

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Marico Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

[Refer to Note (d) of Significant Accounting Policies and Note 18 to the Financial Statements]

The Key Audit Matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> Revenue is recognised net of returns, trade allowances and rebates owed to the customers based on the arrangement with customers. Recognition and measurement of trade allowances and rebates, including establishing an accrual at year end, involves significant judgement and estimates. This leads to a risk of revenue being misstated due to faulty estimation over trade allowances and rebates. Revenue is recognised when control of the underlying products has been transferred to the customer. There is a risk of revenue being overstated on account of variation in the timing of transfer of control due to the pressure management may feel to achieve performance targets at the reporting period end. 	<ul style="list-style-type: none"> In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: <ul style="list-style-type: none"> Evaluated the appropriateness of the Company's revenue recognition accounting policies, those relating to trade allowances and rebates by comparing with applicable accounting standards. Tested design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company's systems which govern recording of revenue, revenue cut-off and calculation and monitoring of trade allowances and rebates in the general ledger accounting system. Performed substantive year-end cut-off testing by selecting samples of revenue transactions recorded at year-end, and verifying the underlying documents i.e. sales invoices/contracts and shipping documents. Inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates. Tested a sample of trade spends to the underlying documentation. Performed a retrospective review of trade spend accruals with prior period to understand deviations along with reasons for the same. Tested manual journals posted to revenue to identify unusual items. Evaluated the adequacy of disclosures in respect of revenue in the financial statements.

Taxation

[Refer to Note (g) of Significant Accounting Policies and Note 14, 25 and 31 to the Financial Statements]

The Key Audit Matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> The Company operates in a complex tax jurisdiction with various tax exemptions / deductions that may be subject to challenges and audits by tax authorities. There are open tax and transfer pricing matters under litigation with tax authorities. Judgment is required in assessing the level of provisions and disclosure of contingent liabilities required in respect of uncertain tax positions that reflects management's best estimate of the most likely outcome based on the facts available. 	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> For uncertain tax positions, inspected select correspondences with tax authorities. Evaluated management's judgment regarding the expected resolution of matters with various tax authorities, based on third-party opinions and the use of past experience, where available, with the tax authorities. Involved our tax specialists' to evaluate the status of ongoing tax litigations and judgmental tax positions in tax returns and their most likely outcome, basis their expertise, industry outcomes and company's own past experience in respect of similar matters. Evaluated the adequacy of financial statement disclosures in respect of the tax provision / adjustments and contingencies.

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> Involved our internal valuation specialists, where appropriate, to evaluate the reasonability of the methodology and approach used in the valuation carried out for determining the carrying amount of investments. Challenged management with our own sensitivity analysis and evaluated the effect of possible reductions in growth rates and forecasted cash flows on the estimated headroom Evaluated the adequacy of financial statement disclosures in respect of investment in subsidiaries and joint ventures, including disclosures of key assumptions, judgements and sensitivities related to impairment testing.

Carrying value of investment in subsidiaries and joint ventures:

[Refer to Note (y) of Significant Accounting Policies, Note 2(a) and Note 6(a) to the Financial Statements]

The Key Audit Matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> The carrying amount of investment in subsidiaries and joint ventures aggregates ₹ 1,030 Crores i.e. 22% of the total assets of the Company as at 31 March 2020. The annual impairment testing of investments is considered to be a key audit matter due to the complexity of the accounting requirements and significant judgements required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the investments, which is based on the higher of value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales value, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate). 	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: Evaluated the assumptions applied to key inputs such as sales value, operating costs, growth rates and discount rates. Compared the inputs with the historical growth trends, evaluating the forecast used in prior year models to its actual performance of the business, agreeing current forecast to the board of directors / management approved plans as well as our own assessment based on our knowledge of the client.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including

INDEPENDENT AUDITORS' REPORT (Contd.)

the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of

most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR and Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sadashiv Shetty

Partner

Membership No: 048648

Mumbai
4 May 2020

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2020

(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 Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 3(a) to the Standalone Ind AS financial statements, are held in the name of the Company.
- (ii) The inventory, except goods-in-transit has been physically verified by the management during the year. For inventory lying with third parties at the year-end, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of accounts.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, in respect grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Goods and Service tax and Value added tax as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Enclosure I to this report.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company does not have any loans or borrowings from financial institutions and Government, nor has it issued any debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

- (x) According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

Enclosure I to Annexure A to the Independent Auditors' Report – 31st March, 2020

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the Amount relates	Amount under dispute (₹ in Crores)	Amount paid under protest (₹ in Crores)
The Central sales Tax Act and Local Sales Tax	Sales Tax (including interest and penalty if applicable)	High Court	Various years	53	0
The Central sales Tax Act and Local Sales Tax	Sales Tax (including interest and penalty if applicable)	Additional Commissioner - Sales tax	Various years	10	1
The Central sales Tax Act and Local Sales Tax	Sales Tax (including interest and penalty if applicable)	Joint commissioner - Sales tax	Various years	19	2
The Central sales Tax Act and Local Sales Tax	Sales Tax (including interest and penalty if applicable)	Deputy Commissioner - Sales tax	Various years	1	1
The Central sales Tax Act and Local Sales Tax	Sales Tax (including interest and penalty if applicable)	Assistant Commissioner	Various years	0	0
The Central sales Tax Act and Local Sales Tax	Sales Tax (including interest and penalty if applicable)	Tribunal	Various years	7	1
The Central Excise Act	Excise Duty (including penalty if applicable)	Customs, Excise and Service Tax Appellate Tribunal	Various years	33	3
Service Tax (Finance Act, 1994)	Service Tax (including penalty if applicable)	Customs, Excise and Service Tax Appellate Tribunal	2006 – 2012	0	0
Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	AY 2010 – 11 to AY 2013 -14 and AY 2016-17	73.25	-

For **B S R and Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sadashiv Shetty

Partner

Mumbai
4 May 2020

Membership No: 048648

ANNEXURE - B TO THE INDEPENDENT AUDITORS'

Report on the standalone financial statements of Marico Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date).

Opinion

We have audited the internal financial controls with reference to financial statements of Marico Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls

with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with

reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R and Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
4 May 2020

Sadashiv Shetty
Partner
Membership No: 048648
UDIN: 20048648AAAAAM3667

BALANCE SHEET

as at 31 March 2020

(₹ in Crore)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
ASSETS				
Non-current assets				
Property, plant and equipment	3(a)	561	503	466
Capital work-in-progress	3(a)	55	42	25
Right of use assets	3(b)	108	107	102
Investment properties	4	11	11	23
Intangible assets	5	21	22	20
Investment in subsidiaries and joint venture	6(a)	1,030	1,026	1,020
Financial assets				
(i) Investments	6(a)	76	34	37
(ii) Loans	6(c)	16	15	16
(iii) Other financial assets	6(f)	28	30	22
Deferred tax assets (net)	7	148	188	-
Non current tax assets (net)	16	41	36	30
Other non-current assets	8	20	30	27
Total non-current assets		2,115	2,044	1,788
Current assets				
Inventories	9	1,165	1,234	1,313
Financial assets				
(i) Investments	6(a)	617	380	450
(ii) Trade receivables	6(b)	465	430	288
(iii) Cash and cash equivalents	6(d)	27	10	7
(iv) Bank balances other than (iii) above	6(e)	53	329	54
(v) Loans	6(c)	3	3	3
(vi) Other financial assets	6(g)	27	54	35
Current tax asset (net)		1	-	-
Other current assets	10	287	262	185
Assets classified as held for sale	11	5	12	-
Total current assets		2,650	2,714	2,335
Total assets		4,765	4,758	4,123
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12(a)	129	129	129
Other equity				
Reserves and surplus	12(b)	3,376	3,360	2,896
Other reserves	12(c)	(1)	0	0
Total equity attributable to owners		3,504	3,489	3,025
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	13(a)	-	-	-
(ii) Other financial liabilities	13(b)	109	107	103
Employee benefit obligations	15	8	9	10
Deferred tax liabilities (net)	7	-	-	10
Total non current liabilities		117	116	123
Current liabilities				
Financial liabilities				
(i) Borrowings	13(a)	110	131	122
(ii) Trade payables	13(c)			
Due to micro and small enterprises		10	13	4
Due to others		699	702	583
(iii) Other financial liabilities	13(b)	42	37	32
Other current liabilities	17	179	146	121
Provisions	14	58	57	57
Employee benefit obligations	15	32	51	39
Current tax liabilities (net)	16	14	16	17
Total current liabilities		1,144	1,153	975
Total liabilities		1,261	1,269	1,098
Total equity and liabilities		4,765	4,758	4,123
Significant accounting policies	1			
Critical estimates and judgements	2			

The above balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date

For B S R and Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

SADASHIV SHETTY

Partner

Membership No. 048648

For and on behalf of the Board of Directors

HARSH MARIWALA

Chairman

[DIN 00210342]

VIVEK KARVE

Chief Financial Officer

SAUGATA GUPTA

Managing Director and CEO

[DIN 05251806]

HEMANGI GHAG

Company Secretary

[Membership No.F9329]

Place : Mumbai

Date : May 4, 2020

Place : Mumbai

Date : May 4, 2020

STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2020

Particulars	Notes	(₹ in Crore)	
		Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue:			
Revenue from operations	18	5,853	5,971
Other income	19	308	301
Total Income		6,161	6,272
Expenses:			
Cost of materials consumed	20(a)	2,930	3,463
Purchases of stock-in-trade		138	109
Changes in inventories of finished goods, stock-in-trade and work-in progress	20(b)	138	(101)
Employee benefit expense	21	308	307
Finance costs	24	33	24
Depreciation and amortization expense	22	113	104
Other expenses	23	1,224	1,183
Total expenses		4,884	5,089
Profit before exceptional items and tax		1,277	1,183
Exceptional items	37	19	-
Profit before tax		1,258	1,183
Income tax expense for current year			
Current tax	25	259	260
Deferred tax	7	(7)	(18)
Total tax expense for the current year		252	242
Tax adjustment for earlier years	25	-	(188)
Total tax expense		252	54
Profit for the year (A)		1,006	1,129
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	15	(1)	(1)
Income tax relating to items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	7	0	0
Total		(1)	(1)
Items that will be reclassified to profit or loss			
Change in fair value of hedging instruments	12 (c)	(2)	0
Income tax relating to items that will be reclassified to profit or loss			
Change in fair value of hedging instruments	7	1	(0)
Total		(1)	0
Other comprehensive income for the year, net of tax (B)		(2)	(1)
Total comprehensive income for the year (A+B)		1,004	1,128
Earnings per equity share for profit attributable to owners (in ₹)	34		
Basic earnings per share		7.80	8.76
Diluted earnings per share		7.79	8.76
Significant accounting policies	1		
Critical estimates and judgements	2		

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date

For **B S R and Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

SADASHIV SHETTY
Partner
Membership No. 048648

For and on behalf of the Board of Directors

HARSH MARIWALA
Chairman
[DIN 00210342]

VIVEK KARVE
Chief Financial Officer

SAUGATA GUPTA
Managing Director and CEO
[DIN 05251806]

HEMANGI GHAG
Company Secretary
[Membership No.F9329]

Place : Mumbai
Date : May 4, 2020

Place : Mumbai
Date : May 4, 2020

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2020

A. Equity Share Capital

Particular	Note	₹ in Crore
As at 1st April 2018		129
Changes in equity share capital	12 (a)	-
As at 31st March 2019		129
Changes in equity share capital	12 (a)	0
As at 31st March 2020		129

B. Other Equity

Particular	Note	Attributable to owners							Total other equity
		Reserves and surplus		Share based option			WEOMA reserve	Other reserves	
		Securities Premium	Retained earnings	General reserve	Share based option outstanding account	Treasury shares			
Balance as at 1st April, 2018		243	2,331	298	11	(42)	55	0	2,896
Profit for the year		-	1,129	-	-	-	-	-	1,129
Other comprehensive income for the year		-	(1)	-	-	-	-	-	(1)
Total comprehensive income for the year		-	1,128	-	-	-	-	-	1,128
(Purchase)/sale of treasury shares by the trust during the year (net)	12 (b)	-	-	-	-	15	-	-	15
Dividend paid on equity shares (including dividend distribution tax of ₹ 93 Cr)	12 (b)	-	(702)	-	-	-	-	-	(702)
Income of the trust for the year	12 (b)	-	-	-	-	-	15	-	15
Gain/(loss) transferred to Income Statement	12 (c)	-	-	-	-	-	-	0	0
Deferred hedging gain / (loss) on hedging instruments	12 (c)	-	-	-	-	-	-	0	0
Deferred tax on hedge reserve	12 (c)	-	-	-	-	-	-	(0)	(0)
Exercise of employee stock options	12 (b)	-	-	-	-	-	-	-	-
Share based payment expense	12 (b)	-	-	-	8	-	-	-	8
Balance as at 31st March, 2019		243	2,757	298	19	(27)	70	(0)	3,360
Balance as at 1st April, 2019		243	2,757	298	19	(27)	70	(0)	3,360
Profit for the year		-	1,006	-	-	-	-	-	1,006
Other comprehensive income for the year		-	(1)	-	-	-	-	-	(2)
Total comprehensive income for the year		-	1,005	-	-	-	-	(1)	1,004
(Purchase)/sale of treasury shares by the trust during the year (net)	12 (b)	-	-	-	-	(0)	-	-	(0)
Dividend paid on equity shares (including dividend distribution tax of ₹ 1.30 Cr)	12 (b)	-	(1,002)	-	-	-	-	-	(1,002)
Income of the trust for the year	12 (b)	-	-	-	-	-	3	-	3
Gain/(loss) transferred to Income Statement	12 (c)	-	-	-	-	-	-	(1)	(1)
Deferred hedging gain / (loss) on hedging instruments	12 (c)	-	-	-	-	-	-	(0)	(0)
Deferred tax on hedge reserve	12 (c)	-	-	-	-	-	-	1	1
Exercise of employee stock options	12 (b)	4	-	-	(4)	-	-	-	-
Share based payment expense	12 (b)	-	-	-	10	-	-	-	10
Balance as at 31st March, 2020		247	2,760	298	25	(27)	73	(1)	3,375

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

General Reserve

The General Reserve is used from time to time to record transfer of profit from retained earnings, for appropriation purposes, for General Reserve is created by transfer from one component of equity to another and it is not an item of other comprehensive income, item included in the General Reserve will not be reclassified subsequently to Profit or Loss.

Share based option outstanding account

The Company has established various equity settled share based payment plans for certain category of employees of the Company. Refer note 33 for further details of this plans.

WEOOMA reserve and Treasury shares

The Company has formed Welfare of Mariconions Trust (WEOOMA trust) for implementation of the schemes that are notified or may be notified from time to time by the Company under the plan, providing share based payment to its employees. WEOOMA purchases shares of the Company out of funds provided by the Company. The Company treats WEOOMA as its extension and shares held by WEOOMA are treated as treasury shares. Profit on sale of treasury shares (net of tax) and dividend earned on the same by WEOOMA trust is recognised in WEOOMA reserve.

Hedge Reserve

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 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. The ineffective portion of the same is recognized immediately in the Statement of Profit and Loss. Exchange differences taken to hedge reserve account are recognized in the Statement of Profit and Loss 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.

As per our report of even date

For **B S R and Co. LLP**

Chartered Accountants

Firm Registration No. 101248W/W-100022

SADASHIV SHETTY

Partner

Membership No. 048648

For and on behalf of the Board of Directors

HARSH MARIWALA

Chairman

[DIN 00210342]

SAUGATA GUPTA

Managing Director and CEO

[DIN 05251806]

VIVEK KARVE

Chief Financial Officer

Place : Mumbai

Date : May 4, 2020

HEMANGI GHAG

Company Secretary

[Membership No.F9329]

Place : Mumbai

Date : May 4, 2020

STATEMENT OF CASH FLOW

For the year ended 31st March, 2020

(₹ in Crore)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE INCOME TAX	1,258	1,183
Adjustments for:		
Depreciation, amortisation and impairment	113	104
Finance costs	33	24
Interest income from financial assets	(48)	(36)
(Gain)/ Loss on disposal of property, plant and equipment (Net)	0	(3)
Net fair value changes (including net gain on sale of investments)	(33)	(32)
Dividend income from subsidiaries	(193)	(206)
Employees stock option charge	9	8
Stock appreciation rights expense charge / (reversal)	(1)	5
Provision for doubtful debts, advances, deposits and others (written back) / written off	(3)	11
	1,135	1,058
Change in operating assets and liabilities:		
(Increase) / Decrease in inventories	69	79
(Increase) / Decrease in trade receivables	(36)	(143)
(Increase) / Decrease in other financial assets	28	(26)
(Increase) / Decrease in other non-current assets	(2)	(1)
(Increase) / Decrease in other current assets	(25)	(80)
(Increase) / Decrease in loans	(1)	(0)
(Decrease) / Increase in provisions	1	(0)
(Decrease) / Increase in employee benefit obligations	(19)	5
(Decrease) / Increase in other current liabilities	33	25
(Decrease) / Increase in trade payables	(3)	128
(Decrease) / Increase in other financial liabilities	8	(1)
Changes in Working Capital	53	(14)
Cash generated from operations	1,188	1,044
Income taxes paid (net of refunds)	(219)	(259)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	969	785
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment and intangible assets	(141)	(150)
Proceeds from sale of property, plant and equipment	3	13
(Payment for) / Proceeds from purchase/sale of investments (NET) (refer note G below)	(190)	79
Investment in joint venture	(3)	(6)
Investment in Subsidiaries	(1)	-
(Purchase)/ Redemption of Inter-corporate deposits (NET) (refer note G below)	45	18
Investment in Bank deposits (having original maturity more than 3 months) (net) (refer note G below)	173	(269)
Dividend income from subsidiaries	193	206
Interest received	49	31
NET CASH GENERATED FROM / (UTILISED IN) INVESTING ACTIVITIES (B)	128	(79)

(₹ in Crore)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital (net of share issue expenses)	0	-
Sale of investments by WEOMA trust (net)	4	30
Other borrowings (repaid) / taken (net) (refer note H below)	(23)	9
Interest paid	(21)	(12)
Repayment of Principal portion of lease liabilities	(26)	(17)
Interest paid on lease liabilities	(12)	(12)
Dividends paid to company's shareholders (including dividend distribution tax)	(1,002)	(702)
Net cash used in financing activities (C)	(1,080)	(704)
D NET INCREASE / (DECREASE) IN CASH and CASH EQUIVALENTS (A+B+C)	17	2
E Cash and cash equivalents at the beginning of the year	10	8
F Cash and cash equivalents at end of the year (Refer note 6 (d))	27	10

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

G Non Cash Transaction from Investing Activities				
Particulars	As at 31st March 2019	Cash flow	Non-Cash changes/ Fair Value Adjustment	As at 31st March 2020
Non-Current Investments	34	41	1	76
Current Investments including Fixed deposit	708	(70)	31	669
	742	(29)	32	745
H Changes in liabilities arising from financing activities				
Particulars	As at 31st March 2019	Cash flow	Non-Cash changes/ Fair Value Adjustment	As at 31st March 2020
Non Current Borrowings	-	-	-	-
Current Borrowings	131	(23)	2	110
	131	(23)	2	110

The above statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date

For **B S R and Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022
SADASHIV SHETTY
Partner
Membership No. 048648

For and on behalf of the Board of Directors

HARSH MARIWALA
Chairman
[DIN 00210342]
VIVEK KARVE
Chief Financial Officer

SAUGATA GUPTA
Managing Director and CEO
[DIN 05251806]
HEMANGI GHAG
Company Secretary
[Membership No.F9329]

Place : Mumbai
Date : May 4, 2020

Place : Mumbai
Date : May 4, 2020

NOTES

To Financial Statements for the year ended 31st March, 2020

Back ground and 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 the brands such as Parachute, Parachute Advanced, Nihar, Nihar Naturals, Saffola, Hair and Care, Revive, Mediker, Livon, Set-wet, etc. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising regional offices, carrying and forwarding agents, redistribution centers and distributors spread all over India.

Note 1: Significant accounting policies:

This note provides a list of the significant accounting policies adopted in preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements of the Company for the year ended 31st March, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 4th May, 2020.

a) Basis of preparation:

i. Compliance with IND AS :

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 and other relevant provisions of the Act.

ii. Historical cost convention :

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial instruments (including derivative instruments) and contingent consideration that are measured at fair value (Refer Note 26);
- assets held for sale measured at lower of cost or fair value less cost to sell;
- defined benefit plan assets / liabilities measured at fair value; and
- share-based payments liability measured at fair value

iii. Current versus non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its

operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and noncurrent.

b) Segment Reporting:

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director and CEO is designated as CODM.

c) Foreign currency transactions:

i. Functional and presentation currencies:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in INR which is the functional and presentation currency for Marico Limited.

ii. Transactions and Balances:

Foreign currency transactions are translated into the functional currency at the exchange rates on the date of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at the year-end exchange rates are generally recognized in the Statement of Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

Non-monetary foreign currency items are carried at cost 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.

d) Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, goods and service taxes and amounts collected on behalf of third parties.

The Company recognizes revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of

customer, the type of transaction and the specifics of each arrangement

i. Sale of goods:

Timing of recognition:

Sale of goods is recognized when control of the goods has transferred to the customers, depending on individual terms. i.e. at the time of dispatch, delivery or formal customer acceptance depending on agreed terms.

Measurement of revenue: Accumulated experience is used to estimate and provide for discounts, rebates, incentives and subsidies. No element of financing is deemed present as the sales are made with credit terms, which is consistent with market practice.

ii. Sale of services:

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

e) Income recognition

- i. Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options). The expected credit losses are considered if the credit risk on that financial instrument has increased significantly since initial recognition.
- ii. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.
- iii. Revenue from royalty income is recognized on accrual basis.

f) Government Grants:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and reduced from corresponding cost.

Income from incentives such as government budgetary support scheme, premium on sale of import licenses, duty drawback etc. are recognized under other operating income on accrual basis to the extent the ultimate realization is reasonably certain.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other operating income.

g) Income Tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the Balance Sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 item in deferred tax asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of fifteen succeeding assessment years.

h) Property, plant and equipment :

Property, plant and equipment is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any.

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost, less accumulated depreciation/amortisation and impairments, if any. Historical cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises cost of Property Plant and Equipments that are not yet ready for their intended use at the year end.

Depreciation and amortization

Depreciation is calculated using the straight-line method to allocate the cost of Property, Plant and Equipment, net of residual values, over their estimated useful lives.

As per technical evaluation of the Company, the useful life considered for the following items is lower than the life stipulated in Schedule II to the Companies Act, 2013:

Assets	Useful life (years)
Motor vehicle – motor car, bus and lorries, motor cycle, scooter	5
Office equipment – mobile and communication tools	2
Computer – Server network	3
Plant and equipment - Moulds	3 – 5
Leasehold land	Lease period
Right to Use Asset	Lease period

Apart from the above, the useful lives of other class of assets are in line with that prescribed in the Schedule II to the Companies Act, 2013.

Extra shift depreciation is provided on "Plant" basis.

Assets individually costing ₹25,000 or less are depreciated fully in the year of acquisition.

Fixtures in leasehold premises are amortized over the primary period of the lease or useful life of the fixtures whichever is lower.

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.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

i) Intangible Assets:

i. Intangible assets with finite useful life:

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated amortisation and impairment loss, if any. Cost includes taxes, duties and

other incidental expenses related to acquisition and other incidental expenses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective intangible assets, but not exceeding the useful lives given here under:

Assets	Useful life (years)
Computer Software	3

ii. Intangible assets with indefinite useful life:

Intangible assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

iii. Research and Development:

Capital expenditure on research and development is capitalized and depreciated as per accounting policy mentioned in para h and i above. Revenue expenditure is charged off in the year in which it is incurred.

j) Investment property:

Property land or a building—or part of a building—or both that is held for long term rental yields or for capital appreciation or both, rather than for:

- (i) use in the production or supply of goods or services or for administrative purposes; or
- (ii) sale in the ordinary course of business; is recognized as Investment Property in the books.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation is provided on all Investment Property on straight line basis, based on useful life of the assets determined in accordance with para “h” above .

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

k) Non-Current Asset held for Sale:

Non-current assets are classified as Non-Current asset held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised is recognised at the date of sale of the asset.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

l) Lease:

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The finance lease assets are depreciated on a Straight line basis over the lease term. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Previously, under IND AS 17, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

inflation to compensate for the lessor's expected inflationary increase.

On transition to IND AS 116 – Leases, the Company has taken full retrospective approach and implemented retrospectively as a result of which the numbers for FY 2018-19 are reinstated and are comparable with FY 2019-20. The Company is of the view that, full retrospective method is more appropriate as it provides full disclosure along with comparable numbers to the readers of financial statements.

The Company calculates lease liability in respect of all the leases by arriving at present value using incremental borrowing rate for the tenure of the lease on future lease rentals payable by the Company. In cases, where such incremental borrowing rate is not available, interest rate is derived using risk free rate with applicable risk premium, for remaining term of the lease. The risk premium is the usual spread charged by banks for lending.

Any probable cost in future, if applicable, as well towards dismantling or removal of any asset is been considered for arriving at the net outflow.

The Company considers leases with term up to 12 (Twelve) months as short term leases. Also leases where the present value of future lease payments is less than ₹ 350,000 are considered as low value. Such short term and low value leases are excluded from the scope for the purpose of Ind As 116.

Right of Use Asset:

The Company derives right of use asset as per IND AS 116 from inception of the lease arrangement and is amortized on a straight line basis over the estimated useful lives of respective Right of use asset.

As on date of transition 1st April 2018, the difference between right-of-use asset and a lease liability is adjusted against Retained earnings as on 1st April 2018.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

m) Investment and financial assets:

i. Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

Classification of debt assets will be driven by the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

ii. Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

- **Amortised Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cashflows and for selling the financial assets, where the assets cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive the dividend is established.

iii. Impairment of financial assets:

The Company assesses if there is any significant increase in credit risk pertaining to the assets and accordingly creates necessary provisions, wherever required.

iv. Derecognition of financial assets:

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- the Company retains the contractual rights to receive the cash flows of the financial asset, but

assumes a contractual obligation to pay the cash flows so received to one or more recipients .

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

n) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 27. Movements in the hedging reserve in shareholders' equity are shown in Note 12(c). The full fair value of a hedging derivative is classified as a non-current asset

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To Financial Statements for the year ended 31st March, 2020

or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge reserve

The effective part of the changes in fair value of hedge instruments is recognized in other comprehensive income, while any ineffective part is recognized immediately in the Statement of Profit and Loss.

o) Inventories:

Raw materials, packing materials, stores and spares are valued at lower of cost and net realizable value.

Work-in-progress, finished goods and stock-in-trade (traded goods) are valued at lower of cost and net realizable value.

By-products and unserviceable / damaged finished goods are valued at estimated net realizable value.

Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Cost is assigned on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

p) Trade Receivables:

Trade receivables are recognised initially at fair value and subsequently measured at cost less provision made for doubtful receivables as per expected credit loss method over the life of the asset depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Company.

q) Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

r) Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

s) Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Other borrowing costs are expensed in the period in which they are incurred.

t) Employee Benefits:

i. Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services upto the end of the reporting and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Defined contribution plan

Provident fund:

Provident fund contributions are made to a trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund balance maintained by the Trust set up by the Company is additionally provided for. Actuarial losses and gains are recognized in other comprehensive income and shall not be reclassified to the Statement of Profit and Loss in a subsequent period.

iii. Defined benefit plan:

a) 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. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in other comprehensive income and shall not be reclassified to the Statement of Profit and Loss in a subsequent period.

b) 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 and classified as long term and short term. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

iv. Share based payments:

• Employee Stock Option Plan:

The fair value of options granted under the Company's employee stock option scheme (excess of the fair value over the exercise price of the option at the date of grant) is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

- including any market performance conditions (e.g. the entity's share price).

- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

• Employee Stock Appreciation Rights Scheme:

Liability for the Company's Employee Stock Appreciation Rights (STAR), granted pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011, shall be measured, initially and at the end of each reporting period until settled, at the fair value of the STARs, by applying an option pricing model, be and is recognized as employee benefit expense over the relevant service period. The liability is presented as employee benefit obligation in the balance sheet.

v. Treasury Shares:

The Company has created a "Welfare of Mariconians Trust", (WEOMA) for providing share-based payment to its employees under the STAR scheme. In order to fund the STAR schemes, the Trust, upon intimation from the Company, carries out secondary market acquisition of the equity shares, of the Company. They are equivalent to STARs granted to its employees. The Company provides loan to the Trust for enabling such secondary acquisition. As and when the STARs vest in eligible employees, upon intimation of such details by the Company, the Trust sells the equivalent shares and hands over the net proceeds to the Company in accordance with the Trust Rules framed. The Company treats, WEOMA as its extension and shares held by WEOMA are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase or sale of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in WEOMA reserve.

vi. Provisions and Contingent Liabilities:

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

A contingent asset is disclosed, where an inflow of economic benefits is probable. An entity shall not recognise a contingent asset unless the recovery is virtually certain.

u) Commitments:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- (i) estimated amount of contracts remaining to be executed on capital account and not provided for;
- (ii) uncalled liability on shares and other investments partly paid;
- (iii) funding related commitment to subsidiary, associate and joint venture companies; and
- (iv) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

v) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdraft.

w) Impairment of assets:

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

x) Exceptional items:

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the financial statements.

y) Investment in subsidiaries and joint ventures:

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

z) Earnings Per Share**i. Basic earnings per share:**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

ii. Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

aa) Contributed Equity:

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

ab) Business Combinations:

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the

amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

ac) Dividend:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

ad) Rounding off:

All amounts disclosed in the financial statement and notes have been rounded off to the nearest crores, unless otherwise stated.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements.

ae) Recent Indian Accounting Standards (Ind AS):

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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To Financial Statements for the year ended 31st March, 2020

2 Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. These estimates and associated assumptions are based on historical experience and management's best knowledge of current events and actions the Company may take in future.

Information about critical estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are included in the following notes:

- (a) Impairment of financial assets and investment in subsidiaries and joint venture (including trade receivable) (Note : 27)
- (b) Estimation of defined benefit obligations (Note 15)
- (c) Estimation of current tax expenses and payable (Note 25)
- (d) Estimated impairment of intangible assets with indefinite useful life (Note 5)
- (e) Estimation of provisions and contingencies (Note 14 and 31)
- (f) Recognition of deferred tax assets including MAT credit (Note 7)
- (g) Lease Accounting (Note 3 b)

(a) Impairment of financial assets and investment in subsidiaries and joint venture (including trade receivable)

Impairment testing for financial assets including investment in subsidiaries and joint ventures (other than trade receivables) is done at least once annually and upon occurrence of an indication of impairment. The recoverable amount of the individual financial asset is determined based on value-in-use calculations which requires use of assumptions.

Allowance for doubtful receivables represent the estimate of losses that could arise due to inability of the Customer to make payments when due. These estimates are based on the customer ageing, customer category, specific credit circumstances and the historical experience of the company as well as forward looking estimates at the end of each reporting period.

(b) Estimation of defined benefit obligations

The liabilities of the company arising from employee benefit obligations and the related current service cost, are determined on an actuarial basis using various assumptions. Refer note 15 for significant assumptions used.

(c) Estimation of current and deferred tax expenses and payable

The Company's tax charge is the sum of total current and deferred tax charges. Taxes recognized in the financial statements reflect management's best estimate of the outcome based on the facts known at the balance sheet date. These facts include but are not limited to interpretation of tax laws of various jurisdictions where the company operates. Any difference between the estimates and final tax assessments will impact the income tax as well as the resulting assets and liabilities.

(d) Estimated impairment of intangible assets with indefinite useful life

Impairment testing for intangible assets with indefinite useful life is done at least once annually and upon occurrence of an indication of impairment. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

(e) Estimation of provisions and contingencies

Provisions are liabilities of uncertain amount or timing recognised where a legal or constructive obligation exists at the balance sheet date, as a result of a past event, where the amount of the obligation can be reliably estimated and where the outflow of economic benefit is probable. Contingent liabilities are possible obligations that may arise from past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully within the control of the company. The Company exercises judgement and estimates in recognizing the provisions and assessing the exposure to contingent liabilities relating to pending litigations. Judgement is necessary in assessing the likelihood of the success of the pending claim and to quantify the possible range of financial settlement. Due to this inherent uncertainty in the evaluation process, actual losses may be different from originally estimated provision.

(f) Recognition of deferred tax assets including MAT credit

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The credit availed under MAT is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward

for set off against the normal tax liability. This requires significant management judgement in determining the expected availment of the credit based on business plans and future cash flows of the Company.

(g) Lease Accounting

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The company has considered leases with term up to 12 (Twelve) months as short term leases. Also leases where the current market value (for transition purpose determined basis the present value of future lease payments) is less than ₹ 350,000 have been considered as low value. Such short term and low value leases are accordingly excluded from the scope for the purpose of Ind As 116 reporting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

3(a) Property, Plant and Equipment

(₹ in Crore)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office Equipment	Leasehold improvements	Total	CWIP
Year ended 31st March 2019										
Gross carrying amount	2	26	249	340	12	2	9	11	651	25
Opening gross carrying amount	-	23	23	66	4	0	1	4	119	
Additions	-	(1)	(5)	(9)	(0)	-	(0)	(1)	(16)	
Disposals / write off	-	48	267	397	14	2	10	14	754	
Closing gross carrying amount	2	48	267	397	14	2	10	14	754	
Accumulated depreciation										
Opening accumulated depreciation	-	2	25	135	6	(0)	7	2	177	
Depreciation charge during the year	-	0	13	61	2	0	2	1	79	
Disposals / write off	-	(0)	(1)	(5)	(0)	-	(0)	(0)	(6)	
Closing accumulated depreciation	-	2	37	191	8	0	9	3	250	
Impairment loss										
Opening accumulated impairment	-	-	1	7	0	-	0	-	8	
Impairment charge/(reversal) during the year	-	-	(1)	1	0	-	0	-	0	
Write off	-	-	(0)	(7)	(0)	-	(0)	-	(7)	
Closing balance	-	-	0	1	0	-	0	-	1	
Net carrying amount	2	46	230	205	6	2	1	11	503	42
Year ended 31st March 2020										
Gross carrying amount	2	48	267	397	14	2	10	14	754	42
Opening gross carrying amount	-	-	34	97	4	2	2	4	143	
Additions	-	-	(1)	(7)	(0)	-	(0)	-	(8)	
Disposals / write off	2	48	300	487	18	4	11	18	889	
Closing gross carrying amount	2	48	300	487	18	4	11	18	889	
Accumulated depreciation										
Opening accumulated depreciation	-	2	37	191	8	0	9	3	250	
Depreciation charge during the year	-	1	13	63	2	1	1	2	83	
Disposals / write off	-	-	(0)	(6)	(0)	-	(0)	-	(7)	
Closing accumulated depreciation	-	2	50	248	10	1	10	5	327	
Impairment loss										
Opening accumulated impairment	-	-	0	1	0	-	0	-	1	
Impairment charge/(reversal) during the year	-	-	1	1	(0)	-	(0)	-	2	
Write off	-	-	-	(1)	-	-	-	-	(1)	
Closing balance	-	-	1	1	0	-	0	-	2	
Net carrying amount	2	45	249	238	8	3	1	13	561	55

(i) **Impairment loss**

Impairment loss pertains to Plant and equipment which are in damaged condition or are lying idle and have no future use.

(ii) **Contractual obligations**

Refer to Note 32 for disclosure of contractual commitments for acquisition of property, plant and equipment.

(iii) **Capital work-in-progress**

Capital work-in-progress mainly comprises spends for setting up new manufacturing unit at Sanand, Ahmedabad India.

(iv) **Leased assets**

Gross carrying amount of leasehold land represents amounts paid under lease agreements which are due for renewal in the years ranging from 2070 to 2117. In one case where the lease is expiring in 2070, the Company has option to purchase the property.

(v) **Buildings**

Buildings include Nil (31st March, 2019; Nil) being the value of shares in co-operative housing societies.

3(b) Right of use Assets

(₹ in Crore)

Particulars	Buildings	Plant and equipment	Total
Year ended 31st March 2019			
Gross carrying amount			
Opening gross carrying amount	155	0	155
Additions	27	-	27
Disposals / write off	(11)	-	(11)
Closing gross carrying amount	171	0	171
Accumulated depreciation			
Opening accumulated depreciation	53	0	53
Depreciation charge during the year	23	0	23
Disposals / write off	(12)	-	(12)
Closing accumulated depreciation	64	0	64
Impairment loss			
Opening accumulated impairment	-	-	-
Impairment charge/(reversal) during the year	-	-	-
Write off	-	-	-
Closing balance	-	-	-
Net carrying amount	107	0	107
Year ended 31st March 2020			
Gross carrying amount			
Opening gross carrying amount	171	0	171
Additions	34	-	34
Disposals / write off	(21)	(0)	(21)
Closing gross carrying amount	184	0	184
Accumulated depreciation			
Opening accumulated depreciation	64	0	64
Depreciation charge during the year	26	0	26
Disposals / write off	(14)	(0)	(15)
Adjustments			
Closing accumulated depreciation	76	0	76
Impairment loss			
Opening accumulated impairment	-	-	-
Impairment charge/(reversal) during the year	-	-	-
Write off	-	-	-
Closing balance	-	-	-
Net carrying amount	108	-	108

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of operations rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as plant / godowns / delivery centers / depots / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

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To Financial Statements for the year ended 31st March, 2020

4 Investment Properties

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Gross carrying amount		
Opening gross carrying amount/Deemed cost	11	24
Additions	-	-
Reclassification as held for sale (refer note v below)	-	(13)
Closing gross carrying amount	11	11
Accumulated Depreciation		
Depreciation charge	0	0
Reclassification as held for sale (refer note v below)	-	(1)
Closing accumulated depreciation	0	0
Net carrying amount	11	11

(i) Amounts recognised in profit or loss for investment properties

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Rental income	1	1
Direct operating expenses	0	0
Profit from investment properties before depreciation	1	1
Depreciation	0	0
Profit from investment properties	1	1

(ii) Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Within one year	1	0
Later than one year but not later than 5 years	1	-
Later than 5 years	-	-

(iii) Fair value

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Investment properties	16	17

Estimation of fair value

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in market for similar properties.

- (iv) The fair values of investment properties have been determined by an independent valuer who holds recognised and relevant professional qualification. The main inputs include details obtained from "The Ready Reckoner", location factor and physical verification of the property.
- (v) During the previous year ended 31 March, 2019 Investment property at Andheri, Mumbai had been classified as asset held for sale.

5 Intangible Assets

(₹ in Crore)

Particulars	Trademarks and copyrights	Computer software	Total
Year ended 31st March, 2019			
Gross carrying amount			
Opening gross carrying amount	19	10	29
Additions	-	4	4
Closing gross carrying amount	19	14	33
Accumulated amortisation			
Opening accumulated amortisation	-	9	9
Amortisation charge for the year	-	2	2
Closing accumulated amortisation	-	11	11
Closing net carrying amount	19	4	22
Year ended 31st March, 2020			
Gross carrying amount			
Opening gross carrying amount	19	14	33
Additions	-	1	1
Closing gross carrying amount	19	15	34
Accumulated amortisation			
Opening accumulated amortisation	-	11	11
Amortisation charge for the year	-	2	2
Closing accumulated amortisation	-	13	13
Closing net carrying amount	19	2	21

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

6(a) Investments

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Non-current Investments		
I. Investment in subsidiaries and joint ventures		
Quoted		
Equity instruments		
Subsidiaries	1,001	1,000
Joint venture	29	26
	1,030	1,026
II. Other Investments		
(A) Quoted		
Debentures	50	9
Bonds	25	25
Mutual Funds	-	-
	75	34
(B) Unquoted		
Equity instruments		
Others	1	0
Government securities	0	0
	1	0
Total Non - current other Investments (A + B)	76	34
Current Investments		
(C) Quoted		
Debentures	68	84
Bonds	47	-
Mutual Funds	-	13
	115	97
(D) Unquoted		
Intercorporate deposits	21	66
Commercial papers	89	25
Certificate Deposits	96	-
Mutual Funds	296	192
	502	283
Total Current Investments (C+D)	617	380
Non-current Investments		
Investment in equity instruments (fully paid-up)		
Quoted at cost		
In Subsidiary Company		
Marico Bangladesh Limited	1	1
28,350,000 (31 st March, 2019 : 28,350,000) equity shares of Bangladesh taka 10 each fully paid (Quoted on Dhaka Stock exchange and Chittagong Stock exchange).		

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unquoted at cost		
In Subsidiary Companies		
Marico Middle East FZE (wholly owned)	28	28
22 (31st March, 2019) equity share of UAE dirham 1,000,000 fully paid		
Marico South Africa Consumer Care (Pty) Limited (wholly owned)	74	74
1,569 (31st March, 2019 : 1,569) equity shares of SA Rand 1.00 fully paid		
Marico South East Asia Corporation (wholly owned)	255	255
9,535,495 (31st March, 2019 : 9,535,495) equity shares of VND 10,000 fully paid		
Marico Lanka Private Limited (wholly owned)	1	-
6,46,402 (31st March, 2019 : Nil) equity shares of LKR 10 fully paid		
Marico Consumer Care Limited (wholly owned)	746	746
20,660,830 (31st March, 2019 : 20,660,830) equity shares of ₹10 each fully paid		
Less: Provision for impairment in value of investment (refer note (iv) below)	(104)	(104)
	642	642
Total investment in subsidiaries	1,001	1,000
Unquoted at cost		
In Joint Venture		
Zed Lifestyle Private Limited (refer note (ii) below)	24	22
5,640 (31st March, 2019 : 5,176) equity shares of ₹10 each fully paid		
Revolutionary Fitness Private Limited (refer note (i) below)	5	4
5,791 (31st March, 2019 : 4,022) equity shares of ₹10 each fully paid		
Hello Green Pvt Ltd (refer note (iii) below)	0	-
8,568 (31st March, 2019 : Nil) equity shares of ₹10 each fully paid		
Total investment in Joint Venture	29	26
Aggregate carrying amount of quoted investments	191	132
Market value/ Net asset value of quoted investments	4,128	3,502
Aggregate carrying amount of unquoted investments	1,532	1,308
Aggregate amount of impairment in the value of investments	104	104

Notes:

- (i) During the year ended 31st March, 2020, the Company acquired additional 6.98% stake in Revolutionary Fitness Private Limited, a joint venture. During the previous year ended 31st March, 2019, the Company had acquired 22.46% stake in the joint venture. As at 31st March, 2020 company holds 29.44% stake in this joint venture.
- (ii) During the year ended 31st March, 2020, the Company acquired additional 2.12% stake in Zed Lifestyle Private Limited, a joint venture. During the previous year ended 31st March, 2019, the Company had acquired additional 2.28% stake in the joint venture. As at 31st March, 2020 company holds 45% stake in this joint venture.
- (iii) During the year ended 31st March, 2020, the Company acquired 25.79% stake in Hello Green Private Limited, a joint venture.
- (iv) During the previous year ended 31st March, 2018, the Company has made an assessment of the fair value of investment made in its subsidiary Marico Consumer Care Limited ('MCCL'), taking into account the past business performance, prevailing business conditions and revised expectations of the future performance. Based on above factors the Company has recognised an impairment loss in the value of investment made in MCCL of ₹ 104 Crores. The recoverable amount of the investment is determined at ₹ 642 Crores, which is based on its value in use. This value in use calculation is performed taking into account the discount rate of 10.90% per annum.

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

6(b) Trade Receivables

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade receivables	444	411
Less: Allowance for doubtful debts	(5)	(5)
	439	406
Receivables from related parties (refer note 30)	26	24
Total receivables	465	430
Current Portion	465	430
Non-Current Portion	-	-
Break up of security details		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	465	430
Trade receivables which have significant increase in credit risk	4	4
Less: Allowance for doubtful debts	(4)	(4)
Trade receivables - Credit impaired	1	1
Less: Allowance for doubtful debts	(1)	(1)
Total	465	430

Note - For credit risk and provision for loss allowance refer note 27(A).

6(c) Loans

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current		
Unsecured, considered good		
Loans to employees	3	4
Security deposits with public bodies and others		
Considered good	13	11
Considered doubtful	1	1
	14	12
Less: Provision for doubtful deposits	(1)	(1)
	13	11
Total non current loans	16	15
Current		
Unsecured, considered good		
Loan to employees	3	3
Total current loans	3	3

Note: Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

6(d) Cash and Cash Equivalents

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Bank balances in current accounts	16	10
Deposits with original maturity of less than three months	11	-
Cash on hand	0	0
Total cash and cash equivalents	27	10

6(e) Bank Balances other than Cash and Cash Equivalents

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed deposits with maturity more than 3 month but less than 12 months	52	328
Balances with banks for unclaimed dividend (Refer note below)	1	1
Total bank balance other than cash and cash equivalents	53	329

Note: These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.

6(f) Other Non Current Financial Assets

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured considered good (unless otherwise stated)		
Receivables from to subsidiaries (refer note 30)		
Considered good	28	30
Considered doubtful	-	-
	28	30
Less: Provision for doubtful advances	-	-
	28	30
Fixed deposits-maturing after 12 months (refer note below)	0	0
Total other non-current financial assets	28	30

Note: Fixed deposits with banks includes deposits with sales tax authorities, deposits held as lien by banks against guarantees and for other earmarked balances.

6(g) Other Current Financial Assets

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Derivatives		
Foreign exchange forward contracts, options and interest rate swaps	1	2
	1	2
(ii) Others		
Receivables from subsidiaries (refer note 30)	26	9
Security deposits	0	1
Dividend from Subsidiary (refer note 30)	-	42
	26	52
Total other current financial assets	27	54

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

7 Deferred Tax Asset / (Liabilities)

The balance comprises temporary differences attributable to :

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred tax Asset :		
Liabilities / provisions that are deducted for tax purposes when paid	29	27
On Intangible assets adjusted against capital redemption reserve and securities premium account under the capital restructuring scheme (refer note (1) below)	2	3
MAT credit entitlement	134	182
	165	212
Other items:		
Provision for doubtful debts/ loans/ advances that are deducted for tax purposes when written off	1	2
Other timing differences	17	11
	18	13
Total deferred tax assets	183	225
Deferred tax liability :		
Additional depreciation/amortisation on property plant and equipment, and investment property for tax purposes due to higher tax depreciation rates.	34	38
Financial assets at fair value through Profit and loss	1	(1)
Other timing differences	-	0
Total deferred tax liabilities	(35)	(37)
Net deferred tax assets/ (liabilities)	148	188

Movement in deferred tax assets

(₹ in Crore)

Particulars	Defined benefit obligations	Liabilities / provisions that are deducted for tax purposes when paid	On Intangible assets (Note 1)	MAT Credit entitlement	Other items	Total deferred tax assets
As at 1st April, 2018	-	27	5	2	11	45
(Charged)/credited:						
to Profit and Loss	-	-	(2)	(0)	2	0
to other comprehensive income	-	-	-	-	-	-
Tax adjustment for earlier years	-	-	-	188	-	188
Deferred tax on balance sheet adjustment	-	-	-	(8)	(0)	(8)
As at 31st March 2019	-	27	3	182	13	225
(Charged)/credited :						
to Profit and Loss	-	2	(1)	-	5	6
to other comprehensive income	-	0	-	-	-	0
Tax adjustment for earlier years	-	-	-	-	-	-
Deferred tax on balance sheet adjustment	-	-	-	(48)	-	(48)
As at 31st March 2020	-	29	2	134	18	183

Particulars	Property plant and equipment and Investment property	Change in fair value of hedging instruments	Other items	Total deferred tax liabilities
As at 1st April, 2018	41	14	0	55
Charged/(credited) :				
to Profit and Loss	(3)	(15)	(0)	(18)
to other comprehensive income	-	-	-	-
Deferred tax on basis adjustment	-	-	-	-
As at 31 st March 2019	38	(1)	(0)	37
(Charged)/credited :				
to Profit and loss	(4)	2	0	(1)
to other comprehensive income	-	(1)	-	(1)
Deferred tax on basis adjustment	-	-	-	-
As at 31 st March 2020	34	1	-	35

Note 1: On intangible assets adjusted against capital redemption reserve and securities premium account under the capital restructuring scheme.

8 Other Non Current Assets

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital advances	6	18
Fringe benefit tax payments	0	0
Deposits with statutory/government authorities	12	11
Prepaid expenses	2	1
Total other non-current assets	20	30

9 Inventories

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw materials		
- In stock	419	340
Packing materials	63	75
Work-in-progress	320	282
Finished goods		
- In stock	306	486
- In transit	0	1
Stock in Trade	41	34
By-product	4	7
Stores and spares	12	9
Total inventories	1,165	1,234

Refer note 1(o) for basis of valuation.

During the year, an amount of ₹ 53 Crores (31st March, 2019: ₹ 40 Crores) was charged to the Statement of Profit and Loss on account of damaged and slow moving inventory. The reversal on account of above during the year amounted to Nil (31st March, 2019: Nil).

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

10 Other Current Assets

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances to vendors	52	54
Prepaid expenses	11	12
Balances with government authorities	82	75
Input tax credit receivable	137	120
Others	5	1
Total other current assets	287	262

11 Assets Classified as Held for Sale

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Land and Building	5	12
Total assets classified as held for sale	5	12

Non-recurring fair value measurements

During the previous year ended 31 March, 2019 investment property at Andheri, Mumbai, having carrying value of ₹ 12 Crores were classified as asset held for sale, of which part property was sold during the year and remaining property is classified as Asset held for sale with carrying value of ₹5 Crores. Fair value of the same was ₹10 Crores as at 31st March, 2020. The fair values of these assets have been determined by an independent valuer who holds recognised and relevant professional qualification. The main inputs include details obtained from "The Ready Reckoner", location factor and physical verification of the property.

12(a) Equity Share Capital

(₹ in Crore)

Particulars	No. of shares (in Crore)	Amount
As at 31st March, 2019		
Equity shares of Re. 1/- each	150.00	150
Preference shares of ₹10/- each	6.50	65
Total	156.50	215
As at 31st March, 2020		
Equity shares of Re. 1/- each	150.00	150
Preference shares of ₹10/- each	6.50	65
Total	156.50	215
Issued, subscribed and paid-up as at 31st March, 2019		
1,290,864,398 equity shares of Re. 1/- each fully paid-up	129.09	129
Total	129.09	129
Issued, subscribed and paid-up as at 31st March, 2020		
1,291,018,088 equity shares of Re. 1/- each fully paid-up	129.10	129
Total	129.10	129

(i) Movements in equity share capital

Particulars	No of shares (in Crore)	Equity Share capital (par value)
As at 1st April, 2018	129.09	129
Shares issued during the year - ESOP (refer note 33(a))	-	-
As at 31st March, 2019	129.09	129
Increases during the year		
Shares issued during the year - ESOP (refer note 33(a))	0.01	0
As at 31st March, 2020	129.10	129

(ii) Rights, preferences and restrictions attached to equity shares

Equity Shares: The Company has one class of equity shares having a par value of Re.1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Shares reserved for issue under options

Information related to Marico ESOP 2016 including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 33 (a).

(iv) Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Re. 1/- each fully paid-up				
Harsh C Mariwala with Kishore V Mariwala (For Valentine Family Trust)	148,459,200	11.50	148,459,200	11.50
Harsh C Mariwala with Kishore V Mariwala (For Aquarius Family Trust)	148,446,200	11.50	148,446,200	11.50
Harsh C Mariwala with Kishore V Mariwala (For Taurus Family Trust)	148,465,000	11.50	148,465,000	11.50
Harsh C Mariwala with Kishore V Mariwala (For Gemini Family Trust)	148,460,600	11.50	148,460,600	11.50
First State Investments Services (UK) Ltd (along with Persons acting in concert)	69,377,833	5.37	78,346,023	6.07

(v) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
No. of equity shares allotted as bonus	645,085,599	645,085,599
No. of equity shares allotted under employee stock option plans	950,490	905,800

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

12(b) Reserves and Surplus

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Securities premium	247	243
General reserve	298	298
Share based option outstanding account	25	19
Treasury shares	(27)	(27)
WEOMA reserve	73	70
Retained earnings	2,760	2,757
Total Reserve and surplus	3,376	3,360

(i) Securities premium

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Opening balance	243	243
Add: Exercise of employee stock options	4	-
Closing balance	247	243

(ii) General reserve

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Opening balance	298	298
Closing balance	298	298

(iii) Share based option outstanding account (refer note 33)

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Opening balance	19	11
Exercise of employee stock options	(4)	-
Add : Share based payment expense	10	8
Closing balance	25	19

(iv) Treasury shares

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Opening balance	(27)	(42)
Add: (Purchase)/sale of treasury shares by the trust during the year (net)	(0)	15
Closing balance	(27)	(27)

(v) WEOMA reserve

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	70	55
Add: Income of the trust for the year	3	15
Closing balance	73	70

(vi) Retained earnings

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	2,757	2,331
Net Profit for the year	1,006	1,129
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefit obligation, net of tax	(1)	(1)
Less: Dividend	(872)	(613)
Less: Tax on dividend (net of tax on dividend received from subsidiaries of ₹49 Crore) (Previous year ₹ 37 Crore)	(130)	(89)
Closing balance	2,760	2,757

12(c) Other Reserves**Hedge reserve**

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening balance	0	0
Changes in fair value	(1)	0
Reclassified to statement of profit and loss	(1)	0
Deferred tax on above	1	(0)
Closing balance	(1)	0

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

13(a) Current Borrowings

				(₹ in Crore)	
Particulars	Maturity Date	Terms of repayment	Coupon /Interest rate	As at 31st March, 2020	As at 31st March, 2019
Loans repayable on demand					
Unsecured					
From banks					
- Cash credit (refer note (i) below)	Payable on demand	Payable on demand	9.5% to 12.50% per annum	-	3
- Working capital demand loan (refer note (i) below)	31st March, 2020 : Repayable with interest on April 2020 - ₹ 10 Crores, June 2020 - ₹ 24 Crores, July 2020 - INR 6 Crores, February 2021 - ₹ 30 Crores, March 2021 - ₹ 10 Crores, (FY 19 Repaid April to June 2019 - ₹ 45 Crore July 19 to March 20- ₹ 41 Crores)	For a term of six months to twelve months	FY 20 Bank Base rate/ relevant Benchmark Rate plus applicable spread per annum (FY 19 Bank Base rate/ relevant Benchmark Rate plus applicable spread per annum)	80	86
- Export packing credit (refer note (i) below)	Repayable on May, 2020 ₹ 17 Crores, July, 2020 ₹ 13 Crores (FY 19 - Repaid From April 19 to June 19, ₹ 24 Crores, August 19 to September 19 ₹ 18 Crores)	For a term of six months	FY 20 Bank Base rate/ Relevant Benchmark rate plus applicable spread less Interest Subvention of 3.00% per annum; (FY 19 - Bank Base rate/ Relevant Benchmark rate plus applicable spread less Interest Subvention of 3.00% per annum)	30	42
Total current borrowings				110	131
Less: Interest accrued not due on borrowings (refer note 13(b))				0	0
Current borrowings as per balance sheet				110	131

Note:-

i) Cash credit, working capital demand loan and export packing credit is unsecured. There is no charge against short term loan taken from banks.

13(b) Other Financial Liabilities

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non-current		
Lease Liabilities	109	107
Total other non-current financial liabilities	109	107
Current		
Interest accrued but not due on borrowings (refer note 13(a))	0	0
Creditors for capital goods	8	3
Salaries, bonus and other benefits payable to employees	3	2
Derivatives designated as hedges	2	-
Trade Deposits from customers and other	1	2
Unclaimed Dividend (refer note below)	1	1
Lease Liabilities	26	28
Others	0	0
Total other current financial liabilities	42	37

Note : As at 31st March, 2020, there is no amount due and outstanding to be transferred to the Investor Education and Protection Fund (IEPF) by the company. Unclaimed dividend if any, shall be transferred to IEPF as and when they become due.

13(c) Trade Payables

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Trade payables:		
Dues to Micro and small enterprises (refer note below)	10	13
Dues to related parties (refer note 30)	6	4
Dues to others	693	698
Total trade payables	709	715

Note: The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
I. The principal amount remaining unpaid to any supplier as at the end of accounting year included in trade payable	10	13
II. Interest due thereon	1	1
Trade Payables due to micro and small enterprises	11	14
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year	1	1
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	1	0

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

14 Provisions

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Current		
Disputed indirect taxes (refer note (a) and (b) below)*	58	57
Total current provisions	58	57

*These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilization and cash outflows, if any, pending resolution.

- (a) Provision for disputed indirect taxes mainly pertains to Entry tax dispute in the state of Himachal Pradesh and West Bengal where in the Company has filed a writ petition in both the states before both the respective Honourable High Courts and the matters are sub judice. It is not practicable to state the timing of the judgement and final outcome. The Company has assessed that unfavourable outcome of the matter is more than probable and therefore have provided for necessary amounts.
- (b) Movement of provisions during the year as required by Ind AS-37 "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013

Disputed indirect taxes	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Balance as at the beginning of the year	57	57
Add: Additional provision recognised	1	-
Less: Amount used during the year	-	(0)
Balance as at the end of the year	58	57

15 Employee benefit obligation non current

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Leave encashment/ compensated absences (refer note (iii) below)	8	8
Share-appreciation rights (refer note (iv) below)	0	1
Total employee benefit obligations non current	8	9

Employee Benefit Obligation Current

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Gratuity (refer note (i) below)	5	5
Leave encashment/ compensated absences (refer note (iii) below)	2	2
Share-appreciation rights (refer note (iv) below)	0	2
Incentives / Bonus	25	41
Others	-	1
Total employee benefit obligations current	32	51

Notes:-

(i) **Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years and more are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is funded through gratuity trust and the company makes contributions to the trust.

(ii) **Provident fund**

Contributions are made to a trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund balance maintained by the trust set up by the Company, is additionally provided for. There is no shortfall as at 31st March, 2020 and 31st March.

(iii) **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. Current Leave obligations expected to be settled within the next 12 months.

(iv) **Share-appreciation rights**

In respect of Employee Stock Appreciation Rights (STAR) granted pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011, the liability shall be measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, (excess of fair value as at the period end over the Grant price) and is recognized as employee compensation cost over the vesting period (refer note 33).

(a) **Balance sheet amounts - Gratuity**

(₹ in Crore)

Particulars	Present value of obligation	Fair value of plan assets	Net Amount
Balance as on 1st April 2018	28	24	4
Current service cost	4	-	4
Interest expense	2	-	2
Interest Income	-	2	(2)
Total amount recognised in profit or loss	6	2	4
Remeasurements			
(Gain)/loss from change in demographic assumptions	(0)	-	(0)
(Gain)/loss from change in financial assumptions	1	-	1
Experience (gains)/ losses	0	0	(0)
Total amount recognised in other comprehensive income	1	0	1
Employer contributions	-	4	(4)
Benefit Payments	(3)	(3)	-
Balance as on 31st March 2019	32	27	5
Balance as on 31st March 2019	32	27	5
Current service cost	4	-	4
Interest expense	2	-	2
Interest Income	-	2	(2)
Total amount recognised in profit or loss	6	2	4
Remeasurements			
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	2	-	2
Experience (gains)/ losses	0	(1)	(1)
Total amount recognised in other comprehensive income	2	(1)	1
Employer contributions	-	5	(5)
Benefit Payments	(6)	(7)	0
Balance as on 31st March 2020	34	28	5

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

The Net liability disclosed above relates to funded and unfunded plans are as follows

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Present value of funded obligations	34	32
Fair value of plan assets	(28)	(27)
Deficit of gratuity plan	6	5

The significant actuarial assumptions were as follows

Particulars	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.37%	7.09%
Rate of return on Plan assets*	6.37%	7.09%
Future salary rise**	10.00%	10.00%
Attrition rate	15% and 16%	15% and 16%

Mortality

Indian Assured Lives Mortality
(2006-08) Ultimate

* 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 expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario.)

** 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.

Sensitivity analysis

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Projected benefit obligation on current assumptions	34	32
Delta effect of +1% change in rate of discounting	(2)	(1)
Delta effect of -1% change in rate of discounting	2	2
Delta effect of +1% change in rate of salary increase	1	1
Delta effect of -1% change in rate of salary increase	(1)	(1)
Delta effect of +1% change in rate of Employee turnover	(0)	(0)
Delta effect of -1% change in rate of Employee turnover	0	0

The sensitivity analysis have been performed based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The major categories of plans assets are as follows :

(₹ in Crore)

Particulars	31st March, 2020		31st March, 2019	
	Amount	in %	Amount	in %
Special deposit scheme	-	0.00%	-	0.00%
Insurer Managed funds	28	100.00%	26	100.00%
Other	-	0.00%	-	0.00%
Total	28	100.00%	26	100.00%

Defined benefit liability and employer contributions

The weighted average duration of the gratuity is 6 years as at 31st March, 2020 and 31st March, 2019.

The expected employers contribution towards gratuity for the next year is ₹ 9 Crores.

(b) Provident Fund
Amount recognised in the Balance sheet

(₹ in Crore)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Liability at the end of the year	-	0
Fair value of plan assets at the end of the year	182	163
Present value of benefit obligation as at the end of the period	(173)	(157)
Difference	9	6
Unrecognized past service Cost	(9)	(6)
(Assets) / Liability recognized in the Balance Sheet	0	0

Changes in defined benefit obligations:

(₹ in Crore)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Liability at the beginning of the year	157	137
Opening balance adjustment	0	1
Interest cost	12	12
Current service cost	12	10
Employee contribution	15	13
Liability Transferred in	6	3
Liability Transferred out	-	(8)
Benefits paid	(29)	(11)
Liability at the end of the year	173	157

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Changes in fair value of plan assets:

(₹ in Crore)

Particulars	As at	
	31st March, 2020	31st March, 2019
Fair value of plan assets at the beginning of the year	163	141
Opening balance adjustment	-	1
Expected return on plan assets	12	14
Contributions	26	23
Transfer from other Company	6	3
Transfer to other Company	-	(8)
Benefits paid	(28)	(11)
Actuarial gain/(loss) on plan assets	3	0
Fair value of plan assets at the end of the year	182	163

Expenses recognised in the Statement of Profit and Loss:

(₹ in Crore)

Particulars	As at	
	31st March, 2020	31st March, 2019
Current service cost	12	10
Interest cost	12	12
Expected return on plan assets	(12)	(14)
(Income) / Expense recognised in the Statement of Profit and Loss	12	8

The major categories of plan assets are as follows :

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Amount	in %	Amount	in %
Central Government securities	12	6.67%	14	8.67%
State loan/State government Guaranteed Securities	13	6.97%	13	7.94%
Government Securities debt instruments	111	61.14%	89	54.44%
Public Sector Units	20	10.74%	24	14.74%
Private Sector Units	5	2.97%	6	3.81%
Equity / Insurance Managed Funds	10	5.28%	9	5.32%
Special Deposit	1	0.61%	-	0.00%
Others	10	5.63%	8	5.09%
Total	182	100.00%	163	100.00%

The Significant actuarial assumptions were as follows :

Particulars	As at	
	31st March, 2020	31st March, 2019
Discount rate	6.37%	7.07%
Rate of return on plan assets*	8.65%	8.65%
Future salary rise**	10.00%	10.00%
Attrition rate	16%-15%	16%-15%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	

* 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 expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario).

** 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.

(c) Privileged leave (Compensated absences for employees):**Amount recognized in the Balance Sheet and movements in net liability:**

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Opening balance of compensated absences	9	10
Present value of compensated absences (As per actuarial valuation) as at the year end	9	9

The privileged leave liability is not funded.

(d) Employee State Insurance Corporation

Marico India has recognised ₹ 0 Crore (₹ 0 Crore for the year ended 31st March, 2019) towards employee state insurance plan in the Statement of Profit and Loss.

(e) Risk exposure (For Gratuity and Provident Fund)

Through its defined benefit plans, the company is exposed to below risk:

Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan assets have investments in insurance/equity managed fund, fixed income securities with high grades, public/private sector units and government securities. Hence assets are considered to be secured.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The Trust ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the group's ALM objective is to match assets to the obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

Defined benefit liability and employer contributions

The weighted average duration of the gratuity for the Company ranges from 5 to 10 years as at 31st March 2020 and 31st March 2019.

The expected maturity analysis of gratuity is as follows:

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Within the next 12 months	4	4
Between 2 and 5 years	16	16
Between 6 and 10 years	14	14
Beyond 10 years	-	-
Total	34	34

16 Tax Assets and Liabilities

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Non current tax assets (net)	41	36
Current tax liabilities (net)	14	16

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

17 Other Current Liabilities

Particulars	(₹ in Crore)	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Statutory dues (including provident fund, tax deducted at source and others)	15	9
Deferred income on government grants (refer note below)	5	6
Book overdraft	23	11
Contractual and Constructive obligations	118	98
Advance from customer	18	22
Others	0	0
Total other current liabilities	179	146

The Company is eligible for government grants which are conditional upon construction of new factories in North East region. The Company has initiated the process for claim. The factories had been constructed and been in operation since May 2016 and March 2017. These grants, recognized as deferred income, are being amortized over the useful life of the plant and machinery, and accounted as "Incentives (includes government grant, budgetary support, export incentives and others)" under the head "Other operating revenue" (Refer note 18), in proportion to depreciation expense.

18 Revenue from Operations

The company derives the following types of revenue:

Particulars	(₹ in Crore)	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Sale of products	5,793	5,912
Other operating revenue:		
Incentives (includes government grant, budgetary support, export incentives and others)	54	50
Sale of scrap	6	9
Total revenue	5,853	5,971

Details of sales

Particulars	(₹ in Crore)	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Edible oils	3,691	3,750
Hair oils	1,426	1,464
Personal care	345	372
Others	331	326
Sale of products	5,793	5,912

Reconciliation of Revenue from sale of Products with contracted price

Particulars	(₹ in Crore)	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Contracted Price	6,271	6,390
Less: Discount	478	478
Sale of Products	5,793	5,912

19 Other Income

(₹ in Crore)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(a) Other income		
Lease rental income	1	1
Dividend income from subsidiaries	193	206
Interest income from financial assets at amortised cost	48	36
Royalty income	13	13
Others	13	5
Total	268	261
(b) Other gains/(losses):		
Net gain on disposal of property, plant and equipment	(0)	3
Net gain on financial assets mandatorily measured at fair value through profit or loss and net gain on sale of investments	33	32
Net foreign exchange gain/(loss)	8	5
Total	40	40
Total other income	308	301

20 (a) Cost of Materials Consumed

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw materials consumed	2,497	3,033
Packing materials consumed	433	430
Total cost of materials consumed	2,930	3,463

20 (b) Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening inventories		
Finished goods	486	452
Work-in-progress	282	235
By-products	7	5
Stock-in-trade	34	15
	809	707
Closing inventories		
Finished goods	306	486
Work-in-progress	320	282
By-products	4	7
Stock-in-trade	41	34
	671	809
Total changes in inventories of finished goods, stock-in-trade and work-in-progress	138	(101)

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

21 Employee Benefit Expense

(₹ in Crore)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries, wages and bonus	266	264
Contribution to provident and other funds (refer note 15)	19	17
Share based payment expense (refer note 33)	8	13
Staff welfare expenses	15	13
Total employee benefit expense	308	307

22 Depreciation and Amortization Expense

(₹ in Crore)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation on property, plant and equipment (refer note 3 (a))	83	79
Depreciation on investment properties (refer note 4)	0	0
Amortisation of intangible assets (refer note 5)	2	2
Depreciation on Lease assets (refer note 3 (b))	26	23
Impairment loss / (reversal of loss) of capitalised assets (refer note 3 (a))	2	(0)
Total Depreciation and Amortization Expense	113	104

23 Other Expenses

(₹ in Crore)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Advertisement and sales promotion	502	482
Freight, forwarding and distribution expenses	223	215
Processing and Other Manufacturing Charges	209	208
Rent and storage charges	15	11
Legal and Professional Charges	45	42
Outside Services	44	39
Repairs and Maintenance	37	34
Power, fuel and water	33	33
Travelling, conveyance and vehicle expenses	29	30
Consumption of stores, spare and consumables	18	18
Provision for doubtful debts, loans, advances and investments	(3)	11
Payments to the auditor as :		
- Statutory audit fees (including Limited Review)	1	1
- for other services as statutory auditors	0	0
- for reimbursement of expenses	0	0
Miscellaneous expenses (refer note (a) below)	71	59
Total	1,224	1,183

- (a) Miscellaneous expense includes printing and stationery, communication, rates and taxes, insurance and other expenses.
- (b) Corporate social responsibility expenditure

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Amount required to be spent as per the section 135 of the Act	19	18
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	19	18

(iii) Above includes -

Contribution made to Marico Innovation Foundation (MIF) which is a Section 25 registered Company under Companies Act, 1956, with the main objectives of fuelling innovation in India. The focus of the foundation is to work with people who have scalable ideas and help them scale it to benefit India in a direct way. MIF has already done work in the areas of renewable energy, waste management, employability, livelihoods and healthcare.

Contribution made to Parachute Kalpavriksha Foundation (PKF) which is also Section 8 registered Company under Companies Act, 2013, with the main objectives of undertaking/channelizing the CSR activities of the Company towards community and ecological sustenance.

(iv) The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

- (c) Research and Development expenses aggregating to ₹ 8 Crore for food and edible items and ₹ 23 Crore for others have been included under the relevant heads in the Statement of Profit and Loss (Previous year ended 31st March, 2019 aggregating ₹ 31 Crore). Further Capital expenditure of ₹ 1 Crore pertaining to food and edible items and ₹ 0 Crore towards others have been incurred during the year (Previous year ended 31st March, 2019 aggregating ₹ 0 Crore).
- (d) Contribution to political parties during the year is ₹ Nil (Previous year ended 31st March, 2019 is ₹ Nil).

24 Finance Costs

(₹ in Crore)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest expenses on financial liabilities at amortised cost	8	9
Other borrowing costs	0	0
Bank and other financial charges	13	3
Lease finance cost (refer note I - Lease)	12	12
Finance costs expensed in profit or loss	33	24

25 Income Tax Expense

(₹ in Crore)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Income tax expense		
Current tax on profit for the year	259	260
Deferred tax	(7)	(18)
Tax expense for the current year	252	242
Tax adjustment for the earlier years*	-	(188)
Total income tax expenses recognised during the year	252	54

*During the previous year ended 31st March, 2019, the Company has written back tax provision pursuant to acceptance of its position in tax proceedings pertaining to earlier years.

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Reconciliation of tax expense and accounting profit multiplied by India tax rate

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit from operations before exceptional items and income tax expense (a)	1,258	1,183
Income tax rate as applicable (b)	34.944%	34.944%
Calculated taxes based on above without any adjustment for deductions [(a) * (b)]	440	413

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Tax effect of amounts which are not deductible (allowable) in calculating taxable income :		
Permanent tax differences due to:		
Effect of Income that is exempt from taxation	(2)	(6)
Effect of Income which is taxed at special rate	(33)	(34)
Effect of expenses that are not deductible in determining taxable profit	14	16
Effect of expenses that are deductible in determining taxable profit	(9)	(6)
Income tax Incentives	(149)	(143)
Others	(9)	2
Income tax expense for the current year	252	242

26 Fair Value Measurements

(a) Financial Instruments by category

	Note	(₹ in Crore)					
		31st March, 2020			31st March, 2019		
		FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Financial Assets							
Investments							
Equity Instruments	6(a)	1	-	-	0	-	-
Bonds, debentures and Commercial Papers (including interest accrued)	6(a)	78	-	182	-	-	143
Mutual funds	6(a)	296	-	-	205	-	-
Government securities	6(a)	-	-	0	-	-	0
Trade receivables	6(b)	-	-	465	-	-	430
Inter corporate deposits (including interest accrued)	6(a)	-	-	-	-	-	66
Certificate Deposit	6(a)	-	-	89	-	-	-
Loans	6(c)	-	-	1	-	-	7
Derivative financial assets	6(g)	-	1	-	-	2	-
Security deposits	6(f),6(g)	-	-	0	-	-	12
Cash and cash equivalent	6(d)	-	-	16	-	-	10
Bank balances	6(e)	-	-	1	-	-	1
Fixed deposits	6(d),6(e)&6(f)	-	-	64	-	-	328
Advances to subsidiaries	6(f),6(g)	-	-	54	-	-	81
Total financial assets		375	1	873	205	2	1,078
Financial Liabilities							
Borrowings (including interest accrued)	13(a)	-	-	110	-	-	131
Derivative financial liabilities	13(b)	-	2	-	-	-	-
Trade payables	13(c)	-	-	709	-	-	715
Capital creditors	13(b)	-	-	8	-	-	3
Lease Liabilities		-	-	136	-	-	136
Others	13(b)	-	-	6	-	-	5
Total financial liabilities		-	2	969	-	-	990

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Impact of COVID-19

The fair value of Financial assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, any material volatility is not expected.

Financial assets carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of customers and the financial strength of the customers in respect of whom amounts are receivable.

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Accounting Standard. An explanation of each level follows underneath the table.

(₹ in Crore)

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31st March, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Equity Instruments	6(a)	-	-	1	1
Mutual funds	6(a)	-	296	-	296
Debentures (Quoted)	6(a)	78	-	-	78
Derivative designated as hedges					
Foreign exchange forward contracts, options and interest rate swaps	6(f)	-	1	-	1
Total financial assets		78	297	1	376
Financial liabilities					
Derivatives designated as hedges					
Foreign exchange forward contracts	13(b)	-	2	-	2
Total financial liabilities		-	2	-	2

(₹ in Crore)

Financial assets and liabilities measured at amortized cost for which fair value are disclosed as 31st March, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Investments					
Bonds, Debentures and Commercial Papers (including interest accrued)	6(a)	94	88	-	182
Government securities	6(a)	-	-	-	-
Inter - corporate deposits and Certificate of Deposits (including interest accrued)	6(a)	-	96	21	117
Total financial assets		94	185	21	299
Financial liabilities					
Borrowings (including interest accrued)	13(a)	-	-	110	110
Total financial liabilities		-	-	110	110

(₹ in Crore)

Financial assets and liabilities measured at fair value - recurring fair value measurements as 31st March, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Equity Instruments	6(a)	-	-	0	0
Mutual funds	6(a)	13	192	-	205
Derivative designated as hedges					
Foreign exchange forward contracts, options and interest rate swaps	6(f)	-	2	-	2
Total financial assets		13	194	0	207
Financial liabilities					
Derivatives designated as hedges					
Foreign exchange forward contracts	13(b)	-	-	-	-
Total financial liabilities		-	-	-	-

(₹ in Crore)

Financial assets and liabilities measured at amortized cost for which fair value are disclosed as 31st March, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Investments					
Bonds and debentures (including interest accrued)	6(a)	118	25	-	143
Government securities	6(a)	-	-	0	0
Inter - corporate deposits (including interest accrued)	6(a)	-	-	66	66
Total financial assets		118	25	66	209
Financial liabilities					
Borrowings (including interest accrued)	13(a)	-	-	131	131
Total financial liabilities		-	-	131	131

The fair value of financial instruments as referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurement) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows:

Level 1: Financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, mutual funds, bonds and debentures, that have quoted price and NAV published by the mutual funds. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is considered here. For example, the fair value of forward exchange contracts, currency swaps and interest rate swaps is determined by discounting estimated future cash flows using a risk-free interest rate. The mutual funds are valued using the closing NAV published by mutual fund.

Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the company carries such instruments at cost less impairment, if applicable.

The Company policy is to recognize transfers into and transfer out of fair value hierarchy levels as at the end of the reporting period.

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

(c) Fair value of financial assets and liabilities measured at amortised cost

(₹ in Crore)

	Note	31st March 2020		31st March 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
Investments					
Bonds, Debentures and Commercial Papers	6(a)	182	205	143	145
Government securities	6(a)	0	0	0	0
Inter - corporate deposits	6(a)	-	-	66	66
Certificate Deposits	6(a)	89	89	-	-
Total financial assets		271	294	209	211
Financial liabilities					
Borrowings	13(a)	110	110	131	131
Total financial liabilities		110	110	131	131

The carrying amounts of trade receivables, trade payables, capital creditors, loans and advances, security deposit, fixed deposit, insurance claim receivable, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

27 Financial Risk Management

Financial Risks

In the course of its business, the Company is exposed to a number of financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk, commodity price risk and equity price risk). This note presents the Company's objectives, policies and processes for managing its financial risk and capital.

Board of Directors of the Company has approved Risk Management Framework through policies regarding Investment, Borrowing and Foreign Exchange Management policy. Management ensures the implementation of strategies and achievement of objectives as laid down by the Board through central Treasury function.

Treasury Management Guidelines define, determine and classify risk, by category of transaction, specific approval, execution and monitoring procedures.

In accordance with the aforementioned policies, the company only enters into plain vanilla derivative transactions relating to assets, liabilities or anticipated future transactions.

(A) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises on liquid assets, financial assets, derivative assets, trade and other receivables.

In respect of its investments the Company aims to minimize its financial credit risk through the application of risk management policies. Credit limits are set based on a counterparty value. The methodology used to set the list of counterparty limits includes, counterparty Credit Ratings (CR) and sector exposure. Evolution of counterparties is monitored regularly, taking into consideration CR and sector exposure evolution. As a result of this review, changes on credit limits and risk allocation are carried out. The company avoids the concentration of credit risk on its liquid assets by spreading them over several asset management companies and monitoring of underlying sector exposure.

Trade receivables are subject to credit limits, controls and approval processes. Due to large geographical base and number of customers, the Company is not exposed to material concentration of credit risk. Basis the historical experience, the risk of default in case of trade receivable is low. Provision is made for doubtful receivables as per expected credit loss, using simplified approach over the life of the asset depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Company.

The gross carrying amount of trade receivables is ₹ 465 Crores as at 31st March, 2020, (₹ 435 Crores as at 31st March, 2019).

Reconciliation of loss allowance provision- trade receivables

(₹ in Crore)

Particular	31st March 2020	31st March 2019
Loss allowance at the beginning of the year	5	4
Add : Changes in loss allowances	(0)	1
Loss allowance at the end of the year	5	5

Security deposits are interest free deposits given by the company for properties taken on lease. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of Security deposit is ₹ 14 Crores as at 31st March, 2020, (₹ 12 Crores as at 31st March, 2019).

Other financial asset includes investment, loans to employees and advances given to subsidiaries and joint venture for various operational requirements and other receivables (refer note 6(a), 6(c), 6(f) and 6(g)). Provision is made where there is significant increase in credit risk of the asset.

Reconciliation of loss allowance provision- other financial assets

(₹ in Crore)

Particular	31st March 2020	31st March 2019
Loss allowance at the beginning of the year	11	1
Add : Changes in loss allowances due to provision/(reversal/write off)	(3)	10
Loss allowance at the end of the year	8	11

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability of committed credit lines.

The current ratio of the company as at 31st March, 2020 is 2.34 (as at 31st March, 2019 is 2.41) whereas the liquid ratio of the company as at 31st March, 2020 is 1.35 (as at 31st March, 2019 is 1.39).

Contractual maturities of financial liabilities 31st March, 2020

(₹ in Crore)

Particulars	Note	Less than 1 year	1 year to 2 years	2 years to 3 years	3 years and above	Total
Non-derivatives						
Borrowings (including interest accrued)	13(a)	110	-	-	-	110
Trade Payables	13(c)	709	-	-	-	709
Lease Liabilities	13(b)	26	25	25	59	136
Other Financial Liabilities	13(b)	13	-	-	-	13
Total Non- derivative liabilities		859	25	25	59	969
Derivative						
Foreign exchange forward contracts	13(b)	2	-	-	-	2
Principal swap		-	-	-	-	-
Total derivative liabilities		2	-	-	-	2

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Contractual maturities of financial liabilities 31st March, 2019

Particulars	Note	Less than 1 year	1 year to 2 years	2 years to 3 years	3 years and above	Total
Non-derivatives						
Borrowings (including interest accrued)	13(a)	131	-	-	-	131
Trade payables	13(c)	715	-	-	-	715
Lease Liabilities	13(b)	28	13	21	74	136
Other financial liabilities	13(b)	7	-	-	-	7
Total Non- derivative liabilities		881	13	21	74	989
Derivative						
Foreign exchange forward contracts	13(b)	-	-	-	-	-
Principal swap		-	-	-	-	-
Total derivative liabilities		-	-	-	-	-

Apart from the above, the company also has an exposure of corporate guarantees given to banks on behalf of subsidiaries for credit and other facilities granted by banks (refer note 31). It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above corporate guarantees.

(C) Market Risk

The Company is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and future transactions.

(i) Foreign currency risk

The Company is exposed to foreign currency risk from transactions and translation.

Transactional exposures arise from transactions in foreign currency. They are managed within a prudent and systematic hedging policy in accordance with the company's specific business needs through the use of currency forwards and options.

The company's exposure to foreign currency risk at the end of the reporting period INR as on 31st March, 2020

(₹ in Crore)

	AED	AUD	BDT	CAD	EGP	GBP	USD	VND	LKR	THB	MYR	SGD	ZAR	EUR
Financial assets														
Foreign currency debtors for export of goods	0	-	-	0	-	-	50	-	-	-	-	-	-	-
Foreign currency Creditors for Capital goods	-	-	-	-	-	0	0	-	-	-	-	-	-	-
Foreign currency Advances for Imports and Others	0	0	0	-	-	-	13	-	-	0	0	0	0	0
Bank balances	-	-	-	-	-	-	0	0	-	-	-	-	-	-
Other receivable / (payable) including advance for Export	-	-	-	-	-	-	-	-	-	-	-	-	-	(0)
Receivables from subsidiaries	3	-	16	-	0	-	32	2	0	-	-	-	-	-
Derivative asset														
Foreign exchange forward contracts sell foreign currency	-	-	-	-	-	-	(92)	-	-	-	-	-	-	-
Foreign exchange option contracts sell option	-	-	-	-	-	-	(55)	-	-	-	-	-	-	-
Net Exposure to foreign currency risk (assets)	4	0	16	0	0	0	(52)	2	0	0	0	0	0	0

	AED	BDT	EUR	GBP	VND	MYR	SGD	USD
Financial liabilities								
Foreign currency Creditors for Import of goods and services	-	-	0	0	-	-	1	-
Foreign Currency Loan	-	-	-	-	-	-	-	-
Derivative liabilities								
Foreign exchange forward contracts buy foreign currency	-	-	(7)	-	-	-	-	(45)
Foreign exchange Option contracts buy option	-	-	(1)	-	-	-	-	(17)
Net Exposure to foreign currency risk (liabilities)	-	-	(8)	0	-	-	1	(62)

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR as on 31st March 2019

(₹ in Crore)

	AED	AUD	BDT	CAD	EGP	GBP	USD	VND	THB	EUR
Financial assets										
Foreign currency debtors for export of goods	0	-	-	0	-	-	34	-	-	-
Bank balances	-	-	-	-	-	-	0	0	-	-
Other receivable / (payable) including advance for imports	-	0	-	-	-	0	19	-	0	1
Receivables from subsidiaries	4	-	49	-	0	-	26	1	-	-
Derivative asset										
Foreign exchange forward contracts sell foreign currency	-	-	-	(0)	-	-	(58)	-	-	-
Foreign exchange option contracts sell option	-	-	-	-	-	-	(54)	-	-	-
Net Exposure to foreign currency risk (assets)	4	0	49	0	0	0	(33)	1	0	1

	AED	BDT	EUR	GBP	VND	MYR	SGD	USD
Financial liabilities								
Foreign currency Creditors for Import of goods and services	0	0	-	1	0	0	0	0
Foreign Currency Loan	-	-	-	-	-	-	-	-
Derivative liabilities								
Foreign exchange forward contracts buy foreign currency	-	-	(10)	-	-	-	-	(37)
Foreign exchange Option contracts buy option	-	-	-	-	-	-	-	(10)
Net Exposure to foreign currency risk (liabilities)	0	0	(10)	1	0	0	0	(47)

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Particular	Impact on profit after tax		Impact on other component of equity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
USD Sensitivity				
INR/USD Increase by 6%	4	3	(3)	3
INR/USD Decrease by 6%	(4)	(3)	3	(3)
AUD Sensitivity				
INR/AUD Increase by 6%	0	0	-	0
INR/AUD Decrease by 6%	(0)	(0)	-	(0)
BDT Sensitivity				
INR/BDT Increase by 6%	1	2	-	-
INR/BDT Decrease by 6%	(1)	(2)	-	-

Impact of COVID-19 (Global pandemic) :

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

ii) Interest rate risk

The Company is exposed primarily to fluctuation in interest rates in domestic market.

The Company manages its cash flow interest rate risk on long term borrowing, if any, by using floating-to-fixed interest rate swaps. Under these swaps, the company agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Company's fixed rate borrowings, if any, are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Variable rate borrowings	110	131
Fixed rate borrowings	-	-
Total borrowings (including interest accrued)	110	131

As at the end of the reporting period, the company had the following variable rate borrowings and interest rate swap contracts outstanding;

Particulars	31st March 2020			31st March 2019		
	Weighted Average Interest Rate	Balance	% of Total Loans	Weighted Average Interest Rate	Balance	% of Total Loans
Bank Overdrafts, Bank Loans	4.78%	110	100%	5.36%	131	100.00%
Interest rate Swaps (Notional principal amount)	-	-	-	-	-	-
Net Exposure to Cash Flow Interest rate Risk	-	110	-	-	131	-

Financial assets classified at amortized cost have fixed interest rate. Hence, the Company is not subject to interest rate risk on such financial assets.

Sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

(₹ in Crore)

	Impact on profit after tax		Impact on other component of equity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Interest rates - Increase by 50 basis point (50 bps)	0	0	-	-
Interest rates - decrease by 50 basis point (50 bps)	(0)	(0)	-	-

iii) Price risk

Mutual fund Net Asset Values (NAVs) are impacted by a number of factors like interest rate risk, credit risk, liquidity risk, market risk in addition to other factors. A movement of 1% in NAV on either side can lead to a gain/loss of ₹ 3 Crores and ₹ 2 Crores, on the overall portfolio as at March, 2020 and as at 31st March, 2019 respectively.

Impact of hedging activities

Derivate Asset and Liabilites through Hedge Accounting

Derivative financial instruments

The Company's derivatives mainly consist of currency forwards and options; interest rate swaps. Derivatives are mainly used to manage exposures to foreign exchange, interest rate and commodity price risk as described in section Market risk.

Derivatives are initially recognised at fair value. They are subsequently remeasured at fair value on a regular basis and at each reporting date as a minimum, with all their gains and losses, realised and unrealised, recognised in the Profit and Loss statement unless they are in a qualifying hedging relationship.

Hedge Accounting

The Company designates and documents certain derivatives and other financial assets or financial liabilities as hedging instruments against changes in fair values of recognised assets and liabilities (fair value hedges) and highly probable forecast transactions (cash flow hedges). The effectiveness of such hedges is assessed at inception and verified at regular intervals.

Fair value hedges

The Company uses fair value hedges to mitigate foreign currency and interest rate risks of its recognised assets and liabilities.

Changes in fair values of hedging instruments designated as fair value hedges and the adjustments for the risks being hedged in the carrying amounts of the underlying transactions are recognised in the Statement of Profit and Loss.

Cash flow Hedges

The Company uses cash flow hedges to mitigate a particular risk associated with a recognised asset or liability or highly probable forecast transactions, such as anticipated future export sales, purchases of equipment and raw materials.

The effective part of the changes in fair value of hedging instruments is recognised in other comprehensive income, while any ineffective part is recognised immediately in the Statement of Profit and Loss.

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

31st March 2020

(₹ in Crore)

Type of hedge and risks	Nominal value		Carrying amount of Hedging Instrument		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow Hedge									
Foreign Exchange Risk									
Foreign Exchange Forward Contracts	92	52	(3)	2	April 2020 - March 2021	1:1	1 USD-₹ 73.90, 1 EUR-₹ 81.62	(2)	2
Foreign Exchange Options Contracts	55	18	0	1	April 2020 - March 2021	1:1	1 USD-₹ 71.64, 1 EUR-₹ 77.80	(0)	0
Net Investment Hedge									

31st March 2019

(₹ in Crore)

Type of hedge and risks	Nominal value		Carrying amount of Hedging Instrument		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow Hedge									
Foreign Exchange Risk									
Foreign Exchange Forward Contracts	59	47	2	(1)	April 2019 - March 2020	1:1	1 USD-₹71.09, 1 CAD-₹52.27, 1 EUR - ₹84.54	(0)	0
Foreign Exchange Options Contracts	54	10	1	0	April 2019 - March 2020	1:1	1 USD-₹70.54	0	(0)
Net Investment Hedge									

Disclosure of effects of Hedge Accounting on Financial Performance

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income		Hedge ineffectiveness recognised in profit or loss		Amount reclassified from cash flow hedging reserve to profit or loss		Line item affected in Statement of Profit and Loss because of the reclassification
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	
Cash Flow							
Foreign Exchange Risk	(2)	1	-	-	(1)	(0)	Other expenses
Interest Rate Risk	-	-	-	-	-	-	Finance cost
Fair Value Hedge							
Foreign Exchange Risk	-	-	-	-	-	-	Finance cost

28 Capital Management

(a) Risk Management

Capital management is driven by Company's policy to maintain a sound capital base to support the continued development of its business. The Board of Directors seeks to maintain a prudent balance between different components of the Company's capital. The Management monitors the capital structure and the net financial debt at individual level currency. Net financial debt is defined as current and non-current financial liabilities less cash and cash equivalents and short-term investments.

The debt equity ratio highlights the ability of a business to repay its debts. Refer below for net debt to equity ratio.

The Company complies with all statutory requirement as per the extant regulations.

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Net debt	110	131
Total equity	3,504	3,489
Net debt to equity ratio	0.03	0.04

(b) Dividend

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Interim dividend for the year (Excluding dividend distribution tax)	872	613

29 Segment Information

- (i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one business segment i.e. manufacturing and sale of consumer products within India, hence does not have any reportable segment as per Indian Accounting Standard 108 "operating segments" in Standalone. The company while presenting the consolidated financial statements has disclosed the segment information as required under Indian Accounting Standard 108 "operating segments".
- (ii) The amount of the company's revenue from external customers broken down by each product and service is shown in the table below.

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Edible	3,691	3,750
Hair Oils	1,426	1,464
Personal care	345	372
Others	331	326
Total	5,793	5,912

- (iii) Revenue from external customer outside India and assets located outside India are not material. Further, the Company does not have revenue more than 10% of total revenue from single customer.

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

30 Related Party Transactions

I Name of related parties and nature of relationship:

a) Subsidiary Companies:

Name of Entity	Ownership interest held by the group		Ownership interest held by the non controlling interest	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
	%	%	%	%
Subsidiary Companies:				
Marico Bangladesh Limited (MBL)	90	90	10	10
Marico Bangladesh Industries Limited (MBLIL)	100	100	0	0
Marico Middle East FZE (MME)	100	100	0	0
Marico Malaysia Sdn. Bhd. (MMSB)	100	100	0	0
Egyptian American Investment and Industrial Development Company S.A.E (EAIIDC)	100	100	0	0
MEL Consumer Care SAE (MELCC)	100	100	0	0
Marico Egypt Industries Company (MEIC)	100	100	0	0
Marico for Consumer Care Products SAE	100	100	0	0
Marico South Africa Consumer Care (Pty) Limited (MSACC)	100	100	0	0
Marico South Africa (Pty) Limited (MSA)	100	100	0	0
Marico South East Asia Corporation (MSEA)	100	100	0	0
Marico Consumer Care Limited (MCCL)	100	100	0	0
Halite Personal Care India Private Limited (A Company under Voluntary Liquidation)	100	100	0	0
Marico Innovation Foundation (MIF)	NA	NA	0	0
Parachute Kalpavriksha Foundation (PKF)	NA	NA	0	0
Marico Lanka (Private) Limited*	100	100	0	0

* Marico Lanka (Private) Limited was incorporated as wholly owned subsidiary w.e.f. 3rd March, 2019.

The Marico Innovation Foundation ("MIF"), a company incorporated under Section 25 of the Companies Act, 1956 (being a private company limited by guarantee not having share capital) primarily with an objective of fuelling and promoting innovation in India, is a subsidiary of the Company with effect from 15 March, 2013.

Parachute Kalpavriksha Foundation ("PKF"), a company incorporated under Section 8 of the Companies Act, 2013 (being a private company limited by guarantee not having share capital) primarily with an objective of undertaking/channelizing the CSR activities of the Company towards community and ecological sustenance, is a subsidiary of the Company with effect from 27 December, 2018.

b) Joint venture:

During the year ended 31st March, 2020, the Company acquired additional 2.12% stake in Zed Lifestyle Private Limited, a joint venture. During the previous year ended 31st March, 2019, the Company had acquired additional 2.28% stake in the joint venture. During the previous year ended 31st March 2018 the Company had acquired additional stake of 5.17% in the joint venture. As at 31st March, 2020 company holds 45% stake in this joint venture.

During the year ended 31st March, 2020, the Company had acquired additional 6.97% stake in Revolutionary Fitness Private Limited, a joint venture. During the previous year ended 31st March, 2019, the Company had acquired 22.46% stake in the joint venture. As at 31st March, 2020 company holds 29.44% stake in this joint venture.

During the year ended 31st March, 2020, the Company subscribed and holds 25.79% stake in Hello Green Private Limited, a company incorporated on November 11, 2019 and a Joint venture of Marico Limited.

c) Key management personnel (KMP):

Mr. Harsh Mariwala, Chairman and Non Executive Director
 Mr. Saugata Gupta, Managing Director and CEO
 Mr. Ananth Sankaranarayanan, Independent Director
 Mr. B.S. Nagesh, Independent Director
 Ms. Hema Ravichandar, Independent Director
 Mr. Nikhil Khattau, Independent Director
 Mr. Rajen Mariwala, Non executive Director
 Mr. Rajeev Bakshi, Independent Director
 Mr. Sanjay Dube, Additional (Independent) Director, (with effect from 30th January 2020)
 Mr. Rishabh Mariwala, Non executive Director
 Mr. Vivek Karve, Chief Financial Officer
 Ms. Hemangi Ghag, Company Secretary and Compliance Officer

d) Individual holding directly / indirectly an interest in voting power and their relatives (where transactions have taken place) - Significant Influence:

Mr. Harsh Mariwala, Chairman and Non Executive Director
 Mr. Rajen Mariwala, Non executive Director
 Mr. Rishabh Mariwala, son of Mr. Harsh Mariwala and Non executive Director

e) Post employment benefit controlled trust

Marico Limited Employees Provident Fund
 Marico Limited Employees Gratuity Fund

f) Others - Entities in which above (c) and (d) has significant influence and transactions have taken place:

Aqua Centric Private Limited
 Ascent India Foundation
 Kaya Limited
 Mariwala Health Foundation
 Aaidea Solutions Private Limited
 Soap Opera
 The Bombay Oil Private Limited
 Indian School of Communications Private Limited
 Feedback Business Consulting Services Private Limited

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

II Transactions with related parties

The following transactions occurred with related parties:

Key management personnel compensation.

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Employee share-based payment	3	3
Short-term employee benefits	13	9
Post-employment benefits	0	0
Total compensation	16	12
Professional charges paid to Chairman and Non Executive Director	4	4
Remuneration / sitting fees to Non-Executive and Independent Directors (Excluding the Chairman)	3	2

- Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.
- ESOP and STAR grant accrued annually are included in the KMP's remuneration in the year in which the same are exercised.

Contribution to post employment benefit controlled trust

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Marico Limited Employees Provident Fund	26	23
Marico Limited Employees Gratuity Fund	5	4
	31	27

Particular	Subsidiaries and Joint Venture (Referred in I (a) and (b) above) For the year ended		Others (Referred in I (d) and (f) above) For the year ended	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
	(₹ in Crore)			
Sale of goods	65	119	2	0
Marico Bangladesh Limited	7	10	-	-
Marico Middle East FZE	42	84	-	-
Marico South East Asia Corporation	15	24	-	-
Aaidea Solutions Pvt Ltd	-	-	2	-
Others	1	0	0	0
Sale of assets	0	0	-	-
Marico Bangladesh Limited	0	0	-	-
Purchases of goods	4	7	-	-
Marico South East Asia Corporation	4	6	-	-
Others	0	1	-	-

(₹ in Crore)

Particular	Subsidiaries and Joint Venture (Referred in I (a) and (b) above) For the year ended		Others (Referred in I (d) and (f) above) For the year ended	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Other transactions				
Royalty income	13	13	-	-
Marico Bangladesh Limited	8	7	-	-
Marico Middle East FZE	3	4	-	-
Marico South East Asia Corporation	2	1	-	-
Others	0	0	-	-
Dividend income	193	206	-	-
Marico Bangladesh Limited	189	166	-	-
Marico South East Asia Corporation	-	25	-	-
Others	4	15	-	-
Marketing Fee	4	-	-	-
Marico Middle East FZE	4	-	-	-
Expenses paid on behalf of related parties	8	6	1	1
Marico Bangladesh Limited	2	2	-	-
Marico Middle East FZE	1	1	-	-
Kaya Limited	-	-	1	1
Marico South East Asia Corporation	2	2	-	-
Marico South Africa (Pty) Limited	-	0	-	-
Marico For Consumer Care Products S.A.E	-	1	-	-
Marico Lanka Private Limited	1	-	-	-
Others	1	-	0	0
Expenses paid by related parties on behalf of Marico Limited	9	4	-	-
Marico South East Asia Corporation	0	0	-	-
Marico Middle East FZE	9	4	-	-
Others	0	-	-	-
Lease rental income	-	-	1	1
Kaya Limited	-	-	1	1
Others	-	-	0	0
Lease rental expense	-	-	-	0
The Bombay Oil private limited	-	-	-	0
Royalty expense	5	6	0	0
Marico Consumer Care Limited	5	6	-	-
Others	-	-	0	0

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

(₹ in Crore)

Particular	Subsidiaries and Joint Venture (Referred in I (a) and (b) above) For the year ended		Others (Referred in I (d) and (f) above) For the year ended	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Investments made during the year	4	4	-	-
Revolutionary Fitness private limited	1	2	-	-
Marico Lanka Private Limited	1	-	-	-
Zed Lifestyle Private Limited	2	2	-	-
Hello Green Private Limited	0	-	-	-
Donation given / CSR activities	4	1	-	-
Marico Innovation Foundations	1	1	-	-
Parachute Kalpavriksha Foundation	3	0	-	-
Agency commission for copra procurement	2	1	-	-
Marico Middle East FZE	2	1	-	-
Corporate guarantee commission	2	1	-	-
Marico Middle East FZE	1	1	-	-
Marico South Africa (Pty) Limited	0	0	-	-
Intra group service arrangement	7	6	-	-
Marico Bangladesh Limited	4	3	-	-
Marico South East Asia Corporation	1	1	-	-
Marico Middle East FZE	1	1	-	-
Marico For Consumer Care Products S.A.E	1	1	-	-
Others	0	0	-	-

III Outstanding balances

(₹ in Crore)

Particulars	Subsidiaries and Joint Venture (Referred in I (a) and (b) above) For the year ended		Others (Referred in I (d) and (f) above) For the year ended	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties				
Investments	1,030	1,026	-	-
Marico South East Asia Corporation	255	255	-	-
Marico Consumer Care Limited (net of provision for impairment - refer note 6a(v))	642	642	-	-
Others	134	129	-	-

Particulars	Subsidiaries and Joint Venture (Referred in I (a), (b) and (c) above) For the year ended		Others (Referred in I (f) above) For the year ended	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Trade payables (purchases of goods and services)	5	1	-	-
Marico South East Asia Corporation	0	1	-	-
Marico Middle East FZE	5	-	-	-
Others	0	0	-	-
Trade receivables (sale of goods and services)	26	24	0	0
Marico Middle East FZE	21	18	-	-
Marico Bangladesh Limited	0	0	-	-
Marico South East Asia Corporation	4	6	-	-
Others	1	0	0	0
Other Receivable	0	-	-	-
Marico Consumer Care Limited	0	-	-	-
Security deposit payable	-	-	-	-
Kaya Limited	-	-	-	-
Royalty payable	1	3	0	0
Marico Consumer Care Limited	1	3	-	-
Others	-	-	0	0
Rent Payable	-	0	-	-
The Bombay Oil private limited	-	0	-	-
Advance towards purchase	-	0	-	-
Marico Bangladesh Limited	-	0	-	-
Advances to related parties	53	39	0	1
Marico Bangladesh Limited	44	31	-	-
Marico Middle East FZE	5	4	-	-
Marico South East Asia Corporation	2	2	-	-
Others	2	2	0	1
Dividend Receivable	-	42	-	-
Marico Bangladesh Limited	-	42	-	-
Marico South East Asia Corporation	-	-	-	-
Corporate guarantee	244	220	-	-
Marico Middle East FZE	225	198	-	-
Marico South Africa (Pty) Limited	19	22	-	-

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Terms and conditions of transaction with related parties

The Company's international transactions with related parties are at arm's length as per the independent accountants report for the year ended 31st March 2019. Management believes that the Company's international transactions with related parties post 31st March 2019 continue to be at arm's length and that the transfer pricing legislation will not have any material impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

For the year ended 31st March, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018-19: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Disclosure for loans and advances in terms of Securities and Exchange Board of India (Listing obligation and disclosure requirements) Regulations 2015.

Loans and advances in the nature of loans to subsidiaries/joint venture :

Particulars	31st March 2020	31st March 2019
Loans to subsidiaries/joint venture		
Balance as at the year end	-	-
Maximum amount outstanding at any time during the year	-	-
The subsidiaries / joint venture do not hold any shares in the Company.		

31 Contingent liabilities and contingent assets

The company had contingent liabilities in respect of :

Particulars	(₹ in Crore)	
	As at 31st March, 2020	As at 31st March, 2019
Disputed tax demands / claims :		
Sales tax	90	86
Income tax	181	117
Employees state insurance corporation	0	0
Excise duty	33	33
Service Tax	0	0
Claims against the Company not acknowledged as debts	-	0
Guarantees excluding financial guarantees:		
Corporate guarantees given to banks on behalf of Broadcast Audience Research Council (BARC)	1	1
Corporate guarantees given to subsidiaries against which credit and other facilities are availed at the year end	226	205

Note:

- The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- The Company have ongoing disputes with income tax authorities. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives and allowances. The Company have contingent liability of ₹181 Crore and ₹117 Crore as at March 31, 2020 and March 31, 2019 respectively, in respect of tax demands which are being contested by the Company based on the management evaluation and advice of tax consultants.

The Company periodically receives notices and inquiries from income tax authorities. The Company has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands by the income tax authorities will not succeed on ultimate resolution.

32 Commitments

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	25	59
(b) Corporate guarantees given to banks against which no credit facilities are availed at the year end	14	14

33 Share-Based Payments

(a) Employee stock option plan

Marico ESOP 2016

During the year ended 31st March, 2017, the Company implemented Marico Employee Stock Option Plan, 2016 ("Marico ESOP 2016" or "the Plan"). The Marico ESOP 2016 was approved by the shareholders at the 28th Annual General Meeting held on 5th August, 2016, enabling grant of stock options to the eligible employees of the Company and its subsidiaries not exceeding in the aggregate 0.6% of the issued share equity share capital of the Company as on the commencement date of the Plan i.e. 5th August, 2016. Further, the stock options to any single employee under the Plan shall not exceed 0.15% of the issued equity share capital of the Company as on the commencement date (mentioned above). The Marico ESOP 2016 envisages to grant stock options to eligible employees of the Company and its subsidiaries on an annual basis through one or more Scheme(s) notified under the Plan. Each option represents 1 equity share in the Company. The vesting period under the Plan is not be less than one year and not more than five years. Pursuant to the said approval, the Company notified below schemes under the Plan:

Scheme	Part	Options outstanding as at 31st March, 2020	Exercise price	Vesting date	Weighted average share price of options exercised	Number of options granted, exercised and forfeited					
						Balance as at beginning of the year	Granted during the year	Less : Exercised during the year	Less: Forfeited / lapsed during the year	Balance as at end of the year	Weighted average remaining contractual life of options outstanding at end of period (in years)
Scheme I		-	1.00	31-Mar-19	-	80,000	-	80,000	-	-	-
Scheme II		939,700	280.22	31-Mar-19	-	939,700	-	-	-	939,700	1.00
Scheme III	Part I	28,140	1.00	30-Nov-19	-	49,100	-	20,960	-	28,140	1.67
	Part II	4,470	1.00	30-Nov-19	-	7,800	-	3,330	-	4,470	1.67
	Part III	1,910	1.00	30-Nov-19	-	4,950	-	2,050	990	1,910	1.67
Scheme IV	Part I	323,110	256.78	30-Nov-19	-	397,930	-	47,350	27,470	323,110	1.67
	Part II	43,480	302.34	30-Nov-19	-	62,330	-	-	18,850	43,480	1.67
	Part III	27,180	307.77	30-Nov-19	-	41,680	-	-	14,500	27,180	1.67
Scheme V		67,120	1.00	31-Mar-20	-	67,120	-	-	-	67,120	2.00
Scheme VI	Part I	64,720	1.00	30-Nov-20	-	68,220	-	-	3,500	64,720	1.67
	Part II	3,320	1.00	30-Nov-20	-	3,320	-	-	-	3,320	1.67
	Part III	740	1.00	30-Nov-20	-	740	-	-	-	740	1.67
Scheme VII	Part I	363,560	307.77	30-Nov-20	-	431,130	-	-	67,570	363,560	1.67
	Part II	55,500	316.53	30-Nov-20	-	67,430	-	-	11,930	55,500	1.67
	Part III	39,220	346.47	30-Nov-20	-	39,220	-	-	-	39,220	1.67
Scheme VIII		24,820	1.00	31-Mar-20	-	24,820	-	-	-	24,820	1.00
Scheme IX	Part I	78,240	1.00	30-Nov-21	-	81,800	-	-	3,560	78,240	3.67

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Scheme	Part	Options outstanding as at 31st March, 2020	Exercise price	Vesting date	Weighted average share price of options exercised	Number of options granted, exercised and forfeited					
						Balance as at beginning of the year	Granted during the year	Less: Exercised during the year	Less: Forfeited / lapsed during the year	Balance as at end of the year	Weighted average remaining contractual life of options outstanding at end of period (in years)
	Part II	8,100	1.00	30-Nov-21	-	-	8,100	-	-	8,100	3.07
Scheme X	Part I	612,240	346.47	30-Nov-21	-	692,300	-	-	80,060	612,240	3.67
	Part II	55,880	357.51	30-Nov-21	-	-	61,730	-	5,850	55,880	3.07
	Part III	45,420	346.00	30-Nov-21	-	-	53,350	-	7,930	45,420	3.07
Scheme XI		222,700	357.65	31-Mar-22	-	-	222,700	-	-	222,700	3.36
Scheme XII		526,890	357.65	31-Mar-22	-	-	526,890	-	-	526,890	3.36
Scheme XIII		946,860	346.00	30-Nov-22	-	-	978,690	-	31,830	946,860	3.36

Particulars	31st March 2020	31st March 2019
Aggregate of all stock options outstanding as at the year end to current paid-up equity share capital (percentage)	0.44%	0.24%

The following assumptions were used for calculation of fair value of grants using Black-Scholes:

Scheme	Part	Risk-free interest rate (%)	Expected life of options (years)	Expected volatility (%)	Dividend yield (%)	Fair value of the option
Scheme I		7.25%	3 years 2 months	25.80%	0.96%	287.05
Scheme II		7.25%	3 years 2 months	25.80%	0.96%	85.53
Scheme III	Part I	6.75%	3 years 6 months	26.10%	0.96%	246.12
	Part II	6.25%	3 years 1 months	26.70%	1.07%	308.10
	Part III	6.50%	2 years 6 months	23.10%	1.07%	301.35
Scheme IV	Part I	6.75%	3 years 6 months	26.10%	0.96%	68.80
	Part II	6.25%	3 years 1 months	26.70%	1.07%	86.70
	Part III	6.50%	2 years 6 months	23.10%	1.07%	64.28
Scheme V		6.25%	3 years 4 months	26.30%	0.96%	299.70
Scheme VI	Part I	6.75%	3 years 6 months	25.50%	1.07%	298.18
	Part II	7.00%	3 years	23.84%	1.29%	308.80
	Part III	7.30%	2 years 6 months	22.50%	1.29%	346.10
Scheme VII	Part I	6.75%	3 years 6 months	25.50%	1.07%	83.77
	Part II	7.00%	3 years	23.84%	1.29%	77.50
	Part III	7.30%	2 years 6 months	22.50%	1.29%	79.70
Scheme VIII		7.29%	1 year 10 months	21.70%	1.29%	349.10
Scheme IX	Part I	7.39%	3 years 6 months	23.40%	1.29%	341.70
	Part II	7.39%	3 years 6 months	23.40%	1.29%	358.30
Scheme X	Part I	7.39%	3 years 6 months	23.40%	1.29%	98.20
	Part II	7.39%	3 years 6 months	23.40%	1.29%	69.20
	Part III	6.35%	3 years 6 months	22.14%	1.29%	74.50
Scheme XI		7.39%	3 years 6 months	23.40%	1.29%	89.50
Scheme XII		7.39%	3 years 6 months	23.40%	1.29%	89.50
Scheme XIII		6.42%	4 years 6 months	22.94%	1.29%	89.40

33 Share-Based Payments

(b) Share appreciation rights

The Nomination and Remuneration Committee has granted Stock Appreciation Rights ("STAR") to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Plan, 2011 ("Plan"). The grant price is determined based on a formulae as defined in the Plan. There are schemes under each Plan with different vesting periods. Scheme I to VI have matured on their respective vesting dates. Under the Plan, the specified eligible employees are entitled to receive a Star Value which is the excess of the maturity price over the grant price subject to certain conditions. The Plan is administered by Nomination and Remuneration Committee comprising independent directors.

Scheme	Grant Date	Grant Price (Rs.)	Vesting Date	As at March 31 2020								As at March 31 2019						
				Number of grants outstanding (Nos)					Carrying amount of liability - included in employee benefit obligation (Rs in Crore)			Number of grants outstanding (Nos)				Carrying amount of liability - included in employee benefit obligation (Rs in Crore)		
				at the beginning of the year	Add: Granted during the year	Less: Forfeited during the year	Less: Exercised during the year	at the end of the year	Classified as long-term	Classified as short-term	at the beginning of the year	Add: Granted during the year	Less: Forfeited during the year	Less: Exercised during the year	at the end of the year	Classified as long-term	Classified as short-term	
STAR VI	01-Dec-15	203.63	30-Nov-18	-	-	-	-	-	-	-	-	957,400	-	118,200	839,200	-	-	-
	05-Aug-16	280.22	30-Nov-18	-	-	-	-	-	-	-	-	86,300	-	800	85,500	-	-	-
	02-Dec-16	256.78	30-Nov-18	-	-	-	-	-	-	-	-	86,300	-	800	85,500	-	-	-
STAR VII	01-Dec-16	256.78	30-Nov-19	206,200	-	16,500	1,89,700	-	-	-	-	285,200	-	79,000	-	206,200	-	2
	02-May-17	302.34	30-Nov-19	64,320	-	25,750	38,570	-	-	-	-	90,350	-	26,030	-	64,320	-	0
	01-Dec-17	307.77	30-Nov-19	12,840	-	3,610	9,230	-	-	-	-	15,980	-	3,140	-	12,840	-	0
STAR VIII	01-Dec-17	307.77	30-Nov-20	209,560	-	42,420	-	167,140	-	0	-	298,790	-	89,230	-	209,560	1	-
	31-May-18	316.53	30-Nov-20	40,920	-	14,550	-	26,370	-	0	-	-	47,770	6,850	-	40,920	0	-
	02-Aug-18	352.42	30-Nov-20	32,000	-	8,000	-	24,000	-	0	-	-	40,000	8,000	-	32,000	0	-
	04-Dec-18	346.47	30-Nov-20	35,580	-	-	-	35,580	-	0	-	-	35,580	-	-	35,580	0	-
STAR IX	04-Dec-18	346.47	30-Nov-21	379,520	-	62,990	-	316,530	0	-	-	-	412,760	33,240	-	379,520	0	-
	06-May-19	357.51	30-Nov-21	-	26,170	5,850	-	20,320	0	-	-	-	-	-	-	-	-	-
	20-Dec-19	346.04	30-Nov-21	-	33,820	-	-	33,820	0	-	-	-	-	-	-	-	-	-
STAR X	20-Dec-19	346.04	30-Nov-22	-	360,130	13,780	-	346,350	0	-	-	-	-	-	-	-	-	-

The Company has formed "Welfare of Mariconians Trust" (The Trust) for the implementation of the schemes that are notified or may be notified from time to time by the Company under the Plan. The Company has advanced ₹ 21 Crore as at 31st March, 2020 (₹ 23 Crore as at 31st March, 2019) to the Trust for purchase of the Company's shares under the Plan. As per the Trust Deed and Trust Rules, upon maturity, the Trust shall sell the Company's shares and hand over the proceeds to the Company. The Company, after adjusting the loan advanced and interest thereon (on loan advanced after 1 April, 2013), shall utilize the proceeds towards meeting its STAR Value obligation.

The fair value of the STAR's was determined using the Black-Scholes model using the following inputs at the grant date and as at each reporting date:

Particulars	31st March, 2020	31st March, 2019
Share price at measurement date (INR per share)	274.9	346.7
Expected volatility (%)	24.1% - 29%	22.8% - 25.8%
Dividend yield (%)	1.30%	1.29%
Risk-free interest rate (%)	4.9% - 5.4%	6.30% - 6.59%

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

(c) Expense arising from share-based payment transactions recognised in Profit or Loss as part of employee benefit expense were as follows:

Particulars	31st March, 2020	31st March, 2019
Employee stock option plan	9	8
Stock appreciation rights	(1)	5
Total employee share based payment expense	8	13

34 Earnings Per Share

Basic EPS amounts are calculated by dividing the profit after tax for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit after tax for the year attributable to equity shareholders by weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(₹ in Crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the company (in ₹)	7.80	8.76
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the company (in ₹)	7.79	8.76
(c) Earnings used in calculating earnings per share (₹ in Crores)	1,006	1,129
(d) Weighted average number of equity shares used as denominator		
Weighted average number of equity shares outstanding	1,290,931,494	1,290,864,398
Shares held in controlled trust	(1,039,579)	(1,608,164)
Weighted average number of equity shares in calculating basic earnings per share	1,289,891,915	1,289,256,234
Options	1,335,166	712,182
Weighted average number of equity shares and potential equity shares in calculating diluted earnings per share	1,291,227,081	1,289,968,415

(e) Information concerning the classification of securities

(i) Options

Options granted to Employees under Marico ESOS 2014, MD CEO ESOP Plan 2014 and Marico Employee Stock Option Plan 2016 are considered to be potential equity shares. They have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 33.

(ii) Treasury shares

Treasury shares are excluded for the purpose of calculating basic and diluted earnings per share.

35 The Company has a process whereby periodically all long term contracts (including derivative contracts if any) are assessed for material foreseeable losses. At the year end, basis the review performed, no provision was required for material foreseeable losses on long term contracts (including derivative contracts).

36 Previous year's figures have been regrouped/reclassified to make them comparable with those of current year.

37 Exceptional Items

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Voluntary retirement scheme offered to the employees on the close of operations at the Kanjikode factory of the company	19	-

38 Restatement impact of Ind AS 116

Upon adoption of Ind AS 116, the Company has recognised leases on the balance sheet with a right-of-use asset and related lease liability. Refer to accounting policies for a summary of accounting for leases under the new standard. The Company has restated all prior periods for the impact of Ind AS 116 in line with the 'full retrospective approach'. The Company has chosen not to recognise short-term leases, which are those less than 12 months, and leases of low-value assets on the balance sheet.

Financial statement impact

The following tables summarise the impact of adopting Ind AS 116 on the Company's financial statements.

(A) Balance sheet

The Company recognised leased assets on the balance sheet representing the right to use of the underlying assets from the lease contracts. Current and non-current lease liabilities were also recognised for the present value of the lease payments due under the lease contracts. Deferred tax adjustments are due to temporary timing differences arising from the recognition of leased assets and lease liabilities. Shareholders' equity has been restated.

Reconciliation between previous GAAP and Ind AS

Reconciliation of Balance sheet as at date of transition (1st April, 2018)

Particular	Previous GAAP*	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	466	-	466
Capital work-in-progress	25	-	25
Right of use assets	-	102	102
Investment properties	23	-	23
Intangible assets	20	-	20
Investment in subsidiaries and joint venture	1,020	-	1,020
Financial assets			
(i) Investments	37	-	37
(ii) Loans	4	12	16
(iii) Other financial assets	33	(11)	22
Deferred tax assets (net)	-	-	-
Non current tax assets (net)	30	-	30
Other non-current assets	27	-	27
Total non-current assets	1,685	103	1,788
Current assets			

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Particular	Previous GAAP*	Adjustments	Ind AS
Inventories	1,313	-	1,313
Financial assets		-	
(i) Investments	450	-	450
(ii) Trade receivables	288	-	288
(iii) Cash and cash equivalents	7	-	7
(iv) Bank balances other than (iii) above	54	-	54
(v) Loans	3	-	3
(vi) Other financial assets	35	-	35
Current tax assets (net)	-	-	-
Other current assets	185	-	185
Assets classified as held for sale	-	-	-
Total current assets	2,335	-	2,335
Total assets	4,020	103	4,123
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	129	-	129
Other Equity			
Reserves and Surplus	2,912	(16)	2,896
Other reserves	0	-	0
Total equity	3,041	(16)	3,025
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	-	-	-
(ii) Other financial liabilities	-	103	103
Employee benefit obligations	10	-	10
Deferred tax liabilities (net)	18	(8)	10
Total non-current liabilities	28	95	123
Current liabilities			
Financial liabilities			
(i) Borrowings	122	-	122
(ii) Trade payables			
Due to micro and small enterprises	4	-	4
Due to others	583	-	583
(iii) Other financial liabilities	8	24	32
Other current liabilities	121	-	121
Provisions	57	-	57

Particular	Previous GAAP*	Adjustments	Ind AS
Employee benefit obligations	39	-	39
Current tax liabilities (net)	17	-	17
Total current liabilities	951	24	975
Total liabilities	979	119	1,098
Total equity and liabilities	4,020	103	4,123

Reconciliation of Balance sheet (31st March, 2019)

Particular	Previous GAAP*	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	503	-	503
Capital work-in-progress	42	-	42
Right of use assets	-	107	107
Investment properties	11	-	11
Other intangible assets	22	-	22
Investment in subsidiaries and joint venture	1,026	-	1,026
Financial assets			
(i) Investments	34	-	34
(ii) Loans	4	11	15
(iii) Other financial assets	41	(11)	30
Deferred tax assets	178	10	188
Non current tax assets (net)	36	-	36
Other non-current assets	30	-	30
Total non-current assets	1,927	117	2,044
Current assets			
Inventories	1,234	-	1,234
Financial assets			
(i) Investments	380	-	380
(ii) Trade receivables	430	-	430
(iii) Cash and cash equivalents	10	-	10
(iv) Bank balances other than (iii) above	329	-	329
(v) Loans	3	-	3
(vi) Other financial assets	54	-	54
Current tax assets (net)	-	-	-
Other current assets	262	-	262
	2,702	-	2,702
Assets classified as held for sale	12	-	12
Total current assets	2,714	-	2,714
Total assets	4,641	117	4,758
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	129	-	129

NOTES (Contd.)

To Financial Statements for the year ended 31st March, 2020

Particular	Previous GAAP*	Adjustments	Ind AS
Other Equity			
Reserves and Surplus	3,379	(19)	3,360
Other reserves	0	-	0
Total equity	3,508	(19)	3,489
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	0	-	0
(ii) Other financial liabilities	-	-	107
Provisions	-	-	-
Employee benefit obligations	9	-	9
Deferred tax liabilities (net)	-	-	-
Total non-current liabilities	9	107	116
Current liabilities			
Financial liabilities			
(i) Borrowings	131	-	131
(ii) Trade payables			
Due to micro and small enterprises	13	-	13
Due to others	702	-	702
(iii) Other financial liabilities	8	29	37
Other current liabilities	146	-	146
Provisions	57	-	57
Employee benefit obligations	51	-	51
Current tax liabilities (net)	16	-	16
Total current liabilities	1,124	29	1,152
Total liabilities	1,133	136	1,269
Total equity and liabilities	4,641	118	4,758

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at 31st March, 2019 and 1st April, 2018

Particular	31st March, 2019	1st April, 2018
Shareholder's equity under previous GAAP	3,508	3,041
Add/Less :		
Less : Increase in Lease Liability	(136)	(126)
Add : Increase in Right of Use of Asset	107	102
Tax impact of above Ind AS adjustments	10	8
Shareholder's equity under Ind AS	3,490	3,025

Impact of Ind AS adoption on the statements of cash flows for the year ended 31st March, 2019

Particular	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	755	30	785
Net cash flow from investing activities	(79)	-	(79)
Net cash flow from financing activities	(674)	(30)	(704)
Net increase/(decrease) in cash and cash equivalents	2	-	2
Cash and cash equivalents as at 1st April, 2018	8	-	8
Effects of exchange rate changes on cash and cash equivalents	-	-	-
Cash and cash equivalents as at 31st March, 2019	10	(1)	10

39. The Ministry of Home Affairs vide order No.40-3/2020 dated 24.03.2020 notified first ever nation-wide lockdown in India to contain the outbreak of COVID 19. As a result, the operations were temporarily disrupted at manufacturing, warehouse and distribution locations of Marico. During this period, the Company could register sales largely in the Edible Oils and Foods portfolio, which fall under essential goods category.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial assets, inventory, receivables, advances, property plant and equipment, Intangibles etc. In developing the assumptions relating to the possible future uncertainties the Company has used internal and external information such as current contract terms, financial strength of partners, future volume estimates from the business etc. Based on current estimates the company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

As per our report of even date

For **B S R and Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

SADASHIV SHETTY
Partner
Membership No. 048648

Place : Mumbai
Date : May 4, 2020

For and on behalf of the Board of Directors

HARSH MARIWALA
[DIN 00210342]
Chairman

VIVEK KARVE
Chief Financial Officer

Place : Mumbai
Date : May 4, 2020

SAUGATA GUPTA
[DIN 05251806]
Managing Director and CEO

HEMANGI GHAG
[Membership No.F9329]
Company Secretary