

**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
OF  
AGRO TECH FOODS (BANGLADESH) PVT. LTD.  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2022**



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

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**INDEPENDENT AUDITORS' REPORT**  
to the shareholders of  
**Agro Tech Foods (Bangladesh) Private Limited**

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

**Opinion**

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

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

**Basis for opinion**

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

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation 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 charge with governance are also responsible for overseeing the company's financial reporting process.

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

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

**Report on Other Legal and Regulatory Requirements**

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

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated: 25 April 2022  
Dhaka

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

**Agro Tech Foods (Bangladesh) Private Limited**  
**Statement of financial position**  
As at 31 March 2022

| Particulars                                       | Notes | Amount in Taka     |                    |
|---|-------|--------------------|--------------------|
|   |       | 31-Mar-22          | 31-Mar-21          |
| <b>Assets</b>                                     |       |                    |                    |
| <b>Non Current assets</b>                         |       |                    |                    |
| Property, plant and equipment                     | 4     | 113,629,396        | 96,263,420         |
| Capital work In progress                          | 5     | 11,593,562         | 1,720,000          |
| Deferred Tax Assets                               | 6     | 17,464,314         | 16,858,182         |
|   |       | <u>142,687,272</u> | <u>114,841,602</u> |
| <b>Current assets</b>                             |       |                    |                    |
| Inventories                                       | 7     | 14,720,196         | 13,543,798         |
| Account receivable                                |       | 20,196             | 1,090,387          |
| Advances, deposits and prepayments                | 8     | 3,830,026          | 2,149,370          |
| Advance income tax                                | 9     | 1,063,840          | 618,903            |
| Cash and cash equivalents                         | 10    | 36,327,899         | 25,130,508         |
|   |       | <u>55,962,157</u>  | <u>42,532,966</u>  |
| <b>Total assets</b>                               |       | <u>198,649,429</u> | <u>157,374,568</u> |
| <b>Shareholder's equity and Liabilities</b>       |       |                    |                    |
| <b>Shareholder's equity</b>                       |       |                    |                    |
| Share capital                                     | 11    | 249,795,410        | 179,795,410        |
| Share money deposit                               | 12    | -                  | 20,000,000         |
| Retained earnings                                 |       | (66,124,384)       | (45,681,184)       |
|   |       | <u>193,671,026</u> | <u>154,114,226</u> |
| <b>Liabilities</b>                                |       |                    |                    |
| <b>Current liabilities</b>                        |       |                    |                    |
| Trade and other payable                           | 13    | 4,673,325          | 1,507,522          |
| Advance from customer                             |       | -                  | 1,606,874          |
| Provision for income tax                          | 14    | 305,078            | 145,946            |
|   |       | <u>4,978,403</u>   | <u>3,260,342</u>   |
| <b>Total shareholder's equity and liabilities</b> |       | <u>198,649,429</u> | <u>157,374,568</u> |

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

  
Director

  
Director

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

Dated: 25 April 2022  
Dhaka.



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

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**Agro Tech Foods (Bangladesh) Private Limited**  
**Statement of profit or loss and other comprehensive income**  
For the year ended 31 March 2022

| Particulars                              | Notes | Amount in Taka      |                    |
|--|-------|---------------------|--------------------|
|  |       | 2021-2022           | 2020-2021          |
| Revenue                                  | 15    | 30,957,684          | 18,906,137         |
| <b>Total Revenue</b>                     |       | <b>30,957,684</b>   | <b>18,906,137</b>  |
| <b>Expenses</b>                          |       |                     |                    |
| Cost of material consumed                | 16    | 19,797,573          | 11,084,350         |
| Changes in inventories of finished goods | 17    | 277,695             | (172,449)          |
| Manufacturing expense                    | 18    | 3,335,619           | 2,123,767          |
| Administrative expense                   | 19    | 6,127,891           | 3,556,546          |
| Selling and distributing expense         | 20    | 736,206             | 357,113            |
| Employee benefits expense                | 21    | 5,513,604           | 3,666,525          |
| Depreciation                             | 4     | 6,833,195           | 6,553,110          |
| Foreign exchange (gain)/ loss            |       | 223,004             | 114,604            |
| <b>Total Expense</b>                     |       | <b>41,844,787</b>   | <b>27,283,566</b>  |
| <b>Profit/(Loss) before tax</b>          |       | <b>(10,887,103)</b> | <b>(8,377,429)</b> |
| <b>Income tax expense</b>                |       | <b>(443,903)</b>    | <b>193,715</b>     |
| Current tax expense                      |       | 162,229             | 107,016            |
| Deferred tax (Income)/ expense           |       | (606,132)           | 86,699             |
| <b>Profit/(Loss) after tax</b>           |       | <b>(10,443,200)</b> | <b>(8,571,144)</b> |
| Other comprehensive income               |       | -                   | -                  |
| <b>Total comprehensive income/(loss)</b> |       | <b>(10,443,200)</b> | <b>(8,571,144)</b> |

(Transferred to statement of changes in equity)

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

  
Director

  
Director

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

Dated: 25 April 2022  
Dhaka.

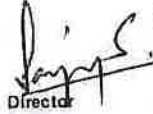
**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque Ahmed FCA  
Senior Partner and CEO  
Enrolment number: 0690  
DVC:



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**Agro Tech Foods (Bangladesh) Private Limited**  
**Statement of changes in equity**  
**As at 31 March 2022**

| Particulars                        | Amount in Taka     |                     |                     |                    |
|------------------------------------|--------------------|---------------------|---------------------|--------------------|
|                                    | Share capital      | Share Money Deposit | Retained earnings   | Total              |
| Balance as at 01 April 2020        | 179,795,410        | -                   | (37,083,165)        | 142,712,245        |
| Addition during the year           | -                  | 20,000,000          | -                   | 20,000,000         |
| Prior period adjustment            | -                  | -                   | (26,875)            | (26,875)           |
| Total comprehensive income         | -                  | -                   | (8,571,144)         | (8,571,144)        |
| <b>Balance as at 31 March 2021</b> | <b>179,795,410</b> | <b>20,000,000</b>   | <b>(45,681,184)</b> | <b>154,114,226</b> |
| Balance as at 01 April 2021        | 179,795,410        | 20,000,000          | (45,681,184)        | 154,114,226        |
| Addition during the year           | 70,000,000         | 60,000,000          | -                   | 120,000,000        |
| Transfer to share capital          | -                  | (70,000,000)        | -                   | (70,000,000)       |
| Total comprehensive income         | -                  | -                   | (10,443,200)        | (10,443,200)       |
| <b>Balance as at 31 March 2022</b> | <b>249,795,410</b> | <b>-</b>            | <b>(56,124,384)</b> | <b>193,671,026</b> |

  
 Director

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

  
 Director

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

Dated: 25 April 2022  
 Dhaka.



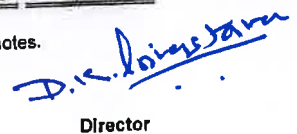
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**Agro Tech Foods (Bangladesh) Private Limited**  
**Statement of cash flows**  
For the year ended 31 March 2022

| Particulars  | Amount in Taka |              |
|--|----------------|--------------|
|  | 2021-2022      | 2020-2021    |
| <b>A. Cash flows from operating activities</b>                 |                |              |
| Profit/(Loss) before tax                                       | (10,887,103)   | (8,377,429)  |
| Adjustment of non cash items                                   | 6,833,195      | 6,553,110    |
| Depreciation   | -              | (26,875)     |
| Prior period adjustment  | (4,053,908)    | (1,861,194)  |
| <b>Changes in working capital</b>                              |                |              |
| Inventories  | (1,176,398)    | (8,443,368)  |
| Accounts receivable  | 1,070,191      | (1,069,023)  |
| Advances, deposits and prepayments                             | (1,680,657)    | 453,460      |
| Trade and Other Payable  | 1,718,062      | 870,438      |
| Advance income tax   | (444,937)      | (500,467)    |
| Income tax expense   | (162,229)      | (107,016)    |
|  | (675,968)      | (8,795,976)  |
|  | (4,729,876)    | (10,647,170) |
| <b>Net cash flow from operating activities</b>                 |                |              |
| <b>B. Cash flows from investing activities</b>                 |                |              |
| Acquisition of property, plant and equipment                   | (22,479,171)   | (377,389)    |
| Capital work in progress                                       | (11,593,562)   | (1,720,000)  |
| <b>Net cash used in investing activities</b>                   | (34,072,733)   | (2,097,389)  |
| <b>C. Cash flows from financing activities</b>                 |                |              |
| Increase of share capital                                      | 70,000,000     | -            |
| Increase/(Decrease) of share money deposits                    | (20,000,000)   | 20,000,000   |
| <b>Net cash generated from financing activities</b>            | 50,000,000     | 20,000,000   |
| <b>E. Net cash changes in cash and cash equivalent (A+B+C)</b> | 11,197,391     | 7,255,441    |
| <b>F. Opening cash and cash equivalents</b>                    | 25,130,508     | 17,875,067   |
| <b>Closing cash and cash equivalents</b>                       | 36,327,899     | 25,130,508   |

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

  
Director

  
Director

Signed in terms of our report of even date annexed.

Dated: 25 April 2022  
Dhaka.



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**Agro Tech Foods (Bangladesh) Private Limited**  
**Notes, comprising significant accounting policies and other explanatory information**  
**As at and for the year ended 31 March 2022**

**1.00 Company and its activities**

**1.01 Background**

Agro Tech Foods (Bangladesh) Pvt. Ltd. ("the Company") was registered in Bangladesh on 8 April 2012 with an authorized share capital of Tk 50,000,000 divided into 5,000,000 ordinary shares of Tk 10 each. In 2014, the Company increased its authorized share capital to Tk 200,000,000 divided into 20,000,000 ordinary shares of Tk 10 each. In 2021, the Company further increased its authorized capital to 350,000,000 divided into 35,000,000 shares ordinary shares of Tk 10 each. It is a subsidiary company of Agro Tech Foods Limited, India.

**1.02 Nature of business**

The company is mainly engaged in the manufacturing and trading of ACT II popcorn.

**1.03 Registered office**

The address of the registered office of the company is Sakaswar, Madhyapara, Kallakoir, Gazipur-1750, Dhaka Bangladesh.

**2.00 Basis of preparation**

**2.01 Statement of compliance**

These financial statements have been prepared and the disclosure of information are made in accordance with International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Financial Reporting Council, the Companies Act 1994, and other relevant local Laws as applicable. The statement of financial position and the statement of profit or loss and other comprehensive income have been prepared according to International Accounting Standard (IAS) 1: Presentation of Financial Statements on accrual basis of accounting following going concern assumption under generally accepted accounting principles.

**Application of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)**

|         |   |
|---------|---|
| 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-32  | Financial Instruments: Presentation                             |
| IAS-36  | Impairment of Assets  |
| IAS-37  | Provisions, Contingent Liabilities and Contingent Assets        |
| IAS-38  | Intangibles Assets  |
| IAS-39  | Financial Instruments: Recognition and Measurement              |
| IFRS-7  | Financial Instruments: Disclosures                              |
| IFRS-9  | Financial Instruments   |
| IFRS-13 | Fair Value Measurement  |
| IFRS-15 | Revenue from Contracts with Customer                            |

**2.02 Reporting period**

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

**2.03 Basis of accounting**

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



*D.K. Asiruzzaman*

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**2.04 Going concern**

The financial statements have been prepared on going concern basis. As per the management assessment, there is no material uncertainties related to events or conditions which may cast significant doubt upon the companies ability to continue as a going concern.

**2.05 Basis of measurement**

The financial statements have been prepared on historical cost basis except for certain assets which are stated either at revalued amount or fair market value as explained in the accompanying notes and, therefore, do not take into consideration the effect of inflation.

**2.06 Date of authorization**

The Board of Directors has authorized these financial statements on 25 April 2022.

**2.07 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.

**2.08 Functional and presentation currency**

These financial statements are presented in Bangladesh currency (Taka), which is both functional currency and presentation currency of the company. All amount have been rounded off to the nearest Taka unless otherwise indicated.

**2.09 Components of financial statements**

The financial statements comprises of:

- (i) Statement of financial position as at 31 March 2022;
- (ii) Statement of profit or loss and other comprehensive income for the period from 01 April 2021 to 31 March 2022;
- (iii) Statement of changes in equity for the year ended 31 March 2022;
- (iv) Statement of cash flows for the period from 01 April 2021 to 31 March 2022;
- (v) A summary of significant accounting policies and other explanatory information as at 31 March 2022 and for the year ended 31 March 2022.

**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.

**Judgements**

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

- Note : 3.01 Property, plant and equipment
- Note : 3.02 Inventories

**Assumption and estimation uncertainties**

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

- Note # 6.00 Deferred Tax Assets
- Note # 14.00 Provision for income tax
- Note # 13.01 Accrued Expenses

**2.11 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.

**2.12 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.

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*D.K. Inayat*



### 2.13 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.

### 2.14 Transactions in Foreign Currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Taka at the exchange rate using the closing rate. Foreign currency exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period using closing rate are recognized in the statement of profit or loss and other comprehensive income as per IAS 21: "The Effects of Changes in Foreign Exchange Rates".

### 3.00 Significant accounting policies

#### 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.

Maintenance, renewals and betterment that enhance the economic useful life of the property, plant and equipment that improve the capacity and quality or reduce substantially the operating cost or administration expenses are capitalized by adding it to the related property, plant and equipment. If any significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment.

##### b) Subsequent cost

The cost of replacing or up-gradation 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 associated with the item will flow to the company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss and other comprehensive income as incurred.

Capital work in progress (CWIP) as the CWIP asset has not yet been ready for use. Depreciation on each class of property, plant and equipment, CWIP is recognized in the statement of profit or loss and other comprehensive income based on the methods mentioned in the following table.

##### c) Depreciation

Depreciation on property, plant and equipment is recognized against profit or loss on a straight line method over the estimated useful lives of each part of an item of property, plant and equipment as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. Depreciation is charged from the date of acquisition and no depreciation is charged in the month of disposal. The depreciation rates are as follows:

| <u>Assets Category</u>   | <u>Estimated lifetime</u> |
|--------------------------|---------------------------|
| Building                 | 20 years                  |
| Plant & machinery        | 10 years                  |
| Factory equipment        | 20 years                  |
| Equipment and appliances | 5 years                   |
| Computer and peripherals | 5 years                   |
| Furniture and fixture    | 5 years                   |

##### d) Impairment

The carrying value of the Company's assets is reviewed to determine whether there is any indication of impairment at the reporting date. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the assets or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income in the year concerned.



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*D.K. Islam*



**e) Derecognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income as applicable. When revalued assets are disposed of, the amounts included in the revaluation surplus are transferred to retained earnings.

**3.02 Inventories**

Inventories comprise of Raw Materials, Packing Materials, Work in Process, Finished Goods, Semi Finished Goods, Inventory in Transit, Spare Parts and General Stores. These inventories except inventory in transit are valued at lower of cost and net realizable value. The cost of inventories is determined by using the weighted average cost formula, and it includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying amount of inventories to the lower of cost and net realizable value as per IAS-02 Inventories. In the case of finished goods and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

**3.03 Advances, Deposits and Prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

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

**3.04 Cash and bank balances**

Cash and bank balances includes banks on current and deposit accounts, which held and available for use by the company without any restriction.

**3.05 Statement of cash flows**

Cash flow from operating activities have been prepared and presented under the direct method in accordance with the requirements of IAS 7 Statements of Cash flows.

**3.06 Employee benefit scheme**

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits. The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

**Short-term employee benefits**

Short-term employee benefits include salaries, bonuses, leave encashment, etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

**3.07 Provisions**

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

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

**3.08 Current tax**

As per International Accounting Standards (IAS) 12: "Income Tax", income tax expense comprises of current tax and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI), in which case it is recognized in equity.



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### Deferred Tax Assets

As per International Accounting Standards (IAS) 12: "Income Tax", deferred tax asset is recognized 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. It is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized and such reductions are reversed when the probability of future taxable profits improve.

### Deferred Tax Liabilities

As per International Accounting Standards (IAS) 12: "Income Tax", deferred tax liabilities are the amount of income tax payable in the future periods in respect of taxable temporary differences. Provision for deferred tax liabilities is made at the rate applied on the amount of temporary difference between accounting base and tax base of assets and liabilities.

### 3.08 Finance costs

Finance costs comprise interest expense on short term borrowings.

### 3.09 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 recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognizes 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.

#### Accounts receivable

Accounts receivable is stated net of provisions, if any.

#### Cash and bank balances

Cash and bank balances consist cash in hand, bank deposits, which were held and available for use of the company without any restriction.

#### Financial liability

The company initially recognizes all financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability.

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

#### Trade and other payables

Trade 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.

### 3.10 Revenue recognition

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

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

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



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**3.11 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. Material non-adjusting events are disclosed in the financial statements.

**3.12 Share capital**

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

**3.13 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.

**3.14 Financial risk management policies**

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

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4: Property, plant and equipment

Agro Tech Foods (Bangladesh) Private Limited  
Schedule of property, plant and equipment  
As at 31 March 2022

Amount in Taka

| Assets Category          | Cost                |                          | Depreciation        |                     | Carrying Value As at 31 March 2022 | Carrying Value As at 31 March 2021 |
|--------------------------|---------------------|--------------------------|---------------------|---------------------|------------------------------------|------------------------------------|
|                          | As at 01 April 2021 | Addition during the year | As at 31 March 2022 | As at 01 April 2021 |                                    |                                    |
| Land                     | 21,374,850          | 20,308,308               | 41,683,158          | -                   | 41,683,158                         | 21,374,850                         |
| Building                 | 66,749,718          | 1,003,016                | 67,752,734          | 13,287,546          | 51,089,589                         | 53,462,172                         |
| Plant and machinery      | 32,804,292          | 2,740,800                | 35,545,092          | 11,670,120          | 20,627,295                         | 21,134,172                         |
| Equipment and appliances | 102,182             | 16,000                   | 118,182             | 81,477              | 14,728                             | 20,705                             |
| Furniture's and fixtures | 613,496             | 131,047                  | 744,543             | 454,233             | 158,472                            | 159,263                            |
| Computer and peripherals | 281,360             | -                        | 281,360             | 169,102             | 56,164                             | 112,258                            |
|                          | 121,925,898         | 24,199,171               | 146,125,069         | 25,662,478          | 113,629,396                        | 96,263,420                         |

5: Capital work in progress

| Assets Category     | As at 01 April 2021 | Addition during the year | Transfer to PPE | As at 31 March 2022 | As at 31 March 2021 |
|---------------------|---------------------|--------------------------|-----------------|---------------------|---------------------|
| Plant and machinery | 1,720,000           | 11,593,562               | 1,720,000       | 11,593,562          | 1,720,000           |
|                     | 1,720,000           | 11,593,562               | 1,720,000       | 11,593,562          | 1,720,000           |



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|   | Amount in Taka     |                    |
|---|--------------------|--------------------|
|   | 31-Mar-22          | 31-Mar-21          |
| <b>6.00 Deferred tax assets</b>   |                    |                    |
| Deferred tax assets   | 27,900,264         | 29,342,567         |
| Deferred tax liabilities  | (10,435,950)       | (12,484,385)       |
| <b>Net deferred tax assets</b>  | <b>17,464,314</b>  | <b>16,858,182</b>  |
| <b>7.00 Inventories</b>   |                    |                    |
| Raw materials   | 11,691,200         | 8,991,407          |
| Packing materials   | 3,028,996          | 4,274,696          |
| Finished goods  | -                  | 277,695            |
|   | <b>14,720,196</b>  | <b>13,543,798</b>  |
| <b>8.00 Advances, deposits and prepayments</b>                          |                    |                    |
| <b>Advances</b>   |                    | 428,750            |
| Advances to Supplier  | 40,000             | 40,000             |
| Advance to employee   | -                  | -                  |
| Other advance   | 2,683,224          | 897,318            |
| VAT current account (Notes 8.01)  | -                  | -                  |
| <b>Deposits</b>   | 593,600            | 593,600            |
| Dhaka Palli Vidyut Samiti for electricity                               | -                  | -                  |
| <b>Prepayments</b>  | 513,202            | 189,704            |
| Prepayment-Insurance  | -                  | -                  |
|   | <b>3,830,026</b>   | <b>2,149,370</b>   |
| <b>8.01 VAT current account</b>   |                    | 232,247            |
| Current account balance   | 2,683,224          | 665,069            |
| VAT receivable  | 2,683,224          | 897,316            |
| <b>9.00 Advance income tax</b>  |                    | 118,436            |
| Opening balance   | 618,903            | 500,467            |
| Addition during the year  | 444,937            | 618,903            |
| Closing balance   | <b>1,063,840</b>   | <b>618,903</b>     |
| <b>10.00 Cash and cash equivalent</b>                                   |                    |                    |
| Cash at bank  | 35,703,021         | 24,504,440         |
| HK and Shanghai Banking Corp Ltd  | 624,878            | 626,068            |
| Eastern Bank Limited  | 36,327,899         | 25,130,508         |
| <b>Total cash at bank</b>   |                    |                    |
| <b>11.00 Share capital</b>  |                    |                    |
| <b>Authorized share capital</b>   |                    |                    |
| 35,000,000 ordinary shares of Taka 10 each                              | 350,000,000        | 350,000,000        |
| <b>Issued, subscribed &amp; paid up share capital</b>                   |                    |                    |
| 24,979,541 ( previous year 17,979,541 ) ordinary shares of Taka 10 each | <b>249,795,410</b> | <b>179,795,410</b> |

Shareholding position of the company is as follows :

Agro Tech Foods Limited, India  
Mr. Sanjay Srivastava

| Number of Shares  | Value in Taka      | Value in Taka      |
|-------------------|--------------------|--------------------|
| 24,979,041        | 249,790,410        | 179,790,410        |
| 500               | 5,000              | 5,000              |
| <b>24,979,541</b> | <b>249,795,410</b> | <b>179,795,410</b> |



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*D.K. Srivastava*

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|   |  | Amount in Taka    |                   |
|---|--|-------------------|-------------------|
|   |  | 31-Mar-22         | 31-Mar-21         |
| <b>12.00 Share money deposits</b>                     |  |                   |                   |
|   | Share money deposit has been received through banking channel. | -                 | 20,000,000        |
| <b>13.00 Trade and other payable</b>                  |  |                   |                   |
|   | Accounts payable   | 1,957,750         | 412,048           |
|   | Accrued Expenses (Note 13.01)                                  | 2,715,575         | 1,095,474         |
|   |  | <b>4,673,325</b>  | <b>1,507,522</b>  |
| <b>13.01 Accrued Expenses</b>                         |  |                   |                   |
|   | Audit fees   | -                 | 360,000           |
|   | Legal and professional fees                                    | 381,000           | 236,000           |
|   | Withholding tax and VAT payable                                | 377,881           | 78,764            |
|   | Packaging Development  | 160,875           | 160,875           |
|   | Security charges   | 48,300            | 40,480            |
|   | Employee benefits expense                                      | 1,807,289         | -                 |
|   | Provisions for expenses  | 100,230           | 169,355           |
|   | Electricity expense  | 40,000            | 50,000            |
|   |  | <b>2,715,575</b>  | <b>1,095,474</b>  |
| <b>14.00 Provision for income tax</b>                 |  |                   |                   |
|   | Opening balance  | 145,946           | 8,657             |
|   | Add: Net provision made during the year                        | 159,132           | 137,289           |
|   |  | <b>305,078</b>    | <b>145,946</b>    |
|   |  | Amount in Taka    |                   |
|   |  | 2021-2022         | 2020-2021         |
| <b>15.00 Sales revenue</b>                            |  |                   |                   |
|   | Domestic sales   | 7,438,488         | 8,774,568         |
|   | Export sales   | 23,519,196        | 10,131,589        |
|   |  | <b>30,957,684</b> | <b>18,906,137</b> |
| <b>16.00 Cost of material consumed</b>                |  |                   |                   |
|   | Opening balance  |                   |                   |
|   | Raw and packing material                                       | 13,266,103        | 4,995,184         |
|   | Add: Purchases   |                   |                   |
|   | Purchase during the year                                       | 21,251,666        | 19,355,269        |
|   | Less: Closing inventory  |                   |                   |
|   | Raw and packing material                                       | (14,720,196)      | (13,266,103)      |
|   | Total  | <b>19,797,573</b> | <b>11,084,350</b> |
| <b>17.00 Changes in Inventories of finished goods</b> |  |                   |                   |
|   | Opening inventory of finished goods                            | 277,695           | 105,246           |
|   | Less: closing inventory of finished goods                      | -                 | (277,695)         |
|   | Total  | <b>277,695</b>    | <b>(172,449)</b>  |
| <b>18.00 Manufacturing expense</b>                    |  |                   |                   |
|   | Insurance expense  | 442,083           | 346,968           |
|   | Consumable expenses  | 749,582           | 34,189            |
|   | Electricity expenses   | 775,690           | 572,371           |
|   | Laboratory expense   | 255,467           | 308,851           |
|   | Manpower supply  | 1,005,597         | 780,138           |
|   | Diesel & Fuel  | 107,200           | 81,250            |
|   |  | <b>3,335,619</b>  | <b>2,123,767</b>  |



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| Amount in taka |           |
|----------------|-----------|
| 2021-2022      | 2020-2021 |

**19.00 Administrative expenses**

Travelling and conveyance  
 Audit fees  
 Professional fees  
 License & subscription fees  
 Rates and taxes  
 Bank charges  
 Printing and stationery  
 Legal charges  
 Pest control expenses  
 Security charges  
 Communication expenses  
 Repair and maintenance  
 Insurance expense

|                  |                  |
|------------------|------------------|
| 23,740           | 35,895           |
| 400,000          | 400,000          |
| 1,622,500        | 1,480,558        |
| 63,635           | 66,712           |
| 40,804           | 51,609           |
| 273,924          | 171,501          |
| 6,894            | 4,123            |
| 166,254          | 6,316            |
| 310,710          | 166,500          |
| 472,420          | 447,516          |
| 52,840           | 54,058           |
| 380,907          | 235,280          |
| 1,313,263        | 436,478          |
| <b>5,127,891</b> | <b>3,556,546</b> |

**20.00 Selling and distributing expense**

Freight outward  
 C&F expenses

|                |                |
|----------------|----------------|
| 419,176        | 83,624         |
| 317,030        | 273,489        |
| <b>736,206</b> | <b>357,113</b> |

**21.00 Employee benefits expense**

Salary and allowances  
 Contribution to gratuity fund  
 Staff welfare

|                  |                  |
|------------------|------------------|
| 4,642,622        | 3,658,000        |
| 861,867          | -                |
| 9,315            | 8,525            |
| <b>5,513,804</b> | <b>3,666,525</b> |

**22.00 Related party transaction**

During the year the company carried out a number of transactions with related parties in the normal course of business. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS 24: *Related Party Disclosure*.

| Name of the related party transaction | Nature of transaction | Relationship | Transaction during the year 2021-2022 |                 |
|---------------------------------------|-----------------------|--------------|---------------------------------------|-----------------|
|                                       |                       |              | Transaction value                     | Closing Balance |
| Agro Tech Foods Limited               | Sales                 | Parent       | 23,519,196                            | -               |
| Agro Tech Foods Limited               | Share Capital         | Parent       | 50,000,000                            | 50,000,000      |

**23.00 Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The company has exposure to the following risks from its use of financial instruments:

- Credit risks.
- Liquidity risks
- Market risk



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*D.K. Islam*