Marico Bangladesh Limited

Independent Auditor's Report and financial statements
as at and for the three-month period ended 30 June 2020

KPMG

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Independent Auditor's Report
To the Board of Directors of Marico Bangladesh Limited

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Marico Bangladesh Limited ("the Company"), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for three-month period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (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 5 to the financial statements	
The key audit matter	**How the matter was addressed in our audit**
Revenue recognition has significant and wide influence on financial statements. 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. 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 period is material and considered to be complex and judgemental. 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.	Our audit procedures in this area included, among others: • 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 period 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 are recognised completely and accurately. We have also tested the reasonableness of estimation considered at the time of recognition and measurement of incentives.

Rahman Rahman Huq, a partnership firm registered in Bangladesh and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

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Independent Auditor's Report (continued)

1. Revenue recognition (continued)

See note 5 to the financial statements

The key audit matter	How the matter was addressed in our audit
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. Due to the complexities and the inherent risk of manipulation in revenue recognition, we determined this to be a key audit matter. The company has reported total revenue of BDT 3,011 million (30 June 2019: BDT 2,746).	• 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 18 to the financial statements

The key audit matter	How the matter was addressed in our audit
The Company had inventory of BDT 1,494 million (31 March 2020: BDT 1,632 million) at 30 June 2020, held in plants, warehouses, depots and third party locations and across multiple product lines. Inventories are 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. Inventories are 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. 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	Our audit procedures were designed to confirm the existence of inventories and to challenge the adequacy of the Company's provisions against inventory included: • 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 12 to the financial statements

The key audit matter	**How the matter was addressed in our audit**
The Company has recognised deferred tax assets for deductible temporary differences that it believes are recoverable. 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. 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. The Company has reported deferred tax assets BDT 42 million (31 March 2020: BDT 47 million) as at 30 June 2020.	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. Our audit procedures in this area included, among others: • 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 *Income Tax*.

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.

Independent Auditor's Report (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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, 23 JUL 2020

Rahman Rahman Huq

RRH

Marico Bangladesh Limited
Statement of financial position

In Taka	Note	30 June 2020	31 March 2020
Assets			
Property, plant and equipment	13(A)	668,332,451	646,996,533
Intangible assets	14	1,124,863	1,629,290
Right-of-use assets	15	166,296,502	175,398,286
Deferred tax assets	12(A)	42,712,560	47,345,641
Advances, deposits and prepayments	16	29,552,396	22,687,928
Other financial assets	17	2,791,175	449,448
Non-current assets		910,809,947	894,507,126
Inventories	18	1,494,489,757	1,632,102,325
Advances, deposits and prepayments	16	686,580,738	601,458,728
Other financial assets	17	2,293,398,302	1,423,654,628
Cash and cash equivalents	19	622,215,686	420,407,014
		5,096,684,483	4,077,622,695
Assets held for sale	13(B)	35,865,465	35,865,465
Current assets		5,132,549,948	4,113,488,160
Total assets		6,043,359,895	5,007,995,286
Equity			
Share capital	20	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Retained earnings		1,812,338,453	820,680,232
Total equity		2,379,338,453	1,387,680,232
Liabilities			
Employee benefits obligation	21	85,861,639	85,861,639
Lease liabilities	22	155,550,559	167,728,340
Non-current liabilities		241,412,198	253,589,979
Employee benefits obligation	21	13,508,515	6,516,576
Trade and other payables	23	2,682,351,703	2,711,929,259
Lease liabilities	22	44,601,768	42,836,393
Current tax liabilities	24	682,147,258	605,442,847
Current liabilities		3,422,609,244	3,366,725,075
Total liabilities		3,664,021,442	3,620,315,054
Total equity and liabilities		6,043,359,895	5,007,995,286

The notes on pages 9 to 40 are an integral part of these financial statements.

Managing Director   Director   Chief Financial Officer   Company Secretary

As per our report of same date.

Rahman Rahman Huq

Auditor

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

Dhaka, 23 JUL 2020

RRH

Marico Bangladesh Limited
Statement of profit or loss and other comprehensive income
For the three-month period ended 30 June

In Taka	*Note*	2020	2019
Revenue	5	**3,011,734,947**	2,746,102,661
Cost of sales	6	**(1,168,918,233)**	(1,103,761,552)
Gross profit		**1,842,816,714**	1,642,341,109
Other income	9.1	**8,667**	78,567
General and administrative expenses	7	**(274,180,196)**	(262,907,260)
Marketing, selling and distribution expenses	8	**(262,318,019)**	(279,630,932)
Other expenses	9.2	**(788,185)**	(155,428)
Operating profit		**1,305,538,981**	1,099,726,056
Finance income	10.1	**40,807,043**	59,542,659
Finance costs	10.2	**(6,202,390)**	(11,837,632)
Net finance income		**34,604,653**	47,705,027
Profit before tax		**1,340,143,634**	1,147,431,083
Income tax expense	12	**(343,530,726)**	(298,638,904)
Profit for the period		**996,612,908**	848,792,179
Other comprehensive loss for the period, net of tax	12(A)	**(4,954,687)**	-
Total comprehensive income for the period		**991,658,221**	848,792,179
Earnings per share			
Basic earnings per share (per value of Tk 10)	11	**31.64**	26.95

The notes on pages 9 to 40 are an integral part of these financial statements.

Managing Director

Director

Chief Financial Officer

Company Secretary

As per our report of same date.

Rahman Rahman Huq

Auditor
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

Dhaka, 23 JUL 2020

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Marico Bangladesh Limited
Statement of changes in equity
For the three-month period ended 30 June 2020

	Attributable to owners of the Company			
In Taka	**Share capital**	**Share premium**	**Retained earnings**	**Total**
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	-	-	(45,172,702)	(45,172,702)
Adjusted balance at 1 April 2019	315,000,000	252,000,000	689,963,052	1,256,963,052
Total comprehensive income for the year				
Profit for the period	-	-	848,792,179	848,792,179
Other comprehensive income/(loss) for the period	-	-	-	-
Total comprehensive income for the period	-	-	848,792,179	848,792,179
Transactions with owners of the Company				
Contributions and distributions				
Dividends	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 30 June 2019	315,000,000	252,000,000	1,538,755,231	2,105,755,231
Balance at 1 April 2020	**315,000,000**	**252,000,000**	**820,680,232**	**1,387,680,232**
Total comprehensive income for the year				
Profit for the period	-	-	**996,612,908**	**996,612,908**
Other comprehensive loss for the period	-	-	**(4,954,687)**	**(4,954,687)**
Total comprehensive income for the period	-	-	**991,658,221**	**991,658,221**
Transactions with owners of the Company				
Contributions and distributions				
Dividends	-	-	-	-
Total transactions with owners of the Company	-	-	-	-
Balance at 30 June 2020	**315,000,000**	**252,000,000**	**1,812,338,453**	**2,379,338,453**

The notes on pages 9 to 40 are an integral part of these financial statements.

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Marico Bangladesh Limited

Statement of cash flows

For the three-month period ended 30 June

In Taka	**Note**	**2020**	**2019**
Cash flows from operating activities			
Collection from customers		**2,969,932,068**	2,806,864,592
Payment to suppliers and for operating expenses		**(1,683,191,863)**	(1,453,656,737)
Cash generated from operating activities		**1,286,740,205**	1,353,207,855
Interest paid		**(49,517)**	(2,061,034)
Interest received		**43,160,743**	25,178,670
Income tax paid	*24.2*	**(267,147,921)**	(224,884,964)
Net cash from operating activities		**1,062,703,510**	1,151,440,527
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(21,937,584)**	(36,700,781)
Proceeds from disposal of property, plant and equipment		**51,147**	93,974
Investment in short-term investments	*17*	**(825,197,987)**	(411,530,294)
Net cash used in investing activities		**(847,084,424)**	(448,137,101)
Cash flows from financing activities			
Payment for loans and borrowings		**-**	(200,000,000)
Dividend paid		**-**	(630,000,000)
Payment for lease liabilities		**(13,808,031)**	(13,014,426)
Net cash used in financing activities		**(13,808,031)**	(843,014,426)
Net (decrease)/increase in cash and cash equivalents		**201,811,055**	(139,711,000)
Effect of exchaange rate fluctuations on cash held		**(2,383)**	217,186
Opening cash and cash equivalents	*19*	**420,407,014**	383,101,877
Closing cash and cash equivalents	*19*	**622,215,686**	243,608,063

The notes on pages 9 to 40 are an integral part of these financial statements.

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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 Board of Directors.

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 35.

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 109th Board of Directors meeting held on ......22 JUL 2020......

2.3 Reporting period

The financial period of the Company covers three-month period ended on 30 June 2020.

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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 period financial statements and to comply with relevant IFRSs.

3. Functional and presentation currency

These financial statements are presented in Bangladeshi Taka (Taka/TK/BDT) which is the Company's functional 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 made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 15 Right-of-use assets
Note 22 Lease liabilities

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial period is included in the following notes:

Note 13 Property, plant and equipment
Note 14 Intangible assets
Note 18 Inventories
Note 21 Employee benefit obligation
Note 24 Current tax liabilities
Note 27 Contingent liabilities

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5. Revenue

See accounting policy in Note 35.13.

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Parachute coconut oil	**2,050,244,332**	1,931,660,538
Value added hair oil (VAHO)	**779,143,287**	679,556,959
Color	**14,509,804**	14,412,366
Edible oil	**12,886,911**	30,045,180
Others*	**154,950,613**	90,427,618
	3,011,734,947	2,746,102,661

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

5.1 Breakup of local/export revenue

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Revenue from domestic operation	**3,011,734,947**	2,733,408,781
Revenue from export	**-**	12,693,880
	3,011,734,947	2,746,102,661

6. Cost of sales

In Taka	Note	For the three-month period ended 30 June 2020	30 June 2019
Opening stock of finished goods		**204,518,577**	266,208,457
Cost of goods manufactured	6.1	**1,120,247,457**	1,076,285,362
		1,324,766,034	1,342,493,819
Closing stock of finished goods		**(155,847,801)**	(238,732,267)
		1,168,918,233	1,103,761,552

6.1 Cost of goods manufactured

In Taka	Note	For the three-month period ended 30 June 2020	30 June 2019
Materials consumed	6.1.1	**1,045,744,585**	1,020,291,179
Factory overhead	6.1.2	**74,502,872**	55,994,183
		1,120,247,457	1,076,285,362

6.1.1 Materials consumed

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Opening stock of raw materials, packing materials and others	**1,427,583,748**	825,286,296
Purchases during the period	**956,802,793**	863,030,824
Closing stock of raw materials, packing materials and others	**(1,338,641,956)**	(668,025,941)
	1,045,744,585	1,020,291,179

6.1.2 Factory overhead

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Communication expenses	**101,205**	140,378
Cost of outsourced human resources	**18,948,812**	12,802,019
Depreciation	**17,502,868**	13,057,602
Entertainment	**2,781,127**	1,226,486
Power expenses	**13,571,266**	14,213,888
Printing and stationery	**291,108**	325,254
Repairs and maintenance	**2,063,967**	2,360,140
Salaries and allowances	**14,845,183**	9,081,152
Security charges	**1,391,049**	1,416,411
Travelling and conveyance	**1,272,078**	1,370,853
Warehouse rent	**1,734,209**	-
	74,502,872	55,994,183

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7. General and administrative expenses

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Salaries and allowances	**82,924,813**	92,722,352
Gratuity	**7,065,894**	4,503,036
Workers' profit participation and welfare fund	**70,533,875**	60,591,213
Rent, rates and taxes	**2,793,567**	1,724,973
Professional and legal charges	**4,193,937**	7,859,789
Security charges	**430,504**	504,503
Stamp and license fees	**2,774,833**	1,656,741
Directors' fees and remuneration	**12,695,356**	7,866,270
Repair and maintenance	**1,037,675**	3,005,888
Communication expenses	**974,723**	1,145,370
Subscription to trade association	**128,002**	82,199
Entertainment	**3,239,930**	3,268,236
Printing and stationery	**562,985**	155,207
Vehicle running expenses	**4,539,420**	4,326,834
Travelling and conveyance	**1,137,867**	2,572,287
Audit fees	**500,000**	525,000
Insurance premium	**3,298,869**	1,655,630
Bank charges	**1,006,184**	849,390
AGM and public relation	**1,513,645**	118,408
Conference and training	**-**	1,763,594
Amortisation	**504,427**	504,512
Royalty	**28,984,242**	26,820,763
Depreciation	**8,435,992**	7,661,142
Depreciation on right-of-use asset	**11,086,434**	9,716,832
General and technical assistance fees	**17,647,926**	16,527,122
CSR project*	**6,930,261**	4,974,788
Impairment loss (reversal of impairment) of PPE	**(761,165)**	(194,819)
	274,180,196	262,907,260

* Marico Bangladesh Limited (Marico) is continuing the CSR project during FY 2021 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 30 June 2020.

8. Marketing, selling and distribution expenses

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Advertisement, travelling and communication expense	**200,124,622**	211,849,168
Business promotion expenses	**5,439,570**	5,137,419
Other selling and distribution expenses	**13,172,431**	13,050,966
Entertainment	**1,297,682**	3,800,789
Free sample	**1,107,955**	7,520,137
Freight- outward	**25,712,429**	20,579,978
Market research expenses	**15,463,330**	17,692,475
	262,318,019	279,630,932

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9. Other income/(expense)

In Taka	Note	For the three-month period ended 30 June 2020	30 June 2019
Other income	9.1	**8,667**	78,567
Other expenses	9.2	**(788,185)**	(155,428)
		(779,518)	(76,861)

9.1 Other income

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Gain on sale of property,plant and equipment	**8,667**	78,567
	8,667	78,567

9.2 Other expenses

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Loss on sale of property,plant and equipment	**(788,185)**	(155,428)
	(788,185)	(155,428)

10. Net finance income

In Taka	Note	For the three-month period ended 30 June 2020	30 June 2019
Finance income	10.1	**40,807,043**	59,542,659
Finance costs	10.2	**(6,202,390)**	(11,837,632)
		34,604,653	47,705,027

10.1 Finance income

See accounting policy in Note 35.14(i).

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Interest on fixed deposits	**36,190,002**	57,446,971
Interest on call deposits	**4,617,041**	2,095,688
	40,807,043	59,542,659

10.2 Finance costs

See accounting policy in Note 35.14(ii).

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Interest on overdraft and loans	**(8,261)**	(5,213,006)
Foreign exchange loss	**(2,798,505)**	(2,822,654)
Interest on lease	**(3,395,624)**	(3,801,972)
	(6,202,390)	(11,837,632)

11. Earnings per share

11.1 Basic earnings per share

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Profit attributable to ordinary shareholders (net profit after tax)	**996,612,908**	848,792,179
Weighted average number of ordinary shares outstanding during the period	**31,500,000**	31,500,000
Earnings per share (EPS) in Taka	**31.64**	26.95

11.2 Diluted earnings per share

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

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12. Income tax expense

See accounting policy in Note 35.12.

In Taka	For the three-month period ended 30 June 2020	30 June 2019
Current tax expense	343,852,332	286,500,608
Deferred tax expense/(income)	(321,606)	12,138,296
	343,530,726	298,638,904

A. Movement in deferred tax balances

30 June 2020 In Taka	Net balance at 1 April	Recognised in profit /loss	Recognised in OCI	Net	Balance as at 30 June Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(10,351,960)	3,249,020	-	(7,102,940)	(7,102,940)	-
Intangible assets	(2,177,019)	(126,107)	-	(2,303,126)	(2,303,126)	-
Provision for gratuity	(21,993,959)	(3,494,621)	4,954,687	(20,533,893)	(20,533,893)	-
Provision for leave encashment	(4,031,091)	(277,554)	-	(4,308,645)	(4,308,645)	-
RoU assets- Impact of IFRS 16	43,849,572	(2,275,446)	-	41,574,126	-	41,574,126
Lease liabilities- Impact of IFRS 16	(52,641,184)	2,603,102	-	(50,038,082)	(50,038,082)	
Net deferred tax (assets)/liabilities	(47,345,641)	(321,606)	4,954,687	(42,712,560)	(84,286,686)	41,574,126

31 March 2020 In Taka	Net balance at 1 April	Recognised in profit /loss	Recognised in OCI	Net	Balance as at 31 March 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)	-
RoU assets- Impact of IFRS 16	45,329,406	(1,479,834)	-	43,849,572	-	43,849,572
Lease liabilities- Impact of IFRS 16	(53,470,745)	829,561	-	(52,641,184)	(52,641,184)	-
Net deferred tax (assets)/liabilities	(55,654,943)	13,732,620	(5,423,318)	(47,345,641)	(91,195,213)	43,849,572

13. Property, plant and equipment

See accounting policy in Note 35.2.

A. Reconciliation of carrying amount

In Taka	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 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
Balance at 1 April 2020	**176,749,959**	**988,462,243**	**231,650,100**	**168,607,073**	**56,585,940**	**27,744,524**	**75,250,895**	**22,411,149**	**26,079,575**	**1,773,541,458**
Additions	-	-	-	-	-	-	-	-	**47,344,276**	**47,344,276**
Transfer from asset under construction	-	**26,834,602**	-	**23,428,385**	**5,480,966**	**2,517,636**	**544,102**	**451,525**	**(59,257,216)**	-
Disposals	-	**(2,854,370)**	-	-	**(641,000)**	-	-	-	-	**(3,495,370)**
Balance at 30 June 2020	**176,749,959**	**1,012,442,475**	**231,650,100**	**192,035,458**	**61,425,906**	**30,262,160**	**75,794,997**	**22,862,674**	**14,166,635**	**1,817,390,364**
Accumulated depreciation and impairment loss										
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
Balance at 1 April 2020	-	**733,240,855**	**203,433,245**	**60,056,105**	**48,386,890**	**20,430,063**	**51,262,294**	**9,735,473**	-	**1,126,544,925**
Depreciation for the period	-	**15,042,138**	**1,691,172**	**1,658,192**	**2,028,111**	**1,393,356**	**3,393,339**	**732,552**	-	**25,938,860**
Impairment loss (reversal of impairment) of PPE	-	**(761,165)**	-	-	-	-	-	-	-	**(761,165)**
Disposals	-	**(2,093,207)**	-	-	**(571,500)**	-	-	-	-	**(2,664,707)**
Balance at 30 June 2020	-	**745,428,621**	**205,124,417**	**61,714,297**	**49,843,501**	**21,823,419**	**54,655,633**	**10,468,025**	-	**1,149,057,913**
Carrying amounts										
At 1 April 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
At 30 June 2020	**176,749,959**	**267,013,854**	**26,525,683**	**130,321,161**	**11,582,405**	**8,438,741**	**21,139,364**	**12,394,649**	**14,166,635**	**668,332,451**

B. Assets held for sale

See accounting policy in Note 35.18.

In Taka	30 June 2020	31 March 2020
Office building	**30,846,713**	30,846,713
Furniture and fixtures	**5,018,752**	5,018,752
	35,865,465	35,865,465

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14. Intangible assets

See accounting policy in Note 35.3.

Reconciliation of carrying amount

In Taka	Computer software	Total
Cost		
Balance at 1 April 2019	22,061,875	22,061,875
Additions	-	-
Disposals	-	-
Balance at 31 March 2020	22,061,875	22,061,875
Balance at 1 April 2020	**22,061,875**	**22,061,875**
Additions	-	-
Disposals	-	-
Balance at 30 June 2020	**22,061,875**	**22,061,875**
Accumulated amortisation		
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
Balance at 1 April 2020	**20,432,585**	**20,432,585**
Amortisation during the period	**504,427**	**504,427**
Disposals	-	-
Balance at 30 June 2020	**20,937,012**	**20,937,012**
Carrying amounts		
At 1 April 2019	3,647,084	3,647,084
At 31 March 2020	1,629,290	1,629,290
At 30 June 2020	**1,124,863**	**1,124,863**

15. Right-of-use assets

See accounting policy in Note 35.4.

Reconciliation of carrying amount

In Taka	Buildings	Total
Recognition of Right-of-Use Assets on initial application of IFRS-16	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
Balance at 1 April 2020	**212,831,176**	**212,831,176**
Addition during the period	**1,984,650**	**1,984,650**
Disposal during the period	-	-
Balance at 30 June 2020	**214,815,826**	**214,815,826**
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
Balance at 1 April 2020	**37,432,890**	**37,432,890**
Depreciation during the period	**11,086,434**	**11,086,434**
Disposal during the period	-	-
Balance at 30 June 2020	**48,519,324**	**48,519,324**
Carrying amount		
At 1 April 2019	181,317,622	181,317,622
At 31 March 2020	175,398,286	175,398,286
At 30 June 2020	**166,296,502**	**166,296,502**

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16. Advances, deposits and prepayments

In Taka	30 June 2020	31 March 2020
Advances		
Advance for capital goods	36,037,500	47,443,472
Advance to suppliers and others	643,140,051	496,832,058
	679,177,551	544,275,530
Deposits		
Security deposits	13,699,746	15,574,365
VAT account	-	39,622,553
	13,699,746	55,196,918
Prepayments		
Prepaid expenses	23,255,837	24,674,208
	716,133,134	624,146,656

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

In Taka	30 June 2020	31 March 2020
Current	686,580,738	601,458,728
Non-current	29,552,396	22,687,928
	716,133,134	624,146,656

17. Other financial assets

In Taka	*Note*	30 June 2020	31 March 2020
Fixed deposits	*17.2*	2,115,197,987	1,290,000,000
Trade receivables		93,427,575	43,955,943
Loans to employees		1,442,913	1,673,431
Accrued interest		86,121,002	88,474,702
		2,296,189,477	1,424,104,076

17.1 Current and non-current classification of other financial assets

In Taka	30 June 2020	31 March 2020
Current	2,293,398,302	1,423,654,628
Non-current	2,791,175	449,448
	2,296,189,477	1,424,104,076

17.2 Fixed deposits (maturity more than three months)

In Taka	*Credit rating*	30 June 2020	31 March 2020
BRAC Bank Limited	*AA+*	-	120,000,000
IPDC Finance Limited	*AAA*	265,089,000	240,000,000
IDLC Finance Limited	*AAA*	220,000,000	-
Commercial Bank of Ceylon PLC	*AAA*	546,927,500	250,000,000
Standard Chartered Bank	*AAA*	610,000,000	610,000,000
Bank Alfalah	*AA*	70,000,000	70,000,000
Treasury bond		403,181,487	-
		2,115,197,987	1,290,000,000

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18. Inventories

See accounting policy in Note 35.5.

In Taka	30 June 2020	31 March 2020
Raw materials	**976,770,051**	965,403,374
Packing materials	**173,326,080**	183,301,649
Finished goods	**155,847,801**	204,518,577
Stores and spares	**22,050,457**	23,321,953
Materials in transit	**166,495,368**	255,556,772
	1,494,489,757	1,632,102,325

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.

19. Cash and cash equivalents

See accounting policy in Note 35.6 (ii)(a).

In Taka	Note	30 June 2020	31 March 2020
Cash at bank	*19.1*	**602,946,133**	402,482,632
Balance with bank for unclaimed dividend		**19,269,553**	17,924,382
		622,215,686	420,407,014

19.1 Cash at bank

In Taka	Credit rating	30 June 2020	31 March 2020
BRAC Bank Limited	*AA+*	**176,678,913**	104,438,660
Citibank N.A.	*AAA*	**2,193,953**	1,516,312
Islami Bank Bangladesh Limited	*AAA*	**16,044,613**	86,368,614
Sonali Bank Limited	*AAA*	**24,677,094**	511,863
Standard Chartered Bank	*AAA*	**367,731,312**	83,691,017
The Hongkong and Shanghai Banking Corporation Ltd.	*AAA*	**808,615**	1,195,016
The City Bank Limited	*AA2*	**14,811,633**	124,761,150
		602,946,133	402,482,632

20. Share capital

See accounting policy in Note 35.7.

In Taka	30 June 2020	31 March 2020
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. Employee benefit obligation

See accounting policy in Note 35.9.

In Taka	30 June 2020	31 March 2020
Provision for gratuity	**82,135,573**	76,253,851
Provision for leave encashment	**17,234,581**	16,124,364
	99,370,154	92,378,215
Current	**13,508,515**	6,516,576
Non-Current	**85,861,639**	85,861,639
	99,370,154	92,378,215

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22. Lease liabilities

See accounting policy in Note 35.15.

In Taka	30 June 2020	31 March 2020
Current	**44,601,768**	42,836,393
Non-current	**155,550,559**	167,728,340
	200,152,327	210,564,733

23. Trade and other payables

See accounting policy in Note 35.6(iii)(a).

In Taka	Note	30 June 2020	31 March 2020
Trade payables	23.1	**765,043,469**	776,586,623
Other payables	23.2	**1,917,308,234**	1,935,342,636
		2,682,351,703	2,711,929,259

23.1 Trade payables

In Taka	30 June 2020	31 March 2020
Inter-company trade payables		
Payable against raw material	**154,451,608**	199,436,248
Payable against packing material	**2,989,087**	892,454
Payable against finished goods	**268,007**	-
	157,708,702	200,328,702
Third party trade payables		
Payable against raw material	**132,260,572**	100,614,332
Payable against services	**361,322,713**	369,482,503
Payable against packing material	**108,308,091**	104,355,701
Payable against finished goods	**5,443,391**	1,805,385
	607,334,767	576,257,921
	765,043,469	776,586,623

23.2 Other payables

In Taka	30 June 2020	31 March 2020
Inter-company other payables		
Royalty payable	**121,955,259**	176,513,966
General and technical assistance fees payable	**313,311,334**	313,359,294
Payable against expenses	**-**	55,809
	435,266,593	489,929,069
Third party other payables		
Payable against expenses	**417,034,772**	473,941,727
Payable against business promotion expense	**611,687,136**	509,232,759
Import duty and related charges payable	**179,039,847**	145,719,882
Withholding tax and VAT payable	**50,643,196**	9,838,781
Workers' profit participation and welfare fund	**70,533,875**	188,004,407
Festival bonus	**-**	12,615,191
Advance from customers	**23,934,982**	16,266,231
Payable against capital goods	**29,161,235**	15,160,516
Unclaimed dividend	**19,269,553**	17,924,382
Audit fees payable	**737,500**	1,400,000
Interest accrued on loans	**-**	41,257
Supplementary duty	**79,999,545**	55,268,434
	1,482,041,641	1,445,413,567
	1,917,308,234	1,935,342,636

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24. Current tax liabilities

In Taka	*Note*	30 June 2020	31 March 2020
Provision for income tax	*24.1*	**949,295,179**	1,372,481,007
Advance income tax	*24.2*	**(267,147,921)**	(767,038,160)
		682,147,258	605,442,847

24.1 Provision for income tax

In Taka	30 June 2020	31 March 2020
Opening balance	**605,442,847**	460,368,335
Provision for current period/year	**343,852,332**	908,685,699
Provision for prior year:		
Assessment year 2019-2020	-	3,426,973
	949,295,179	1,372,481,007

24.2 Advance income tax

In Taka	30 June 2020	31 March 2020
Payment during the year:		
Payment for current period/year	**32,147,921**	491,249,372
Payment for prior year:		
Assessment year 2019-2020	-	275,788,788
Assessment year 2020-2021	**235,000,000**	-
	267,147,921	767,038,160

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

Accounting year/period ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status
30 June 2020	2020-21	343,852,332	32,147,921	
31 March 2020	2020-21	908,685,699	726,249,372	
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*
		5,092,981,128	**4,410,833,870**	

*Taxes Appellate Tribunal

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25. Related party transactions

25.1 Parent and ultimate controlling party

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

25.2 Transactions with key management personnel

In Taka	30 June 2020	30 June 2019
Directors' fees and remuneration	12,695,356	7,866,270
	12,695,356	7,866,270

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

25.3 Other related party transactions

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

25.3.1 Transactions with parent company

In Taka

Name of the related parties	Relationship	Nature of transaction	Transaction amount	Balance as at 30 June 2020	Balance as at 31 March 2020
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	7,521,431	7,782,055	1,800,430
		Royalty	28,984,242	121,955,259	176,513,966
		General and technical assistance fees	-	313,311,334	313,359,294

25.3.2 Transactions with other related parties

In Taka

Name of the related parties	Relationship	Nature of transaction	Transaction amount	Balance as at 30 June 2020	Balance as at 31 March 2020
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	447,002,155	149,658,641	198,528,272
Marico South East Asia	Associated company	Purchase of finished goods (FG)	1,247,805	268,006	-
		Reimbursement of expenses	-	-	55,809

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

26.1 Calculation of net asset value per share

In Taka	30 June 2020	31 March 2020
Net asset	**2,379,338,453**	1,387,680,232
Number of shares	**31,500,000**	31,500,000
Net asset value (NAV) per share	**75.53**	44.05

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

In Taka	30 June 2020	30 June 2019
Net cash from operating activities	**1,062,703,510**	1,151,440,527
Number of shares	**31,500,000**	31,500,000
Net operating cash flow per share (NOCFPS)	**33.74**	36.55

26.3 Reconciliation of net profit with cash flows from operating activities

In Taka	30 June 2020	30 June 2019
Profit after tax	**996,612,908**	848,792,179
Adjustment for:		
- Depreciation	**37,025,294**	30,435,576
- Amortisation	**504,427**	504,512
- Unrealised foreign currency gain	**2,383**	(217,186)
- Interest expense	**8,261**	5,213,006
- Interest expense on lease	**3,395,624**	-
- (Reversal of) impairment expense	**(761,165)**	(194,819)
- Interest income	**(40,807,043)**	(59,542,659)
- Gain/(loss) on sale of PPE	**779,518**	76,861
- Tax expense	**343,530,726**	298,638,904
	1,340,290,933	1,123,706,374
Changes in operating assets and liabilities:		
Inventories	**137,612,568**	184,736,545
Financial assets	**(49,241,114)**	(7,888,926)
Advances, deposits and prepayments	**(144,999,655)**	(256,511,455)
Employee benefits	**6,991,939**	907,973
Trade and other payables	**(3,914,466)**	308,257,344
Cash generated from operating activities	**1,286,740,205**	1,353,207,855
Interest paid	**(49,517)**	(2,061,034)
Interest received	**43,160,743**	25,178,670
Income tax paid	**(267,147,921)**	(224,884,964)
Net cash flows from operating activities	**1,062,703,510**	1,151,440,527

27. Contingent liabilities

The Company has contingent liability of Taka 1,103,433,853 as on 30 June 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 6,381,216, Taka 215,619,636 and Taka 138,629,258 with Citibank N.A., Standard Chartered Bank & The Hongkong and Shanghai Banking Corporation Ltd. respectively. Shipping guarantee of Taka 61,707,635 with Standard Chartered Bank and bank guarantee of Taka 501,512 and Taka 528,447 with Citibank N.A. and Standard Chartered Bank respectively.

Besides these, The Deputy Commissioner of Taxes has demanded higher tax of Taka 21,658,685 and Taka 14,708,666 for the assessment years 2015-2016 and 2016-2017 respectively.

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28. Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 30 June 2020.

29. Segment information

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

30. Impact of COVID-19 on Marico Bangladesh Limited

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 a 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 had assessed the impact of COVID-19 on its business. The assessment was made in the following areas:

IFRS 9 - Financial Instruments
IFRS 13 - Fair Value Measurement
IFRS 15 - Revenue from Contracts with Customers
IFRS 16 - Leases
IAS 2 - Inventories
IAS 12 - Income Taxes
IAS 19 - Employee Benefits
IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance
IAS 36 - Impairment of Assets:
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

From the assessment, the Company determines that it will not face any hurdle to manage working capital balances to generate sufficient operating cash flows to meet the obligations as fall due. So, the Company does not have any plan to defer any capital expenditures, dividends and other distributions. In addition to this, the Company does not have any plan or is not in a situation that require to seek financial support from shareholders or taking advantage of government assistance. Overall, there is no mentionable impact of COVID-19 on the financial statements of Marico Bangladesh Limited for the period ended 30 June 2020.

31. 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:

The Board of Directors of Marico Bangladesh Limited at its 109th meeting held on 22 JUL 2020 has declared first interim cash dividend @ 300% i.e. Taka 30 per share, amount to total Taka 945,000,000 for the period ended at 30 June 2020.

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32. Financial instruments - fair values and financial risk management

32.1 Accounting classifications and fair values

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

30 June 2020

		Carrying amount						
Particulars	Note	Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	17	-	-	-	-	2,115,197,987	-	2,115,197,987
Loan to employees	17	-	-	-	-	1,442,913		1,442,913
Trade receivables	17	-	-	-		93,427,575	-	93,427,575
Cash and cash equivalents	19	-	-	-		622,215,686	-	622,215,686
		-	-	-	-	2,832,284,161	-	2,832,284,161
Financial liabilities measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	23	-	-	-	-	-	1,917,308,234	1,917,308,234
Lease liabilities	22	-	-	-	-	-	200,152,327	200,152,327
		-	-	-	-	-	2,117,460,561	2,117,460,561

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

32.1 Accounting classifications and fair values (continued)

31 March 2020

Particulars	Note	Carrying amount: Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets measured at fair value		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	17	-	-	-		1,290,000,000	-	1,290,000,000
Loan to employees	17	-	-	-	-	1,673,431	-	1,673,431
Trade receivables	17	-	-	-	-	43,955,943	-	43,955,943
Cash and cash equivalents	19	-	-	-	-	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								
Trade and other payables	23	-	-	-	-	-	1,935,342,636	1,935,342,636
Lease liabilities	22	-	-	-	-	-	210,564,733	210,564,733
		-	-	-	-	-	2,145,907,369	2,145,907,369

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

32.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

32.2.1 Credit risk

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

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

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

In Taka	*Note*	30 June 2020	31 March 2020
Financial assets			
Fixed deposits	17	**2,115,197,987**	1,290,000,000
Loans to employees	17	**1,442,913**	1,673,431
Trade receivables	17	**93,427,575**	43,955,943
Cash and cash equivalents	19	**622,215,686**	420,407,014
		2,832,284,161	1,756,036,388

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

32.2 Financial risk management (continued)

32.2.2 Liquidity risk

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

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

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

			Contractual cash flows					
In Taka	**Note**	**Carrying amount**	**Expected cash flow**	**6 months or less**	**6-12 months**	**1- 2 years**	**2- 5 years**	**More than 5 years**
30 June 2020								
Trade and other payables	23	2,682,351,703	2,682,351,703	2,682,351,703	-	-	-	-
Lease liabilities	22	200,152,327	200,152,326	21,428,535	23,173,233	51,360,140	104,190,418	-
		2,882,504,030	2,882,504,029	2,703,780,238	23,173,233	51,360,140	104,190,418	-
31 March 2020								
Trade and other payables	23	2,711,929,259	2,711,929,259	2,711,929,259	-	-	-	-
Lease liabilities	22	210,564,733	210,564,733	21,030,699	21,805,694	50,131,396	117,596,944	-
		2,922,493,992	2,922,493,992	2,732,959,958	21,805,694	50,131,396	117,596,944	-

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

32.2 Financial risk management (continued)

32.2.3 Market risk

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

i) Currency risk

The Company's exposures to foreign currency risk at 30 June 2020 are as follows:

In USD	30 June 2020	31 March 2020
Import of goods and services	(1,218,985)	(564,730)
Bank balance	304,964	330,351
	(914,021)	(234,379)

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

	Average rate		Year-end spot rate	
	30 June 2020	30 June 2019	30 June 2020	31 March 2020
Exchange rate (USD/BDT)	84.93	84.34	84.93	84.94

ii) Foreign exchange rate sensitivity analysis

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

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

	Profit/(loss)		Equity	
Effect in Taka	Strengthening	Weakening	Strengthening	Weakening
30 June 2020				
USD (1% movement)	(776,278)	776,278	(776,278)	776,278
31 March 2020				
USD (1% movement)	(199,082)	199,082	(199,082)	199,082

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32. Financial instruments - fair values and financial risk management (continued)
32.2 Financial risk management (continued)
32.2.3 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 30 June 2020, the interest rate profile of the Company's interest bearing financial instruments was:

In Taka	**30 June 2020**	**31 March 2020**
Fixed rate instruments		
Financial assets		
Fixed deposit receipts	**2,115,197,987**	1,290,000,000
Financial liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

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33. Basis of measurement

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

34. Standards issued but not yet effective

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

The following amended standards and interpretations are 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.*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*
- *Sale or Contribution of Assets between Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

35. Significant accounting policies

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

Note	Particulars
35.1	Foreign currency transactions
35.2	Property, plant and equipment
35.3	Intangible assets
35.4	Right-of-use asset
35.5	Inventories
35.6	Financial instruments
35.7	Share capital
35.8	Dividend to the equity holders
35.9	Employee benefits
35.10	Accruals
35.11	Provisions
35.12	Income tax expenses
35.13	Revenue
35.14	Finance income and finance cost
35.15	Lease liabilities
35.16	Impairment
35.17	Contingencies
35.18	Assets held for sale
35.19	Earnings per share
35.20	Events after the reporting period

35.1 Foreign currency transactions

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

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35. Significant accounting policies (continued)

35.2 Property, plant and equipment

i) Recognition and measurement

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

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

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

ii) Subsequent cost

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

iii) Depreciation

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

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

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

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

iv) Derecognition

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

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35. Significant accounting policies (continued)

35.2 Property, plant and equipment (continued)

v) **Asset under construction**

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

vi) **Capitalisation of borrowing costs**

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

35.3 Intangible assets

i) **Recognition and measurement**

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

ii) **Subsequent costs**

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

iii) **Amortisation**

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

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

iv) **Derecognition**

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

35.4 Right-of-use asset

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount,of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term.

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35. Significant accounting policies (continued)

35.5 Inventories

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

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

35.6 Financial instruments

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

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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35. Significant accounting policies (continued)

35.6 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.

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35. Significant accounting policies (continued)

35.6 Financial instruments (continued)

(c) Short-term investment

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

iii. Financial liability

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

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

Financial liabilities include trade and other payables etc.

(a) Trade and other payables

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

(b) Loans and borrowings

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

35.7 Share capital

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

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

35.8 Dividend to the equity holders

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

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35. Significant accounting policies (continued)

35.9 Employee benefits

i) Short-term employee benefits

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

ii) Defined benefit plan (Gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees. This scheme is qualified as defined benefit plan. 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.

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35. Significant accounting policies (continued)

35.10 Accruals

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

35.11 Provisions

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

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

35.12 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 2020 i.e. 25%.

ii) Deferred tax

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

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

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

35.13 Revenue

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

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

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

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35. **Significant accounting policies (continued)**

35.14 **Finance income and finance cost**

i) **Finance income**

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

ii) **Finance cost**

Finance 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.

35.15 **Lease liabilities**

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

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

35.16 **Impairment**

i. Financial assets

The Company recognises loss allowances for ECLs on:

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

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

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

Measurement of ECLs

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

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35. Significant accounting policies (continued)

35.16 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.

35.17 Contingencies

i) Contingent liability

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

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

ii) Contingent asset

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

The Company does not recognise contingent asset.

35.18 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.

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35. Significant accounting policies (continued)

35.19 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.

35.20 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.

36. 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

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