Marico Bangladesh Limited

Independent Auditor's Report and financial statements
as at and for the three-month period ended 30 June 2021

KPMG

Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 2 2222 86450-2
Fax +880 2 2222 86449
Email dhaka@kpmg.com
Internet www.kpmg.com/bd

Independent Auditor's Report
To the Board of Directors 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 2021, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, 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)* 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

See note 6 to the financial statements

The key audit matter	**How the matter was addressed in our audit**
Revenue recognition has significant and wide influence on financial statements. Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are delivered to the customer. The Company makes most of the sales after receiving advance payment. The sales of the Company are derived from a large number of distributors located over the country with relatively small amount of transactions. Revenue is measured at net of discounts and incentives earned by customers. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.	Our audit procedures in this area included, among others: • We understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through to cash receipts and customers' outstanding balances. • We have tested the sales cut-off at the close to the period-end to ensure the completeness of revenue recognised in financial statements by reviewing relevant supporting documents regarding the appropriateness of recording sales made in the current and subsequent accounting period • We conducted substantive testing of revenue recorded over the period using sampling techniques, by examining the relevant supporting documents including customer acknowledged sales invoices, VAT Challans and outbound delivery note. We also confirmed customer balances at the statement of financial position date.

Chattogram office address :
78 Agrabad C/A (13th Floor)
Chattogram, Bangladesh

Tel +880 31 710704, 710996
Fax +880 31 2520795
E-mail chittagong@kpmg.com
Internet www.kpmg.com/bd

Independent Auditor's Report (continued)

1. Revenue recognition (continued)

See note 6 to the financial statements

The key audit matter	How the matter was addressed in our audit
Confirmation documents of dispatching goods were provided by listed transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and delivery of the products to the company's customers. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the correct reporting period. Due to the complexities and the inherent risk of manipulation in revenue recognition, we determined this to be a key audit matter. The company has reported total revenue of BDT 3,344 million (30 June 2020: BDT 3,011 million) in current period.	• We have assessed the completeness of trade spends by obtaining relevant supporting documentation or calculation for discounts and rebates settled during the period. • We confirmed certain customers' receivable balances at the balance sheet date, selected on a sample basis by considering the amounts outstanding with those customers.

2. Existence of inventory

See note 20 to the financial statements

The key audit matter	How the matter was addressed in our audit
The Company had inventory of BDT 1,910 million (31 March 2021: BDT 1,980 million) as at 30 June 2021, held at plants, warehouses, depots and third-party locations and across multiple product lines. Inventories are kept and distributed from different location of the Country which increase the susceptibility of lost and misappropriation of inventories. Hence existence of inventories had been considered as key audit matter.	Our audit procedures were designed to confirm the existence of inventories and to challenge the adequacy of the Company's provisions against inventory included: • Evaluating the design and implementation of key inventory controls operating across the Company, including those at a sample of distribution centres, warehouses and depots; • Attending inventory counts and obtaining stock confirmations from third-parties to check the existence and reconciling the count results to the inventory listings to test the completeness of data;

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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.

Independent Auditor's Report (continued)

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 judgement and maintain professional skepticism 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.

KPMG

Rahman Rahman Huq
Chartered Accountants

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;

c) the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and

d) the expenditure incurred was for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is M Mehedi Hasan.

M Mehedi Hasan, Partner, Enrolment number: 1000
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: N/A

Dhaka, 26 JUL 2021

Marico Bangladesh Limited
Statement of financial position

In Taka	*Note*	30 June 2021	31 March 2021
Assets			
Property, plant and equipment	*15(A)*	**890,076,108**	771,868,265
Intangible assets	*16*	**182,534**	226,084
Right-of-use assets	*17*	**152,612,023**	164,593,633
Deferred tax assets	*14(A)*	**15,857,686**	19,167,902
Advances, deposits and prepayments	*18*	**29,071,462**	412,773,542
Other financial assets	*19*	**429,032,299**	304,664,442
Non-current assets		**1,516,832,112**	1,673,293,868
Inventories	*20*	**1,910,601,819**	1,980,451,778
Advances, deposits and prepayments	*18*	**727,153,106**	133,405,058
Other financial assets	*19*	**1,479,537,844**	1,574,484,466
Cash and cash equivalents	*21*	**807,671,471**	396,404,261
Assets held for sale	*15(B)*	**35,865,465**	35,865,465
Current assets		**4,960,829,705**	4,120,611,028
Total assets		**6,477,661,817**	5,793,904,896
Equity			
Share capital	*22*	**315,000,000**	315,000,000
Share premium	*22*	**252,000,000**	252,000,000
Retained earnings		**2,149,683,562**	1,069,572,396
Total equity		**2,716,683,562**	1,636,572,396
Liabilities			
Employee benefits	*23*	**38,678,433**	32,262,856
Lease liabilities	*24*	**110,347,000**	122,256,724
Non-current liabilities		**149,025,433**	154,519,580
Loans and borrowings	*25*	**-**	250,000,000
Employee benefits	*23*	**29,412,553**	21,018,917
Trade and other payables	*26*	**2,908,755,436**	3,082,900,365
Lease liabilities	*24*	**45,670,004**	44,634,210
Current tax liabilities	*27*	**628,114,829**	604,259,428
Current liabilities		**3,611,952,822**	4,002,812,920
Total liabilities		**3,760,978,255**	4,157,332,500
Total equity and liabilities		**6,477,661,817**	5,793,904,896

The notes on pages 9 to 45 are an integral part of these financial statements.

Managing Director	Director	Chief Financial Officer	Company Secretary

As per our report of same date.

Auditor
M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 26 JUL 2021

Marico Bangladesh Limited

Statement of profit or loss and other comprehensive income

For the three-month period ended 30 June

In Taka	*Note*	2021	2020
Revenue	6	**3,344,010,149**	3,011,734,947
Cost of sales	7	**(1,448,337,866)**	(1,170,351,134)
Gross profit		**1,895,672,283**	1,841,383,813
Other income	10.1	**3,169,955**	1,441,568
General and administrative expenses	8	**(247,333,566)**	(203,646,321)
Marketing, selling and distribution expenses	9	**(334,197,115)**	(262,318,019)
Other expenses	10.2	**(14,262)**	(788,185)
Operating profit		**1,317,297,295**	1,376,072,856
Finance income	11.1	**28,618,798**	40,807,043
Finance costs	11.2	**(3,880,343)**	(6,202,390)
Net finance income		**24,738,455**	34,604,653
Profit before contribution to WPPF		**1,342,035,750**	1,410,677,509
Contribution to WPPF	12	**(67,101,788)**	(70,533,875)
Profit before tax		**1,274,933,962**	1,340,143,634
Income tax expense	14	**(194,822,796)**	(343,530,726)
Profit for the year		**1,080,111,166**	996,612,908
Other comprehensive income/(loss) for the period, net of tax	14A	**-**	(4,954,687)
Total comprehensive income for the year		**1,080,111,166**	991,658,221

Earnings per share			
Basic and diluted earnings per share (per value of Tk 10)	13	**34.29**	31.64

The notes on pages 9 to 45 are an integral part of these financial statements.

Managing Director | Director | Chief Financial Officer | Company Secretary

As per our report of same date.

Auditor
M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 2 6 JUL 2021

Marico Bangladesh Limited
Statement of changes in equity
For the three-month period ended 30 June 2021

	Attributable to owners of the Company			
In Taka	Share capital	Share premium	Retained earnings	Total
Balance at 1 April 2020	315,000,000	252,000,000	820,680,232	1,387,680,232
Total comprehensive income for the period				
Profit for the period	-	-	996,612,908	996,612,908
Other comprehensive loss for the period	-	-	(4,954,687)	(4,954,687)
Total comprehensive income for the period	-	-	991,658,221	991,658,221
Transactions with owners of the Company				
Contributions and distributions				
Dividends	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 30 June 2020	315,000,000	252,000,000	1,812,338,453	2,379,338,453
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**
Total comprehensive income for the period	-	-	**1,080,111,166**	**1,080,111,166**
Transactions with owners of the Company				
Contributions and distributions				
Dividends	-	-	-	-
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**

The notes on pages 9 to 45 are an integral part of these financial statements.

RAHMAN RAHMAN HUQ KPMG DHAKA

Marico Bangladesh Limited

Statement of cash flows

For the three-month period ended 30 June

In Taka	*Note*	2021	2020
Cash flows from operating activities			
Collection from customers and others		**3,270,147,764**	2,969,932,068
Payment to suppliers and for operating expenses		**(2,269,276,215)**	(1,683,191,863)
Cash generated from operating activities		**1,000,871,549**	1,286,740,205
Interest paid		**(2,024,941)**	(49,517)
Interest received		**31,380,326**	43,160,743
Income tax paid	*27.2*	**(167,657,179)**	(267,147,921)
Net cash from operating activities		**862,569,755**	1,062,703,510
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(165,061,004)**	(21,937,584)
Proceeds from sale of property, plant and equipment		**180,092**	51,147
Investment in fixed deposit receipt	*19*	**(23,189,653)**	(825,197,987)
Net cash used in investing activities		**(188,070,565)**	(847,084,424)
Cash flows from financing activities			
Repayment of loans and borrowings		**(250,000,000)**	-
Payment of lease liabilities	*24*	**(13,291,494)**	(13,808,031)
Net cash used in financing activities		**(263,291,494)**	(13,808,031)
Net increase in cash and cash equivalents		**411,207,696**	201,811,055
Cash and cash equivalents at 1 April	*21*	**396,404,261**	420,407,014
Effect of movement in exchange rate on cash held		**59,514**	(2,383)
Cash and cash equivalents at 30 June	*21*	**807,671,471**	622,215,686

The notes on pages 9 to 45 are an integral part of these financial statements.

RAHMAN RAHMAN HUQ KPMG DHAKA

1. Reporting entity

1.1 Company profile

Marico Bangladesh Limited (hereinafter referred to as 'MBL' or '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 has been 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, Bio Oil and Studio-X 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

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) requires the financial statements of Public Interest Entities (PIE) to be prepared as per International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs).

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

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

Details of the Company's accounting policies including changes during the year, if any, are included in Note 38.

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 115th Board of Directors meeting held on ......2 6 JUL 2021......

2.3 Reporting period

The financial period of the Company covers three-month period ended on 30 June 2021.

RAHMAN RAHMAN HUQ KPMG DHAKA

2. Basis of preparation (continued)

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 year financial statements. Comparative figures have been rearranged/reclassified wherever considered necessary, to ensure better comparability with the current year 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 currency. All amounts have been rounded to the nearest Taka, unless otherwise indicated.

4. Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of company's 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 made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 17	Right-of-use assets
Note 24	Lease liabilities

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 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 14 (A)	Deferred tax assets
Note 15	Property, plant and equipment
Note 16	Intangible assets
Note 20 & Note 38.5	Inventories
Note 23	Employee benefits
Note 27	Current tax liabilities
Note 30	Contingent liabilities

RAHMAN RAHMAN HUQ KPMG DHAKA

5. Change in accounting policy

Except as described below, the accounting policies applied in the three-month period ended financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 March 2021. The policy for recognising and measuring income taxes in the three-month period ended is consistent with that applied in the previous period.

The change in accounting policy will also be reflected in the Company's financial statements as at and for the year ending 31 March 2022.

The Company has initially adopted Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 amendments) from 1 April 2021.

The Company applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Company has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2021. There is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 April 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards.These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Company first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Company applies the policies on accounting for modifications set out above to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Company applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

– the Company amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and

– when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Company continues to apply the existing accounting policies.

RAHMAN RAHMAN HUQ KPMG DHAKA

6. Revenue

See accounting policy in Note 38.13.

	For the three-month period ended	
In Taka	30 June 2021	30 June 2020
Parachute coconut oil	2,167,530,199	2,050,244,332
Value added hair oil (VAHO)	938,311,232	779,143,287
Color	11,713,889	14,509,804
Beauty and health	76,402,465	57,755,109
Baby care	23,066,308	19,379,143
Others*	126,986,056	90,703,272
	3,344,010,149	3,011,734,947

* Others include male grooming, by-product, food and edible oil.

6.1 Breakup of local/export revenue

	For the three-month period ended	
In Taka	30 June 2021	30 June 2020
Revenue from domestic operation	3,292,574,677	3,011,734,947
Revenue from export	51,435,472	-
	3,344,010,149	3,011,734,947

7. Cost of sales

		For the three-month period ended	
In Taka	*Note*	30 June 2021	30 June 2020
Opening stock of finished goods		304,234,340	204,518,577
Cost of goods manufactured	*7.1*	1,472,039,121	1,121,680,358
		1,776,273,461	1,326,198,935
Closing stock of finished goods		(327,935,595)	(155,847,801)
		1,448,337,866	1,170,351,134

7.1 Cost of goods manufactured

		For the three-month period ended	
In Taka	*Note*	30 June 2021	30 June 2020
Materials consumed	*7.1.1*	1,382,408,536	1,047,177,486
Factory overhead	*7.1.2*	89,630,585	74,502,872
		1,472,039,121	1,121,680,358

7.1.1 Materials consumed

	For the three-month period ended	
In Taka	30 June 2021	30 June 2020
Opening stock of raw materials, packing materials and others	1,676,217,438	1,427,583,748
Purchases during the period	1,288,857,322	958,235,694
Closing stock of raw materials, packing materials and others	(1,582,666,224)	(1,338,641,956)
	1,382,408,536	1,047,177,486

RAHMAN RAHMAN HUQ KPMG DHAKA

7.1.2 Factory overhead

In Taka		For the three-month period ended 30 June 2021	30 June 2020
Communication expenses		**72,656**	101,205
Cost of outsourced human resources		**24,012,209**	18,948,812
Depreciation	*15.A*	**21,290,715**	17,502,868
Entertainment		**2,664,410**	2,781,127
Power expenses		**17,775,435**	13,571,266
Printing and stationery		**170,800**	291,108
Repairs and maintenance		**1,208,589**	2,063,967
Salaries and allowances		**17,270,632**	14,845,183
Security charges		**1,495,230**	1,391,049
Travelling and conveyance		**1,476,442**	1,272,078
Warehouse rent		**2,193,467**	1,734,209
		89,630,585	74,502,872

8. General and administrative expenses

In Taka	Note	For the three-month period ended 30 June 2021	30 June 2020
Salaries and allowances		**111,243,549**	82,924,813
Gratuity		**7,966,950**	7,065,894
Rent, rates and taxes		**2,898,848**	2,793,567
Professional and legal charges		**4,114,321**	4,193,937
Security charges		**360,166**	430,504
Stamp and license fees		**3,078,485**	2,774,833
Directors' fees and remuneration		**14,501,691**	12,695,356
Repair and maintenance		**3,764,489**	1,037,675
Communication expenses		**210,119**	974,723
Subscription to trade association		**36,775**	128,002
Entertainment		**3,594,031**	3,239,930
Printing and stationery		**515,805**	562,985
Vehicle running expenses		**5,881,597**	4,539,420
Travelling and conveyance		**3,180,877**	1,137,867
Audit fees		**500,000**	500,000
Insurance premium		**4,194,230**	3,298,869
Bank charges		**1,059,149**	1,006,184
AGM and public relation		**2,456,680**	1,513,645
Amortisation		**43,550**	504,427
Royalty		**31,402,898**	28,984,242
Depreciation on PPE	*15.A*	**9,947,949**	8,435,992
Depreciation on right-of-use asset	*17*	**11,981,610**	11,086,434
General and technical assistance fees		**15,097,947**	17,647,926
CSR project*		**9,301,850**	6,930,261
Reversal of impairment of PPE		**-**	(761,165)
		247,333,566	203,646,321

* Marico Bangladesh Limited is continuing the corporate social responsibility (CSR) project during FY 2022 with UNDP. MBL and UNDP are implementing project "SWAPNO" from 1 September 2018 as per agreed project proposal & extension of that and in line with the policies, strategies and guidelines of Government of Bangladesh (GoB) and MBL. The beneficiaries of the project are underprivileged women. The project is continuing to run as of 30 June 2021.

RAHMAN RAHMAN HUQ KPMG DHAKA

9. Marketing, selling and distribution expenses

	For the three-month period ended	
In Taka	**30 June 2021**	**30 June 2020**
Advertisement, travelling and communication expenses	**270,280,222**	200,124,622
Business promotion expenses	**5,142,837**	5,439,570
Entertainment	**1,889,335**	1,297,682
Free sample	**6,324,525**	1,107,955
Freight- outward	**21,036,086**	25,712,429
Market research expenses	**11,561,404**	15,463,330
Others selling and distribution expenses	**17,962,706**	13,172,431
	334,197,115	262,318,019

10. Other income/(expense)

		For the three-month period ended	
In Taka	*Note*	**30 June 2021**	**30 June 2020**
Other income	*10.1*	**3,169,955**	1,441,568
Other expenses	*10.2*	**(14,262)**	(788,185)
		3,155,693	653,383

10.1 Other income

	For the three-month period ended	
In Taka	**30 June 2021**	**30 June 2020**
Gain on sale of property, plant and equipment	**14,875**	8,667
Insurance claim	**170,472**	-
Sale of raw and packing materials	**1,562,058**	-
Scrap sales	**1,422,550**	1,432,901
	3,169,955	1,441,568

10.2 Other expenses

	For the three-month period ended	
In Taka	**30 June 2021**	**30 June 2020**
Loss on sale of property, plant and equipment	**14,262**	788,185
	14,262	788,185

11. Net finance income

		For the three-month period ended	
In Taka	*Note*	**30 June 2021**	**30 June 2020**
Finance income	*11.1*	**28,618,798**	40,807,043
Finance costs	*11.2*	**(3,880,343)**	(6,202,390)
		24,738,455	34,604,653

11.1 Finance income

See accounting policy in Note 38.14(i).

	For the three-month period ended	
In Taka	**30 June 2021**	**30 June 2020**
Interest on fixed deposits	**23,832,638**	36,190,002
Interest on call deposits	**4,786,160**	4,617,041
	28,618,798	40,807,043

11.2 Finance costs

See accounting policy in Note 38.14(ii).

	For the three-month period ended	
In Taka	**30 June 2021**	**30 June 2020**
Interest on overdraft and loans	**1,132,869**	8,261
Foreign exchange gain/(loss)	**329,910**	2,798,505
Interest on lease	**2,417,564**	3,395,624
	3,880,343	6,202,390

RAHMAN RAHMAN HUQ KPMG DHAKA

12. Contribution to WPPF

	For the three-month period ended	
In Taka	**30 June 2021**	**30 June 2020**
Profit before contribution to WPPF	**1,342,035,750**	1,410,677,509
Applicable contribution rate	**5%**	5%
	67,101,788	70,533,875

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. Please see note 38.9(iv)

13. Earnings per share

13.1 Basic earnings per share

	For the three-month period ended	
In Taka	**30 June 2021**	**30 June 2020**
Profit attributable to ordinary shareholders (net profit after tax)	**1,080,111,166**	996,612,908
Weighted average number of ordinary shares outstanding during the year	**31,500,000**	31,500,000
Earnings per share (EPS) in Taka	**34.29**	31.64

13.2 Diluted earnings per share

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

RAHMAN RAHMAN HUQ KPMG DHAKA

14. Income tax expense

See accounting policy in Note 38.12.

In Taka	For the three-month period ended 30 June 2021	30 June 2020
Current tax expense		
Current year	295,326,269	343,852,332
Adjustment for prior period*	(103,813,689)	-
	191,512,580	343,852,332
Deferred tax expense/(income)	3,310,216	(321,606)
	194,822,796	343,530,726

* Adjustment for prior period is for the change of tax rate from 25% to 22.5% in the Finance Act 2022.

A Movement in deferred tax balances

30 June 2021 In Taka	Net balance at 1 April 2021	Recognised in profit /loss	Recognised in OCI	Net	Balance as at 30 June 2021 Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(9,799,870)	(417,355)	-	(10,217,225)	(10,217,225)	-
Intangible assets	(2,269,386)	(96,648)	-	(2,366,034)	(2,366,034)	-
Provision for leave encashment	(6,152,199)	4,433,214	-	(1,718,985)	(1,718,985)	-
RoU assets- Impact of IFRS 16	40,776,286	(10,447,758)	-	30,328,528	-	30,328,528
Lease liabilities- Impact of IFRS 16	(41,722,733)	9,838,763	-	(31,883,970)	(31,883,970)	-
Net deferred tax (assets)/liabilities	(19,167,902)	3,310,216	-	(15,857,686)	(46,186,214)	30,328,528

31 March 2021 In Taka	Net balance at 1 April 2020	Recognised in profit /loss	Recognised in OCI	Net	Balance as at 31 March 2021 Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(10,351,960)	552,090	-	(9,799,870)	(9,799,870)	-
Intangible assets	(2,177,019)	(92,367)	-	(2,269,386)	(2,269,386)	-
Provision for gratuity	(21,993,959)	11,137,147	10,856,812	-	-	-
Provision for leave encashment	(4,031,091)	(2,121,108)	-	(6,152,199)	(6,152,199)	-
RoU assets- Impact of IFRS 16	43,849,572	(3,073,286)	-	40,776,286	-	40,776,286
Lease liabilities- Impact of IFRS 16	(52,641,184)	10,918,451	-	(41,722,733)	(41,722,733)	-
Net deferred tax (assets)/liabilities	(47,345,641)	17,320,927	10,856,812	(19,167,902)	(59,944,188)	40,776,286

15. Property, plant and equipment

See accounting policy in Note 38.2.

A. Reconciliation of carrying amount

In Taka	Freehold land	Plant and machinery	Factory building	Office building	Office equipment	Computers	Furniture and fixtures	A.C. and refrigerators	Assets under construction	Total
Cost										
Balance at 1 April 2020	176,749,959	988,462,243	231,650,100	168,607,073	56,585,940	27,744,524	75,250,895	22,411,149	26,079,575	1,773,541,458
Additions	-	-	-	-	-	-	-	-	242,364,021	242,364,021
Transfer from asset under construction	-	79,822,078		38,512,790	17,143,100	7,514,418	10,213,098	2,377,323	(155,582,807)	-
Disposals	-	(3,466,687)	(457,950)	-	(695,700)	-	(464,542)	(304,434)	-	(5,389,313)
Balance at 31 March 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
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**
Additions	-	-	-	-	-	-	-	-	**149,625,988**	**149,625,988**
Transfer from asset under construction	-	**88,644,462**	-	**16,123,193**	**20,704,247**	**2,228,270**	-	**2,324,079**	**(130,024,251)**	-
Disposals	-	-	-	-	**(345,842)**		**(177,607)**	**(184,510)**		**(707,959)**
Balance at 30 June 2021	**176,749,959**	**1,153,462,096**	**231,192,150**	**223,243,056**	**93,391,745**	**37,487,212**	**84,821,844**	**26,623,607**	**132,462,526**	**2,159,434,195**
Accumulated depreciation and impairment loss										
Balance at 1 April 2020	-	733,240,855	203,433,245	60,056,105	48,386,890	20,430,063	51,262,294	9,735,473	-	1,126,544,925
Depreciation for the year	-	66,615,174	6,323,743	7,122,203	12,991,453	5,412,363	12,435,524	3,348,042	-	114,248,502
Impairment loss/(reversal)	-	1,536,148	-	-	-	-	876,973	-	-	2,413,121
Disposals	-	(2,705,521)	(457,950)	-	(626,200)	-	(464,542)	(304,434)	-	(4,558,647)
Balance at 31 March 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
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**
Depreciation for the period	-	**19,237,964**	**365,518**	**2,094,488**	**4,625,286**	**1,249,080**	**2,720,585**	**945,744**	-	**31,238,665**
Disposals	-	-	-	-	**(256,026)**	-	**(96,928)**	**(175,525)**	-	**(528,479)**
Balance at 30 June 2021	-	**817,924,620**	**209,664,556**	**69,272,796**	**65,121,403**	**27,091,506**	**66,733,906**	**13,549,300**	-	**1,269,358,087**
Carrying amounts										
At 1 April 2020	176,749,959	255,221,388	28,216,855	108,550,968	8,199,050	7,314,461	23,988,601	12,675,676	26,079,575	646,996,533
At 31 March 2021	176,749,959	266,130,978	21,893,112	139,941,555	12,281,197	9,416,516	20,889,202	11,704,957	112,860,789	771,868,265
At 30 June 2021	**176,749,959**	**335,537,476**	**21,527,594**	**153,970,260**	**28,270,342**	**10,395,706**	**18,087,938**	**13,074,307**	**132,462,526**	**890,076,108**

B. Assets held for sale

See accounting policy in Note 38.18.

In Taka	30 June 2021	31 March 2021
Office building	**30,846,713**	30,846,713
Furniture and fixtures	**5,018,752**	5,018,752
	35,865,465	35,865,465

Office building at Utttara and furniture & fixtures have been classified as held for sale on 31 March 2020. Though MBL could not sale the asset within one year, MBL is searching for buyer in the market actively. So, the asset has remained as asset held for sale in this period.

16. Intangible assets

See accounting policy in Note 38.3.

Reconciliation of carrying amount

In Taka	Computer software	Total
Cost		
Balance at 1 April 2020	22,061,875	22,061,875
Addition during the year	-	-
Balance at 31 March 2021	22,061,875	22,061,875
Balance at 1 April 2021	**22,061,875**	**22,061,875**
Addition during the period	-	-
Balance at 30 June 2021	**22,061,875**	**22,061,875**
Accumulated amortisation		
Balance at 1 April 2020	20,432,585	20,432,585
Amortisation during the year	1,403,206	1,403,206
Balance at 31 March 2021	21,835,791	21,835,791
Balance at 1 April 2021	**21,835,791**	**21,835,791**
Amortisation during the period	**43,550**	**43,550**
Balance at 30 June 2021	**21,879,341**	**21,879,341**
Carrying amounts		
At 1 April 2020	1,629,290	1,629,290
At 31 March 2021	226,084	226,084
At 30 June 2021	**182,534**	**182,534**

17. Right-of-use assets

See accounting policy in Note 38.4.

Reconciliation of carrying amount

In Taka	Buildings	Total
Cost		
Balance at 1 April 2020	212,831,176	212,831,176
Addition during the year	53,661,570	53,661,570
Disposal during the year	(25,160,571)	(25,160,571)
Balance at 31 March 2021	241,332,175	241,332,175
Balance at 1 April 2021	**241,332,175**	**241,332,175**
Addition during the period	-	-
Disposal during the period	-	-
Balance at 30 June 2021	**241,332,175**	**241,332,175**
Accumulated depreciation		
Balance at 1 April 2020	37,432,890	37,432,890
Depreciation during the year	46,434,480	46,434,480
Disposal during the year	(7,128,828)	(7,128,828)
Balance at 31 March 2021	76,738,542	76,738,542
Balance at 1 April 2021	**76,738,542**	**76,738,542**
Depreciation during the period	**11,981,610**	**11,981,610**
Disposal during the period	-	-
Balance at 30 June 2021	**88,720,152**	**88,720,152**
Carrying amount		
At 1 April 2020	175,398,286	175,398,286
At 31 March 2021	164,593,633	164,593,633
At 30 June 2021	**152,612,023**	**152,612,023**

RAHMAN RAHMAN HUQ KPMG DHAKA

18. Advances, deposits and prepayments

In Taka	30 June 2021	31 March 2021
Advances		
Advance for capital goods	**113,940,064**	53,561,536
Advance to suppliers and others	**607,902,332**	459,992,329
	721,842,396	513,553,865
Deposits		
Security deposits	**13,962,272**	12,359,983
	13,962,272	12,359,983
Prepayments		
Prepaid expenses	**20,419,900**	20,264,752
	756,224,568	546,178,600

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

In Taka	30 June 2021	31 March 2021
Current	**727,153,106**	133,405,058
Non-current	**29,071,462**	412,773,542
	756,224,568	546,178,600

19. Other financial assets

In Taka	*Note*	30 June 2021	31 March 2021
Fixed deposits	*19.2*	**1,761,164,375**	1,737,974,722
Trade receivables		**74,625,199**	65,033,298
Loans to employees		**6,215,947**	6,814,738
Accrued interest		**66,564,622**	69,326,150
		1,908,570,143	1,879,148,908

19.1 Current and non-current classification of other financial assets

In Taka	30 June 2021	31 March 2021
Current	**1,479,537,844**	1,574,484,466
Non-current	**429,032,299**	304,664,442
	1,908,570,143	1,879,148,908

19.2 Fixed deposits (maturity more than three months)

In Taka	*Credit rating*	30 June 2021	31 March 2021
BRAC Bank Limited	*AA1*	-	200,000,000
IPDC Finance Limited	*AAA*	**301,207,500**	200,000,000
IDLC Finance Limited	*AAA*	**381,771,875**	280,000,000
Commercial Bank of Ceylon PLC	*AAA*	**578,185,000**	557,974,722
Woori Bank	*A1*	**500,000,000**	500,000,000
		1,761,164,375	1,737,974,722

RAHMAN RAHMAN HUQ KPMG DHAKA

20. Inventories

See accounting policy in Note 38.5.

In Taka	30 June 2021	31 March 2021
Raw materials	**998,069,416**	1,039,689,041
Packing materials	**191,831,265**	224,187,805
Finished goods	**327,935,595**	304,234,340
Stores and spares	**25,919,014**	21,970,493
Materials in transit	**366,846,529**	390,370,099
	1,910,601,819	1,980,451,778

21. Cash and cash equivalents

See accounting policy in Note 38.6 (ii)(a).

In Taka	*Note*	30 June 2021	31 March 2021
Bank balances	*21.1*	**791,545,780**	380,267,615
Bank balance for unclaimed dividend		**16,125,691**	16,136,646
		807,671,471	396,404,261

21.1 Bank balances

In Taka	*Credit rating*	30 June 2021	31 March 2021
BRAC Bank Limited	*AA1*	**22,138,944**	53,487,789
Citibank N.A.	*A+*	**2,405,286**	903,681
Islami Bank Bangladesh Limited	*AAA*	**3,425,085**	10,431,030
Sonali Bank Limited	*A(AAA)*	**8,743,043**	5,695,235
Standard Chartered Bank	*AAA*	**205,938,248**	169,738,861
The Hongkong and Shanghai Banking Corporation Ltd.	*AAA*	**428,318**	4,665,448
The City Bank Limited	*AA2*	**201,259,279**	1,479,975
Dutch Bangla Bank Limited	*AA+*	**-**	201,000
Eastern Bank Limited	*AA+*	**347,207,577**	133,664,596
		791,545,780	380,267,615

RAHMAN RAHMAN HUQ
KPMG
DHAKA

22. Share capital and share premium

See accounting policy in Note 38.7.

22.1 Share capital

In Taka	30 June 2021	31 March 2021
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

22.2 Share premium

In Taka	30 June 2021	31 March 2021
Share premium on paid up share capital	252,000,000	252,000,000
	252,000,000	252,000,000

23. Employee benefits

See accounting policy in Note 38.9.

In Taka	30 June 2021	31 March 2021
Provision for gratuity	36,639,928	28,672,978
Provision for leave encashment	31,451,058	24,608,795
	68,090,986	53,281,773

23.1 Current and non-current classification of employee benefits

In Taka	30 June 2021	31 March 2021
Current	29,412,553	21,018,917
Non-current	38,678,433	32,262,856
	68,090,986	53,281,773

RAHMAN RAHMAN HUQ KPMG DHAKA

24. Lease liabilities

See accounting policy in Note 38.15.

The Company leases many assets, including properties, warehouses, depots and sales offices. Total number of lease assets is twenty two and average terms of period of lease is four to eleven years. The incremental borrowing rate (IBR) is 11.2%. 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.

In Taka	30 June 2021	31 March 2021
Less than one year	**45,670,004**	44,634,210
One to two years	**49,728,518**	48,886,907
Two to three years	**40,954,218**	52,280,711
Three to four years	**5,992,074**	5,873,811
Four to five years	**11,497,291**	9,831,760
More than five years	**2,174,899**	5,383,535
Total lease liabilities	**156,017,004**	166,890,934

Lease liabilities included in the statement of financial position

In Taka	30 June 2021	31 March 2021
Current	**45,670,004**	44,634,210
Non-current	**110,347,000**	122,256,724
	156,017,004	166,890,934

In Taka	For the three-month period ended	
	30 June 2021	30 June 2020
Amounts recognised in profit or loss		
Interest on lease liabilities	**(2,417,564)**	(3,395,624)
Expenses related to short-term leases	**2,193,467**	1,734,209
Amounts recognised in the statement of cash flows		
Lease rental	**13,291,494**	13,808,031
Total cash outflow for lease liabilities and interest payments	**13,291,494**	13,808,031
Reconciliation of rental expenses with lease interest and ROU depreciation		
Rental expense incurred for lease contracts	**13,291,494**	13,808,031
Interest expenses on lease liability as per IFRS 16 shown in P&L	**(2,417,564)**	(3,395,624)
Depreciation on right of use asset as per IFRS 16 shown in P&L	**11,981,610**	11,086,434

RAHMAN RAHMAN HUQ KPMG DHAKA

25. Loans and borrowings

See accounting policy in Note 38.6(iii)(b).

In Taka	30 June 2021	31 March 2021
Short term loan	-	250,000,000
	-	250,000,000

This short term loan is taken from Citibank N.A.,Gulshan branch, for the purpose of managing working capital for a duration of three months and has been repaid during the period.

26. Trade and other payables

See accounting policy in Note 38.6(iii)(a).

In Taka	*Note*	30 June 2021	31 March 2021
Trade payables	*26.1*	**851,477,707**	937,295,045
Other payables	*26.2*	**2,057,277,729**	2,145,605,320
		2,908,755,436	3,082,900,365

26.1 Trade payables

In Taka	30 June 2021	31 March 2021
Related party trade payables		
Payable against raw material	**242,250,884**	441,206,707
Payable against packing material	**3,938,579**	7,151,743
Payable against finished goods	**5,984,755**	-
	252,174,218	448,358,450
Third party trade payables		
Payable against raw material	**190,071,642**	73,916,649
Payable against services	**245,816,388**	290,128,764
Payable against packing material	**162,091,655**	119,247,904
Payable against finished goods	**1,323,804**	5,643,278
	599,303,489	488,936,595
	851,477,707	937,295,045

26.2 Other payables

In Taka	30 June 2021	31 March 2021
Related party other payables		
Royalty payable	**138,538,279**	107,135,382
General and technical assistance fees payable	**86,142,239**	86,039,653
Payable against capital goods	**192,352**	14,593,598
	224,872,870	207,768,633
Third party other payables		
Payable against expenses	**592,069,353**	565,367,923
Payable against business promotion expense	**872,685,964**	824,676,798
Import duty and related charges payable	**124,901,702**	115,589,691
Withholding tax and VAT payable	**18,423,197**	37,518,458
Workers' profit participation and welfare fund	**67,101,788**	220,758,871
Festival bonus	**-**	5,533,485
Advance from customers	**38,956,057**	106,211,149
Payable against capital goods	**66,819,096**	7,474,338
Unclaimed dividend	**16,125,691**	16,136,646
Audit fees payable	**500,000**	1,400,000
Interest accrued on loans	**-**	892,072
Supplementary duty	**34,822,011**	36,277,256
	1,832,404,859	1,937,836,687
	2,057,277,729	2,145,605,320

RAHMAN RAHMAN HUQ KPMG DHAKA

27. Current tax liabilities

In Taka	*Note*	30 June 2021	31 March 2021
Provision for income tax	*27.1*	**6,009,058,951**	5,817,546,371
Advance income tax	*27.2*	**(5,380,944,122)**	(5,213,286,943)
		628,114,829	604,259,428

27.1 Provision for income tax

In Taka	*Note*	30 June 2021	31 March 2021
Opening balance		**5,817,546,371**	4,749,128,795
Provision for current period/year	*14*	**295,326,269**	1,068,417,576
Provision for prior period:			
Assessment year 2021-2022		**(103,813,689)**	-
Closing balance		**6,009,058,951**	5,817,546,371

27.2 Advance income tax

In Taka	30 June 2021	31 March 2021
Opening balance	**5,213,286,943**	4,143,685,948
Payment during the year:		
Payment for current period/year	**110,000,000**	656,592,012
Payment for prior year:		
Assessment year 2015-2016	-	42,515,295
Assessment year 2016-2017	-	1,972,778
Assessment year 2020-2021	-	368,520,910
Assessment year 2021-2022	**57,657,179**	-
Closing balance	**5,380,944,122**	5,213,286,943

27.3 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 2021	2022-23	295,326,269	57,657,179	
31 March 2021	2021-22	964,603,887	766,592,012	
31 March 2020	2020-21	908,685,699	859,770,282	Return submitted
31 March 2019	2019-20	715,903,898	714,242,632	Open at DCT level
31 March 2018	2018-19	603,956,939	560,411,195	Return submitted
31 March 2017	2017-18	511,139,076	482,832,785	Open at DCT level
31 March 2016	2016-17	536,229,894	518,801,912	At TAT*
31 March 2015	2015-16	502,672,640	481,507,633	At TAT*
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*
		6,009,058,951	**5,380,944,122**	

*Taxes Appellate Tribunal

28. Related party transactions

28.1 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.

28.2 Transactions with key management personnel

In Taka	*Note*	For the three-month period ended 30 June 2021	For the three-month period ended 30 June 2020
Director's fees and remuneration	*8*	**14,501,691**	12,695,356
		14,501,691	12,695,356

Compensation for the Company's key management personnel includes Directors' remuneration and fees. These expenses are included in general and administrative expenses.

28.3 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.

28.3.1 Transactions with parent company

In Taka

Name of the related parties	Relationship	Nature of transaction	Transaction amount	Balance as at 30 June 2021	Balance as at 31 March 2021
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	**14,294,645**	**17,352,625**	25,404,308
		Purchase of asset	-	**192,352**	14,593,598
		Royalty	**31,402,898**	**138,538,279**	107,135,382
		General and technical assistance fees	-	**86,142,239**	86,039,653

28.3.2 Transactions with other related parties

In Taka

Name of the related parties	Relationship	Nature of transaction	Transaction amount	Balance as at 30 June 2021	Balance as at 31 March 2021
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	**644,903,318**	**234,821,593**	422,954,142
Marico South East Asia	Associated company	Sales of raw materials	**2,580,499**	**2,582,783**	-

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

29.1 Calculation of net asset value per share

In Taka	30 June 2021	31 March 2021
Net asset	2,716,683,562	1,636,572,396
Number of shares	31,500,000	31,500,000
Net asset value (NAV) per share	86.24	51.95

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

In Taka	For the three-month period ended	
	30 June 2021	30 June 2020
Net cash from operating activities	862,569,755	1,062,703,510
Number of shares	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	27.38	33.74

29.3 Reconciliation of net profit with cash flows from operating activities

In Taka	Note	For the three-month period ended	
		30 June 2021	30 June 2020
Profit after tax		1,080,111,166	996,612,908
Adjustment for:			
- Depreciation	7.1.2 & 8	43,220,274	37,025,294
- Amortisation	8	43,550	504,427
- Effect of movement in exchange rate on cash held		(59,514)	2,383
- Interest expense	11.2	1,132,869	8,261
- Interest expense on lease	11.2	2,417,564	3,395,624
- Impairment loss/(reversal of impairment) of PPE	8	-	(761,165)
- Interest income	11.1	(28,618,798)	(40,807,043)
- Loss/(gain) on sale of property, plant and equipment	10.1 & 10.2	(613)	779,518
- Tax expense	14	194,822,796	343,530,726
		1,293,069,294	1,340,290,933
Changes in operating assets and liabilities:			
Inventories	20	69,849,959	137,612,568
Other financial assets	19	(8,993,110)	(49,241,114)
Advances, deposits and prepayments	18	(149,667,440)	(144,999,655)
Employee benefits	23	14,809,215	6,991,939
Trade and other payables	26	(218,196,369)	(3,914,466)
Cash generated from operating activities		1,000,871,549	1,286,740,205
Interest paid		(2,024,941)	(49,517)
Interest received		31,380,326	43,160,743
Income tax paid	27.2	(167,657,179)	(267,147,921)
Net cash flows from operating activities		862,569,755	1,062,703,510

30. Contingent liabilities

The Company has contingent liability of BDT 1,103,433,853 as on 30 June 2021 in respect of indirect tax (VAT) and workers' profit participation & welfare fund. These are being vigorously defended by the Company. The management considers that it is not appropriate to make provision in respect of any of these claims.

The Company has ordinary letter of credit amount of Taka 1,135,899,436 and Taka 16,295,568 with Standard Chartered Bank and Hongkong and Shanghai Banking Corporation respectively. Shipping guarantee of Taka 500,803, Taka 57,741,143 and Taka 528,447 with Citibank, N.A., Standard Chartered Bank and Hongkong and Shanghai Banking Corporation respectively.

31. 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 year ended 30 June 2021.

32. 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.

RAHMAN RAHMAN HUQ KPMG DHAKA

33. Impact of COVID-19 on Marico Bangladesh Limited

On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organisation, and Bangladesh Government has taken restrictive measures including declared general public holidays to contain its further spread affecting free movement of people and goods. As a consequence, the COVID-19 outbreak has brought about additional challenges in the Company's operating environment and has impacted the way of Company's operations in Bangladesh.

The Company is closely monitoring the impact of the developments on the Company's businesses. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.

The Company had assessed the impact of COVID-19 on its business. The assessment was made in the following areas:

IFRS 9 - Financial Instruments
IFRS 13 - Fair Value Measurement
IFRS 15 - Revenue from Contracts with Customers
IFRS 16 - Leases
IAS 2 - Inventories
IAS 12 - Income Taxes
IAS 19 - Employee Benefits
IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance
IAS 36 - Impairment of Assets:
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

From the assessment, the Company determines that it will not face any hurdle to manage working capital balances to generate sufficient operating cash flows to meet the obligations as fall due. So, the Company does not have any plan to defer any capital expenditures, dividends and other distributions. In addition to this, the Company does not have any plan or is not in a situation that require to seek financial support from shareholders or taking advantage of government assistance. Overall, there is no mentionable impact of COVID-19 on the financial statements of Marico Bangladesh Limited for the three-month period ended 30 June 2021.

34. Subsequent events

As per *IAS - 10 "Events after the Reporting Period"* events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

(a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and

(b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period are as follows:

The Board of Directors of Marico Bangladesh Limited at its 115th meeting held on 26 JUL 2021 has recommended interim cash dividend @ 200% i.e. Taka 20 per share, amount to total Taka 630,000,000 for the three-month period ended at 30 June 2021.

35. Financial instruments - fair values and financial risk management

35.1 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 2021

		Carrying amount						
Particulars	Note	Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	19	-	-	-	-	1,761,164,375	-	1,761,164,375
Loan to employees	19	-	-	-	-	6,215,947	-	6,215,947
Trade receivables	19	-	-	-	-	74,625,199	-	74,625,199
Cash and cash equivalents	21	-	-	-	-	807,671,471	-	807,671,471
		-	-	-	-	2,649,676,992	-	2,649,676,992
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Loans and borrowings	25	-	-	-	-	-	-	-
Trade and other payables	26	-	-	-	-	-	2,908,755,436	2,908,755,436
Lease liabilities	24	-	-	-	-	-	156,017,004	156,017,004
		-	-	-	-	-	3,064,772,440	3,064,772,440

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

35.1 Accounting classifications and fair values (continued)

31 March 2021

		Carrying amount						
Particulars	*Note*	Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	*19*	-	-	-	-	1,737,974,722	-	1,737,974,722
Loan to employees	*19*	-	-	-	-	6,814,738	-	6,814,738
Trade receivables	*19*	-	-	-	-	65,033,298	-	65,033,298
Cash and cash equivalents	*21*	-	-	-	-	396,404,261	-	396,404,261
		-	-	-	-	2,206,227,019	-	2,206,227,019
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Loans and borrowings	25	-	-	-	-	-	250,000,000	250,000,000
Trade and other payables	26	-	-	-	-	-	3,082,900,365	3,082,900,365
Lease liabilities	24	-	-	-	-	-	166,890,934	166,890,934
		-	-	-	-	-	3,499,791,299	3,499,791,299

RAHMAN RAHMAN HUQ KPMG DHAKA

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

35.2 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

35.2.1 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 collectability 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:

In Taka	*Note*	30 June 2021	31 March 2021
Financial assets			
Fixed deposits	19	**1,761,164,375**	1,737,974,722
Loans to employees	19	**6,215,947**	6,814,738
Trade receivables	19	**74,625,199**	65,033,298
Cash and cash equivalents	21	**807,671,471**	396,404,261
		2,649,676,992	2,206,227,019

RAHMAN RAHMAN HUQ
KPMG
DHAKA

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

35.2 Financial risk management (continued)

35.2.2 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:

			Contractual cash flows					
In Taka	*Note*	Carrying amount	Expected cash flow	2 months or less	2-12 months	1- 2 years	2- 5 years	More than 5 years
30 June 2021								
Trade and other payables	26	2,908,755,436	2,908,836,320	484,806,053	2,424,030,267	-	-	-
Lease liabilities	24	156,017,004	156,017,004	7,335,388	38,334,616	49,728,518	58,443,583	2,174,899
		3,064,772,440	3,064,853,324	492,141,441	2,462,364,883	49,728,518	58,443,583	2,174,899
31 March 2021								
Loans and borrowings	25	250,000,000	250,000,000	250,000,000	-	-	-	-
Trade and other payables	26	3,082,900,365	3,082,900,365	513,816,727	2,569,083,638	-	-	-
Lease liabilities	24	166,890,934	166,890,934	7,232,159	37,402,052	48,886,907	67,986,282	5,383,534
		3,499,791,299	3,499,791,299	771,048,886	2,606,485,690	48,886,907	67,986,282	5,383,534

RAHMAN RAHMAN HUQ KPMG DHAKA

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

35.2 Financial risk management (continued)

35.2.3 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 2021 are as follows:

In USD	30 June 2021	31 March 2021
Payable for import of goods and services	**(1,377,734)**	(771,798)
Bank balance	**602,421**	508,702
	(775,313)	(263,096)

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

	Average rate		Year-end spot rate	
	30 June 2021	30 June 2020	30 June 2021	31 March 2021
Exchange rate (USD/BDT)	**84.74**	84.93	**84.81**	84.71

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	
Effect in Taka	Strengthening	Weakening	Strengthening	Weakening
30 June 2021				
USD (1% movement)	**(657,543)**	**657,543**	**(657,543)**	**657,543**
31 March 2021				
USD (1% movement)	(222,869)	222,869	(222,869)	222,869

RAHMAN RAHMAN HUQ KPMG DHAKA

35. Financial instruments - fair values and financial risk management (continued)
35.2 Financial risk management (continued)
35.2.3 Market risk (continued)

iii) 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 2021, the interest rate profile of the Company's interest bearing financial instruments was:

In Taka	**30 June 2021**	**31 March 2021**
Fixed rate instruments		
Financial assets		
Fixed deposit receipts	**1,761,164,375**	1,737,974,722
Financial liabilities		
Loans and borrowings	-	250,000,000
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

RAHMAN RAHMAN HUQ KPMG DHAKA

36. 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 38.9.

37. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

A. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existing at 30 June 2021 will be completed before the amendments become effective.

B. Other standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- *Annual Improvements to IFRS Standards 2018–2020 – Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Reference to Conceptual Framework (Amendments to IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.*
- *Definition of Accounting Estimate –Amendments to IAS 8*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

RAHMAN RAHMAN HUQ KPMG DHAKA

38. 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
38.1	Foreign currency transactions
38.2	Property, plant and equipment
38.3	Intangible assets
38.4	Right-of-use asset
38.5	Inventories
38.6	Financial instruments
38.7	Share capital
38.8	Dividend to the equity holders
38.9	Employee benefits
38.10	Accruals
38.11	Provisions
38.12	Income tax expenses
38.13	Revenue
38.14	Finance income and finance cost
38.15	Lease liabilities
38.16	Impairment
38.17	Contingencies
38.18	Assets held for sale
38.19	Earnings per share
38.20	Events after the reporting period

38.1 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.

38.2 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.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)

38.2 Property, plant and equipment (continued)

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%

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.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)

38.3 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.

38.4 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, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term.

38.5 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.

Raw material, packing material and semi-finished goods are categorised in moving, slow moving and non-moving inventory and inventory provision is calculated based on 25% of slow moving inventories and 100% of non-moving inventories. Finished goods are categorised in fresh, slow moving, non-moving and expired inventories based on shelf life of the product. Inventory provision is calculated based on 25% of slow moving and 100% of non-moving and expired finished goods. Management may decide to make additional provision for seasonal and newly developed product. For spare parts, inventory provision is calculated based on 10% of the total value of spares parts.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)

38.6 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

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.

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.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)

38.6 Financial instruments (continued)

Financial assets – business model assessment

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.

Financial assets – subsequent measurement and gains and losses

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.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)

38.6 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.

(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.

38.7 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.

38.8 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.

38.9 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.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)

38.9 Employee benefits

ii) Defined benefit plan (Gratuity)

The Company operates a funded gratuity scheme, provision in respect of which is made annually covering all its eligible employees. This scheme is qualified as defined benefit plan. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of continuous service with the Company from the date of his/her joining.

Eligibility to gratuity payments

Actual years of service	Eligibility	Calculation
Less than 4.5 years	Not eligible	Nil
4.5 years or more but less than 9.5 years	Eligible	(Last basic drawn)* (No. of years service)
9.5 years or more	Eligible	(Last basic drawn)* (No. of years service)* (1.5)

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.

iii) Leave encashment

The Company operates an 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 60 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 years and the calculation is performed annually by a qualified actuary.

iv) Workers' profit participation and welfare fund

The Company operates a fund for workers as workers' profit participation and welfare fund ("the Fund") and provides 5% of its profit before WPPF and 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.

38.10 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.

38.11 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.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)

38.12 Income tax expenses

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 2020 i.e. 25%.

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.

38.13 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).

38.14 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 cost 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.

RAHMAN RAHMAN HUQ KPMG * DHAKA *

38. Significant accounting policies (continued)

38.15 Lease liabilities

The Company recognises a right-of-use asset and a lease liability 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 liability.

The lease liability 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 liability 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.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

38.16 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.

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.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)
38.16 Impairment (continued)

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets (other than inventories and deferred tax assets) 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.

38.17 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.

38.18 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

RAHMAN RAHMAN HUQ KPMG DHAKA

38. Significant accounting policies (continued)

38.19 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 period/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.

38.20 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.

39. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, which is most unlikely though yet considering overall perspectives

RAHMAN RAHMAN HUQ KPMG DHAKA