Marico Bangladesh Limited

Report and financial statements as at and
for the three-month period ended 30 September 2018

KPMG

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Independent auditor's report

To the Board of Directors of Marico Bangladesh Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Marico Bangladesh Limited (the Company), which comprise the statement of financial position as at 30 September 2018, and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2018, and its financial performance and its cash flows for the 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 the People's Republic of 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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Revenue

See Note 18 to the financial statements

The key audit matter	How the matter was addressed in our audit
Revenue is a key performance measure of the Company. We consider there is a possibility of this creating an incentive for and/or pressure to overstate revenue with the purpose of meeting financial targets. IFRS 15 Revenue from Contracts with Customers was issued by IASB on 28 May 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018. Considering the above matters, we have determined the valuation of inventory to be a key audit matter.	Our audit procedures in this area included, among others: - Revenue completeness is ensured through cutoff test. - Rebut the fraud risk as there are no incentive in relation to Revenue, there are very few credit sales and no complexity & estimation involved in revenue. - Assess the appropriate recognition of revenue in accordance with IFRS 15.

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Other Information

The financial statements of the Company for the year ended 31 March 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2018.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' 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:

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

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

c) 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

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

Dhaka, 25 OCT 2018

Rahman Rahman Huq

Marico Bangladesh Limited
Statement of financial position

In Taka	*Notes*	30 September 2018	31 March 2018
Assets			
Property, plant and equipment	4	**482,746,866**	511,585,227
Intangible assets	5	**4,797,228**	6,188,057
Deferred tax assets	6	**53,023,770**	58,510,013
Non-current financial assets	7	**16,466,061**	11,504,048
Other non-current assets	8	**27,596,803**	28,563,337
Non-current assets		**584,630,728**	616,350,682
Inventories	9	**1,229,519,249**	1,717,322,020
Other current financial assets	10	**1,920,922,228**	1,244,197,702
Other current assets	11	**680,222,243**	610,794,216
Cash and cash equivalents	12	**718,594,621**	279,189,737
Current assets		**4,549,258,341**	3,851,503,675
Total assets		**5,133,889,069**	4,467,854,357
Equity			
Share capital	13	**315,000,000**	315,000,000
Share premium		**252,000,000**	252,000,000
Retained earnings		**1,174,920,141**	925,586,729
Total equity		**1,741,920,141**	1,492,586,729
Liabilities			
Employee benefit obligation	14	**45,104,941**	49,861,763
Non-current liabilities		**45,104,941**	49,861,763
Loans and borrowings	15	**-**	300,000,000
Employee benefit obligation	14	**9,879,700**	6,984,584
Trade and other payables	16	**2,881,129,893**	2,232,209,497
Current tax liabilities	17	**455,854,394**	386,211,784
Current liabilities		**3,346,863,987**	2,925,405,865
Total liabilities		**3,391,968,928**	2,975,267,628
Total equity and liabilities		**5,133,889,069**	4,467,854,357

The notes on pages 8 to 31 are an integral part of these financial statements.

Company Secretary — Director — Managing Director — Chief Financial Officer

As per our report of same date.

Auditor

Rahman Rahman Huq
Chartered Accountants

Dhaka, 25 OCT 2018

Marico Bangladesh Limited
Statement of profit or loss and other comprehensive income

In Taka	*Notes*	For the six-month period ended		For the three-month period ended	
		30 September 2018	30 September 2017	30 September 2018	30 September 2017
Revenue	18	**4,641,819,724**	4,236,673,137	**2,171,777,800**	1,973,723,428
Cost of sales	19	**(2,566,132,578)**	(2,234,731,257)	**(1,181,229,477)**	(1,071,825,395)
Gross profit		**2,075,687,146**	2,001,941,880	**990,548,323**	901,898,033
Marketing, selling and distribution expenses	20	**(310,517,203)**	(306,414,776)	**(157,066,903)**	(122,183,980)
General and administrative expenses	21	**(455,802,627)**	(416,416,222)	**(234,916,341)**	(208,866,614)
Other income/(expense)	22	**4,436,606**	48,581	**(278,650)**	42,581
Operating profit		**1,313,803,922**	1,279,159,463	**598,286,429**	570,890,020
Net Finance income	23	**88,453,723**	54,664,841	**53,435,841**	33,526,821
Profit before tax		**1,402,257,645**	1,333,824,304	**651,722,270**	604,416,841
Income tax expense	24	**(365,424,233)**	(382,364,808)	**(169,820,724)**	(147,978,758)
Profit after tax		**1,036,833,412**	951,459,496	**481,901,546**	456,438,083
Total other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**1,036,833,412**	951,459,496	**481,901,546**	456,438,083
Earnings per share					
Basic earnings per share (par value of Tk 10)	25	**32.92**	30.21	**15.30**	14.49

The notes on pages 8 to 31 are an integral part of these financial statements.

Randolph
Company Secretary

Director

Managing Director

Chief Financial Officer

As per our report of same date.

Auditor

Rahman Rahman Huq
Chartered Accountants

Dhaka, 25 OCT 2018

Marico Bangladesh Limited
Statement of changes in equity

			For the period ended 30 September 2018	
In Taka	Share capital	Share premium	Retained earnings	Total
Balance at 1 April 2017	315,000,000	252,000,000	1,013,110,293	1,580,110,293
Net profit for the period ended 30 September 2017	-	-	951,459,495	951,459,495
Final dividend for 2016-2017			(157,500,000)	(157,500,000)
Balance at 30 September 2017	315,000,000	252,000,000	1,807,069,788	2,374,069,788
Balance at 1 April 2018	**315,000,000**	**252,000,000**	**925,586,729**	**1,492,586,729**
Net profit for the period ended 30 September 2018	**-**	**-**	**1,036,833,412**	**1,036,833,412**
Final dividend for 2017-2018			**(315,000,000)**	**(315,000,000)**
First interim dividend for 2018-2019			**(472,500,000)**	**(472,500,000)**
Balance at 30 September 2018	**315,000,000**	**252,000,000**	**1,174,920,141**	**1,741,920,141**

The notes on pages 8 to 31 are an integral part of these financial statements.

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Marico Bangladesh Limited
Statement of cash flows

In Taka	For the period ended 30 September 2018	30 September 2017
Cash flows from operating activities		
Collection from customers	**4,673,115,088**	4,179,910,028
Payment to suppliers and for operating expenses	**(2,962,529,919)**	(2,493,009,773)
Cash generated from operating activities	**1,710,585,169**	1,686,900,255
Interest paid	**(8,747,884)**	-
Interest received	**59,522,554**	47,337,961
Income tax paid	**(290,295,380)**	(287,918,942)
Net cash generated from operating activities	**1,471,064,459**	1,446,319,274
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(34,416,210)**	(35,918,565)
Acquisition of intangible assets	**-**	(871,000)
Disposal of property, plant and equipment	**(227,336)**	48,581
(Investment in)/encashment of short-term investments	**(618,266,029)**	(611,885,002)
Net cash used in investing activities	**(652,909,575)**	(648,625,986)
Cash flows from financing activities		
Net proceeds from loans and borrowings	**(300,000,000)**	-
Dividend paid	**(78,750,000)**	(157,500,000)
Net cash used in financing activities	**(378,750,000)**	(157,500,000)
Net increase in cash and cash equivalents	**439,404,884**	640,193,288
Opening cash and cash equivalents	**279,189,737**	166,833,748
Closing cash and cash equivalents	**718,594,621**	807,027,036

The notes on pages 8 to 31 are an integral part of these financial statements.

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1 Reporting entity

1.1 Formation and legal status

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 Company was initially registered as a private limited company and subsequently converted into a public limited company on 21 September 2008. The Company listed its shares with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009.

The ultimate parent of MBL is Marico Limited incorporated in India.

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 Advansed, 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

These financial statements have been prepared in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, the Companies Act 1994, the Securities & Exchange rules 1987 and other applicable laws in Bangladesh.

The Financial Reporting Act 2015 (FRA) has been enacted during 2015. Under the FRA, the Financial Reporting Council (FRC) was formed and it has the authority to issue financial reporting standards for public interest entities such as listed companies. However, financial reporting standards are yet to be issued by FRC, hence, the financial statements of the Company continue to be prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 1994.

Details of the Company's accounting policies are included in note 35.

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 101st Board of Directors meeting held on 25 OCT 2018

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DHAKA

2.3 Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention.

2.4 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.

2.5 Reporting period

These financial statements of the Company cover the quarter and six-month period ended at 30 September 2018 with comparative for the quarter and six-month period ended at 30 September 2017.

2.6 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 made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 28 of lease classification.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending 30 Sepetember 2019 is included in the following notes:

Note 4:	Property, plant and equipment
Note 5:	Intangible assets
Note 6:	Deferred tax assets
Note 9:	Inventories
Note 14:	Employee benefit obligation
Note 17:	Current tax liabilities
Note 29:	Contingent Liabilities

2.7 Basis of fair value measurement

As fair value is a market based measurement, when measuring the fair value of an asset or a liability, MBL uses market observable data as far as possible though entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant while measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

MBL recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 31: Financial instruments - Fair values and financial risk management.

2.8 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.9 Current vs. non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

i) expected to be realised or intended to be sold or consumed in normal operating cycle;
ii) held primarily for the purpose of trading;
iii) expected to be realised within twelve months after the reporting period; or
iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months.

All other assets are classified as non-current.

A liability is current when it is:

i) expected to be settled in normal operating cycle
ii) held primarily for the purpose of trading
iii) due to be settled within twelve months after the reporting period or
iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

2.10 Offsetting

The Company reports separately both assets and liabilities, and income and expenses, unless required or permitted by applicable accounting standards or offsetting reflects the substance of the transaction or other event and hence permitted by applicable accounting standards.

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2.11 Comparative and reclassification

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

2.12 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with IAS 7 *Statement of Cash Flows* as required by the Securities and Exchange Rules 1987.

2.13 Going concern

The Company has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management's assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern.

3 New accounting standards not yet adopted

The Company has consistently applied the accounting policies as set out in Note 35 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 April 2018 have been considered. However, these amendments have no material impact on the financial statements of the Company.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Company has not yet assessed any potential impact of IFRS 16 on its financial statements.

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4 Property, plant and equipment

Reconciliation of carrying amount:

In Taka	Freehold land	Plant and machinery	Factory building	Office building	Vehicles	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets Under construction	Total
Cost											
Balance at 1 April 2018	**176,749,959**	**855,195,128**	**231,650,100**	**193,910,204**	**-**	**69,216,997**	**18,835,419**	**94,501,721**	**17,332,333**	**1,038,825**	**1,658,430,686**
Additions	**-**	**5,674,934**		**426,320**		**1,706,991**	**1,180,370**	**1,497,929**	**368,530**	**13,920,442**	**24,775,516**
Transfer from Assets under construction	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,855,074)**	**(10,855,074)**
Disposals		**(21,000)**				**(773,970)**	**(3,990)**	**(717,136)**	**(184,101)**	**-**	**(1,700,197)**
Balance at 30 September 2018	**176,749,959**	**860,849,062**	**231,650,100**	**194,336,524**	**-**	**70,150,018**	**20,011,799**	**95,282,514**	**17,516,762**	**4,104,193**	**1,670,650,931**
Balance at 1 April 2017	176,749,959	804,900,756	230,907,921	193,910,204	16,440,910	52,072,851	13,787,836	48,645,321	13,084,533	11,657,174	1,562,157,465
Additions	-	50,294,372	742,179	-	-	18,066,687	5,083,583	45,880,400	4,247,800	113,696,672	238,011,693
Transfer from Assets under construction	-	-	-	-	-	-	-	-	-	(124,315,021)	(124,315,021)
Disposals	-	-	-	-	(16,440,910)	(922,541)	(36,000)	(24,000)	-	-	(17,423,451)
Balance at 31 March 2018	176,749,959	855,195,128	231,650,100	193,910,204	-	69,216,997	18,835,419	94,501,721	17,332,333	1,038,825	1,658,430,686

Accumulated depreciation and impairment loss

In Taka	Freehold land	Plant and machinery	Factory building	Office building	Vehicles	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets Under construction	Total
Balance at 1 April 2018	**-**	**680,365,944**	**187,437,198**	**137,415,175**	**-**	**59,218,064**	**13,824,726**	**55,704,905**	**12,879,447**	**-**	**1,146,845,459**
Depreciation	**-**	**22,464,966**	**4,867,345**	**8,388,844**		**2,451,773**	**1,565,335**	**6,138,020**	**1,117,855**	**-**	**46,994,138**
Impairment loss	**-**	**(3,415,175)**	**-**	**-**	**-**	**-**	**-**	**(1,248,767)**	**-**	**-**	**(4,663,942)**
Disposals	**-**	**(19,250)**	**-**	**-**	**-**	**(588,203)**	**(3,990)**	**(530,585)**	**(129,562)**	**-**	**(1,271,590)**
Balance at 30 September 2018	**-**	**699,396,485**	**192,304,543**	**145,804,019**	**-**	**61,081,634**	**15,386,071**	**60,063,573**	**13,867,740**	**-**	**1,187,904,065**
Balance at 1 April 2017	-	571,681,981	154,205,268	116,001,479	16,440,910	41,357,134	11,209,699	45,791,952	11,932,787	-	968,621,210
Depreciation	-	96,406,189	33,231,930	21,413,696	-	18,783,471	2,633,025	7,620,679	946,660	-	181,035,650
Impairment loss	-	12,277,774	-	-	-	-	-	2,316,274	-	-	14,594,048
Disposals	-	-	-	-	(16,440,910)	(922,541)	(17,998)	(24,000)	-	-	(17,405,449)
Balance at 31 March 2018	-	680,365,944	187,437,198	137,415,175	-	59,218,064	13,824,726	55,704,905	12,879,447	-	1,146,845,459

	Freehold land	Plant and machinery	Factory building	Office building	Vehicles	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets Under construction	Total
Carrying amounts											
At 30 September 2018	**176,749,959**	**161,452,577**	**39,345,557**	**48,532,505**	**-**	**9,068,384**	**4,625,728**	**35,218,941**	**3,649,022**	**4,104,193**	**482,746,866**
At 31 March 2018	176,749,959	174,829,184	44,212,902	56,495,029	-	9,998,933	5,010,693	38,796,816	4,452,886	1,038,825	511,585,227

5 **Intangible assets-Computer software**

In Taka	30 September 2018	31 March 2018
Cost		
Opening balance	**22,061,875**	21,190,875
Additions	-	871,000
Disposals	-	-
Closing balance	**22,061,875**	22,061,875
Accumulated amortisation		
Opening balance	**15,873,818**	12,072,453
Additions	**1,390,829**	3,801,365
Disposals	-	-
Closing balance	**17,264,647**	15,873,818
Carrying amounts	**4,797,228**	6,188,057

6 **Deferred tax assets**

In Taka	30 September 2018	31 March 2018
Deductible temporary difference	**212,095,080**	234,040,053
Income tax rate	**25%**	25%
Deferred Tax assets	**53,023,770**	58,510,013

7 **Non-current financial assets**

In Taka	30 September 2018	31 March 2018
Security deposits	**11,720,940**	6,365,600
Loans to employees	**4,745,121**	5,138,448
	16,466,061	11,504,048

8 **Other non-current assets**

In Taka	30 September 2018	31 March 2018
Advance for capital goods	**8,709,413**	8,170,635
Advance to suppliers and others	**11,968,750**	18,067,559
Prepaid expenses	**6,918,640**	2,325,143
	27,596,803	28,563,337

9 **Inventories**

In Taka	30 September 2018	31 March 2018
Raw materials	**502,739,610**	1,093,091,743
Packing materials	**163,081,208**	62,093,471
Finished goods	**188,892,319**	174,804,729
Stores and spares	**17,373,967**	18,744,592
Materials in transit	**357,432,145**	368,587,485
	1,229,519,249	1,717,322,020

Details break-up of inventories could not be given as it is quite difficult to quantify each item in a separate and distinct category due to large variety of items. Information in summarized form may not be useful for the user.

10 **Other current financial assets**

In Taka	30 September 2018	31 March 2018
Fixed deposits	**1,896,125,549**	1,237,525,917
Security deposits	**344,870**	2,775,870
Trade receivables	**20,446,294**	-
Loans to employees	**4,005,515**	3,895,915
	1,920,922,228	1,244,197,702

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11 Other current assets

In Taka	30 September 2018	31 March 2018
Advances		
Advance to suppliers and others	**577,110,759**	549,391,820
Deposits		
VAT current account	**58,442,254**	50,630,088
Supplementary duty	**2,909,566**	116,584
	61,351,820	50,746,672
Prepayments		
Prepaid expenses	**41,759,664**	10,655,724
	680,222,243	610,794,216

12 Cash and cash equivalents

In Taka	30 September 2018	31 March 2018
Cash in hand	**193,434**	239,770
Cash at banks:		
BRAC Bank Limited	**67,198,371**	7,347,690
Citibank N.A.	**33,677**	59,692
Islami Bank Bangladesh Limited	**36,463,964**	1,268,514
Sonali Bank Limited	**514,358**	514,933
Standard Chartered Bank	**172,133,648**	26,027,375
Dutch Bangla Bank Limited	**3,340,000**	-
The Hongkong and Shanghai Banking Corporation Ltd.	**23,082,893**	14,831,514
	302,766,911	50,049,718
Cash in transit	**1,174,586**	-
Balance with bank for unclaimed dividend	**10,211,560**	9,445,965
Fixed deposits	**404,248,130**	219,454,284
	718,594,621	279,189,737

13 Share capital

In Taka	30 September 2018	31 March 2018
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

13.1 Composition of shareholding

Details	No. of share		% of holding	
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
Marico Limited, India	28,350,000	28,350,000	**90.00**	90.00
Local, institutions and general shareholders	3,150,000	3,150,000	**10.00**	10.00
	31,500,000	31,500,000	**100.00**	100.00

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14 Employee benefit obligation

In Taka	30 September 2018	31 March 2018
Provision for gratuity (Note-14.01 & 14.02)	**48,164,912**	44,272,692
Provision for leave encashment	**6,819,729**	12,573,655
	54,984,641	56,846,347
Current	**9,879,700**	6,984,584
Non-current	**45,104,941**	49,861,763
	54,984,641	56,846,347

14.1 Significant actuarial assumptions-on the basis of actuarial report as on 31 March 2018

Discount rate	11%
Salary growth	11%
Employee turnover	17.50%
Year of mortality rate	2006-08

14.2 Sensitivity analysis

Due to change in discount rate by 1%, potential impact would range from:

Delta effect of +1% change in rate of discounting	(1,904,936)
Delta effect of -1% change in rate of discounting	2,087,444

15 Loans and borrowings

The Company had taken a short term loan of Tk. 300,000,000 for a duration of six months from Citibank N.A. Bangladesh which has been fully settled in September 2018.

16 Trade and other payables

In Taka	30 September 2018	31 March 2018
Trade payables		
Payable against raw material	**380,762,953**	418,464,212
Payable against services	**232,720,601**	168,373,123
Payable against packing material	**182,907,752**	34,730,704
Payable against finished goods	**59,561,056**	98,497,363
	855,952,362	720,065,402
Other payables		
Dividend payable	**637,875,000**	-
Payable against expenses	**292,232,705**	341,269,908
General and technical assistance fees payable	**238,942,263**	220,299,097
Payable against advertisement expenses	**184,003,989**	243,427,986
Payable against business promotion expenses	**180,880,698**	204,071,165
Royalty payable	**120,100,360**	209,646,298
Import duty and related charges payable	**116,854,710**	96,604,481
Withholding tax and VAT payable	**102,748,420**	36,116,225
Workers' profit participation and welfare fund	**73,803,143**	118,091,844
Advance from customers	**53,270,726**	1,529,067
Payable against capital goods	**13,563,092**	29,284,718
Unclaimed dividend	**10,211,560**	9,445,965
Audit fees payable	**651,474**	1,302,950
Interest accrued on loans	**39,391**	1,054,391
	2,025,177,531	1,512,144,095
	2,881,129,893	2,232,209,497

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17 Current tax liabilities

In Taka	30 September 2018	31 March 2018
Opening balance	**386,211,784**	381,918,199
Add: Provision during the year:		
Provision for current year	**359,937,990**	603,956,939
Provision for prior years		
Assessment year 2013-2014	**-**	(23,640,200)
	746,149,774	962,234,938
Less: Payment during the year:		
Payment for current year	**(130,295,380)**	(388,901,091)
Payment for prior years:		
Assessment year 2018-2019	**(160,000,000)**	-
Assessment year 2017-2018	**-**	(187,122,063)
Closing balance	**455,854,394**	386,211,784

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 (Amont in Taka)	Advance income tax (Amont in Taka)	Status
30 September 2018	AY 2019-20	359,937,990	130,295,380	
31 March 2018	AY 2018-19	603,956,939	548,901,091	Submitted at 15th October 2018
31 March 2017	AY 2017-18	511,139,076	482,832,785	Return submitted
31 March 2016	AY 2016-17	536,229,894	516,829,134	Return submitted
31 March 2015	AY 2015-16	502,672,641	438,992,339	Return submitted
31 March 2014	AY 2014-15	475,304,697	468,166,315	At High Court
31 March 2013	AY 2013-14	279,549,372	206,086,374	At TAT*
31 March 2012	AY 2012-13	206,588,040	236,519,377	At TAT*
30 September 2008	AY 2009-10	9,098,540	-	At TAT*
Total		3,484,477,189	3,028,622,795	

*Taxes Appellate Tribunal

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18 Revenue

In Taka	Note	For six-month period ended 30 September 2018	For six-month period ended 30 September 2017	For three-month period ended 30 September 2018	For three-month period ended 30 September 2017
Parachute coconut oil		**3,334,561,602**	3,294,282,827	**1,492,931,983**	1,471,358,969
Value added hair oil (VAHO)		**1,054,424,995**	700,660,330	**523,148,738**	369,362,228
Haircode		**32,167,256**	29,042,852	**20,570,931**	13,092,227
Saffola - Edible oil		**55,948,297**	29,897,738	**33,818,975**	19,628,615
Parachute body lotion		**12,560,267**	9,595,368	**15,830,717**	9,831,827
Others		**152,157,307**	173,194,021	**85,476,456**	90,449,562
		4,641,819,724	4,236,673,137	**2,171,777,800**	1,973,723,428

18.1 Export/Local breakup

In Taka	Note	For six-month period ended 30 September 2018	For six-month period ended 30 September 2017	For three-month period ended 30 September 2018	For three-month period ended 30 September 2017
Revenue from domestic operation		**4,625,200,996**	4,236,673,137	**2,162,037,690**	1,973,723,428
Revenue from export		**16,618,728**	-	**9,740,110**	-
		4,641,819,724	4,236,673,137	**2,171,777,800**	1,973,723,428

19 Cost of sales

In Taka	Note	For six-month period ended 30 September 2018	For six-month period ended 30 September 2017	For three-month period ended 30 September 2018	For three-month period ended 30 September 2017
Opening stock of finished goods		**174,804,729**	152,398,038	**105,703,358**	47,144,580
Cost of goods manufactured	*19.1*	**2,580,220,168**	2,257,137,948	**1,264,418,438**	1,199,485,544
		2,755,024,897	2,409,535,986	**1,370,121,796**	1,246,630,124
Closing stock of finished goods		**(188,892,319)**	(174,804,729)	**(188,892,319)**	(174,804,729)
		2,566,132,578	2,234,731,257	**1,181,229,477**	1,071,825,395

19.1 Cost of goods manufactured

In Taka	Note	For six-month period ended 30 September 2018	For six-month period ended 30 September 2017	For three-month period ended 30 September 2018	For three-month period ended 30 September 2017
Materials consumed	*19.1.1*	**2,465,529,764**	2,091,989,535	**1,205,959,508**	1,113,588,074
Factory overhead	*19.1.2*	**114,690,404**	165,148,413	**58,458,930**	85,897,470
		2,580,220,168	2,257,137,948	**1,264,418,438**	1,199,485,544

19.1.1 Materials consumed

In Taka	Note	For six-month period ended 30 September 2018	For six-month period ended 30 September 2017	For three-month period ended 30 September 2018	For three-month period ended 30 September 2017
Opening stock of raw materials, packing materials and others		**1,542,517,291**	1,196,529,064	**958,174,909**	1,059,368,092
Purchases during the year		**1,963,639,403**	1,769,683,624	**1,288,411,529**	928,443,135
Closing stock of raw materials, packing materials and others		**(1,040,626,930)**	(874,223,153)	**(1,040,626,930)**	(874,223,153)
		2,465,529,764	2,091,989,535	**1,205,959,508**	1,113,588,074

19.1.2 Factory overhead

In Taka	Note	For six-month period ended 30 September 2018	For six-month period ended 30 September 2017	For three-month period ended 30 September 2018	For three-month period ended 30 September 2017
Communication expenses		**325,477**	299,966	**161,789**	161,211
Cost of outsourced human resources		**21,395,644**	19,774,488	**10,387,301**	9,757,541
Depreciation		**29,819,024**	85,580,337	**14,292,305**	43,375,730
Entertainment		**2,327,683**	2,159,059	**1,148,050**	1,122,490
Power expenses		**28,429,744**	31,854,372	**14,628,557**	17,849,652
Printing and stationery		**439,738**	358,583	**221,653**	153,917
Repairs and maintenance		**3,016,732**	1,743,328	**1,863,104**	1,054,102
Salaries and allowances		**22,868,371**	18,634,286	**12,585,564**	10,069,483
Security charges		**2,737,937**	2,298,521	**1,332,866**	1,188,514
Travelling and conveyance - Local		**2,737,367**	2,445,473	**1,383,054**	1,164,830
Warehouse rent		**592,687**	-	**454,687**	-
		114,690,404	165,148,413	**58,458,930**	85,897,470

20 Marketing, selling and distribution expenses

In Taka	Note	For six-month period ended 30 September 2018	For six-month period ended 30 September 2017	For three-month period ended 30 September 2018	For three-month period ended 30 September 2017
Advertisement		**211,226,138**	217,258,398	**104,717,648**	82,549,248
Business promotion expenses		**11,080,709**	7,356,886	**5,656,850**	3,681,364
Other selling and distribution expenses		**36,310,356**	31,637,204	**19,029,119**	9,426,339
Entertainment		**4,909,414**	1,094,457	**1,200,020**	544,455
Free sample		**4,436,872**	8,262,193	**4,460,774**	5,977,426
Freight - outward		**35,953,052**	33,547,464	**18,403,052**	15,651,479
Market research expenses		**6,600,662**	7,258,174	**3,599,440**	4,353,669
		310,517,203	306,414,776	**157,066,903**	122,183,980

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21 General and administrative expenses

In Taka	Note	For six-month period ended 30 September 2018	30 September 2017	For three-month period ended 30 September 2018	30 September 2017
Salaries and allowances		**197,008,230**	175,220,939	**108,726,280**	94,586,716
Gratuity		**7,732,696**	6,935,425	**3,866,348**	3,467,713
Workers' profit participation and welfare fund		**73,803,143**	70,201,279	**34,302,650**	31,811,413
Rent, rates and taxes		**17,155,678**	3,580,182	**8,639,176**	3,174,039
Professional and legal charges		**8,747,826**	5,755,989	**4,544,973**	3,915,191
Security charges		**967,971**	821,845	**484,380**	358,008
Stamp and license fees		**5,219,365**	1,471,659	**4,429,409**	786,976
Directors' fees		**19,167**	539,169	**9,583**	269,584
Repair and maintenance		**6,357,099**	6,139,921	**2,777,612**	2,864,173
Communication expenses		**4,452,709**	4,439,930	**2,145,163**	2,426,074
Subscription to trade association		**114,850**	111,390	**32,850**	76,890
Entertainment		**9,826,275**	9,763,278	**4,903,555**	6,438,097
Printing and stationery		**1,465,751**	1,770,051	**1,046,008**	458,089
Vehicle running expenses		**19,459,433**	20,523,567	**10,111,576**	9,104,900
Travelling and conveyance-Local		**3,799,379**	3,036,383	**2,023,452**	1,566,832
Travelling and conveyance-Foreign		**1,231,535**	2,255,042	**440,988**	1,227,517
Audit fees		**651,474**	651,475	**325,737**	325,738
Insurance premium		**5,327,738**	2,980,175	**2,742,946**	1,580,633
Books and periodicals		**73,808**	59,361	**39,807**	33,730
Bank charges		**1,060,364**	450,020	**537,028**	383,231
AGM and public relation		**550,114**	434,962	**502,081**	406,632
Conference and training		**4,674,961**	2,053,425	**1,357,960**	995,235
Electricity and gas charges		**1,507,618**	1,538,528	**853,118**	887,849
Amortisation		**1,390,829**	1,928,776	**575,072**	927,766
Royalty		**45,355,439**	40,724,709	**22,163,063**	18,845,828
Depreciation		**17,175,117**	11,939,069	**7,894,868**	6,021,886
General and technical assistance fees		**18,463,041**	34,803,129	**7,229,640**	12,785,652
CSR project		**2,211,017**	6,286,544	**2,211,018**	3,140,222
		455,802,627	416,416,222	**234,916,341**	208,866,614

22 Other income/(expense)

In Taka	*Note*	For six-month period ended 30 September 2018	30 September 2017	For three-month period ended 30 September 2018	30 September 2017
Gain on sale of assets		**(227,336)**	48,581	**(278,650)**	42,581
Impairment (loss)/reversasl of impairement loss		**4,663,942**	-	**-**	-
		4,436,606	48,581	**(278,650)**	42,581

23 Net Finance income

In Taka	*Note*	For six-month period ended 30 September 2018	30 September 2017	For three-month period ended 30 September 2018	30 September 2017
Interest on fixed deposits		**99,533,511**	61,514,060	**57,123,589**	37,306,540
Interest on call deposits		**322,646**	382,562	**161,937**	184,584
Interest on overdraft and loans		**(7,732,884)**	-	**(3,334,550)**	-
Foreign exchange gain/(loss)		**(3,669,550)**	(7,231,781)	**(515,135)**	(3,964,303)
		88,453,723	54,664,841	**53,435,841**	33,526,821

24 Income tax expense

In Taka	*Note*	For six-month period ended 30 September 2018	30 September 2017	For three-month period ended 30 September 2018	30 September 2017
Current tax expense		**359,937,990**	341,283,713	**167,160,360**	147,346,161
Deferred tax (income)/expense		**5,486,243**	41,081,095	**2,660,364**	632,597
		365,424,233	382,364,808	**169,820,724**	147,978,758

25 Earnings per share

25.1 Basic earnings per share

In Taka	*Note*	For six-month period ended 30 September 2018	30 September 2017	For three-month period ended 30 September 2018	30 September 2017
The computation of EPS is given below:					
Earnings attributable to ordinary shareholders (Net profit after tax)		**1,036,833,412**	951,459,496	**481,901,546**	456,438,083
Weighted average number of ordinary shares Outstanding during the year		**31,500,000**	31,500,000	**31,500,000**	31,500,000
Earnings per share (EPS) in Taka		**32.92**	30.21	**15.30**	14.49

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25.2 Diluted earnings per share

Since there is no dilutive factor, diluted earnings per share is not required to be calculated.

26 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:*

Name of the related parties	Relationship	Nature of transactions	Transaction Amount Taka	Balance as at 30 Sep 2018 Taka	Balance as at 31 March 2018 Taka
Marico Limited, India	Parent company	Purchase of RM, PM and FG	84,819,231	**23,201,345**	1,531,650
		Royalty	45,355,439	**120,100,360**	209,646,298
		Dividend	708,750,000	**637,875,000**	-
		General and technical assistance fees	18,463,041	**220,479,222**	220,299,097
		Sales of SFG & FG	4,769,949	**4,293,613**	
Marico Middle East FZE	Subsidiary of parent company	Purchase of raw materials	919,825,249	**175,996,477**	100,477,183
MEL Consumer Care	Subsidiary of parent company	Purchase of RM	4,187,237	**167,940**	-

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

In Taka	*Note*	30 September 2018	30 September 2017
Net asset		**1,741,920,141**	1,492,586,729
Number of shares		**31,500,000**	31,500,000
Net asset value (NAV) per share		**55.30**	47.38

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

Net cash from operating activities	**1,471,064,459**	1,446,319,274
No of shares	**31,500,000**	31,500,000
Net opearting cash flow per share (NOCFPS)	**46.70**	45.91

27.3 Reconciliation of net profit with cash flows from opearting activities

In Taka	30 September 2018	30 September 2017
Profit after tax	**1,036,833,412**	951,459,496
Adjustment for:		
- Depreciation	**46,994,138**	97,519,406
- Amortization	**1,390,829**	1,928,776
- Interest expense	**7,732,884**	-
- Interest income	**(99,856,157)**	(61,896,623)
- Gain on sale of property, plant and equipment	**227,336**	(48,581)
- Tax expense	**365,424,233**	382,364,808
	1,358,746,675	1,371,327,282
Changes in operating assets and liabilities:		
Inventories	**487,802,771**	320,697,840
Financial assets	**(23,086,904)**	(6,144,746)
Other current assets	**(67,922,689)**	(82,963,752)
Employee benefit	**(1,861,706)**	5,198,430
Trade and other payables	**(43,092,978)**	78,785,201
Cash generated from operating activities	**1,710,585,169**	1,686,900,255
Interest paid	**(8,747,884)**	-
Interest received	**59,522,554**	47,337,961
Income tax paid	**(290,295,380)**	(287,918,942)
Net cash flows from operating activities	**1,471,064,459**	1,446,319,274

28 Operating leases - leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In Taka	30 September 2018	30 September 2017
No later than one year	**27,754,560**	27,754,560
Between two and five years	**29,419,834**	43,297,114
More than five years	**-**	-
	57,174,394	71,051,674

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29 Contingent Liabilities

The Company has contingent liability of Taka 1,074,416,048 as on 30 September 2018 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 outstanding letter of credit amount of Taka 119,914,525 at Standard Chartered Bank and Taka 130,231,562 at the Hongkong and Shanghai Banking Corporation Ltd. as on 30 September 2018.

The Company also has shipping guarantee amount of Taka 4,786,928 at Standard Chartered Bank and Taka 377,019 at Citibank N.A., and bank guarantee of Taka 528,447 at the Hongkong and Shanghai Banking Corporation Ltd. as on 30 September 2018.

30 Dividends

The Company remitted no dividend in foreign currency during the period to Marico Limited, India, a non-resident shareholder of the Company.

31 Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the period ended 30 September 2018.

32 Segment Information

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

33 Subsequent events

The Board of Directors of Marico Bangladesh Limited at its 101st meeting held on 25 October 2018 has declared 2nd interim cash dividend @ 250% i.e Tk 25 per share, amount to total Taka 787,500,000 for the second quarter , three-month period ended 30 September 2018 .

There is no other significant event after the reporting period that requires either disclosure of or adjustment to these financial statements.

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34 Financial instruments - Fair values and financial risk management

34.1 Accounting classifications and fair values

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

30 September 2018

Amounts in Taka

Particulars	Note	Carrying amount								Fair value			
		Held for trading	Designated at fair value	Fair value - hedging instruments	Held -to- maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value													
Fixed deposits	10	-	-	-	1,896,125,549	-	-	-	1,896,125,549	-	-	-	-
Security deposits	7 & 10	-	-	-	-	12,065,810	-	-	12,065,810	-	-	-	-
Loan to employees	7 & 10	-	-	-	-	8,750,636	-	-	8,750,636	-	-	-	-
Trade receivables	10	-	-	-		20,446,294	-	-	20,446,294	-	-	-	-
Cash and cash equivalents	12	-	-	-		718,594,621	-	-	718,594,621	-	-	-	-
		-	-	-	1,896,125,549	759,857,361	-	-	2,655,982,910	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value													
Loans and borrowings								-	-				
Trade and other payables	16	-	-	-	-	-	-	2,881,129,893	2,881,129,893	-	-	-	-
		-	-	-	-	-	-	2,881,129,893	2,881,129,893	-	-	-	-

31 March 2018

Amounts in Taka

Particulars	Note	Carrying amount								Fair value			
		Held for trading	Designated at fair value	Fair value -hedging instruments	Held -to- maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value													
Fixed deposits	10	-	-	-	1,237,525,917	-	-	-	1,237,525,917	-	-	-	-
Security deposits	7 & 10	-	-	-	-	9,141,470	-	-	9,141,470	-	-	-	-
Loan to employees	7 & 10	-	-	-	-	9,034,363	-	-	9,034,363	-	-	-	-
Cash and cash equivalents	12	-	-	-	-	279,189,737	-	-	279,189,737	-	-	-	-
		-	-	-	1,237,525,917	297,365,570	-	-	1,534,891,487	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value													
Loans & Borrowings	15	-	-	-	-	-	-	300,000,000	300,000,000	-	-	-	-
Trade and other payables	16	-	-	-	-	-	-	2,232,209,497	2,232,209,497	-	-	-	-
		-	-	-	-	-	-	2,232,209,497	2,232,209,497	-	-	-	-

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34.2 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

34.2.1 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:

In Taka	*Note*	30 September 2018	31 March 2018
Financial assets			
Fixed deposits	10	1,896,125,549	1,237,525,917
Security deposits	7 & 10	12,065,810	9,141,470
Loans to employees	7 & 10	8,750,636	9,034,363
Trade receivables	10	20,446,294	-
Cash and cash equivalents	12	718,594,621	279,189,737
		2,655,982,910	1,534,891,487

34.2.2 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:

In Taka	**Note**	**Carrying amount**	**Contractual cash flows**		
			Total	**Upto 1 year**	**Above 1 year**
30 September 2018					
Loans and borrowings		-	-	-	-
Trade and other payables	16	2,881,129,893	2,881,129,893	2,881,129,893	-
31 March 2018					
Trade and other payables	16	2,232,209,497	2,232,209,497	2,232,209,497	-

34.2.3 Market risk

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

i) Currency risk

The Company's exposures to foreign currency risk at 30 September 2018 are as follows:

In USD	30 September 2018	31 March 2018
Import of goods and services	(5,096,062)	(4,919,224)
Bank balance	151,224	79,805
	(4,944,838)	(4,839,419)

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

	Six months' Average rate		Period-end spot rate	
	30 September 2018	**30 September 2017**	**30 September 2018**	**31 March 2018**
Exchange rate (USD/BDT)	**83.97**	80.84	**83.84**	83.9

ii) Foreign exchange rate sensitivity analysis

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

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

	Profit/(loss)		Equity	
Effect in Taka	Strengthening	Weakening	Strengthening	Weakening
30 September 2018				
USD (1% movement)	(4,145,752)	4,145,752	(4,145,752)	4,145,752
31 March 2018				
USD (1% movement)	(4,060,273)	4,060,273	(4,060,273)	4,060,273

iii) Interest rate risk

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

As at 30 September 2018, the interest rate profile of the Company's interest bearing financial instruments was:

In Taka	*Note*	30 September 2018	31 March 2018
Fixed rate instruments			
Financial assets			
Fixed deposit receipts		1,896,125,549	1,237,525,917
Financial liabilities		-	-
Variable rate instruments			
Financial assets		-	-
Financial liabilities		-	-

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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	Inventories
35.5	Financial instruments
35.6	Share capital
35.7	Dividend to the equity holders
35.8	Employee benefits
35.9	Accruals
35.10	Provisions
35.11	Income tax
35.12	Revenue
35.13	Finance income and finance cost
35.14	Lease
35.15	Impairment
35.16	Contingencies
35.17	Earnings per share
35.18	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 Bangladeshi Taka (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 Bangladeshi Taka (BDT) at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

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.

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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%
Vehicles	20-25%
Computers	33-50%
Furniture and fixtures	20-50%
Office building	10-20%
A.C and refrigerators	20-33%

iv) **Derecognition**

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

v) **Asset under construction**

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

vi) **Capitalisation of borrowing costs**

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

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 BAS 38 *Intangible assets*. Intangible assets include cost of acquisition of computer software, intellectual property, copyright and other costs incidental to such capital expenditure.

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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 assets are 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 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.

35.5 Financial instruments

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instrument comprises any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise of investments in shares and term deposit, trade and other receivables, cash and cash equivalents, trade and other payables, share capital and interest-bearing borrowings.

i) Financial assets

The Company initially recognises receivables and deposits issued on the date when they are originated. All other financial assets are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company's financial assets comprise short term investment, refundable deposits, loans to employees and cash and cash equivalents.

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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 classified as held-to-maturity. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. An investment normally meets the definition of a cash equivalent when it has a maturity of three months or less from the date of acquisition.

ii) Financial liabilities

The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability. The Company's financial liabilities comprise loans and borrowings, trade and other payable.

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

Trade and other payables

The Company's financial liabilities comprise trade and other payables which consist of payable against raw material, packing material, payable against transport and service, payable against royalty, general and technical assistance fees, payable against ASP and SLI activities, purchase of capital goods and for FOH expenses. These payables are classified as other financial liabilities.

The Company recognises such financial liability 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 benefits.

35.6 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.

35.7 Dividend to the equity holders

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

35.8 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.

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ii) Defined benefit plans (Gratuity)

The Company operates 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 22 July 2013 and the trust deed.

35.9 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.

35.10 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 provision are reversed.

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35.11 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 2018 i.e 25% (2017: 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.

35.12 Revenue

Revenue is recognised when the risk and reward of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods sold and the amount of revenue can be measured reliably. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents and invoiced to customers. Revenue from sale of goods is measured at fair value of the consideration received or receivable net off return and allowance, volume rebates and value added tax.

35.13 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.

i) Finance cost

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

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

35.14 Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are considered as operating leases and not recognised in the Company's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

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35.15 Impairment

i) Financial assets (non-derivative)

Financial assets not classified as at fair value through profit or loss and loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii) Non-financial assets

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

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

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

35.16 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.

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35.17 Earnings per share

The Company represents 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.

35.18 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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