

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MARICO LIMITED

1. We have examined the attached consolidated Balance Sheet of Marico Limited and its subsidiaries, Marico Bangladesh Limited, MBL Industries Limited, Kaya Skin Care Limited, Sundari LLC, Marico Middle East FZE, Kaya Middle East FZE, MEL Consumer Care SAE and Pyramid for Modern Industries (collectively referred to as 'Marico group') as at March 31, 2007, and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Marico Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE and MEL Consumer Care SAE, whose financial statements reflect total assets of Rs. 86.64 Crores (comprising 11.94% of group assets) as at March 31, 2007 and total revenues of Rs. 146.87 Crores (comprising 9.37% of group revenue) and cash flows (net inflow) amounting to Rs 0.93 Crores for the year ended March 31, 2007. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. As stated in notes 3 and 4 of Schedule "R" to the consolidated financial statements, the separate financial statements of Sundari LLC and Pyramid for Modern Industries, whose financial statements reflect total assets of Rs.26.5 Crores (comprising 3.65 % of group assets) as at March 31, 2007 and total revenues of Rs. 13.55 Crores (comprising 0.86% of group revenue) and cash flows (net inflow) amounting to Rs. 2.55 Crores for the year ended March 31, 2007 have not been audited and, therefore, our opinion insofar as it relates to the amounts included in the consolidated financial statements in respect of the subsidiaries, is based solely on the unaudited separate financial statements prepared by the subsidiaries.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Marico Limited and its subsidiaries Kaya Skin Care Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE and MEL Consumer Care SAE and the unaudited separate financial statements of Sundari LLC and Pyramid for Modern Industries included in the consolidated financial statements.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Marico Limited, Kaya Skin Care Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE and MEL Consumer Care SAE and the unaudited separate financial statements of Sundari LLC and Pyramid for Modern Industries, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the consolidated Balance Sheet, of the state of affairs of Marico group as at March 31, 2007;
 - b. in the case of the consolidated Profit and Loss Account of the profit for the year ended on that date; and
 - c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For RSM & Co.
Chartered Accountants

VILAS Y. RANE
 Partner (F-33220)
 Place : Mumbai
 Date : May 18, 2007

CONSOLIDATED FINANCIALS

BALANCE SHEET

		As at March 31,	
	SCHEDULE	2007 Rs. Crore	2006 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	60.90	58.00
Reserves and surplus	B	131.47	203.48
		192.37	261.48
MINORITY INTEREST			
		0.01	–
LOAN FUNDS			
Secured loans	C	51.65	203.25
Unsecured loans	D	199.32	36.40
		250.97	239.65
DEFERRED TAX LIABILITY (NET)			
(Refer Note 14, Schedule R)		–	8.28
		443.35	509.41
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION			
		44.95	1.67
FIXED ASSETS			
Gross block	E	277.91	476.14
Less : Depreciation, amortisation and impairment		139.42	128.93
Net block		138.49	347.21
Capital work-in-progress		23.12	34.06
Asset held for Disposal		3.83	0.03
		165.44	381.30
INVESTMENTS			
DEFERRED TAX ASSET (NET)			
(Refer Note 14, Schedule R)		0.01	18.47
		115.15	–
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	221.47	132.29
Sundry debtors	H	64.26	51.53
Cash and bank balances	I	42.73	41.46
Loans and advances	J	71.66	52.88
		400.12	278.16
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	267.72	149.83
Provisions	L	14.72	20.61
		282.44	170.44
NET CURRENT ASSETS			
		117.68	107.72
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	M	0.12	0.25
		443.35	509.41
Notes to Account			
	R		

As per our attached report of even date

For RSM & Co.

Chartered Accountants

VILAS Y. RANE

Partner (F-33220)

Place : Mumbai

Date : May 18, 2007

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

BIPIN SHAH Director and Chairman of Audit Committee

VINOD KAMATH Chief - Finance & IT

VINOD KAUSHAL Company Secretary

Place : Mumbai

Date : May 18, 2007

CONSOLIDATED FINANCIALS

PROFIT AND LOSS ACCOUNT

		For the year ended March 31,	
		2007	2006
		Rs. Crore	Rs. Crore
INCOME :			
Sales		1,491.11	1,100.08
Less : Excise Duty		2.33	1.31
		1,488.78	1,098.77
Income from services		68.14	45.17
Total Sales and Services		1,556.92	1,143.94
Other income	N	10.16	3.54
		1,567.08	1,147.48
EXPENDITURE :			
Cost of materials	O	818.43	611.69
Manufacturing and other expenses	P	525.77	387.94
Finance charges [net]	Q	20.61	5.05
Depreciation, amortisation & impairment	E	52.06	44.67
Amortisation of Miscellaneous Expenditure		0.13	0.13
		1,417.00	1,049.48
PROFIT BEFORE TAXATION AND MINORITY INTEREST		150.08	98.00
Minority interest in profit of subsidiaries		-	-
PROFIT BEFORE TAXATION AND AFTER MINORITY INTEREST		150.08	98.00
Provision for taxation: - Current Tax		18.80	9.76
- MAT Credit Generation		(6.90)	(6.58)
Sub Total		11.90	3.18
- Fringe Benefit Tax		3.29	2.47
- Deferred Tax – Debit/ (Credit)		15.81	3.19
Short income tax provision of earlier years		6.19	2.28
PROFIT AFTER TAXATION AND MINORITY INTEREST		112.89	86.88
Balance brought forward as on April 1		169.55	136.83
Losses of a subsidiary adjusted in terms of the scheme (Refer Note 12, Schedule R)		24.00	-
		193.55	136.83
PROFIT AVAILABLE FOR APPROPRIATION		306.44	223.71
APPROPRIATIONS			
Interim dividends		39.06	35.96
Tax on interim dividends		5.48	5.04
Preference Dividend		1.65	-
Tax on Preference dividend		0.23	-
Capital Redemption Reserve		180.00	-
General reserve		11.62	9.89
Tax Holiday Reserve		3.65	3.27
BALANCE CARRIED TO THE BALANCE SHEET		64.75	169.55
BASIC AND DILUTED EARNINGS PER SHARE		1.88	1.50

Notes

R

As per our attached report of even date

For RSM & Co.
Chartered Accountants

VILAS Y. RANE
Partner (F-33220)

Place : Mumbai
Date : May 18, 2007

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
VINOD KAMATH Chief - Finance & IT
VINOD KAUSHAL Company Secretary

Place : Mumbai
Date : May 18, 2007

CONSOLIDATED FINANCIALS

CASH FLOW STATEMENT

		For the year ended March 31,	
		2007	2006
		Rs. Crore	Rs. Crore
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax and minority interest	150.08	98.00
	Adjustments for:		
	Depreciation, amortisation and impairment (including amortisation of Miscellaneous expenditure)	52.19	44.80
	Finance charges	23.87	6.37
	Interest income	(3.26)	(1.32)
	Profit on sale of asset	(3.71)	(0.48)
	Profit on sale of investments	(0.81)	(0.73)
	Dividend income on investments	(0.09)	(0.56)
	Provision for doubtful debts	0.41	0.08
		68.60	48.16
	Operating profit before working capital changes	218.68	146.16
	Adjustments for:		
	(Increase)/ Decrease in inventories	(89.18)	(12.61)
	(Increase)/ Decrease in sundry debtors	(13.00)	(2.73)
	Increase/ (Decrease) in loans and advances	(12.65)	(9.70)
	Increase/ (Decrease) in current liabilities and provisions	108.01	54.52
		(6.82)	29.48
	Cash generated from Operations	211.86	175.64
	Income tax paid (net of refunds)	(23.46)	(10.84)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	188.40	164.80
	A		
B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(300.97)	(284.45)
	Goodwill on consolidation*	(0.69)	-
	Sale of fixed assets	1.69	4.90
	Sales (Net of Purchase) of Investments	19.27	(5.32)
	Dividend received	0.09	0.56
	Interest received	3.62	1.07
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(276.99)	(283.24)
	B		

CONSOLIDATED FINANCIALS

CASH FLOW STATEMENT

		For the year ended March 31,	
		2007	2006
		Rs. Crore	Rs. Crore
C) CASH FLOW FROM FINANCING ACTIVITIES			
Equity Share Capital Issued		151.39	–
Share issue expenses adjusted against securities premium		(6.01)	–
Amount Borrowed		11.32	173.94
Finance charges		(23.37)	(6.51)
Equity Dividend paid (Inclusive of Dividend Distribution Tax)		(45.57)	(39.38)
Preference Dividend paid (Inclusive of Dividend Distribution Tax)		(1.88)	–
NET CASH INFLOW FROM FINANCING ACTIVITIES	C	<u><u>85.88</u></u>	<u><u>128.05</u></u>
D) Effect of exchange difference on translation of foreign currency cash and cash equivalents	D	<u><u>3.98</u></u>	<u><u>(1.97)</u></u>
E) NET INCREASE IN CASH & CASH EQUIVALENTS	A + B + C + D	<u><u>1.27</u></u>	<u><u>7.64</u></u>
F) Cash and cash equivalents – opening balance (as at April 1)		41.46	33.82
G) Cash and cash equivalents – closing balance (as at March 31)		42.73	41.46

* Represents excess of purchase price paid over the net assets value of a subsidiary firm acquired from a third party.

As per our attached report of even date

For RSM & Co.
Chartered Accountants

VILAS Y. RANE
Partner (F-33220)

Place : Mumbai
Date : May 18, 2007

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
VINOD KAMATH Chief - Finance & IT
VINOD KAUSHAL Company Secretary

Place : Mumbai
Date : May 18, 2007

CONSOLIDATED FINANCIALS

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2007	2006
	Rs. Crore	Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
650,000,000 (60,000,000) Equity shares of Re. 1 each (Rs. 10 each)	65.00	60.00
150,000,000 (Nil) Preference shares of Rs. 10 each (Nil)	150.00	-
	<u>215.00</u>	<u>60.00</u>
ISSUED AND SUBSCRIBED :		
609,000,000 (58,000,000) Equity shares of Re. 1 each (Rs. 10 each) fully paid up	60.90	58.00
The above includes :		
(a) 290,000,000 (29,000,000) equity shares issued as fully paid bonus shares by capitalisation of capital redemption reserve of Rs. 290,000,000 (Rs. 290,000,000)		
(b) 265,000,000 (26,500,000) equity shares issued as fully paid bonus shares by capitalisation of General Reserve of Rs. 265,000,000 (Rs. 265,000,000)		
150,000,000 (Nil) 9.75% Redeemable Preference shares of Rs. 10 each fully paid up	150.00	-
Less: Redeemed during the year	(150.00)	-
	<u>-</u>	<u>-</u>
30,000,000 (Nil) 9.95% Redeemable Preference shares of Rs. 10 each fully paid up	30.00	-
Less: Redeemed during the year	(30.00)	-
	<u>-</u>	<u>-</u>
	<u>60.90</u>	<u>58.00</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
As on April 1	-	-
Add : Created on redemption of Redeemable Preference shares	180.00	-
Less : Utilised for adjustment of intangible assets(Net of deferred tax adjustment) in terms of the Scheme (Refer Note 12, Schedule R)	(180.00)	-
	<u>-</u>	<u>-</u>
SHARE PREMIUM ACCOUNT		
As on April 1	-	-
Add : On fresh issue of shares	148.49	-
Less : Utilised for adjustment of intangible assets(Net of deferred tax adjustment) in terms of the Scheme (Refer Note 12, Schedule R)	(129.09)	-
Less : Adjustment of share issue expenses.	(5.90)	-
As on March 31	<u>13.50</u>	<u>-</u>
GENERAL RESERVE		
As on April 1	27.99	17.15
Add : Transfer from Profit and Loss Account	11.62	9.89
Adjustment of deffered tax on impaired assets	-	0.95
As on March 31	<u>39.61</u>	<u>27.99</u>
TAX HOLIDAY RESERVE	13.38	9.97
CUMULATIVE EXCHANGE DIFFERENCES	0.23	(4.03)
(Translation adjustments)		
PROFIT AND LOSS ACCOUNT	64.75	169.55
	<u>131.47</u>	<u>203.48</u>

CONSOLIDATED FINANCIALS

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2007	2006
	Rs. Crore	Rs. Crore
SCHEDULE 'C'		
SECURED LOANS		
Term Loan from a Bank	–	200.00
Working capital finance from banks (Secured by hypothecation of stocks in trade and debtors)	51.65	3.25
	51.65	203.25
SCHEDULE 'D'		
UNSECURED LOANS		
From Banks (Short term)	197.76	34.62
Other Loans	1.56	1.78
	199.32	36.40

SCHEDULE 'E'

FIXED ASSETS

Amount in Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2006	Additions	Deductions/Adjustments	As at March 31, 2007	As at March 31, 2006	For the year	Deductions/Adjustments	As at March 31, 2007	Provision for impairment as at March 31 2007 (See note 2 below)	As at March 31, 2007	As at March 31, 2006
Tangible Assets											
Freehold land (Note 4)	1.21	0.84	0.17	1.88	–	–	–	–	–	1.88	1.21
Leasehold land (Note 4)	1.79	0.16	(0.04)	1.99	0.12	0.03	0.01	0.14	–	1.85	1.67
Buildings (Note 4)	37.67	2.06	(0.07)	39.80	6.25	1.06	(0.01)	7.32	–	32.48	31.42
Plant and machinery (Note 3)	165.02	30.31	19.84	175.49	95.61	16.70	6.24	106.07	8.36	61.06	61.77
Furniture and fittings	19.05	2.51	16.05	5.51	4.08	2.24	3.59	2.73	–	2.78	14.97
Vehicles	1.20	0.21	0.04	1.37	0.55	0.18	0.02	0.71	–	0.66	0.65
Intangible assets											
– Trademarks and copyrights (Note 5 and 6)	201.97	274.74	445.38	31.33	4.79	26.16	28.40	2.55	–	28.78	197.18
– Business & commercial rights (Note 5)	2.01	–	1.85	0.16	0.10	0.20	0.24	0.06	–	0.10	1.91
– Other intangibles (Note 5)	35.60	–	26.92	8.68	1.13	3.45	3.08	1.50	–	7.18	34.47
– Computer software	10.62	1.08	–	11.70	8.66	1.32	–	9.98	–	1.72	1.96
TOTAL	476.14	311.91	510.14	277.91	121.29	51.34	41.57	131.06	8.36	138.49	347.21
As on March 31, 2006	213.96	268.79	6.61	476.14	81.21	42.27	2.19	121.29	7.64		
Capital work-in-progress (at cost) including advances on capital account										23.12	34.06
Asset held for Disposal										3.83	0.03
										165.44	381.30

Notes :

1. Gross block includes:
 - Freehold Land Rs. 0.15 Crore (Rs. 0.30 Crore) and buildings Rs. 0.93 Crore (Rs. 1.69 Crore) where conveyance has been executed, pending registration.
 - Plant and Machinery of Rs. 2.15 Crore (Rs. 2.15 Crore) and Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on operating lease and finance lease respectively prior to April 1, 2001.
2. Includes impairment for the year Rs. 0.72 Crore (Rs. 2.40 Crore) charged to profit and loss account under "Depreciation, amortisation and impairment".
3. Additions to Plant and Machinery are net off Capital subsidy of Rs. 0.30 Crore (Nil).
4. Deductions /adjustments to Gross Block of Freehold Land, Leasehold Land and Building includes internal re-classification.
5. Deductions /adjustments to Gross Block and Depreciation/Amortisation of Intangible asset, plant and machinery and furniture and fixtures includes adjustments against Balance in Securities Premium and Capital Redemption Reserve Account in terms of the Court approval. (Refer Note 12, Schedule R)
6. Trademarks of Rs. 24.14 Crore (Rs. 93.30 Crore) are pending registration.
7. Other Intangibles comprises non-compete fees and know-how.

CONSOLIDATED FINANCIALS

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2007 Rs. Crore	2006 Rs. Crore
SCHEDULE 'F'		
INVESTMENTS (Non Trade)		
LONG TERM – UNQUOTED, AT COST		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
	0.01	0.01
CURRENT INVESTMENTS – UNQUOTED, LOWER OF COST AND FAIR VALUE		
Birla Sweep Fund 884 – Dividend Reinvestment	–	1.91
Nil (1,901,366) Units of Rs. 10 each fully paid		
Pru ICICI Floating Rate Plan D – Growth	–	0.49
Nil (479,931) Units of Rs.10 each fully paid		
DSP Merrill Lynch Liquidity Fund – Institutional – growth	–	10.01
Nil (99,256) Units of Rs. 1,000 each fully paid		
Kotak FMP series XVI – Growth	–	3.00
Nil (3,000,000) Units of Rs. 10 each fully paid		
Kotak FMP series XX – Growth	–	3.00
Nil (3,000,000) Units of Rs. 10 each fully paid		
Tata Floating Rate short term institutional plan	–	0.05
Nil (51,318) Units of Rs. 10 each fully paid		
	–	18.46
	0.01	18.47

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

Name of the scheme	No. of Units	
	Purchased	Sold
Birla Sweep Fund 664– Dividend Reinvestment	12,969,193	12,969,193
Birla Sweep Fund 884 – Dividend Reinvestment	60,655,100	62,556,466
Prudential ICICI Floating Rate Plan D – Growth	12,671,822	13,151,752
Prudential ICICI Institutional Liquid Plan– Super Institutional Growth	25,186,207	25,186,207
Pru ICICI Liquid Institutional Liquid Plan – Super Inst – Daily Dividend	14,207,322	14,207,322
Tata Liquid Super High Investment Fund–Appreciation	23,030	23,030
Tata Floating Rate Short Term Institutional Plan	5,704,574	5,755,892
Kotak Liquid (Institutional Premium)– Daily Dividend	8,571,239	8,571,239
Kotak Liquid (Institutional Premium)– Growth	18,761,108	18,761,108
Kotak Flexi Debt Scheme – Growth	8,463,258	8,463,258
Kotak Flexi Debt Scheme – Daily Dividend	3,392,708	3,392,708
Kotak FMP Series XX – Growth	–	3,000,000
Kotak FMP Series XVI – Growth	–	3,000,000
DSP Merrill Lynch Liquidity Fund – Institutional – Growth	48,771	148,027
Principal Floating Rate Fund SMP – Inst. Option – Growth Plan	11,129,352	11,129,352
Principal Cash Management Fund – Liquid Option – Inst Plan – Growth Plan	8,626,624	8,626,624
Principal Cash Management Fund – Liquid Option – Inst Premium Plan – Growth Plan	31,882,216	31,882,216
Principal Cash Management Fund – Liquid Option – Inst Plan – Dividend Reinvestment –Daily	1,499,887	1,499,887
DWS Insta Cash Plus Fund – Growth Option	4,215,143	4,215,143
DWS Money Plus Fund – Growth Option	4,918,987	4,918,987

CONSOLIDATED FINANCIALS

SCHEDULES TO BALANCE SHEET

		As at March 31,	
		2007	2006
		Rs. Crore	Rs. Crore
SCHEDULE 'G'			
INVENTORIES			
(As valued and certified by the Management)			
Raw materials		74.22	46.03
Packing materials		33.47	20.22
Work-in-process		24.93	13.87
Finished products		78.08	42.92
Stores, spares and consumables		8.76	6.44
By-products		0.55	0.81
Goods in Transit		1.46	2.00
		<u>221.47</u>	<u>132.29</u>
SCHEDULE 'H'			
SUNDRY DEBTORS			
Unsecured			
Over six months	– Considered good	–	1.03
	– Considered doubtful	1.91	2.05
		<u>1.91</u>	<u>3.08</u>
Less: Provision for doubtful debts		1.91	2.05
		<u>–</u>	<u>1.03</u>
Other Debts	– Considered good	64.26	50.50
	– Considered doubtful	0.41	–
		<u>64.67</u>	<u>50.50</u>
Less: Provision for doubtful debts		0.41	–
		<u>64.26</u>	<u>50.50</u>
		<u>64.26</u>	<u>51.53</u>
SCHEDULE 'I'			
CASH AND BANK BALANCES			
Cash on hand		1.33	0.85
Remittances in transit		0.20	0.06
Balances with scheduled banks:			
	Fixed deposits (Deposited with sales tax authorities Rs. 0.11 crore (Rs. 0.10 crore))	9.56	10.11
	Margin accounts (Against Bank guarantees)	1.85	1.49
	Current accounts	26.45	14.86
Balances with non-scheduled banks:			
	Current accounts	3.34	14.09
		<u>42.73</u>	<u>41.46</u>

CONSOLIDATED FINANCIALS

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2007	2006
	Rs. Crore	Rs. Crore
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured-considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
– considered good	39.64	31.15
– considered doubtful	0.11	–
	39.75	31.15
Less: Provision for doubtful advances	0.11	–
	39.64	31.15
Deposits	17.63	13.39
Balances with central excise authorities	0.21	0.40
Interest accrued but not due on loans / deposits	0.29	0.65
Income tax payments, net of provision	–	0.33
Fringe benefit tax payments, net of provisions	0.41	0.38
MAT Credit Entitlement	13.48	6.58
	71.66	52.88
 SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors	232.20	136.06
Other liabilities	21.48	12.29
Security deposits	1.12	1.26
Interest accrued on loans	0.51	0.01
Unclaimed Dividend	12.38	0.18
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	267.72	149.83
 SCHEDULE 'L'		
PROVISIONS		
Income tax (net of payments)	4.52	–
Leave encashment	7.11	6.41
Gratuity	3.09	0.97
Interim Dividend	–	11.60
Tax on Interim Dividend	–	1.63
	14.72	20.61
 SCHEDULE 'M'		
MISCELLANEOUS EXPENDITURE		
Deferred Revenue Expenditure	0.12	0.25
	0.12	0.25

CONSOLIDATED FINANCIALS

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31,	
	2007	2006
	Rs. Crore	Rs. Crore
SCHEDULE 'N'		
OTHER INCOME		
Income from current investments		
Profits on sale of units of mutual funds	0.81	0.73
Dividend	0.09	0.56
Miscellaneous income	9.26	2.25
(Refer note 7, Schedule R)		
	10.16	3.54
SCHEDULE 'O'		
COST OF MATERIALS		
Raw materials consumed	650.90	483.25
Packing materials consumed	135.41	99.37
Stores and spares consumed	14.64	9.80
Purchase for resale	63.46	26.59
(Increase)/Decrease in stocks		
Opening stocks		
– Work-in-process	13.86	11.78
– By-products	0.81	1.21
– Finished products	42.91	37.27
Less :		
Closing stocks		
– Work-in-process	24.93	13.86
– By-products	0.55	0.81
– Finished products	78.08	42.91
	(45.98)	(7.32)
	818.43	611.69

CONSOLIDATED FINANCIALS

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31,	
	2007	2006
	Rs. Crore	Rs. Crore
SCHEDULE 'P'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	68.45	69.13
Contribution to provident fund and other funds	6.78	3.59
Welfare expenses	6.69	5.62
(Refer Note 15, Schedule R)		
	81.92	78.34
Power, fuel and water	6.43	5.12
Contract manufacturing charges	51.21	38.05
Rent and storage charges	13.67	8.58
Repairs :		
- Buildings	4.53	3.78
- Machinery	5.18	4.61
- Others	1.30	1.08
Freight, forwarding and distribution expenses	58.34	43.08
Advertisement and sales promotion (Refer Note 15, Schedule R)	207.45	138.78
Rates and taxes	0.74	0.74
Sales tax and cess	15.97	12.31
Commission to selling agents	2.53	2.02
Provision for doubtful debts and advances	0.41	0.08
Printing, stationery and communication expenses	7.94	7.36
Travelling, conveyance and vehicle expenses	18.04	14.37
Royalty	0.66	0.19
Insurance	1.87	1.26
Auditors' remuneration		
- Audit Fees	0.42	0.24
- Tax Audit Fees	0.09	0.06
- Others	0.38	0.07
- Out of pocket expenses	0.01	0.01
Miscellaneous expenses	46.68	27.81
(Refer note 8, Schedule R)		
	525.77	387.94
SCHEDULE 'Q'		
FINANCE CHARGES		
Interest on		
Fixed period loans	14.10	2.99
Other loans	5.00	1.47
Bank and other financial charges	4.77	1.91
	23.87	6.37
Less : Interest income on loans, deposits, etc.	3.26	1.32
[Tax deducted at source Rs. 0.27 crore (Rs. 0.08 crore)]		
	20.61	5.05

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES:

1) The Group and nature of its operations:

Marico Limited (herein after referred to as 'the Company'), headquartered in Mumbai, India, together with its subsidiaries Marico Bangladesh Limited (MBL), MBL Industries Limited (MBLIL - subsidiary of Marico Bangladesh Limited), Kaya Skin Care Limited (KSCL) Marico Middle East FZE (MME), Kaya Middle East FZE (KME), MEL Consumer Care SAE (MELCC - subsidiary of MME), Pyramid for Modern Industries (PMI – subsidiary of MELCC) and its joint venture Sundari LLC (together referred to as 'Marico' or 'Group'), carries on business in Branded Fast Moving Consumer Goods and Branded Services. In India, Marico manufactures and markets products under the brands Parachute, Nihar, Saffola, Sweekar, Hair & Care, Sil, Revive, Shanti, Oil of Malabar, Mediker and Manjal. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 6 regional offices, 31 carrying & forwarding agents, 1 consignment agent, 5 redistribution centers and about 3600 distributors spread all over India. The Company's overseas markets comprise primarily the Middle East and SAARC countries. Marico has manufacturing facilities located at Goa, Kanjikode, Pondicherry, Daman, Jalgaon, Saswad and Dehradun supported by subcontracting units. Marico has a marketing and distribution alliance with Indo Nissin Foods Limited for Top Ramen instant noodles. Marico has the following subsidiaries/ joint venture:

- (i) Marico Bangladesh Limited in Bangladesh which manufactures and sells branded coconut oil in Bangladesh;
- (ii) MBL Industries Limited, a wholly owned subsidiary of Marico Bangladesh Limited which also sells branded coconut oil and hair oils in Bangladesh.
- (iii) Kaya Skin Care Limited which provides skin care services and sells products through Kaya Skin Clinics;
- (iv) Sundari LLC, United States, a joint venture, carrying on ayurvedic skin care products business under the brand name SUNDĀRI;
- (v) Marico Middle East FZE, in United Arab Emirates(UAE) for carrying on business, inter alia, in consumer products in the Middle East region;
- (vi) Kaya Middle East FZE, a wholly owned subsidiary of Marico Middle East FZE for carrying on business, inter alia, in skin care services and products through Kaya Skin Clinics in the Middle East region;
- (vii) MEL Consumer Care SAE, in Egypt a wholly owned subsidiary of Marico Middle East FZE set up during the year for carrying on business of hair care in Egypt under Fiancée brand which was acquired during the year;
- (viii) Pyramid for Modern Industries, in Egypt a subsidiary firm acquired by MEL Consumer Care SAE set up during the year for carrying on business of hair care in Egypt under Haircode brand.

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

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

(b) Consolidation

The consolidated financial statements include the financial statements of Marico Limited, its subsidiaries and joint venture. The results of subsidiaries/joint venture are included from the date of acquisition of a controlling interest. Any changes during the year, in the Company's shareholding in its subsidiaries / joint venture is recognized while consolidating the results of its subsidiaries / joint venture. All inter-company transactions are eliminated and the consolidated financial statements have been prepared using uniform accounting policies; except that:

- i) In case of MBL, MBLIL, Sundari and PMI deferred tax asset / liability has not been recognised. Deferred tax asset/liability if any, arising for these entities have not been determined. Hence proportion of items in the consolidated financial statements to which the different accounting policy have been applied cannot be given.

NOTES TO THE ACCOUNTS

- ii) In case of all subsidiaries depreciation in respect of Plant & Machinery (except items specified in note 2(d)(I) below) is provided on Straight Line Method instead of Written down value method. The total amount of net block of these items of fixed assets represents 18.70% of the total consolidated fixed assets of the group at the year end.
- iii) In case of KME cost of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.18% of the total consolidated inventories of the group as at year end.

The assets and liabilities of foreign companies are translated at the year end exchange rate and all the items in the profit and loss account are translated at the average annual exchange rate. The resultant translation gains and losses are shown separately as 'Cumulative exchange difference (translation differences)' under Reserves and Surplus.

(c) Fixed assets

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

(d) Depreciation / Amortisation

I. Tangible assets

- (i) Depreciation is provided on straight line basis at the higher of the rates, based on useful lives of the assets as estimated by the management every year or those stipulated by the respective statutes in India, UAE, Bangladesh, Egypt and the United States, if any.
- (ii) In Marico Limited, depreciation on plant and machinery (other than items computer hardware, moulds, laser machines at Kaya Clinics and technologically advanced machinery, which are depreciated at rates higher than statutorily prescribed on Straight Line basis at rates higher than those statutorily prescribed) is provided on Written Down Value basis.

II. Intangible assets

- (i) Trademarks, copyrights and business & commercial rights are amortised over their estimated economic life, but not exceeding 10 years.
- (ii) Other intangible assets are amortised over their estimated economic useful lives as estimated by the management, but not exceeding the period given hereunder:

Technical know how	6 years
Non-compete covenants	Non-compete period (not exceeding 10 years)
Computer software	3 years
- (iii) Deferred revenue expenditure is amortised over a period of 5 years.

(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, 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) Inventories

- (i) Raw material, packing material, stores, spares and consumables are valued at cost.
- (ii) Work-in-process and finished products are valued at lower of cost and net realisable value.
- (iii) By-products and unserviceable/damaged finished products are valued at net realisable value.
- (iv) Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in the case of finished products includes appropriate production overheads and excise duty.

NOTES TO THE ACCOUNTS

(g) Research and development

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

(h) Revenue recognition

- (i) Domestic Sales are recognised at the point of dispatch of goods to the customers and stated net off trade discount and exclusive of sales tax but inclusive of excise duty.
- (ii) Export sales are recognised based on bill of lading.
- (iii) Agency commission is recognised upon effecting sales on behalf of the principal.
- (iv) Interest and other income are recognised on accrual basis.
- (v) Revenue from services is recognized on rendering of the service.

(i) Retirement benefits

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

(j) Foreign currency transactions

- (i) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit and Loss account.
- (ii) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss account, except those relating to acquisition of fixed assets, which are included in the cost of the fixed assets.
- (iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognized as income or expense and is amortized over the life of the contract.
- (iv) Forward exchange contracts entered into to hedge the foreign currency risks of a firm commitment or a highly probable forecast transaction are marked to market as at the period end and the resultant exchange gain or loss is recognised in the Profit and Loss account.
- (v) Non-monetary foreign currency items are carried at cost / fair value and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

(k) Accounting for taxes on income

- (i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an asset by crediting the Profit & Loss Account only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period of seven succeeding assessment years.
- (ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other items are recognised only when there is a reasonable certainty of their realisation.

NOTES TO THE ACCOUNTS

(l) 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. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

(m) 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.

(n) Share Issue Expenses

Expenses incurred on issue of shares are adjusted against securities premium.

(o) Deferred revenue expenditure is amortised over a period of 5 years.

3) Subsidiaries

(i) List of subsidiaries

Name	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited	Bangladesh	100 (100)
MBL Industries Limited (Through Marico Bangladesh Limited)	Bangladesh	100 (100)
Kaya Skin Care Limited	India	100 (100)
Marico Middle East FZE	UAE	100 (100)
Kaya Middle East FZE (Through Marico Middle East FZE)	UAE	100 (100)
MEL Consumer Care SAE (Through Marico Middle East FZE)	Egypt	100 (Nil)

(ii) List of subsidiary firm

Name	Country of incorporation	Percentage of ownership interest
Pyramid for Modern Industries (through MEL Consumer Care SAE)	Egypt	99 (Nil)

(iii) The Consolidated financial statements include the audited accounts of Kaya Skin Care Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE and Kaya Middle East FZE for the year ended March 31, 2007, MEL Consumer Care SAE for the period October 1, 2006 to March 31, 2007 and unaudited accounts of Pyramid for Modern Industries for the period January 9, 2007 to March 31, 2007.

4) Joint ventures

(i) List of joint ventures

Name	Country of incorporation	Percentage of ownership interest
Sundari LLC	United States of America	75.5 (75.5)

(ii) The statutory accounting year of Sundari LLC is January to December every year, which is different from that of Marico Limited. However, for the purpose of consolidation Sundari LLC has prepared financial statements for the year ended March 31, 2007 which have not been audited.

NOTES TO THE ACCOUNTS

- (iii) In compliance with the requirement of revision to AS 27 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India, which comes into effect in respect of all accounting periods commencing on or after April 1, 2004, the Company has consolidated the result of Sundari LLC in accordance with the requirements of AS 21 (Consolidated Financial Statements).
- 5) (a) Contingent liabilities not provided for in respect of:
- (i) Counter guarantee given to banks on behalf of other companies Rs. 122.57 Crore (Rs.36.41 Crore).
 - (ii) Sales tax/cess claims disputed by the Company Rs. 2.32 Crore (Rs. 0.87 Crore).
 - (iii) Income tax and interest demands raised by authorities and disputed by the Company Rs.3.97 Crore (Rs. 8.12 Crore).
 - (iv) Claims of Custom authorities disputed by the Company Rs. 3.40 Crore (Rs.1.84 Crore)
 - (v) Claims against the Company not acknowledged as debts Rs.3.02 Crore (Rs. 3.01 Crore).
 - (vi) Service tax disputed by the Company Rs. 0.38 Crore (Rs. 0.66 Crore).
- (b) Amount outstanding towards Letters of credit Rs. 3.61 Crore (Rs. 0.32 Crore)
- 6) i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3.84 Crore (Rs. 3.51 Crore) net of advances.
- ii) Contracted commitments by MME for acquisition of shares of Egypt American Investment and Industrial Development Company (EAIIDC) Rs. 7.81 Crore (Rs. Nil).
- 7) Miscellaneous income includes lease income Rs.0.47 Crore (Rs. 0.57 Crore), Insurance claims Rs.0.29 Crore (Rs. 0.23 Crore), profit on sale/disposal of assets (Net) Rs. 3.71 Crore (Rs. 0.48 Crore) and brokerage Rs. 0.55 Crore (Rs. Nil).
- 8) Miscellaneous expenses include donations Rs. 0.62 Crore (Rs. 0.38 Crore), labour charges Rs.1.78 Crore (Rs. 1.35 Crore), training and seminar expenses Rs. 2.16 Crore (Rs.0.24 Crore), outside services Rs. 4.18 Crore (Rs. 2.50 Crore), professional charges Rs. 10.45 Crore (Rs. 8.60 Crore).
- 9) Research and development expenses aggregating Rs. 3.74 Crore (Rs.3.28 Crore) have been included under the relevant heads in the profit and loss account.
- 10) Exchange loss (net) aggregating Rs. 4.71 Crore (Rs. 0.31 Crore (gain - net)) has been included under the relevant heads in the profit and loss account.
- 11) Based on the criteria prescribed under Accounting Standard 28 (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, which has become mandatory with effect from April 1, 2004, the Company had identified certain plant and machinery with WDV of Rs.0.72 Crore (Rs. 2.40 Crore) as on March 31, 2007 as 'impaired fixed assets'. The said amount of Rs. 0.72 Crore (Rs. 2.40 Crore) had been provided for as impairment loss and included under "Depreciation, amortisation and Impairment" in the Profit & Loss Account.
- 12) During the year Marico Limited has carried out financial restructuring scheme ('Scheme') under the relevant provisions of the Companies Act, 1956. The Scheme was approved by the shareholders on February 8, 2007 and subsequently by the Hon'ble High Court vide its order dated March 23, 2007. The Scheme entails adjustment of carrying value of intangible assets such as trademarks, copyrights, business and commercial rights as on Jan 31, 2007 against the balance in securities premium account and capital redemption reserve account. Accordingly, the Company has adjusted carrying amount of the intangible assets amounting to Rs. 448.15 Crore (including Rs. 236.77 Crore acquired during the year) and related deferred tax adjustment of Rs. 139.06 Crore (net adjustment Rs. 309.09 Crore) against balance in capital redemption reserve to the extent of Rs. 180.00 Crore and securities premium account to the extent of Rs. 129.09 Crore.

The above accounting treatment has been adopted in terms of approval of the Hon'ble High Court and is different from the accounting treatment prescribed by Accounting Standard 26 on 'Intangible Asset' (AS 26) issued by the Institute of Chartered Accountants of India, as per which intangible assets have to be amortised over its useful life.

NOTES TO THE ACCOUNTS

During the year KSCL has also carried out financial restructuring scheme under the relevant provisions of Companies Act, 1956. The Scheme was approved by the shareholders on February 8, 2007 and subsequently by the Hon'ble High Court vide its order dated April 16, 2007. The scheme entails adjustment of carrying value of certain items of plant and machinery and furniture and fixtures as on January 31, 2007 and book losses against the balance in its securities premium account. Accordingly, KSCL has adjusted:

- a) carrying amount of certain items of plant and machinery to the extent of Rs. 7.08 Crore and furniture and fixtures to the extent of Rs. 11.57 Crore and related deferred tax liability of Rs. 0.18 Crore (net adjustment Rs. 18.47 Crore) and,
- b) debit balance in profit and loss to the extent of Rs. 24.00 Crore, against the balance in its securities premium account.

The above accounting treatment has been adopted in terms of approval of the Hon'ble High Court and is different from the accounting treatment prescribed by Accounting Standard 10 on 'Accounting for Fixed Assets' (AS 10) and Accounting Standard 6 on 'Depreciation Accounting' (AS 6) issued by the Institute of Chartered Accountants of India, as per which fixed assets have to be depreciated over its useful life.

Had the accounting treatment prescribed by the ASs been followed,

- a) Gross block, accumulated depreciation and net block would have been Rs. 776.88 Crore, Rs. 180.00 Crore and Rs. 596.88 Crore as against the reported figures of Rs. 277.91 Crore, Rs.139.42 Crore and Rs.138.49 Crore respectively. Further there would have been net deferred tax liability of Rs. 26.33 Crore as against net deferred tax asset of Rs. 115.15 Crore carried in the Balance Sheet. Goodwill on consolidation would have been Rs.2.25 Crore as against reported figure of Rs. 44.95 Crore.
- b) Depreciation/Amortisation charge for the year would have been higher by Rs. 8.41 Crore and profit before tax would have been lower by the corresponding amount. Further deferred tax charge for the year would have been higher by Rs.2.23 Crore and the profit after tax would have been lower by Rs.10.64 Crore.
- c) The carrying balance of capital redemption reserve, securities premium and balance in profit and loss account would have been Rs. 180.00 Crore, Rs. 142.58 Crore and Rs. 30.10 Crore respectively as against reported figure of Rs. Nil, Rs. 13.50 Crore and Rs. 64.75 Crore respectively.

13) Additional information on assets taken on lease:

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

	For the year ended March 31,	
	2007 Rs. Crore	2006 Rs. Crore
Lease payment for the period	1.82	1.36
Future minimum lease payment obligation payable		
- not later than one year	1.96	1.07
- later than one year but not later than five years	3.07	0.37
Total	5.03	1.44

CONSOLIDATED FINANCIALS

NOTES TO THE ACCOUNTS

14) Break-up of deferred tax liability:

	As at March 31,	
	2007 Rs. Crore	2006 Rs. Crore
Deferred tax asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	0.84	0.80
On Intangible assets adjusted against Capital Redemption Reserve and Securities premium account under the Capital Restructuring scheme (Refer Note 12 above)	114.90	Nil
Liabilities that are deducted for tax purpose when paid	3.36	3.04
Others	0.18	Nil
Total Deferred tax asset	119.28	3.84

	As at March 31,	
	2007 Rs. Crore	2006 Rs. Crore
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	4.13	12.12
Total Deferred tax liability	4.13	12.12
Deferred tax liability/(asset) (Net)	(115.15)	8.28

15) The above financials include exceptional items stated in the profit and loss account:

- Employees' cost is net of write back of provisions of earlier year Rs. 9.13 crore (Rs. Nil) which are no longer required.
- Advertisement and sales promotion is net of write back of provision of earlier year Rs. 4.90 crore (Rs. 4.80 crore) which are no longer required.
- Write back of earlier years' provision of miscellaneous expenses no longer required Rs. Nil (Rs. 4.50 crore).

16) Earnings per share:

	As at March 31,	
	2007 Rs. Crore	2006 Rs. Crore
Profit after taxation	112.89	86.88
Less: Preference Dividend including tax thereon	1.88	Nil
Profit available to equity share holders	111.01	86.88
Equity shares outstanding as at the year end	609,000,000	580,000,000
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	589,666,667	580,000,000
Nominal value per equity share	Re.1	Re.1
Basic and diluted earnings per equity share	Rs. 1.88	Rs.1.50

CONSOLIDATED FINANCIALS

NOTES TO THE ACCOUNTS

During the year, the Company has effected a 1:10 share split. Accordingly, the number of shares outstanding as at the year end is increased on account of the share split. The computations of basic and diluted earning per share are adjusted retrospectively for all periods presented to reflect this change in share capital.

17) Segment Information

Marico has three business segments - Consumer Products (comprising consumer product business of Marico Limited and Marico Bangladesh Limited alongwith its wholly owned subsidiary MBL Industries Limited), Skin Care (comprising Kaya Skin Care Limited and skin care business of Marico Limited in Dubai) and Global Ayurvedics (Sundari LLC.). Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. The composition of these segments is given below:

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

	(Rs. Crore)		
	Consumer Products	Others	Total
Segment revenue			
External sales	1473.84	83.08	1556.92
	(1089.87)	(54.07)	(1143.94)
Inter-segment sales	-	-	-
	(-)	(-)	(-)
Total revenue	1473.84	83.08	1556.92
	(1089.87)	(54.07)	(1143.94)
Segment Result	181.48	(10.78)	170.70
	(128.04)	(-24.99)	(103.05)
Unallocated corporate expenses			-
			(-)
Operating profit			170.69
			(103.05)
Interest expenses			23.87
			(6.37)
Interest income			3.26
			(1.32)
Net profit before tax and minority interest			150.09
			(98.00)
Net profit before tax and after minority interest			150.08
			(98.00)
Other information			
Segment assets	505.17	70.32	575.49
	(571.96)	(79.04)	(651.00)
Unallocated Corporate assets			150.30
			(28.85)
Total assets	505.17	70.32	725.79
	(571.96)	(79.04)	(679.85)
Segment liabilities	452.27	66.40	518.67
	(382.23)	(8.34)	(390.57)

CONSOLIDATED FINANCIALS

NOTES TO THE ACCOUNTS

	Consumer Products	Others	Total
Unallocated Corporate liabilities			14.74 (27.80)
Total liabilities	452.27 (382.23)	66.40 (8.34)	533.41 (418.37)
Capital expenditure	304.82 (245.20)	7.09 (23.59)	311.91 (268.79)
Depreciation, impairment and amortisation	42.46 (30.50)	9.60 (14.17)	52.06 (44.67)

i. Secondary Segment Information

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

<u>Geographical Segments</u>	<u>Composition</u>
Domestic	All over India
International	Primarily Middle East, SAARC countries, Egypt and USA

Sales revenue by geographical market

Locations	Amount (Rs. Crore)
India	1,343.15 (1,015.61)
Others (Middle East, SAARC countries, Egypt and USA)	213.77 (128.33)
Total	1,556.92 (1,143.94)

Carrying amount of assets and capital expenditure by geographical locations

	India (Rs. Crore)	Others (Rs. Crore)	Total (Rs. Crore)
Carrying amount of assets	562.96 (608.58)	162.83 (71.27)	725.79 (679.85)
Capital expenditure	35.36 (258.20)	276.55 (10.59)	311.91 (268.79)

ii. Notes to Segmental information

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

NOTES TO THE ACCOUNTS

18) Related Party disclosures

	March 31, 2007 (Rs. Crore)	March 31, 2006 (Rs. Crore)
a) Whole-time Director: Harsh Mariwala, Chairman and Managing director		
Nature of transactions:		
Remuneration for the year	1.70	1.05
Sale of residential premises	Nil	4.25
b) Employee: Rajvi Mariwala, daughter of Harsh Mariwala		
Nature of transactions:		
Remuneration for the year	0.07	0.01
c) Employee: Rishabh Mariwala, son of Harsh Mariwala		
Nature of transactions:		
Remuneration for the year	0.03	Nil

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

20) The figures for the previous year have been restated / regrouped where necessary to conform to current year's classification.

Signatures to Schedules A to R

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
BIPIN SHAH	Director and Chairman of Audit Committee
VINOD KAMATH	Chief - Finance & IT
VINOD KAUSHAL	Company Secretary

Place : Mumbai

Date : May 18, 2007