

Marico Bangladesh Limited

**Auditors' Report and Condensed Financial Statements
as at and for the three months period ended 30 June 2017**

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 interim financial statements of Marico Bangladesh Limited (the "Company") which comprise the condensed statement of financial position as at 30 June 2017, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the three months period then ended, and notes to the condensed interim financial statements.

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) as explained in note 2.1, 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 our 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, we consider 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 condensed interim financial statements present fairly, in all material respects, the financial position of Marico Bangladesh Limited as at 30 June 2017, its financial performance and its cash flows for the three months period then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.1.

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:

- (a) 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;
- (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;
- (c) the condensed statement of financial position, and the condensed 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
- (d) the expenditure incurred was for the purposes of the Company's business.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

HVC

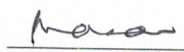
Dhaka, 17 July 2017

Marico Bangladesh Limited
Condensed statement of financial position
as at 30 June 2017

		30 June 2017 Taka	31 March 2017 Taka
Assets	Note		
Property, plant and equipment	4	559,863,445	593,536,255
Intangible assets		8,117,413	9,118,422
Deferred tax assets		36,308,384	76,756,882
Non-current financial assets	5	15,751,087	10,366,331
Long term advances		42,075,340	41,208,034
Total Non-current assets		662,115,669	730,985,924
Inventories	6	1,106,512,671	1,348,927,101
Advances, deposits and prepayments		126,153,075	193,919,425
Other current financial assets	7	1,614,918,647	1,311,435,690
Cash and cash equivalents	8	590,044,053	166,833,748
Total Current assets		3,437,628,446	3,021,115,964
Total assets		4,099,744,115	3,752,101,888
Equity and Liabilities			
Equity			
Share capital	9	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Retained earnings		1,508,131,706	1,013,110,293
Total equity		2,075,131,706	1,580,110,293
Liabilities			
Provision for gratuity		33,417,772	33,417,772
Provision for leave encashment		10,878,348	10,878,348
Total Non-current liabilities		44,296,120	44,296,120
Provision for gratuity		6,366,780	2,997,417
Provision for leave encashment		4,144,402	2,222,794
Trade and other payables		1,596,799,087	1,740,557,065
Current tax liabilities		373,006,020	381,918,199
Total Current liabilities		1,980,316,289	2,127,695,475
Total liabilities		2,024,612,409	2,171,991,595
Total equity and liabilities		4,099,744,115	3,752,101,888

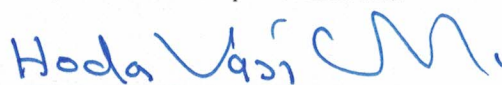
The annexed notes 1 to 11 form an integral part of these financial statements.


Company Secretary


Director


Managing Director

As per our annexed report of same date.


Hoda Vasi Chowdhury & Co.
Chartered Accountants
HVC

Dhaka, 17 July 2017

Marico Bangladesh Limited
Condensed statement of profit or loss and other comprehensive income
for the three months period ended 30 June 2017

	Three months ended	
	30 June 2017	30 June 2016
	<u>Taka</u>	<u>Taka</u>
Revenue	2,262,949,709	2,020,784,230
Cost of sales	(1,155,927,294)	(1,055,431,316)
Gross profit	1,107,022,415	965,352,914
Marketing, selling and distribution expenses	(187,204,021)	(175,181,257)
General and administration expenses	(211,554,951)	(203,899,995)
Other income	6,000	24,664
Profit from operation	708,269,443	586,296,326
Net finance income	21,138,020	20,942,838
Profit before income tax	729,407,463	607,239,164
Income tax expense	(234,386,050)	(160,941,242)
Profit for the period	495,021,413	446,297,922
Other comprehensive income	-	-
Total comprehensive income for the period	495,021,413	446,297,922
Earnings per share		
Basic earnings per share (par value of Tk 10)	15.71	14.17

The annexed notes 1 to 11 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

HVC

Dhaka, 17 July 2017

Marico Bangladesh Limited
Condensed statement of changes in equity
for the three months period ended 30 June 2017

	Share capital Taka	Share premium Taka	Retained earnings Taka	Total equity Taka
Balance at 1 April 2016	315,000,000	252,000,000	1,140,409,238	1,707,409,238
Net profit for the period ended 30 June 2016	-	-	446,297,922	446,297,922
Balance at 30 June 2016	<u>315,000,000</u>	<u>252,000,000</u>	<u>1,586,707,160</u>	<u>2,153,707,160</u>
Balance at 1 April 2017	315,000,000	252,000,000	1,013,110,293	1,580,110,293
Net profit for the period ended 30 June 2017	-	-	495,021,413	495,021,413
Balance at 30 June 2017	<u>315,000,000</u>	<u>252,000,000</u>	<u>1,508,131,706</u>	<u>2,075,131,706</u>

Marico Bangladesh Limited
Condensed statement of cash flows
for the three months period ended 30 June 2017

	Three months ended	
	30 June 2017	30 June 2016
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Collection from customers	2,214,601,842	2,009,503,077
Payment to suppliers and for operating expenses	(1,288,271,449)	(1,536,412,763)
Interest paid	-	(1,104)
Interest received	2,741,045	12,740,716
Income tax paid	(202,849,731)	(255,123,842)
<i>Net cash from operating activities</i>	<u>726,221,707</u>	<u>230,706,084</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(21,583,957)	(114,873,944)
Acquisition of intangible assets	-	(847,822)
Disposal of property, plant and equipment	6,000	45,208
Encashment of/(Investment in) fixed deposits	(281,433,445)	(208,000,000)
<i>Net cash used in investing activities</i>	<u>(303,011,402)</u>	<u>(323,676,558)</u>
Cash flows from financing activities		
<i>Net cash from financing activities</i>	-	-
Net (decrease)/increase in cash and cash equivalents	423,210,305	(92,970,474)
Opening cash and cash equivalents	166,833,748	480,524,575
Closing cash and cash equivalents	<u><u>590,044,053</u></u>	<u><u>387,554,101</u></u>

Marico Bangladesh Limited

Notes to the condensed interim financial statements

1 Reporting entity

1.1 Formation and legal status

Marico Bangladesh Limited (hereinafter referred to as "MBL"/"the Company") is a public limited company incorporated on 6 September 1999, vide the certificate of incorporation number C-38527(485)/99 of 1999 in Bangladesh under the Companies Act 1994 and has its registered address at House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230. The Company was initially registered as a private limited company and subsequently converted into a public limited company on 21 September 2008. The Company listed its shares with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009. The ultimate parent of MBL is Marico Limited incorporated in India.

1.2 Nature of business

The Company is engaged in manufacturing and marketing of consumer products under the brand name of Parachute, Nihar, Saffola, Hair Code, Livon, Parachute Advansed, Beliphool, Ayurvedic Gold, Extra Care, Parachute Body Lotion, Set-wet and Bio Oil in Bangladesh. The Company started its commercial operation on 30 January 2000. Subsequently, it started its commercial production at Filling unit, Crushing unit and Refinery Unit in 2002, 2012 & 2017 respectively. Its manufacturing plants 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 and Jessore.

2 Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standard (BAS) 34: *Interim Financial Reporting*, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

These condensed interim financial statements should be read in conjunction with the annual financial statements of the Company as at and for the year ended 31 March 2017.

These condensed interim financial statements were authorised for issue by the Board of Directors in its 96th Board of Directors Meeting held on 17 July 2017.

2.2 Basis of measurement

These condensed interim financial statements have been prepared on going concern basis under the historical cost convention.

2.3 Functional and presentation currency

These condensed interim 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.

2.4 Reporting period

These condensed interim financial statements of the Company covered three months period from 1 April 2017 to 30 June 2017.

3 Accounting policies

The accounting policies and methods of computations followed in preparing these three months condensed interim financial statements are same as those used in preparation for financial statements of last financial year ended 31 March 2017.

4 Property, plant and equipment

	30 June 2017 <i>Taka</i>	31 March 2017 <i>Taka</i>
Property, plant and equipment - at cost	1,589,671,904	1,562,157,465
Accumulated depreciation and impairment losses	(1,029,808,459)	(968,621,210)
	<u>559,863,445</u>	<u>593,536,255</u>

5 Non-current financial assets

Security deposits	8,587,600	2,605,000
Loans to employees	7,163,487	7,761,331
	<u>15,751,087</u>	<u>10,366,331</u>

6 Inventories

Raw materials	748,777,397	800,554,140
Packing materials	76,713,593	86,516,844
Finished goods	47,144,580	152,398,038
Stores and spares	19,508,659	17,159,318
Materials in transit	214,368,443	292,298,761
	<u>1,106,512,671</u>	<u>1,348,927,101</u>

7 Other current financial assets

Fixed deposits	7.1	1,579,516,117	1,298,082,672
Accrued interest		32,169,581	10,505,128
Security deposits		135,000	159,000
Loans to employees		3,097,949	2,688,890
		<u>1,614,918,647</u>	<u>1,311,435,690</u>

7.1 Fixed deposits (having original maturity of more than three months)

Fixed deposits with:	Credit rating		
Brac Bank Limited	AA2	220,000,000	220,000,000
Delta Brac Housing Finance Corporatio	AAA	330,838,076	330,072,131
Eastern Bank Limited	AA	80,000,000	-
IDLIC Finance Limited	AAA	332,786,781	332,786,781
One Bank Limited	AA	120,000,000	120,000,000
South East Bank Limited	AA	495,891,260	295,223,760
		<u>1,579,516,117</u>	<u>1,298,082,672</u>

8	Cash and cash equivalents	30 June 2017	31 March 2017
		<u>Taka</u>	<u>Taka</u>
	Cash in hand	198,468	168,451
	Cash at banks:		
	BRAC Bank Limited	172,910,041	34,839,167
	Citibank N.A.	4,473	3,848
	Islami Bank Bangladesh Limited	78,271,989	41,720
	Sonali Bank Limited	198,570	189,424
	Standard Chartered Bank	2,725,604	55,736,233
	Dutch Bangla Bank Limited	100,000	890,000
	The Hongkong and Shanghai Banking Corporation Ltd.	(7,585,997)	1,126,129
		<u>246,624,679</u>	<u>92,826,521</u>
	Fixed deposits	<u>343,220,906</u>	<u>73,838,776</u>
		<u>590,044,053</u>	<u>166,833,748</u>
8.1	Fixed deposits (having original maturity of three months or less)		
	Fixed deposits with:	Credit rating	
	IDLC Finance Limited	AA	80,000,000
	Delta Brac Housing Finance Corporatio	AAA	50,000,000
	Standard Chartered Bank	AAA	213,220,906
			<u>73,838,776</u>
			<u>343,220,906</u>
9	Share capital		
	Authorised		
	40,000,000 ordinary shares of Tk 10 each	<u>400,000,000</u>	<u>400,000,000</u>
	Issued, subscribed and paid up		
	Issued for cash	41,500,000	41,500,000
	Issued for consideration other than cash	<u>273,500,000</u>	<u>273,500,000</u>
		<u>315,000,000</u>	<u>315,000,000</u>
10	Comparative figures		
	Comparative figures have been rearranged wherever considered necessary to conform current period's presentation.		
11	Subsequent events		
	There is no other significant event after the reporting period that requires either disclosure of or adjustment to these condensed interim financial statements.		