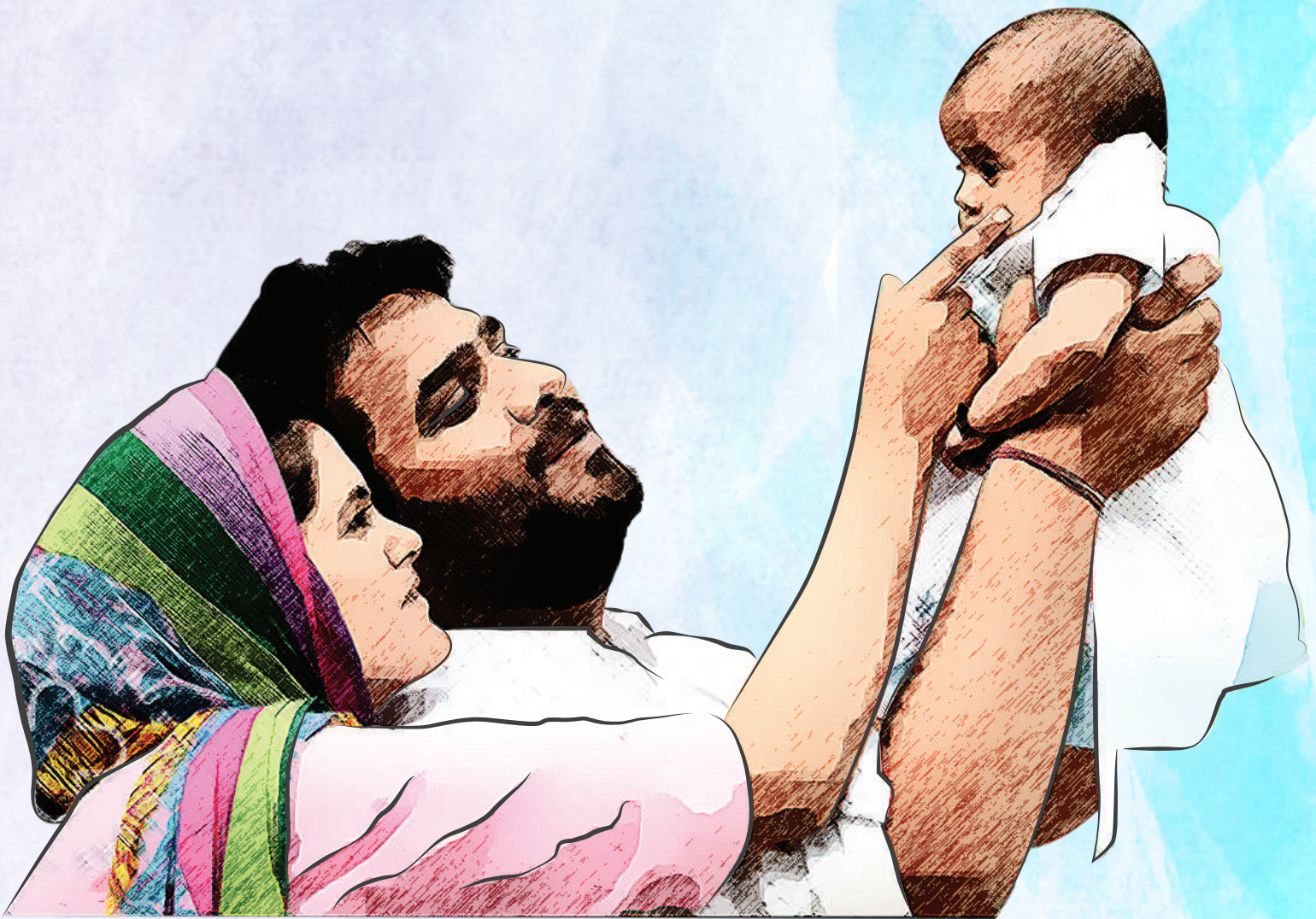




# ANNUAL REPORT

## (2020-2021)



# ANNUAL REPORT

(July 2020 - June 2021)



SOCIAL MARKETING COMPANY

## SMC Vision

SMC's vision is to be a world-class social enterprise recognized for its contribution to the advancement of social marketing thoughts, principles and practices that aim to better the health and wellbeing of women, children, families and the society.

In partnership with the government, development partners and the private sector, SMC's overall mission is to improve the health and wellbeing of women, children and families through social marketing of products and services in family planning, maternal and child health, nutrition and other socially beneficial areas.

## SMC Mission

## SMC Enterprise Mission

The mission of SMC Enterprise Ltd is to support SMC to grow as a successful social enterprise by making surplus funds from profitable operations available for investment in program operations designed to enhance social good.

Profit must primarily contribute to social betterment.

## Philosophy

## Core Values

- Our organizational interest is at the foremost.
- We never compromise on quality and satisfying our customers' needs.
- We challenge ourselves everyday to do better and achieve more.
- We hold dearly our values of integrity, respect and fairness for all.



# Company Information

	<b>SOCIAL MARKETING COMPANY</b>	<b>SMC ENTERPRISE LIMITED</b> (A fully owned subsidiary of SMC)
<b>Registered Address</b>	<p>SOCIAL MARKETING COMPANY Registered Office: SMC Tower, Road-17 33 Banani Commercial Area Dhaka-1213, Bangladesh</p>	<p>SMC ENTERPRISE LIMITED Registered Office: SMC Tower, Road-17 33 Banani Commercial Area Dhaka-1213, Bangladesh</p>
<b>Factory Address</b>		<p><b>HYGIENE PRODUCTS FACTORY</b> Dhaka Chattogram Old Trunk Road 85/2, Baubond Sadar Dakshin Cumilla-3500</p> <p><b>ORS FACTORY</b> Holding No. 5/82, Zamirdia, Hobir Bari, P.O.: Seed Store Bazar P.S: Bhaluka, Mymensingh</p>
<b>Statutory Auditors</b>	<p><b>MABS &amp; J PARTNERS</b> Chartered Accountants SMC Tower (7<sup>th</sup> floor), Road-17 33 Banani Commercial Area Dhaka-1213, Bangladesh</p>	
<b>Main Bankers</b>	<p>Pubali Bank Limited Banani Branch</p> <p>Dutch-Bangla Bank Limited Banani Branch</p> <p>Standard Chartered Bank Gulshan Branch</p> <p>Brac Bank Banani Branch</p> <p>Uttara Bank Limited Gulshan Branch</p>	<p>Pubali Bank Limited Banani Branch</p> <p>The City Bank Limited Gulshan Branch</p> <p>Standard Chartered Bank Gulshan Branch</p> <p>First Security Islami Bank Limited Banani Branch</p> <p>Uttara Bank Limited Gulshan Branch</p> <p>Eastern Bank Limited Gulshan Branch</p>
<b>Tax Consultants</b>	<p><b>K.M. Hasan &amp; Co.</b> 87, New Eskaton Road, Dhaka-1000</p>	



**SOCIAL MARKETING COMPANY****SMC ENTERPRISE LIMITED**

(A fully owned subsidiary of SMC)

**Legal Advisor**

H & H Company  
56-57, Motijheel Commercial Area  
Shareef Mansion (2nd Floor)  
Dhaka-1000. Bangladesh

H & H Company  
56-57, Motijheel Commercial Area  
Shareef Mansion (2nd Floor)  
Dhaka-1000. Bangladesh

Md. Fazlur Rahman Khan  
Legal Access, SIAAM Tower  
Level-5, Plot-15, Sector-3, Uttara  
Dhaka

**Company Website**

[www.smc-bd.org](http://www.smc-bd.org)

**Company Social Media**

[www.facebook.com/smcnonprofit](http://www.facebook.com/smcnonprofit)

**Company LinkedIn**

[www.linkedin.com/company/socialmarketingcompany](http://www.linkedin.com/company/socialmarketingcompany)

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## Abbreviations/Acronyms

ACTB	Alliance for Combating TB in Bangladesh
AGM	Annual General Meeting
AGM	Additional General Manager
AoA	Articles of Association
BCC	Behavior Change Communication
BDHS	Bangladesh Demographic and Health Survey
BS	Blue Star
BSEC	Bangladesh Securities and Exchange Commission
BSN	Blue Star Network
BSP	Blue Star Provider
BSTI	Bangladesh Standards and Testing Institution
CFA	Chief of Finance & Accounts
CFO	Chief Financial Officer
CP	Consumer Products
CPO	Chief of Program Operations
CPR	Contraceptive Prevalence Rate
CYP	Couple-Years of Protection
DFPM	Deputy Field Program Manager
DGDA	Directorate General of Drug Administration
DGFP	Directorate General of Family Planning
DGHS	Directorate General of Health Services
DKT International	Deep K. Tyagi International
DOTS	Directly Observed Treatment, Short-course
DQA	Data Quality Assessment
ECP	Emergency Contraceptive Pill
EDCL	Essential Drugs Company Ltd.
EMS	Environment Monitoring System
FC-LARC	Field Coordinators, Long Acting Reversible Contraception
FMD	Food Manufacturing Division
FRH&C	Female Reproductive Health and Contraceptives
GAIN	Global Alliance for Improved Nutrition
GDS	Group Detailing Session
GH&N	General Health and Nutrition
GM	General Manager
GMP	Growth Monitoring and Promotion
GoB	Government of Bangladesh
GS	Green Star
GSM	Gold Star Member
GSP	Green Star Providers
H & H	Health & Hygiene
HTSP	Healthy Timing and Spacing of Pregnancy



## Abbreviations/Acronyms

icddr,b	International Centre for Diarrheal Disease Research, Bangladesh
IFA	Iron and Folic Acid
IFRS	International Financial Reporting Standards
IPC	Inter Personal Communication
ISA	International Standards on Auditing
IUD	Intrauterine Device
YCF	Infant and Young Child Feeding
LAPM	Long-acting and Permanent Method
LARC	Long-acting Reversible Contraceptive
LBW	Low Birth Weight
M&E	Monitoring and Evaluation
MD	Managing Director
MD & CEO	Managing Director & Chief Executive Officer
MIO	Medical Information Officer
MISHD	Marketing Innovations for Sustainable Health Development
MMS	Multiple Micronutrient Supplements
MNP	Micronutrient Powder
MSNP	Multisectoral Nutrition Programming
MUAC	Mid-Upper Arm Circumference
MWRA	Married Women of Reproductive Age
NBR	National Board of Revenue
NGMP	Non-Graduate Medical Practitioner
NGO	Non-government Organization
OCP	Oral Contraceptive Pill
ORS	Oral Rehydration Solution
OVC	Online Video Commercial
PC	Palli Chikitshoks
PM	Permanent Method
PO-TSD	Program Officers-Training and Service Delivery
PSP	Pink Star Providers
RJSC	Registrar of Joint Stock Companies & Firms
RMP	Rural Medical Practitioners
SDG	Sustainable Development Goal
SDK	Safe Delivery Kit
SGA	Small for Gestational Age
SGS	General Society of Surveillance
SMC	Social Marketing Company
SMC EL	SMC Enterprise Limited
TB	Tuberculosis
TVC	Television Commercial
USAID	United States Agency for International Development

# A Brief on SMC and SMC Enterprise Limited

SMC continues to thrive its role as one of the major contributors to the Bangladesh national health and family planning program. Originating in 1974 as a USAID-funded Family Planning Social Marketing Project (FPSMP) to address the rapid population growth through engaging the private sector health service providers in the country, it was transformed into a not-for-profit company in 1990 and run by a voluntary Board of Directors. After becoming fully sustainable in 2012 recovering more than 100% of its non-program related costs in 2014, it formed a wholly-owned subsidiary company 'SMC Enterprise Limited' (SMC EL), a for-profit company to separate the profitable activities from nonprofit to effectively manage a growing and complex operation of a for-profit entity. With its philosophy "Profit must primarily contribute to social betterment", SMC marched towards its mission. In 2017, the Pharmaceutical Division of SMC EL was launched with the key objective of "No one should suffer, especially the less-privileged due to lack of affordable quality medicine". Currently, it promotes 36 products in the market including antibiotic, anti-ulcerant, non-steroidal anti-inflammatory drugs (NSAIDs), anti-histamine, anti-asthmatic, anti-spasmodic and mineral supplements.

In order to provide quality health care services at an affordable price to all segments of the society, SMC has been operating a clinic in Dhaka since 2018 with a model pharmacy and diagnostic center facilities.

Having a market share of 61%, SMC's flagship brand 'ORSaline-N' has been greatly contributing to reduce the diarrheal disease related child mortality rate over the last three and a half decades. SMC also distributes Zinc tablet as an adjunct therapy to treat child diarrhea since 2008. SMC branded Micronutrient Powder (MNP) 'MoniMix' helps to reduce the iron deficiency anemia of children aged 6-59 months.

## Contribution to the National Economy

As per the Bangladesh Demographic and Health Survey (BDHS) 2017-18, SMC has notably contributed to Contraceptive Prevalence Rate (CPR) at the national level by sharing 47% of pills, 62% of condoms, and 33% of injectables. It indicates a 38% contribution of the modern contraceptive methods used nationally. Since its inception, SMC operations have achieved 107 million Couple-years of protection (CYPs), averted 22 million unintended pregnancies, 2.2 million deaths of children under-5, and 213 million disability-adjusted life years (DALYs) as per Population Services International (PSI) calculator.

According to the 2019 Contraceptive Social Marketing Statistics released by DKT International, USA, SMC was ranked as the second-largest contraceptive social marketing organization globally in terms of numbers of CYPs delivered.

## Major Operations of SMC

**Blue Star Program** : A network of 8,700 private sector non-graduate providers;

**Green Star Program** : A network of more than 4,300 drug sellers;

**Pink Star Program** : A network of 350 active graduate providers mostly Obstetricians and Gynecologists;

**Gold Star Program** : More than 2,400 community level rural women entrepreneurs promoting SMC products;

**Clinical & injectable contraceptives**: Promotes Relax, *i*-plant, SOMA-JECT, Sayana Press;

**Public Health products**: Promotes MoniMix, Safety Kit, SMC Zinc, Vermicid, Easy Clean, Quick Test;

**SMC Niltara Clinic & Model Pharmacy**: Provides quality health care and diagnostic services at affordable price, located at Mohammadpur, Dhaka

## Major Operations of SMC EL

**Contraceptives (Male)**: Markets Raja, Hero, Panther, Sensation, U&Me, Xtreme, Amore;

**Oral Contraceptives (Female)**: Markets Femicon, Femipil, Noret-28, Minicon, Norix, Norix-1, Ovacon Gold, Mypill

**Food and Beverages**: Markets ORSaline-N, Taste Me, Bolt, SMC Purified Drinking Water;

**Health and hygiene**: Markets Joya, Smile, Germ Kill Hand Sanitizer, Germ Kill Hand Wash;

**Manufacturing**: Largest ORS manufacturing facility at Bhaluka; Food Manufacturing Division at Bhaluka; Health & Hygiene factory in Cumilla;

**Warehouses**: Central Warehouse at Bhaluka; Regional Warehouse in Bogura; Regional Warehouse in Cumilla;

SMC's most popular low-dose oral contraceptive pill (OCP) 'Femicon' topped the list in the OCP category with its highest number of users and it is the second highest used brand across the country. Femicon has won the heart of millions of women for its usage, comfort and effectiveness. In the female hygiene market, SMC's sanitary napkin 'Joya' has created a wide appeal of acceptance among the low-income women and adolescents due to its quality and affordability. SMC introduced deworming tablet 'Vermicid' in 2020 to improve the nutritional status of the children and family members across the country.

Arousing from a project to a thriving social business enterprise, SMC is considered as one of the largest partners of the Government of Bangladesh (GOB) for its contribution in health, nutrition and family planning sector. Both SMC and SMC EL are gaining momentum to enrich its range of public health and consumer product portfolio upholding the quality standard and adding the value 'live better' through continuous improvements.

SMC achieved remarkable success in its nationwide behavioral change communication to increase awareness, knowledge, and improve health behaviors among the rural people. The ongoing program includes family planning, child health, nutrition, adolescent health, maternal health, hygiene and referral services for tuberculosis and clinical contraceptives.

With a view to serving the nation with extensive programmatic activities, SMC is relentlessly putting its endeavors and increasing its basket of public health products for the wellbeing of women, children and families. The entire operational process of SMC and SMC EL is emerging in the pace of modern marketing and communication methods to serve the population with quality products and services offering at affordable prices and considering every convenience that symbolizes SMC as a house of trusted brands.



## Milestones

# 1974

Family Planning Social Marketing Project (FPSMP) established under a tripartite agreement among Population Services International (PSI), GOB and USAID

# 1975

USAID-donated Raja condom and Maya contraceptive pill started distribution through private sector outlets

# 1985

FPSMP launched Oral Rehydration Salt (ORS) to address high diarrheal deaths

# 1990

FPSMP became Social Marketing Company (SMC), a private not-for-profit company under the Companies Act of 1913 with a voluntary Board

# 1997

SMC became a direct recipient of USAID funds with the departure of PSI

# 2000

Inaugurated Company's own headquarter building 'SMC Tower' in Banani, Dhaka

# 2004

ORS manufacturing facility started operation at Bhaluka, Mymensingh

# 2008

Central Warehouse inaugurated at Bhaluka, Mymensingh

# 2012

Became fully sustainable recovering more than 100% of non-program related costs

# 2012

Awarded USAID-funded Marketing Innovation for Health (MIH) Project through a competitive bidding

# 2014

Formed SMC Enterprise Ltd, a fully-owned for-profit subsidiary company

# 2015

Inaugurated Bogura Regional Office and Warehouse

## 2016

Started construction of hygiene manufacturing plant in Cumilla

## 2016

Awarded the Marketing Innovations for Sustainable Health Development (MISHD) project by USAID

## 2017

Manufacturing of hygiene products at the Cumilla plant begins

## 2017

Started construction of 'SMC Tower - 2' at Mirpur, Dhaka

## 2017

Launched prescription pharmaceutical products in its own brand name

## 2018

Inaugurated SMC Niltara Clinic and Model Pharmacy in Dhaka

## 2019

Commercial production of MoniMix started from December 31, 2019

## 2019

Production line for commercial production of capsules and MoniMix pouch started at Bhaluka plant in December 2019

## 2020

Awarded the Multiple Micronutrient Supplements (MMS) by Children's Investment Fund Foundation (CIFF)

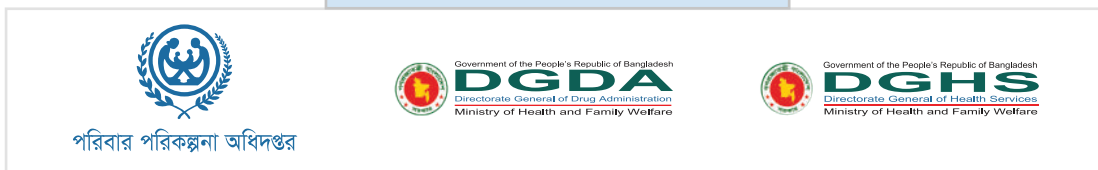
## 2021

Completed construction work of SMC Tower-2 and started operation of SMC Clinic along with Pharmacy

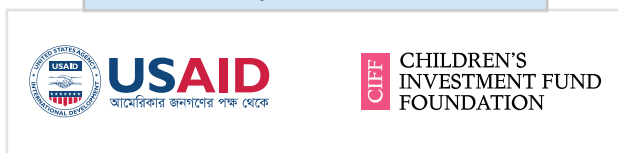
# Partners

We gratefully acknowledge the contribution of the development and strategic partners for supporting our work for the betterment of the society. We are highly grateful to the Ministry of Health & Family Welfare (MOHFW) and USAID for their continuous support to SMC from the onset of our existence.

## Government Partners



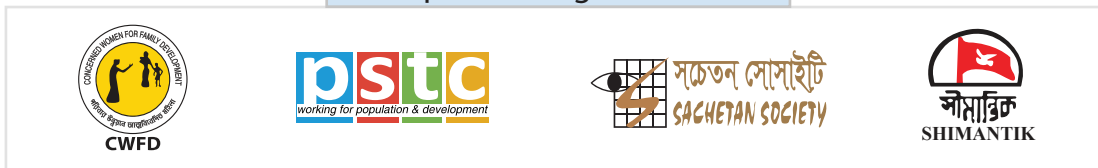
## Development Partners



## Knowledge and Training Partners



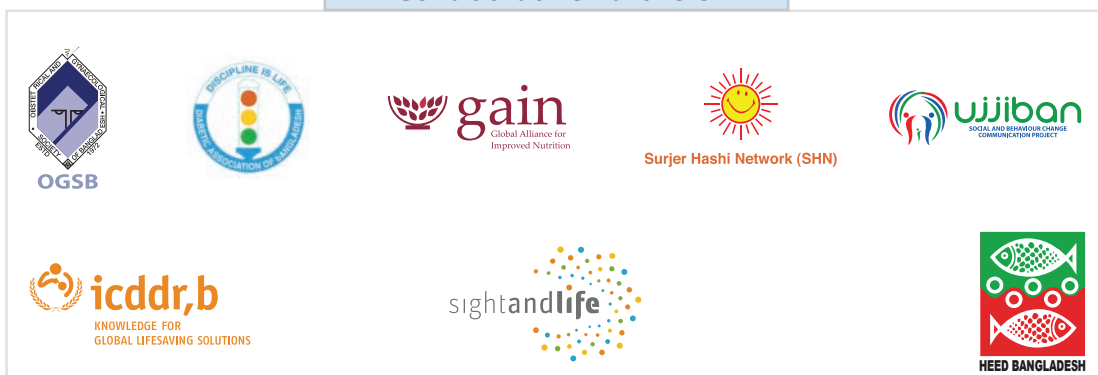
## Implementing Partners



## Outsourcing Partners



## Collaborative Partners





# Company Members



**Mr. Waliul Islam**

Former Secretary, Ministry of Planning (Statistics Division), Ministry of Communication (Roads and Railways), Ministry of Shipping, Government of Bangladesh.

Former Director General of the Bangladesh Bureau of Statistics (BBS).

Former Managing Director, Bangladesh Shipping Corporation (BSC).

Former Independent Director, Dhaka Stock Exchange.



**Mr. Muhammed Ali**

Former Secretary, Ministry of Health and Family Welfare; Ministry of Land; Ministry of Power, Energy and Mineral Resources; Ministry of Communication (Jamuna Bridge Division); Ministry of Civil Aviation & Tourism, Government of Bangladesh.

Former Chief Advisor and Head of Management Change Unit (MCU), Ministry of Health & Family Welfare.

Former Chairman, Sonali Bank Ltd and Janata Bank Ltd.

Former Chairman, Board of Directors of SMC & SMC EL.



**Mr. Md. Siddique Ullah**

Former Chief Engineer, Public Works Department (PWD), Government of Bangladesh.

Engineering Advisor, Bangladesh Medical Studies and Research Institute (BMSRI).



**Ms. Rokeya Quader**

Former Vice President of Women's Entrepreneurs Association and Bangladesh Employer's Federation.

Chairperson, Desh Group of Companies.



**Ms. S. R. Ghuznavi**

Executive Chairman, Aranya Crafts Limited.

Founder-Member of the National Crafts Council of Bangladesh.



**Mr. Siddiqur Rahman Choudhury**

Former Finance Secretary, Government of Bangladesh.

Former Chairman of Agrani Bank, Sonali Bank (UK) Ltd. and Shadharan Bima Corporation.

Now working as a freelance consultant and in the last five years was involved in ten consultancy assignments in the field of Public Financial Management, Aid Effectiveness and review of Health Sector Development Program.



**Mr. A K M Shamsuddin**

Founding Chairman and current Director of CDBL; Founding Managing Director of SMC.

Former Managing Director of Aventis Pharma and Former President of FICCI.

Chairman and CEO of E-zone Ltd. (a management consulting group).



**Ms. Rupali Haque Chowdhury**

Managing Director, Berger Paints Bangladesh Ltd.

Managing Director, Jenson & Nicholson (Bangladesh) Ltd.

Former President, Foreign Investors' Chamber of Commerce & Industry.



**Dr. Jahir Uddin Ahmed**

Former Director General, Family Planning Association of Bangladesh (FPAB).

Director, Directorate General of Family Planning (MOH&FW).

Former Chairman, Midwifery & Nursing (DMN) Department, BRAC University.

Adjunct Faculty of MPH course of AIUB.



**Mr. Aftab ul Islam FCA**

Former President of Dhaka Chamber of Commerce and Industry (DCCI) and American Chamber of Commerce in Bangladesh (AmCham).

Former Director, FBCCI (Federation of Bangladesh Chambers of Commerce and Industry).

Chairman, IOE (Bangladesh) Limited.



**Dr. Masud Ekramullah Khan**

An International Corporate attorney, M & A Lawyer at the Legal Circle.

Director, Amadeyr Cloud Limited.

Vice-President and member, Green Movement Foundation (nonprofit organization).

Pro bono counsel for JAAGO Foundation.



**Dr. Yasmin H. Ahmed**

Former Vice President and Senior Regional Director of Marie Stopes International, UK.

Former Country Director of Marie Stopes Clinic Society.

Currently a freelance consultant.



**Mr. Faruque Ahmed**

Former Executive Director, BRAC International.

Former Director, Health Programme, BRAC.



**Mr. Muhammad A. (Rume) Ali**

Former Deputy Governor, Bangladesh Bank.

Former Chairman, bKash Limited.

Former Chief Executive Officer, Bangladesh International Arbitration Centre (BIAC).

Vice Chairman, BIAC Board.

Chairman, ICC Banking Commission.



**Mr. Muhammed Farhad Hussain FCA**

Former President of The Institute of Chartered Accountants of Bangladesh (2007).

Managing Partner, Hussain Farhad & Co., Chartered Accountants.



**Mr. Syed Monjurul Islam**

Deputy Executive Director, icddr,b, Mohakhali, Dhaka;

Former Secretary, Ministry of Health and Family Welfare, GOB;

Former Secretary, Ministry of Shipping, GOB;

Former Additional/Joint Secretary, Finance Division, Ministry of Finance, GOB



**Professor Ahmed Mushtaque Raza Chowdhury, PhD**

Professor of Clinical Population & Family Health, Columbia University's Mailman School of Public Health;

Former Vice Chairman of BRAC;

Former Senior Adviser and acting Managing Director, MacArthur Fellow and the Rockefeller Foundation, Harvard University



**Professor Dr. Sameena Chowdhury**

President, Obstetrical and Gynecological society of Bangladesh (OGSB)

Former Professor of Obstetrics & Gynaecology, Dhaka Medical College

Former Senior Technical Expert & Advisor in Midwifery Department, BRAC University

Former Professor of Obstetrics & Gynaecology, Institute of Child and Mother Health (ICMH)



**Professor Dr. Farhana Dewan**

Former Vice President, Obstetrical and Gynecological Society of Bangladesh (OGSB);

Former Secretary General, OGSB;

Professor & Head, Department of Obstetrics and Gynecology, Ibn-Sina Medical College Hospital;

President -elect, Obstetrical and Gynecological Society of Bangladesh (OGSB)

## Board of Directors and Company Members



**Mr. Waliul Islam**

### Chairman & Director of SMC & SMC EL Board

Mr. Waliul Islam is a retired civil servant of the People's Republic of Bangladesh. Over the span of 32 years since 1967, he had served in various capacities in different Ministries and Departments of the Government. He served in the position of Secretary to the Ministry of Planning (Statistics Division), Ministry of Communication and Ministry of Shipping of the Government of Bangladesh. He also served as a Director General of the Bangladesh Bureau of Statistics. He was a Deputy Secretary in the General Administration Division of the first Government of the People's Republic of Bangladesh at Mujibnagar in 1971.

Upon his retirement in 1999, he worked for different government and international agencies as a freelance consultant. Amongst others, he served as Statistical Advisor, Post Primary Education Census 1999 under Ministry of Education; UNICEF Bangladesh as a Team Leader, Program Coordination Cell, Health & Population Sector Program, Ministry of Health & Family Welfare; Senior Policy Adviser, NGO Service Delivery Program under Research Triangle Institute International, USA; Asian Development Bank as Staff Consultant, Urban Health; and Lead Consultant for the preparation of Health Care Financing Strategy for Bangladesh under Abt Associates Inc., USA.

He is the Chairperson of the Regulatory Affairs Committee of Dhaka Stock Exchange.

### Director of SMC & SMC EL Board

Mr. Muhammed Ali joined the erstwhile Civil Service of Pakistan (CSP) in 1964 and served in various important positions in the then East Pakistan and in Bangladesh over a span of 34 years from 1964 to 1998. He served in the position of Secretary to the Ministry of Civil Aviation and Tourism; Ministry of Land; Ministry of Power, Energy and Mineral Resources; Ministry of Communication (Jamuna Bridge Division) and Ministry of Health and Family Welfare of the Government of Bangladesh. He was also the Chief Advisor and Head, Management Change Unit (MCU), Ministry of Health and Family Welfare, Government of Bangladesh.

Mr. Ali is also the former Chairman of Sonali Bank Ltd. and Janata Bank Ltd. He also served as a member of the Board of Directors of icddr'b and as a member of Dhaka University Syndicate. He has almost 50 years of experience in various sectors of public service like administration, management, health, environment, education and social welfare. He visited 36 countries across the globe and participated in a number of seminars, workshops and negotiations at the World bank, ADB, IDB, UNFPA and other international organizations. Mr. Ali also acted as a Senior Consultant in projects primarily in the health & population sector funded by the World bank, ADB and JICA.

Mr. Ali has been associated with SMC as a member of the Board of Directors since his retirement from government service and acted as its Chairman during 2013 to 2017. Currently, he is the Chairman of Surjer Hashi Network, a company operating 361 health and family planning clinics across the country funded by USAID and as a Member of Social Development Foundation (SDF) an organization promoting rural development, women's empowerment and employment etc. funded by the World Bank and Government of Bangladesh.



**Mr. Muhammed Ali**

## Director of SMC & SMC EL Board

Mr. Md. Siddique Ullah is the Engineering Advisor of Bangladesh Medical Studies and Research Institute (BMSRI) and also the Co-Chairman, EC, BMSRI. After completing his graduation in Civil Engineering, he joined the Communication and Building (C & B) Department in 1962 and served in different capacities in the said Department and retired as Chief Engineer, Public Works Department (PWD), Government of Bangladesh in 1998. He is a life member of Bangladesh Cancer Society, Pallima Sangshad Khilgaon, Bangladesh Government Employees' Welfare Association and Lakshmipur Zila Samity.



**Mr. Md. Siddique Ullah**



**Ms. Rokeya Quader**

## Director of SMC Board

Ms. Rokeya Quader is the Chairperson of Desh Group of Companies, a large conglomerate of six different companies which was established by her late husband Mr. Noorul Quader, a visionary by profession, civil servant and freedom fighter, who is also considered as the pioneer and father of the garment sector of Bangladesh.

Ms. Quader is an active and well respected member of the business community in Bangladesh. She has held the positions of Vice President of Women's Entrepreneurs Association and Bangladesh Employer's Federation. She is a Member of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Bar Council, Bangladesh Law Association and Bangladesh Human Rights Commission. She is also an Executive Committee Member of Gulshan Club Limited, Special member of Dhaka Club, Kurmitola Golf Club, Gulshan Society and Zonta Club, International.

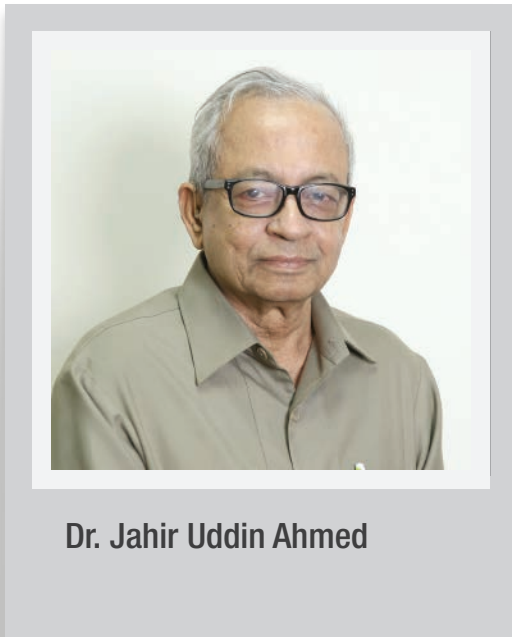
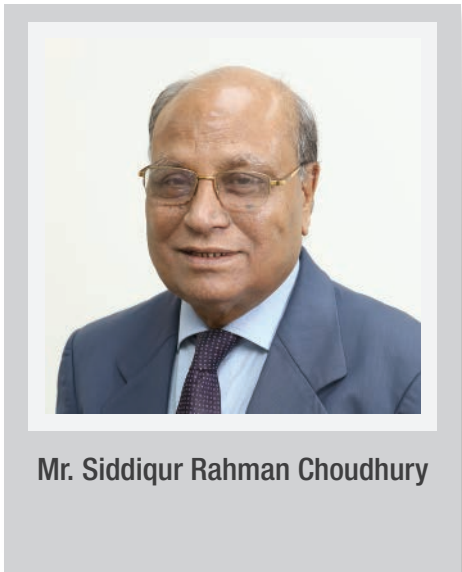


## Director of SMC & SMC EL Board

Mr. Siddiqur Rahman Choudhury is a former civil servant who retired in 2007 after serving the Government of Bangladesh for more than 30 years. As civil servant, Mr. Choudhury held many senior positions in the Ministry of Finance and the Bangladesh Audit Department. He also held the position of Secretary, Ministry of Commerce, Food & Disaster Management and immediately before retirement, he was Finance Secretary, Government of Bangladesh. During his tenure in the government and also after retirement, Mr. Choudhury was in the Board of a number of government owned corporations, companies and financial institutions. He was the Chairman of Agrani Bank, Sonali Bank (UK) Ltd. and Shadharan Bima Corporation. He was a member of the Board of Bangladesh Bank, Sonali Bank, House Building Finance Corporation, IDCOL, Biman Bangladesh Airlines, SABINCO, Jamuna Oil Company and Eastern Refinery Limited.

Mr. Choudhury represented Bangladesh in many international conferences and seminars including annual meetings of the Board of Governors of the World Bank and IMF, Commonwealth and SAARC Finance Ministers' Conferences.

After retirement, he has been working as a freelance consultant and was involved in a number of consultancy assignments in the field of Public Financial Management, Aid Effectiveness and review of Health Sector Development Program.



## Director of SMC EL Board

Dr. Jahir Uddin Ahmed, MBBS, M.Sc. in CHDC, LSH&TM, London University, London has joined in the Government service; starting as District Technical Officer/ Principal, FWVTI, Cumilla from April 02, 1977 and retiring as Director Planning and Director Logistics and Supply of the Directorate General of Family Planning, MoH&FW.

Dr. Ahmed was the ADG (3 years) and DG (2 years) of FPAB (IPPF) from September 2005 to September 2010. He also worked as consultant in several national and international organizations like WHO, Engender Health, GHI, USAID, Abt. Associates Incorporate, SHOPS, NIPORT, UNFPA, PSSMRTD, icddr,b, READ, Ecorys Europa (ASIE/2005017-585-EC), GHI-Bridge 3 USAID, MaMoni (SCF) Final Evaluation USAID etc. He was the Adjunct Professor of MPRHGD course of East West University from 2009 to 2013.

Dr. Ahmed joined Department of Midwifery and Nursing (DMN), BRAC University as the Chairman of the Department on 15 January 2015 and completed his contract service on January 14, 2017 as the Head of the Midwifery Education Program, BRAC University. Currently he is the Director of SMC EL and Member of the SMC.

As the Adjunct Faculty of MPH course at American International University - Bangladesh (AIUB) since 2010, Dr. Ahmed has been teaching Epidemiology of Infectious Diseases, Adolescent Reproductive Health, Reproductive Health and Health Care Project Planning and Financing.

Dr. Ahmed was involved with SMC in the different program development since his joining in 1981.



## Director of SMC & SMC EL Board

Mr. Aftab ul Islam is the Chairman of IOE (Bangladesh) Limited. Having 36 years of experience, he began his career with U.S.A. based multinational IT Company NCR Corporation and headed this organization for a number of years. He was elected President of the Bangladesh Computer Samity (BCS). He was instrumental and played a key role in setting up BCS Computer City at IDB Bhaban. Mr. Islam is a former President of Dhaka Chamber of Commerce and Industry (DCCI) and American Chamber of Commerce in Bangladesh (AmCham). He was also elected as Director, FBCCI (Federation of Bangladesh Chambers of Commerce and Industry) for the periods 2005-2010 and 2017-2019.

Honorable Prime Minister nominated Mr. Islam as the Chairman of the SME Foundation (Small and Medium Enterprise) in 2009 to 2011. Mr Islam is a Member of the Board of Governors of the Institute of Business Administration (IBA), University of Dhaka. He is the Chairman of Asia Pacific General Insurance Company Ltd. and also the founder Chairman of BD Venture Ltd., the first Venture Capital Company of Bangladesh. Mr. Aftab ul Islam is currently a Director of the Board Bangladesh Bank and British American Tobacco Bangladesh (BAT)



**Mr. Aftab ul Islam FCA**



**Mr. Faruque Ahmed**

## Director of SMC Board

Mr. Faruque Ahmed was the Executive Director of BRAC International for seven years. Under his leadership BRAC International developed its Africa strategy and established regional office in Nairobi and expanded country program in three additional countries totaling BRAC's presence in eleven countries outside Bangladesh. He also played a critical role as a member of the steering committee that guided the development of BRAC's global strategy in early 2019.

Previously, Mr. Ahmed was the Director of BRAC's health programme for 10 years, playing a critical role in shaping the organisation's health strategy and scaling several community-based health and nutrition interventions. Before joining BRAC, Mr. Ahmed worked as senior operations officer in the Health, Nutrition and Population team at the World Bank, Bangladesh. Mr. Ahmed started his career as a Research and Planning Officer in 1976 and then worked in the Ministry of Health and Family Welfare. Formerly, he represented civil society on the GAVI Alliance, Board. He completed his Masters in Health Sciences from Johns Hopkins University, USA and Masters in Economics from the University of Dhaka.

## Director of SMC & SMC EL Board

Mr. Muhammed Farhad Hussain is the Managing Partner of Hussain Farhad & Co., Chartered Accountants. Mr. Hussain is also serving as the Chairman of Bay Asset Management Ltd., Chairman, Prime Bank Investment Limited (PBIL), a subsidiary of Prime Bank Ltd., Independent Director of Prime Bank Ltd., Independent Director of Matin Spinning Mills Ltd. and Independent Director of Al-Haj Textile Mills Ltd.

Mr. Hussain is a former President of The Institute of Chartered Accountants of Bangladesh, a former Director of Agrani Bank Ltd., Shadharan Bima Corporation, Dhaka Stock Exchange (DSE) and Dhaka WASA. He is also a former Board member of the South Asian Federation of Accountants (SAFA) and Confederation of Asia Pacific Accountants (CAPA). He also served as Advisor of Bangladesh Securities and Exchange Commission and as Financial Consultant of Oriental Bank Ltd. He has 40 years of experience in the field of accounting, auditing and business advisory services along with six years experience in Birmingham, U.K., covering the areas of Accountancy, Auditing, Taxation and Investigation.



**Mr. Muhammed Farhad Hussain FCA**



**Dr. Farhana Dewan**

## Director of SMC Board

Dr. Farhana Dewan is the Professor & Head, Department of Obstetrics and Gynecology, IBNSina Medical College Hospital. She is also serving as the President Elect. Obstetrical and Gynecological Society of Bangladesh (OGSB). She is a Former Vice President and Secretary General of OGSB and Former Secretary of OGSB Hospital & IRCH. She also worked as the Head of Department of Obstetrics and Gynecology of Shaheed Suhrawardy Medical College and Hospital.

Dr. Dewan participated in various training programs and attended a large number of National & International Conferences. She also worked as a master trainer on Emergency Obstetric Care (EOC), National Fistula Centre, DMCH, Competency Based Training (CSBA)- Trained by JHPIEGO, Community skilled Birth Attendant (SBA), HIV/AIDS Training, Obstetric Emergency Skill Course Training etc. She worked as a Reviewer of different curriculum on EOC, CSBA, HIV, AIDS, and Infection Prevention. She is an Author of more than 45 National and 5 International Publications.

## Director of SMC EL Board



**Mr. Md. Ali Reza Khan**

Mr. Md. Ali Reza Khan is the Managing Director & CEO of Social Marketing Company (SMC) since August 1, 2017. Previously, he was the Managing Director of SMC Enterprise Limited, a post which he held from December 2014 to July 2017. Mr. Khan plays a vital role in the overall management of the organization and in formulating policies and decision-making towards meeting the objectives of both SMC and SMC EL for increasing contribution to the national health goals through significant expansion of products and services.

Having a strong corporate management background, experienced in good governance and strategic planning, Mr. Khan started his career in Squibb (BD) Ltd. in August 1981 after completing his Masters in Pharmacy from the University of Dhaka. He was employed under the Ministry of Health in the Kingdom of Saudi Arabia from 1986 to 1990. Returning to Bangladesh, He held different senior positions in Essential Drugs Company Limited (EDCL) under the Ministry of Health and Family Welfare. He joined SMC in May 2001 and served efficiently at various senior management levels including the position of Secretary to the Board and Deputy Managing Director from June 2009 to November 2014.



## Senior Management Team - SMC & SMC EL



**Mr. Md. Ali Reza Khan**  
Managing Director & CEO  
Social Marketing Company



**Mr. Abdul Haque**  
Managing Director  
SMC Enterprise Ltd



**Mr. Toslim Uddin Khan**  
Deputy Managing Director  
Social Marketing Company



**Mr. Md. Feroze-UI Alam**  
Deputy Managing Director, Factory Management  
SMC Enterprise Ltd



**Mr. Abul Bashir Khan FCMA**  
Chief Financial Officer  
SMC Enterprise Ltd



**Mr. Masum Ahmed Jaigirdar**  
General Manager, Engineering  
Social Marketing Company



**Mr. Syed Mohammad Zubeyr Ali FCMA**  
Company Secretary  
Social Marketing Company &  
SMC Enterprise Ltd



**Mr. Khandaker Shamim Rahman**  
General Manager, Marketing  
SMC Enterprise Ltd



**Mr. Rana Kaiser Ahmed**  
General Manager, HR  
SMC Enterprise Ltd



**Mr. Mohammad Abdur Rouf**  
General Manager,  
Supply Chain Management  
SMC Enterprise Ltd



**Mr. Tapan Bala FCA, FCMA**  
Additional General Manager, Internal Audit  
Social Marketing Company &  
SMC Enterprise Ltd





**Mr. Pranab Majumder**  
Additional General Manager,  
Quality Assurance  
SMC Enterprise Ltd



**Mr. Md. Nazir Aziz Chowdhury**  
Additional General Manager, HR & Admin  
Social Marketing Company



**Mr. Chandra Nath Mandal**  
Additional General Manager, Sales  
SMC Enterprise Ltd



**Mr. Ohiduzzaman Khan**  
Additional General Manager, H&H Factory  
SMC Enterprise Ltd



**Mr. Md. Aktaruzzaman Bhuyain**  
Additional General Manager, Bhaluka Factory  
SMC Enterprise Ltd



**Mr. Md. Moshir Rahman**  
Additional General Manager,  
Program Operations  
Social Marketing Company



**Mr. Md. Jashim Uddin FCA**  
Additional General Manager, Grants,  
Compliance & Administration  
Social Marketing Company



**Mr. Mohammad Giash Uddin**  
Additional General Manager, MIS & IT  
Social Marketing Company



**Dr. Salah Uddin Ahmed**  
Head of Training & Service Delivery  
Social Marketing Company



**Mr. Md. Kamrul Hassan**  
Head of Civil Works & Maintenance  
Social Marketing Company



**Mr. Sheikh Zahidur Rahman**  
Head of Sales & Marketing, Pharma  
SMC Enterprise Ltd



**Mr. Mohammad Mohiuddin Ahmed**  
Head of Behavior Change  
Communication  
Social Marketing Company



**Mr. Md. Hasibul Moin Chowdhury**  
Head of Budget & Accounts  
Social Marketing Company



**Mr. Rokibul Hasan Khan**  
Head of Human Resources  
Social Marketing Company



**Mr. Md. Kawchar Alam Chowdhury**  
Head of Admin & General Services  
Social Marketing Company



**Mr. Md. Shafiqul Islam**  
Head of Region, East-West  
SMC Enterprise Ltd



**Mr. Quazi Mohd. Jafarullah**  
Head of Region, North-South  
SMC Enterprise Ltd



**Mr. Mizanur Rahman**  
Head of Hygiene Products  
SMC Enterprise Ltd



**A.S.M. Shahidul Alam**  
Team Leader, MMS Project  
SMC Enterprise Ltd



# Notice of the 33<sup>rd</sup> Annual General Meeting of Social Marketing Company

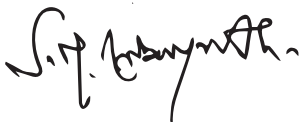
Notice is hereby given that the 33rd Annual General Meeting of Social Marketing Company (SMC) will be held on Monday, March 28, 2022 at 11:00 AM at the Head Office, 13th Floor, SMC Tower, 33 Banani Commercial Area, Road-17, Dhaka-1213 and through online digital platform, <https://zoom.us/j/94525828595?pwd=Z1h1Y1c4UndoV3RxRDJsNlg1eVZuZz09>, Meeting ID: 945 2582 8595, Passcode: 132108 to transact the following agenda:

## Agenda

- To receive, consider and adopt the Directors' Report for the year ended June 30, 2021
- To receive, consider and adopt the Audited Financial Statements as on and for the year ended June 30, 2021 together with the Auditors' Report
- To appoint Auditors for the Financial Year 2021-22 and to fix their remuneration
- To elect Directors of the company
- To induct Company Members

All the honorable members of the company are requested to make it convenient to attend the meeting on time.

By Order of the Board,



**Syed Mohammad Zubeyr Ali, FCMA**  
Company Secretary

March 11, 2022

## Message from the Chairman

The Annual Report (2020-21) of SMC which demonstrates the impact of the devotion and dedication of the employees of SMC towards the well-being of the society. Amid the disruption of COVID-19 throughout 2020-21, SMC did not relinquish its fundamental purpose. With strong governance and oversight the company ended the year successfully in connecting people, improving their lives and developing communities through the dedication of employees, innovations and use of technologies.

We have always valued the readiness of SMC employees to meet the emerging challenges and avail new opportunities. We thank them for taking their dedication to the new heights by coping with the challenges of the global pandemic and ensuring the uninterrupted supply of SMC products specifically to the rural communities through different Star Network providers of SMC.

We are pleased to share that the company's four Star Networks have been instrumental in disseminating the family planning, reproductive health, maternal and child health, adolescent health, nutrition and tuberculosis information to the rural people. They have successfully increased the demand for the public health products and services during the pandemic by paying special attention. Like the previous years, SMC has significantly contributed to the national family planning program. As per the 2017-2018 Bangladesh Demographic and Health Survey, the Blue Star and Green Star Network have a 33% contribution to the injectable contraceptive prevalence rate (CPR) nationally.

SMC has signed an agreement with the USAID's alliance for combating tuberculosis (TB) to achieve the national TB goal. As an alliance member, SMC engaged its Blue Star Network to increase the screening of symptoms of presumptive cases for referral to the designated center. SMC has introduced 'MoniMix Plus' a micronutrient



powder for adolescents aged between 5 to 12 years and 'FullCare' a multiple micronutrient supplements (MMS) for pregnant women to improve the overall nutrition status of Bangladesh.

Besides the donor-supported projects, SMC also implements programs using own funds to expand the 'women entrepreneurship initiative' in rural and semi-urban areas. We are grateful to the implementing partners who have been ensuring the smooth implementation of the community mobilization program both in rural and semi-urban areas.

SMC Niltara Clinic situated at Dhaka Uddyan, Mohammadpur, has now become a brand in the local area due to offering essential quality health services to all segments of people in the community at an affordable price. During 2020-21, a total of 15,011 clients have received health services from this clinic including consultations and laboratory services. We are in the process of opening a similar clinic at SMC Tower-2.

The subsidiary, SMC EL has achieved remarkable success in this Fiscal Year 2020-21 despite the unprecedented challenges of the pandemic. SMC EL earned a revenue of Tk. 1,050 crores with 18% growth rate over that of the last year. This achievement was possible due to smart and strategic leadership with innovative marketing approaches along with effective cost-saving measures. The pharma division generated a revenue of Tk. 67 cores with an impressive growth rate of 43%.

We paid special focus to enhance the infrastructure and production capacity of SMC's Food and Manufacturing Division (FMD) at Bhaluka and Health and Hygiene Factory at Cumilla during the reporting period. We have also inaugurated the SMC Tower-2, located at Darussalam, Mirpur for commercial use.

SMC strengthened the partnership with the Directorate General of Health Services to combat the COVID-19 pandemic under its corporate responsibilities. SMC provided Germkill hand sanitizer, purified drinking water and TasteMe (instant soft drink powder) along with face shields and surgical masks to the doctors and health workers combating the COVID-19. We have distributed necessary food items to the underprivileged children and communities through a social welfare organization named 'Bidyanondo Foundation'. We supported our field forces (health service providers and medical information officers) with personal protective equipment to ensure their continued service to the people of local areas. Moreover, our Tele-Jiggasha service and social media communications played a vital role to improve the awareness of the mass people.

We acknowledge with thanks the contributions of the employees of SMC, SMC-EL and its different strategic partners for their dedication and hard work during the pandemic for executing business successfully with new strategies and approaches during such a turbulent period.

The members of the Board and the Company Members fully extended their support, guidance and strategic directives. We acknowledge the persistent support of the USAID ever since the inception of SMC.



**Waliul Islam**

Chairman, Board of Directors  
Social Marketing Company



## Statement of MD & CEO, SMC

I am very pleased to note that SMC has successfully completed another year making a commendable contribution to the national health and family planning program through new ideas and innovations.

The company has paid special attention to increasing the awareness and demand for public health products and services through community mobilization activities. One of its leading efforts was to reduce the iron-deficiency anemia among children under five years by promoting micronutrient powder 'MoniMix'. Our program also promoted Zinc with ORS as an adjunct therapy to reduce the duration and severity of diarrheal episodes among the under-five children. As a result, SMC achieved 14% and 6% sales growth of MoniMix and SMC Zinc respectively in the reporting year. Despite the achievements of different health indicators under the sustainable development goals (SDGs), Bangladesh still has the opportunity to improve its nutritional status by addressing the life-cycle approach. Giving priority to reducing malnutrition, SMC has introduced another micronutrient powder, branded as 'MoniMix Plus' to address the malnutrition of children aged 5-12 years as a part of new initiatives. Furthermore, SMC launched the Multiple Micronutrient Supplements (MMS) tablet, branded as 'FullCare' to address the

nutrition deficiency of pregnant women. FullCare contains 15 micronutrients of vitamins and minerals including iron and folic acid which help to reduce the low birth weight baby.

Transforming potential rural women into entrepreneurs is a major focus of the community mobilization program of SMC. The entrepreneurs who are known as the Gold Star Members (GSMs) are involved in creating awareness and demand generation for public health products in the community. These GSMs generated yearly sales revenue of BDT 170.26 million which is 36% higher than the last year.

We have reached the rural and semi-urban communities with public health priority messages and services through the relentless support of our Star Network providers. Special emphasis was given to offer Growth Monitoring and Promotion (GMP) services by the Blue Star Providers to assess the nutritional status of children in the country.

Important aims of our program operation were to expand the geographical coverage for the community mobilization activities, add new services for its different Star Networks and increase the number of different Star providers every year. Accordingly, SMC expanded the community mobilization activities to additional 8 upazilas utilizing own resources. Also added 1,228 new Blue Star providers and 407 Green Star providers in the network using SMC fund.

SMC Niltara Clinic located at Dhaka Uddyan, Mohammadpur, has now become a reliable source to the community members for quality health care services at affordable costs. In the light of success of this initiative, SMC planned to set up another Clinic at SMC Tower-2, Darussalam Road, Mirpur.



As a part of Business Process Automation, SMC's ICT Division has introduced several web-based applications like Human Resource Management System, Electronic Supply Chain Management System, Pharmacy & Clinic Management System, and Electronic Monitoring and Follow-up System. Moreover, a state-of-the-art Data Center has been established to ensure secured, uninterrupted and smooth ICT services.

I wholeheartedly acknowledge with thanks and gratitude the continued guidance and support of the Board of Directors and Company Members towards our growth and success. Also, I would like to thank all management members for their strong teamwork during the challenging time of COVID-19. Encountering the turmoil of the pandemic, we achieved our goals in the last year through dedication and relentless support from our colleagues as well as different business and development partners.

I hope, the success and momentum that we gained over the reporting period will lead us to sustained and overwhelming growths also in the coming years.



**Md. Ali Reza Khan**  
MD & CEO  
Social Marketing Company



## Statement of MD, SMC EL

I am delighted to inform you that we have ended another successful year, FY 2020-21. Despite all challenges, SMC Enterprise Ltd continues to grow profitably

In the last year, the product portfolio was extended with several key products namely SMC Plus (Electrolyte Drink), Super Kid, SMC Pure Petroleum Jelly, SmartPill and SmartPill Lite, Panther (Banana), Sensation (Coffee), Joya Wings 5 Panty Pads Pack, and Taste Me (1 KG Family Jar). However, the Pharma Division accomplished all the procedures for the Zifday capsule (Vitamin and Minerals) to be launched at the beginning of FY 2021-22.

SMC EL earned consolidated revenue of BDT 1,050 crore in FY 2021 with a growth of 18% over the last year. Our major brands attained a good turnover during FY 2020-21 with ORSaline-N growing at 13.9%, Joya at 50.0%, Smile Baby Diaper at 10.7% and Taste Me at 30.3%.

Our relentless efforts are also reflected in the awards and recognitions that we achieved last year. ORSaline-N brand achieved 'Best Loved Brand' award from the Brand Forum in the Oral Saline Category; SMC Condom achieved the 'Super Brand' award; and Joya achieved 'Winner of Campaign with the Winner of Bronze'.

The present market scenario has unfolded various problems and newer opportunities worldwide concerning consumer products and shopping preferences. To keep pace with the market demand and competition, we maintained a strong supply chain management along with a distribution of products in an efficient manner. We have expanded our direct reach to the retailers considerably during this time.

As a part of capital investments and asset developments, in FY 2021 several construction projects were completed in collaboration with the Engineering and Manufacturing Departments including - Construction of the Cumilla Health and Hygiene (H&H) Factory expansion project (Phase 1); Bhaluka 3-storied building for the Microbiology Lab and ORS pre-processing area; and Bhaluka Food and Manufacturing Division (FMD) Extension Project (Phase-1). Apart from these constructions, the Cumilla H&H Factory expansion project (Phase 2) and construction of the Bhaluka FMD Expansion project (Phase 2 & 3) in SMC EL's premises are in progress. Both the projects are expected to be accomplished in FY 2022.

Digital transformation and advancement have become an integral part of high-growth businesses. To maintain the positive growth with a competitive advantage, we have increased our presence in the digital marketplace for brand promotion. We also implemented some improvement initiatives in database integration through the ICT team simultaneously.

Our employees are the driving force behind our progress. Throughout the year, we arranged a wide range of training and professional development programs across different functional areas on a routine basis. Building our people remains at the center of our strategy consistently.

We practiced new ways to support the employees to keep working in the volatile pandemic situation. We offered work from home, rotation of attendance and social distancing, routine supply of Personal Protective Equipment (PPE) and telephone counseling Initiatives for free of cost.



In the coming years, our strategy will be to build our people and brands further introducing consumers preferred new products, expanding direct distribution of our products, expanding the digital sphere integrating internal strengths, investing in the corporate social responsibilities, focusing on health issues, developing future leaders to maintain sustainability and women empowerment.

We experienced unusual challenges in FY 2021 amid the COVID-19 pandemic. Overcoming all the challenges, we have achieved positive growth last year with our devoted and competent workforce. I wholeheartedly appreciate and remain thankful to the people of SMC.

Finally, I acknowledge my gratitude to SMC EL Board for their continuous guidance and support to manage the overall operation of SMC EL.

A handwritten signature in black ink, appearing to read 'Abdul Haque', with a stylized circular flourish at the beginning.

**Abdul Haque**  
Managing Director  
SMC Enterprise Ltd

# Directors' Report

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Social Marketing Company

Financial Year 2020-21



Dear Company Members,

On behalf of the Board of Directors of the Company, I am submitting the Directors' Report of the Company for the financial year 2020-2021.

The world has been passing through one of the worst socio-economic debacles in recent memory as is manifested in the ongoing pandemic. This has not only devastated our health system but also caused serious disruptions in social, commercial, and economic activities. It should be put on record that despite the disruptive situation, the field force of SMC worked relentlessly putting their lives at risk, and as a result it has been possible to continue the trend of commendable performance in FY 2020-2021.

The Directors are delighted to state that SMC remains one of the most significant contributors to the Bangladesh national health and family planning program.

## Overall Program Activities

### Contribution of SMC to the National Program

SMC's goal is to improve the health and wellbeing of women, children, and families by making its products and services available across the country through social marketing approaches in partnership with the Government, private, and NGO stakeholders. The prime focus of the products and services are on family planning (FP), maternal and child health, nutrition, tuberculosis, and other areas of health and social priorities.

SMC has been significantly contributing to the national health and family planning program over the last four decades. According to the Bangladesh Demographic and Health Survey 2017-2018, SMC provides 38 per cent share of modern methods of Contraceptive Prevalence Rate (CPR) nationally.

SMC has a strong sales and distribution network across the country and successfully distributed its products to 151,753 pharmacies, 506,300 non-pharmacies, and 699 NGO outlets in FY 2021. The Company has established four Star networks by engaging private sector graduate and non-graduate health providers. The SMC's flagship Star network is the Blue Star (BS) which is a network of 8,784 private sector non-graduate medical practitioners. The Green Star (GS) is a network of more than 4,271 pharma and health care product sellers, and the Pink Star (PS) is a network of 455 graduate medical providers who are primarily Obstetricians and Gynecologists. These Star network providers are spread all over the country; they are branded as the private sector providers who offer quality health products, messages, and services of SMC. On the other hand, the Gold Star (GS) is a network of 2,525 rural women entrepreneurs who are selling public health products through demand generation of those products and services by disseminating health messages in the communities. SMC organizes basic training for the selected providers for inclusion in the network and organizes periodic refresher training to update their knowledge and skills. Besides, the field staff monitor each of the network providers at periodic intervals ensuring quality service delivery to their clients.

SMC has successfully applied social marketing principles and practices by providing health and social services throughout the country. SMC is implementing the largest social marketing program of the country, and it is recognized as a major contributor to Bangladesh national health and family planning program. According to the 2020 Contraceptive Social Marketing Statistics of DKT International, SMC is the second-largest global family planning social marketing organization. Besides, it has also made a significant contribution in the field of diarrhea management, child nutrition, adolescent health, tuberculosis control, health & hygiene, and so on.

SMC's ORSaline-N, Zinc tablet, and Micronutrient Powder (MNP) 'MoniMix' have played a significant role to enhance the child health and nutritional status in the country. ORSaline-N has proven itself as a major contributor to the reduction of child mortality in the country which was introduced to address the diarrheal disease of children under 5 years. SMC's Oral Rehydration Solution (ORS) occupied 61% of the market share in the country (Nielsen, 2019). With consistent growth, SMC Enterprise Limited (SMC EL), the subsidiary of SMC has sold 1,354 million sachets of ORS in FY 2020-2021. The sales of SMC Zinc have also increased in the reporting period which depicts a significant contribution in reducing the duration and severity of diarrheal episodes among under-five children. MoniMix is helping to reduce the iron-deficiency anemia of children aged 6-59 months. SMC accomplished a five-fold increase in sales of MoniMix in the last ten years resulting from extensive efforts to create its demand.

SMC's program operation has successfully introduced two new nutritional products in its product portfolio, namely MoniMix Plus - a micronutrient powder for adolescents aged between 6 to 12 years and FullCare - a multiple micro-nutrient supplements (MMS) for pregnant women.

SMC's JOYA sanitary napkin has become the second highest-selling brand (Nielsen study) in the country enjoying 22% market share. With a great appeal of acceptance among low-income women and adolescents due to its quality and affordable price, the subsidiary Company SMC EL sold 25.70 million sanitary napkins in FY 2020-2021. A study reveals that 77% of the school adolescent girls were using sanitary napkins in the SMC community mobilization areas compared to that of 56% in the control areas (Assessment of Adolescent Health Program of SMC, 2019, Innovative Research and Consultancy). It also indicates the increasing trend of menstrual hygiene practice among adolescents in Bangladesh.

## Program Activities by Components

The goal of program activities is to contribute to sustainable improvements in the health status of women, children, and families by increasing access to and demand for essential health products and services using social marketing tools and concepts through the private sector. SMC has been focusing on family planning, maternal and child health, adolescent health, nutrition, and tuberculosis control through different program interventions.

The program implementation modalities of SMC include distribution of public health products, demand creation through behavior change communication for increased adoption of healthy behaviors and practices, and building capacity of private-sector graduate and non-graduate medical service providers.

## Product Portfolio of Program Division

Program operation is distributing twelve public health products across the country. Among the products, four are donated by USAID (SOMA-JECT, Sayana PRESS, Relax, and i-plant) and FullCare is procured using CIFF's (Children Investment Fund Foundation) fund while others are procured by using SMC's own fund. During the reporting period, all program products have registered laudable achievements except three (Easy Clean, IUD and Implant) compared to that of the last year despite the raging pandemic<sup>1</sup>.

SMC is a key stakeholder in strengthening the family planning program of Bangladesh since its inception. It has contributed 38% of the modern contraceptive method use nationally, and more than one-third of all injectable users rely on SMC brand (BDHS, 2017-18). During this reporting period, SMC distributed 3.86 million vials of injectable contraceptives through its Star networks (Blue Star, Green Star, and Pink Star) and NGO providers resulting 23% higher sales volume than that of the last year. SMC is the only private sector source offering Long-acting Reversible Contraceptives (LARC) in the country. The following table shows the sales achievement of donated contraceptives during the reporting period.

Donated Products	Achievement in FY 2019-2020	Sales Target of FY 2020-2021	Achievement of FY 2020-2021	Achievement against target (%)	Growth against last year's achievement (%)
SOMA-JECT Injectable (vials)	3,054,367	3,405,500	3,769,190	111	23
Sayana Press Injectable (vials)	83,378	86,900	90,811	105	9
Relax IUD (pieces)	7,552	8,180	7,180	88	(5)
i-plant Implant (sets)	3,695	3,920	3,618	92	(2)
Couple-Years of Protection (CYP) <sup>2</sup>	833,216	925,624	1,011,777	109	21

<sup>1</sup> Decrease in sales of IUD and Implant is mostly due to limited accessibility of services for long acting reversible contraceptives during COVID-19 while lower achievement of Easy Clean is due to closure of educational institutions during COVID-19 and this product is positioned to promote hand washing among the school/college attending students.

<sup>2</sup> CYP: One CYP is calculated as 15 cycles of OCP or 120 pieces of condoms or 4 vials of injectable or 20 doses of ECP. For 10 years IUD, one insertion is calculated as 4.6 CYPs and for 5 years Implant, one insertion is calculated as 3.8 CYPs. This CYP indicator is used by USAID, UNFPA and other international organizations.

In Bangladesh, malnutrition is significantly high among children and adolescent girls. Deficiencies of micronutrients increase the risk of infectious diseases among children. The effects of micronutrient deficiencies in childhood may result in long-term or even life-long irreversible physical and cognitive problems that lead to reduced educational outcomes, reduced productivity, increased risk of infection, and poor health outcomes. Along with MoniMix, to address Iron Deficiency Anemia (IDA) of children under five years, SMC introduced another micronutrient powder 'MoniMix Plus' in April 2021 with 15 vitamins and minerals for children aged 5 to 12 years for their nutritional need and proper growth.

The sale of SMC Zinc (as adjunct therapy of ORSaline) to treat child diarrhea is increasing. SMC introduced de-worming tablet 'Vermicid' to reduce the soil-transmitted helminths infections in 2020. This infection is caused by a group of parasites commonly known as intestinal worms responsible for stunted growth, slowed intellectual development, attention deficit and learning disabilities of children, and so on.

SMC introduced Multiple Micronutrient Supplements (MMS) "FullCare" to improve the nutritional status among pregnant women and reduce low birth weight (LBW) babies. The tablet FullCare contains 15 vitamins and minerals including Iron and Folic Acid (IFA) to supplement necessary nutrients for expecting mothers and babies. The following table shows the sales achievement of SMC-funded nutrition and hand washing products during the reporting period:

Products	Achievement in FY 2019-2020	Sales Target of FY 2020-2021	Achievement of FY 2020-2021	Achievement against target (%)	Growth against last year's achievement (%)
MoniMix- MNP (sachets)	27,831,360	31,395,700	31,824,960	101	14
MoniMix Plus-MNP (sachets) <sup>3</sup>		-	1,114,080	-	-
SMC Zinc (blisters)	698,682	720,400	741,041	103	6
Vermicid - anthelmintic (pieces) <sup>4</sup>	287,400	5,880,000	5,965,600	101	-
Easy Clean (packets) <sup>5</sup>	104,430	142,500	51,080	36	(51)

SMC Program Division also markets Safe Delivery Kit (SDK) and Pregnancy Test Device (PTD) under the brand name Safety Kit and Quick Test. Though the delivery in health facilities has increased over time, still 50% of delivery takes place at home. Considering this issue, SMC markets SDK to ensure clean delivery at home thereby reducing maternal and child mortality rates in the country. Gold Star Members sell Pregnancy Test Device and help married women of reproductive age to identify their pregnancies so that they can start going to health centers to avail antenatal care services. The following table shows the sales achievement of Safety Kit and Quick Test against its annual target.

Products	Achievement in FY 2019-2020	Sales Target of FY 2020-2021	Achievement of FY 2020-2021	Achievement against target (%)	Growth against last year's achievement (%)
Safety Kit –Safe Delivery kit (packets)	53,801	54,100	59,785	111	11
Quick Test- Pregnancy Test Device (pieces)	57,067	63,600	85,750	135	50

<sup>3</sup> The product was launched in April, 2021

<sup>4</sup> The product was launched in March, 2020

<sup>5</sup> This program intervention is to increase hand washing practice among school going students and adolescents. The sales achievement of this product is lower than the target because educational institutions were closed due to COVID-19 pandemic.

SMC ensures a high level of quality standard in every aspect of supply chain management starting from product procuring, packaging, warehousing and distribution. It focuses on three main distribution channels to increase the reach of its products and services such as i) commercial distribution to dealers, wholesalers, and retail outlets, ii) local NGOs and community-based distribution points and iii) private health care facilities and health provider networks. SMC adopts extensive efforts to increase the demand and use of its products through community mobilization and mass media communication.

## Community Mobilization Activities

The Community Mobilization program aims at increasing awareness, knowledge, and improves healthy behaviors among the target audiences. The program is targeting to increase the demand for public health products and services relating to family planning, child health, nutrition, maternal health, adolescent health, and hygiene issues through group meetings, Interpersonal Communication (IPC) and adolescent health sessions both at educational institutions and community levels. The target audiences are married women of reproductive age (MWRA), caregivers of under-five children, adolescents, newlyweds, and community influentials.

SMC is implementing community mobilization and Gold Star program in 65 Upazilas under USAID-funded Marketing Innovations for Sustainable Health Development (MISHD). SMC is also implementing similar types of initiatives in 20 Upazilas of Natore, Bogura, Sirajganj, Rangpur, Jashore, and Cox's Bazar districts utilizing its own fund. SMC is expanding this initiative every year by utilizing its resources. The following table shows the distribution of Gold Star Upazilas by division:

Implementing partners organize courtyard meetings with rural women of reproductive age and caregivers of under-five children. The field staff uses an audio player and flip chart to disseminate health messages. The event focuses on Healthy Timing and Spacing of Pregnancy (HTSP), the first 1,000 days of care which includes pregnancy care, safe delivery, childbirth, postnatal care, exclusive breastfeeding, micronutrient powder, use of ORS and Zinc to treat childhood diarrhea.

One of the important activities under the community mobilization initiatives is to organize health sessions with adolescent boys and girls. These sessions are conducted both at the community and educational institutes (schools, colleges and madrasas) in program areas. Under this activity, the implementing partners also work closely with the Management Committees to get their support for the educational institute-based activities. The major focuses of adolescent health sessions are legal age at marriage, early pregnancy, hygiene practices, puberty, menstrual management, hand washing, use of sanitary napkins, nutrition, drug abuse, gender-based violence and eve-teasing.

Implementing partners disseminate health information to newlyweds on family planning with a special focus on delaying the first pregnancy, HTSP, knowledge on the emergency contraceptive pill (ECP), and menstrual hygiene management.

The community influentials<sup>6</sup> have a strong role and acceptance in the community. The project partners share project information and priority health messages among the community influentials through meetings to seek their support for smooth implementation of the community mobilization program.

SMC reached a total of 796,307 individuals during FY 2020-21 by delivering different important public health priority messages through group sessions, interpersonal communications (IPC), adolescent health sessions and meetings.

<sup>6</sup> Government elected representatives, local leaders, teachers, health and family planning workers, religious leaders, youth leaders, and others.

Division	# of District	# of Upazila
Barishal	4	13
Dhaka	4	11
Chattogram	5	22
Sylhet	4	23
Rajshahi	3	8
Rangpur	1	4
Khulna	1	4
<b>Total</b>	<b>22</b>	<b>85</b>

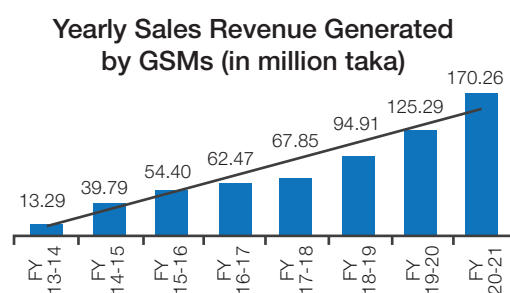


The achievements on reaching different target audiences during the reporting period are shown below:

Target Group and mode of communication	Achievement in FY 2019-2020	Target of FY 2020-2021	Achievement of FY 2020-2021	Achievement against target (%)	Growth against last year's achievement (%)
Married women of reproductive age (Group session)	451,470	542,400	645,168	119	43
Adolescents (health session)	79,939	112,500	138,456	123	73
Newlyweds (Inter personal communication)	3,985	5,300	6,165	116	55
Community influentials (Group session) <sup>7</sup>	7,715	5,600	6,517	116	(16)

## Gold Star Network

Engaging potential rural women as entrepreneurs is one of the key activities under the community mobilization program. These women are branded as Gold Star Members (GSM). This concept of social marketing has successfully ensured women empowerment, self-reliance, and entrepreneurship. The idea of developing rural women entrepreneurs was initiated to sustain the demand and supply of public health commodities at the community level. This effort is significantly increasing the women empowerment in rural communities. The main activities of GSM include disseminating health-related messages for creating awareness and behavioral change among community people. They also refer potential clients for LARC and suspected TB patients to the nearest service delivery facilities and they sell SMC branded public health products at household level. During this reporting year, a total of 2,525 GSMs has been actively engaged in 85 upazilas and sold products worth Tk. 170.26 (one hundred seventy point two six) million. The sales revenue generated by the GSMs in the reporting year was 36% higher than that of the previous year.



## Blue Star Network

It is a network of non-graduate medical practitioners (NGMPs) to offer family planning injectable method, growth monitoring and promotion (GMP) of children, nutrition counseling, and other public health priority services at the community level. The vision of the Blue Star program is to build the capacity of private sector community-level non-graduate healthcare service providers and ensuring quality service through them. SMC continues its efforts to promote Blue Star outlets and the network through comprehensive demand creation activities by using both local and mass media. In addition, SMC conducts regular supervision and monitoring to provide need-based on-site technical assistance.

### Contribution of BSPs

- ✓ **33%** national contribution in injectable CPR (BDHS 2017-18)
- ✓ **189,308** suspected TB cases referred
- ✓ **157,303** eligible clients referred for long-acting permanent method
- ✓ **35,255** under 5 children received GMP services
- ✓ **13,905,585** sachets of MoniMix distributed
- ✓ **215,075** blisters of Zinc tablet sold
- ✓ **3,192,840** Vermicid tablets sold

<sup>7</sup> Target of FY 2020-21 is lower than the achievement of FY 2019-20 since the advocacy activities had been excluded from USAID-MISHD upazilas.

In the reporting year, SMC expanded the Blue Star network providers by providing basic training to 1,228 NGMPs. Besides, 2,088 existing providers received refresher training in the reporting period. Around 2,700 BSPs are offering GMP services to under-five children in their community. SMC provided training and GMP equipment for smooth implementation of the services. The providers refer suspected cases of tuberculosis and potential clients for the long-acting and permanent family planning method and severely sick children to the nearest service delivery center. The total number of Blue Star Providers increased from 8,075 in FY 2019-20 to 8,784 in FY 2020-21.

## Pink Star Network

Pink Star is a network of Obstetricians & Gynecologists (OBGYN) to increase accessibility, availability and utilization of long-acting reversible contraceptive (LARC) services through private medical practitioners. They offer SMC branded intrauterine device (IUD), implant and injectable services. SMC provides competency-based training to the Pink Star Providers (PSPs) and organizes comprehensive promotional campaigns to promote the Pink Star network ensuring the availability of LARC services at their chamber/outlets. SMC continues quality-focused technical support and assist the Pink Star providers to offer quality services. The support includes follow-up training sessions, on-site coaching and clinical practice until the providers become confident to offer LARC services.



Dummy practice at training session

A total of 91 providers have received training on LARC during the reporting period. The total number of PSPs increased from 356 in FY 2019-20 to 455 in FY 2020-21. SMC engaged Community Counselors to disseminate the required information and dispel myths/misperceptions of LARC among the potential clients and refer them to the nearest Pink Star outlets. They also generate demand at the community level on LARC services and counsel the pregnant mothers about postpartum (immediately after delivery) family planning methods. During the reporting period, SMC vended 10,798 LARC methods (7,180 IUDs and 3,618 implants) to the Pink Star Providers<sup>8</sup>. SMC organizes periodical performance review meetings with the providers to share their performance of LARC administration, best practices and way forward to increase the use of LARC through the private sector.

## Green Star Network

A network of more than 4,000 drug sellers or pharmacy salesmen known as Green Star Providers (GSPs) plays a vital role in the health care service delivery in Bangladesh. They are the primary contact point in the community and provide over-the-counter health and family planning information and services. SMC provides periodic training, promotional support, and need-based technical assistance to the GSPs. SMC conducts regular supervision and monitoring to strengthen the capacity of network providers. In FY 2021, SMC provided basic training to 555 pharmacy salesmen or drug sellers to bring them under the Green Star Network across the country. The major focuses of the training include: administering follow-up doses of contraceptive injectables, counselling on MNP, rational use of drugs, referring clients to the appropriate health facility, etc. The total number of GSPs increased from 4,000 in FY 2019-20 to 4,271 FY 2020-21. SMC supports GSPs with different materials including signboards, stickers and posters, infection prevention/waste disposal items and essential product details for branding and promoting the Green Star service delivery points.

## Capacity Building Efforts for Star Providers

Four regional-based training teams continued its capacity development efforts to enhance the skill and knowledge of the network members. The training teams are mostly engaged to organize all basic and refresher training for the network members. This year SMC also provided special training to 201 BSPs on GMP including Mid-upper Arm Circumference (MUAC) measurement using the SMC fund. This initiative will improve the overall nutritional status of under five years children through monthly monitoring of child's growth and early identification of malnutrition by the BSPs. The team is also involved to carry out other activities such as follow-up to the providers to assess the quality of

<sup>8</sup> SMC also tracks administration of IUD and Implants by its Pink Star network providers. During the period July 2020 to June 2021 (FY-2021) the network administered 6,321 IUDs and 3,574 Implants which is 88% of sales of IUD and 99% of total implant sales.

services and offer on-site coaching to the Pink Star providers. The training team followed safety measures to reduce the risk of COVID-19 transmission and ensured maintaining safe distance, sanitizing hands, and wearing masks in all training events.

## Telephone Counselling Service 'Tele-Jiggasha'

Tele-Jiggasha is a telephone counselling service located in the SMC head office to answer the queries of callers across the country to increase access to appropriate information in health and family planning. This service is being operated by a short code number (16387) which is open to all from 9:00 am to 4:00 pm during weekdays (Sunday to Thursday). Female and male counsellors respond to questions on general and reproductive health issues such as maternal, child health, nutrition, tuberculosis, adolescent health, etc. The team attended more than 7,319 phone calls during the reporting period where 40% of the callers were female.

Training at a glance (July 20-June 21)	
Training categories	Number
Blue Star Basic Training	1,228
Blue Star Refresher Training	2,088
Blue Star Basic Training on GMP	201
Green Star Basic Training	555
Green Star Refresher Training	703
Pink Star Basic Training	61
Pink Star Refresher Training	30
Pink Star doctor's assistant training	45

The program also sends text messages containing health-related information and technical updates to SMC's Star network providers. SMC developed a data base of the cell phone number of clients and potential clients of SMC Clinic and send them SMS to promote its services. In particular, this communication channel was very effective for maintaining connectivity with different star providers during the COVID-19 pandemic regarding safety measures. This unit also conducts quick surveys through telephone calls. In the reporting year, the Tele-Jiggasha team conducted eight quick surveys to collect the opinion of the providers in different programmatic areas.

## SMC Niltara Clinic Operations

SMC started Niltara Clinic operation in 2018 with the provision of laboratory, other diagnostic facilities and model pharmacy. The goal is to provide essential quality health services to all segments of community people at an affordable price.

In the reporting year, a total of 6,324 clients received general health services, 2,898 received specialized services from consultants, and 5,789 received laboratory services. The clinic has recovered 70% of its operating expenditure in the reporting year.

The clinic staff continued BCC activities to promote its facilities and created awareness on Dengue and COVID-19 in the community. SMC ensured the availability of WHO and GoB guidelines on COVID-19 during service delivery. SMC Niltara Clinic, laboratory and pharmacy have achieved ISO 9001-2015 certification from the General Society of Surveillance (SGS) for providing standard quality services.

Performance of Niltara Clinic (July 20-June 21)		
Indicators	Target	Achievement
<b>Number of total service recipients</b>	14,827	15,011
General health service recipients		6,324
Special service recipients		2,898
Laboratory service recipients		5,789
<b>Cost recovery against operating expenses</b>	65%	70%

SMC initiated another clinic operation in SMC Tower-2 at Darussalam, Mirpur, Dhaka. It completed most of the infrastructural activities to set up clinic, pharmacy, and laboratory services in FY 2021.

## Multiple Micronutrient Supplement (MMS) for Pregnant Women

MMS is a highly impactful solution for improving the nutrition status among pregnant women and reducing Low Birth Weight babies. SMC branded MMS tablet is “FullCare.” Children Investment Fund Foundation (CIFF) engaged SMC through Global Alliance for Improved Nutrition (GAIN) to set up a sustainable business model of MMS in the private sector. In this project, Business to Business (B2B) and Business to Consumers (B2C) efforts will be adopted to make FullCare more popular and increase its utilization. The FullCare will be made available to pregnant women at an affordable price with assured quality and the brand name has been approved by the Directorate General of Drug Administration (DGDA). As the manufacturing partner of MMS project, Renata has already started the production of FullCare in July, 2021. SMC has submitted different behavior change communication materials to DGFP and DGDA for their approval.



## USAID's Alliance for Combating Tuberculosis in Bangladesh - TB Local Organizations Network Project

Bangladesh is one of the highest tuberculosis (TB) burden countries in the world. Even though the country has made remarkable progress over the past few years, significant efforts are essential to ending TB epidemic by 2035.<sup>9</sup> Evidence shows that about one-third of TB cases seek care late or never in Bangladesh, community-based case-finding activities are limited, contact investigation is inadequate and TB service delivery is relatively poor in urban areas. Furthermore, the engagement of the private sector in the TB program is inadequate and not fully utilized.

The icddr,b-led consortium of five Bangladesh-based organizations – USAID's Alliance for Combating TB in Bangladesh (ACTB) has united to develop strategies to fight against TB in response to USAID's local organizations network (LON) project. As an alliance member, SMC will contribute to achieving two major objectives – i) engage informal private providers (BSPs and GSPs) to increase symptom screening of presumptive cases and develop a mechanism to followup referral cases for treatment compliance, and ii) involve community-level women entrepreneurs for screening and case finding of presumptive cases at the community level. The USAID's ACTB-LON is a four-year project.

During the reporting period, SMC provided basic training to 1,288 network providers (BSPs and GSPs) on TB. The field level activation of the project started in April, 2021. A total of 59,146 suspected cases were screened during this period. Out of them, 3,418 cases were identified as presumptive and 298 cases were identified as TB positive.

## Monitoring and Evaluation (M&E)

SMC has a strong Monitoring and Evaluation (M&E) team both at the head office and field office level. Team members are responsible for monitoring regular activities to initiate corrective measures if needed. The M&E team is also responsible for the development and execution of the Project Performance Monitoring Plan. They ensure compliance with policies and guidelines, maintenance of quality, improved validity and accuracy of reporting. SMC is implementing its monitoring activities in the following ways:

- Deputy Field Program Managers (DFPMs) are responsible for strengthening, effective monitoring, and supervision to oversee day-to-day program implementation at the field level.

<sup>9</sup> The goal of National TB Control Program (NTP) is to end the TB epidemic aiming to achieve a target of ten new cases/100,000/year in 2035 (ntp.gov.bd).



- Program Officers-Training and Service Delivery (POs-TSD) visit network outlets of SMC routinely to strengthen the capacity of the providers through coaching and mentoring.
- Field Coordination Officer/Executive located at regional offices, visit Pink Star outlets at periodical intervals.
- Training team members visit network providers routinely to strengthen their capacity through on-site monitoring.
- Program Officers-Community Mobilization, work with community mobilization partners to implement the program activities smoothly. They monitor the program implementation activities and validate performance output reports of the partners.
- The M&E unit is monitoring SMC's program activities at regular intervals using different checklists. The unit is providing feedback to the relevant departments for corrections and improvements.
- SMC has established a mobile-based technology, e-FORT (electronic field operation reporting tools) to monitor the field activities of project staff as well as to assess the compliance, quality, and performance of providers.
- SMC also utilizes the Tele-Jiggasha team to assess knowledge of Star network providers as a part of monitoring activity through telephone calls.

## Data Quality Assessment (DQA)

SMC ensured routine data quality audit and compliance following the US government policies on family planning and other services. SMC officials from the head office and field offices visited MISHD upazilas to conduct DQAs of community mobilization activities during the period. The team visited villages, households, and educational institutions to ensure the consistency, reliability and validity of the data collected from the upazila offices of implementing partners. The relevant staff utilized DQA findings to take appropriate measures for improving the performance and the quality of data.

## Company Response to Challenges Posed by COVID-19

SMC intensified its efforts to achieve the country's health, population and nutrition goals through offering its products and services by ensuring the highest level of safety measures for its field staff as well as its network health providers to prevent the spread of COVID-19. Apart from the current operations to meet the increased demand for products and services, SMC performed the following activities to prevent the spread of COVID-19 pandemic in the country:

- SMC ensured the supply of contraceptives to meet the increased demand.
- SMC introduced GERMKILL, an instant antibacterial and antiviral hand sanitizing solution and a Germ Kill Anti-Germ Hand Wash to meet the increased demand for quality antibacterial soap and hand sanitizer for the COVID-19 pandemic. SMC is promoting both the products through different electronic and social platforms to prevent the spread of COVID-19.
- SMC developed awareness messages on COVID-19 to post those continuously on the Blue Star, Pink Star, and MoniMix Facebook pages. The message also includes a list of COVID-19 test centers and dedicated hospitals across the country so that the providers can refer suspected cases to those centers.
- SMC has been continuously updating COVID-19 related messages in line with the revised guideline of GoB. SMC's Tele-Jiggasha team is regularly disseminating these messages to the network providers.
- GSMs of the community mobilization program played a vital role in disseminating health messages and selling priority health products at the household level. SMC also took the initiative to make GSMs aware of their safety while working at households.



- SMC also disseminated messages on hand washing with soap or sanitizer, benefits of using masks and gloves to prevent viral infection, benefits of social distancing, etc. by the community mobilization implementing partners at the rural communities.
- SMC organized TV talk shows on the COVID-19 outbreak by involving relevant government officials and other relevant stakeholders to create awareness among the population and draw the attention of policymakers.

## Financial Result

### Consolidated Financial Statements

The Company has prepared and audited the Consolidated Annual Financial Statements comprising of Statement of financial position, Statement of Income or Loss and other comprehensive income, Statement of Changes in Equity and Notes to the Financial Statements. These financial statements have been prepared as per applicable IFRS/IAS reflecting financial performance and shareholders net wealth at the reporting date. Consolidated gross revenue of SMC during the period under review is Tk. 1,070 (one thousand and seventy) crore reflecting an increase by 18% as compared to that of the last year. During the period under review, the consolidated net surplus grew by 27% which is Tk. 108 (one hundred and eight) crore as compared to that of Tk. 85 (eighty-five) crore of the last year.

#### A. Statement of Financial Position as on 30.06.2021

(Figures in Taka)

Particulars	2020-21	2019-20
Capital Fund	3,355,172,510	3,345,898,008
Retained Earnings	4,009,554,446	2,942,131,472
Non-controlling Interest	8,367	7,919
Total Liabilities	3,308,936,904	2,630,288,536
Total Equity & Liabilities	10,673,672,227	8,918,325,935
Non-current assets	3,454,632,662	3,074,786,484
Current assets	7,219,039,565	5,843,539,451
Total Assets	10,673,672,227	8,918,325,935

#### B. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30.06.2021

(Figures in Taka)

Particulars	2020-21	2019-20
Net Revenue	9,433,531,607	8,153,524,455
Cost of Goods Sold	(5,776,423,394)	(4,927,386,894)
Gross Profit	3,657,108,213	3,226,137,561
Operating Expenses	(1,715,563,496)	(1,486,787,936)
Selling & Marketing expenses	(1,017,010,264)	(968,036,568)
Profit from Operations	924,534,453	771,313,057
Finance Expenses	(3,550,939)	(5,425,535)
Grants, Interest on FDR & Other Income	729,368,016	593,708,248
Contribution to WPPF	(80,617,856)	(66,670,547)
Net Profit before Tax	1,569,733,674	1,292,925,223
Net Profit after Tax	1,076,698,023	849,736,381

## Standalone Financial Statement - Social Marketing Company

SMC's standalone revenue from Program operations reached to Tk. 20.5 (twenty point five) crore with a growth of 13% for the period ended June 30, 2021.

### A. Statement of Financial Position as on 30.06.2021

(Figures in Taka)

Particulars	2020-21	2019-20
Capital Fund	3,440,172,341	3,380,897,939
Current liabilities	931,426,185	869,773,266
Total Liabilities	4,371,598,526	4,250,671,205
Non-current assets	1,660,311,284	1,315,068,656
Current assets	2,711,287,242	2,935,602,549
Total Assets	4,371,598,526	4,250,671,205

### B. Statement of Income and Expenditure for the year ended 30.06.2021

(Figures in Taka)

Particulars	2020-21	2019-20
Revenue	205,058,293	181,190,630
Cost of Goods Sold	(90,934,667)	(74,010,681)
Surplus of Revenue	114,123,626	107,179,949
Donation Income	309,749,552	265,131,302
Income from SMC Clinic	29,266,683	22,809,911
Other Income	382,904,188	314,318,329
Total surplus for the year	836,044,050	709,439,491
Operating Expenses	(748,049,731)	(648,254,739)
Gross surplus/(deficit)	87,994,319	61,184,752
Net Surplus/(deficit)	59,274,402	32,195,218

- The statement of financial position represents assets and liabilities of SMC Corporate and SMC Program.
- Non-Current assets included written down value of fixed assets of Tk. 916,955,018 (nine hundred and sixteen million nine hundred and fifty-five thousand and eighteen) for SMC Corporate and Program.
- Non-Current assets included investment in subsidiary (SMC Enterprise) of Tk. 390,000,000 (three hundred and ninety million).
- Leasehold property of Tk. 343,586,616 (three hundred and forty-three million five hundred eighty-six thousand and six hundred sixteen) and Tk. 5,782,290 (five million seven hundred and eighty-two thousand two hundred and ninety) included under Non-current assets between SMC and SMC EL.

### Subsidiary Operations (SMC Enterprise Ltd)

SMC formed SMC Enterprise Ltd (SMC EL), a for-profit subsidiary to separate profitable operations from non-profit activities in October 2014. SMC EL, a private Company limited by shares was incorporated in Bangladesh under the Companies Act, 1994 with a paid-up capital of Tk. 39 (thirty-nine) crore divided into 39 lac ordinary shares of Tk. 100 (one hundred) each.

SMC holds 99.99% ordinary shares where only two ordinary shares are being owned by two members of the Board.

During the period under review SMC EL earned gross sales revenue of Tk. 1,050 (one thousand and fifty) crore and has been maintaining the revenue growth streak successively for years together. Gross profit was Tk. 354 (three hundred and fifty-four) crore with 13% growth and profit before tax arrived at Tk. 153 (one hundred and fifty-three) crore.

#### A. Statement of Financial Position as on 30.06.2021

(Figures in Taka)

Particulars	2020-21	2019-20
Share Capital	390,000,000	100,000,000
Retained Earnings	3,924,562,983	2,907,139,462
Vendor's A/C-SMC (Potential Shares)	-	290,000,000
Non-current liabilities	688,353,295	571,123,871
Current liabilities	2,189,714,572	1,870,474,588
Total Equity and Liabilities	7,192,630,850	5,738,737,921
Non-current assets	2,527,907,991	2,209,086,729
Current assets	4,664,722,859	3,529,651,192
Total Assets	7,192,630,850	5,738,737,921

#### B. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30.06.2021

(Figures in Taka)

Particulars	2020-21	2019-20
Revenue	9,228,473,314	7,972,333,824
Cost of Goods Sold	(5,685,488,727)	(4,853,376,212)
Gross Profit	3,542,984,587	3,118,957,612
Operating expenses	(1,988,074,967)	(1,811,995,300)
Profit from operation	1,554,909,620	1,306,962,312
Other income	57,447,491	26,448,637
Profit before contribution to WPPF	1,612,357,111	1,333,410,949
Provision for contribution to WPPF	(80,617,856)	(66,670,547)
Profit before tax	1,531,739,255	1,266,740,402
Income tax expenses	(464,315,734)	(414,199,308)
Profit after tax	1,067,423,521	852,541,094

## Governance

As a part of its governance pursuits, SMC is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the Laws & Regulations of the country and all internal policies and procedures to make SMC a thoroughly transparent Company. The Board continues to monitor and review the Company Corporate Governance practices and makes necessary changes at an appropriate time. At SMC, our actions are always governed by our values and principles, which are reinforced at all levels within the Company to ensure sustainable success.

SMC has adequate systems of internal control in place where the Board is assisted in its oversight role by the Board Sub-committees.

## The Company Members and its Composition

At present the Company has 19 (nineteen) Members. The Members are enrolled with the recommendation subject to the approval of the Board. The Members of the Company are selected among the persons who are known to believe in the aims and objectives of the Company. The Members of the Company play commendable role for the growth and development of the Company providing constructive suggestions and guidelines in General Meeting.

SL#	Name of Company Members	SL#	Name of Company Members
1.	Mr. Waliul Islam	11.	Mrs. S. R. Ghuznavi
2.	Mr. Muhammed Ali	12.	Dr. Yasmin Hemayet Ahmed
3.	Engr. Md. Siddique Ullah	13.	Mr. A K M Shamsuddin
4.	Ms. Rokeya Quader	14.	Ms. Rupali Haque Chowdhury
5.	Mr. Siddiqur Rahman Choudhury	15.	Dr. Masud Ekramullah Khan
6.	Dr. Jahir Uddin Ahmed	16.	Mr. Muhammad A. (Rumee) Ali
7.	Mr. Aftab ul Islam FCA	17.	Professor Ahmed Mushtaque Raza Chowdhury, PhD
8.	Mr. Faruque Ahmed	18.	Professor (Dr.) Sameena Chowdhury
9.	Mr. Muhammed Farhad Hussain FCA	19.	Mr. Syed Monjurul Islam
10.	Professor (Dr.) Farhana Dewan		

The Company Members meet once in a year in the AGM of the Company and can participate in case of any requisition being made to conduct Extraordinary General Meeting of the Company to deal with any kind of special business agenda such as Amendment to the Memorandum or the Articles of Association of the Company, appointment and removal of the Board Members and so on.

## The Board and its Composition

The Directors of the Board are appointed by the Company members at the Annual General Meeting (AGM). The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial performance and position and ensure that its operating activities, financial reports and asset management are subject to adequate monitoring and control. The Board also ensures that Company Policies and Procedures and Code of Conduct are understood, implemented and maintained at all levels and the Company adheres to the generally accepted principles for good governance and effective control of Company activities.

## Board Meeting and Attendance

The Articles of Association ("AoA") of the Company requires the Board to meet at least once in a quarter and four times in a year. The Board met eight times during the financial year 2020-21. The notice, agenda and the relevant working documents of each Board Meeting are served in writing ahead of the date of commencement of the meeting. The composition of the Board during FY 2020-2021 and the number of meetings attended by each Director are shown below:

SL#	Name of Directors	Designation	Board Meetings attended (SMC)
1.	Mr. Siddiqur Rahman Choudhury	Chairman	8
2.	Mr. Muhammed Ali	Director	8
3.	Ms. Rokeya Quader	Director	6
4.	Mr. Md. Siddique Ullah	Director	8
5.	Mr. Waliul Islam	Director	2
6.	Mr. Aftab ul Islam FCA	Director	8
7.	Prof. (Dr.) Farhana Dewan	Director	1

SL#	Name of Directors	Designation	Board Meetings attended (SMC)
8.	Mr. Faruque Ahmed	Director	8
9.	Mr. Muhammed Farhad Hussain FCA	Director	8
10.	Mr. Md. Ali Reza Khan	Ex-officio Director	7
11.	Mr. Abdul Haque	Ex-officio Director	8

Prof. (Dr.) Farhana Dewan was appointed as a Director of SMC in 32nd AGM of the Company held on March 30, 2021.

The Directors who could not attend the meetings were granted leave of absence from the meeting with prior notice u/s 108 (f) of the Companies Act 1994.

## Retirement and Election of Directors

As per clause 45 of the Articles of Association of the Company, one-third of the Directors shall retire from office. The Directors to retire every year shall be those who have been the longest in the office since their last election. A retiring Director shall be eligible for re-election. No person shall, however, be eligible for an election as a Director for more than two consecutive terms.

In accordance with the above clause, three Directors shall retire (one third out of nine Board Members). Mr. Siddiquir Rahman Choudhury was re-elected as a Director in the 27th AGM held on November 10, 2016 and will retire in the upcoming AGM as his period of working as a Director since his last election is longer than others.

Three Directors namely, Mr. Muhammed Ali, Ms. Rokeya Qader and Mr. Faruque Ahmed were re-elected as Directors in the 31st AGM held on June 15, 2020 and are due for retirement in the upcoming AGM of the Company after serving for two consecutive terms as Directors.

However, in order to identify the remaining two Directors for retirement, Article 45 clearly states that, "as between persons who became Directors on the same day those to retire shall, unless they otherwise agreed by themselves, be determined by lot." Therefore, if three of the aforementioned Directors cannot agree among themselves regarding which two of them is going to retire, then it will be decided by conducting a lottery.

## Board Sub-committees

The Board constituted five Sub-committees, viz: Audit Committee (Joint Committee for SMC and SMC EL); Personnel Policy and Administrative Matters (Joint Committee for SMC and SMC EL); Construction and Engineering Works (Joint Committee for SMC and SMC EL); Procurement Committee and Program Development Committee to assist the Board in discharging its responsibilities. Each Committee operates in accordance with the Charter/Terms of Reference (ToR) approved by the Board. The Board delegated certain authorities and responsibilities to the committees. The Board Sub-committees meet as and when required and, in their meetings, make deliberation on the issues relating to their respective areas and make recommendations to the Board for approval.

## Audit Committee

The Audit Committee of SMC, being one of its prime joint Board Sub-committees, assists the Board in discharging its governance responsibilities. The Committee plays a key role in the governance of the Company's financial reporting, risk management, internal audit and External Audit for both the parent (SMC) and subsidiary (SMC EL) companies.

The Audit Committee of SMC comprises of the following Board members:

Mr. Siddiquir Rahman Choudhury	Chairman	Mr. Aftab ul Islam FCA	Member
Mr. Muhammed Ali	Member	Mr. Muhammed Farhad Hussain FCA	Member
Mr. Waliul Islam	Member		



The Audit Committee held six meetings during the period 2020-21. The Managing Director & CEO, SMC; Managing Director, SMC EL; Chief Financial Officers of both SMC & SMC EL; Company Secretary, and the Head of Internal Audit were the permanent invitees to the Audit Committee meetings. Relevant heads of divisions/departments and the other members of the Management and the internal audit team also attended the meetings on occasions, as and when required. The annual audit plan, annual budgets of both the parent and subsidiary companies, annual draft audited financial statements and summary of key findings of the external auditors are reviewed by the Audit Committee and recommends to the respective Board for approval. Moreover, the key findings of the internal audit are reviewed by the Audit Committee at their periodic meetings.

## **Management Committee**

The Management Committee is the Executive Committee of SMC. Headed by the MD & CEO, the committee is responsible for managing and running the affairs of the Company. Currently the Management Committee comprises of the DMD, Chief Financial Officer, General Manager, Engineering, Additional GM, HRM & Administration and Additional GM, Program Operations. The Management Committee assists the MD & CEO to formulate and deal with the policy related matters in order to achieve the strategic goals and objectives of the Company set by the Board of Directors. In discharging its assigned responsibilities, the Management Committee meets as and when required by the Company.

## **Control Environment of SMC**

In implementing and ensuring good governance in SMC, the Board and the Management Committee ensure the following:

### **Internal Control**

The Company has an extensive system of internal control; ensuring optimal utilization and protection of resources and for the prevention and detection of irregularities and fraud. However, it is an ongoing process to modify and improve the internal controls and ensure monitoring compliances with the financial and administrative practices and procedures as laid down in the applicable Laws and Regulations of Bangladesh, and the policies of the Company. The Board has approved an organogram ensuring clear lines of delegation of authority and reporting for accountability of the management staff all the way down the line and for effective decision making; evaluation of performance is being done on the basis of clearly set measurable goals and through objective assessment of their achievements.

### **Financial Reporting**

SMC has strong financial reporting procedures. Financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), Companies Act 1994, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. All the financial transactions are recorded in the “Dream Apps” accounting and reporting system. Financial reports extracted from the system are then used to produce the financial statements. These financial statements, once prepared, are reviewed initially by the Chief Financial Officer and the MD & CEO then are deliberated upon by the Board Audit Committee on annual basis. The annual audit is conducted by the external auditors, who are appointed by the Board of Directors with the approval of the general members in the Annual General Meeting.

In order to ensure data integrity and reliability, the Company follows a robust MIS focusing on an establishing technology driven process coupled with high level of data security with a view to ensuring data accuracy and reliability. To do so, SMC has an automated accounting system along with automation in supply chain management and HR management.

### **Statutory Audit**

The auditing of the Company is governed by the Companies Act, 1994 and conducted in accordance with the International Standards on Auditing (ISA). As per these regulations, auditors are appointed by the Company members at each Annual General Meeting (AGM) and their remuneration is also fixed by the Company members at the AGM. Appropriate structure is in place as per Corporate Governance best practices to ensure their independence. Statutory auditors cannot be appointed for a consecutive period exceeding more than three years in compliance with the order of Bangladesh Securities and Exchange Commission (BSEC).

The Board Audit Committee reviews the Financial Statements before submission to the Board of Directors for approval. Auditors also have access to the Board Audit Committee and the Board for communication of any issues.

### Internal Audit

Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes. The Company's 10-member Internal Audit department headed by the Head of Internal Audit is conducting audit covering all areas of operation with a view to ensure effective internal control within the organization in line with the internal audit charter and the internal audit manual as approved by the Board. In order to ensure organizational independence of Internal Audit, the Head of Internal Audit reports functionally to the Board Audit Committee and administratively to the MD & CEO, SMC. It checks for compliance with policies and procedures and the effectiveness of the internal control systems and highlights findings in respect of any non-compliance.

Audits are carried out in the head office, factories, regional offices, area offices, central ware house of both the parent and subsidiary companies. The frequency of the audit is determined by the level of risk assessed by the audit department in order to provide an independent and objective report on operational and management activities. A risk-based annual audit planning process is in place, which takes into consideration the strategic imperatives and risks surrounding SMC and the subsidiary while considering pervasive audit needs. The annual audit plan is reviewed and approved by the 'Audit Committee' and the key findings of the audits are reviewed by the audit committee at their periodic meetings.

### Annual General Meeting

The Company held its last (32<sup>nd</sup>) Annual General Meeting (AGM) on March 30, 2021 at the Company head office in Dhaka. The AGM received, adopted and ratified the Directors' Report and the Auditor's Report for the Financial Year 2019-2020 and appointed auditors for the Financial Year 2020-2021. Mr. Siddiquir Rahman Choudhury, Chairman of the Board of Directors of SMC, presided over the meeting. Board Directors, MD & CEO of SMC along with senior officials of the Company were present in the meeting.



### Appointment of Statutory Auditors

As per clause 49 of the Articles of Association and the provisions of section 210-213 of the Companies Act 1994; the statutory auditor of the Company, MABS & J Partners, Chartered Accountants, shall retire in the 33rd AGM. The firm, being eligible, has expressed their willingness to be re-appointed (EOI attached) for 2021-22 and to consider a reasonable enhancement of the existing fee. The existing audit fee is Tk. 300,000 (three hundred thousand) inclusive VAT. The Board in its 211th Board Meeting held on 10<sup>th</sup> March, 2022, recommended their reappointment for the period 2021-2022 with an audit fee of Tk. 300,000 exclusive of VAT and to continue till the next AGM of the Company. The resolution to reappoint MABS & J Partners, Chartered Accountants as auditors will be placed at the forthcoming Annual General Meeting of the Company.

### Human Resource

Human Resource Division (HRD) has played a commendable role in assisting the operations of SMC by recruiting staff for all divisions and projects including Multiple Micronutrients Supplements (MMS), The Alliance for Combating TB in Bangladesh (ACTB), and SMC Clinic. HRD continues to promote and nurture the culture of a safe, diverse and inclusive workplace with fairness and respect for all and ensures good governance across the Company.

As of June 30, 2021, SMC had a total of 320 employees where 21% were women. The permanent and contractual employees were 37% and 63% respectively.

Keeping the gender issues in mind, SMC has developed a Gender Policy being approved by the Board. Amongst others, the Policy was designed by highlighting the gender equilibrium and to ensure a congenial and women-friendly work environment. To do this, SMC has already started initiative to encourage more women participation in all activities of the Company as manifested in the increasing trend of man-woman ratio (3.76:1) compared to that of the last year (4.26:1).

**Table-1: Staff information by employment type and gender, as on June 30, 2021**

Employment status	Gender	Permanent	Contractual	Total
Management	Men	73	126	199
	Women	10	24	34
	<b>Total</b>	<b>83</b>	<b>150</b>	<b>233</b>
Graded	Men	33	22	55
	Women	1	31	32
	<b>Total</b>	<b>34</b>	<b>53</b>	<b>87</b>
<b>Total</b>	Men	106	148	254 (79%)
	Women	11	55	66 (21%)
	<b>All total</b>	<b>117 (37%)</b>	<b>203 (63%)</b>	<b>320</b>

## New Recruitment

During the year under review, SMC on boarded a large number of employees, especially in the management category in contractual positions primarily. In comparison to the last year, new hiring number has increased significantly due to launching of two new donor funded projects, which are MMS, ACTB and initiating the operation of SMC own funded Clinic, in SMC Tower-2 at Mirpur, Dhaka. The men - women ratio of new recruitment was 76:24. The number of new recruitments in management and graded category is tabulated below:

Number of Hired Employee in FY 2020-21			
Category	Men	Women	Total
Management	34	13	47
Graded	3	7	10
<b>Total</b>	<b>37</b>	<b>20</b>	<b>57</b>

## Employee Turnover

During the reporting period, an insignificant number of employees have left the Company as compared to that of the last year. A total of 32 employees left the Company. The employee turnover was approximately 11% where the turnover of women is 10% and men is 11%.

## Employee Development

SMC believes that a highly skilled and motivated workforce can excel the success of the organization; therefore, it continues to give priority in providing learning opportunities to its employees. During the reporting period, SMC has arranged capacity development of its employees through online platform considering their safety during the pandemic.

The Company was awarded with the ISO 9001:2015 certificate after completing successfully the Quality Management System (QMS) audit where, HR & Administration Division has played a significant role. The Division has been updating various policies and procedures from time to time and communicating the same to the employees. The notable initiatives include: developing standard operating procedure (SOP) for different HR processes, introducing Health Care Scheme for the employees and Digitalization of HR operation.

SMC	Training Type	Events	Participants
	In-house Training	3	64
	External Training	8	36
	<b>Total</b>	<b>11</b>	<b>100</b>

The current pandemic remains as the most difficult challenge to encounter which infected many of our employees and their family members. The Company however, played an exemplary role in helping employees to fight against the pandemic. It has strengthened its effort to keep employees safe from the disease where the employees were provided with different hygiene products, free consultation of specialist doctors, reimbursement of expenses related to Covid-19 treatment and so on.

## Corporate Socialization

The Company has been maintaining a good relationship with various trade and professional bodies and continued its membership with the country's leading chambers like Metropolitan Chamber of Commerce & Industry (MCCI), Bangladesh Employers Federation, Dhaka Chamber of Commerce and Industry (DCCI), etc.

Besides, SMC has been maintaining effective communication and building excellent relationship with various regulatory bodies such as National Board of Revenue (NBR), Ministry of Commerce, Registrar of Joint Stock Companies and Firms (RJSC), Directorate General of Drug Administration (DGDA), Directorate General of Health Services (DGHS), Directorate General of Family Planning (DGFP) and Bangladesh Standards and Testing Institute (BSTI).

## Common Services

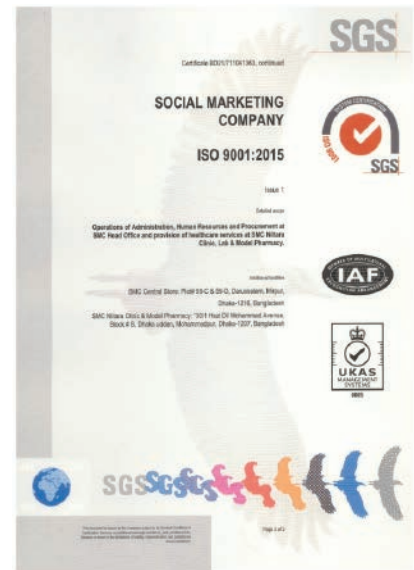
SMC housed a number of common services divisions/departments such as Construction & Engineering, Information Communication and Technology (ICT), Research and Corporate Communication in order to bring efficiency and cost optimization. They are rendering services to both SMC and its subsidiary organization, SMC EL in the field of infrastructural development, research, business process automation, etc. The major highlights of common services are given below:

## Engineering & Construction Division

The Company made a significant investment in infrastructural development for expansion and diversification of business. The Engineering Division provides technical support in all matters related to civil construction and electro mechanical establishments of both SMC and SMC EL. During the period under review, the Engineering division has successfully executed the following development works for SMC & SMC EL:

### SMC Tower-2 at Mirpur, Dhaka

SMC Tower-2 is a well-designed 14-storied RCC Framed Structure which is constructed with high quality construction materials and advanced technology. It has 3 basements connecting with a wide ramp accommodating parking space for 48 vehicles. There is a provision for Variable Refrigerant Flow (VRF), a latest technology for cooling systems in SMC Tower-2. The tower is equipped with an advanced Fire Detection and Protection system covering the entire building. The outside views of the building/the exterior part of the building is made of green Mercury Reflected Glass, Aluminum Composite Panel (ACP) and decorative Aluminum Louver where operable windows are provided for natural ventilation and air-circulation. It has two 16 stops modern passenger lifts and one 15 stops service lift. It also has a 1,250 KVA substation with Prime Diesel Generator to support 24 hours uninterrupted power supply including Busbar Trunking System (BBT) which is a replacement for cable for electricity transmission. The building has a beautiful architectural front view having a nice lobby at the ground floor with granite and marble finished floors and walls, decorative design false ceiling with LED lighting as well as it has double floor height ceiling with attractive aesthetic view at front along with landscape and circular column wrapped with mirror finish polished Aluminum Composite Panel. In this building, SMC Clinic went into operation in mid-June 2021. Uttara Store & Transport Office was shifted there in mid-June 2021. Dhaka West Sales Area Office will move to SMC Tower-2 in the middle of July 2021.





## **Expansion of Health and Hygiene Factory (Phase 1 & Phase 2) at Cumilla**

### **Phase – 1:**

The SMC EL Board decided to increase the production capacity of sanitary napkin and diaper by adding two more production lines including the construction of production, administration and service buildings. Accordingly, all types of structural and finishing works of one production building having an area of 14,500 sft., one 3-storied administration building (6-storied foundation) of 8,608 sft. and one 3-storied service building (6-storied foundation) of 11,781 sft. were completed. Fire detection and protection system have been installed in all the 3 buildings successfully. Floor Ucrete work was completed. One diaper machine was installed at the production floor and the production is already started.

### **Phase – 2:**

To cater the increasing market demand of sanitary napkin & pant type baby diaper, the Board of SMC EL approved an expansion proposal accommodating new machines as well as raw and finished goods warehouses. Besides, to accommodate the increasing number of workers at Cumilla factory, vertical extension of the existing service building has been completed covering 4,000 square feet in each floor of this six storied building.

Besides, to accommodate the increasing number of officers at Cumilla factory, vertical extension of the existing Administration building with an area of 3,000 sft. in each (3rd, 4th & 5th) floor will be utilized for office spaces, conference room, etc. All structural and finishing works will be completed by January 2022.

Construction of a 3-storied building for Microbiology lab and ORS pre-processing area at Bhaluka Factory

Construction works of the structural part and finishing part of the aforesaid building is completed including the fire detection and protection system, Ucrete works and sandwich panel at the ground and 1st floor. Apart from that, installation, testing & commissioning of Variable Refrigerant Flow (VRF) system is also completed.

### **Construction of FMD Extension Project (Phase-1) at Bhaluka, Mymensingh**

To enhance the capacity of the Food Manufacturing Division, construction of the structural and finishing part is completed with Ucrete floors and Variable Refrigerant Flow (VRF) system. Machines are installed and commercial production is started.

### **Construction of FMD Expansion project (Phase 2 & 3) in Bhaluka**

With a view to increasing the production capacity as well as the storage capacity of its Food Manufacturing Division to meet its growing demand FMD expansion project is undertaken. The expansion project comprises new production facilities (Floor area 5,500 sft), raw material warehouse (Floor area 3,300 sft) and finished goods warehouse (Floor area 2,300 sft) at the ground floor. The quality control laboratory facilities (Area 5,500 sft) will be accommodated at the 1st floor. The Engineering Division has completed the piling works and foundation work is going on. Production floor will be ready for production by December 2021.





## Information and Communication Technology (ICT) Division

The ICT Division focuses to accelerate the automation of business and decision-making process of the Company enhancing the operational excellence. The following major projects/tasks have successfully been completed by the ICT Division using innovative technology in FY 2020-2021:

- A comprehensive Information and Communication Technology (ICT) manual has been drafted by the ICT division which has covered the overall ICT operations, services, governance & security, systems & infrastructure management, service continuity management, ICT training, etc.
- Refurbished and modernized the head office server room and built a state-of-the-art Data Center through fixing and setting up fireproof brick wall and door, electronic access control, surveillance system, standard power and cable management system, fire suppression system, etc.
- Introduced 'Enterprise Environment Monitoring System' to monitor and manage Data Center's environmental and security conditions through Internet Protocol (IP) Network.
- Developed web-based software for SMC Clinic and Pharmacy management which is an integral part to maintain its operations. The new system has ensured full automation and paperless operation including system generated prescriptions.
- Developed the inventory management system for ICT items to maintain the log and history of a particular device or equipment.
- Developed a mobile application and web-based software for the Multiple Micronutrient Supplement (MMS) Project to monitor and follow up the users of 'FullCare' tablets.
- Established the overall ICT infrastructure including Local Area Network (LAN), Broadband internet, Surveillance system of SMC Tower-2.
- Restructured the data backup and restoration management as part of the Data Disaster Recovery (DR) process to protect the individual user's data at home and office.
- Revised the Search Engine Optimization (SEO) of SMC web portal to make sure that the web portal is visible at the top of the search list in the web platform.
- Installed 36 close circuit cameras in the Head Office, Factories, Regional and Area Sales offices, SMC Clinic & Pharmacy.
- Customized the Decision Support System of SMC to facilitate efficient performance of the Supply Chain Operations electronically.
- Customized the Human Resources Information System (HRIS) incorporating the Key Performance Indicator (KPI) and Performance Appraisal Modules to increase efficiency.
- Organized and conducted various training programs pertinent to innovation and technology. The topics include proper e-mail management, data backup and security and orientation programs on using new software.



## Research Insights

During FY 2020-21, the Research & Monitoring department has undertaken various research projects to understand the effects of its program activities. These findings are important for further improvement of the current and future program interventions. The findings of the major research projects are summarized below:

### Study Title:

Assessing Knowledge, Attitude and Practice (KAP) of Blue Star, Green Star & Pink Star providers of SMC

### Sample Size:

852 Blue Star Providers, 533 Green Star Providers and 244 Pink Star Providers

### Objectives:

To assess knowledge, attitude and practice of private sector (Blue Star, Green Star & Pink Star) providers.

### Key Findings:

- Overall findings show that the knowledge of Blue Star and Green Star Providers on family planning, maternal and child health and nutrition was found satisfactory.
- 90% of the Blue Star Providers and the Green Star Providers considered it necessary for them to counsel a potential client about different family planning method.
- 90% of the respondents had knowledge on Emergency Contraceptive Pill (ECP) and when to take it.
- 95% providers responded that those women who had at least one living child could take injectable.
- 59% of the Blue Star Providers and Green Star Providers mentioned that minimum age of women for child bearing should be 20 years or more.
- 81% Blue Star Providers mentioned that the pregnant mothers require four or more check-ups (ante-natal care) for them.
- 88% respondents mentioned that they refer patients to higher health care facilities for treatment. The most common types of services that they referred for are TB, child illness and antenatal complication, Implant, IUD, side-effect management of family planning, ligation and vasectomy services, etc.
- 50% of the respondents had received training in last 2 years and almost all of the respondents considered the training they received from SMC were effective and useful.
- 80% of the Pink Star Providers (PSP) was satisfied with the supply of IUD and implant to them.
- The Pink Star Providers suggested to engage more field level councilors (46%) and strengthen the promotional activities (17%) to achieve desired programmatic output from Long Acting Reversible Program.

### Study Title:

Customers feedback study of SMC Niltara Clinic

### Sample Size:

500 Clients

### Objectives:

To identify the satisfaction level of the patient/customers of different services provided by the SMC Niltara Clinic and Pharmacy.

### Key Findings:

- Study findings revealed that source of awareness of client about SMC Nil Tara Clinic were Signboard (53%), followed by word of mouth (41%), Field Worker/Councilor (27%) etc.
- 92% of the clients came twice or more to the clinic.
- All the clients mentioned that they were satisfied with doctors' services.
- 98% clients of Lab and pathological tests were satisfied as the sample collection and examination were done carefully.
- 95% of the clients of the pharmacy were satisfied with the availability of medicine, price and promptness of providing medicine.
- 100% of the patient/clients mentioned that front desk personnel listened to their problems carefully and helped accordingly.
- 95% of the respondents were satisfied with the service of SMC Nil Tara Clinic. About 96% clients showed positive intention to visit the clinic in future.
- 98% mentioned that they will recommend their family and friends to visit SMC NilTara clinic.

### Study Title:

Pack design pre-test for Multiple Micronutrient Supplement (MMS) 'FullCare' tablets

### Sample Size:

131 Blue Star Providers, 10 Pink Star Providers and 113 mothers

### Objectives:

To find out the most preferred pack design from three different designs for upcoming SMC's multiple micronutrient supplement, FullCare.

### Key Findings:

- 59% liked Design 1 (Pink version) due to overall color combination, followed by the picture of the pregnant women (21%)
- 95% respondents could not find any objectionable element in the pack design
- 98% respondents could read the brand name 'FullCare' clearly from the pack design.
- Irrespective of category of respondent, almost everyone mentioned that medicine pack design doesn't play any significant role to attract customer, however doctor's advice will determine it.

### Study Title:

Feasibility of introducing the Tele-medicine services through Blue Star Provider (BSP)

### Sample Size:

402 Blue Star Providers, 101 Potential Blue Star Providers

### Objectives:

To understand the willingness of Blue Star Provider to be a part of the Telemedicine services

### Key Findings:

- 99% of the BSPs are providing Healthcare service/consultation over phone periodically.
- 93% percent of the BSPs have agreed to provide formal Telemedicine services.
- The Telemedicine service requires technical knowledge of operating computer or Smartphone. 57% of the BSPs were found unaware of basic computer operation. Therefore, training on basic computer/smartphone operation must be ensured before starting Telemedicine service.

### Study Title:

Post campaign evaluation of TVC & Pop-up of MoniMix

### Sample Size:

584 Mothers/caregivers of under 5 children, 223 Blue Star Providers, 200 Green Star Providers and 214 Gold Star Members

### Objectives:

To understand the willingness of Blue Star Provider to be a part of the Telemedicine services

### Key Findings:

- 87% mothers are aware of MoniMix brand. The major sources of awareness are NGO Health Workers followed by Friends and Family and Gold Star Members.
- 85% mothers are aware about the benefits of providing MoniMix.
- 87% of the mothers watch TV regularly and RTV is the most watched Bangladeshi TV channel followed by BTV, Somoy TV, NTV and ATN Bangla.
- 48% respondents had seen the TVC on MoniMix and among them about 57% could recall the key messages from the TVC.
- Among the respondents, who watched the TVC, 82% could recognize that MoniMix is from SMC house and about 79% perceived that mothers will be motivated to provide MoniMix, after watching the TVC.
- 12% respondents had watched the Pop-up on MoniMix and among them 85% could recall some messages.
- Among the respondents, who watched the Pop-up, 82% could recognize that MoniMix is from SMC.
- One fourth of the respondents, who are currently providing MoniMix to their children, were motivated by watching the TVC and Pop-up campaign.

## Future Outlook 2021-2022

To expand program activities in line with its vision and mission, SMC has always been focusing on value additions by increasing its products and services. Several new initiatives are in the pipeline which we hope to include in our program activities in the next fiscal year. The priority activities in FY 2021-2022 are as follows:

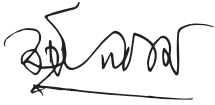
- SMC will develop a Strategic Plan for the next five years from 2023 to 2027 to carry forward the mission of the Company and make more meaningful contributions to the national health and family planning program.
- Expansion of Blue Star and Green Star Networks by adding 1,000 new Blue Star and 500 new Green Star providers.
- Expansion of Gold Star Member activities in another eight Upazilas in rural areas.

- Expansion of Gold Star Member activities in additional peri-urban areas of Dhaka and Chattogram City Corporation.
- Start construction work of SMC complex comprising of Area Office and SMC Clinic at Company own land in Khulna.
- Roll out Multiple Micronutrient Supplements (MMS) tablet 'FullCare' for pregnant women in order to improve their nutritional status across the country.
- Expand Growth Monitoring and Promotion (GMP) activities to additional 6,000 Blue Star providers across the country.
- Introduce Gender-Based Violence (GBV) prevention activities through Blue Star Providers.
- Introduce pregnancy care services through Blue Star Providers.

## Acknowledgements

On behalf of the Directors, let me express my appreciation and gratitude to all Company members, employees of the Company, our development partners, customers, bankers, suppliers, government agencies, regulatory bodies and everyone with whom SMC has been associated over the past year. We acknowledge your valuable support and cooperation which has helped SMC in its journey to implement its mission.

On behalf of the Board of Directors,



**Waliul Islam**

Chairman, Board of Directors  
Social Marketing Company



# Audit Committee Report

The Audit Committee is the sub-committee of the Board of Directors of the Company and its role is to assist the Board in fulfilling its oversight responsibilities relating to the integrity of financial statements, risk management, internal audit function and performance of external auditor of the company.

This report provides an overview of how the Committee operated, an insight into the Committee's activities and its role in ensuring the integrity of the Company's published financial information and ensuring the effectiveness of its risk management, controls and related processes.

## Composition and Meeting

The Audit Committee of SMC comprises the following Board members:

1.	<b>Mr. Siddiqur Rahman Choudhury</b>	<b>Chairman</b>
2.	<b>Mr. Muhammed Ali</b>	<b>Member</b>
3.	<b>Mr. Waliul Islam</b>	<b>Member</b>
4.	<b>Mr. Aftab ul Islam FCA</b>	<b>Member</b>
5.	<b>Mr. Muhammed Farhad Hussain FCA</b>	<b>Member</b>

The Audit Committee held seven meetings during the period 2020-2021. The Managing Director & CEO, SMC; Managing Director, SMC EL; Chief of Finance & Accounts, SMC; Chief Financial Officer (CFO), SMC EL; Head of Internal Audit and the Company Secretary were the permanent invitees to the Audit Committee meetings. Relevant heads of divisions and other members of the Management and the internal audit team also attended the meetings on occasions, as required.

## How the committee has discharged its responsibilities

In 2020-2021, the Audit Committee reviewed its terms of reference in line with the Bangladesh Securities and Exchange Commission's (BSEC) notification on corporate governance. The Committee carried out its duties in accordance with the terms of reference of the Audit Committee. Some of the major responsibilities of the Audit Committee are as follows:

### 1. Review of financial statements

The year-end financial statements of June 2021 was prepared by the management of the company and after getting those audited by the external auditor, the financial statements were placed to the Audit Committee for review. The Audit Committee reviewed the financial statements including relevant disclosures for the year 2020-2021 and recommended the same to the Board for its confirmation.

### 2. Review of the activities of internal control and compliance

- Review the adequacy and effectiveness of financial reporting process, internal control system, risk management, auditing matters, and the company's processes for monitoring compliance with laws and regulations and the Codes of Conduct.
- Recommend for appointment, termination and determination of audit fees for statutory auditors. Consider the scope of work, and oversee the work performed by statutory auditors. Review permitted non-audit services performed by statutory auditors.
- Exercise its oversight of the work of Internal Audit department of the company. Review the effectiveness of Internal Audit function including performance, structure, adequacy of resources, and compliance with professional standards. Examine audit findings and weaknesses and monitor implementation of audit action plans.

### 3. Legal regulatory and compliance oversight

The Committee oversees legal and regulatory matters that may have a material impact on the company's financial statements and the company's code of business conduct and ethics. The Committee periodically reviews the company's compliance policies and procedures, and receives and reviews certain reports on complaints, allegations, and incidents reported pursuant to the code of business and ethics.

#### Major Activities of the Audit Committee

- Reviewed and recommended to the Board the quarterly and annual financial statements for the year ended June 30, 2021.
- Considered and made recommendation to the Board on the appointment and remuneration of statutory auditors.
- Reviewed the management letter from external auditors for the year 2020-2021 together with management's responses to the findings.
- Approved the Internal Audit Plan for 2021-2022, monitored progress and effected revisions when necessary.
- Discussed Internal Audit reports and findings in detail with auditors and members of management and monitored the status of implementation of audit action plans and provided guidance to ensure timely completion of audit plans.
- Reviewed the activities of the compliance function, incidence reporting and actions, and the status of enforcement of the company's Code of Conduct.
- Reviewed the Internal Audit Charter.

#### Independence of external auditor

MABS & J Partners, Chartered Accountants acted as statutory auditors of the company for audit of financial statements as of 30 June 2021. The Audit Committee review the key audit matters and findings of audit of annual financial statements of the company for the year ended on 30 June 2021. The auditor expressed that the conduct of the audit was independently done.

As per the notification of Bangladesh Securities and Exchange Commission dated 03 June 2018, no other non-audit service was conducted by the external auditor. Tax and other related professional services were conducted by other professional Firms. However, reports of the tax and other professional issues were made available in the external auditors during their review of financial statements.



**Siddiqur Rahman Choudhury**

Chairman, Audit Committee  
3rd March 2022

# Highlights of Program Activities

## SMC partners with icddr,b and USAID to fight Tuberculosis in Bangladesh

SMC signed an agreement with icddr,b on September 22, 2020 for combating tuberculosis (TB) in Bangladesh under the financial assistance of USAID. Evidently, Bangladesh has one of the highest number of people infected by TB world-wide. Despite the country's tremendous progress to combat the disease over the past few years, efforts have been taken to support Bangladesh to reach the national strategic plan aligned with the 'End TB 2025 and 2035' goals. The icddr,b-led consortium of five organization – "The Alliance for Combating TB in Bangladesh (ACTB)" is developing strategies to fight TB. As an alliance member, SMC will contribute to achieve the following two major objectives:

- Engage informal private providers to increase screening of presumptive cases and develop a mechanism to follow-up referral cases for treatment compliance.
- Involve community level women entrepreneurs for screening and finding of presumptive cases at the community level.

SMC believes that collective efforts will help to achieve the overall goal of the consortium to eradicate TB from the country.

## SMC Clinic- a beacon of hope

Healthcare is becoming the top concern all around the world while quality is the major challenge particularly for the low- and middle-income population. Unlike other countries, majority in Bangladesh has limited access to high-quality healthcare and diagnostic services and majority of the population are financially unable to bear the cost of esteemed medical services.



With an aim to provide quality healthcare services at a subsidized rate to the mass people, particularly the low-income segment of the society, SMC launched its first clinic project, SMC Nil Tara Clinic at Dhaka Uddyan, Mohammadpur in April 2018. Prime objective of this clinic is to provide quality health care services at a subsidized rate to all segments of population. The clinic offers essential health services with quality and affordable price which includes: general practitioners' and consultant services for Gynecology, Medicine, Pediatric, Orthopedic, Skin & VD etc. with modern diagnostic facilities (for X-Ray, USG, ECG etc.) and high-quality automated system (for prescription, client data base and financial & clinic management). It also has a model pharmacy providing quality medicine at affordable price. The revenue earned from the Diagnostic Center and Model Pharmacy is directly utilized to recover operational costs and cross-subsidy to the poor.

The clinic serves seven days a week from 08.00am to 10.00pm (pharmacy hour 08.00am -11.00pm) except the government holidays. SMC has planned to extend its available services by adding Consultant (including Endocrinology/ Orthopedic) services for extended hours, more lab test facilities (Microbiology, Histopathology, Hb. electrophoresis, Cancer markers tests), and Corporate health check-up & health packages, to better serve the community.

During the COVID-19 pandemic, when non-COVID patients suffered a lot being deprived of the medical services in

number private hospitals, clinics and chambers, SMC Niltara Clinic rendered services to a number of patients at large to the pregnant mothers with extra precaution at every level addressing the risk of COVID-19 infection.

Since inception to till date (23 May 2022), the Clinic served a total of 70,132 patients (service includes - 23,026 General Physician, 11,942 specialized doctors' Consultation, 35,164 Lab services) of which 91% were female and 9% were male. Amongst the patients who were served by SMC Niltara Clinic over the period, 17% were children.

Based on the positive experience of operating SMC Niltara Clinic, SMC started its second clinic at SMC Tower-2, Darussalam, Mirpur in July 2021. As a part of clinic service expansion plan, SMC has a plan to start its Clinic operations in Khulna by 2026 and in Sylhet by 2027.

## Capacity Building of Star Network Providers

Capacity building is the integral part to the healthcare sector, as it enhances the efficiency and efficacy of health service providers. Therefore, this is imperative for SMC to update knowledge and skills of its Star Network providers.

Amid the COVID-19 pandemic, SMC Training Team continued its efforts on capacity building initiatives nationwide during the FY 2020-21. The following table shows the number of participants by its different networks and type of trainings.



Training Name	# of participants	Male	Female	# of events
Basic Training for Blue Star Providers	1228	1156	72	52
Refresher Training for Blue Star Providers	2088	2008	80	89
Basic Training on Growth Monitoring and Promotion for Blue Star Providers	201	195	6	12
Basic Training for Green Star Providers	555	515	40	22
Refresher Training for Green Star Providers	703	686	17	34
Pink Star Basic Training for Pink Star Providers	61	11	50	9
Refresher Training for Pink Star Providers	30	3	27	5
Training for Assistants of Pink Star Providers	45	1	44	3

## Ma Shomabesh to commemorate “World Breastfeeding Week 2020”



In observance of the ‘World Breastfeeding Week 2020 (1st week of Aug’20)’, SMC’s MISHD community mobilization partner ‘Shimantik’ arranged the ‘Ma Shomabesh’ (Mothers’ gathering) in the month of August 2020. Approximately 1,560 mothers, having children under 5 years of age were reached out through 146 events organized in different Upazilas under Sylhet Division. The campaign was designed to promote exclusive and daily breastfeeding practice, supplementary



feeding after 6 months of age, the importance of micronutrient powder and so on. The events were facilitated by Project Staff and Gold Star Members where they have also highlighted the importance of micronutrient powder 'MoniMix' for the children aged from 6 to 59 months. MoniMix branded gift items (bowl and spoon) were distributed among the participants to promote the brand.

## COVID-19 awareness campaign by partner organization

With a mission to address the COVID-19 pandemic issues, SMC's community mobilization partner Shimantik, under the MISHD program, has organized a promotional campaign at the Grameen Haat to create awareness on health and hygiene among the rural communities. Shimantik organized 20 events in five Upazilas of five districts (Sylhet, Sunamganj, Moulvibazar, Habiganj, Brahmanbaria). As a part of the awareness campaign, a vehicle was branded with the COVID awareness and Behavior Change messages. They also designed a temporary tent to organize the event at the Haat. Two performers playfully communicated important information in the health sessions using the voice recorded messages. The key communication messages that were disseminated include: use of masks, gloves, frequent handwashing with soap or using hand sanitizer, maintaining social distance, adopting healthy practices in daily life like care-seeking and refraining from harmful activities, etc. They also distributed different types of leaflets and highlighted the importance of using our products (MoniMix, SMC Zinc, Easy Clean, Germ Kill and Taste Me) which are helpful during the ongoing pandemic. SMC's paper soap 'Easy Clean' was also promoted through hand washing demonstrations in the events where approximately 1,860 community people participated. Among others, Upazila Nirbahi Officers, Upazila Health & Family Planning Officers, Union Parishad Members, Panel Chairmen, Union Parishad Chairmen and Food Inspectors also attended the event. They also participated in the handwashing demonstration session using Easy Clean paper soap. The Government officials and the local government representatives highly appreciated the initiatives and requested to organize more handwashing sessions.



## SMC utilizes its own fund to widen its health networks

As a part of its continuous effort to expand its Star network providers utilizing its own fund, SMC's Program Division successfully completed basic training sessions for 1,200 Blue Star and 400 Green Star providers. During these sessions, providers have been trained on injectable contraceptives, child nutrition and MNP, management of diarrhea, use of Zinc, family

deworming, case identification and referral of TB & LAPM, preventive measures of viral fevers including COVID-19. Due to the ongoing pandemic, these training sessions were conducted by ensuring proper physical distancing, using of mask and hand sanitizer. This initiative of program implementation has already added value reflecting a substantial increase in sales and services. SMC management anticipates that these providers will also significantly contribute to the growth of SMC's pharmaceuticals and other consumer products in the coming days.



## GMP Campaign: The proactive and passionate initiative of BSPs

Blue Star network providers are committed to offer quality services to the community. As a part of their noble initiative, some of the Blue Star Providers (BSPs) took initiative to organize a "Growth Monitoring and Promotion (GMP) Campaign" at their own communities with the technical guidance from SMC program operations team. Considering the importance of child nutrition and their growth monitoring, the campaign was focused to build awareness among the parents of the children under-5 years of age. This practice will eventually increase the volume of nutritional service, enhance access to the service and will help to address the missing opportunities of child nutrition services required by the people in the community. A total of 6,704 mothers and children were reached through 48 events organized across the country during FY 2020-21. Apart from discussing the growth issues with the parents and counseling on child nutrition with the need for micronutrient supplement (SMC MoniMix), BSPs offered child health services during the campaign which included taking measurements, completing the growth chart, distribution of GMP card, referring severe malnutrition cases to the specialists/hospitals along with other limited care.



## Experience Sharing and Performance Review Meeting of OBGYNs



SMC continued its efforts to engage the Obstetricians and Gynecologists (OBGYNs) to promote the Long Acting Reversible Contraceptives (LARC) through their private facilities. Keeping the mission in mind, SMC convened 'Experience Sharing and Performance Review Meeting' with OBGYN doctors in Rajshahi and Chattogram. The meetings focused on LARC performance review, sharing best practices and discussion on way forward. Good performers were recognized in the meetings for their contribution and shared views in the panel discussion. Due to the pandemic, the sessions were held by maintaining safety guidelines.

A total of 70 OBGYNs under the Pink Star program were reached through the sessions. Professor Dr. Farhana Dewan, President Elect, Obstetrical and Gynecological Society of Bangladesh (OGSB) along with the President and Secretary General of respective OGSB branches, Divisional Director, Civil Surgeon, DDFP of Chattogram, Deputy Civil Surgeon of Rajshahi and Mr. Toslim Uddin Khan, Deputy Managing Director, SMC were present on the occasion.

## SMC introduced 'Monimix Plus' for 5+ children

SMC launched 'MoniMix Plus' on April 11, 2021, targeting children 5 to 12 years of age. Adding the new brand to the public health product portfolio, SMC opened up a new avenue to improve the nutritional status of the children in the country. MoniMix Plus is enriched with 15 vitamins and minerals recommended by the WHO which helps to prevent anemia and micronutrient deficiencies in children from 5 to 12 years of age. If taken in appropriate dosages (one sachet daily for three consecutive months with three months interval up to 12 years of age), it improves the immune



system, increases appetite, boosts up the ability to learn, develops productivity, reduces risks of infection, and at the same time improves the overall nutritional status of a child. The malnutrition burden is significant in Bangladesh causing multidimensional problems during one's life from childhood to old age. SMC has undertaken effective communication strategies to promote the brand using different channels across the country. The management expects that MoniMix Plus will play a significant role to improve the nutritional status of the children.

# Annual General Meeting 2021 - SMC and SMC EL

## 32<sup>nd</sup> ANNUAL GENERAL MEETING (VIRTUAL) SOCIAL MARKETING COMPANY

March 30, 2021



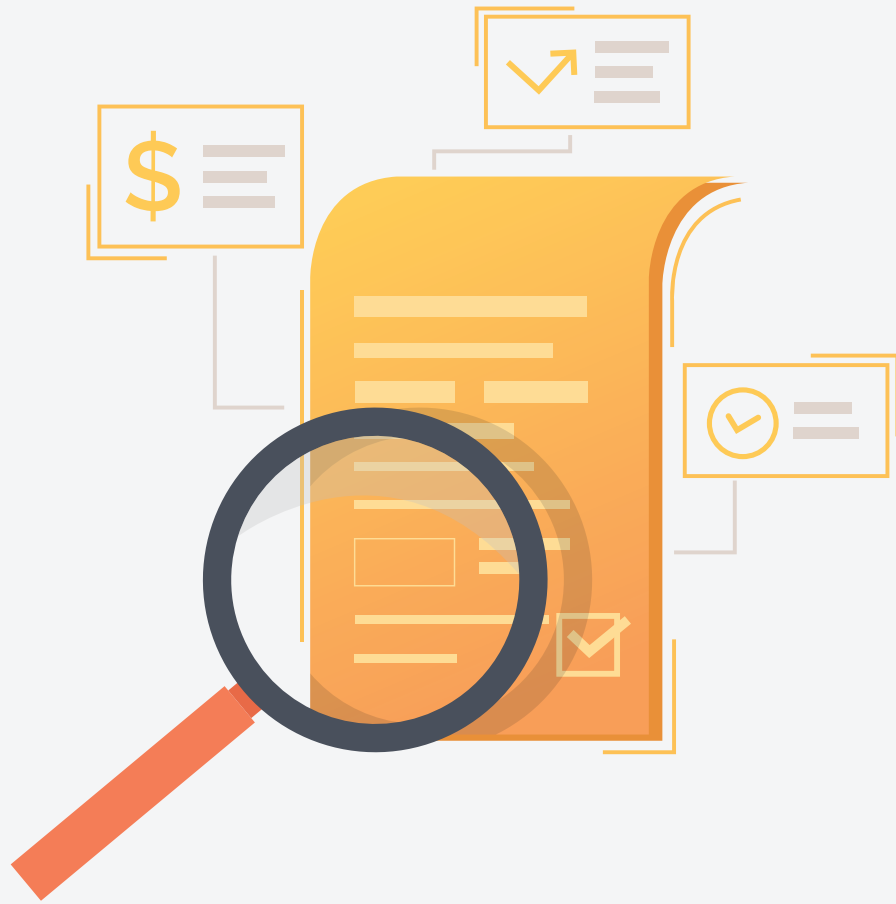
From left to right: **Ms. Rupali Haque Chowdhury** (Company Member), **Mr. Aftab ul Islam FCA** (Director, SMC & SMC EL Board), **Dr. Jahir Uddin Ahmed** (Director, SMC EL Board), **Dr. Farhana Dewan** (Company Member), **Mr. Muhammed Farhad Hussain FCA** (Director, SMC & SMC EL Board), **Mr. Toslim Uddin Khan** (Chief of Program Operations, SMC), **Mr. Md. Ali Reza Khan** (Managing Director & CEO, SMC), **Mr. Siddique Rahman Choudhury** (Chairman, SMC & SMC EL Board), **Mr. Muhammed Ali** (Director, SMC & SMC EL Board), **Mr. Abdul Haque** (Managing Director, SMC EL), **Dr. Masud Ekramullah Khan** (Director, SMC Board), **Mr. Faruque Ahmed** (Director, SMC Board), **Professor Dr. Ahmed Mushtaque Raja Chowdhury** (Company Member), **Mr. Md. Jashim Uddin FCA** (Head of Grants & Compliance, SMC), **Mr. Syed Mohammad Zubeyr Ali FCMA** (Company Secretary SMC & SMC EL Board), **Mr. Mohammad Gias Uddin** (Additional General Manager, MIS & IT, SMC), **Dr. Yasmin Hemayet Ahmed** (Company Member), **Mr. Walidul Islam** (Director, SMC & SMC EL Board), **Mr. Siddique Ullah** (Director, SMC & SMC EL Board), **Mr. Tapan Bala FCA FCMA** (Head of Internal Audit, SMC), **Mr. Tashdique Mannan** (Deputy Manager, Board & Company Matters, SMC).

## 6<sup>th</sup> ANNUAL GENERAL MEETING (VIRTUAL) SMC ENTERPRISE LTD

March 28, 2021



From left to right: **Mr. Aftab ul Islam FCA** (Director, SMC & SMC EL Board), **Mr. Muhammed Farhad Hussain FCA** (Director, SMC & SMC EL Board), **Mr. Walidul Islam** (Director, SMC & SMC EL Board), **Mr. Siddique Ullah** (Director, SMC & SMC EL Board), **Dr. Jahir Uddin Ahmed** (Director, SMC EL Board), **Mr. Toslim Uddin Khan** (Chief of Program Operations, SMC), **Mr. Md. Ali Reza Khan** (Managing Director & CEO, SMC), **Mr. Siddique Rahman Choudhury** (Chairman, SMC & SMC EL Board), **Mr. Muhammed Ali** (Director, SMC & SMC EL Board), **Mr. Abdul Haque** (Managing Director, SMC EL), **Mr. Taufiqur Rahman Mollick** (Chief of Marketing & Supply Chain, SMC EL), **Mr. Abul Bashir Khan FCMA** (Chief Financial Officer, SMC EL), **Chandra Nath Mandal** (Additional General Manager, Sales, SMC EL), **Mr. Syed Mohammad Zubeyr Ali FCMA** (Company Secretary SMC & SMC EL Board), **Mr. Md. Feroze-Ul-Alam** (Chief of Factory Management, SMC EL), **Mr. Khandaker Shamim Rahman** (General Manager, Marketing, SMC EL), **Mr. Mohammad Gias Uddin** (Additional General Manager, MIS & IT, SMC), **Mr. Tapan Bala FCA FCMA** (Head of Internal Audit, SMC), **Mr. Tashdique Mannan** (Deputy Manager, Board & Company Matters, SMC).



# Auditors' Report

and Consolidated Financial  
Statements - SMC



# Independent Auditors' Report To the Members of Social Marketing Company Report on the Audit of the Financial Statement

## Opinion

We have audited the accompanying Consolidated Financial Statements of **Social Marketing Company and its subsidiary**, SMC Enterprise Limited (together referred to as the "Group") which comprise the Consolidated Statement of Financial Position as at 30 June 2021, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended and a Summary of Significant Accounting Policies and Other Explanatory Notes.

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, (or give a true and fair view of) the Financial Position of **Social Marketing Company and its subsidiary**, as at 30 June 2021 and (of) its Financial Performance and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), comply with the Companies Act 1994, and other applicable laws and regulations.

## Basis for Opinion:

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

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

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



As part of an audit in accordance with ISAs, we exercise professional 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 Consolidated 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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Consolidated 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 audit findings, including any deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

We also report that:

- a) We have obtained all the information and explanations 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;
- c) The Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Company dealt with by the report are in agreement with the books of account.

Place: Dhaka, Bangladesh  
Date: 10 March 2022

  
**MABS & J Partners**  
**Chartered Accountants**  
Signed by: C R Mazumder FCA  
Managing Partner  
Enrollment No.: 0178

**Social Marketing Company**  
**Consolidated Statement of Financial Position**  
As at 30 June 2021

Particulars	Notes	30-Jun-2021	30-Jun-2020
		BDT	BDT
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,961,573,509	2,854,542,706
Right-of-use assets	4.2	323,070,463	167,603,854
Intangible assets	4.3	7,981,161	6,018,197
Capital work-in-progress	5	162,007,528	46,621,727
<b>Total non-current assets</b>		<b>3,454,632,662</b>	<b>3,074,786,484</b>
<b>Current assets</b>			
Inventories	6	1,741,900,939	1,076,866,990
Receivables	7	101,379,424	53,110,206
Advances, deposits and prepayments	8	1,393,598,903	1,117,035,543
Investment in fixed deposit	9	2,732,010,519	2,330,305,528
Cash and bank balances	10	1,250,149,781	1,266,221,184
<b>Total current assets</b>		<b>7,219,039,566</b>	<b>5,843,539,451</b>
<b>Total assets</b>		<b>10,673,672,227</b>	<b>8,918,325,935</b>
<b>Equity</b>			
Capital fund	11	3,355,172,510	3,345,898,008
Retained earnings	12	4,009,554,446	2,942,131,472
		<b>7,364,726,956</b>	<b>6,288,029,481</b>
Non-controlling interest		8,367	7,919
<b>Total equity</b>		<b>7,364,735,322</b>	<b>6,288,037,400</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligation-gratuity	13	81,740,278	56,698,416
Lease Liabilities (Non-Current portion)	19	234,661,568	124,757,188
Deferred tax liability	26	28,364,833	40,299,360
<b>Total non-current liabilities</b>		<b>344,766,679</b>	<b>221,754,964</b>
<b>Current liabilities</b>			
Deferred Income	14	70,865,945	63,171,331
Provision for Income tax	15	1,118,652,226	901,587,413
Accounts and other payables	16	1,605,682,589	1,331,331,610
Workers' Profit Participation Fund & Welfare Fund	17	80,617,856	66,670,547
Security deposits	18	13,186,046	11,765,569
Lease Liabilities (Current portion)	19	75,165,562	34,007,101
<b>Total current liabilities</b>		<b>2,964,170,225</b>	<b>2,408,533,571</b>
<b>Total equity and liabilities</b>		<b>10,673,672,227</b>	<b>8,918,325,935</b>

This financial statement should be read in conjunction with annexed notes



Tapan Bala FCMA FCA  
Chief Financial Officer



Md. Ali Reza Khan  
Managing Director & CEO



Waliul Islam  
Chairman



**MABS & J Partners**  
Chartered Accountants

Signed by: C R Mazumder FCA  
Managing Partner  
Enrollment No.: 0178

Place: Dhaka, Bangladesh  
Date: 10 March 2022

**Social Marketing Company**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2021

Particulars	Notes	30-Jun-2021	30-Jun-2020
		BDT	BDT
Revenue	20	9,433,531,607	8,153,524,455
Cost of goods sold	21	(5,776,423,394)	(4,927,386,894)
<b>Gross profit</b>		<b>3,657,108,213</b>	<b>3,226,137,560</b>
Operating expenses	22	(1,715,563,496)	(1,486,787,936)
Selling & Marketing Expenses	23	(1,017,010,264)	(968,036,568)
<b>Profit from operations</b>		<b>924,534,454</b>	<b>771,313,056</b>
Finance Expenses		(3,550,939)	(5,425,535)
<b>Net Operating Profit</b>		<b>920,983,515</b>	<b>765,887,521</b>
Grants income	24	309,749,552	265,131,302
Other Income	25	419,618,462	328,576,948
Contribution to WPPF		(80,617,856)	(66,670,547)
<b>Net profit before tax</b>		<b>1,569,733,674</b>	<b>1,292,925,223</b>
Current Income tax		(504,970,179)	(458,458,262)
Deferred tax	26	11,934,528	15,269,419
<b>Net profit after tax</b>		<b>1,076,698,023</b>	<b>849,736,381</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>1,076,698,023</b>	<b>849,736,381</b>
<b>Profit attributable to:</b>			
Social Marketing Company		1,076,697,475	849,734,676
Non-controlling interest		547	1,705
		<b>1,076,698,023</b>	<b>849,736,382</b>

This financial statement should be read in conjunction with annexed notes



Tapan Bala FCMA FCA  
Chief Financial Officer



Md. Ali Reza Khan  
Managing Director & CEO



Waliul Islam  
Chairman

Place: Dhaka, Bangladesh  
Date: 10 March 2022



**MABS & J Partners**  
Chartered Accountants

Signed by: C R Mazumder FCA  
Managing Partner  
Enrollment No.:0178

**Social Marketing Company**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2021**

Particulars	Capital fund	Retained earnings	Non-controlling interest	Total Equity
	BDT	BDT	BDT	BDT
<b>Balance as on 01 July 2020</b>	3,345,898,008	2,942,131,472	7,919	6,288,037,400
Surplus for the year - SMC	9,274,502			9,274,502
Non-controlling interest-FY 2019-20			(100)	(100)
Profit for the year - SMC Enterprise Limited	-	1,067,422,974	547	1,067,423,521
<b>Balance as at 30 June 2021</b>	<b>3,355,172,510</b>	<b>4,009,554,446</b>	<b>8,367</b>	<b>7,364,735,322</b>
<b>Balance as on 01 July 2019</b>	3,348,702,721	2,089,592,084	6,284	5,438,301,088
Surplus for the year - SMC	(2,804,712)	-		(2,804,712)
Non-controlling interest-FY 2018-19			(70)	(70)
Profit for the year - SMC Enterprise Limited	-	852,539,389	1,705	852,541,094
<b>Balance as at 30 June 2020</b>	<b>3,345,898,008</b>	<b>2,942,131,472</b>	<b>7,919</b>	<b>6,288,037,400</b>



Tapan Bala FCMA FCA  
Chief Financial Officer



Md. Ali Reza Khan  
Managing Director & CEO



Waliul Islam  
Chairman

Place: Dhaka, Bangladesh  
Date: 10 March 2022

**Social Marketing Company**  
**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2021**

Particulars	30-Jun-2021	30-Jun-2020
	BDT	BDT
<b>A. Cash flows from operating activities</b>		
Reconciliation of profit before tax to cash generated from operations		
Net profit before tax	1,594,564,596	1,333,350,690
Depreciation on property, plant and equipment	328,354,967	290,003,500
	<b>1,922,919,563</b>	<b>1,623,354,189</b>
<b>Changes in working capital components:</b>		
(Increase)/decrease in inventories	(665,033,953)	(121,513,516)
(Increase)/decrease in advances, deposit and prepayments	(297,573,823)	(204,866,182)
Finance Cost Paid	(3,550,939)	-
(Decrease)/increase in Lease hold Properties- Current Portion	(57,250)	-
Increase/(decrease) in deferred income	-	27,072,185
Increase/(decrease) in security deposit	1,420,477	2,195,860
(Decrease)/increase in Lease hold Properties	5,782,290	-
Increase/(decrease) in unrecognized donation	7,694,614	-
Increase/(decrease) in provision of WPPF & Welfare Fund	13,947,308	21,968,075
Increase/(decrease) in retirement benefit obligation-gratuity	25,041,862	33,111,022
Increase/(decrease) in accounts and other payables	98,683,455	843,941,352
(Increase)/decrease in accounts and other receivable	127,398,309	160,780,432
Increase/(decrease) in lease liabilities	145,337,801	(196,329,658)
	(540,909,849)	566,359,571
Cash generated from operations	<b>1,382,009,713</b>	<b>2,189,713,760</b>
Income tax paid	(288,174,979)	(261,658,879)
	<b>1,093,834,734</b>	<b>1,928,054,881</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(352,276,509)	(315,159,986)
Proceeds from sale of property, plant and equipment	1,738,645	4,492,818
Disposal of Non-Current Assets	-	153,429
Investment in Capital-work-in progress	(139,701,797)	(36,953,366)
Encashment of Fixed Deposit	50,000,000	50,000,000
Right-of-use assets -addition	(217,961,484)	(194,937,141)
Investment in fixed deposit	(451,704,993)	(609,169,405)
	<b>(1,109,906,139)</b>	<b>(1,101,573,650)</b>
<b>C. Cash flows from financing activities</b>		
	-	-
	-	-
<b>Net cash (used in)/generated by financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and bank balances (A+B+C)</b>	<b>(16,071,404)</b>	<b>726,481,231</b>
<b>Cash and bank balances at the beginning of the year</b>	<b>1,266,221,185</b>	<b>539,739,954</b>
<b>Cash and bank balances at the end of the year</b>	<b>1,250,149,781</b>	<b>1,266,221,185</b>



Tapan Bala FCMA FCA  
Chief Financial Officer



Md. Ali Reza Khan  
Managing Director & CEO



Waliul Islam  
Chairman

**Place: Dhaka, Bangladesh**

**Date: 10 March 2022**



**Social Marketing Company**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 30 June 2021**

**1. Organisation and its of activities**

Social Marketing Company (SMC) ("the Company") is a not-for-profit company incorporated in Bangladesh in April 1990 as per section 26 of the Companies Act, 1913 which subsequently comes under the jurisdiction of the Companies Act, 1994 as per section 28 and is involved in the reproductive, health and nutrition programs of the country. It is funded by Donors such as USAID, GAIN/CIFF, ACTB etc. both through cash and contraceptive items and utilisation of SMC's resources. SMC formed SMC Enterprise Ltd, a for-profit subsidiary to separate profitable operations from non-profit activities in October 2014.

SMC Enterprise Limited ("SMC EL" or "the Company"), a private company limited by shares was incorporated in Bangladesh bearing Registration No. C-118753/14, dated 20 October, 2014 under the Companies Act, 1994. Registered address of the company is SMC Tower, 33 Banani Commercial Area, Dhaka 1213. The Company obtained registration from the Bangladesh Investment Development Authority (BIDA), Government of Bangladesh under Registration No. L-30031503052-H, dated 16 March, 2015. Commercial operation started from 1 January 2015.

**2. Basis of preparation of financial statements**

**2.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 1994.

IFRSs are designed to apply to general purpose financial statements and other financial reporting of all profit-oriented entities. As such it is not possible to comply with all the requirements of IFRSs. However, the Company adopted the IFRSs so far it is possible to comply without any contradiction to the local laws, as its reporting framework.

**2.2 Principles of consolidation**

Subsidiaries are entities controlled by the Group. An investor controls an investee if and only if it has all of the following:

- i Power over the investee;
- ii Exposure, or rights, to variable returns from its involvement with the investee, and
- iii The ability to use its power over the investee to affect the amount of the investor's returns.
- iv The consolidated financial statements incorporate the financial statements of Social Marketing Company and the financial statements of a majority/wholly owned subsidiary (SMCEL) company from the date that control commences until the date that control ceases. The financial statements of such subsidiary company are incorporated on a line by line basis and the investments held by the Group are eliminated against the corresponding share capital of subsidiary in the consolidated financial statements. All intercompany transactions and balances have been eliminated/adjusted in consolidation. Figures used in the consolidated financial statements are based on the individual audited financial statements.

### 2.3 Measurement of the elements in the financial statements

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognised and carried in the statement of financial position and statement of profit or loss and other comprehensive income. The measurement basis adopted by Social Marketing Company is historical cost. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition.

Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The complete set of Financial Statements includes the following components:

- Consolidated Statement of Financial Position as at 30 June 2021;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021;
- Consolidated Statement of Changes in Equity for the year ended 30 June 2021
- Consolidated Statement of Cash Flows for the year ended 30 June 2021; and
- Notes to the Consolidated Financial Statements for the year ended 30 June 2021.

### 2.4 Functional and presentational currency

These financial statements are prepared in Bangladesh Taka (BDT), which is the Company and its subsidiaries' functional currency as well. All financial information presented in BDT has been rounded to the nearest integer.

### 2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note - 4	Depreciation of property, plant and equipment
Note - 6	Inventories
Note -13	Retirement benefit obligation-gratuity
Note -15	Provision for income tax
Note -27	Deferred tax assets/ liabilities (Social Marketing Company-SMC)

### 2.6 Statement of cash flows

Statement of cash flows has been prepared in accordance with the International Accounting Standard (IAS) 7: Statement of cash flows, under indirect method. Statement of cash flows of SMC for year ended 30 June 2021 have been prepared following indirect method which is represented in this financial statements to make it comparable.

### 2.7 Reporting period

The accounting period of the Company has been determined to be from 1 July to 30 June each year. These financial statements cover twelve months from 1 July 2020 to 30 June 2021.

Financial statements of one accounting period must be comparable to another in order for the users to derive meaningful conclusions about the trends in an entity's financial performance and position over time.

## 2.8 Non-controlling interests in consolidated financial statements

Social Marketing Company adopted the accounting guidance on non-controlling interests in consolidated financial statements.

Accounting guidance requires that a non-controlling interest in the equity of a subsidiary be accounted for and reported as equity and provides guidance on the treatment of net income and losses attributable to the non-controlling interest and changes in ownership interests in a subsidiary and requires additional disclosures that identify and distinguish between the interests of the controlling and non-controlling owners. Profit attributable to non-controlling interest represent income attributable to the common shareholders of SMC Enterprise Limited in a single line.

**The composition of fully paid- up share capital of SMC Enterprise Limited is as follows:**

Name of shareholder	Nationality	No. of shares	Face value per share	Amount in
			BDT	BDT
Social Marketing Company	Bangladeshi	3,899,998	100	389,999,800
Mr. Siddiqur Rahman Choudhury	Bangladeshi	1	100	100
Mr. Md. Ali Reza Khan	Bangladeshi	1	100	100
		<b>3,900,000</b>		<b>390,000,000</b>

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by group entities.

### 3.1 Revenue

#### 3.1.1 Revenue Recognition

In compliance with the requirements of IFRS-15: Revenue is recognized only when it completes the 5 steps model:

- Step-1 Identify the contract with a customer.
- Step-2 Identify the performance obligations in the contract.
- Step-3 Determine the transaction price.
- Step-4 Allocate the prices to the performance obligations
- Step-5 Recognize revenue.

#### 3.1.2 Revenue from the sale of donated goods

The policy of the Company is to sell its USAID donated products at subsidized prices. Revenue from sale of donated products is recognised after due approval is received from donors.

#### 3.1.3 Grants income in the form of cash donation

Grants income in the form of cash donation is generated from fund provided by foreign donor(s) for programme expenditures.

#### 3.1.4 Other income

Gains and losses on sale of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. Interest accrued and earned on fixed deposits, is recognized as income. Rental income accrued and earned from house property is recognized as income.

### 3.2 Inventories

Donated Commodities received through USAID have been valued at realizable value and corresponding unearned revenue has been recognized. The procured commodities are valued at average invoice price which includes C&F charges and other costs.

Inventories are carried at the lower of cost and net realizable value as prescribed by IAS 2: "Inventories". Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

### 3.3 Property, plant and equipment

#### 3.3.1 Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Threshold of Tk. 5,000.00 has been fixed for recognition of fixed assets. Immaterial items which are capital in nature are booked as expenses.

#### 3.3.2 Subsequent cost

Subsequent cost is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

#### 3.3.3 Depreciation

Depreciation is charged on property, plant and equipment (except Land) using straight line method over the estimated useful life of each item of property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when assets is put into use for commercial operation. No depreciation is charged on the assets from the month on which such assets are disposed. The rates are as follows:

Asset category	Rate (%)
Land (HQ and Factory)	0
Buildings (HQ, Factory and CWH)	2.5 to 10
Lifts (HQ and CWH)	20
Power sub-stations (HQ, Factory and CWH)	20
Fire control system	20
Central air conditioning (HQ and Factory)	20
Deep tube well (Factory)	15
Plant and machinery	10
QC equipment	10
Warehouse equipment	10
Furniture and fittings	10
Vehicles	20 to 25
Other equipment	20
Office equipment	20
Mobile phone	30
Water treatment plant	15
Software development	20
Diesel reservoir	20
Other assets	20

Land is not depreciated.

### **3.3.4 Impairment**

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised in the statement of profit or loss and other comprehensive income if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such conditions that would arise the risk of impairment of assets existed at the reporting date.

### **3.4 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.

#### **3.4.1 Financial assets**

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

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

Financial assets include cash and cash equivalents, investment and investment of gratuity fund, interest and other receivables.

##### **3.4.1.1 Cash and bank balances**

Cash and bank balances comprise cash balances in hand, current, short term and fixed deposits.

##### **3.4.1.2 Other receivables**

The other receivables includes receivables from tenants, accrued interest and miscellaneous receivables.

#### **3.4.2 Financial liability**

All other financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

Financial liabilities include accrued expenses, other liabilities and accounts & other payables.

### **3.5 Impairment of financial assets**

#### **3.5.1 Financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company.

### **3.6 Foreign currency translations**

Transactions in foreign currencies are translated to Bangladesh Taka (BDT) currency at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the year. Resulting exchange differences are recognised in the statement of profit or loss and other comprehensive income (profit and loss statement).



### **3.7 Employee benefits**

#### **3.7.1 Short term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### **3.7.2 Defined contribution plan (Provident Fund)**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company maintains a recognised provident fund.

#### **3.7.3 Defined benefit plan (Gratuity Fund)**

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The Company has funded gratuity fund. The Employees' Gratuity Fund is being considered as defined benefit plan as it meets the recognition criteria of IAS-19 Employee Benefits. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund. This fund is also recognized by the NBR and its operation managed by the Trustees.

The Company operates a gratuity scheme for its permanent employees; provision for gratuity is made annually against the following:

Gratuity (1 Gratuity = 1 basic for each year of service)

Management Employee : Service less than 10 Years -1 Gratuity and 10 Years & above -1.5 Gratuity.

Graded Employee : Service 1 to 4 Years -1 Gratuity , 5 to 8 Years- 1.5 Gratuity , 9 Years and above -2 Gratuity.

Ex-gratia for graded employee: (1 Ex-gratia = Basic+House Rent + Medical allowance per month)

10 Years of service = 3.15 Ex-gratia , 11 Years of service = 2.85 Ex-gratia , 12 Years of service = 2.60 Ex-gratia, 13 Years of service = 2.30 Ex-gratia , 14 Years of service = 2.00 Ex-gratia , 15 Years of service = 1.70 Ex-gratia, 16 Years of service = 1.45 Ex-gratia, 17 Years of service = 1.15 Ex-gratia, 18 Years of service = 0.85 Ex-gratia, 19 Years of service = 0.55 Ex-gratia, 20 Years of service = 0.30 Ex-gratia and 21 Years of service & above = No Ex-gratia.

#### **3.7.4 Defined Staff Welfare Benefit**

SMC Staff Welfare Benefit was created on 1st January 2015. As per which employees are given on additional benefit at each year end as per the decision of the board.

#### **3.7.5 Workers' Profit Participation Fund**

SMC Enterprise Limited's Workers' Profit Participation Fund (the "WPPF") also qualifies as defined contribution plan. The Company is required to provide 5% of net profit before tax before charging such expense in accordance with Bangladesh Labour Act 2006 (amended in 2013).

### **3.7.6 Staff welfare assistance**

Under the existing principle of treating the employees of two entities (SMC & SMC EL) as one SMC, to ensure uniformity between the employees of both companies. Staff of SMC will receive "Staff Welfare Assistance" as similar practice of WPPF of SMC EL. Staff of SMC will get the full amount of declared WPPF of SMC EL and applicable tax burden will be borne by the Company.

### **3.8 Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to item recognised directly in equity.

#### **3.8.1 Current income tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date. The applicable tax rate for the Company is 30.00%. Provision for current tax expenses has been made on the basis of Finance Act 2020 of Income Tax Ordinance 1984.

#### **3.8.2 Deferred tax**

Deferred tax is calculated using the carrying amount and tax base of assets and liabilities. Deferred tax arises due to temporary difference deductible or taxable for the events or transactions recognised in the statement of profit or loss and other comprehensive income. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the statement of financial position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future periods recognised in current year. The deferred tax asset/income or liability/expense does not create a legal recoverability/liability to and from the income tax authority.

SMCEL a majority/wholly - owned subsidiary has recognised deferred tax liability in accordance with the provision of IAS 12 (Income tax) based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and its tax base.

### **3.9 Provisions**

Provisions are recognised in the statement of financial position when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

### **3.10 Finance income and finance costs**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### 3.11 Leases (as lessee)

Leases of assets in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included as liabilities. The interest element of the finance cost is taken to the Statement of Profit or Loss and Other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### 3.12 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting event are disclosed in the notes when material.

### 3.13 Comparatives and rearrangement

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged or reclassified whenever considered necessary to conform current year's presentation.

## 4. Property, plant and equipment

Opening Balance  
Add: Addition during the year  
Less: Sales/Adjustments during the year  
Less: Accumulated depreciation (note 4.1)  
Total

Consolidated 30-Jun-2021 BDT	Consolidated 30-Jun-2020 BDT
4,061,739,231	3,667,257,684
372,118,749	444,500,309
5,155,266	50,018,762
1,467,129,204	1,207,196,525
<b>2,961,573,509</b>	<b>2,854,542,706</b>

### 4.1 Accumulated depreciation

Opening Balance  
Add: Charged during the year  
Less: Sales/Adjustments during the year  
Total

1,207,196,525	990,848,373
263,349,301	261,866,446
3,416,621	45,518,294
<b>1,467,129,204</b>	<b>1,207,196,525</b>

\* This amount represents written down value at the date of financial statements. Details are shown in Annexure- A.

### 4.2 Right-of-use assets

A Opening balance  
Add: Addition during the year  
Total

194,937,141	-
217,961,484	194,937,141
<b>412,898,625</b>	<b>194,937,141</b>

### Accumulated depreciation

Opening balance  
Add: Charged during the year

27,333,287	-
62,494,875	27,333,287
<b>89,828,162</b>	<b>27,333,287</b>

### B Total

Written down value (A-B)

<b>323,070,463</b>	<b>167,603,854</b>
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Consolidated	Consolidated
30-Jun-2021	30-Jun-2020
BDT	BDT

#### 4.3 Intangible assets

A Opening balance	9,660,000	7,578,995
Add: Addition during the year	4,473,757	2,081,005
<b>Total</b>	<b>14,133,757</b>	<b>9,660,000</b>

#### B Accumulated depreciation

Opening balance	3,641,803	1,936,089
Add: Charged during the year	2,510,793	1,705,714
<b>Total</b>	<b>6,152,596</b>	<b>3,641,803</b>

<b>Written down value (A-B)</b>	<b>7,981,161</b>	<b>6,018,197</b>
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#### 5 Capital work-in-progress

Construction work at Comilla	20,552,122	-
Construction work at Bhaluka for ORS factory	-	15,062,934
Construction work for CWH at Bhabanipur	10,583,853	540,000
Construction work at Khulna	782,303	748,298
Construction work for expansion of H&H Factory	117,762,710	8,888,750
Property, plant and equipment (Other than construction works)	12,326,541	21,381,745
<b>Total</b>	<b>162,007,528</b>	<b>46,621,727</b>

The movement of this amount is as under:

Opening balance	46,621,727	141,991,636
Add: Addition during the year	140,241,797	47,150,033
	186,863,524	189,141,669
Less: Transfer to property, plant and equipment during the year	24,315,996	132,323,275
Less: Transfer to revenue expenditure during the year	540,000	10,196,667
<b>Closing balance</b>	<b>162,007,528</b>	<b>46,621,727</b>

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30-Jun-2021</b>	<b>30-Jun-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>6. Inventories</b>		
Details of the above are as follows:		
<b>a. SMCEL:</b>		
Raw Materials	293,086,930	178,082,696
Packaging Materials	181,997,928	126,066,360
POP materials	10,682,307	20,579,941
Spares parts	37,799,657	61,330,178
Generator Fuel	1,603,657	897,107
Work in Progress	13,551,676	10,468,050
Finished Goods	1,101,773,194	596,253,970
	<b>1,640,495,348</b>	<b>993,678,302</b>
<b>b. Donor products (USAID):</b>		
SOMA-JECT	31,107,162	55,530,964
Sayanapress	7,923,440	6,045,440
Relax ( IUD )	276,397	424,177
i-Plant ( Implant )	592,950	1,170,750
	<b>39,899,949</b>	<b>63,171,331</b>
<b>c. Donor product (Fullcare) (GAIN/CIFF) :</b>	<b>1,791,504</b>	-
<b>d. SMC Pharmacy products:</b>		
SMC pharmacy products (Niltara and SMC Clinic)	<b>4,279,636</b>	<b>3,552,160</b>
<b>e. SMC products:</b>		
SOMA-JECT	16,113,284	-
Pregnancy Test Kit	878,934	240,401
SMC Zinc	4,880,995	4,302,760
MoniMix	18,855,608	10,375,175
MoniMix Plus	7,577,544	-
Easy Clean (Paper Soap)	516,700	332,681
Vermicid	5,073,583	652
SDK	1,537,856	1,213,527
	<b>55,434,503</b>	<b>16,465,197</b>
<b>Total (a+b+c+d+e)</b>	<b>1,741,900,939</b>	<b>1,076,866,990</b>
<b>7. Receivables</b>		
Current account with area offices - trade	-	15,034,288
Other receivables (note 7.1)	71,111,853	19,628,768
Receivable from ADL for Pharma Sales	-	2,160,110
Receivable from Sales (Other than SMC & Pharma)	19,871,089	
Receivable from Pharma Sales	854,977	
Current account with area offices - expenses	9,541,506	16,287,040
<b>Total</b>	<b>101,379,424</b>	<b>53,110,206</b>
<b>7.1. Other receivables</b>		
Interest income from Banks and NBF's	67,500,588	-
Receivable from SMC PF Account	-	357,108
Receivable from SMC Gratuity Account	-	9,832,386
Receivable for TBA/NGO/Packing Bill	-	1,462,069
Receivable from PF, GF & WPPF	168,858	3,139,284
Pragati Insurance Ltd	230,250	1,558,084
Receivable from donors for cash fund	-	527,834
Receivable for staff medical bill	541,695	-
BRAC Bank -credit card settlement	618,123	-
Others	-	2,752,003
<b>Total</b>	<b>71,111,853</b>	<b>19,628,768</b>



**8. Advances, deposits and prepayments****a. Advance**

Vehicle loans (note 8.1)
Advance against expenses
Advance against import (L/C)
Advance income tax (note 8.2)
Advance Against Salary
Advance to Area offices
Advance against Raw Materials
L/C margin
Advance to contractors
Bank guarantee-Rupali/Uttara Bank Limited
Abdul Monem Sugar Refinery Limited
Abu Shahed Emon
Excelsior Trading Corporation Ltd.
HRC Lighting Limited
Marks Automation Ltd.
Mediastar Limited.
M/S. Taher Enterprise
N9ine Consultancy
ODCP ICON
Premas Magic Fantasy
Shaoon Enterprise
Star Particle Board Mills Ltd.
Zakir Ahmed
Allied Graphic
Advance/loan welfare fund
Linde Bangladesh Limited.
Uttara Motors Ltd.
Fountech
Rashid Enterprise
Meghna Sugar Refinery Ltd.
Iconic Engineering & Trading Company
Current Account with VAT-ORS factory
Current Account with VAT-H & H Factory
Current Account with VAT-Stock
Pragati Insurance Ltd

Consolidated	Consolidated
30-Jun-2021	30-Jun-2020
BDT	BDT

45,302,410	43,952,856
34,496,846	24,393,188
211,950,114	244,155,264
961,459,177	703,221,317
1,223,631	-
2,742,435	-
1,586,875	-
16,801,542	-
21,986,944	25,091,540
1,160,000	1,160,000
8,537,318	
1,500,000	
150,000	
5,913	
52,944	
82,476	
125,549	
3,267,045	
37,500	
34,500	
218,444	
115,650	
669,900	
34,500	
-	32,063
-	53,044
-	690,000
-	953,400
-	7,051
2,839,511	548,500
-	67,999
6,199,500	6,199,500
7,849,945	7,849,945
46,179,640	32,180,238
4,702,680	2,736,574
<b>1,381,312,989</b>	<b>1,093,292,480</b>

**Sub-Total**

Consolidated	Consolidated
30-Jun-2021	30-Jun-2020
BDT	BDT

**b. Security deposits**

Deposits against / with:

Bangladesh Telecommunications Company Limited

Grameenphone Limited

Titas Gas Transmission and Distribution Company Limited

Dhaka Electric Supply Authority

Alpine Fresh Water

General Post Office

Pragati Insurance Ltd.

First Security Islami Bank Limited, for 550 KW power to 1600 KVA substation at Bhaluka, Mymensingh for electrolyte drink

Performance Security to BRAC

Performance Security to BRAC

Power Development Board (PDB)

Palli Biddut Samitee

Ifad Multi Products Ltd

284,290	284,290
11,451	11,451
321,280	141,430
482,000	482,000
19,500	19,500
48,000	48,000
1,000,000	-
2,476,960	2,476,960
30,000	30,000
50,000	50,000
768,000	768,000
6,054,620	6,054,620
-	12,500,000

**Sub-Total**

**11,546,101**

**22,866,251**

**c. Prepayments**

Insurance Premium

739,813	876,814
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**Sub-Total**

**739,813**

**876,814**

**Grand Total (a+b+c)**

**1,393,598,903**

**1,117,035,543**

**8.1 Vehicles loans**

The above loan was given by the Company to its staff to increase their operational efficiency. Entire amount is receivable from graded and management level personnel against motor car / motorbike loan under this scheme through a fixed number of installments.

The movement and subsequent position of this amount are as under:

Opening balance	43,952,856	48,617,990
Add: Advance given during the year	15,782,310	4,658,000
	59,735,166	53,275,990
Less: Adjusted/Realised during the year	14,432,756	9,323,134
<b>Closing balance</b>	<b>45,302,410</b>	<b>43,952,856</b>

<b>Consolidated</b>	<b>Consolidated</b>
<b>30-Jun-2021</b>	<b>30-Jun-2020</b>
<b>BDT</b>	<b>BDT</b>

## 8.2 Advance Income Tax:

Opening balance	703,221,318	605,397,004
Add: Advance given during the year	546,143,225	359,483,194
	<u>1,249,364,543</u>	<u>964,880,198</u>
Less: Adjusted/Realised during the year	287,905,366	261,658,880
<b>Closing balance</b>	<b><u>961,459,177</u></b>	<b><u>703,221,318</u></b>

As per clause 1(a) of section 94 of Income Tax Ordinance 1984, if NBR does not assess the income of two years from the end of the first assessment year in which the income was first assessable then the amount of tax provision can be adjusted based on the acknowledgement receipt from NBR at the time of payment of tax as per return under 82BB. So here SMC Enterprise Limited has adjusted the tax paid for the assessment year 2018-2019 against the advance income tax. The company subsequently will adjust if there is any over or under provision assessed by NBR.

## 9. Investment in fixed deposit

This represents fixed deposit including interest thereon with various banks and financial institutions namely:

Bank	1,872,985,682	828,736,862
Non Banking Financial Institution (NBFI)	859,024,837	1,501,568,666
	<u>2,732,010,519</u>	<u>2,330,305,528</u>
Add: Accrued interest on FDR		-

## 10. Cash and bank balances

Cash in hands	9,233,365	59,654,524
Cash at banks	1,240,916,416	1,206,566,660
<b>Grand Total</b>	<b><u>1,250,149,781</u></b>	<b><u>1,266,221,184</u></b>

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30-Jun-2021</b>	<b>30-Jun-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>11. Capital fund</b>		
Opening balance	3,345,898,008	3,348,702,720
Add: Transferred from statement of income and expenditure	9,274,502	(2,804,712)
<b>Closing balance</b>	<b><u>3,355,172,510</u></b>	<b><u>3,345,898,008</u></b>
<b>12. Retained earnings</b>		
Opening balance	2,942,131,473	2,089,592,084
Profit for the year of SMC Enterprise Limited	1,067,422,974	852,539,389
<b>Closing balance</b>	<b><u>4,009,554,446</u></b>	<b><u>2,942,131,473</u></b>
<b>13. Retirement benefit obligation-gratuity</b>		
For the FY 2020-21, gratuity fund is maintained as a separate set of accounts		
Opening balance	56,698,416	23,587,394
Add: Provision made during the year	81,740,278	50,698,416
	<u>138,438,694</u>	<u>74,285,810</u>
Less: Payment made during the year	56,698,416	17,587,394
<b>Closing balance</b>	<b><u>81,740,278</u></b>	<b><u>56,698,416</u></b>
<b>14. Deferred Income</b>		
Deferred income has been recognised for the closing stock of donated goods and such goods are valued at realisable value.		
Donated goods	70,865,945	63,171,331
	<u>70,865,945</u>	<u>63,171,331</u>
<b>15. Provision for income tax</b>		
Opening balance	901,587,413	704,788,032
Add: Provision made during the year	504,970,179	458,458,262
Less: Adjustment for the assessment year 2019-20	287,905,366	261,658,881
<b>Closing balance</b>	<b><u>1,118,652,226</u></b>	<b><u>901,587,413</u></b>

Consolidated	Consolidated
30-Jun-2021	30-Jun-2020
BDT	BDT

#### 16. Accounts and other payables

Payables to suppliers & others	893,179,754	831,199,008
Payables to staff gratuity account	12,625,121	-
Payables for accrued expenses (Incentive & SWA)	24,870,753	21,783,936
Payables to SMC area offices for expense reimbursement	5,222,083	13,427,321
Payables to SMC (partner's) NGO's for reimbursement	16,355,276	8,260,144
Advance received from donor's	279,342,813	146,234,812
Security deposits from suppliers and contractors	27,580,562	22,535,195
Advance rent received from tenants (SMC Tower)	14,063,605	-
Staff Welfare Assistance (accumulated fund)	11,045,120	8,095,953
Security deposits from tenants (SMC Tower)	-	22,153,885
Withholding tax and VAT on suppliers bill	15,619,280	34,297,558
Liabilities for expenses	80,897,951	64,667,166
Raw Materials Loan	-	2,049,310
Provision for Incentive	92,911,435	79,728,048
Payable to PF, GF & WPPF	8,208,246	-
Advance Trade VAT	38,115,063	-
Liability for inventory write off	15,952,947	7,817,443
Payable for Gratuity loan	-	298,897
Liabilities for supplies	425,586	6,318,760
Sales VAT payable	62,188,174	55,276,548
Shromik O Kormochary League,	-	11,850
Current Account with ORS factory	7,078,818	7,175,776
<b>Total</b>	<b>1,605,682,589</b>	<b>1,331,331,610</b>

#### 17. Provision for Worker's Profit Participation Fund & Welfare Fund

Opening Balance	66,670,547	44,702,472
Add: Addition during the year	80,617,856	66,670,547
	147,288,403	111,373,019
Less: Paid during the year	66,670,547	44,702,472
	<b>80,617,856</b>	<b>66,670,547</b>

## 18. Security Deposits

Neptune Advertisers
Adway Publicity
Azad Art Hall
Aziz & Company Ltd.
Asiatic Marketing Communication Ltd
Magnum Eng. & Const. Ltd
Adcomm Ltd.
ACMEC Consortium Ltd.
Bitopi Advertising Ltd.
Asiatic Marketing Comm. Ltd.
Media Com Ltd.
Airy International
Transcom Electronics Ltd.
Cross World Power Ltd.
Nutech Construction Chemical Ltd
Mayer Dawua Thai Alominium Fabricator
Power property care service
Godhury Marketing Communication
Nexus Trading
Nodi Enterprize
Gray Advt.(BD) Ltd.
Nazma Construction Co.
ISE LTD.
Energypac Engg. Ltd.
Noor Ad.
Multi Product Engg. Ltd
Uranus Communication
OOH Leader & Printers
GREY
Ogilvy & Mather Communication Pvt. Ltd
Paragon Ceramic Industries Ltd
Build Asia
Shamsuddin Mia & Associates Ltd.
Marn Steel Structure Ltd.
Base Technologies Ltd.

Consolidated	Consolidated
30-Jun-2021	30-Jun-2020
BDT	BDT

111,790	111,790
288,916	288,916
163,363	163,363
34,000	34,000
154,441	154,441
1,186,448	1,186,448
9,978	9,978
108,000	108,000
246,121	246,121
10,610	10,610
-	172,485
109,472	580,705
152,791	-
856,925	856,925
41,678	41,678
37,501	37,501
8,375	8,375
595,108	595,108
396,366	396,366
94,500	94,500
37,791	37,791
1,373,504	1,243,733
64,780	64,780
1,842,872	1,398,675
72,000	72,000
643,874	643,874
183,000	183,000
362,250	362,250
31,433	31,433
1,444	1,444
167,290	167,290
728,855	728,855
2,151,510	-
201,103	1,015,177
717,957	717,957
<b>13,186,046</b>	<b>11,765,569</b>

## 19. Lease Liabilities

Lease Liabilities (IFRS 16)
Current portion
Non Current portion
<b>Total</b>

75,165,562	34,007,101
234,661,568	124,757,188
<b>309,827,130</b>	<b>158,764,289</b>



	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30-Jun-2021</b>	<b>30-Jun-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>20. Revenue</b>		
Sales Revenue	10,707,099,410	9,107,563,037
Less: Value added Tax	1,196,675,400	878,568,368
Less: Sales Return	3,770,125	
Less: Discount on Sales	73,122,277	75,470,215
<b>Total</b>	<b>9,433,531,607</b>	<b>8,153,524,455</b>
<b>21. Cost of goods sold</b>		
Opening stock	612,719,167	500,133,615
Add: Production cost (note 21.1)	6,191,007,951	4,974,399,248
Add: Purchase during the year	129,903,974	65,573,199
Less: Closing stock	1,157,207,699	612,719,167
<b>Total</b>	<b>5,776,423,394</b>	<b>4,927,386,894</b>
<b>21.1 Production cost</b>		
Consumption of raw materials	1,801,131,071	943,124,976
Consumption of packing materials	930,915,337	657,655,356
Factory Overhead	816,558,786	662,541,508
Purchase of commodities during the year	2,645,486,382	2,713,368,393
Opening work in process	10,468,050	8,177,066
Less: Closing work in process	13,551,676	10,468,050
<b>Sub-Total</b>	<b>6,191,007,951</b>	<b>4,974,399,248</b>
<b>22 Operating expenses</b>		
Salaries and benefits	767,591,811	703,607,363
Human Resource Supplier & Management	288,020	252,292
Rent	51,684,115	43,117,381
Electricity Bill	8,257,160	11,802,626
GAS Bill	140,922	201,432
Water Bill	205,368	293,549
Internet Service	244,899	186,912
Telephone Bill	12,546,656	9,575,878
Bank & NBFi Service	2,561,041	1,256,633
Office Supply	35,610,826	22,724,917
Repairing & Servicing	10,030,811	7,045,262
Legal and professional expenses	3,027,684	17,645,650
Trade license expenses	-	198,871
Product Registration Fees	273,600	705,587
Courier and Express Mail Service	570,896	564,075

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30-Jun-2021</b>	<b>30-Jun-2020</b>
	<b>BDT</b>	<b>BDT</b>
Govt. fees & Taxes	1,863,667	409,632
Security service	12,607,513	10,808,102
Fuel From Oil Marketing Companies	352,069	618,744
Trade handling charges	116,600	123,100
Board Meeting Fees	3,270,796	2,214,422
Recruitment Expenses	1,200,140	1,262,871
Bad Debt Expenses	21,103	-
Software & Hardware Support Services	1,700,400	1,038,041
Entertainment	3,579,637	4,069,105
Meeting & conference exp.	2,796,721	6,530,538
Insurance Expenses (General)	10,371,981	6,555,724
Life Insurance	1,785,948	1,129,348
Inventory write off	12,822,060	25,416,183
Audit fees	506,000	506,000
Meal expenses	1,036,673	1,976,610
Sample Expenses	250,649	63,700
Staff gratuity	51,794,250	38,765,305
Health Scheme	577,629	536,747
House Cleaning and Maintenance	6,620	1,311
Uniform & Liveries	1,291,703	1,011,405
BRTA Expenses (Tax, Fitness etc)	545,946	304,292
Printing Expenses	197,900	-
Fuel from Petrol Pump (Diesel, Octane etc.)	27,696,570	15,938,052
Subscription on Trade & Professional Bodies (registered)	64,500	-
Automobile Garage & Workshops	13,971,559	8,016,369
Consulting & Supervisory Fees	540,000	-
Interest Expenses	15,044,568	8,127,482
Depreciation	170,123,234	137,351,273
Travel and transportation	22,037,624	22,714,972
Packaging materials expenses	11,592,888	4,052,846
General operating expenses	120,939,026	121,194,265
Municipal tax	4,218,588	4,218,588
Advertisement and promotion	76,620,385	33,215,913
Commodity expenses-Medicine	19,328,731	16,651,975
Research and development	5,478,607	3,402,921
Program expenses	225,923,126	188,937,631
Staff development expenses	254,277	446,041
<b>Total</b>	<b>1,715,563,496</b>	<b>1,486,787,936</b>

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30-Jun-2021</b>	<b>30-Jun-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>23 Selling &amp; Distribution expenses</b>		
Advertisement Expenses	275,320,603	366,791,195
Promotional Expenses	126,747,337	65,612,702
Training Expenses	1,750,723	1,590,158
RMP/TBA/Seminar/GDS	267,668	4,079,661
Research & Development	6,363,747	8,797,728
Incentive	58,802,056	62,247,276
Official Traveling expenses	127,283,634	111,090,870
Cartage & porter	55,505,464	32,487,867
Transport Contractors	211,797,947	153,754,779
Distribution expenses	97,216,566	112,642,115
Fuel from Petrol Pump (Diesel, Octane etc.)	-	3,959,861
Fuel from Petrol Pump (Gas)	28,156,556	25,799,923
Distribution-Labor wages	27,797,963	19,163,040
Cycle salesman	-	19,392
	<b>1,017,010,264</b>	<b>968,036,568</b>
<b>24. Grants income</b>		
USAID	258,489,770	256,959,319
MMS/CIFF	41,316,574	145,163
ACTB	9,527,258	-
UN-CHAP	-	323,536
FHI360	415,950	7,703,283
<b>Total</b>	<b>309,749,552</b>	<b>265,131,302</b>
<b>25. Other Income</b>		
Break-up of the above is as follows:		
<b>A. Bank interest</b>		
Interest received on FDRs	278,503,313	190,543,571
Interest received on STDs	6,684,447	8,096,327
<b>Sub-Total</b>	<b>285,187,760</b>	<b>198,639,898</b>
<b>B. Members' subscription</b>	<b>40,000</b>	<b>14,000</b>

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30-Jun-2021</b>	<b>30-Jun-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>C. Headquarters building rent</b>	<b>88,900,086</b>	<b>97,113,326</b>

**D. Miscellaneous income**

Insurance claim	-	315,404
Sale of scraps	9,051,108	5,149,212
Income from PF Forfeited Accounts	-	357,108
Gain/(loss) on sale of fixed assets	349,943	(2,420,116)
Service charges through SMC Nil Tara clinic	7,638,372	4,314,344
Income from sale of medicine-SMC Clinic	21,628,311	18,495,567
Income from rent of company vehicles to the staffs	55,064	-
Management fee	225,006	516,327
Income from Lease	3,550,939	5,425,535
Other income	2,991,873	656,344
<b>Sub-Total</b>	<b>45,490,616</b>	<b>32,809,724</b>
<b>Grand-Total (A+B+C+D)</b>	<b>419,618,462</b>	<b>328,576,948</b>

**26. Deferred Tax (Income)/ Expense (SMC Enterprise)**

Closing balance of Deferred tax liability	28,364,833	40,299,361
Opening Balance of Deferred tax liability	(40,299,361)	(55,568,780)
<b>Deferred tax (income)/expense recognized directly in profit</b>	<b>(11,934,528)</b>	<b>(15,269,419)</b>

**26.1 Deferred tax liability**

Deferred tax liability has been recognised in accordance with the provision of IAS 12 (Income tax) based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and their tax base.

Opening balance	(40,299,361)	(55,568,780)
Add: Addition during the year	11,934,528	15,269,419
<b>Closing balance</b>	<b>(28,364,833)</b>	<b>(40,299,361)</b>

## 27. Deferred tax assets/ liabilities (Social Marketing Company-SMC)

Deferred tax liability has been recognized in accordance with the provision of IAS-12 based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and its tax base.

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
<b>As at 30 June 2021</b>			
Property, plant and equipment - (Excluding land)	645,828,108	566,081,596	79,746,512
Permanent difference for Vehicle exceeding	(2,414,000)	-	(2,414,000)
Gratuity provision	(12,625,121)		77,332,512
Taxable temporary difference			(12,625,121)
Applicable tax rate			64,707,391
<b>Deferred tax liability</b>			<b>30.00%</b>
			<b>19,412,217</b>
Unabsorbed depreciation	-	525,900,000	525,900,000
Deductible temporary difference			525,900,000
Applicable tax rate			30.00%
<b>Deferred tax assets</b>			<b>157,770,000</b>

### 27.1 Deferred tax (income)/ expense

Closing balance of deferred tax liability	19,412,217
Opening Balance of deferred tax liability	-
<b>Deferred tax (income)/expense recognized directly in profit</b>	<b>19,412,217</b>
Closing balance of deferred tax assets	157,770,000
Opening Balance of deferred tax assets	-
<b>Deferred tax (income)/ expense</b>	<b>157,770,000</b>

Note: For assessment years (2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2016-2017, 2018-2019 ) "Income from Business and Profession U/S 28 & 29" were assessed as losses by tax authorities/ through return (U/S 82BB). As per ITO 1984 (U/S 42), unabsorbed depreciation due to business can be carried forward for succeeding years and can be charged against business income. SMC has unabsorbed depreciaton amounting BDT 52.59 crore which will be utilized for future business income (if any). Unabsorbed depreciation is a deductible temporary difference and will create a deferred tax assests amounting BDT 15.78 crore as deferred tax assets. Due to nature of the company opereations (Not for profit), there is an uncertainty of adjusting accumulated unabsorbed depreciation in near future, following the conservatism principle, management decided not to recognize deferred tax in financial statements.

## 28. Event after the reporting period

No material events had occurred after the reporting period, which could affect the values as stated in the financial statements.

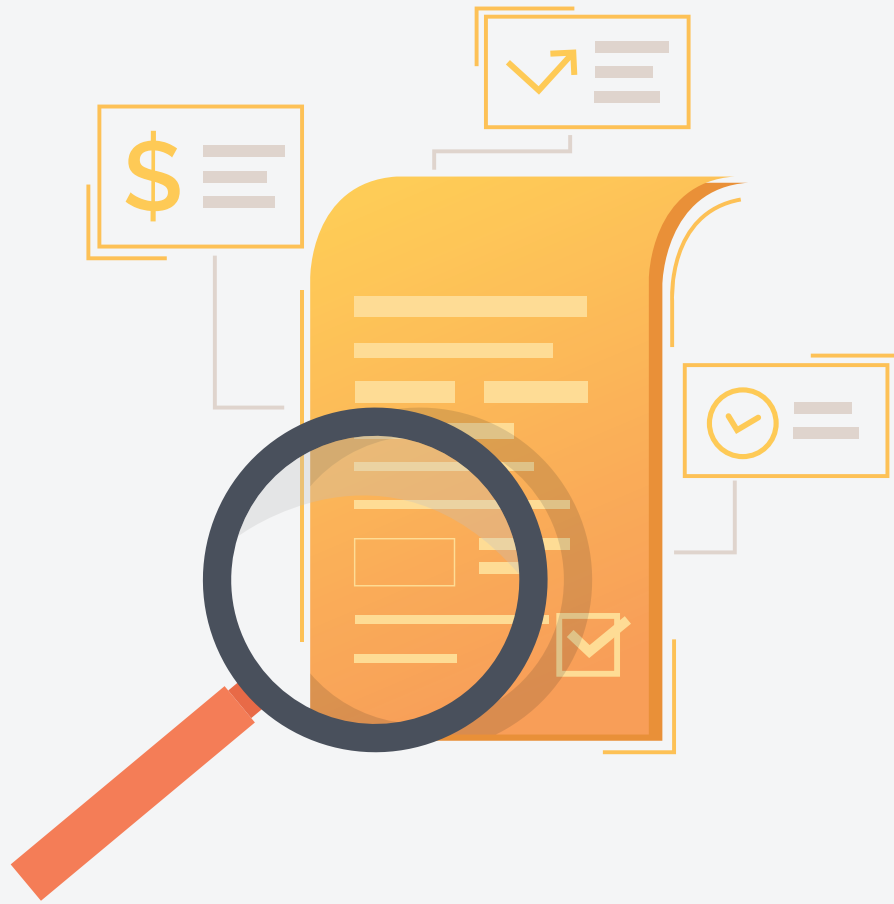
**Social Marketing Company**  
**Details of Consolidated property, plant and equipment**

As at 30 June 2021

Annexure - A

Particulars	Cost			Depreciation				Written down value as at 30 June 2021		
	Balance at 01 July 2020	Addition during the year	Sales/adjustment during the year	Balance at 30 June 2021	Rate	Balance at 01 July 2020	Charged during the year	Sales/adjustment during the year	Balance at 30 June 2021	
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	
Land	956,425,731	5,671,957	-	962,097,688	-	-	-	-	-	962,097,688
Building	1,204,443,609	54,611,174	-	1,259,054,784	2.5	186,083,575	43,464,121	-	229,547,697	1,029,507,087
Lift	73,399,297	2,112,332	-	75,511,630	20	52,647,791	14,416,758	-	67,064,549	8,447,081
Power Sub-Station	130,075,317	23,088,689	-	153,164,007	20	99,451,937	9,749,280	-	109,201,217	43,962,790
Fire Alarm System	47,381,882	24,425,974	-	71,807,856	20	43,942,496	6,444,411	-	50,386,907	21,420,949
Central warehouse equipment	19,388,894	450,800	-	19,839,694	-	13,155,109	1,939,884	-	15,094,993	4,744,701
Central A/C System	211,847,810	35,767,761	-	247,615,572	20	180,897,019	33,072,312	-	213,969,331	33,646,240
Diesel reservoir	615,692	-	-	615,692	20	358,733	123,138	-	481,871	133,821
Deep Tubewell (Factory)	1	-	-	1	15	-	-	-	-	1
Plant & Machinery	742,073,053	139,981,610	(3)	882,054,660	15	232,635,393	82,143,625	-	314,779,018	567,275,643
QC Equipment	25,289,111	23,667,899	(112,731)	48,844,280	15	5,333,166	3,852,400	(76,087)	9,109,478	39,734,801
Furniture & Fittings	70,684,899	8,036,464	(649,955)	78,071,408	10	19,432,449	6,702,923	(334,394)	25,800,978	52,270,429
Vehicles	214,293,426	13,248,233	(723,280)	226,818,379	25	142,576,136	11,574,099	(496,893)	153,653,341	73,165,038
Other Equipment	149,570,048	7,000	(1,311,871)	148,265,177	20	110,379,441	17,245,088	(1,012,973)	126,611,556	21,653,620
Office Equipment	88,842,549	40,781,033	(1,799,572)	127,824,009	20	39,132,924	16,008,582	(1,298,179)	53,843,327	73,980,682
Water treatment plant	3,709,495	267,821	(341,899)	3,635,417	15	1,084,356	355,250	(74,078)	1,365,529	2,269,888
Other Assets	123,615,588	-	(133,127)	123,482,461	20	80,086,004	16,257,429	(12,4017)	96,219,416	27,263,045
Books & Periodicals	82,828	-	(82,828)	-	-	-	-	-	-	-
<b>Total</b>	<b>4,061,739,231</b>	<b>372,118,749</b>	<b>(5,155,266)</b>	<b>4,428,702,713</b>		<b>1,207,196,525</b>	<b>263,349,301</b>	<b>(3,416,621)</b>	<b>1,467,129,205</b>	<b>2,961,573,509</b>
Intangible assets (Software)	9,660,000	4,473,757	-	14,133,757	20	3,641,803	2,510,791	-	6,152,595	7,981,162
Right of use (ROU) assets	194,937,141	217,961,484	-	412,898,625		27,333,287	62,494,875	-	89,828,162	323,070,463
<b>Total-(2020-2021)</b>	<b>4,266,336,372</b>	<b>594,553,989</b>	<b>(5,155,266)</b>	<b>4,855,735,095</b>		<b>1,238,171,615</b>	<b>328,354,967</b>	<b>(3,416,621)</b>	<b>1,563,109,961</b>	<b>3,292,625,134</b>
<b>Total-(2019-2020)</b>	<b>3,667,257,684</b>	<b>444,500,309</b>	<b>50,018,762</b>	<b>4,061,739,231</b>		<b>990,848,373</b>	<b>261,866,446</b>	<b>45,518,294</b>	<b>1,207,196,525</b>	<b>2,854,542,706</b>





# Auditors' Report

and Standalone Financial  
Statements - SMC

## Independent Auditors' Report To the Members of Social Marketing Company

### Opinion

We have audited the accompanying financial statements of **Social Marketing Company**, which comprise the statement of financial position as at 30 June 2021, statement of income and expenditure, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of **Social Marketing Company**, as at 30 June 2021 and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), comply with the Companies Act 1994, and other applicable Laws and Regulations.

### Basis for Opinion:

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

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

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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's 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 audit findings, including any deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

We also report that:

- a) We have obtained all the information and explanations 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;
- c) The Statement of Financial Position and Statement of Income and Expenditure of the Company dealt with by the report are in agreement with the books of account.

**Dhaka, Bangladesh**  
**Dated: 13 December 2021**

**Signed for & on behalf of**  
**MABS & J Partners**  
Chartered Accountants



**C R Mazumder FCA**  
**Managing Partner**  
**ICAB Enrollment No: 178**  
**DVC No.: 2201100178AS962563**

**Social Marketing Company**  
**Statement of Financial Position**  
**As at 30 June 2021**

Particulars	Notes	30-June-2021	30- June-2020
		BDT	BDT
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	926,724,667	865,699,749
Finance lease receivable	5	343,586,617	349,368,907
Investment in subsidiary	6	390,000,000	100,000,000
<b>Total Non-current assets</b>		<b>1,660,311,284</b>	<b>1,315,068,656</b>
<b>Current assets</b>			
Finance lease receivable	5	5,782,290	5,725,040
Inventories	7	101,405,593	83,188,688
Accounts and other receivables	8	150,898,074	411,420,452
Advance, deposits and prepayments	9	306,322,596	286,156,739
Investment in fixed deposits	10	1,582,121,307	1,810,793,842
Cash and cash equivalents	11	564,757,382	338,317,788
<b>Total current assets</b>		<b>2,711,287,242</b>	<b>2,935,602,549</b>
<b>Total assets</b>		<b>4,371,598,526</b>	<b>4,250,671,205</b>
<b>Equity &amp; liabilities</b>			
<b>Equity</b>			
Capital fund	12	3,440,172,341	3,380,897,939
<b>Total equity</b>		<b>3,440,172,341</b>	<b>3,380,897,939</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
		-	-
<b>Current liabilities</b>			
Provision for income tax	13	304,353,398	304,353,398
Accounts and other payables	14	556,206,842	502,248,537
Deferred income	15	70,865,945	63,171,331
Deferred tax liability	16	-	-
<b>Total current liabilities</b>		<b>931,426,185</b>	<b>869,773,266</b>
<b>Total equity and liabilities</b>		<b>4,371,598,526</b>	<b>4,250,671,205</b>

This financial statement should be read in conjunction with annexed notes

  
Tapan Bala FCMA FCA  
Chief Financial Officer

  
Md. Ali Reza Khan  
Managing Director & CEO

  
Waliul Islam  
Chairman

Dhaka, Bangladesh  
Dated, 13 December 2021

  
MABS & J Partners  
Chartered Accountants  
Signed By: C R Mazumder FCA  
Managing Partner  
Enrollment No.: 178  
DVC: 2201100178AS962563

**Social Marketing Company**  
**Statement of Income and Expenditure**  
**For the year ended 30 June 2021**

Particulars	Notes	30- June-2021	30- June-2020
		BDT	BDT
<b>Income</b>	17	926,978,717	783,450,172
<b>Expenditure:</b>			
Salary and benefits	18	201,300,066	196,936,358
Travel and transportation	19	22,037,624	22,714,972
Packaging materials expenses	20	11,592,888	4,052,846
General operating expenses	21	120,939,026	121,194,265
Municipal tax		4,218,588	4,218,588
Advertisement and promotion	22	76,620,385	33,215,913
Commodity expenses	23	110,263,398	90,662,656
Research and development	24	5,478,607	3,402,921
Program expenses	25	225,923,126	188,937,631
Depreciation (Annexure-A)		60,356,413	56,483,229
Staff development expenses	26	254,277	446,041
<b>Total Expenditure</b>		<b>(838,984,398)</b>	<b>(722,265,420)</b>
<b>Gross surplus/(deficit) before tax</b>		<b>87,994,319</b>	<b>61,184,752</b>
Income tax expense			
Current tax expense		28,719,917	28,989,534
Deferred tax income/expense	16	-	-
		<b>(28,719,917)</b>	<b>(28,989,534)</b>
<b>Net surplus/(deficit) after tax</b>		<b>59,274,402</b>	<b>32,195,218</b>

This financial statement should be read in conjunction with annexed notes.

  
 Tapan Bala FCMA FCA  
 Chief Financial Officer

  
 Md. Ali Reza Khan  
 Managing Director & CEO

  
 Waliul Islam  
 Chairman

Dhaka, Bangladesh  
 Dated, 13 December 2021

  
**MABS & J Partners**  
**Chartered Accountants**  
 Signed By: C R Mazumder FCA  
 Managing Partner  
 Enrollment No.: 178  
 DVC: 2201100178AS962563

**Social Marketing Company**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

Particulars	Capital fund
	BDT
<b>Year ended 30 June 2021:</b>	
Balance as at 01 July 2020	3,380,897,939
Net surplus/(deficit) after tax	59,274,402
<b>Balance as at 30 June 2021</b>	<b><u>3,440,172,341</u></b>
<b>Year ended 30 June 2020:</b>	
Balance as at 01 July 2019	3,348,702,720
Net surplus/(deficit) after tax	32,195,218
<b>Balance as at 30 June 2020</b>	<b><u>3,380,897,939</u></b>



Tapan Bala FCMA FCA  
Chief Financial Officer



Md. Ali Reza Khan  
Managing Director & CEO



Waliul Islam  
Chairman

**Dhaka, Bangladesh**  
**Dated, 13 December 2021**



# Social Marketing Company

## Statement of Cash Flows

For the year ended 30 June 2021

Particulars	30-June-2021	30- June-2020
	BDT	BDT
<b>A. Cash flows from operating activities</b>		
<b>INCOME:</b>		
Revenue from sales	234,232,785	181,190,630
Income from other sources	118,084,957	121,221,041
<b>Total Income</b>	<b>352,317,742</b>	<b>302,411,671</b>
<b>PAYMENTS:</b>		
Salary and benefits	201,300,066	196,936,358
Packaging material expenses	11,592,888	4,052,846
Travel and transportation	21,859,497	22,714,972
General operating expenses	124,381,399	125,412,853
Advance, deposit etc.	(123,828,105)	(73,857,724)
Advertisement and promotion	76,620,385	33,215,913
Research and development	5,478,607	3,402,921
Staff development expenses	254,277	446,041
Program expenses	225,923,126	188,937,630
Commodity expenses (SMC products & medicines)	145,680,545	82,225,174
<b>Total Payments</b>	<b>689,262,685</b>	<b>583,486,984</b>
<b>Net cash provided by operating activities</b>	<b>(336,944,943)</b>	<b>(281,075,313)</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(121,815,927)	(70,961,845)
Proceeds from sale of property, plant and equipment	240,808	(1,268,383)
Dividend (subsidiary)	49,999,900	34,999,930
Investment in Banks & NBFIs	(57,825,819)	(150,479,119)
Interest on FDR & savings accounts of Bank	240,518,947	178,421,281
<b>Net cash (used in) / generated by investing activities</b>	<b>111,117,909</b>	<b>(9,288,136)</b>
<b>C. Cash flows from financing activities</b>		
Finance Lease	9,275,979	13,913,969
Grants (USAID, GAIN/CIFF, ACTB)	442,990,650	395,147,615
<b>Net cash (used in) / generated by financing activities</b>	<b>452,266,629</b>	<b>409,061,584</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>226,439,594</b>	<b>118,698,135</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>338,317,788</b>	<b>219,619,653</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>564,757,382</b>	<b>338,317,788</b>



Tapan Bala FCMA FCA  
Chief Financial Officer



Md. Ali Reza Khan  
Managing Director & CEO



Waliul Islam  
Chairman

Dhaka, Bangladesh  
Dated, 13 December 2021

# **Social Marketing Company**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2021**

#### **1. Organization and its activities**

Social Marketing Company (SMC) ("the Company") is a not-for-profit company incorporated in Bangladesh in April 1990 as per section 26 of the Companies Act, 1913 which subsequently comes under the jurisdiction of the Companies Act, 1994 and is involved in the reproductive, health and nutrition programs of the country. It is funded by Donors such as USAID, GAIN/CIFF, ACTB etc. through cash and contraceptive items and utilities of SMC's resources. SMC formed SMC Enterprise Ltd, a for-profit subsidiary to separate profitable operations from non-profit activities in October 2014. Social Marketing Company ("SMC") is registered with Registrar of Joint Stock Companies and Firms vide registration no. CTO-284(3)/90 dated 19-04-1990 and SMC Enterprise Limited ("SMCEL") is also registered with Registrar of Joint Stock Companies and Firms vide registration no. L-30001503052-H.

#### **2. Basis of preparation of financial statements**

##### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and donors regulations.

IFRSs are designed to apply to general purpose financial statements and other financial reporting of all profit-oriented entities. The Company is not a profit oriented entity. As such it is not possible to comply with all the requirements of IFRSs. However, the Company adopted the IFRSs so far it is possible to comply without any contradiction to the local laws, as its reporting framework.

##### **2.2 Measurement of the elements in the financial statements**

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the statement of financial position and statement of income and expenditure. The measurement basis adopted by Social Marketing Company is historical cost. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

**The complete set of Financial Statements includes the following components:**

- i. Statement of Financial Position as at 30 June 2021
- ii. Statement of Income and Expenditure for the year ended 30 June 2021
- iii. Statement of Changes in Equity for the year ended 30 June 2021
- iv. Statement of Cash Flows for the year ended 30 June 2021; and
- v. Notes to the Financial Statements for the year ended 30 June 2021

##### **2.3 Functional and presentational currency**

These financial statements are prepared in Bangladesh Taka (BDT), which is the Company's functional currency as well. All financial information presented in BDT has been rounded to the nearest integer.

##### **2.4 Use of estimates and judgments**

The preparation of these financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

- Note - 4 Depreciation of property, plant and equipment
- Note - 7 Inventories
- Note - 13 Provision for income tax
- Note - 16 Deferred tax assets/ liabilities

## **2.5 Statement of cash flows**

The statement of cash flows has been prepared in accordance with the International Accounting Standard (IAS) 7: Statement of cash flows, under direct method.

## **2.6 Reporting period**

The accounting period of the Company has been determined to be from 1 July to 30 June each year. These financial statements cover twelve months from 1 July 2020 to 30 June 2021.

## **3. Significant accounting policies**

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

### **3.1 Revenue**

#### **3.1.1 Commodities sold**

Sales are recognized when all of the following conditions are fulfilled:

- i. SMC has transferred the significant risks and rewards of ownership of the products to the retailers;
- ii. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. The amount of sales can be measured reliably; and
- iv. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **3.1.2 Revenue from the sale of donated goods**

The policy of the Company is to sell its USAID donated products at subsidized prices. Revenue from sale of donated products is recognised after due approval is received from donors.

#### **3.1.3 Donation income in the form of cash donation**

Donation income in the form of cash donation is generated from fund provided by foreign donor(s) for program expenditures. It is normal reimbursement of actual expenditure as approved by donor.

#### **3.1.4 Other income**

Gains and losses on sale of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. Interest accrued and earned on fixed deposits, is recognized as income. Rental income accrued and earned from house property is recognized as income.

### **3.2 Inventories**

Donated Commodities received through USAID have been valued at realizable value and corresponding unearned revenue has been recognized. The procured commodities are valued at average invoice price which includes C&F charges and other costs.

### **3.3 Property, plant and equipment**

#### **3.3.1 Recognition and measurement**

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

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Threshold of Tk. 5,000.00 has been fixed for recognition of fixed assets. Immaterial items which are capital in nature are booked as expenses.

#### **3.3.2 Subsequent cost**

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

### 3.3.3 Depreciation

Depreciation is charged on property, plant and equipment (except Land) using straight line method over the estimated useful life of each item of property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when assets is put into use for commercial operation. No depreciation is charged on the assets from the month on which such assets are disposed. The rates are as follows:

Asset category	Rate (%)
Building (SMC Tower & SMC Tower-2)	2.5 to 10
Lift - (SMC Tower & SMC Tower-2)	20
Power sub-station	20
Fire alarm system	20
Central A/C system	20
Furniture and fittings	10
Vehicles	25
Other equipment	20
Office equipment	20
Other assets	20

### 3.3.4 Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in the statement of income and expenditure if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such conditions that would arise the risk of impairment of assets existed at the reporting date.

## 3.4 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.

### 3.4.1 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.

Financial assets include cash and cash equivalents, investment, interest and other receivables.

#### 3.4.1.1 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks which are held and available for use by the company.

#### 3.4.1.2 Receivables

The Accounts and other receivables includes receivables from SMC Enterprise Ltd. (Subsidiary of SMC) and other miscellaneous receivables.

### 3.4.2 Financial liability

All other financial liabilities are recognized initially 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 expired.

Financial liabilities include accrued expenses, other liabilities and creditor for other finance.

### 3.5 Impairment of financial assets

#### 3.5.1 Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company.

### 3.6 Foreign currency translations

Transactions in foreign currencies are translated to Bangladesh Taka (BDT) currency at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the year. Resulting exchange differences are recognized in the statement of income and expenditure.

### 3.7 Employee benefits

#### 3.7.1 Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### 3.7.2 Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company maintains a recognized provident fund.

#### 3.7.3 Defined benefits plan (gratuity )

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The Company has funded gratuity fund. The Employees' Gratuity Fund is being considered as defined benefit plan as it meets the recognition criteria of IAS-19 Employee Benefits. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund. This fund is also recognized by the NBR and its operation managed by the Trustees.

The Company operates a gratuity scheme for its permanent employees; provision for gratuity is made annually against the following:

**Gratuity** (1 Gratuity = 1 basic for each year of service)

Management Employee: Service less than 10 Years -1 Gratuity and 10 Years & above -1.5 Gratuity

Graded Employee: Service 1 to 4 Years -1 Gratuity , 5 to 8 Years- 1.5 Gratuity , 9 Years and above -2 Gratuity

**Ex-Gratia for graded employee:** (1 Ex-Gratuity = Basic+House Rent + Medical allowance per month)

10 Years of service = 3.15 Ex-Gratia , 11 Years of service = 2.85 Ex-Gratia , 12 Years of service = 2.60 Ex-Gratia, 13 Years of service = 2.30 Ex-Gratia , 14 Years of service = 2.00 Ex-Gratia , 15 Years of service = 1.70 Ex-Gratia, 16 Years of service = 1.45 Ex-Gratia, 17 Years of service = 1.15 Ex-Gratia, 18 Years of service = 0.85 Ex-Gratia, 19 Years of service = 0.55 Ex-Gratia, 20 Years of service = 0.30 Ex-Gratia and 21 Years of service & above = No Ex-Gratia.

#### 3.7.4 Staff welfare assistance

Under the existing principle of treating the employees of two entities (SMC & SMC EL) as one SMC, to ensure uniformity between the employees of both companies. Staff of SMC will receive "Staff Welfare Assistance" as similar practice of WPPF of SMC EL. Staff of SMC will get the full amount of declared WPPF of SMC EL and applicable tax burden will be borne by the Company.

### **3.8 Provisions**

Provisions are recognized in the statement of financial position when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

#### **3.8.1 Provision for income tax**

Corporate income tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates incurred or substantively incurred at the reporting date, and any adjustment to tax payable in respect of previous years.

### **3.9 Finance income and finance costs**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues, using the effective interest method. Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

### **3.10 Finance lease: Lessor**

The Company leased out land and building to SMC Enterprise Limited with a total value of BDT.363,582,381 on a yearly lease payment of BDT.9,275,979 including the finance expense of 1% on the outstanding balance for a tenure upto 2068 under finance lease. As per IFRS-16, with the company as a lessor, the present value of the lease payments are recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The lease income is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return.

### **3.11 Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income and expenditure except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

#### **Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. SMC qualifies as a "Private Limited Company" hence the applicable tax rate is 30%.

#### **Deferred tax**

Deferred tax is recognized 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 measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

### **3.12 Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting event are disclosed in the notes when material.

### **3.13 Comparatives and rearrangement**

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged or reclassified whenever considered necessary to conform current year's presentation.



	30-June-2021	30- June-2020
	Taka	Taka
<b>4. Property, plant and equipment</b>		
Opening Balance	1,260,886,173	1,235,378,500
Add: Addition during the year	121,855,467	74,538,763
Less: Sales/Adjustments during the year	(1,674,109)	(49,031,090)
Less: Accumulated depreciation (note 4.1)	(454,342,864)	(395,186,423)
<b>Total</b>	<b><u>926,724,667</u></b>	<b><u>865,699,749</u></b>
<b>4.1 Accumulated depreciation</b>		
Opening Balance	395,186,423	383,241,466
Add: Charged during the year	60,356,413	56,483,229
Less: Sales/adjustments during the year	(1,199,972)	(44,538,272)
<b>Sub - total</b>	<b><u>454,342,864</u></b>	<b><u>395,186,423</u></b>
<b>5. Finance lease receivable</b>		
Opening Balance	355,093,947	-
Add: Agreement made with SMC EL during this year	-	363,582,381
Less: Payment received during the year	(5,725,040)	(8,488,434)
<b>Total</b>	<b><u>349,368,907</u></b>	<b><u>355,093,947</u></b>
<b>A. Non-Current :</b>		
Above 1 year but up to 5 years	32,844,187	14,821,118
Above 5 years	310,742,429	334,547,789
<b>Sub-total</b>	<b><u>343,586,617</u></b>	<b><u>349,368,907</u></b>
<b>B. Current :</b>		
Up to 1 year	5,782,290	5,725,040
<b>Sub-total</b>	<b><u>5,782,290</u></b>	<b><u>5,725,040</u></b>
<b>Total</b>	<b><u>349,368,907</u></b>	<b><u>355,093,947</u></b>
<b>6. Investment in subsidiary</b>		
Opening Balance	100,000,000	100,000,000
Add: Share issued by the subsidiary (SMC EL)	290,000,000	-
<b>Total</b>	<b><u>390,000,000</u></b>	<b><u>100,000,000</u></b>

	<b>30-June-2021</b>	<b>30- June-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>7. Inventories</b>		
Details are as follows:		
<b>a. Donor products (USAID) :</b>		
SOMA-JECT	31,107,162	55,530,964
Sayanapress	7,923,440	6,045,440
Relax ( IUD )	276,397	424,177
i-Plant ( Implant )	592,950	1,170,750
<b>Sub- total</b>	<b>39,899,949</b>	<b>63,171,331</b>
<b>b. Donor product (GAIN/CIFF) Fullcare :</b>	1,791,504	-
<b>c. SMC products:</b>		
SOMA-JECT	16,113,284	-
Pregnancy Test Kit	878,934	240,401
SMC Zinc	4,880,995	4,302,760
MoniMix	18,855,608	10,375,175
MoniMix Plus	7,577,544	-
Easy Clean (Paper Soap)	516,700	332,682
Vermicid	5,073,583	652
SDK	1,537,856	1,213,527
<b>Sub - total</b>	<b>55,434,504</b>	<b>16,465,197</b>
<b>Total (a+b+c) (annexure-B)</b>	<b>97,125,957</b>	<b>79,636,528</b>
<b>d. Pharmacy products (SMC Clinic and SMC Niltara Clinic)</b>	4,279,636	3,552,160
<b>Total (a+b+c+d)</b>	<b>101,405,593</b>	<b>83,188,688</b>
<b>8. Accounts and other receivables</b>		
Receivables (note 8.1)	141,356,569	395,133,411
Current account with area offices - expenses	9,541,506	16,287,041
<b>Total</b>	<b>150,898,074</b>	<b>411,420,452</b>
<b>8.1. Receivables</b>		
Vendor's account -SMC EL (potential share) (note 8.1.1)	-	290,000,000
Receivable from SMC EL	76,027,382	94,185,514
Interest income from Banks and NBFIs	61,948,172	-
Receivables from tenants	2,052,339	
BRAC Bank -credit card settlement	618,123	527,834
Receivable for staff medical bill from SMC EL	541,695	74,108
Receivable from SMC PF account	-	357,108
Interest receivables from Bank (Staff Welfare Assistance)	168,858	156,460
Receivable from SMC Gratuity account	-	9,832,387
<b>Total</b>	<b>141,356,569</b>	<b>395,133,411</b>

30-June-2021	30- June-2020
BDT	BDT

### 8.1.1. Vendor's account -SMC EL (potential share)

Opening balance	290,000,000	290,000,000
Less: Allotted new 29.00 lac shares on August 16, 2020	(290,000,000)	-
<b>Sub - total</b>	<b>-</b>	<b>290,000,000</b>

As per addendum to the original Vendor's agreement , SMC Enterprise Limited will issue shares to SMC for Tk 340,000,000 in phases for the property and stocks acquired from SMC. SMC EL issued 500,000 shares of Tk 50,000,000 for the year ended 30 June 2017. SMC EL issued 29,00,000 shares of Tk 290,000,000 on August 16, 2020.

## 9. Advance, deposits and prepayments

### a. Advance

Advance/loan from welfare fund	-	29,939
Bank guarantee- Progati Insurance Ltd.	200,000	200,000
Advance to employee against expenses & TA/DA	4,657,982	2,755,982
Vehicle loans (note 9.1)	14,534,821	14,109,781
Advance against import (Lifts for SMC Tower-2)	16,801,542	673,888
Advance to contractors	21,986,944	25,091,540
Advance income tax (note 9.2)	246,506,253	241,523,554
<b>Sub-Total</b>	<b>304,687,542</b>	<b>284,384,684</b>

### b. Security deposits

Deposits against / with:

Bangladesh Telecommunications Company Limited	284,290	284,290
Grameenphone Limited	11,451	11,451
Dhaka Electric Supply Authority	482,000	482,000
Alpine Fresh Water System Ltd.	19,500	19,500
General Post Office	48,000	48,000
BRAC for OCP purchase	50,000	50,000
<b>Sub-Total</b>	<b>895,241</b>	<b>895,241</b>

### c. Prepayments

Insurance premium	739,813	876,814
<b>Sub-Total</b>	<b>739,813</b>	<b>876,814</b>
<b>Total</b>	<b>306,322,596</b>	<b>286,156,739</b>

30-June-2021	30-June-2020
BDT	BDT

### 9.1 Vehicle loans

The loan was given by the Company to its staff to increase their operational efficiency. Entire amount of BDT 14,534,821 is receivable from management level personnel against motor car / motorbike loan under this scheme through a fixed number of installments.

The movement is as under:

Opening balance	14,109,781	15,380,842
Add: Loan given during the year	4,931,555	2,550,000
	<u>19,041,336</u>	<u>17,930,842</u>
Less: Adjusted/realised during the year	4,506,515	3,821,061
<b>Closing balance</b>	<b><u>14,534,821</u></b>	<b><u>14,109,781</u></b>

### 9.2 Advance income tax

Opening balance	241,523,554	241,523,554
Add: Advance tax paid during the year	33,702,616	28,989,534
	<u>275,226,170</u>	<u>270,513,088</u>
Less: Adjusted for the year FY2020-21	28,719,917	28,989,534
<b>Closing balance</b>	<b><u>246,506,253</u></b>	<b><u>241,523,554</u></b>

### 10. Investment in fixed deposits

This represents fixed deposits with Banks and NBFIs:

a. Banks	793,853,545	376,498,862
b. Non-Banking Financial Institutions (NBFIs)	788,267,762	1,434,294,980
<b>Total</b>	<b><u>1,582,121,307</u></b>	<b><u>1,810,793,842</u></b>

### 11. Cash and cash equivalents

a. Cash in hand	250,000	250,000
b. Cash at banks	564,507,382	338,067,788
<b>Total</b>	<b><u>564,757,382</u></b>	<b><u>338,317,788</u></b>

	<b>30-June-2021</b>	<b>30- June-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>12. Capital fund</b>		
Opening balance	3,380,897,939	3,348,702,720
Add: Transferred from statement of income and expenditure	59,274,402	32,195,218
<b>Closing balance</b>	<b><u>3,440,172,340</u></b>	<b><u>3,380,897,939</u></b>
<b>13. Provision for income tax</b>		
Opening balance	304,353,398	304,353,398
Current tax expense	-	-
<b>Closing balance</b>	<b><u>304,353,398</u></b>	<b><u>304,353,398</u></b>
<b>14. Accounts and other payables</b>		
<b>a. Accounts payable:</b>		
Payables to suppliers & others	90,085,078	38,388,716
Payables to subsidiary (SMC EL)	75,160,860	231,803,730
Payables to staff gratuity account	12,625,121	-
Payables for accrued expenses (Incentive & SWA)	24,870,753	21,783,936
Payables to SMC area offices for expense reimbursement	5,077,653	2,992,167
Payables to SMC (partner's) NGO's for reimbursement	16,355,276	8,260,144
<b>Sub-total</b>	<b><u>224,174,742</u></b>	<b><u>303,228,692</u></b>
<b>b. Other payables:</b>		
Advance received from donors	279,342,813	146,234,812
Security deposits from suppliers and contractors	27,580,562	22,535,195
Advance rent received from tenants (SMC Tower)	14,063,605	-
Staff Welfare Assistance (accumulated fund)	11,045,120	8,095,953
Security deposits from tenants (SMC Tower)	-	22,153,885
<b>Sub-total</b>	<b><u>332,032,100</u></b>	<b><u>199,019,845</u></b>
<b>Total (a+b)</b>	<b><u>556,206,842</u></b>	<b><u>502,248,537</u></b>
<b>15. Deferred income</b>		
Deferred income represents the closing stock of donated goods (USAID), GAIN/CIFF and such goods are valued at realisable value. (Details are given in Annexure-B)		
<b>a. USAID donated products:</b>		
Opening balance	63,171,331	36,099,143
Add: Goods received during the year	77,148,447	111,241,806
Less: Goods sold during the year	(100,419,829)	(84,169,619)
<b>Closing balance</b>	<b><u>39,899,949</u></b>	<b><u>63,171,331</u></b>
b. USAID-PI-sales deferred during the year	29,174,492	-
c. Goods received during the year-GAIN/CIFF-PI	1,791,504	-
<b>Total deferred income (a+b+c)</b>	<b><u>70,865,945</u></b>	<b><u>63,171,331</u></b>

## 16. Deferred tax assets/ liabilities

Deferred tax liability has been recognized in accordance with the provision of IAS-12 based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and its tax base.

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
<b>As at 30 June 2021</b>			
Property, plant and equipment - (Excluding land)	645,828,108	598,172,100	47,656,008
Permanent difference for Vehicle	(2,414,000)	-	(2,414,000)
			45,242,008
Gratuity provision	(12,625,121)		(12,625,121)
Taxable temporary difference			32,616,887
			30.00%
<b>Deferred tax liability</b>			<b>9,785,066</b>
Applicable tax rate			
Unabsorbed depreciation	-	525,900,000	525,900,000
Deductible temporary difference			525,900,000
Applicable tax rate			30.00%
<b>Deferred tax assets</b>			<b>157,770,000</b>

### 16.1 Deferred tax (income)/ expense

Closing balance of deferred tax liability	9,785,066
Opening Balance of deferred tax liability	-
<b>Deferred tax (income)/expense recognized directly in profit</b>	<b>9,785,066</b>
Closing balance of deferred tax assets	157,770,000
Opening Balance of deferred tax assets	-
<b>Deferred tax (income)/ expense</b>	<b>157,770,000</b>

Note: For assessment years (2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2016-2017, 2018-2019 ) "Income from Business and Profession U/S 28 & 29" were assessed as losses by tax authorities/ through return (U/S 82BB). As per ITO 1984 (U/S 42), unabsorbed depreciation due to business can be carried forward for succeeding years and can be charged against business income. SMC has unabsorbed depreciation amounting BDT 52.59 crore which will be utilized for future business income (if any). Unabsorbed depreciation is a deductible temporary difference and will create a deferred tax assets amounting BDT 15.78 crore as deferred tax assets. Due to nature of the company operations (Not for profit), there is an uncertainty of adjusting accumulated unabsorbed depreciation in near future, following the conservatism principle, management decided not to recognize deferred tax in financial statements.



	30-June-2021	30- June-2020
	BDT	BDT
<b>17. Income</b>		
<b>A. Sales revenue</b>		
1. Sales revenue from USAID donated products (Note 17.1)	97,981,880	94,534,129
2. Sales revenue from SMC products (Note 17.2)	107,076,413	86,656,501
<b>Sub-total</b>	<b>205,058,293</b>	<b>181,190,630</b>
<b>B. Grants from</b>		
1. USAID	258,489,770	256,959,319
2. GAIN/CIFF	41,316,574	145,163
3. ACTB	9,527,258	-
4. FHI360	415,950	7,703,283
5. UN-CHAP	-	323,536
<b>Sub-total</b>	<b>309,749,552</b>	<b>265,131,302</b>
<b>C. Income from Clinic operations</b>		
1. Income from service through -Lab	5,075,671	3,093,539
2. Income from service through -Consultant	1,720,769	1,220,805
3. Income from sale of medicine	21,628,311	18,495,567
4. Income from FDR interest	841,932	-
<b>Sub-total</b>	<b>29,266,683</b>	<b>22,809,911</b>
<b>D. Corporate income</b>		
1. Rental income	88,900,086	97,113,326
2. Interest on FDR's and savings accounts of Banks	239,672,304	178,419,121
3. Dividend from subsidiary	49,999,900	34,999,930
4. Income from sale of scrap	440,050	284,000
5. Gain/(loss)from sales of fixed assets	20,840	(2,940,444)
6. Income from lease-SMC EL	3,550,939	5,425,535
7. Management fee & overheads	225,006	516,327
8. Income from PF forfeited accounts	-	357,108
9. Vehicle rental income	55,064	111,666
10. Rental income-training room	-	17,761
11. Member's subscription	40,000	14,000
<b>Sub-total</b>	<b>382,904,188</b>	<b>314,318,329</b>
<b>Total income (A+B+C+D)</b>	<b>926,978,717</b>	<b>783,450,172</b>

<b>30-June-2021</b>	<b>30- June-2020</b>
<b>BDT</b>	<b>BDT</b>

**17.1 Sales revenue from USAID donated products**

-

Source	Brand Name	Qty (Unit)	Average Selling Price	FY'20-21 (July'20 to Jun'21)	FY'2019-20 (July'19 to Jun'20)
			BDT	BDT	BDT
USAID	SOMA-JECT	3,709,275	32	119,398,047	87,328,874
	Sayanapress (Vial)	90,811	78	7,072,025	6,499,965
	IUD	7,180	20	143,600	151,040
	Implant	3,618	150	542,700	554,250
	<b>Sub-total</b>			<b>127,156,372</b>	<b>94,534,129</b>
	Less: Transfer to deferred income			<b>29,174,492</b>	-
	<b>Sub-total</b>			<b>97,981,880</b>	<b>94,534,129</b>

**17.2 Sales revenue from SMC products**

SMC	Easy Clean	51,080	7.50	383,100	784,650
	Pregnancy Test Kit (PTK)	85,750	12.00	1,029,000	683,083
	MoniMix	31,824,960	2.11	66,998,021	58,563,391
	MoniMix Plus	1,114,080	2.16	2,403,405	-
	SMC Zinc	741,041	14.84	10,997,445	10,332,550
	Vermicid	5,965,600	3.11	18,548,900	1,034,640
	SOMA-JECT	59,915	32.21	1,929,970	10,953,585
	Safe Delivery Kit (SDK)	59,785	80.06	4,786,572	4,304,602
	<b>Sub-total</b>			<b>107,076,413</b>	<b>86,656,501</b>
<b>Total</b>			<b>205,058,293</b>	<b>181,190,630</b>	

**18. Salary and benefits**

Corporate-head office	145,712,756	141,774,319
Donor programs	40,306,914	44,753,951
SMC programs	15,280,396	10,408,088
<b>Total</b>	<b>201,300,066</b>	<b>196,936,358</b>

**19. Travel and transportation**

Corporate-head office	11,839,295	10,444,827
Donor programs	5,039,865	9,458,459
SMC programs	5,158,464	2,811,686
<b>Total</b>	<b>22,037,624</b>	<b>22,714,972</b>

**20. Packaging expenses**

Corporate-head office	5,490,188	130,200
Donor programs	6,102,699	3,922,646
SMC programs	-	-
<b>Total</b>	<b>11,592,888</b>	<b>4,052,846</b>

**21. General operating expenses**

Corporate-head office	80,974,916	89,506,399
Donor programs	18,005,421	10,646,051
SMC programs	21,958,689	21,041,816
<b>Total</b>	<b>120,939,026</b>	<b>121,194,265</b>

	30-June-2021	30- June-2020
	BDT	BDT
<b>22. Advertisement and promotion</b>		
Corporate-head office	972,348	2,779,749
Donor programs	75,034,047	30,247,699
SMC programs	613,990	188,465
<b>Total</b>	<b>76,620,385</b>	<b>33,215,913</b>
<b>23. Commodity expenses :</b>		
<b>A. SMC products</b>		
Opening stock	16,465,197	24,902,680
Add: Purchase during the year	129,903,974	65,573,199
Less: Closing stock	55,434,504	16,465,197
<b>Sub-total</b>	<b>90,934,667</b>	<b>74,010,681</b>
Details are given in Annexure-B		
<b>B. Commodity expenses -medicine</b>		
SMC Niltara Clinic-Dhaka Uddan	19,327,018	16,651,975
SMC Clinic-SMC Tower-2	1,713	-
<b>Sub-total</b>	<b>19,328,731</b>	<b>16,651,975</b>
<b>Total commodity expenses (A+B)</b>	<b>110,263,398</b>	<b>90,662,656</b>
<b>24. Research &amp; development</b>		
Corporate-head office	2,779,773	280,791
Donor programs	2,698,834	2,865,489
SMC programs	-	256,641
<b>Total</b>	<b>5,478,607</b>	<b>3,402,921</b>
<b>25. Program expenses</b>		
Corporate-head office	1,502,648	-
Donor programs	201,124,404	181,337,602
SMC programs	23,296,074	7,600,029
<b>Total</b>	<b>225,923,126</b>	<b>188,937,631</b>
<b>26. Staff development cost</b>		
Corporate-head office	254,277	446,041
Donor programs	-	-
SMC programs	-	-
<b>Total</b>	<b>254,277</b>	<b>446,041</b>

<b>30-June-2021</b>	<b>30- June-2020</b>
<b>BDT</b>	<b>BDT</b>

**27. Related party transaction :**

The Company has been carrying out a good number of transactions with its subsidiary, SMC EL at arm's length in normal course of business that fall within the definition of related parties as per International Accounting Standard (IAS) - 24 "Related Party Disclosures". SMC has the following transactions with SMC Enterprise Limited:

<b>S. L No.</b>	<b>Transactions Type</b>	<b>Received during the year</b>	<b>Paid during the year</b>	<b>Other transactions during the year</b>
1	Sale proceeds of SMC's product (Inter-company sales)	245,279,372	-	6,215,400
2	Payment for Vermicid & MoniMix sales	-	93,667,123	-
3	Payment against (Vendor Agreement)	-	150,000,000	-
4	Reimbursement of TBA/NGO meet	-	954,119	-
5	Packaging expenses (SOMA-JECT)	-	1,053,707	-
6	Reimbursement of MoniMix bonus	-	5,054,585	-
7	Reimbursement for common services	52,359,821	-	-
8	Office rent	39,461,876	-	-

**Social Marketing Company**  
**Details of Property, Plant and Equipment**  
**as at 30 June- 2021**

Annexure - A

Particulars	Cost				Depreciation				Written down value as at 30 June 2021	
	Balance at 01 July 2020	Addition during the year	Sales/ adjustment during the year	Balance at 30 June 2021	Rate (%)	Balance at 01 July 2020	Charged during the year	Sales/ adjustment during the year		Balance at 30 June 2021
Land (SMC Tower, SMC Tower-2)	280,896,559			280,896,559	-	-			-	280,896,559
Building-SMC Tower	335,392,304	156,277		335,548,581	2.5 &	87,951,886	9,529,862		97,481,748	238,066,833
Building-SMC Tower-2	218,551,304	39,880,516		258,431,820	10	-	7,244,352		7,244,352	251,187,468
Lift- (SMC Tower & SMC Tower-2)	60,060,055	149,213		60,209,268	20	47,358,878	11,875,188		59,234,066	975,202
Power sub-station (SMC Tower & SMC Tower-2)	23,711,047	22,012,889		45,723,936	20	23,711,045	508,770		24,219,815	21,504,122
Fire alarm system (SMC Tower & SMC Tower-2)	29,901,676	18,512,518		48,414,194	20	27,327,121	4,785,012		32,112,133	16,302,061
Central A/C system	110,548,334	9,647,983		120,196,317	20	93,805,247	16,652,369		110,457,616	9,738,701
Furniture & fittings	25,275,652	4,027,530	116,713	29,186,469	10	9,361,446	2,030,644	59,856	11,332,234	17,854,235
Vehicles	110,627,657	7,467,700	235,500	117,859,857	25	64,983,056	2,735,928	235,497	67,483,487	50,376,370
Other equipment	26,039,360	7,000		26,046,360	20	22,247,172	766,265		23,013,436	3,032,924
Office equipment	39,559,199	19,993,841	1,239,068	58,313,972	20	18,421,773	4,228,024	904,619	21,745,178	36,568,794
Other assets	240,197			240,197	20	18,799			18,799	221,398
Books & periodicals	82,828		82,828	-	-	-			-	-
<b>Total FY 2020-21</b>	<b>1,260,886,173</b>	<b>121,855,467</b>	<b>1,674,109</b>	<b>1,381,067,531</b>		<b>395,186,423</b>	<b>60,356,413</b>	<b>1,199,972</b>	<b>454,342,864</b>	<b>926,724,667</b>
<b>Total FY 2019-20</b>	<b>1,235,378,500</b>	<b>74,538,763</b>	<b>49,031,090</b>	<b>1,260,886,173</b>		<b>383,241,466</b>	<b>56,483,229</b>	<b>44,538,272</b>	<b>395,186,423</b>	<b>865,699,750</b>

**Social Marketing Company**  
Statement of Cost of Goods Sold and Closing Stock  
For the year ended 30 June 2021

Annexure - B

Particulars	Donors		SMC products								FY'2020-21 (July'20 to Jun'21) Total	FY'2019-20 (July'19 to Jun'20) Total	
	USAID PI	GAIN/CIFF PI	SMC-SOMA- JECT	PTK (Pregnancy Test Kit)	SMC Zinc	MoniMix	Easy Clean	SDK (Safe delivery kit)	MoniMix- Plus	Vermicid			Total SMC products
<b>Opening stock</b>	63,171,331	-	-	240,401	4,302,760	10,375,175	332,682	1,213,527	-	652	16,465,197	79,636,528	61,001,822
Add: Cost of production/ purchase/donation received during the year	77,148,447	1,791,504	17,693,400	1,618,967	9,440,000	65,104,721	512,000	3,746,046	9,750,000	22,038,840	129,903,974	208,843,924	176,815,005
	140,319,777	1,791,504	17,693,400	1,859,368	13,742,760	75,479,895	844,682	4,959,573	9,750,000	22,039,492	146,369,171	288,480,452	237,816,828
<b>Less: Consumption/COGS</b>	140,319,777	1,791,504	16,113,284	878,934	4,880,995	56,624,287	327,982	3,421,717	7,577,544	16,965,909	90,934,667	197,545,786	74,010,681
	100,419,829					18,855,608	516,700	1,537,856		5,073,583	55,434,504		163,806,147
Less: Goods sold during the year											-	100,419,829	84,169,619
<b>Closing stock</b>	39,899,949	1,791,504	16,113,284	878,934	4,880,995	18,855,608	516,700	1,537,856	7,577,544	5,073,583	55,434,504	97,125,957	79,636,528



## Social Marketing Company

### Details expenditure of donor programs for the year ended 30 June 2021

*Annexure - C*

Particulars	Note	USAID Cash Fund	USAID Program Income	ACTB (icddr'b) Cash Fund	MMS/CIFF Cash Fund	01 July' 20 to 30 June' 21	01 July' 19 to 30 June' 20
<b>Expenditure</b>							
Salary & benefits	18	36,980,107		2,024,380	1,302,427	40,306,914	44,753,951
Travel & transportation	19	4,257,599		132,217	650,049	5,039,865	9,458,459
Packaging material expenses	20	-	6,102,699			6,102,699	3,922,646
General operation expenses	21	7,011,879	373,283	2,156,910	8,463,349	18,005,421	10,646,051
Advertisement & promotion	22	40,466,922	32,235,600		2,331,525	75,034,047	30,247,699
Research & development	24	2,698,834				2,698,834	2,865,489
Supplies & equipments				2,227,379	18,512,432	20,739,811	
Program expenses		67,016,356	267,000	2,986,372	10,056,792	80,326,520	62,511,326
Program expenses -partners' *		100,058,073	-	-	-	100,058,073	118,826,275
<b>Total program expenses</b>	25	<b>167,074,429</b>	<b>267,000</b>	<b>5,213,751</b>	<b>28,569,224</b>	<b>201,124,404</b>	<b>181,337,601</b>
<b>Total expenditure</b>		<b>258,489,770</b>	<b>38,978,582</b>	<b>9,527,258</b>	<b>41,316,574</b>	<b>348,312,184</b>	<b>283,231,896</b>
<b>* Details of program expenses -partners'</b>							
Salary & benefits		59,060,987	-	-	-	59,060,987	70,456,200
Travel & transportation		10,108,858	-	-	-	10,108,858	13,029,190
Supplies & equipments		535,692	-	-	-	535,692	216,897
General operation expenses		10,461,353	-	-	-	10,461,353	11,132,316
ODC: CM program expenses		15,332,759	-	-	-	15,332,759	17,721,945
Management fees		4,558,425	-	-	-	4,558,425	6,269,728
<b>Total program expenses -partners'</b>		<b>100,058,073</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,058,073</b>	<b>118,826,275</b>

Note : During audit period, USAID Funded MISHD Project implementing partners' were CWFD, PSTC, Shimantik, Engender Health and PSI.



# Directors' Report

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SMC Enterprise Ltd

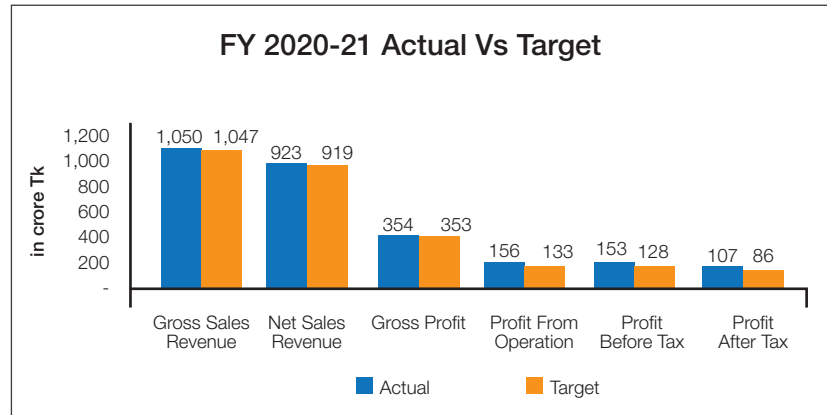
Financial Year 2020-21

Dear Shareholders,

On behalf of the Board of Directors of the Company, it is my privilege to present the Directors' Report, Auditors' Report and the Audited financial statements of SMC Enterprise Limited (SMC EL) for the Financial Year 2020-21.

At the outset, the Directors express their great pleasure to inform you that SMC EL for the first time surpassed the milestone gross revenue of Tk. 1,000 crore. For achieving this outstanding result, let me express my appreciation and congratulate the management and all employees of SMC EL for their dedication, discipline and hard work.

Despite the unprecedented challenge posed by ongoing pandemic, SMC EL has been maintaining the revenue (Tk. 1,050 crore) growth streak successively for the second year with a growth of 18%, attaining 100% of the target. Gross profit was Tk. 354 crore with 13% growth whereas a profit before tax arrived at Tk. 153 crore which exceeded the targeted profit of Tk. 128 crore. This encouraging result happened because of the combination of strategic leadership, smart business decisions, innovative marketing and sales, different cost savings measures and reduced corporate tax rate.

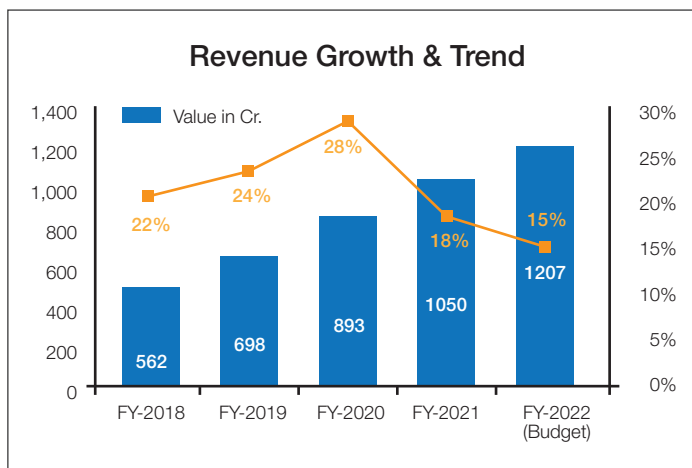


The Pharma Division of the Company has generated revenue of Tk. 67 crore (100% of the target) with revenue growth of 43% compared to last year and earned profit from operation amounting to Tk. 3.71 crore.

With a view to maintaining alignment in line with the growth trajectory, the company invested an amount of Tk. 37 crore to develop and enhance its manufacturing capacity and infrastructure during the reporting period.

## Overall Company Performance

The company has been consistently maintaining sales growth over the last several years and commendable performance from different brands under three major categories, namely, Female Reproductive Health and Contraceptives (FRH&C), Consumer Products (CP) and General Health and Nutrition (GH&N) including the Pharma business.



The flagship brand ORSaline-N has achieved 13% growth compared to last year, attaining 100% of the target. The sales volume and revenue witnessed 135 crore sachets and Tk. 562 crore respectively in FY 2020-21 as opposed to 119 crore sachets with a revenue of Tk. 496 crore in FY 2019-20. The other product categories like Joya Sanitary Napkin, Taste Me, Bolt have witnessed significant growth over the previous year. Growth of Joya Sanitary Napkin was strong with a 47% increase and with a 119% achievement over the target witnessing a sale of Tk. 114 crore.

Marketing Division of SMC Enterprise has conducted extensive campaigns to generate awareness and demands of a very diversified product portfolio

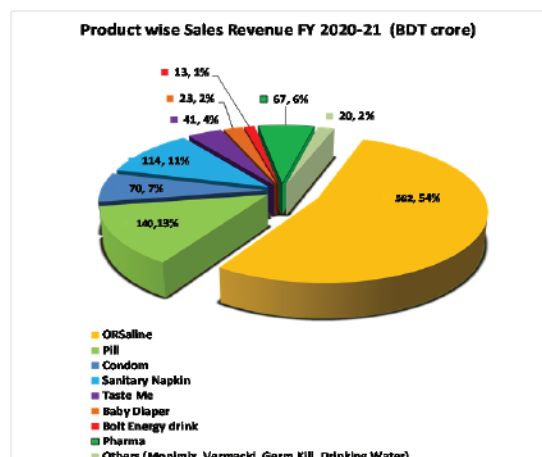
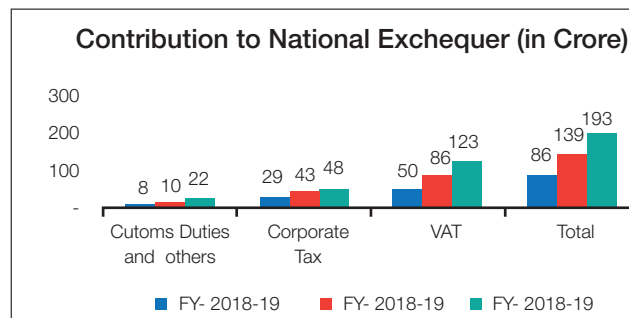
amongst target consumer segments through all important media platforms of mass media. The details are shared in the later part of the report.

The category-wise achievement and growth table for FY 2020-21 is depicted below:

Sl.	Product Category	Product Type	Revenue (in crore BDT)		Target Achieved %	Revenue (in crore BDT)	Growth %
			Target (2020-21)	Actual (2020-21)		Actual (2019-20)	
1.	Female Reproductive Health and Contraceptives	Oral contraceptive pill	121	140	116%	138	1.46%
2.	Consumer products	(Condom, sanitary napkin, baby diaper, instant powder drink)	300	281	94%	212	33%
3.	General Health & Nutrition	ORSaline-N	560	562	100%	496	13%
<b>Total Sales Revenue</b>			<b>981</b>	<b>983</b>	<b>100%</b>	<b>846</b>	<b>16%</b>
4.	Pharma Sales	OTC & Therapeutic class	66	67	100%	47	43%
<b>Combined Total</b>			<b>1,047</b>	<b>1,050</b>	<b>100%</b>	<b>893</b>	<b>18%</b>

## Contribution to the National Exchequer

Over the last three years the company has made significant contribution to the national exchequer by way of paying direct and indirect taxes. During the period under review, SMC EL contributed an amount of Tk. 193 crore out of which Tk. 22 crore was paid as different type of duties towards import of raw materials, packaging materials and spare parts, Tk. 48 crore as corporate tax and Tk. 123 (one hundred and twenty-three) crore as VAT on sales was paid to the Government exchequer.



## Sales Performance

ORSaline-N, Contraceptive pills, Condoms and Joya sanitary napkin constituted 85% of the total sales revenue. Besides, SMC EL sold a number of nonprofit products (MoniMix & Vermicid) for the Program Division of SMC through its national distribution network without charging any fees to the program.

95% of the target was achieved in the sale of Condom category amounting to Tk. 70 crore with a 4% growth over the previous year. Sales of Oral Contraceptive Pill (OCP) grew marginally by 1%, earning sales revenue of Tk. 140 crore witnessing 116% of the target.

Femicon alone witnessed de-growth of 5% earning of sales revenue of Tk. 93 crore as opposed to 98 crore in the last year. There has been global and local trend of decline in both pill and condom market due to the ongoing pandemic.

Stepping into the fifth year of its operation, 'Taste Me' and 'BOLT' have registered 44% and 27% growth respectively, which shows a very promising trend of combined revenue earning of Tk. 54 crore for FY 2020-21 as opposed to Tk. 38 crore in FY 2019-20.

## Distribution Network - Sales

During the period under review, the distribution network of SMC EL played an instrumental role in generating significant increase in revenue. In FY 2020-2021, distribution network expansion happened through coverage of a vast number of pharmacies and non-pharmacy outlets in both urban and rural markets.

Distribution of existing and new products in FY 2020-2021 was carried out by SMC's direct sales force from 12 Area Offices which reached 180,477 out of 657,709 outlets of which around 81% were pharmacies and 19% were non-pharmacies. Additionally, products were sold to 699 institutions that included NGOs, hospitals and clinics.

SMC EL's Distribution Sales network reached 476,533 non-pharmacy outlets through 292 distributors throughout the country and generated around Tk. 336 crore in sales revenue. The Distribution business was explored through condom, Joya, Smile, Taste Me, BOLT and ORSaline-N sales in FY 2020-2021.

A breakdown of outlet coverage and effective calls during the reporting period by the sales force of SMC EL's is shown in the table below:

### Outlets Coverage and Effective Calls in FY 2020-2021

Criteria	Number by type of outlets			
	Pharma outlets	Non-Pharma outlets	Institutions	Total
Outlet Coverage	146,152	510,858	699	657,709
Effective Call	1,537,417	3,648,342	3610	5,189,369

## Field Promotion Activities - Sales

The Sales Promotion Officers implemented a respectable number of promotional activities under respective area offices with the objective of creating demand and introducing new products through service providers. Such activities include small interactive events like group detailing sessions with Rural Medical Practitioners (RMP), Palli Chikitshoks (PC) and other community level health providers on health-related topics such as contraception, diarrheal management, hygiene, nutrition and reproductive health. Field officers additionally conducted a number of promotional meetings with graduate doctors which went a long way in increasing prescription rates and thereby further enhancing the goodwill of SMC EL.

During the reporting period, SMC reached over 6,121 health providers including doctors, NGO workers, non-graduate health service providers, traditional birth attendants and female students through various promotional sessions. Due to the ongoing pandemic situation, Field Promotion activities could not be carried out as per projection.

## Field Promotion Activities during FY 2020-21

Field Promotion activities by Type	No of Participants			
	Target	Actual		
		Male	Female	Total
Group Detailing Session (GDS) for Private Health Providers*	15,200	2,838	33	2,871
Seminar with Graduate Doctors	2,100	170	209	379
NGO Workers Meeting	6,685	617	1072	1,689
Traditional Birth Attendant (TBA) Meeting	1,300	68	554	622
Girls' School/college & Madrasha training Program	185,900	**23	537	560
<b>Total Participants</b>	<b>211,185</b>	<b>3,716</b>	<b>2,405</b>	<b>6,121</b>

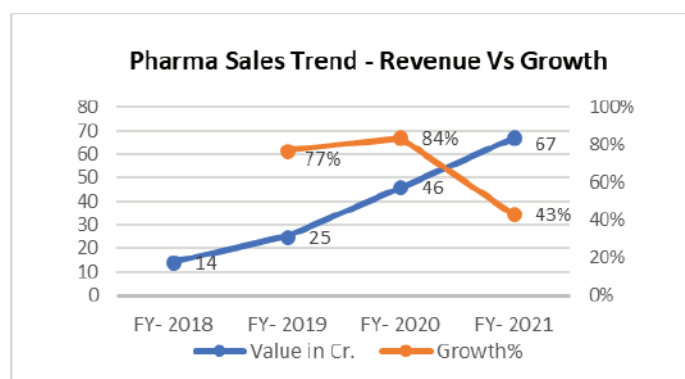
\* It includes non-graduate health providers, Pharmacists etc.

\*\* It includes male & female teachers and school committee members those who participated in the girls' school training program

## Pharma Business

The Pharma Division of SMC EL has passed more than four years of operation with commendable results thereby establishing strong brand footing in the market. With the key objective of "No one should suffer, especially the less-privileged, due to lack of affordable and quality medicine."

The pharma business is primarily governed by producing pharmaceutical products (Tablet, capsule and powder for suspension & syrups) at Julphar Bangladesh Limited (presently named Jenphar Bangladesh Limited), presently owned by Radiant Pharmaceuticals Ltd. under a toll manufacturing agreement. In spite of the ongoing pandemic which ravaged the nation, the team showed resilience. The Pharma team sold 24 different types of OTC (Over the Counter) and therapeutic brands in the market which includes antibiotic, anti-ulcerant, NSAIDs (Nonsteroidal anti-inflammatory drug), anti-histamine, anti-asthmatic, anti-spasmodic and mineral supplement. Major revenue generating brands are: Aziday 500 mg tablet, Cefimax 200 mg capsule, Esomium 20 mg capsule, Ezevent 10 mg tablet, Prazomax 20 mg capsule, Neoclav tablet, Nurowel tablet and Seacoral tablet. SMC Pharma believes that employees are the best resource for business growth. For this reason, in-house capacity building is encouraged rather than hiring from outside.

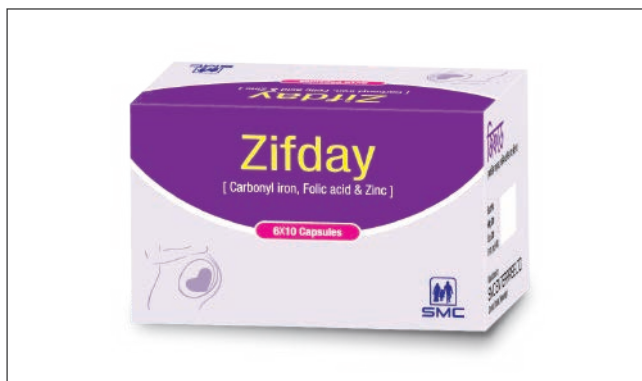
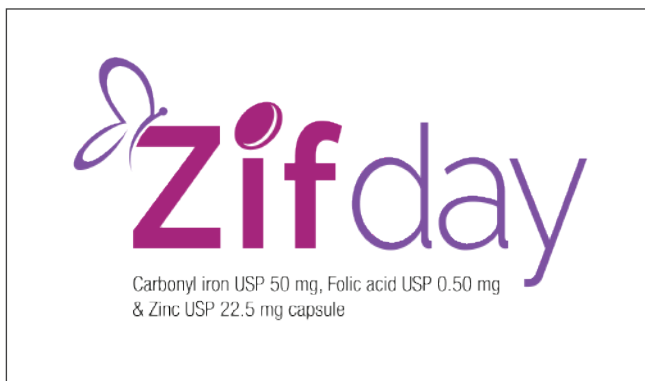


In FY 2020-21, the Pharma team earned Tk. 6.97 crore in a single month in April 2021. Besides, Prazomax earned Tk. 1.70 crore (August 2020), Seacoral D Tk. 1.23 crore (March 2021) and Aziday Tk. 1.28 crore (September 2020) revenue in a single month (in TP+VAT).

## New products launched in FY 2020-21

In FY 2020-21 pharma team worked to launch-Zifday (Carbonyl Iron, Folic acid & Zinc) Capsule & Secoxim (Cefuroxime axetil) tablet. Already Zifday (Carbonyl Iron, Folic acid & Zinc) Capsule has been launched at the beginning of 2021-22. Zifday is indicated for iron deficiency anemia, pregnancy & lactation, dietary insufficiency, chronic and acute blood loss. We are happy to note that Zifday is being manufactured from our Bhaluka Factory. The Pharma team is also working to launch anticancer and antiviral products.





In order to achieve the sales target, a large number of promotional activities took place such as: “Aziday Warrior campaign, Sraddha campaign, World Osteoporosis Day, COVID-19 awareness campaign, Ezevent JAAGO campaign, Neoclav tooth protection campaign, Celebration of Independence Day, Esomium Pohela Boishakh Celebration, Valentine’s Day Celebration, Mother’s Day Celebration, Women’s Day Celebration.” Besides, the Pharma team successfully completed Shwapno Puron campaign and handed over gift items to 1,270 parties.

### Online campaign

Online campaign was carried out during the pandemic since the doctors remained unapproachable due to the situation. Consequently, Pharma Division of SMC arranged a number of online campaigns on Paragesic/Paragesic-C (Dengue Samachar), Esomium (World Hepatitis Day), Ezevent-Asthma Day, Aziday (pandemic awareness in Eid-ul Fitr) and Daily Corona update, etc.

In order to achieve better territory coverage during the ongoing pandemic, the Pharma team has provided 26 motorcycles to its sales team members.

### Pharma Strategic Plan: FY 2020-2021 Vs 2021-2022

Performance Drivers	FY 2020-21	Target FY 2020-21	FY 2021-22
Productivity per Territory (MIO)	2,41,000	2,50,000	2,60,000
Doctor Coverage (qualified)	3,450	3,500	4200
Doctor cum Chemist including BSPs	3,000	5,000	4,000
Chemist Coverage	18,000	25,000	22,000
Prescription Monthly Avg.	12,000	40,000	18,000
Return upon Delivery	2.84%	2.50 %	2.50%
Distribution Cost	7.4%	8%	7.0%

### Company’s response to challenges posed by the pandemic

As mentioned in the last Directors’ Report (FY 2019-2020), the management took a number of initiatives to face the challenges of the ongoing pandemic. Similar initiatives were successfully implemented to face the crisis which was of a completely different magnitude and one that will require a response of an unprecedented scale.

The management took numerous precautionary measures and its effective implementation at both Head Office and factories ever since the outbreak of pandemic across the country. Employees have been instructed to follow the health guidelines of WHO and GOB such as using face mask inside and outside office, washing hands or using hand sanitizer at regular intervals, keeping social distancing, etc.

SMC EL marketing division conducted numerous campaigns to increase health and hygiene awareness during COVID. SMC partnered with DGHS (Directorate General Health Services) in providing hand sanitizer, SMC Purified Drinking Water, face shield and surgical mask to the doctors and health workers engaged in combating the pandemic. Additionally, SMC EL donated ORSaline-N, TasteMe Instant Soft Drink Powder and SMC Purified Drinking Water to Bidyanando Foundation, a nonprofit social welfare organization, providing food support to underprivileged children and communities who are directly affected by the outbreak of the pandemic.

SMC EL also entered in the Soap and Sanitizer category of products by introducing 'GERMKILL' sanitizer and hand wash. The product formulation is as per WHO recommended formula.

Pharma Division of SMC educated the frontline fighters about the pandemic, seasonal fever and dengue. They promoted online health awareness messages to educate the graduate doctors along with the distribution of Bengali brochure করোনাবার্তা (CORONABARTA) and ডেঙ্গু সমাচার (Dengue Shamachar) among the Blue Star Providers. Pharma division also provided PPEs to their Medical Information Officers (MIOs) to support their health safety.

## Marketing Campaigns and New Product Launching – SMC EL

SMC Enterprise Ltd has been delivering innovative products and effective marketing campaigns to retain and strive to achieve leadership positions in respective categories. Last year, the company has implemented several above the line and below the line

activities to reach out to consumers for building the brands. It may be noted that we achieved prestigious awards, such as International SuperBrands Award for Condom Range from SuperBrands Global, and The Best Brand Award for ORSaline-N from Bangladesh Brand Forum. Major PR (Public Relations) campaigns and collaboration with public and private organizations like DGHS, Bidyanando, A2i have increased the visibility of our corporate brand. During COVID-19, SMC EL did public awareness campaigns through major news programs in different TV channels. The major marketing activities implemented last year are briefly mentioned below.



## Campaign Highlights - SMC EL

### ORSaline-N

SMC's flagship brand ORSaline-N is the most trusted brand in treating diarrhea and correcting dehydration of children and adults. ORSaline-N is also used extensively for treating dehydration caused by excessive sweating. It gives an instant boost in energy. To communicate the extended usage of ORSaline-N, a new campaign was launched where the most popular film actor Shakib Khan was engaged and generated awareness against fake ORSaline-N via TVC, radio, digital print media etc.

The campaign helped to reduce fake ORSaline-N in the market and increase the sales significantly. ORSaline-N sponsored several dramas during the Eid festival in 2021. It ensured brand presence in TV and digital media during the biggest festival of Bangladesh.



ORSaline-N is available in e-commerce platforms like Daraz, Chaldal, Priyo Shop etc. with different offers and activities.



### Taste Me

Taste Me has become a well-accepted brand in most of the Bangladeshi households. It delivers a refreshing taste which instantly lifts the mood. The vitamins and minerals also help to boost the immunity level. Currently Taste Me is one of the leading brands in the instant soft drink powder category.

During the pandemic, a new tactical campaign was launched highlighting the health benefit of Taste Me as an immunity booster. The new campaign was broadcast in all major media. The campaign was very successful and led to huge growth in sales.

### Bolt

Since its launching, BOLT has become a very promising brand due to its differentiated packaging design and communication approach. BOLT has also delivered a very promising growth last year.



A new Integrated Marketing Communication was launched in April 2021. The idea of the communication was very unique, Bolt fulfills the lack of important electrolytes which helps to overcome ego depletion and keeps on in any situation. To create awareness, TVC, L-shape, Pop ups were placed in all media. Presence of BOLT in digital media was very significant, banner ads had been placed through GDN, Facebook page was very interactive with special day campaigns. Last year, its total digital reach was more than 21 million and engagement was 5 million.



## SMC Purified Drinking Water

SMC EL launched “SMC Purified Drinking Water” with the promise of delivering 100% germ free water for the consumers. World’s leading cricket all-rounder Shakib Al Hasan has become the brand ambassador of SMC Purified Drinking Water which strengthened consumers' trust in this product.

Although the initial response was very encouraging, the pandemic badly affected the overall bottled drinking water market in Bangladesh.



To engage with the TG (Target Group) and convey the importance of hydration, a special Facebook live program was arranged during the fasting month of Ramadan where Shakib Al Hasan was present along with a nutritionist. Moreover, Google display banner ads and Facebook posts were promoted round the year to reach out to the consumers through digital platforms.



## Joya Sanitary Napkin

Joya, one of the best sanitary napkin brands in Bangladesh, has grown strongly over the years. Powerful aspirational and strategic campaigns played a pivotal role for the success of Joya. Joya continued to promote the benefits of sanitary napkin and risks of using clothes to convert clothe users to sanitary napkin users.

Joya Premium variant new TVC was launched in this year to target upper mid-level consumers who prefer to follow a convenient lifestyle over price.

To celebrate International Women’s day, SMC Enterprise Limited has taken an exceptional initiative this year. During the Corona period, physical abuse on women has increased significantly throughout the world. And so, in order to raise awareness among all the members of the society, Joya Sanitary Napkin is dedicated to the promotion of one OVC (Online Video Commercial) called "Ashol Purush." The OVC created a huge response in the social media, which received 24 lac views. This campaign has won the Bronze in COMMWARD 2021 in Campaign for Women category.

Smartpill of SMC and Joya sanitary napkin were the title sponsor of “Women Leadership Award and Expo 2021. As a part of this association Joya also collaborated with Women Can network to promote Joya Sanitary Napkin’s premium variants on social media through top influencers.



To engage Joya users on social media and create more awareness on female health and hygiene practices, several sessions were arranged on Joya's Facebook page "Joya Moving Forward" with a top gynecologist Dr. Benzir Hoq, Joya's brand Ambassador Nusraat Faria, and GM, Marketing – SMC EL Khandaker Shamim Rahman.

Joya Sanitary Napkin organized seminars on Period Awareness at different garments factories to raise awareness about reproductive health and hygiene, especially Joya sanitary napkin and for the well-being of female workers. The pilot project targeted for 10 garment factories in collaboration with BKMEA. As part of the program, the first awareness seminar was organized at Fakir Fashion in Narayanganj. Later, the campaign was carried on a few more garment factories in Dhaka and Chittagong. The seminar included a doctor's direct consultation about the advantages of using sanitary napkin, health risks for not using sanitary napkin, an audio-visual exhibition and a lunch session. A total of 12,150 female workers were reached through this campaign directly and received free Joya samples.



To create awareness about proper menstrual hygiene practices, Joya arranged a number of seminars with Bangladesh Women Police network. As a part of this campaign, Joya is now available at all female police barracks round the year. A similar program was carried out in schools at the Union Parishad level also.



Joya's activities continued on digital media throughout the year. During the pandemic, a lot of people started and preferred online shopping over physical shopping to purchase sanitary napkins. To cater to this need of the consumer and ensure their health safety, Joya is now available in a number of online platforms like Daraz, Chaldal, Shajgoj, Priyoshop, Othoba.com, etc. The response in this platform is huge. As a result, numerous consumer offers were offered on online media to encourage consumers to purchase from online media. Regular posts were made on Facebook page, Youtube videos were all active including GDN (Google Display Network) ads on top sites.

### Germ Kill Anti Germ Handwash and Hand Sanitizer

Germ Kill was launched in FY 2019-2020 during the start of the ongoing pandemic in Bangladesh. The brand has gained trust among consumers as a means of getting completely germ-free hands.





Germ Kill Handwash continued its momentum of growth in both urban and rural markets. Taking along the trust of our consumers, Germ Kill portfolio will be extended to ensure the best protection against germs.

Digital communication of Germ Kill with the slogan “Jibanur Biruddhe Jitboi” has gained enormous response from the consumers. SMC EL will launch a mega campaign with a very popular brand ambassador in the upcoming fiscal year. The brand is expected to register as one of the leading brands in its respective categories within a short period of time.

### Smile Baby Diaper

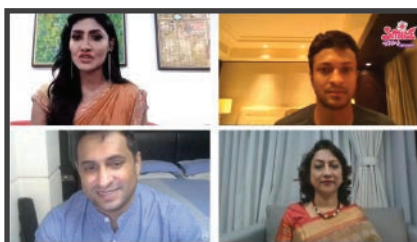
New campaign of Smile launched with brand ambassador Shakib Al Hasan

SMC Enterprise Ltd has launched a new campaign on Smile Baby Diaper featuring the brand ambassador Shakib Al-Hasan. The campaign was developed to promote Smile's value proposition 'Ek Diaper e Shar-aRaat' among the consumers. A new TVC was developed and aired on major TV channels and YouTube. The digital advertisement was also launched under the new campaign on 'Truecaller,' 'IMO,' 'GDN,' online newspapers and Facebook page.

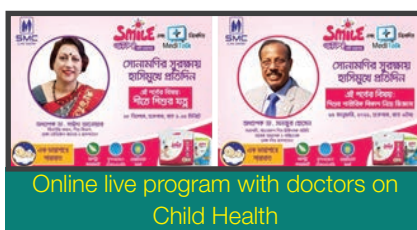


### Promotion of Smile Baby Diaper on digital platforms

In FY 2020-21, we focused on various digital activities for Smile which are shown below.



Online live program with Smile's Brand ambassador Shakib Al Hasan



Online live program with doctors on Child Health



Online winter fashion contest

## OCP

Currently, SMC EL has 9 (nine) OCP brands. A good number of promotional activities take place throughout the year. Glimpses of the activities are mentioned below:

New TVC campaign of Femicon has been launched with the powerful tagline “যনে কাশফুল এর নরম ছোঁয়া” which is recognized by everyone among the TG. New TVC was aired in many popular TV channels.



### OCP promotion on digital platforms:

Sales of OCP declined drastically during the pandemic. Hence, SMC EL has focused more on digital activities. Various digital campaigns along with strong trade promotions were initiated to promote the brands. Digital platforms, for example, facebook generated significant reach and engagement during pandemic. To encourage consumers to purchase online, SMC EL has partnered with major E-commerce platforms like Daraz, Shajgoj, Priyoshop, etc. Regular promotions were made through Facebook page, Youtube videos and GDN ads on top ranked websites.

## Condom

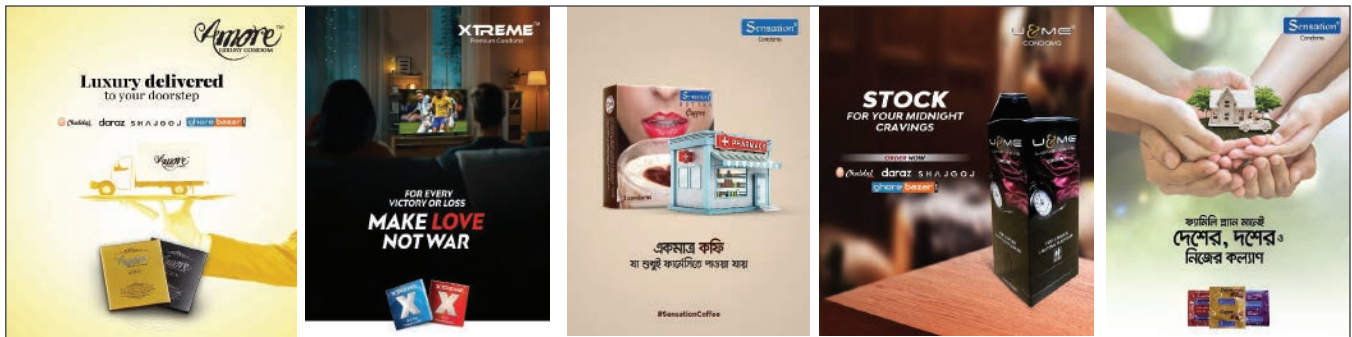
SMC condoms have received the prestigious Superbrand Bangladesh 20-21 award which is given to only few of the chosen brands each year. SMC condoms were given this award for its outstanding feat in the field of contraception and for its contribution in family planning and prevention in HIV and STD. An article on SMC condoms was published in the Superbrand Bangladesh 20-21 Magazine. We have run campaigns in both digital and ATL (Above the Line) to promote this achievement and enriching the consumer's trust through this award.

SMC EL has sponsored World AIDS program organized by the Ministry of Health and Family Welfare for promoting its brand Panther. SMC EL also sponsored the New Year party in association with Hotel Le Meridien for promoting its premium brands Xtreme and Amore. A lot of young people gathered in the party and got aware of the brands. This program was also promoted in digital channels.





A number of successful campaigns including Valentine's Day and strong trade programs increased the visibility of the brand. Digital campaign including facebook generated significant reach and engagement.



During pandemic, online sales have increased significantly. Hence, to capture the opportunity and boost online sales, we have partnered up with the top E-commerce like Daraz, Chaldal, Shajgoj, Priyoshop, etc. and ran various consumers offers to boost sales. The response in this platform is huge as a result, numerous consumer offers were made on online media to encourage consumers to purchase from online media. Regular posts were made on Facebook page, Youtube videos were all active including GDN ads on top sites.

## New Product launch

Despite the pandemic threat and lockdown SMC EL Marketing division has launched several products with great potential to become future blockbuster products for SMC Enterprise Ltd. Not only these products have enabled SMC enter new consumer product category but also helped SMC Enterprise to continue its growth momentum.

### SMC Plus Electrolyte Drink

Another milestone was achieved by introducing 'SMC Plus Electrolyte Drink,' the first ever electrolyte drink in Bangladesh which is scientifically formulated and very tasty at the same time. Launched in March 2021, SMC Plus emerged as a big success for SMC Enterprise. It is rich in essential electrolytes; SMC Plus makes the body energetic and active by eliminating dehydration, fatigue and low blood pressure instantly. Launched with two different flavors of Orange and Lemon, the price of SMC Plus is also much more affordable than foreign electrolyte drinks.



Tamim Iqbal, the captain of the Bangladesh National Cricket Team in ODI format, is the brand ambassador of SMC Plus Electrolyte Drink.

To create brand awareness, SMC Plus L-Shape and Pop-Up ads were placed during highly viewed bilateral cricket series of Bangladesh vs Australia and Bangladesh vs Zimbabwe.



Since its launch, the product has been widely accepted and loved by the consumers which reinforced it's potential of being a star product of SMC soon.

## Super Kid

SMC EL introduces a unique blend of healthy and tasty fortified confectionery 'Super Kid' which is formulated in USA and enriched with 24 Vitamins and Minerals. A single pack of Super Kid is a great source of energy and can fulfill up to 27% RDI (Reference Daily Intake) of necessary vitamins and minerals. Rich in nutrition, Super Kid helps boost immunity of the kids, grow stronger and more intelligent. Considering the market demand, Super Kid is now available at retail stores in two different variants; Dudh Malai and Badam Chocolate. The product was launched with different promotional materials and trade gifts. A great number of positive responses were received from the retailers and customers. The brand is digitally active in different platforms like Facebook, GDN, Instagram, etc. Super Kid is available in e-commerce platforms like Daraz, Chaldal, Priyo Shop, etc. with different offers and activities.



(Round Jar)  
SMC Pure Petroleum Jelly  
with Vitamin E and Lemon  
(15 ml Jar and 50 ml Jar)

(Square Jar)  
SMC Pure Petroleum Jelly  
with Vitamin E  
(15 ml Jar)

## SMC Pure Petroleum Jelly

First-ever skincare product SMC Pure Petroleum Jelly was launched in February 2021. SMC Pure Petroleum Jelly is a high-quality product at a competitive price enriched with Vitamin E and Lemon extract. During product testing, 70% of the respondents preferred petroleum jelly of SMC over the competitor's product. SMC Pure Petroleum Jelly is available in 15 ml and 50 ml sizes.

## SmartPill and SmartPill Lite

SMC EL has launched new generation pill - Smartpill and Smartpill Lite in October, 2020. SmartPill and SmartPill Lite are 4th Generation Regular Birth Control Pill with high efficacy and almost Zero side effects. Both are Combined Oral Contraceptives (COC). Each film coated tablet contains Drospirenone & Ethinylestradiol. The fourth-generation pills have been developed containing natural estrogen in the hope that they may prove safer with long term use.

### Uniqueness:

- 4th Generation Progesterone Pill which has lesser side effects and is safer to use than other pills
- FDA approved for Acne treatment
- Lesser or no chance of weight gain
- Regulates menstruation cycle efficiently
- Tolerable side effects (headaches, vomiting and dizziness)





- Reduces unwanted hair growth (Hirsutism)
- Reduces chances of Anemia
- Excellent choice for the treatment of PMDD (Pre-Menstruation Dysphoric Disorder)

SMC SmartPill sponsored the Women Leadership Award and Expo 2021, which was inaugurated on the 12th of March 2021. The main event was inaugurated by the Honorable Mayor of Dhaka North City Corporation (DNCC) Mr. Md. Atiqul Islam and the Honorable Minister of Education Dr. Dipu Moni, who joined the event virtually. SMC Enterprise Limited received an honorable recognition on the account of its contribution toward women in various fields. Mr. Khandaker Shamim Rahman, General Manager - Marketing and Mr. Chandra Nath Mandal, Additional General Manager – Sales of SMC Enterprise Limited received the prestigious recognition on behalf of the company.

### Taste Me 1 KG Jar

To cater the need of entire family, Taste Me 1 kg jar was launched in April 2021 in two mouthwatering variants. Digital media has been a very effective tool for Taste Me last year. Banner ads through GDN were very effective to create awareness, and the Facebook page was very engaging with its campaign. More than 20 million audiences and 8 million engagement was done through digital media last year.



### Panther Banana & Sensation Coffee



SMC EL launched Panther Banana in December, 2020 and Sensation

Coffee in January, 2021 to extend our popular brands and give the consumers a flavor option. To promote these two new flavors, we ran a launching campaign in digital to generate awareness. Also, we have given trade offer for traders to generate more shelf space.

### Joya Wings 5 Pads Pack

To increase the number of users of sanitary napkin in Bangladesh and create a strong customer base of Joya Wings - A new SKU (stock keeping unit) of Joya Regular Wings (Joya Wings 5 pads pack) was launched in November 2021. Since, competition it has no 5 - pieces wings pack in the market, these packs of Joya Wings 5's have received the first mover's advantages and gained huge popularity among the customers.



It has helped to increase wings consumer's universe like 5 pieces Joya Belt. The MRP of the pack is Tk. 40 (forty). Two new bite size TVCs were produced and aired from December 2021 along with regular digital campaigns to communicate the importance of convenience to buy these Wings type mini packs.

## Research Insights – SMC EL

Every year, SMC EL undertakes a number of researches to generate consumer insights and assess impact of Sales and Marketing initiatives, conduct product feasibility. It utilizes primary research data to understand the current market and design future marketing plan, tailored to market realities as well as other external factors and internal capabilities.

Following are some of the major research projects activities undertaken by SMC Enterprise during FY 2020-2021 and their key findings:

### Study Title:

Usage & Attitude Study for Understanding the Oral Saline Market & Cannibalization Impact

### Objectives of the Study:

Understanding overall oral saline market with focus on sweat market and develop strategy for winning over Tasty Saline users with minimum cannibalization effect on ORSaline-N.

### Methodology, Sample Size and Geographical Area Coverage:

- Qualitative (Focus Group Discussion) and Quantitative Face to Face Interview
- Random Sampling for Face to Face Interview
- Age 18 – 50 Years
- SEC A,B,C,D,E
- Decision Maker of Oral Saline Category
- 4 Focus Group Discussions, 1200 Consumers & 260 Retailers
- Dhaka, Chattogram & Rangpur (Urban, Semi Urban & Rural)

### Key Findings & Recommendations :

- 86% among all respondents consume ORSaline-N for dehydration but it serves all purpose regarding diarrhea and non-diarrhea
- 58% consume Tasty Saline which only serves non-diarrheal purpose.
- 100% respondents were enthusiastic about SMC's flavored Saline and 96% diarrheal consumers will not switch to any flavored saline
- 83% non- diarrheal consumers of ORSaline-N will not switch rest 17% will switch SMC's flavored Saline
- 75% consumers of Tasty Saline will switch to SMC's Flavored Saline for the trust on SMC and rest 25% will decide after the product launches
- 100% traders appreciated the launch plan of SMC flavored saline.
- 63% among the traders were highly enthusiastic
- 88% respondent's income has dropped due to Pandemic
- Due to financial uncertainty purchase behavior has changed it has also affected the bulk sales of ORSaline-N. Physical activity, household income, expenses and diarrheal diseases reduced

### Implementation Status of the Research Study :

SMC EL has launched “SMC- Fruity” and product is well accepted

### Study Title:

Post Campaign Evaluation Study for ORSaline-N TVC

### Objectives of the Study:

To assess the effectiveness of new ORSaline-N advertising and brand association of ORSaline-N with Shakib Khan

### Methodology, Sample Size and Geographical Area Coverage:

- Quantitative Face to Face Interview
- Random Sampling
- Age 15 – 40 Years
- SEC A,B,C,D,E
- Decision Maker of Oral Saline Category
- 100 Consumers
- Dhaka, Narayanganj & Narsingdi (Urban, Semi Urban & Rural)

### Key Findings & Recommendations :

- 96% respondents liked the new TVC of ORSaline-N
- 72% recalled the TVC and 94% of them recalled the Brand ambassador
- 88% respondents think No.1 Shakib Khan is the best fit for a brand like ORSaline-N
- 86% think Shakib Khan delivering the message of fake ORSaline-N is convincing
- 70% respondents were not aware about fake ORSaline-N before the TVC
- Shakib Khan's presence motivated consumer and shopkeeper regarding avoiding fake ORSaline-N

### Implementation Status of the Research Study :

TVC was aired and fake saline was reduced in market

### Study Title:

Post Campaign Evaluation Study for Smile Baby Diaper TVC

### Objectives of the Study:

To assess the effectiveness of new Smile Baby Diaper TVC and Brand Association of Smile Baby Diaper with Sakib Al Hasan

### Methodology, Sample Size and Geographical Area Coverage:

- Quantitative Face to Face Interview
- Random Sampling

- Age 15 – 40 Years
- SEC A,B
- Decision Maker of Baby Diaper Category
- 100 Consumers
- Dhaka- Urban

### Key Findings & Recommendations :

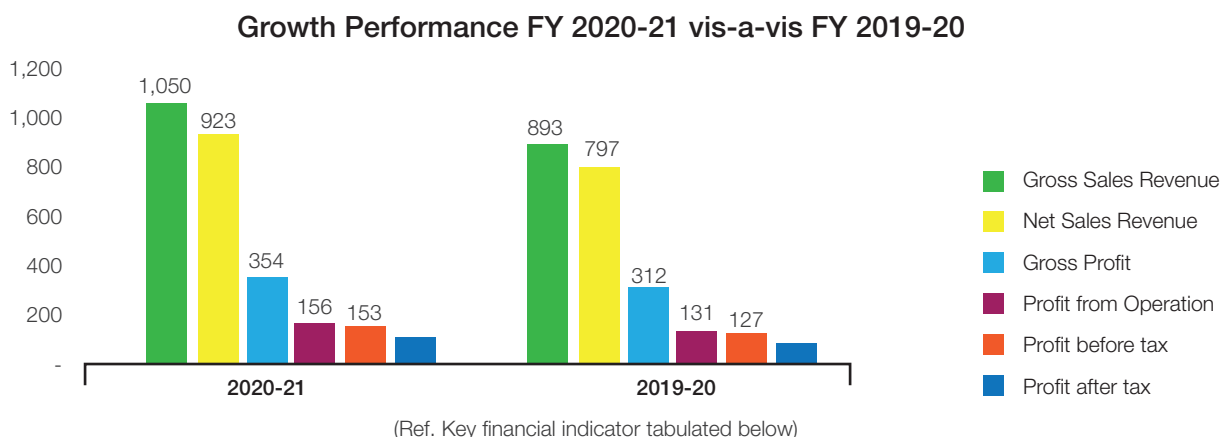
- 85% recalled the new TVC of Smile baby diaper
- 100% recalled the brand ambassador Shakib Al Hasan
- 96% respondents liked the TVC and found it interesting
- 92% respondents think world's best all rounder Shakib Al Hasan is the best fit for an emerging brand like Smile
- 71% respondents were inspired to use Smile baby diaper after watching the TVC
- 96% of them liked the new TVC of Smile Baby Diaper
- 92% of them think that best all-rounder in the world Sakib Al Hasan is the best fit for emerging brand like SMILE Baby Diaper
- 90% of the respondents found that Sakib Al Hasan suggesting the diaper and giving message was very convincing
- 71% of them were inspired to use Smile Baby Diaper for their kids after watching the TVC

### Implementation Status of the Research Study :

TVC was aired and SMILE has been growing significantly over market growth

## Financial Result

SMC EL has been maintaining a strong financial footing over the years with a very sound liquidity position, generating enough cash flow with a very healthy Debt-Equity ratio and thereby adding value to shareholders' equity. This eventually ensures a positive impetus while maintaining growth strategy. During the period under review, due to efficient fund management, the company was enjoying enough operational fluidity to address its operational needs as well as debt repayment on a regular basis. A graphical presentation of the growth performance of FY 2020-21 compared to last year (2019-20) is depicted below:





The key financial indicators of FY 2020-21 vis-à-vis 2019-20:

(in crore Tk.)

Key financial information	2020-2021		2019-2020	Growth (%)
	Target	Actual	Actual	
Gross Sales Revenue	1,047	1,050	893	17.58
Net Sales Revenue	919	923	797	15.80
Gross Profit	353	354	312	13.46
Operating Profit	133	156	131	19.08
Profit before Tax	128	153	127	20.47
Profit After Tax	86	107	85	25.88
Shareholders' Equity	-	431	330	30.60
Liabilities / Debt	-	288	244	18.03
D/E Ratio	-	1: 1.50	1: 1.35	-

The financial statement as given below corresponds to the period from July 1, 2020, to June 30, 2021:

**Financial Position**

(Figures in Taka)

	2020-21	2019-20
Share Capital	390,000,000	100,000,000
Retained Earnings	3,924,562,983	2,907,139,462
Vendor's A/C-SMC (Potential Shares)	-	290,000,000
Non-current liabilities	688,353,295	571,123,871
Current Liabilities	2,189,714,571	1,870,474,588
<b>Total</b>	<b>7,192,630,850</b>	<b>5,738,737,921</b>
Assets		
Non-current Assets	2,527,907,992	2,209,086,729
Current Asset	4,664,722,859	3,529,651,191
<b>Total</b>	<b>7,192,630,850</b>	<b>5,738,737,921</b>

**Income Statement**

(Figures in Taka)

Particulars	2020-21	2019-20
Revenue	10,502,041,117	8,926,372,407
VAT	1,196,675,400	(878568368)
Discount on Sales & Sales Return	(76,892,402)	(75,470,215)
Net Revenue	9,228,473,314	7,972,333,824
Cost of goods sold	(5,685,488,727)	(4,853,376,213)
Gross profit	3,542,984,587	3,118,957,612
Operating expenses	(1,984,524,028)	(1,806,569,765)

Particulars	2020-21	2019-20
Profit from operation	1,558,460,559	1,312,387,847
Other income	57,447,491	26,448,638
Profit before contribution to WPPF	1,612,357,111	1,333,410,949
Provision for contribution to WPPF	(80,617,856)	(66,670,547)
Profit before tax	1,531,739,255	1,266,740,402
Income tax expenses	(464,315,734)	(414,199,308)
Profit after tax	1,067,423,521	852,541,094

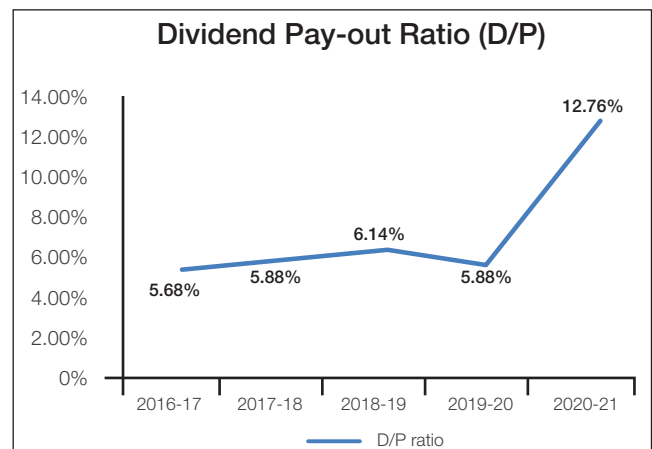
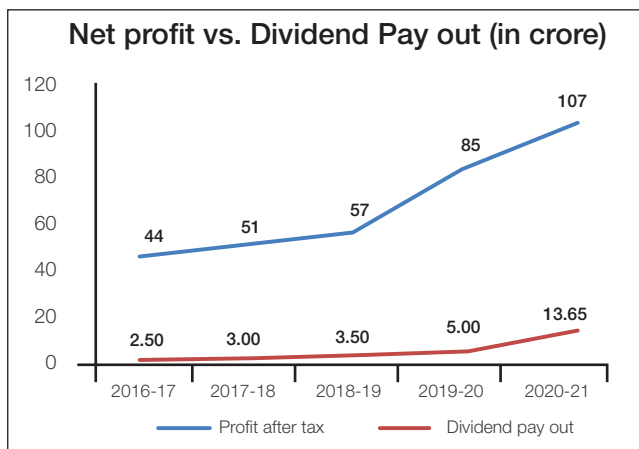
During the reporting period a cost saving drive was undertaken which resulted in a savings of Tk. 19 (nineteen) crore by different functional departments.

## Appropriation of Profit

The Board of Directors in its 60<sup>th</sup> meeting held on January 3, 2022 has recommended the appropriation of the Net Profit earned during the year 2020-21 in the following manners:

(Figures in BDT)

Net profit for the year (2020-21)	1,067,423,521
Appropriation Recommended: Cash dividend @ 35% (Tk. 35 per share)	136,500,000
Net Un-appropriated profit	930,923,521



## Manufacturing Operations

### ORS-N Bhaluka Factory, Mymensingh:

ORS Manufacturing facility of SMC in Bhaluka, Mymensingh is ISO-certified and cGMP compliant. The state-of-the-art facility operates round the clock to meet the growing demand and to achieve higher revenue targets. SMC EL has a total of 54 registered Pharma Products including ORS-N. Among these products, it manufactures 39 products both from own Plant and Toll manufacturing to cater to the demand of Pharma Sales and Marketing.



During FY 2020-21, the ORS factory produced 94.38 crore sachets of ORSaline-N against the target of 90 crore sachets, which was 4.86% higher than the target, utilizing 100% of the production capacity. In FY 2021-22, the production target of ORS was enhanced to 100 crore sachets due to full swing operation of all 12 line production machines. Besides, the ORS factory also produced MoniMix 1 gm Micronutrient powder, Prazomax 20, Prazomax 40, Esomium 20 and Esomium 40 Capsule along with our sterling product ORS. Details are furnished in the table below:

Product	Total Target (Pcs/Sachets)	Total Achievement (Pcs/Sachets)	% of Achievement
MoniMix 1 gm Micronutrient Powder	37,500,000	38,612,430	102.97
Prazomax 20 mg Capsule	35,000,000	35,157,600	100.45
Prazomax 40 mg Capsule	2,500,000	2,498,130	99.93
Esomium 20 mg Capsule	10,208,279	10,195,310	99.87
Esomium 40 mg Capsule	1,250,000	1,239,600	99.17

In the Food Manufacturing Division (FMD) in FY 2020-2021, the production of instant powder drink such as Taste Me (in mango and orange flavors) in two variants along with Bolt (power drink) have surpassed its targeted production as tabulated hereunder:

Product	Total Target (in Million) Sachets	Total Achievement (in Million) Sachets	% of Achievement
TasteMe 25 g	44.12	44.56	100.99
TasteMe 200 g	3.77	3.78	100.26
Bolt 25g	12.60	13.01	103.25
Bolt 200g	1.17	1.173	100.25
Bolt 400g	0.539	0.546	101.30

The factory employed around 1,279 staff with a combination of full time, casual, contractual employees and daily labor.

### Manufacturing Capacity and Infrastructural Development

As a part of its continuous effort to increase the capacity building in line with its business strategy, the company has invested significantly in the infrastructural development of the Bhaluka factory with an amount of Tk. 16 (sixteen) crore during the period under review. The major activities done during the year is stated below:

- Erection of HVAC system in new modern Microbiological area is ongoing
- Commercial operation from 11th and 12th line OMAG Filling Sealing Machines started from October, 2020
- L/C of three (3) OMAG high speed Filling Sealing Machines as replacement of old three (3) Volpak completed
- Initiation process of establishment of own Laundry Plant is ongoing
- Procurement process of two (2) Double Cone Blenders along with modern vacuum conveying system is ongoing
- Establishment of modern kitchen facilities are ongoing
- Establishment of modern conference room is ongoing

- Expansion works of FMD in phase 1 completed
- Expansion works of FMD in phase 2 & 3 are ongoing
- Setting of own modern ETP is ongoing
- Commencement of commercial production of Esomium 20, Esomium 40 and Zifday Capsule started from own Plant

## Outsourcing

### Contract Manufacturing: Orsaline-N and SMC Zinc dispersible Tablet

SMC EL continued to contract manufacturing of its key products such as Orsaline-N, Entire Pill range along with its own manufacturing to cater to continuously increasing sales demand. In FY 2020-2021, SMC EL purchased around 450 million sachets of ORSaline-N from Renata Limited, Popular Pharmaceuticals Ltd, Essential Drugs Company Ltd and The ACME Laboratories. In the last fiscal year, 0.8 million Zinc Dispersible Tablet was also purchased from The ACME Laboratories Ltd.

### Pharma products through Toll manufacturing:

SMC EL has been marketing 32 products in different dosage under Toll manufacturing from Jenphar previously Julphar Bangladesh Ltd. The products which are at the developing stage at our own state of the art Product Development (PD) facility during the reporting period are stated below.

#### A) Under development stage:

Sl.	Product Name	Generic Name & Strength
1.	Vitamin A to Z, MultiVitamin and Multi Minerals Tablet	Multivitamin & Multimineral
2.	MMS Tablet	Multiple Micronutrient Supplement
3.	Vitamin D3 Chewable Tablet	Vitamin D <sub>3</sub> USP 1000 IU
4.	Vitamin D3 Tablet	Vitamin D <sub>3</sub> USP 2000 IU
5.	4 FDC	Rifampicin BP 150 + isoniazid BP 75 + pyrazinamide BP 400 mg + ethambutol HCl BP 275 mg
6.	2 FDC 300	Rifampicin BP 300 + isoniazid BP 150
7.	2 FDC 450	Rifampicin BP 450 + isoniazid BP 300
8.	Hand Rub Solution	Chlorhexidine Gluconate Solution BP
9.	L-Ornithine L-Asparate 3 g Sachet	L-Ornithine L- Asparate 3 g Sachet
10.	Monimix 1 gm power with Orange flavor	Iron as (Ferrous Fumarate) BP, 12.5 mg + Zinc Gluconate USP, 5 mg + Vitamin A Acetate USP 0.3 mg + Folic Acid USP,0.16 mg +Vitamin C (As ascorbic Acid) USP , 30 mg

#### B) Registration received from DGDA of new products:

Sl.	Brand Name/Generic Name	Generic Name & Strength
1.	Cefuroxime 500 Tablet	Cefuroxime USP 500 mg
2.	Cefuroxime 250 Tablet	Cefuroxime USP 250 mg

Sl.	Brand Name/Generic Name	Generic Name & Strength
3.	Fluconazole 50 Capsule	Fluconazole USP
4.	Fluconazole 150 Capsule	Fluconazole USP
5.	Zifday capsule	Carbonyl iron+folic acid + zinc
6.	Favimax 200 Tablet	Favifiravir INN 200 mg
7.	Hydroxyl Chloroquine Tablet	Hydroxyl Chloroquine 200mg

### C) Recipe submitted for Registration to DGDA:

Sl.	Brand Name/Generic Name	Generic Name & Strength
1.	2 FDC 300 Tablet	Rifampicin BP 300+ isoniazid BP 150
2.	4 FDC Tablet	Rifampicin BP 150+ isoniazid BP 75+ pyrazinamide BP 400 mg+ ethambutol HCl BP 275 mg
3.	2 FDC 450 Tablet	Rifampicin BP 450 + isoniazid BP 300
4.	A-Z Tablet	Multivitamin & Multimineral

### Health & Hygiene Factory located at Bauband, Cumilla

The Health & Hygiene Factory, located at Bauband, Cumilla is an ISO 9001:2015 certified company. It has a state-of-the-art production facility. The machines are highly sophisticated with full servo control facility. Currently, the factory is producing the following:

- Joya Sanitary Napkin Belt type
- Joya Sanitary Napkin Wings Type
- Smile Baby Diaper Belt Type
- Smile Baby Diaper Pant Type
- Smile Baby Wipes
- Smile Wet Wipes

Production is running 24 hours in three shifts to satisfy increasing sales demand. The production growth of Sanitary Napkin belt machine is 80.19%, one new machine has been installed, commissioning completed and commercial production started on January, 2021. Further, one Baby Diaper machine pant type has been installed on June 2021. In the first phase of the expansion project unit-2, production building, Ground Floor, service and office building of the first floor has been completed. This factory employs 402 employees of permanent, contractual and daily basis categories. The production and the capacity utilization during the period under review is exhibited below:



Production Target Vs Achievement FY 2020-21				
Sl. No.	Product Type	Target (million Pkt)	Achievement (million Pkt)	Achievement (%)
1	Joya Sanitary Napkin (Belt type)	23.31	24.26	104.08%
2	Joya Sanitary Napkin (Wings type)	6.81	7.21	105.87%
3	Smile Baby Diaper (Belt Type)	2.00	2.09	104.50%
4	Smile Baby Diaper (Pant Type)	1.66	1.67	100.60%

Health & Hygiene (H&H) factory has received BSTI CM License (BDS-1261:2019) for the Sanitary Napkin Pad on September 2, 2020.

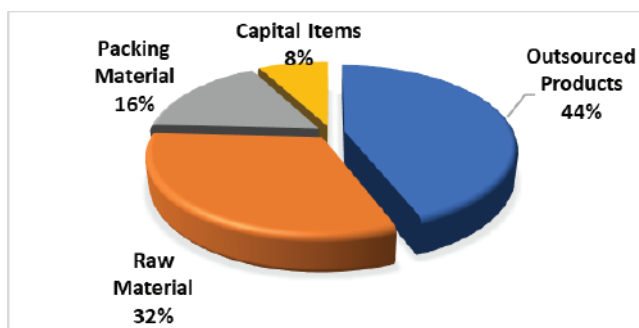
### Manufacturing Capacity and Infrastructural Development

As the sales demand is increasing to meet the business goal, the company has invested a significant amount of Tk. 19 crore in its H&H Factory to develop its manufacturing capacity and infrastructure. The major developments are given below:

- Baby Diaper Pant type machine has been installed on June, 2021 to meet the market demand in Expansion project Unit-2.
- Procurement of two new Sanitary Napkin Belt type machines is in the pipeline and is expected to start commercial production by December 2021 and will be installed in expansion project Unit-2.
- Vertical expansion of Production, Service and Office building of unit-2 is ongoing to accommodate the upcoming machines and necessary facilities to meet the growing sales demand.
- Change room facilities for the increased workforce started on January, 2020.
- New canteen for employees which can serve 100 people in a batch has become operational in January, 2020.
- In line with Factory Growth, capacity expansion of firefighting system work is ongoing to ensure the fire safety of the factory.

### Commodity Procurement

The Supply Chain Management [SCM] Division of SMC Enterprise Limited is responsible for the procurement of all goods, works and services required by the company in compliance with standard procurement policy guidelines. The procurement manual of SMC EL aims to procure goods, works and services at competitive prices at appropriate quality through fair competition and transparent practices as outlined in the Procurement Manual. During FY 2020-21, SMC EL procured commodity, packaging and raw materials worth Tk. 555.92 (five hundred and fifty five point nine two) crore and capital items worth Tk. 47.27 (forty seven point two seven) crore with a combined procurement value of Tk. 603.19 (six hundred and three point one nine) crore. A breakdown of the value by major items procured is shown in the pie chart and the table below:



Items	Purchase Value (Crore Taka)
Condom	56.67
Pills	91.82
ORS -N	105.06
All other Finished Goods	12.08
Raw Material of ORSaline-N, H&H, FMD & Pharma	191.61
Packing Materials including Foil	98.68
Sub-total:	555.92
Land and Building	2.05

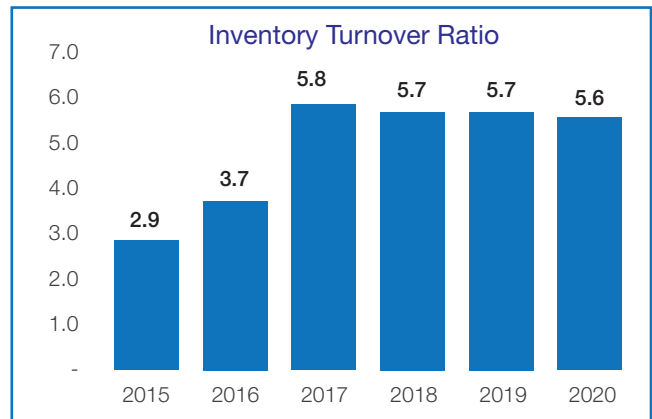
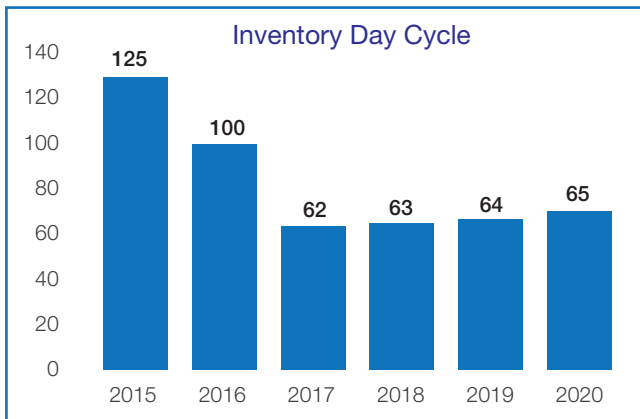


Items	Purchase Value (Crore Taka)
Capital Items	-
Furnitures & Fittings	3.01
Machinery and Equipment	18.49
Vehicle	0.57
Intangible Assets	0.44
Right of Use Assets	21.79
Others	0.92
Sub-total:	47.27
<b>Grand Total</b>	<b>603.19</b>

## Efficiency in inventory management

**Inventory day cycle** indicates the liquidity of the inventory, the figure represents the average time in days that a company takes to turn its inventory into sales. The lower day cycle implies a faster sale, higher liquidity of current assets and lesser investment in working capital. The graph "A" below represents that from 2017 SMC EL is consistently managing its inventory between 60 to 65 days which is so far so good than that of the industry average of maintaining 110 days of inventory. By managing inventory to this level, approximately Tk. 87 (eighty seven) million lesser investment is needed in working capital compared to industry practice.

**Inventory turnover ratio** indicates how many times a company has sold and replaced inventory during a given period. Graph "B" shows that from 2017, SMC EL is very consistently converting its inventory into sales. Around six times each year, SMC EL sold its inventory which is far better than that of the industry average of 3.3 times yearly. The continuous reduction and maintenance of the high standard inventory day cycles and turn over ratios saved a significant amount of money.



## Unlocking savings opportunity from customs clearance

Widespread challenges in getting the shipment on time, vessel unavailability, congestions at Port and Irregularity of Govt Officials at Customs due to Covid and geopolitical uncertainty meant that the global business environment remained challenging in 2020-21. A number of key markets fueled by supply shortage, while input costs rose steadily on the back of escalating import cost.

Against this backdrop, the main initiatives which helped the commercial sector to focus the target line.

## Winning through continuous improvement:

- **ENGAGING STAKEHOLDERS** - We have many interactions with our stakeholders on a daily basis.
- **SUPPLIERS** - Our supply chain is very diverse and highly dynamic as we respond to changing market volatility. Our suppliers help us meet our needs by innovating, creating capacity and delivering quality materials and services for our products. We work with a large range of suppliers.
- **Managing the total Clearing Process:** Our initiative convinces customs to avoid the 100% examination in most of our regular products consignments considering the brand image of SMC & our contribution to society helped us immensely to save the time & cost of clearing.
- **Process Transformation:** Heading towards the digitalization of the LC process & duty payment makes a landmark change in supply chain process which helps to achieve the goal.

	2019-20	2020-21	Savings	% Improved
<b>Improving Port &amp; Shipping Charge</b> <b>Target:</b> By saving almost 37% of Port & Shipping Charges which directly contributes to COGS	BDT 19.70 Million	BDT 12.40 Million	BDT 7.3 Million	37%
<b>Improving Clearing Lead Time</b> <b>Target:</b> By minimizing the clearing lead time of 4 days which directly contributes of Production Fit, Proper Ytilization of WH Spaces & Product Availability to Market & saves Yearly 48 days WH cost which equivalets to BDT 3.1 Millions	11-14 days	7-9 days	BDT 3.1 Million	36%
<b>Total Savings in the FY 2020-21</b>			<b>BDT 10.4 Millions</b>	

### Key Notes:

Partner to Win Approach: We believe that our approach to building long-term relationships with selected key partners has helped us in achieving mutual growth. It focuses on five key areas: quality and service, innovation, value, sustainability and capacity & capability.

## Appointment of Statutory Auditors

In accordance with clause 113 of the Articles of Association and the provisions of section 210-213 of the Companies Act 1994, the statutory auditors of the company, M/s. MABS & J Partners, Chartered Accountants, shall retire in the 7th AGM. The firm, being eligible, has expressed its willingness to be re-appointed for FY 2021-2022 and requested us to consider a reasonable enhancement on the existing audit fee in the context of present cost of living followed by inflationary effect from year to year. The existing audit fee is Tk. 415,000 (four hundred and fifteen thousand) exclusive of VAT. The Board recommended their reappointment for the period FY 2021-2022 with an audit fee of Tk. 500,000 and to continue till the next AGM. The resolution to reappoint M/s. MABS & J Partners, Chartered Accountants, as auditors will be placed at the forthcoming Annual General Meeting of the company.

## Governance

SMC EL is committed to ensure the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency, and accountability. The Board and the Management put in their best efforts to comply with all the laws of the country and all internal regulations, policies and procedures to make SMC EL a transparent Company. The Board continues to monitor and review the Corporate Governance practices of the Company and makes necessary changes as appropriate.

At SMC EL, all actions are always governed by the values and principles of the Company, which are reinforced at all levels to ensure sustainable success. The Directors' Report of the Company was prepared in compliance with section 184(1) of the Companies Act 1994. SMC EL has adequate system of internal control in place where the Board is assisted in its overseeing role by strong independent Board Sub-committees who are jointly and or severally serving both the companies.

## The Board and its composition

The Directors of the Board are appointed by the company members at the Annual General Meeting (AGM) and are accountable to the members. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the financial position and ensure that its activities, accounts and asset management are subject to adequate monitoring and control. The Board also ensures that the Policies & Procedures and Code of Conduct of the Company are understood, implemented and maintained at all levels and the Company adheres to the generally accepted principles for good governance and effective control activities of Company.

At the date of this Annual Report, the SMC EL Board is comprised of nine Directors. The Directors provide independent judgment and advice on issues relating to the strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management processes of the Company, with the interests of the company being the utmost important factor.

### Board meeting and attendance

The Articles of Association (“AoA”) of the Company requires the Board to meet at least four times in a year with once in every quarter. The Board accordingly met six times during the financial year 2020-21. The notice of each Board Meeting is served in writing ahead of the meeting. The composition of the Board during FY 2020-21 was as follows:

Sl.	Name of Directors	Designation	Board Meetings Attended
1.	Mr. Siddiqur Rahman Choudhury	Chairman	6
2.	Mr. Muhammed Ali	Director	6
3.	Mr. Md. Siddique Ullah	Director	6
4.	Mr. Aftab ul Islam FCA	Director	6
5.	Mr. Waliul Islam	Director	6
6.	Dr. Jahir Uddin Ahmed	Director	6
7.	Mr. Muhammed Farhad Hussain FCA	Director	6
8.	Mr. Md. Ali Reza Khan	Director	6
9.	Mr. Abdul Haque	Ex-officio Director	6

### Board Sub-committees

The Board constituted four Sub-committees, viz: Audit Committee (Joint); Personnel Policy and Administrative Matters (Joint); Procurement Committee, Setting up the SMC EL Pharma Factory to assist the Board in the discharge of its responsibilities. Each Committee operates in accordance with the Charter/Terms of Reference (ToR) approved by the Board. The Board delegated certain responsibilities to the Sub-committees. The Board Sub-committees meet as and when required and, in their meetings, make deliberation on the issues relating to their respective areas and make recommendations to the Board:

#### Audit Committee

The Audit Committee of SMC, being one of its prime joint Board Sub-committees, assists the Board in discharging its governance responsibilities. The Committee plays a key role in the governance of the financial reporting of the Company, risk management, control and assurance processes of the Company and the External Audit for both holding (SMC) and subsidiary company (SMC EL).

The Audit Committee of SMC comprises the following Board members:

1.	<b>Mr. Siddiqur Rahman Choudhury</b>	<b>Chairman</b>
2.	<b>Mr. Muhammed Ali</b>	<b>Member</b>
3.	<b>Mr. Waliul Islam</b>	<b>Member</b>
4.	<b>Mr. Aftab ul Islam FCA</b>	<b>Member</b>
5.	<b>Mr. Muhammed Farhad Hussain FCA</b>	<b>Member</b>

The Audit Committee held six meetings during the period 2020-21. The Managing Director & CEO, SMC; Managing Director, SMC EL; Chief Financial Officers of both SMC & SMC EL; Company Secretary, and the Head of Internal Audit were the permanent invitees to the Audit Committee meetings. Relevant heads of divisions/departments and the other members of the Management and the internal audit team also attended the meetings on occasions, as and when required.

### **Management Team/Committee**

The Management Team, headed by the Managing Director, is responsible for managing and running the affairs of the Company. Currently the team comprises of the DMD-Operations; Chief Financial Officer; GM, HR & Administration; GM, Consumer Marketing; GM, Supply Chain Management; Addl. GM, Sales and Head of Sales & Marketing, Pharma. The Management Team works to achieve the strategic goals and mission of the Company set by the Board of Directors. In discharging its assigned responsibilities, the management committee meets as and when required by the Managing Director of the company.

### **Control Environment of SMC EL**

In implementing and ensuring good governance in SMC EL, the Board and the Management Team ensure the following:

#### **Internal Control**

The company has an extensive system of internal controls; ensuring optimal utilization and protection of resources and for the prevention and detection of irregularities and fraud. However, it is an ongoing process to modify and improve the internal controls and of monitoring compliance with financial and administrative practices and procedures as laid down in applicable laws, policies, rules and regulations. The Board has approved an organogram ensuring clear lines of delegation of authority and reporting for accountability of the management and non-management staff all the way down to the line and for effective decision making. Evaluation of performance is being done on the basis of clearly set measurable goals and through objective assessment of their achievements.

#### **Financial Reporting**

SMC EL has strong financial reporting procedures. Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. All the financial transactions are recorded in the "Dream Apps" software, accounting and reporting systems. Financial reports extracted from the system are then used to produce the financial statements. These financial statements, once prepared, are reviewed initially by the CFO and the MD respectively and then by the Board Audit Committee on a quarterly basis. The annual audit is conducted by the external auditors, who are recommended by the Board of Directors followed by the Shareholders' approval in the Annual General Meeting.

In order to ensure data integrity and reliability, the company follows a robust MIS with a focus on establishing technology driven process coupled with high level of data security with a view to ensuring data accuracy and reliability.

#### **Statutory Audit**

Auditing of the Company is governed by the Companies Act, 1994 and conducted in accordance with International Standards on Auditing (ISA). As per these regulations, auditors are appointed by Shareholders at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM.

Appropriate structure is in place as per Corporate Governance best practices to ensure their independence. Statutory auditors cannot be appointed for a consecutive period exceeding three years in compliance with the order of Bangladesh Securities and Exchange Commission (BSEC).

The Board Audit Committee reviews the Financial Statements before submission to the Board of Directors for approval. Auditors also have access to the Board Audit Committee and the Board for communication on any issues.

### Internal Audit

Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes. A 10-member Internal Audit department of the Company headed by the Head of Internal Audit has been conducting audit covering all areas of operation with a view to ensuring effective internal control within the organization in line with the internal audit charter and internal audit manual as approved by Board.

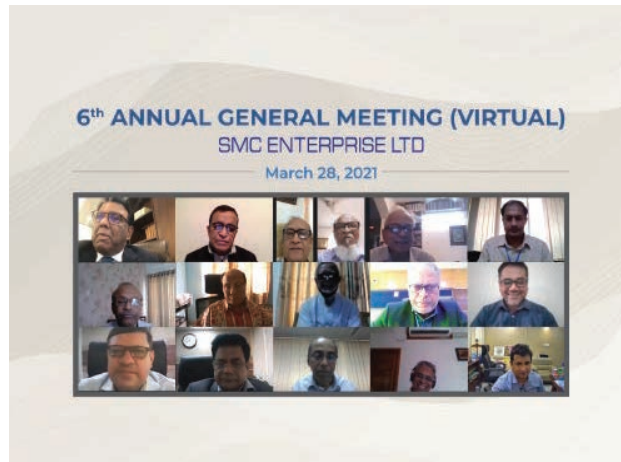
In order to ensure organizational independence of Internal Audit, the Head of Internal Audit reports functionally to the Board Audit Committee and administratively to the MD & CEO, SMC. It checks for compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance and further improvement.

Audits are carried out in the head office, factories, regional offices, area offices, central ware house of the companies. The frequency of the audit is determined by the level of risk assessed by the audit department in order to provide an independent and objective report on operational and management activities. A risk-based annual audit planning process is in place, which takes into consideration the strategic imperatives and risks surrounding SMC while considering pervasive needs of the audit.

The annual audit plan is reviewed and approved by the 'Audit Committee' and the key findings of the audits are reviewed by audit committee at their periodic meetings.

### Annual General Meeting

SMC EL held its 6<sup>th</sup> Annual General Meeting (AGM) on March 28, 2021 by using digital platform. The AGM received, adopted and ratified the Directors' Report and the Auditors' Report for the Financial Year 2019-2020 and appointed auditors M/s. MABS & J Chartered Accountants for the Financial Year 2020-2021. Mr. Siddiqur Rahman Choudhury, Chairman of the Board of Directors of SMC EL, presided over the meeting. Board Directors, Managing Director of SMC EL along with senior members of the management of the company were present at the meeting. The 6<sup>th</sup> AGM of the company was held in compliance with the Companies Act 1994 where 50% dividend amounting to Tk. five crore was declared and disbursed subsequently from the profit of the company's sixth year of operations.



### ICT related activities

The ICT Division of the company has always given priority on business automation to facilitate the decision-making process and carrying out the required activities. Introduction of new and innovative technologies in the business processes have enhanced the operational excellence of the company. The following major projects/tasks have successfully been completed in FY 2020-2021:

- Prepared a comprehensive and standard Information and Communication Technology (ICT) Manual which has covered the overall ICT operations, services, governance & security, systems & infrastructure management, service continuity management, ICT training, etc. The draft manual has been reviewed by the relevant management officials and Board members before being approved by the Board.

- Developed and implemented the smart phone-based sales system, e-DMS for the operation of Distribution sales. The new system has ensured live data for generating the order memo directly by the Sales Representatives (SR) in the field operation.
- Re-structured the Head Office server room to a state-of-the-art Data Center through establishing the Fire proof door, fireproof brick wall, electronic access control, surveillance system, standard cable management, fire suppression system, standard power system, etc. This Data Center is now more robust and secured which will ensure the ICT services remain smooth and uninterrupted. It ensures redundant and dual-powered servers, and network links. Other IT components are powered with multiple, active and independent sources of power and cooling resources. With the redundant and active power supply, there is minimal unplanned downtime.
- Introduced an Environment Monitoring System (EMS) to monitor and manage data center environmental and security conditions over IP Network. It will provide early warnings before critical events turn or any disaster happens. The EMS facilitates to monitor critical environmental conditions, such as temperature, humidity, power and smoke, etc.
- Developed a robust ICT items inventory management and equipment tracking system which facilitates to manage the ICT items and maintain the log and history of a particular device or equipment.
- Restructured the data backup and restoration management as part of Data Disaster Recovery (DR) which would protect the individual user's data of the management employees for home and office.
- Conducted a study by the ICT team to explore a suitable solution for the automation of the cash management part of Direct Sales which would enable to receive the cash from the potential outlets through online. The proposed solution will be initially considered for the potential top outlets to be implemented in FY 2021-2022 through developing a complete solution including mobile apps and web application.
- Covered more areas for enhancing the security of the offices through installing 36 surveillance cameras in the Head Office, Factories, Sales Area Offices, SMC Clinic & Pharmacy and Regional offices.
- Customized the SMC DSS system – Supply Chain operations to make sure the operation is based on the electronic transactions with facilitating the options of online approval which has created a significant value during the pandemic to complete the procurement process through online. The overall business processes of requisition to the payment has been automated and integrated. So, all the procurement processes can be performed by the employees of SMC and SMC EL through working from home.
- Customized the Human Resources Information System (HRIS) – Key Performance Index (KPI) and Performance Appraisal Modules to ensure the operation is based on the online which has created a remarkable value during the pandemic to run the operation uninterrupted and smooth.
- Organized and conducted various training programs pertinent to the innovation and technology. The topics were “Proper Email Management & Etiquette”, “Virtual Meeting Management”, “Data Backup & Security” and new software orientation programs.

## Human Resource Management

SMC Enterprise Limited established peaceful, healthy and friendly work environment for all of its employees. Its strong corporate culture ensures good governance as well as the achievement of its business goals. The Human Resource Division has a standard set of policies and practices for talent management, compensation & benefits, learning & development, performance & reward management etc. for ensuring effective and efficient human resources. The Company tries to involve every member to contribute the growth momentum of the organization.

During the reporting period, SMC EL had 1,342 employees comprising of 777 management staff and 565 graded staff.



## Manpower Details

Location	2020 – 2021		
	Male	Female	Total
Head Office	78	16	94
Bhaluka Factory	427	59	486
Cumilla Factory	90	11	101
Sales (RO & AO)	383	03	386
Pharma (Field Force)	274	01	275
<b>Total</b>	<b>1,252</b>	<b>90</b>	<b>1,342</b>

Employee Type	Grade	Gender	Number	Total
Permanent	Management	Male	749	773
		Female	24	
	Graded	Male	405	471
		Female	66	
Contractual	Management	Male	04	04
		Female	00	
	Graded	Male	91	94
		Female	03	
<b>Total</b>				<b>1,342</b>

Employee Type	Grade	Gender	Number	Total
Casual	Graded	Male	136	138
		Female	02	
Daily Basis (Own Sourced)	Graded	Male	40	265
		Female	225	
Contractual	Graded	Male	650	650
		Female	00	
<b>Total</b>				<b>1,053</b>

New Hires			
Area	Management	Graded	Total
<b>Sales</b>	46	02	48
<b>Factory</b>	19	56	75
<b>Pharma Sales</b>	102	00	102
<b>Head Office</b>	09	02	11
<b>Total</b>	<b>176</b>	<b>60</b>	<b>236</b>

Promotion		Up-gradation	
Management	39	Management	25
Graded	08	Graded	82
<b>Total</b>	<b>47</b>	<b>Total</b>	<b>107</b>

## Capacity Building

During the ongoing pandemic, SMC EL continued to build organizational capacity and provided various training to its employees to drive productivity, efficiency, and job satisfaction. Considering the situation, both virtual and direct media were used for providing training. The details are as below:

Training Name	Participants
Art of Efficient Pharmaceutical Sales	230
Pharmaceutical Sales Leadership	49
Management Acceleration Program	72
Kaizen for Area Office	285
Income Tax , VAT & Customs	08
Project Management	09
Contemporary Supply Chain & Logistics Management	21
Disciplinary Action & Domestic Enquiry	25
Others	07
<b>Total</b>	<b>706</b>

### Major Initiatives of Employee Engagement (special arrangements)

1. Women's Day Celebration
2. Special Meal (Instead of Annual Picnic)
3. Award of Excellence

## Industrial Relations

Healthy relationship is necessary for both employers and employees to safeguard the interests of both parties and for the continuous growth of business. The twofold objectives of good industrial relations are to preserve industrial peace and to secure industrial operations. SMC EL has two labor unions. A peaceful CBA election was held on 9th December, 2020 while maintaining compliance with the pandemic and other related regulations of the Government. As per the practice, the newly elected CBA submitted their Charter of Demands on December 28, 2020. To settle the Charter of Demands, Management and CBA met in several sessions and reached a consensus. They also sit periodically and as and when required to settle on industrial disputes arising within the organization which are mutually agreed.

## Future outlook

SMC EL has been maintaining the growth aligning itself with its long-term business strategy to continue to grow faster than the industry growth doubling the size of the business in every four to five years in line with its vision and mission. The pre-requisites behind this is to ensure appropriate investments behind the key brands, launching consumer preferred new products, and to diversify in the new markets commensurate with the expansion of the sales distribution network.

In line with the strategy, we note with satisfaction that in the last fiscal year (2020-2021), SMC EL has been able to attain the milestone by crossing Tk. 1,000 (one thousand) crore revenue for the first time, despite the ongoing pandemic. It may be further noted that since its inception, SMC EL has been maintaining a consistent dividend policy, providing dividend to SMC, thereby sustaining the own funded programmatic activities of SMC.

In line with the overall business strategy, a number of new products will be launched in FY 2021-22 along with necessary investment for the enhancement of the capacity of the factories. The major highlights of the strategies of the Company are:

- Strengthening new products (SMC Plus, Super kid, Germ Kill, Petroleum jelly, SmartPill and SmartPill Lite, Taste Ne 1 Kg Jar, Panther Banana & Sensation Cofee- Condom, Joya Wings 5 pads pack) by investing in media to build strong brand equity and to introduce new products as befitting under the current situation.
- Strengthening and popularizing the family planning device with specific focus in condom.
- Establishing expansion of Food Manufacturing Division (FMD) along with Central ETP plant at the premises of Bhaluka Factory.
- Vertical expansion of H&H Factory, Cumilla and expansion of ORS production facilities in a new location at Bhawanipur, Gazipur.
- Evaluate buy vs. construction of Pharma factory since Pharma business has now gained the critical mass.
- Continue the expansion of distribution network in terms of Pharma outlet coverage and household outlet coverage.

To achieve the sales growth, SMC EL will continue to expand its distribution network in all relevant areas, invest in increasing production capacity for its key products and generate significant business through contract/toll manufacturing while maintaining a profitable and healthy balance between in-house and contract manufacturing.

The company will also strengthen its Top-Of-Mind media presence in line with sales growth to build brand equity and demand generation as a part of continuous strategic growth. I am pleased to inform you that SMC EL is currently managing a large portfolio of products having 70+ SKUs' apart from Pharma.

In order to reduce the dependence on a single product, namely, ORSaline, SMC EL will continue to introduce consumer preferred products in the years to come

The Board is happy to mention that our pharmaceutical business is growing fast (43% growth) and will continue the growth momentum in the coming years. In line with our continuous efforts, we are adding appropriate new products, expanding our doctors' and chemists' coverage with a focus to generate prescriptions.

The key focus area that we are concentrating in FY 2021-22 are:

- Launching of Anticancer and Antiviral products. Also, to launch Vitamin A-Z, Vitamin- C, Vitamin- D, Antifungal and injectable products.

Considering all future production facilities of the company, a concept layout plan was drawn for both the lands situated at Bhawanipur, Gazipur where an 18 bigha plot of land is proposed for the development of production facilities for FMCG (Fast - Moving Consumer Goods) and a 32 bigha plot of land is proposed for the development of production facilities of Pharma products including ORSaline.

Continuous investment is going on in the field of the development of our employees through capacity building, job enhancement, relocation (where appropriate), and continuous improvement through training.

SMC EL believes in developing people as a driver of growth and to ensure healthy, congenial safe working environment. The Company will also continue to build the skills of the graded workforce to drive productivity, efficiency and job satisfaction.

## Acknowledgements

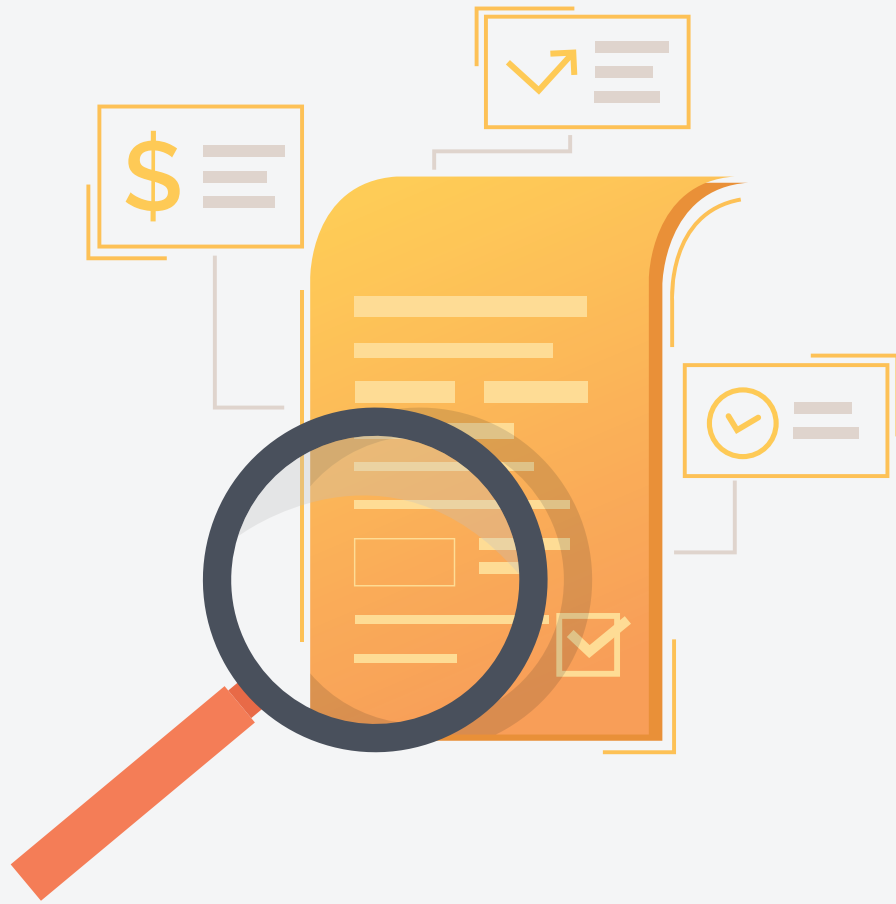
The Board records with deep appreciation the contribution, hard work and commitment made by the management and all the employees of SMC EL and its stakeholders for achieving significant growth in sales and profit under difficult conditions that we are passing through. The Board would also like to thank the shareholders of the Company for their valuable contribution and guidance for making this commendable performance possible and to make 2021 another year of success for the company.

For and on behalf of the Board of Directors,

A handwritten signature in black ink, appearing to be 'Waliul Islam', written in a cursive style. The signature is positioned above a horizontal line that serves as a baseline for the text below.

**Waliul Islam**

Chairman, Board of Directors  
Social Marketing Company



# Auditors' Report and Financial Statement - SMC EL

**Independent Auditor's Report  
To the Shareholders  
Of  
SMC Enterprise Limited**

**Opinion**

We have audited the accompanying financial statements of SMC Enterprise Limited, which comprise the statement of financial position as at 30 June 2021, 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 a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, or give a true and fair view of the financial position of SMC Enterprise Limited, as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), comply with the Companies Act 1994, and other applicable Laws and Regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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's 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 audit findings, including any deficiencies in internal control that we identify during our audit.



## Report on Other Legal and Regulatory Requirements

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

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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;
- 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.

**Dhaka, Bangladesh**  
**Dated: 13 December 2021**

**Signed for & on behalf of**  
**MABS & J Partners**  
Chartered Accountants



**C R Mazumder FCA**  
**Managing Partner**  
**ICAB Enrollment No: 178**  
**DVC No.: 2201100178AS838743**



**SMC Enterprise Limited**  
**Statement of Financial Position**  
As at 30 June 2021

Particulars	Notes	30- June-2021	30- June-2020
		BDT	BDT
<b>Assets</b>			
<b>Non-current assets</b>		<b>2,527,907,992</b>	<b>2,209,086,729</b>
Property, plant and equipment	4	2,034,848,838	1,988,842,952
Intangible assets	4	7,981,162	6,018,196
Right of use (ROU) assets	4	323,070,463	167,603,854
Capital work-in-progress	5	162,007,528	46,621,727
<b>Current assets</b>		<b>4,664,722,859</b>	<b>3,529,651,191</b>
Inventories	6	1,640,495,349	993,678,300
Accounts receivable	7	30,873,739	33,559,800
Other receivables	8	70,795,853	224,119,201
Advance, security deposit and prepayment	9	1,087,276,308	830,878,808
Investment in FDRs	10	1,149,889,212	519,511,686
Cash and bank balances	11	685,392,398	927,903,396
<b>Total assets</b>		<b>7,192,630,850</b>	<b>5,738,737,921</b>
<b>Equity and liabilities</b>			
<b>Capital and equity</b>		<b>4,314,562,983</b>	<b>3,297,139,462</b>
Share capital	12	390,000,000	100,000,000
Retained earnings	13	3,924,562,983	2,907,139,462
Vendor's account -SMC (potential shares)	14	-	290,000,000
<b>Non-current liabilities</b>		<b>688,353,295</b>	<b>571,123,871</b>
Lease Liabilities (After current portion)	15	578,248,185	474,126,095
Payable for gratuity	16	81,740,278	56,698,416
Deferred tax liability	17	28,364,833	40,299,361
<b>Current liabilities</b>		<b>2,189,714,571</b>	<b>1,870,474,588</b>
Lease Liabilities (Current portion)	15	80,947,852	39,732,141
Security deposits	18	13,186,046	11,765,569
Accounts payable	19	879,122,058	886,995,806
Other payables	20	321,541,931	268,076,510
Provision for WPPF & WF	21	80,617,856	66,670,548
Provision for Income Tax	22	814,298,828	597,234,015
<b>Total equity and liabilities</b>		<b>7,192,630,850</b>	<b>5,738,737,921</b>

This Financial Statement should be read in conjunction with annexed notes.

  
**Abul Bashir Khan, FCMA**  
Chief Financial Officer

  
**Abdul Haque**  
Managing Director

  
**Waliul Islam**  
Chairman

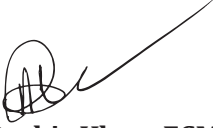
Place: Dhaka  
Dated: 13 December 2021

  
**MABS & JPartners**  
**Chartered Accountants**  
Signed By: C R Mazumder FCA  
Managing Partner  
Enrollment No.: 178  
DVC: 2201100178AS838743


**SMC Enterprise Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2021

Particulars	Notes	2020-2021	2019-2020
		BDT	BDT
Net revenue	23	9,228,473,314	7,972,333,824
Cost of goods sold	24	(5,685,488,727)	(4,853,376,213)
<b>Gross profit</b>		<b>3,542,984,587</b>	<b>3,118,957,612</b>
<b>Operating expenses</b>		<b>(1,984,524,028)</b>	<b>(1,806,569,765)</b>
Administrative expenses	25	(967,513,764)	(838,533,197)
Selling & marketing expenses	26	(1,017,010,264)	(968,036,568)
<b>Gross operating profit for the year</b>		<b>1,558,460,559</b>	<b>1,312,387,847</b>
Finance expenses	27	(3,550,939)	(5,425,535)
<b>Net operating profit for the year</b>		<b>1,554,909,620</b>	<b>1,306,962,312</b>
Other income	28	57,447,491	26,448,638
<b>Profit before WPPF &amp; WF for the year</b>		<b>1,612,357,111</b>	<b>1,333,410,949</b>
Provision for contribution to WPPF & WF		(80,617,856)	(66,670,547)
<b>Profit before tax for the year</b>		<b>1,531,739,255</b>	<b>1,266,740,402</b>
Income tax expense		(464,315,734)	(414,199,308)
Current tax expense		(476,250,262)	(429,468,728)
Deferred tax Income/(expense)	17	11,934,528	15,269,419
<b>Total comprehensive income</b>		<b>1,067,423,521</b>	<b>852,541,094</b>

This Financial Statement should be read in conjunction with annexed notes.

  
**Abul Bashir Khan, FCMA**  
**Chief Financial Officer**

  
**Abdul Haque**  
**Managing Director**

  
**Waliul Islam**  
**Chairman**

Place: Dhaka  
Dated: 13 December 2021

  
**MABS & J Partners**  
**Chartered Accountants**  
Signed By: C R Mazumder FCA  
Managing Partner  
Enrollment No.: 178  
DVC: 2201100178AS838743

**SMC Enterprise Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

(Amount in BDT.)

Particulars	Share Capital	Retained Earnings	Vendor's Account-SMC (Potential Shares)	Total Equity
Opening balance	100,000,000	2,907,139,462	290,000,000	3,297,139,462
Add: Alloted new shares on August 16, 2020	290,000,000	-	(290,000,000)	-
Net Profit for the year	-	1,067,423,521	-	1,067,423,521
Cash Dividend paid for the year 2019-20	-	(50,000,000)	-	(50,000,000)
<b>Balance as at 30 June 2021</b>	<b>390,000,000</b>	<b>3,924,562,983</b>	<b>-</b>	<b>4,314,562,983</b>

Particulars	Share Capital	Retained Earnings	Vendor's Account-SMC (Potential Shares)	Total Equity
Opening balance	100,000,000	2,089,598,368	290,000,000	2,479,598,368
Net Profit for the year	-	852,541,094	-	852,541,094
Cash Dividend paid for the year 2018-2019	-	(35,000,000)	-	(35,000,000)
<b>Balance as at 30 June 2020</b>	<b>100,000,000</b>	<b>2,907,139,462</b>	<b>290,000,000</b>	<b>3,297,139,462</b>



Abul Bashir Khan, FCMA  
Chief Financial Officer



Abdul Haque  
Managing Director



Waliul Islam  
Chairman

Place: Dhaka

Dated: 13 December 2021

**SMC Enterprise Limited**  
**Statement of Cash Flows**  
For the year ended 30 June 2021

Particulars	2020-2021	2019-2020
	BDT	BDT
<b>A. Cash flows from operating activities</b>		
<b>Net profit before interest and taxes</b>	1,535,290,194	1,272,165,937
Item not involving in movement of cash:		
Depreciation on property, plant and equipment	267,998,553	233,520,270
	<b>1,803,288,748</b>	<b>1,505,686,207</b>
<b>Changes in working capital/Non Operating/ Non Cash Items</b>		
(Increase)/Decrease in advances, deposit and prepayments	(256,397,501)	(194,790,099)
(Increase) in inventories	(646,817,049)	(102,050,500)
Decrease/(Increase) in accounts receivables	2,686,061	(22,471,654)
Decrease/(Increase) in other receivables	153,323,348	(4,916,452)
Increase in provision for WPPF	13,947,308	21,968,075
(Decrease)/Increase in provision for gratuity	25,041,862	33,111,022
(Decrease)/Increase in other payable	53,465,422	110,131,456
Increase/(Decrease) in security deposits	1,420,477	2,195,860
Increase/(Decrease) in accounts payables	(7,873,749)	348,125,139
Increase of Lease Liability	145,337,801	158,764,289
Payment of Finance Expenses	(3,550,939)	-
Adjustment of income tax	(259,185,449)	(232,669,347)
	<b>(778,602,406)</b>	<b>117,397,788</b>
<b>Net cash flow from operating activities</b>	<b>1,024,686,342</b>	<b>1,623,083,995</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(230,421,042)	(240,621,223)
Addition of ROU Assets	(217,961,484)	(194,937,141)
Disposal of Fixed Assets	1,264,508	153,429
Addition of capital work-in-progress	(139,701,797)	(36,953,366)
Encashment of FDR	50,000,000	50,000,000
Investment in FDR	(680,377,525)	(457,942,593)
<b>Net cash used in investing activities</b>	<b>(1,217,197,341)</b>	<b>(880,300,894)</b>
<b>C. Cash flows from financing activities</b>		
Payments as per vendor's agreement	-	(100,000,000)
Dividend Paid	(50,000,000)	(35,000,000)
<b>Net cash used in financing activities</b>	<b>(50,000,000)</b>	<b>(135,000,000)</b>
<b>Net increase/(decrease) cash and bank balances(A+B+C)</b>	<b>(242,510,998)</b>	<b>607,783,101</b>
Cash and bank balances at beginning of the year	927,903,396	320,120,295
<b>Cash and bank balances at end of the year</b>	<b>685,392,398</b>	<b>927,903,396</b>

  
**Abul Bashir Khan, FCMA**  
Chief Financial Officer

  
**Abdul Haque**  
Managing Director

  
**Waliul Islam**  
Chairman

Place: Dhaka

Dated: 13 December 2021



**SMC Enterprise Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**1. Background and business activities of the Company**

**1.1 Company Profile**

SMC Enterprise Limited ("SMC EL" or "the Company"), a private company limited by shares was incorporated in Bangladesh bearing Registration No. C-118753/14, dated 20 October, 2014 under the Companies Act, 1994. Registered address of the company is SMC Tower, 33 Banani Commercial Area, Dhaka 1213. The Company obtained registration from the Bangladesh Investment Development Authority (BIDA), Government of Bangladesh under Registration No. L-30031503052-H, dated 16 March, 2015. Commercial operation started from 1 January 2015.

A vendor's agreement has been executed between Social Marketing Company (Vendor) and SMC Enterprise Limited (Vendee) on 01 January 2015 to acquire and take over the business of manufacturing, trading and other commercial operations of Social Marketing Company. Social Marketing Company has authorized SMC Enterprise Limited at the board meeting held on 22 December 2014 to receive the scheduled property and stock at their net book value of Tk 1,480,556,533 as certified by MABS & J Partners, Chartered Accountants. An addendum was incorporated in the vendor's agreement dated 03 May 2017 as per board decision. The consideration for such transactions is to be revised and settled in the following manner:

<u>Particulars</u>	<u>BDT.</u>
a) Total Consideration	1,480,556,533
Less: Adjustment against excess valuation of property & stock	40,652,052
Total consideration after adjustment	<u>1,439,904,481</u>
Less: Cash payment made upto 30 June 2020	950,000,000
Less: Shares issued till 30 June 2020	100,000,000
Outstanding amount to be paid:	<u>389,904,481</u>
b) Due amount to be paid in Cash	
30 March 2020	50,000,000
30 September 2020	50,000,000
31 December 2020	49,904,481
	<u>149,904,481</u>
Adjusted with Lease agreement made on 25 June 2020	0
	<u>149,904,481</u>
Adjusted with land sold by SMC	0
<b>Total cash consideration to be paid</b>	<u><b>149,904,481.00</b></u>
c) Shares to be issued in phases	290,000,000
29,00,000 new shares allotted on August 16,2020	<u>(290,000,000)</u>
<b>Outstanding shares to be issued</b>	<u><b>-</b></u>
New shares allotted on August 16,2020	

**1.2 Nature of business**

SMC Enterprise Limited was formed as a 'for-profit subsidiary' of Social Marketing Company to run profitable operations. All manufacturing and trading operations of self-financed profitable products are implemented through the Enterprise. The company markets a diverse range of brands under multiple product categories such as pills, condoms, orsaline, female hygiene, pharma products, food products, beverage items etc to specific segments supported with brand-specific advertising and promotion, and manages a nationwide distribution operation through 12 area offices located across the country.

SMC EL has made a contract dated 04 May 2016 with Julphar Bangladesh Limited for Toll Manufacturing of the pharma products. As per contract the commercial operation was started dated May 2017 and the sales was started in August 2017, where Julphar Bangladesh Limited produces total 32 pharma items for SMC EL.

SMC EL also procures ORS-N, Contraceptive Pills and Drinking water from Renata Ltd, Popular Pharmaceuticals Ltd., ACME Laboratory Ltd., Essential Drugs Company Ltd. (EDCL) and Ifad Multiproduct Ltd under the Contract Manufacturing Agreement.

## **2. Basis of preparation of Financial Statements**

### **2.1 Statement of compliance**

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

In addition to the above, the entity is also required to comply with the requirements of the following:

The Income Tax Ordinance, 1984;  
The Income Tax Rules, 1984;  
The Value Added Tax Act, 2012;  
The Value Added Tax Rules, 2016;  
The Customs Act, 1969;  
The Bangladesh Labour Act (Amendment) 2013,  
The Sale of Goods Act 1930;

### **2.2 Basis of Measurement**

The financial statements have been prepared on going concern concept, historical cost convention and on accrual basis in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and in compliance with the Companies Act 1994.

### **2.3 Components of financial statements**

- Statement of Financial Position
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

### **2.4 Functional and presentation currency**

These financial statements are presented in Bangladeshi Taka (BDT) which is the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest integer.

### **2.5 Use of estimates and judgments**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates is recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

Note: 4 Depreciation on property, plant and equipment.  
Note: 4.1 Right of Use (ROU) Assets  
Note: 6 Inventory valuation  
Note: 7 Accounts receivables  
Note: 16 Payable for gratuity

Note: 17    Deferred tax liabilities  
 Note: 22    Provision for Income Tax

## 2.6 Reporting period

The financial year of the company covers one year from 01 July to 30 June and will be followed consistently.

## 3. **Significant accounting policies**

### 3.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and after due compliance with the International Financial Reporting Standards (IFRSs), the Companies Act, 1994 and other applicable laws and regulations.

### 3.2 Property, plant and equipment

#### 3.2.1 Recognition and measurement

Property, plant and equipment are stated at cost or revalued amount if any less accumulated depreciation in compliance with International Accounting Standard (IAS)-16: Property Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its location and condition for its intended use inclusive of inward freight, duties and non-refundable takes.

#### 3.2.2 Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial period in which they incurred.

#### 3.2.3 Depreciation

Depreciation is charged on property, plant and equipment (except Land) using straight line method over the estimated useful life of each item of property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when assets is put into use for commercial operation. No depreciation is charged on the assets from the month on which such assets are disposed. The rates of depreciation varies from 2.5% to 30% p.a. based on useful lives and nature of the assets rates of depreciation are as follows:

<b>Category of Assets</b>	<b>Rate (p.a)</b>
Office Building	2.50%
Factory Building	5%
Lift	20%
Power sub-station	20%
Fire control system	20%
Central air conditioning	20%
Deep tubewell	15%
Plant and machineries	10%
QC equipment	10%
Central warehouse equipment	10%
Furniture and fittings	10%
Vehicles	20%
Other equipment	20%
Office equipment	20%
Other assets	20%
Mobile phone	30%
Water Treatment Plant	15%
Software Development	20%
Diesel Reservoir	20%

### 3.3 Financial assets

Financial assets of the company include cash and bank balances, investment in FDR, accounts receivables and other receivables. The company initially recognizes receivable on the date they are originated. All others 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, and only when the contractual rights or probabilities of receiving the cash flows from the asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

#### 3.3.1 Investment in FDR

The Company has the positive intent and ability to hold FDR to maturity and such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognized initially at fair value. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

#### 3.3.2 Account receivables

Account receivables are initially recognized as invoice amount and subsequently measured at invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions. When an account receivable is determined to be uncollected it is written off, firstly against any provision available and then to the profit or loss and other comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the profit or loss and other comprehensive income.

#### 3.3.3 Cash and bank balances

Cash and bank balances include cash in hand and at banks which are held and available for use by the company without any restriction.

#### 3.3.4 Advance, deposit and prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to statement of profit or loss and other comprehensive income.

### 3.4 Financial liabilities

Financial liabilities are recognized initially 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 expired. Financial liabilities include liabilities for expenses, accounts payable, other payables and other financial obligations.

#### 3.4.1 Loans and borrowings

Borrowings repayable after twelve months from the date of statement of financial position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest and other charges are classified as current liabilities.

#### 3.4.2 Finance income and expenses

Finance income comprises interest income on funds invested as FDR, bank deposits. Interest income is recognized using accrual principle.

Finance expenses (Note # 27) comprise interest expenses which was incurred @ 1.00% p.a. on the outstanding balance of lease rental as per deed of Lease Agreement with Social Marketing Company. Interest expenses under administrative expenses (Note # 25) resulted is for compliance with IFRS 16. Banks and NBFIs service charges were recognized in the statement of Profit or Loss and other comprehensive income using effective interest rate method.

### 3.4.3 IFRS 16, Leases

IFRS 16 eliminates the distinction between operating and finance leases and requires lessees to recognize all leases with a lease term of greater than 12 months in the statement of financial position. Most of the agreements of Head office, ware houses and area offices are more than 12 months and hence the company as a lessee has brought in both assets and liabilities of the statement of financial position as at 30 June 2021. The company adopted this standard from FY 2019-20.

In the context of the transition to IFRS 16, right of use assets (ROU) Tk. 412.89 million and lease liabilities Tk. 309.83 million were recognized as on 30th June 2021. Tk. 75.16 is due within one year, tk. 227.23 is due with two years but less than 5 years and tk. 7.44 due within above 5 years of these lease liabilities.

### 3.4.4 Contingent liability

A contingent liability is a liability that may occur depending on the outcome of an uncertain future event such as pending lawsuits. A contingent liability is recorded if the contingency is likely and the amount of the liability can be reasonably estimated.

There are contingent Liability of Income Tax of the Government estimated at Tk. 2,71,34,012 for the cases pending in the office of the Deputy Commissioner of Taxes for the assessment year 2017-18.

### 3.5 Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by IAS 2: "Inventories". Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

### 3.6 Revenue Recognition

In compliance with the requirements of IFRS-15: Revenue is recognized only when it completes the 5 steps model:

- Step-1 Identify the contract with a customer.
- Step-2 Identify the performance obligations in the contract.
- Step-3 Determine the transaction price.
- Step-4 Allocate the prices to the performance obligations
- Step-5 Recognize revenue.

### 3.7 Value Added Tax exempted products

VAT is exempted for all kinds of contraceptive and sheath contraceptive Products as per SRO # 172/Law/2019/29-VAT dated 13 June 2019. But Orsaline and female hygiene products and pharma products are not VAT exempted.

### 3.8 Employee benefits

#### 3.8.1 Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company has recognised provident fund approved by NBR.

#### 3.8.2 Defined benefit plan (Gratuity)

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The Company has funded gratuity fund approved by NBR. The Employees' gratuity fund is being considered as defined benefit plan as it meets the recognition criteria of IAS-19, Employee Benefit. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund.

The Company operates a NBR approved gratuity scheme for its permanent employees; provision for gratuity is

made annually against one month's basic salary for each completed year of services of an eligible employee upto 9 (Nine) years of service period and one & half month's basic salary for each completed year of services of an eligible employee 10 (Ten) years and over service period.

### 3.8.3 Workers' Profit Participation Fund (WPPF)

This is required to be made in terms of section 234(1)(b) of Bangladesh Labour Act 2006 (as amended in 2013). As per that Act, 5% of the net profit of each year, not later than 9 (nine) months from the close of that period, is required to be transferred to the fund, the proportion of the payment to the participation fund and the welfare fund being 80:10. The remaining 10% shall be paid by the company to the workers' welfare foundation fund, as formed under the provision of the Bangladesh workers' welfare foundation Act 2006. Of the 80% being transferred to the participation fund, two-third has to be distributed in equal proportions to all the members (beneficiary) of the fund in cash and one-third has to be invested in accordance with the manner stated in section 242 of that Act.

The company makes provision @ 5% of its net profit before tax as a contribution to workers' profit participation fund before tax and charging such expense in accordance with The Bangladesh Labour Act 2006 (As amended in 2013).

### 3.8.4 Group Insurance

The company has a Group insurance policy which covers loss of accident of all permanent employees during their employment with the company. In the event of death while being employed by the company, the nominee/s shall be paid the benefit of the policy as per entitlement.

## 3.9 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to item recognised directly in equity.

### 3.9.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date. The applicable tax rate for the Company is 30.00%. Provision for current tax expenses has been made on the basis of Finance Act 2020 of Income Tax Ordinance 1984.

### 3.9.2 Deferred tax

Deferred tax is calculated using the carrying amount and tax base of assets and liabilities. Deferred tax arises due to temporary difference deductible or taxable for the events or transactions recognised in the statement of profit or loss and other comprehensive income. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the statement of financial position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future periods recognised in current year. The deferred tax asset/income or liability/expense does not create a legal recoverability/liability to and from the income tax authority.

### 3.10 Statement of cash flows

Statement of cash flows is prepared principally in accordance with IAS-7: Statement of Cash Flow and the cash flows from operating activities have been presented under indirect method.

### 3.11 Provision

A provision is recognized on the date of financial position if, as a result of past events, the company has a present legal obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

### 3.12 Foreign currency transactions

Foreign currency transactions are converted into Bangladesh Taka at exchange rates prevailing on the dates of transactions. Assets and liabilities in foreign currency as at 30 June 2019 were converted into Taka/Tk./BDT at the exchange rate prevailing on the closing date.



### 3.13 Events after the reporting period

Amounts recognised in the financial statements are adjusted for events after reporting periods that provide evidence of conditions that existed at the end of the reporting period. There is no event after the reporting period except VAT current account of ORS and H&H factory amounting BDT.14,049,445 mentioned in note 9.1. We have obtained the approval for adjustment on 13/09/2021 vide reference number 10410, dated 13/09/2021.

### 3.14 General

- i. Figures have been rounded off to the nearest Taka.
- ii. Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

### 3.15 Comparative information

Comparative information has been presented in respect of the prior period in accordance with IAS-1: Presentation of Financial Statements, for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

### 3.16 Status of compliance of International Accounting Standards

The Company's status of compliance with applicable Financial Reporting Standards is as under:

<b>IAS</b>	<b>Title</b>	<b>Remarks</b>
1	Presentation of Financial Statements	Complied
2	Inventories	Complied
7	Statement of Cash Flows	Complied
8	Accounting Policies, Changes in Accounting	Complied
10	Events after the Reporting Period	Complied
12	Income Taxes	Complied
16	Property, Plant & Equipment	Complied
19	Employee Benefits	Complied
21	The Effects of Changes in Foreign Exchange Rates	Complied
24	Related Party Disclosures	Complied
32	Financial Instruments: Presentation	Complied
37	Provisions, Contingent Liabilities and Contingent	Complied
39	Financial Instruments: Recognition and Measurement	Complied

<b>IFRS</b>	<b>Title</b>	<b>Remarks</b>
7	Financial Instruments: Disclosures	Complied
12	Disclosure of Interest in Other Entities	Complied
13	Fair value measurement	Complied
15	Revenue from Contracts with Customers	Complied
16	Leases	Complied

<b>Lease Tenure</b>	<b>Lease Amount</b>
1 year but less than 2 years	80,947,852
2 years but less than 5 years	260,069,290
Above 5 years	318,178,894
<b>Total</b>	<b>659,196,037</b>

	30- June-2021	30- June-2020
	BDT	BDT
<b>4. Property, plant and equipment</b>		
<b>A. Cost</b>		
Opening balance	2,853,640,207	2,431,879,184
Add: Addition during the year	250,263,281	422,748,694
	3,103,903,488	2,854,627,878
Less: Disposal during the year	3,481,157	987,671
<b>Total</b>	<b>3,100,422,331</b>	<b>2,853,640,207</b>
<b>B. Accumulated depreciation</b>		
Opening balance	864,797,255	608,508,863
Add: Charged during the year	202,992,888	256,366,470
	<b>1,067,790,142</b>	<b>864,875,333</b>
Less: Adjustment for disposal during the year	2,216,649	78,078
<b>Total</b>	<b>1,065,573,493</b>	<b>864,797,255</b>
<b>Written down value (A-B)</b>	<b>2,034,848,838</b>	<b>1,988,842,952</b>
<b>4.1 Intangible assets</b>		
<b>C. Opening balance</b>	9,660,000	7,578,995
Add: Addition during the year	4,473,757	2,081,005
<b>Total</b>	<b>14,133,757</b>	<b>9,660,000</b>
<b>D. Accumulated depreciation</b>		
Opening balance	3,641,804	1,936,089
Add: Charged during the year	2,510,791	1,705,715
<b>Total</b>	<b>6,152,595</b>	<b>3,641,804</b>
<b>Written down value (C-D)</b>	<b>7,981,162</b>	<b>6,018,196</b>
<b>4.2 Right of Use (ROU) Assets</b>		
<b>E. Opening balance</b>	194,937,141	-
Add: Addition during the year	217,961,484	194,937,141
<b>Total</b>	<b>412,898,625</b>	<b>194,937,141</b>
<b>F. Accumulated depreciation</b>		
Opening balance	27,333,287	-
Add: Charged during the year	62,494,875	27,333,287
<b>Total</b>	<b>89,828,162</b>	<b>27,333,287</b>
<b>Written down value (E-F)</b>	<b>323,070,463</b>	<b>167,603,854</b>

A schedule of property, plant and equipment is given in **Annexure-A**

- 4.2** Property, plant and equipment includes land & buildings of Taka 134,668,703 and Taka 229,669,842 respectively, which has been acquired from Social Marketing Company (SMC) through vendor's agreement dated 01 January 2015. A lease agreement has been made between SMC (Lessor) and SMC Enterprise Ltd. (Lessee) on 25 June 2020. The Lessee agreed to take the "DEMISED PROPERTY" under finance lease for a period of 50 (fifty) years. The DEMISED PROPERTY consists of Land and Building at a total value of Taka 36,35,82,381. Out of the above amount taka 13,39,12,539 and 22,96,69,842 for Land and buildings respectively.

	<b>30- June-2021</b>	<b>30- June-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>5 Capital work-in-progress</b>		
Construction work at Bhaluka for ORS factory	20,552,122	15,062,934
Construction work for CWH at Bhabanipur	-	540,000
Construction work for expansion of FMD Factory	10,583,853	-
Construction work at Khulna	782,303	748,298
Construction work for expansion of H&H Factory	117,762,710	8,888,750
Property, plant and equipment (Other than construction works)	12,326,541	21,381,745
	<b>162,007,528</b>	<b>46,621,727</b>

The movement and subsequent position of this amount is as under:

Opening balance	46,621,727	141,991,636
Add: Addition during the year	140,241,797	47,150,033
	186,863,524	189,141,669
Less: Transfer to property, plant and equipments during the year	24,315,996	132,323,275
Less: Transfer to revenue expenditure during the year	540,000	10,196,667
	<b>162,547,528</b>	<b>46,621,727</b>
<b>6. Inventories</b>		
Raw Materials	293,086,930	178,082,693
Packaging Materials	181,997,928	126,066,360
POP materials	10,682,307	20,579,941
Spare parts	37,799,657	61,330,178
Generator Fuel	1,603,657	897,107
Work in Progress	13,551,676	10,468,050
Finished Goods	1,101,773,194	596,253,970
	<b>1,640,495,349</b>	<b>993,678,300</b>

A Schedule of Inventories is given in Annexure-B

<b>7. Accounts Receivables</b>		
Receivable from SMC	10,147,673	16,365,401
Receivable from Sales (Other than SMC & Pharma)	19,871,089	15,034,289
Receivable from Pharma Sales	854,977	2,160,111
	<b>30,873,739</b>	<b>33,559,800</b>

(Note: 7.2)

**7.1 Accounts receivable (other than pharma)**

Opening balance	31,399,690	11,021,614
Add: Sales during the year	9,836,167,758	8,461,794,811
	9,867,567,448	8,472,816,425
Less: Collection during the year	9,837,548,686	8,441,416,735
	<b>30,018,762</b>	<b>31,399,690</b>

**7.2 Accounts receivable-Pharma**

Opening balance	2,160,111	66,532
Add: Sales during the year	665,873,359	464,577,595
	668,033,470	464,644,127
Less: Collection during the year	667,178,493	462,484,016
	<b>854,977</b>	<b>2,160,111</b>

The aging of above accounts receivables as at the statement of financial position date was:

**Aging of the above receivables is given below**

Past due 0-30 days	13,089,193	14,227,972
Past due 31-90 days	2,314,941	2,516,344
Past due over 91 days	15,469,605	16,815,484
	<b>30,873,739</b>	<b>33,559,800</b>

	<b>30- June-2021</b>	<b>30- June-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>8. Other Receivables</b>		
Receivable from Social Marketing Company (SMC)	-	1,004,265
Receivable for TBA/NGO/Packing Bill	579,123	1,462,069
Receivable against insurance claim	230,250	1,558,084
Receivable from PF, GF & WPPF	-	3,139,284
Receivable against Lease agreement (Note: 8.1)	64,434,064	214,434,064
Interest receivable on FDRs	5,552,416	2,521,435
	<b>70,795,853</b>	<b>224,119,201</b>
<b>8.1 Receivable against Lease agreement</b>		
Opening balance	214,434,064	-
Value of Lease Property	-	363,582,381
Add: Adjustment with Vendors' agreement	-	(149,148,317)
Less: Received during the year	(150,000,000)	-
	<b>64,434,064</b>	<b>214,434,064</b>
<b>09. Advance, deposit and prepayments</b>		
Advance (Note: 9.1)	1,076,625,448	808,907,798
Security Deposit (Note: 9.2)	10,650,860	21,971,010
	<b>1,087,276,308</b>	<b>830,878,808</b>
<b>9.1 Advances and prepayments</b>		
Advanced against expenses	29,838,864	21,130,901
Advance against import	211,950,114	243,987,681
Advanced Income Tax (Note: 9.1.1)	714,952,925	461,697,765
Margin against Bank Guarantee	1,160,000	1,160,000
Vehicles loan (Note-9.1.2)	30,767,589	29,843,075
Advance Against Salary	1,223,631	-
Advance to Area offices	2,742,435	-
Advance against Employees welfare	-	2,124
VAT Current Account-ORS Factory	6,199,500	6,199,500
VAT on Stock	46,179,640	32,180,238
VAT Current Account-Health & Hygiene Factory	7,849,945	7,849,945
Pragati Insurance Ltd	4,502,680	2,536,574
Linde Bangladesh Limited.	-	53,044
Uttara Motors Ltd.	-	690,000
Fountech	-	953,400
Advance against Raw Materials	1,586,875	-
Rashid Enterprise	-	7,051
Meghna Sugar Refinery Ltd.	2,839,511	548,500
Iconic Engineering & Trading Company	-	67,999
Abdul Monem Sugar Refinery Limited	8,537,318	-
Abu Shahed Emon	1,500,000	-
Excelsior Trading Corporation Ltd.	150,000	-
HRC Lighting Limited	5,913	-
Marks Automation Ltd.	52,944	-
Mediastar Limited.	82,476	-
M/S. Taher Enterprise	125,549	-
N9ine Consultancy	3,267,045	-
ODCP ICON	37,500	-
Premas Magic Fantasy	34,500	-
Shaoon Enterprise	218,444	-
Star Particle Board Mills Ltd.	115,650	-

Zakir Ahmed  
Allied Graphic

30- June-2021	30- June-2020
BDT	BDT
669,900	-
34,500	-
<b>1,076,625,448</b>	<b>808,907,798</b>

### 9.1.1 Advanced Income Tax

Opening balance	461,697,765	363,873,450
Add: Addition during the period	512,440,609	330,493,662
	974,138,374	694,367,112
Less: Adjustment for the assessment year 2019-20 and 2020-21	259,185,449	232,669,347
	<b>714,952,925</b>	<b>461,697,765</b>

As per clause 1(a) of section 94 of Income Tax Ordinance 1984, if NBR does not assess the income of two years from the end of the first assessment year in which the income was first assessable then the amount of tax provision can be adjusted based on the acknowledgement receipt from NBR at the time of payment of tax as per return under 82BB. So here SMC Enterprise Limited has adjusted the tax paid for the assessment year 2019-20 and 2020-21 against the advance income tax. The company subsequently will adjust if there is any over or under provision assessed by NBR.

### 9.1.2 Vehicles loan

The above loan was provided by the Company to its sales and management staff to increase their operational efficiency. Entire amount Tk 3,07,67,589.00 was receivable from the sales and management level personnel against motor car/Motorbike loan under this scheme through a fixed number of installments without interest.

The movement and subsequent position of this amount is as under:

Opening balance	29,843,075	33,237,148
Add: Advance given during the year	10,850,755	2,108,000
	40,693,830	35,345,148
Less :Adjusted/Realized during the year	9,926,241	5,502,073
	<b>30,767,589</b>	<b>29,843,075</b>

### 9.2 Security Deposit

Performance Security to BRAC	30,000	30,000
Titas Gas	321,280	141,430
Pragati Insurance Limited	1,000,000	-
Palli Biddut Samitee	6,054,620	6,054,620
Power Development Board (PDB)	768,000	768,000
Ifad Multi Products Ltd	-	12,500,000
Rural Electrification Board (REB), Bhaluka, Mymensingh	2,476,960	2,476,960
	<b>10,650,860</b>	<b>21,971,010</b>

### 10. Investment in FDR

Bank	1,079,132,137	452,238,000
Non-Banking Financial Institution (NBFI)	70,757,075	67,273,686
	<b>1,149,889,212</b>	<b>519,511,686</b>

### 11. Cash and bank balances

Cash in hand	8,983,365	59,404,524
Cash at bank	676,409,033	868,498,872
	<b>685,392,398</b>	<b>927,903,396</b>

30- June-2021	30- June-2020
BDT	BDT

## 12. Share capital

### a. Authorized share capital

5,000,000 Ordinary shares of BDT 100 each

500,000,000	500,000,000
-------------	-------------

### b. Issued, subscribed and paid-up share capital

1,000,000 ordinary shares of BDT 100 each fully paidup

390,000,000	100,000,000
-------------	-------------

### c. The composition of fully paid-up share capital is as follows:

Name of Shareholders	Position	Nationality	No. of shares	Face value per share BDT	Amount in BDT	Amount in BDT
SMC (Represented by its director Mr. Muhammed Ali)	Shareholder	Bangladeshi	3,899,998	100	389,999,800	99,999,800
Mr. Siddiquir Rahman Chowdhury	Chairman	Bangladeshi	1	100	100	100
Mr. Md. Ali Reza Khan	Director	Bangladeshi	1	100	100	100
			<b>3,900,000</b>		<b>390,000,000</b>	<b>100,000,000</b>

## 13. Retained earnings

Opening Balance

2,907,139,462	2,089,598,368
---------------	---------------

Add: Net profit for the year

1,067,423,521	852,541,094
---------------	-------------

3,974,562,983	2,942,139,462
---------------	---------------

Less: Dividend paid in cash during the period

(50,000,000)	(35,000,000)
--------------	--------------

<b>3,924,562,983</b>	<b>2,907,139,462</b>
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## 14. Vendor's Account -SMC (Potential Share)

Opening Balance

290,000,000	290,000,000
-------------	-------------

Less: Allotted new 29.00 lac shares on August 16, 2020

(290,000,000)	-
---------------	---

<b>-</b>	<b>290,000,000</b>
----------	--------------------

As per addendum to the original Vendor's agreement disclosed in note # 1.1, SMC Enterprise Limited will issue shares to SMC for Tk 340,000,000 in phases for the property and stocks acquired from SMC. The company issued 500,000 shares for the year ended 30 June 2017 amounting to Taka 50,000,000. The company issued 29,00,000 shares on August 16, 2020.

### 14.1 Vendor's Account - loan

As disclosed in note # 1.1, out of total consideration, an amount of Tk 249,904,481 has been agreed to settle through cash payments, the details of which are as under:-

Vendor's Account - Loan (Opening Balance)

-	249,904,481
---	-------------

Repayment made during the period

-	(100,000,000)
---	---------------

**Closing Balance**

-	<b>149,904,481</b>
---	--------------------

Adjusted with Lease agreement

	(149,148,317)
--	---------------

**Closing Balance**

-	756,164
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Adjusted with sold land by SMC

	(756,164)
--	-----------

Vendor's Account (Net off current portion)

-	-
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A lease agreement has been made between SMC (Lessor) and SMC Enterprise Ltd. (Lessee) on 25 June 2020. The Lessee agreed to take the "DEMISED PROPERTY" under finance lease for a period of 50 (fifty) years. The DEMISED PROPERTY consists of Land and Building at a total value of Taka 36,35,82,381. Out of the above amount taka 13,39,12,539\* and 22,96,69,842 for Land and building, as a result payable for vendors' account has been fully adjusted against the lease agreement and lease liability has been created.



	<b>30- June-2021</b>	<b>30- June-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>15. Lease Liabilities</b>		
Opening Balance	355,093,947	-
Add: Agreement made with SMC during this year	-	363,582,381
	355,093,947	363,582,381
Less: Transferred to accounts payable	5,725,040	8,488,434
<b>Closing Balance</b>	<b>349,368,907</b>	<b>355,093,947</b>
Current portion (a)	5,782,290	5,725,040
Non Current portion ©	343,586,616	349,368,907
<b>Total</b>	<b>349,368,907</b>	<b>355,093,947</b>
<b>Lease Liabilities (IFRS 16)</b>		
Current portion (b)	75,165,562	34,007,101
Non Current portion (d)	234,661,568	124,757,188
<b>Total</b>	<b>309,827,130</b>	<b>158,764,289</b>
<b>Total Current portion (a+b)</b>	<b>80,947,852</b>	<b>39,732,141</b>
<b>Total Non Current portion (c+d)</b>	<b>578,248,185</b>	<b>474,126,095</b>
<b>16 Payable for gratuity</b>		
Opening Balance	56,698,416	23,587,394
Add: Provision made during the Period	81,740,278	50,698,416
	138,438,694	74,285,810
Less: Transferred to fund during the year	56,698,416	17,587,394
	<b>81,740,278</b>	<b>56,698,416</b>

## 17 Deferred Tax Liabilities

Deferred tax liability has been recognized in accordance with the provision of IAS-12 based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and its tax base.

	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
<b>As at 30 June 2021</b>			
Property, plant and equipment - (Excluding land)	1,361,628,870	1,185,339,149	176,289,720
Permanent difference for Vehicle exceeding Tk 2,500,000	-	-	-
			176,289,720
Gratuity provision	(81,740,278)		(81,740,278)
Taxable temporary difference			94,549,442
Applicable Tax Rate			30.00%
<b>Deferred tax liability</b>			<b>28,364,833</b>

### As at 30 June 2020

Property, plant and equipment - (Excluding land)	1,319,331,976	1,144,635,528	174,696,448
Permanent difference for Vehicle exceeding Tk 2,500,000	-	-	-
			174,696,448
Gratuity provision	(50,698,416)		(50,698,416)
Taxable temporary difference			123,998,033
Applicable Tax Rate			32.50%
<b>Deferred tax liability</b>			<b>40,299,361</b>

30- June-2021	30- June-2020
BDT	BDT

### Deferred (Income)/ Expense

Closing balance of Deferred tax liability	28,364,833	40,299,361
Opening Balance of Deferred tax liability	(40,299,361)	(55,568,780)
<b>Deferred tax (income)/expense recognized directly in profit</b>	<b>(11,934,528)</b>	<b>(15,269,419)</b>

## 18 Security deposit

Neptune Advertisers	111,790	111,790
Adway Publicity	288,916	288,916
Azad Art Hall	163,363	163,363
Aziz & Company Ltd.	34,000	34,000
Asiatic Marketing Communication Ltd	154,441	154,441
Magnum Eng. & Const. Ltd	1,186,448	1,186,448
Adcomm Ltd.	9,978	9,978
ACMEC Consortium Ltd.	108,000	108,000
Bitopi Advertising Ltd.	246,121	246,121
Asiatic Marketing Comm. Ltd.	10,610	10,610
Media Com Ltd.	-	172,485
Airy International	109,472	580,705
Transcom Electronics Ltd.	152,791	-
Cross World Power Ltd.	856,925	856,925
Nutech Construction Chemical Ltd	41,678	41,678
Mayer Dawua Thai Alominium Fabricator	37,501	37,501
Power property care service	8,375	8,375
Godhury Marketing Communication	595,108	595,108
Nexus Trading	396,366	396,366
Nodi Enterprize	94,500	94,500

Gray Advt.(BD) Ltd.  
 Nazma Construction Co.  
 ISE LTD.  
 Energypac Engg. Ltd.  
 Noor Ad.  
 Multi Product Engg. Ltd  
 Uranus Communication  
 OOH Leader & Printers  
 GREY  
 Ogilvy & Mather Communication Pvt. Ltd  
 Paragon Ceramic Industries Ltd  
 Build Asia  
 Shamsuddin Mia & Associates Ltd.  
 Marn Steel Structure Ltd.  
 Base Technologies Ltd.

30- June-2021	30- June-2020
BDT	BDT
37,791	37,791
1,373,504	1,243,733
64,780	64,780
1,842,872	1,398,675
72,000	72,000
643,874	643,874
183,000	183,000
362,250	362,250
31,433	31,433
1,444	1,444
167,290	167,290
728,855	728,855
2,151,510	-
201,103	1,015,177
717,957	717,957
<b>13,186,046</b>	<b>11,765,569</b>
<b>879,122,058</b>	<b>886,995,806</b>

## 19 Accounts payable

A Schedule of Accounts payable is given in **Annexure-C**

## 20 Other payables

CSR Fund (Corporate Social Responsibility)  
 Withholding tax and VAT on suppliers bill  
 Payable to Area offices  
 Liabilities for expenses  
 Raw Materials Loan  
 Provision for Incentive  
 Payable to PF, GF & WPPF  
 Advance Trade VAT  
 Liability for inventory write off  
 Payable for Gratuity loan  
 Liabilities for supplies  
 Sales VAT payable  
 Shromik O Kormochary League,  
 Current Account with ORS factory

425,586	425,586
15,619,280	34,297,558
144,430	10,435,154
80,897,951	64,667,166
-	2,049,310
92,911,435	79,728,048
8,208,246	-
38,115,063	-
15,952,947	7,817,443
-	298,897
-	5,893,174
62,188,174	55,276,548
-	11,850
7,078,818	7,175,776
<b>321,541,931</b>	<b>268,076,510</b>

## 21 Provision for Worker's Profit Participation Fund & Welfare Fund

Opening Balance  
 Add: Addition during the period  
 Less: Paid during the period

66,670,548	44,702,472
80,617,856	66,670,547
147,288,403	111,373,020
66,670,548	44,702,472
<b>80,617,856</b>	<b>66,670,548</b>

## 22 Provision for Income Tax

Opening Balance  
 Add: Provision made during the year  
 Less: Adjustment

597,234,015	400,434,634
476,250,262	429,468,728
1,073,484,277	829,903,362
259,185,449	232,669,347
<b>814,298,828</b>	<b>597,234,015</b>

	<b>30- June-2021</b>	<b>30- June-2020</b>
	<b>BDT</b>	<b>BDT</b>
<b>23 Net Revenue</b>		
Gross revenue	10,502,041,117	8,926,372,407
Less : VAT on sales	1,196,675,400	878,568,368
Less: Sales Return	3,770,125	-
Less : Discount on Sales	73,122,277	75,470,215
	<b>9,228,473,314</b>	<b>7,972,333,824</b>

Details of gross revenue is given in **Annexure-D**.

#### 24 Cost of Goods Sold

Consumption of Raw Materials	(Note-24.1) 1,801,131,071	943,124,976
Consumption of Packing Materials	(Note-24.2) 930,915,337	657,655,356
Factory Overhead	(Note-24.3) 816,558,786	662,541,508
<b>Total Cost</b>	<b>3,548,605,195</b>	<b>2,263,321,839</b>
Opening work in process	10,468,050	8,177,066
Closing work in process	(13,551,676)	(10,468,050)
<b>Cost of Production</b>	<b>3,545,521,570</b>	<b>2,261,030,855</b>
Opening stock of finished goods	596,253,970	475,230,935
Purchase of commodities during the year (Net)	2,645,486,382	2,713,368,393
Closing stock of finished goods	(1,101,773,194)	(596,253,970)
<b>Cost of Goods Sold</b>	<b>5,685,488,727</b>	<b>4,853,376,213</b>

##### 24.1 Consumption of Raw Material

Opening stock of Raw materials	178,082,693	236,335,465
Purchase of Raw materials during the year (Net)	1,916,135,308	884,872,204
Closing stock of Raw materials	(293,086,930)	(178,082,693)
	<b>1,801,131,071</b>	<b>943,124,976</b>

##### 24.2 Consumption of Packing Material

Opening stock of Packing materials	126,066,360	88,369,204
Purchase of Packing materials for own production	852,019,061	580,231,817
Purchased of Packing materials for outsourced products	134,827,844	115,120,695
Closing stock of Packing materials	(181,997,928)	(126,066,360)
	<b>930,915,337</b>	<b>657,655,356</b>

##### 24.3 Factory Overhead

Salaries and benefits	271,238,421	262,610,608
Human Resource Supplier & Management	53,574,172	-
Official Traveling expenses	4,388,885	8,576,917
General factory overhead	(Note-24.3.1) 305,513,311	219,914,169
Depreciation	158,231,732	152,652,225
Meal expenses	23,612,266	18,787,588
	<b>816,558,786</b>	<b>662,541,508</b>

##### 24.3.1 General factory overhead

Electricity Bill	77,239,838	56,808,515
GAS Bill	1,255,618	922,353
Rent	60,527	-
Telephone bill	531,238	502,568

	<b>30- June-2021</b>	<b>30- June-2020</b>
	<b>BDT</b>	<b>BDT</b>
Internet Service	202,860	191,912
Automobile Garage & Workshops	144,175	-
Vehicle Fuel from Petrol Pump (Gas)	751,248	-
Bank & NBFi Service Charge	36,954	95,350
Uniform & Liveries	4,990,816	2,874,141
Training Expenses	7,875	-
Meeting and conference expenses	408,926	336,707
Courier and Express Mail Service	33,720	30,580
Factory supplies	85,370,644	52,300,579
Toll Manufacturing Charge	55,711,931	40,786,703
Laboratory chemicals	-	3,531,611
Repairing & Servicing	7,701,931	9,193,978
Cartage & Porter	1,380,481	-
Sample Expenses	10,630	270,150
Govt. fees & Taxes	1,230,529	199,421
Product Registration Fees	81,031	2,250
Incentive	28,065,390	25,524,300
Security services	8,428,891	7,423,673
Fuel from Oil Marketing Companies	1,269,392	6,401,699
Entertainment	132,871	69,003
House Cleaning and Maintenance	327,249	301,575
Legal and professional expenses	192,519	213,989
Staff Gratuity	29,946,028	11,933,111
	<b>305,513,311</b>	<b>219,914,169</b>

## 25 Administrative expenses

Salaries and benefits	566,291,745	506,671,005
Human Resource Supplier & Management	288,020	252,292
Rent	51,684,115	43,117,381
Electricity Bill	8,257,160	11,802,626
GAS Bill	140,922	201,432
Water Bill	205,368	293,549
Internet Service	244,899	186,912
Telephone Bill	12,546,656	9,575,878
Bank & NBFi Service	2,561,041	1,256,633
Office Supply	35,610,826	22,724,917
Repairing & Servicing	10,030,811	7,045,262
Legal and professional expenses	3,027,684	17,645,650
Trade license expenses	-	198,871
Product Registration Fees	273,600	705,587
Courier and Express Mail Service	570,896	564,075
Govt. fees & Taxes	1,863,667	409,632
Security service	12,607,513	10,808,102
Fuel From Oil Marketing Companies	352,069	618,744
Trade handling charges	116,600	123,100
Board Meeting Fees	3,270,796	2,214,422
Recruitment Expenses	1,200,140	1,262,871
Bad Debt Expenses	21,103	-
Software & Hardware Support Services	1,700,400	1,038,041
Entertainment	3,579,637	4,069,105
Meeting & conference exp.	2,796,721	6,530,538
Insurance Expenses (General)	10,371,981	6,555,724

	<b>30- June-2021</b>	<b>30- June-2020</b>
	<b>BDT</b>	<b>BDT</b>
Life Insurance	1,785,948	1,129,348
Inventory write off	12,822,060	25,416,183
Audit fees	506,000	506,000
Meal expenses	1,036,673	1,976,610
Sample Expenses	250,649	63,700
Staff gratuity	51,794,250	38,765,305
Health Scheme	577,629	536,747
House Cleaning and Maintenance	6,620	1,311
Uniform & Liveries	1,291,703	1,011,405
BRTA Expenses (Tax, Fitness etc)	545,946	304,292
Printing Expenses	197,900	-
Fuel from Petrol Pump (Diesel, Octane etc.)	27,696,570	15,938,052
Subscription on Trade & Professional Bodies (registered)	64,500	-
Automobile Garage & Workshops	13,971,559	8,016,369
Consulting & Supervisory Fees	540,000	-
Interest Expenses	15,044,568	8,127,482
Depreciation	109,766,821	80,868,044
	<b>967,513,764</b>	<b>838,533,197</b>

## 26 Selling & Distribution expenses

Advertisement Expenses	275,320,603	366,791,195
Promotional Expenses	126,747,337	65,612,702
Training Expenses	1,750,723	1,590,158
RMP/TBA/Seminar/GDS	267,668	4,079,661
Research & Development	6,363,747	8,797,728
Incentive	58,802,056	62,247,276
Official Traveling expenses	127,283,634	111,090,870
Cartage & porter	55,505,464	32,487,867
Transport Contractors	211,797,947	153,754,779
Distribution expenses	97,216,566	112,642,115
Fuel from Petrol Pump (Diesel, Octane etc.)	-	3,959,861
Fuel from Petrol Pump (Gas)	28,156,556	25,799,923
Distribution-Labor wages	27,797,963	19,163,040
Cycle salesman	-	19,392
	<b>1,017,010,264</b>	<b>968,036,568</b>

## 27 Finance Expenses

Interest expenses	<b>3,550,939</b>	<b>5,425,535</b>
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## 28 Other income

Interest on FDR investment	38,831,009	14,527,213
Interest on STD accounts	6,684,447	5,693,565
Income from sale of scrap	8,611,058	4,865,212
Income from insurance claim	-	315,404
Income from Sale of Property, Plant & Equipment	329,104	520,328
Miscellaneous	2,991,873	526,917
	<b>57,447,491</b>	<b>26,448,638</b>



## 29 Related party transactions

The Company has carrying out a good number of transactions with it's parent entity, Social Marketing Company (SMC) at arm's length in normal course of business that fall within the definition of related parties as per International Accounting Standard (IAS) - 24 "Related Party Disclosures". SMC Enterprise Limited has the following transactions with SMC:

S. L No.	Transactions Type	Received during the year	Payment during the year	Other transactions during the year
1	Sales proceed of SMC's product (Inter-company sales)	-	245,279,372	6,215,400
2	Received for Vermicid & MoniMix sales	93,667,123	-	-
3	Received against Lease	150,000,000	-	-
4	Reimbursement of TBA/NGO Meet	954,119	-	-
5	Packaging Expenses (Somaject)	1,053,707	-	-
6	Reimbursement of MoniMix Bonus	5,054,585	-	-
7	Expenses incurred for common services	-	52,359,821	-
8	Office rent	-	39,461,876	-

## 30 Capital Expenditure Commitment

There is no other capital expenditure commitment or contract except Vendor's Agreement as on 30 June 2021.

## 31 Payments in foreign currency

	Amount in FCY	
	2020-2021	2019-2020
Import of machineries		
USD	4,330,720	2,275,009
EURO	25,095	28,283
GBP	430	32,866
Import of raw materials		
USD	27,721,709	14,562,736
EURO	63,146	71,166

## 32 Disclosure as per Schedule XI, Part II, Para 3 of the Companies Act 1994:

The company had 934 permanent employees as at 30 June 2021 and a varying number of seasonal and temporary workers as required. All permanent employees receive remuneration in excess of taka 70,000.00 per annum each.

	2020-2021	2019-2020
Permanent employees	1,245	1,130
Contractual & seasonal employees	98	35

## 33 Disclosure as per Schedule XI, Part II, Para 4 of the Companies Act 1994:

The Directors of the company except Managing Director did not take any benefit from the company other than the board meeting attendance fees.

Managing Director's remuneration and benefit for the year

	2020-2021	2019-2020
	BDT.	BDT.
Basic Salary	4,700,000	4,900,000
Other benefit	6,330,000	4,151,767
	<b>11,030,000</b>	<b>9,051,767</b>

2020-2021 Taka	2019-2020 Taka
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### 34 Disclosure as per Schedule XI, Part II, Para 7 of the Companies Act 1994:

#### Particulars

#### Production (In Pcs)

Installed Capacity (Targeted production)	900,000,000	635,000,000
Actual Production	943,740,000	623,983,000
Utilization	104.86%	98.27%

#### Toll Manufacturing (In Packs)

Production Contract	3,161,751	2,356,001
Actual Received	3,161,751	2,356,001
Accomplishment	100%	100%

### 35 Financial risk management

International Financial Reporting Standard IFRS 7: Financial Instruments: Disclosures - requires disclosure of information relating to: both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the companies policies for controlling risks and exposures. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk

#### 35.1 Credit risk

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

In monitoring credit risk, debtors are grouped according to their risk profile i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are mainly related to sales of finished goods. The maximum exposure to credit risk each represented by the carrying amount of each financial assets in the financial statement of financial position.

#### Exposure to credit risk

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

Accounts receivables	30,873,739	33,559,800
Other receivables	70,795,853	9,265,795
Advance & deposit & prepayments	1,087,276,308	875,487,609
Cash and bank balances	685,392,398	927,903,396
	<b>1,874,338,298</b>	<b>1,846,216,600</b>

#### 35.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they falls due. The company's approach to manage liquidity (cash and Bank balance) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the contractual maturities of financial liabilities of the company:

As at 30 June 2021	Contractual cash flows (Taka)	1 year or less	More than 1 year
		BDT.	BDT.
Lease Liability	659,196,037	80,947,852	578,248,185
Security deposits	13,186,046	13,186,046	-
Accounts payable	879,122,058	879,122,058	-
Other payables	321,541,931	321,541,931	-
Income tax provision	814,298,828	814,298,828	-

As at 30 June 2020	Contractual cash flows (Taka)	1 year or less	More than 1 year
		BDT.	BDT.
Security deposits	11,765,569	11,765,569	-
Accounts payable	886,995,806	886,995,806	-
Other payables	268,076,510	268,076,510	-
Income tax provision	597,234,015	597,234,015	-

### 35.3 Market risk

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

#### a) Currency risk

The company is exposed to currency risk on payment of import of inventory and plant & machineries through letter of credit. All of the company's foreign currency transactions are denominated in USD, JPY, EURO, GBP.

2020-2021	2019-2020
BDT.	BDT.

#### i) Exposure to currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts:

#### Foreign currency denominated assets

Receivable from the Prime Bank against FDR Lien	-	-
Receivable from the Standard Chartered Bank against FDR Lien	100,000,000	50,000,000
Receivable from the Eastern Bank against FDR Lien	50,000,000	-
Receivable from The City Bank against FDR Lien	50,000,000	50,000,000
	<u>200,000,000</u>	<u>100,000,000</u>

The following rate has been applied (as on 30 June 2021):	<u>BDT.</u>	<u>BDT.</u>
US Dollar (\$)	84.91	84.91

The rate of exchange has been applied which was circulated from the Bangladesh Bank in the bank's website as on 30-June 2021.

#### Accounting classification and fair values

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial position are as follows:

<b>30- June-2021</b>		
	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial Assets</b>		
<b>Held to Maturity</b>		
Investment in fixed deposit (short term)	1,149,889,212	1,149,889,212
<b>Loans and receivables</b>		
Accounts receivables	30,873,739	30,873,739
Other Receivables	70,795,853	70,795,853
Advance, deposit and prepayments	1,087,276,308	1,087,276,308
<b>Financial Liabilities</b>		
<b>Liabilities carried at amortized costs</b>		
Security deposits	13,186,046	13,186,046
Accounts payable	879,122,058	879,122,058
Other payable	321,541,931	321,541,931
<b>30- June-2020</b>		
	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial Assets</b>		
<b>Held to Maturity</b>		
Investment in fixed deposit (short term)	519,511,686	519,511,686
<b>Loans and receivables</b>		
Accounts receivables	33,559,800	33,559,800
Other Receivables	9,265,795	9,265,795
Advance, deposit and prepayments	875,487,609	875,487,609
<b>Financial Liabilities</b>		
<b>Liabilities carried at amortized costs</b>		
Security deposits	11,765,569	11,765,569
Accounts payable	867,373,085	867,373,085
Other payable	287,708,401	287,708,401

**SMC Enterprise Limited**  
**Schedule of Property Plant and Equipment**  
**For the year ended 30 June 2021**

Particulars	Cost			Rate	Depreciation			Written down value as on 30.06.2021
	Balance as on 01.07.20	Addition during the period	Adjustments during the period		Total balance as on 30.06.2021	Charged during the period	Adjustments during the period	
	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka
Land	675,529,172	5,671,957	-	-	-	-	-	681,201,129
Building	650,500,001	14,574,382	-	2.5 & 5	98,131,690	26,689,907	-	124,821,597
Central warehouse equipment	19,388,894	450,800	-	10	13,155,109	1,939,884	-	15,094,993
Deep tubewell	1	-	-	15	-	-	-	-
Diesel reservoir	615,692	-	-	20	358,733	123,138	-	481,871
Fire control system	17,480,206	5,913,456	-	20	16,615,375	1,659,399	-	18,274,774
Furniture & fittings	45,409,247	4,008,934	(533,242)	10	10,071,003	4,672,279	(274,538)	14,468,744
Vehicles	103,665,769	5,780,533	(487,780)	20	77,593,080	8,838,171	(261,396)	86,169,854
Lift	13,339,242	1,963,120	-	20	5,288,913	2,541,570	-	7,830,483
Office equipment	49,283,350	20,787,192	(560,504)	20	20,711,151	11,780,558	(393,560)	32,098,149
Other assets	123,375,391	-	(133,127)	20	80,067,205	16,257,429	(124,017)	96,200,617
Plant & machinery	742,073,053	139,981,610	(3)	20	88,132,270	16,478,823	(1,012,973)	103,598,120
Power sub station	106,364,270	1,075,800	-	20	232,635,393	82,143,625	-	314,779,018
QC equipment	25,289,111	23,667,899	(112,731)	20	75,740,892	9,240,510	-	84,981,402
Central a/c system	101,299,477	26,119,778	-	20	5,333,166	3,852,400	(76,087)	9,109,478
Water treatment plant	3,709,495	267,821	(341,899)	20	87,091,771	16,419,943	-	103,511,715
<b>Total</b>	<b>2,800,853,058</b>	<b>250,263,281</b>	<b>(3,481,157)</b>	<b>15</b>	<b>812,010,108</b>	<b>202,992,888</b>	<b>(2,216,649)</b>	<b>1,012,786,346</b>
Intangible assets	9,660,000	4,473,757	-	20	3,641,803	2,510,791	-	6,152,595
Right of use (ROU) assets	194,937,141	217,961,484	-		27,333,287	62,494,875	-	89,828,162
<b>Grand Total</b>	<b>3,005,450,199</b>	<b>472,698,522</b>	<b>(3,481,157)</b>		<b>842,985,198</b>	<b>267,998,553</b>	<b>(2,216,649)</b>	<b>1,108,767,102</b>

Amount in Taka	
30- June-2021	30- June-2020
267,998,553	233,520,270

**Depreciation Allocated to:**

Factory Over head - Note 24.3 158,231,732  
Administrative expenses - Note 25 80,868,045

**267,998,553**

Depreciation charged during the year is being allocated to factory over head and administrative overhead on the basis of allocation where the assets are used.

**SMC Enterprise Limited**  
**Schedule of Inventories**  
**As at 30 June 2021**

(Amount in Taka)

SL. No.	Particulars	30- June-2021	30- June-2020
1	POP Materials	10,682,307	20,579,941
2	Packaging Materials	181,997,928	126,066,360
3	Generator Fuel	1,603,657	897,107
4	Spares parts	37,799,657	61,330,178
	<b>Raw Materials:</b>		
5	Raw Material Stock at factory-FMD	33,750,683	14,041,682
6	Raw Material Stock at factory-Health & Hygiene	157,369,480	100,176,097
7	Raw Material Stock at factory-Pharma	70,291,169	34,275,803
8	Raw Material Stock at factory-Monimix	5,469,504	1,576,665
9	Raw Material Stock at factory-Vermicid	-	254,896
10	Raw Material Stock at factory-ORSaline	26,206,093	27,757,550
	<b>Total Raw Materials (RM):</b>	<b>293,086,929</b>	<b>178,082,695</b>
	<b>Total RM &amp; Other items</b>	<b>525,170,478</b>	<b>386,956,281</b>
	<b>Work in process</b>	<b>13,551,676</b>	<b>10,468,050</b>
	<b>Finished Product Stock:</b>		
	<b>ORSaline</b>		
	ORS-N-Outsourced	140,007,755	153,696,946
	ORS-N- Own production	126,326,795	99,739,357
	<b>Total ORSaline</b>	<b>266,334,551</b>	<b>253,436,303</b>
	<b>Condoms</b>		
1	Panther condom	67,530,704	37,724,818
2	Sensation classic	23,523,784	19,847,117
3	Sensation-SD	20,190,446	4,968,569
4	Sensation-Coffee	11,414,435	-
5	Hero	19,733,747	15,395,842
6	U & me-Anatomic	4,384,918	1,844,047
7	U & me- Long Love	30,180,530	7,359,479
8	U & me-Colour	3,643	6,600
9	Xtreme ultra thin	2,603,659	1,420,015
10	Xtreme 3 in 1	11,122,897	2,277,575
11	Amore black	2,648,921	10,432
12	Amore gold	8,085,696	63,920
13	Raja	13,101,276	22,397,739
	<b>Total Condoms</b>	<b>214,524,654</b>	<b>113,316,153</b>
	<b>Pills</b>		
1	Minicon	11,181,381	6,418,569
2	Noret-28	20,433,022	1,904,332
3	Ovacon gold	1,882,078	362,691
4	Mypill	4,891,761	900,488
5	Femipill	25,849,304	20,367,439
6	SmartPill	1,122,239	-
7	Norix	18,494,310	5,991,111
8	Femicon pill	83,934,213	15,578,438
	<b>Total Pills</b>	<b>167,788,309</b>	<b>51,523,068</b>
	<b>Health &amp; Hygiene Products</b>		
1	Joya-8	20,277,967	2,341,618



SL. No.	Particulars	30- June-2021	30- June-2020
2	Joya-5	14,145,819	1,430,409
3	Joya-wings	47,840,731	7,665,662
4	Joya ultra comfort	2,197,898	2,914,902
5	Smile Baby Wipes 80s	1,476,344	5,377,480
6	Smile Baby Wipes 2's	225,450	755,258
7	Smile Pants Small	11,673,673	480,316
8	Smile Pants Medium	25,633,123	2,443,337
9	Smile Pants Large	15,361,877	6,905,734
10	Smile Pants XL	7,771,622	2,469,786
11	Smile Pants XXL	3,265,549	1,713,965
12	Joya All Night	5,550,379	6,124,010
13	Joya Extra Heavy Flow	7,451,355	4,525,245
14	Smile M 5s mini	17,789,010	9,401,371
15	Smile S 5s mini	19,944,898	7,504,358
16	Smile xl 4s mini	8,945,958	6,049,043
17	Smile L 4s mini	14,180,694	10,384,698
18	Smile L 24s	2,983,231	1,268,236
19	Smile M 26s	3,814,684	1,378,402
20	Smile S 28s	4,584,979	3,447,123
21	Smile XL 22s	1,728,740	744,038
22	Smile XXL 20s	1,564,766	1,418,981
	<b>Total Health &amp; Hygiene Products</b>	<b>238,408,745</b>	<b>86,743,972</b>
	<b>Consumer Products</b>		
1	Bolt 200gm	22,771,637	11,909,291
2	Bolt 25gm	19,675,893	8,357,016
3	Bolt 400gm	19,502,127	5,805,662
4	Taste me (lychee 200 gm)	320,386	117,326
5	Taste me (lychee 25 gm)	49,711	129,167
6	Taste me (mango 25 gm)	851,453	8,357,181
7	Taste me (orange 25 gm)	12,543,939	444,483
8	Taste me (mango 200 gm)	3,239,746	6,654,537
9	Taste me (orange 200 gm)	17,232,875	571,188
10	Taste me (pomegranate 200 gm)	-	732
11	Taste me (pomegranate 25 gm)	1,444	49,140
12	Super Kid 15gm Badam Chocolate	3,302,520	-
13	Super Kid 15gm Badam Chocolate Sample	156,435	-
14	Super Kid 15gm Dudh Malai	2,282,010	-
15	Super Kid 15gm Dudh Malai Sample	172,412	-
16	SMC Plus Lemon 250ml	1,216,096	-
17	SMC Plus Orange 250ml	1,739,030	-
	<b>Total Consumer Products</b>	<b>105,057,715</b>	<b>42,395,724</b>
	<b>Germ Kill &amp; Petroleum items</b>		
1	Germ Kill 50ml container	1,382,720	-
2	Germ Kill 50ml tube	653,962	8,160,568
3	Germ Kill 100ml tube	4,096,614	5,190,539
4	Germ Kill 200ml tube	13,921,492	-
5	Germ Kill Hand Wash 180ml Spout	909,279	-
6	Germ Kill Hand Wash 60ml tube	1,021,301	-
7	Germ Kill Hand Wash 3ml Sachet	76,831	-
8	Germ Kill Hand Wash 180ml Refill (Old)	17,146	102,331
9	Germ Kill Hand Wash 180ml Refill	8,670,181	1,609,038
10	SMC Petroleum Jelly 15 ml Rnd (Lemon)	260,934	-
11	SMC Petroleum Jelly 15 ml Sqr	425,889	-
12	SMC Petroleum Jelly 50 ml Rnd (Lemon)	451,950	-
	<b>Total Germ Kill and Petroleum items</b>	<b>31,888,297</b>	<b>15,062,476</b>

SL. No.	Particulars	30- June-2021	30- June-2020
	<b>Drinking Water</b>		
1	SMC Drinking Water - 500ml	1,779,517	1,868,219
2	SMC Drinking Water - 2000ml	443,645	-
	<b>Total Drinking water</b>	<b>2,223,162</b>	<b>1,868,219</b>
	<b>Pharma Products</b>		
1	Nervaid Capsule-50 mg	122,522	28,259
2	Nervaid Capsule-75 mg	203,993	504
3	Vomidyl Tablet	310,605	244,133
4	Flexidol Tablet~100mg	2,204,322	217,833
5	Actifast Tablet~10mg	876,682	525,769
6	Dolwin Tablet~500mg	1,198,488	290,988
7	Ezepain 90 Tablet	683,829	949,495
8	Ezepain 120 Tablet	954,137	393,565
9	Paragesic Tablet~500mg	734,661	335,687
10	Paragesic-C Tablet~500mg & 65mg	1,163,271	612,712
11	Aziday-500 mg Tab	19,074,959	4,879,306
12	Aziday PFS 20 ml	1,099,233	990,914
13	Aziday PFS 35 ml	1,610,900	1,427,678
14	Cefimax 200 Cap	5,306,689	3,671,225
15	Cefimax PFS 50 ml	1,947,133	1,103,768
16	Ciprodyl Tablet-500 mg	795,410	555,299
17	Ceframax 500 Capsule	3,100,112	1,086,029
18	Fenox Tablet~120mg	2,115,489	437,106
19	Resectin Tablet~150mg	-	1,668
20	Esomium 20 Capsule~20mg	3,695,735	2,158,617
21	Esomium 40 Capsule	726,150	332,335
22	Prazomax 20 Capsule~20mg	7,717,926	1,647,037
23	Prazomax 40 Capsule	790,692	466,555
24	Pantoprox Tab	297,015	657,218
25	Kofmelt Syrup	1,588,191	825,247
26	Spadyl Tablet	767,781	350,532
27	Moticare 10mg	974,687	651,690
28	Forbon Tablet~500mg	814,514	497,113
29	SMC Zinc Syrup	1,630,769	723,698
30	Ezevent 10 Tablet~10mg	1,848,933	642,001
31	Maxivent Tablet-400 mg	-	13,616
32	Seacoral DX Tablet	373,234	270,913
33	Neoclav 500 Tablet	1,032,893	700,097
34	Neoclav 250 Tablet	1,497,376	913,743
35	Seacoral D Tablet	4,230,327	2,008,110
36	Nurowel Tablet	2,629,057	1,297,596
37	MoniMix 1gm (Micronutrient Powder)	1,430,049	-
	<b>Total Pharma Products</b>	<b>75,547,762</b>	<b>31,908,055</b>
	<b>Total Finished Product Stock</b>	<b>1,101,773,195</b>	<b>596,253,969</b>
	<b>Total Inventories</b>	<b>1,640,495,349</b>	<b>993,678,300</b>

**SMC Enterprise Limited**  
**Schedule of Accounts Payable**  
**For the year ended 30 June 2021**

(Amount in Taka)

SL. No.	Particulars	30- June-2021	30- June-2020
1	ACI LTD	82,080	277,475
2	Acquaint Ad	1,560,001	2,192,805
3	A1 Pest Specialist Pte Ltd.	26,880	-
4	Adway Publicity	5,434,785	3,551,660
5	AB Chemical & Perfumeries	22,575	-
6	Alpine Fresh Water System Ltd	5,600	6,880
7	Ancient Steamship Company Limited	2,154,623	2,869,221
8	AllyTech Corporation Ltd.	252,000	-
9	Amin Engineering Works	94,150	-
10	Arbab Pack Limited	3,328,884	-
11	Aristo Accessories Industries	305,000	-
12	Anyadin	-	74,600
13	Apollo Pest Control	-	7,200
14	Argonauts Limited	-	11,868
15	Al-Arafah Belt House	27,970	-
16	ACME Consumer Products Ltd.	755,136	-
17	Ashraf Printing & Packaging	5,724,252	916,729
18	Asia Plastic Container Ind.	404,494	39,790
19	Asiatic Marketing Communications Ltd	4,561,056	4,950,687
20	ATV Limited.	810,137	1,449,000
21	Axis Corporation	25,200	-
22	Advantis Intasl Bangladesh (Pvt) Ltd.	949,323	-
23	AKS Khan Pharmaceuticals Ltd.	325,000	-
24	Aziz & Company Ltd.	60,000	75,240
25	Badal and Company	9,810,453	21,591,462
26	Bangladesh General Insurance Company Ltd	-	226,998
27	Bangladesh - Japan Training Institute	12,500	-
28	Base Technologies Ltd.	1,904,164	-
29	Bdjobs.com. Ltd.	436,425	-
30	Bijoy Media & Printing	245,606	-
31	Bikrampur Trade Corporation	151,340	-
32	Bikroy.com Limited.	310,500	-
33	Bismillah Plastics	191,750	-
34	Bizmotion Limited	400,000	-
35	Bengal Polymer Wares Ltd.	390,000	-
36	Barind Media Ltd.	1,177,140	3,874,350
37	Bashundhara Paper Mills Limited	-	13,104
38	Bashundhara Printing Zone	1,424,300	6,605,884
39	Bata Shoe Company (Bangladesh) Limited	-	76,210
40	Bay Engineering & AC Equipment	-	572,000
41	Bengal FlexiPak Ltd	12,571,701	4,418,168
42	Bengal Media Corporation Ltd .	5,627,334	8,696,492
43	Bitopi Advertising Ltd.	2,575,905	1,396,030
44	Boishakhi Media Limited.	-	2,722,050
45	Brenntag Bangladesh Ltd	486,022	308,430
46	Bud-O- Leaves	25,200	24,000
47	Computer Ease Limited	110,250	-

SL. No.	Particulars	30- June-2021	30- June-2020
48	Charulata Printing Press	1,122,980	1,457,359
49	Chem Pure Bangladesh Ltd.	516,493	3,262,204
50	Choice Enterprise	541,950	427,900
51	Confidence Trade Limited	1,339,541	-
52	Dymon Science & Chemicals Ltd	-	179,200
53	Echo Enterprise	875,000	-
54	Elite Security Services Ltd.	2,083,255	544,500
55	Diku International Limited	213,000	-
56	Essential Drugs Company Ltd	1,946,484	44,634,772
57	Enovak Import & Export Solver	14,500	-
58	Enovak Industrial Solver	36,921	-
59	ESKAYEF PHARMACEUTICALS LIMITED.	1,022,350	-
60	Expo Craft	-	109,570
61	F. M. Traders	1,375,500	-
62	Fortune Scientific Company	367,000	347,800
63	G4S Secure Solutions Bangladesh (P) Ltd.	-	1,278,915
64	Fully Furnished Ltd.	437,424	-
65	Gift Gallery	67,500	-
66	Glide Printing & Packaging Ind. Ltd.	1,036,416	1,974,468
67	Godhury Marketing Communication	-	5,047,155
68	Grey Advertising Bangladesh Ltd.	878,953	5,908,280
69	Geeky Social Limited	370,781	-
70	Global Brand Pvt. Ltd.	300,070	-
71	Hafeez Packaging Industries	-	59,500
72	Hoque Trade International	340,000	2,558,000
73	Global Capsules Ltd	1,883,700	-
74	GLOBAL FREIGHT LTD.	2,176,252	-
75	Grameenphone Ltd.	7,865	-
76	Independent Television Ltd.	-	639,400
77	International Brands Ltd	758,160	382,100
78	International Office Machines Ltd	25,612	41,283
79	International Television Channel Ltd.	860,199	448,499
80	International Travel Corporation Ltd.	26,996	-
81	InterPack Ltd	-	2,840,750
82	Halda Valley Food & Beverage Ltd.	205,130	-
83	Heesham International	325,290	-
84	High Tech Construction	168,000	-
85	James International	2,425,429	2,690,332
86	ICEL Private Limited	4,958,648	-
87	Julphar Bangladesh Ltd.	6,586,511	2,588,733
88	K. M. HASAN & CO.	69,000	69,000
89	Impress Telefilm Limited	759,000	-
90	Kazi Media limited.	2,478,105	2,497,911
91	Inex Technology	85,800	168,440
92	Ingenious Resources	2,936,925	-
93	Inkman Printing & Packaging Ltd.	1,085,000	-
94	LEOPRO	125,000	125,000
95	Local Supplier	204,567	6,296,334
96	M/s ACNABIN	183,853	-
97	M/S Nuha Enterprise	814,153	562,843
98	M/s. Alim Packaging Printing & Accessories	-	5,594,518
99	M/s. Anik Enterprise	-	205,800
100	INVOID ARCHITECTS	269,100	-

SL. No.	Particulars	30- June-2021	30- June-2020
101	Jahid Engineering	261,270	-
102	AERP	44,100	-
103	M/S. Moral Enterprise	37,355	-
104	Kalyar Replica Limited	394,864	-
105	M/S. Sonali Enterprise	4,233,193	2,989,900
106	Mabs & J Partners	506,000	506,000
107	Mahtab Flexible Printing Press	1,181,726	630,773
108	Manikgonj Printers & Packaging	12,506,502	3,249,004
109	Maritime Entrepreneurs Pte Ltd	59,540	-
110	Mark Asia Limited	288,100	109,950
111	Leo Positive	6,085	-
112	Limon Auto Mobiles & Engineering Works	51,900	-
113	M/s Reliance Enterprise	215,945	-
114	M/s. Alim Packaging Printing & Accessori	4,358,112	-
115	M/S. Chowdhury Transport Agency	147,630	-
116	M/S. Madina Chemical	3,390,000	-
117	Master Simex Paper Limited	39,900	-
118	Md. Fazlur Rahman Khan	25,150	-
119	Matador Ballpen Industries Ltd.	-	375,375
120	AIRY INTERNATIONAL	3,034,290	-
121	Mohona Television Limited	-	692,287
122	Mukti Printing	-	2,684,655
123	Multi Media Production Co. Ltd.	1,518,383	2,153,567
124	Nadia Furniture Limited	360	360
125	NEO CRAFT	429,999	-
126	Neptune Advertising Ltd.	-	46,552
127	New Al-Arafah Mill Store	52,040	-
128	Nissho Koeki Tissue Papers Co.Ltd	128,100	180,050
129	Nutech Construction Chemicals Company Ltd	-	1,385,935
130	Octopi Communications Ltd	1,758,599	2,659,517
131	Otobi Ltd	40,640	803,855
132	Packstone Limited	143,245	29,662
133	Padma Cap Mfg. Co. Ltd.	-	456,628
134	Padma Trading Corporation	1,700,360	3,267,788
135	Paragon Ceramic Industries Ltd	-	372,000
136	Ply Packaging (Pvt.) Ltd.	-	128,700
137	Polite Advertising	-	262,052
138	Popular Pharmaceuticals Ltd.	175,688,639	53,213,183
139	Pragati Insurance Limited	2,660,685	1,819,192
140	Print Age Limited	366,160	137,350
141	Printing Mart Ltd.	3,255,660	8,222,679
142	PRISM Bangladesh Foundation	-	22,335
143	Professional Consultants & Support Services	-	590,226
144	Quality Printing & Packaging	4,569,070	7,920,536
145	R.R. Enterprise	424,476	-
146	Rahimafrooz Energy Services Ltd	51,000	-
147	Rashid Filling Station	157,885	183,950
148	Renata Limited	257,552,518	385,078,016
149	Rohan Electric	-	2,250
150	Royal Filling Station	145,030	112,415
151	S.A. International	79,534	103,834
152	Samrat Industries	206,172	274,002
153	SGS Bangladesh Limited	7,000	1,258,927

SL. No.	Particulars	30- June-2021	30- June-2020
154	Shamol Bangla Media Ltd.	2,515,434	790,625
155	Shamprotik	241,500	59,500
156	SINDABAD.COM LTD.	-	225,327
157	SMC Niltara Clinic	100,720	190,000
158	Social Marketing Company (SMC)	76,027,382	94,185,514
159	Somoy Media Limited.	3,281,669	8,875,220
160	Sonali Scientific Stores	-	310,400
161	Sristy Printers	2,691,880	3,739,078
162	Star Seven Printing & Packaging Ltd.	3,424,892	6,297,177
163	The Daily Bangladesh Pratidin	345,000	734,160
164	The Detective	-	34,500
165	The Glory International	6,513	-
166	The Merchants Ltd.	10,150,222	9,746,322
167	The Nielsen Company (Bangladesh) Limited.	-	1,650,480
168	Times Media Ltd.	-	1,811,059
169	Top of Mind	8,866,500	8,056,838
170	Metlife Alico	23,174	-
171	MN SERVICES INTERNATIONAL	37,396	-
172	Mobile Mela	35,869	-
173	Modern Office Equipments	195,000	-
174	Monsur Biri Factory (P) Ltd	55,200	-
175	Mr. Mohammad Saif Noman Khan	734,722	-
176	Multi Automation	60,500	-
177	Multi Product Engineering Limited	66,000	-
178	NI MAKKA MADINA ENTERPRISE	771,788	-
179	Optimus	299,280	-
180	Pharmachem	1,250,000	-
181	Print Media	1,026,648	-
182	Quality Services Bangladesh	220,913	-
183	Rajanigandha Printing Box Ind.	411,075	-
184	Rancon Motor Bikes Ltd.	95,000	-
185	Remo Chemicals Ltd. BD	69,000	-
186	RFL ELECTRONICS LIMITED	53,316	-
187	RFL PLASTICS LTD.	60,800	-
188	RL Accessories	235,963	-
189	Romania Food and Beverage Ltd.	234,000	-
190	Royal Machinery Corp. Ltd.	20,833	-
191	RSK Marketing Limited	84,000	-
192	S.M INTERNATIONAL	33,826	-
193	S.R. Plastic Industries	1,177,810	-
194	Sajeeb Corporation	898,500	-
195	SARAH Printing and Packaging	373,425	-
196	Sarr Associates	21,000	-
197	Sciencetech Corporation	990,000	-
198	Scorpion Services	8,458	-
199	Shajinaz Exim Pack Ltd.	158,438	-
200	Shakib Al Hasan	6,440,000	-
201	Shamsuddin Mia & Associates Ltd.	33,600,356	-
202	Shohoj Limited	891,150	-
203	Smart Technologies (BD) Ltd.	875,092	-
204	The ACME Agrovet and Beverages Limited	13,140,250	-
205	The ACME Laboratories Ltd.	27,212,632	-
206	W&W Company Ltd.	1,494,552	-



SL. No.	Particulars	30- June-2021	30- June-2020
207	Walton Plaza	7,715,470	-
208	Unity Through Population Service (UTPS)	584,747	622,297
209	V. M. International Ltd.	-	866,716
210	Z Express Limited	-	2,714,190
211	ZK Foils Limited	480,755	332,855
212	ZK Plastic Ltd	356,371	355,745
213	ZN Network	257,600	-
214	Employees' Final Settlement	465,054	4,538,279
215	Marn Steel Structure Ltd.	228,076	-
216	Cross World Ltd.	11,000	-
217	Miami Associates (BD)	-	206,250
218	Flora Limited	40,000	81,000
219	Esquire Electronics Ltd	-	90,000
220	Herbertsons Bd. Ltd.	-	5,567
221	Janoprio Tailoring House	-	39,100
222	Toitomboor Media Private Limited.	-	17,250
223	Transcom Electronics Ltd.	-	1,527,913
224	Unique Electric	-	57,582
225	Bearing Betan	305,500	60,325
226	Pharhome Trading Limited	-	6,763,327
227	Mashann Corporation	5,508,501	3,626,750
228	M/S. Rahman Traders	11,469	28,000
229	Energypac Engineering Ltd.	-	4,441,965
230	Nazma Construction Company	-	2,595,427
231	Brandzeal Consultancy Ltd.	282,609	546,250
232	Unitex Industries Ltd.	-	253,000
233	AJ Overseas Company Ltd.	4,950	397,664
234	Buildtrade Foils Ltd.	759,118	107,235
235	Medi Graphic Trading Ltd.	294,525	119,595
236	M/s Cicada Trading Ltd	-	463,450
237	Bangladesh Trustful Firefighting	-	69,000
238	Zakia Enterprise	49,294	381,775
239	Emkay Enterprises Limited	150,500	1,224,498
240	Greenland Technologies Limited	-	80,000
241	Gazi Tanks	-	315,000
242	Eastern Insurance Co. Ltd.	-	226,998
243	Optimum Solution	-	100,000
244	Moitry Plastic Industries Ltd.	-	62,100
245	KMARK	-	3,220,000
246	Jamuna Television Limited.	-	1,373,100
247	ARK Chemicals	-	703,816
248	The Pirojpur Printing & Packaging	4,328,470	1,070,258
249	Maasranga Communications Ltd.	506,000	747,881
250	Mediaworld Limited.	-	533,600
251	Binodon	-	27,600
252	Suchona International	-	58,560
253	Gren Automation Solution	84,168	52,619
254	ABC Engineering	69,000	115,800
255	IFAD MULTI PRODUCTS LTD.	8,478,733	6,450,678
256	Beximco Pharmaceuticals Ltd.	13,109,902	11,849,474
257	SOURCE TRADE INTERNATIONAL	-	130,500
258	SINCOS ENGINEERS LIMITED	-	39,690
259	Rangpur Metal Industries Limited	74,000	29,860

SL. No.	Particulars	30- June-2021	30- June-2020
260	ATN NEWS LIMITED	-	307,625
261	Dhaka Tribune	-	11,500
262	Anandabhuban	-	18,400
263	Idea Communication	-	439,875
264	Paradise Scientific Company	-	19,390
265	Meeka Fine Chemicals Corporation	20,125	17,500
266	Mayer Doa Enterprise	1,337,471	224,900
267	High Source Electronics	6,500	129,105
268	Digital Bridge	43,950	30,200
269	A.H.KHAN & CO.	34,190,181	31,331,953
270	WebAble Bangladesh Limited	947,942	1,236,117
271	Bijoy TV Limited.	-	237,667
272	Concord Entertainment Co. Ltd.	-	483,000
273	Jadoo Media Ltd.	-	1,052,441
274	Reindeers Foils Industry Limited	-	117,927
275	LafargeHolcim Bangladesh Limited	498,000	105,000
276	F.M. Science Center	205,150	55,900
277	Bhumijo Limited.	-	831,578
278	AANT Cosmetics Limited	70,421	4,023,360
279	Arena Phone BD. Ltd.	189,000	756,000
280	S.A.R Engineering	-	540,000
281	Radio Dhoni Ltd.	-	517,500
282	National Press Club	-	80,500
283	COLORS	-	23,000
284	The Bangladesh Post	-	23,000
285	Master Communications	3,220,000	1,265,000
286	Mashiat Prinitng	-	266,500
287	A.B. Good Health	-	230,251
288	Debate for Democracy	-	172,500
289	Hamko Corporation Ltd.	40,000	72,000
290	Allied Graphic	-	65,450
291	Dhaka Bangla Media & Communication Ltd.	-	1,059,016
292	Medical News	-	48,014
293	Le Meridien	-	958,390
294	THE PRESCRIPTION	-	95,337
295	NSR Computer & Stationery	-	4,820
296	OPTIMAL TECHNOLOGY (PVT.) LTD.	-	29,045
297	M/S Jawad Enter Mark	-	32,265
298	Best Impex	137,500	71,145
299	Trans Asia Industries Ltd.	-	1,400,269
300	Barotopa Printers Limited	2,270,443	368,000
301	Bitopi	524	524
302	Miyako Electronics	-	4,700
	<b>Total</b>	<b>879,122,058</b>	<b>886,995,807</b>

**SMC Enterprise Limited**  
**Itemwise details of Gross Revenue**  
**For the year ended 30 June 2021**

Brand name (Unit)	Quantity	Average selling price per unit	Amount in BDT	
			2020-2021	2019-2020
HERO (Pcs)	24,651,864	2.5	61,254,325	52,785,242
Amore (Pcs)	994,567	21.6	21,487,462	10,031,570
Panther (Pcs)	77,986,921	3.4	268,104,676	262,018,447
Sensation (Pcs)	31,425,379	5.2	164,688,727	170,436,876
U & ME (Pcs)	13,541,922	8.3	112,229,411	116,435,583
Extreme (Pcs)	2,965,856	16.2	48,019,455	33,213,039
RAJA (Pcs)	13,450,600	1.9	24,989,642	27,832,089
<b>Sub-Total (Condom)</b>			<b>700,773,698</b>	<b>672,752,845</b>
Femicon (Cyc)	32,650,973	28.5	928,935,818	984,821,306
Norix (Cyc)	2,560,240	42.4	108,675,242	68,190,359
Noret-28 (Cyc)	3,990,852	20.0	79,752,288	74,896,284
Femipill (Cyc)	11,529,855	14.1	162,219,091	153,360,969
My pill (Cyc)	25,973	76.5	1,986,261	2,152,432
Minicon (Cyc)	3,542,857	32.2	114,019,120	96,252,829
Smartpill (Cyc)	13,122	324.2	4,254,280	-
Ovacon Gold (Cyc)	69,937	51.4	3,595,182	2,696,604
<b>Sub-Total (Pill)</b>			<b>1,403,437,281</b>	<b>1,382,370,784</b>
Orsaline-N (Sachet)	1,354,338,782	4.2	5,623,100,807	4,959,328,389
Baby Diaper-all variants	2,693,306	85.8	231,156,630	215,558,846
Taste Me-all variants	39,820,715	10.2	407,624,454	283,737,305
Germ Kill (Hand Sanitizer)	697,297	36.0	25,082,680	19,017,286
Bolt-all variants	10,112,368	12.7	128,263,591	101,015,752
SMC Petroleum Jelly-all variants	65,354	23.2	1,513,187	-
Super Kid-all variants	1,755,400	7.6	13,325,400	-
SMC Plus (Electrolyte Drink)	2,744,375	18.9	51,827,180	-
SMC Drinking Water-all variants	2,083,885	10.6	22,152,379	25,250,831
Joya (Pack)-all variants	25,704,756	44.4	1,140,766,939	778,182,344
Vermicid Tablet	7,755,100	2.8	22,038,840	916,650
MoniMix 1 mg	36,982,890	1.8	65,104,719	23,625,378
<b>Sub-Total (Consumer)</b>			<b>7,731,956,807</b>	<b>6,406,671,182</b>
Actifast Tablet~10mg	61,777	263.2	16,261,891	11,439,712
Aziday 20 ml PFS	69,339	69.6	4,823,419	2,437,899
Aziday 35 ml PFS	93,387	108.7	10,153,928	4,713,620
Aziday 500mg tablet	325,165	259.9	84,502,431	62,111,002
Cefimax 200mg Capsule	110,218	315.5	34,778,347	30,858,317
Cefimax 50 ml PFS	118,968	152.6	18,151,821	17,923,479
Ceframax 500 mg Capsule	44,010	313.7	13,805,540	8,955,276
Ciprodyl 500 mg Tablet	46,785	315.6	14,765,338	9,304,933
Dolwin Tablet~500mg	33,910	182.7	6,196,252	4,397,038
Esomium 20 Capsule	112,702	368.4	41,513,880	30,694,199
Esomium 40 Capsule	55,653	235.7	13,119,653	7,318,400
Ezepain 120 mg Tablet	28,113	209.2	5,881,615	4,296,935
Ezepain 90 mg Tablet	39,807	262.5	10,450,928	6,177,794

Brand name (Unit)	Quantity	Average selling price per unit	Amount in BDT	
			2020-2021	2019-2020
Ezevent 10 mg Tablet	139,220	262.1	36,484,206	25,782,223
Fenox Tablet~120mg	102,278	183.0	18,721,635	13,458,626
Flexidol Tablet~100mg	77,964	262.5	20,469,155	14,535,537
Forbon Tablet~500mg	41,937	130.4	5,466,675	5,648,208
Paragesic Tablet~500mg	35,773	70.0	2,503,747	2,174,593
Paragesic-C Tablet~500mg & 65mg	29,368	217.1	6,374,973	6,837,760
Prazomax 20 Capsule	255,669	351.0	89,745,447	77,098,483
Prazomax 40 Capsule	74,853	156.6	11,722,656	8,666,957
Resectin Tablet-150mg	-	-	-	578,232
SMC Zinc Syrup	309,310	30.4	9,403,547	6,940,650
Kofmelt Syrup	189,506	34.8	6,598,977	6,357,379
Maxivent 400 mg Tablet	266	211.2	56,177	1,201,715
Moticare 10mg	104,301	175.2	18,273,701	12,101,386
Nervaid 50mg Capsule	1,778	261.8	465,530	1,539,366
Nervaid 75mg Capsule	527	314.0	165,474	1,343,237
Neoclav 250 Tablet	73,665	314.3	23,152,590	8,611,566
Neoclav 500 Tablet	44,689	261.9	11,705,875	4,253,156
Nurowel Tablet	81,348	312.9	25,455,160	20,811,010
Pantoprox 20 mg	38,220	209.1	7,992,979	5,542,091
Seacoral D Tablet	150,037	420.3	63,061,258	26,179,064
Seacoral DX Tablet	52,415	313.7	16,445,174	4,318,766
Spadyl Tablet	51,511	217.5	11,201,442	6,580,137
Vomidyl Tablet	22,965	261.4	6,001,910	3,388,850
<b>Sub-Total (Pharma Products)</b>			<b>665,873,331</b>	<b>464,577,596</b>
<b>Grand Total</b>			<b>10,502,041,117</b>	<b>8,926,372,407</b>



# SOCIAL MARKETING COMPANY

## COMPANY MEMBERS

### PROXY FORM

I / We,-----  
of -----  
being a Member of the SOCIAL MARKETING COMPANY do hereby appoint  
Mr./Ms.-----  
of -----  
as my/our Proxy to attend and vote for me/us on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company to be held on Monday, March 28, 2022 at 11.00 am at SMC Head office 33, Banani C/A, Dhaka 1213 and at any adjournment thereof.

As witness my/our hand this ----- day of March 2022.

-----  
(Signature of the Company Member)

-----  
(Signature of the Proxy)

Note:

A member, entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her stead. Forms of Proxy must be deposited at the Company's Registered Office not less than seventy two hours before the time fixed for the Annual General Meeting.

# SOCIAL MARKETING COMPANY

## COMPANY MEMBERS

### ATTENDANCE SLIP

I/We hereby record my/our attendance at the 33<sup>rd</sup> Annual General Meeting being held on 28<sup>th</sup> March, 2022 at 11:00 a.m. at SMC Head Office, 33 Banani C/A, Dhaka-1213.

Name of Company Member(s)-----

-----  
Signature(s) of Company Member(s)

Note:

1. Please note that the AGM can only be attended by the honorable Company Members or properly constituted Proxy who is also the members of the company.

2. Please present this slip at the reception desk.



**SOCIAL MARKETING COMPANY  
SMC ENTERPRISE LTD**

(A SUBSIDIARY OF SOCIAL MARKETING COMPANY)

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SMC Tower, 33 Banani C/A, Road - 17, Dhaka-1213, Bangladesh.

Tel: +88-02222275074-80, Fax: +88-02222275581

[www.smc-bd.org](http://www.smc-bd.org)