Hoda Vasi
Chowdhury & Co

Marico Bangladesh Limited

Auditor's Report and Condensed interim Financial Statements

as at and for the three months period ended 30 June 2018

AMAR STOCK

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 2018, 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 condensed interim financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 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 (BSA). 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 30 June 2018, its financial performance and its cash flows for the three months period then ended in accordance with Bangladesh Financial Reporting Standards (BFRS).

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, 18 July 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 30 June 2018

	Notes	30 June 2018 Taka	31 March 2018 Taka
Assets			
Property, plant and equipment	4	496,419,737	511,585,227
Intangible assets		5,372,300	6,188,057
Deferred tax assets		55,684,134	58,510,013
Non-current financial assets	5	11,071,212	11,504,048
Other non-current assets		34,023,904	28,563,337
Total non-current assets		602,571,287	616,350,682
Inventories	6	1,063,878,268	1,717,322,020
Other current financial assets	7	1,991,659,713	1,244,197,702
Other current assets		429,633,560	610,794,216
Cash and cash equivalents	8	473,109,201	269,743,772
Total current assets		3,958,280,742	3,842,057,710
Total assets		4,560,852,029	4,458,408,392
Equity and liabilities			
Equity			
Share capital	9	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Retained earnings		1,480,518,596	925,586,729
Total equity		2,047,518,596	1,492,586,729
Liabilities			
Employee benefit obligation		49,861,763	49,861,763
Total non-current liabilities		49,861,763	49,861,763
Loans and borrowings	10	300,000,000	300,000,000
Employee benefit obligation		6,537,496	6,984,584
Trade and other payables		1,789,218,444	2,222,763,532
Current tax liabilities		367,715,730	386,211,784
Total current liabilities		2,463,471,670	2,915,959,900
Total liabilities		2,513,333,433	2,965,821,663
Total equity and liabilities		4,560,852,029	4,458,408,392

The annexed notes 1 to 14 form an integral part of these financial statements.

Company Secretary | Director | Managing Director

Chief Financial Officer

As per our annexed report of same date

Hoda Vasi Chowdhury & Co.
Chartered accountants

Dhaka, 18 July 2018

Marico Bangladesh Limited
Condesned Statement of profit or loss and other comprehensive income
for the three months period ended 30 June 2018

	Notes	three months ended 30 June 2018 Taka	three months ended 30 June 2017 Taka
Revenue	11	2,470,041,922	2,262,949,709
Cost of sales		(1,375,939,831)	(1,155,927,294)
Gross profit		1,094,102,091	1,107,022,415
Marketing, selling and distribution expenses		(155,179,937)	(187,204,021)
General and administrative expenses		(222,484,303)	(211,554,951)
Other income/(expense)		51,314	6,000
Operating profit		716,489,165	708,269,443
Finance income, net		34,046,210	21,138,020
Profit before tax		750,535,375	729,407,463
Income tax expense		(195,603,508)	(234,386,050)
Profit after tax		554,931,867	495,021,413
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		554,931,867	495,021,413
Earnings per share			
Basic earnings per share (par value of Tk 10)		17.62	15.71

The annexed notes 1 to 14 form an integral part of these financial statements.

Company Secretary | Director | Managing Director

Chief Financial Officer

As per our annexed report of same date

Hoda Vasi Chowdhury & Co.
Chartered Accountants
HVC

Dhaka, 18 July 2018

Marico Bangladesh Limited
Condensed statement of changes in equity
for the three months period ended 30 June 2018

	Share capital Taka	Share premium Taka	Retained earnings Taka	Total equity Taka
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	315,000,000	252,000,000	1,508,131,706	2,075,131,706
Balance at 1 April 2018	315,000,000	252,000,000	925,586,729	1,492,586,729
Net profit for the period ended 30 June 2018	-	-	554,931,867	554,931,867
Balance at 30 June 2018	315,000,000	252,000,000	1,480,518,596	2,047,518,596

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Marico Bangladesh Limited
Condensed Statement of Cash Flows
For the three months period ended 30 June 2018

	three months ended	
	30 June 2018	**30 June 2017**
	Taka	Taka
Cash Flows from operating activities		
Collection from customers	2,473,287,564	2,214,601,842
Payment to suppliers and for operating expenses	(1,333,220,159)	(1,288,271,449)
Cash generated from operating activities	1,140,067,405	926,330,393
Interest paid	(1,015,000)	-
Interest received	9,137,340	2,741,045
Income tax paid	(211,273,684)	(202,849,731)
Net cash from operating activities	936,916,061	726,221,707
Cash flows from investing activities		
Acquisition of property, plant and equipment	(26,723,321)	(21,583,957)
Acquisition of intangible assets	-	-
Disposal of property, plant and equipment	51,314	6,000
(Investment in)/encashment of short-term investments	(706,878,625)	(281,433,445)
Net cash used in investing activities	(733,550,632)	(303,011,402)
Cash flows from financing activities		
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	203,365,429	423,210,305
Opening cash and cash equivalents	269,743,772	166,833,748
Closing cash and cash equivalents	473,109,201	590,044,053

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Marico Bangladesh Limited

Notes to the condensed financial statements
as at and for the three months period ended 30 June 2018

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, Bogura 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 2018.

These condensed interim financial statements were authorised for issue by the Board of Directors in its 100th Board of Directors Meeting held on 18 July 2018.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These 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 2018 to 30 June 2018.

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 2018.

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		Note	30 June 2018 Taka	31 March 2018 Taka
4	**Property, plant and equipment**			
	Property, plant and equipment - at cost		1,663,325,221	1,658,430,686
	Accumulated depreciation and impairment losses		(1,166,905,484)	(1,146,845,459)
			496,419,737	511,585,227
5	**Non-current financial assets**			
	Security deposits		6,368,100	6,365,600
	Loans to employees		4,703,112	5,138,448
			11,071,212	11,504,048
6	**Inventories**			
	Raw materials		584,667,811	1,093,091,743
	Packing materials		95,238,077	62,093,471
	Finished goods		105,703,358	174,804,729
	Stores and spares		17,861,214	18,744,592
	Materials in transit		260,407,808	368,587,485
			1,063,878,268	1,717,322,020
7	**Other current financial assets**			
	Fixed deposits	7.1	1,976,866,161	1,237,525,917
	Security deposits		2,813,870	2,775,870
	Loans to employees		4,062,035	3,895,915
	Trade receivable		7,917,647	-
			1,991,659,713	1,244,197,702

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

Fixed deposits with:	Credit rating		
Brac Bank Limited	AA	451,235,855	341,791,399
Delta Brac Housing Finance Corporation	AAA	270,770,461	163,727,455
IPDC Finance Limited	AA1	155,047,199	102,586,111
IDLC Finance Limited	AAA	488,414,035	327,887,619
Mutual Trust Bank Limited	AA	303,798,611	-
Standard Chartered Bank	AAA	307,600,000	301,533,333
		1,976,866,161	1,237,525,917

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		Note	30 June 2018 Taka	31 March 2018 Taka
8	**Cash and cash equivalents**			
	Cash in hand		188,962	239,770
	Cash at banks:	Credit rating		
	BRAC Bank Limited	AA	58,966,180	7,347,690
	Citibank N.A.	AAA	4,555	59,692
	Islami Bank Bangladesh Limited	AAA	20,986,064	1,268,514
	Sonali Bank Limited		514,358	514,933
	Standard Chartered Bank	AAA	80,586,750	26,027,375
	Dutch Bangla Bank Limited	AA	6,525,000	-
	The Hongkong and Shanghai Banking Corpe	AAA	1,647,518	14,831,514
			169,230,425	50,049,718
	Fixed deposits	8.1	295,811,369	219,454,284
	Remittance in transit		7,878,445	-
			473,109,201	269,743,772
8.1	**Fixed deposits (having original maturity of three months or less)**			
	Fixed deposits with:	Credit rating		
	IPDC	AA1	101,412,500	-
	Standard Chartered Bank	AAA	194,398,869	219,454,284
			295,811,369	219,454,284
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**

The Company has taken a short term loan of Tk. 300,000,000 for a duration of six months from Citibank N.A. Bangladesh.

		30 June 2018 Taka	30 June 2017 Taka
11	**Revenue**		
	Revenue from domestic operation	2,463,163,304	2,262,949,709
	Revenue from export	6,878,618	-
		2,470,041,922	2,262,949,709

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12 Disclosures as per BSEC notification No BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018

		30 June 2018 Taka	31 March 2018 Taka
12.1	**Calculation of net asset value per share**		
	Total Asset	4,560,852,029	4,458,408,392
	Total liabilities	2,513,333,432	2,965,821,663
	Net asset	2,047,518,597	1,492,586,729
	No of shares	31,500,000	31,500,000
	Net asset value (NAV) per share	65.00	47.38

		30 June 2018 Taka	30 June 2017 Taka
12.2	**Calculation of net opearting cash flow per share (NOCFPS)**		
	Net cash from operating activities	936,916,061	726,221,707
	No of shares	31,500,000	31,500,000
	Net opearting cash flow per share (NOCFPS)	29.74	23.05
12.3	**Reconciliation of net profit with cash flows from opearting activities**		
	Profit after tax	554,931,867	495,021,413
	Adjustment for:		
	- Depreciation	24,806,968	48,121,787
	- Amortization	815,757	1,001,010
	- Interest expense	4,398,333	-
	- Interest income	(41,598,958)	(24,405,499)
	- Gain on sale of property, plant & equipment	(51,314)	(6,000)
	- Tax expense	195,603,508	234,386,050
		738,906,161	754,118,761
	Changes in operating assets and liabilities:		
	Inventories	653,443,752	242,414,431
	Financial assets	(7,688,931)	(3,114,815)
	Other current assets	176,047,350	67,343,971
	Employee benefit	(447,088)	5,290,971
	Trade and other payables	(420,193,839)	(139,722,926)
	Cash generated from operating activities	1,140,067,405	926,330,393
	Interest paid	(1,015,000)	-
	Interest received	9,137,340	2,741,045
	Income tax paid	(211,273,684)	(202,849,731)
	Net cash flows from operating activities	936,916,061	726,221,707

13 Comparative figures

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

14 Subsequent events

14.1 The Board of Directors in its 100th meeting held on 18 July 2018 has declared 1st interim cash dividend @ 150% i.e Tk 15 per share based on 3 months audited financial statements for the period ended on 30 June 2018 .

14.2 The Board of Directors has approved the proposal to sell building floors in name of the Company (4 floors at Zashin Plaza) situated at House#1, Road#1, Sector#1, Uttara, Dhaka.

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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