

AUDITORS' REPORT

TO THE MEMBERS OF MARICO LIMITED

1. We have audited the attached Balance Sheet of **Marico Limited** (the "Company") as at March 31,2011, and the related Profit and Loss account and Cash Flow statement for the year ended on that date (all together referred to as 'financial statements') annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss account 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 31,2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31,2011;
 - (ii) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

Vilas Y. Rane

Partner

Membership Number: F-33220

Place : Mumbai

Date : May 2, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Marico Limited on the financial statements for the year ended March 31, 2011.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4(iii) (b), 4(iii) (c), 4(iii) (d), 4(iii) (f) and (iii) (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

ANNEXURE TO AUDITORS' REPORT

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, customs duty and cess as at March 31, 2011 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of dues	Amount (Rs. crore)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act and Local Sales Tax Acts	Sales tax including interest and penalty as applicable	10.03	2005 -06 to 2009-10	Additional Commissioner - Sales Tax Appeals
		0.65	Various years	Deputy Commissioner – Sales Tax Appeals.
		0.13	2005-06 to 2006-07	Joint Commissioner – Sales Tax Appeals
		2.58	Various years	Sales Tax Tribunal
		0.53	2010 -11	High Court – U.P
		0.17	2007-08	Superintendent of Sales Tax
		0.57	2004-05	Assistant Commissioner – Sales Tax Appeals
Maharashtra Agricultural Produce Marketing (Development & Regulation) Act, 1963	Supervision charges	1.04	2006 to 2010	Mumbai High Court
Maharashtra Agricultural Produce Marketing (Development & Regulation) Act, 1963	Agricultural Produce Marketing committee cess – Goa Bench	8.13	1997 to 2011	Mumbai High Court (Panji Bench)
The Indian Customs Act,1962	Export cess	0.09	2004	Deputy Commissioner of Customs - Kolkatta
The Indian Customs Act,1962	Redemption fine and penalty	0.30	2002 to 2004	Customs Excise and Service Tax Appellate Tribunal - Mumbai
The Indian Customs Act,1962	Custom duty	0.01	2008	Assistant Commissioner of Customs - Mumbai

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by subsidiaries from banks during the year are not prejudicial to the interest of the Company.

MARICO LIMITED

16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has created security or charge in respect of secured debentures issued and outstanding at the year-end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse

Chartered Accountants

Firm Registration No. 301112E

VILAS Y. RANE

Partner

Membership No: F-33220

Mumbai

May 2, 2011

BALANCE SHEET

	SCHEDULE	As at March 31,	
		2011 Rs. Crore	2010 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	61.44	60.93
Reserves and surplus	B	811.68	510.73
		873.12	571.66
LOAN FUNDS			
Secured loans	C	332.42	99.61
Unsecured loans	D	220.07	277.31
		552.49	376.92
		1,425.61	948.58
APPLICATION OF FUNDS			
FIXED ASSETS			
E			
Gross block		421.20	294.45
Less : Depreciation, amortisation and impairment		198.74	164.48
Net block		222.46	129.97
Capital work-in-progress		45.52	109.95
Assets held for disposal		0.18	0.01
		268.16	239.93
INVESTMENTS	F	470.36	209.11
DEFERRED TAX ASSET (NET)		26.54	58.50
(Refer Note 12 a, Schedule R)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	454.22	369.90
Sundry debtors	H	118.98	94.51
Cash and bank balances	I	18.17	11.21
Loans and Advances	J	329.57	254.17
		920.94	729.79
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	228.43	226.51
Provisions	L	31.96	62.24
		260.39	288.75
NET CURRENT ASSETS		660.55	441.04
		1,425.61	948.58
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date

For Price Waterhouse

Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE

Partner
Membership No. F-33220
Place : Mumbai
Date : May 2, 2011

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : May 2, 2011

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31,	
		2011 Rs. Crore	2010 Rs. Crore
INCOME :			
Sales		2,347.85	2,025.34
Less : Excise Duty		0.98	1.05
Total Sales and Services		2,346.87	2,024.29
Other income	M	25.17	22.06
		2,372.04	2,046.35
EXPENDITURE :			
Cost of materials	N	1,364.30	1,085.10
Manufacturing and other expenses	O	641.12	625.17
Finance charges	P	29.92	18.30
Depreciation, amortisation and impairment	E	27.63	25.21
		2,062.97	1,753.78
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		309.07	292.57
Exceptional Items - (Net) (Refer Note 13, Schedule R)		(65.47)	-
PROFIT BEFORE TAXATION		374.54	292.57
Provision for taxation : - Current Tax		70.81	55.20
- MAT Credit (entitlement) / utilisation		(43.55)	(2.55)
- Fringe Benefit Tax		-	(0.01)
- Deferred Tax - debit / (credit)		31.96	4.91
		59.22	57.55
PROFIT AFTER TAXATION		315.32	235.02
Balance brought forward as on April 1		382.58	233.10
PROFIT AVAILABLE FOR APPROPRIATION		697.90	468.12
APPROPRIATIONS			
Interim dividend		40.54	40.21
Tax on interim dividend		6.64	6.83
Debenture Redemption Reserve		16.67	15.00
General Reserve		31.53	23.50
BALANCE CARRIED TO THE BALANCE SHEET		602.52	382.58
EARNINGS PER SHARE (FACE VALUE Re.1)			
- BASIC		5.15	3.86
- DILUTED		5.12	3.84
(Refer Note 15 of Schedule R)			
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration No. 301112E

VILAS Y. RANE

Partner

Membership No. F-33220

Place : Mumbai

Date : May 2, 2011

For and on behalf of the Board of Directors

HARSH MARIWALA

Chairman and Managing Director

NIKHIL KHATTAU

Director and Chairman of Audit Committee

MILIND SARWATE

Group Chief Financial Officer and

Chief Human Resource Officer

HEMANGI WADKAR

Company Secretary & Compliance Officer

Place : Mumbai

Date : May 2, 2011

CASH FLOW STATEMENT

	For the year ended March 31,	
	2011 Rs. Crore	2010 Rs. Crore
A CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	374.54	292.57
Adjustments for:		
Depreciation, amortisation and impairment	27.63	25.21
Provision for impairment on assets written back as no longer required / on discard of assets.	(1.03)	(1.20)
Capital advances written off	1.00	–
Provision for impairment of FIANCEE Trademark (Refer Note 26, Schedule R)	13.88	–
Provision for contingencies (Refer Note 25, Schedule R)	–	29.35
Reversal of provision for contingencies (Refer Note 25, Schedule R)	(29.35)	–
Profit on divestment of Sweekar Brand (Refer Note 24, Schedule R)	(50.00)	–
Finance charges	29.92	18.30
Interest income	(5.18)	(5.60)
Loss / (Profit) on sale of assets - (net)	(0.08)	(0.09)
(Profit) / Loss on sale of investments (net)	(0.40)	(0.02)
Dividend income	(6.82)	(7.18)
Employee stock compensation expense	0.06	0.08
Provision for doubtful debts, advances and deposits	(0.55)	1.47
	<u>(20.92)</u>	<u>60.32</u>
Operating profit before working capital changes	353.62	352.89
Adjustments for:		
(Increase)/ Decrease in inventories	(84.32)	(96.21)
(Increase)/ Decrease in sundry debtors	(23.93)	(33.93)
(Increase)/ Decrease in loans and advances	17.35	(29.07)
Increase/ (Decrease) in current liabilities and provisions	(0.38)	31.78
	<u>(91.28)</u>	<u>(127.43)</u>
Cash generated from Operations	262.34	225.46
Taxes paid (net of refunds)	(67.50)	(52.31)
NET CASH INFLOW FROM OPERATING ACTIVITIES	194.84	173.15
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(69.88)	(101.16)
Sale of fixed assets	0.68	1.68
Proceeds from divestment of Sweekar Brand	50.00	–
(Purchase) / Sale of investments (net)	(5.85)	(69.76)
Investment in a Subsidiary	(254.98)	(26.76)
Loans and advances repaid by subsidiaries	149.19	46.66
Loans and advances given to subsidiaries	(197.84)	(61.70)
Dividend income received	6.82	7.18
Interest received	4.26	5.38
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(317.60)	(198.48)

CASH FLOW STATEMENT

	For the year ended March 31,	
	2011 Rs. Crore	2010 Rs. Crore
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of Share Capital on exercise of stock option	28.59	1.83
Issue / (Redemption) of commercial papers (net)	58.90	(14.46)
Inter-Corporate deposits taken / (repaid)	–	(5.00)
Issue of Debentures	50.00	30.00
Other borrowings (repaid) / taken (net)	68.84	67.62
Finance charges paid	(29.55)	(19.76)
Equity dividend paid (inclusive of dividend distribution tax)	(47.06)	(46.67)
NET CASH INFLOW FROM FINANCING ACTIVITIES	129.72	13.56
D NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	6.96	(11.77)
E Cash and cash equivalents - opening balance (as at April 1)	11.21	22.98
F Cash and cash equivalents - closing balance (as at March 31)	18.17	11.21

Notes

- The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006
- Cash and Cash Equivalents - Closing balance include balances aggregating to Rs. 4.22 Crore (Rs. 4.19 Crore) with scheduled banks in fixed deposits and Margin accounts which is pledged against the bank guarantees and deposit with sales tax authorities, which are not available for use by the Company.
- The figures for the previous year have been regrouped where necessary to conform to current period's classification.

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration No. 301112E

VILAS Y. RANE

Partner

Membership No. F-33220

Place : Mumbai

Date : May 2, 2011

For and on behalf of the Board of Directors

HARSH MARIWALA

Chairman and Managing Director

NIKHIL KHATTAU

Director and Chairman of Audit Committee

MILIND SARWATE

Group Chief Financial Officer and

Chief Human Resource Officer

HEMANGI WADKAR

Company Secretary & Compliance Officer

Place : Mumbai

Date : May 2, 2011

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
650,000,000 (650,000,000) Equity shares of Re. 1 each (Re. 1 each)	65.00	65.00
150,000,000 (150,000,000) Preference shares of Rs. 10 each (Rs.10 each)	150.00	150.00
	<u>215.00</u>	<u>215.00</u>
ISSUED AND SUBSCRIBED		
614,399,550 (609,325,700) Equity shares of Re. 1 each (Re. 1 each) fully paid up (Refer Note 17 (a), Schedule R)	61.44	60.93
The above includes:		
(a) 290,000,000 equity shares issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve.		
(b) 265,000,000 equity shares issued as fully paid bonus shares by capitalisation of General Reserve		
	<u>61.44</u>	<u>60.93</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SECURITIES PREMIUM ACCOUNT		
As on April 1	15.30	13.50
Add : Receipt on exercise of Employees stock options (Refer Note 17(a), Schedule R)	28.08	1.79
Add : Transfer from Employee stock option reserve	0.12	0.01
As at the year end	<u>43.50</u>	<u>15.30</u>
GENERAL RESERVE		
As on April 1	91.66	68.16
Add : Transfer from Profit and Loss account	31.53	23.50
As at the year end	<u>123.19</u>	<u>91.66</u>
EMPLOYEE STOCK OPTION RESERVE (Refer Note 17(a), Schedule R)		
As on April 1	0.15	0.07
Add : Additions	0.08	0.24
	<u>0.23</u>	<u>0.31</u>
Less : Transferred to Securities Premium account	0.12	0.01
Less : Forfeited / Lapsed	0.04	0.15
As at the year end	<u>0.07</u>	<u>0.15</u>
DEBENTURE REDEMPTION RESERVE		
As on April 1	15.00	-
Add : Transfer from Profit and Loss account	16.67	15.00
As at the year end	<u>31.67</u>	<u>15.00</u>
FOREIGN CURRENCY TRANSLATION RESERVE (Refer Note 28, Schedule R)		
As on April 1	3.23	(1.72)
Adjustments during the year	2.51	4.95
As at the year end	<u>5.74</u>	<u>3.23</u>
HEDGE RESERVE ACCOUNT (Refer Note 14 c, Schedule R)		
As on April 1	2.81	(6.26)
Adjustments during the year	2.18	9.07
As at the year end	<u>4.99</u>	<u>2.81</u>
PROFIT AND LOSS ACCOUNT		
	602.52	382.58
	<u>811.68</u>	<u>510.73</u>

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'C'		
SECURED LOANS		
Secured Redeemable Non-Convertible Debentures (NCD) (Refer Note 23 a, Schedule R) (Secured against first pari passu charge over Land and Building situated at Andheri (East), Mumbai)	30.00	30.00
From banks :		
External commercial borrowings		
a) Secured by hypothecation of Plant and Machinery (Amount repayable within one year Rs.22.29 Crore (Rs 22.46 Crore))	39.01	61.76
b) Secured by (i) Pledge of shares of International Consumer Products Corporation (a Subsidiary company) ; (ii) First ranking pari passu charge over all current and future plant and machinery and (iii) mortgage on the land and building currently provided as security to NCD holders, post the repayment of the NCD immediately and, in any event, within 90 days from such repayment. The documentation for creation of charge is under progress. (Amount repayable within one year Rs. Nil)	240.76	-
Working capital finance (Secured by hypothecation of stocks in trade and debtors)	22.65	7.85
	332.42	99.61
SCHEDULE 'D'		
UNSECURED LOANS		
From banks :		
Short term	77.08	243.22
Commercial Papers (Redeemable within a year)		
Face Value	95.00	35.00
Less : Deferred interest	2.01	0.91
	92.99	34.09
(Maximum amount outstanding during the year Rs. 146.00 Crore (Rs. 104.51 Crore))		
Redeemable Non-Convertible Debentures (Refer Note 23 b, Schedule R)	50.00	-
	220.07	277.31

SCHEDULES TO BALANCE SHEET

SCHEDULE 'E'
FIXED ASSETS

Rs. Crore

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION					NET BLOCK		
	As at March 31, 2010	Additions	Deductions/ Adjustments	As at March 31, 2011	As at March 31, 2010	For the Year (See note 2 and 4 below)	Deductions/ Adjustments	As at March 31, 2011	Provision for impairment as at March 31, 2011 (See note 3 below)	As at March 2011	As at March 31, 2010
Tangible Assets											
Freehold land	2.48	0.01	-	2.49	-	-	-	-	-	2.49	2.48
Leasehold land	14.08	8.24	-	22.32	0.60	0.31	-	0.91	-	21.41	13.48
Buildings (Note 1)	51.07	54.66	-	105.73	14.77	3.84	-	18.61	-	87.12	36.30
Plant and machinery (Note 1)	179.66	68.88	7.88	240.66	117.96	19.13	6.71	130.38	4.61	105.67	56.67
Furniture and fittings	5.59	2.03	0.10	7.52	3.20	0.66	0.05	3.81	-	3.71	2.39
Vehicles	1.21	-	0.01	1.20	0.22	0.23	0.01	0.44	-	0.76	0.99
Intangible Assets											
- Trademarks and copyrights [Note 3 (b) & 5]	25.20	-	-	25.20	7.91	2.41	-	10.32	14.88	-	16.29
- Computer software	15.16	0.95	0.03	16.08	13.78	1.03	0.03	14.78	-	1.30	1.37
TOTAL	294.45	134.77	8.02	421.20	158.44	27.61	6.80	179.25	19.49	222.46	129.97
As on March 31, 2010	262.16	36.64	4.35	294.45	140.96	20.23	2.75	158.44	6.04	129.97	-
Capital work-in-progress (at cost) including advances on capital account				47.38					1.86	45.52	-
Asset held for disposal				*(112.84)					(2.89)	-	(109.95)
				0.18					-	0.18	0.01
				*(0.01)					-	-	-
									21.35	268.16	239.93

Notes :

- Gross block includes:
 - Buildings Rs.0.10 crore (Rs. 0.10 crore) where conveyance has been executed, pending registration
 - Plant and Machinery Rs. Nil (Rs. 3.95 crore) being assets given on finance lease prior to April 1, 2001.
- "Depreciation, amortisation and provision for impairment" for the year includes impairment provision in respect of capitalised assets Rs.0.02 Crore (Rs. 2.08 Crore) and Capital work in progress Rs.Nil. (Rs. 2.89 Crore).
- Provision for impairment as at March 31, 2011:
 - includes impairment as mentioned in 2 above and is net of reversal of provision no longer required Rs. Nil (Rs. 1.20 Crore) and adjustment on sale / discard of the related assets Rs. 1.46 Crore (Rs. 0.13 Crore).
 - includes provision for impairment of assets of Rs.13.88 crore (Rs. Nil), which is included under 'Exceptional items' in the Profit and Loss account. (Refer Note 26, Schedule R)
- Depreciation for the year includes accelerated depreciation charged Rs. Nil (Rs.1.56 Crore) due to revision of estimated useful life of certain assets
- Trademarks of Rs. Nil (Rs.25.20 Crore) are pending registration.

* represents previous year figures

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2011 Rs. Crore	2010 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
	<u>0.01</u>	<u>0.01</u>
Subsidiary Companies :		
Kaya Limited (Wholly Owned)	73.00	73.00
14,500,000 (14,500,000) equity shares of Rs. 10 each fully paid		
Marico Middle East FZE (Wholly Owned)	27.99	27.99
22 (22) equity share of UAE dirham 1,000,000 (1,000,000) fully paid		
Marico South Africa Consumer Care (Pty) Limited (Wholly Owned)	25.37	25.37
800 (800) equity shares of SA Rand 1.00 fully paid		
International Consumer Products Corporation	254.98	-
9,535,495 (Nil) equity shares of VND 10,000 fully paid		
	<u>381.34</u>	<u>126.36</u>
- QUOTED, AT COST		
Subsidiary Company :		
Marico Bangladesh Limited	0.86	0.86
28,350,000 (28,350,000) equity shares of Bangladesh Taka 10 each fully paid (Refer Note 2 below)		
Others :		
Indian Infrastructure Finance Company Limited	10.21	10.21
(1,000 Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 100,000/- each, guaranteed by Government of India, redeemable on 22nd January, 2014)		
	<u>11.07</u>	<u>11.07</u>
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Birla Sun Life Cash Manager - Institutional Plan - Growth	10.00	-
6,087,057 (Nil) Units of Rs. 10 each fully paid		
Fidelity Ultra Short Term Debt Fund Institutional Plan - Growth	-	10.00
NIL (8,399,009) Units of Rs. 10 each fully paid		
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	7.50	-
5,921,645 (Nil) Units of Rs. 10 each fully paid		
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	2.50	-
1,987,297 (Nil) Units of Rs. 10 each fully paid		
Birla Sun Life Dynamic Bond Fund Retail - Monthly Payout	-	2.02
NIL (1,940,982) Units of Rs. 10 each fully paid		
Birla Sunlife Saving Fund Institutional Plan - Growth	-	3.50
NIL (2,002,208) Units of Rs. 10 each fully paid		
Kotak Flexi Debt Scheme Institutional Plan - Growth	-	10.05
NIL (8,878,078) Units of Rs. 10 each fully paid		
ICICI Prudential Flexible Income Premium Institutional Plan -Growth	-	9.85
NIL (575,207) Units of Rs. 100 each fully paid		
LIC MF Savings Plus Fund Institutional Plan - Growth	-	10.28
NIL (7,029,097) Units of Rs. 10 each fully paid		
Templeton India STIR Plan - Weekly Dividend Reinvestment	-	3.14
NIL (29,243) Units of Rs. 1000 each fully paid		
Tata Treasury Manager Institutional Plan - Growth	-	10.09
NIL (96,376) Units of Rs. 1000 each fully paid		

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2011 Rs. Crore	2010 Rs. Crore
Reliance Money Manager Retail - Daily Dividend Reinvestment NIL (826) Units of Rs. 1000 each fully paid	–	0.10
IDFC Money Manager Fund - TP - Institutional Plan C - Growth 8,583,470 (2,380,321) Units of Rs. 10 each fully paid	10.00	2.60
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Growth NIL (97,076) Units of Rs. 1000 each fully paid	–	10.04
UTI Treasury Advantage Fund - Growth 75,743 (Nil) Units of Rs. 10 each fully paid	10.00	–
BPBIG ICICI Prudential Blended Plan B - Institutional Growth Option II 9,659,482 (Nil) Units of Rs. 10 each fully paid	10.16	–
DWS Money plus Fund - Institutional Plan Growth 9,865,755 (Nil) Units of Rs. 10 each fully paid	10.16	–
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale option - Growth 5,678,049 (Nil) Units of Rs. 10 each fully paid	9.50	–
JPMorgan India Short Term Income Fund - Growth 7,612,090 (Nil) Units of Rs. 10 each fully paid	8.12	–
	<u>77.94</u>	<u>71.67</u>
	<u>470.36</u>	<u>209.11</u>

Notes:

1) Cost / Market Value of Quoted/ Unquoted Investments

Aggregate value of Quoted Investments:

Cost	11.07	11.07
Market Value	1,154.80	812.01

Aggregate value of Unquoted Investments:

Cost	459.29	198.04
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2) Equity shares of Marico Bangladesh Limited were listed on Dhaka Stock exchange on August 28, 2009.

3) Units of Mutual Funds purchased and sold during the year

Name of the Scheme	Face Value Rs.	No. of Units	Purchase Cost Rs. Crore
ICICI Prudential Flexible Income Premium - Institutional Plan - Daily Dividend Reinvestment	100	4,112,281	43.48
Prudential ICICI Liquid Plan Super Institutional Plan - Daily Dividend Reinvestment	100	3,204,562	32.05
ICICI Prudential Flexible Income Premium - Institutional Plan -Growth	100	1,183,510	20.35
Prudential ICICI Liquid Plan Super Institutional Plan - Growth	100	1,909,741	26.14
BPBID ICICI Prudential - Blended Plan B - Institutional - Dividend	10	4,853,323	5.03
BPBIG ICICI Prudential Blended Plan B - Institutional Growth Option II	10	9,659,482	10.16
Fortis Money Plus - Institutional Plan - Daily Dividend Reinvestment	10	10,014,509	10.02
Fortis Overnight Fund - Institutional Plan - Daily Dividend Reinvestment	10	1,999,577	2.00
BNP Paribas Overnight Fund - Institutional Plan - Daily Dividend Reinvestment	10	13,128,445	13.13
Tata Floater Fund - Daily Dividend Reinvestment	10	22,849,287	22.93
Tata Treasury Manager Super High Investment Plan - Growth	1000	96,376	10.09
Tata Treasury Manager Super High Investment Plan-Daily Dividend Reinvestment	1000	58,346	6.50

SCHEDULES TO BALANCE SHEET

Name of the Scheme	Face Value Rs.	No. of Units	Purchase Cost Rs. Crore
Tata Floater Fund - Growth	10	11,730,072	16.50
Tata Liquid Fund - Super Institutional Plan - Growth	1000	121,165	21.00
Kotak Flexi Debt Scheme - Institutional Plan - Daily Dividend Reinvestment	10	14,109,459	20.79
Kotak Flexi Debt Scheme - Institutional Plan - Growth	10	8,878,078	10.05
Kotak Liquid Fund - Institutional Plan - Growth	10	5,392,244	10.12
Kotak Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	27,388,595	39.45
Kotak Floater - Short term - Daily Dividend	10	4,969,342	5.03
Kotak Floater - Long term - Daily Dividend	10	8,002,417	8.07
LIC Saving Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	18,297,307	18.30
LIC MF Liquid Fund - Daily Dividend Reinvestment	10	10,019,800	11.00
LIC Saving Plus Fund - Institutional Plan - Growth	10	7,029,097	10.28
LIC Floating Rate Fund - Institutional Plan - Growth	10	6,800,931	10.30
LIC MF Liquid Fund - Growth	10	6,106,415	10.35
LIC MF Income Plus Fund - Daily Dividend Reinvestment	10	6,754,301	6.75
DWS Ultra Short Term Fund - Institutional Daily Dividend Reinvestment	10	10,030,384	10.05
DWS Insta Cash Plus Fund - Super Institutional Plan - Growth	100	8,290,155	10.00
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend Reinvestment	100	7,023,486	7.05
DWS Treasury Fund - Cash - Institutional Plan - Daily Dividend Reinvestment	10	10,103,620	10.15
DWS Money plus Fund - Institutional Plan Growth	10	9,865,755	10.15
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Reinvestment	10	16,996,629	17.05
HDFC Liquid Fund Premium Plan - Daily Dividend Reinvestment	10	10,604,873	13.00
HDFC Floating Rate Income Fund- Short term Fund- wholesale Plan- Growth	10	10,086,119	10.17
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale option - Growth	10	5,678,049	9.50
JP Morgan India Treasury Fund - Super Institutional Plan-Daily Dividend Reinvestment	10	12,027,801	12.04
JP Morgan India Liquid Fund- Super Institutional Plan-Daily Dividend Reinvestment	10	4,497,034	4.50
JP Morgan India Treasury Fund- Super Institutional Plan-Growth	10	5,285,735	6.50
JP Morgan India Liquid Fund- Super Institutional Plan-Growth	10	4,098,730	5.00
JP Morgan India Short Term Income Fund - Weekly Dividend	10	10,104,722	10.13
JP Morgan India Short Term Income Fund - Growth	10	7,612,090	8.12
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Daily Dividend Reinvestment	10	5,612,381	5.61
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth	10	10,963,791	12.60
IDFC Money Manager - Treasury Plan - Plan C - Daily Dividend	10	10,171,080	10.17
Reliance Money Manager - Institutional Plan - Daily Dividend Reinvestment	1000	65,068	6.52
Reliance Money Manager - Retail Plan - Growth	1000	826	0.10
Reliance Medium Term Fund - Retail Plan - Growth Plan	10	1,830,688	3.50
Reliance Medium Term Fund - Daily Dividend Reinvestment	10	17,273,151	29.53
Reliance Money Manager - Institutional Plan - Growth Option	1000	68,485	8.60
Reliance Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	981,301	1.50

SCHEDULES TO BALANCE SHEET

Name of the Scheme	Face Value Rs.	No. of Units	Purchase Cost Rs. Crore
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan	10	10,040,662	10.04
Reliance Liquidity Fund - Daily Dividend Reinvestment	10	3,498,599	3.50
Reliance Liquid Fund - Cash Plan - Daily Dividend Reinvestment	10	9,678,426	10.78
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Growth	10	8,399,010	10.00
Templeton India Short Term Income Retail Plan - Weekly Dividend Reinvestment	1000	29,702	3.21
Templeton India Treasury Management Account Super institutional Plan - Daily Dividend Reinvestment	1000	109,939	11.00
Templeton India Ultra Short Bond Fund Super Institutional Plan Daily Dividend Reinvestment	10	30,186,837	30.22
Templeton India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	1000	59,967	6.00
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	10	5,921,645	7.50
Templeton India Ultra Short Bond Fund Institutional Plan - Growth	10	1,987,297	2.50
Birla Sunlife Saving Fund - Institutional Plan - Daily Dividend Reinvestment	10	30,471,103	30.49
Birla Sunlife Saving Fund - Institutional Plan - Growth	10	2,002,208	3.50
Birla Sunlife Cash Plus - Institutional Plan -Daily Dividend Reinvestment	10	4,990,873	5.00
Birla Sun Life Cash Manager - Institutional Plan - Growth	10	13,390,621	21.50
Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend Reinvestment	10	2,753,354	2.75
Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend	10	1,940,982	2.02
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Growth	1000	97,076	10.04
UTI Liquid Cash Plan Institutional - Growth Option	1000	7,976	1.25
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	1000	93,457	9.53
UTI Floating Rate Fund - Short term plan - Daily Dividend	1000	96,466	9.65
UTI Treasury Advantage Fund - Growth	1000	75,743	10.00

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'G'		
INVENTORIES		
(Refer Note 2 (h), Schedule R, for basis of valuation)		
Raw materials	160.88	161.46
Packing materials	55.67	46.04
Work-in-process	77.73	58.00
Finished products	152.39	98.89
Stores, spares and consumables	5.65	4.49
By-products	1.90	1.02
	454.22	369.90
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months- Considered good	2.94	-
- Considered doubtful	2.99	3.54
	5.93	3.54
Less: Provision for doubtful debts	2.99	3.54
	2.94	-
Other Debts - Considered good	116.04	94.51
	118.98	94.51
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	0.46	0.32
Remittances in transit	4.55	0.36
Balances with scheduled banks:		
Fixed Deposit	0.13	0.10
(Rs.0.13 Crore (Rs. 0.10 Crore) deposited with sales tax authorities and against bank guarantees and Rs.0.18 Crore (Rs Nil) is pledged with bank as collateral for banking facilities)		
Margin accounts (against bank guarantees)	4.09	4.09
Current accounts *	8.40	6.19
Balances with non - scheduled banks:		
Current accounts (Refer Note 9, Schedule R)	0.54	0.15
	18.17	11.21

* Includes balances in Unclaimed dividend account and Unclaimed Preference Share Capital Rs. 0.26 Crore (Rs. 0.26 Crore)

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2011 Rs. Crore	2010 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	35.87	57.69
Loans and Advances to subsidiaries	177.05	125.89
Deposits		
- Considered good	18.38	12.55
- Considered doubtful	1.00	1.00
	<u>19.38</u>	<u>13.55</u>
Less : Provision for doubtful deposits	1.00	1.00
	<u>18.38</u>	<u>12.55</u>
Balances with central excise authorities	0.16	0.70
Interest accrued on loans / deposits	0.65	0.52
Interest accrued on loans / advances to subsidiaries	1.48	0.69
Gratuity (Refer Note 20, Schedule R)	–	0.82
Income tax payments (net of provisions)	–	2.88
Fringe benefit tax payments (net of provisions)	0.48	0.48
MAT credit entitlement	95.50	51.95
	<u>329.57</u>	<u>254.17</u>
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors		
- Due to Micro and Small Enterprises (Refer Note 22, Schedule R)	1.53	–
- Others	201.02	209.08
Due to subsidiaries	0.32	1.58
Other liabilities	21.89	12.12
Security deposits	0.25	1.10
Interest accrued but not due on loans	3.16	2.37
Unclaimed dividend	0.23	0.23
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	<u>228.43</u>	<u>226.51</u>
SCHEDULE 'L'		
PROVISIONS		
Income tax (net of tax payments)	0.43	–
Leave encashment	5.57	5.35
Gratuity (Refer Note 20, Schedule R)	0.18	–
Long term service benefits	–	1.88
Contingencies (Refer Note 25, Schedule R)	–	29.35
Interim dividend	22.11	21.93
Tax on interim dividend	3.67	3.73
	<u>31.96</u>	<u>62.24</u>

SCHEDULES TO BALANCE SHEET

	For the year ended March 31,	
	2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'M'		
OTHER INCOME		
Income from current investments :		
Profit on sale of units of mutual funds	0.40	0.02
Dividend on Investment in liquid mutual funds	2.34	2.49
Income from long term investments :		
Dividend from subsidiaries	4.48	4.69
(Tax deducted at source Rs. 0.47 Crore (Rs. 0.46 Crore))		
Interest income on loans, deposits, etc.	5.18	5.60
(Tax deducted at source Rs. 0.01 Crore (Rs. 0.03 Crore))		
Miscellaneous income	12.77	9.26
(Refer note 6, Schedule R)		
	25.17	22.06
SCHEDULE 'N'		
COST OF MATERIALS		
Raw materials consumed	1,096.33	830.60
Packing materials consumed	212.68	166.41
Stores and spares consumed	22.54	14.11
Purchase for resale	106.85	85.46
(Increase)/Decrease in stocks		
Opening stocks		
- Work-in-process	58.01	50.70
- By-products	1.02	1.37
- Finished products	98.89	94.37
Less :		
Closing stocks		
- Work-in-process	77.73	58.01
- By-products	1.90	1.02
- Finished products	152.39	98.89
	(74.10)	(11.48)
	1,364.30	1,085.10

SCHEDULES TO PROFIT AND LOSS ACCOUNT

For the year ended March 31,

	2011 Rs. Crore	2010 Rs. Crore
SCHEDULE 'O'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
- Salaries, wages and bonus	91.42	90.34
- Contribution to provident fund and other funds	6.10	4.20
- Long term service benefits	3.05	1.88
- Employee stock compensation expense	0.06	0.08
- Welfare expenses	7.59	6.61
	<u>108.22</u>	<u>103.11</u>
Power, fuel and water	9.49	5.24
Contract manufacturing charges	84.91	71.14
Rent and storage charges	24.05	22.80
Repairs :		
- Buildings	2.59	2.07
- Machinery	6.30	4.72
- Others	1.77	1.75
Freight, forwarding and distribution expenses	108.58	82.32
Advertisement and sales promotion	213.65	221.65
Rates and taxes	1.07	0.82
Provision for contingencies - Excise Duty (Refer note 25, Schedule R)	—	29.35
Sales tax and cess	10.23	16.61
Commission to selling agents	3.23	3.42
Provision for doubtful debts, advances and deposits *	(0.55)	1.47
Printing, stationery and communication expenses	5.26	5.09
Travelling, conveyance and vehicle expenses	16.96	16.64
Royalty	0.29	0.42
Insurance	1.76	1.98
Auditors' remuneration		
- Audit fees	0.46	0.39
- Tax Audit fees	0.09	0.08
- Other services	0.03	0.26
- Out of pocket expenses	0.01	0.01
Exchange losses (net)	1.82	4.90
Miscellaneous expenses (Refer Note 7 , Schedule R)	40.90	28.93
	<u><u>641.12</u></u>	<u><u>625.17</u></u>
SCHEDULE 'P'		
FINANCE CHARGES		
Interest on		
Fixed period loans	13.68	10.50
Other loans	1.96	2.31
Debentures	2.50	2.23
Bank and other financial charges	11.78	3.26
	<u><u>29.92</u></u>	<u><u>18.30</u></u>

* Represent write back of doubtful debts net of provision for the year.

SCHEDULES TO PROFIT AND LOSS ACCOUNT

ADDITIONAL INFORMATION
SCHEDULE 'Q'

A) Details of Production, Turnover, Opening Stock and Closing Stock

Amount in Rs. Crore

Sr No.	Particulars (UNIT)	Period Ended	Installed Capacity (Note I)	Opening Stock		Production Quantity	Purchases		Turnover		Closing Stock	
				Quantity	Amount		Quantity	Amount	Quantity	Amount	Quantity	Amount
1	Edible Oils (Note III) (M.T.)	31.03.2011	208,000	11,255.32	78.43	125,684.28	-	-	141,869.12	1,695.54	11,369.92	109.68
		31.03.2010	170,000	9,320.97	68.34	117,485.47	-	-	131,780.03	1,476.61	11,255.32	78.43
2	Hair Oils (Note II) (K.L.)	31.03.2011	161,000	1,891.39	15.72	22,397.07	-	-	24,750.80	476.41	3,412.24	38.33
		31.03.2010	125,000	2,060.98	19.72	16,586.27	-	-	20,120.52	382.66	1,891.39	15.72
3	Oil Seeds (M.T.)	31.03.2011	-	-	-	-	15,933.63	89.07	15,933.63	92.31	-	-
		31.03.2010	-	-	-	-	19,896.32	71.10	19,896.32	82.83	-	-
4	Others [[Incl process foods and by products) and By products]	31.03.2011	-	-	5.76	-	-	17.78	-	82.61	-	6.28
		31.03.2010	-	-	7.68	-	-	14.36	-	82.19	-	5.76
	TOTAL	31.03.2011			99.91			106.85		2,346.87		154.29
		31.03.2010			95.74			85.46		2,024.29		99.91

- I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis, being technical in nature.
b) No licenses are required for products manufactured by the company as per Government of India Notification No. S.O.477(E), dated 25th July, 1991.
- II) Excludes production of hair Oil produced by others - 3,874.58 (3364.66 KL)
- III) Excludes production of Edible Oil produced by others - 16,299.44 (16228.91 M.T.)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31,			
	2011		2010	
	Quantity M.T.	Amount Rs. Crore	Quantity M.T.	Amount Rs. Crore
SCHEDULE 'Q'				
B) RAW MATERIALS CONSUMED				
Oil seeds (copra & kardi seeds)	116,540	490.91	103,887	340.81
Raw oils (other than copra & kardi seeds)	78,372	412.77	74,212	347.43
Others	–	192.65	–	142.36
		1,096.33		830.60
	%	Amount Rs. Crore	%	Amount Rs. Crore
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials				
Imported	5.27	57.74	9.96	82.77
Indigenous	94.73	1,038.59	90.04	747.83
	100	1,096.33	100.00	830.60
Stores, spares and chemicals				
Imported	–	–	–	–
Indigenous	100.00	22.54	100.00	14.11
	100.00	22.54	100.00	14.11
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw material		32.80		84.45
Packing material		2.70		6.42
Capital goods		0.16		0.50
Finished goods for resale		1.88		3.20
		37.54		94.57
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling and other expenses		0.39		0.43
Advertisement and sales promotion		2.67		5.62
Interest on other loans		3.78		1.31
Miscellaneous expenses		8.64		0.76
		15.48		8.12
F) EARNINGS IN FOREIGN EXCHANGE				
F.O.B. Value of exports		139.16		130.64
Royalty		6.84		6.56
Dividend		4.48		4.69
Interest		4.03		4.41
		154.51		146.30

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES TO ACCOUNTS:

1) The Company and nature of its operations:

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

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

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

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

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

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

Fixed assets and intangible assets are stated at cost of acquisition, less accumulated depreciation 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 (i.e. an asset requiring substantive period of time to get ready for intended use) are capitalized in accordance with the requirements of Accounting Standard 16 (AS 16), "Borrowing Costs" mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006. Other pre-operative expenses for major projects are also capitalised, where appropriate.

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

(d) Depreciation and amortisation

I. Tangible assets

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

Plant and Machinery:

a) Computer hardware and related peripherals	- 33.33%
b) Moulds	- 16.21%
c) Office Equipment	- 10% to 50%

Furniture and Fittings: - 12.50 %

Vehicles: - 20 %

NOTES TO THE ACCOUNTS

- (ii) Depreciation on factory building and plant and machinery (other than items specified in (i) above) is provided on written down value basis. Depreciation on all other assets is provided on straight line basis.
- (iii) Extra shift depreciation is provided on "Plant" basis.
- (iv) Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.
- (v) Leasehold land is amortised over the primary period of the lease.
- (vi) Fixtures in leasehold premises are amortised over the primary period of the lease.
- (vii) Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalized / up to the month in which the asset is disposed off.

II. 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:

Trademarks, copyrights and business & commercial rights	10 years
Computer software	3 years

(e) Assets taken on lease

- (i) In respect of finance lease arrangements, the assets are capitalized and depreciated. Finance charges are charged off to the Profit and Loss account of the year in which they are incurred.
- (ii) Operating lease payments are recognized as expenditure in the Profit and Loss account as per the terms of the respective lease agreement.

(f) Asset given on lease

The Company has given Plant and Machinery on an operating lease basis. Lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

(g) Investments

- (i) Long term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognise a decline in value, other than temporary.
- (ii) Current investments are valued at lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

(h) Inventories

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

(i) Research and development

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

NOTES TO THE ACCOUNTS

- (j) Revenue recognition
- (i) Domestic sales are recognised at the point of dispatch of goods to the customers, which is when risks and rewards of ownership are passed to the customers, and stated net of trade discount and exclusive of sales tax and excise duty.
 - (ii) Export sales are recognised based on the date of bill of lading except, sales to Nepal which are recognized when the goods cross the Indian territory, which is when risks and rewards of ownership are passed to the customers.
 - (iii) Revenue from services is recognized on rendering of the services.
 - (iv) Interest and other income are recognised on accrual basis.
- (k) Retirement and other benefits to employees
- Gratuity
Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit method and contributed to Employees Gratuity Fund managed by HDFC Standard Life Insurance Limited. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Profit and Loss account in the period in which they arise.
 - Superannuation
The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by ICICI Prudential Life Insurance Company Limited.
 - Leave encashment / Compensated absences
The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.
 - Provident fund
Provident fund contributions are made to a trust administered by the Company and are charged to the Profit and Loss account. The Company has an obligation to make good the shortfall if any, between return on investment by the trust and government administered interest rate.
 - Long term service benefits
Liability on account of long term service benefits is determined and provided on the basis of an independent actuarial valuation.
- (l) Foreign currency transactions
- Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Profit and Loss account.
 - Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates and the resultant exchange differences except those qualifying for hedge accounting are recognised in the Profit and Loss account.
 - 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. Exchange differences on such contracts are recognized in the Profit and Loss account in the year in which they arise.
 - The Company uses forward and options contracts to hedge its risks associated with foreign currency transactions relating to certain firm commitments and forecasted transactions. The Company also uses Interest rates swap

NOTES TO THE ACCOUNTS

- contracts to hedge its interest rate risk exposure. The Company designates these as cash flow hedges. These contracts are marked to market as at the year end and resultant exchange differences, to the extent they represent effective portion of the hedge, are recognized directly in 'Hedge Reserve account'. The ineffective portion of the same is recognized immediately in the Profit and Loss account.
- Exchange differences taken to Hedge Reserve account are recognised in the Profit and Loss account upon crystallization of firm commitments or occurrence of forecasted transactions or upon discontinuation of hedge accounting resulting from expiry / sale / termination of hedge instrument or upon hedge becoming ineffective.
 - 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.
 - Exchange differences arising on monetary items that in substance form part of Company's net investment in a non-integral foreign operation are accumulated in a 'Foreign Currency Translation Reserve' until the disposal of the net investment. The same is recognized in the Profit and Loss account upon disposal of the net investment.
- (m) Accounting for taxes on income
- (i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an asset by crediting the Profit and Loss account only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.
 - (ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or 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 deferred tax assets are recognised only when there is a reasonable certainty of their realisation.
- (n) Impairment
- The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.
- (o) Employee Stock Option Plan
- In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the options (excess of market value of shares over the exercise price of the option at the date of grant) is recognised as Employee compensation cost over the vesting period.
- (p) Employee Stock Appreciation Rights Scheme
- In respect of Employee Stock appreciation rights granted pursuant to the Company's Employee Stock Appreciation Rights Scheme, the intrinsic value of the rights (excess of market value as at the year end and the market price on the date of grant) is recognised as Employee compensation cost over the vesting period.
- (q) 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

NOTES TO THE ACCOUNTS

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.

- (r) Share issue expenses

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

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

- (i) Disputed tax demands/ claims:

	Rs. Crore	
	March 31, 2011	March 31, 2010
Sales tax	17.24	6.08
Customs duty	0.40	0.40
Agricultural Produce Marketing cess	8.14	7.93
Employees State Insurance Corporation	0.13	0.13
Excise duty on Subcontractors	0.29	0.24

- (ii) Excise duty on CNO dispatches Rs. 210.74 Crore (Rs.131.57 Crore) (Refer note 25 below)

- (iii) Claims against the Company not acknowledged as debts Rs. 0.27 Crore (Rs.0.22 Crore)

- (iv) Possible indemnification obligations under the Deed of Assignment for assignment of "Sweekar" brand, in the event the Company is unable to reinstate the trademark registration number in the records of the trademark registry within a period of six months from the date of execution of the deed - Rs. 4.00 Crore (Refer note 24 below).

- b) (i) Corporate guarantees given to banks on behalf of subsidiaries for credit and other facilities granted by banks Rs. 137.44 Crore (Rs.41.40 Crore) . The credit and other facilities availed by the subsidiaries as at the year end is Rs. 59.04 Crore (Rs.7.02 Crore)

- (ii) Stand by Letter of Credit given to banks on behalf of subsidiaries for credit and other facilities granted by banks Rs.108.47 Crore (Rs.76.45 Crore). The credit and other facilities availed by the subsidiaries as at the year end is Rs. 96.65 Crore (Rs. 54.14 Crore)

- (iii) Bank guarantees given to statutory authorities Rs. 12.26 Crore (Rs.7.08 Crore)

- c) Amount outstanding towards Letters of Credit Rs. Nil (Rs. 2.81 Crore)

- 4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 54.48 Crore (Rs. 21.22 Crore) net of advances.

- 5) Borrowing costs capitalized during the year amount to Rs. 0.42 Crore (Rs. 2.83 Crore).

- 6) Miscellaneous income includes lease income Rs. 0.39 Crore (Rs.0.43 Crore), profit on sale / disposal of assets (net) Rs. 0.08 Crore (Rs.0.09 Crore), royalty from subsidiaries Rs. 6.84 Crore (Rs. 6.56 Crore) and export subsidy Rs. 3.54 Crore (Rs.1.00 Crore).

- 7) Miscellaneous expenses include labour charges Rs. 4.53 Crore (Rs. 2.06 Crore), training and seminar expenses Rs. 4.62 Crore (Rs. 3.47 Crore), outside services Rs. 2.22 Crore (Rs. 2.21 Crore) and professional charges Rs. 18.34 Crore (Rs. 13.42 Crore), donations Rs. 0.04 Crore (Rs. 0.43 Crore) and capital advance written off Rs. 1.00 Crore and are net of excess provisions no longer required written back Rs. 1.96 Crore (Rs. 7.54 Crore) [including Impairment provision of Rs. 1.03 Crore (Rs.1.20 Crore)].

- 8) Research and Development expenses aggregating Rs. 7.53 Crore (Rs. 7.54 Crore) have been included under the relevant heads in the Profit and Loss account.

NOTES TO THE ACCOUNTS

- 9) Details of balances with non-scheduled banks are as under:

Rs. Crore

Bank Name	Balance as on March 31, 2011	Balance as on March 31, 2010	Maximum balance during the year ended March 31, 2011	Maximum balance during the year ended March 31, 2010
Standard Chartered Bank – Dubai	0.15	0.15	0.17	0.17
HSBC Vietnam - Current Account	0.39	Nil	250.40	Nil
HSBC Vietnam - Capital Account	Nil	Nil	162.56	Nil
	0.54	0.15		

- 10) Additional information on assets taken on lease:

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

Rs. Crore

	March 31, 2011	March 31, 2010
Lease rental payments recognised in the Profit and Loss account.	19.57	9.26
In respect of assets taken on non cancelable operating lease:		
Lease obligations		
Future minimum lease rental payments		
- not later than one year	1.18	1.16
- later than one year but not later than five years	0.96	0.88
Total	2.14	2.04

- 11) Additional information on assets given on operating lease:

The Company has given on lease certain plant & machinery for a lease period ranging between 1 to 3 years. These arrangements are in the nature of cancelable lease and are generally renewable by mutual consent or mutual agreeable terms.

Fixed Asset given on operating lease as at March 31, 2011 and March 31, 2010

Rs. Crore

	Cost	Accumulated Depreciation	Net Book Value
Plant and Machinery	2.03	1.94	0.09
	(2.03)	(1.92)	(0.11)

The aggregate depreciation charged on the above assets during the period ended March 31, 2011 amounted to Rs. 0.02 Crore (Rs. 0.03 Crore).

Rs. Crore

	March 31, 2011	March 31, 2010
Lease rental income recognised in the Profit and loss account.	0.39	0.43

NOTES TO THE ACCOUNTS

- 12) a) Break-up of deferred tax asset:

	Rs. Crore	
	March 31, 2011	March 31, 2010
Deferred Tax Asset:		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	1.15	1.54
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium Account under the Capital Restructuring scheme implemented in an earlier year	36.53	48.91
Liabilities / Provisions that are deducted for tax purposes when paid:		
- Provision for contingencies – Excise (Refer Note 25 of Schedule R)	Nil	9.75
- Others	2.50	2.54
Total Deferred tax asset	<u>40.18</u>	<u>62.74</u>
Deferred Tax Liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	13.64	4.24
Total Deferred tax liability	<u>13.64</u>	<u>4.24</u>
Deferred Tax Asset (net)	26.54	58.50

- b) MAT Credit includes Rs. Nil (Rs. 2.67 Crore) on account of prior year adjustments.

- 13) Details of Exceptional Items disclosed in the Profit and Loss account are as under:

	Rs. Crore	
	March 31, 2011	March 31, 2010
Reversal of provision for excise duty (Refer Note 25 below)	29.35	Nil
Profit on divestment of "Sweekar" brand (Refer Note 24 below)	50.00	Nil
Provision for impairment of "Fiancée" trademark (Refer Note 26 below)	(13.88)	Nil
Loss on sale of investment in Sundari LLC.	Nil	6.05
Less: Withdrawals from the provisions made in earlier years	Nil	6.05
Net income shown as Exceptional Items	65.47	Nil

- 14) Derivative Transactions:

- a) The total derivative instruments outstanding as on year end March 31, 2011 are Plain Forwards and Interest rate swap:

	March 31, 2011		March 31, 2010	
	Notional Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Notional Amount in Foreign currency	Equivalent Amount in Rs. at the year end (Rs. Crore)
Forward contracts outstanding **				
<u>Exports:</u>				
- in USD	6,000,000	26.75	4,250,000	19.09
<u>Foreign currency loans:</u>				
- in USD	12,308,344	54.88	11,847,085	53.21
<u>Creditors:</u>				
- in USD	5,000,000	22.29	2,057,775	9.24
- in AUD	297,898	1.37	Nil	Nil

NOTES TO THE ACCOUNTS

	March 31, 2011		March 31, 2010	
	Notional Amount in Foreign Currency	Equivalent Amount in Rs. at the year end * (Rs. Crore)	Notional Amount in Foreign currency	Equivalent Amount in Rs. at the year end (Rs. Crore)
<u>Advance Receivable:</u>				
- in AUD	Nil	Nil	600,000	2.47
<u>Loan to subsidiary:</u>				
- in ZAR	19,000,000	12.51	Nil	Nil
Options Contracts outstanding				
<u>Exports:</u>				
- in USD	Nil	Nil	7,250,000	32.57

*Converted into the exchange rate at the year end.

**Out of the forward contracts outstanding as on March 31, 2011, USD 11,000,000 (USD 6,307,775), AUD 297,898 (AUD 600,000), having fair value of Rs. 52.01 Crore (Rs. 31.19 Crore) and all outstanding option contracts as on March 31, 2011, having fair value of Rs. Nil (Rs. 1.01 Crore) have been designated as Cash Flow hedges.

- The Company has entered into Interest rate swap of USD 8,750,000 (USD 4,583,333), for hedging its interest rate exposure on borrowings in foreign currency which has a fair value of Rs. 0.34 Crore (Rs. 0.63 Crore).
- The Cash flows are expected to occur and impact the Profit and Loss account within the period of 1 year except interest rate swap, in respect of which Cash Flows are expected to occur and impact the Profit and Loss account within the period of 1 to 2 years (1 to 3 years).
- All the derivative contracts entered by the Company were for hedging purpose and not for any speculative purpose.

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

	Currency	March 31, 2011		March 31, 2010	
		Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)	Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)
a. Amount receivable in foreign currency on account of following :					
- Export of goods	AED	4,988	0.01	4,988	0.01
	USD	Nil	Nil	Nil	Nil
b. Amount (payable) / receivable in foreign currency on account of following :					
(i) Import of goods and services	AED	65,000	0.08	45,075	0.06
	AUD	Nil	Nil	188,288	0.61
	EUR	(5,038)	(0.03)	(5,303)	(0.03)
	CHF	Nil	Nil	20,600	0.09
	GBP	Nil	Nil	291	0.01
	SGD	121	0.01	Nil	Nil
	USD	Nil	Nil	Nil	Nil
(ii) Capital imports	CHF	680	0.01	680	0.01
	GBP	800	0.01	800	0.01
(iii) Loan payables *	USD	Nil	Nil	Nil	Nil

NOTES TO THE ACCOUNTS

	Currency	March 31, 2011		March 31, 2010	
		Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)	Amount in Foreign Currency	Equivalent Amount in Rs. at the year end (Rs. Crore)
c. Bank Balances	USD	215,186	0.96	96,115	0.43
	VND	2,089,001	0.01	Nil	Nil
d. Other receivable / (Payable)	USD	8,288	0.04	14,368	0.06
	AED	(4,447)	(0.01)	(4,447)	(0.01)
	EUR	600	0.01	Nil	Nil
e. Other Loans and Advances to Subsidiaries including interest accrued	AED	2,290,417	2.78	2,274,527	2.78
	TAKA	120,335,640	7.40	63,726,807	4.11
	USD	313,727	1.40	209,641	0.94
	ZAR	62,312,333	41.01	61,183,253	37.73
	EGP	371,830	0.28	595,482	0.49
	SGD	64,175	0.23	Nil	Nil

*excludes Loans payable of **Rs. 279.77 Crore [USD 62,750,000]** (Rs. 61.76 Crore [USD 13,750,000]) assigned to hedging relationship against highly probable forecast sales. The Cash flows are expected to occur and impact the Profit and Loss account within the period of 1 to 6 years.

- c) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", the Company had, during the year ended March 31, 2009, decided an early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly the net unrealised gain/(loss) of Rs. 4.99 Crore [PY Rs. 2.81 Crore] in respect of outstanding derivative instruments and foreign currency loans at the year end which qualify for hedge accounting, is standing in the 'Hedge Reserve Account', which would be recognised in the Profit and Loss account when the underlying transaction or forecast revenue arises.

15) Earnings per share:

	March 31, 2011	March 31, 2010
Profit after taxation / Profit available to equity share holders (Rs. Crore)	315.32	235.02
Equity shares outstanding as at the year end	614,399,550	609,325,700
Weighted average number of equity shares used as denominator for calculating basic earnings per share	612,569,618	609,150,561
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	615,400,555	611,557,579
Nominal value per equity share (Refer note below)	Re. 1	Re. 1
Basic earnings per equity share	Rs. 5.15	Rs. 3.86
*Diluted earnings per equity share	Rs. 5.12	Rs. 3.84

*Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 17 below.

NOTES TO THE ACCOUNTS

16) Segment Information

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

17) a) Employee Stock Option Scheme 2007

The Corporate Governance Committee of the Board of Directors of Marico Limited has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007'. Each option represents 1 equity share in the Company. The Vesting period and the Exercise Period both range from 1 year to 5 years. Pursuant to exercise of 5,073,850 (325,700) options during the year, the issued and subscribed share capital has increased by Rs. 0.51 Crore (Rs.0.03 Crore) to Rs. 61.44 Crore (Rs. 60.93 Crore) and Securities Premium account has increased by Rs. 28.20 Crore (Rs. 1.80 Crore) to Rs. 43.50 Crore (Rs. 15.30 Crore). The options outstanding as on the Balance sheet date correspond to about 0.39% (1.28%) of the current paid up equity capital of the Company.

Number of options granted, exercised and forfeited	March 31, 2011	March 31, 2010
Options outstanding at beginning of the year	7,816,800	8,339,600
Granted	Nil	1,332,100
Less : Exercised	5,073,850	325,700
Forfeited / Lapsed	354,900	1,529,200
Options outstanding at the end of the year	2,388,050	7,816,800

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted during the year Rs. 0.04 Crore (Rs. 0.08 Crore) as compensation cost under the 'intrinsic value' method. Had the Company considered 'fair value' method for accounting of compensation cost the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	March 31, 2011	March 31, 2010
Net Profit after tax as reported (Rs. Crore)	315.32	235.02
Less : Stock-based employee compensation expense (Rs. Crore)	1.76	3.91
Adjusted pro-forma (Rs. Crore)	313.56	231.11
Basic earnings per share as reported	Rs. 5.15	Rs. 3.86
Pro-forma basic earnings per share	Rs. 5.12	Rs. 3.79
Diluted earnings per share as reported	Rs. 5.12	Rs. 3.84
Pro-forma diluted earnings per share	Rs. 5.10	Rs. 3.78

- b) The Corporate Governance Committee has granted stock appreciation rights to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Scheme, 2011 ("Scheme"). The vesting period under the Scheme is from March 28, 2011 to September 30, 2013. Under the Scheme, the respective employees are entitled to receive excess of the maturity price over the grant price subject to fulfillment of certain conditions. The stock appreciation rights equivalent to 2,874,000 shares were granted to employees which were outstanding as at the year end and difference between the market price of Company's shares as at the year end and the grant price is recognized over the vesting period amounting to Rs. 0.02 Crore in the Profit and Loss account.

NOTES TO THE ACCOUNTS

18) Related Party disclosures :

a) Subsidiary: Marico Bangladesh Limited (90% holding by Marico Limited)

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Sales	98.65	89.28
2) Royalty income	3.68	2.95
3) Dividend income	4.48	4.69
4) Sale of assets	Nil	0.76
Balances		
1) Debtors	5.71	2.69
2) Investments	0.86	0.86
3) Loans and advances	7.58	4.32
Maximum balance	11.04	10.53
4) Corporate guarantees given to a bank	Nil	33.40

b) Subsidiary: MBL Industries Limited (100% holding by Marico Middle East FZE)

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Sales	Nil	0.56
Balances		
1) Loan and advances	0.22	0.23
Maximum balance	0.26	0.26

c) Subsidiary: Marico Middle East FZE (100% holding by Marico Limited)

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Sales	27.29	33.35
2) Royalty income	2.84	2.92
3) Interest income	0.26	0.54
4) Payments made on behalf of Subsidiary	0.81	0.38
5) Loans and advances recovered	34.68	31.46
6) Loans and advances given	30.33	21.19
7) Other expenses recovered by Subsidiary	Nil	0.12
8) Stand by Letter of Credit issued to bank	40.68	23.84
9) Investments	Nil	26.76
Balances		
1) Debtors	10.76	7.87
2) Investments	27.99	27.99
3) Loans and advances	3.00	3.00
Maximum balance	31.47	25.65
4) Interest accrued on loans	0.01	0.01
Maximum Balance	0.03	0.34
5) Stand by Letter of Credit issued to a bank	106.02	67.47

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d) Subsidiary: Kaya Limited (100% holding by Marico Limited)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Payments made on behalf of Subsidiary (Net)	8.43	3.06
2) Loans and advances given	130.98	0.77
3) Loans and advances recovered	103.13	22.97
Balances		
1) Investments	73.00	73.00
2) Loans and advances	112.92	79.97
Maximum balance	186.70	79.97
3) Corporate guarantees given to a bank	8.00	8.00

e) Subsidiary: Kaya Middle East FZE. (100% subsidiary of Marico Middle East FZE)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Loans and advances recovered	0.01	1.01
2) Payments made on behalf of Subsidiary	Nil	0.01
Balances		
1) Loans and advances	Nil	0.01
Maximum balance	0.02	1.07

f) Subsidiary: Sundari LLC. (100% holding by Marico Limited upto June 8, 2009)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Loss on sale of Investments	Nil	6.05
2) Withdrawals from the provisions made in earlier years	Nil	6.05
3) Sale of Investments	Nil	0.01
Balances		
1) Loans and advances	Nil	Nil

NOTES TO THE ACCOUNTS

- g)
- Subsidiary
- : MEL Consumer Care (100% holding by Marico Middle East FZE)

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Repayment of amount due to subsidiary	0.05	Nil
2) Recovery of Stand by Letter of Credit Charges	Nil	0.02
3) Stand by Letter of Credit cancelled	Nil	18.04
4) Loans and advances recovered	Nil	0.40
5) Advances from Subsidiary	Nil	0.07
Balances		
1) Loans and advances	Nil	Nil
Maximum balance	Nil	0.40
2) Due to Subsidiary	Nil	0.05
3) Stand by Letter of Credit to a bank	Nil	8.98

- h)
- Subsidiary
- : Marico Egypt Industries Company (100% holding by MEL Consumer Care)

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Purchases	1.18	1.76
2) Royalty income	0.25	0.52
3) Payments made on behalf of Subsidiary	0.44	0.09
Balances		
1) Loans and advances	0.67	0.61
Maximum balance	1.07	0.95
2) Due to Subsidiary	0.31	1.10

- i)
- Subsidiary
- : Egyptian American Investment & Industrial Development Company
-
- (100 % holding by Marico Middle East FZE)

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Royalty income	0.07	0.17
2) Payments on behalf of Subsidiary	Nil	0.09
3) Purchases	0.56	1.54
Balances		
1) Loans and advances	0.07	0.26
Maximum balance	0.28	0.28
2) Due to Subsidiary	0.10	0.43

NOTES TO THE ACCOUNTS

- j) Subsidiary: Marico South Africa Consumer Care (Pty) Limited (100 % holding by Marico Limited)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Interest income	3.77	3.87
2) Loans and advances given	12.08	Nil
Balances		
1) Investments	25.37	25.37
2) Loans and advances	52.04	37.01
Maximum balance	53.99	39.68
3) Interest accrued on Loans and Advances	1.47	0.68
Maximum balance	1.47	1.98

- k) Subsidiary: Marico South Africa (Pty) Limited (100 % holding by Marico South Africa Consumer Care (Pty) Limited)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Payments made on behalf of Subsidiary	0.06	0.24
2) Sale of assets	Nil	0.25
Balances		
1) Loans and advances	0.06	0.48
Maximum balance	0.56	0.48
2) Corporate guarantees given to a bank	44.58	Nil

- l) Subsidiary: Marico Malaysia Sdn. Bhd. (100% holding by Marico Middle East FZE)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Expenses paid on behalf of Subsidiary	0.26	Nil
2) Standby Letter of Credit given to a bank	2.23	Nil
Balances		
1) Loans and advances	0.26	Nil
Maximum balance	0.26	Nil
2) Stand by Letter of Credit given to a bank	2.45	Nil

- m) Subsidiary: International Consumer Products Corporation (85% holding by Marico Limited) (w.e.f. February 18, 2011)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Investments	254.98	Nil
Balances		
1) Investments	254.98	Nil

NOTES TO THE ACCOUNTS

- n) Subsidiary: Derma – Rx International Aesthetics Pte. Ltd. (100% holding by Kaya Limited) (w.e.f. May 22, 2010)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Corporate guarantee commission Income	0.23	Nil
2) Corporate guarantee given to a bank	82.93	Nil
Balances		
1) Loans and Advances	0.23	Nil
Maximum Balance	0.23	Nil
2) Corporate guarantees given to a bank	84.86	Nil

- o) Subsidiary firm: Wind Company (99% stake by MEL Consumer Care SAE)

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Sales	1.88	1.82
2) Sale of assets	Nil	0.12
Balances		
1) Debtors	Nil	0.02

- p) Enterprise over which Key Managerial Personnel exercise significant influence: The Bombay Oil Private Limited

	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Nature of transactions		
Transactions during the year		
1) Rent Paid	0.15	0.90
2) Payment made on behalf of the entity	Nil	1.20
3) Recovery of payments made on behalf of the entity	1.20	Nil
Balances		
1) Sundry creditors	0.01	Nil
2) Loans and advances	Nil	0.30

- q) Other related parties where control exists, however, with whom the Company did not have any transactions during the year:

- 1) CPF International (Pty) Limited (100% holding by Marico south Africa (Pty) Ltd)
- 2) The DRx Clinic Pte. Ltd. (100% holding by Derma – Rx International Aesthetics Pte. Ltd.) w.e.f. May 25, 2010
- 3) The DRx Medispa Pte. Ltd. (100% holding by Derma – Rx International Aesthetics Pte. Ltd.) w.e.f. May 25, 2010
- 4) DRx Investments Pte. Ltd. (100% holding by Derma – Rx International Aesthetics Pte. Ltd.) w.e.f. May 25, 2010
- 5) DRx Aesthetics Sdn. Bhd. (100% holding by DRx Investments Pte. Ltd.) w.e.f. May 25, 2010
- 6) DRx Meditech Pte. Ltd. (w.e.f. May 25, 2010 upto Feb 28, 2011 – merged with Derma – Rx International Aesthetics Pte. Ltd. w.e.f. March 1, 2011)
- 7) Beauté Cosmétique Soci  t   Par Actions (99% holding by International Consumer Products Corporation) w.e.f. Feb 18, 2011
- 8) Thuan Phat Foodstuff Joint Stock Company (87% holding by International Consumer Products Corporation) w.e.f. Feb 18, 2011

NOTES TO THE ACCOUNTS

Key management personnel and their relatives:

- r)
- Whole-time director:
- Harsh Mariwala, Chairman and Managing Director

Nature of transactions	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Remuneration for the year	3.58	3.03

- s)
- Employee:
- Rishabh Mariwala, son of Harsh Mariwala

Nature of transactions	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Cror
Remuneration for the year	0.13	0.11

- 19) Managerial Remuneration:

Nature of transactions:	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Profit and Loss account		
Salary	2.26	1.96
Contribution to provident and pension funds	0.26	0.23
Other perquisites	0.09	0.08
Annual performance incentives	0.97	0.76
	<u>3.58</u>	<u>3.03</u>
Remuneration to non-whole time directors (including Sitting fees)	0.46	0.25

Notes:

- The above remuneration to Chairman and Managing Director does not include contribution to Gratuity Fund and provision for Leave encashment, as these are lump sum amounts for all relevant employees based on actuarial valuation.
- Since no commission is payable during the year, computation of net profits for the year under section 198 of the Companies Act, 1956 has not been given.

- 20) The Following table sets forth the funded status of the plan and the amounts relating to gratuity and leave encashment recognized in the Company's Financials:

- A. Defined Benefit plan (Gratuity):

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
I. Actuarial assumptions for Gratuity benefits and Compensated absence for employees:		
Discount rate	8.00%	7.50%
Rate of return on Plan assets*	8.00%	8.50%
Future salary rise**	10.00%	10.00%
Attrition rate	17.00%	17.00%
Mortality	Published notes under the IC (1994-96) Mortality tables	

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

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

NOTES TO THE ACCOUNTS

		March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore		
II. Changes in benefit obligations:					
Liability at the beginning of the year		10.57	9.56		
Interest cost		0.80	0.72		
Current service cost		1.42	1.38		
Past service cost (non vested benefit)		Nil	Nil		
Past service cost (vested benefit)		Nil	Nil		
Benefits paid		(0.68)	(0.49)		
Actuarial (gain)/loss on obligations		(0.47)	(0.60)		
Liability at the end of the year		11.64	10.57		
III. Fair value of plan assets :					
Fair value of plan assets at the beginning of the year		11.39	9.02		
Expected return on plan assets		0.91	0.79		
Contributions		Nil	0.54		
Benefits paid		(0.68)	(0.49)		
Actuarial gain/(loss) on plan assets		(0.16)	1.53		
Fair value of plan assets at the end of the year		11.46	11.39		
Total Actuarial (gain)/loss to be recognized		(0.31)	(2.13)		
IV. Actual return on plan assets :					
Expected return on plan assets		0.91	0.79		
Actuarial gain/(loss) on plan assets		(0.16)	1.53		
Actual return on plan assets		0.75	2.32		
V. Amount recognised in the Balance Sheet :		March 31,			
	2011	2010	2009	2008	2007
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Liability at the end of the year	11.64	10.57	9.56	9.17	7.76
Fair value of plan assets at the end of the year	11.46	11.39	9.02	9.05	5.01
Difference	0.18	(0.82)	0.54	0.12	2.75
Unrecognised past service cost	Nil	Nil	Nil	Nil	Nil
(Assets) / Liability recognised in the Balance Sheet	0.18	(0.82)	0.54	0.12	2.75
		March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore		
VI. Percentage of each category of plan assets to total fair value of plan assets:					
Administered by HDFC Standard Life Insurance		93.32%	94.72%		
Special deposit scheme, Fixed deposit scheme and others		6.68%	5.28%		
Total		100%	100%		
VII. Expenses recognised in the Profit and Loss account :					
Current service cost		1.42	1.38		
Interest cost		0.80	0.72		
Expected return on plan assets		(0.91)	(0.79)		
Net actuarial (gain)/loss to be recognized		(0.31)	(2.13)		
Past service cost (non vested benefit) recognized		Nil	Nil		
Past service cost (vested benefit) recognized		Nil	Nil		
(Income) / Expense recognised in the Profit and Loss account		1.00	(0.82)		

NOTES TO THE ACCOUNTS

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
VIII. Balance Sheet reconciliation		
Opening net liability	(0.82)	0.54
(Income) / Expense as above	1.00	(0.82)
Employers contribution	Nil	(0.54)
Closing net liability	0.18	(0.82)

	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
IX. Experience Adjustments			
On Plan liability (gain) / loss	0.17	(0.34)	1.93
On plan asset (loss) / gain	(0.16)	1.53	(0.46)

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

B. Privileged leave (Compensated Absence for Employees):

The Company permits encashment of privileged leave accumulated by its employees on retirement and separation. 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, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Opening Balance of Compensated Absences (a)	5.35	5.04
Present value of Compensated Absences(As per actuarial valuation) as at the year end (b)	5.57	5.35
(Excess)/ Unfunded liability of Compensated Absences recognized in the Profit and Loss account for the year (b-a)	0.22	0.31

C. Defined contribution plan :

The Company has recognised Rs. 5.11 Crore (Rs. 5.03 Crore) towards contribution to provident fund, Rs 0.56 Crore (Rs. 0.64 Crore) towards contribution to superannuation fund and Rs. 0.23 Crore (Rs. 0.18 Crore) towards employee state insurance plan in Profit and Loss account.

21) The Guidance Note on implementing AS 15, Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company has accounted for the same as a defined contribution plan. However, as permitted by the circular number 2009/104919 issued by the Employees' Provident Fund Organization, the interest shortfall can be adjusted against the Reserve available with the trust. Based on the unaudited financial statements of the fund as at March 31, 2011, the Reserve available with the fund are adequate to cover interest shortfalls arising till the said date. Hence no provision for liability is required to be created on such interest shortfall as on March 31, 2011.

22) Dues payable to Micro and Small Enterprises which are outstanding for more than 45 days as at March 31, 2011 are as under:

Particulars	March 31, 2011 Rs. Crore	March 31, 2010 Rs. Crore
Amount remaining unpaid to any supplier as at the end of the accounting year	1.53	Nil
Interest paid by the Company during the year under the Act	Nil	Nil
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under the Act	Nil	Nil
Interest accrued but not due	0.01	Nil
Interest due but not paid	0.01	Ni

NOTES TO THE ACCOUNTS

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

- 23) a) Secured Debentures represent 300 8.25% Rated Taxable Redeemable Non-convertible Debentures of Face Value Rs. 10 lakhs each, aggregating to Rs. 30.00 Crore which were issued on May 8, 2009 and are redeemable at par after 3 years. As per the terms of the issue Put / Call option is available with the Investor / Company at the end of 2 years. These debentures are listed on the National Stock Exchange.
- b) During the year, on March 30, 2011, The Company has issued 500 10.05% Rated Taxable Unsecured Redeemable Non-convertible debentures of face value of Rs. 10 lakhs each aggregating to Rs. 50.00 Crore which are redeemable at par after 30 months. These debentures have been listed on the National Stock Exchange after the Balance Sheet date.
- 24) During the year, on March 25, 2011, the Company divested its edible oil brand "Sweekar" to Cargill India Private Limited for a consideration of Rs. 50.00 Crore The divestment comprised assignment of trademark, designs, copyrights as also a non-compete agreement and limited period licensing for some of the intellectual rights. The profit arising from this divestment aggregating Rs. 50 Crore has been reflected as part of "Exceptional Items" in the Profit and Loss account (Refer Note 13 above).
- 25) During the year ended March 31, 2010, the Company had made a provision of Rs. 29.35 Crore towards 75% of possible excise duty obligation which may arise in the event of unfavorable outcome of the matter in respect of coconut oil packed in container size up to 200ml and cleared on and after June 3, 2009, which is being contested by the Company. Based on the facts of the case and the legal opinion obtained in this regard, the Company had made an assessment that the probability of success in the matter is more likely than not. In terms of Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets", the possible obligation on this account could be in the nature of contingent liabilities, which need not be provided for in the accounts. Pending outcome of the matter, the Company had made the aforesaid provision in the accounts for the year ended March 31, 2010. The Management had, while finalizing financial results for the quarters ended June 30, 2010, September 30, 2010 and December 31, 2010, continued to make provision on the said basis and had provided Rs. 26.61 Crore for the first nine months ended December 31, 2010.

The Auditors had qualified their audit report for the year ended March 31, 2010 and the limited review reports for the said quarter to the effect that the said provisioning was not in accordance with the requirements of AS 29.

As at March 31, 2011, the Company has reviewed the matter again and has taken a legal opinion, which has reaffirmed the earlier assessment that the probability of success in the matter is more likely than not. Considering the continued strength of the Company's case, the Company has, during the year, reversed the entire provision of Rs. 29.35 Crore and Rs. 26.61 Crore made during the year ended March 31, 2010 and during the nine months ended December 31, 2010 respectively, having regard to the fact that the said provision was not in accordance with the requirements of AS 29. The reversal of the provision pertaining to the year ended March 31, 2010 aggregating to Rs. 29.35 Crore has been included under the head "Exceptional Items" in the Profit and Loss account. Further, deferred tax asset of Rs. 9.75 Crore created during the year ended March 31, 2010 has been reversed and included in Deferred Tax charge for the year in the Profit and Loss account. Provisions of Rs. 26.61 Crore made in the first nine months ended December 31, 2010 were reversed in the quarter ended March 31, 2011, which has no impact for the results of the full year ended March 31, 2011.

Consequently, the possible excise duty obligation of Rs. 88.97 Crore for clearances made after June 03, 2009 till March 31, 2011 and Rs. 121.77 Crore for clearances made prior to June 03, 2009 has been disclosed as Contingent Liability to the extent of the time horizon covered by show-cause notices issued by the excise department within the normal period of one year (from the date of clearance) under the excise laws.

Had the Company continued to make provisions on the same basis as in the previous year, the Profit before tax and Exceptional Items for the year would have been lower by Rs.37.38 Crore. Further, balances as at March 31, 2011 in Deferred Tax Asset and Provisions would have been higher by Rs. 21.65 Crore and Rs. 66.73 Crore respectively and balance in Reserve and Surplus would have been lower by Rs. 45.08 Crore.

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

NOTES TO THE ACCOUNTS

- 26) During the year, the Company has recognized impairment of intangible assets comprising of Trademark relating to Fiancée brand, which is used by Egyptian American Investment & Industrial Development Company. The Company charges royalty from the said subsidiary for the use of Trademark. Having regard to the impairment indicators such as losses incurred in the Fiancée business due to multiple factors like shifting consumer habits, trade issues, weakening brand strength, etc , the Company has recognized a provision of Rs. 13.88 Crore towards Impairment of Fiancée Trademark, which is included in "Exceptional Items" in the Profit and Loss account. The Company has considered pre-tax discount rate of 19 % for determining value in use.
- 27) As at March 31, 2011, Marico Limited ("Marico") holds 100 % of the Equity Capital of Kaya Limited ("Kaya") at a cost of Rs.73.00 Crore (Rs.73.00 Crore). The Company has also advanced loans to Kaya of Rs. 112.92 Crore (Rs. 79.97 Crore). As per the latest audited financial statements, Kaya has negative net-worth as at March 31, 2011. The management believes that these losses are not reflective of future trends and operations of the Company and the Kaya business model continues to be robust and offers significant long term growth opportunities. Further, the operations of Kaya are expected to improve significantly due to positive changes in the economic environment, focus on same store growth, expansion of Kaya's range of services and product offerings, savings resulting from cost management initiatives and leveraging the synergies from the acquisition of Derma Rx business in Singapore (by its wholly owned subsidiary) and by increasing the share of product sales in the total business.

Having regard to the above factors, and based on the fundamentals of Kaya and its future business plans, the management is of the opinion that it is strategically desirable for Marico to continue to support Kaya through funding (equity / debt infusion), through either fresh funds or conversion of existing loans into equity. Accordingly, the management perceives that the erosion in the value of investments in Kaya is not other than temporary. Hence, no provision for diminution in value is considered necessary in respect of the Company's investments in Kaya or of the loans and advances given to Kaya.

- 28) The Company has advanced long term loan to its wholly owned subsidiary Marico South Africa Consumer Care (Pty) Limited which is outstanding at the year ended March 31, 2011. The operations of the said subsidiary are classified as 'Non – integral foreign operations'. Accordingly, as per the requirements of Accounting Standard 11 'The effect of changes in Foreign Exchange Rates', exchange gain of Rs. 5.74 Crore (Rs. 3.23 Crore) arising on revaluation of the said loan is accumulated in 'Foreign Currency Translation Reserve', to be recognized as income or expenses in the Profit and Loss account upon disposal of the net investment in said subsidiary.
- 29) The following amounts are payable towards the Investors Education and Protection Fund account as on March 31, 2011:

Payables	March 31, 2011	March 31, 2010
	Rs. Crore	Rs. Crore
Third interim dividend of year 2003-04	0.01	Nil
Preference Shares redemption	0.02	Nil

- 30) (a) The figures in brackets represent those of the previous year
- (b) The figures for the previous year have been restated / regrouped where necessary to conform to current period's classification.

Signatures to Schedules A to R

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

For and on behalf of the Board of Directors

HARSH MARIWALA

Chairman and Managing Director

NIKHIL KHATTAU

Director and Chairman of Audit Committee

MILIND SARWATE

Group Chief Financial Officer and
Chief Human Resource Officer

HEMANGI WADKAR

Company Secretary & Compliance Officer

Place : Mumbai
Date : May 2, 2011

Place : Mumbai
Date : May 2, 2011

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 :

a) Registration details:

Registration No. : 11-49208
Balance Sheet Date : March 31, 2011

b) Capital raised during the year: Rs. Crore

Public Issue Nil
Bonus Issue Nil
Bonus Preference Shares Nil
Rights Issue Nil
Private placement Nil

* Issue of shares upon exercise of Options under Employee Stock Option Schemes: Rs. 0.51 Crore

c) Position of mobilisation and deployment of funds:

Total Liabilities — Rs. 1425.61 Crore
Total Assets — Rs. 1425.61 Crore

Sources of Funds		(Rs. Crore)	Application of Funds		(Rs. Crore)
Paid up Capital	61.44		Net Fixed Assets	268.16	
Reserves & Surplus	811.68		Investments	470.36	
Secured Loans	332.42		Net Current Assets	660.55	
Unsecured Loans	220.07		Deferred Tax Asset	26.54	
Deferred Tax Liability	Nil				
Accumulated losses	Nil				
Total Sources	1,425.61		Total Application	1,425.61	

d) Performance of the Company: (Rs. Crore)

Turnover (Sales & Other Income) 2,372.04
Total Expenditure 2,062.97
Profit before Tax 374.54
Profit after Tax 315.32
Earnings per share (in Rs.) 5.15
Dividend rate (%) 65.99%

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

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

Signatures to Schedules A to R

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : May 2, 2011