

Marico Bangladesh Limited

Independent Auditor's Report and financial statements as at and
for the year ended 31 March 2020



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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 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for year 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 judgement, 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.

1. Revenue recognition	
See note 6 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are dispatched for delivery to the distributor. The Company makes sales on advance basis. The sales of the Company are derived from a large number of distributors located over the country with relatively small amount of transactions. Above criteria makes the revenue process complex.</p> <p>Revenue is measured at net of discounts and incentives earned by customers/distributors. The estimation of discounts and incentives recognised based on sales made during the year is material and considered to be complex and judgemental.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> We understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through to cash receipts and customers' outstanding balances. We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivables or advances from customers. We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices, outbound delivery note and truck challans. We also confirmed customer balances at the statement of financial position date. We have performed substantive procedure to check whether incentives and discounts is recognised completely and accurately. We have also tested the reasonableness of estimation considered at the time of recognition and measurement of incentives.

Independent Auditor's Report (continued)

1. Revenue recognition (continued)	
See note 6 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Confirmation documents of dispatching goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and dispatch of the products to the company's distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p> <p>Due to the complexities and the inherent risk of manipulation in revenue recognition, we determined this to be a key audit matter.</p> <p>The company has reported total revenue of BDT 9,796 million (2019: BDT 8,768).</p>	<ul style="list-style-type: none"> Furthermore, we tested the sales transactions recognised shortly before and after the statement of financial position date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting periods.
2. Existence and valuation of inventory	
See note 19 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company had inventory of BDT 1,632 million (2019: BDT 1,091 million) at 31 March 2020, held in plants, warehouses and depots, and across multiple product lines.</p> <p>Inventory is kept and distributed from different location of the Country which increase the susceptibility of lost and misappropriation of inventories. Hence existence of inventories considered as key audit matter.</p> <p>Inventory is carried in the statement of financial position at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgement involved and use of some manual processes in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p>	<p>Our audit procedures were designed to confirm the existence of inventories and to challenge the adequacy of the Company's provisions against inventory included:</p> <ul style="list-style-type: none"> Evaluating the design and implementation of key inventory controls operating across the Company, including those at a sample of distribution centres, warehouses and depots; Attending inventory counts to check the existence and reconciling the count results to the inventory listings to test the completeness of data; Corroborating on a sample basis that items on the stock ageing by items were classified in the appropriate ageing bucket; Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels; Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current period; and We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory.

Independent Auditor's Report (continued)

3. Recognition of deferred tax asset ("DTA")	
See note 13 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company has recognised deferred tax assets for deductible temporary differences that it believes are recoverable.</p> <p>The recoverability of recognised deferred tax assets is in part dependent on the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences where significant judgement is involved.</p> <p>The Company has reported deferred tax assets BDT 47 million (2019: BDT 48 million) as at 31 March 2020.</p>	<p>We obtained an understanding of the Company's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Company's future taxable income.</p> <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • using our own tax specialists to evaluate the tax strategies that the Company expects successful recovery of the recognised deferred tax assets; • assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit; and • evaluating the adequacy of the financial statement disclosures as per IAS 12 <i>Income Tax</i>.
4. Employee benefits	
See note 22 to the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company maintain defined benefit plan i.e. gratuity. The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees.</p> <p>At 31 March 2020, the Company recorded net defined benefit obligation of BDT 76 million out of which BDT 71 million is in non-current liabilities and BDT 5 million is in current liabilities.</p> <p>Key assumptions applied under IAS 19 have a significant impact on the defined benefit obligations, costs incurred and equity. The accounting standard requires the Company to make assumptions regarding parameters such as the discount rate, the rate of benefit increase, future mortality rates etc.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • evaluating the reasonableness of assumptions and the methodologies used by the valuer at the time of conducting valuation; • checking the adequacy of impact of IAS 19 on the statement of financial position and statement of profit or loss and other comprehensive income; and • evaluating the adequacy of the financial statements disclosures as per IAS 19 <i>Employee Benefits</i>.



Independent Auditor's Report (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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 judgement 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.

Independent Auditor's Report (continued)

- 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

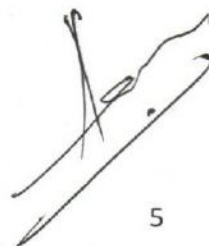
In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- 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 these books;
- c) the statement of financial position and the 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
- d) the expenditure incurred was for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is M. Mehedi Hasan.

Dhaka,

30 APR 2020



Marico Bangladesh Limited
Statement of financial position

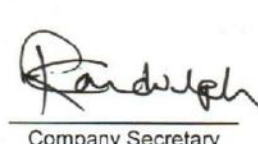
<i>In Taka</i>	<i>Note</i>	31 March 2020	31 March 2019
Assets			
Property, plant and equipment	14	646,996,533	468,716,557
Intangible assets	15	1,629,290	3,647,084
Right-of-use asset	16	175,398,286	-
Deferred tax assets	13	47,345,641	47,513,604
Advances, deposits and prepayments	17	22,687,928	51,127,555
Other financial assets	18	449,448	4,921,872
Non-current assets		894,507,126	575,926,672
Inventories	19	1,632,102,325	1,091,494,753
Advances, deposits and prepayments	17	601,458,728	435,633,515
Other financial assets	18	1,423,654,628	2,090,631,890
Cash and cash equivalents	20	420,407,014	382,661,779
Assets held for sale	14	35,865,465	-
Current assets		4,113,488,160	4,000,421,937
Total assets		5,007,995,286	4,576,348,609
Equity			
Share capital	21	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Retained earnings		820,680,232	735,135,754
Total equity		1,387,680,232	1,302,135,754
Liabilities			
Employee benefit obligation	22	85,861,639	64,907,949
Lease liabilities	23	167,728,340	-
Non-current liabilities		253,589,979	64,907,949
Loans and borrowings	24	-	200,000,000
Employee benefit obligation	22	6,516,576	9,665,787
Trade and other payables	25	2,711,929,259	2,539,270,784
Lease liabilities	23	42,836,393	-
Current tax liabilities	26	605,442,847	460,368,335
Current liabilities		3,366,725,075	3,209,304,906
Total liabilities		3,620,315,054	3,274,212,855
Total equity and liabilities		5,007,995,286	4,576,348,609

The notes on pages 10 to 47 are an integral part of these financial statements.


 Managing Director


 Director


 Chief Financial Officer


 Company Secretary

As per our report of same date.



Auditor

Dhaka,

30 APR 2020



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

For the year ended 31 March

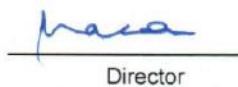
<i>In Taka</i>	<i>Note</i>	2020	2019
Revenue	6	9,795,911,357	8,768,160,138
Cost of sales	7	(4,124,374,537)	(4,472,697,423)
Gross profit		5,671,536,820	4,295,462,715
Other income	10.1	924,181	1,749,599
General and administrative expenses	8	(1,143,789,781)	(931,650,175)
Marketing, selling and distribution expenses	9	(1,147,745,067)	(773,733,918)
Other expenses	10.2	(2,087,838)	(281,155)
Operating profit		3,378,838,315	2,591,547,066
Finance income	11.1	239,693,041	181,672,610
Finance costs	11.2	(46,447,617)	(23,475,331)
Net finance income		193,245,424	158,197,279
Profit before tax		3,572,083,739	2,749,744,345
Income tax expenses	13	(925,845,292)	(726,352,523)
Profit for the year		2,646,238,447	2,023,391,822
Other comprehensive income			
Remeasurement of defined benefit plan	22	(21,693,272)	(11,721,987)
Related tax	13	5,423,318	2,879,190
Other comprehensive income/(loss) for the year, net of tax		(16,269,954)	(8,842,797)
Total comprehensive income for the year		2,629,968,493	2,014,549,025

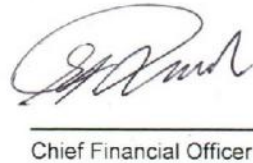
Earnings per share

Basic earnings per share (per value of Tk 10)	12	84.01	64.23
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The notes on pages 10 to 47 are an integral part of these financial statements.


 Managing Director


 Director


 Chief Financial Officer


 Company Secretary

As per our report of same date.



Auditor

Rahman Rahman Huq
 Chartered Accountants
 KPMG in Bangladesh

Dhaka,

30 APR 2020



Marico Bangladesh Limited
Statement of changes in equity

For the year ended 31 March 2020

<i>In Taka</i>	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total
Balance at 1 April 2018	315,000,000	252,000,000	925,586,729	1,492,586,729
Total comprehensive income for the year				
Profit for the year	-	-	2,023,391,822	2,023,391,822
Other comprehensive income for the year	-	-	(8,842,797)	(8,842,797)
Total comprehensive income for the year	-	-	2,014,549,025	2,014,549,025
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2017-2018	-	-	(315,000,000)	(315,000,000)
First interim dividend for the year 2018-2019	-	-	(472,500,000)	(472,500,000)
Second interim dividend for the year 2018-2019	-	-	(787,500,000)	(787,500,000)
Third interim dividend for the year 2018-2019	-	-	(630,000,000)	(630,000,000)
Total transactions with owners of the Company	-	-	(2,205,000,000)	(2,205,000,000)
Balance at 31 March 2019	315,000,000	252,000,000	735,135,754	1,302,135,754
Balance at 1 April 2019	315,000,000	252,000,000	735,135,754	1,302,135,754
Adjustment on initial application of IFRS 16	-	-	(24,424,015)	(24,424,015)
Adjusted balance at 1 April 2019	315,000,000	252,000,000	710,711,739	1,277,711,739
Total comprehensive income for the year				
Profit for the year	-	-	2,646,238,447	2,646,238,447
Other comprehensive income for the year	-	-	(16,269,954)	(16,269,954)
Total comprehensive income for the year	-	-	2,629,968,493	2,629,968,493
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2018-2019	-	-	(157,500,000)	(157,500,000)
First interim dividend for the year 2019-2020	-	-	(787,500,000)	(787,500,000)
Second interim dividend for the year 2019-2020	-	-	(630,000,000)	(630,000,000)
Third interim dividend for the year 2019-2020	-	-	(945,000,000)	(945,000,000)
Total transactions with owners of the Company	-	-	(2,520,000,000)	(2,520,000,000)
Balance at 31 March 2020	315,000,000	252,000,000	820,680,232	1,387,680,232

The notes on pages 10 to 47 are an integral part of these financial statements.



Marico Bangladesh Limited
Statement of cash flows

For the year ended 31 March

<i>In Taka</i>	2020	2019
Cash flows from operating activities		
Collection from customers	9,712,840,558	8,822,012,157
Payment to suppliers and for operating expenses	(6,099,313,985)	(5,658,674,669)
Cash generated from operating activities	3,613,526,573	3,163,337,488
Interest paid	(18,266,324)	(13,791,469)
Interest received	184,735,625	160,446,066
Income tax paid	(767,038,160)	(638,320,374)
Net cash from operating activities	3,012,957,714	2,671,671,711
Cash flows from investing activities		
Acquisition of property, plant and equipment	(320,280,709)	(88,842,501)
Proceeds from disposal of property, plant and equipment	1,142,977	1,229,955
(Investment in)/encashment of short-term investments	741,184,316	(805,949,140)
Net cash from/(used in) investing activities	422,046,584	(893,561,686)
Cash flows from financing activities		
Proceeds/(payment) for loans and borrowings	(200,000,000)	(100,000,000)
Dividend paid	(3,150,000,000)	(1,575,000,000)
Payment for lease liabilities	(47,728,849)	-
Net cash used in financing activities	(3,397,728,849)	(1,675,000,000)
Net (decrease)/increase in cash and cash equivalents	37,275,449	103,110,025
Effect of exchange rate fluctuations on cash held	469,786	362,017
Opening cash and cash equivalents	382,661,779	279,189,737
Closing cash and cash equivalents	420,407,014	382,661,779

The notes on pages 10 to 47 are an integral part of these financial statements.



1. Reporting entity

1.1 Company profile

Marico Bangladesh Limited (hereinafter referred to as 'MBL' or '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 has been 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, Bio Oil and Studio-X 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 Act, 1991 and 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 42.

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 108th Board of Directors meeting held on **28 APR 2020**.

2.3 Reporting period

The financial period of the Company covers 1 year from 1 April to 31 March and is followed consistently.



Notes to the financial statements (continued)

2. Basis of preparation (continued)

2.4 Comparative and reclassification

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

3. Functional and presentation currency

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

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 5(B)(i).

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 14	Property, plant and equipment
Note 15	Intangible assets
Note 19	Inventories
Note 22	Employee benefit obligation
Note 26	Current tax liabilities
Note 31	Contingent liabilities



5. Changes in significant accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. As the Company's financial year starts from 1 April, the Company has initially adopted IFRS 16 Leases from 1 April 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for the year ended 31 March 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and nonlease components as a single lease component.

B. As a lessee

The Company leases many assets, including properties, warehouses, depots and sales offices.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The carrying amounts of right-of-use assets are as below.

<i>In taka</i>	Right-of-use asset
Balance at 1 April 2019	181,317,622
Balance at 31 March 2020	175,398,286

The Company presents lease liabilities as separately in the statement of financial position.

i. Significant accounting policies

The Company recognises a right-of-use asset and a lease liabilities 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. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

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.



5. Changes in significant accounting policies (continued)

B. As a lessee (continued)

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.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii. Transition

Previously, the Company classified property leases as operating leases under IAS 17. These include corporate office, warehouse and factory facilities. The leases typically run for a period of 5 to 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property lease; or
- an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments – the Company applied this approach to all other leases.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

iii. Impacts on transition

On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities recognising the difference in retained earnings. The impact on transition is summarised below.

<i>In taka</i>	1 April 2019
Right-of-use asset	181,317,622
Deferred tax asset	8,141,339
Lease liabilities	213,882,976
Retained earnings	24,424,015

iv. Impacts for the year

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised BDT 175,398,286 of right-of-use assets and BDT 210,564,733 of lease liabilities as at 31 March 2020.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest expense, instead of operating lease expense. During the year ended 31 March 2020, the Company recognised BDT 37,432,890 of depreciation charges and BDT 12,897,052 of interest expense from these leases.



Notes to the financial statements (continued)

6. Revenue

See accounting policy in note 42.13

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Parachute coconut oil	6,363,063,211	6,053,556,498
Value added hair oil (VAHO)	2,623,452,312	2,094,875,868
Color	58,427,272	55,557,132
Edible oil	96,887,883	106,828,373
Others*	654,080,679	457,342,267
	9,795,911,357	8,768,160,138

* Others include baby products, male grooming, skin care, byproducts and others.

6.1 Breakup of local/export revenue

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Revenue from domestic operation	9,739,989,481	8,716,011,688
Revenue from export	55,921,876	52,148,450
	9,795,911,357	8,768,160,138

7. Cost of sales

<i>In Taka</i>	Note	For the year ended	
		31 March 2020	31 March 2019
Opening stock of finished goods		266,208,457	174,804,729
Cost of goods manufactured	7.1	4,062,684,657	4,564,101,151
		4,328,893,114	4,738,905,880
Closing stock of finished goods		(204,518,577)	(266,208,457)
		4,124,374,537	4,472,697,423

7.1 Cost of goods manufactured

<i>In Taka</i>	Note	For the year ended	
		31 March 2020	31 March 2019
Materials consumed	7.1.1	3,805,337,176	4,330,819,194
Factory overhead	7.1.2	257,347,481	233,281,957
		4,062,684,657	4,564,101,151

7.1.1 Materials consumed

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Opening stock of raw materials, packing materials and others	825,286,297	1,542,517,291
Purchases during the period	4,407,634,627	3,613,588,200
Closing stock of raw materials, packing materials and others	(1,427,583,748)	(825,286,297)
	3,805,337,176	4,330,819,194

7.1.2 Factory overhead

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Communication expenses	580,557	609,710
Cost of outsourced human resources	60,608,527	47,472,540
Depreciation	57,562,213	55,649,905
Entertainment	6,342,365	4,894,565
Power expenses	61,040,643	60,006,003
Printing and stationery	1,383,830	1,042,209
Repairs and maintenance	16,056,202	11,918,472
Salaries and allowances	41,303,892	38,758,510
Security charges	5,749,746	5,289,774
Travelling and conveyance	6,120,084	5,526,960
Warehouse rent	599,422	2,113,309
	257,347,481	233,281,957



Notes to the financial statements (continued)

8. General and administrative expenses

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Salaries and allowances	502,054,025	393,076,497
Gratuity	18,012,145	15,465,392
Workers' profit participation and welfare fund	188,004,407	144,723,387
Rent, rates and taxes	6,386,072	35,750,862
Professional and legal charges	24,220,666	22,803,007
Security charges	2,092,055	1,949,736
Stamp and license fees	7,528,419	8,014,442
Directors' fees	996,670	1,006,250
Directors' remuneration	25,099,806	32,506,329
Repair and maintenance	8,071,172	7,087,797
Communication expenses	5,131,226	4,285,231
Subscription to trade association	395,309	207,925
Entertainment	20,669,251	20,614,861
Printing and stationery	2,504,357	2,823,526
Vehicle running expenses	18,622,305	17,790,994
Travelling and conveyance - local	10,231,233	9,259,966
Travelling and conveyance - foreign	8,368,217	2,777,990
Audit fees	1,650,000	1,339,000
Insurance premium	8,521,938	10,564,093
Books and periodicals	128,605	146,269
Bank charges	3,495,657	2,542,295
AGM and public relation	2,153,868	1,244,856
Conference and training	9,075,016	5,101,032
Electricity and gas charges	2,291,517	1,915,635
Amortisation	2,017,794	2,540,973
Royalty	92,971,017	83,542,949
Depreciation	35,123,539	35,667,643
Depreciation on right-of-use asset	37,432,890	-
General and technical assistance fees	72,443,188	56,883,362
Listing fees	315,000	315,000
CSR project*	26,062,155	13,587,839
Impairment loss (reversal of impairment) of PPE	1,720,262	(3,884,963)
	1,143,789,781	931,650,175

* Marico Bangladesh Limited (Marico) is continuing the CSR project during financial year 2020 with UNDP. Marico and UNDP are implementing project "SWAPNO" from 1 September 2018 as per agreed project proposal & extension of that and in line with the policies, strategies and guidelines of Government of Bangladesh (GoB) and Marico. The beneficiaries of the project are underprivileged women. The project is continuing to run as of 31 March 2020.

9. Marketing, selling and distribution expenses

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Advertisement, travelling and communication expenses	871,929,639	558,721,525
Business promotion expenses	28,479,181	23,416,515
Other selling and distribution expenses	65,209,926	77,088,759
Entertainment	5,607,991	12,217,976
Free sample	8,588,555	6,800,410
Freight- outward	77,524,049	69,717,478
Market research expenses	90,405,726	25,771,255
	1,147,745,067	773,733,918



Notes to the financial statements (continued)

10. Other income/(expense)

<i>In Taka</i>	Note	For the year ended	
		31 March 2020	31 March 2019
Other income	10.1	924,181	1,749,599
Other expenses	10.2	(2,087,838)	(281,155)
		(1,163,657)	1,468,444

10.1 Other income

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Gain on sale of PPE	620,017	1,511,111
Insurance claim	304,164	238,488
	924,181	1,749,599

10.2 Other expenses

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Loss on sale of PPE	(2,087,838)	(281,155)
	(2,087,838)	(281,155)

11. Net finance income

<i>In Taka</i>	Note	For the year ended	
		31 March 2020	31 March 2019
Finance income	11.1	239,693,041	181,672,610
Finance costs	11.2	(46,447,617)	(23,475,331)
		193,245,424	158,197,279

11.1 Finance income

See accounting policy in note 42.14(i)

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Interest on fixed deposits	233,792,829	175,413,730
Interest on call deposits	5,900,212	6,258,880
	239,693,041	181,672,610

11.2 Finance costs

See accounting policy in note 42.14(ii)

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Interest on overdraft and loans	(17,657,581)	(13,387,078)
Foreign exchange loss	(15,892,984)	(10,088,253)
Interest on lease	(12,897,052)	-
	(46,447,617)	(23,475,331)

12. Earnings per share

12.1 Basic earnings per share

<i>In Taka</i>	31 March 2020	31 March 2019
Earnings attributable to ordinary shareholders (net profit after tax)	2,646,238,447	2,023,391,822
Weighted average number of ordinary shares outstanding during the year	31,500,000	31,500,000
Earnings per share (EPS) in Taka	84.01	64.23

12.2 Diluted earnings per share

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

Notes to the financial statements (continued)

13 Income tax expenses
See accounting policy in note 42.12

Amounts recognised in profit or loss

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Current tax expenses		
Current year	908,685,699	712,476,925
Adjustment for prior years	3,426,973	-
	912,112,672	712,476,925
Deferred tax expenses	13,732,620	13,875,598
	925,845,292	726,352,523

A. Reconciliation of effective tax rate

<i>In Taka</i>	For the year ended			
	31 March 2020		31 March 2019	
	%	Taka	%	Taka
Profit before income tax		3,572,083,739		2,749,744,345
Income tax using the corporate tax rate	25%	893,020,935	25%	687,436,086
Factors affecting the tax charge for current period:				
Short of fiscal depreciation and amortisation over that of accounting	-0.36%	(13,022,477)	0.02%	465,067
Disallowance for excess perquisites	0.23%	8,213,048	0.12%	3,255,000
Short of gratuity payment over gratuity provision	-0.02%	(624,998)	0.01%	266,473
Short of leave encashment payment over provision	-0.01%	(347,200)	0.04%	1,234,877
Disallowance for contribution to not government approved CSR project	0.11%	3,909,323	0.07%	2,038,176
Impairment loss of property, plant and equipment	0.01%	430,065	0.01%	194,745
Allowance for exemption of export income	-0.07%	(2,608,590)	-0.08%	(2,129,093)
Other inadmissible expenses	0.55%	19,715,593	0.72%	19,715,594
Adjustment for prior years	0.10%	3,426,973	0.00%	-
Deferred tax expense	0.38%	13,732,620	0.50%	13,875,598
Total income tax expense	25.92%	925,845,292	26.42%	726,352,523

B. Movement in deferred tax balances

<i>In Taka</i>	2020					Balance as at 31 March	
	Net balance at 1 April	Recognised in profit/(loss)	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities	
Property, plant and equipment	(26,910,451)	16,558,491	-	(10,351,960)	(10,351,960)	-	
Intangible assets	(1,959,719)	(217,300)	-	(2,177,019)	(2,177,019)	-	
Provision for gratuity	(14,265,143)	(2,305,498)	(5,423,318)	(21,993,959)	(21,993,959)	-	
Provision for leave encashment	(4,378,291)	347,200	-	(4,031,091)	(4,031,091)	-	
Adjustment for IFRS 16	(8,141,339)	(650,273)	-	(8,791,612)	(8,791,612)	-	
Net deferred tax (assets)/liabilities	(55,654,943)	13,732,620	(5,423,318)	(47,345,641)	(47,345,641)	-	
2019							
<i>In Taka</i>	Net balance at 1 April	Recognised in profit/(loss)	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities	
Property, plant and equipment	(42,654,896)	15,744,445	-	(26,910,451)	(26,910,451)	-	
Intangible assets	(1,643,530)	(316,189)	-	(1,959,719)	(1,959,719)	-	
Provision for gratuity	(11,068,173)	(317,780)	(2,879,190)	(14,265,143)	(14,265,143)	-	
Provision for leave encashment	(3,143,414)	(1,234,877)	-	(4,378,291)	(4,378,291)	-	
Net deferred tax (assets)/liabilities	(58,510,013)	13,875,599	(2,879,190)	(47,513,604)	(47,513,604)	-	



Notes to the financial statements (continued)

14. Property, plant and equipment
See accounting policy in note 42.2

A. Reconciliation of carrying amount

<i>In Taka</i>	Freehold land	Plant and machinery	Factory building	Office building	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	59,216,997	18,835,419	94,501,721	17,332,333	1,038,825	1,656,430,686
Additions	-	20,266,810	-	6,347,736	5,453,790	3,731,350	3,439,575	644,909	44,987,166	44,987,166
Transfer from asset under construction	-	(10,129,617)	-	-	(17,358,496)	(176,050)	(10,432,887)	(3,332,061)	(39,883,970)	-
Disposals/ adjustments	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2019	176,749,959	865,332,121	231,650,100	200,257,940	57,312,291	22,390,719	87,508,409	14,645,181	6,142,021	1,661,988,741
Balance at 1 April 2019	176,749,959	865,332,121	231,650,100	200,257,940	57,312,291	22,390,719	87,508,409	14,645,181	6,142,021	1,661,988,741
Additions	-	-	-	-	-	-	-	-	311,162,255	311,162,255
Transfer from asset under construction	-	151,087,851	-	105,193,618	6,076,048	6,124,678	11,488,906	11,253,600	(291,224,701)	-
Disposals	-	(27,957,729)	-	-	(6,802,399)	(770,873)	(390,159)	(3,487,632)	-	(39,408,792)
Assets held for sale adjustment	-	-	-	(136,844,485)	-	-	(23,356,261)	-	-	(160,200,746)
Balance at 31 March 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
Accumulated depreciation and impairment loss										
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 for the year	-	43,010,115	8,677,275	14,860,069	7,273,136	3,190,229	12,394,486	1,912,238	-	91,317,548
Impairment loss (reversal of impairment) of PPE	-	(3,986,714)	182,631	348,162	151,534	(17,113)	25,340	(588,903)	-	(3,884,963)
Disposals	-	(10,127,869)	-	-	(17,164,564)	(173,545)	(10,246,337)	(3,293,545)	-	(41,005,860)
Balance at 31 March 2019	-	709,261,476	196,297,104	152,623,406	49,478,270	16,824,297	57,878,394	10,909,237	-	1,193,272,184
Balance at 1 April 2019	-	709,261,476	196,297,104	152,623,406	49,478,270	16,824,297	57,878,394	10,909,237	-	1,193,272,184
Depreciation for the year	-	48,105,989	6,978,034	13,430,471	5,469,915	4,360,340	12,471,971	1,869,032	-	92,685,752
Impairment loss (reversal of impairment) of PPE	-	1,927,809	158,107	-	41,417	-	(407,071)	-	-	1,720,262
Disposals	-	(26,054,419)	-	-	(6,602,712)	(754,574)	(343,491)	(3,042,796)	-	(36,797,992)
Assets held for sale adjustment	-	-	-	(105,997,772)	-	-	(18,337,509)	-	-	(124,335,281)
Balance at 31 March 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
Carrying amounts										
At 1 April 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
At 31 March 2019	176,749,959	156,070,645	35,352,996	47,634,534	7,834,021	5,566,422	29,630,015	3,735,944	6,142,021	468,716,557
At 31 March 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

B. Assets held for sale
See accounting policy in note 42.18

<i>In Taka</i>	31 March 2020	31 March 2019
Office building	30,846,713	-
Furniture and fixtures	5,018,752	-
	35,865,465	-

C. Allocation of depreciation

<i>In Taka</i>	For the year ended	
	31 March 2020	31 March 2019
Cost of sales	57,562,213	55,649,905
General and administrative expenses	35,123,639	35,667,643
	92,685,752	91,317,548



Notes to the financial statements (continued)

15. Intangible assets

See accounting policy in note 42.3

Reconciliation of carrying amount

<i>In Taka</i>	Computer software	Total
Cost		
Balance at 1 April 2018	22,061,875	22,061,875
Additions	-	-
Disposals	-	-
Balance at 31 March 2019	22,061,875	22,061,875
Balance at 1 April 2019	22,061,875	22,061,875
Additions	-	-
Disposals	-	-
Balance at 31 March 2020	22,061,875	22,061,875
Accumulated amortisation		
Balance at 1 April 2018	15,873,818	15,873,818
Amortisation during the year	2,540,973	2,540,973
Disposals	-	-
Balance at 31 March 2019	18,414,791	18,414,791
Balance at 1 April 2019	18,414,791	18,414,791
Amortisation during the year	2,017,794	2,017,794
Disposals	-	-
Balance at 31 March 2020	20,432,585	20,432,585
Carrying amounts		
At 1 April 2018	6,188,057	6,188,057
At 31 March 2019	3,647,084	3,647,084
At 31 March 2020	1,629,290	1,629,290

16. Right-of-use asset

See accounting policy in note 42.4

Reconciliation of carrying amount

<i>In Taka</i>	Right-of-use asset	Total
Balance at 1 April 2019	181,317,622	181,317,622
Addition during the year	31,513,554	31,513,554
Disposal during the year	-	-
Balance at 31 March 2020	212,831,176	212,831,176
Accumulated depreciation		
Balance at 1 April 2019	-	-
Depreciation during the year	37,432,890	37,432,890
Disposal during the year	-	-
Balance at 31 March 2020	37,432,890	37,432,890
Carrying amount		
At 1 April 2019	181,317,622	181,317,622
At 31 March 2020	175,398,286	175,398,286



Notes to the financial statements (continued)

17. Advances, deposits and prepayments

<i>In Taka</i>	31 March 2020	31 March 2019
Advances		
Advance for capital goods	47,443,472	27,783,879
Advance to suppliers and others	496,832,058	323,578,492
	544,275,530	351,362,371
Deposits		
Security deposits	15,574,365	12,349,428
VAT account	39,622,553	88,710,243
Supplementary duty	-	1,915,385
	55,196,918	102,975,056
Prepayments		
Prepaid expenses	24,674,208	32,423,643
	624,146,656	486,761,070

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

<i>In Taka</i>	31 March 2020	31 March 2019
Current	601,458,728	435,633,515
Non-current	22,687,928	51,127,555
	624,146,656	486,761,070

18. Other financial assets

<i>In Taka</i>	<i>Note</i>	31 March 2020	31 March 2019
Fixed deposits	18.2	1,290,000,000	2,031,184,316
Trade receivables		43,955,943	22,521,632
Loans to employees		1,673,431	8,330,529
Accrued interest		88,474,702	33,517,285
		1,424,104,076	2,095,553,762

18.1 Current and non-current classification of other financial assets

<i>In Taka</i>	31 March 2020	31 March 2019
Current	1,423,654,628	2,090,631,890
Non-current	449,448	4,921,872
	1,424,104,076	2,095,553,762

18.2 Fixed deposits (maturity more than three months)

<i>In Taka</i>	<i>Credit rating</i>	31 March 2020	31 March 2019
BRAC Bank Limited	AA+	120,000,000	266,800,376
Delta Brac Housing Finance Corporation Ltd.	AAA	-	190,993,027
IPDC Finance Limited	AAA	240,000,000	150,000,000
IDLC Finance Limited	AAA	-	354,165,913
Mutual Trust Bank Limited	AA	-	359,225,000
Eastern Bank Limited	AA+	-	260,000,000
Commercial Bank of Ceylon PLC	AAA	250,000,000	450,000,000
Standard Chartered Bank	AAA	610,000,000	-
Bank Alfalah	AA	70,000,000	-
		1,290,000,000	2,031,184,316

Notes to the financial statements (continued)

19. Inventories

See accounting policy in note 42.5

<i>In Taka</i>		31 March 2020	31 March 2019
Raw materials		965,403,374	580,442,733
Packing materials		183,301,649	115,323,902
Finished goods		204,518,577	266,208,457
Stores and spares		23,321,953	19,657,254
Materials in transit		255,556,772	109,862,407
		1,632,102,325	1,091,494,753

Details break-up of inventories has not been given as it is difficult to quantify each item in a separate and distinct category due to large variety of items.

20. Cash and cash equivalents

See accounting policy in note 42.6 (ii)(a)

<i>In Taka</i>	<i>Note</i>	31 March 2020	31 March 2019
Cash in hand		-	173,870
Cash at bank	20.1	402,482,632	259,541,439
Fixed deposits	20.2	-	112,034,435
Balance with bank for unclaimed dividend		17,924,382	9,738,138
Remittance in transit		-	1,173,897
		420,407,014	382,661,779

20.1 Cash at bank

<i>In Taka</i>	<i>Credit rating</i>	31 March 2020	31 March 2019
BRAC Bank Limited	AA+	104,438,660	7,466,933
Citibank N.A.	AAA	1,516,312	514,025
Islami Bank Bangladesh Limited	AAA	86,368,614	7,804,702
Sonali Bank Limited	AAA	511,863	514,358
Standard Chartered Bank	AAA	83,691,017	190,114,282
The Hongkong and Shanghai Banking Corporation Ltd.	AAA	1,195,016	355,510
The City Bank Limited	AA2	124,761,150	52,771,629
		402,482,632	259,541,439

20.2 Fixed deposits (maturity less than three months)

<i>In Taka</i>	<i>Credit rating</i>	31 March 2020	31 March 2019
IPDC Finance Limited	AAA	-	112,034,435
		-	112,034,435



Notes to the financial statements (continued)

21. Share capital

See accounting policy in note 42.7

<i>In Taka</i>	31 March 2020	31 March 2019
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

21.1 Composition of shareholding

Details	No. of share		% of Holding	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Marico Limited, India	28,350,000	28,350,000	90.00	90.00
Institutions	2,790,979	2,795,277	8.86	8.87
General shareholders	359,021	354,723	1.14	1.13
	31,500,000	31,500,000	100	100

21.2 Classification of shareholders by holding

Holdings	No. of share		% of Holding	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Less than 500 shares	1810	2822	0.33	0.58
500 to 5,000 shares	95	150	0.46	0.63
5,001 to 10,000 shares	17	16	0.33	0.35
10,001 to 20,000 shares	15	9	0.66	0.38
20,001 to 30,000 shares	7	1	0.53	0.06
30,001 to 40,000 shares	3	2	0.32	0.23
40,001 to 50,000 shares	5	2	0.72	0.30
50,001 to 100,000 shares	6	4	1.27	0.86
100,001 to 1,000,000 shares	8	9	5.38	6.61
Over 1,000,000 shares	1	1	90.00	90.00
	1967	3016	100	100

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

Holder	No. of share	
	31 March 2020	31 March 2019
Managing Director	-	-

21.4 Dividends

The following dividend was declared/recommended by the Company for the year.

<i>In Taka</i>	31 March 2020	31 March 2019
BDT 95 per qualifying ordinary share (2019: BDT 65)	2,992,500,000	2,047,500,000

The following dividend was paid by the Company in the year.

<i>In Taka</i>	31 March 2020	31 March 2019
BDT 100 per qualifying ordinary share (2019: BDT 50)	3,150,000,000	1,575,000,000
	3,150,000,000	1,575,000,000



Notes to the financial statements (continued)

22. Employee benefit obligation
See accounting policy in note 42.9

<i>In Taka</i>	Note	31 March 2020	31 March 2019
Provision for gratuity	22.4	76,253,851	57,060,572
Provision for leave encashment	22.6	16,124,364	17,513,164
		92,378,215	74,573,736

22.1 Current and non-current classification of employee benefit obligation

<i>In Taka</i>	31 March 2020	31 March 2019
Current	6,516,576	9,665,787
Non-current	85,861,639	64,907,949
	92,378,215	74,573,736

22.2 Employee benefits - gratuity

<i>In Taka</i>	Note	31 March 2020	31 March 2019
Net defined benefit asset	22.4	-	-
Total employee benefit asset		-	-

Net defined benefit liability

Total employee benefit liabilities	22.4	76,253,851	57,060,572
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22.3 Current and non-current classification of employee benefits- gratuity

<i>In Taka</i>	31 March 2020	31 March 2019
Current	5,024,103	6,656,803
Non-current	71,229,748	50,403,769
	76,253,851	57,060,572

22.4 Movement in net defined benefit asset and liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/liability and its components:

<i>In Taka</i>	31 March 2020	31 March 2019	Fair value of plan assets	Net defined (asset)/liability
Balances as at 1 April of 2019 and 2018	57,060,572	44,272,692	-	57,060,572
Included in profit or loss	12,306,088	10,595,396	-	12,306,088
Current service cost	5,706,057	4,869,996	-	5,706,057
Interest cost	18,012,145	15,465,392	-	18,012,145
Included in OCI	3,012,528	177,859	-	3,012,528
Actuarial (gain)/loss arising from:				
- demographic assumption	10,037,495	-	-	10,037,495
- financial assumption	8,643,249	11,544,128	-	8,643,249
- experience adjustment	-	-	-	-
Return on plan asset excluding interest income	21,693,272	11,721,987	-	21,693,272
Other	(20,512,138)	(14,399,499)	-	(20,512,138)
Contribution paid by the employer	(20,512,138)	(14,399,499)	-	(20,512,138)
Benefits paid	(20,512,138)	(14,399,499)	-	(20,512,138)
Balances as at 31 March	76,253,851	57,060,572	-	76,253,851



Notes to the financial statements (continued)

22.5 Defined Benefit obligation

(i) Actuarial assumption

The followings were the principal actuarial assumptions at the reporting date :

	31 March 2020	31 March 2019
Discount rate	10%	10%
Salary increase rate	12%	10%
Employee turnover rate	11%	17%

Assumptions regarding future mortality have been used based on published statistics and mortality tables. As there is no published mortality table in Bangladesh and hence the Indian Assured Lives Mortality rate (2006-08) ultimate based on the mortality experience of assured lives in India is being used as a reasonable approximation. This table is based on the experience of assured lives in India during the years 2006 to 2008.

22.6 Provision for leave encashment

	31 March 2020	31 March 2019
<i>In Taka</i>		
Opening balance	17,513,164	12,573,655
Provision made during the year	6,567,617	15,710,730
Payment during the year	(7,956,417)	(10,771,221)
	16,124,364	17,513,164
Current	1,492,473	3,008,984
Non-Current	14,631,891	14,504,180
	16,124,364	17,513,164



Notes to the financial statements (continued)

23. Lease liabilities

See accounting policy in note 42.15

<i>In Taka</i>	31 March 2020	31 March 2019
Current	42,836,393	-
Non-current	167,728,340	-
	210,564,733	-

24. Loans and borrowings

See accounting policy in note 42.6(iii)(b)

<i>In Taka</i>	31 March 2020	31 March 2019
Short term loan	-	200,000,000
	-	200,000,000

25. Trade and other payables

See accounting policy in note 42.6(iii)(a)

<i>In Taka</i>	Note	31 March 2020	31 March 2019
Trade payables	25.1	776,586,623	449,103,730
Other payables	25.2	1,935,342,636	2,090,167,054
		2,711,929,259	2,539,270,784

25.1 Trade payables

<i>In Taka</i>	31 March 2020	31 March 2019
Inter-company trade payables		
Payable against raw material	199,436,248	81,112,210
Payable against packing material	892,454	2,519,885
	200,328,702	83,632,095
Third party trade payables		
Payable against raw material	100,614,332	39,169,598
Payable against services	369,482,503	126,552,551
Payable against packing material	104,355,701	139,979,847
Payable against finished goods	1,805,385	59,769,639
	576,257,921	365,471,635
	776,586,623	449,103,730

25.2 Other payables

<i>In Taka</i>	31 March 2020	31 March 2019
Inter-company other payables		
Royalty payable	176,513,966	83,542,949
General and technical assistance fees payable	313,359,294	279,205,943
Payable against expenses	55,809	-
Advance from customers	-	1,173,887
Dividend payable	-	567,000,000
	489,929,069	930,922,779
Third party other payables		
Payable against expenses	473,941,727	349,215,303
Payable against business promotion expense	509,232,759	417,685,440
Import duty and related charges payable	145,719,882	68,246,568
Withholding tax and VAT payable	9,838,781	22,886,236
Workers' profit participation and welfare fund	188,004,407	144,723,386
Festival bonus	12,615,191	-
Advance from customers	16,266,231	76,728,830
Payable against capital goods	15,160,516	4,619,374
Unclaimed dividend	17,924,382	9,738,138
Audit fees payable	1,400,000	1,751,000
Interest accrued on loans	41,257	650,000
Dividend payable	-	63,000,000
Supplementary duty	55,268,434	-
	1,445,413,567	1,159,244,275
	1,935,342,636	2,090,167,054



Notes to the financial statements (continued)

26. Current tax liabilities

<i>In Taka</i>	Note	31 March 2020	31 March 2019
Provision for income tax	26.1	1,372,481,007	1,098,688,709
Advance income tax	26.2	(767,038,160)	(638,320,374)
		605,442,847	460,368,335

26.1 Provision for income tax

<i>In Taka</i>	31 March 2020	31 March 2019
Opening balance	460,368,335	386,211,784
Provision for current year	908,685,699	712,476,925
Provision for prior year:		
Assessment year 2019-2020	3,426,973	-
	1,372,481,007	1,098,688,709

26.2 Advance income tax

<i>In Taka</i>	31 March 2020	31 March 2019
Payment during the year:		
Payment for current year	491,249,372	438,453,844
Payment for prior year:		
Assessment year 2019-2020	275,788,788	-
Assessment year 2018-2019	-	171,510,104
Assessment year 2013-2014	-	28,356,426
	767,038,160	638,320,374

26.3 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 March 2020	2020-21	908,685,699	491,249,372	
31 March 2019	2019-20	715,903,898	714,242,632	Return submitted
31 March 2018	2018-19	603,956,939	560,411,195	Open at DCT level
31 March 2017	2017-18	511,139,076	482,832,785	Open at DCT level
31 March 2016	2016-17	536,229,894	516,829,134	Open at CT appeal
31 March 2015	2015-16	502,672,641	438,992,339	Open at CT appeal
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*
		4,749,128,796	4,143,685,949	

*Taxes Appellate Tribunal



Notes to the financial statements (continued)

27. Related party transactions
27.1 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.

27.2 Transactions with key management personnel

<i>In Taka</i>	31 March 2020	31 March 2019
Directors' remuneration	25,099,806	32,506,329
Directors' fees	996,670	1,006,250
	26,096,476	33,512,579

Compensation for the Company's key management personnel includes Directors' remuneration and fees. These expenses are included in general and administrative expenses.

27.3 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.

27.3.1 Transactions with parent company

In Taka

Name of the related parties	Relationship	Nature of transaction	Transaction 2020	Transaction 2019	Balance as at 31 March 2020	Balance as at 31 March 2019
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	79,138,940	121,469,061	1,800,430	2,530,022
		Asset	2,262,960	1,793,677	-	-
		Royalty	92,971,017	83,542,949	176,513,966	83,542,949
		Dividend	2,268,000,000	1,984,500,000	-	567,000,000
		General and technical assistance fees	71,792,928	58,906,846	313,359,294	279,205,943
		Advance received for sales of SFG & FG	-	4,773,818	-	1,173,887
		Sales of PM	89,495	-	-	-

27.3.2 Transactions with other related parties

In Taka

Name of the related parties	Relationship	Nature of transaction	Transaction 2020	Transaction 2019	Balance as at 31 March 2020	Balance as at 31 March 2019
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	1,925,977,910	1,591,802,546	198,528,272	81,102,073
MEL Consumer Care	Associated company	Purchase of RM	-	4,190,633	-	-
Marico South East Asia	Associated company	Purchase of finished goods (FG)	1,725,549	20,720,769	-	-
		Reimbursement of expenses	55,615	-	55,809	-



Notes to the financial statements (continued)

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

28.1 Calculation of net asset value per share

<i>In Taka</i>	31 March 2020	31 March 2019
Net asset	1,387,680,232	1,302,135,754
Number of shares	31,500,000	31,500,000
Net asset value (NAV) per share	44.05	41.34

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

<i>In Taka</i>	31 March 2020	31 March 2019
Net cash from operating activities	3,012,957,714	2,671,671,711
Number of shares	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	95.65	84.81

28.3 Reconciliation of net profit with cash flows from operating activities

<i>In Taka</i>	31 March 2020	31 March 2019
Profit after tax	2,646,238,447	2,023,391,822
Adjustment for:		
- Depreciation	130,118,642	91,317,548
- Amortisation	2,017,794	2,540,973
- Unrealised foreign currency gain	(469,786)	(362,017)
- Interest expense	17,657,581	13,387,078
- Interest expense on lease	12,897,052	-
- (Reversal of) impairment expense	1,720,262	(3,884,963)
- Interest income	(239,693,041)	(181,672,610)
- Gain/(loss) on sale of PPE	1,467,821	(1,229,956)
- Tax expense	925,845,292	726,352,523
	3,497,800,064	2,669,840,398
Changes in operating assets and liabilities:		
Inventories	(540,607,572)	625,827,267
Financial assets	(14,777,213)	(21,817,798)
Advances, deposits and prepayments	(119,641,378)	181,351,195
Employee benefits	17,804,479	6,005,402
Trade and other payables	772,948,193	(297,868,976)
Cash generated from operating activities	3,613,526,573	3,163,337,488
Interest paid	(18,266,324)	(13,791,469)
Interest received	184,735,625	160,446,066
Income tax paid	(767,038,160)	(638,320,374)
Net cash flows from operating activities	3,012,957,714	2,671,671,711

29. Production capacity

Main product	Unit of measure	Installed capacity
PCNO	KL	36,500
Copra Crushing	MT	36,000
Refined Oil	MT	18,000
VAHO	KL	15,200
Water based product	KL	12,000
Edible Oil	KL	3,600



Notes to the financial statements (continued)

30. Commitment

i) Capital commitment

	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account	119,656,388	196,877,848

ii) Other commitment

	31 March 2020	31 March 2019
Outstanding L/C	242,262,007	463,236,928

L/C amount for import of raw material, packing materials and finished goods which were not received till the reporting date.

31. Contingent liabilities

The Company has contingent liability of BDT 1,103,433,853 as on 31 March 2020 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 amounting of Taka 212,892,725, Taka 29,369,282 and Taka 9,151,220 with Standard Chartered Bank, Hongkong and Shanghai Banking Corporation Ltd. and The Citibank N.A. respectively. Shipping guarantee of Taka 528,447 and Taka 13,968,359 with Hongkong and Shanghai Banking Corporation Ltd. and Standard Chartered Bank respectively.

32. Dividends remitted

The Company remitted the following amounts, net of taxes in foreign currency during the year to Marico Limited, India, a non-resident shareholder of the Company.

<i>In Taka</i>	31 March 2020	31 March 2019
Final dividend for 2017-2018	-	255,150,000
Interim dividend for the period ended 30 June 2018	-	382,725,000
Interim dividend for the period ended 30 September 2018	-	637,875,000
Interim dividend for the period ended 28 February 2019	510,300,000	-
Final dividend for 2018-2019	127,575,000	-
Interim dividend for the period ended 30 June 2019	637,875,000	-
Interim dividend for the period ended 30 September 2019	510,300,000	-
Interim dividend for the period ended 31 December 2019	765,450,000	-
	2,551,500,000	1,275,750,000

33. Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020.



34. 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.

35. Number of employees

The number of employees engaged for the whole year or part there of who received a total salary of TK 36,000 p.a. and above is 336 (previous year:266), among them 64 employees left Marico and 272 (previous year:226) existed at 31 March 2020.

36. Subsequent events

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

(a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and

(b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period are as follows:

A. On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organisation, and Bangladesh Government has taken restrictive measures including declared general public holidays to contain its further spread affecting free movement of people and goods. As consequence, the COVID-19 outbreak has brought about additional challenges in the Company's operating environment and has impacted the Company's operations in Bangladesh.

The Company is closely monitoring the impact of the developments on the Company's businesses. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.

However company has taken certain steps to continue maximum possible business operation in the given situation, ensuring required health safety measures are in place. Meanwhile according to the Ministry of Commerce confirmation, company's products ranges have been recognized as essential products, which allows the business operations and supply chain to continue.

B. The Board of Directors of Marico Bangladesh Limited at its 108th meeting held on has declared final cash dividend @ 200% i.e. Taka 20 per share, amount to total Taka 630,000,000 for the year ended at 31 March 2020.

28 APR 2020



Notes to the financial statements (continued)

37. Financial instruments - fair values and financial risk management

37.1 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 March 2020

Particulars	Note	Carrying amount					Total
		Fair value hedging instruments	Mandatory fair value instruments	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortised cost	
Financial assets measured at fair value		-	-	-	-	-	-
Financial assets not measured at fair value							
Fixed deposits	18	-	-	-	-	1,290,000,000	1,290,000,000
Loan to employees	18	-	-	-	-	1,673,431	1,673,431
Trade receivables	18	-	-	-	-	43,955,943	43,955,943
Cash and cash equivalents	20	-	-	-	-	420,407,014	420,407,014
		-	-	-	-	1,756,036,388	1,756,036,388
Financial liabilities measured at fair value		-	-	-	-	-	-
Financial liabilities not measured at fair value							
Loans and borrowings	24	-	-	-	-	-	-
Trade and other payables	25	-	-	-	-	-	1,935,342,636
Lease liabilities	23	-	-	-	-	-	210,564,733
		-	-	-	-	-	2,145,907,369



Notes to the financial statements (continued)

37. Financial instruments - fair values and financial risk management (continued)
37.1 Accounting classifications and fair values (continued)

31 March 2019

Particulars	Note	Fair value hedging instruments	Mandatorily at fair value instruments	FVOCI-debt instruments	FVOCI-equity instruments	Carrying amount			Total
						Financial assets at amortised cost	Other financial liabilities	Financial assets at amortised cost	
Financial assets measured at fair value		-	-	-	-	-	-	-	-
Financial assets not measured at fair value									
Fixed deposits	18	-	-	-	-	2,031,184,316	-	2,031,184,316	-
Loan to employees	18	-	-	-	-	8,330,529	-	8,330,529	-
Trade receivables	18	-	-	-	-	22,521,632	-	22,521,632	-
Cash and cash equivalents	20	-	-	-	-	382,661,779	-	382,661,779	-
		-	-	-	-	2,444,698,256	-	2,444,698,256	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	24	-	-	-	-	-	200,000,000	200,000,000	-
Trade and other payables	25	-	-	-	-	-	2,090,167,054	2,090,167,054	-
		-	-	-	-	-	2,290,167,054	2,290,167,054	-



Notes to the financial statements (continued)

37. Financial instruments - fair values and financial risk management (continued)
37.2 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

37.2.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty 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:

<i>In Taka</i>		31 March 2020	31 March 2019
Financial assets			
Fixed deposits	18	1,290,000,000	2,031,184,316
Loans to employees	18	1,673,431	8,330,529
Trade receivables	18	43,955,943	22,521,632
Cash and cash equivalents	20	420,407,014	382,487,909
		1,756,036,388	2,444,524,386



Notes to the financial statements (continued)

37. Financial instruments - fair values and financial risk management (continued)
 37.2 Financial risk management (continued)
 37.2.2 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	Expected cash flow	Contractual cash flows				
				6 months or less	6-12 months	1- 2 years	2- 5 years	More than 5 years
31 March 2020								
Loans and borrowings	24	-	-	-	-	-	-	-
Trade and other payables	25	1,935,342,636	2,711,929,259	2,711,929,259	-	-	-	-
Lease liabilities	23	210,564,733	210,564,733	21,030,699	21,805,694	50,131,396	117,596,944	-
		2,145,907,369	2,922,493,992	2,732,959,958	21,805,694	50,131,396	117,596,944	-
31 March 2019								
Loans and borrowings	24	200,000,000	200,000,000	200,000,000	-	-	-	-
Trade and other payables	25	2,090,167,054	2,539,270,784	2,539,270,784	-	-	-	-
		2,290,167,054	2,739,270,784	2,739,270,784	-	-	-	-



Notes to the financial statements (continued)

37. Financial instruments - fair values and financial risk management (continued)
37.2 Financial risk management (continued)
37.2.3 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 March 2020 are as follows:

	31 March 2020	31 March 2019
Import of goods and services	(564,730)	(1,405,600)
Bank balance	330,351	354,243
	(234,379)	(1,051,357)

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

	Average rate		Year-end spot rate	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Exchange rate (USD/BDT)	84.62	83.91	84.94	83.92

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
Effect in Taka				
31 March 2020				
USD (1% movement)	(199,082)	199,082	(199,082)	199,082
31 March 2019				
USD (1% movement)	(882,299)	882,299	(882,299)	882,299



Notes to the financial statements (continued)

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

37.2 Financial risk management (continued)

37.2.3 Market risk (continued)

iii) Interest rate risk

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

As at 31 March 2020, the interest rate profile of the Company's interest bearing financial instruments was:

	31 March 2020	31 March 2019
<i>In Taka</i>		
Fixed rate instruments		
Financial assets		
Fixed deposit receipts	1,290,000,000	2,031,184,316
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-



Notes to the financial statements (continued)**38. Value of import calculated on CIF basis**

<i>In Taka</i>	31 March 2020	31 March 2019
Materials and finished goods	2,743,115,157	2,688,052,497
Capital goods	143,058,091	12,141,435
	2,886,173,248	2,700,193,932

39. Expenditure in foreign currency

<i>In Taka</i>	31 March 2020	31 March 2019
General and technical assistance fees	72,443,188	56,883,362
Professional consultation fees	7,030,998	1,142,314
	79,474,186	58,025,676

40. 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 42.9.

41. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 April 2019 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 not expected to have a significant impact on the Company's financial statements.

- *Amendments To References To Conceptual Framework in IFRS Standards.*
- *IFRS 17 Insurance Contracts.*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Definition of a Business (Amendments to IFRS 3)*

42. 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
42.1	Foreign currency transactions
42.2	Property, plant and equipment
42.3	Intangible assets
42.4	Right-of-use asset
42.5	Inventories
42.6	Financial instruments
42.7	Share capital
42.8	Dividend to the equity holders
42.9	Employee benefits
42.10	Accruals
42.11	Provisions
42.12	Income tax expenses
42.13	Revenue
42.14	Finance income and finance cost
42.15	Lease liabilities
42.16	Impairment
42.17	Contingencies
42.18	Assets held for sale
42.19	Earnings per share
42.20	Events after the reporting period

42.1 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.



Notes to the financial statements (continued)

42. Significant accounting policies (continued)

42.2 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.



42. Significant accounting policies (continued)

42.2 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.

42.3 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.

42.4 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.



42. Significant accounting policies (continued)

42.5 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.

42.6 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

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.



Notes to the financial statements (continued)

42. Significant accounting policies (continued)

42.6 Financial instruments (continued)

Financial assets – business model assessment

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

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.



42. Significant accounting policies (continued)

42.6 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.

42.7 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.

42.8 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.



42. Significant accounting policies (continued)

42.9 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. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of continuous service with the Company from the date of his/her joining.

Eligibility to gratuity payments

Actual years of service	Eligibility	Calculation
Less than 4.5 years	Not eligible	Nil
4.5 years or more but less than 9.5 years	Eligible	(Last basic drawn)* (No. of years service)
9.5 years or more	Eligible	(Last basic drawn)* (No. of years service)* (1.5)

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 an 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 60 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 years and the calculation is performed annually by a qualified actuary.

iv) Workers' profit participation and welfare fund

The Company operates a 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.



42. Significant accounting policies (continued)

42.10 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.

42.11 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.

42.12 Income tax expenses

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.

42.13 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).



Notes to the financial statements (continued)

42. Significant accounting policies (continued)

42.14 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 cost 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.

42.15 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.

42.16 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.



42. Significant accounting policies (continued)

42.16 Impairment (continued)

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets (other than inventories and deferred tax assets) 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.

42.17 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.

42.18 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

42.19 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.



Notes to the financial statements (continued)

42. Significant accounting policies (continued)

42.20 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.

43. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, which is most unlikely though yet considering overall perspectives

