

## DIRECTORS' REPORT

To

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

Your Directors take pleasure in presenting the Fifteenth Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2016.

### Financial Results

Particulars	Year Ended 31 <sup>st</sup> March,2016	Year Ended 31 <sup>st</sup> March,2015
Total Income	134,17,76,212	130,61,57,435
Profit/(Loss) After Tax	19,35,02,072	21,11,90,898

### Dividend

In order to conserve resources, your Directors do not recommend any Dividend for the year 2015-16.

### Operation Review

The Company has continued to grow despite a challenging environment. Gross turnover of your Company has increased by 2.8% during the year 2015-16. 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. 79,29,85,899 as per compared to Tk. 59,94,83,827 last year.

During the year the Company made a further investment of Tk.3,02,15,093 raising the Total Investment to Tk44,86,25,020.

### Capacity Utilisation

Installed Capacity : 348932 Thousand Tablets/Capsules

Utilised Capacit : 224226 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 2016-17.

### **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 : 27<sup>th</sup> April'2016

(Sukumar Ranjan Ghosh)

(Sailesh T Desai)

**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 2016, and 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 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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified 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 2016, 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  
20 Comrade Moni Singha Road  
Dhaka,

**Ahmed Mashuque & Co.**  
**Chartered Accountants**

**Sun Pharmaceutical (Bangladesh) Limited**  
**Statement of financial position**  
**As at 31 March 2016**

	<u>Notes</u>	<u>31-Mar-16</u> <u>Taka</u>	<u>31-Mar-15</u> <u>Taka</u>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment-carrying value	6	316,335,427	306,416,022
Capital work-in-progress		17,648,918	1,111,230
Long term deposits deposits		783,150	963,150
		<b>334,767,495</b>	<b>308,490,402</b>
<b>Current assets</b>			
Inventories	7	412,521,638	314,835,347
Trade and other receivables	8	30,740,995	36,469,508
Cash and cash equivalents	9	548,246,240	425,610,459
Advances, deposits and prepayments	10	79,181,632	53,340,108
		<b>1,070,690,505</b>	<b>830,255,422</b>
<b>TOTAL ASSETS</b>		<b>1,405,458,000</b>	<b>1,138,745,824</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	60,000,000	60,000,000
Share money deposits	12	56,929,462	56,929,462
Retained earnings		792,985,899	599,483,827
<b>Total equity</b>		<b>909,915,361</b>	<b>716,413,289</b>
<b>Liability</b>			
<b>Non current liabilities</b>			
Deferred tax liabilities	13	60,817,362	56,529,818
		<b>60,817,362</b>	<b>56,529,818</b>
<b>Current liabilities</b>			
Liabilities for expenses and other	14	406,105,774	326,514,580
Current tax liabilities	15	28,619,503	39,288,138
		<b>434,725,277</b>	<b>365,802,718</b>
<b>Total liabilities</b>		<b>495,542,639</b>	<b>422,332,535</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,405,458,000</b>	<b>1,138,745,824</b>

*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**  
**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 2016**

		<b>Amount in Taka</b>	
	<b>Notes</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>Revenue</b>			
Net Sales Revenue		1,331,290,812	1,295,047,219
Other income	<b>16</b>	566,370	336,246
		<b>1,331,857,182</b>	<b>1,295,383,465</b>
<b>Less: Expenditures</b>			
Cost of materials	<b>17</b>	380,351,481	395,656,428
Personnel cost	<b>18</b>	208,653,726	171,963,945
Operating and other expenses	<b>19</b>	97,312,284	111,769,519
Selling, marketing and distribution expenses	<b>20</b>	315,859,881	260,529,774
Depreciation	<b>6</b>	21,482,224	17,785,908
Finance costs		-	28,303
		<b>1,023,659,596</b>	<b>957,733,877</b>
<b>Profit From Operations</b>		<b>308,197,586</b>	<b>337,649,588</b>
Add: Interest income		9,919,030	10,773,970
<b>Profit before contribution to Workers' Profit Participation &amp; Welfare Fund</b>		<b>318,116,616</b>	<b>348,423,558</b>
Less: Contribution to Workers' profit participation fund	<b>21</b>	15,148,410	16,591,598
<b>Profit before Tax</b>		<b>302,968,206</b>	<b>331,831,960</b>
<b>Less: Income tax expense:</b>			
Current tax		105,178,590	114,654,608
Deferred tax	<b>13</b>	4,287,544	5,986,454
<b>Profit after Tax transferred to statement of changes in equity</b>		<b>193,502,072</b>	<b>211,190,898</b>
Earning per share	<b>26</b>	322.50	351.98
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:  
Dhaka**

**Ahmed Mashuque & Co.  
Chartered Accountants**

**Sun Pharmaceutical (Bangladesh) Limited**  
**Statement of changes in equity**  
**For the year ended 31 March 2016**

Particulars	Amount in Taka			
	Share capital	Share money deposits	Retained Earnings	Total
<b>Balance as at 01 April 2014</b>	60,000,000	56,929,462	444,135,542	561,065,004
Prior year adjustment for income tax	-	-	(5,299,249)	(5,299,249)
Prior year adjustment for deferred tax			(50,543,364)	(50,543,364)
Net profit for the year	-	-	211,190,898	211,190,898
<b>Balance as at 31 March 2015</b>	<b>60,000,000</b>	<b>56,929,462</b>	<b>599,483,827</b>	<b>716,413,288</b>
Balance as at 01 April 2015	60,000,000	56,929,462	599,483,827	716,413,289
Net profit for the year	-	-	193,502,072	193,502,072
<b>Balance as at 31 March 2016</b>	<b>60,000,000</b>	<b>56,929,462</b>	<b>792,985,899</b>	<b>909,915,361</b>

*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:  
Dhaka**

**Ahmed Mashuque & Co.  
Chartered Accountants**

**Sun Pharmaceutical (Bangladesh) Limited**  
**Statement of cash flows**  
**For the year ended 31 March 2016**

<u>Particulars</u>	<u>2015-2016</u>	<u>2014-2015</u>
	<u>Taka</u>	<u>Taka</u>
<b>Cash flows from operating activities</b>		
Collection from revenue	1,336,110,545	1,285,011,130
Payment for cost and expenses	(1,060,995,008)	(906,645,687)
Other income	74,729	336,246
Income tax paid	(115,847,225)	(73,142,357)
<b>Net cash generated from operating activities (A)</b>	<b>159,343,041</b>	<b>305,559,332</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(33,408,198)	(52,954,145)
Interest received	10,740,415	9,507,255
Capital work-in-progress	(16,537,688)	2,694,518
Sale proceeds of property, plant and equipment	2,498,211	1,893,586
<b>Net cash used in investing activities (B)</b>	<b>(36,707,260)</b>	<b>(38,858,786)</b>
<b>Cash flows from financing activities(C)</b>		
Interest paid	-	(28,303)
<b>Net cash used in financing activities (C)</b>	<b>-</b>	<b>(28,303)</b>
<b>Net changes in cash and cash equivalents (A+B+C)</b>	<b>122,635,781</b>	<b>266,672,243</b>
Cash and cash equivalents at the beginning of the year	425,610,459	158,938,216
<b>Cash and cash equivalents at the end of the year</b>	<b>548,246,240</b>	<b>425,610,459</b>

*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:**  
**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 2016**

**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 (BAS); and
- Interpretations.

**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 2015 to 31 March 2016 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 Use of estimates and judgments**

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

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

**Judgements**

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

Note # 3.01	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	Liabilities for expenses and other
Note 15	Current tax liabilities

### **2.07 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 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:

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 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 Fixes 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**

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

### **3.08 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 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 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.

### **3.11 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 figures have been regrouped /reclassified wherever found necessary to conform to the presentation adopted in these financial statements.

**6.00 Property, plant and equipment-carrying value**

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	Rate	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	As at 31 March 2015
1	Lease hold land	33,000	-	-	33,000	-	11,906	826	-	12,732	20,268	21,094
2	Factory building	78,345,842	345,108	-	78,690,950	1.63%	13,137,113	1,282,233	-	14,419,346	64,271,604	65,208,729
3	Plant & machinery	241,390,877	15,946,285	-	257,337,162	4.75%	64,547,719	11,739,102	-	76,286,822	181,050,341	176,843,158
4	Computer equipment	21,508,929	4,279,845	(60,000)	25,728,774	16.21%	14,339,410	2,349,761	(39,517)	16,649,654	9,079,120	7,169,519
5	Motor vehicle/ motor cycle	42,544,075	6,958,091	(3,133,105)	46,369,061	9.50%	8,520,403	4,055,516	(1,147,020)	11,428,899	34,940,162	34,023,672
6	Office equipment	7,623,947	990,908	-	8,614,855	4.75%	1,626,555	390,601	-	2,017,156	6,597,699	5,997,392
7	Electrical installation	13,270,191	2,583,504	-	15,853,695	4.75%	5,910,938	717,643	-	6,628,581	9,225,114	7,359,253
8	Furniture and fixtures	13,693,066	2,304,457	-	15,997,523	6.33%	3,899,861	946,542	-	4,846,403	11,151,120	9,793,205
<b>31-Mar-16</b>		<b>418,409,926</b>	<b>33,408,198</b>	<b>(3,193,105)</b>	<b>448,625,020</b>		<b>111,993,905</b>	<b>21,482,225</b>	<b>(1,186,537)</b>	<b>132,289,592</b>	<b>316,335,427</b>	<b>306,416,022</b>

Sl.	Name of assets	Cost				Depreciation					Written down value	
		Balance as at 01 April 2014	Addition during the year	Adjustment during the year	Balance as at 31 March 2015	Rate	Balance as at 01 April 2014	Charged during the year	Adjustment during the year	Balance as at 31 March 2015	As at 31 March 2015	As at 31 March 2014
1	Lease hold land	33,000	-	-	33,000	-	11,080	826	-	11,906	21,094	21,920
2	Factory building	77,898,683	447,159	-	78,345,842	1.63%	11,864,980	1,272,133	-	13,137,113	65,208,729	66,033,703
3	Plant & machinery	215,336,056	26,054,821	-	241,390,877	4.75%	53,888,612	10,659,107	-	64,547,719	176,843,158	161,447,444
4	Computer equipment	18,865,745	2,647,884	(4,700)	21,508,929	16.21%	14,186,340	153,617	(547)	14,339,410	7,169,519	4,679,405
5	Motor vehicle/ motor cycle	29,513,521	17,909,254	(4,878,700)	42,544,075	9.50%	7,814,137	4,031,779	(3,325,513)	8,520,403	34,023,672	21,699,384
6	Office equipment	5,436,209	2,187,738	-	7,623,947	4.75%	1,318,048	308,507	-	1,626,555	5,997,392	4,118,161
7	Electrical installation	13,203,198	66,993	-	13,270,191	4.75%	5,282,397	628,541	-	5,910,938	7,359,253	7,920,801
8	Furniture and fixtures	10,052,770	3,640,296	-	13,693,066	6.33%	3,168,463	731,398	-	3,899,861	9,793,205	6,884,307
<b>31-Mar-15</b>		<b>370,339,182</b>	<b>52,954,145</b>	<b>(4,883,400)</b>	<b>418,409,926</b>		<b>97,534,057</b>	<b>17,785,908</b>	<b>(3,326,060)</b>	<b>111,993,905</b>	<b>306,416,022</b>	<b>272,805,125</b>

	<u>31-Mar-16</u>	<u>31-Mar-15</u>
	<u>Taka</u>	<u>Taka</u>
<b>7 Inventories</b>		
Finished products - Factory	5,216,619	3,768,692
- Depot	86,726,313	76,399,286
Raw materials	219,838,813	162,527,000
Packing materials	17,084,658	22,887,033
Work in progress	25,182,128	30,832,500
Goods in transit	58,473,107	18,420,836
	<b><u>412,521,638</u></b>	<b><u>314,835,347</u></b>
<b>8 Trade and other receivables</b>		
Trade receivables *	27,861,945	34,471,843
Interest receivable	1,148,050	1,969,435
Insurance receivable	1,731,000	28,230
	<b><u>30,740,995</u></b>	<b><u>36,469,508</u></b>
	*Trade receivables are stated net of provisions. Tk.1,790,165/-	
<b>9 Cash and cash equivalents</b>		
Cash in hand	232,659	140,374
Cash at bank :		
Current Account (Note # 09.01)	37,456,149	14,912,653
Fixed deposit	510,557,432	410,557,432
	<b><u>548,246,240</u></b>	<b><u>425,610,459</u></b>
<b>9.01 Current Account</b>		
Eastern Bank Ltd. (C/A # 0104-106-0006340)	1,539,280	592,646
Eastern Bank Ltd. (C/A # 0104-106-0005667)	3,751,899	3,232,341
AB Bank Limited (C/A # 4019-760082-000)	14,182,323	1,834,181
Janata Bank Ltd. (C/A # 001007807)	-	35,888
Dutch-Bangla Bank Limited (C/A # 138-110-1281)	1,163,493	1,734,603
Citi bank N.A. (C/A # 0200352009)	16,819,154	7,482,994
	<b><u>37,456,149</u></b>	<b><u>14,912,653</u></b>
<b>10 Advances, deposits and prepayments</b>		
<b>Advances:</b>		
Advance to employees	87,300	589,588
VAT current account	6,556,462	6,324,454
Advance VAT on depots stock	49,242,375	39,676,811
Advance to suppliers	15,167,504	4,866,254
	<b><u>71,053,641</u></b>	<b><u>51,457,107</u></b>
<b>Deposits:</b>		
Imprest money with employees	1,298,601	1,263,402
Security deposits	516,995	492,153
	<b><u>1,815,596</u></b>	<b><u>1,755,555</u></b>
<b>Prepayments:</b>		
Prepaid expenses	6,312,395	127,446
	<b><u>6,312,395</u></b>	<b><u>127,446</u></b>
	<b><u>79,181,632</u></b>	<b><u>53,340,108</u></b>

	<u>31-Mar-16</u>	<u>31-Mar-15</u>
	<u>Taka</u>	<u>Taka</u>
<b>11 Share capital</b>		
<b>Authorized share capital :</b>		
5,000,000 Ordinary shares of Tk 100 each	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, subscribed and paid-up:</b>		
600,000 Ordinary shares of Tk 100 each	<u>60,000,000</u>	<u>60,000,000</u>

Shareholding position of the company is as follows:

	<u>31-Mar-16</u>		<u>31-Mar-15</u>	
	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
	<u>60,000,000</u>	<u>100</u>	<u>60,000,000</u>	<u>100</u>

\* 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
	<u>56,929,462</u>	<u>56,929,462</u>

## 13 Deferred tax liabilities

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

	<b>Carrying amount as at 31 March 2016</b>	<b>Tax base 31 March 2016</b>	<b>Taxable/ (deductible) Temporary difference</b>
Property, plant and equipment	316,335,427	140,761,101	175,554,058
Provision for doubtful debts	(1,790,165)	-	(1,790,165)
<b>Taxable temporary difference</b>			<b>173,763,893</b>
Tax rate			35%
Deferred tax liability/ expense on temporary difference			<u>60,817,363</u>
<b>Change in deferred tax assets and liability</b>			
Opening balance		56,529,818	-
Provision made during the year		4,287,545	56,529,818
		<u>60,817,363</u>	<u>56,529,818</u>

## 14 Liabilities for expenses and other

Liabilities for goods & services	330,794,504	246,173,108
Liability for contribution to Workers' Profit Participation and Welfare Fund	15,148,410	16,591,598
Other liabilities (Note # 14.01)	60,162,860	63,749,874
	<u>406,105,774</u>	<u>326,514,580</u>

### 14.01 Other liabilities

Outstanding expenses	18,794,611	26,180,805
Payable to employees	3,802,299	569,893
Deposits for motor cycle from employees	7,844,922	6,477,338
TDS & VDS Payable	29,721,028	30,521,838
	<u>60,162,860</u>	<u>63,749,874</u>

	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>15 Current tax liabilities</b>		
Provision for income tax ( Note # 15.01)	290,726,924	185,548,334
Advance income tax ( Note # 15.02)	(262,107,421)	(146,260,196)
	<b><u>28,619,503</u></b>	<b><u>39,288,138</u></b>
<b>15.01 Provision for income tax</b>		
Opening balance	185,548,334	138,736,834
Provision made during the year	105,178,590	114,654,608
Adjustment during the year	-	(67,843,108)
	<b><u>290,726,924</u></b>	<b><u>185,548,334</u></b>
<b>15.02 Advance income tax</b>		
Opening balance	146,260,196	125,694,763
Add: Addition during the year	115,847,225	93,707,790
Less: Adjustment during the year	-	(67,843,108)
Less: Paid during the year against prior year adjustment	-	(5,299,249)
	<b><u>262,107,421</u></b>	<b><u>146,260,196</u></b>
<b>16 Other Income</b>		
Gain from disposal of fixed assets	491,641	336,246
Profit on foreign currency transaction	34,515	-
Miscellaneous income	40,214	-
	<b><u>566,370</u></b>	<b><u>336,246</u></b>
<b>17 Cost of materials</b>		
Opening inventories	314,835,347	338,310,568
Add: Purchase during the year	478,037,772	372,181,207
Closing inventories	(412,521,638)	(314,835,347)
	<b><u>380,351,481</u></b>	<b><u>395,656,428</u></b>
<b>18 Personnel cost</b>		
Salary allowances and wages	200,054,384	167,090,528
Contribution to provident fund	8,599,342	4,873,417
	<b><u>208,653,726</u></b>	<b><u>171,963,945</u></b>
<b>19 Operating and other expenses</b>		
Stores and spares consumed	7,411,912	18,473,508
Conversion and other manufacturing expenses	5,368,647	1,064,647
Electricity, gas and other utilities	824,892	748,301
Bank Charges	981,215	616,466
Drug testing fees and license fees	31,008	809,155
Power and Fuel	10,382,659	10,182,713
Management Fees	31,882,066	38,851,417
VAT on management fees	4,782,310	5,827,715
Rent	9,864,136	7,466,423
Insurance	4,077,963	4,307,741
<b>Repairs &amp; maintenance:</b>		
Building	612,455	1,838,037
Plant and machinery	6,266,204	7,340,888
Others	3,415,694	2,618,106
Printing and Stationery	1,718,880	2,070,159
<b>Traveling and conveyance:</b>		
Local	3,033,898	2,856,485
Foreign	204,747	401,107
Communication	1,764,520	1,367,148
Briefing materials & Stationery	237,592	200,066
Payment to statutory auditors (Note : 19.01)	453,750	163,850
Professional and consultancy fees	900	13,061
Security services	1,669,018	1,535,449
Loss on foreign currency transactions	-	45,810
Rates & Taxes	416,905	426,378
Entertainment	939,854	1,060,269
Miscellaneous expenses	971,059	1,484,620
	<b><u>97,312,284</u></b>	<b><u>111,769,519</u></b>



	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>Taka</b>	<b>Taka</b>
<b>19.01 Payment to statutory auditors</b>		
(Including VAT, where applicable)		
As Auditors	75,000	75,000
Review of interim financial statements	57,500	-
Other advisory services	316,250	83,850
Reimbursement of out of pocket expenses	5,000	5,000
	<b>453,750</b>	<b>163,850</b>
<b>20 Selling, Marketing and Distribution expenses</b>		
License fees	898,291	101,098
Electricity , Gas and other Utilities	859,161	738,366
Bank Charges	593,601	776,603
Rent	6,806,058	5,652,810
Insurance	2,067,898	2,142,931
Others	1,557,227	936,721
Printing and Stationery	2,294,735	2,302,831
<b>Travelling and conveyance:</b>		
Local	4,513,797	2,418,529
Foreign	287,034	244,235
Communication	3,089,091	1,014,697
Sales promotion expenses	184,267,528	148,980,263
Depot conveyance expenses	26,680,602	21,330,657
Briefing materials & Stationery	12,949,368	13,771,440
Training expenses	29,124,176	26,749,110
Sales depot expenses	10,669	21,966
Field staff expenses	34,764,108	30,546,843
Breakage and expiry	2,377,076	2,074,831
Entertainment	6,400	-
Security Services	341,652	323,033
Miscellaneous expenses	2,371,409	402,810
	<b>315,859,881</b>	<b>260,529,774</b>
<b>21 Workers' Profit Participation and Welfare Fund</b>	<b>15,148,410</b>	<b>16,591,598</b>
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 2016.		
<b>22 Capacity utilization</b>		
Installed capacity (tablets/capsules) in pieces	348,932,000	246,000,000
Utilized capacity (tablets/capsules) in pieces	224,226,008	222,140,200
<b>Percentage of utilization (%)</b>	<b>64.26</b>	<b>90.30</b>

**23 Information relating to consumption of materials**

	<b>2015-2016</b>		<b>2014-2015</b>	
	<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	18,197	252,689,158	19,714	342,314,729
Packing materials	-	44,061,104	-	33,909,578

**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	<b>2015-2016</b>		<b>2014-2015</b>	
		<b>Foreign currency</b>	<b>Equivalent Taka</b>	<b>Foreign currency</b>	<b>Equivalent Taka</b>
Raw materials	USD	5,263,502	413,947,705	3,904,914.3	305,711,981
	EURO	21,202	1,828,957	14,132.4	1,512,620
Packing materials	USD	89,075	6,994,762	130,990.0	10,270,269
	USD	341,973	26,936,673	209,138.0	16,371,988
Capital machinery and spare parts	CHF	12,500	1,050,219	-	-
	EURO	11,767	1,026,583	-	-
	YEN	428,163	275,609	49,750.0	6,322,986
Promotional inputs	USD	34,136	2,699,675	119,407.2	9,335,488
<b>Total</b>			<b>454,760,183</b>		<b>349,525,333</b>

	<u>31-Mar-16</u>	<u>31-Mar-15</u>
	<u>Taka</u>	<u>Taka</u>
<b>25 Particulars of employees</b>		
The number of employees engaged by the company during the year and part thereof was 690 (2015: 602) and all the staff of the Company are drawing salary and allowances above Tk. 3,000 per annum.		
<b>26 Basic earnings per share ( EPS)</b>		
Profit after tax	193,502,072	211,190,898
Number of shares	600,000	600,000
<b>EPS</b>	<b>322.50</b>	<b>351.98</b>
<b>27 Operating leases - Leases as lessee</b>		
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.		
<b>27.01 Future minimum lease payments</b>		
As at 31 March, the future minimum lease payments under non-cancellable lease were as follows.		
Less than one year	4,567,992	4,325,750
Between two and five years	19,375,899	18,919,100
More than five years	139,026,960	144,051,751
	<b>162,970,852</b>	<b>167,296,602</b>
<b>27.02 Amounts recognized in profit or loss</b>		
Lease rent- Factory	4,152,720	4,152,720
Lease rent- Other	12,097,166	8,966,513
Contingent rent expenses	420,308	-
	<b>16,670,194</b>	<b>13,119,233</b>
<b>28 Contingent liability</b>		
Bank guarantee	557,432	557,432
Letter of credit	58,864,896	107,569,485
	<b>59,422,328</b>	<b>108,126,917</b>
<b>29 Events after the date of statement of financial position</b>		
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 Comprehensive Income that require adjustments or separate disclosure.		
<b>30 Financial risk management objective and policies</b>		
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.		
<b>30.1 Credit risk</b>		
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 receivables, advances to suppliers, advance to employees, imprest money with employees and bank balances. The Company's maximum exposure to credit risk at the reporting date is as follows:		
Trade receivables	27,861,945	34,471,843
Interest receivable	1,148,050	1,997,665
Insurance receivable	1,731,000	28,230
Advance to employees	87,300	589,588
Advance to suppliers	15,167,504	4,866,254
Imprest money with employees	1,298,601	1,263,402
Security deposits	516,995	492,153
Prepaid expenses	6,312,395	127,446
	<b>54,123,790</b>	<b>43,836,581</b>

	<u>31-Mar-16</u>	<u>31-Mar-15</u>
	<u>Taka</u>	<u>Taka</u>
The aging of trade receivables at the reporting date is as follows:		
Due over twelve months	2,784,765	3,142,371
Due over six months	12,446,702	785,063
Due below six months	14,420,643	30,544,409
	<u>29,652,110</u>	<u>34,471,843</u>
Less: Provision for bad debt	1,790,165	-
	<u><b>27,861,945</b></u>	<u><b>34,471,843</b></u>

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.

Liabilities for goods & services	330,794,504	246,173,108
Liability for contribution to Workers' Profit Participation and Welfare Fund	15,148,410	17,043,821
Payable to employees	3,802,299	569,893
Deposits for motor cycle from employees	7,844,922	6,477,338
	<u><b>357,590,135</b></u>	<u><b>270,264,160</b></u>

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</u>	<u>31-Mar-16</u>	<u>31-Mar-15</u>
	<u>currency</u>	<u>Taka</u>	<u>Taka</u>
Current liabilities			
	EURO	-	14,132
	POUND	-	49,750
	USD	1,791,973	4,364,449

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

	<u>31-Mar-16</u>	<u>31-Mar-15</u>	<u>31-Mar-16</u>	<u>31-Mar-15</u>
	<u>Effective rates %</u>		<u>Amount in Taka</u>	
Investment in Fixed Deposit	0.22% - 3.30%	3.25% - 4.50%	510,557,432	410,557,432

### 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 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	2015-2016		2014-2015
			Transaction value	Amount due	Amount due
Sun Pharmaceutical Industries Limited, India	Raw Materials	Parent company	1,557,467	615,810	-
	Expenses		2,689,509	1,903,000	2,649,963
	Management fees		31,882,066	180,218,132	191,075,202
Mr. Sukumar Ranjan Ghosh	Factory Land Rent	Key management personnel of the company	943,800	-	-
Mrs. Ava Rani Ghosh	Factory Land Rent	Spouse of key management personnel of the company	1,132,560	-	-
			<b>38,205,401</b>	<b>182,736,942</b>	<b>193,725,165</b>