



be more. every day.

**ANNUAL REPORT**

October 2009-March 2011



To transform in  
a sustainable manner,  
the lives of  
all those we touch,  
by *nurturing*  
*and empowering* them  
to maximize their  
true potential.

be more. every day.

# How did we turn into a leading MNC in FMCG business?

Simple, we pressed the right buttons.

At Marico, we have a burning desire to be BIG. We fixed our goal and a sound business plan to realize it.

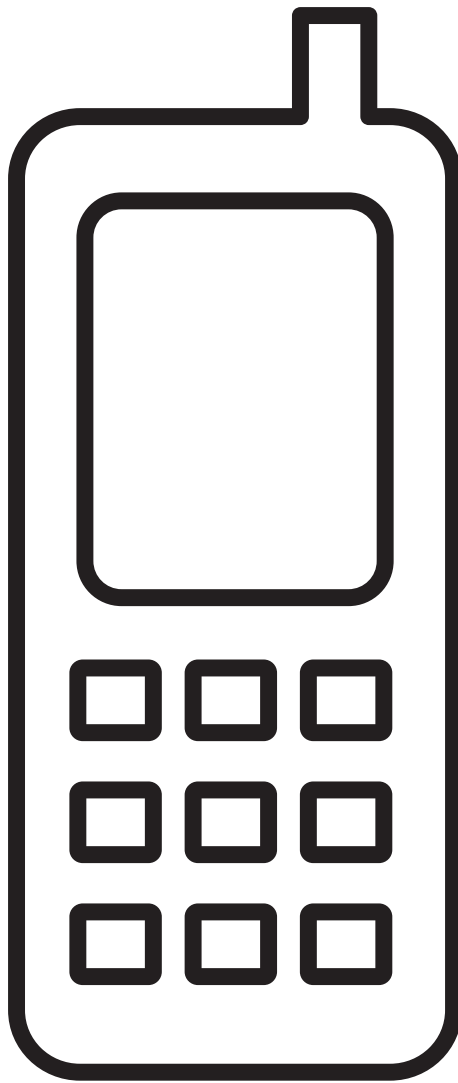
We showed faith and persistence in our efforts and made the tough decision of never giving up.

We compete and win with the help of better products. We create opportunities for ourselves instead of waiting for them to happen.

We encourage experimentation, however small, to learn and to sharpen our skills.

We developed the ability to organize information and derive meaningful insight from it.

We constantly find ways to maximize the potential of our partners. By forging win-win relationships across our value chain, we have grown and sustained our businesses, yielding winning results time after time - year after year.



Creating the country's No.1 Coconut Oil brand is one thing. Retaining the top position is quite another.

By tapping into the minds of our consumers and gaining a deeper insightful understanding of what they really seek, we were able to create opportunities to leverage the brand in different ways. Our range of advanced consumer products provides the natural goodness of coconut oil, while catering to the needs of our consumers.

Through introducing a pioneering product "Hair Code" in the hair dye segment, we have been able to give a smarter,

younger and more confident look to our target consumer by helping them cover their grey hair naturally. With products like Saffola Gold, which helps manage Cholesterol, we are building awareness about health and a healthy lifestyle. With Parachute Advanced Cooling Hair Oil, which contains authentic ayurvedic ingredients, we are helping our consumer by providing, long lasting stress relief, ensuring sound sleep, while nourishing hair.

Expanding the market and growing our consumer franchise. No wonder, one out of every three consumers in Bangladesh, today, uses Parachute.

# How are we able to show a consistent track record?



At Marico, we believe only a member whose overall well-being is taken care of, is inspired and motivated to deliver results.

With our 'More to Life' philosophy, we were able to enhance our relationship with our people beyond the boundaries of work.

From "Open session with Top Management", "Functional Movement", we do everything we can to maximize the potential of our people, at home and at work.

Our empowering work culture ensures that they don't see themselves merely as managers of a company, but as entrepreneurs driving their own business.

Naturally, we have some of the most motivated people, performing at their peak and performing consistently to fulfill the potential of the business to the fullest.

**A simple  
philosophy  
to bring out  
the best in  
our people.**







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## Company Information

### BOARD OF DIRECTORS

#### Chairman

Harsh Mariwala

#### Managing Director

Rohit Jaiswal

#### Directors

Milind Sarwate

Vijay Subramaniam

Debashish Neogi

#### Independent Directors

Ghulam Mostafa

Rupali Chowdhury

### AUDIT COMMITTEE

#### Chairman

Rupali Chowdhury

#### Members

Vijay Subramaniam

Debashish Neogi

#### Secretary

Iqbal Chowdhury

### CHIEF FINANCIAL OFFICER

Souvik B. Mazumdar

### HEAD OF INTERNAL AUDIT

Balaji K.S.

### COMPANY SECRETARY

Iqbal Chowdhury

### REGISTERED & CORPORATE OFFICE

Company Registration

No-C-38527(485)/99

House-1, Road-1, Sector-1

Uttara, Dhaka-1230.

Tell: (+0088) 8931202

Fax: (+0088) 8932322

Web: www.maricobd.com

### DATE OF INCORPORATION

September 6, 1999

### FACTORY

Mouchak, Kaliakoir, Gazipur

### AUDITORS

Rahman Rahman Huq

Chartered Accountants

9, Mohakhali C/A, Dhaka

### LEGAL ADVISORS

Khairul Alam Chowdhury, Barrister-at-law

Law Valley

Saiham Sky View Tower,

Suite # 11A, (11th Floor)

45, Bijoy Nagor, Dhaka - 1000,

Bangladesh.

### PRINCIPAL BANKERS

Citibank N.A.

HSBC

Standard Chartered Bank

Commercial Bank of Ceylon

### SHARE LISTING

The Dhaka Stock Exchange Ltd.

The Chittagong Stock Exchange Ltd.

### INVESTOR RELATIONS

For enquiries, please contact with

Investor Relations Department at

Tell: (+0088) 8931202 Ext-100, 102

Fax: (+0088) 8932322

Email: info@maricobangladesh.net

### STOCK DATA

Stock Code: MARICO

ISIN: BD0481MRIC06

Sector-Pharmaceuticals & Chemicals

### WEBSITES

[www.maricobd.com](http://www.maricobd.com)

[www.marico.com](http://www.marico.com)

[www.kayaclinic.com](http://www.kayaclinic.com)

[www.haircodeworld.com](http://www.haircodeworld.com)

[www.saffolalife.com](http://www.saffolalife.com)

[www.parachueadvanced.com](http://www.parachueadvanced.com)

[www.maricoinnovationfoundation.com](http://www.maricoinnovationfoundation.com)



## Chairman's Letter

### Dear Shareholders,

It is my privilege to congratulate all of you for yet another robust performance of your Company during the period October 2009 to March, 2011.

This year we have changed our financial year from October-September to April-March. As a result, we have prepared the report for the 12 months FY'10 (Oct'09-Sep'10), the extended 6 months period (Oct'10-Mar'11) and cumulative 18 months period (Oct'09-Mar'11) as prescribed by Securities and Exchange Commission (SEC) letter no- SEC/CFD/11:29/2009/794 dated September 14, 2010. Our ensuing financial years will now end on March 31 of the year (April-March), going forward.

Your Company achieved strong financial results for FY'10 and extended period 6 months despite a very challenging business environment. Input Cost Inflation has been a scourge of the industry in recent times. Despite this, your company has continued its profitable growth journey through committed efforts in new product introductions, market expansion and share gains. The growth in turnover was 32% & 37% during 12 months period ended September 2010 and 6 months period ended March 2011 respectively accompanied by a Net Profit after Tax (NPAT) growth of 41% & 37% respectively over the corresponding periods in the previous year.

Your company continued its strategic investment in both, its current brands, Parachute and Hair code, and in new products such as Saffola Gold, Hair & Care, Parachute Advanced Cooling Oil. It also entered the skin care solutions business through the launch of Kaya Skin Clinics. The results of these investments will manifest in terms of returns in the future. Your Company will continue to focus on the primary building block of a creating a durable consumer franchise that will eventually drive margins.

We are likely to face continuing cost inflation in our raw materials given the volatility in the international markets. The board will work closely with Management to manage risks and ensure that the Company remains flexible and prepare to overcome the multiple challenges in this inflationary scenario. Leveraging the Marico group's resources, synergies and brand equity, Marico Bangladesh will actively pursue opportunities to drive sustained, broad-based growth and to enhance shareholder value across its businesses.

Marico continues to believe that strong corporate governance is essential to the sustainability of our businesses and performance. We remain firmly committed to maintain high standards in corporate governance as part of our accountability to all our stakeholders. Your Company's growth story carries the promise of not only financial performance, but of creating value for its stakeholders, primarily the consumer.

We achieved our objectives in a challenging environment with commitment, a sense of urgency and solid execution in the market place. I am proud of our employees' commitment, accomplishments and the financial results delivered, and believe that we are well positioned to continue to grow in the future.

Last but not least, I wish to thank all directors, management, employees, partners, customers, and all stakeholders and well-wishers for their unstinting support through this challenging period. I look forward to your continued support in the years ahead.

Thank you.

Yours sincerely,

**Harsh Mariwala**  
Chairman



## Key figures

**TURNOVER**  
+32% Over Corresponding  
12 months\* **Tk. 536 Cr.**

**Tk. 285 Cr.** **TURNOVER**  
+37% Over Corresponding  
6 months\*\*

**PROFIT BEFORE TAX**  
+60% Over Corresponding  
12 months **Tk. 93 Cr.**

**Tk. 51 Cr.** **PROFIT BEFORE TAX**  
+54% Over Corresponding  
6 months

**NET PROFIT**  
+43% Over Corresponding  
12 months **Tk. 68 Cr.**

**Tk. 36 Cr.** **NET PROFIT**  
+37% Over Corresponding  
6 months

**EARNINGS PER SHARE**  
+30% Over Corresponding  
12 months **Tk. 21.43**

**Tk. 11.34** **EARNINGS PER SHARE**  
+37% Over Corresponding  
6 months

**NET ASSET VALUE PER SHARE**  
+40% Over at Corresponding  
12 months balance sheet date **Tk. 69.69**

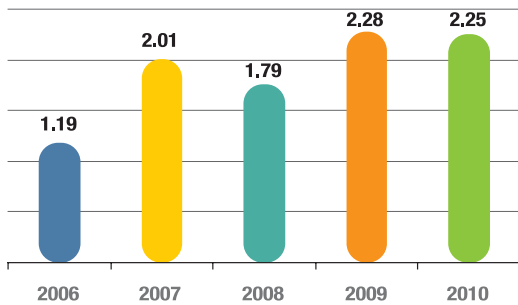
**Tk. 78.18** **NET ASSET VALUE PER SHARE**  
+40% Over at Corresponding  
6 months balance sheet date

\* 12 months ended September 30, 2010

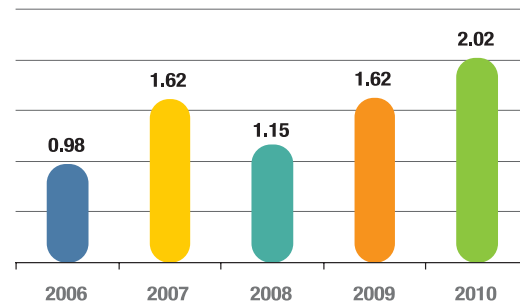
\*\* 6 months ended March 31, 2011

# Key Ratios

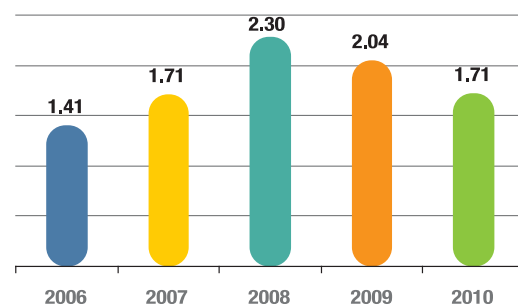
**Current Ratio**  
(Times)



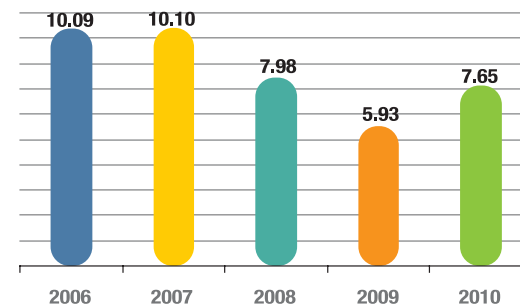
**Quick Ratio**  
(Times)



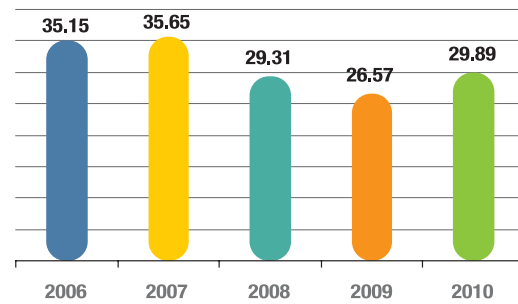
**Asset Turnover Ratio**  
(Times)



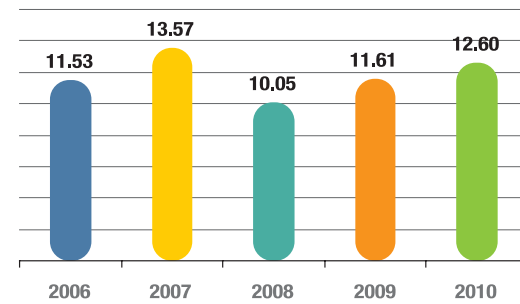
**Inventory Turnover Ratio**  
(Times)



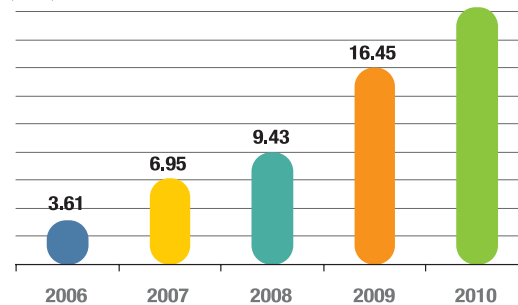
**Gross Margin Ratio**  
(Percentage)



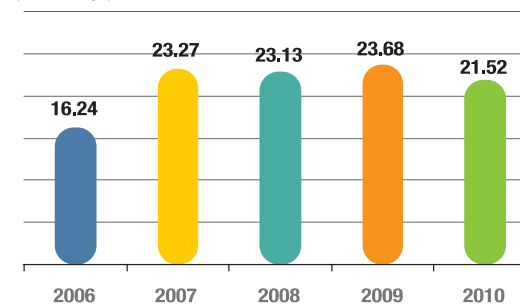
**Net Income Ratio**  
(Percentage)



**Earnings Per Share**  
(Taka)



**Return on Asset**  
(Percentage)



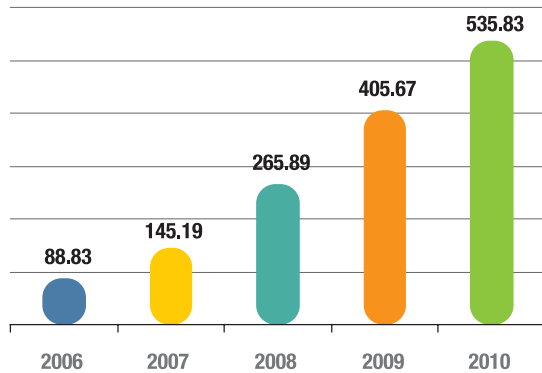
# Five Years Performance

12 months

Particulars	30-Sep-10 (Tk in Cr)	30-Sep-09 (Tk in Cr)	30-Sep-08 (Tk in Cr)	30-Sep-07 (Tk in Cr)	30-Sep-06 (Tk in Cr)
Turnover	535.83	405.67	265.89	145.19	88.83
Profit from operations	75.60	49.50	41.31	21.58	12.20
EBIT	96.02	58.64	43.47	22.15	13.79
Net profit before taxation	92.63	57.95	42.87	20.58	11.09
Net profit after tax	67.51	47.09	26.73	19.70	10.24

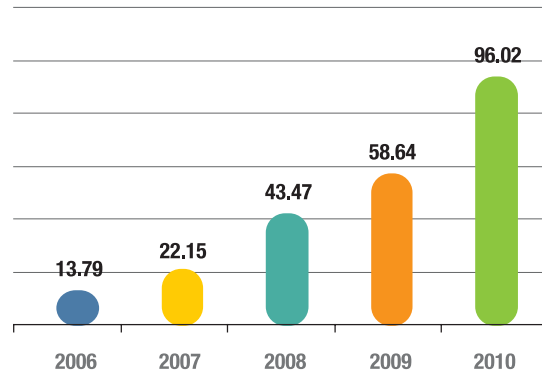
## Turnover

(Tk in Cr)



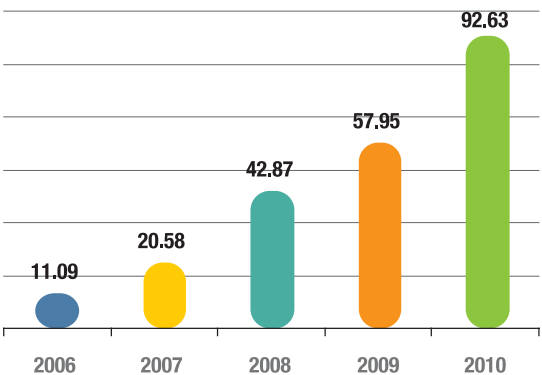
## EBIT

(Tk in Cr)



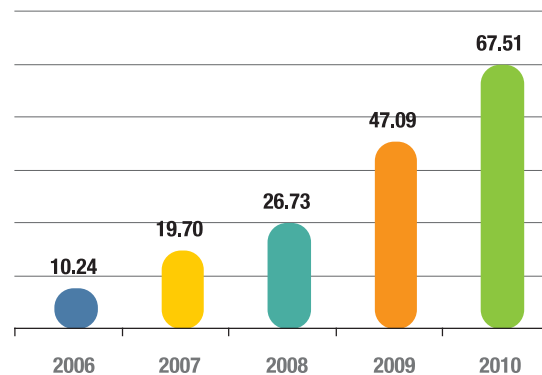
## Profit before Tax

(Tk in Cr)



## Profit after tax

(Tk in Cr)





**THINK**  
**CONSUMER**

Consumer-Centric

**TO**

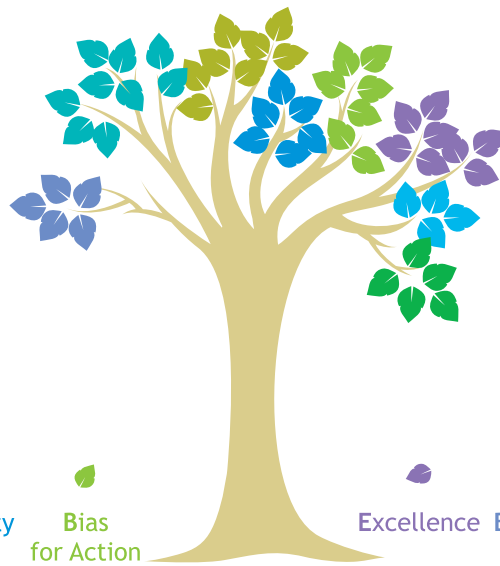
Transparency & Openness | Opportunity-seeking

**BE**

Bias for Action | Excellence

**BIG**

Boundarylessness | Innovation | Global Outlook



Consumer Centric   Transparency & Openness   Opportunity seeking   Bias for Action   Excellence   Boundarylessness   Innovation   Global Outlook





# Consumer-Centric

Keeping consumer as the focus and a partner in creating and delivering solutions.

## BRIEF DESCRIPTION

- Proactively understand stated & unstated needs of consumers.
- Vigorously translating insights into marketable products & solutions.
- Co - creating solutions with consumers.
- Creating systems and processes to augment consumer insights & knowledge.

## DOs

We regularly seek feedback from consumer.  
We proactively seek to understand consumer needs.  
We encourage members to create and adopt processes that enable high consumer satisfaction.  
We are ambassador for company products.

THINK **C**ONSUMER TO BE BIG

# মাথা ঠান্ডা রাখতে!



বতুত প্যারাসুট অ্যাডভান্সড কুলিং হেয়ার অয়েল।  
চুল থাকে ভালো আর মাথা রাখে বরফের মতো ঠান্ডা।



সুস্থ হার্টের নতুন জীবনধারা



**Saffola Gold**

কোলেস্টেরল কমাতে সাহায্য করে

## Management's Discussion and Analysis

Management discussion and analysis is an integral part of understanding of financial results of the company. This has been prepared following the requirements of Sec 184 of The Companies Act, 1994, SEC Notification, Listing Regulations of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The reporting period of management discussion and analysis is October'09 to March'11 for 18 months due to the change in the accounting year. It covers general economic conditions in Bangladesh, overview of business operations, internal control systems, financial results and other key developments during the reporting period.

Some statements in this discussion describing projections, estimates, expectations or outlook may be forward looking. Actual results may however differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, economic developments, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.

### FMCG Industry Structure and Development

Fast Moving Consumer Goods (FMCG) includes personal care, house hold care, packaged food and beverages, tobacco etc. which are frequently purchased consumer products.

In Bangladesh, FMCG sector is one of the largest sectors in the economy which is currently growing at double digit growth rate and is expected to maintain a high growth rate.

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

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

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

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

### Opportunities & Threats

#### ■ Demographic profile

The country has a population around 166.80 million\*. This provides the FMCG companies with a large consumer base. The median age continues to be in mid to late twenties. The youth of today is conscious of the importance of being well groomed and looking good. With increasing focus on education and empowerment of women, their lifestyle and propensity to consume is undergoing a change; they are becoming more fashion conscious and open to experimenting with new products.

\* Source: Economist Intelligence Unit Forecast, April 2011



### Management's Discussion and Analysis

#### ■ **Urban economy**

Rapid urbanization has resulted in large markets getting concentrated in urban centers. Increasing disposable incomes and exposure to media have shaped aspirations of the urban consumer while consumerism has led to satisfaction of wants. Availability of credit and changed mindset towards consumption has further fuelled the demand for consumables. The high growth trajectory in the urban economy of the past few years has shown some slowdown on account of the global economic crisis, particularly for discretionary spending. However, the impact has been muted for items of daily consumption.

#### ■ **Rise of the rural economy**

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

#### ■ **Lifestyle and awareness**

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

#### ■ **Branded solutions sector**

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

#### ■ **Impact of National Economy over Marico Business**

GDP growth for the last 5 years reveals that the economy of Bangladesh has been growing at a steady rate of 5-6 percent. Moreover, growing disposable incomes and increased media exposure along with population growth are ushering in a revolution in consumer behavior, shifting them from using unbranded low grade products to FMCG products, presenting exciting growth opportunities for companies. Despite the global economic recession, the growth in demand in the rural market especially in FMCG space is unabated. Bangladesh finds place in the Goldman Sachs N11 (Next 11) list of economies with high potential. In Bangladesh the per capita consumption for the FMCG product is amongst the lowest in the world presenting ample growth opportunity for the FMCG sector.

### Risks & Concerns

#### ■ **Input Costs**

Commodity prices are often linked to international indices and volatility in these benchmarks causes fluctuations in the product prices. The past 2-3 years have witnessed wide fluctuations in the price of commodities. Crude Oil touched a record high of USD 140 per barrel in FY09 before crashing to below USD 50 per barrel in FY10 and then again breaching USD 100 per barrel during the second half of FY11. Volatility was consequently experienced in other commodities such as crude derivatives like liquid paraffin and high density polyethylene (HDPE) as well as edible oils. Input costs comprise nearly 60% of the production costs in the FMCG sector. Inflationary tendencies in the economy directly impact the input costs and could create a strain on the operating margins of the FMCG

### Management's Discussion and Analysis

companies. Brands with greater equity may find it easier to adjust prices in line with fluctuating commodity prices and input costs.

#### ■ **Competition**

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

#### ■ **Product innovation and new product launches**

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

#### ■ **Discretionary spending / Down trading**

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

#### ■ **Regulatory Risk**

Changes in Tax, customs duty (CD), Supplementary Duty (SD) and VAT laws and rates in Bangladesh is common in nature which makes a company's business plan unviable and put pressure on management in achieving their desire goals. Any upward revisions and especially sudden, unpredictable changes could adversely impact results of operations and profitability of the company.

### **Internal control systems and their adequacy**

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

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

Marico has an Internal Audit function headed by a senior management team member. He coordinates and supervises all internal control systems. We have two internal auditors- M/s Hossain Farhad & Co., a local Chartered Accountant Firm that conducts audits throughout the year and M/s Aneja Associates, a Chartered Accountant Firm from India, who are also the internal auditors of the parent company.



#### Management's Discussion and Analysis

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

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

#### Human Resources & Development

Marico is a professionally managed organization that has built for itself a stimulating work culture that empowers people, promotes team building and encourages new ideas.

The organization believes that great people deliver great results and lays the foundation for profitable sustainable growth. The organization lays emphasis on recruiting right talent not only for the present but also with an emphasis on managing the future.

The Company has recently started its campus recruitment program. The focus is to recruit the best talent from the premier institutes of the country. The organization believes in grooming talent by providing challenge and early responsibility at work. A strong business linkage of all Human Resource processes and initiatives is maintained at Marico. The organization has created a favorable work environment that motivates performance. Marico has a process of performance enhancement through deployment of MBR (Management By Results) to create an environment of challenge and stretch. It is also linked to a variable element of performance based compensation.

The organization believes in investing in people to develop and expand their capability. Marico's strategies are based, inter alia, on processes of continuous learning and improvement. Personal development plans focus upon how each individual's strength can be best leveraged so as to help each one to deliver to his/her full potential. External training programs and cross functional exposure provides the extra edge.

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

#### Marico Growth Story

Marico achieved a turnover of Tk. 536 crore during the 12 months period ended September 30, 2010, a growth of 32% over the corresponding period. For the extended six months ending March 31, 2011, the turnover was Tk 285 crore a growth of 37% versus the comparable period in the previous year. The value growth was higher owing to inflation in some of the company's key input materials, only a part of which the company chose to pass on to the consumer in order to protect its consumer franchise. The Company has maintained a high paced growth. Over the last five years (period ended September 30 2010), it has recorded a Compound Annual Growth Rate (CAGR) of 56.72%.

Profit after Tax (PAT) for the 12 months period ended September 30, 2010 was Tk. 67.51 crore, a growth of 43% over period ending September 30, 2009. CAGR of PAT for the last 5 years was 60.25%. In addition, the company achieved PAT Tk. 35.73 crore during the 6 month period ending March 31, 2011, a growth of 37% over the same period in the previous year.

#### Few Brands Stories

##### Parachute Coconut Oil

Parachute, Marico's flagship brand, continued to expand its franchise during the year. Parachute coconut oil, the major part of its portfolio, grew by over 41% in volume for 12 months (Oct'09 to Sep'10) period as compared to corresponding period and 19% in volume for 6 months (Oct'10 to Mar'11) over the same period in the previous year.





Management's Discussion and Analysis

The year experienced an increase in copra (dried coconut kernel - the raw material input for coconut oil) prices particularly from July, 2010, after a year of steady prices in the previous year.

**Hair Code**

Hair Code Herbal Hair Dye was launched in Bangladesh in 2008. Available in 6g sachet packs, Hair Code is the pioneer in the segment of herbal hair dye in Bangladesh. It covers grey hair naturally, giving a smarter, younger and more confident look.



During the year, Marico's Hair Code herbal hair dye recorded healthy growth both in volume and value as compared to the corresponding period in the previous year. The market share as a whole was 27% on March, 2011 at the end of the reporting period.

In the longer term, Hair Code would like to establish itself as a leading men's hair care brand. It has commenced its journey in the hair dye space and plans to have a basket of offerings that provides good hair care options over time. During last year, Hair Code Herbal Hair Color, was launched across Hair Code's key markets, the brand has been supported with insightful advertising and salon activation programs. The performance has been in line with expectations.

**Saffola**

Marico's wellness brand, Saffola started its journey in Bangladesh in April, 2010 with Saffola Gold, edible oil. It is a unique blend of Rice Bran Oil and Safflower Oil, which helps manage Cholesterol when accompanied with a healthy lifestyle.



The brand positions itself on the "good for the heart" platform and rides the trend of increasing concern around health and heart health in Bangladesh. With the increasing awareness about health and a healthy lifestyle, Saffola has been able to steadily increase its household base.

Currently, your company imports the product and markets it in all metro cities of the country. The brand has gained attention from consumers using a strategic mix of promotions and price reductions during the year to generate trials. This was supported by a media campaign and other marketing efforts. It will take a few years' time to establish its position significantly in its category. The company will maintain a 360 degree campaign approach to increase the consumer base of Saffola as the brand has a high retention rate.

**Hair Oils**

Parachute Advanced hair oil stands for healthy and gorgeous hair. Parachute Beliphool perfumed coconut hair oil which when massaged into the hair and scalp helps result in hair that is full of life. Also its non-sticky property helps attractiveness to the younger generation. Hair & Care nourishing non-sticky hair oil is meant for the younger generation who wants to experience the goodness of hair oil in modern fashion. With escalating need of modern women to quickly manage their hair, there has been an opportunity to serve consumers looking for value added options to their hair oiling needs. Marico has a vision of obtaining superiority in the VAHO segment (Value Added Hair Oil). Though at present it has single digit market share in this category, it is expected to grow in the coming days with strong focus and both marketing and sales support.



Recently, to strengthen its position in the VAHO segment, Marico launched Parachute Advanced Cooling Hair Oil. This is a coconut oil enriched with 21 ayurvedic herbs that helps in maintaining hair health in addition to keeping the head cool. Initial response from consumer is promising for the brand.



Management's Discussion and Analysis

### Soap Brands

“Camelia” & “Aromatic” soap brands were acquired in 2005 & 2006 respectively. The company had re-launched “Aromatic” re-branding it as “Aromatic Gold” and achieved distribution gains that helped the company’s overall portfolio. However, it later reprioritized its investments to other brands in its portfolio as the soaps business was earning low margins.



### Kaya Skin Clinic

Kaya Skin Care Clinic is the first organized player in the segment of cosmetic dermatology and has the opportunity to enjoy a first mover advantage in this segment in Bangladesh.



Marico Bangladesh Limited opened its first clinic in Dhaka in early February, 2010 at Gulshan, Bangladesh. Having received a good response, the company has opened a second clinic at Dhanmondi. Kaya’s offering are in the nature of discretionary spends.

The company’s overall experience with Kaya Skin Care business has been encouraging. This is a fairly young business. Marico’s belief in the Kaya business model is therefore intact, especially as it perceives the long term opportunity in skin care solutions to be significant.

### Distribution

Distribution facilities and timely reach of products to consumers are amongst the key strengths of a FMCG company. Marico has built a strong distribution infrastructure. It has four depots are located at Gazipur, Chittagong, Jessore and Bogra servicing its distribution network throughout the country both in rural and urban areas. Marico has distribution business partners that ensure adequate and efficient coverage of retail stores across the country. Their operations are supported and supervised by Marico’s own sales professionals including RSM (Regional Sales Manager), ASM (Area Sales Manager) and TSM (Territory Sales Manager).

### Capacity Building

Investments were made in building up capacity. We have added around 15,000 sft of floor space next to our Gazipur factory to augment the capacity. New land has been purchased to expand its production facilities for current products as well as future products. Augmentation of capacity has been necessitated by increase in demand.

### Quality Assurance

Marico Bangladesh achieved MMEM (Marico Manufacturing Excellence Model) Certification post audit from the Global Corporate Quality Assurance team. These Quality System facilitate the manufacturing locations to produce consistent quality products day in and day out. They also ensure that there is specific focus on continual improvement of processes, systems and procedures. Marico cleaned the ISO 9001 sustenance audit with flying colors post the certification obtained in 2009. Marico emphasises special focus on Safety & Environment at the manufacturing locations as well as at their vicinity. In regard to this Marico will go for ISO 14001 & ISO 18001 certifications in this financial year.

### Technology in Marico

The entire sales commercial, factory commercial, finance operation runs through SAP based integrated ERP system. Use of this software package makes it possible to track and manage, in real-time, sales, production, finance & accounting

## Management's Discussion and Analysis

in an enterprise. eVAT is another milestone initiative that saves paperwork and time. VAT is processed at the factory on eVAT software where all the transactions are recorded and processed. In some of the metro cities, the Distributor's Sales Men (DBSMs) carry Personal Digital Assistant (PDA), which makes the sales process much more efficient. PDA is installed with software that makes the sales process easier for both retailers and DBSMs. The PDA has been customized so that the medium of interface is in Bengali. Such a PDA assists the DBSMs in calling on all the brands, SKUs and aids and checking for sufficiency of stock at the retail outlet.

**Cost Structure of Marico Bangladesh Limited**

Percentage to sales	12 months period ended		6 months period ended	
	Sep' 2010	Sep' 2009	Mar' 2011	Mar' 2010
Material Cost (Raw + Packaging)	67%	72%	71%	64%
Advertising & Sales Promotion (ASP)	9%	6%	6%	12%
Personnel Costs	3%	3%	3%	3%
Other Expenses	4%	6%	4%	4%
PBDIT Margins	21%	16%	20%	21%
Gross Margins (PBDIT before ASP)	30%	22%	27%	32%

**Capital utilization for Marico Bangladesh**

Over the years, Marico has maintained a healthy Return on Capital Employed (ROCE). Given below is a snapshot of various capital efficiency ratios for Marico:

Ratios	12 months period ended		6 months period ended*	
	Sep' 2010	Sep' 2009	Mar' 2011	Mar' 2010
Return on Net worth	31%	30%	30%	30%
Return on Asset	22%	24%	17%	14%
<b>Working Capital Ratios</b>				
Inventory Turnover (Days)	47	61	66	119
Net Working Capital Turnover (Days)	184	148	189	183
Finance Costs to Turnover (%)	0.63%	0.17%	0.42%	0.18%

\*Annualized



Management's Discussion and Analysis

**Share Holders Value**

■ **Dividend Declared**

At the Board of Directors meeting held on October 21, 2010 the Board of Directors had declared and paid interim cash dividend @25% and recommended final cash dividend @20% on April 24, 2011. With this effect, the total dividend for 18 months period is @45%.

**Outlook**

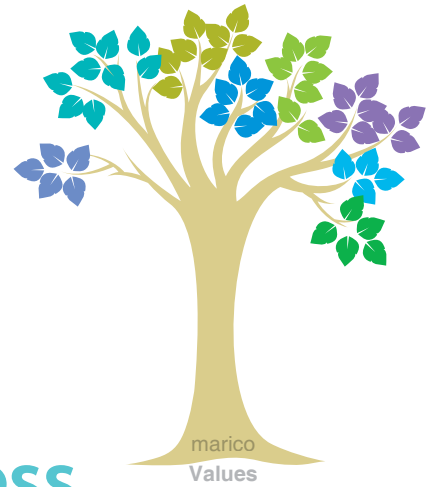
- Sustained volume and value growth in business
- Long term approach of margin protection in an inflationary scenario
- Continued investments in creating growth engines for the future

The company expects to sustain overall volume growth and to improve value growth.

On Behalf of the Board of Directors

**Harsh Mariwala**  
Chairman

**Rohit Jaiswal**  
Managing Director



# Transparency & Openness

Allowing diversity of opinion by listening without bias, giving & receiving critique, with mutual respect and trust for the other.

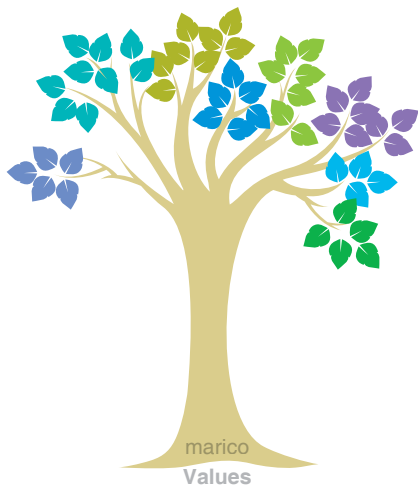
## BRIEF DESCRIPTION

- Creating Space for diverse opinions by being approachable.
- Listening without bias and willingness to alter one's view based on soundness.
- Giving & receiving critique with mutual respect.
- Sharing without compromising the organisation.
- Respecting other's time & space.

## DOs

We are open to feedback and critique.  
We are approachable.  
We admit/ own up our mistakes.  
We clarify & seek information when in doubt.  
We share our lack of knowledge and learn actively from others.  
We share information without compromising the organisation.  
We discourage back-biting/ cribbing.  
We advocate our views strongly.  
We are open to change based on soundness of other's opinion.  
We escalate critical issues without fear.

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# Opportunity-seeking

Identifying early opportunity signals in the environment to generate growth options.

## BRIEF DESCRIPTION

- External focus.
- Environment scanning for trends/ shifts.
- Converting signals to growth possibilities.

## DOs

We continuously scan the environment for early signals/ emerging trends.

We convert the unstated needs into ideas/ action leading to mutually agreed goals.

We bring in feedback on the unstated needs of the consumers.

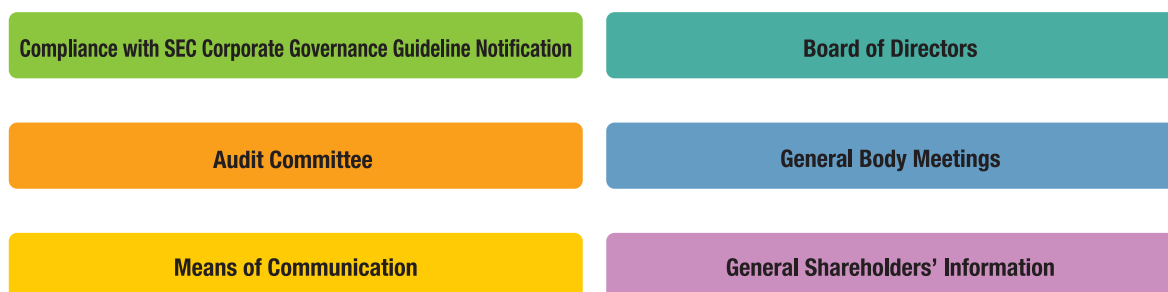
We suggest ways to convert the emerging trends into opportunities.

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# Corporate Governance Report

Marico believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximization of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance – the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices.

**This report on Corporate Governance is divided into the following parts:**



## Compliance with SEC Corporate Governance Guideline Notification

MBL follows Securities & Exchange Commission Corporate Governance guideline issued on February 20, 2006 vide notification no-SEC/CMRRCD/2006-158/Admin/02-08.

### Board of Directors:

MBL's Board of Directors consists of 7 (seven) members including the Managing Director. Among the members, two are non-shareholding non-executive independent directors. The Managing Director sits as a member of the Board of Directors.

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

The Board of Directors has engaged Mr. Souvik B. Mazumdar as Chief Financial Officer, Mr. Balaji K.S. as Head of Internal Audit and Mr. Iqbal Chowdhury as Company Secretary of the company.

### Audit Committee:

The Board of Directors has constituted an Audit Committee as a sub-committee of the Board. There are 3 (three) members to the committee (excluding the Company Secretary).

### External/Statutory Auditors:

M/s. Rahman Rahman Huq is acting as statutory auditors. They are not involved with any other services of the company.

Status of Compliance with Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February, 2006 The checklist are attached hereunder:-

## SEC Compliance Status

Condition No.	Title	Compliance Status	Explanation for Non Compliance with the Condition
1.1	Board's Size: Board members should not be less than 5 (five) or more than 20 (twenty)	Complied	
1.2 (i)	Independent Director: At least 1/10th	Complied	
1.2 (ii)	Appointment of Independent Director by Elected Directors	Complied	
1.3	Individual Chairman of the Board and Chief Executive Office, with defined roles and responsibilities	Complied	
1.4	The Directors to report shareholder on:		
1.4 (a)	Fairness of Financial Statements	Complied	
1.4 (b)	Maintenance of proper Books of Accounts	Complied	
1.4 (c)	Adaptation of proper accounting policies and estimates	Complied	
1.4 (d)	Compliance with International Accounting Standard	Complied	
1.4 (e)	Soundness on Internal Control Systems	Complied	
1.4 (f)	Ability to continue as a Going Concern	Complied	
1.4 (g)	Significant deviation from last year	Complied	
1.4 (h)	Presentation of last three years data	Complied	
1.4 (i)	Declaration of Dividend	Complied	
1.4 (j)	Details of Board Meetings	Complied	
1.4 (k)	Shareholding Pattern	Complied	
2.1	Appointment of CFO, Head of Internal Audit, and Company Secretary and defining their roles and responsibilities	Complied	
2.2	Attendance of CFO and the Company Secretary at Board of directors Meeting	Complied	
3	Audit Committee		
3.1 (i)	Constitution of Committee	Complied	
3.1 (ii)	Constitution of Committee with Board Members including one Independent Member	Complied	
3.1 (iii)	Filling of Casual Vacancy in Committee	Complied	
3.2 (i)	Chairman of the Committee	Complied	
3.2 (ii)	Professional qualification and experience of the Chairman of the Committee	Complied	
3.3.1 (i)	Reporting to the Board of Directors	Complied	
3.3.1 (ii) (a)	Reporting of Conflict of Interest to the Board of Directors	N/A	
3.3.1 (ii) (b)	Reporting of any fraud or irregularity to the Board of directors	Complied	
3.3.1 (ii) (c)	Reporting of violation of laws to the Board of Directors	N/A	
3.3.1 (ii) (d)	Reporting of any other matter to the Board of Director	N/A	
3.3.2	Reporting of qualified points to Commission	N/A	
3.4	Reporting to the Shareholders and General Investors	Complied	
4.0	External/Statutory Auditors		
4.00 (i)	Non-engagement in appraisal or valuation	Complied	
4.00 (ii)	Non-engagement in designing of Financial Information System	Complied	
4.00 (iii)	Non-engagement in Book-Keeping	Complied	
4.00 (iv)	Non-engagement in Broker-Dealer Service	Complied	
4.00 (v)	Non-engagement in Actuarial Services	Complied	
4.00 (vi)	Non-engagement in Internal Audit	Complied	
4.00 (vii)	Non-engagement in any other services	Complied	



**II. BOARD OF DIRECTORS****(i) Composition and Categories of Directors:-**

Name	Category
Mr. Harsh Mariwala	Chairman
Mr. Milind Sarwate	Director
Mr. Vijay Subramaniam	Director
Mr. Debashish Neogi	Director
Mr. Rohit Jaiswal	Managing Director
Mrs. Rupali Chowdhury	Independent Director
Mr. Ghulam Mostafa	Independent Director

**(ii) Attendance of each Director at the Board meetings:**

Eight meetings of the Board of Directors were held during the reporting period.

**The attendance record of all directors is as under:-**

Names of Directors	No. of Board Meetings	
	Held	Attendance
1. Mr. Harsh Mariwala	9	1
2. Mr. Milind Sarwate	9	1
3. Mr. Vijay Subramaniam	9	8
4. Mr. Debashish Neogi	9	5
5. Mr. Kunal Gupta*	5	5
6. Mr. Rishi Pardal*	3	3
7. Mr. Rohit Jaiswal	2	2
8. Mrs. Rupali Chowdhury	7	7
9. Mr. Ghulam Mostafa	7	5

\*Mr. Kunal Gupta and Mr. Rishi Pardal resigned from board of directors on July 20, 2010 and October 21, 2010 respectively.

**III. AUDIT COMMITTEE****Constitution:**

The Audit Committee was constituted by the Board of Directors at its meeting held on November 26, 2009, in accordance with Securities and Exchange Commission, Corporate Governance Guideline vide notification no-SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006. The Audit Committee was last re-constituted by the Board of Directors on March 22, 2010.

**The Audit Committee now comprises the following Members:**

Mrs. Rupali Chowdhury	Chairman
Mr. Vijay Subramaniam	Member
Mr. Debashish Neogi	Member
Mr. Iqbal Chowdhury	Secretary to the committee

The Audit Committee reports to the Board of Directors. It usually notifies Board of Directors along with oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Moreover, M/s Hossain Farhad & Co., a local Chartered Accountant Firm that conducts audits throughout the year and M/s Aneja Associates, a Chartered Accountant Firm from India reports to the audit committee which is undertaken on a continuous basis covering areas across the value chain such as manufacturing operations, sales and distribution, marketing and finance.

The Committee had 1 meeting during the period:

Names of Directors	No. of Board Meetings	
	Held	Attendance
1. Mrs. Rupali Chowdhury	1	1
2. Mr. Vijay Subramaniam	1	1
3. Mr. Debashish Neogi	1	0

**VI. GENERAL BODY MEETINGS****Annual General Meetings**

YEAR	VENUE	DATE	TIME
2009-2010	Mouchak, Kaliakoir, Gazipur, Company's Factory Premises	January 19, 2010	11:00 AM

There was no Special Resolution passed at last General Meeting.

**VI. MEANS OF COMMUNICATION**

Price sensitive information, quarterly, half-yearly and annual results of Marico Bangladesh Limited are published in two daily newspapers- one English and another in Bengali newspaper. All official financial results and price sensitive information are communicated by the Company through its corporate website - [www.maricobd.com](http://www.maricobd.com). The Management Discussion and Analysis Report forms as a part of the Annual Report.

## VII. GENERAL SHAREHOLDER INFORMATION

### Details of Directors seeking reappointment at the forthcoming Annual General Meeting:

#### Mr. Vijay Subramaniam

Vijay Subramaniam heads the International Business Group at Marico Limited and is responsible for the growth and development of the overseas FMCG business.

Vijay brings with him an enriched career in Marketing and Sales spanning over two decades. Prior to Marico, Vijay was designated the Head of Marketing at Henkel India Limited, for their laundry and homecare division. From 1999 till 2003, he was associated with Pepsi as its Vice President – Marketing. Vijay began his career with United Breweries and went on to become their All India Marketing Manager.

Vijay Subramaniam holds a MMS degree from Jamnalal Bajaj Institute of Management Studies and a Bachelor's degree in Engineering from University of Madras.

#### Mr. Debashish Neogi

Mr. Debashish Neogi is a Chartered Accountant and Cost Accountant; Debashish earned a B.Com (Hons.) from St.Xavier's College, Kolkata, India in 1991. He subsequently completed his professional education, which included a Diploma in business finance between 1994-97.

He previously held the position as Managing Director of Marico Bangladesh Limited. Mr. Debashish Neogi, 40, is currently Executive Vice President and Regional Head of Marico – Middle East and North Africa. Debashish brings with him years of experience – primarily in the consumer product industry, spanning organizations such as Polar, Perfetti, Becton & Dickinson and Marico.

### Details of Managing Director seeking confirmation of appointment at the forthcoming Annual General Meeting:

#### Mr. Rohit Jaiswal

Mr. Rohit Jaiswal is a commerce graduate (a University topper & Gold Medalist) and holds his management degree from The Indian Institute of Management – Bangalore. He has vast experience in customer management and marketing across portfolios in Marico and earlier in Colgate Palmolive (India) Limited.

Rohit joined Marico in 2006 and has successfully accomplished his previous assignments with Marico India Limited, as Head – Modern Trade & Rural Marketing; Head – West Division & Head – Trade Marketing & Channel Development. Prior to joining Marico, he has worked with Colgate Palmolive (India) Limited in various positions & across geographies, last position in Colgate being in the capacity of Regional Manager for Mumbai Region. Rohit brings with him years of rich experience in the consumer goods industry with specialization in Trade Marketing & Customer Management.

Mr. Rohit Jaiswal has been appointed as Managing Director by Board of Directors on October 21, 2010.



**Details of AGM :**

<b>AGM–Date, time and Venue</b>	: 10.30 a.m. Tuesday, June 28, 2011 Golf Garden, Army Golf Club, Airport Road Dhaka, Bangladesh.
<b>Financial Year</b>	: October 01, 2009 - March 31, 2011
<b>Record Date</b>	: Sunday, May 8, 2011
<b>Dividend Paid &amp; Recommended</b>	: Interim Cash Dividend @25% on Face Value Final Cash Dividend @20% on Face Value Total @45% Cash Dividend for the reporting period of 18 months
<b>Dividend Payment Date</b>	: Paid within 30 days from decision of board meeting held on October 21, 2010
<b>Listing on Stock Exchanges</b>	: Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE)

**Listing fees upto December 31, 2011 has been paid.**

<b>Stock /Scrip Code</b>	: DSE – MARICO CSE – MARICO
<b>ISIN number</b>	: BD0481MRIC06
<b>Category</b>	: Pharmaceuticals & Chemicals
<b>Investors' enquiry</b>	: +88(02)8931202, Ext-100, 102 info@maricobangladesh.net www.maricobd.com

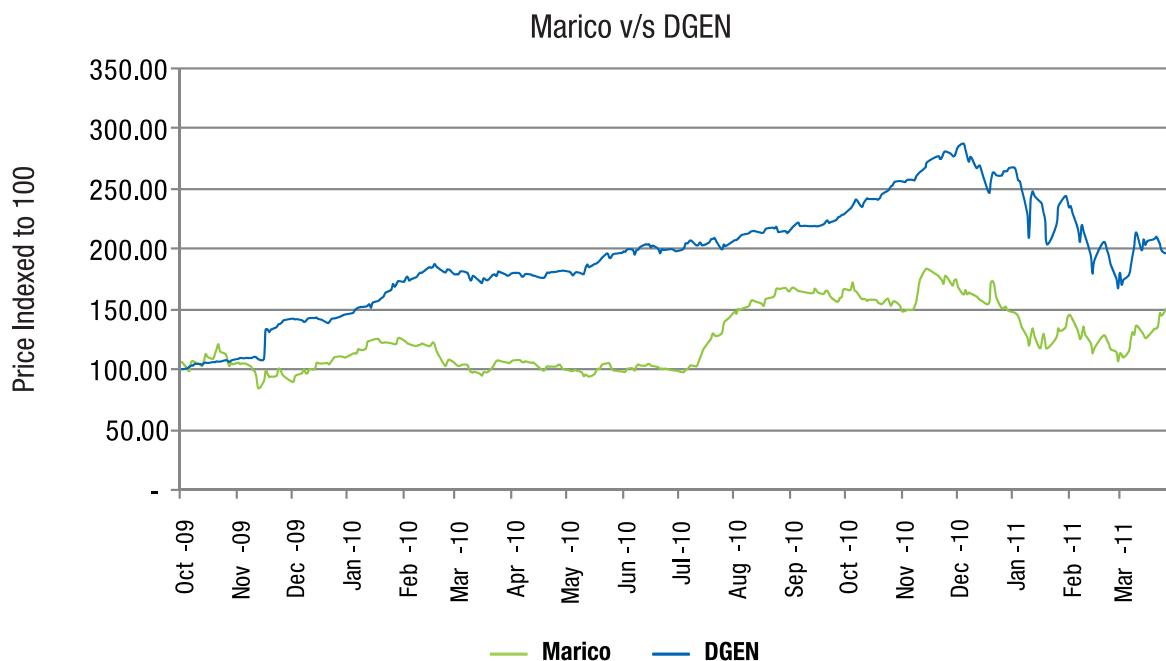
**Stock Price Information and Stock Performance**

**Quarterly Stock Price**

Our common stock is traded on the Dhaka Stock Exchange and Chittagong Stock Exchange under the symbol MARICO. The high and low common stock prices per share in Taka were as follows:

Quarter Ended	December 31	March 31	June 30	September 30
October 01, 2009 –September 30, 2010				
High	523.00	530.00	452.90	700.00
Low	330.00	390.00	376.00	402.70
October 01-March 31, 2011 (Six Months)				
High	768.90	665.00	N/A	N/A
Low	600.00	432.00	N/A	N/A

**Script Performance in comparison to DGEN**



**Securities Transactions Insider Trading Policy**

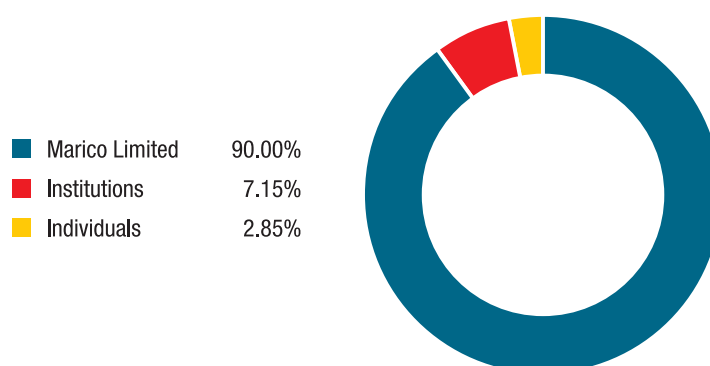
The Company has a formal Insider Trading Policy and Disclosure of Dealings in Securities Policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the directors and officers. In compliance with SEC (Prohibition of Insider Trading) Rules, 1995 & relevant notifications on best practices on dealing in securities, the Company issues circulars to its Directors and officers informing that the Company and its officers must not deal in listed securities of the Company two month before the release of the full-year results and before closing day of quarterly financial statements to the day of board meeting to be held and before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

**Pattern of Shareholding on Record Date-May 08, 2011**

Particulars	No of Shares	Percentage
<b>Parent Company:</b>		
Marico Limited	28,349,993	90.00%
<b>Other Related Parties:</b>		
<b>Board of Directors:</b>		
Hash Mariwala, Chairman	1	
Milind Sarwate, Director	1	
Vijay Subramaniam, Director	1	
Debashish Neogi, Director	1	
Rohit Jaiswal, Managing Director	1	
<b>Souvik B. Mazumdar, CFO and Spouse and Minor Children:</b>	-	
<b>Balaji K.S. Head of Internal Audit and Spouse and Minor Children:</b>	1	
<b>Iqbal Chowdhury, CS and Spouse and Minor Children:</b>	7,250	
<b>Executives (Top 5 Salaried Person Other than MD, CFO, HIA, CS):</b>		
Ashikur Rahman	-	
Subir De	-	
Tuhin Ahmed Chowdhury	2,700	
Moin Uddin Ahmed Khan	6,050	
Shahid Hossain	5,000	

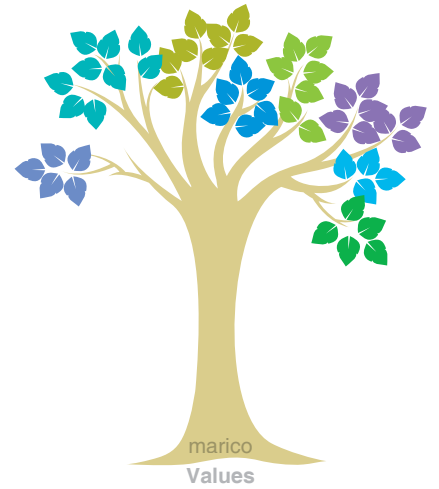
**Percentage of Shareholding-Marico Bangladesh Limited**

Category	No of Shares	Percentage
Marico Limited	28,350,000	90.00%
Institutions	2,251,850	7.15%
Individuals	898,150	2.85%
<b>Total</b>	<b>31,500,000</b>	<b>100%</b>





# Bias for Action



Preference for quick thoughtful action as opposed to delayed action through analysis.



## BRIEF

### DESCRIPTION

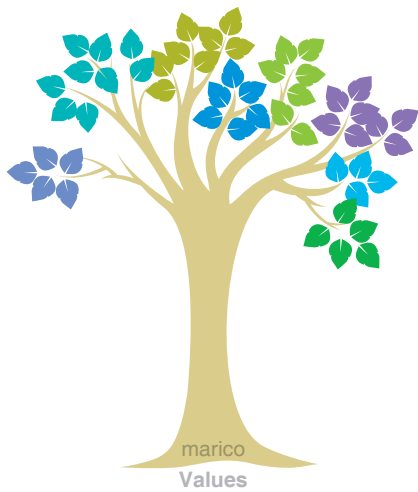
- Preference for action over analysis paralysis.
- Acting inspite of doubt, by using gut in the absence of 100% data.
- Learning through action that is not impulsive or rash.
- High responsiveness and calculated risk taking.



## DOs

We prefer closure and execution to endless analysis.  
We take calculated risks.  
We close the meetings with an action plan.  
We convert ideas into action.  
We respond to e-mail in 24 hrs.

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# Excellence

Continuous improvement of performance standards and capability building for sustained long term success.

## BRIEF DESCRIPTION

- Continuous benchmarking & pursuit of world class standards.
- Building on strengths.
- Learning from successes & failures.
- Building systemic capability to sustain excellent results as opposed to taking short cuts to seemingly high results.

## DOs

We learn from our mistakes & successes.  
We continuously set new standards.  
We do not cut corners.  
We continuously find new ways to do our work.  
We leverage experts to achieve excellence.  
We build capability in the system to ensure future excellence in results.  
We learn from mistakes.

THINK CONSUMER TO BE BIG





# Directors' Report

## To the Members

Your Board of Directors ("Board") is pleased to present the Eleventh Annual Report of your company, Marico Bangladesh Limited for the period ended March 31, 2011 ('the period under review', 'the reporting period', or 'twelve months and extended six months').

This report is prepared in compliance with section 184 of the Companies Act 1994 and Securities & Exchange Commission Order no-SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006.

## Principal Activities

The principal activities of the Company continued to be manufacturing and marketing of Fast Moving Consumer Goods ('FMCG'). The company is the manufacturer and marketer of well known brands like Parachute, Parachute Advansed, Parachute Beliphool, Aromatic, Camelia, Saffola, Haircode, Parachute Advansed, Kaya Skin Care Clinic etc.

## New product launches and development

Your company has launched series of products like Haircode hair dye, Haircode hair color, Marico's Hair & Care perfumed non-sticky hair oil, Saffola Gold Blended Vegetable Oil, Parachute Advansed Cooling Oil etc. in the reporting period.

These new products have turned in a satisfactory performance and show potential for future growth.

## Launch of 2nd Kaya Skin Care Clinic at Dhanmondi

Encouraged by the response to the first clinic, your company has launched its second Kaya Skin Care Clinic at Dhanmondi, Dhaka to meet its customers' service demand.

## Change of Accounting Year from October-September to April-March and extension of time for holding AGM

Until the last annual report, financial statements were prepared on the basis of accounting year for twelve months from October 1 to September 30 and year ended September 30, 2009. The board has approved a change in the accounting year of the company to commence from April 1 and end on March 31, so as to align it with the accounting year of the holding company, Marico Limited. Therefore, your company has consolidated financial statements and annual report for the period from October

2009 to March 2011 (18 months) for the reporting period and has subsequently commenced the new accounting year from April 1, 2011 onwards for 12 months each. These changes are done with prior approval from relevant regulators (annexed) i.e. the Deputy Commissioner of Taxes (Ref. letter no. 072-201-1174/Co-9/2009-2010 dated June 2, 2010), The Registrar of Joint Stock Companies and Firms of Bangladesh (RJSC) (Ref. letter no. RJSCO-2763 dated July 14, 2010), and Securities & Exchange Commission (SEC) (Ref. letter SEC/CFD/11:29/2009/794 dated September 14, 2010).

## Establishment of New Plant

Owing to the growing demand, your company has decided to set up another manufacturing plant to cater to the growing demand, to smoothen supply on time and to manufacture future products.

Your company has already purchased a land admeasuring 5.155 acre at Gazipur Sadar, Mohona, Bobanipur for the new plant.

## Corporate Social Responsibility

### ■ Signing of MOU with BARI (Bangladesh Agricultural Research Institute)

As a part of Corporate Social Responsibility (CSR), your company has associated itself with BARI (Bangladesh Agricultural Research Institute) by signing MOU in February, 2010 to help/educate farmers in Copra (basic raw material for coconut oil). We remain committed to helping farmers achieve fulfilling lives and recognize the interdependence of our future growth with their development.

### ■ Facilitating Training and Equipment to Farmers for Copra Production

Marico has started to help poor farmers to develop copra production. The company facilitated them through training and providing machineries, consultancy for producing which aid to bring their daily earnings.

### ■ Saffola Gold Free Health Camp

Marico Bangladesh Limited organized a day long free health camp to serve the general public on September 25, 2010 under banner Saffola Gold. A good number of people participated in the free health camp. Moreover, Saffola 3 day free mobile health

camp posed as observing of World Hypertension Day - 17th of May'10 in different area of Dhaka City.

### Directors of the Company

#### Directors retiring by rotation

Mr. Vijay Subramaniam and Mr. Debashish Neogi, Directors of the company, retire by rotation as per relevant provision of the Companies Act, 1994 and relevant clause of Articles of Association of the company and being eligible offer themselves for re-appointment.

#### Changes in the Board of Directors

Mr. Kunal Gupta, Director and Mr. Rishi Pardal, Managing Director resigned from the Board of Directors of the company with effect from close of business hours on June 6, 2010 and on October 21, 2010 respectively. The Board of Directors has accepted their resignation and would like to place on record their sincere appreciation of the valuable services rendered by Mr. Kunal Gupta and Mr. Rishi Pardal.

#### Appointment of New Managing Director

The Board of Directors has appointed Mr. Rohit Jaiswal as Managing Director with effect from October 23, 2010. Hence, the Board of Directors has recommended Mr. Rohit Jaiswal's appointment as Managing Director for confirmation at the meeting of the members (AGM) of the company.

### Director's Responsibilities for Financial Statements

The Statement of the **Director's Responsibilities and Management's Report on Internal Control over Financial Reporting** for financial statements are given on page 33 of this report to Directors' Report Annexure-1 and 2.

### Corporate and Financial Reporting Framework

In accordance with Securities and Exchange Commission's Notification No./SEC/CMRCD/2006-158/Admin/02-08 dates February 20, 2006 the Directors are pleased to conform the following:

- The financial statements together with the notes thereof have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations cash flow and changes in equity.
- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- The systems of internal controls are sound in and have been effectively implemented and monitored effectively.
- There are no significant doubts about the Company's ability to continue as a going concern.
- The significant deviations from last year in operating results of the company have been highlighted in the report and reasons thereof have been explained.
- The key operating and financial data for the last five years are annexed.

### Corporate Governance Compliance Report

Marico Bangladesh Limited adheres to good Corporate Governance principles, as described on pages 20 to 27.

The Company has also complied with all the requirements of Corporate Governance as required by the Securities and Exchange Commission. Accordingly, Corporate Governance Compliance Report is shown in the SEC Compliance Status on page-21 of this report.

### Results of Operations

#### Twelve-Months Performance

Tk in Cr, except per share amounts	12 months ended September 30		PERCENT CHANGE
	2009	2010	
Turnover	406	536	+32
Net earnings	47	68	+43
Net earnings per share	16.45	21.43	+30
Dividends per share	2.50	2.50	-
Operating cash flow	68	144	
Return on assets	24%	22%	
Return on equity	30%	31%	



## Directors' Report

## Six-Month Performance

Six months ended March 31			PERCENT CHANGE
Taka in Cr, except per share amounts	2010	2011	
Turnover	208	285	+37
Net earnings	26	36	+37
Net earnings per share	8.31	11.34	+36
Dividends per share	-	2	-
Operating cash flow	25	-70	
Return on assets	14%	17%	
Return on equity	30%	29%	

Marico achieved growth in turnover, earnings and earnings per share in the reporting period twelve months ended September 30, 2010 and extended six months period ended March 31, 2011. For twelve months and extended six months period turnovers were Tk. 406 crore, an increase of 32 percent and Tk. 285 crore, an increase of 37 percent; net profit after tax were Tk. 68 crore and Tk. 36 crore and earnings per share were Tk. 21.43 and Tk. 11.34 crore, increases of 30 percent and 36 percent, respectively, over the corresponding period in the previous year. Turnover growths remained at high levels accompanied by growing profits primarily being the benefits derived from consistent investment in brands.

## Financial Position

Marico's total assets of Tk. 374 crore at 30 September 2010 were Tk. 120 crore or 47% higher than at 30 September 2009 and Tk. 461 at 31 March, 2011 crore were Tk. 173 crore or 60% higher than at March 31, 2010.

## Dividend Distribution

Your company's distribution of dividend to members of the company during the reporting period comprised of the following;

Interim dividend of 25% on the paid up capital of Tk. 31.50 Crore.

Final dividend recommended for approval at the ensuing Annual General Meeting to be held on June 28, 2011 @20% on the paid-up capital Tk. 31.50 Crore.

**Harsh Mariwala**  
Chairman

The total dividend including the proposed dividend @20% would be Tk. 14.18 Crore.

## Contribution to National Exchequer

During the reporting period, your company paid Tk. 145 Crore (appx.) to the National Exchequer in the form of Corporate Income Tax, Customs Duties, Supplementary Duties, VAT and others.

## Reserves

The total reserves of the company stood Tk. 188 Crore details of which are shown in the Statement of Finance Position as accumulated profit to the financial statements.

## Events subsequent to the Balance Sheet

No events have occurred since the balance sheet date, which would require adjustment or disclosure in the financial statements.

## Shareholder Information &amp; Substantial Shareholders

The distribution of shareholding and market value of shares is given on page 27.

## Appointment of Auditors

The auditors, Messes Rahman Rahman Huq, Chartered Accountants, will retire at the conclusion of the ensuing Annual General Meeting and being eligible under Section 210 of the Companies Act, 1994 read with Securities and Exchange Commission Order No. SEC /CFD-71/2001/ Admin/02/05 dated January 03, 2002, offer themselves for reappointment with proposed Audit Fees of Tk. 3,45,000/-.

## Acknowledgement

The members of the Board of Directors would like to take this opportunity to express their heartfelt thanks to all stakeholders such as employees, customers, consumers, Banks and financial institutions, Regulatory bodies, Auditors, SEC, DSE, CSE, CDBL, ISSL, Business Associates and finally the shareholders for their immense support and contribution towards the success of the Company.

**Rohit Jaiswal**  
Managing Director

## Directors' Report Annexure-1

### Directors' Responsibilities for Financial Statements

The directors of the company are responsible for the integrity and accuracy of the financial statements. The board believes that the financial statements for the twelve months ended on September 30, 2010 and extended six months ended on March 31, 2011 have been prepared in conformity with Bangladesh Accounting Standard (BAS), BFRS/IFRS, Companies Act, 1994, SEC guidelines, Stock Exchanges Listing Regulations appropriate in the circumstances. In preparing the financial statements, management with the consultation of the board makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed.

The Company's disclosure controls and procedures ensure that material information required to be disclosed is recorded, processed, summarized and communicated to management and reported within the required time periods. In meeting its responsibility for the reliability of the financial statements, management relies on a system of internal accounting control. This system is designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with the management's authorization and recorded properly to permit the preparation of financial statements in accordance with BAS/BFRS/IFRS. The design of this system recognizes that errors or irregularities may occur and that estimates and judgments are required to assess the relative cost and expected benefits of the controls.

Directors believe that the Company's internal accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. The Audit Committee of the Board of Directors, which is composed solely of independent directors, is responsible for overseeing the Company's financial reporting process.

The Audit Committee meets with management and sees the report of the Company's internal auditors periodically to review the work of each and to monitor the discharge by each of its responsibilities. The independent auditors are engaged to express an opinion on the Company's financial statements and on the Company's internal control over financial reporting. Their opinions are based on procedures that they believe to be sufficient to provide reasonable assurance that the financial statements contain no material errors and that the Company's internal controls are effective.

On behalf of the board



**Rohit Jaiswal**  
Managing Director

## Directors' Report Annexure-2

### Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With the participation of the Chief Financial Officer and Head of Internal Audit, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework and the criteria established in Internal Control – Integrated Framework, issued by the Audit Committee.

Based on this evaluation, management has concluded that internal control over financial reporting was effective as of March 31, 2011. The Company's auditor, Rahman Rahman Huq, Chartered Accountants, statutory auditors enlisted with The Institute of Chartered Accountants of Bangladesh (ICAB), has issued an audit report on the financial statements.



**Souvik B. Mazumdar**  
Chief Financial Officer



**K.S. Balaji**  
Head of Internal Audit



বেলীফুল  
লাইট

## নারিকেলের শুদ্ধতা বেলীফুলের স্নিগ্ধতা

মেতে উঠুন বেলীফুলের মনমাতানো সৌরভে!  
এতে আছে নারিকেলের পুষ্টিগুণ আর ভিটামিন-ই, যা চুলে আনে প্রাণ।  
আর এর নন-স্টিকি ফর্মুলা চুলকে রাখে ঝরঝরে, রেশমী ও কোমল।

নন-স্টিকি  
সুগন্ধি নারিকেল তেল



গণপ্রজাতন্ত্রী বাংলাদেশ সরকার  
উপ কর কমিশনারের কার্যালয়  
কোম্পানীজ সার্কেল-৯  
কর অঞ্চল-৩, ঢাকা।  
আয়েশা মঞ্জিল, ৩৫, পাইওনিয়ার রোড, কাকরাইল, ঢাকা

নথি নং : ০৭২-২০১-১১৭৪/কোং-৯/২০০৯-২০১০/

তারিখঃ ০২/০৫/২০১০ইং

**ব্যবস্থাপনা পরিচালক**

মারিকো বাংলাদেশ লিঃ  
বাড়ী নং-১ (৪র্থ তলা), রোড নং-১, সেটর-১  
উত্তরা, ঢাকা-১২৩০

**বিষয়ঃ কোম্পানীর আয় বৎসর পরিবর্তনের আবেদন প্রসঙ্গে।**

সূত্রঃ আপনার ১৯/০৫/২০১০ইং তারিখের আবেদনপত্র।

উপর্যুক্ত বিষয় ও সূত্রের প্রতি আপনার দৃষ্টি আকর্ষণ করছি।

সূত্রোক্ত পত্রের পরিপ্রেক্ষিতে আপনার পরিচালনাধীন কোম্পানীর হিসাব বৎসর "১ অক্টোবর হতে ৩০ সেপ্টেম্বর" এর পরিবর্তে "১ এপ্রিল হতে ৩১ মার্চ" পরিগণনার আবেদন নিম্নবর্ণিত শর্তাদি পরিপালন সাপেক্ষে আয়কর অধ্যাদেশ, ১৯৮৪ এর ধারা ২ এর ৩৫(জি) মোতাবেক অনুমোদন করা হল। এ হিসেবে ২০১১-২০১২ করবর্ষের জন্য আপনার কোম্পানীর পরিবর্তিত আয় বৎসর হবে ১ অক্টোবর/২০০৯ হতে মার্চ/২০১১ পর্যন্ত ১৮ মাসের। এর পরবর্তী কর বৎসরের আয় বৎসর যথারীতি ১ এপ্রিল হতে ৩১ মার্চ পর্যন্ত পরিগণনা করতে হবে।

- ০১। ২০১১-২০১২ করবর্ষে ১ম ৬ মাসের জন্য ১টি নিরীক্ষিত হিসাব বিবরণী এবং পরবর্তী ১২ মাসের জন্য পৃথক নিরীক্ষিত হিসাব বিবরণী দাখিল করতে হবে এবং উক্ত আয় বৎসরের জন্য আয়ের উপর যথারীতি অগ্রিম আয়কর পরিশোধ করতে হবে।
- ০২। কোম্পানী আইন, ১৯৯৩ অনুযায়ী জয়েন্ট স্টক কোম্পানীর বিধি বিধান মোতাবেক আপনার পরিচালনাধীন কোম্পানীর হিসাবকাল পরিবর্তন সংক্রান্ত অন্যান্য শর্তাবলী ও আনুষ্ঠানিকতা পরিপালন করতে হবে।
- ০৩। আপনার পরিচালনাধীন কোম্পানীটি তালিকাভুক্ত কোম্পানী হিসেবে সিডিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের বিধি বিধান মোতাবেক হিসাবকাল পরিবর্তন সংক্রান্ত অন্যান্য শর্তাবলী ও আনুষ্ঠানিকতা পরিপালন করতে হবে।



*(Signature)*  
০২/৫/১০  
সেয়দ আকির হোসেন  
উপ কর কমিশনার  
কোম্পানীজ সার্কেল-৯  
কর অঞ্চল-৩, ঢাকা।  
ফোনঃ ৮৩১৩১৮৯

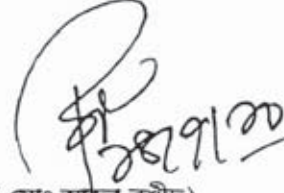
গণপ্রজাতন্ত্রী বাংলাদেশ সরকার  
যৌধমূলধন কোম্পানী ও ফার্মসমূহের পরিদপ্তর  
টিসিবি ভবন, ১, কাওরান বাজার বা/এ, ঢাকা  
ওয়েব সাইট- [www.roc.gov.bd](http://www.roc.gov.bd)

নং- রেজসকো- ২৭৬৩

তাং- ১৪/০৭/২০২০

বিষয় : অর্থবৎসর পরিবর্তনের অনুমতি প্রসঙ্গে।

উপর্যুক্ত বিষয়ে আপনার ২৫-০৪-১০ তারিখের পত্রের প্রেক্ষিতে কোম্পানী আইনের ১৮৩(৪) ধারা মতে মেরিকো বাংলাদেশ লিঃ এর সমাপ্ত অর্থ বৎসর ৩০শে সেপ্টেম্বর থেকে ৩১শে মার্চ- এ পরিবর্তন করার অনুমতি দেয়া গেল।



( মোঃ আম্মুর রশীদ )  
ডেপুটি রেজিষ্ট্রার (উপ-সচিব)।

প্রাপক :  
ব্যবস্থাপনা পরিচালক,  
মেরিকো বাংলাদেশ লিঃ,  
হাউজ নং-১, রোড- ১, গেজ-১, ৫৭-৩৩,  
উত্তরা, ঢাকা-১২৩০।

কোম্পানীর সাধারণ সভা অনুষ্ঠানের সময় বর্ধিতকরণের অনুমতি পত্র

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার  
যৌধমূলধন কোম্পানী ও ফার্মসমূহের পরিদপ্তর  
টিসিবি ভবন, ১, কাওরান বাজার বা/এ, ঢাকা  
ওয়েব সাইট- [www.roc.gov.bd](http://www.roc.gov.bd)

স্মারক নং- ৯৬৭৬

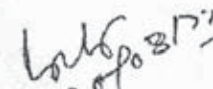
তাং- ২০/০৪/১১

বিষয় :- কোম্পানীর সাধারণ সভা অনুষ্ঠানের সময় বর্ধিতকরণ প্রসঙ্গে।

উপর্যুক্ত বিষয়ে আপনার ০৩-০৪-২০১১ তারিখের পত্রের প্রেক্ষিতে ১৮-০৪-১১ সালের বর্ধিত সাধারণ সভা কোম্পানী আইন, ১৯৯৪ এর ৩১(১) ধারা অনুযায়ী ১৮-০৭-১১ তারিখে মধ্যে অনুষ্ঠানের জন্য অনুমতি প্রদান করা হলো। সে সাথে উক্ত সভায় কোম্পানীর ৩১-০৩-১১ তারিখে সমাপ্ত হিসাব (ব্যালাপ শীট) কোম্পানী আইন, ১৯৯৪ এর ১৮৩(২) নং ধারা অনুযায়ী ১৮-০৭-১১ তারিখের মধ্যে উপস্থাপন করার জন্যও অনুমতি দেয়া হলো।

ধন্যবাদান্তে,

প্রাপক :- জনাব ইকবাল চৌধুরী  
কোম্পানী সেক্রেটারী,  
মেরিকো বাংলাদেশ লিঃ,  
হাউজ-০১, রোড-০১, সেটর-০১ (৫ম তলা)  
ঢাকা।

  
( আহম্মেদুর রহিম )  
রেজিষ্ট্রার (যুগ্ম-সচিব)



Govt. of the People's Republic of Bangladesh  
**Securities and Exchange Commission**  
Jiban Bima Tower (14, 15, 16 & 20<sup>th</sup> floor)  
10 Dilkusha C/A, Dhaka-1000, Bangladesh



SEC/CFD/11:29/2009/794  
September 14, 2010

✓ Managing Director  
Marico Bangladesh Limited  
House#01, Road# 01, Sector# 01 (4<sup>th</sup> Floor)  
Uttara, Dhaka-1230

Fax No. : 880-2-8932322

Dear Sir:

**Subject: Change of accounting year from October-September to April-March of Marico Bangladesh Limited.**

Reference: Your letter dated August 30, 2010.

You have to follow the provisions of the Companies Act, 1994 and the Income Tax Ordinance, 1984 for the change in the accounting/financial year as there is no provision in the securities law with regard to such change.

With regard to submission/publication and presentation of financial statements of extended period (due to change in accounting year), considering it as a special case, the Commission advises you to submit (to the Commission and Stock Exchanges as well as to the shareholders, simultaneously ensuring proper publication of the same) your: (a) audited financial statements for the period/quarter ended on September 30, 2010 within one month of close of the period/quarter; (b) audited/un-audited financial statements for the period/ extended quarter ended on December 31, 2010 within 30 days of close of the period/quarter; and (c) extended audited annual financial statements for the period ended on March 31, 2011 (i.e., financial statements for 12 months ended on September 31, 2010 and for 6 months ended on March 31, 2011) within one hundred and twenty days from the date on which your financial year ends preparing the same in accordance with the provisions of the Companies Act, 1994, the Income Tax Ordinance, 1984 and the Securities and Exchange Rules, 1987. In this regard, you are also advised to present the comparative financial statements based on the enclosed format.

It may be mentioned here that your subsequent financial statements commenced from April 01, 2011 shall be submitted/published and presented in accordance with existing securities law.

Thanking you.

For Securities and Exchange Commission

Prodip Kumar Basak  
Deputy Director

Copy to : Chief Executive Officer, DSE.  
: Chief Executive Officer, CSE.  
: Chairman's Office, SEC.





Govt. of the People's Republic of Bangladesh  
**Securities and Exchange Commission**

Jiban Bima Tower (14, 15, 16 & 20<sup>th</sup> floor)  
 10 Dilkusha C/A, Dhaka-1000, Bangladesh



(a) Audited Financial Statements for the period/quarter ended on September 30, 2010:

SL#	Name of financial statements	Current Interim Period		Cumulative/year to date	
1	Balance Sheet/statement of financial position	-	-	As on September 30, 2010	As on September 30, 2009
2.	Income statement	July 01, 2010 to September 30, 2010	July 01, 2009 to September 30, 2009	October 01, 2009 to September 30, 2010	October 01, 2008 to September 30, 2009
3.	Statement of change in equity	-	-	October 01, 2009 to September 30, 2010	October 01, 2008 to September 30, 2009
4.	Cash flow statement	-	-	October 01, 2009 to September 30, 2010	October 01, 2008 to September 30, 2009

(b) Audited/un-audited financial statements for the period/ extended quarter ended on December 31, 2010:

SL#	Name of financial statements	For the period ended on December 31, 2010	
1	Balance Sheet/statement of financial position	As on December 31, 2010	As on September 30, 2010
2.	Income statement	October 01, 2010 to December 31, 2010	October 01, 2009 to December 31, 2009
3.	Statement of change in equity	October 01, 2010 to December 31, 2010	October 01, 2009 to December 31, 2009
4.	Cash flow statement	October 01, 2010 to December 31, 2010	October 01, 2009 to December 31, 2009

(c) Extended audited annual financial statements for the period ended on March 31, 2011 (i.e., financial statements for 12 months ended on September 31, 2010 and for 6 months ended on March 31, 2011):

	Name of financial statements	12 months ending		Extended 6 months ending		Cumulative/18 months ending	
		As on September 30, 2010	As on September 30, 2009	As on March 31, 2011	As on March 31, 2010	As on March 31, 2011	As on March 31, 2010
1.	Balance Sheet/statement of financial position	As on September 30, 2010	As on September 30, 2009	As on March 31, 2011	As on March 31, 2010	As on March 31, 2011	As on March 31, 2010
2.	Income statement	October 01, 2009 to September 30, 2010	October 01, 2008 to September 30, 2009	October 01, 2010 to March 31, 2011	October 01, 2009 to March 31, 2010	October 01, 2009 to March 2011	October 01, 2008 to March 2010
3.	Statement of change in equity	October 01, 2009 to September 30, 2010	October 01, 2008 to September 30, 2009	October 01, 2010 to March 31, 2011	October 01, 2009 to March 31, 2010	October 01, 2009 to March 2011	October 01, 2008 to March 2010
4.	Cash flow statement	October 01, 2009 to September 30, 2010	October 01, 2008 to September 30, 2009	October 01, 2010 to March 31, 2011	October 01, 2009 to March 31, 2010	October 01, 2009 to March 2011	October 01, 2008 to March 2010



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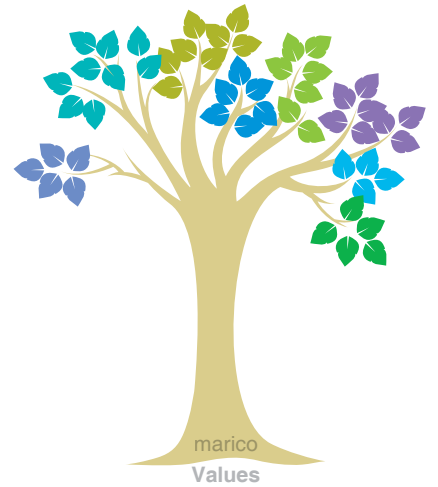
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# Boundarylessness



Seeking support & influencing others beyond the function & organisation to achieve a better outcome / decision without diluting one's accountability.



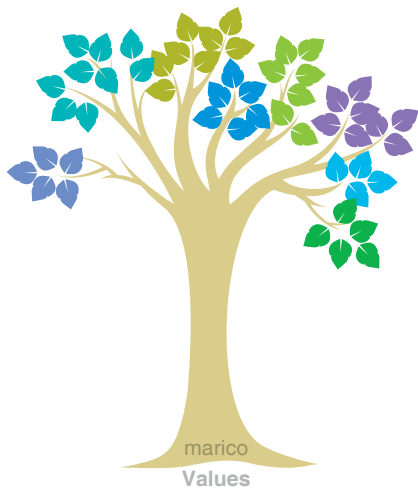
## BRIEF DESCRIPTION

- Proactively seeking support & influencing others to improve outcomes.
- Appreciating multiple perspectives beyond one's functional perspective.
- Leveraging others for better decisions without abdicating one's accountability.

## DOs

We are open to others to critiquing what we do.  
We influence non-reporting relationships to achieve success.  
We take ownership for the success of the project/ assignment.  
We look at the situation from multiple perspectives while taking a decision.  
We take accountability for our decisions.

THINK CONSUMER TO BE **BIG**



# Innovation

Experimentation and calculated risk taking to increase success probability of radical / pioneering ideas to get quantum results.

## BRIEF DESCRIPTION

- Thinking in uncommon ways and taking calculated risks.
- Experimenting with radical/ pioneering ideas through prototyping.
- Systematically reviewing & sharing learning from all experiments.

## DOs

We share learning from our experiments.  
We experiment with radical ideas.  
We are closest to the touch points/ scene of action.  
We recognize experiments irrespective of their failure / success.  
We take calculated risks.  
We challenge status quo.

THINK CONSUMER TO BE BIG

# Financial Statements



**Rahman Rahman Huq**

**Chartered Accountants**  
9 Mohakhali C/A (11th & 12th Floors)  
Dhaka 1212  
Bangladesh

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Fax +880 (2) 988 6449  
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Internet www.kpmg.com/bd

**Auditors' Report  
to the Shareholder of  
Marico Bangladesh Limited**

We have audited the accompanying financial statements of Marico Bangladesh Limited ("the Company") which comprise the statement of financial position as at 31 March 2011, and the related income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the eighteen months period then ended and a summary of significant accounting policies and other relevant explanatory notes thereon.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements prepared in accordance with the Bangladesh Accounting Standards (BASs) and the Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the financial position of Marico Bangladesh Limited as at 31 March 2011 and the results of its financial performance and its cash flows for the eighteen months period then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the statement of financial position and income statement dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred were for the purpose of the Company's business.

Dhaka, 24 April 2011

# Marico Bangladesh Limited

## Statement of financial position

	Note	31 March 2011 Taka	31 March 2010 Taka	30 September 2010 Taka	30 September 2009 Taka
<b>Assets</b>					
Property, plant and equipment	4	229,012,579	288,034,881	242,529,710	270,961,064
Assets under construction	5	-	-	-	65,000,000
Intangible assets	6	6,651,734	11,266,759	8,959,247	12,610,744
Deferred tax assets	7	42,664,437	2,196,993	29,959,740	609,231
<b>Non-current assets</b>		<b>278,328,750</b>	<b>301,498,633</b>	<b>281,448,697</b>	<b>349,181,039</b>
Inventories	8	1,180,798,733	709,912,844	347,755,606	634,534,352
Accrued interest	9	34,175,260	52,647,281	40,304,110	48,406,023
Investments	10	29,619,846	12,596,946	40,752,823	100,000,000
Advance income tax	11	315,292,151	133,567,146	202,932,329	86,021,442
Advances and deposits	12	238,238,535	34,735,757	68,071,366	41,474,311
Fixed deposits	13	2,270,000,000	1,565,318,522	2,652,015,300	1,037,340,522
Cash and cash equivalents	14	266,612,848	73,103,511	106,741,120	238,727,660
<b>Current assets</b>		<b>4,334,737,373</b>	<b>2,581,882,007</b>	<b>3,458,572,654</b>	<b>2,186,504,310</b>
<b>Total assets</b>		<b>4,613,066,123</b>	<b>2,883,380,640</b>	<b>3,740,021,351</b>	<b>2,535,685,349</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	15	315,000,000	315,000,000	315,000,000	315,000,000
Share premium		252,000,000	252,000,000	252,000,000	252,000,000
Reserves		17,022,900	-	28,155,877	-
Retained earnings		1,878,574,427	1,186,695,739	1,600,067,407	1,003,704,896
<b>Total equity</b>		<b>2,462,597,327</b>	<b>1,753,695,739</b>	<b>2,195,223,284</b>	<b>1,570,704,896</b>
<b>Liabilities</b>					
Provision for gratuity	16	8,896,857	8,088,052	8,088,052	7,112,927
<b>Non-current liabilities</b>		<b>8,896,857</b>	<b>8,088,052</b>	<b>8,088,052</b>	<b>7,112,927</b>
Short term finance	17	775,256,101	224,329,040	189,627,813	77,179,123
Liability for expenses	18	390,026,651	469,213,283	436,540,120	275,044,834
Interest payable		5,056,327	442,500	2,000,000	193,000
Provision for income tax	19	614,689,532	239,275,393	448,224,604	168,272,288
Trade creditors	20	225,082,968	99,932,428	328,179,028	341,116,260
Payable to holding company	21	123,087,996	66,421,582	97,089,004	70,682,949
Other liabilities	22	8,372,364	21,982,623	35,049,446	25,379,072
<b>Current liabilities</b>		<b>2,141,571,939</b>	<b>1,121,596,849</b>	<b>1,536,710,015</b>	<b>957,867,526</b>
<b>Total liabilities</b>		<b>2,150,468,796</b>	<b>1,129,684,901</b>	<b>1,544,798,067</b>	<b>964,980,453</b>
<b>Total equity and liabilities</b>		<b>4,613,066,123</b>	<b>2,883,380,640</b>	<b>3,740,021,351</b>	<b>2,535,685,349</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Comparatives have been presented as advised by SEC through letter no. SEC/CFD/11:29/2009/794.

  
\_\_\_\_\_  
Company Secretary

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Managing Director

As per our annexed report of same date

  
\_\_\_\_\_  
Auditors

Dhaka, 24 April 2011

## Marico Bangladesh Limited

### Income statement

	Note	for 12 months from		Extended 6 months from		Cumulative 18 months from	
		1 October 2009 to 30 September 2010 Taka	1 October 2008 to 30 September 2009 Taka	1 October 2010 to 31 March 2011 Taka	1 October 2009 to 31 March 2010 Taka	1 October 2009 to 31 March 2011 Taka	1 October 2008 to 31 March 2010 Taka
Revenue	23	5,358,337,069	4,056,700,694	2,845,675,249	2,079,933,077	8,204,012,318	6,136,633,771
Cost of sales	24	(3,756,588,381)	(2,979,011,189)	(2,086,305,867)	(1,433,687,970)	(5,842,894,248)	(4,412,699,159)
<b>Gross profit</b>		1,601,748,688	1,077,689,505	759,369,382	646,245,107	2,361,118,070	1,723,934,612
Distribution expenses	25	(553,681,868)	(278,070,754)	(202,304,061)	(267,439,762)	(755,985,929)	(545,510,516)
Administration expenses	26	(292,110,577)	(304,647,653)	(168,615,383)	(126,495,300)	(460,725,960)	(431,142,953)
<b>Profit from operation</b>		755,956,243	494,971,098	388,449,938	252,310,045	1,144,406,181	747,281,143
Other income	27	204,244,342	91,395,512	134,572,959	83,129,738	338,817,301	174,525,250
Finance costs	28	(33,910,330)	(6,869,004)	(12,005,647)	(3,707,660)	(45,915,977)	(10,576,664)
<b>Profit before income tax</b>		926,290,255	579,497,606	511,017,250	331,732,123	1,437,307,505	911,229,729
Income tax expense	29	(251,177,744)	(108,632,509)	(153,760,230)	(69,991,280)	(404,937,974)	(178,623,789)
<b>Profit for the period</b>		675,112,511	470,865,097	357,257,020	261,740,843	1,032,369,531	732,605,940
<b>Earnings per share</b>							
Basic earnings per share	30	21.43	16.45	11.34	8.31	32.77	27.99

The annexed notes 1 to 37 form an integral part of these financial statements.

Comparatives have been presented as advised by SEC through letter no. SEC/CFD/11:29/2009/794.



Company Secretary



Director



Managing Director

As per our annexed report of same date

Dhaka, 24 April 2011



Auditors



# Marico Bangladesh Limited

## Statement of comprehensive income

	for 12 months from		Extended 6 months from		Cumulative 18 months from	
	1 October 2009 to 30 September 2010 Taka	1 October 2008 to 30 September 2009 Taka	1 October 2010 to 31 March 2011 Taka	1 October 2009 to 31 March 2010 Taka	1 October 2009 to 31 March 2011 Taka	1 October 2008 to 31 March 2010 Taka
	<b>Profit for the period</b>	675,112,511	470,865,097	357,257,020	261,740,843	1,032,369,531
Change in the fair value of available-for-sale financial assets	28,155,877	-	(11,132,977)	-	17,022,900	-
<b>Total comprehensive income for the period</b>	<u>703,268,388</u>	<u>470,865,097</u>	<u>346,124,043</u>	<u>261,740,843</u>	<u>1,049,392,431</u>	<u>732,605,940</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

Comparatives have been presented as advised by SEC through letter no. SEC/CFD/11:29/2009/794.



## Marico Bangladesh Limited

### Statement of changes in shareholders' equity

	Share capital Taka	Share premium Taka	Fair value reserve Taka	Proposed dividend Taka	Retained earnings Taka	Total equity Taka
<b>12 months ended on 30 September 2010</b>						
<b>Balance at 1 October 2008</b>	90,000,000	-	-	31,500,000	726,339,799	847,839,799
Transferred to Share capital	225,000,000	-	-	-	(193,500,000)	31,500,000
Net profit for the period from 1 October 2008 to 30 September 2010	-	-	-	-	470,865,097	470,865,097
Dividend paid	-	-	-	(31,500,000)	-	(31,500,000)
Share premium	-	252,000,000	-	-	-	252,000,000
<b>Balance at 30 September 2009</b>	<u>315,000,000</u>	<u>252,000,000</u>	<u>-</u>	<u>-</u>	<u>1,003,704,896</u>	<u>1,570,704,896</u>
Net profit for the period from 1 October 2009 to 30 September 2011	-	-	-	-	675,112,511	675,112,511
Dividend paid	-	-	-	-	(78,750,000)	(78,750,000)
Comprehensive income	-	-	28,155,877	-	-	28,155,877
<b>Balance at 30 September 2010</b>	<u>315,000,000</u>	<u>252,000,000</u>	<u>28,155,877</u>	<u>-</u>	<u>1,600,067,407</u>	<u>2,195,223,284</u>
<b>Extended 6 months from 1 October 2010 to 31 March 2011</b>						
<b>Balance at 30 September 2009</b>	315,000,000	252,000,000	-	-	1,003,704,896	1,570,704,896
Net profit for the period from 1 October 2009 to 31 March 2010	-	-	-	-	261,740,843	261,740,843
Dividend paid	-	-	-	-	(78,750,000)	(78,750,000)
<b>Balance at 31 March 2010</b>	<u>315,000,000</u>	<u>252,000,000</u>	<u>-</u>	<u>-</u>	<u>1,186,695,739</u>	<u>1,753,695,739</u>
<b>Balance at 30 September 2010</b>	315,000,000	252,000,000	28,155,877	-	1,600,067,407	2,195,223,284
Net profit for the period from 1 October 2010 to 31 March 2011	-	-	-	-	357,257,020	357,257,020
Dividend paid	-	-	-	-	(78,750,000)	(78,750,000)
Comprehensive income	-	-	(11,132,977)	-	-	(11,132,977)
<b>Balance at 31 March 2011</b>	<u>315,000,000</u>	<u>252,000,000</u>	<u>17,022,900</u>	<u>-</u>	<u>1,878,574,427</u>	<u>2,462,597,327</u>
<b>Cumulative 18 months from 1 October 2009 to 31 March 2011</b>						
<b>Balance at 1 October 2008</b>	90,000,000	-	-	31,500,000	726,339,799	847,839,799
Transferred to Share capital	225,000,000	-	-	-	(193,500,000)	31,500,000
Net profit for the period from 1 October 2008 to 31 March 2010	-	-	-	-	732,605,940	732,605,940
Dividend paid	-	-	-	(31,500,000)	(78,750,000)	(110,250,000)
Proposed dividend	-	-	-	-	-	-
Share premium	-	252,000,000	-	-	-	252,000,000
<b>Balance at 31 March 2010</b>	<u>315,000,000</u>	<u>252,000,000</u>	<u>-</u>	<u>-</u>	<u>1,186,695,739</u>	<u>1,753,695,739</u>
<b>Balance at 30 September 2009</b>	315,000,000	252,000,000	-	-	1,003,704,896	1,570,704,896
Net profit for the period from 1 October 2009 to 31 March 2011	-	-	-	-	1,032,369,531	1,032,369,531
Dividend paid	-	-	-	-	(157,500,000)	(157,500,000)
Comprehensive income	-	-	17,022,900	-	-	17,022,900
<b>Balance at 31 March 2011</b>	<u>315,000,000</u>	<u>252,000,000</u>	<u>17,022,900</u>	<u>-</u>	<u>1,878,574,427</u>	<u>2,462,597,327</u>

Comparatives have been presented as advised by SEC through letter no. SEC/CFD/11:29/2009/794.

# Marico Bangladesh Limited

## Statement of cash flows

	for 12 months from		Extended 6 months from		Cumulative 18 months from	
	1 October 2009 to 30 September 2010 Taka	1 October 2008 to 30 September 2009 Taka	1 October 2010 to 31 March 2011 Taka	1 October 2009 to 31 March 2010 Taka	1 October 2009 to 31 March 2011 Taka	1 October 2008 to 31 March 2010 Taka

### Cash flows from operating activities

Collection from customers	5,358,337,069	4,080,838,737	2,845,675,249	2,079,933,077	8,204,012,318	6,160,771,814
Payment to suppliers and operating expenses	(4,006,387,372)	(3,283,774,413)	(3,553,694,330)	(1,858,687,950)	(7,560,081,701)	(5,233,735,459)
Interest paid	(32,103,330)	(6,676,004)	(8,949,320)	(3,458,160)	(41,052,650)	(10,134,164)
Interest received	212,346,255	51,841,611	140,701,810	78,888,480	353,048,064	130,730,092
Income tax paid	(117,486,824)	(160,190,630)	(112,359,821)	(48,121,641)	(229,846,645)	(208,312,271)
<i>Net cash from / (used in) operating activities</i>	1,414,705,798	682,039,300	(688,626,412)	248,553,806	726,079,386	839,320,012

### Cash flows from investing activities

Acquisition of fixed assets	(53,119,304)	(71,906,162)	(40,395,448)	(42,002,926)	(93,514,752)	(22,635,994)
Encashment of zero coupon bond	100,000,000	-	-	-	100,000,000	-
Encashment of fixed deposits	4,099,664,372	895,833,850	2,034,030,500	1,482,022,000	6,133,694,872	2,377,855,850
Investment in equity share	-	-	-	(12,596,946)	-	(12,596,946)
Dividend received	-	-	1,617,175	-	1,617,175	-
Investment in fixed deposits	(5,726,936,096)	(1,653,174,372)	(1,653,632,375)	(1,910,000,000)	(7,380,568,471)	(3,563,174,372)
<i>Net cash from / (used in) investing activities</i>	(1,580,391,028)	(829,246,684)	341,619,852	(482,577,872)	(1,238,771,176)	(1,220,551,462)

### Cash flows from financing activities

Share capital	-	31,500,000	-	-	-	31,500,000
Share Premium	-	252,000,000	-	-	-	252,000,000
Dividend paid	(78,750,000)	(31,500,000)	(78,750,000)	(78,750,000)	(157,500,000)	(110,250,000)
Short term finance	112,448,690	(30,766,667)	585,628,288	147,149,917	698,076,978	116,383,250
<i>Net cash from financing activities</i>	33,698,690	221,233,333	506,878,288	68,399,917	540,576,978	289,633,250

Net increase in cash and cash equivalents	(131,986,540)	74,025,949	159,871,728	(165,624,149)	27,885,188	(91,598,200)
Opening cash and cash equivalents	238,727,660	164,701,711	106,741,120	238,727,660	238,727,660	164,701,711
<b>Closing cash and cash equivalents</b>	<b>106,741,120</b>	<b>238,727,660</b>	<b>266,612,848</b>	<b>73,103,511</b>	<b>266,612,848</b>	<b>73,103,511</b>

Comparatives have been presented as advised by SEC through letter no. SEC/CFD/11:29/2009/794.



# Marico Bangladesh Limited

## Notes to the financial statements

### 1. Reporting entity

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

#### 1.1 Registered office

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

#### 1.2 Authorized Capital

The authorized capital of the Company is Tk 400,000,000 divided into 40,000,000 number of ordinary shares of Tk 10.00 each. The Company was registered with an authorized capital of Tk 10,000,000 divided into 1,000,000 number of ordinary shares of Tk 10.00 each. Subsequently, the authorized capital was increased to Tk 300,000,000 divided into 30,000,000 number of ordinary shares of Tk 10.00 each vide special resolution passed in the extra ordinary general meeting held on 18 September 2008. The Company further increased its authorized capital to Tk 400,000,000 divided into 40,000,000 number of ordinary shares of Tk 10.00 each vide special resolution passed in the extra ordinary general meeting held on 31 December 2008.

#### 1.3 Nature of Business Activities

The Company is engaged in manufacturing and marketing of branded Fast Moving Consumer Goods under the brand name of Parachute, Beliphool, Aromatic Gold, Camellia, Saffola Gold etc in Bangladesh. The Company sells its products with its own managed depot from Chittagong, Bogra and Jessore. The Company started its commercial operations from 30 January 2000.

### 2 Basis of preparation

#### 2.1 Statement of compliance

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

- i) Bangladesh Financial Reporting Standards (BFRSs)
- ii) Bangladesh Accounting Standards (BASs)
- iii) Interpretations of BFRSs and BASs.

The financial statements were authorized for issue by the Board of Directors in the 67th Board meeting held on 24 April 2011.

#### 2.2 Regulatory compliance

The Company is required to comply with amongst others, the following laws and regulations:

- i) The Companies Act 1994
- ii) The Securities and Exchange Ordinance 1969
- iii) The Securities and Exchange Rules 1987
- iv) The Income Tax Ordinance 1984
- v) The Income Tax Rules 1984
- vi) The Value Added Tax (VAT) Act 1991
- vii) The Value Added Tax (VAT) Rules 1991

### 2.3 Basis of measurement

The financial statements have been prepared under the historical cost convention except the following material item:

Available for sale financial assets are stated at fair value through comprehensive income except as mentioned in note 10.2.

### 2.4 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is the Company's functional currency. All financial information presented in BDT/Taka has been rounded off to the nearest integer.

### 2.5 Reporting period

Pursuant to the requirements of the letter No. SEC/CFD/11:29/2009/794 dated 14 September 2010 issued by the Securities and Exchange Commission, Bangladesh, the company presented the financial statements for the periods covered:

- i) Twelve months from 1 October 2009 to 30 September 2010;
- ii) Extended six months from 1 October 2010 to 31 March 2011; and
- iii) Eighteen months from 1 October 2009 to 31 March 2011.

The Company has changed its reporting period to keep alignment with its parent company.

### 2.6 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### 2.7 Going concern

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



## 2.8 Changes in accounting policies for financial instruments

As adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) from 1 January 2010 the company has applied Bangladesh Accounting Standard 32 *Financial Instruments: Presentation* and Bangladesh Accounting Standard 39: *Financial Instruments: Recognition and Measurement* in accounting for financial instruments and Bangladesh Financial Reporting Standard 7: *Financial Instruments: Disclosures* for presentation of Financial Instruments. The changes in accounting policies have been applied retrospectively and had no material impact on earnings per share for comprehensive income.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

### 3.1 Foreign currency

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

### 3.2 Property, plant and equipment

#### i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that are directly attributable to the acquisition of the assets.

Parts of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the property amount of the property, plant and equipment and is recognized with other income/general and administrative expenses in profit or loss.

#### ii) Subsequent cost

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

#### iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on straight line method over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Considering the estimated useful lives of the assets the following rates have been applied in current and comparative years:

Assets	Depreciation rate
Plant and machinery	10-33%
Factory equipment	10-33%
Moulds	20-50%
Factory building	10-20%
Laboratory equipment	20-33%
Office equipment	20-50%
Vehicles	20-33%
Computers	20-33%
Furniture	20-33%
Fixtures	20-33%
Air conditioner, refrigerator	20-33%

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

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

### 3.3 Intangible assets

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

#### Amortisation

Amortisation is recognized in the income statement on straight line basis over the estimated useful lives of intangible assets from the date they are available for use. Assets are amortised over a period of six and a half years commencing from 1 May 2005 for 'Camellia' and seven and a half years for 'Aromatic' commencing from 1 October 2005.

### 3.4 Impairment

#### 3.4.1 Non-derivative financial assets

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

Objective evidence that financial assets (including equity securities) are impaired include restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of the borrowers or issuers in the Company, economic conditions that correlate with defaults or disappearance of an active market for a security. In addition, for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

#### *Loans and receivables and held-to-maturity investment securities*

The Company considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective levels. All individually significant receivables and held-to-maturity



investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Available-for-sale financial assets*

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

### **3.4.2 Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generated unit (CGU) exceeds its estimated recoverable amount.

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



### 3.5 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### 3.6 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.7 Revenue

#### (i) Goods sold

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net off return and allowance, trade discount, volume rebates exclusive of VAT. Revenue is recognized when the risk and reward of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods sold. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents and invoiced to customers.



**(ii) Services**

Revenue from services rendered recognised in the profit and loss on completion of the services performed. The Company is involved in providing various skin care treatments under the name “Kaya Skin Clinic”. There are two skin care clinics in Bangladesh.

**3.8 Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**3.9 Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

**3.10 Employee benefits**

**(i) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company’s net obligation in respect of defined benefit pension plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. When the benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit and loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit and loss.

The Company recognises all expenses and all actuarial gains and losses arising from defined plan in profit and loss.

**(ii) Short term employee benefits**

Short term employee benefit obligations are measured based on undiscounted basis and are expensed as the related service is rendered. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**3.11 Contingencies**

Contingencies arising from claims, litigations, assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

### 3.12 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### 3.13 Events after the reporting period

Events after statement of financial position date that provide additional information about the company's positions at the statement of financial position date are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

### 3.14 Financial instruments

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

#### ***Investment in shares***

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

#### ***Investment in Fixed Deposit Receipts (FDR)***

The company has the positive intent and ability to hold FDR to maturity, and as such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

#### ***Investment in Zero Coupon Bond***

The company has the positive intent and ability to hold zero coupon bond to maturity, and as such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

#### ***Share capital***

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

#### ***Trade creditors***

Trade creditors are recognised at fair value.

#### ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent



to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**Advances from customers**

Advances from customers are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

**3.15 Financial risk management**

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

*i) Credit risk*

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

*ii) Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

*iii) Market risk*

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk includes the followings:

Currency risk:

*Transaction risk*

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

*Translation risk*

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

*Economic risk*

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

Interest rate risk:

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



#### 4. Property, plant and equipment

##### 4.1. At 31 March 2011

Particulars	Cost						Accumulated depreciation			Written down value	
	As at 1 April 2010	Addition during the year	Disposal during the year	As at 31 March 2011	As at 1 April 2010	Charged for the period	Adjustment for the period	As at 31 March 2011	As at 31 March 2011	As at 30 March 2010	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Plant and machinery	292,849,806	26,486,230	(100,000)	319,236,036	139,691,570	87,466,483	(100,000)	227,058,053	92,177,983	153,158,236	
Freehold land	36,394,486	-	-	36,394,486	-	-	-	-	36,394,486	36,394,486	
Vehicles	20,865,690	8,510,870	(2,931,712)	26,444,848	8,548,051	4,618,357	(1,857,156)	11,309,252	15,135,596	12,317,639	
Factory equipment	4,184,066	1,234,455	-	5,418,521	2,223,191	777,199	-	3,000,390	2,418,131	1,960,875	
Moulds	12,902,537	357,407	-	13,259,944	6,217,413	2,714,378	-	8,931,791	4,328,153	6,685,124	
Factory building	4,669,572	-	-	4,669,572	1,894,407	267,876	-	2,162,283	2,507,289	2,775,165	
Office building	56,550,264	-	-	56,550,264	7,953,770	5,655,026	-	13,608,796	42,941,468	48,596,494	
Laboratory equipment	548,000	727,822	-	1,275,822	543,625	92,241	-	635,866	639,956	4,375	
Office equipments	9,902,964	2,626,760	(66,800)	12,462,924	2,157,980	2,276,819	(66,795)	4,368,004	8,094,920	7,744,984	
Computers	4,330,025	1,060,185	(257,000)	5,133,210	1,921,993	1,218,870	(256,974)	2,883,889	2,249,321	2,408,032	
Furniture and fixtures	19,571,579	6,838,785	(109,790)	26,300,574	4,997,689	4,420,226	(103,503)	9,314,412	16,986,162	14,573,890	
A/C, Refrigerator, water coolers	2,363,564	4,746,181	(32,950)	7,076,795	947,983	1,022,648	(32,950)	1,937,681	5,139,114	1,415,581	
<b>At 31 March 2011</b>	<b>465,132,553</b>	<b>52,588,695</b>	<b>(3,498,252)</b>	<b>514,222,996</b>	<b>177,097,672</b>	<b>110,530,123</b>	<b>(2,417,378)</b>	<b>285,210,417</b>	<b>229,012,579</b>	<b>288,034,881</b>	



4.2. At 31 March 2010

Particulars	Cost				Accumulated depreciation				Written down value		
	As at 1 April 2009	Addition during the year	Disposal during the year	As at 31 March 2010	As at 1 April 2009	Charged for the period	Adjustment for the period	As at 31 March 2010	As at 31 March 2009	Taka	Taka
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	203,828,849	93,220,177	(4,199,221)	292,849,805	49,332,606	94,429,856	(4,070,892)	139,691,570	153,158,236	154,496,242	
Freehold land	36,394,486	-	-	36,394,486	-	-	-	-	36,394,486	36,394,486	
Vehicles	11,220,374	12,621,623	(2,976,307)	20,865,690	8,193,037	3,330,839	(2,975,824)	8,548,052	12,317,638	3,027,337	
Factory equipment	4,263,545	2,179,455	(2,258,934)	4,184,066	3,668,001	808,209	(2,253,019)	2,223,191	1,960,875	595,543	
Moulds	10,268,949	5,691,734	(3,058,147)	12,902,537	6,300,008	2,897,386	(2,979,981)	6,217,413	6,685,124	3,968,941	
Factory building	4,743,030	-	(73,458)	4,669,572	1,612,536	355,329	(73,458)	1,894,407	2,775,165	3,130,494	
Office building	47,482,972	9,067,292	-	56,550,264	2,742,911	5,210,859	-	7,953,770	48,596,494	44,740,061	
Laboratory equipment	738,100	-	(190,100)	548,000	731,625	2,100	(190,100)	543,625	4,375	6,475	
Office equipments	4,121,658	7,532,982	(1,751,675)	9,902,965	2,901,473	907,302	(1,650,795)	2,157,980	7,744,985	1,220,185	
Computers	4,859,059	1,495,300	(2,024,334)	4,330,025	2,905,445	988,074	(1,971,525)	1,921,993	2,408,032	1,953,614	
Furniture and fixtures	15,428,585	6,801,297	(2,658,303)	19,571,579	4,599,766	2,971,081	(2,573,159)	4,997,689	14,573,890	10,828,819	
A/C, Refrigerator, water coolers	1,979,558	855,006	(471,000)	2,363,564	1,032,171	386,376	(470,564)	947,983	1,415,581	947,387	
<b>At 31 March 2010</b>	<b>345,329,164</b>	<b>139,464,866</b>	<b>(19,661,477)</b>	<b>465,132,553</b>	<b>84,019,579</b>	<b>112,287,409</b>	<b>(19,209,316)</b>	<b>177,097,672</b>	<b>288,034,881</b>	<b>261,309,585</b>	



#### 4.3. At 30 September 2010

Particulars	Cost				Accumulated depreciation				Written down value	
	As at 1 October 2009	Addition during the year	Disposal during the year	As at 30 September 2010	As at 1 October 2009	Charged for the period	Adjustment for the period	As at 30 September 2010	As at 30 September 2010	As at 30 September 2009
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery*	213,773,441	85,691,031	-	299,464,472	59,039,521	126,596,633	-	185,636,154	113,828,318	154,733,920
Free hold land	36,394,486	-	-	36,394,486	-	-	-	-	36,394,486	36,394,486
Vehicles	13,837,095	9,774,845	-	23,611,940	6,621,322	4,143,810	-	10,765,132	12,846,808	7,215,773
Factory equipment	4,184,066	985,311	-	5,169,377	1,828,953	762,582	-	2,591,535	2,577,842	2,355,113
Moulds	12,902,536	-	-	12,902,536	4,505,246	3,090,393	-	7,595,639	5,306,897	8,397,290
Factory building	4,669,572	-	-	4,669,572	1,718,579	313,574	-	2,032,153	2,637,419	2,950,993
Office building	50,925,264	5,625,000	-	56,550,264	5,145,745	5,635,538	-	10,781,283	45,768,981	45,779,519
Laboratory equipment	548,000	-	-	548,000	542,575	2,100	-	544,675	3,325	5,425
Office equipments	2,767,932	7,151,732	-	9,919,664	2,061,391	1,055,457	-	3,116,848	6,802,816	706,541
Computers	2,979,525	1,652,665	-	4,632,190	1,427,803	1,072,387	-	2,500,190	2,132,000	1,551,722
Furniture and fixtures	13,639,377	6,251,987	-	19,891,364	3,533,775	3,418,522	-	6,952,297	12,939,067	10,105,602
A/C, Refrigerator, water coolers	1,508,556	986,508	-	2,495,064	743,876	459,437	-	1,203,313	1,291,751	764,680
<b>At 30 September 2010</b>	<b>358,129,850</b>	<b>118,119,079</b>	<b>-</b>	<b>476,248,929</b>	<b>87,168,786</b>	<b>146,550,433</b>	<b>-</b>	<b>233,719,219</b>	<b>242,529,710</b>	<b>270,961,064</b>

\*Depreciation charged for the year on plant and machinery includes accelerated depreciation of Tk 65,000,000 for Mazoni Soap line which is expected to have no future use.



4.4. At 30 September 2009

Particulars	Cost			Accumulated depreciation			Written down value	
	As at 1 October 2008	Addition during the year	Disposal during the year	As at 30 September 2009	Charged for the period	Adjustment for the period	As at 30 September 2009	As at 30 September 2008
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	187,131,719	30,840,943	4,199,221	213,773,441	25,187,152	4,118,202	59,039,521	149,161,148
Free hold land	36,394,486	-	-	36,394,486	-	-	-	36,394,486
Vehicles	11,220,374	5,593,028	2,976,307	13,837,095	2,400,632	2,975,824	6,621,322	4,023,861
Factory equipment	4,050,199	2,392,801	2,258,934	4,184,066	675,422	2,253,019	1,828,953	643,649
Moulds	10,038,949	5,921,734	3,058,147	12,902,536	2,317,582	2,979,981	4,505,246	4,871,304
Factory building	4,743,030	-	73,458	4,669,572	362,674	73,458	1,718,579	3,313,667
Office building	31,116,725	19,808,539	-	50,925,264	4,367,827	-	5,145,745	30,338,807
Laboratory equipment	738,100	-	190,100	548,000	9,955	190,100	542,575	15,380
Office equipments	4,027,319	492,288	1,751,675	2,767,932	1,213,420	1,650,795	2,061,391	1,528,553
Computers	3,754,459	1,249,400	2,024,334	2,979,525	968,854	1,971,525	1,427,803	1,323,985
Furniture and fixtures	10,896,275	5,401,404	2,658,303	13,639,376	2,891,546	2,573,159	3,533,775	7,680,887
A/C, Refrigerator, water coolers	1,773,531	206,025	471,000	1,508,556	382,723	470,564	743,876	941,814
<b>At 30 September 2009</b>	<b>305,885,166</b>	<b>71,906,162</b>	<b>19,661,478</b>	<b>358,129,850</b>	<b>40,777,786</b>	<b>19,256,626</b>	<b>87,168,786</b>	<b>240,237,541</b>



#### 4.5. Depreciation allocated to:

	For 12 months from		Extended 6 months from		Cumulative 18 months from	
	1 October 2009 to 30 September 2010	1 October 2008 to 30 September 2009	1 October 2010 to 31 March 2011	1 October 2009 to 31 March 2010	1 October 2009 to 31 March 2011	1 October 2008 to 31 March 2010
	Taka	Taka	Taka	Taka	Taka	Taka
Manufacturing	131,212,703	29,021,291	43,945,594	82,929,610	175,158,297	111,950,901
Administration	15,337,730	11,756,495	9,966,985	6,999,499	25,304,715	18,755,994
	146,550,433	40,777,786	53,912,579	89,929,109	200,463,012	130,706,895

#### 5. Assets under construction

	At 31 March		At 30 September	
	2011 Taka	2010 Taka	2010 Taka	2009 Taka
Opening balance	-	65,000,000	65,000,000	65,000,000
Addition during the period	-	-	-	-
	-	65,000,000	65,000,000	65,000,000
Transferred to property, plant and equipment- plant and machinery	-	(65,000,000)	(65,000,000)	-
	-	-	-	65,000,000

#### 6. Intangible assets

MBL through an agreement dated 25 April 2005 with Marks & Allys Limited, paid Taka 5,000,000 for acquiring the intellectual property right and copyright of "Camelia" and "Magnolia" soaps. Taka 15,000,000 had also been paid for acquiring the intellectual property right and copyright of "Aromatic" brand vide an agreement dated 7 October 2005 with Aromatic Cosmetic Limited.

##### Marks & Allys Limited:

Intellectual property right	2,500,000	2,500,000	2,500,000	2,500,000
Copyright	2,500,000	2,500,000	2,500,000	2,500,000
	5,000,000	5,000,000	5,000,000	5,000,000

##### Aromatic Cosmetics Limited:

Intellectual property right	7,500,000	7,500,000	7,500,000	7,500,000
Copyright	7,500,000	7,500,000	7,500,000	7,500,000
	15,000,000	15,000,000	15,000,000	15,000,000

Incidental to capital expenditure	3,075,125	3,075,125	3,075,125	3,075,125
Total cost	23,075,125	23,075,125	23,075,125	23,075,125
Accumulated amortization	(16,423,391)	(11,808,366)	(14,115,878)	(10,464,381)
Net value	6,651,734	11,266,759	8,959,247	12,610,744

	At 31 March		At 30 September	
	2011 Taka	2010 Taka	2010 Taka	2009 Taka

## 7. Deferred tax assets

Deferred tax assets/(liabilities) are attributable to the following:

Deductible/ (taxable) temporary differences on:

Property, plant and equipment	32,029,157	(57,684,162)	12,661,440	(66,693,152)
Provision for gratuity	8,896,857	8,088,052	8,088,052	7,112,927
Royalty payable	114,217,394	57,585,176	88,195,018	61,795,610
Net deductible temporary difference	<u>155,143,408</u>	<u>7,989,066</u>	<u>108,944,510</u>	<u>2,215,385</u>

Income tax rate	27.50%	27.50%	27.50%	27.50%
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Deferred tax asset	<u>42,664,437</u>	<u>2,196,993</u>	<u>29,959,740</u>	<u>609,231</u>
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### 7.1. Movement of deferred tax

Opening balance	609,231	(8,290,920)	609,231	(8,290,920)
Deferred tax income/ (expense) for the period (note 29)	<u>42,055,207</u>	<u>10,487,913</u>	<u>29,350,509</u>	<u>8,900,151</u>
Closing balance - deferred tax asset	<u>42,664,437</u>	<u>2,196,993</u>	<u>29,959,740</u>	<u>609,231</u>

## 8. Inventories

Raw materials	698,025,156	374,857,970	190,153,722	378,309,743
Packing materials	82,302,743	20,953,500	33,127,783	22,574,684
Finished goods	247,581,606	210,477,501	59,083,057	54,577,417
Goods in transit	152,889,228	103,623,873	65,391,044	179,072,508
	<u>1,180,798,733</u>	<u>709,912,844</u>	<u>347,755,606</u>	<u>634,534,352</u>

## 9. Accrued interest

Interest on FDR	34,175,260	52,647,281	40,304,110	41,206,023
Other Interest	-	-	-	7,200,000
	<u>34,175,260</u>	<u>52,647,281</u>	<u>40,304,110</u>	<u>48,406,023</u>

## 10. Investments

Investment in zero coupon bonds (note 10.1)	-	-	-	100,000,000
Investment in equity share of Grameenphone Limited - at cost	12,596,946	12,596,946	12,596,946	-
Adjustment for change in fair value (note 10.2)	<u>17,022,900</u>	<u>-</u>	<u>28,155,877</u>	<u>-</u>
	<u>29,619,846</u>	<u>12,596,946</u>	<u>40,752,823</u>	<u>100,000,000</u>

### 10.1. Investment in zero coupon bonds

The company made investment in 2009 in "Zero Coupon Bond" with IDLC as per "Deed Trust" dated 29 June 2008 and 'Subscription Agreement' dated 23 September 2008. Ten Zero Coupon Bonds have been allotted in favor of the company with face value Tk 11,314,082 and issue price Tk 10,000,000 per bond. All zero coupon bonds were encashed during the year at maturity dates.

## 10.2. Investment in equity share of Grameenphone Limited

The Company made investment for acquisition of the following equity shares of Grameenphone Limited:

Number of shares	Acquisition		Market value at	
	Face value	Costs	31 March 2011	30 September 2010
	Taka	Taka	Taka	Taka
170,229 equity shares	1,702,290	12,596,946	29,619,846	40,752,823

These investments were measured at costs upto 31 March 2010 considering the significant uncertainty of high quoted market price and volatility of stock market. On 30 September 2010 and onward the company measured these investments at fair value based on quoted market price and any gain or loss thereon were accounted for through comprehensive income.

	At 31 March		At 30 September	
	2011 Taka	2010 Taka	2010 Taka	2009 Taka

## 11. Advance income tax

Opening Balance	86,021,442	47,758,202	86,021,442	47,758,202
Addition During the period	229,270,709	207,736,335	116,910,887	160,190,631
Adjustment during the period	-	121,927,391	-	121,927,391
	<u>315,292,151</u>	<u>133,567,146</u>	<u>202,932,329</u>	<u>86,021,442</u>

## 12. Advances and deposits

Advances:				
Ethical Drugs Limited*	-	-	-	195,879
Loans to employees	2,849,082	2,749,817	3,133,901	3,668,999
Advance for services	160,513,581	12,646,304	58,598,747	24,815,475
	<u>163,362,663</u>	<u>15,396,121</u>	<u>61,732,648</u>	<u>28,680,353</u>
Deposits:				
VAT current account	73,898,710	18,303,873	4,525,977	11,566,839
Supplementary duty	977,162	1,035,763	1,812,741	1,227,119
	<u>74,875,872</u>	<u>19,339,636</u>	<u>6,338,718</u>	<u>12,793,958</u>
	<u>238,238,535</u>	<u>34,735,757</u>	<u>68,071,366</u>	<u>41,474,311</u>

\*Ethical Drugs Limited is a contract manufacturer of Marico Bangladesh Limited.

## 13. Fixed deposits

Fixed deposits	<u>2,270,000,000</u>	<u>1,565,318,522</u>	<u>2,652,015,300</u>	<u>1,037,340,522</u>
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All fixed deposits are held with different banks and financial institutions for a short-term period ranging from 1 month to 12 months with the fixed interest rates of 9.75%-13%.

	At 31 March		At 30 September	
	2011 Taka	2010 Taka	2010 Taka	2009 Taka

#### 14. Cash and cash equivalents

Cash on hand	3,390,411	1,084,713	1,152,752	1,777,483
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#### Cash at banks and financial institution:

Citibank N.A.	226,792,286	32,285,839	58,285,003	201,354,196
Standard Chartered Bank	27,982,825	417,195	9,948,909	11,398,846
Commercial Bank of Ceylon	1,271,048	1,284,111	1,272,623	1,284,111
HSBC	4,947,856	37,518,742	35,574,890	10,712,024
Dutch Bangla Bank Limited	1,423,233	498,737	506,943	-
IDLC Finance Limited	805,189	14,174	-	12,201,000
	263,222,437	72,018,798	105,588,368	236,950,177
	<b>266,612,848</b>	<b>73,103,511</b>	<b>106,741,120</b>	<b>238,727,660</b>

#### 15. Share capital

##### Authorised

40,000,000 ordinary shares of

Tk 10 each

400,000,000	400,000,000	400,000,000	400,000,000
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##### Issued, subscribed and paid up

Issued for cash

41,500,000	41,500,000	41,500,000	41,500,000
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Issued for consideration other than cash

273,500,000	273,500,000	273,500,000	273,500,000
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315,000,000	315,000,000	315,000,000	315,000,000
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#### 15.1 Percentage of shareholdings

	Percentage of shareholdings	Taka
Marico Limited, India	90%	283,500,000
Other shareholders	10%	31,500,000
	<b>100%</b>	<b>315,000,000</b>

#### 15.2. Classification of shareholders by holding

Holdings	Number of holders	No of shares	Total holding (%)
Less than 500 shares	3,122	221,250	0.70%
500 to 5,000 shares	265	394,850	1.25%
5,001 to 10,000 shares	24	187,250	0.59%
10,001 to 20,000 shares	24	338,550	1.07%
20,001 to 30,000 shares	7	166,350	0.53%
30,001 to 40,000 shares	4	139,150	0.44%
40,001 to 50,000 shares	1	45,350	0.14%
50,001 to 100,000 shares	7	483,600	1.54%
100,001 to 1,000,000 shares	1	124,100	0.39%
Over 1,000,000 shares	2	29,399,550	93.33%
	3,457	31,500,000	100%

## 16 Provision for gratuity

	<u>At 31 March 2011</u>
Recognised in the statement of financial position	8,896,857
Additional provision required	3,056,143
Present value of the obligation according to actuarial report (note 16.1)	<u>11,953,000</u>

The Company makes contributions to a non-contributory defined benefit plans that provide pension for employees upon retirement. The plan entitles a retired employee to receive an annual payment equal to 1X Basic salary for each year of the services that the employee provided.

### 16.1. Movement in the present value of the defined obligation

Defined benefit obligation at beginning of the period	8,897,000
Current service cost	2,875,000
Interest cost	783,000
Actuarial (gains)/losses	(205,000)
Benefits paid	(397,000)
Defined benefit obligation at 31 March 2011	<u>11,953,000</u>

#### Actuarial assumptions

Principal actuarial assumptions at the reporting date:

Discount rate (net of tax)	9.00%
Future salary increases	10.00%
Future inflation	N/A
Future pension increases	N/A

The discount rate should be based upon the yields available on high quality corporate bonds at the accounting date with a term that matches that of the liabilities. Due to lack of deep discount corporate bond market in Bangladesh, discount rate has been chosen with reference to yield on corresponding Govt. Securities.

Sensitivity of liabilities to salary rate assumptions:

Present value of defined obligations at 12.0% salary escalation rate	14,325,000
Present value of defined obligations at 14.0% salary escalation rate	17,419,000

	At 31 March		At 30 September	
	2011 Taka	2010 Taka	2010 Taka	2009 Taka

## 17 Short term finance

Short term loan:

Citibank N.A	319,274,019	60,910,613	107,530,294	8,312,990
HSBC	357,466,882	163,418,427	82,097,519	68,866,133
Standard Chartered Bank	98,515,200	-	-	-
	<u>775,256,101</u>	<u>224,329,040</u>	<u>189,627,813</u>	<u>77,179,123</u>

### 17.1 Citibank N.A.

- a) **Limit**  
Total aggregate limit of short term loan and bank overdraft is Tk 1,552.5 million. Short term loan is taken whenever required.
- b) **Nature of security (Short term loan and bank overdraft)**  
Demand promissory note and letter of continuity for Tk 1,552.5 million.
- c) **Rate of interest**  
Rate of interest has been varied from 9% to 10% depending on the money market and inter relationship.

### 17.2. HSBC

- a) **Limit**  
Total aggregate limit of short term loan and bank overdraft is Tk 695 million. Short term loan is taken whenever required.
- b) **Nature of security (Short term loan and bank overdraft)**  
Demand promissory note for Tk 700 million and lender's first charge over the borrower's (MBL) stocks, book debts and receivables up to the aggregate value of Tk 700 million.
- c) **Rate of interest**  
Rate of interest has been varied from 10% to 11% depending on the money market and inter relationship.

	At 31 March		At 30 September	
	2011 Taka	2010 Taka	2010 Taka	2009 Taka

### 18. Liability for expenses

Business promotion expenses	163,490,269	277,430,647	174,432,738	138,846,108
Advertisement expenses	100,871,139	89,644,071	101,023,137	84,508,477
Audit fees	766,250	250,000	250,000	200,000
Leave encashment	10,253,706	8,892,093	9,674,203	8,892,093
Creditors for supplies	74,924,074	70,878,710	131,561,645	18,889,155
Other expenses	39,721,213	22,117,762	19,598,398	23,709,001
	<b>390,026,651</b>	<b>469,213,283</b>	<b>436,540,120</b>	<b>275,044,834</b>

### 19 Provision for income tax

Opening balance	168,272,288	172,667,019	168,272,288	172,667,019
Add: Provision during the period	446,993,181	189,111,702	280,528,253	117,532,660
	615,265,469	361,778,721	448,800,541	290,199,679
Reversal of previous period provision	575,937	575,937	575,937	-
Adjustment for completed assessment	-	121,927,391	-	121,927,391
	<b>614,689,532</b>	<b>239,275,393</b>	<b>448,224,604</b>	<b>168,272,288</b>

### 20 Trade creditors

Marico Limited, India	63,597,164	29,339,843	198,815,659	248,506,650
Other Creditor	24,553,477	-	-	14,616,858
Import duty and related charges	136,932,327	70,592,585	129,363,369	77,992,752
	<b>225,082,968</b>	<b>99,932,428</b>	<b>328,179,028</b>	<b>341,116,260</b>

	At 31 March		At 30 September	
	2011 Taka	2010 Taka	2010 Taka	2009 Taka

#### 21. Payable to holding company

Royalty	114,194,010	57,527,596	88,195,018	61,788,963
Bank guarantee commission	8,893,986	8,893,986	8,893,986	8,893,986
	<u>123,087,996</u>	<u>66,421,582</u>	<u>97,089,004</u>	<u>70,682,949</u>

#### 22. Other liabilities

Advance from customers	3,388,513	20,559,849	31,828,337	21,109,845
Tax and VAT deducted from vendors' bills	4,983,851	1,422,774	3,221,109	4,269,227
	<u>8,372,364</u>	<u>21,982,623</u>	<u>35,049,446</u>	<u>25,379,072</u>

#### 23. Revenue

	for 12 months from		Extended 6 months from		Cumulative 18 months from	
	1 October 2009	1 October 2008	1 October 2010	1 October 2009	1 October 2009	1 October 2008
	to 30 September	to 30 September	to 31 March	to 31 March	to 31 March	to 31 March
	2010	2009	2011	2010	2011	2010
	Taka	Taka	Taka	Taka	Taka	Taka

##### Products

Parachute coconut oil	4,998,255,200	3,821,246,607	2,599,899,201	1,937,271,000	7,598,154,401	5,758,517,607
Beli	74,712,937	35,423,399	62,856,869	37,658,618	137,569,805	73,082,017
Soap	149,227,231	176,226,995	57,059,926	67,603,894	206,287,157	243,830,889
Parachute extension	12,889,005	1,437,385	26,368,701	3,823,248	39,257,706	5,260,633
Parachute advanced	12,713,572	19,883,432	10,756,014	2,275,879	23,469,586	22,159,311
Hair code	73,725,796	1,794,079	55,259,821	27,741,648	128,985,618	29,535,727
Saffola	25,685,219	688,797	18,602,313	1,697,848	44,287,531	2,386,645
Kaya	11,128,110	-	14,872,404	1,860,943	26,000,514	1,860,943
	<u>5,358,337,069</u>	<u>4,056,700,694</u>	<u>2,845,675,249</u>	<u>2,079,933,077</u>	<u>8,204,012,318</u>	<u>6,136,633,771</u>

#### 24. Cost of sales

Opening stock of finished goods	54,577,417	48,861,534	59,083,057	54,577,417	54,577,417	48,861,534
Cost of goods manufactured (note 24.1)	3,761,094,021	2,984,727,072	2,274,804,416	1,589,588,054	6,035,898,437	4,574,315,126
	<u>3,815,671,438</u>	<u>3,033,588,606</u>	<u>2,333,887,473</u>	<u>1,644,165,471</u>	<u>6,090,475,854</u>	<u>4,623,176,660</u>
Closing stock of finished goods	59,083,057	54,577,417	247,581,606	210,477,501	247,581,606	210,477,501
	<u>3,756,588,381</u>	<u>2,979,011,189</u>	<u>2,086,305,867</u>	<u>1,433,687,970</u>	<u>5,842,894,248</u>	<u>4,412,699,159</u>



	for 12 months from		Extended 6 months from		Cumulative 18 months from	
	1 October 2009	1 October 2008	1 October 2010	1 October 2009	1 October 2009	1 October 2008
	to 30 September	to 30 September	to 31 March	to 31 March	to 31 March	to 31 March
	2010	2009	2011	2010	2011	2010
	Taka	Taka	Taka	Taka	Taka	Taka

#### 24.1. Cost of goods manufactured

*Materials consumed:*

Opening stock of raw and packing materials	400,884,427	127,012,473	223,281,505	400,884,427	400,884,427	127,012,473
Purchases during the year	3,425,579,877	3,202,404,713	2,769,911,773	1,489,104,680	6,195,491,650	4,691,509,393
Closing stock of raw and packing materials	223,281,505	400,884,427	780,327,899	395,811,470	780,327,899	395,811,470
	<u>3,603,182,799</u>	<u>2,928,532,759</u>	<u>2,212,865,379</u>	<u>1,494,177,637</u>	<u>5,816,048,178</u>	<u>4,422,710,396</u>

*Factory overhead*

Salary and wages	12,163,298	9,187,650	7,363,190	5,744,671	19,526,488	14,932,321
Power expenses	3,491,829	2,672,415	2,142,336	1,795,479	5,634,165	4,467,894
Factory rent	2,748,534	1,417,244	1,911,456	1,311,085	4,659,990	2,728,329
Loading charges	84,493	915,795	83,080	73,333	167,573	989,128
Repairs and maintenance of plant and machinery	2,402,499	2,514,992	2,159,681	1,651,860	4,562,180	4,166,852
Repairs and maintenance of factory building	2,224,774	789,208	850,972	247,940	3,075,746	1,037,148
Depreciation	131,212,703	29,021,291	43,945,594	82,929,610	175,158,297	111,950,901
Other expenses	3,583,092	9,675,718	3,482,728	1,656,439	7,065,820	11,332,157
	<u>157,911,222</u>	<u>56,194,313</u>	<u>61,939,037</u>	<u>95,410,417</u>	<u>219,850,259</u>	<u>151,604,730</u>
	<u>3,761,094,021</u>	<u>2,984,727,072</u>	<u>2,274,804,416</u>	<u>1,589,588,054</u>	<u>6,035,898,437</u>	<u>4,574,315,126</u>

#### 25. Distribution expenses

Business promotion expenses	17,140,964	10,051,185	19,576,643	4,235,297	36,717,607	14,286,482
Advertisement	477,394,813	236,248,113	155,936,911	230,590,283	633,331,724	466,838,396
Market research expenses	10,817,934	4,029,568	-	10,817,934	10,817,934	14,847,502
Redistribution expenses	7,710,527	2,508,177	5,108,708	3,571,411	12,819,235	6,079,588
Freight- outward	40,617,630	25,233,711	21,681,799	18,224,837	62,299,429	43,458,548
	<u>553,681,868</u>	<u>278,070,754</u>	<u>202,304,061</u>	<u>267,439,762</u>	<u>755,985,929</u>	<u>545,510,516</u>





	for 12 months from		Extended 6 months from		Cumulative 18 months from	
	1 October 2009	1 October 2008	1 October 2010	1 October 2009	1 October 2009	1 October 2008
	to 30 September	to 30 September	to 31 March	to 31 March	to 31 March	to 31 March
	2010	2009	2011	2010	2011	2010
	Taka	Taka	Taka	Taka	Taka	Taka

## 26 Administration expenses

Salaries and allowances	107,687,218	74,568,323	60,594,616	46,018,766	168,281,835	120,587,089
Gratuity	975,124	4,877,470	2,130,770	975,124	3,105,894	5,852,594
Rent	8,497,589	1,534,225	6,078,524	2,951,018	14,576,113	4,485,243
Professional charges	9,444,639	5,900,047	7,741,139	3,356,312	17,185,778	9,256,359
Security charges	1,465,693	708,753	759,801	708,547	2,225,494	1,417,300
Legal charges	4,626,534	959,181	206,799	442,435	4,833,333	1,401,616
Director's remuneration	14,372,669	19,455,730	3,578,737	7,150,466	17,951,405	26,606,196
Director's fees	262,500	-	157,500	52,500	420,000	52,500
Repair and maintenance	11,615,965	5,210,170	5,317,545	4,814,571	16,933,510	10,024,741
Communication expenses	9,456,330	6,567,166	4,329,069	4,422,923	13,785,399	10,990,089
Subscription to trade association	80,000	50,000	-	-	80,000	50,000
Entertainment	3,176,046	1,295,896	1,809,911	1,022,230	4,985,957	2,318,126
Printing and stationery	3,980,165	1,618,326	1,507,126	2,165,850	5,487,291	3,784,176
Vehicle running expenses	9,071,011	7,837,602	6,892,472	4,175,734	15,963,483	12,013,336
Travelling and conveyance	24,228,524	15,062,804	13,063,864	12,738,525	37,292,388	27,801,329
Audit fees	1,141,375	132,875	1,493,052	-	2,634,427	132,875
Recruitment expenses	1,755,163	264,462	875,310	1,467,602	2,630,473	1,732,064
Insurance premium	730,181	323,289	73,897	-	804,078	323,289
Books and periodicals	92,655	81,218	49,992	36,801	142,647	118,019
Deferred expenses written off	-	77,791,645	-	-	-	77,791,645
Bank charges	5,955,823	2,312,110	11,049,602	3,585,044	17,005,425	5,897,154
Staff welfare expenses	2,710,085	2,374,212	2,046,745	1,715,009	4,756,830	4,089,221
Conference and training expenses	-	453,772	51,898	-	51,898	453,772
Electricity & gas charges	1,272,645	1,479,545	482,650	438,786	1,755,295	1,918,331
Amortization of brand rights	3,651,498	2,687,970	2,307,513	1,343,985	5,959,011	4,031,955
Royalty*	49,982,552	38,212,466	25,998,992	19,372,710	75,981,544	57,585,176
Loss/(profit) on sale of asset	-	404,852	(19,126)	-	(19,126)	404,852
Depreciation	15,337,730	11,756,495	9,966,985	6,999,499	25,304,715	18,755,994
Public Issue expenses	540,863	20,727,049	70,000	540,863	610,863	21,267,912
	<u>292,110,577</u>	<u>304,647,653</u>	<u>168,615,383</u>	<u>126,495,300</u>	<u>460,725,960</u>	<u>431,142,953</u>

\* It includes income tax deducted at sources in accordance with the ITO 1984



	for 12 months from		Extended 6 months from		Cumulative 18 months from	
	1 October 2009	1 October 2008	1 October 2010	1 October 2009	1 October 2009	1 October 2008
	to 30 September	to 30 September	to 31 March	to 31 March	to 31 March	to 31 March
	2010	2009	2011	2010	2011	2010
	Taka	Taka	Taka	Taka	Taka	Taka

**27. Other income**

Interest on fixed deposit	164,793,397	80,867,583	130,326,984	72,701,996	295,120,381	153,569,579
Dividend income	-	-	1,617,176	-	1,617,176	-
Interest on call deposit	30,738,027	10,510,265	1,331,903	2,431,448	32,069,930	12,941,713
Exchange gain	8,712,918	17,664	1,296,896	7,996,294	10,009,814	8,013,958
	<u>204,244,342</u>	<u>91,395,512</u>	<u>134,572,959</u>	<u>83,129,738</u>	<u>338,817,301</u>	<u>174,525,250</u>

**28. Finance costs**

Interest on term loan	33,910,330	6,869,004	12,005,647	3,707,660	45,915,977	10,576,664
	<u>33,910,330</u>	<u>6,869,004</u>	<u>12,005,647</u>	<u>3,707,660</u>	<u>45,915,977</u>	<u>10,576,664</u>

**29. Income tax expense**

Current tax expense	280,528,253	117,532,660	166,464,928	71,579,042	446,993,181	189,111,702
Deferred tax income	(29,350,509)	(8,900,151)	(12,704,698)	(1,587,762)	(42,055,207)	(10,487,913)
	<u>251,177,744</u>	<u>108,632,509</u>	<u>153,760,230</u>	<u>69,991,280</u>	<u>404,937,974</u>	<u>178,623,789</u>

**30. Earnings per share**

**30.1 Basic Earnings Per Share**

The computation of EPS is given below:

Earnings attributable to ordinary share holders (Net profit after tax)	675,112,511	470,865,097	357,257,020	261,740,843	1,032,369,531	732,605,940
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Weighted average number of ordinary shares

outstanding during the year	31,500,000	28,626,164	31,500,000	31,500,000	31,500,000	26,175,000
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Earnings per share (EPS) in Taka	21.43	16.45	11.34	8.31	32.77	27.99
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**30.2. Diluted earnings per share**

No diluted EPS was required to be calculated for the period since there was no scope for dilution of share during the period under review.

### 31. Related party transactions

Name of the related party	Relationship	Nature of transactions	Transactions from	
			1 October 2009	to 31 March 2011
			Taka	
Marico Limited, India	Parent company	Purchase of raw materials	2,030,000,878	
		Royalty	75,981,544	
		Cash dividend	127,575,000	
		<b>Total</b>	<b>2,233,557,422</b>	

The Company has purchased raw materials from Marico Limited, India in normal course of business on arm's length transaction basis.

### 32. Capacity

Major product	Unit of measure	Budgeted capacity in 18 months	Actual production in 18 months	Percentage of capacity utilised	Remarks
PCNO	KL	30,000	25,503	85%	Excess capacity to meet future demand

### 33. Contingent Liabilities

	At 31 March 2011	
	US dollar	Taka
Outstanding L/Cs	6,549,324	480,196,428

Contingent liabilities include L/C amount for import of raw material which were not received till the reporting date.

### 34. Financial risk management

#### 34.1 Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Company's investment securities.

The Company makes sales on advance basis i.e. it receives advance from customer prior to sale so there is no credit risk due to uncollectability from the customers.

#### Exposure of financial assets

Investments	29,619,846
Accrued interest	34,175,260
Fixed deposits	2,270,000,000
Cash and cash equivalents	266,612,848
<b>Total financial assets</b>	<b>2,600,407,954</b>

### 34.2. Liquidity risk

The Company has sufficient liquid fund and surplus investments over financial liabilities which is sufficient to meet its liabilities under both normal and stressed conditions, without incurring losses or risking Company's reputation.

The following are the contractual maturities of financial liabilities of the Company as at 31 March 2011:

	Carrying amount Taka	Cash flows Taka	Up to 1 year Taka	Above 1 year to 5 years Taka
<u>Exposure of liquidity risk</u>				
Short term finance	775,256,101	775,256,101	775,256,101	-
Liability for expenses	390,026,651	390,026,651	390,026,651	-
Interest payable	5,056,327	5,056,327	5,056,327	-
Trade creditors	225,082,968	225,082,968	225,082,968	-
Payable to holding company	123,087,996	123,087,996	123,087,996	-
Other liabilities	8,372,364	8,372,364	8,372,364	-
<b>Total financial liabilities</b>	<b>1,526,882,407</b>	<b>1,526,882,407</b>	<b>1,526,882,407</b>	<b>-</b>
Surplus of financial assets over financial liabilities	<u>1,073,525,547</u>			

### 33.3. Market risk

Market risk is the risk that includes changes in market price, such as foreign exchange rates, interest rates and equity prices that may affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The company's exposures to foreign currency risk at 31 March are as follows:

	<u>US Dollar</u>
Short term finance	10,667,365
Trade payables	<u>867,392</u>
	<u>11534757</u>

### 35. Value of import calculated on CIF Basis

	1 October 2009 to 31 March 2011 Taka
Raw materials	2,261,794,809
Capital goods	<u>4,493,272</u>
	<u>2,266,288,081</u>

### 36. General

- 36.1** The number of employees engaged for the whole period or part thereof who received a total salary of Tk 36,000 p.a. and above was 104.



**36.2** Previous year's figures have been rearranged wherever considered necessary.

**37. Events after the reporting period**

An amount of Tk 134 million has been paid as cost of acquisition of 515.50 decimal land for setting up factory at Gazipur, Bangladesh.

The Board of Directors of Marico Bangladesh Limited has recommended 20% cash dividend i.e. Tk 2.00 per share for the eighteen months period ended on 31 March 2011 at the Board meeting held on 24 April 2011.

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



# Global Outlook

Sensitivity and adaptability to cultural diversity and learning from different cultures.



## BRIEF DESCRIPTION

- Understanding of global markets and sensitivity to diverse cultures.
- Adaptability & willingness to learn from different cultures & environments.
- Keeping global applicability & adaptability while creating products, processes or systems.



## DOs

We treat people from different cultures equally based on merit.  
We continuously scan for global best practices in our areas of responsibility.  
We adapt easily to different environments.

THINK CONSUMER TO BE BIG



জ্বা, মেহেদী, আমলকি ও লেবুর প্রাকৃতিক গুণে সমৃদ্ধ নারিকেল তৈল।  
সপ্তাহে অন্তত ৩ দিন ব্যবহার চুলের গোড়ায় পুষ্টি যোগায়,  
চুল করে স্বাস্থ্যোজ্জ্বল ও প্রাণবন্ত। আর আপনাকে রাখে...

*Gorgeous সারাদি*

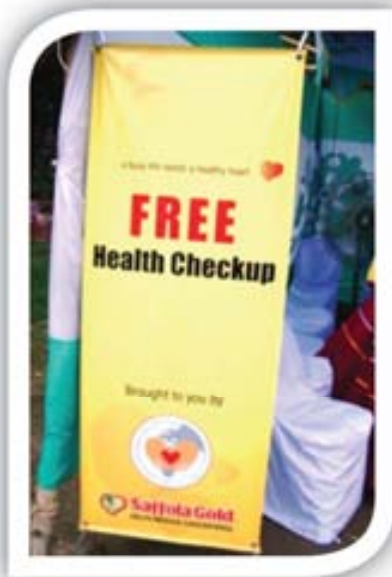


## Corporate Social Responsibility (CSR)



Marico signed MOU with Bangladesh Agricultural Research Institute (BARI) to help educate farmers in Copra (basic raw material for coconut oil) manufacturing, CBO (Community Based Organization) formation and other technical assistance.

Marico has facilitated poor farmers/ labors through training and providing copra manufacturing machineries, foreign consultancy for manufacturing copra which has generated employment in rural area.

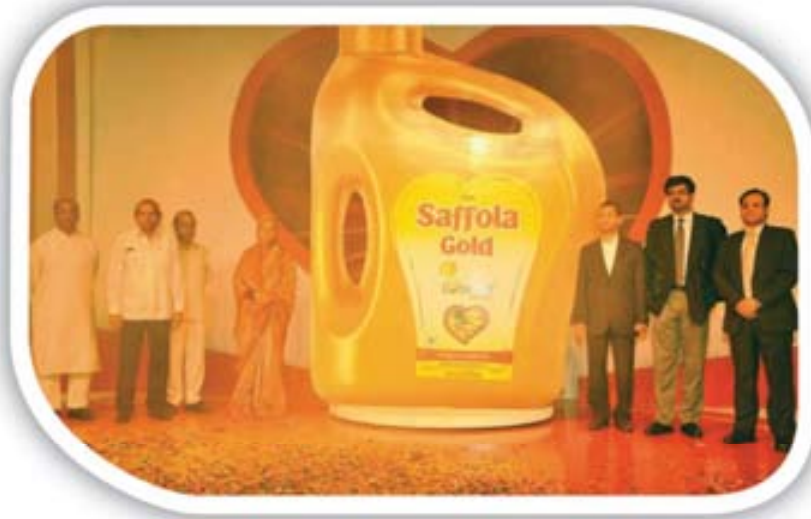


Marico Bangladesh Limited organized a day long free health camp to serve the general public on September 25, 2010 under banner Saffola Gold.



## New Product Launching

Marico Launched a series of new products i.e. **Haircode Hair-dye, Haircode Hair-color, Saffola Gold, Parachute Advanced Cooling Hair Oil, Hair & Care and Kaya Skin Care Clinic.**



Saffola Gold

Kaya Skin Care Clinic  
at Dhanmondi



Hair & Care



Parachute Advanced Cooling Hair Oil

## More to Life



## Training



## Marico Quality Week

Marico observed Quality Week on 13th – 16th December 2010 for manufacturing and total quality management with Slogan **“The Value of Quality & the Quality of this Value”**.



## Last Annual General Meeting



# Notice of the 11th Annual General Meeting

## MARICO BANGLADESH LIMITED

Registered & Corporate Office  
House-01, Road-01, Sector-01,  
Uttara Model Town, Dhaka-1230.

NOTICE IS HEREBY GIVEN to all members of Marico Bangladesh Limited that the Eleventh Annual General Meeting of the members of the Company will be held on Tuesday, June 28, 2011 at 10.30 a.m. at **Golf Garden, Army Golf Club, Airport Road, Dhaka** to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the 18 months period ended March 31, 2011 together with the Reports of the Directors and the Auditors.
2. To confirm interim dividend of Tk. 2.50 per equity share and to declare final dividend for the period ended March 31, 2011 as recommended by the Board of Directors.
3. To appoint a Director in place of Mr. Vijay Subramaniam, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Debashish Neogi, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Rahman Rahman Huq, Chartered Accountants, as Statutory Auditors and fix their remuneration for the financial year ending March 31, 2012.

### SPECIAL BUSINESS

6. To recommend confirmation of appointment of Mr. Rohit Jaiswal, Managing Director of the company in the ensuing Annual General Meeting.

June 8, 2011

By Order of the Board of Directors

  
**Iqbal Chowdhury**  
Company Secretary.

### NOTES:

1. Notice is hereby given that 8th May 2011 shall be considered as the Record date for entitlement of Final Dividend for the period ended March 31, 2011.
2. A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. Proxy Form must be affixed with requisite revenue stamp and must be submitted to the Corporate Office of the Company not less than 48 hours before the time fixed for the Annual General Meeting i.e. not later than June 23, 2011.
3. Change of address, if any, should be notified to the related Depository Participant.
4. Admission to the meeting venue will be on production of the attendance slip attached with the Annual Report.
5. The Annual Report is available at the company website - [www.maricobd.com](http://www.maricobd.com).

# হেয়ার কোড

হার্বাল হেয়ার কালার

রঙ এমন,  
ছুঁতে চায় মন...

ন্যাচারাল মেহেদীর রঙ। মাত্র ৩০ মিনিটেই



Notes

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## MARICO BANGLADESH LIMITED

Registerd & Corporate Office : House-1, Road-1, Sector-1, Uttara, Dhaka-1230, Bangladesh

### ATTENDANCE SLIP

**ELEVENTH ANNUAL GENERAL MEETING ON TUESDAY, JUNE 28, 2011 AT 10:30.A.M.**

BO ID

No. of Shares held

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the **ELEVENTH ANNUAL GENERAL MEETING** of the Company to be held at **Golf Garden, Army Golf Club, Airport Road, Dhaka, Bangladesh** at 10:30.a.m Tuesday, June 28, 2011.

Member's / Proxy's name in **BLOCK** letter

Member's / Proxy's signature

Note : Please fill in the attendance slip and hand it over at the entrance of the Meeting Venue.



## MARICO BANGLADESH LIMITED

Registerd & Corporate Office : House-1, Road-1, Sector-1, Uttara, Dhaka-1230, Bangladesh

### PROXY FORM

**ELEVENTH ANNUAL GENERAL MEETING ON TUESDAY, JUNE 28, 2011 AT 10:30.A.M.**

BO ID

No. of Shares held

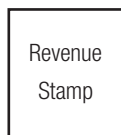
I/We \_\_\_\_\_ of \_\_\_\_\_ being

a member / members of the above-named Company hereby appoint Mr./Mrs. \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the

**ELEVENTH ANNUAL GENERAL MEETING** of the company to be held at **Golf Garden, Army Golf Club, Airport Road, Dhaka, Bangladesh** at 10:30.a.m Tuesday, June 28, 2011. and at any adjournment(s) thereof.

Signed this \_\_\_\_/ \_\_\_\_/ 2011



Signature of Proxy \_\_\_\_\_

Signature of Member \_\_\_\_\_

#### Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A Proxy need not be a Member.
3. This form in order to be effective must be duly stamped, completed and signed and must be deposited at the registered Office of the Company, not later than 48 hours before the commencement of the meeting i.e. not later than June 23, 2011.



# MARICO BRANDS





**Marico Bangladesh Limited**  
House No. 01, Road No. 01  
Sector No. 01, Uttara, Dhaka 1230  
Tel: +88(02)8931202, Fax:+88(02)8932322  
[www.maricobd.com](http://www.maricobd.com)