

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, 2005, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date (together referred to as 'financial statements'). 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 auditing standards generally accepted in India. These 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, ('Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2005 from being appointed as a director under 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, read with the notes thereon, give the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For RSM & Co.
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place: Mumbai
Date: April 27, 2005

ANNEXURE TO AUDITORS' REPORT

(Referred to in our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and no discrepancies were noticed on such verification during the year.
- (c) The Company has not disposed off a substantial part of fixed assets during the year, and accordingly, going concern is not affected.
- (ii) (a) As explained to us, physical verification of the inventory was carried out at reasonable intervals by the management.
- (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventory, and the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) According to information and explanations given to us, the Company has not granted or 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, clauses (b), (c), (d), (f) and (g) of Paragraph 4(iii) of the said Order relating to the rate of interest and other terms and conditions of loans, regularity of receipt/repayment of principal and interest, and steps for recovery of overdue amount in excess of Rupees one lakh are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and with regard to the sale of goods and services. Further based on our examination and according to the information and explanation given to us, we have neither come across nor have we been informed of any major weakness in internal control system.
- (v) According to information and explanations given to us and based on the disclosure of interest made by the directors of the Company, there are no particulars of contracts or arrangements referred to in section 301 of the Act which need to be entered in the register required to be maintained under that section.
- (vi) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and any other relevant provisions of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect to formulations, where pursuant to Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Service tax Wealth Tax, Custom duty, Excise duty, Cess and any other statutory dues with the appropriate authorities during the year, and there were no such outstanding dues as at March 31, 2005 for a period exceeding six months from the date they became payable.

ANNEXURE TO AUDITORS' REPORT

(b) As at March 31, 2005 according to the records of the Company, the following are the particulars of disputed dues on account of sales tax, income tax, custom duty, wealth tax, excise duty and cess matters that have not been deposited:

Name of the Statute	Amount Rs. Crores	Forum where dispute is pending
Sales Tax	1.33	Appellate Authority- upto Commissioner's Level
	0.58	Appellate Authority- Tribunal

- (x) The Company does not have any accumulated losses as at the year end, and has not incurred any cash losses during the financial year and the immediately preceding financial year.
- (xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank. The Company has not obtained any borrowings from financial institutions and by way of debentures.
- (xii) As the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, clause (xii) of the Order is not applicable.
- (xiii) Clause (xiii) relating to applicability of provisions for special statute applicable to Chit Fund, or relating to nidhi, mutual benefit funds/societies, is not applicable to the Company, in view of the nature of its business/activities during the year.
- (xiv) In respect of Company's dealing/trading in its investments, proper records have been maintained of transactions and contracts and timely entries have been made. The Company in its own name has held the investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loans during the year. Accordingly, clause (xvi) of the Order is not applicable.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not, prima facie, used the funds borrowed on short term basis for long term investments.
- (xviii) In our opinion and according to the information and explanations given to us, 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.
- (xix) The Company has not issued debentures or made any public issue during the year and accordingly clause (xix) and (xx) of the Order, are not applicable.
- (xx) To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For RSM & Co.

Chartered Accountants

VIJAY N. BHATT

Partner (F-36647)

Place : Mumbai

Date : April 27, 2005

MARICO LIMITED

BALANCE SHEET

	SCHEDULE	As at March 31,	
		2005 Rs. Crore	2004 Rs. Crore
SOURCE OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	58.00	29.00
Reserves and surplus	B	160.54	150.93
		218.54	179.93
LOAN FUNDS			
Secured loans	C	3.25	–
Unsecured loans	D	49.14	9.38
		52.39	9.38
DEFERRED TAX LIABILITY (NET)			
(Refer Note 13, Schedule R)		6.05	6.24
		276.98	195.55
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	E	170.41	152.48
Less : Depreciation, amortisation and impairment		81.30	70.32
Net block		89.11	82.16
Capital work-in-progress		11.65	7.60
		100.76	89.76
INVESTMENTS			
	F	29.09	14.43
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	112.47	94.71
Sundry debtors	H	35.36	33.46
Cash and bank balances	I	17.80	23.66
Loans and Advances - Subsidiaries		58.08	16.80
(Refer Note 9(ii), Schedule R)			
Loans and Advances - Others	J	39.05	20.62
		262.76	189.25
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	100.57	85.67
Provisions	L	15.06	12.22
		115.63	97.89
NET CURRENT ASSETS			
		147.13	91.36
		276.98	195.55
Notes	R		

As per our attached report of even date

For RSM & Co.
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place : Mumbai
Date : April 27, 2005

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
MILIND SARWATE Chief Financial Officer
DEV BAJPAI Head - Legal and Company Secretary

Place : Mumbai
Date : April 27, 2005

MARICO LIMITED

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31,	
		2005 Rs. Crore	2004 Rs. Crore
INCOME :			
Sales		949.26	850.38
Less : Excise Duty		5.21	5.28
		<u>944.05</u>	<u>845.10</u>
Income from services		3.74	2.18
Total Sales		947.79	847.28
Other income	M	5.90	4.44
		<u>953.69</u>	<u>851.72</u>
EXPENDITURE :			
Cost of materials	N	602.70	559.05
Manufacturing and other expenses	O	261.37	217.42
Finance charges	P	0.43	0.82
Depreciation, amortisation & impairment	E	11.60	11.05
		<u>876.10</u>	<u>788.34</u>
PROFIT BEFORE TAXATION		77.59	63.38
Provision for taxation : - current tax		6.05	5.23
- deferred tax - Debit / (Credit)		(0.20)	0.15
Excess income tax provision of earlier years written back		(2.05)	-
PROFIT AFTER TAXATION		73.79	58.00
Balance brought forward		112.15	94.09
PROFIT AVAILABLE FOR APPROPRIATION		185.94	152.09
APPROPRIATIONS			
Interim dividends (subject to deduction of tax where applicable)		31.03	24.65
Tax on interim dividends		4.15	3.16
Tax on redemption of 8% Redeemable Preference shares		-	3.72
Preference dividend		-	2.32
Tax on preference dividend		-	0.29
General reserve		7.38	5.80
BALANCE CARRIED TO THE BALANCE SHEET		143.38	112.15
BASIC AND DILUTED EARNINGS PER SHARE BEFORE BONUS ISSUE		12.72	19.10
BASIC AND DILUTED EARNINGS PER SHARE AFTER BONUS ISSUE		12.72	9.55
Notes	R		

As per our attached report of even date

For RSM & Co.
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place : Mumbai
Date : April 27, 2005

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
MILIND SARWATE Chief Financial Officer
DEV BAJPAI Head - Legal and Company Secretary

Place : Mumbai
Date : April 27, 2005

MARICO LIMITED

CASH FLOW STATEMENT

		For the year ended March 31,	
		2005	2004
		Rs. Crore	Rs. Crore
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	77.59	63.38
	Adjustments for:		
	Depreciation and amortisation	11.60	11.05
	Finance charges	3.03	2.30
	Interest income	(2.60)	(1.48)
	(Profit)/loss on sale of asset	(0.03)	0.38
	(Profit)/loss on sale of investments	(0.35)	0.12
	Dividend income on investments	(4.53)	(2.81)
	Provision for Doubtful debts	0.10	0.52
	Cumulative exchange differences	0.23	(0.84)
		<u>7.45</u>	<u>9.24</u>
	Operating profit before working capital changes	85.04	72.62
	Adjustments for:		
	Increase/ (Decrease) in Inventories	17.75	5.86
	Increase/ (Decrease) in Sundry Debtors	2.31	8.73
	Increase/ (Decrease) in Loans and Advances	16.98	12.76
	(Increase)/ Decrease in Current Liabilities	(15.47)	(17.76)
		<u>21.57</u>	<u>9.59</u>
	Cash generated from Operations	63.47	63.03
	Income tax paid (net of refunds)	5.40	2.47
		<u>58.07</u>	<u>60.56</u>
	NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	A	60.56
B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(22.68)	(9.83)
	Purchase of Investments	(15.13)	13.32
	Sales of Investment	0.82	–
	Dividend income	4.53	2.81
	Amalgamation of Group Copmanies	–	0.02
	Sale of Fixed Assets	0.12	0.93
	Interest income	2.55	1.48
		<u>(29.79)</u>	<u>8.73</u>
	NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	B	8.73

MARICO LIMITED

CASH FLOW STATEMENT

		For the year ended March 31,	
		2005	2004
		Rs. Crore	Rs. Crore
C) CASH FLOW FROM FINANCING ACTIVITIES			
Amount Borrowed / (Amount repaid)		42.77	(0.11)
Loans and advances to Subsidiary		(41.28)	-
Finance charges		(2.93)	(2.30)
Redemption of Preference Shares		-	(29.00)
Unclaimed Dividend paid		(0.27)	-
Unclaimed Redeemed 8% Preference Share Capital paid		(0.65)	-
Dividend paid (including tax on dividends)		(31.78)	(32.51)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	C	(34.14)	(63.92)
D) NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	A+B+C	(5.86)	5.37
E) CASH AND CASH EQUIVALENTS - OPENING BALANCE		23.66	18.29
F) CASH AND CASH EQUIVALENTS - CLOSING BALANCE	D+E	17.80	23.66

As per our attached report of even date

For RSM & Co.
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

Place : Mumbai
Date : April 27, 2005

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
MILIND SARWATE Chief Financial Officer
DEV BAJPAI Head - Legal and Company Secretary

Place : Mumbai
Date : April 27, 2005

MARICO LIMITED

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2005	2004
	Rs. Crore	Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
60,000,000 (30,000,000) Equity shares of Rs. 10 each	60.00	30.00
Nil (30,000,000) Preference shares of Rs. 10 each	–	30.00
	<u>60.00</u>	<u>60.00</u>
ISSUED AND SUBSCRIBED:		
58,000,000 (29,000,000) Equity shares of Rs. 10 each fully paid up	58.00	29.00
The above includes :		
(a) 29,000,000 (Nil) equity shares issued as fully paid bonus shares by capitalisation of capital redemption reserve of Rs.29.00 Crore. (Rs. Nil)		
(b) 26,500,000 (26,500,000) equity shares issued as fully paid bonus shares by capitalisation of General Reserve of Rs. 26.50 Crore. (Rs. 26.50 Crore)		
	<u>58.00</u>	<u>29.00</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
As per last balance sheet	29.00	1.00
Add : Created on redemption of 8% Redeemable Preference shares	–	28.00
Less : Utilised for issue of bonus equity shares	29.00	–
	<u>–</u>	<u>29.00</u>
GENERAL RESERVE		
As per last balance sheet	9.78	36.13
Add : Transfer from Profit and Loss Account	7.38	5.80
Created on transfer of net assets on amalgamation	–	0.02
Less : Utilised for creation of capital redemption reserve	–	28.00
Adjustment of impaired value of fixed assets	–	4.17
	<u>17.16</u>	<u>9.78</u>
PROFIT AND LOSS ACCOUNT		
	<u>143.38</u>	<u>112.15</u>
	<u>160.54</u>	<u>150.93</u>
SCHEDULE 'C'		
SECURED LOANS		
Working capital finance from banks	3.25	–
(Secured by hypothecation of stocks in trade and debtors)		
	<u>3.25</u>	<u>–</u>
SCHEDULE 'D'		
UNSECURED LOANS		
From Banks (Short term)	49.14	9.38
	<u>49.14</u>	<u>9.38</u>

MARICO LIMITED

SCHEDULES TO BALANCE SHEET

SCHEDULE 'E'

FIXED ASSETS

(Amount in Rs. Crore)

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK		
	As at March 31, 2004	Additions	Deductions	As at March 31, 2005	As at March 31, 2004	For the year	Deductions/ Adjustments	As at March 31, 2005	Provision for Impairment (See note 2 below)	As at March 31, 2005	As at March 31, 2004
Freehold land	1.21	-	-	1.21	-	-	-	-	-	1.21	1.21
Leasehold land	1.15	0.64	-	1.79	0.08	0.02	-	0.10	-	1.69	1.07
Buildings	37.36	3.12	0.01	40.47	4.96	0.89	0.00	5.85	-	34.62	32.40
Plant and machinery	101.81	12.66	0.59	113.88	52.55	8.94	0.56	60.93	5.23	47.71	45.10
Furniture and fittings	2.44	0.80	0.01	3.23	0.98	0.25	0.00	1.23	-	2.00	1.45
Vehicles	0.93	-	0.08	0.85	0.21	0.08	0.03	0.26	-	0.59	0.72
Intangible assets											
- Business & commercial rights	0.16	-	-	0.16	0.03	0.01	-	0.04	-	0.12	0.12
- Computer software	7.42	1.42	0.02	8.82	7.33	0.35	0.02	7.66	-	1.17	0.10
TOTAL	152.48	18.64	0.71	170.41	66.14	10.54	0.61	76.07	5.23	89.11	82.17
Previous year	141.85	14.20	3.57	152.48	57.34	11.05	2.25	66.14	4.17		
Capital work-in-progress (at cost) including advances on capital account										11.65	7.60
										100.76	89.76

Notes :

- Gross block includes - Freehold Land Rs. 0.31 Crore. (Rs. 0.31 Crore) and buildings Rs. 1.69 Crore (Rs. 1.69 Crore) pending execution of conveyance.
 - Plant and Machinery of Rs.2.15 Crore (Rs. 2.15 Crore) and Rs. 3.95 Crore. (Rs. 3.95 Crore) being assets given on operating lease and finance lease respectively prior to April 1, 2001.
- Includes impairment for the year Rs. 1.06 Crore (Rs. Nil) charged to profit and loss account under "Depreciation, amortisation and impairment".

	As at March 31,	
	2005	2004
	Rs. Crore	Rs. Crore
SCHEDULE 'F'		
INVESTMENTS (Non Trade)		
LONG TERM INVESTMENTS - UNQUOTED / AT COST		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
Subsidiary Companies :		
Marico Bangladesh Limited	0.86	0.86
1,000,000 (1,000,000) equity shares of Taka 10 each fully paid		
Kaya Skin Care Limited		
10,000,000 (7,600,000) equity shares of Rs. 10 each fully paid	10.00	7.60
Sundari LLC		
75,500 (63,000) units of USD 18.25 each fully paid	5.81	5.49
(Refer Note 20, Schedule R)		
	16.68	13.96

MARICO LIMITED

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2005 Rs. Crore	2004 Rs. Crore
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND NAV		
Investment in Mutual Fund Units		
Prudential ICICI Liquid Daily Dividend Reinvestment Fund Nil (650) Units of Rs. 10 each fully paid	–	0.00
Birla Cash Plus - Sweep Dividend Plan Nil (466,225) units of Rs. 10 each fully paid	–	0.47
Prudential ICICI Floating Rate Plan C - Growth option 3,868,920 (Nil) Units of Rs. 10 each fully paid	4.00	–
Birla Cash Sweep Plan 664 a/c 358,226.5 (Nil) Units of Rs. 10 each fully paid	0.36	–
Birla Cash Sweep Plan 884 a/c 902520.4 (Nil) Units of Rs. 10 each fully paid	0.91	–
Reliance Medium Term Fund Retail - Growth Plan - Bonus Option 2,036,689.5 (Nil) units of Rs. 10 each fully paid	7.14	–
	<u>12.41</u>	<u>0.47</u>
	<u>29.09</u>	<u>14.43</u>

Note : Units of Mutual Funds purchased and sold during the year	No. of Units	
	Purchased	Sold
Name of the Scheme		
HSBC-Institutional Plus -Daily Dividend	33,304,714	33,304,714
HSBC-Institutional Plus - Growth	6,901,702	6,901,702
Kotak Liquid (Institutional)-Daily Dividend	16,014,147	16,014,147
Kotak Liquid (Institutional - Growth)	16,231,189	16,231,189
DSP Merrill Lynch Liquidity Fund Daily Dividend	37,586,772	37,586,772
DSP Merrill Lynch Liquidity Fund- Growth	3,186,808	3,186,808
Templeton Floating - Weekly Dividend Reinvestment	248,860	248,860
Templeton- Dividend Reinvestment(float)	10,741,247	10,741,247
Templeton floating- Growth option	7,819,596	7,819,596

MARICO LIMITED

SCHEDULES TO BALANCE SHEET

	No. of Units	
	Purchased	Sold
Grindlays Cash Fund -Institutional Plan C - Daily Dividend	27,645,242	27,645,242
Grindlays Floating Rate- Institutional Plan B-Daily Dividend	11,896,613	11,896,613
Grindlays Floating -Institutional Plan C- Daily Dividend	12,011,427	12,011,427
Grindlays Floating Rate -Institutional Plan C - Growth	9,594,857	9,594,857
Grindlays Cash Fund - Institutional Plan C - Growth	19,797,828	19,797,828
Grindlays Floating Rate Fund- Super Institutional Plan C- Daily Dividend	50,414,267	50,414,267
PRU ICICI Liquid -Growth	20,650,623	20,650,623
Prudential ICICI Floating Rate Plan C - Growth option	17,305,132	13,436,211
Prudential ICICI - Daily Dividend	5,449,014	5,449,663
Tata Liquid Super High Investment Fund-Daily Dividend	5,618,090	5,618,090
Tata Liquid Super High Investment Fund-Daily Dividend	37	37
TATA LIQUID Super High Investment Fund - Appreciation	2,427,584	2,427,584
Birla Cash Sweep Plan 664 a/c	36,578,119	36,219,937
Birla Cash Sweep Plan 884 a/c	77,686,585	77,250,244
Reliance - Retail Option - Growth Option	734,795	734,795
Reliance Fixed Monthly Plan - 15	5,000,000	5,000,000
Reliance Fixed Monthly Plan - 16	5,023,250	2,036,690
Reliance Fixed Monthly Plan - 17	3,013,950	3,013,950
Reliance Mutual Treasury Plan- Institutional Plan - Weekly Dividend Option	11,614,648	11,614,648
Reliance Mutual Treasury Plan- Institutional Plan - Growth Plan	7,030,238	7,030,238
Reliance Mutual Treasury Fund Retail - Growth Plan - Bonus Option	9,783,642	2,795,326
HDFC Cash Management - Daily Dividend	13,406,098	13,406,098
HDFC -Growth	2,205,497	2,205,497
JM Financial Mutual Fund FMP-Growth Option	2,000,000	2,000,000

MARICO LIMITED

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2005	2004
	Rs. Crore	Rs. Crore
SCHEDULE 'G'		
INVENTORIES		
(As valued and certified by the management)		
Raw materials	47.74	36.39
Packing materials	15.56	10.96
Work-in-process	11.78	15.22
Finished products	33.46	29.93
Stores, spares and consumables	2.72	1.90
By-products	1.21	0.31
	<u>112.47</u>	<u>94.71</u>
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months - Considered good	0.71	0.03
- Considered doubtful	1.97	1.56
	<u>2.68</u>	<u>1.59</u>
Less: Provision for doubtful debts	1.97	1.56
	<u>0.71</u>	<u>0.03</u>
Other Debts - Considered good	34.65	33.43
	<u>35.36</u>	<u>33.46</u>
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	0.11	0.13
Balances with scheduled banks:		
Fixed deposits (Deposited with Sales Tax Authorities Rs. 0.10 Crore. (Rs. 0.14 Crore.))	2.64	0.64
Margin accounts (Against letters of credit and Bank guarantees)	1.49	1.49
Current accounts	13.56	21.40
	<u>17.80</u>	<u>23.66</u>

MARICO LIMITED

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2005	2004
	Rs. Crore	Rs. Crore
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured-considered good, unless otherwise stated)		
Inter corporate deposits	9.00	–
Advances recoverable in cash or in kind or for value to be received - considered good	19.18	10.14
Deposits	6.16	7.30
Balances with central excise authorities	0.13	0.04
Interest accrued but not due on loans	0.11	0.07
Income tax payments, net of provision	4.47	3.07
	39.05	20.62
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors	90.28	75.19
Other liabilities	8.60	7.75
Security deposits	1.34	1.54
Interest accrued but not due on loans	0.12	0.03
Unclaimed Dividend	0.21	0.48
Unclaimed Redeemed 8% Preference Share Capital	0.02	0.68
	100.57	85.67
SCHEDULE 'L'		
PROVISIONS		
Leave encashment	3.49	4.04
Interim dividend	10.15	7.25
Tax on interim dividend	1.42	0.93
	15.06	12.22

MARICO LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31,	
	2005	2004
	Rs. Crore	Rs. Crore
SCHEDULE 'M'		
OTHER INCOME		
Income from investments		
Long Term Investment		
Dividend from subsidiary	4.09	1.51
Current Investment		
Profits on sale of units of mutual funds	0.35	–
Dividend	0.44	1.30
Miscellaneous income	1.02	1.63
(Refer Note 5, Schedule R)		
	5.90	4.44
SCHEDULE 'N'		
COST OF MATERIALS		
Raw materials consumed	455.39	424.20
Packing materials consumed	89.36	76.25
Stores and spares consumed	7.36	5.80
Purchase for resale	51.58	51.25
(Increase)/Decrease in stocks		
Opening stocks		
- Work-in-process	15.22	17.44
- By-products	0.31	1.53
- Finished products	29.93	28.04
Less :		
Closing stocks		
- Work-in-process	11.78	15.22
- By-products	1.21	0.31
- Finished products	33.46	29.93
	(0.99)	1.55
	602.70	559.05

MARICO LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31,	
	2005	2004
	Rs. Crore	Rs. Crore
SCHEDULE 'O'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs:		
Salaries, wages and bonus	35.42	35.09
Contribution to provident fund and other funds	3.67	3.50
Welfare expenses	3.05	2.65
	<u>42.14</u>	<u>41.24</u>
Power, fuel and water	3.97	3.87
Contract manufacturing charges	13.10	19.21
Rent and storage charges	4.03	3.02
Repairs to Buildings	1.18	1.36
Repairs to Machinery	3.38	2.63
Repairs - Others	0.50	0.47
Freight, forwarding and distribution expenses	56.11	33.68
Advertisement and sales promotion	91.21	68.79
Rates and taxes	0.40	0.29
Sales tax and cess	10.42	8.83
Provision for doubtful debts	0.10	0.52
Printing, stationery and communication expenses	4.80	4.29
Travelling, conveyance and vehicle expenses	9.06	8.03
Insurance	0.91	0.83
Miscellaneous expenses	20.06	20.35
(Refer Note 6, Schedule R)		
	<u>261.37</u>	<u>217.42</u>
SCHEDULE 'P'		
FINANCE CHARGES		
Interest on		
Fixed period loans	0.54	0.18
Other loans	0.76	0.22
Bank and other financial charges	1.73	1.90
	<u>3.03</u>	<u>2.30</u>
Less : Interest income on loans, deposits, etc.	2.60	1.48
(Tax deducted at source Rs. 0.09 Crore. (Rs. 0.23 Crore.))		
	<u>0.43</u>	<u>0.82</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

A) Details of Production, Turnover, Opening Stock and Closing Stock											Amount in Rs. Crore		
Sr. No.	Particulars	Unit	Year ended March 31	Installed capacity (Note I)	Opening stock		Production Quantity	Purchases		Turnover		Closing stock	
					Quantity	Rs. Crore		Quantity	Rs. Crore	Quantity	Rs. Crore	Quantity	Rs. Crore
1	Raw/Refined Oils	(M.T.)	2005	150,000	3,388.18	23.18	75,735.44	7,504.45	39.65	78,971.58	759.34	3,430.11	25.51
			2004	124,320	3,074.32	20.42	73,583.19 (Note IV)	8,990.70	42.38	76,311.38	687.90	3,388.18	23.18
2	Hair Oils	(K.L.)	2005	13,200	699.36	4.70	1,480.40	-	-	7,329.83	125.28	847.99	7.07
			2004	-	859.01	5.92	700.00 (Note II)	-	-	6758.41	98.72	699.36	4.70
3	Others (Note III) (Incl processed foods and By products)		2005	-	-	2.37	-	3,346.54	11.92	-	64.64	-	2.09
			2004	-	-	3.23	-	-	8.86	-	63.76	-	2.37
4	Service Income - commission		2005	-	-	-	-	-	-	-	3.74	-	-
			2004	-	-	-	-	-	-	-	-	2.18	-
TOTAL			2005			30.24		51.58		953.00		34.67	
TOTAL			2004			29.57		51.25		852.56		30.24	

I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis, the certificate 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) Produced by others - **5,998.05 KL** (5,898.76 KL)

III) The Company deals in processed foods which are not packed in homogenous units, hence it is not practicable to furnish quantitative data.

IV) The production of Raw/Refined Oils excludes processed by others 7,355.57M.T. (7,079.09 M.T.) and includes used for internal consumption 3,779 M.T. (4,037 M.T.)

MARICO LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31,			
	2005		2004	
	Quantity	Value	Quantity	Value
	M.T.	Rs.Crore	M.T.	Rs.Crore
SCHEDULE 'Q'				
B) RAW MATERIALS CONSUMED				
Oil seeds	82,959.04	307.48	73,681.07	271.23
Raw oils	33,139.31	144.03	32,428.36	116.33
Others	–	3.88	–	36.65
		<u>455.39</u>		<u>424.20</u>
	%	Value	%	Value
		Rs. Crore		Rs. Crore
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials				
Imported	13.36%	60.85	9.31%	39.48
Indigenous	86.64%	394.54	90.69%	384.73
	<u>100.00%</u>	<u>455.39</u>	<u>100.00%</u>	<u>424.20</u>
Stores, spares and chemicals				
Imported	–	–	–	–
Indigenous	100.00%	7.36	100.00%	5.80
	<u>100.00%</u>	<u>7.36</u>	<u>100.00%</u>	<u>5.80</u>
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw material		42.37		29.14
Packing material		0.74		0.57
Capital goods		–		5.08
		<u>43.11</u>		<u>34.79</u>
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling and other expenses		4.67		1.98
Advertisement and sales promotion		9.64		6.46
		<u>14.31</u>		<u>8.44</u>
F) EARNINGS IN FOREIGN EXCHANGE				
F.O.B. Value of exports		47.23		33.61
Royalty		0.23		0.17
Dividend		4.09		1.51
Service Income		2.33		0.63
		<u>53.88</u>		<u>35.91</u>

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES:

1) The Company and nature of its operations:

Marico Limited ('Marico' or 'the Company'), headquartered in Mumbai, Maharashtra, India, carries on business in Consumer Products and Skin Care. Marico manufactures and markets products under brands such as Parachute, Saffola, Sweekar, Hair & Care, Sil, Revive, Shanti, Oil of Malabar, Mealmaker and Mediker. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 5 regional offices, 30 carrying & forwarding agents, 6 consignment agents, 5 redistribution centers and about 3600 distributors spread all over India. The Company's export markets comprise primarily the Middle East and SAARC countries. Marico has manufacturing facilities located at Goa, Kanjikode, Pondicherry, Daman, Jalgaon, Saswad and Dehradun supported by subcontracting units. Marico has an alliance with Indo Nissin Foods Limited for distribution of Top Ramen instant noodles. Marico has the following subsidiaries:

- Marico Bangladesh Limited in Bangladesh which manufactures and sells branded coconut oil in Bangladesh;
- MBL Industries Limited, a wholly owned subsidiary of Marico Bangladesh Limited which also sells branded coconut oil and hair oils in Bangladesh.
- Kaya Skin Care Limited which provides skin care services and sells products through Kaya Skin Clinics;
- Sundari LLC, United States, a joint venture, carrying on ayurvedic skin care products business under the brand name SUNDÁRI;

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

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

(b) Fixed assets

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

(c) Depreciation/Amortisation

I. Tangible assets

- (i) Depreciation is provided on straight line basis at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The depreciation rates based on management estimates that are higher than the rates specified in Schedule XIV to the Companies Act, 1956 are as follows:

Computer hardware and related peripherals	- 33 1/3%
Technologically advanced packing machinery	- 20%
Technologically advanced machinery	- 10%

- (ii) Extra shift depreciation is provided on "Plant" basis.
- (iii) Assets given on finance lease prior to April 1, 2001 are depreciated over the primary period of the lease.
- (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 lease.

NOTES TO THE ACCOUNTS

II. Intangible assets

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

Technical know how	6 years
Non-compete covenants	Non-compete period
Computer software	3 years

(d) Investments

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

(e) Inventories

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

(f) Research and development

Capital expenditure on research and development is allocated to fixed assets. Revenue expenditure is charged off in the year in which it is incurred.

(g) Revenue recognition

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

(h) Retirement benefits

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

(i) Foreign currency transactions

- (i) Foreign currency transactions during the year are recorded at the exchange rate prevailing on the date of the transaction.
- (ii) Foreign currency assets and liabilities are translated at the period end exchange rate. All outstanding forward exchange contracts, to the extent of the underlying assets or liabilities are also translated at the period end exchange rate. Resultant gains or losses are recognised in the profit and loss account other than the exchange

NOTES TO THE ACCOUNTS

rate differences relating to fixed assets which are adjusted against the carrying cost of corresponding fixed assets. In case of forward contracts, 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.

- (iii) 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.
- (j) Accounting for taxes on income
- (i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.
- (ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other items are recognised only when there is a reasonable certainty of their realisation.
- 3) (a) Contingent liabilities not provided for in respect of:
- (i) Counter guarantee given to banks on behalf of other companies Rs.2.95 Crore (Rs. 5.31 Crore).
- (ii) Sales tax/cess claims disputed by the Company Rs. 3.66 Crore (Rs. 3.72 Crore).
- (iii) Income tax and interest demand disputed by the Company Rs. 7.45 Crore (Rs. 4.40 Crore).
- (iv) Claims against the Company not acknowledged as debts Rs. 3.03 Crore (Rs. 3.30 Crore).
- (v) Bills discounted with banks by the Company Rs. 21.34 Crore (Rs. Nil)
- (b) Amount outstanding towards Letter of Credit Rs. 2.24 Crore (Rs. Nil)
- 4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1.82 Crore (Rs. 2.70 Crore) net of advances.
- 5) Miscellaneous income includes lease income Rs. 0.56 Crore (Rs. 0.48 Crore), Insurance claims Rs. 0.17 Crore (Rs. 0.27 Crore), profit on sale of assets Rs. 0.03 Crore (Rs. Nil), and royalty from subsidiary Rs. 0.23 Crore (Rs. 0.17 Crore).
- 6) Miscellaneous expenses (net off write back of earlier years' provisions no longer required – Rs. 2.28 Crore (Rs. Nil)) include commission and brokerage Rs. 1.72 Crore (Rs. 1.37 Crore), donations Rs. 0.17 Crore (Rs. 0.07 Crore), loss on sale/discarding of assets Rs. Nil (Rs. 0.38 Crore), loss on sale of current investments Rs. Nil (Rs. 0.11 Crore), audit fees Rs. 0.16 Crore (Rs. 0.15 Crore), tax audit fees Rs. 0.02 Crore (Rs. 0.02 Crore), payment to auditors for other services Rs. 0.07 Crore (Rs. 0.09 Crore) and reimbursement to auditors for out-of-pocket expenses Rs. 0.01 Crore (Rs. 0.05 Crore).
- 7) Research and development expenses aggregating Rs. 2.94 Crore (Rs. 2.08 Crore) have been included under the relevant heads in the profit and loss account.
- 8) Exchange loss (net) aggregating Rs. 0.23 Crore (Rs. 1.10 Crore) has been included under the relevant heads in the profit and loss account.
- 9) (i) Sundry Debtors include amount due from Marico Bangladesh Limited, a subsidiary company and a company under the same management Rs. 2.76 Crore (Rs. 1.46 Crore).
- (ii) Loans and advances include amounts due from:
- Marico Bangladesh Limited, a subsidiary company and a company under the same management Rs. 0.40 Crore (Rs. 0.17 Crore) [Maximum amount due during the year Rs. 0.40 Crore (Rs. 0.17 Crore)].
 - Kaya Skin Care Limited, a subsidiary company and a company under the same management Rs. 45.79 Crore (Rs. 10.91 Crore) [Maximum amount due during the year Rs. 46.18 Crore (Rs. 18.83 Crore)].
 - Sundari LLC, a joint venture of the Company, Rs. 11.89 Crore (Rs. 5.82 Crore) [Maximum amount due during the year Rs. 12.42 Crore (Rs. 5.82 Crore)].

NOTES TO THE ACCOUNTS

10) Based on the criteria prescribed under Accounting Standard 28 (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, which has become mandatory with effect from April 1, 2004, the Company identified certain plant and machinery with written down value of Rs. 1.06 Crore (Rs. 4.23 Crore) as on March 31, 2005 as 'impaired fixed assets'. The recoverable amount of such assets being estimated at net realisable value on disposal aggregated Rs. Nil (Rs. 0.06 Crore). The net amount of Rs. 1.06 Crore (Rs. 4.17 Crore) has been provided for and included under "Depreciation, amortisation and Impairment" in the Profit & Loss Account. The net impairment loss of Rs. 4.17 Crore as on March 31, 2004 was adjusted against General Reserve as at that date, in accordance with the transitional provision of AS 28.

11) The details of provisions as required by the provisions of Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" are as under;

Nature of provision	Rs. Crore	
	Leave encashment	Provision for Tax
Opening Balance	4.04	63.99
Additional provisioning (Including increases to existing provisioning)	-	6.05
Amounts used during the year	-	-
Amounts reversed during the year	(0.56)	(2.25)
Closing Balance	3.49	67.79

12) Additional information on assets taken on lease:

i) In respect of assets taken on finance lease prior to April 1, 2001:

	For the year ended March 31,	
	2005 (Rs. Crore)	2004 (Rs. Crore)
Lease rental charges for the year	-	0.30
Cost of assets	-	0.12

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

	For the year ended March 31,	
	2005 (Rs. Crore)	2004 (Rs. Crore)
Lease rental charges for the year	0.70	0.21
Future lease rental obligation payable		
- not later than one year	0.73	0.44
- later than one year but not later than five years	0.57	0.84
Total	2.00	1.49

13) Break-up of deferred tax liability:

	As at March 31,	
	2005 (Rs. Crore)	2004 (Rs. Crore)
Deferred tax asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	0.66	0.73
Liabilities that are deducted for tax purpose when paid	1.78	1.74
Total Deferred tax asset	2.44	2.47
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	8.49	8.71
Total Deferred tax liability	8.49	8.71
Deferred tax liability (Net)	6.05	6.24

MARICO LIMITED

NOTES TO THE ACCOUNTS

14) Earnings per share:

	For the year ended March 31,	
	2005 (Rs. Crore)	2004 (Rs. Crore)
Profit after taxation	73.79	58.00
Less : Preference dividends	–	2.62
Profit available for equity shareholders	73.79	55.38
Equity shares outstanding as at the year end	58,000,000	29,000,000
Bonus shares allotted during the year ended March 31, 2005	–	29,000,000
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	58,000,000	58,000,000
Nominal value per equity share	10	10
Pre Bonus Basic and diluted earnings per equity share	12.72	19.10
Post Bonus Basic and diluted earnings per equity share	12.72	9.55

In accordance with Accounting Standard 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India the weighted average number of equity shares (the denominator) used for calculation of earnings per equity share for the year ended March 31, 2004, is after considering bonus shares, which was approved by the members at the Extra-ordinary General Meeting held on April 21, 2004.

15) Segment Information

The company has two business segments – Consumer Products and Skin Care. Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. The composition of these segments is given below:

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

i. Primary Segment Information

	(Rs. Crore)		
	Consumer Products	Others	Total
Segment revenue			
External sales	945.46	2.33	947.79
	(846.94)	(0.63)	(847.57)
Inter-segment sales	–	–	–
	(–)	(–)	(–)
Total revenue	945.46	2.33	947.79
	(846.94)	(0.63)	(847.57)
Segment Result	79.22	(1.20)	78.02
	(64.66)	(-)0.46)	(64.20)
Unallocated corporate expenses			–
			(–)
Operating profit			78.02
			(64.20)
Interest expenses			3.03
			(2.30)
Interest income			2.60
			(1.48)
Net profit			77.59
			(63.38)

MARICO LIMITED

NOTES TO THE ACCOUNTS

Other information

Segment assets	383.98	8.63	392.61
	(289.13)	(4.31)	(293.44)
Unallocated Corporate assets			–
			(–)
Total assets	383.98	8.63	392.61
	(289.13)	(4.31)	(293.44)
Segment liabilities	174.06	–	174.06
	(289.13)	(4.31)	(293.44)
Unallocated Corporate liabilities			–
			(–)
Total liabilities	174.06	–	174.06
	(289.13)	(4.31)	(293.44)
Capital expenditure	17.64	0.99	18.63
	(11.07)	(3.13)	(14.20)
Depreciation, Amortisation And impairment	11.12	0.48	11.60
	(10.90)	0.16	(11.05)
Impaired value of fixed assets	(5.23)	(–)	(5.23)
	(4.17)	(–)	(4.17)

ii. Secondary Segment Information

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

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

Sales revenue by geographical market

Locations	Amount (Rs. Crore)
India	890.95
	(805.33)
Others (primarily Middle East and SAARC countries)	56.84
	(41.95)
Total	947.79
	(847.28)

Carrying amount of assets and capital expenditure by geographical locations

	India (Rs. Crore)	Others (Rs. Crore)	Total (Rs. Crore)
Carrying amount of assets	383.91	8.70	392.61
	(290.20)	(3.24)	(293.44)
Capital expenditure	17.59	1.04	18.63
	(11.07)	(3.13)	(14.20)

iii. Notes to Segmental information

- (i) Segment revenue and expense: Joint revenues and expenses are allocated to the business segments on a reasonable basis. All other segment revenue and expense are directly attributable to the segments.

NOTES TO THE ACCOUNTS

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

16) Related Party disclosures

Subsidiary: Marico Bangladesh Limited (100% holding by Marico Limited)

Nature of transactions:	March 31, 2005 (Rs. Crore)	March 31, 2004 (Rs. Crore)
i. Sales	12.80	7.98
ii. Royalty income	0.23	0.17
iii. Dividend income	4.09	1.51
iv. Debtors	2.76	1.46
v. Loans & Advances (Royalty)	0.40	0.17
vi. Investments (1,000,000 (1,000,000) Equity Shares of Taka 10 (Taka 10) each)	0.86	0.86

Subsidiary: Kaya Skin Care Limited (100% holding by Marico Limited)

Nature of transactions:	March 31, 2005 (Rs. Crore)	March 31, 2004 (Rs. Crore)
i. Loans / Advances	45.79	10.91
ii. Interest on Loans / Advance	1.74	0.30
iii. Expenses allocated to the subsidiary	0.54	0.11
vii. Investments (10,00,000 (7,600,000) Equity shares of Rs. 10 (Rs. 10) Each)	10.00	7.60

Joint Venture : Sundari LLC. (75.5% holding by Marico Limited)

Nature of transactions:	March 31, 2005 (Rs. Crore)	March 31, 2004 (Rs. Crore)
i. Loans / Advances	11.89	5.82
ii. Interest on Loans / Advances	0.25	0.10
viii. Investments (75,500 (63,000)Equity Shares of USD 18.25 (USD 18.25) Each)	5.81	5.49

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

Nature of transactions:	March 31, 2005 (Rs. Crore)	March 31, 2004 (Rs. Crore)
Remuneration for the year	1.10	0.89

Other related parties where control exists, however, with whom the company did not have any transaction: MBL Industries Limited (100% subsidiary of Marico Bangladesh Limited)

17) Managerial Remuneration:

Payments and provisions on account of remuneration to Chairman and Managing Director included in profit and loss account

Salary	0.60	0.60
Contribution to Provident and Pension Funds	0.16	0.16
Other Perquisites	0.16	0.13
Annual Performance Incentive	0.18	–
	<hr/>	<hr/>
	1.10	0.89
Remuneration to non-wholetime directors	0.08	0.07

NOTES TO THE ACCOUNTS

Notes:

1. The above remuneration to Chairman and Managing Director does not include contribution to Gratuity Fund and provision for Leave encashment, as these are lumpsum amounts for all relevant employees based on actuarial valuation.
 2. 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.
- 18) The Company deals with several Small-Scale Industrial (SSI) undertakings on mutually accepted terms and conditions. Based on the records of the Company and the information received from SSI suppliers, the total amount outstanding as on March 31, 2005 was at Rs. 0.19 Crore (Rs. 0.88 Crore). The various amounts due to SSI's where individual balances were outstanding for more than 30 days and included under sundry creditors aggregate Rs. 0.02 Crore (Rs. 0.10 Crore). The interest payable to SSI's as at March 31, 2005 is Rs. Nil (Rs. Nil). The names of such SSI suppliers are as under:
- Eskay Flexible, Sri Ganesh Packaging Industries, Sri Datta Polymer, Indian Extrusion, Plastic Exportz, Sharayu Industries, Nirmal Offset, Quality Plascons, Swan Plastics PV.
- 19) As at March 31, 2005, the Company holds 100 % of the Equity Capital of Kaya Skin Care Limited (Kaya) at a cost of Rs. 10.00 Crore. The Company has also advanced to Kaya loans of Rs. 45.79 Crore.
- Since the incorporation of Kaya during 2002-03, its business has been in a development phase. Encouraged by the consumer response to Kaya's pioneering offerings in products and services in the skin care category, it has focused on building the brand "Kaya" through brisk setting up of a large number of Clinics at several locations and has so far set up 32 clinics at 11 locations in about 28 months. In the process, Kaya has incurred significant set up costs, primarily advertisement and sales promotion, leading to losses, which have eroded its net worth as at March 31, 2005. However, Kaya's business is now expected to stabilize and break even at the Profit Before Interest and Tax level during 2005-06.
- Based on the fundamentals of the Kaya business, the management is of the opinion that it is strategically desirable for Marico to continue to support Kaya through funding, including equity infusion, through either fresh funds or conversion of existing loans into equity. Having regard to this, the management perceives the erosion in Kaya's net worth as only a temporary diminution in value. Hence, no provision for diminution in value is considered necessary in respect of the Company's investment in Kaya or of the Loans given to Kaya.
- 20) As at March 31, 2005, the Company holds 75.5% of the interests in Sundari LLC (Sundari) at a cost of Rs. 5.81 Crore. The Company has also advanced to Sundari loans of Rs. 11.89 Crore.
- Since the Company acquired majority interests in Sundari during 2002-03, its business has been in a reconstruction and development phase. Given the unique nature of Sundari's offerings in the Premium Ayurvedic skin care category, it has focused on building business with spas in the USA and other countries, while restructuring operations to cut costs and establish a profitable business model. In the process, Sundari has continued to incur significant costs leading to losses, which have eroded its net worth as at March 31, 2005. However, Sundari expects to stabilize its operations in the near future and break even at the Profit Before Interest and Tax level in the coming two to three years.
- Based on the fundamentals of the Sundari business, the management is of the opinion that it is strategically desirable for Marico to continue to support Sundari through funding, including equity infusion, through either fresh funds or conversion of existing loans into equity. Having regard to this, the management perceives the erosion in Sundari's net worth as only a temporary diminution in value and the Company continues to support Sundari as a strategic investment of long term nature. Hence, no provision for diminution in value is considered necessary in respect of the Company's investment in Sundari or of the Loans given to Sundari.
- 21) There are no dues payable to the Investor Education and Protection Fund as at March 31, 2005.
- 22) (a) The figures in brackets represent those of the previous year.
- (b) The figures for the previous year have been regrouped where necessary to confirm to current year's classification.

NOTES TO THE ACCOUNTS

23) 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, 2005

b) Capital raised during the year:

Public Issue Nil
Bonus Issue Rs. 29 Crore
Bonus Preference Shares Nil
Rights Issue Nil
Private placement Nil

c) Position of mobilisation and deployment of funds

Total Liabilities – Rs. 392.61 Crore
Total Assets – Rs. 392.61 Crore

Sources of Funds (Amount in Rs. Crore)

Paid up Capital	58.00
Reserves & Surplus	160.54
Secured Loans	
Unsecured Loans	52.39
Deferred Tax Liability	6.05
Accumulated losses	–
	276.98

Application of Funds (Amount in Rs. Crore)

Net Fixed Assets	100.76
Investments	29.09
Net Current Assets	147.13
Misc. Expenditure	–
	276.98

d) Performance of the Company (Amount in Rs. Crore)

Turnover (Sales & Other Income)	953.69
Total Expenditure	876.10
Profit before Tax	77.59
Profit after Tax	73.79
Earnings per share (in Rs.)	12.72
Dividend rate (%)	53.5%

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 Schedule A to R

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
MILIND SARWATE Chief Financial Officer
DEV BAJPAI Head - Legal and Company Secretary

Place : Mumbai

Date : April 27, 2005

MARICO LIMITED

**STATEMENT PURSUANT TO SECTION 212 (1) (E)
OF THE COMPANIES ACT, 1956**

Name of the subsidiary company	Marico Bangladesh Limited	MBL Industries Limited ##	Kaya Skin Care Limited \$	Sundari LLC \$	Sundari Spa LLC
Name of the holding company	Marico Limited	Marico Bangladesh Limited	Marico Limited	Marico Limited	Sundari LLC
Holding Company's interest	1,000,000 ordinary shares of Taka 10 each	100,000 ordinary shares of Taka 10 each	10,000,000 shares of Rs. 10 each	75,000 shares of USD 18.25 each	#
Extent of Holding	100%	100%	100%	75.5%	75.5%
The "financial year" of the subsidiary company ended on	September 30, 2004	September 30, 2004	March 31, 2005	December 31, 2004	December 31, 2004
Net aggregate amount of the subsidiary company's profits/(losses) dealt with in the holding company's accounts					
* For the subsidiary's aforesaid financial year	Taka 4.40 crore (Rs. 3.22 crore)	Nil	Nil	Nil	Nil
* For the previous financial years since it became subsidiary	Nil	Nil	Nil	Nil	Nil
Net aggregate amount of the subsidiary company's profits/(losses) not dealt with in the holding company's accounts					
* For the subsidiary's aforesaid financial year	Taka 10.29 crore (Rs. 7.52 crore)	Taka 1.19 crore (Rs. 0.87 crore)	Rs. -7.18 crore	USD -0.08 crore (Rs. -3.53 crore)	N.A.
* For the previous financial years since it became subsidiary	Taka 7.25 crore (Rs. 4.95 crore)	Taka 0.15 crore (Rs. 0.10 crore)	Rs. -4.81 crore	USD -0.07 million (Rs. -2.88 million)	N.A.
Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	Nil	Nil	Nil	Nil	Nil
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	Nil	Nil	Nil	Nil	Nil

Sundari Spa LLC, a wholly owned subsidiary of Sundari LLC, was dissolved on March 22, 2005 since this company had no operations. Therefore, effective March 22, 2005 it ceased to be a subsidiary of both Sundari LLC and Marico Limited.

By virtue of Section 4 (1) (c) of the Companies Act, 1956, MBL Industries Limited is a subsidiary of the Company as Marico Bangladesh Limited, a subsidiary of the Company, holds 100% of the interests in MBL Industries Limited.

\$ The Company acquired a further stake of 14.6% in Kaya Skin Care Limited (current shareholding - 100%) on October 11, 2004 and a further stake of 12.5% in Sundari LLC (current shareholding 75.5%) on June 29, 2004.

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
MILIND SARWATE Chief Financial Officer
DEV BAJPAI Head - Legal and Company Secretary

Place : Mumbai

Date : April 27, 2005