Tetley ACI (Bangladesh) Limited

Report and financial statements as at and for the year ended 30 June 2022

KPMG

Rahman Rahman Huq
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Independent Auditor's Report
to the shareholders of Tetley ACI (Bangladesh) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tetley ACI (Bangladesh) Limited ("the Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2.2 to the financial statements where management explains that despite reporting net loss of BDT 26,754,744 for the year ended 30 June 2022 and negative equity of 58,502,726 as at that date, the Company will continue in operational existence for the foreseeable future. Our opinion is not modified in respect of this matter.

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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Independent Auditor's Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment 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 achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

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

Ashraf-Uz-Zaman Ali, Partner, Enrolment Number: 1518
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: [N/A]

RAHMAN RAHMAN HUQ KPMG DHAKA

Dhaka, 12 JAN 2023

DVC: 2301121518AS974494

Tetley ACI (Bangladesh) Limited
Statement of financial position

In BDT	*Note*	30 June 2022	30 June 2021
Assets			
Property, plant and equipment	5	**11,157,187**	11,861,125
Right-of-use assets (RoU)	6	**4,849,784**	7,355,001
Intangible assets	7	**343,664**	369,812
Non-current assets		**16,350,634**	19,585,938
Inventories	8	**43,550,068**	84,174,189
Advance income tax	9	**30,042,489**	27,807,568
Advance payment of VAT	10	**22,455,230**	21,511,207
Trade receivables	11	**2,262,502**	54,854,412
Advances, deposits and prepayments	12	**2,492,146**	3,226,261
Cash and cash equivalents	13	**12,304,131**	2,514,994
Current assets		**113,106,566**	194,088,632
Total assets		**129,457,200**	213,674,569
Equity			
Share capital	14	**650,000,000**	650,000,000
Accumulated loss		**(708,502,726)**	(681,747,982)
Total equity		**(58,502,726)**	(31,747,982)
Liabilities			
Lease Liabilities- non current portion	15	**2,452,125**	4,988,663
Non Current liabilities		**2,452,125**	4,988,663
Lease Liabilities- current portion	15	**2,536,538**	2,475,268
Bank overdrafts	16	**47,156,766**	70,560,110
Provision for tax	17	**24,998,913**	22,628,962
Loans and borrowings	18	**83,600,000**	117,720,000
Trade and other payables	19	**18,461,647**	15,645,304
Advances from distributors		**3,287,340**	1,135,528
Accruals and provisions	20	**5,466,596**	10,268,716
Current liabilities		**185,507,801**	240,433,888
Total liabilities		**187,959,926**	245,422,551
Total equity and liabilities		**129,457,200**	213,674,569

The notes on pages 7 to 33 are an integral part of these financial statements.

Director

Director

Company Secretary

As per our report of same date.

Auditor

Ashraf-Uz-Zaman Ali, Partner
Enrolment Number: 1518
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 12 JAN 2023

DVC: 2301121518AS974494

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Tetley ACI (Bangladesh) Limited
Statement of profit or loss and other comprehensive income

For the year ended 30 June

In BDT	*Note*	2022	2021
Revenue		**394,991,767**	486,292,533
Cost of sales	21	**(306,772,350)**	(378,966,120)
Gross profit		**88,219,417**	107,326,412
Other income	22	**524,113**	387,881
Selling and distribution expenses	23	**(53,020,118)**	(54,643,075)
Administrative expenses	24	**(45,993,705)**	(43,842,368)
Operating profit/(loss)		**(10,270,293)**	9,228,851
Finance costs	25	**(14,114,501)**	(14,720,491)
Loss before tax		**(24,384,794)**	(5,491,640)
Income tax expense	26	**(2,369,951)**	(3,045,324)
Loss after tax		**(26,754,744)**	(8,536,964)
Other comprehensive income/(loss)		**-**	-
Total comprehensive income/(loss)		**(26,754,744)**	(8,536,964)

The notes on pages 7 to 33 are an integral part of these financial statements.

Director

Director

Company Secretary

As per our report of same date

Auditor
Ashraf-Uz-Zaman Ali, Partner
Enrolment Number: 1518
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 12 JAN 2023

DVC: 2301121518AS974494

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Tetley ACI (Bangladesh) Limited
Statement of changes in equity

For the year ended 30 June 2020

In BDT	Attributable to owners of the Company Share capital	Accumulated loss	Total equity
Balance at 1 July 2020	650,000,000	(673,211,018)	(85,163,204)
Total comprehensive income/(loss)			
Loss after tax	-	(8,536,964)	(8,536,964)
Other comprehensive income/(loss)	-	-	-
Total comprehensive income	-	(8,536,964)	(8,536,964)
Transaction with owners of the Company	-	-	-
Total transactions with owners of the Company	-	-	-
Balance at 30 June 2021	650,000,000	(681,747,982)	(93,700,168)
Balance at 1 July 2021	**650,000,000**	**(681,747,982)**	**(31,747,982)**
Loss after tax	-	**(26,754,744)**	**(26,754,744)**
Other comprehensive income/(loss)	-	-	-
Total comprehensive income	-	**(26,754,744)**	**(26,754,744)**
Transaction with owners of the Company	-	-	-
Total transactions with owners of the Company	-	-	-
Balance at 30 June 2022	**650,000,000**	**(708,502,726)**	**(58,502,726)**

The notes on pages 7 to 33 are an integral part of these financial statements.

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Tetley ACI (Bangladesh) Limited
Statement of cash flows

For the year ended 30 June

In BDT	*Note*	2022	2021
Cash flows from operating activities			
Loss before tax		**(24,384,794)**	(5,491,640)
Adjustments for:			
Depreciation	*5*	**1,524,231**	1,524,478
Depreciation RoU Assets	*6*	**2,505,217**	2,505,217
Amortisation	*7*	**121,948**	109,516
Finance costs	*25*	**14,114,501**	14,720,491
		(6,118,897)	13,368,062
Changes in:			
Inventories	*8*	**40,624,121**	11,306,819
Trade receivables	*11*	**52,591,910**	19,303,042
Advances, deposits and prepayments	*12*	**734,115**	(751,255)
Advance payment of VAT	*10*	**(944,023)**	(2,918,148)
Advances from distributors		**2,151,812**	125,019
Trade and other payables	*19*	**2,816,343**	2,386,212
Accruals and provisions	*20*	**(4,802,120)**	(9,131,852)
Net cash generated from operating activities		**87,053,262**	33,687,899
Interest paid	*25*	**(14,114,501)**	(14,720,491)
Tax paid during the year	*9 & 17.1*	**(2,234,921)**	(3,076,289)
Net cash generated from operating activities		**70,703,840**	15,891,119
Cash flows from investing activities			
Acquisition of property, plant and equipment	*5*	**(916,092)**	(12,176,677)
Net cash used in investing activities		**(916,092)**	(12,176,677)
Cash flows from financing activities			
Proceeds from issue of shares	*14*	**-**	-
Lease obligation - Non-current portion	*15*	**(2,536,538)**	4,988,663
Lease obligation - Current portion	*15*	**61,270**	2,475,268
Proceeds from loans and borrowings	*18*	**(34,120,000)**	4,566,729
Net cash (used in)/generated from financing activities		**(36,595,268)**	12,030,660
Net increase in cash and cash equivalents		**33,192,481**	15,745,102
Opening cash and cash equivalents		**(68,045,116)**	(83,790,218)
Closing cash and cash equivalents*		**(34,852,635)**	(68,045,116)
***Closing cash and cash equivalents represent:**			
Cash and cash equivalents	*13*	**12,304,131**	2,514,994
Bank overdrafts	*16*	**(47,156,766)**	(70,560,110)
		(34,852,635)	(68,045,116)

*Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

The notes on pages 7 to 33 are an integral part of these financial statements.

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1 Reporting entity

1.1 Company profile

Tetley ACI (Bangladesh) Limited ("the Company") is a private limited company incorporated on 17 November 2002 under the Companies Act 1994 in Bangladesh. The address of the Company's registered office is 245 Tejgoan Industrial Area, Dhaka-1208. The Company is a joint venture (50:50) between Tata Consumer Products Overseas Holdings Limited, UK (renamed from Tata Global Beverages Overseas Holdings Limited on 3 March 2020) and Advanced Chemical Industries (ACI) Limited. The Company commenced operations on 23 January 2003.

Subject to completion of the share transfer between Tata Consumer Products Overseas Holdings Limited and Advanced Chemical Industries (ACI) Limited as discussed in Note 33, the former will become the Company's immediate parent undertaking.

1.2 Nature of the business

The principal activities of the Company are tea blending, packaging and selling in Bangladesh.

2 Basis of preparation

2.1 Statement of compliance

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

Details of the Company's accounting policies are included in Note 38.

2.2 Going concern assumption

During the reporting period, the Company incurred a net loss of BDT 26,754,744 taking the accumulated loss at the reporting date to BDT 708,502,726 and it's current liabilities exceeded its current assets by BDT 72,401,235 at the reporting date.

As disclosed in Note 33, upon the agreed transfer of Advanced Chemical Industries Limited's current 50% holding in the Company to Tata Consumer Products Overseas Holdings Limited, the Company will become an almost wholly owned subsidiary of Tata Consumer Products Overseas Holdings Limited.

In this connection, the Directors of Tata Consumer Products Overseas Holdings Limited have provided an undertaking to make available one hundred per cent of the requisite financial support for the continued operations of the Company as and when required. Such commitment will be limited to fifty per cent of such requisite financial support until the completion of the above share transfer.

In light of the above, the Directors are confident that the Company has the ability to continue its operations and has adequate resources to meet financial commitments as they fall due over at least the next twelve months from the date of the approval of the financial statements and as such it remains appropriate to prepare these financial statements on a going concern basis.

2.3 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 12 JAN 2023

2.4 Reporting period

The financial period of the Company covers one year from 1 July 2021 to 30 June 2022.

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3 Functional and presentation currency

These financial statements have been presented in Bangladeshi Taka (Taka/Tk/BDT), which is both the functional and presentation currency of the Company. All financial information presented in Taka have been rounded off to the nearest integer, unless otherwise indicated.

4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

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

4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 5 & 38A	Property, plant and equipment
Note 7 & 38B	Intangible assets
Note 8 & 38C	Inventories
Note 17 & 38K	Provision for tax
Note 20 & 38H	Accruals and provisions

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 assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liabilities that are not based on observable market data

The Company, on regular basis, reviews the inputs and valuation judgements used in measurement of fair value and recognises transfers between level of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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5 Property, plant and equipment

See accounting policy in Note 38A

In BDT	Plant and machinery	Furniture and fixtures	Computer accessories	Electrical and other appliances	Fire fighting equipment	Metallic pallets	Tea bagging machines	Production floor	Total
Cost									
Balance at 1 July 2020	5,668,817	1,308,616	1,762,916	1,929,435	74,650	678,883	22,628,739	1,179,160	35,231,216
Addition during the year	-	1,632,259	273,564	165,000	-	-	-	-	2,070,823
Adjustment/disposal during the year	-	(109,865)	(433,930)	-	-	-	-	-	(543,795)
Balance at 30 June 2021	5,668,817	2,831,010	1,602,550	2,094,435	74,650	678,883	22,628,739	1,179,160	36,758,244
Balance at 1 July 2021	**5,668,817**	**2,831,010**	**1,602,550**	**2,094,435**	**74,650**	**678,883**	**22,628,739**	**1,179,160**	**36,758,244**
Addition during the year	**105,000**	**452,472**	**343,820**		**-**	**-**	**-**		**901,292**
Adjustment/disposal during the year	**-**	**(36,100)**	**(44,900)**	**-**	**-**	**-**	**-**	**-**	**(81,000)**
Balance at 30 June 2022	**5,773,817**	**3,247,382**	**1,901,470**	**2,094,435**	**74,650**	**678,883**	**22,628,739**	**1,179,160**	**37,578,536**
Accumulated depreciation									
Balance at 1 July 2020	5,074,009	1,224,325	1,203,891	1,604,998	69,681	567,343	13,657,940	507,736	23,909,923
Charged during the year	91,224	95,117	220,271	70,237	992	11,154	897,080	138,403	1,524,478
Adjustment/disposal during the year		(106,009)	(431,273)	-	-	-	-	-	(537,282)
Balance at 30 June 2021	5,165,233	1,213,433	992,889	1,675,235	70,673	578,497	14,555,020	646,139	24,897,119
Balance at 1 July 2021	**5,165,233**	**1,213,433**	**992,889**	**1,675,235**	**70,673**	**578,497**	**14,555,020**	**646,139**	**24,897,119**
Charged during the year	**75,545**	**292,049**	**235,887**	**65,224**	**793**	**10,039**	**807,372**	**105,231**	**1,592,141**
Adjustment/disposal during the year		**(34,128)**	**(33,783)**	**-**	**-**	**-**	**-**	**-**	**(67,910)**
Balance at 30 June 2022	**5,240,778**	**1,471,355**	**1,194,994**	**1,740,459**	**71,466**	**588,536**	**15,362,392**	**751,370**	**26,421,350**
Carrying amounts									
At 1 July 2020	594,808	84,291	559,025	324,437	4,969	111,540	8,970,799	671,424	11,321,293
At 30 June 2021	503,584	1,617,577	609,661	419,200	3,977	100,386	8,073,719	533,021	11,861,125
At 30 June 2022	**533,039**	**1,776,028**	**706,476**	**353,977**	**3,184**	**90,347**	**7,266,347**	**427,790**	**11,157,187**

5.1 Allocation of depreciation

In BDT	*Note*	2022	2021
Cost of sales	21	**1,011,592**	1,239,659
Administrative expense	24	**580,549**	284,819
		1,592,141	1,524,478

6 Right-of-use assets (RoU)

See accounting policy in Note 38L

In BDT	Head Office	Factory	Total
Cost			
Balance at 1 July 2020	-	-	-
Addition during the year	5,861,416	3,998,802	9,860,218
Balance at 30 June 2021	5,861,416	3,998,802	9,860,218
Balance at 1 July 2021	**5,861,416**	**3,998,802**	**9,860,218**
Addition during the year			-
Adjusted balance at 1 July 2021	-	-	-
Modification/disposal during the year	-	-	-
Balance at 30 June 2022	**5,861,416**	**3,998,802**	**9,860,218**
Accumulated Amortisation			
Balance at 1 July 2020	-	-	-
Charged during the year	1,172,283	1,332,934	2,505,217
Balance at 30 June 2021	1,172,283	1,332,934	2,505,217
Balance at 1 July 2021	**1,172,283**	**1,332,934**	**2,505,217**
Charged during the year	**1,172,283**	**1,332,934**	**2,505,217**
Balance at 30 June 2022	**2,344,566**	**2,665,868**	**5,010,434**
Carrying amounts			
At 1 July 2020	-	-	-
At 30 June 2021	4,689,133	2,665,868	7,355,001
At 30 June 2022	**3,516,850**	**1,332,934**	**4,849,784**

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7 Intangible assets

See accounting policy in Note 38B

In BDT	Accounting software	Total
Cost		
Balance at 1 July 2020	683,000	683,000
Addition during the year	245,636	245,636
Balance at 30 June 2021	928,636	928,636
Balance at 1 July 2021	**928,636**	**928,636**
Addition during the year	**95,800**	**95,800**
Balance at 30 June 2022	**1,024,436**	**1,024,436**
Accumulated amortisation		
Balance at 1 July 2020	449,308	449,308
Charged during the year	109,516	109,516
Balance at 30 June 2021	558,824	558,824
Balance at 1 July 2021	**558,824**	**558,824**
Charged during the year	**121,948**	**121,948**
Balance at 30 June 2022	**680,772**	**680,772**
Carrying amounts		
At 1 July 2020	233,692	233,692
At 30 June 2021	369,812	369,812
At 30 June 2022	**343,664**	**343,664**

8 Inventories

See accounting policy in Note 38C

In BDT	Note	2022	2021
Finished goods	8.1	**7,958,855**	13,935,988
Raw materials	8.1	**10,174,927**	50,525,060
Packing materials	8.1	**17,463,258**	13,858,126
Stores/spares		**2,467,759**	2,452,140
Promotional items		**2,082,428**	3,337,977
Materials in transit		**3,402,841**	64,897
		43,550,068	84,174,189

8.1 Analysis of inventories

Quantitative analysis of significant classes are given below:

	In BDT	2022		2021	
		Quantity (kg)	Value (BDT)	Quantity (kg)	Value (BDT)
a	**Finished goods**	**39,454**	**7,958,855**	66,923	13,935,988
b	**Raw materials**				
	Raw materials - Blended tea	**16,652**	**2,495,099**	45,710	8,581,635
	Raw materials - Loose tea	**44,058**	**7,679,829**	226,353	41,943,425
		60,710	**10,174,927**	272,063	50,525,060

	In BDT	2022	2021
c	**Packing materials**		
	Packing materials - Packed tea	**10,336,070**	5,319,489
	Packing materials - Tea bag	**4,329,047**	6,102,854
	Packing materials - Green & Flavour	**2,798,141**	2,435,783
		17,463,258	13,858,126

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9 Advance income tax

See accounting policy in Note 38K

In BDT	2022	2021
Opening balance	27,807,568	24,731,279
Paid during the year	2,234,921	3,076,289
Adjustment for completion of assessment	-	-
Adjustment for AIT paid	-	-
Closing balance	30,042,489	27,807,568

10 Advance payment of VAT

In BDT	2022	2021
Advance payment of VAT against auction purchase	12,185,693	5,568,773
VAT current account	10,269,538	15,942,434
	22,455,230	21,511,207

11 Trade receivables

See accounting policy in Note 38D

In BDT	2022	2021
Distributors	3,925	51,077,047
Institutions	2,258,577	3,777,365
	2,262,502	54,854,412

12 Advances, deposits and prepayments

See accounting policy in Note 38D

In BDT	2022	2021
Advances	475,706	1,198,281
Deposits	222,775	855,175
Prepayments	1,793,665	1,172,805
	2,492,146	3,226,261

13 Cash and cash equivalents

See accounting policy in Note 38D

In BDT	2022	2021
Cash in hand	510,021	525,021
Cash at bank	11,794,110	1,989,973
	12,304,131	2,514,994

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14 Share capital

See accounting policy in Note 38N

In BDT	2022	2021
Authorised		
7,500,000 ordinary shares of BDT 100 each	**750,000,000**	750,000,000
	750,000,000	750,000,000

Issued, subscribed and fully paid up		
6,500,000 ordinary shares of BDT 100 each	**650,000,000**	650,000,000
	650,000,000	650,000,000

Shareholding position

	2022			2021		
Name of shareholders	Number of shares	Value (BDT)	Percentage of holding	Number of shares	Value (BDT)	Percentage of holding
Tata Consumer Products Overseas Holdings Limited	**3,250,000**	**325,000,000**	**50%**	3,250,000	325,000,000	50%
Advanced Chemical Industries Limited, Bangladesh	**3,250,000**	**325,000,000**	**50%**	3,250,000	325,000,000	50%
	6,500,000	**650,000,000**	**100%**	6,500,000	650,000,000	100%

15 Lease Liabilities

See accounting policy in Note 38L

			2022	2021
In BDT	Head Office	Factory	Total	Total
Lease Liabilities- non current portion	2,452,125	-	**2,452,125**	4,988,663
Lease Liabilities- current portion	1,163,472	1,373,066	**2,536,538**	2,475,268
	3,615,598	1,373,066	**4,988,663**	7,463,931

16 Bank overdrafts

See accounting policy in Note 38D

In BDT	2022	2021
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	**36,606,424**	22,212,595
Standard Chartered Bank	**10,550,342**	48,347,515
	47,156,766	70,560,110

Overdraft facilities are advance against corporate guarantee from the Company's venturers.

17 Provision for tax

See accounting policy in Note 38K

17.1 Current tax

In BDT	2022	2021
Opening balance	**22,628,962**	19,583,638
Provision made during the year	**2,369,951**	3,045,324
Adjustment for completion of assessment	**-**	
Closing balance	**24,998,913**	22,628,962

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17.2 Deferred tax

Deferred tax assets have not been recognised by the Company on the estimation that it is not yet probable that the related tax benefit will be realised.

18 Loans and borrowings

See accounting policy in Note 38D

In BDT	2022	2021
Short term bank loans:		
Standard Chartered Bank	**19,000,000**	70,000,000
HSBC	**64,600,000**	47,720,000
	83,600,000	117,720,000

Securities for the bank loans mentioned above are as follows:

HSBC

Securities are as follows:

i) Demand promissory note and letter of continuation for BDT 160,000,000.

ii) Corporate guarantee executed by Advanced Chemical Industries Limited for BDT 80,000,000 with supporting board resolution.

iii) First charge over the borrower's stocks of raw materials, work in process, finished goods, book debts and receivable's with the office of the Registrar of Joint Stock Companies and Firms (RJSC) on pari passu basis. HSBC's share is BDT 160,000,000.

iv) Letter of Awareness (LOA) with supporting board resolution from the Company's venturers.

Standard Chartered Bank (SCB)

Securities are as follows:

i) Demand promissory note and letter of continuation for BDT 130,000,000 each.

ii) Registered hypothecation over stocks & Book debts of the company on pari passu basis with other lenders where Standard Chartered Bank's share would be at least BDT 130,000,000.

iii) Corporate guarantee from one of the venturers.

19 Trade and other payables

See accounting policy in Note 38D

In BDT	2022	2021
Trade payables	**6,853,387**	13,303,982
Other payables	**11,608,260**	2,341,322
Withholding tax - salary	**-**	
	18,461,647	15,645,304

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20 Accruals and provisions

See accounting policy in Note 38H

In BDT	2022	2021
Audit fee and other expense	**265,000**	434,332
Gratuity payable	**4,762,551**	4,355,462
Provision for other expenses	**439,045.00**	5,478,922
	5,466,596	10,268,716

21 Cost of sales

In BDT	Note	2022	2021
Raw materials consumption	21.1	**244,650,234**	302,342,417
Packing materials consumption	21.1	**35,777,835**	43,888,274
Other materials consumptions		**4,387,935**	23,594,090
Direct labour		**5,526,628**	6,168,710
Factory overhead	21.2	**11,100,187**	14,067,171
Cost of production		**301,442,819**	390,060,662
Add: Opening inventories of finished goods		**13,935,988**	9,121,734
		315,378,807	399,182,396
Less: Closing inventories of finished goods	35,597,040	**7,958,855**	13,935,988
		307,419,952	385,246,407
Less: Samples, consumer and trade promotions*		**647,603**	6,280,287
		306,772,350	378,966,120

*The amount has been deducted from cost of sales and reported under 'Selling and distribution expenses' (Note 23) and 'Administrative expenses' (Note 24).

21.1 Raw/packing material consumption

	For the year ended 30 June			
		2022		2021
In BDT	Raw material consumption	Packing material consumption	Raw material consumption	Packing material consumption
Opening inventories	**50,525,059**	**13,858,126**	71,500,287	11,755,433
Add: Purchase	**204,300,102**	**39,382,967**	281,367,189	45,990,967
	254,825,161	**53,241,093**	352,867,476	57,746,400
Less: Closing inventories	**10,174,927**	**17,463,258**	50,525,059	13,858,126
	244,650,234	**35,777,835**	302,342,417	43,888,274

21.2 Factory overhead

In BDT	2022	2021
Salaries and wages	**3,790,551**	4,039,875
Security guards expenses	**298,800**	363,600
Repair and maintenance	**1,288,929**	1,635,676
Electricity	**697,016**	923,402
Insurance	**1,345,237**	1,398,232
Postage, telephone and stationery	**284,433**	364,816
Travelling and conveyance	**104,660**	140,500
Entertainment	**58,118**	106,317
Depreciation	**2,466,474**	2,572,591
Canteen expenses	**357,220**	417,755
Rent		1,844,407
Rates and taxes	**270,150**	121,400
Internet and data connectivity	**138,600**	138,600
	11,100,187	14,067,171

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Notes to the financial statements (continued)

22 Other income

In BDT	2022	2021
Scrap sale	**524,113**	387,881
	524,113	387,881

23 Selling and distribution expenses

In BDT	2022	2021
Selling expenses	**24,229,708**	27,284,981
Distribution expenses	**10,433,557**	11,683,648
Advertisment	**15,941,784**	12,528,668
Consumer Pomotion	**8,296**	32,000
Trade Pomotion	**1,974,000**	2,379,000
Distributor's travelling expenses	**432,773**	734,778
	53,020,118	54,643,075

24 Administrative expenses

In BDT	2022	2021
Salary and wages	**36,982,723**	35,557,259
Rates and taxes	**642,452**	756,727
Travelling and conveyance	**1,794,245**	1,389,380
Postage and telephone	**246,394**	317,854
Stationery	**260,625**	245,017
Entertainment	**354,453**	381,342
Insurance	**117,614**	122,654
Cost of samples	**431,910**	321,464
Legal and professional charges	**427,649**	308,150
Audit fees	**525,500**	286,750
Repair and maintenance	**312,215**	440,727
Electricity, gas and water	**336,838**	363,357
Depreciation and amortisation	**1,752,832**	1,566,618
Internet and data connectivity	**394,000**	386,400
Bank charges	**428,733**	389,179
Other Expenses	**901,234**	874,237
Health and safety expenses	**84,289**	135,254
	45,993,705	43,842,368

25 Finance costs

In BDT	2022	2021
Interest on overdrafts and short term loans	**13,980,609**	14,526,938
Interest on Lease	**133,892**	193,553
	14,114,501	14,720,491

26 Income tax expense

See accounting policy in Note 38K

In BDT	2022	2021
Current tax expense	**2,369,951**	3,045,324
	2,369,951	3,045,324

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27 Financial instruments - Fair values and risk management

A Accounting classifications and fair values

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

		Carrying amount							Fair value			
In BDT	*Note*	Fair value- hedging instruments	Mandatorily at FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Fair value Total
30 June 2022												
Financial assets not measured at fair value												
Trade receivables	*11*	-	-	-	-	2,262,502	-	2,262,502	-	-	-	-
Advances, deposits and prepayments	*12*	-	-	-	-	2,492,146	-	2,492,146	-	-	-	-
Cash and cash equivalents	*13*	-	-	-	-	12,304,131	-	12,304,131	-	-	-	-
		-	-	-	-	17,058,779	-	17,058,779	-	-	-	-
Financial liabilities not measured at fair value												
Bank overdrafts	*16*	-	-	-	-	-	47,156,766	47,156,766				
Loans and borrowings	*18*	-	-	-	-	-	83,600,000	83,600,000	-	-	-	-
Trade and other payables	*19*	-	-	-	-	-	18,461,647	18,461,647	-	-	-	-
Audit fee and other expenses	*20*	-	-	-	-	-	5,466,596	5,466,596	-	-	-	-
		-	-	-	-	-	154,685,010	154,685,010	-	-	-	-
30 June 2021												
Financial assets not measured at fair value												
Trade receivables	*11*	-	-	-	-	54,854,412	-	54,854,412	-	-	-	-
Advances, deposits and prepayments	*12*	-	-	-	-	3,226,261	-	3,226,261	-	-	-	-
Cash and cash equivalents	*13*	-	-	-	-	2,514,994	-	2,514,994	-	-	-	-
		-	-	-	-	60,595,667	-	60,595,667	-	-	-	-
Financial liabilities not measured at fair value												
Bank overdrafts	*16*	-	-	-	-	-	70,560,110	70,560,110				
Loans and borrowings	*18*	-	-	-	-	-	117,720,000	117,720,000	-	-	-	-
Trade and other payables	*19*	-	-	-	-	-	15,645,304	15,645,304	-	-	-	-
Audit fee and other expenses	*20*	-	-	-	-	-	10,268,716	10,268,716	-	-	-	-
		-	-	-	-	-	214,194,130	214,194,130	-	-	-	-

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B. Financial risk management

The Company's management 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 control, and to monitor risk and adherence to limits. Risk management policies 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:

I) Credit risk
II) Liquidity risk
III) Market risk

I) 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.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customers. Receivables are normally paid within very short time from when they are invoiced and credit risk from these receivables is very minimal.

Sales to independent distributors and retailers are made against advance payments or cash on collection. Credit sales are made largely to ACI Limited and supermarket chains.

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:

In BDT	*Note*	2022	2021
Trade receivables	*11*	**2,262,502**	54,854,412
Deposits	*12*	**222,775**	855,175
Cash at bank	*13*	**11,794,110**	1,989,973
		14,279,387	57,699,560

b) Ageing of trade debtors

In BDT	2022	2021
Invoiced 0-30 days	**2,262,502**	52,420,752
Invoiced 31-60 days	-	30,123
Invoiced 61-90 days	-	787,471
Invoiced 91-120 days	-	622,848
Invoiced 121-150 days	-	116,196
Invoiced 151-180 days	-	398,290
Invoiced 180 days and above	-	478,732
	2,262,502	54,854,412

Management believes that the amount of trade receivables at reporting date is not impaired.

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II) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) 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 or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

30 June 2022

			Contractual cash flows					
In BDT	*Note*	Carrying amount	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities:								
Bank overdrafts	*16*	47,156,766	47,156,766	47,156,766	-	-	-	-
Loans and borrowings	*18*	83,600,000	83,600,000	83,600,000	-	-	-	-
Trade and other payables	*19*	18,461,647	18,461,647	18,461,647	-	-	-	-
		149,218,413	149,218,413	149,218,413	-	-	-	-

30 June 2021

			Contractual cash flows					
In BDT	*Note*	Carrying amount	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities:								
Bank overdrafts	*16*	70,560,110	70,560,110	70,560,110	-	-	-	-
Loans and borrowings	*18*	117,720,000	117,720,000	117,720,000	-	-	-	-
Trade and other payables	*19*	15,645,304	15,645,304	15,645,304	-	-	-	-
		203,925,414	203,925,414	203,925,414	-	-	-	-

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III) Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. Currency risk and interest rate risk are two components of market risk.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rate. The Company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

As at reporting date, the company had no foreign currency denominated asset or liability. So, there was no exposure to foreign currency risk.

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company is not significantly exposed to fluctuation in interest rates as it has neither floating interest rate bearing financial liabilities nor entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

The interest rate profile of the Company's interest bearing financial instruments was:

Fixed rate instruments

In BDT	*Note*	2022	2021
Financial liabilities			
Bank overdrafts	*16*	**47,156,766**	70,560,110
Loans and borrowings	*18*	**83,600,000**	117,720,000
		130,756,766	188,280,110

28 Expenditure in foreign currency

Name of the party	Currency	2022	2021
Mane India Pvt. Limited	USD	-	-
Windsor Locks, Ahlstrom-Munksjo Nonwovens LLC	USD	**30,389**	41,836
Vedika Machinery Pvt Ltd	USD	-	18,780
Hedge Marketing Company India	USD	-	10,357

29 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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Notes to the financial statements (continued)

30 Related party transactions

30.1 The Company in the normal course of business has entered into transactions with other entities that fall within the definition of related party contained in IAS: 24 *Related Party Disclosures*. The Company believes that the terms of these related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions during the year are as follows:

			Transaction values		Balance outstanding	
			For the year ended		For the year ended	
In BDT	Nature of relationship	Nature of transactions	30 June 2022	30 June 2021	30 June 2022	30 June 2021
ACI Limited	Venturer	Sale of product	**21,047,978**	23,874,440	**2,187,360**	3,777,365
		Receipts from sale	**(22,637,983)**	(24,046,504)		
		Distribution expenses	**17,104,186**	22,215,678		
		Payment of distribution expense	**(17,104,186)**	(22,215,678)	-	
		Rent	-	1,392,000		
		Payment of rent	-	(1,392,000)	-	-
		Intercompany Loan	-	-	-	-
		Interest accrued	-	1,711,139	-	-
		Repayment	-	(36,000,000)	-	-
ACI Foods Limited	Fellow subsidiary	Purchase of promo items	-	3,911,150	-	-
		Payment for promo items	-	(3,911,150)	-	
Pioneer Insurance Co. Ltd.	Fellow subsidiary	Insurance	**1,353,259**	1,363,013	**499,183**	508,562
		Payment of insurance premium	**(1,343,880)**	(1,356,196)		
PremiaFlex Plastics Ltd.	Fellow subsidiary	Packaging material supply	**10,364,215**	10,429,368	-	(413,540)
		Payment for packing material	**(10,777,755)**	(11,903,097)		

30.2 Managing Director remuneration

Managing Director's remuneration for 2022 BDT 10,244,172 (2021: BDT 10,070,949) includes basic salary and consolidated allowances as approved by the board.

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31 Guarantees and commitments

The Company has no capital commitments at the reporting date.

32 Contingent liability

There is no contingent liability as at 30 June 2022 for the Company (2021: Nil).

33 Events after the reporting period

Subsequent to the reporting period, Tata Consumer Products Overseas Holdings Limited, together with an associate company Tata Consumer Products UK Group Limited, reached an agreement with Advanced Chemical Industries Limited ("ACI") to acquire ACI's 50% stake in the Company.

Upon such acquisition of shares, the Company would become an almost wholly owned subsidiary of Tata Consumer Products Overseas Holdings Limited, with Tata Consumer Products UK Group Limited holding one share.

33.1 Annual General Meeting

The Company has not been able to hold Annual General Meeting (AGM) for the year 2022, as there was delay in completing the Year End Statutory Audit process. Few documentations required to complete the audit process were delayed due to ongoing discussions between the shareholders of the entity for share buyout. The discussions were concluded by way of an Agreement, as mentioned in Note 33, only in early January 2023; The Audit process was also closed shortly post that; Management is in the process of applying for direction of the High Court Division of the Hon'ble Supreme Court of Bangladesh as to when and how the AGM of 2022 is to be held and the process to follow thereat.

34 Comparatives

Comparative information have been disclosed in respect of 2022 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

35 Number of employees

The number of employees during the year receiving salaries of more than BDT 36,000 per year was 79 (2021: 95).

36 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.

37 Basis of measurement

The financial statements have been prepared on going concern basis under the historical cost convention.

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38 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 4.1)

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

A Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. 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.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part 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 recognised in the statement of comprehensive income as incurred.

Depreciation

i) No depreciation is charged on capital work in progress.

ii) Property, plant and equipment are stated at cost less accumulated depreciation. All property, plant and equipment have been depreciated on reducing balance method.

iii) In respect of addition to fixed assets, full depreciation is charged in the month of addition irrespective of date of purchase in that month and no depreciation is charged in the month of disposal/retirement. Residual value is estimated to be zero for all assets. The rates of depreciation vary according to the estimated useful lives of the items of all property, plant and equipment.

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Considering the estimated useful life of the assets, the rate of depreciation stand as follows:

	For the year ended 30 June	
	2022	**2021**
Plant and machinery	**10%-25%**	10%-25%
Furniture and fixtures	**20%-30%**	20%-30%
Computer and accessories	**30%**	30%
Electrical and other appliances	**15%**	15%
Fire fighting equipment	**20%**	20%
Metallic pallets	**10%**	10%
Tea bagging machines	**10%**	10%
Production Floor	**20%**	20%

Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in the statement of profit or loss and other comprehensive income.

B Intangible assets

i) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per IAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

ii) Subsequent costs

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

iii) Amortisation

Amortisation on additions is charged from the month following acquisition of intangible assets. For disposals, amortisation is charged up to the month of disposal. Amortisation is charged on reducing balance method, at the following rate:

	2022	**2021**
Accounting software	**30%**	30%

C Inventories

Inventories of finished goods, raw materials and packaging materials are valued at the lower of cost and net realisable value. The cost is assigned following the First In First Out (FIFO) method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operation capacity. As per IAS 2: *Inventories,* net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

D Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

The Company has classified on initial recognition its trade receivables, its receivables from related parties, its other receivables and its cash at bank at amortised cost. The Company does not hold any other financial assets.

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The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities (trade payables, payable to parent company, and other payables) are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

In the case the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets include cash and cash equivalents, trade and other receivables and receivable from related parties.

(a) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities include trade and other payables, borrowings, accrued expenses etc.

(a) Trade and other payables

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

(b) Loans and borrowings

Principal amounts of the loans and borrowings are stated at their amortised amount. Borrowings repayable after twelve months from reporting date are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from reporting date, unpaid interest and other charges are classified as current liabilities.

(c) Accrued expenses

Accrued expenses represent various operating expenses that are due at the reporting date which are initially measured at fair value.

E Impairment

i. Non-derivative financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost (trade receivables, receivables from related parties, other receivables and cash at bank. The Company does not hold debt investments that are measured subsequently at FVTPL or FVOCI.

The Company measures loss allowance either at an amount equal to:

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECLs, which includes the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

For the financial assets, except for the cash at bank, the Company applied the simplified approach to measuring ECLs which recognises the lifetime ECLs of these assets that reflect an increased credit risk. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

Loss allowances on bank balances are always measured at an amount equal to 12 month ECLs. The Company considers bank balances to have a low risk level when their credit risk rating is equivalent to the globally understood definition of "investment grade".

Measurement of ECLs

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract such as a default or being past due more than standard credit terms; or
- it is probable that the customer will enter into bankruptcy or other financial reorganisation.

Presentation of loss allowance in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (Cash-generating units).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

F Finance income and finance expenses

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. The Company's finance cost includes interest expense on bank overdrafts and on loans and borrowings.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

G Revenue

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably. Revenue is recognised in profit or loss as follows:

Sale of product

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be measured reliably, there is no continuing management involvement with that goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

H Provisions

A provision is recognised on the reporting date if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provision are reversed.

I Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

(i) Contingent liability

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

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

(ii) Contingent asset

Contingent asset is a possible asset that arises from past events, the existence of which can be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

The Company does not recognise contingent asset and contingent liabilities during the period.

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J Foreign currency

Foreign currency transactions are translated into BDT/Taka at the exchange rates prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the reporting date.

Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates prevailing at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The Company did not incur any foreign exchange gain/loss during the year.

K Income tax

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:
– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and 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 assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

L Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

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i) The Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

i. fixed payments, including in-

ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii. amounts expected to be payable under a residual value guarantee; and

iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Then the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

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ii) The Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

M Statement of cash flows

Statement of cash flows has been prepared in accordance with IAS 7: *Statement of cash flows* under the indirect method.

N Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

39 Standards issued but not yet effective

A number of amendments to standards are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted. However, the Group has not early applied the following amendments to standards in preparing these financial statements.

a) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

b) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

c) Other standards

The following new and amended standards are not expected to have a significant impact on financial statements:

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

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