

2020 Annual Report

Marico Bangladesh Limited



Make a Difference



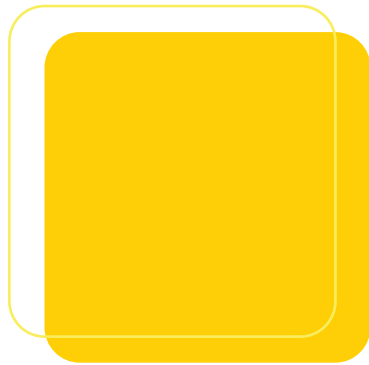
Annual Report 2020



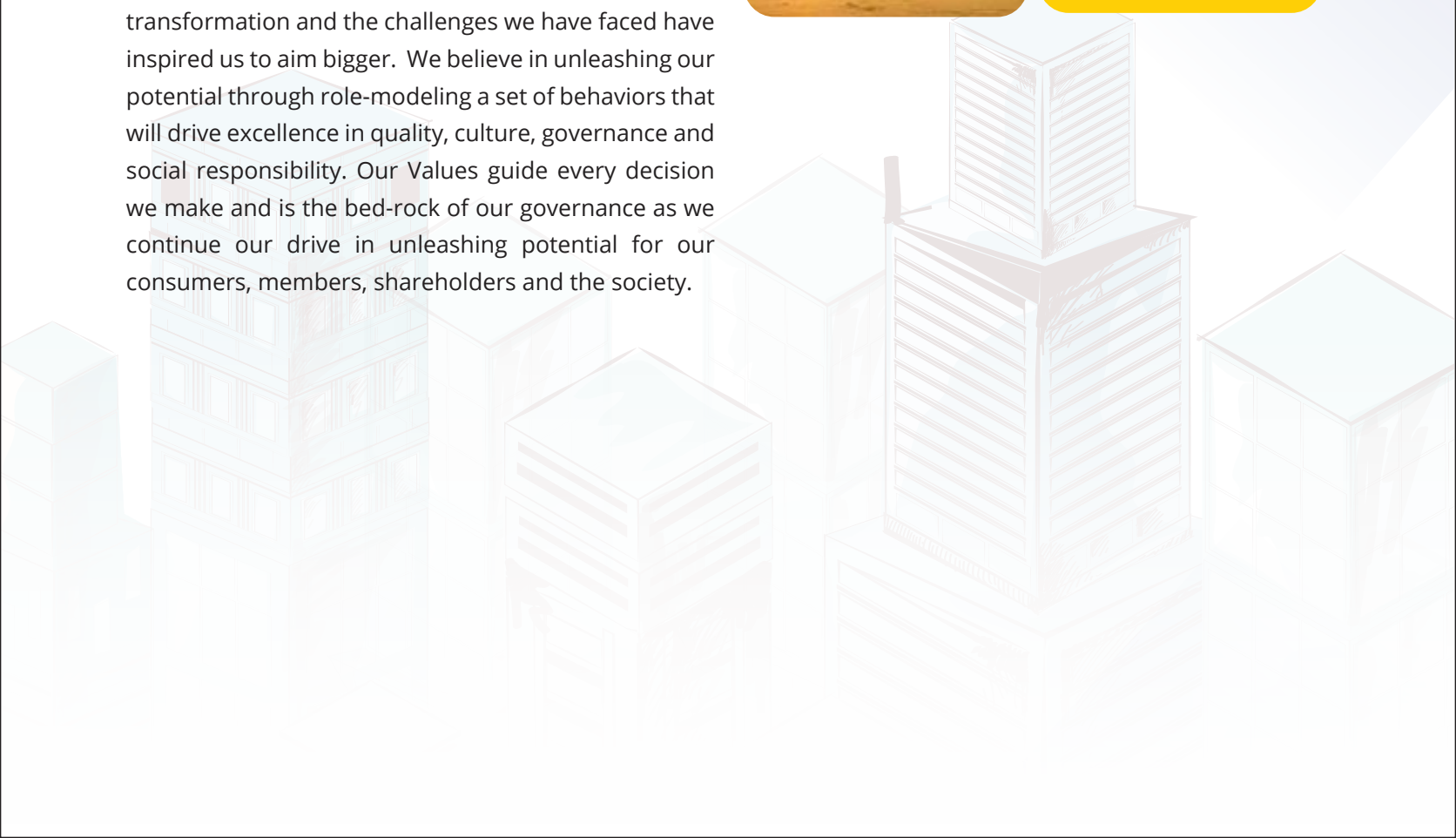
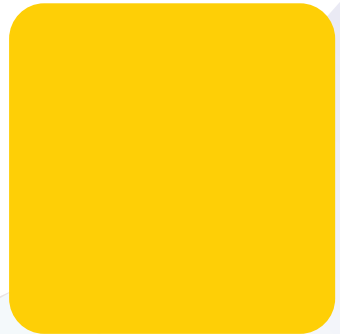
Corporate office:
Marico Bangladesh Limited
The Glass House, Plot: 02, Block: SE (B)
Gulshan Avenue, Gulshan-1, Dhaka, Bangladesh.
Tel: 88 02 9897180, Fax: +88 02 9897140
www.marico.com/bangladesh



Unleashing Potential



Over the years, at Marico, we have challenged convention, led innovation and delivered differentiated consumer experience with our range of best-in-class products. Our business has grown and our portfolio has evolved while our purpose unifies us in a growth strategy of maximizing value for all our stakeholders. We have been through a journey of transformation and the challenges we have faced have inspired us to aim bigger. We believe in unleashing our potential through role-modeling a set of behaviors that will drive excellence in quality, culture, governance and social responsibility. Our Values guide every decision we make and is the bed-rock of our governance as we continue our drive in unleashing potential for our consumers, members, shareholders and the society.



Welcome to Marico Bangladesh Limited

We are one of the leading FMCG companies in the beauty and wellness space of Bangladesh. Committed to making a difference in all we do, we touch the lives of 1 out of every 2 Bangladeshis through our wide array of brands.

Useful Link

Find more information online:
marico.com/bangladesh

- Explore our History
- Download our Annual Report
- Get to know our Brands



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Marico's Global Coverage



Corporate Information

Board Of Directors

| | |
|------------------------|----------------------|
| Mr. Saugata Gupta | Chairman |
| Mr. Ashish Goupal | Managing Director |
| Ms. Rokia Afzal Rahman | Independent Director |
| Mr. Masud Khan | Independent Director |
| Mr. Ashraful Hadi | Independent Director |
| Mr. Sanjay Mishra | Director |
| Mr. Vivek Karve | Director |

Management Team

| | |
|-------------------------|------------------------------------|
| Mr. Ashish Goupal | Managing Director |
| Mr. Elias Ahmed | Chief Financial Officer |
| Mr. Md. Hedayet Ullah | Director-Sales |
| Mr. Allen Ebenezer Eric | Director Marketing |
| Mr. Md. Saiful Alam | Director-Manufacturing |
| Mr. Md. Habibur Rahman | Director-Supply Chain |
| Mr. Ashish Mane | Director-Human Resources |
| Ms. Christabel Randolph | Director-Legal & Corporate Affairs |

Company Secretary

Ms. Christabel Randolph

Head of Internal Audit & Compliance

Mr. Atiar Rahman

Statutory Auditors

M/s Rahman & Rahman Huq & Co.

Legal Advisors

Dr. Kamal Hossain and Associates
Tanjib Alam & Associates
Mustafizur Rahman Khan and Associates



Principal Bankers

Standard Chartered Bank
HSBC
Citibank NA

Stock Information

Dhaka Stock Exchange
Chittagong Stock Exchange
Stock Code: MARICO
ISIN: BD0481MRICO6
Sector: Pharmaceuticals & Chemicals

Investor Relations

Telephone: +880 29897180 Ext: 661
Fax: +880 29897140
Email: info@marico.com

Date Of Incorporation

September 6, 1999

Our Factories

Factory 1:
Mouchak, Kaliakoir, Gazipur

Factory 2:
Shirchala, Mahona Bhabanipur, Gazipur

Registered Office

House-1, Road-1, Sector-1, Uttara, Dhaka-1230.

Corporate Office

The Glass House, Level-06, Plot.02,
Block. SE (B), Gulshan Avenue, Dhaka-1212.
Telephone: +880 29897180
Fax: +880 29897140

Website

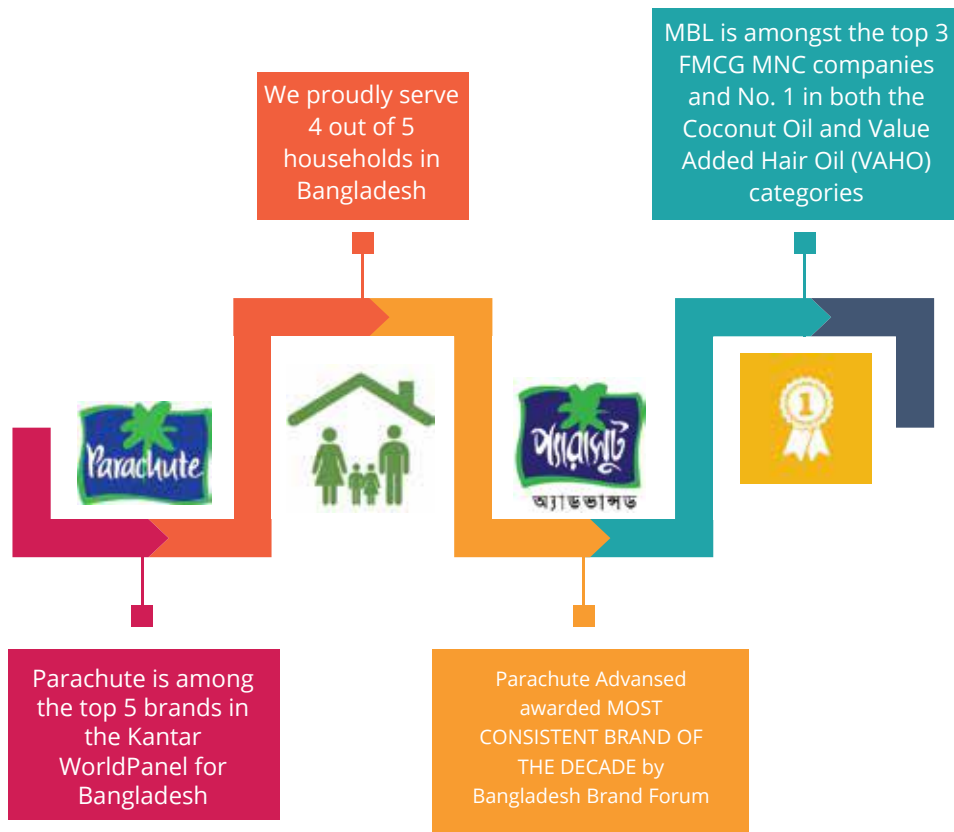
www.marico.com/bangladesh

Who we are

About Marico Bangladesh Limited

Marico Bangladesh Limited (MBL) was the first subsidiary of Marico Limited and has since maintained its position as the most profitable unit of Marico's international business. At MBL we take immense pride in our commitment to 'Make a Difference' and improve the lives of all those we touch. We are passionate about our growing family of brands across consumer needs in the spaces of personal care, grooming, beauty & wellness, health & hygiene and food. MBL has transformed itself from a single-branded company to a company with a present day portfolio of 29 brands in personal care and food categories. With its strong sales network Marico reaches 4 out of 5 households in the country. Marico's flagship brand Parachute Advanced is among the "10 Most Trusted Brands" and has been awarded the "Most Consistent Brand of the Decade" by Bangladesh Brand Forum. As proud ambassadors of made in Bangladesh, 99% of Marico's portfolio is manufactured in Bangladesh while it also exports to Nepal and India. Marico Bangladesh is listed with both the Dhaka and Chittagong stock exchanges. Marico has committed 1% of its profits to corporate social responsibility initiatives and has worked in the areas of education, women empowerment, poverty reduction and disability inclusion.

Some Quick Facts about Marico Bangladesh Limited



Human Resources

275

MBL Members Directly Employed

2750+

People employed in the form of distributors, salesmen and local suppliers.



Product Portfolio

29

Brands

152

SKUs



Financial Resources

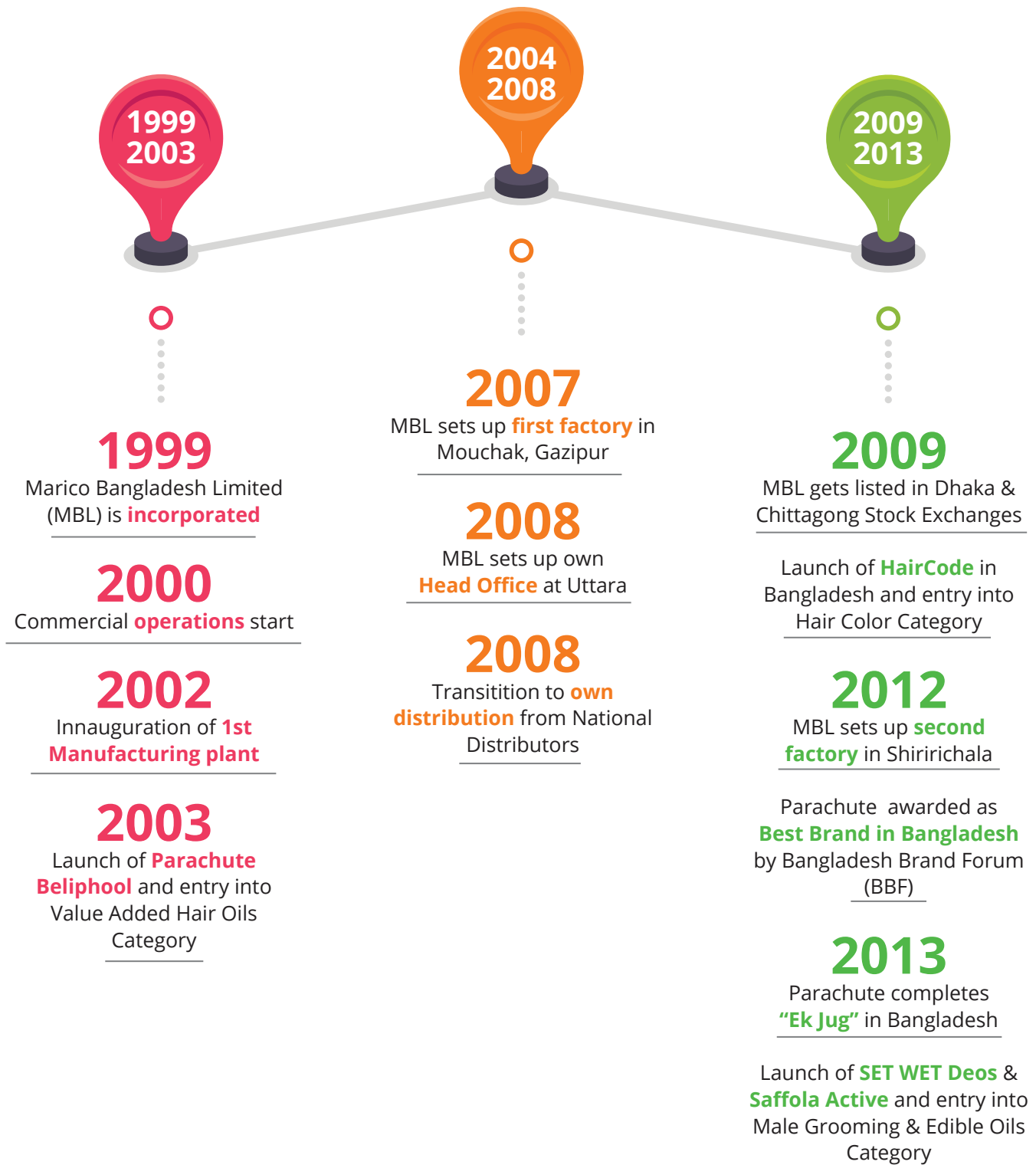
139

BDT Crore
Shareholders' Funds

171

BDT Crore
Fixed Deposits, Cash & Cash Equivalents

Marico Bangladesh Limited History





2014
CSR Partnership with Dhaka Ahsania Mission to provide free education
 Launch of **Parachute Advanced Body Lotion** and entry into Skincare Category

2015
 MBL wins "Certificate of Merit" in the **ICMAB Best Corporate Award 2014**

2016
 MBL wins **Double Gold** at the 14th Annual Marico Marketing **Excellence Awards**
 MBL sets up of Refinery Unit at Shirirchala Factory
 MBL wins **ICSB Silver Award for Excellence in Corporate Governance**

MBL wins "Certificate of Merit" at the **ICMAB Best Corporate Award 2015**
 MBL launched **Mediker & Saffola Masala oats**
 MBL launched **Parachute Advanced Ayurvedic Gold**

2018
 Marico launched **HairCode Herbal Crème**
 Marico launched **Parachute Advanced Men's Hair Cream**

MBL launched **Parachute Advanced Aloe Vera**
 Marico launched **Parachute Advanced Petroleum Jelly**

CSR Partnership with **UNDP and GoB** in SWAPNO for ultra poor women

Marico awarded **Best Presented Annual Report from ICAB**

Parachute Advanced awarded as **SUPERBRAND**

2019
 Marico launched **X-Men Deos and Perfumes**
 Marico launched **Parachute Just For Baby** range

2019
 Parachute Advanced awarded as **"Most Consistent Brand Of The Decade"**

Marico launched **Parachute SkinPure**

Marico launched **Nihar Joba Amla Hair Oil**

Marico launched **Nihar Naturals Anti Hairfall 5 Seeds Hair Oil**

Marico launched **Parachute SkinPure Olive Oil**

2020
 Marico launched **Studio X** range of men's products

Marico launched **Parachute SkinPure Aloe Gel**

Marico launched **Mediker SafeLife Hand-Sanitizer and Hand-Wash**

Approach to Reporting

The Marico Bangladesh Limited Annual Report 2019-20 provides an in-depth overview of the Company's holistic approach to multi-dimensional value creation, covering both tangible and intangible, financial and non-financial aspects of the business. We aim to unleash potential and maximize value for our shareholders, consumers, members and the society at large.

Scope

This report is prepared in accordance with the requirements of relevant laws including the Company Act 1994, the Code of Corporate Governance issued by the Bangladesh Securities and Exchange Commission, the Financial Reporting Standards and the common Listing Regulations of the Stock Exchanges. This Report includes information that is material to our stakeholders, and it presents an overview of our business and associated activities that help in short, medium and long-term value creation.

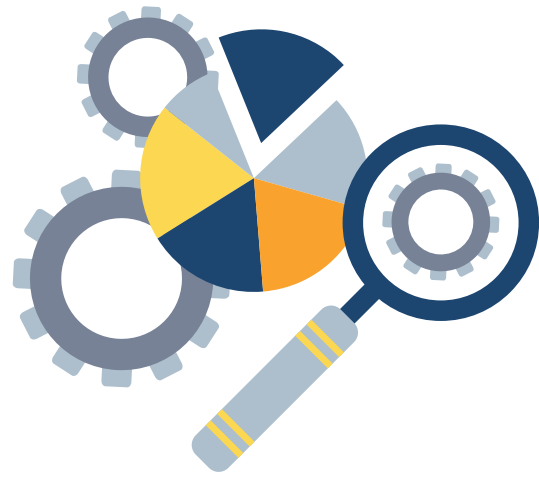
Board responsibility statement

The Board of Directors acknowledges its responsibilities to ensure the integrity of this Annual Report. The Board has accordingly applied its collective mind and believes the Report addresses all material issues and presents the performance of the Company and its impact in a fair and accurate manner. Presentation of information has been guided by the South Asian Federation of Accountants (SAFA) criteria.

Forward-looking statements

Certain statements in this document constitute 'forward-looking statements', which are simply future predictions, including those relating to the general business plans and strategy of the Company, its future financial condition and growth prospects, future developments in the consumer products industry, its competitive and regulatory environment, and statements which contain words or phrases such as 'will', 'expected to', 'horizons of growth', 'strong growth prospects', etc., or similar expressions or variations of such expressions. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These

forward-looking statements speak only as of the date of this document. No representation or warranty, express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information. The Company undertakes no obligation to update publicly, or release any revisions, to these forward-looking statements, to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.



Reporting period

The Marico Bangladesh Limited Annual Report is produced and published annually. This Report provides information for the financial year 2019-20 (FY 20) which is April 1, 2019 March 31, 2020. However considering the significance of the covid-19 pandemic references in certain sections cover April 2020 as well.

Definition of Terms

Unless otherwise indicated or defined, the following terms, wherever appearing in this report shall have the following meanings:

"Act" means the Company Act 1994

"Board" means the Board of Directors

"BSEC" means the Bangladesh Securities & Exchange Commission

"Code" means the Corporate Governance Code issued by the Bangladesh Securities & Exchange Commission under Notification No. SEC/CMR-RCD/2006-158/207/Admin/80, Dated: 3 June 2018

"Listing Regulations" means the Dhaka Stock Exchange (Listing) Regulations 2015 and Chittagong Stock Exchange (Listing) Regulations 2015

"Marico" and "MBL" are used interchangeably and mean Marico Bangladesh Limited

Introducing Our Capitals

All organizations depend on various forms of capital for their value creation. Our corporate philosophy is Making a Difference and our goal is to *Unleash Potential*-be it the talent of our members, our excellence in execution, our best-in-class consumer offerings and our responsible business practices. In doing business in a sustainable and responsible manner we employ six forms of capitals.

| Financial Capital | Manufactured Capital | Human Capital |
|---|---|---|
| <p>Financial capital is the monetary resources at the disposal of the Company to create, enhance and distribute value to all stakeholders in the value chain. It includes shareholders' equity (as well as debt) and is a critical input in executing business activities and in generating, accessing, and deploying other forms of capital. Over the years, we have leveraged our strong financial capital to invest in business expansion to sustain market leadership.</p> <ul style="list-style-type: none"> • BDT 980 Cr Revenue <i>11.72% growth over FY'19</i> • BDT 265 Cr PAT <i>30.78% growth over FY'19</i> • BDT 357 Crores PBT <i>29.9% growth over FY'19</i> • BDT 84.01/EPS | <p>Manufactured capital is the Company's tangible and intangible infrastructure used for value creation through its operations. We are prudently managing our capital investments to create a portfolio of products that has value for consumers.</p> <ul style="list-style-type: none"> • 2 Factories • 3 Contract Manufacturers • 5 Depots • 3 Warehouses • 2 Head Offices • 11 Sales Offices | <p>Human capital refers to the employees' competencies, knowledge, experience and their capabilities to utilize those to meet stakeholder needs. It also refers to developmental programs undertaken for the employees. At Marico our strength lies in our people and we promise to challenge, enrich and fulfil our members to enable them to deliver exceptional business results and offer an enriching career with Marico.</p> <ul style="list-style-type: none"> • 275 Members • 2750+ Indirect Workforce • 81% Millennial population • 11.3% Attrition Rate • 99% Local talent |
| Intellectual Capital | Social & Relationship Capital | Natural Capital |
| <p>Intellectual capital refers to our intellectual property reposed in the collective knowledge, research, brand management and technology used to support business activities. Our intellectual capital consists of our strong brand, world-class talent and robust processes and systems.</p> <ul style="list-style-type: none"> • Parachute Advanced <i>Most Consistent Brand of the Decade</i> • 12 Master Brands <i>Parachute, Nihar, Saffola, HairCode, Parachute Just for Baby, Mediker SafeLife</i> • 23 Copyrights • Registered Licensee of 1500+ Trademarks of Parent Company | <p>Social and relationship capital refers to the relationships the Company establishes with its consumers, shareholders, regulators, business partners and the community at large to create societal value as a responsible corporate citizen. At Marico, we believe in making a difference by creating shared economic and social value for all our stakeholders.</p> <ul style="list-style-type: none"> • 4 out of 5 households in Bangladesh use Marico Brands • 194 distribution partnerships • 9000+ CSR Beneficiaries • 2000+ Shareholder as on Record Date | <p>Natural capital refers to the natural resources the Company uses in its business operations. The Company is committed to conduct business in a sustainable manner and responsible stewardship of environmental resources. Our approach towards environment protection and conservation of natural resources is guided by our internal policies and applicable external standards.</p> <ul style="list-style-type: none"> • Energy Efficiency 98% LED light at Shirirchala and 80% LED light at Mouchak • Responsible Consumption 0.4% decrease in specific power consumption and 0.72% decrease in specific fuel consumption • Water Conservation Rain-water harvesting, recycling water through ETP for use in Cake Cooler |

Our Purpose & Strategy

Our Purpose

Make a difference

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

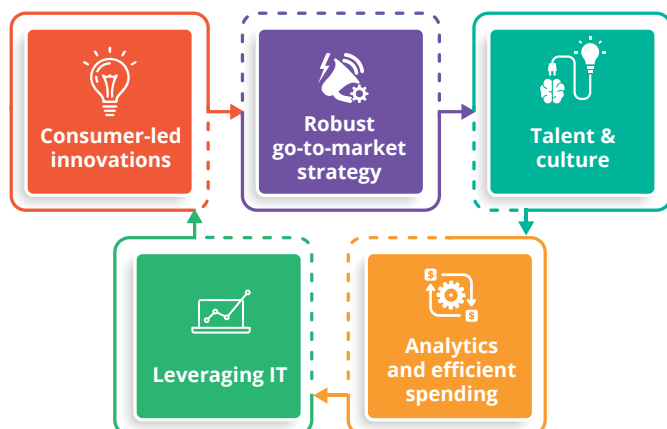
The power of business is in its purpose, not its profits. At Marico we are guided by the responsibility of defining, creating and distributing value for all our stakeholders-shareholders, consumers, members and business partners. Our sustainable growth story rests on an empowering work culture that encourages our members to take complete ownership. In FY 20 we drove ourselves with a unifying purpose of unleashing potential which was both our goal and our strategy.



Our Strategic Framework

Our choice-making framework typically considers four parameters: growth in disposable income, younger demographics, lower intensity of competition from established players and high proportion of traditional retail.

Our strategic pillars are:



Our strategic play has focused on growing our core categories while diversifying our portfolio. With an emphasis on speed and agility, IT has been a critical enabler for business process transformation, greater controls and sharper insighting. Investing for growth and to develop future-forward capabilities, a winning culture and a winning talent pool to deliver sustainable stakeholder value remains a key strategic priority for the Company.

Marico Values

Values help us realize the true potential of all members of the corporate ecosystem and also help us fulfill our purpose.



Consumer Centric

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



Transparency & Openness

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



Opportunity-Seeking

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



Bias For Action

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



Excellence

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



Boundarylessness

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



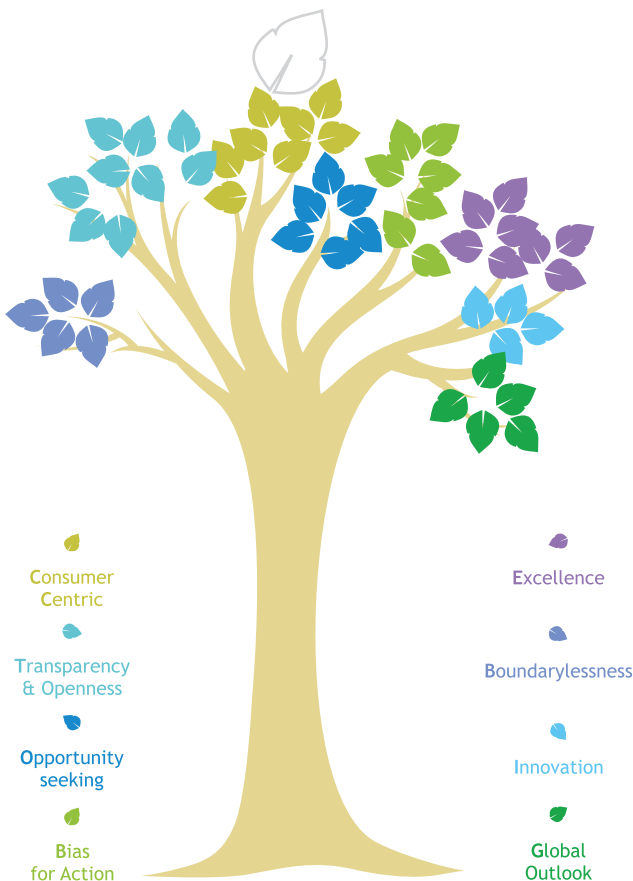
Innovation

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



Global Outlook

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



<https://marico.com/about-us/values-and-culture>



What we offer

Our Brands

| Portfolio | Brand | Products | |
|---------------------------------|--|----------|--|
| 1. Branded Coconut Oil | 1. Parachute | 1 | Parachute Coconut Oil |
| 2. Value Added Hair Oils | 2. Parachute Advansed | 2 | Parachute Advansed |
| | 3. Parachute Advansed Beliphool | 3 | Parachute Advansed Beliphool Hair Oil |
| | 4. Parachute Advansed Extra Care | 4 | Parachute Advansed Extra Care Anti-Hair Fall Oil |
| | 5. Parachute Advansed Aloe Vera | 5 | Parachute Advansed Aloe Vera Oil |
| | 6. Nihar Naturals Shanti Badam Amla | 6 | Nihar Naturals Shanti Badam Amla Oil |
| | 7. Nihar Naturals Joba Amla | 7 | Nihar Naturals Joba Amla Oil |
| | 8. Nihar Naturals 5 Seeds | 8 | Nihar Naturals 5 Seeds Anti-Hair Fall Oil |
| 3. Hair Dye | 9. Hair Code | 9 | Hair Code Powder |
| 4. Hair Conditioning | 10. Livon | 10 | Livon Hair Serum |
| 5. Men's Grooming | 11. Set Wet | 11 | Set Wet Deo |
| | | 12 | Set Wet Hair Gel |
| | 12. Studio X for Men | 13 | Studio X Deo |
| | | 14 | Studio X Hair Gel |
| | | 15 | Studio X Face Wash |
| | | 16 | Studio X Styling Shampoo |
| 6. Skin Care | 13. Parachute SkinPure Body Lotion | 17 | SkinPure Body Lotion |
| | 14. Parachute SkinPure Petroleum Jelly | 18 | SkinPure Petroleum Jelly |
| | 15. Parachute SkinPure Aloe Vera Gel | 19 | SkinPure Aloe Vera Gel |
| | 16. Parachute SkinePure Beauty Olive Oil | 20 | SkinePure Beauty Olive Oil |
| | 17. Bio Oil | 21 | Bio Oil |
| 7. Baby Care | 18. Parachute Just for Baby | 22 | Just For Baby Oil |
| | | 23 | Just For Baby Lotion |
| | | 24 | Just For Baby Wash |
| | | 25 | Just For Baby Soap |
| | | 26 | Just For Baby Baby Powder |
| 8. Hygiene | 19. Mediker SafeLife | 27 | Mediker Safe Life Hand Sanitizer |
| | | 28 | Mediker Safe Life Hand Wash |
| 9. Health & Wellness | 20. Saffola | 29 | Saffola Active Edible Oil |

Our Brands

Branded Coconut Oil
(BCNO)



Value Added
Hair Oil
(VAHO)

Baby Care



Skin Care

Hygiene



Male Grooming



Hair Color

Hair Care

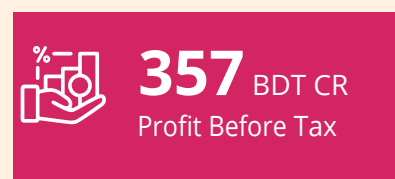
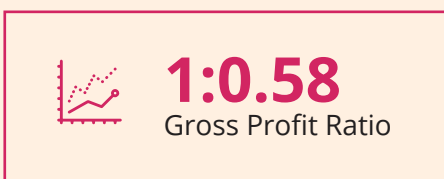
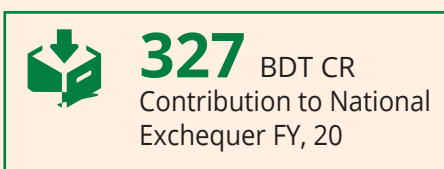
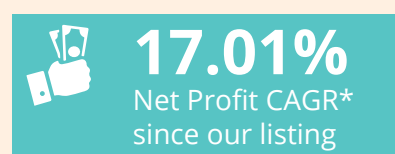
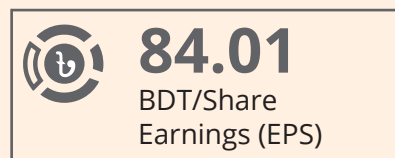
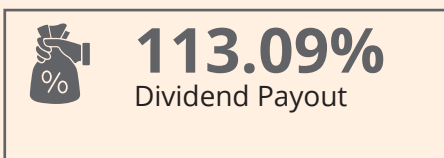
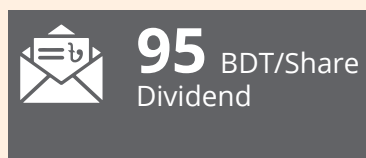
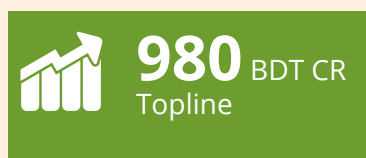


Edible Oil & Foods

Performance Review



Business Snapshot

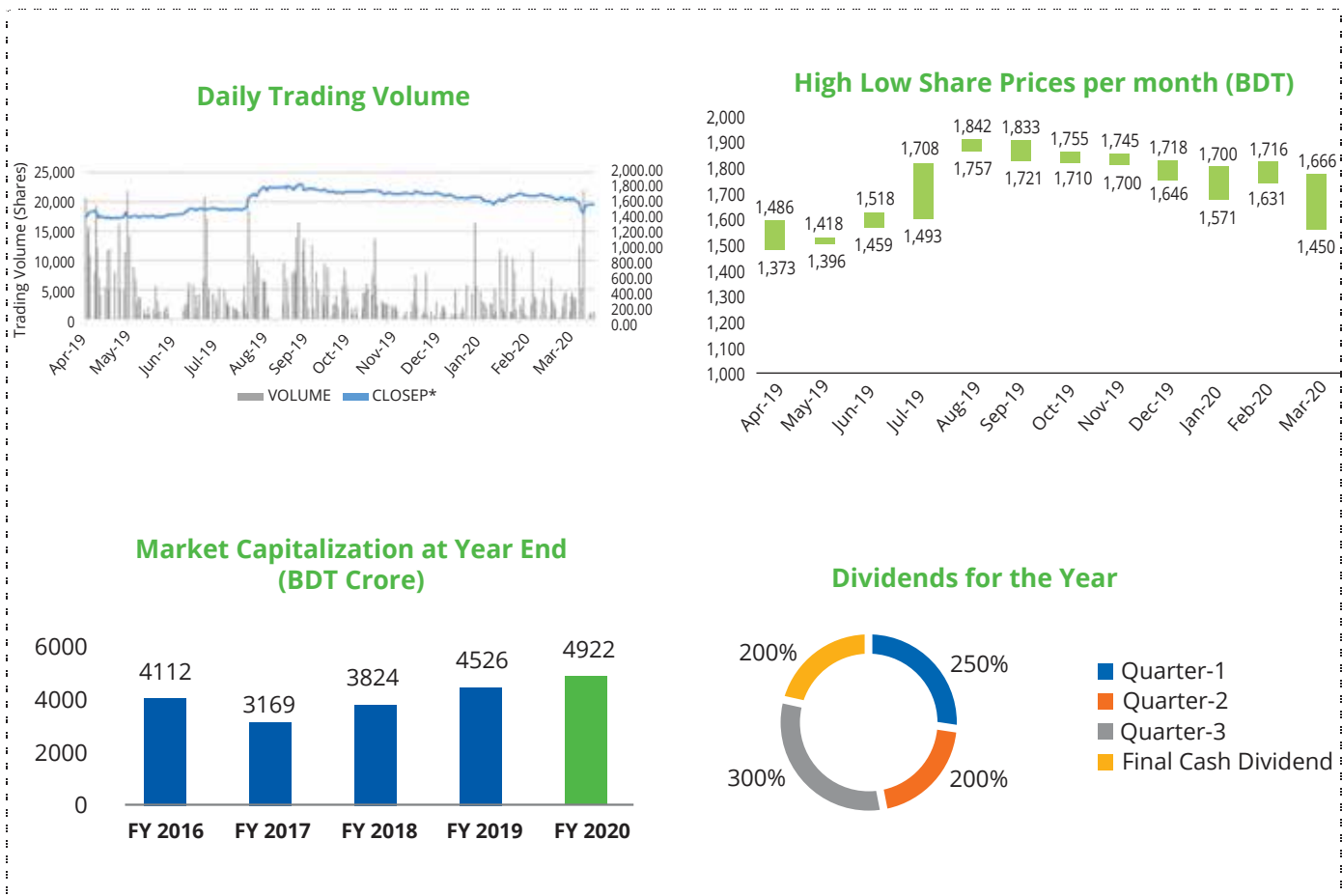


*CAGR is calculated for the period between October 1, 2009 to March 31, 2020

Stock Performance

Marico's Scrip performance

Our share held its positive momentum throughout FY 2019-20. MBL share price witnessed high growth in August, 2019. Overall the share price has been stable throughout FY'20. This reflects the market's confidence in our brands, our growing performance in the consumer goods industry and our governance. During FY'20 our shareholders continued to attain healthy dividends with three quarterly and final dividend. Total dividend payout in FY'20 was 950% surpassing the previous year by 300%.



MBL Share: Brief Overview

| | |
|----------------------------------|---|
| Number of Shares Outstanding | 31,500,000 |
| Free Float | 10% |
| Initial Public Offering | August 9, 2009 |
| Stock Exchange | Dhaka Stock Exchange Chittagong Stock Exchange |
| Stock Registration Number (ISIN) | BD0481MRIC06 |
| Stock Symbol | MARICO |

Healthy Dividend Disbursements

Our Board of Directors declared respectively 250%, 200% and 300% interim cash dividends on Q1, Q2 and Q3 earnings disclosure, all of which have been subsequently paid and the Board has announced a final cash dividend of 200% on earnings disclosure of Q4, which if approved, by the shareholders will take the total cash dividend tally to 950% for the year.

Share Ratios

| | | FY'20 | FY'19 | FY'18 | FY'17 | FY'16 |
|--|------------|---------|---------|---------|---------|---------|
| Basic Earnings per Share | BDT | 84.01 | 64.23 | 52.15 | 45.72 | 44.89 |
| Cash Generated from Operating Activities per Share | BDT | 95.66 | 86.64 | 48.92 | 60.41 | 68.30 |
| Year-End Price | BDT | 1562.50 | 1437.00 | 1214.00 | 1006.00 | 1305.40 |
| Year High | BDT | 1841.90 | 1699.00 | 1250.00 | 1364.00 | 1770.00 |
| Year Low | BDT | 1373.00 | 1095.00 | 991.00 | 899.00 | 1132.10 |
| Dividend per Share | BDT | 95.00 | 65.00 | 60.00 | 50.00 | 45.00 |
| Dividend Payout Ratio | % | 113.09 | 101.19 | 115.06 | 109.36 | 100.24 |
| Dividend Yield | % | 6.08 | 4.52 | 4.94 | 4.97 | 3.45 |
| Shareholders' Equity per Share | BDT | 44.05 | 41.34 | 47.38 | 50.16 | 54.25 |
| Price-Earnings Ratio at Year-End | BDT | 18.60 | 22.37 | 23.28 | 22.00 | 29.08 |
| Average Trading Volume per Trading Day | shares | 4622.00 | 3672.00 | 2281.00 | 4167.00 | 1808.00 |
| Year-End Market Capitalization | BDT crores | 4921.88 | 4526.55 | 3824.10 | 3168.90 | 4112.01 |

Shareholding Structure

(as on March 25, 2020)

90%

Marico Limited

5.6%

Foreign Institutional Investors

3.2%

Domestic Institutional Investors

1.2%

Public Investors

*Based on the list of shareholders obtained from the Central Depository Bangladesh Limited (CDBL) as on March 25, 2020 being the last day of trading prior to the General Holiday declared by the government in light of the nCovid 19 pandemic. Trading in the exchanges was suspended until May 10, 2020.

Our share register as on March 25, 2020 shows that Marico Bangladesh Limited has 1967 shareholders. Marico Limited, parent company of Marico Bangladesh Limited, owns 90% of our shares while the rest 10% are owned by public and institutional investors. For greater transparency, the distribution of the latter 10% is shown as per the above illustration.

Other Shareholder Disclosures

Investor Relations

The Company has an effective investor relations process with the philosophy of providing transparent, timely information and responses to our valued shareholders. The Company also interacts with the investment community through periodic calls, individual meetings and ensures that critical information about the Company is available to all the investors by uploading all such information at the Company's website under the Investors section. Moreover, in order to provide regular updates on the latest developments surrounding our business and share, our shareholders and the investor community can drop an email at info@marico.com.

Redressal of Investor Complaint

Our Investor Relations team places high priority towards investor queries and complaints. We take every step possible to promote transparency and resolve issues of our investors in an expedient manner. General queries of shareholders are related to receipt of dividends. Our Redressal Mechanism is as follows:

Investors are encouraged to address their queries via e-mail: info@marico.com

Investor can also contact the Company's Corporate Counsel in person – Mr. Hasan Abid Chowdhury at the company's Corporate office. Mr. Chowdhury personally attends to individuals.

Investor Relations team acknowledges the complaint and contacts the investors to confirm their identity:

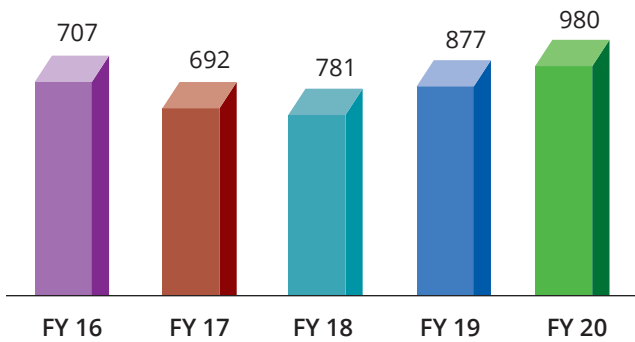
-Shareholders BOID
-Shareholders Name

Investor Relations Team after confirming the Shareholders identity addresses their queries and provides necessary information required

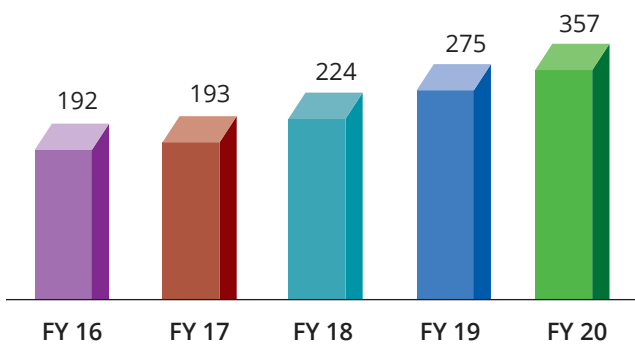
Investors can also register their complaints and queries through an application addressed to the Company Secretary

Financial Highlights

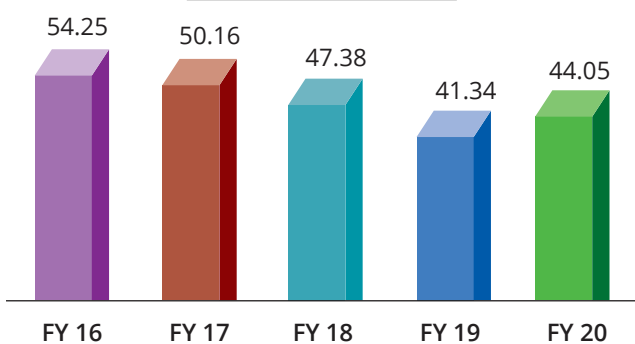
Turnover (BDT Crores)



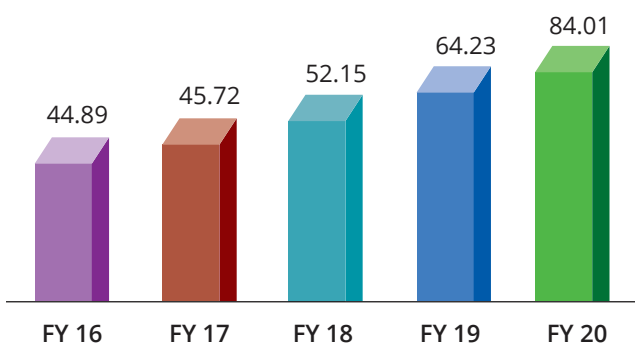
PBT (BDT Crores)



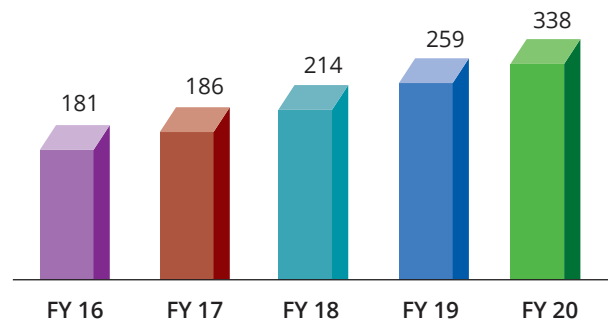
NAV per share (BDT)



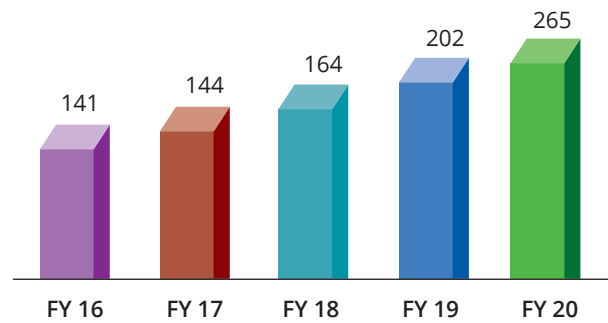
EPS (BDT)



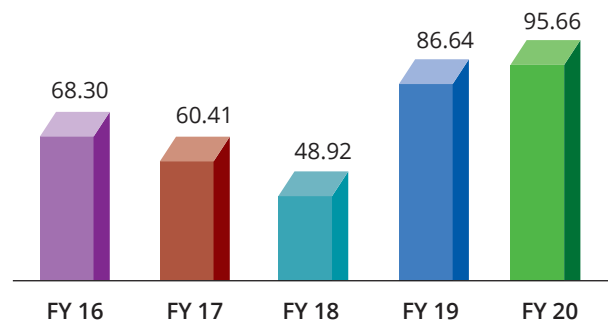
Profit from Operations (BDT Crores)



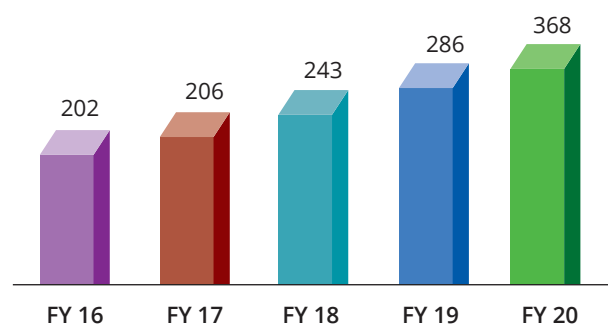
PAT (BDT Crores)



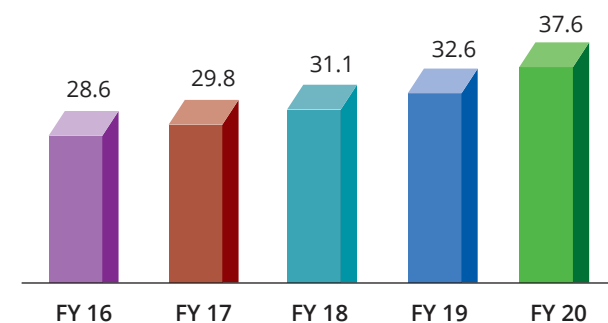
NOCF per share (BDT)



EBITDA (BDT Crores)

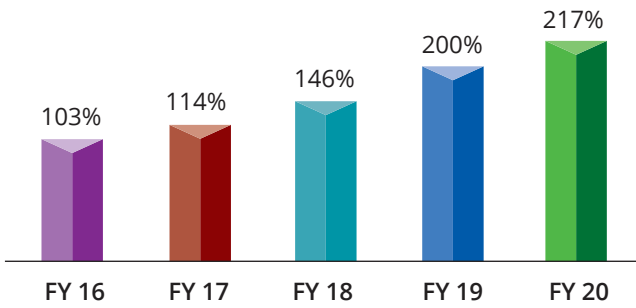


EBITDA % Margin

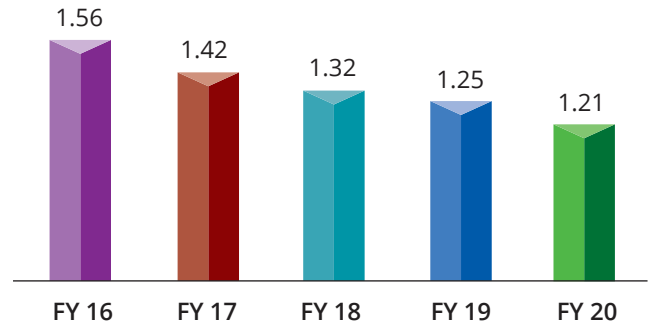


Key Ratios

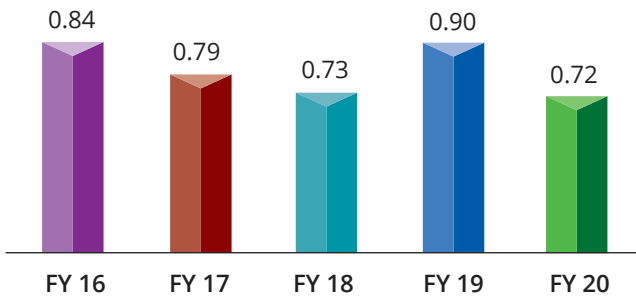
Return on Capital Employed



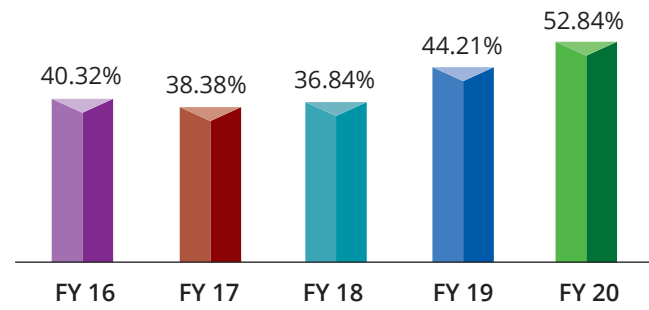
Current Ratio



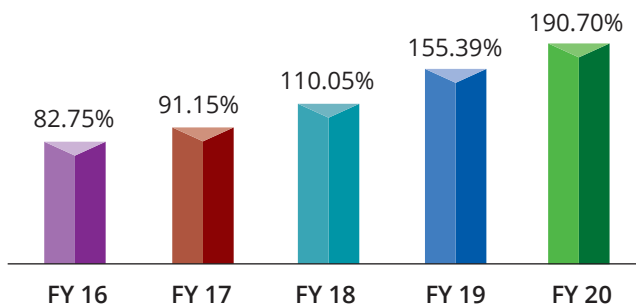
Quick Ratio



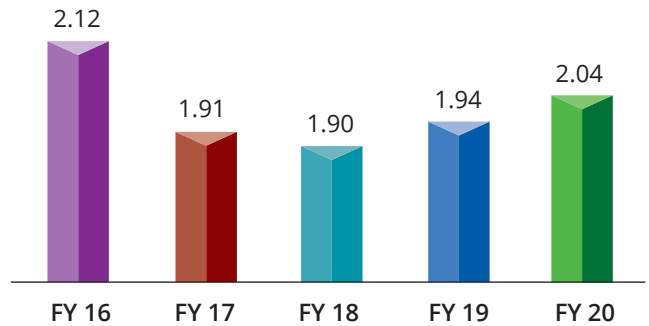
Return on Assets



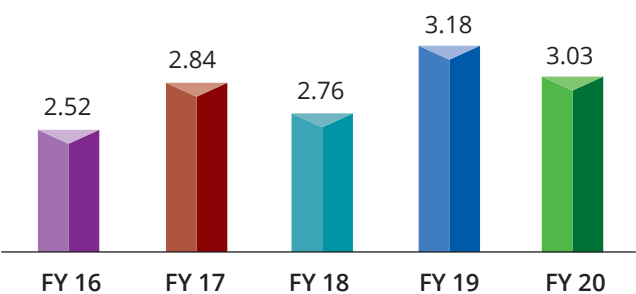
Return on Equity



Asset Turnover Ratio (times)



Inventory Turnover Ratio



Year in Review

We have celebrated an eventful FY 2019-2020 with strategic product launch for growing customer needs, extended sales capacity for expanded retail services, 360° media campaign for growing awareness of consumers across categories, increasing our social connect with talent. We have also been recognized for our brand and supply chain excellence.



Marketing Initiatives

Delighting Consumers with Differentiated Quality Offerings

Product Launch



Nihar Joba Amla Hair Oil



Nihar Joba Amla hair oil was launched in May 2019 with the objective of bringing a new experience to Amla consumers. The oil is rich in Amla that repairs hair damage, reduces dullness and makes hair black. Its unique yet famous ingredient Joba (Hibiscus) has an additional power that conditions and make hair soft. Unlike traditional Amla hair oils, Nihar Joba Amla is a non-sticky hair oil which does not have a strong, uninviting smell and feels light when applied on hair.

With positive response from consumers in FY'20, MBL is geared up with more brand building and trade activities to achieve new heights in FY21.

Nihar Naturals Anti Hairfall 5 Seeds Hair Oil



In July 2019, Marico launched Nihar Naturals Anti Hairfall 5 Seeds Hair Oil. The main innovation of the product is built on the hair oiling ritual of soaking seeds in the oil for enriching the nourishment quotient of oils for haircare. When the bottle is tilted, the oil comes to the cap and soaked together with the 5 seeds, increase strength and potency that is proven to reduce hairfall by up to 8 times.

Parachute SkinPure



Back in 2014, Marico's skin care journey started with only one product namely Parachute Advanced Body Lotion. In FY'20, the Company felt the need for a unified approach to skincare and developed a range of products with a re-envisioned proposition. As a result in FY'20 Marico launched Parachute SkinPure for healthy & beautiful skin harnessing the goodness of natural ingredients. Operating in multiple categories, Parachute SkinPure range comprises beauty Olive Oil, Aloe Vera Gel, 3 variants of Body Lotion and Petroleum Jelly.



Studio X

In January 2020, Marico launched its international styling range for men-Studio X' in Bangladesh. The "Studio X" range comprises of shampoo, face wash, hair gel, soap and deodorant for men. Apart from this, the brand also launched a website www.studioxstyle.com to inform the grooming aspirations of Bangladeshi men.



Mediker SAFE Life

In April 2020, during the time of COVID19 outbreak, Marico Bangladesh entered into the hygiene category with the launch of hand sanitizer and hand washes under its Mediker Safelife brand. MBL launched hand-sanitizer in a record time of 12 days to ensure the availability of these emergency products at an affordable price to consumers. In order to support the fight against covid, Marico committed to donate first six months' profit from the sale of these products to Honorable Prime Minister's Relief Fund.

Mediker SafeLife range received a very good response in the market from the very beginning. It is receiving numerous appreciation and recommendations in social media and e-commerce websites. The entire effort of Mediker SafeLife helped Marico to be one of the first companies in Bangladesh to act on the pandemic situation and serve a greater cause for hygiene and wellbeing of the community at large.

New Campaigns And Activations

Parachute Advansed Extra Care

Parachute Advansed Extra Care (PAEC) is one of the leading Hair Fall control oils in Bangladesh under Parachute family. PAEC has maintained a steady growth with previous successful campaigns over the years and the brand has experienced a remarkable growth journey in FY'20. In order to bring the brand closer to consumers, a unique household activation was rolled out nationally. Apart from communication, to create impactful visibility, new packaging was introduced to highlight the goodness of natural ingredients like Amla, Aloe-Vera and Methi along with the root applicator for targeted application to ensure maximum nourishment and reducing hairfall just in 45 days.



Parachute Advansed Aloe Vera

Parachute Advansed Aloe Vera launched in September 2018 in Bangladesh. The performance of Parachute Advansed Aloe Vera has been very promising in FY'20 as the product has the goodness of aloe vera and coconut oil and provides soft and silky hair. A new communication on irresistible soft hair was launched in TV and digital in March'20





Parachute Just For Baby

Parachute Just for Baby, the international baby care range of Marico was launched in February 2019 with a range comprising of Baby Oil, Baby Lotion and Baby body & hair wash. In Marico Bangladesh's relentless effort to provide babies with the safest care, Parachute Just for Baby expanded this range with its Baby Powder and Baby Soap in less than a year and now provides a complete baby care range.

The brand has shown promising growth in just a year's time and is expected to ensure this momentum in the future. Parachute Just for Baby's stance on expertise in safe baby care, is regularly reinforced by its engagement with pediatricians who share their expertise on Safe Baby care.



Parachute Just for Baby Website

Parachute Just for Baby's website justforbaby.com was launched with a plethora of Baby Care content. The website has various articles, videos, and infographics related to baby care. Moreover, it has a section specially for expecting parents that covers content on how parents can prepare or go through pregnancy smoothly. The website also includes a blog page and a forum where mothers can write about their experiences or share queries regarding baby care from others.

Parachute Just for Baby Doctor's Advice

Considering the mother's primary concern regarding Baby's safety, Parachute Just for Baby partnered with pediatricians to come up with Doctor's Advice which is a platform where Doctor's give advice on Baby Safety, Baby Development Milestones, Baby skincare etc. Mothers will find the Doctor's Advice on the brand's Facebook page Or the Just For Baby YouTube channel.

NPD in FY' 20

| NPD Launched | SKUs | Variants | No of SKUs |
|------------------------------------|--------------------|----------|------------|
| Nihar Naturals Joba Amla Hair Oil | 80, 175, 290 ml | | 3 |
| Parachute Advansed Uptan Soap | 125 gm | | 1 |
| Just For Baby Powder | 100, 200gm | | 2 |
| Nihar Naturals 5 Seed Oil | 100, 200ml | | 2 |
| Set Wet Go Pocket-Deo | 17ml | 2 | 2 |
| SkinPure Beauty Olive Oil | 100, 200ml | | 2 |
| SkinPure Natural White Body Lotion | 100, 200, 300 ml | | 3 |
| Studio X Hair Gel | 20, 50, 100, 200ml | | 12 |
| Studio X Shampoo | 5, 175, 355ml | 3 | 6 |
| Studio X Face Wash | 50, 100ml | 2 | 4 |
| Studio X No-Gas Deo | 120ml | 2 | 2 |
| SkinPure Aloe Gel | 50, 100, 200 ml | | 3 |



12 NPDs



18 Variants



42 SKUs

Sales Initiatives

Driving Phenomenal Growth through Flawless Execution & Seamless Planning

Go-to-Market Initiative

Marico implemented Split calling service in October 2018 which was further expanded and strengthened in FY 2019-20. Marico enhanced direct distribution to ensure dynamic trade activity and quality service to cater to the rural growth. In the newer reaches of direct distribution, Marico worked closely to increase capability of the new distributor, train distributors' field force. At the same time the Company continued its transformation journey with numerous sales automation projects in FY 2019-20 including real time order and movement tracker, comprehensive Midas development and deployment, quality app, merchandizing application for general trade (GT) and modern trade (MT). These developments have been key in driving efficient and effective sales performance monitoring.



Trade Marketing Initiative

The Company continued its signature trade loyalty program "Amar Dokan" which took MBL's growth trend to a consummate level in FY'20 and has been key in driving growth in the NPDs and non-hair oil brands.

Capability Development

Developing capability ahead of growth has been a fundamental strategic pillar of the business. The Company launched a suite of capability development programs for the sales team including distributors' field force to support business growth. The Company facilitated 600 hours of capability intervention programs for sharper execution in sales and distribution.



E-Commerce

The Company in FY'20 expanded its e-commerce partnerships to 15 prominent platforms including Daraz, Evaly, Chaldal, Shajgoj, Ajkerdeal, Bagdoom, Priyoshop etc. Marico also partnered with prominent ride sharing platforms to ensure uninterrupted product delivery during nCovid-19 pandemic. The Company's ecommerce business experienced more than 200% growth in FY'20.

Institutional Sales

The Company extended business opportunities with corporates in FY'20 and institutional sales have been an effective value driver for the business. Marico partnered with almost all the leading pharmaceuticals companies and generated significant business results through these partnerships

Sales Engagement



Marico Sales team in a frame during Quarterly Sales Meet held in January, 2020.



Supply Chain Initiatives

Journey of Best Practice Implementation continues

In order to ensure smooth and uninterrupted service to our customers we have implemented a range of best practices, IT & automation measures in planning, order management, vendor management and physical flow of goods.

In FY'20, we expanded our Order Management System to other customer service locations, i.e. depots and warehouses, in Jashore and Chattogram to bring discipline in the ordering process, reduce sales order fluctuation and increase range selling in the depots. The successful implementation of this process enabled significant increase in range selling and actual allocation against orders.

At the same time we have carried out extensive training to distributors as well as field forces to ensure effective utilization of the systems to achieve business benefits.



In FY20, we also implemented process initiatives for effective and efficient sales & operations planning (S&OP) including a structured supply-demand review. We have implemented SAP MRP automations which greatly reduced the manual processes and man-hours bringing more accuracy of materials requirements data, reductions of inventory and triggering right quantity of purchase orders. In the last year 22 consumer offers were served on time to support volume uplifts from the baseline sales.

With the onset of covid-19 and anticipating extensive supply chain disruptions the Company quickly moved to digital operations and implementation of high-level safety measures at its various service locations including warehouses and depots.



Inauguration of New Office

In continuation of Marico's strategy to be future ready, the Company inaugurated its extended Corporate Office at Green Delta AIMS Tower prior to the country-wide general holiday. Even though the onset of the COVID-19 threw various challenges to regular life the Company ensured this facility with all hygiene & safety measures for its members to have a safe and comfortable workplace when working physically from office resumes. The Extended Corporate Office would serve as the Dhaka Sales Office for the sales members.



19th Annual General Meeting

The Company successfully held its 19th Annual General Meeting which was attended by its valued shareholders who actively participated in the proceedings of the meeting and reiterated their confidence in the management and the business performance of the Company.



Management Letters





“Innovation has been our credo, we are successful because of our people and entrepreneurial culture, we punch above our weight unleashing potential and delivering long-term value”.

Saugata Gupta
Chairman

Chairman's Message

Dear Valued Shareholders,

At the very beginning, I extend my good wishes for health and well-being to you and your families. We are collectively living through a crisis that has taken-over our lives. Needless to say this crisis is unprecedented and there was no template for addressing it. Yet, it is our strong people-centric approach and enduring belief in our potential to deliver that enables us to navigate through the uncertainty ensuring continuity of business and safety of all our people.

I would like to express our gratitude to all our valued shareholders for your continued confidence in Marico to deliver exceptional business performance year-on-year and maximize shareholder value. The financial year 2019-20 (FY'20) delivered one of the most remarkable profit and volume growths of the last 5 years. It is on this note, on behalf of the Board, I take pleasure in welcoming you all to the 20th Annual General Meeting of your company and present to you the Annual Report for FY'20.

We have had an outstanding year marked with high innovation velocity and agility in reaching the market. Your Company delivered another strong year, with an 11.72% revenue growth, 32.04% gross profit growth along with a 9.6% volume growth and closed with a profit after tax of BDT265 Crore which is a 30.78% growth over last year. In FY'20 we declared the highest dividend of 950% since listing and contributed BDT 327 crores to the national exchequer. We continued our impactful social responsibility program with SWAPNO investing BDT 200 million towards uplifting ultra-poor women through sustainable livelihoods.

As we continue to diversify, growth at a consolidated level is pursued through competitively growing your Company's core businesses, building an environment to achieve transformation while also nurturing and investing in emergent businesses of the future. We had 12 new product launches including an international styling range for men and our portfolio now stands at 28 brands and 152 SKUs serving the consumers of Bangladesh.

Your company continues to operate through the heritage brands Parachute, Parachute Advansed, Nihar and Saffola. We have been successful in all our major launches of FY'20 exciting consumers as well as the trade with new offerings. Our flagship brand, Parachute has maintained its leadership position and continues to hold the highest ever market share in the

branded coconut oil category. Our Value Added Hair Oils (VAHO) portfolio has seen remarkable growth in the last year derived from multiple segments & sharp propositions. Your Company now occupies the highest market share in the hair oils category as well.

"Parachute Advansed" was recognized as one the most Consistent Brands of the Decade by Bangladesh Brand forum for its continued excellence over the last 10 years. Earlier "Parachute Advansed" was also recognized as a SUPERBRAND by Bangladesh Brand Forum which is testament to the enduring loyalty and confidence of consumers in the quality of our products and the stature of our brands.

2020 marked a year of significant transformation for the business. We made strategic decisions that, over time, we believe will accelerate growth, reduce complexity and improve operating margin. Our new factory at Mouchak is fully operational complete with best-in-class testing facilities and safety systems. The enhanced manufacturing facilities have afforded greater agility in our operations and enables our continued progress towards manufacturing excellence. We aspire to be proud ambassadors of made in Bangladesh as we deliver a greater variety and world-class products to the consumers of Bangladesh and increase our exports.

Our strength lies in our people and in our brands. Talent and Culture are among the five key strategic pillars that make Marico a future-ready organisation. We have a clear diversity and inclusion agenda and continue to invest heavily into new age capability to excel in the era of digital and artificial intelligence. We have rolled out structured capability frameworks, engagement initiatives and recognition platforms to enable our talent to unleash their potential. We believe at Marico Bangladesh we have world-class talent capable of delivering super-normal results and thriving in a fast-track career.

Our people were at the front and centre of our focus in addressing the covid-19 pandemic. As the pandemic unfolded in Bangladesh, our singular priority was ensuring the health and safety of our members. We instituted work from home for all members including those in frontline sales. Our response to Covid 19 is presented in more detail throughout this report, but in sum, I have never been prouder to be a part of this business. The care and commitment our members have shown to each other, our business associates,

extended work-force and surrounding communities has been an inspiration. Each member of the MBL family has pulled together and responded with agility and resilience, adjusting to new ways of working and delivering outstanding results without compromising on health & safety in any manner.

We have continued our social responsibility initiatives in partnership with UNDP and the government of Bangladesh in the SWAPNO program. In January of this year, we renewed our partnership for an extended period till December 2021 to support Bangladesh's achievement of sustainable development goals through economic empowerment of ultra-poor women.

At this time when the nation is going through the COVID 19 crisis, for supporting the needs of health and hygiene, MBL launched Mediker SafeLife hand sanitizer and hand-wash range of products. As a responsible corporate citizen and for supporting consumers during this public health crisis, we decided to launch Mediker SafeLife range with discounted MRPs. It is our commitment that the profit generated from this range of products for a period of six months will be contributed towards the Hon'ble Prime Minister's Relief Fund.

We firmly believe that it is only our collective efforts that can help us win in the fight against covid. In furtherance of this commitment we contributed BDT 50 lacs to the Hon'ble Prime Minister's Relief Fund. We also provided food relief to 5000 low-income families in Sreepur and Kaliakair Upazilas of Gazipur to support communities around our factory operations. We remain committed to do the best we can to enable our members, our consumers and the society at large to brave through these difficult times.

Your company is working towards building capabilities and being future ready. Our culture and our values have helped build on our strengths, take risks and be resilient through this crisis. Even though our supply chains were not dependent on China, loss of income and the sluggish economy will have impact on overall consumption and the effects of it are already visible. Managing operations, consumer preferences, supply chain and distribution and the workspace are all likely to undergo change. We are aware that business rules in the post-covid world are on track to change and we are reviewing our strategies closely to play in the new normal.

In conclusion, I would like to extend my sincere gratitude to our esteemed shareholders, regulators, industry peers, CSR partners and the consumers of Bangladesh for their sustained trust in Marico. Innovation has been our credo, we are successful because of our people and entrepreneurial culture, we punch above our weight unleashing potential and delivering long-term value. While the future holds many new challenges, with your support, I am confident of delivering strong business performance as we grow from strength to strength.

With warm regards,



Saugata Gupta
Chairman





“The last year was a year of unleashing potential for Marico Bangladesh as we exceeded our own expectations to deliver outstanding growth in volume and profitability.

Ashish Goupal
Managing Director

Message From The Managing Director & CEO

Dear Shareholders,

I write to you at a time when we are facing an unprecedented crisis and I sincerely hope that all of you and your families are safe and well. While the situation around us is grim, it is our resilience, responsible business conduct and belief in our potential that is enabling us to navigate this volatile environment. During this time the physical, financial and emotional safety and well-being of our people has been the overriding priority. We are doing all we can to ensure business continuity and our teams are working tirelessly to mitigate the risks to business. The key in this environment is to remain relevant to the consumers we serve. For us, that essentially means two things: first, earning trust by operating a responsible, multi-stakeholder business model; second, harnessing technology, especially digital-in ways that allow us to reach and delight consumers in new and ever more inventive ways. We are firmly focused on both.

I'm delighted to announce that FY 2019-20 was a year of exceeding ourselves and delivering superlative performance. We achieved the highest profit growth in the last 5 years. This year Marico's revenue growth was 11.72% and gross profit growth was 32.04%. We also registered a 9.6% volume growth in the base business. This performance was delivered by robust growth in our value added hair oils (VAHO) category driven by Parachute Advanced Beliphool & Parachute Advanced Extra Care. The VAHO portfolio was enhanced with the addition of new brands Nihar Naturals Joba Amla, Nihar Naturals 5 Seed Oil.

We re-invented our skin care portfolio with Parachute SkinPure and a range of offerings including body lotions, aloe gel and beauty olive oil. We launched Studio X, our international styling brand, with a complete range of international quality grooming and styling products catering specifically to men including shampoo, facewash, hair gel and deos. Marico's international baby care range Parachute Just for Baby bolstered its range with the launch of baby soap and baby powder. Since Parachute Just for Baby is certified Made Safe™ (by Safe Cosmetics Australia) and with 100% safe ingredients it has quickly built an equity among consumers. The growth in these non-hair oil categories contributed to our overall profitability and strengthened the value mix in our business.

Marico always endeavours to offer best-in-class products to its consumers and now has a range of personal care products. In today's rapidly connected digital world consumers' aspirations and needs are more dynamic than ever. This has led us to redefine our approach to new product development with shorter innovation cycles and faster launches. It has also led us to heavily invest and leverage the digital and social media space to connect with our consumers and communicate our brands. Coupled with our quality offerings, we also increased investment in advertising and promotion across portfolios which has contributed to satisfactory growth. We believe by offering consumers a world class product portfolio backed by our ability to distribute well and our trusted brands we are able to taste success across personal care categories.

We continued our sales transformation journey and implemented various successful initiatives for distribution expansion, effective selling and automation. We accelerated our presence in e-commerce and institutional sales for driving incremental growth through a diversified channel strategy. These are building blocks for the Marico of the future. We continued exports of hair oils to India and Nepal and are actively canvassing other markets for export opportunities as well. Our new factory at our Mouchak premises in Gazipur is operational and we are committed in our pursuit of excellence and aim to offer best-in-class products made in Bangladesh. With our exports we hope to represent good manufacturing practices in Bangladesh to the world. During the covid-19 outbreak, initially we faced challenges on account of disruptions to supply chain, logistics and movement of goods. However, with excellent support from the Ministry of Commerce, local administration and law enforcement we were able to tide over the situation and continue supply of essential products to the consumers.

The last year has been one of unleashing the potential of our members. We undertook a series of structured initiatives to embed this unified belief and recognize standards of behaviour that demonstrated excellence. We were able to attract diverse talent as we invested heavily in creating fit-for-future structures in marketing, sales and supply chain. We delivered a series of learning & development programs, engagement and recognition platforms to enable our talent to unleash their potential.

As the covid-19 pandemic unfolded we quickly implemented work-from-home and a range of measures to ensure the health and safety for our members. We also paid salaries, festival bonuses and profit participation in full and in advance.

Our values are at the core of our actions and drive our performance. One of our fundamental values is transparency and openness which is at the heart of corporate governance. As part of our good corporate governance practices we led and arranged multiple dialogues with stakeholders for better regulations and standards of compliance. Internally we ran a robust program of awareness and sensitization on our Code of Conduct as well as other responsible standards of behavior on social media and digital spaces.

Our commitment to social responsibility and the development of Bangladesh through SDG-forward CSR initiatives remains a core focus of our endeavors. We continued our SWAPNO program and in January 2020 renewed our partnership in the program for another phase till December 2021. In financial year 2019-20 Marico invested BDT 200 million in the SWAPNO program which has enabled 9000+ families to graduate out of poverty and have sustainable livelihoods.

I extend my heartfelt gratitude and appreciation to each and every one of our members for their commitment, ownership and most importantly for partnering in our transformational growth journey. I also express my sincere thanks to all our valued shareholders for their continuing confidence in the Company and management to deliver long-term value. The guidance from our Board of Directors has been invaluable in shaping our success and continued growth. Last but not least, we are grateful to the millions of consumers in Bangladesh who have been with us through the years and continue their loyalty to our products and offerings.

The future is sure to raise new challenges and new opportunities. I firmly believe, if we approach each new step forward with a passion for winning in the marketplace, a commitment to building new capabilities and a mindset that prizes innovation I am confident we will succeed.

Best Regards,



Ashish Goupal
Managing Director

Management Profile



Leading From The Front



Ashish Goupal
Managing Director



Mohammad Hedayet Ullah
Director-Sales



Allen Ebenezer Eric
Director-Marketing



Md. Saiful Alam
Director-Manufacturing



Mohammad Habibur Rahman
Director-Supply Chain and NPd



Ashish Mane
Director-Human Resources



Elias Ahmed
Chief Financial Officer



Christabel Randolph
Director-Legal & Corporate Affairs &
Company Secretary

Profile of Leadership Team



Ashish Goupal
Managing Director

Ashish Goupal took over as Managing Director of Marico Bangladesh Limited (MBL) in July 2018. He joins Marico Bangladesh after a long and rich career with Marico Group where he was Head of Trade Marketing, Shopper Marketing & Demand Planning for the India business. Ashish started his career as a management trainee with global consumer durable major Samsung in year 2004 and thereafter started his long stint with Marico's India in 2006.

During his 14 years stint with Marico, Ashish excelled and delivered path breaking performance in the areas of Sales, Brand Management, New Product Development, Trade Marketing, Shopper Marketing and Demand Planning. In his career he has successfully driven projects in Business Transformation, Process Transformation and Cost optimization along with global consultants. His deep understanding of business along with rich functional experience helped him in launching several successful innovations in India and Bangladesh.

Ashish has versatile interests, in particular he takes a keen interest in contributing towards developing industry talent and grooming young professionals. He has been associated with Marcus Evans Group-Singapore and with The Economic Times for training industry talent on Rural Marketing, Shopper Marketing & Channel Management. Ashish has a degree in Mechanical Engineering and is an alumnus of Jamnalal Bajaj Institute of Management Studies, batch of 2004.



Mohammad Hedayet Ullah
Director-Sales

Hedayet has taken over the responsibility of Director - Sales in December '19. Prior to that he assumed the role of Director-Customer Development, where he was driving the sales development agendas for the business. He is also responsible for developing the emerging channels business in Bangladesh. Hedayet joined Marico as "Head-Sales Development" 4 years ago. During this time he helped the business grow by implementing innovative trade marketing initiatives and strengthening the distribution system. He led the most successful "Sales Transformation" initiative for MBL and also played a pivotal role in implementing the aspiration of bigger and bolder distribution partners by attracting professional distributors throughout the country.

Hedayet joined Marico from Unilever Bangladesh Limited where his last assignment was "Regional Manager". During his 12 years of career with Unilever he worked in different sales roles across the country and led crucial projects. He was the project lead for Frontline Sales Automation, Distributor Replenishment System and Distributor Financing projects.

Hedayet, holds a Master's degree in Economics from Jahangirnagar University. Hedayet is an avid traveler and enjoys playing and watching sports like Badminton & Soccer.



Allen Ebenezer Eric
Director-Marketing

Allen joined Marico Bangladesh in October 2019 and is responsible for driving a successful Marketing function. A passionate marketer, his experience over 15 years in brand management and sales spans two FMCG organizations-Marico and Emami. Starting his career as a Management Trainee in Marico in 2005, he held different Sales and Marketing roles over 9 years, and spent 5 years at Emami Limited, where he led the Fair and Handsome and Pain Management Portfolios (Zandu Balm, Mentho Plus Balm) for India.

His well-rounded marketing experience spans extensive work on heritage Brands, five successful new Brand launches, stabilization and growth in Organization eco-systems; and NPDs, operating across blue-ocean, penetration categories to complex, competitive categories among both urban and rural consumer demographics. His systematic experience on development of sound, long-term brand strategies has led to building effective, consistent, strong brands; and excellence in execution has led to sustainable, profitable growth of brands over the years.

He has led differentiated work, that have received prestigious international recognition, including two Recommended Cases and two Editor's Choice Best Practice papers at WARC, a WARC Asia Strategy Prize, a hat trick at the Appies Asia Pacific Marketing Congress, Singapore and six Effies.

He did his Masters in Business Management from XLRI Jamshedpur, and Mechanical Engineering from Tamil Nadu College of Engineering, Coimbatore. A driving enthusiast and violinist, he enjoys reading and writing.



Md. Saiful Alam
Director-Manufacturing

Saiful brings with him 20+ years of rich experience and currently Heads the Manufacturing Function in Marico Bangladesh Limited. He is responsible for the entire manufacturing function including third party operations, packaging vendor management and projects cum capability building initiatives in Operations. He has been instrumental in leading the manufacturing team towards process excellence. It was under Saiful's Leadership that Marico set up its Crushing and Refinery Plant in Bangladesh. He has also handled several greenfield & brownfield projects in his 8+ Years tenure in Marico. As part of Senior Management, Saiful determines the strategic direction of organizations's manufacturing unit, setting the plan for products, processes, and factory relationships with the goal of increasing efficiency and profitability.

Saiful has diverse experience of working with global MNCs like Nestle Bangladesh Limited and also led functions in India for 3 years during his association with Nestle, successfully delivering in a different culture and society.

Saiful has completed his BSc in Chemical Engineering from BUET. He has keen interest in visiting and exploring new places and in sports.



Mohammad Habibur Rahman

Director-Supply Chain

Mohammad Habibur Rahman is currently the Director of Supply Chain and possesses a rich experience of over 17 years in this arena in several industries starting from retail chain, building materials to FMCG in both renowned local and multinational companies. He joined Marico Bangladesh in March, 2015 as General Manager of Supply Chain. He is responsible for heading the overall demand & supply planning, sourcing & procurement, inbound logistics, new product development, distribution & outbound logistics teams within the Supply Chain Function to ensure quality & effective support to the business in terms of business growth and consistent supply in the market.

Among his several achievements at Marico, Habib had driven RM/PM procurement savings above BDT 1.5 cr and overall savings of BDT 10 cr. He also played a key role in strengthening the S&OP Governance process as well as adaptations of GRC policy at country level to ensure compliance and risk minimization. He achieved Platinum Certification in logistics operations, spearheaded Supply Chain IT Automation Projects and was instrumental to restructure the Supply Chain Function.

Prior to joining Marico, Habib had worked in reputed companies such as Unilever, Lafarge Surma Cement as well as a renowned local conglomerate ACI Logistics in several verticals of Supply Chain.

Habibur Rahman holds a BSc in Mechanical Engineering from BUET (Bangladesh University of Engineering & Technology) and MBA from IBA (Institute of Business Administration) University of Dhaka. He has also received International Certification in Supply Chain from ISCEA, USA as a Certified Supply Chain Manager.

He is an avid reader, keeps interest in sports as well as loves travelling to new places.



Ashish Mane

Director- Human Resources

Ashish Mane in his current role is responsible for driving the Human Resource strategy at the Company and involves working closely with the Management Committee team in co-creating structures to leverage new pockets of growth and establishing frameworks to retain, develop and attract talent to the organization and making Marico Bangladesh an employer of choice.

Ashish has a varied experience in the HR function and holds a postgraduate degree from the Tata Institute of Social Sciences, Mumbai and is a graduate in Chemical Engineering from Institute of Chemical Technology, Mumbai. He has worked across a variety of sectors including manufacturing, information technology, FMCG and OTC and built expertise across verticals, from handling industrial relations issues, driving high performance culture and building a talent strategy.



Elias Ahmed
Chief Financial Officer

Elias Ahmed spearheads MBL Finance and is responsible to lead the Finance & IT functions and is a key member of the corporate branding for Marico Bangladesh Limited. He acts as an advisor to the Senior Management and the Board on the issues pertaining to the regulatory affairs & compliances as well.

Elias has more than 20 years' experience working in various multinational companies and in a local conglomerate. In his most recent role he was Finance Director in Coats Bangladesh Limited, a subsidiary of Coats Group plc, the number-1 sewing thread manufacturer in the world. Prior to that he worked as country CFO in Avery Dennison Bangladesh (a US based fortune 500 company of Avery Dennison Corporation). Prior to Avery Dennison, he worked in Bangladesh Edible Oil Limited, Standard Chartered Bank, Novartis Bangladesh Limited, Novartis Asia Pacific Regional Office in Singapore and in Beximco Pharmaceuticals Limited in various roles.

He is a fellow (FCMA) of the Institute of Cost & Management Accountants, Bangladesh, completed his MBA from University of Dhaka and also obtained Masters of Commerce (M.Com.) from Department of Finance from the University of Dhaka.

Elias is an active member of Trade, Tariff, Taxation & Company Affairs Sub-Committee of FICCI. He is a Donor member of Uttara Club Limited, Dhaka and a permanent Member of Dhaka Boat Club.



Christabel Randolph
Director-Legal & Corporate Affairs and
Company Secretary

Christabel joined Marico Bangladesh in May 2016 as Head of Legal and was subsequently appointed as the Company Secretary. She also leads the corporate affairs and corporate governance agenda of the business including regulatory affairs, corporate social responsibility, public relations and ethics & compliance. Christabel is a qualified Advocate, with experience of practice before the District Courts and High Court Division of the Supreme Court of Bangladesh.

A professional of 13+ years, Christabel has had a fast-track career with a rich base of legal experience spanning litigation, advisory, alternative dispute resolution, critical due diligence projects, compliance management and policy advocacy.

Her recent assignment, before joining Marico was with British American Tobacco Bangladesh (BATB). She has also worked with World Health Organization as their Legal Consultant and as Country Legal Consultant for International Development law Organization (IDLO) and BRAC. Prior to her assignment with BATB, Christabel was an Associate at Dr. Kamal Hossain & Associates. She is also on the Executive Committee of the School of Hope and Vice-President, Committee of Intellectual Property Enforcement (CIPE). Christabel is also an active member of the FMCG Sub-Committee of the Foreign Investors Chamber of Commerce & Industries (FICCI), Commercial Legislation Sub-Committee of Metropolitan Chamber of Commerce & Industries (MCCI) and Legislative Committee of Bangladesh Employers Federation (BEF). Christabel completed her bachelors and masters in law from the University of Dhaka and subsequently pursued her advanced masters in Law and Economics as an Erasmus Mundus Scholar under the European Commission.

She has keen interests in reading, music and loves travelling.

How we create value



Our Business Model

At Marico, we intend to maximize value for all our stakeholders by driving sustainable growth. the nucleus of our business is based on our principle of making a difference across our business spectrum and all the lives we touch.



Procure

- Locally & Globally



Produce

- 99% Locally Manufactured
- Best-in-class quality



Distribute

- Strong Distribution footprint across 700,000+ retail universe



Consumers

- Continuous research to serve the evolving preferences of Bangladeshi consumers.
- Delighting consumers by with best in-quality brands



Profits

- Dividends to Shareholders.
- Profit Participation with employees
- Revenue to govt.
- Retention for Reinvestment



Sustainability

- Optimizing energy & water consumption. Ensuring a GREEN and SAFE Workplace
- Investing ~ 1% of profit in CSR: SWAPNO- economic empowerment of ultra-poor women

Two years' Value Added Statement

| | FY 2020 | | FY 2019 | |
|--------------------------------------|----------------------|-------------|----------------------|-------------|
| | BDT | % | BDT | % |
| Value added | | | | |
| Turnover (net) | 9,795,911,357 | | 8,768,160,138 | |
| Less: Bought in Materials & Services | (4,878,291,945) | | (4,253,094,584) | |
| | 4,917,619,412 | | 4,515,065,554 | |
| Indirect tax with turnover | 1,599,425,649 | | 1,002,000,000 | |
| Other Income/(expense) | (1,163,657) | | 1,468,444 | |
| Net finance income | 193,245,424 | | 158,197,279 | |
| Available for distribution | 6,709,126,828 | 100% | 5,676,731,277 | 100% |
| Distributions | | | | |
| Employees | 782,038,562 | 11.66% | 641,247,095 | 11.30% |
| Government | 3,274,951,830 | 48.81% | 2,736,625,662 | 48.21% |
| Shareholders | 2,520,000,000 | 37.56% | 2,205,000,000 | 38.84% |
| Value reinvested and retained | | | | |
| Depreciation and amortization | 132,136,436 | 1.97% | 93,858,521 | 1.65% |
| | 6,709,126,828 | 100% | 5,676,731,277 | 100% |

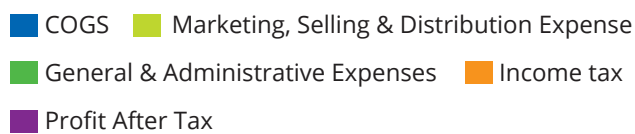
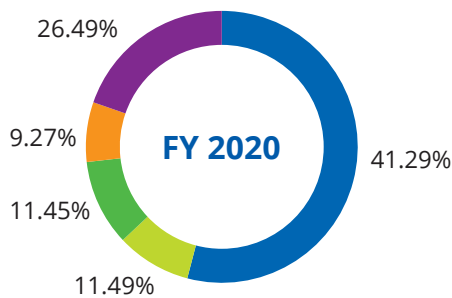
Economic Value Added Statement

| | FY 2020 | FY 2019 |
|--------------------------------|----------------------|----------------------|
| | BDT | BDT |
| Net operating profit after tax | 2,452,993,023 | 1,865,194,543 |
| Total capital employed | 1,641,270,208 | 919,033,877 |
| WACC % | 11.65% | 12.11% |
| WACC | 191,207,979 | 111,270,189 |
| EVA=NOPAT-WACC | 2,261,785,044 | 1,753,924,355 |

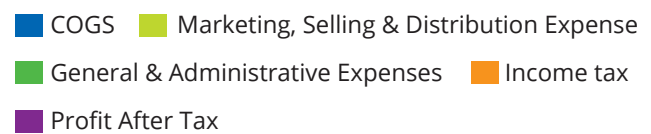
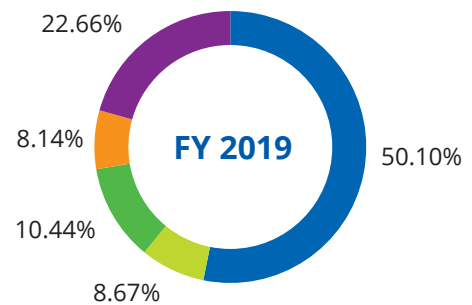
Vertical Analysis of Income Statement

| | FY 2020 | FY 2019 |
|---|----------------|----------------|
| | BDT | BDT |
| Sales Revenue | 98.08% | 98.21% |
| Net Finance Income & Other Income | 1.92% | 1.79% |
| | 100.00% | 100.00% |
| COGS | 41.29% | 50.10% |
| Marketing, Selling & Distribution Expense | 11.49% | 8.67% |
| General & Administrative Expenses | 11.45% | 10.44% |
| Income tax | 9.27% | 8.14% |
| Profit After Tax | 26.49% | 22.66% |
| | 100.00% | 100.00% |

Vertical Analysis of Income Statement



Vertical Analysis of Income Statement



Vertical Analysis of Balance Sheet

| | FY 2020 | FY 2019 |
|-------------------------|-------------|-------------|
| Non-Current Assets | 18% | 13% |
| Current Assets | 82% | 87% |
| Total Assets | 100% | 100% |
| Total Equity | 28% | 28% |
| Non-Current Liabilities | 5% | 1% |
| Current Liabilities | 67% | 70% |
| | 100% | 100% |

Operations Practices

Marico's manufacturing capital comprises its signature processes inasmuch as it comprises its assets, infrastructure and the materials that are sourced responsibly which contribute to its

sustainable processes. Our entire operations model is based on manufacturing excellence through sustainable practices to deliver best-in-class products for our consumers.



Act Now!

Marico has continued to maintain operation excellence throughout every step of manufacturing process from raw material sourcing to final product delivery. Our factory team implemented prominent lean manufacturing tools to bring the best results in operation. From ensuring good manufacturing practices (GMP) to integrated work systems, asset care and complete industrial and fire safety, **Act Now!** is a holistic embodiment of the philosophy behind our manufacturing capital and operations practices. Different problem solving projects (ProSolve-2) are carried out by means of lean manufacturing tools. Leveraging these best practices the Factory has delivered a savings of more than BDT 60 lac in FY19-20 from those projects.

Production Efficiencies

Measures were taken to reduce loss and drive efficiencies during product changeovers advanced problem solving tools were applied to identify five parameters which would solve and reduce loss during changeovers which delivered savings of BDT 43.4 lac for the business.



New Factory in Mouchak

In 2019 MBL invested in future-fit manufacturing capability to cater to its innovation portfolio and currently has facilities for manufacturing best-in-class personal care products as well as edible oil. The

multistoried building with complete new manufacturing facilities had been built within 9 months to start operation before winter to support the launch of the winter skin care range.

| | | | |
|---|---|---|--|
|  <p>March 2019 Layout Marking & Footing Excavation</p> |  <p>April 2019 Footing Casting with CC Column & Earth Filling</p> |  <p>May 2019 Grade Beam RCC Casting. PEB Erection start</p> |  <p>June 2019 PEB Erection Complete</p> |
|  <p>July 2019 1st-3rd floor slab casting. REB Load extension</p> |  <p>August 2019 Electrical Erection Started. PU Floor Started</p> |  <p>September 2019 HVAC-Chilled Installed. Filling Machine Installed.</p> |  <p>October 2019 Micro lab Complete. Fire Detection Started</p> |

After establishment of water-based manufacturing facility, Mouchak plant registered continued success to reach new heights. In this new operational setup, complete microbiology & wet lab had been established. The speed and execution excellence in setting up the new factory with state of the art manufacturing facility enabled timely launch of new brands and products, most significantly, launch of international styling brand Studio X for men and SkinPure range comprising of beauty olive oil, body lotion and aloe gel.



Quality Excellence

Marico is committed to maintaining world-class quality which underlies our brands as the trusted one to the consumers. To reinforce and celebrate this drive towards quality excellence MBL celebrates Quality Week- a week dedicated for quality consciousness to retain MBL's leadership position in the market and loyalty with consumers. Quality Week is designed with lots of engagement activities like Quality riddles, quiz, poster making competition, defect stall, 5s campaign, quality display etc.



BSTI Official Visit at Shirirchala & Mouchak Factory

Regulatory Partnership & Factory Visits

Many of our products requires licensing from the Bangladesh Standards & Testing Institution (BSTI) and other regulators. In order to obtain these licenses MBL is required to undergo rigorous inspection and fully meet quality parameters. MBL's benchmark manufacturing facilities are greatly appreciated by regulators who visit for inspection as well as for knowledge sharing partnerships. MBL's manufacturing facilities also satisfy halal requirements and in FY'20 MBL obtained Halal Certification for its factories.



ISO Audit at Factories

Workforce Engagement

Our manufacturing locations organized several engagement activities on a regular basis. This helps drive our uniform culture, common aspirations and reduce risk of any industrial relations dispute. Below are some of the signature engagement initiatives at our factories. Women’s Day Celebrated at Mouchak Factory. Almost 70 female worker participated in this year women’s day celebration.



Women’s Day Celebration

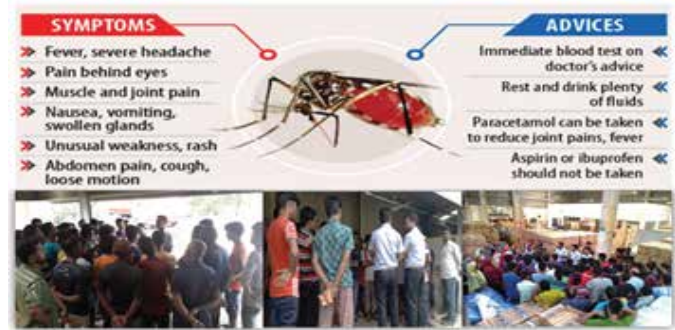


Bosonto Boron Celebration

Community Engagement

Marico is not limited to building quality awareness inside organization. As part of social responsibility, Marico also visits local schools to engage little school going children in raising awareness about basic safety and hygiene practice, Do and Don’ts of everyday work, road safety, cleaning campaign etc. which delivers the message to our new generation how to lead a quality life and building sustainable clean society as well as clean country through Team Work.

Blood donation camp was organized at Mouchak factory with a collaboration of Bangladesh Red Crescent Society. With this initiative, Marico members stand for a noble cause to the community.



Awareness Session among Factory Workers



Emergency Factory Measures During COVID-19



Daily awareness on Covid 19



Hand Washing Facility at the entrance



Factory Vehicles disinfected everyday



Drinking Facility on each floors



Sehri and Iftar to all members including shift workers.



Hand Sanitizers placed in all prime factory locations



Body temperature screening and no symptom declaration



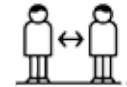
Factory Hotspots cleaned every 2 hours(Door Knobs/Handles)



PPE Suit, Gloves, Masks provided and Mandated



Shoes washed with bleaching powder before entering premises.



Floor marks to maintain social distance.



Isolation Areas made

MBL pro-actively implemented emergency safety measures recommended by WHO and the govt to ensure continuity of supply of essential productions

Financial Capital

Marico aims to efficiently leverage the monetary resources at its disposal to create, enhance and distribute value to all stakeholders in the value chain. The Company invests behind manufacturing practices, human resources, innovation, distribution footprint and transformation, which enables it to consistently deliver effective customer value proposition and expand its consumer franchise. With a 17.01% PAT CAGR in total shareholder returns since listing, the Company strives to maximise shareholder value by delivering sustainable profitable growth while maintaining an optimal capital structure.

FY 20 Highlights



Focus Area

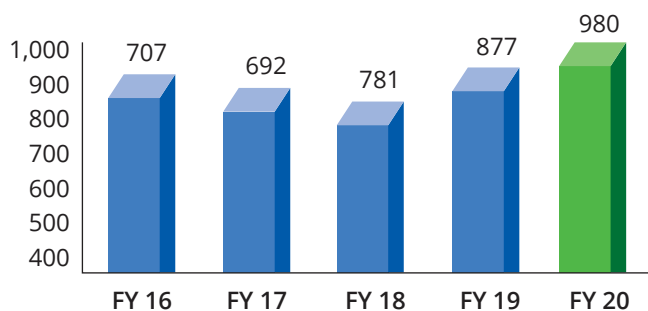


Value Creation Process

| Inputs | Outputs |
|---------------------------------|---|
| Capital Employed | Return on Equity (ROE) increased by 35.60% |
| Borrowings | NOCF per share increased by 12.78% |
| Accounting policies & practices | PAT increased by 30.78% to BDT 264.63 crore |

Financial Performance

Turnover (BDT Crores)

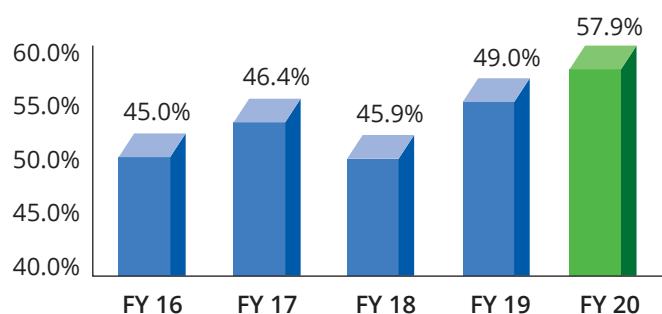


There is a persistent growth in turnover for the past four years reporting a 11.72% growth in FY'20.

Strong volume growth among all categories along with reduction in key input cost is one of the key reasons of such robust growth.

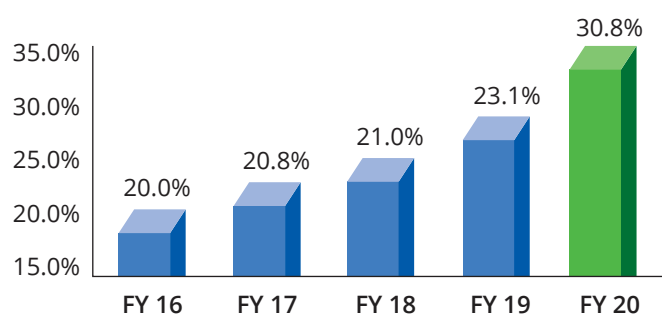
During FY'20, the company has launched several new products in the market-including a range of under the brand name "X-men" "Skin pure".

Gross Margin %



Company's Gross Margin average over the past few years is around 49%. There was a sharp growth of 8.9% during FY'20. This growth was mainly driven by reduction in cost of sales & higher revenue from PCNO & VAHO.

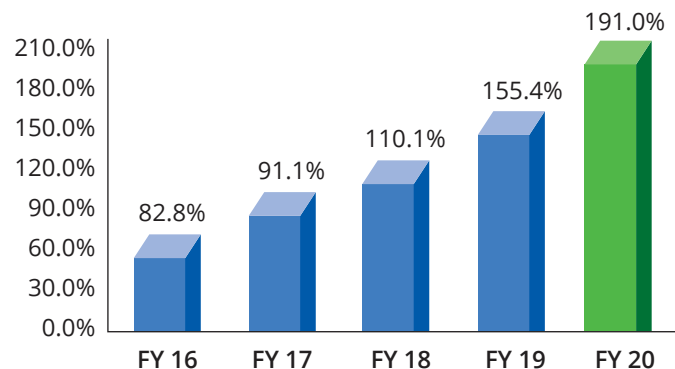
Net Margin (BDT Crores)



Despite growing operating expenditures and income tax expenses, MBL has managed to exhibit significant growth in Net Margin over the years.

Favorable gross profit growth and an increasing finance income played a major role in achieving such heights over the years. MBL reported finance income of BDT 19.32 crore during FY'20.

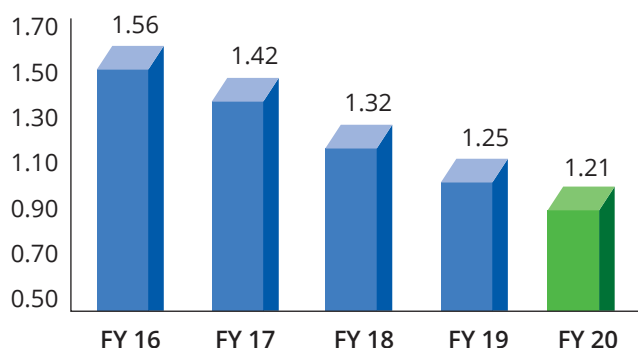
Return on Equity (ROE)



The ROE percentage has been positively increasing over the past five years.

There is a sharp increase of 35.6% in FY'20. A significant growth in Company's Net profit is one of the major contributors of such a high ROE percentage. The net profit grew by 30.78% in FY'20 compared to last year.

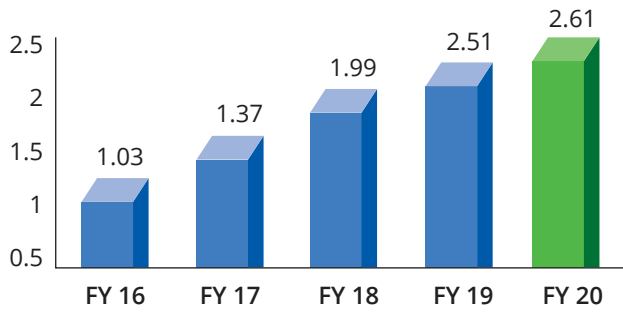
Current Ratio



The Company has been successfully maintaining the current ratio to be well above 1.0 reflecting a healthy liquidity state.

Despite experiencing a positive growth in financial assets, the ratio has been slightly downward sloping because of increasing trade & other payables.

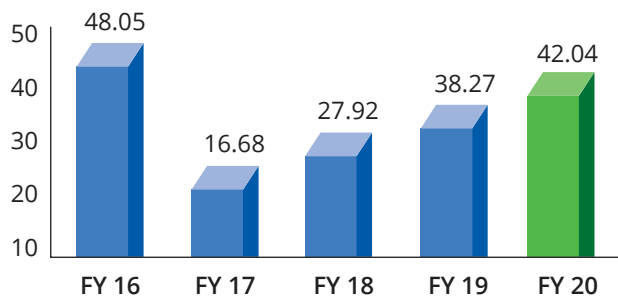
Debt Equity Ratio



Due to relatively higher short-term obligations compared to company's equity, the Debt equity ratio has been rising over the years.

The retained earnings grew slightly in FY'20.

Cash & Cash Equivalent



The Company's cash & cash equivalent at the end of FY'20 stood at 42.04 crore. Main source of cash to the company is its operating activities.

There was net cash out flow in financing activities due to dividend payment, repayment of short term borrowing of the company.

Developing Our Human Resources

At Marico we firmly believe our strength lies in our people and our brands. Developing our human capital to enable them to unleash their potential is critical to delivering enduring business results. Central to our consumer-centric approach is ensuring a diverse workforce that understands the varied needs of consumers. We therefore aim to have a multi-cultural workforce across all functions. With an 81% millennial population among our members we see developing human resources from 3 fundamental aspects:

- Culture and engagement
- Capability development
- Reward and recognition

We believe that performance and career progression should be the output of the right work-environment which enables members to challenge themselves and provides them with the support and recognition to motivate them to excel. In this report we discuss each of these aspects

Culture and Engagement

Marico nurtures a corporate culture that is open, flexible and multifaceted. Our strong and united team spirit allows us to build a working environment that unleashes the potential of each of our members through an array of interventions.

Family Day

We celebrated Marico for what it is today by bringing all our members and their families together at our biggest annual engagement forum 'Marico Family Day'. With the theme of CandyLand, this year we spent a memorable day outdoors, filled with fun and exciting activities for all ranging from kid's race, cricket and badminton tournament, pillow passing for spouses, live music by our very own members, talent show and rejoicing the spirit of Marico by connecting with our members and their families.



Women's Day and Men's Day

Diversity is our strength. We are proud of the uniqueness and the individuality that all of our members bring to Marico. This year, we celebrated both Men's Day and Women's Day with a commitment to bring out the true potentials in each other. On both occasions, we had a special Inspire Session where, three unique personalities – Anayet Rashid, CEO and Founder of TruckLagbe on Men's Day and Mirona Khatun, Coach, Dhaka City Football Club - Men's team and Aambreen Reza, Co-Founder and Managing Director, Foodpanda on Women's Day inspired us with their stories of breaking all odds respectively. Additionally, on Men's Day our members had a blast taking part in a selfie contest, while on Women's Day, our ladies strengthened their bond over a game of laser tag and coffee.



Pohela Boishak and Pohela Falgun

Like every year, we celebrated the roots, traditions and harmony of Bangladesh through two awaited Bengali festivities-Pohela Boishak and Pohela Falgun. Dressed in traditional bright colored sarees and Punjabis, our members welcomed spring and New Year with warm greetings, live country music and Bengali delicacies.



Iftar Party and Eid Celebrations

Ramadan is all about togetherness. Our annual Iftar party and celebrating Eid with warm greetings and gifts brought out the real essence of the Ramadan spirit this year as well.

Birthday Celebrations

The last day of each month is a day of celebrations and joy at Marico! All of our members gather around at our cafeteria decorated with balloons and cake to sing the birthday song to all the members who had their birthdays that month.



Functional Day Outs

Team outbounds are our way of connecting and building a closely-knit team. This year too, each functional teams indulged in a fun overnight outing not only to de-stress and have fun but come back as a united recharged force.

Member Health and Wellbeing Initiatives

Brining our best versions to work means being fit, healthy and happy. Our culture promotes positive physical and mental health of our members to be able to maximize their true potentials.

Stepathlon

The Stepathlon challenge is our biggest global fitness engagement in partnership with the fitness platform, Stepathlon to get our members to take charge of their physical and mental wellbeing in fun, motivating and sustainable ways. Spanning over 75 days, the engagement ran in two folds. This involved teaming up in 4 and getting into shape together while the other fold involved participating in various fitness challenges including in Staircase, sit against wall, plank, lunges, pushups, running, squats, steps, etc.

Wellbeing Sessions

We are an advocate of supporting our member's both professional and personal lives. Every month, we run different lifestyle sessions that aids them to led fulfilling lives. Looking into this year, we had sessions starting from healthy parenting, stress management, women health awareness, healthy diet and nutrition, work life balance, etc.



Wellbeing Session



Organization Communication and 20 years celebration

This year's annual organization communication called for double the celebrations with Marico hitting a milestone of 20 years in business. The ravishing event took place at the Radisson Blu Water Garden Hotel with an array of stakeholders and esteemed guests gathering to celebrate the milestone with Marico. The leadership team opened the event followed by highlighting our exceptional business performances and recognizing exemplary contributions by our members. The celebrations ended with a gala dinner.

20 Years Celebration



LeadersR'Teachers Business Acumen Series

Being confronted by rapid shifts in market dynamics and evolving customer preferences, we are on a journey to polish our business acumen competencies at all levels to serve our consumers and communities better. Keeping that in mind, we extended our in-house learning platform 'LeadersR'Teachers and introduced 'Business Acumen Series' to partner with all functions and use our respective strengths to enrich business acumen and instill the practice of knowledge sharing across all our members. The series was a 6 month journey, covering 15 sessions conducted by our very own members.

Capability Development

We are committed to the growth and development of each of our members to unleash their true potentials. Our thorough performance management processes and learning programs bridge skill gaps and equip our members to lead in their respective and future roles.

Inspire

Launched in 2018, Inspire is an external speaker-led platform for our members at Marico, where we aim to connect, learn and be inspired from leaders across the industry. This year, we had the privilege to meet and hear unique and inspirational stories from 10 different industry leaders.



Blink

Member development is at the core of our business. To enrich members' learning experiences, we have introduced Marico's Netflix of learning called Blink. We have partnered with Edcast, a learning experience platform making thousands of learning materials from internal and external renowned sources such as HBR, Ted, Udacity, Coursera available for our members, which can be accessed anytime and anywhere simply by logging into the application. This in turn has allowed our members to enable real time & continuous learning, empower them to take charge of their learning and deliver high business impact thus enabling and enhancing their skills and capabilities.

Factory and Sales Learning Hour

In FY'20 an internal learning platform, Learning Hour was introduced for our members in factory and Sales which is a monthly exercise where members devote time to learn and polish their soft and functional skills. During the year the soft-skills covered were presentation skills, communication etiquette while functional topics covered were policy refreshers, vat compliance, distributor management, etc.

Functional Learning Programs Integrated Management Systems

This is a customized certified Integrated Management System training for our Operations members which is designed to develop capability for internal audits of a company's quality management systems, environmental management systems and occupational health & safety (QMS, EMS & OH&SMS). To ensure relevance and excitement the training was designed with mix of taught sessions, interactive group discussions, exercises and pre-post assessments.

Bangladesh Labour Law

Enabling our members to maximize their true potentials to make a difference at Marico and beyond is one of our biggest priority. To ensure that, Human Resources are partnering across all functions so that members are provided with the right work environment, resources and benefits for them to flourish. This year, our Human Resources team had undergone a refresher on Bangladesh Labour Law to acquaint themselves with changes in the labour law and re-evaluate scopes to provide first-class member experience while fully complying with the Bangladesh Labour law.

MM Module

SAP MM Module is one of the extensively used ERP systems which enables MBL Supply Chain team to bring efficiency and effectiveness in the procurement and planning area. To ensure in-depth understanding and optimal usage of the module, our supply chain team went through a customized program designed by one of our leaning partners consisting of 8 sessions including pre and post training assessments.

Sales Capability

Our Winning Sales Team is on a continuous journey to drive excellence and equip themselves to ensure persistent growth and sustainability at Marico. To complement the ambition, the team underwent to rigorous programs this year:

- TDOM, an internal training to drive excellence in territory management, distribution system & outlet development.
- Analytics Driven Decision Making, a two day simulation based training to enhance data proficiency and make calculated business decisions based on analytics.



Leadership Programs

At Marico we deliver certain signature leadership programs that are aligned to our values and culture to enable members move ahead in their personal leadership journeys.

Mini RMP

52 young managers experienced our global signature learning program, called Relationship Management Program (RMP) in two batches this year. The intensive 3-day residential learning program is a platform for our managers to unleash their potential by mastering relationship management skills to create real business impact.

Young Leaders' Program

Leadership at Marico is about enabling our members to unleash their potential and lead from the front. Leading with Impact: Young Leaders Program, a six month leadership program is designed for our young managers, who play a key role in facilitating Marico's growth. Our young managers are undergoing this six months leadership voyage, where each element is constructed to take a blended approach to learn, absorb and reflect for real time application of the concepts in partnership with our global learning partner.



Reward & Recognition

In FY'20 we rolled out a series of recognition platforms which augment our recognition framework. This exercise which is carried out at the quarterly town-halls and sales meets for the first time aligned performance with the standards of behavior underlying our unleashing potential ethos.

The Design Principles underlying our Recognition framework are:

- Aligned with our business objectives
- Reinforces the Unleashing Potential behaviors & practices
- Empowers supervisors at all levels
- Leverages social recognition

The objectives of our recognition framework is as follows:

1. To incorporate an appreciation culture
2. To tangibly reward members on a close to real-time basis
3. To highlight the exemplary unleashing potential behaviors emulated by our members
4. To recognize members who exhibits Marico Values
5. To recognize and appreciate members on outstanding contributions

The reward & recognition platforms are structured on a monthly, quarterly and annual frequency with different criteria for each platform.



Positioning as Employer of Choice

Academic Collaboration with EWU

In our commitment to unleash the potential of the next generation of leaders, Marico Bangladesh collaborated with coveted East West University. As part of this collaboration, Marico Bangladesh will contribute to the academic curriculum by exposing students to real-life implications and experiential learning.

The first interactive lecture, which consisted of case solving and a debate was conducted by our Human Resources Director, Ashish Mane on Human Resources Management

Trailblazer Roadshow

Our efforts to enable graduates to kick start their careers and be the trailblazers of tomorrow continued this year as well. With the theme of unleashing the potential of the next generation young leaders, our senior managers connected with the students of 6 top business schools through their experiential stories and wisdom.



Impact90 Internship Program

Our signature internship program Impact90 was back this year in three batches, garnering an overwhelming response among final year undergraduate students with finally 21 interns from 10 top universities being selected. They interns had the opportunity to not only get hands on experience through working on projects that had direct contributions to Marico but also be mentored by some of the most prominent leaders of the industry.

Social Connect Launch Instagram Page

This year, we have expanded our social presence by launching our page 'MaricoMatters' on Instagram. Within a span of 6 months, we have managed to garner 600 followers organically. The page brings out our values and the lively, united and diverse culture that we are proud to have.

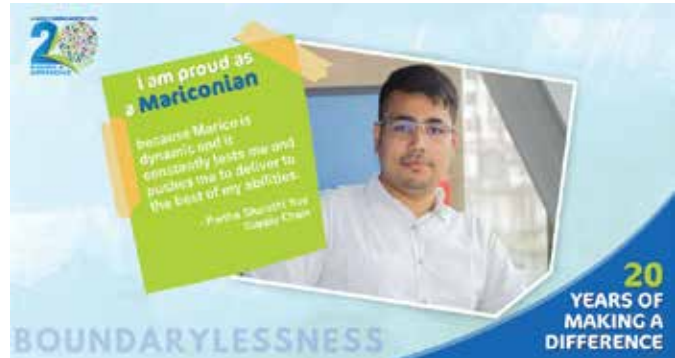
Women's Day Campaign Shattering Stereotypes

This year, we brought out powerful, inspiring and exemplary stories of our members to the world through our social media platforms, who are breaking stereotypes at work and beyond.



Pride Campaign

Our members shared their stories of what makes them a proud member of Marico through our 'Pride Campaign' on our social media platforms.



Unlocking Interviews Campaign

In response to student's queries on the interview process and guidelines of Marico, we led a 2 week campaign on our social media platforms where our highly experienced assessors shared their secrets on how to prepare better for interviews at Marico and beyond.

Derived from the company's core values, our Culture defines who we are and what we stand for in our everyday business. We are striving to unleash our potentials everyday, enabling us to live our dream of MyMaricoMydream 2Xby22.

Our Impact





Sustainability Report (Manufacturing Unit)

Our Vision



Our vision is to lead the change towards circular and climate positive attitude while being a fair and equal organization

Our Ambition

Our commitment to leadership in sustainability is anchored in our corporate values. We want to create more value – for our customers and consumers, our employees, our shareholders, for the communities we operate in, and for our company – while reducing our environmental footprint at the same time.



Our Belief

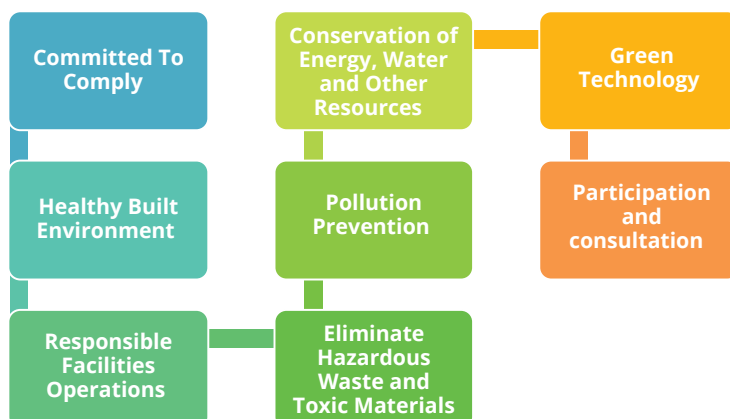


We believe that a healthy environment, society and economy are fundamental to long-term business success.

Our Ultimate Aim



Key Points Of Sustainability In Manufacturing





SUSTAINABILITY IN ENERGY MANAGEMENT



Mouchak Plant





| Concern | Unit | 2018-19 | 2019-20 | % of * Reduction |
|--|--------|---------|---------|------------------|
|  Specific power consumption | KWH/KL | 37.4 | 45.06 | N/A |
|  Specific Fuel consumption | Ltr/MT | 1.12 | 1.40 | N/A |

* Operation of new facility and new function of production has been started



Shirirchala Plant



| Concern | Unit | 2018-19 | 2019-20 | % of * Reduction |
|--|--------|---------|---------|------------------|
|  Specific power consumption | KWH/KL | 78.32 | 78.00 | 0.40% |
|  Specific Fuel consumption | Ltr/MT | 9.72 | 9.65 | 0.72% |



ENERGY EFFICIENT LED LIGHT

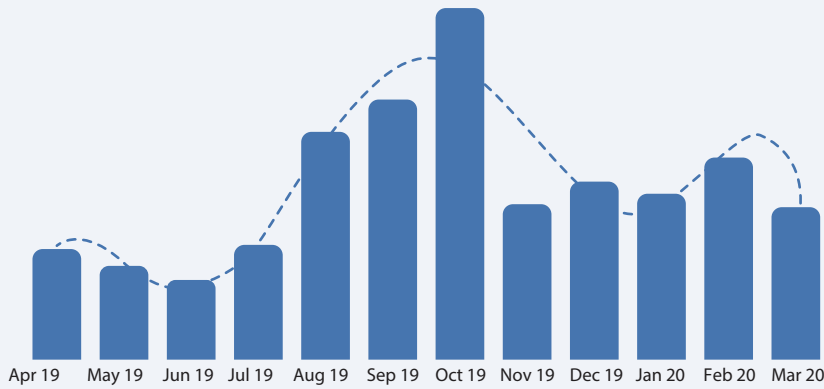
80% LED LIGHT AT MOUCHAK

98% LED LIGHT AT SHIRIRCHALA

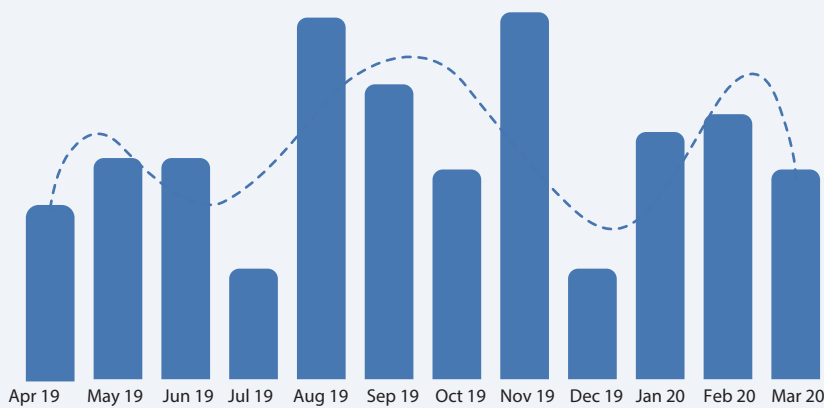
Water Conservation

Water pollution is increasing worldwide and freshwater is increasingly scarce, with 2.3 billion people lacking basic sanitation services.

We are part of a water-intense industry and are committed to push harder for action and progress throughout our value chain.



**Average KL/MT
(19-20) – 0.39 7KL
Mouchak Factory**



**Average KL/MT
(19-20)– 0.59 KL
Shirchala Factory**

Our aim is to complete these following water conservation project within 2020-2021 fiscal year where potential saving will be 1500 KL per year.

- Use Foot Valves for Water Tap
- Usage ETP Treated Water in Cake Cooler
- Rain Water Harvesting





SAFETY PERFORMANCE

SAFE WORKPLACE



SOUND BUSINESS

The prevention of work-related injury and illness is of crucial importance to employees, industry and wider society. Corporate safety culture, which describes shared values within an organization which influence its members' attitudes, values and beliefs in relation to safety, is now generally accepted as having a strong influence over workplace accidents and injuries.

| Goal 2019-20 | Target | Achievement | Remarks |
|--------------|----------------------|-----------------------|---------|
| | 80% CAPA Compliance | 85% CAPA Compliance | Advance |
| | 95% Audit Compliance | 100% Audit Compliance | Advance |
| | LTIFR-0 | LTIFR-0 | Stable |

STORY BEHIND ZERO LTIFR

60,864

Hours with

ZER 
Loss Time
Injury
(LTI)

SHE Talk

Environmental Monitoring

SHE Kaizens & OPL

Emergency Drills

Internal & External SHE Audits

SHE Awareness Programs

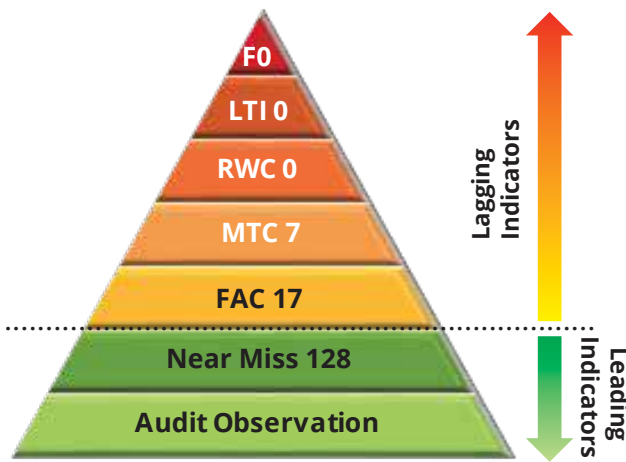
445 SHE Observation

114 SHE Audits

377 Permit to Work Issued

132.5 Training Man-Hours

42 Kaizen & **45** OPL



Incident Triangle

The Triangle represents an overview of MBL SHE Performance for 2019-20. Lagging indicators above the dotted line show where we have failed and injured our personnel or 3P, first aid case, medical treatment case and restricted work case & lost time injuries. All the incidents below the dotted line represent incidents that could have lead to someone being injured. It is our aim to investigate every single one of these incidents and ensure that preventive actions are put in place to stop reoccurrence.

Management Review

The management review meeting on SHE and sustainability performance is reviewed by the SHE committee along with senior management every month to evaluate the statistics of the previous month's SHE performance as well as abnormalities.



International Standard Accreditations BS OHSAS 18001:2007 & ISO 14001:2015

SHE Training And Drill

Emphasizing the importance of Safety, Health & Environment, we provide external and internal SHE training courses to assure that all members maintain essential competencies in relation to health and safety at work and eliminate unsafe acts & conditions to prevent incidents. A total of **132.5** training man hours were completed during **2019-20** on SHE training.



Corporate Social Responsibility

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

At Marico our core philosophy is to Make a Difference. The power of our business lies in our purpose of delivering inclusive growth which would make a meaningful difference to the communities around us. We partner with our stakeholders to create lasting economic value, improve quality of life and support the attainment of the Sustainable Development Goals (SDG). We have a vibrant community volunteering program as well which is integral to engaging with the communities surrounding our manufacturing operations.

In the last financial year Marico invested BDT 200 million in the SWAPNO program which has enabled 9000 beneficiaries to graduate out of poverty and have sustainable livelihoods. In addition to the existing 9000 beneficiaries another 3,564 were enrolled in the program in Q3 of FY 20.



SWAPNO Program-Unleashing The Potential Of Ultra-poor Women

Marico continued its partnership with the United Nations Development Program (UNDP) and the Govt to deliver the SWAPNO program which targets ultra-poor women-led households. The program is a best-in-class poverty graduation model and Marico is the first private sector partner to undertake such a programmatic approach to poverty alleviation along-side the government and UNDP. SWAPNO focuses on creating productive employment opportunities for its beneficiaries (rather than being merely a safety net programme), aiming at more sustainable poverty-alleviation results.

The program works with the most vulnerable groups of women, where, 47% beneficiaries are widowed, 27% are abandoned, 18% are divorced and 8% have a disabled husband. The program has now expanded to Jamalpur, Lalmonirhat and Gaibandha districts in addition to Kurigram and Satkhira under the renewed partnership agreement.



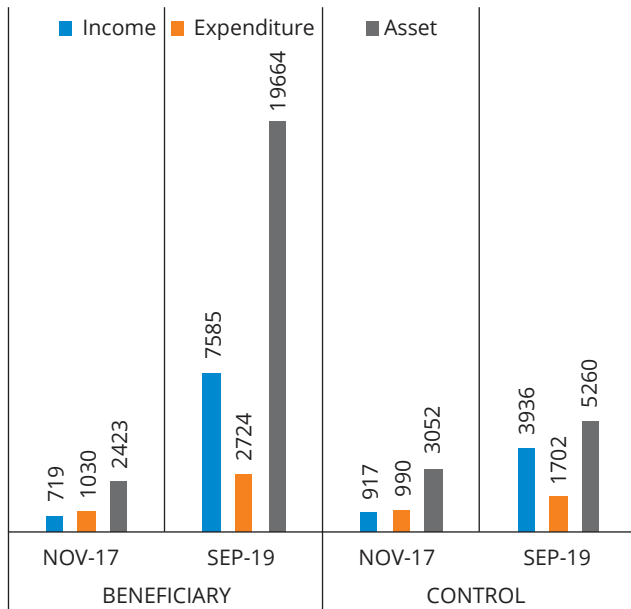
Fig1: Contract between Marico and UNDP



Impact Parameters

| Financial Inclusion | Asset Creation | Behavioural Change | Income Increase |
|---|---|---|---|
| Beneficiaries are provided with mobile handsets to ensure: 1. 100% digital payment 2. Complete transparency in fund transfers | All beneficiaries participate in Rotating Savings and Credit Associations which enables them to access financing for expanding livelihoods or buying assets | Apart from livelihood skills, the program provides training on health and nutrition, gender issues, adult financial literacy to empower beneficiaries to manage their livelihoods independently | Economic empowerment is measured* across increase in income, consumption/-expenditure and increase in asset holding |

The following chart illustrates the change in economic status of SWAPNO beneficiaries



*Independent evaluation by Bangladesh Institute of Development Studies (BIDS)

Market Opportunity Survey

Based on mutual discussions between Marico and UNDP an independent Market Opportunity Survey (MOS) and Training Needs Assessment (TNA) in the new districts included under the program was conducted. Based on the different trades identified by the surveys, the skills training plan for livelihoods development and formal sector employment are being redesigned. Through the MOS, 44 trades are identified by the respondents which might be suitable for beneficiaries. The trades are clustered into three categories i.e. high priority (above 50%); average priority (from 50% to 25%) and less priority trades (below 25%).

Private Sector Knowledge Partnership for Achieving SDGs

The SWAPNO program is aligned with and has a direct bearing on the achievement of 8 of the 17 SDGs. The government has also commended the program as a best-in-class at the Social Security Summit organized by the Cabinet Ministry. Given the learnings of the partnership and Marico's extensive expertise in sales & distribution, MARICO will act as 'Knowledge Partner' to UNDP to derive the following outcomes:

1. Find solutions for development challenges through core business activities and initiatives that include low-income groups into value chains

2. Co-designed programs targeting distressed and vulnerable women to get them out of poverty and help them sustain with higher income level
3. Co-design and implement strategies for transitioning current SWAPNO approach to market-driven skills and diversified climate change resilient livelihoods options



The First Ever Private Sector Dialogue

This was the first of its kind tripartite dialogue between the government, UNDP and the private sector was held on 23 September 2019. Representatives from the Ministry of Finance, Ministry of Local Government and Rural Development (LGRD), Ministry of Environment were present and actively took part in the dialogue. Drawing upon the success and learnings of the Marico-UNDP-Government partnership in SWAPNO program major local and global corporates including Unilever, Robi Axiata, H&M, Bank Asia also participated towards forming a private-sector alliance and replicating the SWAPNO partnership model.



Supporting The Fight Against Covid

As the nCovid-19 broke out in Bangladesh, the country of 167 million people, like many other countries in the world was struggling to contend with its multifaceted adverse effects. The government of Bangladesh took a variety of measures to ensure the welfare and safety of the people. To support the Government's efforts in the fight against Covid, Marico Bangladesh contributed Tk. 50 lakh to the Prime Minister's Relief and Welfare Fund.

MBL also launched hand-sanitizer and hand-washes under its international hygiene brand Mediker SafeLife considering the urgent need for adequate supply of these products as washing/sanitizing hands is a critical precautionary measure in the fight against COVID-19 advocated by WHO and IEDCR. The range was launched with discounted MRPs and MBL has pledged that profit generated from the sales of Mediker SafeLife range of products for the period six months will be contributed towards the Prime Minister's Relief Fund.

The low income demographic was worst hit by the pandemic. With the collapse of the RMG sector the community surrounding our factories were being pushed into severe income vulnerable condition. To support this vulnerable segment of people during covid-19 crisis, MBL and the Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) jointly undertook a month-long food relief initiative for 5000 low-income families in Sreepur and Kaliakair Upazilas of Gazipur. The relief was administered with the help of the Deputy Commissioner of Gazipur and the local administration.

Awards & Recognition

As one of the top 3 FMCG companies in Bangladesh, MBL consistently is recognized for its winning brands, benchmark processes and corporate governance by reputed external bodies as well as within the Marico group.



Parachute Advanced has been awarded as the “MOST CONSISTENT BRAND OF THE DECADE” in the country by Bangladesh Brand Forum for constant excellence in the past 10 years. For the last decade Parachute Advanced has also been recognized as the best Hair Oil brand in the country.



MBL won the award for “BEST ORGANIZATION” at this year's supply chain excellence awards. This award is given by Bangladesh Supply Chain Management Society and IPDC Finance in collaboration with The Daily Star to recognise the organizations who demonstrate supply chain excellence. More than 100 companies submitted nominations under 6 categories, out of which MBL has been awarded under Logistics & Transportation Category for automation of the freight management and cost-optimization.



MBL manufacturing won 2 awards for “Excellence” & “Value Enhancement” at the Marico Group Operations Conference for best performance among all business units.

Governance Framework



Growing Through Good Governance

At Marico, our business is driven on the bedrock of strong ethics and sound corporate governance. Transparency & Openness is one of our core values that guide our decisions and underlie our governance agenda. A high-level of ethics, compliance and governance culture is fundamental to the effective delivery of our business and ensures long-term business growth.

Our governance principles are:

- adherence to the letter and spirit of the law
- complete transparency in our operations
- pro-active communication with our stakeholders

| Governance by Shareholders | Governance by Board & Sub-Committees | Governance by Executive Leadership Team |
|---|---|--|
| Shareholders appoint and authorize the Board of Directors, approve the audited financial accounts, appointment of Statutory auditors and hold the Board accountable in their oversight and conduct of business. | The Board and its Committees take up specific responsibilities as per the law and their charters to determine the right level of delegation, control measures, approve strategies, investments and targets for the business. The Board exercises oversight over the executive management to ensure that they fulfil their duties in accordance with the recommendations and targets set by the Board. | The Executive Leadership Team or Management Team of the Company leads the day-to-day affairs and management of the business with full compliance to the laws of the land, the mandates of the Board and adherence to the Code of Conduct of the Company. |

The Board of Directors comprises members who are selected based on their competencies and fit as per the Code of Corporate Governance and the policies laid down by the Nomination and Remuneration Committee. Currently the Board has 3 non-Executive/Nominee Directors, 3 Independent Directors including 1 Woman Director.

To effectively dispense its obligations, the Board has constituted various committees that are listed below. Each committee has its terms of reference as a charter.

| Committee | Broad Responsibilities |
|--|--|
| Audit Committee | <ul style="list-style-type: none"> • Oversee financial reporting process • Oversee appointment, remuneration, and evaluation of auditors • Evaluate internal financial controls, internal audit function, and risk management systems • Oversee the programs, partnerships and implementation of corporate social responsibility (CSR) programs of the Company |
| Nomination and Remuneration Committee | <ul style="list-style-type: none"> • Identifying persons who are qualified to become Directors and KMPs • Review and approve the remuneration philosophy for Directors, KMPs and other employees • Review and approve policies on Board diversity and effectiveness • Oversee the talent management and HR processes and principles of the Company |

Profile of Board of Directors



Saugata Gupta
Chairman-Nominee Director

Mr. Saugata Gupta is the Chairman of Marico Bangladesh Limited, a role he has assumed since 2013. He is also at the helm of Marico and leads the Company's operations both in India and its International Business. Saugata joined Marico in January 2004 as Head of Marketing and was elevated to CEO of the India business in 2007. In April 2013, Marico restructured its Consumer Product Business (CPB) in India and International Business Group (IBG) under Saugata's leadership as the CEO of Marico Limited, the unified FMCG business. Thereafter, in March 2014, he was appointed as the Managing Director of the company.

Saugata started his career with Cadbury (now Mondelez) where he spent 9 years in various roles in Sales and Marketing in India and the United Kingdom. Subsequently, he went on to become the Chief of Marketing and Group Sales at ICICI Prudential and was part of the startup team that was instrumental in establishing ICICI Prudential as the largest private sector insurance firm in the country.

Under his leadership, Marico has won several accolades and prestigious awards. The company is among the Best 25 Workplaces in Manufacturing in India and among the Top 50 India's Best Companies to Work for in India as per Great Place to Work Institute. Marico has also been ranked among the Top 10 in corporate governance among all constituent companies of the S&P BSE 100 Index and also conferred the Best Domestic Company on Corporate Governance recognition by Asiamoney.

Saugata was ranked #4 and #47 in the FMCG sector and Pan-India respectively in the Business Today-PWC list of India's Top 100 CEOs in 2017 and was ranked as 'India's Most Valuable CEOs' by BusinessWorld in 2016.

Saugata is an alumnus of IIM Bangalore and holds a chemical engineering degree from IIT Kharagpur.



Rokia Afzal Rahman
Independent Director

Mrs. Rokia Afzal Rahman is the Vice President of International Chamber of Commerce - ICC Bangladesh. She is the Chairman of R.R. Group & Arlinks Group of Companies, R. R. Trust, Chairperson of Mediaworld Limited (owning company of "The Daily Star"). She is a Director of MIDAS Financing Limited, Mediastar Limited (the owning company of "Prothom Alo") and Ayna Broadcasting Corporation Limited (FM Radio Station - ABC Radio).

She is a former Adviser (Minister) to the Caretaker Government of Bangladesh. She served as a Board Member of the Central Bank of Bangladesh, and the President of Bangladesh Employers Federation - BEF. Mrs. Rahman also served on the board of BRAC.

Mrs. Rokia Afzal Rahman is the Chairperson of Banchte Shekha, Jessore - working for the underprivileged and extremely poor. She is a board member of Subarta Trust - ensuring effective care & services for elderly persons. She is also a board member of MRDI (Management and Resource Development Initiative) and DNET.

She is the founder President of Bangladesh Federation of Women Entrepreneurs (BFWE) and the first Women Entrepreneurs Association (WEA). In 1996 Mrs. Rahman formed Women in Small Enterprises (WISE) to further promote women into small enterprises and industries.

Mrs. Rahman is the chairman of Presidency University.

She has received several international and national awards. Ms. Rahman completed her Post Graduate Diploma in Banking from Pakistan and is hailed as the first woman banker of Bangladesh.



Masud Khan
Independent Director

Mr. Masud Khan is the Chairman of GSK Bangladesh and currently working as the Chief Advisor of the Board of Crown Cement Group Bangladesh. He is a seasoned professional with 40 years' work experience in leading multinational and local companies in Bangladesh. Prior to joining Crown Cement Group, he worked in LafargeHolcim Bangladesh as Chief Financial Officer for 18 years. Earlier, he worked for British American Tobacco in finance and related fields for 20 years both at home and abroad.

He is also an independent director of Marico Bangladesh, Berger Paints Bangladesh Limited, Singer Bangladesh and Community Bank. His articles on professional and industry issues regularly feature in newspapers and international and local magazines. He regularly features on electronic media on talk shows and interviews and is often in the news for comments on industry and professional issues. He also does public speaking on professional issues in educational institutions and all the Professional Institutes such as Institute of Chartered Accountants of Bangladesh, ACCA and ICMA Bangladesh. He is also a lecturer in the Institute of Chartered Accountants of Bangladesh for the past 40 years.

He did his Bachelor of Commerce with Honours from St Xaviers' College under University of Kolkata. Thereafter, he qualified with distinction both as a Chartered as well as a Cost and Management Accountant from the Indian Institutes being a silver medalist at all India level in the Chartered Accountancy Examination in the year 1977.



Ashrafal Hadi
Independent Director

Mr. Ashrafal Hadi was appointed as an Independent Director for Marico Bangladesh Limited since April 25, 2016.

An advocate of the High Court Division of the Supreme Court of Bangladesh and Barrister-at-Law from the U.K., Mr. Hadi is a Partner Alliance Laws a reputed and the leading law firm in Bangladesh specializing in commercial law. He is a former Member of Executive Committee of Bangladesh Supreme Court Bar Association. He has over 19 years of experience as a lawyer both at home and abroad. His practice over the years has involved working with various multinational and local organizations where he has acted as counsel advising in the areas of telecom, admiralty, large infrastructure projects, IT, commercial and international trade disputes, local and international commercial arbitration, banking, securities & bond market, taxation and constitutional law and so on. He has also acted as counsel in several public interest litigations for protection of fundamental rights.

Mr. Hadi completed his B.Comm from the University of Chittagong in 1992, received LL.B., Hons from the University of London in 1998 and was called to the Bar of England and Wales, UK in 1999. He has also been an advisory member of the Tariff & Taxation Sub-Committee of the Metropolitan Chamber of Commerce & Industries. He is a highly recommended and ranked lawyer by the international publication, Chambers Asia Pacific Ranking Guide (ed.2020), in Corporate & Finance Sector.



Sanjay Mishra
Nominee Director

Mr. Sanjay Mishra is the Chief Operating Officer (COO) – India Sales and Bangladesh Business at Marico Ltd., responsible for the Go-To-Market (GTM) Transformation endeavor in line with Marico's portfolio of the future, and reinforce the Sales function. Along with spearheading the Sales for Marico India, and overseeing the Marico Business in Bangladesh, he is also leading the Food Business Portfolio.

Prior to Marico, Sanjay was working with PepsiCo where he started as Sales Director – Traditional Trade for India in 2009. He became the Market Unit General Manager (West) India, in 2010, and rose up the corporate ladder to his last position as Senior Director – GTM and Sales Capability at PepsiCo AMEA (Asia Middle East and Australia) in 2013. In his role, he was responsible for delivering GTM transformation in key AMEA markets. Prior to PepsiCo, he was Vice President – Merchandising with Spencers Retail Limited in India in 2006, where he was instrumental in expanding Spencers' footprint. He also led the initiative of getting international retail food chain "Au Bon Pain", a Boston based Bakery Café Chain to India in tie-up with his company and led various new ventures. He started off his career with Dunlop India in 1995.

Sanjay did his Bachelor's degree in Science in 1992 from City College, Kolkata and completed his Business Management from Institute of Management Technology, Ghaziabad in 1995.



Vivek Karve
Nominee Director

Mr. Vivek Karve is a Chartered Accountant (1994), a Cost Accountant (1993) and a B. Com. from the University of Bombay (1991). He has more than 25 years of experience in Finance, Banking, and IT across four organizations - Marico, Siemens Information Systems, ICICI and P&G.

Vivek's current role as Chief Financial Officer of Marico covers Corporate Finance, Business Finance and Commercial for Marico Group. Vivek joined Marico in 2000, as a Manager in Corporate Finance. Over the years, he has contributed to various sections in Marico Finance, including business finance. He has played an active role in Marico's M&A efforts through due diligence, funding etc. He was also project lead for an initiative towards automating the performance forecasting and budgeting processes in the company. Vivek took over the charge as CFO of Marico Limited effective 1ST April 2014.

Vivek has served as a member of FICCI's (India) Corporate Finance Committee.



Ashish Goupal
Managing Director

Mr. Ashish Goupal took over as Managing Director of Marico Bangladesh Limited (MBL) in July 2018. Ashish joins Marico Bangladesh after a long and rich career with Marico Group where he was Head of Trade Marketing, Shopper Marketing & Demand Planning for the India business. Ashish started his career as a management trainee with global consumer durable major Samsung in year 2004 and thereafter started his long stint with Marico's India Business in 2006.

During his 13 year stint with Marico, Ashish excelled and delivered path breaking performance in the areas of Sales, Brand Management, New Product Development, Trade Marketing, Shopper Marketing and Demand Planning. In his career he has successfully driven projects in Business Transformation, Process Transformation and Cost optimization along with global consultants. He is also credited with designing the Channel Expansion Model for Marico-India, expanding the network by more than 100k outlets.

His deep understanding of business along with rich functional experience helped him in launching several successful innovations like Parachute Advanced Hot Oil and winning the prestigious Lakshya Awards for Excellence in Demand Planning, Innovation Award for Brand innovation and Sales Process Transformation.

Ashish has versatile interests and passionately pursues numismatics. In particular Ashish takes a keen interest in contributing towards developing industry talent and working with young professionals. He has been associated with Marcus Evans Group-Singapore and with The Economic Times for training industry talent on Rural Marketing, Shopper Marketing & Channel Management. Ashish has a degree in Mechanical Engineering and is an alumnus of Jamnalal Bajaj Institute of Management Studies.

Directors' Representation In Other Companies

Companies/Organizations other than Marico Bangladesh Limited in which our Directors hold Directorship and Committee Membership:

| Sl No. | Name of Director | Directorship | Member of Board Committees |
|--|------------------------|--|---|
| 1. | Mr. Saugata Gupta | Marico Consumer Care Limited | Member of CSR Committee |
| | | Marico Innovation Foundation | - |
| | | Halite Personal Care India Private Limited (A Company under Liquidation) | - |
| | | Marico South East Asia Corporation | - |
| | | Marico Middle East FZE | - |
| | | Marico South Africa Consumer Care (Pty) Limited | - |
| | | JSW Paint Private Limited | - |
| | | Marico Limited | Member of Stakeholders' Relationship Committee, Member of Corporate Social Responsibility Committee & Member of Risk Management Committee |
| | | Parachute Kalpavriksha Foundation | - |
| | | Ashok Leyland Limited | Member of 1) Nomination and Remuneration Committee & 2) Risk Management Committee |
| 2. | Mr. Masud Khan | GSK Bangladesh Limited | Chairman of the Board and Nominee Director |
| | | Berger Paints Bangladesh Limited | Member of the Audit Committee |
| | | Singer Bangladesh Limited | |
| | | Community Bank Bangladesh Limited | |
| | | Viyellatex Limited | |
| 3. | Ms. Rokia Afzal Rahman | R.R. Cold Storage Ltd. | |
| | | Imaan Cold Storage Ltd. | |
| | | R. R. Estates Ltd. | |
| | | Aris Holdings Ltd. | |
| | | Arlinks Limited | |
| | | Media world Ltd. (Owning Company of "The Daily Star") | |
| | | DNET | |
| | | MIDAS Financing Ltd. | |
| | | Mediastar Ltd. (Owning Company of "Prothom Alo") | |
| | | ABC Radio | |
| | | Banchte Shekha, Jessore | |
| Management and Resources Development Initiative (MRDI) | | | |
| 4. | Mr. Ashraful Hadi | None | |
| 5. | Mr. Vivek Karve | Marico Consumer Care Limited | Member of the CSR Committee |
| | | Marico South Africa Consumer Care (Pty) Limited | - |
| | | Marico Middle East FZE | - |
| | | Marico South East Asia Corporation | - |
| | | Process Intelligence and Dynamics Private Limited | - |
| | | Marico South Africa (Pty) Limited | - |
| | | Marico Malaysia Sdn. Bhd | - |
| 6. | Mr. Sanjay Mishra | Zed lifesyle Private Limited | - |
| 7. | Mr. Ashish Goupal | MBL Industries Limited | |
| | | Marico Middle East FZE | |

Enterprise Risk Management

Balancing risks and opportunities

As a player in the dynamic consumer products market, Marico is exposed to a range of external as well as internal risks that have the potential to significantly impact its performance. Our risk management architecture allows us to efficiently manage risks while ensuring competitive returns.

We identify, assess, mitigate, monitor and report principal risks that could have a material impact on our business. Risk management is a continuous process and an integrated part of business management. A summary of our principal risks and treatment strategies is provided below.

Risk management objectives

| | | |
|--|------------------------------------|---------------------------------------|
| Support sound governance and decision-making | Mitigate the impact of risk events | Capitalize on potential opportunities |
|--|------------------------------------|---------------------------------------|

Risk Management Process

The Company has a robust risk management process which is overseen by the Audit Committee of the Board in accordance with an approved risk management framework which takes into account the materiality or impact of the risk event and likelihood of occurrence.

| | Risk | Management Plan |
|---|------------------|--|
| 1 | Operations Risk | These relate to risks that can destabilize the production and supply of products to the market. MBL has two factories in the Gazipur area which is prone to labour unrest due to surrounding garments industries. In order to protect against this risk the management ensures a rigorous program of engagement, dialogue and capability building of all factory personnel. There is a process of monitoring and recording factory compliance & pro-active dialogue with regulators to safeguard against compliance lapses that can trigger the risk. |
| 2 | Market Risk | Market risks include those that can make the products or operating model of the business irrelevant due to the introduction of new technologies, changing consumer behaviour or disruption by competition in the form of predatory pricing or disproportionate media spends all of which can threaten the Company's profitability. Unfair competition and brand infringements also pose a risk to the equity of the brand and impact business value. The company has in place a process of reviewing possible scenarios for key categories during its Monthly Operational Review (MOR). Additionally the Company has a robust brand protection and intellectual property management strategy to pro-actively safeguard its winning brands and carry out prompt enforcement against infringers. |
| 3 | Contingency Risk | This refers to potential natural or man-made hazards which may impact business operations and the lack of business contingency plan for current operations. The Management has identified critical areas of disruption and is putting in place continuity plans and/or disaster recovery plans which are subject to review by the Audit Committee. |

| | Risk | Management Plan |
|---|-----------------|---|
| 4 | Financial Risk | Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks. To mitigate against these risks, management has put in place regular review of investment of the company and financial health of institutions. A formal Board-approved hedging policy is in place that is reviewed periodically in light of macro-economic scenarios to guard against exchange rate fluctuations. Additionally we closely monitor external environment to note any change event likely to trigger risk. |
| 5 | Litigation Risk | The company has on-going litigations, some of which have been described in the contingent liability status at page 151 of this report. An adverse order in any of those litigations could expose the business to financial liability, penalties and reputational risk. The company has a litigation management strategy approved by the Audit Committee and regularly reviewed. Additionally the Legal Function closely tracks change in laws, precedents by the higher judiciary and other external events likely to trigger the risk materializing. |
| 6 | Sourcing Risk | This refers to the disruptions in supply chain that can result in a shortage of critical raw material, in particular, Copra which is a key raw material in for 60% of the portfolio. To address this risk the Company has put in place systems and processes for sourcing and inventory management with the support of the central procurement team at its parent company and this risk is reviewed every month during the monthly operational review. |
| 7 | People Risk | In today's knowledge-based economy, attracting and retaining people with the right skills are imperative for long-term success. To mitigate against the risk of losing key talent the Company has a unique talent attraction and retention program which enables it be positioned among the top employers of choice. At the same time Management ensures a structured and differentiated learning & development agenda for all key talent, succession planning and effective talent review to enable meaningful career growth. |

With the unfolding of the nCovid-19 global pandemic certain risks materialized in the fag end of FY 19-20 which were unique in nature and unanticipated under the Risk Management Framework. The risks were primarily operational and sourcing with supply chain disruptions resulting from a global mobility shutdown. However the management responded to the situation with speed and decisiveness to ensure business continuity amidst the pandemic.

Code of Conduct



Marico Code of Conduct

Marico has a uniform Code of Conduct (CoC) that applies to all business units within the Marico group and to all directors (executive and non-executive), members, interns, apprentices, secondees and third parties or business associates who act on behalf of the Company.

Marico's sustainable growth story rests on an empowering work culture based on trust and accountability. The unique culture at Marico is based on our values which is the DNA of our organization, immersed in every member across hierarchies and geographies. The Code makes sure that all businesses conducted by Marico in any capacity are done in an ethical and sustainable manner while being beneficial to all our stakeholders. It helps us take the right decisions, especially during challenging or conflicting/ambiguous moments. The CoC defines what is expected from members and associates alike. The CoC is a set of guidelines highlighting the desired behaviors and actions from our members to:

- conduct our business in an ethical manner and
- ensure highest levels of governance across the organization
- enable discrimination & harassment free work environment.
- create a work environment that is conducive to members & associates alike, based on our values and culture

In the event of a conflict between any provision of the CoC and the law of land, the law will always prevail and the management will take immediate steps to align the provisions of the CoC with applicable laws.

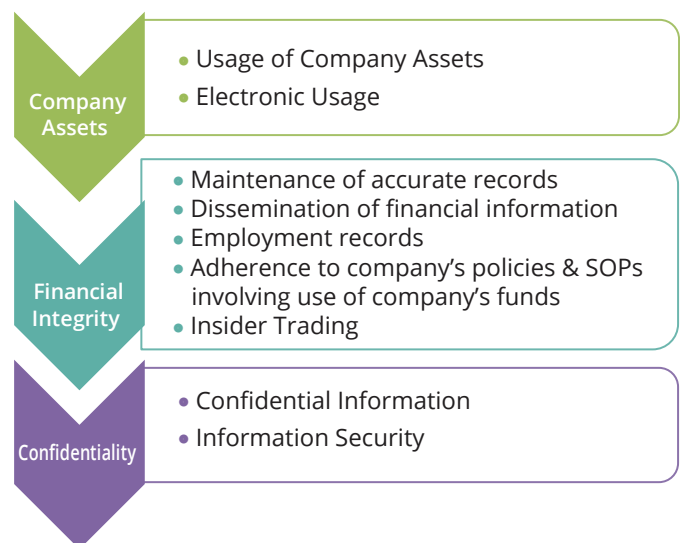
Core Elements of the CoC



Business Integrity Encompasses

- Conflict of Interest
- No Bribery and Anti Corruption
- Ethical Working with associates
- Ethical Gifts & Entertainment
- Compliance with laws of the land
- Anti Money laundering

Company Assets, Financial Integrity & Confidentiality Includes



Workplace Integrity Encompasses

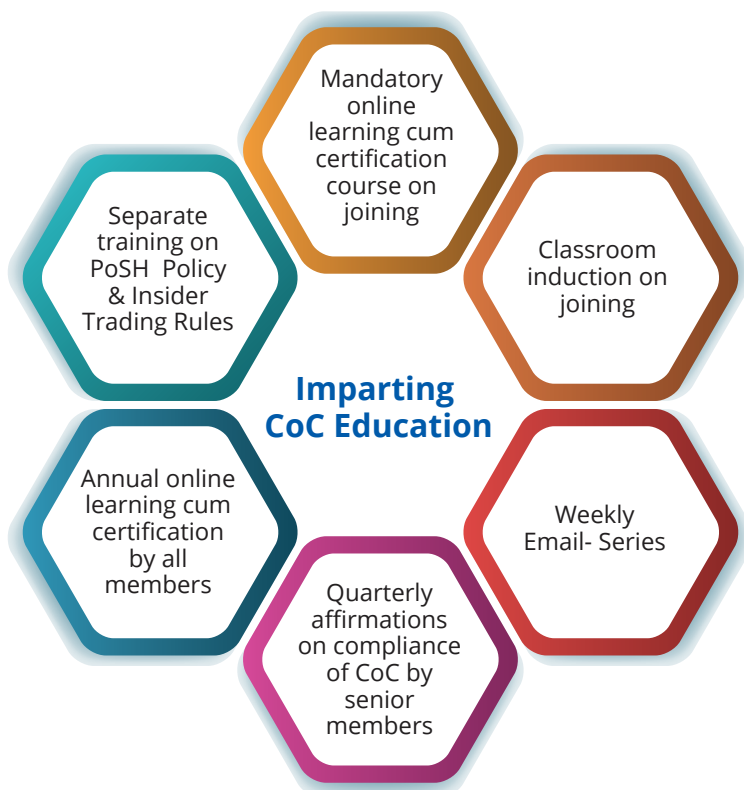


Administration & Governance of Code



Administration & Governance of the CoC is ensured at the highest level with the Audit Committee exercising regular oversight over the functioning of the CoC, issues reported and actions taken

The Prevention of Sexual Harassment Committee is formed in accordance with the Directives issued by the Hon'ble High Court Division in Petition No. 5916 of 2008 which was a public interest litigation requiring all organizations to put in place an internal committee with external members/representation.



A 360° Ethics & Compliance Program is run to educate members, business associates and vendors towards preventing breaches and encouraging reporting of the same

Statutory Reports



Directors' Report

A message to our Shareholders

The Board of Directors ('the Board') of Marico Bangladesh Limited is proud to present to you the 10th Annual Report of the Company after being listed on the Dhaka & Chittagong stock exchanges.

The Board is submitting this Directors' Report, along with the audited financial statements of the Company for the year ended 31 March 2020, and the Auditors' Report thereon, prepared in compliance with the requirements of Section 184 of the Companies Act 1994 and the Corporate Governance Code 2018 for your valued consideration, approval and adoption. The key financial results and other events taking place during period of April 2019 to March 2020 is discussed in this report.

Principal Business Activities of Company

Manufacturing and marketing of fast moving consumer goods ('FMCG') continued to remain the core business activities of Marico Bangladesh Limited. The Company is the manufacturer and marketer of renowned brands such as Parachute, Parachute Advanced, Just For Baby, Nihar, HairCode, Saffola Active, Studio X and Livon. The Company continued diversification of its portfolio with new product and brand launches in the skin care, baby care and male grooming category. The Company launched its international styling brand Studio X this year with a range of products. Marico's portfolio of winning brands are well-placed to become prominent players in the market and further the growth story.

Industry Outlook and Possible Future Developments In The Industry

The scope of 'Fast Moving Consumer Goods' (FMCG) industry has expanded over the years and includes products which are daily essentials as well as those which are aspirational and typically sold/traded rapidly in the market. Cost of goods sold is favorable compared to other industries. In the last year Bangladesh recorded an average growth rate of 8%, well above the Asian average, Asian Development Bank figures show and this trend is expected to continue. Average income per household has risen by 33% with more women coming into the work-force. With a population of around 167 million and with a healthy economic outlook the FMCG industry is also poised for significant growth. The industry dynamics are also rapidly evolving with higher exposure to global social media, the expansion of modern retail outlets and the growth of e-commerce. Bangladesh is projected to be one of the top 3 fastest growing economies by 2050. Global forecasts predict

that emerging markets will continue to provide the fastest growth opportunity for the FMCG industry. A growing middleclass and millennial population will dictate consumer preferences and shifts in product offerings and market behavior. Some factors such as rise in income accompanied by preference for aspirational personal care products, growth in rural consumption, availability of raw materials & low labor cost may make Bangladesh a favorable investment destination for new FMCG entrants or may witness further investment by existing players.

Segment-wise Performance

During the year ended 31 March 2020, the company continued its drive for portfolio diversification with new launches in skin care, baby care, hygiene, men's grooming and value added hair oils (VAHO). Under the skin care portfolio the Company introduced aloe vera gel and olive oils, added baby powder to the baby care category and launched a male grooming range of products comprising deodorants, hair gels, face wash and shampoo. The new introductions are an indication of our efforts to play in the markets with a right to win for Marico and aspiration to win in traditionally red-ocean markets as well. In FY'20 the Company has attained leadership position in the VAHO category in terms of both volume and value market share.

Marico posted BDT 9,796 million total revenue for the year ended 31 March 2020 with 11.72% growth compared to last year. The growth was driven by PCNO, VAHO enhanced by the Baby Care segment.

Risks And Concerns

The Board regularly monitors, assesses and identifies potential risks, threats to sustainability and profitability and negative impact on environment. The Company adheres to an Enterprise Risk Management (ERM) framework which the Board reviews at regular intervals and also assesses litigation, regulatory and fraud risks. Details of Risks and concerns including internal and external risk factors are discussed in the 'Enterprise Risk Management' section on page 83 in this Annual Report.

Special Note On Risks And Concerns

In the last quarter of the year under review (January to March 2020) the nCovid-19 global pandemic unfolded which also impacted Bangladesh with the first case of infection being reported in March. This was followed by the declaration of a 'general holiday' by the government bringing movement of person and goods to a halt thereby causing disruptions to supply chains across industries. This unprecedented crisis presents several new risks and concerns hitherto not considered under the ERM framework and has the

potential to necessitate changes in business operations, controls and safety measures. However the Board and management is of the view that this does not pose any threat to the continuation or sustainability of the business or product lines.

As an immediate response to the business continuity and safety risks, business plans were reviewed, strategy was adjusted and most importantly measures were activated to keep employees safe. The Company quickly adjusted its portfolio and was one of the first movers in the hygiene category, leveraging e-commerce and digital channels to ensure continued sales and service to consumers. As a manufacturer of essential products, regulatory permissions and close liaison with industry bodies were ensured to implement standard protocols for safety and business continuity.

Discussion On Cost Of Goods Sold, Gross Profit Margin And Net Profit Margin

Cost of Sales:

Revenue for the year ended 31 March 2020 has been increased by 11.72% whereas Cost of Sales decreased by 7.79% compare to last year. The leverage of fixed costs mainly contributed to control the costs of sales compare to growth of sales. Also the raw material price has been decreased compared to last year.

Gross Profit:

Gross profit for the year ended 31 March 2020 was increased by 32.04% compared to last year. Gross Profit for the year 2020 was 57.9% compared to last year 49%.

Net Profit:

Net profit for the year ended 31 March 2020 was 27.01% compared to last year 23.1%. Net Profit has been increased by 30.78% compared to last year. Higher revenue growth, increased finance income have resulted the growth of net profit.

*Year ended on 31 March and figures in BDT million

| Particulars | 2020* | 2019* | 2020 vs 2019 |
|---|---------|---------|--------------|
| Revenue | 9,796 | 8,768 | 11.72% |
| Cost of sales | (4,124) | (4,473) | -7.79% |
| Gross profit | 5,672 | 4,295 | 32.04% |
| Other income | 1 | 2 | -47.18% |
| General and admin exp | (1,144) | (932) | 22.77% |
| Marketing selling and distribution expenses | (1,148) | (774) | 48.34% |
| Other expenses | (2) | 0 | 642.59% |
| Operating profit | 3,379 | 2,592 | 30.38% |
| Finance income | 240 | 182 | 31.94% |
| Finance cost | (46) | (23) | 97.86% |
| Net finance income | 193 | 158 | 22.15% |
| Profit before tax | 3,572 | 2,750 | 29.91% |
| Income tax expense | (926) | (726) | 27.47% |
| Profit for the year | 2,646 | 2,023 | 30.78% |

Related Party Transaction

In the year FY'20, the Company has related party transactions with its parent company, Marico Limited, India and Marico Middle East FZE, MEL Consumer Care S.A.E., Marico South East Asia Corporation subsidiaries of the parent company. Note 27 of the financial statements include, details of the transactions with the related parties.

Directors' Statement On Financial Reporting

The Directors, in accordance with the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission dated June 03, 2018, confirm the following to the best of their knowledge:

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account of the issuer company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements, and any departure there from has been adequately disclosed.
- e. There is no significant doubt upon the issuer company's ability to continue as a going concern
- f. There are no significant deviations from the last year's operating results. Key operating and financial data of the preceding five years have been summarized in the table below at page 91.

Internal Controls

The system of internal control is sound in design and has been effectively implemented and monitored. The Board ensures that the control framework is commensurate with the size, scale and complexity of the business. The Audit Committee, comprises of professionally qualified Directors, who interact with the statutory auditors, internal auditors and management in dealing with matters within its terms of reference. The signatory matrix is authorized by the Board in

accordance with the Segregation of Duties to strictly ensure authorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. An extensive program of internal audits and management reviews supplement the process of internal financial control framework. Documented policies, guidelines and procedures are in place for all critical business processes. The internal audit function monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies. Based on the internal audit reports, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions proposed to remedy the observations are presented to the Audit Committee of the Board. In addition, the Company has identified and documented the key risks and controls for each process that has a relationship to the financial operations and reporting. At regular intervals, internal audit function tests identified key controls. The Company also has a robust compliance management framework to monitor and ensure legal & regulatory compliance. The said framework is also tested for adequacy and effectiveness to safeguard the company from any compliance risk.

Minority Shareholder Protection

The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress. The Company maintains effective investor relations and shareholder management processes, through which the management, in particular, the Company Secretary, the Chief Financial Officer and the Managing Director, continuously interacts with its shareholders across various channels. The Company ensures that critical information about the Company is available to all shareholders by duly circulating disclosures, price sensitive information and by uploading all such information at the Company's website under the Investors section. Detailed disclosures on material decisions and related party transactions are presented in this report for review and approval by shareholders at the annual general meeting.

Key Operating and Financial Data of Preceding Five Years

The Company has delivered consistent growth and the last 5 years' results evidence the strong footprint of the Company in the FMCG industry. The table below illustrates the last 5 years' revenue and profitability status.

*Year ended on 31 March and figures in BDT million

| Particulars | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue | 9,796 | 8,768 | 7,815 | 6,916 | 7,066 |
| Cost of sales | (4,124) | (4,473) | (4,230) | (3,710) | (3,885) |
| Gross profit | 5,672 | 4,295 | 3,585 | 3,206 | 3,181 |
| Other income | 1 | 1 | 6 | 2 | 2 |
| General and admin expenditure | (1,144) | (932) | (875) | (801) | (735) |
| Mkt, selling and distribution expenditure | (1,148) | (774) | (580) | (538) | (639) |
| Other expense | (2) | - | - | (11) | - |
| Operating profit | 3,379 | 2,592 | 2,136 | 1,858 | 1,810 |
| Finance income | 240 | 181 | 136 | 76 | 116 |
| Finance cost | (46) | (23) | (28) | (7) | (1) |
| Net finance income | 193 | 158 | 108 | 69 | 115 |
| Profit before tax | 3,572 | 2,750 | 2,244 | 1,927 | 1,924 |
| Income tax expense | (926) | (726) | (601) | (487) | (510) |
| Profit for the year | 2,646 | 2,023 | 1,643 | 1,440 | 1,414 |

Total Equity of The Company

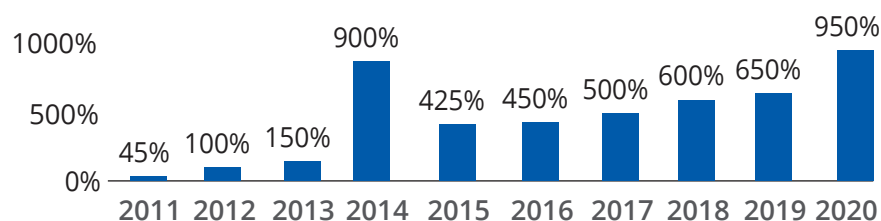
The equity capital comprised 31,500,000 equity shares of BDT 10 each, Share Premium of BDT 252,000,000 and Retained Earnings of BDT 820,680,232.

Distribution To Equity Shareholders

Your Company's wealth distribution philosophy aims at sharing its prosperity with its shareholders. The upward trend reflects consistency in the Company's dividend disbursements over the years and commitment to ensure that shareholders' value is maximized.

In FY'20, the Company declared interim cash dividends amounting to 750% and recommended a final dividend of 200% at the 108th Board Meeting held on April 28, 2020 totaling 950% cash dividend for FY 19-20 which is the highest ever dividend declaration by the Company and proportionate to the business performance for the year.

Dividend Disbursements



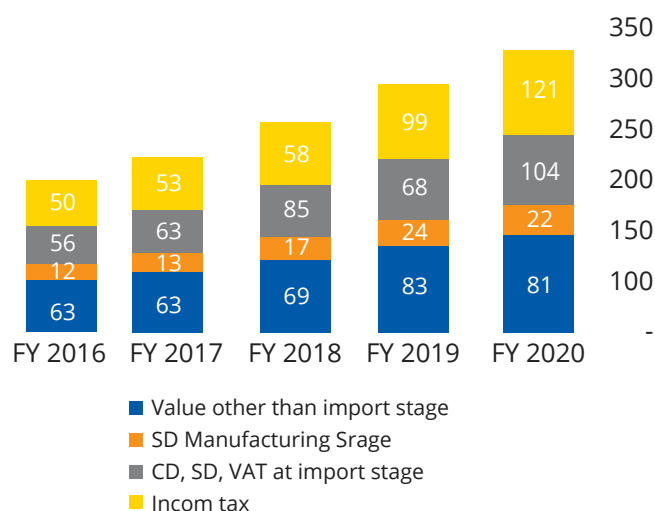
Events subsequent to the Statement of Financial Position

For the year ended 31st March 2020, the Board of Directors recommended final cash dividend @ 200% per share at 108th Board meeting held on April 28, 2020. Apart from that, there are no other material events identified after year closing with the statement of financial position.

Contribution To National Exchequer

During the reporting period, your company paid BDT 327 Crores to the National Exchequer on account of Corporate Income Tax, Customs Duties, Supplementary Duties and Value Added Tax (VAT).

Contribution To National Exchequer



| Details | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------|------|------|------|------|------|
| Total (BDT Crores) | 180 | 191 | 228 | 274 | 327 |

Board Of Directors

The Board of Directors of the Company comprises 7 (Seven) members including 3 (three) Independent Directors. Names and profiles, including the qualifications of each Director are stated in detail at the 'Directors' Profile' section on page 78 to 81 of this Annual Report.

Board Of Directors' Meeting and Attendance

The number of Board meetings held during the year 2019-20 and attendance of Directors is presented below:

| Names | Representation in the Board | Number of Board Meetings | | Attendance at Last AGM |
|--------------------|---|--------------------------|----------|------------------------|
| | | Held | Attended | |
| Saugata Gupta | Chairman- Nominee Director | 4 | 4 | Yes |
| Ashish Goupal | Managing Director Executive Director | | 4 | Yes |
| Ashraful Hadi | Independent Director | | 4 | Yes |
| Masud Khan | Independent Director | | 4 | Yes |
| Rokia Afzal Rahman | Independent Director | | 4 | Yes |
| Sanjay Mishra | Nominee Director | | 3 | Yes |
| Vivek Karve | Nominee Director | | 4 | Yes |

Pattern of Shareholding

The shareholding pattern of the Company as on March 31, 2020 is presented in the Stock Performance presented at page 122 of this Annual Report.

Appointment/Re-appointment of Directors

Mr. Saugata Gupta will retire from office as Director by rotation at the 20th Annual General Meeting and, being eligible, offers himself for re-election in

accordance with the terms of Article 99 of the Articles of Association of the Company. The profile of Mr. Saugata Gupta and his other directorships are stated in detail in page 78 & 82 of this Report.

Remuneration Of Directors

The amount of total remuneration paid to Directors including Independent Directors has been presented at Note: 27.2 in the Notes to the financial statements.

Code of Conduct

In compliance with the conditions of corporate governance, the Company's Code of Conduct (CoC) has been adopted by the Board which applies to all members of the company including the Board of Directors and Key Management Personnel. The CoC was updated in the year under review and the revisions were discussed extensively by the Nomination & Remuneration Committee and on the basis of the Committee's recommendation was approved and adopted by the Board.

Management's Discussion and Analysis

The Management Discussion and Analysis has been duly signed by the Chief Executive Officer of the Company and is presented at page 94 of this Annual Report.

Certificate By Managing Director/CEO And CFO

The Managing Director/CEO and Chief Financial Officer/CFO of the Company certifies the financial reports presented in this report. The Certificate of the MD and CFO has been presented on page 108 of this Annual Report.

Reporting and Compliance of Corporate Governance

A Certificate of Compliance as provided by M/s. Al-Muqtadir Associates, Chartered Secretaries, has been presented at page 109 of this Annual Report. Furthermore, Status of Compliance as per the Code has been presented at page 110 of this Annual Report.

Shareholding Information

The distribution of shareholding and market value of shares are presented in the Stock Performance section at pages 21 & 20 respectively.

Statutory Auditors

M/s. Rahman Rahman Haq & Co., Chartered Accountants and Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting. As per BSEC Notification, the Board has, on the basis of suggestion of the Audit Committee, recommended appointment of "M/S Rahman & Rahman Huq (RRH)" as the statutory Auditor for the year 2020-21 and to continue up to the conclusion of the next AGM at the same fees of BDT 24,50,000 (BDT twenty four lacs fifty thousand) including Statutory Audit Fee, year-end review of group pack and group reporting, Quarterly review of group pack and group reporting (of all 3 quarters), Quarterly Full-Scope Audit (of all 3 quarters) and all other relevant incidental thereto excluding the dividend and royalty certificates.

Other Regulatory Disclosures:

Pursuant to the Corporate Governance Code, the Board also reports that:

- There was no extraordinary gain or loss during the financial year
- The Company's IPO was made in the year 2009. No further issue of any instrument was made during the year
- There is no significant variance between the quarterly financial performance and annual financial statements
- The Company has delivered outstanding performance in the last financial year vs agreed operating plan and the financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity
- Proper books of account of the Company have been maintained
- No bonus or stock dividend has been declared as interim dividend during the year;

Acknowledgement

The Board takes this opportunity to express their heartfelt thanks to all stakeholders including its shareholders, consumers, business partners, banks and financial institutions, regulatory bodies and auditors, for their immense support and contribution towards the success of the Company.

On behalf of the Board



Ashish Goupal
Managing Director

Management Discussion Analysis

The last year has seen outstanding business performance with milestone profitability and dividend payment. This performance was driven by growth of the core categories, launch of new products, augmenting distribution fundamentals and accelerated capability development.

At a full year Level, MBL has registered an 11.72% topline growth. The value added hair oils (VAHO) category ended the year with attaining market leadership in terms of both volume and value. The VAHO growth has been mainly driven by Beliphool, Parachute Advanced Extra Care & Parachute Aloe Vera and has been further boosted by the inclusion of new VAHO brands-Nihar Naturals Joba Amla Hair Oil and Nihar Naturals 5 Seeds Hair Oil. The product portfolio has seen rapid diversification with the successful launch of a complete styling & grooming range for men under international styling brand Studio X, an extended skin care range under Parachute SkinPure and additions to the baby care range.

Revenue

The category wise revenue is as follows:

| Category | FY'20 | FY'19 | FY'20 | FY'19 |
|----------|---------|--------|-------------------------------|---------|
| | BDT Crs | | Contribution of total revenue | |
| CNO | 636.31 | 605.36 | 65.96% | 69.04% |
| VAHO | 262.35 | 209.49 | 26.78% | 23.89% |
| Colours | 5.84 | 5.56 | 0.60% | 0.63% |
| Others | 75.10 | 56.42 | 7.68% | 6.43% |
| Total | 979.59 | 876.82 | 100.00% | 100.00% |

The revenue mix has been evolving as the non-PCNO revenue contribution has increased steadily. Revenue proportion from PCNO has reduced by 4% as a percentage of total revenue. This is attributable to expansion of MBL VAHO portfolio at a rapid pace. MBL's "Others" category has been boosted by the steady increase of our export business along with growth from the launch of a male grooming range, and new brands in skin care and baby segment

Gross Margin

For FY'20, the Gross profit in absolute terms has increased by 32% over last year. This again is primarily

attributable to volume growth of both coconut oil and VAHO categories and favorable topline impact at a full year level on account of copra prices. As a percentage to sales, Gross margin has improved by 8.9%.

Marketing, Selling & Distribution Expense

At a full year level, expense as a percentage to revenue stands at 11.7%, which is higher than last year 8.8%. In absolute terms, it has increased by 48.34% primarily attributable to both media and non-media expenses wherein higher investments were made for advertising and promotion of the brands. Spends were focused on new launches, primarily the male grooming, skin care and baby care segment.

General & Administration Expense

Expense as percentage to topline stood at 11.7% which is an increase of only about 1.1% over last year. At an absolute level overhead costs increased by 22.77% at a full year level primarily on account of higher employment costs, higher WPPF expense, CSR expenses and new manufacturing set up.

Profit after Tax

Profit after Tax at a full year level grew by 30.8% compared to last year and also reported a net profit of 27.0% in FY'20 compared to 23.1% in FY'19.

Statement on Corporate Governance Conditions

a. Accounting policies and estimation for preparation of financial statements

The incumbent financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 1994 following the accounting policies and estimations as relevant. The Company also complied with the requirements of Bangladesh Securities and Exchange Rules 1987 and regulations from various Government bodies.

The Company has consistently applied various accounting policies and estimations to all periods presented in these financial statements. The integral parts of the financial statements for the year ended 31 March 2020 have been entailed with relevant accounting policies and estimations as reference to the note# 42. Any revision to the accounting policies is being applied retrospectively to all the previous years

and change to any financial estimation is being reflected prospectively.

b. Changes in accounting policies and estimation

The financial statements of Marico Bangladesh Limited for the year ended 31 March 2020 have been prepared having no change in accounting policy and/or estimation. Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). From FY'20 the Company adopted IFRS 16 under lease accounting. As the Company's financial year starts from 1 April, the Company has initially adopted IFRS 16 Leases from 1

April 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. The details of the changes in accounting policies are disclosed in the notes to the financial statements.

c. Comparative analysis for current financial year with immediate preceding five years

| FY (BDT Cr.) | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------|--------|--------|--------|--------|--------|--------|
| Turnover | 979.59 | 876.82 | 781.47 | 691.61 | 706.59 | 734.88 |
| Gross Profit | 567.15 | 429.55 | 358.51 | 320.58 | 318.1 | 330.62 |
| Net Profit | 264.62 | 202.34 | 164.26 | 144.02 | 141.41 | 134.48 |
| EPS | 84.01 | 64.23 | 52.15 | 45.72 | 44.89 | 42.69 |
| Net Asset | 138.77 | 130.21 | 149.26 | 158.01 | 170.87 | 171.22 |
| Cash & Cash equivalent | 42.04 | 38.31 | 27.92 | 16.68 | 48.05 | 19.2 |

| Cash flow movement (BDT Cr.) | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------|----------|----------|----------|----------|
| Cash generated from operating activities | 361.40 | 316.37 | 198.58 | 235.19 | 254.23 |
| Income tax paid | (76.70) | (63.83) | (57.60) | (52.58) | (50.03) |
| Interest paid | (1.83) | (1.38) | (0.33) | (0.18) | (0.09) |
| Interest received | 18.47 | 16.04 | 13.46 | 7.87 | 11.04 |
| Net cash flow generated from or (used in) operating activities | 301.34 | 267.20 | 154.11 | 190.30 | 215.14 |
| Net cash flow generated from or (used in) investing activities | 42.20 | (89.36) | (0.57) | (64.17) | (44.54) |
| Net cash flow generated from or (used in) financing activities | (339.77) | (167.50) | (143.25) | (157.50) | (141.75) |
| Net increase (decrease) in cash & cash equivalent | 3.77 | 10.35 | 10.29 | (31.37) | 28.85 |
| Opening cash & cash equivalent | 38.27 | 27.92 | 16.68 | 48.05 | 19.20 |
| Closing cash & cash equivalent | 42.04 | 38.27 | 27.92 | 16.68 | 48.05 |

The Company has been enjoying a persistent growth in yearly turnover during the tenure of five years from 2015 to 2020 under analysis. The company has reported a revenue growth of 11.72% and gross profit growth 32.04% compared to previous year. The Company has also reported EPS growth of 30.78% as compared to last year having strong net cash position.

d. Industry Scenario

The peer companies within the FMCG industry includes Unilever Bangladesh, SQUARE Toiletries Limited, Hemas Bangladesh, Moushumi Industries, Dabur Bangladesh, Emami Bangladesh, Reckitt Benckiser among others. However only Reckitt Benckiser Bangladesh Limited (RB) is listed with the stock exchanges among peer companies to enable an industry benchmarking. RB reported a turnover growth of 15.8% and profit growth of 86.4% as reported in their latest financial statements.

| | Reckitt Benckiser Bangladesh LTD for the year ending | | Marico Bangladesh Ltd. for the year ending | |
|------------------------|---|-------------|---|-------------|
| | 31 Dec 2019 | 31 Dec 2018 | 31 Mar 2020 | 31 Mar 2019 |
| BDT Crore | | | | |
| Turnover | 412.62 | 356.19 | 979.59 | 876.82 |
| Gross profit | 224.79 | 180.63 | 567.15 | 429.55 |
| Net Profit | 61.93 | 33.18 | 264.62 | 202.34 |
| EPS | 131.06 | 70.22 | 84.01 | 64.23 |
| Cash & Cash Equivalent | 134.13 | 94.99 | 42.04 | 38.27 |

e. Briefly explain the financial and economic scenario of the country and the globe

Global economic growth eased to 3.6% in 2019, from 3.8% in 2018 (Global Research, Standard Chartered). A multitude of factors played a role in this global economic slowdown, including the US-China trade war, unstable and undefined terms of exit of the UK from the EU i.e Brexit, and volatility in oil prices. The economic slowdown is likely to intensify in 2020 with the Covid-19 pandemic now having a significant economic impact too, with initial signs being highly concerning.

As per latest forecast by The World Bank (WB) the country's economic output would come down to 2%-3% in the current fiscal year as a consequence of the pandemic COVID-19. However the Bangladesh government declared 72,750 Cr BDT worth stimulus package to overcome economic losses caused COVID-19 situation which is 2.5% of country's GDP. Export income from the country's readymade garment might decline by around US\$5.0 billion between March and May due to the impact of COVID-19 pandemic which will have adverse impact in the overall economy. Central Bank increased ADR ratio to 87% (95% for Islamic banks) for commercial banks in order to enable them to lend additional money to borrowers to fight the economic downfall caused by the pandemic. Bangladesh & India have signed agreements concerning energy trade, river sharing, cultural collaboration, port usage, among others aimed at strengthening ties and hopefully will ease the effects of cessation or slowing down of trade with China.

f. Risks and concerns

The financial statements have been prepared for the year ended 31st March 2020 and no material risk or concern has been foreseen. Having strong internal control systems, management has ensured good governance and footprint of Marico Business in Bangladesh. The Company has a formalized risk management framework and process under the governance and supervision of the Audit Committee.

The greater impact risks for the Company are external

and systemic in nature beyond the control of the management or organization. We perceive that proactive management of these risks is of fundamental significance to ensure our business growth. We regularly identify functional and entity level risks and do extensive reviews to ensure the risks are rightly identified and proper mitigation plans are in place for the same. The entity level risks for the business have been discussed in detail under section of "Enterprise Risk Management Framework" at page 83 of this report.

Outbreak of the nCovid-19 Crisis and Safeguard Measures

As the nCovid-19 Global pandemic swept over the world and Bangladesh also was grappling with its impacts, as a responsible organization MBL took the following steps:

1. Work-from-home for all employees including front-line sales members from with full IT support to enable remote working
2. Regular training and awareness on COVID 19 health and safety measures in our manufacturing units, associate units, warehouses and depots
3. At our factories and depots, ensuring complete personal protective equipment (PPE), precautionary measures like social distancing, thermal temperature check at entry, additional washing facilities, sanitization of premises and meals for our workforce. The Company also implemented sanitization of all incoming and outgoing vehicles in all our premises
4. Production units at Shirichala and Mouchak operated with 'critical only' workforce to continue supply of food and daily essential products to market
5. Provided unconditional humanitarian allowance to factory workforce, all distributor employees and all support staff to purchase emergency commodity items. All factory workers additionally were provided with dry food support (rice, dal etc) for their families

6. Within our sales operations, we have provided cash support to all direct and distributor employees to purchase personal protective gear and hygiene materials
7. Earlier payment cycle for field force on weekly rather than monthly basis
8. Re-modelled our operations to leverage digital platforms like Pathao, Shohoz, Foodpanda etc to provide direct service to consumers and thereby reduce manual/physical involvement in the sales process
9. Reduction in marketing and advertising spends and re-allocating funds to ensure business continuity and employee safety/security
10. To preserve and boost member morale we instituted a variety of recognition platforms notably #ThankingOurHeroes series to recognise innovative initiatives of members for ensuring business continuity while maintaining health and safety measures.
11. Organized regular wellness sessions and fitness app to enable members to care for their health and well-being
12. For smooth revenue collection, we initiated specialized services from banks like, agent banking, mobile banking (rocket) and RTGS while monitoring daily collection including the banking instruments
13. Launched Mediker SafeLife Hand-Sanitizer and Hand-Wash range of products at discounted MRPs on a no profit basis for a period of six months to support consumers and society during this crisis
14. We contributed BDT 50 lac to the Prime Minister's Relief Fund to support the most vulnerable segments of society
15. Initiated a month-long food relief program for 5000 families in Kaliakoir and Sreepur within Gazipur district to support communities surrounding our factories
16. Maintained close coordination and communication with various regulators to ensure business continuity both prior to and during the General Holiday to ensure compliant operations. Communication with Industrial Police, local administration, Department of Factories and Establishments (DIFE) and other relevant govt. authorities for ensuring supply chain continuity.

Future Outlook

While the government has declared an optimistic GDP growth outlook, both the World Bank and Asian Development Bank project a more conservative outlook for FY'21. The pandemic and subsequent global lockdown has put dents in economies the world over. It is expected that the covid-19 crisis will have lasting impacts on consumer buying habits, channel mix, supply chains and organization models. Given the unpredictability of the pandemic and the uncertainty of recovery timelines it is likely that the pandemic will have medium to long term impacts on the economy.

We have reviewed our annual operating plans to account for the effects of the pandemic and are also reviewing our strategy from quarter to quarter to adjust to changes as they materialize. While liquidity is not a challenge for the business but managing costs is going to be a priority for the next year. This is likely to prove crucial in the post-virus world as there would be a lot of stress on the disposable income of consumers requiring the business to relook at its offerings. It is expected that focus on health and hygiene will remain top of mind for consumers and as such products serving those needs will gain traction. MBL has already been a first mover in this category with the launch of its Mediker SafeLife range of products. It will also be important to establish and reinforce trust from consumers with core categories and maintain a balanced portfolio of consumer essentials. At the same time value-for-money will also be key in driving consumption for existing consumers as well as acquiring new ones. At the same time this crisis also presents opportunities to leverage the benefits of a digital business ecosystem with more digital payments and use of technology tools for process simplification and better service to trade.

Hence, retaining trust and relevance in core categories and portfolio expansion into the identified categories of the future remains one of the key pillars of Marico's long term strategy. At the same time with our distribution strength we will endeavor to ensure continuous availability of stock across channels and flexibility in our supply chain. While we will continue to retain flexibility in our working arrangements as situations normalize but we do not anticipate any significant changes to our ways of work or business model. In spite of this crisis we believe by exhibiting a higher degree of agility and nimbler decision-making we will be able to stay ahead of the curve and continue to expand the consumer franchise.

Sincerely yours,



Ashish Goupal
Managing Director

Report of the Audit Committee

The Audit Committee (“the Committee”) is a sub-committee of the Board which is appointed by and responsible to the Board of Directors of the Company according to the conditions of the “Code of Corporate Governance” of the Bangladesh Securities and Exchange Commission dated June 03, 2018 (“the Code”). This report is presented in accordance with the Code which sets out the role of the Committee and the functions carried out during the year ended March 31, 2020 (“the year under review”).

The Committee is a central pillar of effective corporate governance and fulfills its oversight responsibilities mandated by law and its Charter approved by the Board. The Committee plays a critical role in enhancing audit quality, assurance in the integrity of financial reporting and creating an environment that promotes transparency. The Committee’s primary responsibilities are:

- To oversee the financial reporting process
- To oversee appointment, remuneration, and evaluation of auditors
- To evaluate internal financial controls, internal audit function, and risk management systems

The Audit Committee through its independent oversight of the Company’s financial reporting, non-financial corporate disclosures assists the Management with driving internal controls to eliminate or mitigate business risks, ensuring high standards of behavior and conducting the business in a financially sound manner. The Committee met four times last year. During the year under review, all recommendations made by the Committee were accepted by the Board.

Composition and Meetings

The Committee presently comprises of 5 Members of whom 3 are Independent Directors and other 2 are Non-Executive Directors. The Chairman of the Committee is a Non-Executive Independent Director. The Company Secretary functions as the Secretary to the Committee. The meetings of the Committee are also attended by the Chief Financial Officer, Head of Internal Audit and External Auditors on invitation. All Committee Members are financially literate and able to interpret financial statements and assess the adequacy of the internal control processes.

| Names | Representation in the Board | Representation in the Committee | Number of Meetings of the Committee during FY 20 | |
|------------------------|-----------------------------|---------------------------------|--|----------|
| | | | Held | Attended |
| Mr. Masud Khan | Independent Director | Chairman | 4 | 4 |
| Mr. Ashraful Hadi | Independent Director | Member | | 4 |
| Ms. Rokia Afzal Rahman | Independent Director | Member | | 4 |
| Mr. Sanjay Mishra | Nominee Director | Member | | 3 |
| Mr. Vivek Karve | Nominee Director | Member | | 4 |

Responsibilities and Duties

Financial Reporting

- To review the quarterly, half-yearly and annual financial statements of the Company along with management representatives, focusing particularly on any significant changes to accounting policies and practices before submission to the Board for approval, reviewing companies performance year-on-year and quarter-on-quarter, announcements relating to the Company’s financial performance and compliance with applicable financial reporting standards and other legal and regulatory requirements.

Related Party Transactions

- To review all related party transactions and conflict of interest situations that may arise within the Company including those under the Company’s Code of Conduct.

Audit Reports

- To prepare the annual Committee report and submit to the Board, which includes summary of its activities and review the Board’s statements on compliance with the BSEC Codes of Corporate Governance for inclusion in the Annual Report.

- To review the Charter of the Committee and make necessary revisions for the year. The Committee affirms that all responsibilities outlined in the charter have been carried out. In addition, the charter is reviewed, and proposed updates presented to the Board for approval. As adherence to best practices, evaluation of Committee activities is carried out, which is a key tool in achieving and maintaining a high degree of effectiveness.

Internal Control

- To evaluate the Company's internal financial controls and risk management framework commensurate with the size, scale and complexity of its operations. The Committee reviews whether Management is adhering to the appropriate compliance culture by communicating the importance of internal controls and risk management to ensure that all members have a clear understanding of their respective roles and responsibilities.
- To consider whether internal control strategies recommended by internal and external auditors have been implemented in a timely manner by the management thereby ensuring that the system of internal control is soundly embedded, effectively administered and regularly monitored.
- To recommend to the Board steps to improve the system of internal control derived by the Committee from the findings of the internal and external auditors.
- To review the extent of unit compliance including with internal policies, standards and procedures and the Company's Code of Conduct.
- Review the arrangements made by the Management for developing and maintaining a suitable and robust Management Information Systems (MIS).

Internal Audit

- To monitor and review the effectiveness of the Company's internal audit function and to be satisfied that Internal Auditors has the competency and qualifications to complete its mandates and approve audit plans.
- To monitor and evaluate whether the audit functions are conducted independently from the Management.
- To ensure that Internal Auditors have open access to all activities, records, property and personnel, necessary to perform its duties.
- To review and assess the annual internal audit plan and evaluate its consistency with the Risk Management Framework of the Company.

- To review the findings and recommendations made by the Internal Auditors and ensure that the appropriate action is being taken to implement the same and to further ensure that the appropriate tracking is maintained on the agreed audit action points.
- To recommend to the Board any broader reviews deemed necessary as a consequence of the issues or concerns identified and raise/ensure special audit, whenever necessary.

External Audit

- To recommend to the Board, for it to place before the Shareholders for their approval, the appointment of the external auditor of the Company and to approve their remuneration and terms of engagement.
- To appraise the external auditor's audit plan, nature and scope of the audit plan, audit report and evaluation of internal controls.
- To oversee the relationship with the external auditors including.
 - Assessing their independence and objectivity taking into account relevant professional and regulatory requirements and assisting them in preserving their independence.
 - Develop and implement policy on their engagement to provide non-audit services.
- To review their statement on Risk Management and Internal Control of the Company for inclusion in the Annual Report.
- To review their findings and recommendations arising from the audits, in order to ensure that appropriate action is being taken.

Major activities during the year:

The Committee carried out its functions in accordance with the "Audit Committee Charter", governed by the BSEC Code on Corporate Governance, in key areas of the annual financial reporting cycle.

During the year under review, the Committee carried out the following activities:

- Reviewed the quarterly, half yearly and annual financial statements of the Company, considered the financial and business performance of the Company and the relevant announcements to the Securities & Exchange Commission, Stock Exchanges by the Board of Directors.
- Ensured that the preparation, presentation and submission of financial statements have been made in accordance with the prevailing laws, standards and regulations by assessing the external auditors report on all critical accounting policies, significant judgment and practices used by the Company in producing the financial statements.

- Enhanced good practices in financial reporting and reviewed related party transactions for foreign remittance
- Reviewed the annual audit plans and effectiveness of the audit process and the Internal Audit reports which encompassed the audit issues, audit recommendations and Management's responses to these recommendations
- Discussed with management about the improvement actions in the area of internal controls, systems and efficiency enhancements including the implementation of the Internal Financial Control Framework
- Reviewed the external auditors' findings of observation, areas of concern highlighted and the management's response thereto and ensured that the external auditors remain independent and that appropriate action is being taken on time
- Appraised the performance of the external auditors and made recommendation to the Board on their appointment and fees payable to them
- Reviewed the investments of the Company i.e. FDR, CAPEX etc. and revised Investment policy of the Company
- Reviewed the contingent liability status of the Company and provisions against the same
- Reviewed the functioning of the Code of Conduct through a quarterly tracking and reporting mechanism implemented for this purpose
- Reviewed Litigation Update of the Company
- Reviewed Past Meeting Decision Tracker
- Reviewed and revised the enterprise risk management framework
- Reviewed the change management and implementation of the new Value Added Tax & Supplementary Duty Act 2012
- Reviewed legal & regulatory updates material to the operations of the business
- Reviewed the CSR effectiveness of the Company and approved the continuation of the partnership with UNDP for the SWAPNO program

The Committee is of the opinion that adequate controls, procedures and risk management systems are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Company is satisfactorily managed.

The minutes of the Committee meetings were placed subsequently before the Board for its approval, on a regular basis, which contained all issues along with various suggestions and recommendations to the Management and the Board.

On behalf of the Committee,



Masud Khan
Chairman of the Audit Committee

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“the Committee”) is a sub-committee of the Board which is independent but appointed by and accountable to the Board of Directors of the Company and to the shareholders according to the conditions of the “Corporate Governance Code, 2018” of the Bangladesh Securities and Exchange Commission dated June 03, 2018 (“the Code”). This report is presented in accordance with the Code which sets out the role of the Committee and the functions carried out during the year ended March 31, 2020 (“the year under review”).

Composition and Meetings

The Committee presently comprises of 3 (Three) permanent members and 2 (Two) advisory (non-voting) Members. The Chairman of the Board, who is also a non-executive director, is a permanent invitee to the Committee. The Chairman of the Committee is a non-executive Independent Director. The Company Secretary functions as the Secretary to the Committee. All permanent members of the Committee are non-executive directors.

| Names | Representation in the Board | Representation in the Committee | Number of Meetings of the Committee during FY20 | |
|------------------------|-----------------------------|---------------------------------|---|----------|
| | | | Held | Attended |
| Ms. Rokia Afzal Rahman | Independent Director | Chairman | 3 | 3 |
| Mr. Sanjay Mishra | Nominee Director | Permanent member | | 2 |
| Mr. Vivek Karve | Nominee Director | Permanent member | | 3 |
| Mr. Amit Prakash | External Member | Advisory (non-voting) Member | | 3 |
| Mr. Ashish Goupal | Managing Director | Advisory (non-voting) Member | | 3 |

*During the year, the Committee held 3 (Three) meetings, complying with the requirement of at least one meeting to be held during the year.

Responsibilities and Duties

The Committee assists the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives/key managerial personnel (KMPs) as well as the remuneration philosophy of the Company. The Committee oversees, among others, the following matters and makes recommendations for review/approval to the Board:

- (i) The criteria for determining qualifications, positive attributes and independence of a director
- (ii) Policy relating to the remuneration of directors and KMPs considering the following:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable persons to run the company successfully;
 - (b) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to directors, KMPs involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals
- (iii) Policy on Board Diversity
- (iv) The plan in relation to identification of persons who are qualified to become directors and who may be appointed as KMPs, and recommend their appointment and removal to the Board
- (v) The criteria for evaluation of performance of independent directors and the Board
- (vi) The plan or proposal relating to the company's needs for employees at different levels and the recruitment, development and succession criteria/principles
- (vii) The annual exercise on the review and recommendations on the company's human resources and training policies
- (viii) review and recommending revisions of the Code of Conduct to the Board

Major activities during the year:

The Committee carried out its functions in accordance with its Charter and applicable laws in key areas of the annual financial reporting cycle. During the year under review, the Committee carried out the following activities:

- Reviewed and recommended to the Board for adoption the updated Code of Conduct for the Board, Key Management Personnel and all members of the Company
- Reviewed the compensation and talent management principles of the Company
- Reviewed and confirmed the appointment of the Director-Marketing
- Review and recommend to the Board for approval revisions to the Charter of the Committee
- Review and approved the calendar of business of the Committee
- Reviewed and recommended to the Board for approval the Policy on Board Diversity

The minutes of the Committee meetings were placed subsequently before the Committee for its approval, on a regular basis, which contained all issues along with discussions and recommendations to the Management and the Board.

On behalf of the Committee,



Ms. Rokia Afzal Rahman

Chairman of the Nomination and Remuneration Committee

Statement of Corporate Governance

Marico Bangladesh endeavours to ensure benchmark corporate governance processes and practices. The Company has a strong legacy of following fair, transparent and ethical governance practices. Our Corporate Governance policy is based on the belief that:

- good governance results in better business results
- good governance converts plans into performance
- good governance maximizes shareholder value

At Marico, good governance practices forms part of business strategy, which includes, inter alia, focus on long term value creation and protecting stakeholders' interests by applying due care and diligence in business decisions. Shareholder value as an objective is embedded into all aspects of corporate governance. Our Corporate Governance is therefore a set of principles which ensures we are governed in the best interest of all the stakeholders-the shareholders, society, employees and the government.

Our corporate governance philosophy stems from our value of openness and transparency which is fundamental to our decision making process and one of our core management tenets. Our corporate governance is further strengthened by the adoption of a uniform Code of Conduct for the Board members and senior management, the Board process, the Rules on Prevention of Insider Dealing and transparent disclosures.

Marico Bangladesh has received several corporate governance awards for best presented annual report over the years from the Institute of Chartered Accountants Bangladesh (ICAB), Institute of Chartered Secretaries (ICSB) and Institute of Cost Management Accountants (ICMAB).

This statement presents the Company's the structures and processes that work to ensure a continued commitment to sound governance.

Corporate Governance Framework

The Company's Corporate Governance Framework is outlined in Section 11 of this report. It aims to deliver management effectiveness, reduction in risk and promotion of best corporate culture.

The legal and regulatory standards underlying this framework are the Companies Act 1994, the Listing Regulations of the Dhaka and Chittagong Stock Exchanges, Notification on Corporate Governance of the Bangladesh Securities and Exchange Commission (BSEC), Corporate Governance Code, 2018 and other applicable laws of the land. Apart from this there is a robust set of internal controls, risk management processes and Code of Conduct further strengthening the Company's corporate governance. There is also a robust process of compliance management where compliance is recorded, audited and certified at the granular level to ensure full adherence to the laws of the land.

The authorities having critical roles in the overall governance programs and contributing to the process of Corporate Governance are:

- The Board of Directors: responsible for oversight and directions
- Executive Management: responsible for driving governance and risk management practices
- The business units and supporting functions: where the activities occur and ownership lies

Structure of Marico Bangladesh's Corporate Governance:



Board Composition

Marico's philosophy to have constructive separation of the Management of the Company from its Owners manifests itself in the composition of the Board of Directors which comprises 7 (seven) directors in the following classes:

- 3 Independent Directors,
- 3 Non-Executive Nominee Directors and
- 1 professional being the Managing Director

The Board selects its members and leaders via an inclusive and thoughtful process, aligned with Company strategy. The Board has in-depth knowledge, skills and vast experience in the context relevant to the Company. The Independent Directors ensure protection of interests of all shareholders of the Company. The Directors' Report along with their profiles have been presented at page 88, 78 to 81 in this Annual Report.

The Chairman

The Companies Act at regulation 54 in schedule-I provides that the directors may elect a Chairman from amongst them who will preside over the general meetings of the Company. Accordingly, the Board of Directors of Marico Bangladesh is headed by a Chairman. All meetings of the Company and the Board are presided over by the Chairman. The Articles of Association of the Company authorizes him with a second and casting vote.

Mr. Saugata Gupta is the Chairman of Marico Bangladesh Limited, a role he has assumed since 2013.

Chairman and CEO distinguished

As mentioned, the Board is headed by a Chairman, while the Management Team is led by the Managing Director /CEO who is a different individual. The Chairman is a non-executive director. The roles of the Chairman and Chief Executive Officer/Managing Director are clearly established, set out in writing in the Articles and practiced by the Board to ensure transparency and better governance. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the Managing Director is the authoritative head for day-to-day management in the Company.

Roles and Responsibilities of the Chairman

- The Chairman's responsibility is defined through the Articles guided by the Board, the Company's Code of Conduct and the Code of Corporate Governance.
- However, the primary role of the Chairman is to preside over meetings of the Board and Company (AGM/EGM) and to ensure that the principles of good governance are established in the Company.

- As Chairman of the Board or Chairman of any Committee formed by the Board he does not personally possess the jurisdiction to apply policy making or executive authority, nor does he participate in or interfere into the administration or operational and routine affairs of the Company.
- The Chairman ensures that the Board is functioning in accordance with the Memorandum and Articles of Association of the Company as well as other applicable laws and conventions.
- As authorised by the Articles, the Chairman, if so warranted under the circumstances, may exercise his second and casting vote in the meeting to arrive at a decision.
- The Chairman also maintains relationships with the relevant stakeholders in consultation with the Board as well as the CEO/Managing Director, representing the Company as a good/responsible corporate citizen.
- The Chairman may assume any responsibility if the Board so assigns within the purview of the relevant laws and the Articles of Association.

Responsibilities of the Board

The Board carries out decision-making role in critical matters, monitoring role to prevent corporate failure and the relational role to balance the interests of all stakeholders. Accordingly, strong governance frameworks are established not only to ensure maximum shareholder value but also to contribute positively to the society at large and ensure maximum value for all stakeholders in the eco-system of the Company. The Board establishes structures and processes to fulfill Board responsibilities that consider the interests of investors, regulators, management and employees among others. The major responsibilities of the Board are as follows:

- Oversee management and set goals and direction
- Evaluate strategy and review management performance
- Review management succession planning
- monitor and manage potential conflicts of interest
- ensure the integrity of financial information
- monitor the effectiveness of board governance practices
- ensure compliance to laws and regulations
- ensure adherence to company policies and guidelines
- perform risk assessment and ensure integrity of company's financial reporting

Committee(s)

The Board currently has two sub-committees which are the Audit Committee and Nomination & Remuneration Committee. The Audit Committee has delegated responsibilities to assist the Board in ensuring fair & transparent financial reporting as well as a prudent control environment to protect against financial and non-financial failures, abuses or fraud. The Nomination & Remuneration Committee assists the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of managing performance, remuneration and overall corporate culture and talent management principles. The duties and responsibilities of the Committees are clearly defined by the Board. The Committee therefore strictly adheres to a set of terms of reference approved by the Board.

Board Audit Committee

The Audit Committee is constituted according to the conditions of the BSEC guidelines and Corporate Governance Code 2018. The Committee comprises 3 Independent Directors and 2 Non-Executive Nominee Directors. The Managing Director is a permanent invitee to the Committee. The Board has appointed an Independent Director as Chairman of the Committee in accordance with the BSEC Guidelines. All members of the Audit Committee are 'financially literate' as per regulatory requirement and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The Managing Director, the Chief Financial Officer and the Company Secretary attend all meetings of the Committee and Internal Auditors of the Company and representatives of external auditors attend the meetings upon invitation by the Audit Committee. The key responsibilities of the Audit Committee are elaborated in the Audit Committee Report which is presented in this Report. Additionally the Committee also ensures adherence to the Secretarial Standards issued by the Institute of Chartered Secretaries Bangladesh.

Board Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("NRC") is constituted according to the conditions of the Corporate Governance Code 2018. The Committee comprises 1 Independent Director, 2 Non-Executive Nominee Directors and 2 non-voting Advisory Members. The Board has appointed Ms. Rokia Afzal

Rahman, Independent Director as Chairperson of the Committee in accordance with the Code. All members of the NRC are eligible to effectively discharge their duties and responsibilities as members of the Committee. The key responsibilities of the Committee are elaborated in the Nomination & Remuneration Committee Report which is presented at page 101 in this Report.

The Company Secretary acts as the Secretary to the Committee, drives corporate compliance and ensures effective functioning of the Board and Committee by organizing and attending all Board and Committee meetings.

Management Team

The senior management plays a significant role in managing the business as per the norms of corporate governance, the Company's Code of Conduct and ensures that adequate internal controls are in place and supported through a strong internal control framework. In addition to the formal legal framework guiding the discharge of functions of the management team, the Marico values underlie and acts as the moral compass of the organization. The implementation of the Board's plans, strategies and policies are carried out by the management team lead by the Managing Director. The management team comprises the following members:

- Mr. Ashish Goupal, Managing Director
- Mr. Elias Ahmed, Chief Financial Officer
- Mr. Md. Hedayet Ullah, Director –Sales
- Mr. Allen Ebenezer Eric, Director-Marketing
- Mr. Md. Saiful Alam, Director- Manufacturing
- Mr. Md. Habibur Rahman, Director- Supply Chain & NPD
- Mr. Ashish Mane, Director- Human Resources
- Ms. Christabel Randolph, Director - Legal & Corporate Affairs and Company Secretary

The management team reports to the Board and has the responsibility of implementing the policies and decisions of the Board, overseeing the day to day business operations as well as developing, coordinating and implementing business and corporate strategies. The management team is accountable to the Board for achieving the business performance as per the annual operating plan approved by the Board and delivering maximum return for all stakeholders.

Board and Committee Meetings

The composition & meetings of the Board and Committees are stated in the Director's Report and Committees' Reports respectively.

Our Corporate Responsibility Principles

- Commitment to conduct business in an honest, ethical and lawful manner. A Code of Conduct guides ethical decisions for all members of the Board which dictates our ethical behavior and manifests our value system that promotes business transparency and builds shareholder trust.
- Commitment to protect the health and safety of our members, the environment, and our communities.
- Commitment to provide a workplace where all employees can fulfill their potential based on merit and ability.
- To transform in a sustainable manner the lives of all those we touch, by nurturing and empowering them to maximize their true potential which is reflected in our commitment to sustainable development and to constantly add value for the benefit of our shareholders, employees, consumers and the society.
- Create value for our stakeholders while continually improving our performance as a good corporate citizen with active engagement in CSR activities.

Internal Audit

Marico Bangladesh's internal audit function has the responsibility for independently assessing the adequacy and effectiveness of:

- the internal control over financial reporting based on the framework and criteria established under the integrated internal financial control framework and
- management of significant risk areas.

A Management Report on Internal Control over Financial Reporting has been attached in Annexure-I of this Corporate Governance Report. Details on risk management is presented at page 83 of this report.

Financial Reporting

The Financial reporting system is the backbone of a successful information structure. Marico has strong financial reporting procedures in place. Financial statements are prepared in accordance with the applicable laws including:

- The Companies Act 1994
- The Securities and Exchange Rules 1987
- The Listing Regulations of the Stock Exchanges
- International/Bangladesh Financial Reporting Standards (IFRS/BFRS) and other applicable financial legislations.

The management is responsible for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. Accounting estimates are made which are rational as per circumstances, with use of correct accounting policies and interpretations. The reports are then reviewed accordingly by respective authorities on a regular basis and the Audit Committee of the Board exercises close oversight in this process. At every quarter, external auditors review the quarterly financial statements and after thorough scrutiny, the financial reports are placed before the Board for final review and adoption.

Commitments

Marico Bangladesh has started its operation in the country 20 years ago, and within this time the Company has achieved significant milestones and established itself as significant player in the consumer packaged goods industry of Bangladesh. The company has expanded remarkably through its flagship brands, Parachute, Parachute Advanced, Nihar Naturals, Saffola. Over the years, the Company has successfully created a diversified portfolio by foraying into skin care, male grooming, baby care and food categories.

The Company is not only focused on strengthening business performance but also to grow more compliant and grow competencies. The Company's strength in corporate governance has resulted in Marico becoming a respected and reputed business entity in the country with a strong corporate image and Parachute being one of the most trusted brands by consumers. The Company is listed on both the Dhaka and Chittagong Stock Exchanges. The share performance demonstrates public and investor confidence in the Company's long record of steady earnings which is testament to its good corporate governance.

There is high degree of transparency in the Governance framework, fueled by the presence of Independent Directors. Almost half of the Board is made up of Independent Directors who have deep involvement in ensuring integrity of financial information & reporting, full and open disclosures and the necessary checks and balances between the Board and Management of the Company. The Independent Directors provide an external and dispassionate insight on the ways of work of the Company and provide valuable guidance to the business. We are committed and dedicated to further strengthening our corporate governance by moving towards an integrated reporting framework and to continually add value to all the stakeholders of the Company.

External/Statutory Auditors:

The annual audit of the Company is governed by the Companies Act 1994 and Securities and Exchange Rules 1987. As per these regulations, auditors are appointed by the Shareholders at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM. Appropriate structure is in place as per corporate governance best practices to ensure independence of statutory auditors. The statutory auditors are rotated every three years in compliance with the guidelines of Bangladesh Securities and Exchange Commission (BSEC). Audit Committee meets the statutory auditors to ensure that auditors are acting independently and reviews the financial statements before submission to the Board for approval. Non-audit services likely to deter independence are not obtained from the statutory auditors. In addition to the audit of annual financial statements, the auditors also carry out audit of half-yearly financial statements of the Company. M/s. Rahman Rahman Huq, Chartered Accountants is the statutory auditor and they have no involvement with any other services of the Company.

Reporting and Compliance of Corporate Governance:

As required, status of compliance with the conditions laid down in the BSEC Notification No. SEC/CMR-RCD/2006-158/207/Admin/80 dated 3 June 2018 is presented as Annexure-c to this Statement of Corporate Governance at page 110 to 121. Further, to ensure adequate regulatory discharge, a Compliance Certificate is also obtained from licensed practicing professional M/s. Al-Muqtadir Associates, Chartered Secretaries who has certified that the Company has duly complied with all the regulatory and governance requirements as stipulated by the Bangladesh Securities and Exchange Commission (BSEC). The compliance auditor is also required to be appointed by the shareholders at the general meeting of the Company. As required, copy of the certificate of compliance is also presented in this Annual Report at page 109.

On behalf of the Board,



Ashish Goupal
Managing Director

Annexure-A

Declaration by MD and CFO

Date: June 28, 2020

The Board of Directors
Marico Bangladesh Limited

Subject: Declaration on Financial Statements for the year ended on 31st March, 2020

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMR-RCD/2016-158/207/Admin/80, Dated June 03, 2018 & under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Marico Bangladesh Limited for the year ended on 31st March, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31st March, 2020 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(Ashish Goupal)
Managing Director



(Elias Ahmed)
Chief Financial Officer (CFO)

Annexure-B

Al-Muqtadir Associates
Chartered Secretaries & Consultants

efforts unpteenth : ঐশ্বর্য সুরক্ষা

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Report to the Shareholders of Marico Bangladesh Limited on compliance with the Corporate Governance Code (As required under the BSEC Code of Corporate Governance)

We have examined the compliance status to the Corporate Governance Code by Marico Bangladesh Limited for the year ended on 31st March 2020. This code relates to the gazette notification no: BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3rd June 2018 of Bangladesh Securities and Exchange Commission (BSEC).

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance Code. This is a scrutiny and verification and an independent audit on compliance of the conditions of Corporate Governance Code as well as provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of the Corporate Governance Code.

We state that we have obtained all the information and explanations or representations, which we have required, and after due scrutiny and verification thereof, we report that in our opinion and subject to the remarks and observations as reported in the connected Compliance Statement :

- a) The Company has complied with the conditions of Corporate Governance as Stipulated in the above mentioned Corporate Governance Code issued by the Commission.
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- c) Proper books and records have been kept by the Company as required under the Companies Act 1994, the securities laws and other relevant laws, and
- d) The standard of governance in the Company is satisfactory.

This report, however, is no endorsement about quality of contents in the Annual Report of the Company for the year 2020.



Dhaka, June 30, 2020

Al-Muqtadir Associates
Chartered Secretaries & Consultants

A.K.A. Muqtadir FCS
CEO & Chief Consultant

Statement of Compliance

ANNEXURE-C

As per condition No. 1(5) (xxvii)

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CM RCD/2006-158/207/ Admin/80 dated 3 June 2018:

(Report under Condition No. 9)

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|---|-------------------|--------------|--|
| | | Complied | Not complied | |
| 1(1) | Board's size: The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty): | ✓ | | MBL Board is comprised of 7 Directors. |
| 1(2) | Independent Directors | | | |
| 1(2) (a) | At least one-fifth (1/5) of the total number of directors | ✓ | | There are three Independent Directors on the MBL Board, viz: Mr. Masud Khan, Ms. Rokia Afzal Rahman & Mr. Ashraful Hadi. |
| 1(2)(b)(i) | Does not hold any share or holds less than 1% shares of the total paid-up shares of the Company | ✓ | | As declared by the Independent Directors |
| 1(2)(b)(ii) | Not a sponsor/not connected with any sponsor or Director or nominated Director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds 1% or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members are also not allowed to hold more than 1% shares of the total paid-up shares of the Company | ✓ | | As declared by the Independent Directors |
| 1(2)(b)(iii) | Not an executive of the Company in immediately preceding 2 (two) financial years | ✓ | | Do |
| 1(2)(b)(iv) | Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated Companies | ✓ | | Do |
| 1(2)(b)(v) | Not a member or TREC holder/Director/ officer of any stock exchange | ✓ | | Do |
| 1(2)(b)(vi) | Not a shareholder, Director excepting Independent Director or officer of any member or TREC holder of any stock exchange or an intermediary of the capital market | ✓ | | Do |
| 1(2)(b)(vii) | Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any concerned statutory audit firm or any firm that is already engaged with the Company | ✓ | | Do |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|---|-------------------|--------------|---|
| | | Complied | Not complied | |
| 1(2)(b)(viii) | Not an Independent Director in more than 5 (five) listed companies | ✓ | | Do |
| 1(2)(b)(ix) | Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NBF | ✓ | | Do |
| 1(2)(b)(x) | Not been convicted for a criminal offence involving moral turpitude | ✓ | | Do |
| 1(2)(c) | Shall be appointed by the Board and approved by the shareholders in the AGM | ✓ | | The appointments are duly approved |
| 1(2)(d) | The post cannot remain vacant for more than 90 (ninety) days | ✓ | | No post remained vacant for more than 90 (ninety) days |
| 1(2)(e) | The tenure of office shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. A former Independent Director may be reappointed for another tenure after a time gap of 3 years from his/her completion of consecutive two tenures. The Independent Directors shall not be subject to retirement by rotation | ✓ | | The Independent Directors (IDs) are in their regular term of office. 1 Independent Directors, Mr. Ashraful Hadi is currently on his second term while Mr. Masud Khan and Ms. Rokia Afzal Rahman will complete a second term in the next financial year. |
| 1(3) | Qualification of Independent Directors | | | |
| 1(3)(a) | shall be a knowledgeable individual with integrity and able to ensure compliance with relevant laws as well as able to make meaningful contribution to the business | ✓ | | The qualification and background of the IDs are commensurate to the requirements of the position and are stated in the Directors' Profile. |
| 1(3)(b)(i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million/ any listed company/a member of any national or international chamber of commerce or business association or | ✓ | | Do |
| 1(3)(b)(ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; | ✓ | | Do |
| 1(3)(b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th grade of the national pay scale having minimum bachelor degree in economics/commerce/business or law | N/A | | Not Applicable |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|--|-------------------|--------------|---|
| | | Complied | Not complied | |
| 1(3)(b)(iv) | University Teacher having educational background in Economics or Commerce or Business Studies or Law; | N/A | | Not Applicable |
| 1(3)(b)(v) | Practicing advocate at least in the High Court Division of Bangladesh Supreme Court/CA/CMA/CFA/CCA/CS/equivalent qualification | ✓ | | The qualification and background of the IDs are commensurate to the requirements of the position and are stated in the Directors' Profile. |
| 1(3)(c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | ✓ | | All Independent Directors have more than Ten years of experiences |
| 1(3)(d) | Relaxation in special cases as to qualifications of Independent Director | N/A | | No such instance |
| 1(4) | Duality of chairperson of the Board of Directors and Managing Director or Chief Executive office | | | |
| 1(4)(a) | The posts of Chairman of the Board and Chief Executive Officer are to be filled by different individuals. | ✓ | | The Chairman of the Board and CEO are different individuals and the Chairman is elected from amongst the Directors. Mr. Saugata Gupta is the Chairman and Mr. Ashish Goupal is the Managing Director. |
| 1(4)(b) | MD shall not hold same position in any other listed company | ✓ | | No such instance |
| 1(4)(c) | Chairperson shall be a non Executive Director | ✓ | | In Practice |
| 1(4)(d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer | ✓ | | Role and Responsibilities of the Chairperson are clearly defined on Corporate Governance Report and those of the Managing Director are defined in the AoA |
| 1(4)(e) | In the absence of regular chairperson, the other members shall elect a nonexecutive director to chair that particular meeting | ✓ | | In Practice |
| 1(5) | Directors' Report to Shareholders | | | |
| 1(5)(i) | An industry outlook and possible future de-velopments in the industry | ✓ | | Disclosed in the Director's Report page 88 |
| 1(5)(ii) | The segment-wise or productwise performance | ✓ | | Disclosed in the Director's Report |
| 1(5)(iii) | Risks and concerns | ✓ | | Disclosed in the Director's Report |
| 1(5)(iv) | Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin | ✓ | | Disclosed in the Director's Report |
| 1(5)(v) | Discussion on continuity of any extraordinary activities and their implications (gain or loss) | ✓ | | Disclosed in the Director's Report |
| 1(5)(vi) | A detailed discussion on related party transactions | ✓ | | Disclosed in the Director's Report |
| 1(5)(vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments | ✓ | | Disclosed in the Director's Report |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|---|-------------------|--------------|--|
| | | Complied | Not complied | |
| 1(5)(viii) | An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc. | ✓ | | Disclosed in the Director's Report |
| 1(5)(ix) | An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements | ✓ | | Disclosed in the Director's Report |
| 1(5)(x) | Remuneration paid to the Directors including independent directors | ✓ | | Disclosed in the Director's Report |
| 1(5)(xi) | the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity | ✓ | | Disclosed in the Director's Report |
| 1(5)(xii) | Maintenance of proper books of accounts | ✓ | | Disclosed in the Director's Report |
| 1(5)(xiii) | Adoption of appropriate & consistent accounting policies and estimates | ✓ | | Disclosed in the Director's Report |
| 1(5)(xiv) | Follow of IAS, IFRS in preparation of the financial statements and any departure there from has been adequately disclosed | ✓ | | Disclosed in the Director's Report |
| 1(5)(xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored | ✓ | | Disclosed in the Director's Report |
| 1(5)(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress | ✓ | | Disclosed in the Director's Report |
| 1(5)(xvii) | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed | ✓ | | Disclosed in the Director's Report |
| 1(5)(xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained | ✓ | | Disclosed in the Director's Report |
| 1(5)(xix) | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized | ✓ | | Disclosed in the Director's Report |
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year | ✓ | | The Company Declared Interim Cash Dividend of 750% and recommended 200% final cash dividend. A total of 950% cash dividend has been declared for the year ended on 31st March 2020 |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|---|-------------------|--------------|---|
| | | Complied | Not complied | |
| 1(5)(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend | ✓ | | Disclosed in the Director's Report |
| 1(5)(xxii) | The total number of Board meetings held during the year and attendance by each Director | ✓ | | Disclosed in the Director's Report |
| 1(5)(xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares held by :- | | | |
| (a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details) | N/A | | Disclosed in of the Director's Report |
| (b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details) | ✓ | | Disclosed in the Director's Report |
| (c) | Executives and | ✓ | | Disclosed in the Director's Report |
| (d) | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details) | ✓ | | Disclosed in the Director's Report |
| 1(5)(xxiv) | In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:- | | | |
| (a) | a brief resume of the Director | ✓ | | Stated in the Profile of the Board |
| (b) | nature of his or her expertise in specific functional areas and | ✓ | | Stated in the Profile of the Board |
| (c) | names of companies in which the person also holds the directorship and the membership of committees of the Board | ✓ | | Stated in the Profile of the Board |
| 1(5)(xxv) | A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on: | | | |
| (a) | accounting policies and estimation for preparation of financial statements | ✓ | | Presented on Management's Discussion and Analysis at pages 94 to 95 |
| (b) | changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes | ✓ | | Presented on Management's Discussion and Analysis |
| (c) | comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof | ✓ | | Presented on Management's Discussion and Analysis |
| (d) | compare such financial performance or results and financial position as well as cash flows with the peer industry scenario | ✓ | | Presented on Management's Discussion and Analysis |
| (e) | briefly explain the financial and economic scenario of the country and the globe | ✓ | | Presented on Management's Discussion and Analysis |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|--|-------------------|--------------|---|
| | | Complied | Not complied | |
| (f) | risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company and | ✓ | | Presented on Management's Discussion and Analysis |
| (g) | future plan or projection or forecast for com-pany's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM | ✓ | | Presented on Management's Discussion and Analysis |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A and | ✓ | | Attached with the Director's Report |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C. | ✓ | | Attached with the Director's Report |
| 1(6) | Meeting of the BoD Shall conduct Board meetings and record the minutes as per BSS | ✓ | | Duly conducted the Board meetings and recorded the minutes as per BSS |
| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | | |
| 1(7)(a) | Code of conduct for the Chairman, other Board members and Chief Executive Officer | ✓ | | In Practice |
| 1(7)(b) | Availability of Code of Conduct on the website of the Company | ✓ | | The Code of Conduct is posted on the website |
| 2 | Governance of Board of Directors of Subsidiary Company: | | | |
| 2(a) | Same provisions shall be applicable for composition of the Board of the holding and the Board of the subsidiary | N/A | | |
| 2(b) | At least one independent director on the Board of the holding Company shall be a director on the Board of the subsidiary Company | N/A | | |
| 2(c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company | N/A | | |
| 2(d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also | N/A | | |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsid-iary company. | N/A | | |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|--|-------------------|--------------|--|
| | | Complied | Not complied | |
| 3(1) | MD or CEO, CFO, Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS) | | | |
| 3(1)(a) | Appointment of MD or CEO, CFO, HIAC and CS | ✓ | | Complied |
| 3(1)(b) | Different individuals are in the position of MD or CEO, CFO, HIAC and CS | ✓ | | Mr. Ashish Goupal is the Managing Director, Mr. Elias Ahmed is the Chief Financial Officer, Ms. Christabel Randolph is the Company Secretary and Mr. Atiar Rahman is the Head of Internal Audit & Compliance |
| 3(1)(c) | The MD or CEO, CS, CFO and HIAC don't hold any executive position in any other company at the same time | ✓ | | In Practice |
| 3(1)(d) | Clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS | ✓ | | In Practice |
| 3(1)(e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | ✓ | | In Practice |
| 3(2) | Attendance in the meetings of the Board of MD or CEO, CS, CFO and HIAC | ✓ | | In Practice |
| 3(3)(a)(i) | Does not contain materially untrue statement and omit any material fact in the financial statements certified by MD & CFO | ✓ | | In Practice |
| 3(3)(a)(ii) | True & fair view of financial statements certified by MD & CFO | ✓ | | In Practice |
| 3(3)(b) | Certification of MD and CFO regarding financial statements | ✓ | | Given in the Annual Report at page 108 |
| 3(3)(c) | Annual Report contains certification of MD & CFO on financial statements | ✓ | | Do |
| 4 | Board of Directors' Committee | | | |
| 4(i) | An Audit Committee | ✓ | | In Practice |
| 4(ii) | A Nomination & Remuneration Committee | ✓ | | In Practice |
| 5 | Audit Committee | | | |
| 5(1)(a) | The Company shall have an Audit Committee as a subcommittee of the Board of Directors | ✓ | | In Practice |
| 5(1)(b) | Assistance of the Audit Committee to the Board | ✓ | | In Practice |
| 5(1)(c) | Responsible to the Board and the duties of the Audit Committee shall be clearly set forth in writing | ✓ | | There is an Audit Committee with roles and responsibilities clearly defined in its Charter |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|---|-------------------|--------------|---|
| | | Complied | Not complied | |
| 5(2) | Audit Committee composition: | | | |
| (a) | at least 3 members | ✓ | | The Audit Committee is comprised of 5 (Five) members. |
| (b) | All members are to be non-executive directors except chairman of the board and one member shall be an independent director | ✓ | | In Practice |
| (c) | Financial literacy & minimum 10 years' experience of members | ✓ | | The qualifications and expertise of the members are commensurate to their role and have been duly reviewed by the Board. All members of the Audit |
| 5(2)(d) | Vacancy of office of audit committee member, in case of his/ her expiry or inability to hold office | ✓ | | Committee are 'financially literate' as declared by them and have 'related financial management experience' as per the BSEC notification. |
| 5(2)(e) | The company secretary shall act as the secretary of the Committee | ✓ | | There were no such instance during FY 2019-20 |
| 5(2)(f) | At least 1 (one) independent director in quorum of the committee | ✓ | | In Practice |
| 5(3)(a) | An independent director shall be Chairman of the committee | ✓ | | In Practice |
| 5(3)(b) | Chairman in the absence of regular Chairman of the Committee | ✓ | | Mr. Masud Khan, Independent Director, is Chairman of the Audit Committee. |
| 5(3)(c) | Audit Committee Chairman's presence in Annual General Meeting | ✓ | | There were no such instance during FY 2019-20. |
| 5(4)(a) | At least its four meetings in a financial year | ✓ | | In Practice |
| 5(4)(b) | Quorum: two members or 2/3 of total audit committee member | ✓ | | Total 4 meetings held in the year |
| 5(5)(a) | Oversee the financial reporting process | ✓ | | In Practice |
| 5(5)(b) | Monitor choice of accounting policies and | ✓ | | In Practice |
| Principles | Monitor Internal Audit & Compliance Process | ✓ | | In Practice |
| 5(5)(c) | Monitor Internal Audit & Compliance Process | ✓ | | In Practice |
| 5(5)(d) | Oversee hiring and performance of external Auditors | ✓ | | In Practice |
| 5(5)(e) | Meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption | ✓ | | In Practice |
| 5(5)(f) | review along with the management, the annual financial statements before submission to the Board for approval | ✓ | | In Practice |
| 5(5)(g) | Review the quarterly and half yearly financial statements before submission to the board for approval | ✓ | | In Practice |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|----------------|---|-------------------|--------------|--|
| | | Complied | Not complied | |
| 5(5)(h) | Review the adequacy of internal audit Function | ✓ | | In Practice |
| 5(5)(i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report; | ✓ | | In Practice |
| 5(5)(j) | Review statement of all related party transactions submitted by the management; | ✓ | | In Practice |
| 5(5)(k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors; | ✓ | | In Practice |
| 5(5)(l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors | ✓ | | In Practice |
| 5(5)(m) | Oversee about the uses/applications of funds raised through IPO or RPO or Rights Share Offer | N/A | | There was no IPO/RPO/Rights issue in 2019-20 or in the recent past. |
| 5(6) | Reporting of the Audit Committee | | | |
| 5(6)(a)(i) | Reporting to the Board of Directors | ✓ | | Audit Committee reports to the Board and key agenda are adopted at the audit committee prior to placing the same before the Board. |
| 5(6)(a)(ii)(a) | Report on conflicts of interests | ✓ | | In practice |
| 5(6)(a)(ii)(b) | Report on suspected or presumed fraud or irregularity or material defect in internal audit/financial statements | ✓ | | In Practice |
| 5(6)(a)(ii)(c) | Report on suspected infringement of laws & regulatory compliances | ✓ | | In Practice |
| 5(6)(a)(ii)(d) | Any other matter deems necessary to disclose | ✓ | | In Practice |
| 5(6)(b) | Report on unreasonably ignored rectification to the Commission | ✓ | | No such situation arose during the year. |
| 5(7) | Reporting to the Shareholders and General Investors | ✓ | | The Audit Committee Report, signed by the Chairman is presented in this Annual Report |
| 6 | Nomination and Remuneration Committee (NRC) | | | |
| 6(1)(a) | NRC as a sub-committee of the Board | ✓ | | Already in place |
| 6(1)(b) | Assists the Board in formulating NRC policy | ✓ | | The NRC duly discharged its responsibilities |
| 6(1)(c) | Clearly defined terms of reference of NRC | ✓ | | There is a clearly defined terms of reference and charter of the NRC duly reviewed and approved by the Board. |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|--|---|-------------------|--------------|--|
| | | Complied | Not complied | |
| 6(2) Constitution of the NRC | | | | |
| 6(2)(a) | At least three members including an Independent Director | ✓ | | The NRC is comprised of 3 (Three) permanent members and 2 (Two) advisory (non-voting) Members. |
| 6(2)(b) | All members of the Committee shall be non-executive Directors | ✓ | | In Practice |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board | ✓ | | In Practice |
| 6(2)(d) | The Board reserve the authority to remove and appoint any member of the Committee; | ✓ | | In Practice |
| 6(2)(e) | The Board shall fill the vacancy in case of death, resignation, disqualification, or removal of any member | ✓ | | No such instance arose during the year |
| 6(2)(f) | The Chairperson may appoint external expert for advice or suggestion | ✓ | | In Practice |
| 6(2)(g) | The company secretary shall act as the secretary of the Committee | ✓ | | In Practice |
| 6(2)(h) | Quorum: at least an independent director | ✓ | | In Practice |
| 6(2)(i) | No remuneration other than director fees/honorarium for any member | ✓ | | In Practice |
| 6(3) Chairperson of the NRC | | | | |
| 6(3)(a) | Chairman: an Independent director | ✓ | | Ms. Rokia Afzal Rahman, Independent Director is the Chairperson of the Committee |
| 6(3)(b) | In the absence of regular Chairman, Chairman from other members | ✓ | | No such instance arose during the year |
| 6(3)(c) | Chairman's presence in annual general meeting | ✓ | | In Practice |
| 6(4) Meeting of the NRC | | | | |
| 6(4)(a) | At least one meeting in a financial year | ✓ | | In Practice |
| 6(4)(b) | Any emergency meeting upon request by any member of the NRC | ✓ | | No such instance arose during the year |
| 6(4)(c) | Quorum: Higher of two members or 2/3 of total members including at least one independent director | ✓ | | In Practice |
| 6(4)(d) | Confirmation of minutes in the next meeting of the NRC | ✓ | | In Practice |
| 6(5) Role of the NRC | | | | |
| 6(5)(a) | Shall be independent and responsible or accountable to the Board and to the shareholders | ✓ | | In Practice |
| 6(5)(b) NRC shall oversee, among others, following matters and make report with recommendation to the Board:- | | | | |
| 6(5)(b)(i)(a) | The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully | ✓ | | In Practice |
| 6(5)(b)(i)(b) | Clear relationship among remuneration, performance & benchmarks | ✓ | | In Practice |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|--|-------------------|--------------|--------------------------------|
| | | Complied | Not complied | |
| 6(5)(b)(i)(c) | Balance between fixed and incentive pay reflecting short and longterm performance objectives appropriate to the working of the company and its goals | ✓ | | In Practice |
| 6(5)(b)(ii) | Devising a policy on Board's diversity | ✓ | | In Practice |
| 6(5)(b)(iii) | Identification of qualification of directors and recommendation for appointment and removal | ✓ | | In Practice |
| 6(5)(b)(iv) | Formulating the criteria for evaluation of performance of independent directors and the Board | ✓ | | In Practice |
| 6(5)(b)(v) | Identifying needs for employees and determine their selection, transfer or replacement and promotion criteria | ✓ | | In Practice |
| 6(5)(b)(vi) | Developing, recommending and reviewing annually the company's human resources and training policies | ✓ | | In Practice |
| 6(5)(c) | Nomination and remuneration policy, the evaluation criteria and activities of NRC during the year in its annual report. | ✓ | | Disclosed in the Annual Report |
| 7 | External or Statutory Auditors | | | |
| 7(1)(i) | Not involved in appraisal or valuation services or fairness opinions | ✓ | | As declared by the Auditors |
| 7(1)(ii) | Not involved financial information systems design and implementation | ✓ | | Do |
| 7(1)(iii) | Not involved in book-keeping or other services related to the accounting records or financial statements | ✓ | | Do |
| 7(1)(iv) | Not involved as broker-dealer services | ✓ | | Do |
| 7(1)(v) | Not involved in actuarial services | ✓ | | Do |
| 7(1)(vi) | Not involved in internal audit services or special audit services | ✓ | | Do |
| 7(1)(vii) | Not involved in any service that the Audit Committee determines | ✓ | | Do |
| 7(1)(viii) | Not involved in audit or certification services on compliance of corporate governance | ✓ | | Do |
| 7(1)(ix) | Not involved in any other service that creates conflict of interest | ✓ | | Do |
| 7(2) | No partner or his/ her family or employees of the external audit firms hold any share at least during audit work | ✓ | | Do |
| 7(3) | Auditors' or their representative presence in the AGM | ✓ | | In Practice |

| Condition No. | Title | Compliance Status | | Remarks (if any) |
|---------------|---|-------------------|--------------|--|
| | | Complied | Not complied | |
| 8 | Maintaining a website by the Company | | | |
| 8(1) | An official website linked with the website of the stock exchange | ✓ | | In Practice |
| 8(2) | A website functional from the date of listing | ✓ | | In Practice |
| 8(3) | Available detailed disclosures on its website as required under the listing regulations of the stock exchange(s). | ✓ | | In Practice |
| 9 | Reporting and Compliance of Corporate Governance.- | | | |
| 9(1) | Compliance certificate on Corporate Governance Code of the Commission in the Annual Report. | ✓ | | Required Certification has been obtained from M/s Al-Muqtadir Associates, Chartered Secretaries, for the year 2019-20 which is presented in this Annual Report |
| 9(2) | The compliance auditor shall be appointed by the shareholders in the AGM | ✓ | | Complied |
| 9(3) | Annexure-C attached in the directors' report | ✓ | | Required Annexure-C is presented in this Annual Report |

Shareholding Patern

ANNEXURE-1

SHAREHOLDING PATTERN

(a) Shareholding details of Parent or Subsidiary or Associated Companies as on 31st March, 2020

| Name | Status | Number of shares held* |
|----------------|----------------|------------------------|
| Marico Limited | Parent Company | 28349996 |

* 1 (One) Share is held by Mr. Harsh Mariwala, Promoter/Sponsor of the Company

(b) Shareholding details of Director, CEO, CFO, CS and HIAC and their spouses and minor children as on 31st March, 2020

| Name | Position | Number of shares held |
|-------------------------|-------------------------------------|-----------------------|
| Mr. Masud Khan | Independent Director | Nil |
| Ms. Rokia Afzal Rahman | Independent Director | Nil |
| Mr. Ashraf Hadi | Independent Director | Nil |
| Mr. Saugata Gupta | Director | 1 |
| Mr. Vivek Karve | Director | 1 |
| Mr. Sanjay Mishra | Director | 1 |
| Mr. Ashish Goupal | Managing Director | Nil |
| Mr. Elias Ahmed | CFO | Nil |
| Ms. Christabel Randolph | Company Secretary | Nil |
| Mr. Atiar Rahman | Head of Internal Audit & Compliance | Nil |

(c) Shareholding details of top 5 salaried executives of the Company as on 31st March, 2020

| Name | Position | Number of shares held |
|----------------------------|----------------------------|-----------------------|
| Mr. Md. Saiful Alam | Director - Manufacturing | Nil |
| Mr. Mohammad Hedayet Ullah | Director - Sales | Nil |
| Mr. Allen Ebenezer Eric | Director - Marketing | Nil |
| Mr. Md. Habibur Rahman | Director - Supply Chain | Nil |
| Mr. Ashish Mane | Director - Human Resources | Nil |

(d) Shareholders holding ten percent or more voting interest in the Company

| Name | Status | Number of shares held |
|----------------|----------------|-----------------------|
| Marico Limited | Parent Company | 28349996 |

Dividend Pattern

The cash dividend granted by the Company since its listing on the Stock Exchanges is described below:-

| | Q1 | Q2 | Q3 | Mid-Q | Q4 | H2 | EXT Q5 | EXT Q6 | Total |
|----------|------|------|------|-------|------|-----|--------|--------|-------|
| FY'09 | | | | | | 25% | | | 25% |
| FY 10-11 | | | | | | 20% | | 25% | 45% |
| FY'12 | | | 100% | | | | | | 100% |
| FY'13 | | 100% | | | | 50% | | | 150% |
| FY'14 | 150% | 200% | 500% | | | 50% | | | 900% |
| FY'15 | 150% | | 225% | | | 50% | | | 425% |
| FY'16 | | 300% | 100% | | 50% | | | | 450% |
| FY'17 | 150% | 300% | | | 50% | | | | 500% |
| FY'18 | - | 250% | 250% | | 100% | | | | 600% |
| FY'19 | 150% | 250% | | 200% | 50% | | | | 650% |
| FY'20 | 250% | 200% | 300% | | 200% | | | | 950% |

Your Company's wealth distribution philosophy aims at sharing its prosperity with its shareholders. The upward trend reflects consistency in the Company's dividend disbursements over the years and commitment to ensure that shareholders' value is maximized.

This year our Board of Directors declared respectively 250%, 200% and 300% interim cash dividends on Q1, Q2 and Q3 earnings disclosure, all of which have been subsequently paid and the Board has announced a final cash dividend of 200% on earnings disclosure of Q4, which if approved by the shareholders at the 20th AGM will take the dividend tally to 950% for the year which is the ever highest total cash dividend payout.

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES



Ref. No: CM-2020/170

Date of issue : June 15, 2020

Renewed Certificate


This is to certify that

MARICO BANGLADESH LIMITED

*is an Ordinary Member of Bangladesh Association of Publicly Listed Companies
and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December 2020.




Secretary-General

Auditors' Report & Financial Statements





Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 2 988 6450-2
Fax +880 2 988 6449
Email dhaka@kpmg.com
Interent www.kpmg.com/bd

**Independent Auditor's Report
To the Shareholders of Marico Bangladesh Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of Marico Bangladesh Limited ("the Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

| 1. Revenue recognition | |
|--|---|
| See note 6 to the financial statements | |
| The key audit matter | How the matter was addressed in our audit |
| <p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are dispatched for delivery to the distributor. The Company makes sales on advance basis. The sales of the Company are derived from a large number of distributors located over the country with relatively small amount of transactions. Above criteria makes the revenue process complex.</p> <p>Revenue is measured at net of discounts and incentives earned by customers/distributors. The estimation of discounts and incentives recognised based on sales made during the year is material and considered to be complex and judgemental.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> | <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> We understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through to cash receipts and customers' outstanding balances. We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivables or advances from customers. We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices, outbound delivery note and truck challans. We also confirmed customer balances at the statement of financial position date. We have performed substantive procedure to check whether incentives and discounts is recognised completely and accurately. We have also tested the reasonableness of estimation considered at the time of recognition and measurement of incentives. |

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| <p>Confirmation documents of dispatching goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and dispatch of the products to the company's distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p> <p>Due to the complexities and the inherent risk of manipulation in revenue recognition, we determined this to be a key audit matter.</p> <p>The company has reported total revenue of BDT 9,796 million (2019: BDT 8,768).</p> | <ul style="list-style-type: none"> Furthermore, we tested the sales transactions recognised shortly before and after the statement of financial position date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting periods. |
| 2. Existence and valuation of inventory | |
| See note 19 to the financial statements | |
| The key audit matter | How the matter was addressed in our audit |
| <p>"The Company had inventory of BDT 1,632 million (2019: BDT 1,091 million) at 31 March 2020, held in plants, warehouses and depots, and across multiple product lines.</p> <p>Inventory is kept and distributed from different location of the Country which increase the susceptibility of lost and misappropriation of inventories. Hence existence of inventories considered as key audit matter.</p> <p>Inventory is carried in the statement of financial position at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgement involved and use of some manual processes in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter."</p> | <p>Our audit procedures were designed to confirm the existence of inventories and to challenge the adequacy of the Company's provisions against inventory included:</p> <ul style="list-style-type: none"> Evaluating the design and implementation of key inventory controls operating across the Company, including those at a sample of distribution centres, warehouses and depots; Attending inventory counts to check the existence and reconciling the count results to the inventory listings to test the completeness of data; Corroborating on a sample basis that items on the stock ageing by items were classified in the appropriate ageing bucket; Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels; Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current period; and We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory. |
| 3. Recognition of deferred tax asset ("DTA") | |
| See note 13 to the financial statements | |
| The key audit matter | How the matter was addressed in our audit |
| <p>The Company has recognised deferred tax assets for deductible temporary differences that it believes are recoverable.</p> | <p>We obtained an understanding of the Company's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Company's future taxable income.</p> |

| | |
|--|--|
| <p>The recoverability of recognised deferred tax assets is in part dependent on the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences where significant judgement is involved.</p> <p>The Company has reported deferred tax assets BDT 47 million (2019: BDT 48 million) as at 31 March 2020.</p> | <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • using our own tax specialists to evaluate the tax strategies that the Company expects successful recovery of the recognised deferred tax assets; • assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit; and • evaluating the adequacy of the financial statement disclosures as per IAS 12 Income Tax. |
|--|--|

4. Employee benefits

See note 22 to the financial statements

| The key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>The Company maintain defined benefit plan i.e. gratuity. The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees.</p> <p>At 31 March 2020, the Company recorded net defined benefit obligation of BDT 76 million out of which BDT 71 million is in non-current liabilities and BDT 5 million is in current liabilities.</p> <p>Key assumptions applied under IAS 19 have a significant impact on the defined benefit obligations, costs incurred and equity. The accounting standard requires the Company to make assumptions regarding parameters such as the discount rate, the rate of benefit increase, future mortality rates etc.</p> | <p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • evaluating the reasonableness of assumptions and the methodologies used by the valuer at the time of conducting valuation; • checking the adequacy of impact of IAS 19 on the statement of financial position and statement of profit or loss and other comprehensive income; and • evaluating the adequacy of the financial statements disclosures as per IAS 19 Employee Benefits. |

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following.

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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 these books;
- c. the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d. the expenditure incurred was for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is M. Mehedi Hasan.

Date: 30 April



MARICO BANGLADESH LIMITED

STATEMENT OF FINANCIAL POSITION

| In Taka | Notes | 31 March 2020 | 31 March 2019 |
|-------------------------------------|-------|----------------------|----------------------|
| Assets | | | |
| Property, plant and equipment | 14 | 646,996,533 | 468,716,557 |
| Intangible assets | 15 | 1,629,290 | 3,647,084 |
| Right-of-use asset | 16 | 175,398,286 | - |
| Deferred tax assets | 13 | 47,345,641 | 47,513,604 |
| Advances, deposits and prepayments | 17 | 22,687,928 | 51,127,555 |
| Other financial assets | 18 | 449,448 | 4,921,872 |
| Non-current assets | | 894,507,126 | 575,926,672 |
| Inventories | 19 | 1,632,102,325 | 1,091,494,753 |
| Advances, deposits and prepayments | 17 | 601,458,728 | 435,633,515 |
| Other financial assets | 18 | 1,423,654,628 | 2,090,631,890 |
| Cash and cash equivalents | 20 | 420,407,014 | 382,661,779 |
| Assets held for sale | 14 | 35,865,465 | - |
| Current assets | | 4,113,488,160 | 4,000,421,937 |
| Total assets | | 5,007,995,286 | 4,576,348,609 |
| Equity | | | |
| Share capital | 21 | 315,000,000 | 315,000,000 |
| Share premium | | 252,000,000 | 252,000,000 |
| Retained earnings | | 820,680,232 | 735,135,754 |
| Total equity | | 1,387,680,232 | 1,302,135,754 |
| Liabilities | | | |
| Employee benefit obligation | 22 | 85,861,639 | 64,907,949 |
| Lease liabilities | 23 | 167,728,340 | - |
| Non-current liabilities | | 253,589,979 | 64,907,949 |
| Loans and borrowings | 24 | - | 200,000,000 |
| Employee benefit obligation | 22 | 6,516,576 | 9,665,787 |
| Trade and other payables | 25 | 2,711,929,259 | 2,539,270,784 |
| Lease liabilities | 23 | 42,836,393 | - |
| Current tax liabilities | 26 | 605,442,847 | 460,368,335 |
| Current liabilities | | 3,366,725,075 | 3,209,304,906 |
| Total liabilities | | 3,620,315,054 | 3,274,212,855 |
| Total equity and liabilities | | 5,007,995,286 | 4,576,348,609 |

The notes on pages 10 to 47 are an integral part of these financial statements.



Managing Director



Director



Chief Financial Officer



Company Secretary

As per our report of same date.

Place : Dhaka
Dated: 30 April 2020




Auditor

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

MARICO BANGLADESH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March

| In Taka | Notes | 2020 | 2019 |
|---|-------|----------------------|----------------------|
| Revenue | 6 | 9,795,911,357 | 8,768,160,138 |
| Cost of sales | 7 | (4,124,374,537) | (4,472,697,423) |
| Gross profit | | 5,671,536,820 | 4,295,462,715 |
| Other income | 10.1 | 924,181 | 1,749,599 |
| General and administrative expenses | 8 | (1,143,789,781) | (931,650,175) |
| Marketing, selling and distribution expenses | 9 | (1,147,745,067) | (773,733,918) |
| Other expenses | 10.2 | (2,087,838) | (281,155) |
| Operating profit | | 3,378,838,315 | 2,591,547,066 |
| Finance income | 11.1 | 239,693,041 | 181,672,610 |
| Finance costs | 11.2 | (46,447,617) | (23,475,331) |
| Net finance income | | 193,245,424 | 158,197,279 |
| Profit before tax | | 3,572,083,739 | 2,749,744,345 |
| Income tax expenses | 13 | (925,845,292) | (726,352,523) |
| Profit for the year | | 2,646,238,447 | 2,023,391,822 |
| Other comprehensive income | | | |
| Remeasurement of defined benefit plan | 22 | (21,693,272) | (11,721,987) |
| Related tax | 13 | 5,423,318 | 2,879,190 |
| Other comprehensive income/(loss) for the year, net of tax | | (16,269,954) | (8,842,797) |
| Total comprehensive income for the year | | 2,629,968,493 | 2,014,549,025 |
| Earnings per share | | | |
| Basic earnings per share (per value of Tk 10) | 12 | 84.01 | 64.23 |

The notes on pages 10 to 47 are an integral part of these financial statements.



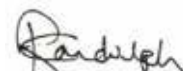
Managing Director



Director



Chief Financial Officer



Company Secretary

As per our report of same date.



Auditor

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

Place : Dhaka
Dated: 30 April 2020



MARICO BANGLADESH LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

| In Taka | Attributable to owners of the Company | | | |
|--|---------------------------------------|--------------------|------------------------|------------------------|
| | Share capital | Share premium | Retained earnings | Total |
| Balance at 1 April 2018 | 315,000,000 | 252,000,000 | 925,586,729 | 1,492,586,729 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 2,023,391,822 | 2,023,391,822 |
| Other comprehensive income for the year | - | - | (8,842,797) | (8,842,797) |
| Total comprehensive income for the year | - | - | 2,014,549,025 | 2,014,549,025 |
| Transactions with owners of the Company | | | | |
| Contributions and distributions | | | | |
| Final dividend for the year 2017-2018 | - | - | (315,000,000) | (315,000,000) |
| First interim dividend for the year 2018-2019 | - | - | (472,500,000) | (472,500,000) |
| Second interim dividend for the year 2018-2019 | - | - | (787,500,000) | (787,500,000) |
| Third interim dividend for the year 2018-2019 | - | - | (630,000,000) | (630,000,000) |
| Total transactions with owners of the Company | - | - | (2,205,000,000) | (2,205,000,000) |
| Balance at 31 March 2019 | 315,000,000 | 252,000,000 | 735,135,754 | 1,302,135,754 |
| Balance at 1 April 2019 | 315,000,000 | 252,000,000 | 735,135,754 | 1,302,135,754 |
| Adjustment on initial application of IFRS 16 | - | - | (24,424,015) | (24,424,015) |
| Adjusted balance at 1 April 2019 | 315,000,000 | 252,000,000 | 710,711,739 | 1,277,711,739 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 2,646,238,447 | 2,646,238,447 |
| Other comprehensive income for the year | - | - | (16,269,954) | (16,269,954) |
| Total comprehensive income for the year | - | - | 2,629,968,493 | 2,629,968,493 |
| Transactions with owners of the Company | | | | |
| Contributions and distributions | | | | |
| Final dividend for the year 2018-2019 | - | - | (157,500,000) | (157,500,000) |
| First interim dividend for the year 2019-2020 | - | - | (787,500,000) | (787,500,000) |
| Second interim dividend for the year 2019-2020 | - | - | (630,000,000) | (630,000,000) |
| Third interim dividend for the year 2019-2020 | - | - | (945,000,000) | (945,000,000) |
| Total transactions with owners of the Company | - | - | (2,520,000,000) | (2,520,000,000) |
| Balance at 31 March 2020 | 315,000,000 | 252,000,000 | 820,680,232 | 1,387,680,232 |

The notes on pages 10 to 47 are an integral part of these financial statements.



MARICO BANGLADESH LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March

| In Taka | 2020 | 2019 |
|---|------------------------|------------------------|
| Cash flows from operating activities | | |
| Collection from customers | 9,712,840,558 | 8,822,012,157 |
| Payment to suppliers and for operating expenses | (6,099,313,985) | (5,658,674,669) |
| Cash generated from operating activities | 3,613,526,573 | 3,163,337,488 |
| Interest paid | (18,266,324) | (13,791,469) |
| Interest received | 184,735,625 | 160,446,066 |
| Income tax paid | (767,038,160) | (638,320,374) |
| Net cash from operating activities | 3,012,957,714 | 2,671,671,711 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (320,280,709) | (88,842,501) |
| Proceeds from disposal of property, plant and equipment | 1,142,977 | 1,229,955 |
| (Investment in)/encashment of short-term investments | 741,184,316 | (805,949,140) |
| Net cash from/(used in) investing activities | 422,046,584 | (893,561,686) |
| Cash flows from financing activities | | |
| Proceeds/(payment) for loans and borrowings | (200,000,000) | (100,000,000) |
| Dividend paid | (3,150,000,000) | (1,575,000,000) |
| Payment for lease liabilities | (47,728,849) | - |
| Net cash used in financing activities | (3,397,728,849) | (1,675,000,000) |
| Net (decrease)/increase in cash and cash equivalents | 37,275,449 | 103,110,025 |
| Effect of exchange rate fluctuations on cash held | 469,786 | 362,017 |
| Opening cash and cash equivalents | 382,661,779 | 279,189,737 |
| Closing cash and cash equivalents | 420,407,014 | 382,661,779 |

The notes on pages 10 to 47 are an integral part of these financial statements.



MARICO BANGLADESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity

1.1 Company profile

Marico Bangladesh Limited (hereinafter referred to as 'MBL' or 'the Company') is a public limited company incorporated on 6 September 1999, vide the certificate of incorporation number C-38527(485)/99 of 1999 in Bangladesh under the Companies Act, 1994 and has its registered address at House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230. The corporate address of the Company is at The Glass House, Level 6-7, Plot 2, Block SE(B), Gulshan 1, Dhaka 1212. The Company was initially registered as a private limited company and subsequently converted into a public limited company on 21 September 2008. The Company has been listed with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009.

1.2 Nature of business

The Company is engaged in manufacturing and marketing of consumer products under the brand name of Parachute, Nihar, Saffola, Hair Code, Livon, Parachute Advanced, Beliphool, Ayurvedic Gold, Extra Care, Parachute Body Lotion, Set-Wet, Bio Oil and Studio-X in Bangladesh. The Company started its commercial operation on 30 January 2000. Subsequently, it started its commercial production at Filling unit, Crushing unit and Refinery unit in 2002, 2012 & 2017 respectively. Its manufacturing plants are located at Mouchak, Kaliakoir, Gazipur and Shirirchala, Mahona, Bhabanipur, Gazipur. The Company sells its products through its own distribution channels comprising of sales depots located in Gazipur, Chittagong, Bogra and Jessore.

2 Basis of preparation

2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as listed entities.

As the FRS is yet to be issued by FRC hence as per the provisions of the FRA (section-69), the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994. The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act, 1994. However, such differences are not material and in the view of management, IFRS format gives a better presentation to the shareholders.

The Company also complied with the requirements of following laws and regulations from various Government bodies:

- i. Bangladesh Securities and Exchange Rules, 1987;
- ii. The Income Tax Ordinance, 1984; and
- iii. The Value Added Tax Act, 1991 and The Value Added Tax and Supplementary Duty Act, 2012.

Details of the Company's accounting policies including changes during the year, if any, are included in note 42.

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 108th Board of Directors meeting held on 28 April 2020

2.3 Reporting period

The financial period of the Company covers 1 year from 1 April to 31 March and is followed consistently.

2.4 Comparative and reclassification

Comparative information has been disclosed for all numerical, narrative and descriptive information where it is relevant for understanding of the current year financial statements. Comparative figures have been rearranged/reclassified wherever considered necessary, to ensure better comparability with the current year financial statements and to comply with relevant IFRSs.

3. Functional and presentation currency

These financial statements are presented in Bangladeshi Taka (Taka/TK/BDT) which is the Company's functional currency. All amounts have been rounded off to the nearest Taka, unless otherwise indicated.



4. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 estimates are recognised prospectively.

a. Judgements

Information about judgements related to lessee accounting under IFRS 16 made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is described in note 5(B)(i).

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 14 Property, plant and equipment

Note 15 Intangible assets

Note 19 Inventories

Note 22 Employee benefit obligation

Note 26 Current tax liabilities

Note 31 Contingent liabilities

5. Changes in significant accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. As the Company's financial year starts from 1 April, the Company has initially adopted IFRS 16 Leases from 1 April 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for the year ended 31 March 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and nonlease components as a single lease component.

B. As a lessee

The Company leases many assets, including properties, warehouses, depots and sales offices.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The carrying amounts of right-of-use assets are as below.

| In taka | Right-of-use asset |
|--------------------------|--------------------|
| Balance at 1 April 2019 | 181,317,622 |
| Balance at 31 March 2020 | 175,398,286 |

The Company presents lease liabilities as separately in the statement of financial position.

i. Significant accounting policies

The Company recognises a right-of-use asset and a lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liabilities is subsequently increased by the interest cost on the lease liabilities and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii. Transition

Previously, the Company classified property leases as operating leases under IAS 17. These include corporate office, warehouse and factory facilities. The leases typically run for a period of 5 to 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at either:

- » their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property lease; or
- » an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments the Company applied this approach to all other leases.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- » Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- » Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
- » Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Impacts on transition

On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities recognising the difference in retained earnings. The impact on transition is summarised below.

| In taka | Rigt-of-use asset |
|--------------------|--------------------------|
| Right-of-use asset | 181,317,622 |
| Deferred tax asset | 8,141,339 |
| Lease liabilities | 213,882,976 |
| BRetained earnings | 24,424,015 |

iv. Impacts for the year

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised BDT 175,398,286 of right-of-use assets and BDT 210,564,733 of lease liabilities as at 31 March 2020.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest expense, instead of operating lease expense. During the year ended 31 March 2020, the Company recognised BDT 37,432,890 of depreciation charges and BDT 12,897,052 of interest expense from these leases.



6. Revenue

See accounting policy in note 42.13

| In Taka | For the year ended | |
|-----------------------------|----------------------|----------------------|
| | 31 March 2020 | 31 March 2019 |
| Parachute coconut oil | 6,363,063,211 | 6,053,556,498 |
| Value added hair oil (VAHO) | 2,623,452,312 | 2,094,875,868 |
| Color | 58,427,272 | 55,557,132 |
| Edible oil | 96,887,883 | 106,828,373 |
| Others* | 654,080,679 | 457,342,267 |
| | 9,795,911,357 | 8,768,160,138 |

* Others include baby products, male grooming, skin care, byproducts and others.

6.1 Breakup of local/export revenue

| In Taka | For the year ended | |
|---------------------------------|----------------------|----------------------|
| | 31 March 2020 | 31 March 2019 |
| Revenue from domestic operation | 9,739,989,481 | 8,716,011,688 |
| Revenue from export | 55,921,876 | 52,148,450 |
| | 9,795,911,357 | 8,768,160,138 |

7 Cost of sales

| In Taka | Note | For the year ended | |
|---------------------------------|------|----------------------|----------------------|
| | | 31 March 2020 | 31 March 2019 |
| Opening stock of finished goods | | 266,208,457 | 174,804,729 |
| Cost of goods manufactured | 7.1 | 4,062,684,657 | 4,564,101,151 |
| | | 4,328,893,114 | 4,738,905,880 |
| Closing stock of finished goods | | (204,518,577) | (266,208,457) |
| | | 4,124,374,537 | 4,472,697,423 |

7.1 Cost of goods manufactured

| In Taka | Note | For the year ended | |
|--------------------|-------|----------------------|----------------------|
| | | 31 March 2020 | 31 March 2019 |
| Materials consumed | 7.1.1 | 3,805,337,176 | 4,330,819,194 |
| Factory overhead | 7.1.2 | 257,347,481 | 233,281,957 |
| | | 4,062,684,657 | 4,564,101,151 |

7.1.1 Materials consumed

| In Taka | Note | For the year ended | |
|--|------|----------------------|----------------------|
| | | 31 March 2020 | 31 March 2019 |
| Opening stock of raw materials, packing materials and others | | 825,286,297 | 1,542,517,291 |
| Purchases during the period | | 4,407,634,627 | 3,613,588,200 |
| Closing stock of raw materials, packing materials and others | | (1,427,583,748) | (825,286,297) |
| | | 3,805,337,176 | 4,330,819,194 |

7.1.2 Factory overhead

| In Taka | For the year ended | |
|------------------------------------|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| Communication expenses | 580,557 | 609,710 |
| Cost of outsourced human resources | 60,608,527 | 47,472,540 |
| Depreciation | 57,562,213 | 55,649,905 |
| Entertainment | 6,342,365 | 4,894,565 |
| Power expenses | 61,040,643 | 60,006,003 |
| Printing and stationery | 1,383,830 | 1,042,209 |
| Repairs and maintenance | 16,056,202 | 11,918,472 |
| Salaries and allowances | 41,303,892 | 38,758,510 |
| Security charges | 5,749,746 | 5,289,774 |
| Travelling and conveyance | 6,120,084 | 5,526,960 |
| Warehouse rent | 599,422 | 2,113,309 |
| | 257,347,481 | 233,281,957 |



8. General and administrative expenses

| In Taka | For the year ended | |
|---|----------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| Salaries and allowances | 502,054,025 | 393,076,497 |
| Gratuity | 18,012,145 | 15,465,392 |
| Workers' profit participation and welfare fund | 188,004,407 | 144,723,387 |
| Rent, rates and taxes | 6,386,072 | 35,750,862 |
| Professional and legal charges | 24,220,666 | 22,803,007 |
| Security charges | 2,092,055 | 1,949,736 |
| Stamp and license fees | 7,528,419 | 8,014,442 |
| Directors' fees | 996,670 | 1,006,250 |
| Directors' remuneration | 25,099,806 | 32,506,329 |
| Repair and maintenance | 8,071,172 | 7,087,797 |
| Communication expenses | 5,131,226 | 4,285,231 |
| Subscription to trade association | 395,309 | 207,925 |
| Entertainment | 20,669,251 | 20,614,861 |
| Printing and stationery | 2,504,357 | 2,823,526 |
| Vehicle running expenses | 18,622,305 | 17,790,994 |
| Travelling and conveyance - local | 10,231,233 | 9,259,966 |
| Travelling and conveyance - foreign | 8,368,217 | 2,777,990 |
| Audit fees | 1,650,000 | 1,339,000 |
| Insurance premium | 8,521,938 | 10,564,093 |
| Books and periodicals | 128,605 | 146,269 |
| Bank charges | 3,495,657 | 2,542,295 |
| AGM and public relation | 2,153,868 | 1,244,856 |
| Conference and training | 9,075,016 | 5,101,032 |
| Electricity and gas charges | 2,291,517 | 1,915,635 |
| Amortisation | 2,017,794 | 2,540,973 |
| Royalty | 92,971,017 | 83,542,949 |
| Depreciation | 35,123,539 | 35,667,643 |
| Depreciation on right-of-use asset | 37,432,890 | - |
| General and technical assistance fees | 72,443,188 | 56,883,362 |
| Listing fees | 315,000 | 315,000 |
| CSR project* | 26,062,155 | 13,587,839 |
| Impairment loss (reversal of impairment) of PPE | 1,720,262 | (3,884,963) |
| | 1,143,789,781 | 931,650,175 |

* Marico Bangladesh Limited (Marico) is continuing the CSR project during financial year 2020 with UNDP. Marico and UNDP are implementing project "SWAPNO" from 1 September 2018 as per agreed project proposal & extension of that and in line with the policies, strategies and guidelines of Government of Bangladesh (GoB) and Marico. The beneficiaries of the project are underprivileged women. The project is continuing to run as of 31 March 2020.

9. Marketing, selling and distribution expenses

| In Taka | For the year ended | |
|--|----------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| Advertisement, travelling and communication expenses | 871,929,639 | 558,721,525 |
| Business promotion expenses | 28,479,181 | 23,416,515 |
| Other selling and distribution expenses | 65,209,926 | 77,088,759 |
| Entertainment | 5,607,991 | 12,217,976 |
| Free sample | 8,588,555 | 6,800,410 |
| Freight- outward | 77,524,049 | 69,717,478 |
| Market research expenses | 90,405,726 | 25,771,255 |
| | 1,147,745,067 | 773,733,918 |



10 Other income/(expense)

| In Taka | Note | For the year ended | |
|----------------|------|--------------------|------------------|
| | | 31 March 2020 | 31 March 2019 |
| Other income | 10.1 | 924,181 | 1,749,599 |
| Other expenses | 10.2 | (2,087,838) | (281,155) |
| | | (1,163,657) | 1,468,444 |

10.1 Other income

| In Taka | For the year ended | |
|---------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Gain on sale of PPE | 620,017 | 1,511,111 |
| Insurance claim | 304,164 | 238,488 |
| | 924,181 | 1,749,599 |

10.2 Other expenses

| In Taka | For the year ended | |
|---------------------|--------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Loss on sale of PPE | (2,087,838) | (281,155) |
| | (2,087,838) | (281,155) |

11. Net finance income

| In Taka | Note | For the year ended | |
|----------------|------|--------------------|--------------------|
| | | 31 March 2020 | 31 March 2019 |
| Finance income | 11.1 | 239,693,041 | 181,672,610 |
| Finance costs | 11.2 | (46,447,617) | (23,475,331) |
| | | 193,245,424 | 158,197,279 |

11.1 Finance income

See accounting policy in note 42.14(i)

| In Taka | For the year ended | |
|----------------------------|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| Interest on fixed deposits | 233,792,829 | 175,413,730 |
| Interest on call deposits | 5,900,212 | 6,258,880 |
| | 239,693,041 | 181,672,610 |

11.2 Finance costs

See accounting policy in note 42.14(ii)

| In Taka | For the year ended | |
|---------------------------------|---------------------|---------------------|
| | 31 March 2020 | 31 March 2019 |
| Interest on overdraft and loans | (17,657,581) | (13,387,078) |
| Foreign exchange loss | (15,892,984) | (10,088,253) |
| Interest on lease | (12,897,052) | - |
| | (46,447,617) | (23,475,331) |

12 Earnings per share

12.1 Basic earnings per share

| In Taka | For the year ended | |
|--|--------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Earnings attributable to ordinary shareholders (net profit after tax) | 2,646,238,447 | 2,023,391,822 |
| Weighted average number of ordinary shares outstanding during the year | 31,500,000 | 31,500,000 |
| Earnings per share (EPS) in Taka | 84.01 | 64.23 |

12.2 Diluted earnings per share

As per IAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. The Company has no dilutive instruments that is why we are not considering the diluted earning per share.



13. Income tax expenses

See accounting policy in note 42.12

Amounts recognised in profit or loss

| In Taka | For the year ended | |
|-----------------------------|--------------------|--------------------|
| | 31 March 2020 | 31 March 2019 |
| Current tax expenses | | |
| Current year | 908,685,699 | 712,476,925 |
| Adjustment for prior years | 3,426,973 | - |
| | 912,112,672 | 712,476,925 |
| Deferred tax expenses | 13,732,620 | 13,875,598 |
| | 925,845,292 | 726,352,523 |

A. Reconciliation of effective tax rate

| In Taka | For the year ended | | | |
|---|--------------------|--------------------|---------------|--------------------|
| | | 31 March 2020 | | 31 March 2019 |
| | % | Taka | % | Taka |
| Profit before income tax | | 3,572,083,739 | | 2,749,744,345 |
| Income tax using the corporate tax rate | 25% | 893,020,935 | 25% | 687,436,086 |
| Factors affecting the tax charge for current period: | | | | |
| Short of fiscal depreciation and amortisation over that of accounting | -0.36% | (13,022,477) | 0.02% | 465,067 |
| Disallowance for excess perquisites | 0.23% | 8,213,048 | 0.12% | 3,255,000 |
| Short of gratuity payment over gratuity provision | -0.02% | (624,998) | 0.01% | 266,473 |
| Short of leave encashment payment over provision | -0.01% | (347,200) | 0.04% | 1,234,877 |
| Disallowance for contribution to not government approved CSR project | 0.11% | 3,909,323 | 0.07% | 2,038,176 |
| Impairment loss of property, plant and equipment | 0.01% | 430,065 | 0.01% | 194,745 |
| Allowance for exemption of export income | -0.07% | (2,608,590) | -0.08% | (2,129,093) |
| Other inadmissible expenses | 0.55% | 19,715,593 | 0.72% | 19,715,594 |
| Adjustment for prior years | 0.10% | 3,426,973 | 0.00% | - |
| Deferred tax expense | 0.38% | 13,732,620 | 0.50% | 13,875,598 |
| Total income tax expense | 25.92% | 925,845,292 | 26.42% | 726,352,523 |

B. Movement in deferred tax balances

2020

| In Taka | Net balance at 1 April | Recognised in profit/(loss) | Recognised in OCI | Balance as at 31 March | | |
|--|------------------------|-----------------------------|--------------------|------------------------|---------------------|--------------------------|
| | | | | Net | Deferred tax assets | Deferred tax liabilities |
| Property, plant and equipment | (26,910,451) | 16,558,491 | - | (10,351,960) | (10,351,960) | - |
| Intangible assets | (1,959,719) | (217,300) | - | (2,177,019) | (2,177,019) | - |
| Provision for gratuity | (14,265,143) | (2,305,498) | (5,423,318) | (21,993,959) | (21,993,959) | - |
| Provision for leave encashment | (4,378,291) | 347,200 | - | (4,031,091) | (4,031,091) | - |
| Adjustment for IFRS 16 | (8,141,339) | (650,273) | - | (8,791,612) | (8,791,612) | - |
| Net deferred tax (assets)/liabilities | (55,654,943) | 13,732,620 | (5,423,318) | (47,345,641) | (47,345,641) | - |

2019

| In Taka | Net balance at 1 April | Recognised in profit/(loss) | Recognised in OCI | Balance as at 31 March | | |
|--|------------------------|-----------------------------|--------------------|------------------------|---------------------|--------------------------|
| | | | | Net | Deferred tax assets | Deferred tax liabilities |
| Property, plant and equipment | (42,654,896) | 15,744,445 | - | (26,910,451) | (26,910,451) | - |
| Intangible assets | (1,643,530) | (316,189) | - | (1,959,719) | (1,959,719) | - |
| Provision for gratuity | (11,068,173) | (317,780) | (2,879,190) | (14,265,143) | (14,265,143) | - |
| Provision for leave encashment | (3,143,414) | (1,234,877) | - | (4,378,291) | (4,378,291) | - |
| Net deferred tax (assets)/liabilities | (58,510,013) | 13,875,599 | (2,879,190) | (47,513,604) | (47,513,604) | - |



15. Intangible assets

See accounting policy in note 42.3

Reconciliation of carrying amount

| In Taka | Computer software | Total |
|---------------------------------|-------------------|-------------------|
| Cost | | |
| Balance at 1 April 2018 | 22,061,875 | 22,061,875 |
| Additions | - | - |
| Disposals | - | - |
| Balance at 31 March 2019 | 22,061,875 | 22,061,875 |
| Balance at 1 April 2019 | 22,061,875 | 22,061,875 |
| Additions | - | - |
| Disposals | - | - |
| Balance at 31 March 2020 | 22,061,875 | 22,061,875 |
| Accumulated amortisation | | |
| Balance at 1 April 2018 | 15,873,818 | 15,873,818 |
| Amortisation during the year | 2,540,973 | 2,540,973 |
| Disposals | - | - |
| Balance at 31 March 2019 | 18,414,791 | 18,414,791 |
| Balance at 1 April 2019 | 18,414,791 | 18,414,791 |
| Amortisation during the year | 2,017,794 | 2,017,794 |
| Disposals | - | - |
| Balance at 31 March 2020 | 20,432,585 | 20,432,585 |
| Carrying amounts | | |
| At 1 April 2018 | 6,188,057 | 6,188,057 |
| At 31 March 2019 | 3,647,084 | 3,647,084 |
| At 31 March 2020 | 1,629,290 | 1,629,290 |

16. Right-of-use asset

See accounting policy in note 42.4

Reconciliation of carrying amount

| In Taka | Right-of-use asset | Total |
|---------------------------------|--------------------|--------------------|
| Balance at 1 April 2019 | 181,317,622 | 181,317,622 |
| Addition during the year | 31,513,554 | 31,513,554 |
| Disposal during the year | - | - |
| Balance at 31 March 2020 | 212,831,176 | 212,831,176 |
| Accumulated depreciation | | |
| Balance at 1 April 2019 | - | - |
| Depreciation during the year | 37,432,890 | 37,432,890 |
| Disposal during the year | - | - |
| Balance at 31 March 2020 | 37,432,890 | 37,432,890 |
| Carrying amount | | |
| At 1 April 2019 | 181,317,622 | 181,317,622 |
| At 31 March 2020 | 175,398,286 | 175,398,286 |



17. Advances, deposits and prepayments

| In Taka | 31 March 2020 | 31 March 2019 |
|---------------------------------|--------------------|--------------------|
| Advances | | |
| Advance for capital goods | 47,443,472 | 27,783,879 |
| Advance to suppliers and others | 496,832,058 | 323,578,492 |
| | 544,275,530 | 351,362,371 |
| Deposits | | |
| Security deposits | 15,574,365 | 12,349,428 |
| VAT account | 39,622,553 | 88,710,243 |
| Supplementary duty | - | 1,915,385 |
| | 55,196,918 | 102,975,056 |
| Prepayments | | |
| Prepaid expenses | 24,674,208 | 32,423,643 |
| | 624,146,656 | 486,761,070 |

17.1 Current and non-current classification of advances, deposits and prepayments

| | 31 March 2020 | 31 March 2019 |
|-------------|--------------------|--------------------|
| Current | 601,458,728 | 435,633,515 |
| Non-current | 22,687,928 | 51,127,555 |
| | 624,146,656 | 486,761,070 |

18. Other financial assets

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|--------------------|------|----------------------|----------------------|
| Fixed deposits | 18.2 | 1,290,000,000 | 2,031,184,316 |
| Trade receivables | | 43,955,943 | 22,521,632 |
| Loans to employees | | 1,673,431 | 8,330,529 |
| Accrued interest | | 88,474,702 | 33,517,285 |
| | | 1,424,104,076 | 2,095,553,762 |

18.1 Current and non-current classification of other financial assets

| In Taka | 31 March 2020 | 31 March 2019 |
|-------------|----------------------|----------------------|
| Current | 1,423,654,628 | 2,090,631,890 |
| Non-current | 449,448 | 4,921,872 |
| | 1,424,104,076 | 2,095,553,762 |

18.2 Fixed deposits (maturity more than three months)

| In Taka | Credit Rating | 31 March 2020 | 31 March 2019 |
|---|---------------|----------------------|----------------------|
| BRAC Bank Limited | AA+ | 120,000,000 | 266,800,376 |
| Delta Brac Housing Finance Corporation Ltd. | AAA | - | 190,993,027 |
| IPDC Finance Limited | AAA | 240,000,000 | 150,000,000 |
| IDLC Finance Limited | AAA | - | 354,165,913 |
| Mutual Trust Bank Limited | AA | - | 359,225,000 |
| Eastern Bank Limited | AA+ | - | 260,000,000 |
| Commercial Bank of Ceylon PLC | AAA | 250,000,000 | 450,000,000 |
| Standard Chartered Bank | AAA | 610,000,000 | - |
| Bank Alfalah | AA | 70,000,000 | - |
| | | 1,290,000,000 | 2,031,184,316 |

19 Inventories

See accounting policy in note 42.5

| In Taka | 31 March 2020 | 31 March 2019 |
|----------------------|----------------------|----------------------|
| Raw materials | 965,403,374 | 580,442,733 |
| Packing materials | 183,301,649 | 115,323,902 |
| Finished goods | 204,518,577 | 266,208,457 |
| Stores and spares | 23,321,953 | 19,657,254 |
| Materials in transit | 255,556,772 | 109,862,407 |
| | 1,632,102,325 | 1,091,494,753 |

Details break-up of inventories has not been given as it is difficult to quantify each item in a separate and distinct category due to large variety of items.



20. Cash and cash equivalents

See accounting policy in note 42.6 (ii)(a)

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|--|------|--------------------|--------------------|
| Cash in hand | | - | 173,870 |
| Cash at bank | 20.1 | 402,482,632 | 259,541,439 |
| Fixed deposits | 20.2 | - | 112,034,435 |
| Balance with bank for unclaimed dividend | | 17,924,382 | 9,738,138 |
| Remittance in transit | | - | 1,173,897 |
| | | 420,407,014 | 382,661,779 |

20.1 Cash at bank

| In Taka | Credit rating | 31 March 2020 | 31 March 2019 |
|--|---------------|--------------------|--------------------|
| BRAC Bank Limited | AA+ | 104,438,660 | 7,466,933 |
| Citibank N.A. | AAA | 1,516,312 | 514,025 |
| Islami Bank Bangladesh Limited | AAA | 86,368,614 | 7,804,702 |
| Sonali Bank Limited | AAA | 511,863 | 514,358 |
| Standard Chartered Bank | AAA | 83,691,017 | 190,114,282 |
| The Hongkong and Shanghai Banking Corporation Ltd. | AAA | 1,195,016 | 355,510 |
| The City Bank Limited | AA2 | 124,761,150 | 52,771,629 |
| | | 402,482,632 | 259,541,439 |

20.2 Fixed deposits (maturity less than three months)

| In Taka | Credit rating | 31 March 2020 | 31 March 2019 |
|----------------------|---------------|---------------|--------------------|
| IPDC Finance Limited | AAA | - | 112,034,435 |
| | | - | 112,034,435 |

21. Share capital

See accounting policy in note 42.7

| In Taka | 31 March 2020 | 31 March 2019 |
|--|--------------------|--------------------|
| Authorised | | |
| 40,000,000 ordinary shares of Tk 10 each | 400,000,000 | 400,000,000 |
| Issued, subscribed and paid up | | |
| Issued for cash | 41,500,000 | 41,500,000 |
| Issued for consideration other than cash | 273,500,000 | 273,500,000 |
| | 315,000,000 | 315,000,000 |

21.1 Composition of shareholding

| Details | No. of share | | % of Holding | |
|-----------------------|-------------------|-------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Marico Limited, India | 28,350,000 | 28,350,000 | 90.00 | 90.00 |
| Institutions | 2,790,979 | 2,795,277 | 8.86 | 8.87 |
| General shareholders | 359,021 | 354,723 | 1.14 | 1.13 |
| | 31,500,000 | 31,500,000 | 100 | 100 |

21.2 Classification of shareholders by holding

| Holdings | No. of share | | % of Holding | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Less than 500 shares | 1810 | 2822 | 0.33 | 0.58 |
| 500 to 5,000 shares | 95 | 150 | 0.46 | 0.63 |
| 5,001 to 10,000 shares | 17 | 16 | 0.33 | 0.35 |
| 10,001 to 20,000 shares | 15 | 9 | 0.66 | 0.38 |
| 20,001 to 30,000 shares | 7 | 1 | 0.53 | 0.06 |
| 30,001 to 40,000 shares | 3 | 2 | 0.32 | 0.23 |
| 40,001 to 50,000 shares | 5 | 2 | 0.72 | 0.30 |
| 50,001 to 100,000 shares | 6 | 4 | 1.27 | 0.86 |
| 100,001 to 1,000,000 shares | 8 | 9 | 5.38 | 6.61 |
| Over 1,000,000 shares | 1 | 1 | 90.00 | 90.00 |
| | 1967 | 3016 | 100 | 100 |

21.3 Number of share held by the members of the Company's leadership team

| Holder | No. of share | |
|-------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Managing Director | - | - |
| | - | - |

21.4 Dividends

The following dividend was declared/recommended by the Company for the year.

| In Taka | 31 March 2020 | 31 March 2019 |
|---|----------------------|---------------|
| BDT 95 per qualifying ordinary share (2019: BDT 65) | 2,992,500,000 | 2,047,500,000 |

The following dividend was paid by the Company in the year.

| In Taka | 31 March 2020 | 31 March 2019 |
|--|----------------------|----------------------|
| BDT 100 per qualifying ordinary share (2019: BDT 50) | 3,150,000,000 | 1,575,000,000 |
| | 3,150,000,000 | 1,575,000,000 |

22. Employee benefit obligation
See accounting policy in note 42.9

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|--------------------------------|------|-------------------|-------------------|
| Provision for gratuity | 22.4 | 76,253,851 | 57,060,572 |
| Provision for leave encashment | 22.6 | 16,124,364 | 17,513,164 |
| | | 92,378,215 | 74,573,736 |

22.1 Current and non-current classification of employee benefit obligation

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|-------------|------|-------------------|-------------------|
| Current | | 6,516,576 | 9,665,787 |
| Non-current | | 85,861,639 | 64,907,949 |
| | | 92,378,215 | 74,573,736 |

22.2 Employee benefits - gratuity

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|---|------|-------------------|-------------------|
| Net defined benefit asset | | - | - |
| Total employee benefit asset | | - | - |
| Net defined benefit liability | 22.4 | 76,253,851 | 57,060,572 |
| Total employee benefit liabilities | | 76,253,851 | 57,060,572 |

22.3 Current and non-current classification of employee benefits- gratuity

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|-------------|------|-------------------|-------------------|
| Current | | 5,024,103 | 6,656,803 |
| Non-current | | 71,229,748 | 50,403,769 |
| | | 76,253,851 | 57,060,572 |

22.4 Movement in net defined benefit asset and liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/liability and its components:

| | Defined benefit obligation | | Fair value of plan assets | | Net defined (asset)/liability | |
|--|----------------------------|-------------------|---------------------------|---------------|-------------------------------|-------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| In Taka | | | | | | |
| Balances as at 1 April of 2019 and 2018 | 57,060,572 | 44,272,692 | - | - | 57,060,572 | 44,272,692 |
| Included in profit or loss | | | | | | |
| Current service cost | 12,306,088 | 10,595,396 | - | - | 12,306,088 | 10,595,396 |
| Interest cost | 5,706,057 | 4,869,996 | - | - | 5,706,057 | 4,869,996 |
| | 18,012,145 | 15,465,392 | - | - | 18,012,145 | 15,465,392 |
| Included in OCI | | | | | | |
| Actuarial (gain)/loss arising from: | | | | | | |
| -demographic assumption | 3,012,528 | 177,859 | - | - | 3,012,528 | 177,859 |
| -financial assumption | 10,037,495 | - | - | - | 10,037,495 | - |
| -experience adjustment | 8,643,249 | 11,544,128 | - | - | 8,643,249 | 11,544,128 |
| Return on plan asset excluding interest income | - | - | - | - | - | - |
| | 21,693,272 | 11,721,987 | - | - | 21,693,272 | 11,721,987 |
| Other | | | | | | |
| Contribution paid by the employer | (20,512,138) | (14,399,499) | - | - | (20,512,138) | (14,399,499) |
| Benefits paid | (20,512,138) | (14,399,499) | - | - | (20,512,138) | (14,399,499) |
| | 76,253,851 | 57,060,572 | - | - | 76,253,851 | 57,060,572 |



22. Defined Benefit obligation

(i) Actuarial assumption

The followings were the principal actuarial assumptions at the reporting date :

| | 31 March 2020 | 31 March 2019 |
|------------------------|---------------|---------------|
| Discount rate | 10% | 10% |
| Salary increase rate | 12% | 10% |
| Employee turnover rate | 11% | 17% |

'Assumptions regarding future mortality have been used based on published statistics and mortality tables. As there is no published mortality table in Bangladesh and hence the Indian Assured Lives Mortality rate (2006-08) ultimate based on the mortality experience of assured lives in India is being used as a reasonable approximation. This table is based on the experience of assured lives in India during the years 2006 to 2008.

22.6 Provision for leave encashment

| | 31 March 2020 | 31 March 2019 |
|--------------------------------|-------------------|-------------------|
| In Taka | | |
| Opening balance | 17,513,164 | 12,573,655 |
| Provision made during the year | 6,567,617 | 15,710,730 |
| Payment during the year | (7,956,417) | (10,771,221) |
| | 16,124,364 | 17,513,164 |
| Current | 1,492,473 | 3,008,984 |
| Non-Current | 14,631,891 | 14,504,180 |
| | 16,124,364 | 17,513,164 |



23. Lease liabilities

See accounting policy in note 42.15

| In Taka | 31 March 2020 | 31 March 2019 |
|-------------|--------------------|---------------|
| Current | 42,836,393 | - |
| Non-current | 167,728,340 | - |
| | 210,564,733 | - |

24. Loans and borrowings

See accounting policy in note 42.6(iii)(b)

| In Taka | 31 March 2020 | 31 March 2019 |
|-----------------|---------------|--------------------|
| Short term loan | - | 200,000,000 |
| | - | 200,000,000 |

25. Trade and other payables

See accounting policy in note 42.6(iii)(a)

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|----------------|------|----------------------|----------------------|
| Trade payables | 25.1 | 776,586,623 | 449,103,730 |
| Other payables | 25.2 | 1,935,342,636 | 2,090,167,054 |
| | | 2,711,929,259 | 2,539,270,784 |

25.1 Trade payables

| In Taka | 31 March 2020 | 31 March 2019 |
|-------------------------------------|--------------------|-------------------|
| Inter-company trade payables | | |
| Payable against raw material | 199,436,248 | 81,112,210 |
| Payable against packing material | 892,454 | 2,519,885 |
| | 200,328,702 | 83,632,095 |

Third party trade payables

| | | |
|----------------------------------|--------------------|--------------------|
| Payable against raw material | 100,614,332 | 39,169,598 |
| Payable against services | 369,482,503 | 126,552,551 |
| Payable against packing material | 104,355,701 | 139,979,847 |
| Payable against finished goods | 1,805,385 | 59,769,639 |
| | 576,257,921 | 365,471,635 |
| | 776,586,623 | 449,103,730 |

25.2 Other payables

| In Taka | 31 March 2020 | 31 March 2019 |
|---|--------------------|--------------------|
| Inter-company other payables | | |
| Royalty payable | 176,513,966 | 83,542,949 |
| General and technical assistance fees payable | 313,359,294 | 279,205,943 |
| Payable against expenses | 55,809 | - |
| Advance from customers | - | 1,173,887 |
| Dividend payable | - | 567,000,000 |
| | 489,929,069 | 930,922,779 |

Third party other payables

| | | |
|--|----------------------|----------------------|
| Payable against expenses | 473,941,727 | 349,215,303 |
| Payable against business promotion expense | 509,232,759 | 417,685,440 |
| Import duty and related charges payable | 145,719,882 | 68,246,568 |
| Withholding tax and VAT payable | 9,838,781 | 22,886,236 |
| Workers' profit participation and welfare fund | 188,004,407 | 144,723,386 |
| Festival bonus | 12,615,191 | - |
| Advance from customers | 16,266,231 | 76,728,830 |
| Payable against capital goods | 15,160,516 | 4,619,374 |
| Unclaimed dividend | 17,924,382 | 9,738,138 |
| Audit fees payable | 1,400,000 | 1,751,000 |
| Interest accrued on loans | 41,257 | 650,000 |
| Dividend payable | - | 63,000,000 |
| Supplementary duty | 55,268,434 | - |
| | 1,445,413,567 | 1,159,244,275 |
| | 1,935,342,636 | 2,090,167,054 |



26. Current tax liabilities

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|--------------------------|------|--------------------|--------------------|
| Provision for income tax | 26.1 | 1,372,481,007 | 1,098,688,709 |
| Advance income tax | 26.2 | (767,038,160) | (638,320,374) |
| | | 605,442,847 | 460,368,335 |

26.1 Provision for income tax

| In Taka | 31 March 2020 | 31 March 2019 |
|--|----------------------|----------------------|
| Opening balance | 460,368,335 | 386,211,784 |
| Provision for current year | 908,685,699 | 712,476,925 |
| Provision for prior year: Assessment year 2019-2020 | 3,426,973 | - |
| | 1,372,481,007 | 1,098,688,709 |

26.2 Advance income tax

| In Taka | 31 March 2020 | 31 March 2019 |
|--|--------------------|--------------------|
| Payment during the year: Payment for current year | 491,249,372 | 438,453,844 |
| Payment for prior year: Assessment year 2019-2020 | 275,788,788 | - |
| Assessment year 2018-2019 | - | 171,510,104 |
| Assessment year 2013-2014 | - | 28,356,426 |
| | 767,038,160 | 638,320,374 |

26.3 Year wise break up of provision for current tax and balance of advance income tax for open years

| Accounting year/period ended | Assessment year | "Provision for income tax (Amount in Taka)" | "Advance income tax (Amount in Taka)" | Status |
|------------------------------|-----------------|---|---------------------------------------|-------------------|
| 31 March 2020 | 2020-21 | 908,685,699 | 491,249,372 | |
| 31 March 2019 | 2019-20 | 715,903,898 | 714,242,632 | Return submitted |
| 31 March 2018 | 2018-19 | 603,956,939 | 560,411,195 | Open at DCT level |
| 31 March 2017 | 2017-18 | 511,139,076 | 482,832,785 | Open at DCT level |
| 31 March 2016 | 2016-17 | 536,229,894 | 516,829,134 | Open at CT appeal |
| 31 March 2015 | 2015-16 | 502,672,641 | 438,992,339 | Open at CT appeal |
| 31 March 2014 | 2014-15 | 475,304,697 | 468,166,315 | At High Court |
| 31 March 2013 | 2013-14 | 279,549,372 | 234,442,800 | At TAT* |
| 31 March 2012 | 2012-13 | 206,588,040 | 236,519,377 | At TAT* |
| 30 September 2008 | 2009-10 | 9,098,540 | - | At TAT* |
| | | 4,749,128,796 | 4,143,685,949 | |

*Taxes Appellate Tribunal



27. Related party transactions

27.1 Parent and ultimate controlling party

Marico Limited, India has 90% shareholding of the Company. As a result, the parent of the Company is Marico Limited, India. The ultimate controlling party of the Company is Marico Limited, India.

27.2 Transactions with key management personnel

| | 31 March 2020 | 31 March 2019 |
|-------------------------|-------------------|-------------------|
| Directors' remuneration | 25,099,806 | 32,506,329 |
| Directors' fees | 996,670 | 1,006,250 |
| | 26,096,476 | 33,512,579 |

Compensation for the Company's key management personnel includes Directors' remuneration and fees. These expenses are included in general and administrative expenses.

27.3 Other related party transactions

During the year the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The name of related parties, nature of transactions, their total value and closing balance have been set out in accordance with the provisions of IAS 24 Related party disclosure.

27.3.1 Transactions with parent company

In Taka

| Name of the related parties | Relationship | Nature of transaction | Transaction 2020 | Transaction 2019 | Balance as at 31 March 2020 | Balance as at 31 March 2019 |
|-----------------------------|----------------|---|------------------|------------------|-----------------------------|-----------------------------|
| | | Purchase of raw materials, packing materials and finished goods | 79,138,940 | 121,469,061 | 1,800,430 | 2,530,022 |
| | | Asset | 2,262,960 | 1,793,677 | - | - |
| | | Royalty | 92,971,017 | 83,542,949 | 176,513,966 | 83,542,949 |
| | | Dividend | 2,268,000,000 | 1,984,500,000 | - | 567,000,000 |
| Marico Limited, India | Parent company | General and technical assistance fees | 71,792,928 | 58,906,846 | 313,359,294 | 279,205,943 |
| | | Advance received for sales of SFG & FG | - | 4,773,818 | - | 1,173,887 |
| | | Sales of PM | 89,495 | - | - | - |

27.3.2 Transactions with other related parties

In Taka

| Name of the related parties | Relationship | Nature of transaction | Transaction 2020 | Transaction 2019 | Balance as at 31 March 2020 | Balance as at 31 March 2019 |
|-----------------------------|--------------------|---------------------------------|------------------|------------------|-----------------------------|-----------------------------|
| Marico Middle East FZE | Associated company | Purchase of raw materials (RM) | 1,925,977,910 | 1,591,802,546 | 198,528,272 | 81,102,073 |
| MEL Consumer Care | Associated company | Purchase of RM | - | 4,190,633 | - | - |
| Marico South East Asia | Associated company | Purchase of finished goods (FG) | 1,725,549 | 20,720,769 | - | - |
| | | Reimbursement of expenses | 55,615 | - | 55,809 | - |



28. Disclosures as per BSEC notification no. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018

28.1 Calculation of net asset value per share

| In Taka | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Net asset | 1,387,680,232 | 1,302,135,754 |
| Number of shares | 31,500,000 | 31,500,000 |
| Net asset value (NAV) per share | 44.05 | 41.34 |

28.2 Calculation of net operating cash flow per share (NOCFPS)

| In Taka | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Net cash from operating activities | 3,012,957,714 | 2,671,671,711 |
| Number of shares | 31,500,000 | 31,500,000 |
| Net operating cash flow per share (NOCFPS) | 95.65 | 84.81 |

28.3 Reconciliation of net profit with cash flows from operating activities

| In Taka | 31 March 2020 | 31 March 2019 |
|---|----------------------|----------------------|
| Profit after tax | 2,646,238,447 | 2,023,391,822 |
| Adjustment for: | | |
| - Depreciation | 130,118,642 | 91,317,548 |
| - Amortisation | 2,017,794 | 2,540,973 |
| - Unrealised foreign currency gain | (469,786) | (362,017) |
| - Interest expense | 17,657,581 | 13,387,078 |
| - Interest expense on lease | 12,897,052 | - |
| - (Reversal of) impairment expense | 1,720,262 | (3,884,963) |
| - Interest income | (239,693,041) | (181,672,610) |
| - Gain/(loss) on sale of PPE | 1,467,821 | (1,229,956) |
| - Tax expense | 925,845,292 | 726,352,523 |
| | 3,497,800,064 | 2,669,840,398 |
| Changes in operating assets and liabilities: | | |
| Inventories | (540,607,572) | 625,827,267 |
| Financial assets | (14,777,213) | (21,817,798) |
| Advances, deposits and prepayments | (119,641,378) | 181,351,195 |
| Employee benefits | 17,804,479 | 6,005,402 |
| Trade and other payables | 772,948,193 | (297,868,976) |
| Cash generated from operating activities | 3,613,526,573 | 3,163,337,488 |
| Interest paid | (18,266,324) | (13,791,469) |
| Interest received | 184,735,625 | 160,446,066 |
| Income tax paid | (767,038,160) | (638,320,374) |
| Net cash flows from operating activities | 3,012,957,714 | 2,671,671,711 |

29. Production capacity

| Main product | Unit of measure | Installed capacity |
|---------------------|-----------------|--------------------|
| PCNO | KL | 36,500 |
| Copra Crushing | MT | 36,000 |
| Refined Oil | MT | 18,000 |
| VAHO | KL | 15,200 |
| Water based product | KL | 12,000 |
| Edible Oil | KL | 3,600 |

30. Commitment

i) Capital commitment

| In Taka | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Estimated amount of contracts remaining to be executed on capital account | 119,656,388 | 196,877,848 |

ii) Other commitment

| | 31 March 2020 | 31 March 2019 |
|-----------------|---------------|---------------|
| Outstanding L/C | 242,262,007 | 463,236,928 |

L/C amount for import of raw material, packing materials and finished goods which were not received till the reporting date.



31. Contingent liabilities

The Company has contingent liability of BDT 1,103,433,853 as on 31 March 2020 in respect of indirect tax (VAT) and workers' profit participation & welfare fund. These are being vigorously defended by the Company. The management does not consider that it is appropriate to make provision in respect of any of these claims. The Company has ordinary letter of credit amounting of Taka 212,892,725, Taka 29,369,282 and Taka 9,151,220 with Standard Chartered Bank, Hongkong and Shanghai Banking Corporation Ltd. and The Citibank N.A. respectively. Shipping guarantee of Taka 528,447 and Taka 13,968,359 with Hongkong and Shanghai Banking Corporation Ltd. and Standard Chartered Bank respectively.

32. Dividends remitted

The Company remitted the following amounts, net of taxes in foreign currency during the year to Marico Limited, India, a non-resident shareholder of the Company.

| In Taka | 31 March 2020 | 31 March 2019 |
|---|----------------------|----------------------|
| Final dividend for 2017-2018 | - | 255,150,000 |
| Interim dividend for the period ended 30 June 2018 | - | 382,725,000 |
| Interim dividend for the period ended 30 September 2018 | - | 637,875,000 |
| Interim dividend for the period ended 28 February 2019 | 510,300,000 | - |
| Final dividend for 2018-2019 | 127,575,000 | - |
| Interim dividend for the period ended 30 June 2019 | 637,875,000 | - |
| Interim dividend for the period ended 30 September 2019 | 510,300,000 | - |
| Interim dividend for the period ended 31 December 2019 | 765,450,000 | - |
| | 2,551,500,000 | 1,275,750,000 |

33. Capital management

For the purpose of the company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

To maintain or adjust capital structure, the Company may adjust the amount of dividend, return on capital, issue new share or obtain long term-debt. All major investment and financing decisions, as a part of its capital management, are evaluated and approved by its Board of Directors.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020.



34. Segment information

The Company essentially provides similar products to customers across the country. Business activities in which it engages and the economic environments in which it operates are of similar nature. Its business is not segmented by products or geographical areas and its operating result is viewed as a whole by its management. Hence, segment information is not relevant for the Company.

35. Number of employees

The number of employees engaged for the whole year or part there of who received a total salary of TK 36,000 p.a. and above is 336 (previous year:266), among them 64 employees left Marico and 272 (previous year:226) existed at 31 March 2020.

36. Subsequent events

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

(a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and

(b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period are as follows:

A. On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organisation, and Bangladesh Government has taken restrictive measures including declared general public holidays to contain its further spread affecting free movement of people and goods. As consequence, the COVID-19 outbreak has brought about additional challenges in the Company's operating environment and has impacted the Company's operations in Bangladesh.

The Company is closely monitoring the impact of the developments on the Company's businesses. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.

However company has taken certain steps to continue maximum possible business operation in the given situation, ensuring required health safety measures are in place. Meanwhile according to the Ministry of Commerce confirmation, company's products ranges have been recognized as essential products, which allows the business operations and supply chain to continue.

B. The Board of Directors of Marico Bangladesh Limited at its 108th meeting held on 28 April 2020 has declared final cash dividend @ 200% i.e. Taka 20 per share, amount to total Taka 630,000,000 for the year ended at 31 March 2020.



37. Financial instruments - fair values and financial risk management
37.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| Particulars | | Note | Carrying amount | | | | Total |
|---|----|------|--------------------------------|---------------------------|------------------------|------------------------------------|-------|
| | | | Fair value hedging instruments | Mandatorily at fair value | FVOCI-debt instruments | Financial assets at amortised cost | |
| 31 March 2020 | | | | | | | |
| Financial assets measured at fair value | | | | | | | |
| Financial assets not measured at fair value | | | | | | | |
| Fixed deposits | 18 | - | - | - | 1,290,000,000 | 1,290,000,000 | |
| Loan to employees | 18 | - | - | - | 1,673,431 | 1,673,431 | |
| Trade receivables | 18 | - | - | - | 43,955,943 | 43,955,943 | |
| Cash and cash equivalents | 20 | - | - | - | 420,407,014 | 420,407,014 | |
| | | | | | 1,756,036,388 | 1,756,036,388 | |
| Financial liabilities measured at fair value | | | | | | | |
| Financial liabilities not measured at fair value | | | | | | | |
| Loans and borrowings | 24 | - | - | - | - | - | |
| Trade and other payables | 25 | - | - | - | 1,935,342,636 | 1,935,342,636 | |
| Lease liabilities | 23 | - | - | - | 210,564,733 | 210,564,733 | |
| | | | | | 2,145,907,369 | 2,145,907,369 | |
| 31 March 2029 | | | | | | | |
| Financial assets measured at fair value | | | | | | | |
| Financial assets not measured at fair value | | | | | | | |
| Fixed deposits | 18 | - | - | - | 2,031,184,316 | 2,031,184,316 | |
| Loan to employees | 18 | - | - | - | 8,330,529 | 8,330,529 | |
| Trade receivables | 18 | - | - | - | 22,521,632 | 22,521,632 | |
| Cash and cash equivalents | 20 | - | - | - | 382,661,779 | 382,661,779 | |
| | | | | | 2,444,698,256 | 2,444,698,256 | |
| Financial liabilities measured at fair value | | | | | | | |
| Financial liabilities not measured at fair value | | | | | | | |
| Loans and borrowings | 24 | - | - | - | - | 200,000,000 | |
| Trade and other payables | 25 | - | - | - | - | 2,090,167,054 | |
| | | | | | 2,290,167,054 | 2,290,167,054 | |



37.2 Financial risk management

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

37.2.1 Credit risk

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

The Company makes sales on advance basis i.e. it receives advance from customers prior to sale, so there is no credit risk due to uncollectibility from the customers. However, the Company maintains most of the financial assets with short-term deposits and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| In Taka | Note | 31 March 2020 | 31 March 2019 |
|---------------------------|------|----------------------|----------------------|
| Financial assets | | | |
| Fixed deposits | 18 | 1,290,000,000 | 2,031,184,316 |
| Loans to employees | 18 | 1,673,431 | 8,330,529 |
| Trade receivables | 18 | 43,955,943 | 22,521,632 |
| Cash and cash equivalents | 20 | 420,407,014 | 382,487,909 |
| | | 1,756,036,388 | 2,444,524,386 |

37.2.2 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

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.

The contractual maturities of financial liabilities of the Company are as follows:

| In Taka | Note | Carrying amount | Expected cash flow | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|--------------------------|------|----------------------|----------------------|----------------------|-------------------|-------------------|--------------------|-------------------|
| 31 March 2020 | | | | | | | | |
| Loans and borrowings | 24 | - | - | - | - | - | - | - |
| Trade and other payables | 25 | 1,935,342,636 | 2,711,929,259 | 2,711,929,259 | - | - | - | - |
| Lease liabilities | 23 | 210,564,733 | 210,564,733 | 21,030,699 | 21,805,694 | 50,131,396 | 117,596,944 | - |
| | | 2,145,907,369 | 2,922,493,992 | 2,732,959,958 | 21,805,694 | 50,131,396 | 117,596,944 | - |
| 31 March 2019 | | | | | | | | |
| Loans and borrowings | 24 | 200,000,000 | 200,000,000 | 200,000,000 | - | - | - | - |
| Trade and other payables | 25 | 2,090,167,054 | 2,539,270,784 | 2,539,270,784 | - | - | - | - |
| | | 2,290,167,054 | 2,739,270,784 | 2,739,270,784 | - | - | - | - |



37.2.3

Market risk

Market risk is the risk that includes changes in market price, such as foreign exchange rate, 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 exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Company's exposures to foreign currency risk at 31 March 2020 are as follows:

| | Note | 31 March 2020 | 31 March 2019 |
|------------------------------|------|------------------|--------------------|
| In USD | | | |
| Import of goods and services | | (564,730) | (1,405,600) |
| Bank balance | | 330,351 | 354,243 |
| | | (234,379) | (1,051,357) |

The following significant exchange rates have been applied during the year:

| | Average rate | | Year-end spot rate | |
|-------------------------|---------------|---------------|--------------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Exchange rate (USD/BDT) | 84.62 | 83.91 | 84.94 | 83.92 |

ii) Foreign exchange rate sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies. A 1% change in foreign exchange rates would have increased/(decreased) equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

| | Profit/(loss) | | Equity | |
|----------------------|---------------|-----------|---------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| Effect in Taka | | | | |
| 31 March 2020 | | | | |
| USD (1% movement) | (199,082) | 199,082 | (199,082) | 199,082 |
| 31 March 2019 | | | | |
| USD (1% movement) | (882,299) | 882,299 | (882,299) | 882,299 |

iii) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. The Company is not exposed to fluctuations in interest rates as it has no floating interest rate bearing financial liability as at the reporting date. The Company has not entered into any agreement involving derivative instrument at the reporting date.

As at 31 March 2020, the interest rate profile of the Company's interest bearing financial instruments was:

| | 31 March 2020 | 31 March 2019 |
|----------------------------------|---------------|---------------|
| In Taka | | |
| Fixed rate instruments | | |
| Financial assets | | |
| Fixed deposit receipts | 1,290,000,000 | 2,031,184,316 |
| Financial liabilities | - | - |
| Variable rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | - | - |



38. Value of import calculated on CIF basis

| In Taka | 31 March 2020 | 31 March 2019 |
|------------------------------|----------------------|----------------------|
| Materials and finished goods | 2,743,115,157 | 2,688,052,497 |
| Capital goods | 143,058,091 | 12,141,435 |
| | 2,886,173,248 | 2,700,193,932 |

39. Expenditure in foreign currency

| In Taka | 31 March 2020 | 31 March 2019 |
|---------------------------------------|-------------------|-------------------|
| General and technical assistance fees | 72,443,188 | 56,883,362 |
| Professional consultation fees | 7,030,998 | 1,142,314 |
| | 79,474,186 | 58,025,676 |

40. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 42.9.

41. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- *Amendments To References To Conceptual Framework in IFRS Standards.*
- *IFRS 17 Insurance Contracts.*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Definition of a Business (Amendments to IFRS 3)*

42. Significant accounting policies

The Company has consistently (otherwise as stated) applied the following accounting policies to all periods presented in these financial statements.

| Note | Particulars |
|-------|-----------------------------------|
| 42.1 | Foreign currency transactions |
| 42.2 | Property, plant and equipment |
| 42.3 | Intangible assets |
| 42.4 | Right-of-use asset |
| 42.5 | Inventories |
| 42.6 | Financial instruments |
| 42.7 | Share capital |
| 42.8 | Dividend to the equity holders |
| 42.9 | Employee benefits |
| 42.10 | Accruals |
| 42.11 | Provisions |
| 42.12 | Income tax expenses |
| 42.13 | Revenue |
| 42.14 | Finance income and finance cost |
| 42.15 | Lease liabilities |
| 42.16 | Impairment |
| 42.17 | Contingencies |
| 42.18 | Assets held for sale |
| 42.19 | Earnings per share |
| 42.20 | Events after the reporting period |

42.1 Foreign currency transactions

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 (BDT) 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 (BDT) at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

42.2 Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets, bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

ii) Subsequent cost

Subsequent cost of an item of property, plant and equipment is capitalised only if it is probable that future economic benefits embodied within the item will flow to the Company and its costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

No depreciation is charged on land and asset under construction (AuC) as the land has unlimited useful life and AuC has not yet been placed in service/commissioned.

Other items of property, plant and equipment is depreciated on a straight line basis in profit or loss over the estimated useful lives of each item of property, plant and equipment. 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 charged from the month of acquisition of property, plant and equipment and no depreciation is charged in the month of disposal.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative period are as follows:

| Assets | Depreciation rate |
|------------------------|-------------------|
| Plant and machinery | 10- 33% |
| Factory equipment | 20- 33% |
| Moulds | 15- 33% |
| Factory building | 5- 20% |
| Laboratory equipment | 20- 33% |
| Office equipment | 33- 50% |
| Computers | 33- 50% |
| Furniture and fixtures | 20- 50% |
| Office building | 10- 20% |
| A.C and refrigerators | 20- 33% |

iv) Derecognition

An asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Gains or losses arising from the derecognition of an asset are determined as the difference between net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

v) Asset under construction

Asset under construction represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost. These are transferred to the property, plant and equipment on the completion of the projects.

vi) Capitalisation of borrowing costs

As per the requirements of IAS 23 Borrowing Costs, directly attributable borrowing costs are capitalised during construction period for all qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



42.3 Intangible assets

i) Recognition and measurement

Intangible assets have finite useful lives and are stated at cost less accumulated amortisation and any impairment losses. Intangible assets are recognised in accordance with IAS 38 Intangible assets. Intangible assets include cost of acquisition of computer software, intellectual property, copyright and other costs incidental to such capital expenditure.

ii) Subsequent costs

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss as incurred.

iii) Amortisation

Amortisation is recognised in profit or loss on straight line basis over the estimated useful lives of intangible assets from the date they are available for use.

Intangible asset (Computer Software) is amortised at the rate of 20% to 33%.

iv) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss.

42.4 Right-of-use asset

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

42.5 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. Stores and spares and material in transit are measured at cost.

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

42.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.



ii. Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.



Financial assets – subsequent measurement and gains and losses

| | |
|---|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised Cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

Financial assets includes cash and cash equivalents, trade and other receivables and short term investment.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(c) Short-term investment

Short-term investment consists of fixed deposits with original maturity of more than three months. The Company has the positive intent and ability to hold FDR to maturity, and such financial assets are carried as financial assets at amortised cost. 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.

iii. Financial liability

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables etc.

(a) Trade and other payables

The Company recognises trade and intercompany payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

(b) Loans and borrowings

The Company derecognises loans and borrowings when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises loans and borrowings when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.



42.7 Share capital

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

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

42.8 Dividend to the equity holders

The Company recognises a liability to make cash dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Bangladesh, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

42.9 Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus 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.

ii) Defined benefit plan (Gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees. This scheme is qualified as defined benefit plan. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of continuous service with the Company from the date of his/her joining.

Eligibility to gratuity payments

| Actual years of service | Eligibility | Calculation |
|---|--------------|---|
| Less than 4.5 years | Not eligible | Nil |
| 4.5 years or more but less than 9.5 years | Eligible | (Last basic drawn)* (No. of years service) |
| 9.5 years or more | Eligible | (Last basic drawn)* (No. of years service)* (1.5) |

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. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

iii) Leave encashment

The Company operates an unfunded leave encashment scheme, i.e. if its employees do not avail leave during his/her service, s/he will be entitled to encash privilege leave at the time of separation from the Company subject to maximum 60 days, at the rate of one month's basic pay for 30 days of privilege leave. This scheme is qualified as other long term employee benefits.

The Company's net obligation in respect of leave encashment scheme is the amount of future benefit that employees have earned in return for their service in the current and prior years and the calculation is performed annually by a qualified actuary.

iv) Workers' profit participation and welfare fund

The Company operates a fund for workers as workers' profit participation and welfare fund ("the Fund") and provides 5% of its profit before tax as per provision of the Bangladesh Labour Act 2006. The Company recognises the contribution to the fund as short term employee benefits.

The Fund is governed by Bangladesh Labour Act, 2006 as amended up to 28 September 2015 and the Trust Deed.



42.10 Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amongst due to employees. Accruals are reported as part of trade and other payables.

42.11 Provisions

A provision is recognised 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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.

42.12 Income tax expenses

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

i) Current tax

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. Provision for corporate income tax is made following the rate applicable for companies as per Finance Act 2019 i.e 25%.

ii) Deferred tax

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, using tax rates 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 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.

42.13 Revenue

The Company has initially applied IFRS 15 Revenue from contracts with customers from 1 April 2018. The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, IFRS 15 establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).



42.14 Finance income and finance cost

i) Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss using the effective interest method.

ii) Finance cost

Finance cost comprise interest expense on borrowings and foreign exchange gain or loss.

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.

42.15 Lease liabilities

The lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liabilities is subsequently increased by the interest cost on the lease liabilities and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

42.16 Impairment

i. Financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets (other than 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 in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 asset or CGU.

Impairment losses are recognised in profit or loss. 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, if no impairment loss had been recognised.

42.17 Contingencies

i) Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position of the Company. Moreover, 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.

ii) Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company does not recognise contingent asset.

42.18 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

42.19 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS 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.

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, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

42.20 Events after the reporting period

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

43. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, which is most unlikely though yet considering overall perspectives



ANNUAL REPORT CHECKLIST

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| Appropriateness and effectiveness of photographs and their relevance | Qualitative |
| Effectiveness of Charts and Graphs | Qualitative |
| Clarity, simplicity and lucidity in presentation of Financial Statements | Qualitative |
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Notice of the TWENTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given to all Shareholders of **Marico Bangladesh Limited** that the 20th Annual General Meeting of the Company will be held on **Wednesday, July 22, 2020 at 10.00 A.M.** via live webcast through digital platform to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2020 together with the Reports of the Directors and the Auditors thereon.
2. To approve dividends for the year ended March 31, 2020 as recommended by the Board of Directors of the Company.
3. To elect/re-elect Directors due to rotation & retirement.
4. To re-appoint M/s Rahman & Rahman Huq & Co., Chartered Accountants as Statutory Auditors of the Company and fix their remuneration for the financial year ending March 31, 2021.

Dhaka
July 6, 2020

By Order of the Board
For, **Marico Bangladesh Limited**

Corporate Office:
Marico Bangladesh Limited
The Glass House, Level.06,
Plot. 02, Block. SE(B)
Gulshan Avenue, Dhaka-1212



Chirstabel Randolph
Company Secretary

NOTES:

1. Shareholders whose names appear on the Shareholders/Depository Register as on the "Record Date" i.e. June 18, 2020 are eligible to attend the Annual General Meeting (AGM) and receive the final dividend.
2. Pursuant to the Bangladesh Securities & Exchange Commission's Notification No. BSEC/CMRRCD/2016-158/208/ Admin/81 dated June 20, 2018, the Company will send the Annual Report 2020 in digital format to the e-mail of the shareholders available in their Beneficial Owners (BO) accounts maintained with the CDBL.
3. In case of non-receipt of Annual Report 2020 of the Company sent through email, shareholders may collect the same from company's website (**www.marico.com/bangladesh**) or hardcopy from Company's Corporate Office by submitting a written request to **info@marico.com**
4. Shareholders are requested to update and intimate changes, if any, in their relevant information with their respective Depository Participant.
5. Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, a listed company can arrange virtual shareholders' meeting, which can be conducted via live webcast by using digital platform. Considering the nCovid-19 pandemic and the high risk of infection in physical meetings, the Company will hold its Twentieth Annual General Meeting using digital platform instead of its earlier declared venue of Radisson Blu Water Garden Hotel.
6. For sharing shareholders' information and updated information on the joining details of the Twentieth Annual General Meeting, shareholders are requested to check the "Investor Information" section of the Company's website **<https://marico.com/bangladesh>** or the Company's corporate Facebook page **<https://www.facebook.com/maricobangladesh/>**

Virtual Shareholder Meeting

Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, a listed company can arrange virtual shareholder meeting, which can be conducted via live webcast by using digital platform. Accordingly, in the light of prevailing COVID-19 situation in Bangladesh, considering the health and safety of all the shareholders, staff and others who plan to attend the AGM 2020, Marico Bangladesh Limited plans to convene its 20th AGM 2020 virtually by using digital platform and online shareholders tools that -

- Facilitate shareholder attendance and participation.
- Enable shareholders to participate fully, and equally, from any location around the world.



We believe the virtual shareholder meeting will increase the ability to engage with all the shareholders, regardless of their number of shares, resources, or physical location.

| Access | Q&A | Vote |
|--|---|---|
| <p>Marico Bangladesh Limited values the importance of effective communication with its Shareholders. The Company recognizes the rights of Shareholders and the Shareholders' interest are primarily ensured through Marico's AGM. Accordingly, we have designed our virtual format to enhance, rather than constrain, Shareholder access, participation and communication.</p> <p>For example, the online format allows Shareholders to communicate with us in advance of and during the meeting so that they can ask any relevant questions or provide with comments on the performance or any other aspect of the Company.</p> | <p>The Company does not place restrictions on the type or form of questions that may be asked; however, the Company reserves the right to edit profanity or other inappropriate language for publication.</p> <p>During the Q&A session of the meeting, the Chair or the Management will try to answer the questions sent in.</p> | <p>The Shareholders will be able to cast their vote on the Agenda items and the results will be broadcasted in real time at the time of approval on the specific agenda item.</p> |

We believe good Corporate Governance involves openness and trusting cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. We have carefully designed the 20th AGM of the Company to provide continuous and meaningful Shareholder engagement and participation. Our committed Board of Directors and Management Team value these interactions and invest significant time and resources to ensure that it has an open line of communication with Shareholders.

Frequently Asked Questions (FAQs) on Virtual Shareholder Meeting

1. Why is this Annual General Meeting (AGM) only virtual?

The current nCovid 19 pandemic is an unprecedented crisis impacting every sphere of life and business. Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, a listed company can arrange virtual shareholder meeting, which can be conducted via live webcast by using digital platform. Accordingly, in the light of prevailing pandemic situation in Bangladesh, considering the health and safety of all our valued shareholders, members and others who plan to attend the AGM, Marico Bangladesh Limited plans to convene its 20th AGM virtually by using digital platform. We believe virtual AGM will increase the ability to engage with all the shareholders, regardless of their number of shares, resources or physical location.

2. How can I participate in the AGM?

You are eligible to participate in the AGM, if you were a shareholder of Marico Bangladesh Limited as on the "Record Date" i.e. 18 June 2020.

You will be able to participate in the AGM online from your laptop, desktop, tablet and smartphone. For logging in to the system, you need to put your 16-digit BO ID number and other credentials as a proof of your identity. The link of the webcast will be shared on the "Investor Information" section of the Company's website <https://marico.com/bangladesh> or the Company's corporate Facebook page <https://www.facebook.com/maricobangladesh/>.

3. How can I submit questions/comments prior to and during the meeting?

The virtual AGM portal will be live 24 hours before the commencement of AGM. You can log-into the portal and leave your questions or comments for the Board. You can also submit your questions/comments in writing to info@marico.com or to the Company's designated investor relations contact, Hasan Abid Chowdhury, hasan.chowdhury@marico.com and during the AGM by typing it out in the "chat" option of the webcast.

4. How the Company will address our questions/comments?

During the Q&A session on the AGM day, the Board and the Management will try to answer the relevant questions, which will be submitted through the system and/or email prior to or during the meeting. However, Marico Bangladesh Limited reserves the right to edit and reject questions it deems profane, irrelevant or otherwise inappropriate.

5. Who is entitled to vote?

Each holder of shares of Marico Bangladesh Limited as on the "Record Date" i.e. 18 June 2020 is entitled to vote at the AGM. The results of voting will be broadcasted in real time in respect of the specific agenda item.

6. How can I propose or second agenda at the AGM?

You can propose or second agenda during the AGM when the motion is placed before the general body.

7. What is the voting requirement to approve each of the Agenda?

Each agenda will be passed by the vote of the majority of votes cast. Each agenda receiving more votes in "FAVOUR" than votes "AGAINST" will be passed.

8. What If I have technical difficulties or trouble accessing the virtual meeting?

If you encounter any difficulties accessing the virtual meeting through the link prior to or during the AGM, please call +8801729271100 for support.

General Shareholder Information

| | |
|--|--|
| AGM–Date, time | : 10:00 a.m. Wednesday, July 22, 2020 Virtually held by using digital platform. |
| Financial Year | : April 01, 2019 – March 31, 2020 |
| Record Date | : Thursday, June 18, 2020 |
| Dividend Paid & Recommended | : Interim Cash Dividend @ 750% on Face Value Final Cash Dividend @ 200% on Face Value |
| Dividend Payment Date | : Paid within 30 days from decision of the Board for all interim cash dividend and proposed 200% Final Cash Dividend will be paid within 30 days of approval at AGM |
| Listing on Stock Exchanges | : Dhaka Stock Exchange Limited (DSE) Chittagong Stock Exchange Limited (CSE) Listing fees up to December 31, 2020 has been paid. |
| Stock/Scrip Code | : DSE – MARICO CSE – MARICO |
| ISIN number | : BD0481MRICO6 |
| Category | : Pharmaceuticals & Chemical |
| Investors’ enquiry | : +88(02) 29897180, Ext – 681 Email: info@marico.com Website: http://marico.com/bangladesh |



MARICO BANGLADESH LIMITED

Registered Office: House-1, Road-1, Sector-1, Uttara, Dhaka-1230, Bangladesh
Corporate Office: The Glass House, 6th Floor, Plot: 02, Block: SE (B), Gulshan Avenue, Dhaka- 1212

PROXY FORM

TWENTIETH ANNUAL GENERAL MEETING ON WEDNESDAY, JULY 22, 2020 AT 10:00 A.M

| | | | | | | | | | | | | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| BO ID | | | | | | | | | | | | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | |
|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| No. of Shares held | | | | | | | | | | | | | | | | | | | | |
|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

I/We _____ of _____ being

a shareholder/shareholders 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 TWENTIETH ANNUAL GENERAL MEETING of the company to be virtually held by using digital platform and at any adjournment(s) thereof.

Signed this ____/ ____/ 2020



Signature of Proxy _____

Signature of Member _____

Notes:

1. A shareholder 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 shareholder.
3. This form in order to be effective must be duly stamped @ BDT20, completed and signed and the scan copy of the same must be sent through email to hasan.chowdhury@marico.com 48 hours before the commencement of the meeting at 10:00 A.M. on Wednesday July 22, 2020.