Hoda Vasi
Chowdhury & Co

Marico Bangladesh Limited

Auditors' Report and Condensed Interim Financial Statements as at and for the nine months period ended 31 December 2017

AMAR STOCK

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 condensed statement of financial position as at 31 December 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 nine 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 condensed interim 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 condensed interim 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 auditors 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 31 December 2017, its financial performance and its cash flows for the nine months period 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:

(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

Dhaka, 22 January 2018

National Office : BTMC Bhaban (7th & 8th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka- 1215, Bangladesh
Motijheel Office : Ispahani Building (3rd Floor), 14-15 Motijheel Commercial Area, Dhaka-1000, Bangladesh
Chittagong Office : Delwar Bhaban (4th Floor), 104 Agrabad Commercial Area, Chittagong-4100, Bangladesh

Marico Bangladesh Limited
Condensed statement of financial position
as at 31 December 2017

	Note	31 December 2017 Taka	31 March 2017 Taka
Assets			
Property, plant and equipment	4	504,305,678	593,536,255
Intangible assets		7,124,547	9,118,422
Deferred tax assets		46,732,570	76,756,882
Non-current financial assets	5	14,729,905	10,366,331
Long term advances		45,914,013	41,208,034
Total non-current assets		618,806,713	730,985,924
Inventories	6	1,354,277,049	1,348,927,101
Advances, deposits and prepayments		286,158,364	193,919,425
Other current financial assets	7	1,810,226,948	1,311,435,690
Cash and cash equivalents	8	716,639,915	166,833,748
Total current assets		4,167,302,276	3,021,115,964
		4,786,108,989	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		1,371,700,105	1,013,110,293
Total equity		1,938,700,105	1,580,110,293
Liabilities			
Provision for gratuity		35,250,107	33,417,772
Provision for leave encashment		9,012,992	10,878,348
Total non-current liabilities		44,263,099	44,296,120
Loans and borrowings	10	200,000,000	-
Provision for gratuity		6,754,958	2,997,417
Provision for leave encashment		8,138,932	2,222,794
Trade and other payables		2,200,732,830	1,740,557,065
Current tax liabilities		387,519,065	381,918,199
Total current liabilities		2,803,145,785	2,127,695,475
Total liabilities		2,847,408,884	2,171,991,595
Total equity and liabilities		4,786,108,989	3,752,101,888

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Company Secretary | Director | Chief Financial Officer | Managing Director

As per our annexed report of same date.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 January 2018

Marico Bangladesh Limited
Condensed statement of profit or loss and other comprehensive income
for the nine months period ended 31 December 2017

	Nine months ended		Three months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Taka	Taka	Taka	Taka
Revenue	6,059,441,897	5,421,489,925	1,822,768,760	1,621,999,948
Cost of sales	(3,237,313,239)	(2,879,578,862)	(1,018,636,674)	(892,822,791)
Gross profit	2,822,128,658	2,541,911,063	804,132,086	729,177,157
Marketing, selling and distribution expenses	(469,179,834)	(419,050,910)	(154,508,264)	(117,604,152)
General and administration expenses	(644,988,535)	(584,084,819)	(220,774,414)	(186,419,681)
Other income	4,745,072	1,109,058	4,696,491	(12,754)
Profit from operation	1,712,705,361	1,539,884,392	433,545,899	425,140,570
Net finance income	84,748,426	54,416,501	30,083,585	11,077,040
Profit before income tax	1,797,453,787	1,594,300,893	463,629,484	436,217,610
	(493,863,975)	(396,180,862)	(111,499,167)	(115,481,303)
Profit for the period	1,303,589,812	1,198,120,031	352,130,317	320,736,307
Other comprehensive income				
Item that will never be reclassified to profit or loss	-	(9,146,804)	-	(3,048,935)
Total comprehensive income for the period	1,303,589,812	1,188,973,227	352,130,317	317,687,372
Earnings per share				
Basic earnings per share (par value of Tk 10)	41.38	38.04	11.18	10.18

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Company Secretary | Director | Chief Financial Officer | Managing Director

As per our annexed report of same date.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 22 January 2018

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Marico Bangladesh Limited
Condensed statement of changes in equity
for the nine months period ended 31 December 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 31 December 2016	-	-	1,198,120,031	1,198,120,031
Other comprehensive income	-	-	(9,146,804)	(9,146,804)
Final dividend for 2015-2016	-	-	(157,500,000)	(157,500,000)
1st interim dividend for 2016-2017	-	-	(472,500,000)	(472,500,000)
2nd interim dividend for 2016-2017	-	-	(945,000,000)	(945,000,000)
Balance at 31 December 2016	315,000,000	252,000,000	754,382,465	1,321,382,465
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 31 December 2017	-	-	1,303,589,812	1,303,589,812
Final dividend for 2016-2017	-	-	(157,500,000)	(157,500,000)
1st interim dividend for 2017-2018	-	-	(787,500,000)	(787,500,000)
Balance at 31 December 2017	315,000,000	252,000,000	1,371,700,105	1,938,700,105

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Marico Bangladesh Limited
Condensed statement of cash flows
for the nine months period ended 31 December 2017

	Nine months ended	
	31 December 2017	31 December 2016
	Taka	Taka
Cash flows from operating activities		
Collection from customers	6,011,258,419	5,414,157,627
Payment to suppliers and for operating expenses	(3,809,630,697)	(3,788,399,803)
Interest received	66,833,397	55,388,745
Income tax paid	(458,238,797)	(422,966,146)
Net cash from operating activities	1,810,222,322	1,258,180,423
Cash flows from investing activities		
Acquisition of property, plant and equipment	(57,524,823)	(165,440,481)
Acquisition of intangible assets	(871,000)	(847,822)
Disposal of property, plant and equipment	4,745,072	1,178,308
Encashment of/(Investment in) fixed deposits	(461,765,404)	208,232,868
Net cash from/(used in) investing activities	(515,416,155)	43,122,873
Cash flows from financing activities		
Net proceeds from loans and borrowings	200,000,000	-
Dividend paid	(945,000,000)	(1,575,000,000)
Net cash used in financing activities	(745,000,000)	(1,575,000,000)
Net (decrease)/increase in cash and cash equivalents	549,806,167	(273,696,704)
Opening cash and cash equivalents	166,833,748	480,524,575
Closing cash and cash equivalents	716,639,915	206,827,871

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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), in particular 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 98th Board of Directors Meeting held on 22 January 2018.

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 nine months period from 1 April 2017 to 31 December 2017.

3 Accounting policies

The accounting policies and methods of computations followed in preparing these nine 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

	31 December 2017 *Taka*	31 March 2017 *Taka*
Property, plant and equipment - at cost	1,594,180,151	1,562,157,465
Accumulated depreciation and impairment losses	(1,089,874,473)	(968,621,210)
	504,305,678	593,536,255

5 Non-current financial assets

Security deposits	8,688,600	2,605,000
Loans to employees	6,041,305	7,761,331
	14,729,905	10,366,331

6 Inventories

Raw materials	815,948,559	800,554,140
Packing materials	76,541,258	86,516,844
Finished goods	88,561,176	152,398,038
Stores and spares	16,640,673	17,159,318
Materials in transit	356,585,383	292,298,761
	1,354,277,049	1,348,927,101

7 Other current financial assets

Fixed deposits	7.1	1,759,848,076	1,298,082,672
Accrued interest		46,605,395	10,505,128
Security deposits		355,475	159,000
Loans to employees		3,418,002	2,688,890
		1,810,226,948	1,311,435,690

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

Fixed deposits with:	Credit rating		
BRAC Bank Limited	AA2	232,500,000	220,000,000
Delta Brac Housing Finance Corporatio	AAA	201,814,228	330,072,131
Dhaka Bank Limited	AA	100,000,000	-
IPDC Finance Limited	AA	100,000,000	-
IDLC Finance Limited	AAA	374,495,045	332,786,781
One Bank Limited	AA	403,240,000	120,000,000
South East Bank Limited	AA	347,798,803	295,223,760
		1,759,848,076	1,298,082,672

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8	Cash and cash equivalents		31 December 2017 *Taka*	31 March 2017 *Taka*
	Cash in hand		253,904	168,451
	Cash at banks:			
	BRAC Bank Limited		72,788,665	34,839,167
	Citibank N.A.		109,333,759	3,848
	Islami Bank Bangladesh Limited		26,916,540	41,720
	Sonali Bank Limited		538,786	189,424
	Standard Chartered Bank		53,161,060	55,736,233
	Dutch Bangla Bank Limited		7,053,690	890,000
	The Hongkong and Shanghai Banking Corporation Ltd.		600,963	1,126,129
			270,393,463	92,826,521
	Fixed deposits	8.1	445,992,548	73,838,776
			716,639,915	166,833,748

8.1 Fixed deposits (having original maturity of three months or less)

Fixed deposits with:	Credit rating		
IDLC Finance Limited	AAA	212,120,625	-
Delta Brac Housing Finance Corporatic	AAA	125,000,000	-
Standard Chartered Bank	AAA	108,871,923	73,838,776
		445,992,548	73,838,776

9 Share capital

Authorised

40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000

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

10 Loans and borrowings

During the period the Company has taken a short-term loan of Tk 500,000,000 at interest rate of 4.8% for a duration of three months from Citibank N.A. Bangladesh. Out of this amount, Tk 300,000,000 has already been paid as at 31 December 2017.

11 Comparative figures

Comparative figures have been rearranged wherever considered necessary to conform current period's presentation.

12 Subsequent events

For the financial year 2017-18, the Board of Directors has declared 2nd interim cash dividend @ 250% per share based on nine months financial statements for the period ended 31 December 2017 at 98th Board of Directors Meeting held on 22 January 2018.

There is no other significant event after the reporting period that requires either disclosure of or adjustment to these condensed interim financial statements.

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