Independent Auditor's Report
and
Audited Financial Statements
of
Marico Bangladesh Limited
as at and for the three-month period ended 30 June 2022

Independent Auditor's Report
To the Shareholders of Marico Bangladesh Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marico Bangladesh Limited ("the Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the current period. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

- **Revenue recognition**

  Referring to the Note 18 and Note 36.15 to the financial statements, Revenue of BDT 3,646 million is recognized in the statement of profit or loss and other comprehensive income of Marico Bangladesh Limited. This material item is subject to considerable inherent risk due to the risk of being overstated at the end of the reporting period on account of variation in the timing of transfer of control by the management in order to meet expectations of the shareholders and also to achieve performance targets. Accordingly, there could be potential misstatements that revenue made during the period end are not recognised in the correct reporting period.

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Tax & Company Affairs Office: Ivory Krishnachura (5th Floor), 3/1-E, Purana Paltan, Dhaka-1000, Bangladesh; ☎ +880-2-9551103, 9584925, aqasemtax@aqcbd.com

How our audit addressed the key audit matter:

In light of the fact that the high degree of complexity and high volume of transactions give rise to an increased risk of accounting misstatements, we assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit approach included testing of the controls and substantive audit procedures.

- Assessed key controls related to the reporting of revenue; starting from the contract approval to the recognition of sales and subsequent balance of the customer and cash receipt.
- Assessed the invoicing and measurement systems up to entries in the general ledger.
- Analysed and tested customer contracts, invoices and receipts on a sample basis.
- Tested the sales transactions at the close to the period end on a sample basis by reviewing the relevant supporting documents to ensure the completeness of revenue recognition in the current and subsequent accounting period.
- Performed substantive period end cut-off testing by selecting samples of revenue transactions recorded at and after period end, and verified the underlying supporting documents.
- Scrutinised sales returns and reversals, which were recorded in the general ledger subsequent to period end to identify any significant unusual items.

Furthermore, we assessed the accounting effects of new business and price models. We read and analysed the disclosures made in the financial statements.

- **Uncertain Tax Position:**

  Referring to Note 26 & Note 29 of the financial statements, the Company is subject to periodic review by local tax authorities on a range of tax matters during the normal course of business including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges. Judgement is required in assessing the level of provisions and disclosure of contingent liabilities, required in respect of uncertain tax position that reflects management's best estimates of the most likely outcome based on the facts available.

  This was a key audit matter because of the amounts involved and because of the estimation of the likely impact and the final outcome of these matters.

  The Company records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.

  How our audit addressed the key audit matter:

  In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

  - Obtained a listing of all ongoing tax litigations
  - Discussing with the management regarding tax matters, tax jurisdictions and tax communications;
  - Evaluated management's judgment regarding the expected resolution of matters
  - Sought and obtained confirmations from external legal counsel of the company
  - Analysis of responses in letters independently obtained from the tax consultant and external counsels of the Company on various matters
  - Obtained and read the disclosures made in the accompanying financial statements

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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:

i) 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;

ii) 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 these books;

iii) The statement of financial position and 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

iv) The expenditure incurred was for the purposes of the company's business.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: 2-PC7202

Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643

DVC: 2207270643AS271925

Place: Dhaka
Date: 26 July 2022

Marico Bangladesh Limited
Statement of financial position
As at 30 June 2022

	Notes	30 June 2022 BDT	31 March 2022 BDT
Assets			
Property, plant and equipment	5.A	1,023,805,629	981,096,486
Intangible assets	6	8,333	51,883
Right-of-use asset	7	306,439,256	292,715,995
Deferred tax asset	26.A	12,001,321	13,850,105
Advances, deposits and prepayments	8	22,269,839	73,743,809
Investment property	5.B	11,090,688	12,825,500
Other financial assets	9	758,716	726,235
Non-current assets		**1,376,373,782**	**1,375,010,013**
Inventories	10	2,384,630,016	2,332,427,871
Advances, deposits and prepayments	8	1,159,094,906	748,075,043
Other financial assets	9	315,834,300	2,086,909,585
Cash and cash equivalents	11	3,479,593,189	505,194,161
Current assets		**7,339,152,411**	**5,672,606,660**
Total assets		**8,715,526,193**	**7,047,616,673**
Equity			
Share capital	12	315,000,000	315,000,000
Share premium	12.1	252,000,000	252,000,000
Retained earnings		1,733,573,861	2,122,057,310
Total equity		**2,300,573,861**	**2,689,057,310**
Liabilities			
Employee benefit obligation	14	50,082,060	43,669,953
Lease liabilities	15	87,210,127	78,641,492
Non-current liabilities		**137,292,187**	**122,311,445**
Loans and borrowings	13	500,000,000	-
Employee benefit obligation	14	28,903,763	24,414,204
Trade and other payable	16	5,033,350,265	3,548,037,256
Lease liabilities	15	56,283,415	49,476,669
Current tax liabilities	17	659,122,701	614,319,789
Current liabilities		**6,277,660,144**	**4,236,247,918**
Total liabilities		**6,414,952,331**	**4,358,559,363**
Total equity and liabilities		**8,715,526,193**	**7,047,616,673**

Footnotes: *1. Independent auditor's report in page 1 to 4.*
2. The notes 1 to 36 form an integral part of these financial statements.

Christabel Randolph
Company Secretary

Rajat Diwakar
Managing Director

A.Qasem & Co.
Chartered Accountants
RJSC Firm Registration NO: 2-PC 7202

Parveen Mahmud
Director

Elias Ahmed
Chief Financial Officer

Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643

DVC: 2207270643AS271925

Place: Dhaka
Date: 26 July 2022

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Statement of profit or loss and other comprehensive income
For the three-month period ended 30 June 2022

		For the three-month period	
		30 June 2022	30 June 2021
	Notes	BDT	BDT
Revenue	*18*	3,646,505,137	3,344,010,149
Cost of sales	*19*	(1,743,817,167)	(1,448,337,866)
Gross profit		**1,902,687,970**	**1,895,672,283**
Other income	*22.1*	6,395,405	3,169,955
General and administrative expenses	*20*	(257,583,419)	(247,333,566)
Marketing, selling and distribution expenses	*21*	(269,804,750)	(334,197,115)
Other expense	*22.2*	(4,568)	(14,262)
Operating profit		**1,381,690,638**	**1,317,297,295**
Finance income	*23.1*	24,917,553	28,618,798
Finance costs	*23.2*	(3,849,391)	(3,880,343)
Net finance income		21,068,162	24,738,455
Profit before contribution to workers participation fund & welfare fund		**1,402,758,800**	**1,342,035,750**
Contribution to workers participation fund & welfare fund	*24*	70,134,396	67,101,788
Profit before tax		**1,332,624,404**	**1,274,933,962**
Income tax expenses	*26*	(303,607,852)	(194,822,796)
Profit for the year		**1,029,016,552**	**1,080,111,166**
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income for the year		**1,029,016,552**	**1,080,111,166**
Earnings per share			
Basic earnings per share (per value of Tk 10)	*25*	**32.67**	**34.29**

Footnotes: *1. Independent auditor's report in page 1 to 4.*
2. The notes 1 to 36 form an integral part of these financial statements.

Randolph
Christabel Randolph
Company Secretary

Rajat Diwakar
Managing Director

A.Qasem & Co.
Chartered Accountants
RJSC Firm Registration NO: 2-PC 7202

Elias Ahmed
Chief Financial Officer

Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643

DVC: 2207270643AS271925

Place: Dhaka
Date: 26 July 2022

Parveen Mahmud
Director

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Statement of changes in equity
For the three-month period ended 30 June 2022

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total
	BDT	BDT	BDT	BDT
Balance at 1 April 2021	315,000,000	252,000,000	1,069,572,396	1,636,572,396
Total comprehensive income for the period				
Profit for the period	-	-	1,080,111,166	1,080,111,166
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	**1,080,111,166**	**1,080,111,166**
Transactions with owners of the Company				
Contributions and distributions				
Dividend	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 30 June 2021	**315,000,000**	**252,000,000**	**2,149,683,562**	**2,716,683,562**
Balance at 1 April 2022	**315,000,000**	**252,000,000**	**2,122,057,310**	**2,689,057,310**
Profit for the period	-	-	1,029,016,552	1,029,016,552
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**315,000,000**	**252,000,000**	**1,029,016,552**	**1,029,016,552**
Transactions with owners of the Company				
Contributions and distributions				
First interim dividend for the year 2022-2023	-	-	(1,417,500,000)	(1,417,500,000)
Total transactions with owners of the Company	-	-	**(1,417,500,000)**	**(1,417,500,000)**
Balance at 30 June 2022	**315,000,000**	**252,000,000**	**1,733,573,861**	**2,300,573,861**

Footnotes: 1. Independent auditor's report in page 1 to 4.
2. The notes 1 to 36 form an integral part of these financial statements.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Statement of cash flows
For the three-month period ended 30 June 2022

		For the three-month period	
		30 June 2022	**30 June 2021**
	Notes	**BDT**	**BDT**
Cash flows from operating activities			
Collection from customers and others		3,644,834,264	3,270,147,764
Payment to suppliers and for operating expenses		(2,537,780,259)	(2,269,276,215)
Cash generated from operating activities		**1,107,054,005**	**1,000,871,549**
Interest paid		-	(2,024,941)
Interest received		100,865,082	31,380,326
Income tax paid	17.2	(256,956,157)	(167,657,179)
Net cash from operating activities		**950,962,930**	**862,569,755**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(119,516,370)	(165,061,004)
Proceeds from disposal of PPE		870,549	180,092
Encashment of/(Investment in) fixed deposits	9.2	1,700,063,938	(23,189,653)
Net cash used in investing activities		**1,581,418,117**	**(188,070,565)**
Cash flows from financing activities			
Net proceeds from loans and borrowings		500,000,000	-
Repayment of loans and borrowings		-	(250,000,000)
Dividend paid		(43,888,888)	-
Payment of lease liability	15	(14,093,131)	(13,291,494)
Net cash used in financing activities		**442,017,981**	**(263,291,494)**
Net increase in cash and cash equivalents		2,974,399,028	411,207,696
Effect of exchange rate fluctuations on cash held		-	59,514
Opening cash and cash equivalents	11	505,194,161	396,404,261
Closing cash and cash equivalents	11	**3,479,593,189**	**807,671,471**

Footnotes: 1. Independent auditor's report in page 1 to 4.
2. The notes 1 to 36 form an integral part of these financial statements.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Index to the notes of the financial statements

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Notes to the financial statements
For the three-month period ended 30 June 2022

1. Reporting entity

1.1 Company profile

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 corporate address of the Company is at The Glass House, Level 6-7, Plot 2, Block SE(B), Gulshan 1, Dhaka 1212. The Company was initially registered as a private limited company and subsequently converted into a public limited company on 21 September 2008. The Company was listed with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009.

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 Advanced, 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

In accordance with the requirement of the gazette notification issued by The Financial Reporting Council (FRC) on 22 November 2020, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The Company also complied with the requirements of following laws and regulations from various Government bodies:

i. Bangladesh Securities and Exchange Rules 1987;
ii. The Companies Act, 1994;
iii. The Income Tax Ordinance, 1984; and
iv. The Value Added Tax and Supplementary Duty Act, 2012;

The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act, 1994. However, such differences are not material and in the view of management, IFRS format gives a better presentation to the shareholders.

Details of the Company's accounting policies including changes during the period, if any, are included in note 36.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 120th Board of Directors meeting held on 26th July 2022.

2.3 Reporting period

The financial period of the Company covers period ended on 30 June 2022.

2.4 Comparative and reclassification

Comparative information has been disclosed for all numerical, narrative and descriptive information where it is relevant for understanding of the current period financial statements. Comparative figures have been rearranged/reclassified wherever considered necessary, to ensure better comparability with the current period financial statements and to comply with relevant IFRSs.

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.

4. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 estimates are recognised prospectively.

(a) Judgements

Information about judgements related to lessee accounting under IFRS 16 made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is described in note 36.04 & 36.17

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 5	Property plant equipment
Note 5.B	Investment property
Note 6	Intangible assets
Note 10	Inventories
Note 14	Employee benefit obligation
Note 17	Current tax liabilities
Note 26.A	Deferred tax assets
Note 29	Contingent liabilities

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

5. Property, plant and equipment

See accounting policy in Note 36.02

A. Reconciliation of carrying amount

	Freehold land	Plant and machinery	Factory building	Office building	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets under construction	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Cost										
Balance at 1 April 2021	176,749,959	1,064,817,634	231,192,150	207,119,863	73,033,340	35,258,942	84,999,451	24,484,038	112,860,789	2,010,516,166
Asset held for sale adjustments in Opening Balance	-	-	-	136,844,485	-	-	23,356,261	-	-	160,200,746
Additions-Other than Mirsharai unit	-	-	-	-	-	-	-	-	311,449,966	311,449,966
Additions- Mirsharai unit	-	-	-	-	-	-	-	-	40,981,893	40,981,893
Transfer from asset under construction	-	277,065,906	771,880	26,170,433	28,272,028	4,016,570	1,345,150	3,622,789	(341,264,755)	-
Transfer to investment property	-	-	-	(138,784,967)	-	-	(23,356,261)	-	-	(162,141,228)
Disposals	-	(337,654)	(195,702)	-	(963,712)	(100,667)	(1,476,882)	(812,799)	-	(3,887,416)
Balance at 31 March 2022	**176,749,959**	**1,341,545,886**	**231,768,328**	**231,349,814**	**100,341,657**	**39,174,844**	**84,867,719**	**27,294,028**	**124,027,893**	**2,357,120,127**
Balance at 1 April 2022	176,749,959	1,341,545,886	231,768,328	231,349,814	100,341,657	39,174,844	84,867,719	27,294,028	124,027,893	2,357,120,127
Asset held for sale adjustments in Opening Balance	-	-	-	-	-	-	-	-	-	-
Additions-Other than Mirsharai unit	-	-	-	-	-	-	-	-	31,787,797	31,787,797
Additions- Mirsharai unit	-	-	-	-	-	-	-	-	51,800,823	51,800,823
Transfer from asset under construction	-	8,950,460	9,350,746	516,058	51,186,889	355,050	3,828,260	1,265,296	(75,452,760)	-
Transfer to investment property	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(6,302,278)	(733,019)	(638,465)	-	-	(7,673,762)
Balance at 30 June 2022	**176,749,959**	**1,350,496,346**	**241,119,074**	**231,865,871**	**145,226,268**	**38,796,875**	**88,057,514**	**28,559,324**	**132,163,753**	**2,433,034,985**
Accumulated depreciation and impairment loss										
Balance at 1 April 2021	-	798,686,656	209,299,038	67,178,308	60,752,143	25,842,426	64,110,249	12,779,081	-	1,238,647,901
Asset held for sale adjustments in Opening Balance		-		105,997,772	-	-	18,337,509	-	-	124,335,281
	-	94,950,572	1,471,719	28,730,638	14,398,317	5,131,611	16,124,499	4,027,715	-	164,835,071
Impairment loss (reversal of impairment) of PPE	-	5,898,787	-	-	(4,761,389)	-	-		-	1,137,398
Transfer to investment property	-	-	-	(125,959,467)	-	-	(23,356,261)	-	-	(149,315,728)
Disposals	-	(337,654)	(155,155)	-	(842,276)	(81,180)	(1,396,204)	(803,814)	-	(3,616,283)
Balance at 31 March 2022	-	**899,198,361**	**210,615,602**	**75,947,251**	**69,546,795**	**30,892,857**	**73,819,793**	**16,002,982**	-	**1,376,023,640**
Balance at 1 April 2022	-	899,198,361	210,615,602	75,947,251	69,546,795	30,892,857	73,819,793	16,002,982	-	1,376,023,640
Depreciation for the period	-	26,465,020	411,138.95	2,265,153	4,004,001	1,070,040	2,939,607	1,094,795	-	38,249,755
Impairment loss (reversal of impairment) of PPE	-	2,588,387	-	-	-	-	-	-	-	2,588,387
Disposals	-	-	-	-	(6,274,045)	(733,019)	(625,359)	-	-	(7,632,423)
Balance at 30 June 2022	-	**928,251,768**	**211,026,741**	**78,212,404**	**67,276,751**	**31,229,878**	**76,134,041**	**17,097,776**	-	**1,409,229,359**
Carrying amounts										
At 31 March 2022	**176,749,959**	**442,347,525**	**21,152,726**	**155,402,563**	**30,794,861**	**8,281,987**	**11,047,926**	**11,291,046**	**124,027,893**	**981,096,486**
At 30 June 2022	**176,749,959**	**422,244,578**	**30,092,334**	**153,653,468**	**77,949,517**	**7,566,997**	**11,923,473**	**11,461,548**	**132,163,753**	**1,023,805,629**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

B. Investment property

See accounting policy in Note 36.05

	30 June 2022 BDT	31 March 2022 BDT
Office building	12,825,500	138,784,967
Depreciation for the period ended (Office building)	(1,734,812)	(125,959,467)
	11,090,688	**12,825,500**

** Due to change of management decision from selling the property (Uttara office building) to rent the property, the relevant assets have been transferred from Asset held for sales category to investment property.

C. Allocation of Depreciation

	30 June 2022 BDT	31 March 2022 BDT
Cost of Sales	32,891,430	21,290,715
General and administrative expense	9,681,522	9,947,949
	42,572,953	**31,238,664**

6. Intangible assets

See accounting policy in Note 36.03

	Computer software	
	30 June 2022	31 March 2022
	BDT	BDT
Cost		
Opening balance	23,261,875	22,061,875
Additions	-	1,200,000
Disposals	-	-
Closing balance	**23,261,875**	**23,261,875**
Accumulated amortisation		
Opening balance	23,209,991	21,835,791
Amortisation during the period	43,550	1,374,200
Disposals	-	-
Closing balance	**23,253,541**	**23,209,991**
Carrying amount	**8,334**	**51,884**

7. Right-of-use asset

See accounting policy in Note 36.04

	Right-of-use asset	
	30 June 2022	31 March 2022
	BDT	BDT
Cost		
Opening balance	420,063,229	241,332,175
Additions-other than Mirsharai unit	27,785,679	6,722,593
Additions-Mirsharai unit	-	172,800,922
Disposal	(416,181)	(792,461)
Closing balance	**447,432,727**	**420,063,229**
Accumulated depreciation		
Opening balance	127,347,234	76,738,542
Addition/ Adjustment	13,646,233	51,139,195
Disposal	-	(530,503)
Closing balance	**140,993,467**	**127,347,234**
Carrying amount	**306,439,256**	**292,715,995**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

8. Advances, deposits and prepayments

	30 June 2022 BDT	31 March 2022 BDT
Advances		
Advance for capital goods	93,869,503	57,509,956
Advance to suppliers and others	1,066,435,449	737,479,714
	1,160,304,952	**794,989,670**
Deposits		
Security deposits	11,229,955	11,125,498
	11,229,955	**11,125,498**
Prepayments		
Prepaid expenses	9,829,840	15,703,684
	1,181,364,746	**821,818,852**

8.1 Current and non-current classification of advances, deposits and prepayments

	30 June 2022 BDT	31 March 2022 BDT
Current	1,159,094,907	748,075,043
Non-current	22,269,839	73,743,809
	1,181,364,746	**821,818,852**

9. Other financial assets

	Notes	30 June 2022 BDT	31 March 2022 BDT
Fixed deposits	*9.2*	242,318,258	1,942,382,196
Trade receivables		57,162,485	52,229,788
Loans to employees		1,587,152	1,537,577
Accrued interest		15,525,122	91,486,259
		316,593,017	**2,087,635,820**

9.1 Current and non-current classification of other financial assets

	30 June 2022 BDT	31 March 2022 BDT
Current	315,834,301	2,086,909,585
Non-current	758,716	726,235
	316,593,017	**2,087,635,820**

9.2 Fixed deposits

	30 June 2022 BDT	31 March 2022 BDT
BRAC Bank Limited	-	300,000,000
The City Bank Limited	-	150,000,000
IPDC Finance Limited	105,393,687	309,379,333
IDLC Finance Limited	136,924,571	394,817,863
Commercial Bank of Ceylon	-	388,158,000
Bank Alfalah	-	400,000,000
	242,318,258	**1,942,355,196**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

10. Inventories

See accounting policy in Note 36.06

	30 June 2022 BDT	31 March 2022 BDT
Raw materials	1,283,731,438	1,406,999,187
Packing materials	333,281,621	278,205,653
Finished goods	391,975,633	391,631,322
Stores and spares	27,647,489	25,261,419
Materials in transit	347,993,834	230,330,289
	2,384,630,015	**2,332,427,871**

11. Cash and cash equivalents

See accounting policy in Note 36.07

	Notes	30 June 2022 BDT	31 March 2022 BDT
Cash at bank	*11.1*	2,042,725,527	497,055,828
Fixed deposits	*11.2*	1,429,870,550	-
Balance with bank for unclaimed dividend		6,997,110	8,138,333
		3,479,593,189	**505,194,161**

11.1 Cash at bank

	30 June 2022 BDT	31 March 2022 BDT
BRAC Bank Limited	96,318,909	44,520,844
Citibank N.A.	396,606,588	1,607,081
Islami Bank Bangladesh Limited	2,052,940	6,689,940
Sonali Bank Limited	12,514,276	2,754,523
Standard Chartered Bank	1,205,476,296	425,793,218
The Hongkong and Shanghai Banking Corporation Ltd.	7,771,603	7,719,415
Eastern Bank Limited	246,590,270	1,071,792
Dutch Bangla Bank Limited	2,000	250,000
The City Bank Limited	75,392,645	6,649,014
	2,042,725,527	**497,055,828**

11.2 Fixed deposits (maturity less than three months)

	30 June 2022 BDT	31 March 2022 BDT
BRAC Bank Limited	307,466,250	-
IPDC Finance Limited	102,675,000	-
Commercial Bank of Ceylon	136,782,500	-
Eastern Bank Limited	210,000,000	-
Standard Chartered bank	167,941,800	-
Delta Brac Housing Finance Corporation	100,000,000	-
Bank Alfalah	405,005,000	-
	1,429,870,550	**-**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

12. Share capital

See accounting policy in Note 36.09

	30 June 2022	31 March 2022
	BDT	BDT
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

12.1 Share premium

	No. of share	
	30 June 2022	31 March 2022
Holdings		
Share premium on paid up share capital	252,000,000	252,000,000
	252,000,000	252,000,000

13. Loans and borrowings

	30 June 2022	31 March 2022
	BDT	BDT
Short term loan	500,000,000	-
	500,000,000	-

14. Employee benefit obligation

See accounting policy in Note 36.11

	30 June 2022	31 March 2022
	BDT	BDT
Provision for gratuity	49,865,434	41,704,423
Provision for leave encashment	29,120,390	26,379,735
	78,985,824	68,084,158
Current	28,903,763	24,414,204
Non-Current	50,082,060	43,669,953
	78,985,824	68,084,157

15. Lease liabilities

See accounting policy in Note 36.17

The Company leases many assets, including properties, warehouses, depots sales offices and land. Total number of lease assets is twenty and average terms of period of lease is four to fifty years. The incremental borrowing rate (IBR) ranges from 3.90% to 10.40%. The factory leases were entered into many years ago as combined leases of land and buildings. The following table sets out a maturity analysis of lease payables, showing the undiscounted lease payments to be paid after the reporting date.

	30 June 2022	31 March 2022
	BDT	BDT
Less than one year	56,333,176	49,476,673
One to two years	45,749,143	53,963,404
Two to three years	14,424,493	8,149,986
Three to four years	18,267,650	11,144,568
Three to four years	8,719,080	5,383,534
More than five years	-	-
	143,493,542	128,118,165

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Lease liabilities included in the statement of financial position

	30 June 2022 BDT	31 March 2022 BDT
Current	56,283,415	49,476,669
Non-Current	87,210,127	78,641,492
	143,493,542	**128,118,165**

Amounts recognised in profit or loss

	30 June 2022 BDT	31 March 2022 BDT
Interest on lease liabilities	2,099,010	9,411,049
Expenses related to short-term leases	-	-
	2,099,010	**9,411,050**

Amounts recognised in the statement of cash flows

	30 June 2022 BDT	31 March 2022 BDT
Lease rental	14,093,131	227,445,375
Security deposit	-	-
Total cash outflow for lease liabilities and interest payments	**14,093,131**	**227,445,375**

16. Trade and other payables

	Notes	30 June 2022 BDT	31 March 2022 BDT
Trade payables	*16.1*	1,697,080,097	1,320,963,934
Other payables	*16.2*	3,336,270,169	2,227,073,320
		5,033,350,265	**3,548,037,254**

16.1 Trade payables

	30 June 2022 BDT	31 March 2022 BDT
Intercompany trade payable		
Payable against raw material	652,009,001	468,683,405
Payable against packing material	-	3,330,329
	652,009,001	**472,013,734**
Third party trade payable		
Payable against raw material	248,710,873	154,777,317
Payable against services	579,251,337	579,892,305
Payable against packing material	216,450,154	113,941,766
Payable against finished goods	658,732	338,813
	1,045,071,096	**848,950,200**
	1,697,080,097	**1,320,963,934**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

16.2 Other payables

	30 June 2022 BDT	31 March 2022 BDT
Intercompany other payable		
Royalty payable	157,309,442	122,503,570
General and technical assistance fees payable	189,629,396	175,229,505
Payable against capital goods	178,952	3,396,608
Dividend payable	1,148,175,000	-
	1,495,292,791	**301,129,683**
Third party other payable		
Payable against expenses	444,209,361	501,301,644
Payable against business promotion expense	689,965,912	789,221,105
Import duty and related charges payable	190,526,557	183,188,039
Withholding tax and VAT payable	24,535,509	6,692,649
Workers' profit participation and welfare fund	57,099,608	236,698,275
Festival bonus	12,670,290	8,226,709
Advance from customers	106,587,651	108,859,723
Payable against capital goods	46,310,196	45,290,470
Unclaimed dividend	6,997,110	8,138,333
Dividend payable	225,436,111	-
Audit fees payable	336,000	850,000
Interest accrued on loans	923,611	-
Supplementary duty	35,379,462	37,476,693
	1,840,977,378	**1,925,943,639**
	3,336,270,169	**2,227,073,322**

17 Current tax liabilities

	Notes	30 June 2022 BDT	31 March 2022 BDT
Provision for income tax	*17.1*	7,057,398,528	6,755,639,460
Advance income tax	*17.2*	(6,398,275,828)	(6,141,319,670)
		659,122,701	**614,319,789**

17.1 Provision for income tax

	30 June 2022 BDT	31 March 2022 BDT
Opening balance	6,755,639,460	5,817,546,371
Provision for current period/year	306,992,172	1,041,906,778
Provision for prior year:		
Assessment year 2016-2017	(5,233,104)	-
Assessment year 2021-2022	-	(103,813,689)
	7,057,398,528	**6,755,639,460**

17.2 Advance income tax

	30 June 2022 BDT	31 March 2022 BDT
Opening balance	6,141,319,671	5,213,286,943
Payment during the year:		
Payment for current period/year	90,420,962	640,883,657
Payment for prior year:		
Assessment year 2015-2016	-	826,880
Assessment year 2016-2017	-	-
Assessment year 2017-2018	-	14,120,614
Assessment year 2021-2022	-	272,201,577
Assessment year 2022-2023	166,535,195	-
	6,398,275,828	**6,141,319,671**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

17.3 Year wise break up of provision for current tax and balance of advance income tax for open years

Accounting year/period ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status
30 June 2022	2023-24	306,992,172	90,420,962	
31 March 2022	2022-23	1,041,906,778	807,418,852	
31 March 2021	2021-22	964,603,887	928,793,589	Return submitted
31 March 2020	2020-21	908,685,698	859,770,282	Return submitted
31 March 2019	2019-20	715,903,898	714,242,632	At High Court
31 March 2018	2018-19	603,956,939	560,411,195	Open at DCT level
31 March 2017	2017-18	511,139,076	496,953,399	Open at DCT level
31 March 2016	2016-17	536,229,894	518,801,912	Open at CT level
31 March 2015	2015-16	502,672,641	482,334,513	Open at CT level
31 March 2014	2014-15	475,304,697	468,166,315	At High Court
31 March 2013	2013-14	279,549,372	234,442,800	At TAT*
31 March 2012	2012-13	206,588,040	236,519,377	At TAT*
30 September 2008	2009-10	9,098,540	-	At TAT*
		7,062,631,630	**6,398,275,827**	

*Taxes Appellate Tribunal

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

18. Revenue

See accounting policy in Note 36.15

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Parachute coconut oil	2,344,182,218	2,167,530,199
Value added hair oil (VAHO)	1,012,560,876	938,311,232
Color	11,031,711	11,713,889
Health & Beauty	98,708,324	76,402,465
Baby Segment	41,309,213	23,066,308
Others	138,712,795	126,986,056
	3,646,505,137	3,344,010,150

*Others include male grooming, byproduct & others

18.1 Breakup of local/export revenue

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Revenue from domestic operation	3,622,052,514	3,292,574,677
Revenue from export	24,452,623	51,435,472
	3,646,505,137	3,344,010,149

19. Cost of sales

		For the three-month period ended	
		30 June 2022	30 June 2021
	Notes	BDT	BDT
Opening stock of finished goods		391,631,322	304,234,340
Cost of goods manufactured	*19.1*	1,744,161,478	1,472,039,121
		2,135,792,800	1,776,273,461
Closing stock of finished goods		(391,975,633)	(327,935,595)
		1,743,817,167	1,448,337,866

19.1 Cost of goods manufactured

		For the three-month period ended	
		30 June 2022	30 June 2021
	Note	BDT	BDT
Materials consumed	*19.1.1*	1,631,590,894	1,382,408,536
Factory overhead	*19.1.2*	112,570,584	89,630,585
		1,744,161,478	1,472,039,121

19.1.1 Materials consumed

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Opening stock of raw materials, packing materials and others	1,940,796,549	1,676,217,438
Purchases during the period	1,683,448,728	1,288,857,322
Closing stock of raw materials, packing materials and others	(1,992,654,383)	(1,582,666,224)
	1,631,590,894	1,382,408,536

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

19.1.2 Factory overhead

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Communication expenses	149,449	72,656
Cost of outsourced human resources	28,511,340	24,012,209
Depreciation	30,303,045	21,290,715
Entertainment	2,332,169	2,664,410
Power expenses	22,495,731	17,775,435
Printing and stationery	89,265	170,800
Repairs and maintenance	1,929,141	1,208,589
Salaries and allowances	18,793,139	17,270,632
Security charges	2,184,958	1,495,230
Travelling and conveyance	1,735,797	1,476,442
Impairment	2,588,387	-
Warehouse rent	1,458,164	2,193,467
	112,570,584	89,630,585

20. General and administrative expenses

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Salaries and allowances	113,352,616	111,243,549
Gratuity	8,161,011	7,966,950
Rent, rates and taxes	2,097,905	2,898,848
Professional and legal charges	5,021,653	4,114,321
Security charges	457,135	360,166
Stamp and license fees	1,971,272	3,078,485
Directors' remuneration and fees	8,984,713	14,501,691
Repair and maintenance	1,584,876	3,764,489
Communication expenses	989,469	210,119
Subscription to trade association	25,368	36,775
Entertainment	5,524,994	3,594,031
Printing and stationery	54,939	515,805
Vehicle running expenses	9,217,398	5,881,597
Travelling and conveyance	3,905,834	3,180,877
Audit fees	168,000	500,000
Insurance premium	6,139,424	4,194,230
Bank charges	1,710,442	1,059,149
AGM and public relation	2,110,233	2,456,680
Conference and training	1,148,148	-
Amortisation	43,550	43,550
Royalty	34,805,872	31,402,898
Depreciation	9,681,522	9,947,949
Depreciation on right-of-use asset	13,646,237	11,981,610
General and technical assistance fees	18,350,574	15,097,947
CSR expense	8,430,232	9,301,850
	257,583,419	247,333,566

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

21. Marketing, selling and distribution expenses

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Advertisement, travelling and communication expense	204,688,533	270,280,222
Business promotion expenses	7,245,432	5,142,837
Other selling & distribution expenses	17,813,089	17,962,706
Entertainment	2,295,691	1,889,335
Free sample	356,757	6,324,525
Freight- outward	21,902,992	21,036,086
Market research expenses	15,502,256	11,561,404
	269,804,750	334,197,115

22 Other income/(expense)

		For the three-month period ended	
		30 June 2022	30 June 2021
	Note	BDT	BDT
Other income	*22.1*	6,395,405	3,169,955
Other expenses	*22.2*	(4,568)	(14,262)
		6,390,837	3,155,693

22.1 Other income

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Gain on sale of PPE	875,119	14,875
Gain on lease modification	175,219	-
Insurance claim	-	170,472
Sale of RM PM	-	1,562,058
Rental income	1,722,000	-
Scrap sales	3,623,067	1,422,550
	6,395,405	3,169,955

22.2 Other expenses

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Loss on sale of PPE	(4,568)	(14,262)
	(4,568)	(14,262)

23. Net finance income

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Finance income	24,917,553	28,618,798
Finance costs	(3,849,391)	(3,880,343)
	21,054,554	24,738,455

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

23.1 Finance income

See accounting policy in Note 36.16

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Interest on fixed deposits	23,708,816	23,832,638
Interest on call deposits	1,195,129	4,686,682
Interest on staff loan	13,608	99,478
	24,917,553	28,618,798

23.2 Finance costs

See accounting policy in Note 36.16

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Interest on overdraft and loans	923,611	1,132,869
Foreign exchange (gain)/loss	826,770	329,910
Interest on lease	2,099,010	2,417,564
	3,849,391	3,880,343

24. Contribution to WPPF

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Profit before contribution to WPPF	1,402,758,800	1,342,035,750
Applicable contribution rate	5%	5%
	70,134,396	67,101,788

The Company operates a fund for workers as workers' profit participation and welfare fund and provides 5% of its profit before workers' profit participation fund (WPPF) and tax as per provision of the Bangladesh Labour Act 2006.

25. Earnings per share

See accounting policy in Note 36.20

25.1 Basic earnings per share

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Profit attributable to ordinary shareholders (net profit after tax)	1,029,016,552	1,080,111,166
Weighted average number of ordinary shares outstanding during the period	31,500,000	31,500,000
Earnings per share (EPS) in Taka	32.67	34.29

25.2 Diluted earnings per share

As per IAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. The Company has no dilutive instruments and hence reporting of diluted earning per share is not applicable.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

26 Income tax expenses

See accounting policy in Note 36.14

Amounts recognised in profit or loss

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Current tax expense		
Current period	306,992,172	295,326,269
Adjustment for prior periods	(5,233,104)	(103,813,689)
	301,759,068	**191,512,580**
Deferred tax expense	1,848,784	3,310,216
	303,607,852	**194,822,796**

A. Movement in deferred tax balances

30 June 2022

	Net balance at 1 April	Recognised in profit /loss	Recognised in OCI	Net	Balance as at 30 June: Deferred tax assets	Balance as at 30 June: Deferred tax liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(2,918,968)	1,848,784	-	(1,070,184)	(1,070,184)	-
Provision for leave encashment	(5,935,440)		-	(5,935,440)	(5,935,440)	-
RoU assets and lease liability under IFRS 16	(4,995,696)		-	(4,995,696)	-	(4,995,696)
Net deferred tax (assets)/liabilities	**(13,850,104)**	**1,848,784**	**-**	**(12,001,320)**	**(7,005,624)**	**(4,995,696)**

31 March 2022

	Net balance at 1 April	Recognised in profit /loss	Recognised in OCI	Net	Balance as at 31 March: Deferred tax assets	Balance as at 31 March: Deferred tax liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(12,069,256)	9,150,288	-	(2,918,968)	(2,918,968)	-
Provision for leave encashment	(6,152,199)	216,759	-	(5,935,440)	(5,935,440)	-
RoU assets- Impact of IFRS 16	(946,447)	(4,049,249)	-	(4,995,696)	-	(4,995,696)
Net deferred tax (assets)/liabilities	**(19,167,902)**	**5,317,798**	**-**	**(13,850,104)**	**(8,854,408)**	**(4,995,696)**

27. Related party transactions

27.1 Parent and ultimate controlling party

Marico Limited, India has 90% shareholding of the Company. As a result, the parent of the Company is Marico Limited, India. The ultimate controlling party of the Company is Marico Limited, India.

27.2 Transactions with key management personnel

	30 June 2022	30 June 2021
	BDT	BDT
Directors' remuneration and fees	8,508,460	14,501,691
	8,508,460	14,501,691

Compensation for the Company's key management personnel includes salaries & meeting fees. These expenses are included in administrative expenses.

27.3 Other related party transactions

During the period 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 IAS 24 *Related party disclosure*.

27.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction amount		Balance as at	
			30 June 2022	31 March 2022	30 June 2022	31 March 2022
			BDT	BDT	BDT	BDT
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	223,593,328	223,593,328	136,746,176	166,408,080
		Purchase of Asset	-	3,199,425	178,952	3,396,608
		Sales of FG and SFG	-	-	-	-
		Royalty	34,805,872	122,503,570	157,309,442	122,503,570
		Dividend	1,275,750,000	2,268,000,000	1,148,175,000	-
		General and technical assistance fees	-	87,142,865	189,629,396	175,229,505
		Sales of RM	-	880,373	-	-

27.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction amount		Balance as at	
			30 June 2022	31 March 2022	30 June 2022	31 March 2022
			BDT	BDT	BDT	BDT
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	769,856,024	2,046,223,062	515,262,825	305,605,654
Marico South East Asia	Associated company	Sales of RM	-	2,599,715	-	-

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28. Disclosures as per BSEC notification no. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018

28.1 Calculation of net asset value per share

	As at	
	30 June 2022	31 March 2022
	BDT	BDT
Net asset	2,300,573,862	2,689,057,309
Number of shares	31,500,000	31,500,000
Net asset value (NAV) per share	**73.03**	**85.37**

28.2 Calculation of net operating cash flow per share (NOCFPS)

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Net cash from operating activities	950,962,930	862,569,755
No. of shares	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	**30.19**	**27.38**

28.3 Reconciliation of net profit with cash flows from operating activities

	For the three-month period ended	
	30 June 2022	30 June 2021
	BDT	BDT
Profit after tax	1,029,016,552	1,080,111,166
Adjustment for:		
Depreciation	53,630,804	43,220,273
Amortisation	43,550	43,550
Interest expense	923,611	1,132,869
Unrealized foreign Currency gain	-	(59,514)
Interest on staff loan	13,608	-
Interest on lease	2,099,010	2,417,564
Interest income	(24,917,553)	(28,618,798)
Gain on sale of PPE	(870,551)	(613)
Tax expense	303,607,852	194,822,796
Gain on disposal of treasury bond	-	-
	1,363,546,883	**1,293,069,295**
Changes in operating assets and liabilities:		
Inventories	(52,202,143)	69,849,958
Advances, deposits and prepayments	(323,186,346)	(8,993,110)
Other financial assets	(4,982,271)	(149,667,440)
Employee benefit obligation	10,901,666	14,809,213
Trade and other payable	112,976,216	(218,196,366)
Cash generated from operating activities	**1,107,054,008**	**1,000,871,550**
Interest paid	-	(2,024,941)
Interest received	100,865,082	31,380,326
Income tax paid	(256,956,157)	(167,657,179)
Net cash flows from operating activities	**950,962,933**	**862,569,755**

29. Contingent liabilities

The Company has contingent liability of approximately BDT 1,123,100,000 as on 30 June 2022 in respect of indirect tax (VAT) and workers' profit participation & welfare fund. These are being vigorously defended by the Company. The management does not consider that it is appropriate to make provision in respect of any of these claims.

The Company has ordinary letter of credit amount of Taka 50,529,641 Standard Chartered Bank and Taka 3,000,000 with CITI Bank NA. Shipping guarantee of Taka 1,470,359.23 with Standard Chartered Bank, Taka 528,447.17 with Hongkong and Shanghai Banking Corporation and Taka 3,000,000 with CITI Bank NA.

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30. Capital management

For the purpose of the company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

To maintain or adjust capital structure, the Company may adjust the amount of dividend, return on capital, issue new share or obtain long term-debt. All major investment and financing decisions, as a part of its capital management, are evaluated and approved by its Board of Directors.

No changes were made in the objectives, policies or processes for managing capital during the period ended 30 June 2022.

31. Segment information

The Company essentially provides similar products to customers across the country. Business activities in which it engages and the economic environments in which it operates are of similar nature. Its business is not segmented by products or geographical areas and its operating result is viewed as a whole by its management. Hence, segment information is not relevant for the Company.

32. Subsequent events

The Board of Directors of Marico Bangladesh Limited at its 120th meeting held on 26th July 2022 has declared 300% interim cash dividend i.e. 30TK per share, amount to total Taka 945,000,000 for the period ended 30th June 2022

33. Financial instruments - fair values and financial risk management

33.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. 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.

30 June 2022

Particulars	Notes	Carrying amount						
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	Total
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	9	-	-	-	-	4	-	4
Loan to employees	9	-	-	-	-	1,587,152	-	1,587,152
Trade receivables	9	-	-	-	-	57,162,485	-	57,162,485
Cash and cash equivalents	11	-	-	-	-	3,479,593,189	-	3,479,593,189
		-	-	-	-	**3,538,342,830**	-	**3,538,342,830**
Financial liabilities measured at fair value		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Loans and borrowings	13	-	-	-	-	-	500,000,000	500,000,000
Trade and other payables	16	-	-	-	-	-	5,033,350,265	5,033,350,265
Lease liabilities	15	-	-	-	-	-	143,493,542	143,493,542
		-	-	-	-	-	**5,676,843,807**	**5,676,843,807**

33. Financial instruments - fair values and financial risk management (continued)

33.1 Accounting classifications and fair values (continued)

31 March 2022

Particulars	Notes	Carrying amount						
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	Total
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	9	-	-	-	-	1,942,382,196	-	1,942,382,196
Loan to employees	9	-	-	-	-	1,537,577	-	1,537,577
Trade receivables	9	-	-	-	-	52,229,788	-	52,229,788
Cash and cash equivalents	11	-	-	-	-	505,194,161	-	505,194,161
		-	-	-	-	**2,501,343,721**	-	**2,501,343,721**
Financial liabilities measured at fair value		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Loans and borrowings	13	-	-	-	-	-	-	-
Trade and other payables	16	-	-	-	-	-	3,548,037,254	3,548,037,254
Lease liabilities	15	-	-	-	-	-	128,118,165	128,118,165
		-	-	-	-	-	**3,676,155,419**	**3,676,155,419**

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33.2 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

33.2.1 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:

	Notes	30 June 2022	31 March 2022
		BDT	BDT
Financial assets			
Fixed deposits	9	242,318,258	1,942,382,196
Loans to employees	9	1,587,152	1,537,577
Trade receivables	9	57,162,485	52,229,788
Cash and cash equivalents	11	3,479,593,189	505,194,161
		3,780,661,084	**2,501,343,721**

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33.2 Financial risk management (continued)

33.2.2 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:

	Notes	Carrying amount	Contractual cash flows					
			Expected cash flow	6 months or less	6-12 months	1- 2 years	2- 5 years	More than 5 years
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
30 June 2022								
Loans and borrowings	13	500,000,000	500,000,000	500,000,000	-	-	-	-
Trade and other payables	16	5,033,350,265	5,033,350,265	5,033,350,265	-	-	-	-
Lease liabilities	15	143,493,542	143,493,542	56,333,176	45,749,143	14,424,493	18,267,650	-
		5,676,843,807	**5,676,843,807**	**5,589,683,442**	**45,749,143**	**14,424,493**	**18,267,650**	-
31 March 2022								
Loans and borrowings	13	-	-	-	-	-	-	-
Trade and other payables	16	3,548,037,254	3,548,037,256	3,548,037,256	-	-	-	-
Lease liabilities	15	128,118,165	128,118,165	27,628,104	28,352,033	57,413,676	14,724,352	-
		3,676,155,419	**3,676,155,421**	**3,575,665,360**	**28,352,033**	**57,413,676**	**14,724,352**	-

33.2.3 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 30 June 2022 are as follows:

	30 June 2022	31 March 2022
	USD	USD
Import of goods and services	(6,735,914)	(4,335,687)
Bank balance	419,180	2,179,283
	(6,316,734)	**(2,156,404)**

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

	Average rate		Year-end spot rate	
	30 June 2022	31 March 2022	30 June 2022	31 March 2022
Exchange rate (BDT/USD)	88.59	93.30	86.22	86.22

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.

	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2022	BDT	BDT	BDT	BDT
USD (1% movement)	**(5,446,036)**	**5,446,036**	**(5,446,036)**	**5,446,036**
31 March 2022	BDT	BDT	BDT	BDT
USD (1% movement)	**(1,859,165)**	**1,859,165**	**(1,859,165)**	**1,859,165**

i) 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 30 June 2022, the interest rate profile of the Company's interest bearing financial instruments was:

	30 June 2022	31 March 2022
	BDT	BDT
Fixed rate instruments		
Financial assets		
Fixed deposit receipts	**242,318,258**	**1,942,382,196**
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

34. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 36.11.

35. Standards issued but not yet effective

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this adoption does not have any impact on the financial statements of the Company.

A number of new standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are effective form 1 April 2020.

- Amendments To References To Conceptual Framework in IFRS Standards.
- IFRS 17: Insurance Contracts.
- IAS 1 and IAS 8: Definition of Material
- IAS 1: Classification of Liabilities as Current or Non-current
- IAS 16: Proceeds before Intended Use
- IAS 37: Costs of Fulfilling a Contract
- IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41: Taxation in fair value measurements
- IAS 8: Definition of Accounting Estimates

36. Significant accounting policies

The Company has consistently (otherwise as stated) applied the following accounting policies to all periods presented in these financial statements.

Note	Particulars
36.01	Foreign currency transactions
36.02	Property, plant and equipment
36.03	Intangible assets
36.04	Right of use asset
36.05	Investment Property
36.06	Inventories
36.07	Cash and cash equivalents
36.08	Financial instruments
36.09	Share capital
36.10	Dividend to the equity holders
36.11	Employee benefits
36.12	Accruals
36.13	Provisions
36.14	Income tax
36.15	Revenue
36.16	Finance income and finance cost
36.17	Lease liabilities
36.18	Impairment
36.19	Contingencies
36.20	Earnings per share
36.21	Events after the reporting period

36.01 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 (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 (BDT) at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

36.02 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 cost

Subsequent cost of an item of property, plant and equipment is capitalised only if it is probable that future economic benefits embodied within the item 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

No depreciation is charged on land and asset under construction (AuC) as the land has unlimited useful life and AuC has not yet been placed in service /commissioned.

Other items of property, plant and equipment is depreciated on a straight line basis in profit or loss over the estimated useful lives of each item of property, plant and equipment. 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 charged from the month of acquisition of property, plant and equipment and no depreciation is charged in the month of disposal.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative period are as follows:

Assets	Depreciation rate
Plant and machinery	10-33%
Factory equipment	20-33%
Moulds	15-33%
Factory building	5-20%
Laboratory equipment	20-33%
Office equipment	33-50%
Computers	33-50%
Furniture and fixtures	20-50%
Office building	10-20%
A.C and refrigerators	20-33%

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iv) **Derecognition**

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

v) **Asset under construction**

Asset under construction 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.

vi) **Capitalisation of borrowing costs**

As per the requirements of IAS 23 *Borrowing Costs*, directly attributable borrowing costs are capitalised during construction period for all qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

36.03 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 IAS 38 *Intangible assets*. Intangible assets include cost of acquisition of computer software, intellectual property, copyright and other costs incidental to such capital expenditure.

ii) **Subsequent costs**

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss as incurred.

iii) **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 asset (Computer Software) is amortised at the rate of 20% to 33%.

iv) **Derecognition**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss.

36.04 Right of use asset

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

36.05 Investment Property

Investment property is land or a building (including part of a building) or both that is:
- held to earn rentals or for capital appreciation or both;
- not owner-occupied;
- not used in production or supply of goods and services, or for administration; and
- not held for sale in the ordinary course of business.

Investment property may include investment property that is being redeveloped.

An investment property is measured initially at cost. For subsequent measurement an entity must adopt either the fair value model or the cost model as its accounting policy for all investment properties.

Under the cost model, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Fair value is disclosed. Gains and losses on disposal are recognised in profit or loss.

36.06 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. Stores and spares and material in transit are measured at cost.

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

36.07 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short term commitments.

36.08 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

36.08 Financial instruments (continued)
Financial assets – business model assessment: policy applicable from 1 April 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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Financial assets – subsequent measurement and gains and losses: policy applicable from 1 April 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets includes cash and cash equivalents, trade and other receivables and short term investment.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

36.08 Financial instruments (continued)

(c) 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 carried as financial assets at amortised cost. 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.

iii. Financial liability

All financial liabilities are recognised initially 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.

Financial liabilities include trade and other payables etc.

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(a) Trade and other payables

The Company recognises trade and intercompany payables 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 economic benefits.

(b) Loans and borrowings

The Company derecognises loans and borrowings when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises loans and borrowings when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

36.09 Share capital

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

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

36.10 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.

36.11 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 plan (Gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees. This scheme is 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. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

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iii) **Leave encashment**

The Company operates unfunded leave encashment scheme, i.e. if its employees do not avail leave during his/her service, s/he will be entitled to encash privilege leave at the time of separation from the Company subject to maximum 40 days, at the rate of one month's basic pay for 30 days of privilege leave. This scheme is qualified as other long term employee benefits.

The Company's net obligation in respect of leave encashment scheme is the amount of future benefit that employees have earned in return for their service in the current and prior periods and the calculation is performed annually by a qualified actuary.

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

The Company operates fund for workers as workers' profit participation and welfare fund ("the Fund") and provides 5% of its profit before tax as per provision of the Bangladesh Labour Act 2006. The Company recognises the contribution to the fund as short term employee benefits.

The Fund is governed by Bangladesh Labour Act, 2006 as amended up to 28 September 2015 and the trust deed.

36.12 Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amongst due to employees. Accruals are reported as part of trade and other payables.

36.13 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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.

36.14 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. Provision for corporate income tax is made following the rate applicable for companies as per Finance Act 2022 i.e. 22.5%.

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.

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36.15 Revenue

The Company has initially applied IFRS 15 *Revenue from contracts with customers* from 1 April 2018. The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, IFRS 15 establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

36.16 Finance income and finance cost

i) Finance income

Finance income comprises interest income on funds invested and 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.

36.17 Lease liabilities

The lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liabilities is subsequently increased by the interest cost on the lease liabilities and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

36.18 Impairment

i. Financial assets

The Company recognises loss allowances for ECLs on:
- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ii) Non-financial assets

The carrying amounts of the Company's 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 in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

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.

Impairment losses are recognised in profit or loss. 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.

36.19 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.

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36.20 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS 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.

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, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

36.21 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.