

Marico Bangladesh Limited
Auditor's Report
and
Audited Financial Statements

As at and for the period ended 30 September 2021

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 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 September 2021, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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 three-month period ended 30 September 2021. 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 5 and Note 35.13 to the financial statements, Revenue of BDT 3,409 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.

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

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

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

How our audit addressed the key audit matter:

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

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

Other matters

The financial statements of Marico Bangladesh Limited for the year ended 31 March 2021, and for the three months period ended 30 June 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 02 May 2021 and 26 July 2021 respectively.

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 skepticism throughout the audit. We also:

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

- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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 do 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: PF 1015 (New 2-PC7202)


Akhtar Sanjida Kasem, FCA, FCMA, CFE

Partner

Enrolment Number: 643

DVC: 2110240643AO955862

Place: Dhaka

Date: 21 October 2021

Marico Bangladesh Limited
Statement of financial position
As at 30 September 2021

		30 September 2021	31 March 2021
	Notes	BDT	BDT
Assets			
Non Current Assets			
Property, plant and equipment	13	914,702,124	771,868,265
Intangible assets	14	138,983	226,084
Right-of-use asset	15	142,572,237	164,593,633
Deferred tax asset	12.1	16,409,591	19,167,902
Advances, deposits and prepayments	16	23,877,937	412,773,542
Other financial assets	17	435,016,652	304,664,442
Total Non-current assets		1,532,717,524	1,673,293,868
Current Assets			
Inventories	18	1,787,636,072	1,980,451,778
Advances, deposits and prepayments	16	829,204,413	133,405,058
Other financial assets	17	1,495,429,251	1,574,484,466
Cash and cash equivalents	19	1,177,980,096	396,404,261
Assets held for sale		35,865,465	35,865,465
Total Current assets		5,326,115,297	4,120,611,028
Total assets		6,858,832,821	5,793,904,896
Equity			
Share capital	20	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Retained earnings		1,785,708,793	1,069,572,396
Total equity		2,352,708,793	1,636,572,396
Liabilities			
Employee benefit obligation	22	49,141,901	32,262,856
Lease liabilities	23	99,039,283	122,256,724
Non-current liabilities		148,181,184	154,519,580
Current Liabilities			
Loans and borrowings	21	500,000,000	250,000,000
Employee benefit obligation	22	32,629,549	21,018,917
Trade and other payable	24	3,053,195,307	3,082,900,365
Lease liabilities	23	47,024,011	44,634,210
Current tax liabilities	25	725,093,977	604,259,428
Total Current liabilities		4,357,942,844	4,002,812,920
Total liabilities		4,506,124,028	4,157,332,500
Total equity and liabilities		6,858,832,821	5,793,904,896

The annexed Notes 1 to 35 form an integral part of these financial statements.


Company Secretary


Director


Managing Director


Chief Financial Officer

Place: Dhaka
Date: 21 October 2021

A.Qasem & Co.
Chartered Accountants
RJSC Firm Registration NO: PF 1015
(New 2-PC7202)


Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2110240643A0955862



Marico Bangladesh Limited

Statement of profit or loss and other comprehensive income
For the quarter & six month ended 30 September 2021

	Notes	For the six month period ended		For the three month period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		BDT	BDT	BDT	BDT
Revenue	5	6,752,601,577	5,919,599,460	3,408,591,428	2,907,864,515
Cost of sales	6	(2,999,645,920)	(2,380,313,064)	(1,551,308,052)	(1,209,909,775)
Gross profit		3,752,955,657	3,539,286,396	1,857,283,376	1,697,954,740
Other income	9.1	6,758,530	44,512,339	3,588,576	43,070,771
General and administrative expenses	7	(580,432,215)	(487,523,872)	(328,746,708)	(276,441,274)
Marketing, selling and distribution expenses	8	(660,511,453)	(624,709,301)	(330,666,282)	(369,879,720)
Other expense	9.2	(88,521)	(788,185)	(74,258)	-
Operating profit		2,518,681,999	2,470,777,377	1,201,384,704	1,094,704,517
Finance income	10.1	59,600,459	84,979,909	30,981,661	44,172,867
Finance costs	10.2	(8,005,988)	(9,312,351)	(4,125,645)	(3,109,959)
Net finance income		51,594,470	75,667,558	26,856,016	41,062,908
Profit before tax and contribution to Workers Participation Fund and Welfare Fund		2,570,276,469	2,546,444,935	1,228,240,720	1,135,767,425
Contribution to Workers Participation Fund and Welfare Fund		128,513,823	127,323,167	61,412,036	56,789,292
Profit before tax		2,441,762,646	2,419,121,768	1,166,828,684	1,078,978,133
Income tax expenses	12	(465,626,249)	(633,966,039)	(270,803,453)	(290,435,313)
Profit for the year		1,976,136,397	1,785,155,729	896,025,231	788,542,820
Other comprehensive income		-	(4,954,687)	-	-
Other comprehensive income/(loss) for the year, net of tax		-	(4,954,687)	-	-
Total comprehensive income for the year		1,976,136,397	1,780,201,042	896,025,231	788,542,820
Basic earnings per share (per value of Tk 10)	11	BDT 62.73	BDT 56.67	BDT 28.45	BDT 25.03

The annexed Notes 1 to 35 form an integral part of these financial statements.


Company Secretary


Director


Managing Director


Chief Financial Officer

Place: Dhaka
Date: 21 October 2021

A.Qasem & Co.
Chartered Accountants
RJSC Firm Registration NO: PF 1015
(New 2-PC7202)


Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2110240643A0955862



Marico Bangladesh Limited
Statement of changes in equity
For the six month ended 30 September 2021

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total
	BDT	BDT	BDT	BDT
Balance at 1 April 2020	315,000,000	252,000,000	820,680,232	1,387,680,232
Profit for the period	-	-	1,785,155,729	1,785,155,729
Other comprehensive income			(4,954,687)	(4,954,687)
Total comprehensive income for the period	-	-	1,780,201,042	1,780,201,042
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2019-2020			(630,000,000)	(630,000,000)
First interim dividend for the year 2020-2021			(945,000,000)	(945,000,000)
Total transactions with owners of the Company	-	-	(1,575,000,000)	(1,575,000,000)
Balance at 30 September 2020	315,000,000	252,000,000	1,025,881,274	1,592,881,274
Balance at 1 April 2021	315,000,000	252,000,000	1,069,572,396	1,636,572,396
Profit for the period	-	-	1,976,136,397	1,976,136,397
Total comprehensive income for the period	315,000,000	252,000,000	3,045,708,793	3,612,708,793
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

The annexed Notes 1 to 35 form an integral part of these financial statements.



Marico Bangladesh Limited
Statement of cash flows
For the six months ended 30 September 2021

	For the six month period ended	
	30 September	30 September
	2021	2020
	BDT	BDT
Cash flows from operating activities		
Collection from customers and others	6,693,292,032	5,938,078,083
Payment to suppliers and for operating expenses	(4,181,767,894)	(3,024,561,262)
Cash generated from operating activities	2,511,524,138	2,913,516,821
Interest paid	(2,303,022)	(51,767)
Interest received	20,835,265	136,973,431
Income tax paid	(342,033,389)	(428,314,608)
Net cash from operating activities	2,188,022,991	2,622,123,877
Cash flows from investing activities		
Acquisition of property, plant and equipment	(357,702,883)	(69,391,196)
Proceeds from disposal of Property, plant and equipment	200,686	3,286,896
(Investment in)/encashment of short-term investments	(11,446,250)	413,072,500
Investment in treasury bond	-	(402,381,638)
Net cash used in investing activities	(368,948,447)	(55,413,438)
Cash flows from financing activities		
Net proceeds from loans and borrowings	250,000,000	-
Dividend paid	(1,260,000,000)	(1,575,000,000)
Payment for lease liabilities	(27,667,988)	(42,089,070)
Net cash used in financing activities	(1,037,667,988)	(1,617,089,070)
Net increase/(decrease) in cash and cash equivalents	781,406,556	949,621,369
Effect of exchange rate fluctuations on cash held	169,279	110,317
Opening cash and cash equivalents	396,404,261	420,407,014
Closing cash and cash equivalents	1,177,980,096	1,370,138,700

The annexed Notes 1 to 35 form an integral part of these financial statements.



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Marico Bangladesh Limited

Notes to the financial statements

For the quarter & six month ended 30 September 2021

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

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as listed entities.

As the FRS is yet to be issued by FRC hence as per the provisions of the FRA (section-69), the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994. 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.

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 Income Tax Ordinance, 1984; and
- iii. The Value Added Tax and Supplementary Duty Act, 2012;

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

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 116th Board of Directors meeting held on 21 October 2021.

2.3 Reporting period

The financial period of the Company covers three month period ended 30 September 2021.



Notes to the financial statements (continued)

2.4 Comparative and reclassification

Comparative information has been disclosed for all numerical, narrative and descriptive information where it is relevant for understanding of the current 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 35.04 & 35.15.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 September 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 12.1	Deferred Tax
Note 13	Property, plant and equipment
Note 14	Intangible assets
Note 18	Inventories
Note 22	Employee benefit obligation
Note 25	Current tax liabilities
Note 28	Contingent liabilities



Notes to the financial statements (continued)

	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
5. Revenue				
See accounting policy in note 35.13				
Parachute coconut oil	4,354,194,052	3,863,844,034	2,187,557,780	1,813,599,702
Value added hair oil (VAHO)	1,841,664,278	1,566,573,527	903,351,845	787,430,240
Color	21,169,851	36,270,992	9,455,962	21,761,189
Health & Beauty	219,285,458	185,504,734	137,391,055	127,749,624
Baby care	69,304,023	61,075,640	46,238,917	41,696,498
Others*	246,983,915	206,330,532	124,595,869	115,627,262
	6,752,601,577	5,919,599,460	3,408,591,428	2,907,864,515
*Others include male grooming, byproduct & food.				
5.1 Breakup of local/export revenue				
Revenue from domestic operation	6,627,256,751	5,890,086,654	3,334,682,075	2,878,351,709
Revenue from export	125,344,826	29,512,806	73,909,354	29,512,806
	6,752,601,577	5,919,599,460	3,408,591,428	2,907,864,515
6. Cost of sales				
Opening stock of finished goods	304,234,340	204,518,577	327,935,595	155,847,801
Cost of goods manufactured	2,411,432,913	1,984,711,404	939,393,789	862,978,891
	2,715,667,252	2,189,229,981	1,267,329,384	1,018,826,692
Closing stock of finished goods	(283,978,668)	(191,083,083)	(283,978,668)	(191,083,083)
	2,999,645,920	2,380,313,064	1,551,308,052	1,209,909,775
6.1 Cost of goods manufactured				
Materials consumed	2,224,027,509	1,818,956,267	841,618,971	771,338,187
Factory overhead	187,405,404	165,755,137	97,774,817	91,640,704
	2,411,432,913	1,984,711,404	939,393,789	862,978,891
6.1.1 Materials consumed				
Opening stock of raw materials, packing materials and others	1,676,217,438	1,427,583,748	1,582,666,224	1,338,641,956
Purchases during the period	2,051,467,475	2,122,573,565	762,610,151	1,115,226,501
Closing stock of raw materials, packing materials and others	(1,503,657,404)	(1,349,034,880)	(1,503,657,404)	(1,349,034,880)
	2,224,027,509	1,818,956,267	841,618,971	771,338,187
6.1.2 Factory overhead				
Communication expenses	215,816	253,668	143,160	213,570
Cost of outsourced human resources	47,688,657	46,648,651	23,676,448	27,699,839
Depreciation	47,042,398	35,910,449	25,751,683	18,407,581
Entertainment	4,667,369	4,815,307	2,002,959	2,034,180
Power expenses	34,855,729	31,557,354	17,080,294	18,426,688
Printing and stationery	393,891	583,552	223,091	292,444
Repairs and maintenance	5,033,865	7,119,225	3,825,275	5,055,256
Salaries and allowances	36,854,132	29,519,060	19,583,499	14,673,877
Security charges	3,988,524	2,994,924	2,493,294	1,603,875
Travelling and conveyance	2,869,334	2,657,996	1,392,892	1,385,918
Warehouse rent	3,795,688	3,694,950	1,602,222	1,847,476
	187,405,404	165,755,137	97,774,817	91,640,704



Notes to the financial statements (continued)

7. General and administrative expenses

	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
Salaries and allowances	300,965,716	223,588,500	189,722,167	140,663,687
Gratuity	15,933,900	14,131,788	7,966,950	7,065,894
Rent, rates and taxes	6,098,985	6,823,163	3,200,136	4,142,860
Professional and legal charges	6,772,066	10,945,068	2,657,745	6,751,131
Security charges	889,437	850,729	529,271	420,223
Stamp and license fees	5,792,261	6,224,139	2,713,776	3,449,304
Directors' fees and remuneration	23,834,017	20,854,846	9,332,326	8,159,490
Repair and maintenance	10,140,361	5,724,740	6,052,637	4,167,827
Communication expenses	761,083	4,939,123	550,964	2,318,155
Subscription to trade association	66,105	219,113	29,330	91,111
Entertainment	9,975,824	4,440,445	6,381,793	1,253,625
Printing and stationery	2,501,003	2,105,544	1,985,198	1,542,558
Vehicle running expenses	12,318,960	21,353,658	2,390,055	11,565,525
Travelling and conveyance	6,109,880	1,702,729	2,929,003	551,842
Audit fees	1,600,000	1,000,000	1,100,000	500,000
Insurance premium	9,847,191	10,497,245	5,652,961	7,198,376
Bank charges	1,654,509	2,777,691	595,360	1,771,506
AGM and public relation	4,730,048	4,120,478	2,273,368	2,606,833
Conference and training	435,478	1,172,497	899,140	622,574
Electricity and gas charges	927,264	8,192	482,201	375,103
Amortisation	87,100	1,008,855	43,550	504,427
Royalty	63,332,655	56,673,961	31,929,757	27,689,719
Depreciation	19,070,196	18,542,075	9,122,247	10,106,084
Depreciation on right-of-use asset	24,157,403	22,456,681	12,175,793	11,370,247
General and technical assistance fees	38,884,643	35,208,728	23,786,697	17,568,384
CSR expense	13,546,133	10,915,048	4,244,282	3,984,788
(Reversal of) impairment of property, plant and equipment	-	(761,165)	-	-
	580,432,215	487,523,872	328,746,708	276,441,274

8. Marketing, selling and distribution expenses

	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
Advertisement, travelling and communication expense	535,855,019	482,422,365	269,622,104	289,144,615
Business promotion expenses	11,437,127	11,712,033	6,294,290	6,272,463
Other selling & distribution expenses	29,991,924	27,643,430	12,333,855	14,615,748
Entertainment-Mkt	2,272,917	1,357,140	383,582	556,271
Free sample	8,935,935	5,373,502	2,611,411	4,265,547
Freight- outward	43,421,068	50,489,249	22,384,982	24,776,820
Market research expenses	28,597,463	45,711,585	17,036,059	30,248,255
	660,511,453	624,709,301	330,666,282	369,879,720

9. Other income/(expense)

	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
Other income	9.1 6,758,530	44,512,339	3,588,576	43,070,771
Other expenses	9.2 (88,521)	(788,185)	(74,258)	-
	6,670,010	43,724,156	3,514,318	43,070,771

9.1 Other income

	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
Gain on sale of PPE	38,417	113,764	23,542	105,097
Gain on lease modification	-	23,706,337	-	23,706,337
Other gain	401,500	10,000	401,500	10,000
Insurance claim	170,472	16,622,983	-	16,622,983
Scrap and RM PM sales	6,148,142	4,059,255	3,163,534	2,626,354
	6,758,530	44,512,339	3,588,576	43,070,771



Notes to the financial statements (continued)

	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
9.2 Other expenses				
Loss on sale of PPE	(88,521)	(788,185)	(74,258)	-
	<u>(88,521)</u>	<u>(788,185)</u>	<u>(74,258)</u>	<u>-</u>
	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
10. Net finance income				
Finance income	59,600,459	84,979,909	30,981,661	44,172,867
Finance costs	(8,005,988)	(9,312,351)	(4,125,645)	(3,109,959)
	<u>(51,594,470)</u>	<u>(75,667,558)</u>	<u>(26,856,016)</u>	<u>(41,062,908)</u>
	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
10.1 Finance income				
See accounting policy in note 35.14(i)				
Interest on fixed deposits	49,385,243	70,152,881	25,552,605	33,962,879
Interest on call deposits	10,215,216	14,827,028	5,429,056	10,209,988
	<u>59,600,459</u>	<u>84,979,909</u>	<u>30,981,661</u>	<u>44,172,867</u>
	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
10.2 Finance costs				
See accounting policy in note 35.14(ii)				
Interest on overdraft and loans	2,620,951	10,510	1,488,081	2,250
Foreign exchange gain/(loss)	680,697	2,801,669	350,787	3,162
Interest on lease	4,704,341	6,500,172	2,286,777	3,104,547
	<u>8,005,988</u>	<u>9,312,351</u>	<u>4,125,645</u>	<u>3,109,959</u>
	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
11. Earnings per share				
11.1 Basic earnings per share				
Profit attributable to ordinary shareholders (net profit after tax)	1,976,136,397	1,785,155,729	896,025,231	788,542,820
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	<u>62.73</u>	<u>56.67</u>	<u>28.45</u>	<u>25.03</u>
11.2 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.



Notes to the financial statements (continued)

	For six month period ended		For three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
12. Income tax expenses				
See accounting policy in note 35.12				
Amounts recognised in profit or loss				
Current tax expense				
Current period	(566,681,627)	(624,117,184)	(271,355,358)	(280,264,852)
Adjustment for prior periods	103,813,689	-	-	-
	(462,867,938)	(624,117,184)	(271,355,358)	(280,264,852)
Deferred tax income/(expense)				
	(2,758,311)	(9,848,855)	551,905	(10,170,461)
	(465,626,249)	(633,966,039)	(270,803,453)	(290,435,313)

	Net balance at 1 April 2021	Recognised in profit /loss	Recognised in OCI	Net balance at 30 September 2021	Balance as at 30 September 2021	
	BDT	BDT	BDT	BDT	Deferred tax assets	Deferred tax liabilities
	BDT	BDT	BDT	BDT	BDT	BDT

12.1 Deferred Tax

Property, plant and equipment	(9,799,870)	773,814	-	(9,026,056)	(9,026,056)	-
Intangible assets	(2,269,386)	179,194	-	(2,090,192)	(2,090,192)	-
Provision for leave encashment	(6,152,199)	1,091,416	-	(5,060,783)	(5,060,783)	-
RoU assets-Impact of IFRS 16	40,776,286	13,013,899	-	53,790,185	-	53,790,185
Lease liability-Impact of IFRS 16	(41,722,733)	(12,300,013)	-	(54,022,745)	(54,022,745)	-
Net deferred tax (assets)/liabilities	(19,167,902)	2,758,311	-	(16,409,591)	(70,199,776)	53,790,185

	Net balance at 1 April 2020	Recognised in profit /loss	Recognised in OCI	Net balance at 31 March 2021	Balance as at 31 March 2021	
	BDT	BDT	BDT	BDT	Deferred tax assets	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



Notes to the financial statements (continued)

13. Property, plant and equipment
See accounting policy in note 35.02

A. Reconciliation of carrying amount

	Freehold land	Plant and machinery	Factory building	Office building	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets under construction	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Cost										
Balance at 1 April 2020	176,749,959	988,462,243	231,650,100	168,607,073	56,585,940	27,744,524	75,250,895	22,411,149	26,079,575	1,773,541,458
Additions	-	-	-	-	-	-	-	-	242,364,021	242,364,021
Transfer from asset under construction	-	79,822,078	-	38,512,790	17,143,100	7,514,418	10,213,098	2,377,323	(155,582,807)	-
Disposals/ adjustments	-	(3,466,687)	(457,950)	-	(695,700)	-	(464,542)	(304,434)	-	(5,389,313)
Assets held for sale adjustment	-	-	0	-	-	-	-	-	-	-
Balance at 31 March 2021	176,749,959	1,064,817,634	231,192,150	207,119,863	73,033,340	35,258,942	84,999,451	24,484,038	112,860,789	2,010,516,166
Balance at 1 April 2021	176,749,959	1,064,817,634	231,192,150	207,119,863	73,033,340	35,258,942	84,999,451	24,484,038	112,860,789	2,010,516,166
Additions	-	-	-	-	-	-	-	-	206,522,067	206,522,067
Transfer from asset under construction	-	202,805,058	-	16,123,193	19,298,072	3,566,570	250,608	3,170,489	(245,213,990)	-
Disposals/ adjustments	-	(4,823)	(195,702)	-	(697,653)	(65,967)	(177,607)	(184,510)	-	(1,326,261)
Assets held for sale adjustment	-	-	-	-	-	-	-	-	-	-
Balance at 30 Sep 2021	176,749,959	1,267,617,869	230,996,448	223,243,056	91,633,760	38,759,544	85,072,452	27,470,017	74,168,865	2,215,711,971
Accumulated depreciation and impairment loss										
Balance at 1 April 2020	-	733,240,855	203,433,245	60,056,105	48,386,890	20,430,063	51,262,294	9,735,473	-	1,126,544,925
Depreciation for the year	-	66,615,174	6,323,743	7,122,203	12,991,453	5,412,363	12,435,524	3,348,042	-	114,246,502
Impairment loss (reversal of impairment) of PPE	-	1,536,148	-	-	-	-	876,973	-	-	2,413,121
Disposals	-	(2,705,521)	(457,950)	-	(626,200)	-	(464,542)	(304,434)	-	(4,558,647)
Assets held for sale adjustment	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2021	-	798,686,656	209,299,038	67,176,308	60,752,143	25,842,426	64,110,249	12,779,081	-	1,238,647,901
Balance at 1 April 2021	-	798,686,656	209,299,038	67,176,308	60,752,143	25,842,426	64,110,249	12,779,081	-	1,238,647,901
Depreciation for the year	-	42,619,799	731,035	4,256,156	5,843,726	2,562,419	5,456,232	1,963,227	-	63,432,594
Impairment loss (reversal of impairment) of PPE	-	-	-	-	-	-	-	-	-	-
Disposals	-	(155,155)	-	-	(591,737.33)	(51,303)	(96,928)	(175,525)	-	(1,070,648)
Assets held for sale adjustment	-	-	-	-	-	-	-	-	-	-
Balance at 30 Sep 2021	-	841,306,455	209,874,918	71,434,464	66,004,131	28,353,542	69,469,553	14,566,783	-	1,301,009,847
Carrying amounts										
At 1 April 2020	176,749,959	255,221,388	28,216,855	108,550,968	8,198,050	7,314,461	23,988,601	12,675,676	26,079,575	646,996,533
At 31 March 2021	176,749,959	266,130,978	21,893,112	139,841,555	12,281,197	9,416,516	20,889,202	11,704,957	112,860,789	771,868,265
At 30 Sep 2021	176,749,959	426,311,415	21,121,530	151,808,592	25,629,628	10,406,002	15,602,899	12,903,234	74,168,865	914,702,124

B. Assets held for sale

	30 Sep 2021	31 March 2021
	BDT	BDT
Office building	30,846,713	30,846,713
Furniture and fixtures	5,018,752	5,018,752
	35,865,465	35,865,465

	For the three month period ended	For the three month period ended
	30 Sep 2021	30 Sep 2020
	BDT	BDT
	30,846,713	30,846,713
	5,018,752	5,018,752
	35,865,465	35,865,465

C. Allocation of depreciation

	Cost of sales	General and administrative expenses
Cost of sales	47,042,398	35,910,449
General and administrative expenses	19,070,196	18,542,075
	66,112,594	54,452,524
	34,873,930	28,513,665



Notes to the financial statements (continued)

14. Intangible assets

See accounting policy in note 35.03

Reconciliation of carrying amount

Cost

	Computer software BDT	Total BDT
Balance at 1 April 2020	22,061,875	22,061,875
Addition	-	-
Disposal	-	-
Balance at 31 March 2021	22,061,875	22,061,875
Balance at 1 April 2021	22,061,875	22,061,875
Addition	-	-
Disposal	-	-
Balance at 30 September 2021	22,061,875	22,061,875
Accumulated amortisation		
Balance at 1 April 2020	20,432,585	20,432,585
Addition	1,403,206	1,403,206
Disposal	-	-
Balance at 31 March 2021	21,835,791	21,835,791
Balance at 1 April 2021	21,835,791	21,835,791
Addition	87,100	87,100
Disposal	-	-
Balance at 30 September 2021	21,922,891	21,922,891
Carrying amounts		
At 31 March 2021	226,084	226,084
At 30 September 2021	138,983	138,983

15. Right-of-use asset

See accounting policy in note 35.04

Reconciliation of carrying amount

	Right-of-use asset BDT	Total BDT
Balance at 1 April 2020	212,831,176	212,831,176
Addition	53,661,570	53,661,570
Disposal	(25,160,571)	(25,160,571)
Balance at 31 March 2021	241,332,175	241,332,175
Balance at 1 April 2021	241,332,175	241,332,175
Additions	2,136,007	2,136,007
Disposals	-	-
Balance at 30 September 2021	243,468,182	243,468,182
Accumulated depreciation		
Balance at 1 April 2020	37,432,890	37,432,890
Addition	46,434,480	46,434,480
Disposal	(7,128,828)	(7,128,828)
Balance at 31 March 2021	76,738,542	76,738,542
Balance at 1 April 2021	76,738,542	76,738,542
Additions	24,157,403	24,157,403
Disposals	-	-
Balance at 30 September 2021	100,895,945	100,895,945
Carrying amount		
Balance at 31 March 2021	164,593,633	164,593,633
Balance at 30 September 2021	142,572,237	142,572,237



Notes to the financial statements (continued)

	30 September 2021	31 March 2021
	BDT	BDT
16. Advances, deposits and prepayments		
Advances		
Advance for capital goods	189,136,785	53,561,536
Advance to suppliers and others	622,354,673	459,992,329
	<u>811,491,458</u>	<u>513,553,865</u>
Deposits		
Security deposits	11,197,365	12,359,983
	<u>11,197,365</u>	<u>12,359,983</u>
Prepayments		
Prepaid expenses	30,393,527	20,264,752
	<u>30,393,527</u>	<u>20,264,752</u>
	<u>853,082,350</u>	<u>546,178,600</u>

	30 September 2021	31 March 2021
	BDT	BDT
16.1 Current and non-current classification of advances, deposits and prepayments		
Current	829,204,413	133,405,058
Non-current	23,877,937	412,773,542
	<u>853,082,350</u>	<u>546,178,600</u>

	Note	30 September 2021	31 March 2021
		BDT	BDT
17. Other financial assets			
Fixed deposits	17.2	1,769,631,250	1,758,185,000
Trade receivables		67,271,901	65,033,298
Loans to employees		5,661,686	6,814,738
Accrued interest		87,881,066	49,115,872
		<u>1,930,445,903</u>	<u>1,879,148,908</u>

	30 September 2021	31 March 2021
	BDT	BDT
17.1 Current and non-current classification of other financial assets		
Current	1,495,429,251	1,574,484,466
Non-current	435,016,652	304,664,442
	<u>1,930,445,903</u>	<u>1,879,148,908</u>

	Credit rating	30 September 2021	31 March 2021
		BDT	BDT
17.2 Fixed deposits (maturity more than three months)			
BRAC Bank Limited	AA1	-	200,000,000
IPDC Finance Limited	AA1	305,016,875	200,000,000
IDLC Finance Limited	AAA	386,429,375	280,000,000
Commercial Bank of Ceylon	AAA	578,185,000	557,974,722
Woori Bank	A1	500,000,000	500,000,000
		<u>1,769,631,250</u>	<u>1,737,974,722</u>



Notes to the financial statements (continued)

		30 September 2021	31 March 2021
		BDT	BDT
18. Inventories			
See accounting policy in note 35.05			
Raw materials		1,008,911,102	1,039,689,041
Packing materials		210,476,939	224,187,805
Finished goods		283,978,668	304,234,340
Stores and spares		24,148,296	21,970,493
Materials in transit		260,121,067	390,370,099
		<u>1,787,636,072</u>	<u>1,980,451,778</u>
		30 September 2021	31 March 2021
		BDT	BDT
19. Cash and cash equivalents			
See accounting policy in note 35.06 (ii)(a)			
Cash at bank	19.1	1,166,818,749	380,267,615
Balance with bank for unclaimed dividend		8,222,073	16,136,646
Remittance in transit		2,939,274	-
		<u>1,177,980,096</u>	<u>396,404,261</u>
		30 September 2021	31 March 2021
		BDT	BDT
19.1 Cash at bank			
BRAC Bank Limited	AA1	99,651,680	53,487,789
Citibank N.A.	AAA	2,383,053	903,681
Islami Bank Bangladesh Limited	AA+	62,446,410	10,431,030
Sonali Bank Limited	AAA	7,980,162	5,695,235
Standard Chartered Bank	AAA	228,183,735	169,738,862
The Hongkong and Shanghai Banking Corporation Ltd.	AAA	68,740,133	4,665,448
Eastern Bank Limited	AA+	331,841,812	133,664,596
Dutch Bangla Bank Limited	AA+	2,150,000	201,000
The City Bank Limited	AA2	363,441,764	1,479,975
		<u>1,166,818,749</u>	<u>380,267,615</u>



Notes to the financial statements (continued)

	30 September 2021	31 March 2021
	BDT	BDT
20. Share capital		
See accounting policy in note 35.07		
Authorised		
40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000
Issued, subscribed and paid up		
Issued for cash	41,500,000	41,500,000
Issued for consideration other than cash	273,500,000	273,500,000
	315,000,000	315,000,000

		No. of share	
		30 September 2021	31 March 2021
		BDT	BDT
20.1	Number of share held by the members of the Company's leadership team		
	Managing Director	-	-
		-	-

	30 September 2021	31 March 2021
	BDT	BDT
21. Loans & borrowings		
Short term loan	500,000,000	250,000,000
	500,000,000	250,000,000

	30 September 2021	31 March 2021
	BDT	BDT
22. Employee benefit obligation		
See accounting policy in note 35.09		
Provision for gratuity	44,606,878	28,672,978
Provision for leave encashment	37,164,572	24,608,795
	81,771,449	53,281,773
Current	32,629,549	21,018,917
Non-Current	49,141,901	32,262,856
	81,771,449	53,281,773

	30 September 2021	31 March 2021
	BDT	BDT
23. Lease liabilities		
See accounting policy in note 35.15		
Current	47,024,011	44,634,210
Non-current	99,039,283	122,256,724
	146,063,294	166,890,934



Notes to the financial statements (continued)

		30 September 2021	31 March 2021
		BDT	BDT
24. Trade and other payables			
See accounting policy in note 35.06(iii)(a)			
Trade payables	24.1	892,694,192	937,295,045
Other payables	24.2	2,160,501,116	2,145,605,320
		3,053,195,307	3,082,900,365
		30 September 2021	31 March 2021
		BDT	BDT
24.1 Trade payables			
Intercompany trade payable			
Payable against raw material		288,917,552	441,206,707
Payable against packing material		20,360,286	7,151,743
		309,277,839	448,358,450
Third party trade payable			
Payable against raw material		123,607,902	73,916,649
Payable against services		389,006,480	290,128,764
Payable against packing material		70,185,339	119,247,904
Payable against finished goods		616,632	5,643,278
		583,416,353	488,936,595
Total trade payables		892,694,192	937,295,045
24.2 Other payables			
Intercompany other payable			
Royalty payable		170,468,036	107,135,382
General and technical assistance fees payable		87,391,885	86,039,653
Payable against capital goods		164,059	14,593,598
		258,023,980	207,768,633
Third party other payable			
Payable against expenses		538,560,398	565,367,923
Payable against business promotion expense		959,910,270	824,676,798
Import duty and related charges payable		151,567,443	115,589,691
Withholding tax and VAT payable		25,753,765	37,518,458
Workers' profit participation and welfare fund		128,513,823	220,758,871
Festival bonus		-	5,533,485
Advance from customers		42,590,564	106,211,149
Payable against capital goods		8,973,486	7,474,338
Unclaimed dividend		8,222,073	16,136,646
Audit fees payable		300,000	1,400,000
Interest accrued on loans		1,210,000	892,072
Supplementary duty		36,875,313	36,277,256
		1,902,477,135	1,937,836,687
Total other payables		2,160,501,116	2,145,605,320
		30 September 2021	31 March 2021
		BDT	BDT
25 Current tax liabilities			
Provision for income tax	Note 25.1	6,280,414,309	5,817,546,371
Advance income tax	Note 25.2	(5,555,320,332)	(5,213,286,943)
		725,093,977	604,259,428



Notes to the financial statements (continued)

	30 September 2021	31 March 2021
	BDT	BDT
25.1 Provision for income tax		
Opening balance	5,817,546,371	4,749,128,796
Provision for current period/year	566,681,627	1,068,417,576
Adjustment for Assessment year 2020-2021	(103,813,689)	
	6,280,414,309	5,817,546,371

	30 September 2021	31 March 2021
	BDT	BDT
25.2 Advance income tax		
Opening balance	5,213,286,943	4,143,685,948
Payment during the year:		
Payment for current period/year	124,033,389	656,592,011
Payment for prior year:		
Assessment year 2015-2016		42,515,295
Assessment year 2016-2017		1,972,778
Assessment year 2019-2020	-	
Assessment year 2020-2021	110,000,000	368,520,910
Assessment year 2021-2022	108,000,000	
	5,555,320,332	5,213,286,943

25.3 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	Advance income tax	Status
30 Sep 2021	AY 2022-23	566,681,627	124,033,389	
31 March 2021	AY 2021-22	964,603,887	764,592,012	
31 March 2020	AY 2020-21	908,685,699	969,770,282	Return submitted
31 March 2019	AY 2019-20	715,903,898	714,242,632	Return submitted
31 March 2018	AY 2018-19	603,956,939	560,411,195	Return submitted
31 March 2017	AY 2017-18	511,139,076	482,832,785	At DCT
31 March 2016	AY 2016-17	536,229,894	518,801,912	At CT(A)
31 March 2015	AY 2015-16	502,672,641	481,507,633	At CT(A)
31 March 2014	AY 2014-15	475,304,697	468,166,315	At High Court
31 March 2013	AY 2013-14	279,549,372	234,442,800	At TAT*
31 March 2012	AY 2012-13	206,588,040	236,519,376	At TAT*
30 September 2008	AY 2009-10	9,098,539	-	At TAT*
Total		6,280,414,309	5,555,320,331	

*Taxes Appellate Tribunal



Notes to the financial statements (continued)

26. Related party transactions

26.1 Parent and ultimate controlling party

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

26.2 Transactions with key management personnel

	For the six month period ended		For the three month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	BDT	BDT	BDT	BDT
Directors' fees and remuneration	23,834,017	20,854,846	9,332,326	8,159,490
	<u>23,834,017</u>	<u>20,854,846</u>	<u>9,332,326</u>	<u>8,159,490</u>

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

26.3 Other related party transactions

During the year the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The name of related parties, nature of transactions, their total value and closing balance have been set out in accordance with the provisions of IAS 24 *Related party disclosure*.

26.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction amount BDT	Balance as at 30 September 2021 BDT	Balance as at 31 March 2021 BDT
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	36,332,796	25,316,455	25,404,308
		Purchase of Asset	-	164,059	14,593,597
		Royalty	63,332,655	170,468,036	107,135,381
		Dividend	1,134,000,000	-	-
		General and technical assistance fees	-	87,391,885	86,039,654

26.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction amount BDT	Balance as at 30 September 2021 BDT	Balance as at 31 March 2021 BDT
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	1,374,512,148	283,961,384	422,954,142
Marico South East Asia	Associated company	Sales of RM	2,583,636	-	-

Notes to the financial statements (continued)

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

	As at	
	30 September 2021	31 March 2021
	BDT	BDT
27.1 Calculation of net asset value per share		
Net asset	2,352,708,792	1,636,572,395
Number of shares	31,500,000	31,500,000
Net asset value (NAV) per share	74.69	51.95

	For the period ended	
	30 September 2021	30 September 2020
	BDT	BDT
27.2 Calculation of net operating cash flow per share (NOCFPS)		
Net cash from operating activities	2,188,022,991	2,622,123,877
No. of shares	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	69.46	83.24

	For the period ended	
	30 September 2021	30 September 2020
	BDT	BDT
27.3 Reconciliation of net profit with cash flows from operating activities		
Profit after tax	1,976,136,397	1,785,155,729
Adjustment for:		
Depreciation	90,269,997	76,909,205
Amortisation	87,100	1,008,855
Gain on Modification of lease	-	(23,706,337)
Gain on sale of PPE	50,104	674,421
Reversal of impairment expense	-	(761,165)
Effect of exchange rate fluctuations on cash held	(169,279)	(110,318)
Interest on lease	4,704,341	6,500,172
Interest expense	2,620,951	10,510
Interest income	(59,600,459)	(84,979,909)
Tax expense	465,626,249	633,966,039
	2,479,725,400	2,394,667,201
Changes in operating assets and liabilities:		
Inventories	192,815,704	91,984,358
Other financial assets	(1,085,552)	(10,956,489)
Advances, deposits and prepayments	(171,328,501)	(250,481,981)
Employee benefit obligation	28,489,677	11,960,880
Trade and other payable	(17,092,592)	676,342,850
Cash generated from operating activities	2,511,524,137	2,913,516,820
Interest paid	(2,303,022)	(51,767)
Interest received	20,835,265	136,973,431
Income tax paid	(342,033,389)	(428,314,608)
Net cash flows from operating activities	2,188,022,991	2,622,123,877



28. Contingent liabilities

The Company has contingent liability of BDT 1,103,433,853 as on 30 June 2019 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 1,075,974,855 with Standard Chartered Bank and Taka 8,912,370 with Hongkong and Shanghai Banking Corporation. Shipping guarantee of Taka 67,488,019 with Standard Chartered Bank Taka 505,113 with CITI Bank NA and Taka 528,447 with Hongkong and Shanghai Banking Corporation.

29. Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the period ended 30 September 2021.

30. Segment information

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

31. Subsequent events

The Board of Directors of Marico Bangladesh Limited at its 116th Board of Directors meeting held on 21 October 2021, has declared interim cash dividend @ 200% i.e. Tk. 20 per share, amount to total Taka 630,000,000 for the period ended at 30 September 2021.



Notes to the financial statements (continued)

32. Financial instruments - fair values and financial risk management

32.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 September 2021

Particulars	Note	Carrying amount					Total	
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost		Other financial liabilities
Financial assets measured at fair value								
Financial assets not measured at fair value								
Fixed deposits	17	-	-	-	-	1,769,631,250	-	1,769,631,250
Loan to employees	17	-	-	-	-	5,661,686	-	5,661,686
Trade receivables	17	-	-	-	-	67,271,901	-	67,271,901
Cash and cash equivalents	19	-	-	-	-	1,177,980,096	-	1,177,980,096
		-	-	-	-	3,020,544,933	-	3,020,544,933
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Loans and borrowings	21	-	-	-	-	-	500,000,000	500,000,000
Trade and other payables	24	-	-	-	-	-	2,160,501,116	2,160,501,116
Lease liabilities	23	-	-	-	-	-	146,063,294	146,063,294
		-	-	-	-	-	2,806,564,410	2,806,564,410



Notes to the financial statements (continued)

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

32.1 Accounting classifications and fair values (continued)

31 March 2021

Particulars	Note	Carrying amount					Total
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	
Financial assets measured at fair value		-	-	-	-	-	-
Financial assets not measured at fair value							
Fixed deposits	17	-	-	-	-	1,758,185,000	1,758,185,000
Loan to employees	17	-	-	-	-	6,814,738	6,814,738
Trade receivables	17	-	-	-	-	65,033,298	65,033,298
Cash and cash equivalents	19	-	-	-	-	396,404,261	396,404,261
		-	-	-	-	2,226,437,297	2,226,437,297
Financial liabilities measured at fair value		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Loans and borrowings	21	-	-	-	-	-	250,000,000
Trade and other payables	24	-	-	-	-	-	2,145,605,320
		-	-	-	-	-	2,395,605,320



Notes to the financial statements (continued)

32.2 Financial risk management

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.2.1 Credit risk

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

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

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

		30 September 2021	31 March 2021
	Note	BDT	BDT
Financial assets			
Fixed deposits	17	1,769,631,250	1,758,185,000
Loans to employees	17	5,661,686	6,814,738
Trade receivables	17	67,271,901	65,033,298
Cash and cash equivalents	19	1,177,980,096	396,404,261
		3,020,544,933	2,226,437,297



Notes to the financial statements (continued)

32.2 Financial risk management (continued)

32.2.2 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The contractual maturities of financial liabilities of the Company are as follows:

	Note	Carrying amount	Expected cash flow	6 months or less	6-12 months	1- 2 years	2- 5 years	Contractual cash flows	
								More than 5 years	
30 September 2021									
BDT									
Loans and borrowings	21	500,000,000	500,000,000	500,000,000	-	-	-	-	-
Trade and other payables	24	2,160,501,116	2,160,501,116	2,160,501,116	-	-	-	-	-
Lease liabilities	23	146,063,294	146,063,294	22,856,297	24,167,714	50,946,853	48,092,430	-	-
		2,806,564,410	2,806,564,410	2,683,357,413	24,167,714	50,946,853	48,092,430		-
31 March 2021									
BDT									
Loans and borrowings	21	250,000,000	200,000,000	200,000,000	-	-	-	-	-
Trade and other payables	24	2,145,605,320	2,145,605,320	2,145,605,320	-	-	-	-	-
		2,395,605,320	2,345,605,320	2,345,605,320	-	-	-	-	-



Notes to the financial statements (continued)

32.2.3 Market risk

Market risk is the risk that includes changes in market price, such as foreign exchange rate, interest rates, and equity prices that may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

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

	30 September 2021	31 March 2021
	USD	USD
Import of goods and services	(2,153,096)	(771,798)
Bank balance	1,305,182	508,702
	(847,914)	(263,096)

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

	Average rate	
	30 September 2021	31 March 2021
Exchange rate (USD/BDT)	85.54	84.82
		84.84
		84.71

ii) Foreign exchange rate sensitivity analysis

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

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

Effect in Taka	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
30 September 2021				
USD (1% movement)	(719,362)	719,362	(719,362)	719,362
31 March 2021				
USD (1% movement)	(222,869)	222,869	(222,869)	222,869



Notes to the financial statements (continued)

iii) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. The Company is not exposed to fluctuations in interest rates as it has no floating interest rate bearing financial liability as at the reporting date. The Company has not entered into any agreement involving derivative instrument at the reporting date.

As at 30 September 2021, the interest rate profile of the Company's interest bearing financial instruments was:

	30 September 2021	31 March 2021
	BDT	BDT
Fixed rate instruments		
Financial assets		
Fixed deposit receipts	1,769,631,250	1,758,185,000
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-



33. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 35.09.

34. 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 will be effective from 1 April 2020.

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

35. Significant accounting policies

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

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

35.01 Foreign currency transactions

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

35. Significant accounting policies (continued)

35.02 Property, plant and equipment

i) Recognition and measurement

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

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

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

ii) Subsequent cost

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

iii) Depreciation

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

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

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

35. Significant accounting policies (continued)

35.02 Property, plant and equipment (continued)

v) Asset under construction

Asset under construction represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost. These are transferred to the property, plant and equipment on the completion of the projects.

vi) Capitalisation of borrowing costs

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

35.03 Intangible assets

i) Recognition and measurement

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

ii) Subsequent costs

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

iii) Amortisation

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

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

iv) Derecognition

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

35.04 Right of use 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.

35. Significant accounting policies (continued)

35.05 Inventories

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

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

35.06 Financial instruments

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

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets – policy applicable from 1 April 2018

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

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

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

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

A 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.

35. Significant accounting policies (continued)

35.06 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.

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.

35. Significant accounting policies (continued)

35.06 Financial instruments (continued)

(c) Short-term investment

Short-term investment consists of fixed deposits with original maturity of more than three months. The Company has the positive intent and ability to hold FDR to maturity, and such financial assets are carried as financial assets at amortised cost. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

iii. Financial liability

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables etc.

(a) Trade and other payables

The Company recognises trade and intercompany payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

(b) Loans and borrowings

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

35.07 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.

35.08 Dividend to the equity holders

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

35. Significant accounting policies (continued)

35.09 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.

35.10 Accruals

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

35.11 Provisions

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

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

35. Significant accounting policies (continued)

35.12 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 2019 i.e 25%.

ii) Deferred tax

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

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

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

35.13 Revenue

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

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

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

35.14 Finance income and finance cost

i) Finance income

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

ii) Finance cost

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

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

35. Significant accounting policies (continued)

35.15 Lease liabilities

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

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

35.16 Impairment

i. Financial assets

The Company recognises loss allowances for ECLs on:

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

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

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

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

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

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

Measurement of ECLs

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

ii) Non-financial assets

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

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

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

35. Significant accounting policies (continued)

35.17 Contingencies

i) Contingent liability

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

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

ii) Contingent asset

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

The Company does not recognise contingent asset.

35.18 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.

35.19 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.