

Independent Auditors' Report
and
Financial Statements
of
Sun Pharmaceutical (Bangladesh) Limited
As at 31 March 2023
And
For the period from 01 April 2022 to 31 March 2023

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of
Sun Pharmaceutical (Bangladesh) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Pharmaceutical (Bangladesh) Limited (the Company), which comprise the statement of financial position as at 31 March 2023, 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 true and fair view of the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Report on Other Legal and Regulatory Requirements

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

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

Dated: 16 May 2023
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA
Senior Partner & CEO
Enrolment Number-0690
DVC: 2306010690AS703742

Sun Pharmaceutical (Bangladesh) Limited
Statement of financial position
As at 31 March 2023

Particulars	Notes	Amount in Taka	
		31-Mar-23	31-Mar-22
ASSETS			
Non current assets		1,693,897,380	820,518,043
Property, plant and equipment	4.00	432,415,197	446,142,348
Capital work-in-progress	5.00	-	19,398,108
Long term deposits	6.00	17,178,288	17,178,288
Loan to subsidiary	7.00	1,145,000,000	220,000,000
Right-of-use asset	8.00	39,303,995	57,799,399
Investment in shares	9.00	59,999,900	59,999,900
Current assets		2,654,473,503	3,354,639,932
Inventories	10.00	552,248,129	426,575,955
Trade and other receivables	11.00	299,597,201	211,492,389
Advances, deposits and prepayments	12.00	203,940,085	379,721,976
Cash and cash equivalents	13.00	1,598,688,088	2,336,849,613
TOTAL ASSETS		4,348,370,881	4,175,157,975
EQUITY AND LIABILITIES			
Equity		3,053,674,088	2,779,052,927
Share capital	14.00	60,000,000	60,000,000
Share money deposits	15.00	56,929,462	56,929,462
Retained earnings		2,936,744,626	2,662,123,465
Liabilities			
Non current liabilities		97,325,553	123,714,496
Deferred tax liabilities	16.00	71,429,601	77,849,898
Lease liability	17.00	25,895,952	45,864,598
Current liabilities		1,197,371,240	1,272,390,552
Lease liability	17.00	19,968,646	17,952,312
Trade payable and liability for expenses	18.00	1,199,630,260	1,240,158,413
Current tax liabilities	19.00	(22,227,666)	14,279,827
Total liabilities		1,294,696,793	1,396,105,048
TOTAL EQUITY AND LIABILITIES		4,348,370,881	4,175,157,975

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: 16 May 2023
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA
Senior Partner & CEO
Enrolment Number-0690
DVC: 2306010690AS703742

Sun Pharmaceutical (Bangladesh) Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2023

Particulars	Notes	01 April 2022 to 31 March 2023	01 April 2021 to 31 March 2022
Revenue		2,551,828,970	2,551,030,638
Net sales revenue	20.00	2,551,828,970	2,551,030,638
Less: Expenditures		2,167,308,124	1,956,302,775
Cost of materials	21.00	744,400,287	690,748,987
Changes in inventory of finished goods and WIP	22.00	(13,914,527)	38,158,926
Personnel expense	23.00	403,246,062	292,093,818
Operating and other expenses	24.00	269,184,429	248,716,427
Selling, marketing and distribution expenses	25.00	707,274,243	635,224,655
Depreciation	26.00	57,117,630	51,359,962
Profit From Operations		384,520,846	594,727,863
Other income	27.00	68,366,497	31,350,568
Less: Interest Expense- lease liability	28.00	6,037,321	6,524,318
Profit before contribution to WPPF		446,850,022	619,554,112
Contribution to Workers' Profit Participation Fund	30.00	21,278,572	29,502,576
Profit before income tax		425,571,450	590,051,536
Less: Income tax		150,950,289	216,704,159
Current tax		157,370,586	218,943,929
Deferred tax	29.00	(6,420,297)	(2,239,770)
Net profit after income tax		274,621,161	373,347,377
Other comprehensive income		-	-
Total comprehensive income		274,621,161	373,347,377

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: 16 May 2023
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA
Senior Partner & CEO
Enrolment Number-0690
DVC: 2306010690AS703742

Sun Pharmaceutical (Bangladesh) Limited
Statement of changes in equity
For the year ended 31 March 2023

Particulars	Amount in Taka			
	Share capital	Share money deposits	Retained Earnings	Total
Balance as at 01 April 2021	60,000,000	56,929,462	2,288,776,088	2,405,705,550
Total comprehensive income	-	-	373,347,377	373,347,377
Balance as at 31 March 2022	60,000,000	56,929,462	2,662,123,465	2,779,052,927
Balance as at 01 April 2022	60,000,000	56,929,462	2,662,123,465	2,779,052,927
Total comprehensive income	-	-	274,621,161	274,621,161
Balance as at 31 March 2023	60,000,000	56,929,462	2,936,744,626	3,053,674,088

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

Managing Director

Finance Controller

Director

Dated: 16 May 2023
Dhaka.

Sun Pharmaceutical (Bangladesh) Limited
Statement of cash flows
For the year ended 31 March 2023

Particulars	Amount in Taka	
	31-Mar-23	31-Mar-22
Cash flows from operating activities		
Receipts from customers	2,491,779,876	2,527,692,661
Payments to suppliers, employees and other	(2,145,877,134)	(1,661,097,350)
Other Income	-	225,414
Income tax paid	(193,878,079)	(212,596,532)
Net cash generated from/(used in) operating activities (A)	152,024,664	654,224,193
Cash flows from investing activities		
Acquisition of property, plant and equipment and CWIP	(6,075,090)	(65,891,333)
Loan to subsidiary	(925,000,000)	(220,000,000)
Sale proceeds from property, plant and equipment	578,124	1,919,508
Interest received	40,310,778	39,625,433
Net cash provided by/(used in) investing activities (B)	(890,186,188)	(244,346,392)
Cash flows from financing activities		
Net cash used in financing activities (C)	-	-
Net changes in cash and cash equivalents (A+B+C)	(738,161,525)	409,877,799
Cash and cash equivalents at the beginning of the year	2,336,849,613	1,926,971,814
Cash and cash equivalents at the end of the year	1,598,688,088	2,336,849,613

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

Managing Director

Finance Controller

Director

Dated: 16 May 2023
Dhaka.

Sun Pharmaceutical (Bangladesh) Limited
Notes, comprising significant accounting policies and other explanatory information
As at March 31, 2023 and for the period from 01 April 2022 to 31 March 2023

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 (IFRSs) as adopted in Bangladesh by 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 Standards (IASs) 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 Errors
IAS-10	Events After the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS-19	Employee Benefits
IAS-21	The Effects of Changes in Foreign Exchange Rates
IAS-24	Related Party Disclosures
IAS- 32	Financial Instruments: Presentation
IAS- 36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IAS-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 Customers
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, 2022 to March 31, 2023 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 Company's 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 authorization for issue of financial statements

On 16 May 2023, 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 (IFRSs) 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 # 3.04	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 16	Deferred tax liabilities
Note 18	Trade payable and liability for expenses
Note 19	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 or 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:

Leasehold land	2.51%
Factory building	1.63%
Plant and machinery	4.75%
Motor vehicle/motor cycle	16.21%
Equipments	4.75%
Computer erquipment	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-of-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 weighted average 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 other receivables

Trade and other 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 expenses

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 or 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 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 statements 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					Carrying value
		Balance as at 01 April 2022	Addition during the year	Disposal during the year	Balance as at 31 March 2023	Rate	Balance as at 01 April 2022	Charged during the year	Disposal during the year	Balance as at 31 March 2023	As at 31 March 2023
1	Leasehold land	33,000	-	-	33,000	2.51%	17,669	807	-	18,476	14,524
2	Factory building	119,447,242	3,788,461	-	123,235,703	1.63%	23,651,929	2,010,472	-	25,662,401	97,573,302
3	Plant and machinery	411,414,153	21,186,074	-	432,600,227	4.75%	172,362,923	20,591,104	-	192,954,027	239,646,200
4	Motor vehicles/Motor cycles	95,201,394	-	1,350,281	93,851,113	16.21%	32,296,158	8,863,621	775,992	40,383,787	53,467,326
5	Equipments	40,897,313	-	-	40,897,313	4.75%	15,659,465	2,083,003	-	17,742,468	23,154,845
6	Computer equipment	32,188,704	348,314	36,915	32,500,103	4.75%	20,182,585	4,020,081	33,080	24,169,586	8,330,517
7	Furniture and fixtures	19,541,434	150,350	-	19,691,784	6.33%	8,410,163	1,053,138	-	9,463,301	10,228,483
As on March 31, 2023		718,723,240	25,473,199	1,387,196	742,809,242		272,580,892	38,622,226	809,072	310,394,045	432,415,197
As on March 31, 2022		672,817,125	51,704,823	5,798,710	718,723,239		241,067,067	35,393,026	3,879,202	272,580,892	446,142,348

	Amount in Taka	
	31-Mar-23	31-Mar-22
5.00 Capital work-in-progress		
Opening balance	19,398,108	5,211,598
Addition during the year	-	18,302,371
Transfer to property, plant and equipment	(19,398,108)	(4,115,860)
Closing balance	-	19,398,108
6.00 Long term deposits		
Opening balance	17,178,288	16,808,288
Addition during the year	-	370,000
Closing balance	17,178,288	17,178,288
7.00 Loan to subsidiary		
Sun Pharmaceuticals (EZ) Limited	1,145,000,000	220,000,000
	1,145,000,000	220,000,000
<i>The amount has been paid through banking channel</i>		
8.00 Right-of-use asset		
Initial/Opening Balance	57,799,399	58,087,113
Addition during the year	-	27,813,130
Depreciation during the year	(18,495,404)	(28,100,844)
Closing balance	39,303,995	57,799,399
<i>"The company has already adopted IFRS-16: "Leases" and the above 'Right-of-use assets' created against lease contracts. Detail requirements described in Note 3.02."</i>		
9.00 Investment in shares		
Sun Pharmaceuticals (EZ) Limited	59,999,900	59,999,900
	59,999,900	59,999,900
10.00 Inventories		
Finished products - depot & factory	234,287,131	203,736,409
Raw materials	257,641,210	150,586,824
Packing materials	33,503,588	20,046,963
Work in progress	18,427,472	36,435,614
Stores and spares	1,385,895	3,981,537
Goods in transit	7,002,833	11,788,607
	552,248,129	426,575,955
11.00 Trade and other receivables		
Trade receivables	267,830,114	207,781,020
Interest receivable	31,754,186	3,698,467
Insurance receivable	12,902	12,902
	299,597,201	211,492,389
12.00 Advances, deposits and prepayments		
Advances:		
Advance VAT on depots stock	124,846,263	116,992,463
Advance to suppliers and others	66,295,653	249,163,393
Imprest money with employees	1,779,858	5,015,778
	192,921,774	371,171,634
Deposits:		
Security deposits	123,000	123,000
	123,000	123,000
Prepayments:		
Prepaid expenses	10,895,311	8,427,342
	10,895,311	8,427,342
	203,940,085	379,721,976

		Amount in Taka	
		31-Mar-23	31-Mar-22
13.00 Cash and cash equivalents			
Cash in hand		1,755,304	1,168,557
Cash at bank :	Note 13.01	646,375,351	1,835,123,624
Fixed deposit		950,557,433	500,557,432
		1,598,688,088	2,336,849,613
13.01 Current account			
Eastern Bank Ltd. (C/A # 0104-106-0005667)		10,430,838	40,493,752
Standard Chartered bank (C/A # 0111-8462001)		43,934,452	1,567,465,701
Dutch-Bangla Bank Limited (C/A # 138-110-1281)		3,258,650	784,052
Standard Chartered bank (Ac/No # 32-118462001)		1,035,675	58,865,952
Citi bank N.A. (C/A # 0200352009)		586,945,555	167,514,167
Citi bank N.A. (C/A # 0200352017)		90,000	-
State Bank of India (C/A # 05120686920201)		680,180	-
		646,375,351	1,835,123,624
14.00 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-23	31-Mar-22
		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
			100
15.00 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
16.00 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 2023	Tax base 31 March 2023	Taxable/ (deductible) Temporary difference
Factory building	97,573,302	28,504,315	69,068,987
Plant and Machinery	239,646,200	93,508,952	146,137,248
Motor Vehicles/Motor Cycles	53,467,326	28,795,853	24,671,473
Equipments	23,154,845	11,061,412	12,093,434
Computer Equipment	8,330,517	3,663,039	4,667,478
Furniture and Fixtures	10,228,483	7,123,101	3,105,382
Property, plant and equipment	432,400,673	172,656,671	259,744,002
Total Taxable temporary difference			259,744,002
Tax rate			27.50%
Deferred tax liability/ (assets) on temporary difference			71,429,601
Closing Deferred tax (assets)/ liability		71,429,601	77,849,898
Opening Deferred tax (assets)/ liability		77,849,898	80,089,668
Deferred tax expense/(income)		(6,420,297)	(2,239,770)

		Amount in Taka	
		31-Mar-23	31-Mar-22
17.00 Lease liability			
Non current liability		25,895,952	45,864,598
Current liability		19,968,646	17,952,312
Total		45,864,598	63,816,910
Movement of lease liability as follows			
Opening lease liability		63,816,910	49,730,813
Addition during the year		-	27,813,130
Interest charge on lease liability		5,578,399	6,524,318
Actual rent paid during the year		(23,530,710)	(20,251,351)
Closing balance		45,864,598	63,816,910
18.00 Trade payable and liability for expenses			
Management fee payable		764,504,519	606,370,952
VAT on management fee payable		90,955,112	90,955,112
Trade and other payable		37,105,358	59,710,373
Provision for Workers' Profit Participation Fund		21,278,572	29,502,576
Other liabilities	Note: 18.01	285,786,699	453,619,401
		1,199,630,260	1,240,158,414
18.01 Other liabilities			
Outstanding expenses		248,686,579	377,174,598
VAT current account		19,928,046	45,129,531
Payable to employees		590,199	2,672,907
Deposits for motor cycle from employees		23,967,172	23,967,172
Withholding income tax and VAT payable		(7,385,297)	4,675,193
		285,786,699	453,619,401
19.00 Current tax liabilities			
Provision for income tax	Note: 19.01	360,746,854	1,326,109,220
Advance income tax	Note: 19.02	(382,974,520)	(1,311,829,393)
		(22,227,666)	14,279,827
19.01 Provision for income tax			
Opening balance		1,326,109,220	1,114,779,338
Provision made during the year		153,181,521	218,943,929
Adjustment during the year		(1,118,543,887)	(7,614,047)
Closing balance		360,746,854	1,326,109,220
19.02 Advance income tax			
Opening balance		1,311,829,393	1,106,846,908
Add: Addition during the year		197,692,052	211,782,027
Adjustment during the year		(1,126,546,925)	(6,799,542)
Closing balance		382,974,520	1,311,829,393

		Amount in Taka	
		01 April 2022	01 April 2021
		to	to
		31 March 2023	31 March 2022
20.00	Net sales revenue		
	Sale of manufactured goods	2,551,828,970	2,551,030,638
	Total	2,551,828,970	2,551,030,638
21.00	Cost of materials		
	Raw material consumed	674,444,924	664,983,262
	Packing material consumed	69,955,364	25,765,725
		744,400,287	690,748,987
21.01	Raw material consumed		
	Opening inventory	150,586,824	253,290,752
	Add: Addition during the year	774,496,477	529,176,299
	Add: Stock in transit	7,002,833	33,103,035
	Less: Closing inventory	257,641,210	150,586,824
		674,444,924	664,983,262
21.02	Packing material consumed		
	Opening inventory	20,046,963	20,452,532
	Add: Addition during the year	83,411,988	25,360,156
	Less: Closing inventory	33,503,588	20,046,963
		69,955,364	25,765,725
22.00	Changes in inventory of finished goods and WIP		
	Opening finished goods -depot & factory	203,736,409	237,376,324
	Closing finished goods -depot & factory	(234,287,131)	(203,736,409)
	Opening work in progress	36,435,614	40,954,625
	Closing work in progress	(18,427,472)	(36,435,614)
		(13,914,527)	38,158,926
23.00	Personnel expense		
	Salaries, wages, bonus and benefits	394,057,455	283,554,982
	Contribution to provident fund	9,188,607	8,538,837
		403,246,062	292,093,819
<i>The company has got approval of gratuity fund in the name of SUN PHARMACEUTICAL (BANGLADESH) EMPLOYEES GRATUITY FUND vide letter (Nathi no- 08.01.0000.035.02.23/64) accordingly the company made payment BDT 83,333,004 to the approved gratuity fund.</i>			
24.00	Operating and other expenses		
	Stores and spares consumed	28,926,878	9,972,639
	Conversion and other manufacturing expenses	4,992,375	6,818,962
	Electricity , Gas and other Utilities	1,131,307	1,174,481
	Bank charges	1,977,013	471,956
	License fees	1,196,216	743,059
	Power and fuel	23,230,307	15,882,336
	Management fees (Royalty fee)	153,109,738	175,969,838
	Rent	1,919,416	2,204,529
	Insurance	13,251,112	8,747,287
	Repairs & maintenance:		
	Building	513,160	435,871
	Machinaries	7,103,420	3,988,585
	Other	7,844,110	4,286,541
	Printing and stationery	5,848,722	3,794,344
	Traveling and conveyance - Local	2,563,583	1,836,546
	Traveling and conveyance - Foreign	428,075	142,340
	Communication	2,292,599	1,920,968
	Briefing materials & stationery	-	11,611
	Audit fees	250,000	250,000
	Professional and consultancy fees	2,032,487	916,662
	Security services	4,888,441	4,091,403
	Rates & taxes	929,078	686,144
	Entertainment	581,472	2,003,144
	Miscellaneous expenses	4,174,918	2,367,180
		269,184,429	248,716,427
<i>The company has adopted IFRS 16 Leases 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 23,530,710 for head office rent and land rent.</i>			

25.00 Selling, marketing and distribution expenses

Drug testing fees/license fees	2,190,467	2,054,554
Insurance	4,174,583	3,221,359
Traveling and conveyance - Local	16,044,268	3,917,436
Traveling and conveyance - Foreign	549,627	14,514
Sales promotion expenses	12,503,164	12,122,988
Depot conveyance expenses	1,735,350	1,978,892
Knowledge update expenses	273,569,284	265,169,009
Distribution service charge	219,856,759	193,354,461
Briefing materials & Stationery	18,691,826	16,009,934
Training expenses	43,823,731	43,194,560
Field staff expenses	92,334,328	90,296,052
Breakage, expiry and samples	20,338,097	3,096,109
Miscellaneous expenses	1,462,757	794,787
	707,274,243	635,224,655

26.00 Depreciation

Depreciation on property plant and equipments (Notes-4)	38,622,226	35,393,026
Depreciation on Right-of-use assets (RoU)	18,495,404	15,966,936
	57,117,630	51,359,962

27.00 Other Income

Interest income	68,221,855	31,350,567
Gain on asset disposal	144,642	-
	68,366,497	31,350,567

28.00 Interest expenses

Interest expenses on Lease Liability	5,578,399	6,524,318
Interest expenses on Upass loan	458,922	-
	6,037,321	6,524,318

29.00 Deferred tax expense

Closing deferred tax liability	71,429,601	77,849,898
Opening deferred tax liability	77,849,898	80,089,668
Total	(6,420,297)	(2,239,770)

30.00 Workers' Profit Participation Fund

Employer'S Contribution to the Fund	21,278,572	29,502,576
	21,278,572	29,502,576

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 2023.

31.00 Capacity utilization

	2022-23	2021-22
Installed capacity (tablets/capsules) in pieces	348,932,000	348,932,000
Utilized capacity (tablets/capsules) in pieces	348,807,142	344,463,514
Percentage of utilization (%)	99.96%	98.72%

32.00 Information relating to consumption of materials

	01 April, 2022 to 31 March, 2023		01 April, 2021 to 31 March, 2022	
	Quantity	Value	Quantity	Value
	Kg	Taka	Kg	Taka
Raw materials & packing materials	139,776	639,629,257	137,645	714,995,387

33.00 Value of imports calculated on CIF basis

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

Particulars	Currency	2022-2023		2021-2022	
		Foreign currency	Equivalent Taka	Foreign currency	Equivalent Taka
Raw materials and Packing materials	USD	7,237,455	707,683,087	6,539,109	562,581,018
Capital machinery and spare parts & lab chemical	USD	54,581	5,620,251	234,543	20,073,372
	EURO	-	-	3,186	333,893
Total			713,303,338		582,988,283

34.00 Particulars of employees

The number of employees engaged by the company during the year and part thereof was 561 (2022: 571) and all the staff of the Company are drawing salary and allowances above Tk. 3,000 per month.

	Amount in Taka	
	2022-2023	2021-2022
35.00 Basic earnings per share (EPS)		
Profit after tax	274,621,161	373,347,377
Number of shares	600,000	600,000
EPS	457.70	622.25
36.00 Contingent liability		
(a) Bank guarantee	757,910	557,432
(b) Letter of credit	41,942,298	109,408,985
(c) Income tax :		
For the Assessment Year 2019-20 & 2020-21	-	3,764,549
	42,700,208	113,730,966

- 36.01** (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 109,408,985.
 (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.

37.00 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.

37.01 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:

	Notes	Amounts in tk	
		31/Mar/23	31/Mar/22
Trade and other receivables	11.00	299,597,201	211,492,389
Cash and cash equivalents (except ca	13.00	1,596,932,784	2,335,681,056
Advances, deposits and prepayments (except receivable from Govt.)	12.00	203,940,085	379,721,976
		2,100,470,070	2,926,895,420

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

	Amount in Taka	
	2022-2023	2021-2022
Due over twelve months	16183590	13,575,427
Due over six months	8361005	5,930,247
Due below six months	249015502	194,005,328
	273,560,097	213,511,002
Less: Provision for doubtful debts	5,729,983	5,729,983
	267,830,114	207,781,019

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.

37.02 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 liability for	18.00	1,199,630,260	1,240,158,414
Current tax liabilities	19.00	(22,227,666)	14,279,827
		1,177,402,594	1,254,438,241

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

37.03 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.

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

	Foreign currency	Amounts in tk	
		31-Mar-23	31-Mar-22
Current liabilities	EURO	-	-
	POUND	-	-
	USD	7,198,606	403,082

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

36.03.02 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

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

	Effective rates %		Amounts in tk	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Investment in Fixed Deposit	0.50% - 5.00%	0.50% - 4.5%	950,557,433	500,557,432
			950,557,433	500,557,432

36.03.03 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

38.00 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 Disclosures".

Name of the related party transaction	Nature of transaction	Relationship	31-Mar-23		31-Mar-22
			Transaction value	Amount due	Amount due
Sun Pharmaceutical Industries Limited, India	Raw materials	Parent company	11,660,490	7,002,833	
	Management fees (Royalty fee)		153,109,738	759,480,690	606,370,948
			164,770,228	766,483,523	606,370,948

(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-23		31-Mar-22
			Transaction value	Amount due	Amount due
Mr. Sukumar Ranjan Ghosh	Factory Land Rent	Director	1,227,657	298,350	-
Mrs. Abha Rani Ghosh	Factory Land Rent	Spouse of Director	1,473,180	358,017	-
			2,700,837	656,367	-