



**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
OF  
EMAMI BANGLADESH LIMITED**

**For the year ended 31 March 2022 and as at 31 March 2022**



**AHMED MASHUQUE & CO.,** *Chartered Accountants*

Navana Obaid Eternia  
28-29 Kakrail (Level #13-14)  
VIP Road, Dhaka-1000, Bangladesh  
Tel : +880-2-58316931-39, Fax : +880-2-58316929  
Email: [info@ahmedmashuque.com](mailto:info@ahmedmashuque.com), [Web : www.ahmedmashuque.com](http://www.ahmedmashuque.com)  
Member Firm of **Crowe Global**  
[www.crowe.com](http://www.crowe.com)



**AHMED MASHUQUE & CO.**  
C h a r t e r e d   A c c o u n t a n t s

**INDEPENDENT AUDITOR'S REPORT**  
to the shareholders of  
**Emami Bangladesh Limited**

Navana Obaid Eternia  
28-29 Kakrail (Level # 05, 13 & 14)  
VIP Road, Dhaka-1000, Bangladesh  
Tel: +880-2-58316931-39  
Fax: +880-2-58316929  
Email: info@ahmedmashuque.com  
Web: www.ahmedmashuque.com

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Emami Bangladesh Limited, (the Company), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for opinion**

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

**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 (IFRSs), the Companies Act 1994 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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# AHMED MASHUQUE & CO.

Chartered Accountants

[www.ahmedmashuque.com](http://www.ahmedmashuque.com)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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. 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 gives a true and fair view.

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.

## Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the 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 those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated: 25 April 2022  
Dhaka

  
Ahmed Mashuque & Co.  
Chartered Accountants  
Mashuque Ahmed FCA  
Senior partner and CEO  
Enrolment number: 0690  
DVC: 2205110690AS827216



**Emami Bangladesh Limited**  
**Statement of financial position**  
**As at 31 March 2022**

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31-Mar-22</u>	<u>31-Mar-21</u>
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	4	188,168,026	198,126,008
Capital Working-In-Progress		4,983,026	1,359,836
Right of use assets	5	70,437,650	39,055,711
<b>Total non current assets</b>		<b>263,588,702</b>	<b>238,541,555</b>
<b>Current assets</b>			
Inventories	6	182,282,034	192,002,536
Accounts receivable		671,904,121	540,988,786
Advances, deposits and prepayments	7	87,311,188	54,363,953
Investment in FDR		515,000,000	410,175,313
Accrued interest		6,767,773	4,674,685
Cash and cash equivalents	8	80,453,647	99,827,848
<b>Total current assets</b>		<b>1,543,718,763</b>	<b>1,302,033,121</b>
<b>Total assets</b>		<b>1,807,307,465</b>	<b>1,540,574,676</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	9	3,791,600	3,791,600
Retained earnings		309,639,430	262,335,193
<b>Total equity</b>		<b>313,431,030</b>	<b>266,126,793</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Lease liability	10	56,177,542	32,240,457
Deferred tax liabilities	11	1,595,273	5,086,431
<b>Total non current liabilities</b>		<b>57,772,815</b>	<b>37,326,888</b>
<b>Current liabilities</b>			
Accounts payable		103,623,403	59,021,894
Lease liability	10	22,053,742	12,629,520
Current tax liability	12	75,108,925	57,612,243
Provisions for expenses and other	13	1,235,317,550	1,107,857,338
<b>Total current liabilities</b>		<b>1,436,103,620</b>	<b>1,237,120,995</b>
<b>Total liabilities</b>		<b>1,493,876,435</b>	<b>1,274,447,883</b>
<b>Total equity and liabilities</b>		<b>1,807,307,465</b>	<b>1,540,574,676</b>

*These financial statements should be read in conjunction with the annexed notes.*

Director

AGM-Accounts & Finance

Director

*Signed in terms of our separate report of even date annexed*

Dated: 25 April 2022  
Dhaka



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**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque Ahmed FCA  
Senior partner and CEO  
Enrolment number: 0690  
DVC: 2205110690AS827216

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**Emami Bangladesh Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 March 2022**

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>2021-2022</u>	<u>2020-2021</u>
<b>Income</b>			
Sales (Net)	14.00	1,834,966,135	1,467,851,387
Other income		193,787	169,464
		<b>1,835,159,922</b>	<b>1,468,020,851</b>
<b>Less: Expenditure</b>			
Cost of material	15.00	707,877,232	530,839,480
Changes in inventories of finished goods	16.00	18,170,086	(23,412,957)
Manufacturing expenses	17.00	17,963,211	16,278,452
Operating and other expenses	18.00	552,272,601	418,215,781
Employee benefits expenses	19.00	68,538,186	164,562,099
Depreciation (Schedule -A)		44,707,632	43,740,181
		<b>1,409,528,947</b>	<b>1,150,223,035</b>
<b>Net profit from operations</b>		<b>425,630,975</b>	<b>317,797,816</b>
Add: Interest income		23,904,345	29,598,757
Less: Interest expense on lease liability		(6,300,275)	(5,151,217)
		<b>17,604,070</b>	<b>24,447,541</b>
<b>Net profit before tax</b>		<b>443,235,045</b>	<b>342,245,357</b>
<b>Less: Income tax expenses</b>			
Current tax		149,035,914	157,446,168
Deferred tax		(3,491,158)	(2,192,581)
		<b>145,544,756</b>	<b>155,253,587</b>
<b>Net profit after tax</b>		<b>297,690,289</b>	<b>186,991,770</b>
<b>Other comprehensive income/(expenses)</b>		<b>(3,932,052)</b>	<b>11,380,449</b>
<b>Total comprehensive income</b> (Transferred to statement of changes in equity)		<b>293,758,237</b>	<b>198,372,219</b>

*These financial statements should be read in conjunction with the annexed notes.*

Director

AGM-Accounts & Finance

Director

*Signed in terms of our separate report of even date annexed*

Dated: 25 April 2022  
Dhaka

  
**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
 Mashuque Ahmed FCA  
 Senior partner and CEO  
 Enrolment number: 0690  
 DVC: 2205110690AS827216





**Emami Bangladesh Limited**  
**Statement of changes in equity**  
**For the year ended 31 March 2022**

Particulars	Amount in Taka		
	Share capital	Retained earnings	Total
<b>Balance as at 01 April 2020</b>	3,791,600	382,457,374	386,248,974
Dividend	-	(318,494,400)	(318,494,400)
Total comprehensive income	-	198,372,219	198,372,219
<b>Balance as at 31 March 2021</b>	<b>3,791,600</b>	<b>262,335,193</b>	<b>266,126,793</b>
<b>Balance as at 01 April 2021</b>	3,791,600	262,335,193	266,126,793
Dividend	-	(246,454,000)	(246,454,000)
Total comprehensive income	-	293,758,237	293,758,237
<b>Balance as at 31 March 2022</b>	<b>3,791,600</b>	<b>309,639,430</b>	<b>313,431,030</b>

*These financial statements should be read in conjunction with the annexed notes.*

Director

AGM-Accounts & Finance

Director

*Signed in terms of our separate report of even date annexed*

Dated: 25 April 2022  
Dhaka



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**Emami Bangladesh Limited**  
**Statement of cash flows**  
**For the year ended 31 March 2022**

	Amount in Taka	
	2021-2022	2020-2021
<b>A. Cash flows from operating activities</b>		
Cash received from customers	1,897,742,013	1,592,161,239
Other income	193,787	11,549,913
Payment to suppliers	(681,445,809)	(538,491,952)
Payment for expenses	(739,615,527)	(659,918,269)
AIT and tax paid	(125,688,720)	(225,094,639)
<b>Net cash generated by / (used in) operating activities</b>	<b>351,185,742</b>	<b>180,206,292</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of fixed assets	(34,749,651)	(18,358,858)
Investment in FDR	(104,824,687)	205,935,935
Interest income	21,811,257	36,455,707
Capital work-in-progress	(6,342,862)	(1,359,836)
<b>Net cash provided by / (used in) investing activities</b>	<b>(124,105,943)</b>	<b>222,672,948</b>
<b>C. Cash flows from financing activities:</b>		
Interest paid	-	(112,289)
Dividend paid	(246,454,000)	(318,494,400)
<b>Net cash provided by / (used in) financing activities</b>	<b>(246,454,000)</b>	<b>(318,606,689)</b>
Net changes in cash and cash equivalents (A+B+C)	(19,374,201)	84,272,550
Add: Cash and cash equivalents at the beginning of the year	99,827,848	15,555,298
<b>Cash and cash equivalents at the end of the year</b>	<b>80,453,647</b>	<b>99,827,848</b>

*These financial statements should be read in conjunction with the annexed notes.*

Director

AGM-Accounts & Finance

Director

*Signed in terms of our separate report of even date annexed*

Dated: 25 April 2022  
Dhaka



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**Emami Bangladesh Limited**  
**Notes, comprising significant accounting policies and other explanatory information**  
**For the year ended 31 March 2022 and as at 31 March 2022**

**1.00 Company profile**

**1.01 Legal status of the company**

Emami Bangladesh Ltd. was incorporated in Bangladesh as a private limited company on 25th November 2004 under the Companies Act, 1994 vide registration no. C-54994(1679)/04.

**1.02 Nature of business**

The company is primarily engaged in importing, trading, manufacturing and distribution of ayurvedic and cosmetics products.

**2.00 Basis of preparation**

**2.01 Statement of compliance**

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable. IFRS comprise of

- International Financial Reporting Standards (IFRS);
- International Accounting Standards (IAS); and
- Interpretations.

The titles and format of these financial statements follow the requirements of IFRS which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management IFRS title gives better presentation to the shareholders.

**2.02 Directors' responsibility statement**

The Board of Directors takes the responsibility for the preparation and fair presentation of these financial statements.

**2.03 Date of authorisation for issue of financial statements**

On 25 April 2022, the Board of Directors reviewed the financial statements and authorized for issue.

**2.04 Reporting period**

The financial year of the company has been determined to be from 01 April to 31 March each year. These financial statements cover the year from 01 April 2021 to 31 March 2022.

**2.05 Basis of accounting**

The interim financial statements have been prepared under the accrual basis of accounting.

**2.06 Going concern**

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

**2.07 Basis of measurement**

The financial statements have been prepared under the accrual basis of accounting.

**2.08 Use of estimates and judgments**

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.



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### **Judgements**

Information about judgments made in applying accounting policies that have most significant effect on the amount recognized in the financial statements is included in the following notes:

Note #	3.01	Property, plant and equipment
Note #	3.03	Inventories

### **Assumption and estimation uncertainties**

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year is included in the following notes:

Note #	11	Deferred tax liabilities
Note #	12	Current tax liability
Note #	13	Provisions for expenses and other

### **2.09 Functional and presentational currency**

These financial statements are presented in Bangladeshi Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. All financial information presented in Taka has been rounded off to the nearest Taka.

### **2.10 Materiality and aggregation**

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

### **3.00 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **3.01 Property, plant and equipment**

#### **a) Recognition and measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is initially recognized at its cost of acquisition and subsequently stated at cost less accumulated depreciation and impairment losses, if any, in accordance with IAS-16: Property, Plant and Equipment. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

#### **b) Subsequent cost**

The cost of replacing component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

#### **c) Depreciation**

Depreciation is calculated on Straight Line Method. The principal rates generally in use are as follows :

<b>Particulars</b>	<b>Estimated useful life</b>
Computer and accessories	3 Years
Furniture and fixtures	10 Years
Electrical equipment	10 Years
Plant and machineries	10 Years
Vehicle	8 Years
Factory building	10 Years
Block & Dice	10 Years



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#### d) Disposal

On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of profit or loss and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

### 3.02 Right to use assets and lease liability

The Company is required to adopt IFRS 16 Leases from 01 April 2019 and adopt accordingly.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

#### Recognition

A right-of-use asset and a lease liability is recognized by the company at the *commencement date*.

#### Measurement

##### Initial measurement of the right-of-use asset

At the commencement date, the right-of-use asset are measured at cost.

The cost of the right-of-use asset comprise:

- (a) the amount of the initial measurement of the lease liability,
- (b) any lease payments made at or before the commencement date, less any *lease incentives* received.
- (c) any *initial direct costs* incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

##### Initial measurement of the lease liability

At the commencement date, the lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the *interest rate implicit in the lease/incremental borrowing rate* which is 10%.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) *fixed payments* (including in-substance fixed payments), less any lease incentives receivable.
- b) *variable lease payments* that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- c) amounts expected to be payable by the lessee under *residual value guarantees*.
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

##### Subsequent measurement of the right-of-use asset

After the commencement date, the right-of-use asset are measured applying a cost model.

#### Cost model

To apply a cost model, a lessee shall measure the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

The straight-line depreciation is applying as per requirements in IAS 16 *Property, Plant and Equipment* is applied in depreciating the right-of-use asset.



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If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the *useful life* of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the *useful life* of the right-of-use asset or the end of IAS 36 *Impairment of Assets* is applied to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

#### Subsequent measurement of the lease liability

After the commencement date, the lease liabilities are measured by:

- increasing the carrying amount to reflect interest on the lease liability.
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments

Assets type	Agreement period (no of months)	Implicit interest rate/ incremental borrowing rate
Factory	72	10%
Factory-2	47	10%
Benapole warehouse	29	10%
Factory guest house	36	10%
Gulshan warehouse	24	10%
Guest house	24	10%
Guest house	60	10%
Head office	28	10%
Office rent level 15	28	10%

#### 3.03 Inventories

Inventories are valued in accordance with IAS 2: *Inventories* at lower of cost and net realizable value. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sales. The cost of inventories is based on the weighted average cost method.

#### 3.04 Consideration on credit risk

Management believes that there is no significant consideration of credit risk in the accounts receivable.

#### 3.05 Employees' benefit schemes

##### a) Insurance scheme

The company has a personal life insurance scheme for its permanent employees, premium for which is being charged to statement of profit or loss and other comprehensive income annually as per the insurance policy.

##### b) Employees' retirement gratuity

The company provides retirement benefit in the form of gratuity determined by reference to employees' earnings and years of service to each eligible employees at the time of retirement/separation.

##### c) Leave encashment

Permanent employees of the company are entitled to receive leave encashment on unveiled earned leave.

##### d) Workers Profit Participation Fund (WPPF)

The company obtained the order from First labour court of Bangladesh to keep 5% of the dividend reserve instead of paying WPPF for the employees as the workers profit participation fund till disposed. However, High court division has given stay order against such order (writ petition 6337 of 2020). Based on expert legal advice obtained from Legal firms, the Company is of the opinion that being a 100% FDI Company, provisions regarding WPPF is not applicable to the Company till the time Government enacts relevant rules in this regard as on 31 December 2021. Management has decided to reverse provision made from 2013 to till date, since no specific rule come into force. Details of reversal of fund is as below

Year	Amount in BDT
2014-15	3,469,153
2015-16	8,898,986
2016-17	16,152,601
2017-18	14,824,809
2018-19	21,749,572
2019-20	25,143,828
2020-21	16,924,812
<b>Total</b>	<b>107,163,761</b>



### 3.06 Provisions

In accordance with the guidelines as prescribed by IAS 37: *Provisions, contingent liabilities and contingent assets* provisions are recognised when all the following criteria are met :

- When the company has a present obligation as a result of past event;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the obligation.

### 3.07 Taxation

Income tax expenses comprises current and deferred tax . Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity in which case it is recognized in equity.

#### Current tax

Current tax is recognized in line with the provisions of the Income Tax Ordinance, 1984.

#### Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.
- temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income 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 realized simultaneously.

A deferred tax asset is recognized for tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. 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 realized.

### 3.08 Revenue

"The Company has applied IFRS 15 "Revenue from Contracts with Customers" for annual reporting periods beginning on or after 01 January 2018. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations are satisfied.

"The new standard is based on the principle that revenue is recognized when control of goods or services transfers to a customer, so the concept of control replaces the existing concept of risks and rewards. This standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. A new five-step process must be applied before revenue from contract with customer can be recognized:

- i). Identify the contracts with customers;
- ii). Identify the separate performance obligation;
- iii). Determine the transaction price of the contract;
- iv). Allocate the transaction price to each of the separate performance obligations; and
- v). Recognize the revenue as each performance obligation is satisfied.

### 3.09 Statement of cash flows

Statement of cash flows is prepared in accordance with IAS 7: *Cash Flow Statement* under direct method.



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### 3.10 Events after the reporting date

In accordance with IAS 10: *Events after the reporting period*, amount recognized in the financial statements are adjusted for event after the reporting period that provide additional evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for event after the reporting period that are indicative of conditions that arose after the reporting period. Events after the reporting period that are non-adjusting events are disclosed in the notes when material.

### 3.11 Materiality and aggregation

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

### 3.12 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.

#### Financial assets

The company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

#### • Accounts receivable

Accounts receivable is stated net of provisions, if any.

#### • Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash which are available for use by the Company without any restriction. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### • Investment in FDR

The Company has the positive intent and ability to hold fixed deposits to maturity, and as such financial assets are classified as held to maturity.

Investment in FDR has been made with State Bank of India, Standard Chartered Bank and The Hongkong Shanghai Banking Corporation. Interest on FDR has been accounted for on accrual basis considering the time elapsed for the current accounting period.

#### • Advances, deposits and prepayments

##### *Advances*

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deduction, adjustment.

##### *Deposits*

Deposits are measured at cost value.

##### *Prepayments*

Prepayments are initially measured at cost. After initial recognition, Prepayments are carried at cost less charges to Statement of profit or loss and other comprehensive income.

#### Financial liability

All financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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



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• **Accounts payable and other payables**

Accounts and other payables and other financial liabilities are recognized when contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

**3.13 Share capital**

Paid up capital represents total amount of shareholders capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

**3.14 Interest income and expenses**

Interest income comprises interest income on investment in FDR. Interest expenses comprise interest expense on borrowings from bank.

**3.15 Earning per share**

The Company calculates its earnings per share in accordance with IAS 33: *Earning per share*.

**Basic earnings**

This represents earnings for the year attributable to ordinary shareholders. As there were no preference shares requiring returns or dividends, minority interest or extraordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

**Basic earnings per share**

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

**Diluted earnings per share**

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

**3.16 Offsetting**

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the company intends to either to settle on the net basis, or to realize the assets and to settle the liabilities simultaneously.

**3.17 Transactions in foreign currencies**

Transactions denominated in foreign currencies are translated into Bangladeshi taka at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Bangladeshi taka at the exchange rates ruling at the statement of financial position date. Non monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Bangladeshi taka at the exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognized in the respective head of income/expenses.

**3.18 Comparative information**

Comparative information have been disclosed for all numerical information in the financial statements when it is relevant for understanding the current period's financial statements.

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS 8: Accounting policies, Changes in Accounting Estimates and Errors.

**3.19 Financial risk management policies**

The management of the Company has the overall responsibility for the establishment and oversight of the company's risk management framework. Financial risk management policies require establishing standard procedures to identify and analyse the main risks to which the company is exposed and continually deploying and managing risk management systems designed to eliminate or reduce the probability that risks will arise and to limit their impact. The company is exposed to credit risk, liquidity risk and market risk.



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4.00 Property, plant and equipment

SL No.	Particulars	Cost			Depreciation				W.D.V. as at 31.03.2022	W.D.V. as at 31.03.2021
		Opening balance as at 01.04.2021	Addition during the year	Closing balance as at 31.03.2022	Rate	Opening balance as at 01.04.2021	Addition during the year	Closing balance as at 31.03.2022		
1	Computer accessories	15,878,151	3,412,986	19,291,137	20%	11,997,803	3,175,145	15,172,948	4,118,189	3,880,348
2	Furniture & fixture	24,980,799	1,257,171	26,237,970	10%	13,711,353	4,335,748	18,047,101	8,190,869	11,269,446
3	Factory building	196,921,832	11,279,944	208,201,776	20%	130,911,075	14,943,712	145,854,787	62,346,989	66,010,757
4	Plant & machinery	188,849,298	13,079,867	201,929,165	20%	121,923,551	14,567,370	136,490,921	65,438,244	66,925,747
5	Electrical equipment	41,880,811	2,223,272	44,104,083	20%	19,845,280	2,662,272	22,507,551	21,596,532	22,035,531
6	Vehicles	1,993,615	-	1,993,615	20%	1,686,870	239,093	1,925,963	67,652	306,745
7	Block & dice	63,592,788	3,496,410	67,089,199	30%	35,895,355	4,784,292	40,679,647	26,409,552	27,697,433
		<b>534,097,294</b>	<b>34,749,651</b>	<b>568,846,944</b>		<b>335,971,286</b>	<b>44,707,632</b>	<b>380,678,918</b>	<b>188,168,026</b>	<b>198,126,008</b>



	31-Mar-22 Taka	31-Mar-21 Taka
<b>5.00 Right-of-use asset</b>		
<b>Opening Balance</b>	39,055,711	54,536,110
Addition	51,028,778	-
Accumulated depreciation on RoU	(19,646,839)	(15,480,399)
<b>Closing balance</b>	<b>70,437,650</b>	<b>39,055,711</b>
<i>"The company has already adopted IFRS 16 Leases wef. 1st April 2019 and the above 'Right to use assets' created against lease contracts. Detail requirements described in Note 3.02."</i>		
<b>6.00 Inventories</b>		
Raw materials	72,447,785	75,892,114
Packing materials	39,599,232	34,900,878
Stock in transit for PM	36,039,429	14,234,456
Stock in transit for RM	146,195	-
Finished goods	30,853,357	52,219,480
Stock in transit for FG	3,196,037	14,755,609
	<b>182,282,034</b>	<b>192,002,536</b>
<b>7.00 Advances, deposits and prepayments</b>		
<b>Advances:</b>		
Advance payment of supplementary duty	159,012	-
Recoverable VAT	76,548,868	43,442,410
Advance for expenses	3,584	379,090
<b>Deposits:</b>		
Ansar and VDP	687,244	687,244
Factory rent	2,000,000	2,000,000
Head office rent	629,100	629,100
Guest house rent	140,000	140,000
Bangladesh Telecommunications Company Limited	28,900	28,900
Bangladesh Rural Electrification Board	1,890,000	1,890,000
Other	796,035	822,535
<b>Prepayments:</b>		
Prepaid expenses	4,428,444	4,344,674
	<b>87,311,188</b>	<b>54,363,953</b>
<b>8.00 Cash and cash equivalents</b>		
Cash in hand	3,834	237,855
Cash at bank:		
Dhaka Bank Limited	1	1
Standard Chartered Bank	560,993	1,277,284
The Hongkong Shanghai Banking Corporation	46,886,940	28,936,006
South East Bank Limited	219,322	220,012
State Bank of India	12,453,441	2,704,854
Brac Bank Limited	329,115	1,451,835
Cheque in hand	20,000,000	65,000,000
	<b>80,449,812</b>	<b>99,589,993</b>
	<b>80,453,647</b>	<b>99,827,848</b>
<b>9.00 Share Capital</b>		
<b>Authorized Share Capital</b>	<b>100,000,000</b>	<b>100,000,000</b>
1000,000 Ordinary shares of Tk. 100.00 each		
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>3,791,600</b>	<b>3,791,600</b>
37,916 Ordinary shares of Tk. 100.00 each.		
Shareholding position of the company is as follows:		
Emami Limited, India	3,789,600	3,789,600
(37,896 ordinary shares @ Tk.100 each)	1,000	1,000
Mr. Shri A.V Agarwal	1,000	1,000
(10 ordinary shares @ Tk.100 each)		
Mr. Shri Ashish Goenka		
(10 ordinary shares @ Tk.100 each)	<b>3,791,600</b>	<b>3,791,600</b>



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	31-Mar-22 Taka	31-Mar-21 Taka
<b>10.00 Lease liability</b>		
Non current liability	56,177,542	32,240,457
Current liability	22,053,742	12,629,520
<b>Total</b>	<b>78,231,284</b>	<b>44,869,977</b>

**11.00 Deferred tax liabilities**

Deferred tax has been recognised and measured in accordance with the provision of IAS 12: *Income taxes*.

**11.01 Deferred tax has been arrived at as follows:**

	Carrying amount as at 31 Mar 2022	Tax base as at 31 Mar 2022	Taxable/ (deductible) Temporary difference
<b>Property, plant and equipment</b>			
Computer accessories	4,118,189	5,176,431	(1,058,242)
Furniture & fixture	8,190,869	15,165,470	(6,974,601)
Factory building	62,346,989	65,598,560	(3,251,571)
Plant & machinery	65,438,244	57,827,437	7,610,807
Electrical equipment	21,596,532	13,578,312	8,018,219
Vehicles	67,652	352,444	(284,791)
Block & dice	26,409,552	25,151,798	1,257,754
	<b>188,168,026</b>	<b>182,850,451</b>	<b>5,317,575</b>
<b>Total taxable temporary difference</b>			<b>5,317,575</b>
Tax rate			30.00%
<b>Total</b>			<b>1,595,273</b>

**Deferred tax has been arrived at as follows:**

Opening balance	5,086,431	7,279,012
Provision adjusted during the year	(3,491,158)	(2,192,581)
	<b>1,595,273</b>	<b>5,086,431</b>

**12.00 Current tax liability**

Provision for income tax (Note #12.01)	201,003,149	150,622,763
Advance income tax (Note #12.02)	(125,894,224)	(93,010,520)
	<b>75,108,925</b>	<b>57,612,243</b>

**12.01 Provision for income tax**

Opening Balance	150,622,763	181,845,174
Add: Addition during the year	149,035,914	157,446,168
Less: Adjustment during the year	(98,655,528)	(188,668,579)
	<b>201,003,149</b>	<b>150,622,763</b>

**12.02 Advance income tax**

Opening Balance	93,010,520	56,584,460
Add: Addition during the year	125,688,720	211,156,491
Less: Adjustment during the year	(92,805,016)	(174,730,431)
	<b>125,894,224</b>	<b>93,010,520</b>



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	31-Mar-22 Taka	31-Mar-21 Taka
<b>13.00 Provisions for expenses and other</b>		
Outstanding expenses	158,126,190	47,883,298
Supplementary duty payable	-	5,049,757
Employee benefits expenses (Note#13.01)	21,732,612	38,075,761
Litigation provision (Note#13.02)	965,685,878	952,968,153
TDS and VDS payables	2,102,687	1,326,442
Royalty payable	87,670,183	62,553,927
	<b>1,235,317,550</b>	<b>1,107,857,338</b>
<b>13.01 Employee benefits expenses</b>		
Interest on Workers' Profit Participation and Welfare Fund	-	8,261,811
Employees' Retirement Gratuity	12,998,228	12,365,405
Leave encashment	8,047,934	9,259,855
Salary and wages	686,449	8,188,690
	<b>21,732,612</b>	<b>38,075,761</b>
<b>13.02 Litigation provision</b>		
Litigation provision for supplementary duty and VAT	964,116,615	852,496,940
Other provision	1,569,263	100,471,213
	<b>965,685,878</b>	<b>952,968,153</b>

Litigation provision represents provision for SD and VAT on Himani Navaratna Oil (HNRO) which is licensed as Ayurvedic Medicine by the Directorate of Drug Administration (DGDA) of Bangladesh and is eligible for VAT exemption as per SRO No.167-Law/2013/671-VAT dated 06 June 2013. However, the Customs, Excise and VAT authority has contested the eligibility. The Company had filed an Appeal in the Appellate Tribunal against the claim made by the VAT Authority. The Appellate Tribunal passed an order on 18 November 2014 in favour of the Company. However, VAT Commissionerate, Dhaka (North) filed an Appeal against the said Order of the Tribunal in the High Court (VAT Appeal No. 16 of 2015). No hearing has taken place till date. Legal counsel of the Company is given PoA to ensure that the case is heard before disposal. Even though the grounds for the Company are believed to be strong, due to the significance of the contingency the Management has decided to recognize the provision and carry on accumulation of the same till the final disposal of the issue from the highest court.

Other Litigation provision is also a contingency provision for Workers' Profits Participation Fund (WPPF), which the Company, provided in the books. Based on expert legal advice obtained from different Legal firms, the Company is of the opinion that being a 100% FDI Company, provisions regarding WPPF is not applicable to the Company till the time Government enacts relevant rules in this regard. However, because of significance and as a measure of abundant caution and going by the conservative principle, provision is made in the books. Though Bangladesh Court gave an order to keep 5% dividend reserve, the company take stay order against such order of Bangladesh Labor Court. However, management decided not to create any separate provision except keeping retained earnings considering 5% provision of dividend declared.



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	<u>2021-2022</u>	<u>2020-2021</u>
	<u>Taka</u>	<u>Taka</u>
<b>14.00 Sales (Net)</b>		
Manufactured goods (Ayurvedic/Cosmetics)	1,592,382,594	1,298,141,080
Imported goods (Cosmetics)	242,583,541	169,710,308
	<b>1,834,966,135</b>	<b>1,467,851,387</b>
<b>15.00 Cost of material</b>		
Opening inventories	125,027,447	103,457,098
Add: Purchase during the year	730,936,230	552,409,829
Less: Closing inventories	(148,086,446)	(125,027,447)
	<b>707,877,232</b>	<b>530,839,480</b>
<b>16.00 Changes in inventories of finished goods</b>		
Opening inventories	52,219,480	28,806,523
Less: Closing inventories	(34,049,394)	(52,219,480)
	<b>18,170,086</b>	<b>(23,412,957)</b>
<b>17.00 Manufacturing expenses</b>		
Power and utility	5,337,320	5,415,694
Factory rent	-	1,310,336
Depreciation - Right of use assets	9,514,149	6,992,450
Consumable and stores	3,111,743	2,559,972
	<b>17,963,211</b>	<b>16,278,452</b>
<b>18.00 Operating and other expenses</b>		
Audit fees	357,075	357,075
Legal and professional fees	14,868,976	12,839,328
Electricity	647,631	620,154
Bank charge	138,634	617,754
Insurance expenses	8,551,260	6,819,283
Guest house rent	-	602,843
Depreciation - Right of use assets	10,132,691	8,487,949
Guest house expenses	1,766,082	1,447,762
General charges	4,214,303	5,845,141
Royalty	25,116,256	28,137,400
Recruitment expenses	725,410	725,868
Vehicle running expenses	4,099,727	3,082,449
Office rent	2,727,356	-
Postage and telephone	2,095,188	1,923,336
Stationeries and office supplies	1,205,473	1,118,176
Repair and maintenance	-	-
Building	291,324	323,347
Machinery	1,786,415	1,302,178
Others	4,120,318	4,414,739
Books and periodicals	55,678	106,594
Traveling and conveyance expenses	16,777,856	16,519,151
Overseas travelling	429,767	121,581
Rates & taxes	7,986,472	6,939,076
Sales, marketing and distribution expenses	436,665,692	308,718,889
Laboratory testing expenses	1,642,790	1,452,497
Security service charges	5,870,226	5,693,210
	<b>552,272,601</b>	<b>418,215,781</b>



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	2021-2022 Taka	2020-2021 Taka
<b>19.00 Employee benefits expenses</b>		
Wages	15,033,381	12,626,307
Personnel expenses	148,207,170	122,070,802
Employees' Retirement Gratuity	3,688,899	4,745,673
Other Employee benefit	-	17,112,268
Group insurance	2,318,999	3,035,813
Staff welfare	6,453,498	4,971,236
Workers Profit Participation Fund (WPPF) (Note: 3.05)	(107,163,761)	-
	<b>68,538,186</b>	<b>164,562,099</b>

<b>21.00 Basic earnings per share (EPS)</b>		
Profit after tax	297,690,289	186,991,770
Number of shares	37,916	37,916
<b>Basic EPS</b>	<b>7,851</b>	<b>4,932</b>

**22.00 Particulars of employee**

**Nationality:**

Bangladeshi	179	174
Non-Bangladeshi	2	3
	<b>181</b>	<b>177</b>

**Salary range:**

Monthly Taka 3,000 or above	181	177
Monthly below Taka 3,000	-	-
	<b>181</b>	<b>177</b>

**22.00 Related party transaction**

During the year the company carried out a number of transactions with related parties in the normal course of business.

Names of those related parties, Nature of those transactions and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure.

Name and Relationship of the related party transaction	Nature of transaction	Transaction for the year ended 31-Mar-2022	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	69,765,000	16,967,024
	Purchase of finished goods	65,082,035	1,686,636
	Purchase of lab equipment		
	Purchase of plant & machinery	4,859,302	
	Dividend	246,324,000	
	Royalty	25,116,256	87,670,183
Emami FZE, Group Company	Purchase of finished goods	10,882,638	736,429
Emami FZE, Group Company	Purchase of RM/PM		
Mr. Shri A.V Agarwal	Dividend	65,000	
Mr. Shri Ashish Goenka	Dividend	65,000	



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Name and Relationship of the related party transaction	Nature of transaction	Transaction for the year ended 31-Mar-2021	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	86,850,066	5,650,118
	Purchase of finished goods	82,795,604	8,051,515
	Purchase of lab equipment		-
	Purchase of plant & machinery	456,663	-
	Dividend	318,326,400	
	Royalty	28,137,400	62,553,927
Emami FZE, Group Company	Purchase of finished goods	5,922,622	-
	Purchase of raw & packing materials	4,989,097	
Mr. Shri A.V Agarwal	Dividend	84,000	
Mr. Shri Ashish Goenka	Dividend	84,000	

#### Transaction with Key Management Personnel

The following disclosures are made in accordance with the provisions of IAS: 24 Related Party Disclosures, in respect of the compensation of key management personnel. Under IAS 24, 'Key Management Personnel' are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. The transactions of the current members of the Board of Management is set out below.

Name and Relationship of the related party transaction	Nature of transaction	Transaction for the year ended 31-Mar-2022	
		Transaction value	Amount due
Mr. Naseem Shafi Director	Factory rent	12,571,875	-

#### 23.00 Reconciliation of IFRS 16 Lease and actual rent expense.

Note head	Note	Actual Rent	Interest expense	Depreciation
Manufacturing expenses	17	12,571,875	3,979,333	9,514,149
Operating and other expenses	18	11,304,441	2,229,511	10,132,691
<b>Total</b>		<b>23,876,316</b>	<b>6,208,844</b>	<b>19,646,840</b>



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