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

as at and for the quarter and six-month period ended 30 September 2022

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2022, and of its financial performance and its cash flows for the six-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 34.15 to the financial statements, Revenue of BDT 7,345 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 24 & Note 27 of the financial statements, the Company is subject to periodic review by local tax authorities on a range of tax matters during the normal course of business including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges. Judgement is required in assessing the level of provisions and disclosure of contingent liabilities, required in respect of uncertain tax position that reflects management's best estimates of the most likely outcome based on the facts available.

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

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

  How our audit addressed the key audit matter:

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

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

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

DVC: 2211010643A0603173

Place: Dhaka
Date: 31 October 2022

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

	Notes	30 September 2022 BDT	31 March 2022 BDT
Assets			
Non Current Assets			
Property, plant and equipment	5A	1,107,807,828	981,096,486
Intangible assets	6	655,200	51,883
Right-of-use asset	7	297,572,656	292,715,995
Deferred tax asset	24.1	8,812,477	13,850,105
Advances, deposits and prepayments	8	46,829,129	73,743,809
Investment property	5B	9,355,876	12,825,500
Other financial assets	9	1,273,516	726,235
Total Non Current Assets		**1,472,306,682**	**1,375,010,013**
Current Assets			
Inventories	10	2,825,594,983	2,332,427,872
Advances, deposits and prepayments	8	1,134,147,793	748,075,043
Other financial assets	9	62,211,263	2,086,909,585
Cash and cash equivalents	11	3,373,725,826	505,194,161
Total Current Assets		**7,395,679,865**	**5,672,606,661**
Total Assets		**8,867,986,547**	**7,047,616,674**
Equity			
Share capital	12	315,000,000	315,000,000
Share premium	12.1	252,000,000	252,000,000
Retained earnings		1,130,270,960	2,122,057,310
Total equity		**1,697,270,960**	**2,689,057,310**
Liabilities			
Non Current liabilities			
Employee benefit obligation	13	46,510,851	43,669,953
Lease liabilities	14	76,124,022	78,641,492
Total Non Current liabilities		**122,634,873**	**122,311,445**
Current liabilities			
Employee benefit obligation	13	40,677,760	24,414,204
Trade and other payable	15	6,120,633,381	3,539,898,923
Unclaimed dividend	15.2	36,426,759	8,138,333
Lease liabilities	14	56,185,975	49,476,669
Current tax liabilities	16	794,156,839	614,319,789
Total current liabilities		**7,048,080,714**	**4,236,247,919**
Total liabilities		**7,170,715,587**	**4,358,559,364**
Total equity and liabilities		**8,867,986,547**	**7,047,616,674**

Footnotes: 1. Independent auditor's report in page 1 to 4.
2. The notes 1 to 34 form an integral part of these financial statements.

Rajat Diwakar
Managing Director

Elias Ahmed
Chief Financial Officer and
Company Secretary

Parveen Mahmud
Director

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

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

DVC: 2211010643AO603173

Place: Dhaka
Date: 31 October 2022

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

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

		For the six-month period ended		For the three-month period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
	Notes	BDT	BDT	BDT	BDT
Revenue	17	7,345,951,054	6,752,601,577	3,699,445,918	3,408,591,428
Cost of sales	18	(3,527,691,269)	(2,999,645,920)	(1,783,874,102)	(1,551,308,052)
Gross profit		**3,818,259,785**	**3,752,955,657**	**1,915,571,816**	**1,857,283,376**
Other income	21.1	11,552,028	6,758,530	5,318,233	3,588,576
General and administrative expenses	19	(582,222,977)	(580,432,215)	(324,639,557)	(328,746,708)
Marketing, selling and distribution expenses	20	(529,287,381)	(660,511,453)	(259,482,631)	(330,666,282)
Other expense	21.2	(4,568)	(88,521)	-	(74,258)
Operating profit		**2,718,296,886**	**2,518,681,999**	**1,336,767,860**	**1,201,384,704**
Finance income	22.1	44,290,987	59,600,459	19,387,043	30,981,661
Finance costs	22.2	(29,163,552)	(8,005,988)	(25,314,161)	(4,125,645)
Net finance income		15,127,435	51,594,470	(5,927,119)	26,856,016
Profit before contribution to workers participation fund and welfare fund		**2,733,424,321**	**2,570,276,469**	**1,330,840,741**	**1,228,240,720**
Contribution to workers participation fund & welfare fund		136,671,166	128,513,823	66,536,770	61,412,036
Profit before tax		**2,596,753,155**	**2,441,762,646**	**1,264,303,971**	**1,166,828,684**
Income tax expenses	24	(596,039,505)	(465,626,249)	(292,431,653)	(270,803,453)
Profit for the year		**2,000,713,650**	**1,976,136,397**	**971,872,318**	**896,025,231**
Other comprehensive income					
Other comprehensive income/(loss) for the year, net of tax		-		-	-
Total comprehensive income for the year		**2,000,713,650**	**1,976,136,397**	**971,872,318**	**896,025,231**
Earnings per share		**BDT**	**BDT**	**BDT**	**BDT**
Basic earnings per share (per value of Tk 10)	23	**63.51**	**62.73**	**30.85**	**28.45**

Footnotes: *1. Independent auditor's report in page 1 to 4.*
2. The notes 1 to 34 form an integral part of these financial statements.

Rajat Diwakar
Managing Director

Elias Ahmed
Chief Financial Officer and Company Secretary

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Director

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Partner
Enrolment Number: 643

DVC: 2211010643A0603173

Place: Dhaka
Date: 31 October 2022

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

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

	Attributable to owners of the Company			
	Share capital	**Share premium**	**Retained earnings**	**Total**
	BDT	**BDT**	**BDT**	**BDT**
Balance at 1 April 2021	**315,000,000**	**252,000,000**	**1,069,572,396**	**1,636,572,396**
Total comprehensive income for the period				
Profit for the period	-	-	1,976,136,397	1,976,136,397
Other comprehensive income			-	-
Total comprehensive income for the period	-	-	**1,976,136,397**	**1,976,136,397**
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2020-2021			(630,000,000)	(630,000,000)
First interim dividend for the year 2021-2022			(630,000,000)	(630,000,000)
Total transactions with owners of the Company			**(1,260,000,000)**	**(1,260,000,000)**
Balance at 30 September 2021	**315,000,000**	**252,000,000**	**1,785,708,793**	**2,352,708,793**
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 period	-	-	2,000,713,650	**2,000,713,650**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**315,000,000**	**252,000,000**	**2,000,713,650**	**2,000,713,650**
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2021-2022			(630,000,000)	(630,000,000)
First interim for the year 2022-2023			(1,417,500,000)	(1,417,500,000)
Second interim for the year 2022-2023			(945,000,000)	(945,000,000)
Total transactions with owners of the Company			**(2,992,500,000)**	**(2,992,500,000)**
Balance at 30 September 2022	**315,000,000**	**252,000,000**	**1,130,270,960**	**1,697,270,960**

Footnotes: *1. Independent auditor's report in page 1 to 4.*
2. The notes 1 to 34 form an integral part of these financial statements.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Statement of cash flows
For the Six-month period ended 30 September 2022

	For the Six-month period ended	
	30 September 2022	30 September 2021
	BDT	BDT
Cash flows from operating activities		
Collection from customers and others	7,343,202,509	6,693,292,032
Payment to suppliers and for operating expenses	(2,867,536,281)	(4,181,767,894)
Cash generated from operating activities	**4,475,666,228**	**2,511,524,138**
Interest paid	(4,030,833)	(2,303,022)
Interest received	131,652,919	20,835,265
Income tax paid	(411,164,828)	(342,033,389)
Net cash from operating activities	**4,192,123,486**	**2,188,022,991**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(242,575,676)	(357,702,883)
Acquisition of intangible assets	(819,000)	-
Proceeds from disposal of PPE	3,405,546	200,686
Encashment of/(Investment in) fixed deposits	1,942,382,196	(11,446,250)
Investmet in treasury bond	-	
Net cash used in investing activities	**1,702,393,065**	**(368,948,447)**
Cash flows from financing activities		
Net proceeds from loans and borrowings	-	250,000,000
Dividend paid	(2,992,498,744)	(1,260,000,000)
Payment of lease liability	(33,486,144)	(27,667,988)
Net cash used in financing activities	**(3,025,984,888)**	**(1,037,667,988)**
Net increase in cash and cash equivalents	**2,868,531,664**	**781,406,556**
Effect of exchange rate fluctuations on cash held	**-**	**169,279**
Opening cash and cash equivalents	**505,194,161**	**396,404,261**
Closing cash and cash equivalents	**3,373,725,826**	**1,177,980,096**

Footnotes: *1. Independent auditor's report in page 1 to 4.*

2. The notes 1 to 34 form an integral part of these financial statements.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Index to the notes of the financial statements

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Notes to the financial statements
For the quarter and six-month period ended 30 September 2022

1. Reporting entity

1.1 Company profile

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

1.2 Nature of business

The Company is engaged in manufacturing and marketing of consumer products under the brand name of Parachute, Nihar, Saffola, Hair Code, Livon, Parachute Advanced, Beliphool, Ayurvedic Gold, Extra Care, Parachute Body Lotion, Set-Wet and Bio Oil in Bangladesh. The Company started its commercial operation on 30 January 2000. Subsequently, it started its commercial production at Filling unit, Crushing unit and Refinery unit in 2002, 2012 & 2017 respectively. Its manufacturing plants are located at Mouchak, Kaliakoir, Gazipur and Shirirchala, Mahona, Bhabanipur, Gazipur. The Company sells its products through its own distribution channels comprising of sales depots located in Gazipur, Chittagong, Bogra and Jessore.

2. Basis of preparation

2.1 Statement of compliance

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

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

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

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

Details of the Company's accounting policies including changes during the period, if any, are included in note 34.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 121th Board of Directors meeting held on 31 October 2022.

2.3 Reporting period

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

2.4 Comparative and reclassification

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

3. Functional and presentation currency

These financial statements are presented in Bangladeshi Taka (Taka/TK/BDT) which is the Company's functional and presentation currency. All amounts have been rounded off to the nearest integer.

4. Use of judgements and estimates

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

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

(a) Judgements

Information about judgements related to lessee accounting under IFRS 16 made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is described in note 34.04 & 34.17.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 September 2022 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 24.1	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 27	Contingent liabilities

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

5. Property, plant and equipment
See accounting policy in Note 34.02

A. Reconciliation of carrying amount

	Freehold land	Plant and machinery	Factory building	Office building	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets under construction	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Cost										
Balance at 1 April 2021	176,749,959	1,064,817,634	231,192,150	207,119,863	73,033,340	35,258,942	84,999,451	24,484,038	112,860,789	2,010,516,166
Asset held for sale adjustments in Opening Balance	-	-	-	136,844,485	-	-	23,356,261	-	-	160,200,746
Additions-Other than Mirsharai unit	-	-	-	-	-	-	-	-	311,449,966	311,449,966
Additions- Mirsharai unit	-	-	-	-	-	-	-	-	40,981,893	40,981,893
Transfer from asset under construction	-	277,065,906	771,880	26,170,433	28,272,028	4,016,570	1,345,150	3,622,789	(341,264,755)	-
Transfer to investment property	-	-	-	(138,784,967)	-	-	(23,356,261)	-	-	(162,141,228)
Disposals	-	(337,654)	(195,702)	-	(963,712)	(100,667)	(1,476,882)	(812,799)	-	(3,887,416)
Balance at 31 March 2022	**176,749,959**	**1,341,545,886**	**231,768,328**	**231,349,814**	**100,341,657**	**39,174,844**	**84,867,719**	**27,294,028**	**124,027,893**	**2,357,120,127**
Balance at 1 April 2022	176,749,959	1,341,545,886	231,768,328	231,349,814	100,341,657	39,174,844	84,867,719	27,294,028	124,027,893	2,357,120,127
Asset held for sale adjustments in Opening Balance	-	-	-	-	-	-	-	-	-	-
Additions-Other than Mirsharai unit	-	-	-	-	-	-	-	-	94,790,017	94,790,017
Additions- Mirsharai unit	-	-	-	-	-	-	-	-	114,754,761	114,754,761
Transfer from asset under construction	-	18,653,835	10,566,459	914,145	68,955,993	7,049,350	3,826,764	1,472,666	(111,439,212)	-
Transfer to investment property	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(6,323,278)	(733,019)	(638,465)	-	-	(7,694,762)
Balance at 30 September 2022	**176,749,959**	**1,360,199,721**	**242,334,787**	**232,263,958**	**162,974,371**	**45,491,175**	**88,056,018**	**28,766,694**	**222,133,458**	**2,558,970,142**
Accumulated depreciation and impairment loss										
Balance at 1 April 2021	-	798,686,656	209,299,038	67,178,308	60,752,143	25,842,426	64,110,249	12,779,081	-	1,238,647,901
Asset held for sale adjustments in Opening Balance		-	-	105,997,772	-	-	18,337,509	-	-	124,335,281
	-	94,950,572	1,471,719	28,730,638	14,398,317	5,131,611	16,124,499	4,027,715	-	164,835,071
Impairment loss (reversal of impairment) of PPE	-	5,898,787	-	-	(4,761,389)	-	-	-	-	1,137,398
Transfer to investment property	-	-	-	(125,959,467)	-	-	(23,356,261)	-	-	(149,315,728)
Disposals	-	(337,654)	(155,155)	-	(842,276)	(81,180)	(1,396,204)	(803,814)	-	(3,616,283)
Balance at 31 March 2022	**-**	**899,198,361**	**210,615,602**	**75,947,251**	**69,546,795**	**30,892,857**	**73,819,793**	**16,002,982**	**-**	**1,376,023,640**
Balance at 1 April 2022	-	899,198,361	210,615,602	75,947,251	69,546,795	30,892,857	73,819,793	16,002,982	-	1,376,023,640
Depreciation for the period	-	53,513,514	902,960.12	4,538,496	10,295,414	2,926,055	5,828,719	2,198,552	-	80,203,711
Impairment loss (reversal of impairment) of PPE	-	2,588,387	-	-	-	-	-	-	-	2,588,387
Disposals	-	-	-	-	(6,295,045)	(733,019)	(625,359)	-	-	(7,653,423)
Balance at 30 September 2022	**-**	**955,300,262**	**211,518,562**	**80,485,747**	**73,547,164**	**33,085,893**	**79,023,152**	**18,201,534**	**-**	**1,451,162,314**
Carrying amounts										
At 31 March 2022	**176,749,959**	**442,347,525**	**21,152,726**	**155,402,563**	**30,794,861**	**8,281,987**	**11,047,926**	**11,291,046**	**124,027,893**	**981,096,486**
At 30 September 2022	**176,749,959**	**404,899,459**	**30,816,225**	**151,778,211**	**89,427,207**	**12,405,282**	**9,032,866**	**10,565,160**	**222,133,458**	**1,107,807,828**

B. Investment property
See accounting policy in Note 34.05

	30 September 2022	31 March 2022
	BDT	BDT
Office building	138,784,967	138,784,967
Depreciation for the period ended (Office building)	(129,429,091)	(125,959,467)
	9,355,876	**12,825,500**

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

6. Intangible assets

See accounting policy in Note 34.03

	Computer software	
	30 September 2022	**31 March 2022**
	BDT	**BDT**
Cost		
Opening balance	23,261,875	22,061,875
Additions	819,000	1,200,000
Disposals		-
Closing balance	**24,080,875**	**23,261,875**
Accumulated amortisation		
Opening balance	23,209,991	21,835,791
Amortisation during the period	215,684	1,374,200
Disposals		-
Closing balance	**23,425,675**	**23,209,991**
Carrying amount	**655,200**	**51,884**

7. Right-of-use asset

See accounting policy in Note 34.04

Reconciliation of carrying amount

	Right-of-use asset	
	30 September 2022	**31 March 2022**
	BDT	**BDT**
Cost		
Opening balance	420,063,229	241,332,175
Additions-other than Mirsharai unit	33,931,534	6,722,593
Additions-Mirsharai unit		172,800,922
Disposal	(694,178)	(792,461)
Closing balance	**453,300,586**	**420,063,229**
Accumulated depreciation		
Opening balance	127,347,234	76,738,542
Addition/ Adjustment	28,380,692	51,139,195
Disposal		(530,503)
Closing balance	**155,727,926**	**127,347,234**
Carrying amount	**297,572,656**	**292,715,995**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

		Notes	30 September 2022 BDT	31 March 2022 BDT
8.	**Advances, deposits and prepayments**			
	Advances			
	Advance for capital goods		91,033,593	57,509,956
	Advance to suppliers and others		1,030,800,024	737,479,714
			1,121,833,618	**794,989,670**
	Deposits			
	Security deposits		12,239,227	11,125,498
			12,239,227	**11,125,498**
	Prepayments			
	Prepaid expenses		46,904,078	15,703,685
			46,904,078	**15,703,685**
		8.1	**1,180,976,923**	**821,818,852**

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

	30 September 2022 BDT	31 March 2022 BDT
Current	1,134,147,793	748,075,043
Non-current	46,829,129	73,743,809
	1,180,976,923	**821,818,852**

		Notes	30 September 2022 BDT	31 March 2022 BDT
9.	**Other financial assets**			
	Fixed deposits	*9.2*	-	1,942,382,196
	Trade receivables		55,592,057	52,229,788
	Loans to employees		3,768,395	1,537,577
	Accrued interest		4,124,327	91,486,259
		9.1	**63,484,779**	**2,087,635,820**

9.1 Current and non-current classification of other financial assets

	30 September 2022 BDT	31 March 2022 BDT
Current	62,211,263	2,086,909,585
Non-current	1,273,516	726,235
	63,484,779	**2,087,635,820**

9.2 Fixed deposits (maturity more than three months)

	Credit rating	30 September 2022 BDT	31 March 2022 BDT
BRAC Bank Limited	*Ba3*	-	300,000,000
The City Bank Limited	*B1*	-	150,000,000
IPDC Finance Limited	*AA1*	-	309,379,333
IDLC Finance Limited	*AAA*	-	394,817,863
Commercial Bank of Ceylon	*AAA*	-	388,158,000
Bank Alfalah	*AA*	-	400,000,000
		-	**1,942,355,196**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

			30 September 2022 BDT	31 March 2022 BDT
10.	**Inventories**			
	See accounting policy in Note 34.06			
	Raw materials		1,944,615,518	1,406,999,188
	Packing materials		374,360,222	278,205,653
	Finished goods		277,097,019	391,631,323
	Stores and spares		31,134,537	25,261,419
	Materials in transit		198,387,687	230,330,289
			2,825,594,983	**2,332,427,872**
11.	**Cash and cash equivalents**			
	See accounting policy in Note 34.07			
		Note		
	Cash at bank	11.1	3,127,299,066	497,055,828
	Balance with Citibank N.A.for unclaimed dividend		36,426,759	8,138,333
	Fixed deposits	11.2	210,000,000	
			3,373,725,826	**505,194,161**
		Credit rating		
11.1	**Cash at bank**			
	BRAC Bank Limited	*Ba3*	36,537,618	44,520,844
	Citibank N.A.	*A+*	2,480,232	1,607,081
	Islami Bank Bangladesh Limited	*AA+*	39,942,000	6,689,940
	Sonali Bank Limited	*AAA*	12,430,537	2,754,523
	Standard Chartered Bank	*AAA*	2,598,565,065	425,793,218
	The Hongkong and Shanghai Banking Corporation Ltd.	*AAA*	57,735,508	7,719,415
	Eastern Bank Limited	*B1*	349,017,764	1,071,792
	Dutch Bangla Bank Limited	*B1*	30,497,797	250,000
	The City Bank Limited	*B1*	92,545	6,649,014
			3,127,299,066	**497,055,828**

		30 September 2022 BDT	31 March 2022 BDT
11.2	**Fixed deposits (maturity less than three months)**		
	IDLC Finance Limited	100,000,000	-
	Bank Alfalah	110,000,000	-
		210,000,000	**-**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

		30 September 2022 BDT	31 March 2022 BDT
12.	**Share capital**		
	See accounting policy in Note 34.09		
	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**

12.1 Share premium

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

		30 September 2022 BDT	31 March 2022 BDT
13.	**Employee benefit obligation**		
	See accounting policy in Note 34.11		
	Provision for gratuity	57,099,925	41,704,423
	Provision for leave encashment	30,088,687	26,379,734
		87,188,612	**68,084,157**
	Current	40,677,760	24,414,204
	Non-Current	46,510,851	43,669,953
		87,188,612	**68,084,157**

		30 September 2022 BDT	31 March 2022 BDT
14.	**Lease liabilities**		
	See accounting policy in Note 34.17		
	Current	56,185,975	49,476,669
	Non-current	76,124,022	78,641,492
		132,309,997	**128,118,161**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

		Note	30 September 2022 BDT	31 March 2022 BDT
15.	**Trade and other payable**			
	See accounting policy in Note 34.08 iii (a)			
	Trade payables	*15.1*	1,857,616,978	1,320,963,934
	Other payables	*15.2*	4,299,443,162	2,227,073,322
			6,157,060,140	**3,548,037,256**

		30 September 2022 BDT	31 March 2022 BDT
15.1	**Trade payables**		
	Intercompany trade payable		
	Payable against raw material	623,962,758	468,683,405
	Payable against packing material	3,965,064	3,330,329
		627,927,822	**472,013,734**
	Third party trade payable		
	Payable against raw material	394,436,471	154,777,316
	Payable against services	658,679,947	579,892,305
	Payable against packing material	176,332,182	113,941,766
	Payable against finished goods	240,556	338,813
		1,229,689,157	**848,950,200**
	Total trade payables	**1,857,616,978**	**1,320,963,934**

		30 September 2022 BDT	31 March 2022 BDT
15.2	**Other payables**		
	Intercompany other payable		
	Royalty payable	192,196,009	122,503,570
	General and technical assistance fees payable	203,244,763	175,229,505
	Payable against capital goods	198,488	3,396,608
	Dividend payable IC	2,028,925,000	-
		2,424,564,260	**301,129,683**
	Third party other payable		
	Payable against expenses	427,531,804	501,301,644
	Payable against business promotion expense	660,966,021	789,221,105
	Import duty and related charges payable	236,465,588	183,188,039
	Withholding tax and VAT payable	226,245,372	6,692,649
	Workers' profit participation and welfare fund	129,131,634	236,698,275
	Festival bonus	7,539,532	8,226,709
	Advance from customers	98,798,036	108,859,723
	Payable against capital goods	48,886,354	45,290,470
	Unclaimed dividend	36,426,759	8,138,333
	Audit fees payable	422,500	850,000
	Interest accrued on loans	25,270	-
	Supplementary duty	2,440,031	37,476,693
		1,874,878,901	**1,925,943,639**
	Total other payables	**4,299,443,162**	**2,227,073,322**

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

Notes to the financial statements (continued)

16 Current tax liabilities

	Note	30 September 2022 BDT	31 March 2022 BDT
Provision for income tax	*16.1*	7,346,641,337	6,755,639,460
Advance income tax	*16.2*	(6,552,484,498)	(6,141,319,671)
		794,156,839	**614,319,789**

16.1 Provision for income tax

	30 September 2022 BDT	31 March 2022 BDT
Opening balance	6,755,639,460	5,817,546,371
Provision for current period/year	596,234,981	1,041,906,778
Provision for prior year:		
Assessment year 2021-2022		(103,813,689)
Assessment year 2016-2017	(5,233,104)	
	7,346,641,337	**6,755,639,460**

16.2 Advance income tax

	30 September 2022 BDT	31 March 2022 BDT
Opening balance	6,141,319,671	5,213,286,943
Payment during the year:		
Payment for current period/year	227,805,011	640,883,657
Payment for prior year:		
Assessment year 2015-2016		826,880
Assessment year 2017-2018		14,120,614
Assessment year 2020-2021		272,201,577
Assessment year 2022-2023	183,359,817	
	6,552,484,498	**6,141,319,671**

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

Accounting year/period ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status
30 September 2022	2023-24	596,234,981	227,805,011	
31 March 2022	2022-23	1,041,906,778	824,243,473	
31 March 2021	2021-22	964,603,887	928,793,589	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	511,139,076	496,953,399	Open at DCT level
31 March 2016	2016-17	530,996,790	518,801,912	Open at CT level
31 March 2015	2015-16	502,672,641	482,334,513	Open at CT level
31 March 2014	2014-15	475,304,697	468,166,315	At High Court
31 March 2013	2013-14	279,549,372	234,442,800	At TAT*
31 March 2012	2012-13	206,588,040	236,519,377	At TAT*
30 September 2008	2009-10	9,098,540	-	At TAT*
		7,346,641,337	**6,552,484,498**	

*Taxes Appellate Tribunal

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

	For six month period ended		For three month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	BDT	BDT	BDT	BDT
17. Revenue				
See accounting policy in Note 34.15				
Parachute coconut oil	4,670,766,276	4,354,194,052	2,326,584,058	2,187,557,780
Value added hair oil (VAHO)	2,012,523,388	1,841,664,278	999,962,512	903,351,845
Color	20,059,801	21,169,851	9,028,089	9,455,962
Health & Beauty	246,404,075	219,285,458	147,695,751	137,391,055
Baby Segment	99,068,551	69,304,023	57,759,338	46,238,917
Others*	297,128,964	246,983,915	158,416,169	124,595,869
	7,345,951,054	**6,752,601,577**	**3,699,445,918**	**3,408,591,428**

*Others include male grooming,byproduct & others

17.1 Breakup of local/export revenue

Revenue from domestic operation	7,292,877,545	6,627,256,751	3,670,825,032	3,334,682,075
Revenue from export	53,073,509	125,344,826	28,620,886	73,909,354
	7,345,951,054	**6,752,601,577**	**3,699,445,918**	**3,408,591,428**

	Note	For six month period ended		For three month period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		BDT	BDT	BDT	BDT
18. Cost of sales					
Opening stock of finished goods		391,631,323	304,234,340	283,978,668	327,935,595
Cost of goods manufactured	*18.1*	3,413,156,966	2,411,432,913	1,776,992,453	939,393,789
		3,804,788,289	**2,715,667,252**	**2,060,971,121**	**1,267,329,384**
Closing stock of finished goods		(277,097,019)	(283,978,668)	(277,097,019)	(283,978,668)
		3,527,691,269	**2,999,645,920**	**1,783,874,102**	**1,551,308,052**
18.1 Cost of goods manufactured					
	Note				
Materials consumed	*18.1.1*	3,190,555,926	2,224,027,509	1,652,040,708	841,618,971
Factory overhead	*18.1.2*	222,601,039	187,405,404	124,951,746	97,774,817
		3,413,156,966	**2,411,432,913**	**1,776,992,453**	**939,393,789**
18.1.1 Materials consumed					
Opening stock of raw materials, packing materials and others		1,940,796,549	1,676,217,438	1,503,657,404	1,582,666,224
Purchases during the period		3,798,257,341	2,051,467,475	2,696,881,267	762,610,151
Closing stock of raw materials, packing materials and others		(2,548,497,963)	(1,503,657,404)	(2,548,497,963)	(1,503,657,404)
		3,190,555,926	**2,224,027,509**	**1,652,040,708**	**841,618,971**
18.1.2 Factory overhead					
Communication expenses-CoS		338,727	215,816	189,278	143,160
Cost of outsourced human resources		53,294,542	47,688,657	24,783,202	23,676,448
Depreciation-CoS		62,266,407	47,042,398	31,963,363	25,751,683
Entertainment-CoS		4,383,084	4,667,369	2,050,915	2,002,959
Power expenses		53,423,652	34,855,729	30,927,922	17,080,294
Printing and stationery-CoS		553,846	393,891	464,582	223,091
Repairs and maintenance-CoS		7,031,503	5,033,865	5,102,362	3,825,275
Salaries and allowances-CoS		30,020,466	36,854,132	23,560,229	19,583,499
Security charges-CoS		4,591,667	3,988,524	2,406,709	2,493,294
Travelling and conveyance-CoS		3,520,493	2,869,334	1,784,696	1,392,892
Warehouse rent		3,176,652	3,795,688	1,718,488	1,602,222
		222,601,039	**187,405,404**	**124,951,746**	**97,774,817**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

		For six month period ended		For three month period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		BDT	BDT	BDT	BDT
19.	**General and administrative expenses**				
	Salaries and allowances	262,945,430	300,965,716	149,592,814	189,722,167
	Gratuity	15,395,502	15,933,900	7,234,491	7,966,950
	Rent, rates and taxes	4,903,942	6,098,985	2,806,037	3,200,136
	Professional and legal charges	11,490,176	6,772,066	6,468,524	2,657,745
	Security charges	917,316	889,437	460,181	529,271
	Stamp and license fees	4,914,145	5,792,261	2,942,873	2,713,776
	Directors' remuneration and fees	15,748,920	23,834,017	6,764,207	9,332,326
	Repair and maintenance	6,536,914	10,140,361	5,273,207	6,052,637
	Communication expenses	4,309,644	761,083	3,320,175	550,964
	Subscription to trade association	165,146	66,105	139,778	29,330
	Entertainment	13,323,693	9,975,824	7,798,699	6,381,793
	Printing and stationery	603,550	2,501,003	548,612	1,985,198
	Vehicle running expenses	19,213,998	12,318,960	9,996,600	2,390,055
	Travelling and conveyance	9,731,513	6,109,880	5,825,679	2,929,003
	Audit fees	422,500	1,600,000	254,500	1,100,000
	Insurance premium	11,702,992	9,847,191	5,563,568	5,652,961
	Bank charges	3,017,559	1,654,509	1,307,117	595,360
	AGM and public relation	4,284,021	4,730,048	2,173,788	2,273,368
	Conference and training	2,177,873	435,478	1,029,725	899,140
	Electricity and gas charges	574,096	927,264	252,927	482,201
	Amortisation	215,683	87,100	172,133	43,550
	Royalty	69,692,439	63,332,655	34,886,567	31,929,757
	Depreciation	21,406,930	19,070,196	11,725,408	9,122,247
	Depreciation on right-of-use asset	28,380,990	24,157,403	14,734,753	12,175,793
	General and technical assistance fees	52,846,731	38,884,643	34,496,158	23,786,697
	CSR expense	17,301,269	13,546,133	8,871,037	4,244,282
		582,222,977	**580,432,215**	**324,639,557**	**328,746,708**

		For six month period ended		For three month period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		BDT	BDT	BDT	BDT
20.	**Marketing, selling and distribution expenses**				
	Advertisement, travelling and communication expense	398,028,576	535,855,019	193,340,043	269,622,104
	Business promotion expenses	16,518,451	11,437,127	9,273,018	6,294,290
	Other selling & distribution expenses	35,256,717	29,991,924	17,443,628	12,333,855
	Entertainment-Mkt	3,905,547	2,272,917	1,609,856	383,582
	Free sample	3,020,024	8,935,935	2,663,266	2,611,411
	Freight- outward	49,788,299	43,421,068	27,885,307	22,384,982
	Market research expenses	22,769,767	28,597,463	7,267,512	17,036,059
		529,287,381	**660,511,453**	**259,482,631**	**330,666,282**

			For six month period ended		For three month period ended	
			30 September 2022	30 September 2021	30 September 2022	30 September 2021
		Note	BDT	BDT	BDT	BDT
21	**Other (income)/expense**					
	Other income	*21.1*	(11,552,028)	(6,758,530)	(5,318,233)	(3,588,576)
	Other expenses	*21.2*	4,568	88,521	-	74,258
			(11,547,460)	**(6,670,010)**	**(5,318,233)**	**(3,514,318)**

Notes to the financial statements (continued)

		For six month period ended		For three month period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		BDT	BDT	BDT	BDT
21.1	**Other income**				
	Gain on sale of PPE	(876,619)	(38,417)	(1,500)	(23,542)
	Gain on lease modification	(244,648)		(244,648)	
	Gain on ceasation of liability	(164,767)		(151,159)	
	Refund from insurance	(1,050,675)		(1,050,675)	
	Insurance claim	-	(170,472)	-	
	Other gain		(401,500)		(401,500)
	Rental income	(3,444,000)		(1,722,000)	
	Scrap sales	(5,771,318)	(6,148,142)	(2,148,251)	(3,163,534)
		(11,552,028)	**(6,758,530)**	**(5,318,233)**	**(3,588,576)**
21.2	**Other expenses**				
	Loss on sale of PPE	4,568	88,521	-	74,258
		4,568	**88,521**	**-**	**74,258**

			For six month period ended		For three month period ended	
			30 September 2022	30 September 2021	30 September 2022	30 September 2021
		Note	BDT	BDT	BDT	BDT
22.	**Net finance income**					
	Finance income	22.1	44,290,987	59,600,459	19,387,043	30,981,661
	Finance costs	22.2	(29,163,552)	(8,005,988)	(25,314,161)	(4,125,645)
			(15,127,435)	**51,594,470**	**5,927,119**	**26,856,016**
22.1	**Finance income**					
	Interest on fixed deposits		39,070,586	49,385,243	15,361,771	25,552,605
	Interest on call deposits		5,220,401	10,215,216	4,025,272	5,429,056
			44,290,987	**59,600,459**	**19,387,043**	**30,981,661**
22.2	**Finance costs**					
	Interest on overdraft and loans		4,056,103	2,620,951	3,132,492	1,488,081
	Foreign exchange gain/(loss)		20,667,125	680,697	19,840,355	350,787
	Interest on lease		4,440,324	4,704,341	2,341,314	2,286,777
			29,163,552	**8,005,988**	**25,314,161**	**4,125,645**

		For six month period ended		For three month period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		BDT	BDT	BDT	BDT
23.	**Earnings per share**				
23.1	**Basic earnings per share**				
	Profit attributable to ordinary shareholders (net profit after tax)	2,000,713,650	1,976,136,397	971,872,318	896,025,231
	Weighted average number of ordinary shares outstanding during the period	31,500,000	31,500,000	31,500,000	31,500,000
	Earnings per share (EPS) in Taka	**63.51**	**62.73**	**30.85**	**28.45**

23.2 **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 that is why we are not considering the diluted earning per share.

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Notes to the financial statements (continued)

	For six month period ended		For the three-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	BDT	BDT	BDT	BDT
24 Income tax expenses				
See accounting policy in Note 34.14				
Amounts recognised in profit or loss				
Current tax expense				
Current period	(596,234,981)	(566,681,627)	(289,242,809)	(271,355,358)
Adjustment for prior periods	5,233,104	103,813,689		-
	(591,001,877)	**(462,867,938)**	**(289,242,809)**	**(271,355,358)**
Deferred tax income/(expense)	**(5,037,628)**	**(2,758,311)**	**(3,188,844)**	**551,905**
	(596,039,505)	**465,626,249**	**292,431,653**	**270,803,453**

24.1 Deferred tax

30 September 2022	Net balance at 1 April 2022	Recognised in profit /loss	Recognised in OCI	Net balance as at September 2022	Balance as at 30 September 2022: Deferred tax assets	Balance as at 30 September 2022: Deferred tax liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(2,918,968)	5,037,628	-	2,118,660	-	2,118,660
Provision for leave encashment	(5,935,440)	-	-	(5,935,440)	(5,935,440)	-
RoU assets and lease liability under IFRS 16	(4,995,696)	-	-	(4,995,696)	(4,995,696)	-
Net deferred tax (assets)/liabilities	**(13,850,104)**	**5,037,628**	**-**	**(8,812,476)**	**(10,931,136)**	**2,118,660**

31 March 2022	Net balance at 1 April 2021	Recognised in profit /loss	Recognised in OCI	Net balance as at 31 March 2022	Balance as at 31 March 2022: Deferred tax assets	Balance as at 31 March 2022: Deferred tax liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(10,351,960)	552,090	-	(9,799,870)	(9,799,870)	-
Intangible assets	(2,177,019)	(92,367)	-	(2,269,386)	(2,269,386)	-
Provision for gratuity	(21,993,959)	11,137,147	10,856,812	-	-	-
Provision for leave encashment	(4,031,091)	(2,121,108)	-	(6,152,199)	(6,152,199)	-
RoU assets- Impact of IFRS 16	43,849,572	(3,073,286)	-	40,776,286	-	40,776,286
Lease liabilities- Impact of IFRS 16	(52,641,184)	10,918,451	-	(41,722,733)	(41,722,733)	-
Net deferred tax (assets)/liabilities	**(47,345,641)**	**17,320,927**	**10,856,812**	**(19,167,902)**	**(59,944,188)**	**40,776,286**

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Notes to the financial statements (continued)

25. Related party transactions

25.1 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.

25.2 Transactions with key management personnel

	For the six month period ended		For the three month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	BDT	BDT	BDT	BDT
Directors' remuneration and fees	15,748,920	23,834,017	6,764,207	9,332,326
	15,748,920	**23,834,017**	**6,764,207**	**9,332,326**

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

25.3 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*.

25.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction amount BDT	Balance as at 30 September 2022 BDT	Balance as at 31 March 2022 BDT
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	284,101,351	64,442,462	166,408,080
		Asset	198,488	198,488	3,396,608
		Royalty	58,138,918	192,196,009	122,503,570
		Dividend	2,693,250,000	2,028,925,000	-
		General and technical assistance fees		203,244,763	175,229,505
		Sales of RM	878,032	-	-

25.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction amount BDT	Balance as at 30 September 2022 BDT	Balance as at 31 March 2022 BDT
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	1,900,536,962	563,485,360	305,605,654

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Notes to the financial statements (continued)

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

	As at	
	30 September 2022	31 March 2022
	BDT	BDT
26.1 Calculation of net asset value per share		
Net asset	1,697,270,960	2,689,057,310
Number of shares	31,500,000	31,500,000
Net asset value (NAV) per share	**53.88**	**85.37**

26.2 Calculation of net operating cash flow per share (NOCFPS)	For the period ended	
	30 September 2022	30 September 2021
Net cash from operating activities	4,192,123,486	2,188,022,991
No. of shares	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	**133.08**	**69.46**

26.3 Reconciliation of net profit with cash flows from operating activities

	As at	
	30 September 2022	30 September 2021
	BDT	BDT
Profit after tax	2,000,713,650	1,976,136,397
Adjustment for:		
Depreciation	112,054,328	90,269,997
Amortisation	215,683	87,100
Interest expense	4,056,103	2,620,951
Effect of exchange rate fluctuations on cash held		(169,279)
Interest on lease	4,440,324	4,704,341
Gain on lease modification and cancelation	-	
(Reversal of) impairment expense	-	
Interest income	(44,290,987)	(59,600,459)
Gain on sale of PPE	(872,051)	50,104
Tax expense	596,039,505	465,626,249
	2,672,356,556	**2,479,725,400**
Changes in operating assets and liabilities:		
Inventories	(493,167,112)	192,815,704
Advances, deposits and prepayments	(325,634,433)	(171,328,501)
Other financial assets	(5,593,086)	(1,085,552)
Employee benefit obligation	19,104,454	28,489,677
Trade and other payable	2,608,599,848	(17,092,592)
Cash generated from operating activities	**4,475,666,228**	**2,511,524,137**
Interest paid	(4,030,833)	(2,303,022)
Interest received	131,652,919	20,835,265
Income tax paid	(411,164,828)	(342,033,389)
Net cash flows from operating activities	**4,192,123,486**	**2,188,022,991**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

27. Contingent liabilities

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

The Company has ordinary letter of credit amount of Taka 177,857,833 with Standard Chartered Bank and Taka 38,485,515 with Hongkong and Shanghai Bangking Corporation. Shipping guarantee of Taka 28,652,767 with Standard Chartered Bank and Taka 53,200,933 Hongkong and Shanghai Bangking Corporation.

28. Capital management

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

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

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

29. Segment information

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

30. Subsequent events

No significant events have occurred after the reporting period.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

31. Financial instruments - fair values and financial risk management

31.1 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 September 2022

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*	-	-	-	-	-	-	-
Loan to employees	*9*	-	-	-	-	3,768,395		3,768,395
Trade receivables	*9*	-	-	-		55,592,057	-	55,592,057
Cash and cash equivalents	*11*	-	-	-		3,373,725,826	-	3,373,725,826
		-	-	-	-	**3,433,086,278**	-	**3,433,086,278**
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	*15*	-	-	-	-	-	4,299,443,162	4,299,443,162
Lease liabilities	*14*	-	-	-	-	-	132,309,997	132,309,997
		-	-	-	-	-	**4,431,753,159**	**4,431,753,159**

QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

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

31.1 Accounting classifications and fair values (continued)

31 March 2022

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	-	-	-		1,942,382,196	-	1,942,382,196
Loan to employees	9	-	-	-	-	1,537,577	-	1,537,577
Trade receivables	9	-	-	-	-	52,229,788	-	52,229,788
Cash and cash equivalents	11	-	-	-	-	505,194,161	-	505,194,161
		-	-	-	-	2,501,343,721	-	2,501,343,722
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	15	-	-	-	-	-	3,548,037,256	3,548,037,256
Lease liabilities		-	-	-	-	-	128,118,161	128,118,161
		-	-	-	-	-	**3,676,155,417**	**3,676,155,417**

Notes to the financial statements (continued)

31.2 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

31.2.1 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 September 2022**	**31 March 2022**
		BDT	**BDT**
Fixed deposits	*9*	-	1,942,382,196
Loans to employees	*9*	3,768,395	1,537,577
Trade receivables	*9*	55,592,057	52,229,788
Cash and cash equivalents	*11*	3,373,725,826	505,194,161
		3,433,086,278	**2,501,343,722**

QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

31.2 Financial risk management (continued)

31.2.2 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 September 2022								
Loans and borrowings	13	-	-	-	-	-	-	-
Trade and other payables	15	4,299,443,162	4,299,443,162	4,299,443,162	-	-	-	-
Lease liabilities	14	132,309,997	132,309,997	15,768,927	25,876,759	53,017,141	37,647,170	-
		4,431,753,159	**4,431,753,159**	**4,315,212,089**	**25,876,759**	**53,017,141**	**37,647,170**	**-**
31 March 2022								
Loans and borrowings	13	-	-	-	-	-	-	-
Trade and other payables	15	3,548,037,256	3,548,037,256	3,548,037,256	-	-	-	-
Lease liabilities		128,118,161	128,118,165	27,628,104	28,352,033	57,413,676	14,724,352	
		3,676,155,417	3,676,155,421	3,575,665,360	28,352,033	57,413,676	14,724,352	-

31.2.2 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) Currency risk

The Company's exposures to foreign currency risk at 30 September 2022 are as follows:

	30 September 2022	31 March 2022
	USD	USD
Import of goods and services	(2,163,433)	(4,335,687)
Bank balance	224,670	2,179,283
	(1,938,764)	**(2,156,404)**

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

	Average rate		Year-end spot rate	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
Exchange rate (USD/BDT)	92.39	85.37	100.00	86.22

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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 September 2022				
USD (1% movement)	**(1,938,764)**	**1,938,764**	**(1,938,764)**	**1,938,764**
31 March 2022				
USD (1% movement)	**(1,859,165)**	**1,859,165**	**(1,859,165)**	**1,859,165**

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 September 2022, the interest rate profile of the Company's interest bearing financial instruments was:

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

QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

32. 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 35.9.

33. Standards issued but not yet effective

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

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

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

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

34. 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
34.01	Foreign currency transactions
34.02	Property, plant and equipment
34.03	Intangible assets
34.04	Right of use asset
34.05	Investment Property
34.06	Inventories
34.07	Cash and cash equivalents
34.08	Financial instruments
34.09	Share capital
34.10	Dividend to the equity holders
34.11	Employee benefits
34.12	Accruals
34.13	Provisions
34.14	Income tax
34.15	Revenue
34.16	Finance income and finance cost
34.17	Lease liabilities
34.18	Impairment
34.19	Contingencies
34.20	Earnings per share
34.21	Events after the reporting period

34.01 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)

34. Significant accounting policies (continued)

34.02 Property, plant and equipment

i) **Recognition and measurement**

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

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

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

ii) **Subsequent cost**

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

iii) **Depreciation**

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

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

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

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

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.

34. Significant accounting policies (continued)

34.02 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 period in which they are incurred.

34.03 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.

34.04 Right of use asset

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

34.05 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.

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34. 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.

34.06 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.

34.07 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.

34.08 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.

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34. 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)

34. 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.

34.09 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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34. Significant accounting policies (continued)

34.10 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.

34.11 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 periods and the calculation is performed annually by a qualified actuary.

iv) Workers' profit participation and welfare fund

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

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

34.12 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.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

34. Significant accounting policies (continued)

34.13 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.

34.14 Income tax

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

i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for corporate income tax is made following the rate applicable for companies as per Finance Act 2022 i.e 22.5%

ii) Deferred tax

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

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

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

34.15 Revenue

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

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

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

34. Significant accounting policies (continued)

34.16 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.

34.17 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.

34.18 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, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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34. 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.

34.19 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.

34.20 Earnings per share

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

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

34.21 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.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS