

Marico Bangladesh Limited

Auditors' report and financial statements
as at and for the year ended 30 September 2008



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**Auditors' Report
to the Board of Directors of
Marico Bangladesh Limited**

We have audited the accompanying balance sheet of Marico Bangladesh Limited as of 30 September 2008 and the related profit and loss account, cash flow statement and the statement of changes in equity for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as of 30 September 2008 and of the results of its operations and cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Dhaka, 10 November 2008

Marico Bangladesh Limited

Balance sheet as at 30 September 2008


	Notes	2008 Taka	2007 Taka
Sources of fund			
Shareholders equity:			
Share capital	4	90,000,000	10,000,000
Tax holiday reserve		-	305,545,269
Proposed dividend		31,500,000	26,000,000
Accumulated profit		726,339,798	265,007,823
		847,839,798	606,553,092
Deferred tax liability		8,291,020	6,177,803
Provision for gratuity		2,235,457	-
Total		858,366,275	612,730,895
Applications of fund			
Property, plant and equipments	5		
Cost		305,885,168	155,337,189
Less: Accumulated depreciation		65,647,625	40,368,692
		240,237,542	114,968,497
Asset under construction	6	65,000,000	130,000,000
Intangible assets	7	15,298,714	17,986,685
Other assets	8	77,791,645	89,291,653
Investment in subsidiary		-	1,000,000
Current assets:			
Inventories	9	175,874,007	41,595,775
Goods in transit		193,876,114	59,658,788
Accrued interest	10	4,150,411	639,521
Trade debtors	11	4,208,637	115,211,767
Investments	12	100,000,000	-
Advances and deposits	13	120,589,326	162,506,590
Advance income tax	14	-	3,276,376
Cash and cash equivalents	15	444,701,711	133,478,475
Total current assets		1,043,400,205	516,367,292
Less: Current liabilities and provisions:			
Short term finance	16	30,766,667	65,745,302
Liability for expenses	17	189,308,846	64,872,084
Interest payable		-	125,278
Income tax payable	14	124,908,717	-
Trade creditors	18	190,018,426	90,478,115
Payable to holding company	19	45,016,335	27,141,252
Other liabilities	20	3,342,840	8,521,201
Total current liabilities		583,361,831	256,883,232
Net current assets		460,038,374	259,484,060
Total		858,366,275	612,730,895

The accompanying notes 1 to 33 form an integral part of these financial statements.


Director


Director

As per our annexed report of same date.


Auditors

Dhaka, 10 November 2008

Marico Bangladesh Limited

**Profit and loss account
for the year ended 30 September 2008**

	Notes	2008 Taka	2007 Taka
Turnover	21	2,658,852,912	1,451,889,808
Cost of goods sold	22	<u>(1,879,585,932)</u>	<u>(934,303,842)</u>
Gross profit		779,266,981	517,585,966
 General and administration expenses	 23	 (155,914,243)	 (112,216,571)
Selling and distribution expenses	24	<u>(210,209,088)</u>	<u>(189,558,267)</u>
Net profit before interest expense		413,143,650	215,811,128
 Interest expense	 25	 <u>(5,965,403)</u>	 <u>(15,682,642)</u>
Net profit after interest expense		407,178,247	200,128,486
 Other income	 26	 <u>21,551,307</u>	 <u>5,671,188</u>
Net profit before taxation		428,729,554	205,799,674
 Tax expenses:			
Current tax		(159,329,730)	(2,631,366)
Deferred tax		<u>(2,113,118)</u>	<u>(6,177,803)</u>
Net profit after taxation		267,286,706	196,990,505
 Tax holiday reserve		305,545,269	(123,064,559)
Proposed dividend	27	(31,500,000)	(25,900,000)
Profit brought forward		265,007,823	216,981,877
Transfer to equity		(80,000,000)	-
Accumulated profit carried forward to the balance sheet		<u>726,339,798</u>	<u>265,007,823</u>

The accompanying notes 1 to 33 form an integral part of these financial statements.



Director



Director

As per our annexed report of same date.



Auditors

Dhaka, 10 November 2008

Marico Bangladesh Limited
Cash flow statement
for the year ended 30 September 2008

	2008 Taka	2007 Taka
A) Cash flows from operating activities		
Net profit/(loss) before tax	428,729,554	205,799,674
Add: Depreciation	25,377,157	19,425,151
Deferred expenses write off	11,500,008	11,500,008
Amortisation of brand rights	2,687,970	2,550,470
Loss on sale of fixed asset	23,257	7,318
Gain on sale of fixed asset	-	(40,000)
Provision for gratuity	2,235,457	-
	41,823,849	33,442,947
Changes in working capital:		
Current liabilities increase/(decrease)-		
Short term finance	(34,978,635)	(175,032,647)
Liability for expenses	124,436,762	(5,237,554)
Interest payable	(125,278)	(6,832,361)
Trade creditors	99,540,311	41,771,077
Loan from subsidiary	-	(20,000,000)
Payable to holding company	17,875,083	15,731,717
Other liabilities	(5,178,360)	6,217,520
	201,569,883	(143,382,248)
Current assets (increase)/decrease-		
Inventories	(134,278,232)	16,131,272
Goods in transit	(134,217,326)	(33,552,958)
Accrued interest	(3,510,890)	4,405,732
Trade debtors	111,003,130	10,288,695
Advances and deposits	41,917,265	(65,975,807)
	(119,086,053)	(68,703,066)
Income tax paid	(31,144,537)	(8,660,939)
<i>Net cash generated from operating activities</i>	<u>521,892,695</u>	<u>18,496,368</u>
B) Cash flows from investing activities		
Acquisition of fixed assets	(85,669,459)	(41,047,882)
Sale proceed from sale of fixed asset	-	475,243
Acquisition of intangible assets	-	(750,000)
Sale of investment in subsidiaries	1,000,000	-
Investment in Zero coupon bond	(100,000,000)	-
<i>Net cash generated / (used) from investing activities</i>	<u>(184,669,459)</u>	<u>(41,322,639)</u>
C) Cash flows from financing activities		
Dividend paid	(26,000,000)	(11,000,000)
<i>Net cash generated / (used) from financing activities</i>	<u>(26,000,000)</u>	<u>(11,000,000)</u>
D) Net increase in cash and cash equivalent (A+B+C)	311,223,236	(33,826,271)
Opening cash and cash equivalents	<u>133,478,475</u>	<u>167,304,745</u>
Closing cash and cash equivalent	<u>444,701,711</u>	<u>133,478,475</u>



Marico Bangladesh Limited

**Statement of changes in shareholders' equity
for the year ended 30 September 2008**

	Share capital Taka	Tax holiday reserve Taka	Proposed dividend Taka	Undistributed profit Taka	Total Taka
Balance at 30 September 2005	10,000,000	138,136,457	-	170,049,421	318,185,878
Net profit after tax for the year 2006	-	-	-	102,376,709	102,376,709
Transferred to tax holiday reserve	-	44,344,253	-	(44,344,253)	-
Proposed dividend	-	-	11,100,000	(11,100,000)	-
Balance at 30 September 2006	10,000,000	182,480,710	11,100,000	216,981,877	420,562,587
Net profit after tax for the year 2007	-	-	-	196,990,505	196,990,505
Transferred to tax holiday reserve	-	123,064,559	-	(123,064,559)	-
Dividend paid	-	-	(11,000,000)	-	(11,000,000)
Dividend reversed	-	-	(100,000)	100,000	-
Proposed dividend	-	-	26,000,000	(26,000,000)	-
Balance at 30 September 2007	10,000,000	305,545,269	26,000,000	265,007,823	606,553,092
Net Profit after tax for the year 2008	-	-	-	267,286,706	267,286,706
Reversal of the tax holiday reserve	-	(305,545,269)	-	305,545,269	-
Dividend paid	-	-	(26,000,000)	-	(26,000,000)
Proposed dividend	-	-	31,500,000	(31,500,000)	-
Transferred to Share capital	80,000,000	-	-	(80,000,000)	-
Balance as at 30 September 2008	90,000,000	-	31,500,000	726,339,798	847,839,798



Marico Bangladesh Limited

Notes to the financial statements as at and for the year ended 30 September 2008

1.1 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 wholly owned subsidiary of Marico Limited, India.

1.2 Registered Office

The address of the company's registered office has been shifted to House # 01, Road # 01, Sector # 01, 4th floor, Uttara Model Town, Dhaka- 1230 on 2 July 2008 from 272, Tejgaon Industrial Area, Dhaka-1208.

1.3 Authorised Capital

The authorised capital of the company has been increased from Tk 10,000,000 divided into 1,000,000 ordinary shares of Tk 10 each to Tk. 300,000,000 divided in to 30,000,000 ordinary shares of Tk. 10 each vide special resolution dated 18th September, 2008 passed in the extra ordinary general meeting.

1.4 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, Camelia, etc in Bangladesh. The company sells its products with its own managed depot from Chittagong, Bogra, Jessore and also through Kallol Limited. The company started its commercial operations from 30 January 2000.

1.5 Factory Operations

MBL has set up a manufacturing unit at Mouchak, Gazipur and went into commercial production from 27 October 2002 on a rented factory land and building. Subquently the factory land measuring 66 decimals and the building had been acquired from Quality Chemical Industries Limited on 12 March 2007. Adjacent land of the factory measuring 128.5 decimals had also been purchased from Mr. Sadequl Islam Bhuiyan on 14 November 2007. A deed of agreement for purchase of another piece of land measuring 15 decimals had been signed with Mr. Sadequl Islam Bhuiyan on 14 November 2007.

1.6 Transfer of shareholdings of MBL Industries Limited

MBL Industries Limited, a Private Limited Company limited by share incorporated under Companies Act 1994 with authorized and paid up capital of Tk 1,000,000 divided into 100,000 shares at a face value of Tk 10 per share was a wholly owned subsidiary of Marico Bangladesh Limited. But as a part of restructuring of intra-group ownership of subsidiaries in Marico Group the entire share holding in MBL Industries Limited has been transferred by Marico Bangladesh Limited to Marico Middle East FZE vide agreement dated 21 September 2008.



2. Specific accounting policy selected and applied for significant transactions and events

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and as per the requirements of the Companies Act 1994.

2.2 Basis of preparation

The financial statements except for cash flow information are prepared on accrual basis of accounting.

2.3 Basis of measurement

The financial statements have been prepared under the historical cost convention.

2.4 Reporting currency and level of precision

The figures in the financial statements are denominated in Bangladesh Taka (BDT), rounded off to the nearest integer.

2.5 Reporting period

Financial statements of the company covered the period from 1 October 2007 to 30 September 2008 consistently.

2.6 Regulatory compliance

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

The Companies Act 1994

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Value Added Tax (VAT) Act 1991

The Value Added Tax (VAT) Rules 1991

2.7 Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, 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.

2.8 Going concern

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



2.9 Cash and cash equivalents

Considering the provisions of BAS-1 and BAS-7, cash on hand and bank balances have been stated as cash and cash equivalents.

The net cash flow from operating activities is determined by adjusting profit for the year under indirect method as per BAS-7.

2.10 Provisions

A provision is recognized in the balance sheet 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. Significant accounting policies

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

3.1 Foreign currency

The figures in the financial statements are denominated in Bangladesh Taka. Monetary assets and liabilities denominated in foreign currencies are translated into Bangladesh Taka at the exchange rates ruling at the balance sheet 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 the profit and loss account.

3.2 Property, Plant and Equipment

i) Recognition and measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditure that are directly attributable to the acquisition of the assets. Components of property, plant and equipment having different useful lives, are accounted for as separate items.

ii) Subsequent cost

The cost of a 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 costs can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in the profit and loss account as incurred.



iii) Depreciation

Depreciation is recognised in the profit and loss account 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:

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

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

3.3 Intangible assets

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

Amortization

Amortization is recognized in the profit and loss account on straight line basis over the estimated useful lives of intangible assets from the date they are available for use. Assets are amortized over a period of seven years commencing from 1 May 2005 for 'Camelia' and ten years for 'Aromatic' commencing from 1 October 2005.

3.4 Impairment

Carrying amount of the company's assets are reviewed at each balance sheet date or whenever there is an indication of impairment. If any such indication exist, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment loss, if any, is recognized in the profit and loss account.

3.5 Taxation

Provision for income tax is made on the basis of company's computation of taxable profit until the assessment is finalized by the tax authority. Adjustment, if any, arising out of the assessment is made in the year the assessment is completed. Applicable tax rate was 37.5% during the year.



3.6 Deferred tax

The company has adopted deferred tax accounting policy as per Bangladesh Accounting Standards. Accordingly deferred tax asset/liability is accounted for all the temporary timing differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purpose.

3.7 Revenue recognition

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

3.8 Inventories

Raw materials and packing materials are valued at lower of average cost of material or net realizable value. Finished goods are valued at cost or net realizable value whichever is lower.

3.9 Defined benefit plan (Gratuity)

Gratuity is provided to the employees completing minimum five years of service with the organization. 50% of latest basic salary (one month) is multiplied by length of service to calculate provision for gratuity.

3.10 General

The financial period of the company covers one year from 1 October to 30 September consistently.

3.11 Events after the balance sheet date

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

4. Share capital

	2008 Taka	2007 Taka
4.1 Authorised:		
30,000,000 Ordinary shares of Tk 10 each*	<u>300,000,000</u>	<u>10,000,000</u>
4.2 Paid up:		
9,000,000 Ordinary shares of Tk 10 each**	<u>90,000,000</u>	<u>10,000,000</u>

* Refer Note 1.3

** 1,000,000 no. of share allotted against cash and rest of the share allotted as bonus share.
Bonus issued @ 800% as interim declaration vide Board Decision dated 18 September 2008.

The shares are held by Marico Limited, India



5. Property, plant and equipment

Particulars	Cost			Depreciation		Written down value				
	As at 1 October 2007 Taka	Addition during the year Taka	Disposal during the year Taka	As at 30 September 2008 Taka	As at 1 October 2007 Taka	Charged for the year Taka	Adjustment for the year Taka	As at 30 September 2008 Taka	As at 30 September 2007 Taka	
Plant and machinery	103,386,233	83,745,486	-	187,131,719	21,404,238	16,566,333	-	37,970,571	149,161,148	81,981,994
Free hold land	12,679,600	23,714,886	-	36,394,486	-	-	-	-	36,394,486	12,679,600
Vehicles	11,220,374	-	-	11,220,374	5,366,511	1,830,001	-	7,196,513	4,023,862	5,853,863
Factory equipment	3,992,599	57,600	-	4,050,199	2,856,150	550,401	-	3,406,550	643,648	1,136,449
Moulds	6,782,208	3,256,741	-	10,038,949	3,404,954	1,762,691	-	5,167,645	4,871,304	3,377,254
Factory building	4,743,030	-	-	4,743,030	865,040	564,323	-	1,429,363	3,313,667	3,877,990
Office building	-	31,116,725	-	31,116,725	-	777,918	-	777,918	30,338,807	-
Laboratory equipment	738,100	-	-	738,100	694,355	28,365	-	722,720	15,380	43,745
Office equipments	3,071,840	955,479	-	4,027,319	1,563,971	934,795	-	2,498,766	1,528,553	1,507,869
Computers	3,368,109	479,350	93,000	3,754,459	1,642,095	858,123	69,743	2,430,474	1,323,984	1,726,014
Furniture and fixtures	4,061,464	6,863,292	28,480	10,896,276	2,045,676	1,198,192	28,480	3,215,388	7,680,887	2,015,787
A/C, Refrigerator, water coolers	1,293,633	479,900	-	1,773,533	525,702	306,015	-	831,717	941,816	767,931
At 30 September 2008	155,337,189	150,669,459	121,480	305,885,168	40,368,692	25,377,157	98,223	65,647,625	240,237,542	114,968,497
At 30 September 2007	118,311,911	41,047,882	4,022,604	155,337,189	24,523,585	19,425,151	3,580,044	40,368,692	114,968,497	93,788,326

Depreciation allocated to:

Taka
19,352,113
6,025,044
<u>25,377,157</u>

Manufacturing
Administration



6. Asset under construction	2008 Taka	2007 Taka
Opening balance	130,000,000	130,000,000
Add: Addition during the year	-	-
	<u>130,000,000</u>	<u>130,000,000</u>
Less: Transfer to property, plant and equipment	65,000,000	-
Closing balance	<u>65,000,000</u>	<u>130,000,000</u>

Above assets remain yet to be installed for commercial production as at the balance sheet date.

7. Intangible assets

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

Marks & Allys Limited:

Intellectual property right	2,500,000	2,500,000
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
Total cost	23,075,125	23,075,125
Less: Accumulated amortization	7,776,411	5,088,440
Net value	<u>15,298,714</u>	<u>17,986,685</u>

8. Other assets

These represent a sum of Tk 65,000,000 paid to Marks & Allys Limited and Tk 50,000,000 paid to Aromatic Cosmetics Ltd. in respect of business and commercial support contract, covering a period of 10 years, executed on 25 April 2005 and 7 October 2005 respectively.

Deferred expenditure

Marks & Allys Limited	65,000,000	65,000,000
Aromatic Cosmetics Limited	50,000,000	50,000,000
Total deferred expenditure	<u>115,000,000</u>	<u>115,000,000</u>
Less: Amortized	37,208,355	25,708,347
	<u>77,791,645</u>	<u>89,291,653</u>



	2008 Taka	2007 Taka
9. Inventories		
Raw materials	105,101,760	23,743,933
Packing materials	21,910,713	8,878,911
Finished goods	48,861,534	8,972,931
	<u>175,874,007</u>	<u>41,595,775</u>
10. Accrued interest		
Interest on FDR	4,150,411	544,521
Interest on call deposit	-	95,000
	<u>4,150,411</u>	<u>639,521</u>
11. Trade debtors		
Receivable from Kallol Traders Ltd.	4,208,637	115,211,767
	<u>4,208,637</u>	<u>115,211,767</u>
12. Investments		

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

13. Advances and deposits

Advances:

Ethical Drugs Limited*	14,976,245	34,730,694
Materials	82,326,899	30,642,975
Marks & Allys Limited	-	20,000,000
Advance for Services	7,259,716	63,604,176
	<u>104,562,860</u>	<u>148,977,846</u>

Deposits:

VAT current account	13,129,744	9,690,265
Supplementary duty	-	306,185
Security deposits	2,896,721	3,532,295
	<u>16,026,465</u>	<u>13,528,745</u>
	<u>120,589,326</u>	<u>162,506,590</u>

* Ethical Drugs Limited is a contract manufacturer of MBL.

14. Advance income tax/ income tax payable

Opening balance	3,276,476	(2,753,197)
Add: Advance tax paid and deductions at source	31,144,537	8,660,939
	<u>34,421,013</u>	<u>5,907,742</u>
Less: Provision for current taxation	159,329,730	2,631,266
Closing balance	<u>(124,908,717)</u>	<u>3,276,476</u>



	2008 Taka	2007 Taka
15. Cash and cash equivalents		
Cash on hand	615,371	222,406
Fixed deposit with:		
State Bank of India	130,000,000	30,000,000
IDLC Finance Limited	80,000,000	100,000,000
Brac Bank limited	20,000,000	-
Bank Asia	50,000,000	-
	<u>280,000,000</u>	<u>130,000,000</u>
Cash at banks and financial institution		
Citibank N.A.	139,596,248	-
Standard Chartered Bank	2,750,540	3,251,849
Commercial Bank of Ceylon	2,117	4,220
HSBC	4,737,435	-
IDLC Finance Limited	17,000,000	-
	<u>164,086,339</u>	<u>3,256,069</u>
	<u>444,701,711</u>	<u>133,478,475</u>
16. Short term finance		
Short term loan:		
Citibank N.A.	-	50,000,000
HSBC	30,766,667	-
	<u>30,766,667</u>	<u>50,000,000</u>
Bank overdraft:		
Citibank N.A.	-	15,745,302
	<u>30,766,667</u>	<u>65,745,302</u>

Citibank N.A.

a) Limit

Total aggregate limit of short term loan and bank overdraft is Tk 340 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 340 million.

c) Rate of interest

Rate of interest has been varied from 11% to 13% depending on the money market and inter relationship.



HSBC

a) Limit

Total aggregate limit of short term loan and bank overdraft is Tk 215 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 215 million.

c) Rate of interest

Rate of interest has been varied from 10.25% to 12% depending on the money market and inter relationship.

	2008 Taka	2007 Taka
17. Liability for expenses		
Business promotion expenses	110,470,105	24,294,962
Advertisement expenses	70,877,406	28,221,649
Audit fees	250,000	400,000
Leave encashment	4,438,766	350,000
Creditors for supplies	-	8,117,563
Other expenses	3,272,569	3,487,911
	<u>189,308,846</u>	<u>64,872,084</u>
18. Trade creditors		
Marico Limited, India	119,976,714	82,148,574
Import duty and related charges	70,041,712	8,329,541
	<u>190,018,426</u>	<u>90,478,115</u>
19. Payable to holding company		
Royalty	36,122,349	20,408,616
Bank guarantee commission	8,893,986	6,732,636
	<u>45,016,335</u>	<u>27,141,252</u>
20. Other liabilities		
Advance from customers	1,180,440	7,693,606
Tax deducted from vendors' bills	861,423	827,594
Supplementary duty	1,300,978	-
	<u>3,342,840</u>	<u>8,521,201</u>



	2008	2007
	Taka	Taka
21. Turnover		
Products		
Parachute coconut oil	2,357,649,671	1,263,987,974
Beli	17,306,653	-
Camelia	7,420,280	-
Aromatic soap	276,476,308	187,901,834
	<u>2,658,852,912</u>	<u>1,451,889,808</u>
22. Cost of goods sold		
Raw and packing materials consumption	1,840,899,812	904,321,768
Add: Factory overhead (note-22.1)	38,353,720	29,630,073
Carriage inward	332,400	352,000
	<u>38,686,120</u>	<u>29,982,073</u>
	<u>1,879,585,932</u>	<u>934,303,842</u>
22.1 Factory overhead		
Salary and wages	6,732,958	5,263,155
Power expenses	2,976,308	2,455,693
Factory rent	395,860	742,509
Hire charges of plant and machinery	1,233,000	2,500,000
Loading charges	505,644	110,276
Repairs and maintenance of plant and machineries	2,256,014	962,477
Repairs and maintenance of Factory building	1,176,705	550,810
Depreciation	19,352,113	14,982,956
Other expenses	3,725,119	2,062,197
	<u>38,353,720</u>	<u>29,630,073</u>



	2008 Taka	2007 Taka
23. General and administration expenses		
Salaries and allowances (Note 23.1)	62,713,638	39,794,244
Gratuity	2,335,856	-
Rent	2,199,153	1,577,450
Professional charges	3,361,404	2,583,232
Security charges	786,092	771,387
Legal charges	1,312,451	1,400,885
Director's remuneration	133,335	373,338
Repair and maintenance	3,021,953	1,979,018
Communication expenses	6,348,772	4,476,536
Subscription to trade association	103,417	-
Entertainment	1,212,610	953,235
Printing and stationery	1,430,260	858,468
Vehicle running expenses	6,985,980	5,882,429
Travelling and conveyance*	11,727,341	7,526,651
Audit fees	28,700	365,000
Recruitment expenses	490,085	480,079
Insurance premium	990,016	1,624,005
Books and periodicals	102,854	66,333
Deferred expenses written off	11,500,008	11,500,008
Bank charges	1,244,283	870,974
Bank guarantee commission	2,161,350	6,732,751
Exchange loss	-	369,500
Staff welfare expenses	2,073,830	865,715
Conference and training expenses	712,478	1,184,242
Electricity and gas charges	625,610	410,120
Amortization of brand rights	2,687,970	2,550,470
Royalty**	23,576,497	12,570,989
Loss on sale of asset	23,257	7,318
Depreciation	6,025,044	4,442,195
	<u>155,914,243</u>	<u>112,216,571</u>

* It includes Tk. 4,519,509 for overseas travel.

** It includes TDS in accordance with the ITO 1984



23.1 Salaries and allowances

These include remuneration of Tk 18,566,507 to the Managing Director and Executive Director as salary and benefits.

24.	Selling and distribution expenses	2008 Taka	2007 Taka
	Business promotion expenses	53,999,080	87,354,759
	Advertisement	132,827,867	87,553,404
	Market research expenses	4,515,874	6,356,495
	Redistribution expenses	8,021,421	3,159,002
	Freight- outward	10,844,846	5,134,606
		<u>210,209,088</u>	<u>189,558,267</u>
25.	Interest expense		
	Interest on term loan	4,121,738	10,909,722
	Interest on overdraft	1,843,664	3,115,725
	Interest on loan from MBL Industries Ltd.	-	1,657,195
		<u>5,965,403</u>	<u>15,682,642</u>
26.	Other income		
	Interest on fixed deposit	20,915,505	5,203,540
	Interest on call deposit	452,806	348,210
	Profit on sale of asset	-	40,000
	Interest on staff loan	-	79,439
	Exchange gain	182,996	-
		<u>21,551,307</u>	<u>5,671,188</u>
27.	Proposed dividend		
	Dividend for the year is proposed @ 35% at Tk 31,500,000.		
28.	Related party transactions		
	Name of the related party	Equivalent Taka	Equivalent Taka
	Marico Limited, India	<u>861,529,562</u>	<u>397,269,280</u>



29. **Contingent liabilities**

There are L/C commitments for Tk 72,036,671 and shipping guarantee for Tk 517,973 with The Hongkong Shanghai Banking Corporation Limited Bangladesh and L/C commitments for Tk 32,000,000 with Standard Chartered Bank and Tk 291,204,683 with Citibank N.A.

30. **Number of employees**

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 55.

31. **Import of capital machinery and raw materials**

During the year import of capital machinery was for US\$ 233,746 and raw material was worth US\$ 16,120,152.29

32. **Subsequent position**

There was no subsequent event, to report after the balance sheet date, which had an influence on the financial statements for the year ended 30 September 2008.

33. **General**

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

