

Financial Statements-Consolidated

Beximco Pharmaceuticals Ltd. and Its Subsidiaries
Consolidated Audited Financial Statements
For the Year Ended June 30, 2020

Independent Auditor's Report To the Shareholders of Beximco Pharmaceuticals Limited and its Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Beximco Pharmaceuticals Limited (the "Company"), which comprise the Consolidated Statement of Financial Position as at June 30, 2020 and Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

The Accounting year of the subsidiary companies- Beximco Pharma API Limited and Nuvista Pharma Limited, ends on the same date as of the Company. We have audited the Financial statements of Beximco Pharma API Limited and expressed our unmodified opinion on those statements vide our report dated October 28, 2020. The Financial Statements of Nuvista Pharma Limited was audited by A. Qasem & Co. Chartered Accountants, who through their report dated October 21, 2020 have also expressed unmodified opinion on those statements.

In our opinion, the accompanying consolidated financial statements of the Company give a true and fair view of the Consolidated Financial Position of the Company as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Valuation of Property, Plant and Equipment (PPE)	
<p>The carrying value of the PPE was Tk. 35,000,809,631 as at June 30, 2020.</p> <p>Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>The valuation of PPE was identified as a key audit matter due to the significance of this balance to the consolidated financial statements and that there is significant measurement uncertainty involved in this valuation.</p> <p>See Note No. 4 to the consolidated financial statements</p>	<p>Our audit included the following procedure:</p> <ul style="list-style-type: none"> • We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent. • We inspected a sample of invoices and L/C documents to determine whether the classification between capital and revenue expenditure was appropriate. • We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. • We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.

Risk	Our response to the risk
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Valuation of Inventory

<p>The inventory of Tk. 5,944,769,057 as at June 30, 2020 was held at different locations across the country.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Since the value of Inventory is significant to the consolidated financial statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.</p> <p>See Note No. 8 to the consolidated financial statements.</p>	<p>We verified the appropriateness of management's assumptions applied in calculating the value of the inventory by:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls. • Attending inventory counts on sample basis and reconciling the count results to the inventory listing to test the completeness of data. • Reviewing the requirement of inventory provisioning and action there upon by the management. • Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.
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Related party transactions

<p>The Company has related party transactions as described in Note No. 35 of the consolidated financial statements.</p> <p>We focused on identification of related parties and disclosure of related party transactions in accordance with relevant accounting standards.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. • Evaluated the transactions among the related parties and tested material accounts balances. • Evaluated the disclosures in the consolidated financial statements in compliance with IAS 24.
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Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on such work we perform, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Company in accordance with IFRSs, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements

that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 internal controls of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, The Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c. The company's Consolidated Statement of Financial Position (Balance sheet) and Consolidated Statement of Profit or Loss and Other Comprehensive Income (Profit & Loss Account) dealt with by this report are in agreement with the books of accounts and;
- d. The expenditures incurred and payment made were for the purpose of the Company's business for the year.

The engagement partner on the audit resulting in the independent auditor's report is **Hasan Mahmood, FCA**

Dhaka
October 28, 2020



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Financial Position
As at June 30, 2020


	Notes	June 30, 2020	Amount in Taka June 30, 2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment- Carrying Value	4	37,069,663,021	35,949,930,818
Right-of-use Assets	4(a)	35,000,809,631	33,853,977,656
Intangible Assets	5	240,163,919	202,689,556
Goodwill	6	1,275,560,330	1,334,921,698
Other Investment	7	546,691,213	546,691,213
Other Non-current Assets		3,751,551	5,329,379
		2,686,377	6,321,316
Current Assets			
Inventories	8	13,049,078,919	13,264,161,542
Spares & Supplies	9	5,944,769,057	5,924,031,678
Accounts Receivable	10	775,528,787	726,127,262
Loans, Advances and Deposits	11	3,305,451,434	3,334,958,905
Advance Income Tax		2,388,313,122	2,309,503,747
Short Term Investment	12	-	35,681,115
Cash and Cash Equivalents	13	-	323,364,536
		635,016,519	610,494,299
TOTAL ASSETS		50,118,741,940	49,214,092,360
EQUITY AND LIABILITIES			
Equity Attributable to the Owners of the Company			
Issued Share Capital	14	32,495,120,607	29,588,317,284
Share Premium		4,055,564,450	4,055,564,450
Excess of Issue Price over Face Value of GDRs		5,269,474,690	5,269,474,690
Capital Reserve on Merger		1,689,636,958	1,689,636,958
Revaluation Surplus		294,950,950	294,950,950
Unrealized Gain/(Loss)		1,125,767,451	1,131,853,004
Retained Earnings		926,375	2,504,203
		20,058,799,733	17,144,333,029
Non-Controlling Interest	15	302,329,006	276,006,553
TOTAL EQUITY		32,797,449,613	29,864,323,837
Non-Current Liabilities			
Long Term Borrowings-Net of Current Maturity	16	5,963,327,323	6,603,936,369
Liability for Gratuity and WPPF & Welfare Funds	17	1,651,590,390	2,595,607,792
Deferred Tax Liability		2,144,053,434	1,860,904,996
		2,167,683,499	2,147,423,581
Current Liabilities and Provisions			
Short Term Borrowings	18	11,357,965,004	12,745,832,154
Long Term Borrowings-Current Maturity	19	7,398,361,360	9,272,501,280
Creditors and Other Payables	20	1,454,311,995	1,616,670,549
Accrued Expenses	21	1,462,806,200	1,091,809,722
Dividend Payable		739,512,826	590,317,150
Income Tax Payable		17,086,213	7,235,215
		285,886,410	167,298,238
TOTAL EQUITY AND LIABILITIES		50,118,741,940	49,214,092,360

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :


Osman Kaiser Chowdhury
Director


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date

Dhaka
 October 28, 2020


M.J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2020

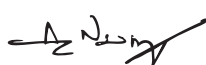
	Notes	July 2019 - June 2020	July 2018 - June 2019
Amount in Taka			
Net Revenue	22	25,611,947,655	22,816,629,795
Cost of Goods Sold	23	(13,712,847,509)	(12,196,286,770)
Gross Profit		11,899,100,146	10,620,343,025
Operating Expenses		(6,289,606,032)	(5,554,169,458)
Administrative Expenses	26	(792,951,709)	(752,944,182)
Selling, Marketing and Distribution Expenses	27	(5,496,654,323)	(4,801,225,276)
Profit from Operations		5,609,494,114	5,066,173,567
Other Income	28	293,558,304	139,917,665
Finance Cost	29	(1,013,804,085)	(1,029,762,542)
Share of Loss of Associates		-	(29,325,720)
Profit Before Contribution to WPPF & Welfare Funds		4,889,248,333	4,147,002,970
Contribution to WPPF & Welfare Funds		(235,808,378)	(200,937,234)
Profit Before Tax		4,653,439,955	3,946,065,736
Income Tax Expenses	30	(1,108,956,854)	(905,662,782)
Current Tax		(1,086,668,418)	(803,760,846)
Deferred Tax		(22,288,436)	(101,901,936)
Profit After Tax		3,544,483,101	3,040,402,954
Profit/(Loss) Attributable to:			
Owners of the Company		3,514,687,301	3,033,402,333
Non-controlling interest		29,795,800	7,000,621
		3,544,483,101	3,040,402,954
Other Comprehensive Income-Unrealized Gain/(Loss)		(1,577,828)	(1,852,559)
Total Comprehensive Income		3,542,905,273	3,038,550,395
Total Comprehensive Income Attributable to:			
Owners of the Company		3,513,109,473	3,031,549,774
Non-controlling interest		29,795,800	7,000,621
		3,542,905,273	3,038,550,395
Earnings Per Share (EPS)	31	8.67	7.48

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :


Osman Kaiser Chowdhury
Director


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date


M.J. Abedin & Co.
Chartered Accountants

Dhaka
October 28, 2020

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended June 30, 2020

Amount in Taka

As at June 30, 2020

	Share Capital	Share Premium	Excess of Issue Price over Face Value of GDRs	Capital Reserve on Merger	Revaluation Surplus	Unrealized Gain/(Loss)	Retained Earnings	Equity attributable to Owners of the Company	Non-Controlling Interests	Total Equity
Balance as on July 01, 2019	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,131,853,004	2,504,203	17,144,333,029	29,588,317,284	276,006,553	29,864,323,837
Total Comprehensive Income:										
Profit/(Loss) for the Year	-	-	-	-	-	-	3,514,687,301	3,514,687,301	29,795,800	3,544,483,101
Other Comprehensive Income/(Loss)	-	-	-	-	-	(1,577,828)	-	(1,577,828)	-	(1,577,828)
Transactions with the Shareholders:										
Cash Dividend							(608,334,668)	(608,334,668)	(3,473,347)	(611,808,015)
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(8,114,071)	-	8,114,071	-	-	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	2,028,518	-	-	2,028,518	-	2,028,518
Balance as on June 30, 2020	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,125,767,451	926,375	20,058,799,733	32,495,120,607	302,329,006	32,797,449,613
Net Asset Value (NAV) Per Share (Note-32)								80.12		

As at June 30, 2019

	Share Capital	Share Premium	Excess of Issue Price over Face Value of GDRs	Capital Reserve on Merger	Revaluation Surplus	Unrealized Gain/(Loss)	Retained Earnings	Equity attributable to Owners of the Company	Non-Controlling Interests	Total Equity
Balance as on July 01, 2018	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,159,277,845	4,356,762	14,608,700,961	27,081,962,616	269,874,176	27,351,836,792
Total Comprehensive Income:										
Share Capital Beximco Pharma API Ltd.	-	-	-	-	-	-	-	-	100	100
Profit/(Loss) for the Year	-	-	-	-	-	-	3,033,402,333	3,033,402,333	7,000,621	3,040,402,954
Other Comprehensive Income/(Loss)	-	-	-	-	-	(1,852,559)	-	(1,852,559)	-	(1,852,559)
Transactions with the Shareholders:										
Cash Dividend							(506,945,556)	(506,945,556)	(868,344)	(507,813,900)
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(9,175,291)	-	9,175,291	-	-	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(18,249,550)	-	-	(18,249,550)	-	(18,249,550)
Balance as on June 30, 2019	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,131,853,004	2,504,203	17,144,333,029	29,588,317,284	276,006,553	29,864,323,837
Net Asset Value (NAV) Per Share (Note-32)								72.96		

The Notes are an integral part of the Financial Statements.

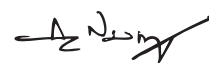
Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :



Osman Kaiser Chowdhury
Director



Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date



M.J. Abedin & Co.
Chartered Accountants

Dhaka
October 28, 2020

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Cash Flows
For the year ended June 30, 2020

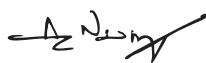
	Notes	July 2019-June 2020	Amount in Taka July 2018-June 2019
Cash Flows from Operating Activities :			
Receipts from Customers and Others		25,934,454,695	22,463,550,299
Payments to Suppliers and Employees		(18,467,458,543)	(17,434,690,241)
Cash Generated from Operations		7,466,996,152	5,028,860,058
Interest Paid		(1,012,519,091)	(1,032,409,014)
Interest Received		20,409,291	36,457,527
Income Tax Paid		(932,399,131)	(1,072,991,667)
Net Cash Generated from Operating Activities	34	5,542,487,221	2,959,916,904
Cash Flows from Investing Activities :			
Acquisition of Property, Plant and Equipment		(2,243,555,782)	(4,416,446,385)
Intangible Assets		(31,745,002)	(128,619,282)
Disposal of Property, Plant and Equipment		3,646,251	17,540,625
Dividend Received		1,427,930	1,491,901
Decrease in Short Term Investment		323,364,536	16,032,638
Net Cash Used in Investing Activities		(1,946,862,067)	(4,510,000,503)
Cash Flows from Financing Activities :			
Net Increase /(Decrease) in Long Term Borrowings		(1,000,373,112)	(1,412,334,115)
Net Increase/(Decrease) in Short Term Borrowings		(1,970,741,462)	3,684,312,230
Share capital		-	100
Dividend Paid		(601,957,017)	(505,351,881)
Net Cash (Used in) / from Financing Activities		(3,573,071,591)	1,766,626,334
Increase in Cash and Cash Equivalents		22,553,563	216,542,735
Cash and Cash Equivalents at Beginning of Year		610,494,299	393,735,946
Effect of exchange rate changes on Cash and Cash Equivalents		1,968,657	215,618
Cash and Cash Equivalents at End of Year	13	635,016,519	610,494,299
Net Operating Cash Flow Per Share	33	13.67	7.30

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :


Osman Kaiser Chowdhury
Director


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date


M.J. Abedin & Co.
Chartered Accountants

Dhaka
 October 28, 2020

Beximco Pharmaceuticals Limited and its Subsidiaries

Notes to the Financial Statements

As at and for the year ended June 30, 2020

1. The Reporting Entity

1.1 About the Company

Beximco Pharmaceuticals Limited (BPL/ the Company) is a public limited company incorporated in Bangladesh in 1976. It is a leading manufacturer of pharmaceutical formulations and Active Pharmaceutical Ingredients (APIs). The Company was listed with Dhaka Stock Exchange in 1985 and with Chittagong Stock Exchange on its debut in 1995. In 2005, BPL took over Beximco Infusions Ltd., a listed company engaged in manufacturing and marketing of intravenous fluids and got enlisted with the Alternative Investment Market (AIM) of the London Stock Exchange through issuance of Global Depository Receipts (GDRs). In 2018, BPL acquired 85.22% shares of Nuvista Pharma Limited – a non-listed pharmaceutical company in Bangladesh specializing in hormones and steroid drugs and took over control of its management. Shares of the Company are traded in Dhaka and Chittagong Stock Exchanges of Bangladesh and its GDRs in AIM of the London Stock Exchange.

The registered office of the company is located at House No. 17, Road No. 2, Dhanmondi R/A, Dhaka. The industrial units are located at Tongi and Kaliakoir of Gazipur district – vicinities close to the capital city Dhaka. The manufacturing facilities of the Company are certified by leading global regulatory authorities including United States Food and Drug Administration (USFDA).

1.2 The Subsidiaries

Nuvista Pharma Limited (NPL)

Nuvista Pharma, formerly Organon (Bangladesh) Ltd., was a subsidiary of Netherlands based Organon International. It was originally incorporated in 1973 as a private limited company. In 2006 the foreign shareholding was sold out to Bangladeshi management and was renamed as Nuvista Pharma Limited. The Company through amendments to its memorandum of association in 2011 converted it into a public limited company. In April 2018, Beximco Pharmaceuticals Limited acquired majority shareholdings in Nuvista Pharma Limited (NPL) and became the immediate and ultimate parent of the company.

Beximco Pharma API Limited

Beximco Pharma API Limited was formed as a private limited company in December 2017 with a paid up capital of Taka 20 million divided into 2 million shares of Taka 10 each, fully held by BPL. The company intends to set up a facility at API Industrial Park to manufacture Active Pharmaceutical Ingredients (APIs) for domestic and international markets. The company is still in the initial phase of establishment.

1.3 Nature of Business

BPL is engaged in manufacturing and marketing of generic pharmaceuticals formulation products covering a wide range of therapeutic categories. It offers products in different dosage forms including Solid, Liquid, Cream and Ointment, Suppositories, Metered Dose Inhaler, Dry Powder Inhaler, Nasal Spray, Sterile, Lyophilized Injectable, Large Volume Intravenous Fluids. Besides formulation products BPL also manufactures Active Pharmaceutical Ingredients (APIs) and renders contract manufacturing services to other companies. Products of the company are sold in domestic and international markets.

NPL produces various pharmaceutical products including oral contraceptives, hormone, steroid, anti-histamine, anti-fibrinolytic, anti-infective, cardiac, gastrointestinal, musculoskeletal, respiratory, vitamin & mineral supplement and women's health products which are sold in the domestic market.

Both BPL and NPL provide contract manufacturing services.

2. Basis of Preparation of Financial Statements

2.1 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRSs).

2.2 Basis of Measurement

The financial statements have been prepared on Historical Cost basis except for certain Property, Plant and Equipment measured at revalued amount (revaluation carried out in 2008). The Tangible and Intangible Assets and Liabilities of the acquired subsidiary has been reported at their fair values at the date of acquisition. Investment in Shares of listed companies have been valued at the year- end quoted prices. Cash flow statement has been prepared on cash basis.

2.3 Reporting Period

Financial year of Beximco Pharmaceutical Limited (BPL) and its subsidiaries Nuvista Pharma Limited (NPL) and Beximco Pharma API Limited begins on July 1 and ends on June 30. The Financial Statements cover 12 months period starting from July 01,2019 to June 30, 2020.

2.4 Comparative Information

Figures for earlier year have been re-arranged wherever considered necessary to ensure better comparability with the current year.

3. Significant Accounting Policies

3.1 Basis of Consolidation

The financial statements of the subsidiaries-Nuvista Pharma Limited and Beximco Pharma API Limited, have been consolidated with those of Beximco Pharmaceuticals Limited in accordance with IFRS 10: Consolidated Financial Statements.

The Company acquired 85.22% shares of the issued and paid up capital of Nuvista Pharma Limited. This ownership interest is adequate enough to establish control over NPL and thus BPL meets the conditions as stated in IFRS 10: Consolidated Financial Statements to consider NPL as a subsidiary.

Beximco Pharma API Limited (BPAL) was formed with a paid up capital of Tk.20,000,000 divided into 2,000,000 shares of Tk.10 each, all of which excepting 10 shares are held by Beximco Pharmaceuticals Ltd (BPL). Beximco Pharma API Ltd thus meets the conditions stated in IFRS 10: Consolidated Financial Statements to consider it as a subsidiary.

3.2 Inter-Company Transactions

Assets, Liabilities, Equity, Income, Expenses and Cash Flows arising out of transactions between the Company and the subsidiaries have been eliminated in full in the Consolidated Financial Statements.

3.3 Non-Controlling Interests (NCIs)

Non-Controlling Interests (NCIs) at the date of acquisition has been measured at fair value of the net assets of the acquired company in proportion to the shares of the entitled holders. Profit or Loss and Other Comprehensive Income subsequent to the acquisition has been allocated to the Owners of the Company and to the NCIs and also disclosed in the financial statements.

3.4 Valuation of Goodwill

Goodwill has been determined in accordance with IFRS 3: Business Combination. This represents the excess of the aggregate of Purchase Consideration and the acquisition-date fair value of NCI's share in the net assets over the acquisition-date fair value of the net assets of the subsidiary.

3.5 Investment in Associates

Investment in Associates has been accounted for using the Equity method as per IAS 28: Investment in Associates and Joint Ventures. This represents value of 1,500,000 Ordinary Shares of Malaysian Ringgit (RM) 1 each issued to Beximco Pharmaceuticals Ltd. by BioCare Manufacturing Sdn Bhd ("BioCare"), Malaysia. Beximco Pharmaceuticals Ltd. was issued 30% of the equity share of the Malaysian based company for providing full technical support to set up a manufacturing facility to produce specialized pharmaceutical products in Seri Iskandar Pharmaceutical Park, Perak, Malaysia. BioCare is considered to be an associate of BPL as per IAS 28: Investment in Associates and Joint Ventures.

Accounting year of BioCare ends on December 31 which is different from the date of preparation of this Consolidated Statement of Financial Positions. BioCare has provided unaudited interim financial statements as of June 30, 2020. Beximco Pharma has not recognized 30% share of the accumulated loss of the company exceeding the value of investment of Tk 29,325,720 by an amount of Tk. 19,813,172 following IAS 28: Investment in Associates and Joint Ventures as the Company has no obligation for any liability beyond the value of its investment in associates.

4. Property Plant and Equipment

As on June 30, 2020

Amount in Taka

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total Property Plant & Equipment	Right-of-use Assets	Total
Cost									
As on July 01, 2019	4,067,829,596	7,820,306,150	15,758,504,631	314,394,814	832,159,558	594,975,443	29,388,170,192	312,742,914	29,700,913,106
Additions	-	1,964,386	76,637,502	16,059,142	8,650,472	23,204,371	126,515,873	81,724,782	208,240,655
Transferred in & Capitalized	-	-	-	-	-	-	-	-	-
Disposal during the Year	-	-	(68,147,647)	-	(13,523,004)	(1,327,600)	(82,998,251)	-	(82,998,251)
Cost As on June 30, 2020	4,067,829,596	7,822,270,536	15,766,994,486	330,453,956	827,287,026	616,852,214	29,431,687,814	394,467,696	29,826,155,510
Accumulated Depreciation									
As on July 01, 2019	-	1,988,863,726	6,205,719,687	142,895,364	563,820,219	386,007,571	9,287,306,567	110,053,358	9,397,359,925
Depreciation Charged	-	188,862,087	667,013,870	17,051,814	59,343,002	34,309,438	966,580,211	44,250,419	1,010,830,630
Fair Value Depreciation	-	2,363,364	9,652,060	-	-	-	12,015,424	-	12,015,424
Adjustment for Assets disposed off	-	-	(34,640,793)	-	(9,928,860)	(984,456)	(45,554,109)	-	(45,554,109)
Accumulated Depreciation As on June 30, 2020	-	2,180,089,177	6,847,744,824	159,947,178	613,234,361	419,332,553	10,220,348,093	154,303,777	10,374,651,870
Net Book Value June 30, 2020	4,067,829,596	5,642,181,359	8,919,249,662	170,506,778	214,052,665	197,519,661	19,211,339,721	240,163,919	19,451,503,640
Capital Work in Progress							15,789,469,910	-	15,789,469,910
Carrying Value as on June 30, 2020							35,000,809,631	240,163,919	35,240,973,550
Carrying Value as on June 30, 2019							33,853,977,656	202,689,556	34,056,667,212

4 (a). Right-of-use Assets

Amount in Taka

June 30, 2020

June 30, 2019

At Cost
Accumulated Depreciation

394,467,696
(154,303,777)
240,163,919

312,742,914
(110,053,358)
202,689,556

5. Intangible Assets

Particulars	Product development, Licensing and Marketing Rights	ERP Project	Trade Name & Trade Marks	Total
Cost				
As on July 01, 2019	1,319,952,047	167,103,702	54,000,000	1,541,055,749
Addition During the year	29,103,370	2,641,632	-	31,745,002
As on June 30, 2020	1,349,055,417	169,745,334	54,000,000	1,572,800,751
Amortization				
As on July 01, 2019	203,974,051	-	2,160,000	206,134,051
Amortized During the year	72,236,000	16,710,370	2,160,000	91,106,370
As on June 30, 2020	276,210,051	16,710,370	4,320,000	297,240,421
Balance as on June 30, 2020	1,072,845,366	153,034,964	49,680,000	1,275,560,330
Balance as on June 30, 2019	1,115,977,996	167,103,702	51,840,000	1,334,921,698

6. Goodwill

This is carried forward from the previous year and relates to acquisition of Nuvista Pharma Limited (Note 3.4). There has been no indication of impairment of goodwill during the year.

7. Other Investments

a. Investment Details (Taka)

Amount in Taka

	Balance July 01, 2019	Addition/ Adjustment Unrealised Gain/(Loss)	Balance June 30, 2020
Bangladesh Export Import Co. Ltd.	3,759,929	(1,577,828)	2,182,101
Central Depository Bangladesh Ltd. (CDBL)	1,569,450	-	1,569,450
	5,329,379	(1,577,828)	3,751,551

b. Number of Shares:

	Balance July 01, 2019	Balance June 30, 2020
Bangladesh Export Import Co. Ltd.	167,854	167,854
Central Depository Bangladesh Ltd. (CDBL)	571,182	571,182

c. The shares of Bangladesh Export Import Co. Ltd. are listed in Dhaka and Chittagong Stock Exchanges. The market value of each share of Bangladesh Export Import Co. Ltd. on the last working day of the year 2019-2020 was Tk. 13.00 (2018-2019: Tk.22.40). The fair value loss of Tk. 1,577,828 has been accounted for as Other Comprehensive Income following IFRS:9 Financial Instruments.

d. Shares of Central Depository Bangladesh Ltd.(CDBL) are not traded . The value at acquisition is considered to be the fair value as on the Balance Sheet date.

8. Inventories

Amount in Taka

	June 30, 2020	June 30, 2019
This consists of as follows :		
Finished Goods	1,128,728,172	1,255,181,983
Work in Process	294,258,178	455,530,899
Raw Materials	3,089,296,983	2,710,825,646
Packing Materials	960,326,569	1,098,348,379
Laboratory Chemicals	64,584,938	44,838,125
Physician Samples	69,468,235	85,135,960
R&D Materials	15,232,992	12,004,065
Materials in Transit	322,872,990	262,166,621
	5,944,769,057	5,924,031,678

9. Spares & Supplies

This consists of as follows :

Spares & Accessories	660,313,987	579,804,147
Stock of Stationery	14,209,600	13,100,977
Literature & Other Materials	101,005,200	133,118,401
Miscellaneous Item	-	103,737
	775,528,787	726,127,262

10. Accounts Receivable

Amount in Taka

	June 30, 2020	June 30, 2019
This consists of :		
Trade Receivable	3,088,509,497	3,244,703,035
Other Receivable	216,941,937	90,255,870
	<u>3,305,451,434</u>	<u>3,334,958,905</u>

Accounts Receivable is reported net of provision for bad debts of Tk. 6,554,783. It includes an amount of Tk. 817,658,851, equivalent USD 9,710,913 (June 30, 2019: Tk. 771,731,426, USD 9,214,704) receivable against export sales. Part of the export sales receivables are against Letter of Credit while the rest are unsecured but considered good.

Accounts Receivable also includes Tk. 1,969,764,709 due from I & I Services Ltd., who provides distribution service to the Company and a "Related Party". The maximum amount due from the company during the year was Tk. 2,719,264,917 on April 30, 2020.

No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

Aging of Trade Receivables :

Amount due within 6 months	3,036,824,038	3,171,871,132
Amount due for 6 months & above	51,685,459	72,831,903
	<u>3,088,509,497</u>	<u>3,244,703,035</u>

11. Loans, Advances and Deposits

This is unsecured, considered good and consists of as follows :

Clearing & Forwarding	281,675,299	159,119,478
VAT	441,074,569	329,321,836
Claims Receivable	6,636,489	6,320,466
Security Deposit & Earnest Money	83,541,576	67,972,220
Lease Deposit	10,821,850	10,821,850
Capital Expenditure/ Project	209,723,000	224,723,000
Expenses	264,086,628	255,058,852
Bank Guarantee Margin	35,585,120	37,773,704
Salary Advance / Loan	161,306,524	155,890,739
Rent Advance	29,898,335	13,420,366
Motor Cycle	154,443,129	199,755,875
Raw & Packing Material	442,658,728	592,000,065
Prepaid Insurance	155,346,536	163,840,275
Overseas Liaison Office	40,724,614	35,318,373
Others	70,790,725	58,166,648
	<u>2,388,313,122</u>	<u>2,309,503,747</u>

a. No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person, except as stated above.

b. Prepaid Insurance includes the insurance premium paid to German Export Credit Agency Euler Hermes Aktiengesellschaft, Hamburg for guarantee of the project loan which is an integral part of the overseas loan financing agreement with ODDO BHF Aktiengesellschaft, Frankfurt, Germany.

12. Short Term Investment

The Company has fully recalled the Short Term Investment with Bangladesh Export Import Company Limited (Beximco Ltd.).

13. Cash and Cash Equivalents

Amount in Taka

	June 30, 2020	June 30, 2019
This consists of as follows :		
a. Cash in Hand (including Imprest Cash)	170,478,822	235,292,449
b. Cash at Bank :		
Current & FC Account	426,156,203	338,805,413
FDR Account	38,381,494	36,396,437
	635,016,519	610,494,299

14. Issued Share Capital

a. Authorized :

1,000,000,000 Ordinary Shares of Tk. 10 each	10,000,000,000	10,000,000,000
50,000,000 fully convertible 5 % Preference Shares of Tk. 100 each	5,000,000,000	5,000,000,000
	15,000,000,000	15,000,000,000

b. Issued, Subscribed and Paid-up :

51,775,750 Ordinary Shares fully paid-up in cash	517,757,500	517,757,500
316,538,298 Ordinary Shares issued as stock dividend	3,165,382,980	3,165,382,980
5,951,250 Ordinary Shares issued in Exchange of Shares of Beximco Infusions Ltd.	59,512,500	59,512,500
31,291,147 Ordinary Shares issued on conversion of Preference Shares	312,911,470	312,911,470
	4,055,564,450	4,055,564,450

5,951,250 Ordinary Shares of Tk. 10 each were issued to the shareholders of Beximco Infusions Ltd. on its merger with Beximco Pharmaceuticals Ltd. In 2005.

41,000,000 fully convertible 5% preference shares of Tk. 100 each were issued in 2009. 50% of the preference shares were converted into 16,169,191 ordinary shares of Tk. 10 each on February 1, 2010. The rest 50% were converted into 15,121,956 ordinary shares of Tk. 10 each on May 2, 2010.

90,943,627 Ordinary Shares have been issued as underlying shares for the GDRs listed with AIM of London Stock Exchange.

c. Composition of Shareholding :

	June 30, 2020		June 30, 2019	
	Number of shares	% of Share Capital	Number of shares	% of Share Capital
Sponsors:				
A S F Rahman	8,235,353	2.03	8,235,353	2.03
Salman F Rahman	8,254,632	2.04	8,254,632	2.04
Other Directors and Associates	37,019,789	9.13	37,019,789	9.13
	53,509,774	13.20	53,509,774	13.20
Public Issue:				
GDRs- AIM of London Stock Exchange	90,943,627	22.42	90,943,627	22.42
Foreign Portfolio Investors (DSE/CSE)	48,720,273	12.01	60,060,586	14.81
Institutions (ICB, ICB Investors Accounts & Others)	148,762,402	36.68	136,573,957	33.67
Individual Shareholders	63,620,369	15.69	64,468,501	15.90
	352,046,671	86.80	352,046,671	86.80
	405,556,445	100.00	405,556,445	100.00

15. Non-controlling Interest

	Amount in Taka	
	June 30, 2020	June 30, 2019
Non-controlling Interest (Opening)	276,006,553	269,874,176
Proportionate profit/loss (NPL)	29,795,800	7,000,621
Less Cash Dividend (NPL)	(3,473,347)	(868,344)
Share Capital - Beximco Pharma API Limited (API)	-	100
	302,329,006	276,006,553

16. Long Term Borrowings - Net of Current Maturity

This is arrived at as follows :

Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	1,437,978,890	1,974,611,879
Lease Liability	208,860,444	247,375,215
Term Loan-AB Bank Limited	-	330,410,281
Dhaka Bank Ltd.	4,751,056	43,210,417
	1,651,590,390	2,595,607,792

Lease Liability

This consists of as follows:

Within one year	108,115,288	165,766,263
Within two to five years	208,860,444	247,375,215
	316,975,732	413,141,478

17. Liability for Gratuity and WPPF & Welfare Funds

Gratuity Payable	1,185,669,111	1,040,022,968
Workers Profit Participation and Welfare Fund	958,384,323	820,882,028
	2,144,053,434	1,860,904,996

18. Short Term Borrowings

Janata Bank Ltd. - Cash Credit-Hypothecation Loan	3,963,918,204	5,336,101,392
AB Bank Limited	1,106,352,880	2,491,112,625
Liability for UPAS Letter of credit	1,406,768,304	873,810,482
First Security Islamic Bank Ltd.	510,491,234	-
Dhaka Bank Ltd.	410,830,738	571,476,781
	7,398,361,360	9,272,501,280

19. Long Term Borrowings-Current Maturity

Amount in Taka

	June 30, 2020	June 30, 2019
This consists of as follows:		
Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	937,110,252	860,104,664
Lease Liability	108,115,288	165,766,263
Term Loan-AB Bank Limited	377,802,906	462,991,847
Dhaka Bank Ltd	31,283,549	127,807,775
	1,454,311,995	1,616,670,549

20. Creditors and Other Payables

Goods & Services	575,012,150	573,345,769
Provident Fund	726,878,755	403,722,991
Advance Against Sales	12,393,114	23,952,936
Others	148,522,181	90,788,026
	1,462,806,200	1,091,809,722

21. Accrued Expenses

This is unsecured, falling due within one year and consists of as follows :

For Expenses	503,704,448	389,379,916
Workers' Profit Participation and Welfare Funds -(Current year)	235,808,378	200,937,234
	739,512,826	590,317,150

	July 2019- June 2020	Amount in Taka July 2018- June 2019
22. Net Revenue		
Domestic Sales	22,808,998,367	20,300,942,074
Export Sales	2,751,790,244	2,502,632,517
Toll Income	51,159,044	13,055,204
	25,611,947,655	22,816,629,795
23. Cost of Goods Sold		
This is made-up as follows :		
Work-in-Process (Opening)	455,530,899	262,723,223
Materials Consumed (Note: 24)	10,054,371,739	9,840,645,571
Factory Overhead (Note: 25)	3,623,979,789	3,165,298,448
Total Manufacturing Cost	14,133,882,427	13,268,667,242
Work-in-Process (Closing)	(294,258,178)	(455,530,899)
Cost of Goods Manufactured	13,839,624,249	12,813,136,343
Finished Goods (Opening)	1,255,181,983	864,137,218
Finished Goods available	15,094,806,232	13,677,273,561
Cost of Physician Sample transferred to Sample Stock	(253,230,551)	(225,804,808)
Finished Goods (Closing)	(1,128,728,172)	(1,255,181,983)
	13,712,847,509	12,196,286,770
24. Materials Consumed		
This is made-up as follows :		
Opening Stock	3,854,012,150	3,182,574,225
Purchase	10,314,568,079	10,512,083,496
Closing Stock	(4,114,208,490)	(3,854,012,150)
	10,054,371,739	9,840,645,571

Amount in Taka

25. Factory Overhead

	July 2019- June 2020	July 2018- June 2019
Salary & Allowances	1,345,684,174	1,188,378,116
Repairs and Maintenance	391,224,077	357,815,843
Insurance Premium	36,933,338	31,563,027
Municipal Tax & Land Revenue	9,034,338	2,340,256
Advertisement	-	39,992
Registration & Renewals	19,443,939	12,214,261
Travelling & Conveyance	27,128,815	13,607,099
Entertainment	2,801,983	2,406,063
Research and Development	272,389,951	284,160,790
Rent	4,756,535	-
Printing & Stationery	30,094,938	30,586,880
Telephone, Cell Phone, Internet & Postage	9,599,588	9,563,197
Toll Expense	231,429,690	211,045,966
Electricity, Gas & Water	252,097,664	185,846,861
Training & Conference	6,129,368	5,847,370
Plant Certification and Regulatory Approvals	37,358,555	26,970,395
Depreciation	920,137,361	776,720,982
Security Expenses	21,979,283	19,223,665
Other Expenses	5,756,192	6,967,685
	<u>3,623,979,789</u>	<u>3,165,298,448</u>

26. Administrative Expenses

Salary & Allowances	458,035,801	422,172,373
Rent	23,948,000	21,596,203
Repairs and Maintenance	58,709,365	52,754,516
Registration & Renewals	5,019,043	11,157,571
Travelling & Conveyance	29,587,058	33,292,606
Entertainment	6,881,179	7,452,594
Printing & Stationery	5,572,906	9,623,113
Audit Fee	2,195,000	2,090,000
Telephone, Cell Phone, Internet & Postage	5,927,093	8,389,087
Electricity, Gas & Water	13,770,520	15,238,998
Legal & Consultancy	15,823,054	10,931,928
Business Acquisition Cost	-	2,876,555
Company Secretarial, Regulatory Fee and AGM Expense	34,599,077	27,156,197
Municipal Tax & Land Revenue	463,682	1,294,203
Advertisement	-	72,068
Training & Conference	6,630,474	12,734,287
Depreciation	35,015,790	29,897,226
Meeting Fee	2,301,650	1,108,950
Security Expenses	11,209,371	9,011,269
Other Expenses	77,262,646	74,094,438
	<u>792,951,709</u>	<u>752,944,182</u>

27. Selling, Marketing and Distribution Expenses

Amount in Taka

	July 2019- June 2020	July 2018- June 2019
Salary & Allowances	2,092,122,649	1,746,110,649
Rent	82,034,461	86,475,238
Repairs and Maintenance	15,310,108	10,265,214
Travelling & Conveyance	567,898,731	520,316,148
Entertainment	56,439,513	54,522,468
Printing & Stationery	37,381,062	36,718,700
Telephone, Cell Phone, Internet & Postage	58,915,054	31,583,013
Software & Licences	26,876,458	2,659,362
Electricity, Gas & Water	15,361,760	10,614,278
Market Research & New Products	69,374,568	57,305,983
Training & Conference	112,364,209	103,797,825
Insurance Premium	29,966,989	32,048,113
Sample Expense	315,070,105	286,686,387
Advertisement	2,555,997	2,633,824
Field Operation	44,293,568	61,562,536
Events, Programs & Campaigns	186,559,672	224,353,163
Brand Development	106,570,287	90,550,386
CSR Expenses	81,344,051	15,344,589
Sales Promotion Expenses	138,324,168	79,557,840
Books, Journal and Periodicals	8,705,778	8,276,327
Salesforce Logistics	32,042,162	19,773,552
Clinical Studies and Research	5,002,419	4,652,433
Pharmacovigilance	14,768,459	11,394,312
Literature and News Letter	209,372,035	207,829,781
Registration & Renewals	62,603,853	87,161,934
Export Insurance, Freight and C&F Expenses	225,789,212	273,539,867
Distribution Commission	376,830,927	260,673,378
Delivery Expense	335,270,945	315,948,856
Depreciation & Amortization	158,799,273	136,144,095
Security Expenses	19,941,269	18,179,874
Bad Debts	3,692,812	2,894,595
Other Expenses	5,071,769	1,650,556
	5,496,654,323	4,801,225,276

28. Other Income

Amount in Taka

	July 2019- June 2020	July 2018- June 2019
Interest Income	20,409,291	36,457,527
Dividend Income	1,427,930	1,491,901
Royalty	151,552,031	95,941,689
Cash Incentive on Export	139,620,667	23,646,180
Exchange Rate Fluctuation Gain / (Loss)	13,196,829	(20,010,341)
Sale of Miscellaneous Item	1,149,448	952,663
Profit/(Loss) on Sale of Fixed Assets	(33,797,892)	1,438,046
	293,558,304	139,917,665

29. Finance Cost

Interest on Bank Borrowings	787,650,804	824,858,713
Interest on Lease Liability	28,711,869	60,109,947
Interest on Loan from PF, WPPF & Welfare Fund	166,837,043	128,075,983
Other Bank Charges	30,604,369	16,717,899
	1,013,804,085	1,029,762,542

30. Income Tax Expenses

This consists of as follows :

(a) Current Tax	1,086,668,418	803,760,846
(b) Deferred Tax Expense	22,288,436	101,901,936
	1,108,956,854	905,662,782

31. Earnings Per Share (EPS)

(a) Earnings attributable to the Owners of the Company	3,514,687,301	3,033,402,333
(b) Weighted average number of Shares outstanding during the year	405,556,445	405,556,445
Earnings Per Share (EPS)	8.67	7.48

32. Net Asset Value (NAV) Per Share

Amount in Taka

	June 30, 2020	June 30, 2019
Total Assets	50,118,741,940	49,214,092,360
Less Total Liabilities	(17,321,292,327)	(19,349,768,523)
Less Non-controlling Interest	(302,329,006)	(276,006,553)
Equity Attributable to the Owners of the Company	32,495,120,607	29,588,317,284
Number of Ordinary Shares	405,556,445	405,556,445
Net Asset Value (NAV) Per Share	80.12	72.96

33. Net Operating Cash Flow Per Share (NOCFPS)

	July 2019- June 2020	July 2018- June 2019
Net Cash Generated from Operating Activities	5,542,487,221	2,959,916,904
Number of Ordinary Shares	405,556,445	405,556,445
Net Operating Cash Flow Per Share (NOCFPS)	13.67	7.30

34. Reconciliation of Net Profit with Cash Flows from Operating Activities

Profit after Tax	3,544,483,101	3,040,402,954
Adjustment to reconcile net profit to net cash provided by operating activities :		
(a) Non-cash Expenses :	1,409,987,996	1,606,962,596
Depreciation	1,022,846,054	868,369,303
Amortization	91,106,370	74,393,000
Gratuity & WPPF	283,148,438	536,738,498
Exchange rate fluctuation (Gain) / Loss on Foreign Currency Bank Loan	(9,401,302)	25,559,859
Deferred Tax	22,288,436	101,901,936
(b) Non-operating Items	30,401,305	26,190,223
Dividend Income	(1,427,930)	(1,481,833)
(Profit) / Loss on sale of Fixed Assets	33,797,892	(1,438,046)
Effect of exchange rate changes on Cash and Cash Equivalents	(1,968,657)	(215,618)
Share of Loss of Associates	-	29,325,720
(c) Changes in working Capital	557,634,819	(1,713,638,869)
(Increase)/Decrease in Inventories	(20,737,379)	(865,183,997)
(Increase)/Decrease in Spares & Supplies	(49,401,525)	(62,216,166)
(Increase)/Decrease in Accounts Receivable	29,507,471	(573,449,512)
(Increase)/Decrease in Advance Income Tax	35,681,115	(3,112,607)
(Increase)/Decrease in Loans, Advances & Deposits	(78,809,375)	(215,273,845)
(Increase)/Decrease in Other Non-current Assets	3,634,939	(221,598)
Increase/(Decrease) in Creditors and Other Payables	370,996,478	100,096,815
Increase/(Decrease) in Accrued Expenses	148,154,924	171,840,255
Increase/(Decrease) in Income Tax Payable	118,588,172	(266,118,214)
Net cash Generated from Operating Activities	5,542,487,221	2,959,916,904

35. Related Party Disclosures

a. Following transactions were carried out with related parties in the normal course of business on arms length basis:

Name of Related Parties	Nature of Transactions	Value of Transaction	Balance at year end
(i) I & I Services Ltd.	Local Delivery Distribution Commission	23,912,620,326 376,830,927	1,969,764,709
(ii) Bangladesh Export Import Co. Ltd	Short Term Investment & Interest there on	341,614,550	-

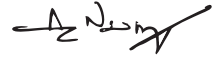
b. Related party transaction between the Company and its subsidiaries have been eliminated in the consolidation.



Osman Kaiser Chowdhury
Director



Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Dhaka
October 28, 2020

Financial Statements-Beximco Pharma Stand-alone

Beximco Pharmaceuticals Limited
Audited Financial Statements
For the Year Ended June 30, 2020

Independent Auditor's Report To the Shareholders of Beximco Pharmaceuticals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Beximco Pharmaceuticals Limited (the "Company"), which comprise the Statement of Financial Position as at June 30, 2020 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 to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Valuation of Property, Plant and Equipment (PPE)	
<p>The carrying value of the PPE was Tk. 33,244,656,330 as at June 30, 2020.</p> <p>Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements and that there is significant measurement uncertainty involved in this valuation.</p> <p>See Note No. 4 to the financial statements</p>	<p>Our audit included the following procedure:</p> <ul style="list-style-type: none"> • We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent. • We inspected a sample of invoices and L/C documents to determine whether the classification between capital and revenue expenditure was appropriate. • We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. • We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.

Risk	Our response to the risk
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Valuation of Inventory

<p>The inventory of Tk. 5,528,438,165 as at June 30, 2020 was held at different locations across the country.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Since the value of Inventory is significant to the Financial Statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.</p> <p>See Note No. 9 to the financial statements</p>	<p>We verified the appropriateness of management's assumptions applied in calculating the value of the inventory by:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls. • Attending inventory counts on sample basis and reconciling the count results to the inventory listing to test the completeness of data. • Reviewing the requirement of inventory provisioning and action there upon by the management. • Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.
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Contingent Liabilities

<p>The Company is subject to a number of claims and litigations. The amounts of claims are significant and estimates of the amounts of provisions or contingent liabilities are subject to management judgement. These claims and regulatory matters are uncertain in timing of resolutions and amount or consequences.</p> <p>These claims and litigation matters were a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome. The assessment of whether or not a liability should be recognized involves judgement from management.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the legal provision and contingency processes.</p> <p>We enquired to those charged with governance to obtain their view on the status of the litigations.</p> <p>We enquired of the company's internal legal counsel for the litigation and inspected internal notes and reports. We also reviewed formal confirmations in this regard from external counsel.</p> <p>We also validated the completeness and appropriateness of the related disclosures in Note No. 49 of the financial statements.</p>
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Related party transactions

<p>The Company has related party transactions with its subsidiaries and other related parties as described in Note No. 40 of the financial statements.</p> <p>We focused on identification of related parties and disclosure of related party transactions in accordance with relevant accounting standards.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. • Evaluated the transactions among the related parties and tested material accounts balances. • Evaluated the disclosures in the financial statements in compliance with IAS 24.
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Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on such work we perform, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, The Companies Act 1994, The Securities and Exchange Rules 1987 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 to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.
- 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 achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, The Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c. The company's Statement of Financial Position (Balance sheet) and Statement of Profit or Loss and Other Comprehensive Income (Profit & Loss Account) dealt with by this report are in agreement with the books of accounts and;
- d. The expenditures incurred and payment made were for the purpose of the Company's business for the year.

The engagement partner on the audit resulting in the independent auditor's report is **Hasan Mahmood, FCA**

Dhaka
October 28, 2020



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Financial Position
As at June 30, 2020

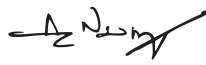
	Notes	June 30, 2020	Amount in Taka June 30, 2019
ASSETS			
Non-Current Assets			
		36,240,980,000	34,999,402,741
Property, Plant and Equipment- Carrying Value	4	33,244,656,330	32,010,669,238
Right-of-use Assets	4 (c)	237,100,169	198,770,806
Intangible Assets	5	580,960,330	610,121,698
Investment in Subsidiaries	6	2,145,185,900	2,145,185,900
Investment In Associates	7	29,325,720	29,325,720
Other Investments	8	3,751,551	5,329,379
Current Assets			
		12,438,793,173	12,793,492,489
Inventories	9	5,528,438,165	5,573,549,171
Spares & Supplies	10	735,703,950	715,341,316
Accounts Receivable	11	3,213,666,345	3,325,890,597
Loans, Advances and Deposits	12	2,345,039,872	2,273,040,821
Short Term Investment	13	-	323,364,536
Cash and Cash Equivalents	14	615,944,841	582,306,048
TOTAL ASSETS		48,679,773,173	47,792,895,230
EQUITY AND LIABILITIES			
Shareholders' Equity			
		32,356,359,135	29,600,843,240
Issued Share Capital	15	4,055,564,450	4,055,564,450
Share Premium		5,269,474,690	5,269,474,690
Excess of Issue Price over Face Value of GDRs	16	1,689,636,958	1,689,636,958
Capital Reserve on Merger		294,950,950	294,950,950
Revaluation Surplus	4(b)	1,125,767,451	1,131,853,004
Unrealized Gain/(Loss)		926,375	2,504,203
Retained Earnings		19,920,038,261	17,156,858,985
Non-Current Liabilities			
		5,692,973,418	6,296,204,472
Long Term Borrowings-Net of Current Maturity	17	1,641,924,046	2,544,732,500
Liability for Gratuity and WPPF & Welfare Funds	18	2,015,304,583	1,748,900,794
Deferred Tax Liability	19	2,035,744,789	2,002,571,178
Current Liabilities and Provisions			
		10,630,440,620	11,895,847,518
Short Term Borrowings	20	6,987,530,622	8,701,024,499
Long Term Borrowings-Current Maturity	21	1,421,497,401	1,487,254,413
Creditors and Other Payables	22	1,332,058,976	1,037,089,244
Accrued Expenses	23	609,401,272	496,178,291
Dividend Payable		16,803,657	7,002,833
Income Tax Payable	24	263,148,692	167,298,238
TOTAL EQUITY AND LIABILITIES		48,679,773,173	47,792,895,230

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :


Osman Kaiser Chowdhury
 Director


Nazmul Hassan
 Managing Director


Mohammad Ali Nawaz
 Chief Financial Officer

Dhaka
 October 28, 2020

Per our report of even date

M.J. Abedin & Co.
 Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2020

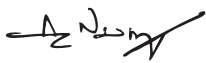
	Notes	July 2019 - June 2020	Amount in Taka July 2018 - June 2019
Net Sales Revenue	25	23,557,775,896	21,156,331,039
Cost of Goods Sold	26	(12,753,521,901)	(11,365,929,686)
Gross Profit		10,804,253,995	9,790,401,353
Operating Expenses		(5,690,899,854)	(4,991,627,668)
Administrative Expenses	29	(699,940,325)	(663,362,904)
Selling, Marketing and Distribution Expenses	30	(4,990,959,529)	(4,328,264,764)
Profit from Operations		5,113,354,141	4,798,773,685
Other Income	31	445,556,500	245,184,534
Finance Cost	32	(957,931,515)	(938,074,846)
Profit Before Contribution to WPPF & Welfare Funds		4,600,979,126	4,105,883,373
Contribution to WPPF & Welfare Funds	33	(219,094,244)	(195,518,256)
Profit Before Tax		4,381,884,882	3,910,365,117
Income Tax Expenses	34	(1,018,485,009)	(886,864,143)
Current Tax		(983,282,880)	(792,365,900)
Deferred Tax Income/ (Expense)		(35,202,129)	(94,498,243)
Profit after Tax		3,363,399,873	3,023,500,974
Other Comprehensive Income - Unrealized Gain/(Loss)	35	(1,577,828)	(1,852,559)
Total Comprehensive Income		3,361,822,045	3,021,648,415
Earnings Per Share (EPS)	36	8.29	7.46

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :


Osman Kaiser Chowdhury
Director


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Dhaka
 October 28, 2020

Per our report of even date


M.J. Abedin & Co.
 Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Changes in Equity
For the year ended June 30, 2020

Amount in Taka

	Share Capital	Share Premium	Excess of Issue Price over Face Value of GDRs	Capital Reserve on Merger	Revaluation Surplus	Unrealized Gain/(Loss)	Retained Earnings	Total
Balance as on July 01, 2019	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,131,853,004	2,504,203	17,156,858,985	29,600,843,240
Total Comprehensive Income for the Year :								
Profit for the Year	-	-	-	-	-	-	3,363,399,873	3,363,399,873
Other Comprehensive Income/(Loss)	-	-	-	-	-	(1,577,828)	-	(1,577,828)
Transactions with the Shareholders:								
Cash Dividend	-	-	-	-	-	-	(608,334,668)	(608,334,668)
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(8,114,071)	-	8,114,071	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	2,028,518	-	-	2,028,518
Balance as on June 30, 2020	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,125,767,451	926,375	19,920,038,261	32,356,359,135
Net Asset Value (NAV) Per Share (Note-37)								79.78

For the Year ended June 30, 2019

	Share Capital	Share Premium	Excess of Issue Price over Face Value of GDRs	Capital Reserve on Merger	Revaluation Surplus	Unrealized Gain/(Loss)	Retained Earnings	Total
Balance as on July 01, 2018	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,159,277,845	4,356,762	14,631,128,276	27,104,389,931
Total Comprehensive Income for the Year :								
Profit for the Year	-	-	-	-	-	-	3,023,500,974	3,023,500,974
Other Comprehensive Income/(Loss)	-	-	-	-	-	(1,852,559)	-	(1,852,559)
Transactions with the Shareholders:								
Cash Dividend	-	-	-	-	-	-	(506,945,556)	(506,945,556)
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(9,175,291)	-	9,175,291	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(18,249,550)	-	-	(18,249,550)
Balance as on June 30, 2019	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,131,853,004	2,504,203	17,156,858,985	29,600,843,240
Net Asset Value (NAV) Per Share (Note-37)								72.99

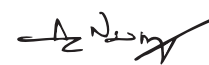
The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :



Osman Kaiser Chowdhury
Director

Nazmul Hassan
Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Dhaka
 October 28, 2020

Per our report of even date



M.J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Cash Flows
For the year ended June 30, 2020

Amount in Taka

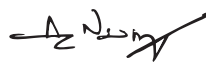
	Notes	July 2019 - June 2020	July 2018 - June 2019
Cash Flows from Operating Activities :			
Receipts from Customers and Others		24,096,145,079	20,798,619,790
Payments to Suppliers and Employees		(17,060,430,359)	(16,112,060,651)
Cash Generated from Operations		7,035,714,720	4,686,559,139
Interest Paid		(957,931,515)	(938,074,846)
Interest Received		20,409,291	36,457,527
Income Tax Paid		(887,432,426)	(1,058,484,114)
Net Cash Generated from Operating Activities	39	5,210,760,070	2,726,457,706
Cash Flows from Investing Activities :			
Acquisition of Property, Plant and Equipment		(2,224,544,487)	(4,337,220,303)
Intangible Assets		(31,745,002)	(128,619,282)
Investment in Subsidiary		-	(19,999,900)
Disposal of Property, Plant and Equipment		3,572,001	17,267,628
Dividend Received		21,454,903	1,491,901
Decrease in Short Term Investment		323,364,536	16,032,638
Net Cash Used in Investing Activities		(1,907,898,049)	(4,451,047,318)
Cash Flows from Financing Activities :			
Net Increase/(Decrease) in Long Term Borrowings		(959,164,164)	(1,296,871,228)
Net Increase/(Decrease) in Short Term Borrowings		(1,713,493,877)	3,738,926,253
Dividend Paid		(598,533,844)	(504,483,537)
Net Cash (Used in)/from Financing Activities		(3,271,191,885)	1,937,571,488
Increase/(Decrease) in Cash and Cash Equivalents		31,670,136	212,981,876
Cash and Cash Equivalents at Beginning of Year		582,306,048	369,108,554
Effect of Exchange Rate Changes on Cash and Cash Equivalents		1,968,657	215,618
Cash and Cash Equivalents at End of Year	14	615,944,841	582,306,048
Net Operating Cash Flow Per Share	38	12.85	6.72

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :


Osman Kaiser Chowdhury
Director


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Dhaka
 October 28, 2020

Per our report of even date


M.J. Abedin & Co.
 Chartered Accountants

Beximco Pharmaceuticals Limited

Notes to the Financial Statements

As at and for the year ended June 30, 2020

1. Reporting entity

1.1. About the company

Beximco Pharmaceuticals Limited (BPL/ the Company) is a Public Limited Company incorporated in Bangladesh in 1976. It is a leading manufacturer of pharmaceutical formulations and Active Pharmaceutical Ingredients (APIs). The Company was listed with Dhaka Stock Exchange in 1985 and with Chittagong Stock Exchange on its debut in 1995. In 2005, BPL took over Beximco Infusions Ltd., a listed company engaged in manufacturing and marketing of intravenous fluids and got enlisted with the Alternative Investment Market (AIM) of the London Stock Exchange through issuance of Global Depository Receipts (GDRs). In 2018, BPL acquired 85.22% shares of Nuvista Pharma Limited – a non-listed pharmaceutical company in Bangladesh specializing in hormones and steroid drugs and took over control of its management. Shares of the Company are traded in Dhaka and Chittagong Stock Exchanges of Bangladesh and its GDRs in AIM of the London Stock Exchange.

The registered office of the company is located at House No. 17, Road No. 2, Dhanmondi R/A, Dhaka. The industrial units are located at Tongi and Kaliakoir of Gazipur district – vicinities close to the capital city Dhaka. The manufacturing facilities of the Company are certified by leading global regulatory authorities including United States Food and Drug Administration (USFDA).

1.2. Nature of Business

The Company is engaged in manufacturing and marketing of generic pharmaceuticals formulation products covering a wide range of therapeutic categories. It offers products in different dosage forms including Solid, Liquid, Cream and Ointment, Suppositories, Metered Dose Inhaler, Dry Powder Inhaler, Nasal Spray, Sterile, Lyophilized Injectable, Large Volume Intravenous Fluids. BPL also manufactures Active Pharmaceutical Ingredients (APIs) and renders contract manufacturing services to other companies. Products of the Company are sold in domestic and international markets.

2. Basis of Preparation of Financial Statements

2.1. Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRSs).

2.2. Basis of Measurement

The financial statements have been prepared on Historical Cost Basis except land, building and plant & machinery revalued on December 31, 2008, investment in shares of listed company being valued at year end quoted price and the cash flow statement being prepared on cash basis.

2.3. Presentation of Financial Statements

The presentation of the financial statements is in accordance with the guidelines provided by IAS 1: Presentation of Financial Statements.

The financial statements comprise of:

- a. Statement of Financial Position as at the end of the year June 30, 2020;
- b. Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2020;
- c. Statement of Changes in Equity for the year ended June 30, 2020;
- d. Statement of Cash Flows for the year ended June 30, 2020; and
- e. notes, comprising summary of significant accounting policies and explanatory information.

2.4. Reporting Period and Comparative Information

The Financial statements cover 12 months period starting from July 1, 2019 to June 30, 2020. The last audited financial statements were prepared for the year ending June 30, 2019. Figures for earlier year have been re-arranged wherever considered necessary to ensure better comparability with the current year.

2.5. Authorization for issue

The financial statements have been authorized for issue by the Board of Directors on October 28, 2020.

2.6. Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.7. Use of Estimates and Judgments

The preparation of financial statements in conformity with the IFRSs including IASs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation accrued expenses, others payable, capitalization of assets and deferred liability for gratuity.

3. Significant Accounting Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements.

3.1. Revenue from Contracts with Customers

In compliance with the requirements of IFRS 15: Revenue from Contracts with Customers, revenue is recognized when the company fulfills the performance obligations in contract with the customers. It usually occurs when customers take possession of the products or goods are delivered at destination specified in the contracts and recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

3.2. Property, Plant and Equipment (PP&E)

3.2.1. Recognition and Measurement

This has been stated at cost or revalued amount less accumulated depreciation in compliance with the requirements of IAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

3.2.2. Maintenance Activities

The company incurs maintenance costs for all its major items of property, plant and equipment. Repair and maintenance costs are charged as expenses when incurred.

3.2.3. Depreciation

Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property, Plant and Equipment. Depreciation is provided at the following rates on reducing balance basis:

Building and Other Construction	2% - 10%
Plant and Machinery	5% - 15%
Furniture & Fixtures	10%
Transport & Vehicle	20%
Office Equipment	10% - 15%

3.2.4. Retirements and Disposals

On disposal of fixed assets, 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.

3.3. Right-of-use Assets

IFRS 16: Leases has introduced a single on-balance sheet lease accounting model for leases and replaces the previously adopted IAS 17: Leases. The standard requires that an asset acquired under a lease be recognized as Right of use Asset and the corresponding liability as lease liability. The Lessee shall measure the lease liability at the present value of the future lease payment discounted using the interest rate implicit in the lease. The asset shall be depreciated over the lease period and the interest on the lease shall be charged as finance expense.

The Company has been consistently recording its underlying assets acquired under lease as Assets and the corresponding obligation as Lease Liabilities in the financial statements. The company has reclassified the assets acquired under the lease into "Right-of-use Assets" and presented them in the Statement of Financial Position following IFRS 16. Interest costs on lease liabilities and depreciation of right-of-use Assets are charged to the profit or loss account.

3.4. Intangible Assets

Intangible assets are stated at cost less provisions for amortization and impairments. Licenses, patents, know-how and marketing rights acquired are amortized over their estimated useful lives, using the straight line basis, from the time they are available for use. The cost of acquiring software for internal use are capitalized as intangible fixed assets where the software supports a significant business system and the expenditure leads to the creation of a durable asset. Also, the research and development expenditures that are definite to yield benefit to the company are capitalized.

3.5. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial Instruments comprise Financial Assets and Financial Liabilities which are recognized, classified, measured and reported following IFRS-9: Financial Instruments.

3.5.1. Financial assets

Financial assets of the company include cash and cash equivalents, accounts receivable, other receivables and investments in marketable securities.

The company initially recognizes receivable on the date they are originated. All others financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows from the asset expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

3.5.1. (a) Accounts Receivable

Accounts receivable are created at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions. When an accounts receivable is determined to be uncollected it is written off, firstly against any provision available and then to the profit and loss account. Subsequent recoveries of amounts previously provided for are credited to the profit and loss account.

3.5.1. (b) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, in transit and with banks on current and deposit accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.5.1. (c) Investment in Shares

Investment in shares of listed company is valued at a price quoted in the stock exchange at year end. Investment in other shares is valued at cost.

3.5.2. Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Finance liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.6. Impairment

3.6.1. Financial Assets

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any

objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effects on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc.

3.6.2. Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.7. Inventories

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

3.8. Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

3.9. Income Tax Expense

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income and accounted for in accordance with the requirements of IAS 12: Income Taxes.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years. The company qualifies as a "Publicly Traded Company"; hence the applicable Tax Rate is 25%. However, profit generated from export is subject to a reduced 12.5% tax. Additionally certain other incomes are also liable to a lower rates which can be found in Note: 34

Deferred Tax

The company has recognized deferred tax using balance sheet method in compliance with the provisions of IAS 12: Income Taxes. The company's policy of recognition of deferred tax assets/ liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per shares (EPS). In BPL's case deferred tax arises due to the difference in the carrying amount and the tax base value of the Property, Plant & Equipment, Gratuity & Bad debts provisions.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available, against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10. Other Income

Dividend

Cash dividend income on investment in shares is recognized on approval of said dividend in the annual general meeting. Stock dividend income (Bonus Shares) is not considered as revenue.

Export Incentives

Cash Incentives for export are recognized when all conditions as laid done in the relevant incentive scheme including receipt of

export remittances are satisfied and the right to claim the incentives are established

Royalty

Royalty income is accounted for on accrual basis on fulfillment of the terms laid in the agreement between the contracting parties giving BPL the right to claim the Royalty.

Toll Income

Toll income is recognized when services are delivered and there remains no unfulfilled obligation in connection with the service.

Interest Income

Interest income is recognized on accrual basis.

3.11. Borrowing Cost

Borrowing costs are recognized as expenses in the period in which they are incurred excepting those that qualifies for capitalization under IAS 23: Borrowing Costs.

3.12. Employee Benefits

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:

3.12.1. 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. Employees contribute 10% of their basic salary to the provident along with the Company that makes an 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.

3.12.2. Defined Benefit Plan (Gratuity)

This represents unfunded gratuity scheme for its permanent employees. Though no valuation was done to quantify actuarial liabilities as per the IAS 19: Employee Benefits, such valuation is not likely to yield a result significantly different from the current provision.

3.12.3. Contribution to Workers' Profit Participation and Welfare Funds (WPPF)

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labor (amendment) Act 2013 and is payable to workers as defined in the said law.

3.12.4. 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.

3.12.5. Insurance Scheme

Employees of the company are covered under insurance schemes.

3.13. Share Premium

The Share Premium shall be utilized in accordance with the provisions of the Companies Act, 1994 and as per direction of the Securities and Exchange Commission in this respect.

3.14. Proposed Dividend

The amount of proposed dividend is not accounted for but disclosed in the notes to the accounts in accordance with the requirements of the International Accounting Standard (IAS) 1: Presentation of Financial Statements. Also the proposed dividend is not considered as liability in accordance with the requirement of International Accounting Standard (IAS) 10: Events After The Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board of Directors.

3.15. Earnings per Share (EPS)

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share 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.

3.16. Foreign Currency Transactions

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The monetary assets and liabilities, if any, denominated in foreign currencies at the financial position date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure in compliance with the provisions of IAS 21: The Effects of Changes in Foreign Exchange Rates.

3.17. Statement of Cash Flows

The Statement of Cash Flow has been prepared in accordance with the requirements of IAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.18. Events after The Reporting Period

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

4 . Property, Plant and Equipment

Amount in Taka

As on June 30, 2020

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total Property Plant & Equipment	Right-of-use Assets	Total
Cost									
As on July 01, 2019	3,343,741,442	7,497,797,147	14,503,959,431	267,440,926	690,157,709	568,771,334	26,871,867,989	308,467,914	27,180,335,903
Additions	-	1,964,386	59,327,454	13,630,814	5,219,741	18,322,149	98,464,544	81,724,782	180,189,326
Transferred in & Capitalized	-	-	-	-	-	-	-	-	-
Disposal during the Year	-	-	(68,147,647)	-	(9,372,204)	(1,278,000)	(78,797,851)	-	(78,797,851)
Cost as on June 30, 2020	3,343,741,442	7,499,761,533	14,495,139,238	281,071,740	686,005,246	585,815,483	26,891,534,682	390,192,696	27,281,727,378
Accumulated Depreciation									
As on July 01, 2019	-	1,934,157,220	5,704,119,053	118,839,763	463,605,963	365,410,593	8,586,132,592	109,697,108	8,695,829,700
Depreciation Charged	-	182,499,881	602,789,053	14,860,116	40,958,686	30,330,293	871,438,029	43,395,419	914,833,448
Adjustment for Assets disposed off	-	-	(34,640,793)	-	(5,820,178)	(942,296)	(41,403,267)	-	(41,403,267)
Accumulated Depreciation as on June 30, 2020	-	2,116,657,101	6,272,267,313	133,699,879	498,744,471	394,798,590	9,416,167,354	153,092,527	9,569,259,881
Net Book Value June 30, 2020	3,343,741,442	5,383,104,432	8,222,871,925	147,371,861	187,260,775	191,016,893	17,475,367,328	237,100,169	17,712,467,497
Capital Work in Progress 4 (a)							15,769,289,002	-	15,769,289,002
Carrying Value as on June 30, 2020							33,244,656,330	237,100,169	33,481,756,499

As on June 30, 2019

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total Property Plant & Equipment	Right-of-use Assets	Total
Cost									
As on July 01, 2018	3,343,741,442	6,794,566,920	12,154,522,473	247,566,170	926,148,671	542,239,692	24,008,785,368	-	24,008,785,368
Additions	-	-	1,465,749,248	18,622,458	88,962,490	25,435,247	1,598,769,443	-	1,598,769,443
Transferred in & Capitalized	-	703,230,227	905,532,878	1,252,298	-	1,096,395	1,611,111,798	-	1,611,111,798
Reclassified as Right-of-use Assets	-	-	-	-	(308,467,914)	-	(308,467,914)	308,467,914	-
Disposal during the Year	-	-	(21,845,168)	-	(16,485,538)	-	(38,330,706)	-	(38,330,706)
Cost as on June 30, 2019	3,343,741,442	7,497,797,147	14,503,959,431	267,440,926	690,157,709	568,771,334	26,871,867,989	308,467,914	27,180,335,903
Accumulated Depreciation									
As on July 01, 2018	-	1,780,559,564	5,238,747,927	104,536,829	503,064,602	334,366,427	7,961,275,349	-	7,961,275,349
Depreciation Charged	-	153,597,656	473,926,803	14,302,934	84,090,016	31,044,166	756,961,575	-	756,961,575
Reclassified as Right-of-use Assets	-	-	-	-	(109,697,108)	-	(109,697,108)	109,697,108	-
Adjustment for Assets disposed off	-	-	(8,555,677)	-	(13,851,547)	-	(22,407,224)	-	(22,407,224)
Accumulated Depreciation as on June 30, 2019	-	1,934,157,220	5,704,119,053	118,839,763	463,605,963	365,410,593	8,586,132,592	109,697,108	8,695,829,700
Net Book Value June 30, 2019	3,343,741,442	5,563,639,927	8,799,840,378	148,601,163	226,551,746	203,360,741	18,285,735,397	198,770,806	18,484,506,203
Capital Work in Progress 4 (a)							13,724,933,841	-	13,724,933,841
Carrying Value as on June 30, 2019							32,010,669,238	198,770,806	32,209,440,044

Amount in Taka

4 (a) Capital Work in Progress is arrived at as follows :	June 30, 2020	June 30, 2019
Opening Balance	13,724,933,841	12,597,594,779
Addition during the year	2,044,355,161	2,738,450,860
	15,769,289,002	15,336,045,639
Transferred & Capitalized	-	(1,611,111,798)
Building and Other Constructions	-	(703,230,227)
Plant & Machinery	-	(905,532,878)
Furniture & Fixture	-	(1,252,298)
Office Equipment	-	(1,096,395)
Closing balance at end of year	15,769,289,002	13,724,933,841
4 (b). Revaluation Surplus		
Opening Balance	1,131,853,004	1,159,277,845
Adjustment for depreciation on revalued assets	(8,114,071)	(9,175,291)
Adjustment for Deferred Tax on revalued assets	2,028,518	(18,249,550)
	1,125,767,451	1,131,853,004
4 (c). Right-of-use Assets		
At Cost	390,192,696	308,467,914
Accumulated Depreciation	(153,092,527)	(109,697,108)
	237,100,169	198,770,806

5. Intangible Assets

Particulars	Product development, Licensing and Marketing Rights	ERP Project	Total
Cost			
As on July 01, 2019	618,952,047	167,103,702	786,055,749
Addition During the year	29,103,370	2,641,632	31,745,002
As on June 30, 2020	648,055,417	169,745,334	817,800,751
Amortization			
As on July 01, 2019	175,934,051	-	175,934,051
Amortized During the year	44,196,000	16,710,370	60,906,370
As on June 30, 2020	220,130,051	16,710,370	236,840,421
Carrying Value as on June 30, 2020	427,925,366	153,034,964	580,960,330
Carrying Value as on June 30, 2019	443,017,996	167,103,702	610,121,698

6. Investment in Subsidiaries

	Amount In Taka	
	June 30, 2020	June 30, 2019
Nuvista Pharma Ltd.	2,125,186,000	2,125,186,000
Beximco Pharma API Ltd.	19,999,900	19,999,900
	2,145,185,900	2,145,185,900

a. The Company acquired 10,013,474 shares representing 85.22% of the Paid Up Capital of Nuvista Pharma Ltd (NPL) . The investment in subsidiary represents the cost of the aforesaid acquisition.

b. Beximco Pharma API Limited (API) was formed with a paid up capital of Tk. 20,000,000 divided into 2,000,000 shares of Tk. 10 each, all of which excepting 10 shares are held by Beximco Pharmaceuticals Ltd (BPL).

c. Investment in subsidiaries has been accounted for using cost method as per IAS 27: Separate Financial Statements, in preparing financial statements of the Company.

7. Investment in Associates

This represents value of 1,500,000 Ordinary Shares of Malaysian Ringgit (RM) 1 each issued to Beximco Pharmaceuticals Ltd. by BioCare Manufacturing Sdn Bhd ("BioCare"), Malaysia. Beximco Pharmaceuticals Ltd. was issued 30% of the equity share of the Malaysian based company for providing full technical support to set up a manufacturing facility to produce specialized pharmaceutical products in Seri Iskandar Pharmaceutical Park, Perak, Malaysia. BioCare is considered to be an associate of BPL as per IAS 28: Investment in Associates and Joint Ventures. The Company follows Cost method for the investment as per IAS 27: Separate Financial Statements.

8. Other Investments

a. Investment Details (Taka):

	July 01, 2019	Addition/ Adjustment	June 30, 2020
		Unrealised Gain/ (Loss)	
Bangladesh Export Import Co. Ltd.(Note c)	3,759,929	(1,577,828)	2,182,101
Central Depository Bangladesh Ltd. (CDBL)	1,569,450	-	1,569,450
	5,329,379	(1,577,828)	3,751,551

b. Number of Shares:

	July 01, 2019	June 30, 2020
Bangladesh Export Import Co. Ltd.	167,854	167,854
Central Depository Bangladesh Ltd. (CDBL)	571,182	571,182

c. The shares of Bangladesh Export Import Co. Ltd. are listed in Dhaka and Chittagong Stock Exchanges. The market value of each share of Bangladesh Export Import Co. Ltd. on the last working day of the year 2019-2020 was Tk. 13.00 (2018-2019: Tk.22.40). The fair value loss of Tk. 1,577,828 has been accounted for as Other Comprehensive Income following IFRS:9 Financial Instruments.

d. Shares of Central Depository Bangladesh Ltd.(CDBL) are not traded . The value at acquisition is considered to be the fair value as on the Balance Sheet date.

9. Inventories

Amount in Taka

This consists of as follows :	June 30, 2020	June 30, 2019
Finished Goods	972,564,349	1,155,804,007
Work in Process	249,838,762	420,135,832
Raw Materials	2,955,008,164	2,590,103,665
Packing Materials	921,692,743	1,072,840,831
Laboratory Chemicals	38,688,339	27,356,035
Physician Samples	69,468,235	85,135,960
R & D Materials	15,232,992	12,004,065
Materials in Transit	305,944,581	210,168,776
	5,528,438,165	5,573,549,171

10. Spares & Supplies

This consists of as follows :

Spares & Accessories	649,953,543	569,443,182
Stock of Stationery	14,209,600	13,100,977
Literature & Other Materials	71,540,807	132,797,157
	735,703,950	715,341,316

11. Accounts Receivable

This consists of :

Trade Receivable	2,978,567,354	3,235,634,727
Other Receivable	235,098,991	90,255,870
	3,213,666,345	3,325,890,597

Accounts Receivable is reported net of provision for bad debts of Tk. 5,144,353. It includes an amount of Tk. 817,658,851, equivalent USD 9,710,913 (June 30, 2019: Tk. 771,731,426, USD 9,214,704) receivable against export sales. Part of the export sales receivables are against Letter of Credit while the rest are unsecured but considered good.

Accounts Receivable also includes Tk. 1,969,764,709 due from I & I Services Ltd., who provides distribution service to the Company and a "Related Party". The maximum amount due from the company during the year was Tk. 2,719,264,917 on April 30, 2020. Additionally Tk 17,612,694 and Tk. 544,360 is receivable from subsidiary companies- Nuvista Pharma Ltd. and Beximco Pharma API Ltd. respectively.

No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

Aging of Trade Receivables :

Amount due within 6 months	2,930,309,371	3,167,422,788
Amount due for 6 months & above	48,257,983	68,211,939
	2,978,567,354	3,235,634,727

12. Loans, Advances and Deposits

Amount in Taka

This is unsecured, considered good and consists of as follows :	June 30, 2020	June 30, 2019
Clearing & Forwarding	281,675,299	159,119,478
VAT	419,480,062	306,316,482
Claims Receivable	6,636,489	6,320,466
Security Deposit & Earnest Money	76,960,836	62,559,041
Lease Deposit	10,821,850	10,821,850
Capital Expenditure/ Project Expenses	209,723,000	224,723,000
Bank Guarantee Margin	263,194,117	253,580,629
Advance against Salary	35,585,120	37,773,704
Rent Advance	157,725,898	152,573,688
Motor Cycle	29,898,335	13,420,366
Raw & Packing Material	154,443,129	199,755,875
Prepaid Insurance	442,658,728	592,000,065
Overseas Liaison Office	150,084,798	160,757,931
Others	40,724,614	35,318,373
	65,427,597	57,999,873
	2,345,039,872	2,273,040,821

- a. The maximum amount due from the employees during the year was Tk. 161,359,843 on May 31, 2020.
- b. No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person, except as stated above.
- c. Prepaid Insurance includes the insurance premium paid to German Export Credit Agency Euler Hermes Aktiengesellschaft, Hamburg for guarantee of the project loan which is an integral part of the overseas loan financing agreement with ODDO BHF Aktiengesellschaft, Frankfurt, Germany.

13. Short Term Investment

The Company has fully recalled the Short Term Investment with Bangladesh Export Import Company Limited (Beximco Ltd.).

14. Cash and Cash Equivalent

Amount in Taka

	June 30, 2020	June 30, 2019
This consists of as follows :		
a. Cash in Hand (including Imprest Cash)	170,283,669	235,175,572
b. Cash at Bank :		
Current & FC Account	407,279,678	310,734,039
FDR Account	38,381,494	36,396,437
	615,944,841	582,306,048

15. Issued Share Capital

Amount in Taka

a. Authorized :

	June 30, 2020	June 30, 2019
1,000,000,000 Ordinary Shares of Tk. 10 each	10,000,000,000	10,000,000,000
50,000,000 Fully convertible 5 % Preference Shares of Tk. 100 each	5,000,000,000	5,000,000,000
	<u>15,000,000,000</u>	<u>15,000,000,000</u>

b. Issued, Subscribed and Paid-up :

51,775,750 Ordinary Shares fully paid-up in cash	517,757,500	517,757,500
316,538,298 Ordinary Shares Issued as stock dividend	3,165,382,980	3,165,382,980
5,951,250 Ordinary Shares issued in Exchange of Shares of Beximco Infusions Ltd.	59,512,500	59,512,500
31,291,147 Ordinary Shares issued on conversion of Preference Shares	312,911,470	312,911,470
	<u>4,055,564,450</u>	<u>4,055,564,450</u>

5,951,250 Ordinary Shares of Tk. 10 each were issued to the shareholders of Beximco Infusions Ltd. on it's merger with Beximco Pharmaceuticals Ltd. In 2005.

41,000,000 fully convertible 5% preference shares of Tk. 100 each were issued in 2009. 50% of the preference shares were converted into 16,169,191 ordinary shares of Tk. 10 each on February 1, 2010. The rest 50% were converted into 15,121,956 ordinary shares of Tk. 10 each on May 2, 2010.

90,943,627 Ordinary Shares have been issued as underlying shares for the GDRs listed with AIM of London Stock Exchange.

c. Composition of Shareholding:

	June 30, 2020		June 30, 2019	
	Number of shares	% of Share Capital	Number of shares	% of Share Capital
Sponsors:				
A S F Rahman	8,235,353	2.03	8,235,353	2.03
Salman F Rahman	8,254,632	2.04	8,254,632	2.04
Other Directors and Associates	37,019,789	9.13	37,019,789	9.13
	53,509,774	13.20	53,509,774	13.20
Public Issue:				
GDRs- AIM of London Stock Exchange	90,943,627	22.42	90,943,627	22.42
Foreign Portfolio Investors (DSE/CSE)	48,720,273	12.01	60,060,586	14.81
Institutions (ICB, ICB Investors Accounts & Others)	148,762,402	36.68	136,573,957	33.67
Individual Shareholders	63,620,369	15.69	64,468,501	15.91
	352,046,671	86.80	352,046,671	86.80
	405,556,445	100	405,556,445	100

d. Distribution Schedule of Ordinary Shares:

Range of Holdings In number of shares	No. of Shareholders		% of Shareholders		Number of Shares		% of Share Capital	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
1 to 499	41,587	41,958	74.13%	74.69%	6,052,732	5,876,193	1.49%	1.45%
500 to 5,000	12,340	12,144	22.00%	21.62%	18,684,552	17,827,041	4.61%	4.40%
5,001 to 10,000	1,059	980	1.89%	1.74%	7,555,392	7,015,971	1.86%	1.73%
10,001 to 20,000	484	469	0.86%	0.83%	6,983,130	6,683,931	1.72%	1.65%
20,001 to 30,000	159	154	0.28%	0.27%	4,044,868	3,819,206	1.00%	0.94%
30,001 to 40,000	81	77	0.14%	0.14%	2,832,929	2,686,413	0.70%	0.66%
40,001 to 50,000	58	70	0.10%	0.12%	2,666,648	3,220,468	0.66%	0.79%
50,001 to 100,000	129	121	0.23%	0.22%	9,472,994	8,692,718	2.34%	2.14%
100,001 to 1,000,000	162	163	0.29%	0.29%	50,405,277	51,410,310	12.43%	12.68%
Over 1,000,000	42	41	0.07%	0.07%	296,857,923	298,324,194	73.20%	73.56%
Total	56,101	56,177	100%	100%	405,556,445	405,556,445	100%	100%

e. Market Price of Ordinary Shares:

The shares are listed with Dhaka and Chittagong Stock Exchanges of Bangladesh while the GDRs with the AIM of London Stock Exchange. Price of each Share / GDR on the last working day of the fiscal year were:

		June 30, 2020	June 30, 2019
Dhaka Stock Exchange	Tk.	69.20	83.50
Chittagong Stock Exchange	Tk.	69.10	84.30
AIM	GBP	0.355	0.389

f. Option on unissued Ordinary Shares :

There is no option on unissued shares as on June 30, 2020.

16. Excess of Issue Price over Face Value of GDRs

This represents excess of issue price of GDRs over the face value of underlying 28,175,750 ordinary shares issued against the same number of GDRs less GDRs issue expenses.

17. Long Term Borrowings - Net of Current Maturity

Amount in Taka

This is arrived at as follows :

	June 30, 2020	June 30, 2019
Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	1,437,978,890	1,974,611,879
Lease Liability	203,945,156	239,710,340
Term Loan- AB Bank Limited	-	330,410,281
	1,641,924,046	2,544,732,500

a. Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany

This represents part of the foreign currency loan of US\$ 51.559 million and Euro 24.386 million to partially finance the machinery and equipment for expansion and diversification project being implemented by the Company. US Dollar loan carries interest at 6 month's USD LIBOR plus 2.25% while Euro loan is priced at 6 month's EURIBOR plus 1.30% interest per annum. Both the loans are secured by exclusive first charge by way of hypothecation against machinery and equipment procured under the pertinent loans.

	June 30, 2020	Amount in Taka June 30, 2019
b. Lease Liability		
This consists of as follows:		
Within one year	106,584,243	164,157,902
Within two to five years	203,945,156	239,710,340
	310,529,399	403,868,242

c. Term Loan-AB Bank Limited

This loan is payable in quarterly installments and is secured by hypothecation along with Janata Bank on all fixed and floating assets of the Company excepting the machinery and equipment financed by ODDO BHF Aktiengesellschaft, Frankfurt, Germany. The loan maturing in the current period has been reported under Long Term Borrowing - Current Maturity.

18. Liability for Gratuity and WPPF & Welfare Funds

Liability for gratuity is the amount payable to the permanent employees at the time of separation from the Company. The liability for WPPF refers to the undistributed portion of Workers' Profit Participation and Welfare Fund lying with the Company. Further detail is available at Note 3.12

a. Gratuity Payable

Opening Balance	933,437,744	660,004,303
Provisions during the year	184,425,140	306,176,739
	1,117,862,884	966,181,042
Paid during the year	(60,942,624)	(32,743,298)
Closing balance at end of the Year	1,056,920,260	933,437,744

b. Workers Profit Participation and Welfare Fund

958,384,323	815,463,050
2,015,304,583	1,748,900,794

19. Deferred Tax Liability

Opening Balance	2,002,571,178	1,889,823,385
Addition during the Year :		
Deferred Tax on Assets-Note : 34 (b)	35,202,129	94,498,243
Adjustment for Deferred Tax on revalued amount	(2,028,518)	18,249,550
Closing Balance at end of the Year	2,035,744,789	2,002,571,178

20. Short Term Borrowings

Janata Bank Ltd. - Cash Credit-Hypothecation Loan	3,963,918,204	5,336,101,392
AB Bank Limited	1,106,352,880	2,491,112,625
Liability for UPAS Letter of credit	1,406,768,304	873,810,482
First Security Islamic Bank Ltd.	510,491,234	-
	6,987,530,622	8,701,024,499

a. Short term borrowings from Janata Bank represents revolving credit facilities renewable annually. The borrowing carries 9% interest.

b. Loan from AB Bank represents the Time Loan taken by the Company to settle UPAS/Deferred LC liabilities related to import of various project materials other than machinery and equipment for different projects under implementation.

c. The loan with Janata Bank and AB Bank is secured by hypothecation of fixed and floating assets of the Company excepting the machinery and equipment financed by ODDO BHF Aktiengesellschaft, Frankfurt, Germany.

d. The borrowing from First Security Islami Bank Ltd represents a Bai-Murabaha (Hypo) investment limit of Tk.50 crore approved for purchasing raw and packing materials. The facility is secured by corporate guarantee and second charge by way of hypothecation on present and future fixed and floating assets of the company.

21. Long Term Borrowings-Current Maturity

Amount in Taka

	June 30, 2020	June 30, 2019
Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	937,110,252	860,104,664
Lease Liability	106,584,243	164,157,902
Term Loan-AB Bank Limited	377,802,906	462,991,847
	1,421,497,401	1,487,254,413

22. Creditors and Other Payables

Goods & Services	485,464,404	518,625,291
Provident Fund	726,878,755	403,722,991
Advance Against Sales	12,393,114	23,952,936
Others	107,322,703	90,788,026
	1,332,058,976	1,037,089,244

23. Accrued Expenses

This is unsecured, falling due within one year and consists of as follows :

For Expenses	390,307,028	300,660,035
Workers' Profit Participation and Welfare Funds - (current year)	219,094,244	195,518,256
	609,401,272	496,178,291

24. Income Tax Payable

Opening Balance	167,298,238	433,416,452
Provision for the year	983,282,880	809,208,912
Short / (Excess) Provision for previous year	-	(16,843,012)
	1,150,581,118	1,225,782,352
Advance Income Tax Paid	(887,432,426)	(1,058,484,114)
	263,148,692	167,298,238

25. Net Sales Revenue

	July 2019 - June 2020	July 2018 - June 2019
Domestic Sales	20,805,985,652	18,653,698,522
Export Sales	2,751,790,244	2,502,632,517
	23,557,775,896	21,156,331,039

a. Revenue consists of sales of pharmaceutical formulation products of wide range of therapeutic categories in different dosage forms and strengths and Active Pharmaceutical Ingredients (APIs). The quantity sold under different broad categories are as follows:

Product Category	Quantity		
	Unit	July 2019 - June 2020	July 2018 - June 2019
Tablet, Capsule, Suppository & DPI	Million pcs.	6,778.75	5,778.50
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable, Inhaler and Insulin	Million pcs.	114.54	111.96
Diet Care Products	Pcs	-	6,572
Active Pharmaceutical Ingredients	Kg	190,552	163,538
Liquid Nitrogen	Liter	438,734	379,012

b. Export Sales in foreign currency equivalent amounts to US\$ 32,745,911 in 2019-20 as against US\$ 30,064,573 in 2018-19.

26. Cost of Goods Sold

This is made-up as follows :	Amount in Taka	
	July 2019 - June 2020	July 2018 - June 2019
Work-in-Process (Opening)	420,135,832	205,169,517
Materials Consumed (Note: 27)	9,491,277,964	9,461,947,813
Factory Overhead (Note: 28)	3,153,943,937	2,749,978,649
Total Manufacturing Cost	13,065,357,733	12,417,095,979
Work-in-Process (Closing)	(249,838,762)	(420,135,832)
Cost of Goods Manufactured	12,815,518,971	11,996,960,147
Finished Goods (Opening)	1,155,804,007	744,138,733
Finished Goods available	13,971,322,978	12,741,098,880
Cost of Physician Sample transferred to Sample Stock	(245,236,728)	(219,365,187)
Finished Goods (Closing)	(972,564,349)	(1,155,804,007)
	12,753,521,901	11,365,929,686

Item wise quantity and value of Finished Goods Stock are as follows :

Stock as June 30, 2020	Unit	Quantity	Value (Tk.)
Tablet, Capsule, Suppository & DPI	Million pcs.	451.57	535,160,110
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable, Inhaler and Insulin	Million pcs.	7.23	421,235,247
Active Pharmaceutical Ingredients	Kg	5,674	16,168,992
			972,564,349

Stock as June 30, 2019	Unit	Quantity	Value (Tk.)
Tablet, Capsule, Suppository & DPI	Million pcs.	601.66	655,507,429
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable, Inhaler and Insulin	Million pcs.	9.81	471,081,153
Active Pharmaceutical Ingredients	Kg	9,390	29,215,425
			1,155,804,007

27. Materials Consumed

Amount in Taka

	July 2019 - June 2020	July 2018 - June 2019
This is made-up as follows :		
Opening Stock	3,690,300,531	2,983,410,526
Purchase	9,716,366,679	10,168,837,818
Closing Stock	(3,915,389,246)	(3,690,300,531)
	9,491,277,964	9,461,947,813

28. Factory Overhead

Salary & Allowances	1,164,060,001	1,027,826,755
Repairs and Maintenance	278,944,645	266,430,909
Insurance Premium	33,154,830	29,239,356
Municipal Tax & Land Revenue	7,485,850	1,743,735
Advertisement	-	39,992
Registration & Renewals	19,443,939	12,214,261
Travelling & Conveyance	24,252,401	10,510,955
Entertainment	2,058,287	1,892,086
Research and Development	242,175,885	259,057,257
Rent	4,756,535	-
Printing & Stationery	28,658,943	28,098,315
Telephone, Cell Phone, Internet & Postage	9,599,588	9,563,197
Toll Expense	245,250,757	217,766,232
Electricity, Gas & Water	199,203,953	145,518,810
Training & Conference	6,129,368	5,847,370
Plant Certification and Regulatory Approvals	37,358,555	26,970,395
Depreciation	827,924,271	685,050,226
Security Expenses	19,794,331	19,223,665
Other Expenses	3,691,798	2,985,133
	3,153,943,937	2,749,978,649

- Salary and allowances include Company's Contribution to provident fund amounting to Tk. 21,084,619
- Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures. Also included therein imported stores and spares that has been consumed during the year.
- Travelling & Conveyance includes foreign travel Tk. 3,284,085 (in 2018-19 Tk. 4,346,488)
- Other expenses does not include any item exceeding 1% of total revenue.

29. Administrative Expenses

Amount in Taka

	July 2019 - June 2020	July 2018 - June 2019
Salary & Allowances	402,132,499	369,071,303
Rent	12,494,000	10,998,853
Repairs and Maintenance	49,579,163	47,635,169
Registration & Renewals	5,019,043	11,157,571
Travelling & Conveyance	25,983,471	29,680,929
Entertainment	5,745,084	6,875,109
Printing & Stationery	4,869,332	6,145,732
Audit Fee	1,800,000	1,700,000
Telephone, Cell Phone, Internet & Postage	4,102,321	6,637,613
Electricity, Gas & Water	11,669,432	13,282,061
Legal & Consultancy	15,679,054	9,670,609
Business Acquisition Cost	-	2,876,555
Company Secretarial, Regulatory Fee and AGM Expense	34,599,077	27,156,197
Advertisement	-	72,068
Training & Conference	4,853,033	11,104,287
Depreciation	32,019,171	26,493,655
Meeting Fee	2,013,650	838,950
Security Expenses	11,209,371	9,011,269
Other Expenses	76,172,624	72,954,974
	699,940,325	663,362,904

- Salary and allowances include Company's Contribution to provident fund amounting to Tk. 7,771,231
- Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.
- Meeting fee is paid to the Directors for attending Board and other Committee Meetings.
- Travelling & Conveyance includes foreign travel Tk. 10,163,463 (in 2018-19 Tk.11,803,905)
- Other expenses does not include any item exceeding 1% of total revenue.

30. Selling, Marketing and Distribution Expenses

Amount in Taka

	July 2019 - June 2020	July 2018 - June 2019
Salary & Allowances	1,814,891,870	1,505,566,145
Rent	77,674,161	82,061,605
Repairs and Maintenance	11,169,984	6,533,997
Travelling & Conveyance	501,475,286	456,534,374
Entertainment	55,361,967	53,789,575
Printing & Stationery	36,243,329	35,647,182
Telephone, Cell Phone, Internet & Postage	48,665,728	21,656,034
Software & Licences	26,876,458	2,659,362
Electricity, Gas & Water	14,609,690	9,779,736
Market Research & New Products	61,977,278	49,003,151
Training & Conference	106,900,944	98,146,246
Insurance Premium	27,514,266	30,611,846
Sample Expense	303,551,534	277,485,580
Advertisement	339,292	524,550
Field Operation	38,162,913	54,193,966
Events, Programs & Campaigns	181,475,156	219,091,710
Brand Development	103,983,835	84,315,097
CSR Expenses	79,166,624	15,344,589
Sales Promotion Expenses	124,237,987	59,348,518
Books, Journal and Periodicals	7,590,396	7,267,968
Salesforce Logistics	16,732,466	6,220,243
Clinical Studies and Research	5,002,419	4,652,433
Pharmacovigilance	14,768,459	11,394,312
Literature and News Letter	189,320,900	188,842,902
Registration & Renewals	62,136,798	86,136,878
Export Insurance, Freight and C&F Expenses	225,789,212	273,539,867
Distribution Commission	376,830,927	260,673,378
Delivery Expense	335,270,945	315,948,856
Depreciation & Amortization	115,796,376	89,610,694
Security Expenses	19,941,269	18,179,874
Bad Debts	2,983,000	2,193,977
Other Expenses	4,518,060	1,310,119
	4,990,959,529	4,328,264,764

- Salary and allowances include Company's Contribution to provident fund amounting to Tk. 36,231,843.
- Distribution commission is paid to I & I Services Ltd., a " Related Party" for rendering distribution services throughout the country.
- Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.
- Sample expense includes VAT on sample.
- Travelling & Conveyance includes foreign travel Tk. 9,794,247 (in 2018-19 Tk. 4,734,661)
- Other expenses does not include any item exceeding 1% of total revenue.

31. Other Income

Amount in Taka

	July 2019 - June 2020	July 2018 - June 2019
Interest Income	20,409,291	36,457,527
Dividend Income	21,454,903	1,491,901
Royalty	172,940,165	104,779,694
Distribution Commission Income	111,757,229	91,886,707
Cash Incentive on Export	139,620,667	23,646,180
Exchange Rate Fluctuation Gain / (Loss)	13,196,829	(20,010,341)
Income from sale of materials	-	5,588,720
Profit/(Loss) on Sale of Fixed Assets (Note 41)	(33,822,584)	1,344,146
	445,556,500	245,184,534

a. Taka 21,388,134 of the Royalty income comes from licensing of BPL products given to Nuvista Pharma Limited while the remaining amount is from overseas business.

b. The Distribution Commission is received from the subsidiary company Nuvista Pharma Limited for providing delivery of Nuvista's products using the BPL's distribution network across the country as per the agreement entered into between the companies on an arm's length basis.

c. In December 2018, Government declared 10% incentives on net FOB value of export of finished pharmaceutical formulation products subject to fulfillment of certain conditions. The incentive claimed during the reporting period has been accrued and accounted for. Further details are available in Note 3.10.

d. Exchange rate fluctuation gains has been netted off with the Exchange rate fluctuation losses. An exchange gain of Tk. 9,401,302 has arisen from the translation of outstanding foreign currency loan from ODDO BHF Aktiengesellschaft, Frankfurt, Germany at the exchange rate prevailing on the financial position date.

32. Finance Cost

Interest on Bank Borrowings	733,669,187	734,759,832
Interest on Lease Liability	27,790,746	59,643,281
Interest on Loan from PF, WPPF & Welfare Fund	166,837,043	128,075,983
Other Bank Charges	29,634,539	15,595,750
	957,931,515	938,074,846

33. Contribution to WPPF & Welfare Funds

This represents statutory contribution by the company as per Bangladesh Labour Act 2013. The amount is computed @ 5% of net profit before tax (but after charging such contribution).

34. Income Tax Expenses

Amount in Taka

	July 2019 - June 2020	July 2018 - June 2019
This consists of as follows :		
a. Current Tax		
(i) Tax provision for current Year (Note 3.9)	983,282,880	809,208,912
(ii) Short/(Excess) Provision for earlier year	-	(16,843,012)
	983,282,880	792,365,900
b. Deferred Tax Expense		
	35,202,129	94,498,243
Total Tax	1,018,485,009	886,864,143

Deferred Tax Expense is arrived at as follows :

Property, Plant & Equipment (Difference in book value & Tax base)	9,205,043,771	8,943,722,454
Deferred liability (Gratuity)	(1,056,920,260)	(933,437,744)
Bad Debts	(5,144,353)	-
Temporary Difference	8,142,979,158	8,010,284,710
Tax Rate	25%	25%
Deferred Tax Liability at end of the year	2,035,744,789	2,002,571,178
Deferred Tax Liability at beginning of the year	2,002,571,178	1,889,823,385
Change in Deferred Tax Liability	33,173,611	112,747,793
Adjustment for Deferred tax on Revaluation Surplus	2,028,518	(18,249,550)
Deferred Tax charged to profit or Loss and Other Comprehensive Income	35,202,129	94,498,243

Reconciliation of Effective tax rate

	2019-20		2018-19	
	%	Tk.	%	Tk.
Profit before Tax		4,381,884,882		3,910,365,117
Applicable Tax	25.00%	1,095,471,221	25.00%	977,591,279
Effect of lower rate on Export Profit excluding Cash Incentive	-2.20%	(96,362,751)	-2.42%	(94,689,032)
Effect of lower rate on cash incentive	-0.48%	(20,943,100)	-0.09%	(3,546,927)
Effect of lower rate on dividend income	-0.02%	(1,072,745)	-0.00%	(74,595)
Effect of permanent disallowances	0.94%	41,392,384	0.62%	24,426,430
Tax impact of prior year adjustment	0.00%	-	-0.43%	(16,843,012)
Income Tax Expense	23.24%	1,018,485,009	22.68%	886,864,143

a. Export Profits are subject to 12.5% Tax rate

b. 10% Tax deductible at source on the incentives as final tax liability on such income as per the Income Tax regulations

c. Dividend Income is taxable @ 20%

	Amount in Taka	
35. Other Comprehensive Income - Unrealized Gain/(Loss)	July 2019 - June 2020	July 2018 - June 2019
Fair Value Gain/(Loss) on Investment in Listed Shares (Note-8 a)	(1,577,828)	(428,429)
Exchange Rate Fluctuation Gain or loss/adjustment	-	(1,424,130)
	(1,577,828)	(1,852,559)
36. Earnings Per Share (EPS)		
a. Earnings attributable to the Ordinary Shareholders	3,363,399,873	3,023,500,974
b. Weighted average number of Shares outstanding during the year (Note 3.15)	405,556,445	405,556,445
Earnings Per Share (EPS)	8.29	7.46
37. Net Asset Value (NAV) Per Share		
	June 30, 2020	June 30, 2019
Total Assets	48,679,773,173	47,792,895,230
Less Total Liabilities	(16,323,414,038)	(18,192,051,990)
Net Assets	32,356,359,135	29,600,843,240
Number of Ordinary Shares	405,556,445	405,556,445
Net Asset Value (NAV) Per Share	79.78	72.99
38. Net Operating Cash Flow Per Share (NOCFPS)	July 2019 - June 2020	July 2018 - June 2019
Net Cash Generated from Operating Activities	5,210,760,070	2,726,457,706
Number of Ordinary Shares	405,556,445	405,556,445
Net Operating Cash Flow Per Share (NOCFPS)	12.85	6.72

39. Reconciliation of Net Profit with Cash Flows from Operating Activities

	July 2019 - June 2020	Amount in Taka July 2018 - June 2019
Profit after Tax	3,363,399,873	3,023,500,974
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses :	1,267,944,433	1,445,651,201
Depreciation	914,833,448	756,961,575
Amortization	60,906,370	44,193,000
Gratuity & WPPF	266,403,789	524,438,524
Exchange rate fluctuation (Gain)/loss (Foreign Currency Bank Loan)	(9,401,302)	25,559,859
Deferred tax	35,202,129	94,498,243
Non-operating items:	10,399,024	(3,051,665)
Dividend Income	(21,454,903)	(1,491,901)
(Profit) /Loss on sale of Fixed Assets	33,822,584	(1,344,146)
Effect of exchange rate changes on Cash and Cash Equivalents	(1,968,657)	(215,618)
Changes in working Capital	569,016,740	(1,739,642,804)
(Increase)/Decrease in Inventories	45,111,006	(908,099,710)
(Increase)/Decrease in Spares & Supplies	(20,362,634)	(60,560,046)
(Increase)/Decrease in Accounts Receivable	112,224,252	(588,946,450)
(Increase)/Decrease in Loans, Advances & Deposits	(71,999,051)	(206,199,860)
Increase/(Decrease) in Creditors and Other Payables	294,969,732	97,551,009
Increase/(Decrease) in Accrued Expenses	113,222,981	192,730,467
Increase/(Decrease) in Income Tax Payable	95,850,454	(266,118,214)
Net cash Generated from Operating Activities	5,210,760,070	2,726,457,706

40. Related Party Disclosures

Following transactions were carried out with related parties in the normal course of business on arms length basis:

Name of Related Parties	Nature of Transactions	Value of Transaction	Balance Type	Balance at year end
a. I & I Services Ltd.	Local Delivery Distribution Commission	23,912,620,326 376,830,927	Dr.	1,969,764,709
b. Bangladesh Export Import Co. Ltd	Short Term Investment & Interest there on	341,614,550		-
c. Nuvista Pharma Ltd	Toll Manufacturing	19,417,187	Cr.	1,730,683
	Cost of services	51,318,664	Dr.	4,191,977
	Asset Transfer	3,430,731		-
	Gratuity (Transferred Employee)	12,455,838		-
	Dividend	20,026,948		-
	Distribution Commission	111,757,229	Dr.	13,420,717
d. Beximco Pharma API Limited	Short Term Advance	544,360	Dr.	544,360

41. Particulars of Disposal of Property, Plant and Equipment

The following assets were disposed off during the year ended June 30, 2020:

Particulars of Assets	Cost	Accumulated Depreciation	Written Down Value	Sales Price	Profit / (Loss)	Mode of Disposal	Name of Parties
Plant & Machinery	68,147,647	34,640,793	33,506,854	-	(33,506,854)	Retirement	N/A
Office Equipment	1,278,000	942,296	335,704	8,000	(327,704)	Negotiation	Individuals
Transport & Vehicle	9,372,204	5,820,178	3,552,026	3,564,001	11,975	Negotiation	Individuals
Total Taka	78,797,851	41,403,267	37,394,584	3,572,001	(33,822,584)		

42. Payment / Perquisites to Managers and Directors

The aggregate amounts paid to/ provided for the Managers and above of the company is disclosed below :

	Amount in Taka
Remuneration	379,789,680
Gratuity	37,322,147
Contribution to Provident Fund	14,483,023
Bonus	37,497,936
Medical	10,178,039
Others	13,025,783
Total	492,296,608

- The above includes salary, allowances, and perquisites amounting Tk. 53,323,926 paid to the Managing Director.
- No remuneration is paid to Directors of the board other than meeting attendance fees which has been separately reported.
- No amount of money was expended by the Company for compensating any member of the board for special services rendered.

43. Production Capacity and Utilization

Item	Unit	Production Capacity		Actual Production		Capacity Utilization	
		July 19 to June 20	July 18 to June 19	July 19 to June 20	July 18 to June 19	July 19 to June 20	July 18 to June 19
Tablet, Capsule, Suppository & DPI	Million Pcs	5,842.87	5,560.19	6,586.29	6,125.42	112.72%	110.17%
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectible, Inhaler and Insulin	Million Pcs	100.98	98.99	115.39	117.28	114.27%	118.48%

Production does not include goods manufactured under contract manufacturing arrangement from third party manufacturing sites.

44. Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at June 30, 2020.

45. Claim not Acknowledged as Debt

There was no claim against the Company not acknowledged as debt as on June 30,2020.

46. Un-availed Credit Facilities

ODDO BHF Aktiengesellschaft, Frankfurt, Germany approved an ECA term loan of Euro 24.386 million to partially finance the machinery and equipment for expansion project being implemented by the Company. An amount of Euro 4.59 million has been disbursed as on Balance Sheet date. The remaining Euro 19.80 million is disbursable against procurement of the machinery & equipment.

47. Payments & Receipts Made in Foreign Currency :

	Foreign Currency (Equivalent US\$)	Taka
Payments :		
Materials, Spares and Capital Machinery,	114,834,021	9,744,198,289
Foreign Currency Loans, Fees & Expenses	14,780,165	1,244,489,856

Receipts :

	Foreign Currency (Equivalent US\$)	Taka
Export Sales & Others	33,464,524	2,811,262,283

48. Commission / Brokerage to selling agent :

No commission was incurred or paid to any sales agent nor any brokerage or discount other than conventional trade discount was incurred or paid against sales.

49. Contingent Liability

The Company has a contingent liability aggregating Tk. 150,788,789 against disputed income tax claims for the year 1999, 2007, 2008 and 2010. The Company has filed Income Tax Reference cases with the High Court Division of the supreme court against these claims.

There is also a disputed VAT claim aggregating Tk. 144,113,691 against the Company. The Company own the verdict of the Appellate Tribunal in its favor. The concerned authority filed appeal to the honorable High Court against this verdict. Additionally, there are claims of custom duty aggregating Tk. 22,507,358 against the indemnity bond issued by the Company in connection with import of certain plant and machinery. The Company has filed writ petitions against these claims.

If any liability arises on disposal of the cases, the Company shall provide for such liability in the year of final disposal.

50. Events after The Reporting Period

50.1 The directors recommended 15% cash dividend (i.e. Tk. 1.50 per share) and 10% stock dividend (i.e. 10 shares for every 100 shares held) for the year 2019-20. The dividend proposal is subject to shareholders' approval at the forthcoming Annual General Meeting.

50.2 Board of Directors of Nuvista Pharma Limited (NPL)- a subsidiary of BPL has declared Cash dividend @ 35%, i.e. Tk. 3.50 per share for the financial year ended on June 30, 2020. The proposed dividend is subject to approval of the shareholders of NPL in their Annual General meeting.

50.3 The COVID-19 pandemic that began in Bangladesh since early March 2020 continued to disrupt social and economic activities of the country as with the world. The government announced countrywide lockdown from 26 March which lasted till the end of May. The healthcare and certain other essential services though remained exempted from the lockdown, ensuring uninterrupted production and supply with highest priority on the health and safety of the employees was indeed challenging. Management took various mitigating measures to confront this unforeseen situation and continued its production and supply of products overcoming the challenges. Directors are continually reviewing the local and global situation of the pandemic and the associated risks affecting the operation of the business.

As the country gradually adapts to the new environment, the economy started showing signs of recovery in the post balance sheet period. While there are uncertainties how the COVID-19 situations evolve and affects the business in the future, given the currently prevailing situation, directors believe that there is no material adverse effect of the pandemic on the business's continuity in the foreseeable future.

Excepting above, no circumstances have arisen since the date of Statement of Financial Position which would require adjustment to, or disclosure in, the financial statements or notes thereto.

51. Financial Risk Management

The management of company has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks for its use of financial instruments.

Credit risk

Liquidity risk

Market risk

51.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. As at June 30, 2020 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

51.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligations through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

51.3 Market Risk

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

a. Currency risk

The company is exposed to currency risk on export revenues and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD. Additionally the Company has foreign currency loan which shall be repaid in foreign currency. However, The Company maintains an Export Retention Quota (ERQ) account in USD where 50% of the export earnings are deposited. This partly contributes to minimize the currency risk associated with payments in foreign currency.

b. Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. An increase in interest rates will result in higher borrowing costs and impact the Company's profitability. The Company continuously monitors and negotiates viable deals to minimize the interest rate risk. Further, the company tries to remain at a lower level of gearing to minimize the impact of financing costs. With its strong ability to generate cash flows from operating activities, the company tries to pay off its debts on due time to minimize the impact of an increase in interest rates. The company has arrangement with banks to transfer the sales proceeds into its overdraft account on a real time basis through RTGS system to minimize borrowing cost.

The foreign currency loan is subject to floating rates of interest. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.



Osman Kaiser Chowdhury
Director

Nazmul Hassan
Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Dhaka
October 28, 2020

Nuvista Pharma Limited

Auditor's Report and Financial Statements
As at and for the year ended 30 June 2020

Independent auditor's report

To the shareholders of Nuvista Pharma Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nuvista Pharma Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 purpose of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; 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.



A. Qasem & Co.

Chartered Accountants

Partner: Mohammad Motaleb Hossain, FCA

Dhaka, 21 October 2020

Nuvista Pharma Limited
Statement of financial position
As at 30 June 2020

ASSETS	Notes	Amount in Taka	
		30 June 2020	30 June 2019
Non-current assets			
Property, plant and equipment	4	1,144,501,502	1,212,496,913
Capital work-in-progress	5	180,908	8,180,190
Loan to employees	6	2,686,377	6,321,316
		1,147,368,787	1,226,998,419
Current assets			
Advances, deposits and prepayments	7	39,692,624	33,145,875
Loan to employees	6	3,580,626	3,317,051
Advance income tax	20	-	35,681,115
Inventories	8	456,155,729	361,268,453
Trade receivables	9	111,672,826	31,341,064
Cash and cash equivalents	10	18,976,993	28,152,726
		630,078,798	492,906,284
Total assets		1,777,447,585	1,719,904,703
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	117,501,600	117,501,600
Reserves and surplus	12	643,897,646	423,587,141
		761,399,246	541,088,741
Non-current liabilities			
Lease liabilities - long term portion	13	4,915,288	7,664,875
Long term bank borrowings	14	4,751,056	43,210,417
Deferred liability - gratuity payable	15	128,748,851	106,585,224
Deferred tax liabilities	16	131,938,710	144,852,403
		270,353,905	302,312,919
Current liabilities and provisions			
Lease liabilities - current portion	13	1,531,045	1,608,361
Short term bank borrowings	17	442,114,287	699,284,556
Trade payables	18	89,547,746	53,587,152
Liabilities for expenses	19	132,720,796	99,996,369
Income tax payable	20	22,737,718	-
Other liabilities	21	57,042,842	22,026,605
		745,694,434	876,503,043
Total liability		1,016,048,339	1,178,815,962
Total equity and liabilities		1,777,447,585	1,719,904,703

The annexed notes 1 to 36 form an integral part of these financial statements.


Chairman


Managing Director


Director

As per our report of same date


A. Qasem & Co.
Chartered Accountants

Nuvista Pharma Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	30 June 2020	Amount in Taka 30 June 2019
Revenue	22	2,073,588,946	1,669,392,491
Cost of goods sold	23	(966,727,371)	(833,024,115)
Gross profit		1,106,861,575	836,368,376
General and administration expenses	24	(92,526,184)	(88,443,477)
Selling and distribution expenses	25	(608,640,157)	(543,485,224)
Profit from operations		405,695,234	204,439,675
Non-operating income	26	1,174,140	1,046,563
Interest expenses	27	(55,872,570)	(91,687,696)
Profit before tax and WPPF		350,996,804	113,798,542
Contribution to WPPF		(16,714,134)	(5,418,978)
Profit before tax		334,282,670	108,379,564
Tax expense			
Current	20	(103,385,538)	(11,394,946)
Deferred	16	12,913,693	(7,403,693)
		(90,471,845)	(18,798,639)
Profit after tax		243,810,825	89,580,925
Other comprehensive income		-	-
Total comprehensive income for the year		243,810,825	89,580,925
Earnings Per Share (EPS)		20.75	7.62

The annexed notes 1 to 36 form an integral part of these financial statements.

Najmul Hossain

Chairman

Rabbur Raza

Managing Director

A. Qasem

Director

As per our report of same date

A. Qasem

A. Qasem & Co.
Chartered Accountants

Dhaka, 21 October 2020

Nuvista Pharma Limited
Statement of changes in equity
For the year ended 30 June 2020

Amount in Taka

Particulars	Share capital	Reserves and surplus						Total
		General reserve	Share premium	Pre-incorporation profit	Revaluation reserve	Retained earnings	Total reserves and surplus	
Balance as at 1 July 2018	117,501,600	7,511,991	30,844,170	243,737	162,337,766	133,936,896	334,874,560	452,376,160
Dividend paid						(868,344)	(868,344)	(868,344)
Profit after tax for the year ended 30 June 2019	-	-	-	-	-	89,580,925	89,580,925	89,580,925
Balance as at 30 June 2019	117,501,600	7,511,991	30,844,170	243,737	162,337,766	222,649,477	423,587,141	541,088,741
Number of shares								11,750,160
Net assets value per share								46.05
Balance as at 1 July 2019	117,501,600	7,511,991	30,844,170	243,737	162,337,766	222,649,477	423,587,141	541,088,741
Dividend paid						(23,500,320)	(23,500,320)	(23,500,320)
Profit after tax for the year ended 30 June 2020	-	-	-	-	-	243,810,825	243,810,825	243,810,825
Balance as at 30 June 2020	117,501,600	7,511,991	30,844,170	243,737	162,337,766	442,959,982	643,897,646	761,399,246
Notes	11	12	12	12	12	12	12	
Number of shares								11,750,160
Net assets value per share								64.80

The annexed notes 1 to 36 form an integral part of these financial statements.

Najmul Haasan

Chairman

Rabbur Reza

Managing Director

A. Qasem

Director

As per our report of same date

A. Qasem

A. Qasem & Co.

Chartered Accountants

Dhaka, 21 October 2020

Nuvista Pharma Limited
Statement of cash flows
For the year ended 30 June 2020

	Notes	30 June 2020	Amount in Taka 30 June 2019
A. Cash flows from operating activities			
Cash receipts from customers and others		1,993,257,184	1,664,930,509
Cash paid to suppliers and employees		(1,562,034,912)	(1,322,231,151)
Cash generated from operation		431,222,272	342,699,358
Interest paid		(54,587,576)	(94,334,168)
Income tax paid	20	(44,966,705)	(14,507,553)
Net cash generated from operating activities		331,667,991	233,857,637
B. Cash flows from investing activities			
Purchase of property, plant and equipment including right of use assets		(19,011,295)	(59,670,116)
Proceeds from disposal of property, plant and equipment		74,250	272,997
Net cash used in investing activities		(18,937,045)	(59,397,119)
C. Cash flows from financing activities			
Long term bank borrowings		(38,459,361)	(124,736,123)
Short term bank borrowings		(257,170,269)	(54,614,023)
Lease finance-payment for right of use assets		(2,826,903)	9,273,236
Dividend paid		(23,450,146)	(858,274)
Net cash (used in)/from financing activities		(321,906,679)	(170,935,184)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)		(9,175,733)	3,525,334
E. Opening cash and cash equivalents		28,152,726	24,627,392
F. Closing cash and cash equivalents (D+E)		18,976,993	28,152,726
Net operating cash flow per share		28.23	19.90
Number of shares		11,750,160	11,750,160

The annexed notes 1 to 36 form an integral part of these financial statements.


Chairman


Managing Director


Director

As per our report of same date


A. Qasem & Co.
Chartered Accountants

Nuvista Pharma Limited

Notes to the financial statements

As at and for the year ended 30 June 2020

1. Reporting entity

- 1.1** Nuvista Pharma Limited (“the company”) was originally incorporated as a private limited company in 1973 in Bangladesh as Organon (Bangladesh) Limited under the Companies Act 1913. The company in its extra ordinary general meeting of the shareholders held on 02 November 2006 changed the name of the company from “Organon (Bangladesh) Limited” to “Nuvista Pharma Limited.”

The company in its extra ordinary general meeting held on 05 May 2011 made some amendments to the Memorandum and Articles of Association with a view to broadening the objects clause of the company (subsequently approved by the High Court on 12 October 2011), converting it into a Public Limited company, increasing its authorized capital, complying with the Companies Act 1994, and eliminating certain redundant provisions in the Articles of Association of the company consequent upon the transfer of Organon International’s shareholding in the Company, which were filed with the Registrar of Joint Stock Companies and Firms, Dhaka.

On 2nd April 2018, Beximco Pharmaceuticals Limited (BPL), a public limited company listed with Dhaka Stock Exchange, Chittagong Stock Exchange and AIM of London Stock Exchange acquired majority shareholdings in Nuvista Pharma Limited (NPL) and through this acquisition BPL has become the immediate and ultimate parent of the company. Current shareholding comprises 85.22% by BPL, 12.92% by Government of Bangladesh and rest by other local shareholders.

- 1.2** The address of the registered office of the company is Plot no. 107/A, Mascot Plaza (8th floor), Sonargaon Janapath, Sector-7, Uttara C/A, Dhaka-1230, Bangladesh.
- 1.3** The company produces various pharmaceutical products including oral contraceptives, hormone, steroid, anti-histamine, anti-fibrinolytic, anti-infective, gastrointestinal, musculoskeletal, respiratory, vitamin & mineral supplement and women’s health products which are sold in the local market. The company also provides toll manufacturing services to other pharmaceutical companies.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Initial application of new standards

The company has initially applied IFRS 16 (see Note 4.3) from 1 July 2019. This new standard do not have a material effect on the company’s financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except revaluation of certain property, plant and equipment.

2.3 Functional and presentational currency

These financial statements are prepared in Bangladeshi Taka (Taka/Tk.), which is the company's functional currency. All financial information has been presented in Taka and rounded off to the nearest integer.

2.4 Use of estimates and judgments

The preparation of financial statements 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.

Estimates and underlying assumptions are reviewed on an on going basis.

2.5 Going concern

The company has adequate resources to continue its operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current resources and credit facilities of the company are sufficient to meet the present requirements of its existing business.

2.6 Statement of cash flows

Statement of cash flows has been prepared in accordance with as per IAS 7: "Statement of cash flows" under direct method.

2.7 Reporting period

These financial statements cover one year from 1 July 2019 to 30 June 2020.

3. Significant accounting policies

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

3.1 Shareholders' capital - paid-up capital

Paid-up capital represents the total amount of shareholders capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

3.2 Leases

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

3.2.1 Leased vehicle

The company has adopted IFRS 16 in preparing the financial statements and reclassified leased vehicle as "Right-of-use assets" and disclosed it in note 4.3.

3.2.2 Office rent

As per IFRS 16, a contract is a lease if the contract conveys the right to control the use of an identified asset. As per terms of the agreement of office rent (clause 4.13, 17(m), 4.8, 4.9, 4.15, 4.18, 4.23) lessor has the right to control the use of office building. Furthermore, the lessee and lessor each has the right to terminate the lease by giving 90 days notice period without permission from the other party with no penalty clause. As a result, the company considers office rent as off-balance sheet item.

3.3 Staff gratuity fund

The company operates an unfunded gratuity scheme, provision in respect of which is made annually for all eligible employees. Gratuity payable to all eligible employees at the end of each year is determined on the basis of the existing rules and regulations of the company.

3.4 Employees provident fund

The company subscribes to a contributory provident fund for its permanent employees which is administered by a Board of Trustees.

3.5 Property, plant and equipment

3.5.1 Recognition and measurement

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets, bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

3.5.2 Subsequent costs

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

3.5.3 Depreciation

Depreciation is recognised in the Statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of each item of property, plant and equipment. Depreciation on property, plant and equipment is charged from the month of acquisition. In case of disposals, depreciation is charged up to the immediate previous month of disposal. No depreciation is charged on leasehold land and capital work-in-progress. Depreciation is calculated and charged on all other property, plant and equipment at the following rates on cost or valuation, considering the estimated useful lives of the assets:

Factory building and warehouse	2.5%
Motor cars and vans	20%-25%
Plant, machinery and equipment	5% -15%
Computer and IT equipment	30%
Electric fixtures and fittings	7%
Furniture and fittings	6%

Gain or loss on sale of property, plant and equipment is recognised in the Statement of profit or loss and other comprehensive income as per provision of IAS 16: "Property, plant and equipment".

3.6 Impairment

3.6.1 Recognition

The carrying value of the company's assets, other than inventories, are reviewed at each Statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the Statement of profit or loss and other comprehensive income. For the assets that have indefinite useful life, the recoverable amount is estimated at each Statement of financial position date.

No indication of impairment was observed in the year ended 30 June 2020.

3.6.2 Calculation of recoverable amount

The recoverable amount of an asset is the greater of net selling price and value in use. The estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3.6.3 Reversal of impairment

An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognised for the asset in prior years.

There was no reversal of impairment in the year ended 30 June 2020.

3.7 Capital work-in-progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that were not ready for use at the year end and these are stated at cost.

3.8 Taxation

Tax on the Statement of profit or loss and other comprehensive income for the year comprises current and deferred tax. Tax is recognised in the Statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.8.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of financial position date, and any adjustment to tax payable in respect of previous years.

3.8.2 Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legal 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.

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

3.9 Inventories

Inventories include raw materials, raw materials in transit, work-in-process, finished goods and spare parts. These are valued at the lower of cost and net realisable value, with appropriate provisions for obsolete and slow-moving items. Cost is determined using the weighted average method and includes all expenses incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 IFRS 9: Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets such as measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and the contractual cash flow characteristics. IFRS 9 replaces the previous financial assets categories defined under IAS 39.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

3.11 Foreign currency

3.11.1 Foreign currency transactions

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions and subsequently retranslated using the rate at the date of settlement.

3.11.2 Foreign currency translations

Monetary assets and liabilities denominated in foreign currencies have been converted into Taka at the exchange rate ruling at the year end.

3.11.3 Translation gains and losses

Foreign exchange difference arising on translation are recognised in the Statement of profit or loss and other comprehensive income.

3.12 Provisions

A provision is recognised in the Statement of financial position when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.13 IFRS 15: Revenue from Contracts with Customers

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following steps provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

- Identify the contract with a customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract and
- Recognise revenue when the entity satisfies a performance obligation.

3.14 Interest expenses

Interest expense comprises interest expense on overdraft, import loan, demand loan, finance lease and term loan. All interest expenses are recognised in the Statement of profit or loss and other comprehensive income when it accrues.

3.15 Workers' Profit Participation Fund (WPPF)

The company provides 5% of its net profit before tax (but after charging such expense) as WPPF in accordance with Bangladesh Labour Act 2006.

3.16 Standards adopted but not yet effective-IFRS 17: Insurance Contracts

A new Standard IFRS 17: Insurance Contracts, has been made effective for the reporting period beginning on or after 1 January 2021. This standard, however, has no material issue that might affect the reported financial statements of the company.

3.17 Events after the reporting date

Events after the reporting date that provide additional information about the company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

3.18 General

Previous year's figures have been rearranged/reclassified wherever considered necessary to conform to current year's presentation.

4. Property, plant and equipment

Amount in Taka

Particulars	Land	Factory building	Factory warehouse	Plant and machinery	Motor vehicles	Computer and IT equipment	Equipment and electric fixtures and fittings	Furniture fittings	Total
Cost or valuation									
As at 1 July 2019	275,608,713	236,790,594	18,193,678	472,146,006	146,276,849	26,204,107	676,834,023	46,953,888	1,899,007,858
Addition/transfer during the year				8,510,998	3,430,731	4,882,222	8,799,050	2,428,328	28,051,329
Adjustment/disposal					(4,150,800)	(49,600)			(4,200,400)
As at 30 June 2020	275,608,713	236,790,594	18,193,678	480,657,004	145,556,780	31,036,729	685,633,073	49,382,216	1,922,858,787
Accumulated depreciation									
As at 1 July 2019	-	48,293,922	3,458,379	171,317,721	100,570,506	20,596,978	318,217,838	24,055,601	686,510,945
Charge during the year		5,907,364	454,842	23,384,127	19,239,316	3,979,145	40,840,690	2,191,698	95,997,182
Adjustment/disposal					(4,108,682)	(42,160)			(4,150,842)
As at 30 June 2020	-	54,201,286	3,913,221	194,701,848	115,701,140	24,533,963	359,058,528	26,247,299	778,357,285
Net book value									
As at 30 June 2020	275,608,713	182,589,308	14,280,457	285,955,156	29,855,640	6,502,766	326,574,545	23,134,917	1,144,501,502
As at 30 June 2019	275,608,713	188,496,672	14,735,299	300,828,285	45,706,343	5,607,129	358,616,185	22,898,287	1,212,496,913

4.1 Depreciation charge has been allocated as under

	Amount in Taka	
	30 June 2020	30 June 2019
Conversion cost included in cost of goods sold (Note 23.3)	80,197,666	79,655,332
General and administration expenses (Note 24)	2,996,619	3,403,571
Selling and distribution expenses (Note 25)	12,802,897	16,333,401
	95,997,182	99,392,304

4.2 Disclosure for revalued assets

The land is stated at revalued amount on the basis of the reports of external surveyor. The surplus on revaluation over the original cost of the assets was credited to revaluation reserve.

Land was revalued in 1976 for the first time. The company once again revalued its land, plant and machinery, and equipment at the time of divestment of Organon (Bangladesh) Limited in 2006. The Company's land was further revalued in 2010.

4.3 Right-of-use assets

Motor vehicle includes right-of-use assets amounts to Tk. 4,275,000 (2019: Tk. 4,275,000) and written down value of which amounts to Tk. 3,063,750 (2019: Tk. 3,918,750) related to leased property.

5. Capital work-in-progress

	Amount in Taka			
	As at 1 July 2019	Addition during the year	Transfer to property, plant and equipment	As at 30 June 2020
Factory Warehouse	-	-	-	-
Plant and machinery	-	8,691,906	8,510,998	180,908
Motor vehicles	-	3,430,731	3,430,731	-
Furniture	-	2,428,328	2,428,328	-
Equipment & Electric fixture and fittings	7,280,190	1,518,860	8,799,050	-
Computer and IT equipment	900,000	3,982,222	4,882,222	-
Balance as at 30 June	8,180,190	20,052,047	28,051,329	180,908

6. Loan to employees

	Amount in Taka	
	30 June 2020	30 June 2019
Car loan	4,346,942	8,920,525
General loan	1,920,061	717,842
	<u>6,267,003</u>	<u>9,638,367</u>
Current portion of loan to employees	(3,580,626)	(3,317,051)
Balance as at 30 June	<u>2,686,377</u>	<u>6,321,316</u>

7. Advances, deposits and prepayments

Advance against operating expenses	892,511	1,478,223
Security deposits	6,580,740	5,413,179
VAT	21,594,507	23,005,354
Prepaid insurance	5,261,738	3,082,344
LC Margin	4,265,999	-
Others	1,097,129	166,775
Balance as at 30 June	<u>39,692,624</u>	<u>33,145,875</u>

8. Inventories

	Amount in Taka	
	30 June 2020	30 June 2019
Stocks		
Finished goods	156,163,823	99,377,976
Semi-finished and Work-in-process	44,419,416	35,395,067
Raw materials	134,288,819	120,721,981
Chemicals	25,896,599	17,482,090
Packing materials	38,633,826	25,507,548
Materials-in-transit	16,928,409	51,997,845
	416,330,892	350,482,507
Stores		
Spares and accessories	9,928,538	9,577,874
Laboratory consumables	313,561	321,244
Miscellaneous items	-	103,737
Literature, brochure and other materials	29,150,832	-
Spares-in-transit	431,906	783,091
	39,824,837	10,785,946
Balance as at 30 June	456,155,729	361,268,453

9. Trade receivables

Ageing of the trade receivables is as follows:

Receivables due over six months	3,427,476	4,619,964
Receivables due below six months	108,245,350	26,721,100
Balance as at 30 June	111,672,826	31,341,064

Above receivables are unsecured and considered good.

Trade receivables is net off provision for bad debts Tk. 1,410,430.

10. Cash and cash equivalents

Cash in hand	100,468	81,352
Cash at banks		
Eastern Bank Limited	64,569	36,869
The City Bank Limited	415,483	111,519
Mutual Trust Bank Limited	-	30,395
Dhaka Bank Limited	655	32,983
BRAC Bank Limited	-	63,766
IFIC Bank Limited	13,559,470	20,445,497
Shimanto Bank Limited	28,160	23,850
Janata Bank Limited	4,493,168	6,697,164
National Bank Limited	315,020	629,331
	18,876,525	28,071,374
Balance as at 30 June	18,976,993	28,152,726

11. Share capital

	Amount in Taka	
	30 June 2020	30 June 2019
Authorised		
50,000,000 Ordinary shares of Tk. 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up		
11,579,160 Ordinary shares of Tk. 10 each issued for cash	115,791,600	115,791,600
171,000 Ordinary shares of Tk. 10 each issued for consideration other than cash	1,710,000	1,710,000
11,750,160	117,501,600	117,501,600

Shareholding position

	Nominal value (Taka)		Percentage of holding (%)	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Beximco Pharmaceuticals Limited	100,134,740	100,134,740	85.22	85.22
Government of Bangladesh	15,186,000	15,186,000	12.92	12.92
Other shareholders (2020:28; 2019:28)	2,180,860	2,180,860	1.86	1.86
	117,501,600	117,501,600	100	100

- 11.1** In 2012, the company raised its paid-up capital from Tk. 9,791,800 to Tk. 58,750,800 by issuing 4,895,900 rights share to the existing shareholders on the basis of 5R:1 (i.e. five rights share against one existing share held on the record date). However, the subscription against the rights share (632,750 share of Tk. 10 each) held by the Ministry of Industries, Govt. of Bangladesh was received on 20 June 2013.
- 11.2** In 2017, the company further raised its paid-up capital from Tk. 58,750,800 to Tk. 117,501,600 by issuing 5,875,080 rights share to the existing shareholders on the basis of 1R:1 (i.e. one rights share against one existing share held on the record date).

12. Reserves and surplus

	30 June 2020	30 June 2019
General reserve	7,511,991	7,511,991
Share premium (Note 12.1)	30,844,170	30,844,170
Pre-incorporation profit	243,737	243,737
Revaluation reserve (Note 12.2)	162,337,766	162,337,766
Retained earnings	442,959,982	222,649,477
Balance as at 30 June	643,897,646	423,587,141

12.1 Share premium

This represents the amount received on 48,959 ordinary shares @ Tk. 630 each issued in 1997.

12.2 Revaluation reserve

This represents revaluation surplus on revaluation of land made during 2006 and 2010.

13. Lease liabilities

Lease liabilities arising from leased vehicle as per IFRS 16 is as follows:

	30 June 2020	Amount in Taka 30 June 2019
Not later than one year	1,531,045	1,608,361
Later than one year and not later than five years	4,915,288	7,664,875
	<u>6,446,333</u>	<u>9,273,236</u>

14. Long term bank borrowings

Dhaka Bank Limited (Note 14.1)	36,034,605	171,018,192
Less: Current portion (Note 17)	(31,283,549)	(127,807,775)
Balance as at 30 June	<u>4,751,056</u>	<u>43,210,417</u>

14.1 Dhaka Bank Limited

This represents amount outstanding against the remaining instalments of the loan balances which were taken over by Dhaka Bank Limited from The City Bank Limited and United Finance Limited on 29 March 2018.

This also represents amount outstanding against the term loans financed by Dhaka Bank Limited on various dates for setting up the new Oral Solids facility and equipment at the factory.

14.2 Collateral

All loans are secured by a registered mortgage on specific factory land and buildings of the company.

14.3 Security

All loans are also secured with respect to the following:

- Registered (1st charge) hypothecation on present and future plant and machinery, equipment, furniture and fixture of the company.
- Registered (1st charge) hypothecation over all stock, book debts and receivables of the company.
- Shares held by Beximco Pharmaceuticals Ltd. are kept under lien with Dhaka Bank Ltd.
- Corporate guarantee issued by Beximco Pharmaceuticals Limited.

15. Deferred liability - gratuity payable

	Amount in Taka	
	30 June 2020	30 June 2019
Balance as at 1 July	106,585,224	99,704,228
Add : Provision made during the year	22,766,607	21,818,144
Add : Liability for transferred employees	12,455,838	-
	<u>141,807,669</u>	<u>121,522,372</u>
Less: Payments made during the year	(13,058,818)	(14,937,148)
Balance as at 30 June	<u>128,748,851</u>	<u>106,585,224</u>

16. Deferred tax liabilities

Deferred tax liabilities arrived at as follows:

	Carrying amount on statement of financial position date	Tax base	Taxable/ (deductible) temporary difference
Year: 2019-2020			
Property, plant and equipment	868,892,789	420,915,448	447,977,341
Provision for gratuity (net of payment)	(128,748,851)		(128,748,851)
Allowance for expected credit loss	(1,410,430)		(1,410,430)
Temporary difference			<u>317,818,060</u>
Applicable tax rate for items recognised in statement of comprehensive income			<u>32.5%</u>
Applicable tax rate for items recognised in equity			<u>15.0%</u>
Deferred tax Liabilities(a):			(103,290,869)
Deferred tax liabilities on revaluation surplus			(28,647,841)
Net deferred tax liabilities			<u>(131,938,710)</u>

	Carrying amount on statement of financial position date	Tax base	Amount in Taka Taxable/ (deductible) temporary difference
Year: 2018-2019			
Property, plant and equipment	936,888,200	498,289,941	438,598,259
Provision for gratuity (net of payment)	(106,585,224)		(106,585,224)
Temporary difference			<u>332,013,035</u>
Applicable tax rate for items recognised in statement of comprehensive income			<u>35.0%</u>
Applicable tax rate for items recognised in equity			<u>15.0%</u>
Deferred tax Liabilities(b):			(116,204,562)
Deferred tax Liabilities on revaluation surplus			(28,647,841)
Net deferred tax liabilities			<u>(144,852,403)</u>
Deferred tax recognised in the statement of profit or loss and other comprehensive income in 2019-2020 (a-b)			<u>12,913,693</u>
Deferred tax recognised in the statement of profit or loss and other comprehensive income in 2018-2019			<u>(7,403,693)</u>

17. Short term bank borrowings

	Amount in Taka	
	30 June 2020	30 June 2019
Bank overdrafts		
Dhaka Bank Limited (Limit Tk. 180,000,000)	77,213,282	86,077,696
	77,213,282	86,077,696
Short term bank loans		
Dhaka Bank Limited	333,617,456	485,399,085
	333,617,456	485,399,085
Current portion of long term loan (Note 14)	31,283,549	127,807,775
	<u>442,114,287</u>	<u>699,284,556</u>

Collateral and security given against short-term finance are a part of overall financing arrangement with Dhaka Bank Limited as indicated in note 14. The interest rate is 9.0% -12.5% per annum and is payable on quarterly rests.

18. Trade payables

Trade payables	89,547,746	53,587,152
	<u>89,547,746</u>	<u>53,587,152</u>

This represents amount due against purchase of raw, chemical and packing materials.

19. Liabilities for expenses

	Amount in Taka	
	30 June 2020	30 June 2019
Accrued expenses	128,588,968	97,117,035
Audit fees	450,000	482,500
Accrued interest	3,681,828	2,396,834
	132,720,796	99,996,369

20. Income tax payable

Balance as at 1 July	(35,681,115)	(32,568,508)
Add: Provision for the year	103,385,538	11,394,946
Less: AIT and treasury deposits during the year	(44,966,705)	(14,507,553)
Balance as at 30 June	22,737,718	(35,681,115)

21. Other liabilities

Salary and allowances	1,877,366	858,729
Provident fund dues	2,457,329	2,109,941
Workers' profit participation fund	16,714,134	5,418,978
Tax deducted at source	914,214	2,420
VAT deducted at source	-	809,848
Net VAT payable	16,424,262	-
Tax on salaries	600,790	1,025,940
Final settlement of staff	4,351,474	3,028,774
Corporate social responsibility project	-	374,270
Commission payable	13,420,717	8,165,323
Unpaid dividend	282,556	232,382
	57,042,842	22,026,605

22. Revenue

Net sales revenue	2,003,012,715	1,647,243,552
Toll income	70,576,231	22,148,939
	2,073,588,946	1,669,392,491

Quantitative details of sales

		30 June 2020	30 June 2019
	Unit	Quantity	Quantity
Locally manufactured products	Tabs	378,685,916	248,639,734
	Caps	32,207,937	26,627,792
	Amps & Suspensions	13,145,696	12,636,917

23. Cost of goods sold

	Amount in Taka	
	30 June 2020	30 June 2019
Opening stock of finished goods	99,377,976	119,998,485
Cost of production (Note 23.1)	1,031,507,041	818,843,227
Cost of goods available for sale	1,130,885,017	938,841,712
Cost of physician sample	(7,993,823)	(6,439,621)
Closing stock of finished goods	(156,163,823)	(99,377,976)
	966,727,371	833,024,115

23.1 Cost of production

	Amount in Taka	
	30 June 2020	30 June 2019
Opening stock of semi-finished and WIP	35,395,067	57,553,706
Materials consumed (Note 23.2)	563,093,775	384,286,478
Conversion cost (Note 23.3)	477,437,615	412,398,110
	<u>1,075,926,457</u>	<u>854,238,294</u>
Closing stock of semi-finished and WIP	(44,419,416)	(35,395,067)
	<u>1,031,507,041</u>	<u>818,843,227</u>

23.2 Materials Consumed

Opening stock	163,711,619	199,163,699
Purchase	598,201,400	348,834,398
Closing stock	(198,819,244)	(163,711,619)
	<u>563,093,775</u>	<u>384,286,478</u>

Item wise quantity and value of finished goods stock are as follows :

<u>Stock as July 1, 2019</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (Tk.)</u>
Tabs	pcs.	36,149,741	57,990,530
Caps	pcs.	6,497,142	16,240,513
Amps & Suspensions	pcs.	1,473,298	25,146,933
			<u>99,377,976</u>
<u>Stock as June 30, 2020</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (Tk.)</u>
Tabs	pcs.	59,388,662	89,677,865
Caps	pcs.	11,548,926	42,908,358
Amps & Suspensions	pcs.	1,416,442	23,577,599
			<u>156,163,822</u>

23.3 Conversion cost

	Amount in Taka	
	30 June 2020	30 June 2019
Salaries and allowances	170,579,565	151,223,341
Power and fuel	52,893,711	40,328,051
Factory supplies	30,274,741	23,074,599
Software and hardware support expenses	1,531,525	1,372,706
Canteen expenses	8,936,659	7,582,176
Insurance	3,778,508	2,323,671
Repair and maintenance	35,074,596	26,067,334
Security services	2,184,952	2,115,683
Toll manufacturing charges	5,596,120	2,373,469
Stores materials consumed	42,183,816	39,384,600
Product development cost	30,214,066	25,103,533
Overseas travelling expenses	2,876,414	3,096,144
Factory staff uniform	2,107,949	1,745,844
Printing and stationery	1,435,995	1,115,859
Entertainment	743,696	513,977
Vehicle repair, maintenance and running cost	3,214,754	2,858,401
Local authority taxes	1,548,488	596,521
Other expenses	2,064,394	1,866,869
Depreciation (Note 4.1)	80,197,666	79,655,332
	477,437,615	412,398,110

Salaries and allowances include company's contribution to provident fund amounting to Tk. 2,048,504.

24. General and administration expenses

Salaries and allowances	52,704,065	50,241,444
Directors' fees (Note 29)	288,000	270,000
Office rent	11,454,000	10,597,350
Overseas travelling expenses	2,460,534	2,574,754
Local travelling expenses	1,143,053	1,036,923
Entertainment	807,635	577,485
Vehicle repair, maintenance and running cost	3,425,351	3,059,651
Postage, telephone and internet	1,824,772	1,751,474
Printing and stationery	703,574	643,358
Repairs and maintenance	1,271,822	966,473
Office supplies	1,181,300	1,093,223
Software and hardware support expenses	3,251,729	2,834,023
Utilities	2,101,088	1,956,937
Canteen expenses	3,078,880	2,748,550
Local authority taxes	463,682	1,294,203
Medical expenses	120,357	111,076
Insurance premium	181,869	420,402
Statutory audit fees	375,000	350,000
Legal and professional expenses	144,000	177,993
Meeting and seminars	1,777,441	1,630,000
General expenses	771,413	704,587
Depreciation (Note 4.1)	2,996,619	3,403,571
	92,526,184	88,443,477

Salaries and allowances include company's contribution to provident fund amounting to Tk. 1,088,218.

25. Selling and distribution expenses

	Amount in Taka	
	30 June 2020	30 June 2019
Salaries and allowances	275,653,657	239,172,276
Overseas travelling expenses	5,198,082	6,957,103
Local travelling expenses	61,225,363	56,824,671
Entertainment	1,077,546	732,893
Samples	11,518,571	9,200,807
Sales promotion expenses	14,086,181	20,209,322
Brand development	2,586,452	6,235,289
Product launch expenses	6,912,327	7,842,832
Sales force logistic	15,309,696	13,553,309
Welfare and corporate social responsibility	2,177,427	-
Field operation	6,130,655	7,368,570
Books and periodicals	1,115,382	1,008,359
Royalty expenses	21,388,134	8,838,005
Literature, brochure and printed materials	20,051,135	18,986,879
Distribution commission	111,757,229	91,886,707
Event, program and campaign	5,084,516	5,261,453
Sales meeting and conference	2,824,876	3,230,123
Advertisement	2,216,705	2,109,274
Vehicle repair, maintenance and running cost	4,140,124	3,731,217
Postage, telephone and internet	10,249,326	9,926,979
Printing and stationery	1,137,733	1,071,518
Medical expenses	1,577,122	1,372,228
Training expenses	2,638,389	2,421,456
Market survey and research	484,963	460,000
Registration and renewals	467,055	1,025,056
Insurance premium	2,452,723	1,436,267
Office rent	4,360,300	4,413,633
Bad debts	709,812	700,618
Utilities	752,070	834,542
General expenses	553,709	340,437
Depreciation (Note 4.1)	12,802,897	16,333,401
	608,640,157	543,485,224

Salaries and allowances include company's contribution to provident fund amounting to Tk. 5,069,183.

26. Non-operating income/(expenses)

Gain/(loss) on disposal of property, plant and equipment	24,692	93,900
Rental income	866,400	649,800
Sale of miscellaneous items	283,048	302,863
	1,174,140	1,046,563

27. Interest expenses

Interest on		
Long term loan	13,290,514	27,718,969
Short term finance	40,691,103	62,379,912
Finance lease	921,123	466,666
Bank charges	969,830	1,122,149
	55,872,570	91,687,696

28. Capacity utilisation

	Installed capacity	Actual production	Actual Utilisation
	Unit	Unit	%
Amps & Suspensions	19,822,400	14,225,790	72%
Tablet	1,322,390,400	436,886,250	33%
Capsule	56,044,880	37,125,140	66%

29. Remuneration and fees to directors

	Amount in Taka	
	30 June 2020	30 June 2019
Fees (Note 24)	288,000	270,000
	288,000	270,000

30. Auditors' remuneration

Statutory audit fees	375,000	350,000
P.F. audit fees	40,000	35,000
WPPF audit fees	35,000	35,000
	450,000	420,000

31. Payments made in foreign currency

Particulars	30 June 2020		30 June 2019
	Foreign currency (Equivalent USD)	Taka	Taka
Import of raw, chemicals and packing materials	4,229,488	359,506,535	256,786,558
Import of machinery and spare parts	155,633	13,228,851	33,111,263
		372,735,386	289,897,821

32. Related party disclosures

Following transactions were carried out with related parties in the normal course of business on arms length basis:

Name of related party	Relationship	Nature of transactions	Value of transaction	Balance at year end
Beximco Pharmaceuticals Limited	Immediate and ultimate parent	Toll income	19,417,187	1,730,683
		Cost of services	51,318,664	4,191,977
		Asset purchase	3,430,731	-
		Dividend paid	20,026,948	-
		Gratuity	12,455,838	-
		Distribution commission	111,757,229	13,420,717

33. Capital expenditure commitment

There was no capital expenditure contracted but not incurred or provided for at 30 June 2020.

34. Contingent liabilities

- 34.1 There is a contingent liability of Tk. 75,195,722 in respect of disputed tax claim for earlier years (from AY:1996-1997 to AY: 1999-2000). This matter has been referred to the High Court for a ruling and is still pending.
- 34.2 There is additional contingent liabilities in respect of outstanding letters of credit of Tk. 91,536,648 (June 2019: Tk. 23,451,928).

35. Number of employees engaged

The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk. 36,000 and above were 1,142 (June 2019: 1,007).

36. Events after reporting date

- 36.1 In an effort to curb the spread of COVID-19 pandemic, government announced countrywide lockdown from 26th of March imposing restrictions at varying levels on social and business activities with limited exceptions. Pharmaceuticals and other healthcare services though remained outside the purview of the lockdown, it was indeed challenging to operate, particularly ensuring the uninterrupted supply of essential medicines across the country during this disruptive period. Management however, took various mitigating measures and continued its production and supply overcoming the difficulties while giving highest priority on the health and safety of the employees. Directors are continually monitoring the local and global situation of the pandemic and taking up appropriate measures to mitigate the risks associated therewith.
- With people gradually adapting to the new environment, the economy began to recover slowly in the post- balance sheet period. While there are uncertainties how the COVID-19 situations evolve and affects the business in the future, given the currently prevailing situation, directors believe that there is no material adverse effect of the pandemic on the business's continuity in the foreseeable future.
- 36.2 The Board in its meeting dated 21 October 2020 recommended that 35% cash dividend i.e. Tk. 3.50 per share, totalling Tk. 41,125,560 be paid for the year 2019-2020. The dividend proposal is subject to shareholders' approval at the forthcoming annual general meeting.

Naymul Hossain

Chairman

Rabbur Raza

Managing Director

A. N. Islam

Director

Beximco Pharma API Limited

Audited Financial Statements
For the Year Ended June 30, 2020

Independent Auditors' Report

To the Shareholders of Beximco Pharma API Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Beximco Pharma API Limited, which comprise the Statement of Financial Position as at June 30, 2020, 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 to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Financial Position of the Company as at June 30, 2020 and of its Financial Performance and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 decision of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences that is sufficient and appropriate to provide a basis for audit 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.
- 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 evidences 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 evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 and other applicable laws and regulations, 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 these books and;
- c) The statement of Financial Position (Balance Sheet) and Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books.

Dhaka
Date: October 28, 2020




M.J. Abedin & Co.
Chartered Accountants

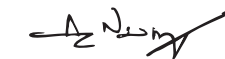
Beximco Pharma API Limited
Statement of Financial Position
As at June 30, 2020

Amount in Taka

	Notes	June 30, 2020	June 30, 2019
ASSETS			
Non-current Assets		20,000,000	20,000,000
Advance against purchase of Land		20,000,000	20,000,000
Current Assets		94,685	35,525
Cash and Cash Equivalents	4	94,685	35,525
TOTAL ASSETS		20,094,685	20,035,525
EQUITY AND LIABILITIES			
Shareholders' Equity		18,376,999	18,862,199
Issued Share Capital	5	20,000,000	20,000,000
Retained Earnings		(1,623,001)	(1,137,801)
Current Liabilities		1,717,686	1,173,326
Short Term Advance		544,360	-
Creditors and Other Payables		1,153,326	1,133,326
Audit Fees Payable		20,000	40,000
TOTAL EQUITY AND LIABILITIES		20,094,685	20,035,525

The notes are an integral part of the financial statements.


S.M. Rabbur Reza
 Managing Director


Mohammad Ali Nawaz
 Director

Dhaka
 Date: October 28, 2020

Per our report of even date


M.J. Abedin & Co.
 Chartered Accountants

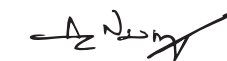
Beximco Pharma API Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2020

Amount in Taka

	Notes	July 2019 - June 2020	July 2018 - June 2019
Revenue		-	-
Cost of Revenue		-	-
Gross Operating Profit/(Loss)		-	-
Administrative Expenses	6	(485,200)	(46,993)
Profit/(Loss) from Operations		(485,200)	(46,993)
Income Tax Expense		-	-
Net Profit/(Loss) after Tax		(485,200)	(46,993)
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the Year		(485,200)	(46,993)
Earning Per Share (EPS)		(0.24)	(0.02)

The notes are an integral part of the financial statements.


S.M. Rabbur Reza
 Managing Director


Mohammad Ali Nawaz
 Director

Dhaka
 Date: October 28, 2020

Per our report of even date

M.J. Abedin & Co.
 Chartered Accountants

Beximco Pharma API Limited
Statement of Changes in Equity
For the year ended June 30, 2020

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total
Balance as on July 01,2019	20,000,000	(1,137,801)	18,862,199
Net Loss for the Year	-	(485,200)	(485,200)
Balance as on June 30, 2020	20,000,000	(1,623,001)	18,376,999

Number of Shares 2,000,000
Net Assets value per share 9.19

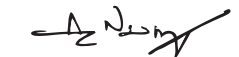
For the year ended June 30, 2019

Particulars	Share Capital	Retained Earnings	Total
Balance as on July 01,2018	20,000,000	(1,090,808)	18,909,192
Net Loss for the Year	-	(46,993)	(46,993)
Balance as on June 30, 2019	20,000,000	(1,137,801)	18,862,199

Number of Shares 2,000,000
Net Assets value per share 9.43

The notes are an integral part of the financial statements.


S.M. Rabbur Reza
 Managing Director


Mohammad Ali Nawaz
 Director

Dhaka
 Date: October 28, 2020

Per our report of even date

M.J. Abedin & Co.
 Chartered Accountants


Beximco Pharma API Limited
Statement of Cash Flows
For the year ended June 30, 2020

Amount in Taka

	July 2019 - June 2020	July 2018 - June 2019
Cash Flows from Operating Activities:		
Cash receipts from customers and others	544,360	-
Payments for expenses & others	(485,200)	(13,840)
Net Cash Generated from/(Used in) Operating Activities	59,160	(13,840)
Cash Flows from Investing Activities:		
Advance Against Purchase of Land	-	(20,000,000)
Net Cash Used in Investing Activities	-	(20,000,000)
Cash Flows from Financing Activities:		
Net Cash Generated from Financing Activities	-	-
Increase/(Decrease) in Cash and Cash Equivalents	59,160	(20,013,840)
Cash and Cash Equivalents at Beginning of Year	35,525	20,049,365
Cash and Cash Equivalents at End of Year	94,685	35,525

The notes are an integral part of the financial statements.


S.M. Rabbur Reza
Managing Director


Mohammad Ali Nawaz
Director

Dhaka
Date: October 28, 2020

Per our report of even date


M.J. Abedin & Co.
Chartered Accountants

Beximco Pharma API Limited
Notes to the Financial Statements
As at and for the year ended June 30, 2020

1. Reporting Entity

1.01 Statutory Background of the Company

Beximco Pharma API Limited was incorporated in Bangladesh on December 12, 2017 as a Private Limited Company under the Companies Act, 1994. The Company is a fully-owned subsidiary of Beximco Pharmaceuticals Limited (BPL).

1.02 Nature of Business Activities

The company intends to set up a facility at API Industrial Park to manufacture Active Pharmaceutical Ingredients (APIs) for domestic and International markets. However, the Company is still in the initial phase of establishment and has carried out no operational activities.

2. Basis of Preparation

2.01 Basis of Measurement

The financial statements have been prepared under historical cost convention which does not take into consideration the effect of inflation.

2.02 Statement of Compliance

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

2.03 Presentation of Financial Statements

The financial statements comprise of:

- a) Statement of Financial Position as at June 30, 2020;
- b) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2020;
- c) Statement of Changes in Shareholders' Equity for the year ended June 30, 2020;
- d) Statement of Cash Flows for the year ended June 30, 2020 and
- e) Notes, comprising summary of significant accounting policies and explanatory information.

2.04 Reporting Period

Financial Statements of the company cover the period of 12 months from July 01, 2019 to June 30, 2020.

3. Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka.

Amount in Taka

June 30, 2020 June 30, 2019

4. Cash and Cash Equivalents

This represents Cash at Bank with Current Account (IFIC Bank Limited, Dhanmondi Branch)	94,685	35,525
	94,685	35,525

5. Issued Share Capital**A. Authorized:**

100,000,000 Ordinary Shares of taka 10 each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000

B. Issued and Paid-up:

2,000,000 Ordinary Shares of taka 10 each paid in cash	20,000,000	20,000,000
	20,000,000	20,000,000

C. Composition of Shareholding of Ordinary Shares

	No. of Shares	% of Shares Capital
Beximco Pharmaceuticals Limited	1,999,990	99.9995
S.M. Rabbur Reza	10	0.0005
	2,000,000	100

July 2019 - July 2018 -
June 2020 June 2019**6. Administrative Expenses**

Legal Expenses	-	13,153
Audit Fees	20,000	20,000
Bank Charges	840	13,840
Entertainment	328,460	-
Other Expenses	135,900	-
	485,200	46,993

*Rabbur Reza***S.M. Rabbur Reza**
Managing Director*Mohammad Ali Nawaz***Mohammad Ali Nawaz**
Director

Dhaka

Date: October 28, 2020