

DIRECTORS' REPORT

To

The Members of **Sun Pharmaceutical (Bangladesh) Limited.**

Your Directors take pleasure in presenting the Sixteenth Annual Report and Audited Accounts for the year ended 31st March, 2017.

Financial Results

Particulars	Year Ended 31 st March,2016	Year Ended 31 st March,2016
Total Income	168,02,74,060	134,17,76,212
Profit/(Loss) After Tax	25,76,40,645	19,35,02,072

Dividend

In order to conserve resources, your Directors do not recommend any Dividend for the year 2016-17.

Operation Review

The Company has continued to grow despite a challenging environment. Gross turnover of your Company has increased by 25.8% during the year 2016-17. The Company has made few new product launches. The Company was able to achieve profit during the year and Accumulated Profit at the end of the year was Tk. 1050,626,544 as per compared to Tk. 79,29,85,899 last year.

During the year the Company made a further investment of Tk.3,86,78,890 raising the Total Investment to Tk48,73,03,910.

Capacity Utilisation

Installed Capacity: 348932 Thousand Tablets/Capsules

Utilised Capacity: 265813 Thousand Tablets/Capsules

Auditors

Your Company's Auditors, M/s Ahmed Mashuque & Co, Chartered Accountants, Dhaka, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for reappointment as auditors of the Company for the year 2017-18.

Acknowledgements

Your Directors acknowledge the impeccable service rendered by the employees of the Company at all levels towards its overall success. The Directors also take this opportunity to place on record their appreciation to the Shareholders, Board of Investment, Bankers and members of medical profession for their continued support and valuable cooperation to the Company.

For and On behalf of Board of Directors

Dhaka

Managing Director

Director

Date : 27th April' 2017

(Sukumar Ranjan Ghosh)

(Sailesh T Desai)

Independent Auditors' Report

and

Financial Statements

of

Sun Pharmaceutical (Bangladesh) Limited

As at and for the year ended 31 March 2017

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

Report on the Financial Statements

We have audited the accompanying financial statements of Sun Pharmaceutical (Bangladesh) Limited, which comprise the statement of financial position as at 31 March 2017, 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, comprising significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sun Pharmaceutical (Bangladesh) Limited as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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: 27 April 2017
Dhaka.**

**Ahmed Mashuque & Co.
Chartered Accountants**

Sun Pharmaceutical (Bangladesh) Limited
Statement of financial position
As at 31 March 2017

	<u>Notes</u>	<u>31-Mar-17</u>	<u>31-Mar-16</u>
		<u>Taka</u>	<u>Taka</u>
ASSETS			
Non current assets			
Property, plant and equipment-carrying value	6	332,903,233	316,335,427
Capital work-in-progress		38,503,993	17,648,918
Long term deposits		1,024,500	783,150
		372,431,726	334,767,495
Current assets			
Inventories	7	459,755,997	412,521,638
Trade and other receivables	8	46,726,587	30,740,995
Cash and cash equivalents	9	609,088,862	548,246,240
Advances, deposits and prepayments	10	121,235,903	79,181,632
		1,236,807,349	1,070,690,505
TOTAL ASSETS		1,609,239,075	1,405,458,000
EQUITY AND LIABILITIES			
Equity			
Share capital	11	60,000,000	60,000,000
Share money deposits	12	56,929,462	56,929,462
Retained earnings		1,050,626,544	792,985,899
Total equity		1,167,556,006	909,915,361
Liability			
Non current liabilities			
Deferred tax liabilities	13	64,371,799	60,817,362
		64,371,799	60,817,362
Current liabilities			
Trade payable and liabilities for expenses	14	369,404,417	406,105,774
Current tax liabilities	15	7,906,853	28,619,503
		377,311,270	434,725,277
Total liabilities		441,683,069	495,542,639
TOTAL EQUITY AND LIABILITIES		1,609,239,075	1,405,458,000

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

Managing Director

Manager
Finance & Operations

Director

As per our annexed report of same date.

Dated: 27 April 2017
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

Sun Pharmaceutical (Bangladesh) Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2017

		Amount in Taka	
	Notes	2016-2017	2015-2016
Revenue			
Net sales revenue		1,674,825,468	1,331,290,812
Other income	16	288,325	531,855
		1,675,113,793	1,331,822,667
Less: Expenditures			
Cost of materials	17	522,667,265	380,351,481
Personnel cost	18	231,903,870	208,653,726
Operating and other expenses	19	117,262,535	97,312,284
Selling, marketing and distribution expenses	20	358,916,167	315,859,881
Depreciation	6	23,426,358	21,482,224
		1,254,176,195	1,023,659,596
Profit From Operations		420,937,598	308,163,071
Add: Interest income		4,918,029	9,919,030
Add: Foreign exchange gain		242,238	34,515
Profit before contribution to Workers' Profit Participation & Welfare Fund		426,097,865	318,116,616
Less: Contribution to Workers' profit participation fund	21	20,290,375	15,148,410
Profit before income tax		405,807,490	302,968,206
Less: Income tax expense:			
Current tax		144,612,408	105,178,590
Deferred tax	13	3,554,437	4,287,544
Net profit after income tax		257,640,645	193,502,072
Other comprehensive income		-	-
Total comprehensive income		257,640,645	193,502,072
(Transferred to statement of changes in equity)			
Earning per share	26	429.40	322.50
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

**Manager
Finance & Operations**

Director

As per our annexed report of same date.

**Dated: 27 April 2017
Dhaka.**

**Ahmed Mashuque & Co.
Chartered Accountants**

Sun Pharmaceutical (Bangladesh) Limited
Statement of changes in equity
For the year ended 31 March 2017

Particulars	Amount in Taka			
	Share capital	Share money deposits	Retained Earnings	Total
Balance as at 01 April 2015	60,000,000	56,929,462	599,483,827	716,413,289
Total comprehensive income	-	-	193,502,072	193,502,072
Balance as at 31 March 2016	60,000,000	56,929,462	792,985,899	909,915,361
Balance as at 01 April 2016	60,000,000	56,929,462	792,985,899	909,915,361
Total comprehensive income	-	-	257,640,645	257,640,645
Balance as at 31 March 2017	60,000,000	56,929,462	1,050,626,544	1,167,556,006

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

Managing Director

**Manager
Finance & Operations**

Director

As per our annexed report of same date.

**Dated: 27 April 2017
Dhaka.**

**Ahmed Mashuque & Co.
Chartered Accountants**

Sun Pharmaceutical (Bangladesh) Limited
Statement of cash flows
For the year ended 31 March 2017

<u>Particulars</u>	<u>2016-2017</u>	<u>2015-2016</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Receipts from customers	1,949,426,537	1,336,110,545
Payments to suppliers, employees and other	(1,666,959,029)	(1,060,995,008)
Other income	-	74,729
Income tax paid	(165,325,058)	(115,847,225)
Net cash generated from operating activities (A)	117,142,450	159,343,041
Cash flows from investing activities		
Acquisition of property, plant and equipment	(40,863,737)	(33,408,198)
Sale proceeds from property, plant and equipment	1,157,900	2,498,211
Capital work-in-progress	(20,855,075)	(16,537,688)
Interest received	4,261,084	10,740,415
Net cash used in investing activities (B)	(56,299,828)	(36,707,260)
Cash flows from financing activities		
Net cash used in financing activities (C)	-	-
Net changes in cash and cash equivalents (A+B+C)	60,842,622	122,635,781
Cash and cash equivalents at the beginning of the year	548,246,240	425,610,459
Cash and cash equivalents at the end of the year	609,088,862	548,246,240

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

Managing Director

**Manager
Finance & Operations**

Director

As per our annexed report of same date.

Dated: 27 April 2017
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

Sun Pharmaceutical (Bangladesh) Limited
Notes, comprising significant accounting policies and other explanatory information
As at and for the year ended 31 March 2017

1 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 Nature of business

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

2 Basis of preparation

2.01 Statement of compliance

The financial statements have been prepared in compliance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable. BFRS comprise of

- Bangladesh Financial Reporting Standards;
- Bangladesh Accounting Standards;
- Bangladesh Financial Reporting Standards Interpretations; and
- Bangladesh Accounting Standards Interpretations.

The titles and format of these financial statements follow the requirements of BFRS which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management BFRS title gives better presentation to the shareholders.

2.02 Reporting period

The financial period of the company has been determined to be from 01 April to 31 March each year. These financial statements cover one year from 01 April 2016 to 31 March 2017 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 27 April 2017, 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 Bangladesh Financial Reporting Standards (BFRS) 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 # 3.02	Inventories

Assumption and estimation uncertainties

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

Note 13	Deferred tax liabilities
Note 14	Trade payable and liabilities for expenses
Note 15	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 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 BAS-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	2.50%
Factory building	1.63%
Plant and machinery	4.75%
Computer equipment	16.21%
Motor vehicle/motor cycle	9.50%
Office equipment	4.75%
Electrical installation	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 Inventories

Inventories are stated at the lower of cost and their corresponding net realisable value in accordance with BAS-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.

3.03 Trade and receivables

Trade receivables are stated net of provisions.

3.04 Statement of Cash flows

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

3.05 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.

3.06 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.

3.07 Provisions

In accordance with the guidelines as prescribed by BAS 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.

3.08 Revenue recognition

Sales are recognized at the time of delivery of goods from the company's depots/factory, when risk and reward of ownership of goods are transferred to the buyer. Sales are stated net of returns and excluding VAT.

3.09 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.

3.10 Income tax expense

Income tax expense comprises current and deferred tax . Current tax and deferred tax is recognised in profit or loss except to the extent that it 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 a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, 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.

3.11 Earning per share

The Company calculates its earnings per share in accordance with BAS 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.

3.12 Interest income

Interest income is recognized on accrual basis.

3.13 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 BAS 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 Labor Law, 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.

3.14 Events after the reporting date

In accordance with BAS 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.

3.15 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 BAS 37 Provision, contingent liabilities and contingent assets, they are disclosed in the notes to the financial statements.

3.16 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease and lease incentives are recognized as an integral part of the total lease expenses, over the term of the leases in accordance with BAS 17 : Leases.

4 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.

5 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 BAS 8: Accounting policies, Changes in Accounting Estimates and Errors.

6.00 Property, plant and equipment-carrying value

For 2017:

Sl.	Name of assets	Cost				Depreciation				Written down value
		Balance as at 01 April 2016	Addition during the year	Adjustment during the year	Balance as at 31 March 2017	Balance as at 01 April 2016	Charged during the year	Adjustment during the year	Balance as at 31 March 2017	As at 31 March 2017
1	Lease holdland	33,000	-	-	33,000	12,732	824	-	13,556	19,444
2	Factory building	78,690,950	4,503,420	-	83,194,370	14,419,346	1,322,827	-	15,742,173	67,452,197
3	Plant & machinery	257,337,162	16,676,719	-	274,013,881	76,286,822	12,520,578	-	88,807,400	185,206,482
4	Computer equipment	25,728,774	3,378,268	-	29,107,042	16,649,654	2,500,162	-	19,149,816	9,957,226
5	Motor vehicle/ motor cycle	46,369,061	11,363,081	(2,184,847)	55,547,295	11,428,899	4,814,372	(1,315,272)	14,927,999	40,619,296
6	Office equipment	8,614,855	1,724,479	-	10,339,334	2,017,156	444,930	-	2,462,086	7,877,248
7	Electrical installation	15,853,695	2,600,166	-	18,453,861	6,628,581	808,691	-	7,437,272	11,016,589
8	Furniture and fixtures	15,997,523	617,604	-	16,615,127	4,846,403	1,013,974	-	5,860,377	10,754,751
Total		448,625,020	40,863,737	(2,184,847)	487,303,910	132,289,592	23,426,358	(1,315,272)	154,400,678	332,903,233

For 2016:

Sl.	Name of assets	Cost				Depreciation				Written down value
		Balance as at 01 April 2015	Addition during the year	Adjustment during the year	Balance as at 31 March 2016	Balance as at 01 April 2015	Charged during the year	Adjustment during the year	Balance as at 31 March 2016	As at 31 March 2016
1	Lease hold land	33,000	-	-	33,000	11,906	826	-	12,732	20,268
2	Factory building	78,345,842	345,108	-	78,690,950	13,137,113	1,282,233	-	14,419,346	64,271,604
3	Plant & machinery	241,390,877	15,946,285	-	257,337,162	64,547,719	11,739,102	-	76,286,822	181,050,341
4	Computer equipment	21,508,929	4,279,845	(60,000)	25,728,774	14,339,410	2,349,761	(39,517)	16,649,654	9,079,120
5	Motor vehicle/ motor cycle	42,544,075	6,958,091	(3,133,105)	46,369,061	8,520,403	4,055,516	(1,147,020)	11,428,899	34,940,162
6	Office equipment	7,623,947	990,908	-	8,614,855	1,626,555	390,601	-	2,017,156	6,597,699
7	Electrical installation	13,270,191	2,583,504	-	15,853,695	5,910,938	717,643	-	6,628,581	9,225,114
8	Furniture and fixtures	13,693,066	2,304,457	-	15,997,523	3,899,861	946,542	-	4,846,403	11,151,120
Total		418,409,926	33,408,198	(3,193,105)	448,625,020	111,993,905	21,482,225	(1,186,537)	132,289,592	316,335,427

	31-Mar-17	31-Mar-16
	Taka	Taka
7 Inventories		
Finished products - Factory	5,148,375	5,216,619
- Depot	98,355,108	86,726,313
Raw materials	272,842,922	219,838,813
Packing materials	21,089,000	17,084,658
Work in progress	39,662,685	25,182,128
Goods in transit	22,657,907	58,473,107
	459,755,997	412,521,638
8 Trade and other receivables		
Trade receivables *	44,679,354	27,861,945
Interest receivable	2,047,233	1,148,050
Insurance receivable	-	1,731,000
	46,726,587	30,740,995
*Trade receivables are stated net of provisions. Tk.3,624,635/-(Previous Year 1,790,165/=)		
9 Cash and cash equivalents		
Cash in hand	165,080	232,659
Cash at bank :		
Current Account (Note # 09.01)	92,353,269	37,456,149
Fixed deposit	477,600,000	510,557,432
Margin money with bank	38,970,513	-
	609,088,862	548,246,240
9.01 Current Account		
Eastern Bank Ltd. (C/A # 0104-106-0006340)	84,083	1,539,280
Eastern Bank Ltd. (C/A # 0104-106-0005667)	7,006,681	3,751,899
AB Bank Limited (C/A # 4019-760082-000)	8,607,819	14,182,323
Standard Chartered bank (C/A # 0111-8462001)	24,359,214	-
Dutch-Bangla Bank Limited (C/A # 138-110-1281)	1,361,909	1,163,493
Citi bank N.A. (C/A # 0200352009)	50,933,563	16,819,154
	92,353,269	37,456,149
10 Advances, deposits and prepayments		
Advances:		
Advance to employees	36,362	87,300
VAT current account	17,359,409	6,556,462
Advance VAT on depots stock	48,734,601	49,242,375
Advance to suppliers	53,003,856	15,167,504
	119,134,228	71,053,641
Deposits:		
Imprest money with employees	1,711,155	1,298,601
Security deposits	390,520	516,995
	2,101,675	1,815,596
Prepayments:		
Prepaid expenses	-	6,312,395
	-	6,312,395
	121,235,903	79,181,632

	31-Mar-17	31-Mar-16
	Taka	Taka
11 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-17		31-Mar-16	
	Nominal value (Tk)	% of present holding	Nominal value (Tk)	% of present holding
Sun Pharmaceutical Industries Limited, India	43,446,900	72.41	43,446,900	72.41
City Overseas Limited	16,500,000	27.50	16,500,000	27.50
Sun Pharma Holdings *	53,100	0.09	53,100	0.09
	60,000,000	100	60,000,000	100

* Sun Pharma Global Inc. BVI had transferred its entire shareholdings of 531 share of BDT 53,100 of the Company to its wholly owned subsidiary Nogad Holdings. This has been approved by the Board of Directors of the Company at its meeting on 29th March 2014. Subsequently, Nagad Holdings by special resolution changed its name to Sun Pharma Holdings on 27th June 2014.

12 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 Global Inc. BVI	13,052	13,052
	56,929,462	56,929,462

13 Deferred tax liabilities

Deferred tax has been recognized and measured in accordance with the provision of BAS-12: *Income taxes*

Name of assets	Carrying amount as at 31 March 2017	Tax base 31 March 2017	Taxable/ (deductible) Temporary difference
Lease holdland	19,444	-	-
Factory building	67,452,197	8,428,486	59,023,711
Plant & machinery	185,206,482	82,369,320	102,837,162
Computer equipment	9,957,226	7,067,536	2,889,690
Motor vehicle/ motor cycle	40,619,296	25,892,775	14,726,520
Office equipment	7,877,248	5,414,300	2,462,948
Electrical installation	11,016,589	6,592,125	4,424,465
Furniture and fixtures	10,754,751	9,575,183	1,179,568
Property, plant and equipment	332,903,233	145,339,725	187,544,064
Provision for doubtful debts	-	3,624,635	(3,624,635)
Total Taxable temporary difference			183,919,429
Tax rate			35%
Deferred tax liability/ expense on temporary difference			64,371,800
Change in deferred tax assets and liability			
Opening balance		60,817,362	56,529,818
Provision made during the year		3,554,437	4,287,544
		64,371,799	60,817,362

14 Trade payable and liabilities for expenses

Trade payable	259,434,620	330,794,504
Liability for contribution to Workers' Profit Participation and Welfare Fund	20,290,375	15,148,410
Other liabilities (Note # 14.01)	89,679,422	60,162,860
	369,404,417	406,105,774

14.01 Other liabilities

Outstanding expenses	47,697,229	18,794,611
Payable to employees	796,968	3,802,299
Deposits for motor cycle from employees	11,770,129	7,844,922
Withholding income tax and VAT payable	29,415,096	29,721,028
	89,679,422	60,162,860

	31-Mar-17	31-Mar-16
	Taka	Taka
15 Current tax liabilities		
Provision for income tax (Note # 15.01)	435,339,332	290,726,924
Advance income tax (Note # 15.02)	(427,432,479)	(262,107,421)
	7,906,853	28,619,503
15.01 Provision for income tax		
Opening balance	290,726,924	185,548,334
Provision made during the year	144,612,408	105,178,590
Adjustment during the year	-	-
	435,339,332	290,726,924
15.02 Advance income tax		
Opening balance	262,107,421	146,260,196
Add: Addition during the year	165,325,058	115,847,225
Less: Adjustment during the year	-	-
	427,432,479	262,107,421
16 Other Income		
Gain from disposal of fixed assets	288,325	491,641
Miscellaneous income	-	40,214
	288,325	531,855
17 Cost of materials		
Opening inventories	412,521,638	314,835,347
Add: Purchase during the year	569,901,624	478,037,772
Closing inventories	(459,755,997)	(412,521,638)
	522,667,265	380,351,481
18 Personnel cost		
Salaries,wages,bonus and benefits	225,396,276	200,054,384
Contribution to provident fund	6,507,594	8,599,342
	231,903,870	208,653,726
19 Operating and other expenses		
Stores and spares consumed	7,713,110	7,411,912
Conversion and other manufacturing expenses	6,343,303	5,368,647
Electricity , Gas and other Utilities	901,553	824,892
Bank Charges	780,134	981,215
License Fees	766,300	31,008
Power and Fuel	10,766,022	10,382,659
Management Fees	42,066,070	31,882,066
VAT on management fees	6,309,911	4,782,310
Rent	10,880,231	9,864,136
Insurance	4,095,883	4,077,963
Repairs & maintenance:		
Building	1,232,787	612,455
Plant and machinery	7,864,181	6,266,204
Others	1,295,075	3,415,694
Printing and Stationery	1,580,903	1,718,880
Traveling and conveyance:		
Local	4,563,008	3,033,898
Foreign	850,065	204,747
Communication	2,069,302	1,764,520
Briefing materials & Stationery	277,120	237,592
Payment to statutory auditors (Note : 19.01)	565,729	453,750
Professional and consultancy fees	257,901	900
Security services	2,149,676	1,669,018
Rates & Taxes	835,663	416,905
Training expenses	757,170	-
Entertainment	1,496,732	939,854
Miscellaneous expenses	844,706	971,059
	117,262,535	97,312,284

	<u>31-Mar-17</u>	<u>31-Mar-16</u>
	<u>Taka</u>	<u>Taka</u>
19.01 Payment to statutory auditors		
(Including VAT, where applicable)		
As Auditors	95,000	75,000
Review of interim financial statements	86,250	57,500
Other advisory services	379,479	316,250
Reimbursement of out of pocket expenses	5,000	5,000
	565,729	453,750
20 Selling, Marketing and Distribution expenses		
Drug testing fees/license fees	465,860	898,291
Electricity , Gas and other Utilities	739,049	859,161
Bank Charges	632,523	593,601
Rent	6,724,136	6,806,058
Insurance	2,661,750	2,067,898
Repair and maintenance :		
Others	1,140,325	1,557,227
Printing and stationery	3,238,108	2,294,735
Travelling and conveyance:		
Local	2,452,207	4,513,797
Foreign	39,271	287,034
Communication	2,675,719	3,089,091
Sales promotion expenses	221,571,634	184,267,528
Depot conveyance expenses	29,546,099	26,680,602
Briefing materials & Stationery	12,182,576	12,949,368
Training expenses	31,226,647	29,124,176
Field staff expenses	33,913,847	34,764,108
Breakage and expiry	6,374,230	2,377,076
Entertainment	8,920	6,400
Provision-Doubtful Debts	1,834,470	1,790,165
Security Services	343,620	341,652
Miscellaneous expenses	1,145,176	591,913
	358,916,167	315,859,881
21 Workers' Profit Participation and Welfare Fund	20,290,375	15,148,410
As per Labor 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 2017.		
22 Capacity utilization		
Installed capacity (tablets/capsules) in pieces	348,932,000	348,932,000
Utilized capacity (tablets/capsules) in pieces	265,813,140	224,226,008
Percentage of utilization (%)	76.18%	64.26%
23 Information relating to consumption of materials		

	<u>2016-2017</u>		<u>2015-2016</u>	
	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
	<u>Kg</u>	<u>Taka</u>	<u>Kg</u>	<u>Taka</u>
Raw materials	88,992	619,577,891	66,823	252,689,158
Packing materials	-	40,918,308	-	44,061,104

24 Value of imports calculated on CIF basis

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

Particulars	Currency	2016-2017		2015-2016	
		Foreign currency	Equivalent Taka	Foreign currency	Equivalent Taka
Raw materials	USD	6,242,844	495,069,862	5,263,502	413,947,705
	EURO	38,877	3,391,347	21,202	1,828,957
Packing materials	USD	169,474	13,436,711	89,075	6,994,762
	USD	269,035	21,327,307	341,973	26,936,673
Capital machinery and spare parts	CHF	-	-	12,500	1,050,219
	EURO	27,560	2,479,029	11,767	1,026,583
	YEN	-	-	428,163	275,609
Promotional inputs	USD	6,100	491,660	34,136	2,699,675
Total			536,195,916		454,760,183

	<u>31-Mar-17</u>	<u>31-Mar-16</u>
	<u>Taka</u>	<u>Taka</u>
25 Particulars of employees		
The number of employees engaged by the company during the year and part thereof was 698 (2016: 690) and all the staff of the Company are drawing salary and allowances above Tk. 3,000 per annum.		
26 Basic earnings per share (EPS)		
Profit after tax	257,640,645	193,502,072
Number of shares	600,000	600,000
EPS	429.40	322.50

27 Operating leases - Leases as lessee

The company usually leases office premises, factory land and guest house. The leases typically run for a period of years as mentioned in the lease agreements, with an option to renew the lease after that date.

27.01 Future minimum lease payments

As at 31 March, the future minimum lease payments under non-cancellable lease were as follows.

Less than one year	4,567,992	4,567,992
Between two and five years	20,042,065	19,375,899
More than five years	136,912,682	139,026,960
	161,522,739	162,970,852

27.02 Amounts recognized in profit or loss

Lease rent- Factory	4,464,174	4,152,720
Lease rent- Other	12,623,451	12,097,166
Contingent rent expenses	516,742	420,308
	17,604,367	16,670,194

28 Contingent liability

(a) Bank guarantee	557,432	557,432
(b) Letter of credit	56,694,518	58,864,896
(c) Income tax : (Note # 28.01)		
For the Assessment Year 2015-2016	23,632,655	-
For the Assessment Year 2014-2015	10,532,427	-
	91,417,032	59,422,328

28.01

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.

29 Events after the date of statement of financial position

There is no significant events subsequent to the date of statement of financial position to report which had an influence on the statement of financial position or the Statement of profit or loss and other comprehensive income that require adjustments or separate disclosure.

30 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.

30.1 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:

Trade and other receivables	46,726,587	30,740,995
Cash and cash equivalents (except cash in hand)	569,953,269	548,013,581
Advances, deposits and prepayments (except receivable from Govt.)	103,876,494	72,625,170
	720,556,350	651,379,746

	<u>31-Mar-17</u>	<u>31-Mar-16</u>
	<u>Taka</u>	<u>Taka</u>
The aging of trade receivables at the reporting date is as follows:		
Due over twelve months	4,496,061	2,784,765
Due over six months	728,984	12,446,702
Due below six months	43,078,944	14,420,643
	48,303,989	29,652,110
Less: Provision for doubtful debts	3,624,635	1,790,165
	44,679,354	27,861,945

To mitigate the credit risk against trade and other 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 other receivables, where possible, by restricting credit facility and stringent monitoring.

30.2 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	369,404,417	406,105,774
	369,404,417	406,105,774

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

30.3 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.

30.3.1 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:

	<u>Foreign currency</u>	<u>31-Mar-17</u> <u>Taka</u>	<u>31-Mar-16</u> <u>Taka</u>
Current liabilities			
	EURO	-	-
	POUND	-	-
	USD	50,407,751	1,791,973

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

30.3.2 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:

	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>31-Mar-17</u>	<u>31-Mar-16</u>
	<u>Effective rates %</u>		<u>Amount in Taka</u>	
Investment in Fixed Deposit	0.22% - 3.00%	0.22% - 3.30%	477,600,000	510,557,432

30.3.3 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.

31 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 BAS-24: *Related Party Disclosure*.

Name of the related party transaction	Nature of transaction	Relationship	2016-2017		2015-2016
			Transaction value	Amount due	Amount due
Sun Pharmaceutical Industries Limited, India	Raw materials	Parent company	978,887	978,887	615,810
	Expenses		2,223,735	491,660	1,903,000
	Management fees		42,066,072	172,433,817	180,218,132
			45,268,694	173,904,364	182,736,942

(b) Compensation of Key Management Personnel

The following disclosures are made in accordance with the provisions of BAS: 24 *Related Party Disclosures*, in respect of the compensation of key management personnel. Under BAS 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	2016-2017		2015-2016
			Transaction value	Amount due	Amount due
Mr. Sukumar Ranjan Ghosh	Factory Land Rent	Director	1,014,585	38,934	-
Mrs. Ava Rani Ghosh	Factory Land Rent	Spouse of Director	1,217,502	46,719	-
			2,232,087	85,653	-