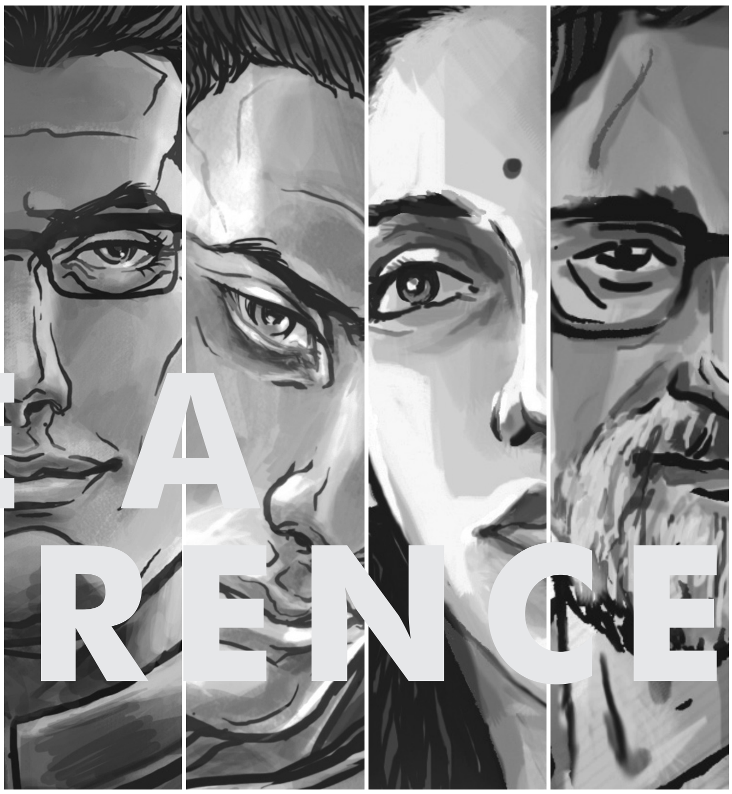
marico

Annual Report
2012-13



MAKE A
DIFFERENCE

SUBSIDIARIES' FINANCIALS

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Board Of Directors

Saugata Gupta	(Additional Director w.e.f. April 23, 2013)
Milind Sarwate	(Director)
B. Sridhar	(Additional Director w.e.f. April 23, 2013)
Rohit Jaiswal	(Ceased to be MD w.e.f. April 23, 2013)
Aditya Shome	(Managing Director w.e.f. April 23, 2013)
Ghulam Mostafa	(Independent Director)
Rupali Chowdhury	(Independent Director)

Management Team

Adiyta Shome	(Managing Director)
Ipsit Chakrabarti	(Director-Sales)
K.S. Balaji	(Director-Operations)
Ashikur Rahman	(Director-Marketing)
Iqbal Chowdhury	(Director-Finance & Corporate Affairs)
Sidhartha Das	(Director-Human Resources)

Company Secretary	Sorwar Alam
Registered & Corporate Office	House-1, Road-1, Sector-1,Uttara, Dhaka-1230. Telephone: (+0088) 8931202 Facsimile: (+0088) 8932322, Web: www.maricobd.com
Company Reg Number	C-38527(485)/99
Place Of Incorporation	Dhaka
Date Of Incorporation	September 6, 1999
Our Factories	Factory 1: Mouchak, Kaliakoir, Gazipur Factory 2: Sirirchala, Mahona, Bobanipur, Gazipur
Our Depots	Dhaka Depot: Tongi, Gazipur Chittagong Depot: Hathazari Road Comilla Depot: Ashrafpur Jessore Depot: Loan Office Para Bogra Depot: Bakshibazar Road, Maltinagar
Auditors	A. Qasem & Co. Chartered Accountants Gulshan Pink City, Suites-01-03, Level-7, Plot-15, Road-103, Gushan-2, Dhaka
Legal Advisor	Corporate Counsel Suite-802, Rahat Tower (7th Floor), 14, Biponon C/A, West Banglamotor, Dhaka-1000
Principal Bankers	Citibank N.A. HSBC Standard Chartered Bank BRAC Bank
Share Listing	The Dhaka Stock Exchange Ltd. The Chittagong Stock Exchange Ltd.

Investor Relations

For enquiries, please contact with Investor Relations Department at

Tell : (+0088) 8931202 Ext-100, 102
Fax : (+0088) 8932322
Email : info@maricobangladesh.net

Stock Data	Stock Code: MARICO ISIN: BD0481MRICO6 Sector: Pharmaceuticals & Chemicals
Websites	www.maricobd.com www.marico.com

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

It is my privilege to present to you the annual report of the company for the financial year ended 31st March 2013.

We have completed another challenging year for Marico Bangladesh Limited with the country witnessing high degree of political turmoil during the latter part of the year. Notwithstanding the challenges for the year, the company showed steady performance at the overall business level. For the financial year ended 31st March 2013 (FY 13), the company registered a Top-line growth of 1.4% over the previous financial year (FY12) and a PAT growth @62%. Consequently, Earnings per Share (EPS) increased from Tk. 17 to Tk. 27.53 in FY13.

Your company's flagship brand "Parachute" continued to maintain its clear leadership position by further improving upon its market share in the branded coconut oil segment which is highest ever in Marico Bangladesh history. This further reinforces our belief in our existing market strategy and campaigning of promoting "Parachute" purity and quality. In the Value Added Hair Oil (VAHO) segment, the bullish run continued all though FY13 registering a handsome growth of 52% over the previous financial year. Consistent performances during the last few years have now made us a formidable player in this category. With a slew of initiatives and planned innovations in the near future, we are confident of our continued aggressive performances in the coming year(s). At the same time in the powdered "Hair dye" segment, Hair Code coupled with the introduction of its new "faster acting" variant during the last quarter of FY13, continues to dominate this segment with a commanding value market share of 26%.

The new copra crushing plant at "Shirirchala" which commenced in Q3FY13 is fully stabilized and we now service all our requirements through this factory thereby ensuring 100% in-house supply assurance for our crushing operations.

Over the last three years as part of our "long-term" business strategy, we have been making concerted efforts to broad base and de-risk its operations from dependence on a single vertical. Therefore, new segments i.e. hair oil, hair dye etc. have been focused for adding value to our overall business portfolio. This has started yielding dividends and for the financial year ended 31st March 2013, contribution from other segments was significant. The journey is expected to further enhance in the coming years with the inclusion of newer product categories and brands.

During the year, your company received accolade from the Institute of Cost and Management Accountants of Bangladesh (ICMAB) for being the 2nd best Multinational Company in Bangladesh.

The country is currently witnessing a certain degree of political turmoil and uncertainties which could continue in the next Financial Year. This may have a bearing on the overall trade sentiments and consumer spending thereby impacting the short term performance of FMCG sector. Your company is however cautiously optimistic after seeing signs of recovery in the Q4FY13. We also believe that the building blocks are in place to capture the long term potential consumer sector in Bangladesh.

I would like to take this opportunity to thank each and every one of our stakeholders for their trust and encouragement.

Warm regards,

Sd/-

Saugata Gupta
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis is an integral part of understanding of financial results of the company. This has been prepared following the requirements of Section 184 of The Companies Act, 1994, BSEC Notification, Listing Regulations of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The reporting period of management discussion and analysis is for 12 months from April'12 to March' 13. It covers general economic conditions of the country, overview of business operations, internal control system, financial results and other developments happened during the reporting period.

We have stated some information relevant to discussion and analysis describing projections, estimates, expectations or outlook may be forward looking. Various factors i.e. changes in government regulations, tax regimes, economic developments of the country, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints can be reasons for deviation of actual results from stated information materially.

FMCG Industry-Structure & Development

Fast Moving Consumer Goods (FMCG) include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, tooth cleaning products, shaving products and detergents, oils, food & beverage, personal care products, dairy products etc.

Bangladesh is home to the eighth largest population in the world. The country's GDP has been growing at a rate of over 6%. FMCG sector is one of the largest sectors in the economy of Bangladesh. The growth of FMCG Industry is expected to be correlated with population and economy. The industry is currently growing and is expected to maintain a high growth rate. The industry is characterized by continuous moderation in volume growths, rising advertisement spends to retain market share and competitive landscape intensifying.

The FMCG market can be divided into two segments – urban and rural. The urban segment is characterized by high penetration levels and high spending propensity of the urban resident. The rural economy is largely agrarian – directly or indirectly dependent on agriculture as a means of livelihood – with relatively lower levels of penetration and a large unorganized sector.

The FMCG Industry caters to the needs of the consumers located across the country - both in the key cities and in the rural hinterland through a well developed and efficient supply chain model comprising C&F Agents, distributors, wholesalers and retailers. With access to the rural economy gradually improving with investments in physical infrastructure, it provides FMCG companies the potential to continue to grow their franchise of consumers.

With exposure provided through overseas travel and to a large extent through overseas media, consumers aspire to reach a level of consumption similar to consumers in the developed economies even as they are cautious about extravagance and over indulgence. This provides the FMCG companies with opportunities for growing the market.

Low capital requirements, simple manufacturing processes and sub-contracting of manufacturing activities are characteristics of the Industry. As a result, several small local brands tend to compete with well established multinational companies. FMCG companies have to continuously innovate and also advertise in order to build the equity of their brands and create mass pull. Brand building, product innovation and product differentiation are critical to the growth of FMCG companies.

Opportunities & Threats

The main opportunities & threats of FMCG industry of Bangladesh can be outlined as followings;

- **Demographic profile**

  The country has a population more than 150 million. This provides the FMCG companies with a large consumer base. Currently, more than 60* companies are operating in FMCG business. The median age continues to be in mid to late twenties. The youth of today is conscious of the importance of being well groomed and looking good. With increasing focus on education and empowerment of women, their lifestyle and propensity to consume is undergoing a change; they are becoming more fashion conscious and open to experimenting with new products.

- **Urban economy**

  Rapid urbanization has resulted in large markets getting concentrated in urban centers. Increasing disposable incomes and exposure to media have shaped aspirations of the urban consumer while consumerism has led to satisfaction of wants. Availability of credit and changed mindset towards consumption has further fuelled the demand for consumables.

MANAGEMENT DISCUSSION AND ANALYSIS

The high growth trajectory in the urban economy of the past few years has shown some slowdown on account of the global economic crisis, particularly for discretionary spending. However, the impact has been muted for items of daily consumption.

- **Rise of the rural economy**

  The economic scenario in the country has undergone a change in the recent past. Nearly two-thirds of the Bangladesh population resides in sub-urban and rural villages and mainly practices agriculture besides trading activities. Facilities and government subsidies in inputs of agriculture, diversification from basic farming to fisheries, poultry, live stocks, dairy and organized branded marketing of several of these items continues to boost the rural economy. Rural Bangladesh now forms a sizeable share of the demand for FMCG products, consumer durables and consumer discretionary products. Increased spending power of the rural people coupled with relatively lower degree of penetration of branded FMCG products in these markets, have provided the Industry players with an opportunity to drive growth. Established brands are tapping in to the rural economy to encourage up-trading by the consumer from unbranded products to branded ones with assured quality and purity.

- **Lifestyle and awareness**

  The present day consumer is savvy, has higher aspirations and is brand & lifestyle conscious. She does not mind spending on quality products and seeks value for money spent. FMCG companies have recognized the opportunity available by introducing "Value for Money" as well as "Premium" product variants aimed at catering to varying needs of different consumers. Products aimed at delivering healthy lifestyle solutions have been introduced to woo health conscious consumers.

- **Branded solutions sector**

  The increase in the propensity to consume and the increasing consciousness for adopting healthy lifestyle offerings have led to the development of branded solutions including leveraging of existing brand identities and creating extensions around them. The quality conscious consumer is willing to pay premium for effective solutions, improved services and a superior experience. The focus is to provide consumers with a holistic solution for their needs in the form of a consolidated offering of various products and services.

- **Impact of National Economy over Marico Business**

  GDP growth for the last 5 years reveals that the economy of Bangladesh has been growing at steady rate of about 6 percent. Foreign exchange remittance by migrant workers and NRBs has increased rapidly and touched almost US$ 14 billion in the recent past. This has had a positive impact on the demand side on mass consumption especially in the rural areas, which are major recipients of overseas remittances. Moreover, growing disposable incomes and increased media exposure are ushering in a revolution in consumer behavior, presenting exciting growth opportunities for companies. Despite the global economic recession, the growth in demand in the rural market especially in FMCG space is unabated.

Risks & Concerns

- **Input Costs**

  Commodity prices are often linked to international indices and volatility in these benchmarks causes fluctuations in the product prices. The past 2-3 years have witnessed wide fluctuations in the price of commodities. Copra- a basic raw material of producing coconut oil was unstable. Volatility was consequently experienced in other commodities such as crude derivatives like liquid paraffin and high density polyethylene (HDPE) as well as edible oils. Input costs comprise nearly 60% of the production costs in the FMCG sector. Inflationary tendencies in the economy directly impact the input costs and could create a strain on the operating margins of the FMCG companies. Brands with greater equity may find it easier to adjust prices in line with fluctuating commodity prices and input costs.

- **Exchange Rate**

  Exchange rate risk relates to the core business of MNCs, since it mostly imports materials from abroad in foreign currency. Volatility of exchange rates impacts business of the FMCG companies and profits.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Competition**

  The FMCG environment in Bangladesh is dominated by a few large MNCs. Growing entrepreneurship among local operators is seeing newer entrants thereby making the market competitive. Therefore, focus on branding, product differentiation, distribution and innovation is of higher importance, to build a loyal consumer franchise.

- **Product innovation and new product launches**

  Success rate for new product launches in the FMCG sector is low. Superior consumer understanding and differentiated propositions are major priorities that the sector needs to focus on in order to minimize the risk and cost involved in such initiatives. Marico group has adopted the prototyping approach to new product introductions that helps maintain a healthy pipeline and at the same time limits the downside risks.

- **Discretionary spending / Down trading**

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

- **Internal Control Systems and their Adequacy**

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

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

  Marico has an Internal Audit function and Mr. K.S. Balaji is working as Head of Internal Audit. He coordinates and supervises all internal control systems. We have two internal auditors- M/s Hossain Farhad & Co., a local Chartered Accountant Firm who conducts audit throughout the year and M/s Ernst & Young, a Global Chartered Accountant Firm practicing in India, who is the internal auditors of the parent company.

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

  The SAP suite of ERP (SAP R/3, SCM and APO) provides a real time check on various transactions emanating from various business processes of the company. Marico-Net, the web-enabled architecture that links to Marico to its biggest business associates, namely its distributors, also helps the company exercise similar controls over its sales system.

Distribution

Distribution facilities and timely reach of products to consumers is one of the key strengths of a FMCG company. Marico has a full-fledged distribution channel. Currently, the company has a good distribution network coverage comprising its own five depots and distribution partners across the country, in order to keep sufficient level of products available all around the country. These

MANAGEMENT DISCUSSION AND ANALYSIS

five depots are located at Tongi, Chittagong, Comilla, Jessore and Bogra enabling a strong presence across the country, both in rural and urban areas. Marico's own sales professionals support and scrutinize the entire distribution channel. At present, there are a good number of distribution partners all over the country. Marico's own sales employees like RSM (Regional Sales Manager), ASM (Area Sales Manager) and TSM (Territory Sales Manager) physically monitor and rigorously control the distributors' functions from time to time.

Capacity Building

Continuous investments had been made in last couple of years in building capacity for smoothening company's operation. At present, Marico Bangladesh Limited owns two factories and also operates with a number of contract manufacturers-FG & packing materials. Both factories have capacity for storage of oil approx. 6000 KL. The existing capacity is capable for meeting its production facilities for current products as well as future products.

Quality Assurance

Quality & good manufacturing practices along with following legal parameters dictating quality aspects, as laid out by regulatory bodies, Marico practices MMEM (Marico Manufacturing Excellence Model), an in house Quality Assurance model developed on the lines of ISO 900. This allows consistent quality of products. Q-CERT aids in minimizing break downs while supporting maximum possible output. Further, such initiatives have helped Marico in preventing accidents and curtailing overhead costs. The company has strong focus on the quality control of its products. All products are in accordance to BSTI's given parameters. Marico ensures quality of product thorough inspection and surveillance. Standard Operating Procedures (SOP) for every step of the production process are followed. Marico Bangladesh Limited is also a ISO 14001 & 18001 certified. Marico places great emphasis on managing quality control and careful steps are taken to ensure that the standard of the products provided to its customers are consistent, reliable and meets their needs. Marico practices good Housekeeping & Good Manufacturing Practices (GMP) at both its factory premises. Housekeeping helps to maintain a healthy environment. Housekeeping means keeping the right object in the right place and removing unwanted objects from the work place. This is pivotal in maintaining quality of finished goods and in order to keep a clean environment for labors to work.

Technology in Marico

The entire sales commercial, factory commercial, finance operation runs through SAP based integrated ERP system. Use of this package makes it possible to track and manage, in real-time, sales, production, finance & accounting and human resources in an enterprise. In most of the cities, the sales representatives known as Distributor Based Sales Men (DBSMs) carry Personal Digital Assistant (PDA), which makes the sales process much more efficient. PDA is installed with software that makes the sales process easier for both retailers and DBSMs. The PDA has been customized so that the medium of interface is in Bengali. Such a PDA assists DBSMs in recalling all the brands, SKUs and aids in seeing whether sufficient stock is available or not.

Human Resources and Development

Marico is a professionally managed organization that has built for itself a stimulating work culture that empowers people, promotes team building and encourages new ideas. This year the concept of Talent Value Proposition (TVP) was created to define how Marico fulfills the purpose of our members, our current and prospective talent. Marico's TVP aims to continuously challenge, enrich and fulfill the aspirations of the Mariconians so that they can maximize their true potential to – Make a Difference.

Your company continues with the process of hiring the best talent from the premier institutes of Bangladesh as Management Trainees with an intention to groom them for future Business Leadership roles in the company. In line with the above mentioned TVP, we aim at providing challenge and early responsibility at work. All Human Resource related actions have a strong business focus and is in line with the business plan. Human Resource partners the other line functions and supports them by providing the necessary impetus to take your company to the next level. The organization creates an environment of positivity that leads to enhanced effectiveness and efficiency.

Marico through its various processes believes in building upon the strength of the person while simultaneously providing inputs to its members to facilitate them to improve upon their development areas. The organization believes in investing in people to develop and expand their capabilities. Marico's strategies are based, inter alia, on processes of continuous learning and improvements. PDP (Personal Development Plan) focus upon how each individual's strength can be best leveraged so as to help each one to deliver to his / her full potential. External Training Programs and cross functional exposures provides the extra edge.

MANAGEMENT DISCUSSION AND ANALYSIS

Marico has formulated a contemporary set of values and it is important that all members in the organization are not only aware but also consciously practice and “walk the talk” on all its values. To build this consciousness and commitment, value workshops are held for teams to bring clarity and to identify their focus areas and plan actions accordingly.

Key Brands’ Performance

Parachute Coconut oil

The name of “Parachute” stands as the epitome of “Purity” and “Quality” in Bangladesh. Made from the finest coconuts in automated machines, Parachute Coconut Oil is the leading brand in the Branded coconut oil market of the country. With its newest avatar in the True Blue bottle, the brand is available in more than 7 lac retail outlets catering to the need of all people across the nation. For such an astounding journey “Parachute” was recognized as the No.1 Brand of Bangladesh across FMCG categories for 2012 in a study jointly conducted by AC Nielson & Bangladesh Brand Forum.

Parachute Advansed Enriched Hair Oil

Parachute Advansed Enriched Hair oil comes with the goodness of Coconut oil and other herbal ingredients like Amla, Hibiscus, Mehedi and lemon. The oil serves consumers who believe that their hair requires more than just the care of coconut oil. The various herbal ingredients present in this oil address particular hair related issues.

The widely popular “Bondhu Teen Din” campaign communicated the qualities of the brand and also presented the importance of oiling hair for at least 3 days a week for 3 times more hair growth.

Parachute Beliphool Lite

Parachute Beliphool Lite is the largest brand in the Marico Bangladesh Limited VAHO (Value-Added Hair Oil) portfolio. It is a coconut oil enhanced with the fragrance of beliphool which provides a non-sticky usage experience. The goodness of coconut nourishes the hair while the non-sticky nature of the oil leaves hair light and bouncy, and adding the fragrance of beliphool. Parachute Beliphool Lite caters to young modern consumers who want something extra from their hair oil. The brand operates in the perfumed oil sub-segment and is one of the fastest growing brands in Marico Bangladesh Limited’s product basket. It is available in packs of 100 ml, 150 ml & 300 ml.

Parachute Advansed Cooling Hair Oil

Parachute ventured into the cooling oil segment in April 2011 with Parachute Advansed Cooling Hair Oil (PACHO). It is coconut based oil enriched with 21 ayurvedic herbs that provides cooling effect, hair nourishment along with additional benefits such as relief from headaches, ensures sound sleep and long lasting stress relief. It caters to those consumers who seek a cooling efficacy from their hair oil. The brand is available in two formats- rigid bottles of 50 ml, 100 ml, 200 ml and mini sachets. Since its inauguration, PACHO has successfully served the cooling oil needs of the consumers of Bangladesh.

Nihar Naturals

Marico Bangladesh Limited introduced an exciting range of hair oils to the Bangladesh market with the launch of Nihar Naturals range in 2012. The Nihar Naturals range offers the modern woman three specialized hair oils, and all three variants derive its ingredients from the best gifts of nature. Nihar Amla hair oil is a nourishing blend of amla oil & almond oil, making hair long, healthy and beautiful. Nihar Almond oil is rich in vitamin E, giving the benefits of five almonds in each application whereas Nihar Enriched hair oil combines the goodness of coconut oil with methi and the fragrance of jasmine extracts. Each variant comes in packs of 100 ml and 200 ml and is available in outlets nationwide.

Hair Code Hair Dye

Hair Code Herbal Hair Dye was launched in Bangladesh in 2008. Available in 6g sachet packs, Hair Code is the pioneer as a herbal hair dye in Bangladesh is enriched with Joba, Amlaki and Mehendi. It covers grey hair naturally, giving you a smarter, younger and more confident look.

The brand continues to be the No.-1 in the category through insightful advertising and salon activation programs.

MANAGEMENT DISCUSSION AND ANALYSIS

New Launched Products

HairCode Active

Marico Bangladesh Limited added a new range of faster acting hair color-HairCode Active enhancing the existing dye portfolio of HairCode herbal powder dye at a launch ceremony in Dhaka in January 2013.

For the first time ever a range of 3 color variants, Natural Black, Natural Brown and Mehendi Red has been launched to address the needs of consumers for a faster solution to grey coverage coupled with the assurance of herbal goodness. HairCode Active promises complete grey coverage in just 15 minutes of application. It has identified the evolving consumer needs in the category for not just a problem solution but for convenience and styling along with the assurance of damage protection. The new range of hair color will address these evolving needs of the Bangladeshi consumers and further strengthen the brand's footprint in the herbal dye category.

Livon Silky Potion

Almost every woman these days suffers from dry, frizzy, dull and tangled hair due to the harsh chemicals in ordinary soap, shampoo, or even external factors like pollution and weather. To offer a solution to many active and busy women who are suffering from this problem on a regular basis, Marico Bangladesh Limited launched "Livon Silky Potion", a detangling hair fluid.

Livon Silky Potion's new Cutisoft formula smoothens and softens the hair cuticles by forming a coat on the hair strand. It seals the moisture with a layer of protection and instantly transforms dry, frizzy and brittle hair into tangle free, soft, and silky hair with which you are sure to fall in love once again. This unique post wash serum is also enriched with Vitamin E to nourish your hair. Currently Livon Silky Potion is available in two SKUs (20ml and 50ml) in the market.

Cost Structure of the Company

Particulars	FY13	FY 12
Cost of Goods Sold	64%	76%
Sales & Distribution expenses	12%	9%
Other expenses	8%	6%
Operating Margins	15%	9%
PBT	19%	11%
PAT	14%	9%

Notes:

1. The above percentages are to turnover for the respective years.
2. The average market prices of copra, the largest component of input costs, was down during FY13 as compared to FY12. This along with other efficiency led initiatives led to a reduction in the cost of goods sold even though there was an inflationary trend in other input costs.
3. A part of the gross margin expansion due to reduction in cost of goods sold has been re-invested back into the business in the form of Advertisement & Sales Promotion as is evident from the overall increase of 300 bps for year. The Company continues to make investments behind existing products and new products such as Parachute Beliphool, Nihar, Parachute Cooling and Hair Dye products.
4. The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses) and accordingly they have increased in conjunction with the volume growth and inflation. The fixed part of other expenses has increased on account of normal inflation and certain expenses such as rent due to planned higher inventory positions.

Outlook

The country is currently witnessing certain degree of political turmoil and uncertainties which could continue in the coming Quarters of the next Financial Year. This may have a bearing on the overall trade sentiments and consumer spending thereby impacting the short term performance of the sector. The Company is however cautiously optimistic given the performance in FY13. We also believe that the building blocks are in place to capture the long term potential consumer sector in Bangladesh.

Sd/-

Aditya Shome
Managing Director

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
- Audit Committee
- Remuneration Policy of the Company for Members of the Board
- General Body Meetings
- Means of Communication
- General Shareholder Information

Compliance with SEC Corporate Governance Guideline Notification

Marico Bangladesh Limited 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:

- Marico Bangladesh Limited's Board of Directors consists of 7 (seven) members including the Managing Director. The Managing Director sits as a member of the Board of Directors.
- Among the members of Board of Directors, two are non-shareholding non-executive independent directors. These two independent directors were first appointed on December 31, 2009 and their appointments were approved at 10th AGM held on January 17, 2010. They were re-appointed for second term at the 12th AGM held on July 19, 2012.
- Among the independent directors represent to Board of 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.
- The Chairman of Board of Directors and Managing Director of the company are different persons.
- The Directors' report has been enclosed with the annual report.

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

- The Board of Directors has designated Mr. Iqbal Chowdhury as Chief Financial Officer on April 23, 2013. Moreover, Mr. K.S. Balaji and Mr. Sorwar Alam are continuing as Head of Internal Audit and Company Secretary respectively of the company.

Audit Committee:

- The Board of Directors has constituted an Audit Committee as a sub-committee of the Board.
- There are 3 (three) members to the committee (excluding the Company 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 independent director, Mrs. Rupali Chowdhury is the chairman of the committee. The members of the committee appointed and reports to Board of Directors.
- All members of the committee have sound financial knowledge and background.

External/Statutory Auditors:

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

CORPORATE GOVERNANCE COMPLIANCE REPORT

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 are attached hereunder:-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	**Board of Directors:**			
1.1	Board's Size: Board members should not be less than 5 (five) and more than 20 (twenty)	√		
1.2	**Independent Directors:**			
1.2 (i)	At least 1/5th	√		
1.2 (ii) a)	Does not hold any or holds less than 1% shares	√		
1.2 (ii) b)	Is not connected with the company's 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 member, director or officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2 (ii) f)	Who is not and 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 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 does not remain vacant for more than 90 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 years, which may be extended for 1 term only.	√		
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/iversity Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 years of corporate management/professional experiences.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

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 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.	√		
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.	√		
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.	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

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 the 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 (CFO), Head of Internal Audit and Company Secretary (CS):**			
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.	√		
2.2	Requirement to attend the Board Meetings: The CFO and the Company Secretary 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	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance 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.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	√		
3.3	**Role of Audit Committee:**			
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;	√		

CORPORATE GOVERNANCE COMPLIANCE REPORT

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.	√		
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:**			
4 (i)	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:- 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	√		
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	√		
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	√		
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	√		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	√		
6	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):**			

CORPORATE GOVERNANCE COMPLIANCE REPORT

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:	√		
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 Professional Accountant/Secretary (Chartered Accountant/Cost & 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	Additional Director (w.e.f. April 23, 2013)
Mr. Milind Sarwate	Director
Mr. B. Sridhar	Additional Director (w.e.f. April 23, 2013)
Mr. Rohit Jaiswal	Director (Managing Director till April 23, 2013; continues as Director)
Mr. Aditya Shome	Managing Director (w.e.f. April 23, 2013)
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:

Four meetings of the Board of Directors were held during the period April 1, 2012 to March 31, 2013.

The attendance record of all directors is as under:-

Names of Directors	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Mr. Harsh C. Mariwala	4	1	No
Mr. Milind Sarwate	4	1	Yes
Mr. Vijay Subramaniam	4	4	Yes
Mr. Debashish Neogi	4	0	No
Mr. Rohit Jaiswal	4	4	Yes
Mr. Aditya Shome	3	3	Yes
Mrs. Rupali Chowdhury	4	4	Yes
Mr. Ghulam Mostafa	4	3	Yes

CORPORATE GOVERNANCE COMPLIANCE REPORT

(iii) Audit committee

Constitution:

The Audit Committee was constituted by the Board of Directors at its meeting held on November 26, 2009. The Audit Committee was last re-constituted by the Board of Directors on April 23, 2013.

The Audit Committee now comprises the following Members:

Mrs. Rupali Chowdhury	Chairman
Mr. B. Sridhar	Member
Mr. Aditya Shome	Member
Mr. Sorwar Alam	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 3 meeting during the reporting period April 1, 2012 to March 31, 2013.

Names of Directors	No. of Board Meetings	
	Held	Attended
Mrs. Rupali Chowdhury	3	3
Mr. Vijay Subramaniam	3	2
Mr. Rohit Jaiswal	3	3

Remuneration Policy of the Company for Members of the Board

> **Remuneration Policy for Executive Director**

The Marico 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	10:30 AM
2011-12	Army Golf Club, Airport Road, Dhaka	July 19, 2012	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.maricobd.com. 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	:	10.30 A.M. Monday, August 19, 2013 Radisson Blu Water Garden Hotel Dhaka, Airport Road Dhaka Cantonment, Dhaka 1206, Bangladesh.
Financial Year	:	April 01, 2012 - March 31, 2013
Record Date	:	Tuesday, July 02, 2013
Dividend Paid & Recommended	:	Interim Cash Dividend @100% on Face Value Tk. 10 each Final Cash Dividend @50% on Face Value Tk. 10 each
Dividend Payment Date	:	Paid within 30 days from decision of board meeting October 22, 2012 and proposed payment within 30 days of approval at AGM
Listing on Stock Exchanges	:	Dhaka Stock Exchange Limited (DSE),Chittagong Stock Exchange Limited (CSE) Listing fees upto December 31, 2013 has been paid.
Stock /Scrip Code	:	DSE – MARICO CSE – MARICO
ISIN number	:	BD0481MRICO6
Category	:	Chemical & Others
Investors' enquiry	:	+88(02)8931202, Ext-100, 102 info@maricobangladesh.net www.maricobd.com

Stock Price Information and Stock Performance

Quarterly Stock Price

Our common stock is traded on the Dhaka Stock Exchange and Chittagong Stock Exchange under the symbol MARICO. On July 2, 2013, there were 2,566 registered holders of our common stock on record. The high and low common stock prices per share in Taka were as follows:

Quarter Ended	June 30	September 31	December 31	March 31	Fiscal Year
					April 01, 2012 – March 31, 2013
High	Tk. 424.00	Tk. 395.00	Tk. 439.80	Tk. 443.10	Tk. 443.10
Low	Tk. 355.00	Tk. 356.00	Tk. 370.00	Tk. 350.50	Tk. 350.50

Securities Transactions Insider Trading Policy

The Company has a formal Insider Trading Policy and Disclosure of Dealings in Securities Policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the directors and officers. In compliance with SEC (Prohibition of Insider Trading) Rules, 1995 & relevant notifications on best practices on dealing in securities, the Company issues circulars to its Directors and officers informing that the Company and its officers must not deal in listed securities of the Company two month before the release of the full-year results and before

CORPORATE GOVERNANCE COMPLIANCE REPORT

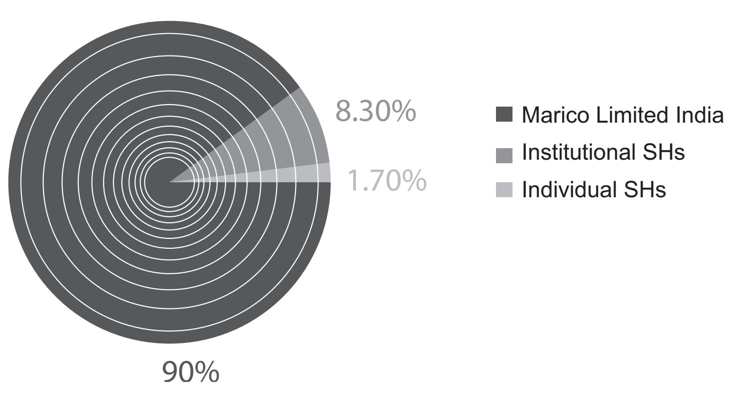
closing day of quarterly financial statements to the day of board meeting to be held and before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

Pattern of Shareholdings on Record Date-July 02, 2013

Particulars	No of Shares	Percentage
Parent Company:		
Marico Limited	28,349,993	90.00%
Other Related Parties:		
Board of Directors:		
Saugata Gupta	1	
Milind Sarwate	1	
B. Sridhar	1	
Rohit Jaiswal	1	
Aditya Shome, Managing Director	1	
Ghulam Mostafa, Independent Director	–	
Rupali Chowdhury, Independent Director	–	
Iqbal Chowdhury, CFO and Spouse and Minor Children:	6,200	
Balaji K.S. Head of Internal Audit and Spouse and Minor Children:	1	
Sorwar Alam, Company Secretary and Spouse and Minor Children:	1,500	
Executives (Top 5 Salaried Person Other than MD, CFO, HIA, CS):		
Ashiqur Rahman	–	
Ipsit Chakrabarti	–	
Subir De	–	
Md. Nazim Uddin	–	
Saiful Alam	–	

Percentage of Shareholding-Marico Bangladesh Limited

Category	No of Shares	Percentage
Marico Limited	28,350,000	90.00%
Institutional SHs	2,608,750	8.30%
Individual SHs	541,250	1.7%
Total	**31,500,000**	**100%**



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 2013. 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 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, 21st April 2013

BOARD OF DIRECTORS

SAUGATA GUPTA

Chairman

Saugata Gupta, CEO, Marico Limited 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. 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 20 years of experience primarily in FMCG sector. He has an engineering degree from IIT Kharagpur and a Management degree from IIM Bangalore.

MILIND SARWATE

Director

Milind Sarwate, is Marico's Group CFO and a member of its Group Executive Committee. Milind's current role at Marico covers Corporate Finance, Legal & Secretarial, M&A, Investor Relations, Internal Audit.

He has about 30 years of experience in Finance, HR, Strategic Planning, Corporate Development and Product Supply, across three organizations- Marico, Godrej and Hoechst (now, Sanofi Aventis).

Milind is a Chartered Accountant, Cost Accountant and Company Secretary (1983-84).

B. SRIDHAR

Director

B. Sridhar is the EVP & Business Head - International Markets at Marico Limited.

Sridhar brings with him 18 years of experience and currently heads Marico's International Units of Marico Bangladesh Limited, EM SEANS, Marico Middle East & Rest of Africa.

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.

Sridhar holds a B-Tech in Electronics from IT BHU and is a MBA from XLRI Jamshedpur.

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 Medal list) and holds his management degree from Indian Institute of Management – Bangalore. He has over 13 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.

BOARD OF DIRECTORS

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 a Member of the Executive Committee. She brings with her a years of rich experience of managing various functions at Berger Paints.

DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') are pleased to present the Fourth Annual Report of your Company, Marico Bangladesh Limited, for the year ended March 31, 2013 ('the year under review', 'the year' or 'FY13') 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 the period April 2012 – March 2013 in respect of 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 like Parachute, Parachute Advansed, Parachute Beliphool, Parachute Advansed Cooling Hair Oil, Haircode, Nihar, Saffola, Livon etc.

Launching of New Products

Your company has launched a few new products like Haircode Active in 3 different variants & Livon Silky Potion. These new products are promising and potential for future growth.

Divestment of Soap Brands

The company divested its soap brands 'Aromatic' and 'Camelia'. Certain Fixed Assets concerning to the soap business as well as trademarks were sold to TLRA Holdings Limited (TLRA) on March 25, 2013. The Company in its focused pursuit of sustainable profitable growth recognised that the soap business had limited fitment in its portfolio. Hence, the transactions were a logical subset of its business strategy aimed at sustainable growth and brand rationalisation.

Related Party Transaction

Related parties transactions of the company for the financial year (FY13) were with Marico Limited, the parent company and Marico Middle East FZE, a subsidiary of the parent company. Details for transactions have been enclosed to notes 27 of the financial statements.

Directors' Responsibilities for Financial Statements

The Statement of the Director's Responsibilities and Management's Report on Internal Control over Financial Reporting for financial statements are given in Annexure -1 and 2.

Corporate and Financial Reporting 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.

DIRECTORS' REPORT

h) The key operating and financial data for the last five years are annexed.

Management Discussion and Analysis

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

- FMCG -Industry Structure and Development
- Opportunities and Threats
- Risks and Concerns
- Internal Control Systems and their Adequacy
- Distribution
- Capacity Building
- Quality Assurance
- Technology in Marico
- Human Resources and Development
- Key Brands' Performance
- New Launched Products
- Cost Structure of the Company
- 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

I. Mr. Harsh C. Mariwala, Mr. Vijay Subramaniam and Mr. Debashish Neogi, Directors of the Company have resigned from the Board of the Company w.e.f April 23, 2013 and the Board has approved their resignation.

II. Mr. Saugata Gupta, Mr. B. Sridhar have been appointed as Additional Director of the company w.e.f. April 23, 2013. They will hold office as Additional Directors till the ensuing Annual General Meeting of the Company. Mr. Saugata Gupta has been appointed as the Chairman of the Board of Directors of the Company on the said date.

III. Mr. Rohit Jaiswal, Managing Director of the company has moved out of Bangladesh to take charge of Marico Middle East & North Africa as Regional Head and has resigned from Marico Bangladesh Limited Board as Managing Director. The Board has approved his resignation with effect from close of working hours on April 23, 2013. He will however; continue to be a Director on the Board of the Company.

Appointment of New Managing Director

Mr. Aditya Shome, erstwhile Executive Director & CFO of Marico Bangladesh Limited has been appointed as Managing Director of the Company for five years, with effect from April 23, 2013 subject to approval in the 13th Annual General Meeting of the company.

Directors' Retirement and Re-election

Mr. Saugata Gupta and Mr. B. Sridhar (nominated to the Board of Marico Bangladesh Limited by Marico Limited (holding/parent company) were appointed as Additional Directors on April 23, 2013.

The Board of Directors has recommended for re-appointment of Mr. Saugata Gupta and Mr. B. Sridhar at ensuing annual general meeting.

In addition, Mr. Milind Sarwate, Director of the company, will retire by rotation as per relevant provision of the Companies Act, 1994 and relevant clause of Articles of Association of the company and being eligible, offers himself for re-appointment.

DIRECTORS' REPORT

Corporate Governance

Marico Bangladesh Limited adheres to good Corporate Governance principles, as described in Corporate Governance Report.

The Company has also complied with all the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission. Accordingly, Corporate Governance Compliance Certificate is shown in the annexure of the Corporate Governance Report.

Results of Operations

Financial Year Ended March 31, 2013 (FY13)

Tk in Cr, except per share amounts	2013	2012
Turnover	612	604
Net earnings	87	54
Net earnings per share	27.53	17
Dividends per share	15	10
Operating cash flow	62.47	-16.87
Return on assets	18.50%	12.15%
Return on equity	30.12%	21.15%

Contribution by National Exchequer

During the reporting period, your company paid Tk. 150 Crore (appx.) to the National Exchequer in the form of Corporate Income Tax, Customs Duties, Supplementary Duties, VAT and others.

Distribution to Equity Shareholders

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

Declaration of Interim Cash Dividend for H1FY13:

The Board declared 100% interim cash dividend on an equity per share Tk. 10 i.e. total dividend Tk. 31.50 crore on October 22, 2012 which has been paid to shareholders subsequently.

Final Dividend for FY13:

The Board of Directors has recommended as final cash dividend @50% on an equity share Tk. 10. In aggregate, the Board has declared cash dividend @150% including interim dividend for the financial year.

Reserves

The total reserves of the company stood Tk. 284 Crore, details of which is 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 March 31, 2013, the Board of Directors recommended final cash dividend @ 50% per share at 75th board meeting held on April 23, 2013.

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

Shareholder Information & Substantial Shareholders

The distribution of shareholding and market value of shares is given in the Corporate Governance Report.

DIRECTORS' REPORT

Appointment of Auditors

The auditors, M/s. A. Qasem & Co., Chartered Accountants, will retire at the conclusion of the ensuing Annual General Meeting and being eligible under Section 210 of the Companies Act, 1994 read with Bangladesh Securities and Exchange Commission Order No. SEC /CFD-71/2001/Admin/02/05 dated January 03, 2002, offer themselves for reappointment with proposed Audit Fees of Tk. 4,00,000/-.

Acknowledgement

The members of the Board of Directors would like to take 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

April 23, 2013

ANNEXURE TO THE DIRECTORS' REPORT

Directors' Responsibilities for Financial Statements (Annexure-1)

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, 2013 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 make informed judgments and estimates wherever 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 including 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 Board of Directors

Sd/-

Aditya Shome
Managing Director

April 23, 2013

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (ANNEXURE-2)

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, 2013. The Company's auditor, M/s. 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/-

K.S. Balaji
Head of Internal Audit

AUDITORS' REPORT

To the Shareholders of Marico Bangladesh Limited

We have audited the accompanying Financial Statements of Marico Bangladesh Limited which comprise the Statement of Financial Position as at 31 March 2013 and the Statement of 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 notes.

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 2013 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS), and comply with applicable sections of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also 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 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 statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.

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

A. Qasem & Co.

Dhaka, 23 April 2013

Chartered Accountants

BALANCE SHEET

	Note	31 March 2013 Taka	31 March 2012 Taka	31 March 2013 Rs. Crore	31 March 2012 Rs. Crore
Assets					
Property, plant and equipment	4	836,558,863	325,642,856	58.14	20.22
Capital work in progress		28,157,695	16,275,280	1.96	1.01
Intangible assets	4	–	62,500	–	0.01
Deferred tax assets	5	39,235,721	88,282,527	2.72	5.48
Non-current assets		**903,952,279**	**430,263,163**	**62.82**	**26.72**
Inventories	6	1,021,556,368	1,777,938,918	71.01	110.41
Accrued interest		55,018,956	30,632,604	3.82	1.90
Advance income tax	7	920,345,408	717,730,520	63.96	44.57
Advances, deposits and prepayments	8	216,454,120	464,859,208	15.04	28.87
Fixed deposits	9	2,014,917,416	610,000,000	140.04	37.88
Cash and cash equivalents	**10**	50,833,931	171,207,069	3.53	10.63
Current assets		**4,279,126,199**	**3,772,368,319**	**297.40**	**234.26**
Total assets		**5,183,078,478**	**4,202,631,482**	**360.22**	**260.98**
Equity and Liabilities					
Equity					
Share capital	11	315,000,000	315,000,000	21.89	19.56
Share premium		252,000,000	252,000,000	17.51	15.65
Retained earnings		2,588,543,247	2,036,194,216	179.90	126.45
Total equity		**3,155,543,247**	**2,603,194,216**	**219.30**	**161.66**
Liabilities					
Provision for gratuity	12	15,956,603	12,388,093	1.12	0.76
Provision for leave encashment	13	9,404,119	6,419,607	0.65	0.40
Non-current liabilities		**25,360,722**	**18,807,700**	**1.77**	**1.16**
Short term finance	14	38,534,964	100,000,000	2.68	6.21
Liability for expenses	15	433,481,827	269,768,968	30.13	16.75
Provision for income tax	16	1,080,417,993	826,822,981	75.09	51.35
Trade creditors	17	120,138,849	174,605,728	8.35	10.84
Payable to holding company	18	256,466,179	177,772,739	17.82	11.04
Other liabilities	19	73,134,697	31,659,150	5.08	1.97
Current liabilities		**2,002,174,509**	**1,580,629,566**	**139.15**	**98.16**
Total liabilities		**2,027,535,231**	**1,599,437,266**	**140.92**	**99.32**
Total equity and liabilities		**5,183,078,478**	**4,202,631,482**	**360.22**	**260.98**

The annexed notes 1 to 33 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, 23 April 2013

Note: The exchange rate use to convert Taka to Rs.<0.695>/(Previous year Taka to Rs.<0.621>)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	Note	31 March 2013 Taka	31 March 2012 Taka	31 March 2013 Rs. Crore	31 March 2012 Rs. Crore
Revenue	20	**6,119,893,866**	6,036,260,121	**425.33**	374.85
Cost of sales	21	**(3,912,943,094)**	(4,560,022,466)	**(271.95)**	(283.18)
Gross profit		**2,206,950,772**	1,476,237,655	**153.38**	91.67
Marketing, selling and distribution expenses	22	**(754,789,774)**	(568,513,132)	**(52.46)**	(35.30)
General and administration expenses	23	**(504,086,748)**	(360,187,456)	**(35.03)**	(22.37)
Profit from operation		**948,074,250**	547,537,067	**65.89**	33.95
Other income	24	**221,916,599**	154,598,079	**15.42**	9.60
Profit before income tax		**1,169,990,849**	702,135,146	**81.31**	43.55
Income tax expense	25	**(302,641,818)**	(166,515,359)	**(21.03)**	(10.34)
Profit for the year		**867,349,031**	535,619,787	**60.28**	33.21
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the year		**867,349,031**	535,619,787	**60.28**	33.21
Earnings per share					
Basic earnings per share (par value of Tk 10)	26	**27.53**	17.00	**–**	–

The annexed notes 1 to 33 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, 23 April 2013

Note: The exchange rate use to convert Taka to Rs.<0.695>/(Previous year Taka to Rs.<0.621>)

CASH FLOWS STATEMENT

	31 March 2013 Taka	31 March 2012 Taka	31 March 2013 Rs. Crore	31 March 2012 Rs. Crore
Cash flows from operating activities				
Collection from customers	6,151,925,664	6,036,260,121	427.56	374.85
Payment to suppliers and operating expenses	(4,120,154,024)	(6,314,604,097)	(286.35)	(392.14)
Net finance income/(cost)	1,478,127	(74,300,055)	0.10	(4.61)
Interest received	137,276,311	223,630,323	9.54	13.89
Income tax paid	(202,614,889)	(402,438,367)	(14.08)	(24.99)
Net cash flows from/(used in) operating activities	1,967,911,189	(531,452,075)	137.17	(33.00)
Cash flows from investing activities				
Acquisition of fixed assets	(365,771,155)	(204,071,590)	(25.42)	(12.67)
Disposal of fixed assets	58,869,281	–	4.09	–
Dividend income	–	3,754,141	–	0.23
Encashment of investment in quoted shares	–	29,619,846	–	1.84
(Investment in)/Encashment of fixed deposits	(1,404,917,416)	1,660,000,000	(97.64)	103.09
Net cash (used in)/ flows from investing activities	(1,711,819,291)	1,489,302,397	(119.17)	92.49
Cash flows from financing activities				
Dividend paid	(315,000,000)	(378,000,000)	(21.89)	(23.47)
Short term finance	(61,465,036)	(675,256,101)	(4.27)	(41.93)
Net cash used in financing activities	(376,465,036)	(1,053,256,101)	(26.16)	(65.40)
Net decrease in cash and cash equivalents	(120,373,138)	(95,405,779)	(8.16)	(5.91)
Opening cash and cash equivalents	171,207,069	266,612,848	11.90	16.56
Closing cash and cash equivalents (Note 10)	**50,833,931**	**171,207,069**	**3.74**	**10.65**

Note: The exchange rate use to convert Taka to Rs.<0.695>/(Previous year Taka to Rs.<0.621>)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Fair value reserve	Retained earnings	Total equity	Share capital	Share premium	Fair value reserve	Retained earnings	Total equity
	Taka	Taka	Taka	Taka	Taka	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore
Balance at 1 April 2011	315,000,000	252,000,000	17,022,900	1,878,574,429	2,462,597,329	19.56	15.65	1.06	116.66	152.93
Net profit for the year ended 31 March 2012	–	–	–	535,619,787	535,619,787	–	–	–	33.26	33.26
Final dividend for 2010-2011	–	–	–	(63,000,000)	(63,000,000)	–	–	–	(3.91)	(3.91)
Interim dividend for 2011-2012	–	–	–	(315,000,000)	(315,000,000)	–	–	–	(19.56)	(19.56)
Realisation of change in the fair value of available for sale financial assets	–		(17,022,900)	2,036,194,216	(17,022,900)	–	–	(1.06)	-	(1.06)
Balance at 31 March 2012	315,000,000	252,000,000	–	-	2,603,194,216	19.56	15.65	–	126.45	161.66
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	–	–		60.27	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**

Note: The exchange rate use to convert Taka to Rs.<0.695>/(Previous year Taka to Rs.<0.621>)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

1. Reporting entity

Marico Bangladesh Limited (MBL) was incorporated on 6 September 1999 in Bangladesh under the Companies Act 1994 as a private company limited by shares. Subsequently, the Company converted to "Public Company" limited by shares vide special resolution passed in the extra ordinary general meeting held on 21 September 2008. The Company is a subsidiary of Marico Limited, India and also a listed entity enlisted with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

1.1 Registered office

The address of the Company's registered office is House # 01, Road # 01, Sector # 01, 4th floor, Uttara, Dhaka-1230.

1.2 Nature of Business Activities

The Company is engaged in manufacturing and marketing of branded Fast Moving Consumer Goods under the brand name of Parachute, Beliphool, Nihar, Saffola, Hair Code Active etc in Bangladesh. The Company sells its products with its depot from Dhaka, Chittagong, Bogra, Jessore and Comilla. The Company started its commercial operations from 30 January 2000.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs).

The financial statements were authorized for issue by the Board of Directors in the 75th Board meeting held on 23 April 2013.

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 2012 to 31 March 2013.

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 recognized in the period in which the estimates are revised and in any future periods affected.

2.6 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

3.1 Foreign currency

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 exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognized 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 expenditures 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 with the property amount of the property, plant and equipment and is recognized with other income/ general and administrative expenses in profit or loss.

ii) Subsequent cost

The cost of replacing component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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 remainder of that asset, that component is depreciated separately.

Depreciation is recognized 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	20-33%
Fixtures	20-33%
Air conditioner, refrigerator	20-33%

Depreciation methods, useful lives and residual value are reviewed annually and adjusted if appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

3.3 Intangible assets

Intangible assets have finite useful lives and are stated at cost less accumulated amortization using straight line method. Intangible assets are recognized in accordance with BAS-38. Intangible assets include cost of acquisition of the intellectual property, copyright and other costs incidental to such capital expenditure.

Amortisation

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

3.4 Impairment

3.4.1 Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables and held-to-maturity investment securities

The Company considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective levels. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment . Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in comprehensive income.

3.4.2 Non-financial assets

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 indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generated unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or CGU. For the purpose of impairment testing, assets that can not be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Finance income and finance 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.

3.6 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is 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 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.

3.7 Revenue

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. Revenue is recognized 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. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents and invoiced to customers.

3.8 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

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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.

3.9 Provisions

A provision is recognized 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.

3.10 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 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.

3.11 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.

3.12 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.

3.13 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

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for the year ended 31 March 2013

date that are non-adjusting events are disclosed in the notes when material.

3.14 Financial instruments

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

Investment in shares

Investment in share are non-derivative financial assets that are designated as available for sale. Initially they are recognised at cost and subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale are recognised in comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

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.

Share capital

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

Trade creditors

Trade creditors are recognised at fair value.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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.

3.15 Financial risk management

The company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The company's management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limit. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company has exposure for measuring and managing risks from its use of financial instruments which are as follows:

i) *Credit risk*

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

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for the year ended 31 March 2013

ii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

iii) *Market risk*

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will 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.

Market risk includes the followings:

Currency risk:

Transaction risk

Transaction risk arises from risk of adverse exchange rate movements occurring in the course of normal international transaction.

Translation risk

Translation risk is the risk that the Company will make exchange losses when the accounting results are translated into the home currency.

Economic risk

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the Company.

Interest rate risk:

Interest rate risk arises from movement in interest rates. The Company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

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for the year ended 31 March 2013

4. Property, plant and equipment

	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**
	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	6,396,887
A.C., refrigerator, water coolers	6,853,375	2,898,153	(320,000)	9,431,528	3,382,767	3,397,247	(320,000)	6,460,014	2,971,514
As at 31 March 2013	**517,321,418**	**617,724,374**	**(81,637,302)**	**1,053,408,489**	**191,678,562**	**106,714,895**	**(81,543,831)**	**216,849,626**	**836,558,863**
As at 31 March 2012	**514,222,996**	**187,683,338**	**(184,584,916)**	**517,321,418**	**285,210,417**	**91,118,687**	**(184,650,542)**	**191,678,562**	**325,642,856**
Intangible Assets									
As at 31 March 2013	**23,075,125**	**–**	**(23,075,125)**	**–**	**23,012,625**	**62,500**	**(23,075,125)**	**–**	**–**
As at 31 March 2012	**23,075,125**	**–**	**–**	**23,075,125**	**16,423,391**	**6,589,234**	**–**	**23,012,625**	**62,500**

4. Property, plant and equipment

	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	10.57	24.56	(5.65)	29.48	8.46	3.56	5.64	6.38	24.36
Freehold land	10.85	–	–	10.85	–	–	–	–	12.14
Vehicles	1.91	0.72	–	2.63	0.75	0.54	(0.01)	1.30	1.57
Factory equipments	0.23	–	(0.01)	0.22	0.14	0.06	0.01	0.19	0.06
Moulds	1.23	1.21	–	2.44	0.66	0.46	–	1.12	1.47
Factory building	0.18	8.07	–	8.25	0.04	0.71	–	0.75	7.52
Office building	3.86	7.32	–	11.18	1.38	0.53	(0.01)	1.92	9.72
Laboratory equipments	0.08	0.23	–	0.31	0.03	0.04	–	0.07	0.25
Office equipments	0.74	0.21	–	0.95	0.36	0.42	–	0.78	0.26
Computers	0.36	0.11	–	0.47	0.28	0.10	–	0.38	0.14
Furniture and fixtures	1.68	0.30	–	1.98	0.98	0.77	0.01	1.74	0.44
A.C., refrigerator, water coolers	0.43	0.20	(0.02)	0.61	0.24	0.24	0.03	0.45	0.21
As at 31 March 2013	**32.12**	**42.93**	**(5.68)**	**69.37**	**13.32**	**7.43**	**5.67**	**15.08**	**58.14**
As at 31 March 2012	**31.93**	**11.66**	**(11.46)**	**32.13**	**17.71**	**5.66**	**(11.47)**	**11.90**	**20.22**
Intangible Assets									
As at 31 March 2013	**1.60**	**–**	**(1.60)**	**–**	**1.60**	**–**	**(1.60)**	**1.43**	**–**
As at 31 March 2012	**1.43**	**–**	**–**	**1.43**	**1.02**	**0.41**	**–**	**58.14**	**–**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

4.1 Depreciation allocated to:

	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012
	Taka	Taka	Rs.Crore	Rs.Crore
Cost of sales (Note 21.1)	71,405,559	68,230,695	4.96	4.24
General and administration expenses (Note 23)	35,309,336	22,887,992	2.45	1.42
	106,714,895	91,118,687	7.41	5.66

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

	Carrying value as at 31 March	31 March 2013	31 March 2012	Carrying value as at 31 March	31 March 2013	31 March 2012
		Taka	Taka		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 2013						
Non-current assets	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)			(11.01)
Income tax rate *			24.75%			0.25
Deferred tax asset (A)			**(39,235,721)**			**(2.72)**
Year 2012						
Non-current assets	148,671,988	317,703,037	(169,031,049)	9.23	19.73	(10.50)
Provision for gratuity	(12,388,093)	–	(12,388,093)	(0.77)	–	(0.77)
Provision for leave encashment	(6,399,181)	–	(6,399,181)	(0.4)	–	(0.40)
Royalty payable	(168,878,754)	–	(168,878,754)	(10.49)	–	(10.49)
Net deductible temporary difference			(356,697,077)			(22.16)
Income tax rate *			24.75%			0.25
Deferred tax asset (B)			**(88,282,527)**			**(5.49)**
Deferred tax expense (A-B)			**(49,046,806)**			**(2.82)**

* The Company has declared 100% interim dividend and thus its tax rate is 24.75% for the relevant assessment year.

6 Inventories

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Raw materials	553,048,338	1,241,885,840	38.44	77.12
Packing materials	53,502,198	108,864,923	3.72	6.76
Finished goods	283,400,693	224,018,376	19.70	13.91
Raw materials in transit	131,605,139	203,169,779	9.15	12.62
	1,021,556,368	**1,777,938,918**	**71.01**	**110.41**

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for the year ended 31 March 2013

7 Advance income tax

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Opening balance	717,730,520	315,292,151	49.88	19.58
Addition during the year	202,614,888	402,438,369	14.08	24.99
	920,345,408	**717,730,520**	**63.96**	**44.57**

8 Advances, deposits and prepayments

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Advances:				
Loan to employees	10,887,727	10,518,964	0.76	0.65
Advance for services	40,085,251	30,777,745	2.79	1.91
Capital goods	69,218,493	333,054,126	4.81	20.68
	120,191,471	**374,350,835**	**8.36**	**23.24**
Deposits:				
VAT current account	43,246,741	80,122,256	3.01	4.98
Supplementary duty	42,288,306	1,241,917	2.94	0.08
Security deposits	4,726,144	9,144,200	0.33	0.57
	90,261,191	90,508,373	6.28	5.63
Prepayments:				
Prepaid insurance	6,001,458	–	0.40	–
	216,454,120	**464,859,208**	**15.04**	**28.87**

9 Fixed deposits

Bank Asia Limited	–	50,000,000	–	3.11
BRAC Bank Limited	175,804,456	–	12.22	–
Dhaka Bank Limited	50,000,000	–	3.48	–
Commercial Bank of Ceylon PLC	300,000,000	50,000,000	20.85	3.11
Delta Brac Housing Finance Corporation Limited	–	50,000,000	–	3.11
IDLC Finance Limited	350,000,000	170,000,000	24.33	10.56
The Hongkong and Shanghai Banking Corporation Limited	272,354,688	150,000,000	18.93	9.32
IFIC Bank Limited	10,765,029	–	0.75	–
Prime Bank Limited	50,000,000	60,000,000	3.48	3.73
State Bank of India	240,000,000	40,000,000	16.68	2.48
Standard Chartered Bank	515,993,243	40,000,000	35.84	2.46
Southeast Bank Limited	50,000,000	–	3.48	–
	2,014,917,416	**610,000,000**	**140.04**	**37.88**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

10 Cash and cash equivalents

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Cash on hand	**242,136**	**1,638,229**	**0.02**	**0.10**
Cash at banks and financial institutions:				
Citibank N.A.	19,452,342	108,037,155	1.35	6.71
Standard Chartered Bank	–	2,133,046	–	0.13
Commercial Bank of Ceylon PLC	73,814	1,268,573	0.01	0.08
The Hongkong and Shanghai Banking Corporation Limited	15,702,830	27,304,407	1.09	1.70
Dutch Bangla Bank Limited	130,239	1,506,464	0.01	0.09
BRAC Bank Limited	15,232,570	29,319,195	1.05	1.82
	50,591,795	169,568,840	3.51	10.53
	50,833,931	171,207,069	3.53	10.63

11 Share capital

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Authorised				
40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000	27.80	24.84
Issued, subscribed and paid up				
Issued for cash	41,500,000	41,500,000	2.88	2.58
Issued for consideration other than cash	273,500,000	273,500,000	19.01	16.98
	315,000,000	**315,000,000**	**21.89**	**19.56**

11.1 Percentage of shareholdings

Authorised	% of shareholdings	Taka	% of shareholdings	Rs. Crore
Marico Limited, India	90%	283,500,000	0.90	19.70
Other shareholders	10%	31,500,000	0.10	2.19
	100%	**315,000,000**	**1.00**	**21.89**

11.2 Classification of shareholders by holding

Holdings	Number of holders	No of shares	Total holding (%)
Less than 500 shares	2,454	196,300	0.62%
500 to 5,000 shares	130	206,000	0.65%
5,001 to 10,000 shares	14	102,150	0.32%
10,001 to 20,000 shares	14	216,150	0.69%
20,001 to 30,000 shares	3	76,650	0.24%
30,001 to 40,000 shares	2	69,250	0.22%
40,001 to 50,000 shares	3	133,000	0.42%
50,001 to 100,000 shares	2	170,250	0.54%
100,001 to 1,000,000 shares	8	1,980,250	6.29%
Over 1,000,000 shares	1	28,350,000	90.00%
	2,631	**31,500,000**	**100%**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

12 Provision for gratuity

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Opening balance	12,388,093	8,896,857	0.86	0.55
Add: Provision made during the year	5,564,289	4,682,411	0.39	0.29
Less: Paid during the year	17,952,382	13,579,268	1.25	0.84
	(1,995,779)	(1,191,175)	(0.13)	(0.08)
	15,956,603	**12,388,093**	**1.12**	**0.76**

13 Provision for leave encashment

Opening balance	6,419,607	8,892,093	0.45	0.55
Add:Provision made/(reversed) during the year	4,529,939	(755,898)	0.31	(0.05)
Less: Paid during the year	10,949,546	8,136,195	0.76	0.50
	(1,545,427)	(1,716,588)	(0.11)	(0.10)
	9,404,119	**6,419,607**	**0.65**	**0.40**

14 Short term finance

Short term loan:				
Citibank N.A	–	100,000,000	–	6.21
Standard Chartered Bank (Note 14.1)	38,534,964	–	2.68	–
	38,534,964	**100,000,000**	**2.68**	**6.21**

14.1 Standard Chartered Bank

a) Limit

Total aggregate limit of short term loan and bank overdraft is Tk 208 million. Short term loan is taken whenever required.

b) Nature of security (Short term loan and bank overdraft)

Demand promissory note and letter of continuity for Tk 208 million.

c) Rate of interest

Rate of interest has been varied from 13.5% to 14.5% depending on the money market and inter relationship.

15 Liability for expenses

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Business promotion expenses	218,037,453	80,388,416	15.15	4.99
Advertisement expenses	121,467,319	87,107,626	8.44	5.41
Audit fees	400,000	313,500	0.03	0.02
Creditors for supplies	10,802,128	36,581,015	0.75	2.27
Import duty and related charges	19,750,813	41,072,557	1.37	2.55
Other expenses	63,024,114	24,305,854	4.39	1.51
	433,481,827	**269,768,968**	**30.13**	**16.75**

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16 Provision for income tax

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Opening balance	826,822,981	614,689,532	57.46	38.17
Add: Provision during the year	282,689,572	212,133,449	19.65	13.18
	1,109,512,553	826,822,981	77.11	51.35
Less: Prior year adjustment				
Assessment year 2009-2010	(49,593,836)	–	(3.45)	–
Assessment year 2010-2011	54,670,501	–	3.80	–
Assessment year 2011-2012	(34,171,225)	–	(2.37)	–
	1,080,417,993	**826,822,981**	**75.09**	**51.35**

17 Trade creditors

Marico Limited, India	106,605,619	131,873,368	7.41	8.19
Other creditors	13,533,230	42,732,360	0.94	2.65
	120,138,849	**174,605,728**	**8.35**	**10.84**

18 Payable to holding company

Royalty and bank guarantee commission	233,038,526	177,772,739	16.20	11.04
General and technical assistance fees	23,427,653	–	1.62	–
	256,466,179	**177,772,739**	**17.82**	**11.04**

19 Other liabilities

Advance from customers	48,822,695	16,790,898	3.39	1.04
Tax and VAT deducted from vendors' bills	24,312,002	14,868,252	1.69	0.93
	73,134,697	**31,659,150**	5.08	**1.97**

20 Revenue

Products				
Parachute coconut oil	5,347,987,702	5,438,197,387	371.69	337.71
Value added hair oil (VAHO)	632,310,719	417,388,497	43.95	25.92
Haircode hair dye	100,176,003	91,909,694	6.96	5.71
Saffola - Edible oil	10,166,874	32,990,515	0.71	2.05
Kaya	14,192,137	35,247,121	0.99	2.19
Others	15,060,431	20,526,907	1.05	1.27
	6,119,893,866	**6,036,260,121**	**425.33**	**374.85**

21 Cost of sales

Opening stock of finished goods	224,018,376	247,581,606	15.57	15.37
Cost of goods manufactured (Note 21.1)	3,972,325,411	4,536,459,236	276.08	281.71
	4,196,343,787	4,784,040,842	291.65	297.08
Closing stock of finished goods	(283,400,693)	(224,018,376)	(19.7)	(13.91)
	3,912,943,094	**4,560,022,466**	**271.95**	**283.18**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

21.1 Cost of goods manufactured

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Materials consumed:				
Opening stock of raw and packing materials	1,553,920,542	933,217,127	108	57.95
Purchases during the year	2,975,351,454	5,020,115,221	206.79	311.75
Closing stock of raw and packing materials	(738,155,674)	(1,553,920,542)	(51.30)	(96.50)
	3,791,116,322	4,399,411,806	263.48	273.20
Factory overhead:				
Salary and allowances	23,970,333	17,791,032	1.67	1.1
Cost of outsourced resources	26,278,865	18,127,865	1.83	1.13
Power expenses	33,553,640	4,198,283	2.33	0.26
Warehouse rent	2,059,949	8,336,005	0.14	0.52
Loading charges	2,229,199	1,714,544	0.15	0.11
Repairs and maintenance of plant and machinery	6,428,384	2,388,651	0.45	0.15
Repairs and maintenance of factory building	1,549,255	1,832,669	0.11	0.11
Depreciation	71,405,559	68,230,695	4.96	4.24
Freight inward	10,780,480	10,530,517	0.75	0.65
LC charges	2,953,425	3,897,169	0.21	0.24
	181,209,089	137,047,430	12.59	8.51
	3,972,325,411	**4,536,459,236**	**276.08**	**281.71**

22 Marketing, selling and distribution expenses

Business promotion expenses	234,023,754	115,494,989	16.26	7.17
Advertisement	413,242,315	321,331,716	28.72	19.95
Market research expenses	15,825,943	30,058,962	1.1	1.87
Distribution expenses	37,732,136	53,534,430	2.62	3.32
Freight- outward	53,965,626	48,093,035	3.75	2.99
	754,789,774	**568,513,132**	**52.46**	**35.30**

23 General and administration expenses

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Salaries and allowances	199,382,577	114,736,339	13.86	7.13
Gratuity	5,564,289	4,682,411	0.39	0.29
Rent	11,785,791	12,269,215	0.82	0.76
Professional charges	42,136,205	28,811,092	2.93	1.79
Security charges	1,790,518	1,852,327	0.12	0.12
Legal charges	3,252,936	257,748	0.23	0.02
Postage, stamp and license fees	4,723,402	582,661	0.33	0.04
Director's remuneration	31,571,424	10,398,168	2.19	0.65
Director's fees	516,765	420,000	0.04	0.03
Repair and maintenance	19,832,224	14,771,518	1.38	0.92
Communication expenses	8,451,007	9,533,566	0.59	0.59
Subscription to trade association	102,900	90,000	0.01	0.01
Entertainment	6,376,945	5,682,621	0.44	0.35
Printing and stationery	1,762,596	2,262,036	0.12	0.14

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

Vehicle running expenses	16,352,919	14,133,475	1.14	0.88
Travelling and conveyance - Local	15,932,903	15,690,222	1.11	0.97
Travelling and conveyance - Foreign	8,527,160	9,140,340	0.59	0.57
Audit fees	400,000	313,500	0.03	0.02
Recruitment expenses	699,430	803,888	0.05	0.05
Insurance premium	3,930,088	4,552,759	0.27	0.28
Books and periodicals	200,649	119,504	0.01	0.01
Bank charges	2,427,765	8,858,391	0.17	0.55
Staff welfare expenses	11,566,204	9,791,425	0.8	0.61
AGM expenses	1,924,342	2,446,161	0.13	0.15
Conference and training expenses	12,035,679	2,475,378	0.84	0.15
Electricity and gas charges	2,062,408	1,210,741	0.14	0.08
Amortization	62,500	6,589,234	–	0.41
Royalty	55,265,786	54,684,744	3.84	3.4
Depreciation	35,309,336	22,887,992	2.45	1.42
Listing fees	140,000	140,000	0.01	0.01
	504,086,748	**360,187,456**	**35.03**	**22.37**

24 Other income

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Interest on fixed deposit	160,905,031	202,869,404	11.18	12.6
Dividend income	–	3,754,141	–	0.23
Interest on call deposit	757,632	206,508	0.05	0.01
Net finance income/(costs) (Note 24.1)	1,478,127	(69,243,728)	0.1	(4.3)
Gain on sale of assets (Note 24.2)	58,775,809	17,011,754	4.08	1.06
	221,916,599	**154,598,079**	**15.42**	**9.60**

24.1 Net finance costs/(income)

Interest on term loan	1,052,483	13,995,309	0.07	0.87
Interest on overdraft	1,201,730	3,474,614	0.08	0.22
Foreign exchange (gain) / loss	(3,732,340)	51,773,805	(0.26)	3.22
	(1,478,127)	**69,243,728**	**(0.10)**	**4.30**

24.2 Gain on sale of assets

			Gain on sale of			Gain on sale of
	Book value	Sale value	Assets	Book value	Sale value	Assets
	Taka	Taka	Taka	Rs. Crore	Rs. Crore	Rs. Crore
Plant and machinery	66,674	50,800,000	50,733,326	0.01	3.53	3.53
Factory equipments	26,798	69,281	42,483	0.01	–	–
Intangible assets	–	8,000,000	8,000,000	–	0.56	0.56
	93,472	**58,869,281**	**58,775,809**	**0.02**	**4.09**	**4.08**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

25 Income tax expense

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
Current tax expense	253,595,012	212,133,449	17.62	13.17
Deferred tax expense / (income)	49,046,806	(45,618,090)	3.41	(2.83)
	302,641,818	**166,515,359**	**21.03**	**10.34**

25.1 Reconciliation of effective tax

Profit before income tax as per statement of comprehensive income	1,169,990,849	702,135,146	81.31	43.60
Income tax using the domestic corporate tax rate (@ 24.75%)				
Factors affecting the tax charge for current year	289,572,735	173,778,449	20.13	10.79
Non deductible expenses			–	–
Deductible expenses	65,054,159	55,591,435	4.52	3.45
Tax savings from reduced tax rates from dividend	(71,937,322)	(13,691,027)	(5.00)	(0.85)
Tax savings from reduced tax rates from capital gain	–	(178,322)	–	(0.01)
Previous year adjustment	–	(3,367,086)	–	(0.21)
Deferred tax expense / (income)	(29,094,560)	–	(2.02)	–
Total income tax expenses	**49,046,806**	**(45,618,090)**	**3.41**	**(2.83)**
	302,641,818	**166,515,359**	**21.04**	**11.34**

26 Earnings per share

26.1 Basic Earnings Per Share

	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Taka	Taka	Rs. Crore	Rs. Crore
The computation of EPS is given below:				
Earnings attributable to ordinary share holders	867,349,031	535,619,787	60.28	33.26
(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 and Rs.	27.53	17.00	19.14	10.56

26.2 Diluted earnings per share

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

27 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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

Name of the related party	Relationship	Nature of transactions	Transaction Amount	Balance as at 31 March 2013	Balance as at 31 March 2012	Transaction Amount	Balance as at 31 March 2013	Balance as at 31 March 2012
Marico Limited, India	Parent company	Purchase of raw material	1,249,465,010	106,605,619	132,222,668	86.84	7.41	8.21
		Purchase of moulds	1,542,832	–	–	0.11	–	–
		Royalty and bank guarantee commission	55,265,786	233,038,526	177,772,739	3.84	16.20	11.04
		Dividend	255,150,000	–	–	17.73	–	–
		General and technical assistance fee	23,427,653	23,427,653	–	1.63	1.63	–
Marico Middle East FZE	Subsidiary of parent company	Purchase of raw material	423,905,507	5,607,131	43,721,058	29.46	0.39	2.72

28 Capacity

Major product	Unit of measure	Budgeted capacity during the year
PCNO	KL	24,000
Copra	Ton	28,000

29 Contingent Liabilities

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

	At 31 March 2013 US dollar	At 31 March 2012 US dollar	At 31 March 2013 Rs.Crore	At 31 March 2012 Rs.Crore
Outstanding L/C	**1,547,747**	4,114,990	8.4	20.94

29.2 There are contingent liabilities in respect of certain tax claims made against the Company. However, 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.

30 Financial risk management

30.1 *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 following are the financial assets of the Company as at 31 March 2013:

Exposure of financial assets	31 March 2013	31 March 2013
	Taka	Rs. Crore
Accrued interest	55,018,956	3.82
Fixed deposits	2,014,917,416	140.04
Cash and cash equivalents	50,833,931	3.53
Total financial assets	2,120,770,303	147.39

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

30.2 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 another 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 2013:

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	Taka	RS. Crore	RS. Crore	RS. Crore
Short term finance	38,534,964	38,534,964	38,534,964	–	2.68	2.68	2.68	–
Liability for expenses	433,481,827	433,481,827	433,481,827	–	30.13	30.13	30.13	–
Trade creditors	120,138,849	120,138,849	120,138,849	–	8.35	8.35	8.35	–
Payable to holding company	256,466,179	256,466,179	78,693,439	177,772,739	17.82	17.82	5.47	12.36
Other liabilities	73,134,697	73,134,697	73,134,697	–	5.08	5.08	5.08	–
Total financial liabilities	921,756,516	921,756,516	743,983,776	177,772,739	64.06	64.06	51.71	12.36
Surplus of financial assets over financial liabilities	1,199,013,787	–	–	–	95.31	–	–	–

30.3 Market risk

Market risk is the risk that include 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 optimizing the return. The company's exposure to foreign currency risk at 31 March are as follows:

	US Dollar	Rs.Crore
Import of goods and services	1,441,823	7.83
Bank balance	90,071	0.49
	1,531,894	**8.32**

31 Value of import calculated on CIF Basis

	31 March 2013	31 March 2013
	Taka	Rs. Crore
Raw materials	2,175,192,279	151.18
Capital goods	**127,227,526**	**8.84**
	2,302,419,805	**160.02**

32 General

32.1 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 127 (previous year: 124).

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

33 Events after the reporting period

For the year ended 31 March 2013 the Board of Directors recommended final cash dividend @ 50% per share at 75th boar d meeting held on 23 April 2013.

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

Board of Directors	Milind Sarwate Aditya Shome Rohit Jaiswal Pawan Agrawal
Registered Office	House-1, Road-1, Sector-1, Uttara, Dhaka – 1230, Bangladesh
Auditors	Rahman Rahman Huq Chartered Accountants
Internal Auditors	Farhad Hussain & Co.
Bankers	Standard Chartered Bank Citibank 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, 2012.

FINANCIAL RESULTS

	(Taka Crore)		(Rs. Crore)	
Particulars	**2012**	**2011**	**2012**	**2011**
Sales and Other Income	0.00	0.00	0.00	0.00
Profit before tax	**0.18**	**0.22**	**(0.13)**	**(0.14)**
Tax	(0.00)	(0.00)	(0.00)	(0.00)
Profit after Tax	**(0.42)**	**0.22**	**(0.13)**	**0.14**
Add : Surplus brought forward	2.72	2.50	1.99	1.61
Surplus carried forward	**2.30**	**2.72**	**1.86**	**1.76**

(Note: The exchange rate used to convert Taka to Rs. is Rs. 0.73 /Taka)

SALES TURNOVER & PROFITABILITY

During the year ended September 30, 2012 (FY11), there was on trading transaction except other income on which it earned a profit/income before tax of Taka 0.18 Crore and a profit after tax of Taka (0.42) Crore.

DIVIDEND

No dividend is being proposed for this year.

DIRECTORS

The Board of Directors was re-constituted on April 23, 2013

AUDITORS

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

HUMAN RESOURCES

The Board wishes to place on record its appreciation 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, 2013

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 2012, 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 2012, 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, 30 October 2012

BALANCE SHEET

	Note	2012 Taka	2011 Taka	2012 Rs. Crore	2011 Rs. Crore
		As at September 30,			
Source of funds					
Shareholders' funds:					
Share capital	4	1,000,000	1,000,000	0.06	0.07
Retained earnings		22,956,699	27,159,648	1.49	1.77
Total		**23,956,699**	**28,159,648**	**1.55**	**1.84**
Application of funds					
Current assets:					
Advance income tax	5	40,734,974	40,009,557	2.64	2.60
Accrued interest	**6**	1,174,949	1,142,260	0.08	0.07
Cash and cash equivalents	7	30,331,519	30,545,235	1.96	1.99
		72,241,442	**71,697,052**	**4.68**	**4.66**
Current liabilities and provisions:					
Liability for expenses	**8**	**703,324**	**583,074**	**0.05**	**0.04**
Provision for tax	9	42,225,607	37,799,831	2.73	2.45
Payable to holding company	10	3,609,981	3,609,981	0.23	0.23
Other liabilities	11	1,745,831	1,544,518	0.11	0.10
		48,284,743	**43,537,404**	**3.12**	**2.88**
Net current assets		23,956,699	28,159,648	1.56	1.84
Total		**23,956,699**	**28,159,648**	**1.56**	**1.84**

The annexed notes 1 to 18 form an integral part of these financial statements.

Debashish Neogi
Director

Vijay Subramaniam
Director

As per our report of same date.

Rahman Rahman Huq
Auditor

Dhaka, 30 October 2012

Note: The exchange rate use to convert Taka to Rs.<0.695>/(Previous year Taka to Rs.<0.621>)

PROFIT AND LOSS ACCOUNT

	Note	31 March 2012 Taka	31 March 2011 Taka	31 March 2012 Rs. Crore	31 March 2011 Rs. Crore
Turnover					
Cost of sales					
Gross profit					
General and administrative expenses	12	**1,569,982**	**684,148**	**0.10**	**0.04**
Results from operating activities		**(1,569,982)**	**(684,148)**	**(0.10)**	**(0.04)**
Finance income	13	**3,383,312**	**2,844,997**	**0.22**	**0.19**
Profit before tax		**1,813,330**	**2,160,849**	**0.12**	**0.15**
Tax expenses:					
Current tax expenses	14	**6,016,279**	**–**	**0.39**	**–**
(Loss)/profit for the year		**(4,202,949)**	**2,160,849**	**(0.27)**	**0.15**

The annexed notes 1 to 18 form an integral part of these financial statements.

Debashish Neogi
Director

Vijay Subramaniam
Director

As per our report of same date.

Rahman Rahman Huq
Auditor

Dhaka, 30 October 2012

Note: The exchange rate use to convert Taka to Rs.<0.695>/(Previous year Taka to Rs.<0.621>)

CASH FLOWS STATEMENT

	As at September 30,			
	2012	2011	2012	2011
	Taka	Taka	Rs. Crore	Rs. Crore
Cash flows from operating activities				
(Loss)/profit for the year	(4,202,949)	2,160,849	(0.27)	0.14
Adjustment for income tax expense	6,016,279	–	0.39	–
	1,813,330	2,160,849	0.12	0.14
Changes in:				
Liabilities for expenses	120,250	(40,250)	0.01	–
Other liabilities	201,314	60,600	0.01	–
Accrued interest	(32,689)	(408,219)	0.01	(0.03)
Cash generated from operation	2,102,205	1,772,980	0.14	0.11
Tax paid	(2,315,921)	(243,678)	(0.15)	(0.02)
Net cash (used in)/generated from operating activities	(213,716)	1,529,302	(0.01)	0.09
Cash flows from investing activities	–	–	–	–
Net cash from investing activities	–	–	–	–
Cash flows from financing activities	–	–	–	–
Net cash from financing activities	–	–	–	–
Net (decrease)/increase in cash and cash equivalents	**(213,716)**	**1,529,302**	**(0.01)**	**0.1**
Cash and cash equivalents at 1 October	**30,545,235**	**29,015,933**	**1.98**	**1.89**
Cash and cash equivalents 30 September	**30,331,519**	**30,545,235**	**1.97**	**1.99**

Note: The exchange rate use to convert Taka to Rs.<0.695>/(Previous year Taka to Rs.<0.621>)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Retained earnings	Total	Share capital	Retained earnings	Total
	Taka	Taka	Taka	Rs.Crore	Rs.Crore	Rs.Crore
Balance at 1 October 2010	1,000,000	24,998,799	25,998,799	0.07	1.62	1.69
Profit for the year	–	2,160,849	2,160,849	–	0.14	0.14
Balance at 30 September 2011	**1,000,000**	**27,159,648**	**28,159,648**	**0.07**	**1.76**	**1.83**
Balance at 1 October 2011	1,000,000	27,159,648	28,159,648	0.06	1.74	1.8
Loss for the year	–	(4,202,949)	(4,202,949)	–	(0.27)	(0.27)
Balance at 30 September 2012	**1,000,000**	**22,956,699**	**23,956,699**	**0.06**	**1.47**	**1.53**

Note: The exchange rate use to convert Taka to Rs.<0.695>/(Previous year Taka to Rs.<0.621>)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2012

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. The company is a wholly owned subsidiary of Marico Middle East FZE (MME) which is a 100% subsidiary of Marico Limited, India.

1.2 Registered office

The address of the registered office of the company is at House no. 1, Road no. 1, Sector no. 1, Uttara Model Town, Dhaka-1230.

1.3 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, and the Companies Act 1994.

2.2 Date of authorisation

The Board of Directors has authorised these financial statements on 31 October 2012.

2.3 Basis of measurement

The financial statements have been prepared on historical cost convention.

2.4 Functional and presentational currency

The financial statements are presented in Bangladeshi Taka (Taka), which is the company's functional currency. The figures of financial statements have been rounded off to the nearest taka.

2.5 Reporting period

The financial statements of the company covered one year from 1 October 2011 to 30 September 2012 and is followed consistently.

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2012

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 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and fixed deposits.

The net cash flow from operating activities is determined by adjusting profit/(loss) for the year under indirect method as per BAS 7 Statement of Cash Flows.

3.3 Provisions

A provision is recognised in the balance sheet 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 require to settle the obligation and a reliable estimate thereof can be made.

3.4 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.

3.4.1 *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.

3.4.2 *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 effects 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.

3.5 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2012

4. Share capital

	As at September 30,			
	2012	**2011**	**2012**	**2011**
	Taka	**Taka**	**Rs. Crore**	**Rs. Crore**
Authorized:				
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000	0.65	0.65
Paid up:				
100,000 Ordinary shares of Tk 10 each fully paid up in cash	1,000,000	1,000,000	0.06	0.07

At 30 September 2012, share holding position of the company was as follows:

	Number of shares	**Value of shares Taka**	
Marico Middle East FZE (MME)	99,996	999,960	0.01
Directors (as joint holders with MME)	4	40	–
	100,000	**1,000,000**	**0.01**

5. Advance income tax

	As at September 30,			
	2012	**2011**	**2012**	**2011**
	Taka	**Taka**	**Rs. Crore**	**Rs. Crore**
Opening balance	40,009,557	39,765,879	2.59	2.59
Add: Advance tax paid				
TDS on interest	335,063	243,678	0.02	0.02
Under section 74 for assesment year 2011 - 2012	390,354	–	0.03	–
Closing balance	**40,734,974**	**40,009,557**	**2.64**	**2.60**

6. Accrued interest

Interest on fixed deposit	**1,174,949**	**1,142,260**	**0.08**	**0.07**
	1,174,949	**1,142,260**	**0.08**	**0.07**

7. Cash and cash equivalents

Cash in hand				
Cash at banks:	773,666	4,827,570	0.05	0.31
Citibank, N.A. (SND Account)	1,367,353	717,665	0.09	0.05
Standard Chartered Bank (Call deposit account)	2,141,019	5,545,235	0.14	0.36
Fixed deposits with:	5,000,000	5,000,000	0.32	0.33
Bank Asia Limited	2,000,000	–	0.13	–
Citibank, N.A.	21,190,500	20,000,000	1.37	1.30
Delta Brac Housing Finance Corporation Ltd.	28,190,500	25,000,000	1.82	1.63
	30,331,519	**30,545,235**	**1.96**	**1.99**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2012

		As at September 30,			
		2012	2011	2012	2011
		Taka	Taka	Rs. Crore	Rs. Crore
8.	**Liability for expenses**				
	Audit fees	230,000	109,750	0.01	0.01
	Creditors for imports	473,324	473,324	0.03	0.03
		703,324	**583,074**	**0.05**	**0.04**
9.	**Provision for tax**				
	Opening balance	37,799,831	37,799,831	2.45	2.46
	Provision for the year	4,425,776	–	0.29	–
	Closing balance	**42,225,607**	**37,799,831**	**2.73**	**2.46**
10.	**Payable to holding company**				
	Bank guarantee commission	3,609,981	3,609,981	0.23	0.24
11.	**Other liabilities**				
	VAT and SD payable	1,639,164	1,463,918	0.11	0.10
	Tax deducted at source	106,667	80,600	0.01	0.01
		1,745,831	**1,544,518**	**0.11**	**0.10**
12.	**General and administrative expenses**				
	Professional charges	784,314	672,750	0.05	0.04
	Group audit and review fees	371,000	–	0.02	–
	Statutory audit fees	345,000	–	0.02	–
	Bank charges	8,120	11,398	–	–
	Legal fees	61,548	–	–	–
		1,569,982	**684,148**	**0.10**	**0.04**
13.	**Finance income**				
	Interest on SND account	38,123	45,528	–	–
	Interest on fixed deposits	3,345,189	2,799,469	0.22	0.18
		3,383,312	**2,844,997**	**0.22**	**0.19**
14.	**Current tax expenses**				
	Current year tax expense	233,635	–	0.02	–
	Prior year tax expense:				
	For 2005	79,749	–	0.01	–
	For 2006	1,510,755	–	0.10	–
	For 2009	3,067,454	–	0.20	–
	For 2010	880,340	–	0.06	–
	For 2011	244,346	–	0.02	–
		6,016,279	–	0.39	–

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2012

15. 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.

16. Capital expenditure commitment

There is no such commitment as at 30 September 2012.

17. Events after the reporting period

No material events had occurred after the date of balance sheet to the date of issue of these financial statements, which could affect the values stated in the financial statements or required disclosure in the notes.

18. General

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

Board of Directors	Harsh Mariwala, Chairman & Managing Director Ravindra Mariwala Rajen Mariwala Rishabh Mariwala
Company Secretary	Deepali Herror (Upto April 10, 2013)
Registered Office	Rang Sharda, K. C. Marg Bandra Reclamation, Bandra (W), Mumbai – 400 050
Auditors	M/s. Price Waterhouse Chartered Accountants
Internal Auditors	M/s. Ernst & Young LLP Chartered Accountants
Bankers	Citibank NA HDFC Bank Limited ICICI Bank Limited Standard Chartered Bank
Website	www.kayaclinic.com

DIRECTORS' REPORT

To

The Members

Your Board of Directors ("Board") is pleased to present the Tenth Annual Report together with audited accounts of your Company for the year ended March 31, 2013.

FINANCIAL RESULTS - AN OVERVIEW

During the year under review, your Company reported total revenue of Rs. 143.66 Crore and incurred an operating loss of Rs.29.75 Crore.

	Year ended March 31,	
	2013	**2012**
	Rs. Crore	**Rs. Crore**
Total Revenue	**143.66**	141.74
Profit / (Loss) Before Tax and Exceptional Items	**(19.74)**	(2.51)
Exceptional Items	**(10.02)**	(0.46)
Profit / (Loss) Before Tax	**(29.75)**	(2.97)
Profit / (Loss) Before Tax from Continuing Operations	**(29.75)**	(2.97)
Less : Provision for Tax for Current Period		
(Fringe Benefit Tax +Deferred Tax)	**(0.0)**	(0.02)
Profit / (Loss) after Tax from Continuing Operations	**(29.75)**	(2.94)
Profit / (Loss) Before Tax from Discontinuing Operations	**(0.00)**	(0.00)
Less: Provision for Tax for Current Period		
(Fringe Benefit Tax +Deferred Tax)	**(0.00)**	(0.00)
Profit / Loss after Tax from Discontinuing Operations	**(0.00)**	(0.00)
Total Profit / (Loss) after Tax for current period	**(29.75)**	(2.94)
Add: Profit / (Loss) Brought Forward	**(75.00)**	(72.06)
Profit / (Loss) carried forward	**(104.75)**	(75.00)

DISTRIBUTION TO SHAREHOLDERS

No dividend is being proposed for the financial year under review.

REVIEW OF OPERATIONS

The business of your company comprises offering skin care solutions to its customers. The service revenue includes packaged services for which the consideration is collected upfront towards services to be availed by the customers over a period of time. These advances are non-refundable and hence are designed to constitute revenue at some point of time in the future. Based on actual utilization of services by customers against each package within its validity period, your company had been recognizing revenue and parking the balance as deferred revenue for which advance payments have been received insofar as packaged services are concerned. Accordingly, during the year under review, additional amounts of Rs. 1.03 Crore collected during the period in respect of which services have been considered to be pending to be rendered as at the period end have been deferred for recognition upon rendering of services in the subsequent periods. Total deferred collection as on 31st March 2013 stands at Rs. 35.07 Crore. The deferred collections are included under the head Current Liabilities. However these advances are non-refundable and hence are designed to constitute revenue at some point of time in the future.

Accounting standard require impairment testing on a clinic by clinic basis. The company has carried this out during the year under review which resulted in an additional impairment of Rs. 10.02 Crores (shown as Exceptional Item in the table above). Your company however remains confident about the potential of the Kaya business as a whole. An application of the impairment test to the business as a whole would yield a positive result as other clinics are performing well.

DIRECTORS' REPORT

Your company's turnover comprises service revenue and product revenue. In FY13, the company clocked a service turnover of Rs. 110.80 Crores as against Rs. 98.98 Crores during FY12. The sale of the skin care products of your Company increased to Rs. 32.53 Crores in FY13 from Rs. 30.65 Crores in FY12.

The management believes that the building blocks are in place for turning in a better operating and financial performance in future.

OTHER CORPORATE DEVELOPMENTS

Restructuring of businesses, corporate entities and organizations belonging to the Marico Group

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

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

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

  Kaya business which is currently housed under Marico will be demerged into Marico Kaya Enterprises Limited ("MaKE"), a newly incorporated skin care solutions business company by Marico. MaKE will eventually house the Kaya Business through its subsidiaries in India and overseas.

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

Consequently, the shareholding structure of MaKE will mirror the shareholding structure of Marico Limited.

The corporate entity restructuring is subject to shareholder, creditors, lenders and other contractual, statutory and regulatory approvals as may be required.

Conversion of outstanding loan due to Marico Limited ("Marico"), the holding Company into equity capital and subsequent allotment of Equity Shares on Rights basis

The Board of Directors of the Company, at their meeting held on March 1, 2013, approved the conversion of outstanding loan of Rs. 1,088,416,875, as on February 28, 2013 due to Marico into equity capital. The said conversion was carried out by way of issue and allotment of equity shares on Rights basis. Subsequently, the Company allotted 33,48,975 equity shares of face value of Rs. 10 each at a premium of Rs. 315 each to Marico on March 18, 2013. This resulted in an increase of equity share capital by Rs. 3,34,89,750 and securities premium reserve by Rs. 1,05,49,27,125.

Transfer of KME ownership from MME to DIAL

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

Personnel Movements

During the year under review, Ms. Deepali Heroor, Company Secretary of the Company resigned from the office of Company Secretary with effect from the close of working hours on April 10, 2013. The Company is in the process of recruiting a suitable candidate possessing the prescribed qualification.

Further, Mr. Ajay Pahwa, the Chief Executive Officer of the Company resigned with effect from April 30, 2013 and Mr. Vijay Subramaniam took over as the Chief Executive Officer of the Company, effective April 1, 2013. During his association with the Company, Mr. Ajay Pahwa led maiden acquisition of DRx Clinic which strengthened Company's product and service portfolio

DIRECTORS' REPORT

and he also created a culture of customer centricity with cost consciousness which enabled the business to improve margins. The management wishes to express their deep and sincere appreciation towards the contribution made by Mr. Ajay Pahwa during his association with the company.

PUBLIC DEPOSITS

During the year, your Company did not accept any Public Deposits.

CONSERVATION OF ENERGY

Your Company's operations are not energy-intensive and as such at present no additional investments and proposals are contemplated for reduction of consumption of energy. However, your Company is conscious of the importance of conserving energy and continuous monitoring is done in each of the clinics to reduce any wastage.

RESEARCH & DEVELOPMENT (R & D)

During the year under review, your Company continued its efforts to launch new products and services. Certain new products launched are Balancing Cleansing Gel, Rebalancing Mist, Calming Moisturiser, Recharging Moisture Concentrate, Brightening Serum, Brightening & Firming Eye Serum, Derma Stemness Benefactor, Derma Stemness Reviving Serum, Refining Mist, All Day Brightening Cream, Overnight Brightening Nourisher, Skin Awakening Rinse, Skin Awakening Gel, Overnight Skin Replenisher, Acne Free Purify Spot Corrector etc.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Your Company invests actively in training its in-clinic staff to gain expertise of the equipment imported to impart the various skin care services. Such training creates a learning curve, which helps the staff absorb any new techniques that may get introduced from time to time as and when a new service is introduced.

FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earning and outgo during the period is as mentioned in Schedule No. "31 & 32".

PARTICULARS OF EMPLOYEES

Your Company had no employee of the category indicated under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Rules, 2011 as amended from time to time. Your Company has therefore no particulars to disclose under these rules.

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, 2013 and the profits of your Company for the year ended on that date;

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;

   Further, your Directors also confirm that the observations of the Auditors in their report to the Members have been adequately dealt with in the relevant notes to the accounts. Hence no additional explanation is considered necessary.

DIRECTORS' REPORT

DIRECTORS

Director retiring by rotation

Mr. Rajen Mariwala, Director of the Company, is liable to retire at the ensuing Annual General Meeting pursuant to the provisions of Section 256 of the Companies Act, 1956 and being eligible offers himself for re-appointment.

STATUTORY AUDITORS

M/s. Price Waterhouse, Chartered Accountants, retires at the ensuing Annual General Meeting and have confirmed their eligibility for reappointment.

COST AUDITORS

Your Company appointed M/s. Ashwin Solanki & Associates, Cost Accountants, Mumbai, to conduct the cost audit compliance for the financial year ended March 31, 2013.

INTERNAL AUDITORS

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

ACKNOWLEDGEMENT

The Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. The Board also wishes to place on record its sincere appreciation for the wholehearted support received from bankers and all other business associates and looks forward to continued support of all these partners in progress.

On behalf of the Board of Directors

Place: Mumbai — **Harsh Mariwala**

Date: April 30, 2013 — **Chairman & Managing Director**

INDEPENDENT AUDITORS' REPORT

To

THE MEMBERS OF KAYA LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
   (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Mumbai
April 30, 2013

ANNEXURE TO AUDITOR'S REPORT

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

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

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

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

ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

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

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

iii. (a) The Company has not granted any secured/ unsecured loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(b) The Company has taken interest free unsecured loans from the Holding Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to Rs. 1,151,580,763 and Rs. 1,132,763,978, respectively.

(c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

(d) The said loan has not become due for repayment as at the year end.

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

v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion, and according to the information and explanations given to us, the transactions being in the nature of interest free loans referred in paragraph 3 above and reimbursement of expenses, the question of commenting on comparison with the prevailing market prices at the relevant time does not arise.

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

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

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

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

ANNEXURE TO AUDITOR'S REPORT

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax and service tax as at March 31, 2013 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Finance Act 1994	Service Tax	3,746,436	December 01, 2004 to March 31, 2008	Joint Commissioner – Service Tax
Local sales tax acts of various states	Sales tax and VAT	5,029,137	2005 – 2006 to 2008 – 2009	The appellate deputy commissioner / commercial tax officer

x. The accumulated losses of the Company exceeds fifty percent of its net worth as at March 31, 2013 and it has incurred cash losses in the financial year ended on that date but has not incurred cash losses in the immediately preceding financial year.

xi. As the Company does not have any borrowings from any financial institution or bank, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.

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

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

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

xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.

xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.

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

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

xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Mumbai
April 30, 2013

BALANCE SHEET

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	17.85	14.50
Reserves and surplus	4	16.54	(59.09)
		34.39	(44.59)
NON - CURRENT LIABILITIES			
Long-term borrowings	5	113.28	102.15
Long-term provisions	6	3.63	3.64
		116.91	105.79
CURRENT LIABILITIES			
Trade payables	7	10.26	10.39
Other current liabilities	8	44.83	40.33
Short-term provisions	9	1.72	1.59
		56.81	52.31
Total		**208.11**	**113.51**
ASSETS			
NON - CURRENT ASSETS			
Fixed assets			
- Tangible assets	10	16.40	43.14
- Intangible assets	10	0.44	0.05
- Capital work-in-progress		0.12	2.16
		16.96	45.35
Non-current investments	11	104.35	22.98
Long-term loans and advances	12	14.82	17.38
Other non-current assets	13	0.28	0.27
		119.45	40.63
CURRENT ASSETS			
Current Investments	14	41.51	–
Inventories	15	14.39	15.63
Trade receivables	16	0.42	0.25
Cash and bank balances	17	3.38	1.29
Short-term loans and advances	18	11.08	9.40
Other current assets	19	0.92	0.96
		71.70	27.53
Total		**208.11**	**113.51**

The notes are an integral part of these financial statements.

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061

Mumbai: April 30, 2013

For **and on behalf of the Board of Directors**

Harsh Mariwala
Chairman and Managing Director

Rajen Mariwala
Director

Mumbai: April 30, 2013

STATEMENT OF PROFIT AND LOSS

	Note	Year ended March 31, 2013	Year ended March 31, 2012
REVENUE :			
Revenue from operations	**22**	143.34	129.63
Other income	**23**	0.32	12.11
TOTAL REVENUE		**143.66**	**141.74**
EXPENSES:			
Cost of material consumed	**24**	13.23	7.70
Purchases of stock-in-trade		0.44	1.51
Changes in inventories of finished goods, work-in-process and stock-in-trade - (Increase) / decrease	**25**	(2.72)	0.14
Employee benefits expenses	**26**	36.46	30.48
Finance costs	**27**	2.23	2.02
Depreciation and amortisation expenses	**10**	10.27	9.57
Other expenses	**28**	103.49	92.83
TOTAL EXPENSES		**163.40**	**144.25**
PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		(19.74)	(2.51)
Exceptional Items - expenses	**29**	10.02	0.46
PROFIT / (LOSS) BEFORE TAX		**(29.76)**	**(2.97)**
Tax Expenses			
- Current tax (Refer note 40(a))		–	–
- Deferred tax (Refer note 40(b))		–	–
- Fringe benefit tax - prior year adjustments		–	(0.02)
PROFIT / (LOSS) FOR THE YEAR		**(29.76)**	**(2.95)**
Earnings per equity share: [Nominal Value per share: Rs.10 (Previous year - Rs.10)]	**38**		
Basic		(20.34)	(2.03)
Diluted		(20.34)	(2.03)

The notes are an integral part of these financial statements.

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061

Mumbai: April 30, 2013

For **and on behalf of the Board of Directors**

Harsh Mariwala
Chairman and Managing Director

Rajen Mariwala
Director

Mumbai: April 30, 2013

CASH FLOW STATEMENT

		Year ended March 31	
		March 31, 2013 Rs.	**March 31, 2013 Rs.**
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (Loss) before taxation	(29.75)	(2.97)
	Adjustments for:		
	Depreciation and amortisation expenses	10.27	9.57
	Provision for impairment of fixed assets (Refer note 29)	10.02	0.46
	Finance costs	2.23	2.02
	Interest income	(0.01)	(0.01)
	Irrecoverable balances written off	0.26	0.42
	Provision no longer required written back	(0.17)	–
	Loss / (profit) on sale / discarding of assets (net)	2.92	(0.07)
	Profit on sale of current investments	(0.00)	–
	Dividend Income	(0.00)	(11.96)
	Provision for doubtful debts	0.03	–
		25.55	0.42
	Operating profit / (loss) before working capital changes	**(4.20)**	**(2.54)**
	Adjustments for:		
	(Increase) / decrease in inventories	1.24	(1.68)
	(Increase) / decrease in trade receivables	(0.20)	0.02
	(Increase) / decrease in loans and advances and other current and non-current assets	0.67	(0.82)
	Increase / (decrease) in trade payables and other current and non-current liabilities and provisions	4.66	10.50
		6.37	8.02
	Cash generated from / (used in) operations	**2.17**	**5.48**
	Taxes paid	0.00	2.83
	NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	**2.17**	**2.65**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(8.39)	(6.68)
	Sale of fixed assets	13.57	0.29
	Investments in a subsidiary	(81.37)	–
	Purchase of Current Investments - in mutual funds (net)	(41.51)	–
	Dividend income received	0.00	11.96
	Interest income received	0.00	0.00
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(117.70)**	**5.57**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Loans taken / (repaid) from the Holding Company (net of repayments)	11.13	(5.87)
	Proceeds from issuance of Share capital on rights basis	108.73	–
	Finance costs paid	(2.23)	(2.02)
	NET CASH INFLOW FROM FINANCING ACTIVITIES	117.63	(7.89)
D	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS**	2.09	0.31
E	**Cash and cash equivalents - opening balance (Refer note 17)**	1.29	0.98
F	**Cash and cash equivalents - closing balance (Refer note 17)**	3.38	1.29

Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, as specified in the Companies (Accounting Standards) Rules, 2006.
2. Previous year figures have been regrouped where necessary.

The notes are an integral part of these financial statements.

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061

Mumbai: April 30, 2013

For **and on behalf of the Board of Directors**

Harsh Mariwala
Chairman and Managing Director

Rajen Mariwala
Director

Mumbai: April 30, 2013

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kaya Limited ('Kaya' or the 'Company'), headquartered in Mumbai, India a wholly owned subsidiary of Marico Limited, carries on skin care business through Kaya Skin Clinics. The clinics offer skin care solutions using scientific dermatological procedures and products.

Further, as per the Scheme of Arrangement between Marico Limited and Marico Kaya Enterprises Limited ('MaKE'), which is subject to requisite approvals, the Company will become a wholly owned subsidiary of MaKE with appointed date of April 1, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements:

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards, as specified in the Companies (Accounting Standards) Rules, 2006 and the other relevant provisions of the Companies Act, 1956.

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 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 year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives and provision for impairment of fixed assets and intangible assets.

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

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

Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation / amortisation and impairment loss, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Pre-operative expenses incidental and related to setting up of new clinics have been included under capital work-in-progress. Such expenditure are capitalised to fixed asset upon start of operations of the clinic.

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

d) Depreciation / amortization:

1) Tangible assets

(i) Depreciation is provided on Straight line basis at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The useful lives of the following assets as estimated by the management are higher from the rates prescribed under Schedule XIV to the Companies Act, 1956:

Computer hardware, related peripherals etc.	–	33.33%
Technologically advanced machineries	–	14.29% to 50%
Other plant and equipment	–	11.11% to 50%
Furniture and fixtures (Including lease hold improvements)	–	11.11%

NOTES TO FINANCIAL STATEMENTS

(ii) The useful life of leasehold improvements are estimated taking into consideration lease period including the renewal option. Leasehold improvements includes provision for site restoration costs which are recognised based on the estimates made by management for probable liability towards restoration of these premises at the end of lease period.

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

(iv) Depreciation on additions during the year is charged from the month in which the assets are capitalized and for deletions up to the month prior to the month in which the asset is disposed off.

2) Intangible assets

Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, but not exceeding the period given here under:

Computer softwares	–	33.33%
Trade marks / copyrights	–	10.00%

e) Impairment:

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

f) Investments:

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

g) Inventories:

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

2) Finished goods, stock-in-trade and work-in-progress are valued at lower of cost and net realizable value.

3) Cost is ascertained on weighted average method and in case of finished products and work-in-progress, it includes appropriate production overheads and duties.

h) Research and development:

Capital expenditure on research and development is capitalized and depreciated. Revenue expenditure is chargedoff in the year in which it is incurred.

i) Revenue recognition:

1) Income from services is recognized on rendering of services and are recorded net of discounts and service tax.

2) Income from package sale is recognized based on the utilisation of sessions by the customers.

NOTES TO FINANCIAL STATEMENTS

3) Sale of products is recognized on delivery, which is when risks and rewards of ownership passed to the customers, and are recorded net of trade discounts, sales tax and value added tax.

j) Retirement benefits:

1) Long-term employee benefits

(i) Defined contribution plans

The Company has defined contribution plan for post employment benefits in the form of provident fund. The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as incurred.

(ii) Defined benefit plans

The Company has defined benefit plans for post employment benefits in the form of gratuity and compensated absences. Liability for defined benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the projected unit credit method.

2) Actuarial gains and losses due to changes in actuarial assumptions are recognised immediately in the Statement of Profit and Loss as income or expense.

k) Foreign currency transactions:

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

2) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognised in the Statement of Profit and Loss.

l) Accounting for taxes on income:

1) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.

2) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognized only when there is a virtual certainty of realization and other items are recognized when there is a reasonable certainty of realisation.

m) Assets taken on lease:

1) The assets taken on finance lease are capitalized at the inception of the lease at the lower at the fair value of the leased assets and present value of the minimum lease payments. The corresponding amount is recognised as lease liabilities. The principal component in the lease rental is adjusted aganist the lease liability and the interest component is charged to the Statement of profit and loss.

2) Operating lease payments are recognized as expenditure in the Statement of Profit and Loss account as per the terms of the lease arrangements. Initial direct cost incurred by the company for operating lease arrangements are amortised over a non cancellable period of lease agreement.

n) Accounting for provision, contingent liabilities and contingent assets:

Provisions are recognised, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are disclosed only when there is a possible obligation arising from past events due to 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. Obligations are assessed on an ongoing basis and

NOTES TO FINANCIAL STATEMENTS

only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognised in the financial statements.

o) Utilisation of Securities Premium Reserve

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

p) Earnings Per Share

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

NOTES TO FINANCIAL STATEMENTS

(Figures in INR Crores)

		As at March 31, 2013	As at March 31, 2012
3.	**SHARE CAPITAL**		
	(a) Authorised	20.00	20.00
	20,000,000 (20,000,000) equity shares of Rs. 10/- each		
	(b) Issued, subscribed and fully paid-up		
	17,848,975 (14,500,000) equity shares of Rs. 10/- each fully paid-up	17.85	14.50
	Total	**17.85**	**14.50**

(c) Reconciliation of number of shares

	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	14,500,000	145,000,000	14,500,000	145,000,000
Shares issued during the year - Rights issue	3,348,975	33,489,750	–	–
Balance as at the end of the year	**17,848,975**	**178,489,750**	**14,500,000**	**145,000,000**

(d) Rights, preferences and restrictions attached to equity shares -

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(e) Shares held by the holding company:

Entire share capital is held by Marico Limited, the holding company, including 6 (6) equity shares held by its nominees.

(f) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Marico Limited and its nominees	17,848,975	100%	14,500,000	100%

4. RESERVES AND SURPLUS

	As at March 31,2013	As at March 31, 2012
Securities premium reserve (Refer note 10 (b)):		
Balance as at the beginning of the year	15.91	15.91
Add : Receipt on issue of shares during the year (Refer note 3(c))	105.49	–
Less: Amount adjusted towards share issue expenses	0.11	–
	121.29	15.91
Surplus / (Deficit) in the Statement of Profit and Loss:		
Balance as at the beginning of the year	(75.00)	(72.06)
Loss for the year	(29.75)	(2.94)
Balance as at the end of the year	(104.75)	(75.00)
Total	**16.54**	**(59.09)**

NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM BORROWINGS

	As at March 31,2013	As at March 31, 2012
Unsecured:		
Loan from the holding company - Interest free	113.28	102.15
Total	**113.28**	**102.15**

The above loan is given by the holding company to provide long-term funding support to the Company. There are no specific terms of repayment of the loan.

6. LONG-TERM PROVISIONS

Provision for Employee Benefits:		
- Provision for gratuity (Refer note 34)	0.43	0.42
	0.43	0.42
Other provisions:		
- Provision for equalisation of rent expenses (Refer note (a) below)	2.26	2.03
- Provision for site restoration cost (Refer note (b) below)	0.94	1.19
	3.20	3.22
Total	**3.63**	**3.64**

a) Provision for equalisation of rent expenses represents amounts recorded towards recognition of rent expenses on straight line basis over the lease period.

b) Provision for site restoration cost

Balance as at the beginning of the year	1.43	1.39
Additions	0.15	0.04
Amounts used	(0.12)	–
Balance as at the end of the year	1.46	1.43
Classified as Non-current:	0.93	1.19
Classified as current:	0.53	0.24
Total	**1.46**	**1.43**

The Company uses various leased premises for its clinics. A provision for site restoration cost is recognised for the estimates made for probable liability towards the restoration of these premises at the end of lease period.

7. TRADE PAYABLES

Trade payables	10.26	10.39
Total	**10.26**	**10.39**

NOTES TO FINANCIAL STATEMENTS

(a) The disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMEC Act') are as follows:

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	–	0.01
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	–	–
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest due and payable towards suppliers registered under MAMED Act for payments already made.	–	–
Further ineterest remaining due and payable for earlier years.	–	–

b) Trade payables includes due to subsidiary Rs.4,362,500 (Previous year: Rs.20,667,247)

8. OTHER CURRENT LIABILITIES

Advances from customers	35.08	34.21
Book overdraft	–	1.18
Due to the holding company	3.88	0.85
Statutory dues including provident fund and tax deducted at source	1.52	1.57
Creditors for capital goods	0.55	0.02
Employee benefits payable	2.35	1.83
Others	1.45	0.67
Total	**44.83**	**40.33**

9. SHORT-TERM PROVISIONS

Provision for employee benefits:	–	–
- Provision for gratuity (Refer note 34)	0.23	0.19
Provision for compensated absences (Refer note 34)	0.53	0.54
	0.76	0.73
Other provisions:	–	–
Provision for lease termination cost (Refer note below)	0.05	0.13
Provision for equalisation of rent expenses (Refer note 6(a))	0.38	0.50
Provision for site restoration cost (Refer note 6(b))	0.53	0.24
	0.96	0.86
Total	**1.72**	**1.59**
Provision for lease termination cost		
Balance as at the beginning of the year	0.13	0.22
Amounts used	0.08	0.09
Balance as at the end of the year	0.05	0.13

Provision for lease termination cost are towards lock in period rent in respect of certain clinics closed in an earlier year, which are recognized to the extent it is more than probable that outflow of resources will be required to settle the transactions.

NOTES TO FINANCIAL STATEMENTS

10. Fixed Assets

	GROSS BLOCK				DEPRECIATION/AMORTISATION				" Impairment loss as at April 1, 2012 (Refer note c below and note 29) "	" Charge / (Reversal) for the year (Refer note 29) "	" Impairment loss as at March 31, 2013 (Refer note 29) "	NET BLOCK	
	As at April 1, 2012	Additions	Deductions / Adjustments	As at March 31, 2013	Upto April 1, 2012	For the year	Deductions / Adjustments	Upto March 31, 2013				As at March 31, 2013	As at March 31, 2012
Tangible assets													
Buildings	16.87	–	16.87	–	1.24	0.05	1.28	0.00	–	–	–	–	15.63
Plant and equipment (Refer note b below)	72.17	4.58	2.32	74.43	48.94	5.70	1.95	52.69	5.71	5.49	11.21	10.53	17.52
Office equipment	4.70	0.08	0.05	4.73	2.51	0.61	0.04	3.08	0.48	0.56	1.03	0.62	1.71
Furniture and fixtures (Refer notes a and b below)	19.16	1.46	4.06	16.56	9.35	3.49	3.84	9.00	1.82	3.97	5.78	1.77	7.99
Leasehold improvements	0.44	3.83	0.32	3.95	0.04	0.34	0.03	0.35	0.12	–	0.12	3.48	0.29
Total - A	113.34	9.95	23.62	99.67	62.08	10.18	7.14	65.12	8.13	10.02	18.14	16.40	43.14
Intangible assets													
Computer softwares	1.99	0.48	0.00	2.46	1.87	0.09	0.00	1.96	0.07	–	0.07	0.43	0.04
Trademarks / copyrights	0.02	–	–	0.02	0.00	0.00	–	0.00	–	–	–	0.01	0.01
Total - B	2.01	0.48	0.00	2.48	1.87	0.09	0.00	1.96	0.07	-	0.07	0.44	0.05
Total - A + B	115.35	10.43	23.62	102.15	63.95	10.27	7.14	67.08	8.20	10.02	18.21	16.84	43.18
As at March 31, 2012	111.79	4.80	1.25	115.34	55.43	9.57	1.04	63.95	7.74	0.46	8.20	43.19	–

Notes:

a) Furniture and fixtures also includes leasehold improvements, the amounts for which is not separately identifiable.

b) During the year ended March 31, 2007, the Company had carried out financial restructuring scheme ('Scheme') under the relevant provisions of the Companies Act, 1956. The Scheme was approved by the Shareholders on February 7, 2007 and subsequently by Hon'ble High Court vide its order dated April 16, 2007. In terms of the Scheme, the carrying amount of certain items of plant and equipments to the extent of Rs. 70,825,406 and furniture and fixtures to the extent of Rs. 115,690,088 and related deferred tax liability of Rs. 1,811,039 and loss of Rs. 240,000,000 were adjusted against the balance in securities premium reserve.

c) Impairment charge of Rs. 100,157,913 (Previous year Rs. 4,566,161) is reflected as "Exceptional Item" in the Statement of Profit and Loss. (Refer note 29)

NOTES TO FINANCIAL STATEMENTS

11. NON-CURRENT INVESTMENTS

	As at March 31,2013	As at March 31, 2012
Long-term		
Trade investments (Valued at cost unless otherwise stated)		
Investments in equity instruments		
Investment in Subsidiary - Unquoted		
Derma – Rx International Aesthetics Pte Limited (wholly owned)	104.35	22.98
25,554,250 (Previous year 7,000,000) equity shares of 1 SGD each, fully paid *		
* These shares have been pledged as a security for loans taken by the said subsidiary.		
Total	**104.35**	**22.98**
Aggregate amount of unquoted investments (At cost)	104.35	22.98

12. LONG-TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated)		
Capital advances	–	0.93
Security deposits	10.76	12.50
Balance with Government Authorities (Refer note 20)	0.22	0.22
Prepaid expenses	0.74	0.63
Income tax payments (net of provision for income tax Rs. Nil (Previous year Rs. Nil)*	3.10	3.10
Total	**14.82**	**17.38**

* Income tax payments includes Rs. 30,926,510 (Previous year Rs. 30,926,510) towards disputed tax matters pending before appellate authorities. (Refer note 20)

13. OTHER NON-CURRENT ASSETS

(Unsecured and considered good, unless otherwise stated)		
Term deposits with banks with maturity period more than 12 months @	0.14	0.15
Interest accrued on long-term deposits with banks	0.07	0.05
Fringe benefit tax	0.07	0.07
Total	**0.28**	**0.27**

@ Term deposits with bank includes Rs. 71,613 (Previous year Rs.71,613) deposited with sales tax authorities and Rs. 1,333,372 (Previous year Rs. 1,392,419) held as lien by bank against guarantees issued on behalf of the Company.

NOTES TO FINANCIAL STATEMENTS

14. CURRENT INVESTMENTS

(at lower of cost and fair market value)

	As at March 31,2013	As at March 31, 2012
Non-trade Short-Term Investments:		
Investments in Mutual Funds (Unquoted): Peerless Ultra Short Term Fund Super Institutional Growth 7,731,740 (Nil) Units of Rs. 10 each fully paid	10.00	–
ICICI Prudential Ultra Short Term Regular Plan Growth 8,448,586 (Nil) Units of Rs. 10 each fully paid	10.00	–
Baroda Pioneer Liquid Fund Plan A daily dividend reinvestment 67,024 (Nil) Units of Rs. 1,000 each fully paid	9.00	–
Reliance Liquid Fund-Treasury Plan Growth 24,546 (Nil) Units of Rs. 1.000 each fully paid	7.00	–
JP Morgan India Liquid Fund Super Institutional Growth 2,304,551(Nil) Units of Rs. 10 each fully paid	3.50	–
JP Morgan India Treasury Fund Super Institutional Growth 1,301,084 (Nil) Units of Rs. 10 each fully paid	2.00	–
UTI Money Market Fund Institutional plan Growth 8 (Nil) Units of Rs. 1,000 each fully paid	0.00	–
Religare Liquid Fund Growth 6 (Nil) Units of Rs. 1,000 each fully paid	0.00	–
Kotak Liquid Scheme Plan A Growth 4 (Nil) Units of Rs. 1,000 each fully paid	0.00	–
Peerless Liquid Fund Super Institutional Growth 784 (Nil) Units of Rs. 10 each fully paid	0.00	–
JM High Liquidity Fund Growth Option 315 (Nil) Units of Rs. 10 each fully paid	0.00	–
TOTAL	41.51	–
Aggregate amount of unquoted investments (At cost)	**41.51**	**–**

15. INVENTORIES

(Refer note 2(g) for basis of valuation)

Stores, spares and consumables	5.93	7.77
Raw materials [Includes goods in transit Rs. 4,251,891 (Previous year Rs. Nil)]	1.06	3.59
Packing materials	2.14	1.73
Work-in-process #	0.22	0.39
Finished goods #	4.67	1.83
Stock-in-trade #	0.37	0.32
Total	**14.39**	**15.63**

NOTES TO FINANCIAL STATEMENTS

Skin care products

16. TRADE RECEIVABLES

	As at March 31,2013	As at March 31, 2012
Unsecured, considered good :	–	–
Outstanding for a period exceeding 6 months from the date they are due for payment	0.01	0.01
Others	0.42	0.25
	0.42	0.25
Unsecured, considered doubtful :	–	–
Outstanding for a period exceeding 6 months from the date they are due for payment	0.04	0.01
Others	–	–
	0.04	0.01
Less : Provision for doubtful debts	0.04	0.01
Total	**0.42**	**0.25**

17. CASH AND BANK BALANCES

Cash and cash equivalents:	–	–
Cash on hand	0.65	0.86
Bank balances:	–	–
In current accounts	2.73	0.43
Total	**3.38**	**1.29**

18. SHORT-TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated)	–	–
Loans and advances to related parties	0.48	1.08
(Refer Note 36)	–	–
Other loans and advances	–	–
Advances to suppliers	1.38	3.44
Balances with Government Authorities	2.06	0.78
Security deposits	5.68	2.90
Prepaid expenses	1.30	1.10
Loans and advances to employees	0.18	0.10
Total	**11.08**	**9.40**

19. OTHER CURRENT ASSETS

(Unsecured and considered good, unless otherwise stated)	–	–
Insurance claims receivable	0.01	0.13
Others:	–	–
Unsecured, considered good	0.91	0.83
Unsecured, considered doubtful	0.06	0.06
	0.97	0.89
Less: Provision for doubtful advances	0.06	0.06
	0.91	0.83
Total	**0.92**	**0.96**

NOTES TO FINANCIAL STATEMENTS

20. CONTINGENT LIABILITIES

	As at March 31,2013	As at March 31, 2012
Claims against the Company not acknowledge as debts		
- Income tax matters (Refer note 12)	1.61	6.19
- Sales tax matters	0.72	0.37
- Services tax matters	0.37	0.37
- Claims by the customers	0.38	1.11
Total	**3.08**	**8.04**

(a) The Company has been sanctioned cash credit and letter of credit facilities of Rs. 80,000,000 (Rs. 80,000,000) by banks. These facilities are guaranteed by the holding company. Amount outstanding towards these facilities on account of letter of credit is Rs.7,665,261(Previous year Rs. Nil).

21. CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments		
Estimated value of contracts in capital account remaining to be executed (net of capital advances)	0.37	0.31
(b) Other Commitments		
Lease termination cost - representing lock-in-period rental under rental agreements	10.53	22.57

22 REVENUE	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from operations:		
Sale of products #	32.53	30.65
Sale of services #	110.81	98.98
	143.34	129.63
Other operating revenues	0.00	0.00
# Skin care products and services	–	–
Total	143.34	129.63

23. OTHER INCOME

Interest income	0.01	0.01
Dividend income:	–	–
- On Non current investments (from a subsidiary)	–	11.96
- On current investments	0.00	–
Profit on sale of current investments	0.00	–
Net gain on foreign currency transactions and translation	–	0.06
Profit on sale / discarding of assets (net)	–	0.07
Liabilities written back to the extent no longer required	0.17	–
Other non operating income	0.14	0.01
Total	**0.32**	**12.11**

24. COST OF MATERIALS CONSUMED (Refer note 33)

Raw materials consumed	7.27	4.63
Packing materials consumed	5.96	3.07
Total	**13.23**	**7.70**

NOTES TO FINANCIAL STATEMENTS

25. CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROCESS AND STOCK-IN-TRADE

	Year ended March 31, 2013	Year ended March 31, 2012
(Increase) / Decrease in stocks		
Stock at the end of the year	–	–
- Work-in-process	0.22	0.39
- Finished goods	4.67	1.83
- Stock-in-trade	0.37	0.32
Total A	**5.26**	**2.54**
Less: Stock at the beginning of the year:	–	–
- Work-in-process	0.39	0.09
- Finished goods	1.83	1.82
- Stock-in-trade	0.32	0.77
Total B	**2.54**	**2.68**
(Increase) / decrease in stocks (B - A)	(2.72)	0.14

26. EMPLOYEE BENEFITS EXPENSES

Salaries, wages and bonus	18.59	19.67
Contribution to provident and other funds	1.06	1.08
Stock appreciation rights expenses	0.04	0.05
Staff welfare expenses	3.50	2.76
Seconded employees cost	13.28	6.92
Total	**36.46**	**30.48**

27. FINANCE COSTS

Interest expense	0.01	0.00
Bank charges and commission	2.22	2.02
Total	**2.23**	**2.02**

NOTES TO FINANCIAL STATEMENTS

28. OTHER EXPENSES

	Year ended March 31, 2013	Year ended March 31, 2012
"Consumption of consumables and stores and spare parts (Refer note 32)"	21.58	20.41
Contract manufacturing expenses	3.39	1.09
Payments to consultants	13.58	13.90
Electricity expenses	3.85	3.27
Rent (Refer note 37)	23.86	22.11
Repairs and maintenance:		
-Plant and machinery	0.40	0.27
-Building	4.71	5.47
-Others	1.57	1.50
	6.68	7.24
Insurance	0.33	0.21
Rates and taxes	0.98	0.69
Travelling, conveyance and vehicle expenses	2.42	2.55
Auditors' remuneration		
- Statutory audit fees	0.18	0.14
- Tax audit fees	0.02	0.02
- Out of pocket expenses	0.01	0.01
	0.21	0.17
Legal and professional charges	2.65	3.49
Printing, stationery and communication expenses	2.89	3.46
Advertisement and sales promotion	15.02	11.12
Freight forwarding and distribution expenses	0.18	0.23
Commission to selling agents	–	0.02
Provision for doubtful debts	0.03	–
Irrecoverable balances written off	0.26	0.42
Loss on sale / discarding of assets (net)	2.92	–
Miscellaneous expenses @	2.66	2.45
Total	103.49	92.83

@ Miscellaneous expences includes Rs.7,170,053 (Previous year Rs. 7367,952) on account of service tax charged by vendor which is not available for input credit

NOTES TO FINANCIAL STATEMENTS

29. EXCEPTIONAL ITEMS

	Year ended March 31, 2013	Year ended March 31, 2012
Impairment loss on fixed assets	10.02	0.46
Total	**10.02**	**0.46**

The Company has, as in the previous year, carried out impairment testing at the clinic level, which the management considers as the relevant cash generating unit. This resulted in an impairment loss of Rs.100,157,913 (Previous year Rs. 4,566,161).

The Company has considered a pre tax discount rate of 19% (Previous year 19%) for determining value in use.

30. CIF VALUE OF IMPORTS

Raw materials	2.12	4.60
Packing materials	4.56	2.05
Consumables	2.63	2.06
Capital goods	2.04	3.69
Finished goods	0.18	1.27
Total	**11.53**	**13.67**

31. EXPENDITURE IN FOREIGN CURRENCY

Travelling	0.07	0.10
Total	**0.07**	**0.10**

32. EARNINGS IN FOREIGN CURRENCY

Revenue from exports on FOB Basis	1.08	0.76
Rendering of services	0.15	0.11
Dividend from subsidiary	–	11.96
Others	0.34	0.17
Total	**1.57**	**13.00**

33. DETAILS OF CONSUMPTION AND PURCHASES

(a) Details of Raw material / Packing material consumed: @

Chemicals	7.27	4.63
Packing materials	5.96	3.06
Total	**13.23**	**7.69**

@ Consumption of raw materials and packing material include consumption by third parties under contract with the Company and consumption in respect of samples.

(b) Value of imported and indigenous materials consumed:

RAW MATERIALS	**March 31, 2013**		**March 31, 2012**	
	Amount	**%**	**Amount**	**%**
Imported	4.28	59%	2.09	45%
Indigenous	2.99	41%	2.54	55%
Total	**7.27**		**4.63**	
Stores and spare parts:				
Imported	2.68	12%	4.17	20%
Indigenous	18.90	88%	16.25	80%
Total	**21.58**		**20.42**	

(c) Purchase of stock-in-trade:

Skin care products	0.44	1.51
Total	**0.44**	**1.51**

NOTES TO FINANCIAL STATEMENTS

34. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 – EMPLOYEE BENEFITS

a) Brief descriptions of the plans:

The Company has various schemes for long-term benefits such as provident fund and gratuity. The Company's contribution to provident fund is defined contribution plan, since the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity. The employees of the Company are also entitled to leave entitlement as per the Company's policy. The defined benefit plans are not funded.

b) Defined contribution plan (Provident fund):

The Company has recognised following amount as expenses and included in Employees' remuneration (Refer Note 26)

	For the year ended March 31, 2013 (Rs. Crore)	For the year ended March 31, 2012 (Rs. Crore)
Contribution to provident fund	0.77	0.80
Contribution to employee state insurance contribution	0.29	0.28
	1.06	1.08

c) Defined benefit plans (Gratuity unfunded):

		March 31, 2013 (Rs. Crore)	March 31, 2012 (Rs. Crore)
I.	Actuarial assumptions:		0.80
	Discount rate	7.75%	8.00%
	Rate of return on plan assets	–	–
	Future salary rise	12.00%	12.00%
	Attrition rate	45.00%	45.00%
II.	Change in defined benefit obligations:		
	Liability at the beginning of the year	0.61	0.58
	Interest cost	0.05	0.05
	Current service cost	0.06	0.12
	Benefits paid	(0.10)	(0.06)
	Actuarial (gain) / loss on obligations	0.04	(0.08)
	Liability at the end of the year	0.66	0.61
III.	Liability recognised in the Balance Sheet:		
	Liability at the end of the year	0.66	0.61
	Fair value of plan assets at the end of the year	–	–
	Difference	(0.66)	(0.61)
	Unrecognised past service cost	--	–
	Liability recognised in the Balance Sheet	0.66	0.61
IV.	Expenses recognised in the Statement of Profit and Loss:		
	Current service cost	0.06	0.12
	Interest cost	0.05	0.05
	Expected return on plan assets	–	–
	Net actuarial (gain) / loss to be recognized	0.04	(0.08)
	Past service cost (vested and non vested benefits)	–	–
	Expense recognised in Statement of Profit and Loss	0.15	0.09
V.	Balance Sheet reconciliation:		
	Opening net liability	0.61	0.58
	Expenses as above	0.15	0.09
	Benefits paid	(0.10)	(0.06)
	Closing net liability	0.66	0.61

		March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
VI.	Experience adjustments:					
	On plan liability (gain) / Loss	0.04	(0.07)	0.15	0.03	(0.00)

NOTES TO FINANCIAL STATEMENTS

	As at March 31, 2013 (Rs. Crore)	As at March 31, 2012 (Rs. Crore)
Closing net liability (as above)		
Classified as short-term	0.23	0.19
Classified as long-term	0.43	0.42

The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market.

d) Leave Encashment:

The Company permits encashment of privileged leave (except sick leave) accumulated by its employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave liability is not funded.

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

Particulars	March 31, 2013	March 31, 2012
Opening Balance of Compensated Absences (a)	0.54	0.62
Present value of Compensated Absences(As per actuary valuation) as at the year end (b)	0.53	0.54
Unfunded liability of Compensated Absences recognized in the Statement of Profit and Loss		
For the year (b – a)	(0.01)	(0.08)

35. SEGMENT REPORTING:

Primary Segment:

In accordance with Accounting Standard 17 – “Segment Reporting”, the Company has determined its business segment as ‘Skin Care’. Since, 100% of the Company’s business is from providing specialized skin care services and other related products, there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for deprecation during the year is reflected in the Financials Statements as of and for the year April 1, 2012 to March 31, 2013.

36. RELATED PARTY DISCLOSURES

a) Names of the related parties and nature of relationship:

(i) Holding Company — Marico Limited

(ii) Subsidiaries / fellow subsidiaries — Derma Rx international Aesthetics Pte Limited

The DRx Medispa Pte Limited

The DRx Clinic Pte Limited

DRx Investments Pte Limited

DRx Aesthetics Sdn Bhd

Kaya Middle East FZE

Marico Bangladesh Limited

(iii) Key managerial personnel:

Mr. Harsh Mariwala - Chairman and Managing Director (With effect November 1, 2011)

NOTES TO FINANCIAL STATEMENTS

b) Transactions with parties referred in 'a' above:

(Amount in Rs. Crore)

Particulars	Holding company		Subsidiaries / fellow subsidiaries		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Transactions during the year						
Sale of goods	–	–	1.08	0.76	1.08	0.76
Purchases	–	–	0.45	2.26	0.45	2.26
Sale of fixed assets	13.15	-	0.34	0.17	13.49	0.17
Rendering of services	–	–	0.15	0.11	0.15	0.11
Reimbursement of expenses incurred by the Company on behalf of	–	0.31	1.06	0.64	1.06	0.95
Reimbursement of expenses incurred for the Company (Seconded employee cost, rent, electricity and others)	13.93	7.55	–	0.01	13.93	7.57
Rent paid	1.03	–	–	–	1.03	–
Dividend received	–	–	–	11.96	–	11.96
Loans taken (net)	121.19	–	–	–	121.19	–
Loans repaid (net)	–	11.54	–	–	–	11.54
Loan Conversion to Equity (Refer Note 3)	108.84	–	–	–	108.84	–
Investment Made	–	–	81.37	–	81.37	–
Balances Receivable / (Payable) as at year end						
Investment @	–	–	104.35	22.98	104.35	22.98
Trade Payables	–	–	(0.44)	(2.07)	(0.44)	(2.07)
Short-term loans and advances	–	–	0.48	1.08	0.48	1.08
Other current liabilities	(3.88)	(0.85)	–	–	(3.88)	(0.85)
Long-term borrowings*	(113.28)	(102.15)	–	–	(113.28)	(102.15)
Guarantee given by	8.00	8.00	–	–	8.00	8.00

@ These shares have been pledged as a security for loans taken by the said subsidiary.

* Interest Free

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

NOTES TO FINANCIAL STATEMENTS

SR NO.	PARTICULAR	Transactions		Balances Receivable / (Payable)	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
I	**Sale of goods**				
	Fellow Subsidiary : Kaya Middle East FZE, Dubai	1.08	0.38	0.06	–
	Fellow Subsidiary : Marico Bangladesh limited, MBL	–	0.39	–	–
II	**Purchases**				
	Subsidiary : Derma Rx International Aesthetics Pte Ltd	0.45	2.26	(0.44)	(2.07)
III	**Sale of fixed assets**				
	Holding Company : Marico Limited	13.15	–	–	–
	Fellow Subsidiary : Kaya Middle East FZE, Dubai	0.34	0.14	–	–
IV	**Rendering of services**				
	Fellow Subsidiary : Kaya Middle East FZE, Dubai	0.15	0.11	–	–
V	**Reimbursement of expenses incurred by the company on behalf of**				
	Holding company : Marico Limited	–	0.31	–	–
	Subsidiary : Derma Rx International Aesthetics Pte Ltd	0.20	–	0.20	0.11
	Fellow Subsidiary : Kaya Middle East FZE, Dubai	0.86	0.64	0.22	0.97
VI	**Reimbursement of expenses incurred for the Company (Seconded employee cost, rent, electricity and others)**				
	Holding company : Marico Limited	13.93	7.55	(3.88)	(0.85)
VII	**Rent paid**				
	Holding company : Marico Limited	1.03	–	–	–
VIII	**Dividend received**				
	Subsidiary : Derma Rx International Aesthetics Pte Ltd	–	11.96	–	–
IX	**Loans taken**				
	Holding company : Marico Limited*	121.19	–	(113.28)	(102.15)
X	**Loans repaid**				
	Holding company : Marico Limited*	–	11.54	(113.28)	(102.15)
XI	**Loan Converted to Equity**				
	Holding Company: Marico Limited	108.84	–	–	–
XII	**Investmets made**				
	Subsidary: Derma Rx International Aesthetics Pte. Ltd.	81.37	–	104.35	–

*Interest Free

NOTES TO FINANCIAL STATEMENTS

37. OPERATING LEASES:

The Company has entered into several operating lease arrangements for its Office premises and Skin clinics for a period ranging from 3 to 9 years and, is renewable on a periodic basis at the option of the lessor and / or lessee. Under these arrangements, generally refundable interest free deposits have been given.

Disclosure in respect of assets taken on non cancellable operating lease:

Particulars	March 31, 2013 (Rs. Crore)	March 31, 2012 (Rs. Crore)
Lease payments recognized in the statement of Profit and Loss during the year *	23.86	22.11
Future minimum lease rentals payments payable:		
- not later than one year	20.18	20.79
- later than one year but not later than five years	46.63	39.02
- later than five years	10.42	2.05
	77.23	**61.86**

*Including Contingent Rent Rs. 1,524,982 (Rs. 655,962)

38. EARNINGS PER SHARE:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Profit / (Loss) after tax (Rs. Crore)	**(29.75)**	**(2.94)**
Equity shares outstanding as at the year end	17,848,975	14,500,000
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	14,628,454	14,500,000
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per equity share (Rs.)	**(20.34)**	**(2.03)**

39. PROVISION FOR TAX EXPENSES:

a) There is no provision for income tax in view of assessable loss for the year.

b) There are no deferred tax liabilities as at the year end. Deferred tax assets has not been recognised on carried forward depreciation, business loss and other item of deferred tax assets, as there is no virtual certainty of its realization on account of the losses incurred by the Company.

40. DERIVATIVE TRANSACTIONS:

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2013. Net foreign currency exposure not hedged as at the year end were as under:-

Particulars	Foreign currency amount			Equivalent amount in Rupees	
	Currency	As at March 31, 2013	As at March 31, 2012	As at March 31,2013	As at March 31, 2012
Trade payables	EURO	4,250	6,270	295,732	425,633
	SGD	99,678	510,865	4,362,309	20,663,972
	USD	31,482	111,653	1,708,843	5,680,444
Short-term advances	USD	100,138	253,072	5,435,464	12,875,311
	AUD	–	2,400	–	118,018
	EURO	36,000	249	2,505,024	16,921
	GBP	9,703	–	800,468	–
	AED	46,734	–	690,661	–
	SGD	41,863	–	1,832,092	–

NOTES TO FINANCIAL STATEMENTS

41. Research and Development expenses aggregating Rs. 0.66 Crore (Previous year Rs. 0.39 Crore) have been included under the relevant heads in the Statement of Profit and Loss.

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

    Signatures to Note 1 to 42

The notes are an integral part of these financial statements.

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061

Mumbai: April 30, 2013

For **and on behalf of the Board of Directors**

Harsh Mariwala
Chairman and Managing Director

Rajen Mariwala
Director

Mumbai: April 30, 2013

Board of Directors	Vijay S. Subramaniam Dharmendra B Jain Frank Thong Mun Loong Naveen Duggal
Registered Office	213 Henderson Road, # 01-08 Henderson Industrial Park, Singapore - 159553
Auditors	Pricewaterhouse Coopers LLP
Bankers	Citi Bank UOB Bank

DIRECTORS' REPORT

The directors present their report to the member together with the audited financial statements for the financial year ended 31 March 2013.

Directors

The directors in office at the date of this report are as follows:

Vijay S. Subramaniam	(Appointed on 1 may 2013)
Dharmendra b. Jain	(Appointed on 1 may 2013)
Frank Thong Mun Loong	(Appointed on 1 may 2013)
Naveen Duggal	

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration as a result of their employment with related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Frank Thong Mun Loong	**Naveen Duggal**
Director	Director

STATEMENT BY DIRECTORS'

financial statements for the financial year ended 31 March 2013.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 31 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that, with the continuing financial support from its immediate holding corporation, the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Frank Thong Mun Loong
Director

Naveen Duggal
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER

Report on the Financial Statements

We have audited the accompanying financial statements of Derma-Rx International Aesthetics Pte Ltd set out on pages 5 to 31, which comprise the balance sheet as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and the 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 Singapore 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 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 of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013, and of the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 27 June 2013.

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31st March 2013

	Note	**2013**	2012	**2013**	2012
		$	$	**Rs.Crore**	Rs.Crore
Revenue	4	**5,538,000**	5,44 6,000	**24.23**	20.79
Cost of sales	7	**(1,078,000)**	(1,520,000)	**(4.72)**	(5.80)
Gross profit		**4,460,000**	3,926,000	**19.52**	14.99
Other income	5	**106,000**	3,197,000	**0.46**	12.20
Other gains/(losses) - net	6	**5,000**	(1,000)	**0.02**	–
Expenses					
- Distribution and marketing	7	**(109,000)**	(112,000)	**(0.48)**	(0.43)
- Administrative	7	**(2,437,000)**	(1,971,000)	**(10.66)**	(7.52)
- Finance	9	**(582,000)**	(599,000)	**(2.55)**	(2.29)
Profit before income tax		**1,443,000**	4,440,000	**6.31**	16.95
Income tax expense	10	**(493,000)**	(1,016,000)	**(2.16)**	(3.88)
Profit after tax and total comprehensive income		**950,000**	3,424,000	**4.16**	13.07

The accompanying notes form an integral part of these financial statements

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

BALANCE SHEET AS AT 31 MARCH 2013

	Note	2013 $	2012 $	2013 Rs.Crore	2012 Rs.Crore
ASSETS					
Current assets					
Cash and cash equivalents	11	**1,828,000**	278,000	**8.00**	1.14
Trade and other receivables	12	**1,301,000**	1,039,000	**5.69**	4.24
Other assets	13	**35,000**	36,000	**0.15**	0.15
Inventories	14	**381,000**	447,000	**1.67**	1.83
		3,545,000	1,800,000	**15.51**	7.35
Non-current assets					
Intangible assets	16	**14,930,000**	14,930,000	**65.34**	60.96
Goodwill	17	**10,067,000**	10,067,000	**44.06**	41.10
Investment in subsidiaries	15	**33,415,000**	14,861,000	**146.24**	60.68
Plant and equipment	18	**13,000**	17,000	**0.06**	0.07
		58,425,000	39,875,000	**255.69**	162.81
Total assets		**61,970,000**	41,675,000	**271.21**	170.15
LIABILITIES					
Current liabilities					
Trade and other payables	19	**8,440,000**	3,225,000	**36.94**	13.17
Borrowings	20	**9,737,000**	6,305,000	**42.61**	25.74
Current income tax liabilities	10	**–**	14,000	**–**	0.06
		18,177,000	9,544,000	**79.55**	38.97
Non-current liabilities					
Other payables	19	**–**	7,500,000	**–**	30.62
Borrowings	20	**15,300,000**	16,150,000	**66.96**	65.94
Deferred income tax liabilities	21	**1,525,000**	1,017,000	**6.67**	4.15
		16,825,000	24,667,000	**73.63**	100.71
Total liabilities		**35,002,000**	34,211,000	**153.18**	139.68
NET ASSETS		**26,968,000**	7,464,000	**118.02**	30.47
EQUITY					
Share capital	22	**25,554,000**	7,000,000	**111.83**	28.58
Retained profits		**1,414,000**	464,000	**6.19**	1.89
Total equity		**26,968,000**	7,464,000	**118.02**	30.47

The accompanying notes form an integral part of these financial statements

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31st March 2013

	Note	Share capital	Retained profits	Total equity	Share capital	Retained profits	Total equity
2013							
Beginning of financial year		7,000,000	464,000	7,464,000	30.63	2.03	32.66
Increase in share capital		18,554,000	–	18,554,000	81.20	–	81.20
Total comprehensive income		-	950,000	950,000	–	4.16	4.16
Dividends paid	23	–	–	–	–	–	–
End of financial year		**25,554,000**	**1,414,000**	**26,968,000**	**111.83**	**6.19**	**118.02**
2012							
Beginning of financial year		7,000,000	40,000	7,040,000	28.58	0.16	28.74
Total comprehensive income		–	3,424,000	3,424,000	–	13.98	13.98
Dividends paid	23	–	(3,000,000)	(3,000,000)	–	(12.25)	(12.25)
End of financial year		**7,000,000**	**464,000**	**7,464,000**	**28.58**	**1.89**	**30.47**

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF CASH FLOWS

for the financial year ended 31st March 2013

	Note	2013 $	2012 $	2013 Rs.Crore	2012 Rs.Crore
Cash flows from operating activities					
Profit after tax		**950,000**	3,424,000	**4.16**	13.98
Adjustments for:					
- Income tax expense		**493,000**	1,016,000	**2.16**	4.15
- Depreciation		**9,000**	12,000	**0.04**	0.05
- Dividend income		**–**	(3,000,000)	**–**	(12.25)
- Provision for doubtful debt		**–**	(96,000)	**–**	(0.39)
- Interest expense		**582,000**	599,000	**2.55**	2.45
		2,034,000	1,955,000	**8.90**	7.98
Change in working capital:					
- Inventories		**66,000**	10,000	**0.29**	0.04
- Trade and other receivables		**(261,000)**	(532,000)	**(1.14)**	(2.17)
- Trade and other payables		**715,000**	(27,000)	**3.13**	(0.11)
Cash generated from operations		**2,554,000**	1,406,000	**11.18**	5.74
Income tax paid		**–**	(164,000)	**–**	(0.67)
Net cash provided by operating activities					
Cash flows from investing activities		**2,554,000**	1,242,000	**11.18**	5.07
Additions to plant and equipment		**(6,000)**	(21,000)	**(0.03)**	(0.09)
Acquisition of a subsidiary		**(18,554,000)**	-	**(81.20)**	–
Payment of contingent consideration arising from the acquisition of DRx Group		**(3,000,000)**	(2,500,000)	**(13.13)**	(10.21)
Dividend received		**–**	3,000,000	**–**	12.25
Net cash (used in)/provided by investing activities					
Cash flows from financing activities		**(21,560,000)**	479,000	**(94.36)**	1.96
Proceeds from borrowings - related corporations		**4,172,000**	3,996,000	**18.26**	16.32
Repayments of borrowings - bank		**(850,000)**	(4,000,000)	**(3.72)**	(16.33)
Interest paid		**(580,000)**	(599,000)	**(2.54)**	(2.45)
Dividend paid		**–**	(3,000,000)	**–**	(12.25)
Issuance of share capital		**18,554,000**	–	**81.20**	–
Net cash provided by/(used in) financing activities		**21,296,000**	(3,603,000)	**93.20**	(14.71)
Net increase/(decrease) in cash and cash equivalents		**2,290,000**	(1,882,000)	**10.02**	(7.68)
Cash and cash equivalents at beginning of financial year	**11**	**(462,000)**	1,420,000	**(2.02)**	5.80
Cash and cash equivalents at end of financial year	**11**	**1,828,000**	(462,000)	**8.00**	(1.89)

The accompanying notes form an integral part of these financial statements

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 213 Henderson Road, #01-08 Henderson Industrial Park, Singapore 159553.

The principal activities of the Company are those of consultancy in skincare, trading in cosmetics and investment holding.

As at 31 March 2013, the Company is in net current liability position. The financial statements have been prepared on a going concern basis due to the financial support from its immediate holding corporation.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are separate financial statements under FRS 27 Consolidated and Separate Financial Statements. As provided under FRS 27 the Company has elected not to prepare consolidated financial statements as it is wholly-owned subsidiary of Marico Limited, which produces consolidated financial statements for public use. The registered office of Marico Limited is located at Rang Sharda Krishmachandra Marg, Bandra Reclamation, Branda (West), Mumbai 400050 India.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2013

On 1 April 2012, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

(a) Sale of goods

Sale of goods comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities.

Sales are recognised when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured. Sales are presented, net of goods and services tax and discounts.

(b) Royalties income

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.3 Employee compensation

(a) Defined contribution plans

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.6 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.7 Inventories

Inventories are carried at lower of the cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

2.8 Plant and equipment

All items of plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computers	3 years
Furniture and fittings	3 years
Office equipment	3 years
Renovations	3 years
Machinery	3 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.9 Intangible assets

(a) Goodwill

Goodwill on acquisition represents the excess of (i) the sum of the consideration transferred, the amount of any ■ controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable not assets acquired.

(b) Acquired trademark and licences

Trademarks, which have an indefinite useful life, are initially recognised at cost and are subsequently carried at cost less any impairment loss. At each balance sheet date, the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated.

2.10 Investments in subsidiaries

Investments in subsidiaries are carried in the Company's balance sheet at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit and loss.

2.11 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets

Plant and equipment

Investments in subsidiaries

Intangible assets, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.12 Loans and receivables

Cash and cash equivalents

Trade and other receivables

Cash and cash equivalents, and trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year. They 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 and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2.16 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.17 Share capital

Ordinary shares are classified as equity.

2.18 Currency translation

The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

Transactions in a currency other than the Singapore dollar ("foreign currency") are translated into Singapore dollars using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions 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.

(a) Estimation of fair value of contingent consideration

The balance of the consideration payable to vendors towards acquisition of the Derma-Rx entities is dependent on achievement of certain milestones as envisaged in the Sales & Purchase Agreement. Probabilities have been assigned to the likely achievement of those milestones and these probabilities are tested every quarter on the basis of actual business performance. As on the date of financial year end the actual achievement is in line with assigned probabilities on the date of acquisition.

(b) Estimated impairment of non financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates with regard to future growth in revenue and costs. Based on the estimates the management believes that there is no need for creating an impairment charge for the total of the carrying value of assets in the company.

4 Revenue

	2013	**2012**	**2013**	**2012**
	$	**$**	**Rs.Crore**	**Rs.Crore**
Trading sales	**3,709,000**	3,753,000	**16.23**	14.33
Royalty income from subsidiaries	**1,829,000**	1,693,000	**8.00**	6.46
	5,538,000	5,446,000	**24.23**	20.79

5 Other income

	2013	**2012**	**2013**	**2012**
	$	**$**	**Rs.Crore**	**Rs.Crore**
Management fee	**96,000**	96,000	**0.42**	0.37
Miscellaneous income	**10,000**	5,000	**0.04**	0.02
Reversal of allowance for doubtful debts	**–**	96,000	**–**	0.37
Dividend income	**–**	3,000,000	**–**	11.45
	106,000	3,197,000	**0.46**	12.20

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

6 Other gains/(losses) - net

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Net currency translation gains/(losses)	**5,000**	(1,000)	**0.02**	–
	5,000	(1,000)	**0.02**	–

7 Expenses by nature

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Cost of inventories included in cost of sales	**1,078,000**	1,520,000	**4.72**	5.80
Depreciation of property, plant and equipment (Note 18)	**9,000**	12,000	**0.04**	0.05
Employee compensation (Note 8)	**1,360,000**	1,339,000	**5.95**	5.11
Advertising and entertainment expense	**109,000**	112,000	**0.48**	0.43
Professional fees	**78,000**	59,000	**0.34**	0.23
Rental on operating leases	**217,000**	197,000	**0.95**	0.75
Transportation expense	**14,000**	11,000	**0.06**	0.04
Bank charges	**163,000**	194,000	**0.71**	0.74
Other expenses	**596,000**	159,000	**2.61**	0.61
Total cost of sales, distribution and marketing costs and administrative expenses	**3,624,000**	3,603,000	**15.86**	13.75

8 Employee compensation

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Wages and salaries	**1,163,000**	1,160,000	**5.09**	4.43
Employer's contribution to Central Provident Fund	**94,000**	83,000	**0.41**	0.32
Other benefits	**103,000**	96,000	**0.45**	0.37
	1,360,000	1,339,000	**5.95**	5.11

9 Finance expenses

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Interest expense				
- bank borrowings	**574,000**	598,000	**2.51**	2.28
- bank overdrafts	**8,000**	1,000	**0.04**	–
	582,000	599,000	**2.55**	2.29

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

10 Income taxes

(a) Income tax expense

	2013	2012	2013	2012
	$	**$**	**Rs.Crore**	**Rs.Crore**
Tax expense attributable to profit is made up of:			**5.09**	4.43
- Current income tax	**–**	–	**–**	–
- Deferred income tax (Note 21)	**508000**	508,000	**2.22**	1.94
	508,000	508,000	**2.22**	1.94
Over provision in preceding financial years				
- Current income tax	**(15,000)**	–	**(0.07)**	–
- Deferred income tax (Note 21)	**–**	508,000	**–**	1.94
	493,000	1,016,000	**2.16**	3.88

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2013	2012	2013	2012
	$	**$**	**Rs.Crore**	**Rs.Crore**
Profit before tax	**1,443,000**	4,440,000	**6.31**	16.95
Tax calculated at tax rate of 17% (2012: 17%)	**245,000**	755,000	**1.07**	2.88
Effects of:				
- statutory stepped income exemption	**–**	–	**–**	–
- capital allowances transferred under Group Relief	**120,000**	111,000	**0.53**	0.42
- expenses not deductible for tax purposes	**147,000**	152,000	**0.64**	0.58
- income not subject to tax	**(4,000)**	(510,000)	**(0.02)**	(1.95)
Tax charge	**508,000**	508,000	**2.22**	1.94

(b) Movements in current income tax liabilities -

	2013	2012	2013	2012
	$	**$**	**Rs.Crore**	**Rs.Crore**
Beginning of financial year	**14,000**	178,000	**0.06**	0.73
Income tax paid	**–**	(164,000)	**–**	(0.67)
Over provision in prior financial years	**(14,000)**	–	(0.06)	–
End of financial year	**–**	14,000	**–**	0.06

11 Cash and cash equivalents

	2013	2012	2013	2012
	$	**$**	**Rs.Crore**	**Rs.Crore**
Cash at bank and on hand	**328,000**	278,000	**1.44**	1.14
Short-term bank deposit	**1,500,000**	–	**6.56**	–
	1,828,000	278,000	**8.00**	1.14

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Cash and bank deposits (as above)	**1,828,000**	278,000	**8.00**	1.14
Less: Bank overdrafts (Note 20)	**–**	(740,000)	**–**	(3.02)
Cash and cash equivalents per statement of cash flows	**1,828,000**	(462,000)	**8.00**	(1.89)

12 Trade and other receivables

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Trade receivables from:				
- Non-related parties	**80,000**	29,000	**0.35**	0.12
- Immediate holding corporation	**100,000**	511,000	**0.44**	2.09
- Subsidiaries	**624,000**	543,000	**2.73**	2.22
- Other related party	**–**	2,000	**–**	0.01
Less: Allowance for impairment of receivables	**(86,000)**	(86,000)	**(0.38)**	(0.35)
Trade receivables - net	**718,000**	999,000	**3.14**	4.08
			–	–
Deposits	**43,000**	40,000	**0.19**	0.16
Other receivables	**541,000**	–	**2.37**	–
	1,302,000	1,039,000	**5.70**	4.24

13 Other assets

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Prepayments	**5,000**	36,000	**0.02**	0.15
Advance payment to creditors	**30,000**	–	**0.13**	–
	35,000	36,000	**0.15**	0.15

14 Inventories

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Finished goods	79,000	287,000	0.35	1.17
Raw materials	302,000	160,000	1.32	0.65
	381,000	447,000	1.67	1.83

15 Investments in subsidiaries

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Equity investments at cost				
Beginning of financial year	**14,861,000**	14,861,000	**65.04**	60.68
Addition through acquisition of subsidiary	**18,554,000**	–	**81.20**	–
End of financial year	**33,415,000**	14,861,000	**146.24**	60.68

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

Name of subsidiaries	Principal activities	Country of incorporation and business	Equity holding 2013 %	Equity holding 2012 %
The DRxMedispa	Distribution of health and supplement products, general trading and provision of beauty and spa services	Singapore	100	100
The DRx Clinic Ltd	Clinical services and other general western medical services	Singapore	100	100
The DRx Investments Pte. Ltd.	Investment holding	Singapore	**100**	**100**
Kaya Middle East Pte. Ltd.	Operate aesthetic skin care clinics which offer various skin care products and services	Middle East	100	–

The subsidiary of DRx Investments Pte. Ltd. is as follows:

Name of subsidiaries	Principal activities	Country of incorporation and business	Equity holding 2013 %	Equity holding 2012 %
DRx Aesthetics SdnBhd	Managing private medical practice and medical laboratory service and consultation	Malaysia	100	100

16 Intangible assets

	2013 $	2012 $	2013 Rs.Crore	2012 Rs.Crore
Trademarks	14,930,000	14,930,000	65.34	60.96

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

17 Goodwill

	2013	2012	2013	2012
	$	**$**	**Rs.Crore**	**Rs.Crore**
Goodwill arising from amalgamation	**10,067,000**	10,067,000	**44.06**	41.10

Goodwill arose as a result of a restructuring exercise undertaken by the company on 1 March 2012 ("effective date") to streamline its corporate structure and operations by amalgamating the business of DRx Meditech Pte. Ltd. into that of the company with a view to minimise the number of operating entities. As a result, DRx Meditech Pte. Ltd.'s business operations, assets and liabilities had been transferred to the company from the effective date.

	2011	2011
	$	**Rs. Crore**
Assets		
Property, plant and equipment	9,000	0.03
Inventories	520,000	1.84
Trade receivables	32,000	0.11
Other receivables	150,000	0.53
Amount owing by ultimate holding company	–	–
Amount owing by intermediate holding company	115,000	0.41
Amount owing by immediate holding company	259,000	0.92
Amounts owing by subsidiaries	47,000	0.17
Amount owing by a related party	6,000	0.02
Cash and cash equivalents	514,000	1.82
Total assets	1,652,000	5.84
Less: liabilities		
Trade payables	32,000	0.11
Other payables	83,000	0.29
Amount owing to a subsidiary	370,000	1.31
Current tax liabilities	178,000	0.63
Deferred tax liabilities	1,000	–
Total liabilities	664,000	2.35
Net assets transferred	988,000	3.49
Cost of investment in DRx Meditech Pte. Ltd.	(11,055,000)	(39.09)
Goodwill arising from transfer of business operations	(10,067,000)	(35.59)

Impairment tests for goodwill

Goodwill is allocated to the individual entity which is also the cash-generating unit ("CGU").

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections in the value-in-use calculations were based on a 10-year period using an estimated growth rate of 1%. The growth rate did not exceed the long-term average growth rate for the industry in which the CGU operates. The discount rate used of 7% was consistent with forecasts included in industry reports and reflected specific risks relating to the CGU. Management determined budgeted gross margin of 78% based on past performance and its expectations of market developments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

18 Plant and equipment

	Computers	Furniture and fittings	Renovations	Office equipment	Machinery	Total
	$	$	$	$	$	$
2013						
Cost						
Beginning of financial year	92,000	12,000	3,000	17,000	5,000	129,000
Additions	4,000	1,000	–	–	1,000	6,000
Transfers	–	3,000	(3,000)	–	-	-
End of financial year	96,000	16,000	–	17,000	6,000	135,000
Accumulated depreciation						
Beginning of financial year	88,000	11,000	3,000	5,000	5,000	112,000
Depreciation charge (Note 7)	3,000	1,000	–	5,000	–	9,000
Transfers	–	3,000	(3,000)	-	–	–
End of financial year	91,000	15,000	–	10,000	5,000	121,000
Net book value End of financial year	5,000	1,000	–	7,000	1,000	14,000
2012						
Cost						
Beginning of financial year	87,000	11,000	3,000	2,000	5,000	108,000
Additions	5,000	1,000	–	15,000	–	21,000
Disposals	–	–	–	–	–	–
End of financial year	92,000	12,000	3,000	17,000	5,000	129,000
Accumulated depreciation						
Beginning of financial year	80,000	11,000	3,000	1,000	5,000	100,000
Depreciation charge (Note 7)	8,000	–	–	4,000	–	12,000
Disposals	–	–	–	-	–	–
End of financial year	88,000	11,000	3,000	5,000	5,000	112,000
Net book value End of financial year	4,000	1,000	–	12,000	–	17,000

	Computers	Furniture and fittings	Renovations	Office equipment	Machinery	Total
	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore
2013						
Cost						
Beginning of financial year	0.40	0.05	0.01	0.07	0.02	0.56
Additions	0.02	–	–	–	–	0.03
Transfers	–	0.01	(0.01)	–	–	–
End of financial year	0.42	0.07	–	0.07	0.02	0.59
Accumulated depreciation						
Beginning of financial year	0.39	0.05	0.01	0.02	0.02	0.49
Depreciation charge (Note 7)	0.01	–	–	0.02	–	0.04
Transfers	-	0.01	(0.01)	–	–	–
End of financial year	0.40	0.07	–	0.04	0.02	0.53
Net book value						
End of financial year	0.02	–	–	0.03	–	0.06
2012						
Cost						
Beginning of financial year	0.36	0.04	0.01	0.01	0.02	0.44
Additions	0.02	–	–	0.06	–	0.09
Disposals	–	–	–	–	–	–
End of financial year	0.38	0.05	0.01	0.07	0.02	0.53
Accumulated depreciation						
Beginning of financial year	0.33	0.04	0.01	–	0.02	0.41
Depreciation charge (Note 7)	0.03	–	–	0.02	–	0.05
Disposals	–	–	–	–	–	–
End of financial year	0.36	0.04	0.01	0.02	0.02	0.46
Net book value						
End of financial year	0.02	–	–	0.05	–	0.07

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

19 Trade and other payables

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Current				
Trade payables to:				
- Non-related parties	**56,000**	3,000	**0.25**	0.01
- Related parties	**–**	28,000	**–**	0.11
	56,000	31,000	**0.25**	0.13
Accruals for operating expenses	**202,000**	**157,000**	**0.88**	0.64
Other payables	**282,000**	37,000	**1.23**	0.15
Contingent consideration payable	**7,900,000**	3,000,000	**34.57**	12.25
	8,440,000	3,225,000	**36.94**	13.17
Non-current				
Contingent consideration payable	**–**	7,500,000	**–**	30.62
Total trade and other payables	**8,440,000**	10,725,000	**36.94**	43.79

Included in non-trade payables is contingent consideration relating to the acquisition of subsidiaries for an amount of $7.9 million Rs.34.57 Crore (2012: $10.5 million rs. 42.87 Crore), out of which $7.9 million Rs.34.57 Crore (2012: $3 million Rs. 12.25 crore) are payable in June 2013 (2012: June 2012).

The other payables are unsecured, non-interest bearing and are normally repayable on demand.

20 Borrowings

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Current				
Bank overdrafts (Note 11)	–	740,000	–	3.02
Bank borrowing - Term Loan	850,000	850,000	3.72	3.47
Borrowing from:				
- Ultimate holding company	–	190,000	–	0.78
- Subsidiaries	8,887,000	4,525,000	38.89	18.48
	9,737,000	6,305,000	42.61	25.74
Non-current				
Bank borrowing - Term Loan	15,300,000	16,150,000	66.96	65.94
Total borrowings	25,037,000	22,455,000	109.57	91.68

The term loan is secured by the following:

(a) Fixed charge on all property and assets of the company, including all machinery and equipment; and

(b) Fixed charge over all shares held by the company in its 3 subsidiaries, namely The DRx Clinic Pte Ltd, The DRx Medispa Pte Ltd and DRx Investments Pte Ltd

The term loan balance bears interest at 3% plus swap offer per annum and will be repayable over 7 years by 20 equal quarterly instalments commencing on 31 March 2012.

Borrowings from ultimate holding company and subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

21 Deferred income taxes

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Beginning of financial year	**1,017,000**	1,000	**4.45**	0.00
Tax charged to:				
- profit or loss (Note 10(a))	**508,000**	1,016,000	**2.22**	4.15
End of financial year	**1,525,000**	1,017,000	**6.67**	4.15

Net deferred income tax liabilities to be settled from the balance sheet date as follows:

	2013	2012	2013	2012
	SGD	SGD	Rs.Crore	Rs.Crore
To be settled within one year	**–**	–	**–**	–
To be settled after one year	**1,524,000**	1,017,000	**6.67**	4.15
	1,524,000	1,017,000	**6.67**	4.15

The movement in deferred income tax liabilities during the financial year is as follows:

Deferred income tax liabilities

	2013	2013
	$	Rs.Crore
2013	**–**	**–**
Beginning of financial year	1,017,000	4.45
Charged to profit or loss	508,000	2.22
End of financial year	1,525,000	6.67
2012		
Beginning of financial year	1,000	–
Charged to profit or loss	1,016,000	4.15
End of financial year	1,017,000	4.15

22 Share capital

The Company's share capital comprises fully paid-up 25,554,000 (2012: 7,000,000) ordinary shares with no par value, amounting to a total of $25,554,000 (2012: $7,000,000) (2013 Rs.111.83 Crore 2012 Rs. 28.58 Crore)

23 Dividends

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Ordinary dividends paid and proposed				
Final dividend paid in respect for 2013 of S$nil	–	1,500,000	–	6.12
(2012: S$0.21) per share				
Interim dividend paid in respect for 2013 of S$nil (2012: S$0.07) per share	–	500,000	–	2.04
Interim dividend paid in respect for 2013 of S$nil (2012: S$0.14) per share	–	1,000,000	–	4.08
	–	3,000,000	–	12.24

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

24 Commitments

Operating lease commitments - where the Company is a lessee

The Company leases business and residential premises under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2013	2012	2013	2012
	$	$	Rs.Crore	Rs.Crore
Not later than one year	**222,000**	170,000	**0.97**	0.69
Between one and five years	**49,000**	27,000	**0.21**	0.11
Later than five years	**–**	–	**0.00**	0.00
	271,000	197,000	**1.19**	0.80

25. Financial risk management

Financial risk factors

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

The Company's business operations are exposed to insignificant currency risk as its financial assets and financial liabilities are mainly denominated in Singapore Dollar.

(ii) Interest rate risk

The Company is exposed to significant interest rate risk on its borrowings.

The Company's borrowings at variable rates are denominated mainly in SGD. At 31 March 2013, if the SGD interest rates had increased/decreased by 1% (2012: 1%) with all other variables including tax rate being held constant, the profit after tax for the year would have been lower/higher by $134,000 Rs. 0.59 Crore (2012: $141,000 Rs. 0.58 Crore) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

The Company adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings. During the financial period, the company derived approximately 89% (2012: 89%) of its revenue from its related parties.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are bank deposits and trade and other receivables.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

There are no financial assets that are past due and/or impaired.

During the year no allowance for impairment was made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

(c) Liquidity risk

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	**Between 1 and 2 years**	**Between 2 and 5 years**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**
	$	**$**	**$**	**Rs.Crore**	**Rs.Crore**	**Rs.Crore**
At 31 March 2013						
Trade and other payables	8,440,000	–	–	36.94	–	–
Borrowings	9,737,000	3,516,000	12,304,000	42.61	15.39	53.85
At 31 March 2012						
Trade and other payables	3,225,000	7,500,000	–	13.17	30.62	–
Borrowings	1,590,000	3,516,000	13,184,000	6.49	14.36	53.83

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity when necessary.

The Company is not subject to any externally imposed capital requirements.

(e) Fair value of financial assets and liabilities .

The carrying amount of cash and cash equivalents, borrowings, receivables and payables approximate their fair values due to their short term nature.

(f) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2013	**2012**	**2013**	**2012**
	$	**$**	**Rs.Crore**	**Rs.Crore**
Loans and receivables	**3,159,000**	1,317,000	**13.83**	5.38
Financial liabilities at amortised cost	**33,477,000**	33,180,000	**146.51**	135.47

26. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Kaya Limited, incorporated in India. The ultimate holding corporation is Marico Limited, incorporated in the India.

27 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

(a) Sales and purchase of goods and services

		2013	2012	2013	2012
		$	$	**Rs.Crore**	Rs.Crore
(i)	With ultimate holding company	**160,000**	190,000	**0.70**	0.73
	Commission				
(ii)	With immediate holding company	**104,000**	597,000	**0.46**	2.28
	Sales	**–**	28,000	**0.00**	0.11
	Expenses				
(iii)	With subsidiaries				
	Sales	**3,007,000**	2,544,000	**13.16**	9.71
	Royalty income	**1,829,000**	1,693,000	**8.00**	6.46
	Management fee income	**96,000**	96,000	**0.42**	0.37
(iv)	With companies in which key management personal have a substantial financial interest				
	Rental	**180,000**	161,000	**0.79**	0.61

Balances with related parties at the balance sheet date are disclosed in Notes 12, 19 and 20.

(b) Key management personnel compensation

Employees benefits expense includes key management personnel compensation as follows:

	2013	2012	2013	2012
	$	**$**	**Rs.Crore**	**Rs.Crore**
Directors' remuneration	**278,000**	549,000	**1.22**	2.10
Other key management personnel	**299,000**	98,000	**1.31**	0.37
	577,000	647,000	**2.53**	2.47

28. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2013 or later periods and which the Company has not early adopted are:

- Annual Improvements 2011(effective for annual periods beginning on or after 1 January 2013). These annual improvements address six issues in the 2009 to 2011 reporting cycle. It includes changes to FRS 101 First time adoption, FRS 1 Presentation of Financial Statements, FRS 16 Property, plant and equipment, FRS 32 Financial Instruments: Presentation and FRS 34 Interim Financial Reporting.

The management anticipates that the adoption of the above FRSs in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

29. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Derma-Rx International Aesthetics Pte Ltd on 27 June 2013.

Board of Directors	Vijay S. Subramaniam Dharmendra B. Jain Frank Thong Mun Loong Naveen Duggal
Registered Office	213, Henderson Road #01-08 Henderson Industrial Park Singapore 159553
Factory (Outlet)	302, Orchard Road, #16-01 Tong Building, Singapore
Auditors	Pricewaterhouse Coopers
Bankers	UOB Bank

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 31 March 2013.

Directors

The directors in office at the date of this report are as follows:

Vijay S. Subramaniam	(appointed on 1 May 2013)
Dharmendra B. Jain	(appointed on 1 May 2013)
Frank Thong Mun Loong	(appointed on 1 May 2013)
Naveen Duggal	

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration as a result of their employment with related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Naveen Duggal
Director

Frank Thong Mun Loong
Director

Singapore, 14 June 2013

In the opinion of the directors,

STATEMENT BY DIRECTORS'

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

(a) the financial statements as set out on pages 5 to 23 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Naveen Duggal
Director

Frank Thong Mun Loong
Director

Singapore, 14 June 2013

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF THE DRX CLINIC PTE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of The DRx Clinic Pte Ltd (the "Company") set out on pages 5 to 23, which comprise the balance sheet as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and the 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 Singapore 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 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 of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013, and of the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PRICE WATERHOUSE COOPERS LLP
PUBLIC ACCOUNTANTS AND CERTIFIED PUBLIC ACCOUNTANTS

Singapore, 14th June 2013

BALANCE SHEET

AS AT 31 MARCH 2013

	Note	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
ASSETS					
Current assets					
Cash and cash equivalents	8	956,000	366,000	4.18	1.49
Trade and other receivables	9	386,000	263,000	1.69	1.07
Loan to immediate holding corporation	11	3,703,000	2,039,000	16.21	8.33
Inventories	10	660,000	494,000	2.89	2.02
Tax recoverable	7	161,000	13,000	0.70	0.05
		5,866,000	**3,175,000**	**25.67**	**12.96**
Non-current assets					
Plant and equipment	12	289,000	176,000	1.26	0.72
Total assets		**6,155,000**	**3,351,000**	**26.94**	13.68
LIABILITIES					
Current liabilities					
Trade and other payables	13	818,000	285,000	3.58	1.16
Deferred revenue		894,000	587,000	3.91	2.40
		1,712,000	**872,000**	**7.49**	**3.56**
Non-current liabilities					
Deferred income tax liabilities	14	–	44,000	–	0.18
Total liabilities		1,712,000	916,000	7.49	3.74
NET ASSETS		**4,443,000**	**2,435,000**	**19.44**	**9.94**
EQUITY					
Share capital	15	100,000	100,000	0.44	0.41
Retained profits		4,343,000	2,335,000	19.01	9.53
Total equity		**4,443,000**	**2,435,000**	**19.44**	**9.94**

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31st March 2013

	Note	2013	2012	2013	2012
		$	$	Rs. Crore	Rs. Crore
Revenue	3	**10,155,000**	**9,788,000**	**44.44**	37.36
Cost of sales	5	(2,784,000)	(2,685,000)	(12.18)	(10.25)
Gross profit		7,371,000	7,103,000	32.26	27.11
Other income	4	464,000	464,000	2.03	1.77
Expenses				–	
- Distribution and marketing	5	(2,190,000)	(1,815,000)	(9.58)	(6.93)
- Administrative	5	(3,484,000)	(2,964,000)	(15.25)	(11.31)
Profit before income tax		**2,161,000**	**2,788,000**	**9.46**	**10.64**
Income tax (expense)/credit	7	(153,000)	247,000	(0.67)	0.94
Profit after tax and total comprehensive income		**2,008,000**	**3,035,000**	**8.79**	**11.59**

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31st March 2013

	Note	Share capital $	Retained profits $	Total equity $
2013				
Beginning of financial year		**100,000**	**2,335,000**	**2,435,000**
Total comprehensive income		–	2,008,000	2,008,000
Dividends paid	16	–	–	–
End of financial year		**100,000**	**4,343,000**	**4,443,000**
2012				
Beginning of financial year		**100,000**	**1,550,000**	**1,650,000**
Total comprehensive income		–	3,035,000	3,035,000
Dividends paid	16	–	(2,250,000)	(2,250,000)
End of financial year		**100,000**	**2,335,000**	**2,435,000**

	Note	Share capital Rs. Crore	Retained profits Rs. Crore	Total equity Rs. Crore
2013				
Beginning of financial year		**0.44**	**10.22**	**10.66**
Total comprehensive income		–	8.79	8.79
Dividends paid	16	–	–	–
End of financial year		**0.44**	**19.01**	**19.44**
2012				
Beginning of financial year		**0.41**	**6.33**	**6.74**
Total comprehensive income		–	12.39	12.39
Dividends paid	16	–	(9.19)	(9.19)
End of financial year		**0.41**	**9.53**	**9.94**

The accompanying notes form an integral part of these financial statements

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF CASH FLOWS

for the financial year ended 31st March 2013

	Note	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Cash flows from operating activities					
Profit after tax		2,008,000	3,035,000	8.79	12.39
Adjustments for:					
- Income tax expense	7	153,000	(247,000)	0.67	(1.01)
- Depreciation	12	193,000	242,000	0.84	0.99
		2,354,000	3,030,000	10.30	12.37
Change in working capital:					
- Inventories		(166,000)	(152,000)	(0.73)	(0.62)
- Trade and other receivables		(123,000)	(19,000)	(0.54)	(0.08)
- Trade and other payables		533,000	(100,000)	2.33	(0.41)
- Deferred revenue		307,000	(30,000)	1.34	(0.12)
Cash generated from operations		2,905,000	2,729,000	12.71	11.14
Income tax refund received		84,000	–	0.37	–
Income tax paid	7	(429,000)	(519,000)	(1.88)	(2.12)
Net cash provided by operating activities		**2,560,000**	**2,210,000**	**11.20**	**9.02**
Cash flows from investing activities					
Additions to plant and equipment	12	(318,000)	(39,000)	(1.39)	(0.16)
Proceeds from disposal of plant and equipment		12,000		0.05	–
Loan to immediate holding corporation		(1,664,000)	(1,373,000)	(7.28)	(5.61)
Net cash used in investing activities		**(1,970,000)**	**(1,412,000)**	**(8.62)**	**(5.77)**
Cash flows from financing activities				–	
Repayments of borrowings		–	(1,000)	–	–
Dividends paid		–	(2,250,000)	–	(9.19)
Net cash used in financing activities		–	**(2,251,000)**	–	**(9.19)**
Net increase/(decrease) in cash and cash equivalents		**590,000**	**(1,453,000)**	**2.58**	**(5.93)**
Cash and cash equivalents at beginning of financial year	8	366,000	1,819,000	1.60	7.43
Cash and cash equivalents at end of financial year	8	**956,000**	**366,000**	**4.18**	**1.49**

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General Information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 213 Henderson Road, #01-08 Henderson Industrial Park, Singapore 159553

The principal activities of the Company are those of clinical services and other general western medical services.

The Company's principal place of business is located at 302 Orchard Road, #16-02, Tong Building, Singapore 238862

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain accounting estimates and assumptions. There are no areas in the financial statements which involve the application of significant estimates or judgement.

Interpretations and amendments to published standards effective in 2012

On 1 April 2012, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

(a) *Sale of goods*

Sale of goods comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities.

Sales are recognized when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured. Sales are presented, net of goods and services tax and discounts.

(b) *Rendering of services*

Service income is recognized when services are rendered and accepted by customers.

Collections from service packages are deferred and recognised as revenue as and when the services due are provided to customers. Unused service packages are included in the balance sheet as deferred income.

(c) *Interest income*

Interest income is recognized using the effective interest method.

2.3 Employee compensation

(a) *Defined contribution plans*

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalized as an asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Operating leases

(a) When the Company is the lessee:

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Company is the lessor:

Rental income from operating leases (net of any incentives given to the lessees) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.5 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.6 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.7 Plant and equipment

Plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset 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.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computers	3 years
Furniture and fittings	3 years
Office equipment	3 years
Renovations	3 years
Medical equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

2.8 Impairment of non-financial assets

Plant and equipment

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognized as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Loans and receivables

Cash and cash equivalents

Trade and other receivables

Loan to immediate holding corporation

Cash and cash equivalents, trade and other receivables and loan to immediate holding corporation are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.10 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of the financial year. They 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 and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.12 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

2.13 Currency translation

The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

Transactions in a currency other than the Singapore Dollar ("foreign currency") are translated into Singapore Dollars using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.14 Share capital

Ordinary shares are classified as equity.

3 Revenue

Revenue Comprises the following items :

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Rendering of services	4,944,000	4,524,000	21.63	17.27
Sales of goods	5,211,000	5,264,000	22.80	20.09
	10,155,000	**9,788,000**	**44.44**	**37.36**

4 Other Income

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Rental income	326,000	326,000	1.43	1.24
Consultation fees	132,000	132,000	0.58	0.50
Miscellaneous income	6,000	3,000	0.03	0.01
Exchange gain	–	3,000	–	0.01
	464,000	**464,000**	**2.03**	**1.77**

5 Expenses by nature

	2013 $	2012 $	2013 Rs.crore	2012 Rs.crore
Purchases of inventories	2,784,000	2,685,000	12.18	10.25
"Depreciation of property, plant and equipment (Note 12)"	193,000	242,000	0.84	0.92
Employee compensation (Note 6)	2,989,000	2,225,000	13.08	8.49
Advertising expense	2,000	4,000	0.01	0.02
Professional fee	26,000	37,000	0.11	0.04
Rental on operating leases	627,000	627,000	2.74	2.39
Transportation expense	21,000	16,000	0.09	0.06
Royalty	1,466,000	1,350,000	6.42	5.15
Bank charge	196,000	171,000	0.86	0.65
Other expenses	154,000	107,000	0.67	0.51
Total cost of sales, distribution and marketing costs and administrative expenses	**8,458,000**	**7,464,000**	**37.01**	**28.49**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

6 Employee Compensation

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Wages and salaries	2,754,000	2,038,000	12.05	7.78
Employer's contribution to Central Provident Fund	181,000	152,000	0.79	0.58
Other benefits	54,000	35,000	0.24	0.13
	2,989,000	**2,225,000**	**13.08**	**8.49**

7 Income Taxes

(a) Income tax (expense) / Credit

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Tax expense attributable to profit is made up of:				
- Current income tax	208,000	84,000	0.91	0.32
	208,000	**84,000**	**0.91**	**0.32**
over provision in prior financial years		–		
- Current income tax	(11,000)	(331,000)	(0.05)	(1.26)
- Deferred income tax (Note 14)	(44,000)	–	(0.19)	–
	153,000	**(247,000)**	**0.67**	**(0.94)**

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Profit before tax	**2,161,000**	**2,788,000**	**9.46**	**11.38**
Tax calculated at tax rate of 17% (2012: 17%)	367,000	474,000	1.61	1.94
Effects of:				
- Statutory stepped income exemption	(26,000)	(26,000)	(0.11)	(0.11)
- Expenses not deductible for tax purposes	4,000	43,000	0.02	0.18
- Utilisation of group losses	(120,000)	(394,000)	(0.53)	(1.61)
- Tax incentives	(10,000)	–	(0.04)	–
- Income not subject to tax	(7,000)	(13,000)	(0.03)	(0.05)
Tax charge	**208,000**	**84,000**	**0.91**	**0.34**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

b. Movements in current Income tax liabilities/(tax recoverable)

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Beginning of financial year	(13,000)	753,000	(0.06)	3.07
Income tax paid	(429,000)	(519,000)	(1.88)	(2.12)
Income tax refund received	84,000	–	0.37	–
Tax expense	208,000	84,000	0.91	0.34
Overprovision in prior financial years	(11,000)	(331,000)	(0.05)	(1.35)
End of financial year	**(161,000)**	**(13,000)**	**(0.70)**	**(0.05)**

8 Cash and cash equivalents

	2013 $	2012 $	2013 Rs.crore	2012 Rs.crore
Cash at bank and on hand	956,000	366,000	4.18	1.49

For the purpose of presenting the statement of cash flows, cash & cash equivalents comprise the following:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Cash and bank deposits (as above)	956,000	366,000	4.18	1.49
Cash and cash equivalents per statement of cash flows	**956,000**	**366,000**	**4.18**	**1.49**

9 Trade and other Receivables

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Trade receivables				
-Fellow subsidiaries	106,000	–	0.46	–
-Non-related parties	80,000	82,000	0.35	0.33
Trade receivables – net	186,000	82,000	0.81	0.33
Other receivables	200,000	181,000	0.88	0.74
	386,000	**263,000**	**1.69**	**1.07**

10 Inventories

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Finished goods	**660,000**	**494,000**	**2.89**	**2.02**

11 Loan to Immediate holding corporation

The loan to the immediate holding corporation is unsecured, Interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

12 Plant and equipment

2013	Computers $	Furniture & fittings $	Renovations $	Office equipments $	Medical equipments $	Total $
Cost						
Beginning of financial year	50,000	246,000	710,000	93,000	829,000	1,928,000
Additions	8,000	5,000	–	1,000	304,000	318,000
Disposals	(2,000)	–	–	(2,000)	(24,000)	(28,000)
Transfers	–	7,000	–	(7,000)	–	–
End of financial year	**56,000**	**258,000**	**710,000**	**85,000**	**1,109,000**	**2,218,000**
Accumulated depreciation						
Beginning of financial year	48,000	245,000	684,000	92,000	683,000	1,752,000
Depreciation charge (Note 5)	2,000	2,000	21,000	1,000	166,000	193,000
Disposals	(2,000)	–	–	(2,000)	(12,000)	(16,000)
Transfers	–	7,000	–	(7,000)	–	–
End of financial year	**48,000**	**254,000**	**705,000**	**84,000**	**837,000**	**1,928,000**
Net book value						
End of financial year	**8,000**	**4,000**	**5,000**	**1,000**	**272,000**	**290,000**
2012						
Cost						
Beginning of financial year	48,000	246,000	710,000	93,000	832,000	1,929,000
Additions	2,000	–	–	–	37,000	39,000
Disposals	–	–	–	–	(40,000)	(40,000)
End of financial year	**50,000**	**246,000**	**710,000**	**93,000**	**829,000**	**1,928,000**
Accumulated depreciation						
Beginning of financial year	47,000	241,000	638,000	89,000	535,000	1,550,000
Depreciation charge (Note 5)	1,000	4,000	46,000	3,000	188,000	242,000
Disposals	–	–	–	–	(40,000)	(40,000)
End of financial year	**48,000**	**245,000**	**684,000**	**92,000**	**683,000**	**1,752,000**
Net book value						
End of financial year	**2,000**	**1,000**	**26,000**	**1,000**	**146,000**	**176,000**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

12 Property, plant and equipment(Contd.)

2013	Computers Rs. Crore	Furniture & fittings Rs. Crore	Renovations Rs. Crore	Office equipments Rs. Crore	Medical equipments Rs. Crore	Total Rs. Crore
Cost						
Beginning of financial year	0.22	1.08	3.11	0.41	3.63	8.44
Additions	0.04	0.02	–	–	1.33	1.39
Disposals	(0.01)	–	–	(0.01)	(0.11)	(0.12)
Transfers	–	0.03	–	(0.03)	–	–
End of financial year	**0.25**	**1.13**	**3.11**	**0.37**	**4.85**	**9.71**
Accumulated depreciation						
Beginning of financial year	0.21	1.07	2.99	0.40	2.99	7.67
Depreciation charge (Note 5)	0.01	0.01	0.09	–	0.73	0.84
Disposals	(0.01)	–	–	(0.01)	(0.05)	(0.07)
Transfers	–	0.03	–	(0.03)	–	–
End of financial year	**0.21**	**1.11**	**3.09**	**0.37**	**3.66**	**8.44**
Net book value						
End of financial year	**0.04**	**0.02**	**0.02**	**–**	**1.19**	**1.27**
2012						
Cost						
Beginning of financial year	0.20	1.00	2.90	0.38	3.40	7.88
Additions	0.01	–	–	–	0.15	0.16
Disposals	–	–	–	–	(0.16)	(0.16)
End of financial year	**0.20**	**1.00**	**2.90**	**0.38**	**3.38**	**7.87**
Accumulated depreciation						
Beginning of financial year	0.19	0.98	2.60	0.36	2.18	6.33
Depreciation charge (Note 5)	–	0.02	0.19	0.01	0.77	0.99
Disposals	–	–	–	–	(0.16)	(0.16)
End of financial year	**0.20**	**1.00**	**2.79**	**0.38**	**2.79**	**7.15**
Net book value						
End of financial year	**0.01**	**–**	**0.11**	**–**	**0.60**	**0.72**

13 Trade and other payables

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Trade payables to:				
- Non-related parties	421,000	–	1.84	–
Accruals for operating expenses	397,000	285,000	1.74	1.16
	818,000	**285,000**	**3.58**	**1.16**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

14 Deferred income taxes

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Beginning of financial year	44,000	44,000	0.19	0.18
Tax credited to:				
- Profit or loss (Note 7(a))	(44,000)	–	0.19	0.18
End of financial year	**–**	**44,000**	**–**	**0.18**

15 Share Capital

The Company's share capital comrises fully paid-up 100,000 (2012: 100,000) ordinary shares with no par value, amounting to a total of $100,000 (2012: $100,000)

16 Dividends

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Ordinary dividends paid or proposed				
First interim dividend paid in respect of current financial year of S$nil (2012: S$12.50) per share	–	1,250,000	–	5.10
Second interim dividend paid in respect of current financial year of S$nil (2012 S$5) per share	–	500,000	–	2.04
Third interim dividend paid in respect of current financial year of S$nil (2012: S$5) per share	–	500,000	–	2.04
	–	**2,250,000**	**–**	**9.19**

17 Commitments

(a) Operating lease commitments - where the Company is a lessee

The Company leases business premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Not later than one year	631,000	627,000	2.76	2.56
Between one and five years	389,000	1,046,000	1.70	4.27
	1,020,000	**1,673,000**	**4.46**	**6.83**

(b) Operating lease commitments - where the Company is a lessor

The Company sublets business premises to associated companies under non cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as assets, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Not later than one year	314,000	326,000	1.37	1.33
Between one and five years	189,000	543,000	0.83	2.22
	503,000	**869,000**	**2.20**	**3.55**

18 Financial risk management

Financial risk factors

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, foreign exchange risk, interest rate risk and liquidity risk. Management reviews and agrees on policies for managing each of these risks and they are summarized below:

(a) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the company as and when they fall due.

The Company's exposure to credit risk arises primarily from trade and other receivables (including amounts owing by related parties). For other financial assets (including cash and cash equivalents),the company minimises credit risk by dealing with high credit rating counterparties.

Management regularly monitors credit risk exposure to counterparties.

Management believes that concentration of credit risk is limited due to ongoing credit evaluations on all counterparties and, where necessary, maintaining an allowance for doubtful receivables which will adequately provide for potential credit risks.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are mainly deposits placed with reputable financial institutions with high credit-ratings.

There are no financial assets that are past due or impaired as at the balance sheet date.

(b) Market risk

(i) *Currency risk*

The company does not have significant foreign currency transactions,thus the net exposure is not expected to be significant.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rates.

The company does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates to interest-earning bank deposits. The company monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

The company monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

All financial liabilities of the company are repayable on demand or mature within one year.

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity when necessary.

Management monitors its capital based on total equity.

The Company is not subject to any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year.

(e) Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, receivables and payables approximate their fair values due to their short term nature.

(f) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Loans & Receivables	5,045,000	2,668,000	22.08	10.89
Financials liabilities at amortised cost	818,000	285,000	3.58	1.16

19 Immediate and ultimate holding corporation

The Company's immediate holding corporation is Derma-Rx International Aesthetics Pte Ltd, incorporated in Singapore. The ultimate and intermediate holding corporation are Marico Limited and Kaya Limited respectively, both incorporated in India.

20 Related Party Transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Sales and purchase of goods and services

		2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
(i)	With immediate holding company				
	Purchases	2,131,000	1,992,000	9.33	7.60
	Royalty fees	1,466,000	1,350,000	6.42	5.15
(ii)	With fellow subsidiaries				
	Sales	381,000	870,000	1.67	3.32
	Rental	326,000	326,000	1.43	1.24
	Consultation fee income	132,000	132,000	0.58	0.50
	Miscellaneous	–	2,000	–	0.01
	Purchases	–	35,000	–	0.13
	Sale of plant and equipment	12,000	–	0.05	–

Balances with related parties at the balance sheet date are unsecured and receivable/payable on demand and are disclosed in Notes 9 and 11 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

(b) Key management personnel compensation

Employee benefits expense includes key management personnel compensation as follows:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Short-term employee benefits				
- Directors' remuneration	639,000	616,000	2.80	2.35
- Other key management personnel	34,000	34,000	0.15	0.13
	673,000	**650,000**	**2.95**	**2.48**

21 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2013 or later periods and which the Company has not early adopted.

- Annual Improvements 2011 (effective for annual periods beginning on or after 1 January 2013). These annual improvements address six issues in the 2009 to 2011 reporting cycle. It includes changes to FRS 101 First time adoption, FRS 1 Presentation of Financial Statements, FRS 16 Property, plant and equipment, FRS 32 Financial Statements: Presentation and FRS 34 Interim Financial Reporting.

The management anticipates that the adoption of the above FRSs in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

22 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of The DRx Clinic Pte Ltd on 14th June 2013.

Board of Directors	Vijay S. Subramaniam Dharmeendra B Jain Frank Thong Mun Loong Naveen Duggal
Registered Office	213, Henderson Road #01-08 Henderson Industrial Park Singapore 159553
Factory (Outlet)	302, Orchard Road #16-01 Tong Building Singapore
Auditors	Pricewaterhouse Coopers
Bankers	UOB Bank

REPORT OF THE DIRECTORS'

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 31 March 2013.

Directors

The directors in office at the date of this report are as follows:

Vijay S. Subramaniam	appointed on 1 May 2013
Dharmendra B. Jain	appointed on 1 May 2013
Frank Thong Mun Loong	appointed on 1 May 2013
Naveen Duggal	appointed on 1 May 2013

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration as a result of their employment with related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Naveen Duggal
Director

Frank Thong Mun Loong
Director

Singapore, 14th June 2013

STATEMENT BY DIRECTORS'

In the opinion of the directors,

(a) the financial statements as set out on pages 5 to 22 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, with the continuing financial support from its intermediate holding corporation, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Naveen Duggal
Director

Frank Thong Mun Loong
Director

Singapore, 14th June 2013

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF THE DRX MEDISPA PTE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of The DRx Medispa Pte Ltd (the "Company") set out on pages 5 to 22, which comprise the balance sheet as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and the 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 Singapore 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 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 of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013, and of the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PRICE WATERHOUSE COOPERS LLP
PUBLIC ACCOUNTANTS AND CERTIFIED PUBLIC ACCOUNTANTS

Singapore, 14th June 2013

BALANCE SHEET

AS AT 31 MARCH 2013

	Note	2013	2012	2013	2012
		$	$	Rs. Crore	Rs. Crore
ASSETS					
Current assets					
Cash and cash equivalents	8	402,000	588,000	1.76	2.40
Trade and other receivables	9	143,000	180,000	0.63	0.73
Inventories	10	123,000	69,000	0.54	0.28
Loan to immediate holding corporation	11	4,701,000	2,078,000	20.57	8.48
		5,369,000	**2,915,000**	**23.50**	**11.90**
Non-current assets					
Plant and equipment	12	338,000	420,000	1.48	1.71
		338,000	**420,000**	**1.48**	**1.71**
Total assets		**5,707,000**	**3,335,000**	**24.98**	**13.62**
LIABILITIES					
Current liabilities					
Trade and other payables	13	477,000	189,000	2.09	0.77
Deferred revenue		3,906,000	3,133,000	17.09	12.79
Current income tax liabilities	7	139,000	211,000	0.61	0.86
		4,522,000	**3,533,000**	**19.79**	**14.42**
Non-current liabilities					
Deferred income tax liabilities	14	–	8,000	–	0.03
		–	**8,000**	**–**	**0.03**
Total liabilities		**4,522,000**	**3,541,000**	**19.79**	**14.46**
NET LIABILITIES		**1,185,000**	**(206,000)**	**5.19**	**(0.84)**
EQUITY					
Share capital	15	100,000	100,000	0.44	0.41
Retained profits/(accumulated losses)		1,085,000	(306,000)	4.75	(1.25)
Total equity		**1,185,000**	**(206,000)**	**5.19**	**(0.84)**

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31st March 2013

	Note	2013	2012	2013	2012
		$	$	Rs. Crore	Rs. Crore
Revenue	3	**6,805,000**	**6,561,000**	**29.78**	**25.05**
Cost of sales	5	(1,286,000)	(1,378,000)	(5.63)	(5.26)
Gross profit		**5,519,000**	**5,183,000**	**24.15**	**19.79**
Other income	4	7,000	3,000	0.03	0.01
Expenses					
- Distribution and marketing	5	(2,085,000)	(16,000)	(9.12)	(0.06)
- Administrative	5	(1,799,000)	(3,260,000)	(7.87)	(12.44)
Profit before income tax		**1,642,000**	**1,910,000**	**7.19**	**7.29**
Income tax expense	7	(251,000)	(241,000)	(1.10)	(0.92)
Profit after tax representing total comprehensive income		**1,391,000**	**1,669,000**	**6.09**	**6.37**

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

	Note	Share capital $	Retained profits $	Total equity $
2013				
Beginning of financial year		**100,000**	**(306,000)**	**(206,000)**
Total comprehensive income		–	1,391,000	1,391,000
Dividends paid	16	–	–	–
End of financial year		**100,000**	**1,085,000**	**1,185,000**
2012				
Beginning of financial year		**100,000**	**(1,225,000)**	**(1,125,000)**
Total comprehensive income		–	1,669,000	1,669,000
Dividends paid	16	–	(750,000)	(750,000)
End of financial year		**100,000**	**(306,000)**	**(206,000)**

	Note	Share capital Rs. Crore	Retained profits Rs. Crore	Total equity Rs. Crore
2013				
Beginning of financial year		**0.44**	**(1.34)**	**(0.90)**
Total comprehensive income		–	6.09	6.09
Dividends paid	16	–	–	–
End of financial year		**0.44**	**4.75**	**5.19**
2012				
Beginning of financial year		**0.41**	**(5.00)**	**(4.59)**
Total comprehensive income		–	6.81	6.81
Dividends paid	16	–	(3.06)	(3.06)
End of financial year		**0.41**	**(1.25)**	**(0.84)**

The accompanying notes form an integral part of these financial statements

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

	Note	2013	2012	2013	2012
		$	$	Rs. Crore	Rs. Crore
Cash flows from operating activities					
Profit after tax		1,391,000	1,669,000	6.09	6.81
Adjustments for:					
- Income tax expense		251,000	241,000	1.10	0.98
- Depreciation		201,000	166,000	0.88	0.68
		1,843,000	2,076,000	8.07	8.48
Change in working capital:					
- Inventories		(54,000)	(45,000)	(0.24)	(0.18)
- Trade and other receivables		37,000	(118,000)	0.16	(0.48)
- Trade and other payables		288,000	85,000	1.26	0.35
- Deferred revenue		773,000	–	3.38	–
Cash generated from operations		2,887,000	1,998,000	12.63	8.16
Income tax paid		(331,000)	**(217,000)**	(1.45)	(0.89)
Net cash provided by operating activities		2,556,000	1,781,000	11.19	7.27
Cash flows from investing activities					
Additions to property, plant and equipment		**(119,000)**	**(515,000)**	**(0.52)**	**(2.10)**
Loan to immediate holding corporation		(2,623,000)	(1,984,000)	(11.48)	(8.10)
Net cash used in investing activities		(2,742,000)	(2,499,000)	(12.00)	(10.20)
Cash flows from financing activities					
Repayment of borrowings to related company		**–**	**(105,000)**	**–**	**(0.43)**
Dividends paid		**–**	**(750,000)**	**–**	**(3.06)**
Net cash used in financing activities		–	(855,000)	–	(3.49)
Net decrease in cash and cash equivalents		**(186,000)**	(1,573,000)	(0.81)	(6.42)
Cash and cash equivalents at beginning of financial year	8	**588,000**	**2,161,000**	**2.57**	**8.82**
Cash and cash equivalents at end of financial year	8	**402,000**	**588,000**	**1.76**	**2.40**

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General Information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 213 Henderson Road, #01-08 Henderson Industrial Park, Singapore 159553

The principal activities of the Company are to provide therapeutic skin beauty treatments and import and distribute health and beauty products. The Company's principal place of business is located at 302 Orchard Road, #14-02/03 & #16-02, Tong Building, Singapore 238862

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain accounting estimates and assumptions. There are no areas in the financial statements which involve the application of significant estimates or judgement.

On 1 April 2012, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

(a) *Sale of goods*

Sale of goods comprises the fair value of the consideration received or receivable for the sale of health and beauty products in the ordinary course of the Company's activities.

Sales are recognized when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured. Sales are presented, net of goods and services tax and discounts.

(b) *Rendering of services*

Service income is recognized when services are rendered and accepted by customers.

Collections from service packages are deferred and recognised as revenue as and when the services due are provided to customers. Unused service packages are included in the balance sheet as deferred income.

(c) *Interest income*

Interest income is recognized using the effective interest method.

2.3 Employee compensation

(a) *Defined contribution plans*

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalized as an asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Operating leases Payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.5 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.6 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.7 Plant and equipment

Plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset 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.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computers	3 years
Furnitureand fittings	3 years
Office equipment	3 years
Renovations	3 years
Medicalequipment	3 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Impairment of non-financial assets

Plant and equipment

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognized as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairmentloss for an asset is recognisedin profit or loss.

2.9 Loans and receivables

Cash and cash equivalents
Trade and other receivables
Loan to immediate holding corporation

Cash and cash equivalents, trade and other receivables and loan to immediate holding corporation are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.10 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of the financial year. They 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 and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

2.12 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.13 Currency translation

The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

Transactions in a currency other than the Singapore Dollar ("foreign currency") are translated into Singapore Dollars using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.14 Share capital

Ordinary shares are classified as equity.

3 Revenue

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Rendering of services	5,858,000	5,280,000	25.63	20.16
Sales of goods	947,000	1,281,000	4.14	4.89
	6,805,000	**6,561,000**	**29.78**	**25.05**

4 Other Income

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Miscellaneous income	7,000	2,000	0.03	0.01
Gain on disposal of fixed asset	–	1,000	–	–
	7,000	**3,000**	**0.03**	**0.01**

5 Expenses by nature

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Cost of inventories included in cost of sales	1,286,000	1,378,000	5.63	5.26
Depreciation of property, plant and equipment(Note 12)	201,000	166,000	0.88	0.63
Employee compensation (Note 6)	2,327,000	1,788,000	10.18	6.83
Advertising expense	14,000	16,000	0.06	0.06
Rental on operating leases	579,000	575,000	2.53	2.19
Audit fees	19,000	23,000	0.08	0.09
Royalty	341,000	328,000	1.49	1.25
Bank charges	177,000	160,000	0.77	0.61
Other expenses	226,000	220,000	0.99	0.84
Total cost of sales, distribution and marketing costs and administrative expenses	**5,170,000**	**4,654,000**	**22.62**	**17.77**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

6 Employee Compensation

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Wages and salaries	2,077,000	1,592,000	9.09	6.08
Employer's contribution to Central Provident Fund	175,000	146,000	0.77	0.56
Other benefits	75,000	50,000	0.33	0.19
	2,327,000	**1,788,000**	**10.18**	**6.83**

7 Income Taxes

a Income tax expense

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Tax expense attributable to profit is made up of:				
- Current income tax	267,000	307,000	1.17	1.17
	267,000	307,000	1.17	1.17
Overprovision in prior financial years:				
- Current income tax	(8,000)	(66,000)	(0.04)	(0.25)
- Deferred income tax (Note 14)	(8,000)	–	(0.04)	–
	251,000	241,000	1.10	0.92

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Profit before tax	1,642,000	1,910,000	7.19	7.80
Tax calculated at tax rate of 17% (2012: 17%)	279,000	325,000	1.22	1.24
Effects of:				
- statutory stepped income exemption	(26,000)	(26,000)	(0.11)	(0.10)
- expenses not deductible for tax purposes	26,000	28,000	0.11	0.11
- income not subject to tax	(2,000)	(20,000)	(0.01)	(0.08)
- tax incentives	(10,000)	–	(0.04)	–
Tax charge	**267,000**	**307,000**	**1.17**	**1.17**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

b Movements in current income tax liabilities

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Beginning of financial year	**211,000**	**187,000**	**0.92**	**0.76**
Income tax paid	(331,000)	(217,000)	(1.45)	(0.89)
Tax expense	267,000	307,000	1.17	1.25
Overprovision in prior financial years	(8,000)	(66,000)	(0.04)	(0.27)
End of financial year	139,000	211,000	0.61	0.86

8 Cash and cash equivalents

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Cash at bank and on hand	402,000	588,000	1.76	2.40

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Cash and bank balances (as above)	402,000	588,000	1.76	2.40
Cash and cash equivalents per statement of cash flows	**402,000**	**588,000**	**1.76**	**2.40**

9 Trade and other Receivables

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Trade receivables	64,000	55,000	0.28	0.22
Other receivables	79,000	125,000	0.35	0.51
	143,000	**180,000**	**0.63**	**0.73**

10 Inventories

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Finished goods	**123,000**	**69,000**	**0.54**	**0.28**

11 Loan to Immediate holding corporation

The loan to the immediate holding corporation is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

12 Plant and equipment

2013	Computers $	Furniture & fittings $	Renovations $	Office equipments $	Medical equipments $	Total $
Cost						
Beginning of financial year	19,000	60,000	706,000	68,000	1,024,000	1,877,000
Additions	1,000	5,000	30,000	2,000	81,000	119,000
Disposals	–	(1,000)	–	–	(89,000)	(90,000)
Transfers	–	8,000	–	(8,000)	–	–
End of financial year	**20,000**	**72,000**	**736,000**	**62,000**	**1,016,000**	**1,906,000**
Accumulated depreciation						
Beginning of financial year	19,000	56,000	390,000	65,000	927,000	1,457,000
Depreciation charge (Note 5)	1,000	3,000	143,000	1,000	53,000	201,000
Disposals	–	(1,000)	–	–	(89,000)	(90,000)
Transfers	–	8,000	–	(8,000)	–	–
End of financial year	**20,000**	**66,000**	**533,000**	**58,000**	**891,000**	**1,568,000**
Net book value						
End of financial year	**–**	**6,000**	**203,000**	**4,000**	**125,000**	**338,000**
2012						
Cost						
Beginning of financial year	19,000	55,000	299,000	80,000	926,000	1,379,000
Additions	–	5,000	407,000	5,000	98,000	515,000
Disposals	–	–	–	(17,000)	–	(17,000)
End of financial year	**19,000**	**60,000**	**706,000**	**68,000**	**1,024,000**	**1,877,000**
Accumulated depreciation						
Beginning of financial year	19,000	55,000	288,000	80,000	866,000	1,308,000
Depreciation charge (Note 5)	–	1,000	102,000	2,000	61,000	166,000
Disposals	–	–	–	(17,000)	–	(17,000)
End of financial year	**19,000**	**56,000**	**390,000**	**65,000**	**927,000**	**1,457,000**
Net book value						
End of financial year	**–**	**4,000**	**316,000**	**3,000**	**97,000**	**420,000**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

12 Plant and equipment(Contd.)

2013	Computers Rs. Crore	Furniture & fittings Rs. Crore	Renovations Rs. Crore	Office equipments Rs. Crore	Medical equipments Rs. Crore	Total Rs. Crore
Cost						
Beginning of financial year	0.08	0.26	3.09	0.30	4.48	8.21
Additions	–	0.02	0.13	0.01	0.35	0.52
Disposals	–	–	–	–	(0.39)	(0.39)
Transfers	–	0.04	–	(0.04)	–	–
End of financial year	**0.08**	**0.32**	**3.22**	**0.27**	**4.44**	**8.34**
Accumulated depreciation						
Beginning of financial year	0.08	0.25	1.71	0.28	4.06	6.38
Depreciation charge (Note 5)	–	0.01	0.63	–	0.23	0.88
Disposals	–	–	–	–	(0.39)	(0.39)
Transfers	–	0.04	–	(0.04)	–	–
End of financial year	**0.08**	**0.30**	**2.34**	**0.24**	**3.90**	**6.87**
Net book value						
End of financial year	**–**	**0.02**	**0.88**	**0.03**	**0.54**	**1.47**
2012						
Cost						
Beginning of financial year	0.08	0.22	1.22	0.33	3.78	5.63
Additions	–	0.02	1.66	0.02	0.40	2.10
Disposals	–	–	–	(0.07)	–	(0.07)
End of financial year	0.08	0.24	2.88	0.28	4.18	7.66
Accumulated depreciation						
Beginning of financial year	0.08	0.22	1.18	0.33	3.54	5.34
Depreciation charge (Note 5)	–	–	0.42	0.01	0.25	0.68
Disposals	–	–	–	(0.07)	–	(0.07)
End of financial year	0.08	0.23	1.59	0.27	3.78	5.95
Net book value						
End of financial year	–	0.02	1.29	0.01	0.40	1.71

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

13 Trade and other payables

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Trade payables to:				
- Non-related parties	7,000	–	0.03	–
- Immediate holding corporation	94,000	–	0.41	–
- Fellow subsidiaries	81,000	–	0.35	–
	182,000	–	0.80	–
Accruals for operating expenses	295,000	189,000	1.29	0.77
	477,000	**189,000**	**2.09**	**0.77**

14 Deferred income taxes

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Beginning of financial year	8,000	8,000	0.04	0.03
Tax credited to:				
- profit or loss (Note 7(a))	(8,000)	–	(0.04)	–
End of financial year	–	**8,000**	–	**0.03**

Net deferred income tax liabilities to be settled from the balance sheet date as follows:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
To be settled within one year	–	–	–	–
To be settled after one year	–	8,000	–	0.04
	–	**8,000**	–	**0.04**

15 Share capital

The Company's share capital comprises fully paid-up 100,000 (2012: 100,000) ordinary shares with no par value, amounting to a total of $100,000 (2012: $100,000)

16 Dividends

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Ordinary dividends paid or proposed				
First interim dividend paid in respect of current financial year of S$nil (2012: S$2.50) per share	–	250,000	–	1.02
Second interim dividend paid in respect of current financial year of S$nil (2012: S$5.00) per share	–	500,000	–	2.04
	–	**750,000**	**–**	**3.06**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

17. Commitments

Operating lease commitments - where the Company is a lessee

“The Company leases business premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payabies under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:”

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Not later than one year	591,000	591,000	2.59	2.41
Between one and five years	307,000	918,000	1.34	3.75
	898,000	**1,509,000**	**3.93**	**6.16**

18. Financial risk management

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, interest rate risk and liquidity risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

(a) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the company as and when they fall due.

The Company’s exposure to credit risk arises primarily from trade and other receivables (including amounts owing by related parties). For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing with high credit rating counterparties.

Management regularly monitors credit risk exposure to counterparties. Management believes that concentration of credit risk is limited due to ongoing credit evaluations on all counterparties and, where necessary, maintaining an allowance for doubtful receivables which will adequately provide for potential credit risks.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are mainly deposits placed with reputable financial institutions with high credit-ratings.

There are no financial assets that are past due or impaired as at the balance sheet date.

(b) Foriegn exchange risk

The Company does not have significant foreign currency transactions, thus, the net exposure is not expected to be significant.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company’s financial instruments will fluctuate because of changes in market interest rates.

The Company does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates to interest-earning bank deposits. The Company monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

All financial liabilities of the Company are repayable on demand or mature within one year.

(e) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period.

(f) Fair value measurements

The carrying amounts of cash and cash equivalents, receivables and payables approximate their fair values due to their short term nature.

(g) Financial instruments by category

The aggregate carrying amounts of loans and recievables and financial liabilities at amortised cost are as follows:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Loans & Receivables	5,246,000	22.96	2,846,000	11.62
Financials liabilities at amortised cost	477,000	2.09	189,000	0.02

19. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Derma-Rx International Aesthetics Pte Ltd, incorporated in Singapore. The ultimate and intermediate holding corporation are Marico Limited and Kaya Limited respectively, both incorporated in India.

20 Related Party Transaction

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Sales & purchase of goods and services

		2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
(i)	With immediate holding company				
	Royalty paid	341,000	328,000	1.49	1.25
	Purchases	747,000	456,000	3.27	1.74
	Management fee	96,000	96,000	0.42	0.37
(ii)	With fellow subsidiaries				
	Sales	8,000	35,000	0.04	0.13
	Purchases	419,000	882,000	1.83	3.37
	Rental expenses	314,000	314,000	1.37	1.20
	Consultation fee	132,000	132,000	0.58	0.50
	Utilities	12,000	12,000	0.05	0.05

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

(b) Key management personnel compensation

Employee benefits expense includes key management personnel compensation as follows:

	2013 $	2012 $	2013 Rs. Crore	2012 Rs. Crore
Short tem employee benefits				
- Director's remuneration	33,000	36,000	0.14	0.14
- Other key management personnel	143,000	136,000	0.63	0.52
	176,000	172,000	0.77	0.66

21. New and revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2013 or later periods and which the Company has not early adopted.

- Annual Improvements 2011 (effective for annual periods beginning on or after 1 January 2013). These annual improvements address six issues in the 2009 to 2011 reporting cycle. It includes changes to FRS 101 First time adoption, FRS 1 Presentation of Financial Statements, FRS 16 Property, plant and equipment, FRS 32 Financial Statements: Presentation and FRS 34 Interim Financial Reporting.

  The management anticipates that the adoption of the above FRSs in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

22. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of The DRx Medispa Pte Ltd on 14th June 2013

Board of Directors	Vijay S. Subramaniam Dharmendra B Jain FRANK THONG MUN LOONG Naveen Duggal
Registered Office	213, Henderson Road #01-08 Henderson Industrial Park Singapore 159553
Auditors	Pricewaterhouse Coopers
Bankers	UOB Bank

DIRECTORS' REPORT

for the financial year ended 31 March 2013.

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 31 March 2013.

Directors

The directors in office at the date of this report are as follows:

Vijay S. Subramaniam	(appointed on 1 May 2013)
Dharmendra B. Jain	(appointed on 1 May 2013)
Frank Thong Mun Loong	(appointed on 1 May 2013)
Naveen Duggal	

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration as a result of their employment with related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the

Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

In the opinion of the directors,

(a) the financial statements as set out on pages 5 to 16 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, with the continuing financial support from its intermediate holding corporation, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Frank Thong Mun Loong	Naveen Duggal
Director	Director

14th June 2013

STATEMENT OF DIRECTORS

For the financial year ended 31st March 2013

In the opinion of the directors,

(a) the financial statements as set out on pages 5 to 16 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, with the continuing financial support from its intermediate holding corporation, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Frank Thong Mun Loong	Naveen Duggal
Director	Director

14th June 2013

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF DRx INVESTMENTS PTE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of DRx Investments Pte Ltd set out on pages 5 to 16, which comprise the balance sheet as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and the 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 Singapore 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 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 of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013, and of the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 14th June 2013

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31st March 2013

	Note	**2013**	2012	**2013**	2012
		$	$	**Rs.Crore**	Rs.Crore
Expenses					
- Administrative	3	**(12,000)**	(15,000)	**(0.05)**	(0.06)
Loss before income tax		**(12,000)**	(15,000)	**(0.05)**	(0.06)
Income tax expense	4	**–**	–	**–**	–
Loss after tax and total comprehensive loss		**(12,000)**	(15,000)	**(0.05)**	(0.06)

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

BALANCE SHEET AS AT SHEET

as at 31st March 2013

	Note	**2013**	2012	**2013**	2012
		$	$	**Rs.Crore**	Rs.Crore
ASSETS					
Current assets					
Cash and cash equivalents	5	**12,000**	17,000	**0.05**	0.07
Amount owing by a subsidiary	7	**–**	–	**–**	–
		12,000	17,000	**0.05**	0.07
Non current assets					
Investment in subsidiary	6	**–**	–	**–**	–
Total assets		**12,000**	17,000	**0.05**	0.07
LIABILITIES					
Current liabilities					
Other payables	8	**12,000**	10,000	**0.05**	0.04
Borrowings from a fellow subsidiary	9	**23,000**	18,000	**0.10**	0.07
Total liabilities		**35,000**	28,000	**0.15**	0.11
		35,000	28,000	**0.15**	0.11
NET LIABILITIES		**(23,000)**	(11,000)	**(0.10)**	(0.04)
EQUITY					
Share capital	10	**748,000**	748,000	**3.27**	3.05
Retained profits		**(771,000)**	(759,000)	**(3.37)**	(3.10)
Total equity		**(23,000)**	(11,000)	**(0.10)**	(0.04)

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

STATEMENT OF CHANGES IN EQUITY

as at 31st March 2013

	Note	Share capital	Retained profits	Total equity	Share capital	Retained profits	Total equity
		$	$	$	Rs.Crore	Rs.Crore	Rs.Crore
2013							
Beginning of financial year		748,000	(759,000)	(11,000)	3.27	(3.32)	(0.05)
Total comprehensive loss		–	(12,000)	(12,000)	–	(0.05)	(0.05)
End of financial year		**748,000**	**(771,000)**	**(23,000)**	**3.27**	**(3.37)**	**(0.10)**
2012							
Beginning of financial year		748,000	(744,000)	4,000	3.05	(3.04)	0.02
Total comprehensive loss		–	(15,000)	(15,000)	–	(0.06)	(0.06)
End of financial year		**748,000**	**(759,000)**	**(11,000)**	**3.05**	**(3.10)**	**(0.04)**

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

CASH FLOW STATEMENT

For the financial year ended 31st March 2013

	Note	**2013**	2012	**2013**	2012
		$	$	**Rs.Crore**	Rs.Crore
Cash flows from operating activities					
Loss after tax		**(12,000)**	(15,000)	**(0.05)**	(0.06)
Change in working capital:					
- Trade and other payables		**2,000**	7,000	**0.01**	0.03
Cash generated from operations		**(10,000)**	(8,000)	**(0.04)**	(0.03)
Net cash used in operating activities		**(10,000)**	(8,000)	**(0.04)**	(0.03)
Cash flows from financing activities					
Proceeds from borrowings from related corporation		**5,000**	15,000	**0.02**	0.06
Capitalisation of loan from holding company			–	**–**	–
Net cash provided by/(used in) financing activities		**5,000**	15,000	**0.02**	0.06
Net increase/(decrease) in cash and cash equivalents		**(5,000)**	7,000	**(0.02)**	0.03
Cash and cash equivalents at beginning of financial year	5	**17,000**	10,000	**0.07**	0.04
Cash and cash equivalents at end of financial year	5	**12,000**	17,000	**0.05**	0.07

The accompanying notes form an integral part of these financial statements.

Note: The exchange rate used to convert SGD to Rs. <43.764> /(Previous year SGD to Rs.<40.829>).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General Information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 213 Henderson Road, #01-08 Henderson Industrial Park, Singapore 159553.

The Company is an investment holding company of DRx Aesthetics Sdn. Bhd. incorporated in Malaysia.

As at 31 March 2013, the Company is in capital deficit. The financial statements have been prepared on a going concern basis due to the financial support from its intermediate holding corporation.

2. Significant accounting poncles

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are separate financial statements under FRS 27 Consolidated and Separate Financial Statements. As provided under FRS 27 the Company has elected not to prepare consolidated financial statements as it is a wholly-owned subsidiary of Marico Limited, which produces consolidated financial statements for public use. The registered office of Marico Limited is located at Rang Sharda Krishmachandra Marg, Bandra Reclamation, Branda (West), Mumbai 400050 India.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain accounting estimates and assumptions. There are no areas of the financial statements which involve the application of significant estimates or judgement.

Interpretations and amendments to published standards effective in 2012

On 1 April 2012, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.3 Loans and receivables Cash and cash equivalents Amount owing by a subsidiary

Cash and cash equivalents, and amount owing by a subsidiary are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.4 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.5 Investment in subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses in the balance sheet. On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.6 Impairment of non-financial assets

Investment in subsidiary is reviewed for impairment whenever there is any indication that this asset may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Other payables

Other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of financial year. They 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.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.8 Share capital

Ordinary shares are classified as equity,

3 Expenses by nature

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Audit fees	**10000**	14000	**0.04**	0.05
Other expenses	**2000**	1000	**0.01**	–
Total	**12000**	15000	**0.05**	0.06

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

4 Income Taxes

Income tax expense

The tax on loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Loss for the period	**(12,000)**	(15,000)	**(0.05)**	(0.06)
Tax calculated at tax rate of 17% (2012: 17%)	**(2,000)**	(3,000)	**(0.01)**	(0.01)
Effects of:				
- expenses not deductible for tax purposes	**2,000**	**3,000**	**0.01**	**0.01**
Tax charge	**–**	**–**	**–**	**–**

5 Cash and cash equivalents

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Cash at bank and on hand	**12,000**	17,000	**0.05**	0.07
	12,000	**17,000**	**0.05**	**0.07**

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Cash and bank deposits (as above)	**12,000**	17,000	**0.05**	0.07
Cash and cash equivalents per statement of cash flows	**12,000**	**17,000**	**0.05**	**0.07**

6 Investments in subsidiary

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Equity investments at cost				
Beginning of financial year	**65,000**	65,000	**0.28**	0.27
Less: Allowance for impairment	**(65,000)**	(65,000)	**(0.28)**	(0.27)
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

At the balance sheet date, the details of the subsidiary are as follows:

Name of Companies	**Principle Activities**	**Country of Business Incorporation**	**Equity Holding**	
			2013	2012
			%	%
DRx Aesthetics Sdn Bhd	"Maintain private medical practice and medical laboratory service and consultation "	Malaysia	100	100

7 Amount owing by a subsidiary

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Amount owing by a subsidiary – non-trade	**634,000**	634,000	**2.77**	2.59
Less: Allowance for doubtful debts	**(634,000)**	**(634,000)**	**(2.77)**	**(2.59)**
	–	**–**	**–**	**–**

The amount owing by subsidiary is unsecured, interest-free and is repayable on demand.

8 Other Payables

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Accruals for operating expenses	**12,000**	10,000	**0.05**	0.04
	12,000	10,000	**0.05**	0.04

9. Borrowings from a fellow subsidiary

Amount owing to a fellow subsidiary is unsecured, interest free and repayable on demand.

10. Share capital

The Company's share capital comprises fully paid-up 748,343 (2012: 748,343) ordinary shares with no par value, amounting to a total of $748,343 (2012: $748,343)

11. Financial risk management

Financial risk factors

The Company is exposed to financial risks arising from its operations. The key financial risks are credit risk, interest rate risk and liquidity risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

(a) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of other counterparties to settle their financial and contractual obligations to the company as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

The Company's exposure to credit risk arises primarily from cash and cash equivalents. The Company minimises credit risk by dealing with high credit rating counterparties.

(i) Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are mainly deposits placed with reputable financial institutions with high credit-ratings.

There are no financial assets that are past due or impaired as at the balance sheet date.

(ii) Financial assets that are past due and impaired

There is no other class of financial assets that is past due and impaired except for amount owing by a subsidiary.

The amount owing by subsidiary determined to be impaired is as follows:

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Gross Amount	**634,000**	634,000	**2.77**	2.59
Less: Allowance for Impariment	**(634,000)**	(634,000)	**(2.77)**	(2.59)

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds.

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

All financial liabilities of the company will mature within one year or are repayable on demand.

(c) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity when necessary.

(d) Fair value measurements

The carrying amounts of cash and cash equivalents approximate their fair values due to their short term nature.

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2013	2012	**2013**	2012
	$	$	**Rs.Crore**	Rs.Crore
Loans & Receivables	**12,000**	17,000	**0.05**	0.07
Financials liabilities at amortised cost	**35,000**	28,000	**0.15**	0.11

12. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Derma-Rx International Aesthetics Pte Ltd, incorporated in Singapore. The ultimate and intermediate holding corporation are Marico Limited and Kaya Limited respectively, both incorporated in India.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2013

13. New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2013 or later periods and which the Company has not early adopted.

- Annual Improvements 2011 (effective for annual periods beginning on or after 1 January 2013). These annual improvements address six issues in the 2009 to 2011 reporting cycle. It includes changes to FRS 101 First time adoption, FRS 1 Presentation of Financial Statements, FRS 16 Property, plant and equipment, FRS 32 Financial Statements: Presentation and FRS 34 Interim Financial Reporting.

The management anticipates that the adoption of the above FRSs in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

14. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of DRx Investment Pte Ltd on 14th June 2013.

Board of Directors	Frank Thong Mun Loong Naveen Duggal Dr. Tan Siak Khim Janifer Yeo-Tan Chin Chee Kee Poh Shiow Mei
Registered Office	339 Mezzanine Floor, Jalan Tuanka Abdul Rehman 50100 Kuala Lumpur, Malaysia
Factory	N-1 -1 Plaza Damas, 60 Jalan Sri Hartamas 1, Sri Hartamas, 50480 Kuala Lumpur Malaysia
Auditors	Sundar & Associates Chartered Accountants
Bankers	Public Bank Berhad

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31 March 2013.

Principal activity

The principal activities of the Company are managing private medical practice and medical laboratory service and consultation as well as dealing in all kinds of medical and its related products. There has been no significant change in the nature of these activities during the year.

Financial results

	RM	Rs. Crore
Profit after taxation	51,177/-	0.09

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:

DR. TAN SIAK KHIM

JANIFER YEO-TAN

CHIN CHEE KEE

POH SHIOW MEI

AJAY PAHWA (Resigned w.e.f. 30.04.2013)

NAVEEN DUGGAL

FRANK THONG MUN LOONG (Apptd w.e.f 01.05.2013)

Particulars of interest in shares of the Company by the directors who held office at the end of the financial period are as follows:

	Ordinary shares of RM1/- each			
	As at 01/04/2012	Bought	Sold	As at 31/03/2013
DR. TAN SIAK KHIM	–	–	–	–
JANIFER YEO -TAN	–	–	–	–
POH SHIOW MEI	–	–	–	–
AJAY PAHWA	–	–	–	–
NAVEEN DUGGAL	–	–	–	–
CHIN CHEE KEE	–	–	–	–

Directors' benefits

Neither at the end of the financial year, nor at any time during this year, did there subsist any arrangement to which the Company or any of its related corporations 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 year, no director has received of become entitled to receive a benefit 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.

DIRECTORS' REPORT (Contd.)

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 all known bad debts have been written off and that adequate provision has been made for doubtful debts.

(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 the amount written off or provided for bad and doubtful debts of the Company inadequate to any substantial extent.

(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 period.

(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 period.

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 expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance
with a resolution of the Directors dated 23rd May 2013

NAVEEN DUGGAL
Director

FRANK THONG MUN LOONG
Director

STATEMENT BY DIRECTORS'

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **Frank Thong Mun Loong** and **Naveen Duggal**, being two of the directors of **DRX AESTHETICS 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 MASB approved accounting standards for private entities 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 2013 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 23rd May 2013

NAVEEN DUGGAL
Director

FRANK THONG MUN LOONG
Director

STATUTORY DECLARATION

I, **Naveen Duggal**, being the director primarily responsible for the accounting records and financial management of **DRX AESTHETICS 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 23rd May 2013)

NAVEEN DUGGAL
Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **DRX AESTHETICS SDN. BHD**

Report on the Financial Statements

We have audited the financial statements of **DRX AESTHETICS SDN. BHD.**, which comprise the balance sheet as at 31 March 2013, and the income statement, 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, as set out on pages 8 to 20.

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 Entities Reporting Standard and the Companies Act 1965 in Malaysia, and for such internal controls 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 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 Company'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 Company'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 Entities 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 2013 and of its financial performance and cash flows for the year then ended.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3(i) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding as of that date, the Company's current liabilities exceeded its current assets by RM1,549,865/-(Rs.Crore 2.71), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

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.

INDEPENDENT AUDITORS' REPORT (Contd.)

TO THE MEMBERS OF **DRX AESTHETICS SDN. BHD**

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.

SUNDARASAN A/L ARUMUGAM
1876/02/14(J/PH)
Chartered Accountant (M)

SUNDAR & ASSOCIATES
AF No: 1127
Chartered Accountants (M)

Petaling Jaya
Date : 23rd May 2013

INCOME STATEMENT

for the period ended 31 March 2013

	Notes	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Turnover	3 (ii)	1,273,619	746,150	2.24	1.17
Cost of sales		(311,457)	(234,329)	(0.55)	(0.37)
Gross profit		**962,162**	**511,821**	**1.69**	**0.80**
Other income		7,824	3,960	0.01	0.01
Staff costs	5	(513,177)	(63,664)	(0.90)	(0.10)
Depreciation		(19,313)	(5,992)	(0.03)	(0.01)
Other operating expenses		(386,319)	(337,598)	(0.68)	(0.53)
Profit before taxation	6	**51,177**	**108,527**	**0.09**	**0.17**
Taxation	7	–	3,517	–	0.01
Profit after taxation		**51,177**	**112,044**	**0.09**	**0.18**

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

Note: The exchange rate used to convert MYR to Rs. <17.534> /(Previous year MYR to Rs.<16.617>).

BALANCE SHEET

AS AT **31** MARCH 2013

	Notes	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Non-current asset					
Plant and equipment	8	82,418	46,479	0.14	0.08
Current assets					
Inventories	3(iv) / 9	140,242	33,098	0.25	0.05
Trade receivables		9,050	9,751	0.02	0.02
Other receivables , deposits and prepayment	10	81,159	92,014	0.14	0.15
Tax recoverable		65,385	38,385	0.11	0.06
Cash and bank balances		341,523	143,429	0.60	0.24
		637,359	316,677	1.12	0.53
Current liabilities					
Trade payables		633,560	287,084	1.11	0.48
Other payables and accrued liabilities	11	19,867	60,899	0.03	0.10
Amount owing to holding company	12	1,533,797	1,533,797	2.69	2.55
		2,187,224	1,881,780	3.83	3.13
Net current liabilities		(1,549,865)	(1,565,103)	(2.71)	(2.60)
		(1,467,447)	**(1,518,624)**	**(2.57)**	**(2.52)**
Financed by :					
Share capital	13	990,000	990,000	1.74	1.65
Accumulated loss		(2,457,447)	(2,508,624)	(4.31)	(4.17)
		(1,467,447)	**(1,518,624)**	**(2.57)**	**(2.52)**

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

Note: The exchange rate used to convert MYR to Rs. <17.534> /(Previous year MYR to Rs.<16.617>).

STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2013

	Share capital RM	Accumulated loss RM	Total RM	Share capital Rs. Crore	Accumulated loss Rs. Crore	Total Rs. Crore
Balance as at 1 April 2012	990,000	(2,508,624)	(1,518,624)	1.74	(4.40)	(2.66)
Profit after taxation	–	51,177	51,177	–	0.09	0.09
Balance as at 31 March 2013	**990,000**	**(2,457,447)**	**(1,467,447)**	**1.74**	**(4.31)**	**(2.57)**
Balance as at 1 April 2011	990,000	(2,620,668)	(1,630,668)	1.65	(4.35)	(2.71)
Profit after taxation	–	112,044	112,044	–	0.19	0.19
Balance as at 31 March 2012	**990,000**	**(2,508,624)**	**(1,518,624)**	**1.65**	**(4.16)**	**(2.52)**

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

Note: The exchange rate used to convert MYR to Rs. <17.534> /(Previous year MYR to Rs.<16.617>).

CASH FLOW STATEMENT

for the period ended 31 March 2013

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Cash flows from operating activities				
Profit before taxation	51,177	108,527	0.09	0.18
Adjustments for :				
Depreciation on plant and equipment	19,313	5,992	0.03	0.01
Loss on foreign exchange - unrealised	–	3,297	–	0.01
Bad debts written off	–	39	–	–
Operating profit before working capital changes	70,490	117,855	0.12	0.20
Changes in working capital :				
Inventories	(107,144)	(2,002)	(0.19)	–
Trade receivables	701	(6,680)	–	(0.01)
Other receivables, deposits and prepayment	10,855	(10,955)	0.02	(0.02)
Trade payables	346,476	(160,976)	0.62	(0.27)
Other payables and accrued liabilities	(41,032)	(5,287)	(0.07)	(0.01)
Cash generated from /(absorbed by) operations	280,346	(68,045)	0.50	(0.11)
Tax paid	(27,000)	(34,947)	(0.05)	(0.06)
Net cash flow from operating activities	**253,346**	**(102,992)**	**0.45**	**(0.17)**
Cash flows from investing activity				
Purchase of plant and equipment	(55,252)	(49,315)	(0.10)	(0.08)
Net cash flow from investing activity	(55,252)	(49,315)	(0.10)	(0.08)
Net increase / (decrease) in cash and cash equivalents	198,094	(152,307)	0.35	(0.25)
Cash and cash equivalents brought forward	143,429	295,736	0.25	0.49
Cash and cash equivalent carried forward	341,523	143,429	0.60	0.24
Breakdown of cash and cash equivalents carried forward				
Cash and bank balances	341,523	143,429	0.60	0.24

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

Note: The exchange rate used to convert MYR to Rs. <17.534> /(Previous year MYR to Rs.<16.617>).

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2013

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 339,Mezzanine Floor, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur and the principal place of business is located at N-1-1, Plaza Damas, No 60, Jalan Sri Hartamas 1, 50480 Kuala Lumpur.

2. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 23rd May 2013

3. Significant accounting policies

(i) Basis of preparation

The financial statements comply with applicable approved accounting standards for private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

As at 31 March 2013, the Company's current liabilities exceeded its total assets by RM1,549,865/- (Rs.Crore2.71). However, the financial statements have been prepared on the basis of accounting principle applicable to a going concern. This going concern basis presumes that the Company will be able to operate profitably in the foreseeable future and continue to receive financial support from the shareholders and consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are satisfied that the Company will be able to meet its financial obligation as and when they fall due for the foreseeable future.

(ii) Revenue

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.

Services rendered

Revenue is recognised upon rendering of services and when the outcome of the transactions can be estimated reliably. In the event the outcome of the transactions could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation.

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:

The principal annual rates of depreciation used are as follows:-

Computer and equipment	20%
Furniture and fittings	20%
Air-conditioners	20%
Medical and surgical equipment	20%
Renovations	20%

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.

(iv) Inventories

Inventories, encompassing finished goods purchased and held for resale, are stated at the lower of cost and net realisable value. Cost is determined on first-in first-out method and includes transport and handling costs.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2013

(v) 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 a review of all outstanding amounts at the balance sheet date.

(vi) Cash and cash equivalents

Cash represent 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) Payables

Payables are stated at cost which is the consideration to be paid in the future for products and services received.

(viii) 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 is 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.

(ix) 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.

(x) 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 occur.

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.

(xi) Impairment of assets

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

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2013

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.

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 recognized as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(xii) 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:

	2013 RM	2012 RM
Singapore Dollar	2.4911	2.4405

4. Principal activities

The principal activities of the Company are managing private medical practice and medical laboratory service and consultation as well as dealing in all kinds of medical and its related products.

5 Staff Costs

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Salaries and related cost	457,245	57,149	0.80	0.09
Contribution to defined contribution plan	53,634	5,847	0.09	0.01
Other employees benefit	2,298	668	–	–
	513,177	**63,664**	**0.90**	**0.10**

6 Profit Before taxation

Profit before taxation is stated after charging :-

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Rental of office	122,025	108,000	0.21	0.17
Royalties	56,887	34,559	0.10	0.05
Auditors' remuneration	6,200	9,820	0.01	0.02
Loss on foreign exchange - realised	–	9,685	–	0.02
Loss on foreign exchange - unrealised	–	3,297	–	0.01
Bad debt written off and crediting :	–	39	–	–
Gain on foreign exchange - realised	**1,224**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2013

7 Taxation

Tax charge for the year is as follows:

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Provision for the year	–	–	–	–
Overprovision in prior year	–	3,517	–	0.01
	–	**3,517**	**–**	**0.01**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows :

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Profit before taxation	**51,177**	**108,527**	**0.09**	**0.17**
Taxation at Malaysian statutory tax rate of 25%	12,794	27,132	0.02	0.04
Expenses not deductible for tax purposes	3,235	–	0.01	–
Origination of deferred tax asset not recognised	(16,029)	(22,444)	(0.03)	(0.04)
Proportion of profit in respect of overlapping year	0	(8,205)	–	(0.01)
Tax expense for the year	**–**	**(3,517)**	**–**	**(0.01)**

Subject to agreement of the Inland Revenue Board, the Company has the following available for set-off against future taxable income.

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Unutilised tax losses	928,791	928,791	1.63	1.45
Unutilised capital allowances	858,606	847,811	1.51	1.33
	1,787,397	**1,776,602**	**3.14**	**2.95**

8 Plant and Equipment

The movement on plant and equipment is detailed on page 20.

(a) Included in the cost of plant and equipment are fully depreciated assets, which are still in use, as follows:

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Medical and surgical equipment	145,730	506,730	0.26	0.84
Renovation	383,512	383,512	0.67	0.64
Computer and equipment	36,743	37,043	0.06	0.06
Air - conditioner	17,400	17,400	0.03	0.03
Furniture and fittings	4,768	10,367	0.01	0.02
	588,153	**955,052**	**1.03**	**1.59**

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2013

8. Plant and equipment

Cost	Computer and equipment	Furniture and fittings	Medical and surgical equipment	Renovation	Air-conditioner	Signboard	Total
	RM	RM	RM	RM	RM	RM	RM
Balance brought forward	**37,043**	12,866	513,890	425,667	17,400	2,400	1,009,266
Addition	9,116	4,420	41,716	–	–	–	55,252
Disposal	300	5,599	361,000	–	–	–	366,899
Balance carried forward	**45,859**	**11,687**	**194,606**	**425,667**	**17,400**	**2,400**	**697,619**

Accumulated depreciation	Computer and equipment	Furniture and fittings	Medical and surgical equipment	Renovation	Air-conditioner	Signboard	Total
	RM	RM	RM	RM	RM	RM	RM
Balance brought forward	37,042	12,491	507,207	387,727	17,400	920	962,787
Addition	1,455	1,258	7,689	8,431	–	480	19,313
Disposal	300	5,599	361,000	–	–	–	366,899
Balance carried forward	**38,197**	**8,150**	**153,896**	**396,158**	**17,400**	**1,400**	**615,201**

Net book value	Computer and equipment	Furniture and fittings	Medical and surgical equipment	Renovation	Air-conditioner	Signboard	Total
	RM	RM	RM	RM	RM	RM	RM
2013	**7,662**	**3,537**	**40,710**	**29,509**	**–**	**1,000**	**82,418**
2012	**1**	**375**	**6,683**	**37,940**	**–**	**1,480**	**46,479**

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2013

8. Plant and equipment (Contd.)

Cost	Computer and equipment	Furniture and fittings	Medical and surgical equipment	Renovation	Air-conditioner	Signboard	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Balance brought forward	**0.06**	0.02	0.85	0.71	0.03	–	1.67
Addition	0.02	0.01	0.07	–	–	–	0.10
Disposal	–	0.01	0.63	–	–	–	0.64
Balance carried forward	**0.08**	**0.02**	**0.29**	**0.71**	**0.03**	–	**1.13**

Accumulated depreciation	Computer and equipment	Furniture and fittings	Medical and surgical equipment	Renovation	Air-conditioner	Signboard	Total
	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore
Balance brought forward	0.06	0.02	0.84	0.64	0.03	–	1.60
Addition	–	–	0.01	0.01	–	–	0.03
Disposal	–	0.01	0.63	–	–	–	0.64
Balance carried forward	**0.06**	**0.01**	**0.22**	**0.65**	**0.03**	**–**	**0.99**

Net book value	Computer and equipment	Furniture and fittings	Medical and surgical equipment	Renovation	Air-conditioner	Signboard	Total
	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore	Rs.Crore
2013	0.02	0.01	0.07	0.06	–	–	0.14
2012	–	–	0.01	0.07	–	–	0.08

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 March 2013

9 Inventories

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Trading merchandise, at cost	140,242	33,098	0.25	0.05

10 Other receivables, deposits and prepayment

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Deposits	60,640	71,740	0.11	0.12
Prepayments	18,000	18,000	0.03	0.03
Other receivables	2,519	2,274	–	–
	81,159	**92,014**	**0.14**	**0.15**

11 Other payables and accrued liabilities

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Accrued expenses	13,954	60,172	0.02	0.1
Other payables	5,913	727	0.01	-
	19,867	**60,899**	**0.03**	**0.1**

12 Holding Company

The Company's immediate holding company is Drx Investment Pte. Ltd., a company incorporated in Singapore, which holds 100 % interest in the shares of the company.

The ultimate holding company is Marico Limited a company incorporated in India.

The amount due to the above mentioned companies are unsecured; interest free and no terms of repayment have been arranged.

13 Share Capital

	2013	2012	2013	2012	2013	2012
	No. of shares		RM	RM	Rs. Crore	Rs. Crore
Authorised :						
Ordinary shares of RM 1/- each	1,000,000	1,000,000	1,000,000	1,000,000	1.75	1.66
Issued and fully paid:						
Ordinary shares of RM1/- each	**990,000**	**990,000**	**990,000**	**990,000**	**1.74**	**1.65**

14 Deferred Taxation

Deferred tax assets have not been recognised in respect of the following items:

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Tax effect of:				
Unabsorbed capital allowances	819,868	906,171	1.44	1.51
Unutilised tax losses	928,791	928,791	1.63	1.54
	1,748,659	**1,834,962**	**3.07**	**3.05**

15 Employees

	2013	2012
Number of employees at the end of financial year	5	1

INCOME STATEMENT

for the period ended 31 March 2013

		2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Turnover		1,273,619	746,150	2.24	1.17
Cost of sales :					
Inventories - 1 January		33,099	31,096	0.06	0.05
Purchases		414,513	231,867	0.73	0.36
Freight, forwarding and handling charges		4,087	4,465	0.01	0.01
Inventories - 31 March		(140,242)	(33,099)	(0.25)	(0.05)
		311,457	234,329	0.55	0.37
Gross profit		962,162	511,821	1.69	0.80
Other income :					
Miscellaneous income		6,600	3,960	0.01	0.01
Gain on foreign exchange-realised		1,224	–	–	–
		7,824	3,960	0.01	0.01
Staff costs	Appendix I	(513,177)	(63,664)	(0.90)	(0.10)
Depreciation	Appendix I	(19,313)	(5,992)	(0.03)	(0.01)
Other operating expenses	Appendix I	(386,319)	(337,598)	(0.68)	(0.53)
Profit for the year		**51,177**	**108,527**	**0.09**	**0.17**

This management income statement is prepared from information furnished by the management of Drx Aesthetics Sdn. Bhd. and does not form part of the audited financial statements of the company.

SCHEDULE OF EXPENSES

for the period ended 31 March 2013

Appendix I

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Staff costs				
Salaries	286,903	35,161	0.50	0.05
Allowances	170,342	21,988	0.30	0.03
EPF	53,634	5,847	0.09	0.01
Socso	2,298	668	–	–
	513,177	**63,664**	**0.89**	**0.09**
Depreciation				
Renovation	8,431	4,215	0.01	0.01
Medical and surgical equipment	7,689	477	0.01	–
Computer and equipment	1,455	320	–	–
Furniture and fitting	1,258	500	–	–
Signboard	480	480	–	–
	19,313	**5,992**	**0.02**	**0.01**
Other operating expenses				
Rental of office	122,025	108,000	0.21	0.17
Royalties	56,887	34,559	0.10	0.05
Travelling	46,620	19,783	0.08	0.03
Professional fee	45,308	5,269	0.08	0.01
Staff accomodation	18,605	4,244	0.03	0.01
Credit card commission	17,750	10,163	0.03	0.02
Marketing fee	17,039	8,480	0.03	0.01
Electricity and water	8,857	6,684	0.02	0.01
Office cleaning	7,281	7,343	0.01	0.01
Telephone charges	7,154	6,635	0.01	0.01
Repair and renewal	6,649	2,367	0.01	–
Auditors' remuneration	6,200	9,820	0.01	0.02
Accounting fee	6,000	6,000	0.01	0.01
Office maintenance	5,540	2,589	0.01	–
Registration fee	4,036	3,983	0.01	0.01
Printing and stationery	3,431	2,233	0.01	–
Insurance	3,240	1,675	0.01	–
Staff welfare	1,940	160	–	–
General expenses	1,698	6,432	–	0.01
Tax fee	1,000	2,606	–	–
Secretarial fees	960	743	–	–
Penalty	200	1,464	–	–
Postage and courier	189	550	–	–
Bank charges	91	228	–	–
Newspaper and periodicals	80	54	–	–
Loss on foreign exchange - realised	–	9,685	–	0.02
Loss on foreign exchange - unrealised	–	3,297	–	0.01
Bad debts written off	–	39	–	–
Recruitment fee	(2,461)	72,513	–	0.11
	386,319	**337,598**	**0.68**	**0.53**

This management schedule of expenses is prepared from information furnished by the management of Drx Aesthetics Sdn. Bhd. and does not form part of the audited financial statements of the company.

Board of Directors	Saugata Gupta B.Sridhar Mukesh Kripalani Debashish Neogi Rohit Jaiswal Souvik Mazumdar Saumitra Bhat
Secretary, Manager, Negotiator	Rohit Jaiswal
Registered Office	Office No. LB15326, Jebel Ali, Dubai, UAE
Auditors	M/s. PricewaterhouseCoopers Dubai
Bankers	Standard Chartered Bank HSBC Bank JPMORGAN Chase Bank .NA Bank Mandri (Persero) TBK, Indonesia

AUDITORS' REPORT

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 2013,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 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 qualifiedopinion

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 IAS 27, 'Consolidated and Separate 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 of 31 March 2013, 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

Paul Suddaby

Registered Auditor Number 309
Dubai, United Arab Emirates
14 May 2013

BALANCE SHEET

		As at March 31st		As at March 31st	
		2013	2012	2013	2012
	Notes	AED	AED	Rs. Crore	Rs. Crore
ASSETS					
Non-current assets					
Property and equipment	4	463,127	525,276	0.68	0.73
Investments in susbidiaries	5	31,851,823	32,001,823	47.07	44.33
		32,314,950	32,527,099	47.76	45.05
Current assets					
Inventories		168,787	–	0.25	–
Trade and other receivables	6	20,124,777	46,272,336	29.74	64.09
Loan to subsidiairies	7	16,292,144	59,376,267	24.08	82.24
Due from related party	8	330,184	–	0.49	–
Cash and bank balances	9	3,189,603	604,474	4.71	0.84
		40,105,495	106,253,077	59.27	147.17
Total assets		**72,420,445**	**138,780,176**	**107.03**	**192.22**
EQUITY					
Capital and reserves					
Share capital	10	22,000,000	22,000,000	32.51	30.47
Retained earnings		(39,095,050)	(1,733,589)	(57.78)	(2.40)
Total equity		(17,095,050)	20,266,411	(25.26)	28.07
LIABILITIES					
Non-current liabilities					
Employees' end of service benefits	11	668,663	379,394	0.99	0.53
		668,663	379,394	0.99	0.53
Current liabilities					
Trade and other payables	12	27,183,898	16,406,013	40.18	22.72
Due to related party	8	10,240,934	19,223,283	15.14	26.63
Bank borrowings	13	51,422,000	82,505,075	76.00	114.28
		88,846,832	118,134,371	131.31	163.63
Total liabilities		89,515,495	118,513,765	132.29	164.15
Total equity and liabilities		**72,420,445**	**138,780,176**	**107.03**	**192.22**

These financial statements were approved by the Board of Directors on 14 May 2013and signed on their behalf by:

As per our annexed report of same date.

Rahman Rahman Huq	**Debashish Neogi**	**Saumitra Bhat**
Auditors	Managing Director	Director

Place : Dhaka
Date : 14 May 2013

Note: The exchange rate use to convert AED to Rs.<14.779>/(Previous year AED to Rs.<13.851>)

STATEMENT OF COMPREHENSIVE INCOME

	Year ended March 31,			
	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Income Statement				
Revenue	70,070,655	151,012,513	103.74	196.94
Cost of sales	(51,186,315)	(95,185,675)	(75.78)	(124.13)
Gross profit	18,884,340	55,826,838	27.96	72.80
Other income	19,826	128,532	0.03	0.17
Expenses				
Staff cost	(11,187,532)	(9,421,294)	(16.56)	(12.29)
Depreciation expense	(141,055)	(128,728)	(0.21)	(0.17)
Other expenses	(44,760,826)	(46,531,483)	(66.27)	(60.68)
Operating Loss	(37,185,247)	(126,135)	(55.05)	(0.16)
Interest income	1,170,158	1,403,851	1.73	1.83
Finance costs	(1,346,372)	(1,986,794)	(1.99)	(2.59)
Loss for the year	(37,361,461)	(709,078)	(55.31)	(0.92)
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	(37,361,461)	(709,078)	(55.31)	(0.92)

For MARICO MIDDLE EAST FZE

Date : 14 April 2010

DIRECTOR

Note: The exchange rate use to convert AED to Rs.<14.779>/(Previous year AED to Rs.<13.851>)

STATEMENT OF CASH FLOWS

		Year ended March 31,			
		2013	2012	2013	2012
		AED	AED	Rs. Crore	Rs. Crore
Operating activities					
Loss for the year		(37,361,461)	(709,078)	(55.22)	(0.98)
Adjustments for:				-	-
Depreciation	4	141,055	128,728	0.21	0.18
Loss on sale of property and equipment		18,062	87,454	0.03	0.12
Provision for employees' end of service benefits	11	354,891	217,769	0.52	0.30
Provision for impairment of trade receivables	6	264,969	29,323	0.39	0.04
Finance costs	18	1,346,372	1,986,794	1.99	2.75
Finance income	18	(1,170,158)	(1,403,851)	(1.73)	(1.94)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		(36,406,270)	337,139	(53.80)	0.47
Payment of employees' end of service benefits		(65,622)	(275,109)	(0.10)	(0.38)
Changes in working capital:					
Inventories		(168,787)	–	(0.25)	–
Trade and other receivables		25,882,590	(15,503,587)	38.25	(21.47)
Due to related parties		(8,982,349)	16,750,638	(13.28)	23.20
Due from related parties		(330,184)	–	(0.49)	–
Trade and other payables		10,777,885	(11,833,603)	15.93	(16.39)
Net cash generated from / (used in) operating Activities		(9,292,737)	(10,524,522)	(13.73)	(14.58)
Investing activities				–	–
Purchase of furniture, equipments and vehicles	4	(96,968)	(40,260)	(0.14)	(0.06)
Proceeds from sales of investment in susbsidiary		55,050,000	–	81.36	–
Interest income	18	1,170,158	1,403,851	1.73	1.94
Receipt of loan from subsidiaries		(11,815,877)	6,419,375	(17.46)	8.89
Net cash used in investing activities		44,307,313	7,782,966	65.48	10.78
Financing activities				–	–
Interest expense	18	(1,346,372)	(1,986,794)	(1.99)	(2.75)
(Repayment) / receipt of term loan		(29,098,783)	17,777,380	(43.01)	24.62
Net cash (used in) / generated from financing activities		(30,445,155)	15,790,586	(44.99)	21.87
Net increase / (decrease) in cash and cash equivalents		4,569,421	13,049,030	6.75	18.07
Cash and cash equivalents, beginning of the year	9	(1,379,818)	(14,428,848)	(2.04)	(19.99)
Cash and cash equivalents, end of the year	9	3,189,603	(1,379,818)	4.71	(1.91)

Note: The exchange rate use to convert AED to Rs.<14.779>/(Previous year AED to Rs.<13.851>)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

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 equipments. 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 2013, the company had net current liabilities of AED 48,741,337 and negative equity of 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 ("IFRS"). 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 Accounting Standard 27, "Consolidated and Separate financial statements" ("IAS27"). 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 IAS 27 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.

3 Summary of significant accounting policies(continued)

3.1 Basis of preparation(continued)

(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 2012 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 areeffective for annual periods beginning after 1 April 2012, and have not beenapplied in preparing these consolidated financial statements. None of these isexpected to have a significant effect on the consolidated financial statements of thecompany, except the following set out below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

- 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 wouldbe expected to have a material impact on the company.

3.2 Property and equipment

Property and equipmentare stated at cost less accumulated depreciation. The cost of Property and equipmentrepresents 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. All other repairs and maintenance costs are charged to the income statement during the financial year in 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 income statement.

3.3 Investments in subsidiaries

Subsidiaries are those entities over which the company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

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 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). 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 2013

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are initially measured at fair value and carried at amortised cost less provision for impairment. The amortised cost is computed using the effective interest method. 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 fixed deposits, trade and other receivables (excluding prepayments),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.

Offsetting financial instruments

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

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 consolidated income statement. 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 measureimpairment on the basis of an instrument's fair value using an observable marketprice.

If, in a subsequent period, the amount of the impairment loss decreases and thedecrease can be related objectively to an event occurring after the impairment wasrecognised (such as an improvement in the debtor's credit rating), the reversal of thepreviously recognised impairment loss is recognised in the incomestatement.

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 2013

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 necessarilytake a substantial period of time to get ready for their intended use or sale, are addedto the cost of those assets, until such time as the assets are substantially ready fortheir intended use or sale.

Investment income earned on the temporary investment of specific borrowingspending their expenditure on qualifying assets is deducted from the borrowing costseligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which theyare incurred.

3.10 Trade payables and provisions

Trade payables are obligations to pay for goods or services that have been acquiredin the ordinary course of business from suppliers. Accounts payable are classified ascurrent liabilities if payment is due within one year or less (or in the normal operatingcycle 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 atamortised cost using the effective interest method.

3.11 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a resultof past events; it is probable that an outflow of resources will be required to settle theobligation; 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 berequired in settlement is determined by considering the class of obligations as awhole. A provision is recognised even if the likelihood of an outflow with respect toany one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to berequired to settle the obligation using a pre-tax rate that reflects current marketassessments of the time value of money and the risks specific to the obligation. Theincrease 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 2013

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 ofrevenue can be reliably measured; when it is probable that future economic benefitswill flow to the entity; and when specific criteria have been met, as described below. The company bases its estimate of return on historicalresults, taking into consideration the type of customer, the type of transaction andthe specifics of each arrangement.

(a) Sales of goods – wholesale

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

(b) Interest income

Interest income is recognised using the effective interest method. When a loan andreceivable is impaired, the company reduces the carrying amount to its recoverableamount, being the estimated future cash flow discounted at the original effectiveinterest rate of the instrument, and continues unwinding the discount as interestincome. Interest income on impaired loan and receivables is recognised using theoriginal effective interest rate.

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.

(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 income statement, 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 balancein current accounts.

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 income statement 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 2013

(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 which is pegged to the USD.

(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 on the following page indicates the interest rate exposure on borrowings with variable interest rates at 31 March 2013 and 2012. The analysis calculates the effect on the statement of comprehensive income of a reasonably possible movement in interest rate:

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Interest cost				
+ 100 basis points	669,635	805,379	0.99	1.05
- 100 basis points	(669,635)	(805,379)	(0.99)	(1.05)

(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 fromcredit 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:

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Trade and other receivables (excluding prepayments and advance to suppliers)	18,115,903	44,307,865	26.77	61.37
Advances to subsidiaries	16,292,144	59,376,267	24.08	82.24
Due from related parties	330,184	–	0.49	–
Cash and bank balances	3,189,603	604,474	4.71	0.84
	37,927,834	104,288,606	56.05	144.45

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 notes 8.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

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

	2013 AED	**2012 AED**	**2013 Rs. Crore**	**2012 Rs. Crore**
Cash at bank with credit rating (Moody's)				
A2	342	–	–	–
Not rated	3,183,040	539,434	4.70	0.75
Cash on hand	6,221	65,040	0.01	0.09
Total	3,189,603	604,474	4.71	0.84

(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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount	Contractual cash flows	Less than 1 year	Between1 and 5 years	Over 5 years
	AED	AED	AED	AED	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	–	–

	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	–	–
	13.851				

	Carrying amount	Contractual cash flows	Less than 1 year	Between1 and 5 years	Over 5 years
	AED	AED	AED	AED	AED
At 31 March 2012					
Trade and other payables	16,406,013	16,406,013	16,406,013	-	-
Due to related parties	19,223,283	19,223,283	19,223,283	-	-
Bank borrowings	82,505,075	83,851,447	83,851,447	-	-
	118,134,371	119,480,743	119,480,743	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

	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 2012					
Trade and other payables	22.72	22.72	22.72	–	–
Due to related parties	26.63	26.63	26.63	–	–
Bank borrowings	114.28	116.14	116.14	–	–
	163.63	165.49	165.49	–	–

(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.

	2013	**2012**	**2013**	**2012**
	AED	**AED**	**Rs. Crore**	**Rs. Crore**
Total borrowings	51,422,000	82,505,075	76.00	114.28
Less: cash and bank balances	(3,189,603)	(604,474)	(4.71)	(0.84)
Net debt	48,232,397	81,900,601	71.28	113.44
Total equity	(17,095,050)	20,266,411	(25.26)	28.07
Total shareholder's funds	31,137,347	102,167,012	46.02	141.51
Gearing ratio	155%	80%		

4.2 Fair value estimation

At 31 March 2013 and 2012, the carrying amount of financial assets and liabilities of the company approximate their fair values.

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 2013

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 2011	835,787	47,545	883,332	1.16	0.07	1.22
Additions	40,260	–	40,260	0.06		0.06
Disposals	(153,044)	–	(153,044)	(0.21)		(0.21)
At 31 March 2012	723,003	47,545	770,548	1.07	0.07	1.14
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	1.12	0.13	1.25
Depreciation						
At 1 April 2011	164,443	17,691	182,134	0.23	0.02	0.25
Charge for the year	124,210	4,518	128,728	0.17	0.01	0.18
Disposals	(65,590)	–	(65,590)	(0.09)		(0.09)
At 31 March 2012	223,063	22,209	245,272	0.31	0.03	0.34
Charge of 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	0.52	0.04	0.56
Net book amount						
At 31 March 2013	402,359	60,768	463,127	0.59	0.09	0.68
At 31 March 2012	499,940	25,336	525,276	0.69	0.04	0.73

7 Investments in subsidiaries

	2013 AED	**2012 AED**	**2013 Rs. Crore**	**2012 Rs. Crore**
Kaya Middle East FZE	–	150,000	–	0.21
MEL Consumer Care Company	162,016	162,016	0.24	0.22
Egypt American Investment and Industrial Development Company (EAIIDC)	12,551,836	12,551,836	18.55	17.39
MBL Industries Limited	53,971	53,971	0.08	0.07
Marico Malaysia SDN. BHD	19,084,000	19,084,000	28.20	26.43
	31,851,823	32,001,823	47.07	44.33

The company holds Nil % (2012: 100%) of the share capital of Kaya Middle East FZE, a free zone establishment operating in the United Arab Emirates under a trade license issued in Sharjah. During the year an advance given to Kaya Middle East FZE was converted to equity and the complete investment sold to a related party at the revised carrying value of AED 55,050,000.

The company also holds 100% (2012: 100%) of the share capital of MEL Consumer Care Company, an Egyptian Joint Stock company.

The company holds 100% (2012: 100%) of the share capital of EAIIDC, a company registered in Egypt.

The company also holds 100% (2012: 100%) of the share capital of MBL Industries Limited, a company registered in Bangladesh.

The company holds 100% (2012: 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 2013

The management of the company carried out an impairment review of the carrying amount of its investments in its subsidiaries and does not consider them to be impaired as at 31 March 2013 and 31 March 2012.

8 Trade and other receivables

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Trade receivables	16,554,968	41,690,535	24.47	57.75
Provision for impairment of trade receivables	–	(29,323)	–	(0.04)
	16,554,968	41,661,212	24.47	57.70
Advances to suppliers	835,614	–	1.23	–
Prepayments	1,173,260	1,993,794	1.73	2.76
Other receivables	1,560,935	2,617,330	2.31	3.63
	20,124,777	46,272,336	29.74	64.09

At 31 March 2013, the company faced a concentration of credit risk with four customers (2012: four customers) accounting for 82% (2012: 79%) of trade receivables at that date.

As of 31 March 2013, trade receivables of AED15,203,361(2012: AED 40,883,834) were fully performing.

Trade receivables that are less than one year past due are not considered impaired. As of 31 March 2013, trade receivables of AED 1,351,607(2012: AED777,378) 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:

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
0 - 3 months	1,351,607	284,151	2.00	0.39
Above 3 months	–	493,227	–	0.68
	1,351,607	777,378	2.00	1.08

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

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
At 1 April	29,323	360,808	0.04	0.50
Write-off of trade receivables	(294,292)	(360,808)	(0.43)	(0.50)
Charge for the year (Note 17)	264,969	29,323	0.39	0.04
At 31 March	–	29,323	–	0.04

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.

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For the year ended 31 March 2013

9 Advances to subsidiaries

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Advances to subsidiaries				
Kaya Middle East FZE (Note 9.1)	–	44,140,625	–	61.14
MEL Consumer Care Company (Note 9.2)	6,578,106	6,578,106	9.72	9.11
Egypt American Investment and Industrial Development Company (EAIIDC) (Note 9.2)	7,145,038	7,145,038	10.56	9.90
Marico Malaysia SDN. BHD (Note 9.3)	2,569,000	1,512,498	3.80	2.09
	16,292,144	59,376,267	24.08	82.24

9.1 This represented a long term advancegiven and carried interest rate of LIBOR+2.5%. During the year and additional AED 10,759,375 was advanced to this related party and the increased carrying value of AED 54,900,000 was converted to equity.

9.2 These represent interest free advances repayable within one year.

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

10 Related party transactions and balances

Related parties comprise the shareholder and directors of the company, associated companies and key management personnel.

(a) *Related party transactions*

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

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Related party transactions				
Purchases of goods	35,482,845	60,046,761	52.44	83.17
Sale of goods	19,093,458	39,632,063	28.22	54.89
Royalty expense	1,274,430	2,784,511	1.88	3.86
Sale of investment in Kaya Middle East FZE	55,050,000	–	81.36	–
Key management remuneration (including end of service benefits of AED 52,952 (2012: AED 30,707)	2,154,824	1,447,982	3.18	2.01
Amount advanced	11,815,877	–	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Due from related parties				
Affiliates	330,184	–	0.49	–
Due to related parties				
Parent company	10,172,610	19,223,283	15.03	26.63
Affiliates	68,324	–	0.10	–
	10,240,934	19,223,283	15.14	26.63
Advances to related parties				
Subsidiaries	16,292,144	59,376,267	24.08	82.24

11 Cash and cash equivalents

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Cash at bank	3,183,382	539,434	4.70	0.75
Cash on hand	6,221	65,040	0.01	0.09
Cash and bank balances	3,189,603	604,474	4.71	0.84

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

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Cash and bank balances	3,189,603	604,474	4.71	0.84
Bank overdrafts (Note 15)	–	(1,984,292)	–	(2.75)
Cash and cash equivalents	3,189,603	(1,379,818)	4.71	(1.91)

12 Share capital

Share capital comprises twenty-two shares of AED 1 million each (2012: twenty-two shares of AED 1 million each), which is fully paid up.

13 Employees' end of service benefits

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
At 1 April	379,394	436,734	0.56	0.60
Charge for the year (Note 16)	354,891	217,769	0.52	0.30
Payments	(65,622)	(275,109)	(0.10)	(0.38)
At 31 March	668,663	379,394	0.99	0.53

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligation at 31 March 2013, 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 sa lary at the date of leaving the service. Management has assumed average increment/promotion costs 5% (2012: 5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 8% (2012: 4.25%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

14 Trade and other payables

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Trade payables	3,504,128	331,690	5.18	0.46
Advances from customers	393,396	–	0.58	–
Accruals and other payables	23,286,374	16,074,323	34.41	22.26
	27,183,898	16,406,013	40.18	22.72

15 Bank borrowings

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Term loan	51,422,000	80,520,783	76.00	111.53
Overdrafts (Note 11)	–	1,984,292	–	2.75
	51,422,000	82,505,075	76.00	114.28

Bank borrowings representterm loan 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+2.5% per annum (2012: LIBOR+0.7% to LIBOR+4.75%). These bank borrowings are secured by a standby letter of credit issued by the parent company.

16 Staff costs

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Salaries and wages	3,988,385	3,001,835	5.89	4.16
End of service benefits (Note 13)	354,891	217,769	0.52	0.30
Other benefits	6,844,256	6,201,690	10.12	8.59
	11,187,532	9,421,294	16.53	13.05

17 Other expenses

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Selling expenses	37,588,040	37,124,528	55.55	51.42
Rent expense	442,653	438,619	0.65	0.61
Provision for doubtful debt	264,969	29,323	0.39	0.04
Loss on disposal of equipments	18,062	87,454	0.03	0.12
Other expenses	6,447,102	8,851,560	9.53	12.26
	44,760,826	46,531,484	66.15	64.45

18 Finance income/(costs)

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Finance costs				
Interest on bank borrowings	(1,346,372)	(1,986,794)	(1.99)	(2.75)
Finance income				
Interest income on loans and advances	1,170,158	1,403,851	1.73	1.94
	(176,214)	(582,943)	(0.26)	(0.81)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

19 Commitments

(a) Operating lease commitments

The company had contracted to lease office premises for a period of five years until 15March 2015under non-cancellable operating lease agreements.Minimum lease payments under the leases are as follows:

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Not later than 1 year	400,231	137,063	0.59	0.19
2 to 5 years	252,900	505,800	0.37	0.70
	653,131	642,863	0.97	0.89

(b) Other commitments

Commitments for services to be received at reporting period end were Nil (2012: AED 263,210).

20 Financial instruments by category

The As of 31March2013 and 2012, 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.

	2013 AED	2012 AED	2013 Rs. Crore	2012 Rs. Crore
Financial assets - Loans and receivables				
Trade receivables and other receivables (excluding prepayments and advance to suppliers)	18,115,903	44,307,865	26.77	61.37
Advances to subsidiaries	16,292,144	59,376,267	24.08	82.24
Due from related parties	330,184	–	0.49	–
Cash and bank balances	3,189,603	604,474	4.71	0.84
	37,927,834	104,288,606	56.05	144.45
Financial liabilities - Other financial liabilities				
Trade and other payables (excluding advances from customers)	26,790,502	16,406,013	39.59	22.72
Due to related parties	10,240,934	19,223,283	15.14	26.63
Bank borrowings	51,422,000	82,505,075	76.00	114.28
	88,453,436	118,134,371	130.73	163.63

21 Reclassification

For the year ended 31 March 2012 AED 15,997,040 has been reclassified from 'trade and other payables' (Note 14) to 'due to related party' (Note 10) to bring consistency with the current year presentation.

Board of Directors	Vijay S. Subramaniam Debashish Neogi Kaustubh R Roplekar
Secretary, Manager, Negotiator	Kaustubh R Roplekar (w.e.f. March 4, 2013)
Registered Office	Office Bldg. 2, F-30, & 13 G - 04, P.O. Box 41756, Hamriyah Free Zone, Sharjah, UAE
Auditors	PricewaterhouseCoopers Chartered Accountants
Bankers	Standard Chartered Bank Mashreq Bank
Legal Advisors	Galadhari Associates

INDEPENDENT AUDITOR'S REPORT

TO

THE SHAREHOLDER OF KAYA MIDDLE EAST FZE

Report on the financial statements

We have audited the accompanying financial statements of KAYA Middle East FZE ("the company") which comprise the balance sheet as at 31 March 2013, and 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 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 accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, we report that the financial statements of the company comply, in all material respects, with the applicable provisions of the Implementing Rules and Regulations issued Pursuant to Sharjah Emiri Decree No. 6 of 1995, concerning the formation of Free Zone Establishments in the Hamriyah Free Zone.

PricewaterhouseCoopers

30th May 2013

Paul Suddaby
Registered Auditor Number 309

Dubai, United Arab Emirates

BALANCE SHEET

	Note	As at 31 March 2013 AED	As at 31 March 2012 AED	As at 31 March 2013 Rs Crores	As at 31 March 2012 Rs Crores
ASSETS					
Non-current assets					
Property, plant and equipment	5	10,546,274	16,749,506	15.59	23.20
Capital advance		–	109,023	–	0.15
		10,546,274	16,858,529	15.59	23.35
Current assets	6				
Inventories	7	4,659,719	4,851,301	6.89	6.72
Trade and other receivables	8	6,022,090	10,559,902	8.90	14.63
Cash and bank balances		4,493,911	9,706,271	6.64	13.44
		15,175,720	25,117,474	22.43	34.79
Total assets		**25,721,994**	**41,976,003**	**38.01**	**58.14**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	9	55,050,000	150,000	81.36	0.21
Accumulated losses		(57,492,198)	(44,957,524)	(84.97)	(62.27)
Total equity		**(2,442,198)**	**(44,807,524)**	**(3.61)**	**(62.06)**
Non-current liabilities					
Provision for employees' end of service benefits	10	2,026,250	1,749,952	2.99	2.42
Loan from the shareholder	11	–	44,140,624	–	61.14
		2,026,250	**45,890,576**	**2.99**	**63.56**
Current liabilities					
Bank overdraft	8	–	12,352,618	–	17.11
Trade and other payables	12	25,893,082	27,814,483	38.27	38.53
Due to related parties	11	244,860	725,850	0.36	1.01
		26,137,942	40,892,951	38.63	56.64
Total liabilities		**28,164,192**	**86,783,527**	**41.62**	**120.20**
Total equity and liabilities		**25,721,994**	**41,976,003**	**38.01**	**58.14**

These financial statements were approved by the Board of Directors on 30th May 2013 and signed on its behalf by:

Director

Note: The exchange rate used to convert AED to Rs. <14.779> /(Previous year AED to Rs.<13.851>).

STATEMENT OF COMPREHENSIVE INCOME

	Note	As at 31 March 2013 AED	As at 31 March 2012 AED	As at 31 March 2013 Rs Crores	As at 31 March 2012 Rs Crores
Revenue		78,023,790	65,141,789	115.51	84.95
Direct costs	13	(52,601,309)	(56,851,618)	(77.88)	(74.14)
Gross profit		25,422,481	8,290,171	37.64	10.81
Other operating income	14	2,151	1,712,051	–	2.23
Expenses					
Selling and marketing	15	(7,969,309)	(9,572,455)	(11.80)	(12.48)
Administrative and general	16	(28,682,497)	(30,760,533)	(42.46)	(40.11)
Loss from operations		(11,227,174)	(30,330,766)	(16.62)	(39.55)
Finance costs	17	(1,307,500)	(1,443,548)	(1.94)	(1.88)
Loss for the year		**(12,534,674)**	**(31,774,314)**	**(18.56)**	**(41.44)**
Other comprehensive income		–	–	–	–
Total comprehensive loss for the year		**(12,534,674)**	**(31,774,314)**	**(18.56)**	**(41.44)**

Note: The exchange rate used to convert AED to Rs. <14.779> /(Previous year AED to Rs.<13.851>).

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital AED	Accumulated losses AED	Total AED	Share capital Rs Crores	Accumulated losses Rs Crores	Total Rs Crores
At 1 April 2011		150,000	(13,183,210)	**(13,033,210)**	0.22	(19.48)	**(19.26)**
Comprehensive income							
Total comprehensive loss for the year		–	(31,774,314)	**(31,774,314)**	–	(46.96)	**(46.96)**
At 31 March 2012		150,000	(44,957,524)	**(44,807,524)**	0.22	(66.44)	**(66.22)**
Comprehensive income							
Total comprehensive loss for the year		–	(12,534,674)	**(12,534,674)**	–	(18.52)	**(18.52)**
Transaction with the shareholder							
Capital introduced during the year	9	15,566,555	–	**15,566,555**	23.01	–	**23.01**
Loan converted to equity	9	39,333,445	–	**39,333,445**	58.13	–	**58.13**
At 31 March 2013		**55,050,000**	**(57,492,198)**	**(2,442,198)**	**81.36**	**(84.97)**	**(3.61)**

Note: The exchange rate used to convert AED to Rs. <14.779> /(Previous year AED to Rs.<13.851>).

STATEMENT OF CASH FLOWS

	Note	As at 31 March 2013 AED	As at 31 March 2012 AED	As at 31 March 2013 Rs Crores	As at 31 March 2012 Rs Crores
Cash flows from operating activities					
Loss for the year		(12,534,674)	(31,774,314)	(18.52)	(44.01)
Adjustments for:					
Depreciation	5	4,004,343	4,192,898	5.92	5.81
Impairment of property, plant and equipment	5	4,119,429	830,000	6.09	1.15
Write offs of property, plant and equipment (net)	16	1,083,673	219,089	1.60	0.30
Provision for expired inventory	16	1,129,838	476,000	1.67	0.66
Provision for impairment of advances	16	–	905,000	–	1.25
Provision for employees' end of service benefits	10	539,379	712,371	0.80	0.99
Liabilities written back	14	–	(1,700,844)	–	(2.36)
Finance costs	17	1,307,500	1,443,548	1.93	2.00
Operating loss before payment of employees' end of service benefits and changes in working capital		(350,512)	(24,696,252)	(0.52)	(34.21)
Payment of employees' end of service benefits	10	(263,081)	(390,823)	(0.39)	(0.54)
Changes in working capital:					
Inventories before provision for expired inventory		(938,256)	955,822	(1.39)	1.32
Trade and other receivables before adjustment for provision		4,537,812	5,771,539	6.71	7.99
Trade and other payables		(1,921,401)	18,120,389	(2.84)	25.10
Due to related parties		(480,990)	(1,476,317)	(0.71)	(2.04)
		583,572	(1,715,642)	0.86	(0.38)
Finance costs paid		(1,307,500)	(1,443,548)	(1.93)	(2.00)
Net cash used in operating activities		(723,928)	(3,159,190)	(1.07)	(4.38)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(3,004,213)	(4,024,005)	(4.44)	(5.57)
Movement in capital advance		109,023	2,543,842	0.16	3.52
Net cash used in investing activities		(2,895,190)	(1,480,163)	(4.28)	(2.05)
Cash flows from financing activities					
Repayment of loan taken from the shareholder		(4,807,179)	1,294,498	(7.10)	1.79
Proceeds from issuance of shares	9	15,566,555	–	23.01	–
Net cash provided by financing activities		10,759,376	1,294,498	15.90	1.79
Net increase/(decrease) in cash and cash equivalent		7,140,258	(3,344,855)	10.55	(4.63)
Cash and cash equivalents at beginning of year		(2,646,347)	698,508	(3.91)	0.97
Cash and cash equivalents at end of year	8	4,493,911	(2,646,347)	6.64	(3.67)

Note: The exchange rate used to convert AED to Rs. <14.779> /(Previous year AED to Rs.<13.851>).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

1 General information

KAYA Middle East FZE (the "company") was incorporated in Sharjah Hamriyah Free Zone on 25 December 2005 as a Free Zone Company with a limited liability in pursuant to Emirate Decree No 6 of 1995 of H. H. Sheikh Dr. Sultan Bin Mohammed Al-Qassimi, Ruler of Sharjah. The principal place of business is P.O. Box 41756, Sharjah, UAE. The company commenced operations on 25 December 2005.

The company is engaged in the business of providing products and services in the area of skin care treatment and aesthetics and import, export, trading in skin care machinery, consumables and products and providing related services.

These financial statements include assets, liabilities and the results of operations of skin care clinics operating in United Arab Emirates, Sultanate of Oman and Kingdom of Saudi Arabia under the local sponsorships.

On 18 March 2013, Marico Middle East FZE ("the parent company") transferred its 100% shareholding in the company to Derma Rx International Aesthetics Pte Limited. Consequently, the company is a wholly owned subsidiary of "Derma Rx International Aesthetics Pte Limited" ("new parent company") a company registered in the Singapore. The ultimate parent company is "Marico Limited", a company registered in India.

2 Summary of significant accounting policies

The principal 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.

2.1 Going concern

As at 31 March 2013, the company had accumulated losses amounting to AED 57,492,198 INR 84.97 Crore (2012: AED 44,957,524 INR 67.27 Crore) and as of that date, its current liabilities exceeded its current assets by AED 10,962,222 INR 16.20 Crore (2012: AED 15,775,477 INR 21.85 Crore). These conditions indicate the existence of an uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, the parent company has confirmed its intention to provide financial support to the company to enable it to meet its liabilities as they fall due, as well as to carry on its business without significant curtailment of its operations. Accordingly, these financial statements have been prepared on a going concern basis. Further, since the net assets of the company are below 75% of its share capital, the directors will inform the Hamriya Free Zone Authority and remedy the situation in accordance with the Implementation procedures issued by the Hamriya Free Zone Authority pursuant to Sharjah Emiri Decree No. 6 of 1995 in due course.

2.2 Basis of preparation

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

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 4.

(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 2012 that would be expected to have a material impact on the company.

(b) New standards, amendments and interpretations issued but not effective for the periods beginning after 1 April 2012 and are relevant to the company but not early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2012, 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 2013

- IAS 19 (amendment), 'Employee benefits' (effective 1 January 2013);
- IAS 32 (amendment), 'Financial instruments: Presentation' on asset and liability offsetting' (effective 1 January 2014);
- IFRS 7 (amendments), 'Financial instruments: Disclosures' on asset and liability offsetting' (effective 1 January 2013);
- IFRS 9, 'Financial instruments' (effective 1 January 2015); and
- IFRS 13, 'Fair value measurement' (effective 1 January 2013).

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in United Arab Emirates Dirham ("AED") which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into AED 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.

2.4 Property, plant and equipment

All items of property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. The historical cost of item includes expenditure that is directly attributable to the acquisition of assets. 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. The carrying amount of the replaced part is derecognised. 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 method to allocate the assets' cost to their residual values over their estimated useful lives, as follows:

	Years
Furniture and fixtures	3 – 7
Machinery and clinic equipment	1 – 7
Office equipment	2 – 7
Motor vehicles	5

Capital work-in-progress is not depreciated. This will be depreciated as per company policy from the date the relevant assets are ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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 (Note 2.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

2.5 Impairment of non-financial assets

Assets that are subject to depreciation/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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Inventories

Inventories comprise spare parts and consumables. Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.7 Financial assets

2.7.1 Classification

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The company classifies its financial assets in the categories of loans and receivables. Where permitted, financial assets are reclassified between categories if there is a change in management's intent regarding the future use of the financial asset.

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' (excluding advances and prepayments) and 'cash and bank balances' in the balance sheet (Note 7 and 8).

2.7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date basis – the date on which the company commits to purchase or sell the asset. Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using the effective interest method.

2.7.3 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.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

2.7.4 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.

2.8 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, balances in current and deposit accounts with original maturity of less than or equal to three months, net of bank overdraft. Bank overdraft is presented within current liabilities in the balance sheet.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Provision for employee benefits

A provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the balance sheet date.

A provision is also made, using actuarial techniques, for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date. The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to employees' end of service benefits is disclosed as a non-current liability.

2.12 Trade payables and provisions

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.

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 present value of the expenditures expected to be required to settle the obligation using a 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.

2.13 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 discounts and returns. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

Sales of goods

Revenue from sales of goods are recognised when the company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Rendering of services

Revenue from the rendering of services is recognised when the company has provided the services to the customer.

2.14 Leases

Leases in which a significant portion of the 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.

3 Financial risk management

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

(*a*) *Market risks*

(i) Foreign exchange risk

The company is exposed to foreign exchange risk mainly on its transactions denominated in a currency other than the functional currency of the company.

The company does not have a significant foreign currency risk exposure since majority of its transactions are denominated in AED, Omani Riyal, Saudi Riyal or US Dollar and these currencies are pegged with the US Dollar.

(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. The company is not exposed to risk of changes in fair value or future cash flows of a financial instrument that will fluctuate because of changes in market prices as it does not hold any investments. The company is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

Shareholder's loan and borrowings are subject to floating interest rates at levels generally obtained in the UAE or from individual customer or industry.

At 31 March 2013, if interest rates on borrowings issued at variable rate had been 1% higher / lower with all other variables held constant, loss for the year would have been higher / lower by AED 479,133 (2012: AED 564,932).

(b) Credit risk

Credit risk is the risk that the counter party will cause a financial loss to the company by failing to discharge an obligation. Credit risk mainly arises from bank balances, trade and other receivables (excluding advances and prepayments).

Credit risk arises from bank balances as well as credit exposures to customers, including outstanding receivables and committed transactions. Bank balances are with reputable banks. Significant bank balances are with the banks having the following credit ratings as per Moody's Investor Services.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

		As at 31 March		As at 31 March	
		2013	**2012**	**2013**	**2012**
		Balance	**Balance**	**Balance**	**Balance**
		AED	**AED**	**Rs Crores**	**Rs Crores**
Bank	Rating				
A	Baa2	2,888,255	4,207,732	4.27	5.83
B	A1	834,421	3,579,381	1.23	4.96
C	A1	298,571	667,529	0.44	0.92
D	A1	29,226	–	0.04	–
		4,050,473	**8,454,642**	**5.99**	**11.71**

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. The company relies mainly on funding from the parent company.

The company's financial liabilities comprise of trade and other payables (excluding advances from customers) and due to related parties. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

3.2 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 owners 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 adjust the amount of distributions to owners, return capital to owners or sell assets to reduce debt. Currently, the company's funding requirements are managed through a loan provided by the parent company.

3.3 Fair value estimation

At 31 March 2013 and 2012, the company does not have any financial assets and liabilities that are measured at fair value.

4 Critical accounting estimates

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.

4.1 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom 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 addressed below:

(a) Provision of slow moving and non-moving inventory items

The provision reflects estimates of slow moving and non-moving inventory. The charge is based on the ageing of the inventory items, technological obsolescence, present conditions and the historical experience. Changes to the estimated provisions may be required if the demand for slow moving items increases or decreases or a firm commitment from a customer has been received.

(b) Impairment of property, plant and equipment

Impairment of non-financial assets is a key area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in market share over the long term period of five to seven years.
- The discount rates applied to cash flows are based on the group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.
- Year on year growth rate estimates are based on a conservative view of the long-term growth rate.

The key assumptions used are:

- Average useful life of the leasehold improvements in clinics is 7 years;
- Weighted average cost of capital is 10%; and
- Growth rate of revenue is 12% in first year and ranges between 10%-11% thereafter.

5 Property, plant and equipment

	Furniture and fixtures	Machinery and equipment	Office equipment	Motor vehicles	Capital work in progress	Total
	AED	AED	AED	AED	AED	AED
Cost						
At 1 April 2011	12,311,745	10,605,874	598,530	314,205	3,941,999	27,772,353
Additions	1,370,892	2,566,757	86,356	–	–	4,024,005
Disposals/ write-offs		–	(10,339)	–	(217,012)	(227,351)
Transfers	2,185,460	1,063,273	34,506	–	(3,283,239)	–
At 31 March 2012	15,868,097	14,235,904	709,053	314,205	441,748	31,569,007
Additions	1,574,018	1,314,034	69,658	46,503	–	3,004,213
Write-offs	(1,849,910)	(23,607)	(49,662)	–	–	(1,923,179)
Transfers	133,666	263,256	40,310	–	(437,232)	–
At 31 March 2013	15,725,871	15,789,587	769,359	360,708	4,516	32,650,041
Depreciation						
At 1 April 2011	5,271,861	4,182,185	286,406	64,413	–	9,804,865
Charge for the year	2,110,671	1,867,785	158,179	56,263	–	4,192,898
Impairment (Note 16)	608,862	176,030	45,108	–	–	830,000
Write-offs	–	–	(8,262)	–	–	(8,262)
At 31 March 2012	7,991,394	6,226,000	481,431	120,676	–	14,819,501
Charge for the year	2,011,394	1,761,327	183,743	47,879	–	4,004,343
Impairment (Note 16)	3,117,388	1,002,041	–	–	–	4,119,429
Write-offs	(796,866)	(20,347)	(22,293)	–	–	(839,506)
At 31 March 2013	12,323,310	8,969,021	642,881	168,555	–	22,103,767
Net book value:						
At 31 March 2013	3,402,561	6,820,566	126,478	192,153	4,516	10,546,274
At 31 March 2012	7,876,703	8,009,904	227,622	193,529	441,748	16,749,506

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

Charge for the year is allocated as follows:

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Direct costs (Note 13)	3,740,812	3,408,349	5.53	4.72
Administrative and general expenses (Note 16)	263,531	784,549	0.39	1.09
	4,004,343	**4,192,898**	**5.92**	**5.81**

5 Property, plant and equipment

	Furniture and fixtures	Machinery and equipment	Office equipment	Motor vehicles	Capital work in progress	Total
	Rs Crores	Rs Crores	Rs Crores	Rs Crores	Rs Crores	Rs Crores
Cost						
At 1 April 2011	18.20	15.67	0.88	0.46	5.83	41.04
Additions	2.03	3.79	0.13	–	–	5.95
Disposals/ write-offs	–	–	(0.02)	–	(0.32)	(0.34)
Transfers	3.23	1.57	0.05	–	(4.85)	–
At 31 March 2012	23.45	21.04	1.05	0.46	0.65	46.66
Additions	2.33	1.94	0.10	0.07	–	4.44
Write-offs	(2.73)	(0.03)	(0.07)	–	–	(2.84)
Transfers	0.20	0.39	0.06	–	(0.65)	–
At 31 March 2013	23.24	23.34	1.14	0.53	0.01	48.25
Depreciation						
At 1 April 2011	7.79	6.18	0.42	0.10	–	14.49
Charge for the year	3.12	2.76	0.23	0.08	–	6.20
Impairment (Note 16)	0.90	0.26	0.07	–	–	1.23
Write-offs	–	–	(0.01)	–	–	(0.01)
At 31 March 2012	11.81	9.20	0.71	0.18	–	21.90
Charge for the year	2.97	2.60	0.27	0.07	–	5.92
Impairment (Note 16)	4.61	1.48	0.00	–	–	6.09
Write-offs	(1.18)	(0.03)	(0.03)	–	–	(1.24)
At 31 March 2013	18.21	13.26	0.95	0.25	–	32.67
Net book value:						
At 31 March 2013	5.03	10.08	0.19	0.28	0.01	15.59
At 31 March 2012	10.91	11.09	0.32	0.27	0.61	23.20

6 Inventories

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Consumable and spares	5,789,557	5,327,301	8.56	7.38
Less: provision for expired inventories	(1,129,838)	(476,000)	(1.67)	(0.66)
	4,659,719	**4,851,301**	**6.89**	**6.72**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

The cost of inventories recognised as an expense and included in 'direct costs' amounted to AED 15,217,525 INR 22.49 Crore (2012: AED 17,353,065 INR 24.04 Crore) (Note 13). Provision for slow moving and non-moving inventories of AED 476,000 INR 0.66 Crore has been written off during the year against provision (2012: Nil).

7 Trade and other receivables

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Trade receivables	233,269	782,973	0.34	1.08
Advances - net of provision of AED nil (2012: AED 905,000 INR 1.25 Crore)	1,272,355	4,258,379	1.88	5.90
Prepayments	3,200,885	3,829,763	4.73	5.30
Deposits	1,315,581	1,688,787	1.94	2.34
	6,022,090	**10,559,902**	**8.90**	14.63

Movement on the provision for impairment of advances are as follows:

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
At 1 April	905,000	–	1.34	0.00
Provision made during the year (Note 16)	–	905,000	–	1.25
Written off during the year	(905,000)	–	(1.34)	–
At 31 March	**–**	**905,000**	**–**	**1.25**

As at 31 March 2013, trade receivables of AED 233,269 INR 0.34 Crore (2012: AED 782,973 INR 1.08 Crore) were fully performing. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. 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 company does not hold any collateral as security.

The carrying amounts of trade and other receivables are denominated in AED.

8 Cash and cash equivalents

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Cash on hand	443,438	1,251,629	0.66	1.73
Bank balances in current accounts	4,050,473	8,454,642	5.99	11.71
Cash and bank balances	4,493,911	9,706,271	6.64	13.44
Overdraft	–	(12,352,618)	–	(17.11)
Cash and cash equivalents	**4,493,911**	**(2,646,347)**	**6.64**	**(3.67)**

The overdraft was secured against promissory note for US$ 5,000,000 and stand-by letter of credit for US$ 5,000,000; and carried interest rate ranging from 2.80% to 2.85% per annum (2012: ranged from 2.18% to 2.51%)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

9 Share capital

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Issued and paid up:				
1 share of AED 150,000	150,000	150,000	0.22	0.21
Issue of 104 new shares of AED 150,000 each	15,566,555	–	23.01	–
Conversion of loan to equity (262 shares of AED 150,000 each)	39,333,445	–	58.13	–
	55,050,000	150,000	81.36	0.21

During the year, Marico Middle East FZE increased its share capital in the company through conversion of term loan of AED 39,333,445 INR 58.13 Crore and further introduction of capital of AED 15,566,555 INR 23.01 Crore. On 18 March 2013, Marico Middle East FZE disposed off its shareholding in the company to Derma Rx International Aesthetics Pte Limited.

10 Provisions for employees' end of service benefits

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
At 1 April	1,749,952	1,428,405	2.59	1.98
Charge for the year (Note 18)	539,379	712,370	0.80	0.99
Paid during the year	(263,081)	(390,823)	(0.39)	(0.54)
At 31 March	**2,026,250**	**1,749,952**	**2.99**	**2.42**

In accordance with the provisions of IAS 19 (revised), management has carried out an exercise to assess the present value of its obligations at 31 March 2013, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour laws. 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 of 10%. The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3%.

11 Related parties

The company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and at mutually agreed prices.

Related parties comprise the parent company, the ultimate parent company, companies under common ownership and/ or common management control ("affiliates") and directors. At the reporting date significant balances with related parties were as follows:

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Due to related parties	244,860	725,850	0.36	1.01
Loan from the shareholder	–	44,140,624	–	61.14

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

Long-term loan was obtained from the shareholder bearing floating interest rate (ranging between 2.80% to 2.85% per annum) but with no fixed repayment schedule. During the year, the loan was converted into share capital (Note 9).

Significant transactions with related parties during the year were as follows:

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Purchases of goods and services from affiliates	933,850	379,058	1.38	0.53
Key management personnel compensation				
Salaries and benefits	1,674,253	1,466,360	2.47	2.03
End of service benefits	87,308	7,140	0.13	0.01
	1,761,561	1,473,500	2.60	2.04
Interest expense on loan from parent company (Note 17)	1,037,211	1,330,642	1.53	1.84
Recharge of expenses to parent company	336,626	–	0.50	0.00
Recharge of expenses by an affiliate	680,326	559,474	1.01	0.77
Rent payment to the parent company	253,000	409,329	0.37	0.57

12 Trade and other payables

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Trade payables	5,180,256	2,296,766	7.66	3.18
Accruals	4,639,514	8,692,374	6.86	12.04
Advances received from customers	16,073,312	16,825,343	23.75	23.30
	25,893,082	**27,814,483**	**38.27**	**38.53**

13 Direct costs

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Staff costs (Note 18)	23,913,027	27,132,781	35.40	35.38
Consumables	15,217,525	17,353,065	22.53	22.63
Rent	6,417,465	6,275,003	9.50	8.18
Depreciation (Note 5)	3,740,812	3,408,349	5.54	4.44
Repair and maintenance costs	3,057,124	2,508,098	4.53	3.27
Freight	255,356	174,322	0.38	0.23
	52,601,309	**56,851,618**	**77.88**	**74.14**

14 Other income

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Liabilities written back	–	1,700,844	–	2.22
Miscellaneous income	2,151	11,207	–	0.01
	2,151	**1,712,051**	**–**	**2.23**

15 Selling and marketing expenses

This includes the advertising expenses incurred on the various advertisement and marketing activities of the company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

16 Administrative and general expenses

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Staff costs (Note 18)	10,456,862	9,425,075	15.48	12.29
Legal and professional charges	4,671,325	7,917,341	6.92	10.33
Impairment of property, plant and equipment (Note 5)	4,119,429	830,000	6.10	1.08
Travelling expenses	1,580,770	4,447,142	2.34	5.80
License fee	1,137,911	1,722,224	1.68	2.25
Provision for expired inventory	1,129,838	476,000	1.67	0.62
Property, plant and equipment written off (net)	1,083,673	–	1.60	–
Bank charges	910,911	696,965	1.35	0.91
Rent	550,300	523,842	0.81	0.68
Laundry Charges	332,219	506,171	0.49	0.66
Depreciation (Note 5)	263,531	784,549	0.39	1.02
Training and seminar expenses	255,713	333,953	0.38	0.44
Postages and Courier	98,010	114,256	0.15	0.15
Provision for advances (Note 7)	–	905,000	–	1.18
Other costs	2,092,005	2,078,015	3.10	2.71
	28,682,497	**30,760,533**	**42.46**	**40.11**

17 Finance costs

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Interest on loan from shareholder (Note 11)	1,037,211	1,330,642	1.54	1.74
Interest on bank borrowings	270,289	112,906	0.40	0.15
	1,307,500	1,443,548	1.94	1.88

18 Staff costs

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Salaries and benefits	33,830,510	35,845,486	50.09	46.75
End of service benefits (Note 10)	539,379	712,370	0.80	0.93
	34,369,889	**36,557,856**	**50.88**	**47.68**

Staff costs are allocated as below:

	2013 AED	2012 AED	2013 Rs Crores	2012 Rs Crores
Direct costs (Note 13)	23,913,027	27,132,781	35.40	35.38
Administrative and general expenses (Note 16)	10,456,862	9,425,075	15.48	12.29
	34,369,889	**36,557,856**	**50.88**	**47.68**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

19 Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables		Loans and receivables	
	2013	**2012**	**2013**	**2012**
	AED	**AED**	**Rs Crores**	**Rs Crores**
Financial assets				
Trade and other receivables (excluding prepayments and advances)	1,548,850	2,471,760	2.29	3.42
Cash and bank balances	4,493,911	9,706,271	6.64	13.44
	6,042,761	**12,178,031**	**8.93**	**16.87**

	Other financial liabilities		**Other financial liabilities**	
Financial liabilities				
Loan from the shareholder	–	44,140,624	–	61.14
Bank overdraft	–	12,352,618	–	17.11
Trade and other payables (excluding advances from customers)	9,819,770	10,989,140	14.51	15.22
Due to related parties	244,860	725,850	0.36	1.01
	10,064,630	68,208,232	14.87	94.48

20 Operating lease commitments

The company has entered into non-cancellable operating leases for rentals. The total of the future lease payments is as follows:

	2013	**2012**	**2013**	**2012**
	AED	**AED**	**Rs Crores**	**Rs Crores**
Not later than one year	6,196,070	5,803,332	9.16	8.04
Between one and five years	7,766,246	10,552,815	11.48	14.62
	13,962,316	**16,356,147**	**20.63**	**22.65**

21 Comparatives

Prior year figures have been regrouped and reclassified wherever applicable to conform to the current year presentation.

Board of Directors	Debashish Neogi Milind Sarwate Padmanabh Maydeo Saumitra Bhat Marico Middle East represented by Vijay Subramaniam
Registered Office	5th floor, 53, Lebanon Street, Mohandseen, Giza, Egypt
Auditors	Moore Stephens
Bankers	HSBC Limited
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 financial statements

We have audited the accompanying unconsolidated Financial statements of MEL Consumer Care company SAE which comprise the unconsolidated balance sheet as at March 31, 2013 and the unconsolidated 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 unconsolidated 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 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 unconsolidated 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 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 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 unconsolidated financial statements present fairly in all material respects, the financial position of MEL Consumer Care Company SAE as of March 31, 2013 and of its unconsolidated 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 unconsolidated financial statements.

Emphasis of matter

Without considering that as a qualification, the retained losses reached on 31/3/2013 EGP 9,316,651 including current year losses which exceeds the issued and paid capital, that requires an extra-ordinary general assembly according to article no. (69) of law no. 159 for year 1981 to decide on the continuity or not of the company according to article no. (60) of the article of association.

Kindly be informed that current liabilities exceed current assets of EGP 13,402,428 as of March 31, 2013.

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 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 15 April 2013

Sherin Noureldin
R.A.A 6809
Moore Stephens Egypt

BALANCE SHEET

	Note No.	As at March 31, 2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Long-term assets					
Fixed assets (net)	(2-5,5)	35	35	–	–
Investments in subsidiaries	(2-6,6)	3,116,358	3,116,358	2.49	2.62
Total Long-term Assets		**3,116,393**	**3,116,393**	**2.49**	**2.62**
Current assets					
Due from related parties	(2-11,7)	40,197,137	33,268,514	32.08	28.02
Debtors and other debit balances	(3-1,8)	9,259	9,259	0.01	0.01
Cash at banks	(9)	5,580	2,202	–	–
Total current assets		**40,211,976**	**33,279,975**	**32.09**	**28.03**
Current liabilities					
Claims provision	(2-9)	203,197	203,197	0.16	0.17
Due to related parties	(2-11,10)	53,371,207	45,015,512	42.60	37.92
Creditors and other credit balances	(3-2,11)	40,000	40,000	0.03	0.03
Total current Liabilities		**53,614,404**	**45,258,709**	**42.79**	**38.12**
Excess of current liabilities over current assets		(13,402,428)	(11,978,734)	(10.70)	(10.09)
Total (deficit investment)		**(10,286,035)**	**(8,862,341)**	**(8.21)**	**(7.46)**
To be financed as follows :					
Shareholders' equity					
Issued and paid capital	(12)	250,000	250,000	0.20	0.21
Legal reserve	(2-14)	204,310	204,310	0.16	0.17
Accumulated (losses)		(9,316,651)	(9,169,297)	(7.44)	(7.72)
Net (losses) of the year		(1,423,694)	(147,354)	(1.14)	(0.12)
Total shareholders' equity		**(10,286,035)**	**(8,862,341)**	**(8.21)**	**(7.46)**
Total finance of working capital and long-term assets		**(10,286,035)**	**(8,862,341)**	**(8.21)**	**(7.46)**

- The accompanying notes from (1) to (16) form an integral part of these financial statements and are to be read therewith.
- Auditor's report attached.

Chairman	Financial Manager
Debashish Neogi	Saumitra Bhat

Sherin Noureldin
R.A.A 6809
Moore Stephens Egypt

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

INCOME STATEMENT

		For the year ended March 31,			
	Note No.	2013 EGP	2012 EGP	2013 Rs. Crore	2012 Rs. Crore
Expenses					
General and administrative expenses	**(2-13)**	**61,940**	**103,279**	**0.05**	**0.09**
Depreciation of fixed assets	**(2-5)**	**–**	**17,811**	**–**	**0.02**
Bank charges		**–**	**1,645**	**–**	**–**
Claims provision		**–**	**341**	**–**	**–**
Add / (less)					
Losses from currency revaluation differences	**(2-4)**	**1,361,754**	**132,618**	**1.09**	**0.11**
Capital (gains)		**–**	**(108,340)**	**–**	**(0.09)**
Net (Losses) of the year		**(1,423,694)**	**(147,354)**	**(1.14)**	**(0.12)**
(Losses) per share	**(2-17,13)**	**(5,695)**	**(589)**	**–**	**–**

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

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

UNCONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2013

Description	Issued & paid capital	Legal reserve	Accumulated (losses)	Net (Losses) of the year	Total
	EGP	EGP	EGP	EGP	EGP
Balance as at 31/3/2011	250,000	204,310	(8,509,452)	(659,845)	(8,714,987)
Retained (losses)	–	–	(659,845)	659,845	–
Net(losses)of the year	–	–	–	(147,354)	(147,354)
Balance as at 31/3/2012	**250,000**	**204,310**	**(9,169,297)**	**(147,354)**	**(8,862,341)**
Balance as at 1/4/2012	250,000	204,310	(9,169,297)	(147,354)	(8,862,341)
Transferred to retained (losses)	–	–	(147,354)	147,354	–
Net (losses)of the year	–	–	–	(1,423,694)	(1,423,694)
Balance as at 31/3/2012	**250,000**	**204,310**	**(9,316,651)**	**(1,423,694)**	**(10,286,035)**

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

Description	Issued & paid capital	Legal reserve	Accumulated (losses)	Net (Losses) of the year	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Balance as at 31/3/2011	0.19	0.15	(6.37)	(0.49)	(6.52)
Retained (losses)	–	–	(0.56)	0.56	–
Net(losses)of the year	–	–	–	(0.12)	(0.12)
Balance as at 31/3/2012	**0.21**	**0.17**	**(7.72)**	**(0.12)**	**(7.46)**
Balance as at 1/4/2012	0.19	0.15	(6.86)	(0.11)	(6.63)
Transferred to retained (losses)	–	–	(0.12)	0.12	–
Net (losses)of the year	–	–	–	(1.20)	(1.20)
Balance as at 31/3/2012	**0.21**	**0.17**	**(7.85)**	**(1.20)**	**(8.66)**

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

CASH FLOW STATEMENT

	Note No.	31/3/2013 EGP	31/3/2012 EGP	31/3/2013 Rs. Crore	31/3/2012 Rs. Crore
Cash flows from operating activities					
Net (losses) of the year		(1,423,694)	(147,354)	(1.14)	(0.12)
Adjustments to reconcile (losses) to net cash (used in) operating activities					
Depreciation of fixed assets		–	17,811	–	0.02
Formed from claims provision		–	341	–	–
(Used from) claims provision		–	(31,144)	–	(0.03)
Capital (gains)		–	(108,340)	–	(0.09)
Operating (losses) before Change in working capital		(1,423,694)	(268,686)	(1.14)	(0.23)
(Increase) in due from related parties		(6,928,622)	(6,636,511)	(5.53)	(5.59)
Decrease in debtors and other debit balances		–	8,575	–	0.01
Increase in due to related parties		8,355,694	6,766,747	6.67	5.70
Increase in creditors and other credit balances		–	19,858	–	0.02
Net cash flows available from (used in) operating activities		3,378	(110,017)	0.05	(0.09)
Cash flows from investment activities					
Received from sale of fixed assets		–	108,340	–	0.09
Net cash flows available from investment activities		–	108,340	–	0.09
Net change in cash at banks during the year		3,378	(1,677)	0.01	(0.01)
Cash at banks at the beginning of the year		2,202	3,879	0.01	0.01
Cash at banks at the end of the year	(2-16,9)	5,580	2,202	0.01	0.01

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

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended March 31, 2013

(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 - Accounting standards and Legal principles:-

The accompanying financial statements have been prepared in accordance with Egyptian Accounting Standards and the related Egyptian laws and regulation in the light of the International Financial Reporting Standards to process cases weren't stated in the Egyptian standards.

2-2 - Basis of preparation the unconsolidated 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.

2-4 - Foreign currency 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 evaluated accordance the rates announced on that date and the differences are charged to income statement.

2-5 - Fixed assets and its depreciation:

Recognition and preliminary measurement:

Furniture and office equipment and computers are booked at historical cost less the accumulated depreciation and any impairment.

The cost include all direct cost for acquisition the assets also cost of getting of it and re-arranging the site where assets were present.

The Depreciation:

Fixed assets are depreciated using straight-line method according to estimated useful life of each asset in accordance with the following years:

	Useful life Year
Furniture & office equipment	4
Computers	2

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended March 31, 2013

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:-

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 date 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended March 31, 2013

2-10- 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 bases.

- **Employee profit share:**

  According to its constitution, the company distributes part of the profits dividends to the employees as per 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.

2-11- 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.

2-12 -Accounting estimates:-

According to 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, income and expenses during the financial year. The actual amounts could be quite different from these predictions.

2-13 -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.

2-14 -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 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.

2-15 -Cash flows statement:-

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

2-16- Cash and cash equivalent:-

For the purpose of the cash flows statement, cash and cash equivalent are to be considered cash at banks balances, short term fixed deposits and checks under collection, if any.

2-17- Losses per share:-

Losses per share are calculated by the weighted average method according to the number of shares during the year.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended March 31, 2013

(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- Debtors:-

Debtors are initially recognized at actual value and subsequently measured at amortized cost using the effective interest method, less any impairment in the value. Impairment in the value is established when there is objective evidence that the Company will not be able to collect all due amounts according to the original terms of the debtors. In the case there are significant financial difficulties of the debtor, the 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 debtors 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 Debtor is uncollectible, it is written off against the allowance account for receivables.

3-2- Creditors:-

Creditors' balances are record as per their actual value.

(4) fair value of financial instruments:-

The financial instruments are represented in monetary assets (cash at banks and on hand, clients & notes receivables and debtors & other debit balances) , monetary liabilities (due to related parties , suppliers and notes payables , creditors and other credit balances) the present values of these financial instruments represent a reasonable estimate to their fair values . The notes of the financial statements include the significant polices used in recording and measuring significant financial instruments and the related revenues and expenses.

(5) fixed assets (Net):-

Fixed assets (Net) as of March 31, 2013 represents as follows:-

Description	Furniture & office equipment	Computers	Total	Furniture & office equipment	Computers	Total
	EGP	EGP	EGP	Rs.Crore	Rs.Crore	Rs.Crore
Cost as of 1/4/2012	390,388	435,063	825,451	0.33	0.37	0.70
Cost as of 31/3/2013	390,388	435,063	825,451	0.31	0.35	0.66
Acc. depreciation at 1/4/2012	390,384	435,012	825,416	0.33	0.37	0.70
Depreciation of the year	–	–	–	–	–	–
Acc. depreciation at 31/3/2013	390,384	435,062	825,416	0.31	0.35	0.66
Net fixed assets as of 31/3/2013	4	31	35	–	–	–
Net fixed assets as of 31/3/2012	4	31	35	–	–	–

(6) Investments in subsidiaries:

The balance of investments in subsidiaries as of March 31, 2013 amounted to EGP 3 116 358 represents as follows:

	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	EGP	EGP	Rs.Crore	Rs.Crore
Marico Egypt Industries Company (MEI)	**1,506,718**	1,506,718	**1.20**	1.27
MEL Consumer Care & its Partner Company (Wind)	**1,609,640**	1,609,640	**1.28**	1.36
	3,116,358	3,116,358	**2.49**	2.62

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended March 31, 2013

- The contribution percentage in Marico Egypt Industries Company (MEI) is 99%.
- Marico Egypt Industries Company (MEI) is the new name for Pyramids Modern Industries.
- The contribution percentage in MEL Consumer Care & its Partner Company (Wind) is 99%.

(7) Due from related parties :-

The balance of due from related parties as of March 31, 2013 amounted to EGP 40 197 137 represents as follows:

	31/3/2013 EGP	31/3/2012 EGP	31/3/2013 Rs.Crore	31/3/2012 Rs.Crore
MEL Consumer Care & its Partner Company (Wind)	**36,918,514**	30,683,736	**29.46**	25.84
Egyptian American Co. for investment and Industrial Development (EAIIDC)	**3,278,623**	2,584,778	**2.62**	2.18
	40,197,137	33,268,514	**32.08**	28.02

(8) Debtors and other debit balances :-

The balance of debtors and other debit balances as of March 31, 2013 amounted to EGP 9 259 represents as follows:

	31/3/2013 EGP	31/3/2012 EGP	31/3/2013 Rs.Crore	31/3/2012 Rs.Crore
Sundry debtors	**9,259**	9,259	**0.01**	0.01
	9,259	9,259	**0.01**	0.01

(9) Cash at banks :-

The balance of cash at banks as of March 31, 2013 amounted to EGP 5 580 represents as follows:

	31/3/2013 EGP	31/3/2012 EGP	31/3/2013 Rs.Crore	31/3/2012 Rs.Crore
HSBC Bank current accounts - EGP	**5,576**	2,090	**0.01**	0.01
HSBC Bank current accounts - USD	**4**	112	**–**	–
	5,580	2,202	**0.01**	0.01

(10) Due to related parties :-

The balance of due to related parties as of March 31, 2013 amounted to EGP 53 371 207 represents as follows:

	31/3/2013 EGP	31/3/2012 EGP	31/3/2013 Rs.Crore	31/3/2012 Rs.Crore
Marico Middle East Company (MME) (holding company)	**12,219,982**	10,858,225	**9.75**	9.15
Marico Egypt for Industries Company (MEI)	**41,151,225**	34,157,287	**32.84**	28.77
	53,371,207	45,015,512	**42.6**	37.92

(11) Creditors and other credit balances :-

The balance of creditors and other credit balances as of March 31, 2013 amounted to EGP 40 000 represents as follows:

	31/3/2013 EGP	31/3/2012 EGP	31/3/2013 Rs.Crore	31/3/2012 Rs.Crore
Accrued expenses	**40,000**	40,000	**0.03**	0.03
	40,000	40,000	**0.03**	0.03

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended March 31, 2013

(12) Issued and paid capital:-

The authorized capital was determined by EGP 2,500,000 (Two million five hundred thousand Egyptian pounds) and the issued and paid 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:-

Name	Nationality	No. of share	Issued & paid capital
1- Harsh Charandas Mariwala	Indian	1	1,000
2- Milind Shripad Sarwate	Indian	1	1,000
3- Vijay Subramaniam	Indian	1	1,000
4- Marico Middle East	Emirates	247	247,000
		250	250,000

(13) Losses per share:

Losses per share are made up as follows:

	3/31/2013 EGP	**3/31/2012 EGP**	**3/31/2013 Rs.Crore**	**3/31/2012 Rs.Crore**
Net (losses) of the year	**(1,423,694)**	(147,354)	**(1.14)**	(0.12)
No. of Shares	**250**	250	**–**	–
(Losses) Per share (EGP/Share)	**(5,695)**	(589)	**–**	–

(14) Related parties' transactions :

The Related parties' transactions as of March 31, 2013 represents as follows:

Party name	**Nature of Relation**	**Nature of transaction**	**Size of transaction**	**Size of transaction**
		EGP	EGP	Rs. Crore
MEL Consumer Care & Partner Company (Wind)	Affiliated company	Financing	6,234,777	4.98
Egyptian American Co. for investment and Industrial Development (EAIIDC)	Affiliated company	Financing	693,845	0.55
Marico Middle East Company (MME)	Affiliated company	Financing	1,361,758	1.09
Marico Egypt for Industries Company (MEI)	Affiliated company	Financing	6,993,938	5.58

(15) Financial instruments and the related risk management:

The company's financial instruments are represented in cash at banks balances, some debtors and other debit balances, some creditors and other credit balances, short- term loans and credit bank accounts. The following shows the risks related to the financial instruments and the procedures followed by the company managements to minimize the effect of such risks.

15-1- Foreign currency 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.

Foreign currency	(Deficit) Foreign Currency
U.S Dollar	(1,791,786)

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended March 31, 2013

15-2 - Liquidity risk:

Liquidity risk is represented in the difficulties which the company faces in gathering the necessary fund to meet its engagements of the financial instruments. Liquidity risk may results from inability of selling the financial asset by the value near from its fair value. Suitable procedures are taken to reduce that risk to the minimum according to the company policy.

15-3 -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 depends on its resources to finance its current obligation and long term assets.

15-4 -Fair value of financial instruments:

The fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length basis and the book value is too close to the fair value.

(16) Tax status :-

First: corporate tax:

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

Second: Salaries & wages tax:

- The company was examined from the beginning of activity till 31/3/2008.
- The company pays salaries & wages tax regularly.

Third: stamp duty:

- The company didn't examine till now.
- The company pays stamp duty according to taxes system.

Fourth: withholding tax:

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

Fifth: sales tax:

- The company was examined from beginning of activity till 31/3/2011.
- The company submits the sales tax reports regularly.

Board of Directors	Rohit Jaiswal Debashish Neogi Padmanabh Maydeo Saumitra Bhat Ashutosh Telang Sridhar Balakrishnan
Registered Office	11B Hegaz Sq., Mohandeseen, Giza, Egypt
Auditors	Moore Stephens
Bankers	HSBC Limited NSGB
Legal Advisors	Yasser Maharem Office for Accounting and Auditing 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 balance sheet of Egyptian American Co. For Investment and Industrial Development SAE as of December 31, 2012 and the related statements of income, cash flows and changes in shareholders' equity 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, 2012 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 considering that a qualification, the net forward losses amount including the current fiscal year reached EGP 16 753 390 on 31/12/2012 and has exceeded the issued and paid capital which requires extraordinary general assembly according to article No. (69) of law No. 159 of year 1981 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 17/1/2013

BALANCE SHEET

	Note No	2012 EGP	2011 EGP	2012 Rs.Crore	2011 Rs.Crore
		As at December 31,			
Assets					
Long-term assets					
Fixed assets (net)	(2/5,4)	1,579,086	2,023,410	1.37	1.78
Project in progress	(2/7,5)	33,701	33,701	0.03	0.03
Total long-term assets		**1,612,787**	**2,057,111**	**1.39**	**1.81**
Current assets					
Inventory (net)	(2/6,6)	4,057,968	3,440,584	3.51	3.03
Receivables	(3/1,7)	2,618,295	5,710,261	2.26	5.02
Debtors and other debit balance	(3/1,8)	140,201	171,412	0.12	0.15
Cash at banks and equivalent	(9)	2,172,258	1,872,276	1.88	1.65
Total current assets		**8,988,722**	**11,194,533**	**7.77**	**9.85**
Current liabilities					
Banks overdraft		168,294	659,261	0.15	0.58
Due to related parties	(10)	14,993,775	15,482,328	12.96	13.62
Payables and notes payables	(3/2,11)	3,434,388	6,555,361	2.97	5.77
Creditors and other credit balances	(3/2,12)	1,406,488	1,773,778	1.22	1.56
Total current liabilities		**20,002,945**	**24,470,728**	**17.29**	**21.53**
Decrease in working capital		**11,014,223**	**13,276,195**	**9.52**	**11.68**
Total Investment		**9,401,436**	**11,219,084**	**8.13**	**9.87**
To be financed as follows					
Shareholders' Equity					
Issued and paid capital	(13/B)	6,892,000	6,892,000	5.96	6.06
Legal reserve	(2/16)	374,360	374,360	0.32	0.33
Other reserves		493	493	–	–
Forward losses		18,571,038	14,153,814	16.06	12.45
Net profit (losses) for the year		1,817,648	4,417,224	1.57	3.89
Total Shareholders' Equity		**9,486,537**	**11,304,185**	**8.20**	**9.95**
Long-term liabilities					
Deferred tax liabilities	(2/20,14)	85,101	85,101	0.07	0.07
Total Shareholders' Equity and long-term liabilities		**9,401,436**	**11,219,084**	**8.13**	**9.87**
Total financing of working capital and long-term assets		**9,401,436**	**11,219,084**	**8.13**	**9.87**

- 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

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

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

EGYPTIAN AMERICAN FOR INVESTMENT AND INDUSTRIAL DEVELOPMENT COMPANY S.A.E

INCOME STATEMENT

		Year ended December 31,			
	Note	**2012**	**2011**	**/2012**	**2011**
	No	**EGP**	**EGP**	**Rs.Crore**	**Rs. Crore**
Sales (net)	(2/10,15)	23,467,308	18,406,203	20.29	16.2
Less :					
Cost of sales		18,589,494	13,616,099	16.07	11.98
Gross profit		**4,877,814**	**4,790,104**	**4.22**	**4.21**
Less :					
Selling and distribution expenses		1,493,139	6,860,403	1.29	6.04
General and administrative expenses		791,333	1,697,917	0.68	1.49
Depreciation of fixed assets		283,649	340,521	0.25	0.3
Royalty		119,174	90,600	0.1	0.08
		2,687,295	**8,989,441**	**2.32**	**7.91**
Operating income (loss)		**2,190,519**	**4,199,337**	**1.89**	**3.69**
Add / (Less):					
Capital gains		150,659	160,214	0.13	0.14
(Losses) from currency reveuation differences	(2/4)	676,243	452,222	0.58	0.40
Revenues from exports subsidies		24,981	–	0.02	–
Scrap sales		127,732	74,121	0.11	0.07
Total		**372,871**	**217,887**	**0.32**	**0.19**
Net profit (losses) for the year		**1,817,648**	**4,417,224**	**1.57**	**3.89**
Earnings (losses) per share (EGP/Share)	(2/21,16)	**26.37**	**64.09**	–	–

The accompanying notes from (1) to (21) form an integral part of these financial statements and are to be read therewith.

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

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

STATEMENT OF CHANGES IN EQUITY

	year ended December 31, 2012					
Description	**Issued & paid capital**	**Legal reserve**	**Other reserves**	**Forward losses**	**Net profit (losses) for the year**	**Total**
	EGP	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**
Balance as of December 31.2010	**6,892,000**	**374,360**	**493**	**10,847,488**	**3,306,326**	**6,886,961**
Transferred to forward losses	–	–	–	3,306,326	3,306,326	–
Net (losses) for the year	–	–	–	–	4,417,224	4,417,224
Balance as of December 31.2011	**6,892,000**	**374,360**	**493**	**14,153,814**	**4,417,224**	**11,304,185**
Balance as of 1/1/2012	**6,892,000**	**374,360**	**493**	**14,153,814**	**4,417,224**	**11,304,185**
Transferred to forward losses	–	–	–	4,417,224	4,417,224	–
Net profit (losses) for the year	–	–	–	–	1,817,648	1,817,648
Balance as of December 31.2012	**6,892,000**	**374,360**	**493**	**18,571,038**	**1,817,648**	**9,486,537**

Description	**Issued & paid capital**	**Legal reserve**	**Other reserves**	**Forward losses**	**Net profit (losses) for the year**	**Total**
	Rs. Crore	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**
Balance as of December 31.2010	5.31	0.29	–	8.35	2.55	5.30
Transferred to forward losses	–	–	–	2.91	2.91	5.82
Net (losses) for the year	–	–	–	–	3.89	3.89
Balance as of December 31.2011	**6.06**	**0.33**	**–**	**12.45**	**3.89**	**9.95**
Balance as of 1/1/2012	6.06	0.33	–	12.45	3.89	9.95
Transferred to forward losses	–	–	–	3.82	3.82	–
Net profit (losses) for the year	–	–	–	–	1.57	1.57
Balance as of December 31.2012	**5.96**	**0.32**	**–**	**16.06**	**1.57**	**8.38**

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

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

CASH FLOWS STATEMENT

	Note	year ended December 31, 2012 EGP	2011 EGP	2012 Rs. Crore	2011 Rs.Crore
Cash flows from operating activities					
Net profit (losses) of the year		1,817,648	4,417,224	1.57	3.89
Adjustments to reconcile net (losses) with Cash flows from operating activities					
Depreciation of fixed assets		428,345	636,507	0.37	0.56
Capital gains		150,659	160,2 14	0.13	0.14
Impairment in the value of inventory		500,000	–	0.43	–
Net profit (loss) before changing in working capital		**2,595,334**	**3,940,931**	**2.24**	**3.47**
Change in working capital					
(Increase) in inventory		1,117,384	1,278,014	0.97	1.12
Decrease in receivable		3,091,966	2,759,933	2.67	2.43
Decrease in debtors and other debit balances		31,211	562,112	0.03	0.49
(Decrease) in due to related parties		488,553	1,897,484	0.42	1.67
(Decrease) Increase in payables and notes payables		3,120,973	3,538,958	2.7	3.11
(Decrease) Increase in creditors and other credit balances		367,290	177,693	0.32	0.16
Net cash flows (used in) provided from operating activities		**624,311**	**77,733**	**0.54**	**0.07**
Cash flows from investment activities					
(Payments) for purchase fixed assets		43,175	435,341	0.04	0.38
Received from sale fixed assets		209,813	252,917	0.18	0.22
(Payments) in projects in progress		–	33,701	–	0.03
Net cash flows (used in) investment activities		**166,638**	**216,125**	**0.14**	**0.19**
Net change in cash flows during the year		**790,949**	**293,858**	**0.68**	**0.26**
Cash and cash equivalents at the beginning of the year		1,213,015	1,506,873	1.05	1.33
Cash and cash equivalents at the end of the year	(2/18,17)	**2,003,964**	**1,213,015**	**1.73**	**1.07**

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

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2012

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2012

2-3- Change in accounting principles:-

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

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	12
Furniture & office equipment	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 ,2012

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 ,2012

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- Earning (losses) per share:-

Earning (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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2012

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) Fixed assets (net): -

Fixed assets (net) represent as of December 31, 2012 amounted to 1 579 086 as follows:-

Description	Land	Building	Furniture & office equipment	Vehicles	Machines	Tools	Comp uters	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost as at 1/1/2012	**52,400**	**2,303,830**	**617,920**	**815,055**	**3,302,421**	**162,707**	**156,606**	**7,410,939**
Additions during the year	–	–	–	–	39,925	–	3,250	43,175
Disposals during the year	–	–	–	408,240	27,004	7,200	3,500	445,944
Cost at 31/12/2012	**52,400**	**2,303,830**	**617,920**	**406,815**	**3,315,342**	**155,507**	**156,356**	**7,008,170**
Acc. Depreciation on 1/1/2012	**–**	**1,224,843**	**218,268**	**588,503**	**3,189,206**	**65,533**	**101,176**	**5,387,529**
Depreciation of the year	–	55,702	149,251	86,687	53,866	35,128	47,711	428,345
Acc. Depreciation of disposals	–	–	–	376,098	–	7,200	3,492	386,790
Acc. Depreciation as at 31/12/2012	**–**	**1,280,545**	**367,519**	**299,092**	**3,243,072**	**93,461**	**145,395**	**5,429,084**
Net cost of assets as at 31/12/2012	**52,400**	**1,023,285**	**250,401**	**107,723**	**72,270**	**62,046**	**10,961**	**1,579,086**
Net cost of assets as at 31/12/2011	**52,400**	**1,078,987**	**399,652**	**226,552**	**113,215**	**97,174**	**55,430**	**2,023,410**

Description	Land	Building	Furniture & office equipment	Vehicles	Machines	Tools	Comp uters	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Cost as at 1/1/2012	**0.05**	**2.03**	**0.54**	**0.72**	**2.91**	**0.14**	**0.14**	**6.53**
Additions during the year	–	–	–	–	0.03	–	–	0.03
Disposals during the year	–	–	–	0.35	0.02	0.01	–	0.38
Cost at 31/12/2012	**0.05**	**2.03**	**0.54**	**0.37**	**2.92**	**0.13**	**0.14**	**6.18**
Acc. Depreciation on 1/1/2012	**–**	**1.08**	**0.19**	**0.52**	**2.81**	**0.06**	**0.09**	**4.75**
Depreciation of the year	–	0.05	0.13	0.07	0.05	0.03	0.04	0.37
Acc. Depreciation of disposals	–	–	–	0.33	–	0.01	–	0.34
Acc. Depreciation as at 31/12/2012	**–**	**1.11**	**0.32**	**0.26**	**2.80**	**0.08**	**0.13**	**4.69**
Net cost of assets as at 31/12/2012	**0.05**	**0.88**	**0.22**	**0.09**	**0.06**	**0.05**	**0.01**	**1.37**
Net cost of assets as at 31/12/2011	**0.05**	**0.95**	**0.35**	**0.2**	**0.1**	**0.09**	**0.05**	**1.78**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2012

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	**55,702**	**55,702**	–	0.05	0.05	–
Furniture & office equipment	149,251	–	149,251	0.13	–	0.13
Vehicles	86,687	–	86,687	0.07	–	0.07
Tools & equipment	53,866	53,866	**–**	**0.05**	**0.05**	**–**
Machinery	35,128	35,128	**–**	**0.03**	**0.03**	**–**
Computers	47,711	–	47,711	0.04	–	0.04
Total	**428,345**	**144,696**	**283,649**	**0.37**	**0.13**	**0.24**

(5) Projects in progress :-

Projects in progress represent as of December 31, 2012 amounted to EGP 33, 701 as follows:

	year ended December 31,			
	2012	2011	2012	2011
	EGP	EGP	Rs. Crore	Rs. Crore
Tools & equipments	33,701	33,701	0.03	0.03
	33,701	**33,701**	**0.03**	**0.03**

(6) Inventory :-

Inventory represent as of December 31, 2012 amounted to EGP 4, 057, 968 as follows:

Packing & packaging materials	2,118,186	928,499	1.83	0.82
Raw materials	1,654,940	2,159,549	1.43	1.9
Finished production	729,985	290,389	0.63	0.26
Work in process production	54,857	62,147	0.05	0.05
	4,557,968	3,440,584	3.94	3.03
Less				
Impairment in the value of inventory	500,000	–	0.43	–
	4,057,968	**3,440,584**	**3.51**	**3.03**

(7) Receivables:-

Receivables represent as of December 31, 2012 amounted to EGP 2, 618, 295 as follows:

Local receivable	2,618,295	5,710,261	2.26	5.02
	2,618,295	**5,710,261**	**2.26**	**5.02**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2012

(8) Debtors and other debit balances:

Debtors and other debit balances represent as of December 31, 2012 amounted to EGP 140, 201 as follows:

	year ended December 31,			
	2012	2011	2012	2011
	EGP	EGP	Rs.Crore	Rs.Crore
Suppliers –advanced payments	120,013	135,887	0.10	0.12
Prepaid expenses	7,446	18,846	0.01	0.02
Deposits with others	–	8,639	–	0.01
Employees loans	–	1,597	–	–
Other debit accounts	12,742	6,443	0.01	0.01
	140,201	171,412	0.12	0.15

(9) Cash at banks and equivalent:-

Cash at banks and equivalent represent as of December 31, 2012 amounted to EGP 2, 172, 258 as follows:

Cheques under collection (less than 3 months	2,127,270	1,643,993	1.84	1.45
Banks – local currency	44,897	41,613	0.04	0.04
Banks – foreign currency	91	186,670	–	0.16
	2,172,258	**1,872,276**	**1.88**	**1.65**

(10) Due to related parties: -

Due to related parties represent as of December 31, 2012 amounted to EGP 14, 993, 775 as follows:

Marico Middle East Company	12,440,543	11,778,467	10.76	10.36
MEL Consumer Care Company	2,522,495	3,647,465	2.18	3.21
Marico limited Company - India	30,737	56,396	0.03	0.05
	14,993,775	**15,482,328**	**12.96**	**13.62**

(11) Payables and notes payable:-

Payables and notes payable represent as of December 31, 2012 amounted to EGP 3, 434, 388 as follows:

Payables	1,433,367	3,202,514	1.24	2.82
Notes payables	2,001,021	3,352,847	1.73	2.95
	3,434,388	**6,555,361**	**2.97**	**5.77**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2012

(12) Creditors and other credit balances:-

Creditors and other credit balances represent as of December 31, 2012 amounted to EGP 1, 406, 488 as follows:

	12/31/2012	12/31/2011	12/31/2012	12/31/2011
	EGP	EGP	Rs.Crore	Rs.Crore
Accrued expenses	635,067	676,498	0.55	0.60
Sales tax	588,533	612,207	0.51	0.54
Clients - advanced payments	–	286,673	–	0.25
Stamp tax	103,797	122,685	0.09	0.11
Withholding tax	29,937	20,990	0.03	0.02
Salaries & wages tax	12,308	15,860	0.01	0.01
Social insurance authority	12,730	13,296	0.01	0.01
Other credit balances	24,116	25,569	0.02	0.02
	1,406,488	**1,773,778**	**1.22**	**1.56**

(13) Capital:-

A - 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 68920 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 6892000 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 per value of share EGP 100 to Mr/ Aditya Kumar and this is in accordance the certificate which issued by the Egyptian stock exchange session on January 4, 2010.

- The shareholder Mr/ Aditya Kumar sold all his shares which represented in 50 shares of per value of share EGP 100 to Mr/ Sumatra Baht and this is in accordance to the certificate which issued by the Egyptian stock exchange session on March 22, 2012.

- The Issued and paid capital is distributed as follows:

Name	Nationality	No. of share	Value of each share	Amount	Amount
			EGP	EGP	Rs.Crore
Mr. Harsh Charandas Mariwala	Indian	320	100	32,000	0.03
Mr. Milind 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	5.90
		68 920		**6,892,000**	**5.96**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2012

(14) Deferred tax liabilities:

This item is made up as follows:

	year ended December 31,			
	Liabilities	Liabilities	Liabilities	Liabilities
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
	EGP	EGP	Rs.Crore	Rs.Crore
Fixed assets	85,101	85,101	0.07	0.07
	85,101	**85,101**	**0.07**	**0.07**

(15) Sales (net):

This item is made up as follows:

Activity revenues	41,590,979	32,974,090	35.96	29.01
Less :				
Trade discount	18,123,671	14,567,887	15.67	12.82
	23,467,308	**18,406,203**	**20.29**	**16.2**

(16) Earning (losses) per share:

Earning (losses) per share are determined as follows:

Net profits (losses) of the year	1,817,647	4,417,224	1.57	3.89
Number of shares	68,920	68,920	–	–
Earning (losses) per share (EGP /share)	**26.37**	**64.09**	**–**	**–**

(17) Cash & its equivalent (for the purpose of preparing statement of cash flows):

This item is made up as follows:

Cash at banks & its equivalent	2,172,258	1,872,276	1.88	1.65
Less:				
Banks (over darft)	168,294	659,261	0.15	0.58
	2,003,964	**1,213,015**	**1.73**	**1.07**

(18) Related parties transactions:-

This item is made up as follows:

Name of company	Type of relationship	Nature of dealing	Transaction volume per year	Transaction volume per year - INR
Marico Limited India	Related party	Royalty expense	119,174	0.10
Marico Limited India	Related party	Finance	25,659	0.02
Marico Middle East	Related party	Finance	662,076	0.57
MEL Consumer Care	Related party	Finance	1,124,970	0.97

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended December 31 ,2012

(19) 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, 2008

- The company currently examine the period from January 1, 2009 to December 31, 2010

C. Stamp duty tax:

The company was examined from the beginning of the activity till December 31, 2010 and all difference have been settled.

D. Sales tax:

The company was examined from the beginning of the activity till December 31, 2010 and all the difference have been settled.

E. Withholding tax:

The company was examined from the beginning of the activity till 31/12/2010.

(2) Financial Instruments & Risk Management:

20-1-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.

20-2- 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 is preparing a provision for bad debts to face the client's disability to pay their debts.

20-3- 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:

Foreign currency	(Deficiency)	(Deficiency)	(Deficiency)
	Foreign currency	Egyptian Pound	INR
U.S Dollar	(15,593)	(99,639)	(0.09)

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.

20-4- 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.

(21) Comparison figures have been reclassified to confirm with current year classification.

Board of Directors	Rohit Jaiswal Debashish Neogi Padmanabh Maydeo Saumitra Bhat Ashutosh Telang Sridhar Balakrishanan
Registered Office	11B Hegaz Sq., Mohandesen, Giza, Egypt
Auditors	Moore Stephens
Bankers	HSBC Limited NSGB
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, 2012 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 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 personal 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 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 statement present fairly in all material respects, the financial position of Marico Egypt for industries SAE as of December 31, 2012 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 17/01/2013

Sherin Noureldin

R.A.A. 6809

Moore Stephens Egypt

BALANCE SHEET

		As at December 31, 2012			
	Notes No.	2012 EGP	2011 EGP	2012 Rs. Crore	2011 Rs. Crore
Long Term Assets					
Fixed assets (net)	**(2/5,4)**	15,322,095	13,049,729	13.25	11.48
Intangible assets (net)	**(2/6,5)**	4,049	7,821	–	0.01
Projects in progress	**(2/7,6)**	504,913	57,200	0.44	0.05
Total long term assets		**15,831,057**	**13,114,750**	**13.69**	**11.54**
Current assets					
Inventory and letters of credit (net)	**(2/8,7)**	7,748,057	6,991,702	6.70	6.15
Receivables and notes receivables (net)	**(3/1,8)**	15,496,882	16,682,043	13.4	14.68
Suppliers advanced payments	**(3/1)**	1,625,987	1,371,191	1.41	1.21
Debtors and other debit balances	**(3/1,9)**	594,923	484,318	0.51	0.43
Due from related parties	**(2/14,10)**	41,174,171	36,859,037	35.6	32.43
Cash and cash equivalent	**(11)**	26,267,456	14,788,785	22.71	13.01
Total current assets		**92,907,476**	**77,177,076**	**80.33**	**67.91**
Current liabilities					
Claims provisions	**(2/12,12)**	102,769	102,769	0.09	0.09
Banks overdraft		–	3,122,889	–	2.75
Due to related parties	**(2/14,13)**	321,483	359,141	0.28	0.32
Payables and notes payable	**(3/2,14)**	14,090,206	11,567,500	12.18	10.18
Creditors and other credit balances	**(3/2,15)**	8,256,419	10,060,504	7.14	8.85
Total current liabilities		**22,770,877**	**25,212,803**	**19.69**	**22.18**
Working Capital		**70,136,599**	**51,964,273**	**60.64**	**45.72**
Total investment		**85,967,656**	**65,079,023**	**74.33**	**57.26**
Shareholder's Equity					
Authorized capital	**(16)**	20,000,000	20,000,000	17.29	17.60
Issued & fully Paid capital	**(16)**	12,287,690	12,287,690	10.62	10.81
Legal reserve	**(2/17)**	2,639,567	2,163,255	2.28	1.90
Retained earnings		50,151,766	41,101,843	43.36	36.17
Net profit for the year		20,888,633	9,526,235	18.06	8.38
Total shareholders' Equity		85,967,656	65,079,023	74.33	57.26
Total financing of working capital and long-term assets		**85,967,656**	**65,079,023**	**74.33**	**57.26**
Contingent liabilities	**(17)**	**3,969,051**	**4,148,948**	**3.43**	**3.65**

-The accompanying notes from(1) to (24) form an integral part of these financial statements.

- Auditor's report attached.

Chairman Financial Manager

Sherin Noureldin

R.A.A. 6809

Moore Stephens Egypt

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

INCOME STATEMENT

	Notes	2012 EGP	2011 EGP	2012 Rs. Crore	2011 Rs. Crore
		Year ended December 31, 2012			
Sales (net)	(2/11)	101,635,142	71,772,634	87.87	63.15
Less					
Cost of sales		53,157,494	36,726,644	45.96	32.32
Gross profit of activity		**48,477,648**	**35,045,990**	**41.91**	**30.84**
Less					
Selling & distribution expenses		15,484,362	15,602,390	13.39	13.73
General & administrative expenses		11,124,393	9,778,516	9.62	8.60
Depreciation and amortization	(4)	451,920	379,621	0.39	0.33
Royalty		524,883	401,188	0.45	0.35
Debit interest		223,364	55,263	0.19	0.05
		27,808,922	26,216,978	24.04	23.07
Operating income		**20,668,726**	**8,829,012**	**17.87**	**7.77**
Add / (less)					
Gains from currency revaluation differences	(2/4)	160,567	370,420	0.14	0.33
Revenues from sale of scrap		88,132	65,430	0.08	0.06
Capital gains (Loss)		28,792	1,373	0.02	–
Provisions no longer required		–	260,000	–	0.23
Net Profit for the year		**20,888,633**	**9,526,235**	**18.06**	**8.38**
Earning per share (EGP/Share)	**(18,2/20)**	**17**	**8**	**Rs. 146.982**	**Rs. 70.392**

-The accompanying notes from(1) to (24) form an integral part of these financial statements.

Chairman Financial Manager

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended December 31, 2012

Description	Issued and fully paid capital EGP	Legal Reserves EGP	Retained Profits (losses) EGP	Profits (losses) for the year EGP	Total EGP
Balance as of 1/1/2011	**12,287,690**	**1,447,026**	**27,493,476**	**14,324,596**	**55,552,788**
Transferred to legal reserve	–	716,229	716,229	–	–
Transferred to retained earnings	–	–	14,324,596	14,324,596	–
Net profit of the year 2011	–	–	–	9,526,235	9,526,235
Balance as of 31/12/2011	**12,287,690**	**2,163,255**	**41,101,843**	**9,526,235**	**65,079,023**
Balance as of 1/1/2012	**12,287,690**	**2,163,255**	**41,101,843**	**9,526,235**	**65,079,023**
Transferred to legal reserve	–	476,312	476,312	–	–
Transferred to retained earnings	–	–	9,526,235	9,526,235	–
Net profit of the year 2012	**–**	**–**	**–**	**20,888,633**	**20,888,633**
Balance as of 31/12/2012	**12,287,690**	**2,639,567**	**50,151,766**	**20,888,633**	**85,967,656**

Statement of changes in shareholder's equity For the year ended December 31, 2012

Description	Issued and fully paid capital Rs. Crore	Legal Reserves Rs. Crore	Retained Profits (losses) Rs. Crore	Profits (losses) for the year Rs. Crore	Total Rs. Crore
Balance as of 1/1/2011	**9.46**	**1.11**	**21.17**	**11.03**	**42.78**
Transferred to legal reserve	–	0.63	0.63	–	–
Transferred to retained earnings	–	–	12.60	12.60	–
Net profit of the year 2011	–	–	–	8.38	8.38
Balance as of 31/12/2011	**10.81**	**1.90**	**36.17**	**8.38**	**57.26**
Balance as of 1/1/2012	**10.81**	**1.90**	**36.17**	**8.38**	**57.26**
Transferred to legal reserve	–	0.41	0.41	–	–
Transferred to retained earnings	–	–	8.24	8.24	–
Net profit of the year 2012	**–**	**–**	**–**	**18.06**	**18.06**
Balance as of 31/12/2012	**10.62**	**2.28**	**43.36**	**18.06**	**74.33**

Chairman Financial Manager

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

CASH FLOW STATEMENT

	Notes	Year ended December 31, 2012			
		2012 EGP	2011 EGP	2012 Rs. Crore	2011 Rs. Crore
Cash flows from operating activities					
Net profit from income statement		20,888,633	9,526,235	18.06	8.38
Adjustments to reconcile net profit with none monetary items in income statement					
Depreciation and amortization		2,000,625	1,260,900	1.73	1.11
Adjustments to fixed assets		291	–	0.01	–
Capital losses (gains)		28,792	1,373	0.02	0.01
Created from Impairment on current assets	(19)	400,000	750,000	0.35	0.66
Used from impairment on current assets	(19)	759,703	–	0.66	–
Provisions no longer required		–	1,660,000	–	1.46
used of claims provision		–	159,292	–	0.14
Net profit before change in working capital		**22,558,638**	**9,716,470**	**19.50**	**8.55**
(Increase) in inventory and letters of credit (Net)		406,355	1,407,950	0.35	1.24
Decrease in receivables and notes receivables (Net)		1,194,864	3,328,281	1.03	2.93
(Increase) in suppliers advanced payments		254,796	968,536	0.22	0.85
(Increase) Decrease in debtors and other debit balances		110,605	4,020,681	0.10	3.54
(Increase) in due from related parties		4,315,134	10,771,018	3.73	9.48
(Decrease) Increase in due to related parties		37,658	112,830	0.03	0.10
Increase in payables & notes payable		2,522,706	3,012,502	2.18	2.65
(Decrease) Increase in creditors and other credit balances		1,804,085	1,685,108	1.56	1.48
Net cash provided from operating activities		**19,347,575**	**8,728,368**	**16.73**	**7.68**
Cash flows from investment activities					
Proceeds from Sale of Fixed assets		12,727	3,600	0.01	–
(Payments) for Purchase of fixed assets		4,253,829	9,178,660	3.68	8.08
(Payments) for projects in progress		504,913	57,200	0.44	0.05
Net cash (used in) investment activities		**4,746,015**	**9,232,260**	**4.10**	**8.12**
Net Cash resulting during the year		14,601,560	503,892	12.62	0.44
Cash and cash equivalent at the beginning of the year		11,665,896	12,169,788	10.09	10.71
Cash and cash equivalent at the end of the year	**(20,2/19)**	**26,267,456**	**11,665,896**	**22.71**	**10.26**

-The accompanying notes from (1) to (24) form an integral part of these financial statements.

-Auditor's report attached

Chairman Financial Manager

Note: The exchange rate use to convert EGP to Rs.<7.981>/(Previous year EGP to Rs.<8.423>)

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December, 2012

(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.

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 2012

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%	Declining method
- Equipment & Lab (S.O.E)	25%	Declining method
- Computers	50%	Declining method
- Furniture and offices Equipment	25%	Declining method
- Vehicles	25%	Declining 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 programs	2

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 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

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012

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 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, 2012

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 2012

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) Fixed Assets (Net) :

Fixed assets (net) represent as of December 31, 2012 amounted to EGP 15,322,095 as follows:-

Description	Land	Building	Machines	Equipment & lab	Computers	Furinture and offices Equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
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 to 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 to 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**
Fixed assets (Net) as of 31/12/2011	**199,530**	**2,819,227**	**8,401,047**	**261,849**	**93,394**	**780,244**	**494,438**	**13,049,729**

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
Cost as of 1/1/2012	0.18	2.87	10.10	0.33	0.18	1.05	0.49	15.21
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 to 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**	**18.97**
Acc . Deperciation at 1/1/2012	–	0.39	2.71	0.10	0.10	0.37	0.06	3.72
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 to 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**
Fixed assets (Net) as of 31/12/2011	**0.18**	**2.48**	**7.39**	**0.23**	**0.08**	**0.69**	**0.44**	**11.48**

There is no mortgages or restrictions on ownership of assets

There are no fixed assets unused or not working temporarily The depreciation charged as follows:-

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012

The depreciation charged as follows:-

Description	Total EGP	Charged to Cost of Sales EGP	Charged to Income Statement EGP	Total Rs. Crore	Charged to Cost of Sales Rs. Crore	Charged to Income Statement Rs. Crore
Building	164,239	164,239	–	0.14	0.14	–
Machines	1,299,365	1,299,365	–	1.12	1.12	–
Equipment & lab (S.O.E)	85,101	85,101	–	0.07	0.07	–
Computer	56,007	–	56,007	0.05	–	0.05
Vehicles	161,009	–	161,009	0.14	–	0.14
Furniture and offices Equipment	231,131	–	231,131	0.20	–	0.20
	1,996,852	**1,548,705**	**448,147**	**1.72**	**1.33**	**0.39**
Amortization of intangible assets	3,773	–	3,773	–		–
Total	**2,000,625**	**1,548,705**	**451,920**	**1.72**	**1.33**	**0.39**

(5) Intangible assets (net) :

The intangible assets represent as of December 31, 2012 amounted to EGP 4,049 as follows :

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Cost as of December 31	79,043	79,043	0.07	0.07
Less:				
Accumulated amortization till December 31	74,994	71,222	0.06	0.06
	4,049	**7,821**	**0.01**	**0.01**

(6) Projects in progress :

Projects in progress represent as of December 31, 2012 amounted to EGP 504,913 as follows :

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Machinery	504,913	–	0.44	–
Equipment & lab (S.O.E)	–	57,200	–	0.05
	504,913	**57,200**	**0.44**	**0.05**

(7) Inventory and letters of credit (net) :

The inventory and letters of credit represent as of December 31, 2012 amounted to EGP 7,748,057 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Raw materials	3,620,378	3,500,241	3.13	3.08
Packing & Packaging materials	3,475,313	3,561,407	3.00	3.13
Finished production	700,003	449,783	0.61	0.40
Work in process production	123,396	46,190	0.11	0.04
	7,919,090	**7,557,621**	**6.85**	**6.65**
	228,967	184,081	0.20	0.16
Letter of credit	**8,148,057**	**7,741,702**	**7.05**	**6.81**
Impairment in inventory balances	400,000	750,000	0.35	0.66
	7,748,057	6,991,702	6.70	6.15

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012

(8) Receivables and Notes receivable (net):

Receivables and notes receivable represent as of December 31, 2012 amounted to EGP 15,496,882 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Local Receivables	13,213,451	15,502,947	11.42	13.64
Less:				
Bad debit provision	–	9,703	–	0.01
	13,213,451	15,493,244	11.42	13.63
Export Receivables	**283,431**	**181,860**	**0.25**	**0.16**
	13,496,882	**15,675,104**	**11.67**	**13.79**
Notes Receivable	2,000,000	1,006,939	1.73	0.89
	15,496,882	**16,682,043**	**13.40**	**14.68**

(9) Debtors and other debit balances :

Debtors and other debit balances represent as of December 31, 2012 amounted to EGP 594,923 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Employees loans	249,728	132,670	0.22	0.12
Prepaid expenses	219,403	220,935	0.19	0.19
Deposits with others	116,229	129,029	0.10	0.11
Other debit balances	9,563	1,684	0.01	0.01
	594,923	484,318	0.52	0.43

(10) Due from related parties :

Related parties represent as of December 31, 2012 amounted to EGP 41,174,171 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
MEL company for consumer care	41,174,171	36,854,146	35.60	32.43
Marico Middle East	–	4,891	–	0.01
	41,174,171	36,859,037	35.60	32.43

(11) Cash and cash equivalent :

Cash and cash equivalent represent as of December 31, 2012 amounted to EGP 26,267,456 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Banks current accounts – local currency	1,596,217	195,580	1.38	0.17
Banks current accounts – foreign currency	20,862	181,995	0.02	0.16
Deposits	2,000,000	1,762,424	1.73	1.55
Cheques under collection (less than 3 months)	22,650,377	12,648,786	19.58	11.13
	26,267,456	**14,788,785**	**22.71**	**13.01**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012

(12) Claims provisions:-

Claims provisions represent as of December 31, 2012 amounted to EGP 102,769 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Balance as of 1/1/2012	102,769	1,922,061	0.09	1.69
Less:				
Provision no longer required	–	1,660,000	–	1.46
Uesd during the year	–	159,292	–	0.14
	102,769	**102,769**	**0.09**	**0.09**
Add: Formed during year	–	–	–	–
Balance as of 31/12/2012	**102,769**	**102,769**	**0.09**	**0.09**
This item is made up as follows:-			–	–
Tax provision	102,769	102,769	0.09	0.09
	102,769	102,769	0.09	0.09

(13) Due to related parties :

Related parties represent as of December 31, 2012 amounted to EGP 321 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Marico India Company	301,749	359,141	0.26	0.32
Marico Middle East Company	19,734	–	0.02	–
	321,483	**359,141**	**0.28**	**0.32**

(14) Payables and notes payable :

Payables and notes payable represent as of December 31, 2012 amounted to EGP 14,090,206 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Payables	4,853,298	6,125,391	4.20	5.39
Notes payable	9,236,908	5,442,109	7.99	4.79
	14,090,206	**11,567,500**	**12.18**	**10.18**

(15) Creditors and other credit balances :-

Creditors and other credit balances represent as of December 31, 2012 amounted to EGP 8,256,419 as follows:

	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Sales tax authority	3,896,360	2,501,958	3.37	2.20
Accrued expenses	2,010,816	1,427,366	1.74	1.26
Creditors of Advertising campaigns	1,052,841	5,092,000	0.91	4.48
Stamp duty tax	715,186	375,434	0.62	0.33
Salaries & bonuses of foreign	396,782	508,042	0.34	0.45
Salaries & wages tax	88,323	80,505	0.08	0.07
Withholding tax	57,463	52,520	0.05	0.05
Social insurance	38,648	22,679	0.03	0.02
	8,256,419	**10,060,504**	**7.14**	**8.85**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012

(16) 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 6144 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, 2012

The issued and paid capital is distributed as follows:

Name	**Nationality**	**Amount of Share**	**Share EGP**	**Share Rs. Crore**
MEL CO. for Consumer Care Products SAE (according to law No159/1981) represented by Mr. Ravin Mody	SAE	1,216,481	12,164,810	1.05
Mr.Saumitra Bhat	Indian	6,144	61,440	0.01
Mr.Ravin Mody	Indian	6,144	61,440	0.01
Total		**1,228,769**	**12,287,690**	**1.07**

(17) Contingent liabilities:

This item is made up as follows:-

	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	4,702,931	733,880	3,969,051	4.07	0.63	3.43
	4,702,931	**733,880**	**3,969,051**	**4.07**	**0.63**	**3.43**

(18) Earning per share:

Earning per share is determined as follows:-

	31/12/2012 EGP	**31/12/2011 EGP**	**31/12/2012 Rs. Crore**	**31/12/2011 Rs. Crore**
Net Profit for the year	20,888,633	9,526,235	18.06	8.38
No. of shares	1,228,769	1,228,769	–	–
Profit per share (EGP/Share)	**16.99**	**7.75**	**–**	**–**

(19) 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 12/31/2012 EGP**	**Balance as of 1/1/2012 Rs. Crore**	**Formed during the year Rs. Crore**	**Used during the year Rs. Crore**	**Balance as of 12/31/2012 Rs. Crore**
Inventory	750,000	400,000	750,000	400,000	0.66	0.35	0.65	0.35
Receivables	9,703	–	9,703	–	0.01	–	0.01	–
	759,703	**400,000**	**759,703**	**400,000**	**0.67**	**0.35**	**0.66**	**0.35**

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012

(20) Cash and Cash equivalent (for the purpose of preparing Statement of cash flows):

	Notes	31/12/2012 EGP	31/12/2011 EGP	31/12/2012 Rs. Crore	31/12/2011 Rs. Crore
Cash and cash equivalent	(11)	26,267,456	14,788,785	22.71	13.01
Less:					
Banks overdraft		–	3,122,889	–	2.75
		26,267,456	**11,665,896**	**22.71**	**10.26**

(21) Related parties transactions:-

Name of company	Types of relationship	Nature of Transaction	Transaction volume during the year	Transaction volume during the year
MEL Consumer Care	Related party	Financing	4,320,025	3.74
Marico Limited India	Related party	Royalty expense	5,248,836	4.54
Marico Limited India	Related party	Financing	57,392	0.05
Marico Middle East	Related party	Financing	24,625	0.02

(22) Tax status :

First: Income tax:-

The company is exempted from 1/1/2007 till 31/12/2016 according to the company tax card.

- The company is not scrutinized from the beginning of the activity till now.

Second: Sales tax:-

The company's books were examined till December 31, 2011 and the tax differences were fully paid.

Third: Salary and wages tax:-

The company's books were examined till December 31, 2010 and the examination is result in differences amounted to EGP 27,177 and the company about to pay it.

The company have inspection for year 2011.

Fourth: Stamp tax:-

The company was examined till December 31,2010 and the tax differences were fully paid.

Fifth: Withholding tax:-

The company was examined till the period ending 31/12/2010 and the tax differences were fully paid.

(23) Financial Instruments & Risk Management:

(24) Comparison figures have been reclassified to confirm with current year classification.

24-1- 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.

24-2- 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 .

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012

24-3- 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.

Foreign currency	Surplus (Deficiency) Foreign Currency	Surplus (Deficiency) Egyptian Pound	Surplus (Deficiency) Rs. Crore
U.S Dollar	79,465	781,507	0.01
Euro	75,454	77,636	0.01

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.

24-4 - 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.

Registration number:	2007/025470/07
Board of Director:	Saugata Gupta (Appointed on July 5, 2013) Pawan Agrawal (Appointed on July 5, 2013) Jaques Nieuwenhuys (Appointed on July 5, 2013) John Richard Mason Harsh Mariwala (Resigned on July 5, 2013) Milind Sarswate (Resigned on July 5, 2013) Vijay Subramaniam (Resigned on July 5, 2013) Padmanabh Maydeo (Resigned on July 5, 2013)
Registered office:	1474 South Coast Road Mobeni 4051
Postal address:	P.O. Box 72625 Mobeni 4060
Auditors:	PricewaterhouseCoopers Inc. Durban
Bankers:	Standard Bank of South Africa Limited

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 2013

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 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 2013.

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.

The financial statements set out were approved by the board of directors and are signed on their behalf.

John Richard Mason
Director

Vijay Subramaniam
Director

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2013

TO

THE SHAREHOLDERS OF MARICO SOUTH AFRICA CONSUMER CARE PROPRIETARY LIMITED

We have audited the annual financial statements of Marico South Africa Consumer Care Proprietary Limited and its subsidiary which comprise the statement of financial position and the consolidated statement of financial position as at 31 March 2013, 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 a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 37.

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 the International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 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 consolidated and separate financial position of Marico South Africa Consumer Care Proprietary Limited as at 31 March 2013, and its consolidated and separate financial performance and its consolidated and separate statement of cash flow 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 2013, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between the report and the audited financial statements. The report is the responsibility of the Directors. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

PricewaterhouseCoopers Inc.
Director : **N Ramlagan**
Registered Auditor
Durban
8 May 2013

REPORT OF THE DIRECTORS'

FOR THE YEAR ENDED 31 MARCH 2013

The directors present their annual report, which forms part of the audited financial statements of the company and of the group for the year ended 31 March 2013.

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 (2012: R Nil).

SHARE CAPITAL

The authorised and issued share capital has remained unchanged.

DIRECTORS AND SECRETARY

The present directors of the company are:

JR Mason	
H Mariwala	(Indian)
M Sarwate	(Indian)
V Subramanian	(Indian)
P Maydeo	(Indian)

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 loss for the period of R380 076 (2012: R419 982). At 31 March 2013 the company's total assets exceeded its total liabilities by R 39 743 065 (2012: R40 123 141).

The group generated a loss for the period of R638 850 (2012: profit of R794 826). At 31 March 2013 the group's total assets exceeded its total liabilities by R36 132 078 (2012: R36 770 928).

The company has no external loans apart from its loan from the holding company.

The company is in the process of converting the long term loan from Marico Limited into equity. This would have the impact of reducing interest costs and increasing profit before tax by an estimated amount of R 4 207 740 per annum.

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 2013

		Group				Company			
	Note	2013	2012	2013	2012	2013	2012	2013	2012
		R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
ASSETS									
Non-current assets									
Property, plant and equipment	6	1,859,397	3,746,295	1.09	2.49	–	–	–	–
Intangible assets	7	47,993,319	48,062,924	28.14	31.88	–	–	–	–
Investment in subsidiary	8	–	–	–	–	45,485,555	45,485,555	26.67	30.18
Deferred income tax assets	14	6,646,542	7,077,135	3.90	4.69	–	–	–	–
Goodwill	15	37,686,823	37,686,823	22.10	25.00	–	–	–	–
Amount due from related party	19	–	–	–	–	53,876,041	55,688 008	31.59	36.94
		94,186,081	**96,573,177**	**55.23**	**64.07**	**99,361,596**	**101,173,563**	**58.27**	**67.12**
Current assets									
Trade and other receivables	10	27,704,018	23,109,432	16.25	15.33	–	–	–	–
Inventories	9	17,627,985	17,591,204	10.34	11.67	–	–	–	–
Cash and cash equivalents	11	4,664,856	4,961,765	2.74	3.29	191,137	195,577	0.11	0.13
Amounts due from related party	19	–	–	–	–	20,528,070	22,492,444	12.04	14.92
		49,996,859	45,662,401	29.32	30.29	20,719,207	22,688,021	12.15	15.05
Non-current asset held for sale	12	1,077,786	–	0.63	–	–	–	–	–
Total assets		**145,260,726**	**142,235,578**	**85.18**	**94.36**	**120,080,803**	**123,861,584**	**70.42**	**82.17**
EQUITY									
Capital and reserves attributable to equity holders of the company									
Share capital	13	800	800	0.01	0.01	800	800	0.01	0.01
Share premium	13	43,799,900	43,799,900	25.68	29.06	43,799,900	43,799,900	25.68	29.06
Accumulated loss		(7,668,623)	(7,029,772)	(4.50)	(4.66)	(4,057,635)	(3,677,559)	(2.38)	(2.44)
Total equity		**36,132,077**	**36,770,928**	**21.20**	**24.40**	**39,743,065**	**40,123,141**	**23.32**	**26.63**
LIABILITIES									
Non-current liabilities									
Borrowings	17	59,809,668	61,225,999	35.07	40.62	59,809,668	61,225,999	35.07	40.62
Share-based payment liability	18	124,232	–	0.07	–	–	–	–	–
		59,933,900	**61,225,999**	**35.15**	**40.62**	**59,809,668**	**61,225,999**	**35.07**	**40.62**
Current liabilities									
Trade and other payables	16	27,803,554	21,746,207	16.30	14.43	–	20 000	–	0.01
Borrowings	17	20,528,070	22,492,444	12.03	14.91	20,528,070	22,492,444	12.03	14.91
Share-based payment liability	18	863,125	–	0.51	–	–	–	–	–
		49,194,749	44,238,651	28.84	29.34	20,528,070	22,512,444	12.03	14.92
Total liabilities		**109,128,649**	**105,464,650**	**63.98**	**69.96**	**80,337,738**	**83,738,443**	**47.10**	**55.54**
Total equity and liabilities		**145,260,726**	**142,235,578**	**85.18**	**94.36**	**120,080,803**	**123,861,584**	**70.42**	**82.17**

Note: The exchange rate use to convert Zar to Rs. 5.864 / (Previous year Zar to Rs. 6.634)

INCOME STATEMENT

for the year ended 31 March 2013

		Group				Company			
	Note	2013	2012	2013	2012	2013	2012	2013	2012
		R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
Revenue		**164,070,681**	**154,354,988**	**96.21**	**102.40**	**–**	**–**	**–**	**–**
Cost of sales		(94,329,358)	(86,643,985)	(55.31)	(57.48)	–	–	–	–
Gross profit		**69,741,323**	**67,711 003**	**40.90**	**44.92**	**–**	**–**	**–**	**–**
Operating expenses		(64,006,081)	(60,269,188)	(37.53)	(39.98)	8,165	(3,945)	0.01	(0.01)
Other income		192,689	146,321	0.11	0.10	–	–	–	–
Operating profit/(loss)		**5,927,931**	**7,588,136**	**3.48**	**5.03**	**8,165**	**(3,945)**	**0.01**	**(0.1)**
Finance income	4	227,934	83,900	0.13	0.06	5,975,882	5,845,527	3.50	3.88
Finance costs	4	(6,364,123)	(6,261,564)	(3.73)	(4.15)	(6,364,123)	(6,261,564)	(3.73)	(4.15)
(Loss)/profit before income tax		**(208,258)**	**1,410,472**	**(0.12)**	**0.94**	**(380,076)**	**(419,982)**	**(0.22)**	**(0.28)**
Income tax expense	5	(430,593)	(615,646)	(0.25)	(0.41)	–	–	–	–
Total comprehensive (loss)/profit for the year		**(638,851)**	**794,826**	**(0.37)**	**0.53**	**(380,076)**	**(419,982)**	**(0.22)**	**(0.28)**

Note: The exchange rate use to convert Zar to Rs. 5.864 / (Previous year Zar to Rs. 6.634)

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2013

	Share capital R	Share premium R	Accumula-ted losses R	Total R	Share capital Rs. Crores	Share premium Rs. Crores	Accumula-ted losses Rs. Crores	Total Rs. Crores
Group								
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 loss 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**
Year ended 31 March 2013								
Balance at 1 April 2011	**800**	**43,799,900**	**(7,824,598)**	**35,976,102**	**0.01**	**29.06**	**(5.19)**	**23.88**
Total comprehensive profit for the year	–	–	794,826	794,826	–	–	0.53	**0.53**
Balance at 31 March 2012	**800**	**43,799,900**	**(7,029,772)**	**36,770,928**	**0.01**	**29.06**	**(4.66)**	**24.40**
Company								
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 loss 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**
Year ended 31 March 2013								
Balance at 1 April 2011	**800**	**43,799,900**	**(3,257,577)**	**40,543,123**	**0.01**	**29.06**	**(2.16)**	**26.91**
Total comprehensive profit for the year	–	–	(419,982)	(419,982)	–	–	(0.28)	(0.28)
Balance at 31 March 2012	**800**	**43,799,900**	**(3,677,559)**	**40,123,141**	**0.01**	**29.06**	**(2.44)**	**26.63**

Note: The exchange rate use to convert Zar to Rs. 5.864 / (Previous year Zar to Rs. 6.634)

STATEMENT OF CASH FLOWS

for the year ended 31 March 2013

		Group				Company			
	Note	2013	2012	2013	2012	2013	2012	2013	2012
		R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
Cash flow from operating activities									
Cash flow from operations	21	9,290,138	4,509,077	5.45	2.99	(11,835)	(3,945)	(0.01)	0.01
Finance costs	4	(6,364,123)	(6,261,564)	(3.73)	(4.15)	(6,364,123)	(6,261,564)	(3.73)	(4.15)
Finance income	4	227,934	83,900	0.13	0.06	5,975,882	5,845,527	3.50	3.88
Net cash used in operating activities		**3,153,949**	**(1,668,587)**	**1.85**	**(1.11)**	**(400,076)**	**(419,982)**	**(0.23)**	**(0.27)**
Cash flow from investing activities									
(Decrease)/increase in loans to related party		–	–	–	–	3,776,341	(2,078,266)	2.21	(1.39)
Additions to property, plant and equipment		(420,443)	(737,585)	(0.25)	(0.49)	–	–	–	–
Proceeds on disposal of property, plant and equipment		350,290	1,002,499	0.21	0.67	–	–	–	–
Net cash from/(used in) investing activities		**(70,153)**	**264,914**	**(0.04)**	**0.18**	**3,776,341**	**(2,078,266)**	**2.21**	**(1.39)**
Cash flow from financing activities									
(Repayment)/receipt of borrowings		(3,380,705)	2,406,110	(1.98)	1.60	(3,380,705)	2,406,110	(1.98)	1.60
Net cash generated from financing activities		**(3,380,705)**	**2,406,110**	**(1.98)**	**1.60**	**(3,380,705)**	**2,406,110**	**(1.98)**	**1.60**
Net increase/(decrease) in cash and cash equivalents		(296,909)	1,002,437	(0.17)	0.67	(4,440)	(92,138)	–	(0.06)
Cash and cash equivalents at beginning of year	11	4,961,765	3,959,328	195,577	287,715	2.91	2.63	0.11	0.19
Cash and cash equivalents at end of year	11	**4,664,856**	**4,961,765**	**191,137**	**195,577**	**2.74**	**3.29**	**0.11**	**0.13**

Note: The exchange rate use to convert Zar to Rs. 5.864 / (Previous year Zar to Rs. 6.634)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

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:

Leasehold improvements	10 years
Plant and machinery	5 – 15 years

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

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 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).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

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 aythorities.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

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 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 2013

1.16 Financial risk management (Contd.)

(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			
	Note	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
		R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Effect on profit after tax		272,422	283,524	0.16	0.19	19,981	19,233	0.01	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 financ

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	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 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	–	12.04
		44,703,164	**59,809,668**	**104,512,832**	**26.21**	**35.07**	**61.29**
Group 2012							
Trade and other payables		19,239,256	–	19,239,256	11.28	–	11.28
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	7,61%	–	61,225,999	61,225,999	–	35.90	35.90
- Current potion	9%	22,492,444	–	22,492,444	13.19	–	13.19
		41,731,700	**61,225,999**	**102,957,699**	**24.47**	**35.90**	**60.37**

	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 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	8.50%	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**
Company 2012							
Trade and other payables		20,000		20,000	0.01	–	0.01
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	7,61%	–	61,225,999	61,225,999	–	35.90	35.90
- Current potion	9%	22,492,444	–	22,492,444	13.19	–	13.19
		22,512,444	**61,225,999**	**83,738,443**	**13.20**	**35.90**	**49.10**

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 2013

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.

1.18 Revenue recognition (continued)

(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

Standards and interpretations effective and adopted in the current year

The company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) for the IASB that are relevant to its operations.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

Standards and interpretations 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 1 July 2013 or later periods:

Standard/ Interpretation:		Effective date:
Disclosures – Offsetting Financial Assets and		
Financial Liabilities (Amendments to IFRS 7)		1-Jan-13
Offsetting Financial Assets and Financial Liabilities		
(Amendments to IAS 32)		1-Jan-14
IAS 1	Annual Improvements for 2009 – 2011 cycle	1-Jan-13
IAS 16	Annual Improvements for 2009 – 2011 cycle	1-Jan-13
IAS 32	Annual Improvements for 2009 – 2011 cycle	1-Jan-13

Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2013 or later periods but are not relevant to its operations:

Standard/ Interpretation:		Effective date:
2010 Annual Improvements Project: Amendments to		
IFRS 7	(AC 144) Financial Instruments: Disclosures	1-Jan-11
IAS 27	(AC 132) Separate Financial Statements	1-Jan-13
IFRS 11	(AC148) Joint Arrangements	1-Jan-13
IFRS 12	(AC 149) Disclosure of Interests in Other Entities	1-Jan-13
IFRS 13	(AC 150) Fair Value Measurement	1-Jan-13
IAS 1	(AC101) Presentation of Financial Statements	1-Jul-12
IAS 19	(AC 116) Employee Benefits Revised	1-Jan-13
Government Loans (Amendment to IFRS 1)		1-Jan-13
IFRS 1	Annual Improvements for 2009 – 2011 cycle	1-Jan-13
IAS 34	Annual Improvements for 2009 – 2011 cycle	1-Jan-13
Consolidated Financial Statements, Joint		
Arrangements and Disclosures of Interests in Other		
Entities: Transition Guidance.		1-Jan-13
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine.	1-Jan-13

The company is in the process of evaluating the effects of these new standards and interpretations

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

(a) Estimated impairment of intangible assets

The company tests annually whether intangible assets have suffered any impairment, 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.

2 Operating profit/(loss)

2.1 The following items have been charged/(credited) in arriving at operating profit/(loss):

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Depreciation on property, plant and equipment (A detailed breakdown of the depreciation expense is presented in note 6)	1,085,166	1,114,763	0.64	0.74	–	–	–	–
Profit on disposal of property, plant and equipment	205,901	79,640	0.12	0.05	–	–	–	–
Impairment of intangible assets	69,605	–	0.04	–	–	–	–	–
Loss on disposal of intangible asset	–	367,565	–	0.24	–	–	–	–
Auditor's remuneration:								
Audit fees								
current year provision	379,800	360,000	0.22	0.24	–	20,000	–	0.01
prior year under/(over) provision	–	293,541	–	0.19	20,000	–	0.01	–
	379,800	**653,541**	**0.22**	**0.43**	**20,000**	**20,000**	**0.01**	**0.01**
Lease rentals								
Buildings	4,077,092	3,411,440	2.39	2.26	–	–	–	–
Computers	306,888	355,943	0.18	0.24	–	–	–	–
	4,383,980	3,767,383	2.57	2.50	–	–	–	–
Directors' emoluments								
Salaries	1,571,876	1,462,689	0.92	0.97	–	–	–	–
Other	943,702	1,126,635	0.55	0.75	–	–	–	–
	2,515,578	2,589,324	1.48	1.72	–	–	–	–
Staff costs (see note 3)	20,659,101	18,799,707	12.11	12.47	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

2.2 Expenses by nature

	Group				Company			
	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Depreciation	1,085,166	1,114,763	0.64	0.74	–	–	–	–
Directors' emoluments	2,515,578	2,589,324	1.48	1.72	–	–	–	–
Operating lease rentals	4,383,980	3,767,383	2.57	2.50	–	–	–	–
Staff costs	20,659,101	18,799,707	12.11	12.47	–	–	–	–
Cost of sales	94,329,358	86,643,985	55.31	57.48	–	–	–	–
Commission	5,204,770	4,855,264	3.05	3.22	–	–	–	–
Advertising	13,540,050	12,199,723	7.94	8.09	–	–	–	–
Freight	8,478,970	9,066,861	4.97	6.01	–	–	–	–
Other	8,138,466	7,876,163	4.77	5.23	8,165	3,945	0.01	0.01
Total cost of sales and operating expenses	**158,335,439**	**146,913,173**	**92.85**	**97.46**	**8,165**	**3,945**	**0.01**	**0.01**

3 Staff Costs

	Group				Company			
	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Salaries and wages	17,424,905	15,433,476	10.22	10.24	–	–	–	–
Other	3,234,196	3,366,231	1.90	2.23	–	–	–	–
	20,659,101	**18,799,707**	**12.11**	**12.47**	**–**	**–**	**–**	**–**
Average number of persons employed:								
- Full time	114	117						

4 Finance (costs)/income

4.1 Finance cost

	Group				Company			
	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Related party (refer note 22)	**(6,364,123)**	**(6,261,564)**	**(3.73)**	**(4.15)**	**(6,364,123)**	**(6,261,564)**	**(3.73)**	**(4.15)**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

4.2 Finance income

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Bank	227,934	83,900	0.13	0.06	7,395	19,812	–	0.01
Related party (refer note 22)	_	_	–	–	5,968,487	5,825,715	3.50	3.86
	227,934	83,900	0.13	0.06	5,975,882	5,845,527	3.50	3.88
Net finance costs	**(6,136,189)**	**(6,177,664)**	**(3.60)**	**(4.10)**	**(388,241)**	**(416,037)**	**(0.23)**	**(0.28)**

5 Income tax expense

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Deferred tax								
- current year	(39,547)	296,509	(0.02)	0.20	–	–	–	–
- prior year underprovision	470,140	319,137	0.28	0.21	–	–	–	–
	430,593	**615,646**	**0.25**	**0.41**	**–**	**–**	**–**	**–**

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	(208,258)	1,410,472	(0.12)	0.94	(380,076.00)	(419,982.00)	(0.22)	(0.28)
Tax calculated at a rate of 28%	(58,312)	394,932	(0.03)	0.26	(106,421.00)	(117,595.00)	(0.06)	(0.08)
Deferred tax – prior year underprovision	470,140	319,137	0.28	0.21	–	–	–	–
Permanent differences	75,562	(98,423)	0.04	(0.07)	106,421.00	117,595.00	0.06	0.08
Prior year unutilized capital assessed loss	(56,797)	–	(0.03)	–	–	–	–	–
Tax charge	**430,593**	**615,646**	**0.25**	**0.41**	**–**	**–**	**–**	**–**

No provision has been made for current taxation as the group has a computed/estimated tax loss of R 13,937,601 (Rs. 8.17 Crore) (2012: R 15,144,432 (Rs. 10.05 Crore)). 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.

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 2013

6 Property, plant and equipment

Group **Year ended 31 March 2013**

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	R	R	R	R	R	R
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**

Year ended 31 March 2012

	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
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 2013

Depreciation charge of R 1,085,166 (Rs. 0.64 Crore) (2012: R 1,114,763 (Rs. 0.74 Crore)) has been charged to operating expenses.

Group **Year ended 31 March 2012**

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	R	R	R	R	R	R
Opening net carrying amount	1,664,804	1,818,430	25,232	637,867	–	4,146,333
Additions		369,476	108,333	193,326	66,450	737,585
Depreciation	(285,163)	(464,312)	(46,130)	(319,158)	–	(1,114,763)
Disposals	–	–	–	(22,860)	–	(22,860)
Closing net carrying amount	1,379,641	1,723,594	87,435	489,175	66,450	3,746,295
Cost	**2,851,041**	**5,334,704**	**325,382**	**1,781,763**	**66,450**	**10,359,340**
Accumulated depreciation and impairment	(1,471,400)	(3,611,110)	(237,947)	(1,292,588)	–	(6,613,045)
Closing net carrying amount	1,379,641	1,723,594	87,435	489,175	66,450	3,746,295

Year ended 31 March 2012

	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
Opening net carrying amount	1.10	1.21	0.02	0.42	–	2.75
Additions	–	0.25	0.07	0.13	0.04	0.49
Depreciation	(0.19)	(0.31)	(0.03)	(0.21)	–	(0.74)
Disposals	–	–	–	(0.02)	–	(0.02)
Closing net carrying amount	**0.92**	**1.14**	**0.06**	**0.32**	**0.04**	**2.49**
Cost	1.89	3.54	0.22	1.18	0.04	6.87
Accumulated depreciation and impairment	(0.98)	(2.40)	(0.16)	(0.86)	–	(4.39)
Closing net carrying amount	**0.92**	**1.14**	**0.06**	**0.32**	**0.04**	**2.49**

Company:

No items of property, plant and equipment are held at company level.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

7 Intangible assets

Group **Year ended 31 March 2013**

	Brands	Total	Brands	Total
	R	R	Rs. Crore	Rs. Crore
Opening carrying amount	48,062,924	48,062,924	28.18	28.18
Impairment	(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 impairment	(2,069,605)	(2,069,605)	(1.21)	(1.21)
Closing carrying amount	**47,993,319**	**47,993,319**	**28.14**	**28.14**

Year ended 31 March 2012

	Brands	Total	Brands	Total
	R	R	Rs. Crore	Rs. Crore
Opening carrying amount	49,330,489	49,330,489	32.73	32.73
Impairment	(1,267,565)	(1,267,565)	(0.84)	(0.84)
Closing carrying amount	**48,062,924**	**48,062,924**	**31.88**	**31.88**
Cost	50,062,924	50,062,924	33.21	33.21
Accumulated impairment	(2,000,000)	(2,000,000)	(1.33)	(1.33)
Closing carrying amount	**48,062,924**	**48,062,924**	**31.88**	**31.88**

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. 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:

	2013	2012
Growth rate *1	2.50%	5.70%
Discount rate *2	10.60%	8%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

*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.

8 Investment in subsidiary

	Group				Company			
	2013	2012	2013	2012	2013	2012	2013	2012
	R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
Marico South Africa Proprietary Limited								
Investment in shares at cost	–	–	–	–	45,485,555	45,485,555	26.67	30.18

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
2013			
Marico South Africa Proprietary Limited	South Africa	(R 258,775)	0.15
2012			
Marico South Africa Proprietary Limited	South Africa	R 1,214,807	0.81

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			
	2013	2012	2013	2012	2013	2012	2013	2012
	R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
Raw materials	8,208,091	7,174,683	4.81	4.76	–	–	–	–
Work in progress	468,113	503,445	0.27	0.33	–	–	–	–
Finished goods	8,951,781	9,913,076	5.25	6.58	–	–	–	–
	17,627,985	**17,591,204**	**10.34**	**11.67**	**–**	**–**	**–**	**–**
Amount included in inventory balance as write down to net realisable value	(2,122,337)	(1,260,058)	(1.24)	(0.84)	–	–	–	–

The cost of inventories recognised as an expense and included in cost of sales amounted to 94,329,358 (Rs. 55.31 Crore) (2012: R 86,643,985 (Rs. 57.48 Crore)). R

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

10 Trade and other receivables

	Group				Company			
	2013	2012	2013	2012	2013	2012	2013	2012
	R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
Trade receivables	27,381,600	22,704,651	16.06	15.06	–	–	–	–
Provision for doubtful debts	(6,057)	(14,967)	(0.01)	(0.01)	–	–	–	–
Net trade receivables	27,375,543	22,689,684	16.05	15.05	–	–	–	–
Other receivables	328,475	419,748	0.19	0.28			–	–
	27,704,018	**23,109,432**	**16.25**	**15.33**	**–**	**–**	**–**	**–**

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	12,905,530	9,730,463	7.57	6.46	–	–	–	–
Past due by 60 days	4,154,420	2,984,244	2.44	1.98	–	–	–	–
Past due by 90 days	1,243,742	1,494,603	0.73	0.99	–	–	–	–
	18,303,692	**14,209,310**	**10.73**	**9.43**	**–**	**–**	**–**	**–**

The carrying value of the trade and other receivables approximates their fair value.

11 Cash and cash equivalents

	Group				Company			
	2013	2012	2013	2012	2013	2012	2013	2012
	R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:								
Bank balances	4,664,856	4,961,765	2.74	3.29	191,137	195,577	0.11	0.13

Credit quality of cash at bank: BBB+

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

12 Non-current assets held for sale

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
The non-current assets held for sale relate to plant and machinery that is being sold to Sikuniko Impilo Proprietary Limited, effective as of 2 May 2013.								
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	–	–	–	0.63	–

13 Share capital and share premium

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Authorised								
1,000 Ordinary shares of R1 each	1,000	1,000	0.01	0.01	1,000	1,000	0.01	0.01
Issued								
800 Ordinary shares of R1 each	800	800	0.01	0.01	800	800	0.01	0.01
Share premium	**43,799,900**	**43,799,900**	**25.68**	**25.68**	**43,799,900**	**43,799,900**	**25.68**	**25.68**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

14 Deferred income tax assets

	Group				Company			
	2013	2012	2013	2012	2013	2012	2013	2012
	R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28% (2012: 28%).								
The movement on the deferred income tax asset account is as follows:								
At beginning of year	7,077,135	7,692,781	4.16	4.52	–	–	–	–
Current year	39,547	(296,509)	0.03	(0.16)	–	–	–	–
Prior year underprovision	(470,140)	(319,137)	(0.27)	(0.18)	–	–	–	–
At end of year	**6,646,542**	**7,077,135**	**3.93**	**4.18**	**–**	**–**	**–**	**–**
Deferred tax assets may be analysed as follows:								
Property, plant and equipment	(83,190)	(64,584)	(0.04)	(0.03)	–	–	–	–
Other provisions	2,449,744	3,051,896	1.45	1.80	–	–	–	–
Tax losses carried forward	4,279,988	4,089,823	2.52	2.41	–	–	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

15 Goodwill

	Group				Company			
	2013	2012	2013	2012	2013	2012	2013	2012
	R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
Carrying value at the end of the year	37,686,823	37,686,823	22.10	25.00	–	–	–	–

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

	Group				Company			
	2013	2012	2013	2012	2013	2012	2013	2012
	R	R	Rs. Crore	Rs. Crore	R	R	Rs. Crore	Rs. Crore
Trade payables	20,077,269	16,540,204	11.77	10.97	–	–	–	–
Amount due to related party (refer note 22)	341,184	158,242	0.20	0.10	–	–	–	–
Accruals	2,220,323	1,899,305	1.30	1.26	–	–	–	–
Audit fee provision	389,800	386,080	0.23	0.26	–	20,000	–	0.01
Bonus provision	1,829,765	1,834,833	1.07	1.22	–	–	–	–
Leave pay provision	786,579	672,118	0.46	0.45	–	–	–	–
Other payables	2,158,634	255,425	1.27	0.17	–	–	–	–
	27,803,554	**21,746,207**	**16.30**	**14.43**	**–**	**20,000**	**–**	**0.01**

The carrying value of the trade and other payables approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

17 Borrowings

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Related party (refer note 22)								
- Non-current portion	59,809,668	61,225,999	35.07	40.62	59,809,668	61,225,999	35.07	40.62
- Current portion	20,528,070	22,492,444	12.04	14.92	20,528,070	22,492,444	12.04	14.92
	80,337,738	**83,718,443**	**47.11**	**55.54**	**80,337,738**	**83,718,443**	**47.11**	**55.54**
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% (2012: 8.5).								
Maturity of borrowings								
Due within 1 year	20,528,070	22,492,444	12.04	14.92	20,528,070	22,492,444	12.04	14.92
Due within 2 – 5 years	59,809,668	61,225,999	35.07	40.62	59,809,668	61,225,999	35.07	40.62
	80,337,738	**83,718,443**	**47.11**	**55.54**	**80,337,738**	**83,718,443**	**47.11**	**55.54**

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 2013
129	28/03/2011	75,500	30/09/2013	–
149	1/12/2011	25,500	30/11/2014	–

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

The share price at 31 March 2013 used to compute the share option liability in INR 213. No options were exercised or forfeited during the year.

	Group				**Company**			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Current portion	863,125	–	0.51	–	–	–	–	–
Non-current portion	124,232	–	0.07	–	–	–	–	–
	987,357	**–**	**0.58**	**–**	**–**	**–**	**–**	**–**

19 Amount due from related party

	Group				**Company**			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Related party (refer note 22)								
	–	–	–	–	53,876,041	55,688,008	31.59	36.94
- Non-current portion	–	–	–	–	20,528,070	22,492,444	12.04	14.92
- Current portion	**–**	**–**	**–**	**–**	**74,404,111**	**78,180,452**	43.63	51.86

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 8.5% (2012: 9%).

Maturity of borrowings								
Due within 1 year	–	–	–	–	20,528,070	22,492,444	12.04	14.92
Due within 2 – 5 years			–	–	53,876,041	55,688,008	31.59	36.94
	–	**–**	**–**	**–**	**74,404,111**	**78,180,452**	**43.63**	**51.86**

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:

	Group				**Company**			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Assets as per the statement of financial position								

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

20 Financial risk management (Contd.)

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Trade and other receivables	27,704,018	23,109,432	16.25	15.33	–	–	–	–
Cash and cash equivalents	4,664,856	4,961,765	2.74	3.29	191,137	195,577	0.11	0.13
Amount due from related party	–	–	–	–	74,404,111	78,180,452	43.63	51.86
	32,368,874	28,071,197	18.98	18.62	74,595,248	78,376,029	43.74	51.99
Financial liabilities								
Financial liabilities at amortised cost:								
Liabilities as per the statement of financial position								
Interest bearing liabilities	80,337,738	83,718,443	47.11	55.54	80,337,738	83,718,443	47.11	55.54
Trade and other payables	24,175,094	19,239,256	14.18	12.76	–	20,000	–	0.01
	104,512,832	**102,957,699**	**61.29**	**68.30**	**80,337,738**	**83,738,443**	**47.11**	**55.55**

21 Cash flow from operating activities

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Operating profit/ (loss)	5,927,931	7,588,136	3.48	5.03	8,165	(3,945)	–	0.01
Adjusted for:								
Non-cash items								
Depreciation	1,085,166	1,114,763	0.64	0.74	–	–	–	–
Profit on sale of assets	(205,901)	(79,640)	(0.12)	(0.05)	–	–	–	–
Loss on disposal of intangible asset	–	367,565	–	0.24	–	–	–	–
Impairment of intangible asset	69,605	–	0.04	–	–	–	–	–
Share-based payment expense	987,357	–	0.58	–	–	–	–	–
Operating profit before working capital changes:								

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

21 Cash flow from operating activities (Contd.)

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Decrease/(increase) in trade and other receivables	(4,594,586)	1,629,827	(2.69)	1.08	–	–	–	–
Decrease/(increase) in inventories	(36,781)	512,375	(0.02)	0.34	–	–	–	–
(Decrease)/increase in trade and other payables	6,057,347	(6,623,949)	3.55	(4.39)	(20,000)	–	(0.01)	–
	9,290,138	4,509,077	5.45	2.99	(11,835)	(3,945)	(0.01)	(0.01)

22 Related party transactions

The group has a related party relationship with its holding company, subsidiary and with its directors and key management personnel.

Transactions with related parties:

The following transactions were carried out by the company with related parties:

Interest income earned (refer note 4.2)

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Marico South Africa Proprietary Limited	–	–	–	–	5,968,487	5,825,715	3.50	3.86
Technical Support - Marico Limited	341,184	158,242	0.20	0.10	–	–	–	–
Interest expense incurred (refer note 4.1)								
Marico Limited	6,364,123	6,261,564	3.73	4.15	6,364,123	6,261,564	3.73	4.15
Directors' emoluments (refer note 2)	2,515,578	2,589,324	1.48	1.72	–	–	–	–
Investment in subsidiary (refer note 8):								

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

22 Related party transactions (Contd.)

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Marico South Africa Proprietary Limited			–	–	45,485,555	45,485,555	26.67	30.18
Amounts due from related parties								
Amounts due from subsidiary (refer note 17):								
Marico South Africa Proprietary Limited			–	–	74,404,111	78,180,452	43.63	51.86
Amounts due to related parties								
Amounts due to holding company (refer note 17):								
Marico Limited	80,337,738	83,718,443	47.11	55.54	80,337,738	83,718,443	–	–
Included in trade and other payables (refer note 16):								
Marico Limited	341,184	158,242	0.20	0.10	–	–	–	–

23 Commitments

	Group				Company			
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	R	**R**	**Rs. Crore**	**Rs. Crore**	**R**	**R**	**Rs. Crore**	**Rs. Crore**
Operating lease commitments								
The future minimum lease payments payable under non-cancellable operating leases are as follows:								
Within 1 year	1,699,379	1,769,054	1.00	1.17	–	–	–	–
Between 2 and 5 years	3,710,674	5,971,197	2.18	3.96	–	–	–	–
Over 5 years								
	5,410,053	7,740,251	3.17	5.13	–	–	–	–

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 5, 2013) Pawan Agrawal (Appointed on July 5, 2013) Jaques Nieuwenhuys (Appointed on July 5, 2013) John Richard Mason Harsh Mariwala (Resigned on July 5, 2013) Milind Sarswate (Resigned on July 5, 2013) Vijay Subramaniam (Resigned on July 5, 2013) Padmanabh Maydeo (Resigned on July 5, 2013)
Registered Office:	1474 South Coast Road Mobeni 4051
Postal address:	P.O. Box 72625 Mobeni 4060
Auditors:	PricewaterhouseCoopers Inc. Durban
Bankers:	Standard Bank of South Africa Limited

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

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Marico South Africa Proprietary Limited. The financial statements 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.

The financial statements set out were approved by the board of directors and are signed on their behalf.

John Richard Mason	**Vijay Subramaniam**
Director	Director

INDEPENDENT AUDITOR'S REPORT

TO

THE SHAREHOLDERS OF MARICO SOUTH AFRICA PROPRIETARY LIMITED

We have audited the annual financial statements of Marico South Africa Proprietary Limited, which comprise the statement of financial position as at 31 March 2013, and 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, as set out on pages 5 to 30.

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 the International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 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 at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, and in the manner required by 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 2013, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between the report and the audited financial statements. The report is the responsibility of the Directors. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

PricewaterhouseCoopers Inc.
Director : **N Ramlagan**
Registered Auditor
Durban
8 May 2013

DIRECTORS' REPORT

For the year ended 31 March 2013

The directors present their annual report, which forms part of the audited financial statements of the company for the year ended 31 March 2013.

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 (2012: R Nil).

SHARE CAPITAL

The authorised and issued share capital has remained unchanged.

DIRECTORS AND SECRETARY

The present directors of the company are:

JR Mason	
H Mariwala	(Indian)
M Sarwate	(Indian)
V Subramanian	(Indian)
P Maydeo	(Indian)

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 loss for the period of R258 775 (2012: profit of R1 214 807). At 31 March 2013 the company's total assets exceeded its total liabilities by R4 187 744 (2012: R4 446 519).

The company has no external loans apart from its loan from the holding company.

The company is in the process of converting the long-term loan from Marico South Africa Consumer Care into equity. This would have had the impact of reducing interest costs and increasing profit before tax by an estimated amount of R 4 207 440 per annum.

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 2013

		As at 31 March		As at 31 March	
	Note	**2013**	**2012**	**2013**	**2012**
ASSETS		**R**	**R**	**Rs. Crore**	**Rs. Crore**
Non-current assets					
Property, plant and equipment	6	1,859,397	3,746,295	1.09	2.49
Intangible assets	7	47,993,319	48,062,924	28.14	31.88
Deferred income tax asset	13	6,646,542	7,077,135	3.90	4.69
		56,499,258	58,886,354	33.13	39.07
Current assets					
Trade and other receivables	9	27,704,018	23,109,432	16.25	15.33
Inventories	8	17,627,985	17,591,204	10.34	11.67
Cash and cash equivalents	10	4,473,719	4,766,188	2.68	3.22
		49,805,722	45,466,824	29.21	30.16
Non-current assets held for sale	11	1,077,786	–	0.63	–
		50,883,508	45,466,824	29.84	30.16
TOTAL ASSETS		**107,382,766**	**104,353,178**	**63.03**	**69.29**
EQUITY					
Capital and reserves attributable to equity holders of the company					
Share capital	12	5,000	5,000	0.01	0.01
Share premium	12	22,863,735	22,863,735	13.41	15.17
Accumulated loss		(18,680,991)	(18,422,216)	(10.95)	(12.22)
Total equity		**4,187,744**	**4,446,519**	**2.47**	**2.96**
LIABILITIES					
Non-current liabilities					
Borrowings	15	53,876,041	55,688,008	31.60	36.95
Share-based payment liability	16	124,232	–	0.08	–
		54,000,273	**55,688,008**	**31.69**	**36.96**
Current liabilities					
Trade and other payables	14	27,803,554	21,726,207	16.31	14.42
Borrowings	15	20,528,070	22,492,444	12.05	14.93
Share-based payment liability	16	863,125	–	0.52	–
		49,194,749	44,218,651	28.88	29.36
Total liabilities		**103,195,022**	**99,906,659**	**60.56**	**66.33**
Total equity and liabilities		**107,382,766**	**104,353,178**	**63.03**	**69.29**

These financial statements were approved by the Board of Directors on 30th May 2013 and signed on its behalf by:

Director

Note: The exchange rate use to convert Zar to Rs. 5.864 / (Previous year Zar to Rs. 6.634)

INCOME STATEMENT

For the year ended 31 March 2013

		As at 31 March		As at 31 March	
	Note	**2013**	**2012**	**2013**	**2012**
		R	**R**	**Rs. Crore**	**Rs. Crore**
Revenue		**164,070,681**	**154,354,988**	**96.21**	**102.40**
Cost of sales		(94,329,358)	(86,643,985)	(55.31)	(57.48)
Gross profit		**69,741,323**	**67,711,003**	**40.90**	**44.92**
Operating expenses		(64,014,246)	(60,265,244)	(42.47)	(39.98)
Other income		192,689	146,321	0.13	0.10
Operating profit	2	**5,919,766**	**7,592,080**	**(1.44)**	**5.04**
Finance income	4	220,539	64,088	0.15	0.04
Finance costs	4	(5,968,487)	(5,825,715)	(3.96)	(3.86)
Profit before income tax		**171,818**	**1,830,453**	**(5.26)**	**1.21**
Income tax expense	5	(430,593)	(615,646)	(0.29)	(0.41)
Total comprehensive (loss)/profit for the year		**(258,775)**	**1,214,807**	**(5.54)**	**0.81**

Note: The exchange rate use to convert Zar to Rs. 5.864 / (Previous year Zar to Rs. 6.634)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Share capital R	Share premium R	Accumulated losses R	Total R	Share capital Rs. Crore	Share premium Rs. Crore	Accumulated losses 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)	**2.61**
Total comprehensive loss for the year	–	–	(258,775)	(258,775)	–	–	(0.15)	**(0.15)**
Balance at 31 March 2013	**5,000**	**22,863,735**	**(18,680,991)**	**4,187,744**	**0.01**	**13.41**	**(10.95)**	**2.46**

Year ended 31 March 2012

	Share capital	Share premium R	Accumulated losses R	Total R	Share capital Rs. Crore	Share premium Rs. Crore	Accumulated losses Rs Crore	Total Rs Crore
Balance at 1 April 2011	5,000	22,863,735	(19,637,023)	3,231,712	0.01	13.41	(11.52)	**1.90**
Total comprehensive profit for the year	–	–	1,214,807	1,214,807	–	–	0.71	**0.71**
Balance at 31 March 2012	**5,000**	**22,863,735**	**(18,422,216)**	**4,446,519**	**0.01**	**13.41**	**(10.80)**	**2.61**

Note: The exchange rate use to convert Zar to Rs. 5.864 / (Previous year Zar to Rs. 6.634)

STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	As at 31 March 2013 R	As at 31 March 2012 R	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
Cash flow from operating activities					
Cash flow from operations	17	9,301,973	4,513,021	5.45	2.99
Finance costs	4	(5,968,487)	(5,825,715)	(3.50)	(3.86)
Finance income	4	220,539	64,088	0.13	0.04
Net cash used in operating activities		**3,554,025**	**(1,248,606)**	**2.08**	**(0.83)**
Cash flow from investing activities					
Additions to property, plant and equipment		(420,443)	(737,585)	(0.25)	(0.49)
Proceeds on disposal of property, plant and equipment		350,290	1,002,499	0.21	0.67
Net cash used in investing activities		**(70,153)**	**264,914**	**(0.04)**	**0.18**
Cash flow from financing activities					
(Repayment)/receipt of borrowings		(3,776,341)	2,078,267	(2.21)	1.38
Net cash generated from financing activities		**(3,776,341)**	**2,078,267**	**(2.21)**	**1.38**
Net increase in cash and cash equivalents		(292,469)	1,094,575	(0.17)	0.73
Cash and cash equivalents at beginning of year		4,766,188	3,671,613	2.79	2.44
Cash and cash equivalents at end of year	10	**4,473,719**	**4,766,188**	**2.62**	**3.16**

Note: The exchange rate use to convert Zar to Rs. 5.864 / (Previous year Zar to Rs. 6.634)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2013

1 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	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 1.5).

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 ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

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 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.

1.5 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 ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

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 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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

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:

	2013	2012	2013	2012
	R	R	Rs. Crore	Rs. Crore
Effect on profit after tax	265,823	276,621	0.16	0.18

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
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**
2012							
Trade and other payables		19,219,256	–	19,219,256	12.75	–	12.75
Interest bearing shareholder loan	8,26%	22,492,444	55,688,008	78,180,452	14.92	36.94	51.86
		41,711,700	**55,688,008**	**97,399,708**	**27.67**	**36.94**	**64.61**

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

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.

1.22 Changes in accounting policy and disclosures

Standards and interpretations effective and adopted in the current year

The company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) for the IASB that are relevant to its operations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

Standards and interpretations 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 1 July 2013 or later periods:

Standard/ Interpretation:		Effective date:
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)		1-Jan-13
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)		1-Jan-14
IAS 1	Annual Improvements for 2009 – 2011 cycle	1-Jan-13
IAS 16	Annual Improvements for 2009 – 2011 cycle	1-Jan-13
IAS 32	Annual Improvements for 2009 – 2011 cycle	1-Jan-13

Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2013 or later periods but are not relevant to its operations:

Standard/ Interpretation:		Effective date:
IAS 27	(AC 132) Separate Financial Statements	1-Jan-13
IFRS 11	(AC148) Joint Arrangements	1-Jan-13
IFRS 12	(AC 149) Disclosure of Interests in Other Entities	1-Jan-13
IFRS 13	(AC 150) Fair Value Measurement	1-Jan-13
IAS 1	(AC101) Presentation of Financial Statements	1-Jul-12
IAS 19	(AC 116) Employee Benefits Revised	1-Jan-13
	Government Loans (Amendment to IFRS 1)	1-Jan-13
IFRS 1	Annual Improvements for 2009 – 2011 cycle	1-Jan-13
IAS 34	Annual Improvements for 2009 – 2011 cycle	1-Jan-13
	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance.	1-Jan-13
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine.	1-Jan-13

The company is in the process of evaluating the effects of these new standards and interpretations

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.

1.23.1Critical 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 annually whether intangible assets have suffered any impairment, in accordance with the accounting policy stated in note

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

2. Operating profit

2.1 The following items have been charged/(credited) in arriving at operating profit :

For the year ended March 31,

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Depreciation on property, plant and equipment	1,085,166	1,114,763	0.64	0.74
(A detailed breakdown of the depreciation expense is presented in note 6)				
Profit on disposal of property, plant and equipment	(205,901)	(79,640)	(0.12)	(0.05)
Impairment of intangible assets	69,605	–	0.04	–
Auditor's remuneration:	–	367,565	–	0.24
Audit fees				
- current year provision	379,800	360,000	0.22	0.24
- prior year underprovision	–	293,541	–	0.19
	379,800	653,541	0.22	0.43
Lease rentals				
- Buildings	4,077,092	3,411,440	2.39	2.26
- Computers	306,888	355,943	0.18	0.24
	4,383,980	3,767,383	2.57	2.50
Directors' emoluments (refer note 18)				
Salaries	1,571,876	1,462,689	0.92	0.97
Other	943,702	1,126,635	0.55	0.75
	2,515,578	2,589,324	1.48	1.72
Staff costs (see note 3)	20,659,101	18,799,707	12.11	12.47

2.2 Expenses by nature

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Depreciation	1,085,166	1,114,763	0.64	0.74
Directors' emoluments	2,515,578	2,589,324	1.48	1.72
Operating lease rentals	4,383,980	3,767,383	2.57	2.50
Staff costs	20,659,101	18,799,707	12.11	12.47
Cost of sales	94,329,358	86,643,985	55.31	57.48
Commission	5,204,770	4,855,264	3.05	3.22
Advertising	13,540,050	12,199,723	7.94	8.09
Freight	8,478,970	9,066,861	4.97	6.01
Other	8,146,631	7,872,219	4.78	5.22
Total cost of sales and operating expenses	**158,343,604**	**146,909,229**	**92.85**	**97.46**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

3 Staff costs

For the year ended March 31,

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Salaries and wages	17,424,905	15,433,476	10.22	10.24
Other	3,234,196	3,366,231	1.90	2.23
	20,659,101	**18,799,707**	**12.11**	**12.47**
Average number of persons employed:				
- Full time	114	117		

4 Finance (costs)/income

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Finance income – Bank	220,539	64,088	0.13	0.04
Finance costs				
Related party (refer note 18)	(5,968,487)	(5,825,715)	(3.50)	(3.86)
Net finance costs	**(5,747,948)**	**(5,761,627)**	**(3.37)**	**(3.82)**

5 Income tax expense

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Deferred tax				
- current year	(39,547)	296,509	(0.02)	0.20
- prior year underprovision	470,140	319,137	0.28	0.21
	430,593	**615,646**	**0.25**	**0.41**

The tax on the company profit before tax differs from the theoretical amount that would arise using basic rates as follows:

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Profit before tax	**171,818**	**1,830,453**	**0.10**	**1.21**
Tax calculated at a rate of 28%	48,109	512,527	0.03	0.34
Deferred tax – prior year underprovision	470,140	319,137	0.28	0.21
Prior year unutilised capital assessed loss	(56,797)	–	(0.03)	–
Permanent differences	(30,859)	(216,018)	(0.02)	(0.14)
Tax charge	**430,593**	**615,646**	**0.25**	**0.41**

No provision has been made for current taxation as the company has a computed/estimated assessed loss of R 13,937,601 (2012: R15,144,432 (Rs. 8.88 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. 6 Property, plant and equipment (conti

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

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 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**	**0.00**	**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 2013

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 2012						
Opening net carrying amount	1,664,804	1,818,430	25,232	637,867	–	**4,146,333**
Additions	–	369,476	108,333	193,326	66,450	**737,585**
Depreciation	(285,163)	(464,312)	(46,130)	(319,158)	–	**(1,114,763)**
Disposals	–	–	–	(22,860)	–	**(22,860)**
Closing net carrying amount	**1,379,641**	**1,723,594**	**87,435**	**489,175**	**66,450**	**3,746,295**
Cost	2,851,041	5,334,704	325,382	1,781,763	66,450	**10,359,340**
Accumulated depreciation and impairment	(1,471,400)	(3,611,110)	(237,947)	(1,292,588)	–	**(6,613,045)**
Closing net carrying amount	**1,379,641**	**1,723,594**	**87,435**	**489,175**	**66,450**	**3,746,295**

	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 2012						
Opening net carrying amount	1.10	1.21	0.02	0.42	–	2.75
Additions	–	0.25	0.07	0.13	0.04	0.49
Depreciation	(0.19)	(0.31)	(0.03)	(0.21)	–	(0.74)
Disposals	–	–	–	(0.02)	–	(0.02)
Closing net carrying amount	**0.92**	**1.14**	**0.06**	**0.32**	**0.04**	**2.49**
Cost	1.89	3.54	0.22	1.18	0.04	6.87
Accumulated depreciation and impairment	(0.98)	(2.40)	(0.16)	(0.86)	–	(4.39)
Closing net carrying amount	**0.92**	**1.14**	**0.06**	**0.32**	**0.04**	**2.49**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

7 Intangible assets

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Year ended 31 March 2013				
Opening carrying amount	48,062,924	48,062,924	28.18	28.18
Impairment	(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 impairment	(2,069,605)	(2,069,605)	(1.21)	(1.21)
Closing carrying amount	**47,993,319**	**47,993,319**	**28.14**	**28.14**
Year ended 31 March 2012				
Opening carrying amount	49,330,489	49,330,489	32.73	32.73
Additions	(1,267,565)	(1,267,565)	(0.84)	(0.84)
Closing carrying amount	**48,062,924**	**48,062,924**	**31.88**	**31.88**
Cost	50,062,924	50,062,924	33.21	33.21
Accumulated amortisation	(2,000,000)	(2,000,000)	(1.33)	(1.33)
Closing carrying amount	**48,062,924**	**48,062,924**	**31.88**	**31.88**

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. 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:

	2013	2012
Growth rate *1	2.50%	5.70%
Discount rate *2	10.60%	8%

*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 2013

8 Inventories

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Raw materials	8,208,091	7,174,683	4.81	4.76
Work in progress	468,113	503,445	0.27	0.33
Finished goods	8,951,781	9,913,076	5.25	6.58
	17,627,985	**17,591,204**	**10.34**	**11.67**
Amount included in inventory balance as write down to net realisable value	(2,122,337)	(1,260,058)	(1.24)	(0.84)

The cost of inventories recognised as an expense and included in cost of sales amounted to R 94,329,358 (Rs. 55.31 Crore) (2012: R 86,643,985 (Rs. 57.48 Crore)).

9 Trade and other receivables

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Trade receivables	27,381,600	22,704,651	16.06	15.06
Provision for doubtful debts	(6,057)	(14,967)	0.01	(0.01)
Net trade receivables	27,375,543	22,689,684	16.06	15.05
Other receivables	328,475	419,748	0.19	0.28
	27,704,018	**23,109,432**	**16.26**	**15.33**

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:

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Past due by 30 days	12,905,530	9,730,463	7.57	6.46
Past due by 60 days	4,154,420	2,984,244	2.44	1.98
Past due by 90 days	1,243,742	1,494,603	0.73	0.99
Other receivables	**18,303,692**	**14,209,310**	**10.73**	**9.43**

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:

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Bank balances	4,473,719	4,766,188	2.62	3.16

Credit quality of cash at bank: BBB+

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

11 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, effective as of 2 May 2013.

The purchase consideration is in excess of the carrying amount of the non-current assets held for sale, therefore no impairment is considered necessary.

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Plant and machinery	**1,077,786**	**–**	**0.63**	**–**

12 Share capital and share premium

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Authorised				
600,000 Ordinary shares of R1 each	6,000	6,000	0.01	0.01
Issued				
500,000 Ordinary shares of R1 each	5,000	5,000	0.01	0.01
Share premium	**22,863,735**	**22,863,735**	**13.41**	**15.17**

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% (2011: 28%).

The movement on the deferred income tax asset account is as follows:

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
At beginning of year	7,077,135	7,692,781	4.15	5.10
Current year	39,547	(296,509)	0.02	(0.20)
Prior year underprovision	(470,140)	(319,137)	(0.28)	(0.21)
At end of year	**6,646,542**	**7,077,135**	**3.90**	**4.69**
Deferred tax assets may be analysed as follows:				
Property, plant and equipment	(83,190)	(64,584)	(0.05)	(0.04)
Other provisions	2,449,744	3,051,896	1.44	2.02
Tax losses carried forward	4,279,988	4,089,823	2.51	2.71
	6,646,542	**7,077,135**	**3.90**	**4.69**

14 Trade and other payables

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Trade payables	20,077,269	16,540,204	11.77	10.97
Amount due to related party (refer note 18)	341,184	158,242	0.20	0.10
Accruals	2,220,323	1,899,305	1.30	1.26
Audit fee provision	389,800	366,080	0.23	0.24
Bonus provision	**1,829,765**	**1,834,833**	**1.07**	**1.22**
Leave pay provision	786,579	672,118	0.46	0.45
Other payables	2,158,634	255,425	1.27	0.17
	27,803,554	**21,726,207**	**16.30**	**14.41**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

15 Borrowings

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Related party (refer note 18)				
- **Non-current portion**	53,876,041	55,688,008	31.59	36.94
- Current portion	20,528,070	22,492,444	12.04	14.92
	74,404,111	**78,180,452**	**43.63**	**51.86**

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 8,5% (2012: 9%).

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Maturity Borrowing				
Due within 1 year	20,528,070	22,492,444	12.04	14.92
Due within 2 – 5 years	53,876,041	55,688,008	31.59	36.94
	74,404,111	**78,180,452**	**43.63**	**51.86**

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 2013
129	28-Mar-11	75,500	30-Sep-13	–
149	01-Dec-11	25,500	30-Nov-14	–

The share price at 31 March 2013 used to compute the share option liability in INR 213. No options were exercised or forfeited during the year.

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Current portion	863,125	–	0.51	–
Non-current portion	124,232	–	0.07	–
	987,357	**–**	**0.58**	**–**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

17 Cash flow from operating activities

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Operating profit	5,919,766	7,592,080	3.47	5.04
Adjusted for:				
Non-cash items				
Depreciation	1,085,166	1,114,763	0.64	0.74
Impairment of intangible asset	69,605	–	0.04	–
Share-based payment expense	987,357	–	0.58	–
Profit on disposal of property, plant and equipment	(205,901)	(79,640)	(0.12)	(0.05)
Loss on disposal of intangible asset	–	367,565	–	0.24
Operating profit before working capital changes:				
Decrease/ (increase) in trade and other receivables	(4,594,586)	1,629,828	(2.69)	1.08
Decrease/ (increase) in inventories	(36,781)	512,375	(0.02)	0.34
(Decrease)/ increase in trade and other payables	6,077,347	(6,623,950)	3.56	(4.39)
	9,301,973	**4,513,021**	**5.45**	**2.99**

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):

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Marico South Africa Consumer Care Proprietary Limited	5,968,487	5,825,715	3.50	3.86
Directors' emoluments (refer note 2)	2,515,578	2,589,324	1.48	1.72
Technical support				
-Marico Limited	**341,184**	**158,242**	**0.20**	**0.10**

Amounts due to related parties

Amounts due to holding company (refer note 15):

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Marico South Africa Consumer Care Proprietary Limited	74,404,111	78,180,452	43.63	51.86
Included in trade payables (refer note14):				
MaricoLimited	341,184	158,242	0.20	0.10

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

19 Commitments

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
- Within 1 year	1,699,379	1,769,054	1.00	1.17
- Between 2 and 5 years	3,710,674	5,971,197	2.18	3.96
- Over 5 years	–	–	–	–
	5,410,053	**7,740,251**	**3.17**	**5.13**

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.

	2013 R	2012 R	2013 Rs. Crore	2012 Rs. Crore
Financial assets				
Loans and receivables:				
Assets as per the statement of financial position				
Trade and other receivables	27,704,018	23,109,432	16.25	15.33
Cash and cash equivalents	4,473,719	4,766,188	2.62	3.16
	32,177,737	**27,875,620**	**18.87**	**18.49**
Financial liabilities				
Financial liabilities at amortised cost:				
Liabilities as per the statement of financial position				
Interest bearing liabilities	74,404,111	78,180,452	43.63	51.86
Trade and other payables	24,175,094	19,219,256	14.18	12.75
	98,579,205	**97,399,708**	**57.81**	**64.61**

Board of Directors	Chin Chee Kee, JP Poh Shiow Mei Harshraj Charandas Mariwala Vijay Subramaniam
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 2013.

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	**3,119,266/-**

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

POH SHIOW MEI (F)

VIJAY SUBRAMANIAN

Particulars of interest in shares of the Company by the directors who held office at the end of the financial year is as follows:

	Ordinary shares of RM 1/- each			
	As at 01/04/2012	**Bought**	**Sold**	**As at 31/03/2013**
Company	–	–	–	–
DATUK CHIN CHEE KEE, JP	–	–	–	–
HARSHRAJ CHARANDAS MARIWALA	–	–	–	–
POH SHIOW MEI (F)	–	–	–	–
VIJAY SUBRAMANIAN	–	–	–	–

	Ordinary shares of INR 1/- each			
	As at 01-04-2012	**Bought**	**Sold**	**As at 31-03-2013**
Marico Limited				
HARSHRAJ CHARANDAS MARIWALA	23,254,600	–	–	23,254,600

The Director retiring by rotation is Poh Shiow Mei (f) who being eligible, offer herself for re-election.

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 by reason of

DIRECTORS' REPORT (contd.)

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; and

(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.

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 15 April 2013

DATUK CHIN CHEE KEE, JP

Director
Federal Territory of Labuan

POH SHIOW MEI (F)

Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Datuk Chin Chee Kee, JP and Poh Shiow Mei (F), 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 MASB approved accounting standards for private entities 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 2013 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 15 April 2013

DATUK CHIN CHEE KEE, JP

Director
Federal Territory of Labuan

POH SHIOW MEI (F)

Director

STATUTORY DECLARATION

I, **Poh Shiow Mei (F)**, 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 Federal Territory
of Labuan this

POH SHIOW MEI (F)
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 2013, 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 21.

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 Entities 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 Entities 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 2013 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
Chartered Accountants (M)

SUNDARASAN A/L ARUMU

SUNDARASAN A/L ARUMUGAM 1876/02/14(J/PH)
Chartered Accountant (M)

Petaling Jaya

Date : 15 April, 2013

BALANCE SHEET

As at 31 March 2013

	Notes	2013 RM	2012 RM	2013 Rs.Crore	2012 Rs.Crore
Non-current assets					
Plant and equipment	8	62,891	380,342	0.11	0.63
Intangible asset	9	16,382,300	16,382,300	28.73	27.22
		16,445,191	**16,762,642**	**28.84**	**27.85**
Current assets					
Inventories	3 (iv)/10	834,615	213,391	1.46	0.35
Trade receivables		2,269,788	5,564,910	3.98	9.25
Other receivables and deposits	11	464,298	208,070	0.81	0.35
Cash and bank balances		137,229	1,113,709	0.24	1.85
		3,705,930	**7,100,080**	**6.49**	**11.80**
Current liabilities					
Trade payables		193,574	1,506,598	0.34	2.50
Bills payable	12	1,550,488	922,359	2.72	1.53
Other payables and accrued liabilities	13	2,484,662	4,182,843	4.36	6.95
Amount due to holding company	14	2,165,624	1,262,957	3.80	2.10
Amount due to ultimate holding company	14	844,540	–	1.48	–
Short-term borrowings	15	1,575,784	1,532,250	2.76	2.55
		8,814,672	**9,407,007**	**15.46**	**15.63**
Net current liabilities		(5,108,742)	(2,306,927)	(8.97)	(3.83)
		11,336,449	**14,455,715**	**19.87**	**24.02**
Financed by :					
Share capital	16	17,660,240	17,660,240	30.97	29.35
Accumulated loss		(6,323,791)	(3,204,525)	(11.09)	(5.32)
		11,336,449	**14,455,715**	**19.87**	**24.02**

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

Note: The exchange rate use to convert MYR to Rs.<17.537>/(Previous year MYR to Rs.<16.617>)

INCOME STATEMENT

For the year ended 31 March 2013

	Notes	2013 RM	2012 RM	2013 Rs.Crore	2012 Rs.Crore
Revenue	3(ii)	7,162,989	13,216,878	12.56	21.96
Cost of sales		(4,482,448)	(7,705,743)	(7.86)	(12.80)
Gross profit		**2,680,541**	**5,511,135**	**4.70**	**9.16**
Other income		312,580	18,138	0.55	0.03
Staff costs	5	(906,610)	(1,018,033)	(1.59)	(1.69)
Depreciation		(93,853)	(105,072)	(0.16)	(0.17)
Other operating expenses		(4,931,843)	(5,530,018)	(8.65)	(9.19)
Operating loss		**(2,939,185)**	**(1,123,850)**	**(5.15)**	**(1.86)**
Finance cost		(180,081)	(99,291)	(0.32)	(0.16)
Loss before taxation	6	**(3,119,266)**	**(1,223,141)**	**(5.47)**	**(2.02)**
Taxation	7	–	–	–	–
Loss after taxation		**(3,119,266)**	**(1,223,141)**	**(5.47)**	**(2.02)**

Note: The exchange rate use to convert MYR to Rs.<17.537>/(Previous year MYR to Rs.<16.617>)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Share capital RM	Accumulated loss RM	Total RM	Share capital Rs.Crore	Accumulated loss Rs.Crore	Total Rs.Crore
Balance as at 01 April 2012	17,660,240	(3,204,525)	14,455,715	29.35	(5.32)	24.02
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)**	**18.55**
Balance as at 01 April 2011	17,660,240	(1,981,384)	15,678,856	26.04	(2.92)	23.12
Loss after taxation	–	(1,223,141)	(1,223,141)	–	(2.03)	(2.03)
Balance as at 31 March 2012	**17,660,240**	**(3,204,525)**	**14,455,715**	**26.04**	**(4.95)**	**21.09**

The annexed notes form an integral part of these financial statements

Note: The exchange rate use to convert MYR to Rs.<17.537>/(Previous year MYR to Rs.<16.617>)

CASH FLOW STATEMENT

For the year ended 31 March 2013

	2013 RM	2012 RM	2013 Rs.Crore	2012 Rs.Crore
Cash flows from operating activities				
Loss before taxation	(3,119,266)	(1,223,141)	(5.47)	(2.03)
Adjustments for:				
Gain on foreign exchange - unrealised	–	17,612	–	0.03
Depreciation on plant and equipment	93,853	105,072	0.16	0.17
Gain on disposal of property, plant and equipment	(68,811)	–	(0.12)	–
Loan interest	180,081	99,291	0.32	0.16
Operating loss before working capital changes	(2,914,143)	(1,001,166)	(5.11)	(1.67)
Working capital :				
Inventories	(621,224)	(100,109)	(1.09)	(0.17)
Trade receivables	3,295,122	(3,224,290)	5.78	(5.36)
Other receivables and deposits	(256,228)	274,660	(0.45)	0.46
Trade payables	(1,313,024)	405,112	(2.30)	0.67
Other payables and accrued liabilities	(1,698,181)	2,911,394	(2.98)	4.84
Amount due to related company	–	(142,144)	–	(0.24)
Amount due to ultimate holding company	844,540	–	1.48	–
Amount due to holding company	902,667	960,388	1.58	1.60
Cash (absorbed by) / generated from operations	(1,760,471)	83,845	(3.09)	0.13
Loan interest	(180,081)	(99,291)	(0.32)	(0.16)
Net cash flows from operating activities	**(1,940,552)**	**(15,446)**	**(3.41)**	**(0.03)**
Cash flow from investing activities				
Purchase of plant and equipment	–	(508,187)	–	(0.84)
Proceed from disposal of property, plant and equipment	292,409	–	0.51	–
Net cash flow from investing activities	292,409	(508,187)	0.51	(0.84)
Cash flows from financing activities				
Bills payable	628,129	922,359	1.10	1.53
Short-term borrowings	43,534	19,401	0.08	0.03
Net cash flow from financing activities	**671,663**	**941,760**	**1.18**	**1.56**
Net (decrease) / increase in cash and cash equivalents	(976,480)	418,127	(1.71)	0.69
Cash and cash equivalents brought forward	1,113,709	695,582	1.95	1.16
Cash and cash equivalents carried forward	**137,229**	**1,113,709**	**0.24**	**1.85**
Breakdown of cash and cash equivalents carried forward				
Cash and bank balances	137,229	1,113,709	0.24	1.85

The annexed notes form an integral part of these financial statements

Note: The exchange rate use to convert MYR to Rs.<17.537>/(Previous year MYR to Rs.<16.617>)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

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.

2. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on

3. Significant accounting policies

(i) Basis of preparation

The financial statements comply with applicable approved accounting standards for private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

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

(ii) 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.

(iii) 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%
Moulds	20%

Notes to the financial statements – 31 March 2013 (cont'd)

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.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) Payables

Payables are stated at cost which is the consideration to be paid in the future for products and services received.

(x) 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.

(xi) Impairment of assets

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

(xi) Impairment of assets (cont'd)

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.

(xii) 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:

	2013	2012
	RM	RM
United States Dollar	3.09375	3.06450
Singapore Dollar	2.4911	2.4410

(xiii) 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.

(xiv) 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. Principal activity

The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products.

5. Staff cost

	2013	2012	2013	2012
	RM	RM	Rs. Crore	Rs. Crore
Salaries, bonuses and allowance	899,529	1,012,605	1.58	1.68
Contribution to defined contribution plan	6,461	4,860	0.01	0.01
Other employees benefits	620	568	0.01	0.01
	906,610	**1,018,033**	**1.59**	**1.69**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

6. Loss before taxation

Loss before taxation is stated after charging:-

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Loan interest	180,081	99,291	0.32	0.16
Loss on foreign exchange – realised	143,156	61,670	0.25	0.10
Rental of office	42,000	51,780	0.07	0.09
Auditors' remuneration	8,000	8,000	0.01	0.01
Provision for closure costs	**–**	**77,000**	**–**	**0.13**
and crediting :-				
Gain on foreign exchange – realised	240,830	–	0.42	–
Gain on disposal of moulds	68,811	–	0.12	–
Royalty income	2,896	–	0.01	–
Interest income	43	526	0.01	0.01
Gain on foreign exchange – unrealised	**–**	**17,612**	**–**	**0.03**

7. Taxation

Tax charge for the year is as follows:

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Transferred to deferred taxation (note 16)				
- Deferred tax liabilities	3,280,146	2,488,760	5.75	4.14
- Deferred tax assets	(3,280,146)	(2,488,760)	(5.75)	(4.14)

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:

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Loss before taxation	3,119,266	(1,223,141)	5.47	(2.03)
Tax at Malaysian statutory tax rate of 25%	(779,817)	(305,785)	(1.37)	(0.51)
Expenses not deductible for tax purposes	25,831	28,401	0.05	0.05
Non taxable income	–	(4,403)	–	(0.01)
Double deduction	3,823	(9,764)	0.01	(0.02)
Deferred tax assets not recognised	750,163	91,680	1.32	0.15
Proportion of loss in respect of overlapping year	–	199,871	–	0.33
Tax expense for the period	–	–	–	–

Subject to agreement of the Inland Revenue Board, the Company has the following available for set-off against future taxable income.

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Unutilised tax losses	13,208,040	10,078,096	23.16	16.75
Unutilised capital allowances	6,097,073	3,029,242	10.69	5.03
	19,305,113	**13,107,338**	**33.86**	**21.78**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

Cost	**Furniture and fittings**	**Computer**	**Office equipment**	**Motor vehicles**	**Moulds**	**Total**	**Furniture and fittings**	**Computer**	**Office equipment**	**Motor vehicles**	**Moulds**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**
Balance brought forward	3,768	12,128	43,200	91,252	353,049	503,397	–	0.01	0.04	0.04	0.12	0.20
Addition	–	–	–	–	–	–	–	–	–	–	–	–
Disposal	–	–	–	–	353,049	353,049	–	–	–	–	0.62	0.62
Balance carried forward	**3,768**	**12,128**	**43,200**	**91,252**	**–**	**150,348**	**–**	**0.01**	**0.04**	**0.04**	**(0.50)**	**(0.42)**

Accumulated depreciation	**Furniture and fittings**	**Computer**	**Office equipment**	**Motor vehicles**	**Moulds**	**Total**	**Furniture and fittings**	**Computer**	**Office equipment**	**Motor vehicles**	**Moulds**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Balance brought forward	1,884	4,124	22,800	23,637	70,610	123,055	–	0.01	0.04	0.04	0.12	0.20
Current charge	1,256	4,043	14,400	15,313	58,841	93,853	–	0.01	0.03	0.03	0.10	0.16
Depreciation on disposal	–	–	–	–	129,451	129,451	–	–	–	–	0.23	0.23
Balance carried forward	**3,140**	**8,167**	**37,200**	**38,950**	**–**	**87,457**	**–**	**0.02**	**0.07**	**0.07**	**(0.01)**	**0.13**

Net book value	**Furniture and fittings**	**Computer**	**Office equipment**	**Motor vehicles**	**Moulds**	**Total**	**Furniture and fittings**	**Computer**	**Office equipment**	**Motor vehicles**	**Moulds**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**	**Rs. Crore**
2013	628	3,961	6,000	52,302	–	62,891	0.01	0.01	0.03	0.03	–	0.55
2012	1,884	8,004	20,400	67,615	282,439	380,342	0.01	0.01	0.01	0.01	0.01	0.01

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

9. Intangible assets

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Cost				
At 1 April	16,382,300	16,235,500	28.73	26.98
Acquisition	–	146,800	–	0.24
At 31 March	**16,382,300**	**16,382,300**	**28.73**	**27.22**

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.

10. Inventories

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
At costs :				
Trading merchandise	834,615	213,391	1.46	0.35

11. Other receivables and deposits

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Other receivables	256,228	–	0.45	–
Deposits	208,070	208,070	0.36	0.35
	464,298	208,070	0.81	0.35

12. Credit facility

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Trade bills	1,500,000	1,500,000	2.63	2.49

The facility is secured as follows :

i Standby letter of credit of USD 500,000 or other currency equivalent thereof from a foreign bank.

ii Trade Financing General Agreement from the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

13. Other payables and accrued liabilities

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Accrued expenses	2,484,662	4,053,242	4.36	6.71
Other payables	–	129,601	–	0.22
	2,484,662	**4,182,843**	**4.36**	**6.92**

14. 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

15. 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/-. The interest is chargeable at 1.1% above LIBOR per annum. The loan is repayable on 30th of November 2013.

16. Share capital

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
Authorised :				
24,000,000 Ordinary shares of RM 1/- each	24,000,000	24,000,000	42.09	39.88
1,000,000 Redeemable Preference shares of RM 1/- each	1,000,000	1,000,000	1.75	1.66
	25,000,000	**25,000,000**	**43.84**	**41.54**
Issued and fully paid:				
17,660,240 Ordinary shares of RM1/- each	**17,660,240**	**17,660,240**	**30.97**	**29.35**

17. Deferred tax assets

	2013 RM	2012 RM	2013 Rs. Crore	2012 Rs. Crore
At 1 April /on incorporation				
Recognised in income statement				
- Deferred tax liabilities	3,280,146	2,488,760	5.75	4.14
- Deferred tax assets	**(3,280,146)**	**(2,488,760)**	**(5.75)**	**(4.14)**
At 31March	–	–	–	–
No deferred tax asset is recognised for the following items:				
Unabsorbed tax capital allowances	87,456	123,055	0.15	0.20
Unutilised tax losses	6,097,073	3,029,242	10.69	5.03
	6,184,529	3,152,297	10.85	5.24

18. Employees

	2013	2012
Number of employees at the end of the financial year	3	3

INCOME STATEMENT

For the year ended 31 March 2013

	Notes	2013 RM	2012 RM	2013 Rs.Crore	2012 Rs.Crore
Revenue		**7,162,989**	**13,216,878**	**12.56**	**21.96**
Less: Cost of sales					
Inventories - at beginning of the year		213,391	97,825	0.37	0.16
Purchases		4,799,061	7,274,440	8.42	12.09
Freight charges		252,993	517,812	0.44	0.86
R&D material consumed		2,086	–	–	–
Warehouse charges		49,532	29,057	0.09	0.05
Inventories - at end of the year		(834,615)	(213,391)	(1.46)	(0.35)
		4,482,448	7,705,743	7.86	12.81
Gross profit		**2,680,541**	**5,511,135**	**4.70**	**9.15**
Other income :					
Gain on foreign exchange - realised		240,830	–	0.42	–
Gain on disposal of moulds		68,811	–	0.12	–
Royalty income		2,896	–	0.01	–
Interest income		43	526	–	–
Gain on foreign exchange - unrealised		–	17,612	–	0.03
		312,580	18,138	0.55	0.03
Staff costs	**Appendix I**	(906,610)	(1,018,033)	(1.59)	(1.69)
Depreciation	**Appendix I**	(93,853)	(105,072)	(0.17)	(0.18)
Other operating expenses	**Appendix II**	(4,931,843)	(5,530,018)	(8.65)	(9.19)
Operating loss		(2,939,185)	(1,123,850)	(5.16)	(1.88)
Finance cost	**Appendix II**	(180,081)	(99,291)	(0.32)	(0.16)
Loss for the year		**(3,119,266)**	**(1,223,141)**	**(5.48)**	**(2.04)**

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 2013

	2013 RM	2012 RM	2013 Rs.Crore	2012 Rs.Crore
Staff costs				
Salary and wages	**809,075**	**662,480**	1.42	1.10
Bonus	90,454	350,125	0.16	0.58
EPF - staff	6,461	4,860	0.01	0.01
SOSCO- staff	620	568	–	–
	906,610	1,018,033	1.59	1.69
Depreciation				
Moulds	58,841	70,610	0.10	0.12
Motor vehicles	15,313	15,313	0.03	0.03
Office equipment	14,400	14,400	0.03	0.02
Computer	4,043	3,493	0.01	0.01
Furniture and fittings	1,256	1,256	–	–
	93,853	105,072	0.17	0.18
Other operating expenses				
Advertisement	4,158,696	4,237,415	7.29	7.04
Professional charges	154,525	97,061	0.27	0.16
Sampling expenses	146,980	405	0.26	–
Loss on foreign exchange - realised	143,156	61,670	0.25	0.10
Travelling expenses	136,887	165,866	0.24	0.28
Visibility windows display	46,900	740,667	0.08	1.23
Rental of office	42,000	51,780	0.07	0.09
Telephone, fax and internet	27,387	40,598	0.05	0.07
Bank charges	23,016	11,970	0.04	0.02
Road tax and insurance	21,247	8,646	0.04	0.01
Miscellaneous expenses	15,608	17,847	0.03	0.03
Auditors' remuneration	8,000	8,000	0.01	0.01
Tax fee	3,500	3,500	0.01	0.01
Postage and courier	3,374	6,433	0.01	0.01
Printing and stationery	567	861	–	–
Provision for closure cost	–	77,000	–	0.13
Donation	–	299	–	–
	4,931,843	**5,530,018**	**8.65**	**9.19**
Finance cost				
Loan interest	180,081	99,291	0.32	0.16
	180,081	**99,291**	**0.32**	**0.16**

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 2011 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. 4602001139 dated 13 July 2004
Board of Directors	Saugata Gupta Ashutosh Telang Chaitanya J. Deshpande Nikhil P. Narkhede Phan Quoc Cong Le Quang Hanh
Legal representative	Mr Phan Quoc Cong
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 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 the Company as at 31 December 2012 and the results of its operations and cash flows for the year then ended. In preparing these financial statements, the management 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

I hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2012 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 in SR Vietnam.

Phan Quoc Cong
General Director
Binh Duong Province, SR Vietnam
11 March 2013

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of International Consumer Products Corporation ("the Company") which were approved by The Board of Directors on 11 March 2013. The financial statements comprise the balance sheet as at 31 December 2012, 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 31.

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 in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls 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 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 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 the Company as at 31 December 2012, 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 in SR Vietnam.

Dang Quoc Tuan
AC No. 0620/KTV
Director
Authorised signatory

Ngo Thi Nhat Giao
AC No. 2415/KTV

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM3412
11-Mar-13

BALANCE SHEET

As at 31 December 2012

		As at 31 December		As at 31 December	
		2012	2011	2012	2011
ASSETS	**Note**	**VND**	**VND**	**Rs. Crore**	**Rs. Crore**
CURRENT ASSETS		**315,256,211,872**	**180,924,095,964**	**83.25**	**45.64**
Cash and cash equivalents	**3**	**75,872,154,527**	**50,353,360,852**	**20.04**	**12.70**
Cash		9,672,154,527	19,353,360,852	2.55	4.88
Cash equivalents		66,200,000,000	31,000,000,000	17.48	7.82
Short-term investments	**4**	**120,600,000,000**	**10,000,000,000**	**31.85**	**2.52**
Short-term investments		120,600,000,000	10,000,000,000	31.85	2.52
Accounts receivable		**44,810,153,404**	**50,402,315,038**	**11.83**	**12.71**
Trade accounts receivable	5	23,539,962,759	20,927,965,578	6.22	5.28
PREPAYMENTS TO SUPPLIERS	6	15,939,167,901	25,768,449,151	4.21	6.50
Other receivables	7	5,331,022,744	3,705,900,309	1.41	0.93
Inventories	**8**	**73,013,093,592**	**68,575,340,964**	**19.28**	**17.30**
Inventories		76,796,698,250	70,146,746,720	20.28	17.70
Provision for decline in value of inventories		(3,783,604,658)	(1,571,405,756)	(1.00)	(0.40)
Other current assets		**960,810,349**	**1,593,079,110**	**0.25**	**0.40**
Short-term prepayments		405,708,575	305,421,609	0.11	0.08
Other taxes receivable		–	100,141,901	–	0.03
Other current assets		555,101,774	1,187,515,600	0.15	0.30
NON-CURRENT ASSETS		**158,329,258,553**	**159,569,706,314**	**41.81**	**40.25**
Fixed assets		**13,565,376,565**	**14,384,942,261**	**3.58**	**3.63**
Tangible fixed assets	9(a)	9,553,350,534	12,189,999,980	2.52	3.08
Cost		33,004,251,780	32,002,356,896	8.72	8.07
Accumulated Depreciation		(23,450,901,246)	(19,812,356,916)	(6.19)	(5.00)
Intangible Fixed Assets	9(b)	3,253,386,534	2,194,942,281	0.86	0.55
Cost		13,964,467,563	10,528,721,363	3.69	2.66
Accumulated Amortisation		(10,711,081,029)	(8,333,779,082)	(2.83)	(2.10)
Construction In Progress	9(c)	758,639,497	–	0.20	–
Investment Properties	**10**	**23,397,254,557**	**23,843,388,652**	**6.18**	**6.01**
Cost		23,843,388,652	23,843,388,652	6.30	6.01
Accumulated Depreciation		(446,134,095)	–	(0.12)	–
Long-Term Investments		**116,187,001,308**	**113,743,051,308**	**30.68**	**28.69**
Investments In Subsidiaries	11	116,187,001,308	113,743,051,308	30.68	28.69
Other Long-Term Assets		**5,179,626,123**	**7,598,324,093**	**1.37**	**1.92**
Long-Term Prepayments	12	3,388,861,656	5,101,995,663	0.89	1.29
Deferred Income Tax Assets	28	272,503,055	978,067,018	0.07	0.25
Other Long-Term Assets		1,518,261,412	1,518,261,412	0.40	0.38
Total Assets		**473,585,470,425**	**340,493,802,278**	**125.07**	**85.90**

Note: The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

BALANCE SHEET

As at 31 December 2012

		As at 31 December		As at 31 December	
		2012	2011	2012	2011
RESOURCES	**Note**	**VND**	**VND**	**Rs. Crore**	**Rs. Crore**
LIABILITIES		**112,982,984,033**	**56,079,079,600**	**29.84**	**14.15**
Current liabilities		**111,264,413,957**	**54,735,545,766**	**29.38**	**13.81**
Short-term borrowings	13	4,000,000,000	-	1.06	-
Trade accounts payable	14	37,196,036,416	29,338,982,324	9.82	7.40
Advances from customers		1,361,304,608	696,476,420	0.36	0.18
Taxes and other payables to the State Budget	15	4,374,516,943	7,178,602,006	1.16	1.81
Payable to employees		–	49,990,730	–	0.01
Accrued expenses	16	62,558,453,332	17,327,357,021	16.52	4.37
Other payables	17	1,774,102,658	144,137,265	0.47	0.04
Long-term liabilities		**1,718,570,076**	**1,343,533,834**	**0.45**	**0.34**
Provision for severance allowances		1,718,570,076	1,343,533,834	0.45	0.34
OWNERS' EQUITY		**360,602,486,392**	**284,414,722,678**	**95.23**	**71.75**
Capital and reserves		360,602,486,392	284,414,722,678	95.23	71.75
Owners' capital	18,19	112,177,600,000	112,177,600,000	29.62	28.30
Share premium	19	112,213,880,000	112,213,880,000	29.63	28.31
Undistributed earnings	19	136,211,006,392	60,023,242,678	35.97	15.14
TOTAL RESOURCES		**473,585,470,425**	**340,493,802,278**	**125.07**	**85.90**

OFF BALANCE SHEET ITEMS

	As at 31 December		As at 31 December	
	2012	2011	2012	2011
			Rs. Crore	Rs. Crore
USD	41,579	4,543	0.23	0.02

Tran Le Kim Loan
Chief accountant

Phan Quoc Cong
General Director

The notes on pages 9 to 31 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

INCOME STATEMENT

As at 31 December 2012

		Year ended 31 December		Year ended 31 December	
		2012	2011	2012	2011
RESOURCES	**Note**	**VND**	**VND**	**Rs. Crore**	**Rs. Crore**
Sales		**773,784,822,581**	**593,413,258,318**	**204.34**	**149.70**
Less deductions		(41,021,506,612)	(43,091,599,645)	(10.83)	(10.87)
Net sales	**20**	**732,763,315,969**	**550,321,658,673**	**199.51**	**138.83**
Cost of sales	**21**	**(333,678,060,037)**	**(286,039,336,393)**	**(88.12)**	**(72.16)**
Gross profit		**399,085,255,932**	**264,282,322,280**	**105.39**	**66.67**
Financial income	22	12,797,229,377	2,508,892,157	3.38	0.63
Financial expenses	23	(81,911,528)	(809,707,922)	(0.02)	(0.20)
Selling expenses	24	(271,616,381,024)	(174,514,523,264)	(71.73)	(44.02)
General and administration expenses	25	(51,005,274,621)	(38,010,391,997)	(13.47)	(9.59)
Operating profit		**89,178,918,136**	**53,456,591,254**	**23.55**	**13.49**
Other income		269,518,637	298,342,235	0.07	0.08
Other expenses		(88,523,669)	(172,936,391)	(0.02)	(0.04)
Net other income	**26**	**180,994,968**	**125,405,844**	**0.05**	**0.03**
Net accounting profit before tax		**89,359,913,104**	**53,581,997,098**	**23.60**	**13.52**
Business income tax - current	**29**	**(12,466,585,427)**	**(7,423,621,196)**	**(3.29)**	**(1.87)**
Business income tax - deferred	**28, 29**	**(705,563,963)**	**1,495,239,428**	**(0.19)**	**0.38**
Net profit after tax		**76,187,763,714**	**47,653,615,330**	**20.12**	**12.02**

Tran Le Kim Loan
Chief accountant

Phan Quoc Cong
General Director

The notes on pages 9 to 31 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

CASH FLOW STATEMENT (INDIRECT METHOD)

As at 31 December 2012

		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		**89,359,913,104**	**53,581,997,098**	**23.60**	**13.52**
Adjustments for:					
Depreciation and amortisation		6,701,972,434	7,159,082,880	1.77	1.81
Provisions		2,212,198,902	1,411,298,859	0.58	0.36
Unrealised foreign exchange losses/(gains)		82,882	(18,317,743)	0.01	(0.01)
Gains from investing activities		**(12,604,261,050)**	**(2,467,460,283)**	**(3.33)**	**(0.62)**
Interest expense		7,095,890	69,093,274	0.01	0.02
Operating profit/(loss) before changes in working capital		**85,677,002,162**	**59,735,694,085**	**22.63**	**15.07**
Decrease/(increase) in receivables		7,712,743,689	(17,671,855,659)	2.04	(4.46)
Increase in inventories		(6,649,951,530)	(11,674,496,517)	(1.76)	(2.95)
Increase in payables		52,607,026,668	16,393,847,856	13.89	4.14
Decrease in prepaid expenses		1,612,847,041	287,111,921	0.43	0.07
Interest paid		(7,095,890)	(69,093,274)	0.01	(0.02)
Business income tax paid		(14,430,692,151)	(6,108,710,597)	(3.81)	(1.54)
Other receipts from operating activities		2,518,362,073	–	0.67	–
Other payments on operating activities		374,953,360	(123,392,018)	0.08	(0.03)
Net cash inflows from operating activities		**129,415,195,422**	**40,769,105,797**	**34.18**	**10.28**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets		(5,517,465,277)	(15,948,907,980)	(1.46)	(4.02)
Proceeds from disposals of fixed assets		5,029,517	67,513,808	0.01	0.02
Investments in term deposit at banks		(110,600,000,000)	(10,000,000,000)	(29.21)	(2.52)
Investments in other entities		(2,443,950,000)	(4,988,865,000)	(0.65)	(1.26)
Dividends and interest received		10,659,984,013	2,193,865,419	2.82	0.55
Net cash outflows from investing activities		**(107,896,401,747)**	**(28,676,393,753)**	**(28.49)**	**(7.23)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		4,000,000,000	–	1.06	–
Net cash outflows from financing activities	13	**4,000,000,000**	**–**	**1.06**	**–**
Net increase in cash and cash equivalents		**25,518,793,675**	**12,092,712,044**	**6.74**	**3.05**
Cash and cash equivalents at beginning of year	3	**50,353,360,852**	**38,241,076,815**	**13.30**	**9.64**
Effect of foreign exchange differences		–	19,571,993	–	0.01
Cash and cash equivalents at end of year	3	**75,872,154,527**	**50,353,360,852**	**20.04**	**12.70**

Tran Le Kim Loan
Chief accountant

Phan Quoc Cong
General Director

The notes on pages 9 to 31 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

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 amended Business Registration Certificates:

Amended Business Registration Certificate No.	**Date**
4603000346 – 1st amendment	9-May-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-11
462035000802 – 1st amendment	29-Sep-11

The principal activities of the Group, through the Company and its subsidiaries, are producing and trading in cosmetics, cosmetic materials and food products.

As at 31 December 2012, the Company had 389 employees (2011: 380 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 regulations in SR Vietnam. 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 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

For the year ended 31 december 2012

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 principal annual rates used are:

Buildings	25 years
Machinery	5 - 7 years
Motor vehicles	4 years
Office equipment	4 - 5 years
Patent/Copyright	4 years
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 2012

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 principal annual rates used are:

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 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.

2.12 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 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.

2.13 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.

2.14 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

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.

2.15 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.

2.16 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 2012 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.

2.17 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

	2012 VND	2011 VND	**2012 Rs. Crore**	2011 Rs. Crore
Cash on hand	**151,329,314**	246,062,581	**0.04**	0.06
Cash at bank	**9,520,825,213**	19,107,298,271	**2.51**	4.82
Cash equivalents (*)	**66,200,000,000**	31,000,000,000	**17.48**	7.82
	75,872,154,527	50,353,360,852	**20.04**	12.70

(*) 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 9-11.8% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

4 SHORT-TERM INVESTMENT

As at 31 December 2012, short-term investment represents the bank deposits with maturity within one year and earns an interest at 10.7-12.5% per annum.

5 TRADE ACCOUNTS RECEIVABLE

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Third parties	**23,539,962,759**	20,927,965,578	**6.22**	5.28

6 PREPAYMENTS TO SUPPLIERS

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Third parties	**2,241,721,526**	3,419,438,006	**0.59**	0.86
Related parties (Note 31(b))	**13,697,446,375**	22,349,011,145	**3.62**	5.64
	15,939,167,901	25,768,449,151	**4.21**	6.50

7 OTHER RECEIVABLES

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Others	**2,331,022,744**	705,900,309	**0.62**	0.18
Related parties (Note 31(b))	**3,000,000,000**	3,000,000,000	**0.79**	0.76
	5,331,022,744	3,705,900,309	**1.41**	0.93

8 INVENTORIES

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Goods in transit	**3,122,350,430**	–	**0.82**	–
Raw materials	**17,743,826,142**	18,995,435,581	**4.69**	4.79
Tools	**16,430,091,429**	13,347,572,419	**4.34**	3.37
Work in progress	**671,675,893**	801,459,918	**0.18**	0.20
Finished goods	**29,513,555,072**	28,845,524,963	**7.79**	7.28
Merchandises	**9,315,199,284**	8,156,753,839	**2.46**	2.06
	76,796,698,250	70,146,746,720	**20.28**	17.70
Provision for decline in value of inventory	**(3,783,604,658)**	(1,571,405,756)	**(1.00)**	(0.40)
	73,013,093,592	68,575,340,964	**19.28**	17.30

Movements in the provision for inventories during the year were as follows:

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Opening balance	**(1,571,405,756)**	(160,106,897)	**(0.41)**	(0.04)
Increase	**(2,562,921,585)**	(1,411,298,859)	**(0.68)**	(0.36)
Reversal	**350,722,683**	_	**0.09**	–
Closing balance	**(3,783,604,658)**	(1,571,405,756)	**(1.00)**	(0.40)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

9 FIXED ASSETS

(a) Tangible fixed assets

	Buildings	Machinery	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
Historical cost					
At 1 January 2012	4,835,166,682	21,127,394,753	3,378,524,601	2,661,270,860	**32,002,356,896**
New purchases	–	856,511,261	133,334,400	333,233,919	**1,323,079,580**
Disposals	–	(136,891,836)	(16,730,476)	(167,562,384)	**(321,184,696)**
At 31 December 2012	**4,835,166,682**	**21,847,014,178**	**3,495,128,525**	**2,826,942,395**	**33,004,251,780**
Accumulated depreciation					
At 1 January 2012	(1,343,705,396)	(14,482,876,764)	(2,387,254,284)	(1,598,520,472)	**(19,812,356,916)**
Charge for the year	(207,718,539)	(2,505,312,631)	(639,191,996)	(526,313,226)	**(3,878,536,392)**
Disposals	–	87,421,661	16,730,469	135,839,932	**239,992,062**
At 31 December 2012	**(1,551,423,935)**	**(16,900,767,734)**	**(3,009,715,811)**	**(1,988,993,766)**	**(23,450,901,246)**
Net book value					
At 1 January 2012	3,491,461,286	6,644,517,989	991,270,317	1,062,750,388	**12,189,999,980**
At 31 December 2012	**3,283,742,747**	**4,946,246,444**	**485,412,714**	**837,948,629**	**9,553,350,534**

	Buildings	Machinery	Motor vehicles	Office equipment	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Historical cost					
At 1 January 2012	1.28	5.58	0.89	0.70	8.45
New purchases	–	0.23	0.04	0.09	0.35
Disposals	–	(0.04)	–	(0.04)	(0.08)
At 31 December 2012	**1.28**	**5.77**	**0.92**	**0.75**	**8.72**
Accumulated depreciation					
At 1 January 2012	(0.35)	(3.82)	(0.63)	(0.42)	(5.23)
Charge for the year	(0.05)	(0.66)	(0.17)	(0.14)	(1.02)
Disposals	–	0.02	–	0.04	0.06
At 31 December 2012	**(0.41)**	**(4.46)**	**(0.79)**	**(0.53)**	**(6.19)**
Net book value					
At 1 January 2012	0.92	1.75	0.26	0.28	**3.22**
At 31 December 2012	**0.87**	**1.31**	**0.13**	**0.22**	**2.52**

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Cost of fully depreciated fixed assets	**12,830,944,930**	6,286,302,610	**3.39**	1.59

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

(b) Intangible fixed assets

	Copyright	Computer software	Others	Total
	VND	VND	VND	VND
Historical cost				
At 1 January 2012	179,493,840	8,367,970,834	1,981,256,689	10,528,721,363
New purchases	–	–	2,840,131,776	2,840,131,776
Transfer from construction in progress (Note 9(c))	–	595,614,424	–	595,614,424
At 31 December 2012	**179,493,840**	**8,963,585,258**	**4,821,388,465**	**13,964,467,563**
Accumulated amortisation				
At 1 January 2012	(179,493,840)	(6,651,604,783)	(1,502,680,459)	(8,333,779,082)
Charge for the year	–	(1,721,863,866)	(655,438,081)	(2,377,301,947)
At 31 December 2012	**(179,493,840)**	**(8,373,468,649)**	**(2,158,118,540)**	**(10,711,081,029)**
Net book value				
At 1 January 2012	–	1,716,366,051	478,576,230	2,194,942,281
At 31 December 2012	**–**	**590,116,609**	**2,663,269,925**	**3,253,386,534**

	Copyright	Computer software	Others	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Historical cost				
At 1 January 2012	0.05	2.21	0.52	2.78
New purchases	–	–	0.75	0.75
Transfer from construction in progress (Note 9(c))	–	0.16	–	0.16
At 31 December 2012	**0.05**	**2.37**	**1.27**	**3.69**
Accumulated amortisation				
At 1 January 2012	(0.05)	(1.76)	(0.40)	(2.20)
Charge for the year	–	(0.45)	(0.17)	(0.63)
At 31 December 2012	**(0.05)**	**(2.21)**	**(0.57)**	**(2.83)**
Net book value				
At 1 January 2012	–	0.45	0.13	0.58
At 31 December 2012	**–**	**0.16**	**0.70**	**0.86**

	2012	2011	2012	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Cost of fully amortised fixed assets	**8,475,397,580**	1,672,405,091	**2.24**	0.42

(c) Construction in progress

	2012	2011	2012	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Beginning of year	–	11,975,203,864	–	3.02
Additions	1,354,253,921	14,477,761,379	0.36	3.65
Transfers to intangible fixed assets (Note 9(b))	(595,614,424)	–	(0.16)	–
Transfers to tangible fixed assets	–	(2,609,576,591)	–	(0.66)
Transfers to investment property	–	(23,843,388,652)	–	(6.01)
End of year	**758,639,497**	**–**	**0.20**	**–**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

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 2012 and 31 December 2012	23,843,388,652	6.30
Accumulated depreciation		
At 1 January 2012	–	–
Charge for the year	446,134,095	0.12
At 31 December 2012	**446,134,095**	**0.12**
Net book value		
At 1 January 2012	23,843,388,652	6.30
At 31 December 2012	**23,397,254,557**	**6.18**

11 INVESTMENTS IN SUBSIDIARIES

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Thuan Phat Foodstuff Joint Stock Company	**96,387,001,308**	93,943,051,308	**25.45**	23.70
Beauté Cosmétique Societé Par Actions	**19,800,000,000**	19,800,000,000	**5.23**	4.99
	116,187,001,308	113,743,051,308	**30.68**	28.69

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		

Details of the Company's subsidiaries as at 31 December 2011 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)	96.20%	93,943,051,308	23.70	3,021,394	Foodstuff
		113,743,051,308	28.69		

NOTES TO THE FINANCIAL STATEMENTS

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(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 2011, Company holds a 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 3.51% ownership of Thuan Phat from non-controlling shareholders, thus ownership of the Company has increased from 96.2% to 99.71%.

As at 31 December 2012, Company holds a 99.71% (2011: 96.2%) equity share in this subsidiary.

12 LONG-TERM PREPAYMENTS

Details of long-term prepayments are presented as follows:

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Leasehold improvement at representative office	**503,062,452**	1,710,412,332	**0.13**	0.43
Land rental	**2,137,183,020**	2,202,595,560	**0.56**	0.56
Others	**748,616,184**	1,188,987,771	**0.20**	0.30
	3,388,861,656	5,101,995,663	**0.89**	1.29

Movement of long-term prepayments is as follows:

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Beginning of year	**5,101,995,663**	6,499,794,766	**1.35**	1.64
Additions	**701,923,321**	1,459,657,829	**0.18**	0.37
Amortisation for the year	**(2,415,057,328)**	(2,857,456,932)	**(0.64)**	(0.72)
End of year	**3,388,861,656**	5,101,995,663	**0.89**	1.29

13 SHORT-TERM BORROWINGS

Short-term borrowing represents the loan at Asia Commercial Bank at rate of 12.95% per annum. This borrowing has used the term deposit at the same bank as a pledge asset.

14 TRADE ACCOUNTS PAYABLE

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Third parties	**37,120,634,418**	29,338,982,324	**9.80**	7.40
Related parties (Note 31(b))	**75,401,998**	–	**0.02**	–
	37,196,036,416	29,338,982,324	**9.82**	7.40

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

15 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Business income tax – current	**2,312,478,374**	4,276,585,098	**0.61**	1.08
Value added tax	**946,166,045**	2,206,264,283	**0.25**	0.56
Personal income tax	**1,030,623,520**	695,752,625	**0.28**	0.18
Other tax obligations	**85,249,004**	–	**0.02**	–
	4,374,516,943	7,178,602,006	**1.16**	1.81

16 ACCRUED EXPENSES

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Promotion expenses	**30,408,658,389**	8,311,464,705	**8.03**	2.10
Salary for outsource sale persons	**8,623,747,515**	5,306,210,284	**2.28**	1.34
Advertising expenses	**4,894,784,688**	1,422,557,247	**1.29**	0.36
Salary, bonus	**12,936,831,801**	–	**3.42**	–
Consultant fee	**1,669,500,000**	–	**0.44**	–
Transportation expenses	**1,543,197,052**	–	**0.41**	–
Others	**2,481,733,887**	2,287,124,785	**0.65**	0.57
	62,558,453,332	17,327,357,021	**16.52**	4.37

17 OTHER PAYABLES

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Social insurance	**873,226,339**	74,983,112	**0.23**	0.02
Union fee	**718,336,269**	69,154,153	**0.19**	0.02
Other payables	**182,540,050**	–	**0.05**	–
	1,774,102,658	144,137,265	**0.47**	0.04

18 OWNERS' CAPITAL

(a) Number of shares

	2012	2011
	Ordinary shares	Ordinary shares
	(share)	(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 2012

(b) Details of owners' shareholding

	2012 Ordinary shares (share)	%	2011 Ordinary shares (share)	%
Marico Limited	9,535,495	85	9,535,495	85
Phan Quoc Cong	1,497,571	13.35	1,497,571	13.35
Nguyen Yen Lam	184,694	1.65	184,694	1.65
	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 1st January 2011 and 31 December 2012	11,217,760	112,177,600,000	112,177,600,000	29.62	28.30

19 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	**Share premium VND**	**Undistributed earnings VND**	**Total VND**
As at 1st January 2011	112,177,600,000	112,213,880,000	12,369,627,348	236,761,107,348
Profit for the year	–	–	47,653,615,330	47,653,615,330
As at 31st December 2011	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 31st December 2012	**112,177,600,000**	**112,213,880,000**	**136,211,006,392**	**360,602,486,392**

	Owners' capital Rs. Crore	**Share premium Rs. Crore**	**Undistributed earnings Rs. Crore**	**Total Rs. Crore**
As at 1st January 2011	28.30	28.31	3.12	59.73
Profit for the year	–	–	12.02	12.02
As at 31st December 2011	28.30	28.31	15.14	71.75
Profit for the year	–	–	20.12	20.12
As at 31 December 2012	**29.62**	**29.63**	**35.97**	**95.22**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

20 REVENUE

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Sales				
Sales of goods	**773,784,822,581**	593,413,258,318	**204.34**	149.70
Sales deductions				
Trade discounts	**(39,490,942,563)**	(29,672,713,339)	**(10.43)**	(7.49)
Sales returns	**(1,530,564,049)**	(13,418,886,306)	**(0.40**	(3.39)
	(41,021,506,612)	(43,091,599,645)	**(10.83)**	(10.87)
	732,763,315,969	550,321,658,673	**193.51**	138.83

21 COST OF SALES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Cost of merchandises sold	**91,712,127,355**	86,722,612,411	**24.22**	21.88
Cost of finished goods sold	**237,907,937,076**	197,842,068,008	**62.83**	49.91
Inventory losses	**(330,876,139)**	(283,739,418)	**(0.09)**	(0.07)
Provision for decline in value of inventories	**(2,562,921,585)**	(1,571,405,756)	**(0.68)**	(0.40)
Other expenses	**6,951,793,330**	3,329,801,148	**1.84**	0.84
	333,678,060,037	286,039,336,393	**88.12**	72.16

22 FINANCIAL INCOME

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Interest income from deposits and loans	**12,680,424,167**	2,458,522,953	**3.35**	0.62
Realised foreign exchange gains	**116,805,210**	32,051,461	**0.03**	0.01
Net unrealised foreign exchange gains	**–**	18,317,743	**–**	–
	12,797,229,377	2,508,892,157	**3.38**	0.63

23 FINANCIAL EXPENSES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Interest expense	**7,095,890**	69,093,274	**0.01**	0.02
Realised foreign exchange losses	**74,732,756**	740,614,648	**0.02**	0.18
Net unrealised foreign exchange losses	**82,882**	–	**(0.01)**	–
	81,911,528	809,707,922	**0.02**	0.20

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

24 SELLING EXPENSES

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Staff costs	**105,616,099,781**	73,692,025,230	**27.89**	18.59
Advertising expenses	**55,681,830,083**	35,785,140,104	**14.70**	9.03
Marketing support expenses	**67,146,451,499**	32,398,500,296	**17.73**	8.17
Marketing and research expenses	**4,413,714,057**	2,287,296,636	**1.17**	0.58
Depreciation expenses	**61,591,625**	146,873,147	**0.02**	0.04
Utilities	**356,833,684**	223,936,443	**0.09**	0.06
Rental fee	**8,477,190,100**	7,431,703,459	**2.24**	1.87
Transportation expenses	**19,378,345,610**	14,472,940,468	**5.12**	3.65
Travelling expenses	**6,813,749,378**	5,390,152,691	**1.80**	1.36
Others	**3,670,575,207**	2,685,954,790	**0.97**	0.67
	271,616,381,024	174,514,523,264	**71.73**	44.02

25 GENERAL AND ADMINISTRATION EXPENSES

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Staff costs	**24,410,834,486**	15,979,423,939	**6.45**	4.03
Utilities	**1,275,156,866**	1,168,892,171	**0.34**	0.29
Depreciation expenses	**3,491,184,340**	3,698,576,357	**0.92**	0.93
Professional fee	**4,654,276,929**	2,558,287,680	**1.23**	0.65
Rental fee	**6,783,051,343**	6,929,076,887	**1.79**	1.75
Recruitment, training expenses	**1,961,923,538**	882,822,646	**0.52**	0.22
Meeting, conference	**1,086,414,187**	862,607,735	**0.29**	0.22
Travelling expenses	**1,759,481,433**	1,026,132,726	**0.46**	0.26
Others	**5,582,951,499**	4,904,571,856	**1.47**	1.24
	51,005,274,621	38,010,391,997	**13.47**	9.59

26 NET OTHER INCOME

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Other income				
Gains on disposal of fixed assets	**5,029,517**	–	**0.01**	–
Others	**264,489,120**	298,342,235	**0.06**	0.08
	269,518,637	298,342,235	**0.07**	0.08
Other expenses				
Others	**(88,523,669)**	(172,936,391)	**(0.02)**	(0.05)
Net other income	**180,994,968**	125,405,844	**0.05**	0.03

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

27 COST OF GOODS MANUFACTURED BY FACTORY

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Raw materials	**304,835,036,335**	262,508,873,552	**80.50**	66.22
Labour costs	**147,841,258,417**	60,678,408,755	**39.04**	15.31
Depreciation expense	**6,255,838,339**	7,159,082,880	**1.65**	1.81
Outside service expenses	**160,870,789,565**	165,715,193,168	**42.48**	41.80
Other expenses	**36,496,793,026**	2,502,693,299	**9.65**	0.63
	656,299,715,682	498,564,251,654	**173.32**	125.77

28 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:

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	**128,892,756**	100,765,038	**0.03**	0.03
Deferred tax asset to be recovered within 12 months	**143,610,300**	877,301,980	**0.04**	0.22
	272,503,055	978,067,018	**0.07**	0.25

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Beginning of year	**978,067,018**	-517,172,410	**0.26**	(0.13)
Income statement charge/(credit)	**(705,563,963)**	1,495,239,428	**(0.19)**	0.38
End of year	**272,503,055**	978,067,018	**0.07**	0.25

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.

29 TAXATION

For manufacturing activities, 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 pay CIT at the rate of 25%.

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

For the year ended 31 december 2012

	2012	2011	2012	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Net accounting profit before tax	**89,359,913,104**	53,456,591,254	**23.60**	13.49
Tax calculated at a rate of 25%	**3,238,812,454**	486,003,454	**0.86**	0.12
Tax calculated at a rate of 15%	**11,460,699,494**	7,745,697,492	**3.03**	1.95
Effect of:				
Income not subject to tax	**(505,110,039)**	–	**(0.13)**	–
Expenses not deductible for tax purposes	**8,708,856,520**	4,535,644,245	**2.30**	1.14
Impact of tax reduction	**(9,731,109,039)**	(6,838,963,423)	**(2.57)**	(1.73)
Business income tax charge	**13,172,149,390**	5,928,381,768	**3.48**	1.50
Charged/(credited) to income statement:				
Business income tax – current	**12,466,585,427**	7,423,621,196	**3.29**	1.87
Business income tax – deferred (Note 28)	**705,563,963**	(1,495,239,428)	**0.19**	(0.38)
	13,172,149,390	5,928,381,768	**3.48**	1.50

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.

30 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

(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 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.

The Company's currency exposure to the US$ is as follows:

	2012			2011		
	US$	**Equivalent to VND**	**Rs. Crore**	**US$**	**Equivalent to VND**	**Rs. Crore**
Financial assets						
Cash and bank deposits	41,579	868,077,763	0.23	4,543	95,448,650	0.02
Prepayments to suppliers	13,440	280,492,800	0.07	30,975	651,125,475	0.16
	55,019	1,148,570,563	0.30	35,518	746,574,125	0.19
Financial liabilities						
Trade and other payables	(227,128)	(4,729,844,210)	(1.25)	(50,170)	(1,054,121,870)	(0.27)
Currency exposure	(172,109)	(3,581,273,647)	(0.95)	(14,652)	(307,547,745)	(0.08)

At 31 December 2012, if the VND had strengthened/weakened by 10% against the US$ with all other variables being held constant, the Company's profit before tax profit for the year would have been VND268,595,524 (2011: VND23,066,081) lower/higher as a result of foreign exchange losses/gains on translation of US$-denominated financial instruments etc.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

(b) Interest rate risk

The Company is not exposed to significant interest rate risk as all the Company's borrowings are on fixed rates.

(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

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			
	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Short-term borrowings	**4,000,000,000**	–	**1.06**	–
Trade and other payables	**37,196,036,416**	29,338,982,324	**9.82**	7.40
Advance from suppliers	**1,361,304,608**	696,476,420	**0.36**	0.18
	42,557,341,024	30,035,458,744	**11.24**	7.58

The Company did not have derivative financial liabilities as at 31 December 2011 and 31 December 2012.

31 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

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Subsidiaries	**1,991,326,725**	2,659,087,957	**0.53**	0.67
Fellow group subsidiaries	**9,859,159,140**	–	**2.60**	–
	11,850,485,865	2,659,087,957	**3.13**	0.67

ii) Purchases of goods and services

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Subsidiaries	**95,544,963,465**	89,109,065,579	**25.23**	22.48

iii) Sales of fixed assets

	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Subsidiaries	**–**	45,454,545	**–**	0.01

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2012

iv) Compensation of key management

	2012	2011	2012	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Gross salaries and other benefits	**22,087,349,359**	8,539,000,000	**5.83**	2.15

v) Financing activities

	2012	2011	2012	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Subsidiaries (*)	**–**	3,000,000,000	**–**	0.76

(*) The Company provided an non-interest bearing borrowing to an subsidiary in order to support the working capital in the year.

(b) Year end balances with related parties

	2012	2011	2012	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Advance to suppliers (Note 6)				
Subsidiaries	**13,697,446,375**	22,349,011,145	**3.62**	5.64
Other receivables (Note 7)				
Subsidiaries	**3,000,000,000**	3,000,000,000	**0.79**	0.76
Trade accounts payable (Note 14)				
Subsidiaries	**75,401,998**	–	**0.02**	–

32 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	Property		Property	
	2012	2011	**2012**	2011
	VND	VND	**Rs. Crore**	Rs. Crore
Within 1 year	**2,993,652,267**	2,727,954,944	**0.79**	0.69
Between 1 and 5 years	**4,272,239,360**	7,997,045,760	**1.13**	2.02
Total minimum payments	**7,265,891,627**	10,725,000,704	**1.92**	2.71

The financial statements were approved by the Board of Directors on 11 March 2013.

Business Registration Certificate No.	4102033640 dated 4 October 2005, was issued by the Department of Planning and Investment of Ho Chi Minh City.
Board of Directors	Saugata Gupta Ashutosh Telang Chaitanya J. Deshpande Nikhil p. Narkhede Le Quang Hanh Phan Quoc Cong
Registered Office	8th floor, 39 B Hai Au Building, Truong Son Street, Ward 4, Tan Binh District, Ho Chi Minh City, Vietnam
Legal representative	Pham Thi My Hanh
Auditors	PricewaterhouseCoopers (Vietnam) Limited

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS' 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 the Company as at 31 December 2012 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 5 to 25 which give a true and fair view of the financial position of the Company as at 31 December 2012 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 in SR Vietnam.

On behalf of the Board of Directors

Pham Thi My Hanh
General Director

Ho Chi Minh City, SR Vietnam
11 March 2013

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 approved by the Board of Directors on 11 March 2013. The financial statements comprise the balance sheet as at 31 December 2012, 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 25.

The Board of Directors' Responsibility for the Financial Statements

Management 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 in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls 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 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 2012, 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 in SR Vietnam.

Dang Quoc Tuan
AC No. 0620/KTV
Director
Authorised signatory

Ngo Thi Nhat Giao
AC No. 2415/KTV

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM3414
11 March 2013

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 2012

ASSETS	Notes	As at 31 December		As at 31 December	
		2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
CURRENT ASSETS		**38,874,769,590**	**39,024,716,913**	**10.27**	**9.84**
Cash and cash equivalents	**3**	**19,242,690,904**	**18,699,854,770**	**5.08**	**4.72**
Cash		4,242,690,904	4,699,854,770	1.12	1.19
Cash equivalents		15,000,000,000	14,000,000,000	3.96	3.53
Accounts receivable		**1,061,134,379**	**2,162,515,353**	**0.28**	**0.55**
Trade accounts receivable	4	262,685,843	99,560,393	0.07	0.03
Prepayments to suppliers		**159,948,343**	**1,560,930,034**	**0.04**	**0.39**
Other receivables	5	638,500,193	502,024,926	0.17	0.13
Inventories	**6**	**17,166,784,574**	**17,658,954,485**	**4.53**	**4.45**
Inventories		17,413,451,221	17,658,954,485	4.60	4.45
Provision for decline in value of inventories		(246,666,647)	–	(0.07)	–
Other current assets		**1,404,159,733**	**503,392,305**	0.37	0.13
Short-term prepayments		423,718,533	463,344,305	0.11	0.12
Other current assets		980,441,200	40,048,000	0.26	0.01
NON-CURRENT ASSETS		**2,473,464,064**	**4,085,945,831**	**0.65**	**1.03**
Fixed assets		**427,665,609**	**418,439,238**	**0.11**	**0.11**
Tangible fixed assets	7(a)	338,493,623	193,413,601	0.09	0.05
Cost		1,361,674,336	1,101,933,726	0.36	0.28
Accumulated depreciation		(1,023,180,713)	(908,520,125)	(0.27)	(0.23)
Intangible fixed assets	**7(b)**	**89,171,986**	**225,025,637**	0.02	0.06
Cost		509,396,314	509,396,314	0.13	0.13
Accumulated amortisation		**(420,224,328)**	**(284,370,677)**	**(0.11)**	**(0.07)**
Other long-term assets		**2,045,798,455**	**3,667,506,593**	0.54	0.93
Long-term prepayments	8	1,066,685,725	2,416,899,036	0.28	0.61
Deferred income tax assets	14	239,268,870	164,092,676	0.06	0.04
Other long-term assets	9	739,843,860	1,086,514,881	0.20	0.27
TOTAL ASSETS		**41,348,233,654**	**43,110,662,744**	**10.91**	**10.89**

Note: The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

BALANCE SHEET (contd.)

as at 31 December 2012

LIABILITIES	Notes	As at 31 December		As at 31 December	
		2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Current liabilities		**11,009,474,375**	**13,411,273,450**	**2.90**	**3.39**
Short-term borrowings	10	3,000,000,000	3,000,000,000	0.79	0.76
Trade accounts payable	11	241,134,141	2,546,337,029	0.06	0.64
Advances from customers		246,135,477	782,711,604	0.06	0.20
Taxes and other payables to the State Budget	12	2,346,432,833	2,606,106,392	0.62	0.66
Payable to employees		2,229,338,286	3,695,653,823	0.59	0.93
Accrued expenses	**13**	**2,946,433,638**	**780,464,602**	**0.78**	**0.20**
Long-term liabilities		**740,408,834**	**656,370,705**	**0.20**	**0.17**
Other long-term payables		30,000,000	–	0.01	–
Provision for severance allowances		710,408,834	656,370,705	0.19	0.17
OWNERS' EQUITY		**29,598,350,445**	**29,043,018,589**	**7.81**	**7.33**
Capital and reserves		**29,598,350,445**	**29,043,018,589**	**7.81**	**7.33**
Owners' capital	15,16	20,000,000,000	20,000,000,000	5.28	5.05
Differences upon asset revaluation		–	27,292,841	–	0.01
Undistributed earnings	17	9,598,350,445	9,015,725,748	2.53	2.27
TOTAL RESOURCES		**41,348,233,654**	**43,110,662,744**	**10.91**	**10.89**

Off Balance Sheet Items

	As at 31 December		As at 31 December	
	2012	2011	2012	2011
Foreign currencies	VND	VND	Rs. Crore	Rs. Crore
- United states dollar (US$)	985.32	1,165.98	0.01	0.01

Nguyen Van Chin
Chief Accountant

Phan Thi My Hanh
General Director

11 March, 2013

The notes on pages 9 to 25 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

INCOME STATEMENT

for the year ended 31 December 2012

	Notes	Year ended 31 December		Year ended 31 December	
		2012	2011	2012	2011
		VND	VND	Rs. Crore	Rs. Crore
Sales		**85,176,325,046**	**97,537,357,560**	**22.49**	**24.61**
Less deductions		(4,368,641,591)	(1,788,279,840)	(1.15)	(0.46)
Net sales	**17**	**80,807,683,455**	**95,749,077,720**	**21.34**	**24.15**
Cost of sales	**18**	**(14,492,346,244)**	**(19,968,448,601)**	**(3.83)**	**(5.03)**
Gross profit		**66,315,337,211**	**75,780,629,119**	**17.51**	**19.12**
Financial income	19	1,360,101,127	1,290,281,129	0.36	0.33
Financial expenses	20	(134,524,394)	(382,848,925)	(0.04)	(0.10)
Selling expenses	21	(54,609,555,421)	(57,320,649,388)	(14.42)	(14.46)
General and administration expenses	22	(11,968,550,803)	(10,616,781,088)	(3.16)	(2.68)
Operating profit		**962,807,720**	**8,750,630,847**	**0.25**	**2.21**
Other income		176,137,087	481,060,374	0.05	0.12
Other expenses		(251,695,505)	(68,156,171)	(0.07)	(0.02)
Net other (expenses)/income		**(75,558,418)**	**412,904,203**	**(0.02)**	**0.10**
Net accounting profit before tax		**887,249,302**	**9,163,535,050**	**0.23**	**2.31**
Business income tax - current	23	(379,800,799)	(2,665,030,316)	(0.10)	(0.68)
Business income tax - deferred	**23, 14**	**75,176,194**	**12,142,989**	**0.02**	**0.01**
Net profit after tax		**582,624,697**	**6,510,647,723**	**0.15**	**1.64**

Nguyen Van Chin
Chief Accountant

Pham Thi My Hanh
General Director

Monday, March, 2013

Note: The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

CASH FLOW STATEMENT

For the year ended 31 December 2012

ASSETS	Notes	Year ended 31 December		Year ended 31 December	
		2012	2011	2012	2011
		VND	VND	Rs. Crore	Rs. Crore
Net profit before tax		**887,249,302**	**9,163,535,050**	**0.23**	**2.31**
Adjustments for:					
Depreciation and amortisation		292,889,159	309,573,291	0.08	0.08
Provisions		246,666,647	–	0.07	–
Unrealised foreign exchange gains		(36,712,000)	(36,981,140)	(0.01)	(0.01)
Profits from investing activities		(1,163,377,428)	(472,174,922)	(0.31)	(0.12)
Operating profit before changes in working capital		**226,715,680**	**8,963,952,279**	**0.06**	**2.26**
Decrease in receivables		1,101,380,974	4,766,499,307	0.29	1.20
Decrease/(increase) in inventories		245,503,264	(3,557,422,996)	0.06	(0.90)
(Decrease)/increase in payables		(1,403,492,791)	4,229,119,790	(0.37)	1.07
Decrease in prepaid expenses		1,389,839,083	222,092,758	0.37	0.06
Business income tax paid		(1,246,185,601)	(3,034,208,836)	(0.33)	(0.77)
Other payments on operating activities		(632,186,373)	27,292,841	(0.17)	0.01
Net cash (outflows)/inflows from operating activities		**(318,425,764)**	**11,617,325,143**	**(0.08)**	**2.93**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets		(302,115,530)	(260,535,637)	(0.08)	(0.07)
Proceeds from disposals of fixed assets		7,000,000	–	0.01	–
Interest received		1,156,377,428	412,286,033	0.31	0.10
Net cash inflows from investing activities		**861,261,898**	**151,750,396**	**0.23**	**0.04**
Net increase in cash and cash equivalents		**542,836,134**	**11,769,075,539**	**0.14**	**2.97**
Cash and cash equivalents at beginning of year	3	**18,699,854,770**	**6,930,779,231**	**4.94**	**1.75**
Cash and cash equivalents at end of year	3	**19,242,690,904**	**18,699,854,770**	**5.08**	**4.72**

Nguyen Van Chin
Chief Accountant

Pham Thi My Hanh
General Director

Monday, March, 2013

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

1 CORPORATE 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	Wednesday, 24 December 2008
0304073031 – 2nd amendment	Friday, 11 December 2009
0304073031 – 3rd amendment	Wednesday, 20 January 2010
0304073031 – 4th amendment	Friday, 28 May 2010
Joint Stock Enterprise Registration Certificate No.	**Date**
0304073031 - 5th amendment	24 August 2010

The Company's principal activities are to produce and trade in cosmetics, cosmetic materials and functional food.

As at 31 December 2012, the Company had 269 employees (2011: 238 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 regulations in SR Vietnam. 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 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 general journal 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 2012

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 principal annual rates used are:

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 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.

2.10 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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 2012 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.

2.15 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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

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

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Cash on hand	1,819,722,313	2,197,115,872	0.48	0.55
Cash at bank	2,422,968,591	2,502,738,898	0.64	0.63
Cash equivalents (*)	15,000,000,000	14,000,000,000	3.96	3.54
	19,242,690,904	18,699,854,770	5.08	4.72

*Cash equivalents comprise short-term bank deposits with maturity of one month.

4 TRADE ACCOUNTS RECEIVABLE

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Third parties	162,137,845	99,560,393	0.04	0.03
Related parties (Note 25(b))	100,547,998	–	0.03	–
	262,685,843	99,560,393	0.07	0.03

5 OTHER RECEIVABLES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Social Insurance	443,443,555	363,366,010	0.12	0.09
Deposit interest	35,194,444	77,388,889	0.01	0.02
Others	159,862,194	61,270,027	0.04	0.02
	638,500,193	502,024,926	0.17	0.13

6 INVENTORIES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Goods in transit	–	727,232,995	–	0.18
Raw materials	1,227,391,892	893,602,118	0.32	0.23
Merchandises	16,186,059,329	16,038,119,372	4.28	4.04
	17,413,451,221	17,658,954,485	4.60	4.45
Provision for decline in value of inventory	(246,666,647)	–	(0.07)	–
	17,166,784,574	17,658,954,485	4.53	4.45

Movements in the provision for inventories during the year were as follows:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Opening balance	–	–	–	–
Increase	(246,666,647)	–	(0.07)	–
Closing balance	(246,666,647)	–	(0.07)	–

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

7 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 2012	687,238,079	414,695,647	1,101,933,726	0.18	0.11	0.29
New purchases	279,394,546	22,720,984	302,115,530	0.08	0.01	0.08
Disposals	(18,077,720)	(24,297,200)	(42,374,920)	(0.01)	(0.01)	(0.01)
At 31 December 2012	948,554,905	413,119,431	1,361,674,336	0.24	0.11	0.36
Accumulated depreciation						
At 1 January 2012	515,357,055	393,163,070	908,520,125	0.14	0.10	0.24
Charge for the year	148,424,344	8,611,160	157,035,504	0.03	0.01	0.04
Disposals	(18,077,720)	(24,297,196)	(42,374,916)	(0.01)	(0.01)	(0.01)
At 31 December 2012	645,703,679	377,477,034	1,023,180,713	0.16	0.10	0.27
Net book value						
At 1 January 2012	171,881,024	21,532,577	193,413,601	0.04	0.01	0.05
At 31 December 2012	302,851,226	35,642,397	338,493,623	0.08	0.01	0.09

Cost of fully depreciated tangible fixed assets but still in use as at 31 December 2012 was VND 788,380,464 (2011: VND 624,081,754).

(b) Intangible fixed assets

	Computer software VND	Computer software Rs. Crore
Historical cost		
At 1 January 2012 and 31 December 2012	509,396,314	0.13
Accumulated amortisation		
At 1 January 2012	284,370,677	0.07
Charge for the year	135,853,651	0.04
At 31 December 2012	420,224,328	0.11
Net book value		
At 1 January 2012	225,025,637	0.06
At 31 December 2012	89,171,986	0.02

Cost of fully depreciated intangible fixed assets but still in use as at 31 December 2012 was VND 257,696,314 (2011: VND101,836,064).

8 LONG-TERM PREPAID EXPENSES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Repair expenses for office and store	807,405,255	2,025,861,641	0.21	0.51
Tools and supplies	259,280,470	391,037,395	0.07	0.10
	1,066,685,725	2,416,899,036	0.28	0.61

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

9 OTHER LONG-TERM ASSETS

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Deposit for rental	421,788,860	1,086,514,881	0.12	0.27
Other long-term assets	318,055,000	–	0.08	–
	739,843,860	**1,086,514,881**	**0.20**	**0.27**

10 SHORT-TERM BORROWINGS

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Related parties (Note 25(b))	3,000,000,000	3,000,000,000	0.79	0.76

The short-term borrowing represents the non-interest bearing loan from Parent company, International Consumer Products Corporation.

11 TRADE ACCOUNTS PAYABLE

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Third parties	241,134,141	2,546,337,029	0.06	0.64

12 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Business income tax - current	415,545,310	1,149,686,830	0.11	0.29
Value added tax	1,404,473,847	791,093,116	0.37	0.20
Personal income tax	526,413,676	665,326,446	0.14	0.17
	2,346,432,833	**2,606,106,392**	**0.62**	**0.66**

13 ACCRUED EXPENSES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Bonus for employees	1,013,281,950	423,000,000	0.27	0.11
Outing trip for sales department	816,000,000	–	0.22	–
Office renovation	294,139,974	–	0.08	–
Others	823,011,714	357,464,602	0.21	0.09
	2,946,433,638	**780,464,602**	**0.78**	**0.20**

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

14 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:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	1,177,602,208	164,092,676	0.31	0.04
Deferred tax asset to be recovered within 12 months	61,666,662	–	0.02	–
	239,268,870	164,092,676	0.06	0.04

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Beginning of year	164,092,676	151,949,687	0.04	0.04
Income statement credit	75,176,194	12,142,989	0.02	0.01
End of year	239,268,870	164,092,676	0.06	0.04

15 OWNERS' CAPITAL

(a) Number of shares

	2012 Ordinary shares	2011 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

	2012		2011	
	Ordinary shares	%	Ordinary shares	%
International Consumer Products Corporation	1,980,000	99%	1,980,000	99%
Nguyen Khanh Ngoc	10,000	0.50%	10,000	0.50%
Nguyen Thi Tuyet Suong	10,000	0.50%	10,000	0.50%

(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 2011 and 31 December 2012	2,000,000	20,000,000,000	20,000,000,000	5.28	5.05

Par value per share: VND10,000.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

16 MOVEMENTS IN OWNERS' EQUITY

	Owners' Capital VND	Difference upon assets revaluation VND	Undistributed earnings VND	Total VND
As at 1 January 2011	20,000,000,000	–	2,505,078,025	**22,505,078,025**
Profit for the year	–	–	6,510,647,723	**6,510,647,723**
Increase difference upon assets revaluation	–	27,292,841	–	**27,292,841**
As at 31 December 2011	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**
Decrease 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**

	Owners' Capital Rs. Crore	Difference upon assets revaluation Rs. Crore	Undistributed earnings Rs. Crore	Total Rs. Crore
As at 1 January 2011	5.05	–	0.63	**5.68**
Profit for the year	–	–	1.64	**1.64**
Increase difference upon assets revaluation	–	0.01	–	**0.01**
As at 31 December 2011	5.05	0.01	2.27	**7.33**
Profit for the year	–	–	0.15	**0.15**
Decrease difference upon assets revaluation	–	(0.01)	–	**(0.01)**
As at 31 December 2012	5.28	–	2.53	**7.82**

17 REVENUE

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Sales				
Sales of goods	85,176,325,046	97,537,357,560	22.49	24.61
Sales deductions				
Trade discounts	3,751,886,314	1,091,374,793	0.99	0.28
Sales returns	616,755,277	696,905,047	0.16	0.18
	4,368,641,591	1,788,279,840	1.15	0.46
Net revenue from sales of goods				
Net revenue from sales of goods	80,807,683,455	95,749,077,720	21.34	24.15
	80,807,683,455	95,749,077,720	21.34	24.15

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

18 COST OF SALES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Cost of merchandises sold	14,245,679,597	19,968,448,601	3.76	5.04
Provision for decline in value of inventories	246,666,647	–	0.07	–-
	14,492,346,244	**19,968, 448,601**	**3.83**	**5.04**

19 FINANCIAL INCOME

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Interest income from term deposits	1,156,377,428	472,174,922	0.31	0.12
Net realised foreign exchange gains	167,011,699	781,125,067	0.04	0.20
Net gain from foreign currency translation at year-end	36,712,000	36,981,140	0.01	0.01
	1,360,101,127	1,290,281,129	0.36	0.33

20 FINANCIAL EXPENSES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Net realised foreign exchange losses	134,524,394	382,848,925	0.04	0.10

21 SELLING EXPENSES

The following items have been included in selling expenses:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Staff costs	32,735,354,966	33,556,115,219	8.64	8.47
Rental fee	5,539,780,187	5,897,632,620	1.46	1.49
Trade promotion	4,267,585,979	4,845,979,825	1.13	1.22
Recruitment, training expenses	1,383,156,432	1,144,077,662	0.37	0.29
Maintenance expenses	1,207,132,587	1,163,566,248	0.32	0.29
Other expenses	9,476,545,270	10,713,277,814	2.50	2.70

22 GENERAL AND ADMINISTRATION EXPENSES

The following items have been included in general and administration expenses:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Staff costs	7,394,868,683	6,153,354,278	1.95	1.55
Rental fee	3,337,425,030	2,629,351,350	0.88	0.66
Repair and maintenance expense	224,652,198	388,570,760	0.06	0.10
Other expenses	1,011,604,892	1,445,504,700	0.27	0.36

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

23 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 is entitled to an reduction of 30% from CIT for the fiscal year 2012.

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Net accounting profit before tax	887,249,302	9,163,535,050	0.23	2.31
Tax calculated at a rate of 25%	221,812,326	2,290,883,763	0.06	0.58
Effect of:				
Expenses not deductible for tax purpose	213,365,681	362,003,564	0.06	0.09
30% tax reduction	(130,553,402)	–	(0.03)	–
Business income tax charge	304,624,605	2,652,887,327	0.08	0.67
Charged/(credited) to income statement:				
Business income tax – current	379,800,799	2,665,030,316	0.10	0.67
Business income tax – deferred (Note 14)	(75,176,194)	(12,142,989)	(0.02)	–
	304,624,605	2,652,887,327	0.08	0.67

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.

24 COST OF GOODS MANUFACTURED BY FACTORS

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Raw materials	14,492,346,244	19,968,448,601	3.83	5.04
Labour costs	40,130,223,649	39,709,469,497	10.60	10.02
Depreciation expense	292,888,933	309,573,291	0.08	0.08
Outside service expenses	25,275,695,490	27,042,726,296	6.67	6.82
Other cash expenses	879,298,152	875,661,392	0.23	0.22
	81,070,452,468	87,905,879,077	21.41	22.18

25 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

(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 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 2012

The Company's currency exposure to the US$ is as follows:

	Original currency (US$)		Equivalent to VND		Equivalent to Rs. Crore	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Financial assets						
Cash and bank deposits	985	985	20,727,192	20,727,192	0.01	0.01
Prepayments to suppliers	15,522	17,481	300,988,860	339,070,452	0.07	0.08
	16,507	18,466	321,716,052	359,797,644	0.08	0.09
Net financial liabilities	–	–	–	–	–	–
Currency exposure	16,507	18,466	321,716,052	359,797,644	0.08	0.09

At 31 December 2012, if the VND had strengthened/weakened by 10% against the US$ with all other variables being held constant, the Company's profit (loss) before tax for the year would have been VND32,171,605 (2011: VND35,979,764) higher/lower 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 all the Company's borrowings are on free interest rate.

(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

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 2012				
Trade and other payables	8,009,474,375	30,000,000	2.12	0.01
Borrowings	3,000,000,000	–	0.79	–
	11,009,474,375	**30,000,000**	**2.91**	**0.01**
At 31 December 2011				
Trade and other payables	10,411,273,450	–	2.63	–
Borrowings	3,000,000,000	–	0.75	–
	13,411,273,450	**–**	**3.38**	**–**

26 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.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2012

(a) Related party transactions

i) Sale of goods & Services

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
International Consumer Products Corporation	322,090,951	106,001,471	0.08	0.03
Fellow group subsidiaries	22,860,000	–	0.01	–
	344,950,951	106,001,471	0.09	0.03

ii) Purchases of goods and services

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
International Consumer Products Corporation	1,991,326,725	2,392,692,445	0.53	0.60

iii) Return of goods

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
International Consumer Products Corporation	119,192,000	802,620,320	0.03	0.20

iv) Compensation of key management

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Gross salaries and other benefits	1,599,797,507	1,291,331,312	0.42	0.33

v) Financing activities

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Free interest rate loan from International Consumer Products Corporation	–	3,000,000,000	–	0.76

(b) Year end balances with related parties

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
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	0.79	0.76

The financial statements were approved by the Board of Directors on 11 March 2013.

Nguyen Van Chin
Chief Accountant

Pham Thi My Hanh
General Director

Monday, March, 2013

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 Directors	Saugata Gupta Ashutosh Telang Chaitanya J. Deshpande Nikhil P. Narkhede Phan Quoc Cong Le Quang Hanh
Registered office	7th Floor, Hai Au Building, 39B Truong Son Street, Ward 4, Tan Binh District, Ho Chi Minh City, Vietnam
Legal representative	Phan Cong Thanh
Auditor	PricewaterhouseCoopers (Vietnam) Limited

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS' 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 the Company as at 31 December 2012 and the results of its operations and cash flows for the year then ended. In preparing these financial statements, the management 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 Director 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

I hereby approve the accompanying financial statements as set out which give a true and fair view of the financial position of the Company as at 31 December 2012 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 in SR Vietnam.

On behalf of the Board of Directors

Phan Cong Thanh
General Director

Ho Chi Minh City, SR Vietnam
March 11, 2013

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 2012, 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 21.

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 in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls 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 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 2012, 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 in SR Vietnam.

Dang Quoc Tuan	**Nguyen Cao Nguyen**
AC No. 0620/KTV	AC No. 1184/KTV
Director	
Authorised signatory	

PricewaterhouseCoopers (Vietnam) Limited

Ho Chi Minh City, SR Vietnam

Audit report number HCMxxx

BALANCE SHEET

As at 31 December 2012

	Notes	As at 31 December		As at 31 December	
		2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
CURRENT ASSETS		**22,263,846,604**	**23,172,728,731**	**5.88**	**5.85**
Cash and cash equivalents	**3**	**1,806,290,992**	**1,859,981,712**	**0.48**	**0.47**
Cash		1,806,290,992	1,859,981,712	0.48	0.47
Accounts receivable		**234,700,700**	**894,911,378**	**0.06**	**0.23**
Trade accounts receivable		–	2,845,998	–	0.01
Prepayments to suppliers		34,700,700	45,480,000	0.01	0.02
Other receivables	4	200,000,000	846,585,380	0.05	0.21
Inventories	**5**	**19,934,322,137**	**20,039,508,674**	**5.26**	**5.06**
Inventories		19,934,322,137	20,460,591,117	5.26	5.17
Provision for decline in value of inventories		–	(421,082,443)	–	(0.11)
Other current assets		288,532,775	378,326,967	0.08	0.10
Short-term prepayments		203,918,913	280,963,105	0.05	0.07
Other taxes receivable	6	56,473,862	56,473,862	0.01	0.01
Other current assets		28,140,000	40,890,000	0.02	0.02
NON-CURRENT ASSETS		**33,023,559,355**	**35,649,794,514**	**8.72**	**8.99**
Fixed assets		**32,058,764,443**	**34,614,358,046**	**8.47**	**8.73**
Tangible fixed assets	7(a)	11,187,562,509	12,142,132,046	2.96	3.06
Cost		20,128,128,047	19,402,298,282	5.32	4.89
Accumulated depreciation		(8,940,565,538)	(7,260,166,236)	(2.36)	(1.83)
Intangible fixed assets	7(b)	20,871,201,934	22,459,650,779	5.51	5.67
Cost		22,399,278,817	23,399,278,817	5.92	5.90
Accumulated amortisation		**(1,528,076,883)**	**(939,628,038)**	**(0.41)**	**(0.23)**
Construction in progress		**–**	**12,575,221**	–	–
Other long-term assets		964,794,912	1,035,436,468	0.25	0.26
Long-term prepayments		964,794,912	1,035,436,468	0.25	0.26
TOTAL ASSETS		**55,287,405,959**	**58,822,523,245**	**14.60**	**14.85**

Note : The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

BALANCE SHEET (CONTD.)

As at 31 December 2012

	Notes	As at 31 December		As at 31 December	
		2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
LIABILITIES		**25,327,132,895**	**30,255,844,718**	**6.69**	**7.64**
Current liabilities		**24,329,336,117**	**29,888,410,536**	**6.43**	**7.55**
Trade accounts payable	**8**	**8,180,477,209**	**5,744,829,167**	**2.16**	**1.45**
Advances from customers	9	13,697,446,375	22,349,011,145	3.63	5.64
Taxes and other payables to the State Budget	10	686,817,738	513,007,768	0.18	0.13
Payable to employees		1,250,353,600	–	0.33	–
Accrued expenses	11	390,630,883	977,490,061	0.10	0.25
Other payables	12	123,610,312	304,072,395	0.03	0.08
Long-term liabilities		997,796,778	367,434,182	0.26	0.09
Provision for severance allowances		997,796,778	367,434,182	0.26	0.09
OWNERS' EQUITY		29,960,273,064	28,566,678,527	7.91	7.21
Capital and reserves		**29,960,273,064**	**28,566,678,527**	**7.91**	**7.21**
Owners' capital	**13**	**31,400,000,000**	**31,400,000,000**	**8.29**	**7.92**
Undistributed earnings	14	(1,439,726,936)	(2,833,321,473)	(0.38)	(0.71)
TOTAL RESOURCES		**55,287,405,959**	**58,822,523,245**	**14.60**	**14.85**

OFF BALANCE SHEET ITEM

As at 31 December 2012, cash and cash equivalents are balances held in foreign currencies of US$1,153 (2011: US$1,166).

Hoang Van Nghien
Chief Accountant

Phan Cong Thanh
General Director
Monday, March 11, 2013

Note : The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

INCOME STATEMENT

for the year ended 31 December 2012

ASSETS	Notes	Year ended 31 December		Year ended 31 December	
		2012	2011	2012	2011
		VND	VND	Rs. Crore	Rs. Crore
Sales		**96,343,821,388**	**91,590,543,853**	**25.44**	**23.11**
Less deductions		(401,986,980)	(1,602,434,212)	(0.11)	(0.41)
Net sales	**15**	**95,941,834,408**	**89,988,109,641**	**25.34**	**22.70**
Cost of sales	**16**	**(86,671,092,717)**	**(80,767,751,768)**	**(22.89)**	**(20.37)**
Gross profit		**9,270,741,691**	**9,220,357,873**	**2.45**	**2.33**
Financial income	17	39,271,226	74,942,059	0.01	0.02
Financial expenses		–	(187,728,956)	–	(0.05)
Selling expenses	18	(1,338,823,511)	(6,075,012,343)	(0.35)	(1.53)
General and administration expenses	19	(6,652,582,847)	(9,545,233,906)	(1.76)	(2.41)
Operating profit/(loss)		**1,318,606,559**	**(6,512,675,273)**	**0.35**	**(1.64)**
Other income		1,309,623,758	121,728,397	0.35	0.03
Other expenses		(1,234,635,780)	(185,296,046)	(0.33)	(0.05)
Net other income/(expenses)	**20**	**74,987,978**	**(63,567,649)**	**0.02**	**(0.02)**
Net accounting profit/(loss) before tax		**1,393,594,537**	**(6,576,242,922)**	**0.37**	**(1.66)**
Business income tax - current	21	–	–	–	–
Business income tax - deferred	**21**	**–**	**–**	**–**	**–**
Net profit/(loss) after tax		**1,393,594,537**	**(6,576,242,922)**	**0.37**	**(1.66)**

The note on page 9 to 21 are in the integral part of financial statement.

Hoang Van Nghien
Chief Accountant

Phan Cong Thanh
General Director
Monday, March 11, 2012

Note : The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

CASH FLOW STATEMENT

as at and for the year ended 31 December 2012

	Notes	Year ended 31 December		Year ended 31 December	
		2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit/(loss) before tax		**1,393,594,537**	**(6,576,242,922)**	**0.37**	**(1.66)**
Adjustments for:					
Depreciation and amortisation		2,731,388,589	2,495,569,016	0.72	0.63
Provisions		(421,082,443)	336,380,014	(0.11)	0.08
Unrealised foreign exchange gains		–	(42,284,258)	–	(0.01)
(Profits)/losses from investing activities		(120,483,957)	180,302,141	(0.03)	0.05
Operating profit/(loss) before changes in working capital		**3,583,416,726**	**(3,606,276,009)**	**0.95**	**(0.91)**
Decrease in receivables		660,210,678	1,646,641,807	0.17	0.42
Decrease/(increase) in inventories		526,268,980	(161,462,661)	0.14	(0.04)
(Decrease)/increase in payables		(4,928,711,823)	10,195,361,413	(1.30)	2.57
Decrease in prepaid expenses		147,685,748	466,486,835	0.04	0.12
Interest paid		–	(180,302,141)	–	(0.05)
Other receipts from operating activities		25,325,221	–	0.01	–
Net cash inflows from operating activities		**14,195,530**	**8,360,449,244**	**0.01**	**2.11**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets		(1,320,061,250)	(1,400,141,044)	(0.35)	(0.35)
Proceeds from disposals of fixed assets		1,252,175,000	–	0.33	–
Interest received		–	42,284,258	–	0.01
Net cash outflows from investing activities		**(67,886,250)**	**(1,357,856,786)**	**(0.02)**	**(0.34)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		–	4,525,139,479	–	1.14
Repayments of borrowings		–	(10,196,842,892)	–	(2.57)
Net cash outflows from financing activities		**–**	**(5,671,703,413)**	**–**	**(1.43)**
Net increase in cash and cash equivalents		**(53,690,720)**	**1,330,889,045**	**(0.01)**	**0.34**
Cash and cash equivalents at beginning of year	**3**	**1,859,981,712**	**529,092,667**	**0.49**	**0.13**
Cash and cash equivalents at end of year	**3**	**1,806,290,992**	**1,859,981,712**	**0.48**	**0.47**

Hoang Van Nghien
Chief Accountant

Phan Cong Thanh
General Director
Monday, March 11, 2012

Note : The exchange rate use to convert VND to Rs.<0.00259>/(Previous year VND to Rs.<0.00244>)

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2012

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 2012, the Company had 142 employees (2011: 163 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 regulations in SR Vietnam. 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 2012

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.

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 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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2012

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.

2.11 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 Board of Management.

2.12 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.

2.11 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.

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.

2.12 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 2012 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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

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

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Cash on hand	68,690,000	115,490,000	0.02	0.03
Cash at bank	1,737,600,992	1,744,491,712	0.46	0.44
	1,806,290,992	1,859,981,712	0.48	0.47

4 OTHER RECEIVABLES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Receivables from social insurance	–	549,818,979	–	0.14
Receivables from trade union	–	296,766,401	–	0.07
Others	200,000,000	–	0.05	–
	200,000,000	846,585,380	0.05	0.21

5 INVENTORIES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Raw materials	7,779,124,939	8,907,371,669	2.05	2.25
Work in progress	11,398,811,427	10,301,529,696	3.01	2.60
Finished goods	756,385,771	1,251,689,752	0.20	0.32
	19,934,322,137	**20,460,591,117**	**5.26**	**5.17**
Provision for decline in value of inventory	–	(421,082,443)	–	(0.11)
	19,934,322,137	**20,039,508,674**	**5.26**	**5.06**

Movements in the provision for inventories during the year were as follows:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Opening balance	421,082,443	135,228,700	0.11	0.03
Increase	668,766,392	345,853,743	0.18	0.10
Written-off	(1,089,848,835)	(60,000,000)	(0.29)	(0.02)
Closing balance	**–**	**421,082,443**	**–**	**0.11**

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2012

6 OTHER TAXES RECEIVABLE

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Business income tax refundable	56,473,862	56,473,862	0.01	0.01

7 TANGIBLE 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 2012	7,078,660,854	11,301,987,412	649,038,822	372,611,194	19,402,298,282
New purchases	211,516,000	844,621,000	100,000,004	163,924,246	1,320,061,250
Disposals	–	(577,811,847)	–	(16,419,638)	(594,231,485)
At 31 December 2012	**7,290,176,854**	**11,568,796,565**	**749,038,826**	**520,115,802**	**20,128,128,047**
Accumulated depreciation					
At 1 January 2012	(1,273,529,615)	(5,225,451,793)	(443,492,803)	(317,692,025)	(7,260,166,236)
Charge for the year	(425,884,424)	(1,519,160,625)	(112,752,814)	(63,977,865)	(2,121,775,728)
Disposals	–	424,956,788	–	16,419,638	441,376,426
At 31 December 2012	**(1,699,414,039)**	**(6,319,655,630)**	**(556,245,617)**	**(365,250,252)**	**(8,940,565,538)**
Net book value					
At 1 January 2012	5,805,131,239	6,076,535,619	205,546,019	54,919,169	12,142,132,046
At 31 December 2012	**5,590,762,815**	**5,249,140,935**	**192,793,209**	**154,865,550**	**11,187,562,509**

	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 2012	1.87	2.98	0.17	0.10	5.12
New purchases	0.06	0.22	0.03	0.04	0.35
Disposals	–	(0.15)	–	–	(0.16)
At 31 December 2012	**1.93**	**3.06**	**0.20**	**0.14**	**5.32**
Accumulated depreciation	1.93	3.06	0.20	0.14	5.32
At 1 January 2012					
Charge for the year	(0.34)	(1.38)	(0.12)	(0.08)	(1.92)
Disposals	(0.11)	(0.40)	(0.03)	(0.02)	(0.56)
At 31 December 2012	(0.45)	(1.67)	(0.15)	(0.10)	(2.36)
Net book value	(0.45)	(1.67)	(0.15)	(0.10)	(2.36)
At 1 January 2012	1.53	1.60	0.05	0.01	3.21
At 31 December 2012	**1.48**	**1.39**	**0.05**	**0.04**	**2.95**

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Cost of fully depreciated fixed assets	2,119,623,040	477,037,137	0.56	0.12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

(b) Intangible fixed assets

	Land use rights	Computer software	Patents	Total
	VND	VND	VND	VND
Historical cost				
At 1 January 2012	22,515,101,000	163,360,000	720,817,817	23,399,278,817
Decreases	1,000,000,000	–	–	1,000,000,000
At 31 December 2012	21,515,101,000	163,360,000	720,817,817	22,399,278,817
Accumulated amortisation				
At 1 January 2012	(730,288,000)	(5,104,998)	(204,235,040)	(939,628,038)
Charge for the year	(445,024,869)	(20,419,992)	(144,168,000)	(609,612,861)
Decreases	21,164,016	–	–	21,164,016
At 31 December 2012	(1,154,148,853)	(25,524,990)	(348,403,040)	(1,528,076,883)
Net book value				
At 1 January 2012	21,784,813,000	158,255,002	516,582,777	22,459,650,779
At 31 December 2012	20,360,952,147	137,835,010	372,414,777	20,871,201,934

	Land use rights	Computer software	Patents	Total
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Historical cost				
At 1 January 2012	5.95	0.04	0.19	6.18
Decreases	0.26	–	–	0.26
At 31 December 2012	5.68	0.04	0.19	5.92
Accumulated amortisation				
At 1 January 2012	(0.19)	(0.01)	(0.05)	(0.25)
Charge for the year	(0.12)	(0.01)	(0.04)	(0.16)
Decreases	0.01	–	–	0.01
At 31 December 2012	(0.30)	(0.01)	(0.09)	(0.40)
Net book value				
At 1 January 2012	5.75	0.04	0.14	5.93
At 31 December 2012	5.38	0.04	0.10	5.51

8 TRADE ACCOUNTS PAYABLE

	2012	2011	2012	2011
	VND	VND	Rs. Crore	Rs. Crore
Third parties	8,180,477,209	5,744,829,167	2.16	1.45

9 ADVANCE FROM CUSTOMERS

	2012	2011	2012	2011
	VND	VND	Rs. Crore	Rs. Crore
Related party (Note 24(b))	13,697,446,375	22,349,011,145	3.62	5.64

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2012

10 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Value Added Tax on domestic sales	600,645,848	435,458,710	0.16	0.11
Other taxes	86,171,890	77,549,058	0.02	0.02
	686,817,738	513,007,768	0.18	0.13

11 ACCRUED EXPENSES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Marketing expenses	67,407,983	831,690,061	0.02	0.21
Service fees	–	37,000,000	–	0.01
Others	323,222,900	108,800,000	0.08	0.03
	390,630,883	977,490,061	0.10	0.25

12 OTHER PAYABLES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Social insurance and health insurance	72,301,814	204,567,441	0.02	0.05
Other payables	51,308,498	99,504,954	0.01	0.03
	123,610,312	304,072,395	0.03	0.08

13 OWNERS' CAPITAL

(a) Number of shares

	2012 Ordinary shares	2011 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	Rs. Crore
International Consumer Products Corporation	31,307,520,000	99.705	31,307,520,000	8.27
Others	92,480,000	2.95	92,480,000	0.02
	31,400,000,000	100	31,400,000,000	8.29

(c) Movement of share capital

	Number of share capital (shares)	Ordinary shares VND	Total VND	Ordinary shares Rs. Crore	Total Rs. Crore
At 1 January 2012	3,140,000	31,400,000,000	31,400,000,000	8.29	8.29
At 31 December 2012	3,140,000	31,400,000,000	31,400,000,000	7.92	7.92

Par value per share: VND10,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

14 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Accumulated losses VND	Total VND	Owners' capital Rs.Crore	Accumulated losses Rs. Crore	Total Rs. Crore
As at 1 January 2011	31,400,000,000	3,742,921,449	35,142,921,449	8.29	0.99	9.28
Loss for the year	–	(6,576,242,922)	(6,576,242,922)	–	(1.74)	(1.74)
As at 31 December 2011	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

15 REVENUE

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Sales				
Sales of goods	96,343,821,388	91,590,543,853	25.44	23.11
Sales deductions				
Sales returns	(401,986,980)	(1,602,434,212)	(0.11)	(0.40)
Net revenue from sales of goods	95,941,834,408	89,988,109,641	25.34	22.70

16 COST OF SALES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Cost of finished goods sold	87,092,175,160	80,481,898,025	23.00	20.30
Provision for decline in value of inventories	(421,082,443)	285,853,743	(0.11)	0.07
	86,671,092,717	80,767,751,768	22.89	20.37

17 FINANCIAL INCOME

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Interest income from deposits and loans	–	42,284,258	–	0.01
Realised foreign exchange gain	39,271,226	32,657,801	0.01	0.01
	39,271,226	74,942,059	0.01	0.02

18 SELLING EXPENSES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Labour cost	1,278,070,962	1,653,022,435	0.34	0.42
Depreciation cost	148,732,000	194,767,890	0.04	0.05
External services expenses	160,131,565	482,065,886	0.04	0.12

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2012

19 GENERAL AND ADMINISTRATION EXPENSES

The following items have been included in general and administration expenses:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Labour cost	3,318,215,844	5,012,778,283	0.88	1.26
Depreciation cost	159,600,484	127,961,985	0.04	0.03
External services expenses	2,146,834,249	2,569,154,647	0.57	0.65

20 NET OTHER INCOME/EXPENSES

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Other income				
Gains on disposal of fixed assets	1,252,175,000	–	0.33	–
Others	57,448,758	121,728,397	0.02	0.03
	1,309,623,758	121,728,397	0.35	0.03
Other expenses				
Losses on disposal of fixed assets	(1,131,691,043)	–	(0.30)	–
Damaged raw materials and finish goods	–	(23,284,500)	–	(0.01)
Others	(102,944,737)	(162,011,546)	(0.03)	(0.04)
	(1,234,635,780)	(185,296,046)	(0.33)	(0.05)
Net other income/expenses	74,987,978	(63,567,649)	0.02	(0.02)

21 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:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Net accounting profit/(loss) before tax	1,393,594,537	(6,576,242,922)	0.37	(1.66)
Tax calculated at a rate of 25%	348,398,634	1,644,060,731	0.09	0.41
Effect of:				
Expenses not deductible for tax purposes	493,183,059	398,105,385	0.13	0.10
Utilised tax losses	(841,581,694)	–	(0.22)	–
Tax losses for which no deferred income tax asset was recognised	–	1,245,955,346	–	0.31
Business income tax charge	–	–	–	–

The Company's tax losses can be carried forward to offset against future taxable profits for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented. The estimated amount of tax losses available for offset against the Company's future taxable profits are:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

21 TAXATION (Cont.)

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	0.10
2011	Outstanding	4,983,821,383	Outstanding	1.26

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.

22 COST OF GOODS MANUFACTURED BY FACTORS

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Raw materials	69,638,986,807	69,428,281,122	18.39	17.51
Labour costs	12,950,267,339	12,272,356,474	3.42	3.10
Depreciation expense	2,716,999,844	2,495,569,016	0.72	0.63
Outside service expenses	4,560,600,701	5,117,524,174	1.20	1.29
Other cash expenses	4,795,644,384	7,074,267,231	1.27	1.79
	94,662,499,075	96,387,998,017	25.00	24.32

23 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 2012, the Company had the financial liabilities comprising trade and other payables amounting to VND8,694,718,404 (2011: VND7,026,391,623) which represented contractual undiscounted cash outflows payable in less than 1 year.

24 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

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
International Consumer Products Corporation	95,222,872,514	87,282,837,875	25.15	22.02

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial Statements as of 31 December 2012

ii) Purchases of goods and services

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
International Consumer Products Corporation	107,590,735	324,382,149	0.03	0.08
Beauti Cosmetique Societe Par Actions	25,000,000	–	0.01	–-
	132,590,735	324,382,149	0.04	0.08

iii) Compensation of key management

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
International Consumer Products Corporation	13,697,446,375	22,349,011,145	3.62	5.64

(b) Year end balances with related parties

i) Advance from customers (Note 9)

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
International Consumer Products Corporation	13,697,446,375	22,349,011,145	3.62	5.64

ii) Accrued expenses

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Beauti Cosmetique Societe Par Actions	25,000,000	–	0.01	–

25 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	2012 VND	2011 VND	2012 Rs. Crore	2011 Rs. Crore
Within 1 year	799,795,200	801,986,420	0.21	0.20
Between 1 and 5 years	1,401,832,820	2,201,628,020	0.37	0.56
Total minimum payments	**2,201,628,020**	**3,003,614,440**	**0.58**	**0.76**

The financial statements were approved by the Board of Directors on 11 March, 2013.

Hoang Van Nghien
Chief Accountant

Phan Cong Thanh
General Director

Board of Directors	Harsh Mariwala Milind Sarwate Saugata Gupta
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 Members

Your Board of Directors ("Board") is pleased to present the First Annual Report together with audited accounts of your Company for the period from April 20, 2012 to March 31, 2013 ('the period under review', 'the period' or 'FY13').

FINANCIAL RESULTS - AN OVERVIEW

Your Company was incorporated on April 20, 2012 and the Certificate of Commencement of Business was issued on May 4, 2012, by the Ministry of Corporate Affairs, Registrar of Companies, Mumbai. During the period under review, your Company reported total revenue of Rs. 5,20,13,415 and incurred a profit after tax of Rs. 3,29,06,105.

	Period ended March 31,	
	2013	**2012**
	Rs. Crore	**Rs. Crore**
Profit before exceptional & extraordinary item and Tax	(1,10,93,095)	Nil
Less : Exceptional items (detailed later in this Report)	5,91,33,273	Nil
Profit before Tax	4,80,40,178	Nil
Less: Current Tax	1,51,34,073	Nil
Profit after Tax	3,29,06,105	Nil
Add: Profit brought forward	Nil	Nil
Less: Transfer to General Reserve	Nil	Nil
Balance carried forward	**3,29,06,105**	**Nil**

DISTRIBUTION TO SHAREHOLDERS

With a view to conserve resources for funding any future business requirements and expansion plans, your Directors do not recommended any dividend on Equity Shares for the period under review.

ACQUSITION OF BUSINESS AND REDUCTION OF CAPITAL

During the year under review, on May 29, 2012, the Company acquired 100% stake in Halite Personal Care India Private Limited ("Halite") for a consideration of Rs.745,60,00,899 from Reckitt Benckiser, Singapore. To fund the purchase consideration, your Company issued 7,45,65,000 equity shares of face value of Rs. 10 each to Marico Limited, its holding company, at a premium of Rs. 90/- per share.

Your Company, as the sole shareholder of Halite resolved that Halite be voluntarily liquidated vide a special resolution at the extra ordinary general meeting held on January 18, 2013. Your Company also appointed a liquidator. In view of the liquidation, the liquidator, on March 25, 2013, distributed the assets of Halite (viz. intellectual property rights, cash at bank and tangible fixed assets) to your Company, being the sole shareholder of Halite. The Company has taken over assets of Halite at fair values, determined by an independent valuer, as applicable. On distribution, the Company received assets in excess of its Equity investment in Halite, resulting in profit of Rs. **5,91,33,273** which is shown as an exceptional item. (Refer the financial results above)

The members of your Company at their meeting held on April 1, 2013 decided to adjust the carrying costs of acquired intellectual property rights upon voluntary liquidation of Halite (refer the paragraph above), directly against the net worth of your Company, in accordance with the provisions of Section 78 (read with sections 100 to 103) of the Companies Act, 1956. The said Reduction of Capital is subject to the approval of the Hon'ble High Court of judicature at Bombay ("the Court"). The Company has filed a Petition with the High Court on April 22, 2013.

DIRECTORS

Mr. Harsh Mariwala, Mr. Milind Sarwate and Mr. Saugata Gupta were appointed as the First Directors of the Company with effect from the date of incorporation of the Company i.e. April 20, 2012. Mr. Saugata Gupta was appointed as Managing Director of the Company for a period of five years with effect from November 2, 2012 in the Extra Ordinary General Meeting of the Company held on November 2, 2012.

DIRECTORS' REPORT (contd.)

None of the Directors are retiring by rotation this year, as in terms of Section 256 of the Act, Directors liable to retire by rotation are those Directors appointed by the shareholders at the General Meeting. In terms of Article 129 (c) of the Articles of Association of the Company, Mr. Saugata Gupta being the Managing Director is not liable to retire by rotation. Mr. Harsh Mariwala and Mr. Milind Sarwate who were appointed as First Directors at the time of Incorporation are now being regularized as Directors at the ensuing Annual General Meeting.

CONSTITUTION OF AUDIT COMMITTEE

Pursuant to provisions of sub-section (4) of Section 292 A of the Companies Act, 1956, your Company has constituted an Audit Committee of its Board of Directors at their meeting held on March 25, 2013. The Audit Committee comprises the following:

Harsh Mariwala	– Chairman of the Committee
Milind Sarwate	– Member
Saugata Gupta	– Member
Vishal Jain	– Secretary to the Committee

The terms governing the constitution of the Audit Committee are as follows:

i. the Quorum for the Audit Committee shall be two Directors present in person;

ii. the functions of Audit Committee shall be:

  a. Discussions with auditors periodically about internal control systems, scope of audit including the observations of the auditors;
  b. Review the annual financial statements before submission to the Board;
  c. Ensuring compliance with internal control systems;
  d. Making recommendations to the Board on the matters relating to the financial management and audit report;
  e. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
  f. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  g. Seeking information from any employee;
  h. Obtaining external Legal/Professional advice;
  i. Inviting external experts, if necessary;
  j. Investigation into any activity referred to it;

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 is no foreign exchange earning and outgo during the period under review.

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, 2013 and the profits of your Company for the period ended on that date;
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;

Further, your Directors also confirm that the observations of the Auditors in their report to the Members have been adequately dealt with in the relevant notes to the accounts. Hence no additional explanation is considered necessary.

STATUTORY AUDITORS

M/s. Price Waterhouse, Chartered Accountants, first statutory auditors of the Company retire at the ensuing Annual General Meeting and have confirmed their eligibility for reappointment.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank, the Company's Bankers, its business associates and all other regulatory authorities for the co-operation and support extended by them from time to time and look forward to continued support of all these partners in progress.

On behalf of the Board of Directors

Saugata Gupta	**Milind Sarwate**
Managing Director	Director

Place : Mumbai
Date : April 30, 2013

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

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

Opinion

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

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

   (b) in the case of the Statement of Profit and Loss, of the profit for the 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 2013

	Notes	As at 31 March 2013 Rs. Crore
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	74.62
Reserves and surplus	4	673.05
		747.67
Current liabilities		
Short-term borrowings	5	1.34
Trade payables	6	0.02
Other current liabilities	7	0.01
		1.37
TOTAL		**749.04**
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	8A	0.72
Intangible assets	8B	723.72
		724.44
Long-term loans and advances	9	0.03
		724.47
Current assets		
Current investments	10	24.54
Cash and bank balances	11	0.01
Short-term loans and advances	12	0.02
		24.57
TOTAL		**749.04**
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 30, 2013

For and on behalf of
Marico Consumer Care Limited

Harsh Mariwala **Director**

Saugata Gupta **Director**

Vishal Jain **Company Secretory**

Place: Mumbai	Place: Mumbai
Date: April 30, 2013	Date: April 30, 2013

PROFIT AND LOSS

As at 31 March 2013

	Notes	For the period from April 20, 2012 to March 31, 2013
		Rs. Crore
Other income	13	5.20
Total revenue		**5.20**
Expenses		
Finance cost	14	0.01
Depreciation and amortisation	15	6.09
Other expenses	16	0.21
Total expenses		**6.31**
PROFIT / (LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		**(1.11)**
Exceptional items	20	5.91
Profit before tax		**4.80**
Tax expense:		
Current tax		1.51
Profit for the period		**3.29**
Basic and diluted earnings per equity share (nominal value of share Rs. 10)		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 30, 2013

For and on behalf of
Marico Consumer Care Limited

Harsh Mariwala **Director**

Saugata Gupta **Director**

Vishal Jain **Company Secretory**

Place: Mumbai
Date: April 30, 2013

Place: Mumbai
Date: April 30, 2013

CASH FLOW STATEMENT

For the year ended 31 March 2013

		Year ended March 31, 2013 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**	
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	4.80
	Adjustments for:	
	Depreciation, amortisation and impairment	6.09
	Finance charges	–
	(Profit) / Loss on sale of investments (net)	–
	Dividend income	(5.11)
		0.98
	Operating profit before working capital changes	**5.78**
	Adjustments for:	
	(Increase)/ Decrease in inventories	–
	(Increase)/ Decrease in sundry debtors	–
	(Increase)/ Decrease in loans and advances and other assets	–
	Increase/(Decrease) in current liabilities and provisions	0.03
	Changes in Working Capital	**0.03**
	Cash generated from Operations	**5.82**
	Taxes paid (net of refunds)	(1.55)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**4.27**
B	CASH FLOW FROM INVESTING ACTIVITIES	
	Purchase of fixed assets	(730.53)
	(Purchase) / Sale of investments (net)	(24.52)
	Loans and advances repaid by related parties	(0.03)
	Loans and advances given to related parties	**–**
	Dividend income received	5.11
	Interest received	–
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(749.98)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**	
	Proceeds from issuance of Share Capital on exercise of stock option	744.38
	Issue / (Redemption) of commercial papers (net)	1.34
	Finance charges paid	–
	Equity dividend paid (inclusive of dividend distribution tax)	–
NET CASH INFLOW FROM FINANCING ACTIVITIES		**745.72**
D	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)**	**0.01**
E	Cash and cash equivalents - opening balance (as at April 1)	–
F	Cash and cash equivalents - closing balance (as at March 31)	0.01

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 30, 2013

For and on behalf of
Marico Consumer Care Limited

Harsh Mariwala	**Director**
Saugata Gupta	**Director**
Vishal Jain	**Company Secretory**
Place: Mumbai	Place: Mumbai
Date: April 30, 2013	Date: April 30, 2013

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

1 The Company and nature of its operations:

Marico Consumer Care Limited('MCCL' or 'the Company')was incorporated on April 20, 2012 with paid-up share capital of Rs.500,000. MCCL is 100% subsidiary of Marico Limited ('ML'). MCCL headquartered in Mumbai, Maharashtra, India, carries on business in branded consumer products.

2. Summary of significant accounting policies:

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956.

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 amortisation

I. Tangible assets

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

Asset	**Rates (p.a.)**
Computer hardware and related peripherals	33.33%
Moulds	16.21%

II. Intangible assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

III. Assets individually costing Rs.5,000 or less are fully depreciated during the year of acquisition.

(e) Investments

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

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

(f) Accounting for taxes on income

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

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

(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) Share issue Expenses

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

(j) Cash and Cash Equivalents

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

(k) Earnings Per Share

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

3. Share capital

	As at 31 March 2013 Rupees
Authorised share capital	
80,000,000 equity shares of Rs. 10 each	80.00
	80.00
Issued, subscribed and paid-up	
74,615,000 equity shares of Rs. 10 each fully paid-up	74.62
	74.62

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	As at 31 March 2013	
	Number of shares	Rupees
At the time of incorporation i.e. April 20, 2012	50,000	0.05
Issued during the period	74,565,000	74.57
As at the end of the period	**74,615,000**	**74.62**

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.

c. Shares held by holding company

	As at 31 March 2013	
	Number of shares	Rupees
Equity shares of Rs.10 each fully paid up held by		
Marico Limited and its nominees	74,615,000	74.62
	74,615,000	**74.62**

d. Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 March 2013	
	Number of shares	Rupees
Equity shares of Rs.10 each fully paid-up held by		
Marico Limited and its nominees	74,615,000	100.00%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

4. Reserves and surplus

	As at 31 March 2013 Rupees	As at 31 March 2013 Rs. Crore
Securities Premium Reserve		
At the commencement of the year	–	–
Add: during the year	6,710,850,000	671.09
Less: Amount adjusted towards share issue expenses	13,222,039	1.32
	6,697,627,961	669.77
Surplus in Statement of Profit and Loss		
At the commencement of the year	–	–
Add: Profit/ (loss) for the period	32,906,106	3.29
	32,906,106	3.29
Total reserves and surplus	**6,730,534,067**	**673.06**

5. Short-term borrowings

	As at 31 March 2013 Rupees	As at 31 March 2013 Rs. Crore
Loans and advances from Holding Company		
Marico Limited	13,350,148	1.34
Total	**13,350,148**	**1.34**

6. Trade payables

	As at 31 March 2013 Rupees	As at 31 March 2013 Rs. Crore
Trade payables		
- due to micro and small enterprises	–	–
- due to others	207,866	0.02
	207,866	**0.02**

7. Other current liabilities

	As at 31 March 2013 Rupees	As at 31 March 2013 Rs. Crore
Other payables		
Amount payable - Statutroy / Government Authorities	108,795	0.01
Total	**108,795**	**0.01**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

8A Intangible assets

In Rupees

Particulars	**Gross block**					**Depreciation/ amortisation**					**Net block**
	As at 30 April 2012	Acquisition	Additions	Deletion	As at 31 March 2013	As at 30 April 2012	Acquisition	For the period	Deductions / Adjustments	As at 31 March 2013	As at 31 March 2013
Tangible Assets											
Plant and machinery (Note a, g & h)	–	0.73	–	–	0.73	–	–	0.01		0.01	0.72
Computers	–		–	–	–	–	–	–		–	–
Total	**–**	**0.73**	**–**	**–**	**0.73**	**–**	**–**	**0.01**		**0.01**	**0.72**

8B Intangible assets

Particulars	**Gross block**					**Depreciation/ amortisation**					**Net block**
	As at 30 April 2012	Adjustment	Additions	Deletion	As at 31 March 2013	As at 30 April 2012	Adjustment	For the period	Deductions / Adjustments	As at 31 March 2013	As at 31 March 2013
Intangible assets											
Trademarks	–	729.80	–	–	729.80	–	–	6.08	–	6.08	723.72
Total	**–**	**729.80**	**–**	**–**	**729.80**	**–**	**–**	**6.08**	**–**	**6.08**	**723.72**

(a) Trademarks of Rs. 729.80 Crore are pending registration / recording in name of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

9. Long term loans and advances

	As at 31 March 2013 Rs. Crore
Advance income tax (Net of provision of income tax of Rs. 15,134,073)	**0.03**
Total	**0.03**

10. Current investments

	As at 31 March 2013 Rs. Crore
(valued at lower of cost and fair value)	
Investments in mutual funds - unquoted	
ICICI Prudential Ultra Short Term-Regular Plan-Growth	10.02
8,469,500 units of Rs. 10 each fully paid	
Peerless Ultra Short Term Fund-SI-Growth	10.00
7,731,740 units of Rs. 10 each fully paid	
JP Morgan India Treasury Fund-SI-Growth	4.50
2,928,925 units of Rs. 10 each fully paid	
Total	**44.54**
Aggregate amount of unquoted investments	**24.52**

11. Cash and bank balances

	As at 31 March 2013 Rs. Crore
Cash and cash equivalents:	
Cash on hand	–
Bank balances in current account	0.01
Total	**0.01**

12. Short-term loans and advances

Unsecured, considered good (unless otherwise stated)

	As at 31 March 2013 Rs. Crore
Marico Middle East FZE	0.02
Total	**0.02**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

13. Other income

	For the period from April 20, 2012 to March 31, 2013 Rs. Crore
Dividend Income	
On current investments	0.06
From subsidiary	5.06
Total	**5.12**
Net Gain on sale of Current Investments	**–**
Total	**5.12**
Royalty income	0.08
Total	**5.20**

14. Finance cost

	For the period from April 20, 2012 to March 31, 2013 Rs. Crore
Interest Cost	0.01
Bank and other financial charges	–
Total	**0.01**

15. Depreciation and amortisation

	For the period from April 20, 2012 to March 31, 2013 Rs. Crore
Depreciation on tangible assets	0.01
Amortisation of Intangible assets	6.08
Total	**6.09**

16. Other expenses

	For the period from April 20, 2012 to March 31, 2013 Rs. Crore
Legal and professional charges	0.19
Payments to the auditor as Statutory Audit fees	0.03
Miscellaneous expenses	0.01
Total	**0.22**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

17. There are no contingent liabilities as at 31st March, 2013.

18. Capital Commitments

There are no contracts remaining to be executed on capital account and not provided for as at March 31, 2013.

19. The Company, on May 29th, 2012, concluded the effective acquisition of the personal care business of Paras Pharmaceuticals Limited ("PPL") for a consideration of Rs. 74,560 lacs. MCCL acquired 100 % equity stake in Halite Personal Care India Private Limited ("Halite") from Halite's erstwhile owners. The personal care business had been demerged from PPL into Halite effective March 1, 2012 under a Scheme of amalgamation and arrangements approved by the High Court of Punjab and Haryana.

20. The shareholders of Halite vide special resolution at their extra ordinary general meeting held on January 18, 2013, placed the company into Voluntary Liquidation. In view of the liquidation, the assets of Halite (viz. Intellectual property rights, cash and fixed assets) have been distributed to MCCL, being the sole shareholder of Halite. MCCL has taken over fixed assets of Halite at their carrying amounts and intangibles at fair values as per the valuation report.

MCCL received below assets on distribution

Asset Name	**Value as on March 31, 2013 (in Re. Crore)**
Brands	7,29.80
Plant & Machinery	0.73

21. The shareholders shareholders of MCCL, in their extraordinary general meeting held on April 1, 2013 decided to adjust the carrying costs of acquired Intangible Assets upon voluntary liquidation of Halite, viz the IPRs, directly against net worth of the company, in accordance with the provisions of Section 78 (read with sections 100 to 103) of the Companies Act 1956. The said capital reduction scheme is in the process of being filled with the Honorable High Court of Bombay

22. There is no reportable segment in terms of Accounting Standard 17 'Segment reporting' mandated by Rule 3 of the Companies (Accounting Standard) Rules 2006.

23. Related party disclosure

a) Name of Related parties and nature of relationship :

Holding Company : Marico Limited
Subsidiary : Halite Personal Care Private Limited

Fellow subsidiaries:

Name of the Company	Holding Company	Country of incorporation	Percentage of ownership interest as at 31st March 2013
Marico Bangladesh Limited (MBL)	Marico Ltd	Bangladesh	90
Marico Middle East FZE (MME)	Marico Ltd	UAE	100
- MBL Industries Limited (MBLIL)	MME	Bangladesh	100
- MEL Consumer Care SAE (MELCC)	MME	Egypt	100
- Marico Egypt Industries Company (MEIC)	MELCC	Egypt	100
- Egyptian American Investment & Industrial Development Company (EAIIDC)	MME	Egypt	100
- Marico Malaysia Sdn. Bhd. (MMSB)	MME	Malaysia	100
Marico South Africa Consumer Care (Pty) Limited (MSACC)	Marico Ltd	South Africa	100
- Marico South Africa (Pty) Limited (MSA)	MSACC	South Africa	100
Kaya Limited	Marico Ltd	India	100
- Derma – Rx International Aesthetics Pte. Ltd. (DIAL)	Kaya Limited	Singapore	100
- Kaya Middle East FZE (KME) (Refer Note (a) below)	DIAL	UAE	100
- The DRx Clinic Pte. Ltd. (DCPL)	DIAL	Singapore	100
- The DRxMedispa Pte. Ltd. (DMSPL)	DIAL	Singapore	100
- DRx Investments Pte. Ltd. (DIPL)	DIAL	Singapore	100
- DRx Aesthetics Sdn. Bhd. (DASB)	DIAL	Malaysia	100
International Consumer Products Corporation (ICP)	Marico Ltd	Vietnam	85
- BeauteCosmetiqueSociete Par Actions (BCS)	ICP 99% equity held by ICP (Previous Year : 99%)	Vietnam	84.85
- ThuanPhat Foodstuff Joint Stock company (TPF)	ICP 98.6% equity held by ICP (Previous Year: 98.6%)	Vietnam	83.81
Marico Innovation Foundation	Marico Ltd	India	N.A

b) **Transactions with related parties**

Particulars	Amount (Rs. Crore)
Marico Limited	
Royalty income	0.06
Loan and advances received	5.16
Loan and advances repaid	4.35
Expenses incurred	0.59
Equity capital during incorporation	0.05
Issue of Equity share of Rs 10 each at a premium of Rs 90	745.65
Halite Personal Care Private India Limited	
Dividend received	5.06
Distribution of assets and liabilities from Halite Personal Care Private IndiaLimited	20.98
Brands	729.80
Plant and machinery	0.73
Marico Middle East FZE	
Royalty Income	0.02

c) **Outstanding balances as at the period end**

Particulars	As at 31 March 2013 Rs. Crore
Marico Limited	1.34
Marico Middle East FZE	0.02

24. **Earnings per share :**

Particulars	Amount in Rs. Crore
Net profit after tax for the year (A)	**3.29**
Number of equity shares as at April 20, 2012	50,000
Number of shares issued in May 2012	74,565,000
Weighted average number of equity shares used as denominator for calculating basic / diluted earnings per share. (B)	66,425,780
Nominal value of equity share	10
Basic / Diluted Earnings per share (A)/(B)	0.50

25. **Previous Year Figures**

Previous year's figures have not been shown as this is the first year of the Company's operations.

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 30, 2013

For and on behalf of
Marico Consumer Care Limited

Harsh Mariwala **Director**

Saugata Gupta **Director**

Vishal Jain **Company Secretory**

Place: Mumbai Place: Mumbai
Date: April 30, 2013 Date: April 30, 2013

Registered Office	Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050
Auditors	M/s. B S S R & Co, Chartered Accountants
Bankers	The Hongkong & Shanghai Banking Corporation Limited (HSBC) Bank, Gurgaon
Liquidator	Rajiv Doshi

REPORT TO PRINCIPAL AUDITORS

To the Price Waterhouse – India, Marico Limited group Audit Team
(for information to Liquidator and Board of Directors)

Report on the special purpose financial information

1. As requested in your instruction 'Marico Limited – Inter-firm instructions' dated March 18, 2013, we have audited, for the purpose of your audit of consolidated financial statements of Marico Limited, the accompanying special purpose financial information of Halite Personal Care India Private Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2013 and the Statement of Profit and Loss for the period 29 May 2012 to 31 March 2013 and other explanatory information, which we have signed under reference to this report. This special purpose financial information has been prepared solely to enable Marico Limited to prepare its consolidated financial statements and accordingly do not contain cash flow statement and comparative figures.

Management's responsibility for the special purpose financial information

2. The Company's management is responsible for the preparation of these special purpose financial information that give a true and fair view of the financial position and financial performance of the Company in conformity with the accounting principles generally accepted in India and in accordance with the accounting policies followed by Marico Limited and in the manner prescribed in Appendix L. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the special purpose financial information 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 the special purpose financial information 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 special purpose financial information are free from material misstatement. As requested by you, we planned and performed our audit using the materiality level specified in your instructions, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the special purpose financial information of the component alone.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the special purpose financial information, 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 special purpose financial information 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 special purpose financial information.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level specified by you in the context of the audit of the consolidated financial statements of the group.

Opinion

7. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying special purpose financial information 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 except as far as it related to presentation of cash flow statement and financial information for the comparative period, and in accordance with the accounting policies followed by Marico Limited and in the manner prescribed in Appendix L:

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

   (b) in the case of the Statement of Profit and Loss, of the profit for the period 29 May 2012 to 31 March 2013.

REPORT TO PRINCIPAL AUDITORS (contd.)

Emphasis of matter

8. We draw attention to note 1.2 to the accompanying special purpose financial statements, wherein it is explained that the shareholders had passed a special resolution in the extra ordinary general meeting to voluntarily winding up the Company. Accordingly, assets are reflected at the lower of their historical costs and estimated net realisable values and liabilities are reflected at the values at which they are expected to be discharged/ settled. Our opinion is not qualified in respect of this matter.

9. We draw attention to note 3.3 to the accompanying special purpose financial statements, wherein it is explained that tangible and intangible assets are realised and is distributed to the shareholders of the Company. Our opinion is not qualified in respect of this matter.

Restriction on use

10. This special purpose financial information has been prepared for purposes of providing information to Marico Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Halite Personal Care India Private Limited in accordance with accounting principles generally accepted in India except as far as it related to presentation of cash flow statement and financial information for the comparative period and is not intended to present fairly, in all material respects, the financial position of Halite Personal Care India Private Limited as of 31 March 2013, and of its financial performance for the period 29 May 2012 to 31 March 2013 in accordance with accounting principles generally accepted in India. The special purpose financial information may, therefore, not be suitable for another purpose.

    This report is not intended for general circulation or publication and is not to be reproduced or used for any purpose without our prior written consent, other than for the purpose stated above.

    This report has been provided by B S S R & Co. has been prepared solely for Price Waterhouse – Mumbai.

For **B S S R & Co**
Chartered Accountants
Firm Registration Number: 131317W

Sandeep Batra
Partner
Membership No.093320

Place: Goregaon

Date: 26 April, 2013

BALANCE SHEET

As at 31 March 2013

	Note	As at 31 March 2013 Rs. Crore
Shareholders' funds		
Share capital	3	0.47
Reserves and surplus	4	0.02
		0.49
Current liabilities		
Trade payables	5	0.13
Other current liabilities	6	0.01
		0.14
Total		**0.63**
ASSETS		
Current assets		
Tangible assets	7A	Nil
Intangible assets	7B	Nil
Cash and bank balances	8	0.58
Short-term loans and advances	9	0.04
Other current assets	10	0.01
Total		**0.63**

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 **B S S R & Co**
Chartered Accountants
Firm registration number: 131317W

Sandeep Batra
Partner
Membership No.: 093320

Place: Goregaon
Date: 26 April, 2013

For and on behalf of
Halite Personal Care India Private Limited

Rajiv Doshi	**Harsh Mariwala**	**Milind Sarwate**
Liquidator	*Director*	*Director*
Place: Goregaon	Place: Goregaon	Place: Goregaon
Date: 26 April, 2013	Date: 26 April, 2013	Date: 26 April, 2013

STETEMENT OF PROFIT AND LOSS

For the period 29 May 2012 to 31 March 2013

	Note	29 May 2012 To 31 March 2013 Rs. Crore
Revenue from operations	11	73.66
Other income	12	2.04
Total revenue		**75.70**
Expenses		
Purchases of stock-in-trade	13	34.35
Employee benefits	14	0.67
Finance cost	**15**	**0.16**
Depreciation and amortisation	16	1.53
Other expenses	17	26.94
Total expenses		**63.65**
Profit before tax		12.05
Tax expense:		
Current tax		4.19
Deferred tax		(0.36)
Tax expense for previous period from 1 April 2012 to 29 May 2012		(1.17)
		2.66
Profit for the period		**9.39**
Basic earnings per equity share (nominal value of share Rs. 10)	18.1	103
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 **B S S R & Co**
Chartered Accountants
Firm registration number: 131317W

For and on behalf of
Halite Personal Care India Private Limited

Sandeep Batra	**Rajiv Doshi**	**Harsh Mariwala**	**Milind Sarwate**
Partner	*Liquidator*	*Director*	*Director*
Membership No.: 093320			
Place: Goregaon	Place: Goregaon	Place: Goregaon	Place: Goregaon
Date: 26 April, 2013	Date: 26 April, 2013	Date: 26 April, 2013	Date: 26 April, 2013

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

1 Nature of Operations

Halite Personal Care India Private Limited ("the Company") was incorporated on 15 June 2011 and is registered under Registrar of Companies of NCT Delhi and Haryana. The Company is engaged in the business of trading in personal care products.

Pursuant to the order dated 18 April 2012 passed by the Hon'ble High Court of Punjab and Harayana, approving the Scheme of Amalgamation and Arrangement ("Scheme") amongst Reckitt Benckiser Investments India Private limited (RBIIPL), Paras Pharmaceuticals Limited (PPL) and Halite Personal Care India Private Limited (HPCIPL), the Order was filed with the Registrar of Companies, NCT of Delhi and Haryana on 19 May 2012. Accordingly, the business of RBIIPL and PPL was merged and subsequently, the personal care division of PPL was demerged into HPCIPL. Accordingly, the entire business including all assets, liabilities and reserves of erstwhile RBIIPL were transferred to and vested in the PPL with effect from appointed date (as defined in the scheme) i.e. 1 July 2011 and thereafter the entire business including all assets, liabilities and reserves relating to personal care division of PPL were transferred to and vested in Halite Personal Care India Private Limited with effect from the appointed date (as defined in the scheme) i.e. 1 March 2012.

On 29 May 2012, Marico Consumer Care Limited ("MCCL") (100% subsidiary of Marico Limited), acquired 100% shares of the Company from Reckitt Benckiser (Singapore) Pte Ltd.

1.1 On demerger, shares were issued on the basis of share swap ratio of 1 fully paid equity shares of Halite Personal Care India Private Limited of Rs.10 each against the 10 equity shares of Paras Pharmaceuticals Limited as defined in paragraph 13.1.1 of the Scheme of Amalgamation and Arrangements.

1.2 Pursuant to Section 484 (1)(b), section 490 of the Companies Act, 1956 read with Article 92 of the Article of Association of the Company, the shareholders had passed a special resolution in their extra ordinary general meeting held on 18 January 2013 to voluntarily wind up the Company and appointed a liquidator. Further, Pursuant to section 488 of the Companies Act, 1956, the Board of Directors had filed Declaration of Solvency and the Statement of estimated realisable value of assets and liabilities with the Registrar of Companies in Form 149 as per the Companies (Court) Rules, 1959. The financial statements have therefore not been prepared on the going concern basis. Adjustments have been made to the assets and liabilities, which had earlier been shown on the basis of historical cost convention. As a result of these adjustments, the assets are reflected at the lower of their historical costs and estimated net realisable values. Liabilities are reflected at the values at which they are expected to be discharged.

2 Significant Accounting Policies

2.1 Basis of preparation

The books of accounts have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and presentation requirements of the Companies Act, 1956 except for AS-3 Cash Flow Statement. However, the financial statements incorporate adjustments to the values of assets and liabilities, whereby assets are reflected at the lower of their historical costs and estimated net realisable values and liabilities are reflected at the values at which they are expected to be discharged. These special purpose financial statements are prepared for the purpose of consolidation with the parent company.

The Company is in the process of liquidation. Accordingly, all assets and liabilities have been classified as current in the financial statements.

2.3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2.4 Tangible assets

Fixed assets are recorded at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financial statements incorporate adjustments to the values of fixed assets, whereby assets are reflected at the lower of their historical costs and estimated net realisable values.

2.5 Depreciation and amortisation

Depreciation is provided using the written down value method at the rates specified under Schedule XIV of the Companies Act, 1956, except for moulds which are depreciated at the rate of 30%. In respect of fixed assets purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to be put to use.

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

Goodwill is tested for impairment annually as per scheme of Amalgamation and Arrangement approved by the Hon'ble High Court.

2.6 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors and other indicators if any. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.7 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss account on a straight-line basis over the lease term.

2.8 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on weighted average basis.

Obsolescence of inventory is determined based on the specific review and is accordingly provided for.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.9 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.

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty deducted from Sales (gross) is the amount that is included in the amount of Sales (gross) and not the entire amount of liability arised during the year.

Interest

Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Royalty Income

Revenue from royalty income is recognised on accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2.9 Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term investments with an original maturity of three months or less and remittances in transit.

2.11 Income taxes

Tax expense comprises current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

2.12 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. The weighted average number of equity shares outstanding during the period is adjusted for in the event of a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.13 Provisions and Contingent Liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event; 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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

not discounted to its present value and are determined based on 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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow resources will be required to settle or a reliable estimate of the amount cannot be made.

3 Share capital

	As at 31 March 2013	
	Number of shares	**Rs. Crore**
Authorised share capital		
2,000,000 (previous period 1000,000) equity shares of Rs. 10 each	2,000,000	2.00
	2,000,000	**2.00**
Issued, subscribed and paid-up		
Equity shares of Rs. 10 each fully paid-up	470,563	0.47
	470,563	**0.47**

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	As at 31 March 2013	
	Number of shares	**Rs. Crore**
At the commencement of the period	-	-
Shares issued under the scheme of demerger	919,097	0.92
Adjusted in distribution of assets	448,534	0.45
	470,563	**0.47**

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. 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.

c. Shares held by holding company

	As at 31 March 2013	
	Number of shares	**Rs. Crore**
Equity shares of Rs.10 each fully paid up held by		
Marico Consumer Care Limited	470,563	0.47
	470,563	**0.47**

d. Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 March 2013	
	Number of shares	**Rs. Crore**
Equity shares of USD 1 each fully paid up held by		
Marico Consumer Care Limited	470,563	100.00%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

4 Reserves and surplus

	As at 31 March 2013 Rs. Crore
Securities Premium	
At the commencement of the year	–
Additions under the scheme of demerger	635.79
Less: Distribution on liquidation	(635.79)
	–
General Reserve	
At the commencement of the year	–
Add : Amount transferred from Surplus in the Statement of Profit and Loss	0.72
Less: Distribution on liquidation	(0.72)
Balance as at the end of the year	–
Surplus (Profit and loss balance)	
At the commencement of the year	(1.71)
Add: Profit/ (loss) for the period	9.39
Less: Appropriations :	
Interim dividend	5.06
Dividend distribution tax on Interim dividend	1.04
Transfer to General Reserve	0.72
Distributed on liquidation	0.84
	0.02
Total reserves and surplus	**0.02**

5 Trade payables

	As at 31 March 2013 Rs. Crore
Trade payables	
- due to micro and small enterprises (refer note 3.5)	–
- due to others	0.13
	0.13

6 Other current liabilities

	As at 31 March 2013 Rs. Crore
Other payables	
Tax deducted at source payable	0.01
	0.01

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

7A Intangible assets

Particulars	Gross block					Depreciation/ amortisation						Net block	
	As at 29 May 2012	Acquisition	Additions	Deletion	As at 31 March 2013	As at 29 May 2012	Acquisition	For the period	Impairment	Deductions / Adjustments	As at 31 March 2013	As at 31 March 2013	As at 29 May 2012
Tangible Assets													
Plant and machinery (Note a, g & h)	–	3.65	–	3.65	–	–	1.21	1.53	1.20	3.94	–	–	–
Computers	–	0.02	–	0.02	–	–	0.01	0.01	-	0.02	–	–	–
Total	**–**	**3.67**	**–**	**3.67**	**–**	**–**	**1.22**	**2**	**1.20**	**3.96**	**–**	**–**	**–**

7B Intangible assets

Particulars	Gross block					Depreciation/ amortisation					Net block	
	As at January 1, 2012	Adjustment	Additions	Deletion	As at 31 March 2013	As at January 1, 2012	Adjustment	For the period	Deductions/ adjustments	As at 31 March 2013	As at 31 March 2013	As at January 1, 2012
Intangible assets												
Goodwill	–	616.10	–	616.10	616.10	–	–	–	–	–	–	–
Total	**–**	**616.10**	**–**		**616.10**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

8 Cash and bank balances

	As at 31 March 2013 Rs. Crore
Cash and cash equivalents:	
Cash on hand	0.01
Bank balances in current account	0.54
Long term deposits with banks with maturity period of more than twelve months	0.03
Total	**0.58**

9 Short-term loans and advances

Unsecured, considered good (unless otherwise stated)

	As at 31 March 2013 Rs. Crore
Loans and advances to related parties :	
Marico Middle East FZE	0.02
"Advance income tax (net of provision for Income Tax of Rs. 4.36 Crore)"	0.02
Balances with government authorities	–
Total	**0.04**

10 Other current assets

Unsecured, considered good (unless otherwise stated)

	As at 31 March 2013 Rs. Crore
Interest accrued on fixed deposits	0.01
Total	**0.01**

11 Revenue from operations

	From 29 May 2012 to As at 31 March 2013 Rs. Crore
Sale of personal care products:	
Traded goods	73.66
Total	**73.66**

12 Other income

	From 29 May 2012 to As at 31 March 2013 Rs. Crore
Interest Income	
On fixed deposits with banks	0.08
Dividend Income	
On current investments	0.75
Other non-operating income :	
Royalty income	1.17
Excess provision write back	0.03
Other misc income	0.01
	2.04

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

13 Cost of materials consumed

	From 29 May 2012 to As at 31 March 2013 Rs. Crore
Purchase of stock-in-trade	34.35
Total	**34.35**

14 Employee benefits

	From 29 May 2012 to As at 31 March 2013 Rs. Crore
Salaries, wages and bonus (refer note 24.3)	0.67
Total	**0.67**

15 Finance cost

	From 29 May 2012 to As at 31 March 2013 Rs. Crore
Interest cost	0.01
Bank and other financial charges	0.15
Total	**0.16**

16 Depreciation and impairment

	From 29 May 2012 to As at 31 March 2013 Rs. Crore
Depreciation and impairment on tangible assets	1.53
Total	**1.53**

17 Other expenses

	From 29 May 2012 to As at 31 March 2013 Rs. Crore
Contract manufacturing charges	0.02
Advertisement and sales promotion	**26.29**
Rates and taxes	**0.01**
Legal and professional charges	**0.61**
Miscellaneous expenses	**0.02**
Total	**26.94**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

18.1 Earnings per share

The calculation of earnings per share for the period ended 31 March, 2013 was based on the profit attributable to equity shareholders of Rs. 93,937,046 and the number of equity shares outstanding being 470,563.

Particulars	**Rs. in Crore**
Net profit after tax for the year (A)	9.39
Number of equity shares as at 29 May 2013	919,097
Number of shares distributed on 25 March 2013	448,534
Weighted average number of equity shares outstanding during the year (B)	**910,331**
Nominal value of equity share	10
Earnings per share of face value of Rs. 10 each **(A)/(B)**	**103**

18.2 The Company is engaged in the business of personal care. The entire operations are governed by same set of risk and returns. All these activities are primarily within the Country and India represents one geographical segment and these activities represent one business segment in the context of Accounting Standard 17 on "Segment Reporting", notified by the Companies (Accounting Standards) Rules, 2006.

18.3 On 25 March 2013, the liquidator has distributed the Company's assets in species to Marico Consumer Care Limited (the parent company). The net book value of assets transferred is given below:

Particulars	**Rs. in Crore**
Plant and machinery	0.68
Computers	0.01
Moulds	0.06
Intellectual Property Rights represented by Goodwill in the books	616.10
Net book value of assets distributed	**616.83**

Further, the liquidator has also distributed a bank balance of Rs.209,800,000 to parent company. The detail of distribution made to the shareholders is given below:

Particulars	**Rs. in Crore**
Balance of securities premium	635.79
Balance of general reserve	0.72
Balance of profit and loss account	0.85
Equity shares	0.45
Subtotal of amount payable to shareholders	**637.81**
Less: net value of assets distributed	616.83
Balance paid to parent company	**20.98**

18.4 Related party transactions

a) Related parties where control exists

Ultimate Holding Company
Marico Limited

Holding Company
Marico Consumer Care Limited

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

b) Related parties with whom transactions have taken place during the period

Fellow Subsidiaries

• Marico Middle East FZE

c) Transactions with related parties

Particulars	**Rs. in Crore**
Marico Limited	
Sale of goods	73.66
Employee cost paid by Marico Limited on behalf of Halite	0.67
Royalty income	1.15
Secondary discounts	3.80
Expenses paid by Marico Limited on behalf of Halite	0.83
Compensation towards the bad stocks that Marico purchased from RBIL	11.09
Marico Middle East FZE	
Royalty Income	0.02
Marico Consumer Care Limited	
Distribution of Assets and liabilities to Marico Consumer Care limited	20.98

d) Outstanding balances as at the period end

Particulars	**Rs. in Crore**
Loans & Advances	
Marico Middle East FZE	0.02

18.5 The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, there are no over dues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act.

18.6 The equity shares of Company is acquired by MCCL on 29 May, 2012, therefore no previous period figures have been disclosed.

For **B S S R & Co**
Chartered Accountants
Firm registration number: 131317W

Sandeep Batra
Partner
Membership No.: 093320

Place: Goregaon
Date: 26 April, 2013

For and on behalf of
Halite Personal Care India Private Limited

Rajiv Doshi	**Harsh Mariwala**	**Milind Sarwate**
Liquidator	*Director*	*Director*
Place: Goregaon	Place: Goregaon	Place: Goregaon
Date: 26 April, 2013	Date: 26 April, 2013	Date: 26 April, 2013

Board of Directors	Harsh Mariwala Milind Sarwate Chaitanya Deshpande
Registered Office	Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050
Auditors	Kirtane and Pandit, Chartered Accountants
Bankers	HDFC Bank

INDEPENDENT AUDITORS' REPORT

To the Members of
Marico Kaya Enterprises Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Marico Kaya Enterprises Limited which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the period 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 these financial statements that give a true and fair view of the financial position, financial performance 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"). 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.

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 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.

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 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.

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 March 31, 2013;

b) in the case of the Statement of Profit and Loss of the Loss for the period ended on that date; and

Report on Other Legal and Regulatory Requirements

1. 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, and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.

    d) in our opinion, the Balance Sheet, and Statement of Profit and Loss, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

INDEPENDENT AUDITORS' REPORT (Contd.)

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 Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Kirtane & Pandit**
Chartered Accountants
FRN: 105215W

Partner
Place:-Mumbai
Date:-31st May, 2013

BALANCE SHEET

As at 31 March 2013

	Notes	As at 31 March 2013 Rs. Crore
Share capital	3	0.10
Reserves and surplus	4	(0.12)
		(0.02)
Trade payables	5	0.01
Other current liabilities	6	0.12
		0.13
TOTAL		**0.11**
Cash and bank balances	7	0.11
		0.11
TOTAL		**0.11**

For **Kirtane and Pandit**
Chartered Accountants
FRN : 105215W

Partner

For and on behalf of
Marico Kaya Enterprise Limited

Harsh Mariwala Director

Milind Sarwate Director

Chaitanya Deshpande Director

Place: Mumbai
Date: 31st May, 2013

PROFIT AND LOSS

As at 31 March 2013

	Notes	For the period from January 19, 2012 to March 31, 2013 Rs. Crore
Expenses:		
Other expenses	8	0.11
Total expenses		**0.11**
Profit before exceptional and extraordinary items and tax		(0.11)
Exceptional items		–
Profit before tax		(0.11)
Tax expense:		–
Current tax		**–**
Profit for the period		**(0.11)**
Basic earnings per equity share (nominal value of share Rs. 10)		(11.46)
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.

As per our report of even date attached.

For **Kirtane and Pandit**
Chartered Accountants
FRN : 105215W

Partner

For and on behalf of
Marico Kaya Enterprise Limited

Harsh Mariwala Director

Milind Sarwate Director

Chaitanya Deshpande Director

Place: Mumbai
Date: 31st May, 2013

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

1 GENERAL INFORMATION

On January 7, 2013, the Board of Directors' of Marico Limited approved a Scheme of Arrangement for demerger of the business undertaking of Kaya ("Kaya Business") with effect from appointed date, April 1, 2013 ('the Scheme') subject to all regulatory and statutory approvals. The Scheme envisages the de-merger of Kaya Business into a new company, "Marico Kaya Enterprises Limited ('MaKE')", and it was incorporated on January 19, 2013 for the purpose.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements:

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards, as specified in the Companies (Accounting Standards) Rules, 2006 and the other relevant provisions of the Companies Act, 1956.

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 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 year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives and provision for impairment of fixed assets and intangible assets.

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

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

Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation / amortisation and impairment loss, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Pre-operative expenses incidental and related to setting up of new clinics have been included under capital work-in-progress. Such expenditure are capitalised to fixed asset upon start of operations of the clinic.

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

d) Depreciation / amortization:

1) Tangible assets

(i) Depreciation is provided on Straight line basis at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The useful lives of the following assets as estimated by the management are higher from the rates prescribed under Schedule XIV to the Companies Act, 1956:

Computer hardware, related peripherals etc.	-	33.33%
Technologically advanced machineries	-	14.29% to 50%
Other plant and equipment	-	11.11% to 50%
Furniture and fixtures (Including lease hold improvements)	-	11.11%

(ii) The useful life of leasehold improvements are estimated taking into consideration lease period including the renewal option. Leasehold improvements includes provision for site restoration costs which are recognised based on the estimates made by management for probable liability towards restoration of these premises at the end of lease period.

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

(iv) Depreciation on additions during the year is charged from the month in which the assets are capitalized and for deletions up to the month prior to the month in which the asset is disposed off.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2) Intangible assets

Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, but not exceeding the period given here under:

Computer softwares	-	33.33%
Trade marks / copyrights	-	10.00%

e) Impairment:

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

f) Investments:

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

g) Inventories:

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

2) Finished goods, stock-in-trade and work-in-progress are valued at lower of cost and net realizable value.

3) Cost is ascertained on weighted average method and in case of finished products and work-in-progress, it includes appropriate production overheads and duties.

h) Research and development:

Capital expenditure on research and development is capitalized and depreciated. Revenue expenditure is charged off in the year in which it is incurred.

i) Revenue recognition:

1) Income from services is recognized on rendering of services and are recorded net of discounts and service tax.

2) Income from package sale is recognized based on the utilisation of sessions by the customers.

3) Sale of products is recognized on delivery, which is when risks and rewards of ownership passed to the customers, and are recorded net of trade discounts, sales tax and value added tax.

j) Retirement benefits:

1) Long-term employee benefits

(i) Defined contribution plans

The Company has defined contribution plan for post employment benefits in the form of provident fund. The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

3 Share capital

	As at 31 March 2013 Rs. Crore
Authorised share capital	
14,000,000 equity shares of Rs. 10 each	14.00
	14.00
Issued, subscribed and paid-up	
100,000 equity shares of Rs. 10 each fully paid-up	0.10
	0.10

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	As at 31 March 2013	
	Number of shares	**Rs. Crore**
At the time of incorporation i.e. January 19, 2013	100,000	0.10
Issued during the period	–	–
As at the end of the period	**100,000**	**0.10**

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.

c. Shares held by holding company

	As at 31 March 2013	
	Number of shares	**Rs. Crore**
Equity shares of Rs.10 each fully paid up held by		
Marico Limited	100,000	0.10
	100,000	**0.10**

d. Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 March 2013	
	Number of shares	**Rs. Crore**
Equity shares of Rs.10 each fully paid up held by		
Marico Limited		
	100,000	**100.00%**

4 Reserves and surplus

	As at 31 March 2013 Rs. Crore
Surplus (Profit and loss balance)	
At the commencement of the year	**0.00**
Add: Profit/ (loss) for the period	(0.12)
Total reserves and surplus	**(0.12)**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

5 Trade payables

	As at 31 March 2013 Rs. Crore
Trade payables	
- due to others	0.01
	0.01

6 Other current liabilities

	As at 31 March 2013 Rs. Crore
Due to related parties	
Marico Limited	0.11
Other payables	
Amount payable Statutroy / Government Authorities	**0.01**
Total	**0.12**

7 Cash and bank balances

	As at 31 March 2013 Rs. Crore
Cash and cash equivalents:	
Cash on hand	0.00
Bank balances in current account	0.11
Total	**0.11**

8 Other expenses

	For the period from April 20, 2012 to March 31, 2013 Rs. Crore
Payments to the auditor as Statutory Audit fees	0.01
Legal and professional charges	0.03
Printing & Stationery	0.01
Miscellaneous expenses - MCA filling fees	0.08
Total	**0.13**

Board of Directors	Harsh Mariwala Milind Sarwate
Registered Office	Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050
Auditors	Kirtane and Pandit, Chartered Accountants
Bankers	Corporation Bank

DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') present their Fourth Report together with the audited annual accounts for the year ended March 31, 2013.

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.1,70,94,620 from Marico Limited.

DISTRIBUTION TO SHAREHOLDERS

Being a Company registered under Section 25 of the 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.

CORPORATE DEVELOPMENTS

During the year under review, Mr. Harsh Mariwala and Mr. Milind Sarwate resigned as Members of the Company in their individual capacity as per Article 13 of the Articles of Association of the Company and on 15th March 2013 Marico Limited joined as 100% member of the Company along with Mr. Harsh Mariwala as Nominee member of Marico Limited. Accordingly, your Company has become a wholly owned subsidiary company of Marico Limited.

DIRECTORS

During the year under review, the existing Directors of the Company have resigned from the directorship in their individual capacities and were appointed as Directors of the Company as Nominees acting for and on behalf of Marico Limited with effect from March 15, 2013.

DIRECTORS' REPORT (contd.)

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' 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, 2013 and the Income and Expenditure of your Company for the period ended March 31, 2013;
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;

   Further, your Directors also confirm that the observations of the Auditors in their report to the Members have been adequately dealt with in the relevant notes to the accounts. Hence, no additional explanation is considered necessary.

STATUTORY AUDITORS

Your Company's Auditors, M/s. Kirtane & Pandit, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility for reappointment.

ACKNOWLEDGEMENT

Your Company acknowledges and appreciates the co-operation of the statutory authorities, bankers and other associates and looks forward to their continued support in future.

For and on behalf of the Board of Directors,
Marico Innovation Foundation

Harsh Mariwala	Milind Sarwate
Director	Director

Place : Mumbai
Date : May 30, 2013

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 which comprise the Balance Sheet as at March 31, 2013, and the Statement of Income and Expenditure for the period 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 these financial statements that give a true and fair view of the financial position, financial performance 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"). 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.

The Foundation Was Incorporated on 19th June 2009 under Section 25 of the Companies Act 1956 as a Company Limited by Guarantee. The license to operate under section 25 was issued by ministry of Corporate Affairs Vide Reference No. RD/25(i)/2/10/1883 dated 4th June 2009.

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 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.

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 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.

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 March 31, 2013;

b) in the case of the Statement of Income and Expenditure, of the Surplus/ Deficit for the period ended on that date; and

Report on Other Legal and Regulatory Requirements

1. 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, and Statement of Income and Expenditure dealt with by this Report are in agreement with the books of account.

INDEPENDENT AUDITORS' REPORT (Contd.)

d) in our opinion, the Balance Sheet, and Statement of Income and Expenditure, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

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 Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Kirtane & Pandit**
Chartered Accountants
FRN: 105215W

Partner
Place : Mumbai
Date : 30 May, 2013

BALANCE SHEET

As at 31 March 2013

	Notes	FY 2012-13 (Rs. Crore)	FY 2011-12 (Rs. Crore)
Shareholders' funds			
(a) Reserves and Surplus	1.1	0.10	(0.63)
Non-current liabilities			
Current liabilities			
(b) Trade Payables	1.2	0.02	–
(c) Other Current Liabilities	1.3	0.02	0.67
(d) Short-term Provisions	1.4	0.01	–
TOTAL		**0.15**	**0.04**
ASSETS			
Current assets			
(d) Cash and Bank Balance	1.5	0.02	0.01
(f) Other Current Assets	1.6	0.13	0.03
TOTAL		**0.15**	**0.04**

For **Kirtane and Pandit**
Chartered Accountants
FRN : 105215W

Partner

For and on behalf of Board of Directors
Marico INNOVATION FOUNDATION

Harsh Mariwala Director

Milind Sarwate Director

Place: Mumbai
Date: 30 May, 2013

INCOME AND EXPENDITURE STATEMENT

for the year ended March 31, 2013

	Notes	FY 2012-13 (Rs. Crore)	FY 2011-12 (Rs. Crore)
Income:			
Revenue from Operations		1.71	0.05
Total Income		**1.71**	**0.05**
Expenditure:			
Direct Expenses	2.1	0.98	0.69
Total expenditure		**0.98**	**0.69**
Surplus/(Deficit) for the period		**0.73**	**(0.64)**

For **Kirtane and Pandit**
Chartered Accountants
FRN : 105215W

Partner

Place: Mumbai
Date: 30 May, 2013

For and on behalf of Board of Directors
Marico INNOVATION FOUNDATION

Harsh Mariwala
Director

Milind Sarwate
Director

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

1.1 Reserves and surplus

	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
Surplus in the Statement of Income & Expenditure		
Opening balance	(0.63)	0.01
(+) Surplus/(Deficit) for the period	0.73	(0.64)
Closing Balance	0.10	(0.63)
Total	**0.10**	**(0.63)**

1.2 Trade payables

	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
Sundry Creditors	0.02	–
Total	**0.02**	**–**

1.3 Other current liabilities

	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
Statutory liabilities	0.01	0.01
Advances received from Marico Ltd.		0.65
Audit Fees payable	0.01	0.01
Total	**0.02**	**0.67**

1.4 Short Term Provisions

	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
(a) Other Provisions	0.01	–
Total	**0.01**	**–**

1.5 Cash And Bank Balances

	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
a. Balances with banks		
Bank Balance	0.02	0.01
Total	**0.02**	**0.01**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

1.6 Other Current Assets

	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
Advance paid to Alok Nanda & Company	–	0.02
Advance paid to NCPA	–	0.01
Innovation Alchemy	0.13	–
Total	**0.13**	**0.03**

2.1 Direct Expenses

	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
Advertisement	0.06	0.01
Audit Fees	0.01	0.01
Awards Function	0.03	–
Books & Periodicals	–	0.01
Car Hire Charges	0.01	0.01
Conference	–	0.06
Data Card Expenses	–	0.01
Donations	–	0.01
Event Expenses	–	0.10
Hotel Rent	0.01	0.01
Magazine Publication	0.17	–
Mobile	–	0.01
Printing & Stationery	–	0.01
Professional and Legal Expenses	0.64	0.38
Seminar Expenses	–	0.01
Telephone	–	0.03
Trainee Allowance	–	0.01
Travelling	0.05	0.01
	0.98	**0.69**

2.2 Auditor's Remuneration

(Excluding service tax)

	As at 31 March 2013 Rs. Crore	As at 31 March 2012 Rs. Crore
For Audit	0.01	0.01
Total	**0.01**	**0.01**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

3 Related Party Transaction

During the year the company has entered into following related party transactions:

Name of Related Party	Nature Of transaction	**Nature of Relationship**	**Amount (in Rs. Crore)**
MARICO LTD.	Donations Received	Holding Company	1.71

Marico Innovation Foundation became a Wholly Owned Subsidiary of Marico Limited

For **Kirtane and Pandit**
Chartered Accountants
FRN : 105215W

Partner

For and on behalf of Board of Directors
Marico INNOVATION FOUNDATION

Harsh Mariwala
Director

Milind Sarwate
Director

Place: Mumbai
Date: 30 May, 2013

Registered Office:
Marico Limited
7th Floor, Grande Palladium,
175 CST Road, Kalina,
Santacruz (East),
Mumbai 400 098, India
Tel: (91-22) 6648 0480
Fax: (91-22) 26500159
(with effect from June 17, 2013)

Websites:
www.marico.com
www.kayaclinic.com
www.parachuteadvansed.com
www.saffolalife.com
www.haircodeworld.com
www.maricobd.com
www.maricoinnovationfoundation.org

email: investor@maricoindia.net

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