

Independent Auditors' Report
and
Financial Statements
of
Sun Pharmaceutical (Bangladesh) Limited
As at and for the year ended March 31, 2021



AHMED MASHUQUE & CO., *Chartered Accountants*

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AHMED MASHUQUE & CO.
C h a r t e r e d A c c o u n t a n t s

**Independent Auditors' Report
to the Shareholders of
Sun Pharmaceutical (Bangladesh) Limited**

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sun Pharmaceutical (Bangladesh) Limited, which comprise the statement of financial position as at 31 March 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), The Companies Act, 1994 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the audit of the Financial Statements

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



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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Dated: 29 April 2021
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrl: 690
DVC: 2105170690AS710624

Sun Pharmaceutical (Bangladesh) Limited
Statement of financial position
As at 31 March 2021

Particulars	Notes	Amount in Taka	
		31-Mar-21	31-Mar-20
ASSETS			
Non current assets		559,723,050	467,044,830
Property, plant and equipment	4.00	431,750,058	385,220,568
Capital work-in-progress	5.00	5,211,598	27,833,401
Long term deposits		16,808,288	16,808,288
Right-of-use asset	6.00	45,953,206	37,182,573
Investment in share	7.00	59,999,900	-
Current assets		2,962,336,754	2,578,131,480
Inventories	8.00	596,965,875	468,391,183
Trade and other receivables	9.00	196,654,691	262,417,027
Advances, deposits and prepayments	10.00	241,744,374	211,566,236
Cash and cash equivalents	11.00	1,926,971,814	1,635,757,033
TOTAL ASSETS		3,522,059,804	3,045,176,309
EQUITY AND LIABILITIES			
Equity		2,405,705,550	2,033,971,415
Share capital	12.00	60,000,000	60,000,000
Share money deposits	13.00	56,929,462	56,929,462
Retained earnings		2,288,776,088	1,917,041,953
Liability		122,940,027	117,698,383
Non current liabilities		122,940,027	117,698,383
Deferred tax liabilities	14.00	80,089,668	81,897,070
Lease liability	15.00	42,850,359	35,801,313
Current liabilities		993,414,227	893,506,511
Lease liability	15.00	6,880,454	3,005,603
Trade payable and liabilities for expenses	16.00	978,601,343	797,226,891
Current tax liabilities	17.00	7,932,430	93,274,017
Total liabilities		1,116,354,254	1,011,204,894
TOTAL EQUITY AND LIABILITIES		3,522,059,804	3,045,176,309

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

Managing Director

Finance Controller

Director

As per our annexed report of same date.

Dated: 29 April 2021
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enr: 690
DVC: 2105170690AS710624

Sun Pharmaceutical (Bangladesh) Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2021

Particulars	Notes	Amount in Taka	
		01 April 2020 to 31 March 2021	01 April 2019 to 31 March 2020
Revenue		2,117,983,249	2,187,813,032
Net sales revenue	18.00	2,117,983,249	2,187,813,032
Less: Expenditures		1,573,771,932	1,622,945,415
Cost of materials	19.00	655,015,229	682,321,346
Changes in inventory of finished goods and WIP	20.00	(86,986,639)	(76,337,804)
Personnel cost	21.00	258,733,560	258,540,620
Operating and other expenses	22.00	250,067,478	252,676,063
Selling, marketing and distribution expenses	23.00	456,839,768	472,678,352
Depreciation (<i>schedule -A</i>)		31,720,998	29,314,467
Depreciation on <i>Right of use assets (RoU)</i>		8,381,538	3,752,370
Profit From Operations		544,211,317	564,867,617
Other income	24.00	76,454,457	50,562,935
Less: Interest Expense- lease liability	15.00	5,315,578	3,672,535
Profit before contribution to WPPF		615,350,196	611,758,017
Contribution to Workers' profit participation fund	26.00	29,302,390	29,131,334
Profit before income tax		586,047,806	582,626,683
Less: Income tax		214,313,670	240,663,806
Current tax		216,121,072	232,709,398
Deferred tax	25.00	(1,807,402)	7,954,408
Net profit after income tax		371,734,136	341,962,877
Other comprehensive income		-	-
Total comprehensive income		371,734,136	341,962,877
Earning per share		619.56	569.94
Number of Shares used to compute EPS		600,000	600,000

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

Managing Director

Finance Controller

Director

As per our annexed report of same date.

Dated: 29 April 2021
Dhaka.

Ahmed MASHUQUE & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrl: 690
DVC: 2105170690AS710624

Sun Pharmaceutical (Bangladesh) Limited
Statement of changes in equity
For the year ended 31 March 2021

Particulars	Amount in Taka			
	Share capital	Share money deposits	Retained Earnings	Total
Balance as at 01 April 2019	60,000,000	56,929,462	1,575,079,075	1,692,008,537
Total comprehensive income	-	-	341,962,877	341,962,877
Balance as at 31 March 2020	60,000,000	56,929,462	1,917,041,952	2,033,971,414
Balance as at 01 April 2020	60,000,000	56,929,462	1,917,041,952	2,033,971,414
Total comprehensive income	-	-	371,734,136	371,734,136
Balance as at 31 March 2021	60,000,000	56,929,462	2,288,776,088	2,405,705,550

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

Managing Director

Finance Controller

Director

Signed in terms of our separate report of even date annexed

Dated: 29 April 2021
Dhaka.

Sun Pharmaceutical (Bangladesh) Limited
Statement of cash flows
For the year ended 31 March 2021

Particulars	Amount in Taka	
	31-Mar-21	31-Mar-20
Cash flows from operating activities		
Receipts from customers	2,137,551,400	2,037,645,867
Payments to suppliers, employees and other	(1,552,548,504)	(1,440,872,931)
Other Income	238,315	99,060
Income tax paid	(301,462,659)	(149,619,209)
Net cash generated from operating activities (A)	283,778,552	447,252,787
Cash flows from investing activities		
Acquisition of property, plant and equipment and CWIP	(56,345,702)	(73,012,359)
Investment in shares	(59,999,900)	-
Sale proceeds from property, plant and equipment	818,360	3,494,652
Interest received	122,963,471	8,386,951
Net cash used in investing activities (B)	7,436,229	(61,130,756)
Cash flows from financing activities		
Net cash used in financing activities (C)	-	-
Net changes in cash and cash equivalents (A+B+C)	291,214,781	386,122,031
Cash and cash equivalents at the beginning of the year	1,635,757,033	1,249,635,002
Cash and cash equivalents at the end of the year	1,926,971,814	1,635,757,033

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

Managing Director

Finance Controller

Director

Signed in terms of our separate report of even date annexed

Dated: 29 April 2021

Dhaka.

Sun Pharmaceutical (Bangladesh) Limited
Notes, Comprising Significant accounting policies and other explanatory information
As at March 31, 2021 and for period from 01 April 2020 to 31 March 2021

1.00 Company profile

1.01 Legal status of the company

Sun Pharmaceutical (Bangladesh) Limited is a private limited company incorporated in 2001 in Bangladesh under the Companies Act, 1994 with an authorized capital of Tk. 60 millions divided into 600,000 ordinary shares of Tk 100 each. During the year 2005-06, Company had increased its authorized capital from Tk. 60 millions to Tk 500 millions. The company was formed jointly with Sun pharmaceutical Industries Limited (SPIL), a company incorporated in India, City Overseas Limited (COL), a company incorporated in Bangladesh and Sun Pharma Holdings (earstwhile Nogad Holdings), a company incorporated in Mauritius.

1.02 Address of the Registered office

The registered office of the Company is located at chandana, Joydevpur, Gazipur.

1.03 Nature of business

The company produces various pharmaceutical products, which are sold in the local market.

2.00 Basis of preparation

2.01 Statement of compliance

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

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

IASs or IFRSs No.	Name of IASs or IFRSs
IAS-1	Presentation of Financial Statements
IAS-2	Inventories
IAS-7	Statement of Cash Flows
IAS-8	Accounting Policies, Changes in Accounting Estimates and
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS-19	Employee Benefits
IAS-21	The Effects of Changes in Foreign Exchange Rates
IAS-24	Related Party Disclosures
IAS-32	Financial Instruments: Presentation
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IAS-39	Financial Instruments: Recognition and Measurement
IFRS-7	Financial Instruments: Disclosures
IFRS-9	Financial Instruments
IFRS-13	Fair Value Measurement
IFRS-15	Revenue from Contracts with Customer
IFRS-16	Leases

2.02 Reporting period

The financial period of the company has been determined to be from April 01 to March 31 each year. These financial statements cover one year from April 01, 2020 to March 31, 2021 consistently.

2.03 Basis of accounting

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

2.04 Going concern

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

2.05 Basis of measurement

The financial statements have been prepared under the historical cost convention.

2.06 Date of authorisation for issue of financial statements

On 29 April 2021, the Board of Directors reviewed the financial statements and authorized for issue.

2.07 Use of estimates and judgment

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

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

Judgments

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

Note # 3.01	Depreciation
Note # 3.03	Inventories

Assumption and estimation uncertainties

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

Note 14	Deferred tax liabilities
Note 16	Trade payable and liabilities for expenses
Note 17	Current tax liabilities

2.08 Functional and presentational currency and level of precision

The financial statements are presented in Bangladesh; Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest Taka.

3.00 Significant accounting policies

3.01 Property, plant and equipment

a) Recognition and measurement

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

b) Subsequent cost

The cost of replacing component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits are embodied within the component will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of Property, plant and equipment are recognized in the statement of profit and loss and other comprehensive income as incurred.

c) Depreciation

Depreciation is provided to amortise the cost of the assets after commissioning, over the period of their expected useful lives in accordance with IAS-16. Depreciation on assets is charged from the day in which the asset is brought into use under straight-line basis at the following rates:

Lease hold land	2.51%
Factory building	1.63%
Plant and machinery	4.75%
Motor vehicle/motor cycle	16.21%
Electrical installation	9.50%
Equipments	4.75%
Computer Equipment	4.75%
Furniture and Fixtures	6.33%

d) Retirements and Disposals

On disposal of Property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

3.02 Right to use assets and lease liability

The company is required to adopt IFRS 16 Leases from 01 April 2019 and applied accordingly.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Recognition

A right-of-use asset and a lease liability is recognized by the company at the commencement date.

Measurement

Initial measurement of the right-of-use asset

At the commencement date, the right-of-use asset are measured at cost.

Initial measurement of the lease liability

At the commencement date, the lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the *interest rate implicit in the lease/incremental borrowing rate* which is 10%.

Subsequent measurement of the right-of-use asset

After the commencement date, the right-of-use asset are measured applying a cost model.

Cost model

To apply a cost model, a lessee shall measure the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

The straight-line depreciation is applying as per requirements in IAS 16 *Property, Plant and Equipment is applied in* depreciating the right-of-use asset.

IAS 36 *Impairment of Assets is applied to* determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Subsequent measurement of the lease liability

After the commencement date, the lease liabilities are measured by:

- (a) increasing the carrying amount to reflect interest on the lease liability.
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments

3.03 Investment

Investment are measured at cost value.

3.04 Inventories

Inventories are stated at the lower of cost and their corresponding net realisable value in accordance with IAS-2 "Inventories". Method used for valuation of inventory of Raw and Packing material is Specific identification method. Cost of finished stocks and work in progress are arrived by using FIFO costing method including allocation of manufacturing overheads related to bringing the inventories to their present condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.05 Trade and receivables

Trade receivables are stated net of provisions.

3.06 Statement of Cash flows

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

3.07 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank deposits and investment in Fixed deposit which were held and available for use by the company without any restriction.

3.08 Payables and accruals

Liabilities are recognized for amounts to be paid in future for goods and services received whether or not billed to the company.

3.09 Provisions

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

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

3.10 Revenue recognition

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

The new standard is based on A new five-step process must be applied before revenue from contract with customer can be recognized:

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

3.11 Foreign currency translations

Transactions denominated in foreign currencies are translated into Bangladesh taka at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Bangladesh taka at the exchange rates ruling at the Statement of financial position. Non monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Bangladesh taka at the exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognized in the Statement of profit or loss and other comprehensive income.

3.12 Income tax expense

Income tax expenses comprises current and deferred tax . Current tax and deferred tax is recognised in profit or loss except to the extent that its relates to items recognised directly in equity in which case it is recognized in equity.

Current tax:

Income tax expense is recognized in the Statement of profit and loss and other comprehensive income as per the Income Tax Ordinance, 1984.

Deferred tax:

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Earning per share

The Company calculates its earnings per share in accordance with IAS 33: Earning per share which has been shown on the face of Statement of profit or loss and other comprehensive income.

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there were no preference shares requiring returns or dividends, minority interest or extraordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

3.14 Employees' benefit schemes

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

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

The company's employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

The company has a registered provident fund scheme (Defined Contribution Plan) for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute 8.33% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

(b) Short-term Employee Benefits

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

(c) Contribution to Workers' Profit Participation and Welfare Funds

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labour Act , 2006 and is payable to workers as defined in the said law.

(d) Insurance Scheme

The company has a personal Accident Insurance scheme for its permanent employees, premium for which is being charged to statement of comprehensive income annually as per the insurance policy.

3.15 Events after the reporting date

In accordance with IAS 10: Events after the reporting period, amount recognized in the financial statements are adjusted for event after the reporting period that provide additional evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for event after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

3.16 Contingent liabilities and assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS 37 Provision, contingent liabilities and contingent assets, they are disclosed in the notes to the financial statements.

3.17 Financial risk management policies

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

The company is exposed to credit risk, liquidity risk and market risk.

3.18 Comparative figures

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

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS 8: Accounting policies, Changes in Accounting Estimates and Errors.

4.00 Property, plant and equipment

Amount in Taka

Sl.	Name of assets	Cost				Depreciation				Written down value As at 31 March 2021	
		Balance as at 01 April 2020	Addition during the year	Adjustment during the year	Balance as at 31 March 2021	Rate	Balance as at 01 April 2020	Charged during the year	Adjustment during the year		Balance as at 31 March 2021
1	Leasehold land	33,000	-	-	33,000	2.51%	16,036	826	-	16,862	16,138
2	Factory building	90,496,726	24,486,871	-	114,983,597	1.63%	20,053,021	1,669,351	-	21,722,372	93,261,225
3	Plant and machinery	359,207,422	44,421,356	-	403,628,778	4.75%	134,609,809	18,188,324	-	152,798,133	250,830,645
4	Motor vehicles/Motor cycles	69,794,365	2,685,000	(2,385,810)	70,093,555	16.21%	23,162,989	6,596,157	(1,682,707)	28,076,439	42,017,116
5	Electrical installation	20,161,849	2,835,274	-	22,997,123	9.50%	9,727,751	1,030,046	-	10,757,797	12,239,326
6	Equipments	13,118,625	2,378,859	-	15,497,484	4.75%	2,238,396	648,241	-	2,886,637	12,610,847
7	Computer equipment	24,564,302	2,098,852	(35,988)	26,627,166	4.75%	15,059,539	2,390,785	(23,960)	17,428,249	9,198,917
8	Furniture and fixtures	18,895,129	61,293	-	18,956,422	6.33%	6,183,309	1,197,269	-	7,380,578	11,575,844
As on March 31, 2021		596,271,418	78,967,505	(2,421,798)	672,817,125		211,050,850	31,720,998	(1,706,667)	241,067,067	431,750,058
As on March 31, 2020		569,969,328	61,358,516	(35,056,426)	596,271,418		202,855,785	29,314,467	(21,119,402)	211,050,850	385,220,568

	Amount in Taka	
	31-Mar-21	31-Mar-20
5.00 Capital work-in-progress		
Opening balance	27,833,401	16,179,558
Addition during the year	6,897,504	15,904,897
Capitalized during the year	(29,519,307)	(4,251,054)
Closing balance	5,211,598	27,833,401
6.00 Right-of-use asset		
Initial recognition of right to use assets	40,934,943	40,934,943
Addition during the year	17,152,170	-
Accumulated depreciation on RoU	(12,133,907)	(3,752,370)
Closing balance	45,953,206	37,182,573
"The company has already adopted IFRS 16 Leases wef. 1st April 2019 and the above 'Right to use assets' created against lease contracts. Detail requirements described in Note 3.02."		
7.00 Investment in share		
Sun Pharmaceuticals (EZ) Limited	59,999,900	-
	59,999,900	-
This year Sun Pharmaceutical (Bangladesh) Ltd. has invested as capital contribution of 99.99% of total shares (i.e. 599,999 ordinary shares @ 100/- taka each) of Sun Pharmaceuticals (EZ) Limited, a newly setup Limited company, registered in RJSCB under the Companies Act (Act XVIII) of 1994.		
8.00 Inventories		
Finished products -Factory	14,411,142	2,908,487
Finished products -Depot	222,965,182	146,336,923
Stock-in-trade	1,257,641	1,452,160
Raw materials	253,290,752	240,327,959
Packing materials	20,452,532	17,687,040
Work in progress	40,954,625	42,098,900
Goods in transit	43,634,001	17,579,714
	596,965,875	468,391,183
9.00 Trade and other receivables		
Trade receivables	184,443,043	204,011,194
Interest receivable	11,973,333	58,405,833
Insurance receivable	238,315	-
	196,654,691	262,417,027
10.00 Advances, deposits and prepayments		
Advances:		
Advance to employees	77,717	82,207
VAT current account	73,055,413	25,018,552
Advance VAT on depots stock	124,763,729	89,253,004
Advance to suppliers	21,024,689	92,279,206
Imprest money with employees	1,995,108	1,892,953
	220,916,656	208,525,922
Deposits:		
Security deposits	493,000	123,000
	493,000	123,000
Prepayments:		
Prepaid expenses	20,334,718	2,917,314
	20,334,718	2,917,314
	241,744,374	211,566,236

		Amount in Taka	
		31-Mar-21	31-Mar-20
		Amount in Taka	
		31-Mar-21	31-Mar-20
11.00 Cash and cash equivalents			
Cash in hand		948,842	1,112,540
Cash at bank :			
Current Account	Note 11.01	95,465,540	154,087,061
Fixed deposit		1,830,557,432	1,480,557,432
		1,926,971,814	1,635,757,033
11.01 Current Account			
Eastern Bank Ltd. (C/A # 0104-106-0005667)		5,665,593	6,050,316
Standard Chartered bank (C/A # 0111-8462001)		26,053,072	25,276,897
Dutch-Bangla Bank Limited (C/A # 138-110-1281)		440	1,808,009
Standard Chartered bank (Ac/No # 32-118462001)		27,538,754	47,705,845
Citi bank N.A. (C/A # 0200352009)		36,207,681	73,245,994
		95,465,540	154,087,061
12.00 Share capital			
Authorized share capital :			
5,000,000 Ordinary shares of Tk 100 each		500,000,000	500,000,000
Issued, subscribed and paid-up:			
600,000 Ordinary shares of Tk 100 each		60,000,000	60,000,000
Shareholding position of the company is as follows:			
		31-Mar-21	31-Mar-20
		Nominal value (Tk)	Nominal value (Tk)
		% of present holding	% of present holding
Sun Pharmaceutical Industries Limited, India	43,446,900	72.41	43,446,900
City Overseas Limited	16,500,000	27.50	16,500,000
Sun Pharma Holdings	53,100	0.09	53,100
	60,000,000	100	60,000,000
13.00 Share money deposits			
Sun Pharmaceutical Industries Limited, India		38,213,466	38,213,466
City Overseas Limited		18,702,944	18,702,944
Sun Pharma Holdings		13,052	13,052
		56,929,462	56,929,462
14.00 Deferred tax liabilities			
Deferred tax has been recognized and measured in accordance with the provision of IAS-12: Income taxes			
	Carrying amount as at 31 March 2021	Tax base 31 March 2021	Taxable/ (deductible) Temporary difference
Factory building	93,261,225	26,517,465	66,743,760
Plant and Machinery	250,830,645	111,839,771	138,990,874
Motor Vehicles/Motor Cycles	42,017,116	1,469,196	40,547,920
Electrical Installation	12,239,326	21,573,530	(9,334,204)
Equipments	12,610,847	7,097,285	5,513,562
Computer Equipment	9,198,917	5,809,923	3,388,993
Furniture and Fixtures	11,575,844	8,041,882	3,533,962
Property, plant and equipment	431,733,920	182,349,052	249,384,867
Total Taxable temporary difference			249,384,867
Tax rate			32.5%
Deferred tax liability/ (Assets) on temporary difference			81,050,082
Change in deferred tax assets and liability			
Opening balance		82,465,591	73,942,662
Provision made during the year		(1,415,509)	8,522,929
		81,050,082	82,465,591
Deferred tax liability		81,050,082	82,465,591
Deferred tax assets		(960,414)	(568,520)
Deferred tax liabilities		80,089,668	81,897,070

		Amount in Taka	
		31-Mar-21	31-Mar-20
		Amount in Taka	
		31-Mar-21	31-Mar-20
15.00 Lease liability			
Non current liability		42,850,359	35,801,313
Current liability		6,880,454	3,005,603
Total		49,730,813	38,806,916
Movement of lease liability as follows			
Opening lease liability		38,806,916	40,934,943
Addition during the year		17,152,170	-
Interest charge on lease liability		5,315,578	3,672,535
Adjustment during the year		(11,543,851)	(5,800,562)
Closing balance		49,730,813	38,806,916
16.00 Trade payable and liabilities for expenses			
Management fee & trade payable		688,789,490	544,912,827
VAT on Management fee payable		84,922,461	74,817,138
Provision for Workers' Profit Participation Fund		29,302,390	29,131,334
Other liabilities	Note: 16.01	175,587,002	148,365,592
		978,601,343	797,226,891
16.01 Other liabilities			
Outstanding expenses		143,847,799	122,944,365
Payable to employees		1,424,120	1,770,409
Deposits for motor cycle from employees		22,312,769	18,292,429
Withholding income tax and VAT payable		8,002,314	5,358,389
		175,587,002	148,365,592
17.00 Current tax liabilities			
Provision for income tax	Note: 17.01	1,114,779,338	898,658,266
Advance income tax	Note: 17.02	(1,106,846,908)	(805,384,249)
		7,932,430	93,274,017
17.01 Provision for income tax			
Opening balance		898,658,266	665,948,868
Provision made during the year		216,121,072	232,709,398
Adjustment during the year		-	-
Closing balance		1,114,779,338	898,658,266
17.02 Advance income tax			
Opening balance		805,384,249	655,765,040
Add: Addition during the year		301,462,659	149,619,209
Less: Adjustment during the year		-	-
Closing balance		1,106,846,908	805,384,249

		Amount in Taka	
		01 April 2020 to 31 March 2021	01 April 2019 to 31 March 2020
18.00	Net sales revenue		
	Sale of manufactured goods	2,116,659,708	2,187,705,761
	Sale of imported finished goods	1,323,541	107,271
	Total	2,117,983,249	2,187,813,032
19.00	Cost of materials		
	Raw material consumed	615,380,389	642,569,868
	Packing material consumed	39,634,840	39,751,478
		655,015,229	682,321,346
19.01	Raw material consumed		
	Opening inventory	240,327,959	390,945,240
	Add: Purchase	610,568,949	444,806,239
	Add: stock in transit	17,774,233	47,146,348
	Less: Closing inventory	253,290,752	240,327,959
		615,380,389	642,569,868
19.02	Packing material consumed		
	Opening inventory	17,687,040	26,718,183
	Add: Purchase	42,400,332	30,720,335
	Less: Closing inventory	20,452,532	17,687,040
		39,634,840	39,751,478
20.00	Changes in inventory of finished goods and WIP		
	Opening finished goods	149,245,410	77,580,306
	Closing finished goods	(237,376,324)	(149,245,410)
	Opening work in progress	42,098,900	37,426,200
	Closing work in progress	(40,954,625)	(42,098,900)
		(86,986,639)	(76,337,804)
21.00	Personnel cost		
	Salaries,wages,bonus and benefits	250,509,506	251,014,096
	Contribution to provident fund	8,224,054	7,526,524
		258,733,560	258,540,620
22.00	Operating and other expenses		
	Stores and spares consumed	14,666,238	7,868,107
	Conversion and other manufacturing expenses	16,248,978	11,792,914
	Electricity , Gas and other Utilities	775,864	1,065,934
	Bank Charges	890,114	296,313
	License Fees	419,341	478,441
	Power and Fuel	15,787,638	15,190,855
	Management Fees	126,999,583	131,268,782
	VAT on management fees	19,049,938	19,690,317
	Rent	1,748,276	8,395,361
	Insurance	13,552,240	13,055,006
	Repairs & maintenance:		
	Building	248,028	1,660,798
	Plant and machineries	8,639,042	8,296,414
	Others	2,779,359	4,032,642
	Printing and Stationery	3,200,896	3,797,254
	Traveling and conveyance :		
	Local	3,768,168	4,814,920
	Foreign	52,023	49,193
	Communication	1,801,938	2,079,017
	Briefing materials & Stationery	390,653	387,020
	Payment to statutory auditors (Note : 21.01)	493,250	405,500
	Professional and consultancy fees	1,621,161	563,604
	Security services	3,924,563	3,856,781
	Rates & Taxes	579,116	226,144
	Training expenses	5,571	685,101
	Entertainment	215,650	2,962,659
	Miscellaneous expenses	12,209,850	9,756,986
		250,067,478	252,676,063

The company has adopted IFRS 16 Leases wef. 1st April 2019 and depreciation of right of use assets and interest on lease liability has been recognized instead of rental expense. This year the company has paid rent BDT 6,519,060 for head office rent and BDT 5,024,791 for land rent.

	Amount in Taka	
	01 April 2020 to 31 March 2021	01 April 2019 to 31 March 2020
	22.01 Payment to statutory auditors	
Statutory audit fees	250,000	95,000
Review of interim financial statements	243,250	82,500
Other advisory services	-	223,000
Reimbursement of out of pocket expenses	-	5,000
	493,250	405,500
23.00 Selling, Marketing and Distribution expenses		
Drug testing fees/license fees	1,786,519	1,937,906
Electricity , Gas and other Utilities	-	177,582
Bank Charges	-	7,864
Rent	-	2,421,732
Insurance	2,652,810	1,720,679
Repair and maintenance:		
Others	-	57,132
Printing and Stationery	-	958,075
Travelling an conveyance :		
Local	520,377	1,829,986
Foreign	-	1,429,182
Communication	59,170	237,454
Sales promotion expenses	3,951,590	7,425,698
Depot conveyance expenses	1,014,769	3,865,798
Knowledge update expenses	128,244,780	211,108,308
Distribution Service Charge	232,798,320	124,314,312
Briefing materials & Stationery	11,417,310	17,827,739
Training expenses	20,349,348	34,327,752
Field staff expenses	48,555,787	60,137,671
Breakage and expiry	2,755,329	1,862,473
Entertainment	-	446,243
Provision and Bad debt	2,316,118	(211,723)
Miscellaneous expenses	417,541	796,489
	456,839,768	472,678,352
24.00 Other Income		
Gain/(Loss) from disposal of fixed assets	(76,514)	(10,442,372)
Interest income	76,530,971	61,005,307
	76,454,457	50,562,935
25.00 Deferred tax expense		
Closing deferred tax liability	80,089,668	81,897,070
Opening deferred tax liability	81,897,070	73,942,662
Total	(1,807,402)	7,954,408
26.00 Workers' Profit Participation and Welfare Fund	29,302,390	29,131,334
As per Bangladesh Labour Act 2006 (under chapter 15), the company has made the provision of 5% on profit before tax to Workers' Profit Participation and Welfare Fund for the year ended 31 March 2021.		
27.00 Capacity utilization	2020-21	2019-20
Installed capacity (tablets/capsules) in pieces	348,932,000	348,932,000
Utilized capacity (tablets/capsules) in pieces	324,938,728	339,021,698
Percentage of utilization (%)	93.12%	97.16%
28.00 Information relating to consumption of materials		
	01 April, 2020 to 31 March, 2021	01 April, 2019 to 31 March, 2020
	Quantity Kg	Quantity Kg
	Value Taka	Value Taka
Raw materials	130,652	124,609
Packing materials	-	-
	614,586,528	642,103,703
	40,234,181	40,190,945

29.00 Value of imports calculated on CIF basis

During the year, the company imported the following items in foreign currencies including in transit :

Particulars	Currency	2020-2021		2019-2020	
		Foreign currency	Equivalent Taka	Foreign currency	Equivalent Taka
Raw materials and Packing materials	USD	6,556,684	557,603,455	6,715,132	570,855,352
Capital machinery and spare parts & lab chemical	USD	181,652	15,435,635	301,991	25,569,670
	EURO	7,810	799,475	36,585	3,551,288
Finished Goods	USD	-	-	16,136	1,370,758
Total			573,838,564		616,324,208

30.00 Particulars of employees

The number of employees engaged by the company during the year and part thereof was 571 (2020: 578) and all the staff of the Company are drawing salary and allowances above Tk. 3,000 per month.

	Amount in Taka	
	2020-2021	2019-2020
31.00 Basic earnings per share (EPS)		
Profit after tax	371,734,136	341,962,877
Number of shares	600,000	600,000
EPS	619.56	569.94
32.00 Contingent liability		
(a) Bank guarantee	557,432	557,432
(b) Letter of credit	127,834,106	75,871,013
(c) Income tax : For the Assessment Year 2019-2020	3,440,286	160,039
	131,831,824	76,588,484

- 32.01** (a) The company has a contingent liability aggregating guarantees issued by the banker on behalf of the Company Tk. 557,432.
(b) The company has a Letter of credit of Tk 127,834,106.
(c) The company has filed appeal at Tax Appellate Tribunal against the order of the Deputy Commissioner of Taxes as well as the Commissioner of Taxes (Appeal) on the matter of income tax assessments. Outcome of which is uncertain. However, the company's management feels that the claim by the Tax authority is unjustified and the company has fair grounds for having the judgment in their favor.

33.00 Financial risk management objective and policies

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

33.01 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. It mainly comprises of Trade and other receivables, bank balances and Advances, deposits and prepayments (except receivable from Govt.). The Company's maximum exposure to credit risk at the reporting date is as follows:

	31-Mar-21 Taka	31-Mar-20 Taka
Trade and other receivables	196,654,691	262,417,027
Cash and cash equivalents (except cash in hand)	1,926,022,972	1,634,644,493
Advances, deposits and prepayments (except receivable from Govt.)	166,693,853	184,654,731
	2,289,371,516	2,081,716,251

The aging of trade receivables at the reporting date is as follows:

Due over twelve months	9,399,666	-
Due over six months	4,493,269	9,838,764
Due below six months	176,281,677	197,587,880
	190,174,611	207,426,644
Less: Provision for doubtful debts	5,731,568	3,415,450
	184,443,043	204,011,194

To mitigate the credit risk against trade receivables, the company has a system of specific credit line period to the parties. This outstanding period and amount are regularly monitored. The Company endeavors to cover the credit risks on all receivables, where possible, by restricting credit facility and stringent monitoring.

33.02 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The table below summarises the Company's financial liabilities as at the reporting date.

Trade payable and liabilities for expenses	978,601,343	797,226,891
	978,601,343	797,226,891

Maintaining sufficient cash, the availability of funding through an adequate amount of committed bank facilities, the company manages the liquidity risk.

33.03 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

32.03.01 Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to company's operating activities with the foreign suppliers.

The Company's exposure to foreign currency risk in major currencies at their gross values is as follows:

	Foreign currency	31-Mar-21 Amount	31-Mar-20 Amount
Current liabilities	EURO	-	-
	POUND	-	-
	USD	1,161,637	7,625,808

The Company did not experience with any unusual profit or loss causing from foreign exchange fluctuation till date.

32.03.02 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short-term deposits.

At the reporting date, the average interest rate of the Company's investment in Fixed Deposit was as follows:

	31-Mar-21 Effective rates %	31-Mar-20 Effective rates %	31-Mar-21 Amount in Taka	31-Mar-20 Amount in Taka
Investment in Fixed	2.00% - 5.50%	1.75% - 7.00%	1,830,557,432	1,480,557,432

32.03.03 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares. The Company also is not exposed to commodity price risk.

33.00 Related party disclosures

(a) Related party transactions

During the year, the company made a number of transactions with related party in the normal course of business. Name of the related party, nature of those transactions and total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosure.

Name of the related party transaction	Nature of transaction	Relationship	31-Mar-21		31-Mar-20
			Transaction value	Amount due	Amount due
Sun Pharmaceutical Industries Limited, India	Raw materials	Parent company	1,569,210		1,388,933
	Expenses				-
	Management fees		126,999,584	566,153,252	498,784,424
			128,568,794	566,153,252	500,173,357

(b) Compensation of Key Management Personnel

The following disclosures are made in accordance with the provisions of IAS: 24 *Related Party Disclosures*, in respect of the compensation of key management personnel. Under IAS 24, 'Key Management Personnel' are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. The transactions of the current members of the Board of Management is set out below.

Name of the related party transaction	Nature of transaction	Relationship	31-Mar-21		31-Mar-20
			Transaction value	Amount due	Amount due
Mr. Sukumar Ranjan Ghosh	Factory Land Rent	Director	1,142,004	-	-
Mrs. Abha Rani Ghosh	Factory Land Rent	Spouse of Director	1,370,400	-	-
			2,512,404	-	-