



INDEPENDENT AUDITORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS
OF
EMAMI BANGLADESH LIMITED
AS AT 31 MARCH 2024
AND
FOR THE YEAR ENDED 31 MARCH 2024



AHMED MASHUQUE & CO., *Chartered Accountants*

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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 financial statements of Emami Bangladesh Limited, (the Company), which comprise the statement of financial position as at 31 March 2024, 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 2024, and 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) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

· Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that 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:

(i) 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;

(ii) 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

(iii) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and

Dated: 02 May 2024
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants
FRC firm enlistment no. CAF-001-115

Jahangir Hussain ACA
Partner
Enrolment number: 1960
DVC: 2405151960AS152754

Emami Bangladesh Limited
Statement of Financial Position
As at 31 March 2024

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31-March-24</u>	<u>31-March-23</u>
Assets			
Non current assets			
Property, plant and equipment	4.00	131,245,406	161,402,525
Capital working-in-progress	5.00	777,109	-
Right of use assets	6.00	25,103,829	46,633,622
Deferred tax assets	15.00	5,180,569	2,233,264
Total non current assets		162,306,913	210,269,411
Current assets			
Inventories	7.00	195,840,933	152,557,518
Accounts receivable	8.00	766,525,202	834,345,030
Advances, deposits and prepayments	9.00	165,029,224	102,250,183
Investment in FDR & accrued interest	10.00	1,133,928,790	901,031,375
Cash and cash equivalents	11.00	96,483,386	52,040,804
Total current assets		2,357,807,535	2,042,224,910
Total assets		2,520,114,448	2,252,494,321
Equity and Liabilities			
Equity			
Share capital	12.00	3,791,600	3,791,600
Retained earnings		1,231,995,806	785,416,243
Total equity		1,235,787,406	789,207,843
Liabilities			
Non current liabilities			
Lease liability	13.00	-	34,104,952
Total non current liabilities		-	34,104,952
Current liabilities			
Accounts payable		108,647,980	160,467,853
Short term bank loan	14.00	6,937,646	54,710,163
Lease liability	13.00	32,682,877	21,571,411
Current tax liability	16.00	182,837,198	164,282,416
Provisions for expenses and other	17.00	953,221,341	1,028,149,683
Total current liabilities		1,284,327,042	1,429,181,526
Total liabilities		1,284,327,042	1,463,286,478
Total equity and liabilities		2,520,114,448	2,252,494,321

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: 02 May 2024
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants
FRC firm enlistment no. CAF-001-115



Jahangir Hussain ACA
Partner
Enrolment number: 1960
DVC: 2405151960AS152754

Emami Bangladesh Limited
Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2024

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>01 April 2023</u> <u>to</u> <u>31 March 2024</u>	<u>01 April 2022</u> <u>to</u> <u>31 March 2023</u>
Income			
Revenue (net)	18.00	2,301,166,779	2,258,756,060
Other income		3,179,564	554,798
		2,304,346,343	2,259,310,858
Less: Expenditure			
Cost of material	19.00	762,671,560	802,683,248
Changes in inventories of finished goods	20.00	2,345,593	6,170,151
Manufacturing expenses	21.00	21,567,848	21,354,804
Operating and other expenses	22.00	541,117,339	565,898,909
Employee benefits expenses	23.00	174,196,887	173,588,829
Depreciation		38,916,376	46,329,908
		1,540,815,603	1,616,025,849
Net profit from operations		763,530,740	643,285,009
Add: Interest income		48,530,064	27,311,962
Add: Forex (gain)/loss		3,708,921	3,911,117
Less: Interest expense on lease liability		7,673,607	5,428,811
Less: Interest expenses		4,439,869	576,959
		32,707,667	17,395,075
Net profit before tax		796,238,408	660,680,084
Less: Income tax expenses			
Current tax		218,965,562	186,840,037
Deferred tax		(2,947,305)	(3,828,537)
		216,018,257	183,011,500
Net profit after tax		580,220,151	477,668,584
Other comprehensive income		4,373,652	(1,891,770)
Total comprehensive income		584,593,803	475,776,814
(Transferred to statement of changes in equity)			

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: 02 May 2024

Dhaka

Ahmed Mashuque & Co.

Chartered Accountants

FRC firm enlistment no. CAF-001-115



Jahangir Hussain ACA

Partner

Enrolment number: 1960

DVC: 2405151960AS152754

Emami Bangladesh Limited
Statement of changes in equity
For the period ended 31 March 2024

Particulars	Amount in Taka		
	Share capital	Retained earnings	Total
Balance as at 01 April 2022	3,791,600	309,639,430	313,431,030
Total comprehensive income	-	475,776,813	475,776,813
Balance as at 31 March 2023	3,791,600	785,416,243	789,207,843
Balance as at 01 April 2023	3,791,600	785,416,243	789,207,843
Dividend	-	(138,014,240)	(138,014,240)
Total comprehensive income	-	584,593,803	584,593,803
Balance as at 31 March 2024	3,791,600	1,231,995,806	1,235,787,406

Director

AGM-Accounts & Finance

Director

Dated: 02 May 2024
Dhaka



Emami Bangladesh Limited
Statement of cash flows
For the period ended 31 March 2024

	Amount in Taka	
	01 April 2023 to 31 March 2024	01 April 2022 to 31 March 2023
A. Cash flows from operating activities		
Cash received from operations	2,368,986,607	1,858,578,220
Other income	3,179,564	554,798
Payment to suppliers, employees and others	(1,747,622,685)	(1,504,235,423)
AIT and tax paid	(200,410,780)	(72,447,436)
Net cash generated by /(used in) operating activities	424,132,706	282,450,159
B. Cash flows from investing activities:		
Acquisition of fixed assets	(8,758,908)	(14,581,381)
Investment in FDR	(227,500,000)	(375,000,000)
Interest income	43,132,649	23,048,360
Disposal of assets	-	959,856
Capital work-in-progress	(777,109)	-
Net cash provided by /(used in) investing activities	(193,903,368)	(365,573,165)
C. Cash flows from financing activities:		
Short term bank loan	(47,772,517)	54,710,163
Dividend paid	(138,014,240)	-
Net cash provided by /(used in) financing activities	(185,786,757)	54,710,163
E. Net changes in cash and cash equivalents (A+B+C)	44,442,581	(28,412,843)
F. Add: Cash and cash equivalents as at 31 March	52,040,804	80,453,647
G. Cash and cash equivalents as at 31 March (E+F)	96,483,386	52,040,804

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

Director

AGM-Accounts & Finance

Director

Dated: 02 May 2024
Dhaka



Emami Bangladesh Limited
Notes, comprising significant accounting policies and other explanatory information
For the year ended 31 March 2024 and as at 31 March 2024

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 accordance with the Companies Act, 1994; the Securities and Exchange Rules, 1987 as well as the provisions of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and relevant laws applicable in Bangladesh. The title and format of these financial statements follow the requirements of IFRS which are to some extent different to the requirements of the Companies Act, 1994. However, such differences are not considered material.

The following IASs and IFRSs are applicable for the preparation of financial statements for the year:

IAS-1 : Presentation of Financial Statements;
IAS-2 : Inventories;
IAS-7 : Statement of Cash Flows;
IAS-8 : Accounting Policies, Changes in Accounting Estimates and Errors;
IAS-10 : Events after the Reporting Period;
IAS-12 : Income Taxes;
IAS-16 : Property, Plant and Equipment;
IAS-19 : Employee Benefits;
IAS-21 : The Effects of Changes in Foreign Exchange Rates;
IAS-24 : Related Party Disclosures;
IAS-36 : Impairment of Assets;
IAS-37 : Provisions, Contingent Liabilities and Contingent Assets;
IAS-38 : Intangibles Assets;
IFRS-7 : Financial Instruments: Disclosures;
IFRS-9 : Financial Instruments;
IFRS-13 : Fair Value Measurement;
IFRS-15 : Revenue from Contracts with Customer;
IFRS-16 : Leases;

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 authorization

On May 02, 2024, 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 have covered the year from 01 April 2023 to 31 March 2024.

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 Functional and reporting currency

These financial statements are presented in Bangladeshi Taka (BDT or Tk.), which is the functional and presentation currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

2.08 Statement of cash flows

Statement of cash flows has been prepared as per IAS 7: Statement of Cash Flows using Direct Method.

2.09 Basis of measurement

The financial statements have been prepared on accrual basis under the historical cost convention except for inventories which are measured at lower of cost and net realisable value.

2.10 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.

(a) 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	Depreciation on Property, plant and equipment
Note #	3.03	Inventories

(b) 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 #	14	Deferred tax liabilities
Note #	15	Current tax liability
Note #	16	Provisions for expenses and other

2.11 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.

2.12 Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. Management has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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



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 :

<u>Particulars</u>	<u>Estimated useful life</u>
Computer and accessories	3 Years
Furniture and fixtures	10 Years
Electrical equipment	5 Years
Plant and machineries	5 Years
Vehicle	5 Years
Factory building	5 Years
Block & Dice	3.33 Years

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.

e. Capital work-in-progress

The capital work-in-progress represent the value of the factory building under construction. The value of capital work-in-progress has been transfer to Factory Building during the year. No depreciation was charged until the completion of construction.

3.02 Right to use assets and lease liability

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes 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:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any *lease incentives* received.
- 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.

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 the lease term.

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:

- (a) increasing the carrying amount to reflect interest on the lease liability.
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) 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 guest house	36	10%
Warehouse-Kathgora	60	10%
Head office-Level 6	28	10%
Head office-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 benefit

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 has come into force yet. 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
Total	107,163,761

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.

The provision shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying benefits will be required to settle the obligation, the provision shall be reversed.



3.07 Taxation

Income tax expenses comprise current and deferred tax. Current tax and deferred tax are recognized 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 Act, 2023.

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 . It 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.

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.

The Company classifies financial liabilities into the other financial liabilities (liabilities carried at amortised cost) category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

• 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.



4.00 Property plant and equipment

Sl. No.	Particulars	Cost			Rate	Depreciation			Carrying as at 31.03.2024	Carrying as at 31.03.2023
		As on 01.04.2023	Addition during the period	As on 31.03.2024		As on 01.04.2023	Addition during the period	As on 31.03.2024		
1	Computer accessories	21,342,542	1,142,710	22,485,252	33%	17,681,347	2,029,900	19,711,247	2,774,005	3,661,195
2	Furniture & fixture	26,004,338	2,041,560	28,045,898	10%	18,315,073	2,257,183	20,572,256	7,473,642	7,689,270
3	Factory building	213,795,826	1,123,218	214,919,044	20%	161,710,764	12,249,531	173,959,946	40,959,098	52,085,062
4	Plant & machinery	211,321,173	552,775	211,873,948	20%	152,659,814	14,551,697	167,211,512	44,662,437	58,661,353
5	Electrical equipment	44,751,506	762,079	45,513,585	20%	28,311,198	3,408,818	31,720,016	13,793,569	16,440,308
6	Vehicles	1,993,615	-	1,993,615	20%	1,985,534	1,682	1,987,215	6,400	8,081
7	Block & dice	68,242,495	3,136,565	71,379,060	30%	45,385,240	4,417,566	49,802,806	21,576,255	22,857,255
	Total	587,451,495	8,758,908	596,210,403		426,048,970	38,916,376	464,964,997	131,245,406	161,402,525



	<u>31-March-24</u> Taka	<u>31-March-23</u> Taka
5.00 Capital work in progress		
Opening balance	-	4,983,026
Addition during the year	777,109	
Transfer to property plant and equipment	-	(4,983,026)
	<u>777,109</u>	<u>-</u>
6.00 Right-of-use asset		
Opening Balance	46,633,622	70,437,650
Depreciation on RoU assets	(21,529,793)	(23,804,028)
Closing balance	<u>25,103,829</u>	<u>46,633,622</u>
<i>"The company has already adopted IFRS 16 Leases and the above 'Right to use assets' created against lease contracts. Detail requirements described in Note 3.02."</i>		
7.00 Inventories		
Raw materials	105,702,294	84,671,334
Packing materials	49,652,149	34,671,623
Consumable goods	8,498,567	5,335,318
Stock in transit for PM	258,555	-
Stock in transit for RM	6,195,718	-
Finished goods	16,120,802	27,879,243
Stock in transit for FG	9,412,849	-
	<u>195,840,933</u>	<u>152,557,518</u>
8.00 Accounts receivable		
Accounts receivable	766,525,202	834,345,030
	<u>766,525,202</u>	<u>834,345,030</u>
<i>The majority of the above receivable amount are supported by the bank guarantee provided by the customer. The whole amount is recoverable and considered as good and no provision is required.</i>		
9.00 Advances, deposits and prepayments		
Advances:		
VAT Current Account	70,994,596	81,429,701
Advance for expenses	-	-
LC margin	83,628,337	8,826,462
Deposits:		
Ansar and VDP	687,244	687,244
Factory rent.	2,000,000	2,000,000
Head office rent	1,219,035	1,219,035
Guest house rent.	230,000	200,000
Bangladesh Telecommunications Company Limited	28,900	28,900
Bangladesh Rural Electrification Board	1,890,000	1,890,000
Other	421,000	431,600
Prepayments:		
Prepaid expenses	3,930,112	5,537,240
	<u>165,029,224</u>	<u>102,250,183</u>
10.00 Investment in FDR & accrued interest		
Investment in FDR	1,117,500,000	890,000,000
Accrued interest	16,428,790	11,031,375
	<u>1,133,928,790</u>	<u>901,031,375</u>



	31-March-24 Taka	31-March-23 Taka
11.00 Cash and cash equivalents		
Cash in hand	19,331	4,331
Cash at bank:		
Dhaka Bank Limited	19,002	1
Standard Chartered Bank	360,787	845,499
The Hongkong Shanghai Banking Corporation	14,490,605	10,162,544
South East Bank Limited	-	218,432
State Bank of India	692,654	6,163,276
Brac Bank Limited	23,901,007	646,722
Cheque in hand*	57,000,000	34,000,000
	96,464,055	52,036,473
	96,483,386	52,040,804
12.00 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
13.00 Lease liability		
Total Lease liability	32,682,877	55,676,363
Less: Current liability	32,682,877	21,571,411
Non-current liability	-	34,104,952
This lease liability has been recognized in accordance with IFRS-16: Lease.		
14.00 Short term bank loan		
Loan from HSBC bank	6,937,646	54,710,163
	6,937,646	54,710,163

The short term loan has been taken from HSBC for the purpose of import of materials.

15.00 Deferred tax liabilities
Deferred tax has been recognized and measured in accordance with the provision of IAS 12: Income taxes.

15.01 Deferred tax has been arrived at as follows:

	Carrying amount as at 31 March 2024	Tax base as at 31 March 2024	Taxable/ (deductible) Temporary difference
Property, plant and equipment			
Computer accessories	2,774,005	3,643,323	(869,317)
Furniture & fixture	7,473,642	14,670,509	(7,196,867)
Factory building	40,959,098	55,444,026	(14,484,927)
Plant & machinery	44,662,437	44,343,939	318,497
Electrical equipment	13,793,569	10,568,991	3,224,579
Vehicles	6,400	281,955	(275,555)
Block & dice	21,576,255	21,131,097	445,157
	131,245,406	150,083,840	(18,838,433)
Total taxable temporary difference			(18,838,433)
Tax rate			27.50%
Deferred tax liability/ expense on temporary difference			(5,180,569)
Total			(5,180,569)



	31-March-24	31-March-23
	Taka	Taka
Deferred tax has been arrived at as follows:		
Opening balance	(2,233,264)	1,595,273
Addition during the period	(2,947,305)	(3,828,537)
	(5,180,569)	(2,233,264)
16.00 Current tax liability		
Provision for income tax (Note #16.01)	581,589,639	362,624,077
Advance income tax (Note #16.02)	(398,752,441)	(198,341,660)
	182,837,198	164,282,416
16.01 Provision for income tax		
Opening Balance	362,624,077	201,003,149
Add: Addition during the year	218,965,562	186,840,037
Less: Adjustment made during year	-	(25,219,109)
	581,589,639	362,624,077
16.02 Advance income tax		
Opening Balance	198,341,660	125,894,224
Add: Addition during the year	200,410,780	72,447,436
	398,752,441	198,341,660
17.00 Provisions for expenses and other		
Outstanding expenses	258,869,951	143,276,241
Supplementary duty payable	7,575,294	3,335,614
Employee benefits expenses (Note#17.01)	34,058,919	27,496,146
Litigation provision	483,633,070	724,662,222
Liabilities with customs authority	1,029,104	-
TDS and VDS payables	6,461,220	5,439,478
Royalty payable	161,593,783	123,939,983
	953,221,341	1,028,149,683
17.01 Employee benefits expenses		
Employees' retirement benefit	10,037,213	15,398,607
Leave encashment	5,423,793	9,491,496
Salary and wages	18,597,912	2,606,043
	34,058,919	27,496,147
17.02 Litigation provision		
Litigation provision for supplementary duty and VAT	482,063,807	723,092,959
Other provision	1,569,263	1,569,263
	483,633,070	724,662,222

VAT authority has contested the eligibility of exemption of SD & VAT on HNRO. 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 favor 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.

Based on the legal opinion, the management of the company has decided not to keep any provision against SD & VAT on Himami and has decided to reverse the amount of provision, so far made in the financial statements up to 31st March 2022 on (four) successive years equally.

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 WPPF is not applicable to the Company till the time Government enacts relevant rules in this regard. However, company made provision for WPPF up to year 2013.

	01 April 2023 to 31 March 2024 Taka	01 April 2022 to 31 March 2023 Taka
18.00 Revenue (Net)		
Manufactured goods (Ayurvedic/Cosmetics)	1,887,410,118	1,818,030,379
Revenue from write back of litigation provision	241,023,656	241,023,656
Imported goods (Cosmetics)	172,733,005	199,702,025
	2,301,166,779	2,258,756,060
<p>Sales is recognized net off of SD, VAT & Other taxes collected on behalf of the Government as per the prevailing statute. Further, based on legal and expert opinion following the order of court, the management of the company have made decision to reversal of litigation provisions of HNRO as described in note 17.02 and an amount of litigation provisions BDT. 241,023,656 has been reversed during the period and recognized as revenue in line with IAS: 37 Provision, contingent liability and contingent assets and IAS-8 : Accounting Policies, Changes in Accounting Estimates and Errors.</p>		
19.00 Cost of material		
Opening inventories	152,557,518	148,086,446
Add: Addition during the year	789,834,174	811,065,437
Less: Closing inventories	(179,720,132)	(152,557,518)
	762,671,560	806,594,365
20.00 Changes in inventories of finished goods		
Opening inventories	27,879,243	34,049,394
Less: Closing inventories	(25,533,650)	(27,879,243)
	2,345,593	6,170,151
21.00 Manufacturing expenses		
Power and utility	8,931,917	7,872,180
Depreciation - Right of use assets	8,951,070	10,231,168
Consumable and stores	3,684,861	3,251,455
	21,567,848	21,354,804
22.00 Operating and other expenses		
Audit fees	320,500	357,075
Legal and professional fees	23,384,359	25,198,725
Electricity	1,242,932	932,353
Bank charge	182,013	1,861,002
Insurance expenses	10,558,857	8,157,229
Depreciation - Right of use assets	12,578,723	13,572,857
Guest house expenses	4,164,511	2,364,703
General charges	2,443,222	4,308,504
Royalty	37,653,800	36,269,800
Recruitment expenses	599,241	2,463,930
Vehicle running expenses	5,646,019	5,224,683
Office rent	-	4,094,746
Postage and telephone	2,834,809	2,390,167
Stationeries and office supplies	1,119,254	896,191
Repair and maintenance	-	-
Building	2,324,966	2,797,087
Machinery	4,815,232	4,566,826
Others	6,024,045	5,214,788
Books and periodicals	127,072	44,180
Traveling and conveyance expenses	19,269,535	18,006,976
Overseas travelling	1,530,547	489,620
Rates & taxes	7,586,178	9,004,904
Sales, marketing and distribution expenses	385,322,771	408,363,105
Laboratory testing expenses	4,117,648	2,059,214
Security service charges	7,271,105	7,260,245
	541,117,339	565,898,909



	01 April 2023 to 31 March 2024 Taka	01 April 2022 to 31 March 2023 Taka
23.00 Employee benefits expenses		
Wages	17,851,364	17,254,177
Personnel expenses	141,580,910	142,710,820
Employees' retirement benefit.	3,424,645	4,211,899
Group insurance	4,434,882	3,702,350
Staff welfare	6,905,086	5,709,584
	174,196,887	173,588,829
24.00 Basic earnings per share (EPS)		
Profit after tax	584,593,803	475,776,813
Number of shares	37,916	37,916
Basic EPS	15,418	12,548
	31-March-24	31-March-23
25.00 Particulars of employee		
<i>Nationality:</i>		
Bangladeshi	187	179
Non-Bangladeshi	1	2
	188	181

26.00 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 period ended 31-Mar-2024	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	143,496,000	82,026,000
	Purchase of finished goods	45,613,825	4,005,623
	Royalty	37,653,800	161,593,783
Emami FZE, Group Company	Purchase of finished goods	3,820,377	736,429

Name and Relationship of the related party transaction	Nature of transaction	Transaction for the year ended 31-Mar-2023	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	131,361,000	4,700,000
	Purchase of finished goods	57,406,457	2,449,000
	Royalty	36,269,800	123,939,983
Emami FZE, Group Company	Purchase of finished goods	-	736,429



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 transection	Nature of transaction	Transaction for the year ended 31-Mar-2024	
		Transaction value	Amount due
Mr. Naseem Shafi Director	Factory rent	13,508,481	-

27.00 Reconciliation of IFRS 16 Lease and actual rent expense.

Note head	Note	Actual Rent	Interest expense	Depreciation
Manufacturing expenses	18	13,508,481	2,006,949	8,951,070
Operating and other expenses	19	14,158,966	2,560,134	12,578,723
Total		27,667,447	4,567,083	21,529,793

28.00 Financial risk management

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. There are three kinds of risk company faces:

- Credit risk
- Liquidity risk
- Market risk

28.01 Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the company's receivable from its customer. Management believes that there is no significant consideration of credit risk in the accounts receivable.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is as follows:

	31-Mar-24	31-Mar-23
	Taka	Taka
Inventories	195,840,933	152,557,518
Accounts receivable	766,525,202	834,345,030
Advances, deposits and prepayments	165,029,224	102,250,183
Investment in FDR & interest	1,133,928,790	901,031,375

28.02 Liquidity risk

Liquidity risk is the risk that the company will not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient liquid assets to meet expected operational expenses including the servicing of financial obligations through preparation of cash forecast.

The following are the contractual maturities of financial liabilities :

	31-Mar-24 Taka	31-Mar-23 Taka
Current Liabilities		
Accounts payable	108,647,980	160,467,853
Short term bank loan	6,937,646	54,710,163
Lease liability	32,682,877	21,571,411
Current tax liability	182,837,198	164,282,416
Provisions for expenses and other	953,221,341	1,028,149,683
	<u>1,284,327,042</u>	<u>1,429,181,526</u>

The following are the contractual maturities of financial assets :

Inventories	195,840,933	152,557,518
Accounts receivable	766,525,202	834,345,030
Advances, deposits and prepayments	165,029,224	102,250,183
Investment in FDR & interest	1,133,928,790	901,031,375
Cash and cash equivalents	96,483,386	52,040,804
	<u>2,042,224,910</u>	<u>2,042,224,910</u>

On subsequent period, the company has sufficient amount of sales revenue to cover required working capital.

25.03 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates .The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.



