 20 May 2014 and signed on their behalf by:

Rohit Jaiswal

Director

Place : Dhaka

Date : 20 May 2014

The Note on page 7 to 25 form an integral part of these financial statements

Note: The exchange rate use to convert AED to Rs.16.306/(Previous year AED to Rs.14.779)

STATEMENT OF COMPREHENSIVE INCOME

		Year ended March 31,			
		2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Income Statement					
Revenue		55,890,778	70,070,655	91.14	103.56
Other income		153,984	19,826	0.25	0.03
		56,044,762	70,090,481	91.39	103.59
Expenses					
Cost of inventories consumed		(41,555,582)	(51,186,315)	(67.76)	(75.65)
Staff costs	16	(10,755,406)	(11,187,532)	(17.54)	(16.53)
Depreciation expense	6	(277,135)	(141,055)	(0.45)	(0.21)
Impariment expense	17	(34,391,794)	–	(56.08)	–
Other expenses	18	(30,559,041)	(44,760,826)	(49.83)	(66.15)
Operating Loss		(61,494,196)	(37,185,247)	(100.27)	(54.95)
Interest income	19	162,121	1,170,158	0.26	1.73
Finance costs	19	(947,773)	(1,346,372)	(1.55)	(1.99)
Loss for the year		(62,279,848)	(37,361,461)	(101.56)	(55.21)
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		(62,279,848)	(37,361,461)	(101.56)	(55.21)

For MARICO MIDDLE EAST FZE

Date : 20 April 2014

DIRECTOR

The Note on page 7 to 25 form an integral part of these financial statements

Note: The exchange rate use to convert AED to Rs.16.306/(Previous year AED to Rs.14.779)

STATEMENT OF CHANGES IN EQUITY

	Share capital AED	Accumulated losses AED	Total AED	Share capital Rs. Crore	Accumulated losses Rs. Crore	Total Rs. Crore
At 1 April 2012	22,000,000	(1,733,589)	20,266,411	30.47	(2.40)	28.07
Total comprehensive loss for the year	–	(37,361,461)	(37,361,461)	–	(51.75)	(51.75)
At 31 March 2013	22,000,000	(39,095,050)	(17,095,050)	32.51	(57.78)	(25.26)
Total comprehensive loss for the year	–	(62,279,848)	(62,279,848)	–	(92.04)	(92.04)
At 31 March 2014	22,000,000	(101,374,898)	(79,374,898)	35.87	(165.30)	(129.43)

The Note on page 7 to 25 form an integral part of these financial statements

Note: The exchange rate use to convert AED to Rs.16.306/(Previous year AED to Rs.14.779)

STATEMENT OF CASH FLOWS

	Year ended March 31,			
	2014	2013	2014	2013
	AED	AED	Rs. Crore	Rs. Crore
Operating activities				
Loss for the year	(62,279,848)	(37,361,461)	(101.55)	(55.22)
Adjustments for:		–	–	
Depreciation	277,135	141,055	0.45	0.21
Provision for impairment of investments	30,512,499	–	49.75	–
Provision for impairment of advances to subsidiaries	3,879,295	–	6.33	–
Loss on sale of property and equipment	5,116	18,062	0.01	0.03
Provision for employees' end of service benefits	382,895	354,891	0.62	0.52
Provision for impairment of trade receivables	–	264,969	–	0.39
Finance costs	947,773	1,346,372	1.55	1.99
Finance income	(162,121)	(1,170,158)	(0.26)	(1.73)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	(26,437,256)	(36,406,270)	(43.10)	(53.81)
Payment of employees' end of service benefits	(460,437)	(65,622)	(0.75)	(0.10)
Changes in working capital:				
Inventories	(320,150)	(168,787)	(0.52)	(0.25)
Trade and other receivables	1,213,843	25,882,590	1.98	38.25
Due to related parties	873,081	(8,982,349)	1.42	(13.28)
Due from related parties	(3,136,073)	(330,184)	(5.11)	(0.49)
Trade and other payables	9,397,374	10,777,885	15.32	15.93
Net cash used in operating activities	(18,869,618)	(9,292,737)	(30.77)	(13.73)
Investing activities				
Purchase of property and equipments	(49,940)	(96,968)	(0.08)	(0.14)
Proceeds from sale of investment in a subsidiary	–	55,050,000	–	81.36
Interest income	162,121	1,170,158	0.26	1.73
Amounts advanced to subsidiaries - net	(426,459)	(11,815,877)	(0.70)	(17.46)
Net cash (used in)/generated from investing activities	(314,278)	44,307,313	(0.51)	65.48
Financing activities				
Repaymen of term loan	–	(29,098,783)	–	(43.01)
Interest paid	(947,773)	(1,346,372)	(1.55)	(1.99)
Net cash used in financing activities	(947,773)	(30,445,155)	(1.55)	(44.99)
Net (decrease)/ increase in cash and cash equivalents	(20,131,669)	4,569,421	(32.83)	6.75
Cash and cash equivalents, beginning of the year	3,189,603	(1,379,818)	5.20	(2.04)
Cash and cash equivalents, end of the year	(16,942,066)	3,189,603	(27.63)	4.71

Note: The exchange rate use to convert AED to Rs.16.306/(Previous year AED to Rs.14.779)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1 Legal status and activities

Marico Middle East FZE ("the company") was incorporated in the Jebel Ali Free Zone on 8 November 2005 as a Free Zone Establishment and operates under a trade license issued by the Jebel Ali Free Zone Authority. The registered address of the company is PO Box 50394, Dubai, United Arab Emirates.

The principal activity of the company is the trading of beauty and personal care, hair care, food and health care products, dried vegetables and fruits and equipment. The company is a wholly owned subsidiary of Marico Limited ("the parent company"), a company incorporated in India and listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

2 Going concern

At 31 March 2014, the company had net current liabilities of AED 80,353,917 (2013: AED 48,741,337) and negative equity of AED 79,374,898 (2013: AED 17,095,050). The ability of the company to continue as a going concern is contingent on the continued support of the parent company who has confirmed its intention to continue to provide financial support to the company for a period of at least twelve months from the date of approval of these financial statements.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee (IFRS IC). These financial statements have been prepared under the historical cost convention.

The company has prepared these separate financial statements for statutory filing purposes. These financial statements, however, do not include the results of the operations and the assets and liabilities of its subsidiaries (Note 7) which is a departure from the requirements of the International Financial Reporting Standard 10, "Consolidated Financial Statements" ("IFRS 10"). The financial information of the company and its subsidiaries is consolidated into the ultimate holding company which prepares financial statements in accordance with Indian Generally Accepted Accounting Principles ("IGAAP"). However, the exemption from preparing consolidated financial statements included in IFRS 10 is not applicable since the ultimate holding company prepares consolidated financial statements in accordance with IGAAP and not IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(a) New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2013 that would be expected to have a material impact on the company.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company, except the following set out below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

  There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

3.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The cost of property and equipment represents the purchase cost together with any incidental expenses on acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Carrying amount of the replaced asset is derecognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial year ikn which they are incurred.

Depreciation is computed using the straight line method at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives, as follows:

	Years
Equipments	3
Fixtures and fittings	8
Motor vehicles	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

These are included in the statement of comprehensive income.

3.3 Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the company has control. The company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated at cost less provision for any impairment in value.

3.4 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.5 Financial assets

The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The company currently classifies its financial assets as loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables (excluding prepayments and advances to suppliers), due from related parties, and cash and bank balances.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. The amortised cost is computed using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

3.6 Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less variable selling expenses, if any.

3.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

3.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

3.10 Trade payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.11 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.12 Provision for employees' benefits

A provision is made for the estimated liability for employees' entitlements to annual leave and leave passage as a result of services rendered by the employees up to the balance sheet date. Provision is also made, using actuarial techniques, for the end of service benefits due to employees in accordance with UAE labour law and labour regulations of Jebel Ali Free Zone Authority.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

The provision relating to annual leave and leave passage is included in trade and other payables, while that relating to employees' end of service benefits is disclosed as a non-current liability.

3.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and returns. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met, as described below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods – wholesale distributors

The company sells a range of consumer goods in the wholesale market. Sales of goods are recognised when the goods are shipped to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

3.14 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in UAE Dirhams ("AED"), which is the company's functional and presentation currency.

primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in UAE Dirhams ("AED"), which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying for cash flow hedges and qualifying net investment hedges.

Balances and transactions denominated in US dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balance in current accounts netted off by the bank overdraft.

3.16 Leases

Leases in which significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

4 Financial risk management

4.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

(a) Market risk

(i) Foreign exchange risk

The company does not have any significant foreign currency exposure, as a significant proportion of the revenue and purchases are denominated in USD or in AED.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The company has no significant exposure to price risk.

(iii) Cash flow and fair value interest rate risk

The company is exposed to interest rate risk on its interest bearing assets and liabilities. Borrowings at variable rates expose the company to cash flow interest rate risk. The company is not exposed to fair value interest rate risk because there are no borrowings at fixed rates.

The table over leaf indicates the interest rate exposure on borrowings with variable interest rates at 31 March 2014 and 2013. The analysis calculates the effect on the statement of comprehensive income of a reasonably possible movement in interest rate:

(iii) Cash flow and fair value interest rate risk

	2014 AED	20133 AED	2014 Rs. Crore	2013 Rs. Crore
Interest cost				
+ 100 basis points	685,314	669,635	1.12	0.99
- 100 basis points	(685,314)	(669,635)	(1.12)	(0.99)

(b) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from credit exposure to customers, amounts due from related parties and cash and cash equivalents.

The maximum exposure to credit risk at the reporting date represented by the carrying amounts of the financial assets classified as 'loans and receivables' is set out below:

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Trade and other receivables (excluding prepayments and advance to suppliers)	18,531,863	18,115,903	30.22	26.77
Advances to subsidiaries	12,839,308	16,292,144	20.94	24.08
Due from related parties	3,466,257	330,184	5.65	0.49
Cash and bank balances	167,359	3,189,603	0.27	4.71
	35,004,787	37,927,834	57.08	56.05

Management does not expect any losses from non-performance of the carrying amounts of the financial assets. The credit quality of trade receivables is disclosed in Note 8.

Banking transactions are limited to branches of reputed local and international banks.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

The table below shows the credit quality of cash and bank balances with external counterparties at the balance sheet date:

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Cash at bank with credit rating (Moody's)				
A2	2,782	342	–	–
Not rated	143,563	3,183,040	0.23	4.70
Cash on hand	21,014	6,221	0.03	0.01
Total	167,359	3,189,603	0.26	4.71

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The company maintains flexibility in funding by keeping committed credit lines available.

The table below analyses the company's financial liabilities classified as 'other liabilities' into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Carrying amount AED	Contractual cash flows AED	Less than 1 year AED	Between1 and 5 years AED	Over 5 years AED
At 31 March 2014					
Trade and other payables (excluding advances from customers)	36,581,272	36,581,272	36,581,272	–	–
Due to related parties	11,114,015	11,114,015	11,114,015	–	–
Bank borrowings	68,531,425	69,874,386	69,874,386	–	–
	116,226,712	117,569,673	117,569,673	–	–

	Carrying amount Rs. Crore	Contractual cash flows Rs. Crore	Less than 1 year Rs. Crore	Between1 and 5 years Rs. Crore	Over 5 years Rs. Crore
At 31 March 2014					
Trade and other payables (excluding advances from customers)	59.65	59.65	59.65	–	–
Due to related parties	18.12	18.12	18.12	–	–
Bank borrowings	111.75	113.94	113.94	–	–
	189.52	191.71	191.71	-	–

	Carrying amount AED	Contractual cash flows AED	Less than 1 year AED	Between1 and 5 years AED	Over 5 years AED
At 31 March 2013					
Trade and other payables (excluding advances from customers)	26,790,502	26,790,502	26,790,502	–	–
Due to related parties	10,240,934	10,240,934	10,240,934	–	–
Bank borrowings	51,422,000	52,945,805	52,945,805	–	–
	88,453,436	89,977,241	89,977,241	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Carrying amount	Contractual cash flows	Less than 1 year	Between1 and 5 years	Over 5 years
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
At 31 March 2013					
Trade and other payables (excluding advances from customers)	39.59	39.59	39.59	–	–
Due to related parties	15.14	15.14	15.14	–	–
Bank borrowings	76.00	78.25	78.25	–	–
	130.73	132.98	132.98	–	–

(d) *Capital risk management*

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may raise cash calls from its existing shareholder to increase or decrease its share capital.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by shareholder's funds. Net debt represents 'bank borrowings' less 'cash and bank balances' as shown in the balance sheet. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

	2014	**2013**	**2014**	**2013**
	AED	**AED**	**Rs. Crore**	**Rs. Crore**
Total borrowings	68,531,425	51,422,000	111.75	76.00
Less: cash and bank balances	(167,359)	(3,189,603)	(0.27)	(4.71)
Net debt	68,364,066	48,232,397	111.48	71.29
Total equity	(79,374,898)	(17,095,050)	(129.43)	(25.26)
Total shareholder's funds	(11,010,832)	31,137,347	(17.95)	46.03
Gearing ratio	(621%)	155%	(621%)	155%

4.2 Fair value estimation

At 31 March 2014 and 2013, financial assets and liabilities of the company approximate their fair values as none of them are non-current and the impact of discounting is considered immaterial.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) *Impairment of investmentsin subsidiaries*

The company follows the guidance of IAS 39 to determine when an investment in a subsidiary is impaired. This determination requires significant judgement. In making this judgement, the company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

6 Property and equipment

	Equipments, fixture and fittings AED	Motor vehicles AED	Total AED	Equipments, fixture and fittings **Rs. Crore**	Motor vehicles **Rs. Crore**	Total **Rs. Crore**
Cost						
At 1 April 2012	723,003	47,545	770,548	1.00	0.07	1.07
Additions	56,342	40,626	96,968	0.08	0.06	0.14
Disposals	(22,101)	–	(22,101)	(0.03)	–	(0.03)
At 31 March 2013	757,244	88,171	845,415	1.05	0.13	1.18
Additions	49,940	–	49,940	0.08	–	0.08
Disposals	(12,680)	–	(12,680)	(0.02)	–	(0.02)
At 31 March 2014	794,504	88,171	882,675	1.11	0.13	1.24
Depreciation						
At 1 April 2012	223,063	22,209	245,272	0.31	0.03	0.34
Charge for the year	135,861	5,194	141,055	0.20	0.01	0.21
Disposals	(4,039)	–	(4,039)	(0.01)	–	(0.01)
At 31 March 2013	354,885	27,403	382,288	0.50	0.04	0.54
Charge of the year	264,493	12,642	277,135	0.43	0.02	0.45
Disposals	(7,564)	–	(7,564)	(0.01)	–	(0.01)
At 31 March 2014	611,814	40,045	651,859	0.92	0.06	0.98
Net book amount						
At 31 March 2014	182,690	48,126	230,816	0.30	0.08	0.38
At 31 March 2013	402,359	60,768	463,127	0.59	0.09	0.68

7 Investments in subsidiaries

	2014 AED	**2013 AED**	**2014 Rs. Crore**	**2013 Rs. Crore**
MEL Consumer Care Company	162,016	162,016	0.26	0.24
Egypt American Investment and Industrial Development Company (EAIIDC) – Gross	12,551,836	12,551,836	20.47	18.55
Provision for impairment of investment (Note 17)	(12,551,836)	–	(20.47)	–
EAIIDC – Net	–	12,551,836	–	18.55
MBL Industries Limited	53,971	53,971	0.09	0.08
Marico Malaysia SDN. BHD – Gross	19,084,000	19,084,000	31.12	28.20
Provision for impairment of investment (Note 17)	(17,960,663)	-	(29.29)	–
Marico Malaysia SDN. BHD – Net	1,123,337	19,084,000	1.83	28.20
Total	**1,339,324**	**31,851,823**	**2.18**	**47.07**

The company holds 100% (2013: 100%) of the share capital of MEL Consumer Care Company, an Egyptian Joint Stock company.

The company holds 100% (2013: 100%) of the share capital of EAIIDC, a company registered in Egypt.

The company also holds 100% (2013: 100%) of the share capital of MBL Industries Limited, a company registered in Bangladesh.

The company holds 100% (2013: 100%) of the share capital of Marico Malaysia SDN. BHD, a company registered in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

8 Trade and other receivables

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Trade receivables	17,136,704	16,554,968	27.94	24.47
Advances to suppliers	39,636	835,614	0.06	1.23
Prepayments	339,435	1,173,260	0.55	1.73
Other receivables	1,395,159	1,560,935	2.27	2.31
	18,910,934	20,124,777	30.82	29.74

At 31 March 2014, the company faced a concentration of credit risk with four customers (2013: four customers) accounting for 88% (2013: 82%) of trade receivables at that date. There is no history of any material default with any of these customers.

As of 31 March 2014, trade receivables of AED 10,629180 (2013: AED 15,203,361) were fully performing.

Trade receivables that are less than one year past due are not considered impaired. As of 31 March 2014, trade receivables of AED 6,507,524 (2013: AED 1,351,607) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
0 - 3 months	6,098,776	1,351,607	9.94	2.00
Above 3 months	408,748	–	0.67	–
	6,507,524	1,351,607	10.61	2.00

As of 31 March 2014 and 2013 none of the trade receivable balances were impaired and provided for.

Movement in the company's provision for impairment of trade receivables is as follows:

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
At 1 April	–	29,323	–	0.04
Write-off of trade receivables	–	(294,292)	–	(0.43)
Charge for the year (Note 18)	–	264,969	–	0.39

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

The carrying amount of trade and other receivables are either denominated in AED or USD and approximate their fair value. The company does not hold any collateral as security.

9 Advances to subsidiaries

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
MEL Consumer Care Company (Note 9.1)	6,608,250	6,578,106	10.78	9.72
Egypt American Investment and Industrial Development Company (EAIIDC) – Net (Note 9.2)	2,542,604	7,145,038	4.15	10.56
Marico Malaysia SDN. BHD (Note 9.3)	3,688,454	2,569,000	6.01	3.80
	12,839,308	16,292,144	20.94	24.08

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

9.1 This represents interest free advances repayable within one year.

9.2 This represents interest free advances repayable within one year. The gross amount is AED 6,421,899 netted off by a provision for impairment of AED 3,879,295 (Note 17).

9.3 This represents a short term advance with a fixed rate of interest of 5% and repayable within one year.

10 Related party transactions and balances

Related parties include the shareholders, associate, joint ventures, key management personnel, directors and businesses including affiliates controlled directly or indirectly by the shareholders or over which they exercise significant management influence.

(a) Related party transactions

During the year, the following significant transactions were carried out with related parties:

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Purchases of goods from an affiliated company	29,464,643	35,482,845	48.05	52.44
Sale of goods to an affiliated company	15,418,012	19,093,458	25.14	28.22
Royalty expense to parent company	980,461	1,274,430	1.60	1.88
Sale of investment in Kaya Middle East FZE to an affiliated company	–	55,050,000	–	81.36
Interest on short term advances from subsidiaries	162,121	1,170,158	0.26	1.73
Key management remuneration (including end of service benefits of AED 223,291 (2013: AED 52,952)	2,575,872	2,154,824	4.20	3.18
Amount advanced -net of repayments to subsidiaries	426,459	11,815,877	0.70	17.46

(b) Related party balances

The company maintains significant balances with the related parties which arise in the normal course of business from transactions that are carried out at terms mutually agreed between the parties.

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Due from related parties				
Affiliates	3,466,257	330,184	5.65	0.49
Due to related parties				
Parent company	10,854,515	10,172,610	17.70	15.03
Affiliates	259,500	68,324	0.42	0.10
	11,114,015	10,240,934	18.12	15.1311

11 Cash and cash equivalents

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Cash at bank	146,345	3,183,382	0.24	4.70
Cash on hand	21,014	6,221	0.03	0.01
Cash and bank balances	167,359	3,189,603	0.27	4.71

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Cash and bank balances	167,359	3,189,603	0.27	4.71
Bank overdrafts (Note 15)	(17,109,425)	–	(27.90)	–
Cash and cash equivalents	(16,942,066)	3,189,603	(27.63)	4.71

12 Share capital

Share capital comprises twenty-two shares of AED 1 million each (2013: twenty-two shares of AED 1 million each), which is fully paid up.

13 Provision for employees' end of service benefits

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
At 1 April	668,663	379,394	1.09	0.56
Charge for the year (Note 16)	382,895	354,891	0.62	0.52
Payments	(460,437)	(65,622)	(0.75)	(0.10)
At 31 March	591,121	668,663	0.96	0.98

In accordance with the provisions of IAS 19 (revised), management has carried out an exercise to assess the present value of its obligation at 31 March 2014, using the projected unit credit method, in respect of employees' end of service benefits payable under the labour regulations issued by Jebel Ali Free Zone Authority. Under this method, an assessment has been made of an employee's expected service life with the company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs 5% (2013: 5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.75% (2013: 3%).

14 Trade and other payables

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Trade payables	1,943,907	3,504,128	3.17	5.18
Advances from customers	–	393,396	–	0.58
Accruals and other payables	34,637,365	23,286,374	56.48	34.41
	36,581,272	27,183,898	59.65	40.172

15 Bank borrowings

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Term loans	51,422,000	51,422,000	83.85	76.00
Overdrafts (Note 11)	17,109,425	-	27.90	-
	68,531,425	51,422,000	111.75	76.00

Bank borrowings represent term loans and overdrafts availed from the banks for the purchases made by the company and these are repayable within 365 days from the date of issue. During the year, the interest rate on these bank borrowings ranged from LIBOR+0.9% to LIBOR+1.5% per annum (2013: LIBOR+0.9% to LIBOR+2.5% per annum). These bank borrowings are secured by a standby letter of credit issued by the bankers of the parent company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

16 Staff costs

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Salaries and wages	4,103,356	3,988,385	6.69	5.89
End of service benefits (Note 13)	382,895	354,891	0.62	0.52
Other benefits	6,269,155	6,844,256	10.22	10.12
	10,755,406	11,187,532	17.53	16.53**17**

17 Impairment expense

Due to continued losses and the decision to reduce the scope of operations of two of the subsidiaries of the company, investments were reviewed for impairment as at 31 March 2014. The recoverable amount was based on fair value less estimated cost to sell, fair value was determined by using the net assets of those entities, replacing material non-monetary assets with their current fair market value determined by either an independent valuer or based on signed agreements to sell those assets. Advances given to those subsidiaries (Note 9) were considered as part of the investment when determining the carrying value for this impairment review.

The amounts of the impairment are given below.

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Investment in subsidiaries (Note 7) – EAIIDC	12,551,836	–	20.47	–
Investment in subsidiaries (Note 7) – Marico Malaysia SDN. BHD	17,960,663	–	29.29	–
Advances to subsidiaries (Note 9) – EAIIDC	3,879,295	–	6.33	–
Total	34,391,794	–	56.09	–

Valuation of the non-monetary assets (land and building) of one of the subsidiaries mentioned above falls under Level 2 as it was valued by an independent valuer applying the sales comparison approach. The most significant input into this valuation approach is price per square foot.

18 Other expenses

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Selling expenses	23,141,602	37,588,040	37.73	55.55
Charges for professional services	1,619,663	1,075,398	2.64	1.59
Royalty expense (Note 10)	980,461	1,274,430	1.60	1.88
Rent expense	496,191	442,653	0.81	0.65
Bank charges	265,905	331,819	0.43	0.49
Loss on disposal of equipment	5,116	18,062	0.01	0.03
Provision for impairment of receivables	–	264,969	–	0.39
Other expenses	4,050,103	3,765,455	6.60	5.56
	30,559,041	44,760,826	49.82	66.14

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

19 Finance income/(costs)

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Finance costs				
Interest on bank borrowings	(947,773)	(1,346,372)	(1.55)	(1.99)
Finance income				
Interest income on loans and advances	162,121	1,170,158	0.26	1.73
	(785,652)	(176,214)	(1.29)	(0.26)

20 Commitments

(a) Operating lease commitments

The company had contracted to lease office premises for a period of five years until 31 March 2015 under non-cancellable operating lease agreements. Minimum lease payments under the leases are as follows:

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Not later than 1 year	398,462	400,231	0.65	0.59
2 to 5 years	–	252,900	–	0.37
	398,462	653,131	0.65	0.96

21 Financial instruments by category

As of 31 March 2014 and 2013, financial assets comprised trade and other receivables (excluding prepayments and advance to suppliers), due from related parties and cash and bank balances. These financial assets are classified as loans and receivables. Financial liabilities comprised trade and other payables (excluding advance from customers), bank borrowings and due to related parties. These financial liabilities are classified as other financial liabilities.

	2014 AED	2013 AED	2014 Rs. Crore	2013 Rs. Crore
Financial assets - Loans and receivables				
Trade receivables and other receivables (excluding prepayments and advance to suppliers)	18,531,863	18,115,903	30.22	26.77
Advances to subsidiaries	12,839,308	16,292,144	20.94	24.08
Due from related parties	3,466,257	330,184	5.65	0.49
Cash and bank balances	167,359	3,189,603	0.27	4.71
	35,004,787	37,927,834	57.08	56.05
Financial liabilities - Other financial liabilities				
Trade and other payables (excluding advances from customers)	36,581,272	26,790,502	59.65	39.59
Due to related parties	11,114,015	10,240,934	18.12	15.14
Bank borrowings	68,531,425	51,422,000	111.75	76.00
	116,226,712	88,453,436	189.52	130.73

Board of Directors	Rohit Jaiswal (Appointed w.e.f September 04, 2013) Baiju Mohan (Appointed w.e.f June 10, 2014) Padmanabh Maydeo Ashutosh Telang (Appointed w.e.f September 04, 2014) Shridhar Balakrishanan (Appointed w.e.f September 04, 2014) Debashish Neogi (Resigned w.e.f September 04, 2013) Milind Sarwate (Resigned w.e.f September 04, 2013) Vijay Subramanian (Resigned w.e.f September 04, 2013) Saumitra Bhat (Resigned w.e.f June 10, 2014)
Registered Office	5th Floor, 53, Lebanon Street, Mohandseen, Gisa, Egpyt
Auditors	Moore Stephens
Bankers	HSBC Bank Egypt S.A.E
Legal Advisors	Yasser Maharem Office for Accounting & Auditing , Nassef Law Firm

INDEPENDENT AUDITORS' REPORT

To: the shareholders of MEL Consumer Care Company SAE

Report on the standalone financial statements

We have audited the accompanying standalone Financial statements of MEL Consumer Care company SAE which comprise the standalone balance sheet as at March 31, 2014 and the standalone statements of income, standalone changes shareholders' equity and standalone cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These standalonefinancial statements are the responsibility of the company's management. The management is responsible for the preparation and fair presentation of these standalone financial statements in accordance with Egyptian Accounting Standards and in light of the prevailing Egyptian laws this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and the relevant laws and regulations. Those standards require that we comply with ethical requirements to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity'spreparation and fair presentation of the standalone financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

In our opinion, the standalone financial statements present fairly in all material respects, the financial position of MEL Consumer Care Company SAE as of March 31, 2014 and of its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the relevant laws and regulations relating to the preparation of these standalone financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note (16) in the standalone financial statements, which indicates that the accumulated losses at balance sheet date with an amount of 10,960,302EGP on 31, March,2014 exceeded the paid up capital. This condition indicates the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. In accordance with the article No. (69) with the company law on1981, of company's law In case of exceeding the accumulated losses more than half of the paid up capital the general manager should invite to an Extraordinary General Assembly Meeting of Shareholders to decide on continuity of the Company.

Report on other legal and regulatory requirements

The company keeps proper accounting records, include all that is required by law to be recorded therein and the accompanying standalone financial statementsare agreement therewith.

The financial information included in the board of directors' report in compliance with companies law No. 159 year 1981 and its executive regulation and its agreement with the accounting record of the company to the extent that such information is recorded therein.

Cairo May 15, 2014

Sherin Noureldin
R.A.A 6809
Moore Stephens Egypt

BALANCE SHEET

	Note No.	As at March 31, 2014 EGP	2013 EGP	2014 Rs. Crore	2013 Rs. Crore
Long-term assets					
Fixed assets (net)	7	9	35	0.00	0.00
Investments in subsidiares	8	3,116,358	3,116,358	2.68	2.49
Total Long-term Assets		**3,116,367**	**3,116,393**	**2.68**	**2.49**
Current assets					
Due from related parties	9	46,801,691	40,197,137	40.21	32.08
Debtors and other debit balances	10	19,350	9,259	0.02	0.01
Cash & cash equivalent	11	10,025	5,580	0.01	0.00
Total current assets		**46,831,066**	**40,211,976**	**40.24**	**32.09**
Current liabilities					
Provision		198,033	203,197	0.17	0.16
Due to related parties	12	60,215,392	53,371,207	51.74	42.60
Accrued expenses		40,000	40,000	0.03	0.03
Total current Liabilities		**60,453,425**	**53,614,404**	**51.94**	**42.79**
(Deficit) in working capital		**(13,622,359)**	**(13,402,428)**	**(11.70)**	**(10.70)**
Total (deficit) in investment		**(10,505,992)**	**(10,286,035)**	**(9.03)**	**(8.21)**
To be financed as follows					
Shareholders' equity					
Issued and paid-up-capital	13	250,000	250,000	0.21	0.20
Legal reserve		204,310	204,310	0.18	0.16
Accumulated (losses)		(10,960,302)	(10,740,345)	(9.42)	(8.57)
Total (Deficit) shareholders' equity		**(10,505,992)**	**(10,286,035)**	**(9.03)**	**(8.21)**
Total finance(deficit) of working capital and long-term assets		**(10,505,992)**	**(10,286,035)**	**(9.03)**	**(8.21)**

The accompanying notes from (1) to (16) form an integral part of these standalone financial statements and are to be read therewith.

Auditor's report attached.

Chairman
Rohit Jaiswal

Financial Manager
Saumitra Bhat

Note: The exchange rate use to convert EGP to Rs.8.592/(Previous year EGP to Rs.7.981)

INCOME STATEMENT

		For the year ended March 31,			
	Note No.	2014 EGP	2013 EGP	2014 Rs. Crore	2013 Rs. Crore
Expenses					
General and administrative expenses		61,411	61,940	0.05	0.05
Add					
Loss from currency revaluation difference		158,521	1,361,754	0.14	1.09
Capital Loss		25	–	0.00	–
Net (Losses) of the year		**(219,957)**	**(1,423,694)**	**(0.19)**	**(1.14)**
(Losses) per share	**6**	**(879.83)**	**(5,649.78)**	**(0.00)**	**(0.00)**

The accompanying notes from (1) to (16) form an integral part of these standalone financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to Rs.8.592/(Previous year EGP to Rs.7.981)

STANDALONE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2014

Description	**Issued & paid -up-capital**	**Legal reserve**	**Accumulated (losses)**	**Total**
2014	**EGP**	**EGP**	**EGP**	**EGP**
Balance on 1/4/2013	250,000	204,310	(10,740,345)	(10,286,035)
Net(losses)of the year	–	–	(219,957)	(219,957)
Balance on 31/3/2014	**250,000**	**204,310**	**(10,960,302)**	**(10,505,992)**

Description	**Issued & paid -up-capital**	**Legal reserve**	**Accumulated (losses)**	**Total**
2014	**Rs.Crore**	**Rs. Crore**	**Rs. Crore**	**Crore**
Balance on 1/4/2013	0.21	0.18	(9.23)	(8.84)
Net(losses)of the year	–	–	(0.19)	(0.19)
Balance on 31/3/2014	**0.21**	**0.18**	**(9.42)**	**(9.03)**

Description	**Issued & paid -up-capital**	**Legal reserve**	**Accumulated (losses)**	**Total**
2013	**EGP**	**EGP**	**EGP**	**EGP**
Balance on 1/4/2012	250,000	204,310	(9,316,651)	(8,862,341)
Net(losses)of the year	–	–	(1,423,694)	(1,423,694)
Balance on 31/3/2013	**250,000**	**204,310**	**(10,740,345)**	**(10,286,035)**

Description	**Issued & paid -up-capital**	**Legal reserve**	**Accumulated (losses)**	**Total**
2013	**Rs.Crore**	**Rs. Crore**	**Rs. Crore**	**Crore**
Balance on 1/4/2012	0.20	0.16	(7.44)	(7.07)
Net(losses)of the year	–	–	(1.14)	(1.14)
Balance on 31/3/2013	**0.20**	**0.16**	**(8.58)**	**(8.21)**

The accompanying notes from (1) to (16)form an integral part of these standalone financial statements and are to be read therewith

Note: The exchange rate use to convert EGP to Rs.8.592/(Previous year EGP to Rs.7.981)

STANDALONE CASH FLOW STATEMENT

	Note No.	31/3/2014 EGP	31/3/2013 EGP	31/3/2014 Rs. Crore	31/3/2013 Rs. Crore
Cash flows from operating activities					
Net (losses) of the year		(219,957)	(1,423,694)	(0.19)	(1.14)
Adjustments to reconcile net loss with cash flows in operating activities					
(Used) from provision		(5,164)	–	(0.01)	–
capital losses		25	–	0.01	–
Operating (losses) before change in working capital		**(225,096)**	**(1,423,694)**	**(0.19)**	**(1.14)**
change in due from relted parties		(6,604,554)	(6,928,622)	(5.67)	(5.53)
Change in debtors and other debit balances		(10,091)	–	(0.01)	–
change in due to related parties		6,844,186	8,355,694	5.88	6.67
Cash flows from operating activities		**4,445**	**3,378**	**0.01**	**0.01**
Net change in cash and cash equivalents during the year		**4,445**	**3,378**	**0.01**	**0.01**
cash at bank at the beginning of the year		5,580	2,202	0.01	0.01
cash at bank at the end of the year		**10,025**	**5,580**	**0.01**	**0.01**

The accompanying notes from (1) to (16)form an integral part of these standalone financial statements and are to be read therewith

Note: The exchange rate use to convert EGP to Rs.8.592/(Previous year EGP to Rs.7.981)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the financial year ended March 31, 2014

1. The company's background and its activities

MEL Consumer Care Company - An Egyptian Joint Stock Company – was established under the provisions of law No. 159 of 1981 and its executive regulation. The company was registered in the commercial register under No.20683 dated October 1st 2006.

The objective of the company

The company's main objective is to produce products related to consumer care and skin care at third party's factories, selling and distributing these products. The company may have an interest or participate in any manner with the companies and others who practice similar activities or may cooperate with the company to achieve its objectives in Egypt or abroad. The company may also merge into the aforementioned Entities, purchasing them or make them affiliated there to according to the provision of law and its executive regulations.

2. Significant accounting policies

2.1 Compliance with accounting standards

The financial statements are prepared in accordance with the Egyptian Accounting Standards, laws & current regulations.

2.2 Basis of preparation of financial statements

- The financial statement has been prepared in Egyptian pound. - The financial statement has been prepared according to historical cost and continuity presumption. - According to Egyptian Standard No. 17 specified for financial statements , item No. (26.10) ; the company is not required to prepare consolidate financial statement .

2.3 Changes in accounting principles

The accounting principles applied in the current year comply with those adopted in the previous year.

2.4 Translation of foreign currencies

- Foreign currency transactions are translated into Egyptian pounds using the fixed exchange rates amended monthly. Monetary assets and liabilities in foreign currencies are revaluated at the date of statements preparation at the exchange rates then prevailing. Foreign exchange gains and losses resulting from the settlement of such transactions and valuation differences are recognized in the income statement.

2.5 Fixed assets and its depreciation

Recognition measurement

Fixed assets are reported at historical cost minus accumulated depreciation and impairment losses.

These costs include when realized and at its recognition, the cost of the replaced part of buildings and land. When applying an overall test its cost is recognized in case of compliance with recognition conditions with the book value of the replacement of buildings and equipment. All fixing and other maintenance expenses are recognized in the income statement when realized.

Depreciation starts when the asset is in its place and ready for process by the way that is set by Management. Depreciation is calculated by straight-line method according to the estimated useful life of the asset as follows:

	Useful life Year
Furniture & office equipment	4
Computers	2

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the financial year ended March 31, 2014

2.6 Investment in subsidiaries

Subsidiary and affiliated companies are companies that are under the control of the Company. Such control is achieved when the company is in control of the financial and operation policies of that company for the purpose of obtaining the benefit result from its activities. When ascertaining the amount of future voting power and its affect on the control and domination, the company studies all the circumstances and facts that affect the future voting power. The investment in subsidiary and affiliated companies is recorded at the acquisition cost. In case that there is a reduction in the fair value below the book value, the book value is amended to reflect the reduced value and it is reflected in the income statement under impairment in the value of investments in subsidiary and affiliated companies. In case that there is an appreciation in the fair value, it will be added to the same item to the extent that it has been charged in the income statement for previous periods for each investment separately. The accounting for investments in subsidiary and affiliated companies is according to the cost method and the revenues generated from such investment is booked according to the amount collected by the company from the dividends of the company invested in which has been achieved after its acquisition. This is starting from the date of the resolution of the general assembly of the company invested in and that has approved such distribution.

2.7 Impairment in the value of non-financial assets

The book value of the Company's non-financial assets, other than inventory and deferred tax assets is reviewed at the date of each financial position to ascertain the amount of impairment. The Company carries out a regular review to ascertain if there has been impairment in the value of an asset and in case that there is an indication of such impairment; the resale value is compared to the book value. If the book value is above the resale value, then there is impairment in the value of the asset and the resale value is reduced and the loss is charged in the income statement. The amount of impairment may be returned in case that there is a change in the resale value to the extent that the amount was reduced in the past.

2.8 Impairment in the value of financial assets

On the date of each balance sheet, an objective estimate is carried out to ascertain if there is true indication that any of the assets have been impaired. Once there is a impairment in the value of an asset the loss is recorded only if there are objective proofs that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an effect that can be evaluated in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost impairment, the loss due to impairment of its value between the book value of such asset and the present value of the future cash flow that has been discounted by the original actual interest rate relating to this asset.

The book value of the financial asset is reduced directly except in case of clients' accounts that is reduced using provisions. Any amount that is not to be collected is to be written off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing off of the amount of impairment if such impairment has not been recognized. The amount of write off will be reflected in the income statement.

2.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the financial year ended March 31, 2014

2.10 Employees' benefits

- **Insurance and pension system**

  The Company participates in the governmental social insurance of the employees' benefits according to social insurance law no.79 for the year 1975 and its amendments, employees and the Company participate according to this law in the system by a fixed present of wages, the Company's obligations are limited in its value of participation, the Companies participations are charged in the income statement according to accrual basis.

- **Share of employees in profit**

  According to its constitution, the Company distributes part of the dividends to the employees as a share of profit according to the recommendations stipulated by the Board of Directors and approved by the General Assembly. The employee share of profit will be recognized as distribution of profit in shareholder's equity statement and as an obligation for the period that the Company's shareholders have approved such distribution.

2.11 Current and deferred income tax

The income tax of the year is calculated according to the current tax law on the date of the financial statement. Management annually evaluates the tax position and taking into consideration the differences that could arise from different justifications of management and organization, the suitable provision for it is set according to estimated settled amounts for the tax authority.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of their book value in the financial statement.

The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a business contribution that at the time of the transaction affects neither accounting nor taxable profits.

Deferred income tax is specified by using tax rate, according to the applied laws in the date of the financial statement, which is predicted to be equal when using the assets deferred tax or settling the liabilities deferred tax.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized that could form deferred tax differences.

2.12 Related parties transactions

All transactions with related parties are booked by the company in the same manner as any other normal transaction with other parties.

2.13 Expenses

All expense, including administrative and general expenses, are to be charged to the income statement in the financial period that such expenses were incurred.

2.14 Legal reserve

According to the Company's articles no.159 for the year 1981 , 5% of the net profits of the year is transferred to the legal reserve, according to the proposal of the Board of Directors, the setting aside of legal reserve could be stopped, when this reserve reaches 50% of the issued capital. The legal reserve should not be distributed on the shareholders

2.15 Cash flow statement

The cash flow statement prepared according to the indirect method.

2.16 Cash at bank

For the presentation of the cash flows, cash at bank are to be considered current accounts, cash on hand, and at banks balances, short term deposits and deposits with maturity of three months or less.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the financial year ended March 31, 2014

2.17 Comparative figures

The comparative figures shall be reclassified when necessary to be in conformity with the changes to presentation used in the current year.

2.18 Losses per share

Losses per share is calculated by the weighted average method according to the number of outstanding common stocks during the year after deducting the employees' share and benefits of the board of directors' from the profits.

3. Financial Instruments

Financial instruments are made up of any contractual agreement that gives the right in financial assets of the company and creates a financial obligation or shareholding to the other side of the contract.

3.1. Debtors and other debit balances

Receivables are recognized initially by fair value and subsequently measured at amortized value using the effective interest method, less any reduction in the value. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms with debtors.

In the case, there are significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than granted credit limits) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted by the lending price for the effective asset which used to determine the amortized cost. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables.

3.2. Creditors

Creditors are recognized initially by Actual value .

4. Financial Instruments & related Risk

Financial risks

Financial risks are represented in market risks that include (changes in foreign exchange rate, price risk and interest rate risk on cash flows and fair value) also, credit and liquidity risk. The company doesn't use any financial derivatives for hedging specific risks.

4.1 Credit risk

Credit risk arises in customers' and individuals' accounts represented in receivables account. For banks, the Company deals with banks according to high credit rating and banks with high credit worthiness in case of absence of the separate credit rate. For customers, management evaluates their credit worthiness with their cash position and historical dealings and other effects. Required provisions are formed to face adequacy risk of customers individually.

4.2 Foreign exchange rate risk

The Company is exposed to risk of changes in exchange rates as a result of various activities and mainly USD. Risk of changes in exchange rates is due to future commercial transactions, assets and liabilities in foreign currency on the date of the financial statement.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the financial year ended March 31, 2014

3/31/2014

First : decrease in exchang rate with 10%	Amount	Amount	Decrease in exchange rate	Effect on profit & loss
	USD	EGP	EGP	EGP
Liabilities				
Total current liabilities	(1,800,000)	(12,435,660)	(11,192,094)	1,243,566
Net change in exchange rate difference	**(1,800,000)**	**(12,435,660)**	**(11,192,094)**	**1,243,566**

Second: increase in exchang rate with 10%	Amount	Amount	Increase in exchange rate	Effect on profit & loss
	USD	EGP	EGP	EGP
Liabilities				
Total current liabilities	(1,800,000)	(12,345,660)	(13,580,226)	(1,234,566)
Net change in exchange rate difference	**(1,800,000)**	**(12,345,660)**	**(13,580,226)**	**(1,234,566)**

As stated in notes no. (2-4) foreign currency translation, assets and liabilities were revaluated at year end at the exchange rate declared as of the date of balance sheet.

4.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through and adequate amounts of available credit finance. Due to dynamic nature of the underlying business, the company's management aims to maintain flexibility in funding through associate company.

4.4 Interest rate risk

Interest rate risk appears in the change in interest rate that may affect the business output. This risk is not applicable as the Company does not depend on credit facilities from banks to finance working capital or long term assets.

4.5 Fair value estimation

The fair value of financial assets and liabilities with maturities of less than one year is assumed to be approximated carrying value. The fair value of financial liabilities-for disclosure purpose-is estimated by discounting the future cash flow at the current market interest rate that is available to the Company for similar financial instruments.

5. Significant accounting estimates and personal judgments

5.1 Significant accounting estimates and judgments

Estimates and assumptions are evaluated on basis of historical experience and other factors including expectations about future events that are believed to be reasonable under certain circumstances. The Company makes future estimates and assumptions, which may not be equal to the actual results. Estimates and assumptions that are used by the Company are shown as follows:

a. Income tax

The Company is subjected to corporate income tax. The Company estimates the income tax provision by using expert's advice. In case of any difference between any of the final and preliminary results, these differences will affect the income tax and deferred income tax provision in these periods.

b. Impairment of trade receivables

The evaluation in the value of receivables is made through debt aging. The Company management is studying the credit position and the ability of payments of the customers who their numerous debts are due during the credit limit grated for them and the impairment is recorded with the value of the due amounts on the customers who the Company management sees that their credit position do not allow them to pay their liabilities.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the financial year ended March 31, 2014

c. Useful lives of fixed assets

The estimated useful life is depending on estimation and personal judgment based on the experience of the Company with similar fixed assets taking into consideration the estimated usage of the asset and number of working shifts and technical limitations. Residual values and useful lives of assets are reviewed on periodic basis.

d. Write down in value of inventory

The company provides for slow moving and obsolete inventory based on the reports which are related to its condition and future utility.

5.2 Significant personal judgments in applying the Company's accounting policies

In general the application of the Company's accounting policies do not require from management the use of personal judgment which may have a major impact on the value recognized in the financial statement.

6. Losses per share

	2014 EGP	2013 EGP	2014 Rs. Crore	2013 Rs. Crore
Net (losses) of the year	(219,957)	(1,423,694)	(0.19)	(1.14)
No. of Shares	250	250	–	–
(Losses) per share (EGP/Share)	**(879.83)**	**(5,694.78)**	**(0.19)**	**(1.14)**

7. fixed assets (Net)

Description	Furniture & office equipment	Computers	Total	Furniture & office equipment	Computers	Total
2014	**EGP**	**EGP**	**EGP**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**
Cost as of 1/4/2013	390,388	435,063	825,451	0.35	0.39	0.73
Disposals during the year	(390,388)	(92,146)	(482,534)	(0.35)	(0.08)	(0.43)
Cost as of 31/3/2014	**–**	**342,917**	**342,917**	**–**	**0.31**	**0.31**
Acc. depreciation at 1/4/2013	**390,384**	**435,032**	**825,416**	**0.35**	**0.39**	**0.73**
Accumuleted depreciation disposals	(390,384)	(92,124)	(482,508)	(0.35)	(0.08)	(0.43)
Acc. depreciation as of 31/3/2014	**–**	**342,908**	**342,908**	**–**	**0.31**	**0.31**
Net fixed assets as of 31/3/2014	**–**	**9**	**9**	**–**	**–**	**–**

Description	Furniture & office equipment	Computers	Total	Furniture & office equipment	Computers	Total
2013	**EGP**	**EGP**	**EGP**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**
Cost as of 1/4/2012	390,388	435,063	825,451	0.35	0.39	0.73
Cost as of 31/3/2013	**390,388**	**435,063**	**825,451**	**0.35**	**0.39**	**0.73**
Acc. depreciation as of 1/4/2012	390,384	435,063	825,447	0.35	0.39	0.73
Acc. depreciation as of 31/3/2013	**390,384**	**435,063**	**825,447**	**0.35**	**0.39**	**0.73**
Net fixed assets as of 31/3/2013	**4**	**31**	**35**	**–**	**–**	**–**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the financial year ended March 31, 2014

8. Investments in subsidiaries

	2014 EGP	2013 EGP	2014 Rs. Crore	2013 Rs. Crore
Marico Egypt Industries Company (MEI)	1,506,718	1,506,718	1.29	1.20
MEL Consumer Care & its Partner Company (Wind)	1,609,640	1,609,640	1.38	1.28
	3,116,358	3,116,358	2.68	2.49

- The contribution percentage in Marico Egypt Industries Company(MEI) is 99%.
- The contribution percentage in MEL Consumer Care & its Partner Company (Wind) is 99%.

9. Due from related parties

	2014 EGP	2013 EGP	2014 Rs. Crore	2013 Rs. Crore
MEL Consumer Care & its Partner Company (Wind)	41,721,467	36,918,514	35.85	29.46
Egyptian American for investment and Industrial Development Co. (EAIIDC)	5,080,224	3,278,623	4.36	2.62
	46,801,691	**40,197,137**	**40.21**	**32.08**

10. Debtors and other debit balances

	2014 EGP	2013 EGP	2014 Rs. Crore	2013 Rs. Crore
General authority for social insurance	10,091	–	0.01	–
other debit balances	9,259	9,259	0.01	0.01
	19,350	**9,259**	**0.02**	**0.01**

11. Cash at banks

	2014 EGP	2013 EGP	2014 Rs. Crore	2013 Rs. Crore
Bank - Local currency	10,025	5,576	0.01	0.01
Bank - Foreign currency	–	4	–	–
	10,025	**5,580**	**0.01**	**0.01**

12. Due to related parties

	2014 EGP	2013 EGP	2014 Rs. Crore	2013 Rs. Crore
Marico Middle East Company (MME)	12,435,660	12,219,982	10.68	9.75
Marico Egypt for Industries Company (MEI)	47,779,732	41,151,225	41.05	32.84
	60,215,392	**53,371,207**	**51.74**	**42.60**

13. Issued and paid- up-capital

The authorized capital was determined by EGP 2,500,000 (Two million five hundred thousand Egyptian pounds) and the issued and paid-up- capital is 250,000 (two hundred fifty thousand Egyptian pounds) distributed into 250 shares (Two hundred fifty shares), the nominal value of each share is EGP 1000 (One thousand Egyptian pounds), distributed among shareholders as follows.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the financial year ended March 31, 2014

Name	Nationality	No. of share	Issued & paid up- capital EGP	Issued & paid up- capital Rs.
1- Harshraj Charandas Mariwala	Indian	1	1,000	8,592
2- Milind Shripad Sarwate	Indian	1	1,000	8,592
3- Vijay Subramaniam	Indian	1	1,000	8,592
4- Marico Middle East	Emirates	247	247,000	2,122,224
		250	250,000	2,148,000

14. Related parties' transactions

The Related parties' transactions as of March 31, 2014 represents as follows

Party name	**Nature of Relation**	**Nature of transaction**	**Size of transaction EGP**	**Size of transaction Rs.**
MEL Consumer Care & Partner Company (Wind)	Related party	Financing	4,802,953	4.13
Egyptian American Co. for investment and Industrial Development (EAIIDC)	Related party	Financing	1,801,601	1.55
Marico Middle East Company (MME) Related party	Related party	Financing	(215,677)	(0.19)
Marico Egypt for Industries Company (MEI)	Related party	Financing	(6,628,506)	(5.70)

15. Tax status

a. corporate tax

- The company wasn't examined till now.
- The company submits its tax return on the legal date.

b. Salaries & wages tax

- The company was examined from the beginning of activity till March 31, 2008.
- The company pays salaries & wages tax regularly.

c. Stamp duty

- The company was examined from the beginning of activity till December 31, 2013.
- The company pays stamp duty according to taxes system.

d. withholding tax

- The company pays withholding tax regularly.
- The company didn't examine till now.

e. sales tax

- The company was examined from beginning of activity till August 31, 2013.
- The company submits the sales tax reports regularly.

16. Continuity

Losses of the year amounted as 219,957 EGP the acetated losses of standalone balance sheet with amount of 10,960,302 EGP exceeded the half of paid up capital. This condition indicates the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. In accordance with the article No. (159) Of 1981, of company's law. In case of exceeding the accumulated losses more than half of the paid up capital the general manager should invite to an Extraordinary General Assembly Meeting of Shareholders to decide on continuity of the Company.

Board of Directors	Rohit Jaiswal (Apppointed w.e.f September 24, 2013) Baiju Mohan (Apppointed w.e.f June 10, 2014) Padmanabh Maydeo Ashutosh Telang (Apppointed w.e.f September 24, 2013) Shridhar Balakrishanan (Apppointed w.e.f September 24, 2013) Debashish Neogi (Resigned w.e.f September 22, 2013) Vijay Subramanian (Resigned w.e.f September 19, 2013)
Registered Office	11B Hegaz Sq. Mohandeseen, Gisa , Egypt
Auditors	Moore Stephens
Bankers	HSBC Bank Egypt S.A.E QNB-Alahli Crédit Agricole Egypt Arab Bank Egypt
Legal Advisors	Yasser Maharem Office for Accounting and Auidting Nassef Law Firm

INDEPENDENT AUDITOR'S REPORT

To,

The shareholders of Egyptian American Co. For Investment and Industrial Development SAE

Report on the financial statements

We have audited the accompanying financial statements of Egyptian American Co. For Investment and Industrial Development SAE as of December 31, 2013 which comprise the balance sheet as of

December 31, 2013 and statements of income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These financial statements are the responsibility of the company's management. The management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards and in the light of the Egyptian laws. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable to the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and the relevant laws and regulations. Those standards require planning and audit performance to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of Egyptian American Co. For Investment and Industrial Development SAE as of December 31, 2013 and of its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the relevant laws and regulations.

Emphasis of matter

Without additional qualification to our opinion, we draw attention to Note (20) in the notes to the financial statements which states that, the accumulated losses amounts to LE18,809,142 which exceed the issued capital by the company, which raise a going concern issue about the ability of the company to carry out it's activities in the future according to companies law, the management is required to hold on Extraordinary General Assembly to consider the continuity of the company.

Report on other legal and regulatory requirements

The company keeps proper accounting records, include all that is required by law to be recorded therein and the accompanying financial statements are agreement therewith, the company applies a sufficient costing system. Inventory count and valuation was made by the company's management and in accordance with the proper process.

The financial information included in the board of directors' report in compliance with companies law No. 159 year 1981 and its executive regulation and it's agreed with the accounting record of the company to the extent that such information is recorded therein.

Sherin Noureldin
R.A.A. 6809
Moore Stephns Egypt
Cairo 12/02/2014

BALANCE SHEET

	Note No	As at December 31, 2013 EGP	2012 EGP	2013 Rs.Crore	2012 Rs.Crore
Assets					
Long-term assets					
Fixed assets (net)	6	1,315,865	1,579,086	1.17	1.37
Projects under construction	7	87,903	33,701	0.08	0.03
Total long-term assets		**1,403,768**	**1,612,787**	**1.25**	**1.40**
Current assets					
Inventory (net)	8	5,259,549	4,057,968	4.68	3.51
Receivables	9	7,048,816	2,618,295	6.27	2.26
Debtors and other debit balances	10	195,560	140,201	0.17	0.12
Cash at banks and equivalent	11	2,708,920	2,172,258	2.41	1.88
Total current assets		**15,212,845**	**8,988,722**	**13.53**	**7.77**
Current liabilities					
Banks overdraft		216,862	168,294	0.19	0.15
Due to related parties	12	16,884,620	14,993,775	15.02	12.96
Suppliers and notes payables	13	7,877,715	3,434,388	7.01	2.97
Creditors and other credit balances	14	3,003,722	1,406,488	2.67	1.22
Total current liabilities		**27,982,919**	**20,002,945**	**24.89**	**17.30**
Decrease in working capital		**(12,770,074)**	**(11,014,223)**	**(11.36)**	**(9.53)**
Total Investment		**(11,366,306)**	**(9,401,436)**	**(10.11)**	**(8.13)**
To be financed as follows					
Shareholders' Equity					
Issued and paid-in-capital	15	6,892,000	6,892,000	6.13	5.96
Legal reserve		465,242	374,360	0.41	0.32
Other reserves		493	493	0.01	0.01
Accumulated losses		(18,809,142)	(16,753,390)	(16.73)	(14.48)
Total Shareholders' Equity		**(11,451,407)**	**(9,486,537)**	**(10.19)**	**(8.20)**
Long-term liabilities					
Deferred tax liabilities	16	85,101	85,101	0.08	0.07
Total Shareholders' Equity and long-term liabilities		**(11,366,306)**	**(9,401,436)**	**(10.11)**	**(8.13)**

- The accompanying notes from (1) to (21) form an integral part of these financial statements and are to be read therewith.
- Auditor’s report attached.

Chairman

Financial Manager

Note: The exchange rate use to convert EGP to Rs.8.896/(Previous year EGP to Rs.8.646)

INCOME STATEMENT

	Note No	Year ended December 31, 2013 EGP	2012 EGP	2013 Rs.Crore	2012 Rs. Crore
Sales (net)	4	27,269,806	23,467,308	24.26	20.29
Less					
Cost of sales		20,633,101	18,589,494	18.36	16.07
Gross profit		**6,636,705**	**4,877,814**	**5.90**	**4.22**
Less					
Selling and distribution expenses		6,810,190	1,493,139	6.06	1.29
General and administrative expenses		793,505	791,333	0.71	0.68
Depreciation of fixed assets	6	202,238	283,649	0.18	0.25
Royalty		138,703	119,174	0.12	0.10
		7,944,636	**2,687,295**	**7.07**	**2.32**
Operating (loss) income		**(1,307,931)**	**2,190,519**	**(1.17)**	**1.90**
Add / (Less)					
Capital gains		49,811	150,659	0.04	0.13
(Losses) from currency revaluation differences		(1,044,787)	(676,243)	(0.93)	(0.58)
Revenues from exports subsidies		90,685	24,981	0.08	0.02
Other sales		173,777	127,732	0.15	0.11
Provisions no longer required		73,575	–	0.07	0.00
Total		**(656,939)**	**(372,871)**	**(0.59)**	**(0.32)**
Net (losses) profit for the year		**(1,964,870)**	**1,817,648**	**(1.76)**	**1.58**
Earnings (losses) per share (EGP/Share)	5	**(28.51)**	**26.37**	**(253.62)**	**228.00**

The accompanying notes from (1) to (20) form an integral part of these financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to Rs.8.896/(Previous year EGP to Rs.8.646)

STATEMENT OF CHANGES IN EQUITY

	year ended December 31, 2013				
Description	**Issued & paid capital**	**Legal reserve**	**Other reserves**	**Profit (losses) retained**	**Total**
	EGP	**EGP**	**EGP**	**EGP**	**EGP**
Balance as of Jan 1.2013	6,892,000	374,360	493	(16,753,390)	(9,486,537)
Net (losses) of the year	–	–	–	(1,964,870)	(1,964,870)
Transferred to legal reserve	–	90,882	–	(90,882)	–
Balance as of December 31.2013	**6,892,000**	**465,242**	**493**	**(18,809,142)**	**(11,451,407)**
Balance as of Jan 1.2012	6,892,000	374,360	493	(18,571,038)	(11,304,185)
Net profit of the year	–	–	–	1,817,648	1,817,648
Balance as of December 31.2012	**6,892,000**	**374,360**	**493**	**(16,753,390)**	**(9,486,537)**

Description	**Issued & paid capital**	**Legal reserve**	**Other reserves**	**Net profit (losses) for the year**	**Total**
	Rs. Crore	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**
Balance as of Jan 1.2013	6.13	0.33	–	(14.90)	(8.44)
Net (losses) of the year	–	–	–	(1.76)	(1.76)
Transferred to legal reserve	–	0.08	–	(0.08)	–
Balance as of December 31.2013	**6.13**	**0.41**	**–**	**(16.74)**	**(10.20)**
Balance as of Jan 1.2012	5.96	0.32	–	(16.06)	(9.77)
Net profit of the year	–	–	–	1.58	1.58
Balance as of December 31.2012	**5.96**	**0.32**	**–**	**(14.47)**	**(8.19)**

- The accompanying notes from (1) to (20) form an integral part of these financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to Rs.8.896/(Previous year EGP to Rs.8.646)

STATEMENT OF CASH FLOWS

	Note No.	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Cash flows from operating activities					
Net (losses) profit of the year		(1,964,870)	1,817,648	(1.75)	1.57
Adjustments to reconcile net (losses) profit with Cash flows from operating activities					
Depreciation of fixed assets	6	341,565	428,345	0.30	0.37
Adjustments of fixed assets		40	–	–	–
Capital gains		(49,811)	(150,659)	(0.04)	(0.13)
Impairment in the value of inventory		986,213	500,000	0.88	0.43
Net profit (losses) before changing in working capital		**(686,863)**	**2,595,334**	**(0.61)**	**2.24**
Change in working capital					
Change in inventory		(2,187,795)	(1,117,384)	(1.95)	(0.97)
Change in receivable		(4,430,521)	3,091,966	(3.94)	2.67
Change in debtors and other debit balances		(55,359)	31,211	(0.05)	0.03
Change in due to related parties		1,890,845	(488,553)	1.68	(0.42)
Change in payables and notes payables		4,443,328	(3,120,973)	3.95	(2.70)
Change in creditors and other credit balances		1,597,234	(367,290)	1.42	(0.32)
Net cash flows provided from (used in) operating activities		**1,257,732**	**(1,971,023)**	**1.12**	**(1.70)**
Cash flows from investment activities					
(Payments) for purchase fixed assets		(81,400)	(43,175)	(0.07)	(0.04)
Received from sale fixed assets		52,827	209,813	0.05	0.18
(Payments)for projects under construction		(54,202)	–	(0.05)	–
Net cash flows (used in) provided from investment activities		**(82,775)**	**166,638**	**(0.07)**	**0.14**
Cash flows from financing activity					
Received from (payment) bank overdraft		48,568	(490,967)	0.04	(0.42)
Net cash flows provided from (used in) finance		**48,568**	**(490,967)**	**0.04**	**(0.42)**
Net change in cash flows during the year		**536,662**	**299,982**	**0.48**	**0.26**
Cash and cash equivalents at the beginning of the year		2,172,258	1,872,276	1.93	1.62
Cash and cash equivalents at the end of the year	**11**	**2,708,920**	**2,172,258**	**2.41**	**1.88**

The accompanying notes from (1) to (20) form an integral part of these financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to Rs.8.896/(Previous year EGP to Rs.8.646)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

1. The company's background and its activities:

Egyptian American Co. for Investment and Industrial Development" Redico-An Egyptian Joint Stock Company – was established under the provisions of law No. 159 of 1981 and its executive regulation. The company was registered in the commercial register under no.117830, dated 14/12/1997.

According to decision of the Extraordinary General Assembly Meeting held on 16/12/2006 and the resolution issued by Chairman of General Authority For Investments & Free Zone (GAFI) No.235/2 for the year 2007 concerning the division licensing of the Egyptian American Co. for Investment and Industrial Development –Redico- in order to be divided into two companies (split company and split off company) and according to what will be mentioned below , the recent name of the company is, the Egyptian American Co. for Investment and Industrial Development.

The aforementioned amendment concerning the name of the company was registered in the commercial register on 15/3/2007.

The objective of the company:

1. Manufacturing cosmetics, perfumes and essential oils – Ready Rose – Five Flowers–Top Girl and the new lines of production that can develop in the field of manufacturing cosmetics.
2. Importing equipment, machines, tools and raw materials required in order to execute the objectives of the company.
3. Import, export and commercial agencies.

All the above mentioned objectives are carried out in conformity with the provisions, regulations and the applicable decrees provided that all licenses required practicing such activities are issued.

The company may have an interest to participate in any manner with the companies and others who proactive similar activities or may cooperate with the company to achieve its objectives in Egypt or abroad. The company may also merge into the previously mentioned entities, purchasing them or to make them affiliated there to according to the provision of law and its regulations.

According to General Authority For Investment & Free Zone (GAFI) chairman's decision No.235/2 for the year 2007 regarding the license to divide Egyptian American Co. for Investment and Industrial Development (Redico), referred there to as the split company , into two joint stock companies according to the below – mentioned data, and based upon the decision of the Extraordinary General Assembly Meeting , held on 16/12/2006.It was approved to amend the objective of the company to be as follows :

4. Manufacturing cosmetics, perfumes and essential oils.
5. Importing equipment, machines, tools and raw materials required to execute the objectives of the company.
6. Import, export and commercial agencies.

2. Significant accounting policies

2.1 Upholding accounting standards and legal principles

The accompanying financial statements have been prepared in accordance with the Egyptian accounting standards and the related Egyptian laws and regulations in the light of the international financial reporting standards to process cases weren't stated in the Egyptian standards.

2.2 Basis preparation of the financial statements

-The financial statements have been prepared at Egyptian pound.

-The financial statements have been prepared according to historical cost and continuity presumption.

2.3 Change in accounting principles

The accounting principles comply with those adopted in the previous year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

2.4 Foreign currencies translation

The company maintains its books in Egyptian pound. All transactions denominated in foreign currencies were translated into Egyptian pound at the rate determined on the transaction date, on the balance sheet, the monetary current assets and liabilities are revaluated accordance the rates announced on that date and the differences are charged to income statement.

2.5 Fixed assets (net)

Recognition and preliminary measurement

Buildings, constructions, infrastructures, machines and equipments are booked at historical cost less the accumulated depreciation and any impairment in value.

The cost includes all direct cost for acquisition the asset also cost of its disposal and re-arranging the site where assets were present.

The Depreciation

Fixed assets are shown in the balance sheet at historical cost, are depreciated using straight line method and according to estimated useful life of each asset in accordance with the following rates:

	Estimated useful life / year
Buildings & constructions	20
Furniture & office	4
Vehicles	4
Machinery	4
Tools & equipment	4
Computers	2

2.6 Inventory (net)

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary operating cases less all variable selling expenses. Provision is made up when cost is less than the realizable value.

2.7 Projects in progress

Projects under progress are stated at cost, and include all direct expenses required to prepare the asset to be in a state of operation and for the purpose for which it was acquired. Projects under progress are recorded as fixed assets once it is finished and it is available for the purpose it was acquired for. Projects under progress are valued at the date of the balance sheet according to its cost and deducting the impairment in its value if any.

2.8 Impairment in the value of non-financial assets

The book value of the Company’s non-financial assets, other than inventory and deferred tax assets is reviewed at the date of each financial position to ascertain the amount of impairment. The Company carries out a regular review to ascertain if there has been impairment in the value of an asset and in case that there is an indication of such impairment, the resale value is compared to the book value. If the book value is above the resale value, then there is impairment in the value of the asset and the resale value is reduced and the loss is charged in the income statement. The amount of impairment may be returned in case that there is a change in the resale value to the extent that the amount was reduced in the past.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

2.9 Impairment in the value of financial assets

On the anniversary of each balance sheet, an objective estimate is carried out to ascertain if there is true indication that any of the assets have been impaired. Once there is a impairment in the value of an asset the loss is recorded only if there are objective proofs that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an affect that can be evaluated in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost, the impairment losses are represented in the difference between the book value of such asset and the present value of the future cash flow that has been discounted by the original actual interest rate relating to this asset.

The book value of the financial asset is reduced directly except in case of clients accounts that is reduced using provisions. Any amount that is not to be collected is to be written-off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing-off of the amount of impairment if such impairment has not been recognized. The amount of write-off will be reflected in the income statement.

2.10 Revenue recognition

Revenue is recognized once the service has been carried out and invoice has been issued according to the accrual principle.

Regarding the revenues from dividends due on financial notes and investments in subsidiary companies, this income is recognized once the general assembly has approved the distribution to its investors.

2.11 Provisions

A provision is recognized once the company has a current legal or actual obligation due to a previous incident which is likely to require the use of economic sources to settle such obligation while preparing a valuation of the value of the obligation. The provisions are to be reviewed on the anniversary of the balance sheet and amended to reflect the most accurate present valuation and in case that the present value of cash is of essence, then the amount recognized as provision is the present value of the expected expenses to settle the obligation.

2.12 Employees' benefits

1 Social insurance & pension scheme :

The company contributes to the government social insurance system on behalf of the employees according to the social insurance law No. 79 year 1975 and its amendments. The employees and the company contribute according to this law with a fixed percentage of their salary and the company's obligation is limited to its contribution. The company's contribution is reflected in the income statement according to the accrual principle.

2 Employee profit share

According to its constitution, the company distributes part of the dividends to the employees as per according to the recommendations stipulated by the Board of Directors and approved by the General Assembly. The employee share of profit will be recognized as distribution of profit in shareholders' equity statement and as an obligation for the period that the company's shareholders approved such distribution.

2.13 Related parties transactions

All transactions with related parties are booked by the company in the same manner as any other normal transaction with other parties.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

2.14 Accounting estimates

According to the Egyptian accounting standards the preparation of the financial statement requires the management to make some approximations and predictions that affect the value of assets, obligations, revenues and expenses during the financial year. The actual amounts could be quite different from these predictions.

2.15 Expenses

All expense, including administrative and general expenses, are to be reflected in the income statement for the financial period that such expenses were incurred according to accrual bases.

2.16 Legal reserve

According to law No. 159 year 1981, its executive directives and the constitution of the company , there should be legal reserve of no less than 5% of the profit of the company and such reserve should not be increased once this reserve amount reaches 50% of the company's issued capital .

2.17 Cash flows statement

The cash flow statement will be prepared according to the indirect method.

2.18 Cash and cash equivalents

For the purpose of the cash flows statement, cash and cash equivalents are to be considered cash on hand and at banks, short term fixed deposits, cheques under collection and letters of guarantee cover, if any.

2.19 Comparative Figures

Comparative figures are reclassified whenever it is necessary to amend the presentation used during the current period

2.20 Deferred income tax

Income tax is recognized by using liabilities method on the temporary difference between the recognized value for the asset or liability for tax purpose (tax base) and its value which shown in the balance sheet (accounting base) and that by using the applicable tax rate.

Deferred income tax is recognized as asset when there is a strong possibility of using this asset to reduce the future tax profits, and the asset is reduced by the part which will not achieve future benefit.

Deferred tax is included as revenue or expense to the income statement, except for the tax that result from transaction, event in the same or other period which is directly included to the equity .

2.21 Earnings per share (losses)

Earnings (losses) per share is calculated by the weighted average method according to the number of common shares during the year after deducting the employees share and the board of directors' allowance from the profits.

3. Financial Instruments

Financial instruments are made up of any contractual agreement that gives the right to financial assets of the company and creates a financial or shareholding obligation to the other side of the contact.

3.1. Receivables and debtors :-

Receivables and debtors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments (more than granted credit limits) are considered as indicators that the

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables.

3.2. Payables and notes payables

Payables and notes payables are recognized initially at the value of goods or services received from others, and subsequently measured at amortized cost using the effective interest rate.

4 Sales (net)

This item is made up as follows:

	year ended December 31,			
	2013	**2012**	**2013**	**2012**
	EGP	**EGP**	**Rs.Crore**	**Rs.Crore**
Activity revenues	50,448,558	41,590,979	44.88	35.96
Less :				
Trade discount	(23,178,752)	(18,123,671)	20.62	15.67
	27,269,806	**23,467,308**	**24.26**	**20.29**

5 Earning (losses) per share

Earning (losses) per share are determined as follows:

	year ended December 31,			
	2013	**2012**	**2013**	**2012**
	EGP	**EGP**	**Rs.Crore**	**Rs.Crore**
Net profits (losses) of the year	(1,964,870)	1,817,648	1.75	1.57
Number of shares	68,920	68,920	68,920.00	68,920.00
Earning (losses) per share (EGP /share)	**(28.51)**	**(26.37)**	**253.62**	**228.02**

6 Fixed assets (net):–

Description	Land	Building	Machines	Tools & equipment	Computers	Furniture & office equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost as at 1/1/2013	**52,400**	**2,303,830**	**3,315,342**	**155,507**	**156,356**	**617,920**	**406,815**	**7,008,170**
Additions during the year	–	–	81,400	–	–	–	–	81,400
Disposals during the year	–	–	(3,080)	–	–	(1,698)	(62,831)	(67,609)
Adjustments during the year	–	–	(247)	–	8	(72)	–	(311)
Cost at 31/12/2013	**52,400**	**2,303,830**	**3,393,415**	**155,507**	**156,364**	**616,150**	**343,984**	**7,021,650**
Acc. Depreciation on 1/1/2013	–	1,280,545	3,243,072	93,461	145,395	367,519	299,092	5,429,084
Depreciation of the year	–	54,076	65,813	19,438	9,279	146,247	46,712	341,565
Acc. Depreciation of disposals	–		(2,637)	–	–	(1,008)	(60,214)	(63,859)
Adjustments on Acc. Depreciation	–	161	4,965	–	–	(5,493)		(367)
Acc. Depreciation as at 31/12/2013	**–**	**1,334,782**	**3,311,213**	**112,899**	**154,674**	**507,265**	**285,590**	**5,706,423**
Net cost of assets as at 31/12/2013	**52,400**	**969,048**	**82,202**	**42,608**	**1,690**	**108,885**	**58,394**	**1,315,227**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

Description	Land	Building	Machines	Tools & equipment	Computers	Furniture & office equipment	Vehicles	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Cost as at 1/1/2013	0.05	2.05	2.95	0.14	0.14	0.55	0.36	6.23
Additions during the year	–	–	0.07	–	–	–	–	0.07
Disposals during the year	–	–	(0.00)	–	–	(0.00)	(0.06)	(0.06)
Adjustments during the year	–	–	(0.00)	–	0.00	(0.00)	–	(0.00)
Cost at 31/12/2013	**0.05**	**2.05**	**3.02**	**0.14**	**0.14**	**0.55**	**0.31**	**6.25**
Acc. Depreciation on 1/1/2013	–	1.14	2.89	0.08	0.13	0.33	0.27	4.83
Depreciation of the year	–	0.05	0.06	0.02	0.01	0.13	0.04	0.30
Acc. Depreciation of disposals	–	–	(0.00)	–	–	(0.00)	(0.05)	(0.06)
Adjustments on Acc. Depreciation	–	0.00	0.00	–	–	(0.00)	–	(0.00)
Acc. Depreciation as at 31/12/2013	**–**	**1.19**	**2.95**	**0.10**	**0.14**	**0.45**	**0.25**	**5.08**
Net cost of assets as at 31/12/2013	**0.05**	**0.86**	**0.07**	**0.04**	**0.00**	**0.10**	**0.05**	**1.17**

Description	Land	Building	Machines	Tools & equipment	Computers	Furniture & office equipment	Vehicles	Total
	EGP	**EGP**	**EGP**	EGP	**EGP**	EGP	**EGP**	**EGP**
Cost as at 1/1/2012	52,400	2,303,830	3,302,421	162,707	156,606	617,920	815,055	7,410,939
Additions during the year	–	–	39,925	–	3,250	–	–	43,175
Disposals during the year	–	–	(27,004)	(7,200)	(3,500)	–	(408,240)	(445,944)
Cost at 31/12/2012	**52,400**	**2,303,830**	**3,315,342**	**155,507**	**156,356**	**617,920**	**406,815**	**7,008,170**
Acc. Depreciation on 1/1/2012	–	1,224,843	3,189,206	65,533	101,176	218,268	588,503	5,387,529
Depreciation of the year	–	55,702	53,866	35,128	47,711	149,251	86,687	428,345
Acc. Depreciation of disposals	–	–	–	(7,200)	(3,492)	–	(376,098)	(386,790)
Acc. Depreciation as at 31/12/2012	**–**	**1,280,545**	**3,243,072**	**93,461**	**145,395**	**367,519**	**299,092**	**5,429,084**
Net cost of assets as at 31/12/2012	**52,400**	**1,023,285**	**72,270**	**62,046**	**10,961**	**250,401**	**107,723**	**1,579,086**

Description	Land	Building	Machines	Tools & equipment	Computers	Furniture & office equipment	Vehicles	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Cost as at 1/1/2013	0.05	2.05	2.95	0.14	0.14	0.55	0.36	6.23
Additions during the year	–	–	0.03	–	0.00	–	–	0.04
Disposals during the year	–	–	(0.02)	(0.01)	(0.00)	–	(0.35)	(0.39)
Cost at 31/12/2012	**0.05**	**1.99**	**2.87**	**0.13**	**0.14**	**0.53**	**0.35**	**6.06**
Acc. Depreciation on 1/1/2012	–	1.06	2.76	0.06	0.09	0.19	0.51	4.66
Depreciation of the year	–	0.05	0.05	0.03	0.04	0.13	0.07	0.37
Acc. Depreciation of disposals	–	–	–	(0.01)	(0.00)	–	(0.33)	(0.33)
Acc. Depreciation as at 31/12/2012	**–**	**1.11**	**2.80**	**0.08**	**0.13**	**0.32**	**0.26**	**4.69**
Net cost of assets as at 31/12/2012	**0.05**	**0.88**	**0.06**	**0.05**	**0.01**	**0.22**	**0.09**	**1.37**

- There are no mortgages or restrictions on ownership of assets.
- There are no fixed assets unused or not working temporarily.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

The depreciation charged as follows:-

Description	Depreciation of the year	Charged to cost of sales	Charged to income statement	Depreciation of the year	Charged to cost of sales	Charged to income statement
	EGP	EGP	EGP	Rs. Crore	Rs. Crore	Rs. Crore
Building and constructions	54,076	54,076	–	0.05	0.05	–
Furniture & office equipment	146,247	–	146,247	0.13	–	0.13
Vehicles	46,712	–	46,712	0.04	–	0.04
Machinery	65,813	65,813	–	0.06	0.06	–
Tools & equipment	19,438	19,438	–	0.02	0.02	–
Computers	9,279	–	9,279	0.01	–	0.01
Total	**341,565**	**139,327**	**202,238**	**0.30**	**0.12**	**0.18**

7 **Projects under construction :-**

	year ended December 31,			
	2013	2012	2013	2012
	EGP	EGP	Rs. Crore	Rs. Crore
Moulds	54,202	–	0.05	0.00
Tools & equipments	33,701	33,701	0.03	0.03
	87,903	**33,701**	**0.08**	**0.03**

8 **Inventory (Net):-**

	year ended December 31,			
	2013	2012	2013	2012
	EGP	EGP	Rs. Crore	Rs. Crore
Packing & packaging materials	2,874,631	2,118,186	2.56	1.83
Raw materials	2,424,898	1,654,940	2.16	1.43
Finished production	1,384,458	729,985	1.23	0.63
Documentary credit	15,405	–	0.01	0.00
Work in process production	46,370	54,857	0.04	0.05
	6,745,762	**4,557,968**	**6.00**	**3.94**
Less				
Impairment in the value of inventory	(1,486,213)	(500,000)	1.32	0.43
	5,259,549	**4,057,968**	**4.68**	**3.51**

9 **Receivables:-**

	year ended December 31,			
	2013	2012	2013	2012
	EGP	EGP	Rs. Crore	Rs. Crore
Local receivables	6,914,069	2,618,295	6.15	2.26
Foreign receivables	134,747	–	0.12	0.00
	7,048,816	**2,618,295**	**6.27**	**2.26**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

10 Debtors and other debit balances:

Debtors and other debit balances represent as of December 31, 2013 amounted to EGP 140, 201 as follows:

	year ended December 31,			
	2013	2012	2013	2012
	EGP	EGP	Rs.Crore	Rs.Crore
Suppliers –advanced payments	85,417	120,013	0.08	0.10
Prepaid expenses	3,835	7,446	0.00	0.01
Social insurance	22,099	–	0.02	–
Withholding tax	83,512	–	0.07	–
Deposits with others	650	–	0.00	–
Other debit accounts	47	12,742	0.00	0.01
	195,560	**140,201**	**0.17**	**0.12**

11 Cash at banks and equivalent:-

	year ended December 31,			
	2013	2012	2013	2012
	EGP	EGP	Rs.Crore	Rs.Crore
Cheques under collection (less than 3 months	1,982,494	2,127,270	1.76	1.84
Banks – local currency	12,593	44,897	0.01	0.04
Banks – foreign currency	713,833	91	0.64	0.00
	2,708,920	**2,172,258**	**2.41**	**1.88**

12 Due to related parties:–

	year ended December 31,			
	2013	2012	2013	2012
	EGP	EGP	Rs.Crore	Rs.Crore
Marico Middle East Company	13,552,500	12,440,543	12.06	10.76
MEL Consumer Care Company	3,291,324	2,522,495	2.93	2.18
Marico limited Company– India	40,796	30,737	0.04	0.03
	16,884,620	**14,993,775**	**15.02**	**12.96**

13 Suppliers and notes payable:-

Suppliers	6,087,421	1,433,367	5.42	1.24
Notes payables	1,790,294	2,001,021	1.59	1.73
	7,877,715	**3,434,388**	**7.01**	**2.97**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

14 Creditors and other credit balances:-

	12/31/2013 EGP	12/31/2012 EGP	12/31/2013 Rs.Crore	12/31/2012 Rs.Crore
Accrued expenses	574,389	635,067	0.51	0.55
Sales tax	1,503,429	588,533	1.34	0.51
Stamp tax	661,613	103,797	0.59	0.09
Withholding tax	112,822	29,937	0.10	0.03
Withholding tax royalty	21,761		0.02	–
Social insurance authority	–	12,730	–	0.01
Salaries & wages tax	–	12,308	–	0.01
Clients– advanced payments	79,362		0.07	–
Other credit balances	50,346	24,116	0.04	0.02
	3,003,722	**1,406,488**	**2.67**	**1.22**

15 Issued and paid-in-capital:-

Authorized capital :-

The company's authorized capital amounted to EGP 25 million (twenty five million Egyptian pound) distributed over 250000 share, the nominal value of each share is EGP 100 (one hundred Egyptian pound).

A – Issued and paid capital :-

The issued capital was determined by EGP 6,892,000 (six million and eight hundred ninety two thousand Egyptian pound) distributed over 68,920 share (sixty eight thousand and nine hundred twenty share) , the per value of each share is EGP 100 (one hundred Egyptian pound) and all of which are nominal cash shares which is fully paid, according to general authority for investment and free zones decision No. 235/2 for year 2007 the company issued capital is determined by EGP 6,892,000 after excluding an amount of EGP 493 and being carried forward to the reserves.

The shareholder Mr/ Brajesh Bajpai sold all his shares which represented in 50 shares of par value of share EGP 100 to Mr/ Aditya Kumar and this is in accordance to the certificate of ownership transfer which issued by the Egyptian stock exchange session on January 4, 2010.

The shareholder Mr/ Aditya Kumar sold all of his share to Mr. Sumatra Baht which represent 50 shares of a par of value of 100 EGP per share in accordance to the certificate of ownership transfer issued by the stock exchange in the session on the 22 of March, 2012.

- The Issued and paid capital is distributed as follows:

Name	Nationality	No. of share	Value of each share EGP	Amount EGP	Amount Rs.Crore
Mr. Harshari Charandas mariwala	Indian	320	100	32,000	0.03
Mr. Milined shripad sarwate	Indian	320	100	32,000	0.03
Mr. Sumatra Baht	Indian	50	100	5,000	–
Marico Middle East	Emirates	68,230	100	6,823,000	6.07
		68,920		**6,892,000**	**0.22**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

16 Deferred tax liabilities:

This item is made up as follows:

	year ended December 31,			
	Liabilities 12/31/2013 EGP	Liabilities 12/31/2012 EGP	Liabilities 12/31/2013 Rs.Crore	Liabilities 12/31/2012 Rs.Crore
Fixed assets	85,101	85,101	0.08	0.07
	85,101	**85,101**	**0.08**	**0.07**

17 Related parties transactions:-

This item is made up as follows:

Name of company	Type of relationship	Nature of dealing	Transaction volume per year EGP	Size of transaction Rs. Crore
Marico Limited India	Related party	Royalty expense	138,703	0.12
Marico Limited India	Related party	finance	10,059	0.01
Marico Limited India	Related party	Sales	315,001	0.28
Marico Middle East	Related party	finance	(1,111,957)	(0.99)
MEL Consumer Care	Related party	finance	(768,829)	(0.68)

18 Tax status:-

A. Corporate tax

- The company has tax exemption according to article No. (16) of law No. (8) for year 1997 and up to December 31,2012.
- The company was not examined from the beginning of its activity till now.

B. Salaries & wages tax

- The company was examined from the beginning of its activity till year December 31,2010 and the difference have been settled.
- The company was examined for the period from January 1, 2011 to December 31, 2011 and the company submitted an appeal for liability stated by the tax committee and the appeal is in process.
- Currently the company is being examined for year 2012.

C. Stamp duty tax:

The company was examined from the beginning of the activity till December 31, 2012 and all difference have been settled.

D. Sales tax:

The company was examined from the beginning of the activity till December 31, 2012 and all the difference have been settled.

E. Withholding tax:

The company was examined from the beginning of the activity till December 31, 2010.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31, 2013

19. Financial Instruments & Risk Management

19.1. Fair value of financial instruments

The company's financial instruments are represented in cash on hand & at bank, clients and creditors. The fair value of the financial instruments does not materially differ from its book value at year end.

19.2. Credit risk:

Credit risk is represented in the disability of the clients to pay their duties, this risk is considered a limited risk as the company distributes this risk among a number of private sector clients which has strong & stable financial position. The company is preparing a provision for bad debts to face the client's disability to pay their debts.

19.3. Exchange rate risk:

Foreign currency translation consists of the change in foreign currencies which affect payments and proceeds in foreign currencies and also evaluation of assets & liabilities in foreign currencies. Here is the net value of foreign currencies balances in the date of the balance sheet:

Name	Amounts US$	Amounts EUR	Amounts EGP	Increase in exchange rate	Effect on profit & loss
Assets					
Total current assets	125,850		875,680	788,112	(87,568)
Liabilities					
Total current liabilities	(1,972,260)	(4,287)	(13,748,047)	(12,373,242)	1,374,805
Net change in exchange rate difference	**(1,846,410)**	**(4,287)**	**(12,872,367)**	**(11,585,130)**	**1,287,237**

Second : increase rates of exchang rate 10%

Name	Amounts US$	Amounts EUR	Amounts EGP	Increase in exchange rate	Effect on profit & loss
Assets					
Total current assets	125,850		875,680	963,248	87,568
Liabilities					
Total current liabilities	(1,972,260)	(4,287)	(13,748,047)	(15,122,852)	(1,374,805)
Net change in exchange rate difference	**(1,846,410)**	**(4,287)**	**(12,872,367)**	**(14,159,604)**	**(1,287,237)**

First : decrease rates of exchang rate 10%

Name	Amounts US$	Amounts EUR	Amounts EGP	Increase in exchange rate	Effect on profit & loss
Assets					
Total current assets	125,850		.78	.70	(.08)
Liabilities			.00	.00	.00
Total current liabilities	(1,972,260)	(4,287)	(12.23)	(11.01)	1.22
Net change in exchange rate difference	**(1,846,410)**	**(4,287)**	**(11.45)**	**(10.31)**	**1.15**

Second : increase rates of exchang rate 10%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2013

Name	Amounts US$	Amounts EUR	Amounts EGP	Increase in exchange rate	Effect on profit & loss
Assets					
Total current assets	125,850		0.78	0.86	.08
Liabilities					
Total current liabilities	(1,972,260)	(4,287)	(12.23)	(13.45)	(1.22)
Net change in exchange rate difference	**(1,846,410)**	**(4,287)**	**(11.45)**	**(12.60)**	**(1.15)**

As stated in note no. (2-4) of foreign currency translation, assets and liabilities were reevaluated at year end at the exchange rate declared as of that date.

19.4 Interest risk:

Interest risk represents the change in currency rate which affect the results of business and this risk does not exist because the company does not depend on bank credit facilities to finance working capital and long term assets.

20 Going concern

The accumulated losses amounts to 18,809,142 Egyptian Pounds, which exceeds the issued capital by the company, which raise a going concern issue about the ability of the company to carry out its activities in the future, and according to companies law No. 159, for the year 1981, the management is required to hold an extra ordinary general assembly to consider the continuity if the company.

Board of Directors	Rohit Jaiswal (Appointed w.e.f September 23, 2013) Baiju Mohan (Appointed w.e.f June 10, 2014) Padmanabh Maydeo Ashutosh Telang (Appointed w.e.f September 23, 2013) Shridhar Balakrishanan (Appointed w.e.f September 23, 2013) Debashish Neogi (Resigned w.e.f September 22, 2013) Saumitra Bhat (Resigned w.e.f June 10, 2014) MELCC, represented by Mohamed El Arabi
Registered Office	11B Hegaz Sq. , Mohandesen, Gisa, Egypt
Auditors	Moore Stephens
Bankers	HSBC Bank Egypt S.A.E QNB-Alahli Crédit Agricole Egypt Arab Bank Egypt
Legal Advisors	Yasser Maharem Office for Accounting & Auditing Nassef Law Firm

INDEPENDENT AUDITORS' REPORT

To: the shareholders of Marico Egypt for industries SAE

Report on the financial statement

We have audited the accompanying balance sheet of Marico Egypt for industries SAE as of

December 31, 2013 which comprise the balance sheet statement and the related statements of income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These financial statements are the responsibility of the company's management. The management is responsible for the preparation and fair presentation of these financial statements in accordance with ,the Egyptian Accounting Standards and in the light of the Egyptian laws .this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement , whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances .

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and the relevant laws and regulations. Those standards require planning and audit performance to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly in all material respects, the financial position of Marico Egypt for industries SAE as of December 31, 2013 and of its financial performance and its cash flows for the financial year then ended, in accordance with the Egyptian Accounting Standards and the relevant laws and regulations.

Report on other legal and regulatory requirements

The company keeps proper accounting records, include all that is required by law to be recorded therein and the accompanying financial statements are agreement therewith, the company applies a sufficient costing system. Inventory count and valuation was made by the company's management and in accordance with the proper process.

The financial information included in the board of directors' report in compliance with companies law no. 159 year 1981 and its executive regulation and it's agreed with the accounting record of the company to the extent that such information is recorded therein.

Cairo 12th of February, 2014

Sherin Noureldin
R.A.A. 6809
Moore Stephens Egypt

BALANCE SHEET

	Notes No.	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Long-term assets					
Fixed assets (net)	5	16,469,263	15,322,095	14.65	13.25
Intangible assets (net)	6	–	4,049	–	0.01
Projects under construction	7	192,040	504,913	0.17	0.44
Total long term assets		**16,661,303**	**15,831,057**	**14.82**	**13.70**
Current assets					
Inventory and letters of credit (net)	8	6,716,231	7,748,057	5.97	6.70
Receivables and notes receivables (net)	9	22,881,557	15,496,882	20.36	13.40
Suppliers advanced payments	10	641,975	1,625,987	0.57	1.41
Debtors and other debit balances	11	919,076	594,923	0.82	0.51
Due from related parties	12	45,619,632	41,174,171	40.58	35.60
Cash and cash equivalent	13	53,162,039	26,267,456	47.29	22.71
Total current assets		**129,940,510**	**92,907,476**	**115.59**	**80.33**
Current liabilities					
Claims provisions	14	774,363	102,769	0.69	0.09
Banks overdraft		4,371,742	–	3.88	–
Due to related parties	15	486,008	321,483	0.43	0.30
Suppliers and notes payable	16	19,824,844	14,090,206	17.64	12.18
Creditors and other credit balances	17	15,933,215	8,256,419	14.17	7.14
Total current liabilities		**41,390,172**	**22,770,877**	**36.81**	**19.71**
Working Capital		**88,550,338**	**70,136,599**	**78.78**	**60.62**
Total investment		**105,211,641**	**85,967,656**	**93.60**	**74.32**
Shareholders' Equity					
Authorized capital	18	20,000,000	20,000,000	17.79	17.29
Issued &Paid -in-capital	18	12,287,690	12,287,690	10.93	10.62
Legal reserve		3,683,999	2,639,567	3.28	2.28
Retained earnings		89,239,952	71,040,399	79.39	61.42
Total shareholders' Equity		**105,211,641**	**85,967,656**	**93.60**	**74.32**
Total financing of working capital and long-term assets		**105,211,641**	**85,967,656**	**93.60**	**74.32**
Contingent liabilities	19	**4,421,959**	**3,969,051**	**3.93**	**3.43**

-The accompanying notes from (1) to (23) form an integral part of these financial statements.

Chairman

Financial Manager

Note: The exchange rate use to convert EGP to Rs.8.896/(Previous year EGP to Rs.8.646)

INCOME STATEMENT

	Notes No.	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Sales (net)		126,856,168	101,635,142	112.85	87.87
Less					
Cost of sales		64,999,400	53,157,494	57.82	45.96
Gross profit of activity		**61,856,768**	**48,477,648**	**55.03**	**41.91**
Less					
Selling & distribution expenses		24,461,246	15,484,362	21.76	13.39
General & administrative expenses		15,343,618	11,124,393	13.65	9.62
Depreciation and amortization		770,928	451,920	0.69	0.39
Royalty		659,535	524,883	0.59	0.45
Debit interest		14,166	223,364	0.01	0.19
Operating income		**20,607,275**	**20,668,726**	**18.33**	**17.87**
Add / (less)					
Credit interest		197,238	–	0.18	–
Currency revaluation differences		(223,096)	160,567	(0.20)	0.14
Revenues from exports subsidy		42,616	–	0.04	–
Revenues from sale of scrap		97,341	88,132	0.09	0.08
Capital gains (Loss)		–	(28,792)	–	(0.02)
Bad debts		(17,716)	–	(0.02)	–
Impairment in current assets		(495,382)	–	(0.44)	–
Claims Provision		(964,291)	–	(0.86)	–
Net Profit of the year		**19,243,985**	**20,888,633**	**17.12**	**18.07**
Earning per share (EGP/Share)	4	**15.66**	**16.99**	**139.31**	**146.90**

-The accompanying notes from (1) to (23) form an integral part of these financial statements.

Chairman

Financial Manager

Note: The exchange rate use to convert EGP to Rs.8.896/(Previous year EGP to Rs.8.646)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Description	Issued & paid-in- capital	Legal reserve	Retained earnings	Total
2013	**EGP**	**EGP**	**EGP**	**EGP**
Balance as of 1/1/2013	**12,287,690**	**2,639,567**	**71,040,399**	**85,967,656**
Transferred to legal reserve	–	1,044,432	(1,044,432)	–
Net profit of the year 2013	–	–	19,243,985	19,243,985
Balance as of 31/12/2013	**12,287,690**	**3,683,999**	**89,239,952**	**105,211,641**
2012				
Balance as of 1/1/2012	**12,287,690**	**2,163,255**	**50,628,078**	**65,079,023**
Transferred to legal reserve	–	476,312	(476,312)	–
Net profit of the year 2012	–	–	20,888,633	20,888,633
Balance as of 31/12/2012	**12,287,690**	**2,639,567**	**71,040,399**	**85,967,656**

Description	Issued & paid-in- capital	Legal reserve	Retained earnings	Total
2013	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**
Balance as of 1/1/2013	**10.93**	**2.35**	**63.20**	**76.48**
Net (losses) of the year	–	0.93	(0.93)	–
Transferred to legal reserve	–	–	17.12	17.12
Balance as of 31/12/2013	**10.93**	**3.28**	**79.39**	**93.60**
2012				
Balance as of 1/1/2012	10.62	1.87	43.77	56.26
Transferred to legal reserve	–	0.41	(0.41)	–
Net profit of the year 2012	–	–	18.06	18.06
Balance as of 31/12/2012	**10.62**	**2.28**	**61.42**	**74.32**

-The accompanying notes from (1) to (23) form an integral part of these financial statements.

Chairman

Financial Manager

Note: The exchange rate use to convert EGP to Rs.8.896/(Previous year EGP to Rs.8.646)

CASH FLOW STATEMENT

	Notes No	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Cash flows from operating activities					
Net profit from income statement		19,243,985	20,888,633	17.12	18.06
Adjustments to reconcile net profit with none monetary items in income statement					
Depreciation and amortization	5	3,360,078	2,000,625	2.99	1.73
Adjustments on fixed assets		(773)	291	–	–
Capital losses (gains)		–	28,792	–	0.02
Formed from Impairment in current assets	20	3,226,746	400,000	2.87	0.35
Formed from impairment in current assets	20	(400,000)	(759,703)	(0.36)	(0.66)
Formed from claims provision		964,291	–	0.86	–
Used from claims provision		(292,697)	–	(0.26)	–
Net profit before change in working capital		**26,101,630**	**22,558,638**	**23.22**	**19.50**
Change in inventory and letters of credit (Net)		(1,299,538)	(406,355)	(1.16)	(0.35)
Change in receivables and notes receivables (Net)		(7,780,057)	1,194,864	(6.92)	1.03
Change in suppliers advanced payments		884,012	(254,796)	0.79	(0.22)
Change in debtors and other debit balances		(324,153)	(110,605)	(0.29)	(0.10)
Change in due from related parties		(4,445,461)	(4,315,134)	(3.95)	(3.73)
Change in due to related parties		164,525	(37,658)	0.15	(0.03)
Change in suppliers & notes payable		5,734,638	2,522,706	5.10	2.18
Change in creditors and other credit balances		7,676,796	(1,804,085)	6.83	(1.56)
Net cash provided from operating activities		**26,712,392**	**19,347,575**	**23.77**	**16.72**
Cash flows from investment activities					
Proceeds from sale of fixed assets		–	12,727	–	0.01
(Payments) for purchase of fixed assets		(3,997,511)	4,253,829	(3.56)	3.68
(Payments) for projects in under construction		(192,040)	504,913	(0.17)	0.44
Net cash (used in) provided from investment activities		**(4,189,551)**	**4,746,015**	**(3.73)**	**4.11**
Cash flows from financeing activities					
Proceeds from bank overdraft		4,371,742	–	3.89	–
Net cash flows provided from financing activities		**4,371,742**	**–**	**3.89**	**–**
Net Cash resulting during the year		**26,894,583**	**14,601,560**	**23.93**	**12.61**
Cash and cash equivalent at the beginning of the year		26,267,456	11,665,896	23.37	10.09
Cash and cash equivalent at the end of the year	13	53,162,039	26,267,456	47.30	22.70

-The accompanying notes from (1) to (23) form an integral part of these financial statements.

Chairman Financial Manager

Note: The exchange rate use to convert EGP to Rs.8.896/(Previous year EGP to Rs.8.646)

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

1. The Company

- The Company was incorporated according to the law No 8 year 1997 of investment guarantees and its executive regulations and was registered in the commercial register under No 79585 dated 26/2/1998 and issued tax card No 253/54/5 in tax investment office under the name " Pyramids for new Industries Company" .
- The company was amended according to the decree of chairman of the general authority for investment and free zones No 161/P year 2006 which approved to amend of the article No (5) from the company contact according to the decision of the partners meeting which was held on 13/12/2006 and the approving of the amendment project dated 28/12/2006 which was ratified in public notary office on 9/1/2007 under ratification No 15 A for year 2007 to change the name of the company to .Mel Co. for Consumer Care products & its partners "Pyramids modern Industries " (PMI) "General Partnership Co."
- According to the decision of chairman of general authority for investment and free zones No2/532 year 2011 and the contract to change the legal entity of the company from general partnership Co to joint stock company according to the law No 8 year 1997 and change the name of the company to Marico Egypt For Industries SAE .

Purpose of the company

Manufacture all cosmetics and hair and skin care products also soap , toothpaste, hair shampoo and oil processed and hair dyes and the production of various cleaning materials ,pesticides , disinfectants and varnish , all sorts of adhesives and packing the products mentioned .

2. Significant Accounting Policies

2.1 Accounting standards and legal principles

The accompanying financial statements have been prepared in accordance with the Egyptian accounting standards and the related Egyptian laws and regulations in the light of the international financial reporting standards to process cases weren't stated in the Egyptian standards.

2.2 Basis of preparation of the financial statements

The financial statements have been prepared in Egyptian pounds.

The financial statements have been prepared according to historical cost and continuity presumption.

2.3 Change in accounting principles

The accounting principles comply with those adopted in the previous year. Except for the policy of calculating the depreciation of fixed assets , as it was changed from declining method to a straight line method as shown in the note(5) of the fixed assets

2.4 Foreign currency translation

The company maintains its books in Egyptian pounds. All transactions denominated in foreign currencies were translated into Egyptian pounds at the rate determined on the transaction date, and on the balance sheet. The monetary current assets and liabilities are revaluated accordance to the rates announced on that date and the differences are charged to income statement.

2.5 Fixed assets (net)

Recognition and preliminary measurement

Buildings, constructions, infrastructures, machines and equipment are booked at historical cost less the accumulated depreciation and any impairment.

The cost includes all direct cost for acquisition the assets also cost of its disposal and rearranging the site where assets were present.

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

The Deprecation

Fixed assets are presented in the balance sheet at historical cost, are deprecated using straight line method and according to estimated useful life of each asset in accordance with the following.

- Building	5%	Straight line method
- Machinery	12.50%	Straight line method
- Equipment & Lab (S.O.E)	25%	Straight line method
- Computers	50%	Straight line method
- Furniture and offices Equipment	25%	Straight line method
- Vehicles	25%	Straight line method

2.6 Intangible assets

Recognition

Assets that have non-monetary nature which can be identified and have no physical presence and acquired for the activity that expected future benefits as tangible assets. Intangible assets represent in the use of computer programs.

Preliminary measurement

Intangible assets are measured at the cost which is represented in monetary price at the date of acquisition, and it is included net after deduction of accumulated amortization and impairment losses in the value of assets.

Amortization

The value of Amortization charged to income statement in accordance with the straight line method over the estimated useful lives of intangible assets, if its useful lives are not definite. The impairment in the value of intangible assets is calculated at the date of balance sheet and amortized from the date it becomes available for use according to the following rates:

Description	**Estimated life Year**
Computer software-	2

2.7 Projects under construction

Projects under construction are stated at cost and include all direct expenses required to prepare the asset to be in a state of operation and for the purpose for which it was acquired. Projects under construction are recorded as fixed assets once it is finished and it is available for the purpose it was acquired for. Projects under construction are valued at the date of the balance sheet by to its cost after deducting the impairment in its value if any.

2.8 Inventory (net)

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor and other direct costs. Net realizable value is the estimated selling price in the ordinary operating case, less all variable selling expenses. Provision is made up in case of impairment in value.

2.9 Impairment in the Value of non-Financial Assets

The book value of the Company's non-financial assets, other than inventory and deferred tax assets, is reviewed at the date of each financial position to ascertain the amount of impairment. The Company carries out a regular review to ascertain if there has been impairment in the value of an asset and in case that there is an indication of such impairment; the resale value of the asset is compared with the book value. If the book value is above the resale value, then there is impairment in the value of the asset and is reduced to its resale value and the loss is charged

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

in the income statement. The impairment loss which is previously recognized may be returned in case that there is a change in the resale value to the extent that the amount was reduced in the past.

2.10 Impairment in the value of financial assets

Annually on each balance sheet date, an objective estimate is carried out to ascertain if there is true indication that any of the assets have been impaired. Once there is a impairment in the value of an asset the loss is recorded only if there are objective proofs that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an affect that can be evaluated in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost , the losses due to impairment are represented in the difference between the book value of such asset and the present value of the future cash flow that has been discounted by the original actual interest rate relating to this asset.

The book value of the financial asset is reduced directly except in case of clients accounts that is reduced using provisions. Any amount that is not to be collected is to be written off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing off of the amount of impairment if such impairment has not been recognized. The amount of write off will be reflected in the income statement.

2.11 Revenue recognition

Revenue is recognized once the service has been carried out and invoice has been issued according to the accrual principle.

Regarding the revenues from dividends due on financial notes and investments in subsidiary companies, this income is recognized once the general assembly has approved the distribution to its investors.

2.12 Provisions

A provision is recognized once the Company has a current legal or actual obligation due to a previous incident which is likely to require the use of economic sources to settle such obligation while preparing a valuation of the value of the obligation. The provisions are to be reviewed on the anniversary of the balance sheet and amended to reflect the most accurate present valuation and in case that the present value of cash is of essence, then the amount which is recognized as provision is the present value of the expected expenses to settle the obligation.

2.13 Employees Benefits

- **Social insurance & pension scheme**

  The Company contributes to the government social insurance system on behalf of the employees according to the social insurance law No. 79 year 1975 and its amendments. The employees and the Company contribute according to this law with a fixed percentage of their salary and the Company's obligation is limited to its contribution. The Company's contribution is reflected in the income statement according to the accrual principle.

- **Employee profit share**

  According to its constitution, the Company distributes part of the dividends to the employees as per according to the recommendations stipulated by the Board of Directors and approved by the General Assembly. The employee share of profit will be recognized as distribution of profit in shareholder's equity statement and as an obligation for the period that the Company's shareholders approved such distribution.

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

2.14 Related parties' transactions

All transactions with related parties are booked by the Company in the same manner as any other normal transaction with other parties.

2.15 Accounting Estimates

According to the Egyptian accounting standards the preparation of the financial statement requires the management to make some approximations and predictions that affect the value of assets, obligations, revenues and expenses during the financial year. The actual amounts could be quite different from these predictions.

2.16 Expenses

All expense, including administrative and general expenses, are to be reflected in the income statement for the financial period that such expenses were incurred according to accrual bases.

2.17 Legal reserve

According to Law No. 159 year1981, its executive directives and the constitution of the Company, there should be a legal reserve of no less than 5% of the profit of the Company and such reserve should not be increased once this reserve amount reaches 50% of the Company's issued share capital.

2.18 Cash flows statement

The cash flow statement will be prepared according to the indirect method.

2.19 Cash and cash equivalent

For the purpose of the cash flows statement, cash and cash equivalents are to be considered cash on hand and at banks, short term fixed deposits, cheques under collection and letters of guarantee cover, if any.

2.20 Earning (losses) per share

Earning per share is calculated by the weighted average method according to the number of common shares during the year after deducting the employees share and the board of directors' allowance from the profits.

2.21 Income tax

Income tax is calculated by using balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial (accounting basis) by using the tax rate. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax are charged as revenue or expenses to income statement with the exception of tax that results from the transaction in the same period or other period directly charged to equity.

2.22 Comparative figures

Comparative figures are reclassified whenever it is necessary to amend the presentation used during the current period.

3. Financial instruments

Financial instruments are made up of any contractual agreement that gives the right to financial assets of the company and creates a financial or shareholding obligation to the other side of the contact.

3.1 Receivables, debtors and notes receivables (net)

Receivables, debtors and notes receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments (more than granted credit limits) are considered as indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables.

3.2 Payables and notes payables

Payables and notes payables are recognized initially at the value of goods or services received from others, and subsequently measured at amortized cost using the effective interest rate.

4. Earning per share

Earning per share is determined as follows

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Net Profit of the year	19,243,985	20,888,633	17.12	18.06
No. of shares	1,228,769	1,228,769	1.09	1.06
Earning per share (EGP/Share)	**15.66**	**16.99**	**139.31**	**146.90**

5. Fixed Assets (Net) :

Description	Land	Building	Machines	Equipment & lab	Computers	Furinture and offices Equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
2013								
Cost as of 1/1/2013	199,530	3,266,638	14,942,538	585,711	249,795	1,463,712	919,500	21,627,424
Additions during the year	–	63,040	4,310,573	–	56,480	72,331	–	4,502,424
Disposals during the year	–	–	–	(242)	(2,165)	(26,143)	–	(28,550)
Adjustment on the beginning cost	–	–	(40)	75	342	(45)	–	332
Cost as of 31/12/2013	**199,530**	**3,329,678**	**19,253,071**	**585,544**	**304,452**	**1,509,855**	**919,500**	**26,101,630**
Acc . Deperciation at 1/1/2013	–	611,650	4,454,938	197,175	168,375	647,120	226,071	6,305,329
Depreciation of the year	–	158,050	2,275,340	155,760	79,005	451,909	235,965	3,356,029
Acc. Depreciation of disposals	–	–	–	(242)	(2,165)	(26,143)	–	(28,550)
Adjustment on Acc.Depreciation	–	362	(3,158)	1,962	2,672	(1,781)	(498)	(441)
Acc . Deperciation at 31/12/2013	**–**	**770,062**	**6,727,120**	**354,655**	**247,887**	**1,071,105**	**461,538**	**9,632,367**
Fixed assets (Net) as of 31/12/2013	**199,530**	**2,559,616**	**12,525,951**	**230,889**	**56,565**	**438,750**	**457,962**	**16,469,263**
2012								
Cost as of 1/1/2012	199,530	3,266,638	11,479,875	373,931	206,609	1,196,414	559,500	17,282,497
Additions during the year	–	–	3,426,935	212,683	43,949	267,462	360,000	4,311,029
Disposals during the year	–	–	150,000	–	–	–	–	150,000
Adjustment on the beginning cost	–	–	185,728	903	763	164	–	183,898
Cost as of 31/12/2012	**199,530**	**3,266,638**	**14,942,538**	**585,711**	**249,795**	**1,463,712**	**919,500**	**21,627,424**
Acc . Deperciation at 1/1/2012	–	447,411	3,078,828	112,082	113,215	416,170	65,062	4,232,768
Depreciation of the year	–	164,239	1,299,365	85,101	56,007	231,131	161,009	1,996,852
Acc. Depreciation of disposals	–	108,481	–	–	–	–	108,481	
Adjustment on Acc.Depreciation	–	–	185,226	8	847	181	–	184,190
Acc . Deperciation at 31/12/2012	**–**	**611,650**	**4,454,938**	**197,175**	**168,375**	**647,120**	**226,071**	**6,305,329**
Fixed assets (Net) as of 31/12/2012	**199,530**	**2,654,988**	**10,487,600**	**388,536**	**81,420**	**816,592**	**693,429**	**15,322,095**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

Description	Land	Building	Machines	Equipment & lab	Computers	Furinture and offices Equipment	Vehicles	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
2013								
Cost as of 1/1/2013	0.18	2.91	13.29	0.52	0.22	1.30	0.82	19.24
Additions during the year	–	0.06	3.83	–	0.05	0.06	–	4.01
Disposals during the year	–	–	–	–	–	(0.02)	–	(0.03)
Adjustment during the year	–	–	–	–	–	–	–	–
Cost as of 31/12/2013	**0.18**	**2.96**	**17.13**	**0.52**	**0.27**	**1.34**	**0.82**	**23.22**
Acc . Deperciation at 1/1/2013	–	0.54	3.96	0.18	0.15	0.58	0.20	5.61
Depreciation of the year	–	0.14	2.02	0.14	0.07	0.40	0.21	2.99
Acc. Depreciation of disposals	–	–	–	–	–	(0.02)	–	(0.03)
Adjustment on Acc.Depreciation	–	–	–	–	–	–	–	–
Acc . Deperciation at 31/12/2013	–	**0.69**	**5.98**	**0.32**	**0.22**	**0.95**	**0.41**	**8.57**
Fixed assets (Net) as of 31/12/2013	**0.18**	**2.28**	**11.14**	**0.21**	**0.05**	**0.39**	**0.41**	**14.65**
2012								
Cost as of 1/1/2012	0.17	2.82	9.93	0.32	0.18	1.03	0.48	14.94
Additions during the year	–	–	2.96	0.18	0.04	0.23	0.31	3.73
Disposals during the year	–	–	0.13	–	–	–	–	0.13
Adjustment on the beginning cost	–	–	0.16	–	–	–	–	0.16
Cost as of 31/12/2012	**0.17**	**2.82**	**12.92**	**0.51**	**0.22**	**1.27**	**0.79**	**18.70**
Acc . Deperciation at 1/1/2012	–	0.39	2.66	0.10	0.10	0.36	0.06	3.66
Depreciation of the year	–	0.14	1.12	0.07	0.05	0.20	0.14	1.73
Acc. Depreciation of disposals	–	–	0.09	–	–	–	–	0.09
Adjustment on Acc.Depreciation	–	–	0.16	–	–	–	–	0.16
Acc . Deperciation at 31/12/2012	–	**0.53**	**3.85**	**0.17**	**0.15**	**0.56**	**0.20**	**5.45**
Fixed assets (Net) as of 31/12/2012	**0.17**	**2.30**	**9.07**	**0.34**	**0.07**	**0.71**	**0.60**	**13.25**

There are no mortgages or restrictions on ownership of assets.

There are no fixed assets unused or not working temporarily.

The company has changed the calculation method of fixed assets depreciation from the declining method to straight line method as in the case of calculating the depreciation according to the declining method (previously applied) the amount was charged to the income statement by depreciation expenses amounted EGP 2,409,588. But by calculating it by straight line method (currently applied) the amount was changed to income statement by depreciation expense amounted EGP 3,356,029 which effect the income statement by extra expense amounted EGP 946.441 as result of change in deprecation policy .

Description	Depreciation of the year	Charged to cost of sales	Charged to income statement	Depreciation of the year	Charged to cost of sales	Charged to income statement
	EGP	EGP	EGP	Rs. Crore	Rs. Crore	Rs. Crore
Building	158,050.00	158,050.00	–	0.14	0.14	–
Machines	2,275,340.00	2,275,340.00	–	2.02	2.02	–
Equipment & kab (S.O.E)	155,760.00	155,760.00	–	0.14	0.14	–
Computers	79,005.00	–	79,005.00	0.07	–	0.07
Furniture and office equipment	451,909.00	–	451,909.00	0.40	–	0.40
Vehicles	235,965.00	–	235,965.00	0.21	–	0.21
Total	**3,356,029.00**	**2,589,150.00**	**766,879.00**	**2.99**	**2.30**	**0.68**
Amortisation of intangible assets	**4,049.00**	**–**	**4,049.00**	**0.01**	**–**	**0.00**
Total	**3,360,078.00**	**2,589,150.00**	**770,928.00**	**3.00**	**2.30**	**0.69**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

6. Intangible assets (net)

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Cost as of December .31	79,043	79,043	0.07	0.07
Less:				
Accumulated amortization till December.31	79,043	74,994	0.07	0.06
Total	**–**	**4,049**	**–**	**0.01**

7. Projects under construction

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Machinery	116,000	–	0.10	–
Equipment & lab (S.O.E)	76,040	504,913	0.07	0.44
Total	**192,040**	**504,913**	**0.17**	**0.44**

8. Inventory and letters of credits (net)

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Raw materials	3,345,011	3,620,378	2.98	3.13
Packing & wreping material	4,340,270	3,475,313	3.86	3.00
Finished goods	1,194,610	700,003	1.06	0.61
Work in process goods	77,034	123,396	0.07	0.11
Total inventory	**8,956,925**	**7,919,090**	**7.97**	**6.85**
Letters of credits	490,670	228,967	0.44	0.20
Total	**9,447,595**	**8,148,057**	**8.41**	**7.05**
Impairment in inventory balances	(2,731,364)	(400,000)	(2.44)	(0.35)
Total	**6,716,231**	**7,748,057**	**5.97**	**6.70**

9. Receivables and Notes receivable (net)

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Local Receivables	18,695,158	13,213,451	16.63	11.42
Less:				
Imparment in local recivables balances	(395,382)	–	(0.35)	–
	18,299,776	13,213,451	16.28	11.42
Export Receivables	–	283,431	–	0.25
Total receivables	**18,299,776**	**13,496,882**	**16.28**	**11.67**
Notes Receivable	4,581,781	2,000,000	4.08	1.73
Total	**22,881,557**	**15,496,882**	**20.36**	**13.40**

10. Suppliers advanced payments

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Suppliers advanced payments	741,975	1,625,987	0.66	1.41
Less:				
Imparment in suppliers advanced payments balances	100,000	–	0.09	–
Total	**641,975**	**1,625,987**	**0.57**	**1.41**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

11. Debtors and other debit balances

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Imprests	296,494	–	0.26	–
Prepaid expenses	168,461	219,403	0.15	0.19
Deposits with others	131,430	116,229	0.12	0.10
Employees' loans	63,992	249,728	0.06	0.21
Other debit balances	258,699	9,563	0.23	0.01
Total	**919,076**	**594,923**	**0.82**	**0.51**

12. Due from related parties

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
MEL company for consumer care	45,619,632	41,174,171	40.58	35.60
Total	**45,619,632**	**41,174,171**	**40.58**	**35.60**

13. Cash and cash equivalent

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Cheques under collection (less than 3 months)	30,872,664	22,650,377	27.46	19.58
Deposits	19,022,396	2,000,000	16.92	1.73
Banks current accounts – local currency	1,686,450	1,596,217	1.50	1.38
Banks current accounts – foreign currency	1,580,529	20,862	1.41	0.02
Total	**53,162,039**	**26,267,456**	**47.29**	**22.71**

14. Claims provisions

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Beginning balance	102,769	102,769	0.09	0.09
Add : formed during the year				
End of service provision	117,000	–	0.10	–
Leave encashment provision	808,322	–	0.72	–
Income tax provision	38,969	–	0.03	–
Total	**964,291**	**–**	**0.94**	**0.09**
Less : used during the year	(292,697)	–	(0.26)	-
Ending balance	774,363	102,769	0.77	0.18
This item made up as follows :				
End of service provision	82,000	–	0.07	–
Leave encashment provision	550,625	–	0.49	–
Tax provision	141,738	102,769	0.13	0.09
	774,363	**102,769**	**0.69**	**0.09**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

15. Due to related parties

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Marico India company	486,008	301,749	0.43	0.28
Marico Middle East company	–	19,734	–	0.02
Total	**486,008**	**321,483**	**0.43**	**0.30**

16. Payables and notes payable

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Suppliers	13,947,954	4,853,298	12.41	4.20
Notes payable	5,876,890	9,236,908	5.23	7.98
Total	**19,824,844**	**14,090,206**	**17.64**	**12.18**

17. Creditors and other credit balances

	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Accrued expenses	5,867,962	2,010,816	5.22	1.74
Sales tax authority	5,619,044	3,896,360	5.00	3.37
Creditors of Advertising campaigns	1,733,585	1,052,841	1.53	0.91
Salaries & bonuses of foreigners	1,524,346	396,782	1.36	0.34
Withholding tax	457,860	57,463	0.41	0.05
Withholding tax royalty	16,472	–	0.01	–
Stamp duty tax	362,571	715,186	0.32	0.62
Advance payments clients	74,922	–	0.07	–
Salaries & wages tax	194,107	88,323	0.17	0.08
Social insurance authority	73,695	38,648	0.07	0.03
Other credit balances	8,651	–	0.01	–
Total	**15,933,215**	**8,256,419**	**14.17**	**7.14**

18. Capital

The company's authorized capital is EGP 20,000,000 (Twenty million Egyptian pounds) and the issued capital is EGP 12,287,690(Twelve million two hundred eighty seven thousand and six hundred ninety Egyptian pounds) distributed into 1,228,769 shares, the per value of each share is EGP 10 distributed among the shareholders.

The Shareholder Mr. Aditya Kumar sold all his shares which represented in 6,144 shares of per value of share EGP 10 to Mr./ Saumitra Baht and this is in accordance to the certificate which issued by the Egyptian stock exchange session on March 22,2013

The issued and paid capital is distributed as follows:

Name	Nationality	Amount of Share	Share EGP	Amount of Share (RsCrore)	Share Rs. Crore
MEL CO. for Consumer Care Products SAE (according to law No159/1981) represented by Mr. Ravinmody	SAE	1,216,481	12,164,810	1.08	10.82
Mr.Saumitra Bhat	Indian	6,144	61,440	0.01	0.05
Mr.Debashish Neogi	Indian	6,144	61,440	0.01	0.05
Total		**1,228,769**	**12,287,690**	**1.09**	**10.93**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

19. Contingent liabilities

	L/C Value EGP	L/C Cover EGP	L/C Non cover EGP	L/C Value Rs. Crore	L/C Cover Rs. Crore	L/C Non cover Rs. Crore
L/C - Raw material	4,912,629	490,670	4,421,959.00	4.37	0.44	3.93
Total	**4,912,629**	**490,670**	**4,421,959**	**4.37**	**0.44**	**3.93**

20. Impairment in current assets balances

	Balance as of 1/1/2012 EGP	Formed during the year EGP	Used during the year EGP	Balance as of 12/31/2013 EGP	Balance as of 1/1/2012 Rs. Crore	Formed during the year Rs. Crore	Used during the year Rs. Crore	Balance as of 12/31/2013 Rs. Crore
Inventory	400,000	2,731,364	(400,000)	2,731,364	0.35	2.43	(0.36)	2.43
Receivables	–	395,382	–	395,382	–	0.35	–	0.35
Suppliers advances payment	–	100,000	–	100,000	–	0.09	**–**	**0.09**
Total	**400,000**	**3,226,746**	**(400,000)**	**3,226,746**	**0.35**	**2.87**	**(0.36)**	**2.87**

21. Related parties transactions

This item is made up as follows

Party name	Nature of relationship	Nature of Transaction	Size of Transaction EGP	Size of Transaction Rs. Crore
MEL Consumer Care	Related party	Financing	4,445,461	3.95
Marico Limited India	Related party	Royalty expense	659,535	0.59
Marico Limited India	Related party	Financing	184,259	0.16
Marico Middle East	Related party	Financing	19,734	0.02

22. Tax status

First: Income tax

- The company was exempted from 1/1/2007 till 31/12/2016 according to the company tax card.
- The company was not scrutinized from the beginning of the activity till now.

Second: Sales tax

- The company's books were examined till December 31, 2012, and the tax differences were fully paid.
- The company regularly submits its sales tax returns.

Third: Salary and wages tax

- The company's books were examined from the beginning of activity till 31 December 2010 and all difference have been settled.
- The company has inspection for year 2012.
- The company was examined from January 1.2011 till December 31,2011the company objected to claim the dispute was referred to internal committee and obtaining the result
- The company regularly submits and pays its salaries and wages tax returns.

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

Fourth: Stamp tax

- The company was examined till December 31, 2012, and the tax differences were fully paid.

Fifth: Withholding tax

- The company submits its withholding tax returns on a regular basis.
- The company was examined till the period ending December31.2012, and the tax differences were fully paid.

23. Financial Instruments & related Risk

23.1 Fair value financial instruments:

The company's financial instruments are represented in cash on hand & at bank, clients and creditors. The fair value of the financial instruments does not materially differ from its book value at year end.

23.2 Credit risk

Credit risk is represented in the disability of the clients to pay their duties, this risk is considered a limited risk as the company distribute this risk among a number of private sector clients which has strong & stable financial position, the company deals with client through accepted contracts and agreements. The provision is prepared for the clients bad debts.

23.3 Exchange rate risk

Exchange rate risk consists of the change in foreign currencies which affect revenues and expenses in foreign currencies and also evaluation of assets & liabilities in foreign currencies . the company manages the currency risk by regularly assessing current and expected foreign currency exchange rate movements.

The table below indicate the company's foreign currency balance 31Decmber 2013

12/31/2013

First decrease rates of exchange rate 10%

	Amounts US$	Amounts Euro	Amounts EGP	Decrease in exchange rate	Effect on profit & loss profit & losses
Assets					
Total current assets	1,229,571	414	8,545,108	7,690,597	(854,511)
Liabilities					
Total current liabilities	(187,583)	(71,815)	(1,983,622)	(1,785,259)	198,362
Net change in exchange rate difference	**1,041,988**	**(71,401)**	**6,561,486**	**5,905,338**	**(656,149)**
Second . increase rates of exchange rate 10%					
Assets					
Total current assets	1,229,571	414	8,545,108	9,399,619	854,511
Liabilities					
Total current liabilities	(187,583)	(71,815)	(1,983,622)	2,181,984	(198,362)
Net change in exchange rate difference	**1,041,988**	**(71,401)**	**6,561,486**	**11,581,603**	**656,149**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2013

12/31/2013

First : decrease rates of exchange rate 10%

	Amounts US$	Amounts Euro	Amounts EGP	Decrease in exchange rate	Effect on profit & loss profit & losses
Assets					
Total current assets	125,850	–	–	–	
Liabilities	**–**	**–**	**–**	**–**	
Total current liabilities	(1,972,260)	(4,287)	–	–	–
Net change in exchange rate difference	**(1,846,410)**	**(4,287)**	**–**	**–**	**–**
Second : increase rates of exchange rate 10%					
Assets					
Total current assets	125,850	–	–	–	
Liabilities	**–**	**–**	**–**	**–**	
Total current liabilities	(1,972,260)	(4,287)	–	–	–
Net change in exchange rate difference	**(1,846,410)**	**(4,287)**	**–**	**–**	**–**

As stated in notes no. (2-4) foreign currency translation, assets and liabilities were revaluated at year end at the exchange rate declared as of the date of balance sheet.

23.4 Interest risk

Interest risk represents the change in currency rate which affect the results of business and this risk does not exist because the company does not depend on bank credit facilities to finance working capital and long term assets.

Board of Directors	Harsh Mariwala	Director
	Saugata Gupta	Managing Director
	Vivek Karve	Director (Appointed w.e.f March 12, 2014)

Registered Office 7th Floor, Grande Palladium,
175, CST Road,
Kalina, Santacruz (East),
Mumbai - 400 098.
(w.e.f. July 9, 2013)

Auditors M/s. Price Waterhouse
Chartered Accountants

Bankers HSBC Bank, Mumbai

DIRECTORS' REPORT

To

The Shareholders

The Board of Directors of your Company is pleased to present the Second Annual Report together with audited financial statements of your Company for the year ended March 31, 2014 (the period under review', 'the period' or 'FY14').

FINANCIAL RESULTS - AN OVERVIEW

During the period under review, your Company reported total revenue of Rs. 60,472,466 and a profit after tax of Rs. 35,327,581.

	March 31, 2014 Rs.	March 31, 2013 Rs.
Profit before exceptional items and Tax	52,650,214	(11,093,095)
Less : Exceptional items (detailed later in this Report)	–	59,133,273
Profit before Tax		
	52,650,214	48,040,178
Less: Current Tax	17,322,633	15,134,073
Profit after Tax	35,327,581	32,906,105
Add: Profit brought forward	Nil	Nil
Less: Transfer to General Reserve	Nil	Nil
Balance carried forward	**35,327,581**	**3,29,06,105**

DISTRIBUTION TO SHAREHOLDERS

With a view to conserve resources for funding future business requirements, your Directors do not recommended any dividend on Equity Shares for the period under review.

OTHER CORPORATE DEVELOPMENTS

- **Final Distribution of Assets by Halite Personal Care**

  The shareholders of Halite Personal Care Private Limited ("Halite"), a wholly owned subsidiary of your Company, vide a special resolution at their extra ordinary general meeting held on January 18, 2013, resolved that it be voluntarily liquidated. The shareholders also appointed a liquidator. In view of the liquidation, the liquidator, on March 25, 2013, distributed the assets of Halite to the Company, being the sole shareholder of Halite. The Company took over assets of Halite at fair values, determined by an independent valuer, where applicable. Upon distribution, the Company has received assets in excess of its Equity investment in Halite, resulting in profit of Rs. 5.91 Crore, which is shown as an exceptional item in the Statement of Profit and Loss for the period ended March 31, 2013.

- **Capital Reduction Scheme**

  During the year under review, the Hon'ble Bombay High Court vide its order dated June 21, 2013 approved the Scheme of Capital Reduction. Through this scheme the intangible assets aggregating Rs. 723.72 Crore were adjusted against the Share Capital and Securities Premium Reserves in accordance with the provisions of Section 78 (read with sections 100 to 103) of the Companies Act, 1956.

- **Change in the Registered Office of the Company**

  During the year under review, the registered office of the Company was shifted from "Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050" to "7th Floor, Grande Palladium, 175, CST Road, Kalina, Santa Cruz (East), Mumbai 400 098", with effect from July 9, 2013.

DIRECTORS

During the year under review Mr. Milind Sarwate resigned as a Director with effect from March 12, 2014. The Board of Directors at its meeting held March 12, 2014 appointed Mr. Vivek Karve as an Additional Director. Mr. Vivek Karve shall hold office upto to the date of the Fifth Annual General Meeting.

Mr. Harsh Mariwala, Director of the Company is liable to retire by rotation pursuant to the provisions of section 152 of the Companies Act, 2013 and being eligible offers himself for re-appointment.

APPOINTMENT OF COMPANY SECRETARY

Mr. Vishal Jain, Company Secretary of the Company resigned with effect from June 7, 2013. The Board of Directors at its meeting held on January 31, 2014 appointed Mr. Surender Sharma as the Company Secretary of the Company.

PUBLIC DEPOSITS

During the period under review, your Company neither accepted nor renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

PARTICULARS OF EMPLOYEES

There are no employees covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

Provisions to Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 is not applicable to the Company as the Company does not have any manufacturing activities. There were no foreign exchange earnings or outgo during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In preparation of the Annual Accounts of your Company, the Accounting Standards, laid down by the Institute of Chartered Accountants of India from time to time, have been followed and that no material departures have been made from the same;
- Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgment and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at March 31, 2014 and the profits of your Company for the year ended March 31, 2014;
- Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis;

STATUTORY AUDITORS

M/s. Price Waterhouse, Chartered Accountants and Statutory Auditors of the Company retire at the ensuing Second Annual General Meeting. In terms of Section 139 of the Companies Act, 2013, M/s. Price Waterhouse who have been the Statutory Auditors of the Company for last one year, are eligible for a further term of maximum nine years from the date of this Annual General Meeting.

However, your Company being a wholly owned subsidiary of Marico Limited are subjected to audit by the same set of Statutory Auditors i.e. M/s. Price Waterhouse. Accordingly, your Directors recommend appointment of M/s. Price Waterhouse as the Statutory Auditors of the Company from the date of the ensuing Second Annual General Meeting until the conclusion of the Fifth Annual General meeting of the Company. Such appointment shall be subject to ratification by the shareholders at each of the Annual General Meetings held during their tenure as Auditors

ACKNOWLEDGEMENT

The Board also wishes to place on record its sincere appreciation for the wholehearted support received from its bankers and all other business associates. We look forward to continued support of all these partners in progress.

Place : Mumbai
Date : April 29, 2014.

On behalf of the Board of Directors

Saugata Gupta	**Harsh Mariwala**
Managing Director	Director

INDEPENDENT AUDITORS' REPORT

To the Members of
Marico Consumer Care Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Marico Consumer Care Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period April 20, 2012 to March 31, 2013, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

    (b) in the case of the Statement of Profit and Loss, of the profit for the period April 20,2012 to March 31,2013 on that date; and

    (c) in the case of the Cash Flow Statement, of the cash flows for the period April 20,2012 to March 31,2013 ended on that date.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITORS' REPORT (Contd.)

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

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

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

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

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: April 30, 2013

BALANCE SHEET
As At 31 March 2014

Amount in Rs.

	Note No.	As at31 March 2014	As at31 March 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	206,608,300	746,150,000
Reserves and surplus	4	68,233,686	6,730,534,067
		274,841,986	7,476,684,067
Current liabilities			
Short-term borrowings	5	–	13,919,843
Trade payables	6	359,630	207,866
Other current liabilities	7	549,312	108,795
		908,942	14,236,504
TOTAL		**275,750,928**	**7,490,920,571**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8A	2,786,715	7,216,892
Intangible assets	8B	–	7,237,198,182
		2,786,715	7,244,415,074
Long-term loans and advances	9	749,419	339,227
Other non-current assets	10	400,674	–
		3,936,808	7,244,754,301
Current assets			
Current investments	11	268,533,421	245,247,536
Cash and bank balances	12	793,261	122,450
Other current assets	13	2,487,438	796,284
		271,814,120	246,166,270
TOTAL		**275,750,928**	**7,490,920,571**
Significant accounting policies	**2**		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061

Place: Mumbai
Date: April 29, 2014

For and on behalf of
Marico Consumer Care Limited

Harsh Mariwala **Director**

Saugata Gupta **Director**

Vivek Karve **Director**

Surender Sharma **Company Secretory**

Place: Mumbai
Date: April 29, 2014

PROFIT AND LOSS
As at 31 March 2014

Amount in Rs.

	Note No.	For the year ended March 31,2014	For the period April 20, 2012 to March 31, 2013
Other income	14	60,472,466	52,013,415
Total revenue		**60,472,466**	**52,013,415**
Expenses :			
Finance cost	15	15,524	37,112
Depreciation and amortisation and impairment loss	16	4,430,177	60,919,098
Other expenses	17	3,376,551	2,150,300
Total expenses		**7,822,252**	**63,106,510**
Profit / (loss) before exceptional items and tax		**52,650,214**	**(11,093,095)**
Exceptional items	21	–	59,133,273
Profit before tax		**52,650,214**	**48,040,178**
Tax expense:			
Current tax		17,322,633	15,134,073
Profit for the period		**35,327,581**	**32,906,105**
Basic and diluted earnings per equity share (nominal value of share Rs. 10)	27	1.04	0.50
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061

Place: Mumbai
Date: April 29, 2014

For and on behalf of
Marico Consumer Care Limited

Harsh Mariwala **Director**

Saugata Gupta **Director**

Vivek Karve **Director**

Surender Sharma **Company Secretory**

Place: Mumbai
Date: April 29, 2014

CASH FLOW STATEMENT

For the year ended 31 March 2013

		For the year ended March 31,2014 Rs.	For the period April 20, 2012 to March 31, 2013 Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	52,650,214	48,040,178
	Adjustments for:		
	Depreciation, amortisation and impairment loss	4,430,177	60,919,098
	Finance cost	15,524	37,112
	(Profit) / Loss on sale of investments (net)	(807,190)	(45,340)
	Dividend income	(5,338,908)	(51,138,633)
	Miscellaneous Income	(4,866,759)	–
	Intangible assets written off	28,520	–
	Excess of assets taken over on investment (Refer note 21)	–	(59,133,273)
	Interest Income	(6,962)	–
		(6,545,598)	**(49,361,036)**
	Operating profit before working capital changes	46,104,616	(1,320,858)
	Adjustments for:		
	(Increase)/ Decrease in other receivable	(1,691,154)	–
	(Increase)/ Decrease in loans and advances and other assets	(393,712)	–
	Increase in assets on liquidation of subsidiary (Refer note 21)	262,982	–
	Increase/ (Decrease) in trade payable and other current liabilities	648,461	316,661
	Changes in Working Capital	**(1,173,423)**	**316,661**
	Cash generated from Operations	**44,931,193**	**(1,004,197)**
	Taxes paid	(17,732,825)	(15,473,300)
	NET CASH FLOW FROM OPERATING ACTIVITIES	**27,198,368**	**(16,477,497)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	(Purchase) / Sale of current investments (net)	(22,478,695)	(245,202,196)
	Cash received on liquidation of subsidiary (Refer Note 21)	4,547,597	209,800,000
	Investment in a Subsidiary	–	(7,456,000,899)
	Loans and advances repaid by related parties	–	(796,284)
	Dividend income received	5,338,908	51,138,633
	NET CASH FLOW FROM INVESTING ACTIVITIES	**(12,592,190)**	**(7,441,060,746)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share Capital	–	7,443,777,962
	Borrowings (repaid) / taken from holding company (net)	(13,919,843)	13,919,843
	Finance charges paid	(15,524)	(37,112)
	NET CASH FLOW FROM FINANCING ACTIVITIES	**(13,935,367)**	**7,457,660,693**

CASH FLOW STATEMENT(Cont d.)

For the year ended 31 March 2013

D	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)**	**670,811**	**122,450**
E	**Cash and cash equivalents - opening balance**	**122,450**	**–**
F	**Cash and cash equivalents - closing balance (D+E) (Refer note 12)**	**793,261**	**122,450**

For Significant non-cash transactions, Refer Notes 21 and 22

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 Statement' 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.

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061

Place: Mumbai
Date: April 29, 2014

For and on behalf of
Marico Consumer Care Limited

Harsh Mariwala **Director**

Saugata Gupta **Director**

Vivek Karve **Director**

Surender Sharma **Company Secretory**

Place: Mumbai
Date: April 29, 2014

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

1 **The Company and nature of its operations:**

Marico Consumer Care Limited ('MCCL' or 'the Company') was incorporated on April 20, 2012 under the Companies Act, 1956. MCCL is a 100% subsidiary of Marico Limited. MCCL is headquartered in Mumbai, Maharashtra, India and was formed with the main objective of carrying out the business of fast moving consumer products and skin care segment. The Company presently owns various Intellectual Property Rights which were licensed during the year under consideration to Marico Limited, the holding Company.

2. **Summary of significant accounting policies:**

(a) **Basis of preparation of financial statements:**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair values. Pursuant to circular number 15/2013 dated 13.09.2013 read with circular number 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant 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 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 capitalized 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.

(d) **Depreciation and amortization:**

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%

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

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

(ii) Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalized / 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%

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. (Refer Note No.22)

(e) Investments:

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

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

(f) Accounting for taxes on income:

Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.

(g) 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 recognized 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.

(h) 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 recognized or disclosed in the financial statements.

(i) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognized:

(i) Interest and other income are recognized on accrual basis.

(ii) Dividend income is recognized when right to receive dividend is established

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

(iii) Revenue from royalty income is recognized on accrual basis.

(j) Foreign Currency Transaction:

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

(k) Utilization of security premium:

The Securities Premium Reserve is utilized for writing off expenses on issue of shares of the Company (Refer note 22).

(l) Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash on hand and cash at bank including demand deposit with original maturity period of 3 months or less and short term highly liquid investment with an original maturity of three months or less.

(m) Earnings Per Share:

Basic earnings per share are 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, which have changed the number of equity shares outstanding, without a corresponding change in resources.

3 Share capital

	As at 31 March 2014 Rupees	As at 31 March 2013 Rupees
Authorised share capital		
80,000,000 (80,000,000) equity shares of Rs. 10 each	800,000,000	800,000,000
	800,000,000	**800,000,000**
Issued, subscribed and paid-up		
20,660,830 (74,615,000) equity shares of Rs. 10 each fully paid-up	206,608,300	746,150,000
	206,608,300	**746,150,000**

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at 31 March 2014		As at 31 March 2013	
	No. of shares	Rupees	No. of shares	Rupees
At the time of incorporation i.e. April 20, 2012	–	–	50,000	500,000
At beginning of the year	74,615,000	746,150,000	–	–
Issued during the period	–	–	74,565,000	745,650,000
Less: Adjusted as per Capital Reduction Scheme (Refer note 22)	53,954,170	539,541,700	–	–
As at the end of the period	20,660,830	206,608,300	74,615,000	746,150,000
	20,660,830	206,608,300	74,615,000	746,150,000

b. Rights of equity shareholders

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion of the number of equity shares held.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

c. Shares held by holding company

Equity Shares	As at 31 March 2014		As at 31 March 2013	
	No. of shares	Rupees	No. of shares	Rupees
Equity shares of Rs.10 each fully paid up held by				
Marico Limited and its nominees	20,660,830	206,608,300	74,615,000	746,150,000
	20,660,830	206,608,300	74,615,000	746,150,000

d. Particulars of shareholders holding more than 5% shares of a class of shares

Equity Shares	As at 31 March 2014		As at 31 March 2013	
	Number	% holding	Number	% holding
Equity shares of Rs.10 each fully paid-up held by				
Marico Limited and its nominees	20,660,830	100	74,615,000	100
	20,660,830	206,608,300	74,615,000	746,150,000

4 Reserves and surplus

	As at 31 March 2014 Rupees	**As at 31 March 2013 Rupees**
Securities Premium Reserve		
At the commencement of the year	6,697,627,962	–
Add: Addition during the year	–	6,710,850,000
Less: Amount adjusted towrads share issue expenses	–	(13,222,038)
Less: Amount adjusted as per capital reduction schedume (Refer note 22)	(6,697,627,962)	–
At the end of the year	–	6,697,627,962
Surplus in the Statement of Profit and Loss		
At the commencement of the year	32,906,105	–
Add: Profit for the period	35,327,581	32,906,105
At the end of the year	68,233,686	32,906,105
Total	**68,233,686**	**6,730,534,067**

5 Short-term borrowings

	As at 31 March 2014 Rupees	**As at 31 March 2013 Rupees**
Loans and advances from the Holding Company	–	13,919,843
Total	**–**	**13,919,843**

6 Trade payables

	As at 31 March 2014 Rupees	**As at 31 March 2013 Rupees**
Trade payables		
- due to micro and small enterprises	–	–
- due to others	359,630	207,866
Total	**359,630**	**207,866**

Note: There are no micro and small enterprises to whom the company owes dues which are outstanding for more than 45 days as at March 31, 2014.

7 Other current liabilities

	As at 31 March 2014 Rupees	**As at 31 March 2013 Rupees**
Amount payable - Statutory / Government Authorities	549,312	108,795
Total	**549,312**	**108,795**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

8 (A) TANGIBLE ASSETS

In Rupees

Particulars	Gross block					Depreciation/ amortisation/impaiment							Net block	
	As at 1 April 2013	Acquisition	Additions (Refer note 21)	Deletion	As at 31 March 2014	As at 1 April 2013	For the year	Deductions / Adjustments	As at 31 March 2014	Impairment as at 01 April 2013	Charge / (Reversal) for the year (Refer note 21)	Impairment as at 31 Mar 2014 (See note b below)	As at 31 March 2014	As at 01 April 2013
Tangible Assets														
Plant and machinery	7,319,199	–	–	–	7,319,199	102,307	1,185,877	–	1,288,184	–	3,244,300	3,244,300	2,786,715	7,216,892
TOTAL - A	**7,319,199**	**–**	**–**	**–**	**7,319,199**	**102,307**	**1,185,877**	**–**	**1,288,184**	**–**	**3,244,300**	**3,244,300**	**2,786,715**	**7,216,892**
Previous year	–	7,319,199	–	–	7,319,199	–	102,307	–	102,307	–	–	–	7,216,892	–

8B Intangible assets

Particulars	Gross block					Depreciation/ amortisation/impaiment							Net block	
	As at 1 April 2013	Acquisition	Additions (Refer note 21)	Deletion	As at 31 March 2014	As at 1 April 2013	For the year	Deductions / Adjustments (Refer Note 22)	As at 31 March 2014	Impairment as at 01 April 2013	Charge / (Reversal) for the year (Refer note 21)	Impairment as at 31 Mar 2014 (See note b below)	As at 31 March 2014	As at 01 April 2013
Intangible assets														
Intellectual property rights (Refer Note bellow and 22)	7,298,014,973	–	–	7,298,014,973	–	60,816,791	–	60,816,791	–	–	–	–	–	7,237,198,182
TOTAL - B	**7,298,014,973**	**–**	**–**	**7,298,014,973**	**–**	**60,816,791**	**–**	**60,816,791**	**–**	**–**	**–**	**–**	**–**	**7,237,198,182**
Previous year	**–**	**7,298,014,973**	**–**	**–**	**7,298,014,973**	**–**	**60,816,791**	**–**	**60,816,791**	**–**	**–**	**–**	**7,237,198,182**	**–**
TOTAL - (A+B)	**7,305,334,172**	**–**	**–**	**7,298,014,973**	**7,319,199**	**60,919,098**	**1,185,877**	**60,816,791**	**1,288,184**	**–**	**3,244,300**	**3,244,300**	**2,786,715**	**7,244,415,074**
Previous year	**–**	**7,305,334,172**	**–**	**–**	**7,305,334,172**	**–**	**60,919,098**	**–**	**60,919,098**	**–**	**–**	**–**	**7,244,415,074**	**–**

Note: Certain brands aquired from Praras are in the process of being registered in the name of the Company. (Refer Note 22)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

9 Long term loans and advances

	As at 31 March 2014 Rupees	As at 31 March 2013 Rupees
Advance income tax (Net of provision of income tax of Rs. 17,322,633 (Rs. 15,134,073) and net provision of Rs. 153,527 transferred from Halite on liquidation (Refer note 26 (b))	749,419	339,227
Total	**749,419**	**339,227**

10 Other non current assets

	As at 31 March 2014 Rupees	As at 31 March 2013 Rupees
Long term deposits with banks with maturity period of more than twelve months (Includes accrued interest Rs. 55,674 (Nil))	400,674	–
Total	**400,674**	**–**

Long term deposits with bank includes Rs. 45,000 (Nil) deposited with sales tax authorities

11 Current investments

(valued at lower of cost and fair value)

	As at 31 March 2014 Rupees	As at 31 March 2013 Rupees
Investments in Mutual funds - unquoted - Non trade		
ICICI Prudential Ultra Short Term-Regular Plan-Growth Nil (84,69,500) units of Rs. 10 each fully paid	–	100,247,536
Peerless Ultra Short Term Fund-SI-Growth Nil (77,31,740) units of Rs. 10 each fully paid	–	100,000,000
JP Morgan India Treasury Fund-SI-Growth Nil (29,28,925) units of Rs. 10 each fully paid	–	45,000,000
Birla Sun Life Fixed Term Plan-Series HS (366 Days) -Gr.Regular 50,00,000 (Nil) units of Rs. 10 each fully paid	50,000,000	–
HDFC FMP 371D July 2013 Series 26-Regular-Growth 100,00,000 (Nil) units of Rs. 10 each fully paid	100,000,000	–
JP Morgan India Liquid Fund-SIP-Growth 20,80,609 (Nil) units of Rs. 10 each fully paid	33,533,421	–
LIC Nomura MF Fixed Matuirity Plan Series 73 - 366 Days - Growth Plan 25,00,000 (Nil) units of Rs. 10 each fully paid	25,000,000	–
Reliance Interval Fund I-Half Yearly Interval Fund-Series 2-Growth Plan 50,00,000 (Nil) units of Rs. 10 each fully paid	50,000,000	–
Reliance Fixed Horizon Fund-XXVI-Series 2-Growth Plan 10,00,000 (Nil) units of Rs. 10 each fully paid	10,000,000	–
Total	**268,533,421**	**245,247,536**
Aggregate amount of unquoted investments	268,533,421	245,247,536
Net asset value of unquoted investments	282,853,406	245,378,118

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

12 Cash and Bank Balance

	As at 31 March 2014 Rupees	As at 31 March 2013 Rupees
Cash and cash equivalents:		
Cash on hand	1,740	–
Bank balance in current account	791,521	122,450
Total	**793,261**	**122,450**

13 Other Current Assets

	As at 31 March 2014 Rupees	As at 31 March 2013 Rupees
Other Receviable	2,487,438	796,284
Total	**2,487,438**	**796,284**

14 Other income

	For the period March 31, 2014 Rupees	For the period March 31, 2013 Rupees
Interest income on fixed deposits	6,962	–
Dividend Income	**2,487,438**	**796,284**
On current investments	5,338,908	588,298
From subsidiary	–	50,550,335
Net Gain on sale of current investments	807,190	45,340
Royalty income	49,432,645	829,442
Net gain on foreign currency transactions and translation	20,002	–
Miscellaneous income (Refer Note 21)	4,866,759	–
Total	**60,472,466**	**52,013,415**

15 Finance cost

	For the period March 31, 2014 Rupees	For the period March 31, 2013 Rupees
Interest cost	9,604	26,326
Bank and other financial charges	5,920	10,786
Total	**15,524**	**37,112**

16 Depreciation, amortisation and impairment loss

	For the period March 31, 2014 Rupees	For the period March 31, 2013 Rupees
Depreciation on tangible assets	1,185,877	102,307
Amortisation of intangible assets (Refer Note 22)	–	60,816,791
Impairment loss	3,244,300	–
Total	**4,430,177**	**60,919,098**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

17 Other expenses

	For the period March 31, 2014 Rupees	For the period March 31, 2013 Rupees
Legal and professional charges	3,034,775	1,921,910
Payments to the auditor as Statutory Audit fees	168,540	224,720
Rates and taxes	30,819	–
Advertisement and sales promotion expenses	21,950	–
Insurance Charges	32,319	–
Travelling, conveyance and vehicle expenses	550	–
Subscriptions charges	57,385	–
Miscellaneous expenses	30,213	3,670
Total	**3,376,551**	**2,150,300**

18 There are no contingent liabilities as at 31st March, 2014.

19 Capital / Other Commitments :

There are no contracts remaining to be executed on capital / other account and not provided for as at March 31, 2014.

20 The Company, on May 29, 2012, concluded the effective acquisition of the personal care business of Paras Pharmaceuticals Limited ("PPL"). As a result, the financial results for the year ended March 31, 2013 included the performance of this business only for a part of the year while the financial results for the year ended March 31, 2014 comprises the performance of this business for the entire year.

21 The shareholders of Halite Personal Care Private Limited ("Halite") vide a special resolution at their extra ordinary general meeting held on January 18, 2013, resolved that the company be voluntarily liquidated. The shareholders also appointed a liquidator. In view of the liquidation, the liquidator, on March 25, 2013, distributed the assets of Halite to MCCL, being the sole shareholder of Halite. MCCL has taken over assets of Halite at fair values, determined by an independent valuer, as applicable. On distribution, MCCL received assets in excess of its Equity investment in Halite, resulting in profit of Rs. 59,133,273 as mentioned below, which was shown as an exceptional item in the Statement of Profit and Loss for the period ended March 31, 2013.

During the year, a final meeting of the shareholders of Halite was held on January 15, 2014 to approve the Statement of Accounts (stating the manner in which liquidation was conducted) prepared by the Liquidator. Further assets were distributed on the said date as below. The liquidation proceedings are now pending with the Official Liquidator.

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Tangible assets (net)	–	7,319,199
Intangible assets	–	7,298,014,973
Distribution of other assets and liabilities (net)	262,982	–
Cash and bank balance	4,547,597	209,800,000
Total	4,810,579	7,515,134,172
Less: Value of equity investments in Halite in books of MCCL	–	(7,456,000,899)
Excess of assets taken over on investment	4,810,579	59,133,273
Classified as exceptional item	–	59,133,273
Classified as Miscellaneous income	4,810,579	–

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

22 During the year the Honourable High Court of Bombay vide its order dated June 21, 2013 has approved the Scheme of Capital Reduction pertaining to the Company. Accordingly intangible assets aggregating Rs. 723,71,69,662 were adjusted against the Share Capital to the extend of Rs. 539,541,700 and Securities Premium Reserve Rs. 6,697,627,962 in accordance with the provisions of Section 78 (read with sections 100 to 103) of the Companies Act, 1956 (Refer Note 3, 4 and 8B).

23 There is no reportable segment in terms of Accounting Standard 17 'Segment reporting' mandated by Rule 3 of the Companies (Accounting Standard) Rules 2006.

24 Earnings in foreign currency

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Royalty Income	256,408	226,589
Total	**256,408**	**226,589**

25 Expenditure in foreign currency

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Professional Fees	512,540	–
Others	25,971	–
Total	**538,511**	**–**

26 Related party disclosure

a) Name of Related parties and nature of relationship :

Holding Company :
Marico Limited

Subsidiary Company :

Halite Personal Care Private Limited (A Company under Voluntary Liquidation) (Refer note 21)

Fellow Subsidiary with whom the Company has transactions:
Marico Middle East FZE (MME)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

b) Transactions with related parties

Amount in Rs.

Particulars	As at March 31, 2014	As at March 31, 2013
Marico Limited		
Royalty income	49,176,237	602,853
Loan and advances received	–	51,556,500
Loan and advances repaid	13,919,843	43,500,000
Expenses incurred by Holding Company	1,413,401	5,863,344
Equity capital during incorporation	–	500,000
Issue of Equity share of Rs. 10 each at a premium of Rs. 90	–	7,456,500,000
Halite Personal Care Private India Limited		
Dividend received	–	50,550,335
Distribution of other assets and liabilities (net)	262,982	–
Cash and bank balance	4,547,597	209,800,000
Brands	–	7,298,014,973
Plant and machinery	–	7,319,199
Marico Middle East FZE		
Royalty Income	256,408	226,589

C) Outstanding balances as at the period end

Particulars	As at March 31, 2014	As at March 31, 2013
Short Term Borrowings		
Marico Limited	–	13,919,843
Other Receivable		
Marico Limited	2,220,838	569,695
Marico Middle East FZE	266,600	226,589

27 Earnings per share

Particulars	As at March 31, 2014	As at March 31, 2013
Net profit after tax **(A)**	35,327,581	32,906,105
Number of equity shares as at year / period ended	20,666,830	74,615,000
Weighted average number of equity shares used as denominator for calculating basic / diluted earnings per share. (B)	**34,112,418**	**66,425,780**
Nominal value of equity share	10	10
Basic / Diluted Earnings per share (A)/(B)	**1.04**	**0.50**

28 Previous Period Figures

Previous period figures have been re-grouped and reclassified wherever necessary to confirm to this year's classification. However, in view of facts stated in Note 20, 21 and 22, Previous period figures are not comparable with the current year.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061

Place: Mumbai
Date: April 29, 2014

For and on behalf of
Marico Consumer Care Limited

Harsh Mariwala **Director**

Saugata Gupta **Director**

Vivek Karve **Director**

Surender Sharma **Company Secretor**

Place: Mumbai
Date: April 29, 2014

Incorporation Date	**20-Apr-12**	**Total no of days in year**		**346**	
	Dt	**Nos of Days**	**Nos of Shares**	**Weighted Avg Nos of Shares**	**31-Mar-13**
Op	20-Apr-12	346	50,000	50,000	
Less: adjusted in distribution	28-May-12	308	74,565,000	66,375,780	
			74,615,000	**66,425,780**	
	Pat			32,906,105	
	EPS			0.50	

Start Date	**1-Apr-13**	**Total no of days in year**		**365**	
	Dt	**Nos of Days**	**Nos of Shares**	**Weighted Avg Nos of Shares**	**31-Mar-14**
Op	1-Apr-13	91	74,615,000	18,602,644	
Less: adjusted against Brands	30-Jun-13	274	20,660,830	15,509,774	
			20,660,830	**34,112,418**	
	Pat			35,327,581	
	EPS			1.04	

Registration number:	2007/025470/07	
Board Of Directors:	Saugata Gupta	(Appointed on July 05, 2013)
	Pawan Agrawal	(Appointed on July 05, 2013)
	Jaques Nieuwenhuys C	(Appointed on July 05, 2013)
	John Richard Mason	
	Harsh Mariwala	(Resigned on July 05, 2013)
	Milind Sarwate	(Resigned on July 05, 2013)
	Vijay Subramanian	(Resigned on July 05, 2013)
	Padmanabh Maydeo	(Resigned on July 05, 2013)
Business address:	1474 South Coast Road Mobeni 4051	
Postal address:	P.O. Box 72625 Mobeni 4060	
Auditors:	PricewaterhouseCoopers Inc. Durban	

These financial statements have been prepared in accordance with the Companies Act of South Africa, 2008 under the supervision of Z Rayman (Financial Manager) and have been audited by our external auditors PricewaterhouseCoopers Inc.

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2014

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Marico South Africa Consumer Care Proprietary Limited and its subsidiary. The financial statements presented on pages 6 to 36 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all statements of IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the group and separate results of operations for the year and the financial position of Marico South Africa Consumer Care Proprietary Limited and its subsidiary as at 31 March 2014

The directors have the responsibility of ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the group to enable the directors to ensure that the financial statements comply with the relevant legislation.

Marico South Africa Consumer Care Proprietary Limited operated in an established control environment, which is documented and reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group and separate company will not be a going concern in the foreseeable future. The company's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 160

The financial statements set out on pages 162 to 186 were approved by the board of directors and are signed on their behalf on 30th May 2014.

John Richard Mason
Director

Pawan Agrawal
Director

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2014

TO

THE SHAREHOLDERS OF MARICO SOUTH AFRICA CONSUMER CARE PROPRIETARY LIMITED AND IT'S SUBSIDIARY

We have audited the consolidated and separate financial statements of Marico South Africa Consumer Care Proprietary Limited and its subsidiary set out on pages 6 to 36, which comprise the statements of financial position and the consolidated statement of financial position as at 31 March 2014, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Marico South Africa Consumer Care Proprietary Limited and it's subsidiary as at 31 March 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2014, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited consolidated and separate financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited consolidated and separate financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

PricewaterhouseCoopers Inc.
Director: N Ramlagan
Registered Auditor

Durban
Date : 30th May, 2014

REPORT OF THE DIRECTORS'

FOR THE YEAR ENDED 31 MARCH 2014

The directors present their annual report, which forms part of the financial statements of the company and of the group for the year ended 31 March 2014.

NATURE OF BUSINESS

The company is an investment holding company with an interest in Marico South Africa Proprietary Limited which manufactures and distributes a wide range of personal care and affordable complementary health care products.

Marico South Africa Consumer Care Proprietary Limited and its subsidiary was incorporated on 6 September 2007 to act as an investment holding company in South Africa for its holding company, Marico Limited which is incorporated in India. The company subsequently purchased the entire share capital of Marico South Africa Proprietary Limited effective on the 31 October 2007.

As the company is the ultimate South African parent, consolidated financial statements have also been presented which include the financial results of Marico South Africa Proprietary Limited.

DIVIDENDS

No dividends have been declared during the period and none are recommended (2013: R Nil).

SHARE CAPITAL

The authorised and issued share capital has changed.

DIRECTORS AND SECRETARY

The present directors of the company are:

JR Mason		
J Nieuwenhuys		(Appointed: 5 July 2013)
P Agrawal	(Indian)	(Appointed: 5 July 2013)
S Gupta	(Indian)	(Appointed: 5 July 2013)
H Mariwala	(Indian)	(Resigned: 5 July 2013)
M Sarwate	(Indian)	(Resigned: 5 July 2013)
V Subramanian	(Indian)	(Resigned: 5 July 2013)

The company secretary is KPMG.

HOLDING COMPANY

Marico Limited holds 100% of the company's issued share capital. Marico Limited is incorporated in Mumbai, India.

SUBSIDIARY

The company holds 100% of the issued share capital of Marico South Africa Proprietary Limited.

MATERIAL EVENTS AFTER YEAR-END

No matter which is material to the financial affairs of the company and group has occurred between the statement of financial position date and the date of approval of the financial statements.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with the Companies Act, 71 of 2008.

GOING CONCERN

The company generated a profit for the period of R 209,130 (2013: loss of R 380,076). At 31 March 2014 the company's total assets exceeded its total liabilities by R 100,011,704 (2013: R 39,743,065).

The group generated a profit for the period of R 5,424,451 (2013: loss of R 638,851). At 31 March 2014 the group's total assets exceeded its total liabilities by R 101 617 037 (2013: R 36,132,077).

The company has no external loans apart from its loan from the holding company. Marico Limited subscribed the additional shares during the year (refer note 13)

Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

BALANCE SHEET

for the year ended 31 March 2014

		Group		Company		Group		Company	
	Notes	2014	2013	2014	2013	2014	2013	2014	2013
		R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
ASSETS									
Non-current assets									
Property, plant and equipment	6	1,477,975	1,859,397	–	–	0.84	1.09	–	–
Intangible assets	7	47,993,319	47,993,319	–	–	27.29	28.14	–	–
Investment in subsidiary	8	–	–	100,326,055	45,485,555	–	–	57.06	26.67
Deferred income tax assets	14	4,340,259	6,646,542	–	–	2.47	3.90	–	–
Goodwill	15	37,686,823	37,686,823	–	–	21.43	22.10	–	–
Amount due from related party	19	–	–	12,037,600	53,876,041	–	–	6.85	31.59
		91,498,376	94,186,081	112,363,655	99,361,596	52.04	55.23	63.90	58.27
Current assets									
Trade and other receivables	10	18,980,658	27,704,018	–	–	10.79	16.25	–	–
Inventories	9	16,175,394	17,627,985	–	–	9.20	10.34	–	–
Cash and cash equivalents	11	13,325,312	4,664,856	412,549	191,137	7.58	2.74	0.23	0.11
Amounts due from related party	19	–	–	3,952,353	20,528,070	–	–	2.25	12.04
		48,481,364	49,996,859	4,364,902	20,719,207	27.57	29.32	2.48	12.15
Non-current asset held for sale	12	–	1,077,786	–	–	–	0.63	–	–
Total assets		**139,979,740**	**145,260,726**	**116,728,557**	**120,080,803**	**79.61**	**85.18**	**66.38**	**70.42**
EQUITY									
Capital and reserves attributable to equity holders of the company									
Share capital	13	60,060,309	800	60,060,308	800	34.17	0.01	34.17	0.01
Share premium	13	43,799,900	43,799,900	43,799,900	43,799,900	24.91	25.68	24.91	25.68
Accumulated loss		(2,243,172)	(7,668,623)	(3,848,504)	(4,057,635)	(1.28)	(4.50)	(2.19)	(2.38)
Total equity		**101,617,037**	**36,132,077**	**100,011,704**	**39,743,065**	**57.80**	**21.20**	**56.89**	**23.32**
LIABILITIES									
Non-current liabilities									
Borrowings	17	12,764,500	59,809,668	12,764,500	59,809,668	7.26	35.07	7.26	35.07
Share-based payment liability	18	107	124,232	–	–	–	0.07	–	–
		12,764,607	59,933,900	12,764,500	59,809,668	7.26	35.15	7.26	35.07
Current liabilities									
Trade and other payables	16	21,434,434	27,803,554	–	–	12.19	16.30	–	–
Borrowings	17	3,952,353	20,528,070	3,952,353	20,528,070	2.24	12.03	2.24	12.03
Share-based payment liability	18	211,309	863,125	–	–	0.12	0.51	–	–
		25,598,096	49,194,749	3,952,353	20,528,070	14.55	28.84	2.24	12.03
Total liabilities		**38,362,703**	**109,128,649**	**16,716,853**	**80,337,738**	**21.81**	**63.98**	**9.50**	**47.10**
Total equity and liabilities		**139,979,740**	**145,260,726**	**116,728,557**	**120,080,803**	**79.61**	**85.18**	**66.38**	**70.42**

Note: The exchange rate use to convert Zar to Rs. 5.687 / (Previous year Zar to Rs. 5.864)

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

	Notes	Group		Company		Group		Company	
		2014	2013	2014	2013	2014	2013	2014	2013
		R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Revenue		**171,427,736**	**164,070,681**	**–**	**–**	**97.49**	**96.21**	**–**	**–**
Cost of sales		(105,760,622)	(94,329,358)	–	–	(60.15)	(55.31)	–	–
Gross profit		**65,667,114**	**69,741,323**	**–**	**–**	**37.34**	**40.90**	**–**	**–**
Operating expenses		(57,358,582)	(64,006,081)	(10,043)	8,165	(32.62)	(37.53)	(0.01)	–
Other income		1,518,994	192,689	–	–	0.86	0.11	–	–
Operating profit/(loss)		**9,827,526**	**5,927,931**	**(10,043)**	**8,165**	**5.59**	**3.48**	**(0.01)**	**–**
Finance income	4.1	518,747	227,934	2,833,712	5,975,882	0.30	0.13	1.61	3.50
Finance costs	4.2	(2,533,853)	(6,364,123)	(2,533,853)	(6,364,123)	(1.44)	(3.73)	(1.44)	(3.73)
(Loss)/profit before income tax		**7,812,420**	**(208,258)**	**289,816**	**(380,076)**	**4.44**	**(0.12)**	**0.16**	**(0.23)**
Income tax expense	5	(2,386,969)	(430,593)	(80,686)	–	(1.36)	(0.25)	(0.05)	–
Total comprehensive (loss)/ profit for the year		**5,425,451**	**(638,851)**	**209,130**	**(380,076)**	**3.09**	**(0.37)**	**0.12**	**(0.23)**

Note: The exchange rate use to convert Zar to Rs. 5.687 / (Previous year Zar to Rs. 5.864)

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014

	Share capital	Share premium	Accumu lated loss	Total	Share capital	Share premium	Accumu lated loss	Total
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Group								
Year ended 31 March 2014								
Balance at 1 April 2013	800	43,799,900	(7,668,623)	36,132,077	0.01	24.91	(4.36)	20.56
Total comprehensive loss for the year	60,059,509	–	5,425,451	65,484,960	34.16	–	3.09	37.24
Balance at 31 March 2014	**60,060,309**	**43,799,900**	**(2,243,172)**	**101,617,037**	**34.17**	**24.91**	**(1.28)**	**57.80**
Year ended 31 March 2013								
Balance at 1 April 2012	800	43,799,900	(7,029,772)	36,770,928	0.01	25.68	(4.12)	21.57
Total comprehensive profit for the year	–	–	(638,851)	(638,851)	–	–	(0.37)	(0.37)
Balance at 31 March 2013	**800**	**43,799,900**	**(7,668,623)**	**36,132,077**	**0.01**	**25.68**	**(4.50)**	**21.20**
Company								
Year ended 31 March 2014								
Balance at 1 April 2013	800	43,799,900	(4,057,635)	39,743,065	0.01	24.91	(2.31)	22.61
Total comprehensive loss for the year	60,059,509	–	209,130	60,268,639	34.16	–	0.12	34.27
Balance at 31 March 2014	**60,060,309**	**43,799,900**	**(3,848,505)**	**100,011,704**	**34.17**	**24.91**	**(2.19)**	**56.89**
Year ended 31 March 2013								
Balance at 1 April 2012	800	43,799,900	(3,677,559)	40,123,141	0.01	25.68	(2.16)	23.54
Total comprehensive profit for the year			(380,076)	(380,076)			(0.22)	(0.22)
Balance at 31 March 2013	**800**	**43,799,900**	**(4,057,635)**	**39,743,065**	**0.01**	**25.68**	**(2.38)**	**23.32**

Note: The exchange rate use to convert Zar to Rs. 5.687 / (Previous year Zar to Rs. 5.864)

STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

	Notes	Group		Company		Group		Company	
		2014	2013	2014	2013	2014	2013	2014	2013
		R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Cash flow from operating activities									
Cash flow from operations	21	12,807,125	9,290,138	(10,043)	(11,835)	7.28	5.45	(0.01)	–
Finance income	4.1	518,747	227,934	2,833,712	5,975,882	0.30	0.13	1.60	3.50
Finance costs	4.2	(2,533,853)	(6,364,123)	(2,533,853)	(6,364,123)	(1.44)	(3.73)	(1.44)	(3.73)
Tax Paid		(80,686)	–	(80,686)	–	-	–	(0.05)	–
Net cash used in operating activities		10,711,333	3,153,949	209,130	(400,076)	6.14	1.85	0.15	(0.23)
Cash flow from investing activities									
Increase ininvestment in subsidiary		–	–	(54,840,500)	3,776,341	–	–	(31.20)	2.20
Additions to property, plant and equipment		(350,971)	(420,443)	–	–	(0.21)	(0.25)	–	–
Proceeds on disposal of property, plant and equipment		2,786,432	350,290	–	–	1.57	0.21	–	–
Net cash from/(used in) investing activities		2,435,461	(70,153)	(54,840,500)	3,776,341	1.37	(0.04)	(31.20)	2.20
Cash flow from financing activities									
(Repayment)/advance of borrowings		(64,545,847)	(3,380,705)	58,414,158	(3,380,705)	(36.72)	(1.98)	33.21	(1.98)
proceeds from issuance of ordinary shares		60,059,509	–	60,059,509	–	34.15	–	34.15	–
Long Term loans repaid		–	–	(63,620,885)	–	–	–	(36.19)	–
Net cash generated from financing activities		(4,486,338)	(3,380,705)	54,852,782	(3,380,705)	(2.57)	(1.98)	31.16	(1.98)
Net increase/(decrease) in cash and cash equivalents		**8,660,456**	**(296,909)**	**221,412**	**(4,440)**	**4.93**	**(0.17)**	**0.12**	**(0.01)**
Cash and cash equivalents at beginning of year	11	4,664,856	4,961,765	191,137	195,577	2.65	2.91	0.11	0.11
Cash and cash equivalents at end of year	**11**	**13,325,312**	**4,664,856**	**412,549**	**191,137**	**7.58**	**2.74**	**0.23**	**0.11**

Note: The exchange rate use to convert Zar to Rs. 5.687 / (Previous year Zar to Rs. 5.864)

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for the year ended 31 March 2014

1. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current period, areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, have been disclosed in note 1.24.

1.2 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries consistent with the policies adopted by the group.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the stand-alone financial statements of the company.

1.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line basis so as to write off the cost of the assets to their residual values over their expected useful lives. The expected useful lives are as follows:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Leasehold improvements	10 years
Plant and machinery	5 – 15 years
Motor vehicles	3,33 years
Office equipment	5 years
Furniture and fittings	10 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1.4 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.5 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is assessed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Brands

The useful lives of all intangible assets acquired by the company are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at least at the end of each financial period and altered if estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the current and future periods.

Intangibles assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimate useful lives of intangible assets from the date that they are available for use.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Intangibles assets with indefinite useful lives are measured at cost and are not amortized, but are tested for impairment at least annually or whenever any indication of impairment exists.

The following intangible assets currently have an indefinite useful life:

- product registrations; and
- brands

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

1.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.7 Leased assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by The lesser are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lesser by ways of penalty is recognized as an expense in the period in which termination takes place.

1.8 Inventory

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.9 Financial assets

1.9.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 1.9 and 1.10).

1.9.2 Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'operating expenses - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

1.10 Trade receivables

Trade receivables are measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.13 Trade payables

Trade payables are carried initially at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier, and subsequently measured at amortised cost using the effective interest rate method.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

1.14 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.15 Share-based payment

The company operates share-based compensation plans under which the company receives services from employees as consideration for equity based instruments (options and rights) of Marico Limited. The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense.

The fair value is determined at each statement of financial position date and is expensed on a straight-line basis over the vesting period with a corresponding increase in the liability and is based on the company's estimate of options that will eventually vest. Non-market vesting conditions are included in assumptions about the number of options and rights that are expected to vest.

At each statement of financial position date, the company assesses its estimates of the number of options or rights that are expected to vest. The company recognises the impact on the original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to the share option liability as appropriate.

The cash settled share-based payment, on maturity, will be computed in Indian Rupee (INR) and will be converted at the prevalent exchange rate and paid to senior management in the currency of the location of senior management.

1.16 Financial risk management

(1) Financial risk factors

The group's activities expose it to a variety of financial risks, including the effects of changes in interest rates and foreign currency exchange rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group does not use derivative financial instruments, such as interest rate swaps and forward exchange contracts, to hedge certain exposures.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

(a) Foreign exchange risk

The group is occasionally exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar. The company and group does not use forward contracts to hedge their exposure to foreign currency risk in connection with the measurement currency.

No foreign currency denominated balances were outstanding or receivable at year-end.

(b) Interest rate risk

The group's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The group's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The group adopts a policy of regularly reviewing interest rate exposure, and maintains floating rate borrowings.

No foreign currency balances were outstanding on receivables at year-end.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the statement of financial position date and the stipulated change taking place at the beginning of the financial period and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables held constant, the group's/ company's profit after tax would decrease by:

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Effect on profit after tax	83,585	272,422	3,635	19,981	0.05	0.16	0.00	0.01

(c) Credit risk

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables comprise a wide customer base.

At period end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, grossed up for any allowances for losses.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The group aims to maintain flexibility by monitoring cash flow forecast, good working capital management and ensuring adequate borrowing facilities are maintained.

The following table details the group and company's remaining contractual maturity of its non-derivative financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

	Average interest rate	Within 1 period R	Greater than 2 periods R	Total R	Within 1 period Rs. Crore	Greater than 2 periods Rs. Crore	Total Rs. Crore
Group 2014							
Trade and other payables		18,014,720		18,014,720	10.24	–	10.24
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	7.45%	–	12,037,600	12,037,600	–	6.85	6.85
- Current potion	7.45%	3,952,353		3,952,353	2.25	–	2.25
		21,967,073	**12,037,600**	**34,004,673**	**12.49**	**6.85**	**19.34**
Group 2013							
Trade and other payables		24,175,094		24,175,094	14.18	–	14.18
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	7.52%		59,809,668	59,809,668	–	35.07	35.07
- Current potion	8.50%	20,528,070		20,528,070	12.04	0.00	12.04
		44,703,164	**59,809,668**	**104,512,832**	**26.21**	**35.07**	**61.29**

	Average interest rate	Within 1 period R	Greater than 2 periods R	Total R	Within 1 period Rs. Crore	Greater than 2 periods Rs. Crore	Total Rs. Crore
Company 2014							
Trade and other payables							
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	7.45%	–	12,037,600	12,037,600	–	6.85	6.85
- Current potion	7.45%	3,952,353	–	3,952,353	2.25	–	2.25
		3,952,353	**12,037,600**	**15,989,953**	**2.25**	**6.85**	**9.09**
Company 2013							
Trade and other payables							
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	7.52%	–	59,809,668	59,809,668	–	35.07	35.07
- Current potion	9%	20,528,070	–	20,528,070	12.04	–	12.04
		20,528,070	**59,809,668**	**80,337,738**	**12.04**	**35.07**	**47.11**

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The difference between the proceeds received and the par value of ordinary shares issued are shown within equity as share premium.

1.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts. Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when the company has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. It is the company's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

1.19 Research and development costs

Research and development costs are recognised as an expense to the extent that such expenditure are not expected to have future benefits.

1.20 Employee benefits

The group operates two retirement benefit schemes. These are both defined contribution funds. A defined contribution fund is a retirement benefit plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group pays contributions on a contractual basis and contributions are recognised as an expense when they are due.

1.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.22 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

1.23 Changes in accounting policy and disclosures

a) Standards, amendments and interpretations effective in 2014 but not relevant

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 13 Fair Value Measurement	1-Jan-13	Immaterial
IAS 1 Presentation of Financial Statements	1-Jul-12	Immaterial
IAS 19 Employee Benefits Revised	1-Jan-13	Immaterial
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)	1-Jan-13	Immaterial
IFRS 1 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial
IAS 1 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial
IAS 16 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial
IAS 32 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial
IAS 34 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial

b) Standards and interpretation not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2013 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 9 Financial Instruments	1-Jan-15	Immaterial
Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)	1-Jan-14	Immaterial

1.24 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.24.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of intangible assets

The company tests whether intangible assets have suffered any impairment annually or whenever an indication of impairment exists in accordance with the accounting policy stated in note 1.5. The recoverable amounts of cash-generating units has been determined based on value-in use calculations. These calculations require the use of estimates (refer note 7).

If the revised estimated discounting rate applied was 1% lower/higher than management's estimates, the company will not have to recognise an impairment against intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

2 Operating profit/(loss)

2.1 The following items have been charged/(credited) in arriving at operating profit/(loss):

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Depreciation on property, plant and equipment (A detailed breakdown of the depreciation expense is presented in note 6)	629,761	1,085,166	–	–	0.36	0.64	–	–
Profit on disposal of property, plant and equipment	(1,606,014)	205,901	–	–	(0.91)	0.12	–	–
Impairment of intangible assets	–	69,605	–	–	–	0.04	–	–
Loss on disposal of intangible asset	–	–	–	–	–	–	–	–
Auditor's remuneration:								
Audit fees								
current year provision	387,351	379,800	–	–	0.22	0.22	–	–
prior year under/(over) provision	–	–	–	(20,000)	–	–	–	(0.01)
	387,351	379,800	–	(20,000)	0.22	0.22	–	(0.01)
Lease rentals								
Buildings	2,619,887	4,077,092	–	–	1.49	2.39	–	–
Computers	382,103	306,888	–	–	0.22	0.18	–	–
	3,001,990	4,383,980	–	–	1.71	2.57	–	–
Directors' emoluments								
Salaries	2,568,400	1,571,876	–	–	1.46	0.92	–	–
Other	2,310,834	943,702	–	–	1.31	0.55	–	–
	4,879,234	2,515,578	–	–	2.77	1.48	–	–
Staff costs (see note 3)	14,648,242	20,659,101	–	–	8.33	12.11	–	–

2.2 Expenses by nature

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Depreciation	629,761	1,085,166	–	–	0.36	0.64	–	–
Directors' emoluments	4,879,234	2,515,578	–	–	2.77	1.48	–	–
Operating lease rentals	3,001,990	4,383,980	–	–	1.71	2.57	–	–
Staff costs	14,648,242	20,659,101	–	–	8.33	12.11	–	–
Cost of sales	105,760,622	94,329,358	–	–	60.15	55.31	–	–
Commission	5,724,433	5,204,770	–	–	3.26	3.05	–	–
Advertising	11,935,618	13,540,050	–	–	6.79	7.94	–	–
Freight	9,719,890	8,478,970	–	–	5.53	4.97	–	–
Other	6,819,414	8,138,466	10,043	(8,165)	3.88	4.77	0.01	–
Total cost of sales and operating expenses	163,119,204	158,335,439	10,043	(8,165)	92.77	92.85	0.01	–

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for the year ended 31 March 2014

3 Staff costs

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Salaries and wages	11,850,830	17,424,905	–	–	6.74	10.22	–	–
Other	2,797,412	3,234,196	–	–	1.59	1.90	–	–
	14,648,242	20,659,101	–	–	8.33	12.11	–	–
Average number of persons employed:								
- Full time	82	114	–	–	–	–	–	–

4 Finance (costs)/income

4.1 Finance income

Bank	518,747	227,934	231,515	7,395	0.30	0.13	0.13	–
Related party (refer note 22)	–	–	2,602,197	5,968,487	–	–	1.48	3.50
	518,747	**227,934**	**2,833,712**	**5,975,882**	**0.30**	**0.13**	**1.61**	**3.50**

4.2 Finance cost

Related party (refer note 22)	(2,533,853)	(6,364,123)	(2,533,853)	(6,364,123)	(1.44)	(3.73)	(1.44)	(3.73)
Net finance costs	(2,015,106)	(6,136,189)	299,859	(388,241)	(1.15)	(3.60)	0.17	(0.23)

5 Income tax expense

Current tax								
- current year	80,686	–	80,686	–	–	–	0.05	–
Deferred tax								
- current year	2,190,967	(39,547)	–	–	1.25	(0.02)	–	–
- prior year underprovision	196,002	470,140	–	–	0.11	0.28	–	–
	2,386,969	430,593	80,686	–	1.36	0.25	0.05	–

The tax on the company (loss)/profit before tax differs from the theoretical amount that would arise using basic rates as follows:

(Loss)/profit before tax	7,812,411	(208,258)	289,816	(380,076)	4.44	(0.12)	0.16	(0.22)
Tax calculated at a rate of 28%	2,187,013	(58,312)	80,686	(106,421)	1.24	(0.03)	0.05	(0.06)
Deferred tax – prior year underprovision	196,002	470,140	–	–	0.11	0.28	–	–
Permanent differences	(15,000)	75,562	–	106,421	(0.01)	0.04	–	0.06
Prior year unutilized capital assessed loss	18,954	(56,797)	–	–	0.01	(0.03)	–	–
Tax charge	2,386,969	430,593	80,686	–	1.36	0.25	0.05	–

No provision has been made for current taxation as the group has a computed/estimated tax loss of R 11,157, 508 (Rs. 6.35 Crore) (2013: R 13,937,601 (Rs. 8.17)). The group recognises deferred tax assets to the extent that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised.

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for the year ended 31 March 2014

Management has assessed recoverability of the deferred tax asset based on company budgets and forecasted earnings and the assessed loss is considered recoverable against future taxable profits.

6 Property, plant and equipment

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	R	R	R	R	R	R
Year ended 31 March 2014						
Opening net carrying amount	1,214,505	301,611	51,157	292,124	–	1,859,397
Additions	88,717	21,370	–	240,884	–	350,971
Transfer	–	–	–	–	–	–
Depreciation	(300,630)	(102,437)	(36,111)	(190,583)	–	(629,761)
Disposals	–	(90,211)	–	(12,421)	–	(102,632)
Transfer to non-current assets held for sale	–	–	–	–	–	–
Closing net carrying amount	1,002,592	130,333	15,046	330,004	–	1,477,975
Cost	3,059,073	1,558,626	279,664	1,934,775	–	6,832,138
Accumulated depreciation and impairment	(2,056,481)	(1,428,293)	(264,618)	(1,604,771)	–	(5,354,163)
Closing net carrying amount	1,002,592	130,333	15,046	330,004	–	1,477,975

Depreciation charge of R 629 761 (Rs. 0.413 Crore) (2013: R 1,085,166 (Rs. 0.64 Crore)) has been charged to operating expenses.

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	R	R	R	R	R	R
Year ended 31 March 2013						
Opening net carrying amount	1,379,641	1,723,594	87,435	489,175	66,450	3,746,295
Additions	121,385	135,152	–	163,906	–	420,443
Transfer	–	66,450	–	–	(66,450)	–
Depreciation	(286,521)	(436,836)	(36,278)	(325,531)	–	(1,085,166)
Disposals	–	(108,963)	–	(35,426)	–	(144,389)
Transfer to non-current assets held for sale	–	(1,077,786)	–	–	–	(1,077,786)
Closing net carrying amount	1,214,505	301,611	51,157	292,124	–	1,859,397
Cost	2,972,425	2,937,394	279,664	1,820,796	–	8,010,279
Accumulated depreciation and impairment	(1,757,920)	(2,635,783)	(228,507)	(1,528,672)	–	(6,150,882)
Closing net carrying amount	1,214,505	301,611	51,157	292,124	–	1,859,397

Company:

No items of property, plant and equipment are held at company level.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Year ended 31 March 2014						
Opening net carrying amount	0.69	0.17	0.03	0.17	–	1.06
Additions	0.05	0.01	–	0.14	–	0.20
Transfer	–	–	–	–	–	–
Depreciation	(0.17)	(0.06)	(0.02)	(0.11)	–	(0.36)
Disposals	–	(0.05)	–	(0.01)	–	(0.06)
Transfer to non-current assets held for sale	–	–	–	–	–	–
Closing net carrying amount	0.57	0.07	0.01	0.19	–	0.84
Cost	1.74	0.89	0.16	1.10	–	3.89
Accumulated depreciation and impairment	(1.17)	(0.81)	(0.15)	(0.91)	–	(3.04)
Closing net carrying amount	0.57	0.07	0.01	0.19	–	0.84
Company:						

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Year ended 31 March 2013						
Opening net carrying amount	0.81	1.01	0.05	0.29	0.04	2.20
Additions	0.07	0.08	–	0.10	–	0.25
Transfer	–	0.04	–	–	(0.04)	–
Depreciation	(0.17)	(0.26)	(0.02)	(0.19)	-	(0.64)
Disposals	–	(0.06)	–	(0.02)	–	(0.08)
Transfer to non-current assets held for sale	–	(0.63)	–	–	–	(0.63)
Closing net carrying amount	0.71	0.18	0.03	0.17	–	1.09
Cost	1.74	1.72	0.16	1.07	–	4.70
Accumulated depreciation and impairment	(1.03)	(1.55)	(0.13)	(0.90)	–	(3.61)
Closing net carrying amount	0.71	0.18	0.03	0.17	–	1.09
Company:						

No items of property, plant and equipment are held at company level.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

7 Intangible assets

	Brands R	Total R	Brands Rs. Crore	Total Rs. Crore
Group				
Year ended 31 March 2014				
Opening carrying amount	48,062,924	48,062,924	27.33	27.33
Impairment	(69,605)	(69,605)	(0.04)	(0.04)
Closing carrying amount	47,993,319	47,993,319	27.29	27.29
Cost	50,062,924	50,062,924	28.47	28.47
Accumulated impairment	(2,069,605)	(2,069,605)	(1.18)	(1.18)
Closing carrying amount	47,993,319	47,993,319	27.29	27.29
Year ended 31 March 2013				
Opening carrying amount	48,062,924	48,062,924	28.18	28.18
Disposals	(69,605)	(69,605)	(0.04)	(0.04)
Closing carrying amount	47,993,319	47,993,319	28.14	28.14
Cost	50,062,924	50,062,924	29.36	29.36
Accumulated amortisation	(2,069,605)	(2,069,605)	(1.21)	(1.21)
Closing carrying amount	47,993,319	47,993,319	28.14	28.14

The group has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the group is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold.

Detailed impairment testing is performed for the indefinite-life intangible assets annually whenever an indicator of impairment exits. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any.

The fair value is generally measured as the net present value of projected cash flows. In addition, a revaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is appropriate.

The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value an impairment charge is raised.

The key assumptions used for the value-in-use calculations are as follows:

	2014	**2013**
Growth rate *1	2.50%	2.50%
Discount rate *2	12.20%	10.60%

*1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*2 Post-tax discount rate applied to the cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

8 Investment in subsidiary

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Marico South Africa Proprietary Limited								
Investment in shares at cost	–	–	100,326,054	45,485,555	–	–	57.06	26.67

The group's share of the results of its subsidiary, which is unlisted, are as follows:

Name	Country of incorporation	Profit/(Loss) after tax R	Profit/(Loss) after tax Rs. Crore
2014			
Marico South Africa Proprietary Limited	South Africa	5,215,432	0.15
2013			
Marico South Africa Proprietary Limited	South Africa	(R 258,775)	0.71

The following information relates to the company's financial interest in its subsidiary:

Name	Number of shares held	Proportionheld	Nature of business
Subsidiary			
Marico South Africa Proprietary Limited	5,000	100%	Manufacturing and distributing of wide range of personal care and affordable complementary health care products

9 Inventories

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Raw materials	7,308,491	8,208,091	–	–	4.16	4.81	–	–
Work in progress	142,757	468,113	–	–	0.08	0.27	–	–
Finished goods	8,724,146	8,951,781	–	–	4.96	5.25	–	–
	16,175,394	17,627,985	–	–	9.20	10.34	–	–
Amount included in inventory balance as write down to net realisable value	(2,173,284)	(2,122,337)	–	–	(1.24)	(1.24)	–	–

The cost of inventories recognised as an expense and included in cost of sales amounted to R 105,760,622 (Rs. 60.15 Crore) (2013: R 94,329,358 (Rs. 55.31 Crore)).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

10 Trade and other receivables

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Trade receivables	18,722,298	27,381,600	–	–	10.65	16.06	–	–
Provision for doubtful debts	(10,739)	(6,057)	–	–	(0.01)	(0.00)	–	–
Net trade receivables	18,711,559	27,375,543	–	–	10.64	16.05	–	–
Other receivables	269,100	328,475	–	–	0.15	0.19	–	–
	18,980,659	27,704,018	–	–	10.79	16.25	–	–

The group grants credit of 30 days to its customers. The analysis of trade receivables which are past due and not impaired at year end is as follows:

Past due by 30 days	6,606,878	12,905,530	–	–	3.76	7.57	–	–
Past due by 60 days	2,498,443	4,154,420	–	–	1.42	2.44	–	–
Past due by 90 days	435,939	1,243,742	–	–	0.25	0.73	–	–
	9,541,260	18,303,692	–	–	5.43	10.73	–	–

The carrying value of the trade and other receivables approximates their fair value.

11 Cash and cash equivalents

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Bank balances	13,325,312	4,664,856	412,549	191,137	7.58	2.74	0.23	0.11

Credit quality of cash at bank: BBB+

12 Non-current assets held for sale

The non-current assets held for sale relate to plant and machinery that is being sold to Sikuniko Impilo Proprietary Limited, during the 204 financial year.

The purchase consideration is in excess of the carrying amount of the non-current assets held for sale, therefore no impairment is considered necessary

Plant and machinery	–	1,077,786	–	–	–	0.63	–	–

13 Share capital and share premium

Authorised								
1,247 Ordinary shares of R1 each	1,247	1,000	1,000	1,000	0.01	0.01	0.01	0.01
Issued								
800 Ordinary shares of R1 each	800	800	800	800	0.01	0.01	0.01	0.01
447 Ordinary shares of R134361.22 each	60,059,509	–	60,059,509	–	34.17	–	34.17	–
	60,060,309	800	60,060,309	800	34.18	0.01	34.18	0.01
Share premium	**43,799,900**	**43,799,900**	**43,799,900**	**43,799,900**	**24.91**	**25.68**	**24.91**	**25.68**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

14 Deferred income tax assets

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28% (2013: 28%).

The movement on the deferred income tax asset account is as follows:

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
At beginning of year	6,646,542	7,077,135	–	–	3.78	4.15	–	–
Current year	(2,110,281)	39,547	–	–	(1.20)	0.02	–	–
Prior year underprovision	(196,002)	(470,140)	–	–	(0.11)	(0.28)	–	–
At end of year	4,340,259	6,646,542	–	–	2.47	3.90	–	–
Deferred tax assets may be analysed as follows:								
Property, plant and equipment	154,104	(83,190)	–	–	0.09	(0.05)	–	–
Other provisions	1,615,643	2,449,744	–	–	0.92	1.44	–	–
Tax losses carried forward	2,570,512	4,279,988	–	–	1.46	2.51	–	–
	4,340,259	6,646,542	–	–	2.47	3.90	–	–

No deferred tax asset has been recognised at company level as it is not probable that future taxable profits will be available against which temporary differences can be utilised.

15 Goodwill

Carrying value at the end of the year	37,686,823	37,686,823	–	–	21.43	22.10	–	–

Goodwill relates to the acquisition of Marico South Africa Proprietary Limited in 2007.

Goodwill has been assessed for impairment in terms of IAS 36. Based on future expected cash flows from the subsidiary, Marico South Africa Proprietary Limited, no impairment is considered necessary.

16 Trade and other payables

Trade payables	14,538,633	20,077,269	–	–	8.27	11.77	–	–
Amount due to related party (refer note 22)	594,310	341,184	–	–	0.34	0.20	–	–
Accruals	2,673,926	2,220,323	–	–	1.52	1.30	–	–
Audit fee provision	207,852	389,800	–	–	0.12	0.23	–	–
Bonus provision	2,204,034	1,829,765	–	–	1.25	1.07	–	–
Leave pay provision	847,152	786,579	–	–	0.48	0.46	–	–
Other payables	368,527	2,158,634	–	–	0.21	1.27	–	–
	21,434,434	**27,803,554**	**–**	**–**	**12.19**	**16.30**	**–**	**–**

The carrying value of the trade and other payables approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

17 Borrowings

Related party (refer note 22)

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
- Non-current portion	12,764,500	59,809,668	12,764,500	59,809,668	7.26	35.07	7.26	35.07
- Current portion	3,952,353	20,528,070	3,952,353	20,528,070	2.24	12.03	2.24	12.03
	16,716,853	80,337,738	16,716,853	80,337,738	9.50	47.10	9.50	47.10

The loan is unsecured. The non-current portion of the loan is repayable in four years and bears interest at the 6 month London Interbank Offered Rate plus 7%. The current portion of the loan is repayable within 12 months and bears interest at a rate of 9% (2013: 8.5).

Maturity of borrowings

Due within 1 year	3,952,353	20,528,070	3,952,353	20,528,070	2.25	12.04	2.25	12.04
Due within 2 – 5 years	12,764,500	59,809,668	12,764,500	59,809,668	7.25	35.06	7.25	35.06
	16,716,853	80,337,738	16,716,853	80,337,738	9.50	47.10	9.50	47.10

18 Share-based payments

Marico Limited granted senior management of Marico South Africa Proprietary Limited a STAR grant bonus in respect of the share appreciation rights scheme.

The liability in respect of the share appreciation rights scheme is to be settled by Marico South Africa (Proprietary Limited). The value is determined by the market price of equity shares and no minimum guarantee amount is provided.

The STAR grant value on maturity will be computed in INR and will be converted at the prevalent exchange rate as decided by Marico Group Corporate Finance Function, and paid to senior management in the currency of location of senior management.

Award price Indian Rupee (INR)	Date Rights Awarded	Rights Awarded	Vesting Date	Rights Exercisable at 31 March 2014
149	01-Dec-11	25,500	30-Nov-14	–
214	01-Dec-12	38,000	30-Nov-15	–
209	01-Dec-13	29200	201611/30	–

The share price at 31 March 2014 used to compute the share option liability in INR 213. No options were exercised or forfeited during the year.

Current portion	211,309	863,125	–	–	0.12	0.51	–	–
Non-current portion	107	124,232	–	–	–	0.07	–	–
	211,416	987,357	–	–	0.12	0.58	–	–

19 Amount due from related party

Related party (refer note 22)

- Non-current portion	–	–	12,037,600	53,876,041	–	–	6.85	31.59
- Current portion	–	–	3,952,353	20,528,070	–	–	2.25	12.04
	–	–	15,989,953	74,404,111	–	–	9.09	43.63

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

-The loan is unsecured. The non-current portion of the loan is repayable in four years and bears interest at the 6 month London Interbank Offered Rate plus 7%. The current portion of the loan is repayable within 12 months and bears interest at a rate of 7.0% (2013: 9%).

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Maturity of borrowings								
Due within 1 year	–	–	3,952,353	20,528,070	–	–	2.25	12.04
Due within 2 – 5 years	–	–	12,037,600	53,876,041	–	–	6.85	31.59
	–	–	15,989,953	74,404,111	–	–	9.09	43.63

20 Financial risk management

The group's financial instruments consist primarily of deposits with banks, short term investments, trade accounts receivable and payable and loans to and from the holding company and its subsidiary. Financial instruments are carried at fair value or amounts that approximate fair value.

Financial assets								
Loans and receivables:								
Assets as per the statement of financial position								
Trade and other receivables	18,980,658	27,704,018	–	–	10.79	16.25	–	–
Cash and cash equivalents	13,325,311	4,664,856	412,549	191,137	7.58	2.74	0.23	0.11
Amount due from related party	–	–	15,989,953	74,404,111	–	–	9.09	43.63
	32,305,969	32,368,874	16,402,502	74,595,248	18.37	18.98	9.33	43.74
Financial liabilities								
Financial liabilities at amortised cost:								
Liabilities as per the statement of financial position								
Interest bearing liabilities	16,716,853	80,337,738	16,716,853	80,337,738	9.51	47.11	9.51	47.11
Trade and other payables	18,014,721	23,028,576	–	–	10.24	13.50	–	–
	34,731,574	103,366,314	16,716,853	80,337,738	19.75	60.61	9.51	47.11

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

21 Cash flow from operating activities

	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Operating profit/(loss)	9,827,526	5,927,931	(10,043)	8,165	5.59	3.48	(0.01)	0.01
Adjusted for:								
Non-cash items								
Depreciation	629,761	1,085,166	–	–	0.36	0.64	–	–
Profit on sale of assets	(1,606,014)	(205,901)	–	–	(0.91)	(0.12)	–	–
Loss on disposal of intangible asset	–	–	–	–	–	–	–	–
Impairment of intangible asset	–	69,605	–	–	–	0.04	–	–
Share-based payment expense	149,021	987,357	–	–	0.08	0.58	–	–
Operating profit before working								
capital changes:								
Decrease/(increase) in trade and other receivables	8,723,360	(4,594,586)	–	–	4.96	(2.69)	–	–
Decrease/(increase) in inventories	1,452,591	(36,781)	–	–	0.83	(0.02)	–	–
(Decrease)/increase in trade and other payables	(6,369,120)	6,057,347	–	(20,000)	(3.62)	3.55	–	(0.01)
	12,807,125	9,290,138	(10,043)	(11,835)	7.28	5.45	(0.01)	–

22 Related party transactions

At 31 March 2014, the holding company of Marico South Africa Consumer Care Proprietary Limited and its subsidiary is a listed company incorporated in India, which holds 100% of the company's issued share capital. Marico South Africa Consumer Care Proprietary Limited and its subsidiary holds 100% of the issued share capital of Marico South Africa Proprietary Limited. The directors are listed in the director's report.

The group has a related party relationship with its holding company, subsidiary and with its directors and key management personnel.

Transactions with related parties:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

The following transactions were carried out by the company with related parties:

Interest income earned (refer note 4.2)

	Group		Company		Group		Company	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	R	**R**	**R**	**R**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**
Marico South Africa Proprietary Limited	–	–	2,602,197	5,968,487	–	–	1.48	3.50
Technical Support - Marico Limited	594,310	341,184	–	–	0.34	0.20	–	–
Interest expense incurred (refer note 4.1)								
Marico Limited	2,533,853	6,364,123	2,533,853	6,364,123	1.44	3.73	1.44	3.73
Directors' emoluments (refer note 2)	4,879,234	2,515,578	–	–	2.77	1.48	–	–
Investment in subsidiary (refer note 8):								
Marico South Africa Proprietary Limited	–	–	100,326,054	45,485,555	–	–	57.06	26.67
Amounts due from related parties								
Amounts due from subsidiary (refer note 17):								
Marico South Africa Proprietary Limited	–	–	15,989,953	74,404,111	–	–	9.09	43.63
Amounts due to related parties								
Amounts due to holding company (refer note 17):								
Marico Limited	16,716,853	80,337,738	16,716,853	80,337,738	9.51	47.11	9.51	47.11
Included in trade and other payables (refer note 16):								
Marico Limited	594,310	341,184	–	–	0.34	0.20	–	–

23 Commitments

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

- Within 1 year	2,345,417	1,699,379	–	–	1.33	1.00	–	–
- Between 2 and 5 years	2,728,604	3,710,674	–	–	1.55	2.18	–	–
- Over 5 years								
	5,074,021	5,410,053	–	–	2.88	3.18	–	–

The group leases certain factory facilities under sub-operating leases. The leases run for a period of up to 10 years, with an option to renew the lease after that date.

Registration number:	1977/001752/07
Board of Director:	Saugata Gupta (Appointed on July 05, 2013) Pawan Agrawal (Appointed on July 05, 2013) Jaques Nieuwenhuys (Appointed on July 05, 2013) John Richard Mason Harsh Mariwala (Resigned on July 05, 2013) Milind Sarwate (Resigned on July 05, 2013) Vijay Subramanian (Resigned on July 05, 2013) Padmanabh Maydeo(Resigned on July 05, 2013)
Registered Office:	1474 South Coast Road Mobeni 4051
Postal address:	P.O. Box 72625 Mobeni 4060
Auditors:	PricewaterhouseCoopers Inc. Durban

These financial statements have been prepared in accordance with the Companies Act of South Africa, 2008 under the supervision of Z Rayman (Financial Manager) and have been audited by our external auditors PricewaterhouseCoopers Inc.

STATEMENT OF DIRECTORS' RESPONSIBILITY

For the year ended 31 March 2014

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Marico South Africa Proprietary Limited. The financial statements presented on pages 191 to 212 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all statements of IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial positions of the company at year end.

The directors have the responsibility of ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial positions of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

Marico South Africa Proprietary Limited operated in an established control environment, which is documented and reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future. The company's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 189

The financial statements set out on pages 191 to 212 were approved by the board of directors and are signed on their behalf on 30th May, 2014

John Richard Mason
Director

Pawan Agrawal
Director

INDEPENDENT AUDITOR'S REPORT

TO

THE SHAREHOLDERS OF MARICO SOUTH AFRICA PROPRIETARY LIMITED

We have audited the financial statements of Marico South Africa Proprietary Limited set out on pages 5 to 29, which comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Marico South Africa Proprietary Limited as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2014, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

PricewaterhouseCoopers Inc.
Director: **N Ramlagan**
Registered Auditor
Durban
Date :

DIRECTORS' REPORT

For the year ended 31 March 2014

The directors present their annual report, which forms part of the audited financial statements of the company for the year ended 31 March 2014.

Nature of business

The company manufactures and distributes a wide range of personal care and affordable complementary health care products.

Dividends

No dividends have been declared during the period and none are recommended (2013: R Nil).

Share capital

The authorised and issued share capital has changed

Directors and secretary

The present directors of the company are:

JR Mason		
J Nieuwenhuys		(Appointed: 5 July 2013)
P Agrawal	(Indian)	(Appointed: 5 July 2013)
S Gupta	(Indian)	(Appointed: 5 July 2013)
H Mariwala	(Indian)	(Resigned: 5 July 2013)
M Sarwate	(Indian)	(Resigned: 5 July 2013)
V Subramanian	(Indian)	(Resigned: 5 July 2013)

The company secretary is KPMG.

Holding company

Marico South Africa Consumer Care Proprietary Limited holds 100% of the company's issued share capital. The ultimate holding company is Marico Limited, a listed company incorporated in Mumbai, India.

Material events after year-end

No matter which is material to the financial affairs of the company has occurred between the statement of financial position date and the date of approval of the financial statements.

Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with Section 90(2) of the Companies Act 71 of 2008.

Going concern

The company generated a net profit for the period of R5 216 321 (2013: loss of R258 775). At 31 March 2014 the company's total assets exceeded its total liabilities by R64 244 565 (2013: R4 187 744).

The company has no external debt apart from its loan from the holding company. Marico South Africa Consumer Care Proprietary Limited subscribed for additional shares during the year (refer note 12).

Accordingly, the annual financial statements are prepared on the basis of accounting policies applicable to a going concern.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
ASSETS					
Non-current assets					
Property, plant and equipment	6	1,477,975	1,859,397	0.84	1.09
Intangible assets	7	47,993,319	47,993,319	27.29	28.14
Deferred income tax asset	13	4,340,259	6,646,542	2.47	3.90
		53,811,553	56,499,258	30.60	33.13
Current assets					
Trade and other receivables	9	18,980,658	27,704,018	10.80	16.25
Inventories	8	16,175,394	17,627,985	9.20	10.34
Cash and cash equivalents	10	12,912,763	4,473,719	7.34	2.62
		48,068,815	49,805,722	27.35	29.21
Non-current assets held for sale	11	–	1,077,786	–	0.63
		48,068,815	50,883,508	27.35	29.84
Total assets		**101,880,368**	**107,382,766**	**57.95**	**62.97**
EQUITY					
Capital and reserves attributable to equity holders of the company					
Share capital	12	54,845,500	5,000	31.20	0.01
Share premium	12	22,863,735	22,863,735	13.00	13.41
Accumulated loss		(13,464,670)	(18,680,991)	(7.66)	(10.96)
Total equity		**64,244,565**	**4,187,744**	**36.55**	**2.46**
LIABILITIES					
Non-current liabilities					
Borrowings	15	12,037,600	53,876,041	6.85	31.59
Share-based payment liability	16	107	124,232	0.00	0.07
		12,037,707	54,000,273	6.85	31.67
Current liabilities					
Trade and other payables	14	21,434,434	27,803,554	12.19	16.30
Borrowings	15	3,952,353	20,528,070	2.25	12.04
Share-based payment liability	16	211,309	863,125	0.12	0.51
		25,598,096	49,194,749	14.56	28.85
Total liabilities		**37,635,803**	**103,195,022**	**21.40**	**60.51**
Total equity and liabilities		**101,880,368**	**107,382,766**	**57.95**	**62.97**

Note: The exchange rate use to convert Zar to Rs. 5.687 / (Previous year Zar to Rs. 5.864)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Revenue		**171,427,736**	**164,070,681**	**97.49**	**96.21**
Cost of sales		(105,760,622)	(94,329,358)	(60.15)	(55.31)
Gross profit		**65,667,114**	**69,741,323**	**37.34**	**40.90**
Operating expenses		(57,348,539)	(64,014,246)	(32.61)	(37.54)
Other income		1,518,994	192,689	0.86	0.11
Operating profit	**2**	**9,837,569**	**5,919,766**	**5.59**	**3.47**
Finance income	4.1	287,232	220,539	0.16	0.13
Finance costs	4.2	(2,602,197)	(5,968,487)	(1.48)	(3.50)
Profit before income tax		**7,522,604**	**171,818**	**4.28**	**0.10**
Income tax expense	5	(2,306,283)	(430,593)	(1.31)	(0.25)
Total comprehensive (loss)/profit for the year		**5,216,321**	**(258,775)**	**2.97**	**(0.15)**

Note: The exchange rate use to convert Zar to Rs. 5.687 / (Previous year Zar to Rs. 5.864)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

Year ended 31 March 2014

	Share capital R	Share premium R	Accumu lated loss R	Total R	Share capital Rs. Crore	Share premium Rs. Crore	Accumu lated loss Rs. Crore	Total Rs. Crore
Balance at 1 April 2013	5,000	22,863,735	(18,680,103)	4,188,632	0.01	13.00	(10.62)	2.39
Total comprehensive loss for the year	54,840,500	–	5,215,433	60,055,933	31.19	0.00	2.97	34.15
Balance at 31 March 2014	**54,845,500**	**22,863,735**	**(13,464,670)**	**64,244,565**	**31.20**	**13.00**	**(7.66)**	**36.55**

Year ended 31 March 2013

	Share capital R	Share premium R	Accumu lated loss R	Total R	Share capital Rs. Crore	Share premium Rs. Crore	Accumu lated loss Rs. Crore	Total Rs. Crore
Balance at 1 April 2012	**5,000**	**22,863,735**	**(18,422,216)**	**4,446,519**	**0.01**	**13.41**	**(10.80)**	**2.62**
Total comprehensive loss for the year	–	–	(258,775)	(258,775)	–	–	(0.16)	(0.16)
Balance at 31 March 2013	**5,000**	**22,863,735**	**(18,680,991)**	**4,187,744**	**0.01**	**13.41**	**(10.96)**	**2.46**

Note: The exchange rate use to convert Zar to Rs. 5.687 / (Previous year Zar to Rs. 5.864)

STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Cash flow from operating activities					
Cash flow from operations	17	12,817,168	9,301,973	7.29	5.45
Finance costs	4.2	(2,602,197)	(5,968,487)	(1.48)	(3.50)
Finance income	4.1	287,232	220,539	0.16	0.13
Net cash used in operating activities		**10,502,203**	**3,554,025**	**5.97**	**2.08**
Cash flow from investing activities					
Additions to property, plant and equipment		(350,971)	(420,443)	(0.20)	(0.25)
Proceeds on disposal of property, plant and equipment		2,786,432	350,290	1.58	0.21
Net cash used in investing activities		**2,435,461**	**(70,153)**	**1.39**	**(0.04)**
Cash flow from financing activities					
(Repayment)/receipt of borrowings		(59,339,120)	(3,776,341)	(33.75)	(2.21)
Proceeds from issuance of ordinary shares		54,840,500	–	–	–
		(4,498,620)	**(3,776,341)**	**(33.75)**	**(2.21)**
Net increase in cash and cash equivalents		8,439,044	(292,469)	4.80	(0.17)
Cash and cash equivalents at beginning of year		4,473,719	4,766,188	2.54	2.79
Cash and cash equivalents at end of year	**10**	**12,912,763**	**4,473,719**	**7.34**	**2.62**

Note: The exchange rate use to convert Zar to Rs. 5.687 / (Previous year Zar to Rs. 5.864)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.23.

1.2 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line basis so as to write off the cost of the assets to their residual values over their expected useful lives. The expected useful lives are as follows:

Leasehold improvements	10 years
Plant and machinery	5 - 15 years
Motor vehicles	3,33 years
Office equipment	5 years
Furniture and fittings	6 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.4 Intangible assets

Brands

The useful lives of all intangible assets acquired by the company are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at least at the end of each financial period and altered if estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the current and future periods.

Intangibles assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimate useful lives of intangible assets from the date that they are available for use.

Intangibles assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment annually or whenever any indication of impairment exists.

The following intangible assets currently classified as having an indefinite useful life:

- product registrations; and
- brands

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

1.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.6 Leased assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by ways of a penalty is recognised as an expense in the period in which termination takes place.

1.7 Inventory

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1.8 Financial assets

1.8.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 1.10 and 1.11).

1.8.2 Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within operating expenses in the period in which they arise.

1.9 Impairment of financial assets

(a) Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

1.10 Trade receivables

Trade receivables are measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.13 Trade payables

Trade payables are carried initially at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier, and subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

1.14 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.15 Share-based payment

The company operates share-based compensation under which the company receives services from employees as consideration for equity based instruments (options and rights) of Marico Limited. The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense.

The fair value is determined at each statement of financial position date and is expensed on a straight-line basis over the vesting period with a corresponding increase in the liability and is based on the company's estimate of options that will eventually vest. Non-market vesting conditions are included in assumptions about the number of options and rights that are expected to vest.

At each statement of financial position date, the company assesses its estimates of the number of options or rights that are expected to vest. The company recognises the impact on the original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to the share option liability as appropriate.

The cash settled share-based payment, on maturity, will be computed in Indian Rupee (INR) and will be converted at the prevalent exchange rate and paid to senior management in the currency of the location of senior management.

1.16 Financial risk management

(1) Financial risk factors

The company's activities expose it to a variety of financial risks, including the effects of changes in interest rates and foreign currency exchange rates. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The company does not use derivative financial instruments, such as interest rate swaps and forward exchange contracts, to hedge certain exposures.

(a) Foreign exchange risk

The company is occasionally exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar. The company does not use forward contracts to hedge their exposure to foreign currency risk in connection with the measurement currency.

No foreign currency denominated balances were outstanding or receivable at year-end.

(b) Interest rate risk

The company's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The company's investments in variable-rate debt

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The company adopts a policy of regularly reviewing interest rate exposure, and maintains floating rate borrowings.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the statement of financial position date and the stipulated change taking place at the beginning of the financial period and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

If interest rates has been 50 basis points higher/lower and all other variables held constant, the company's profit after tax would decrease by:

	2014	2013	2014	2013
	R	R	Rs. Crore	Rs. Crore
Effect on profit after tax	79,950	265,823	0.05	0.16

1.16 Financial risk management (continued)

C.) Credit risk

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables comprise a wide customer base.

At period end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, grossed up for any allowances for losses.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The company aims to maintain flexibility by monitoring cash flow forecast, good working capital management and ensuring adequate borrowing facilities are maintained.

The following table details the company and company's remaining contractual maturity of its non-derivative financial liabilities.

	Average interest rate	Within 1 period	Greater than 2 periods	Total	Within 1 period	Greater than 2 periods	Total
		R	R	R	Rs. Crore	Rs. Crore	Rs. Crore
2014							
Trade and other payables		18,014,720	–	18,014,720	10.24	–	10.24
Interest bearing shareholder loan	7.45%	3,952,353	12,037,600	15,989,953	2.25	6.85	9.09
		21,967,073	**12,037,600**	**34,004,673**	**12.49**	**6.85**	**19.34**
2013							
Trade and other payables		24,175,094	–	24,175,094	14.18	–	14.18
Interest bearing shareholder loan	8.15%	20,528,070	53,876,041	74,404,111	12.04	31.59	43.63
		44,703,164	**53,876,041**	**98,579,205**	**26.21**	**31.59**	**57.81**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

1.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The difference between the proceeds received and the par value of ordinary shares issued are shown within equity as share premium.

1.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts. Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when the company has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. It is the company's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

1.19 Research and development costs

Research and development costs are recognised as an expense to the extent that such expenditure are not expected to have future benefits.

1.20 Employee benefits

The company operates two retirement benefit schemes. These are both defined contribution funds. A defined contribution fund is a retirement benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company pays contributions on a contractual basis and contributions are recognised as an expense when they are due.

1.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1.22 Changes in accounting policy and disclosures

a) Standards, amendments and interpretations effective in 2014 but not relevant

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 13 Fair Value Measurement	1-Jan-13	Immaterial
• IAS 1 Presentation of Financial Statements	1-Jul-12	Immaterial
• IAS 19 Employee Benefits Revised	1-Jan-13	Immaterial
• Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)	1-Jan-13	Immaterial
• IFRS 1 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial
• IAS 1 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial
• IAS 16 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial
• IAS 32 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial
• IAS 34 – Annual Improvements for 2009 – 2011 cycle	1-Jan-13	Immaterial

b) Standards and interpretation not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2013 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	1-Jan-15	Immaterial
• Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)	1-Jan-14	Immaterial

1.23 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.23.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of intangible assets

The company tests whether intangible assets have suffered any impairment annually or whenever an indication of impairment exists, in accordance with the accounting policy stated in note 1.4. The recoverable amounts of cash-generating units has been determined based on value-in use calculations. These calculations require the use of estimates (refer note 7).

If the revised estimated discounting rate applied was 1% lower/higher than management's estimates, the company will not have to recognise an impairment against intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

2. Operating profit

2.1 The following items have been charged/(credited) in arriving at operating profit :

For the year ended March 31,

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Depreciation on property, plant and equipment	629,761	1,085,166	0.36	0.64
(A detailed breakdown of the depreciation expense is presented in note 6)				
Profit on disposal of property, plant and equipment	(1,606,014)	(205,901)	(0.91)	(0.12)
Impairment of intangible assets	–	69,605	–	0.04
Auditor's remuneration:	–	–	–	–
Audit fees				
- current year provision	387,351	379,800	0.22	0.22
- prior year underprovision	–	–	–	–
	387,351	379,800	0.22	0.22
Lease rentals				
- Buildings	2,619,887	4,077,092	1.49	2.39
- Computers	382,103	306,888	0.22	0.18
	3,001,990	4,383,980	1.71	2.57
Directors' emoluments (refer note 18)				
Salaries	2,568,400	1,571,876	1.46	0.92
Other	2,310,834	943,702	1.31	0.55
	4,879,234	2,515,578	2.77	1.48
Staff costs (see note 3)	14,648,242	20,659,101	8.33	12.11

2.2 Expenses by nature

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Depreciation	629,761	1,085,166	0.36	0.64
Directors' emoluments	4,879,234	2,515,578	2.77	1.48
Operating lease rentals	3,001,990	4,383,980	1.71	2.57
Staff costs	14,648,242	20,659,101	8.33	12.11
Cost of sales	105,760,622	94,329,358	60.15	55.31
Commission	5,724,433	5,204,770	3.26	3.05
Advertising	11,935,618	13,540,050	6.79	7.94
Freight	9,719,890	8,478,970	5.53	4.97
Other	6,809,371	8,146,631	3.87	4.78
Total cost of sales and operating expenses	163,109,161	158,343,604	92.76	92.85

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

3 Staff costs

	For the year ended March 31,			
	2014	**2013**	**2014**	**2013**
	R	**R**	Rs. Crore	Rs. Crore
Salaries and wages	11,850,830	17,424,905	6.74	10.22
Other	2,797,412	3,234,196	1.59	1.90
	14,648,242	**20,659,101**	**8.33**	**12.11**
Average number of persons employed:				
- Full time	82	14		

4 Finance (costs)/income

	2014	**2013**	**2014**	**2013**
	R	**R**	**Rs. Crore**	**Rs. Crore**
Finance income – Bank	287,232	220,539	0.16	0.13
Finance costs				
Related party (refer note 18)	(2,602,197)	(5,968,487)	(1.48)	(3.50)
Net finance costs	**(2,314,965)**	**(5,747,948)**	**(1.32)**	**(3.37)**

5 Income tax expense

	2014	**2013**	**2014**	**2013**
	R	**R**	**Rs. Crore**	**Rs. Crore**
Deferred tax				
- current year	2,110,281	(39,547)	1.20	(0.02)
- prior year underprovision	196,002	470,140	0.11	0.28
	2,306,283	**430,593**	**1.31**	**0.25**

The tax on the company profit before tax differs from the theoretical amount that would arise using basic rates as follows:

	2014	**2013**	**2014**	**2013**
	R	**R**	**Rs. Crore**	**Rs. Crore**
Profit before tax	7,522,595	171,818	4.28	0.10
Tax calculated at a rate of 28%	2,106,327	48,109	1.20	0.03
Deferred tax – prior year underprovision	196,002	470,140	0.11	0.28
Prior year unutilised capital assessed loss	18,954	(56,797)	0.01	(0.03)
Permanent differences	(15,000)	(30,859)	(0.01)	(0.02)
Tax charge	**2,306,283**	**430,593**	**1.31**	**0.25**

No provision has been made for current taxation as the company has a computed/estimated assessed loss of R 11,157,508 (2013: R13 937 601 (Rs. 8.18 Crore). The company recognises deferred tax assets to the extent that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised.

Management has assessed recoverability of the deferred tax asset based on company budgets and forecasted earnings and the assessed loss is considered recoverable against future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

6 Property, plant and equipment

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	R	R	R	R	R	R
Year ended 31 March 2014						
Opening net carrying amount	1,214,505	301,611	51,157	292,124	–	**1,859,397**
Additions	88,717	21,370	–	240,884	–	**350,971**
Transfer	–	–	–	–	–	**–**
Depreciation	(300,630)	(102,437)	(36,111)	(190,583)	–	**(629,761)**
Disposals	–	(90,211)	–	(12,421)	–	**(102,632)**
Transfer to non-current assets held for sale	–	–	–	–	–	**–**
Closing net carrying amount	**1,002,592**	**130,333**	**15,046**	**330,004**	–	**1,477,975**
Cost	3,059,073	1,558,626	279,664	1,934,775	–	6,832,138
Accumulated depreciation and impairment	(2,056,481)	(1,428,293)	(264,618)	(1,604,771)	–	(5,354,163)
Closing net carrying amount	**1,002,592**	**130,333**	**15,046**	**330,004**	–	**1,477,975**

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Year ended 31 March 2014						
Opening net carrying amount	0.69	0.17	0.03	0.17	–	1.06
Additions	0.05	0.01	–	0.14	–	0.20
Transfer	–	–	–	–	–	–
Depreciation	(0.17)	(0.06)	(0.02)	(0.11)	–	(0.36)
Disposals	–	(0.05)	–	(0.01)	–	(0.06)
Transfer to non-current assets held for sale	–	–	–	–	–	–
Closing net carrying amount	**0.57**	**0.07**	**0.01**	**0.19**	**–**	**0.84**
Cost	1.74	0.89	0.16	1.10	–	3.89
Accumulated depreciation and impairment	(1.17)	(0.81)	(0.15)	(0.91)	–	(3.04)
Closing net carrying amount	**0.57**	**0.07**	**0.01**	**0.19**	**–**	**0.84**

Depreciation charge of R 691,761 (Rs. 0.413 Crore) (2013: R1,085,166 (Rs. 0.636 Crore)) has been charged to operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

6 Property, plant and equipment (Continued)

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	R	R	R	R	R	R
Year ended 31 March 2013						
Opening net carrying amount	1,379,641	1,723,594	87,435	489,175	66,450	3,746,295
Additions	121,385	135,152	–	163,906	–	420,443
Transfer	–	66,450	–	–	(66,450)	–
Depreciation	(286,521)	(436,836)	(36,278)	(325,531)	–	(1,085,166)
Disposals	–	(108,963)	–	(35,426)	–	(144,389)
Transfer to non-current assets held for sale	–	(1,077,786)	–	–	–	(1,077,786)
Closing net carrying amount	**1,214,505**	**301,611**	**51,157**	**292,124**	**–**	**1,859,397**
Cost	2,972,425	2,937,394	279,664	1,820,796	–	8,010,279
Accumulated depreciation and impairment	(1,757,920)	(2,635,783)	(228,507)	(1,528,672)	–	(6,150,882)
Closing net carrying amount	**1,214,505**	**301,611**	**51,157**	**292,124**	**–**	**1,859,397**

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Year ended 31 March 2013						
Opening net carrying amount	0.81	1.01	0.05	0.29	0.04	2.20
Additions	0.07	0.08	–	0.10	–	0.25
Transfer	–	0.04	–	–	(0.04)	–
Depreciation	(0.17)	(0.26)	(0.02)	(0.19)	–	(0.64)
Disposals	–	(0.06)	–	(0.02)	–	(0.08)
Transfer to non-current assets held for sale	–	(0.63)	–	–	–	(0.63)
Closing net carrying amount	**0.71**	**0.18**	**0.03**	**0.17**	–	**1.09**
Cost	1.74	1.72	0.16	1.07	–	4.70
Accumulated depreciation and impairment	(1.03)	(1.55)	(0.13)	(0.90)	–	(3.61)
Closing net carrying amount	**0.71**	**0.18**	**0.03**	**0.17**	–	**1.09**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

7 Intangible assets

	Brands R	Total R	Brands Rs. Crore	Total Rs. Crore
Year ended 31 March 2014				
Opening carrying amount	48,062,924	48,062,924	27.33	27.33
Impairment	(69,605)	(69,605)	(0.04)	(0.04)
Closing carrying amount	47,993,319	47,993,319	27.29	27.29
Cost	50,062,924	50,062,924	28.47	28.47
Accumulated impairment	(2,069,605)	(2,069,605)	(1.18)	(1.18)
Closing carrying amount	47,993,319	47,993,319	27.29	27.29
Year ended 31 March 2013				
Opening carrying amount	48,062,924	48,062,924	28.18	28.18
Additions	(69,605)	(69,605)	(0.04)	(0.04)
Closing carrying amount	47,993,319	47,993,319	28.14	28.14
Cost	50,062,924	50,062,924	29.36	29.36
Accumulated amortisation	(2,069,605)	(2,069,605)	(1.21)	(1.21)
Closing carrying amount	47,993,319	47,993,319	28.14	28.14

The company has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the company is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold.

Detailed impairment testing is performed for the indefinite-life intangible assets annually or whenever an indirector of impairment exists. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any.

The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is appropriate.

The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value an impairment charge is raised.

The key assumptions used for the value-in-use calculations are as follows:

	2014	2013
Growth rate *1	2.50%	2.50%
Discount rate *2	12.20%	10.60%

*1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*2 Post-tax discount rate applied to the cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

8 Inventories

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Raw materials	7,308,471	8,208,091	4.16	4.81
Work in progress	142,757	468,113	0.08	0.27
Finished goods	8,724,146	8,951,781	4.96	5.25
	16,175,374	**17,627,985**	**9.20**	**10.34**
Amount included in inventory balance as write down to net realisable value	(2,173,284)	(2,122,337)	(1.24)	(1.24)

The cost of inventories recognised as an expense and included in cost of sales amounted to R 105,760,622 (Rs. 63.17 Crore) (2013: R 94 ,329 ,358 (Rs. 55.31 Crore)).

9 Trade and other receivables

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Trade receivables	18,722,298	27,381,600	10.65	16.06
Provision for doubtful debts	(10,739)	(6,057)	–	–
Net trade receivables	18,711,559	27,375,543	10.65	16.06
Other receivables	269,100	328,475	0.15	0.19
	18,980,659	**27,704,018**	**10.80**	**16.25**

The company grants credit of 30 days to its customers. The analysis of trade receivables which are past due and not impaired at year end is as follows:

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Past due by 30 days	6,606,878	12,905,530	3.76	7.57
Past due by 60 days	2,498,443	4,154,420	1.42	2.44
Past due by 90 days	435,939	1,243,742	0.25	0.73
	9,541,260	**18,303,692**	**5.43**	**10.73**

The carrying value of the trade and other receivables approximates their fair value.

10 Cash and cash equivalents

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Bank balances	12,912,763	4,473,719	7.34	2.62

Credit quality of cash at bank: BBB+

11 Non-current assets held for sale

The non-current assets held for sale relate to plant and machinery that was sold to Sikuniko Impilo Proprietary Limited, during 2014 financial year.

The purchase consideration is in excess of the carrying amount of the non-current assets held for sale, therefore no impairment is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Plant and machinery	–	1,077,786	–	0.63

12 Share capital and share premium

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Authorised				
754958 no par value shares	754,958	6,000	0.44	0.01
Issued				
500,000 Ordinary shares of R1 each	5,000	5,000	0.01	0.01
254,958 Ordinary shares of R215.0962 each	54,840,500	–	31.19	–
	54,845,500	**5,000**	**31.20**	**0.01**
Share premium	**22,863,735**	**22,863,735**	**13.00**	**13.41**

13 Deferred income tax assets

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28% (2013: 28%).

The movement on the deferred income tax asset account is as follows:

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
At beginning of year	6,646,542	7,077,135	3.78	4.15
Current year	(2,110,281)	39,547	(1.20)	0.02
Prior year underprovision	(196,002)	(470,140)	(0.11)	(0.28)
At end of year	**4,340,259**	**6,646,542**	**2.47**	**3.90**

Deferred tax assets may be analysed as follows:

Property, plant and equipment	154,104	(83,190)	0.09	(0.05)
Other provisions	1,615,643	2,449,744	0.92	1.44
Tax losses carried forward	2,570,512	4,279,988	1.46	2.51
	4,340,259	**6,646,542**	**2.47**	**3.90**

14 Trade and other payables

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Trade payables	14,538,633	20,077,269	8.27	11.77
Amount due to related party (refer note 18)	594,310	341,184	0.34	0.20
Accruals	2,673,926	2,220,323	1.52	1.30
Audit fee provision	207,852	389,800	0.12	0.23
Bonus provision	2,204,034	1,829,765	1.25	1.07
Leave pay provision	847,152	786,579	0.48	0.46
Other payables	368,527	2,158,634	0.21	1.27
	21,434,434	**27,803,554**	**12.19**	**16.30**

The carrying value of the trade and other payables approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

15 Borrowings

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Related party (refer note 18)				
- **Non-current portion**	12,037,600	53,876,041	6.85	31.59
- Current portion	3,952,353	20,528,070	2.25	12.04
	15,989,953	**74,404,111**	**9.09**	**43.63**

The loan is unsecured. The non-current portion of the loan is repayable in four years and bears interest 7.45%. The current portion of the loan is repayable within 12 months and bears interest at a rate of 7.45% (2013: 9%).

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Maturity Borrowing				
Due within 1 year	3,952,353	20,528,070	2.25	12.04
Due within 2 – 5 years	12,037,600	53,876,041	6.85	31.59
	15,989,953	**74,404,111**	**9.09**	**43.63**

16 Share-based payments

Marico Limited granted senior management of Marico South Africa Proprietary Limited a STAR grant bonus in respect of the share appreciation rights scheme.

The liability in respect of the share appreciation rights scheme is to be settled by Marico South Africa Proprietary Limited. The value is determined by the market price of Marico Limited equity shares and no minimum guarantee amount is provided.

The STAR grant value on maturity will be computed in INR and will be converted at the prevalent exchange rate as decided by Marico Group Corporate Finance Function, and paid to senior management in the currency of location of senior management.

Award price Indian Rupee (INR)	Date Rights Awarded	Rights Awarded	Vesting Date	Rights Exercisable at 31 March 2014
149	01-Dec-11	25,500	30-Nov-14	–
214	01-Dec-12	38,000	30-Nov-15	–
209	01-Dec-13	29200	30-Nov-16	–

The share price at 31 March 2014 used to compute the share option liability in INR 213. No options were exercised or forfeited during the year.

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Current portion	211,309	863,125	0.12	0.51
Non-current portion	107	124,232	–	0.07
	211,416	**987,357**	**0.12**	**0.58**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

17 Cash flow from operating activities

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Operating profit	9,837,569	5,919,766	5.59	3.47
Adjusted for:				
Non-cash items				
Depreciation	629,761	1,085,166	0.36	0.64
Impairment of intangible asset	–	69,605	0.00	0.04
Share-based payment expense	149,021	987,357	0.08	0.58
Profit on disposal of property, plant and equipment	(1,606,014)	(205,901)	(0.91)	(0.12)
Loss on disposal of intangible asset	–	–	–	–
Operating profit before working capital changes:				
Decrease/(increase) in trade and other receivables	8,723,360	(4,594,586)	4.96	(2.69)
Decrease/(increase) in inventories	1,452,591	(36,781)	0.83	(0.02)
(Decrease)/increase in trade and other payables	(6,369,120)	6,077,347	(3.62)	3.56
	12,817,168	9,301,973	7.29	5.45

18 Related party transactions

Transactions with related parties:

The following transactions were carried out by the company with related parties:

Finance costs (refer note 4.2):

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Marico South Africa Consumer Care Proprietary Limited	2,602,197	5,968,487	1.48	3.50
Directors'emoluments (refer note 2)	4,879,234	2,515,578	2.77	1.48
Technical support				
-MaricoLimited	594,310	341,184	0.34	0.20

Amounts due to related parties

Amounts due to holding company (refer note 15):

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Marico South Africa Consumer Care Proprietary Limited	15,989,953	74,404,111	9.09	43.63
Included in trade payables (refer note14):				
MaricoLimited	594,310	341,184	0.34	0.20

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

19 Commitments

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
- Within 1 year	2,345,417	1,699,379	1.33	1.00
- Between 2 and 5 years	2,728,604	3,710,674	1.55	2.18
- Over 5 years	–	–	–	–
	5,074,021	**5,410,053**	**2.89**	**3.17**

The company leases certain factory facilities under sub-operating leases. The leases run for a period of up to 10 years, with an option to renew the lease after that date.

20 Financial risk management

The company's financial instruments consist primarily of deposits with banks, trade accounts receivable and payable and loans to and from the holding company. Financial instruments are carried at fair value or amounts that approximate fair value.

	2014 R	2013 R	2014 Rs. Crore	2013 Rs. Crore
Financial assets				
Loans and receivables:				
Assets as per the statement of financial position				
Trade and other receivables	18,980,658	27,704,018	10.79	16.25
Cash and cash equivalents	12,912,762	4,473,719	7.34	2.62
	31,893,420	**32,177,737**	**18.14**	**18.87**
Financial liabilities				
Financial liabilities at amortised cost:				
Liabilities as per the statement of financial position				
Interest bearing liabilities	15,989,953	74,404,111	9.09	43.63
Trade and other payables	18,014,721	23,028,576	10.24	13.50
	34,004,674	**97,432,687**	**19.34**	**57.13**

BOARD OF DIRECTORS	Datuk Chin Chee Kee, JP	
	Harshraj Charandas Mariwala	(Resigned w.e.f 5/09/2013)
	Poh Shiow Mei (F)	(Resigned w.e.f 5/09/2013, re-appointed w.e.f 10/04/2014)
	Vijay Subramanian	(Resigned w.e.f 5/09/2013)
	Chetan Sharma	(Appointed w.e.f 3/09/2013)
	Pawan Agrawal	(Appointed w.e.f 3/09/2013)
	Saurabh Srivastava	(Appointed w.e.f 3/09/2013)
	Sridhar Balakrishnan	(Appointed w.e.f 3/09/2013)
	Vivek Karve	(Appointed w.e.f 10/04/2014)

Registered Office

Ground Floor, Lot 7, Block F,
Saguking Commercial Building,
Jalan Patau 87000,
Labuan F.T. Malaysia

Auditors

Sundar & Associates

Bankers

HSBC Bank Malaysia Berhad
Public Bank

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31 March 2014.

Principal activities

The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. There has been no significant change in the nature of this activity during the year.

Financial results

	RM
Loss after taxation	10,062,227

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year.

Issue of shares and debentures

The Company has not issued any shares or debentures during the financial year.

Directorate

The directors in office since the date of last report are:-

DATUK CHIN CHEE KEE, JP	
HARSHRAJ CHARANDAS MARIWALA	(Resigned w.e.f 5/09/2013)
POH SHIOW MEI (F)	(Resigned w.e.f 5/09/2013, re-appointed w.e.f 10/04/2014)
VIJAY SUBRAMANIAN	(Resigned w.e.f 5/09/2013)
CHETAN SHARMA	(Appointed w.e.f 3/09/2013)
PAWAN AGRAWAL	(Appointed w.e.f 3/09/2013)
SAURABH SRIVASTAVA	(Appointed w.e.f 3/09/2013)
SRIDHAR BALAKRISHNAN	(Appointed w.e.f 3/09/2013)
VIVEK KARVE	(Appointed w.e.f 10/04/2014)

Directors' report (cont'd)

Particulars of interest in shares of the Company by the directors who held office at the end of the financial year are as follows:

	Ordinary shares of RM 1/- each			
	As at 01/04/2013	**Bought**	**As at Sold**	**31/03/2014**
Company	–	–	–	–
DATUK CHIN CHEE KEE, JP	–	–	–	–
CHETAN SHARMA	–	–	–	–
PAWAN AGRAWAL	–	–	–	–
SAURABH SRIVASTAVA	–	–	–	–
SRIDHAR BALAKRISHNAN	–	–	–	–

DIRECTORS' REPORT (contd.)

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statement) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

Other statutory information

(a) Before the income statement and balance sheet were made out, the directors took reasonable steps :-

 (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary and

 (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances:

 (i) which would render it necessary to write off any bad debts or to make any provisions for doubtful debts in respect of the financial statements of the Company

 (ii) which would render the values attributed to current assets in the financial statements of the Company misleading, or

 (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

 (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person.

 (ii) any contingent liability of the Company which has arisen since the end of the financial year.

(d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

(e) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

(f) In the opinion of the directors:

 (i) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;

 (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the current financial year.

DIRECTORS' REPORT (contd.)

Significant event subsequent to the financial year

The significant event subsequent to the financial year are disclosed in Note 17 of the Notes to the financial statements.

Ultimate holding company

The directors regard Marico Limited, a company incorporated in India as the ultimate holding company of the Company.

Auditors

Messrs. Sundar & Associates have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance
with a resolution of the Directors dated 14 April, 2014.

CHETAN SHARMA
Director
Petaling Jaya

SAURABH SRIVASTAVA
Director

STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **Chetan Sharma and Saurabh Srivastava,** being two of the directors of **MARICO MALAYSIA SDN. BHD.,** do hereby state that, in the opinion of the directors, the accompanying balance sheet and statements of income, cash flows and changes in equity are drawn up in accordance with Private Entity Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board of Directors in accordance
with a resolution of the Directors dated 14 April,2014.

CHETAN SHARMA
Director
Petaling Jaya

SAURABH SRIVASTAVA
Director

STATUTORY DECLARATION

I, Chetan Sharma, being the director primarily responsible for the accounting records and financial management of MARICO MALAYSIA SDN. BHD., do solemnly and sincerely declare that the accompanying balance sheet and statements of income, cash flows and changes in equity are to the best of my knowledge and belief correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Petaling Jaya in
the Selangor Darul Ehsan this

CHETAN SHARMA
Before me,

INDEPENDENT AUDITORS' REPORT

To the Members of

MARICO MALAYSIA SDN. BHD. (881499-V)

Report on the Financial Statements

We have audited the financial statements of **MARICO MALAYSIA SDN. BHD.** which comprise the balance sheet as at 31 March 2014, and the income statement, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 22.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2014 and of its financial performance and cash flows for the period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SUNDAR & ASSOCIATES AF No: 1127 SUNDARASAN A/L ARUMU

Chartered Accountants (M)

SUNDARASAN A/L ARUMUGAM 1876/02/14(J/PH)
Chartered Accountant (M)

Petaling Jaya

Date :

BALANCE SHEET
As at 31 March 2014

	Notes	2014 RM	2013 RM	2014 Rs.Crore	2013 Rs.Crore
Non-current assets					
Plant and equipment	7	42,162	62,891	0.08	0.11
Intangible asset	8	9,435,637	16,382,300	17.31	28.73
		9,477,799	**16,445,191**	**17.39**	**28.84**
Current assets					
Inventories	3 (iv)/9	206,677	834,615	0.38	1.46
Trade receivables		1,620,909	2,269,788	2.97	3.98
Other receivables and deposits	10	208,070	464,298	0.38	0.81
Cash and bank balances		957	137,229	–	0.24
		2,036,613	**3,705,930**	**3.73**	**6.49**
Current liabilities					
Trade payables		61,040	193,574	0.11	0.34
Bills payable	11	368,000	1,550,488	0.68	2.72
Other payables and accrued liabilities	12	1,880,602	2,484,662	3.45	4.36
Amount due to holding company	13	3,280,368	2,165,624	6.02	3.80
Amount due to ultimate holding company	13	581,871	844,540	1.07	1.48
Short-term borrowings	14	3,272,487	1,575,784	6.00	2.76
Bank overdraft	11	795,822	–	1.46	–
		10,240,190	**8,814,672**	**18.79**	**15.46**
Net current liabilities		(8,203,577)	(5,108,742)	(15.06)	(8.97)
		1,274,222	**11,336,449**	**2.33**	**19.87**
Financed by :					
Share capital	15	17,660,240	17,660,240	32.40	30.97
Accumulated loss		(16,386,018)	(6,323,791)	(30.06)	(11.09)
		1,274,222	**11,336,449**	**2.33**	**19.87**

The annexed notes form an integral part of these financial statements.

Note: The exchange rate use to convert MYR to Rs.18.346/(Previous year MYR to Rs.17.537)

INCOME STATEMENT
For the year ended 31 March 2014

	Notes	2014 RM	2013 RM	2014 Rs.Crore	2013 Rs.Crore
Revenue	3(i)	6,601,667	7,162,989	12.11	12.56
Cost of sales		(4,435,058)	(4,482,448)	(8.14)	(7.86)
Gross profit		**2,166,609**	**2,680,541**	**3.97**	**4.70**
Other income		538,974	312,580	0.99	0.55
Staff costs	4	(873,739)	(906,610)	(1.60)	(1.59)
Depreciation		(25,929)	(93,853)	(0.05)	(0.16)
Other operating expenses		(11,549,004)	(4,931,843)	(21.19)	(8.65)
Operating loss		**(9,743,089)**	**(2,939,185)**	**(17.88)**	**(5.15)**
Finance cost		(319,138)	(180,081)	(0.59)	(0.32)
Loss before taxation	5	**(10,062,227)**	**(3,119,266)**	**(18.47)**	**(5.47)**
Taxation	6	–	–	–	–
Loss after taxation		**(10,062,227)**	**(3,119,266)**	**(18.47)**	**(5.47)**

Note: The exchange rate use to convert MYR to Rs.18.346/(Previous year MYR to Rs.17.537)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Share capital RM	Accumulated loss RM	Total RM	Share capital Rs.Crore	Accumulated loss Rs.Crore	Total Rs.Crore
Balance as at 01 April 2013	17,660,240	(6,323,791)	11,336,449	30.97	(11.09)	19.87
Loss after taxation	–	(10,062,227)	(10,062,227)	–	(18.40)	(18.40)
Balance as at 31 March 2014	**17,660,240**	**(16,386,018)**	**1,274,222**	**30.97**	**(29.56)**	**1.40**
Balance as at 01 April 2012	17,660,240	(3,204,525)	14,455,715	29.35	(5.32)	24.03
Loss after taxation	–	(3,119,266)	(3,119,266)	_	(5.47)	(5.47)
Balance as at 31 March 2013	**17,660,240**	**(6,323,791)**	**11,336,449**	**29.35**	**(10.79)**	**18.56**

Note: The exchange rate use to convert MYR to Rs.18.346/(Previous year MYR to Rs.17.537)

CASH FLOW STATEMENT

For the year ended 31 March 2014

	2014 RM	2013 RM	2014 Rs.Crore	2013 Rs.Crore
Cash flows from operating activities				
Loss before taxation	(10,062,227)	(3,119,266)	(18.46)	(5.47)
Adjustments for:				
Depreciation on plant and equipment	25,929	93,853	0.05	0.16
Gain on disposal of property, plant and equipment	–	(68,811)	–	(0.12)
Allowance for obsolete inventories	158,279	–	0.29	–
Impairment loss recognised of intangible asset	6,946,663	–	12.74	–
Loan interest	319,138	180,081	0.59	0.32
Operating loss before working capital changes	(2,612,218)	(2,914,143)	(4.79)	(5.11)
Working capital :				
Inventories	469,659	(621,224)	0.86	(1.09)
Trade receivables	648,879	3,295,122	1.19	5.78
Other receivables and deposits	256,228	(256,228)	0.47	(0.45)
Trade payables	(132,534)	(1,313,024)	(0.24)	(2.30)
Other payables and accrued liabilities	(604,060)	(1,698,181)	(1.11)	(2.98)
Amount due to ultimate holding company	(262,669)	844,540	(0.48)	1.48
Amount due to holding company	1,114,744	902,667	2.05	1.58
Cash absorbed by operations	(1,121,971)	(1,760,471)	(2.05)	(3.09)
Loan interest	(319,138)	(180,081)	(0.59)	(0.32)
Net cash flows from operating activities	**(1,441,109)**	**(1,940,552)**	**(2.64)**	**(3.41)**
Cash flow from investing activities				
Purchase of plant and equipment	(5,200)	–	(0.01)	–
Proceed from disposal of property, plant and equipment	–	292,409	–	0.51
Net cash flow from investing activities	(5,200)	292,409	(0.01)	0.51
Cash flows from financing activities				
Proceeds from bills payable	5,346,639	1,550,488	9.81	2.72
Repayment of bills payable	(6,529,127)	(922,319)	(11.98)	(1.62)
Short-term borrowings	1,696,703	43,534	3.11	0.08
Net cash flow from financing activities	**514,215**	**671,703**	**0.94**	**1.18**
Net decrease in cash and cash equivalents	(932,094)	(976,440)	(1.71)	(1.72)
Cash and cash equivalents brought forward	137,229	1,113,709	0.25	1.95
Cash and cash equivalents carried forward	**(794,865)**	**137,269**	**(1.46)**	**0.23**
Breakdown of cash and cash equivalents carried forward				
Cash and bank balances	957	137,229	–	0.24
Bank overdraft	(795,822)	–	(1.46)	–
	(794,865)	**137,229**	**(1.46)**	**0.24**

Note: The exchange rate use to convert MYR to Rs.18.346/(Previous year MYR to Rs.17.537)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

1 Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Ground Floor, Lot 7, Block F, Saguking Commercial Building, Jalan Patau-Patau,87000 Labuan Ft and the principal place of business is located at 806 Block A ,Phileo Damansara 1, No 9, Jalan 16/11 ,Jalan Damansara,46350 Petaling Jaya ,Selangor.

The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. There has been no significant change in the nature of this activity during the year.

The Company has 3 employees at the end of the financial year (2013: 3).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on April 14, 2014.

2 Basic of prepartion

The financial statements comply with the provisions of the Companies Act 1965 and the applicable Private Entity Reporting Standards issued by the Malaysian Accounting Standards Board.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the applicable Private Entity Reporting Standards issued by the Malaysian Accounting Standards Board requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

3 Significant accounting policies

(i) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Sale of goods

Revenue is recognised upon delivery of goods and customers’ acceptance and where applicable, net of returns and trade discounts.

(ii) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment loss.

Depreciation on plant and equipment is calculated on a straight – line method based on the estimated useful lives of the assets.

The principal annual rates of depreciation used are as follows:

Computer	33.33%
Furniture and fittings	33.33%
Office equipment	33.33%
Motor vehicles	27%

Plant and equipment is written down to recoverable amount if, the recoverable amount is less than their carrying value. Recoverable amount is the higher of an asset’s net selling price and its value in use.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

(iii) Inventories

Inventories comprises of trading merchandise which are valued at the lower of cost and net realisable value. Cost is determined on weighted average method. Costs of trading merchandise comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition.

(iv) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity.

(v) Provisions

Provisions are recognised when the Company has a present legal and constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

(vi) Cash and cash equivalents

Cash comprises of cash and bank balances. Cash equivalents comprises of investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

(vii) Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on review of all outstanding amounts at the year end.

(viii) Payables

Payables are stated at cost which is the consideration to be paid in the future for products and services received.

(ix) Intangible assets

Trademarks acquired are measured at cost less any accumulated impairment losses. Trademarks with indefinite useful lives are not amortised but is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The carrying values of assets excluding inventories, deferred tax assets, assets arising from employee benefits and financial assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset’s net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it not possible, for the cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(x) Currency conversion

Transactions in foreign currencies are translated to Malaysian Ringgit at rates of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

The principal closing rates used in translation of foreign currency amount are as follows:

2014		**2013**
	RM	**RM**
United States Dollar	3.2645	3.09375
Singapore Dollar	2.5927	2.4911

(xi) Borrowings

Borrowings are reported at their face value.

All borrowing costs are charged to the income statement in the period in which they are incurred.

(xii) Employment benefit

a. Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

b. Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employee Provident Fund (EPF). Such contributions are recognised as an expense in the income statement as incurred

4. Staff cost

	2014	**2013**	**2014**	**2013**
	RM	**RM**	**Rs. Crore**	**Rs. Crore**
Salaries, bonuses and allowance	858,461	899,529	1.57	1.58
Contribution to defined contribution plan	7,233	6,461	0.01	0.01
Other employees benefits	8,045	620	0.01	0.01
	873,739	**906,610**	**1.59**	**1.60**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

5. Loss before taxation

Loss before taxation is stated after charging:-

	2014 RM	2013 RM	2014 Rs. Crore	2013 Rs. Crore
Impairment loss recognised of intangible asset	6,946,663	–	12.74	–
Loss on foreign exchange – realised	769,322	143,156	1.41	0.25
Directors' remuneration	530,830	–	0.97	–
Loan interest	319,138	180,081	0.59	0.32
Allowance for obsolete inventories	158,279	–	0.29	–
Loss on foreign exchange - unrealised	58,000	–	0.11	–
Rental of office	42,000	42,000	0.08	0.07
Auditors' remuneration and crediting :-	**8,000**	**8,000**	**0.01**	**0.01**
Gain on foreign exchange – realised	449,574	240,830	0.82	0.42
Gain on foreign exchange – unrealised	89,368	–	0.16	–
Interest income	32	43	–	–
Gain on disposal of moulds	–	68,811	–	0.12
Royalty income	**–**	**2,896**	**–**	**0.01**

6. Taxation

Tax charge for the year is as follows:

	2014 RM	2013 RM	2014 Rs. Crore	2013 Rs. Crore
Transferred to deferred taxation (note 16)				
- Deferred tax liabilities	4,094,733	3,280,146	7.51	5.75
- Deferred tax assets	(4,094,733)	(3,280,146)	(7.51)	(5.75)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2014 RM	2013 RM	2014 Rs. Crore	2013 Rs. Crore
Loss before taxation	(10,062,227)	(3,119,266)	(18.46)	(5.47)
Tax at Malaysian statutory tax rate of 25%	(2,515,557)	(779,817)	(4.62)	(1.37)
Non-taxable income	(101,051)	–	(0.19)	–
Expenses not deductible for tax purposes	1,888,589	25,831	3.46	0.05
Deferred tax assets not recognised	728,019	750,163	1.35	1.31
Double deduction	–	3,823	–	0.01
Tax expense for the year	–	–	–	–

Subject to agreement of the Inland Revenue Board, the Company has the following available for set-off against future taxable income.

	2014 RM	2013 RM	2014 Rs. Crore	2013 Rs. Crore
Unutilised tax losses	8,983,219	13,208,040	16.48	23.16
Unutilised capital allowances	16,492,319	6,097,073	30.26	10.69
	25,475,538	**19,305,113**	**46.74**	**33.85**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

7. Plant and equipment

Cost	Furniture and fittings	Computer	Office equipment	Motor vehicles	Total	Furniture and fittings	Computer	Office equipment	Motor vehicles	Total
	RM	RM	RM	RM	RM	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Balance brought forward	3,768	12,128	43,200	91,252	150,348	0.01	0.02	0.08	0.16	0.27
Addition	–	5,200	–	–	5,200	–	0.01	–	–	0.01
Disposal	–	–	–	–	–	–	–	–	–	–
Balance carried forward	**3,768**	**17,328**	**43,200**	**91,252**	**155,548**	**0.01**	**0.03**	**0.08**	**0.16**	**0.28**

Accumulated depreciation	Furniture and fittings	Computer	Office equipment	Motor vehicles	Total	Furniture and fittings	Computer	Office equipment	Motor vehicles	Total
	RM	RM	RM	RM	RM	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Balance brought forward	3,140	8,167	37,200	38,950	87,457	0.01	0.01	0.07	0.07	0.16
Current charge	627	3,992	5,997	15,313	25,929	–	0.01	0.01	0.03	0.05
Depreciation on disposal	–	–	–	–	–	–	–	–	–	–
Balance carried forward	**3,767**	**12,159**	**43,197**	**54,263**	**113,386**	**0.01**	**0.02**	**0.08**	**0.10**	**0.21**

Net book value	Furniture and fittings	Computer	Office equipment	Motor vehicles	Total	Furniture and fittings	Computer	Office equipment	Motor vehicles	Total
	RM	RM	RM	RM	RM	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
2014	1	5,169	3	36,989	42,162	–	0.01	–	0.06	0.07
2013	628	3,961	6,000	52,302	62,891	–	0.01	0.01	0.09	0.11

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

8. Intangible assets

	Trademark		Trademark	
	2014	2013	2014	2013
	RM	RM	Rs. Crore	Rs. Crore
Cost				
At 1 April	16,382,300	16,382,300	30.05	28.73
Less : Impairment loss recognised	(6,946,663)	–	(12.74)	–
At 31 March	**9,435,637**	**16,382,300**	**17.31**	**28.73**

Trademarks related to the "Code 10" brand name were acquired by way of an assignment of full and absolute rights thereto from the registered proprietor. As those rights were assigned without a specified time frame and management believes that is no foreseeable limit to the period over which the brand is expected to generate cash inflows for the Company, the trademarks were assessed as having an indefinite useful life subject to use in good faith.

In 2014, the Company carried out a review of the recoverable amount of the Company's intangible assets following, an unexpected change in marketing plan. Based on an assessment, an impairment loss of RM 6,946,663 (2013 : RM Nil') was recognised during the financial year. The recoverable amounts of the assets have been determined based on their value in use. The discount rate used for the current estimate was 10%.

9. Inventories

	2014	2013	2014	2013
	RM	RM	Rs. Crore	Rs. Crore
At costs :				
Trading merchandise	322,625	834,615	0.59	1.46
Less : Allowance of obsolete inventories	(158,279)	–	(0.29)	–
	164,346	834,615	0.30	1.46
Add : Goods in transit	42,331	–	0.08	–
	206,677	**834,615**	**0.38**	**1.46**

10. Other receivables and deposits

	2014	2013	2014	2013
	RM	RM	Rs. Crore	Rs. Crore
Deposits	208,070	208,070	0.38	0.36
Other receivables	–	256,228	–	0.45
	208,070	**464,298**	**0.38**	**0.81**

11. Credit facility

The credit facility consists of the following :

	2014	2013	2014	2013
	RM	RM	Rs. Crore	Rs. Crore
Trade bills	1,500,000	1,500,000	2.75	2.63
Bank overdraft	900,000	–	1.65	–
	2,400,000	**1,500,000**	**4.40**	**2.63**

The facility is secured as follows :

i Standby letter of credit of USD 550,000 increased to USD 880,000 or other currency equivalent thereof from a foreign bank.

ii Trade Financing General Agreement from the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

The interest rate chargeable on the facility is as follows:	Rate (%)
Amanah Documentary Credit	0.10% per month.
Amanah Accepted Bills	1.25% acceptance commission. Margin of profit will based on rate quoted by bank at the time of financing.
Trust Receipt	1.25% above the bank's prescribed base financing rate
Clean Import Financing	1.25% above the bank's prescribed base financing rate
Clean Export Financing	1.25% + Cost of fund
Bank overdraft	1.55% above the bank's prescribed base financing rate

12. Other payables and accrued liabilities

	2014 RM	2013 RM	2014 Rs. Crore	2013 Rs. Crore
Accrued expenses	1,880,602	2,484,662	3.45	4.36

13. Holding company

The Company's immediate holding company is Marico Middle East FZE, a company incorporated in Dubai, United Arab Emirates which holds 100 % interest in the shares of the Company.

The ultimate holding company is Marico Limited a company incorporated in India.

14. Short term -borrowing

During the financial year, the Company obtained short term revolving facility from a foreign bank that was utilised to make full settlement of the existing short term loan. The borrowing is secured by a standby letter of credit issued in favour of the lender by another foreign bank for an amount of USD 550,000/- and USD 550,000/-. The interest is chargeable at 1.1% and 1.75% above LIBOR per annum respectively. The loan is repayable on 30th of November 2014.

15. Share capital

	2014 RM	2013 RM	2014 Rs. Crore	2013 Rs. Crore
Authorised :				
24,000,000 Ordinary shares of RM 1/- each	24,000,000	24,000,000	44.03	42.09
1,000,000 Redeemable Preference shares of RM 1/- each	1,000,000	1,000,000	1.83	1.75
	25,000,000	**25,000,000**	**45.86**	**43.84**
Issued and fully paid:				
17,660,240 Ordinary shares of RM1/- each	**17,660,240**	**17,660,240**	**32.40**	**30.97**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

16. Deferred tax assets

	Plant and equipment			
	2014	2013	2014	2013
	RM	RM	Rs. Crore	Rs. Crore
At 1 April /on incorporation				
Recognised in income statement				
- Deferred tax liabilities	4,094,733	3,280,146	7.51	5.75
- Deferred tax assets	(4,094,733)	(3,280,146)	(7.51)	(5.75)
At 31March	–	–	–	–
No deferred tax asset is recognised for the following items:				
Unabsorbed tax capital allowances	113,386	123,055	0.21	0.22
Unutilised tax losses	8,983,219	3,029,242	16.48	5.31
	9,096,605	**3,152,297**	**16.69**	**5.53**

17. Event subsequent to the financial year

The directors of the Company are in the midst of negotiating the sale of the Company's intangible asset to its ultimate holding company, Marico Limited. Upon disposal, the Company will cease its entire operation.

INCOME STATEMENT
For the year ended 31 March 2014

		2014 RM	2013 RM	2014 Rs.Crore	2013 Rs.Crore
Revenue		**6,601,667**	**7,162,989**	**12.11**	**12.56**
Less: Cost of sales					
Inventories - at beginning of the year		834,615	213,391	1.53	0.37
Purchases		3,753,197	4,799,061	6.89	8.42
Freight charges		143,022	252,993	0.26	0.44
Warehouse charges		26,849	49,532	0.05	0.09
R&D material consumed		–	2,086	–	–
Inventories - at end of the year		(322,625)	(834,615)	(0.59)	(1.46)
		4,435,058	4,482,448	8.14	7.86
Gross profit		**2,166,609**	**2,680,541**	**3.97**	**4.70**
Other income :					
Gain on foreign exchange - realised		449,574	240,830	0.82	0.42
Gain on foreign exchange - unrealised		89,368	–	0.16	–
Interest income		32	43	–	–
Gain on disposal of moulds		–	68,811	–	0.12
Royalty income		–	2,896	–	0.01
		538,974	312,580	0.98	0.55
Staff costs	**Appendix I**	(873,739)	(906,610)	(1.60)	(1.59)
Depreciation	**Appendix I**	(25,929)	(93,853)	(0.05)	(0.16)
Other operating expenses	**Appendix II**	(11,549,004)	(4,931,843)	(21.19)	(8.65)
Operating loss		(9,743,089)	(2,939,185)	(17.89)	(5.15)
Finance cost	**Appendix II**	(319,138)	(180,081)	(0.59)	(0.32)
Loss for the year		**(10,062,227)**	**(3,119,266)**	**(18.48)**	**(5.47)**

This management income statement is prepared from information furnished by the management of Marico Malaysia Sdn. Bhd. and does not form part of the audited financial statements of the Company.

SCHEDULE OF EXPENSES

For the year ended 31 March 2014

	2014 RM	2013 RM	2014 Rs.Crore	2013 Rs.Crore
Staff costs				
Directors' remuneration	432,766	–	0.79	–
Staff salary	362,589	809,075	0.67	1.42
Directors' bonus	90,639	–	0.17	–
School fees	7,425	–	0.01	–
EPF - staff	7,233	6,461	0.01	0.01
SOSCO- staff	620	620	–	–
Bonus	(27,533)	90,454	(0.05)	0.16
	873,739	906,610	1.60	1.59
Depreciation				
Motor vehicles	15,313	15,313	0.03	0.03
Office equipment	5,997	14,400	0.01	0.03
Computer	3,992	4,043	0.01	0.01
Furniture and fittings	627	1,256	–	–
Moulds	–	58,841	–	0.10
	25,929	93,853	0.05	0.17
Other operating expenses				
Impairment loss recognised of intangible asset	6,946,663	–	12.74	–
Advertisement	3,388,792	4,305,676	6.22	7.55
Loss on foreign exchange - realised	769,322	143,156	1.41	0.25
Allowance for obsolete inventories	158,279	–	0.29	–
Travelling expenses	61,783	136,887	0.11	0.24
Loss on foreign exchange - unrealised	58,000	–	0.11	–
Rental of office	42,000	42,000	0.08	0.07
Bank charges	32,920	23,016	0.06	0.04
Telephone, fax and internet	27,558	27,387	0.05	0.05
Professional charges	18,307	154,525	0.03	0.27
Miscellaneous expenses	13,672	15,608	0.03	0.03
Road tax and insurance	12,873	21,247	0.02	0.04
Auditors' remuneration	8,000	8,000	0.01	0.01
Postage and courier	3,723	3,374	0.01	0.01
Tax fee	3,500	3,500	0.01	0.01
Seminar fee	1,580	–	–	–
Gift	1,222	–	–	–
Printing and stationery	810	567	–	–
Visibility windows display	–	46,900	–	0.08
	11,549,004	**4,931,843**	**21.18**	**8.65**
Finance cost				
Loan interest	319,138	180,081	0.59	0.32
	319,138	**180,081**	**0.59**	**0.32**

This management schedule of expenses is prepared from information furnished by the management of Marico Malaysia Sdn. Bhd. and does not form part of the audited financial statements of the Company.

Business Registration Certificate No.	462035000802 dated 11 February 2012		
	The Business Registration Certificate was issued by the Department of Planning and Investment of Binh Duong Province for a period of 34 years from the date of the first Investment Certificate No.462035000802 dated 11 February 2012		
Board of Management	Mr Saugata Gupta	Chairman	(Appointed on 29 April, 2013)
	Mr Vijay S. Subramaniam	Chairman	(Resigned on 29 April, 2013)
	Mr Phan Quoc Cong	Member	
	Mr Chaitanya J. Deshpande	Member	
	Mr Le Quang Hanh	Member	(Appointed on 29 April, 2013)
	Mr Ashutosh Telang	Member	(Appointed on 29 April, 2013)
	Mr Nikhil P.Narkhede	Member	(Aappointed on 29 April , 2013)
	Mr Harshraj C. Mariwala	Member	(Resigned on 29 April, 2013)
	Mr Milind S. Sarwate	Member	(Resigned on 29 April, 2013)
Board of Directors	Mr Phan Quoc Cong	General Director	
	Mr Le Quang Hanh	Deputy General Director	
	Mr Nguyen Ngoc Anh Tuan	Deputy General Director	
	Mr Vu Hoang Quoc Tuan	Deputy General Director	
	Mr Pham Hoang Ngan	Deputy General Director	
	Mr Phung Ngoc Trang	Deputy General Director	
Legal representative	Mr Phan Quoc Cong	General Director	
Registered office	No. 3, 5th Street, Song Than 1 Industrial Zone, Di An Town, Binh Duong Province, SR Vietnam		
Representative office	8th Floor, Hai Au Building, 39B Truong Son Street, Ward 4, Tan Binh District, Ho Chi Minh City		
Auditor	PricewaterhouseCoopers (Vietnam) Limited		

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS OF THE COMPANY IN RESPECT OF THE SINGLE-ENTITY FINANCIAL STATEMENTS

The Board of Directors of International Consumer Products Corporation (“ the Company”) is responsible for single-entity financial statements which give a true and fair view of the financial position of the Company as at 31 December 2013 and the results of its operations and cash flows for the year then ended. In preparing these single-entity financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent and
- prepare the single-entity financial statements on a going concern basis unless it is inappropriate to presume that the Companywill continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable single-entity financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the single-entity financial statements. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SINGLE-ENTITY FINANCIAL STATEMENTS

I hereby approve the accompanying single-entity financial statements as set out on pages 235 to 255 which give a true and fair view of the financial position of the Company as at 31 December 2013 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of single-entity financial statements.

Users of these single-entity financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries (“the Group”) as at and for the year ended 31 December 2013 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.

On behalf of the Board of Directors

Phan Quoc Cong
General Director
Binh Duong Province, SR Vietnam
21-Feb-14

INDEPENDENT AUDITOR'S REPORT TO SHAREHOLDERS OF INTERNATIONAL CONSUMER PRODUCTS CORPORATION

We have audited the accompanying financial statements of International Consumer Products Corporation ("the Company") which were approved by The Board of Directors on 21 February 2014. The financial statements comprise the balance sheet as at 31 December 2013, the income statement and cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 30.

The Board of Directors' Responsibility for the Single entity Financial Statements

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of these single-entity financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of single-entity financial statements and responsible for internal controls which the Board of Directors determines that it is relevant to the preparation and fair presentation of single-entity financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these single-entity financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the single-entity financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the single-entity financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the single-entity financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the single-entity financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the single-entity financial statements.

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

Opinion

In our opinion, the single-entity financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of single-entity financial statements.

PricewaterhouseCoopers (Vietnam) Limited

Dang Quoc Tuan
Audit Practising Licence No. 0620-2013-006-1
Authorised signatory

Dao Quang Huy
Audit Practising Licence No. 1895-2013-006-1

Report reference number: HCM3871
Ho Chi Minh City, 21 February 2014

As indicated in Note 2.1 to the financial statements, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

BALANCE SHEET

As at 31 December 2013

		As at 31 December		As at 31 December	
		2013	2012	2013	2012
ASSETS	Note	VND	VND	Rs. Crore	Rs. Crore
CURRENT ASSETS		**523,975,532,547**	**315,256,211,872**	**155.60**	**83.26**
Cash and cash equivalents	**3**	**170,908,078,902**	**75,872,154,527**	**50.76**	**20.03**
Cash		4,408,078,902	9,672,154,527	1.31	2.55
Cash equivalents		166,500,000,000	66,200,000,000	49.45	17.48
Short-term investments	4	**207,550,000,000**	**120,600,000,000**	**61.64**	**31.85**
Short-term investments		207,550,000,000	120,600,000,000	61.64	31.85
Accounts receivable		**55,659,742,938**	**44,810,153,404**	**16.52**	**11.84**
Trade accounts receivable	5	32,137,394,201	23,539,962,759	9.54	6.22
Prepayments to suppliers	6	10,644,912,316	15,939,167,901	3.16	4.21
Other receivables	7	12,877,436,421	5,331,022,744	3.82	1.41
Inventories	8	**87,787,880,885**	**73,013,093,592**	**26.07**	**19.28**
Inventories		91,583,851,329	76,796,698,250	27.20	20.28
Provision for decline in value of inventories		(3,795,970,444)	(3,783,604,658)	(1.13)	(1.00)
Other current assets		**2,069,829,822**	**960,810,349**	**0.61**	**0.26**
Short-term prepayments		924,932,881	405,708,575	0.27	0.11
Other taxes receivable		146,518,939	–	0.04	–
Other current assets		998,378,002	555,101,774	0.30	0.15
NON-CURRENT ASSETS		**162,657,524,484**	**158,329,258,553**	**48.31**	**41.81**
Fixed assets		**18,211,810,438**	**13,565,376,565**	**5.41**	**3.59**
Tangible fixed assets	9(a)	15,229,984,550	9,553,350,534	4.52	2.53
Cost		38,736,987,511	33,004,251,780	11.50	8.72
Accumulated depreciation		(23,507,002,961)	(23,450,901,246)	(6.98)	(6.19)
Intangible fixed assets	9(b)	2,722,460,280	3,253,386,534	0.81	0.86
Cost		14,336,282,307	13,964,467,563	4.26	3.69
Accumulated amortisation		(11,613,822,027)	(10,711,081,029)	(3.45)	(2.83)
Construction in progress	9(c)	259,365,608	758,639,497	0.08	0.20
Investment properties	10	**22,802,409,097**	**23,397,254,557**	**6.77**	**6.18**
Cost		23,843,388,652	23,843,388,652	7.08	6.30
Accumulated depreciation		(1,040,979,555)	(446,134,095)	(0.31)	(0.12)
Long-term investments		**116,432,297,308**	**116,187,001,308**	**34.58**	**30.68**
Investments in subsidiaries	11	116,432,297,308	116,187,001,308	34.58	30.68
Other long-term assets		**5,211,007,641**	**5,179,626,123**	**1.55**	**1.36**
Long-term prepayments	12	3,420,243,174	3,388,861,656	1.02	0.89
Deferred income tax assets	30	272,503,055	272,503,055	0.08	0.07
Other long-term assets		1,518,261,412	1,518,261,412	0.45	0.40
TOTAL ASSETS		**686,633,057,031**	**473,585,470,425**	**203.91**	**125.07**

Note: The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

BALANCE SHEET

As at 31 December 2013

		As at 31 December		As at 31 December	
		2013	2012	2013	2012
RESOURCES	**Note**	**VND**	**VND**	**Rs. Crore**	**Rs. Crore**
LIABILITIES		**120,112,054,698**	**112,982,984,033**	**35.65**	**29.85**
Current liabilities		**118,152,304,698**	**111,264,413,957**	**35.07**	**29.40**
Short-term borrowings	13	–	4,000,000,000	–	1.06
Trade accounts payable	14	31,610,967,826	37,196,036,416	9.39	9.82
Advances from customers		2,470,011,974	1,361,304,608	0.71	0.37
Taxes and other payables to the State Budget	15	10,462,927,983	4,374,516,943	3.11	1.16
Payable to employees		119,664,491	–	0.04	0.00
Accrued expenses	16	71,901,145,606	62,558,453,332	21.35	16.52
Other payables	17	1,587,586,818	1,774,102,658	0.47	0.47
Long-term liabilities		**1,959,750,000**	**1,718,570,076**	**0.58**	**0.45**
Provision for severance allowances		1,959,750,000	1,718,570,076	0.58	0.45
OWNERS' EQUITY		**566,521,002,333**	**360,602,486,392**	**168.26**	**95.22**
Capital and reserves		566,521,002,333	360,602,486,392	168.26	95.22
Owners' capital	18,19	112,177,600,000	112,177,600,000	33.32	29.62
Share premium	19	112,213,880,000	112,213,880,000	33.33	29.63
Undistributed earnings	19	342,129,522,333	136,211,006,392	101.61	35.97
TOTAL RESOURCES		**686,633,057,031**	**473,585,470,425**	**203.91**	**125.07**

Off Balance Sheet Items	As at 31 December		As at 31 December	
	2013	2012	2013	2012
	VND	VND	Rs. Crore	Rs. Crore
USD	29,985	41,579	0.16	0.22

Do Thi Thuy Hang	**Tran Le Kim Loan**	**Phan Quoc Cong**
Preparer	Chief Accountant	General Director
21-Feb-14		

The notes on pages 9 to 30 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

INCOME STATEMENT

As at 31 December 2013

		As at 31 December		As at 31 December	
		2013	2012	2013	2012
RESOURCES	**Note**	**VND**	**VND**	**Rs. Crore**	**Rs. Crore**
Sales		**993,685,377,350**	**773,784,822,581**	**295.13**	**204.34**
Less deductions		(25,479,671,342)	(41,021,506,612)	(7.57)	(10.83)
Net sales	20	**968,205,706,008**	**732,763,315,969**	**287.56**	**193.51**
Cost of sales	21	**(406,230,923,156)**	**(333,678,060,037)**	**(120.65)**	**(88.12)**
Gross profit		**561,974,782,852**	**399,085,255,932**	**166.91**	**105.39**
Financial income	22	27,491,815,760	12,797,229,377	8.17	3.38
Financial expenses	23	(180,732,422)	(81,911,528)	(0.05)	(0.02)
Selling expenses	24	(302,264,259,425)	(271,616,381,024)	(89.77)	(71.73)
General and administration expenses	25	(55,625,120,953)	(51,005,274,621)	(16.54)	(13.47)
Operating profit		**231,396,485,812**	**89,178,918,136**	**68.72**	**23.55**
Other income	28	418,447,630	269,518,637	0.13	0.07
Other expenses	28	(376,369,471)	(88,523,669)	(0.11)	(0.02)
Net other income	26	**42,078,159**	**180,994,968**	**0.02**	**0.05**
Net accounting profit before tax		**231,438,563,971**	**89,359,913,104**	**68.74**	**23.60**
Business income tax - current	29	**(25,520,048,030)**	**(12,466,585,427)**	**(7.58)**	**(3.29)**
Business income tax - deferred	28, 29	**–**	**(705,563,963)**	**–**	**(0.19)**
Net profit after tax		**205,918,515,941**	**76,187,763,714**	**61.16**	**20.12**
Earnings per share	21	**18,356**	**6,792**	**–**	**–**

Do Thi Thuy Hang	**Tran Le Kim Loan**	**Phan Quoc Cong**
Preparer	Chief Accountant	General Director
21-Feb-14		

The notes on pages 9 to 30 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

CASH FLOW STATEMENT (INDIRECT METHOD)

As at 31 December 2013

		Year ended 31 December		Year ended 31 December	
		2012	2011	2012	2011
RESOURCES	Note	VND	VND	Rs. Crore	Rs. Crore
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit before tax		**231,438,563,971**	**89,359,913,104**	**68.74**	**23.60**
Adjustments for:					
Depreciation and amortisation		4,668,576,980	6,701,972,434	1.39	1.77
Provisions		12,365,786	2,212,198,902	–	0.58
Unrealised foreign exchange losses/(gains)		15,211,518	82,882	0.01	0.01
Gains from investing activities		(27,370,154,485)	(12,604,261,050)	(8.14)	(3.33)
Interest expense		1,537,443	7,095,890	–	–
Operating profit/(loss) before changes in working capital		208,766,101,213	85,677,002,162	62.00	22.63
Decrease/(increase) in receivables		(1,281,308,573)	7,712,743,689	(0.38)	2.02
Increase in inventories		(14,787,153,079)	(6,649,951,530)	(4.39)	(1.78)
Increase in payables		6,089,883,909	53,237,963,882	1.81	14.04
Decrease in prepaid expenses		(165,648,528)	1,612,847,041	(0.05)	0.41
Interest paid		(1,537,443)	(7,095,890)	(0.01)	(0.01)
Business income tax paid		(20,478,834,376)	(14,430,692,151)	(6.08)	(3.81)
Other receipts from operating activities		–	2,262,379,219		0.67
Other payments on operating activities		(443,276,228)	–	(0.14)	–
Net cash inflows from operating activities		177,698,226,895	129,415,195,422	52.78	34.18
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets		(9,105,872,177)	(5,517,465,277)	(2.70)	(1.46)
Proceeds from disposals of fixed assets		62,232,954	5,029,517	0.02	(0.01)
Investments in term deposit at banks		(86,950,000,000)	(110,600,000,000)	(25.83)	(29.21)
Investments in other entities		(245,296,000)	(2,443,950,000)	(0.07)	(0.65)
Dividends and interest received		17,593,871,119	10,659,984,013	5.23	2.82
Net cash outflows from investing activities		(78,645,064,104)	(107,896,401,747)	(23.35)	(28.50)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		–	4,000,000,000	–	1.06
Repayments of borrowings		(4,000,000,000)	–	(1.19)	–
Net cash outflows from financing activities	13	**(4,000,000,000)**	**4,000,000,000**	**(1.19)**	**1.06**
Net increase in cash and cash equivalents		**95,053,162,791**	**25,518,793,675**	**28.24**	**6.74**
Cash and cash equivalents at beginning of year	3	**75,872,154,527**	**50,353,360,852**	**22.53**	**13.29**
Effect of foreign exchange differences		(17,238,416)	–	(0.01)	–
Cash and cash equivalents at end of year	3	**170,908,078,902**	**75,872,154,527**	**50.76**	**20.03**

Do Thi Thuy Hang	**Tran Le Kim Loan**	**Phan Quoc Cong**
Preparer	Chief Accountant	General Director
21-Feb-14		

The notes on pages 9 to 30 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

NOTES TO THE SINGLE ENTITY FINANCIAL STATEMENTS

For the year ended 31 december 2013

1 GENERAL INFORMATION

International Consumer Products Corporation ("the Company") was established in SR Vietnam pursuant to Business Registration Certificate No. 4602001139 issued by the Department of Planning and Investment of Binh Duong Province on 13 July 2004 and the following Business Registration Certificates:

Amended Business Registration Certificate No.	Date
4603000346	9-May-07
4603000346 – 1st amendment	22-Jun-07
4603000346 – 2nd amendment	5-Oct-07
4603000346 – 3rd amendment	13-Nov-07
4603000346 – 4th amendment	25-Mar-08
4603000346 – 5th amendment	4-Jul-08
3700579324 – 6th amendment	28-Dec-09
3700579324 – 7th amendment	7-Apr-10
Investment Certificate No.	**Date**
462035000802	11-Feb-12
462035000802 – 1st amendment	29-Sep-12

According to Letter No. 3609/UBCK-QLPH dated 3 July 2013 issued by State Securities Commission of Vietnam, the Company has been approved to become a public company.

The principal activities of the Company, are producing and trading in cosmetics, cosmetic materials and food products.

As at 31 December 2013, the Company had 410 employees (2012: 389 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

2.1 Basis of preparation of single entity financial statements

The single-entity financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of single-entity financial statements. The single-entity financial statements have been prepared under the historical cost convention.

The accompanying single-entity financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Users of these single-entity financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries ("the Group") as at and for the year ended 31 December 2013 in order to obtain full information of the financial information, results of operations and cash flows of the Group as a whole.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The single-entity financial statements are measured in Vietnamese Dong and presented using Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

2.4 Form of records applied

The Company uses accounting software to record its transactions.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.6 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.8 Investments

(a) Short-term investments

Short-term investments are investments with maturities less than 12 months from the balance sheet date and investments that are held with the intention to dispose within 12 months from the balance sheet date. Short-term investments are initially accounted for at cost. Provision for diminution is recognised for short term equity securities where the cost exceeds the fair value of such securities.

(b) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less provision for diminution in value.

2.9 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The depreciation year applied for major fixed assets as follows:

Buildings	25 years
Machinery	5 - 7 years
Motor vehicles	4 years
Office equipment	4 - 5 years
Patent/Copyright	4 years
Computer Software	3 - 6 years
Other intangible fixed assets	4 years

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

2.10 Investment properties

Investment properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Disposals

Investment properties are depreciated on the straight-line method to write off the cost of the assets over their estimated useful lives. The depreciation year is as follow:

Land use rights	41 years

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the income statement.

2.11 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the balance sheet and are mainly prepaid land rental, prepaid office rental and tools and equipment put to use.

2.12 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(b) Interest income

Interest income is recognised on an earned basis.

2.13 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the single entity financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.14 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Company’s single entity financial statements in the period in which the dividends are approved by the Company’s Shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

2.15 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.16 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.17 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency.

With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 31 December 2013 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

2.18 Share capital

Ordinary shares in issue are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds.

Where the Company purchase the Company's equity share capital (treasury shares), the consideration paid, including directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received less any directly attributable incremental transaction costs is included in equity attributable to the Company's equity holders.

3 CASH AND CASH EQUIVALENTS

	2013 VND	2012 VND	**2013 Rs. Crore**	2012 Rs. Crore
Cash on hand	175,411,169	151,329,314	0.05	0.04
Cash at bank	4,232,667,733	9,520,825,213	1.26	2.51
Cash equivalents (*)	166,500,000,000	66,200,000,000	49.45	17.48
	170,908,078,902	75,872,154,527	50.76	20.03

(*) Cash equivalents comprise short-term bank deposits with maturity of within 3 months, which are easily convertible and subject to least liquidity risks at short-term deposit rate of 5-7% per annum.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 december 2013

4 SHORT-TERM INVESTMENT

As at 31 December 2013, short-term investment represents the bank deposits with maturity within one year and earns an interest at 6.5-10.4% per annum.

5 TRADE ACCOUNTS RECEIVABLE

	2013 VND	2012 VND	**2013 Rs. Crore**	2012 Rs. Crore
Third parties	32,124,648,252	23,539,962,759	9.53	6.22
Related parties (Note 23(b))	12,745,949	–	0.01	–
	32,137,394,201	23,539,962,759	9.54	6.22

6 PREPAYMENTS TO SUPPLIERS

	2013 VND	2012 VND	**2013 Rs. Crore**	2012 Rs. Crore
Third parties	1,763,597,400	2,241,721,526	0.52	0.59
Related parties (Note 23(b))	8,881,314,916	13,697,446,375	2.64	3.62
	10,644,912,316	15,939,167,901	3.16	4.21

7 OTHER RECEIVABLES

	2013 VND	2012 VND	**2013 Rs. Crore**	2012 Rs. Crore
Others	9,877,436,421	2,331,022,744	2.93	0.62
Receivables from Related parties (Note 30(b))	3,000,000,000	3,000,000,000	0.89	0.79
	12,877,436,421	5,331,022,744	3.82	1.41

8 INVENTORIES

	2013 VND	2012 VND	**2013 Rs. Crore**	2012 Rs. Crore
Goods in transit	2,532,781,875	3,122,350,430	0.75	0.82
Raw materials	23,207,055,568	17,743,826,142	6.89	4.69
Tools	15,168,594,792	16,430,091,429	4.51	4.34
Work in progress	614,767,781	671,675,893	0.18	0.18
Finished goods	34,702,150,440	29,513,555,072	10.31	7.79
Merchandises	15,358,500,873	9,315,199,284	4.56	2.46
	91,583,851,329	76,796,698,250	27.20	20.28
Provision for decline in value of inventory	(3,795,970,444)	(3,783,604,658)	(1.13)	(1.00)
	87,787,880,885	73,013,093,592	26.07	19.28

Movements in the provision for inventories during the year were as follows:

	2013 VND	2012 VND	**2013 Rs. Crore**	2012 Rs. Crore
Opening balance	(3,783,604,658)	(1,571,405,756)	(1.12)	(0.41)
Increase	(12,365,786)	(2,562,921,585)	(0.68)	(4.69)
Reversal		350,722,683	–	0.09
Closing balance	(3,795,970,444)	(1,571,405,756)	(1.13)	(0.41)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

9 FIXED ASSETS

(a) Tangible fixed assets

	Buildings	Machinery	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
Historical cost					
At 1 Jan 2013	4,835,166,682	21,847,014,178	3,495,128,525	2,826,942,395	**33,004,251,780**
New purchases	–	803,089,013	–	1,793,134,623	**2,596,223,636**
Transferred from CIP	–	6,562,488,476	–	–	**6,562,488,476**
Transferred to 242 (Cir 45) (*)	(41,438,500)	(245,514,063)	(24,120,000)	(652,316,878)	**(963,389,441)**
Disposals	(26,000,000)	(1,503,942,458)	(52,202,808)	(880,441,674)	**(2,462,586,940)**
At 31 December 2013	4,767,728,182	27,463,135,146	3,418,805,717	3,087,318,466	**38,736,987,511**
Accumulated depreciation					
At 1 Jan 2013	(1,551,423,928)	(16,900,767,734)	(3,009,715,818)	(1,988,993,766)	**(23,450,901,246)**
Charge for the year	(200,310,652)	(2,199,932,571)	(300,305,755)	(435,325,322)	**(3,135,874,300)**
Transferred to 242 (Cir 45) (*)	38,339,167	143,872,450	20,502,000	415,221,516	**617,935,133**
Disposals	26,000,000	1,503,942,438	52,202,803	879,692,211	**2,461,837,452**
Net book value					
At 31 December 2013	(1,687,395,413)	(17,452,885,417)	(3,237,316,770)	(1,129,405,361)	**(23,507,002,961)**
At 1 Jan 2013	3,283,742,754	4,946,246,444	485,412,707	837,948,629	**9,553,350,534**
At 31 December 2013	3,080,332,769	10,010,249,729	181,488,947	1,957,913,105	**15,229,984,550**

	Buildings	Machinery	Motor vehicles	Office equipment	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Historical cost					
At 1 Jan 2013	1.44	6.49	1.04	0.84	9.80
New purchases	–	0.24	–	0.53	0.77
Transferred from CIP	–	1.95	–	–	1.95
Transferred to 242 (Cir 45) (*)	(0.01)	(0.07)	(0.01)	(0.19)	(0.29)
Disposals	(0.01)	(0.45)	(0.02)	(0.26)	(0.73)
At 31 December 2013	1.42	8.16	1.02	0.92	11.50
Accumulated depreciation					
At 1 Jan 2013	(0.46)	(5.02)	(0.89)	(0.59)	(6.96)
Charge for the year	(0.06)	(0.65)	(0.09)	(0.13)	(0.93)
Transferred to 242 (Cir 45) (*)	0.01	0.04	0.01	0.12	0.18
Disposals	0.01	0.45	0.02	0.26	0.73
Net book value					
At 31 December 2013	(0.50)	(5.18)	(0.96)	(0.34)	(6.98)
At 1 Jan 2013	0.98	1.47	0.14	0.25	2.84
At 31 December 2013	0.91	2.97	0.05	0.58	4.52

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Cost of fully depreciated fixed assets	14,879,616,361	12,830,944,930	4.42	3.39

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

(*) This is adjustment to reclassify net book value of fixed assets which have historical cost value under VND30 million to long-term prepayments and have been allocated within three years following Circular 45/2013/TT-BTC. within three years following Circular 45/2013/TT-BTC.

(b) Intangible fixed assets

	Copyright	Computer software	Others	Total
	VND	VND	VND	VND
Historical cost				
At 1 Jan 2013	179,493,840	8,963,585,258	4,821,388,465	**13,964,467,563**
New purchases	–	82,063,094	364,370,860	**446,433,954**
Transferred to 242 (Cir 45) (*)	–	–	(50,959,210)	(50,959,210)
Disposal	–	–	(23,660,000)	(23,660,000)
At 31 December 2013	179,493,840	9,021,988,352	5,134,800,115	**14,336,282,307**
Accumulated amortisation				
At 1 Jan 2013	(179,493,840)	(8,373,468,649)	(2,158,118,540)	**(10,711,081,029)**
Charge for the year		(112,984,351)	(824,872,869)	(937,857,220)
Transferred to 242 (Cir 45) (*)			11,456,222	11,456,222
Disposal	–	23,660,000	–	23,660,000
At 31 December 2013	(179,493,840)	(8,462,793,000)	(2,971,535,187)	**(11,613,822,027)**
Net book value				
At 1 January 2013	–	590,116,609	2,663,269,925	**3,253,386,534**
At 31 December 2013	–	559,195,352	2,163,264,928	**2,722,460,280**

	Copyright	Computer software	Others	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Historical cost				
At 1 Jan 2013	0.05	2.66	1.43	**4.15**
New purchases	–	0.02	0.11	**0.13**
Transferred to 242 (Cir 45) (*)	–	–	(0.02)	**(0.02)**
Disposal	–	(0.01)	–	**(0.01)**
At 31 December 2013	0.05	2.68	1.53	**4.26**
Accumulated amortisation				
At 1 Jan 2013	(0.05)	(2.49)	(0.64)	**(3.18)**
Charge for the year	–	(0.03)	(0.24)	**(0.28)**
Transferred to 242 (Cir 45) (*)	–	–	0.01	**0.01**
Disposal	–	0.01	–	**0.01**
At 31 December 2013	(0.05)	(2.51)	(0.88)	**(3.45)**
Net book value				
At 1 January 2013	–	0.18	0.79	**0.97**
At 31 December 2013	–	0.17	0.64	**0.81**

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Cost of fully amortised fixed assets	10,404,245,912	8,475,397,580	3.09	2.24

(*) This is adjustment to reclassify net book value of fixed assets which have historical cost value under VND30 million to long-term prepayments and have been allocated within three years following Circular 45/2013/TT-BTC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

(c) Construction in progress

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Beginning of year	758,639,497.00	–	0.23	–
Additions	6,063,214,587.00	1,354,253,921.00	1.80	0.36
Transfers to intangible fixed assets	(6,562,488,476.00)	(595,614,424.00)	(1.95)	(0.16)
Transfers to investment property	–	–	–	–
At 31 December 2013	259,365,608.00	758,639,497.00	0.08	0.20

Balance of construction in progress in 2013 and 2012 is for buying machinery and equipment used at the Company's Factory

10 INVESTMENT PROPERTIES

This represents the acquisition cost of land use right at Lot B2-29, 39 Tan Dong Hiep Industrial Zone, Di An District, Binh Duong Province in accordance with the land lease contract No. 317/07/HDT.TDHB dated 25 August 2007.

The Company's management has a plan to sell this land use right in the near future.

	Land use right	**Land use right**
	VND	**Rs. Crore**
Historical cost		
At 1 January 2013 and 31 December 2013	23,843,388,652	7.08
Accumulated depreciation		
At 1 January 2013	446,134,095	0.13
Charge for the year	594,845,460	0.18
At 31 December 2013	1,040,979,555	0.31
Net book value		
At 1 January 2013	23,397,254,557	6.95
At 31 December 2013	22,802,409,097	6.77

11 INVESTMENTS IN SUBSIDIARIES

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Thuan Phat Foodstuff Joint Stock Company	96,632,297,308	96,387,001,308	28.70	25.45
Beauté Cosmétique Societé Par Actions	19,800,000,000	19,800,000,000	5.88	5.23
	116,432,297,308	116,187,001,308	34.58	30.68

Details of the Company's subsidiaries as at 31 December 2013 are as follows:

Name of subsidiaries	**Interest**	**Cost of investment**	**Cost of investment**	**No. of shares**	**Business**
	%	VND	Rs. Crore		
Beauté Cosmétique Societé Par Actions (i)	99.00%	19,800,000,000	5.88	1,980,000	Cosmetics and cosmetic materials
Thuan Phat Foodstuff Joint Stock Company (ii)	100.00%	96,632,297,308	28.70	3,140,000	Foodstuff
		116,432,297,308	34.58		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 december 2013

Details of the Company's subsidiaries as at 31 December 2012 are as follows:

Name of subsidiaries	Interest	Cost of investment	Cost of investment	No. of shares	Business
	%	VND	Rs. Crore		
Beauté Cosmétique Societé Par Actions (i)	99.00%	19,800,000,000	5.23	1,980,000	Cosmetics and cosmetic materials
Thuan Phat Foodstuff Joint Stock Company (ii)	99.71%	96,387,001,308	25.45	3,130,752	Foodstuff
		116,187,001,308	30.68		

(i) Beauté Cosmétique Societé Par Actions ("BCS"), a shareholding company, was established in accordance with Business Registration Certificate No. 4103010586 issued by the Department of Planning and Investment of Ho Chi Minh City on 12 June 2008

As at 31 December 2013, Company holds 99% (2012: 99%) equity share in this subsidiary.

(ii) Thuan Phat Foodstuff Joint Stock Company ("Thuan Phat"), a shareholding company, was established in accordance with Business Registration Certificate No. 41030067667 issued by the Department of Planning and Investment of Ho Chi Minh City on 18 May 2007. During the year, the Company has acquired further 0.29% ownership of Thuan Phat from non-controlling shareholders, thus ownership of the Company has increased from 99.71% to 100.00%.

As at 31 December 2013, Company holds 100% (2012: 99.71%) equity share in this subsidiary.

12 LONG-TERM PREPAYMENTS

Details of long-term prepayments are presented as follows:

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Leasehold improvement for Hai Au Office		503,062,452	–	0.13
Land rental	2,071,770,480	2,137,183,020	0.62	0.56
Others	1,348,472,694	748,616,184	0.40	0.20
	3,420,243,174	3,388,861,656	1.02	0.89

Movement of long-term prepayments is as follows:

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Beginning of year	3,388,861,656	5,101,995,663	1.01	1.35
Additions	1,405,384,955	701,923,321	0.42	0.19
Transfers from fixed assets (Note 9(a), 9(b)) (*)	384,957,296	–	0.11	–
Amortisation for the year	(1,758,960,733)	(2,415,057,328)	(0.52)	(0.64)
End of year	3,420,243,174	3,388,861,656	1.02	0.89

(*) This is adjustment to reclassify net book value of fixed assets which have historical cost value under VND30 million to long-term prepayments and have been allocated within three years following Circular 45/2013/TT-BTC.

13 SHORT-TERM BORROWINGS

As at 31 December 2013, short-term borrowing representing the loan at Asia Commercial Bank at rate of 12.95% per annum, which used the term deposit at the same bank as a pledge asset, has been fully repaid.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

14 TRADE ACCOUNTS PAYABLE

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Third parties	31,610,967,826	37,120,634,418	9.39	9.80
Related parties (Note 30 (b))	–	75,401,998	–	0.02
	31,610,967,826	29,338,982,324	9.39	9.82

15 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Business income tax – current	7,353,692,028	2,312,478,374	2.18	0.61
Value added tax	2,056,246,689	946,166,045	0.61	0.25
Personal income tax	1,052,989,266	1,030,623,520	0.32	0.27
Other tax obligations	–	85,249,004	–	0.02
	10,462,927,983	4,374,516,943	3.11	1.16

16 ACCRUED EXPENSES

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Promotion expenses	24,315,648,885	30,408,658,389	7.22	8.03
Salary for outsource sales person	9,721,680,000	8,623,747,515	2.89	2.28
Advertising accruals	6,798,665,194	4,894,784,688	2.02	1.29
Salary, bonus	24,093,880,908	12,936,831,801	7.16	3.42
Consultancy fee (*)	673,570,625	1669500000	0.20	0.44
Transportation expenses	2,891,227,697	1543197052	0.86	0.41
Others	3,406,472,297	2,481,733,887	1.00	0.65
	71,901,145,606	62,558,453,332	21.35	16.52

(*) Included amount of management charged payable to parent company of VND589,070,625 (2012: VND1,669,500,000) (Note 34(b)).

17 OTHER PAYABLES

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Social insurance	873,226,339	–	0.23	–
Union fee	1,444,991,258	718,336,269	0.43	0.19
Other payables	142,595,560	182,540,050	0.04	0.05
	1,587,586,818	1,774,102,658	0.47	0.47

18 OWNERS' CAPITAL

(a) Number of shares

	2013	2012
	Ordinary shares (share)	Ordinary shares (share)
Number of shares registered	11,217,760	11,217,760
Number of shares issued	11,217,760	11,217,760
Number of existing shares in issue	11,217,760	11,217,760

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 december 2013

(b) Details of owners' shareholding

	2013 Ordinary shares (share)	**%**	2012 Ordinary shares (share)	%
Marico Limited	9,535,495	85	9,535,495	85
Phan Quoc Cong	–	–	1,497,571	13.35
Nguyen Yen Lam	1,681,315	14.99	184,694	1.65
Others	950	0.01	–	–
	11,217,760	100	11,217,760	100

(c) Movement of share capital

	Number of share capital (share)	**Ordinary shares VND**	**Total VND**	**Ordinary shares Rs. Crore**	**Total Rs. Crore**
At 1 January 2011 and 31 December 2013	11,217,760	112,177,600,000	112,177,600,000	33.32	29.62

19 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	**Share premium VND**	**Undistributed earnings VND**	**Total VND**
As at 1 January 2012	112,177,600,000	112,213,880,000	60,023,242,678	**284,414,722,678**
Profit for the year	–	–	76,187,763,714	**76,187,763,714**
As at 31 December 2012	112,177,600,000	112,213,880,000	136,211,006,392	**360,602,486,392**
Profit for the year	–	–	205,918,515,941	**205,918,515,941**
As at 31 December 2013	112,177,600,000	112,213,880,000	342,129,522,333	**566,521,002,333**

	Owners' capital Rs. Crore	**Share premium Rs. Crore**	**Undistributed earnings Rs. Crore**	**Total Rs. Crore**
As at 1 January 2012	33.32	33.33	17.83	84.48
Profit for the year	–	–	22.63	22.63
As at 31 December 2012	33.32	33.33	40.46	107.11
Profit for the year	–	–	61.15	61.15
As at 31 December 2013	33.32	33.33	101.61	168.25

20 DIVIDENDS

The Company has not declared dividends after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

21 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2013	2012
	VND	VND
Net profit attributable to shareholders (VND)	205,918,515,941	76,187,763,714
Weighted average number of ordinary shares in issue (shares)	11,217,760	11,217,760
Basic earnings per share (VND)	18,356	6,792

22 REVENUE

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Sales				
Sales of goods	993,685,377,350	773,784,822,581	295.13	204.34
Sales deductions				
Trade discounts	(24,767,011,826)	(39,490,942,563)	(7.36)	(10.43)
Sales returns	(712,659,516)	(1,530,564,049)	(0.21)	(0.40)
	(25,479,671,342)	(41,021,506,612)	(7.57)	(10.83)
	968,205,706,008	732,763,315,969	287.56	193.51

23 COST OF SALES

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Cost of merchandises sold	122,107,344,133	91,712,127,355	36.26	24.22
Cost of finished goods sold	278,791,458,029	237,907,937,076	82.80	62.83
Provision for decline in value of inventories	(12,365,786)	(2,562,921,585)	(0.01)	(0.68)
Other expenses	5,344,486,780	6,620,917,191	1.59	1.75
	406,230,923,156	333,678,060,037	120.65	88.12

24 FINANCIAL INCOME

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Interest income from deposits	27,308,671,019	12,680,424,167	8.12	3.35
Realised foreign exchange gains	183,144,741	116,805,210	0.05	0.03
	27,491,815,760	12,797,229,377	8.17	3.38

25 FINANCIAL EXPENSES

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Interest expense	1,537,443	7,095,890	0.01	0.01
Realised foreign exchange losses	163,983,461	74,732,756	0.05	0.02
Net losses from foreign currency translation at year-end	15,211,518	82,882	0.01	0.01
	180,732,422	81,911,528	0.07	0.04

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 december 2013

26 SELLING EXPENSES

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Staff costs	138,811,864,172	105,616,099,781	41.23	27.89
Advertising expenses	45,844,903,108	55,681,830,083	13.62	14.70
Marketing support expenses	61,148,155,252	67,146,451,499	18.16	17.73
Marketing and research expenses	6,081,859,992	4,413,714,057	1.81	1.17
Depreciation expenses	266,633,572	61,591,625	0.08	0.02
Utilities	273,022,748	356,833,684	0.08	0.09
Rental fee	11,024,131,766	8,477,190,100	3.27	2.24
Transportation expenses	23,778,333,591	19,378,345,610	7.06	5.12
Travelling expenses	9,089,495,922	6,813,749,378	2.70	1.80
Others	5,945,859,302	3,670,575,207	1.76	0.97
	302,264,259,425	271,616,381,024	89.77	71.73

27 GENERAL AND ADMINISTRATION EXPENSES

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Staff costs	21,598,995,742	24,410,834,486	6.41	6.45
Utilities	1,090,777,394	1,275,156,866	0.32	0.34
Depreciation expenses	1,489,900,263	3,491,184,340	0.44	0.92
Professional fee	13,282,498,452	4,654,276,929	3.94	1.23
Rental fee	7,233,529,487	6,783,051,343	2.15	1.79
Recruitment, training expenses	1,953,111,494	1,961,923,538	0.58	0.52
Meeting, conference	3,800,956,204	1,086,414,187	1.13	0.29
Travelling expenses	920,183,988	1,759,481,433	0.29	0.46
Others	4,255,167,929	5,582,951,499	1.28	1.47
	55,625,120,953	51,005,274,621	16.54	13.47

28 NET OTHER INCOME

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Other income				
Gains on disposal of fixed assets	62,232,954	5,029,517	0.03	0.00
Others	356,214,676	264,489,120	0.10	0.07
	418,447,630	269,518,637	0.13	0.07
Other expenses				
Others	(375,619,983)	(88,523,669)	(0.11)	(0.02)
Net book value of fixed assets disposed	(749,488)	–	(0.01)	–
	(376,369,471)	(88,523,669)	(0.11)	(0.02)
Net other income	42,078,159	180,994,968	0.01	0.05

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

29 COST OF GOODS MANUFACTURED BY FACTORS

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Raw materials	372,056,061,524	304,835,036,335	110.50	80.50
Labour costs	181,478,918,798	147,841,258,417	53.90	39.04
Depreciation expense	4,095,827,770	6,255,838,339	1.22	1.65
Outside service expenses	189,711,144,657	160,870,789,565	56.34	42.48
Other expenses	16,778,350,785	36,496,793,026	4.99	9.63
	764,120,303,534	656,299,715,682	226.95	173.30

30 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts are as follows:

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	272,503,055	128,892,756	0.08	0.03
Deferred tax asset to be recovered within 12 months	–	143,610,300	–	0.04
	272,503,055	272,503,055	0.08	0.07

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Beginning of year	272,503,055	978,067,018	0.08	0.26
Income statement charge/(credit)	–	(705,563,963.00)	–	(0.19)
End of year	272,503,055	272,503,055	0.08	0.07

The deferred income tax was mainly raising from the tax effect on the net amount of temporary difference between accounting base and tax base of provision for severance allowances and provision for decline in value of inventory.

31 TAXATION

For manufacturing activities, the Company has the obligation to pay corporate income tax ("CIT") at the rate of 15% of taxable profits for twelve years starting from its commercial operations and at the rate of 25% for the years thereafter. For trading activities and others, the Company pays CIT at the rate of 25%.

According to Decree No. 218/2013/ND-CP dated 26 December 2013 providing details to the Law on CIT, standard tax rate is reduced from 25% to 22% in 2014, and further reduced to 20% from 2016.

In accordance with the Official Letter No. 3270/TCT-PCCS dated 1 September 2006 issued by the General Department of Tax, the Company is entitled to an exemption from CIT for three years commencing with the first year of making profits, and a 50% reduction for the following seven years. The Company made its initial profit in 2004.

NOTES TO THE FINANCIAL STATEMENTS
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	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Net accounting profit before tax	231,438,563,971	89,359,913,104	68.74	23.60
Tax calculated at a rate of 25%	7,157,700,655	3,238,812,454	2.13	0.86
Tax calculated at a rate of 15%	30,421,164,203	11,460,699,494	9.04	3.03
Effect of:				
Income not subject to tax	(1,923,589,937)	(505,110,039)	(0.57)	(0.13)
Expenses not deductible for tax purposes	9,901,337,941	8,708,856,520	2.94	2.30
Impact of tax reduction	(20,036,564,832)	(9,731,109,039)	(5.95)	(2.57)
Business income tax charge	25,520,048,030	13,172,149,390	7.58	3.48
Charged/(credited) to income statement:				
Business income tax – current	25,520,048,030	12,466,585,427	7.58	3.29
Business income tax – deferred (Note 30)	–	705,563,963	–	0.19
	25,520,048,030	13,172,149,390	7.58	3.48

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

32 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effect of these risks on the Company's financial performance.

(1) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will flucuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

(a) Currency risk

The Company's business is exposed to foreign currency risk arising from various currency exposures, primarily United States Dollar ("US$").

The Company does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The Company's currency exposure to the US$ is as follows:

	2013			2012		
	US$	**Equivalent to VND**	**Rs. Crore**	**US$**	**Equivalent to VND**	**Rs. Crore**
Financial assets						
Cash and bank deposits	29,985	633,429,037	0.19	41,579	868,077,763	0.23
Financial liabilities						
Trade and other payables	(523,118)	(11,048,792,520.00)	(3.28)	(227,128)	(4,729,844,210)	(1.25)
Currency exposure	**(493,133.00)**	**(10,415,363,483.00)**	**(3.09)**	**(185,549)**	**(3,861,766,447)**	**(1.02)**

At 31 December 2013, if the VND had strengthened/weakened by 10% against the US$ with all other variables being held constant, the Company's profit after tax for the year would have been VND781,152,261 (2012: VND289,632,484) lower/ higher as a result of foreign exchange losses/gains on translation of US$-denominated financial instruments.

(b) Interest rate risk

The Company is not exposed to significant interest rate risk as the Company does not have any borrowings as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2013

(c) *Price risk*

The Company has no financial assets or liabilities that are supposed to price risks.

(2) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company adopts the policy of dealing with customers of appropriate credit history to mitigate credit risk.

(3) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year			
	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Short-term borrowings	–	4,000,000,000	–	1.06
Trade and other payables	31,610,967,826	37,196,036,416	9.39	9.82
	31,610,967,826	41,196,036,416	9.39	10.88

The Company did not have derivative financial liabilities as at 31 December 2012 and 31 December 2013.

33 SEGMENT REPORTING

The Board of Directors is of the opinion that the Company operates in one single business segment, which is producing and trading in cosmetics, cosmetic materials and food products and one single geographical segment, which is Vietnam.

34 RELATED PARTY TRANSACTIONS

The Company is controlled by Marico Group which owns 85% of the Company's legal capital. The ultimate parent of the Company is Marico Limited, a company incorporated in India.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

i) Sales of goods and services

	2013	2013	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Subsidiaries	2,877,464,345	1,991,326,725	0.85	0.53
Fellow group subsidiaries	693,190,680	9,859,159,140	0.21	2.60
	3,570,655,025	11,850,485,865	1.06	3.13

ii) Purchases of goods and services

	2013	2013	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Subsidiaries	133,644,989,664	95,544,963,465	39.69	25.23

iii) Compensation of key management

	2013	2013	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Gross salaries and other benefits	20,196,000,000	22,087,349,359	6.00	5.83

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

iv) Management charged from Parent Company

	2013	2013	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Parent company	11,336,831,635	2,966,191,030	3.37	0.78

(b) Year end balances with related parties

	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Trade accounts receivable (Note 5)				
Subsidiaries	12,745,949	–	–	–
Prepayments to suppliers (Note 6)				
Subsidiaries	8,881,314,916	13,697,446,375	2.64	3.62
Other receivables (Note 7)				
Subsidiaries	3,000,000,000	3,000,000,000	0.89	0.79
Trade accounts payable (Note 14)				
Subsidiaries	–	75,401,998	–	0.02
Accrued expenses (Note 16)				
Parent company	589,070,625	1,669,500,000	0.17	0.44

35 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	Property		Property	
	2013	2012	**2013**	2012
	VND	VND	**Rs. Crore**	Rs. Crore
Within 1 year	3,499,391,750	2,993,652,267	1.04	0.79
Between 1 and 5 years	2,764,228,000	4,272,239,360	0.82	1.13
Total minimum payments	6,263,619,750	7,265,891,627	1.86	1.92

The single-entity financial statements were approved by the Board of Directors on 21 February 2014.

Do Thi Thuy Hang
Preparer

Tran Le Kim Loan
Chief Accountant

Phan Quoc Cong
General Director

Business Registration Certificate	No.4102033640 dated 4 October 2005, was issued by the Department of Planning and Investment of Ho Chi Minh City and its tatest amendment is on 09 January 2014.	
Board of Directors	Mr. Saugata Gupta	Chairman (Appointed on 29 April, 2014)
	Mr. Vijay S. Subramaniam	Chairman (Resigned on 29 April, 2014)
	Mr. Chaitanya J. Deshpande	Member
	Mr. Nikhil p. Narkhede	Member
	Mr. Le Quang Hanh	Member
	Mr. Phan Quoc Cong	Member
	Mr. Ashutosh Telang	Member (Appointed on 29 April, 2014)
Board of Managements	Ms Pham Thi My Hanh	General Director
Legal representative	Ms Pham Thi My Hanh	General Director
Registered office	376 Vo Van Tan, Ward 5, District 3, Ho chi Minh city, Vietnam.	
Auditor	PricewaterhouseCoopers (Vietnam) Limited	

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRETORS OF THE COMPANY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors of the Company is responsible for financial statements which give a true and fair view of the financial position of **Beauté Cosmétique Societé Par Actions (“**the Company’’)as at 31 December 2013 and the results of its operations and cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 259 to 275 which give a true and fair view of the financial position of the Company as at 31 December 2013 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations on preparation and presentation of financial statements.

On behalf of the Board of Directors

Pham Thi My Hanh
General Director

Ho Chi Minh City, SR Vietnam
21 February 2014

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BEAUTÉ COSMÉTIQUE SOCIETÉ PAR ACTIONS

We have audited the accompanying financial statements of Beauté Cosmétique Societé Par Actions ("the Company") which were prepared on 31st Dec. 2013 ans approved by the Board of Directors on 21 February 2014. The financial statements comprise the balance sheet as at 31 December 2013, the income statement and cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 26.

The Board of Directors' Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese corporate Accounting System and applicable regulations on preparation and presentation of financial statement and responsible for internal controls which the Board of Directors determines that it is relevant to the preparation and fair presentaion of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the corporate Vietnamese Accounting System and applicable regulations on preparation and presentation on financial statements.

Dang Quoc Tuan Ngo Thi Nhat Giao

Audit Practising Licence No. 0620-2013-006-1   Audit Practising Licence No. 2415-2013-066-1

Report reference number: HCM 3870
HO Chi Minh City
21 February 2014

As indicated in Note 2.1 to the financial statements, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

BALANCE SHEET

as at 31 December 2013

ASSETS	Notes	As at 31 December		As at 31 December	
		2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
CURRENT ASSETS		**42,165,463,608**	**38,874,769,590**	**12.36**	**10.27**
Cash and cash equivalents	**3**	**25,625,034,531**	**19,242,690,904**	**7.51**	**5.09**
Cash		2,625,034,531	4,242,690,904	0.77	1.12
Cash equivalents		23,000,000,000	15,000,000,000	6.74	3.97
Accounts receivable		**4,968,969,127**	**1,061,134,379**	**1.46**	**0.28**
Trade accounts receivable	4	110,403,041	262,685,843	0.03	0.07
Prepayments to suppliers	5	4,731,223,642	159,948,343	1.39	0.04
Other receivables	6	127,342,444	638,500,193	0.04	0.17
Inventories		**10,926,116,350**	**17,166,784,574**	**3.20**	**4.53**
Inventories		10,926,116,350	17,413,451,221	3.20	4.60
Provision for decline in value of inventories		–	(246,666,647)	–	(0.07)
Other current assets		**645,343,600**	**1,404,159,733**	**0.19**	**0.37**
Short-term prepayments		307,395,000	423,718,533	0.09	0.11
Other current assets	11	337,948,600	980,441,200	0.10	0.26
NON-CURRENT ASSETS		**2,485,947,597**	**2,473,464,064**	**0.72**	**0.64**
Long-term receivables		**541,788,860**	**421,788,860**	**0.15**	**0.11**
Other long-term receivables	8	541,788,860	421,788,860	0.15	0.11
Fixed assets		**167,355,835**	**427,665,609**	**0.05**	**0.11**
Tangible fixed assets	9(a)	136,800,279	338,493,623	0.04	0.09
Cost		530,070,375	1,361,674,336	0.16	0.36
Accumulated depreciation		(393,270,096)	(1,023,180,713)	(0.12)	(0.27)
Intangible fixed assets	9(b)	30,555,556	89,171,986	0.01	0.02
Cost		487,810,250	509,396,314	0.14	0.13
Accumulated amortisation		(457,254,694)	(420,224,328)	(0.13)	(0.11)
Other long-term assets		**1,776,802,902**	**1,624,009,595**	**0.52**	**0.42**
Long-term prepayments	10	726,333,902	1,066,685,725	0.21	0.28
Deferred income tax assets	16	199,095,750	239,268,870	0.06	0.06
Other long-term assets	11	851,373,250	318,055,000	0.25	0.08
TOTAL ASSETS		**44,651,411,205**	**41,348,233,654**	**13.08**	**10.91**

Note: The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

BALANCE SHEET (contd.)

as at 31 December 2013

LIABILITIES		**13,118,412,800**	**11,749,883,209**	**3.84**	**3.10**
Current liabilities		**12,292,029,800**	**11,009,474,375**	**3.60**	**2.90**
Short-term borrowings	12	3,000,000,000	3,000,000,000	0.88	0.79
Trade accounts payable	13	898,482,117	241,134,141	0.26	0.06
Advances from customers		1,290,997	246,135,477	–	0.06
Taxes and other payables to the State Budget	14	2,444,395,015	2,346,432,833	0.72	0.62
Payable to employees		1,675,974,685	2,229,338,286	0.49	0.59
Accrued expenses	15	4,245,886,986	2,946,433,638	1.24	0.78
Other payables		26,000,000	–	0.01	–
Long-term liabilities		**826,383,000**	**740,408,834**	**0.24**	**0.20**
Other long-term payables		30,000,000	30,000,000	0.01	0.01
Provision for severance allowances		796,383,000	710,408,834	0.23	0.19
OWNERS' EQUITY		**31,532,998,405**	**29,598,350,445**	**9.24**	**7.81**
Capital and reserves		**31,532,998,405**	**29,598,350,445**	**9.24**	**7.81**
Owners' capital	17,18	20,000,000,000	20,000,000,000	5.86	5.28
Differences upon asset revaluation		–	–	–	
Undistributed earnings	17	11,532,998,405	9,598,350,445	3.38	2.53
TOTAL RESOURCES		**44,651,411,205**	**41,348,233,654**	**13.08**	**10.91**

Off Balance Sheet Items	**As at 31 December**		**As at 31 December**	
	2013	**2012**	**2013**	**2012**
			Rs. Crore	**Rs. Crore**
Foreign currencies				
- United states dollar (US$)	985.32	985.32	0.01	0.01

Include in cash and cash equivalents are balances held foreign currencies of US$985.32

Vo Thi Thu Phuong	Nguyen Van Chin	Pham Thi My Hanh
Preparer	Chief Accountant	General Director
21-Feb-14		

The notes on pages 9 to 26 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

INCOME STATEMENT

for the year ended 31 December 2013

	Notes	Year ended 31 December		Year ended 31 December	
		2013	2012	2013	2012
		VND	VND	Rs. Crore	Rs. Crore
Sales		**93,755,140,533**	**85,176,325,046**	**27.47**	**22.49**
Less deductions		(8,170,729,619)	(4,368,641,591)	(2.39)	(1.15)
Net sales	**19**	**85,584,410,914**	**80,807,683,455**	**25.08**	**21.34**
Cost of sales	**20**	**(16,438,277,906)**	**(14,492,346,244)**	**(4.82)**	**(3.83)**
Gross profit		**69,146,133,008**	**66,315,337,211**	**20.26**	**17.51**
Financial income	21	1,597,741,646	1,360,101,127	0.47	0.36
Financial expenses	22	(119,431,808)	(134,524,394)	(0.03)	(0.04)
Selling expenses	23	(54,135,777,069)	(54,609,555,421)	(15.86)	(14.42)
General and administration expenses	24	(12,602,614,543)	(11,968,550,803)	(3.69)	(3.16)
Operating profit		**3,886,051,234**	**962,807,720**	**1.15**	**0.25**
Other income		37,763,158	176,137,087	0.01	0.05
Other expenses		(140,395,664)	(251,695,505)	(0.04)	(0.07)
Net other (expenses)/income		**(102,632,506)**	**(75,558,418)**	**(0.03)**	**(0.02)**
Net accounting profit before tax		**3,783,418,728**	**887,249,302**	**1.12**	**0.23**
Business income tax - current	**25**	**(1,808,597,648)**	**(379,800,799)**	**(0.54)**	**(0.11)**
Business income tax - deferred	**25, 14**	**(40,173,120)**	**75,176,194**	**(0.01)**	**0.03**
Net profit after tax		**1,934,647,960**	**582,624,697**	**0.57**	**0.15**

Vo Thi Thu Phuong
Preparer
21-Feb-14

Nguyen Van Chin
Chief Accountant

Pham Thi My Hanh
General Director

The notes on pages 9 to 26 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

CASH FLOW STATEMENT

For the year ended 31 December 2013

ASSETS	Notes	Year ended 31 December		Year ended 31 December	
		2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit before tax		**3,783,418,728**	**887,249,302**	**1.11**	**0.23**
Adjustments for:					
Depreciation and amortisation		192,623,857	292,889,159	0.06	0.08
Provisions		(246,666,647)	246,666,647	(0.08)	0.07
Unrealised foreign exchange gains		13,754,362	(36,712,000)	–	(0.01)
Profits from investing activities		(1,545,792,115)	(1,163,377,428)	(0.45)	(0.31)
Operating profit before changes in working capital		**2,197,338,185**	**226,715,680**	**0.64**	**0.06**
Decrease in receivables		(4,022,258,359)	1,101,380,974	(1.18)	0.29
Decrease/(increase) in inventories		6,487,334,871	245,503,264	1.90	0.06
(Decrease)/increase in payables		393,009,076	(1,403,492,791)	0.12	(0.37)
Decrease in prepaid expenses		524,361,273	1,389,839,083	0.15	0.37
Business income tax paid		(834,355,695)	(1,246,185,601)	(0.24)	(0.33)
Other receipts from operating activities		642,492,600	–	0.19	0.00
Other payments on operating activities		(545,794,050)	(632,186,373)	(0.16)	(0.17)
Net cash (outflows)/inflows from operating activities		**4,842,127,901**	**(318,425,764)**	**1.42**	**(0.09)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets		–	(302,115,530)	–	(0.08)
Proceeds from disposals of fixed assets		–	7,000,000	–	0.01
Interest received		1,540,215,726	1,156,377,428	0.45	0.31
Net cash inflows from investing activities		**1,540,215,726**	**861,261,898**	**0.45**	**0.24**
Net increase in cash and cash equivalents		**6,382,343,627**	**542,836,134**	**1.87**	**0.15**
Cash and cash equivalents at beginning of year	3	**19,242,690,904**	**18,699,854,770**	**5.64**	**4.94**
Cash and cash equivalents at end of year	3	**25,625,034,531**	**19,242,690,904**	**7.51**	**5.09**

Vo Thi Thu Phuong	Nguyen Van Chin	Pham Thi My Hanh
Preparer	Chief Accountant	General Director
21-Feb-14		

The notes on pages 9 to 26 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

1 GENERAL INFORMATION

Beauté Cosmétique Societé Par Actions ("the Company") was established in SR Vietnam pursuant to License of Incorporation No. 4102033640 issued by the Department of Planning and Investment of Ho Chi Minh City on 4 October 2005.

On 12 June 2008, the Company registered to transform from a limited liability company to a joint stock company and was approved by the Department of Planning and Investment of Ho Chi Minh City in the Business Registration Certificate No. 4103010586 and the following amended Business Registration Certificate:

Amended Business Registration Certificate No	Date
0304073031 – 1st amendment	24 December 2008
0304073031 – 2nd amendment	11 December 2009
0304073031 – 3rd amendment	20 January 2010
0304073031 – 4th amendment	28 May 2010
0304073031 – 5th amendment	9 January 2014

The Company's principal activities are to produce and trade in cosmetics, cosmetic materials and functional food.

As at 31 December 2013, the Company had 281 employees (2012: 269 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The financial statements have been prepared under the historical cost convention.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The financial statements are measured in Vietnamese Dong and presented using Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

2.4 Form of records applied

The Company uses accounting software to record its transactions.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

2.6 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.8 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The depreciation years applied for major fixed asstes are as follows:

Plant and machinery	3-5 years
Office equipment	3-5 years
Computer software	3 years

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.9 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the balance sheet and are mainly prepaid office rental, tools and equipment put to use.

2.10 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(b) Interest income

Interest income is recognised on an earned basis.

2.11 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.13 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.14 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.15 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 31 December 2013 is determined based on the employees' number of years of service up to 31 December 2008 and their average salary for the six-month period prior to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

2.16 Share capital

Ordinary shares in issue are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds.

Where the Company purchase the Company's equity share capital (treasury shares), the consideration paid, including directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received less any directly attributable incremental transaction costs is included in equity attributable to the Company's equity holders.

3 CASH AND CASH EQUIVALENTS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Cash on hand	346,082,195	1,819,722,313	0.10	0.48
Cash at bank	2,278,952,336	2,422,968,591	0.67	0.64
Cash equivalents (*)	23,000,000,000	15,000,000,000	6.74	3.97
	25,625,034,531	19,242,690,904	7.51	5.09

(*) Cash equivalents comprise short-term bank deposits with maturity of one month.

4 TRADE ACCOUNTS RECEIVABLE

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Third parties	110,403,041	162,137,845	0.03	0.04
Related parties (Note 25(b))	–	100,547,998	–	0.03
	110,403,041	262,685,843	0.03	0.07

5 PREPAYMENT TO SUPPLIERS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Third parties	4,731,223,642	159,948,343	1.39	0.04

6 OTHER RECEIVABLES

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Social Insurance	74,571,611	443,443,555	0.03	0.12
Deposit interest	40,770,833	35,194,444	0.01	0.01
Others	12,000,000	159,862,194	–	0.04
	127,342,444	638,500,193	0.04	0.17

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

7 INVENTORIES

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Goods in transit	736,482,520	–	0.22	–
Raw materials	959,323,855	1,227,391,892	0.28	0.32
Merchandises	9,230,309,975	16,186,059,329	2.70	4.28
	10,926,116,350	17,413,451,221	3.20	4.60
Provision for decline in value of inventory		(246,666,647)	–	(0.07)
	10,926,116,350	17,166,784,574	3.20	4.53

Movements in the provision for inventories during the year were as follows:

	VND	VND	Rs. Crore	Rs. Crore
Opening balance	246,666,647	–	0.07	–
Increase	500,000,000	(246,666,647)	0.15	(0.07)
Reversal	(746,666,647)	–	(0.22)	–
Closing balance	–	(246,666,647)	–	(0.07)

8 OTHER LONG-TERM RECEIVABLES

	VND	VND	Rs. Crore	Rs. Crore
Long-term advances to suppliers	541,788,860	421,788,860	0.15	0.11

9 FIXED ASSETS

(a) Tangible fixed assets

	Plant and machinery VND	Office equipment VND	Total VND	Plant and machinery Rs. Crore	Office equipment Rs. Crore	Total Rs. Crore
Historical cost						
At 1 January 2013	948,554,905	413,119,431	1,361,674,336	0.28	0.12	0.40
Transfers to long-term prepayments (*)	(418,484,530)	(413,119,431)	(831,603,961)	(0.12)	(0.12)	(0.24)
At 31 December 2013	530,070,375	–	530,070,375	0.16	–	0.16
Accumulated depreciation						
At 1 January 2013	(645,703,679)	(377,477,034)	(1,023,180,713)	(0.18)	(0.10)	(0.30)
Charge for the year	(126,989,094)	(7,018,334)	(134,007,428)	(0.04)	–	(0.04)
Transfers to long-term prepayments (*)	379,422,677	384,495,368	763,918,045	0.10	0.10	0.22
At 31 December 2013	(393,270,096)	–	(393,270,096)	(0.12)	–	(0.12)
Net book value						
At 1 January 2013	302,851,226	35,642,397	338,493,623	0.08	0.01	0.10
At 31 December 2013	136,800,279	–	136,800,279	0.04	–	0.04

Historical Cost of fully depreciated tangible fixed assets but still in use as at 31 December 2013 was VND 225,208,375 (2012: VND 788,380,464).

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

(b) Intangible fixed assets

	Computer software VND	Computer software Rs. Crore
Historical cost		
At 1 January 2013 and 31 December 2013	509,396,314	0.15
Transfers to long-term prepayments (*)	(21,586,064)	(0.01)
	487,810,250	0.14
Accumulated amortisation		
At 1 January 2012	(420,224,328)	(0.13)
Charge for the year	(58,616,430)	(0.02)
Transfers to long-term prepayments (*)	21,586,064	0.01
At 31 December 2013	(457,254,694)	(0.13)
Net book value		
At 1 January 2013	89,171,986	0.03
At 31 December 2013	30,555,556	0.01

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Cost of fully depreciated fixed assets	387,810,250	257,696,314	0.11	0.07

10 LONG-TERM PREPAYMENTS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Repair expenses for office and store	232,579,295	807,405,255	0.07	0.21
Tools and supplies	332,233,001	259,280,470	0.09	0.07
Others	161,521,606	–	0.05	–
	726,333,902	1,066,685,725	0.21	0.28

Movement of long-term prepayments is as follows:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Beginning of year	1,066,685,725	2,416,899,035	0.31	0.64
Additions	469,574,231	671,799,053	0.14	0.18
Transfers from fixed assets (Note 9(a), 9(b)) (*)	67,685,917	–	0.02	–
Amortisation for the year	(877,611,971)	(2,022,012,363)	(0.26)	(0.53)
End of year	726,333,902	1,066,685,725	0.21	0.28

* This is adjustment to reclassify net book value of fixed assets which have historical cost value under VND30 million to long - term prepayemnts and have been allocated within three years following Circulars 45/2013/TT-BTC.

11 OTHER CURRENT ASSETS AND OTHER LONG-TERM ASSETS

Other current assets and other long-term assets mainly represent deposits to vendors for operating activities of the Company and deposits to lessors for renting of retail shops.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

12 SHORT-TERM BORROWINGS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Related parties (Note 28(b))	3,000,000,000	3,000,000,000	0.88	0.79

The short-term borrowing represents the non-interest bearing loan from Parent company, International Consumer Products Corporation.

13 TRADE ACCOUNTS PAYABLE

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Third parties	898,482,117	241,134,141	0.26	0.06

14 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Business income tax - current	1,389,787,263	415,545,310	0.41	0.11
Value added tax	699,606,509	1,404,473,847	0.20	0.37
Personal income tax	355,001,243	526,413,676	0.11	0.14
	2,444,395,015	2,346,432,833	0.72	0.62

15 ACCRUED EXPENSES

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Bonus for employees	2,240,000,000	1,013,281,950	0.66	0.27
Outing trip for sales department	1,050,000,000	816,000,000	0.31	0.22
Office renovation	–	294,139,974	–	0.08
Others	955,886,986	823,011,714	0.27	0.21
	4,245,886,986	2,946,433,638	1.24	0.78

16 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts are as follows:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	199,095,750	177,602,208	0.06	0.05
Deferred tax asset to be recovered within 12 months	–	61,666,662	–	0.01
	199,095,750	239,268,870	0.06	0.06

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Beginning of year	239,268,870	164,092,676	0.07	0.04
Income statement credit	(40,173,120)	75,176,194	(0.01)	0.02
End of year	199,095,750	239,268,870	0.06	0.06

17 OWNERS' CAPITAL

(a) Number of shares

	2013 Ordinary shares	2012 Ordinary shares
	(shares)	(shares)
Number of shares registered	2,000,000	2,000,000
Number of existing shares in use issue	2,000,000	2,000,000

(b) Details of owners' shareholding

	2013		2012	
	Ordinary shares	%	Ordinary shares	%
Shareholding owned by International Consumer Products Corporation	1,980,000	99%	1,980,000	99%
Shareholding owned by Nguyen Khanh Ngoc	10,000	0.50%	10,000	0.50%
Shareholding owned by Nguyen Thi Tuyet Suong	10,000	0.50%	10,000	0.50%
Number of Share Capital	2,000,000	100.00%	2,000,000	100.00%

(c) Movement of share capital

	Number of share capital (shares)	Ordinary shares	Total	Ordinary shares	Total
		VND	VND	Rs. Crore	Rs. Crore
As at 1 January 2012 and 31 December 2013	2,000,000	20,000,000,000	20,000,000,000	5.86	5.28

Par value per share: VND10,000.

18 MOVEMENTS IN OWNERS' EQUITY

	Owners' Capital VND	Difference upon assets revaluation VND	Undistributed earnings VND	Total VND
As at 1 January 2012	20,000,000,000	27,292,841	9,015,725,748	29,043,018,589
Profit for the year	–	–	582,624,697	582,624,697
Increase difference upon assets revaluation	–	(27,292,841)	–	(27,292,841)
As at 31 December 2012	20,000,000,000	–	9,598,350,445	29,598,350,445
Profit for the year	–	–	1,934,647,960	1,934,647,960
Decrease difference upon assets revaluation	–		–	–
As at 31 December 2013	20,000,000,000	–	11,532,998,405	31,532,998,405

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

	Owners' Capital Rs. Crore	Difference upon assets revaluation Rs. Crore	Undistributed earnings Rs. Crore	Total Rs. Crore
As at 1 January 2012	5.86	0.01	2.64	8.51
Profit for the year	–	–	0.17	0.17
Increase difference upon assets revaluation	–	(0.01)	–	(0.01)
As at 31 December 2012	5.86	-	2.81	8.67
Profit for the year	–	–	0.57	0.57
Decrease difference upon assets revaluation	–	–	–	–
As at 31 December 2013	5.86	–	3.38	9.24

19 REVENUE

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Sales				
Sales of goods	93,755,140,533	85,176,325,046	27.47	22.49
Sales deductions				
Trade discounts	(7,102,764,010)	(3,751,886,314)	(2.08)	(0.99)
Sales returns	(1,067,965,609)	(616,755,277)	(0.31)	(0.16)
	(8,170,729,619)	(4,368,641,591)	(2.39)	(1.15)
Net revenue from sales of goods	**85,584,410,914**	**80,807,683,455**	**25.08**	**21.34**
	85,584,410,914	80,807,683,455	25.08	21.34

20 COST OF SALES

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Cost of merchandises sold	16,438,277,906	14,245,679,597	4.82	3.76
Provision for decline in value of inventories	–	246,666,647	–	0.07
	16,438,277,906	14,492,346,244	4.82	3.83

21 FINANCIAL INCOME

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Interest income from term deposits	1,545,792,115	1,156,377,428	0.45	0.31
Net realised foreign exchange gains	51,949,531	167,011,699	0.02	0.04
Net gain from foreign currency translation at year-end	–	36,712,000	–	0.01
	1,597,741,646	1,360,101,127	0.47	0.36

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

22 FINANCIAL EXPENSES

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Net realised foreign exchange losses	105,677,446	134,524,394	0.03	0.04
Net loss from foreign currency translation at year-end	13,754,362	–	–	–
	119,431,808	134,524,394	0.03	0.04

23 SELLING EXPENSES

The following items have been included in selling expenses:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Staff costs	31,780,126,461	32,735,354,966	9.31	8.64
Rental fee	5,791,709,047	5,539,780,187	1.70	1.46
Trade promotion	4,815,482,632	4,267,585,979	1.41	1.13
Recruitment, training expenses	949,012,834	1,383,156,432	0.28	0.37
Maintenance expenses	587,893,690	1,207,132,587	0.17	0.32
Event expenses for sales promotions	3,353,374,841	498,636,487	0.98	0.13
Advertising expenses	1,299,790,918	707,913,813	0.38	0.19
Other expenses	5,558,386,646	8,269,994,970	1.63	2.18
	54,135,777,069	54,609,555,421	15.86	14.42

24 GENERAL AND ADMINISTRATION EXPENSES

The following items have been included in general and administration expenses:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Staff costs	8,318,065,819	7,394,868,683	2.43	1.95
Rental fee	3,204,941,085	3,337,425,030	0.94	0.88
Repair and maintenance expense	71,207,060	224,652,198	0.02	0.06
Other expenses	1,008,400,579	1,011,604,892	0.30	0.27
	12,602,614,543	11,968,550,803	3.69	3.16

25 TAXATION

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 25%. In accordance with Circular 140/2012/TT-BTC dated 21 August 2012 provided guidance about Business income tax calculated for small and medium entrepreneur, the Company was entitled to a reduction of 30% from corporate income tax ("CIT") for the fiscal year 2012

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

According to Decree No. 218/2013/ND-CP dated 26 December 2013 providing details to the Law on CIT, standard tax rate is reduced from 25% to 22% in 2014, and further reduced to 20% from 2016.

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Net accounting profit before tax	3,783,418,728	887,249,302	1.11	0.23
Tax calculated at a rate of 25%	945,854,682	221,812,326	0.28	0.06
Effect of:				
Expenses not deductible for tax purpose	656,196,400	213,365,681	0.20	0.06
30% tax reduction	246,719,686	(130,553,402)	0.07	(0.03)
Business income tax charge	1,848,770,768	304,624,605	0.55	0.09
Charged/(credited) to income statement:				
Business income tax – current	1,808,597,648	379,800,799	0.54	0.11
Business income tax – deferred (Note 14)	40,173,120	(75,176,194)	0.01	(0.03)
	1,848,770,768	304,624,605	0.55	0.08

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

26 COST OF GOODS MANUFACTURED BY FACTORS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Raw materials	16,438,277,906	14,492,346,244	4.82	3.83
Labour costs	40,098,192,280	40,130,223,649	11.75	10.60
Depreciation expense	192,623,857	292,888,933	0.06	0.08
Outside service expenses	25,495,108,894	25,275,695,490	7.47	6.67
Other cash expenses	952,466,581	879,298,152	0.28	0.23
	83,176,669,518	81,070,452,468	24.38	21.41

27 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effect of these risks on the Company's financial performance.

(1) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

(a) Currency risk

The Company's business is exposed to foreign currency risk arising from various currency exposures, primarily United States Dollar ("US$") and Euro("EURO")

The Company ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Company does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

The Company's currency exposure to the US$ and EUR is as follows:

	Original currency (US$		Equivalent to	Equivalent to
	USD	EUR	VND	Rs. Crore
As at 31 December 2013				
Financial assets				
Cash and bank deposits	985	–	20,727,192	0.01
Net financial liabilities	**–**	(25,500)	**(737,014,319)**	**(0.22)**
Currency exposure	**985**	**(25,500)**	**(716,287,127)**	**(0.21)**

	Original currency (US$		Equivalent to	Equivalent to
	USD	EUR	VND	Rs. Crore
As at 31 December 2012				
Financial assets				
Cash and bank deposits	985	–	20,727,192	0.01
Currency exposure	**985**	**(25,500)**	**(716,287,127)**	**(0.21)**

At 31 December 2013, if the VND had strengthened/weakened by 10% against the US$ and the EUR with all other variables being held constant, the Company's profit after tax for the year would have been VND17,907,178 (2012: VND518,180) lower/higher as a result of foreign exchange losses/gains on translation of US$ and EUR-denominated financial instruments

(b) Interest rate risk

The Company is not exposed to significant interest rate risk as all the Company's borrowings are on free interest rate.

(c) Price risk

During the year, the Company was under no securities price risk as it did not enter into any securities transactions. The Company is not exposed to commodity price risk

(2) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company adopts the policy of dealing with customers of appropriate credit history to mitigate credit risk

(3) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year VND	Between 1 and 2 years VND	Less than 1 year Rs. Crore	Between 1 and 2 years Rs. Crore
At 31 December 2013				
Short term borrowings	3,000,000,000	–	0.88	–
Trade and other payables	924,482,117	30,000,000	0.27	0.01
	3,924,482,117	30,000,000	1.15	0.01
At 31 December 2012				
Short term borrowings	3,000,000,000	–	0.79	–
Trade and other payables	241,134,141	30,000,000	0.05	0.01
	3,241,134,141	–	0.86	–

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2013

28 RELATED PARTY TRANSACTIONS

The Company is controlled by International Consumer Products Corporation which owns 99% of the share capital of the Company, a company incorporated in Vietnam.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

i) Sales of goods and services

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
International Consumer Products Corporation	175,779,254	322,090,951	0.04	0.09
Fellow group subsidiaries	49,782,718	22,860,000	0.01	0.01
	225,561,972	344,950,951	0.07	0.09

ii) Purchases of goods and services

International Consumer Products Corporation	2,854,204,914	1,991,326,725	0.84	0.53

iii) Return of goods

International Consumer Products Corporation	12,105,246	119,192,000	–	0.03

iv) Compensation of key management

Gross salaries and other benefits	1,682,600,000	1,599,797,507	0.49	0.42

(b) Year end balances with related parties

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Trade accounts receivable (Note 4)				
International Consumer Products Corporation	–	75,401,998	–	0.02
Fellow group subsidiaries	–	25,146,000	–	0.01
	–	100,547,998	–	0.03
Borrowing				
International Consumer Products Corporation	3,000,000,000	3,000,000,000	0.88	0.79

The financial statements were approved by the Board of Directors on 21 February 2014.

Nguyen Van Chin
Chief Accountant

Pham Thi My Hanh
General Director

Business Registration Certificate	No. 4103006767 dated 18 May 2007, was issued by the Department of Planning and Investment of Ho Chi Minh City.	
	The 7th amended Business Registration Certificate No. 0304979919 dated 14 November 2012 was issued by the Department of Planning and Investment of Ho Chi Minh City.	
Board of Management	Mr Saugata Gupta	Chairman
	Mr Ashutosh Telang	Member
	Mr Chaitanya J.Deshpande	Member
	Mr Nikhil P.Narkhede	Member
	Mr Phan Quoc Cong	Member
	Mr Le Quang Hanh	Member
Board of Directors	Mr Phan Cong Thanh	General Director
Legal representative	Mr Phan Cong Thanh	General Director
Registered office	39B Truong Son Street, Ward 4, Tan Binh District, Ho Chi Minh City, Vietnam	
Auditor	PricewaterhouseCoopers (Vietnam) Limited	

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS OF THE COMPANY IN RESPECT OF THE SINGLE-ENTITY FINANCIAL STATEMENTS

The Board of Directors of International Consumer Products Corporation ("the Company") is responsible for single-entity financial statements which give a true and fair view of the financial position of the Company as at 31 December 2013 and the results of its operations and cash flows for the year then ended. In preparing these single-entity financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the single-entity financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable single-entity financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the single-entity financial statements. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SINGLE-ENTITY FINANCIAL STATEMENTS

I hereby approve the accompanying single-entity financial statements as set out on pages 279 to 293 which give a true and fair view of the financial position of the Company as at 31 December 2013 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of single-entity financial statements.

Phan Cong Thanh
General Director

Ho Chi Minh City, SR Vietnam
21 February 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THUAN PHAT FOODSTUFF JSC

We have audited the accompanying financial statements of Thuan Phat Foodstuff JSC ("the Company") which were approved by the Board of Directors on [date]. The financial statements comprise the balance sheet as at 31 December 2013 the income statement and cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 22.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations on preparation & presentation of financial statement and responsible for internal controls which the board of directors determines that it is relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations on preparation and presentation of financial statements.

Dang Quoc Tuan
Audit Practising Licence No.0620-2013-006-1
Director
Authorised signatory
PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM3872
Feb 21, 2014

Ngo Thi Nhat Giao
Audit Practising Licence No.2415-2013-006-1

BALANCE SHEET

As at 31 December 2013

		As at 31 December		As at 31 December	
		2013	2012	2013	2012
Assets	**Note**	**VND**	**VND**	**Rs. Crore**	**Rs. Crore**
CURRENT ASSETS		**28,622,387,271**	**22,263,846,604**	**8.40**	**5.88**
Cash and cash equivalents	**3**	**852,932,961**	**1,806,290,992**	**0.25**	**0.48**
Cash		852,932,961	1,806,290,992	0.25	0.48
Accounts receivable		**1,539,809,000**	**234,700,700**	**0.45**	**0.06**
Trade accounts receivable		374,000	–	–	–
Prepayments to suppliers		1,539,435,000	34,700,700	0.45	0.01
Other receivables		–	200,000,000	–	0.05
Inventories	**4**	**25,332,937,762**	**19,934,322,137**	**7.42**	**5.26**
Inventories		26,228,148,858	19,934,322,137	7.68	5.26
Provision for decline in value of inventories		(895,211,096)	–	(0.26)	–
Other current assets		**896,707,548**	**288,532,775**	**0.28**	**0.08**
Short–term prepayments	5	725,153,954	203,918,913	0.23	0.05
Value Added tax to be reclaimed		133,813,594	0.04	–	
Other taxes receivable		–	56,473,862	–	0.01
Other current assets		37,740,000	28,140,000	0.01	0.02
NON–CURRENT ASSETS		**29,999,392,643**	**33,023,559,355**	**8.79**	**8.72**
Fixed assets		**28,997,367,639**	**32,058,764,443**	**8.50**	**8.45**
Tangible fixed assets	6(a)	8,804,447,734	11,187,562,509	2.58	2.95
Cost		17,419,349,103	20,128,128,047	5.10	5.31
Accumulated depreciation		(8,614,901,369)	(8,940,565,538)	(2.52)	(2.36)
Intangible fixed assets	6(b)	20,192,919,905	20,871,201,934	5.92	5.50
Cost		22,394,278,817	22,399,278,817	6.56	5.91
Accumulated amortisation		(2,201,358,912)	(1,528,076,883)	(0.64)	(0.41)
Construction in progress		–	–	–	–
Other long–term assets	**7**	**1,002,025,004**	**964,794,912**	**0.29**	**0.27**
Long–term prepayments		1,002,025,004	964,794,912	0.29	0.27
TOTAL ASSETS		**58,621,779,914**	**55,287,405,959**	**17.19**	**14.60**

Note : The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

BALANCE SHEET (CONTD.)

As at 31 December 2012

		As at 31 December		As at 31 December	
		2013	2012	2013	2012
RESOURCES	**Note**	**VND**	**VND**	**Rs. Crore**	**Rs. Crore**
LIABILITIES		**23,184,211,117**	**25,327,132,895**	**6.81**	**6.69**
Current liabilities		**22,086,751,867**	**24,329,336,117**	**6.49**	**6.43**
Trade accounts payable	**8**	8,452,175,521	8,180,477,209	2.48	2.16
Advances from customers	**9**	8,881,314,916	13,697,446,375	2.61	3.63
Taxes and other payables to the State Budget	**10**	2,170,224,320	686,817,738	0.64	0.18
Accrued expenses	**11**	2,426,951,671	1,640,984,483	0.71	0.43
Other payables		156,085,439	123,610,312	0.05	0.03
Long-term liabilities		1,097,459,250	997,796,778	0.32	0.26
Provision for severance allowances		1,097,459,250	997,796,778	0.32	0.26
OWNERS' EQUITY		**35,437,568,797**	**29,960,273,064**	**10.38**	**7.91**
Capital and reserves		**35,437,568,797**	**29,960,273,064**	**10.38**	**7.91**
Owners' capital	**12**	31,400,000,000	31,400,000,000	9.20	8.29
Undistributed earnings	**13**	4,037,568,797	(1,439,726,936)	1.18	(0.38)
TOTAL RESOURCES		**58,621,779,914**	**55,287,405,959**	**17.19**	**14.60**

OFF BALANCE SHEET ITEM

As at 31 December 2013, cash and cash equivalents are balances held in foreign currencies of US$1,139.54 (2012: US$1,153).

Nauyen Thi Da Thao	**Hoang Van Nghien**	**Phan Cong Thanh**
Preparer	Chief Accountant	General Director
Feb. 21, 2014		

Note : The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

INCOME STATEMENT

for the year ended 31 December 2013

	Note	Year ended 31 December		Year ended 31 December	
		2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Sales		**134,486,489,810**	**96,343,821,388**	**39.40**	**25.43**
Less deductions		(341,417,530)	(401,986,980)	(0.10)	(0.11)
Net sales	**14**	**134,145,072,280**	**95,941,834,408**	**39.30**	**25.32**
Cost of sales	**15**	**(117,990,625,203)**	**(86,671,092,717)**	**(34.57)**	**(22.88)**
Gross profit		**16,154,447,077**	**9,270,741,691**	**4.73**	**2.44**
Financial income		31,432,127	39,271,226	0.01	0.01
Financial expenses		(2,930,712)	–	–	–
Selling expenses	16	(2,991,066,649)	(1,338,823,511)	(0.88)	(0.35)
General and administration expenses	17	(4,882,287,966)	(6,652,582,847)	(1.43)	(1.76)
Operating profit/(loss)		**8,309,593,877**	**1,318,606,559**	**2.43**	**0.34**
Other income		54,461,303	1,309,623,758	0.02	0.35
Other expenses		(651,581,796)	(1,234,635,780)	(0.19)	(0.33)
Net other income/(expenses)	**18**	**(597,120,493)**	**74,987,978**	**(0.17)**	**0.02**
Net accounting profit/(loss) before tax		**7,712,473,384**	**1,393,594,537**	**2.26**	**0.36**
Business income tax – current	**19**	**(2,235,177,651)**	**–**	**(0.65)**	**–**
Net profit/(loss) after tax		**5,477,295,733**	**1,393,594,537**	**1.61**	**0.36**

Nauyen Thi Da Thao
Preparer
Feb. 21, 2014

Hoang Van Nghien
Chief Accountant

Phan Cong Thanh
General Director

Note : The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

CASH FLOW STATEMENT (INDIRECT METHOD)
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

		Year ended 31 December		Year ended 31 December	
		2013	2012	2013	2012
Assets	**Note**	**VND**	**VND**	**Rs. Crore**	**Rs. Crore**
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit/(loss) before tax		**7,712,473,384**	**1,393,594,537**	**2.26**	**0.36**
Adjustments for:					
Depreciation and amortisation		2,411,672,108	2,731,388,589	0.71	0.72
Provisions		895,211,096	(421,082,443)	0.26	(0.11)
Unrealised foreign exchange gains		–	–	–	–
(Profits)/losses from investing activities		465,583,477	(120,483,957)	0.14	(0.03)
Operating profit/(loss) before changes in working capital		**11,484,940,065**	**3,583,416,726**	**3.37**	**0.94**
Decrease/(increase) in receivables		(1,438,921,894)	660,210,678	(0.42)	0.17
Decrease/(increase) in inventories		(6,293,826,721)	526,268,980	(1.84)	0.14
(Decrease)/increase in payables		(3,653,379,903)	(4,928,711,823)	(1.07)	(1.29)
Decrease in prepaid expenses		222,172,216	147,685,748	0.07	0.04
Interest paid		–	–	–	–
Business income tax paid		(668,245,664)		(0.20)	
Other receipts from operating activities		(9,600,000)	25,325,221	(0.01)	0.01
Net cash inflows from operating activities		**(356,861,901)**	**14,195,530**	**(0.10)**	**0.01**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets		(596,496,130)	(1,320,061,250)	(0.18)	(0.35)
Proceeds from disposals of fixed assets			1,252,175,000	–	0.33
Interest received		–	–	–	–
Net cash outflows from investing activities		**(596,496,130)**	**(67,886,250)**	**(0.18)**	**(0.02)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash outflows from financing activities		**–**	**–**	**–**	**–**
Net decrease in cash and cash equivalents		**(953,358,031)**	**(53,690,720)**	**(0.28)**	**(0.01)**
Cash and cash equivalents at beginning of year	**3**	**1,806,290,992**	**1,859,981,712**	**0.53**	**0.49**
Cash and cash equivalents at end of year	**3**	**852,932,961**	**1,806,290,992**	**0.25**	**0.48**

Nauyen Thi Da Thao
Preparer
Feb. 21, 2014

Hoang Van Nghien
Chief Accountant

Phan Cong Thanh
General Director

Note : The exchange rate use to convert VND to Rs.0.00293/(Previous year VND to Rs.0.00264)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

1 GENERAL INFORMATION

Thuan Phat Foodstuff JSC ("the Company") was established in SR Vietnam pursuant to Business Registration Certificate No. 4103006767 issued by the Department of Planning and Investment of Ho Chi Minh City on 18 May 2007 and the 7th amended Business Registration Certificates No. 0304979919 dated 14 November 2012 issued by the Department of Planning and Investment of Ho Chi Minh City.

In accordance with the Business Registration Certificate No. 0304979919 dated 14 November 2012, the Department of Planning and Investment of Ho Chi Minh City approved the change in the Company's legal representative and incorporation of the Company's branch. Accordingly, the Company's legal representative was changed to Mr Phan Cong Thanh. The branch is located at Lot D2, 7A Street, Tan Nhut Ward, Le Minh Xuan Industrial Park, Binh Chanh District, Ho Chi Minh City, Vietnam.

The principal activities of the Company are to manufacture, process and trade food products and materials.

As at 31 December 2013, the Company had 164 employees (2012: 142 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulationson preparation & presentation of financial statement. The financial statements have been prepared under the historical cost convention.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The financial statements are measured in Vietnamese Dong and presented using Vietnamese Dong.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognized in the income statement.

2.4 Form of records applied

The Company uses accounting software to record its transactions.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short–term investments with an original maturity of three months or less.

2.6 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow–moving and defective inventory items.

The work in progress (WIP) balance of fish sauce at year end is recognized based on the selling price of Phu Quoc Fish sauce Association and is deducted by 20% at the end of the accounting period. The quantity of WIP of fish sauce at the end of accounting period is determined based on the estimated number of fish sauce shall be extracted and current the corresponding protein degree.

2.8 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets. The depreciation year applied for major fixed assets as follows are:

Depreciation

Fixed assets are depreciated using the straight–line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	22–25 years
Plant and machinery	3–10 years
Motor vehicles	5–6 years
Office equipment	3–4 years
Land use right	40 years
Computer software	8 years
Patents	5 years

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.9 Prepaid expenses

Prepaid expenses include short–term or long–term prepayments on the balance sheet and mainly prepaid office rental and tools and equipment were put to use and have been allocated within three years.

2.10 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2013

(b) Interest income

Interest income is recognised on an earned basis.

2.11 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.13 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.14 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expenses.

2.15 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees. Pursuant to Law on Social Insurance, effective from 1 January 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January 2009. However, provision for severance allowance as of 31 December 2013 is determined based

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

on the employees' number of years of service up to 31 December 2008 and their average salary for the six–month period prior to the balance sheet date.

2.16 Share capital

Ordinary shares in issue are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds.

Where the Company purchase the Company's equity share capital (treasury shares), the consideration paid, including directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received less any directly attributable incremental transaction costs is included in equity attributable to the Company's equity holders.

3 CASH AND CASH EQUIVALENTS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Cash on hand	73,015,000	68,690,000	0.02	0.02
Cash at bank	779,917,961	1,737,600,992	0.23	0.46
	852,932,961	1,806,290,992	0.25	0.48

4 INVENTORIES

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Raw materials	9,913,517,565	7,779,124,939	2.90	2.05
Work in progress	16,112,161,193	11,398,811,427	4.72	3.01
Finished goods	202,470,100	756,385,771	0.06	0.20
	26,228,148,858	**19,934,322,137**	**7.68**	**5.26**
Provision for decline in value of inventory	(895,211,096)	–	(0.26)	–
	25,332,937,762	**19,934,322,137**	**7.42**	**5.26**

Movements in the provision for inventories during the year were as follows:

5 SHORT–TERM PREPAYMETS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Prepayments of tools and supplies	493,027,424	114,358,502	0.15	0.03
Others	232,126,530	89,560,411	0.08	0.02
	725,153,954	203,918,913	0.23	0.05

Movements in the provision for inventories during the year were as follows:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Opening balance	203,918,913	280,963,105	0.06	0.07
Additions	3,070,943,637	1,280,620,666	0.90	0.34
Transfers from fixed assets (Note 6) (*)	584,278,070	–	0.17	–
Amortisation for the year	(3,133,986,666)	(1,357,664,858)	(0.90)	(0.36)
Closing balance	725,153,954	203,918,913	0.23	0.05

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2013

(*) This is adjustment to reclassify net book value of fixed assets which have historical cost value under VND30 million to short–term prepayments and have been allocated within one year in accordance with Circular 45/2013/TT–BTC.

6 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Plant and machinery VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At 1 January 2013	7,290,176,854	11,568,796,565	749,038,826	520,115,802	**20,128,128,047**
New purchases	18,000,630	504,808,500	–	73,687,000	**596,496,130**
Disposals	–	976,147,262	–	52,502,135	**1,028,649,397**
Transfer to Prepayment (*)	62,157,721	2,018,451,078	10,500,000	185,516,878	**2,276,625,677**
At 31 December 2013	**7,246,019,763**	**9,079,006,725**	**738,538,826**	**355,783,789**	**17,419,349,103**
Accumulated depreciation					
At 1 January 2013	(1,699,414,039)	(6,319,655,630)	(556,245,617)	(365,250,252)	**(8,940,565,538)**
Charge for the year	(437,740,950)	(1,182,326,367)	(75,386,684)	(42,737,673)	**(1,738,191,674)**
Disposals	–	510,563,785	–	52,502,135	**563,065,920**
Transfer to Prepayment (*)	9,633,939	1,303,481,366	10,500,000	177,174,618	**1,500,789,923**
At 31 December 2013	**(2,127,521,050)**	**(5,687,936,846)**	**(621,132,301)**	**(178,311,172)**	**(8,614,901,369)**
Net book value					
At 1 January 2013	5,590,762,815	5,249,140,935	192,793,209	154,865,550	**11,187,562,509**
At 31 December 2013	**5,118,498,713**	**3,391,069,879**	**117,406,525**	**177,472,617**	**8,804,447,734**

	Buildings and structures Rs. Crore	Plant and machinery Rs. Crore	Motor vehicles Rs. Crore	Office equipment Rs. Crore	Total Rs. Crore
Historical cost					
At 1 January 2013	2.14	3.39	0.22	0.15	**5.90**
New purchases	0.01	0.15	–	0.02	**0.17**
Disposals	–	0.29	–	0.02	**0.30**
At 31 December 2013	0.02	0.59	–	0.05	**0.67**
	2.12	**2.66**	**0.22**	**0.10**	**5.10**
Accumulated depreciation					
At 1 January 2013	(0.50)	(1.85)	(0.16)	(0.11)	**(2.62)**
Charge for the year	(0.13)	(0.35)	(0.02)	(0.01)	**(0.51)**
Disposals	–	0.15	–	0.02	**0.16**
At 31 December 2013	–	0.38	–	0.05	**0.44**
	(0.62)	**(1.67)**	**(0.18)**	**(0.05)**	**(2.52)**
Net book value					
At 1 January 2013	1.64	1.54	0.06	0.05	**3.28**
At 31 December 2013	**1.50**	**0.99**	**0.03**	**0.05**	**2.58**

(*) This is adjustment to reclassify net book value of tangible fixed assets which have historical cost value under VND30 million to prepayments and have been allocated within three years in accordance with Circular 45/2013/TT–BTC.

Cost of fully depreciated tangible fixed assets but still in use as at 31 December 2013 was VND1,395,134,783 (2012: VND2,119,623,040).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Cost of fully depreciated fixed assets	1,395,134,783	2,119,623,040	0.41	0.56

(b) Intangible fixed assets

	Land use rights VND	Computer software VND	Patents VND	Total VND
Historical cost				
At 1 January 2013	21,515,101,000	163,360,000	720,817,817	**22,399,278,817**
Transfer to Prepayment (*)	5,000,000	–	–	**5,000,000**
At 31 December 2013	**21,510,101,000**	**163,360,000**	**720,817,817**	**22,394,278,817**
Accumulated amortisation				
At 1 January 2013	(1,154,148,853)	(25,524,990)	(348,403,040)	**(1,528,076,883)**
Charge for the year	(508,892,442)	(20,419,992)	(144,168,000)	**(673,480,434)**
Transfer to Prepayment (*)	198,405	–	–	**198,405**
At 31 December 2013	**(1,662,842,890)**	**(45,944,982)**	**(492,571,040)**	**(2,201,358,912)**
Net book value				
At 1 January 2013	20,360,952,147	137,835,010	372,414,777	**20,871,201,934**
At 31 December 2013	**19,847,258,110**	**117,415,018**	**228,246,777**	**20,192,919,905**

	Land use rights Rs. Crore	Computer software Rs. Crore	Patents Rs. Crore	Total Rs. Crore
Historical cost				
At 1 January 2013	6.30	0.05	0.21	**6.56**
Transfer to Prepayment (*)	–	–	–	**–**
At 31 December 2013	**6.30**	**0.05**	**0.21**	**6.57**
Accumulated amortisation				
At 1 January 2013	(0.34)	(0.01)	(0.10)	**(0.45)**
Charge for the year	(0.15)	(0.01)	(0.04)	**(0.20)**
Transfer to Prepayment (*)	–	–	–	**–**
At 31 December 2013	**(0.49)**	**(0.01)**	**(0.14)**	**(0.64)**
Net book value				
At 1 January 2013	5.97	0.04	0.11	**6.12**
At 31 December 2013	**5.82**	**0.03**	**0.07**	**5.92**

This is adjustment to reclassify net book value of intangible fixed assets which have historical cost value under VND30 million to prepayments and have been allocated within three years in accordance with Circular 45/2013/TT–BTC.

Cost of fully amortised intangible fixed assets as at 31 December 2013 and 31 December 2012 is nil.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2013

7 LONG–TERM PREPAYMENTS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Prepayments of land rental	599,359,243	617,755,243	0.17	0.17
Others	402,665,761	347,039,669	0.12	0.10
	1,002,025,004	964,794,912	0.29	0.27

Movement of long–term prepayments is as follows:

Beginning of year	964,794,912	1,035,436,468	0.28	0.27
Additions	45,320,000	416,363,656	0.01	0.11
Transfers from fixed assets (Note 6) (*)	196,359,279	–	0.06	–
Amortisation for the year	(204,449,187)	(487,005,212)	(0.06)	(0.13)
Closing Balance	**1,002,025,004**	**964,794,912**	**0.29**	**0.25**

This is adjustment to reclassify net book value of fixed assets which have historical cost value under VND30 million to long–term prepayments and have been allocated within three years in accordance with Circular 45/2013/TT–BTC.

8 TRADE ACCOUNTS PAYABLE

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Third parties	8,439,429,572	8,180,477,209	2.47	2.16
Related Parties (Note 22(b))	12,745,949	–	0.01	–
	8,452,175,521	8,180,477,209	2.48	2.16

9 ADVANCE FROM CUSTOMERS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Related party (Note 22(b))	8,881,314,916	13,697,446,375	2.61	3.63

10 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Value Added Tax on domestic sales	599,117,577	600,645,848	0.18	0.16
Other taxes	60,648,618	86,171,890	0.02	0.02
Business income tax–Current	1,510,458,125	–	0.44	–
	2,170,224,320	686,817,738	0.64	0.18

11 ACCRUED EXPENSES

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Salary, bonus	1,841,047,000	1,250,353,600	0.54	0.33
Marketing expenses	159,873,671	67,407,983	0.05	0.02
Service fees	80,000,000	–	0.02	–
Others	346,031,000	323,222,900	0.10	0.08
	2,426,951,671	1,640,984,483	0.71	0.43

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

12 OWNERS' CAPITAL

(a) Number of shares

	2013 Ordinary shares	2012 Ordinary shares
Number of shares registered	3,140,000	3,140,000
Number of existing shares in issue	3,140,000	3,140,000

(b) Movement of share capital

	Charter capital		Amount contributed
	VND	%	VND
International Consumer Products Corporation	31,400,000,000	100	31,400,000,000
	31,400,000,000	100	31,400,000,000

(c) Movement of share capital

	Number of share capital	Ordinary shares	Total	Ordinary shares	Total
	(shares)	VND	VND	Rs. Crore	Rs. Crore
At 1 January 2013	3,140,000	31,400,000,000	31,400,000,000	8.29	8.29
At 31 December 2013	3,140,000	31,400,000,000	31,400,000,000	9.20	9.20

Par value per share: VND10,000.

13 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital	Accumulated losses	Total	Owners' capital	Accumulated losses	Total
	VND	VND	VND	Rs.Crore	Rs. Crore	Rs. Crore
As at 1 January 2012	31,400,000,000	(2,833,321,473)	28,566,678,527	8.29	(0.75)	7.54
Profit for the year	–	1,393,594,537	1,393,594,537	–	0.37	0.37
As at 31 December 2012	31,400,000,000	(1,439,726,936)	29,960,273,064	8.29	(0.38)	7.91
Profit for the year	–	5,477,295,733	5,477,295,733	–	1.60	1.60
As at 31 December 2013	31,400,000,000	4,037,568,797	35,437,568,797	9.20	1.18	10.38

14 REVENUE

	2013	2012	2013	2012
	VND	VND	Rs. Crore	Rs. Crore
Sales				
Sales of goods	134,486,489,810	96,343,821,388	39.40	25.43
Sales deductions				
Sales returns	(341,417,530)	(401, 986,980)	(0.10)	(0.11)
Net revenue from sales of goods	134,145,072,280	95,941,834,408	39.30	25.32

15 COST OF SALES

	2013	2012	2013	2012
	VND	VND	Rs. Crore	Rs. Crore
Cost of finished goods sold	118,885,836,299	87,092,175,160	34.83	22.99
Provision for decline in value of inventories	(895,211,096)	(421,082,443)	(0.26)	(0.11)
	117,990,625,203	86,671,092,717	34.57	22.88

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2013

16 SELLING EXPENSES

The following items have been included in selling expenses:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Labour cost	1,686,447,664	1,278,070,962	0.49	0.34
Depreciation cost	144,168,000	148,732,000	0.04	0.04
External services expenses	168,336,709	160,131,565	0.05	0.04

17 GENERAL AND ADMINISTRATION EXPENSES

The following items have been included in general and administration expenses:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Labour cost	1,941,749,882	3,318,215,844	0.57	0.88
Depreciation cost	85,450,469	159,600,484	0.03	0.04
External services expenses	1,986,239,310	2,146,834,249	0.58	0.57

18 NET OTHER INCOME/EXPENSES

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Other income				
Gains on disposal of fixed assets	–	1,252,175,000	–	0.33
Others	54,461,303	57,448,758	0.02	0.02
	54,461,303	1,309,623,758	0.02	0.35
Other expenses				
Losses on disposal of fixed assets	(465,583,477)	(1,131,691,043)	(0.14)	(0.30)
Damaged raw materials and finish goods	–	–	–	–
Others	(185,998,319)	(102,944,737)	(0.05)	(0.03)
	(651,581,796)	(1,234,635,780)	(0.19)	(0.33)
Net other income/expenses	(597,120,493)	74,987,978	(0.17)	0.02

19 TAXATION

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% regulated in the Business Registration Certificate of the Company as follows:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Net accounting profit/(loss) before tax	7,712,473,384	1,393,594,537	2.26	0.37
Tax calculated at a rate of 25%	1,928,118,346	348,398,634	0.56	0.09
Effect of:				
Expenses not deductible for tax purposes	187,634,100	493,183,059	0.05	0.13
Utilised tax losses	(308,283,212)	(841,581,694)	(0.09)	(0.22)
Tax losses for which no deferred income tax				
Others income taxes	427,708,417	–	0.13	–
asset was recognised	–	–	–	–
Business income tax charge	2,235,177,651	–	0.65	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities

Year of tax loss	Status of tax authorities' review	Losses available VND	Status of tax authorities' review	Losses available Rs. Crore
2010	Finalised	392,271,000	Finalised	0.11
2011	Finalised	840,861,847	Finalised	0.25
2012	Finalised	1,233,132,847	Finalised	0.36

The Company did not recognise deferred income tax assets relating to the above tax losses carried forward, as the realisation of the related tax benefit through future taxable profit currently cannot be assessed as probable.

20 COST OF GOODS MANUFACTURED BY FACTORS

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Raw materials	92,906,156,654	69,638,986,807	27.22	18.38
Labour costs	14,841,063,921	12,950,267,339	4.35	3.42
Depreciation expense	2,411,672,108	2,716,999,844	0.71	0.72
Outside service expenses	5,406,103,704	4,560,600,701	1.58	1.20
Other cash expenses	6,922,350,164	4,795,644,384	2.03	1.27
	122,487,346,551	94,662,499,075	35.89	24.99

21 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to including liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effect of these risks on the Company's financial performance.

Liquidity risk

As at 31 December 2013, the Company had the financial liabilities comprising trade and other payables amounting to VND8,608,260,960 (2012: VND8,248,509,049) which represented contractual undiscounted cash outflows payable in less than 1 year.

22 RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

i) Sales of goods and services

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
International Consumer Products Corporation	133,469,210,412	95,222,872,514	39.11	25.14

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2013

ii) Purchases of goods and services

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
International Consumer Products Corporation	35,364,678	107,590,735	0.01	0.03
Beauti Cosmetique Societe Par Actions	49,782,718	25,000,000	0.01	0.01
	85,147,396	132,590,735	0.02	0.04

iii) Compensation of key management

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Gross salaries and other benefits	1,184,800,000	238,811,844	0.35	0.06

(b) Year end balances with related parties

i) Account payables (Note 8)

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
International Consumer Products Corporation	12,745,949	–	–	–

ii) Advances from customers (Note 9)

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
International Consumer Products Corporation	8,881,314,916	13,697,446,375	2.60	3.62

23 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non–cancellable operating leases are as follows:

	2013 VND	2012 VND	2013 Rs. Crore	2012 Rs. Crore
Within 1 year	807,782,400	799,795,200	0.24	0.21
Between 1 and 5 years	807,782,400	1,401,832,820	0.24	0.37
Total minimum payments	1,615,564,800	2,201,628,020	0.47	0.58

24 COMPARATIVES

Certain comparative figures have been reclassified to conform to the current year's presentation.

The financial statements were approved by the Board of Directors on 21 Feb, 2014

Nauyen Thi Da Thao
Preparer
Feb. 21, 2014

Hoang Van Nghien
Chief Accountant

Phan Cong Thanh
General Director

Board of Directors	Harsh Mariwala Saugata Gupta (Nominee Director w.e f March 25, 2014) Rishabh Mariwala (Nominee Director w.e.f April 30, 2014)
Registered Office	7th Floor, Grande Palladium, 175, CST Road, Kalina Santacruz (East) Mumbai - 400 098
Auditors	Kirtane and Pandit, Chartered Accountants
Bankers	Corporation Bank

DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') present their Fifth Report together with the audited annual accounts for the year ended March 31, 2014.

AN OVERVIEW OF THE FINANCIAL OPERATIONS

During the year under review, your Company (also referred as "Foundation" elsewhere in this Report) received donations aggregating Rs. 299,50,676 from Marico Limited, the Holding Company.

DISTRIBUTION TO SHAREHOLDERS

Being a Company registered under Section 8 of the Companies Act, 2013 (Section 25 of the erstwhile Companies Act 1956), the Company is not allowed to distribute its surplus by way of dividend or otherwise to its members.

REVIEW OF OPERATIONS

Your Company is engaged in promoting and encouraging leadership with focus on innovation in the field of business, education, social, cultural, creative and sports related activities and to promote, obtain, disseminate and impart expertise and knowledge on various matters including but not limited to trade, marketing, management of corporate and various other educational, social, cultural, creative and sports related activities. Your Company is also engaged with other entities / organizations to identify, support and help deserving interest groups in the area of innovation and acts as a catalyst to share knowledge and best practices on innovation case studies and to identify, undertake, promote and engage in research activities related to innovation.

Your Company through its committed, diligent, consistent and systematic efforts contributes to the innovation cause in India, through a Thought-Leadership based framework. It provides a platform where the business and the social sector can leverage innovation for quantum growth thereby creating a sustained innovation impact.

Your Company launched its Social Innovation Acceleration programme in 2011 to provide customized capacity building, strategic advisory support and acceleration facilitation over a 12–18 month period, for organizations working on innovative social enterprise models and seeking to scale the impact of their work. The Company continued its efforts on this project during the year under review.

The Foundation through its sustained efforts has successfully accelerated five Social Enterprise Projects over the last two years - Yuva Parivartan and Waste Wise Trust in 2011 and Akshay Patra's (model : hub-and-spoke kitchen system), Fractal Microspin's (model : Product to business model transformation) & Yuva Parivartan (model : Employment Exchange for rural school dropout youth) in 2012.

The Foundation also launched a quarterly magazine "Innowin"- India's first publication dedicated to innovation to continuously generate and disseminate knowledge on Innovation.

PUBLIC DEPOSITS

During the year, your Company has not accepted any Fixed Deposits, under section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS

During the year under review, Mr. Milind Sarwate (a Nominee Director acting for and behalf of Marico Limited) resigned as the Director of the Company w.e.f. March 25, 2014. Further, Mr. Saugata Gupta and Mr. Rishabh Mariwala were appointed as Additional Directors (being Nominees acting for and behalf of Marico Limited) w.e.f. March 25, 2014 and April 30, 2014 respectively.

PARTICULARS OF EMPLOYEES AND OTHER MATTERS

Your Company has no employee of the category under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

Since the Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998, are not applicable and hence not given.

DIRECTORS' REPORT (contd.)

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In preparation of the Annual Accounts of your Company, the Accounting Standards, laid down by the Institute of Chartered Accountants of India from time to time, have been followed and that no material departures have been made from the same;
2. Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgment and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at March 31, 2014 and the Surplus for the period ended March 31, 2014;
3. Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis;

STATUTORY AUDITORS

M/s. Kirtane & Pandit, Chartered Accountants and Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors,
Marico Innovation Foundation

Harsh Mariwala	**Saugata Gupta**
Director	Director

Place: Mumbai

Date: July 4, 2014

INDEPENDENT AUDITORS' REPORT

To The Members of
Marico Innovation Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of **"Marico Innovation Foundation"**("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Income and Expenditure and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;

(b) In the case of the Statement of Income and Expenditure, of the surplus for the year ended on that date, and

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

Report on Other Legal and Regulatory Requirements

The Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 is not applicable to the Company in terms of Clause 1(2)(iii) of the Order.

As required by Section 227(3) of the Act, we report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;

INDEPENDENT AUDITORS' REPORT (Contd.)

c) The Balance Sheet, Statement of Income and Expenditure, and the 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 Income and Expenditure, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013;

e) On the basis of the written representations received from the directors as on 31 March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For **Kirtane & Pandit**
Chartered Accountants,

Partner

Membership No: -
FRN:-105215W

Place: Mumbai

Date: July 4, 2014

BALANCE SHEET

As at 31 March 2014

	Notes	FY 2013-14 (Rs. Crore)	FY 2012-13 (Rs. Crore)
Shareholders' funds			
(a) Reserves and Surplus	9	**3,946,419**	**1,038,295**
Non-current liabilities			
Current liabilities			
(b) Trade Payables	11	**–**	**231,552**
(c) Other Current Liabilities	12	**17,004,539**	**245,500**
TOTAL		**20,950,958**	**1,515,347**
ASSETS			
Current assets			
(d) Cash and Bank Balance	13	**15,143,362**	**181,290**
(f) Other Current Assets	14	**5,807,596**	**1,334,057**
TOTAL		**20,950,958**	**1,515,347**

For **Kirtane & Pandit**
Chartered Accountants

Partner

Membership No.
FRN NO: 105215W

Place: Mumbai
Date: July 4, 2014

For and on behalf of Board of Directors
MARICO INNOVATION FOUNDATION

Harsh Mariwala Director

Saugata Gupta Director

Place: Mumbai
Date: July 4, 2014

INCOME AND EXPENDITURE STATEMENT

for the year ended March 31, 2014

	Notes	FY 2013-14 (Rs. Crore)	FY 2012-13 (Rs. Crore)
Income:			
Revenue from Operations	10	29,950,676	17,094,620
Total Income		**29,950,676**	**17,094,620**
Expenditure:			
Direct Expenses	15	27,042,552	9,757,657
Total expenditure		**27,042,552**	**9,757,657**
Surplus/(Deficit) for the period		**2,908,124**	**7,336,963**

For **Kirtane & Pandit**
Chartered Accountants

Partner

Membership No.
FRN NO: 105215W

Place: Mumbai
Date: July 4, 2014

For and on behalf of Board of Directors
MARICO INNOVATION FOUNDATION

Harsh Mariwala Director

Saugata Gupta Director

Place: Mumbai
Date: July 4, 2014

CASH FLOW STATEMENT

for the year ended March 31, 2014

	FY 2013-14 (Rs. Crore)	FY 2012-13 (Rs. Crore)
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	2,908,124	7,336,963
Adjustments for:	–	–
Operating profit before working capital changes	2,908,124	7,336,963
Adjustments for:		
(Increase)/ Decrease in loans and advances and other assets	(4,473,539)	(1,033,742)
Increase/ (Decrease) in trade payable and other current liabilities	16,527,487	(6,160,027)
Changes in Working Capital	12,053,948	(7,193,769)
Cash generated from Operations	14,962,072	143,194
Taxes paid	–	–
	14,962,072	143,194
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	14,962,073	143,194
Cash and cash equivalents - opening balance	181,290	38,096
Cash and cash equivalents - closing balance (D+E) (Refer note 12)	15,143,363	181,290

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 Statement’ 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 report of even date attached.

For **Kirtane & Pandit**
Chartered Accountants

Partner

Membership No.
FRN NO: 105215W

Place: Mumbai
Date: July 4, 2014

For and on behalf of Board of Directors
MARICO INNOVATION FOUNDATION

Harsh Mariwala Director

Saugata Gupta Director

Place: Mumbai
Date: July 4, 2014

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

1 Background

Marico Innovation Foundation (MIF) is wholly owned subsidary of Marico Limited, incorporated in India, a not-for-profit institution, established in 2003, registered as a Section 25 company in 2009, fosters innovation in the business & social sector.

MIF work closely with social organisations, philanthropic institutions, social entrepreneurs and the social innovation ecosystem to nurture and implement 'direct impact' innovations to overcome systemic challenges inhabiting growth and scale. The focus of the foundation is to work with people who have social ideas and help them scale it to benefit India in a direct way. To this effect, MIF has already done work in the areas of renewable energy, waste management, employability, livelihoods and healthcare.

2 Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

3 Use of estimates

The preparation of financial statements requires the Managementto make estimats and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

4 Cash and cash equivalents

Cash and cash equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank

5 Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

6 Cash flow statements

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

7 Revenue Recognition

Donation received are accounted on the date of receipt. All donations received during the year are towards the objectives of the Company

8 Income Tax

The Company has been granted exemption from Income Tax under section 12AA (1) (b) (i) of the Income Tax Act, 1961

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

9 RESERVES & SURPLUS

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
Surplus in the Statement of Income & Expenditure		
Opening balance	1,038,295	(6,298,668)
(+) Surplus/(Deficit) for the period	2,908,124	7,336,963
Closing Balance	3,946,419	1,038,295
Total	3,946,419	1,038,295

10 REVENUE FROM OPERATION

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
Donation	29,950,676	17,094,620
Total	**29,950,676.00**	**17,094,620**

11 TRADE PAYABLES

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
Sundry Creditors	–	231,552
Total	**–**	**231,552**

12 OTHER CURRENT LIABILITIES

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
TDS Payable	963,649	181,438
Provisions	16,040,890	64,062
Total	**17,004,539**	**245,500**

13 CASH AND BANK BALANCES

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
Bank Balance	15,140,177	181,290
Cash Balances	3,185	–
TOTAL	**15,143,362**	**181,290**

14 OTHER CURRENT ASSETS

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
Advances to vendor	5,807,597	
Innovation Alchemy		1,334,057
Total	**5,807,596**	**1,334,057**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

15 DIRECT EXPENSES

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
Advertisement	3,289,733	573,148
Audit Fees	56,180	56,180
Awards Function	1,239,893	**300,250**
Books & Periodicals	6,881	
Car Hire Charges		**28,529**
Consumables for computers	3,112	
Communication exp (Mobile, Data card)	135,917	
Hire Charges of Comp.	1,000	
Hotel Rent		**20,424**
Interest on TDS		**14,648**
Magazine Publication		**1,669,565**
Meeting Expenses		**9,644**
Office Expenses		**15,622**
PR Campaign		**22,360**
Printing & Stationery	1,340,951	**6,484**
Professional and Legal Expenses	19,144,446	**6,542,082**
Seminar Expenses	50,766	
Misc Exp	129,817	
Gifts	28,116	
Travelling	1,578,628	**498,220**
	27,005,440	**9,757,156**

16 AUDITOR'S REMUNERATION

(Excluding service tax)

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
For Audit	50,000	50,000
Total	**50,000**	**50,000**

17 EMPLOYEE BENEFIT

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
Trainee Allowance	11,000	109,153
Welfare exp	25,545	
	36,545	**109,153**

18 FINANCE COST

	As at 31 March 2014 Rs. Crore	As at 31 March 2013 Rs. Crore
Int on cash credit	7	–
Bank and other financial charges	560	501
	567	**501**

19 RELATED PARTY TRANSACTION

During the year the company has entered into following related party transactions:

Name of Related Party	Nature of Relationship	Nature Of transaction	2013-14 (Rs.)	2012-13 (Rs.)
MARICO LTD.	Holding Company	Donations Received	29,200,676	17,094,620

Marico Innovation Foundation became a Wholly Owned Subsidiary of Marico Limited on 15th March 2013.

For **Kirtane & Pandit**
Chartered Accountants

Partner

Membership No.
FRN NO: 105215W

Place: Mumbai
Date: July 4, 2014

For and on behalf of Board of Directors
MARICO INNOVATION FOUNDATION

Harsh Mariwala Director

Saugata Gupta Director

Place: Mumbai
Date: July 4, 2014

marico

make a difference

Registered Office
Marico Ltd.
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Websites:
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www.maricobd.com
www.maricoinnovationfoundation.org
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