

MARICO BANGLADESH LIMITED

Board of Directors	Mr. Harsh Mariwala, Chairman Mr. Milind Sarwate Mr. Shyam Sutaria Mr. Praveen Dalal, Executive Director (Appointed w.e.f. April 26, 2004) Mr. Moniruzzaman Khan (Appointed w.e.f. June 30, 2004) Mr. Samir Srivastav, Executive Director (Until April 26, 2004)
Registered Office	272, Tejgaon Industrial Area, Dhaka – 1208, Bangladesh
Factory	Mouchak, Kaliakoir, Gazipur, Dhaka, Bangladesh
Auditors	Rahman Rahman Huq Chartered Accountants
Internal Auditors	Farhad Hussain & Co.
Bankers	Citibank N.A. Standard Chartered Bank
Legal Advisors	Lee, Khan & Partners 5/8, City Heart, 67 Naya Paltan, Dhaka–1000, Bangladesh
Distributor	Kallol Traders Limited 199, Tejgaon Industrial Area, Dhaka–1208, Bangladesh

MARICO BANGLADESH LIMITED

DIRECTORS' REPORT

To,

The Members

The Board of Directors is pleased to present the fifth Annual Report together with audited accounts of your Company for the year ended September 30, 2004.

FINANCIAL RESULTS

	(Taka Crore)		(Rs. Crore)*	
	2004	2003	2004	2003
Sales and Other Income	50.82	43.62	37.16	35.33
Profit before Tax & Exceptional items	14.85	9.30	10.86	7.53
Exceptional items	—	—	—	—
Profit before tax	14.85	9.30	10.86	7.53
Tax	(0.16)	(1.97)	(0.12)	(1.59)
Profit after Tax	14.69	7.33	10.74	5.94
Add : Surplus brought forward	7.25	1.68	5.30	1.36
Profit available for Appropriation	21.94	9.01	16.04	7.30
Appropriation:				
Tax Holiday Reserve	(5.84)	(1.75)	(4.27)	(1.42)
Dividend including dividend distribution tax	(4.40)	—	(3.22)	—
Surplus carried forward	11.70	7.26	8.55	5.88

* The exchange rate used is Rs. 0.73/Taka (Rs. 0.81/Taka)

SALES TURNOVER & PROFITABILITY

The year ended September 30, 2004 (FY04) has been a year of sustained volume growth. Turnover at Taka 50.82 Crore increased by 16 % over FY03. Profit before tax (PBT) at Taka 14.85 Crore and Profit after tax (PAT) at Taka 14.69 Crore showed impressive growths over the previous year. Parachute, your Company's flagship brand retained its number 1 position in the market and consolidated its presence further.

SUBSIDIARY

Your Company's subsidiary, MBL Industries Limited, performed well with a turnover of Taka 15.02 Crore, Profit Before Tax of Taka 1.95 Crore and Profit After Tax of Taka 1.19 Crore.

DIVIDEND

During the year, the Board of Directors of your Company declared two interim dividends for the year aggregating a payout of 440% (including dividend distribution tax).

DIRECTORS

During the year under review, Mr. Samir Srivastav resigned as Executive Director of your Company and two new Directors were inducted on to the Board – Mr. Praveen Dalal as Executive Director and Mr. Moniruzzaman Khan as Non-Executive Director. Mr. Praveen Dalal, 33, has done his Engineering from CRSCE, Haryana and is a management graduate from the Indian Institute of Management, Lucknow. He has around 10 years of experience in Sales and related functions at various levels in the Marico Group. Mr. Moniruzzaman Khan, 49, is the senior partner of Lee Khan & Associates, a leading solicitor firm in Bangladesh. He brings over 25 years of experience in the US and Bangladesh, of dealing with Corporate Laws. Mr. Praveen Dalal and Mr. Moniruzzaman Khan hold office as Directors till the expiry of the ensuing Annual General Meeting (AGM). The resolution seeking members approval for

DIRECTORS' REPORT

their appointment forms part of the Notice convening the AGM. Your Board places on record its appreciation for the contribution made by Mr. Samir Srivastav during his tenure.

AUDITORS

Messers Rahman Rahman Huq, Chartered Accountants, retire and being eligible offer themselves for re-appointment as Auditors of the Company.

HUMAN RESOURCES

The Board wishes to place on record its appreciation of the co-operation and support received from all members of the organisation.

ACKNOWLEDGEMENT

The Board acknowledges the continued support and assistance received from the Government of Bangladesh, Bankers, Vendors, Distributors and other business associates and looks forward to continued support of all these partners in progress.

For and on behalf of Board of Directors

Place: Dhaka
Date: December 29, 2004

PRAVEEN DALAL
Executive Director

SHYAM SUTARIA
Director

MARICO BANGLADESH LIMITED

AUDITORS' REPORT

To

The Shareholders of Marico Bangladesh Limited

We have audited the accompanying balance sheet of Marico Bangladesh Limited for the year ended September 30, 2004 and the related profit and loss account, statement of changes in shareholders' equity and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the affairs of the company and its subsidiary ("the group") for the year ended September 30, 2004 and of the results of its operations and cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

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

Rahman Rahman Huq

Place : Dhaka

Date : December 29, 2004

Auditor

MARICO BANGLADESH LIMITED

BALANCE SHEET

	Notes	As At September 30,			
		2004 Taka	2003 Taka	2004 Rs. Crores	2003 Rs. Crores
SOURCES OF FUNDS					
Shareholders equity:					
Share capital	4	10,000,000	10,000,000	0.73	0.81
Tax holiday reserve		75,956,809	17,500,000	5.55	1.42
Accumulated profit		116,992,722	72,543,058	8.55	5.88
Total		202,949,531	100,043,058	14.85	8.11
APPLICATION OF FUNDS					
Property, plant and equipment					
Cost	5	28,534,285	24,166,097	2.09	1.96
Less: Accumulated depreciation		9,774,290	5,868,253	0.71	0.48
		18,759,995	18,297,844	1.38	1.48
Investments		1,000,000	1,000,000	0.08	0.09
Current assets:					
Inventories	6	8,460,739	3,687,734	0.62	0.30
Goods in transit		10,501,725	12,507,000	0.77	1.01
Accrued interest		2,243,994	–	0.16	–
Trade debtors	7	24,805,562	25,272,255	1.81	2.05
Advances and deposits	8	98,209,948	55,253,485	7.18	4.48
Cash and bank balances	9	136,138,160	62,388,023	9.95	5.05
Total current assets		280,360,128	159,108,497	20.49	12.89
Less: Current liabilities and provisions:					
Liability for expenses	10	79,445,736	50,974,916	5.81	4.13
Liability for goods		3,698,931	–	0.27	–
Provision for income tax	11	2,233,662	14,408,408	0.16	1.17
Payable to holding company		10,501,725	12,507,000	0.77	1.01
Other liabilities	12	1,290,538	472,959	0.09	0.04
Total current liabilities		97,170,592	78,363,283	7.10	6.35
Net current assets		183,189,536	80,745,214	13.39	6.54
Total		202,949,531	100,043,058	14.85	8.11

The accompanying notes 1 to 20 form an integral part of these financial statements.

As per our separate report of even date

Rahman Rahman Huq

For and on behalf of the Board of Directors

Auditor

PRAVEEN DALAL

SHYAM SUTARIA

Executive Director

Director

Place: Dhaka

Place: Dhaka

Date: December 29, 2004

Date: December 29, 2004

* The exchange rate used to convert Taka to Rs. is Rs. 0.73 / Taka (Rs. 0.81 / Taka)

MARICO BANGLADESH LIMITED

PROFIT AND LOSS ACCOUNT

	Notes	For the year ended September 30,			
		2004 Taka	2003 Taka	2004 Rs. Crores	2003 Rs. Crores
Turnover		501,181,457	434,295,851	36.65	35.18
Cost of sales	13	(279,860,146)	(230,238,289)	(20.46)	(18.65)
Gross profit		221,321,311	204,057,562	16.18	16.53
General and administration expenses	14	(35,479,862)	(27,095,936)	(2.59)	(2.19)
Selling and distribution expenses	15	(44,362,850)	(85,930,713)	(3.24)	(6.96)
Net profit for the year		141,478,599	91,030,913	10.35	7.38
Other income		6,983,329	1,938,711	0.51	0.15
Net profit before taxation		148,461,928	92,969,624	10.86	7.53
Provision for taxation		(1,555,455)	(19,700,000)	(0.17)	(1.59)
Net profit after taxation		146,906,473	73,269,624	10.74	5.94
Tax holiday reserve		(58,456,809)	(17,500,000)	(4.27)	(1.42)
Dividend including dividend distribution tax		(44,000,000)	–	(3.22)	–
Profit brought forward		72,543,058	16,773,434	5.30	1.36
Profit carried forward to the balance sheet		116,992,722	72,543,058	8.55	5.88

The accompanying notes 1 to 20 form an integral part of these financial statements.

As per our separate report of even date

Rahman Rahman Huq

Auditor

Place: Dhaka

Date: December 29, 2004

* The exchange rate used to convert Taka to Rs. is Rs. 0.73 / Taka (Rs. 0.81 / Taka)

For and on behalf of the Board of Directors

PRAVEEN DALAL

Executive Director

SHYAM SUTARIA

Director

Place: Dhaka

Date: December 29, 2004

MARICO BANGLADESH LIMITED

CASH FLOW STATEMENT

	For the year ended September 30,			
	2004 Taka	2003 Taka	2004 Rs. Crore	2003 Rs. Crore
A) Cash flows from operating activities				
Net profit/(loss) after tax	146,906,473	73,269,624	10.74	5.94
Add : Depreciation (after adjustment)	3,906,037	3,605,358	0.29	0.29
	<u>150,812,510</u>	<u>76,874,982</u>	<u>11.03</u>	<u>6.23</u>
Changes in working capital:				
Current liabilities increased/(decreased)	18,807,309	51,541,084	1.38	4.17
Current assets (increased)/decreased	(47,501,494)	(77,288,960)	(3.47)	(6.26)
Cash generated from operation	<u>122,118,325</u>	<u>51,127,106</u>	<u>8.93</u>	<u>4.14</u>
Net cash generated from operating activities	<u>122,118,325</u>	<u>51,127,106</u>	<u>8.93</u>	<u>4.14</u>
B) Cash flows from investing activities				
Acquisition of fixed assets	(4,368,188)	(13,523,921)	(0.32)	(1.10)
Acquisition of shares in subsidiary	–	(999,960)	–	(0.08)
Net cash generated from investing activities	<u>(4,368,188)</u>	<u>(14,523,881)</u>	<u>(0.32)</u>	<u>(1.18)</u>
C) Cash flows from financing activities				
Dividend paid including dividend distribution tax	(44,000,000)	–	(3.22)	–
D) Net increase in cash and cash equivalents (A+B+C)	73,750,137	36,603,225	5.39	2.96
E) Opening cash and cash equivalents	62,388,023	25,784,798	4.56	2.09
F) Closing cash and cash equivalent (D+E)	<u>136,138,160</u>	<u>62,388,023</u>	<u>9.95</u>	<u>5.05</u>

The accompanying notes 1 to 20 form an integral part of these financial statements.

As per our separate report of even date

Rahman Rahman Huq

Auditor

Place: Dhaka

Date: December 29, 2004

* The exchange rate used to convert Taka to Rs. is Rs. 0.73 / Taka (Rs. 0.81 / Taka)

For and on behalf of the Board of Directors

PRAVEEN DALAL

Executive Director

SHYAM SUTARIA

Director

Place: Dhaka

Date: December 29, 2004

MARICO BANGLADESH LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended September 30, 2004

Amount In Taka	Share capital	Tax holiday reserve	Proposed dividend	Unappropriated profit	Total
Balance at October 1, 2002	10,000,000	-	-	16,773,434	26,773,434
Net profit after tax for the year 2003	-	-	-	73,269,624	73,269,624
Transferred to tax holiday reserve	-	17,500,000	-	(17,500,000)	-
Balance at September 30, 2003	10,000,000	17,500,000	-	72,543,058	100,043,058
Net profit after tax for the year 2004	-	-	-	146,906,473	146,906,473
Transferred to tax holiday reserve	-	58,456,809	-	(58,456,809)	-
Proposed dividend including dividend distribution tax	-	-	44,000,000	(44,000,000)	-
Dividend paid	-	-	(44,000,000)	-	(44,000,000)
Balance at September 30, 2004	10,000,000	75,956,809	-	116,992,722	202,949,531

Amount in Rs. Crores	Share capital	Tax holiday reserve	Proposed dividend	Unappropriated profit	Total
Balance at October 1, 2002	0.81	-	-	1.36	2.17
Net profit after tax for the year 2003	-	-	-	5.93	5.93
Transferred to tax holiday reserve	-	1.42	-	(1.42)	-
Balance at 30 September 30, 2003	0.81	1.42	-	5.88	8.10
Net profit after tax for the year 2004	-	-	-	10.74	10.74
Transferred to tax holiday reserve	-	4.27	-	(4.27)	-
Proposed dividend including dividend distribution tax	-	-	3.22	(3.22)	-
Dividend paid	-	-	(3.22)	-	(3.22)
Balance at September 30, 2004	0.73	5.55	-	8.55	14.84

* The exchange rate used to convert Taka to Rs. is Rs. 0.73 / Taka (Rs. 0.81 / Taka)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

Note : The exchange rate used to convert Taka to Rs. is Rs. 0.73/ Taka (Rs. 0.81 / Taka)

1. Company profile

Marico Bangladesh Limited (MBL) is a private limited company incorporated on September 6, 1999 in Bangladesh under the Companies Act 1994. The present authorised and paid up capital is Tk 10,000,000 divided into 1,000,000 ordinary shares of Tk 10 each. The company is a wholly owned subsidiary of Marico Limited, India.

The company started commercial operation from January 30, 2000.

1.1 Description of subsidiary MBL Industries Limited:

MBL Industries Limited is a private limited company registered under the Companies Act 1994 with an authorised capital of Tk 1,000,000 divided into 100,000 ordinary shares of Tk 10 each. Marico Bangladesh Limited acquired 99,996 ordinary shares of MBL Industries Limited on August 4, 2003.

2. Nature of business

The principal activities of the company are to manufacture, market and sell coconut oils, hair oils and other consumer products.

MBL has set up a manufacturing unit at Gazipur and went into commercial production from October 27, 2002 and from April 17, 2003 MBL discontinued its trading business. The land and factory building has been taken on lease and for this the company entered into a lease agreement on May 30, 2002 for a period of 5 years which is covered by tripartite agreement amongst Quality Chemical Industries Ltd., Marico Bangladesh Limited and Bangladesh Shilpa Bank.

3. Principal accounting policies

3.1 Basis of accounting

These accounts have been prepared in accordance with Bangladesh Accounting Standards (BAS).

3.2 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been charged on straight line method. Considering the estimated useful lives of the assets the following rates have been applied:

Airconditioner, refrigerator	15–20%
Vehicles	20%
Computer	15–33%
Factory building	15–20%
Factory equipment	15–20%
Furniture	15%
Laboratory equipment	15–33%
Moulds	15–20%
Office equipment	15%
Plant and machinery	15–20%
Fixtures	20%

3.3 Basis of consolidation

These consolidated financial statements have been prepared in accordance with BAS no. 27. In respect of the subsidiary undertaking, audited financial statements for the year ended September 30, 2004 have been used to draw up these financial statements.

3.4 Revenue recognition

Sales are recognized at the time of delivery of goods to the distributor and are exclusive of VAT.

3.5 Taxation

Provision for income tax is made on the basis of company's computation of fiscal profit until the assessment is finalised by tax authorities. Adjustment, if any, arising out of assessment would be made in the year the assessment is completed.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

3.6 Reporting currency and level of precision

The figures in the financial statements are denominated in Bangladesh taka, which have been rounded off to the nearest integer.

3.7 Stock and stores

These are valued at lower of average cost of material and net realizable value.

3.8 Reporting period

Financial statements of the company cover the period from October 1, 2003 to September 30, 2004.

4. Share capital

	2004 Taka	2003 Taka	2004 Rs. Crores	2003 Rs. Crores
Authorised:				
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000	–	–
Paid up:				
1,000,000 Ordinary shares of Tk 10 each fully paid up in cash	10,000,000	10,000,000	0.73	0.81

The shares are held by Marico Limited, India and its nominees.

4a. Minority interest

This represents the following:

Shares of	Shares held by	No. of shares	Value per share Taka	Total Taka
MBL Industries Limited	Directors	4	10	40
Add: Attributed profit of MBL Industries Limited				534
				574

5. Property, plant and equipment

Amount in Takas

Particulars	Cost			Depreciation			Net book value	
	As at Oct. 1, 2003	Addition during the year	As at Sept. 30, 2004	As at Oct. 1, 2003	Charged for the year	As at Sept. 30, 2004	As at Sept. 30, 2004	As at Sept. 30, 2003
Refrigerator, water coolers	446,950	26,000	472,950	85,498	67,476	152,974	319,976	361,452
Cars & jeeps	4,422,807	29,000	4,451,807	874,242	885,045	1,759,287	2,692,520	3,548,565
Computers	1,137,150	224,968	1,362,118	386,968	333,050	720,018	642,100	750,182
Factory building	30,000	73,458	103,458	1,500	8,173	9,673	93,785	28,500
Factory equipment	4,823,144	40,000	4,863,144	1,619,987	561,529	2,181,516	2,681,628	3,203,157
Furniture	2,386,730	76,390	2,463,120	573,818	323,050	896,868	1,566,252	1,812,911
Laboratory equipment	175,100	642,500	817,600	35,920	116,589	152,509	665,091	139,180
Moulds	1,841,405	946,648	2,788,053	1,009,347	178,535	1,187,882	1,600,171	832,058
Office equipments	1,478,135	224,015	1,702,150	354,817	213,566	568,383	1,133,767	1,123,318
Plant and machinery	7,424,676	2,034,640	9,459,316	926,156	1,215,654	2,141,810	7,317,506	6,498,521
Fixtures	–	50,569	50,569	–	3,370	3,370	47,199	–
Total	24,166,097	4,368,188	28,534,285	5,868,253	3,906,037	9,774,290	18,759,995	18,297,844

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

Amount in Rs. Crores

Particulars	Cost			Depreciation			Net book value	
	As at Oct. 1, 2003	Addition during the year	As at Sept. 30, 2004	As at Oct. 1, 2003	Charged for the year	As at Sept. 30, 2004	As at Sept. 30, 2004	As at Sept. 30, 2003
Refrigerator, water coolers	0.04	0.00	0.04	0.01	0.00	0.01	0.03	0.03
Cars & jeeps	0.36	0.00	0.36	0.07	0.06	0.14	0.22	0.29
Computers	0.09	0.01	0.10	0.03	0.02	0.06	0.04	0.06
Factory building	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Factory equipment	0.39	0.00	0.39	0.13	0.03	0.17	0.23	0.26
Furniture	0.19	0.00	0.19	0.05	0.02	0.07	0.12	0.15
Laboratory equipment	0.01	0.03	0.04	0.00	0.01	0.01	0.03	0.01
Moulds	0.15	0.04	0.19	0.08	0.01	0.09	0.10	0.07
Office equipments	0.12	0.02	0.14	0.03	0.03	0.04	0.10	0.09
Plant and machinery	0.61	0.03	0.63	0.08	0.05	0.12	0.51	0.53
Fixtures	–	0.01	0.00	–	0.00	0.00	0.00	–
Total	1.96	0.13	2.09	0.48	0.23	0.71	1.38	1.48

6. Inventories	2004 Taka	2003 Taka	2004 Rs. Crores	2003 Rs. Crores
Raw materials	4,667,769	2,192,892	0.34	0.18
Packing materials (bottles)	3,275,392	215,713	0.24	0.02
Packing materials (cartons)	–	119,700	–	0.01
Packing materials (caps)	–	1,102,000	–	0.09
Semifinished goods	517,578	–	0.04	–
Finished goods	–	57,429	–	0.00
	8,460,739	3,687,734	0.62	0.30

7. Trade debtors	2004	2003	2004	2003
Receivable from Kallol Traders Ltd. (KTL)	24,805,562	25,272,255	1.81	2.05

8. Advances and deposits	2004	2003	2004	2003
Advances:				
To EDL	44,180,694	44,180,694	3.23	3.58
For goods	35,665,160	1,834,055	2.61	0.15
For services	11,117,126	5,213,549	0.81	0.42
	90,962,980	51,228,298	6.65	4.15
Deposits:				
VAT current account	3,096,676	1,388,298	0.23	0.11
Supplementary duty	306,185	–	0.02	–
Security deposit	3,844,147	2,636,929	0.28	0.22
	7,247,008	4,025,227	0.53	0.33
	98,209,988	55,253,525	7.18	4.48

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	2004 Taka	2003 Taka	2004 Rs. Crores	2003 Rs. Crores
9. Cash and bank balances				
Cash on hand	216,304	213,462	0.02	0.02
Fixed deposit with:				
Citibank N.A.	52,500,000	–	3.83	–
Standard Chartered Bank	53,411,266	–	3.91	–
	<u>105,911,266</u>	<u>–</u>	<u>7.74</u>	<u>–</u>
Cash at banks:				
Citibank N.A.	2,369,244	20,261,185	0.17	1.64
Standard Chartered Bank (Note 9.1)	27,641,346	41,913,376	2.02	3.39
	<u>30,010,590</u>	<u>62,174,561</u>	<u>2.19</u>	<u>5.03</u>
	<u>136,138,160</u>	<u>62,388,023</u>	<u>9.95</u>	<u>5.05</u>

9.1 Cash at Standard Chartered Bank

The company enjoys overdraft facilities with a limit of Tk 30,000,000 from Standard Chartered Bank, Dhaka which is secured against letter of credit for Tk 30,000,000 from Standard Chartered Bank/Standard Chartered Grindlays Bank, Mumbai, India, demand promissory note and letter of continuation for the same amount. However, the facility has not been availed during the year.

10. Liability for expenses

Business promotion expenses	33,177,541	17,787,328	2.43	1.44
Advertisement expenses	6,000,000	17,100,001	0.44	1.39
Leakage and damage	2,604,033	–	0.19	–
Audit fees	282,925	–	265,000	0.02
Consulting fees	–	30,000	–	0.00
Legal charges	–	10,000	–	0.00
Royalty	3,572,260	–	0.26	–
Provision for claim	–	12,753,861	–	1.03
Creditors for supplies	29,266,105	–	2.14	–
Other expenses	4,542,872	3,028,726	0.33	0.25
	<u>79,445,736</u>	<u>50,974,916</u>	<u>5.81</u>	<u>4.13</u>

11. Provision for income tax

Opening balance	14,408,408	10,725,006	1.05	0.87
Add: Provision for current taxation	1,555,455	19,700,000	0.11	1.59
	<u>15,963,863</u>	<u>30,425,006</u>	<u>1.16</u>	<u>2.46</u>
Less: Provision adjusted	–	10,032,966	–	0.81
	<u>15,963,863</u>	<u>20,392,040</u>	<u>1.16</u>	<u>1.65</u>
Less: Advance tax paid u/s 64	–	5,983,632	–	0.48
Tax paid u/s 74	13,207,017	–	0.97	–
Tax deducted at source	523,184	–	0.03	–
	<u>13,730,201</u>	<u>5,983,632</u>	<u>1.00</u>	<u>0.48</u>
	<u>2,233,662</u>	<u>14,408,408</u>	<u>0.16</u>	<u>1.17</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

12. Other liabilities

	2004 Taka	2003 Taka	2004 Rs. Crores	2003 Rs. Crores
Tax deducted from suppliers' bills	<u>1,290,538</u>	<u>472,959</u>	<u>0.09</u>	<u>0.04</u>

13. Cost of sales

Purchase	274,034,324	247,322,328	20.03	20.03
Less: Price difference	–	21,039,920	–	1.70
Closing inventory	–	3,687,734	–	0.30
	–	<u>24,727,654</u>	–	<u>2.00</u>
	274,034,324	222,594,674	20.03	18.03
Add: Factory overhead	5,726,757	5,050,488	0.42	0.41
Carriage inward	99,065	2,593,127	0.01	0.21
	<u>5,825,822</u>	<u>7,643,615</u>	<u>0.43</u>	<u>0.62</u>
	<u>279,860,146</u>	<u>230,238,289</u>	<u>20.46</u>	<u>18.65</u>

14. General and administration expenses

Salaries and allowances (Note 14.1)	12,924,711	12,255,029	0.95	0.99
Rent	746,509	841,497	0.05	0.07
Consulting fee	695,661	1,301,381	0.05	0.11
Security charges	320,942	378,416	0.02	0.03
Legal charges	10,000	124,000	0.00	0.01
Repair and maintenance	886,148	1,146,159	0.06	0.09
Communication expenses	1,878,474	1,438,092	0.14	0.12
Entertainment	337,728	373,758	0.02	0.03
Printing and stationery	446,099	237,029	0.03	0.02
Vehicle running expenses	2,448,751	1,412,605	0.18	0.11
Travelling and conveyance	2,657,050	2,963,329	0.19	0.24
Audit fees (Note 14.2)	350,600	169,288	0.03	0.01
Recruitment expenses	400	8,794	0.00	0.00
Subscription and donation	400	60,270	0.00	0.00
Fees, forms and renewals	188,415	342,485	0.01	0.03
Insurance premium	1,207,025	813,557	0.09	0.07
Books and periodicals	38,351	28,879	0.00	0.00
Crockeries and cutleries	–	6,454	–	0.00
Bank interest and charges	1,214,224	60,301	0.09	0.00
Medical expenses	1,038,497	7,747	0.08	0.00
Carriage outward	1,157,335	492,800	0.08	0.04
Fooding and lodging	780,487	386,976	0.06	0.03
Staff welfare expenses	952,595	176,399	0.07	0.01
Conference and training exp.	566,857	518,794	0.04	0.04
LC expenses	30,155	642,247	0.00	0.05
Electricity and gas charges	270,982	267,691	0.02	0.02
Loss on sale of assets	–	63,771	–	0.01
Royalty	2,505,908	1,066,352	0.18	0.09
Bad debt provision	–	(1,929,209)	–	(0.16)
Depreciation	<u>1,825,558</u>	<u>1,441,045</u>	<u>0.13</u>	<u>0.12</u>
	<u>35,479,862</u>	<u>27,095,936</u>	<u>2.59</u>	<u>2.19</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

14.1 Salaries and allowances

These include remuneration of Tk 2,511,910 to executive director for salaries and benefits.

	2004	2003	2004	2003
	Taka	Taka	Rs. Crores	Rs. Crores
14.2 Auditors' remuneration				
Statutory audit fee	78,375	75,000	0.01	0.01
Tax audit fee	97,050	94,288	0.01	0.01
Special audit fee	175,175	–	0.01	–
	350,600	169,288	0.03	0.02
15. Selling and distribution expenses				
Business promotion expenses	21,036,830	45,061,768	1.54	3.65
Advertisement	17,284,111	33,386,341	1.26	2.70
Market research expenses	2,034,163	2,594,931	0.15	0.21
Leakage and damages	4,007,746	4,887,673	0.29	0.40
	44,362,850	85,930,713	3.24	6.96

16. Related party transactions

Name of the related party	Nature of transactions	Equivalent	Equivalent
		Taka	Rs Crores
Marico Ltd, India	Purchase of coconut oil	148,160,480	10.83
	Purchase of capital machineries	1,981,267	0.15
	Dividend remitted	40,000,000	2.92
		190,141,747	13.90

17. Number of employees

The number of employees engaged for the whole period or part thereof who received a total salary of Tk 36,000 and above was 22.

18. Tax holiday reserve

This reserve has been made as per section 46A (c) of Income Tax Ordinance 1984.

19. Import of capital machinery and raw materials

During the year import of raw material was worth US\$ 2,668,711, production and spare parts US\$ 7,534 and capital machinery US\$ 36,273.54.

20. General

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

MARICO BANGLADESH LIMITED

STATEMENT PURSUANT TO SECTION 186 (1)(E) OF THE COMPANIES ACT, 1994

Name of the subsidiary company	MBL Industries Limited
Holding company's interest	100,000 ordinary shares of Taka 10 each
Extent of holding	100%
The "financial year" of the subsidiary company ended on	September 30, 2004
Net aggregate amount of the subsidiary company's profits/(losses) dealt with in the holding company's accounts :	
* for the subsidiary's aforesaid financial year	Nil
* for the previous financial years since it became subsidiary	Nil
Net aggregate amount of the subsidiary company's profits/(losses) not dealt with in the holding company's accounts :	
* for the subsidiary's aforesaid financial year	Taka 1.19 Crore (Rs. 0.87 Crore)#
* for the previous financial years since it became subsidiary	Taka 0.15 Crore (Rs. 0.10 Crore)#
Net aggregate amount of the profits of the subsidiary after deducting its losses or vice versa :	
* for the subsidiary's aforesaid financial year	Taka 1.19 Crore (Rs. 0.87 Crore)#
* for the previous financial years since it became subsidiary	Taka 0.15 Crore (Rs. 0.10 Crore)#

The exchange rate used is Rs. 0.73 / Taka (Rs. 0.81 / Taka)

For and on behalf of the Board of Directors

Place: Dhaka
Date: December, 29 2004

PRAVEEN DALAL
Executive Director

SHYAM SUTARIA
Director