

ANNUAL REPORT 2016

# MAKE A DIFFERENCE



marico

MARICO BANGLADESH LIMITED





# ANNUAL REPORT 2016

## GAME OF SKILLS

Each game requires a unique set of skills. For some it's the keen eye and patience, for others it's the strength and stamina. But for every game out there, we need focus, courage and tenacity.

The design set for this visualization will portray Marico Bangladesh's brilliant skill-set over the years in an ever changing game. Each visualization of a certain sport will tell a different story of Marico Bangladesh's agility, perseverance and focus on its ascent to success.

# WELCOME TO MARICO BANGLADESH LIMITED

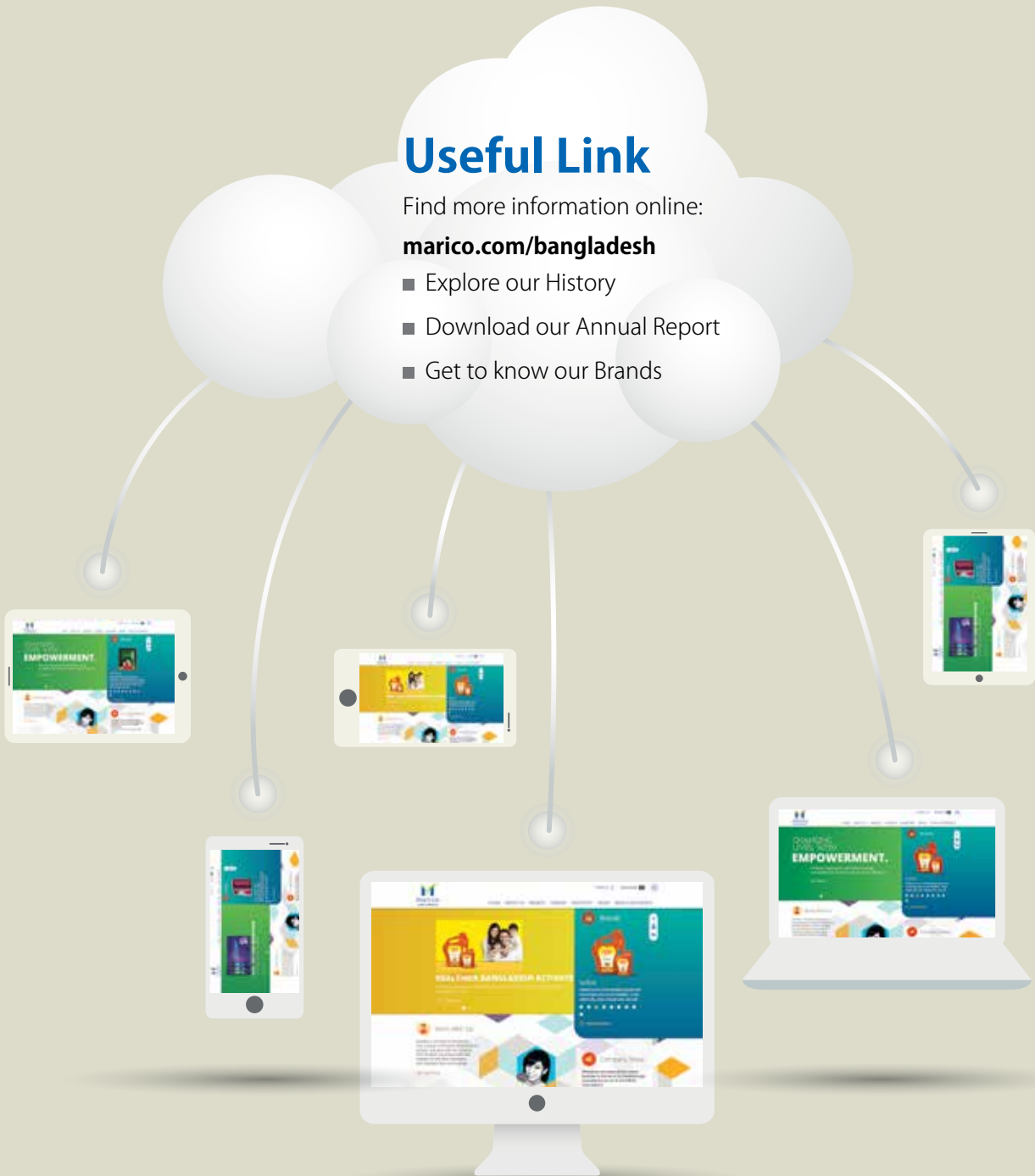
We are one of the leading FMCG companies in the beauty and wellness space of Bangladesh. Committed to making a difference in all we do, we touch the lives of 1 out of every 2 Bangladeshis through our wide array of brands.

## Useful Link

Find more information online:

**[marico.com/bangladesh](http://marico.com/bangladesh)**

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





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# CORPORATE INFORMATION



## BOARD OF DIRECTORS

Mr. Saugata Gupta	Chairman
Ms. Rokia Afzal Rahman	Independent Director
Mr. Masud Khan	Independent Director
Mr. Aditya Shome	Managing Director (till 31 <sup>st</sup> Aug. 2016)
Mr. Sanjay Mishra	Additional Director
Mr. Vivek Karve	Director
Mr. Ashraful Hadi	Additional Director
Mr. Naveen Pandey	Additional Director



## STOCK INFORMATION

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



## MANAGEMENT TEAM

Mr. Aditya Shome	Managing Director (till 31 <sup>st</sup> Aug. 2016)
Mr. Naveen Pandey	Additional Director*
Mr. Mir Nawbut Ali	Director-Marketing
Mr. Kazi Amirul Haque	Director- Sales
Mr. Sidhartha Das	Director-HR
Mr. Md. Nazim Uddin	Director-Supply Chain
Mr. Md. Saiful Alam	Director-Manufacturing
Mr. Iqbal Chowdhury	Chief Financial Officer
Ms. Christabel Randolph	Head- Legal & Secretarial

\*MD w.e.f 1<sup>st</sup> September 2016



## INVESTOR RELATIONS

Telephone: +880 28931202  
Fax: +880 28932322  
Email: info@marico.com



## DATE OF INCORPORATION

September 6, 1999



## COMPANY SECRETARY

Ms. Christabel Randolph (w.e.f 25<sup>th</sup> July 2016)



## STATUTORY AUDITORS

Hoda Vasi Chowdhury & Co.



## LEGAL ADVISOR

Corporate Counsel  
Dr. Kamal Hossain and Associates



## PRINCIPAL BANKERS

Standard Chartered Bank  
HSBC  
BRAC Bank Ltd  
Islami Bank



## OUR FACTORIES

Factory 1: Mouchak, Kaliakoir, Gazipur

Factory 2: Shirirchala, Mahona Bhabanipur, Gazipur



## REGISTERED & CORPORATE OFFICE

House-1, Road-1, Sector-1, Uttara, Dhaka-1230.  
Telephone: +880 28931202, Fax: +880 28932322



## WEBSITE

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

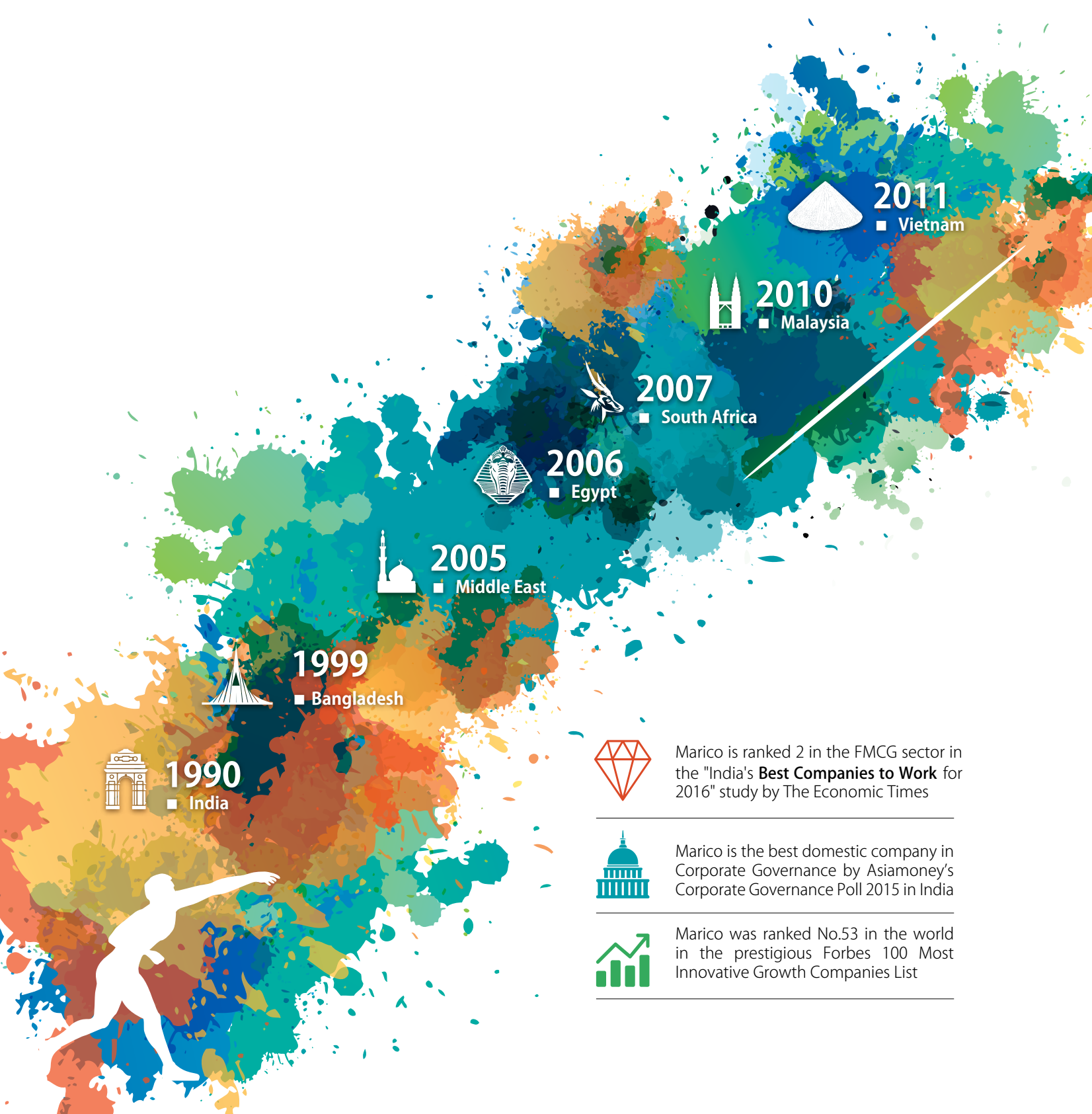
# COMPANY

## PROFILE

### EXCELLENCE IN EXECUTION

Since Marico Group's inception in 1990, the company's success has been fuelled by our burning desire to be "big". We fixed our goal to expand and developed a sound business plan to realize it. Coupled with our honed capability to derive meaningful insight from various markets we pursued increasingly ambitious timelines in penetrating international markets across Asia and Africa and were successful.

Marico Bangladesh Limited was the first subsidiary of Marico Limited and we have since maintained our position as the most profitable unit of Marico's International Business.



**1990**  
■ India

**1999**  
■ Bangladesh

**2005**  
■ Middle East

**2006**  
■ Egypt

**2007**  
■ South Africa

**2010**  
■ Malaysia

**2011**  
■ Vietnam



Marico is ranked 2 in the FMCG sector in the "India's **Best Companies to Work** for 2016" study by The Economic Times



Marico is the best domestic company in Corporate Governance by Asiamoney's Corporate Governance Poll 2015 in India



Marico was ranked No.53 in the world in the prestigious Forbes 100 Most Innovative Growth Companies List

## SNAPSHOT

Every year we, at Marico Bangladesh Limited, take immense pride in our commitment to improve the lives of all those who share their journey with us. From hair nourishment to skin care, we are passionate about our growing family of brands, our partners in the market and the high regard in which our consumers hold for our brands. This, in turn, enables us to swiftly respond to market opportunities and deliver consistent results for our stakeholders.

## SOME QUICK FACTS ABOUT MARICO BANGLADESH LTD



We proudly serve 1 out of every 2 Bangladeshis through our winning brands.



Our flagship brand Parachute is among the 10 most trusted brands in Bangladesh.



Parachute Coconut Oil holds leadership position in Coconut Oil segment



Ranked 2nd\* in the Value Added Hair Oil Category

\*data updated till June 2016

## HUMAN RESOURCES



**193**  
MBL Members Directly Employed

**3000+**  
Indirect employment

## FINANCIAL RESOURCES



**1708** BDT Million  
Shareholders' Funds

**1328** BDT Million  
Fixed Deposits, Cash & Cash Equivalents

## PRODUCT PORTFOLIO



**17** Brands | **55** SKUs



# 3

## NEW BRANDS INTRODUCED



**Bio-Oil**  
(distribution only)



**Mediker Plus**



**Saffola Oats**

CATEGORY	BRANDS
<b>Branded Coconut Oil (BCNO)</b>	Parachute
<b>Value Added Hair Oil (VAHO)</b>	Parachute Advansed Beliphool Nihar Naturals Shanti Badam Amla Parachute Advansed Extra Care Parachute Advansed Enriched Hair Oil Parachute Advansed Cooling Hair Oil
<b>Hair Dye</b>	HairCode HairCode Active HairCode Keshkala
<b>Hair Serum</b>	Livon Silky Potion
<b>Male Grooming</b>	Set Wet Deos Set Wet Hair Gel
<b>Shampoo</b>	Mediker Plus
<b>Skin Care</b>	Parachute Advansed Body Lotion Bio Oil (Distribution Only)
<b>Edible Oil &amp; Foods</b>	Saffola Active Saffola Massala Oats





## OUR VISION

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

Being a company of immense promise and possibilities, we are guided by an underlying dedication to help our stakeholders realize their true potential as well. This shared vision gives us a unified sense of purpose and destination, and makes us committed to being the best in everything we do.

## OUR MISSION

### Make a difference.

Our sustainable growth story rests on an empowering work culture that encourages our members to take complete ownership and make a difference to the entire business ecosystem.

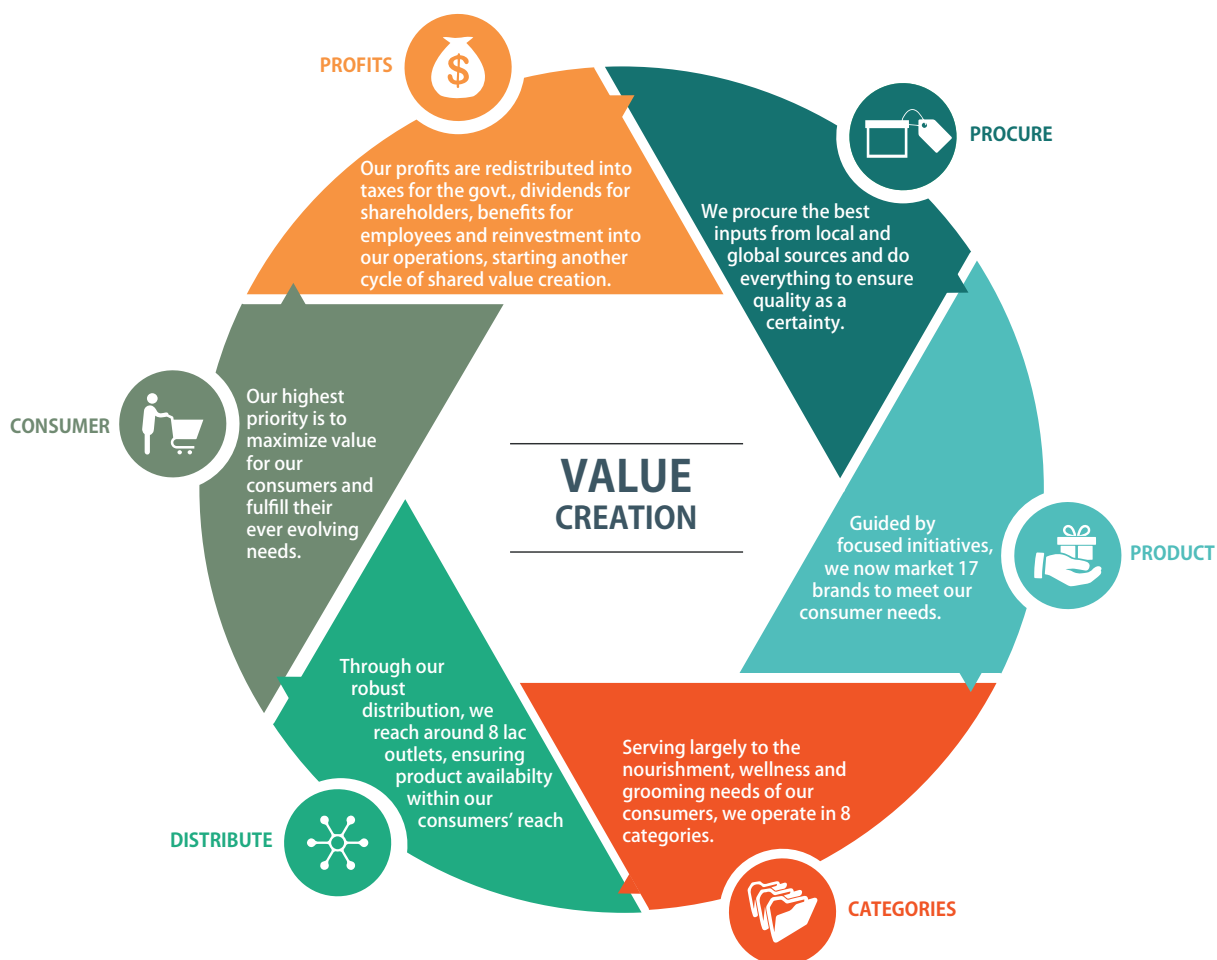
## STRATEGIC OBJECTIVES

By 2020, Marico Bangladesh aspires to be among the Top 3 MNCs with leadership in our core categories. We plan to achieve this aspiration by taking greater strides in implementing Marico's vision to be the very best in how we nurture and empower all the lives we touch. We have crystalized our roadmap to ensure a winning journey of transformation.

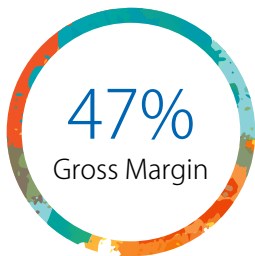
Towards our Business aspirations, the Company has identified areas of transformation where it will develop top quartile capability, processes and execution excellence. They are Innovation, Go To Market Transformation, Talent Value Proposition, IT & Analytics and Cost Management.

As MBL expands, we will be equally focused on facilitating our growth platforms while continuing to strengthen governance and processes. The Company's focus is aligned with that of Marico Group, which is on creating winning brands, winning culture and a winning talent pool to create a virtuous cycle of great talent and an enabling culture of driving innovation driven growth.

## MARICO BANGLADESH'S BUSINESS MODEL:



# PERFORMANCE HIGHLIGHTS



\*CAGR is calculated for the period between October 1, 2009 to March 31, 2016

## 1999-2002

- Incorporated in 1999
- Started operations in Bangladesh
- Inaugurated Manufacturing Operations at leased factory in 2002

## 2003-2008

- Acquired leased factory in 2007
- Establishment of MBL own HO at Uttara in 2008
- Transition to own distribution from National Distributors in 2008

# HISTORY & MILESTONES



## 2013

- Launched Livon Silky Potion
- Parachute Completed "Ek jug" in Bangladesh
- Launched Saffola Active Edible Oil
- Launched Set Wet Deos

## 2014

- Re-launched Nihar Naturals Shanti Badam Amla
- Re-launched Parachute Advanced Beliphool
- Launched HairCode Keshkala

A colorful splash graphic in shades of green, teal, and blue, with the text '2009-2011' overlaid in white.

## 2009-2011

- Marico Bangladesh successfully listed in Stock Exchanges of Bangladesh
- Launched Parachute Advanced Cooling Hair Oil
- Launched HairCode in Bangladesh


A colorful splash graphic in shades of orange, red, and yellow, with the text '2012' overlaid in white.

## 2012

- Set up Shirirchala Factory for Copra Crushing operations in Bangladesh
- Parachute was awarded as Best Brand in 2012 by Bangladesh Brand Forum and Nielsen


A blue splash graphic with the text '2015' overlaid in white.

## 2015

- 
- A large graphic featuring two white silhouettes of people holding hands, set against a background of colorful splashes in green, yellow, orange, and blue.
- Partnership with DAM to provide free education to 3000 out-of-school children
  - Launched Parachute Advanced Extra Care
  - Awarded "Certificate of Merit" for best Corporate by ICMAB
  - Launched Parachute Advanced Body lotion

A teal splash graphic with the text '2016' overlaid in white.

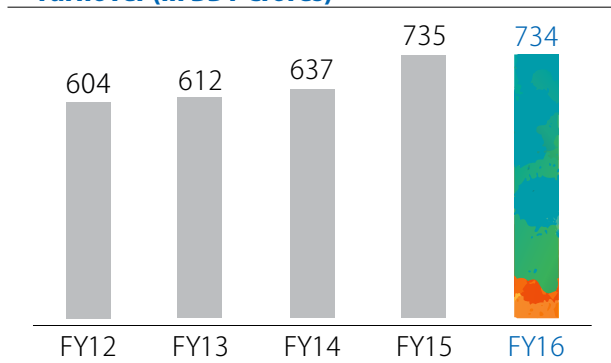
## 2016

- 
- A large graphic featuring three white silhouettes of people, set against a background of colorful splashes in blue, green, and teal.
- Launched Mediker Plus
  - Launched Saffola Masala Oats

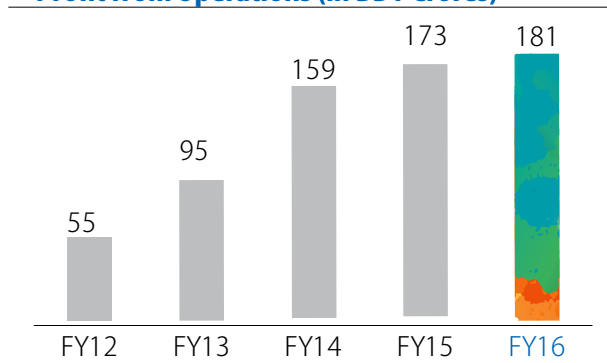
# FINANCIAL

## HIGHLIGHTS

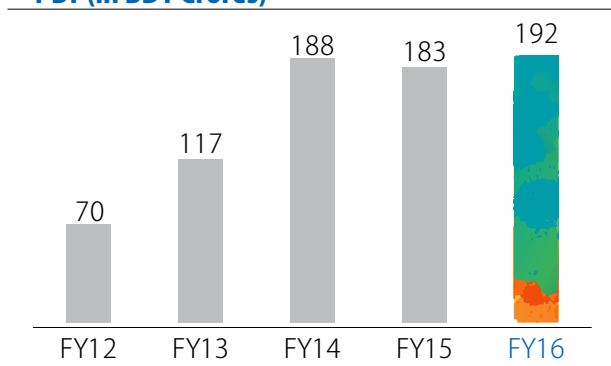
**Turnover (in BDT Crores)**



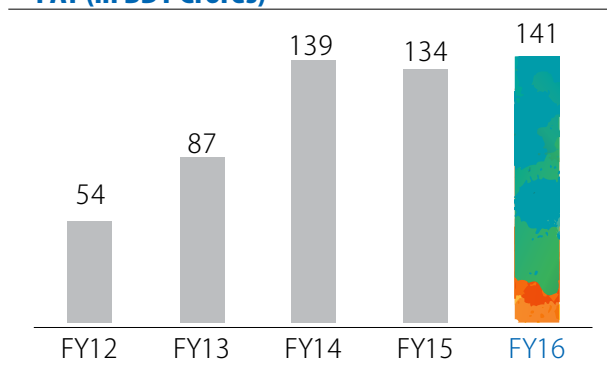
**Profit from Operations (in BDT Crores)**



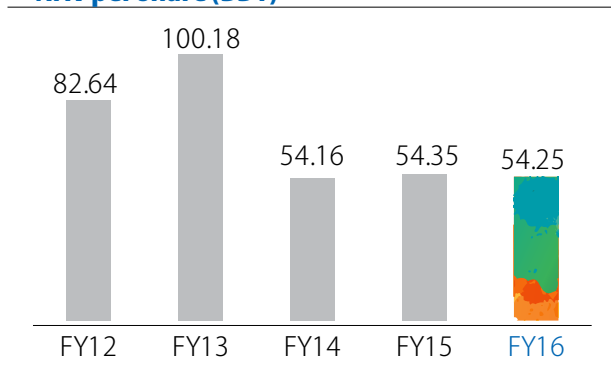
**PBT (in BDT Crores)**



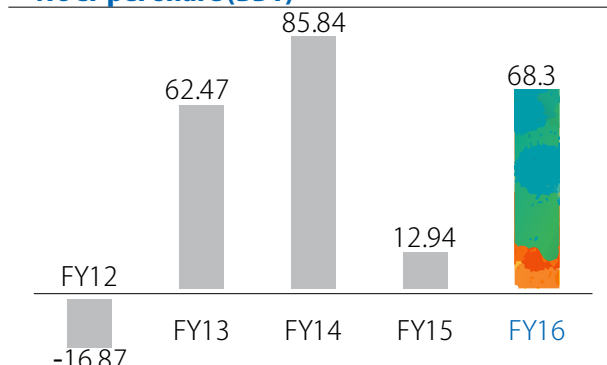
**PAT (in BDT Crores)**



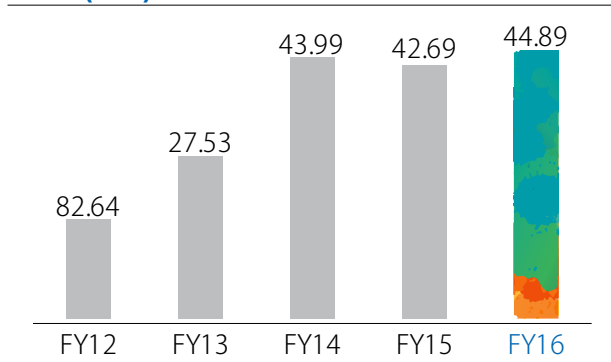
**NAV per share (BDT)**



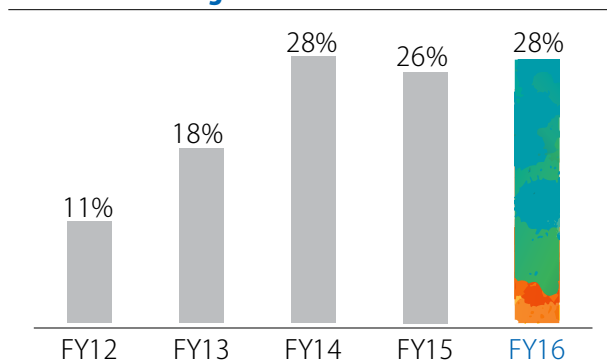
**NOCF per share (BDT)**



**EPS (BDT)**

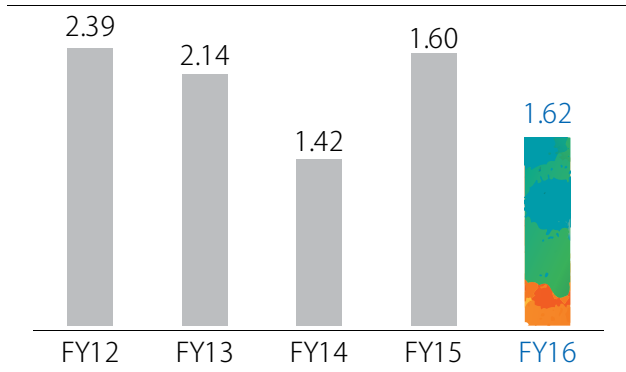


**EBITDA % Margin**

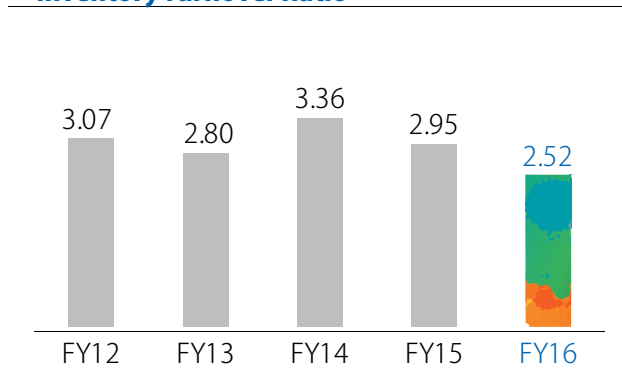


# KEY RATIOS

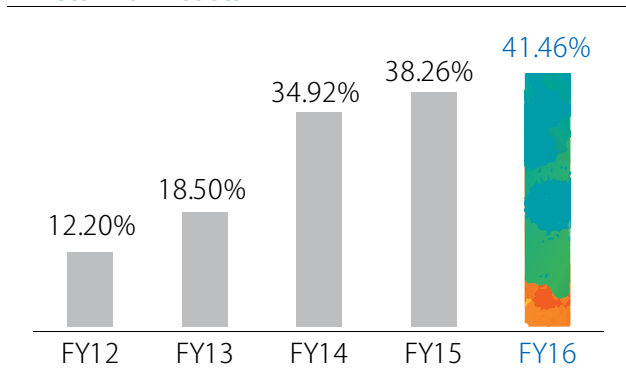
## Current Ratio



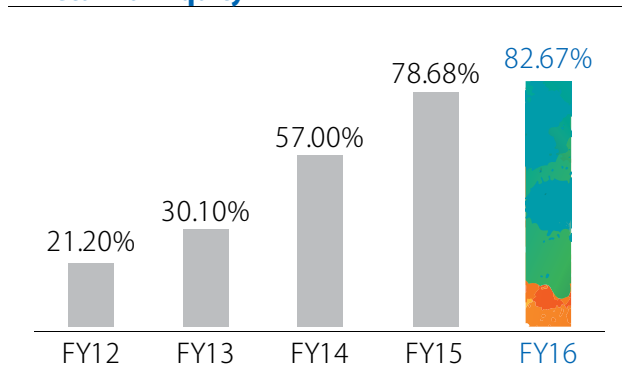
## Inventory Turnover Ratio



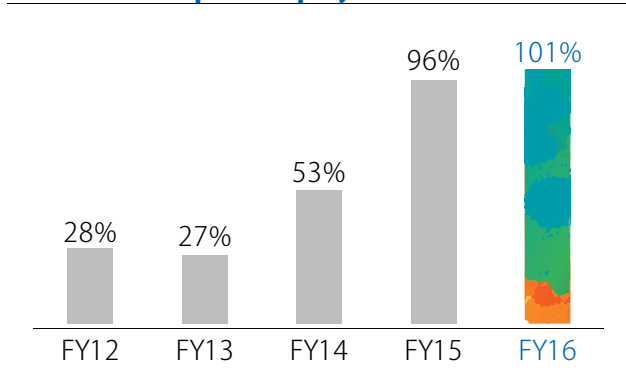
## Return on Assets



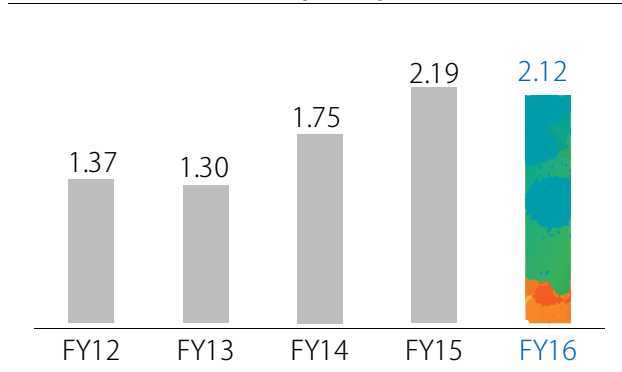
## Return on Equity



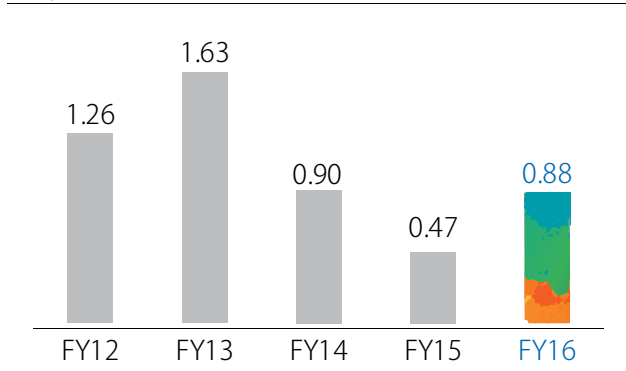
## Return on Capital Employed



## Asset Turnover Ratio (times)



## Quick Ratio



# FY'16: YEAR AT A GLANCE

## Q1 APRIL TO JUNE'15

### Re-launch of Parachute Advanced Beliphool with Methi:

In May 2015, Parachute Advanced Beliphool was re-launched in a new and improved form including Methi (fenugreek) as an added ingredient. The new brand proposition was introduced to our consumers to provide a perfect balance in both nourishment and sensorial.

### Entrance into Chemist channel:

Keeping ourselves updated with the ever evolving retail scene of Bangladesh, we expanded our reach by entering into the chemist channel. Outlets in this retail channel primarily sell prescription drugs but have also recently ventured into selling FMCG products. Our venture into the chemist channel has resulted in a notable increase in the number of outlets in which we are present. Entry into this channel is an indication of how Marico has been continuing to transform its sales operation by identifying new pockets of growth.

## Q2 JULY TO SEPTEMBER'15



### "POWER OF 3" Campaign - Nihar Shanti Amla:

A new campaign for Nihar Shanti Badam Amla kicked off highlighting the power of its three key ingredients- Amla, Almond and Vitamin E. The successful campaign has been carried out throughout the year consisting of strong communications which have positively impacted the brand. The campaign focused on how

using Nihar Shanti Amla can give stunning hair that is stronger, thicker and Shinier, because of the power of its 3 ingredients.

### 1st Interim Dividend Declaration:

Following the announcement of the earnings for Q2, our Board of Directors declared interim cash dividend of 300% for our shareholders as the end of the first half of the financial year.

## Q3 OCTOBER TO DECEMBER '15



### Inauguration of Integrated plant at Padma:

We embarked upon our journey towards greater supply chain responsiveness with the start of our operations at our new manufacturing unit with Padma Ltd which is a step towards our vision for lean manufacturing.



### 'Act Now!':

In line with our commitment to "Make a Difference", 'ACT NOW!' was initiated incorporating participation of all members involved with manufacturing to contribute positively with the ethos of "Controlling the Processes, Altering the Behavior and Deleting Waste". 'ACT NOW!' is an important platform for realizing the goal of uniform standards and processes across all manufacturing units.





### Nihar Shanti Badam Amla Pack change – Modern and Premium Look:

New packaging has been introduced for Nihar Shanti Amla. The launch was preceded by extensive research work. A fresh pack change TVC was launched in Dec 2015 to introduce the new pack to the consumers. The pack change and new thematic communication were supported by POSM placement nationally.

### Dividend Declaration:

Following the announcement of the Q3 earnings, our Board of Directors declared that this year's second interim cash dividend be 100% for our shareholders.

## Q4 JANUARY TO MARCH '16

### Test Launch of Saffola Masala Oats & Mediker Plus:

Keeping in mind our promise to stay updated with all the emerging trends of Bangladesh's ever evolving consumer base, we ventured into the processed food category with the test launch of healthy Oats line. During the quarter, we also test launched Mediker Plus, an already established brand in our neighboring country, known for its effectiveness in solving the social stigma-ridden lice problem.



2016

### Inauguration of PET manufacturing unit at ZAPCO:

With the growth of our Value Added HairOil (VAHO) portfolio, a subsequent need arose for swift response to meet the VAHO market demands. Consequently, we developed a PET bottle manufacturing unit through a joint initiative with Zapco Ltd. The shift towards environment friendly PET bottles were sparked by our desire to move towards a greener production process.



**Safety Week 2016 "Safety Starts With You"**-MBL launched Safety Week 2016, first of its kind in MBL production units, as a way of embracing the importance of safety at our plants through a week long program involving the participation of everyone at the plants in maximizing safety at the workplace. The program highlighted multiple team activities and competitions, workshops and live demonstrations in hazards handling.

### PABL & PAEC awarded best new brands at 14th Annual Marico Marketing Excellence Awards:

We are proud to highlight that in this year's Marico Marketing Excellence Awards, Parachute Advanced Body Lotion and Parachute Advanced Extra Care were both jointly awarded the positions of "Best New Brand- Gold". They stood out amongst 20 other Marico brands across 6 locations for impeccable market understanding and growth prospects in a competitive environment.

### Final Dividend Recommendation

Following the disclosure of earnings for Q4 and the FY '16, our Board of Directors recommended 50% final cash interim dividend taking the total dividend paid for FY '16 to 450%.



# PROFILE OF

## BOARD OF DIRECTORS



**SAUGATA GUPTA**

Chairman

Mr. Saugata Gupta is the Chairman of Marico Bangladesh Limited, a role he has assumed since 2013. He is also at the helm of Marico and leads the Company's operations both in India and its International Business. Mr. Gupta joined Marico in January, 2004 as Head of Marketing and has been in charge of Marico Limited as Managing Director since April, 2014.

Mr. Saugata Gupta started his career with Cadbury India (now Mondelez India Foods Private Limited), where he spent 9 years in various roles in Sales and Marketing with his last role being Marketing Manager - Chocolates. Prior to joining Marico, Mr. Gupta was Chief of Marketing and Group Sales at ICICI Prudential and was part of the startup team that was instrumental in establishing ICICI Prudential as the largest private sector Insurance firm in the country. In the year 2007, he was elevated to become the CEO of Marico's India business. In April 2013, Under his leadership as the CEO of Marico Limited- the unified FMCG business, Marico restructured its Consumer Product Business (CPB) in India and International Business Group (IBG).

Mr. Gupta's illustrious career consists of 23 years of experience primarily in FMCG sector. He has an engineering degree from IIT Kharagpur and a Management degree from IIM Bangalore. Earlier this year, Mr. Saugata Gupta was named the 2nd most Valuable CEO in India for the year 2015 - 16 within the Large Category of industries by India's prestigious business magazine Business World.



**ROKIA AFZAL RAHMAN**

Independent Director

Ms. Rokia Afzal Rahman has been an Independent Director of the Company since October, 2014. She is Vice Chair of International Chamber of Commerce - ICC Bangladesh and is also the founder President of Bangladesh Federation of Women Entrepreneurs.

Apart from being a leading woman entrepreneur in the agro, finance, media, real estate and power industries and a former Advisor to the Caretaker Government of Bangladesh, she is also on the Board of Grameenphone Limited as an Independent Director and acts as a Chairperson to MIDAS Financing Limited. Her commitment to development brought her to the Boards of a number of development organizations. She is also the Chairperson and Managing Director of R. R. Group of Companies; Chairperson and Managing Director of Arlinks Group of Companies.

She has been actively committed to several development initiatives like BRAC. Ms. Rahman has received several international and national awards and is truly a beacon of excellence for both women entrepreneurs and aspiring business persons alike.

Ms. Rahman completed her Post Graduate Diploma in Banking from Pakistan and is hailed as the first woman banker of Bangladesh.



**MASUD KHAN**

Independent Director

Mr. Masud Khan joined MBL as an Independent director in October 2014. He is an experienced professional with 36 years work experience in leading multinational companies in senior management positions and has been serving as a Director in several company boards.

In the course of his career Mr. Khan has dealt with multilateral agencies in raising project finance, project management, tax planning and management, financial and management control, IFRS and financial reporting, IT, Internal audit, Strategy, HR techniques such as Hay evaluation, pay and benefits survey and assessment centers.

Mr. Khan is currently the CFO at Lafarge Surma Cement Limited and is responsible for Finance and Corporate Affairs. He did his Bachelor of Commerce with Honors from St Xaviers' College under University of Kolkata and thereafter qualified with distinction both as a Chartered as well as a Cost and Management Accountant from the Indian Institutes. Prior to joining Lafarge Bangladesh as Finance Director in the year 1999, he worked for British American Tobacco for 20 years at both home and abroad. He is also an Independent Director on the Board of GlaxoSmithKline and Singer Bangladesh.



**SANJAY MISHRA**

Additional Director

Mr. Sanjay Mishra was appointed as an Additional Director with effect from January 25, 2016. Mr. Mishra is responsible for overseeing the Marico's Business in Bangladesh and is designated as COO –India Sales and Bangladesh Business.

Mr. Sanjay Mishra brings with him around 21 years of experience in the Area of Sales and has had a laudable career in a variety of roles in different companies. Prior to working with Marico, Mr. Mishra worked for PepsiCo India where he joined as Sales Director - Traditional Trade for India in 2009, became the Executive Director of the company's West Market Unit, in 2010, and rose up the corporate ladder to his last position as Senior Director - GTM and Sales Capability at PepsiCo AMENA (Asia, Middle East and North Africa) in 2013. Prior to working with PepsiCo, he was Vice President - Merchandising with Spencers Retail. With the kind of expertise that Mr. Mishra brings to the table, the Management team will be equipped to lead the success of Bangladesh's business to greater heights.

Mr. Sanjay Mishra did his B.Sc. in 1992 from City College, Kolkata and completed his P.G.D.B.M, Business Management Degree from Institute of Management Technology, Ghaziabad in 1995 and he started his career with Dunlop India that same year.



**VIVEK KARVE**

Director

Mr. Vivek Karve is a Chartered Accountant (1994), a Cost Accountant (1993) and a B. Com. from the University of Bombay (1991). He has more than 22 years of experience in Finance, Banking, and IT across four organizations - Marico, Siemens Information Systems, ICICI and P&G. Mr. Karve's current role as Chief Financial Officer of Marico covers Corporate Finance, Business Finance and Commercial for the Marico Group.

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

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



### **ADITYA SHOME**

Managing Director  
(till August 31<sup>st</sup> , 2016)

Mr. Aditya Shome held the position of Managing Director of the Company since the beginning of 2013 till August 31, 2016. Prior to leading MBL as its Managing Director & CEO, Mr. Shome was the CFO and Executive Director of the Bangladesh operations.

Mr. Aditya Shome, started his sojourn in Marico, initially with the Finance Division in 1999 before moving into their International Business division as Head - Finance & Commercial. In 2003, he went on to mark his 8 year tenure in the Middle East & North Africa (MENA). After a brief stint with Coca Cola, Mr. Shome rejoined Marico in Egypt in 2007 and stabilized its business to secure an outlet for Marico's growth in International Markets. He brings along with him over 2 decades of experience in FMCG, petrochemicals, plastics and engineering products; out of which 7+ years are in leadership roles of heading businesses through people and large operating teams of multiple functions. He has worked in 4 countries with extensive exposure to Middle East North African Markets and Asia namely India, Bangladesh, Egypt and Saudi Arabia. Apart from being the Managing Director & CEO of the Company, he was also the Member of the Executive Committee of FICCI (Bangladesh) and Vice President of IBCCI (Bangladesh).



### **ASHRAFUL HADI**

Additional Director  
(Independent)

Mr. Ashraf HADI was appointed as an Independent Director with effect from April 25, 2016, for the next three years.

An Advocate of the High Court Division of the Supreme Court of Bangladesh and Barrister-at-Law from the U.K., Mr. Hadi is a Partner at Dr. Kamal Hossain and Associates, one of the most reputed and the leading law firm in Bangladesh. He has over 15 years of experience as a lawyer both at home and abroad. His practice over the years has involved working with various multinational and local organizations where he has acted as counsel as well as provided legal advice in the areas of telecom, admiralty, large infrastructure projects, IT, commercial and international trade disputes, arbitration, banking and securities market, taxation and constitutional law and so on. He has also acted as counsel in several public interest litigations for protection of fundamental rights.

Mr. Hadi completed his B. Com from the University of Chittagong in 1992, received LL.B., Hons from the University of London in 1998 and was called to the Bar of England and Wales , UK in 1999.



### **NAVEEN PANDEY**

Additional Director &  
Managing Director  
(w.e.f September 1<sup>st</sup>, 2016)

Mr. Naveen Pandey was appointed as an Additional Director with effect from July 25, 2016 and will take over the reins from Mr. Aditya Shome as the Managing Director of the Company w.e.f. September 1, 2016, subject to the approval of BOI and Shareholder's consent at the Sixteenth Annual General Meeting of the Company.

Mr. Naveen Pandey brings with him an illustrious 15 years of experience with two heavyweights in the FMCG scene in India, namely PepsiCo and Asian Paints. He did his BBA in 1999 from University of Lucknow and completed his PGP in Management (MBA) from Indian Institute of Management, Indore in 2001. Naveen joins us from PepsiCo where he started his career as General Manager – Channel Development in 2008. He was later promoted as VP Sales (East India & Exports) where he drove disproportionate growth and ensured a step jump in distribution through Go-To Market transformation. His last assignment was Sales Director – North Market Unit, one of the largest and most profitable Market Units for PepsiCo India. Prior to this Mr. Pandey has had seven years of experience with Asian Paints across retail and institutional sales. In his various roles with Asian Paints, he has worked across East, North & West regions in India.

# DIRECTORS'

## REPRESENTATION IN OTHER COMPANIES

Companies Other than Marico Bangladesh Limited in which MBL's Directors hold Directorship and Committee Membership:

SI No.	Name of Director	Directorship	Member of Board Committees
1	Mr. Saugata Gupta	Marico Consumer Care Limited Marico Innovation Foundation Broadcast Audience Research Council The Indian Society of Advertisers Marico Middle East FZE Marico South Africa Consumer Care (Pty) Limited Marico South Africa (Pty) Limited International Consumer Products Corporation Thuan Phat Foodstuff Joint Stock Company Beaute Cosmetique Societe Par Actions	Audit Committee - Marico Consumer Care Limited
2	Ms. Rokia Afzal Rahman	R.R. Cold Storage Ltd. Imaan Cold Storage Ltd. R. R. Estates Ltd. Aris Holdings Ltd. Arlinks Limited Media world Ltd. (Owning Company of "The Daily Star") MIDAS Financing Ltd. Mediastar Ltd. (Owning Company of "Prothom Alo") ABC Radio MIDAS Investment Ltd. BRAC Grameenphone Banchte Shekha, Jessore <b>Member of Board of Trustees</b> Transparency International Bangladesh (TIB)	-
3	Mr. Masud Khan	GSK Bangladesh Limited Singer Bangladesh Limited	Audit Committee Chairman- GSK Bangladesh Limited
4	Mr. Sanjay Mishra	Bellezimo Professionale Products Private Limited	
5	Mr. Vivek Karve	Marico Consumer Care Limited MBL Industries Limited Marico Malaysia Sdn. Bhd	-
6	Mr. Aditya Shome	MBL Industries Limited (till August 31 <sup>st</sup> , 2016)	-
7	Mr. Ashraful Hadi		
8	Mr. Naveen Pandey		

# LEADING

FROM THE FRONT



**Md. Nazim Uddin**  
Director Supply Chain

**Md. Saiful Alam**  
Director Manufacturing

**Mohammad Iqbal  
Chowdhury**  
Chief Financial Officer

**Aditya Shome**  
Managing Director  
(till 31<sup>st</sup> Aug. 2016)





**Naveen Pandey**  
Managing Director  
(from 1<sup>st</sup> Sep. 2016)

**Kazi Amirul Hoque**  
Director Sales

**Christabel Randolph**  
Head Legal & Secretarial

**Sidhartha Das**  
Director Human Resources

**Mir Nawbut Ali**  
Director Marketing

# PROFILE OF

## LEADERSHIP TEAM



**ADITYA SHOME**

Managing Director  
(till 31<sup>st</sup> August)

Mr. Aditya Shome held the position of Managing Director of the Company since the beginning of 2013 till August 31, 2016. Prior to leading MBL as its Managing Director & CEO, Mr. Shome was the CFO and Executive Director of the Bangladesh operations.

Mr. Aditya Shome, started his sojourn in Marico, initially with the Finance Division in 1999 before moving into their International Business division as Head - Finance & Commercial. In 2003, he went on to mark his 8 year tenure in the Middle East & North Africa (MENA). After a brief stint with Coca Cola, Mr. Shome rejoined Marico in Egypt in 2007 and stabilized its business to secure an outlet for Marico's growth in International Markets. He brings along with him over 2 decades of experience in FMCG, petrochemicals, plastics and engineering products; out of which 7+ years are in leadership roles of heading businesses through people and large operating teams of multiple functions. He has worked in 4 countries with extensive exposure to Middle East North African Markets and Asia namely India, Bangladesh, Egypt and Saudi Arabia. Apart from being the Managing Director & CEO of the Company, he was also the Member of the Executive Committee of FICCI (Bangladesh) and Vice President of IBCCI (Bangladesh).



**NAVEEN PANDEY**

Managing Director  
(From 1<sup>st</sup> September)

Mr. Naveen brings with him an illustrious 15 years of experience with two heavy weights in the FMCG scene in India, namely PepsiCo and Asian Paints. He did his BBA in 1999 from University of Lucknow and completed his PGP in Management (MBA) from Indian Institute of Management, Indore in 2001. Naveen joins us from PepsiCo where he started his career as General Manager – Channel Development in 2008. He was later promoted as VP Sales (East India & Exports) where he drove disproportionate growth and ensured a step jump in distribution through Go To Market transformation.

His last assignment was Sales Director – North Market Unit, one of the largest and most profitable Market Units for PepsiCo India. Prior to this Naveen has had seven years of experience with Asian Paints across retail and institutional sales. In his various roles with Asian Paints, he has worked across East, North & West regions in India.

Naveen loves travelling and reading.



**MIR NAWBUT ALI**

Director Marketing

Prior to joining Marico Bangladesh, Nawbut was working as the Head of Marketing for Airtel Bangladesh where he was spearheading the marketing team.

Nawbut has a rich and varied experience in the Marketing and Sales arena of over 18 years across multiple industries consisting of Foods, Tobacco, Telecom and FMCG. Apart from holding several leadership positions in Bangladeshi MNCs, Nawbut also has an experience of international assignments; he headed the Marketing function of the Azerbaijani telecom operator 'Backell Ltd'.

Nawbut who holds an MBA from IBA, University of Dhaka has completed his Bachelors and Masters in Commerce from the University of Dhaka. He holds a keen interest in traveling & photography and has been involved in music and sports as well.





**KAZI AMIRUL HOQUE**  
Director Sales

Under Kazi Amirul Hoque's leadership, MBL is reinforcing its sales function and galvanizing momentum towards delivering on the strategic objectives of the function and company. He is responsible for Go To Market (GTM) transformation exertion in line with company Strategic Business Plan.

His previous role was the Vice President, Head of Market Strategy and Planning at Robi Axiata Limited, where he was the Cluster Market Director. Prior to Robi, Amirul was the Customer Development Operations Manager (Head of Sales Operation) at Unilever Bangladesh Limited he spearheaded the RTM, Sales talents development, Sales technology strategies formulations and implementations. At Unilever, he was also the Rural Business Development Manager, leading and driving the Alternative Route to Market Projects of the company.

Amirul holds a Masters degree in Economics from Jahangirnagar University. Amirul is an avid traveler and enjoys photography.



**SIDHARTHA DAS**  
Director Human Resources

Sidhartha joined us in February 2013 and since then has been incessantly working towards attraction and development of talent. He has also worked towards creation of positive image of the organization in the society at large. He is leading Marico's foray into CSR wherein Marico has partnered with Dhaka Ahsania Mission.

Sidhartha has 18 years of varied sector experience starting from Project organizations, Pharmaceuticals, Power Generation and Fast Moving Consumer Goods and has worked in various capacities and roles. He joins us from Reckitt Benckiser (India) Limited where he was responsible for the HR Operations for India, Nepal and Bhutan.

He holds a Masters in Social Work and has pursued his Executive Diploma in HRM from XLRI, Jamshedpur in India.

He is an avid reader, enjoys adventure and is fanatic about his health and fitness.



**MD. NAZIM UDDIN**  
Director Supply Chain

Nazim's primary role, as Director - Supply Chain & projects, is to lead the country Supply Chain Team along with Projects under one SCM umbrella.

Nazim has been working in this field of operations under Supply Chain Management for almost 16+ years in Pharmaceuticals & FMCG sectors. Over the period, Nazim has held various key positions in Manufacturing, EHS, Projects of sourcing/outsourcing and hence build himself as Supply Chain General. He was responsible for the implementation execution and implementation of many projects during his tenure with Reckitt Benckiser in Bangladesh.

He has multiple interests, starting from music, sports and food and he continues to pursue each one of them.



**MD. SAIFUL ALAM**  
Director Manufacturing

Saiful brings with him 15+ years of rich experience and currently Heads the Manufacturing Function in Marico Bangladesh Limited. He is responsible for Manufacturing, Project Implementation & Capability Building in Operations. He has been instrumental in leading the Manufacturing Team towards process excellence and has enhanced organization capability by optimizing Manufacturing Operations. It was under Saiful's Leadership that Marico set up its Crushing Facility in Bangladesh. Saiful has rich experience of working with global MNCs and had the opportunity of working in India during his association with Nestle, gaining experience of a different culture and society.

Saiful has completed his BSc in Chemical Engineering from BUET in the Year 2000. He has keen interest in visiting and exploring new places. He also takes keen interests in sports.



**MOHAMMAD IQBAL CHOWDHURY**  
Chief Financial Officer

Iqbal Chowdhury who is currently the CFO of the Company, spearheads MBL Finance and is responsible to lead the Finance & IT functions and a key member of Corporate Branding for Marico Bangladesh. He acts as an advisor to Senior Management and the Board on issues pertaining to Corporate Affairs.

Iqbal started his career with Berger Paints Bangladesh Limited where he spent 7 years in various roles in Finance. He worked for Avery Dennison in Bangladesh for a brief period prior to re-joining Marico. Iqbal has over 16 years of substantial and rich experience in the field of Finance & Corporate Affairs in Bangladesh.

He did his MBA in Finance from Chittagong University. He is also a member of Institute of Chartered Secretaries (ICSB), a founder member of Intellectual Property Association of Bangladesh (IPAB). He is an active member of Trade, Tariff, Taxation & Company Affairs Sub-Committee of FICCI. It was under Iqbal's leadership when Marico Bangladesh went public with its IPO having the second highest premium in Bangladesh.

Iqbal has a deep interest in reading and music.



**CHRISTABEL RANDOLPH**  
Head Legal & Secretariat

Christabel joined Marico Bangladesh in May' 2016 as Head of Legal & Secretarial, and was subsequently appointed as the Company Secretary. Christabel is a qualified Advocate, with experience of practice before the District Courts and High Court Division of the Supreme Court of Bangladesh. She has varied experience of working and consulting on different areas of law, legislative & regulatory frameworks and processes and litigation.

Christabel brings more than 9 years of experience of working with Corporates, Development Organizations and Law Firms. Her recent assignment, before joining Marico was with British American Tobacco Bangladesh (BATB) as their Legal Counsel. She has also worked with World Health Organization as their Legal Consultant and as Country Legal Consultant for International Development Law Organization (IDLO) and BRAC. Prior to her assignment with BATB, Christabel was an Associate at Dr. Kamal Hossain & Associates. She has completed her LL.B (Hons.) and LL.M from Dhaka University. She has also pursued her LL.M in Law and Economics on scholarship from the University of Bologna, Italy and the University of Hamburg, Germany and Erasmus University, The Netherlands. She is also on the Executive Committee of the School of Hope and is a member of IPAB and the Bangladesh Chapter of iProBono.

She has keen interests in reading, music and loves travelling to different countries and places.

# OUR

## VALUES

Values help us realize 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



## MEMBERS

At Marico our employees are empowered to live by our strong Values, we enrich the lives of one another, seek out solutions to obstacles and be proactive in the pursuit of excellence. We realize and recognize the potential of each our employees to be a force for positive change and as a company we make it our highest priority to ensure that nothing gets in the way of this. Unlike any other company here in Bangladesh, we decided to start from the core and with the most basic of changes by referring to our employees, not as employees, but as 'members'.

In retrospection, FY'16 has been an eventful year for Marico Bangladesh. We celebrated our values with Marico 'Values Week' and strengthened our promise to recognize the triumphs and successes of our members through the 'Maricognize'. We reinforced our team with a significant number of hires this past fiscal year keeping in mind MBL's target to maintain its growth factor, avoid clutter and drive greater focus in all aspects of work. The Company strives to generate the best from its members by continuously providing opportunities to challenge, enrich, and fulfill the aspirations of Mariconians so that they can maximize their true potential.

# SUSTAINABILITY DEVELOPMENT

By working in partnership with others, by challenging the status quo and by being prepared to change the way we do business, we aim to find innovative solutions that create value for society as well as our shareholders and allow us to be a successful, sustainable business. To grow our business in a responsible manner, we strive to be true to our purpose, which is to achieve sustainable profitable growth while making a difference to all our stakeholders.



## GOVERNMENT

Marico Bangladesh boasts a tradition of being diligent in meeting all statutory obligations year in and year out. As part of that commitment, our company maintains its position as one of the key contributors to the National Exchequer amongst the FMCG category. In FY'16, the Company contributed BDT 180 crores to the National Exchequer by way of supplementary duty, value added tax and other levies. As a percentage to sales, for every 1 taka of our product produced and sold in Bangladesh, 25 paisa has been contributed by Marico Bangladesh this year, towards the welfare of the country. The Company is committed to support Government proposals that establish a sustainable level of tax contribution to the National Exchequer while ensuring a consistent growth for the industry and promoting a level playing field among market players.



## ASSOCIATES

Inclusive growth is a promise at Marico Bangladesh and as part of this promise we make sure that our associates share the benefits of our mutual effort to create value. We have always believed in a “Win-Win” proposition with all our associates: distributors, manufacturers and third-party contractors.

In FY’16, we went further down the road to greater consolidation amongst our distributors and initiated contracts with third party manufacturers having back-end integrations so that each of these associates would be empowered to be responsible for greater value creation.



## CONSUMERS

Medikar, Bio-Oil & Saffola Oats – our commitment of keeping consumers at the center of what we do and enriching their lives echoes through the introduction of these 3 brands. The addition of these brands to our portfolio reflects our journey of branching out towards diverse categories to meet consumer needs.

Additionally, we have not swayed from focusing on our original driver brands as we continue to provide impetus to our winning brands. We diligently cater to the consumer voice in the formulation of our market offerings and continuously seek to implement key consumer insights in order to offer our very best to our consumers.



## INVESTORS

MBL boasts a commendable share price and the picture has looked bright for the company this year as well. Our performance in the stock markets is a testament of the faith of our shareholders as we registered highest ever share prices this year, despite the dampening performance of the capital market in general.

FY’16 had seen record peaks in Marico Bangladesh’s share prices for both the Dhaka and Chittagong Stock Exchanges. We are proud of our robust Governance structure that has helped usher in a great FY’16. We regularly organized investor & analyst meets this past FY and took every initiative to keep investors & analysts updated with the performance of the company while sharing our vision of growth with them.



## SOCIETY

Marico Bangladesh believes in acting as a responsible member of the community . It is this belief that inspires us to take initiatives that benefit the societies where we operate. In addition to taking standalone projects as part of our Corporate Social Responsibility (CSR) initiatives, we ensure that our business processes produce positive externalities for the community at large.

In the FY’16, our ongoing CSR project, “DAM –Marico Children Learning Center”, has made significant inroads as we continued on our journey in Jamalpur district where over 3000 children are receiving the gift of quality education. In addition, both our initiatives, “Quality Week” and “Marico Values Week” were accompanied with specific activities for schools within the communities around business centers aimed at sharing knowledge and educating young children of the benefits of establishing quality in their lives in a fun and exciting way.



# BALANCED ADVANCEMENT

Despite the challenges we faced, we have tread the path to another year of financial success with grit and cutting edge precision. By focusing on shared growth with our stakeholders, we have balanced all the elements of our business ecosystem and have paved our path to a more sustainable future.



# CHAIRMAN'S LETTER

## TO SHAREHOLDERS



**SAUGATA GUPTA**  
Chairman

“We are advancing towards our strategic agenda of growth & transformation having attained bottom-line growth this year. Deflation in business from pricing adjustments has resulted in the business making a comeback towards volume-led growth. Our endeavor is to get the entire foundation right in the business and enhance shareholder value. We will stay the course on investing behind the five areas of transformation and firmly believe that the results will follow”

### Dear Shareholders,

With your support and trust, Marico Bangladesh Limited has concluded the financial year 2015-16 (FY'16). On behalf of the board, I am delighted to present the Annual Report for FY'16 and welcome you all to the 16th AGM of the Company. The year has ended with the company getting back to bottom-line growth. We have witnessed a 5% growth in profits over last year resulting from enhanced cost efficiencies and softer prices of our key raw materials.

During the year, concerted efforts were taken by the company to correct the price premium with loose oil for our leading brand Parachute without compromising on our trade impetus. Therefore, the Company has faced a moderation in its topline growth as we ended the year flat over the previous financial year. The call for price correction has derived the

intended result as the company had put more focus on volume-driven growth. We registered a decent volume growth of 5% at a period when the economy has been facing weaker business confidence relative to other emerging economies.

In essence, FY'16 has been a transformational year for Marico Bangladesh Limited with the aim of making the company future-ready. We believe that crafting capabilities ahead of growth is the smart thing to do. Thus, we have taken the direction towards investing in people and capability, enhancing technology along with tools of trade. We have embarked upon a journey of transforming our GTM strategy and created Centres of Excellence (COE) for Marico units to derive full support in forming the right brand architecture. The journey of GTM & setting the right structure is expected to reap the benefits in the coming years.

Marico Bangladesh is well-placed to take advantage of the opportunities presented by our long-term strategic direction and translate them into strong bottom-line performance. Our continued investments behind our brands render us the opportunity to maintain sustainable presence across our categories. Like last year, this year too we have forayed into new categories and markets. Two new brands have been test launched in Bangladesh (Saffola Masala Oats and Mediker Plus) and Bio- Oil has been introduced (distribution only) to enhance our presence in foods & skincare. The brands were rolled out in this financial year in our effort to create a wider but focused portfolio.

With limited headroom for growth, our flagship brand, Parachute Coconut Oil, remains in good stead, maintaining its undisputed leadership in the coconut oil market of Bangladesh. Our Value Added Hair Oils (VAHO) portfolio has continued on its strides as the category has shown robust growth derived from multiple segments—our VAHO portfolio now contributes over 14% to our business turnover while being a key source of diversification and growth for our business.

The Non-Hair Oil business too has fared well. In “Colours”, HairCode continues to lead the powdered hair dye market. Performance of Parachute Advanced Body Lotion has been encouraging. With other brands such as Set Wet Deodorants & Saffola Active garnering favourable exposure in the market and with the addition of newer brands to this portfolio, the signs remain promising.

The value-driven culture of the organization thrives on excellence in operations. During the year we have started working on capacity expansion at our production units and have also brought upon advancement in our 3rd party operations through stronger associations. Our plant-focused initiatives surrounding safety and efficiency has progressed well. We have started “Safety Week” in our plants and implemented Quality journey “ACT NOW” – conceptualized to implement prominent lean manufacturing tools and align best practices.

Institutionalization of strong Corporate Governance standards to maintain investors’ confidence has always been our prime focus. In line with that, our Board now comprises of 3 Independent Directors and constitutes of an active Audit Committee ensuring strong and effective processes across the organization focused on superior risk management and internal control. The result of good governance is reflected by the continued confidence of our

"The year has laid a foundation for creating sustainable value for the future along with ensuring that we capture the current opportunities to maximize value"

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shareholders— which was evident by the strong rally of your Company's stock in Dhaka Stock Exchange and Chittagong Stock Exchange. While the capital market has not performed well, our stock prices have been strong, reaching a new all-time high of BDT 1770 per share during the year.

Your company aims to create stakeholder belongingness by aiming to do far beyond what is expected. In order to walk that extra mile and truly make a difference, we have partnered with Dhaka Ahsania Mission last year and through our association we continue to bring free, quality education to underprivileged children in the country.

Business outlook in the short term remains stable and the focus would be to drive consumption. In the long term, Bangladesh promises substantial potential in terms of socio-economic growth. A developing economy with a young demographic profile provides the perfect consumer base for the FMCG sector to flourish.

Along with our members, I would like to extend my sincere gratitude to our esteemed shareholders. I look forward to an exciting year of strong performance from your company.

I would also like express my sincere appreciation towards our consumers, regulators and business associates for their constant encouragement and towards our members for their continuous dedicated endeavors to make a difference.

I look forward to receiving your continued support and encouragement.

With warm regards,



**Saugata Gupta**  
Chairman



# MANAGEMENT

## DISCUSSION & ANALYSIS

(including MD's Review)



**ADITYA SHOME**  
Managing Director  
(till 31<sup>st</sup> August, 2016)

### Dear Shareholders,

I am pleased to inform you that Marico Bangladesh Limited has completed the financial year FY 2015-16 (FY'16) and managed to deliver growth in profits over last year. Our performance gained momentum in the second half of the year as we started implementing price corrections on the major SKUs of Parachute. The corrective steps in pricing meant that volume would have a favourable impact but turnover growth in the short run would be compromised. This resulted in the company registering turnover of BDT 734 crores, which is at par with the previous financial year. The year ended with the company posting a 'profit after tax' of BDT 141 crores- a growth of 5% over the previous year.

During the year we have gone up the value chain and expanded our margins. The Gross margin increased by 2% in FY'16 despite MRP revisions in some key SKUs. This is attributable to the softer prices of our key raw materials. Gross profit in absolute terms

“This has been a year of sharpening our strategy, enhancing our structure and making our organization 'future-ready'—We have brought upon transformations across areas and crystalized our roadmap to make our business more robust than ever before”

for FY'16 has increased by 4% over FY'15. Our drive towards cost efficiency across the value chain has resulted in operating margin increasing by 1%. The Company posted a PBT of BDT 192 cr. (26% of Sales) boosted by better management of funds despite declining interest rate trend prevailing in the economy. The cost structure is given below for better appreciation of the financials:

Particulars	FY16		FY15	
	BDT Crore	%	BDT Crore	%
Turnover	734		735	
Cost of Goods Sold	388	53%	404	55%
Gross Profit	345	47%	331	45%
Marketing and S&D Expense	91	12%	94	13%
Other Operating Expense	74	10%	64	9%
Operating Profit	181	25%	173	24%
PBT	192	26%	183	25%
Income tax	51	7%	48	7%
PAT	141	19%	134	18%

The above percentages are to turnover for the respective years. The section on Financial Statements includes more details of our financial results.

Parachute Coconut Oil, market leader in the Branded CNO category, achieved volume growth in FY'16 on the back of price point adjustment and better consumer offerings. The Parachute franchise continued to be in list of top brands in Bangladesh across all categories and Parachute Advanced was

awarded the “Best Hair Oil Brand” in the country by Brand Forum of Bangladesh. The success of the company has been evident through the emergence of our VAHO category. Over the last 5 years, our VAHO revenues have increased by 6 times and this has resulted in sizeable reduction (11%) on the dependence of revenue contribution from Parachute. VAHO (Value Added Hair Oils) continues to tread along its growth momentum. The lead brand in the category, Parachute Advansed Beliphool with its new brand proposition is gaining traction and Nihar Shanti Amla and Parachute Advansed Extra Care have emerged as decent avenues of growth for our VAHO category.

Our journey of creating growth opportunities for the future through continued investments in brands and operational excellence has been ongoing. In the last couple of years, the company has been a Launchpad for an array of new brands, two new brands (Saffola Masala Oats & Mediker Plus) were introduced to our portfolio this year along with two other brands launched last year. The new launches of last year have already garnered good encouragement as the two brands - Parachute Advansed Extra Care & Parachute Advansed Body Lotion jointly received “Best New Brand- Gold” award at the 14th Annual Marico Marketing Excellence Awards. Being present in the categories of male grooming, skincare and foods (wellness), performance of the new brands have been favourable and investments on brand building will be continued. The new introductions are an indication of our efforts to diversify our portfolio and play in the markets with a right to win for Marico.

Marico Bangladesh has continually put emphasis on expanding product reach, thereby ensuring our presence in every corner of the country. Over the last couple of years, we have started an important journey of transforming our GTM strategy. Focus has been put on increasing our direct reach and we have experienced favourable results throughout the year. We have also undertaken efforts to enter new channels of business through development of emerging channels and our performances have been promising. Through such initiatives, we are ensuring stronger presence and penetration in the deep pockets of the country. The Company expects to leverage its strong distribution network and learning from the India market to quickly scale up its new product introductions in Bangladesh. In FY’16 we have also taken significant strides in ensuring collaboration with the right business associates to win together.

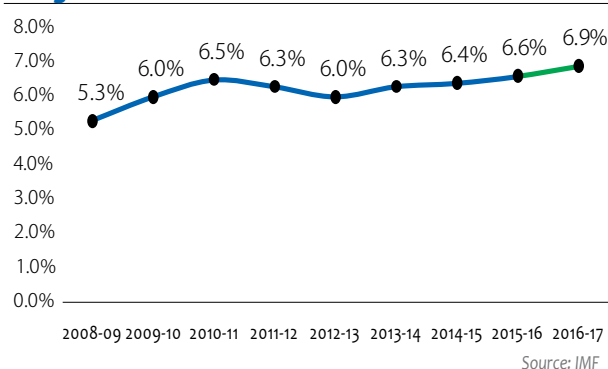
Our continued efforts on materializing our growth prospects, sharpening our focus on brand building and expansion into new categories, and emphasis on cutting edge execution generates belief and confidence in our business aspirations to derive growth in both topline and bottlom-line results.

The following management discussion & analysis (prepared in line with the requirements of Section 184 of The Companies Act, 1994, BSEC Notifications, Listing Regulations of Dhaka Stock Exchange and Chittagong Stock Exchange) will provide detailed insights into our business environment, key management interventions, and operational and financial performance for the period between April, 2015 and March, 2016. In some cases, forward-looking outlook has been presented to support the analysis. It is important to understand that various factors (such as changes in government regulation or competitors’ moves) may lead to the deviation of actual results from the forward-looking estimates.

### FMCG Industry Performance in an economy gaining increased stability

During the year, the Bangladesh economic condition has been continually stable. The political unrest that the country faced in the last couple of years along with its attached psychological uncertainty seems to have passed and the economy is slowly recovering from its complex political atmosphere. In 2015, the economy has graduated from a lower income country to a lower middle income country achieving a GDP per capita of US\$ 1316. Despite the unpleasant political environment presiding the economy frequently over the years, the country has been able to consistently achieve +6% growth in GDP.

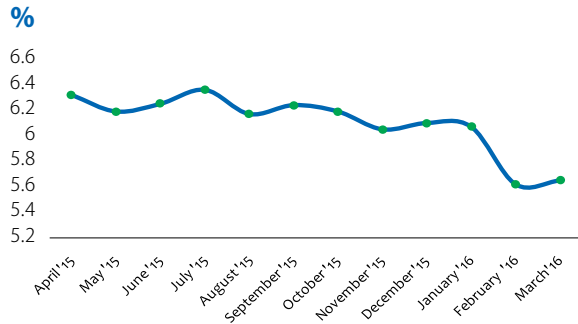
#### Bangladesh GDP



Significant infrastructure projects have been undertaken by the Government and a large number of economic zones are being built throughout the country. During the year, Bangladesh also inked

labour deals with other countries on arranging overseas jobs for local workers. Other positives for the economy include decreasing inflation levels, record high foreign reserves, healthy inward remittances and growth in exports. Although in the first part of the year, inflation remained steady, ranging between 6% to 6.4%, it fell in the first quarter of 2016 reaching a 41-month low in February/16. Overall, the year exhibited a downward trend in inflation.

### Inflation Rates during FY'16



Source: Bangladesh Bank

Despite the positives, the economy is yet to come out of the weak spots; the capital market has been sluggish throughout the year with the DSEX on the lower side. Furthermore the tax to GDP ratio of 10% is one of the weakest in the region. While the exports earnings have increased this year, its basket

### Outlook for FMCG Industry

Bangladesh is primed for strong economic growth in the absence of further political disruptions. We are highly confident of the long-term performance of the FMCG industry as the key demand drivers for domestic consumption remain intact:



**Rising Working Age Population**



**Increasing Disposable Income**



**Government's Continued Spending on Social Sector**



**Shift towards Value Added Products**



**Mobility of funds and growth of financial sector**

is not diverse enough and over 80% is contributed by the RMG sector only. FDI inflows have been weak in comparison to other regional countries. Interest rates on banks have dipped and yet deposits have soared indicating that the economy is yet to convert itself into a congenial investment platform for both local as well as foreign investors. Furthermore, amid the flurry of recent uplift in public expenditure, private investment to GDP has been stagnant for the last 4 years and it has dropped down in the current year. While the economy is showing some degree of stability, its performance has been mixed and the real challenge for the economy would be to trigger a larger propensity for spending and come out of the weak business confidence.

The economic challenges brought forth by stiff investments and weaker spending propensity acted as a huge deterrent to the growth of the FMCG business spectrum in the country. The business challenges brought forth by this year have tested our resilience and provided us with an opportunity to build our organizational capabilities. We are confident of sustained stability in the economy along with greater buoyancy and dynamism – which form perfect platform to drive our growth journey ahead. A conducive political environment remains a key imperative for macroeconomic stability and a key enabler for our growth momentum.

## Risks & Concerns

Like all organizations, Marico Bangladesh Limited too is exposed to risks - especially systemic risks that are beyond the company's control. We perceive that proactive management of these risks is of fundamental significance to ensure our business growth. Over the years, we have put in place a strong framework through which we regularly identify and assess risks and take necessary measures to minimize their impact.

### Exchange Rate risk

Although our cash inflow is not directly affected by fluctuations in the exchange rate, since our products are sold only in the domestic market. Exchange rate risk still relates to the core business of MNCs, since it mostly imports materials from abroad in foreign currency (mostly US dollar). Volatility of exchange rates impacts business of the FMCG companies and can have a negative impact on our operating margin.

Over the years, we have taken deliberate endeavors to localize our production and to source raw materials from domestic suppliers wherever possible. Consistent forecasting of exchange rate movement and position building on our import volume through optimum exchange rate dynamics is the key in minimizing our exchange rate risks.

### Input Risk

Raw materials, particularly copra, comprise bulk of our production costs. Copra prices have witnessed significant volatility in the past years and a hike in copra prices can have a direct negative effect on our production costs. Moreover, we are also dependent on the adequate availability of copra in the countries from which we import in order to guarantee the smooth running of our production.

Our efforts to branch out to numerous alternatives for our sourcing needs additionally gives some cushion against adverse country-specific copra price movements. Inflationary tendencies in an economy directly impact the input costs and could create a strain on the operating margins of the FMCG companies. Brands with greater equity may find it easier to adjust prices in line with fluctuating commodity prices and input costs.

### Competition Risk

Barriers to entry in the FMCG industry of Bangladesh still remain low. Manufacturing processes are

quite simple, start-up capital requirements are not significantly high and numerous sub-contractors to carry out the manufacturing are available throughout the country. Both local and multinational players can enjoy these benefits, increasing competition intensity in the sector. The ease of operations has seen the emergence of threat in the FMCG industry from an illegal, unorganized sector which competes through fake and counterfeit products. This in turn leads to a loss in revenues and hampers consumer perception about genuine brands. We have undertaken concrete efforts to fight the presence of counterfeit through coordinated strategy and the assistance of regulatory bodies to drive out fake, look-alike items from the market.

### Changing Consumer Preferences

Demand can be adversely affected by a shift in consumer preferences. Given the explosion and ever growing popularity of social media, the speed of such a shift could be very swift. Marico invests significantly in consumer insighting to adapt to changing preferences

### Macro-Economic Factors

In situations of economic duress, items which are in the nature of discretionary spending are the first to be curtailed. This is relevant for the lifestyle solutions offered by companies. In an extended recession, factors such as low GDP growth and high food inflation can result in down trading from branded products to non-branded ones and affect the financial performance of the company.

### Compliance

Inadequate compliance systems and processes pose a reputation risk for an organisation. They may result in financial losses and penalties. Marico has invested in compliance systems and processes to ensure that all its functions and units are aware of the laws and regulations to comply with, and that adequate monitoring mechanism are put in place to ensure compliance.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The key constituents of the internal control system are:

- ▶ Establishment and periodic review of business plans
- ▶ Identification of key risks and opportunities and regular reviews by top management and the Board of Directors
- ▶ Policies on operational and strategic risk management
- ▶ Clear and well-defined organization structure and limits of financial authority
- ▶ Continuous identification of areas requiring strengthening of internal controls
- ▶ Operating procedures to ensure effectiveness of business processes
- ▶ Systems of monitoring compliance with statutory regulations
- ▶ Well-defined principles and procedures of evaluation of new business expenditure
- ▶ A robust management information system
- ▶ A robust internal audit and review system

Ernst & Young LLP has been carrying out internal audits for Marico for the last four years. In addition, local firms such as Acnabin, Ahmed Mashuque & Co., Nurul Faruk Hasan & Co., Snehashish Mahmud & Co.

performed different audits throughout the year. The work of internal auditors is coordinated by an internal team at Marico Bangladesh. This combination of MBL's internal team and expertise of professional firm ensures independence as well as effective value addition.

Internal audits are undertaken on a continuous basis, covering various areas across the value chain like manufacturing, operations, sales and distribution, marketing and finance. The internal audit program is reviewed by the Audit Committee at the beginning of the year to ensure that the coverage of the areas is adequate. Reports of the internal auditors are regularly reviewed by the management and corrective action is initiated to strengthen the Controls and enhance the effectiveness of the existing systems. Summaries of the reports are presented to the Audit Committee of the Board.

The statutory auditors, Hoda Vasi Chowdhury & Co., as part of their audit process, carry out a systems and process audit to ensure that the ERP and other IT systems used for transaction processing have adequate internal controls embedded to ensure preventive and detective controls. The audit report is reviewed by the management for corrective actions and the same is also presented to and reviewed by the Audit Committee of the Board.

## SEGMENT PERFORMANCE

### Parachute Coconut Oil

Continuing with its legacy, Parachute Coconut Oil continues to bear the torch as the highest in standard of "Purity" & "Quality" in Bangladesh. The brand still maintains its strong leadership position in the nation with its commitment in providing consumers with the best quality coconut oil made from the finest coconuts available. As a result In FY16, the brand has been able to achieve volume growth of 2%. Parachute is one of the most widely distributed and penetrated brands in Bangladesh. Parachute is available in almost 8 Lac outlets nationally and has been used by more than 80% households of Bangladesh in FY16. This reflects the high brand loyalty of Parachute.

Not only does Parachute pledge to provide consumers with a quality product, it also aims to cater to consumers' different needs in terms of values consumers are getting. Hence, in Q2-Q4 of FY16, the price value equation of all key SKUs were corrected. The prices of 200ml, 350ml & 500ml packs were adjusted to offer more value to consumers. A new SKU, 90ml was launched to offer a convenient price point to the consumers. Post corrections of price value equation, the brand has garnered positive response from the consumers.

In order to further strengthen the superiority of Parachute as the best Coconut Oil brand in the market, the "Power of 5" thematic campaign was launched. The campaign communicated the superiority aspect of Parachute and was well supported by visibility drives on the ground and heavy media presence.



## Value Added Hair Oil (VAHO)

Like the previous years, FY'16 has also yielded strong growth for MBL VAHO. The category has grown by 16% in volume. The growth momentum was driven by the key brands: Parachute Advanced Beliphool (PAB), Parachute Advanced Extra Care (PAEC), Nihar Shanti Badam Amla (NSA) & Parachute Advanced hair oils. The effective marketing plans, premised upon strong consumer insights have been instrumental in realizing this success. MBL VAHO also gained significant market shares during this year.

In FY'16, MBL's most prominent VAHO brand **Parachute Advanced Beliphool** went through re-staging. In May'15 the brand launched its new proposition to enhance the nourishment perception of the brand. In line with the change, the brand adopted a new formulation; adding Methi extract with coconut oil for more nourishment. The new proposition was supported by strong communication programs across different media.

Later in Feb'16, the brand went through another re-staging through the introduction of new packaging with a new shape. The environment friendly PET bottle has created greater appeal to the consumer base.

In Jan'15 MBL launched **Parachute Advanced Extra Care** Hair Oil based on strong consumer insight. Thanks to hard hitting communication, massive media drive and superb placement, the brand has managed to take a sizeable Market Share (FY16) in the Enriched Coconut Hair Oil segment and is available in over 40,000 outlets.

**Parachute Advanced:** As a mark of recognition as one of the best brands in the country, Parachute Advanced was once again awarded as one of the most trusted brands of Bangladesh by The Brand Forum in 2015, which is the 11th of such award in its arsenal. In future, the Parachute franchise will continue to leverage its strong brand equity to sustain its leadership position in the consumer goods space of Bangladesh.



FY'16 has been eventful for **Nihar Shanti Amla**. During the year, new pack along with new communication titled "Power of 3" was launched. With continuous presence in media, strong visibility in trade and activation, it has driven new trials and secured a strong foothold in the Amla segment. Consequently, the brand has managed to bag steady gains in market share.

Post rigorous research work, the new thematic communication--power of 3 as we labelled it--was launched in Q2 and received positive responses from the consumers. The new communication struck a chord with the consumer, induced purchase intention, developed uniqueness and thereby helped establish superiority over the competition.

Our focus on building trials for greater consumer use continued throughout the year, part of which was the release of a special pack as complement with purchase of a Parachute coconut oil SKU. Some 1.9 million units of Nihar Shanti Amla 34ml hit key Amla selling markets with an aim to penetrate new households.

## Non Hair Oil:

MBL continues to strive for betterment in the non-hair oil category with hopes to cater to a wider range of consumers with a more diversified portfolio of successful brands.

## Hair color category

In FY'16, MBL's signature brand in hair colors i.e. HairCode Herbal Dye, continued to strongly hold on to its leadership in the Powder Segment. The brand continues to thrive on its promise of herbal claim and plays a strong role in attracting non-users. HairCode's herbal proposition helps to establish the goodness of natural ingredients and mitigates the fear in the minds of these consumers, thus encouraging them to try the brand. A new communication was also launched in August to highlight the brand benefits.



Furthermore, in an attempt to reach out to our core consumers, two major salon-based activations were conducted. Spreading across the areas in different key regions, these activations helped in creating awareness amongst consumers and salons. The program has been targeted at salons, as they are a core touch point for male consumers. A fine revamping was also done on the flanker brand HairCode Active with new packaging and communication in trade to highlight the key benefit i.e. grey coverage in just 15 minutes. HairCode Active was launched in 2013 with an intention to serve those consumers who are willing to color their hair but are unable to because they are pressed for time.

## Set Wet

Male grooming continues to be an emerging trend with considerable scope for further growth. Set Wet deodorant's range of exciting masculine fragrances, represents our foray into this evolving new segment. Only few years from launch, Set Wet has already become a key player in this highly competitive deodorant market.

In FY'16, we focused on building momentum on brand awareness by creating new News for the brand through Consumer Offers. To bring joy to Consumers during Eid & New Years, Set Wet introduced an exciting Consumer Offer, where every week 3 lucky users of Set Wet had the opportunity to win a brand new iPad Air2! This offer was communicated in leading daily newspapers & Radio channel, as well as through Point of Sales advertising materials. This initiative has gained strong response from the youthful consumer base of SET WET.



## Parachute Advansed Body Lotion

Parachute Advansed Body Lotion continued to explore the high potential lotion segment by launching nationally in winter of 2015. Parachute Advansed Body Lotion- infused with the natural moisturizing of coconut milk - provides an effective, 24-hour moisturizing solution.

Along with the national launch, the brand also ran communication in TV, Press and PR through national channels & dailies and conducted a sampling activity in partnership with magazines. This has led to positive response from consumers and retailers alike as well as generating awareness for the new brand. Poster and other in-store materials also helped to further drive awareness amongst retailers and consumers of the body lotion category at both retail and modern trade stores.



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### Saffola Active

The outlook of Saffola Active in the edible oil market appears promising, manifested by impressive growth in FY'16. This is indicative of a growing segment of health conscious consumers. To cater the needs of our consumers better, we expanded our distribution channel from modern trade to general trade outlets. To increase awareness about health benefits of Saffola Active we ran a year-long activation across modern trade outlets. Saffola Active, now fortified with Vitamin A, effectively reduces cholesterol level and promotes healthy functioning of the cardiovascular system.

## Human Resources

The Human Resource department is responsible for attracting the best available talent in order to groom them into best performers who will drive and achieve the business deliverable with undiluted zest. They are also the architect and guardian of the culture of the organization who upholds the highest standards of governance. In accordance to their goals and role the function took multiple initiatives this year to achieve their mission by focusing on strengthen organization culture, attracting and nurturing talent, connecting with members and adhering to governance standards to ensure smooth working environment for all. The key highlights are outlined below:

### Culture Building

According to our belief organizational culture is a source of competitive advantage, a key differentiator and a base for motivation for work. Every year, we make significant effort to educate members on Marico's core cultural philosophies and values to encourage them to live the Marico Values. This is done through various Values Workshops, Values Conversations with Leaders and very engaging values-based-activities.

### Maricognize

We strongly believe that celebrating any triumph is a stepping stone to more frequent and even better victories. In January 2014, we took a giant leap to drive a culture of recognition through a unique web-based recognition program "Maricognize". The program provides a platform for members to connect, inspire and celebrate achievements and contributions. Maricognize has set a tradition of recognition for members, enabling them to feel more appreciated thus inspired at work.



### Talent Attraction and Development

Our Talent Value Proposition (TVP) to 'continuously challenge, enrich, and fulfil the aspirations of Mariconians so that they can maximize their true potential to 'Make a Difference' is an anchor for talent acquisition and development processes.

Talent Acquisition: We leverage multiple sources to hire talent laterally. We also hire fresh talent from premier technical and business schools of the country – such as Institute of Business Administration, University of Dhaka, North South University and Bangladesh University of Engineering and Technology.

#### ▶ Trainee Programs:

- ▶ Management Trainee Program: The Management Trainee (MT) Program is structured to give fresh talent that joins Marico a comprehensive understanding of Marico's business and flow of process & decision making. Running over a period of 12 months, it is one of the most comprehensive and well-planned training programme across the industry. From the very start, MTs are hired to grow into future leaders and groomed accordingly. They are considered more as an organizational resource than functional resource.



The program kick starts with a week-long orientation, where the MTs understand how Marico functions, the values it stands for and a 2 day outbound. Following that, they embark on a journey through various levels and roles in the organization. Here, they not only learn about what different roles entail, but also get a hands-on experience of their key functions.

For any MT, awareness of their successes and failures is of utmost value. This is why we have created a rigorous 3-layered review process that takes place bi-annually at the Guide, Region and Corporate level. Each MT is assessed on their performance as well as their future potential.

- ▶ Sales Trainee Program: In FY 2015-16, several Sales trainees were hired from notable institutions after months of rigorous scouting and recruitment process. The Sales Trainee Program is structured to give fresh talent that joins Marico a through understanding of the business of Sales. The goal of the programme is to groom the young talents into roles of sales leadership.
- ▶ Performance Management System: Management by Results (MBR) is our performance management process that aligns individual and team goals with the organizational thrust areas.
- ▶ Talent Development: Personal Development Planning (PDP) is a career development process, distinct from performance management process. It provides a platform to members to discuss their career aspirations, identify their strengths and development areas and work towards enhancing individual competence. The process also helps in creating a Talent Pipeline and Succession Plan for key roles in our organization. This year we have also launched online learning system. This facilitates the members to undertake learnings on various subjects as per his time availability and comfort.
- ▶ Leadership Development: We invest in leadership development at front line, middle and senior leadership levels through job rotation, classroom training and coaching. These often includes arranging for senior members to attend Development Programs in premier institutes in India.

### Code of Conduct (CoC)

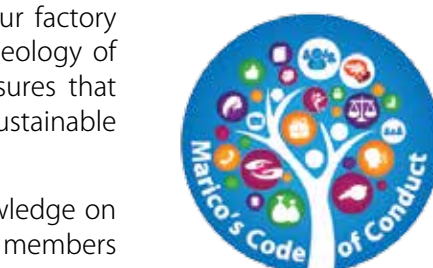
During FY 2015-16, we carried out several workshops to sensitize our factory based members on the updated CoC. The CoC is a fundamental ideology of our Governance practice, and consistent adherence to the CoC ensures that our members can effectively contribute in our journey to deliver sustainable shareholder value.

This year in addition, we had 100% of our member refresh their knowledge on Code of Conduct through an online certification course by iLearn. All our members successfully achieved the honor by passing through a rigorous online test.

In 2014, we launched our updated Code of Conduct (CoC), a revision over the earlier CoC that was launched in 2009. A strong need to have an updated CoC was felt in the context of the changing business landscape, social and regulatory environment and the increased size and complexity of our business. The underlying philosophy of this code is to conduct the business in an ethical manner as well as create a work environment that is conducive to members and associates alike, based on our values and beliefs.

### iLearn

An e-learning portal allows our members to engage in capability development through constructive learning and guidance from interactive online courses. Our goal is to build a talented workforce – filled with exceptional members – who can drive our mission of “making a difference”. Towards this goal, we strive to create an enabling, inclusive corporate culture that can foster the talent, creativity and entrepreneurial spirits of our members – which, in turn, is key to delivering our business results.



### Focus on Sustainable Business Growth

Marico Bangladesh Limited has been embracing innovative and sustainable measures to focus heavily on capability building and adopt operational excellence. We are always on the look-out for identifying early

opportunity signals in the environment to generate growth alternatives. And it is this proactive approach that has led us to diversify our portfolio in the last couple of years and build alternative pockets for revenue growth through reducing dependence on a single category. I am confident that the decisive strategic direction will drive a continuation of strong financial results and sustained, long-term increases in the value of our company.

### **Business Outlook**

We have taken a proactive position towards capturing the long-term potential of the FMCG sector of Bangladesh. In FY'16, we further sharpened our strategic focus as we treaded along our roadmap designed to bring us closer to our aspirations. As part of our strategic planning exercise, we have identified the foundational cross-cutting pillars (namely, go-to-markets strategy, IT, innovation, talent and value maximization) on which we will exert our focus to create a more effective, efficient and competitive organization.

We are very confident and optimistic that this strategic direction will add momentum to our objective of augmenting shareholder value. Analyzing changes in consumer tastes, needs and buying preferences and studying the ever-changing dynamics of the market, we have introduced key strategic additions to our brand portfolio – we believe that our consistent investment in both existing and new brands will catalyze future development of our business. From the business stand point, the key task and responsibility would be to take steps to continue to drive overall consumption, increase the reach of our brands, and continue to build our brands along with the diversity of our portfolio. Excellence is inculcated in our values and going forward, we would look to eliminate our gaps, practice best-in-class execution and implement our strategies seamlessly.



**Aditya Shome**

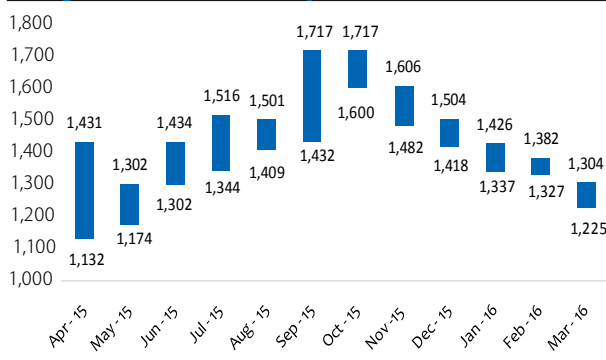
Managing Director

# OUR SHARE

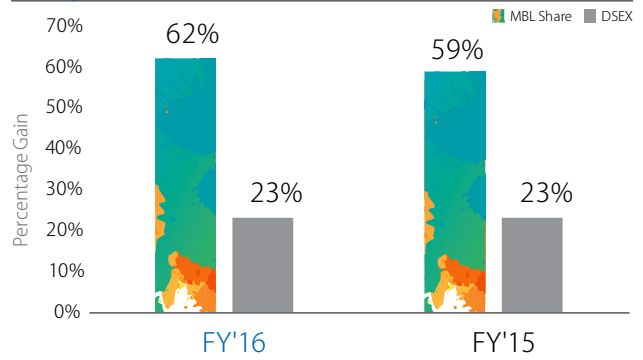
## Robust share performance in the capital markets

FY 2015-16 saw our monthly share values appreciate into prices higher than that of the same months in the previous year in all of the first 11 months, save the last. Capital gains have stayed robust at 62% compared to the overall performance of 23% for the DSEX. This sheds light on the fact that we have maintained value growth for our shareholders despite venturing into new and diversified market categories. As always, our shares are continuing to be valued for the healthy quarterly dividends. Total dividends have amounted to 450% this year surpassing that of the last year by 25% and as such our shares were valued at an all-time high of BDT 1,770 for the FY '16.

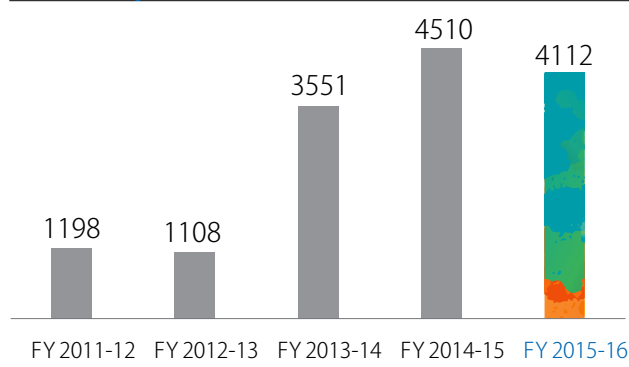
### High Low Share Prices per month (BDT)



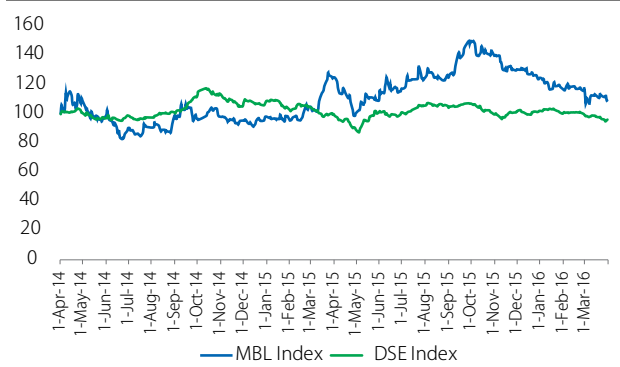
### Captain Gain %



### Market Capitalization at Year-End (BDT Crore)



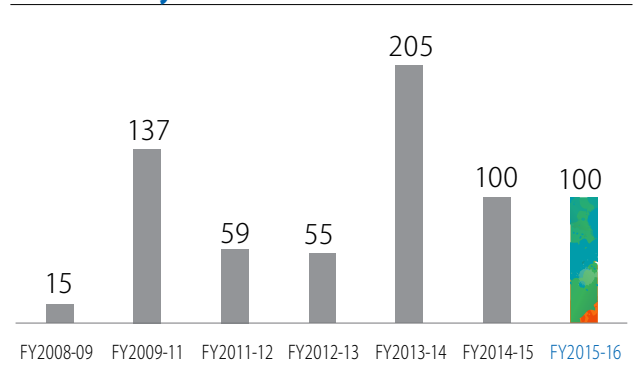
### Share Price development across FY15 and FY16



## Healthy Dividend Disbursements

Following Q2 and Q3's earnings disclosure, our Board of Directors declared 300% and 50% cash dividends respectively – all of which have been subsequently paid. Bullish momentum of our stock continued throughout the year and following the disclosure of Q4 earnings, the Board has announced a final cash dividend of 100% which if approved, will take the total cash dividend tally to 450% for the year.

### Dividend Payout Ratio %



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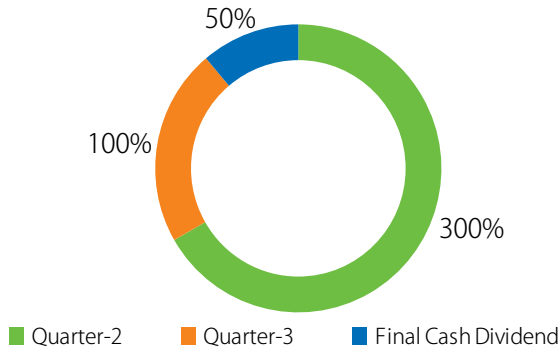
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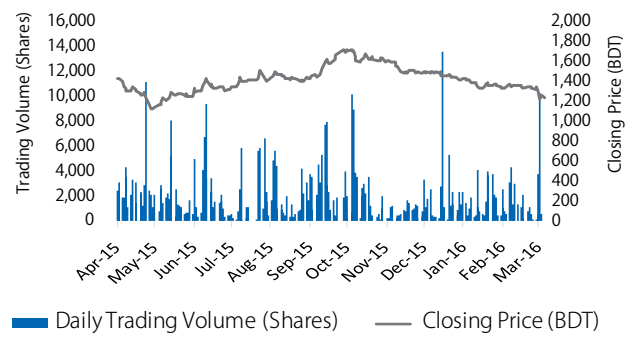
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## Dividends for the Year



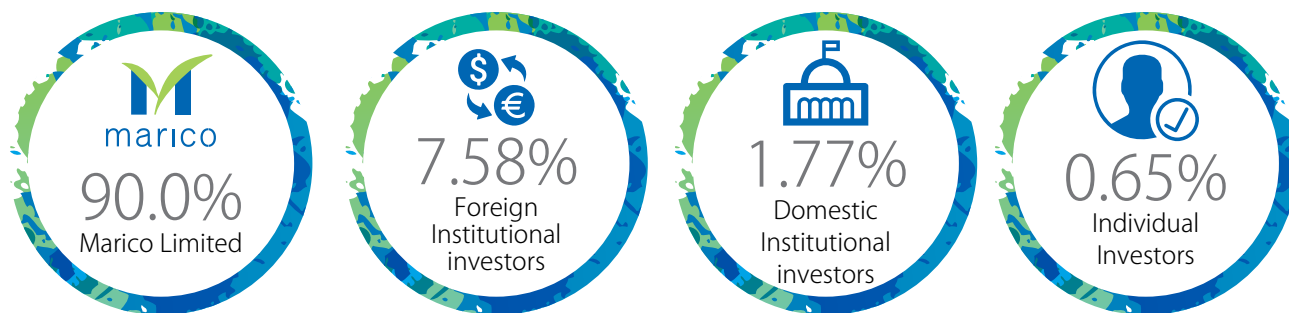
## Daily Trading Volume



## Share Ratios

		FY' 16	FY' 15	FY' 14	FY' 13
Basic Earnings per Share	BDT	44.89	42.69	43.99	27.53
Cash Generated from Operating Activities per Share	BDT	68	13	86	62
Year-End Price	BDT	1305.4	1431.7	1127.3	351.7
Year High	BDT	1770	1480	1229.9	439.8
Year Low	BDT	1132.1	931.3	299.0	350.5
Dividend per Share	BDT	45	42.5	90	15
Dividend Payout Ratio	%	100	100	205	55
Dividend Yield	%	3	3	8	4
Shareholders' Equity per Share	BDT	54	54.35	54.16	100.18
Price-Earnings Ratio at Year-End		29.08	33.54	25.62	12.78
Average Trading Volume per Trading Day	shares	1808	3382	9985	3070
Year-End Market Capitalization	BDT crores	4112	4510	3551	1108
Capital Gain	%	62	59	311	26

## Shareholding Structure (as on March 31, 2016)



Our share register as at March 31, 2016, shows that Marico Bangladesh Limited has 1879 shareholders. Our parent company, Marico Limited (India), owns 90% of our shares while the rest 10% are owned by public and institutional investors. For greater transparency, the distribution of the latter 10% is shown as per the above illustration.

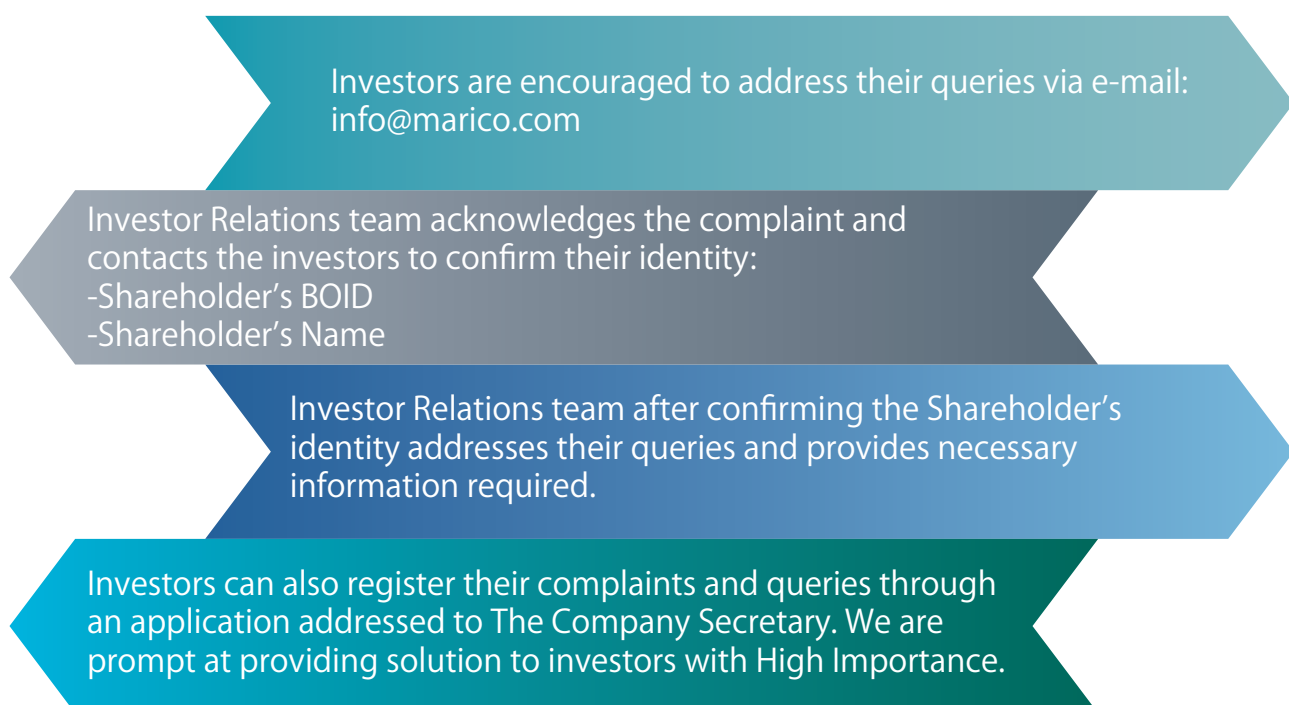
### Other Shareholder Disclosures

#### Investor Relations

Extensive information about our financial results, our business outlook and our share is provided on our corporate website at: [www.marico.com/bangladesh/investors](http://www.marico.com/bangladesh/investors). Please drop an email at [info@marico.com](mailto:info@marico.com) if you wish to subscribe to regular email alerts from our Investor Relations team.

#### Redressal of Investor Complaint:

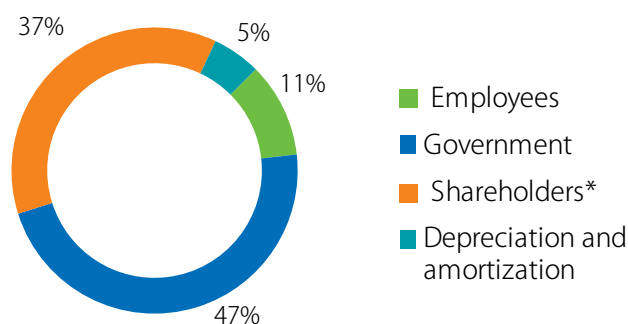
Our Investor Relations team places high priority towards investor queries and complaints. We take every step possible to promote transparency and resolve issues and grievances of our investors. Generally, queries of shareholders are related to Non-receipt of dividends and how and when the dividends are likely to reach the shareholders. For queries such as this or other relevant queries, here is how the Redressal of Investor Complaints takes place.



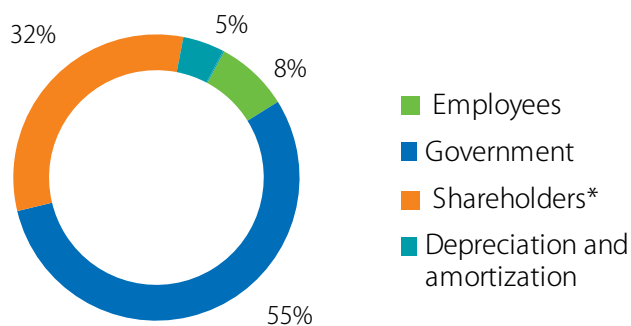
## Value Added Statement 2014-15

	2016		2015	
	Taka	%	Taka	%
Value added				
Turnover	7,339,285,874		7,348,826,563	
Less: Bought in Materials & Services	(4,244,125,638)		(3,720,175,894)	
	<u>3,095,160,236</u>		<u>3,628,650,669</u>	
Indirect tax	630,000,000		480,748,795	
Other Income	2,468,764		844,066	
Net finance income	114,518,588		100,680,684	
Available for distribution	<u>3,842,147,588</u>	100	<u>4,210,924,214</u>	100
Distributions				
Employees	411,829,986	11	348,683,964	8
Government	1,802,387,735	47	2,320,055,635	55
Shareholders*	1,417,500,000	37	1,338,750,000	32
Value reinvested and retained				
Depreciation and amortization	210,429,867	5	197,415,080	5
Retained Profits	-	0	6,019,535	0
	<u>3,842,147,588</u>	100	<u>4,210,924,214</u>	100

### FY'16



### FY'15



\* Distribution in 2016 was BDT 1,417,500,000 out of which BDT 1,414,050,307 was from the wealth created during 2016. The rest of the distribution was from wealth accumulated in earlier years.

\* Distribution in 2015 was BDT 1,338,750,000 was from the wealth created during 2015.

## Economic Value Added Statement 2015-16

	2016	2015
	Taka	Taka
Net Operating Profit After Tax (NOPAT)	1,299,531,719	1,244,088,851
Total Capital Employed	1,228,196,369	1,520,180,245
Weighted average cost of Capital (WACC) in %	10.1%	8.3%
Weighted average cost of Capital (WACC)	124,047,833	126,174,960
EVA = NPAT-WACC	<u>1,175,483,886</u>	<u>1,117,913,891</u>

## Vertical Analysis of Income Statement

Details	FY'16	FY'15
Sales Revenue	98%	99%
Net Finance Income & Other Income	2%	1%
	100%	100%
COGS	52%	54%
Marketing, Selling & Distribution Expense	12%	13%
General & Administration Expenses	10%	9%
Income tax	7%	6%
Profit After Tax	19%	18%
	100%	100%

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## Vertical Analysis of Balance Sheet

Details	FY'16	FY'15
Non-Current Assets	20%	23%
Current Assets	80%	77%
Total Assets	100%	100%
Total Equity	49%	51%
Non-Current Liabilities	1%	1%
Current Liabilities	50%	48%
	100%	100%

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# CORPORATE

## CULTURE & ENGAGEMENT

### 15<sup>th</sup> Annual General Meeting



### Organizational Communication Event

The “Organization Communications” is an important annual event where Senior Management team shares the business update of the previous year to the members and shares the vision/plans for the years ahead. We rely on a top-down, bottom-up management approach to foster transparency and openness across all layers of the organization in line with our core values.



### Sales & Marketing Conference



The Annual Sales & Marketing Conference is event to reflect on our performance of the previous year, discuss our critical experiences and learnings, and then map our objectives and expectations for the year ahead.



## Summer Splash



A half-day of outdoor-indoor activities, to take a break from the hot summer-stress was arranged for the members who enthusiastically participated in various competitions. The day, filled with entertainment and energy, ended with trophies awarded to winners.

## Family Day 2016

The full-day picnic style Family Day for all members of Marico Bangladesh and their families was filled with amusing entertainment events in the form of multiple games for participants across all age-groups. The games had energetic participants and a lively crowd consisting of MBL family members. A raffle draw and performances by in-house talents kept the fun going strong until the day ended with treasured members getting awarded and applauded for different achievements; starting from game wins to the prestigious long-service award, in the presence of their families.



## Women's Day

In an effort to celebrate the occasion and the contribution of women in MBL, the female members were surprised with gifts and a session was conducted with all MBL members to acknowledge the monumental "Women's day". The session put further light on the important roles that women play in our society.



### MBL Sports Day

Sports events and competitions are periodically organized at our factories. Members feel a sense of belonging with the teams they work with and will often look forward to these events. As a company we benefit from more positive teamwork and a healthy work force. As such 'MBL Sports Day' was organized at our plants where members could participate in a number of game.



### MBL Cycling Club

The club has been formed by a group of zealous Marico members. The aim of the club has been to encourage members to be physically active through participation in biking group expeditions. The regular members routinely go to bike in groups on weekends and even weekday mornings. They recently bagged a special mission: a 2-day biking expedition on the exotic trail from Cox's Bazar-Teknaf-Cox's Bazar encompassing 200 Kms. The passionate group aims to cover other longer exotic Bangladeshi trails.



### Pohela Boishak



## Values Week & Engagement Activities



Each year “Values Week” is organized to recognize, practice and celebrate our organization’s fundamental values.

This year Values week was structured to ensure that members not only learn about the values but also exhibit what they learned through entertaining activities. A week long set of cross-functional team activities such as, Values Treasure Hunt, Values Cross-word Puzzle Competition, Value based Role play and Value-based Work-station re-imagining Contests were arranged. Through this event, members also got the opportunity to appreciate their peers for their efforts, a fact that is aligned with our broader organizational values.

## Marico Safety Week - “Safety starts with you!”

In our first edition of the Marico Safety Week, we ensured that members and workers involved with daily manufacturing were reminded of the tantamount importance that we hold safety in. We added a slogan that aptly reflected that as well: “Safety Starts With You!”.



## Management Ownership:

The Safety Week kicked-off with the Management imparting a Message on the importance of Safety both at home and at the factory where the slogan “Safety starts with you” was reiterated. As a company we acknowledge that nothing is more important than the members reaching home safe and sound to their loved ones after a day’s work.

As part of the engagement we involved our workers to draw “Safety Signs” which were hung at relevant places in our crushing plant unit. We take pride in the fact that we ensure participation from all fronts to enrich the way we add value for all our stakeholders.

Members also enacted ways and live drills for handling safety disasters like electric shock, earthquake, fire etc as part of the program.



### Marico Quality Week at the Plants

Marico reiterates the importance for quality every year through Marico Quality Week and it was held again with innovative additions to the week's agenda. Among other things, a factory wide competition was held to identify as well as fix quality improvement areas and take initiatives to impart learnings in quality to the workers. Members also arranged a "Defective Fair" to increase awareness amongst members and workers on zero tolerance for defects.



Ignite the Young Minds: We believe in positive investments for the future – both for our business and our community at large. Stemming from that belief was our initiative to have a fun filled interaction with school children from the community surrounding our factory during the Quality Week Program 2015. Our agenda was to promote living a "quality enriched life" by adhering to healthy, safe and hygienic life style.



### Team Building Activities:

Teams of different departments were engaged in team-building sessions. While our Marketing team went for an excursion at "The Base Camp" to experience adventurous team building activities in an informal atmosphere, the Finance team went for a one and half day meet in a resort in Gazipur. Team based games helped to rekindle their team-spirit in activities even in out-of-work context.



# CORPORATE SOCIAL RESPONSIBILITY

Responsible corporate citizenship has always been an integral part of our raison d'être. For this reason, we have institutionalized a robust CSR framework that regularly appraises our performance through the lens of the triple bottom line (profit, people and planet) and ensures that we deliver on our sustainability agenda.

## DAM-Marico CLC Project (2014-2017)

As part of our continued efforts to create a positive lasting impact on the society, we have formed a partnership with DAM (Dhaka Ahsania Mission) to bring the light of education to underprivileged communities. Through this partnership, we provide free access to quality education to out-of-school children who unfortunately had to drop out of mainstream schooling due to life's hardships. This partnership will build and operate 75 Children Learning Centers, thereby providing education to 3,000 out of school children in the Melandah Upazila of Jamalpur district, which has historically suffered from very low literacy rate.

Dhaka Ahsania Mission-Marico Children learning Center (DAM-MARICO CLC) is a three year Project which has started from October 01, 2014 and will be ending on September 30, 2017. The Project Location is Melandah, Jamalpur.



Providing Non-formal primary education to  
**3000 +**  
Out-of-School Children

## Project Coverage

District:  
**1 (Jamalpur)**

Sub-district:  
**1 (Melandah)**

No. of NFE\* Center:  
**75**

No. of Children:  
**3,000**

Component:  
**Primary Education (Multi-grade Approach)**



Designed to run by mobilizing the Community

\*NFE Center= Non-Formal Education Center

## Marico Bangladesh Limited's contribution:

DAM-Marico CLC is a co-finance project of DAM-CLC core project. The core project has started from 16 December 2012 and will be ended on December 2017.

The goal of the project is to provide access to quality primary education for 3,000 out of school children in Bangladesh and make these children ready for mainstream education. The model is designed to have community inclusive participation to ensure that the community is able to serve the primary education needs of its children.



**~1%**  
Proportion of PAT contributed towards the project

- ▶ 75 Children Learning Centers (CLCs) are established and operated
- ▶ 75 teachers are selected and trained
- ▶ 13 staff are recruited and trained
- ▶ One central office and 1 Area office are established, staffed, and fully operational.
- ▶ 75 Community Action Groups (CAGs) are set up to manage successful construction and establishment of CLCs
- ▶ 75 Center Management Committees (CMCs) are established and operating
- ▶ CMCs are given training and are fully responsible for monitoring attendance, enrollment, and performance of out-of-school children in CLCs.

#### Outcome 1

**3,000+** Out of School Children attend DAM-Marico schools in Melandah

#### Outcome 2

Trained community members effectively manage CLCs

### Why the DAM-Marico CLC Project?

For Marico Bangladesh Limited, the DAM-Marico CLC Project is a step towards making significant contributions in the CSR arena. A lot of exploration and thought went into which area should be the focus of the initiative. Research was done to identify areas where MBL would invest for its CSR initiatives and whether the implementation of the CSR program would be done directly or via collaboration with any organizations.

Jamalpur, geographically is a very sensitive place. It is surrounded by two major rivers: Brahmaputra and Jamuna, cutting across the entire district. During monsoon, these two rivers keep changing their directions and as a consequence of that, there is a gain of land in some places and a loss of land in others.



As a consequence people have to move from one place to another regularly. The lifestyle of these people living in the region is migratory as they often have to relocate from one place to another. This means that the people of this district usually cannot have a permanent school and children's education gets hampered.



### IMPACT OF DAM-MARICO CLCs

DAM-Marico CLC successfully solves the problem faced by the community by building make-shift schools which will move with the community whenever the need arises for the entire community to move (especially due to the frequent migration of the community arising from land loss). The school is able to move with the community as the teacher is from the community and project model is designed in such a manner that the school will ultimately be run by the community. The program effectively targets primary school aged children, and makes them ready for mainstream education by providing them Non-formal Primary education.

The beneficiaries of this project are not just the 3042 children and their families but the entire related communities as well. The project does not just employ people from the communities as teachers but there is extensive training provided to the teachers as well. Parents in particular are more involved in education and sending their children to the CLCs. The project is expected to have positive spillover effects due to increased awareness and ownership of parents in the community. The involvement of the community as a whole will result in primary education becoming self-sustainable in the particular areas.



As responsible corporate citizens of Bangladesh, contribution towards the society and making a positive impact to the communities around us is an integral part of our ethos and culture. Our activities in Corporate Social Responsibilities (CSR) have been aimed at making a lasting impact for the betterment of our society as it is inculcated in our philosophy to truly make a difference.

### Progoti Sales Representative (PSR) Project

We took great strides to enhance our PSR project in FY 2015-16 and create opportunities for an even greater number of out-of-work men. We grew the number of representatives by more 150% over the past year, covering about 80% of all districts in the country.

The project has so far been monumental in providing a source of living for struggling families. Contributing to almost BDT 12 million from all the divisions where the project runs, the PSR project is hinting at being an eventually sustainable solution for a larger number of unemployed men.



**30K+**  
OUTLETS



**200+**  
employment opportunities  
created



**50+**  
District Coverage



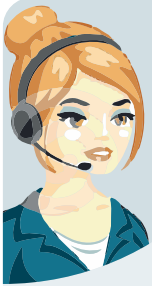
## SUSTAINABLE ENVIRONMENTAL STEWARDSHIP

Marico has always believed in inclusive growth, growth that leaves a legacy of sustainable progress in terms of creating value for our stakeholders and even in the environmental ecosystem that surrounds our entire value chain. As such, we are always improving our products and processes to unlock efficiencies and reduce our environmental footprint (starting from product manufacturing to disposal). Our commitment to leadership in sustainability is reflected by our achievement of the ISO 14001:2004 and OHSAS 18001:2007 certifications from Bureau Veritas Bangladesh received by our Shirirchala factory. Our notable endeavors in the arena of environmental stewardship and sustainability include:

- ▶ Adopting resource-conserving production techniques to reduce consumption of resources (such as water) and production of wastes
- ▶ Developing new packaging designs to reduce consumption of plastic by our vendors
- ▶ Sustainable sourcing of our key raw materials, especially copra
- ▶ Optimizing our distribution network to reduce fuel consumption and subsequent greenhouse gas emissions by our transportation vehicles
- ▶ Creating safe working conditions in both our factories and those of our vendors
- ▶ Our Shirirchala unit is a zero discharge plant; purposely engineered in a manner that refrains us from emitting environmentally degrading substances.
- ▶ Adoption of 100% LED lighting at our Shirirchala Unit, shining our journey towards a more sustainable manufacturing process
- ▶ Shift from the use of PET bottles instead of PVC for two of our major brands: Nihar Naturals and Parachute Beliphool progressing further on the road to environmental sustainability
- ▶ Marico Bangladesh heavily supports pro-green initiatives, apart from efficient processes encompassing our production methods, our entire plant is bordered by a significant area of greenery.

# WINNING THROUGH

## CONSUMERS



### Extra Care Recommendation Campaign

With Parachute Advanced Extra, we didn't just say "recommended by those close to you", we meant it! That's why we, for the first time in Bangladesh, launched an innovative phone call based interactive program to drive recommendation by real consumers to their close one. We reached out to thousands of consumers and asked them to try Parachute Advanced Extra Care. Post 45 days we asked them if they would want to recommend the brand to any of their close ones. We were overwhelmed by the responses. A staggering 81% of women recommended the product. So, we took it one step further, and amplified these findings on media using real consumers as the face & voice of the brand.

### Saffola Masala Oats - Beckoning a smarter way to stay fit

Keeping consumers as our main focus, Saffola Masala Oats have been sampled at various events since launching in February 2016. Consumers who have tasted the different variants of Saffola Masala Oats have responded positively to the taste, manifested by spot purchase of the product. The health benefits of oats combined with a familiar savoury taste and easy preparation method won the hearts of consumers across all ages and genders.



### Brand Restaging:

#### ***Parachute Advanced Beliphool & Nihar Shanti Badam Amla Hair Oil:***

In FY'16, two of our major brands in the Value Added Hair Oil (VAHO) space underwent brand restaging through insights derived from consumers and the market. The responses to the brands post re-staging has been encouraging as Marico Bangladesh now ranks 2nd in terms of market share in the VAHO space. The brands have successfully strengthened their presence in the perfumed hair oil space as well as the Amla oil space.

প্যারাসুট

ছক্কা  
প্যাক



চলে ছয় সপ্তাহেরও  
বেশি মাত্র  
১৭৫ টাকায়

# REPORT ON

## CORPORATE GOVERNANCE

This report on Corporate Governance portrays the Company's approach towards corporate governance principles and how it is at par with best practices. Governance report explains the Board's oversight responsibilities and how it acts to promote the best interests of its stakeholders. Marico Bangladesh aims to ensure high standard of Corporate Governance as this leads to an increase in effectiveness, reduction in risk and promotion of best corporate culture. Good Corporate Governance is a driving force for Marico Bangladesh Limited as it guides to manage business responsibly in terms of Transparency, Accountability and Compliance.

Over the years, the importance of corporate governance and internal regulation has been amplified in order to promote integrity and ensure that business grows within the regulatory framework. Dedicated towards standing true to the highest level of integrity and creating highest standard of business conduct, Marico believes that corporate governance is not an end in itself but is a catalyst in the process towards maximization of shareholder value. Therefore shareholder value as an objective is embedded into all aspects of corporate governance. We believe that good corporate governance produces direct economic benefit to the organization. Our Corporate Governance is therefore a set of principles which ensures how we are governed in the best interest of all the stakeholders.

### Corporate Governance Framework

Corporate Governance framework provides a strong platform for evaluating how Management's responsibilities fit with the Board's oversight responsibilities. The Company's corporate

governance framework exists to ensure its relevance, effectiveness and sustainability in addressing present and future business environment challenges. The parties having critical roles in the overall governance programs and contributing to the process of Corporate Governance are:

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

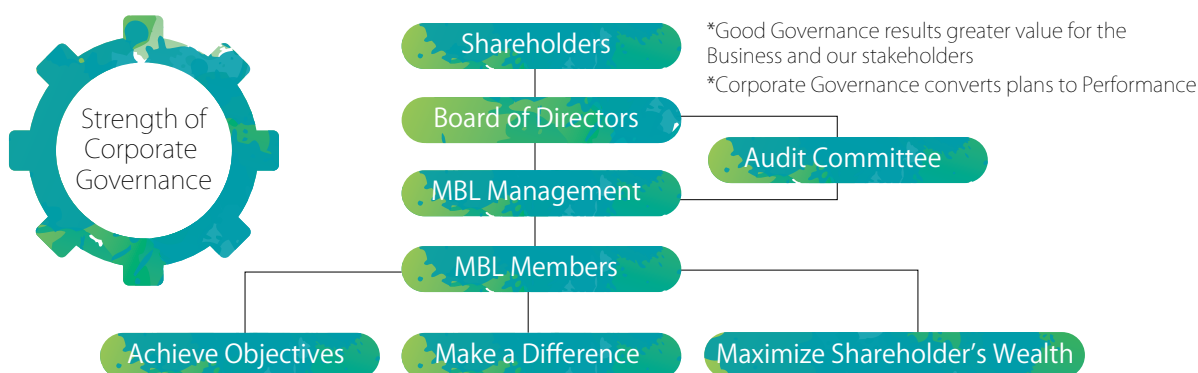
Marico Bangladesh's Comprehensive Corporate Governance framework is based upon the following principles:

- ▶ Vision to create long term value
- ▶ Pursuing best business practices and promoting highest Ethical standards & values
- ▶ Enhancing Corporate Culture
- ▶ Ensuring Disclosure and Transparency
- ▶ Effective Risk Management
- ▶ Effective leadership from the Board of Directors
- ▶ Adherence to Marico's Policies and Guideline

Adherence to Legal & Statutory requirements:

- ▶ Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Notification
- ▶ The Companies Act 1994 and other applicable regulations of Bangladesh
- ▶ Dhaka and Chittagong Stock Exchanges Listing Regulations
- ▶ Laws of the land

Structure of Marico Bangladesh's Corporate Governance:



## Board Composition

The Board of the Company consists of seven Directors, comprising of three Non-Executive Nominee Directors, three Independent Directors and one Executive Director i.e. the Managing Director. The board selects its Members via an inclusive and thoughtful process, aligned with Company's strategy. The Board has favorable knowledge, skills and vast experience in the corporate arena. The Director's Report along with their profiles have been enclosed with the Annual Report.

## Responsibilities of the Board

The Board establishes structures and processes to fulfill its responsibilities that consider the perspectives of investors, regulators and management, among others. The major responsibilities of the Board are as follows:

- ▶ Oversee Management and Set Goals and Direction.
- ▶ Evaluate Strategy and Review Management Performance.
- ▶ Review Management Succession Planning.
- ▶ Monitor and Manage Potential Conflicts of Interest.
- ▶ Ensure the Integrity of Financial Information.
- ▶ Monitor the Effectiveness of Board Governance Practices.
- ▶ Ensure Adherence to Company Policies and Guidelines
- ▶ Perform Risk Assessment and Ensure integrity of Company's Financial Reporting.

## Committee(s)

The Board of Directors has constituted the Audit Committee and has delegated responsibilities to the Committee to assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and implement transparency with its monitoring system. The Audit Committee is a sub-committee of the Board of Directors having its duties and responsibilities clearly defined by the Board. The Committee therefore strictly adheres to a set of terms of reference approved by the Board.

## Audit Committee

The Board has constituted an Audit Committee for the Company according to the conditions of BSEC guidelines. The Committee comprises one Non-Executive Independent Director (NEID) and two

Non-Executive Nominee Directors and one Executive Director. The Board has appointed an Independent Director as Chairman of the Committee under the mentioned guidelines of BSEC. All members of the Audit Committee are 'financially literate' as per regulatory requirement and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The Finance Director, Internal Auditors of the Company and representatives of the external auditors attend all the meetings upon invitation by the Audit Committee. The key responsibilities of the Audit Committee are elaborated in the Audit Committee Report which is attached in the Annual Report.

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

## Marico Bangladesh Limited's Management Team

The top management plays a significant role in managing the business as per the norms of corporate governance and ensures that adequate internal controls are in place and supported through a strong internal control framework. The implementation of the Board's plans, responsibilities and duties is carried out by the Management team lead by the Managing Director. The management team comprises of:

Managing Director

Chief Financial Officer

Director- Human Resources

Director- Supply Chain

Director- Operations

Director- Marketing

Director- Sales

Head-Legal & Secretarial

The Management team reports to the Board and has the responsibility of implementing the policies and decisions of the Board, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies.

## Internal Audit

The Company's internal audit function has the responsibility for:

- ▶ independently assessing the adequacy and effectiveness of the internal control over financial reporting based on the framework and criteria established in internal control-integrated framework and;

- ▶ management of significant risk areas

The head of Internal Audit has direct access to the Audit Committee. A Management's Report on Internal Control over Financial Reporting is enclosed as Annexure-I to the Corporate Governance Report.

### Board and Committee Meetings

The composition & the details of the meeting of the Board of Directors and Committee(s) held during the year under review are stated in the Directors' Report and Audit Committee Report respectively.

### Our Corporate Responsibility Principles:

- ▶ Commitment to conduct business in an honest, ethical and lawful manner. - A code of conduct regarding ethical decisions is existent for all members of the board which dictates our Ethical behavior that promotes Business transparency and builds shareholder trust.
- ▶ Commitment to protecting the health and safety of our members, the environment, and our communities.
- ▶ Commitment to providing a workplace where all employees can fulfill their potential based on merit and ability.
- ▶ Endeavors to conduct business in a fair, transparent and open manner, strictly adhering laws, regulations and rules that govern us.
- ▶ Support for sustainable development and commitment to constantly improve our operations to the benefit of our stockholders, employees, our customers and local communities.
- ▶ Create value for our stakeholders while continually improving our performance as a good corporate citizen with active engagement on CSR activities.
- ▶ Consideration of all aspects of an operation or new project – including social, environmental, and post-closure issues – when making our investment decisions.
- ▶ Intent to maximize employment, business and economic opportunities for local communities from our existing operations and new projects.

### Commitments

The Company started its operations in the country about 17 years ago, and within this time the Company has achieved significant milestones and established a strong presence in the Bangladeshi FMCG arena. The Company has expanded remarkably in these years, especially with its flagship brand, Parachute. Over the years, the Company has successfully created a diversified portfolio and its Value Added Hair Oils (VAHO) category has emerged as the next engine of growth. The Company has created a robust platform

for growth in this key market and is now looking to expand its brand portfolio which is evident by the slew of the new brands that have been rolled out in the last few years.

Since the Company's inception, it has grown in all facets and it is now poised to enter the next orbit of growth. Over the years, the Company has focused on strengthening all dimensions of the business and we are looking to grow even stronger, more compliant and more competent. Our unwavering endeavors are a testimony to how far we have come and how far we are willing to go ahead in the upcoming years. The Company's strength in corporate governance has resulted in Marico becoming a trustworthy business entity in the country. There is high degree of transparency in the Governance framework, fuelled by the presence of Independent Directors. Over 40% of the Board comprise Independent Directors who have deep involvement in ensuring integrity of Financial Information & Reporting. The Independent Directors provide an external and independent insight on the ways of work for the Company and provide guidance of utmost importance to the Company. We are committed and dedicated to further strengthening our corporate governance and to continually add value to all the stakeholders of the Company.

### External/Statutory Auditors:

M/s. Hoda Vasi Chowdhury & Co., the Statutory Auditor of the Company have not been engaged for any other services by the Company.

### Reporting and Compliance of Corporate Governance:

The Company has obtained a certificate from M/S. Nurul Faruk Hasan & Co., Practicing Chartered Accountants. The copy of the certificate has been enclosed in page 79.

Status of Compliance with Bangladesh Securities and Exchange Commission's Notification SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012 is duly reported and the checklist thereto is enclosed as Annexure-I to the Directors' Report.

On behalf of the Board of Directors,



**Aditya Shome**  
Managing Director

# ANNEXURE TO THE

## CORPORATE GOVERNANCE REPORT

OVERVIEW

### Annexure: I

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

The Company's Management is entrusted with the responsibility to establish and maintain adequate internal control over financial reporting of the Company. The Audit Committee of the Company has established a criteria and framework to evaluate the effectiveness of the Internal Control over Financial Reporting ("Integrated Framework"). The Management in consultation with the Chief Financial Officer and Head of Internal Audit had conducted an evaluation as per the Integrated Framework and concluded that the internal control over financial reporting was effective as of March 31, 2016. M/S. Hoda Vasi Chowdhury & Co., Chartered Accountants, the Statutory Auditors of the Company enlisted with the Institute of Chartered Accountants of Bangladesh (ICAB), has issued an audit report on the financial statements of the Company.

FY 2015-16 IN REVIEW

Sd/-

**Mohammed Ismail**

Head of Internal Audit

GLIMPSE INTO MARICO

### Annexure: II

#### General Body Meetings: Annual General Meetings

Year	Venue	Date	Time
2009-10	Mouchak, Kaliakoir, Gazipur, Company's Factory Premises	January 19, 2010	11:00 AM
2010-11	Army Golf Club Airport Road, Dhaka	June 6, 2011	11:00 AM
2011-12	Army Golf Club Airport Road, Dhaka	July 19, 2012	11:00 AM
2012-13	Radisson Blu Airport Road, Dhaka	August 19, 2013	10.30 AM
2013-14	Radisson Blu Airport Road, Dhaka	August 19, 2014	10.00 AM
2014-15	Radisson Blu Airport Road, Dhaka	August 13, 2015	10.00 AM

GOVERNANCE

AUDITED FINANCIAL STATEMENTS

### Annexure: III

#### Means of Communication

Quarterly, half-yearly and annual financial results of Marico Bangladesh Limited and other price sensitive information are published in two daily newspaper one English and another in Bengali newspaper and one Online paper as per directive of the Bangladesh Securities and Exchange Commission. The Company on a quarterly basis circulates analyst notes to investors and to the stock exchanges. The financial results and price sensitive information are communicated by the Company through its corporate website -

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

The Management Discussion and Analysis Report form part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

# AUDIT COMMITTEE

## REPORT

Pursuant to the notification on Corporate Governance issued by Bangladesh Securities and Exchange Commission (BSEC), the Audit Committee was constituted by the Board of Directors of the Company, which is a sub-committee of the Board and is responsible to the Board of Directors of Marico Bangladesh Limited... The Audit committee plays a critical role in enhancing audit quality, building confidence in the integrity of financial reporting and creating an environment that promotes transparency. The Committee's primary purpose is to provide independent oversight of the Company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing rules and laws etc. It assists Management with identifying, prioritizing and designing stronger procedures and controls in the various business areas and through observations, steps are undertaken to alleviate risks and ensure better controls.

### Composition and Meetings

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

Names	Representation in the Board	Representation in the Audit Committee	Number of Board Meetings	
			Held	Attended
Mr. Masud Khan	Independent Director	Chairman	5	4
Ms. Rokia Afzal Rahman	Independent Director	Member		3
Mr. Vivek Karve	Nominee Director	Member		3
Mr. Aditya Shome	Managing Director	Member		5
Mr. B. Sridhar	Nominee Director	**Member		0
Mr. Sanjay Mishra	Additional Director	***Member		0

\*\*Ceased to be a Member of the Committee with effect from January 25, 2016.

\*\*\*Appointed as the Member of the Committee with effect form January 25, 2016.

### Responsibilities and Duties

#### Financial Reporting

- ▶ To review quarterly, half-yearly and annual financial statements of the Company along with management representatives, focusing particularly on any significant changes to accounting policies and practices before submission to the Board for approval.

#### Related Party Transactions

- ▶ To review related party transactions entered into by the Company and situations where conflict of interest may arise within the Company.

### Audit Reports

- ▶ To prepare the annual Audit Committee Report and submit to the Board which includes summary of its activities and review the Board's statements on compliance with the BSEC Codes of Corporate Governance for inclusion in the Annual Report.
- ▶ To adopt an internal Audit Committee Charter and have necessary revisions during the year: The Committee should determine that all responsibilities outlined in the charter have been carried out. In addition, the charter is reviewed, and proposed updates presented to the Board for approval. As part of our best practices, evaluation



of the activities undertaken by the Committee is carried out which is a key tool in achieving and maintaining a high degree of effectiveness.

### Internal Control

- ▶ To evaluate whether management is adhering to the appropriate compliance culture by communicating the importance of internal control and risk management to ensure that all members have clear understanding of their respective roles and responsibilities.
- ▶ To consider whether internal control strategies recommended by internal and external auditors have been implemented timely by the management thereby ensuring that the system of internal control is soundly apprehended, effectively administered and regularly monitored.
- ▶ To recommend to the Board steps to improve the system of internal control derived by the committee from the findings of the internal and external auditors.
- ▶ To review the arrangements made by the management for developing and maintaining a suitable and robust Management Information System (MIS).

### Internal Audit

- ▶ To monitor/evaluate whether internal audit functions are conducted independently from the management and to ensure that the Internal Auditors have open access to all activities, records, property and personnel necessary to perform its duties.
- ▶ To review and assess the annual internal audit plan and evaluate its consistency with the Risk Management Framework used.
- ▶ To review findings and recommendations made by the Internal Auditors and to ensure that appropriate action is being taken for removing the irregularities, if any.
- ▶ To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified and raise/ensure special audit where necessary.
- ▶ To evaluate status reports from the Internal Audit and to ensure that appropriate tracking is maintained on the action points agreed upon in order to implement the audit recommendations.

### External Audit

- ▶ To appraise the external auditor's: audit plan, nature and scope of the audit plan, audit report and evaluation of internal controls.
- ▶ To oversee the relationship with the external auditors including:
  - ▶ Approval of their remuneration, i.e. fees for audit or non-audit services.
  - ▶ Assessing their independence and objectivity taking into account relevant professional and regulatory requirements and assisting them in preserving their independence.
  - ▶ Consider and make recommendations to the Board, to be put to Shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the external auditors.
- ▶ To review the external auditor's Statement on Risk Management and Internal Control of the Company for inclusion in the Annual Report;
- ▶ To review the external auditor's findings and recommendations arising from audits, in order to ensure that appropriate action is being taken.

### Major activities during the year:

In accordance with the "Audit Committee Charter", governed by the BSEC notification on Corporate Governance, the Audit Committee carried out its duties to work upon areas that were raised for consideration and discussed to evaluate issues related to key events of annual financial reporting cycle.

During the year FY'16, the Audit Committee carried out the following activities:


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

- ▶ Enhanced good practices in financial reporting and risk management and reviewed related party transactions for foreign remittance
- ▶ Reviewed the annual audit plans and effectiveness of the audit process and the Internal Audit reports which encompassed the audit issues, audit recommendations and Management's responses to these recommendations.
- ▶ Discussed with management about the improvement actions in the area of internal controls, systems and efficiency enhancements.
- ▶ Implemented tracking mechanism in the form of progress status to review the implementation of the recommendations and ensure all major areas were covered thereby ensuring the establishment of adequate internal controls and compliance with laws and regulations.
- ▶ Reviewed the external auditors' findings of observation, areas of concern highlighted and the management's response thereto and ensured that the external auditors remain independent and that appropriate action is being taken on time.
- ▶ Appraised the performance of the external auditors and made recommendation to the Board on their appointment and fees.
- ▶ Reviewed compliance of Code of Conduct of the Company.
- ▶ Reviewed Corporate Governance Compliance Report of Marico Bangladesh Limited for the year ended 31 March 2015 as submitted by 'Nurul Faruk Hasan & Co., Chartered Accountants'
- ▶ Reviewed other matters & incidents of significance as per Audit Committee Charter.

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

The minutes of the Audit Committee meetings are placed subsequently to the Board for approval on regular basis which contains all issues along with various suggestions and recommendations to the Management and the Board.

On behalf of the Audit Committee and the Board of Directors,



**Masud Khan**  
Chairman  
Audit Committee

# DIRECTOR'S

## REPORT

### To the Shareholders

With the financial year ending on March 31, 2016 ('the year under review' or 'FY16'), your Board of Directors ('Board') is proud to present Marico Bangladesh Limited's 7th Annual Report after being listed on the stock exchanges.

As per the requirements of the compliance in section 184 of the Companies Act 1994, Stock Exchanges Regulations and Bangladesh Securities & Exchange Commission Order No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012 your Company has been presenting Directors' Report. The key financial results and other developments during the period April, 2015 to March, 2016 in Marico Bangladesh Limited's business in Bangladesh are discussed in this report.

### Principal Business Activities of your Company

Manufacturing and marketing of Fast Moving Consumer Goods ('FMCG') continued to remain the prime business activities of Marico Bangladesh Limited. The Company is the manufacturer and marketer of renowned brands such as Parachute, Parachute Advanced Beliphool, Nihar Shanti Amla, Parachute Advanced Extra Care, Parachute Advanced Enriched Hair Oil, HairCode, HairCode Active, HairCode Keshkala, Parachute Advanced Body Lotion, Saffola Active, Saffola Masala Oats, Livon, Mediker Plus and Set Wet. Our portfolio of winning brands are well-placed to become prominent players in the market.

### Expansion of Your Company's Portfolio

During FY'16, your Company diversified its portfolio even further with the soft launch of brands such as Saffola Masala Oats and Mediker Plus. Introduction of these brands are in line with Company's philosophy of entering categories with a "Right to Win". While Mediker, which is an established brand in India, renowned for its main feature of providing an effective and painless way of lice removal, Saffola Masala Oats is a relatively newer and popular brand in India.

### Related Party Transaction

Marico Limited, the Parent Company and Marico Middle East, FZE, a wholly owned subsidiary of the Parent Company are related parties in respect of the Company. The details of the transaction entered

into with said related parties can be referred to under Note. 25 of the financial statements of the Company.

### Directors' Declaration as to Financial Statements

The Statement of the Directors' Responsibilities and Management's Report on Internal Control over Financial Reporting for financial statements are given on pages 76 & 61 respectively of this report to Directors' Report Annexure-I.

Keeping both internal policies and regulatory framework in mind, MBL's Code of Conduct persists to incorporate higher standard of Governance practices and is always striving to enhance their current terms in accordance to the country's laws and regulations. As per Bangladesh Securities and Exchange Commission's Notification No-SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012, the Directors are pleased to confirm the following:

- ▶ The financial statements together with the notes thereof have been drawn up in conformity with the Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations cash flow and changes in equity.
- ▶ Proper books of account of the Company have been maintained.
- ▶ Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- ▶ International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- ▶ The systems of internal controls are sound and have been effectively implemented and monitored.
- ▶ There are no significant doubts about the Company's ability to continue as a going concern.
- ▶ The significant deviations from last year in operating results of the Company have been highlighted in the report and reasons thereof have been explained.
- ▶ The CEO and CFO have certified to the Board that:

- ▶ They have reviewed the financial statements and affirm that: These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading. These statements together present a true and fair value of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- ▶ There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.
- ▶ Nature of their expertise in specific functional areas
- ▶ Names of the companies in which the person also holds the directorship and membership of committees of the Board.

### Directors' retirement and proposed for re-election

Mr. Vivek Karve will retire at the ensuing Sixteenth Annual General Meeting. The Board recommends his re-appointment as Director to the shareholders at the said meeting.

### Remuneration to Directors:

The remuneration, performance and related bonus of Executive Directors are reviewed and approved by the Board of Directors of the Marico Limited, Parent Company. The Executive Director(s) and Members of the Senior Management of the Company are entitled to Share Value Plan of Marico Group. Independent Directors are currently paid sitting fees @ of Tk. 2,500 per Board Meeting. The details of remuneration paid to the Executive Directors of your Company during FY16 can be referred to under Notes-20 of the Financial Statements.

### Management Discussion & Analysis

An Annexure to this Report contains a detailed Management Discussion and Analysis, which, inter alia, covers the following:

- ▶ Industry Performance
- ▶ Risks and Risk Management
- ▶ Internal Control Systems and their Adequacy
- ▶ Segment Performance
- ▶ Financial Performance
- ▶ Human Resources
- ▶ Business Outlook

In addition, a Review of Operations of your Company has been given in this report.

### Results of operation

#### Financial Year Ended Mar 31, 2016 (FY'16)

in BDT crores (except per Share amounts)	FY'16	FY'15	FY'14	FY'13	FY'12
Turnover	734	735	637	612	604
Net Earnings	141	134	139	87	54
Net Earnings Per Share	44.89	42.69	43.99	27.53	17
Dividend Per Share	45	42.5	90	15	10
Operating Cash flow per Share	68.30	12.94	85.84	62.47	-16.87
Return on Assets	41%	38%	35%	19%	12%
Return on Equity	83%	79%	57%	30%	21%

A Certificate of Compliance required under SEC Guidelines, as provided by M/s. Nurul Faruk Hasan & Co, Chartered Accountants, is annexed to this report. Furthermore, Report on Corporate Governance and its compliance to the conditions of the Notification has been annexed within the Annual Report as per SEC Regulation.

### Directors of the Company:

Board of Directors	Category
Mr. Saugata Gupta	Chairman
Mr. Sanjay Mishra	Additional Director
Mr. Vivek Karve	Nominee Director
Mr. Aditya Shome	Managing Director
Mr. Masud Khan	Independent Director
Mr. Rokia Afzal	Independent Director
Mr. Ashraful Hadi	Additional Director

Attendance of each Director at the Board meeting is appended in the Director's Report Annexure- II.

Restructuring in Board of Directors during the year:

- Directors Mr. B. Sridhar and Mr. Rohit Jaiswal resigned from the Board of Directors of the Company w.e.f. January 25, 2016 and April 25, 2016 respectively and the Board has accepted their resignation.
- Mr. Sanjay Mishra and Mr. Ashraful Hadi have been appointed as Additional Directors w.e.f. January 25, 2016 and April 25, 2016 respectively and are eligible to hold office as such till the ensuing Sixteenth Annual General Meeting of the Company.

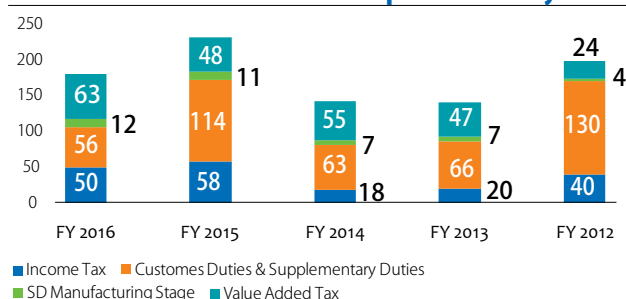
In the event of appointment and re-appointment of Directors, the Company has disclosed in the Profile of Directors, the following information to the shareholders:

- ▶ Brief resume of the Director

## Contribution to National Exchequer

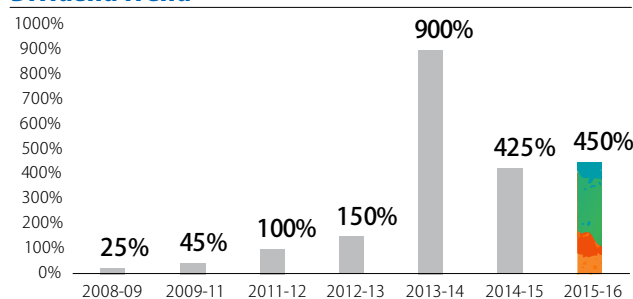
During the reporting period, your company paid BDT 180 Crores to the National Exchequer in the form of Corporate Income Tax, Customs Duties, Supplementary Duties and VAT.

### Contribution to National Exchequer over the years



## Distribution to Equity Shareholders

### Dividend Trend



The upward trend reflects consistency in the company's Dividend disbursements over the years.

In FY'14, a 500% dividend was disbursed on the occasion of the completion of "Ek Jug" as we celebrated the 12th anniversary and the tremendous journey of our premier brand, Parachute Coconut Oil with our esteemed Shareholders. The year ended with an overall dividend disbursement of 900%. In FY'15, Marico Bangladesh declared total dividend of 425%

In FY'16, 1st Interim Dividend of 300% was paid after the 2nd quarter and a further 100% dividend was paid at the end of 3rd quarter. The Board proposed a final dividend of 50% at the end of the 4th quarter. The total declared dividend stands at 450%

## Reserves

The total reserves of the Company stood at Tk. 139 crores, as share premium and retained earnings. The financial statements reflect the composition of the reserves.

## Events subsequent to the Statement of Financial Position

For the year ended 31 March 2016, the Board of Directors recommended final cash dividend @ 50% per share at 91<sup>st</sup> Board Meeting held on 25 April 2016. Apart from that, there are no other events identified after the statement of financial position date which might be material.

## Shareholder Information & Substantial Shareholders

The distribution of shareholding and market value of shares are given on annexure IV and page 42 respectively.

## Statutory Auditors

M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants and Statutory Auditors of the Company, will retire at the conclusion of the ensuing Sixteenth Annual General Meeting and have confirmed their eligibility for re-appointment. As per BSEC Notification, the Board has, based on the recommendation of the Audit Committee, recommends re-appointment of M/S Hoda Vasi Chwodhury & Co., Chartered Accountants, as the Statutory Auditor of your Company, to hold office from the conclusion of this Sixteenth Annual General Meeting until the conclusion of the ensuing Seventeenth Annual General Meeting, at a revised fees of Tk. 11,00,000 + 5% of 11,00,000 for every Tk. 100 Crore (excluding VAT) as per new fees Schedule circulated by ICAB w.e.f. 1st Jan, 2016.

## Acknowledgement

The Board takes this opportunity to express their heartfelt thanks to all stakeholders - such as MBL members, customers, consumers, banks and financial institutions, regulatory bodies, auditors, BSEC, DSE, CSE, CDBL, Business Associates and finally the shareholders - for their immense support and contribution towards the success of the Company.

On behalf of the Board

Sd/-

**Aditya Shome**

Managing Director

# ANNEXURE

## TO THE BOARD OF DIRECTOR'S REPORT

### Annexure:I

Status of compliance with the conditions by Bangladesh Securities and Exchange Commission (BSEC), Notification on Corporate Governance

Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
<b>1</b>	<b>BOARD OF DIRECTORS</b>			
1.1	Board's size: The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty):	✓		The MBL Board is comprised of 7 Directors.
1.2	Independent directors			
1.2 (i)	At least one fifth (1/5)	✓		There are Three Independent Directors in the MBL Board: Mr. Masud Khan, Ms. Rokia Afzal & Mr. Barrister Ashraful Hadi
1.2 (ii) a)	Does not hold any or holds less than one percent (1%) shares	✓		The Independent Directors do not hold any shares.
1.2 (ii) b)	Is not a sponsor of the company and not connected with any sponsor, director or shareholder who holds 1% or more shares	✓		Complied
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		Complied
1.2 (ii) d)	Not a member, director or officer of any stock exchange	✓		Complied
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		Complied
1.2 (ii) f)	Not a partner or executive or was not a partner or an executive during the preceding 3 years of any statutory audit firm	✓		Complied
1.2 (ii) g)	Is not an independent director in more than 3 listed companies	✓		"Mr Masud Khan is the Independent Director of: GlaxoSmithKline Bangladesh Limited, Singer Bangladesh Limited & Marico Bangladesh Limited.  Mr Rokia Afzal is the Independent Director of: Grameenphone Limited, Bangladesh Lamps Limited & Marico Bangladesh Limited.  Mr. Barrister Ashraful Hadi does not hold any other directorship positions."
1.2 (ii) h)	Has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution	✓		Complied
1.2 (ii) i)	Has not been convicted for a criminal offence involving moral turpitude	✓		Complied

Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	✓		Nominated and approved by the Board in the 84th BOD meeting on 23rd October, 2014. Approved by Shareholders in the 15th AGM dated August 13, 2015.
1.2 (iv)	The post cannot remain vacant for more than 90 (ninety) days	✓		Complied
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	✓		The Company has laid down a detailed code of conduct for all known as 'Marico's Code of Conduct (CoC)' which is applicable for the Directors as well.
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 term only	✓		The Independent Directors (IDs) are in their first term of office.
1.3	Qualification of Independent Director (ID):			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		The qualification and background of IDs are stated in the Board of Directors' Profile.
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences.	✓		Board of Directors' Profile includes relevant details about ID.
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of Commission.	N/A		
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		Chairman of the Board is Mr. Saugata Gupta and CEO was Mr Aditya Shome (till 31 August 2016) and currently Mr. Naveen Pandey (wef 1 September 2016). The roles and responsibilities of the Chairman of the Board and the CEO are defined in the Article of Association of the Company.
1.5	The Directors' Report to the Shareholders:			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		Discussed in MD's Discussion and Analysis
1.5 (ii)	Segment-wise or product-wise performance	✓		Discussed in MD's Discussion and Analysis
1.5 (iii)	Risks and concerns	✓		Discussed in MD's Discussion and Analysis
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		Discussed in MD's Discussion and Analysis

Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		Discussed in MD's Discussion and Analysis
1.5 (vi)	Basis for related party transactions	✓		Discussed in MD's Discussion and Analysis
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	N/A		Discussed in MD's Discussion and Analysis
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc	N/A		Discussed in MD's Discussion and Analysis
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance on their Annual Report.	✓		Discussed in the Director's Report
1.5 (x)	Remuneration to directors including independent directors	✓		The Company did not go for RPO, Rights Offer, etc. during the year.
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		The Company did not go for RPO, Rights Offer, etc during the year.
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		Complied
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		Complied
1.5 (xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.	✓		Complied
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		Complied
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		"Increase in operating result was highlighted but there was no significant deviations"
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		Discussed in the Director's Report



Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		The Company Declared an Interim Cash Dividend of 400% and recommended a 50% final cash dividend, adding up to 450% cash dividend for FY'16
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		Stated in Annexure of the Directors' report
1.5 (xxi)	The pattern of shareholding shall be reported to disclose aggregate number of shares (along with name wise details where stated below) held by:	✓		Stated in Annexure of the Directors' report
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	✓		Complied
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	✓		Complied
1.5 (xxi) c)	Executives;	✓		Complied
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	✓		Complied
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-			
1.5 (xxii) a)	a brief resume of the director	✓		Stated in the Profile of the Board
1.5 (xxii) b)	nature of his/her expertise in specific functional areas	✓		Stated in the Profile of the Board
1.5 (xxii) c)	names of companies in which the person also holds the directorship and the membership of committees of the board	✓		Stated in the Profile of the Board
<b>2</b>	<b>CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY :</b>			
2.1	Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		The CFO of the Company is Mohammad Iqbal Chowdhury; He was also the Acting Company Secretary from Q3 after the previous company secretary tendered his resignation from the Company. Ms. Christabel Randolph assumed the role of Company Secretary wef from 26 July 2016. The company has appointed Mr. Mohammed Ismail as Head of Internal Audit.
2.2	Requirement to attend the Board Meetings:			
	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		Complied

Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		Complied
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		Complied
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		Audit Committee Charter is approved by the Board.
3.1	Constitution of the Audit Committee			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		The Audit Committee is comprised of 4 (four) members.
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		Complied
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience. Explanation: The term "financially literate" means the ability to read and understand the financial statements like Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if he/ she possesses professional qualification or Accounting/ Finance graduate with at least 12 years of corporate management/professional experiences.	✓		"All the existing members of the Audit Committee are 'financially literate' and they have 'related financial management experience' as per BSEC notification."
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		There were no such situations during FY 2015-16
3.1(v)	The company secretary shall act as the secretary of the Committee.			Complied
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		Complied

Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
3.2	Chairman of the Audit Committee			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be the Chairman of the Audit Committee, who shall be an independent director.	✓		"Mr. Masud Khan has been appointed as the Chairman of the Audit Committee effective from 19 March 2015."
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		Complied
3.3	Role of Audit Committee: Role of audit committee shall include the following:-			
3.3(i)	Oversee the financial reporting process.	✓		Complied
3.3(ii)	Monitor choice of accounting policies and principles.	✓		Complied
3.3(iii)	Monitor Internal Control Risk management process.	✓		Complied
3.3(iv)	Oversee hiring and performance of external auditors.	✓		Complied
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		Complied
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		Complied
3.3(vii)	Review the adequacy of internal audit function.	✓		Complied
3.3(viii)	Review statement of significant related party transactions submitted by the management.	✓		Complied
3.3(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		Complied
3.3(x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/ Rights Issue, the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus.	N/A		No money was raised through IPO, RPO, Rights Issue during the year.
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.			Audit Committee informs the Board periodically through its minutes which are placed at Board Meetings.

Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
3.4.1 (ii) a)	Report on conflicts of interests	✓		There was no reportable case of conflict of interest.
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	✓		No such situation arose during the year.
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations	✓		No such situation arose during the year.
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately	✓		No such situation arose during the year.
3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	✓		No such incidents took place during the year
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		The Audit Committee report is disclosed in the Annual Report and signed by the Chairman of the AC.
<b>4</b>	<b>EXTERNAL/STATUTORY AUDITORS: The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-</b>			
4 (i)	Appraisal or valuation services or fairness opinions.	✓		Complied
4 (ii)	Financial information systems design and implementation.	✓		Complied
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		Complied
4 (iv)	Broker-dealer services.	✓		Complied
4 (v)	Actuarial services.	✓		Complied
4 (vi)	Internal audit services.	✓		Complied
4 (vii)	Any other service that the Audit Committee determines.	✓		Complied
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		The audit firm has declared as such that none of them hold any share in the Company.

Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
<b>5</b>	<b>SUBSIDIARY COMPANY:</b>			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.		N/A	Marico Bangladesh Limited does not have any subsidiaries.
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.		N/A	Marico Bangladesh Limited does not have any subsidiaries.
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.		N/A	Marico Bangladesh Limited does not have any subsidiaries.
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.		N/A	Marico Bangladesh Limited does not have any subsidiaries.
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.		N/A	Marico Bangladesh Limited does not have any subsidiaries.
<b>6</b>	<b>DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):</b>			
6 (i)	The CEO and CFO shall certify to the Board that:-They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		Complied
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		Complied
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		Complied
<b>7</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		Required Certification has been obtained from M/S Nurul Faruk Hasan & Co., Chartered Accountants
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		Status of Compliance is published with the Directors' Report as required.

## Annexure:II

### Directors' Responsibilities for the Financial Statements

The Board of directors of the company is responsible for the integrity and accuracy of the financial statements. The board believes that the financial statements for the year ended on March 31, 2016 have been prepared in conformity with Bangladesh Accounting Standard (BAS), BFRS/IFRS, Companies Act, 1994, BSEC guidelines, Stock Exchanges Listing Regulations appropriate in the circumstances. In preparing the financial statements, management with the consultation of the board makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed. The Company's disclosure controls and procedures ensure that material information required to be disclosed is recorded, processed, summarized and communicated to management and reported within the required time periods. In meeting its responsibility for the reliability of the financial statements, management relies on a system of internal accounting control. This system is designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with the management's authorization and recorded properly to permit the preparation of financial statements in accordance with BAS/BFRS/IFRS. The design of this system recognizes that errors or irregularities may occur and that estimates and judgments are required to assess the relative cost and expected benefits of the controls. Directors believe that the Company's internal accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. The Audit Committee of the Board of Directors, which is composed solely of independent directors, is responsible for overseeing the Company's financial reporting process. The Audit Committee meets with management and sees the report of the Company's internal auditors periodically to review the work of each and to monitor the discharge by each of its responsibilities. The independent auditors are engaged to express an opinion on the Company's financial statements and on the Company's internal control over financial reporting. Their opinions are based on procedures that they believe to be sufficient to provide reasonable assurance that the financial statements contain no material errors and that the Company's internal controls are effective.

On behalf of the Board

**Sd/-**

**Aditya Shome**

Managing Director

### Annexure: III

#### Attendance of each Director at the Board meetings and the Last Annual General Meeting:

5 meetings of the Board of Directors were held during the period April 1, 2015 to March 31, 2016, viz: April 22, 2015, August 3, 2016, August 13, 2016, October 17, 2015 and January 25, 2016.

The attendance record for the aforementioned meetings is as under:

Names	Representation in the Board	Number of Board Meetings		Attendance at Last AGM
		Held	Attended	
Saugata Gupta	Chairman	5	2	Yes
Mr. Sanjay Mishra	Additional Director		*1	No
Mr. Vivek Karve	Nominee Director		2	Yes
Mr. Aditya Shome	Managing Director (till 31 <sup>st</sup> August 2016)		5	Yes
Mr Masud Khan	Independent Director		4	Yes
Rokia Afzal	Independent Director		4	Yes
Mr. Ashraful Hadi	Additional Director		*0	No
Mr. B. Sridhar	Director		1	Yes
Mr. Rohit Jaiswal	Director		-	No

\*Mr. Sanjay Mishra & Mr. Ashraful Hadi were appointed on the end of 3<sup>rd</sup> & 4<sup>th</sup> Quarter Board Meetings respectively

### Annexure: IV

#### Disclosure of the aggregate number of shares and the Pattern of shareholding

Shareholders' Category		No. of Shareholders	No. of Shares Held
a) Parent/Subsidiary/Associated Companies and other Related Parties			
Marico India Ltd., India	Parent Company	1	28,349,996
b) Directors, Managing Director and their Spouses			
Mr. Harsh Mariwala	Nominee Shareholder	1	1
Mr. Saugata Gupta	Director	1	1
Mr. Vivek Karve	Director	1	1
Mr. Aditya Shome	Director (till 31 <sup>st</sup> August 2016)	1	1
c) Top Five Executives			
		Nil	Nil
d) Shareholders Holding 5% or More Voting Interest (apart from Parent Company)			
		Nil	Nil

# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2016/138

**BAPLC**

Date of issue : 15<sup>th</sup> March 2016

## Renewed Certificate

*This is to certify that*

**MARICO BANGLADESH LIMITED**

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

*This certificate remains current until 31<sup>st</sup> December 2016.*



  
Secretary-General





Tel : +880-2-841 2989, 841 0956  
Fax : +880-2-841 7979  
Email : info@bdo.com.bd  
www.bdo.com.bd

Nurul Faruk Hasan & Co.  
Chartered Accountants

JHK Windcel  
Eastern Block, Level-4  
KA-90 Pragoti Saroni (Bishwa Road)  
Dhaka-1229, Bangladesh

## **Certificate of Compliance to the Shareholders of Marico Bangladesh Limited**

We have examined compliance to the BSEC guidelines on Corporate Governance by Marico Bangladesh Limited for the year ended 31 March 2016. These guidelines relate to the Notification no. SEC/CMRRCD/ 2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification only, and not an expression of opinion or audit on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Dhaka, 04 September 2016**

**Nurul Faruk Hasan & Co.  
Chartered Accountants**

# STRATEGIC ASPIRATIONS

- Through continuous improvement in the way we conduct business, we at Marico Bangladesh are striving towards putting all the pieces of our financial aspirations at the right places, giving strength to our foundation and turning plans into achievements.



# Hoda Vasi Chowdhury & Co

## Chartered Accountants

### INDEPENDENT AUDITORS' REPORT

#### TO THE SHAREHOLDERS OF MARICO BANGLADESH LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Marico Bangladesh Limited (the "Company") which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Marico Bangladesh Limited as at 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

#### Report on Other Legal and Regulatory Requirements

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

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

Dhaka, 25 April 2016

  
**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

# STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

## Hoda Vasi Chowdhury & Co

	Note	31 March 2016 Taka	31 March 2015 Taka
<b>Assets</b>			
Property, plant and equipment	4	595,760,075	731,713,275
Intangible assets	5	13,142,320	7,284,910
Deferred tax assets	6	81,632,588	33,726,602
Long-term deposits	7	2,706,000	2,835,912
<b>Non-current assets</b>		<b>693,240,983</b>	<b>775,560,699</b>
Inventories	8	1,262,292,780	1,822,852,895
Accrued interest		13,458,959	14,021,076
Advances, deposits and prepayments	9	169,523,023	49,507,281
Short-term investment	10	847,797,172	500,000,000
Cash and cash equivalents	11	480,524,575	191,990,392
<b>Current assets</b>		<b>2,773,596,509</b>	<b>2,578,371,644</b>
<b>Total assets</b>		<b>3,466,837,492</b>	<b>3,353,932,343</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	12	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Retained earnings		1,141,720,944	1,145,170,637
<b>Total equity</b>		<b>1,708,720,944</b>	<b>1,712,170,637</b>
<b>Liabilities</b>			
Provision for gratuity	13	35,250,107	20,465,488
Provision for leave encashment	14	9,012,992	6,428,033
<b>Non-current liabilities</b>		<b>44,263,099</b>	<b>26,893,521</b>
Provision for gratuity	13	5,183,998	2,646,276
Provision for leave encashment	14	1,844,907	1,310,915
Trade and other payables	15	1,283,487,511	1,245,243,909
Current tax liabilities	16	423,337,033	365,667,085
<b>Current liabilities</b>		<b>1,713,853,449</b>	<b>1,614,868,185</b>
<b>Total liabilities</b>		<b>1,758,116,548</b>	<b>1,641,761,706</b>
<b>Total equity and liabilities</b>		<b>3,466,837,492</b>	<b>3,353,932,343</b>

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

  
Company Secretary

  
Director

  
Managing Director

As per our annexed report of same date.

  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Dhaka, 25 April 2016

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2016

## Hoda Vasi Chowdhury & Co

		31 March 2016	31 March 2015
	Note	Taka	Taka
<b>Revenue</b>	17	7,339,285,874	7,348,826,563
Cost of sales	18	(3,884,804,007)	(4,042,601,061)
<b>Gross profit</b>		3,454,481,867	3,306,225,502
Marketing, selling and distribution expenses	19	(911,676,609)	(942,770,401)
General and administrative expenses	20	(735,664,847)	(636,462,886)
Other income	21	2,468,764	844,066
<b>Profit from operation</b>		1,809,609,175	1,727,836,281
Finance income, net	22	114,518,588	100,680,684
<b>Profit before tax</b>		1,924,127,763	1,828,516,965
Income tax expense	23	(510,077,456)	(483,747,430)
<b>Profit after tax</b>		1,414,050,307	1,344,769,535
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		1,414,050,307	1,344,769,535
<b>Earnings per share</b>			
Basic earnings per share (par value of Tk 10)	24	44.89	42.69

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

  
Company Secretary

  
Director

  
Managing Director

As per our annexed report of same date.

  
**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

Dhaka, 25 April 2016

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016

**Hoda Vasi  
Chowdhury & Co**

	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
	Taka	Taka	Taka	Taka
<b>Balance at 1 April 2014</b>	315,000,000	252,000,000	1,139,151,102	1,706,151,102
Comprehensive income for the year ended 31 March 2015	-	-	1,344,769,535	1,344,769,535
Final dividend for 2013-2014	-	-	(157,500,000)	(157,500,000)
1st Interim dividend for 2014-2015	-	-	(472,500,000)	(472,500,000)
2nd Interim dividend for 2014-2015	-	-	(708,750,000)	(708,750,000)
<b>Balance at 31 March 2015</b>	<u>315,000,000</u>	<u>252,000,000</u>	<u>1,145,170,637</u>	<u>1,712,170,637</u>
<b>Balance at 1 April 2015</b>	315,000,000	252,000,000	1,145,170,637	1,712,170,637
Comprehensive income for the year ended 31 March 2016	-	-	1,414,050,307	1,414,050,307
Final dividend for 2014-2015	-	-	(157,500,000)	(157,500,000)
1st Interim dividend for 2015-2016	-	-	(945,000,000)	(945,000,000)
2nd Interim dividend for 2015-2016	-	-	(315,000,000)	(315,000,000)
<b>Balance at 31 March 2016</b>	<u>315,000,000</u>	<u>252,000,000</u>	<u>1,141,720,944</u>	<u>1,708,720,944</u>

# STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

## Hoda Vasi Chowdhury & Co

### Cash flows from operating activities

Collection from customers	7,362,678,637	7,149,084,037
Payment to suppliers and for operating expenses	(4,820,387,737)	(6,325,870,698)
Interest paid	(928,127)	(2,502,325)
Interest received	110,361,916	167,912,236
Income tax paid	(500,313,493)	(580,950,405)
Net cash from operating activities	2,151,411,196	407,672,845

### Cash flows from investing activities

Acquisition of property, plant and equipment	(92,079,077)	(49,532,157)
Acquisition of intangible assets	(9,217,547)	(3,904,959)
Disposal of property, plant and equipment	3,716,783	1,721,794
(Investment in)/encashment of short-term investments	(347,797,172)	732,516,250
Net cash (used in)/from investing activities	(445,377,013)	680,800,928

### Cash flows from financing activities

Dividend paid	(1,417,500,000)	(1,338,750,000)
Net cash used in financing activities	(1,417,500,000)	(1,338,750,000)
Net increase/(decrease) in cash and cash equivalents	288,534,183	(250,276,227)
Opening cash and cash equivalents	191,990,392	442,266,619
<b>Closing cash and cash equivalents</b>	<b>480,524,575</b>	<b>191,990,392</b>

OVERVIEW

FY 2015-16 IN REVIEW

GLIMPSE INTO MARICO

GOVERNANCE

AUDITED FINANCIAL STATEMENTS

GENERAL SHAREHOLDER INFORMATION

### 1 Reporting entity

Marico Bangladesh Limited (hereinafter referred to as "MBL"/"the Company"), is a listed company incorporated on 6 September 1999 in Bangladesh under the Companies Act 1994. The Company is a subsidiary of Marico Limited, India. Since 2009 the Company's shares are being traded in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

#### 1.1 Registered office

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

#### 1.2 Nature of business activities

The Company manufactures and markets products under the brands such as Parachute, Nihar, Saffola, Hair Code, Livon, Parachute Advansed, Beliphool, Parachute Body Lotion and Set-wet in Bangladesh. The manufacturing plants of the Company are located at Mouchak, Kaliakoir, Gazipur and Shirirchala, Mahona Bhabanipur, Gazipur. The Company sells its products through its own distribution channels comprising of sales depots located in Gazipur, Chittagong, Bogra, Jessore and Comilla. The Company started its commercial operations from 30 January 2000.

### 2 Basis of preparation

#### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### 2.2 Authorisation for issue

The financial statements were authorised for issue by the Board of Directors in the 91st Board of Directors Meeting held on 25 April 2016.

#### 2.3 Basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention.

#### 2.4 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (Taka/TK/BDT), which is the Company's functional and presentation currency. All amounts have been rounded off to the nearest integer.

#### 2.5 Reporting period

The financial statements of the Company covered one year from 1 April 2015 to 31 March 2016.

#### 2.6 Use of estimates and judgments

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



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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements are included in the following notes:

Note-4	Property, plant and equipment
Note-5	Intangible
Note-8	Inventories
Note- 6	Deferred tax assets
Note-14	Employee benefits
Note- 16	Current tax liabilities

## 2.7 Basis of fair value measurement

As fair value is a market based measurement, when measuring the fair value of an asset or a liability, MBL uses market observable data as far as possible though entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant while measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

MBL recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

Note 30: Financial instruments - Fair values and financial risk management

## 2.8 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

## **2.9 Current vs. non-current classification**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) held primarily for the purpose of trading
- iii) expected to be realised within twelve months after the reporting period or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle
- ii) held primarily for the purpose of trading
- iii) due to be settled within twelve months after the reporting period or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting

The Company classifies all other liabilities as non-current.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

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

## **2.11 Statement of cash flows**

Cash flows from operating activities have been presented under direct method as per BAS 7 Statement of Cash Flows.

## **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**

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

## 3.2 Property, plant and equipment

### i) Recognition and measurement

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

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

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

### ii) Subsequent expenditure

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

### iii) Depreciation

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

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

Assets	Depreciation rate
Plant and machinery	10-33%
Factory equipment	20-33%
Moulds	15-33%
Factory building	10-20%
Laboratory equipment	20-33%
Office equipment	33-50%
Vehicles	20-25%
Computers	33-50%
Furniture and fixtures	20-50%
Office building	10-20%
A.C, refrigerators and water coolers	20-33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. There has been no change in estimate from last year.

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

**iv) Retirement and disposals**

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

**v) Capital work in progress**

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

**3.3 Intangible assets**

**i) Recognition and measurement**

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

**ii) Amortisation**

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

Intangible assets are amortised at the rate of 20% to 33%.

**3.4 Inventories**

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

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

**3.5 Financial instruments**

Financial instrument comprises any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise of investments in shares and term deposit, trade and other receivables, cash and cash equivalents, trade and other payables, share capital and interest-bearing borrowings.

**i) Financial assets**

The Company initially recognises receivables and deposits issued on the date when they are originated. All other financial assets are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company's financial assets comprise short term investment, accrued interest, refundable deposits and cash and cash equivalents.

### Accrued interest

Interest accrued on fixed deposits which will be received at the end of maturity period is classified as held to maturity financial asset which is a part of original instrument of fixed deposits.

### Short-term investment

Short-term investment consists of fixed deposits with original maturity of more than three months. The Company has the positive intent and ability to hold FDR to maturity, and such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. An investment normally meets the definition of a cash equivalent when it has a maturity of three months or less from the date of acquisition.

## ii) Financial Liabilities

The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

### Trade and other payables

The Company's financial liabilities comprise trade and other payables which consist of payable against raw material, packing material, payable against transport and service, payable against royalty, technical and assistance fees, payable against ASP and SLI activities, purchase of capital goods and for FOH expenses. These payables are classified as other financial liabilities.

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

**iii) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**3.6 Share capital**

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

**3.7 Dividend to the equity holders**

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

**3.8 Employee benefits**

**i) Short-term employee benefits**

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

**ii) Defined benefit plans**

The Company operates unfunded gratuity scheme and leave encashment scheme, provision in respect of which is made annually covering all its eligible employees. These schemes are qualified as defined benefit plan.

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

**iii) Workers' profit participation and welfare fund**

Workers' profit participation and welfare fund ("the Fund") qualifies as defined contribution plan. Each year the Fund will be entitled to get share of profit @ 5% on profit before tax of MBL as per provision of the Bangladesh Labor Act 2006.

The Fund is governed by Bangladesh Labour Act, 2006 as amended up to 22 July 2013 and the trust deed.

### 3.9 Provisions

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

### 3.10 Income tax

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

#### i) Current tax

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

#### ii) Deferred tax

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

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

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

### 3.11 Revenue

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

### **3.12 Finance income and finance cost.**

#### **i) Finance income**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss using the effective interest method.

#### **ii) Finance cost**

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

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

### **3.13 Operating lease**

Leases that are not finance lease are considered as operating leases and the leased assets are not recognised in the Company's Statement of Financial Position. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

### **3.14 Impairment**

#### **i) Financial assets (non-derivative)**

Financial assets not classified as at fair value through profit or loss and loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

#### **ii) Non-financial assets**

The carrying amounts of its non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.



An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

### 3.15 Contingencies

#### i) Contingent liability

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

Contingent liabilities are not recognised in the statement of financial position of the Company. Moreover, contingencies arising from claims, litigations, assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

#### ii) Contingent asset

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

The Company does not recognise contingent asset.

### 3.16 Earnings per share

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

### 3.17 Events after the reporting period

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

## 4. Property, plant and equipment

Year 2016

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April 2015	Addition during the year	Disposal / Adjust- ment during the year	As at 31 March 2016	As at 1 April 2015	Charged for the year	Adjust- ment for the year	As at 31 March 2016	As at 31 March 2016
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	553,813,748	6,276,477	1,369,228	558,720,997	286,755,831	112,317,690	1,369,228	397,704,293	161,016,704
Freehold land	176,749,959	-	-	176,749,959	-	-	-	-	176,749,959
Vehicles	33,665,188	-	13,128,161	20,537,027	28,173,136	3,309,092	12,041,975	19,440,253	1,096,774
Factory equipment	4,839,004	-	-	4,839,004	3,947,447	377,457	-	4,324,904	514,100
Moulds	75,471,406	28,045,991	-	103,517,397	44,468,585	15,970,443	-	60,439,028	43,078,369
Factory building	177,441,713	25,832,619	-	203,274,332	77,899,706	35,554,814	-	113,454,520	89,819,812
Office building	193,910,204	-	-	193,910,204	71,575,262	22,542,278	-	94,117,540	99,792,664
Laboratory equipment	5,430,533	-	-	5,430,533	3,090,495	1,001,819	-	4,092,314	1,338,219
Office equipment	27,762,171	5,438,626	88,360	33,112,437	18,249,020	7,310,801	60,650	25,499,171	7,613,266
Computers	12,155,299	3,259,228	49,000	15,365,527	8,129,437	2,891,218	49,000	10,971,655	4,393,872
Furniture and fixtures	43,277,810	1,217,482	406,668	44,088,624	32,062,867	4,279,171	272,545	36,069,493	8,019,131
A.C., refrigerator and water coolers	9,847,014	2,294,127	110,430	12,030,711	8,298,988	1,514,948	110,430	9,703,506	2,327,205
<b>Total</b>	<b>1,314,364,049</b>	<b>72,364,550</b>	<b>15,151,847</b>	<b>1,371,576,752</b>	<b>582,650,774</b>	<b>207,069,731</b>	<b>13,903,828</b>	<b>775,816,677</b>	<b>595,760,075</b>

## Year 2015

Particulars	Cost				Accumulated depreciation				Carrying value	
	As at 1 April 2014	Addition during the year	Disposal / Adjust-ment during the year	As at 31 March 2015	As at 1 April 2014	Charged for the year	Adjust-ment for the year	As at 31 March 2015	As at 31 March 2015	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	546,155,363	7,658,385	-	553,813,748	187,299,595	99,456,236	-	286,755,831	267,057,917	
Freehold land	176,749,959	-	-	176,749,959	-	-	-	-	176,749,959	
Vehicles	37,932,178	-	4,266,990	33,665,188	25,413,291	6,127,264	3,367,419	28,173,136	5,492,052	
Factory equipment	4,152,054	686,950	-	4,839,004	3,561,598	385,849	-	3,947,447	891,557	
Moulds	62,350,403	13,545,034	424,031	75,471,406	27,772,614	17,120,002	424,031	44,468,585	31,002,821	
Factory building	171,804,875	5,636,838	-	177,441,713	42,826,425	35,073,281	-	77,899,706	99,542,007	
Office building	193,910,204	-	-	193,910,204	49,032,983	22,542,279	-	71,575,262	122,334,942	
Laboratory equipment	5,360,853	69,680	-	5,430,533	2,077,004	1,013,491	-	3,090,495	2,340,038	
Office equipment	19,320,316	10,732,922	2,291,067	27,762,171	14,841,336	5,615,956	2,208,272	18,249,020	9,513,151	
Computers	9,554,113	3,098,907	497,721	12,155,299	6,421,856	2,171,431	463,850	8,129,437	4,025,862	
Furniture and fixtures	42,949,068	3,053,729	2,724,987	43,277,810	30,562,446	3,916,788	2,416,367	32,062,867	11,214,943	
A.C., refrigerators and water coolers	9,993,071	267,733	413,790	9,847,014	7,357,440	1,355,331	413,783	8,298,988	1,548,026	
<b>Total</b>	<b>1,280,232,457</b>	<b>44,750,178</b>	<b>10,618,586</b>	<b>1,314,364,049</b>	<b>397,166,588</b>	<b>194,777,908</b>	<b>9,293,722</b>	<b>582,650,774</b>	<b>731,713,275</b>	

#### 4.1 Depreciation allocated to:

Cost of sales (Note 18)

General and administrative expenses (Note 20)

2016	2015
Taka	Taka
172,443,428	160,270,064
34,626,303	34,507,844
207,069,731	194,777,908

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## 5. Intangible assets

Year 2016

Particulars	Cost				Accumulated amortisation				Carrying value
	As at 1 April 2015	Addition during the year	Disposal / Adjustment during the year	As at 31 March 2016	As at 1 April 2015	Charged for the year	Adjustment for the year	As at 31 March 2016	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Intangible assets	11,125,506	9,217,546	-	20,343,052	3,840,596	3,360,136	-	7,200,732	13,142,320

Year 2015

Particulars	Cost				Accumulated amortisation				Carrying value
	As at 1 April 2014	Addition during the year	Disposal / Adjustment during the year	As at 31 March 2015	As at 1 April 2014	Charged for the year	Adjustment for the year	As at 31 March 2015	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
Intangible assets	7,220,547	3,904,959	-	11,125,506	1,203,424	2,637,172	-	3,840,596	7,284,910

## 6 Deferred tax assets

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

	Carrying value as at 31 March	Tax base as at 31 March	Temporary Difference  Taxable/ (deductible)
<b>Year 2016</b>			
Property, plant and equipment	432,149,520	441,991,217	(9,841,697)
Deferred revenue expense	-	8,791,645	(8,791,645)
Provision for gratuity	(40,434,105)	-	(40,434,105)
Provision for leave encashment	(10,857,899)	-	(10,857,899)
Royalty payable	(139,398,614)	-	(139,398,614)
Provision for cross charge	(117,206,393)	-	(117,206,393)
Net deductible temporary difference			(326,530,353)
Income tax rate *			25.00%
Deferred tax asset (A)			(81,632,588)
<b>Year 2015</b>			
Property, plant and equipment	562,084,968	472,656,207	89,428,761
Deferred revenue expense	-	20,291,645	(20,291,645)
Provision for gratuity	(23,111,764)	-	(23,111,764)
Royalty payable	(182,294,450)	-	(182,294,450)
Net deductible temporary difference			(136,269,098)
Income tax rate *			24.75%
Deferred tax asset (B)			(33,726,602)
Deferred tax (income)/expense (A-B)			(47,905,986)

\* The Company has declared more than 30% interim dividend (cash) and thus its tax rate is 25% for the relevant assessment years.

## 7 Long-term deposits

	2016 Taka	2015 Taka
Security deposits	2,706,000	2,835,912
	2,706,000	2,835,912

## 8 Inventories

	2016 Taka	2015 Taka
Raw materials	830,903,025	1,378,515,052
Packing materials	71,917,837	38,719,047
Finished goods	142,234,909	287,803,616
Raw materials in transit	217,237,009	117,815,180
	1,262,292,780	1,822,852,895

	2016	2015
	Taka	Taka
<b>9 Advances, deposits and prepayments</b>		
<b>Advances</b>		
Advance for capital goods	45,429,748	2,331,504
Advance for services	79,757,718	21,430,594
Advance and loans to employees	8,616,651	6,169,332
	<u>133,804,117</u>	<u>29,931,430</u>
<b>Deposits</b>		
VAT current account	23,775,506	9,786,060
Supplementary duty	3,382,328	1,894,574
Security deposits	24,000	2,492,400
	<u>27,181,834</u>	<u>14,173,034</u>
<b>Prepayments</b>		
Prepaid expenses	8,537,072	5,402,817
	<u>169,523,023</u>	<u>49,507,281</u>
<b>10 Short-term investment</b>		
Fixed deposits of original maturity of more than three months (Note 10.1)	<u>847,797,172</u>	<u>500,000,000</u>
<b>10.1 Fixed deposits of original maturity of more than three months</b>		
Fixed deposits with:		
Commercial Bank of Ceylon PLC	-	100,000,000
Delta Brac Housing Finance Corporation Ltd.	273,934,325	100,000,000
Eastern Bank Limited	35,000,000	-
IDLC Finance Limited	273,862,847	130,000,000
Islami Bank Bangladesh Limited	-	170,000,000
South East Bank Limited	265,000,000	-
	<u>847,797,172</u>	<u>500,000,000</u>
<b>11 Cash and cash equivalents</b>		
Cash in hand	245,677	119,360
Cash at banks:		
BRAC Bank Limited	13,605,147	19,352,758
Citibank N.A.	5,700	2,144,300
Islami Bank Bangladesh Limited	40,621	2,834,400
Prime Bank Limited	-	605,000

	2016	2015
	Taka	Taka
Sonali Bank Limited	21,062	14,059
Standard Chartered Bank*	(84,389,740)	5,179,790
The Hongkong and Shanghai Banking Corporation Limited	543,865	6,575,996
	(70,173,345)	36,706,303
Fixed deposits of original maturity of three months or less (Note 11.1)	550,452,243	155,164,729
	480,524,575	191,990,392

\* The negative balance in the Standard Chartered Bank represents balance in the MBL books only whereas actual balance in the current account of Standard Chartered Bank as at 31 March 2016 was Taka 6.6 million.

## 11.1 Fixed deposits of original maturity of three months or less

Fixed deposits with:

Islami Bank Bangladesh Limited	50,000,000	-
Standard Chartered Bank	270,452,243	155,164,729
United Commercial Bank Limited	230,000,000	-
	550,452,243	155,164,729

## 12 Share capital

### Authorised

40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000
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### Issued, subscribed and paid up

Issued for cash	41,500,000	41,500,000
Issued for consideration other than cash	273,500,000	273,500,000
	315,000,000	315,000,000

## 12.1 Composition of shareholding

Details	No. of share		% of holding	
	2016	2015	2016	2015
Marico Limited, India	28,350,000	28,350,000	90.00	90.00
Institutions	2,945,052	2,910,375	9.35	9.24
General shareholders	204,948	239,625	0.65	0.76
	31,500,000	31,500,000	100.00	100.00

## 12.2 Classification of shareholders by holding

Holdings	Number of holders		% of total holding	
	2016	2015	2016	2015
Less than 500 shares	1763	1796	0.35	0.37
500 to 5,000 shares	73	109	0.29	0.46
5,001 to 10,000 shares	11	9	0.25	0.22
10,001 to 20,000 shares	14	8	0.60	0.34
20,001 to 30,000 shares	4	4	0.28	0.33
30,001 to 40,000 shares	1	2	0.11	0.23
40,001 to 50,000 shares	1	1	0.16	0.16
50,001 to 100,000 shares	3	2	0.68	0.49
100,001 to 1,000,000 shares	9	10	7.27	7.41
Over 1,000,000 shares	1	1	90.00	90.00
	1880	1942	100.00	100.00

## 13 Provision for gratuity

	2016 Taka	2015 Taka
Opening balance	23,111,764	17,691,442
Add: Provision made during the year	20,403,672	7,201,039
	43,515,436	24,892,481
Less: Paid during the year	(3,081,331)	(1,780,717)
	40,434,105	23,111,764

### Current and non-current classification:

Current liability	5,183,998	2,646,276
Non-current liability	35,250,107	20,465,488
	40,434,105	23,111,764

## 14 Provision for leave encashment

Opening balance	7,738,948	7,816,279
Add: Provision made during the year	4,221,216	5,007,353
	11,960,164	12,823,632
Less: Paid during the year	(1,102,265)	(5,084,684)
	10,857,899	7,738,948



	2016	2015
	Taka	Taka
<b>Current and non-current classification:</b>		
Current liability	1,844,907	1,310,915
Non-current liability	9,012,992	6,428,033
	10,857,899	7,738,948
<b>15 Trade and other payables</b>		
<b>Trade payables</b>		
Payable against raw material	155,034,673	117,177,909
Payable against packing material	2,910,227	34,535,172
Payable against services	58,475,824	100,594,779
	216,420,724	252,307,860
<b>Other payables</b>		
Workers' profit participation and welfare fund	101,269,882	96,237,735
Royalty payable	139,398,614	182,294,450
Bank guarantee commission payable	8,893,986	8,893,986
General and technical assistance fees payable	117,849,181	97,864,679
Advance from customers	50,928,403	27,535,640
Withholding tax and VAT payable	22,985,750	12,734,101
Payable against business promotion expenses	245,875,713	254,010,523
Payable against advertisement expenses	228,635,979	162,652,085
Audit fees payable	412,000	412,000
Payable against capital goods	24,281,133	897,416
Import duty and related charges payable	41,777,053	41,293,635
Payable against expenses	84,759,093	108,109,799
	1,067,066,787	992,936,049
	1,283,487,511	1,245,243,909
<b>16 Current tax liabilities</b>		
Provision for income tax (Note 16.1)	2,063,601,455	1,505,618,013
Less: Advance income tax (Note 16.2)	(1,640,264,422)	(1,139,950,928)
	423,337,033	365,667,085
<b>16.1 Provision for income tax</b>		
Opening balance	1,505,618,013	1,525,985,360
Add: Provision for current year	536,229,894	501,419,093
Provision for prior years		
Assessment year 2015-2016	1,253,548	-
Assessment year 2013-2014	20,500,000	-
Assessment year 2012-2013	-	24,972,662
Assessment year 2009-2010	-	9,098,540
	2,063,601,455	2,061,475,655

	2016	2015
	Taka	Taka
Less: Adjustment for prior years		
Assessment year 2011-2012	-	(385,390,142)
Assessment year 2010-2011	-	(220,061,336)
Assessment year 2009-2010	-	49,593,836
	2,063,601,455	1,505,618,013

## 16.2 Advance income tax

Opening balance	1,139,950,928	1,072,601,142
Add: Payment during the year		
Assessment year 2016-2017	202,500,000	-
Assessment year 2015-2016	297,500,017	236,210,635
Assessment year 2014-2015	-	344,739,770
Assessment year 2012-2013	313,477	-
	1,640,264,422	1,653,551,547
Less: Adjustment during the year		
Assessment year 2011-2012	-	(359,055,794)
Assessment year 2010-2011	-	(154,544,825)
	1,640,264,422	1,139,950,928

## 16.3 Year wise break up of provision for current tax and balance of advance income tax

Accounting year ended	Assessment year	Provision for income tax	Advance income tax
31 March 2016	AY 2016-17	536,229,894	297,500,017
31 March 2015	AY 2015-16	502,672,641	438,992,339
31 March 2014	AY 2014-15	475,304,697	468,166,315
31 March 2013	AY 2013-14	303,189,572	199,086,374
31 March 2012	AY 2012-13	237,106,111	236,519,377
30 September 2008	AY 2009-10	9,098,540	-
Total		2,063,601,455	1,640,264,422

	2016 Taka	2015 Taka
<b>17 Revenue</b>		
Parachute coconut oil	5,789,021,617	5,958,318,440
Value added hair oil (VAHO)	1,029,022,200	908,064,767
Haircode	99,347,363	121,445,442
Saffola - Edible oil	16,614,025	18,057,976
Parachute body lotion	70,418,732	16,840,222
Others	334,861,937	326,099,716
	<u>7,339,285,874</u>	<u>7,348,826,563</u>
<b>18 Cost of sales</b>		
Opening stock of finished goods	287,803,616	235,402,145
Cost of goods manufactured (Note 18.1)	3,739,235,300	4,095,002,532
	<u>4,027,038,916</u>	<u>4,330,404,677</u>
Closing stock of finished goods	(142,234,909)	(287,803,616)
	<u>3,884,804,007</u>	<u>4,042,601,061</u>
<b>18.1 Cost of goods manufactured</b>		
Materials consumed:		
Opening stock of raw and packing materials	1,535,049,279	683,878,955
Purchases during the year	3,033,620,119	4,654,268,420
Closing stock of raw and packing materials	(1,120,057,871)	(1,535,049,279)
	<u>3,448,611,527</u>	<u>3,803,098,096</u>
Factory overhead:		
Salaries and allowances	28,823,042	27,181,510
Cost of outsourced human resources	35,731,788	32,887,373
Power expenses	27,474,375	46,619,941
Repair and maintenance of plant and machinery	2,487,008	5,287,550
Repair and maintenance of factory building	1,081,885	169,000
Depreciation (Note 4.1)	172,443,428	160,270,064
LC charges	1,030,429	2,836,042
Communication expenses	1,568,349	780,029
Entertainment	2,752,922	2,322,042
Printing and stationery	714,594	719,037
Security charges	4,891,894	4,751,421
Travelling and conveyance-Local	5,446,210	5,364,014
Welfare expenses	311,786	353,594
Insurance premium	5,866,063	2,362,819
	<u>290,623,773</u>	<u>291,904,436</u>
	<u>3,739,235,300</u>	<u>4,095,002,532</u>

	2016	2015
	Taka	Taka
<b>19 Marketing, selling and distribution expenses</b>		
Advertisement	502,098,442	559,290,044
Business promotion expenses	156,903,787	160,613,234
Collection charges	788,427	1,960,471
Distribution expenses	47,975,534	41,723,662
Entertainment	8,631,544	7,276,698
Free sample	2,775,864	1,217,840
Freight- outward	60,185,649	61,014,343
Market research expenses	13,431,624	31,691,681
Redistribution expenses	118,885,738	77,982,428
	911,676,609	942,770,401
<b>20 General and administrative expenses</b>		
Salaries and allowances	259,320,998	198,846,378
Gratuity (Note 13)	20,403,672	7,201,039
Workers' profit participation and welfare fund	101,269,882	96,237,735
Rent, rates and taxes	1,253,191	1,588,554
Professional charges	36,455,903	43,822,572
Security charges	1,515,843	1,733,502
Legal charges	2,622,410	2,994,808
Stamp and license fees	3,499,009	4,426,472
Directors' remuneration	23,990,570	24,560,293
Directors' fees	667,644	662,500
Repair and maintenance	20,711,619	14,877,477
Communication expenses	8,785,471	8,112,103
Subscription to trade association	210,350	314,140
Entertainment	13,525,401	9,690,721
Printing and stationery	3,218,123	3,054,478
Vehicle running expenses	33,199,420	22,324,575
Travelling and conveyance-Local	8,719,445	8,993,051
Travelling and conveyance-Foreign	6,486,220	4,890,783
Audit fees	412,000	412,000
Recruitment expenses	4,094,562	3,214,395
Insurance premium	7,137,961	7,212,492
Books and periodicals	99,901	186,583
Bank charges	1,071,433	2,083,206
Staff welfare expenses	4,094,182	10,465,187
AGM and public relation expenses	2,586,562	1,336,617

	2016	2015
	Taka	Taka
Conference and training expenses	3,449,657	1,451,284
Electricity and gas charges	2,718,206	2,345,081
Amortisation (Note 5)	3,360,136	2,637,172
Royalty	69,340,052	70,058,562
Depreciation (Note 4.1)	34,626,303	34,507,844
Listing fees	157,500	140,000
General and technical assistance fees	42,769,367	37,812,464
CSR project (Note 20.1)	13,891,854	8,268,818
	<b>735,664,847</b>	<b>636,462,886</b>

- 20.1** MARICO Bangladesh Limited (MARICO) and Dhaka Ahsania Mission (DAM) entered into an agreement to implement “DAM-Marico Children Learning Centre (DAM-Marico CLC)” project from 01 October 2014 to 30 September 2017 in 1 (one) Upazila (Melandah) under Jamalpur District as per agreed Project Proposal and in line with the policies, strategies and guidelines of Government of Bangladesh (GoB) and MARICO. The beneficiaries of the project are uprooted children who are also dropped out from school.

	2016	2015
	Taka	Taka
<b>21 Other income</b>		
Gain on sale of assets (Note 21.1)	2,468,764	844,066

### 21.1 Gain on sale of assets

Year 2016	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	Taka	Taka	Taka	Taka	Taka
Plant and machinery	1,369,228	1,369,228	-	195,450	195,450
Vehicles	13,128,161	12,041,975	1,086,186	3,325,000	2,238,814
Office equipment	88,360	60,650	27,710	30,083	2,373
Computers	49,000	49,000	-	3,000	3,000
Furniture and fixtures	406,668	272,545	134,123	144,250	10,127
A.C., refrigerators and water coolers	110,430	110,430	-	19,000	19,000
	<b>15,151,847</b>	<b>13,903,828</b>	<b>1,248,019</b>	<b>3,716,783</b>	<b>2,468,764</b>

Year 2015	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	Taka	Taka	Taka	Taka	Taka
Vehicles	4,266,990	3,367,419	899,571	1,947,137	1,047,566
Moulds	424,031	424,031	-	-	-
Office equipment	2,291,067	2,208,272	82,795	74,223	(8,572)
Computers	497,721	463,850	33,871	41,471	7,600
Furniture and fixtures	2,724,987	2,416,366	308,621	98,100	(210,521)
A.C., refrigerators and water coolers	413,790	413,783	7	8,000	7,993
	10,618,586	9,293,721	1,324,865	2,168,931	844,066

		2016	2015
		Taka	Taka
<b>22</b>	<b>Finance income, net</b>		
	Interest on fixed deposits	(108,458,549)	(104,653,321)
	Interest on call deposits	(1,341,250)	(2,148,056)
	Interest on overdraft and STL	928,127	2,502,325
	Foreign exchange (gain)/loss	(5,646,916)	3,618,368
		(114,518,588)	(100,680,684)
<b>23</b>	<b>Income tax expense</b>		
	Current tax expense		
	Current year (Note 16.1)	536,229,894	501,419,093
	Adjustment for prior years (Note 16.1)	21,753,548	(8,185,821)
	Deferred tax (income)/expense (Note 6)	(47,905,986)	(9,485,842)
		510,077,456	483,747,430

### 23.1 Reconciliation of effective tax

	2016		2015	
	%	Taka	%	Taka
Profit before tax		1,924,127,763		1,828,516,965
Income tax using the domestic corporate tax rate	25.00%	481,031,941	24.75%	452,557,949
<b>Factors affecting the tax charge for current year</b>				
Non deductible expenses		119,635,844		92,416,695
Deductible expenses		(64,437,891)		(43,555,552)
Adjustment for prior years		21,753,548		(8,185,821)
Deferred tax (income)/expense		(47,905,986)		(9,485,842)
Total income tax expenses	26.51%	510,077,457	26.46%	483,747,429

## 24 Earnings per share

### 24.1 Basic earnings per share

The computation of EPS is given below:

Earnings attributable to ordinary shareholders  
(Net profit after tax)

Weighted average number of ordinary shares  
outstanding during the year

Earnings per share (EPS) in Taka

2016	2015
Taka	Taka
1,414,050,307	1,344,769,535
31,500,000	31,500,000
<b>44.89</b>	<b>42.69</b>

### 24.2 Diluted earnings per share

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

## 25 Related party transactions

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

Name of the related parties	Relationship	Nature of transactions	Transaction Amount	Balance as at 31 March 2016	Balance as at 31 March 2015
			Taka	Taka	Taka
Marico Limited, India	Parent company	Purchase of RM, PM and FG	200,812,952	104,628,380	6,578,844
		Royalty	69,340,052	139,398,614	182,294,450
		Bank guarantee commission	-	8,893,986	8,893,986
		Dividend	1,275,750,000	-	-
		General and technical assistance fees	42,769,368	117,849,181	97,864,679
Marico Middle East FZE	Subsidiary of parent company	Purchase of raw materials	1,692,017,951	57,604,021	108,520,514

## 26 Capacity

Major product	Unit of Measure	Budgeted capacity during the year
PCNO	KL	30,050
VAHO	KL	5,400
Copra	Ton	30,500

## 27 Operating leases - leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2016 Taka	2015 Taka
No later than one year	1,635,000	1,635,000
Between two and five years	5,995,000	7,630,000
More than five years	-	-
	<u>7,630,000</u>	<u>9,265,000</u>

The Company leases a number of warehouses, deposits and sales offices facilities under operating leases.

During the year an amount of Taka 15,526,701 was recognised as an expense in profit or loss in respect of operating leases.

## 28 Commitment

i) Capital commitment

	2016 Taka	2015 Taka
Estimated amount of contracts remaining to be executed on capital account	166,565,101	34,509,088

ii) Other commitment

Outstanding L/C*	<u>395,857,230</u>	<u>118,708,178</u>
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\*L/C amount for import of raw material, packing materials and finished goods which were not received till the reporting date.

## 29 Contingent Liabilities

The Company has contingent liability of Taka 1,233,516,048 as on 31 March 2016 in respect of direct tax, indirect tax (VAT) and profit participation. These are being vigorously defended by the Company and the management do not consider that it is appropriate to make provision in respect of any of these claims.



## 30 Financial instruments - Fair values and financial risk management

### 30.1 Accounting classifications and fair values

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

31 March 2016

Figures in Taka

Particulars	Carrying amount							Fair value				
	Held for trading	Designated at fair value	Fair value -hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	13,458,959	-	-	-	13,458,959	-	-	-	-
Short-term investment (Note 10)	-	-	-	847,797,172	-	-	-	847,797,172	-	-	-	-
Cash and cash equivalents (Note 11)	-	-	-	-	480,524,575	-	-	480,524,575	-	-	-	-
	-	-	-	861,256,131	480,524,575	-	-	1,341,780,706	-	-	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables (Note 15)	-	-	-	-	-	-	-	1,283,487,511	-	-	-	-
	-	-	-	-	-	-	-	1,283,487,511	-	-	-	-

31 March 2015

Figures in Taka

Particulars	Carrying amount							Fair value				
	Held for trading	Designated at fair value	Fair value -hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	14,021,076	-	-	-	14,021,076	-	-	-	-
Short-term investment (Note 10)	-	-	-	500,000,000	-	-	-	500,000,000	-	-	-	-
Cash and cash equivalents (Note 11)	-	-	-	-	191,990,392	-	-	191,990,392	-	-	-	-
	-	-	-	514,021,076	191,990,392	-	-	706,011,468	-	-	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables (Note 15)	-	-	-	-	-	-	1,245,243,909	1,245,243,909	-	-	-	-
	-	-	-	-	-	-	1,245,243,909	1,245,243,909	-	-	-	-

## 30.2 Financial risk management

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

- ▶ Credit risk
- ▶ Liquidity risk
- ▶ Market risk

### 30.2.1 Credit risk

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

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

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

	2016 Taka	2015 Taka
Accrued interest	13,458,959	14,021,076
Short-term investment (Note 10)	847,797,172	500,000,000
Cash and cash equivalents except cash in hand (Note 11)	480,278,898	191,871,032
<b>Total financial assets</b>	<b>1,341,535,029</b>	<b>705,892,108</b>

### 30.2.2 Liquidity risk

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

Exposure of liquidity risk	Carrying amount Taka	Cash flows Taka	Upto 1 year Taka	Above 1 year Taka
<b>Year 2016</b>				
Trade and other payables (Note 15)	1,283,487,511	1,283,487,511	1,283,487,511	-
<b>Year 2015</b>				
Trade and other payables (Note 15)	1,245,243,909	1,245,243,909	1,245,243,909	-

## 30.2.3 Market risk

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

### i) Currency risk

The Company's exposures to foreign currency risk at 31 March 2016 are as follows:

	2016	2015
	USD	USD
Import of goods and services	(3,619,307)	(2,782,741)
Bank balance	84,597	87,666
	(3,534,710)	(2,695,075)

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

	Average rate		Year-end spot rate	
	2016	2015	2016	2015
Exchange rate (USD/BDT)	78.118	77.592	78.375	77.805

### ii) Foreign exchange rate sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 1% change in foreign exchange rates would have increased/(decreased) equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

Effect in BDT	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2016</b>				
USD (1% movement)	(2,770,329)	2,770,329	(2,770,329)	2,770,329
<b>31 March 2015</b>				
USD (1% movement)	(2,096,903)	2,096,903	(2,096,903)	2,096,903

### iii) Interest rate risk

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

As at 31 March 2016, the interest rate profile of the Company's interest bearing financial instruments was:

	2016	2015
	Taka	Taka
<b>Fixed rate instruments</b>		
<i>Financial assets</i>		
Fixed deposit receipts	1,398,249,415	655,164,729
<i>Financial liabilities</i>	-	-
<b>Variable rate instruments</b>		
<i>Financial assets</i>	-	-
<i>Financial liabilities</i>	-	-

### 31 Value of import calculated on CIF Basis

	1 April 2015 to 31 March 2016
	Taka
Raw materials	2,064,014,143
Capital goods	50,157,179
	2,114,171,322

### 32 Number of employees

The number of employees engaged for the whole period or part thereof who received a total salary of Taka 36,000 p.a. and above was 227 (previous year: 189) among them 34 employees left from Marico Bangladesh Limited and total 193 employees existed as at 31 March 2016.

### 33 Subsequent events

For the year ended 31 March 2016 the Board of Directors recommended final cash dividend @ 50% per share at 91st Board of Directors Meeting held on 25 April 2016.

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

# NOTICE OF THE

## 16<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given to all shareholders of Marico Bangladesh Limited that the 16th Annual General Meeting of the Company will be held on Tuesday, October 18th, 2016 at 9.30 A.M. at Radisson Blu Water Garden Hotel, Airport Road, Dhaka Cantonment, Dhaka 1206, Bangladesh to transact the following businesses:

### AGENDA

1. To receive, consider and adopt the audited financial statements of the Company for the year ended on March 31, 2016 together with the Director's Report and Auditor's thereon.
2. To declare Final Dividend for the year ended 31st March, 2016 as recommended by the Board of Directors of the Company.
3. To elect/ re-elect Directors due to rotation and retirement.
4. To confirm appointment of Mr. Sanjay Mishra, Additional Director as Director.
5. To confirm appointment of Mr. Ashraf Hadi, Additional Director as Independent Director.
6. To appoint Mr. Naveen Pandey as Managing Director of the Company for a period of five years with effect from September 1, 2016.
7. To re-appoint M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration, in line with the schedule circulated by ICAB, for the financial year ending March 31, 2017.

### Special Business

8. To alter the Articles of Association of the Company\*\* to enable participation by Directors/ Committee Members in electronic mode at the meetings of the Boards/Committees thereof.

Place: Dhaka

Date: July 25, 2016

By Order of the Board

For, **MARICO BANGLADESH LIMITED**

### Registered & Corporate Office:

**Marico Bangladesh Limited**

House 1, Road 1, Sector 1

Uttara, Dhaka-1230



**Christabel Randolph**

Company Secretary

### NOTES:

1. Members whose names appeared on the Members/Depository Register as on "Record Date" i.e. May 22, 2016 are eligible to attend the 16th Annual General Meeting (AGM) of the Company and receive the final dividend.
2. A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead.
3. The "Proxy Form", duly filled and stamped at Tk. 20 must be deposited at the Company's Registered Office located at House 1, Road 1, Sector 1, Dhaka – 1230, not later than 48 hours before commencement of the AGM.
4. Admission to the meeting venue will be strictly on production of the attendance slip attached with the Annual Report.
5. In case of non-receipt of Annual Report of the Company for the financial year 2015-16 sent through courier, Members may collect the same from the Company's Registered Office on or before October 16, 2016. No additional Annual Report will be distributed at AGM venue.

6. The soft copy of the Annual Report is available in Investors section of the Company's **website: [www.marico.com/bangladesh](http://www.marico.com/bangladesh)**
7. Members are requested to intimate changes, if any, in Address/ Phone number/ETIN/ Bank Account, to their respective Depository Participant.
8. The Board of Directors of the Company at its meeting held on April 25, 2016 approved the proposed alteration to the Articles of Association of the Company to enable participation by Directors/ Committee Members in electronic mode at the meetings of the Boards/Committees thereof. Pursuant to section 20 of the Companies Act, 1994, alteration of the Articles of Association is required to be approved by the shareholders through a special resolution. Accordingly, the Board recommends following alteration for the approval of the shareholders of the Company.

\*\*

Existing Article	Proposed Alteration
<b>Article 117A : Participation through electronic means (new insertion)</b>	
None	The Director(s) of the Company may participate at Meetings of the Board and Committees thereof using telephone conference or video conference or such other electronic or virtual facilities for communication (hereinafter referred to as "electronic means"). The Board may from time to time decide the manner of conduct of meeting through electronic means.
<b>Article 121: Quorum for Board Meeting.</b>	
Two Directors present shall be the quorum for a Meeting of the Board. Provided that if at any time all the Directors except one are disqualified from voting, then the relevant matter, should be referred to a General Meeting of shareholders for consideration.	Two Directors present either personally or using electronic means as provided in Article 117A shall be the quorum for a Meeting of the Board. Provided that if at any time all the Directors except one are disqualified from voting, then the relevant matter, should be referred to a General Meeting of shareholders for consideration.
<b>Article 96: Remuneration of Directors.</b>	
The remuneration of a Director shall be determined by the Company from time to time provided that it shall not exceed Taka 2500 per meeting of the Directors attended by a Director. The Company in General Meeting may also approve payment of extra remuneration to the Directors or any member of the Directors, and either for one year or any longer or shorter period.	Each Director shall be entitled to remuneration for attending a meeting of the Board or Committee thereof, either in person or through electronic means, at such sum as may be decided by the Board from time to time.  The Company in General Meeting may also approve payment of extra remuneration to any Director/Directors either for one year or any longer or shorter period.

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

# GENERAL SHAREHOLDER

## INFORMATION

### Details of AGM:

AGM–Date, time and Venue	: 9:30 a.m. Tuesday, October 18, 2016 Hotel Radisson Blu Water Garden Airport Road, Dhaka, Bangladesh
Financial Year	: April 01, 2015 – March 31, 2016
Record Date	: Sunday, May 22, 2016
Dividend Paid & Recommended	: Interim Cash Dividend @ 400% on Face Value Final Cash Dividend @ 50% on Face Value
Dividend Payment Date	: Paid within 30 days from decision of board meeting for all interim cash dividend and proposed 50% Cash Dividend will be paid within 30 days of approval at AGM
Listing on Stock Exchanges	: Dhaka Stock Exchange Limited (DSE) Chittagong Stock Exchange Limited (CSE) Listing fees up to December 31, 2016 has been paid.
Stock/Scrip Code	: DSE – MARICO CSE – MARICO
ISIN number	: BD0481MRICO6
Category	: Pharmaceuticals & Chemical
Investors' enquiry	: +88(02)8931202 <a href="http://marico.com/bangladesh">http://marico.com/bangladesh</a>





# MARICO BANGLADESH LIMITED

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

## ATTENDANCE SLIP

SIXTEENTH ANNUAL GENERAL MEETING ON TUESDAY, OCTOBER 18, 2016 AT 9:30A.M.

BO ID																			
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held																			
--------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

I hereby record my presence at the **SIXTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Radisson Blu Water Garden Hotel Dhaka, Airport Road, Dhaka Cantonment, Dhaka 1206, Bangladesh at 9:30. A.M Tuesday, October 18, 2016.

Member's / Proxy's name in BLOCK letter

Member's / Proxy's signature

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



# MARICO BANGLADESH LIMITED

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

## PROXY FORM

SIXTEENTH ANNUAL GENERAL MEETING ON TUESDAY, OCTOBER 18, 2016 AT 9:30 A.M.

BO ID																			
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held																			
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I/We \_\_\_\_\_ of \_\_\_\_\_ being

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

of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the **SIXTEENTH ANNUAL GENERAL MEETING** of the company to be held at Radisson Blu Water Garden Hotel Dhaka, Airport Road, Dhaka Cantonment, Dhaka 1206, Bangladesh at 9:30 A.M. Tuesday, October 18, 2016 and at any adjournment(s) thereof.

Signed this \_\_\_\_/ \_\_\_\_/ 2016



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

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

### Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A Proxy need not be a Member.
3. This form in order to be effective must be duly stamped, completed and signed and must be deposited at the registered Office of the Company, not later than 48 hours before the commencement of the meeting i.e. not later than at 9:30 A.M. on October 16, 2016.





শ্রীক্ষেপ  
জাৰ্ক্ষণীয়  
সান্নাদিত...



# ৪টি মনোমুগ্ধকর সুবাসে

SET WET  
এখন নতুন রূপে





**Marico Bangladesh Limited**

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