

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
EMAMI BANGLADESH LIMITED
AS AT AND FOR THE YEAR ENDED 31 MARCH 2019**



AHMED MASHUQUE & CO., *Chartered Accountants*

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C H A R T E R E D A C C O U N T A N T S

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**Independent Auditors' Report
to the shareholders of
EMAMI BANGLADESH LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Emami Bangladesh Limited, which comprise the statements of financial position as at 31 March 2019, 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 true and fair view, in all material respects, the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

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 requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 and fair presentation of these financial statements 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 charge with governance are also responsible for overseeing the company's financial reporting process.



Auditor's Responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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 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 those books; and
- c) the company's 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: 16 April 2019
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants



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Emami Bangladesh Ltd.
Statement of financial position
As at 31 March 2019

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31-Mar-19</u>	<u>31-Mar-18</u>
Assets			
Non current assets			
Property, plant and equipment	6.00	243,348,789	271,950,158
Total non current assets		243,348,789	271,950,158
Current assets			
Inventories	7.00	64,163,767	70,978,512
Accounts receivable		148,112,647	33,714,450
Advances, deposits and prepayments	8.00	30,648,265	15,738,538
Investment in FDR		1,027,500,000	656,017,805
Accrued interest		17,234,375	5,936,941
Cash and cash equivalents	9.00	50,651,057	49,209,788
Total current assets		1,338,310,111	831,596,034
Total assets		1,581,658,900	1,103,546,192
Equity and Liabilities			
Equity			
Share capital	10.00	3,791,600	3,791,600
Retained earnings		549,191,515	395,218,829
Total equity		552,983,115	399,010,429
Liabilities			
Non current liabilities			
Deferred tax liabilities	11.00	6,610,285	9,283,517
Total non current liabilities		6,610,285	9,283,517
Current liabilities			
Accounts payable		32,473,308	7,357,490
Current tax liability	12.00	74,604,583	23,422,855
Provisions for expenses and other	13.00	914,987,609	664,471,901
Total current liabilities		1,022,065,500	695,252,246
Total liabilities		1,028,675,785	704,535,763
Total equity and liabilities		1,581,658,900	1,103,546,192

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

Radha kumar
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 Director

[Signature]
 Senior Manager-Accounts

[Signature]
 Director

Signed in terms of our separate report of even date annexed

Dated: 16 April 2019
 Dhaka

Ahmed Mashuque & Co.
 Chartered Accountants



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Emami Bangladesh Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2019

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>2018-2019</u>	<u>2017-2018</u>
<u>Income</u>			
Sales (Net)	14.00	1,477,325,022	1,228,239,128
Other income		540,507	300,653
		<u>1,477,865,529</u>	<u>1,228,539,781</u>
<u>Less: Expenditure</u>			
Cost of material	15.00	533,625,448	463,992,204
Changes in inventories of finished goods	16.00	3,713,014	(1,599,231)
Manufacturing expenses	17.00	18,224,925	17,291,490
Operating and other expenses	18.00	430,724,867	350,999,776
Employee benefits expenses	19.00	118,148,966	103,809,927
Depreciation		57,717,208	61,508,844
		<u>1,162,154,428</u>	<u>996,003,010</u>
Net profit from operations		<u>315,711,101</u>	<u>232,536,771</u>
Add: Interest income		51,550,006	17,459,305
Less: Interest expenses		(19,869)	(447)
Net profit before tax		<u>367,241,238</u>	<u>249,995,629</u>
<u>Less: Income tax expenses</u>			
Current tax		128,534,433	89,753,583
Deferred tax		(2,673,231)	(458,923)
		<u>125,861,202</u>	<u>89,294,660</u>
Net profit after tax		<u>241,380,036</u>	<u>160,700,969</u>
Other comprehensive income		-	-
Total comprehensive income		<u>241,380,036</u>	<u>160,700,969</u>
(Transferred to statement of changes in equity)			

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

Trady Kina Mallia
 Director

[Signature]
 Senior Manager-Accounts

[Signature]
 Director

Signed in terms of our separate report of even date annexed

Dated: 16 April 2019
 Dhaka



Ahmed Mashuque & Co.
Chartered Accountants

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Emami Bangladesh Ltd.
Statement of changes in equity
For the year ended 31 March 2019

Particulars	Amount in Taka		
	Share capital	Retained earnings	Total
Balance as at 01 April 2017	3,791,600	314,141,460	317,933,060
Dividend		(79,623,600)	(79,623,600)
Total comprehensive income	-	160,700,969	160,700,969
Balance as at 31 March 2018	3,791,600	395,218,829	399,010,429
Balance as at 01 April 2018	3,791,600	395,218,829	399,010,429
Dividend		(79,623,600)	(79,623,600)
Prior period adjustment for income tax		26,250	26,250
Prior period adjustment for IFRS-15		(7,810,000)	(7,810,000)
Total comprehensive income	-	241,380,036	241,380,036
Balance as at 31 March 2019	3,791,600	549,191,515	552,983,115

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

Radwanul Karim
 Director

[Signature]
 Senior Manager-Accounts

[Signature]
 Director

Signed in terms of our separate report of even date annexed

Dated: 16 April 2019
 Dhaka

[Signature]
 Ahmed Mashuque & Co.
 Chartered Accountants

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Emami Bangladesh Ltd.
Statement of cash flows
For the year ended 31 March 2019

	Amount in Taka	
	2018-2019	2017-2018
A. Cash flows from operating activities		
Collection from sales	1,362,926,825	1,242,742,984
Other income	540,507	300,653
Payment to suppliers	(506,533,197)	(471,834,078)
Payment for expenses	(331,492,805)	(324,773,159)
Income tax paid	(80,993,417)	(114,840,129)
<i>Net cash generated by / (used in) operating activities</i>	444,447,914	331,596,270
B. Cash flows from investing activities:		
Acquisition of fixed assets	(29,677,592)	(29,587,706)
Investment in FDR	(371,482,195)	(255,813,204)
Interest income	40,252,572	14,293,275
Capital work-in-progress	(2,455,961)	-
<i>Net cash provided by / (used in) investing activities</i>	(363,363,176)	(271,107,635)
C. Cash flows from financing activities:		
Interest paid	(19,869)	(447)
Dividend paid	(79,623,600)	(79,659,300)
Receipt/(payment) of long term loan	-	-
<i>Net cash provided by / (used in) financing activities</i>	(79,643,469)	(79,659,747)
Net changes in cash and cash equivalents (A+B+C)	1,441,269	(19,171,112)
Add: Cash and cash equivalents at the beginning of the year	49,209,788	68,380,900
Cash and cash equivalents at the end of the year	50,651,057	49,209,788

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

Pradykuma Malia
 Director

[Signature]
 Senior Manager-Accounts

[Signature]
 Director

Signed in terms of our separate report of even date annexed

Dated: 16 April 2019
 Dhaka

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[Signature]
 Ahmed Mashuque & Co.
 Chartered Accountants

Emami Bangladesh Ltd.
Notes, comprising significant accounting policies and other explanatory information
As at and for the year ended 31 March 2019

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, 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 2018 to 31 March 2019.

2.05 Basis of accounting

The 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 on historical cost convention.



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.

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 #	3.02	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.

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

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost includes expenditure that are directly attributable to the acquisition of the assets.

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 reducing balance method. The principal rates generally in use are as follows :

Particulars	Rate of depreciation
Computer and accessories	20%
Furniture and fixtures	10%
Electrical equipment	20%
Plant and machineries	20%
Vehicle	20%
Factory building	20%
Block & Dice	30%



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 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.

3.03 Consideration on credit risk

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

3.04 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 unavailed earned leave.

3.05 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.

3.06 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.

3.07 Revenue recognition

(a) Sales of goods

Sales are recognized when the entity satisfies a performance obligation by transferring a promised goods to a customer. Sales are stated net of returns and excluding VAT.

(b) Interest income

Interest income is recognized on accrual basis.

3.08 Statement of cash flows

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

3.09 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.

3.10 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.

3.11 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.

- **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.

3.12 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.

3.13 Interest income and expenses

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



3.14 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.

3.15 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.

3.16 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.

4.00 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*.

5.00 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 analyze 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.

	31-Mar-19 Taka	31-Mar-18 Taka
6.00 Property, plant and equipment	243,348,789	271,950,158
Property, plant and equipment represents the written down value of the capital assets held by the company as on the date of Statement of financial position. Detail has been given in Schedule - A .		
7.00 Inventories		
Raw materials	23,012,567	27,326,106
Packing materials	17,148,312	20,694,541
Stock in transit for RM and PM	2,000,149	
Finished goods	19,244,851	22,957,865
Stock in transit for FG	2,757,888	
	64,163,767	70,978,512



	31-Mar-19 Taka	31-Mar-18 Taka
8.00 Advances, deposits and prepayments		
Advances:		
Advance payment of supplementary duty	1,585,716	1,875,302
VAT current account	20,254,829	5,941,515
Advance for expenses	351,699	90,709
Other receivable	(17,894)	(50,400)
Deposits:		
Ansar and VDP	687,244	687,244
Factory rent	2,000,000	2,000,000
Head office rent	725,600	725,600
Guest house rent	140,000	215,000
Bangladesh Telecommunications Company Limited	28,900	28,900
Bangladesh Rural Electrification Board	1,890,000	1,890,000
Other	3,500	3,500
Prepayments:		
Prepaid expenses	2,998,671	2,331,168
	30,648,265	15,738,538
9.00 Cash and cash equivalents		
Cash in hand	74,332	505,558
Cash at bank:		
Dhaka Bank Limited	1	1
Standard Chartered Bank	1,209,228	1,172,038
The Hongkong Shanghai Banking Corporation	7,659,377	46,796,779
South East Bank Limited	387,967	397,204
State Bank of India	1,320,152	338,208
Cheque in hand	40,000,000	-
	50,576,725	48,704,230
	50,651,057	49,209,788
10.00 Share Capital		
Authorized Share Capital	100,000,000	100,000,000
1000.000 Ordinary shares of Tk. 100.00 each		
Issued, Subscribed and Paid-up Share Capital	3,791,600	3,791,600
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)		
Mr. Shri A.V Agarwal	1,000	1,000
(10 ordinary shares @ Tk.100 each)		
Mr. Shri Ashish Goenka	1,000	1,000
(10 ordinary shares @ Tk.100 each)		
	3,791,600	3,791,600



11.00 Deferred tax liabilities

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

	Carrying amount as at 31 Mar 2019	Tax base as at 31 Mar 2019	Taxable/ (deductible) Temporary difference
Property, plant and equipment			
Computer accessories	5,024,200	2,712,524	2,311,676
Furniture & fixture	10,941,974	12,672,231	(1,730,258)
Factory building	95,881,663	83,373,542	12,508,121
Plant & machinery	86,255,941	75,695,876	10,560,065
Electrical equipment	23,263,605	17,210,620	6,052,985
Vehicles	682,297	688,366	(6,069)
Block & dice	21,299,109	25,340,055	(4,040,946)
	243,348,789	217,693,215	25,655,574
Unapproved gratuity fund	(6,769,044)	-	(6,769,044)
Total taxable temporary difference			18,886,530
Tax rate			35%
Deferred tax liability/ expense on temporary difference			6,610,285

	31-Mar-19 Taka	31-Mar-18 Taka
Deferred tax has been arrived at as follows:		
Opening balance	9,283,517	9,742,440
Provision made during the year	(2,673,231)	(458,923)
	6,610,285	9,283,517

12.00 Current tax liability

Provision for income tax (Note # 12.01)	130,654,224	91,873,374
Advance income tax (Note # 12.02)	(56,049,641)	(68,450,519)
	74,604,583	23,422,855

12.01 Provision for income tax

Opening Balance	91,873,374	102,394,557
Add: Addition during the year	132,175,145	89,294,660
Less: Adjustment during the year	(93,394,295)	(99,815,843)
	130,654,224	91,873,374

12.02 Advance income tax

Opening Balance	68,450,519	46,705,995
Add: Addition during the year	80,993,417	121,560,367
Less: Adjustment during the year	(93,394,295)	(99,815,843)
	56,049,641	68,450,519

13.00 Provisions for expenses and other

Outstanding expenses (Note 13.01)	164,736,604	89,087,891
Employee benefits expenses (Note 13.02)	27,754,197	17,347,213
Litigation provision (Note 13.03)	697,320,075	546,776,125
TDS and VDS payables	820,988	1,260,967
Royalty payable	24,355,746	9,999,706
	914,987,609	664,471,901



13.01 Impact of the adoption of IFRS 15

The impact of the adoption of these standards on the Company's equity as at 1 April 2019 is based on assessments undertaken to date and is summarized below.

For prior period (31st March 2018)	7,810,000
For current period (31th March 2019)	16,917,000
	<u>24,727,000</u>

Emami Bangladesh Ltd. has assessed the impact of the initial application of IFRS 15 on its financial statements. As per Emami Bangladesh Ltd. assessment adoption of IFRS 15 would have the following adjustment (pretax) in Sales, marketing and distribution expenses and Outstanding expenses.

Employee benefits expenses (Note - 13.02) and litigation provision (Note - 13.03) has been reclassified to provide more specific information.

	<u>31-Mar-19</u> Taka	<u>31-Mar-18</u> Taka
13.02 Employee benefits expenses		
Interest on Workers' Profit Participation and Welfare Fund	8,261,811	2,549,273
Employees' Retirement Gratuity	6,769,044	4,415,302
Leave encashment	6,068,008	4,966,458
Salary and wages	6,655,334	5,416,180
Other benefits	-	-
	<u>27,754,197</u>	<u>17,347,213</u>
13.03 Litigation provision		
Litigation provision for supplementary duty and VAT	639,104,958	506,923,070
Other provision	58,215,117	39,853,055
	<u>697,320,075</u>	<u>546,776,125</u>

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 (WPP), 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 WPP 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.



	<u>2018-2019</u>	<u>2017-2018</u>
	<u>Taka</u>	<u>Taka</u>
14.00 Sales (Net)		
Manufactured goods (Ayurvedic)	510,067,553	443,018,249
Manufactured goods (Cosmetics)	796,950,253	556,721,656
Imported goods (Cosmetics)	170,307,216	228,499,223
	<u>1,477,325,022</u>	<u>1,228,239,128</u>
Sales is recognized net of SD, VAT & Other taxes collected on behalf of the Government as per the prevailing statute.		
15.00 Cost of material		
Opening inventories	48,020,647	55,871,823
Add: Purchase during the year	525,765,680	456,141,028
Less: Closing inventories	(40,160,879)	(48,020,647)
	<u>533,625,448</u>	<u>463,992,204</u>
16.00 Changes in inventories of finished goods		
Opening inventories	22,957,865	21,358,634
Less: Closing inventories	(19,244,851)	(22,957,865)
	<u>3,713,014</u>	<u>(1,599,231)</u>
17.00 Manufacturing expenses		
Power and utility	5,311,072	4,576,378
Factory rent	10,161,800	10,057,500
Consumable and stores	2,752,053	2,657,612
	<u>18,224,925</u>	<u>17,291,490</u>
18.00 Operating and other expenses		
Office rent	4,624,956	4,471,339
Guest house rent	903,156	1,290,525
Guest house expenses	1,314,241	1,122,772
General charges	2,372,032	2,982,339
Royalty	14,356,040	9,997,399
Recruitment expenses	57,750	65,549
Vehicle running expenses	3,478,333	3,301,655
Electricity	478,978	407,748
Audit fees	310,500	230,000
Insurance expenses	6,762,964	4,464,659
Bank charge	99,078	211,597
Legal and professional fees	14,164,452	10,552,829
Postage and telephone	1,628,586	1,573,597
Stationeries and office supplies	889,619	451,253
Repair and maintenance	-	-
Building	363,474	255,678
Machinery	1,869,075	1,391,876
Others	3,617,905	3,239,878
Books and periodicals	65,481	43,191
Traveling and conveyance expenses	7,955,533	6,940,936
Overseas travelling	1,444,336	1,205,960
Rates & taxes	6,236,109	9,948,456
Sales, marketing and distribution expenses	350,653,421	280,409,981
Laboratory testing expenses	1,159,780	1,151,312
Security service charges	5,304,967	5,289,247
Loss on theft	52,341	-
Loss on disposal	561,760	-
	<u>430,724,867</u>	<u>350,999,776</u>



	2018-2019 Taka	2017-2018 Taka
19.00 Employee benefits expenses		
Wages	12,861,486	13,178,727
Personnel expenses	71,637,420	71,225,573
Employees' Retirement Gratuity	3,125,833	919,444
Other Employee benefit	24,074,600	12,499,781
Group insurance	2,248,862	2,257,015
Staff welfare	4,200,765	3,729,387
	118,148,966	103,809,927
20.00 Basic earnings per share (EPS)		
Profit after tax	241,380,036	160,700,969
Number of shares	37,916	37,916
Basic EPS	6,366	4,238
21.00 Particulars of employee		
<i>Nationality:</i>		
Bangladeshi	102	97
Non-Bangladeshi	2	2
	104	99
<i>Salary range:</i>		
Monthly Taka 3,000 or above	104	99
Monthly below Taka 3,000	-	-
	104	99

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 during the year 2018 - 2019	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	70,081,358	13,706,537
	Purchase of finished goods	52,227,604	-
	Purchase of lab equipment	128,268	-
	Purchase of plant & machinery	1,894,404	-
	Dividend	79,581,600	-
	Royalty	-	24,355,706
Mr. Shri A.V Agarwal	Dividend	21,000	-
Mr. Shri Ashish Goenka	Dividend	21,000	-

Name and Relationship of the related party transaction	Nature of transaction	Transaction during the year 2017 - 2018	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	59,617,669	6,226,487
	Purchase of finished goods	75,804,840	1,529,122
	Dividend	79,587,900	-
	Royalty	-	9,999,706
Mr. Shri A.V Agarwal	Dividend	17,850	-
Mr. Shri Ashish Goenka	Dividend	17,850	-



23.00 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. 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 risks
- Liquidity risks
- Market risk

- Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, *i.e.* their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

a) Exposure to credit risk

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

		Amount in taka	
		As at 31 March 2019	As at 31 March 2018
Investment in FDR		1,027,500,000	656,017,805
Bank balances(except cash in hand)	Note # 9	50,576,725	48,704,230
		1,078,076,725	704,722,035

b) Ageing of accounts receivables

The aging of the gross account receivable at the reporting date was:

Invoiced 0 to 30 days	148,112,647	33,714,450
	148,112,647	33,714,450

• Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to managing liquidity (cash and bank balances) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses.

Typically, the Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the shareholders in the form of shareholder's loan/capital contribution.



The following are the contractual maturities of financial liabilities :

As at 31 March 2019					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Accounts payable	32,473,308	(32,473,308)	(32,473,308)	-	-
Dividend payable	-	-	-	-	-
Current tax liability	74,604,583	(74,604,583)	-	(74,604,583)	-
Provisions for	914,987,609	(914,987,609)	(193,311,788)	(24,355,746)	(697,320,075)
	1,022,065,500	(1,022,065,500)	(225,785,096)	(98,960,329)	(697,320,075)

As at 31 March 2018					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Accounts payable	7,357,490	(7,357,490)	(7,357,490)	-	-
Dividend payable	-	-	-	-	-
Current tax liability	23,422,855	(23,422,855)	-	(23,422,855)	-
Provisions for	664,471,901	(664,471,901)	(664,471,901)	-	-
	695,252,246	(695,252,246)	(671,829,391)	(23,422,855)	-

• **Market risk**

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will 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 level.

Currency risk

Translation risk

Translation risk is the risk that the company will make exchange losses when the accounting results are translated into the home currency.

Interest rate risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

24.00 Operating leases - Leases as lessee

The company usually leases office premises, factory premises and guest house. The leases typically run for a period of years as mentioned in the lease agreements, with an option to renew the lease after that date.

During the period an amount of Taka 15,689,912 was recognised as an expense in statement of profit or loss and other comprehensive income in respect of operating leases which is as follows:

	Amount in Taka	
	2018-2019	2017-2018
Office rent	4,624,956	4,471,339
Factory rent	10,161,800	10,057,500
Guest house rent	903,156	1,290,525
	15,689,912	15,819,364

25.00 Capital expenditure commitment

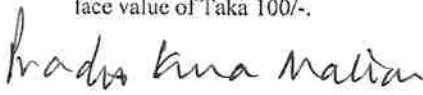
There is no capital expenditure commitment.

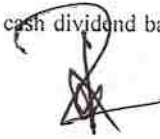
26.00 Contingent Liability

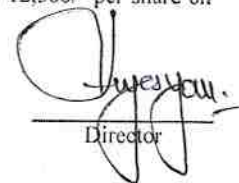
The company has contingent liability against the LC no. DCDAK 902703 dated 25 March 2019 amounted USD 157,099.60 which will be paid in future based on the goods received from the respective supplier.

27.00 Subsequent events

The Board of Directors has proposed a final cash dividend based on 31 March 2019 of Taka 12,500/- per share on face value of Taka 100/-.


Director


Senior Manager-Accounts


Director



Emami Bangladesh Ltd.
Property, plant and equipment
As at 31 March 2019

For the year ended 31 March 2018

SL.#	Particulars	Cost				Closing balance as at 31.03.2019	Rate	Depreciation			W.D.V. as at 31.03.2019	W.D.V. as at 31.03.2018
		Opening balance as at 01.04.2018	Addition during the year	Disposal during the period	Closing balance as at 31.03.2019			Opening balance as at 01.04.2018	Addition during the year	Disposal during the period		
1	Computer accessories	10,603,886	450,979	-	11,054,865	20%	1,174,008	-	6,030,665	5,024,200	5,747,229	
2	Furniture & fixture	19,165,872	812,374	1,086,700	18,891,547	10%	1,847,763	788,141	7,949,573	10,941,974	12,275,921	
3	Factory building	184,698,006	8,092,062	-	192,790,068	20%	22,671,113	-	96,908,405	95,881,663	110,460,714	
4	Plant & machinery	166,772,518	10,671,537	750,125	176,693,930	20%	20,042,616	486,929	90,437,989	86,255,941	95,890,216	
5	Electrical equipment	33,965,794	3,253,003	-	37,218,797	20%	3,366,889	-	13,955,192	23,263,605	23,377,491	
6	Vehicles	1,993,615	-	-	1,993,615	20%	170,574	-	1,311,318	682,297	852,872	
7	Block & dice	35,651,576	12,135,287	-	47,786,863	30%	8,444,244	-	26,487,754	21,299,109	17,608,066	
	Sub Total	452,851,267	35,415,242	1,836,825	486,429,684		57,717,207	1,275,070	243,080,895	243,348,789	266,212,508	
8	Capital Work-In-Progress	5,737,650	2,455,961	8,193,611	-		-	-	-	-	5,737,650	
	Total	458,588,917	37,871,203	10,030,436	486,429,684		57,717,207	1,275,070	243,080,895	243,348,789	271,950,158	

