

INDO-BANGLA PHARMACEUTICALS LTD.

**Polt-183 (7th floor) Block-B,
Ahmed Akbar Sobhan Road, Basundhara R/A,
Baridhara, Dhaka-1229.**

**AUDITOR'S REPORT
&
FINANCIAL STATEMENTS
For the year ended June 30, 2020**

**MAHFEL HUQ & CO.
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Independent Auditor's Report

To the Shareholders of INDO-BANGLA PHARMACEUTICALS LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Indo-Bangla Pharmaceuticals Ltd**, which comprise the statement of financial position as at June 30, 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 present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- a) We draw attention to Note 2.14 (c) of the financial statements, which describes that the Nomination and Remuneration Committee (NRC) of the company reviewed all post employee benefits and the policies are under process for final review of the Board. Our opinion is not modified in respect of this matter.
- b) We draw attention to Note 2.20 of the financial statements, which describes that a number of transactions entered into by the company were cash transactions with prior board approval and this was due to suppliers' demand. Our opinion is not modified in respect of this matter.

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; we do not provide a separate opinion on these matters.



Risk	Our responses to the risk
<p>Revenue recognition</p> <p>Revenue recognition has significant and wide influence on financial statements.</p> <p>The Company has reported revenue of BDT 866.1 million in the financial statements (30th June, 2019: BDT 740.71).</p> <p>Revenue is recognized when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognized at the time when the goods are dispatched for delivery to the customers.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p>	<p>We read the assessed compliance of company's revenue recognition policy in terms of IFRS 15: Revenue from Contracts with Customers'. Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ We have evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and sign-off, recording of sales through to cash receipts and customers' outstanding balances. ▪ We assessed the design and implementation of these controls. We tested a sample of individual sales transactions and traced to dispatch notes and subsequent cash receipt or other supporting documents; ▪ Assessed the invoicing and measurement systems up to entries in the general ledger; ▪ Examined customer invoices and receipts of payment on test basis; ▪ Assessed the design of the processes set up to account for the transactions in accordance with the company policy; ▪ Assessed whether any adjustments are required.
<p>Refer to note 16 to the financial statements</p>	
<p>Measurement of deferred tax liability</p> <p>Company reported net deferred tax liability totaling BDT 94.72 million in the financial statements as at 30 June, 2020. (30th June, 2019: BDT 66.76),</p> <p>Significant judgment is required in relation to deferred tax liability as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax' liability and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We also assessed the appropriateness of presentation and disclosures in relation to deferred tax.</p>
<p>Refer to note 11 to the financial statements</p>	



Other Information

Management is responsible for the other information. The other information comprises the information included 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein 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

Management is responsible for the preparation and fair presentation of the financial statements 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 judgments 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 Company's 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 and the Securities and Exchange Rules 1987, we also report the following:

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

Place: Dhaka, Bangladesh
Dated: 27 October, 2020



Md. Abu Kaiser FCA
Mahfel Huq & Co.
Chartered Accountants



INDO-BANGLA PHARMACEUTICALS LTD
STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

Particulars	Notes	Amounts in Taka	
		30th June 2020	30th June 2019
ASSETS:			
Non-current Assets:		1,126,809,674	818,523,321
Property, Plant and Equipment	3.00	1,061,759,460	743,134,778
Capital Work In Progress	4.00	65,050,214	75,388,543
Current Assets:		612,456,404	767,224,351
Inventories	5.00	190,289,732	202,867,111
Trade & Other Receivables	6.00	226,078,126	180,041,951
Advance, Deposits and Prepayments	7.00	182,249,756	223,733,862
Cash and Cash equivalents	8.00	13,838,790	160,581,427
TOTAL ASSETS		1,739,266,078	1,585,747,672
EQUITY AND LIABILITIES			
Shareholders' Equity:		1,517,598,176	1,374,627,332
Share Capital	9.00	1,115,070,000	1,023,000,000
Retained Earnings	10.00	402,528,176	351,627,332
NON-CURRENT LIABILITIES		94,720,685	66,759,081
Deferred Tax Liability	11.00	94,720,685	66,759,081
Current Liabilities:		126,947,217	144,361,259
Provision for WPPF	12.00	10,850,277	9,038,917
Trade Payables	13.00	371,989	6,108,271
Provision for Taxes	14.00	107,770,381	123,615,998
Liabilities for Expenses	15.00	7,954,570	5,598,073
TOTAL OWNER'S EQUITY AND LIABILITIES		1,739,266,078	1,585,747,672
Net Asset Value (NAV) Per Share	23.00	13.61	13.44

Annexed notes form an integral part of these financial statements.


Chief Financial Officer


Company Secretary


Director


Managing Director

Signed in terms of our separate report of even date annexed.

Place: Dhaka

Date: October 27, 2020




Mahfel Huq & Co.
Chartered Accountants



INDO-BANGLA PHARMACEUTICALS LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June, 2020

Particulars	Notes	Amount In BDT	
		30-Jun-20	30-Jun-19
Net Sales Revenue	16.00	866,097,783	740,714,183
Less: Cost of Sales	17.00	519,647,733	444,163,230
Gross Profit		346,450,050	296,550,952
Less: Operating Expenses:		123,782,527	118,269,079
Administrative Expenses	18.00	36,382,303	36,552,436
Selling & Distributing Expenses	19.00	87,400,224	81,716,643
Profit from Operations		222,667,522	178,281,873
Add: Non Operating Income:	20.00	5,188,305	11,535,389
Profit before Contribution to WPPF & Welfare Fund		227,855,827	189,817,263
Less: Contribution to WPPF & Welfare Fund	12.00	10,850,277	9,038,917
Profit before Tax		217,005,550	180,778,346
Less: Income Tax Expenses:		60,761,886	25,551,656
Current Tax	21.00	26,808,614	26,042,176
Deferred Tax	11.00	27,961,604	(490,520)
Short Provision	14.01	5,991,668	-
Net Profit for the year		156,243,664	155,226,689
Earnings per share (EPS)	22.00	1.40	1.39

Annexed notes form an integral part of these financial statements.


Chief Financial Officer


Company Secretary


Director


Managing Director

Signed in terms of our separate report of even date annexed.

Dated: Dhaka
Date: October 27, 2020




Mahfel Huq & Co.
Chartered Accountants



INDO-BANGLA PHARMACEUTICALS LTD
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

Particulars	Share Capital	Retained Earnings	Total Equity
	Note - 09	Note : 10	
Balance as at 01-07-2019	1,023,000,000	351,627,332	1,374,627,332
Issue of share Capital (Bonus)	92,070,000	(92,070,000)	-
Cash Dividend	-	(13,272,820)	(13,272,820)
Net Profit for the period	-	156,243,664	156,243,664
Balance as at 30-06-2020	1,115,070,000	402,528,176	1,517,598,176

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

Particulars	Share Capital	Retained Earnings	Total Equity
	Note - 09	Note : 10	
Balance as at 01-07-2018	730,000,000	306,100,643	1,036,100,643
Issue of share Capital (IPO)	200,000,000	-	200,000,000
Issue of share Capital (Bonus)	93,000,000	(93,000,000)	-
IPO Expenses	-	(16,700,000)	(16,700,000)
Net Profit for the period	-	155,226,689	155,226,689
Balance as at 30-06-2019	1,023,000,000	351,627,332	1,374,627,332

Annexed notes form an integral part of these financial statements.

Chief Financial Officer

Place: Dhaka

Date: October 27, 2020

Company Secretary

Director

Managing Director





INDO-BANGLA PHARMACEUTICALS LTD
STATEMENT OF CASH FLOWS
For the year ended 30 June, 2020

Particulars	Notes	Amount in Taka	
		30-Jun-20	30-Jun-19
Cash Flows from Operating Activities			
Cash receipts from customers	26.00	818,823,799	750,125,650
Cash receipts from others income	27.00	6,426,113	14,564,437
Cash payment to Suppliers	28.00	(464,492,478)	(429,631,922)
Cash payment to Employees		(99,507,644)	(63,290,278)
Cash payment to Others		(50,070,916)	(79,684,302)
Cash Generate from operation		211,178,874	192,083,585
Cash payment against income Tax		(35,648,753)	(25,294,755)
Net Cash generated from Operating Activities	32.00	175,530,121	166,788,830
Cash Flow from Investing Activities			
Acquisition of property, plant and equipment		(239,213,724)	(84,235,781)
Paid for Capital Work In Progress		(65,050,214)	(69,842,623)
Paid for land (Gazipur)		-	(100,000,000)
Advance paid for L/C Margin Machinery		(4,736,000)	(27,908,618)
Net Cash used in Investing Activities		(308,999,938)	(281,987,022)
Cash Flows from Financing Activities			
Proceeds from issue of share capital		-	200,000,000
Cash Payment to IPO Expenses		-	(15,900,000)
Cash payment to Dividend		(13,272,820)	-
Net Cash Used in Financing Activities		(13,272,820)	184,100,000
Net increase/(Decrease) in Cash and Cash equivalents		(146,742,637)	68,901,808
Cash and Cash Equivalents at beginning of the period		160,581,427	91,679,619
Cash and Cash Equivalent at end of the Period		13,838,790	160,581,427
Net Operating Cash Flows Per Share (NOCFPS)		1.57	1.70

Annexed notes form an integral part of these financial statements.

Chief Financial Officer

Company Secretary

Director

Managing Director

INDO-BANGLA PHARMACEUTICALS LTD.

Notes to the Financial Statements and other explanatory information.

As at and for the year ended June 30, 2020

1.00 REPORTING ENTITY

1.01 Background of the Company

Indo-Bangla Pharmaceuticals Limited was incorporated as a private Limited Company under the Companies Act-1994 on 18 June 2014 vide registration no.C-116665/14 through takeover of M/S. Indo-Bangla Pharmaceutical Works, a proprietorship business since pre-liberation period. The company has been converted into public limited company on 21-10-2014. Registered office of the company and Factory is at Aziz Bhaban, College Road, Barisal. Authorized capital of the company is Tk.1,500,000,000 divided into 150,000,000 ordinary shares of Tk.10 each. Paid up capital of the company Tk.1,115,070,000 divided into 111,507,000 ordinary shares of Tk. 10 each.

1.02 Registered Office of the Company

The registered office of the Company and the Factory is located at 729, College Road, Barisal Sadar, Barisal and having its Corporate office at Polt-183 (7th floor) Block-B, Road-4, Ahmed Akbar Sobhan Road, Basundhara R/A, Baridhara, Dhaka-1229.

1.03 Nature of the business

The Company is engaged in manufacturing and selling of all kinds of medicine (excluding Antibiotic), medical preparations drugs & chemicals (Human Health) with due approval of Drug Administration Authority. The company applied for permission for production and selling of veterinary medicine also.

2.00 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS:

2.01 Presentation of Financial Statements

The Financial Statements of the Company are prepared on a going concern Basis under historical cost convention and in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other laws & regulation in Bangladesh applicable to the Company.

2.02 Going Concern

The company has adequate resources to continue its operation for the foreseeable future. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business. As such, the directors intended to adopt the going concern Basis in preparing the financial statements.

2.03 Accrual Basis

The financial statements have been prepared, except Statements of Cash Flows, using the accrual Basis of accounting.



2.04 Reporting Period

The financial Statements have been prepared covering one year from July 01, 2019 to June 30, 2020

2.05 Components of the Financial Statements

According to IFRS-1 "presentation of the Financial Statements" the complete set of financial statements includes the following components;

- a) Statement of Financial Position as at June 30, 2020;
- b) Statement of Profit or Loss and other Comprehensive Income for the period from 1st July 2019 to 30th June, 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 a summary of significant accounting policies and other explanatory information.

2.06 Accounting Policies & Estimates

The preparation of these financial statements is in conformity with IAS and IFRS which 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. Estimates and underlying assumptions are reviewed on an ongoing basis and used for accounting of certain terms such as provision for expenses and depreciation.

2.07 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation of financial statements under section 183 of the Companies Act, 1994 and as per the provision of "the Framework for the preparation and Presentation of Financial Statements" issued by the International Accounting Standards (IASs) and Bangladesh Securities and Exchange Commission (BSEC) guideline.

2.08 Statement of Cash flows

Statement of Cash flows have been prepared in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under direct method considering the provisions of Paragraph 19 of IAS-7 which provides that "Entities are encouraged to report cash flows from operating activities using the direct method".

2.09 Applicable accounting standards

The following IAS and IFRS are applicable for the financial statements for the year under review:

IASs:

IAS -1	Presentation of Financial Statements
IAS -2	Inventories
IAS -7	Statements of Cash flows
IAS -8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS -19	Employee Benefits
IAS-24	Related Party Disclosures
IAS- 32	Financial Instruments Presentation
IAS-33	Earnings Per Share
IAS-36	Impairment of Assets
IAS- 37	Provisions, Contingent Liabilities and Contingent Assets



IFRSs:

IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

2.10 Property, Plant and Equipment**2.10.1 Recognition and Measurement**

All Property, Plant and Equipment are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises of its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The cost of the day to day maintaining cost on PPE is recognized in the Statements of Profit or Loss and other Comprehensive Income as incurred.

2.10.2 Depreciation

Depreciation on Property, Plant and Equipment other than Land has been computed during the year using the reducing balance method. Depreciation has been charged on addition when the related Property, Plant and Equipment are available for use as per management intention. Depreciation has been charged at following rates:

Name of Assets	Rate	Rate
	As at 30 th June 2020	As at 30 th June 2019
Land and Land Development	0%	0%
Building	2.50%	2.50%
Civil Works	5%	-
Machineries & Equipment	3%	3%
Micro biological Lab	3%	3%
Factory Air Condition	10%	10%
Generator	3%	3%
Furniture & Fixture	10%	10%
Office Equipment	10%	10%
SEP Decoration	10%	10%
Office Decoration	10%	10%
Computer	10%	10%
Air Condition	10%	10%
Transport	10%	10%
Water Plant	10%	10%
ETP Plant	10%	10%



2.10.3 Retirement and Disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

2.10.4 Impairment

All fixed assets have been reviewed and it was confirmed that no such fixed assets have been impaired during the period and for this reason no provision has been made for Impairment of assets as per IAS 36.

2.11 Revenue Recognition

As per IFRS-15: "Revenue from Contracts form Customers" the company accounts for a contract with a customer only when all of the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- (b) The company can identify each party 's rights regarding the goods or services to be transferred ;
- (c) The company can identify the payment terms for the goods or services to be transferred
- (d) The contract has commercial substance (i.e. the risk , timing or amount of the entity 's future cash flows is expected to change as a result of the contract); and
- (e) It is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

2.12 Valuation of Current Assets

Trade and Other Receivable

These are carried forward at their original invoiced value amount and represents net realizable value. Management considered the entire bills receivable as good and is collectable and therefore, no amount has been provided for as bad debt in the current year's account.

Inventories

In compliance with the requirements of IAS-2 "Inventories", the inventories have been valued at Cost or Net Realizable value whichever is lower, which is consistent with the previous period's practice. Net realizable value is based on estimated selling price in the ordinary course of business less any further cost expected to be incurred to make the sale.

2.13 Provisions:

Provisions where made considering risk and un-certainties at best estimate of the probable expenditure that would require to meet the current obligation at the date of statement of financial position.

2.14 Employees' Benefit

The company maintains 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 benefit is charged off as revenue expenditure in the year to which the contributions relate.

The company's employee benefits include the following.

a) Short Term Employee Benefit

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



b) Contribution to Workers' Profit Participation and Welfare Funds

This represents 5% of net profit before tax but after charging such expenses by the company as per provisions of the Bangladesh Labor Act, 2006, & Bangladesh Labor (amendment) Act, 2013.

c) Post Employment Benefit

The Nomination and Remuneration Committee (NRC), a sub-committee of Board formed to ensure good governance in the company as per Corporate Governance Code in notification No. BSEC/CMRRCD/2006 of Bangladesh Securities and Exchange Commission reviewed all post employee benefits to comply with IAS 19 Employee Benefits and the policies are under process for final review of the Board.

2.15 Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc.

2.16 Functional and Presentational Currency:

The financial statements are prepared in Bangladeshi Taka which is the Company's functional currency.

2.17 Income Tax Expenses:

Income Tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity and profit or loss.

Current Income Tax

Current income tax is excepted tax payable on the taxable income for the year and any short fall of provision for previous years. The company (IBPL) is a "Publicly Traded Company"; hence Tax rate is applicable @ 25%.

Deferred Tax

Deferred tax expenses is considered for taxable temporary differences may arise for the reporting year, adjustments for prior years accumulated differences and changed in tax rate.

2.18 Earnings per Share

The company calculates Earnings per Share (EPS) in accordance with IAS-33 "Earnings per Share" which has been shown on the face of the Profit or Loss and other Comprehensive Income.

Basic Earnings

This represents profit or loss at the end of the period attributable to ordinary shareholders of the entity.

Basic Earnings per Share

This has been calculated by dividing profit or loss attributable to ordinary shareholders of the entity by the weighted average number of ordinary shares outstanding during the year.

2.19 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity as per IAS-39 "Financial Instruments Recognition and Measurement."



Financial Assets

Financial assets of the company include cash and cash equivalents, Trade receivables and other receivables. The company initially recognizes a financial asset in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognizes a financial asset when, and only when; the contractual rights to the cash flows from the financial asset expire or transfer the contractual rights to receive the cash flows of the financial asset.

Financial Liabilities

Financial liabilities of the company include trade payables and liabilities for expenses. The company initially recognizes a financial liability in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognizes a financial liability from its statement of financial position when, and only when, it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires.

2.20 Cash and Cash Equivalents

According to IAS-7 'Statement of Cash Flows', cash comprises cash in hand, short term deposit and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

A number of transactions entered into by the company were cash transactions with prior board approval. This was due to suppliers' demand.

2.21 Events after the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

Adjusting Events are those that provide evidence of conditions that existed at the end of the reporting period.

Non-adjusting Events are those that are indicative of conditions that arose after the reporting period.

2.22 Authorization date for issuing Financial Statements

The financial statements were authorized by the Board of Directors on October 27, 2020.

2.22 Comparative Information

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

2.23 Segmental Reporting

The company essentially provides similar products to customers across the country and the products essentially have the similar risk profile. As there is a single business and geographic segment within which the company operates as such no segment reporting is felt necessary.



2.24 Related Party Disclosure

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by IAS-24: Related Party Disclosures has been disclosed in a separate note to the financial statements.

2.25 Leases

The Company has short term lease facilities and recognized them as operating lease facilities by complying with Para 5 of IFRS 16: "Leases, Lease payments and lease receipts under operating lease are recognized as rental expense from lease in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

2.26 General

The figure has been rounded off to the nearest taka.



Indo-Bangla Pharmaceuticals Ltd

Notes to the Financial Statements

As at and for the year ended 30 June 2020

Particulars	Amount in Taka	
	30 June'2020	30 June'2019
3.00 Property, Plant and Equipment		
These have arrived at as under:		
(A) At Cost		
Opening balance	801,514,939	686,464,201
Add: Addition during the Period	347,522,885	126,821,731
Less: Disposal during the Period	-	(11,770,992)
Total	1,149,037,824	801,514,939
(B) Accumulated Depreciation		
Opening balance	58,380,161	37,990,300
Add: Depreciation Charged for the period	28,898,203	21,974,546
Less: Adjusted during the period	-	(1,584,685)
Total :	87,278,364	58,380,161
WDV as on 30.06.2020 (a-b)	1,061,759,460	743,134,778
A schedule of Property, Plant and Equipment is given in Annexure-A		
4.00 Capital Work in Progress		
These have arrived at as under:		
A. Machineries & Equipment:		
Opening balance	67,266,943	-
Add: Addition during the period	211,648,406	67,266,943
Less: Transfer to Fixed Assets	(213,865,135)	-
Closing Plant & Machinery	65,050,214	67,266,943
B. Land Development:		
Opening balance	8,121,600	5,545,920
Earth fill-up	33,250	2,575,680
Less: Transfer to Fixed Assets of Land & Land Development	(8,154,850)	-
	-	8,121,600
Total (A+B)	65,050,214	75,388,543



5.00 Inventories :

This consists of the following;

Raw Material	97,025,425	89,645,280
Finished Goods	63,366,292	76,485,251
Work - in - Process	12,376,500	20,585,480
Maintenance of Machine & Consumable Items	3,025,650	4,625,650
Packing Materials	14,495,865	11,525,450
	190,289,732	202,867,111

Inventories in hand have been valued at lower of cost or/and net realizable value as per IAS-2 and have been certified by management.

6.00 Trade & Others Receivable:

These have arrived at as under:

A. Trade Receivable

Opening balance	178,804,143	188,215,610
Add: Sales during the period	866,097,783	740,714,183
Total	1,044,901,925	928,929,793
Less:Recovery	818,823,799	750,125,650
Closing balance (Trade Receivable) A schedule of Receivable is	226,078,126	178,804,143
B. Other Receivable (Interest on FDR)	-	1,237,808
Total:	226,078,126	180,041,951

Ageing of Accounts Receivable

More than six months		-
Less than six month	226,078,126	178,804,143
	226,078,126	178,804,143

The classification of receivables as required by the schedule XI of the Companies Act, 1994 are given

Receivable considered good in respect of which the company is fully secured.	-	-
Receivable considered good in respect of which the company holds no security other than the debtor personal security.	226,078,126	178,804,143
Receivables considered doubtful bad.	-	-
Receivable due by directors or others or other offers of the company or any of them either severly or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-
Receivables due by common under the same management.	-	-
The maximum amount of receivable due by any director or other officer of the company at any time during the period.	-	-
Total:	226,078,126	178,804,143



7.00 Advance, deposit and prepayments:

This consists of the following;

Advance

Advance Income Tax	75,097,055	88,094,202
Advance to Employees	2,025,000	2,156,450
Advance to others	105,127,701	133,483,210
	182,249,756	223,733,862

The classification of Advances, Deposits and Prepayments as required by Schedule-XI, Part-I of the Companies Act, 1994

Advance, Deposit and pre-payments considered good and fully secured;	182,249,756	223,733,862
Advance, deposit and pre-payments considered good and company holds no security other than personal security;	-	-
Advance, deposit and pre-payments considered doubtful and bad;	-	-
Advance, deposit and pre-payments due by directors or other officers;	-	-
Advance, deposit and pre-payments due from companies under common management; and	-	-
Maximum advance, deposit and pre-payments due by Directors or other officers at any time.	-	-
	182,249,756	223,733,862

7.01 Advance Tax paid

Opening	88,094,202	62,799,447
Less: Adjustment Income Tax Expenses Assessment year 2017-2018	22,986,703	-
Less: Adjustment Income Tax Expenses Assessment year 2018-2019	24,460,348	-
Add: Advance Tax paid during the year	34,449,904	25,294,755
	75,097,055	88,094,202

7.02 Advance to Others

Goods and services	1,205,000	1,523,425
Tour	485,000	652,850
Office Rent	300,000	288,000
Land (Gazipur)	95,000,000	100,000,000
L/C Margin for Raw-materials	2,335,800	1,677,247
L/C Margin for Machinery	4,736,000	27,908,618
Prepaid Insurance	12,219	-
VAT current account	1,053,682	1,433,070
	105,127,701	133,483,210

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as inventory, land or any recurring expenses.



8.00 Cash and Cash equivalents:

These have arrived at as under:

Cash in Hand	9,942,202	7,354,880
Cash at Bank	3,896,588	53,226,547
Short Term FDR	-	100,000,000
	13,838,790	160,581,427

8.01 Cash at Bank

	3,896,588	53,226,547
Pubali Bank Ltd. Barishal Sadar Branch A/C 54490	1,705,467	100,444
Sonali Bank Ltd. Barishal Corporate Branch A/C. 3953	144,937	127,531
Islami Bank Bangladesh Ltd. Barishal Branch A/C no.10807	20,197	46,356,137
Islami Bank Bangladesh Ltd. Bhanga Branch A/C no.01405	196,589	192,028
Islami Bank Bangladesh Ltd. Bhanga Branch A/C no.01506	84,388	82,976
Islami Bank Bangladesh Ltd. Bhanga Branch A/C no.79513	33,621	34,312
One Bank Ltd. Barisal Branch A/C no.02579	3,455	4,146
Mercantile Bank Ltd. rampura Br. A/C: 56998	12,502	17,131
Mercantile Bank Ltd. Elephant road Br. A/C: 88298	3,000	2,611,111
Dutch-Bangla Bank Ltd. Barisal Branch A/C 1271100014683	24,682	1,221,187
Dutch-Bangla Bank Ltd. Bashundhara 1471100016286	449,815	-
City bank A/C no. 3102631598001	3,253	1,260,067
Standard Bank Ltd. Green Road Brance, A/C '05133000333	-	388,760
First Security Islami Bank Ltd. Bashundhara Br. A/C 302	1,167,735	-
First Security Islami Bank Ltd. Bashundhara Br. A/C 315	15,489	-
Eastern Bank Ltd Principal Branch A/C 1011360459420	31,458	830,718

9.00 Share Capital :**Authorized Capital**

150,000,000 Ordinary Shares

of Tk. 10 each

1,500,000,000 **1,500,000,000****Issued, Subscribed & Paid-up Capital:**

73,000,000 Ordinary Shares of Tk. 10each

730,000,000 730,000,000

29,300,000 Bonus Shares issued in 2018

293,000,000 293,000,000

9,207,000 Bonus Shares issued in 2019

92,070,000 -

111,507,000 Ordinary Shares of Tk. 10 each fully paid up.**1,115,070,000** **1,023,000,000****10.00 Retained Earnings:**

This amount consists of as follows:

Opening balance

351,627,332 306,100,643

Add :Net Profit for the year

156,243,664 155,226,689

Less: IPO Expenses

- 16,700,000

Less: Transfer to Share capital

92,070,000 93,000,000

Less:Cash Dividend

13,272,820 -

402,528,176 **351,627,332**

11.00 Deferred Tax Liability:

This amount consists as follows:

Carrying Value of Property, Plant & Equipment (Annexure-A)	1061759460	851,486,378
As Tax Base	682,876,720	584,450,053
Temporary Difference	378,882,740	267,036,325
Deferred Tax Liabilities @25%	94,720,685	66,759,081
Opening Deferred Tax Liability	66,759,081	67,249,601
Deferred Tax Liability/Expenses (Income)	27,961,604	(490,520)

12.00 Provision for WPPF:

Opening WPPF	9,038,917	7,576,461
Add: Addition during the year	10,850,277	9,038,917
Less: Transfer to WPPF Bank Accounts	(9,038,917)	(7,576,461)
Total:	10,850,277	9,038,917
Profit before contribution for WPPF	227,855,827	189,817,263
Provision for contribution @5% Profit After WPPF(For the year)	10,850,277	9,038,917

13.00 Trade Payables :

Opening balance;	6,108,271	6,541,572
Add: Purchase during the year	458,416,068	441,592,349
Total:	464,524,339	448,133,921
Less: Adjustment during the year	464,152,350	442,025,650
Closing balance	371,989	6,108,271

14.00 Provision for Taxes

This has been arrived as at under;

Balance b/d	123,615,998	97,573,822
Add: Short Provision	5,991,668	-
Less: Adjusted Income Tax Expenses Assessment year 2017-2018	22,986,703	-
Less: Adjusted Income Tax Expenses Assessment year 2018-2019	24,460,348	-
Less: Tax Payment cash for assesment year 2018-19	1,198,848	-
Add : Provision during the year	26,808,614	26,042,176
	107,770,381	123,615,998

14.01 Short Provision for Taxes:

Assessment Year 2017-2018	4,298,292	-
Assessment Year 2018-2019	1,693,376	-
	5,991,668	-

15.00 Liabilities for Expenses :

This consists of the following

Telephone Bill	346	399
Electricity Bill	398,538	198,928
Directors Remuneration	250,000	150,000
Salary & Wages	5,256,554	4,487,096
Repairs and Maintenance	-	123,585
Audit Fees	287,500	287,500
Others	1,761,632	350,565
	7,954,570	5,598,073



		Amount in BDT	
		30 June 2020	30 June 2019
16.00	Net Sales Revenue:		
	Gross Sales Sales	996,012,450	851,821,310
	Less: VAT @ 15%	129,914,667	111,107,127
	Net Sales revenue	866,097,783	740,714,183
17.00	Cost of Sales :		
	This has been arrived as under;		
	Raw Material Consumed	347,640,353	337,300,529
	Add: Work in process (Opening)	20,585,480	20,123,650
	Less: Work in Process (Closing)	12,376,500	20,585,480
	Total Consumption	355,849,333	336,838,699
	Add: Manufacturing Overhead	68,916,166	58,435,912
	Add: Direct expenses	85,988,425	84,053,870
	Cost of Production	510,753,924	479,328,481
	Add: Finished Goods (Opening balance)	76,485,251	45,215,650
	Finished Goods Available	587,239,175	524,544,131
	Less: Finished Goods (Closing)	63,366,292	76,485,251
	Less: Sample Costs	4,225,150	3,895,650
	Cost of Sales:	519,647,733	444,163,230
17.01	Material Consumed :		
	Opening balance	89,645,280	78,512,350
	Add: Material Purchased	355,020,498	348,433,459
	Import	311,012,229	310,243,449
	Local	44,008,269	38,190,010
	Less: Closing Materials	97,025,425	89,645,280
	Total	347,640,353	337,300,529
17.02	Manufacturing Overhead:		
	Salary & Wages	11,379,576	7,607,936
	Cork & Cap	2,412,530	2,359,150
	Carton & Label	3,185,750	3,140,070
	Hand Glove, Tape, Gum Etc	235,420	218,920
	Quality Control Expenses	768,550	750,970
	Accessories	2,684,120	2,669,180
	Apron & Uniform	621,530	599,230
	Carriage Inward	1,141,095	1,275,475
	Water bill	7,650	7,215
	Washing Expenses	3,425	3,375
	Maintenance of Machine & Consumable Iter Notes 17.02.01	17,850,320	17,748,260
	Electricity Bill Factory	2,748,281	1,991,775
	Maintenance of Factory Building	1,125,360	1,118,050
	Insurance Expense	134,406	15,525
	Depreciation (Annexure-A)	24,618,153	18,930,781
	Total	62,215,155	52,215,155

17.02.1 Maintenance of Machine & Consumable Items

Opening balance	4,625,650	8,025,460
Purchase during the period	16,250,320	14,348,450
Closing balance	(3,025,650)	(4,625,650)
Consumption	17,850,320	17,748,260

17.03 Direct expenses :

Delivery Charges	725,680	746,890
Packing Materials	84,174,835	82,160,670
Medical Bag Expenses	432,150	420,680
Cost of Literature	135,620	206,605
Remission Settlement	520,140	519,025
Total	85,988,425	84,053,870

17.03.1 Packing Materials

Opening balance	11,525,450	14,875,680
Purchase during the period	87,145,250	78,810,440
Less: Packing Materials(Closing balance)	(14,495,865)	(11,525,450)
Consumption	84,174,835	82,160,670

18.00 Administrative Expenses

Salary & allowance	13,046,776	12,536,746
Director Remuneration	2,400,000	1,800,000
Board Meeting Fee	370,000	525,000
Travelling & Conveyance	2,914,750	2,900,620
Entertainment	2,215,630	2,116,670
Office Rent	662,400	662,400
Printing & Stationery	1,972,860	1,959,155
News Paper & Megazine	82,560	62,425
Post & Telegram	421,560	445,905
License & Legal Fee	969,449	3,887,980
Telephone & Mobile Bill	183,216	72,510
Internet Bill	95,310	81,867
Audit Fee	287,500	287,500
Company Secretarial, Regulatory Fee and AGM Expenses	2,136,076	2,112,931
Electricity Bill & others charge	92,782	131,952
Maintenance of Transport	1,923,520	1,844,905
Securities service	762,520	757,160
Bank Charge	539,985	359,115
Others expenses	1,025,360	963,830
Depreciation (Annexure-A)	4,280,050	3,043,765
Total	36,382,303	36,552,436



19.00 Selling & Distributing Expenses

Salary & allowance(Including Depot Staff)	40,484,604	38,187,574
Incentive Bonus	3,482,680	3,217,774
TA & DA of Field Staff	3,995,850	3,659,725
Carriage Outward	2,956,410	2,863,130
Packing Materials-Selling & Distribution	3,651,530	3,531,510
Sales Promotion	3,698,240	3,521,605
Training & seminar Expenses	4,991,530	4,805,815
Entertainment for Conference	2,935,620	2,714,575
Gift & Presentation(Promotional Materials)	3,415,360	3,264,670
Sample expense	4,225,150	3,895,650
Travelling & Conveyance	13,563,250	12,054,615
	87,400,224	81,716,643

20.00 Non Operating Income:

Misc Sales	3,029,350	4,827,050
Interest on FDR	2,137,192	10,413,431
Interest on Bank	21,763	481,216
Profit/(Loss) on Sale of Fixed Assets	-	(4,186,308)
	5,188,305	11,535,389

21.00 Current Tax:

Profit before tax as per account	217,005,550	180,778,345
Accounting depreciation	28,898,203	21,974,546
Tax base depreciation	(140,744,617)	(103,198,343)
Non Operating Income	(5,188,305)	(11,535,389)
Taxable profit	99,970,830	88,019,159
Current Tax for Operating Income@ 25%	24,992,708	22,004,790
Add: Tax on Non Operating Income @ 35%	1,815,907	4,037,386
	26,808,614	26,042,176

22.00 Basic Earnings Per Share :

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share, is the basic earning dividing by the weighted average number of ordinary shares outstanding at the end of the Period.

The composition of earnings per shares (EPS) is given below:

Earnings Per Share (EPS)

Net profit for the year	156,243,664	155,226,639
Weighted Average number of ordinary shares outstanding	111,507,000	111,507,000
Earnings Per Share (EPS)	1.40	1.39

Weighted Average Number of Shares

73000000	Shares	1.00	73,000,000	73,000,000
20000000	Shares	1.00	20,000,000	20,000,000
9300000	Shares	1.00	9,300,000	9,300,000
9207000	Shares	1.00	9,207,000	9,207,000
Weighted Average Number of Shares			111,507,000	111,507,000



23.00 Net Assets Value Per Share :

The composition of net assets value per share is given below:

Total Assets	1,739,266,078	1,585,747,672
Less: Non-Current Liabilities+Current Liabilities	221,667,902	211,120,340
Net Assets Value	1,517,598,176	1,374,627,332
Number of ordinary shares outstanding	111,507,000	102,300,000
	13.61	13.44

24.00 Net Operating Cash Flows Per Share (NOCFPS)

Net Cash from operating activities	Notes: 32	175,530,121	166,788,830
Weighted Average Number of Shares		111,507,000	111,507,000
		1.57	1.70



Amounts in Taka	
30 June 2020	30 June 2019

25.00 Utilization of IPO Fund

Utilization position of IPO proceeds up to 30 June 2020 was as under;

The company raised Tk. 200,000,000 divided into 20,000,000 ordinary shares of Tk. 10 each through IPO on September 13, 2018. The company fully utilized Tk. 20,00,00,000/- in total up to June 30, 2020 for the purposes described above as certified by independent auditor, Shafiq Basak & Co, Chartered Accountants.

26.00 Cash receipts from customers

Opening receivable
Add: Sales during the year
Less: Closing receivable

178,804,143	188,215,610
866,097,783	740,714,183
(226,078,126)	(178,804,143)
818,823,799	750,125,650

27.00 Cash receipts from others income

Misc. Sales
FDR and Bank Interest

3,029,350	4,827,050
3,396,763	9,737,387
6,426,113	14,564,437

28.00 Cash payment to suppliers

Purchase (RM,spare,packing)
Opening Accounts Payable
Closing Accounts Payable
Opening Advance goods
Closing Advance goods

458,416,068	441,592,349
6,108,271	6,541,572
(371,989)	(6,108,271)
(3,200,672)	(15,594,400)
3,540,800	3,200,672
464,492,478	429,631,922

29.00 Cash Flow for Acquisition of property, plant and equipment

Property, Plant & Equipment addition during the year
Less: Adjustment:

Closing Advance L/C Margin for Machinery
Opening Advance L/C Margin for Machinery
Opening WIP Machinery
Closing Advance for Land
Opening Advance for land
Opening land Development
Sale of Machinery

347,522,885	126,821,731
113,033,161	42,585,950
4,736,000.00	36,585,950
27,908,618	-
67,266,943	-
(95,000,000)	-
100,000,000	-
8,121,600	-
-	6,000,000
234,489,724	84,235,781

30.00 Paid for Work In Progress

65,050,214	69,842,623
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31.00 Advance paid for L/C Margin Machinery

4,736,000	27,908,618
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32.00 Reconciliation of Net Profit with cash flows from Operating Activities:

Profit before Tax
Add: Depreciation on property, plant and equipment

Add/(Less):

Less: Increase in Trade & Other Receivables
Add: Decrease in Inventories
Less: Decrease in Trade Payables
Add: Increase in Liabilities for Expenses
Add: Increase in Liability for contribution to W.P.P.F
Add: Decrease in Advance, Deposit & Prepayments
Add: Capital Loss for Sale of Machinery
Less: Income Tax Paid

217,005,550	180,778,346
28,898,203	21,974,546
245,903,752	202,752,892
(46,036,176)	8,254,207
12,577,379	(36,114,321)
(5,736,282)	(433,301)
2,356,497	672,736
1,811,360	1,462,456
302,341	11,302,608
-	4,186,308
(35,648,753)	(25,294,755)
175,530,121	166,788,830



33.00 Related parties disclosure:
Key Management Personnel:

As per Schedule-XI, part-II, Para 4 of the Companies Act, 1994, the profit and loss account will give by way of a note detailed information, showing separately the following payments provided or made during the financial year to the directors, including managing director, the managing agents or manager, if any, by the company, subsidiaries of the company and any other person:-

No.	Particulars	30.06.2020	30.06.2019
(a)	Managerial Allowances paid or payable during the period to the directors, including managing directors, a managing agent or manager;	2,400,000	1,800,000
(b)	Expenses reimbursed to Managing Agent;	Nil	Nil
(c)	Commission or Remuneration payable separately to a managing agent or his associate;	Nil	Nil
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company;	Nil	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period;	Nil	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable;	Nil	Nil
(g)	Other allowances and commission including guarantee commission;	Nil	Nil
(h)	Pensions etc.	-	-
	(i) Pensions;	Nil	Nil
	(ii) Gratuities;	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon;	Nil	Nil
	(iv) Compensation for loss of office;	Nil	Nil
	(v) Consideration in connection with retirement from office.	Nil	Nil
(i)	Share Based payments	Nil	Nil

Related parties Transactions:

The company carried out a number of transactions with related parties. The following are the related parties transactions of the Indo-Bangla Pharmaceuticals Ltd has been disclosed as required by BAS 24 Related Party Disclosures.

(a) Remuneration

Name	Designation	Nature of Transaction	Amount in (BDT)	
			2019-2020	2018-2019
Mr. A.F.M Anowarul Huq	Managing Director	Remuneration	2,400,000	1,800,000

(b) Board meeting fee

Name	Designation	Nature of Transaction	Amount in (BDT)	
			2019-2020	2018-2019
Mrs. Aziza Yeasmin	Chairman	Board Meeting fee	50,000	50,000
Mr. A.F.M Anowarul Huq	Managing Director		50,000	55,000
Mrs. Hafiza Yeasmin	Director		-	20,000
Md. Amin-Ur-Rashid	Director		15,000	50,000
Sayedra Huq	Director		45,000	50,000
Fatima Parvin	Director		50,000	55,000
Mst.Shanaj Akter	Director		15,000	40,000
Mizanur Rahman	Director		45,000	50,000
Md. Golam Rabbani	Director (Represented)		30,000	20,000
S.M. Harun Or Rashid	Independent Director		15,000	50,000
Md. Monirujjaman	Independent Director		45,000	45,000
Md. Firoz Khan	Independent Director		10,000	40,000



34.00 Production Capacity and Utilization

Item	Unit	Production Capacity		Actual Production 2019	Capacity Utilization	
		2020	2019		2020	2019
Tablet	Million Pcs	3500	2700	2250	79%	83%
Capsule	Million Pcs	735	535	450	75%	84%
Liquid/Phs	Million ML	350	350	330	97%	94%

35.00 The requirements of schedule XI, Part II, note-5 Para 3, of the company Act.1994.

Employees	2020	2019
Number of employees whose salary was below Tk. 3,000.00	-	-
Number of employees whose salary was above Tk. 3,000.00	309	224

36.00 Disclosure as per Schedule XI, Part – II, Para 8 of the companies Act, 1994.

a) Import of raw materials and packing materials on CIF basis are as follows:

The company did not import any raw and packing materials at CIF price in 2020 and 2019. All purchase of raw materials by the company was at C&F price.

During the period 1st July 2019 to 30th June 2020 total Value of import in respect of raw materials stands equivalent USD 3,389,428 on CIF basis. Details are as follows:

Particulars	Amount In BDT	
	2020	2019
Import of raw Materials	311,012,229	310,243,449
Import of Packing Materials	-	15,787,180
Import of Capital goods	197,872,985	75,307,366
Total:	508,885,214	401,337,995

b) The Company did not incur any expenditure in foreign currency during the financial year on account of royalty, Know-how, professional Consultation fees, Interest and other matters.

(c) The value of both imported and Indigenous raw materials, Spare parts, Packing materials and Consumption thereof are as follows;

For the year 30 June 2020

Raw Materials:	Indigenous	Total
Opening balance	13,119,430	89,645,280
Add: Purchase during the year	44,008,269	355,020,498
	57,127,699	444,665,778
Less: Closing balance	4,499,075	97,025,425
Consumption during the year	52,628,624	347,640,353
Percentage of total Consumption during the year	15.14%	100%

Spare Parts	Indigenous	Total
Opening balance	4,625,650	4,625,650
Add: Purchase during the year	16,250,320	16,250,320
	20,875,970	20,875,970
Less: Closing balance	3,025,650	3,025,650
Consumption during the year	17,850,320	17,850,320
Percentage of total Consumption during the year	100.00%	100.00%

Packing Materials	Indigenous	Total
Opening balance	11,525,450	11,525,450
Add: Purchase during the year	87,145,250	87,145,250
	98,670,700	98,670,700
Less: Closing balance	14,495,865	14,495,865
Consumption during the year	84,174,835	84,174,835
Percentage of total Consumption during the year	100%	100.00%



For the year 30 June 2019

Raw Materials:	Indigenous	Total
Opening balance	10,963,985	78,512,350
Add: Purchase during the year	38,190,010	348,433,459
	49,153,995	426,945,809
Less: Closing balance	13,119,430	89,645,280
Consumption during the year	36,034,565	337,300,529
Percentage of total Consumption during the year	10.68%	100%

Spare Parts	Indigenous	Total
Opening balance	8,025,460	8,025,460
Add: Purchase during the year	14,348,450	14,348,450
	22,373,910	22,373,910
Less: Closing balance	4,625,650	4,625,650
Consumption during the year	17,748,260	17,748,260
Percentage of total Consumption during the year	100.00%	100.00%

Packing Materials	Indigenous	Total
Opening balance	14,875,680	14,875,680
Add: Purchase during the year	63,023,260	78,810,440
	77,898,940	93,686,120
Less: Closing balance	11,525,450	11,525,450
Consumption during the year	66,373,490	82,160,670
Percentage of total Consumption during the year	80.78%	100.00%

(d) No amount was remitted during the year in foreign currencies on account of dividend to non-residents shareholders. It is mentioned that the company does not have any non-resident shareholders.

(e) Earnings in foreign exchange classified under the following heads:

Heads	30.06.2020	30.06.2019
i. export of goods on FOB basis	Nil	Nil
ii. Royalty, know-how, professional and consultation fees	Nil	Nil
iii. Interest and dividend	Nil	Nil
iv. Other income	Nil	Nil
	Nil	Nil

37.00 Impact of Covid 19 on Our Business:

Worlds' most of the country have been badly affected by the Corona pandemic and Bangladesh is no exception to that, for which Economy and Companies all are affected at certain ranges whether that is significant or insignificant. Indo-Bangla Pharmaceuticals Limited also effected by COVID-19 pandemic since its outbreak, is mostly dependent on India and China for raw materials, with 80 per cent of Raw Materials coming from these two countries. We opened several L/C to import raw materials with different banks on regular basis, but the shipment was delayed and the import of raw materials remained suspended since the beginning of January this year a mid the outbreak of coronavirus thus the supply chain disrupted, production hampered as well as reduced sales by the ongoing coronavirus crisis, has triggered uncertainties of a shortage of raw materials.

38.00 Events after the Reporting Period

The Board of Directors at its board meeting held on 27 October 2020 recommended Cash 4.5% for all Shareholders excluding the Sponsors & Directors (including ICB) and Bonus 2% for all shareholder of the paid up Capital for the year ended 30 June 2020. This dividend is subject to final approval by the shareholders at the forthcoming annual General Meeting (AGM) of the company.



39.00 Financial Risk Management

The management of company has overall 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 risk for its use of financial instruments.

Credit Risk
Liquidity Risk
Market Risk

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 monitored on an ongoing basis. As at 30th June 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.

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 obligation 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.

Trade and Other Payables (Notes: 13)

Total

Amounts in Taka	
30-Jun-20	30-Jun-19
371,989	6,108,271
371,989	6,108,271

Market Risk

Market risk is the risk that any changes 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 certain revenues and purchases such as revenue from foreign customers and import of raw materials, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad.

(b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rate risk. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

40.00 Compensation of Key Management Personnel

During the period, Compensation of key management personnel in total has been set below in accordance with the provisions of IAS 24: Related Party Disclosures.

Short-term employee benefits*

Post-employment benefits

Other long-term benefits

Termination benefits

Share-based payments

Total

Amounts in Taka	
30-Jun-20	30-Jun-19
2,400,000	1,800,000
-	-
-	-
-	-
-	-
2,400,000	1,800,000

*Short-term employee benefits comprise of Directors' remuneration that has been fixed up by the BOD having regard to the performance of the individuals and market trends.

INDO-BANGLA PHARMACEUTICALS LTD

Schedule of Property Plant & Equipment

As at 30 June 2020

Particulars	COST				Rate	DEPRECIATION				Written Down Value as on 30.06.2020
	Balance as on 01.07.2019	Addition during the Period	Disposal during the period	Total Cost as at 30.06.2020		Balance as on 01.07.2019	Adjusted during the period	Charge during the period	Total as at 30.06.2020	
Land & Land Development	45,487,485	45,900,128	-	91,387,613	0%	-	-	-	-	91,387,613
Building	190,766,572	39,126,302	-	229,892,874	2.5%	11,831,038	-	4,962,467	16,793,505	213,099,369
Civil Works	-	16,082,250	-	16,082,250	5%	-	-	81,513	81,513	16,000,737
Machineries & Equipment	496,751,459	213,865,135	-	710,616,594	3%	36,502,262	-	17,976,300	54,478,561	656,138,033
Micro biological Lab	11,548,735	7,525,680	-	19,074,415	3%	331,236	-	355,339	686,576	18,387,839
Factory Air Condition	6,525,480	-	-	6,525,480	10%	750,430	-	577,505	1,327,935	5,197,545
Air Compressor	-	2,325,900	-	2,325,900	10%	-	-	135,678	135,678	2,190,223
Generator	4,352,879	6,250,350	-	10,603,229	3%	501,045	-	240,562	741,607	9,861,622
Furniture & Fixture	9,900,194	2,530,560	-	12,430,754	10%	2,532,765	-	821,095	3,353,860	9,076,894
Office Equipment	4,962,146	-	-	4,962,146	10%	1,408,296	-	355,385	1,763,681	3,198,465
SEP Decoration	12,054,850	3,565,250	-	15,620,100	10%	1,386,308	-	1,185,696	2,572,004	13,048,096
Office Decoration	2,106,500	3,825,650	-	5,932,150	10%	267,016	-	407,111	674,127	5,258,023
Computer	639,990	-	-	639,990	10%	99,688	-	54,030	153,718	486,272
Air Condition	354,170	-	-	354,170	10%	72,265	-	28,190	100,456	253,714
Transport	11,606,144	6,525,680	-	18,131,824	10%	1,127,372	-	1,428,541.84	2,555,914	15,575,910
Water Plant	2,512,960	-	-	2,512,960	10%	905,426	-	160,753	1,066,179	1,446,781
ETP Plant	1,945,375	-	-	1,945,375	10%	665,015	-	128,036	793,051	1,152,324
Balance as on 30 June,2020	801,514,939	347,522,885	-	1,149,037,824		58,380,161	-	28,898,203	87,278,364	1,061,759,460
Balance as on 30 June,2019	686,464,201	126,821,731	11,770,992	801,514,939		37,990,300	1,584,685	21,974,546	58,380,161	743,134,778

Allocation of Depreciation

Factory	24,618,153
Administration	4,280,050
	<u>28,898,203</u>



INDO-BANGLA PHARMACEUTICALS LTD

Schedule of Property Plant & Equipment

As at 30 June 2019

Particulars	COST				Disposal during the year	Total Cost as at 30.06.2019	Rate	DEPRECIATION			Written Down Value as on 30.06.2019
	Balance as on 01.07.2018	Addition during the year						Adjusted during the year	Charge during the year	Total as at 30.06.2019	
Land & Land Development	45,487,485	-	-	45,487,485	-	0%	-	-	-	-	45,487,485
Building	154,040,627	36,725,945	-	190,766,572	-	2.5%	7,956,266	3,874,771	11,831,038	11,831,038	178,935,534
Machineries & Equipment	433,215,086	75,307,366	11,770,992	496,751,460	11,770,992	3%	24,422,221	13,664,726	36,502,261	36,502,261	460,249,199
Micro biological Lab	8,652,165	2,896,570	-	11,548,735	-	3%	21,630	309,606	331,236	331,236	11,217,499
Factory Air Condition	6,525,480	-	-	6,525,480	-	10%	108,758	641,672	750,430	750,430	5,775,050
Generator	4,352,879	-	-	4,352,879	-	3%	381,916	119,129	501,045	501,045	3,851,834
Furniture & Fixture	7,774,694	2,125,500	-	9,900,194	-	10%	1,812,564	720,200	2,532,765	2,532,765	7,367,429
Office Equipment	4,962,146	-	-	4,962,146	-	10%	1,013,424	394,872	1,408,296	1,408,296	3,553,850
SEP Decoration	12,054,850	-	-	12,054,850	-	10%	200,914	1,185,394	1,386,308	1,386,308	10,668,542
Office Decoration	2,106,500	-	-	2,106,500	-	10%	62,629	204,387	267,016	267,016	1,839,484
Computer	399,490	240,500	-	639,990	-	10%	50,788	48,899	99,688	99,688	540,302
Air Condition	354,170	-	-	354,170	-	10%	40,942	31,323	72,265	72,265	281,905
Transport	2,080,294	9,525,850	-	11,606,144	-	10%	668,683	458,689	1,127,372	1,127,372	10,478,772
Water Plant	2,512,960	-	-	2,512,960	-	10%	726,811	178,615	905,426	905,426	1,607,534
ETP Plant	1,945,375	-	-	1,945,375	-	10%	522,753	142,262	665,015	665,015	1,280,360
Balance as on 30 June, 2019	686,464,201	126,821,731	11,770,992	801,514,940	11,770,992		37,990,300	21,974,546	58,380,161	58,380,161	743,134,778
Balance as on 30 June, 2018	557,442,914	129,021,287	-	686,464,201	-		20,888,941	17,101,359	37,990,300	37,990,300	648,473,901

Allocation of Depreciation

Factory	18,930,781
Administration	3,043,765
	<u>21,974,546</u>

