Independent Auditor's Report
and
Audited Financial Statements
of
Marico Bangladesh Limited

as at and for the three-month period ended 30 June 2023

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marico Bangladesh Limited ("the Company"), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements presents fairly, in all material aspects, of the financial position of the Company as at 30 June 2023, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

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

➢ Revenue recognition

Referring to the Note 17 and Note 35.15 to the financial statements, Revenue of BDT 3,962 million is recognized in the statement of profit or loss and other comprehensive income of Marico Bangladesh Limited. This material item is subject to considerable inherent risk due to the risk of being overstated at the end of the reporting period on account of variation in the timing of transfer of control by the management in order to meet expectations of the shareholders and also to achieve performance targets. Accordingly, there could be potential misstatements that revenue made during the period end are not recognised in the correct reporting period.

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How our audit addressed the key audit matter:

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

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

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

- **Uncertain Tax Position:**

Referring to Note 25 and Note 28 of the financial statements, the Company is subject to periodic review by local tax authorities on a range of tax matters during the normal course of business including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges. Judgement is required in assessing the level of provisions and disclosure of contingent liabilities, required in respect of uncertain tax position that reflects management's best estimates of the most likely outcome based on the facts available.

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

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

How our audit addressed the key audit matter:

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

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

ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books.

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

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

A. Qasem & Co.
Chartered Accountants

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

DVC: 2308010643A0252424

Place: Dhaka
Date: 26 July 2023

Marico Bangladesh Limited
Statement of financial position
As at 30 June 2023

	Notes	As At 30 June 2023 BDT	31 March 2023 BDT
Assets			
Non Current Assets			
Property, plant and equipment	5A	1,386,314,765	1,304,594,243
Intangible assets	6	587,434	553,054
Right-of-use assets	7	385,183,763	266,911,631
Deferred tax asset	25.1	17,880,392	12,486,990
Advances, deposits and prepayments	8	55,104,877	65,871,163
Investment property	5B	6,345,689	8,103,932
Other financial assets	9	4,907,681	7,086,385
Total Non Current Assets		**1,856,324,601**	**1,665,607,398**
Current Assets			
Inventories	10	2,821,567,920	2,528,550,222
Advances, deposits and prepayments	8	1,132,608,696	1,028,621,890
Other financial assets	9	4,083,667,452	4,184,389,716
Cash and cash equivalents	11	3,772,088,003	2,228,805,865
Total Current Assets		**11,809,932,071**	**9,970,367,693**
Total Assets		**13,666,256,672**	**11,635,975,091**
Equity			
Share capital	12	315,000,000	315,000,000
Share premium	12.1	252,000,000	252,000,000
Retained earnings		4,348,062,550	3,019,315,643
Total equity		**4,915,062,550**	**3,586,315,643**
Liabilities			
Non Current liabilities			
Employee benefit obligation	13	32,661,000	26,683,320
Lease liabilities	14	174,783,417	46,397,509
Total Non Current liabilities		**207,444,417**	**73,080,829**
Current liabilities			
Employee benefit obligation	13	25,893,750	25,893,750
Trade and other payable	15	7,807,161,263	7,106,383,606
Unclaimed dividend		8,395,693	8,402,017
Lease liabilities	14	45,225,398	57,310,504
Current tax liabilities	16	657,073,601	778,588,742
Total current liabilities		**8,543,749,705**	**7,976,578,619**
Total liabilities		**8,751,194,122**	**8,049,659,448**
Total equity and liabilities		**13,666,256,672**	**11,635,975,091**

Footnotes: 1. Independent auditor's report in page 1 to 4.
2. The notes 1 to 35 form an integral part of these financial statements.

Md. Sahabuddin
Company Secretary

Rajat Diwaker
Managing Director

A.Qasem & Co.
Chartered Accountants

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

Shafiq Musharrof, FCA
Chief Financial Officer

Parveen Mahmud
Director

DVC: 2308010643A0252424

Place: Dhaka
Date: 26 July 2023

A. QASEM & CO. GULSHAN CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Statement of profit or loss and other comprehensive income
For the three-month period ended 30 June 2023

		For the three-month period	
		30 June 2023	30 June 2022
	Notes	BDT	BDT
Revenue	17	3,962,141,497	3,646,505,137
Cost of sales	18	(1,655,445,240)	(1,743,817,167)
Gross profit		**2,306,696,257**	**1,902,687,970**
Other income	21.1	9,141,824	6,395,405
General and administrative expenses	19	(297,172,387)	(257,583,419)
Marketing, selling and distribution expenses	20	(277,270,750)	(269,804,750)
Other expense	21.2	-	(4,568)
Operating profit		**1,741,394,944**	**1,381,690,638**
Finance income	22.1	97,383,461	24,917,553
Finance costs	22.2	(64,632,866)	(3,849,391)
Net finance income		32,750,596	21,068,162
Profit before contribution to workers participation fund and welfare fund		**1,774,145,540**	**1,402,758,800**
Contribution to workers participation fund & welfare fund	23	(88,707,277)	(70,134,396)
Profit before tax		**1,685,438,263**	**1,332,624,404**
Income tax expenses	25	(356,691,357)	(303,607,852)
Profit for the period		**1,328,746,906**	**1,029,016,552**
Other comprehensive income			
Remeasurements of defined benefit liability		-	-
Total comprehensive income for the period		**1,328,746,906**	**1,029,016,552**
Earnings per share		**BDT**	**BDT**
Basic earnings per share (per value of Tk 10)	24	**42.18**	**32.67**

Footnotes: 1. Independent auditor's report in page 1 to 4.
2. The notes 1 to 35 form an integral part of these financial statements.

A.Qasem & Co.
Chartered Accountants

Md. Sahabuddin
Company Secretary

Rajat Diwaker
Managing Director

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

DVC: 2308010643A0252424

Shafiq Musharrof, FCA
Chief Financial Officer

Parveen Mahmud
Director

Place: Dhaka
Date: 26 July 2023

Marico Bangladesh Limited
Statement of changes in equity
For the three-month period ended 30 June 2023

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total
	BDT	BDT	BDT	BDT
Balance at 1 April 2023	**315,000,000**	**252,000,000**	**3,019,315,643**	**3,586,315,643**
Total comprehensive income for the period				
Profit for the year	-	-	1,328,746,906	1,328,746,906
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**315,000,000**	**252,000,000**	**1,328,746,906**	**1,328,746,906**
Transactions with owners of the Company				
Contributions and distributions	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 30 June 2023	**315,000,000**	**252,000,000**	**4,348,062,550**	**4,915,062,550**
Balance at 1 April 2022	**315,000,000**	**252,000,000**	**2,122,057,310**	**2,689,057,310**
Total comprehensive income for the period				
Profit for the year	-	-	1,029,016,552	1,029,016,552
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	**1,029,016,552**	**1,029,016,552**
Transactions with owners of the Company				
Contributions and distributions				
First interim for the year 2022-2023	-	-	(1,417,500,000)	(1,417,500,000)
Total transactions with owners of the Company	-	-	**(1,417,500,000)**	**(1,417,500,000)**
Balance at 30 June 2022	**315,000,000**	**252,000,000**	**1,733,573,861**	**2,300,573,861**

Footnotes: *1. Independent auditor's report in page 1 to 4.*
2. The notes 1 to 35 form an integral part of these financial statements.

Marico Bangladesh Limited
Statement of cash flows
For the period ended 30 June 2023

	For the period ended	
	30 June 2023	**30 June 2022**
	BDT	**BDT**
Cash flows from operating activities		
Collection from customers and others	3,813,422,825	3,644,834,264
Payment to suppliers and for operating expenses	(1,814,336,003)	(2,537,780,259)
Cash generated from operating activities	**1,999,086,822**	**1,107,054,005**
Interest paid	(19,352,777)	-
Interest received	112,962,780	100,865,082
Income tax paid	(483,599,900)	(256,956,157)
Net cash from operating activities	**1,609,096,925**	**950,962,930**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(115,947,054)	(119,516,370)
Proceeds from disposal of PPE	-	870,549
Encashment of/(Investment in) fixed deposits	72,451,618	1,700,063,938
Net cash used in investing activities	**(43,495,436)**	**1,581,418,117**
Cash flows from financing activities		
Net proceeds from loans and borrowings	-	500,000,000
Dividend paid	-	(43,888,888)
Payment of lease liability	(22,319,351)	(14,093,131)
Net cash used in financing activities	**(22,319,351)**	**442,017,981**
Net increase in cash and cash equivalents	**1,543,282,138**	**2,974,399,028**
Opening cash and cash equivalents	**2,228,805,865**	**505,194,161**
Closing cash and cash equivalents	**3,772,088,003**	**3,479,593,189**

Footnotes: 1. Independent auditor's report in page 1 to 4.
2. The notes 1 to 35 form an integral part of these financial statements.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Notes to the financial statements
For the three-month period ended 30 June 2023

1. Reporting entity

1.1 Company profile

Marico Bangladesh Limited (hereinafter referred to as "MBL"/"the Company") is a public limited company incorporated on 6 September 1999, vide the certificate of incorporation number C-38527(485)/99 of 1999 in Bangladesh under the Companies Act 1994 and has its registered address at House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230. The corporate address of the Company is at The Glass House, Level 6-7, Plot 2, Block SE(B), Gulshan 1, Dhaka 1212. The Company was initially registered as a private limited company and subsequently converted into a public limited company on 21 September 2008. The Company was listed with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009.

1.2 Nature of business

The Company is engaged in manufacturing and marketing of consumer products under the brand name of Parachute, Nihar, Saffola, Hair Code, Livon, Parachute Advanced, Beliphool, Ayurvedic Gold, Extra Care, Parachute Body Lotion, Set-Wet, Just for Baby, Beardo, Medicare safelife and Bio Oil in Bangladesh. The Company started its commercial operation on 30 January 2000. Subsequently, it started its commercial production at Filling unit, Crushing unit and Refinery unit in 2002, 2012 & 2017 respectively. Its manufacturing plants are located at Mouchak, Kaliakoir, Gazipur and Shirirchala, Mahona, Bhabanipur, Gazipur. The company has invested to set up a new manufacturing plant in Mirsharai Economic Zone (MEZ). The Company sells its products through its own distribution channels comprising of sales depots located in Gazipur, Chittagong, Bogra and Jessore.

2. Basis of preparation

2.1 Statement of compliance

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

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

i. Bangladesh Securities and Exchange Rules 2020;
ii. The Companies Act, 1994;
iii. The Income Tax Ordinance, 1984; and
iv. The Value Added Tax and Supplementary Duty Act, 2012;

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

Details of the Company's accounting policies including changes during the period, if any, are included in note 35.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 124th Board of Directors meeting held on 26th July, 2023.

2.3 Reporting period

The financial period of the Company covers period ended on 30 June 2023.

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 and presentation currency. All amounts have been rounded off to the nearest integer.

4. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements related to lessee accounting under IFRS 16 made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is described in note 35.04 & 35.17.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next twelve month period is included in the following notes:

Note 25.1	Deferred tax
Note 5A	Property plant equipment
Note 6	Intangible assets
Note 10	Inventories
Note 13	Employee benefit obligation
Note 16	Current tax liabilities
Note 28	Contingent liabilities

Notes to the financial statements (continued)

5. Property, plant and equipment
See accounting policy in Note 35.02

A. Reconciliation of Carrying amount

	Freehold land	Plant and machinery	Factory building	Office building	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets under construction	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Cost										
Balance at 1 April 2022	176,749,959	1,341,545,886	231,768,328	231,349,814	100,341,657	39,174,844	84,867,719	27,294,028	124,027,893	2,357,120,127
Additions-Other than Mirsharai unit	-	-	-	-	-	-	-	-	144,451,880	144,451,880
Additions- Mirsharai unit	-	-	-	-	-	-	-	-	350,518,932	350,518,932
Transfer from asset under construction	-	73,570,376	14,502,148	1,586,295	125,998,065	11,795,335	5,023,441	1,841,209	(234,316,870)	-
Disposals	-	(57,542,643)	-	-	(7,504,046)	(733,019)	(868,465)	-	-	(66,648,173)
Balance at 31 March 2023	**176,749,959**	**1,357,573,619**	**246,270,476**	**232,936,109**	**218,835,676**	**50,237,160**	**89,022,695**	**29,135,237**	**384,681,835**	**2,785,442,766**
Balance at 1 April 2023	176,749,959	1,357,573,619	246,270,476	232,936,109	218,835,676	50,237,160	89,022,695	29,135,237	384,681,835	2,785,442,766
Additions-Other than Mirsharai unit	-	-	-	-	-	-	-	-	63,151,847	63,151,847
Additions- Mirsharai unit	-	-	-	-	-	-	-	-	59,444,205	59,444,205
Transfer from asset under construction	-	615,300	-	-	11,564,240	6,655,593	3,995,281	-	(22,830,414)	-
Transfer to intangible asset			-	(186,791)						(186,791)
Disposals	-	-	-	-	(66,650)	(243,829)	-	-	-	(310,479)
Balance at 30 June 2023	**176,749,959**	**1,358,188,919**	**246,270,476**	**232,749,318**	**230,333,265**	**56,648,924**	**93,017,976**	**29,135,237**	**484,447,473**	**2,907,541,548**
Accumulated depreciation and impairment loss										
Balance at 1 April 2022	-	899,198,361	210,615,602	75,947,251	69,546,795	30,892,857	73,819,793	16,002,982	-	1,376,023,640
Depreciation for the year	-	108,707,098	1,980,652	9,132,661	27,997,050	5,962,278	8,431,425	3,827,197	-	166,038,362
Impairment loss (reversal of impairment) of PPE	-	201,450	-	-		-	-	-	-	201,450
Disposals	-	(52,382,313)	-	-	(7,444,238)	(733,019)	(855,359)	-	-	(61,414,929)
Balance at 31 March 2023	-	**955,724,596**	**212,596,254**	**85,079,912**	**90,099,608**	**36,122,116**	**81,395,859**	**19,830,179**	-	**1,480,848,523**
Balance at 1 April 2023	-	955,724,596	212,596,254	85,079,912	90,099,608	36,122,116	81,395,859	19,830,179	-	1,480,848,523
Depreciation for the year	-	27,115,278	523,336	2,284,689	7,060,710	1,677,764	1,327,585	712,234	-	40,701,597
Transfer to intangible asset				(37,358.18)						(37,358)
Disposals	-	-	-	-	(42,150)	(243,829)	-	-	-	(285,979)
Balance at 30 June 2023	-	**982,839,874**	**213,119,589**	**87,327,243**	**97,118,168**	**37,556,052**	**82,723,444**	**20,542,413**	-	**1,521,226,783**
Carrying amounts										
At 31 March 2023	**176,749,959**	**401,849,023**	**33,674,222**	**147,856,197**	**128,736,068**	**14,115,044**	**7,626,836**	**9,305,058**	**384,681,835**	**1,304,594,243**
At 30 June 2023	**176,749,959**	**375,349,045**	**33,150,887**	**145,422,075**	**133,215,098**	**19,092,873**	**10,294,532**	**8,592,824**	**484,447,473**	**1,386,314,765**

B. Investment property
See accounting policy in Note 35.05

	30 June 2023	31 March 2023
	BDT	BDT
Office building	164,015,621	140,659,360
Depreciation for the year ended (Office building)	(157,669,932)	(132,555,428)
	6,345,689	**8,103,932**

Notes to the financial statements (continued)

6. Intangible assets

See accounting policy in Note 35.03

	Computer software	
	30 June 2023	31 March 2023
	BDT	BDT
Cost		
Opening balance	24,226,655	23,261,875
Additions	-	964,780
Transfer to intangible asset	186,791	-
Disposals	-	-
Closing balance	**24,413,446**	**24,226,655**
Accumulated amortisation		
Opening balance	23,673,601	23,209,991
Amortisation during the year	115,054	463,609
Transfer to intangible asset	37,358	-
Disposals	-	-
Closing balance	**23,826,012**	**23,673,601**
Carrying amount	**587,434**	**553,054**

7. Right-of-use assets

See accounting policy in Note 35.04

Reconciliation of carrying amount

	Right-of-use assets	
	30 June 2023	31 March 2023
	BDT	BDT
Cost		
Opening balance	452,662,582	420,063,229
Additions	165,578,374	34,874,051
Modification	(8,054,039)	-
Disposal	(23,768,864)	(2,274,698)
Closing balance	**586,418,053**	**452,662,582**
Accumulated depreciation		
Opening balance	185,750,950	127,347,234
Addition/ Adjustment	15,483,339	58,403,716
Disposal	-	-
Closing balance	**201,234,289**	**185,750,950**
Carrying amount	**385,183,763**	**266,911,631**

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

Notes to the financial statements (continued)

	Notes	As at 30 June 2023 BDT	As at 31 March 2023 BDT
8. Advances, deposits and prepayments			
Advances			
Advance for capital goods		87,132,459	90,131,526
Advance to suppliers and others		1,062,550,913	955,953,219
		1,149,683,372	**1,046,084,745**
Deposits			
Security deposits		3,059,632	12,068,498
		3,059,632	**12,068,498**
Prepayments			
Prepaid expenses		34,970,569	36,339,810
		34,970,569	**36,339,810**
	8.1	**1,187,713,573**	**1,094,493,053**

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

	30 June 2023 BDT	31 March 2023 BDT
Current	1,132,608,696	1,028,621,890
Non-current	55,104,876	65,871,163
	1,187,713,573	**1,094,493,053**

9. Other financial assets

	Notes	30 June 2023 BDT	31 March 2023 BDT
Fixed deposits	*9.2*	1,576,817,826	1,614,295,444
Treasury Bills	*9.3*	2,415,637,500	2,450,611,500
Trade receivables		47,447,807	60,694,023
Loans to employees		6,181,196	7,736,276
Accrued interest		42,490,803	58,138,859
	9.1	**4,088,575,133**	**4,191,476,102**

9.1 Current and non-current classification of other financial assets

	30 June 2023 BDT	31 March 2023 BDT
Current	4,083,667,452	4,184,389,716
Non-current	4,907,681	7,086,385
	4,088,575,133	**4,191,476,101**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

9.2 Fixed deposits (maturity more than three months)

	As at 30 June 2023 BDT	As at 31 March 2023 BDT
BRAC Bank Limited	561,787,140	502,700,000
The City Bank Limited	-	101,372,222
IPDC Finance Limited	-	101,381,111
IDLC Finance Limited	-	102,871,000
DBH Finance PLC	-	101,350,000
Commercial Bank of Ceylon	515,030,686	502,070,000
Eastern Bank Limited	-	101,171,111
Bank Alfalah	-	101,380,000
The Hongkong and Shanghai Banking Corporation Ltd.	500,000,000	-
	1,576,817,826	**1,614,295,444**

9.3 Treasury Bills (maturity more than three months)

	30 June 2023 BDT	31 March 2023 BDT
Treasury Bill for 182 days	2,415,637,500	483,215,500
Treasury Bill for 91 days	-	1,967,396,000
	2,415,637,500	**2,450,611,500**

10. Inventories

See accounting policy in Note 35.06

	Notes	30 June 2023 BDT	31 March 2023 BDT
Raw materials		1,725,735,773	1,704,670,892
Packing materials		435,470,861	272,010,468
Finished goods		226,357,809	387,071,251
Stores and spares		36,075,469	35,838,517
Materials in transit		397,928,008	128,959,096
		2,821,567,920	**2,528,550,222**

11. Cash and cash equivalents

See accounting policy in Note 35.07

	Notes	30 June 2023 BDT	31 March 2023 BDT
Cash at bank	11.1	3,763,692,310	1,506,765,881
Balance with bank for unclaimed dividend		8,395,693	8,402,017
Fixed deposits	11.2	-	713,637,967
		3,772,088,003	**2,228,805,865**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

11.1 Cash at bank

	Notes	As at 30 June 2023 BDT	As at 31 March 2023 BDT
BRAC Bank Limited		2,617,573,639	64,385,293
Citibank N.A.		580,451	8,086,752
Islami Bank Bangladesh Limited		19,949,455	29,975,632
Sonali Bank Limited		1,465,789	7,091,891
Standard Chartered Bank		695,394,995	345,278,771
The Hongkong and Shanghai Banking Corporation Ltd.		176,019	8,558,663
Eastern Bank Limited		87,591,797	930,972,202
Dutch Bangla Bank Limited		14,574,000	4,329,995
The City Bank Limited		7,369,612	55,688
Commercial Bank of Ceylon		319,016,554	108,030,994
		3,763,692,310	**1,506,765,881**

11.2 Fixed deposits (maturity less than three months)

	30 June 2023 BDT	31 March 2023 BDT
BRAC Bank Limited	-	354,529,467
Eastern Bank Limited	-	359,108,500
	-	**713,637,967**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

		As at	
		30 June 2023	31 March 2023
		BDT	BDT
12.	**Share capital**		
	See accounting policy in Note 35.09		
	Authorised		
	40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000
		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**

		No. of share	
12.1	**Share premium**	30 June 2023	31 March 2023
	Holdings		
	Share premium on paid up share capital	252,000,000	252,000,000
		252,000,000	**252,000,000**

		As at	
		30 June 2023	31 March 2023
13.	**Employee benefit obligation**	BDT	BDT
	See accounting policy in Note 35.11		
	Provision for gratuity	27,554,640	21,786,564
	Provision for leave encashment	31,000,110	30,790,506
		58,554,750	**52,577,070**
	Current	25,893,750	25,893,750
	Non-Current	32,661,000	26,683,320
		58,554,750	**52,577,070**

14. Lease liabilities

See accounting policy in Note 35.17

The Company leases many assets, including properties, warehouses, depots sales offices and land. Total number of lease assets is twenty and average terms of period of lease is four to fifty years. The incremental borrowing rate (IBR) ranges from 2.70% to 10.40%. The factory leases were entered into many years ago as combined leases of land and buildings. The following table sets out a maturity analysis of lease payables, showing the undiscounted lease payments to be paid after the reporting date.

	As at	
	30 June 2023	31 March 2023
	BDT	BDT
Less than one year	45,225,399	57,310,505
One to two years	34,990,446	26,134,320
Two to three years	42,274,136	12,571,804
Three to four years	35,364,802	7,691,383
Four to five years	34,318,520	-
More than five years	27,835,514	-
	220,008,817	**103,708,013**
Lease liabilities included in the statement of financial position		
Current	45,225,398	57,310,504
Non-current	174,783,419	46,397,509
	220,008,817	**103,708,013**

	As at	
	30 June 2023	31 March 2023
Amounts recognised in profit or loss	BDT	BDT
Interest on lease liabilities	4,864,683	8,411,440
	4,864,683	**8,411,440**
Amounts recognised in the statement of cash flows		
Lease rental	22,319,351	65,420,941
Total cash outflow for lease liabilities and interest payments	**22,319,351**	**65,420,941**

Notes to the financial statements (continued)

		Notes	As at 30 June 2023 BDT	As at 31 March 2023 BDT
15.	**Trade and other payable**			
	See accounting policy in Note 35.08 iii (a)			
	Trade payables	*15.1*	3,385,070,967	2,550,342,837
	Other payables	*15.2*	4,422,090,298	4,556,040,771
			7,807,161,263	**7,106,383,608**
15.1	**Trade payables**			
	Intercompany trade payable			
	Payable against raw material		1,112,954,802	711,260,029
	Payable against packing material		5,445,693	-
	Payable against finished goods		376,955	376,955
			1,118,777,451	**711,636,984**
	Third party trade payable			
	Payable against raw material		1,822,530,416	1,283,806,815
	Payable against services		437,550,251	542,270,032
	Payable against packing material		6,212,849	12,629,005
	Payable against finished goods		-	-
			2,266,293,516	**1,838,705,853**
	Total trade payables		**3,385,070,967**	**2,550,342,837**
15.2	**Other payables**			
	Intercompany other payable			
	Royalty payable		286,903,485	252,640,679
	General and technical assistance fees payable		327,370,459	319,344,214
	Dividend payable		2,028,925,000	2,028,925,000
			2,643,198,944	**2,600,909,894**
	Third party other payable			
	Payable against expenses		360,631,610	369,197,008
	Payable against business promotion expense		621,662,022	567,190,500
	Import duty and related charges payable		232,690,511	170,339,552
	Withholding tax and VAT payable		285,811,089	204,077,026
	Workers' profit participation and welfare fund		88,707,277	264,825,282
	Festival bonus		-	19,716,272
	Advance from customers		73,779,239	244,697,045
	Payable against capital goods		61,401,898	57,776,466
	Audit fees payable		462,500	880,000
	Interest on Deferred LC		16,303,025	8,212,324
	Supplementary duty		37,442,182	48,219,403
			1,778,891,354	**1,955,130,877**
	Total other payables		**4,422,090,298**	**4,556,040,771**

		Notes	As at 30 June 2023 BDT	As at 31 March 2023 BDT
16.	**Current tax liabilities**			
	Provision for income tax	*16.1*	8,275,629,460	7,913,544,700
	Advance income tax	*16.2*	(7,618,555,858)	(7,134,955,958)
			657,073,601	**778,588,742**
16.1	**Provision for income tax**			
	Opening balance		7,913,544,700	6,755,639,460
	Provision for current period/year		392,032,940	1,163,138,344
	Provision for prior year:			
	Assessment year 2009-2010		(9,098,540)	-
	Assessment year 2015-2016		(16,719,973)	-
	Assessment year 2016-2017		-	(5,233,104)
	Assessment year 2017-2018		(4,129,668)	-
			8,275,629,460	**7,913,544,700**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

16.2 Advance income tax

	As at 30 June 2023 BDT	As at 31 March 2023 BDT
Opening balance	7,134,955,958	6,141,319,671
Payment during the year:		
Payment for current period	92,279,525	644,673,998
Payment for prior year:	-	-
Assessment year 2015-2016	3,618,152	-
Assessment year 2017-2018	705,596	-
Assessment year 2022-2023	-	348,962,290
Assessment year 2023-2024	386,996,626	-
	7,618,555,858	**7,134,955,958**

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

Accounting year ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status
30 June 2023	2024-24	392,032,940	92,279,525	-
31 March 2023	2023-24	1,163,138,344	1,031,670,624	-
31 March 2022	2022-23	1,041,906,778	989,845,947	Return submitted
31 March 2021	2021-22	964,603,887	928,793,586	Return submitted
31 March 2020	2020-21	908,685,699	859,770,282	Return submitted
31 March 2019	2019-20	715,903,898	714,242,632	At High Court
31 March 2018	2018-19	603,956,939	560,411,195	Open at DCT level
31 March 2017	2017-18	507,009,408	497,658,995	At TAT*
31 March 2016	2016-17	530,996,790	518,801,913	At TAT*
31 March 2015	2015-16	485,952,668	485,952,667	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*
		8,275,629,459	**7,618,555,858**	

*Taxes Appellate Tribunal

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

		For the three-month period ended 30 June 2023 BDT	30 June 2022 BDT
17.	**Revenue**		
	See accounting policy in Note 35.15		
	Parachute coconut oil	2,544,551,971	2,344,182,218
	Value added hair oil (VAHO)	1,058,686,857	1,012,560,876
	Color	16,063,485	11,031,711
	Health & Beauty	161,999,054	98,708,324
	Baby Segment	59,007,110	41,309,213
	Others*	121,833,020	138,712,795
		3,962,141,497	**3,646,505,137**

*Others include male grooming,byproduct & others

17.1 Segregation of revenue between domestic and export

	30 June 2023 BDT	30 June 2022 BDT
Revenue from domestic operation	3,944,767,490	3,622,052,514
Revenue from export	17,374,007	24,452,623
	3,962,141,497	**3,646,505,137**

18. Cost of sales

	Note	30 June 2023 BDT	30 June 2022 BDT
Opening stock of finished goods		387,071,251	391,631,322
Cost of goods manufactured	*18.1*	1,494,731,799	1,744,161,478
		1,881,803,049	**2,135,792,800**
Closing stock of finished goods		(226,357,809)	(391,975,633)
		1,655,445,240	**1,743,817,167**

18.1 Cost of goods manufactured

	Notes	30 June 2023 BDT	30 June 2022 BDT
Materials consumed	*18.1.1*	1,390,271,258	1,631,590,894
Factory overhead	*18.1.2*	104,460,541	112,570,584
		1,494,731,799	**1,744,161,478**

18.1.1 Materials consumed

	30 June 2023 BDT	30 June 2022 BDT
Opening stock of raw materials, packing materials and others	2,141,478,971	1,940,796,549
Purchases during the year	1,844,002,397	1,683,448,728
Closing stock of raw materials, packing materials and others	(2,595,210,111)	(1,992,654,383)
	1,390,271,258	**1,631,590,894**

A. QASEM & CO. CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

	For the three-month period ended	
	30 June 2023	30 June 2022
	BDT	BDT
18.1.2 Factory overhead		
Communication expenses	158,618	149,449
Cost of outsourced human resources	26,311,441	28,511,340
Depreciation	33,379,119	30,303,045
Entertainment	2,853,873	2,332,169
Power expenses	13,684,289	22,495,731
Printing and stationery	589,850	89,265
Repairs and maintenance	2,483,076	1,929,141
Salaries and allowances	15,492,188	18,793,139
Security charges	2,826,597	2,184,958
Travelling and conveyance	1,809,271	1,735,797
Impairment	-	2,588,387
Warehouse rent	4,872,220	1,458,164
	104,460,541	**112,570,584**
19. General and administrative expenses		
Salaries and allowances	132,764,500	113,352,616
Gratuity	5,768,076	8,161,011
Rent, rates and taxes	4,197,015	2,097,905
Professional and legal charges	6,480,341	5,021,653
Security charges	555,138	457,135
Stamp and license fees	4,101,910	1,971,272
Directors' remuneration and fees	3,644,553	8,984,713
Repair and maintenance	4,350,373	1,584,876
Communication expenses	603,771	989,469
Subscription to trade association	57,500	25,368
Entertainment	8,361,506	5,524,994
Printing and stationery	383,062	54,939
Vehicle running expenses	12,202,079	9,217,398
Travelling and conveyance	3,395,638	3,905,834
Audit fees	477,754	168,000
Insurance premium	8,393,577	6,139,424
Bank charges	2,674,486	1,710,442
AGM and public relation	494,627	2,110,233
Conference and training	300,085	1,148,148
Electricity and gas charges	170,843	-
Amortisation	115,054	43,550
Royalty	38,069,783	34,805,872
Depreciation	9,080,720	9,681,522
Depreciation on right-of-use assets	15,483,340	13,646,237
General and technical assistance fees	30,543,879	18,350,574
CSR expense	4,502,778	8,430,232
	297,172,387	**257,583,419**

*General and administration expenses include expenses related to Mirsharai Economic Zone (MEZ) unit.

A. QASEM & CO. CHARTERED ACCOUNTANTS SHAN

Notes to the financial statements (continued)

		Note	For the three-month period ended 30 June 2023 BDT	For the three-month period ended 30 June 2022 BDT
20.	**Marketing, selling and distribution expenses**			
	Advertisement, travelling and communication expense		202,416,301	204,688,533
	Business promotion expenses		6,513,851	7,245,432
	Other selling & distribution expenses		21,620,899	17,813,089
	Entertainment-Mkt		4,383,594	2,295,691
	Free sample		1,719,545	356,757
	Freight- outward		29,974,096	21,902,992
	Market research expenses		10,642,464	15,502,256
			277,270,750	**269,804,750**
21.	**Other income/(expense)**	***Note***		
	Other income	*21.1*	9,073,087	6,395,405
	Other expenses	*21.2*	-	(4,568)
			9,141,824	**6,390,837**
21.1	**Other income**			
	Gain on sale of PPE		37,709	875,119
	Gain on lease disposal/ modification		2,984,976	175,219
	Insurance claim		151,198	-
	Rental income		3,381,000	1,722,000
	Scrap sales		2,518,204	3,623,067
			9,073,087	**6,395,405**
21.2	**Other expenses**			
	Loss on sale of PPE		-	(4,568)
			-	**(4,568)**
22.	**Net finance income**	***Note***		
	Finance income	*22.1*	97,383,461	24,917,553
	Finance costs	*22.2*	(64,632,866)	(3,849,391)
			32,750,595	**21,068,162**
22.1	**Finance income**			
	Interest on fixed deposits		65,549,396	23,708,816
	Interest on call deposits		31,765,328	1,195,129
	Interest on staff loan		68,737	13,608
			97,383,461	**24,917,553**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

		For the three-month period ended	
		30 June 2023	30 June 2022
		BDT	BDT
22.2	**Finance costs**		
	Interest on overdraft and loans	19,352,777	923,611
	Foreign exchange (gain)/loss	40,415,406	826,770
	Interest on lease	4,864,683	2,099,010
		64,632,866	**3,849,391**
23.	**Contribution to WPPF**		
	Profit before contribution to workers participation fund and welfare fund	1,774,145,540	1,402,758,800
	Applicable contribution rate	5%	5%
		88,707,277	70,134,396

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.

24. Earnings per share

24.1 Basic earnings per share

	30 June 2023	30 June 2022
Profit attributable to ordinary shareholders (net profit after tax)	1,328,746,906	1,029,016,552
Weighted average number of ordinary shares outstanding during the year	31,500,000	31,500,000
Earnings per share (EPS) in Taka	**42.18**	**32.67**

24.2 Diluted earnings per share

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

25. Income tax expenses

See accounting policy in Note 35.14

Amounts recognised in profit or loss

	For the year ended 30 June 2023	For the year ended 30 June 2022
	BDT	BDT
Current tax expense		
Current period	392,032,940	306,992,172
Adjustment for prior year	(29,948,181)	(5,233,104)
	362,084,759	**301,759,068**
Deferred tax income/(expense)	**(5,393,402)**	**1,848,784**
	356,691,357	**303,607,852**

25.1 Movement in deferred tax balances

30 June 2023	Net balance at 01 April 2023	Recognised in profit /loss	Recognised in OCI	Net balance as at 30 June 2023	Balance as at 30 June 2023 Deferred tax assets	Balance as at 30 June 2023 Deferred tax liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(39,129,939)	(8,582,095)	-	(47,712,034)	(47,712,034)	-
Provision for leave encashment	(6,927,864)	(1,349,289)	-	(8,277,153)	(8,277,153)	-
RoU assets and lease liability under IFRS 16	33,570,813	5,758,561	-	39,329,374	-	39,329,374
Unrealized forex loss	-	(1,220,579)	-	(1,220,579)	(1,220,579)	-
Net deferred tax (assets)/liabilities	**(12,486,990)**	**(5,393,402)**	**-**	**(17,880,392)**	**(57,209,765)**	**39,329,374**

31 March 2023	Net balance at 01 April 2022	Recognised in profit /loss	Recognised in OCI	Net balance as at 31 March 2023	Balance as at 31 March 2023 Deferred tax assets	Balance as at 31 March 2023 Deferred tax liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(2,918,968)	(36,210,971)	-	(39,129,939)	(39,129,939)	-
Provision for leave encashment	(5,935,440)	(992,424)	-	(6,927,864)	(6,927,864)	-
RoU assets- Impact of IFRS 16	(4,995,696)	38,566,509	-	33,570,813	-	33,570,813
Net deferred tax (assets)/liabilities	**(13,850,104)**	**1,363,114**	**-**	**(12,486,990)**	**(46,057,803)**	**33,570,813**

A. QASEM & CO. GULSHAN DHAKA * CHARTERED ACCOUNTANTS *

Notes to the financial statements (continued)

26. Related party transactions

26.1 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.

26.2 Transactions with key management personnel

	For the period ended	
	30 June 2023	30 June 2022
	BDT	BDT
Directors' remuneration and fees	3,644,553	8,984,713
	3,644,553	8,984,713

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

26.3 Other related party transactions

During the year 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.*

26.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction amount	Balance as at 30 June 2023	Balance as at 31 March 2023
			BDT	BDT	BDT
Marico Limited, India	Parent company	Purchase of RM and PM	12,116,318	21,262,562	20,566,343
		Royalty	38,069,783	286,903,485	252,640,679
		Dividend	-	2,028,925,000	2,028,925,000
		General and technical assistance fees	30,543,879	357,914,338	319,344,214
		Sales of RM	1,932,132	1,932,132	-

26.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction amount	Balance as at 30 June 2023	Balance as at 31 March 2023
			BDT	BDT	BDT
Marico Middle East FZE	Associated company	Purchase of RM	679,019,946	1,097,137,934	690,693,686
Marico South East Asia	Associated company	Sales of RM	1,191,510	870,510	
Marico for Consumer Care Products SAE (Erstwhile Wind Co)	Associated company	Sales of PM	3,409,676	146,067	1,162,456
ZED Lifestyle Pvt Ltd	Associated company	Purchase of FG	830,500		376,955

Notes to the financial statements (continued)

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

	As at	
	30 June 2023	31 March 2023
	BDT	BDT
27.1 Calculation of net asset value per share		
Net asset	4,915,062,550	3,586,315,643
Number of shares	31,500,000	31,500,000
Net asset value (NAV) per share	**156.03**	**113.85**

27.2 Calculation of net operating cash flow per share (NOCFPS)	For the period ended	
	30 June 2023	30 June 2022
Net cash from operating activities	1,609,096,925	950,962,930
No. of shares	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	**51.08**	**30.19**

27.3 Reconciliation of net profit with cash flows from operating activities

	For the period ended	
	30 June 2023	30 June 2022
	BDT	BDT
Profit after tax	1,328,746,906	1,029,016,552
Adjustment for:		
Depreciation	57,943,178	53,630,804
Amortisation	115,054	43,550
Interest expense	19,352,777	923,611
Effect of exchange rate fluctuations on cash held	-	-
Interest on staff loan	-	13,608
Interest on lease	4,864,683	2,099,010
Interest income	(97,383,461)	(24,917,553)
Gain on sale of PPE	-	(870,551)
Tax expense	356,691,357	303,607,852
	1,670,330,493	**1,363,546,883**
Changes in operating assets and liabilities:		
Inventories	(293,017,697)	(52,202,143)
Advances, deposits and prepayments	(96,219,587)	(323,186,346)
Other financial assets	(20,647,469)	(4,982,271)
Employee benefit obligation	5,977,680	10,901,666
Trade and other payable	732,663,401	112,976,216
Cash generated from operating activities	**1,999,086,823**	**1,107,054,008**
Interest paid	(19,352,777)	-
Interest received	112,962,780	100,865,082
Income tax paid	(483,599,900)	(256,956,157)
Net cash flows from operating activities	**1,609,096,926**	**950,962,933**

* Net operating cash flow increased due to higher collection and lower payment to supplier.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

28. Contingent liabilities

The Company has contingent liability of BDT 1,077,100,000 as on 30 June 2023 in respect of indirect tax (VAT) and workers' profit participation & welfare fund. These are being vigorously defended by the Company. The management does not consider that it is appropriate to make provision in respect of any of these claims.

The Company has ordinary letter of credit amount of Taka 103,811,499, Taka 24,359,677,Taka 252,191,597 and Taka 11,411,513 with Standard Chartered Bank, Commercial bank of Ceylon, City Bank NA and Eastern Bank Ltd respectively. Shipping guarantee of Taka 15,130,531 with Standard Chartered Bank.

29. 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 2023.

30. 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,

31. Subsequent events

No significant events have occurred after the reporting period.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

32. Financial instruments - fair values and financial risk management

32.1 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 2023

Particulars	Note	Carrying amount						
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	Total
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	9	-	-	-	-	1,576,817,826	-	1,576,817,826
Treasury Bills	9	-	-	-	-	2,415,637,500	-	2,415,637,500
Loan to employees	9	-	-	-	-	6,181,196	-	6,181,196
Trade receivables	9	-	-	-	-	47,447,807	-	47,447,807
Cash and cash equivalents	11	-	-	-	-	3,772,088,003	-	3,772,088,003
		-	-	-	-	**7,818,172,333**	-	**7,818,172,333**
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	15	-	-	-	-	-	4,422,090,298	4,422,090,298
Lease liabilities	14	-	-	-	-	-	220,008,817	220,008,817
		-	-	-	-	-	**4,642,099,114**	**4,642,099,114**

Notes to the financial statements (continued)

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

32.1 Accounting classifications and fair values (continued)

31 March 2023

Particulars	Note	Carrying amount						
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	Total
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	9	-	-	-	-	1,614,295,444	-	1,614,295,444
Treasury Bills	9	-	-	-	-	2,450,611,500	-	2,450,611,500
Loan to employees	9	-	-	-	-	7,736,276	-	7,736,276
Trade receivables	9	-	-	-	-	60,694,023	-	60,694,023
Cash and cash equivalents	11	-	-	-	-	2,228,805,865	-	2,228,805,865
		-	-	-	-	**6,362,143,108**	-	**6,362,143,108**
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	15	-	-	-	-	-	7,106,383,608	7,106,383,608
Lease liabilities	14	-	-	-	-	-	103,708,013	103,708,013
		-	-	-	-	-	**7,210,091,622**	**7,210,091,622**

Notes to the financial statements (continued)

32.2 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

32.2.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligation which arises principally from the Company's receivables from customers.

The Company makes sales on advance basis i.e. it receives advance from customers prior to sale, so there is no credit risk due to uncollectibility from the customers. However, the Company maintains most of the financial assets with short-term deposits and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets	*Note*	30 June 2023 BDT	31 March 2023 BDT
Fixed deposits	9	1,576,817,826	1,614,295,444
Treasury Bills	9	2,415,637,500	2,450,611,500
Loans to employees	9	6,181,196	7,736,276
Trade receivables	9	47,447,807	60,694,023
Cash and cash equivalents	11	3,772,088,003	2,228,805,865
		7,818,172,333	**6,362,143,109**

Notes to the financial statements (continued)

32.2 Financial risk management (continued)

32.2.2 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				
	Note	Carrying amount	Expected cash flow	6 months or less	6-12 months	1- 2 years	2- 5 years	More than 5 years
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
30 June 2023								
Trade and other payables	*15*	4,422,090,298	4,422,090,298	4,422,090,298	-	-	-	-
Lease liabilities	*14*	220,008,817	103,708,013	27,909,973	29,400,532	26,134,320	20,263,187	-
		4,642,099,114	**4,525,798,311**	**4,450,000,271**	**29,400,532**	**26,134,320**	**20,263,187**	-
31 March 2023								
Trade and other payables	*15*	7,106,383,608	7,106,383,608	7,106,383,608	-	-	-	-
Lease liabilities	*14*	103,708,013	128,118,165	27,628,104	28,352,033	57,413,676	14,724,352	
		7,210,091,622	7,234,501,773	7,134,011,712	28,352,033	57,413,676	14,724,352	-

32.2.2 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) <u>Currency risk</u>

The Company's exposures to foreign currency risk at 30 June 2023 are as follows:

	30 June 2023	31 March 2023
	USD	USD
Import of goods and services	(17,509,291)	(2,175,727)
Bank balance	217,396	325,923
	(17,291,895)	**(1,849,804)**

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

	Average rate		Year-end spot rate	
	30 June 2023	31 March 2023	30 June 2023	31 March 2023
Exchange rate (USD/BDT)	82.17	98.20	108.02	105.07

Notes to the financial statements (continued)

ii) Foreign exchange rate sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 1% change in foreign exchange rates would have increased/(decreased) equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
	BDT	BDT	BDT	BDT
30 June 2023				
USD (1% movement)	(18,678,705)	18,678,705	(18,678,705)	18,678,705
31 March 2023				
USD (1% movement)	(1,943,589)	1,943,589	(1,943,589)	1,943,589

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 2023, the interest rate profile of the Company's interest bearing financial instruments was:

	30 June 2023	31 March 2023
	BDT	BDT
Fixed rate instruments		
Financial assets	-	-
Fixed deposit receipts	1,576,817,826	1,614,295,444
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

Notes to the financial statements (continued)

33. 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 35.11.

34. Standards issued but not yet effective

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

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

- *Amendments To References To Conceptual Framework in IFRS Standards.*
- *IFRS 17 Insurance Contracts.*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*

35. 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
35.01	Foreign currency transactions
35.02	Property, plant and equipment
35.03	Intangible assets
35.04	Right of use assets
35.05	Investment Property
35.06	Inventories
35.07	Cash and cash equivalents
35.08	Financial instruments
35.09	Share capital
35.10	Dividend to the equity holders
35.11	Employee benefits
35.12	Accruals
35.13	Provisions
35.14	Income tax
35.15	Revenue
35.16	Finance income and finance cost
35.17	Lease liabilities
35.18	Impairment
35.19	Contingencies
35.20	Earnings per share
35.21	Events after the reporting period

35.01 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into (BDT) at the exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into (BDT) at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.02 Property, plant and equipment

i) **Recognition and measurement**

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets, bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Parts of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

ii) **Subsequent cost**

Subsequent cost of an item of property, plant and equipment is capitalised only if it is probable that future economic benefits embodied within the item will flow to the Company and its costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) **Depreciation**

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

Other items of property, plant and equipment is depreciated on a straight line basis in profit or loss over the estimated useful lives of each item of property, plant and equipment. Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is charged from the month of acquisition of property, plant and equipment and no depreciation is charged in the month of disposal.

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.02 Property, plant and equipment (continued)

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 year in which they are incurred.

35.03 Intangible assets

i) Recognition and measurement

Intangible assets have finite useful lives and are stated at cost less accumulated amortisation and any impairment losses. Intangible assets are recognised in accordance with IAS 38 *Intangible assets*. Intangible assets include cost of acquisition of computer software, intellectual property, copyright and other costs incidental to such capital expenditure.

ii) Subsequent costs

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

iii) Amortisation

Amortisation is recognised in profit or loss on straight line basis over the estimated useful lives of intangible assets from the date they are available for use.

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

iv) Derecognition

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

35.04 Right of use assets

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, in accordance with the Company's accounting policies.

35.05 Investment Property

Investment property is land or a building (including part of a building) or both that is:

- held to earn rentals or for capital appreciation or both;
- not owner-occupied;
- not used in production or supply of goods and services, or for administration; and
- not held for sale in the ordinary course of business.

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

Investment property may include investment property that is being redeveloped.

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

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

35.06 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Stores and spares and material in transit are measured at cost.

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

35.07 Cash and cash equivalents

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

35.08 Financial instruments

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

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets – policy applicable from 1 April 2018

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

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

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. QASEM & CO. CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

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.

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

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

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.

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.

35.09 Share capital

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

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

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Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.10 Dividend to the equity holders

The Company recognises a liability to make cash dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Bangladesh, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

35.11 Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii) Defined benefit plan (Gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees. This scheme is qualified as defined benefit plan.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. When the benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit and loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit and loss. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

iii) Leave encashment

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

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

iv) Workers' profit participation and welfare fund

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

35.12 Accruals

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

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Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.13 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

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

35.14 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for corporate income tax is made following the rate applicable for companies as per Finance Act 2023 i.e 22.5%

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

35.15 Revenue

The Company has initially applied IFRS 15 Revenue from contracts with customers from 1 April 2018. 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).

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Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.16 Finance income and finance cost

i) Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss using the effective interest method.

ii) Finance cost

Finance costs comprise interest expense on borrowings and foreign exchange gain or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

35.17 Lease liabilities

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

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

35.18 Impairment

i. Financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

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

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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,

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.

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35. Significant accounting policies (continued)

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

35.19 Contingencies

i) Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position of the Company. Moreover, contingencies arising from claims, litigations, assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

ii) Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company does not recognise contingent asset.

35.20 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant years.

35.21 Events after the reporting period

Events after statement of financial position date that provide additional information about the Company's position at the statement of financial position date are reflected in the financial statements. Events after statement of financial position date that are non-adjusting events are disclosed in the notes when material.

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