Marico Bangladesh Limited

Independent Auditor's Report
and
Audited Financial Statements

as at and for the quarter and nine-month period ended 31 December 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 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the quarter and nine-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 31 December 2021, and of its financial performance and its cash flows for the quarter and nine-month period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

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

➢ **Revenue recognition**

Referring to the Note 18 and Note 35.13 to the financial statements, Revenue of BDT 10,095 million is recognized in the statement of profit or loss and other comprehensive income of Marico Bangladesh Limited. This material item is subject to considerable inherent risk due to the risk of being overstated at the end of the reporting period on account of variation in the timing of transfer of control by the management in order to meet expectations of the shareholders and also to achieve performance targets. Accordingly, there could be potential misstatements that revenue made during the period end are not recognised in the correct reporting period.

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How our audit addressed the key audit matter:

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

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

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

- **Uncertain Tax Position:**

  Referring to Note 25 & 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
  - Discussed 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 as at 31 March 2021, and for the quarter and nine-month period ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 02 May 2021, and 25 January 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 scepticism throughout the audit. We also:

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

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

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

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

Report on other legal and regulatory requirements

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

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made 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: 2-PC7202

Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2201260643AO940309

Place: Dhaka
Date: 24 January 2022

Marico Bangladesh Limited
Statement of financial position
As at 31 December 2021

	Notes	31 December 2021 BDT	31 March 2021 BDT
Assets			
Non Current Assets			
Property, plant and equipment	5	942,529,020	771,868,267
Intangible assets	6	1,031,433	226,083
Right-of-use asset	7	306,188,708	164,593,633
Deferred tax asset	25.1	12,188,526	19,167,902
Advances, deposits and prepayments	8	23,525,349	412,773,542
Other financial assets	9	638,673,335	304,664,442
Total Non Current Assets		1,924,136,371	1,673,293,869
Current Assets			
Inventories	10	1,718,335,927	1,980,451,775
Advances, deposits and prepayments	8	1,134,429,675	133,405,057
Other financial assets	9	1,526,952,034	1,574,484,466
Cash and cash equivalents	11	1,244,522,417	396,404,261
Assets held for sale	5.B	35,865,465	35,865,465
Total Current Assets		5,660,105,518	4,120,611,024
Total Assets		7,584,241,889	5,793,904,893
Equity			
Share capital	12	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Retained earnings		2,017,217,227	1,069,572,398
Total equity		2,584,217,227	1,636,572,398
Liabilities			
Non Current liabilities			
Employee benefit obligation	14	55,001,802	32,262,855
Lease liabilities	15	91,664,313	122,256,725
Total Non Current liabilities		146,666,115	154,519,580
Current liabilities			
Loans and borrowings	13	500,000,000	250,000,000
Employee benefit obligation	14	38,263,299	21,018,917
Trade and other payable	16	3,654,833,574	3,082,900,361
Lease liabilities	15	48,249,059	44,634,210
Current tax liabilities	17	612,012,615	604,259,428
Total current liabilities		4,853,358,547	4,002,812,916
Total liabilities		5,000,024,662	4,157,332,496
Total equity and liabilities		7,584,241,889	5,793,904,893

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

Company Secretary

Managing Director

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

Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2201260643A0940309

Director

Chief Financial Officer

Place: Dhaka
Date: 24 January 2022

A. QASEM & CO. GULSHAN DHAKA. CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Statement of profit or loss and other comprehensive income
For the quarter and nine-month period ended 31 December 2021

		For the nine-month period ended		For the three-month period ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Notes	BDT	BDT	BDT	BDT
Revenue	*18*	10,094,928,621	8,769,607,647	3,342,327,044	2,850,008,186
Cost of sales	*19*	(4,583,170,808)	(3,592,161,231)	(1,583,299,207)	(1,214,472,677)
Gross profit		**5,511,757,813**	**5,177,446,416**	**1,759,027,837**	**1,635,535,509**
Other income	*22.1*	13,594,325	48,848,347	6,835,795	4,336,007
General and administrative expenses	*20*	(852,092,072)	(789,405,682)	(271,885,538)	(298,491,472)
Marketing, selling and distribution expenses	*21*	(988,872,618)	(982,177,188)	(328,361,165)	(358,233,713)
Other expense	*22.2*	(88,521)	(788,185)	-	-
Operating profit		**3,684,298,928**	**3,453,923,707**	**1,165,616,929**	**983,146,332**
Finance income	*23.1*	89,749,407	120,212,917	30,148,948	35,233,007
Finance costs	*23.2*	(18,325,025)	(12,412,012)	(10,319,037)	(3,099,661)
Net finance income		71,424,382	107,800,905	19,829,912	32,133,347
Profit before contribution to workers participation fund and welfare fund		**3,755,723,310**	**3,561,724,613**	**1,185,446,841**	**1,015,279,678**
Contribution to workers participation fund & welfare fund		187,786,166	178,087,151	59,272,342	50,763,984
Profit before tax		**3,567,937,144**	**3,383,637,462**	**1,126,174,499**	**964,515,694**
Income tax expenses	*25*	(730,292,313)	(883,993,419)	(264,666,064)	(250,027,380)
Profit for the year		**2,837,644,831**	**2,499,644,043**	**861,508,435**	**714,488,315**
Other comprehensive income					
Other comprehensive income/(loss) for the year, net of tax		-	(4,954,687)	-	-
Total comprehensive income for the year		**2,837,644,831**	**2,494,689,356**	**861,508,435**	**714,488,315**
Earnings per share		**BDT**	**BDT**	**BDT**	**BDT**
Basic earnings per share (per value of Tk 10)	*24*	**90.08**	**79.35**	**27.35**	**22.68**

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

Company Secretary

Managing Director

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

Director

Chief Financial Officer

Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2201260643A0940309

Place: Dhaka
Date: 24 January 2022

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Statement of changes in equity
For the nine-month period ended 31 December 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**
Total comprehensive income for the period				
Profit for the period	-	-	2,499,644,043	2,499,644,043
Other comprehensive income			(4,954,687)	(4,954,687)
Total comprehensive income for the period	-	-	**2,494,689,356**	**2,494,689,356**
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)
Second interim dividend for the year 2020-2021			(630,000,000)	(630,000,000)
Total transactions with owners of the Company			**(2,205,000,000)**	**(2,205,000,000)**
Balance at 31 December 2020	**315,000,000**	**252,000,000**	**1,110,369,588**	**1,677,369,588**
Balance at 1 April 2021	**315,000,000**	**252,000,000**	**1,069,572,396**	**1,636,572,396**
Total comprehensive income for the period				
Profit for the period	-	-	2,837,644,831	**2,837,644,831**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**315,000,000**	**252,000,000**	**2,837,644,831**	**2,837,644,831**
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2020-2021			(630,000,000)	(630,000,000)
First interim for the year 2021-2022			(630,000,000)	(630,000,000)
Second interim for the year 2021-2022			(630,000,000)	(630,000,000)
Total transactions with owners of the Company			**(1,890,000,000)**	**(1,890,000,000)**
Balance at 31 December 2021	**315,000,000**	**252,000,000**	**2,017,217,227**	**2,584,217,227**

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Statement of cash flows
For the nine-month period ended 31 December 2021

	For the nine-month period ended	
	31 December 2021	31 December 2020
	BDT	BDT
Cash flows from operating activities		
Collection from customers and others	10,036,889,974	8,780,206,984
Payment to suppliers and for operating expenses	(6,217,150,551)	(4,923,411,900)
Cash generated from operating activities	**3,819,739,423**	**3,856,795,084**
Interest paid	(4,815,422)	(930,401)
Interest received	105,917,576	156,922,597
Income tax paid	(715,559,750)	(806,304,724)
Net cash from operating activities	**3,205,281,826**	**3,206,482,556**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(533,905,691)	(106,559,011)
Acquisition of intangible assets	(960,000)	-
Proceeds from disposal of PPE	2,515,890	3,318,732
Encashment of/(Investment in) fixed deposits	28,986,687	(178,185,000)
Investmet in treasury bond	-	(401,586,043)
Net cash used in investing activities	**(503,363,114)**	**(683,011,322)**
Cash flows from financing activities		
Net proceeds from loans and borrowings	250,000,000	-
Dividend paid	(1,890,000,000)	(2,205,000,000)
Payment of lease liability	(213,847,503)	(55,157,923)
Net cash used in financing activities	**(1,853,847,503)**	**(2,260,157,923)**
Net increase in cash and cash equivalents	**848,071,210**	**263,313,311**
Effect of exchange rate fluctuations on cash held	**46,946**	**217,717**
Opening cash and cash equivalents	**396,404,261**	**420,407,014**
Closing cash and cash equivalents	**1,244,522,417**	**683,938,042**

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Marico Bangladesh Limited
Notes to the financial statements
For the quarter and nine-month period ended 31 December 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.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 117th Board of Directors meeting held on 24 January 2022.

2.3 Reporting period

The financial period of the Company covers period ended on 31 December 2021.

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 35.4 & 35.15

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next twelve month period is included in the following notes:

Note 25.1	Deferred tax
Note 5	Property plant equipment
Note 6	Intangible assets
Note 10	Inventories
Note 14	Employee benefit obligation
Note 17	Current tax liabilities
Note 28	Contingent liabilities

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

5. Property, plant and equipment
See accounting policy in Note 35.2

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									273,834,844	273,834,844
Transfer from asset under construction		289,438,342		23,658,303	5,867,900	3,926,570	1,085,563	3,622,789	(327,599,466)	-
Disposals		(470,567)	(195,702)		(776,153)	(100,667)	(177,607)	(812,799)		(2,533,495)
Assets held for sale adjustment	-		-		-				-	-
Balance at 31 Dec 2021	**176,749,959**	**1,353,785,409**	**230,996,448**	**230,778,166**	**78,125,087**	**39,084,844**	**85,907,407**	**27,294,028**	**59,096,167**	**2,281,817,516**
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	12,991,451	5,412,363	12,435,524	3,348,042	-	114,248,500
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**	**67,178,308**	**60,752,141**	**25,842,426**	**64,110,249**	**12,779,081**	**-**	**1,238,647,899**
Balance at 1 April 2021	-	798,686,656	209,299,038	67,178,308	60,752,141	25,842,426	64,110,249	12,779,081	-	1,238,647,899
Depreciation for the year	-	73,885,668	1,096,553	6,505,941	6,374,385	3,852,057	8,205,228	2,998,643	-	102,918,475
Impairment loss (reversal of impairment) of PPE	-								-	-
Disposals	-	(470,567)	(155,155)		(670,237.33)	(81,180)	(96,928)	(803,814)	-	(2,277,882)
Assets held for sale adjustment	-	-	-		-	-		-	-	-
Balance at 31 Dec 2021	**-**	**872,101,757**	**210,240,436**	**73,684,249**	**66,456,289**	**29,613,303**	**72,218,549**	**14,973,909**	**-**	**1,339,288,492**
Carrying amounts										
At 1 April 2020	**176,749,959**	**255,221,388**	**28,216,855**	**108,550,968**	**8,199,050**	**7,314,461**	**23,988,601**	**12,675,676**	**26,079,575**	**646,996,533**
At 31 March 2021	**176,749,959**	**266,130,978**	**21,893,112**	**139,941,555**	**12,281,199**	**9,416,516**	**20,889,202**	**11,704,957**	**112,860,789**	**771,868,267**
At 31 December 2021	**176,749,959**	**481,683,652**	**20,756,012**	**157,093,917**	**11,668,798**	**9,471,541**	**13,688,859**	**12,320,119**	**59,096,167**	**942,529,020**

B. Assets held for sale

	31 Dec 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**

C. Allocation of Depreciation

	31 Dec 2021	31 Dec 2020
Cost of Sales	74,982,221	55,082,025
General and administrative expense	27,936,254	30,290,718
	102,918,475	**85,372,744**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

6. Intangible assets

See accounting policy in Note 35.3

	Computer software BDT	Total BDT
Reconciliation of carrying amount		
Cost		
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	960,000	960,000
Disposal	-	-
Balance at 31 December 2021	**23,021,875**	**23,021,875**
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	154,650	154,650
Disposal	-	-
Balance at 31 December 2021	**21,990,441**	**21,990,441**
Carrying amounts		
At 31 March 2021	**226,083**	**226,083**
At 31 December 2021	**1,031,433**	**1,031,433**

7. Right-of-use asset

See accounting policy in Note 35.4

	Right-of-use asset BDT	Total BDT
Reconciliation of carrying amount		
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	179,523,515	179,523,515
Disposals	-	-
Balance at 31 December 2021	**420,855,690**	**420,855,690**
Accumulated depreciation		
Balance at 1 April 2020	37,432,890	37,432,890
Adition	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/Adjustment	37,928,440	37,928,440
Disposals	-	-
Balance at 31 December 2021	**114,666,982**	**114,666,982**
Carrying amount		
Balance at 31 March 2021	**164,593,633**	**164,593,633**
Balance at 31 December 2021	**306,188,708**	**306,188,708**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

8. Advances, deposits and prepayments

	31 December 2021 BDT	31 March 2021 BDT
Advances		
Advance for capital goods	195,789,064	53,561,536
Advance to suppliers and others	935,565,438	459,992,329
	1,131,354,502	**513,553,865**
Deposits		
Security deposits	11,001,204	12,359,983
	11,001,204	**12,359,983**
Prepayments		
Prepaid expenses	15,599,318	20,264,752
	15,599,318	**20,264,752**
	1,157,955,024	**546,178,599**

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

	31 December 2021 BDT	31 March 2021 BDT
Current	1,134,429,675	133,405,057
Non-current	23,525,349	412,773,542
	1,157,955,024	**546,178,599**

9. Other financial assets

	Note	31 December 2021 BDT	31 March 2021 BDT
Fixed deposits	9.2	2,027,383,313	1,758,185,000
Trade receivables		62,467,311	65,033,298
Loans to employees		3,559,897	6,814,738
Accrued interest		72,214,848	49,115,872
		2,165,625,369	**1,879,148,908**

9.1 Current and non-current classification of other financial assets

	31 December 2021 BDT	31 March 2021 BDT
Current	1,526,952,034	1,574,484,466
Non-current	638,673,335	304,664,442
	2,165,625,369	**1,879,148,908**

9.2 Fixed deposits (maturity more than three months)

	Credit rating	31 December 2021 BDT	31 March 2021 BDT
BRAC Bank Limited	*Ba3*	300,000,000	200,000,000
The City Bank Limited	*B1*	150,000,000	-
IPDC Finance Limited	*AA1*	407,795,021	200,000,000
IDLC Finance Limited	*AAA*	391,403,292	280,000,000
Commercial Bank of Ceylon	*AAA*	578,185,000	557,974,722
Woori Bank	*A+*	-	500,000,000
Bank Alfalah	*AA*	200,000,000	-
		2,027,383,313	**1,737,974,722**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

	31 December 2021 BDT	31 March 2021 BDT
10. Inventories		
See accounting policy in Note 35.5		
Raw materials	945,822,963	1,039,689,039
Packing materials	280,122,039	224,187,805
Finished goods	154,967,628	304,234,340
Stores and spares	23,744,833	21,970,493
Materials in transit	313,678,464	390,370,099
	1,718,335,927	**1,980,451,775**

	Note		
11. Cash and cash equivalents			
See accounting policy in Note 35.6(a)			
Cash at bank	11.1	1,234,241,758	380,267,615
Balance with bank for unclaimed dividend		9,767,393	16,136,646
Remittance in transit		513,266	-
		1,244,522,417	**396,404,261**

11.1 Cash at bank	*Credit rating*		
BRAC Bank Limited	*Ba3*	77,268,205	53,487,789
Citibank N.A.	*A+*	1,734,164	903,681
Islami Bank Bangladesh Limited	*AA+*	82,250,370	10,431,030
Sonali Bank Limited	*AAA*	27,572,099	5,695,235
Standard Chartered Bank	*AAA*	379,040,459	169,738,862
The Hongkong and Shanghai Banking Corporation Ltd.	*AAA*	7,764,360	4,665,448
Eastern Bank Limited	*B1*	641,018,456	133,664,596
Dutch Bangla Bank Limited	*B1*	8,906,000	201,000
The City Bank Limited	*B1*	8,687,645	1,479,975
		1,234,241,758	**380,267,615**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

	31 December 2021 BDT	31 March 2021 BDT
12. Share capital		
See accounting policy in Note 35.7		
Authorised		
40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000
Issued, subscribed and paid up		
Issued for cash	41,500,000	41,500,000
Issued for consideration other than cash	273,500,000	273,500,000
	315,000,000	315,000,000

12.1 Number of share held by the members of the Company's leadership team

	No. of share	
Holdings	31 December 2021	31 March 2021
Managing Director	-	-
	-	-

13. Loans & borrowings

	31 December 2021 BDT	31 March 2021 BDT
Short term loan	500,000,000	250,000,000
	500,000,000	250,000,000

14. Employee benefit obligation		
See accounting policy in Note 35.9		
Provision for gratuity	52,573,828	28,672,978
Provision for leave encashment	40,691,273	24,608,795
	93,265,101	53,281,772
Current	38,263,299	21,018,917
Non-Current	55,001,802	32,262,855
	93,265,101	53,281,772
		-
15. Lease liabilities		
See accounting policy in Note 35.15		
Current	48,249,059	44,634,210
Non-current	91,664,313	122,256,725
	139,913,372	166,890,934

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

			Note	31 December 2021 BDT	31 March 2021 BDT
16.	**Trade and other payables**				
	See accounting policy in Note 35.6 (c) iii (a)				
	Trade payables		16.1	1,205,406,454	937,295,044
	Other payables		16.2	2,449,427,120	2,145,605,317
				3,654,833,574	**3,082,900,361**
16.1	**Trade payables**				
	Intercompany trade payable				
	Payable against raw material			199,268,909	441,206,707
	Payable against packing material			1,965,064	7,151,743
				201,233,973	**448,358,450**
	Third party trade payable				
	Payable against raw material			412,417,409	73,916,649
	Payable against services			484,915,920	290,128,763
	Payable against packing material			106,024,854	119,247,904
	Payable against finished goods			814,299	5,643,278
				1,004,172,481	**488,936,594**
	Total trade payables			**1,205,406,454**	**937,295,044**
16.2	**Other payables**				
	Intercompany other payable				
	Royalty payable			201,865,511	107,135,381
	General and technical assistance fees payable			87,958,927	86,039,653
	Payable against capital goods			162,517	14,593,597
				289,986,955	**207,768,632**
	Third party other payable				
	Payable against expenses			555,161,117	565,367,923
	Payable against business promotion expense			954,935,089	824,676,798
	Import duty and related charges payable			148,783,102	115,589,690
	Withholding tax and VAT payable			35,348,905	37,518,457
	Workers' profit participation and welfare fund			187,786,166	220,758,871
	Festival bonus			-	5,533,485
	Advance from customers			33,950,683	106,211,148
	Payable against capital goods			204,524,983	7,474,338
	Unclaimed dividend			9,767,393	16,136,646
	Audit fees payable			600,000	1,400,000
	Interest accrued on loans			-	892,072
	Supplementary duty			28,582,728	36,277,256
				2,159,440,165	**1,937,836,685**
	Total other payables			**2,449,427,120**	**2,145,605,317**

		Note	31 December 2021 BDT	31 March 2021 BDT
17	**Current tax liabilities**			
	Provision for income tax	17.1	6,540,859,308	5,817,546,371
	Advance income tax	17.2	(5,928,846,693)	(5,213,286,942)
			612,012,615	**604,259,428**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

		31 December 2021	31 March 2021
		BDT	BDT
17.1	**Provision for income tax**		
	Opening balance	5,817,546,371	4,749,128,795
	Provision for current period/year	827,126,626	1,068,417,576
	Provision for prior year:		
	Assessment year 2021-2022	(103,813,689)	-
		6,540,859,308	**5,817,546,371**
17.2	**Advance income tax**		
	Opening balance	5,213,286,942	4,143,685,948
	Payment during the year:		
	Payment for current period/year	428,410,679	656,592,011
	Payment for prior year:		
	Assessment year 2015-2016	826,880	42,515,295
	Assessment year 2016-2017		1,972,778
	Assessment year 2017-2018	14,120,614	
	Assessment year 2020-2021		368,520,910
	Assessment year 2021-2022	272,201,577	
		5,928,846,693	**5,213,286,942**

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

Accounting year/period ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status
31 December 2021	2022-23	827,126,626	428,410,679	
31 March 2021	2021-22	964,703,787	928,793,589	Return submitted
31 March 2020	2020-21	908,685,699	859,770,282	Return submitted
31 March 2019	2019-20	715,903,898	714,242,632	At High Court
31 March 2018	2018-19	603,956,939	560,411,195	Open at DCT level
31 March 2017	2017-18	511,139,076	496,953,399	Open at DCT level
31 March 2016	2016-17	536,229,894	518,801,912	Open at CT level
31 March 2015	2015-16	502,672,641	482,334,513	Open at CT level
31 March 2014	2014-15	475,304,697	468,166,315	At High Court
31 March 2013	2013-14	279,549,372	234,442,800	At TAT*
31 March 2012	2012-13	206,588,040	236,519,377	At TAT*
30 September 2008	2009-10	9,098,540	-	At TAT*
		6,540,959,209	**5,928,846,694**	

*Taxes Appellate Tribunal

A. QASEM & CO. GULSHAN DHAKA. CHARTERED ACCOUNTANTS

		For nine month period ended		For three month period ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		BDT	BDT	BDT	BDT

18. Revenue

See accounting policy in Note 35.13

	For nine month period ended 31 December 2021 BDT	31 December 2020 BDT	For three month period ended 31 December 2021 BDT	31 December 2020 BDT
Parachute coconut oil	6,450,338,899	5,608,070,945	2,088,523,432	1,744,226,911
Value added hair oil (VAHO)	2,705,852,952	2,321,110,383	864,189,875	754,536,804
Color	28,097,425	47,219,168	6,931,214	10,948,176
Health & Beauty	364,554,539	331,710,620	155,881,212	146,597,834
Baby Segment	163,308,281	120,696,449	94,003,057	59,620,809
Others*	382,776,526	340,800,082	132,798,255	134,077,652
	10,094,928,621	**8,769,607,647**	**3,342,327,044**	**2,850,008,186**

*Others include male grooming,byproduct & others

18.1 Breakup of local/export revenue

	For nine month period ended 31 December 2021 BDT	31 December 2020 BDT	For three month period ended 31 December 2021 BDT	31 December 2020 BDT
Revenue from domestic operation	9,889,703,547	8,703,849,945	3,262,446,796	2,813,763,290
Revenue from export	205,225,074	65,757,701	79,880,248	36,244,896
	10,094,928,621	**8,769,607,647**	**3,342,327,044**	**2,850,008,186**

19. Cost of sales

	Note	For nine month period ended 31 December 2021 BDT	31 December 2020 BDT	For three month period ended 31 December 2021 BDT	31 December 2020 BDT
Opening stock of finished goods		304,234,340	204,518,577	283,978,668	191,083,083
Cost of goods manufactured	*19.1*	4,433,904,096	3,615,030,328	1,454,288,166	1,250,777,268
		4,738,138,435	**3,819,548,905**	**1,738,266,834**	**1,441,860,351**
Closing stock of finished goods		(154,967,628)	(227,387,673)	(154,967,628)	(227,387,673)
		4,583,170,808	**3,592,161,231**	**1,583,299,207**	**1,214,472,677**

19.1 Cost of goods manufactured

	Note	For nine month period ended 31 December 2021 BDT	31 December 2020 BDT	For three month period ended 31 December 2021 BDT	31 December 2020 BDT
Materials consumed	*19.1.1*	4,147,324,135	3,365,245,324	1,355,113,610	1,164,122,889
Factory overhead	*19.1.2*	286,579,961	249,785,004	99,174,557	86,654,379
		4,433,904,096	**3,615,030,328**	**1,454,288,166**	**1,250,777,268**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

		For nine month period ended		For three month period ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		BDT	BDT	BDT	BDT
19.1.1	**Materials consumed**				
	Opening stock of raw materials, packing materials and others	1,676,217,436	1,427,583,748	1,503,657,404	1,349,034,880
	Purchases during the period	4,034,474,999	3,017,333,363	1,414,824,505	894,759,796
	Closing stock of raw materials, packing materials and others	(1,563,368,299)	(1,079,671,787)	(1,563,368,299)	(1,079,671,787)
		4,147,324,135	3,365,245,324	1,355,113,610	1,164,122,889
19.1.2	**Factory overhead**				
	Communication expenses	321,121	392,484	105,305	138,816
	Cost of outsourced human resources	72,302,683	71,556,863	24,614,026	24,908,212
	Depreciation	74,982,221	55,082,025	27,939,823	19,171,576
	Entertainment	6,673,155	7,007,083	2,005,787	2,191,775
	Power expenses	53,802,486	50,188,271	18,946,757	18,630,917
	Printing and stationery	689,721	958,599	295,830	375,046
	Repairs and maintenance	9,155,376	11,528,704	4,121,511	4,429,044
	Salaries and allowances	52,962,421	42,805,027	16,108,289	13,285,967
	Security charges	5,916,289	-	1,927,765	-
	Travelling and conveyance	4,361,000	3,981,190	1,491,665	1,323,194
	Warehouse rent	5,413,488	6,284,758	1,617,800	2,199,830
		286,579,961	249,785,004	99,174,557	86,654,379
20.	**General and administrative expenses**				
	Salaries and allowances	437,835,626	369,741,263	136,869,910	146,152,764
	Gratuity	23,900,850	21,197,682	7,966,950	7,065,894
	Rent, rates and taxes	7,689,117	7,793,238	1,590,132	1,360,053
	Professional and legal charges	9,733,000	20,123,344	2,960,934	9,178,276
	Security charges	1,345,285	5,898,283	455,848	2,052,630
	Stamp and license fees	8,783,169	9,286,375	2,990,908	3,062,236
	Directors' remuneration and fees	29,190,934	25,716,372	5,356,917	4,861,526
	Repair and maintenance	13,163,706	8,187,347	3,023,345	2,462,607
	Communication expenses	1,814,583	9,054,987	1,053,500	4,115,864
	Subscription to trade association	97,105	366,523	31,000	147,410

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

		For nine month period ended		For three month period ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		BDT	BDT	BDT	BDT
Entertainment		15,836,153	9,146,128	5,860,329	4,705,683
Printing and stationery		3,340,904	2,603,237	839,901	497,694
Vehicle running expenses		19,330,494	32,920,450	7,011,534	11,556,007
Travelling and conveyance		12,759,232	3,199,984	6,649,352	1,497,255
Audit fees		2,150,000	1,150,000	550,000	150,000
Insurance premium		15,773,317	15,233,355	6,151,807	4,736,110
Bank charges		2,748,675	4,523,279	1,094,166	1,745,589
AGM and public relation		6,013,196	6,602,062	1,283,148	2,481,584
Conference and training		1,340,541	3,794,012	905,063	1,855,686
Electricity and gas charges		1,385,325	367,423	458,061	359,231
Amortisation		154,650	1,359,656	67,550	350,802
Royalty		94,780,118	83,662,296	31,447,463	26,988,336
Depreciation		27,936,254	30,290,718	8,866,058	11,748,643
Depreciation on right-of-use asset		37,928,440	34,452,870	13,771,037	11,996,189
General and technical assistance fees		56,056,702	56,051,824	17,172,060	20,834,316
CSR expense		21,004,700	27,444,137	7,458,567	16,529,089
(Reversal of) impairment of property, plant and equipment		-	(761,165)	-	-
		852,092,072	789,405,682	271,885,538	298,491,472

21. Marketing, selling and distribution expenses

Advertisement, travelling and communication expense	799,152,578	774,432,154	263,297,559	292,009,789
Business promotion expenses	15,691,026	18,244,794	4,253,899	6,532,761
Other selling & distribution expenses	48,428,957	43,326,999	18,437,033	15,683,569
Entertainment-Mkt	2,663,510	608,945	390,593	17,633
Free sample	9,275,641	8,605,541	339,706	3,232,039
Freight- outward	66,256,373	72,731,282	22,835,305	22,242,033
Market research expenses	47,404,534	64,227,473	18,807,071	18,515,888
	988,872,618	982,177,188	328,361,165	358,233,713

22 Other (income)/expense

	Note				
Other income	22.1	(13,594,325)	(48,848,347)	(6,835,795)	(4,336,007)
Other expenses	22.2	88,521	788,185	-	-
		-	-	-	-

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

		Note	For nine month period ended		For three month period ended	
			31 December 2021	31 December 2020	31 December 2021	31 December 2020
			BDT	BDT	BDT	BDT
22.1	**Other income**					
	Gain on sale of PPE		(70,916)	(125,597)	(32,499)	(11,833)
	Gain on lease modification		-	(23,065,477)	-	640,860
	Gain on ceasation of liability		-	(10,000)	-	-
	Refund from insurance		(1,029,983)	-	(1,029,983)	-
	Insurance claim		(1,867,578)	(17,079,134)	(1,697,106)	(456,151)
	Sale of RM PM		(473,179)	(33,060)	-	(33,060)
	Scrap sales		(10,152,669)	(8,535,080)	(4,076,207)	(4,475,824)
			(13,594,325)	**(48,848,347)**	**(6,835,795)**	**(4,336,007)**
22.2	**Other expenses**					
	Loss on sale of PPE		88,521	788,185	-	-
			88,521	**788,185**	**-**	**-**
23.	**Net finance income**					
	Finance income	23.1	89,749,407	120,212,917	30,148,948	35,233,007
	Finance costs	23.2	(18,325,025)	(12,412,012)	(10,319,037)	(3,099,661)
			(71,424,382)	**(107,800,905)**	**(19,829,912)**	**(32,133,347)**
23.1	**Finance income**					
	Interest on fixed deposits		74,984,090	99,050,928	25,598,847	28,898,047
	Interest on call deposits		14,765,317	21,161,989	4,550,101	6,334,961
			89,749,407	**120,212,917**	**30,148,948**	**35,233,007**
23.2	**Finance costs**					
	Interest on overdraft and loans		3,923,350	889,144	1,302,399	878,634
	Foreign exchange gain/(loss)		7,055,249	2,304,403	6,374,552	(497,265)
	Interest on lease		7,346,426	9,218,464	2,642,085	2,718,292
			18,325,025	**12,412,012**	**10,319,037**	**3,099,661**

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Notes to the financial statements (continued)

	For nine month period ended		For three month period ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	BDT	BDT	BDT	BDT
24. Earnings per share				
24.1 Basic earnings per share				
Profit attributable to ordinary shareholders (net profit after tax)	2,837,644,831	2,499,644,043	861,508,435	714,488,315
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	**90.08**	**79.35**	**27.35**	**22.68**

24.2 Diluted earnings per share

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

	For nine month period ended		For the three-month period ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	BDT	BDT	BDT	BDT

25 Income tax expenses

See accounting policy in Note 35.12

Amounts recognised in profit or loss

	For nine month period ended		For the three-month period ended	
	31 December 2021 BDT	31 December 2020 BDT	31 December 2021 BDT	31 December 2020 BDT
Current tax expense				
Current period	(827,126,626)	863,526,072	260,444,999	239,408,888
Adjustment for prior periods	103,813,689			
	(723,312,937)	**863,526,072**	**260,444,999**	**239,408,888**
Deferred tax income/(expense)	**(6,979,376)**	**20,467,347**	**4,221,065**	**10,618,492**
	(730,292,313)	**883,993,419**	**264,666,064**	**250,027,380**

25.1 Deferred tax

	Net balance at 1 April 2021	Recognised in profit /loss	Recognised in OCI	Net balance as at December 2021	Balance as at 31 December 2021	
					Deferred tax assets	Deferred tax liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(9,799,870)	582,353	-	(9,217,517)	(9,217,517)	-
Intangible assets	(2,269,386)	134,857	-	(2,134,529)	(2,134,529)	-
Provision for leave encashment	(6,152,199)	3,785,865	-	(2,366,334)	(2,366,334)	-
RoU assets and lease liability under IFRS 16	(946,447)	2,476,301	-	1,529,854	-	1,529,854
Net deferred tax (assets)/liabilities	**(19,167,902)**	**6,979,376**	**-**	**(12,188,526)**	**(13,718,380)**	**1,529,854**

	Net balance at 1 April 2021	Recognised in profit /loss	Recognised in OCI	Net balance as at December 2021	Balance as at 31 December 2021	
					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**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

26. Related party transactions

26.1 Parent and ultimate controlling party

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

26.2 Transactions with key management personnel

	For the nine month period ended		For the three month period ended	
	Friday, December 31, 2021	Thursday, December 31, 2020	Friday, December 31, 2021	Thursday, December 31, 2020
	BDT	BDT	BDT	BDT
Directors' remuneration and fees	29,190,934	25,716,372	5,356,917	4,861,526
	29,190,934	25,716,372	5,356,917	4,861,526

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

26.3 Other related party transactions

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

26.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction amount	Balance as at 31 December 2021	Balance as at 31 March 2021
			BDT	BDT	BDT
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	75,262,848	37,742,293	25,404,308
		Asset	-	165,123	14,593,597
		Royalty	94,780,118	201,865,511	107,135,381
		Dividend	1,701,000,000	-	-
		General and technical assistance fees	-	87,958,927	86,039,654
		Sales of RM	878,032	-	-

26.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction amount	Balance as at 31 December 2021	Balance as at 31 March 2021
			BDT	BDT	BDT
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	2,046,223,062	163,489,074	422,954,142
Marico South East Asia	Associated company	Sales of RM	2,592,802	-	-

A. QASEM & CO. GULSHAN DHAKA. CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

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

27.1 Calculation of net asset value per share

	As at 31 December 2021 BDT	As at 31 March 2021 BDT
Net asset	2,584,217,227	1,636,572,398
Number of shares	31,500,000	31,500,000
Net asset value (NAV) per share	**82.04**	**51.95**

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

	31 December 2021 BDT	31 March 2021 BDT
Net cash from operating activities	3,205,281,826	3,206,482,556
No. of shares	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	**101.75**	**101.79**

27.3 Reconciliation of net profit with cash flows from operating activities

	As at 31 December 2021 BDT	As at 31 March 2021 BDT
Profit after tax	2,837,644,831	2,499,644,043
Adjustment for:		
Depreciation	140,846,915	119,825,613
Amortisation	154,650	1,359,656
Interest expense	3,923,350	889,144
Effect of exchange rate fluctuations on cash held	(46,946)	(217,717)
Interest on lease	7,346,426	9,218,464
Gain on lease modification and cancelation	-	(23,065,477)
(Reversal of) impairment expense	-	(761,165)
Interest income	(89,749,407)	(120,212,917)
Gain on sale of PPE	17,605	662,588
Tax expense	730,292,313	883,993,419
	3,630,429,737	**3,371,335,651**
Changes in operating assets and liabilities:		
Inventories	262,115,848	325,042,865
Advances, deposits and prepayments	(469,548,896)	(389,420,907)
Other financial assets	5,820,827	(43,319,840)
Employee benefit obligation	39,983,329	(67,117,364)
Trade and other payable	390,205,721	660,274,679
Cash generated from operating activities	**3,859,006,567**	**3,856,795,084**
Interest paid	(4,815,422)	(930,401)
Interest received	66,650,431	156,922,597
Income tax paid	(715,559,750)	(806,304,724)
Net cash flows from operating activities	**3,205,281,826**	**3,206,482,556**

28. Contingent liabilities

The Company has contingent liability of BDT 1,103,433,853 as on 31 December 2021 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 808,919,520 Standard Chartered Bank. Shipping guarantee of Taka 51,241,789 with Standard Chartered Bank Taka 528,447 with Hongkong and Shanghai Bangking Corporation and Taka 507,179 with CITI Bank NA.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

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 31 December 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 117th meeting held on 24th January 2022 has declared 200% interim cash dividend i.e. 20TK per share, amount to total Taka 630,000,000 for the period ended 31st December 2021.

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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.

31 December 2021

Particulars	Note	Carrying amount						
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	Total
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	9.	-	-	-	-	2,027,383,313	-	2,027,383,313
Loan to employees	9.	-	-	-	-	3,559,897	-	3,559,897
Trade receivables	9.	-	-	-	-	62,467,311	-	62,467,311
Cash and cash equivalents	11	-	-	-	-	1,244,522,417	-	1,244,522,417
		-	-	-	-	**3,337,932,938**	-	**3,337,932,938**
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Loans and borrowings	13	-	-	-	-	-	500,000,000	500,000,000
Trade and other payables	16	-	-	-	-	-	2,449,427,120	2,449,427,120
Lease liabilities	15	-	-	-	-	-	139,913,372	139,913,372
		-	-	-	-	-	**3,089,340,492**	**3,089,340,492**

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						
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	Total
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	*9.*	-	-	-	-	1,758,185,000	-	1,758,185,000
Loan to employees	*9.*	-	-	-	-	6,814,738	-	6,814,738
Trade receivables	*9.*	-	-	-	-	65,033,298	-	65,033,298
Cash and cash equivalents	*11*	-	-	-	-	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	*13*	-	-	-	-	-	500,000,000	500,000,000
Trade and other payables	*16*	-	-	-	-	-	2,145,605,317	2,145,605,317
		-	-	-	-	-	**2,645,605,317**	**2,645,605,317**

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:

	Note	31 December 2021	31 March 2021
Financial assets		BDT	BDT
Fixed deposits	*9.*	2,027,383,313	1,758,185,000
Loans to employees	*9.*	3,559,897	6,814,738
Trade receivables	*9.*	62,467,311	65,033,298
Cash and cash equivalents	*11*	1,244,522,417	396,404,261
		3,337,932,938	**2,226,437,297**

32.2 Financial risk management (continued)

32.2.2 Liquidity risk

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

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

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

			Contractual cash flows					
	Note	**Carrying amount**	**Expected cash flow**	**6 months or less**	**6-12 months**	**1- 2 years**	**2- 5 years**	**More than 5 years**
		BDT	**BDT**	**BDT**	**BDT**	**BDT**	**BDT**	**BDT**
31 December 2021								
Loans and borrowings	*13*	500,000,000	500,000,000	500,000,000	-	-	-	-
Trade and other payables	*16*	2,449,427,120	2,449,427,120	2,449,427,120	-	-	-	-
Lease liabilities	*15*	139,913,372	139,913,372	23,372,302	25,876,759	53,017,141	37,647,170	-
		3,089,340,492	**3,089,340,492**	**2,972,799,422**	**25,876,759**	**53,017,141**	**37,647,170**	-
31 March 2021								
Loans and borrowings	*13*	250,000,000	200,000,000	200,000,000	-	-	-	-
Trade and other payables	*16*	2,145,605,317	2,145,605,317	2,145,605,317	-	-	-	-
		2,395,605,317	2,345,605,317	2,345,605,317	-	-	-	-

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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 31 December 2021 are as follows:

	31 December 2021	31 March 2021
	USD	USD
Import of goods and services	(2,827,504)	(771,798)
Bank balance	1,696,139	508,702
	(1,131,365)	**(263,096)**

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

	Average rate		Year-end spot rate	
	31 December 2021	31 March 2021	31 December 2021	31 March 2021
Exchange rate (USD/BDT)	85.14	84.82	86.09	84.71

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Notes to the financial statements (continued)

ii) Foreign exchange rate sensitivity analysis

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

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

	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
	BDT	BDT	BDT	BDT
31 December 2021				
USD (1% movement)	(974,004)	974,004	(974,004)	974,004
31 March 2021				
USD (1% movement)	(222,869)	222,869	(222,869)	222,869

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 31 December 2021, the interest rate profile of the Company's interest bearing financial instruments was:

	31 December 2021	31 March 2021
	BDT	BDT
Fixed rate instruments		
Financial assets		
Fixed deposit receipts	2,027,383,313	1,758,185,000
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

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Notes to the financial statements (continued)

33. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 35.9.

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 are effective form 1 April 2020.

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

35. Significant accounting policies

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

Note	Particulars
35.1	Foreign currency transactions
35.2	Property, plant and equipment
35.3	Intangible assets
35.4	Right of use asset
35.5	Inventories
35.6	Financial instruments
35.7	Share capital
35.8	Dividend to the equity holders
35.9	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

35.1 Foreign currency transactions

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

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Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.2 Property, plant and equipment

i) Recognition and measurement

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

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

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

ii) Subsequent cost

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

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.

QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.2 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.

35.3 Intangible assets

i) **Recognition and measurement**

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

ii) **Subsequent costs**

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

iii) **Amortisation**

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

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

iv) **Derecognition**

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

35.4 Right of use asset

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, 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.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.5 Inventories

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

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

35.6 Financial instruments

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

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets – 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.

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Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.6 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.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.6 Financial instruments (continued)
(c) Short-term investment

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

iii. Financial liability

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

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

Financial liabilities include trade and other payables etc.

(a) Trade and other payables

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

(b) Loans and borrowings

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

35.7 Share capital

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

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

35.8 Dividend to the equity holders

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

35. Significant accounting policies (continued)

35.9 Employee benefits

i) Short-term employee benefits

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

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.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

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.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the financial statements (continued)

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.

Notes to the financial statements (continued)

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.

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