



UNCOMM  
SENSE

N

MARICO BANGLADESH LIMITED



# UNCOMMON SENSE

APPLY CONVENTIONAL THINKING  
AND YOU'LL ONLY COME UP  
WITH CONVENTIONAL SOLUTIONS.  
BUT OPEN YOUR MIND  
AND YOU'LL FIND A WORLD  
OF OPPORTUNITIES  
OPENING UP BEFORE YOU.



# Prospectus



## Marico Bangladesh Limited

Public offer of 1,492,100 ordinary shares of Tk. 10/- at an issue price of **Tk. 90/-** each, including a premium of Tk. 80/- per share totaling to Tk. 134,289,000/-

Opening date for subscription: **August 2, 2009**

Closing date for subscription: **August 6, 2009**

For NRB subscription closes on: **August 16, 2009**

### Credit Rating by CRISL

Long Term  
AA+

Short Term  
ST-1

### Issue Managers



**IDLC Finance Limited**  
Bay's Galleria (1st Floor)  
57, Gulshan Avenue  
Gulshan 1, Dhaka 1212



**Equity Partners Limited**  
1003, Dhaka Stock Exchange  
Annex Building (9th Floor)  
9/E, Motijheel C/A, Dhaka 1000



**HOW DOES AN FMCG  
COMPANY TRIPLE ITS  
TURNOVER IN THREE YEARS?**

**HOW DOES IT PULL OFF A  
COMPOUNDED  
ANNUAL GROWTH OF 37.71%  
OVER PAST 8 YEARS?**

**HOW CAN IT SUSTAIN A  
LEADERSHIP POSITION FOR  
ITS FLAGSHIP BRAND?**

**HOW DOES PARACHUTE GET  
RANKED AS  
6TH BEST BRAND AMONG  
849 BRANDS & 3RD IN  
THE FMCG CATEGORY  
BY  
BANGLADESH BRAND FORUM?**

**HOW DOES 1 OUT OF  
EVERY 3 BANGLADESHI  
CONSUMERS CONVERT INTO  
MARICO'S CONSUMER IN ONLY 8 YEARS?**

**UNCOMMON SENSE.**



Marico Bangladesh Limited (MBL) has tripled its turnover in 3 years, and achieved what very few FMCG companies would have been able to pull off-37.71% compounded annual growth over past 8 years.

How did we achieve this? By looking beyond the traditional FMCG space and seeking focused avenues for growth. Transforming consumers from non-branded to branded coconut oil offering purity. From a small player to a 3rd largest FMCG multinational company. Focus not just on organic growth but also in-organic growth.

At the same time, our flagship brand 'Parachute' continued to grow year on year, providing a firm foundation for our growth. While Parachute has been successful in growing the market leading with 72% market share, becoming 6th best brand out of 849 brands countrywide among local & MNC brands.

Our large investment in brand building, 360 degree approach in marketing and expansion in distribution too has contributed rapid growth.

Today, Marico Bangladesh Limited has emerged as the fastest growing FMCG Company. Our approach to the market with uncommon sense has helped us challenge the norm to push the boundaries of our existing businesses and set up new ones.





**IT'S EASY TO  
BECOME  
THE FASTEST GROWING  
FMCG COMPANY.**

**STOP THINKING LIKE ONE.**

By tapping into the minds of consumers and gaining a deeper insightful understanding of what they really seek, we're able to identify opportunities and create categories where none exist.

Through Parachute Advansed: a product for women who look for more than basic nourishment.

Parachute Beliphool Light, jasmine-scented light coconut hair oil for those who want non-sticky hair and use oil to manage their hair.

With Parachute Extension products like Therapie, Hair Cream, and After Shower Gel, we were able to build credibility as an expert.

Hair Code Herbal Hair Dye gives users long lasting color with natural shine and helps win back lost confidence.

New Aromatic Gold & Camelia Beauty Soap bring gently fragrant personal wash solution.

**YOU ARE  
LOOKING AT SOMETHING  
REALLY BIG.**



When we acquired Aromatic & Camelia - two of local leading beauty care brands, we acquired a captive consumer base. Such was our confidence in these brands that we acquired both back to back, giving us a market share of only 4.2%.

With our acquisitions we demonstrated an entrepreneurial leap into larger FMCG categories.

**HOW LONG DO YOU  
HAVE TO WAIT  
TO CREATE A CONSUMER BASE  
OF 50 MILLION ?**

**NOT EVEN A DAY.**



## **OUR VALUES**

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

### **CONSUMER CENTRIC**

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

### **TRANSPARENCY & OPENNESS**

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

### **OPPORTUNITY-SEEKING**

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

### **BIAS FOR ACTION**

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

### **EXCELLENCE**

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

### **BOUNDARYLESSNESS**

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

### **INNOVATION**

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

### **GLOBAL OUTLOOK**

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

**THINK**  
**CONSUMER**

Consumer-Centric

**TO**

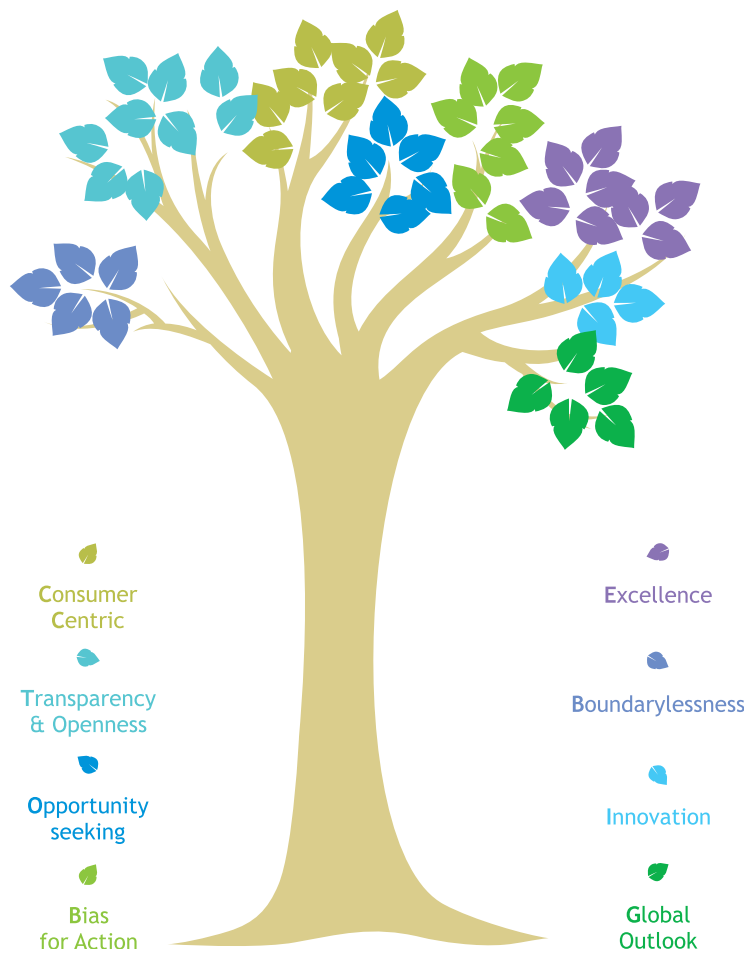
Transparency & Openness | Opportunity-seeking

**BE**

Bias for Action | Excellence

**BIG**

Boundarylessness | Innovation | Global Outlook



**Marico Values**





"If you have any query about this document, you may consult issuer, issue mangers and underwriter"

## PROSPECTUS

Public offer of 1,492,100 ordinary shares of Tk. 10/- at an issue price of Tk 90/- each, including a premium of Tk. 80/- per share totaling to Tk. 134,289,000/- of

### "MARICO BANGLADESH LIMITED"

Opening date for subscription: **August 2, 2009**

Closing date for subscription: **August 6, 2009**

For Non-Resident Bangladeshi Quota, subscription closes on: **August 16, 2009**

### Managers to the Issue

IDLC Finance Limited	Equity Partners Limited
Bay's Galleria (1st Floor) 57 Gulshan Avenue, Gulshan 1, Dhaka 1212	1003 Dhaka Stock Exchange Annex Building (9th Floor) 9/E, Motijheel C/A, Dhaka 1000

### Underwriters

ICB Capital Management Limited  
Prime Finance & Investment Limited  
Green Delta Insurance Company Limited  
LankaBangla Finance Limited  
IDLC Finance Limited  
Equity Partners Limited

### Credit Rating Agency

Credit Rating Information and Services Limited (CRISL)

	Long Term	Short Term
Entity Rating	<b>AA+</b>	<b>ST-1</b>
Date of Rating	26 January 2009	

Date of publication of Prospectus: July 7, 2009

The issue shall be placed in "N" Category

### Marico Bangladesh Limited

#### Registered & Corporate Office:

House No. 01, Road No. 01, Sector No.01, Uttara, Dhaka 1230

Tel: +88(02)8931202 Fax: +88(02)8932322

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

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

## Availability of Prospectus

Prospectus of Marico Bangladesh Limited may be obtained from following addresses:

Company	Contact person	Contact Number
<b>Marico Bangladesh Limited</b> House No.01, Road No. 01 Sector No.01, Uttara, Dhaka 1230	<b>Mr. Iqbal Chowdhury</b> Senior Manager-Corporate Affairs, Treasury & Company Secretary	Tel: 8931202 Fax: 8932322 iqbalc@maricobangladesh.net

Managers to the Issue:	Contact person	Contact Number
<b>IDLC Finance Limited</b> People's Insurance Bhaban (13th Floor) 36, Dilkusha C/A, Dhaka 1000	<b>Mr. Mahmudul Bari</b> Deputy General Manager Merchant Banking Division	Tel: 9571842 Fax: 9571095 bari@idlc.com

<b>Equity Partners Limited</b> 1003, Dhaka Stock Exchange Annex Building (9th Floor) 9/E, Motijheel C/A, Dhaka 1000	<b>Mr. Saiful Islam</b> Director	Tel: 8819421-5 Fax: 8819426-7 saiful@epbangladesh.com
	<b>Mr. Mir Mahfuz Rahman</b>	mahfuz@icebd.com

Underwriters:	Contact person	Contact Number
<b>ICB Capital Management Ltd.</b> 8, Rajuk Avenue (14th Floor) Dhaka 1000	<b>Mr. Md. Abdur Rouf</b> Chief Executive Officer	Tel: 7160326, 7160327 Fax: 9555707 ceocmcl@accessstel.net

<b>LankaBangla Finance Limited</b> Stock Exchange Building 9/F, Motijheel C/A, Dhaka	<b>Mr. M. Shakil Islam Bhuiyan</b> Assistant Vice President Merchant Banking Division	Tel: 9561238, 9561107 Fax: 9561107 shakil.bhuiyan@lankabangla.com
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<b>Green Delta Insurance Co. Ltd.</b> Hadi Mansion (5th Floor) 2, Dilkusha C/A, Dhaka 1000	<b>Mr. Abdul Mannan</b> Executive Vice President	Tel: 9560005 Fax: 9562345 gdic@bol-online.com
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<b>Equity Partners Limited</b> 1003 Dhaka Stock Exchange Annex Building (9th Floor) 9/E, Motijheel C/A, Dhaka 1000	<b>Mr. Saiful Islam</b> Director	Tel: 8819421-5 Fax: 8819426-7 saiful@epbangladesh.com
	<b>Mr. Mir Mahfuz Rahman</b>	mahfuz@icebd.com

<b>Prime Finance &amp; Investment Limited</b> 63, Dilkusha C/A, Dhaka 1000	<b>Mr. Md. Reazul Haque</b> Senior Vice President	Tel: 9569883 Fax: 9563692 haquemdreazul@yahoo.com
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<b>IDLC Finance Limited</b> People's Insurance Bhaban (13th Floor), 36, Dilkusha C/A Dhaka 1000	<b>Mr. Mahmudul Bari</b> Deputy General Manager Merchant Banking Division	Tel: 9571842 Fax: 9571095 bari@idlc.com
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Stock Exchanges:	Available at	Contact Number
<b>Dhaka Stock Exchange Ltd.</b> 9/F, Motijheel C/A, Dhaka 1000	DSE Library	7175705-9
<b>Chittagong Stock Exchange Ltd.</b> CSE Building, 1080, Sheikh Mujib Road, Chittagong 4100	CSE Library	031-714632-3 031-720871-3

Prospectus would also be available on the web site of SEC ([www.secbd.org](http://www.secbd.org)), DSE ([www.dsebd.org](http://www.dsebd.org)), CSE ([www.csebd.com](http://www.csebd.com)), Marico Bangladesh Limited ([www.maricobd.com](http://www.maricobd.com)) and Issue Managers ([www.idlc.com](http://www.idlc.com)), ([www.epbangladesh.com](http://www.epbangladesh.com)) and Public Reference Room of the Securities and Exchange Commission (SEC) for reading and studying.

## Name and Address of the Auditors

**Rahman Rahman Huq**

Chartered Accountants

A Member Firm of KPMG International

9 Mohakhali C/A (11th & 12th Floors), Dhaka 1212. Phone: 9886450, 9886451

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# Acronyms

Allotment	:	Letter of Allotment for Shares
BAS	:	Bangladesh Accounting Standard
BPL	:	British Physical Laboratories India Pvt. Ltd.
BO	:	Beneficiary Owner
CA	:	Chartered Accountant
CDBL	:	Central Depository Bangladesh Limited
Certificate	:	Share Certificate
CIB	:	Credit Information Bureau
CII	:	Confederation of Indian Industry
CNO	:	Coconut Oil
CSE	:	Chittagong Stock Exchange Limited
DBSM	:	Distributor Based Sales Man
DSE	:	Dhaka Stock Exchange Limited
ERP	:	Enterprise Resource Planning
FC Account	:	Foreign Currency Account
FG	:	Finished Goods
FI	:	Financial Institution
FICCI	:	Federation of Indian Chambers of Commerce and Industry
FMCG	:	Fast Moving Consumer Goods
IPO	:	Initial Public Offering
KL	:	Kilo Liter
M & A	:	Merger and Acquisition
MCOIL	:	Mostafa Coconut Oil Industries Limited
MBL	:	Marico Bangladesh Limited
MP	:	Market Price
MT	:	Metric Ton
NAV	:	Net Asset Value of the Company
NBR	:	National Board of Revenue
NPAT	:	Net Profit After Tax
NRB	:	Non Resident Bangladeshi
Offering Price	:	Price of the share of Marico Bangladesh Ltd. being offered
PDA	:	Personal Digital Assistant
PCNO	:	Parachute Coconut Oil
RJSC	:	Registrar of Joint Stock Companies and Firms
SAP	:	An integrated ERP System
SCM	:	Supply Chain Management
SEC	:	Securities and Exchange Commission
Securities/shares	:	Shares of Marico Bangladesh Ltd.
SKU	:	Stock Keeping Unit
SND Account	:	Short Noticed Deposit Account
STD Account	:	Short Term Deposit Account
Subscription	:	Application money

## STATUTORY CONDITIONS

### Disclosure in respect of issuance of Security in Demat Form

As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

### Conditions under section 2CC of the Securities and Exchange Ordinance, 1969

#### PART-A

01. The company shall go for Initial Public Offer (IPO) for **14,92,100** Ordinary Shares of Tk. 10.00 each at an issue price of **Tk. 90.00** per share (including a premium of Tk 80.00 each) worth **Taka 13,42,89,000/-** (Taka thirteen crore forty two lac eighty nine thousand) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
02. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 3 (Three) working days of issuance of consent letter. The issuer shall post the full prospectus, vetted by the Securities and Exchange Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue managers, within 3 (Three) working days from the date of issuance of this letter and which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue managers a diskette containing the text of the vetted prospectus in "MS -Word" format.
03. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
04. The company shall submit 40 (Forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five)** working days from the date of publication of the abridged version of the prospectus in the newspaper.
05. The issuer company and the issue managers shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to

the said Embassies and Missions within **5 (Five) working days** of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue managers within 2 (Two) working days from the date of said dispatch of the prospectus and the forms.

06. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
07. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the above-mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required for travel to Bangladesh.
08. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **7 (Seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
09. The following declaration shall be made by the company in the prospectus, namely: -

**Declaration about Listing of Shares with the Stock Exchange(s):**

“NONE OF THE STOCK EXCHANGE(S), IF FOR ANY REASON, GRANTS LISTING WITHIN 75 DAYS FROM THE CLOSURE OF SUBSCRIPTION, ANY ALLOTMENT IN TERMS OF THIS PROSPECTUS SHALL BE VOID AND THE COMPANY SHALL REFUND THE SUBSCRIPTION MONEY WITHIN 15 DAYS FROM THE DATE OF REFUSAL FOR LISTING BY THE STOCK EXCHANGES, OR FROM THE DATE OF EXPIRY OF THE SAID 75 (SEVENTY FIVE) DAYS, AS THE CASE MAY BE.

IN CASE OF NON-REFUND OF THE SUBSCRIPTION MONEY WITHIN THE AFORESAID 15 (FIFTEEN) DAYS, THE COMPANY DIRECTORS, IN ADDITION TO THE ISSUER COMPANY, SHALL BE COLLECTIVELY AND SEVERALLY LIABLE FOR REFUND OF THE SUBSCRIPTION MONEY, WITH INTEREST AT THE RATE OF 2% (TWO PERCENT) PER MONTH ABOVE THE BANK RATE, TO THE SUBSCRIBERS CONCERNED.

THE ISSUE MANAGERS, IN ADDITION TO THE ISSUER COMPANY, SHALL ENSURE DUE COMPLIANCE OF THE ABOVE MENTIONED CONDITIONS AND SHALL SUBMIT COMPLIANCE REPORT THEREON TO THE COMMISSION WITHIN 7 DAYS OF EXPIRY OF THE AFORESAID FIFTEEN DAYS TIME PERIOD ALLOWED FOR REFUND OF THE SUBSCRIPTION MONEY.”

10. The subscription list shall be opened and the sale of securities commenced **after 25 (Twenty Five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.
11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank



payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus 9 days. Applications received by the company after the above time period will not be considered for allotment purpose.

12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The company and the issue managers shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities, the issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 5 (Five) working days, in respect of the following matters, namely: -
  - (a) Total number of securities for which subscription has been received;
  - (b) Amount received from the subscription; and
  - (c) Amount of commission paid to the bankers to the issue.
15. The issuer and the issue managers shall jointly provide the Commission and the stock exchanges the list of valid and invalid applicants in electronic form in 2 (Two) CDs and final status of subscription to the Commission within 3 (Three) weeks after the closure of the subscription along with bank statement (original), branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.
16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 5 (Five) weeks from the date of the subscription closure), if any of the following events occur:
  - (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
  - (b) At least 50% of the IPO is not subscribed.
17. 10% of total public offering shall be reserved for Non-Resident Bangladeshis (NRBs) and 10% for mutual funds and collective investment schemes registered with the Commission and the remaining 80% shall be open for subscription by the general public. In case of under subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue managers shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of **50 shares worth Taka 4,500/- (Taka Four Thousand Five Hundred Only)**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective

of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.

19. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of the application money may be forfeited by the Commission.**
20. Lottery (if applicable) shall be held within **4 (Four) weeks** from closure of the subscription date.
21. The company shall issue share allotment letters to all successful applicants within 5 (Five) weeks from the date of the subscription closing date. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be **subject to condition 19 above**.

**Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have mentioned in the IPO application forms, bank account numbers with the bankers to the issue and other banks as disclosed in the prospectus.**

**A compliance report in this regard shall be submitted to the Commission within 7 (Seven) weeks from the date of closure of subscription.**

22. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.
23. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to Para -16 above). The issuer must notify the underwriter to take up the underwritten shares within **10 (Ten) days** of the subscription closing date on full payment of the share money within **15 (Fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue managers, other underwriters, issuer or the sponsor group.
24. All issued shares of the issuer at the time of according this consent shall be subject to a **lock-in of 3 (Three) years** from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more shares, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a **lock-in of 1 (One) year** from the date of issuance of prospectus or commercial operation, whichever comes later.

25. Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period **or** Sponsors/Directors/Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition delineated at **para-24 above**.

26. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue managers, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).
27. In case of dematerialization of shares held by the existing Sponsors/ Directors/Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the Managing Director of the company along with lock-in confirmation shall be submitted to SEC within **one week** of listing of the shares with the stock exchange(s).
28. The company shall apply to the stock exchanges for listing within **7 (Seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
29. The company shall not declare any benefit other than cash dividend based on the financial statements for the period ended on **December 31, 2008**.

#### **PART-B**

01. The issuer and issue managers, shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
02. The issue managers shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with SEC.
03. Both the issuer company and the issue managers shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
04. The fund collected through Public Offering shall not be utilized prior to listing with stock exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
05. The company shall furnish report to the Commission on utilization of IPO proceeds within 15 (Fifteen) days of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
06. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
07. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus.

Any deviation in this respect must have prior approval of the shareholders in the General Meeting under intimation to SEC and stock exchanges.

08. Directors on the company's Board will be in accordance with the applicable laws, rules and regulations.

#### **PART-C**

01. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
02. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

#### **PART-D**

01. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (Including rights/bonus) will be made in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account.

02. The issue managers shall also ensure due compliance of all the above.

## GENERAL INFORMATION

01. **IDLC Finance Limited** and **Equity Partners Limited** have jointly (Issue Managers) prepared this prospectus based on the information provided by **Marico Bangladesh Limited** (Issuer) and also upon several discussions with the Managing Director and concerned executives of the issuer company. The Directors, including Managing Director, of Marico Bangladesh Limited, IDLC Finance Limited and Equity Partners Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.
02. No person is authorized to give any information or to make any representation not contained in this Prospectus, and if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer Company or Issue Managers.
03. The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.
04. A copy of this Prospectus may be obtained from the Head Office of Marico Bangladesh Limited, IDLC Finance Limited (IDLC), Equity Partners Limited (EPL), the Underwriters and the Stock Exchanges where the securities will be listed.

## DECLARATIONS AND DUE DILIGENCE CERTIFICATES

### Declaration about the responsibility of the Director(s), including the CEO of the Company “Marico Bangladesh Limited” in respect of the Prospectus

This Prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as, it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well-informed decision for investment.

Sd/-

**Mr. H. C. Mariwala**

Chairman

(Nominee of Marico Limited, India )

Sd/-

**Mr. Milind S. Sarwate**

Director

(Nominee of Marico Limited, India)

Sd/-

**Mr. Vijay Subramaniam**

Director

(Nominee of Marico Limited, India)

Sd/-

**Mr. Kunal Gupta**

Director

(Nominee of Marico Limited, India)

Sd/-

**Mr. Debashish Neogi**

Managing Director & Director

(Nominee of Marico Limited, India)

## Consent of Director(s) to serve as Director(s)

We hereby confirm that we have been serving as Director(s) of Marico Bangladesh Limited and continue to act as a Director of the Company.

Sd/-  
**Mr. H. C. Mariwala**  
Chairman  
(Nominee of Marico Limited, India )

Sd/-  
**Mr. Milind S. Sarwate**  
Director  
(Nominee of Marico Limited, India)

Sd/-  
**Mr. Vijay Subramaniam**  
Director  
(Nominee of Marico Limited, India)

Sd/-  
**Mr. Kunal Gupta**  
Director  
(Nominee of Marico Limited, India)

Sd/-  
**Mr. Debashish Neogi**  
Managing Director & Director  
(Nominee of Marico Limited, India)

## Declaration about filing of Prospectus with the Registrar of Joint Stock Companies and Firms

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms, Government of the Peoples' Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994 on or before the date of publication of the prospectus.

## Declaration by the issuer about the approval from Securities and Exchange Commission for any material changes

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statements made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication, shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Issuer

Sd/-

**Debashish Neogi**

Managing Director & Director  
Marico Bangladesh Limited

## Declaration by the Issue Managers about the approval from Securities and Exchange Commission for any material changes

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication, shall be incorporated in the Prospectus, and the said Prospectus should be published with the approval of the Commission.

For Managers to the Issue

Sd/-

**Yongbok Jo**

CEO & Managing Director (CC)  
IDLC Finance Limited

Sd/-

**Md. Saiful Islam**

Director  
Equity Partners Limited

## Due diligence certificate of the Managers To The Issue

**Subject:** Public Offer of 1,492,100 Ordinary Shares of Tk. 10/- each at an issue price of Tk. 90/- each, including a premium of Tk. 80/- per share totaling to Tk. 134,289,000/- of Marico Bangladesh Limited

We, the under-noted Managers to the Issue to the above-mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and discussions with the issuer company, its Directors and officers, and other agencies, independent verification of the statements concerning objects of the issue, and the contents of the documents, and other materials furnished by the issuer company.

### We confirm that:

- (a) The draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) All the legal requirements connected with the said issue have been duly complied with; and
- (c) The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Managers to the Issue

Sd/-

**Yongbok Jo**

CEO & Managing Director (CC)  
IDLC Finance Limited

Sd/-

**Md. Saiful Islam**

Director  
Equity Partners Limited



## Due diligence certificate of the Underwriter(s)

**Subject:** Public Offer of 1,492,100 Ordinary Shares of Tk. 10/- each at an issue price of Tk. 90/- each, including a premium of Tk. 80/- per share totaling to Tk. 134,289,000/- of Marico Bangladesh Limited

We, the under-noted Underwriter(s) to the above mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant for our underwriting decision; and
2. On the basis of such examination; and the discussions with the issuer company, its Directors and officers, and other agencies, independent verification of the statements concerning objects of the issue, and the contents of the documents, and other materials furnished by the issuer company.

### We Confirm That:

- (a) All information as are relevant to our underwriting decision have been received by us and that the draft prospectus forwarded to the Commission has been approved by us;
- (b) We shall subscribe and take up or procure subscription for taking up the un-subscribed securities against the above-mentioned public issue within fifteen (15) days of calling up thereof by the issuer; and
- (c) This underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-

### Managing Director/Chief Executive Officer/Director

ICB Capital Management Limited  
Prime Finance & Investment Limited  
Green Delta Insurance Co. Limited  
LankaBangla Finance Limited  
Equity Partners Limited  
IDLC Finance Limited

## RISK FACTORS & MANAGEMENT'S PERCEPTION ABOUT THE RISKS

An investment in equity shares involves a high degree of risk. The company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the investments by the investors. All investors should carefully consider all of the information in this Prospectus, including the risk factors, both external and internal, and management perception thereabout enumerated hereunder before making an investment decision. If any of the following risks actually occur, their business, results of operations and financial condition could suffer, the trading price of their equity shares could decline, and investors may lose all or part of their investment.

### **(a) Interest rate risk:**

Interest rate risk is concerned with borrowed funds of short term and long-term maturity. Volatility in money market and increased demand for loans/investment funds raise the rate of interest. High rate of interest enhances the cost of fund of a company and could adversely affect the business and future financial performance. The company prefers short term debt with variable interest rate which may get affected due to increase in inflation and by recent global financial crisis.

### ***Management perception:***

*Marico Bangladesh Limited has always been a cash-rich company and operates with low dependence on debt. As the company maintains very low debt-equity ratio, adverse impact of interest rate fluctuation is insignificant for MBL. Moreover, the management is confident of meeting its needs for future expansion mostly from internal sources. Additionally, the management emphasizes on equity-based financing to reduce the dependency on bank borrowings. Therefore, management perceives that the fluctuation of interest rate on borrowing would have little impact upon the performance of the company.*

### **(b) Exchange rate risk:**

Exchange rate risk relates to the core business of MBL, since it mostly imports materials from abroad in foreign currency. The Company imports raw materials against payment of foreign currency and the price of raw material in the international market is relatively volatile for FMCG. Unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate is increased against local currency opportunity is created for generating more profit.

### ***Management perception:***

*Volatility of Taka against Dollar and recent trend of local currency devaluation may expose foreign currency risk. However, Marico Bangladesh Limited, being a market leader, can significantly reduce the foreign currency risk and price escalation risk through forward bookings if it is justifiable in terms of cost benefit analysis. The company also maintains Economic Order Quantity (EOQ) for its material imports, which provides considerable cushion against adverse movement of exchange rate and price in international market. Furthermore, the company, due to its strong brand equity, enjoys low price sensitivity of its produces in the domestic market. This provides the*

*company with greater ability for frequent and favorable adjustment of prices in case of adverse exchange rate fluctuations and international price movements, and inflationary circumstances.*

**(c) Industry risk:**

FMCG industry in Bangladesh is an emerging sector with vast local demand for its differentiated product lines. Locally produced consumer care products now play a significant role in this sector, which has been dominated by imports in the past. Increasing competition may force MBL to reduce prices of their products which may cause dropping of their revenue and margin, and/or decrease its market share, either of which could have an adverse effect on their business, financial condition and results of operation.

***Management perception:***

*The company has well positioned itself to become the market leader in some of the segments it operates, within a short span of time. Within a couple of years Parachute Coconut Oil captured a significant market share in Bangladesh, and at present, it holds 72% market share of branded Coconut Oil (CNO) market in the country. There is a huge scope for converting loose coconut oil user to branded products. The company, with the philosophy of ensuring utmost customer satisfaction, is moving toward the mass market with a comprehensive marketing plan under its dynamic marketing team. Additionally, the management is continuously striving to diversify its product portfolio through developing new market and strategic acquisitions.*

**(d) Market risk:**

MBL's income is derived from sales to Bangladeshi customers mainly due to the persistent focus on the domestic market. Any adverse developments within Bangladesh or Bangladeshi customers, could lead to reduced demand from them resulting in adverse performance of the company. Proper implementation of the marketing tools as well as identifying new clients in brands other than Parachute will ensure the success of the company. The company needs to focus on corporate branding to gain more market share for its diversified portfolio.

***Management perception:***

*As stated above, MBL enjoys leadership position in Parachute Coconut Oil and profitability is highly dependent on parachute oil business. New entry is difficult in branded coconut oil industry due to MBL's leadership in the category. Parachute has gained a sound brand image till date but MBL has long way to build its corporate image. MBL already has taken initiatives for corporate branding which is in developing phase. Again, as a FMCG company, MBL is trying to diversify its product portfolio to reduce its dependency on single revenue source through research and development.*

**(e) Technology related risk:**

Technology always plays a vital role for the existence of any industrial concern, ensuring better services to the customers and minimizing the cost in various aspects. The production facilities of the company are based on currently available technology. Any invention of new and more cost-effective technology may cause technological obsolescence and negative operational efficiency. Any serious defects in the plant and machinery may affect production and profitability calling for additional investment for replacement.

***Management perception:***

*Company owns modern technology with R&D infrastructure and shall be able to adapt to any new inventions with moderate investments. The Company has access to international/multinational companies for supplying appropriate technology and technical management support for operation of new projects. The selected/installed plant and machinery have been manufactured by reputed manufacturer with proper warranty to take care of*

*any defects or confirmation of supplying of adequate spare parts. A significant portion of the entire production process is accomplished through contract manufacturing. This arrangement provides the company with greater leeway to adjust with any changed technological atmosphere.*

**(f) Change in potential or existing Government regulations:**

The Company operates under Company's Act 1994 and other related regulations, Income Tax Ordinance 1984, Income Tax Rules 1984, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

***Management perception:***

*Unless any policy change that may negatively and materially affect the industry as a whole, the business of the Company is expected not to be affected. FMCG industry in Bangladesh is an emerging sector with large local demand for differentiated product lines. Presently, it is considered as one of the largest sector in the economy. Therefore, it is highly unlikely that the Government will frustrate the growth of the industry with adverse policy measures.*

**(g) Potential changes in the global or national policies:**

The Company's product lines consist of consumer products which are primarily based on imported raw materials. Any scarcity due to changes in policy in the international market might dent the production level and profitability. The performance of the company may be affected due to unavoidable circumstances both in Bangladesh and worldwide, as such political turmoil and disturbance in the country may adversely affect the economy in general.

***Management perception:***

*The management of the company is always concerned about the prevailing and future changes in the global and national policy and shall response appropriately and timely to safeguard its interest. MBL's brand image and wide distribution network amongst its customer group will always enable it to withstand any such potential threats. The company's supply chain is robust in accommodating large number of suppliers with proper contingency plan in place. The company can prosper in situation of political stability and a congenial business environment. Political turmoil and the disturbance are bad for the economy and so also for the company.*

**(h) History of non operation:**

The company does not have any history of non-operation.

**(i) Management risk:**

Turnover of key managerial personnel, executives and officers may have adverse impact on business, operating results and future growth.

***Management perception***

*MBL has been offering competitive package to its employees of all ranks. The company has reputation for cordial and congenial working environment. The staff turn-over ratio is at its lowest point. The company has been arranging training of its core personnel on a continuous basis to cope with the growing challenges of the changing work environment, increase in customer expectations and growing sophistication of technology and processes. An important personnel strategy of the company is the development of alternative leadership in all areas of its activities. Therefore, the management of MBL feels that company is well prepared to handle the situation in the foreseeable future.*

**(j) Operational risks:**

**(1) External factors:**

MBL's results may be affected by factors outside its control such as political unrest, hartals, civil commotion and acts of terrorism either in Bangladesh or outside Bangladesh. Disruptions and acts of terrorism across the world post 9/11 have significantly affected the crude oil market, prices of which impacts, directly or indirectly, on the company's raw material prices. The continuation of such events including natural disasters could interrupt MBL's business for protracted periods.

**Management Perception:**

*MBL's plants are located at a good place, distant from the city area. The work-force is well remunerated and most of them live in the surrounding areas of the respective plants. Therefore, management believes that political unrest will have little impact upon the key operations of the company. MBL has taken comprehensive insurance coverage for all assets to mitigate the losses due to any probable or possible disaster.*

**(2) Changes in taxation and value added tax:**

Changes in tax, customs duty (CD), supplementary duty (SD) and VAT laws and rates, their upward revisions and especially sudden, unpredictable changes could adversely impact results of operations and cash flows, amongst other things.

**Management Perception:**

*Like all other past Governments, the present Government of Bangladesh is also committed for economic emancipation of the nation, which can be achieved through maintaining sustainable industrial growth. Therefore, it is highly unlikely that the Government will initiate any fiscal measure having adverse effect upon industrialization.*

**(k) Distribution risk**

For any FMCG company, the most crucial wing is the distribution channel. Wide distribution network and control over the network is essential to make the quality product available to the consumer at right time and price.

**Management perception:**

*MBL has strong presence in all over the country, both in rural and in urban areas, through its own managed depots and distribution partners. MBL has gradually phased out the external distribution networks in a well planned manner since 2006. The company now covers 100% of its distribution area through its strategically located depots at Dhaka Depot (Gazipur), Chittagong, Bogra and Jessore.*

**(l) Sub-contracting risk**

Contract manufacturing is a well known practice in the FMCG industry around the world. The company, like as other MNCs of the country, assumes calculative risk by opting to such arrangement.

**Management perception:**

*MBL has contract manufacturing facility for copra crushing, bottle filling, and soap manufacturing in addition to its own factory at Mouchak, Gazipur. It has signed the sub-contracting agreement for copra crushing with two renowned local business conglomerates. The arrangement proved to be very logical and created a win-win situation for both the companies. Both the plants were idle and MBL had made them operative exclusively for the company. Each contract is renewable in every 6 months after fulfilling the conditions specified by MBL. MBL has deputed its own quality control tools and executives to ensure the stringent quality parameters of oil. However,*

*if the sub contractors do not renew their contract for any reason, MBL will not face any problem as they have sufficient source for oil from its foreign suppliers.*

**(m) Risk associated with labour unrest:**

Smooth production is dependent on good relationship with the factory workers and their ability to provide high-quality services. In the event of disagreements with the workers, the company may experience adverse impact.

***Management perception:***

*The company usually employs factory workers through contract with the agencies. Additionally, MBL maintains good atmosphere at the work place, provides all sort of facilities to the workers as per law of the land. So, it is unlikely for them to create such unrest. Again, to meet unique situations, company has alternative ways to overcome such critical circumstances.*

**(n) Input risk:**

MBL is fully dependent on imported raw materials, i.e., Copra and Soap Noodles, and also, supply of raw materials cannot be ensured locally in case of crisis. Additionally, there is always a natural resources constraint in any specific area. Moreover, the local sources of raw material may be affected by any uncontrollable event or country risk to transaction or political barrier.

***Management perception:***

*MBL is sourcing copra from different country such as India, Sri Lanka, Indonesia etc, which is considered better in quality, competitive in price and highly extractable than local one. However, management expects emergence of alternative sources in future considering the risk associated with the supplies. MBL has already started sourcing oil from a local firm and has a long term plan to source copra locally by providing seeds, fertilizer, technical education etc. to the farmers in the coastal area of Bangladesh. The management perceives raw material risk to be a manageable risk as the company has sustainable margin of safety.*

**(o) Risk associated with capital market:**

An active trading market for MBL's shares may not develop. The prices of their shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Dhaka and Chittagong securities markets.
- Results of operations and performance, in terms of market share.
- Performance of Bangladesh economy and changes in government policies.
- Changes in future business operation and expansion of MBL's business.

***Management perception:***

*Bangladesh capital market in last two years has grown significantly. Experts view the Bangladesh market as one of the best performing emerging markets in Asia. Moreover, the company has been showing steady earning growth since its inception, and, therefore, the chance of adverse fluctuation in its market price because of the change in the performance of the company is remote. The Government has taken the development of securities market as a challenge and initiated a number of market friendly policies. Therefore, management expects that the market will be gradually matured and stabilized. Management also expects that the forthcoming developments in fiscal and environmental regulations will make the market more buoyant.*

**(p) Risk of major sourcing of Raw Materials from single country:**

MBL's major sourcing of raw materials for Coconut Oil was from parent company Marico Limited, India till May 2008. Dependency for supply of raw materials from single source is risky for the organization. Additionally, there is always a natural resources constraint in any specific area.

**Management perception:**

*MBL was importing coconut oil till May 2008 from India and thereafter, started backward linkage in its operations by bringing copra and producing oil in Bangladesh. Currently, MBL imports copra at a very competitive price from different sources such as India, Srilanka, Indonesia, Malaysia etc. Recently, MBL has also started procuring oil and copra from a local company following strict quality parameter. In addition, MBL has undertaken a project for sourcing of copra from Bangladesh Coastal areas. Therefore, MBL Management thinks the risk of single sourcing is "moderate" on the following grounds:*

- 1. Now, MBL imports from Srilanka, Indonesia, Malaysia and Bangladesh apart from India.*
- 2. India is a large producer of coconuts and owing to its proximity to Bangladesh, logistically; import from India is cost competitive.*
- 3. India is well connected to Bangladesh both via sea and land routes.*
- 4. MBL buys copra at market rates and in so far as it pays as per market, raw material supplies can be more or less assured.*



## ISSUE SIZE AND PURPOSE OF THE PUBLIC OFFERING

### IPO size and Issue Price

Financial Structure of the Company:

Particulars	No of Shares	Issue Price (Tk. per share)	Premium (Tk.)	Premium Amount (Tk.)	Amount in Face Value (Tk.)
<b>Authorized Capital</b>	<b>40,000,000</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>400,000,000</b>
<b>Paid up capital</b>					
Issued	28,350,000	10	-	-	283,500,000
To be issued as IPO	1,492,100	90	80	119,368,000	14,921,000
Total no of Shares (Post IPO)	29,842,100				
<b>Paid up capital (Post IPO)</b>					<b>298,421,000</b>

The Company is issuing 1,492,100 ordinary shares of Tk. 10/- each through Initial Public Offering (IPO) at an issue price of Tk. 90/- each including a premium of Tk. 80/- per share.

### Use of IPO Proceeds

Marico Bangladesh Limited has an outstanding loan amounting to Tk. 225,157,437/- (Taka Two Twenty Five Million One Hundred Fifty Seven Thousand Four Hundred Thirty Seven) only as on 9 June, 2009 from following banks:

Bank	Loan Amount (Tk.)
Citibank N.A.	170,008,569
HSBC	55,148,869
<b>Total</b>	<b>225,157,437</b>

The company will pay off the loan within one month from the date of listing under following manner:-

Use of IPO Proceeds	Amount (Tk.)
IPO Proceeds	134,289,000
Less: IPO expenses (approx.)	14,544,387
<b>Net IPO Proceeds</b>	<b>119,744,613</b>
Repayment of loan to Citibank N.A.	119,744,613

MBL had a loan from different bank amounting to Tk. 103,166,350/- as on 31 December 2008 (Please refer the Balance Sheet as at 31st December 2008, Note 15). Currently, it has a loan of Tk. 225,157,437/- as on 9 June, 2009 from which the company will pay off a portion of loan to Citibank N.A. as per above schedule.

**Terms of Contract:** There is no such contract for repayment of any liability regarding above loan.





## INFORMATION ABOUT THE COMPANY

### Marico Bangladesh Limited- Company Profile

Marico Bangladesh Limited (hereinafter referred to as MBL), a wholly owned subsidiary of Marico Limited, India, (hereinafter referred to as Marico), is one of the front footer in the Fast Moving Consumer Goods (FMCG) market in Bangladesh. It was incorporated on 6 September, 1999 under the Companies Act 1994 as a private limited company with an authorized and paid-up capital of Tk. 10.00 million and went into commercial operation on 30 January 2000 with its flagship brand “Parachute Coconut Oil”. However, it has increased Authorized and Paid-up Capital to Tk. 300 Million and Tk. 90 Million respectively on 18 September 2008 and converted into a public limited company on 21 September 2008. Again it has increased authorized and paid-up capital to Tk. 400 million and Tk. 283.50 million vide special resolution passed in the extra ordinary general meeting held on 31 December 2008. Within a couple of years Parachute Coconut oil captured a significant market share in Bangladesh and at present it holds 72% market share of branded coconut oil market in the country. Recently its “Parachute” brand was awarded as the 6th Overall Best Trusted Brand out of 849 Brands (both local and MNCs) operating in Bangladesh and 3rd Best Brand in the FMCG category by Bangladesh Brand Forum, an affiliation of Singapore based Brand Forum.

The parent company Marico Limited India, is a global company with business interests in manufacturing and retailing personal consumer products as well as providing services in the beauty and wellness space. The company is highly respected in India due to its excellent corporate governance practices and HR policies. Over the years Marico has progressed into a consumer focused FMCG company in the beauty and wellness space through several well-established brands. It has broadly three business segments-Consumer Products (comprising the consumer products business of Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, MEL consumer care SAE, Marico South Africa, CPE International (Pty) Ltd, etc), Skin Care (services and products retailed through Kaya Limited-erstwhile Kaya Skin Care Limited, Kaya Middle East FZE). In January 2006, Marico has developed a significant franchise across countries in the Middle East, Asian sub-continent and the market shares of Marico's brands overseas have been rising over the years. Marico markets well-known brands such as Parachute, Saffola, Kaya, Haircode and Fiancée to name few, most of which have significant market shares in respective categories.

The consolidated turnover of the Marico Group (including the turnover of its subsidiaries) crossed the USD 455 million mark in FY 2008. The revenues of the International Business Group, including the revenues of the two subsidiaries in Bangladesh, crossed the USD 73.09 million mark. At the group level, the sales have grown at a CAGR of 29% during the last 3 years and profit after tax has grown at the CAGR of 39%. The Group continues to remain comfortable on outside debt, with a debt-equity ratio of 1.20 (changed - basis FY08) times. It also consistently reported a return on capital employed higher than 25% per cent over the years.

Initially MBL started factory operations in a leased factory at Gazipur just bottling of its imported coconut oil from India, and thereafter, the factory infrastructure with land was acquired in 2007. However, with the growth

in turnover, it started processing of imported copra (the basic raw material) to extract coconut oil locally through different “Contract Manufacturers” under the close supervision of MBL management. MBL acquired the intellectual property right of “Camelia” in the early 2005 to signal its entry in the toilet soap market and also acquired “Aromatic” brand in October 2005 which was highly recalled soap brand. Now, MBL is considered as one of the fastest growing FMCG Company in the country. During the last 8 years, the company achieved a Compounded Annual Growth rate of 37.71% in turnover and its turnover reached to near about Tk.2.65 billion in FY 2008 from Tk. 0.20 billion in FY 2001. MBL already has established its own Corporate Office at Uttara, Dhaka.

The company is moving towards mass market with a comprehensive marketing plan under its dynamic marketing team. Already its flagship brand “Parachute” availed dominant leadership position in the coconut oil category and is synonymous with pure coconut oil in the market. After acquiring Aromatic and Camelia soap it re-launched its Aromatic brand to Aromatic Gold to convey the change in brand in consumers mind, though it is yet to achieve high brand recognition as compared to its competitor. The entire marketing campaign entails communications plan, embracing television, print media and bill boards throughout the length and breadth of the country. Though in case of product branding, the company is successful, however, in corporate branding, it is at growing stage. Corporate branding may result significant economies of scope, specially, for new products under its corporate banner. Recently, it has adopted various strategies for corporate branding including image building, internet branding, nurture Marico values, sponsoring program, campus program, trade body discussion, CSR activities and others.

### **Nature of Business**

Marico Bangladesh Limited is a leading multinational FMCG Company. The company is the manufacturer and marketer of well known consumer brands like Parachute, Parachute Beliphool, Aromatic, Camelia, Hair Code, Parachute Advansed etc.

To enhance the appeal for hair and skin through distinctive products and services based on the goodness of coconut, other natural substances, and the underlying science of beauty and hair care, it offers different extended brands like Therapie, Hair Cream, and After Shower Gel etc.

### **Principal Products and Services**

MBL operates its business mainly in the consumer brands with its flagship brand “Parachute” in the coconut oil (CNO) market segment as branded coconut oil, acquired brand “Camelia” and “Aromatic” (re-launched as “Aromatic Gold”) in the toilet Soap segment and trade other Hair Care Products from its parent Marico Limited. The Parachute brand already enjoys firm loyalty both in urban and rural households of the country due to its consistent quality; packaging innovations, distinctive natural aroma and keen concentration by its management to gain business from adulterated oil market to branded products. Parachute is considered as the No.1 brand due to its move from around 55% market share to 72% in the branded coconut oil market within 2 years. The key reason for such a jump in market shares is because of large investment in brand building, 360 degree approach in marketing and expansion in distribution.

Its soap line products are facing stiff competition due to strong dominance of Unilever’s soap line products and as well as local market players. Its toilet soap segment is controlling a small portion of share (4.2%) in the soap market, however, growing steadily from 1.8% in Sept, 2006.

Recently, the company launched Hair Care products including HairCode Hair Dye, Parachute Therapie, Parachute After-Shower Hair Gel and Parachute Hair Cream. Presently, these products are imported by MBL industries

Limited, a subsidiary of Marico Middle East FZE (previously the company was the subsidiary of MBL), and distributed by the same distribution channel of MBL. MBL is highly intended to capture a commendable market share of these products within a short period. Globally, Marico is highly encouraged to develop new products, acquiring local and international Brands for diversification of its product line.

### Products/Services that account for more than 10% of the Company's total revenue

There are only two brands of the company, which contributes more than 10% of the total revenue in the last accounting year. The following table illustrates the total turnover and respective percentage of all brands of MBL:

Brand Name	1 Oct 2007 to 30 Sep 2008		For the Quarter 1 Oct to 31 Dec 08	
	Turnover (Tk.)	Value contribution %	Turnover (Tk.)	Value contribution %
Parachute Coconut Oil	2,357,649,671	88.67%	766,357,813	93.11%
Beliphool Hair Oil	17,306,653	0.65%	6,762,490	0.82%
Camelia Soap	7,420,280	0.28%	2,307,441	0.28%
Aromatic Soap	276,476,308	10.40%	47,649,798	5.79%
<b>Total</b>	<b>2,658,852,912</b>	<b>100%</b>	<b>823,077,543</b>	<b>100%</b>

### Associates, Subsidiary/Related Holding Company and their core areas of business

Marico Bangladesh Limited currently does not have any subsidiary company in Bangladesh.

However, it had a subsidiary company named MBL Industries Limited till September 21, 2008. The ownership of the company had been transferred to Marico Middle East FZE (MME), a subsidiary of Marico Limited, India through execution of an agreement dated September 21, 2008. MBL is a wholly owned subsidiary of Marico Limited India is a listed company in the India Stock Exchanges having diversified ownership stake from both individual and institutional participation. In global, Marico is a branded player in Beauty and Wellness solutions. The core areas of business are in Beauty and Wellness. Marico's Products and Services reaches out to more than 20 countries in the Middle East, Asian sub-continent. It markets well-known brands such as Parachute, Saffola, Kaya, Haircode and Fiancée to name a few, most of which have significant market shares in respective categories.

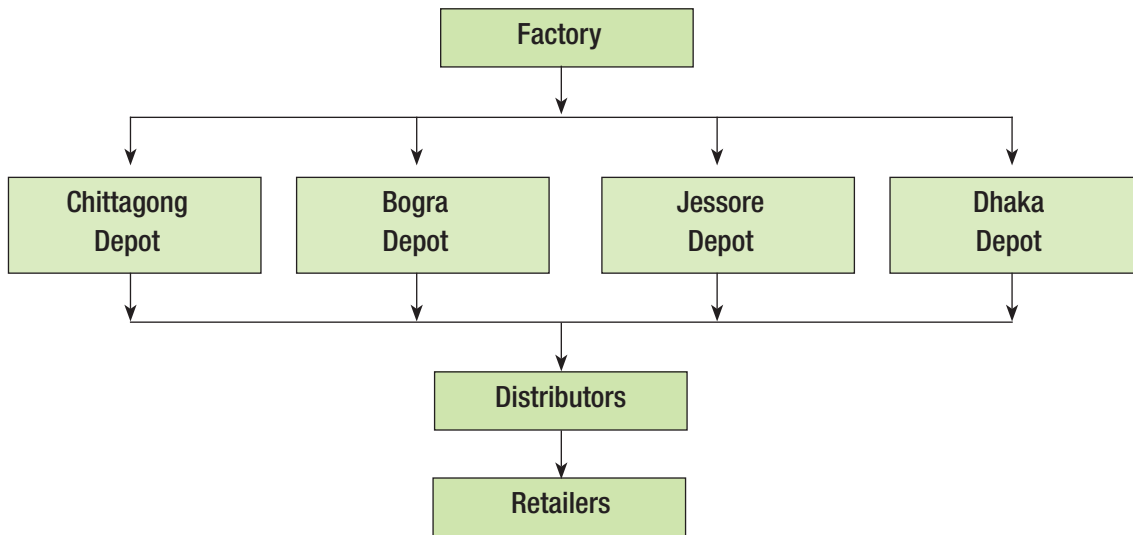
### Distribution of Products/Services

MBL has strong presence in all over the country both in rural and urban areas through its depots and distribution partners. The distribution channels are constructed in such a way that the demand of customers is fulfilled at the right place and at the right time. Initially, Kallol was the key distribution partner of MBL. As per mutual agreement with MBL and Kallol, MBL has phased out the Kallol distribution in a well planned manner since 2006. Presently, the company established its own distribution network in four zones (Dhaka, Chittagong, Jessore, and Bogra). The company now controls 100% of its distribution network through its depots.

MBL's own sales professional are nourishing and check the entire distribution channel. At present, there are 192 distributors and 128 stockiest all over the country. MBL's own employees like RSM (Regional Sales Manager), ASM (Area Sales Manager) and ASE (Area Sales Executive) physically monitor and rigorously control the distributors' functions from time to time. Moreover, MBL's approximate 15% of its total soap sale come through non traditional distribution channel which include cycle distribution, partnering with self help groups in rural area, direct selling

etc. Most of the metro DBSMs are provided with a PDA: the mobile system to support the sales force before going to the market with a detailed store and supply positions within his territory. The entire Sales Commercial, Factory Commercial, Finance Operations runs through SAP based integrated ERP system which is connected to Marico Global System.

### Distribution of Products/Service



### Competitive Condition of Business

The FMCG market is a buoyant market growing at rate of 18% in value terms. MBL with its largest stake in the Coconut Oil market dominates the branded segment and owns close to half of the total CNO market.

The competitive scenario of MBL's business comprises of two completely different set of variables: on one hand the behavior of the commodity market of crushed unbranded oil and Copra, and on the other hand the competitor's ability to develop strong preference of the branded coconut oil marketers.

The volatility of the commodity market, regulatory conditions of oil and Copra exporting countries pose a challenge. This at times creates an upsurge in supply of low adulterated quality coconut oil as a cheaper alternative to the consumers sitting at the borderline of low to middle income group, approximately 30% of population, who in the times of economic crunch trends down to the low quality loose oil segment.

In the branded market segment, major competitors are considered to be ethical; however, since they are operators with a wider portfolio of business, it is possible for them to de-risk their coconut oil franchise by focusing on other parts of the portfolio.

With the above in consideration and operating in a moderately growing economy (GDP growth of 6%), the growth of MBL business is expected to be positive. Parachute as a brand is growing at 22%, above the growth rate of the branded coconut oil segment which is growing at 14% during 2008.

The continued investment behind Aromatic is expected to create differentiated positioning for the brand and

gain market share in the near short to mid term; Camelia continues to remain on float as a strategic role in the portfolio. A significant entry into the unorganized category of hair dye with HairCode will enable the company to widen its foothold in the Hair care market with potentials of extending the brand in other product and services category.

### Sources and Availability of Raw Materials and Principal Suppliers

The major raw materials of MBL's products are Copra, Pure Coconut Oil, Plastic Bottle, Flip-top Caps, Soap Noodles, Perfume and other packaging materials. Among the raw materials, Copra, Coconut Oil, Flip-top cap, Soap Noodles and Perfume are imported from world renowned suppliers of various countries including Sri Lanka, India, Malaysia, Indonesia and Singapore.

A few of the reputed suppliers are IFFCO, Givaudan, Pen Century and Marico Limited (the parent company). Plastic bottles are supplied by locally supervised vendors.

Quality and competitive price is the key determinant of sourcing of raw materials from all the suppliers including parent company Marico Limited, India.

Disclosures on increased inventory in December 31, 2008:

Raw material inventory was high in December 31, 2008 due to couple of reasons:-

1. MBL had taken a strategic decision to build position strategically of our raw materials as the prices were low during that period.
2. We had to change over completely from our earlier system of importing oil to manufacturing oil locally from copra for which we had copra and oil in stock for a smooth changeover.

### Sources of and requirement for Power, Gas and Water or any other Utilities

**Power:** Sources of electricity supply are the Rural Electrification Board (REB) for PCNO factory. In addition, there are high capacity and well equipped stand by diesel/gas generators, which are capable to meet full load requirement in case of emergency, installed in the plant.

**Water:** Water supply is ensured from own deep tube well.

**Gas:** The manufacturing operations of all the factories of MBL depend on electricity. MBL uses diesel generator for operation in absence of electricity. Due to the frequent power shortages, MBL wants to depend fully on gas generator for which application has been submitted to Titas Gas Transmission Company Ltd. for gas connection at PCNO factory.

### Customer providing 10% or more revenues

There is no such customer who contributes more than 10% revenue of any product of the Company.

### Description of Contract with Principal Suppliers/Customers

There are no contracts with suppliers for raw materials and customers for finished goods. The company has agreement with MCOIL and ECO for contract manufacturing of extracting coconut oil from copra and BTPIL for Flip Top Cap.

### Description of any Material Patents, Trademarks, Licenses or Royalty Agreements

Marico Bangladesh Limited has an agreement for royalty for using “Parachute” trade mark with Marico Limited, India @1% of Parachute turnover with effect from 1 October, 2006. Before that royalty agreement was @ 0.5% of parachute turnover with effect from 5 May, 2002.

All logos and brands of Marico Bangladesh Limited are applied for registration as trademarks with the Department of Patents, Designs and Trademarks of Bangladesh.

MBL, through an agreement dated April 25, 2005 with Marks & Allys Limited, has acquired the intellectual property right and copy right of “Camelia” and “Magnolia” soaps.

MBL has acquired the intellectual property right and copy right of “Aromatic” brand vide an agreement dated October 7, 2005 with Aromatic Cosmetic Limited.

Brands purchased from Aromatic Cosmetics Ltd. and Marks & Allys Limited are already registered and a few are under process. Transfer of rights in the name of Marico Bangladesh Limited from Aromatic Cosmetics Limited is also under process.

In addition to trademarks, Design & Copyright applications are also lodged for specific design of bottles, jars, containers and Jingles too.

### Number of Employees

As on 31 December, 2008 total number of full-time employees of MBL was 75.

Grade	Manpower
Managing Director	1
Departmental Head	3
Senior Manager	4
Manager	10
Assistant Manager	4
Senior Executive	9
Executive	38
Officer	6
<b>Total</b>	<b>75</b>

### Labor Outsourcing from ISSL:

MBL manages all its labor, security and contractual employees from a renowned security service provider named Integrated Security Services Limited (ISSL). MBL places its requisition for manpower requirement with detailed specification to ISSL. ISSL, in turn, recruits, trains and deploys the manpower to MBL locations as per requisition. Appointment of workers, day to day management, salary disbursement, transfer to another location and separation from employment is executed by ISSL.

MBL pays fixed service fees to ISSL per manpower per month basis and fees are fixed irrespective of salary of workers. This payment includes basic wages, house rent allowance, medical allowance, leave assistance payment etc. ISSL submits bills to MBL on monthly basis. All regulations pertaining to labor laws & VAT are maintained by ISSL and MBL is not responsible for any violation of laws by ISSL.

### Production/Service Rendering Capacity and Current Utilization

Production capacity in the PCNO plant of MBL is around 1,300-1,500 KL per month, depending on the SKU mix. MBL has invested more than BDT 260 million in the plant, machinery, factory building, land and storage capacity. The plant capacity is reviewed half yearly and investments are made at the plant as well as at the vendor locations to bolster the same. The names of Contract Manufacturers are as follows:

- Ethical Drugs Limited
- TLRA Holdings Limited
- ECO Oil Products Limited (ECO)
- MCOIL

Location	Capacity per Month	Utilization	Shift Basis	No. Of Shifts
Parachute Coconut Oil Plant of MBL	1,300-1,500 KL	85 to 90%	8 hours per shift	2 shifts/day
Ethical Drugs Limited	100 -150 KL	75 to 100%	8 hours per shift	1.5 shifts/day
TLRA Holdings Limited	375 – 450 MT	50 to 75%	8 hours per shift	1 to 2 shifts/day
ECO	1000 MT of copra	50 to 75%	8 hours per shift	1.5 to 2 shifts/day
MCOIL	1000 MT of copra	50 to 75%	8 hours per shift	1.5 to 2 shifts/day

## DESCRIPTON OF PROPERTY

### Location of Principal Plants and other Property of the Company and their condition

1. Marico Bangladesh Limited has its own modern manufacturing plant at Mouchak, Kaliakoir, Gazipur for PCNO. MBL bought factory land measuring 66 decimals and buildings from Quality Chemical Industries Limited on 12 March 2007 vide registration deed no. 1478 under Kaliakoir Land Registration Complex. Adjacent land of the factory measuring 128.50 decimals had also been purchased on 14 November 2007 vide registration deed no. 6452 under Kaliakoir Land Registration Complex. A deed of agreement has been signed to purchase another 15 decimals of land adjacent with Mr. Sadiqul Islam Bhuyian and the registration will be completed by December 2009. All the above lands are in the name of Marico Bangladesh Limited except 15 decimals that are under Bi-Nanama.

MBL has signed an agreement on 26 September, 2007 with the owner of the commercial building at House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230 and paid Tk. 25.00 Million as advance against the total value of Tk. 30 Million. The seller has filed application to RAJUK for sales permission in favor of MBL and the issue is under process with RAJUK. It can be mentioned that MBL has started its corporate office from 26 May, 2008 at this place.

2. Company owns the following operating fixed assets and they are situated at Company's office and factory premise; and written down value of the assets are given below:

*(Written Down Value in Taka as per Audited Accounts)*

Particulars	As at Dec 31, 2008	As at Sept 30, 2008	As at Sept 30, 2007
Plant and machinery *	150,092,283	149,161,148	81,981,994
Free hold land	36,394,486	36,394,486	12,679,600
Vehicles	3,793,002	4,023,862	5,853,863
Factory equipment	714,904	643,648	1,136,449
Moulds	4,311,737	4,871,304	3,377,254
Factory building	3,222,081	3,313,667	3,877,990
Office building	29,560,889	30,338,807	-
Laboratory equipment	8,851	15,380	43,745
Office equipments	1,355,807	1,528,553	1,507,869
Computers	1,516,314	1,323,984	1,726,014
Furniture and fixtures	11,595,264	7,680,887	2,015,787
A/C, Refrigerator, water coolers	970,731	941,816	767,931
Asset under construction <sup>1</sup>	65,000,000	65,000,000	130,000,000
<b>Total</b>	<b>308,536,349</b>	<b>305,237,542</b>	<b>244,968,496</b>

<sup>1</sup> Asset Under Construction: The Asset contains machineries for laundry soap manufacturing bought from Aromatic Cosmetics Limited and has not been charged yet as this is yet to be installed at the dates of closing of accounts Depreciation on such machinery will be charged only after its installation and use for manufacturing purposes when the asset under construction will be transferred to plant and machinery account as per BAS-16(55).



3. All the assets of the company are owned by the company and there is no mortgage or other type of lien on the property.
4. The date of expiration and name of lessors are given in the “Operating lease during last five years” part of this prospectus.

*\* Details about Plant and Machinery:*

Marico Bangladesh Limited has acquired machineries from Aromatic Cosmetics Limited during the acquisition of Aromatic Brand. The details of reconditioned/second hand machineries which have been capitalized are as follows:-

Sl. No.	Name of Machines & Country of Origin	Acquisition Value	Written Down Value as on 31 December, 08
01	MAZZONI LINE 01- Italy	72,735,958	54,551,968
02	MAZZONI LINE 02- Italy	65,000,000	60,125,000
	<b>Total</b>	<b>137,735,958</b>	<b>114,676,968</b>

To comply with the Clause 18 (6) of the SEC (Public Issue) Rules 2006, MBL had approached SGS and Lloyds to do the valuation of the above machineries. However, both the companies have expressed their incapacity to provide the service.

In addition to above, MBL owns brand new plant and machineries at its Coconut Oil and Soap plant as per the following schedule

Sl. No.	Particular	Acquisition Value	Written Down Value as on 31 December, 08
01	Different Machineries & Equipments	73,404,812	35,415,315

## PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

### Internal and External sources of Cash

All sources of cash are generated internally from sales proceeds and externally finance from banks/financial intuitions.

*(As per Audited Accounts)*

Particulars	As on Dec 31, 2008 (Tk.)	As on Sept 30, 2008 (Tk.)	As on Sept 30, 2007 (Tk.)	As on Sept 30, 2006 (Tk.)
Internal Sources of Cash				
Share Capital	283,500,000	90,000,000	10,000,000	10,000,000
Proposed Dividend	31,500,000	31,500,000	26,000,000	11,100,000
Accumulated Profit	611,765,319	726,339,798	265,007,823	216,981,876
<b>Total</b>	<b>926,765,319</b>	<b>847,839,798</b>	<b>301,007,823</b>	<b>238,081,876</b>
External Sources of Cash				
Short Term Finance	103,166,350	30,766,667	65,745,302	240,777,949
<b>Grand total</b>	<b>1,029,931,669</b>	<b>878,606,465</b>	<b>366,753,125</b>	<b>478,862,825</b>

### Material commitment for Capital Expenditure

Particulars	As of December 31, 2008 (Tk.)
Fabrications and installations of 500 KL PCNO Storage Tank	5,700,000
PCNO storage Tanks 1 NOS 150 KL, 2 NOS 50 KL	6,554,390
Pre Fabricated Steel Building (Shed) – Dhaka Depot	20,000,000
New Corporate Office at Uttara including Building	11,151,966
Laboratory Equipments and Glass Wares (ECO Oil Mill)	467,311
Parachute 20/100 ML and 200/500 ML Cavity, 6 Drop Semi Hot Runner Injection Mould	11,592,000
Hardware and Software for e-VAT	1,800,000
Dickey-John's NIR Analyzer	1,483,500
Reconditioned Car for Sales Department	4,275,240
Cap Closing Machine for Flip Top Caps 50/100 ML Round Bottle	4,782,735
Moulds for 50/100 ML Flip Top cap Synventive Make Hot Spruce	467,311
<b>Total</b>	<b>68,274,454</b>

The above expenditures will be met from internal sources of the company.

## Causes for material changes

(As per Audited Accounts)

Particulars	For the Quarter Oct 08- Dec 08 Tk.	For the year ended Sept 30, 2008 Tk.	For the year ended Sept 30, 2007 Tk.	For the year ended Sept 30, 2006 Tk.
Turnover	823,077,543	2,658,852,912	1,451,889,808	888,284,048
Cost of sales	(637,781,615)	(1,879,585,932)	(934,303,842)	(576,024,297)
<b>Gross profit</b>	<b>185,295,928</b>	<b>779,266,981</b>	<b>517,585,966</b>	<b>312,259,751</b>
General and administration expenses	(40,203,730)	(155,914,243)	(112,216,571)	(78,497,295)
Selling and distribution expenses	(29,173,662)	(210,209,088)	(189,558,267)	(111,799,248)
<b>Net profit before interest expense</b>	<b>115,918,536</b>	<b>413,143,650</b>	<b>215,811,128</b>	<b>121,963,208</b>
Interest expense	(3,131,975)	(5,965,403)	(15,682,642)	(27,063,956)
<b>Net profit after interest expense</b>	<b>112,786,561</b>	<b>407,178,247</b>	<b>200,128,486</b>	<b>94,899,252</b>
Other income	14,659,392	21,551,307	5,671,188	15,961,380
<b>Net profit before taxation</b>	<b>127,445,953</b>	<b>428,729,554</b>	<b>205,799,674</b>	<b>110,860,632</b>
Tax expenses: Current tax	(47,992,153)	(159,329,730)	(2,631,366)	(8,483,923)
Deferred tax	(528,279)	(2,113,118)	(6,177,803)	-
<b>Net profit after taxation</b>	<b>78,925,521</b>	<b>267,286,706</b>	<b>196,990,505</b>	<b>102,376,709</b>

Parachute moved from around 55% market share to 72% in the branded coconut oil market in the course of just less than two years. The key reason for such a jump in market shares is basically 360 degree approach in marketing, conversion of loose oil user into branded oil, and expansion in retail outlet. As a result the company's sales revenue increased over the time from BDT 1451 million to BDT 2658 million with growth rate 83% and NPBT jumped from BDT 205 million to BDT 428 million. In spite of 100% increase of NPBT, NPAT did not increase in same pace due to expiration of tax holiday at September 30, 2007.

### Seasonal aspect of the Company's Business

Normally, FMCG industry is out of significant seasonal impacts. As such, there is no consequence of seasonal impact on the business of the company. Though, during the festive seasons, consumption of FMCG goods usually shows an upward trend. Usually coconut oil is condensed in winter season; there is alternative container for the product marketing like Wide- Mouth Jar.

### Known Trends, Events or Uncertainties

#### Company Factors:

- Continue focus on Parachute to drive coconut oil category growth and explore the branded oil segment of the market.
- Harness market share and grow in the fiercely competitive Personal Wash market.
- Develop Hair Code to gain dominance in the hair dye category. Attain critical mass for extending in other categories of hair care.
- Enter new growing and profitable categories to diversify portfolios.

### **Corporate Social Responsibilities:**

Corporate Social Responsibility (CSR) is at the core of MBL operation. The CSR is driven by the company values and ensures good governance in business practice, linking the members, business associates and the entire relevant stakeholder body. MBL has embarked on a project which integrates the farmers into the company value chain. MBL is working for economic empowerment of rural women through generating opportunity of self-employment. Rural women distribute MBL's products in a creative manner and get economic benefit through profit earning.

In addition to the above there have been few corporate philanthropic activities as following:

- MBL has provided umbrellas to Traffic Police in Dhaka & Chittagong and tied up with the Metropolitan Police
- MBL and its members made a donation to the Chief Advisor's Relief Fund during SIDR and Flood
- MBL has distributed quilts through army to the SIDR affected people.

### **Technology Orientation:**

MBL is a very much technology driven company. The entire coconut oil manufacturing operations is automated with little manual intervention. Some part of manufacturing process is performed through complete automation. The company ensures best utilization of IT and uses sophisticated software, ERP system known as SAP, MIDAS, MINET for running its most of the functions. The Planning function and field force in the Sales function is IT enabled. The company initiated PDA system for pin point updating its sales MIS.

### **Market responsiveness:**

The entire MBL operation is consumer centric. While it has been able to establish a foothold with the brand over last 10 years of operation, it has been proactive in capitalizing on the existing market opportunities and is expected to accelerate the process in future.

### **Industry factors:**

As mentioned earlier, FMCG industry in Bangladesh is a buoyant one. Marico's experience across geographies where it operates, allows the company to enter any sizeable category through organic and inorganic initiatives. The company thrives on its value of 'opportunity seeking behavior', and hence, poised to enter into categories related or unrelated to its core expertise.

### **Change in the Assets of the Company used to pay off any Liabilities**

No assets of the company have been used to pay off any liabilities of the company.

### **Loan taken from or given to Holding/Parent Company or Subsidiary Company**

No loan has been taken from or given to holding/parent company and MBL does not have any subsidiary company.

### **Future Contractual Liabilities**

The company has no plan to enter into any contractual liabilities other than normal course of business.

## Estimated future Capital Expenditure

The company has planned for following capital expenditures in the next 3 years:

Particulars	Projection for the year ended on			
	30.09.2009	30.09.2010	30.09.2011	Total (Tk)
Land and land development	4,000,000	100,000,000	-	104,000,000
Factory Building	-	50,000,000	-	50,000,000
<b>Machinery and Equipment:</b>				
Boiler at Sub-contracting location	4,000,000	150,000,000	50,000,000	204,000,000
500 KL tank	7,000,000	15,000,000	-	22,000,000
<b>Total (Tk)</b>	<b>15,000,000</b>	<b>315,000,000</b>	<b>50,000,000</b>	<b>380,000,000</b>

## VAT, Income Tax, Customs Duty or other Tax Liability

### a) VAT

The Company is operating its VAT activities under 4 depots registration, 1 warehouse registration for wholesale activities and separate registration for two manufacturing units.

The Company does not have any outstanding VAT up to December 31, 2008. An appeal is pending before Commissioner Appeal, Customs, Excise and VAT, Dhaka against disallowance of rebate amounting to Tk. 904,575 (Taka Nine Hundred Four Thousand Five Hundred Seventy Five Only).

### b) Income Tax

The Company's income tax status for the last 5 (Five) years is given below:

S/L	Accounting Year Ends on	Assessment Status	Tax Assessed & Paid	Rate of Tax	Remarks
1	30.09.2003	Assessment Completed	19,190,649	37.50%	-
2	30.09.2004	Assessment Completed	909,633	37.50%	-
3	30.09.2005	Assessment Completed	4,005,959	40.00%	-
4	30.09.2006	Assessment Completed	6,686,704	40.00%	-
5	30.09.2007	Assessment Completed	2,658,146	37.50%	Tax-holiday expired on September 30, 2007

### c) Customs Duty

MBL does not have any outstanding customs duty payments up to December 31, 2008.

### Operating Lease Agreement during last five years

MBL has taken following operating leases

Purpose	Asset Location	Area	Period of Lease	Monthly Rent (Tk.)	Effective date of Lease	Expiration of Lease
Jessore Depot	20, Loan Office Lane (Loan Office Para) Jessore, Bangladesh	5000 sq. ft.	4 Years	28,500	April 1, 2008	March 31, 2012
Chittagong Depot	364/410 Aturar Depot, (Ward-3, Circle-2), Hathazari Road, Thana-Biazid Bustami, Chittagong, Bangladesh	5300 sq. ft.	5 Years	37,100	January 1, 2008	December 31, 2012
Warehouse/ Godown	Nishchintapur, 414 Mouji-Kawchkuria Kaliakoir, Gazipur, Bangladesh	4500/5000 sq. ft.	1 Year	20,620	February 1, 2008	January 31, 2009
Soap Manufacturing Unit	426, 428 Gozaria Para, Gazipur, Bangladesh	4000 sq. ft.	3 Years	24,000	November 1, 2005	October 31, 2008

The company will be funding the operating lease from the revenue of normal courses of business.

### Financial Lease Commitment during last five years

The Company has not entered into any financial lease commitment in the last five years.

### Personnel Related Scheme

MBL has sound human resource policy to ensure the congenial working environment and better career path. The compensation structure is framed with the objective to attract and retain high quality people. Its empowerment and membership philosophy beget belongingness and reduce the employer - employee contractual relationship. On the other hand, Membership feeling works as catalyst of taking responsibility voluntarily. Total human resource strength of the company stood 75 as on 31 December 2008.

The company's remuneration packages include salary and allowances, incentive bonus, special incentives, festival bonus and performance bonus. The company has also gratuity provision for the employees. All permanent employees of Marico Bangladesh Limited having minimum 5 (Five) years of continuous service, are entitled to gratuity (unrecognized). Additionally, the company provides health allowances and health insurances for the employees.

## Breakdown of Estimated Expenses for IPO

The following amounts to be paid to the Issue Managers, Underwriters and other costs are estimated as follows:

Sl. No.	Description	Basis of Fees	Amount in Tk. (approx.)
<b>Issue Management Fees</b>			
1	Manager to the Issue Fee		2,000,000
2	VAT against Issue Management Fees		300,000
<b>Listing Related Expenses:</b>			
3	Prospectus Submission Fees- SEC, DSE		10,000
4	DSE & CSE Listing- Initial Fees	@ 0.25% on Tk. 100 million and 0.15% on the rest amount of paid up capital; maximum Tk. 2 million for each exchanges	1,453,367
5	DSE and CSE Annual Fee		150,000
<b>SEC Fees:</b>			
6	Application Fee		10,000
7	SEC Consent Fee	fee @ 0.15% on entire offer	201,434
<b>IPO Commission:</b>			
8	Underwriting Commission	Commission @ 0.75% on Underwritten Amount	503,584
9	Bankers to the Issue fee	Commission @ 0.1% of Amount Collected	1,342,890
10	Credit Rating Fees		600,000
11	Legal Fees		250,000
12	Auditor Certification Fees- KPMG		700,000
<b>CDBL Fees and Expenses:</b> At actual			
13	Security Deposit		400,000
14	Annual Fee		100,000
15	Documentation Fee		2,500
16	Connection Fee		6,000
17	IPO Fees		33,572
<b>Printing and Post Public Offer Expenses</b> Estimated			
18	Publication of Prospectus		600,000
19	Abridge Version in 4 daily news paper		200,000
20	Printing of Prospectus & Forms		350,000
21	Post Issue Managers Jobs		3,581,040
22	Lottery Conduction		750,000
23	BUET for Lottery conduction		250,000
24	Binding of All applications		50,000
25	Satcom Software for share management		100,000
26	Courier		250,000
27	Physical Distribution of Allotment and Refund		200,000
28	Publication of Notice		100,000
29	Stationeries & Others		50,000
<b>Grand Total</b>			<b>14,544,387</b>

## Revaluation of Company's Assets and Summary thereof

The Company has not revalued any of its assets since inception.

## Transaction between Holding Company and Issuer

Marico Bangladesh Limited pays to Marico Limited, India for royalty fee on parachute brands, raw materials purchase, and bank guarantee for MBL by Marico Limited, India. Following transaction has occurred between MBL and its parent company Marico Limited, India.

Nature of the transaction	Transaction amount (Tk.) (1 Oct '08 to 31 Dec '08)	Closing balance (Tk.) (as on 31 Dec '08)
1. Purchase of raw materials*	483,334,653	55,255,789 Cr.
2. Royalty	7,663,578	42,528,828 Cr.
3. Bank guarantee commission	533,121	9,427,107 Cr.
4. Stock dividend	193,500,000	-
	<b>Transaction amount (Tk.) (1 Oct '07 to 30 Sep '08)</b>	<b>Closing balance (Tk.) (as on 30 Sep '08)</b>
1. Purchase of raw materials*	861,529,562	119,976,714 Cr.
2. Royalty	23,576,497	36,122,349 Cr.
3. Bank guarantee commission	2,161,350	8,893,986 Cr.
4. Cash dividend	31,500,000	31,500,000 Cr.
5. Stock dividend	80,000,000	-
	<b>Transaction amount (Tk.) (1 Oct '06 to 30 Sep '07)</b>	<b>Closing balance (Tk.) (as on 30 Sep '07)</b>
1. Purchase of raw materials*	397,269,280	82,148,574 Cr.
2. Royalty	12,570,989	20,408,616 Cr.
3. Bank guarantee commission	6,732,751	6,732,636 Cr.
4. Cash dividend	25,900,000	25,900,000 Cr.
	<b>Transaction amount (Tk.) (1 Oct '05 to 30 Sep '06)</b>	<b>Closing balance (Tk.) (as on 30 Sep '06)</b>
1. Purchase of raw materials*	289,651,234	31,476,951 Cr.
2. Royalty	4,441,420	11,409,535 Cr.
3. Cash dividend	11,100,000	11,100,000 Cr.
	<b>Transaction amount (Tk.) (1 Oct '04 to 30 Sep '05)</b>	<b>Closing balance (Tk.) (as on 30 Sep '05)</b>
1. Purchase of raw materials*	151,562,223	48,594,012 Cr.
2. Royalty	3,395,855	6,968,115 Cr.
3. Cash dividend	41,250,000	-
	<b>Transaction amount (Tk.) (1 Oct '03 to 30 Sep '04)</b>	<b>Closing balance (Tk.) (as on 30 Sep '04)</b>
1. Purchase of raw materials*	150,141,747	3,698,931 Cr.
2. Royalty	2,505,908	3,572,260 Cr.
3. Cash dividend	44,000,000	-

\* The company has purchased raw materials in normal course of business on arm's length transactions basis.



## Auditors Certificate regarding allotment of shares to Promoters or Sponsor Shareholders for consideration other than in Cash

After due verification, it is certified that the paid up share capital of Marico Bangladesh Limited as on 31 December 2008, was Taka 283,500,000 divided into 28,350,000 number of ordinary shares of Taka 10/- each, made up as follows,

Allotments	Date of Allotment	Consideration (Cash or Bonus Share)	Number of Shares issued	Share Capital Amount (Taka)
1st (Subscription to the MOA at the time of incorporation)	06 September 1999	Cash	2,500	25,000
2nd	18 December 1999	Cash	247,500	2,475,000
3rd	08 February 2000	Cash	750,000	7,500,000
4th	18 September 2008	Bonus Share	8,000,000	80,000,000
5th	31 December 2008	Bonus Share	19,350,000	193,500,000
<b>Total</b>			<b>28,350,000</b>	<b>283,500,000</b>

Dhaka, 28 January 2009

Sd/-  
**Rahman Rahman Huq**  
 Chartered Accountants

## Declaration regarding suppression of material information

This is to declare that, to the best of our knowledge and belief, no information, facts or circumstances, which should be disclosed have been suppressed, which can change the terms and conditions under which the offer has been made to the public.

For Issuer,

Sd/-

**Debashish Neogi**

Managing Director and Director  
 Marico Bangladesh Limited

## INFORMATION ABOUT DIRECTORS AND OFFICERS

### Directors of the Company

Name	Designation	Age	Experience	Nominated by	Period of Nomination
H. C. Mariwala	Chairman	58 Years	30 Years	Marico Limited, India	9 years
Milind S. Sarwate	Director	48 Years	24 Years	Marico Limited, India	9 years
Vijay Subramaniam	Director	40 Years	15 Years	Marico Limited, India	3 years
Debashish Neogi	Managing Director & Director	38 Years	14 Years	Marico Limited, India	2 Years
Kunal Gupta	Director	38 Years	14 Years	Marico Limited, India	6 months

### Information regarding Directors and Directorship

Name	Designation	Date of becoming Director for the first time	Date of Expiration of Current Term
H. C. Mariwala	Chairman	6-Sep-99	2009
Milind S. Sarwate	Director	6-Sep-99	2009
Vijay Subramaniam	Director	9-Dec-05	2010
Debashish Neogi	Managing Director & Director	14-Aug-06	2013
Kunal Gupta	Director	25-Aug-08	2010

### Directors' involvement in other Organization

Name	Position and Directorship in other Companies in Bangladesh
H. C. Mariwala	Director-MBL Industries Limited
Milind S. Sarwate	Director-MBL Industries Limited
Vijay Subramaniam	Director-MBL Industries Limited
Debashish Neogi	Director-MBL Industries Limited
Kunal Gupta	Alternate Director-MBL Industries Limited

### Family relationship among Directors and Top Officials

No family relationship exists between the members of the Board of Directors and Officers of the Company. There is no family relationship among the Directors of the Board.

## Short Bio-Data of the Directors

### Mr. H. C. Mariwala

#### Chairman, Marico Bangladesh Limited

Mr. H. C. Mariwala leads Marico Limited as its Chairman and Managing Director. He has transformed Marico from a traditional commodity-driven venture into a listed and professionally managed FMCG company with a portfolio of leading brands. He is also on the board of several other companies such as Cadbury India Limited, MIRC Electronics Limited and MIC Electronics Ltd. among others; and an Executive Committee Member of FICCI and CII.

Mr. Harsh has been instrumental in maintaining the company's business at a sustainable and profitable growth pace. Marico's products today reach over 25 countries, while it has manufacturing operations at 6 locations in India along with Bangladesh, Egypt and South Africa. Under Harsh's leadership, Marico has achieved several recognitions. Rated as one of India's Most Innovative companies (Business Today-Monitor Group Innovation Study 2008), Marico was selected as one of eight Indian companies in the Standard & Poor's Global Challengers List (2007). Marico won the Top Performing Global Growth Company from India (1997) at the World Economic Forum.

### Mr. Milind S. Sarwate

#### Director, Marico Bangladesh Limited

Mr. Milind S. Sarwate, 48, is the Chief of Human Resources and Strategy, Marico Limited, India since April 2007, prior to which he was the Chief Financial Officer and Company Secretary of Marico Limited, since 1998. He led Marico's efforts in shareholder Value Creation, Acquisitions and Alliances, Corporate Structuring, and Financial and Corporate Communication. He also played a leading role in various cross-functional initiatives in the areas of Information Technology (SAP's ERP and SCM) and in Performance Management Simplified Economic Value Added (SEVA), Total Cost Management.

Mr. Milind has 24 years of corporate experience- primarily in the Consumer Products Industry, in Finance, Corporate Development, Product Supply and now Human Resources and Strategy - in 3 Corporate Groups- Hoechst (Aventis), Godrej and Marico. His current role encompasses Human Resources, Merger & Acquisition, Corporate Communication and Strategic Business Planning for the Marico Group.

He is the Non-executive Director on the Board of Geometric Ltd., 3D PLM Software Solutions (a Geometric Ltd. Subsidiary), Hindustan Polyamides and Fibres Ltd. and Chairman of the Audit Committee. He is also the member of the boards of several overseas companies in the Marico Group, and Compensation Committee; past member of Board of Governors, Institute of Internal Auditors, Inc. Mumbai Chapter. Mr. Milind completed his professional education (Chartered Accountancy, Cost Accountancy and Company Secretaryship) during 1983-84, with high All India Ranks in CA and ICWA, following a B. Com. (Honours) from the University of Bombay in 1979. During 1996, he was one of the two Indian managers selected for the CII-Fulbright Fellowship for Leadership in Management at the Carnegie Mellon University, Pittsburgh, Pennsylvania, U S A.

### **Mr. Vijay Subramaniam**

#### **Director, Marico Bangladesh Limited**

Mr. Vijay Subramaniam, 40, is the Chief Executive Officer of International Business Group. He started his career with United Breweries in 1991 and 8 years later left to join Pepsi. Portfolios held by him include All India Marketing Manager in UB, and Vice President - Marketing, Colas, in Pepsi. Prior to joining Marico in 2006, he was with Henkel India Limited as Head of Marketing for their Laundry and Homecare division.

Mr. Vijay Subramaniam is a graduate in Engineering and holds a MMS degree from Jamnalal Bajaj Institute of Management Studies. He has over 15 years of experience in Marketing and Sales.

### **Mr. Debashish Neogi**

#### **Managing Director, Marico Bangladesh Limited**

Mr. Debashish Neogi, 38, is currently Managing Director of the company prior to which he was the Country Head and Executive Director since August, 2006. His current role encompasses Strategic Planning and business development in countries of South East Asia, including Bangladesh. Under his leadership since 2006, the Bangladesh business has grown 3 times. During 2002-2006 Debashish was Head-Finance and Company Affairs that comprised core function like Finance and Legal, Company Secretarial, Taxation, Internal audit and Corporate Affairs function. He led Marico's effort in acquisitions and alliances. He also played a lead role in Total Cost Management (TCM). He is also the Director of IBCCI (India Bangladesh Chamber of Commerce and Industry).

Mr. Debashish has 14 years of experience – primarily in the consumer product industry in Finance, Commercial, Supply Chain and now in General Management – in different corporate groups – Polar, Perfetti, Becton & Dickinson and Marico.

Mr. Debashish completed his professional education in Chartered Accountancy, Cost Accountancy, Diploma in Business Finance during 1994-1997, following a B.Com (Hons) from St. Xavier's College, Kolkata, India in 1991. He also did Asian International Executive Program (AIEP) from INSEAD, Singapore in Mar-April'08.

### **Mr. Kunal Gupta**

#### **Director and Head of Sales, Marico Bangladesh Limited**

Mr. Kunal Gupta, 38, is the Executive Director and Head of Sales. He has been with MBL from July 2006. Prior to this assignment he was based out of Kolkata where he was working as Regional Sales Manager for the pharmaceuticals major Ranbaxy Laboratories Limited. He had earlier served as Area Sales Manager for companies like Britannia Industries Limited as well as BPL Limited.

He was born in Kolkata and did his Electrical Engineering from Jadavpur University and initially worked as an engineer. Later on he did his Post Graduate Diploma in Management from Indian Institute of Management, Bangalore specializing in Marketing.

### Credit Information Bureau (CIB) report

Neither Marico Bangladesh Limited nor any of its directors or shareholders who hold 5% or more shares in the paid-up capital of the issuer, is loan defaulter in terms of Credit Information Bureau (CIB) of the Bangladesh Bank.

### Description of Top Executives and Departmental Heads

Name	Position	Educational Qualification	Date of Joining	Last Five years Experiences
Debashish Neogi	Managing Director & Director	Chartered Accountancy (ICAI), Cost Accountancy (ICWAI), Diploma in Business Finance	01.04.02	Involved with Marico Bangladesh Ltd. since April '02
Kunal Gupta	Head of Sales	Post Graduate Diploma in Management B. Sc. in Electrical Engineering	03.07.06	1. Ranbaxy Laboratories Ltd. Mar '03 to June '06 2. Britannia Industries Ltd. April '00 to Feb '03
Soumendra Sankar Das	Head of Marketing	MBA (IBA, DU) BA in English Literature (CU)	07.01.08	1. Unilever Bangladesh Ltd. June '05 to Dec '07 2. Renata Limited Dec '03 to May '05
K. S. Balaji	Head of Operations	MBA B. Sc. in Mechanical Engineering	01.01.07	1. Marico Limited Feb '04 to Dec '06 2. Paper Products Limited June '03 to Jan '04
Matiur Rahman	Regional Sales Manager	Post Graduate of Science (M.Sc.) in Physics (DU)	16.10.05	1. New Zealand Milk Bangladesh Limited Feb '05 to Oct '05 2. Golfrate Holding Angola Ltd. Mar '03 to Jan '05
Souvik B. Mazumdar	Senior Finance Manager	MBA	16.06.03	Marico Limited July '95 to June '03
Iqbal Chowdhury	Senior Manager- Corporate Affairs, Treasury and Company Secretary	MBA in Finance (CU) Chartered Secretary	05.12.06	Berger Paints Bangladesh Limited July '00 to Dec '06
Tarif Aziz	Regional Sales Manager	BBM (Bachelor of Business Management) University of Mysore India	08.01.08	British American Tobacco Bangladesh Limited Feb '02 to Dec '07

### Involvement of Directors and Officers in Certain Legal Proceedings

No Officer or Director of the Company was involved in any of the following types of legal proceedings in the last ten years.

- (a) Any Bankruptcy Petition filed by or against any company of which any Officer or Director or Nominee of the Company filing the Prospectus was a Director, Officer or General Partner at the time of the bankruptcy or within 2 (Two) years prior to that time;
- (b) Any conviction of an Officer, Director or Nominee in a criminal proceeding or any criminal proceeding pending against him;
- (c) Any Order, Judgment or Decree of any Court of competent jurisdiction against any Officer, Director or Nominee permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any Officer or Director or Nominee in any type of business, securities or banking activities;
- (d) Any Order of the Securities and Exchange Commission, or other Regulatory Authority or Foreign Financial Regulatory Authority, suspending or otherwise limiting the involvement of any Officer or Director or in any type of business, securities or banking activities.

### Certain Relationships and Related Transactions

#### Directors Facilities

Mr. Maniruzzaman Khan of Lee Khan & Partners' was Non-Executive, Non-Shareholding Director of Marico Bangladesh Limited till February 28, 2008. He was paid as Directors Remuneration amounting to Tk. 373,338 in 2006-07 and Tk. 133,335 in 2007-08. Apart from that MBL did not pay any remuneration to any director who was not an officer which is disclosed in the Executive Compensation part of the prospectus.

#### Loan status of the employees taken from the Company (as on 31 Dec, 2008)

Name of Employee	Outstanding
Shaheen Alam	-20,000.00
Debashish Neogi	874,716.57
Nasir Uddin Howlader	15,000.00
Mohammed Akhter Hossain	-34,000.00
Mohammed Nurul Islam	20,000.00
Mohammed Shafiqur Rahman	25,000.00
Souvik B Mazumdar	508,368.92
Razibul Karim Chowdhury	25,000.00
Mohammed Nur Hossain	-34,000.00
Md. Aminul Islam	-60,000.00
Mohammad Anwarul Haque	-5,000.00
M. A. Hasnath Chowdhury	-50,000.00
Shyamol Chandra Debnath	-10,000.00

Md. Shafiqul Islam	-10,000.00
Atiqul Bari Chowdhury	15,000.00
Helal Uddin Mazumder	-10,000.00
Soumendra Sankar Das	423,085.00
Muhammad Delwar Hossain	20,000.00
<b>Total</b>	<b>1,693,170.49</b>

Other than those the Company has no proposed transaction nor had any transaction during the last 2 (Two) years with the following related parties:

- a) Any director or executive officer of the Company
- b) Any director or officer, and
- c) Any person owning 5% or more of the outstanding share capital of the Company
- d) Any member of the immediate family (including spouse, parents, children, and in-laws) of any of the above persons
- e) Any transaction or arrangement entered into by the company or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries or sister concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the publication of the prospectus except related party disclosures mentioned in the Note 28 of the Audited Accounts in the prospectus.
- f) Any director holding any position, apart from being a director in the issuer company, in any company, society trust, organization or proprietorship or trust.
- g) All interest and facilities enjoyed by a director whether pecuniary or non-pecuniary.

## Executive Compensation

### Remuneration paid to top five salaried officers

The top five salaried officers of MBL are as follows:

Name	Designation
Debashish Neogi	Managing Director & Director
Kunal Gupta	Head of Sales
Soumendra Sankar Das	Head of Marketing
K. S. Balaji	Head of Operations
Souvik B. Mazumdar	Senior Finance Manager

The aggregate amount paid to the above mentioned employees as remuneration was Tk. 22,103,478 in the last accounting year ended on September 30, 2008. Additionally, they have received Tk. 7,840,640 as incentives, which were based on their respective and as well as organizational performances.

## The aggregate amount of remuneration paid to Directors & Employees

Name	Total remuneration paid for the year ended on Sep 30, 2008
Directors fees and others	133,335
Officers & Executives Salaries & allowances	62,713,638

### Remuneration paid to Director who was not an Officer of the Company

Mr. Maniruzzaman Khan of Lee Khan & Partners' was Non-Executive, Non-Shareholding Director of Marico Bangladesh Limited till February 28, 2008. He was paid as Directors Remuneration amounting to Tk. 373,338 in 2006-07 and Tk. 133,335 in 2007-08.

### Future compensation to Directors or Officers

There is no contract with any director or officer for future compensation.

### Pay Increase Intention

Except for normal annual increment and allowances, MBL has no plan to increase the remuneration paid to directors and officers in the current year.

### Options granted to Directors, Officers and Employees

The company did not grant any option for issue of shares to any officer, director and other employees of the company.

### Transaction with the Directors and Subscribers to the Memorandum

#### Benefit from the Company

Directors and Subscribers' to the memorandum of the Company have not received any benefits other than mentioned in "Certain Relationship and Related Transaction" and "Executive Compensation" part of the prospectus. Marico Bangladesh Limited pays to Marico Limited, India against royalty fee on parachute brands, raw materials purchase, and bank guarantee commission, which is mentioned in the "Transaction between holding Company and Issuer" part of the prospectus.

#### Directors and Subscribers' assets to the Company

Directors and Subscribers' to the memorandum of the Company have not transferred any assets to the Company except for depositing share money.



## Tangible Assets Per Share

Net assets are valued on historical cost basis "reduced by depreciation provision" and considered on the basis of audited balance sheet as at 31 December 2008 as under:

Assets	Amount (Taka)
<b>Fixed assets</b>	
Property , plant and equipments	243,536,349
Asset under construction	65,000,000
Intangible assets	14,626,722
Other assets	74,916,643
<b>Total long term assets [A]</b>	<b>398,079,714</b>
Less: Intangible assets	14,626,722
Other assets	74,916,643
<b>Total tangible long term assets [B]</b>	<b>308,536,349</b>
<b>Current assets</b>	
Inventories	421,477,996
Goods in transit <sup>2</sup>	114,053,075
Accrued interest	12,996,479
Trade debtors	56,621,414
Investments	100,000,000
Advances and deposits	126,342,701
Cash and cash equivalents	422,522,037
<b>Total current assets [C]</b>	<b>1,254,013,702</b>
<b>Total assets [D=A+C]</b>	<b>1,652,093,416</b>
<b>Total tangible assets [E=B+C]</b>	<b>1,562,550,051</b>
<b>Liabilities</b>	
<b>Current Liabilities &amp; Provisions</b>	
Short term finance	103,166,350
Liability for expenses	262,685,756
Interest payable	1,000,000
Income tax payable	157,952,812
Trade creditors	135,650,913
Payable to holding company	51,955,935
Other liabilities	1,861,673
<b>Total current liabilities and provisions [F]</b>	<b>714,273,439</b>
Deferred tax liability	8,819,201
Provision for gratuity	2,235,457
<b>Total long term liabilities [G]</b>	<b>11,054,658</b>
<b>Total liabilities and provisions [H=F+G]</b>	<b>725,328,097</b>
<b>Net Asset Value (NAV)[I=D-H]</b>	<b>926,765,319</b>
<b>Shareholders' equity:</b>	
Share capital	283,500,000
Accumulated profit	611,765,319
Proposed dividend	31,500,000
<b>Total Shareholders' equity [J=I]</b>	<b>926,765,319</b>
<b>Number of shares [K]</b>	<b>28,350,000</b>
<b>Net Asset Value Per Share [L=I/K]</b>	<b>32.69</b>
<b>Net Tangible Asset Value [M=E-H]</b>	<b>837,221,954</b>
<b>Net Tangible Asset Value Per Share [N=M/K]</b>	<b>29.53</b>

<sup>2</sup> Goods in transit includes raw materials only

## Ownership of the Company's Securities

Name of Members	Address	Shareholding Status	No of Shares	Shareholdings (Tk.)
Marico Limited, India	Rang Sharda, Krishnachandra Marg, Bandra Reclamation Bandra (W), Mumbai, India	Sponsor	28,349,993	283,499,930
H.C. Mariwala	10, Palimala, Salisbury Park Bandra (W), Mumbai 400 050 India	Nominee Shareholder of Marico Ltd. India	1	10
Milind S.Sarwate	E 201-202, Sita Vihar, L.B.S. Marg, Naupada Thane (W) 400 603, India	Nominee Shareholder of Marico Ltd. India	1	10
Vijay Subramaniam	2001-2002, Norita, Hiranandini Gardens, Powai Mumbai 400 076, India	Nominee Shareholder of Marico Ltd. India	1	10
Debashish Neogi	House-13, Appt-601, Road-138 Gulshan-1, Dhaka, Bangladesh	Nominee Shareholder of Marico Ltd. India	1	10
Kunal Gupta	House-4-B, Appt-C4, Road-2 Gulshan-1, Dhaka, Bangladesh	Nominee Shareholder of Marico Ltd. India	1	10
K.S. Balaji	House No. 01, Road No. 01 Sector No. 01 Uttara Dhaka 1230, Bangladesh	Nominee Shareholder of Marico Ltd. India	1	10
Soumendra S. Das	House No. 01, Road No. 01 Sector No. 01 Uttara Dhaka 1230, Bangladesh	Nominee Shareholder of Marico Ltd. India	1	10
			<b>28,350,000</b>	<b>283,500,000</b>

## Securities Owned by the Officers

Name of Members	Shareholding Status	No of Shares	Shareholdings (Tk.)
Debashish Neogi	Nominee Shareholder of Marico Ltd. India	1	10
Kunal Gupta	Nominee Shareholder of Marico Ltd. India	1	10
K.S. Balaji	Nominee Shareholder of Marico Ltd. India	1	10
Soumendra S. Das	Nominee Shareholder of Marico Ltd. India	1	10
		<b>4</b>	<b>40</b>

## Shareholder Shareholding 5% or more

Name	No of Share	Percentage of shareholding
Marico Limited, India Registered Office: Rang Sharda, Krishnachandra Marg Bandra Reclamation, Bandra (W), Mumbai, India Tel: (91-22) 6648 0480, Fax: (91-22) 6649 0112 Website: www.marico.com	28,349,993	99.99 %

## FEATURES OF IPO

### Determination of Offering Price

#### Valuation of Marico Share

The Offer Price of MBL is set through averaging the Net Asset Value (NAV) per share and the other values derived under different valuation methods referred in Clause No. 16 (b) of the SEC (Public Issue) Rules, 2006. The averaging is made to generate a consensus value by eliminating systematic biases attached to any specific valuation model. Incorporation of NAV/Share in the averaging process has further rationalized the offer price. The following table illustrates the offer price calculation:

Particulars	(a) NAV and Values (Tk)	(b) Weight (equal)	(a x b)
NAV at Historical Cost <sup>3</sup>	29.53	25%	7.38
Price Based on Weighted Avg. Historical EPS (Diluted) <sup>4</sup>	52	25%	13.00
Price Based on Projected EPS <sup>5</sup>	121	25%	30.25
Price Based on Average Market Price of Similar Stocks <sup>6</sup>	158	25%	39.50
<b>Average/Weighted Price (Tk)</b>			<b>90.13</b>

Based on the above calculation, MBL, in association with IDLC Finance Limited and Equity Partners Limited, the Joint Managers to the Issue, has set the **Offer Price at Tk 90/- (Taka Ninety Only)**.

The detailed valuation workings under the methods of Weighted Average Historical EPS, Projected EPS, and Average Market Price of Similar Stocks are furnished under the head "Valuation under different Methods as prescribed in clause no 16 (B) of SEC (Public Issue) Rules 2006" described in this section.

#### Additional Justifications to the Offer Price

1. The Offer Price of BDT 90/- is set at P/E multiple of only 9.54 times, which is much lower than that of any of its peer class mentioned elsewhere in this Prospectus.
2. The offered P/E multiple of 9.54 is also 93% lower than the current market P/E multiple of 18.42<sup>7</sup>.
3. During the last five years, MBL has experienced phenomenal revenue and earning growth of over 46% and 37% respectively. The current year growths in revenue and earning over the last year were over 83% and 35% respectively. The quarterly EPS as on December 31, 2008 was BDT 2.78, which was 46% higher

<sup>3</sup> Clause No. 16(b)(i) of SEC (Public Issue) Rules, 2006

<sup>4</sup> Clause No. 16(b)(ii) of SEC (Public Issue) Rules, 2006

<sup>5</sup> Clause No. 16(b)(iii) of SEC (Public Issue) Rules, 2006

<sup>6</sup> Clause No. 16(b)(iv) of SEC (Public Issue) Rules, 2006

<sup>7</sup> Source: DSE Monthly Review, Year End Edition, December, 2008

than the quarter in 2007. The annualized forward EPS (BDT 11.12) also portends a growth of 18% over current year. The industry and the business outlook of the company reveal that MBL will be able to maintain above industry average growth during the next several years. Such a high growth company attracts high P/E multiple, we, however, set the offer price at a modest P/E multiple of 9.54 times.

4. MBL is well managed multi product company with high brand equity. Its products enjoy high demand with low price elasticity in the market. All these factors contributed to the company's strength of generating substantial and predictable cash flow. Rationally, the company is adjudged as a modest risk, high safety, and investment grade rating of **AA+**<sup>8</sup>, which is the highest rating ever assigned to any manufacturing company in Bangladesh. Such a low risk company may attract high P/E multiple in the market. However, the offered P/E multiple is modest compared to the average P/E ratio of its risk class entities.
5. The offered P/E ratio of 9.54 is significantly lower than 19.76, the 6 month average FMCG sector P/E multiple in Bombay Stock Exchange, India. Furthermore, the offered P/E is much lower than 23.57, the 6 month average P/E multiple of Marico India<sup>9</sup>.

### Conclusion

From the above justifications, it may be seen that the Offer Price is reasonably set considering the future earning power and risk aspects of the company.

## Valuation under different methods as prescribed in clause no. 16(B) of SEC (public issue) Rules, 2006

### A. VALUATION WITH REFERENCE TO WEIGHTED AVERAGE HISTORICAL EPS (DILUTED)

The following table exhibits the fair value of MBL stock based on weighted average diluted historical EPS.

Valuation Based on Weighted Average Historical EPS						
		Sep-08	Sep-07	Sep-06	Sep-05	Sep-04
a. EPS (Diluted)		9.43	6.95	3.61	5.52	5.18
<b>Finding Weights:</b>						
b. Total Asset Deployed		1,441,728,106	869,614,127	823,581,262	437,527,169	300,120,123
c. Asset-based Weight		0.37	0.22	0.21	0.11	0.08
<b>Weighted EPS:</b>						
a x c		3.51	1.56	0.77	0.62	0.40
d. Weighted Avg. EPS	6.86					
e. Required Rate of Return(in %) <sup>10</sup>	13.16					
<b>Fair Value:</b>						
f. Fair Value of MBL (Tk)	52.16					

You will see that total asset value deployed in different years is utilized as the weight factor to determine the weighted average EPS. The total asset deployed is appropriately used as the weight factor for MBL EPS for the

<sup>8</sup> Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic condition.

<sup>9</sup> Both the sector P/E and the P/E of Marico India are derived from data of Bombay Stock Exchange

<sup>10</sup> The calculation of Required Rate of Return is delineated in the following section of 'Valuation with Reference to Projected Earning per Share'.

following reasons:

- i. As a growth company, MBL had been retaining its earnings and reinvested in the business over the past several years. Consequently, the earnings can be significantly explained by the deployment of total assets of the company.
- ii. Steady increase in total assets has placed higher weight in the nearest year and the weights shown gradual decline for the farer years. This pattern perfectly matches for a growth company like MBL.
- iii. MBL has been maintaining total asset turnover within a range of 1.84 times to 1.08 times during the last five years indicating the Management's ability of efficient utilization of assets.

The table calculates the fair value of MBL at Tk 52.16.

## B. VALUATION WITH REFERENCE TO PROJECTED EARNING PER SHARE

Projected Profit and Loss Account of Marico Bangladesh Limited <sup>11</sup>

<b>Projected Profit and Loss Account</b>			
for the year ended 30th September 2009, 2010 and 2011			
	Taka		
	September 2009	September 2010	September 2011
Turnover	3,376,743,198	4,052,091,838	4,862,510,205
Cost of goods sold	2,532,557,399	3,002,600,052	3,598,257,552
<b>Gross profit</b>	844,185,800	1,049,491,786	1,264,252,653
General and administration expenses	165,460,417	226,917,143	262,575,551
Selling and distribution expenses	168,837,160	230,969,235	325,788,184
<b>Net profit before interest expense</b>	509,888,223	591,605,408	675,888,919
Interest expense	6,375,570	6,375,570	6,375,570
<b>Net profit after interest expense</b>	503,512,653	585,229,838	669,513,349
Other income	44,000,000	44,000,000	44,000,000
<b>Net profit before taxation</b>	547,512,653	629,229,838	713,513,349
Tax expense	135,509,382	155,734,384.99	176,594,554
<b>Net profit after taxation</b>	412,003,271	473,495,453	536,918,795
<b>No. of Outstanding Share</b>	29,842,100	29,842,100	29,842,100
<b>EPS</b>	<b>13.81</b>	<b>15.87</b>	<b>17.99</b>

The above table reveals that MBL has a potential average EPS of BDT 15.89 for the next three years.

<sup>11</sup> Management of MBL has prepared the projected income statement considering a conservative business growth. Past experiences, recent industry trends, and future business plan were the primary basis of the projection. The projection is duly certified by the Auditor of the company. However, the projected performance no way construes a commitment on part of the MBL management, the Managers to the Issue, or the Auditor. The projection may differ due to any abrupt or unexpected changes in internal or external factors.

## Determination of Required Rate of Return (RRR)

Particulars	
Risk-Free Rate (assumed the current effective rate of 182 day T-Bill)	8.16%
Equity Risk Premium	5%
<b>RRR</b>	<b>13.16%</b>

Notes on RRR:

- i. It is widely expected that the risk free rate will further go down as the government has taken initiative to reduce the interest rates. The effect has already been started reflecting in the debt market.
- ii. Given the low interest rate regime, the equity risk premium is also expected to go down further in future. Additionally, the recent equity return was either negative or very low.

## Determining the Fair Value of MBL Stock

Particulars	
Average projected EPS	15.89
Required Rate of Return	13.16%
<b>Fair Value (BDT)</b>	<b>121</b>

## C. VALUATION WITH REFERENCE TO AVERAGE MARKET PRICE OF SIMILAR STOCKS

The common postulation is that market, despite its regular price variations, provides better value judgment of a security over a reasonable time period. Additionally, market provides approximately a consensus value of securities in perspective of their respective risk and growth potentials. As the stock price is determined by the future earning power of a company, general investors of our capital market widely use Earning per Share (EPS) and Price Earning (P/E) multiple as the primary determinant of price of a stock. Furthermore, P/E multiple remains relatively stable compared to absolute price movement of a stock in the market. Therefore, it appears that the price of MBL can best be discovered through multiplying actual EPS of the company with an acceptable and representative P/E multiple of the comparable companies.

### Determination of Price through Comparable P/E Multiple Valuation

As there is no true comparable company to MBL listed with the Bangladesh stock exchanges, we have adopted the following measures to find out the representative P/E multiple for MBL valuation:

1. We have analyzed the distribution of P/E multiples of the companies listed with Bangladesh stock exchanges categorized under different pertinent parameters. A company may appear in more than one category if it qualifies to be included in those categories.
2. We have considered only manufacturing and marketing companies in each category to make the comparison more relevant.
3. To determine the companies of the similar risk class of MBL, we have considered long term equity rating of 'A' and above awarded by CRISL. This class denotes to adequate to high safety credit quality.
4. In order to remove the impact of regular price variations we have considered the last six month's average price of the comparables in determination of their P/E multiples. The price of the comparables at Dhaka Stock Exchange is used for the purpose.

5. To enhance the comparability, we have eliminated companies with outsized P/E multiple, which may distort the normal distribution of P/E ratios, from each category, if there was any.
6. The last reported full year EPS of the companies are considered in measuring P/E multiples.
7. Finally, the representative P/E multiple is determined by calculating the weighted average P/E ratio of the average P/E multiples of each category of comparables.

The following tables illustrate the average P/E multiples of various categories of comparable stocks:

#### Average P/E Ratio of the Broadly Related Companies

Company Name	6-Month <sup>12</sup> Avg. Price (BDT)	EPS (BDT)	P/E Ratio
Reckitt Benckiser (Bangladesh) Limited	454.0	31.6	14.36
Kohinoor Chemicals (Bangladesh) Limited	698.5	35.5	19.69
Keya Detergent Limited	47.7	3.1	15.24
Keya Cosmetics Limited	70.0	3.1	22.29
Advanced Chemical Industries Limited	523.4	23.0	22.79
<b>Average</b>			<b>18.88</b>

The product range of the above companies is broadly related to that of MBL.

#### Average P/E Ratio of the Companies having Turnover of BDT 2,550 Million to BDT 3,550 Million

Company Name	Net Turn Over (BDT in mn)	6-Month Avg. Price (BDT)	EPS (BDT)	P/E Ratio
Lafarge Surma Cement Limited	2,399.80	543.23	(14.73)	n/a
Meghna Cement Limited	2,824.30	393.82	65.86	5.98
BOC Bangladesh Limited	2,000.10	275.94	17.32	15.93
Berger Paints Bangladesh Limited	3,527.70	291.82	14.63	19.95
<b>Average</b>				<b>13.95</b>

The turnover of MBL (BDT 2659 million) falls within the above turnover range. The range is carefully set to gather a good number of comparable companies in this segment.

#### Average P/E Ratio of the Companies having Equity of BDT 500 Million to BDT 1,300 Million

Company Name	Shareholders Equity (BDT in mn)	6-Month Avg. Price (BDT)	EPS (BDT)	P/E Ratio
Meghna Cement Limited	619.20	393.82	65.86	5.98
Bata Shoe Company (Bangladesh) Ltd.	822.50	368.11	23.75	15.50
BOC Bangladesh Limited	1,394.90	275.94	17.32	15.93
Keya Cosmetics Limited	546.14	69.99	4.05	17.28
Berger Paints Bangladesh Limited	951.30	291.82	14.63	19.95
<b>Average</b>				<b>14.93</b>

<sup>12</sup> The period of Average share price of similar stock is from July 27, 2008 to January 27, 2009



The equity of MBL (BDT 848 million) falls within the above equity range. The range is carefully set to gather a good number of comparable companies in this segment.

#### Average P/E Ratio of the Companies having Net Profit of BDT 200 Million to BDT 350 Million

Company Name	Net Profit (BDT mn)	6-Month Avg. Price (BDT)	EPS (BDT)	P/E Ratio
BOC Bangladesh Limited	263.65	275.94	17.32	15.93
Berger Paints Bangladesh Limited	339.35	291.82	14.63	19.95
Advanced Chemical Industries Limited	362.59	523.36	21.04	24.87
Bata Shoe Company (Bangladesh) Limited	324.85	368.11	23.75	15.50
<b>Average</b>				<b>19.06</b>

The net profit of MBL (BDT 267 million) falls within the above net profit range. The range is carefully set to gather a good number of comparable companies in this segment.

#### Average P/E Ratio of the Major Listed Multinational Companies (MNCs)

Company Name	6-Month Avg. Price (BDT)	EPS (BDT)	P/E Ratio
Heidelberg Cement Bangladesh Limited	1,216.91	110.00	11.06
British American Tobacco Bangladesh Company Ltd.	204.64	13.32	15.36
Bata Shoe Company (Bangladesh) Limited	368.11	23.75	15.50
Reckitt Benkiser (Bangladesh) Limited	454.00	29.50	15.39
BOC Bangladesh Limited	275.94	17.32	15.93
Berger Paints Bangladesh Limited	291.82	14.63	19.95
Lafarge Cement Limited	543.23	(14.73)	n/a
<b>Average</b>			<b>15.53</b>

#### Average P/E Ratio of the Similar Entity Risk Class

Company Name	Long Term Equity Rating	6-Month Avg. Price (BDT)	EPS (BDT)	P/E Ratio
Power Grid Company of Bangladesh Limited	A	538.57	46.46	11.59
Dhaka Electric Supply Company Limited	A+	927.48	78.73	11.78
Berger Paints Bangladesh Limited	AA	291.82	14.63	19.95
National Polymer Industries Limited	A	1465.68	64.70	22.65
Jamuna Oil Company Limited	A	155.62	6.73	23.12
Advanced Chemical Industries Limited	A+	523.36	21.04	24.87
Meghna Petroleum Limited	A+	147.43	5.29	27.87
Summit Power Limited	A	702.49	14.31	49.09
<b>Average</b>				<b>23.87</b>

#### Findings and Calculation of Representative P/E Multiple

The above tables reveal that the average P/E multiple of different categories of company ranges from 13.95x to 23.87x. The findings are reasonably acceptable as the P/E ratios reflect the growth and risk aspects of the various categories. The following table illustrates the P/E ratios of each class along with the assigned weights to respective classes:

Categories of Comparable Companies	Avg. P/E Ratio	Assigned Weight	Weighted P/E Value
Broadly Related Companies of Bangladesh Market	18.88	0.09	1.70
Companies having Turnover of BDT 2.55B to 3.55B	13.95	0.23	3.21
Companies having Equity of BDT 500M to 1300M	14.93	0.22	3.28
Companies having Net Profit of BDT 200M to 350M	19.06	0.25	4.77
Listed MNCs	15.53	0.15	2.33
Similar Equity Risk Class	23.87	0.06	1.43
		<b>1.00</b>	<b>16.72</b>

The weights are assigned to the category as deemed most relevant for valuation. Accordingly, we have assigned highest 25% weight in the profit class as it is the most pertinent to our judgment. Next to the profit class, turnover and equity classes are assigned 23% and 22% weights respectively. The MNC class is assigned 15% weight. Broadly related companies and similar equity risk classes are assigned 9% and 6% weight respectively.

From the above calculation, we have estimated the representative P/E multiple at 16.72 for valuation of MBL stock.

#### Determining the Fair Value of MBL Stock

The following table shows the fair value of MBL stock applying the representative P/E multiple of 16.72:

Particulars	
EPS of MBL as on September 30, 2008 (BDT)	9.43
Representative P/E Multiple (X)	16.72
<b>Fair Value (BDT)</b>	<b>157.66</b>

#### Market for the Securities being offered

The issuer shall apply to all the stock exchanges in Bangladesh with seven (7) working days from the date of consent accorded by the Commission to issue prospectus.

The issuer will apply at:



#### Dhaka Stock Exchange Limited.

9/E, Motijheel Commercial Area, Dhaka 1000.

and



#### Chittagong Stock Exchange Limited

CSE Building, 1080, Sheikh Mujib Road, Chittagong 4100

#### Declaration about Listing of Shares with Stock Exchange(s)

None of the stock exchange(s), if for any reason, grants listing within seventy five (75) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said seventy five (75) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen (15) days, the company's directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (Two Percent) per month above the bank rate, to the subscribers concerned.

The Issue Managers, in addition to the Issuer Company, shall ensure due compliance of the above mentioned conditions and submit compliance report, thereon, to the Commission within seven (7) days of expiry of the aforesaid fifteen (15) days time period allowed for refund of the subscription money.

## Description of Securities outstanding or being offered

### Dividend, Voting, Preemption Rights

The share capital of the company is divided into ordinary shares and is eligible to receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the company. All Shareholders shall have the usual voting right in person or by proxy or power of attorney in connection with, among others, selection of Directors and Auditors and other usual General Meeting whether ordinary or extraordinary. On a show of hands every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

In case of any additional issue of shares for raising further capital, the existing shareholders shall be entitled in terms of the guidelines issued by SEC time to time.

### Conversion and Liquidation Rights

If the Company at any time issues convertible preferences shares or debentures with the consent of SEC or/ and other regulatory authority, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the Company.

In terms of the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant rules in force, the shares of the company are freely transferable. The company shall not charge any fee for registering transfer of bonds. No transfer shall be made to firms, minors or persons of unsound mind.

### Dividend Policy

1. The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the shares held by them respectively.
2. The Company in General Meeting may declare dividend to be paid to the members according to their rights and interests in the profits and may fix the time of payment. But no larger dividend shall be declared than is recommended by the Directors, but the Company at its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net profit of the company shall be conclusive.
3. No dividend shall be payable except out of profits of the company or any other undistributed profits. Dividend shall not carry interest as against the Company.
4. The Directors may, from time to time, pay the members, such interim dividend, as in their judgment, the financial position of the Company may justify.
5. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
6. There is no limitation on payment of dividends to common stockholders.

### **Other Rights of the Shareholders**

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the law and Bangladesh Accounting Standards (BAS). Financial Statements will be prepared in accordance with the Bangladesh Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and Bangladesh Accounting Standard to the shareholders regarding the financial and operational position of the Company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it, in proportion to their shareholdings, on the date of book closure for the purpose.

The shareholder holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the company as provided under Section 84 of the Companies Act, 1994.

### **Debt Securities**

The Company has not issued any debt securities and has no future plan as such within six months.

## PLAN OF DISTRIBUTION

### Underwriting of Shares

Initial Public Offering (IPO) is for 1,492,100 Ordinary Shares of Taka 90/- each including a premium of Tk. 80/- per share amounting to Taka 134,289,000/- (Taka One hundred Thirty Four Million Two Hundred Eighty Nine Thousand Only). As per SEC's guideline 50% of the said amount i.e. 746,050 Ordinary Shares of Tk. 90/- each amounting to Tk. 67,144,500/- (Taka Sixty Seven Million One Hundred Forty Four Thousand Five Hundred Only) has been underwritten by the following institutions:

Sl.	Name of Underwriters	Number of Shares underwritten	Amount (Tk.)
1.	ICB Capital Management Ltd.	100,000	9,000,000
2.	Prime Finance & Investments Ltd.	100,000	9,000,000
3.	Green Delta Insurance Co. Ltd.	50,000	4,500,000
4.	LankaBangla Finance Limited	50,000	4,500,000
5.	Equity Partners Limited	223,050	20,074,500
6.	IDLC Finance Limited	223,000	20,070,000
	<b>Total</b>	<b>746,050</b>	<b>67,144,500</b>

### Principal terms and conditions of Underwriting Agreement

1. If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (Ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares in cash in full within 15(Fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the Agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account has been credited.
3. In any case within 7 (Seven) days after the expiry of the aforesaid 15(Fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.
4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting commitment under the Agreement and also other penalties as may be determined by the Commission may be imposed on him.

5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the Agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law may be imposed on them.

### **Commission for the Underwriters**

The company shall pay to the underwriter an underwriting commission at the rate of 0.75% of 50% of the IPO amount of the issue value of shares underwritten by them out of the Public Issue.

### **Relationship of Officers or Directors of the Underwriter(s) with the member of board of the Company**

No Officer or Director of the Underwriter(s) is presently engaged as the Director of the company.

# Section XI

## ALLOTMENT, SUBSCRIPTION AND MARKET

### Lock-in on Sponsors' Share

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of 3 (Three) years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding 2 (Two) years of according consent, shall be subject to a lock-in period of 1 (One) year from the date of issuance of prospectus or commercial operation, whichever comes later.

Name	Status	No. of Share holding	% of Share holding
Marico Limited, India	Sponsor	28,349,993	99.99%
H.C. Mariwala	Nominee Shareholder of Marico Ltd.	1	-
Milind S.Sarwate	Nominee Shareholder of Marico Ltd.	1	-
Vijay Subramaniam	Nominee Shareholder of Marico Ltd.	1	-
Debashish Neogi	Nominee Shareholder of Marico Ltd.	1	-
Kunal Gupta	Nominee Shareholder of Marico Ltd.	1	-
K.S. Balaji	Nominee Shareholder of Marico Ltd.	1	-
Soumendra S. Das	Nominee Shareholder of Marico Ltd.	1	-
		<b>28,350,000</b>	<b>100%</b>

### Refund of Subscription Money

In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

**Investment Corporation of Bangladesh**  
**Southeast Bank Limited**  
**The City Bank Limited**  
**Standard Chartered Bank**

**National Bank Limited**  
**Dhaka Bank Limited**  
**Trust Bank Limited**  
**Citibank N.A.**

Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or, Chittagong, as the case may be. For this purpose the number of the bank account along with name of bank and branch shall be indicated in the securities application form.

### Subscription by and refund to Non-Resident Bangladeshis (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".
2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.
3. Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

### Availability of Securities

1. Securities

	Securities	Number of shares	Total amount (Tk.)
A	10% of IPO of Ordinary Shares shall be reserved for Non Resident Bangladeshis	149,210	13,428,900
B	10% of IPO of Ordinary Shares shall be reserved for Mutual funds and Collective Investment schemes registered with the Commission	149,210	13,428,900
C	80% of IPO of Ordinary Shares shall be opened for subscription by the General Public.	1,193,680	107,431,200
	<b>Total (A+B+C)</b>	<b>1,492,100</b>	<b>134,289,000</b>

2. All as stated in 1 (A), 1(B) and 1(C) shall be offered for subscription and subsequent allotment by the Issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.
3. In case of over-subscription under any of the categories mentioned in the clause 1(A), 1(B) and 1(C), the Issue Manger shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
4. In case of under-subscription under any of the 10% category as mentioned in clause 1(A) and 1(B), the unsubscribed portion shall be added to the general public category, and, if after such addition there is over-subscription in the general public category the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
5. In case of under-subscription of the public offering, the unsubscribed portion of shares shall be taken up by the underwriter(s).
6. The lottery as stated in clause (3) and (4) should be conducted in the presence of the representatives of Issuer, Stock Exchange(s) and the applicants, if there be any.



## Allotment

The company reserves the right of accepting any application, either in whole, or in part, successful applicants will be notified by the dispatch on an allotment letter by registered post/courier. Letter of allotment and refund warrants will be issued within 5(five) weeks from the closing of the subscription list. After allotment the company will have to transfer the shares to the allottees' Beneficiary Owners (BO) account, which has been mentioned in the application form.

The company shall issue share allotment letter to all successful applicants, within 5(five) weeks, from the date of the subscription closing date. At the same time, the unsuccessful application shall be refunded with the application money within 5 (five) weeks from the closing of the subscription date, by Account Payee Cheque, without interest payable at Dhaka/Chittagong/Khulna/Rajshahi/Barisal/Sylhet as the case may be.

Where allotment is made, in whole or in part in respect of joint application, the allotment letter will be dispatched to the person whose name appears first in the application form notwithstanding that the shares have been allotted to the joint applicants. Where joint applicant is accepted in part, the balance of any amount paid on application will be refunded without interest to the person named first in the application form.

## Application for Subscription

1. Application for shares may be made for a minimum lot of 50 (Fifty) units of shares to the value of Tk. 4,500/- (Taka Four Thousand Five Hundred Only) and should be made on the company's Printed Application Forms. Application Forms and Prospectus may be obtained from the Registered Office of the Company, members of Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, or from the Bankers to the issue. In case, adequate forms are not available, applicants may use photocopied/ cyclostyled/ handwritten/typed copies of the forms. Applications must not be for less than 50 (fifty) units of share. Any application not meeting this criterion will not be considered for allotment purpose.
2. Joint application form for more than two (2) persons will not be accepted. In the case of joint application, each party must sign the application form.
3. Application must be in full name of individuals, or limited companies, or trusts or societies, and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.
4. **An applicant cannot submit more than two applications, one in his own name and another jointly with another person. In case an applicant makes more than two applications, all the application will be treated as invalid and will not be considered for allotment purpose. In addition whole or part of application money may be forfeited by the Commission.**
5. **An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by SEC.**
6. Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and foreign nationals shall be entitled to apply for the share.
7. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/offices of the banks mentioned below in Cash/ Cheque/Pay Order/Bank Draft. The Cheque/ Pay Order/ Bank Draft shall be made payable to the bank to which it is sent, be marked "**Marico Bangladesh Limited**", shall bear the crossing "**A/C Payee Only**" and must be drawn on a bank in the same town of the bank to which application form is deposited.
8. All completed application forms together with remittances for the full amount, payable on application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.

9. A Non-Resident Bangladeshi (NRB) shall apply against the Public Offer either directly by enclosing a foreign demand draft, drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Taka, US Dollars, Great Britain Pounds or Euro Dollars at the spot buying (TT Clean) rate of exchange prevailing the date of opening of subscription. Refund against over subscription of shares shall be made in the currency, in which the value of shares, applied for, was paid by the applicant. Shares application form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the company at its registered office. Copies of application form and prospectus shall be available with the Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia, and South Korea and on the website of the SEC, Issuer Company, Issue Managers, DSE and CSE.
10. The IPO subscription money collected from investors (other than non-resident Bangladeshis) by the Bankers to the Issue will be remitted to the “MBL-IPO Collection Account” Current A/C No. **G010000200109074** of Citibank N.A., Motijheel Branch, Dhaka, Bangladesh and subsequently it will be in “MBL-IPO Central Account” **SND A/C No. G010001200109046** of Citibank N.A., Motijheel Branch, Dhaka, Bangladesh for this purpose.
11. The subscription money collected from Non-Resident Bangladeshis in US Dollars or Great Britain Pounds or Euro Dollars shall be deposited to three FC accounts opened by the Company for IPO purpose as follows:

Sl.	Name of the FC Accounts	Currency	Account No.	Bank & Branch
1.	MBL-IPO NRB Subscription Account	US Dollar	<b>G010000200109139</b>	Citibank N.A. Motijheel Branch, Dhaka
2.	MBL-IPO NRB Subscription Account	GB Pound	<b>G010000200109104</b>	Citibank N.A. Bangladesh
3.	MBL-IPO NRB Subscription Account	Euro	<b>G010000200109112</b>	Citibank N.A. Bangladesh

The subscription money collected from Non-Resident Bangladeshis in Taka shall be deposited in the following Current Account opened by the Company for IPO purpose as follows:

Sl.	Name of the Accounts	Currency	Account No.	Bank & Branch
1.	MBL-IPO NRB Subscription Account	BDT	<b>G010000200109082</b>	Citibank N.A. Bangladesh

12. In the case of over-subscription of securities to the NRB applicants, refund shall be made by Marico Bangladesh Limited. out of the “FC Account for IPO NRB Subscription”. Marico Bangladesh Ltd. has already opened the aforesaid FC Accounts & Current Account and shall close these accounts after refund of over-subscription, if any.
13. Applications not in conformity with the above requirements and the instructions printed on the application form are liable to be rejected.

### Trading and Settlement

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company

*The issue shall be placed in Category “N” with DSE and CSE*

## Bankers to The Issue

### Investment Corporation of Bangladesh (ICB)

Head Office, Dhaka  
Local Office, NayaPaltan, Dhaka  
Chittagong Br. Chittagong  
Rajshahi Br. Rajshahi  
Sylhet Br. Sylhet  
Bogra BR. Bogra  
Khulna Br. Khulna  
Barisal Br. Barisal

### Southeast Bank Limited

Principal Br. Dhaka  
Corporate Br. Dhaka  
Imamgang Br. Dhaka  
Dhanmondi Br. Dhaka  
Uttara Br. Dhaka  
New Elephant Road Br. Dhaka  
Gulshan Br. Dhaka  
Kakrail Br. Dhaka  
Banani Br. Dhaka  
Bangshal Br. Dhaka  
New Eskaton Br. Dhaka  
Agargaon Br. Dhaka  
Motijheel Br. Dhaka  
Shayamoli Br. Dhaka  
Aganagar Br. Dhaka  
Karwan Bazar Br. Dhaka  
Ashulia Br. Dhaka  
Joypara Br. Dhaka  
Savar Br. Dhaka  
Mouchak Br. Gazipur  
Konabari Br. Gazipur  
Narayanganj Br. Narayanganj  
Madhabdi Br. Narsingdi  
Bandar Bazar Br. Sylhet  
Moulvibazar Br. Moulvibazar  
Hetimganj Br. Sylhet  
Chouhatta Br. Sylhet  
Laldighirpaar Br. Sylhet  
Shahjala Uposhahar Br. Sylhet  
Kulaura Br. Moulvibazar  
Pathantula Br. Sylhet  
Agrabad Br. Chittagong  
Khatunganj Br. Chittagong  
Jubilee Road Br. Chittagong  
Halishahar Br. Chittagong  
Chowmuhani Br. Noakhali  
CDA Avenue Br. Chittagong  
Cox's Bazar Br. Cox's Bazar  
Pathartali Br. Chittagong  
Momin Road Br. Chittagong  
Bashurhat Br. Noakhali  
Chhagalnaiya Br. Feni  
Feni Br. Feni  
Rangpur Br. Rangpur  
Khulna Br. Khulna  
Bogra Br. Bogra

### Standard Chartered Bank

Motijheel Alico Building Br. Dhaka  
Mirpur Branch, Dhaka

### National Bank Limited

Babubazar Br. Dhaka  
Bangsal Road Br. Dhaka  
Dhanmondi Br. Dhaka  
Dilkusha Br. Dhaka  
Elephant Road Br. Dhaka  
Foreign Ex. Branch, Dhaka  
Karwan Bazar Br. Dhaka  
Lake Circus Br. Dhaka  
Malibagh Br. Dhaka  
Mirpur Br. Dhaka  
Mohakhali Br. Dhaka  
Mohammadpur Br. Dhaka  
Motijheel Br. Dhaka  
North Brook Hall Br. Dhaka  
Pragati Sarani Br. Dhaka  
Savar Bazar Br. Dhaka  
Uttara Br. Dhaka  
Z.H. Sikder M.C. Br. Dhaka  
Gulshan Br. Dhaka  
Imamganj Br. Dhaka  
Islampur Br. Dhaka  
Banani Br. Dhaka  
Jatrabari Br. Dhaka  
Agrabad Br. Chittagong  
Anderkillah Br. Chittagong  
Jubilee Road Br. Chittagong  
Khatunganj Br. Chittagong  
Pahartali Br. Chittagong  
Sheikh Mujib Road Br. Chittagong  
Chawkbazar Br. Chittagong  
Feni Br. Feni  
Barisal Br. Barisal  
Gazipur Br. Gazipur  
Khulna Br. Khulna  
Narayanganj Br. Narayanganj  
Narsingdi Br. Narsingdi  
Rajshahi Br. Rajshahi  
Rangpur Br. Rangpur  
Sylhet Br. Sylhet  
Bogra Br. Bogra  
Comilla Br. Comilla  
Tangail Br. Tangail

### Dhaka Bank Limited

Local Office Br. Dhaka  
Bangsal Br. Dhaka  
Imamganj Br. Dhaka  
Islampur Br. Dhaka  
Foreign Ex Br. Dhaka  
Dhanmondi Br. Dhaka  
Karwanbazar Br. Dhaka  
Uttara Br. Dhaka  
Amin Bazar Br. Dhaka  
Islami Banking Br. Dhaka  
Narayanganj Br. Narayanganj  
Laldighipar Br. Sylhet  
Agrabad Br. Chittagong  
Jubilee Road Br. Chittagong  
Khatunganj Br. Chittagong  
Cox's Bazar Br. Cox's Bazar

### The City Bank Limited

Principal office, Dhaka  
B. B. Avenue Br. Dhaka  
Dhaka Chamber Br. Dhaka  
Dhanmondi Br. Dhaka  
Foreign Exchange Br. Dhaka  
Gulshan Br. Dhaka  
Imamganj Br. Dhaka  
Islami Banking Br. Dhaka  
Johnson Road Br. Dhaka  
Karwan Bazar Br. Dhaka  
Mirpur Br. Dhaka  
Mouchak Br. Dhaka  
New Market Br. Dhaka  
Shaymoli Br. Dhaka  
Uttara Br. Dhaka  
VIP Road Br. Dhaka  
Islampur Br. Dhaka  
Barisal Br. Barisal  
Tongi Br. Gazipur  
Tanbazar Br. Narayanganj  
Comilla Br. Comilla  
Agrabad Br. Chittagong  
Jubilee Road Br. Chittagong  
Khatunganj Br. Chittagong  
O R Nizam Road Br. Chittagong  
Bandar Bazar Br. Sylhet  
Zinda Bazar Br. Sylhet  
Bogra Br. Bogra  
Rajshahi Br. Rajshahi  
Khulna Br. Khulna

### Citibank N.A.

Motijheel Br. Dhaka  
Gulshan Br. Dhaka  
Dhanmondi Br. Dhaka  
Agrabad Br. Chittagong

### Trust Bank Limited

Principle Br. Dhaka Cant.  
Dilkusha Corporate Br. Dhaka  
Gulshan Corporate Br. Dhaka  
Dhanmondi Br. Dhaka  
Karwan Bazar Br. Dhaka  
Millenium Corporate Br. Dhaka Cant.  
Mirpur Br. Dhaka  
Uttara Corporate Br. Dhaka  
Radisson Water Garden Br. Dhaka  
Sena Kalyan Bhaban Br. Dhaka  
Chittagong Cantt. Br. Chittagong  
Naval Base Br. Chittagong  
Agrabad Br. Chittagong  
Khatunganj Br. Chittagong  
CDA Avenue Br. Chittagong  
Sylhet Corporate Br. Sylhet  
Narayanganj Br. Narayanganj  
Comilla Cantt. Br. Comilla  
Feni Br. Feni  
Narsingdi Br. Narsingdi

## **MATERIAL CONTRACTS AND OTHERS**

### **Material Contracts**

- a) Underwriting Agreements between the Company and the Underwriters.
- b) Issue Management Agreement between the Company and IDLC Finance Limited and Equity Partners Limited.
- c) Contract between the company and the Central Depository Bangladesh Limited (CDBL).

The copies of the aforementioned contracts and documents and a copy of Memorandum of Association and Articles of Association of the Company and the Consent Order from SEC may be inspected, on any working day, during office hours, at the Registered Office of the Company and the Issue Managers.

### **Managers to The Issue**

IDLC Finance Limited, Bay's Galleria (1st Floor), 57 Gulshan Avenue, Dhaka 1212 and Equity Partners Limited, 1003, Dhaka Stock Exchange, Annex Building (9th Floor), 9/E, Motijheel C/A, Dhaka are acting as the Joint Managers to the Issue. The Company shall pay a fee of Tk. 2,000,000 (Taka Two Million Only) as issue management services.

### **Commission to the Bankers to The Issue**

Commission at the rate of 0.10% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

# Section XIII

## CORPORATE DIRECTORY

### Registered and Corporate Office

#### **Marico Bangladesh Limited**

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

### Auditors

#### **Rahman Rahman Huq**

#### **Chartered Accountants**

9 Mohakhali C/A (11th & 12th Floors)  
Dhaka 1212

### Corporate Advisor

#### **Citigroup Global Markets Bangladesh Private Ltd.**

109, Gulshan Avenue  
Dhaka 1212

### Legal Advisor

#### **Mr. Khairul Alam Chowdhury**

Barrister-at-law (Supreme Court)  
Law Valley, Segunbagicha, Dhaka

### Managers to the Issue

#### **IDLC Finance Limited**

Bay's Galleria(1st Floor)  
57, Gulshan Avenue, Dhaka 1212

#### **Equity Partners Limited**

1003, Dhaka Stock Exchange, Annex Building (9th Floor)  
9/E, Motijheel C/A, Dhaka 1000

### Company's Compliance Officer

#### **Mr. Iqbal Chowdhury**

Senior Manager-Corporate Affairs, Treasury  
& Company Secretary

All investors are hereby informed that **Mr. Iqbal Chowdhury**, Senior Manager-Corporate Affairs, Treasury and Company Secretary would be designated as Compliance Officer who will monitor the compliance of the Acts, and rules, regulations, notification, guidelines, conditions, orders/directions etc. issued by the Commission and/or stock exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the Company, and for redressing investors' grievances.

## Auditors' Report to the Shareholders of Marico Bangladesh Limited



We have audited the accompanying balance sheet of Marico Bangladesh Limited as at 31 December 2008 and the related profit and loss account, cash flow statement and the statement of changes in equity for the period 1 October 2008 to 31 December 2008. 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.

The accompanying financial statements have been prepared specifically for inclusion in the prospectus to be circulated in relation to the proposed issue of ordinary shares by Marico Bangladesh Limited.

We conducted our audit in accordance with International Standards on Auditing (ISA) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). 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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), give a true and fair view of the state of the company's affairs as at 31 December 2008 and of the results of its operations and cash flow for the period 1 October 2008 to 31 December 2008 and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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.
- d) the expenditure incurred was for the purposes of the company's business.

**Rahman Rahman Huq**  
Chartered Accountants

Dhaka, 14 January 2009

## Marico Bangladesh Limited

### Balance Sheet

as at 31 December 2008

	Notes	At 31 Dec 2008 Taka	At 30 Sep 2008 Taka
<b>Sources of fund</b>			
<b>Shareholders equity:</b>			
Share capital	4	283,500,000	90,000,000
Proposed dividend		31,500,000	31,500,000
Accumulated profit		611,765,319	726,339,798
		926,765,319	847,839,798
Deferred tax liability		8,819,201	8,291,020
Provision for gratuity		2,235,457	2,235,457
<b>Total</b>		<b>937,819,977</b>	<b>858,366,275</b>
<b>Applications of fund</b>			
Property, plant and equipments	5		
Cost		317,440,689	305,885,168
Less: Accumulated depreciation		73,904,340	65,647,625
		243,536,349	240,237,542
Asset under construction	6	65,000,000	65,000,000
Intangible assets	7	14,626,722	15,298,714
Other assets	8	74,916,643	77,791,645
<b>Current assets:</b>			
Inventories	9	421,477,996	175,874,007
Goods in transit		114,053,075	193,876,114
Accrued interest	10	12,996,479	4,150,411
Trade debtors	11	56,621,414	4,208,637
Investments	12	100,000,000	100,000,000
Advances and deposits	13	126,342,701	120,589,325
Cash and cash equivalents	14	422,522,037	444,701,711
<b>Total current assets</b>		<b>1,254,013,702</b>	<b>1,043,400,205</b>
<b>Less: Current liabilities and provisions:</b>			
Short term finance	15	103,166,350	30,766,667
Liability for expenses	16	262,685,756	189,308,846
Interest payable		1,000,000	-
Income tax payable	17	157,952,812	124,908,717
Trade creditors	18	135,650,913	190,018,426
Payable to holding company	19	51,955,935	45,016,335
Other liabilities	20	1,861,673	3,342,840
<b>Total current liabilities</b>		<b>714,273,439</b>	<b>583,361,831</b>
<b>Net current assets</b>		<b>539,740,263</b>	<b>460,038,373</b>
<b>Total</b>		<b>937,819,977</b>	<b>858,366,275</b>

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



**Iqbal Chowdhury**  
Company Secretary

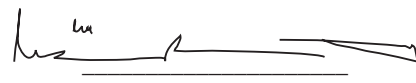


**Kunal Gupta**  
Director



**Debashish Neogi**  
Managing Director

As per our annexed report of same date.



**Rahman Rahman Huq**  
Chartered Accountants

Dhaka, 14 January 2009

## Marico Bangladesh Limited

### Profit and loss account

for the period ended 31 December 2008

	Notes	1 Oct 2008 to 31 Dec 2008 Taka	1 Oct 2007 to 31 Dec 2007 Taka (Unaudited)	1 Oct 2007 to 30 Sep 2008 Taka	1 Oct 2006 to 30 Sep 2007 Taka
Turnover	21	823,077,543	529,114,500	2,658,852,912	1,451,889,808
Cost of sales	22	(637,781,615)	(366,777,398)	(1,879,585,932)	(934,303,842)
<b>Gross profit</b>		<b>185,295,928</b>	<b>162,337,102</b>	<b>779,266,979</b>	<b>517,585,966</b>
General and administration expenses	23	(40,203,730)	(32,349,316)	(155,914,243)	(112,216,571)
Selling and distribution expenses	24	(29,173,662)	(35,610,382)	(210,209,088)	(189,558,267)
<b>Net profit before interest expense</b>		<b>115,918,536</b>	<b>94,377,404</b>	<b>413,143,648</b>	<b>215,811,128</b>
Interest expense	25	(3,131,975)	(5,553,533)	(5,965,403)	(15,682,642)
<b>Net profit after interest expense</b>		<b>112,786,561</b>	<b>88,823,871</b>	<b>407,178,247</b>	<b>200,128,486</b>
Other income	26	14,659,392	4,181,199	21,551,307	5,671,188
<b>Net profit before taxation</b>		<b>127,445,953</b>	<b>93,005,070</b>	<b>428,729,554</b>	<b>205,799,674</b>
Tax expenses:					
Current tax		(47,992,153)	(39,092,538)	(159,329,730)	(2,631,366)
Deferred tax		(528,279)	-	(2,113,118)	(6,177,803)
<b>Net profit after taxation</b>		<b>78,925,521</b>	<b>53,912,532</b>	<b>267,286,706</b>	<b>196,990,505</b>
Tax holiday reserve		-	-	305,545,269	(123,064,559)
Proposed dividend		-	-	(31,500,000)	(25,900,000)
Profit brought forward		726,339,798	265,007,623	265,007,823	216,981,877
Transfer to equity		(193,500,000)	-	(80,000,000)	-
<b>Accumulated profit carried forward to the balance sheet</b>		<b>611,765,319</b>	<b>318,920,155</b>	<b>726,339,798</b>	<b>265,007,823</b>
Earnings per share (EPS) (Taka)	27	<b>2.78</b>	<b>1.90</b>	<b>9.43</b>	<b>6.95</b>

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



**Iqbal Chowdhury**  
Company Secretary

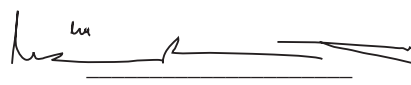


**Kunal Gupta**  
Director



**Debashish Neogi**  
Managing Director

As per our annexed report of same date.



**Rahman Rahman Huq**  
Chartered Accountants

Dhaka, 14 January 2009



## Marico Bangladesh Limited

### Cash flow statement

for the period ended 31 December 2008

	<u>1 Oct 2008 to</u> <u>31 Dec 2008</u> <u>Taka</u>	<u>1 Oct 2007 to</u> <u>31 Dec 2007</u> <u>Taka</u> <i>(Unaudited)</i>	<u>1 Oct 2007 to</u> <u>30 Sep 2008</u> <u>Taka</u>	<u>1 Oct 2006 to</u> <u>30 Sep 2007</u> <u>Taka</u>
<b>A) Cash flows from operating activities</b>				
Collection from customers	769,682,362	514,397,422	2,763,342,876	1,469,872,109
Payment to Suppliers and operating expenses	(769,039,806)	(520,230,471)	(2,222,380,658)	(1,492,588,603)
Interest paid	(2,131,975)	(2,321,651)	(5,965,403)	(22,515,003)
Interest received	5,813,324	117,295	18,040,417	10,036,920
Income tax paid	(14,948,058)	(5,679,260)	(31,144,537)	(8,660,939)
<i>Net cash generated from operating activities</i>	<u>(10,624,152)</u>	<u>2,285,157</u>	<u>521,892,695</u>	<u>18,496,368</u>
<b>B) Cash flows from investing activities</b>				
Acquisition of fixed assets	(11,555,522)	(2,698,877)	(85,669,459)	(41,047,882)
Proceeds from sale of fixed assets	-	-	-	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>(11,555,522)</u>	<u>(2,698,877)</u>	<u>(184,669,459)</u>	<u>(41,322,639)</u>
<b>C) Cash flows from financing activities</b>				
Dividend paid	-	-	(26,000,000)	(11,000,000)
<i>Net cash generated/(used) from financing activities</i>	<u>-</u>	<u>-</u>	<u>(26,000,000)</u>	<u>(11,000,000)</u>
<b>D) Net increase/(decrease) in cash and cash equivalent (A+B+C)</b>	<u>(22,179,674)</u>	<u>(413,720)</u>	<u>311,223,236</u>	<u>(33,826,270)</u>
<b>Opening cash and cash equivalents</b>	444,701,711	133,478,475	133,478,475	167,304,745
<b>Closing cash and cash equivalent</b>	<u>422,522,037</u>	<u>133,064,755</u>	<u>444,701,711</u>	<u>133,478,475</u>

## Marico Bangladesh Limited

### Statement of changes in shareholders' equity

for the period ended 31 December 2008

	<u>Share capital</u> <u>Taka</u>	<u>Tax holiday reserve</u> <u>Taka</u>	<u>Proposed dividend</u> <u>Taka</u>	<u>Undistributed profit</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
<b>Balance at 30 September 2005</b>	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
Transfer to tax holiday reserve	-	44,344,253	-	(44,344,253)	-
Proposed dividend	-	-	11,100,000	(11,100,000)	-
<b>Balance at 30 September 2006</b>	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
Transfer 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)	-
<b>Balance at 30 September 2007</b>	10,000,000	305,545,269	26,000,000	265,007,823	606,553,092
<b>Net profit after tax for the period (Oct-Dec 07)</b>	-	-	-	53,912,532	53,912,532
<b>Balance as at 31 December 2007 (Unaudited)</b>	10,000,000	305,545,269	26,000,000	318,920,355	660,465,624
Net profit after tax for the year 2008 (Jan-Sep 08)	-	-	-	213,374,174	213,374,174
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)	-
Transfer to share capital	80,000,000	-	-	(80,000,000)	-
<b>Balance as at 30 September 2008</b>	90,000,000	-	31,500,000	726,339,798	847,839,798
Net profit after tax for the period (Oct-Dec) 2008	-	-	-	78,925,521	78,925,521
Transfer to share capital	193,500,000	-	-	(193,500,000)	-
<b>Balance as at 31 December 2008</b>	283,500,000	-	31,500,000	611,765,319	926,765,319

## Marico Bangladesh Limited

### Notes to the financial statements

as at and for the period ended 31 December 2008

#### 1. 1.1 Reporting entity

Marico Bangladesh Limited (hereinafter referred to as “MBL”/”Marico”/”the company”) is a public limited company incorporated in Bangladesh on 6 September 1999. The company was incorporated under the Companies Act 1994 as a private company limited by shares. Subsequently, the company was 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 is House # 01, Road # 01, Sector # 01, 4th and 5th floors, Uttara Model Town, Dhaka- 1230. Earlier, the registered address was at 272, Tejgaon Industrial Area, Dhaka-1208 which was changed to the current place on 2 July 2008.

#### 1.3 Authorised Capital

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 authorised capital of Tk. 10,000,000 divided into 1,000,000 number of ordinary shares of Tk 10 each. Subsequently, the authorised capital was increased to Tk. 300,000,000 divided in to 30,000,000 number of ordinary shares of Tk. 10 each vide special resolution passed in the extra ordinary general meeting held on 18 September 2008. The company further increased its authorised capital to Tk. 400,000,000 divided into 40,000,000 number of ordinary shares of Tk. 10 each vide special resolution passed in the extra ordinary general meeting held on 31 December 2008. MBL is a wholly owned subsidiary of Marico Limited, India.

#### 1.4 Nature of Business Activities

MBL carries on business in Branded Fast Moving Consumer Goods (FMCG) in Bangladesh. The company manufactures, markets and trades products under brands such as Parachute, Aromtaic Gold, Camelia, Hair Code, Parachute Advansed, Parachute Therapie, Parachute Hair Cream, Parachute After Shower Gel etc. MBL’s products reach its consumers through retail outlets serviced by it’s own distribution network comprising 3 sales depots and through Messrs Kallol Limited located strategically around the country. The agreement with Kallol Limited expired on 31 December 2008. MBL has started it’s Dhaka depot operations from 1 January 2009 to service its consumers in greater Dhaka.

#### 1.5 Factory Operations

MBL has set up a manufacturing unit at Mouchak, Gazipur and went into commercial production in that unit from 27 October 2002. The factory land measuring 66 decimals and building had been acquired from Quality Chemical Industries Limited on 12th March 2007. Adjacent land of the factory measuring 128.50 decimals had also yet been purchased on 14 November 2007. A deed of agreement for purchase for another piece of land measuring 15 decimals had been signed on 14 November 2007.

#### 2. Basis of preparation

##### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standard (BFRS) and as per the requirements of Companies Act 1994 and Securities and Exchange Rules 1987 and other applicable laws and regulations.

## **2.2 Basis of preparation and measurement**

The financial statements except cash flow statement are prepared on accrual basis of accounting. The financial statements have been measured under the historical cost convention.

## **2.3 Functional and presentational currency and level of precision**

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

## **2.4 Use of estimates and judgements**

The preparation of 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.

## **2.5 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 going concern.

## **2.6 Regulatory compliance**

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

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 Reporting period**

Financial statements of the company covered the period from 1 October 2008 to 31 December 2008.

### **3. Significant accounting policies**

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

#### **3.1 Foreign currency**

Transactions in foreign currencies are translated to Bangladesh Taka at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities are reconverted at the rates prevailing 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 Financial instrument**

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, loans and borrowings. Other payables are shown at transaction cost.

### 3.3 Property, plant and equipments

#### i) Recognition and measurement

Property, plant and equipments 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 equipments 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 equipments 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 equipments 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 equipments. Land is not depreciated. Considering the estimated useful lives of the assets the following rates have been consistently applied:

Assets	Depreciation rate
Plant and machinery	10-50%
Factory equipment	10-50%
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.

### 3.4 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, copy right 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.

### **3.5 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 re-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.

### **3.6 Taxation**

The company qualifies as a "Unlisted Public Limited Company" and accordingly the rate of income tax applied for the period is 37.50%.

### **3.7 Deferred tax**

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

### **3.8 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.

### **3.9 Provisions**

Provisions are made where an obligation exists for future liability in respect of a past event and where the amount of the obligation can be reliably measured.

### **3.10 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.

### **3.11 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.

Goods in transit includes raw materials only.

### **3.12 General**

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

### **3.13 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

	At 31 Dec 2008 Taka	At 30 Sep 2008 Taka
<b>4.1 Authorised</b>		
40,000,000 Ordinary shares of Tk 10 each*	<u>400,000,000</u>	<u>300,000,000</u>
<b>4.2 Paid up</b>		
28,350,000 Ordinary shares of Tk 10 each**	<u>283,500,000</u>	<u>90,000,000</u>

\* Refer Note 1.3

\*\* Bonus shares issued @ 215% as interim declaration vide SEC consent letter no. SEC/CI/CPLC-176/2008/566 dated 31 December 2008 and the extra ordinary general meeting dated 31 December 2008.

The shares are held by Marico Limited, India.

### 5. Property, plant and equipments

Particulars	Cost			Depreciation			Written down value		
	As at 1 Oct. 2008	Addition during the period	Disposal during the period	As at 31 Dec. 2008	As at 1 Oct. 2008	Charged for the period	Adjustment for the period	As at 31 Dec. 2008	As at 30 Sep. 2008
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	187,131,719	6,215,629	-	193,347,348	37,970,571	5,284,494	-	43,255,065	150,092,283
Free hold land	36,394,486	-	-	36,394,486	-	-	-	-	36,394,486
Vehicles	11,220,374	-	-	11,220,374	7,196,513	230,860	-	7,427,372	3,793,002
Factory equipments	4,050,199	213,346	-	4,263,545	3,406,550	142,090	-	3,548,641	714,904
Moulds	10,038,949	-	-	10,038,949	5,167,645	559,567	-	5,727,212	4,311,737
Factory building	4,743,030	-	-	4,743,030	1,429,363	91,587	-	1,520,949	3,222,081
Office building	31,116,725	-	-	31,116,725	777,918	777,918	-	1,555,836	29,560,889
Laboratory equipments	738,100	-	-	738,100	722,720	6,529	-	729,249	8,851
Office equipments	4,027,319	47,738	-	4,075,057	2,498,766	220,483	-	2,719,250	1,355,807
Computers	3,754,459	416,500	-	4,170,959	2,430,474	224,170	-	2,654,645	1,516,314
Furniture and fixtures	10,896,276	4,532,309	-	15,428,584	3,215,388	617,932	-	3,833,320	11,595,264
A/C, refrigerator, water coolers	1,773,533	130,000	-	1,903,533	831,717	101,085	-	932,802	970,731
At 31 December 2008	305,885,168	11,555,522	-	317,440,689	65,647,625	8,256,715	-	73,904,340	243,536,349
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	114,968,497

**Depreciation allocated to:**

	<u>Taka</u>
Manufacturing	6,084,266
Administration	2,172,448
	<u>8,256,715</u>



## 6. Asset under construction

	<u>At 31 Dec 2008</u>	<u>At 30 Sep 2008</u>
	<u>Taka</u>	<u>Taka</u>
Opening balance	65,000,000	130,000,000
Add: Addition during the year	-	-
	<u>65,000,000</u>	<u>130,000,000</u>
Less: Transfer to property, plant and equipment	-	65,000,000
Closing balance	<u>65,000,000</u>	<u>65,000,000</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 copy right of "Camelia" and "Magnolia" soaps. Taka 15,000,000 had also been paid for acquiring the intellectual property right and copy right 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
Copy right	2,500,000	2,500,000
	<u>5,000,000</u>	<u>5,000,000</u>

### Aromatic Cosmetics Limited

Intellectual property right	7,500,000	7,500,000
Copy right	7,500,000	7,500,000
	<u>15,000,000</u>	<u>15,000,000</u>

Incidental to capital expenditure	3,075,125	3,075,125
Total cost	<u>23,075,125</u>	<u>23,075,125</u>
Less: Accumulated amortization	8,448,403	7,776,411
Net value	<u>14,626,722</u>	<u>15,298,714</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: Accumulated amortization	40,083,357	37,208,355
	<u>74,916,643</u>	<u>77,791,645</u>

## 9. Inventories

	<u>At 31 Dec 2008</u>	<u>At 30 Sep 2008</u>
	<u>Taka</u>	<u>Taka</u>
Raw materials	291,917,014	105,101,760
Packing materials	23,488,830	21,910,713
Finished goods	106,072,152	48,861,534
	<u>421,477,996</u>	<u>175,874,007</u>

## 10. Accrued interest

Interest on FDR	12,996,479	4,150,411
	<u>12,996,479</u>	<u>4,150,411</u>

## 11. Trade debtors

Receivable from Messrs Kallol Traders Limited	56,621,414	4,208,637
	<u>56,621,414</u>	<u>4,208,637</u>

## 12. Investments

The company made investment in “Zero Coupon Bond” during the accounting year 2008 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*	12,690,240	14,976,245
Materials	99,515,535	82,326,899
Advance to employees	1,693,170	1,940,278
Advance for services	3,845,399	5,319,439
	<u>117,744,344</u>	<u>104,562,860</u>

### Deposits:

VAT current account	5,326,576	13,129,744
Supplementary duty	375,059	-
Security deposits	2,896,722	2,896,721
	<u>8,598,357</u>	<u>16,026,465</u>
	<u>126,342,701</u>	<u>120,589,325</u>

\* Ethical Drugs Limited is contract manufacturer of MBL.

## 14. Cash and cash equivalents

	<u>At 31 Dec 2008</u>	<u>At 30 Sep 2008</u>
	<u>Taka</u>	<u>Taka</u>
Cash on hand	837,897	615,371
Fixed deposit with:		
State Bank of India	82,375,750	100,000,000
IDLC Finance Limited	80,000,000	110,000,000
Brac Bank Limited	50,000,000	20,000,000
Bank Asia Limited	50,000,000	50,000,000
DBH	50,000,000	-
	<u>312,375,750</u>	<u>280,000,000</u>
Cash at banks and financial institution:		
Citibank N.A.	96,315,867	139,596,248
Standard Chartered Bank	-	2,750,540
Commercial Bank of Ceylon	1,031	2,117
The Hongkong and Shanghai Banking Corporation Ltd.	790,492	4,737,435
IDLC Finance Limited	12,201,000	17,000,000
	<u>109,308,390</u>	<u>164,086,339</u>
	<u>422,522,037</u>	<u>444,701,711</u>

## 15. Short term finance

Short term loan:		
The Hongkong and Shanghai Banking Corporation Ltd.	-	30,766,667
Citibank N.A.	20,420,694	-
Commercial Bank of Ceylon	80,000,000	-
Bank overdraft:		
Standard Chartered Bank	2,745,656	-
	<u>103,166,350</u>	<u>30,766,667</u>

### The Hongkong and Shanghai Banking Corporation Ltd.

#### a) Limit

Total aggregate limit of short term loan and bank overdraft is Tk 345 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 345 million.

**c) Rate of interest**

Rate of interest has been varied from 11.25% to 13% depending on the money market and inter relationship.

**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.

**Commercial Bank of Ceylon**

**a) Limit**

Total aggregate limit of short term loan and bank overdraft is Tk 160 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 160 million.

**c) Rate of interest**

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

**Standard Chartered Bank**

**a) Limit**

Total aggregate limit of short term loan and bank overdraft is Tk 30 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 140 million.

**c) Rate of interest**

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

## 16. Liability for expenses

	<u>At 31 Dec 2008</u>	<u>At 30 Sep 2008</u>
	<u>Taka</u>	<u>Taka</u>
Business promotion expenses	183,954,989	110,470,105
Advertisement expenses	70,477,406	70,877,406
Audit fees	200,000	250,000
Leave encashment	4,438,766	4,438,766
Other expenses	3,614,594	3,272,569
	<u>262,685,756</u>	<u>189,308,846</u>

## 17. Income tax payable

Opening balance	(124,908,717)	3,276,476
Add: Advance tax paid & deductions at source	14,948,058	31,144,537
	<u>(109,960,659)</u>	<u>34,421,013</u>
Add: Provision for current taxation	(47,992,153)	(159,329,730)
Closing Balance	<u>(157,952,812)</u>	<u>(124,908,717)</u>

## 18. Trade creditors

Marico Limited, India	55,255,789	119,976,714
Import duty and related charges	80,395,124	70,041,712
	<u>135,650,913</u>	<u>190,018,426</u>

## 19. Payable to holding company

Royalty	42,528,828	36,122,349
Bank guarantee commission	9,427,107	8,893,986
	<u>51,955,935</u>	<u>45,016,335</u>

## 20. Other liabilities

Advance from customers	198,036	1,180,440
Tax deducted from vendors' bills	1,663,637	861,423
Supplementary duty	-	1,300,978
	<u>1,861,673</u>	<u>3,342,840</u>

## 21. Turnover

	<u>1 Oct 2008 to 31 Dec 2008</u>	<u>1 Oct 2007 to 31 Dec 2007</u>	<u>1 Oct 2007 to 30 Sep 2008</u>	<u>1 Oct 2006 to 30 Sep 2007</u>
	<u>Taka</u>	<u>Taka</u> <u>(Unaudited)</u>	<u>Taka</u>	<u>Taka</u>
<b>Products</b>				
Parachute coconut oil	766,357,813	466,473,638	2,357,649,671	1,263,987,974
Beli coconut oil	6,762,490	1,592,187	17,306,653	-
Camelia soap	2,307,441	-	7,420,280	-
Aromatic soap	47,649,798	61,048,675	276,476,308	187,901,834
	<u>823,077,543</u>	<u>529,114,500</u>	<u>2,658,852,912</u>	<u>1,451,889,808</u>

## 22. Cost of sales

Raw and packing materials consumption	626,480,609	358,073,877	1,840,899,812	904,321,768
Add:				
Factory overhead (note-22.1)	11,273,256	8,627,221	38,353,720	29,630,073
Carriage inward	27,750	76,300	332,400	352,000
	<u>11,301,006</u>	<u>8,703,521</u>	<u>38,686,120</u>	<u>29,982,073</u>
	<u>637,781,615</u>	<u>366,777,398</u>	<u>1,879,585,932</u>	<u>934,303,842</u>

### 22.1 Factory overhead

Salary and wages	2,052,758	1,666,080	6,732,958	5,263,155
Power expenses	682,606	650,259	2,976,308	2,455,693
Factory rent	42,776	83,430	395,860	742,509
Hire charges on plant and machinery	-	400,000	1,233,000	2,500,000
Loading charges	462,324	49,690	505,644	110,276
Repairs and maintenance - plant and machineries	807,799	513,878	2,256,014	962,477
Repairs and maintenance - factory building	164,611	266,650	1,176,705	550,810
Depreciation	6,084,266	4,198,465	19,352,113	14,982,956
Other expenses	976,117	798,770	3,725,119	2,062,197
	<u>11,273,256</u>	<u>8,627,221</u>	<u>38,353,720</u>	<u>29,630,073</u>

### 23. General and administration expenses

	<u>1 Oct 2008 to 31 Dec 2008</u>	<u>1 Oct 2007 to 31 Dec 2007</u>	<u>1 Oct 2007 to 30 Sep 2008</u>	<u>1 Oct 2006 to 30 Sep 2007</u>
	<u>Taka</u>	<u>Taka</u> <u>(Unaudited)</u>	<u>Taka</u>	<u>Taka</u>
Salaries and allowances	16,470,747	11,709,028	62,713,638	39,794,244
Gratuity	-	-	2,335,856	-
Rent	224,625.00	484,950	2,199,153	1,577,450
Professional charges	214,455	907,955	3,361,404	2,583,232
Security charges	126,201	187,437	786,092	771,387
Legal charges	369,634	733,404	1,312,451	1,400,885
Director's remuneration	-	80,001	133,335	373,338
Repair and maintenance	543,095	531,398	3,021,953	1,979,018
Communication expenses	1,035,378	1,522,573	6,348,772	4,476,536
Subscription to trade association	20,000	25,299	103,417	-
Entertainment	280,386	272,600	1,212,610	953,235
Printing and stationery	275,914	343,300	1,430,260	858,468
Vehicle running expenses	1,740,139	1,485,462	6,985,980	5,882,429
Travelling and conveyance	3,078,598	2,137,435	11,727,341	7,526,651
Audit fees	200,000	50,000	28,700	365,000
Recruitment expenses	35,529	51,961	490,085	480,079
Insurance premium	-	-	990,016	1,624,005
Books and periodicals	21,215	21,078	102,854	66,333
Deferred expenses written off	2,875,002	2,875,002	11,500,008	11,500,008
Bank charges	595,187	264,305	1,244,283	870,974
Bank guarantee commission	533,121	573,659	2,161,350	6,732,751
Exchange loss	-	-	-	369,500
Staff welfare expenses	811,830	1,182,977	2,073,830	865,715
Conference and training expenses	70,977	75,864	712,478	1,184,242
Electricity and gas charges	173,679	113,441	625,610	410,120
Amortization of brand rights	671,993	671,993	2,687,970	2,550,470
Royalty *	7,663,578	4,664,736	23,576,497	12,570,989
Loss on sale of asset	-	-	23,257	7,318
Depreciation	2,172,448	1,383,459	6,025,044	4,442,195
	<u>40,203,730</u>	<u>32,349,316</u>	<u>155,914,243</u>	<u>112,216,571</u>

\* Royalty is payable to Marico Limited, India @ 1% on parachute turnover.

## 24. Selling and distribution expenses

	1 Oct 2008 to 31 Dec 2008	1 Oct 2007 to 31 Dec 2007	1 Oct 2007 to 30 Sep 2008	1 Oct 2006 to 30 Sep 2007
	<u>Taka</u>	<u>Taka</u> (Unaudited)	<u>Taka</u>	<u>Taka</u>
Business promotion exp.	1,920,198	2,623,669	53,999,080	87,354,759
Advertisement	22,866,411	29,175,195	132,827,867	87,553,404
Market research expenses	895,651	1,452,948	4,515,874	6,356,495
Redistribution expenses	3,166,203	2,090,371	8,021,421	3,159,002
Freight- outward	325,200	268,200	10,844,846	5,134,606
	<u>29,173,662</u>	<u>35,610,382</u>	<u>210,209,088</u>	<u>189,558,267</u>

## 25. Interest expense

Interest on term loan	2,075,979	5,553,533	4,121,738	10,909,722
Interest on overdraft	1,055,996	-	1,843,664	3,115,725
Interest on loan from MBL Industries Ltd.	-	-	-	1,657,195
	<u>3,131,975</u>	<u>5,553,533</u>	<u>5,965,403</u>	<u>15,682,642</u>

## 26. Other income

Interest on fixed deposit	13,003,207	4,158,904	20,915,505	5,203,540
Interest on call deposit	1,197,181	22,295	452,806	348,210
Profit on sale of asset	-	-	-	40,000
Interest on staff loan	-	-	-	79,439
Exchange gain	459,003	-	182,996	-
	<u>14,659,392</u>	<u>4,181,199</u>	<u>21,551,307</u>	<u>5,671,188</u>

## 27. Earnings Per Share (EPS)

### Basic earnings per share

The computation of EPS is given below:

Earnings attributable to ordinary share holders

(Net profit after tax)	78,925,521	53,912,532	267,286,706	196,990,505
Weighted Average number of ordinary shares outstanding during the year	28,350,000	28,350,000	28,350,000	28,350,000
<b>Earnings per share (EPS) (Taka)</b>	<b>2.78</b>	<b>1.90</b>	<b>9.43</b>	<b>6.95</b>

### Diluted earnings per share

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



## 28. Related party transactions

Name of the related party	Relationship	Nature of the transaction	Transaction amount (1 Oct 2008 to 31 Dec 2008) Taka	Closing balance (as on 31 Dec 2008) Taka
Marico Limited, India	Parent company	1. Purchase of raw materials	483,334,653	55,255,789 Cr.
		2. Royalty	7,663,578	42,528,828 Cr.
		3. Stock dividend	193,500,000	-
		4. Bank guarantee commission	533,121	9,427,107 Cr.

The company has purchased raw materials in normal course of business on arm's length transactions basis.

## 29. Contingent liabilities

There are L/C commitments for Tk 32.24 million and shipping guarantee for Tk 32.18 million with the Hongkong and Shanghai Banking Corporation Ltd., Bangladesh and L/C commitments for Tk 289.83 million with Citibank N.A and Tk 24.12 million with Standard Chartered Bank.

## 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 57.

## 31. Receivables from Directors

Receivables from directors include Tk. 561,356 and Tk. 746,705 from Mr. Kunal Gupta and Mr. Debashish Neogi respectively.

## 32. Subsequent event

There was no subsequent event, to report after the balance sheet date, which had an influence on the financial statements for the period ended 31 December 2008.

## 33. General

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

## Marico Bangladesh Limited

### Auditors certificate regarding calculation of EPS and other ratios

We have examined the following earning per share (EPS) and other ratios of Marico Bangladesh Limited for the period ended 31 December 2008 and for the years ended 30 September 2008, 2007, 2006, 2005 and 2004, which have been produced by the management of the company to us. The preparation of the EPS and other ratios is the responsibility of the company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of the audited financial statements for the period ended 31 December 2008 and for the years ended 30 September 2008, 2007, 2006, 2005 and 2004.

Based on our review, we certify that the company has properly prepared the following EPS and other ratios using acceptable principles on the basis of audited financial statements for the period ended 31 December 2008 and for the years ended 30 September 2008, 2007, 2006, 2005 and 2004.

	Three-months		For the year ended			
	31-Dec-08	30-Sep-08	30-Sep-07	30-Sep-06	30-Sep-05	30-Sep-04
<b>Liquidity ratios</b>						
Current ratio	1.76	1.79	2.01	1.19	2.89	2.89
Quick (Acid Test) ratio	1.01	1.15	1.62	0.98	2.63	2.69
Times interest earned ratio	41.69	72.87	14.12	5.10	N/A	N/A
Debt to equity ratio*	N/A	N/A	N/A	N/A	N/A	N/A
<b>Operating ratios</b>						
Accounts receivable turnover ratio	N/A	N/A	N/A	N/A	N/A	N/A
Inventory turnover ratio	1.41	7.98	10.10	10.09	17.45	15.92
Asset turnover ratio	0.53	2.30	1.71	1.41	1.84	2.09

	For the year ended					
	Three-months period ended 31-Dec-08	30-Sep-08	30-Sep-07	30-Sep-06	30-Sep-05	30-Sep-04
<b>Profitability ratios</b>						
Gross profit margin	22.51%	29.31%	35.65%	35.15%	36.67%	44.16%
Operating profit margin	14.08%	15.54%	14.86%	13.73%	21.91%	28.23%
Net profit margin	9.59%	10.05%	13.57%	11.53%	23.07%	29.31%
Return on Assets (ROA)	5.10%	23.13%	23.27%	16.24%	42.43%	61.40%
<b>Return on Equity (ROE)</b>	8.52%	31.53%	32.48%	24.34%	49.18%	72.39%
<b>Earnings Per Share (Taka)</b>	2.78	9.43	6.95	3.61	5.52	5.18

\*Considering long term debt this ratio is found to be not applicable.

Ratio	Formula
<b>Liquidity ratios</b>	
Current ratio	Current assets / Current liabilities
Quick (Acid Test) ratio	(Current assets-Inventories-goods in transit) / Current liabilities
Times interest earned ratio	(Net profit before interest expense + other income) / Net finance cost
Debt to equity ratio	Total debt / Total equity
<b>Operating ratios</b>	
Accounts receivable turnover ratio	Net credit sales / Average net receivable
Inventory turnover ratio	Cost of sales / (Average inventory + Average goods in transit)
Asset turnover ratio	Turnover / Average total assets
Gross profit margin	Gross profit / Turnover
Operating profit margin	Operating profit/Turnover
Net profit margin	Net profit after tax/Turnover
Return on Assets (ROA)	Net profit after tax/Average total assets
Return on Equity (ROE)	Net profit after tax/Total equity
Earnings Per Share (Taka)	Net profit after tax attributable to ordinary shareholders/Number of ordinary shares outstanding

Sd/-

**Rahman Rahman Huq**  
Chartered Accountants

Dhaka, 28 January 2009



	31-Dec-08	30-Sep-08	30-Sep-07	30-Sep-06	30-Sep-05	30-Sep-04
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Less: Current liabilities and provisions</b>						
Short term finance	103,166,350	30,766,667	65,745,302	240,777,949	-	-
Liability for expenses	262,685,756	189,308,846	64,872,084	88,476,812	41,616,376	79,445,736
Interest payable	1,000,000	-	125,278	2,753,197	-	-
Income tax payable	157,952,812	124,908,717	-	-	-	2,233,662
Trade creditors	135,650,913	190,018,426	90,478,115	48,707,037	48,594,012	3,698,931
Loan from subsidiary	-	-	-	20,000,000	-	-
Payable to holding company	51,955,935	45,016,335	27,141,252	-	23,212,619	10,501,725
Other liabilities	1,861,673	3,342,840	8,521,201	2,303,681	5,918,285	1,290,538
<b>Total current liabilities and provisions</b>	<b>714,273,439</b>	<b>583,361,831</b>	<b>256,883,232</b>	<b>403,018,676</b>	<b>119,341,292</b>	<b>97,170,592</b>
<b>Net working capital</b>	<b>539,740,263</b>	<b>460,038,373</b>	<b>259,484,060</b>	<b>75,195,444</b>	<b>225,048,878</b>	<b>183,189,536</b>
<b>Net assets</b>	<b>937,819,977</b>	<b>858,366,275</b>	<b>612,730,895</b>	<b>420,562,586</b>	<b>318,185,877</b>	<b>202,949,531</b>
<b>Financed by</b>						
Deferred tax liability	8,819,201	8,291,020	6,177,803	-	-	-
Provision for gratuity	2,235,457	2,235,457	-	-	-	-
<b>Total long term liabilities</b>	<b>11,054,658</b>	<b>10,526,477</b>	<b>6,177,803</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>						
Share capital	283,500,000	90,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Accumulated profit	611,765,319	726,339,798	265,007,823	216,981,876	170,049,420	116,992,722
Proposed dividend	31,500,000	31,500,000	26,000,000	11,100,000	-	-
Tax holiday reserve	-	-	305,545,269	182,480,710	138,136,457	75,956,809
<b>Total shareholders' equity</b>	<b>926,765,319</b>	<b>847,839,798</b>	<b>606,553,092</b>	<b>420,562,586</b>	<b>318,185,877</b>	<b>202,949,531</b>
<b>Total long term liabilities and equity</b>	<b>937,819,977</b>	<b>858,366,275</b>	<b>612,730,895</b>	<b>420,562,586</b>	<b>318,185,877</b>	<b>202,949,531</b>

B) The statement of operating results of the company was as follow

	Three-months period ended		For the year ended									
	31-Dec-08		30-Sep-08		30-Sep-07		30-Sep-06		30-Sep-05		30-Sep-04	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Turnover	823,077,543	2,658,852,912	1,451,889,808	888,284,048	678,365,298	501,181,457						
Cost of sales	(637,781,615)	(1,879,585,932)	(934,303,842)	(576,024,297)	(429,616,169)	(279,860,146)						
<b>Gross profit</b>	<b>185,295,928</b>	<b>779,266,980</b>	<b>517,585,966</b>	<b>312,259,751</b>	<b>248,749,129</b>	<b>221,321,311</b>						
General and administration expenses	(40,203,730)	(155,914,243)	(112,216,571)	(78,497,295)	(47,451,432)	(35,479,862)						
Selling and distribution expenses	(29,173,662)	(210,209,088)	(189,558,267)	(111,799,248)	(52,657,433)	(44,362,850)						
<b>Net profit before interest expense</b>	<b>115,918,536</b>	<b>413,143,649</b>	<b>215,811,128</b>	<b>121,963,208</b>	<b>148,640,264</b>	<b>141,478,599</b>						
Interest expense	(3,131,975)	(5,965,403)	(15,682,642)	(27,063,956)	-	-						
<b>Net profit after interest expense</b>	<b>112,786,561</b>	<b>407,178,246</b>	<b>200,128,486</b>	<b>94,899,252</b>	<b>148,640,264</b>	<b>141,478,599</b>						
Other income	14,659,392	21,551,307	5,671,188	15,961,380	8,220,869	6,983,329						
<b>Net profit before taxation</b>	<b>127,445,953</b>	<b>428,729,553</b>	<b>205,799,674</b>	<b>110,860,632</b>	<b>156,861,133</b>	<b>148,461,928</b>						
Tax expenses	(48,520,432)	(161,442,848)	(8,809,169)	(8,483,923)	(374,787)	(1,555,455)						
<b>Net profit after taxation</b>	<b>78,925,521</b>	<b>267,286,705</b>	<b>196,990,505</b>	<b>102,376,709</b>	<b>156,486,346</b>	<b>146,906,473</b>						

C) The statement of cash flows of the company was as under

	Three-months period ended		For the year ended			
	31-Dec-08		30-Sep-07		30-Sep-06	
	Taka	Taka	Taka	Taka	Taka	Taka
<b>a) Cash flow from operating activities</b>						
Collection from customers	769,682,362	2,763,342,876	1,469,872,109	812,775,491	653,178,955	501,648,150
Payment to suppliers and operating expenses	(769,039,805)	(2,222,380,658)	(1,430,236,719)	(512,692,782)	(515,829,298)	(369,324,735)
Interest paid	(2,131,975)	(5,965,403)	(22,515,003)	(20,106,317)	-	(1,214,224)
Interest received	5,813,324	18,040,417	10,036,920	13,672,825	7,708,165	4,739,335
Income tax paid	(14,948,058)	(31,144,537)	(8,660,939)	(4,837,280)	(3,501,895)	(13,730,201)
<b>Net cash generated/(used) from operating activities</b>	<b>(10,624,152)</b>	<b>521,892,695</b>	<b>18,496,368</b>	<b>288,811,937</b>	<b>141,555,927</b>	<b>122,118,325</b>
<b>b) Cash flow from investing activities</b>						
Acquisition of fixed assets	(11,555,522)	(85,669,459)	(41,047,882)	(80,890,933)	(9,735,221)	(4,368,188)
Proceeds from sale of fixed assets	-	-	475,244	-	-	-
Assets under construction	-	-	-	(130,000,000)	-	-
Acquisition of intangible assets	-	-	(750,000)	(15,000,000)	(7,325,125)	-
Sale of investment in subsidiaries	-	1,000,000	-	-	-	-
Investment in Marks & Ally's support contract	-	-	-	(50,000,000)	(65,000,000)	-
Investment in Zero coupon bond	-	(100,000,000)	-	-	-	-
<b>Net cash generated/(used) from investing activities</b>	<b>(11,555,522)</b>	<b>(184,669,459)</b>	<b>(41,322,638)</b>	<b>(275,890,933)</b>	<b>(82,060,346)</b>	<b>(4,368,188)</b>
<b>c) Cash flows from financing activities</b>						
Dividend paid	-	(26,000,000)	(11,000,000)	-	(41,250,000)	(44,000,000)
<b>Net cash generated/(used) from financing activities</b>	<b>-</b>	<b>(26,000,000)</b>	<b>(11,000,000)</b>	<b>-</b>	<b>(41,250,000)</b>	<b>(44,000,000)</b>
<b>d) Net increase in cash and cash equivalents (A+B+C)</b>	<b>(22,179,674)</b>	<b>311,223,236</b>	<b>(33,826,270)</b>	<b>12,921,004</b>	<b>18,245,561</b>	<b>73,750,137</b>
e) Opening cash and cash equivalents	444,701,711	133,478,475	167,304,745	154,383,741	136,138,160	62,388,023
<b>f) Closing cash and cash equivalents (D+E)</b>	<b>422,522,037</b>	<b>444,701,711</b>	<b>133,478,475</b>	<b>167,304,745</b>	<b>154,383,741</b>	<b>136,138,160</b>

**D) Dividend**

The company declared dividends for the period and for the last five years as follows:

	<u>31-Dec-08</u>	<u>30-Sep-08</u>	<u>30-Sep-07</u>	<u>30-Sep-06</u>	<u>30-Sep-05</u>	<u>30-Sep-04</u>
Cash dividend	-	35%	259%	111%	412.5%	440%
Stock dividend	215%	800%	-	-	-	-

E) The company was incorporated as a private company limited by shares under the Companies Act, 1994 on 6 September 1999. Subsequently it was converted to "Public Company" limited by share vide special resolution passed in the extra ordinary general meeting held on 21 September 2008.

F) The company has no subsidiary company.

G) The company did not prepare any account for any period subsequent to 31 December 2008.

H) Figures related to previous years have been rearranged where considered necessary.

Sd/-

**Rahman Rahman Huq**  
Chartered Accountants

**Dhaka, 28 January 2009**



## Auditors Additional Disclosure

In response to Securities & Exchange Commission's letter no. SEC/CI/IPO-109/2009/26 dated March 12, 2009, Marico Bangladesh Limited submitted the following disclosure by the company's auditor Rahman Rahman Huq on March 19, 2009

### *Whether provision for gratuity tax is made in accordance with BAS-19 certified by Auditor*

#### **Marico Bangladesh Limited**

Based on the accounts of the Marico Bangladesh Limited for the year ended 30 September 2008 and for the period ended 31 December 2008, which have been audited by us, we confirm and certify that the provision for gratuity for the above mentioned accounting periods has been calculated in accordance with BAS-19 "Employee Benefits".

Dhaka, 18 March 2009

Sd/-  
**Rahman Rahman Huq**  
Chartered Accountants

### *Explain the item "Asset under Construction" as shown in note 6 of the audited accounts and specify whether depreciation is charged on the same as per BAS-16 certified by Auditor*

#### **Marico Bangladesh Limited**

We certify that depreciation on the item "asset under construction" has not been charged as this constitutes machinery equipment for manufacturing laundry soap which remains yet to be installed at the dates of our audit certification. Depreciation on such machinery can be charged only after its installation and use for manufacturing purposes when the asset under construction will be transferred to plant and machinery account as per BAS-16(55).

Dhaka, 18 March 2009

Sd/-  
**Rahman Rahman Huq**  
Chartered Accountants

*Disclose information by your auditor as per requirement of schedule XI, part II, para 3,4,7,8 of the Companies Act, 1994*

### Marico Bangladesh Limited

Additional disclosures as required by Securities and Exchange Commission in  
the process of approval of prospectus for public issue of share  
As per requirement of Schedule-XI, Part-II, Para-3,4,7 and 8 of the Companies Act 1994

#### 1. Turnover

The break up of turnover is as follows:

Description	Unit	01 Oct 08 to 31 Dec 08		01 Oct 07 to 30 Sep 08	
		Quantity	Value	Quantity	Value
			<b>Taka</b>		<b>Taka</b>
Parachute coconut oil	KL	3,226	766,357,813	11,178	2,357,649,671
Beli coconut oil	KL	26	6,762,490	81	17,306,653
Camelia soap	MT	16	2,307,442	53	7,420,280
Aromatic soap	MT	315	47,649,798	1,984	276,476,308
<b>Total</b>			<b>823,077,543</b>		<b>2,658,852,912</b>

#### 2. Materials consumed

Description	Unit	01 Oct 08 to 31 Dec 08		01 Oct 07 to 30 Sep 08	
		Quantity	Value	Quantity	Value
			<b>Taka</b>		<b>Taka</b>
Oil (imported)	KL	2,063	241,359,135	9,346	957,069,927
Copra	MT	2,217	200,939,521	2,262	204,808,391
Noodles	MT	516	48,686,880	1,892	162,894,680
Perfume	KL	7	8,444,341	30	34,339,052
Talc	MT	9	222,820	33	886,183
LLP	KL	20	2,414,231	61	5,005,682
Bit Noodles	MT	12	1,899,206	55	7,491,301
<b>Sub Total</b>			503,966,133		1,372,495,216
Other raw and packing materials			122,514,476		468,404,596
<b>Total</b>			<b>626,480,609</b>		<b>1,840,899,812</b>

### 3. Particulars in respect of stocks, turnover, production of finished goods

Particulars	Unit	01 Oct 07 to 30 Sep 08							
		Opening		Production		Turnover		Closing	
		Qty	Value Taka	Qty	Value Taka	Qty	Value Taka	Qty	Value Taka
Parachute coconut oil	KL	40	5,812,779	11,316	2,386,721,552	11,178	2,357,649,671	179	34,884,659
Beli coconut oil	KL	-	-	84	18,123,410	81	17,306,653	4	816,757
Camelia soap	MT	-	-	70	9,753,118	53	7,420,280	17	2,332,838
Aromatic soap	MT	32	3,160,152	2,033	284,143,435	1,984	276,476,308	81	10,827,279
<b>Total</b>			<b>8,972,931</b>		<b>2,698,741,515</b>		<b>2,658,852,912</b>		<b>48,861,534</b>

Particulars	Unit	01 Oct 08 to 31 Dec 08							
		Opening		Production		Turnover		Closing	
		Qty	Value Taka	Qty	Value Taka	Qty	Value Taka	Qty	Value Taka
Parachute coconut oil	KL	179	34,884,659	3,450	810,548,898	3,226	766,357,813	402	79,075,744
Beli coconut oil	KL	4	816,757	27	7,039,540	26	6,762,490	4	1,093,807
Camelia soap	MT	17	2,332,838	6	997,877	16	2,307,441	7	1,023,275
Aromatic soap	MT	81	10,827,279	348	61,701,845	315	47,649,798	114	24,879,327
<b>Total</b>			<b>48,861,534</b>		<b>880,288,160</b>		<b>823,077,542</b>		<b>106,072,152</b>

### 4. Value of import-at CIF basis

Particulars	01 Oct 08-31 Dec 08	01 Oct 07-31 Sep 08
	Taka	Taka
Raw material	526,037,462	1,846,986,393
Capital goods	3,553,613	24,430,157

## 5. Transaction in equivalent foreign currency

Particulars	01 Oct 08-31 Dec 08	01 Oct 07-31 Sep 08
	Taka	Taka
Royalty	7,663,578	23,576,497
Foreign travel for company's business	960,947	4,519,509
Proposed dividend and subsequently remitted on 8 March 2009 to Marico Limited, India	-	31,500,000
<b>Dividend remitted in terms of foreign currency</b>		
Dividend of September 2007 paid to Marico Limited, India	-	26,000,000

## 6. Disclosure on managerial remuneration

Particulars	01 Oct 08 to 31 Dec 08			01 Oct 07 to 30 Sep 08		
	Directors*	Managers and others	Total	Directors*	Managers and others	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Basic salary	3,343,341	7,990,827	11,334,168	11,565,673	22,327,898	33,893,571
House rent	90,000	1,732,804	1,822,804	440,002	4,163,618	4,603,620
Conveyance	9,000	315,308	324,308	42,000	845,920	887,920
Medical	-	603,285	603,285	300,000	1,040,797	1,340,797
Bonus/incentives	-	1,292,226	1,292,226	6,218,831	6,817,073	13,035,904
Other allowances	-	1,093,956	1,093,956	-	8,951,826	8,951,826
<b>Total salary and allowances</b>	<b>3,442,341</b>	<b>13,028,406</b>	<b>16,470,747</b>	<b>18,566,506</b>	<b>44,147,132</b>	<b>62,713,638</b>

\*Directors include Managing Director.

## 7. Capacity

Description	Unit	01 Oct 08 to 31 Dec 08		01 Oct 07 to 30 Sep 08	
		Installed capacity	Actual production	Installed capacity	Actual production
Coconut oil plant	KL	4,000-4,500	3,450	12,000	11,316
Soap plant	MT	1,125-1,350	354	4,500-5,400	2,103

Licensed capacity is not applicable and the regulatory authority does not exercise any direct control over the procurement, production or sale.

Sd/-

**Rahman Rahman Huq**

Chartered Accountants

Dhaka, 18 March 2009

*Disclosure as per requirements of schedule XI, part I, para 4 and 6 of the Companies Act, 1994*

**Marico Bangladesh Limited**

Additional disclosures as required by Securities and Exchange Commission in the process of approval of prospectus for public issue of share

As per requirement of Schedule-XI, Part-I, Para-a(4) and a(6) under Current Asset, Loans and Advances of the Companies Act 1994

**a (4) Trade debtors**

Particulars	Taka
Debtors as on 31 December 2008	56,621,414
Realization	10,311,894
<b>Debtors as on 17 March 2009</b>	<b>46,309,520</b>

Total debtors are considered as good.

The debtors balance as on 31 December 2008 is below six month tenure.

**a (6) Loans and advances**

Marico Bangladesh Limited has no subsidiary and therefore, the question of loans and advances to its subsidiaries is not applicable.

Marico Bangladesh Limited is not a partner of any partnership firm and has no subsidiaries also. Therefore, giving loans and advances to such entities do not arise.

Sd/-

**Rahman Rahman Huq**

Chartered Accountants

Dhaka, 18 March 2009

*Your auditor has used the term “un-audited” for the information from 1 October 2007 to 31st December 2007*

**Marico Bangladesh Limited**

The three months period from 1 October 2007 to 31 December 2007 falls under the accounting year from 1 October 2007 to 30 September 2008 of the financial statements prepared as per the Companies Act 1994 as audited by us. The requirement of showing the three months period in Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity from 1 October 2007 to 31 December 2007 as we understand is basically for the compliance of BAS-34 - comparison purpose.

The word un-audited was mentioned for the three months period from 1 October 2007 to 31 December 2007 as no separate interim financial statements for the period were prepared for audit.

Sd/-

**Rahman Rahman Huq**

Chartered Accountants

Dhaka, 18 March 2009

## Marico Bangladesh Limited

### Statement of net asset value per share

Net assets are valued on historical cost basis “reduced by depreciation provision” and considered on the basis of audited balance sheet as at 31 December 2008 as under:

	Amount Taka
<b>Assets</b>	
<b>Fixed assets</b>	243,536,349
Property , plant and equipments	65,000,000
Asset under construction	14,626,722
Intangible assets	74,916,643
Other assets	398,079,714
<b>Total long term assets [A]</b>	14,626,722
Less: Intangible assets	74,916,643
Other assets	308,536,349
<b>Total tangible long term assets [B]</b>	
Current assets	421,477,996
Inventories	114,053,075
Goods in transit	12,996,479
Accrued interest	56,621,414
Trade debtors	100,000,000
Investments	126,342,701
Advances and deposits	422,522,037
Cash and cash equivalents	1,254,013,702
<b>Total current assets [C]</b>	<b>1,652,093,416</b>
<b>Total assets [D=A+C]</b>	<b>1,562,550,051</b>
<b>Total tangible assets [E=B+C]</b>	
<b>Liabilities</b>	
<b>Current Liabilities and provisions</b>	103,166,350
Short term finance	262,685,756
Liability for expenses	1,000,000
Interest payable	157,952,812
Income tax payable	135,650,913
Trade creditors	51,955,935
Payable to holding company	1,861,673
Other liabilities	714,273,439
<b>Total current liabilities and provisions [F]</b>	8,819,201
Deferred tax liability	2,235,457
Provision for gratuity	11,054,658
<b>Total long term liabilities [G]</b>	<b>725,328,097</b>
<b>Total liabilities and provisions [H=F+G]</b>	<b>926,765,319</b>
<b>Net Asset Value (NAV)[I=D-H]</b>	
<b>Shareholders' equity:</b>	283,500,000
Share capital	611,765,319
Accumulated profit	31,500,000
Proposed dividend	926,765,319
<b>Total Shareholders' equity [J=I]</b>	<b>28,350,000</b>
<b>Number of shares [K]</b>	
<b>Net Asset Value Per Share [L=I/K]</b>	<b>32.69</b>
<b>Net Tangible Asset Value [M=E-H]</b>	<b>837,221,954</b>
<b>Net Tangible Asset Value Per Share [N=M/K]</b>	<b>29.53</b>

Sd/-

**Rahman Rahman Huq**  
Chartered Accountants

Dhaka, 4 May, 2009

**Auditors' certificate regarding projected earnings per share as per Rules 8(B)(16)(iii) of the Public Issue Rules 2006 of Securities and Exchange Commission of Bangladesh**

We, as statutory auditors, have examined the following projected earnings per share of Marico Bangladesh Limited (the "Company") for the next three accounting years ended 30 September 2009, 2010 and 2011, which have been produced by the management of the Company to us. The projection of these EPS as per the Company's own assessment is the responsibility of the Company's management. Our responsibility is to review them and certify as to whether they have been properly projected using acceptable accounting principles.

Based on our review, we certify that the Company has duly projected the following earnings per share as per its own assessment for the accounting years ended on 30 September 2009, 2010 and 2011:

	<b>30 September 2009 Taka</b>	<b>30 September 2010 Taka</b>	<b>30 September 2011 Taka</b>
Turnover	3,376,743,199	4,052,091,838	4,862,510,205
<b>Cost of goods sold</b>	<u>(2,532,557,399)</u>	<u>(3,002,600,052)</u>	<u>(3,598,257,552)</u>
Gross profit	844,185,800	1,049,491,786	1,264,252,653
General and administration expenses	(165,460,417)	(226,917,143)	(262,575,551)
Selling and distribution expenses	<u>(168,837,160)</u>	<u>(230,969,235)</u>	<u>(325,788,183)</u>
<b>Net profit before interest expense</b>	509,888,223	591,605,408	675,888,919
Interest expense	<u>(6,375,570)</u>	<u>(6,375,570)</u>	<u>(6,375,570)</u>
<b>Net profit after interest expense</b>	503,512,653	585,229,838	669,513,349
Other income	44,000,000	44,000,000	44,000,000
<b>Net profit before taxation</b>	547,512,653	629,229,838	713,513,349
Tax expense	<u>(135,509,382)</u>	<u>(155,734,385)</u>	<u>(176,594,554)</u>
<b>Net profit after taxation</b>	<u>412,003,271</u>	<u>473,495,453</u>	<u>536,918,795</u>
<b>Numbers of outstanding shares</b>	<u>29,842,100</u>	<u>29,842,100</u>	<u>29,842,100</u>
<b>Earnings Per Share (EPS)</b>	<u>13.81</u>	<u>15.87</u>	<u>17.99</u>

Dhaka, 23 April, 2009

Sd/-  
**Rahman Rahman Huq**  
Chartered Accountants

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED



REPORT: RR/237/09

**Address:**

CRISL  
Nakshi Homes  
(4th Floor),  
6/1A, Segunbagicha,  
Dhaka-1000  
Tel: 7173700-1  
Fax: 88-02-9565783  
Email: crisl@bdonline.com

**Analyst:**

Sk. Lutful Kabir  
kabir@crisibd.org

Khandakar Aminul Islam  
amin@crisibd.org

**Entity Rating:**

**Long Term: AA+**  
**Short Term: ST-1**

**Rating based on financials  
of 1st Quarter FY2009**

**MARICO BANGLADESH  
LIMITED**

**PRINCIPAL ACTIVITY**  
Manufacturing & marketing

**CHAIRMAN**  
H.C. Mariwala

**MANAGING DIRECTOR**  
Mr. Debashish Neogi

**INCORPORATED ON**  
6th September 1999

**Equity:**  
Tk. 895.27million

*This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's Long-term Rating is valid for one year only and Short-term rating is valid for 6 months only. After the above periods, these rating will not carry any validity unless the company goes for rating surveillance.*

	Long Term	Short Term
Entity Rating	AA+	ST-1
Outlook	Stable	
Date of Rating	26 January 2009	

### 1.0 RATING RATIONALE

CRISL has reaffirmed the rating of Marico Bangladesh Limited at AA+ (pronounced as double A plus) rating in the long term and ST- 1 rating in the short term. The above has been done on the basis of its continued maintenance of its good fundamentals such as its market leadership position with strong brand equity for Parachute Brand, sound equity base company having no long term loan, sound operational & financial performance with its cost efficient operating approach, strong supply chain management, robust IT infrastructure, sound HR practices, sound liquidity & financial flexibility, systematic internal control procedure and others. However, the above rating was moderated, to some extent, by its high dependence on single product for revenue generation, raw material procurement from a single source, stressed-profitability of its soap line. Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. CRISL also placed the entity at 'stable' outlook with the expectation of its continued and stable business. However, after tax -profitability may change with the change of tax rate on its IPO flotation and reduction of bank loan exposures. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. The short term rating indicates the highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.

### 2.0 CORPORATE PROFILE

#### 2.1 The Genesis

Marico Bangladesh Limited (hereinafter referred to as MBL), a wholly owned subsidiary of Marico Limited India, (hereinafter referred to as Marico), is one of the front footer in the Fast Moving Consumer Goods (FMCG) market in Bangladesh. It was incorporated on 6 September 1999 under the Companies Act-1994 as a private limited company with an authorized and paid-up capital of Tk. 10.00 million and went into commercial operation on 30 January 2000 with its flagship brand "Parachute Coconut Oil". However, it increased Authorized and Paid Up Capital to Tk. 300 Million and Tk. 90 Million respectively on 18 September 2008 and converted into a public limited company on 21 September 2008. Again it increased authorized and paid up capital to Tk. 400 million and Tk. 283.50 million vide special resolution passed in the extra ordinary general meeting held on 31 December 2008. Within a couple of years Parachute Coconut oil captured a significant market share in Bangladesh and at present it holds 72% market share of branded coconut oil market in the country. In global, Marico is a branded player in Beauty and Wellness solutions. Marico's Products and Services in Edible Oil, Hair care, Skin Care and Healthy Foods reach out to more than 20 countries in the USA, Middle East, South Africa, Egypt, Asian sub-continent, Australia and India. Marico markets well-known brands such as Parachute, Saffola, Kaya, Sundari and Fiancee to name few, most of which have significant market shares in respective categories. Recently its "Parachute" brand was rewarded as the 6th Overall Best Brand Award out of 849 Brands (both local and MNCs) operating in Bangladesh and 3rd Best Brand in the FMCG category. Initially it started factory operations in a leased factory at Gazipur just bottling of its imported coconut oil from India, and thereafter, the factory infrastructure with land was acquired in 2007. However, with the growth in turnover, it started processing of imported copra (the basic raw material) to extract coconut oil locally



# CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

*One of the fastest growing FMCG producer in the country*

*Holds 72% market share in the branded coconut oil market*

*Soap line profitability is under stress*

*A leading global FMCG producer*

*Mariwala family holds 63.45% in its ownership*

*Marico owns 12 well-established global brands in FMCG category*

through different "Contract Manufacturers" under the close supervision of MBL management. Meanwhile, MBL acquired the intellectual property right of "Camelia" in the early 2005 to signal its entry in the toilet soap market and also acquired "Aromatic" brand in October 2005 which was highly recalled soap brand in the then period. Now, MBL is considered as one of the fastest growing FMCG Company in the country. During the last 8 years, the company achieved a Compounded Annual Growth rate of 37.71% in turnover and its turnover reached to near about Tk.2.65 billion in FY 2008 from Tk. 0.20 billion in FY 2001. MBL already has established its own Corporate Office at Uttara, Dhaka and also in the process of developing other required infrastructures. Management of MBL has planned to be listed in both the bourses of the country by early 2009. The proceeds from the IPO will be used mainly to finance working capital of the company.

## 2.2 Products and Market Share

Being a subsidiary of global FMCG player, MBL is also highly echoed locally for its Organic Products inter alia flagship brand "Parachute" in both the coconut oil and hair oil market segment. Its inorganic product line includes locally acquired brand "Camelia" and "Aromatic" (relaunched as "Aromatic Gold") in the toilet Soap segment. The Parachute brand already enjoys firm loyalty both in urban and rural households of the country due to its consistent quality; packaging innovations, distinctive natural flavor and keen concentration by its management to gain business from loose oil market to branded products. Parachute is considered as the No.1 brand in the high flying category due to its move from around 45% market share to 72% in the branded coconut oil market in the course of just less than two years.

Its Soap line products are facing tough competition due to strong dominance of Unilever's Soap brands and as well as local brands. However, its toilet soap segment presently captured a market share of about 4.2%, from 1.8% in September, 2006 with a steady growth rate.

In addition, MBL also recently launched new category of Hair Dye "Hair Code" products. Parachute Advanced has extended in the styling area with after shower jell and creams while Parachute Therapie catered for specialty care against hair fall. Presently these products are being imported by "MBL Industries Limited", the former subsidiary company of MBL now acquired by Marico Middle East FZE (a subsidiary of Marico Limited, India); and marketed & distributed by the same distribution channel of MBL albeit formal distribution agreement is yet to be between the two companies. MBL is highly ambitious to capture a commendable market share for these products within a short period of time due to its ample potential and may reap the new source of revenue if operation is performed under a formal agreement between the two companies. Globally, Marico is highly encouraged to develop new products, acquiring local and international brands for diversification of its product line.

## 3.0 PARENT PROFILE: MARICO LIMITED, INDIA

### 3.1 Preamble

Marico, a leading Indian company having business interests both in manufacturing and retailing of consumer products as well as providing services in the beauty space. It is a listed company in the Indian Stock Exchanges having diversified ownership stake from both individual and institutional participation. However, the sponsor's family i.e. Mariwala family has controlling stake of more than 63.45% in its ownership. The company is highly respected in India for its excellent corporate governance practices and HR policies. Its history can be traced back to 1948 when the Mumbai-based Mariwala family was in the trading business with their company namely Bombay Oil Industries Limited (BOIL). Over the years, BOIL expanded and entered into branded consumer products. The Mariwala family then launched another company namely Marico Foods Limited (subsequently renamed Marico Industries Limited and later Marico Limited) in 1988 to market the BOIL's consumer products. In 1990 Marico entered into an agreement with BOIL for the use of its coconut oil brand "Parachute" and edible oil brand "Saffola". The company subsequently purchased these two brands from BOIL. Within a decade, Marico launched many new products like Sweaker, Edible Oil, Hair and Care hair oil, Revive Starch, Parachute Jasmine etc. Thereafter, to add to its product portfolio, the company made several acquisitions.

### 3.2 Business Periphery

Over the years Marico has progressed into a consumer focused FMCG company in the beauty and wellness space through 12 well-established brands. It has broadly three business segments – Consumer Products (comprising the consumer products business of Marico Limited and its other subsidiaries such as Marico Bangladesh Limited, MBL Industries Limited, Marico South Africa, Marico Middle East, MEL consumer care, Marico Egypt etc), Skin Care (services and products retailed through Kaya Skin Clinics and Kaya Life) and Global Ayurvedics (Sundari) Skin Care Products of USA. In January 2006, Marico made a direct entry into the soap market in India through the acquisition of the herbal bath soap brand Manjal from Kerala-based Oriental Extractions. Marico has developed a significant franchise across countries in the Middle East, Asian

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

*Turnover crossed USD  
455 million in FY 2008*

*All oil processing plant  
under contract  
manufacturing*

*Own bottling plant*

*About 80% Oil processing is  
performed by two sub-  
contractors*

*Own soap plant set up  
at contract manufacturing  
unit*

*Strong supply chain*

sub-continent, Australia and USA and the market shares of Marico's brands overseas have been rising over the years. Marico is present in the Skin Care Solutions segment through Kaya Skin Clinics (84 clinics in different part of the world) since 2003 and Weight Management segment through Kaya Life (3 clinics). Beyond India, Marico's subsidiaries operate in Bangladesh, Egypt, United Arab Emirates, USA and South Africa with its 13 Subsidiaries. The International Business Group comprising all the subsidiaries of Marico is expected to grow by over 15-20% for the next two years. This would be largely due to Marico's strong understanding of customer needs in countries like Bangladesh and other SAARC nations, which have identical life style.

### 3.3 Financial Strength

The consolidated turnover of the company (including the turnover of its subsidiaries) crossed the Rs. 19.1 Billion (USD 455 million) mark in FY 2008. The revenues of the International Business Group, including the revenues of the two subsidiaries in Bangladesh, crossed the Rs. 3,068 million mark. At the group level, the sales have grown at a CAGR of 29% during the last 3 years and profit after tax has grown at the CAGR of 39%. The Group continues to remain low on outside debt, with a debt-equity ratio of 1.20 (changed - basis FY08) times. It also consistently reported a return on capital employed higher than 25% per cent over the years. Out of the 13 subsidiaries, six subsidiaries are profit earning, one subsidiary is yet to go for operation while the rest six are under investment phase, hence yet to reach in profitable position.

### 4.0 PRODUCTION FACILITIES

Globally the manufacturing process in the FMCG industry is not high capital intensive and most companies have a combination of both in-house production facilities and outsourcing arrangement through Contract Manufacturers. MBL has also been following the same principle to reduce fixed cost and keep concentration only in the core area of operation to increase efficiency. In view of the above, its production facilities includes own plant for bottling of oil, Contract manufacturing arrangement with three parties for bottling of oil and processing of copra and own soap manufacturing plant on a leased property. In addition, it has agreements with different parties for support service facilities like transport and also with the bottles manufacturers. The terms and conditions of the contract manufacturers are outlined by the Marico Global in line with the global business policy & quality control policy and each after every six months, is renewed subject to the conditions followed. The payments to the subcontractors are based on cost plus margin basis or any base followed as agreed between the parties. The production infrastructures are detailed below:

#### Coconut Oil Production Facilities:

"Parachute" the flagship brand of Marico Bangladesh is bottled at its own factory located at Mouchak, Gazipur on about 66 decimal lands. Plant production capacity is around 1300 – 1500 KL depending on the sku mix having 7 filling machines with changeover flexibility. Plant entries are governed by SAP system. At present 20 % of the oil requirement is directly imported from India and the balance 80% is extracted locally after processing of imported Copra (the basic raw materials of coconut oil) through its two sub contractors located at Chittagong. Sourcing of copra is mainly from India, however, also a few from Indonesia, Malaysia and Sri Lanka. It has another sub contracting facility at Narayanganj for "Parachute Beliphool" brand just to bottle and it can cater to 100 KL to 150 KL Parachute volume per month. It has around 5 dedicated vendors to plastic bottles located in and around Dhaka. All other packing materials are sourced locally. Its own factory has a 500 KL oil storage facility at present and additional 500 KL storage capacity is under construction.

#### Soap Production Facilities:

The company manufactures Aromatic and Camelia brand soaps through a sub contracting facility located at Tongi. However, the machineries and the 600 KW gas generator of that factory are owned by MBL. The two Mazzoni Lines of Italian origin were acquired from "Jamuna Group" having 400 MT production capacity per month. The factory is manned by Marico executives to have a control over the soap quality. The soap noodles are sourced mainly from Malaysia, all other packing materials are sourced locally. Out of the two lines, one line is basically utilized for production of big size soaps i.e., 75 gm and 100 gm soap. The other line is used for manufacturing of 25/35 gm soap.

#### Quality Control System:

Marico's in house developed quality control system is followed all over the world namely "QCERT system": which basically developed following the Malcolm Baldrige system, ISO, TQM and TPM models. The QCERT is implemented from raw material sourcing to finished goods level as well as in selection of vendor and contract manufacturers. Vendors are also rated using the system.

### 5.0 SUPPLY CHAIN MANAGEMENT

MBL is renowned for its sound supply chain management both in India and in Bangladesh. One of the main reasons of Marico's double digit growth is identified in its supply chain management. In order to lower inventory

# CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

*Presently established  
its own distribution network*

*Sound brand equity-  
Parachute brand*

*Corporate branding at  
developing stage*

and reduce supply chain operating costs, MBL introduced stand –alone business applications from planning to reaching the product to the retailer and providing technological support in the form of highly integrated applications systems i.e. SAP, an integrated ERP system. In view, it established a “Bottom-Up” approach from production planning to distribution at retail level. From the bottom level i.e. sales force at retail level (referred Area Sales Executive-ASE in Marico) place a demand Planning happens through SNP (Supply Chain Network Planning) module in SAP system. A three months’ rolling plan is also generated. Material buying and allocation for different plants and vendors is based on the above. Capacity planning for all products at vendor locations, sub contracting locations as well as at its own plants are also formulated through the above model. Dispatch plan for different depots is based on the requirement derived through SNP module. It helps to reach right material at right time at right place. For effective implementation and risk minimization, alternative sources of suppliers are also selected.

## 6.0 DISTRIBUTION NETWORK

MBL has strong presence in all over the country in rural and urban area through its own depots and distribution partners. Initially, Kallol was the key partner. As per mutual agreement with MBL and Kallol, MBL has phased out the distribution in a well planned manner since 2006. Presently the company established its own distribution network in 4 zones (Dhaka, Chittagong, Jessore, and Bogra). The company now controls 100% of area under its own depots. Earlier till 31st December 2008, Kallol Limited acted as distribution partner for greater Dhaka region.

MBL’s own sales professional are nourishing and controlling the entire distribution channel. At present, there are 192 distributors and 128 stockiest all over the country. Side by side MBL’s own employees like RSM (regional sales manager), ASM (area sales manager) and ASE (area sales executive) physically monitor and rigorously control the distributor’s function time to time. Moreover, MBL’s 20% of its total soap sales come through nontraditional distributional channels which include BRAC channel, cycle distribution, partnering with self help groups in rural area, direct selling etc. Most of the DBSMs are provided with a PDA: the mobile system to support the sales force before going to the market with a details store and supply position within his territory.

## 7.0 MARKETING & BRANDING

The company is moving towards mass market with a comprehensive marketing plan under its dynamic marketing team. Already its flagship brand “Parachute” availed dominant leadership position in the coconut oil category and is synonymous with pure coconut oil in the market. After acquiring Aromatic and Camelia soap it renamed its Aromatic brand to Aromatic Gold to convey the change in brand in consumers mind, though it is yet to achieve high brand recognition as compared to its competitor. The entire marketing campaign entails communications plan, embracing television, print media and bill boards throughout the length and breadth of the country. Though in case of product branding, the company is successful, however, in corporate branding, it is at growing stage. Corporate branding may result significant economies of scope, specially, for new products under its corporate banner. So far, MBL enjoys product branding boon under the name of Parachute but while introducing new product line, other than Parachute, MBL is facing tight penetration problem in the market. Recently it has been trying to adopt various strategies for corporate branding including image building, internet branding, nurture Marico values, sponsoring program, campus program, trade body discussion, CSR activities and others.

## 8.0 BUSINESS RELATION WITH THE PARENT

MBL is an independent and self managed company in Bangladesh. It has business relationship with its parent company, Marico Limited. Under a royalty agreement (1% on parachute turnover upto 30th September 2011), Marico Limited has licensed the use of its brand name ‘Parachute’ to MBL for use in Bangladesh. Being a global player, International Business Group (IBG) of Marico India has been formed to consolidate and share the ideas, innovations, practices, development activities and others among the subsidiaries of Marico. Thereby, it has developed a systematic platform to monitor the overseas operations in line with the Marico’s global principle and policy, Quality control practices and others. In view, MBL Managing Director submits monthly operation report to the CEO of IBG regularly. MBL is also fulfilling all the above requirements and participating accordingly. MBL also gets regular supply of copra from Marico India at a competitive price which ensures timely supply of raw materials for MBL. MBL has adopted the International HR practices, business policy, innovation, Quality control policy, diversification process through its global partner.

## 9.0 INDUSTRY OUTLOOK

FMCG industry in Bangladesh is a growing sector with huge local demand for its differentiated product lines. Presently it is considered as one of largest sector in the economy. Its principal constituents are foods, personal care, fabric care and house hold products. Industry size of the FMCG products is considered to be 8700

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

*Growing demand for  
branded product*

crore taka where coconut oil market is considered to be around 500 crore; out of FMCG market size, Food & beverage account for almost 64%, household and personal care products are about 34% and the rest are OTC products.

During the last 10 years, the use of branded FMCG goods has increased significantly with more and more women and men taking greater interest in personal grooming, increasing disposable incomes, changing life styles, influence of satellite television, emergence of young working class and branded products and greater product choice and availability. With the demand for FMCG on the rise and the opening up of the market to foreign companies, many of the world renowned players with different brand entered into the market in the early and mid-nineties. However, penetration level of overseas branded products in Bangladesh is still low. A major reason for low penetration of overseas brands can be attributed to high product pricing and the low earning power of the people as well. The urban population with increasing purchasing power is the major force driving demand for branded cosmetics and toiletries. Bangladesh is a very price-sensitive market and mass-market products i.e. unrecognized sector constitute the major part of the cosmetics and toiletries market due to lower prices of the products. Most of FMCG products are manufactured by simple manufacturing process that requires fairly low capital investments. In view, this has made the proliferation of localized brands/products being offered in loose form and less brand awareness of the rural people instigates the issue. However, the scenario has been changing as depicted by the industrial data if only coconut oil is considered; where loose coconut oil constituted 60% and branded coconut oil 40% of the total market value in YTD Aug 2006. The above scenario has been changed sharply as the data also on August 2008 reveals that the market share of loose oil has been reduced to 34% and branded oil has increased to 66%

Study reveals that the development of FMCG in the country has a link with the development of the local Ready Made Garments (RMG) since nineties as well as the increasing young professionals and students of private universities. These RMGs are employing huge number of young girls coming from rural area are the major promising consumers of branded FMCG products. In addition, quality of life of urban and rural people especially young people has improved substantially in Bangladesh during the last two decades, expecting various fashionable products. Though significant portion of the above demand is being met by the multinational companies, however, some local companies are also operating in the country with own plants to cater to the local demand. Though local players are small in number but market share is highly concentrated among a few producers. Generally local producers used to produce beauty soap, laundry soap, detergent powder, coconut oil, emollient cream and others cosmetics & toiletries products, but Marico is unique with its uncommon way of doing business compared to other multinationals.

The quality of products of local producers and foreign producers are not too different in some categories like soaps and detergents. However, the brand image plays an important role in the market share of the producers. Although at the initial stage, the brands of multinational producers create their image to ensure consumer preference and gradually extend the brand promise to the mass end of the consumers.

As a developing country, with a large part of the population with modest incomes, the country provides an opportunity of value for money for FMCG products. The overall economic growth has been accompanied by increased disposable incomes and education level both in rural and urban areas is considered as important factors to choose branded and quality FMCG products.

At the backdrop of recent financial turmoil in western countries, it is perceived that Bangladesh is insulated to the world economy, but a lower growth and less demand for consumable goods may happen in near future. As a part of global turmoil, most of the sector globally lost its market price and demand also drastically. Due to recession in the developed countries, it is assumed that domestic market may be affected due to lower growth and income generating capacity, which may also affect the FMCG market locally.

### 10.0 CORPORATE GOVERNANCE

Corporate governance is a blend of law, regulations, enforcement and appropriate voluntary practice by the companies that permit a corporate to attract capital, perform efficiently and generate long term economic value for its shareholders while respecting the interest of its stakeholders and society as a whole. The specific areas covered are transparency in disclosure of relevant, reliable financial and operational information, information on ownership and control, information on internal processing of management. Some of the areas are reviewed as follows:

#### 10.1 Board

MBL has its own independent and full functional Board of Directors. The Board is comprised with five members chaired by Mr. Harsh C. Mariwala, who is also the Chairman & Managing Director of Marico Limited, India.

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Under his dynamic leadership, Marico Group has been rated as one of the India's Most Innovative Company. Among the Board members, Mr. Debashish Neogi, Managing Director and Mr. Kunal Gupta, Head of Sales of MBL are representing locally to the Board. Board mainly deals with policy making issues and local management team is highly empowered by the Board. In order to comply with the best corporate governance guideline, the board will be required to have at least one Independent Director, which is also under process. The quorum of Board is at least two members, are accessible locally.

*Experienced management team*

## 10.2 Corporate Management

The operation of MBL is being looked after by a long experienced management team having multi dimensional exposures. The Management Team of MBL is headed by the Managing Director Mr. Debashish Neogi. Mr. Neogi is actively aided by key persons Mr. Kunal Gupta, Head of Sales; Mr. Soumendra Sankar Das, Head of Marketing; Mr. Balaji K.S., Head of Operations; Mr. Matiu Rahman, Regional Sales Manager; Mr. Souvik B. Mazumder, Senior Finance Manager; Mr. Iqbal Chowdhury, Senior Manager- Corporate Affairs & Treasury and Company Secretary; Mr. Tarif Aziz, Regional Sales Manager. Mr. Neogi completed his Professional Chartered Accountancy and Cost Accountancy degree and during his 14 years of service he performed in different corporate group and MNCs under different capacities. He is also regional head of South East Asia under IBG. The other high officials of the company are highly qualified and have wider experiences. Over and above, the Finance, Administration, Marketing, Sales and Distribution are overseen by the highly qualified and professionally sound people under the above heads of functions.

*Sound human resource policy*

## 10.3 Human Resources Policy

MBL has sound human resource policy to ensure the congenial working environment and better career path. The compensation structure is framed with the objective to attract and retain high quality people. Its empowerment and membership philosophy beget belongingness and reduce the employer – employee contractual relationship. On the other hand, Membership feeling works as catalyst of taking responsibility voluntarily. Total human resource strength of the company stood 75 as on 20th November 2008. Its HR development plan and performance evaluation system is excellent than other MNCs in the country. The company has conducted numerous training programs both in home and abroad on variety of topics, ranging from sales training to six sigma training which ensures proper succession planning. The arrangement of organization communication (open house question) is a commendable initiative. Dominance of the foreign employees in the operation top level is reducing to create scope for local employees to grow up the ladder.

*Robust IT infrastructure*

## 10.4 Management Information System

MBL has been operating with a good IT infrastructure. MIS in MBL is in focus of establishing technology driven process to reduce human error\ dependency, high security to ensure accuracy and reliability of data, excellent communication with the retailer etc. Its MIS serve mainly two purpose – operational purpose and sales purposes. Total operation of MBL has been developed on ERP by SAP, the most modern software. The SAP suite of ERP (SAP R/3, SCM, APO) provides real time check on various transactions emanating from various business processes of the Company and provides up to date information of manufacturing operations, financial results etc. to the user and management. Mi-Net, another web based interface which links MBL to its business associates. In order to reap maximum benefits from its sales and distribution network, Mi-net provide real time information on the status of various business operations between Marico and its distributors. Distributor's Sales men are given PDA which is a mobile and palm top like device linked with Mi-Net. This PDA is user friendly and written in Bengali which is used to record the ordered quantity, out let, supply date, product etc. So, Mi-Net ensures availability of the product at the right distributor point, at the right time in right quantities. It helps the company exercise similar controls over its sales system.

*Sound internal control system*

## 10.5 Internal Control System

MBL has been following sound internal control system to ensure compliance of its Standard Operating Procedure in order to keep the company on track. Its total operation, sales and distribution are controlled through SAP and Mi-net. This system does not allow any rectification of error and any transaction beyond the users limit. Moreover, MBL has two internal auditors, one is a local Chartered Accountant Firm, Hossain Farhad & Co. who does audit throughout the year and the other one is M/S Aneja Associates, a Chartered Accountant Firm of India, which has been associated with Marico Group as its Internal Auditor for long and do audit for Marico Limited, India and its subsidiaries also. The task of internal auditors is coordinated by an internal team at Marico. This combination of Marico's internal team and expertise of Aneja Associates ensured independence as well as effective value addition. Internal Audit is undertaken on a continuous basis covering areas across the value chain like manufacturing operations, sales and distribution, marketing, finance etc. Reports of the internal auditors are regularly reviewed by the management and corrective actions are initiated to strengthen the controls and enhance the effectiveness of the existing systems. Summaries of the reports are presented



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to the audit committee of the Marico Group Board. Monthly Operation report is submitted by the Managing Director to parent.

### 11.0 RISK MANAGEMENT

#### 11.1 Supplies Risk

MBL is fully dependent on imported raw materials i.e. Copra, Coconut Oil and Soap Noodles. Though there is not adequate availability of Local copra and quality is also an issue, therefore, supply of raw materials can not be ensured from locally. In view, MBL is sourcing copra from India through its parent and is also exploring the possibility of importing from Indonesia, Malaysia and Srilanka. CRISL views, there is always a natural resources constraint in any specific area; moreover it may be affected by any uncontrollable event or country risk to transaction or political barrier. Considering the above risk, MBL has a plan to diversify its sourcing and has already started process for sourcing from Srilanka, Malaysia and other part of world for its high grade raw materials. The company has a long term plan to source copra locally by providing seeds, fertilizer, education etc. to the farmer in the coastal area.

#### 11.2 Market Risk

MBL has been enjoyed leadership position in Parachute coconut oil and its profitability is highly dependent on parachute oil business. New entry is difficult in branded coconut oil industry due to MBL's leadership in the category. Parachute has gained a sound brand image till date but MBL has long way to built its corporate image. MBL already has taken initiatives for corporate branding which is in developing phase. Again, as a FMCG company, MBL is trying to diversify its product portfolio to avoid the single source revenue; for which high corporate branding is essential.

#### 11.3 Price Escalation risk

Raw material price in the international market is relatively volatile for FMCG. During 2008 coconut oil price was increased by 58% and soap noodles price increased by 26% in the international market. Being a market leader, MBL can absorb the price escalation shock to some extent by increasing selling price of coconut oil. However, in case of soap, MBL cannot do the same due to severe competition in the market. So, there is a risk in its soap line products which may face price escalation. However, raw material price for soap is now on declining.

#### 11.4 Distribution Risk

For any FMCG company, the most crucial wing is the distribution channel. Wide distribution network and control over the network is essential to make the quality product available to the consumer at right time and at right price. MBL has strong presence in all over the country in rural and urban area through its own depot and distribution partner. Initially, Kallol was the key partner. Later on MBL has phased out the distribution in a well planned manner since 2006. Recently it took full control on its distribution network all over the country through its four depots strategically located around the country at Gazipur, Chittagong, Bogra and Jessore.

#### 11.5 Sub- Contracting Risk

MBL has contract manufacturing facility for copra crushing, bottle filling and soap manufacturing in addition to its own factory at Mouchak, Gazipur. It has signed the sub-contracting agreement for copra crushing with two renowned local business conglomerates on the ground of win-win situation for both the company. Both the plant was idle and MBL has made them operative exclusively for the company only. Though, contract manufacturing is well known practice in the FMCG industry around the world, a few risk is associated with it. Each contract with the subcontractor is renewable in every 6 months after fulfilling the conditions specified by MBL. All the sub-contracting plants are old in nature and being used by the local producers in the past; hence quality consciousness is generally less than giant producer. However, to minimize the above risk, MBL has deputed its own quality control tools and executives to control the stringent quality parameters of oil. Besides Copra crashing is fully dependent on sub-contractor which may expose bargain power over MBL. However, if the sub contractors do not renew their contract for any reason, the MBL may adopt the alternative arrangement either through import from its parent or from other possible local sources within the expected time frame.

#### 11.6 Foreign Currency Risk

MBL is trying to reduce the significant foreign currency risk and price escalation risk through forward booking. However, volatility of Taka against Dollar and recent trend of dropping price may expose foreign currency risk. Due to its prudent management, the company gained through forward booking position during this year.

#### 11.7 Receivable Collection Risk

MBL has a policy of 100% cash sale to its distributor. Under the above backdrop CRISL does not foresee any

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kind of risk regarding receivable collection. MBL is yet to conduct any service agreement with MBL industries Ltd. due to distributing the products through MBL's channel and for other services which may be a source of revenue.

### 12.0 BUSINESS PERFORMANCE

Indicators	2008	2007	2006
Sales revenue growth (%)	83.13	63.45	30.94
PBT Growth (%)	108.32	85.64	-29.32
Profit growth (%)	35.68	92.42	-34.58
Coconut oil sales volume Growth (%)	55.64	22	19
Soap sales volume growth (%)	11.11	29.5	49.46

*Good business performance*

Overall business performance of MBL has been found good with a substantial growth over the year. The turnover of the company was Tk. 2,658.85 million and Tk. 1,451.89 million in FY2008 and FY2007 respectively, indicating 83.13% growth and it fetched a 23.82% growth (on annualized) in 1Q of FY2009. The revenue pie largely shared by its flagship brand Parachute coconut oil of 93.11% in the 1st quarter of 2009 followed by Aromatic Soap 5.79%, Parachute Beli 0.82% and Camelia 0.28%. The growth in turnover is mainly contributed by the volume growth of 55.64% (11,177.13 K.L during 2008 against 7181.44 K.L during 2007) and product price increase of 19.84%. On the other hand soap line of MBL faces cut throat competition and remains as a losing unit due to many strong players in the industry. Sales volume of Aromatic Soap increased to 200 Ton per month in 2008 from 180 Ton per month in 2007 indicating 11.11% growth.

### 13.0 FINANCIAL PERFORMANCE

#### 13.1 Profitability

Indicators	1Q of FY 2009*	FY2008	FY2007	FY2006	FY2005
Return on Average Assets After Tax (ROAA)%	20.41	23.13	23.27	16.24	42.43
Return on Average Equity After Tax (ROAE)%	36.89	38.27	39.80	28.14	60.06
Return on Average Capital Employed(After tax)%	36.43	37.82	39.55	28.14	60.06
Gross Profit Margin%	22.51	29.31	35.65	35.15	36.67
Operating Profit Margin%	14.08	15.54	14.86	13.73	21.91
Net Profit Margin%	9.59	10.05	13.57	11.53	23.07

*Highly profitable company*

\*The quarterly figure from 1st Oct 08 to 31st Dec 08 has been annualized for analysis purpose

MBL is a highly profitable company albeit its profitability indicators faced a fall in the last few years. The company fetched a profit after tax of Tk. 267.28 million in FY 2008 against Tk. 196.99 million in FY 2007 indicating a sharp increase of around 35.68%. However, it achieved around 18.12% growth (on annualized) in the 1Q of FY 2009. Though growth in turnover is praiseworthy, however, gross profit margin faced a fall in the last few years mainly due to sharp price increase of raw materials in the international market. The gross profit margin fell at 29.30% in FY2008 against 35.65% and 35.15% in YE2007 and YE2006 respectively and further it fell to 22.51% in the 1Q of FY 2009. It has been revealed that the company faced a sharp price increase of raw materials by 58%, and 37% during FY2008 and FY2007 respectively. In the same, the net profit margin showed a recent fall at 9.59% in the 1Q of FY 2009 and 10.05% in FY 2008 against 13.57% in FY 2007 and 11.53% in FY2006. Basically, MBL enjoyed tax holiday upto 30th September 2007 and the resultant impact of charging tax reduced the above net profit margin.

While analyzing the profitability of MBL in terms of Return on Average Assets (ROAA), Return on Average Capital Employed (ROACE) and Return on Average Equity (ROAE); it was revealed that ROAA stood at 20.41% in the 1Q of FY 2009 and 23.13% in FY 2008 against 23.27% in FY 2007 and 16.24% in FY 2006. ROAE had also been found good for the last couple of years and stood at 36.59% in the 1Q of FY 2009 and 38.27% in FY 2008 against 39.35% in FY 2007 and 27.72% in FY 2006. ROACE had been found good for several years and maintain the ratio above 30% almost in the last five years. ROACE stood at 58.83% in the 1Q of FY 2009 and 60.75% in FY 2008 against 40.86% in FY 2007. Earning Per Share (EPS) of Tk. 10 stood at TK. 9.43 at YE2008 and TK. 2.78 for 1st quarter (Oct-Dec) FY2009 which is equivalently Tk. 11.12 on annualized figure.

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It is mentionable here that as a part of Marico Group restructuring, MBL has transferred its investment in its subsidiaries at face value of Tk. 10 per share to its another associate company Marico Middle East FZE on 21 September 2008. In transferring share on the above process, the company sacrificed an unrealized gain of about Tk. 52 million against its investment of Tk. 1 million, though it remains within the Marico group.

### 13.2 Cost Efficiency

Indicators	1Q of FY 2009	FY2008	FY2007	FY2006	FY2005
Cost to Revenue Ratio (%)	77.49	70.69	64.35	64.85	63.33
Administrative Exp to Revenue Ratio %	4.88	5.86	7.73	8.84	7.17
Selling & Distribution Cost to Revenue Ratio %	3.54	7.91	13.06	12.59	7.59
Finance Cost to Revenue Ratio %	0.38	0.22	1.08	3.05	0.00

The cost efficiency ratio (i.e. cost of goods sold as compared to its sales) was in increasing trend which stood at 77.49% in the 1Q of FY 2009 against 70.69% in FY 2008 and 64.35% in YE 2007. The fall in the cost efficiency was due to the sharp increase in the raw material price, as mentioned earlier.

The company imports major parts of raw materials through its parents because of its prime raw material source is south India, where its parent has sound sourcing infrastructures. Contribution of raw material cost to Cost of goods sold was very high and it was 98.22% in the 1Q of FY 2009 and 97.94% in 2008 against 96.79% in 2007. It revealed that price of copra/ coconut oil increased by 58% in 2008 and 37% in 2007; soap noodles price increases 26% in 2008 and 46% in 2007. Contribution of variable overhead cost to Cost of goods sold was 1.03% in FY2008 and 1.06% in FY2007. Contribution of fixed overhead cost to Cost of goods sold was 1.03% in FY2008 and 1.60% in FY2007.

However, administrative overheads as percentage of total costs decreased to 4.88% in the 1Q of FY 2009 and 5.86% in YE 2008 against 7.73% in 2007. Selling and distribution overheads as percentage of total costs also substantially decreased to 3.54% in the 1Q of FY 2009 and 7.90% in 2008 against 13.06% in YE 2007. Finance cost to revenue ratio decreased at 0.38% in the 1Q of FY 2009 and 0.22% in FY 2007 against 1.08% in FY 2008.

### 14.0 CAPITAL STRUCTURE AND LEVERAGE

Indicators	1Q of FY 2009	FY2008	FY2007	FY2006	FY2005
Leverage Ratio (X)	0.85	0.77	0.50	1.01	0.38
Internal Capital Generation (%)	35	29	29	22	36

MBL is a sound equity based company without having any contribution of long term loan in the capital structure. The capital structure also revealed that 98.78% of the net capital employed of Tk. 906.32 million was financed by the equity i.e. Tk. 895.27 million as on 31 December 2008. Due to its sound internal capital generation policy, the capital build-up significantly boosted in FY2008 and in FY2007. Again, the company recently increased its share capital to Tk. 283.50 million as on 1Q of FY 2009 against Tk. 90.00 million as on FY 2008 through stock dividend. Internal capital generation of the company was 35%, 29%, 29%, 22% and 36% in the 1Q of FY 2009, FY2008, FY2007, FY 2006 and FY 2005 respectively. Other than the royalty payment, the company reimburses its profit to the parents for the last three consecutive years of TK. 31.50 million, Tk. 26 million and Tk. 11.10 million in 2008, 2007, and 2006 respectively. Against the above equity base it has an outside liabilities of Tk. 756.82 million as 31st December 2008 representing the leverage ratio 0.85 times and 0.77 times as on 30th September 2008. Net asset value per share of Tk. 10 reached to Tk. 32.69 in the 1QE of FY2009, against Tk. 29.91 in FY2008 considering the latest number of shares. The share capital was increased by 215% stock dividend in the 1st Quarter of FY 2009.

*Cost efficiency ratio in increasing trend*

*Sound equity based company*



## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

### 15.0 LIQUIDITY AND FUND FLOW ANALYSIS

*Sound liquidity position*

Indicators	1Q of FY 2009	FY2008	FY2007	FY2006	FY2005
Current Ratio (X)	1.68	1.70	1.83	1.19	2.89
Quick Ratio (X)	0.96	1.10	1.47	0.98	2.63

MBL has been operating with sound liquidity position from its inception due to short cash conversion cycle. The liquidity ratio of the company stood at 1.68 times, 1.70 times and 1.83 times in 1QE of FY2009, FY 2008 and FYE2007 respectively. CRISL considers the proposed cash dividend as a part current liability than in the equity, which was also adjusted in the above liquidity ratio. MBL has been operating with short inventory turnover and receivable turnover which ultimately results good cash flow over the year. Principally MBL try to avoid to pile-up huge inventory. Average number of days inventory in stock was about 32 days, 23 days, 36 days, and 36 days in the 1Q of FY 2009, FY2008, FY2007 and FY2006 respectively. Besides, the company has a policy to incur all sales in cash. So there is no chance of noticeable trade receivable' and zero days in receivable outstanding. Both the above indicator are quite good than the industry average. Against the above the company can stagger the payment liability on an average 13-30 days, which ultimately result short cash conversion cycle of 15-30 days. The company maintains considerable Investment in FDR & securities which stood at Tk. 412.00 million i.e. 33% of the current assets. The company maintains significant investment in FDR to have another source of revenue and also to maintain easily liquidable assets.

While analyzing the fund flow, it revealed that the company generated sufficient fund internally to service its debt burden and other liabilities also. As on FY2008, it was revealed that it generated fund from operation of Tk 470.55. million, operating cash flow of Tk. 137.47 million and free operating cash flow of Tk 671.12 million.

### 16.0 FINANCIAL SOLVENCY AND FLXIBILITY

*Sound financial flexibility*

Indicators	1Q of FY 2009	FY2008	FY2007	FY2006	FY2005
Debt Service Coverage Ratio (X)	44.34	77.13	15.36	5.46	0
Interest Coverage Ratio (X)	41.71	72.87	14.12	5.10	0

Being a sound equity base company and having its strong market image, it enjoys sound financial flexibility to avail fund from different sources. Due to its sound credibility, it also enjoys a large credit limit from different banks. Presently it enjoys both funded limit of Tk.875 million as on 1Q of FY2009 and non funded limit of Tk. 378 million. However, out of the above limit, the outstanding bank loan liability was only Tk. 103.17 million (i.e. 8.23% of the limit) as on 31 December 2008. It also enjoys a non funded corporate guarantee of Tk. 510.00 million from the parent through City N.A. It is mentionable here that, it planned to issue shares in the capital market at premium, which is to be used to reduce the above funded exposures and also to be used for other working capital requirement.

While analyzing the creditworthiness of the company, it revealed that in absence of long term loan, the company has been utilizing the revolving credit limit duly. The cash generation of the company supported to service the interest obligation against the revolving loan. The interest coverage ratio of the company was 41.71 times, 72.87 times, 14.12 times, 5.10 times in 1Q of FY2009 , FY 2008 FY 2007, FY 2006 respectively, reflects strong solvency.

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

### 17.0 OBSERVATION SUMMARY

<p><b>Rating Comforts:</b></p> <ul style="list-style-type: none"> <li>• Market leader with strong brand equity - Parachute Brand</li> <li>• Sound equity base</li> <li>• Sound operational and financial performance</li> <li>• Strong supply chain management</li> <li>• Robust IT infrastructure</li> <li>• Sound HR Practice</li> <li>• Outstanding business growth</li> <li>• Sound liquidity position</li> <li>• Equity based capital structure</li> <li>• Sufficient financial flexibility</li> <li>• Strong parent support</li> <li>• Enjoying cost efficiency</li> <li>• Systematic internal control procedure</li> </ul>	<p><b>Rating Concerns:</b></p> <ul style="list-style-type: none"> <li>• Major parts of Raw materials (i.e. copra and oil) are imported from a single source i.e. India</li> <li>• High dependence on single product : "Parachute oil" in revenue composition</li> <li>• Highly dependent on sub contract manufacturing</li> <li>• Corporate branding in developing stage</li> <li>• Soap line profitability is under stress</li> <li>• Transfer at face value of its investment in subsidiary to another company substantially disadvantageous to the interest of the company</li> <li>• No inter subsidiary agreement for the use of its distribution network</li> </ul>
<p><b>Business Prospects:</b></p> <ul style="list-style-type: none"> <li>• Opportunity of market growth</li> <li>• Scope of new products development</li> <li>• Diversification in the business</li> <li>• Scope of enhancing capacity utilization</li> </ul>	<p><b>Business Challenges:</b></p> <ul style="list-style-type: none"> <li>• Highly Competitive soap market</li> <li>• Political instability</li> <li>• Unethical Practice and Tax evasion by competitor</li> <li>• Control over distribution network</li> </ul>

### END OF THE REPORT

*Information used herein is obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledgement.*

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

### 18.0 CORPORATE INFORMATION

Date of Incorporation : 6th September 1999  
Commercial operations of Business : 30th January 2000

<b>Board of Directors</b>	: H.C. Mariwala	Chairman
	: Milind S. Sarwate	Director
	: Vijay Subramanian	Director
	: Debashish Neogi	Managing Director
	: Kunal Gupta	Director
<b>Auditor</b>	: <b>Rahman Rahman Huq</b> Chartered Accountants	
<b>Key Management</b>	: Mr. Debashish Neogi	Managing Director & Regional Head- South East Asia (SEA)
	: Mr. Kunal Gupta	Head of Sales
	: Mr. Soumendra Sankar Das	Head of Marketing
	: Mr. Balaji K.S.	Head of Operations
	: Mr. Matiur Rahman	Regional Sales Manager
	: Mr. Souvik B. Mazumder	Senior Finance Manager
	: Mr. Iqbal Chowdhury	Senior Manager- Corporate Affairs & Treasury and Company Secretary
	: Mr. Tarif Aziz	Regional Sales Manager

#### Capital History:

Year	Authorized Capital(M.TK)	Issued, Subscribed and Paid-up Capital (M. Tk.)	Rate of Increase	Source of Paid-up Capital
2004	10.00	10.00	-	
2005	10.00	10.00	-	-
2006	10.00	10.00	-	-
2007	10.00	10.00	-	-
2008	300.00	90.00	800%	Issue of Bonus Share
December 2008	400.00	283.50	215%	Issue of Bonus Share

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

### 19.0 FINANCIALS

#### A. Balance Sheet \* (As on 30th September)

In million Tk.

Balance Sheet	1Q of FY 2009	*2008	*2007	*2006	*2005
<b>Non-Current Assets:</b>					
Property, Plant & Equipment.	243.54	240.24	114.97	93.79	22.83
Capital work in progress	65.00	65.00	130.00	130.00	0.00
Intangible Assets(net)	14.63	15.30	17.99	19.79	7.02
Investment			1.00	1.00	1.00
Other Non-Current Assets	74.92	77.79	89.29	100.79	62.29
<b>Total Non-Current Assets</b>	<b>398.09</b>	<b>398.33</b>	<b>353.25</b>	<b>345.37</b>	<b>93.14</b>
<b>Current Assets:</b>					
Inventories	535.53	369.75	101.25	83.83	30.29
Trade Debtors	56.62	4.21	115.21	125.50	34.08
Adv. Deposits & Prepayments	126.34	120.59	165.78	96.53	122.88
Short Term Investment	100.00	100.00	0.00	0.00	0.00
Other Current Assets	13.00	4.15	0.64	5.05	2.76
Cash & Bank Balances	422.52	444.70	133.48	167.30	154.38
<b>Total Current Assets</b>	<b>1,254.01</b>	<b>1,043.40</b>	<b>516.37</b>	<b>478.21</b>	<b>344.39</b>
<b>Current Liabilities:</b>					
Short Term Loan	103.17	30.77	65.75	240.78	0.00
Long Term Loan-CP			0.00	0.00	0.00
Trade Creditors	135.65	190.02	90.48	48.71	48.59
Liabilities for Expenses	262.69	189.31	64.87	88.48	41.62
Proposed Dividend	31.50	31.50	26.00	11.10	0.00
Other ST Liabilities	212.77	173.27	35.79	25.06	29.13
<b>Total Current Liabilities</b>	<b>745.77</b>	<b>614.86</b>	<b>282.88</b>	<b>414.12</b>	<b>119.34</b>
<b>Net Current Assets</b>	<b>508.24</b>	<b>428.53</b>	<b>233.48</b>	<b>64.10</b>	<b>225.05</b>
<b>Non-Current Liabilities:</b>		---	<b>0.00</b>	---	---
Deferred Liabilities	8.82	8.29	6.18	0.00	0.00
Provision for Gratuity	2.24	2.24	0.00	0.00	0.00
<b>Total Non-Current Liability</b>	<b>11.05</b>	<b>10.53</b>	<b>6.18</b>	<b>0.00</b>	<b>0.00</b>
<b>Shareholders' Equity:</b>					
Share Capital	283.50	90.00	10.00	10.00	10.00
Other Reserve	0.00	0.00	305.55	182.48	138.14
Retained Earnings	611.77	726.34	265.01	216.98	170.05
Total Shareholder's Equity	895.27	816.34	580.55	409.46	318.19
Total Equity and LT Liability	906.32	826.86	586.73	409.46	318.19
Total Assets	1,652.09	1,441.72	869.61	823.58	437.53

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

### B. Income Statement (\*for the year ended 30 September)

In million Tk.

Particulars	1Q of FY 2009	*2008	*2007	*2006	*2005
Sales Revenue	823.08	2658.85	1451.89	888.28	678.37
CGS Excluding Dep.	631.70	1860.24	919.32	568.63	426.08
Depreciation-Mfg	6.08	19.35	14.98	7.40	3.53
<b>Cost of Good Sold</b>	<b>637.78</b>	<b>1879.59</b>	<b>934.30</b>	<b>576.02</b>	<b>429.62</b>
<b>Gross Profit</b>	<b>185.30</b>	<b>779.26</b>	<b>517.59</b>	<b>312.26</b>	<b>248.75</b>
Salary & Allowances	16.47	62.71	39.79	28.85	19.61
Depreciation-Admin.	2.17	6.03	4.44	2.53	2.14
Other Admin. Expenses	21.56	87.18	67.98	47.12	26.86
<b>Total Adm. Exp</b>	<b>40.20</b>	<b>155.91</b>	<b>112.22</b>	<b>78.50</b>	<b>48.61</b>
Selling & Distribution Exp.	29.17	210.21	189.56	111.80	51.50
<b>Total Selling &amp; Dist. Expenses</b>	<b>29.17</b>	<b>210.21</b>	<b>189.56</b>	<b>111.80</b>	<b>51.50</b>
<b>Profit from Operation</b>	<b>115.92</b>	<b>413.14</b>	<b>215.81</b>	<b>121.96</b>	<b>148.64</b>
Other Income	14.66	21.55	5.67	15.96	8.22
Financial Cost	3.13	5.97	15.68	27.06	0.00
<b>Profit Before Tax</b>	<b>127.45</b>	<b>428.72</b>	<b>205.80</b>	<b>110.86</b>	<b>156.86</b>
Income Tax	48.52	161.44	8.81	8.48	0.37
<b>Profit After Tax</b>	<b>78.93</b>	<b>267.28</b>	<b>196.99</b>	<b>102.38</b>	<b>156.49</b>

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

### CRISL RATING SCALES AND DEFINITIONS

#### LONG-TERM RATINGS OF CORPORATE

RATING	DEFINITION
<b>AAA</b> Triple A (Highest Safety)	<b>Investment Grade</b> Entities rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
<b>AA+, AA, AA-</b> (Double A) (High Safety)	Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
<b>A+, A, A-</b> Single A (Adequate Safety)	Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
<b>BBB+, BBB, BBB-</b> Triple B (Moderate Safety)	Entities rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
<b>BB+, BB, BB-</b> Double B (Inadequate Safety)	<b>Speculative Grade</b> Entities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
<b>B+, B, B-</b> Single B (Risky)	Entities rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities.
<b>CCC</b> Triple C (Vulnerable)	Entities rated in this category are adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support.
<b>CC</b> Double C (High Vulnerable)	Entities rated in this category are adjudged to be very highly vulnerable. Entities might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support.
<b>C</b> (Extremely Speculative)	Entities rated in this category are adjudged to be with extremely speculative in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
<b>D</b> (Default)	<b>Default Grade</b> Entities rated in this category are adjudged to be either already in default or expected to be in default.

For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

## CREDIT RATING REPORT ON MARICO BANGLADESH LIMITED

### SHORT-TERM RATINGS OF MANUFACTURING COMPANIES

ST-1	<p><b>Highest Grade</b> Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.</p>
ST-2	<p><b>High Grade</b> High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.</p>
ST-3	<p><b>Good Grade</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.</p>
ST-4	<p><b>Moderate Grade</b> Moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.</p>
ST-5	<p><b>Non-Investment/Speculative Grade</b> Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation.</p>
ST-6	<p><b>Default</b> Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain.</p>

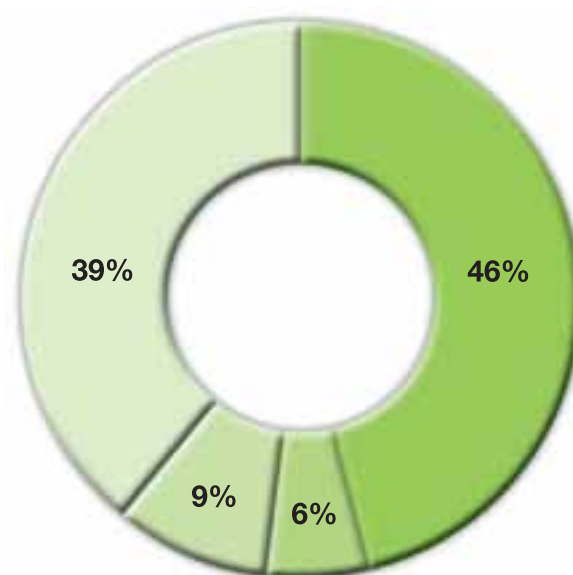
## VALUE ADDED STATEMENT & MANAGEMENT DISCLOSURES

### Value Added Statement

	1 Oct 2007 to 30 Sep 2008	
	Taka	%
Turnover	2,658,852,912	
Less: Purchase of materials & service	(1,480,438,069)	
<b>Value added</b>	<b>1,178,414,843</b>	<b>100.00%</b>
Applications:		
National Exchequer	536,136,272	45.50%
Employees salaries, wages & other benefits	69,446,596	5.89%
Shareholders' dividend	111,500,000	9.46%
Reserve & surplus	461,331,975	39.15%
<b>Total</b>	<b>1,178,414,843</b>	<b>100.00%</b>

Distribution of value Addition from 1 Oct 2007 to 30 Sep 2008

- National Exchequer
- Employees salaries, wages & other benefits
- Shareholders' dividend
- Reserve & surplus





## Management Disclosures

**Marico Bangladesh Limited management response to Dhaka Stock Exchange (DSE) Listing Committee meeting observation dated June 7, 2009:**

### ***1. Increase of Paid Up Capital from 1 crore to 28 crore within 1 (one) year is not well explained***

**Management response:** We are referring to 1st paragraph of Section V (Information About the Company) of the Prospectus where the increase of paid up capital has been explained in detail. We are restating the section of the Prospectus as clarification:-

“Marico Bangladesh Limited (hereinafter referred to as MBL), a wholly owned subsidiary of Marico Limited India, (hereinafter referred to as Marico), is one of the front footer in the Fast Moving Consumer Goods (FMCG) market in Bangladesh. It was incorporated on 6 September 1999 under the Companies Act 1994 as a private limited company with an authorized and paid-up capital of Tk. 10.00 million and went into commercial operation on 30 January 2000 with its flagship brand “Parachute Coconut Oil”. However, it has increased Authorized and Paid-up Capital to Tk. 300 Million and Tk. 90 Million respectively on 18 September 2008 and converted into a public limited company on 21 September 2008. Again it has increased authorized and paid-up capital to Tk. 400 million and Tk. 283.50 million vide special resolution passed in the extra ordinary general meeting held on 31 December 2008.”

Also please note that MBL's growth over the years was purely due to management efforts to grow in a profitable and sustainable manner and as a result, over the years, substantial profits were accumulated and were retained with. Therefore, all the increases in paid up capital have been made to invest for business growth of the company.

### ***2. Company seems reluctant to build up asset, which does not match with the equity participation concept***

**Management response:** As on December 31, 2008, 34% of the capital employed was invested in tangible fixed assets. MBL is an FMCG company and brands are its biggest assets and the endeavor would be to build mega brands. The company would not hesitate to make the required investments, be it in fixed assets or brand building.

The company always endeavors to build and maintain optimum asset base to support its growth of business.

### ***3. Asset valuation is overestimated***

**Management response:** This is a general and relative statement without mentioning any specific asset or benchmark of valuation. Additionally, all the asset values are estimated following acceptable accounting and valuation principles.

### ***4. Company does not have its own production facilities rather it depends on outsourcing and packing***

**Management response:** Please refer to Section VI ( Description of Property) of our Prospectus regarding the own factory located at Mouchak, Kaliakoir, Gazpiur and also the machineries we have at soap plant at TLRA Holdings Limited.

Additionally, outsourcing, now days, is a global practice and is key to success for global multinational companies around the world which is well known as BPO. This helps MBL operations in reducing overhead which ensures higher consumer value. The process also helps disseminating technical knowledge to local resources for further development. Hence, we strategically planned the operations which is a combination of own manufacturing and contract manufacturing, as this is the latest business concept/trend.

***5. All the plant and machineries are found secondhand, too old and mostly manual***

**Management response:** Please refer to Section VI (Description of Property) of Prospectus (page 28) where we mentioned the details about reconditioned machineries that we bought from Aromatic Cosmetics Limited. Other than soap machines, all the machineries at our oil plant and soap plant were new when installed. Again, MBL has adequate systems for preventive maintenance. If required, the assets are replaced with new assets once the old ones wear out.

***6. Total tax holiday reserve fund is unclear which is converted to equity***

**Management response:** The company has enjoyed tax holiday for parachute manufacturing until 30 September, 2007 and tax holiday reserve amounting to Tk. 305,545,269 has been utilized as per section 46/A(2)© of Income Tax Ordinance 1984( please refer note 32 of Financial Statements of MBL ended in 30 September 2007). The company has capitalized its accumulated profit to increase paid up capital through issuance of bonus as per Companies Act, 1994. There is still balance accumulated profit of Tk. 611,765,319 as on 31 December, 2009 even after increase of paid up capital from Tk. 10 Million to Tk. 283.50 Million.

***7. Premium Calculation has no justification***

**Management response:** Valuation of a company primarily depends on financial soundness, future prospect of business/ profitability and cash generation. Secondly, the value is estimated in consideration of the risk aspects of the business measured by variability of earnings. The face value seldom plays any role in justifying valuation of a stock.

You may see that MBL, during the last five years, has persistently achieved an earning growth of 37%. The management of the company is envisioning of increasing the growth through strengthening marketing effort, expansion of product line, and strategic acquisitions. The company operates its business with high brand equity products and enjoys market leadership. Because of the fast moving nature of the products, the sales and earning of the company is not significantly affected by the economic downturns (which is also reflected in the current performance). All these results in low business risk of the company, which is also reflected in the credit rating. MBL is awarded 'AA2' rating in the long term and "ST-1" in the short term which is the highest ever rating given by CRISL to any manufacturing company in Bangladesh. Careful analysis shows that the company is still in growth stage of operation and it has ample scope to register further considerable growth in future. Consequently, the company has the ability to attract above-average price earning multiple for its valuation. The offer price at Tk. 90 is based on averaging the four valuation methods of NAV at historical cost, Price based on weighted Avg. Historical EPS (Diluted), Price based on Projected EPS and Price based on Average Market Price of Similar Stocks which has described in details in section IX ( Determination of Offering Price) of our Prospectus.

Besides, the valuation is primarily done by the Issue Managers through prudent exercise of all components of valuation as prescribed in the Clause No. 16 (b) of the SEC (Public Issue) Rules, 2006. Moreover, the valuation

is also endorsed by Chittagong Stock Exchange (CSE) as they propounded the MBL IPO price at Tk. Tk. 113.03 and recommended a price of Tk. 86 proposing a discount of 25% on the price, which is very close to our value of Tk. 90/-.

**8. 4.99% Initial Public Offering (IPO) is not acceptable**

**Management response:** Marico has submitted its Prospectus considering 5% dilution post IPO paid up capital with an objective of price discovery. As the parent company is being traded at a trailing P/E of 22 in amidst global recessionary period, we have proposed to offer shares at 8 P/E ( considering annualized EPS of 11.12) and 9.54 P/E ( considering September 30, 2009 EPS) in Bangladesh which is substantially low in comparison to the present market and sector price earnings multiples. Considering the growing stage of capital market in Bangladesh, we wanted to be associated with the development and also to add value to the journey through MBL's maiden proposed IPO. In due course, Marico can explore further dilution through further issues subject to its future requirement.

**9. Marico Bangladesh seems a market promotion oriented company rather than a product producing company**

**Management response:** MBL is a full fledged FMCG company. The value chain in FMCG sector is not restricted to production alone. It extends to supply chain, sales promotion, brand building etc. In today's world, globally the value of all brands put together is worth more than half of the total balance sheet size. Marico's "Parachute" is the world's largest branded coconut oil. Keeping in line with global practice, we are in the business of brands and focus on consumer satisfaction. We believe "Consumer is the King" and hence come up with products meeting consumer need and in true sense have consumer centric approach.

**Marico Bangladesh Limited management response to Chittagong Stock Exchange (CSE) Comments made vide letter no. Com/SEC/coments-marico/233 dated May 27, 2009:**

**1. Use of the net proceeds by the company i.e. the purpose for raising capital through IPO should be more specifically mentioned in the prospectus**

**Management Response:** The purpose of IPO has been described in details in our draft prospectus page 18 of our Prospectus.

**2. As a part of Marico Group restructuring, MBL has transferred its investment in its subsidiaries at face value of Tk. 10 per share to its another associate company Marico Middle East FZE on 21 September 2008. In transferring share on the above process, the company sacrificed an unrealized gain of about Tk 52 mill against its investment of Tk. 1 mill, though it remains within the Marico Group. As a result MBL has remained substantially disadvantaged to its interest**

**Management Response:** The transaction of transfer of MBLIL to MME was consummated in September 2008 and the financial statement of MBL has been prepared and audited reflecting the impact in Balance Sheet. Marico has submitted its Prospectus and valuation on the basis of financial statement as on 31st December 2008, which are stand alone and do not factor the financials of MBLIL. Therefore, future retail shareholders will not be impacted any way with the transaction.

**3. MBL determines its share price by considering average P/E ratios of different group of companies where those average P/E ratios are weighted by MBL's own perception in order to determine expected average P/E for valuation of its own issue price and subsequently determined its fair value per share at Tk 157.66 considering representative P/E of 16.72 multiplied by EPS of 9.43 for the financial year ended on 30 September 2008.**

**However, if the company considers the EPS based on weighted average of net profit after tax for immediately preceding five years as per rule 8.B (16)(b)(ii) of Public Issue Rules 2006, which stands at 6.76, then its fair value per share stands at Tk. 113.03 which is lower than the proposed issue price per share. Therefore, considering an additional 15% discount to the retail investors, who will be holding non-controlling minority interest in the company, and 10% general discount made by the company to derive at offer price as proposed in the draft prospectus, the public offer price per share stands at Tk. 86.47 in place of Tk 120. As such, the IPO price per share of the company should be within Tk. 86.47.**

**Management Response:** Marico has revised valuation on the basis of prices derived under various valuation methods, as prescribed in the Section 16 of the SEC (Public Issue) Rules 2006 and submitted to SEC on May 24, 2009.

**4. The size of the IPO is too small and only 5% of post-IPO paid-up capital. This size should be increased at least up to 10% of post-IPO paid-up capital of the company for reducing scope of price volatility in the secondary market.**

**Management Response:** Marico has submitted its Prospectus considering 5% dilution post IPO paid up capital with an objective of price discovery. As the parent company is being traded at a trailing P/E of 22, we have proposed to offer shares @ 9.54 P/E in Bangladesh which is substantially low in compare to the company deserve. Considering the growing stage of capital market in Bangladesh, we wanted to be associated with the development and to add value to the journey through MBL's maiden proposed IPO. In due course, Marico will explore further dilution through further issues subject to its future requirement. As regards price volatility, given that Marico Limited, the principal shareholder is a long term investor, the likelihood of unwarranted price volatility remains remote whether the dilution is 5% or 10%.

**5. Fees have been over-estimated against sub-heads "Manager to the Issue Fees", "Annual Fee for DSE & CSE" and "Listing Fees for Stock Exchange (DSE & CSE)" under the head of "Breakdown of Estimated Expensed of IPO" in the draft prospectus (page#33). The estimated figure of Tk 2.10 mil against sub-head "Post Issue Jobs" under the same head as mentioned above is also seemed to be over-estimated.**

**Management Response:** The cost that has shown in Prospectus is an approximate figure assuming few conditions. As per Companies Act, the actual cost will be adjusted with premium received and that also will be communicated with SEC post listing.



## INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **50** ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring **"MARICO BANGLADESH LIMITED"** and crossed **"A/C Payee only"** and must be drawn on a bank in the same town as the bank to which the application form has been sent.
6. In the case of a joint application form, the Allotment letter will be dispatched to the person whose name appears first on this application form.
7. Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
8. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Associations and Certificate of Incorporation.
- 9. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- 10. An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by SEC.**
11. No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
12. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
13. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.
14. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
15. Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
16. The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
- 17. No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published**

## Bankers to The Issue

### Investment Corporation of Bangladesh (ICB)

Head Office, Dhaka  
Local Office, NayaPaltan, Dhaka  
Chittagong Br. Chittagong  
Rajshahi Br. Rajshahi  
Sylhet Br. Sylhet  
Bogra BR. Bogra  
Khulna Br. Khulna  
Barisal Br. Barisal

### Southeast Bank Limited

Principal Br. Dhaka  
Corporate Br. Dhaka  
Imamgang Br. Dhaka  
Dhanmondi Br. Dhaka  
Uttara Br. Dhaka  
New Elephant Road Br. Dhaka  
Gulshan Br. Dhaka  
Kakrail Br. Dhaka  
Banani Br. Dhaka  
Bangshal Br. Dhaka  
New Eskaton Br. Dhaka  
Agargaon Br. Dhaka  
Motijheel Br. Dhaka  
Shayamoli Br. Dhaka  
Aganagar Br. Dhaka  
Karwan Br. Dhaka  
Ashulia Br. Dhaka  
Joypara Br. Dhaka  
Savar Br. Dhaka  
Mouchak Br. Gazipur  
Konabari Br. Gazipur  
Narayanganj Br. Narayanganj  
Madhabdi Br. Norshingdhi  
Bandar Bazar Br. Sylhet  
Moulvibazar Br. Moulvibazar  
Hetimgonj Br. Sylhet  
Chouhatta Br. Sylhet  
Laldighirpaar Br. Sylhet  
Shahjala Uposhahar Br. Sylhet  
Kulaura Br. Moulvibazar  
Pathantula Br. Sylhet  
Agrabad Br. Chittagong  
Khatunganj Br. Chittagong  
Jubilee Road Br. Chittagong  
Halishahar Br. Chittagong  
Chowmuhani Br. Noakhali  
CDA Avenue Br. Chittagong  
Cox's Bazar Br. Cox's Bazar  
Pathartali Br. Chittagong  
Momin Road Br. Chittagong  
Bashurhat Br. Noakhali  
Chhagalnaiya Br. Feni  
Feni Br. Feni  
Rangpur Br. Rangpur  
Khulna Br. Khulna  
Bogra Br. Bogra

### Standard Chartered Bank

Motijheel Alico Building Br. Dhaka  
Mirpur Branch, Dhaka

### National Bank Limited

Babubazar Br. Dhaka  
Bangsal Road Br. Dhaka  
Dhanmondi Br. Dhaka  
Dilkusha Br. Dhaka  
Elephant Road Br. Dhaka  
Foreign Ex. Branch, Dhaka  
Karwan Bazar Br. Dhaka  
Lake Circus Br. Dhaka  
Malibagh Br. Dhaka  
Mirpur Br. Dhaka  
Mohakhali Br. Dhaka  
Mohammadpur Br. Dhaka  
Motijheel Br. Dhaka  
North Brook Hall Br. Dhaka  
Pragati Sarani Br. Dhaka  
Savar Bazar Br. Dhaka  
Uttara Br. Dhaka  
Z.H. Sikder M.C. Br. Dhaka  
Gulshan Br. Dhaka  
Imamganj Br. Dhaka  
Islampur Br. Dhaka  
Banani Br. Dhaka  
Jatrabari Br. Dhaka  
Agrabad Br. Chittagong  
Anderkillah Br. Chittagong  
Jubilee Road Br. Chittagong  
Khatunganj Br. Chittagong  
Pahartali Br. Chittagong  
Sheikh Mujib Road Br. Chittagong  
Chawkbazar Br. Chittagong  
Feni Br. Feni  
Barisal Br. Barisal  
Gazipur Br. Gazipur  
Khulna Br. Khulna  
Narayanganj Br. Narayanganj  
Narsingdi Br. Narsingdi  
Rajshahi Br. Rajshahi  
Rangpur Br. Rangpur  
Sylhet Br. Sylhet  
Bogra Br. Bogra  
Comilla Br. Comilla  
Tangail Br. Tangail

### Dhaka Bank Limited

Local Office Br. Dhaka  
Bangsal Br. Dhaka  
Imamgonj Br. Dhaka  
Islampur Br. Dhaka  
Foreign Ex Br. Dhaka  
Dhanmondi Br. Dhaka  
Karwanbazar Br. Dhaka  
Uttara Br. Dhaka  
Amin Bazar Br. Dhaka  
Islami Banking Br. Dhaka  
Narayanganj Br. Narayanganj  
Laldighipar Br. Sylhet  
Agrabad Br. Chittagong  
Jubilee Road Br. Chittagong  
Khatunganj Br. Chittagong  
Cox's Bazar Br. Cox's Bazar

### The City Bank Limited

Principal office, Dhaka  
B. B. Avenue Br. Dhaka  
Dhaka Chamber Br. Dhaka  
Dhanmondi Br. Dhaka  
Foreign Exchange Br. Dhaka  
Gulshan Br. Dhaka  
Imamgonj Br. Dhaka  
Islami Banking Br. Dhaka  
Johnson Road Br. Dhaka  
Kawran Bazar Br. Dhaka  
Mirpur Br. Dhaka  
Mouchak Br. Dhaka  
New Market Br. Dhaka  
Shaymoli Br. Dhaka  
Uttara Br. Dhaka  
VIP Road Br. Dhaka  
Islampur Br. Dhaka  
Barisal Br. Barisal  
Tongi Br. Gazipur  
Tanbazar Br. Narayanganj  
Comilla Br. Comilla  
Agrabad Br. Chittagong  
Jubilee Road Br. Chittagong  
Khatunganj Br. Chittagong  
O R Nizam Road Br. Chittagong  
Bandar Bazar Br. Sylhet  
Zinda Bazar Br. Sylhet  
Bogra Br. Bogra  
Rajshahi Br. Rajshahi  
Khulna Br. Khulna

### Citibank N.A.

Motijheel Br. Dhaka  
Gulshan Br. Dhaka  
Dhanmondi Br. Dhaka  
Agrabad Br. Chittagong

### Trust Bank Limited

Principle Br. Dhaka Cant.  
Dilkusha Corporate Br. Dhaka  
Gullshan Corporate Br. Dhaka  
Dhanmondi Br. Dhaka  
Karwan Bazar Br. Dhaka  
Millenium Corporate Br. Dhaka Cant.  
Mirpur Br. Dhaka  
Uttara Corporate Br. Dhaka  
Radisson Water Garden Br. Dhaka  
Sena Kalyan Bhaban Br. Dhaka  
Chittagong Cantt. Br. Chittagong  
Naval Base Br. Chittagong  
Agrabad Br. Chittagong  
Khatunganj Br. Chittagong  
CDA Avenue Br. Chittagong  
Sylhet Corporate Br. Sylhet  
Narayanganj Br. Narayanganj  
Comilla Cantt. Br. Comilla  
Feni Br. Feni  
Narsingdi Br. Narsingdi







## INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. An application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring “**MARICO BANGLADESH LIMITED.**” and crossed “**Account Payee only**”.
5. An application shall be sent by the applicant directly to the Company by **August 6, 2009** so as to reach the Company by **August 16, 2009**. Applications sent after **August 6, 2009** or received by the Company after **August 16, 2009** will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank’s name and Branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. In the case of non-allotment of securities, if the applicants’ bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through “Account Payee” cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
13. The intending NRB applicants shall deposit share money by US\$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking “Account Payee only”. So that the issuer’s collecting bank can clear the proceeds and deposit the same into issuer bank’s account in time.
14. The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
- 15. The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
16. In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-15 (above).
- 17. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- 18. An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by SEC.**
- 19. No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY’S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

## Our Presence Worldwide

### INTERNATIONAL BUSINESS GROUP (IBG) OFFICES:



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Fax: 00 9714 3973725

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Kalimati, Kathmandu, Nepal  
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Giza, Egypt,  
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#### MARICO BANGLADESH LIMITED

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Uttara, Dhaka, Bangladesh

### MARICO LIMITED, INDIA OFFICE:

#### MARICO LIMITED

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Bandra Reclamation,  
Bandra (West),

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Fax: 91-22-66490112

#### Websites

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[www.maricobd.com](http://www.maricobd.com)  
[www.kayaclinic.com](http://www.kayaclinic.com)  
[www.saffolalife.com](http://www.saffolalife.com)  
[www.parachuteadvanced.com](http://www.parachuteadvanced.com)



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