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annual report 2012



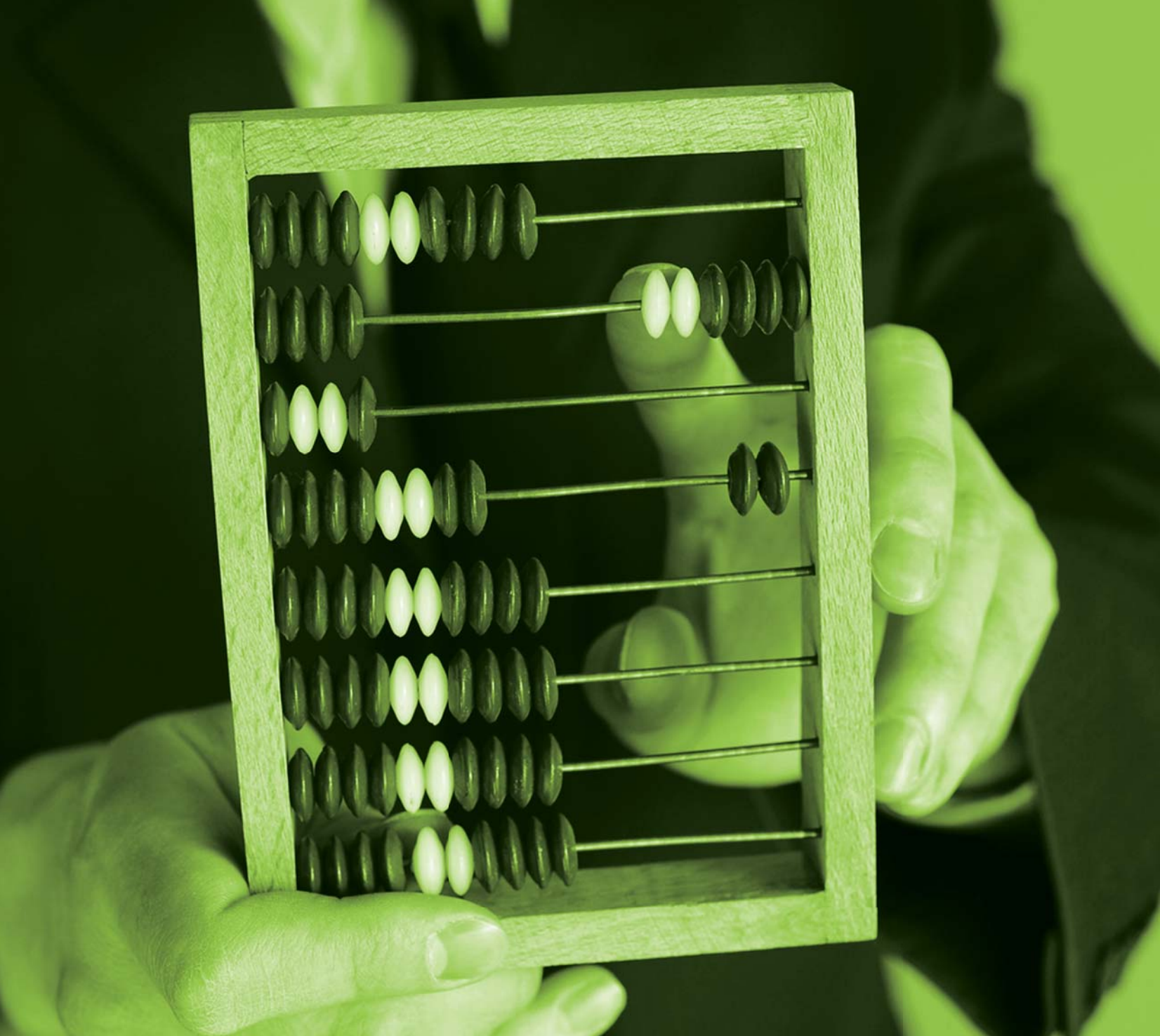
MARICO BANGLADESH LIMITED
annual report 2012







TO TRANSFORM IN
A SUSTAINABLE MANNER,
THE LIVES OF
ALL THOSE WE TOUCH,
BY NURTURING
AND EMPOWERING THEM
TO MAXIMIZE THEIR
TRUE POTENTIAL.



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Corporate Profile

REGISTERED & CORPORATE OFFICE

House-1, Road-1, Sector-1,
Uttara, Dhaka-1230.
Telephone: (+0088) 8931202
Facsimile: (+0088) 8932322
Web: www.maricobd.com

COMPANY REG NUMBER

C-38527(485)/99

PLACE OF INCORPORATION

Dhaka

DATE OF INCORPORATION

September 6, 1999

BOARD OF DIRECTORS

Chairman

Harsh C. Mariwala

Directors

Milind Sarwate
Vijay Subramaniam
Debashish Neogir

Managing Director

Rohit Jaiswal

Independent Directors

Ghulam Mostafa
Rupali Chowdhury

AUDIT COMMITTEE

Chairman

Rupali Chowdhury

Members

Vijay Subramaniam
Debashish Neogi

Secretary

Sorwar Alam,

CHIEF FINANCIAL OFFICER

Aditya Ajit Kumar Shome

HEAD OF INTERNAL AUDIT

Balaji K.S.

COMPANY SECRETARY

Sorwar Alam

AUDITORS

For Year'2011-12

Rahman Rahman Huq

Proposed for 2012-13

M/s. A. Qasem & Co.
Chartered Accountants
Gulshan Pink City,
Suites-01-03, Level-7,
Plot-15, Road-103,
Gushan-2, Dhaka.

OUR FACTORIES

Factory 1:

Mouchak, Kaliakoir, Gazipur

Factory 2:

Sirirchala, Mahona,
Bobanipur, Gazipur

OUR DEPOTS

Dhaka Depot:

Tongi, Dhaka

Chittagong Depot:

Baizid Bostami, Chittagong

Comilla Depot:

Ashrafpur, Comilla

Jessore Depot:

Loan Office Para, Jessore

Bogra Depot:

Bakshibazar Road, Bogra

LEGAL ADVISORS

Corporate Counsel
Suite-802, Rahat Tower
(7th Floor), 14, Biponon C/A,
West Banglamotor,
Dhaka-1000

PRINCIPAL BANKERS

Citibank N.A.
HSBC
Standard Chartered Bank
Commercial Bank of Ceylon

SHARE LISTING

The Dhaka Stock Exchange Ltd.
The Chittagong Stock Exchange Ltd.

INVESTOR RELATIONS

For enquiries, please contact with
Investor Relations Department at
Tell: (+0088) 8931202 Ext-100, 102
Fax: (+0088) 8932322
Email: info@maricobangladesh.net

STOCK DATA

Stock Code: MARICO
ISIN: BD0481MRICO6
Sector-Pharmaceuticals &
Chemicals

WEBSITES

www.maricobd.com
www.marico.com
www.kayaclinic.com
www.saffolalife.com

Chairman's Letter to Shareholders A Personal Message

We have completed a rather challenging year for FMCG companies including Marico Bangladesh. FY'12 witnessed high inflation, particularly food inflation, unprecedented cost push especially in one of your Company's key input materials – copra, a rise in interest rates and devaluation of taka against the US dollar...

Dear Shareholders,

We have completed a rather challenging year for FMCG companies including Marico Bangladesh. The year ended March 31, 2012 (FY'12) witnessed high inflation, particularly food inflation, unprecedented cost push especially in one of your company's key input materials – copra, a rise in interest rates and devaluation of taka against the US dollar. In addition, political uncertainty and economic instability resulted in a severe liquidity crunch and shrinkage in Forex reserves of Bangladesh, which in turn adversely impacted the general business environment within the country.

Notwithstanding the challenges for the year, your company turned in a good performance. Your company registered a business growth of 11% over the previous financial year. During the year however, a change in accounting practice converting depot VAT operations from truncated VAT to MOD-VAT, has led to a marginal decline of 1% in turnover over the previous year being reported. The acute cost push resulted in EBDITA margins declining by about 600 basis points as compared to corresponding period. Consequently, Earnings per Share (EPS) dropped from Tk. 24.46 in corresponding period to Tk. 17 in FY'12.

Your company's flagship brand Parachute maintained its clear leadership position and I believe with its loyal consumer franchise, Parachute is now amongst the top five leading brands in the country. At the same time, in the hair dye segment, Hair Code has now become a market leader with significant market share. In order to create future growth engines, your company had launched Value Added Hair Oils in select segments through its focused approach. During FY'12, your company witnessed significant market share gain in these.

Our conviction in the long term potential of your business in Bangladesh continues to be strong. Your company continues to invest in infrastructure to support future growth. During the year, it made strategic investments in distribution by setting up new depot. It is also augmenting production capacity by establishing a new factory.

The strong foundation that has enabled us to realize success in the past will help us in preparing for the future. We remain committed to generating long term value for our investors through superior value propositions to consumers, widening our distribution reach, excellence in operations, innovative technology and continued efforts in brand building.

The road ahead is promising and I am sure you share my excitement about the future. Thank you for placing faith in the company. I also wish to thank all members of the Marico team and all our business associates for their contribution to Marico Bangladesh's success. I look forward to your continued support and co-operation.

With warm regards,

Harsh Mariwala
Chairman

Financial Highlights

TURNOVER
BDT 604 Cr.

RETURN ON EQUITY
21.15 %

PROFIT BEFORE TAX
BDT 70 Cr.
11.63 %

RETURN ON ASSET
12.15 %

PROFIT AFTER TAX
BDT 54 Cr.
8.87%

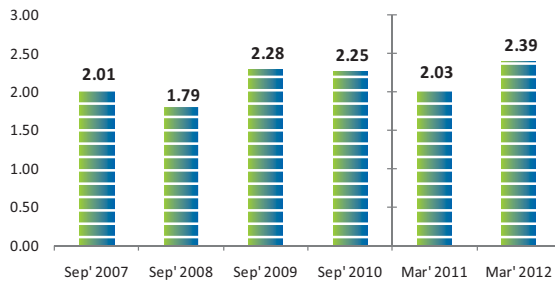
DIVIDEND PER SHARE
BDT 10.00
100%

EARNINGS PER SHARE
BDT 17.00

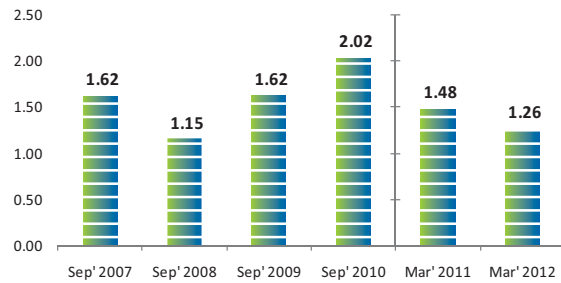
NAV PER SHARE
BDT 82.64

Key Ratios

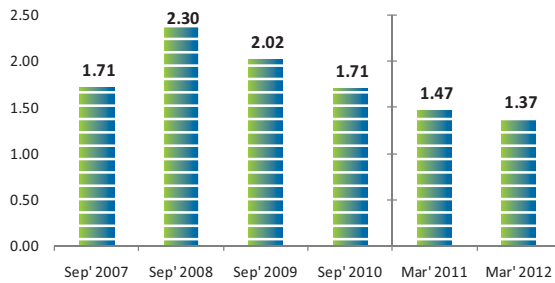
Current Ratio
Times



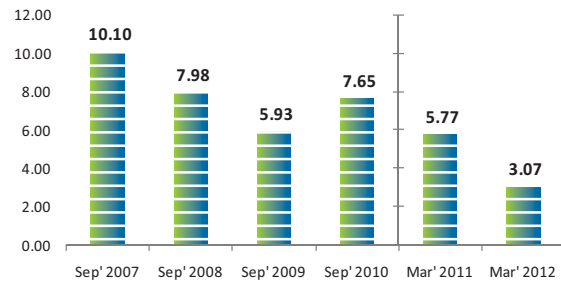
Quick Ratio
Times



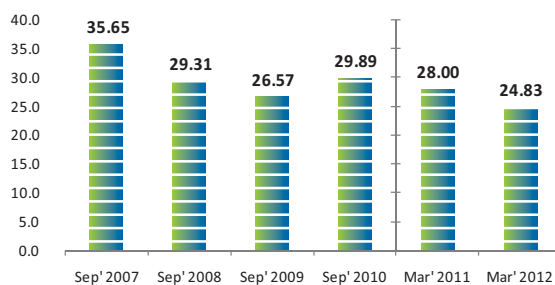
Asset Turnover Ratio
Times



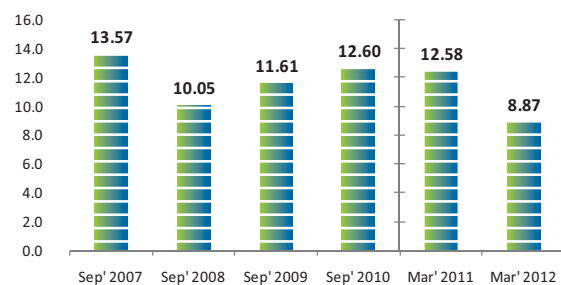
Inventory Turnover ratio
Times



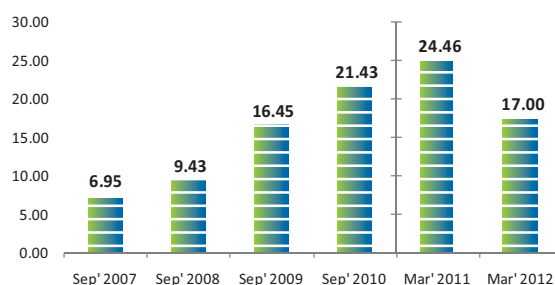
Gross Income Ratio
Percentage



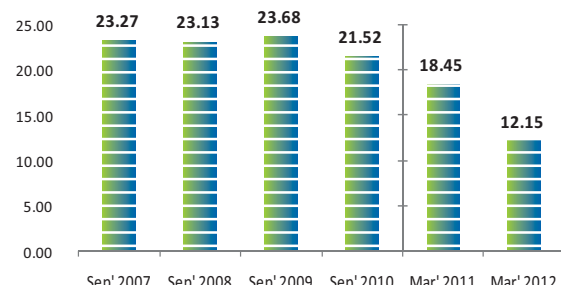
Net Income Ratio
Percentage



Earnings Per Share
BDT



Return on Asset
Percentage

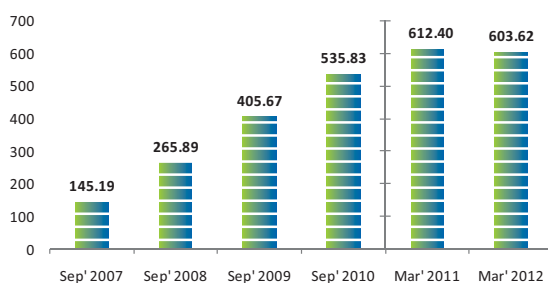


Note: Due to the change in the accounting year from October 1st to September 30th to new accounting year from April 1st to March 31st, a period of Six months covered in the period 1 October 2009 to 30 September 2010 has also been covered in 1 April 2010 to 31 March 2011.

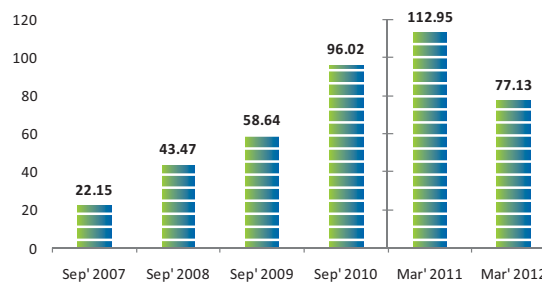
Marico's performance over the years

Particulars	Year ending March 31		Year Ending September 30			
	2012	2011	2010	2009	2008	2007
	(BDT in Crore)					
Turnover	603.62	612.40	535.83	405.67	265.89	145.19
Profit from operations	54.75	90.18	75.60	49.50	41.31	21.58
Earnings before Interest and Tax	77.13	112.95	96.02	58.64	43.47	22.15
Net profit before tax	70.21	110.55	92.63	57.95	42.87	20.58
Net profit after tax	53.56	77.06	67.51	47.09	26.73	19.70

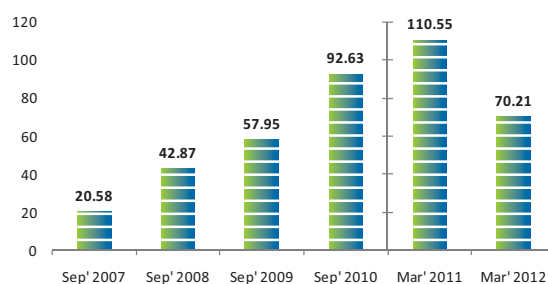
Turnover
BDT in Crore



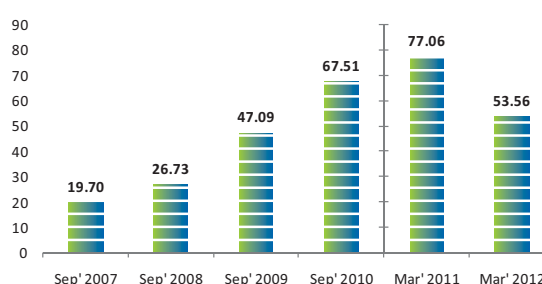
Earnings before Interest and Tax
BDT in Crore



Net Profit before Tax
BDT in Crore



Net Profit after Tax
BDT in Crore



Note: Due to the change in the accounting year from October 1st to September 30th to new accounting year from April 1st to March 31st, a period of Six months covered in the period 1 October 2009 to 30 September 2010 has also been covered in 1 April 2010 to 31 March 2011.

ভালোবাসার মুহূর্তগুলো এখন আরও গাঢ়
প্যারাসুট এখন আকর্ষণীয়
গাঢ় নীল বোতলে!

শুদ্ধতার শেষ কথা



THINK
CONSUMER

Consumer-Centric

TO

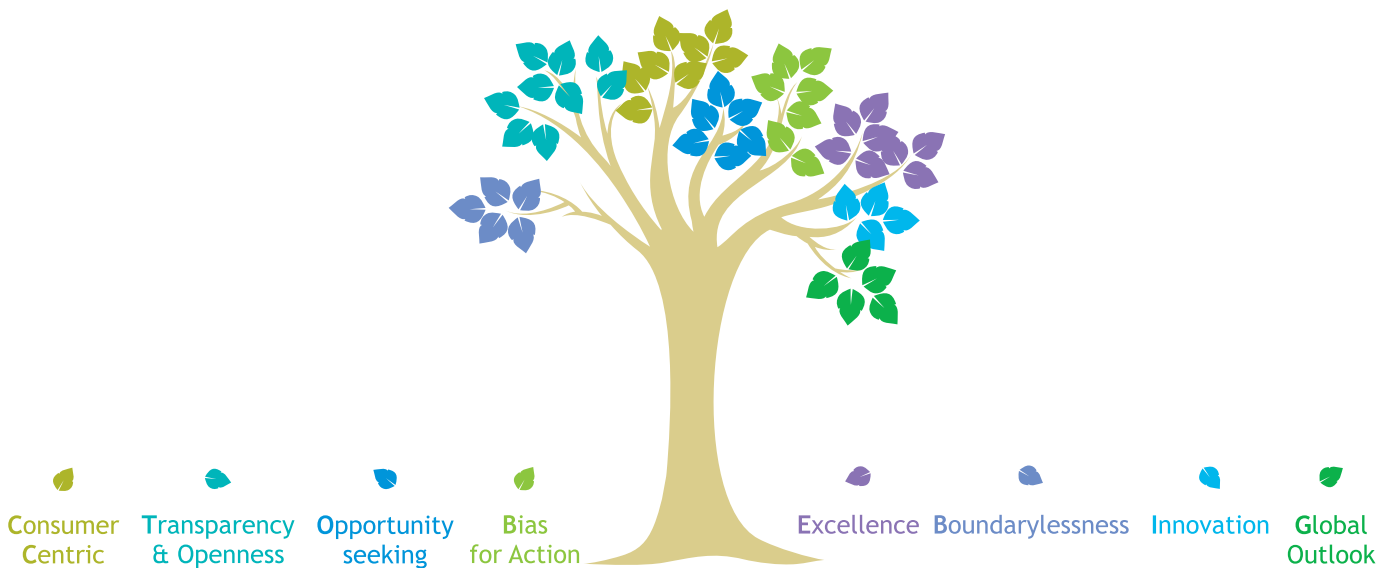
Transparency & Openness | Opportunity-seeking

BE

Bias for Action | Excellence

BIG

Boundarylessness | Innovation | Global Outlook



Directors' Report

To the Members

Your Board of Directors ("Board") is pleased to present the third Annual Report of your company, Marico Bangladesh Limited after being listed to stock exchanges for the period ended March 31, 2012 ('the period under review', 'the reporting period', or 'FY12').

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

Principal Activities

The principal activities of the company continued to be manufacturing and marketing of Fast Moving Consumer Goods ('FMCG'). The company is the manufacturer and marketer of well-known brands like Parachute, Parachute Advanced, Parachute Beliphool, Parachute Advanced Cooling Hair Oil, Haircode, Nihar, etc.

Key Brands Performances

Parachute Coconut Oil

Parachute, Marico's flagship brand continued its market dominance during the year. Today, the brand is amongst the top five leading brands in Bangladesh (Source: Bangladesh brand forum). The brand enjoys the support of loyal consumer base and is a market leader in its segment. Your brand has been re-launched in a deep blue colored pack in June 2012. The new pack will further improve the overall appearance of the product and offering to the consumers.



Parachute Advanced

Parachute Advanced Enriched Hair Oil is a brand extension of Parachute. It contains the goodness of amla, mehedi, lemon and hibiscus along with coconut oil. These ingredients address different hair problems such as dandruff, and make hair strong, healthy, shiny and long by reducing breakages. It was supported by a widely popular strong brand communication campaign known as 'Gorgeous Sharadin' and thematic 'Bondu Tindin'.



Parachute Beliphool

Parachute Beliphool Lite is another extension of the Parachute brand. It is Marico's largest offering in the VAHO (Value Added Hair Oil) category. It caters to customers in the perfumed hair oil segment. Parachute Beliphool Lite is a coconut based, non-sticky hair oil having the perfume of Beliphool.



The key distinguishing features of the brand are its unique fragrance and the non-sticky nature of the oil which nourishes the hair and leaves the hair light.

Parachute Beliphool Lite is currently the fastest growing brand in Marico Bangladesh Limited's VAHO portfolio.

Parachute Advanced Cooling Hair Oil

The company entered the cooling oil segment in the beginning of the year with Parachute Advanced Cooling Hair Oil (PACHO). Since its launch, PACHO has successfully served the cooling oil needs of the consumers and gained a foothold within this category, especially in the small pack segment.

Parachute Advanced Cooling Oil is a coconut based oil enriched with 21 ayurvedic cooling herbs that provides the consumers with hair nourishment in addition to cooling benefits. The brand promises relief from headaches, relief from long lasting stress in addition to providing the benefits of hair nourishment.



Nihar

Marico launched a new brand of hair oil, Nihar Naturals in March 2012. This new addition to Marico's brand portfolio offers a range of hair oils, based on the goodness of natural ingredients and has a variety of choices that are new, individualistic and contemporized. The Nihar Naturals range, with its three variants; Amla, Almond and Enriched Hair Oil, gives a complete offering for the hair and beauty needs of today's modern women.



Hair Code

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

During the year, Marico's Hair Code herbal hair dye recorded healthy growth both in volume and value thereby confirming our market leadership status in the powder Hair Dye category. The brand has been supported with insightful advertising and salon activation programs.



Establishment of New Factory and Depot

The company has invested both on the distribution as well as on the capacity front by setting up new depot at Comilla and established a new factory at Shirirchala, Mahona, Bobanipur, Gazipur in June 2012.

Corporate Social Responsibility

Facilitating Training and Equipment to Farmers for Copra Production

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

Directors of the Company

Directors retiring by rotation

Mr. Ghulam Mostafa and Mrs. Rupali Chowdhury, Directors of the company, retire by rotation as per relevant provision of the Companies Act, 1994 and relevant clause of Articles of Association of the company and being eligible offer themselves for re-appointment.

Director's Responsibilities for Financial Statements

The Statement of the Director's Responsibilities and Management's Report on Internal Control over Financial Reporting for financial statements are given on page 20 of this report to Directors' Report Annexure-1 and 2.

Corporate and Financial Reporting Framework

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

- a) The financial statements together with the notes thereof have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations cash flow and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as Applicable in Bangladesh, have been followed in preparation of the financial statements.
- e) The systems of internal controls are sound and have been effectively implemented and monitored.
- f) There are no significant doubts about the Company's ability to continue as a going concern.
- g) The significant deviations from last year in operating results of the company have been highlighted in the report and reasons thereof have been explained.
- h) The key operating and financial data for the last five years are annexed.

Results of Operations

Financial Year 2011-12 (FY12) Performance

Taka in Crore, except per share amounts	2012	2011
Turnover	604	612
Net earnings	54	77
Net earnings per share	17.00	24.46
Dividends per share	10	4.5*
Operating cash flow	-16.87	15.65
Return on assets	12.15%	18.45%
Return on equity	21.15%	33.09%

*18 months period

For Financial Year ended March 31, 2012, Marico posted a turnover of Tk. 604 Crore under the new accounting method of MOD-VAT. However if the old VAT accounting system was to be followed, the turnover would have been Tk. 680 Crore net profit after tax and earnings per share stood at Tk. 54 Crore and Tk. 17 per share respectively.

Dividend Distribution

Company's distribution of dividend for the financial year 2011-12 (FY12) comprised the following;

Interim dividend of 100% on the paid up capital was Tk. 31.50 Crore.

No final dividend has been recommended at the ensuing Annual General Meeting.

The total cash dividend for the reported financial year (FY12) would be Tk. 31.50 Crore.

Contribution to National Exchequer

During the reporting period, your company paid Tk. 143 Crore (appx.) to the National Exchequer in the form of Corporate Income Tax, Customs Duties, Supplementary Duties, VAT and others.

Reserves

The total reserves of the company stood Tk. 232.50 Crore, details of which are shown in the Statement of Financial Position as share premium and retained earnings to the financial statements.

Events subsequent to the Statement of Financial Position

No event has occurred since the Financial Position date, which would require adjustment or disclosure in the financial statements.

Shareholder Information & Substantial Shareholders

The distribution of shareholding and market value of shares is given on page 25.

Appointment of New Auditors

The auditors, M/s. Rahman Rahman Huq, Chartered Accountants, will retire at the conclusion of the ensuing Annual General Meeting. As per Securities & Exchange Commissioner (SEC) notification No. SEC/CMRRCD/2009-193/104/Admin dated on July 27, 2011; every publicly listed company shall not appoint any firm of chartered accountants as its statutory auditors for a consecutive period exceeding three years. Therefore, the board of directors has proposed M/s. A. Qasem & Co to engage as statutory auditors (subject to approval at the 12th Annual General Meeting to be held on July 19, 2012 by members of the company) up to 13th Annual General Meeting to be held on 2013 with proposed Audit Fees of Tk. 4,00,000. M/s. A. Qasem & Co., Chartered Accountants have expressed their willingness to accept appointment as statutory auditors.

Acknowledgement

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

On behalf of Board of Directors,



Harsh Mariwala
Chairman



Rohit Jaiswal
Managing Director

PROTECTING. NOURISHING.
ENHANCING.
IF IT COMES FROM MARICO,
IT HAS TO DO MORE.

With nourishing hair oils, Marico ensures that its brands deliver the maximum value possible to its consumers.



Directors' Report Annexure-1

Directors' Responsibilities for Financial Statements

The directors of the company are responsible for the integrity and accuracy of the financial statements. The board believes that the financial statements for the year ended March 31, 2012 have been prepared in conformity with Bangladesh Accounting Standard (BAS), BFRS, Companies Act, 1994, SEC guidelines, Stock Exchanges Listing Regulations appropriate in the circumstances. In preparing the financial statements, management with the consultation of the board makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed.

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

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

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

On behalf of the board




Rohit Jaiswal
Managing Director

Directors' Report Annexure-2

Management's Report on Internal Control over Financial Reporting

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

Based on this evaluation, management has concluded that internal control over financial reporting was effective as of March 31, 2012. The Company's auditor, Rahman Rahman Huq, Chartered Accountants, statutory auditors enlisted with The Institute of Chartered Accountants of Bangladesh (ICAB), has issued an audit report on the financial statements.



Aditya Shome
Chief Financial Officer



K.S. Balaji
Head of Internal Audit

Corporate Governance Report

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

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

Board of Directors:

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

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

The Board of Directors has engaged Mr. Aditya Shome as Chief Financial Officer, Mr. Balaji K.S. as Head of Internal Audit and Mr. Sorwar Alam as Company Secretary of the company.

Audit Committee:

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

External/Statutory Auditors:

Till to 12th Annual General Meeting (AGM) to be held on July 19, 2012, M/s. Rahman Rahman Huq is acting as statutory auditors. They are not involved with any other services of the company in the period. As per Securities & Exchange Commissioner (SEC) notification No.SEC/CMRRCD/2009-193/104/Admin dated on July 27, 2011; every publicly listed company shall not appoint any firm of chartered accountants as its statutory auditors for a consecutive period exceeding three years. Therefore, the board of directors has proposed M/s. A. Qasem & Co. to engage as statutory auditors (subject to approval at the 12th Annual General Meeting to be held on July 19, 2012 by members of the company) up to 13th Annual General Meeting to be held on 2013.

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

SEC Compliance Status

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

Board Meetings

The Board met four times after last annual general meeting. The Company Secretary was present in the Board Meetings. The attendance by each Director is mentioned below:-

Names of Directors	No. of Board Meetings	
	Held	Attendance
Mr. Harsh Mariwala	4	1
Mr. Milind Sarwate	4	0
Mr. Vijay Subramaniam	4	3
Mr. Debashish Neogi	4	0
Mr. Rohit Jaiswal	4	4
Mr. Ghulam Mostafa	4	4
Mrs. Rupali Chowdhury	4	4

Audit Committee

Constitution:

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

The Audit Committee now comprises the following Members:

Mrs. Rupali Chowdhury	Chairman
Mr. Vijay Subramaniam	Member
Mr. Debashish Neogi	Member

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

Moreover, M/s Hossain Farhad & Co., a local Chartered Accountant Firm that conducts audits throughout the year and M/s Ernst & Young, India a Chartered Accountants Firm from India reports to the audit committee which is undertaken on a continuous basis covering areas across the value chain such as manufacturing operations, sales and distribution, marketing and finance. The Committee has not met during the year for any meeting.

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

Mr. Ghulam Mostafa

Mr. Mostafa is the Managing Director of Kallol Group of Companies. Kallol group of companies now represents leading FMCG brands such as Cadbury, Kellogg, and internationally renowned brands of watches and writing instruments. Mr. Mostafa has been awarded the status of CIP for three times. He has also been twice honored by the National Board of Revenue as the highest VAT payer in business category.

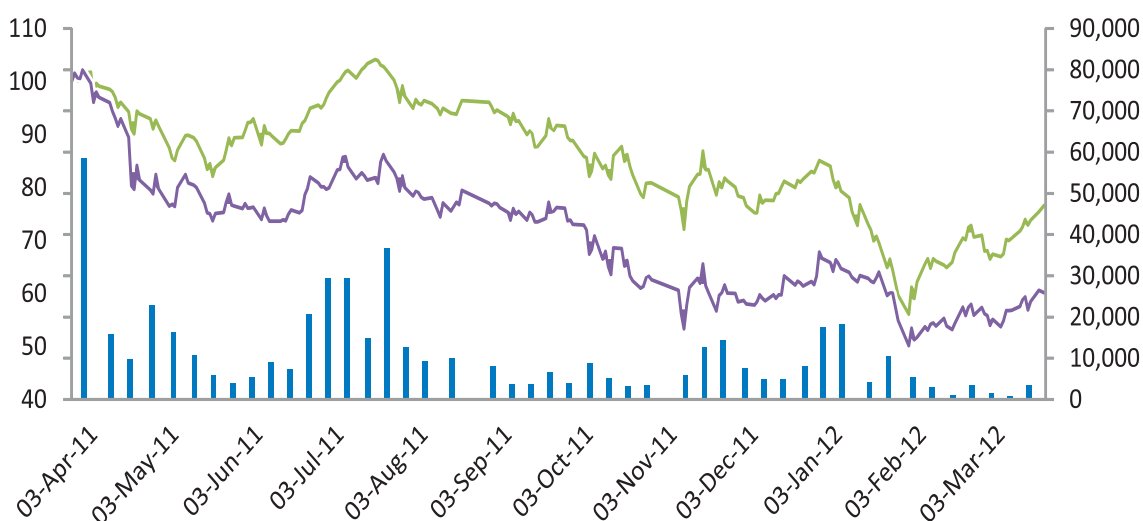
Mrs. Rupali Chowdhury

Mrs. Chowdhury is the Managing Director of Berger Paints Bangladesh Limited. She brings with her a rich experience of managing various functions at Berger Paints. She is a Member of the Executive Committee of Foreign Investors' Chamber of Commerce & Industry (FICCI). She is also a Member of the Holiday Sub-Committee of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) and a Member of the Labour Law Sub-Committee of Bangladesh Employers' Federation (BEF). She has received several prestigious awards for her contribution in the areas of management and business in Bangladesh.

Stock Price Information and Stock Performance

Our common stock is traded on the Dhaka Stock Exchange and Chittagong Stock Exchange under the symbol MARICO.

Script Performance in comparison to DGEN



■ Marico Volume, Weekly Avg — DGEN — MARICO

*Both DGEN and Marico has been indexed to 100

Securities Transactions Insider Trading Policy

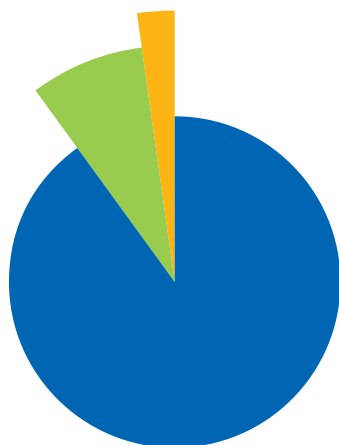
The Company has a formal Insider Trading Policy and Disclosure of Dealings in Securities Policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the directors and officers. In compliance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

Pattern of Shareholding on Record Date-May 21, 2012

Particulars	No of Shares	Percentage
Parent Company:		
Marico Limited	28,349,993	90.00%
Other Related Parties:		
Board of Directors:		
Hash Mariwala, Chairman	1	
Milind Sarwate, Director	1	
Vijay Subramaniam, Director	1	
Debashish Neogi, Director	1	
Rohit Jaiswal, Managing Director	1	
Aditya Shome, CFO and Spouse and Minor Children:	---	
Balaji K.S. Head of Internal Audit and Spouse and Minor Children:	1	
Sorwar Alam, CS and Spouse and Minor Children:	2,800	
Executives (Top 5 Salaried Person Other than MD, CFO, HIA, CS):		
Ashikur Rahman	--	
Subir De	--	
Mohammad Iqbal Chowdhury	4,150	
Moin Uddin Ahmed Khan	6,050	
Shahid Hossain	5,000	

Percentage of Shareholding-Marico Bangladesh Limited

Category	No of Shares	Percentage
Marico Limited	28,350,000	90.00%
Institutions	2,472,000	7.85%
Individuals	678,000	2.15%
Total	31,500,000	100.00%



■ Marico Limited	90.00%
■ Institutions	7.85%
■ Individuals	2.15%

হেয়ারকোড

হার্বাল হেয়ার ডাই

এক নতুন আপনি...
ন্যাচারালি!





Marico Bangladesh Limited

Auditors' Report and Financial Statements

as at and for the year ended 31 March 2012



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

Telephone +880 (2) 988 6450-2
Fax +880 (2) 988 6449
Email kpmg-rrh@citech-bd.com
Internet www.kpmg.com/bd

Auditors' Report

to the Shareholder of
Marico Bangladesh Limited

We have audited the accompanying financial statements of Marico Bangladesh Limited ("the Company") which comprise the statement of financial position as at 31 March 2012, and the related income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other relevant explanatory notes thereon.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements prepared in accordance with the Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the financial position of Marico Bangladesh Limited as at 31 March 2012, and of its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

Dhaka, 24 April 2012 




Marico Bangladesh Limited

Statement of Financial Position

As at 31 march 2012

	Note	31 March 2012 Taka	31 March 2011 Taka
Assets			
Property, plant and equipment	4	325,642,856	229,012,579
Capital work in progress	5	16,275,280	-
Intangible assets	6	62,500	6,651,734
Deferred tax assets	7	88,282,527	42,664,437
Non-current assets		430,263,163	278,328,750
Inventories	8	1,777,938,918	1,180,798,733
Accrued interest	9	30,632,603	34,175,260
Investments	10	2,146	29,619,846
Advance income tax	11	717,730,520	315,292,151
Advances and deposits	12	464,859,208	238,238,535
Fixed deposits	13	610,000,000	2,270,000,000
Cash and cash equivalents	14	171,204,924	266,612,849
Current assets		3,772,368,319	4,334,737,374
Total assets		4,202,631,482	4,613,066,124
Equity and Liabilities			
Equity			
Share capital	15	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Reserves		-	17,022,900
Retained earnings		2,036,194,216	1,878,574,429
Total equity		2,603,194,216	2,462,597,329
Liabilities			
Provision for gratuity		12,388,093	8,896,857
Provision for leave encashment		6,419,607	10,253,706
Non-current liabilities		18,807,700	19,150,563
Short term finance	16	100,000,000	775,256,101
Liability for expenses	17	228,696,411	379,772,945
Interest payable		-	5,056,327
Provision for income tax	18	826,822,981	614,689,531
Trade creditors	19	215,678,285	225,082,968
Payable to holding company	20	177,772,739	123,087,996
Other liabilities	21	31,659,150	8,372,364
Current liabilities		1,580,629,566	2,131,318,232
Total liabilities		1,599,437,266	2,150,468,795
Total equity and liabilities		4,202,631,482	4,613,066,124


The annexed notes 1 to 36 form an integral part of these financial statements.


Company Secretary


Director


Managing Director

As per our annexed report of same date.


Auditors

Dhaka, 24 April 2012 

Marico Bangladesh Limited
Income Statement
for the year ended 31 March 2012

	Note	31 March 2012 Taka	31 March 2011 Taka
Revenue	22	6,036,260,121	6,124,079,239
Cost of sales	23	(4,537,754,462)	(4,409,158,921)
Gross profit		1,498,505,659	1,714,920,318
Distribution expenses	24	(573,579,913)	(488,546,169)
Administration expenses	25	(377,388,679)	(324,561,295)
Results from operating activities		547,537,067	901,812,854
Other income	26	223,841,807	227,735,641
Finance costs	27	(69,243,728)	(23,973,108)
Profit before tax		702,135,146	1,105,575,387
Tax expense	28	(166,515,359)	(334,946,694)
Profit for the year		535,619,787	770,628,693
Earnings per share			
Basic earnings per share (par value of Tk 10)	29	17.00	24.46


The annexed notes 1 to 36 form an integral part of these financial statements.


Company Secretary


Director


Managing Director

As per our annexed report of same date.

Dhaka, 24 April 2012 


Auditors

Marico Bangladesh Limited
Statement of Comprehensive Income
 for the year ended 31 March 2012

	Note	31 March 2012 Taka	31 Mach 2011 Taka
Profit for the year		535,619,787	770,628,693
Net change in the fair value of available-for-sale of financial assets		-	17,022,900
Total comprehensive income for the year		<u>535,619,787</u>	<u>787,651,593</u>

Marico Bangladesh Limited
Statement of Changes in Equity
 for the year ended 31 March 2012

	Share capital	Share premium	Fair value reserve	Retained earnings	Total equity
	Taka	Taka	Taka	Taka	Taka
Balance at 1 April 2010	315,000,000	252,000,000	-	1,186,695,736	1,753,695,736
Net profit for the year ended 31 March 2011	-	-	-	770,628,693	770,628,693
Dividend	-	-	-	(78,750,000)	(78,750,000)
Change in the fair value of available for sale of financial assets	-	-	17,022,900	-	17,022,900
Balance at 31 March 2011	315,000,000	252,000,000	17,022,900	1,878,574,429	2,462,597,329
Balance at 1 April 2011	315,000,000	252,000,000	17,022,900	1,878,574,429	2,462,597,329
Net profit for the year ended 31 March 2012	-	-	-	535,619,787	535,619,787
Dividends	-	-	-	(378,000,000)	(378,000,000)
Realisation of change in the fair value of available for sale of financial assets	-	-	(17,022,900)	-	(17,022,900)
Balance at 31 March 2012	315,000,000	252,000,000	-	2,036,194,216	2,603,194,216

Marico Bangladesh Limited
Statement of Cash Flows
 for the year ended 31 March 2012

	31 March 2012 Taka	31 March 2011 Taka
A) Cash flows from operating activities		
Collection from customers	6,036,260,121	6,124,079,239
Payment to suppliers and operating expenses	(6,314,604,097)	(5,674,606,788)
Interest paid	(74,300,055)	(19,359,281)
Interest received	223,630,323	244,590,486
Income tax paid	(402,438,367)	(181,725,005)
<i>Net cash (used in)/ from operating activities</i>	(531,452,075)	492,978,651
B) Cash flows from investing activities		
Acquisition of fixed assets	(204,071,590)	(51,559,172)
Dividend income	3,754,141	1,617,176
Encashment of investment in quoted shares	29,617,700	-
Encashment of (Investment in) fixed deposits	1,660,000,000	(721,704,378)
<i>Net cash from/(used in) investing activities</i>	1,489,300,251	(771,646,374)
C) Cash flows from financing activities		
Dividend paid	(378,000,000)	(78,750,000)
Short term finance	(675,256,101)	550,927,061
<i>Net cash (used in)/from financing activities</i>	(1,053,256,101)	472,177,061
Net (decrease)/increase in cash and cash equivalents	(95,407,925)	193,509,338
Cash and cash equivalents at 1 April	266,612,849	73,103,511
Cash and cash equivalents at 31 March	171,204,924	266,612,849

Marico Bangladesh Limited
Notes to the Financial Statements
as at and for the year ended 31 March 2012

1. Reporting entity

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

1.1 Registered office

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

1.2 Nature of Business Activities

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

2. Basis of preparation

2.1 Statement of compliance

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

The financial statements were authorised for issue by the Board of Directors in the 71st Board meeting held on 24 April 2012.

2.2 Basis of measurement

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

Available for sale financial assets are stated at fair value through comprehensive income except as mentioned in note 10.1.

2.3 Functional and presentation currency

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

2.4 Reporting period

The financial statements of the Company covered one year from 1 April 2011 to 31 March 2012.

2.5 Use of estimates and judgments

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

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

2.6 Going concern

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

3. Significant accounting policies

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

3.1 Foreign currency

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

3.2 Property, plant and equipment

i) Recognition and measurement

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

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

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

ii) Subsequent cost

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

iii) Depreciation

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

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

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

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

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

3.3 Intangible assets

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

Amortisation

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

3.4 Impairment

3.4.1 Non-derivative financial assets

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

Loans and receivables and held-to-maturity investment securities

The Company considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective levels. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

Available-for-sale financial assets

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

3.4.2 Non-financial assets

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

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Finance costs

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

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

3.6 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, 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.

3.7 Revenue

(i) Goods sold

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

(ii) Services

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

3.8 Inventories

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

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

3.9 Provisions

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

3.10 Employee benefits

(i) Defined benefit plans

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

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

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

(ii) Short term employee benefits

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

3.11 Contingencies

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

3.12 Earnings per share

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

3.13 Events after the reporting period

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

3.14 Financial instruments

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

Investment in shares

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

Investment in Fixed Deposit Receipts (FDR)

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

Cash and cash equivalents

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

Share capital

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

Trade creditors

Trade creditors are recognised at fair value.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Advances from customers

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

3.15 Financial risk management

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

i) Credit risk

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

ii) Liquidity risk

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

iii) Market risk

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

Market risk includes the followings:

Currency risk:

Translation risk

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

Economic risk:

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

Interest rate risk:

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

4. Property, plant and equipment

As at 31 March 2012

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April 2011	Addition during the year	Disposal during the year	As at 31 March 2012	As at 1 April 2011	Charged for the year	Adjustment for the year	As at 31 March 2012	As at 31 March 2012
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	319,236,036	17,321,532	(166,410,794)	170,146,774	227,058,053	61,116,686	(166,444,343)	121,730,396	48,416,378
Freehold land	36,394,486	138,317,580	-	174,712,066	-	-	-	-	174,712,066
Vehicles	26,444,848	11,105,428	(6,713,950)	30,836,326	11,309,252	6,263,792	(6,713,950)	10,859,094	19,977,232
Factory equipment	5,418,521	109,760	(1,875,211)	3,653,071	3,000,390	862,848	(1,875,200)	1,988,038	1,665,033
Moulds	13,259,944	10,213,543	(3,588,440)	19,885,048	8,931,791	4,300,178	(3,672,845)	9,559,124	10,325,924
Factory building	4,669,572	-	(1,759,582)	2,909,990	2,162,283	131,501	(1,689,277)	604,507	2,305,483
Office building	56,550,264	5,642,912	-	62,193,176	13,608,796	6,313,366	-	19,922,162	42,271,014
Laboratory equipment	1,275,822	559,663	(537,500)	1,297,985	635,866	301,759	(537,501)	400,124	897,861
Office equipments	12,462,924	1,239,507	(1,818,068)	11,884,363	4,368,004	2,686,959	(1,836,068)	5,218,895	6,665,468
Computers	5,133,210	909,450	(213,500)	5,829,160	2,883,889	1,304,558	(213,499)	3,974,948	1,854,212
Furniture and fixtures	26,300,574	1,800,362	(980,852)	27,120,084	9,314,412	5,704,947	(980,852)	14,038,507	13,081,577
A/C, refrigerator, water coolers	7,076,795	463,600	(687,020)	6,853,375	1,937,681	2,132,093	(687,007)	3,382,767	3,470,608
As at 31 March 2012	514,222,996	187,683,337	(184,584,916)	517,321,418	285,210,417	91,118,687	(184,650,542)	191,678,562	325,642,856

As at 31 March 2011

Particulars	Cost				Accumulated depreciation				Carrying value	
	As at 1 April 2010	Addition during the year	Disposal during the year	As at 31 March 2012	As at 1 April 2010	Charged for the year	Adjustment for the year	As at 31 March 2011	As at 31 March 2011	Taka
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	292,849,806	26,486,230	(100,000)	319,236,036	139,691,570	87,466,483	(100,000)	227,058,053	92,177,983	
Freehold land	36,394,486	-	-	36,394,486	-	-	-	-	36,394,486	
Vehicles	20,865,690	8,510,870	(2,931,712)	26,444,848	8,548,051	4,618,357	(1,857,156)	11,309,252	15,135,596	
Factory equipment	4,184,066	1,234,455	-	5,418,521	2,223,191	777,199	-	3,000,390	2,418,131	
Moulds	12,902,537	357,407	-	13,259,944	6,217,413	2,714,378	-	8,931,791	4,328,153	
Factory building	4,669,572	-	-	4,669,572	1,894,407	267,876	-	2,162,283	2,507,289	
Office building	56,550,264	-	-	56,550,264	7,953,770	5,655,026	-	13,608,796	42,941,468	
Laboratory equipment	548,000	727,822	-	1,275,822	543,625	92,241	-	635,866	639,956	
Office equipments	9,902,964	2,626,760	(66,800)	12,462,924	2,157,980	2,276,819	(66,795)	4,368,004	8,094,920	
Computers	4,330,025	1,060,185	(257,000)	5,133,210	1,921,993	1,218,870	(256,974)	2,883,889	2,249,321	
Furniture and fixtures	19,571,579	6,838,785	(109,790)	26,300,574	4,997,689	4,420,226	(103,503)	9,314,412	16,986,162	
A/C, refrigerator, water coolers	2,363,564	4,746,181	(32,950)	7,076,795	947,983	1,022,648	(32,950)	1,937,681	5,139,114	
As at 31 March 2011	465,132,553	52,588,695	(3,498,252)	514,222,996	177,097,672	110,530,123	(2,417,378)	285,210,417	229,012,579	

	For the year ended 31 March 2012	For the year ended 31 March 2011
MANUFACTURING	68,230,695	92,177,561
ADMINISTRATION	22,887,992	18,352,562
	91,118,687	110,530,123

4.1 Depreciation allocated to:
MANUFACTURING
ADMINISTRATION

	2012 Taka	2011 Taka
5. Capital work in progress	16,275,280	-

6. Intangible assets

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

Cost

Marks & Allys Limited:

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

Aromatic Cosmetics Limited:

Intellectual property right	7,500,000	7,500,000
Copyright	7,500,000	7,500,000
	15,000,000	15,000,000
Incidental to capital expenditure	3,075,125	3,075,125
	23,075,125	23,075,125

Accumulated amortization

As at 1 April	16,423,391	11,808,366
Charge during the year	6,589,234	4,615,025
As at 31 March	23,012,625	16,423,391
Carrying value	62,500	6,651,734

7. Deferred tax assets

Deferred tax asset/(liability) is arrived as follows:

	Carrying value as at 31 March	Tax base as at 31 March	Temporary Difference Taxable/ (deductible)
Year 2012			
Non-current assets	148,671,988	317,703,037	(169,031,049)
Provision for gratuity	(12,388,093)	-	(12,388,093)
Provision for leave encashment	(6,399,181)	-	(6,399,181)
Royalty payable	(168,878,754)	-	(168,878,754)
Net deductible temporary difference			(356,697,077)
Income tax rate *			24.75%
Deferred tax asset (A)			(88,282,527)

*The Company has declared 100% interim dividend and thus its tax rate is 24.75% for the relevant assessment year.

Year 2011

Non-current assets	191,653,431	223,682,588	(32,029,157)
Provision for gratuity	(8,896,857)	-	(8,896,857)
Royalty payable	(114,217,394)	-	(114,217,394)
Net deductible temporary difference			(155,143,408)
Income tax rate			27.50%
Deferred tax asset (B)			(42,664,437)
Deferred tax income (A-B)			45,618,089

8. Inventories

	2012 Taka	2011 Taka
Raw materials	1,241,885,840	698,025,156
Packing materials	108,864,923	82,302,743
Finished goods	224,018,376	247,581,606
Goods in transit	203,169,779	152,889,228
	<u>1,777,938,918</u>	<u>1,180,798,733</u>

9. Accrued interest

Interest on FDR	<u>30,632,603</u>	<u>34,175,260</u>
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10. Investments

Investment in equity share of Grameenphone Ltd - at cost	2,146	12,596,946
Adjustment for change in fair value (note 10.1)	-	17,022,900
	<u>2,146</u>	<u>29,619,846</u>

10.1 Investment in equity share of Grameenphone Limited

These investments in Grameenphone Limited shares were measured at fair value based on quoted market price and any gain or loss thereon were accounted for through comprehensive income. However, during the year all investments except 29 shares have been disposed off and relevant gain has been treated as realised income.

11. Advance income tax

Opening Balance	315,292,151	86,021,442
Addition During the year	402,438,369	229,270,709
	<u>717,730,520</u>	<u>315,292,151</u>

12. Advances and deposits

<i>Advances</i>		
Loans to employees	10,518,964	2,849,082
Advance for services	30,777,745	115,011,276
	<u>41,296,709</u>	<u>117,860,358</u>
<i>Deposits:</i>		
VAT current account	80,122,256	73,898,710
Supplementary duty	1,241,917	977,162
Security deposit	9,144,200	-
Capital goods	333,054,126	45,502,305
	<u>423,562,499</u>	<u>120,378,177</u>
	<u>464,859,208</u>	<u>238,238,535</u>

13. Fixed deposits

	2012 Taka	2011 Taka
Bank Asia Limited	50,000,000	40,000,000
BRAC Bank limited	-	50,000,000
Citi Bank Limited	-	350,000,000
Commercial Bank of Ceylon PLC	50,000,000	100,000,000
Delta Brac Housing Finance Corporation Limited	50,000,000	150,000,000
IDLC Finance Limited	170,000,000	200,000,000
Industrial and Infrastructure Development Finance Company Limited	-	50,000,000
HSBC	150,000,000	-
Mutual Trust Bank Limited	-	120,000,000
National Bank Limited	-	170,000,000
Prime Bank Limited	60,000,000	150,000,000
State Bank of India	40,000,000	200,000,000
Standard Chartered Bank	40,000,000	600,000,000
Trust Bank Limited	-	50,000,000
United Commercial Bank Limited	-	40,000,000
	<u>610,000,000</u>	<u>2,270,000,000</u>

All fixed deposits are held with different banks and financial institutions for a short-term period ranging from 1 month to 12 months with the fixed interest rates of 12%-15% (in previous year: 9.75% - 13%).

14. Cash and cash equivalents

Cash on hand	1,636,083	3,390,411
Cash at banks and financial institution:		
Citibank N.A.	108,037,156	226,792,286
Standard Chartered Bank	2,133,045	27,982,825
Commercial Bank of Ceylon	1,268,573	1,271,048
HSBC	27,304,408	4,947,856
Dutch Bangla Bank Limited	1,506,464	1,423,234
IDLC Finance Limited	-	805,189
BRAC Bank Limited	29,319,195	-
	<u>169,568,841</u>	<u>263,222,438</u>
	<u>171,204,924</u>	<u>266,612,849</u>

15. Share capital

Authorised

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

	2012 Taka	2011 Taka
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
	<u>315,000,000</u>	<u>315,000,000</u>

15.1 Percentage of shareholdings

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

15.2 Classification of shareholders by holding

Holdings	<u>Number of holders</u>	<u>Number of shares</u>	<u>Total holding (%)</u>
Less than 500 shares	2,818	208,900	0.66%
500 to 5,000 shares	220	314,000	1.00%
5,001 to 10,000 shares	20	150,000	0.48%
10,001 to 20,000 shares	18	247,050	0.78%
20,001 to 30,000 shares	8	196,600	0.62%
30,001 to 40,000 shares	1	36,750	0.12%
40,001 to 50,000 shares	2	91,900	0.29%
50,001 to 100,000 shares	5	333,650	1.06%
100,001 to 1,000,000 shares	3	425,800	1.35%
Over 1,000,000 shares	2	29,495,350	93.64%
	<u>3,097</u>	<u>31,500,000</u>	<u>100%</u>

16. Short term finance

Short term loan:

Citibank N.A

HSBC

Standard Chartered Bank

	2012 Taka	2011 Taka
	100,000,000	319,274,019
	-	357,466,882
	-	98,515,200
	100,000,000	775,256,101

16.1 Citibank N.A.

a) **Limit**

Total aggregate limit of short term loan and bank overdraft is Tk 1,552.5 million. Short term loan is taken whenever required.

b) **Nature of security (Short term loan and bank overdraft)**

Demand promissory note and letter of continuity for Tk 1,552.5 million.

c) **Rate of interest**

Rate of interest has been varied from 14% to 16% depending on the money market and inter relationship.

16.2 HSBC

a) **Limit**

Total aggregate limit of short term loan and bank overdraft is Tk 695 million. Short term loan is taken whenever required.

b) **Nature of security (Short term loan and bank overdraft)**

Demand promissory note for Tk 700 million and lender's first charge over the borrower's (MBL) stocks, book debts and receivables up to the aggregate value of Tk 700 million.

c) **Rate of interest**

Rate of interest has been varied from 14% to 16% depending on the money market and inter relationship.

17. Liability for expenses

	2012 Taka	2011 Taka
Business promotion expenses	80,388,416	163,490,269
Advertisement expenses	87,107,626	100,871,139
Audit fees	548,625	766,250
Creditors for supplies	36,581,015	74,924,074
Other expenses	24,070,729	39,721,213
	<u>228,696,411</u>	<u>379,772,945</u>

18. Provision for income tax

Opening balance	614,689,532	239,275,393
Add: Provision during the year	212,133,449	375,414,138
	<u>826,822,981</u>	<u>614,689,531</u>

19. Trade creditors

Marico Limited, India	131,873,368	63,597,164
Other creditors	42,732,360	24,553,477
Import duty and related charges	41,072,557	136,932,327
	<u>215,678,285</u>	<u>225,082,968</u>

20. Payable to holding company

Royalty	168,878,753	114,194,010
Bank guarantee commission	8,893,986	8,893,986
	<u>177,772,739</u>	<u>123,087,996</u>

21. Other liabilities

Advance from customers	16,790,898	3,388,513
Tax and VAT deducted from vendors' bills	14,868,252	4,983,851
	<u>31,659,150</u>	<u>8,372,364</u>

	2012 Taka	2011 Taka
22. Revenue		
Products		
Parachute coconut oil	5,438,197,387	5,665,188,026
Value added hair oil (VAHO)	417,388,497	147,231,185
Hair code hair dye	91,909,694	101,243,969
Saffola - edible oil	32,990,515	42,589,683
Kaya- service	35,247,122	24,139,571
Soap	19,724,726	138,683,262
Others	802,181	5,003,543
	<u>6,036,260,121</u>	<u>6,124,079,239</u>
23. Cost of sales		
Opening stock of finished goods	247,581,606	210,477,501
Cost of goods manufactured (Note 23.1)	4,514,191,232	4,446,263,026
	<u>4,761,772,838</u>	<u>4,656,740,527</u>
Closing stock of finished goods	(224,018,376)	(247,581,606)
	<u>4,537,754,462</u>	<u>4,409,158,921</u>
23.1 Cost of goods manufactured		
<i>Materials consumed:</i>		
Opening stock of raw and packing materials	780,327,899	395,822,470
Purchases during the year	4,965,357,697	4,706,328,614
Closing stock of raw and packing materials	(1,350,750,763)	(780,327,899)
	<u>4,394,934,833</u>	<u>4,321,823,185</u>
<i>Factory overhead:</i>		
Salary and wages	18,127,865	13,781,817
Power expenses	4,198,283	3,838,686
Factory rent	8,336,005	3,348,905
Loading charges	1,714,544	94,240
Repairs and maintenance of plant and machinery	2,388,651	2,961,668
Repairs and maintenance of factory building	1,832,669	2,827,806
Depreciation	68,230,695	92,177,561
Other expenses	14,427,687	5,409,158
	<u>119,256,399</u>	<u>124,439,841</u>
	<u>4,514,191,232</u>	<u>4,446,263,026</u>
24. Distribution expenses		
Business promotion expenses	117,924,480	32,482,310
Advertisement	326,378,775	402,741,441
Market research expenses	30,058,962	-
Redistribution expenses	51,124,662	9,247,825
Freight - outward	48,093,034	44,074,593
	<u>573,579,913</u>	<u>488,546,169</u>

	2012 Taka	2011 Taka
25. Administration expenses		
Salaries and allowances	132,453,175	125,906,535
Gratuity	4,682,411	2,130,770
Rent	12,269,215	11,625,095
Professional charges	27,405,403	13,819,841
Security charges	1,852,327	1,516,947
Legal charges	964,519	4,390,898
Director's remuneration	10,398,168	7,157,474
Director's fees	420,000	367,500
Repair and maintenance	12,642,584	12,118,938
Communication expenses	9,533,565	9,362,477
Subscription to trade association	90,000	80,000
Entertainment	6,815,799	3,963,727
Printing and stationery	3,283,899	3,321,441
Vehicle running expenses	16,748,136	11,787,749
Travelling and conveyance	28,176,825	24,553,862
Audit fees	1,719,188	2,644,052
Recruitment expenses	803,888	1,162,871
Insurance premium	1,280,691	804,078
Books and periodicals	119,504	105,846
Bank charges	9,408,390	3,684,545
Staff welfare expenses	4,474,729	3,041,822
Conference and training expenses	2,475,379	51,898
Electricity and gas charges	1,210,741	1,316,509
Amortization	6,589,234	4,615,025
Royalty	54,684,743	56,608,833
Depreciation	22,887,992	18,352,562
Material testing	1,200	-
Public issue expenses	70,000	70,000
Shortage and leakage	3,926,973	-
	<u>377,388,679</u>	<u>324,561,295</u>
26. Other income		
Interest on fixed deposit	202,869,404	222,418,384
Dividend income	3,754,141	1,617,176
Interest on call deposit	206,508	3,680,955
Gain on sale of asset	17,011,754	19,126
	<u>223,841,807</u>	<u>227,735,641</u>
27. Finance costs		
Interest on term loan	13,995,309	16,220,717
Interest on overdraft	3,474,614	30,074
Net foreign exchange loss	51,773,805	7,722,317
	<u>69,243,728</u>	<u>23,973,108</u>

	2012 Taka	2011 Taka
28. Income tax expense		
Current tax expense	212,133,449	375,414,138
Deferred tax income	(45,618,090)	(40,467,444)
	<u>166,515,359</u>	<u>334,946,694</u>
28.1 Reconciliation of effective tax		
Profit before income tax as per income statement	<u>702,135,146</u>	
Income tax using the domestic corporate tax rate (@ 24.75%)	173,778,449	
Factors affecting the tax charge for current period		
Non deductible expenses	55,591,435	
Deductible expenses	(13,691,027)	
Tax savings from reduced tax rates from dividend	(178,322)	
Tax savings from reduced tax rates from capital gain	(3,367,086)	
Deferred tax income	(45,618,090)	
Total income tax expenses	<u>166,515,359</u>	
29. Earnings per share		
29.1 Basic Earnings Per Share		
The computation of EPS is given below:		
Earnings attributable to ordinary share holders (Net profit after tax)	535,619,787	770,628,693
Weighted average number of ordinary shares outstanding during the year	31,500,000	31,500,000
Earnings per share (EPS) in Taka	<u>17.00</u>	<u>24.46</u>
29.2 Diluted earnings per share		

Since there is no dilutive factors, diluted earnings per share is not required to be calculated.

30. Related party transactions

Name of the related party	Relationship	Nature of transaction	Transaction Amount
Marico Limited, India	Parent company	Import of raw materials and finished goods	1,887,537,333
		Dividend	306,180,000
		Royalty and bank guarantee commission	54,684,744
Marico Middle East FZE	Subsidiary of parent company	Import of raw materials	831,286,362
Kaya Limited	Subsidiary of parent company	Import of finished goods	6,726,986
Total			3,086,415,425

31. Capacity

Major product	Unit of Measure	Budgeted capacity during the year	Actual production during the year	Percentage of capacity utilised	Remarks
PCNO	KL	20,000	18,500	93%	Excess capacity to meet future demand

32. Contingent Liabilities

Outstanding L/C

At 31 March 2012	At 31 March 2011
US dollar	US dollar
4,114,990	6,549,324

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

33. Financial risk management

33.1 Credit risk

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

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 following are the financial assets of the Company as at 31 March 2012:

Exposure of financial assets

Investments	2,146
Accrued interest	30,632,603
Fixed deposits	610,000,000
Cash and cash equivalents	171,204,924
Total financial assets	811,839,673

33.2 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 another 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 following are the contractual maturities of financial liabilities of the Company as at 31 March 2012:

	Carrying amount Taka	Cash flows Taka	Upto 1 year Taka	Above 1 year to 5 years Taka
<u>Exposure of liquidity risk</u>				
Short term finance	100,000,000	100,000,000	100,000,000	-
Liability for expenses	228,696,411	228,696,411	228,696,411	-
Trade creditors	215,678,285	215,678,285	215,678,285	-
Payable to holding company	177,772,739	177,772,739	54,684,743	123,087,996
Other liabilities	<u>31,659,150</u>	<u>31,659,150</u>	<u>31,659,150</u>	-
Total financial liabilities	<u>753,806,585</u>	<u>753,806,585</u>	<u>630,718,589</u>	<u>123,087,996</u>
Surplus of financial assets over financial liabilities		<u>58,033,088</u>		

33.3 Market risk

Market risk is the risk that include 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 optimizing the return.

34. Value of import calculated on CIF Basis

	1 April 2011 to 31 March 2012 Taka
Raw materials	3,800,832,761
Capital goods	<u>11,884,025</u>
	<u>3,812,716,786</u>

35. Events after the reporting period

The Board of Directors has not recommended any further dividend on the basis of financial statements ended on 31 March 2012. Interim dividend which was declared at the Board of Directors meeting held on January 23, 2012 and paid accordingly, shall be considered as final dividend.

The Board of Directors has approved transfer of land measuring 40 decimals situated at Sirirchala, Mahona, Bobanipur, Gazipur to Rural Electrification Board (REB) for getting uninterrupted electricity supply for smooth operations of new factory.

36. General

The number of employees engaged for the whole period or part thereof who received a total salary of Tk 36,000 p.a. and above was 124 (previous year: 104).

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

Product Promotion Activities



Top management market visit



Nihar Naturals Pohela Boishak festival



Parachute Cooling Hair Oil activation

বন্ধু ও দিদি!

কম বেশি তেল আমরা তো সবাই ব্যবহার করি
কিন্তু আপনার তেলে নারিকেলের পুষ্টি আছে তো?

সুন্দর স্বাস্থ্যোজ্জ্বল চুল আমাদের সবার চাওয়া

কিন্তু তার জন্য আপনি চুলে নিয়মিত তেল ব্যবহার করছেন তো?

নজর কাড়তে চাই মজবুত লম্বা চুল

কিন্তু তার জন্য আপনি পরিমাণ মতো তেল ব্যবহার করছেন তো?

তাহলে কেন প্যারাসুট অ্যাডভান্সড?

এটি গোড়ায় পৌঁছে চুলের বৃদ্ধি তিনগুণ বাড়িয়ে দেয়।

আর চুল হয় স্বাস্থ্যোজ্জ্বল, মজবুত ও লম্বা।



নজর কাড়তে প্রতি সপ্তাহে অন্তত তিন দিন ব্যবহার করুন
প্যারাসুট অ্যাডভান্সড হেয়ার অয়েল

যা আপনাকে রাখবে গর্জস সারাদিন।

চুলে দিয়ে দাঁতায় ঈশ্বর ছায়ে

নতুন লিকথুফ প্যাকে এবার প্যারাসুট
বেলীফুল লাইট। নন-স্টিকি ও হালকা।
এতে রয়েছে নারিকেলের পুষ্টিসহ বেলীফুলের
এক টাটকা নতুন নির্যাস। মাতিয়ে রাখে
আপনাকে, আপনার চরপাশের পৃথিবীকেও!



Launch Programs



Nihar Naturals launch event



Parachute Coconut Oil **True Blue** re-launch event



Parachute Coconut Oil **True Blue** market activation

Last Annual General Meeting



Notice of the 12th Annual General Meeting

NOTICE is hereby given to all members of Marico Bangladesh Limited that the 12th Annual General Meeting of the members of the Company will be held on Monday, July 19, 2012 at 10.30 a.m. at Golf Garden, Army Golf Club, Airport Road, Dhaka to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheets as at March 31, 2012 and the Profit and Loss Account of the Company for the year ended on March 31, 2012 together with the Reports of the Directors and the Auditors.
2. To confirm interim cash dividend of Tk. 10 per equity share of Taka 10 each declared in the 70th Board Meeting held on January 23, 2012 as final dividend for the financial year (FY12) ended March 31, 2012.
3. To appoint a Director in place of Mr. Ghulam Mostafa, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Rupali Chowdhury, who retires by rotation, and being eligible, offers herself for re-appointment.
5. To appoint M/s. A. Qasem & Co., Chartered Accountants, as Statutory Auditors and to fix their remuneration for the financial year ending March 31, 2013.

NOTES:

1. A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. Proxy Form must be affixed with requisite revenue stamp and must be submitted to the Corporate Office of the Company not less than 48 hours before the time fixed for the Annual General Meeting i.e. not later than July 16, 2012.
2. Change of address, if any, should be notified to the related Depository Participant.
3. Admission to the meeting venue will be on production of the attendance slip attached with the Annual Report.

Place: Dhaka

Date: July 1, 2012

By Order of the Board

For, MARICO BANGLADESH LIMITED

Registered & Corporate Office:

Marico Bangladesh Limited
House 1, Road 1, Sector 1
Uttara, Dhaka-1230



Sorwar Alam
Company Secretary

মাথা ঠান্ডা রাখেন !



তারিকেলের
গুষ্টি

২১টি
প্রাকৃতিক
উপাদান

ততুত প্যারাসুট অ্যাডভান্সড কুলিং হেয়ার অয়েল ।
চুল থাকে ভালো আর মাথা রাখে একেবারে ঠান্ডা ।



MARICO BANGLADESH LIMITED

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

ATTENDANCE SLIP

TWELFTH ANNUAL GENERAL MEETING ON THURSDAY, JULY 19, 2012 AT 10:30.A.M.

BO ID

No. of Shares held

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

I hereby record my presence at the TWELFTH ANNUAL GENERAL MEETING of the Company to be held at Golf Garden, Army Golf Club, Airport Road, Dhaka, Bangladesh at 10:30.A.M Thursday, July 19, 2012.

Member's / Proxy's name in BLOCK letter

Member's / Proxy's signature

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



MARICO BANGLADESH LIMITED

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

Proxy Form

TWELFTH ANNUAL GENERAL MEETING ON THURSDAY, JULY 19, 2012 AT 10:30.A.M.

BO ID

No. of Shares held

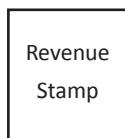
I/We _____ of _____ being

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

of _____ as my/our proxy to vote for me/us on my/our behalf at

the TWELFTH ANNUAL GENERAL MEETING of the company to be held at Golf Garden, Army Golf Club, Airport Road, Dhaka, Bangladesh at 10:30.a.m Thursday, July 19, 2012 and at any adjournment(s) thereof.

Signed this ____/ ____/ 2012



Signature of Proxy _____

Signature of Member _____

Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A Proxy need not be a Member.
3. This form in order to be effective must be duly stamped, completed and signed and must be deposited at the registered Office of the Company, not later than 48 hours before the commencement of the meeting i.e. not later than July 16, 2012.

MARICO BRANDS





Marico Bangladesh Limited

House No. 01, Road No. 01
Sector No. 01, Uttara, Dhaka 1230
Tel: +88(02)8931202, Fax:+88(02)8932322
www.maricobd.com