



শফিক বসাক এন্ড কোং
SHAFIQ BASAK & CO.

CHARTERED ACCOUNTANTS

Partners:

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Independent Auditor's Report To the Shareholders of Pharma Aids Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Pharma Aids Limited (the "Company"), which comprise the statement of financial position as at 30 June 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Company as of 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

1. The Company has debit balance with related party of Tk. 27,972,411 shown as other receivable in note no. 4.00 in these financial statement, Which should be disclosed as related party transaction disclosure in note no. 36.00. But, no such disclosure has been made in this financial statements. Moreover, no interest is charged/accrued during the year on related party debit balance.

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 the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDITORS' REPORT

Emphasis of Matter

We draw users' attention to Note # 08.04 to the financial statements that discloses shareholding position of sponsors and directors at 24.22% of paid up capital as on June 30, 2022 which falls short to the minimum require shareholding of 30% of paid up capital as per BSEC Notification No. BSEC/C-MRRCD/2009-193/217/Admin/90 dated 21st May 2019. Our opinion is not modified in 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 for the year ended 30 June 2022. 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.

We have fulfilled the responsibilities described in the Auditors' Responsibilities of the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Description of key audit matters	Our Response to the key audit matters
Revenue Recognition	
At the year ended, the company's reported total revenue of Tk. 323,048,872 Revenue is measured net of trade discount and VAT. Time of revenue recognition is matter. Considering the other inherent risk of the existence and the accuracy on revenue recognition, the revenue has been selected as key audit matter.	We have tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"> • Policy of revenue recognition • Issuance of VAT Challan • Segregation of duties in voice creation and modification and • Timing of revenue recognition. Our substantive procedures in relation to the revenue recognition comprises the following: <ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting Standards.
See note 18 in the financial statements	
Valuation of inventory	
The balance of inventory of the company at the year-end was TK.63,674,210 held in the company's warehouse. 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	We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory and related provisions by: <ul style="list-style-type: none"> ➤ Evaluating the design and implementation of key inventory controls operating across the company in respect of inventory management; ➤ To attend the physical inventory counts and reconcile the count result to the inventory listing to test the completeness of data; ➤ To review the inventory costing procedures and methodology. ➤ Comparing the net realizable value, obtained through a detailed review of sales subsequently to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provision are complete;
See the note 3.00 in the financial statements	

Other Matters

Financial statements of the company for the year ended June 30, 2021 have been audited by Malek Siddiqui Wali (Chartered Accountants) and signing date was November 09, 2021.who have given a qualified opinion for that year.

Other Information included in the Company's June 30, 2022 Annual Report

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 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 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 of the Company, 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 the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement therein, 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 as explained in note # 1, 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 of the Company, 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.

AUDITORS' REPORT

- 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 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 2022, 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 purpose 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 statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditures incurred were for the purpose of the Company's business for the year;

Dated, Dhaka
November 09, 2022



Md. Shafiqul Islam FCA
Partner
Enrolment # 595
Shafiq Basak & Co.
Chartered Accountants
DVC: 2211090595AS331922

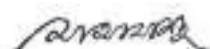
STATEMENT OF FINANCIAL POSITION

PHARMA AIDS LIMITED
Statement of Financial Position
As on June 30, 2022

Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
Assets			
Non-Current Assets:		72,274,890	75,396,896
Property, Plant and Equipment (Annexure-D)	2.00	72,274,890	75,396,896
Current Assets:		307,544,212	267,253,531
Inventories	3.00	63,674,210	39,360,401
Trade and Other Receivables	4.00	152,818,845	159,396,189
Advance, Deposit & Prepayments	5.00	58,930,976	32,174,898
L/C Margin and Others	6.00	7,213,214	16,345,101
Cash and Cash Equivalent	7.00	24,906,967	19,976,942
Total Assets		379,819,102	342,650,427
Equity & Liabilities		308,352,158	290,982,424
Issued Share Capital		31,200,000	31,200,000
Tax Holiday Reserve		2,867,808	2,867,808
CSR Fund	9.00	1,594,217	2,694,021
Retained Earnings		272,690,133	254,220,595
Non-Current Liabilities:		271,546	-
Deferred Tax Liability	15.02	271,546	-
Current Liabilities:		71,195,398	51,668,003
Trade Payables	10.00	1,417,218	163,311
Loans & Advances	11.00	986,472	304,522
Liabilities for Expenses	12.00	8,365,422	11,541,758
Provision for Expenses	13.00	21,832,085	6,319,277
Unclaimed/Undistributed Dividend	14.00	2,104,298	11,773,560
Income Tax Payable	15.00	33,320,952	14,830,045
Liabilities for WPPF	16.00	2,677,221	3,715,681
Liabilities for Provident Fund	17.00	491,730	3,019,849
Total Equity & Liabilities		379,819,102	342,650,427
Net Assets Value (NAV) per share	25.00	98.83	93.26

The accounting policies and other notes form an integral part of these financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on the date of November 09, 2022 and signed for and on behalf of the Board.



M. A. MASUD
Chairman



SHAHINOOR BABY
Director

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

Dated: Dhaka
November 09, 2022



FAIZUL HASSAN
Managing Director



MUHIBUL HASSAN ADIL
Chief Financial Officer



Md. Shafiqul Islam FCA
Partner
Enrolment # 595
Shafiq Basak & Co.
Chartered Accountants
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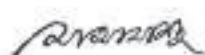
COMPREHENSIVE INCOME

PHARMA AIDS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2022

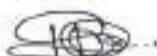
Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
Net Sales Revenue	18.00	323,048,872	280,292,493
Cost of Goods Sold	19.00	(218,929,983)	(174,139,809)
Gross Profit		104,118,889	106,152,684
Operating Expenses:			
Administrative and Selling Expenses	20.00	(47,507,426)	(36,642,547)
Profit from Operation		56,611,463	69,510,137
Other Income	21.00	92,984	94,982
Financial Cost	22.00	(482,812)	(982,773)
Profit before Contribution to WPPF		56,221,635	68,622,346
Contribution to WPPF	16.00	(2,677,221)	(3,267,731)
Profit before Tax		53,544,414	65,354,615
Current Tax Expense	15.00	(18,508,033)	(14,704,788)
Deferred Tax Expense	15.02	(271,546)	-
Previous Year Income Tax Adjustment (2015-2016)		-	(390,365)
Profit after Tax for the Year		34,764,835	50,259,462
Net Profit after Tax		34,764,835	50,259,462
Other Comprehensive Income		-	-
Total Comprehensive Income		34,764,835	50,259,462
Earning per Share (EPS)	26.00	11.14	16.11

The accounting policies and other notes form an integral part of these financial statements.

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

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Managing Director



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Md. Shafiqul Islam FCA
Partner
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STATEMENT OF CHANGE IN EQUITY

PHARMA AIDS LIMITED
Statement of Changes in Equity
For the year ended June 30, 2022

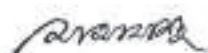
Particulars	Share Capital	Tax Holiday Reserve	CSR Fund	Retained Earnings	Total
Balance as on 01 July 2021	31,200,000	2,867,808	2,694,021	254,220,595	290,982,424
Net profit for the year	-	-	-	34,764,835	34,764,835
CSR Current year expenses	-	-	(1,795,101)	-	(1,795,101)
CSR Fund Provision @ 2%	-	-	695,297	(695,297)	-
Cash Dividend (2020-2021)	-	-	-	(15,600,000)	(15,600,000)
Balance as on 30 June 2022	31,200,000	2,867,808	1,594,217	272,690,133	308,352,158

For the year ended June 30, 2021

Particulars	Share Capital	Tax Holiday Reserve	CSR Fund	Retained Earnings	Total
Balance as on 01 July 2020	31,200,000	2,867,808	2,921,814	220,566,322	257,555,944
Net profit for the year	-	-	-	50,259,462	50,259,462
CSR Current year expenses	-	-	(1,232,982)	-	(1,232,982)
CSR Fund Provision @ 2%	-	-	1,005,189	(1,005,189)	-
Cash Dividend (2019-2020)	-	-	-	(15,600,000)	(15,600,000)
Balance as on 30 June 2021	31,200,000	2,867,808	2,694,021	254,220,595	290,982,424

The accounting policies and other notes form an integral part of these financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on the date of November 09, 2022 and signed for and on behalf of the Board.



M. A. MASUD
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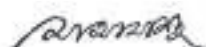
STATEMENT OF CASH FLOWS

PHARMA AIDS LIMITED
Statement of Cash Flows
For the year ended June 30, 2022

Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
A. Cash Flows from Operating Activities :			
Collection from Sales and others		329,347,396	292,237,820
Payment to suppliers and others		(269,888,259)	(236,682,745)
Tax paid		(25,130,456)	(23,166,394)
Financial expense paid		(482,812)	(982,773)
Net Cash Flows from Operating Activities	39.00	33,845,869	31,405,908
B. Cash Flows from Investing Activities :			
Acquisition of Fixed Assets		(4,700,336)	(10,281,660)
Related party loan		371,804	4,600,000
Net Cash Flows from Investing Activities		(4,328,532)	(5,681,660)
C. Cash Flows from Financing Activities:			
Dividend Payment		(25,269,262)	(15,048,266)
Loans & Advances		681,950	(4,781,503)
Net Cash Flows from Financing Activities		(24,587,312)	(19,829,769)
Net Cash Inflows/(Outflows)		4,930,025	5,894,479
D. Opening Cash & Cash Equivalent		19,976,942	14,082,463
E. Closing Cash & Cash Equivalent	7.00	24,906,967	19,976,942
F. Net Operating Cash Flows Per Share (NOCFPS)	27.00	10.85	10.07

The accounting policies and other notes form an integral part of these financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on the date of November 09, 2022 and signed for and on behalf of the Board.



M. A. MASUD
Chairman



FAIZUL HASSAN
Managing Director



SHAHINOOR BABY
Director



MUHIBUL HASSAN ADIL
Chief Financial Officer

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

Dated: Dhaka
November 09, 2022

NOTES TO THE FINANCIAL STATEMENTS

PHARMA AIDS LIMITED Notes to the Financial Statements For the year ended June 30, 2022

1.00 Significant Accounting Policies and Other Material Information:

1.01 Legal Form of the Company:

The Company was incorporated on January 6, 1981, under the Companies Act 1913/1994 and it was converted into a Public Limited Company on March 10, 1988, and offered its share to the public with the approval of the Bangladesh Securities and Exchange Commission (the then Controller of Capital Issues). The Shares of the Company are listed in the Dhaka Stock Exchange Ltd.

1.02 Address of Registered Office and Principal Place of Business:

The Registered Office of the Company is situated at 345 Segun Bagicha, Dhaka-1000 and the Factory located at Chandra, Kaliakoir, Gazipur.

1.03 Nature of Business Activities:

The Company is a Manufacturer of Neutral Glass Ampoules, USP Type-I. These Ampoules are used by the pharmaceutical companies for filling liquid injections.

1.04 Basis of Preparation and Presentation of Financial Statements:

The Financial Statements have been prepared on "Historical Cost" convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principle and practice in Bangladesh in compliance with the Companies Act 1913/1994, the Securities and Exchange Rules 1987, Listing Regulations of Dhaka Stock Exchange Ltd. (DSE), International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

1.05 Principle Accounting Policies:

Specific accounting policies were selected and applied by the Company's management for significant transactions and events that have a material effect within the framework of IAS 1 "Presentation of Financial Statements" in preparation and presentation of financial statements. The previous years' figures were not presented according to the same accounting principles. The related changes in principles are disclosed in Note 1.12. Accounting and valuation methods are disclosed for reasons of clarity. The Company classified the expenses using the function of expenses method as per IAS 1.

1.06 Reporting Period:

The financial statements cover one financial year from July 01, 2021 to June 30, 2022.

1.07 Authorization for issue:

The financial statements have been authorized for issue by the Board of Directors on November 09, 2022.

1.08 Application of International Accounting Standards (IAS):

The following IASs are applicable for the financial statements for the year under review:

IAS 1 Presentation of Financial Statements

IAS 2 Inventories

IAS 7 Cash Flow Statements

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 10 Events after the Balance Sheet Date
 IAS 12 Income Taxes
 IAS 16 Properties, Plant and Equipment
 IAS 17 Leases
 IAS 19 Employee Benefits
 IAS 23 Borrowing Costs
 IAS 24 Related Party Disclosures
 IAS 32 Presentations of Financial Instruments
 IAS 33 Earnings per Share
 IAS 37 Provisions, Contingent Liabilities and Contingent Assets
 IAS 39 Financial Instruments: Recognition and Measurement
 IFRS 7 Financial Instruments: Disclosure
 IFRS 8 Operating Segments
 IFRS 9 Financial Instruments
 IFRS 15 Revenue from Contracts with Customers

1.09 Properties, Plant and Equipment:

All properties, plant and equipment are initially accounted for at cost and depreciated over their expected useful life in accordance with IAS 16. The cost of acquisition of an asset comprises 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. In respect of major projects involving construction, related pre-operational expenses form part of the value of asset capitalized. Expenses capitalized also include applicable borrowing cost. On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any 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 the net sales proceeds.

1.10 Depreciation:

No depreciation is charged on land and on capital work-in-progress. Depreciation is charged on all other fixed assets by the reducing balance method. For depreciation of Office Equipment, Furniture & Fixture, Motor Vehicles and Sundry Assets, 90% is taken in Administrative Expenses & 10% is taken in Cost of Goods Sold. The rates at which assets are depreciated per annum, depending on the nature and estimated useful life of assets, are given below:

Particulars	Rate
Land	0%
Building	5%
Plant and Machinery	10%
Air Compressor	10%
Electrical Installation	10%
Electrical Equipment	10%
Office Equipment	15%
Furniture and Fixture	15%
Gas Line Installation	10%
Oxygen Generator	20%
Air Cooler	20%
Mobile Scissor Lift	20%
Motor Vehicles	20%
Sundry Assets	15%

1.11 Inventories:

Inventories are stated at the lower of cost or net realizable value in compliance to the requirements of Para 21 & 25 of IAS 2. The cost is determined on weighted average cost basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred to make the sale. Any obsolete stock or abnormal losses are recognized as expenses.

1.12 Disclosures related to Accounting Policies and Changes in Accounting Estimates:

As per IAS 8, the following related disclosures have to be mentioned that have a material effect on the Profit or Loss Statement of the Company for the financial year 2021-2022:

a) Application of Deferred Tax Asset/Liability & Deferred Tax Income/Expense

The Company always submitted its Income Tax return as per section 82BB (Universal Self-Assessment) under the ITO, 1984, and based on all the tax assessments of previous years, there was no material effect on the depreciation expenses of the Company. Hence, the Company did not find it applicable to disclose deferred tax related provisions in the financial statements. However, in order to comply with the accounting principle as per paragraph 58 and 81(g) of IAS 12, the Company has incorporated deferred tax related disclosures in the Statements of Profit or Loss and Financial Position starting from this reporting financial year 2021-2022 (Note:15.02). This resulted in reducing the Net Profit after Tax (NPAT) by BDT 271,546 for the financial year 2021-2022 compared to previous year.

b) Application of Provision for Bad Debt Expenses

The Company never kept provision for bad debt expenses on its trade receivables for previous financial years. However, starting from this reporting year, the Company is applying 1% (one percent) of the trade receivables as provision for bad debt expenses in compliance with para 5.5.15 of IFRS 9 (Note:13.00) considering the after effects of Covid-19 as well as the effects of ongoing geo-political conflict in Europe. This resulted in further reducing the Net Profit before Tax by BDT 1,235,125 for the financial year 2021-2022 compared to previous year.

c) Changes in Accounting Estimates with respect to Provision for Gratuity

The Company kept provision for gratuity at around 25% of the total estimate every year which was not adequate. As per IAS 37, the best estimate is to not keep any shortfall in provision for any expense that the Company is obligated to pay in future. Hence, the Company has kept 100% of the total estimate as provision for gratuity for the reporting year (Note 13.00) as well as around 75% shortfall of previous financial years. This resulted in significantly reducing the Net Profit before Tax by BDT 17,000,803 for the financial year 2021-2022 compared to previous year.

1.13 Income Taxes:

Income tax expenses are recognized in the Statement of Profit or Loss and Other Comprehensive Income and accounted for in accordance with the requirements of IAS 12.

Current tax is the expected tax payable on the taxable income for the year or the minimum tax payable as per section 82C of the ITO, 1984. Any adjustment to tax payable in respect of previous years is also reflected in the Profit or Loss Statement. The Company qualifies as a "Publicly Traded Company"; and as per the conditions of the Finance Act 2022, the applicable tax rate is 22.50% for the FY 2021-2022.

Deferred Tax (Assets)/Liabilities:

Deferred tax is recognized as an income/expense and included in the net profit or loss for the period. Accordingly, deferred tax asset/liability is also recognized for taxable difference (details given in Note 15.02).

1.14 Employees Benefits:

a) Workers' Profit Participation Fund and Welfare Fund:

The Company makes a regular allocation of 5% on Net Profit before Tax to this fund and payment is made to the Workers' Profit Participation Fund as per provisions of the Companies Profit under Labor Law 2013(Amendment), Chapter-15, and IAS 19.

b) Gratuity: The Company pays basic salary to their permanent employees based on 45 days per year as Gratuity.

c) Provident Fund: Provident Fund of the employees is recognized by Income Tax Authority.

d) Other Benefits: The Company also provided benefits to its employees such as Annual Leave, Festival Leave, Sick Leave, Earned Leave encashment, Incentive, Bonuses, and one meal for every shift, i.e. 3 (three) meals for 3 (three) shifts duties every working day.

1.15 Revenue Recognition:

In compliance with the requirements of IFRS 15 "Revenue from Contracts with Customers", revenue is recognized when performance obligation relating to sold goods is satisfied by the Company. The revenue is recognized net off VAT and trade discount. Revenue from sales is exclusive of VAT.

1.16 Statement of Cash Flows:

Cash flow statement is prepared in accordance with IAS 7 under direct method and as outlined in the Securities and Exchange Rule 1987.

1.17 Earnings Per Share (EPS):

Earnings Per Share (EPS) is calculated in accordance with the International Accounting Standard IAS 33 "Earnings per Share". EPS has been calculated by dividing the earnings attributable to the number of shares (ordinary) held by the shareholders during the year.

1.18 Borrowing Cost:

The Company capitalizes borrowing cost for new projects such as interest on term loan and other related fees/charges for the period till the commencement of commercial operation and charges the cost to Profit & Loss Account as financial expenses after commencement of the commercial operation (IAS 23).

1.19 Net Profit After Tax:

Net Profit After Tax (NPAT) for the year was materially affected by the following factors:

- a) Application of Deferred Tax Asset/Liability & Deferred Tax Income/Expense
- b) Application of Provision for Bad Debt Expenses
- c) Changes in Accounting Estimates with respect to Provision for Gratuity
- d) Write-off of an unsettled VAT Case (Note 38.01) that was shown as an asset in prior years.

1.20 Cash and Cash Equivalent:

This comprises Cash in Hand and Cash at Bank which are available for use by the Company.

1.21 Segment Reporting:

There is a single business and geographic segment within which the Company operates. As such, no segment reporting is felt necessary (IFRS 8).

1.22 Provisions, Contingent Liabilities and Contingent Assets:

Provisions were made considering risk and uncertainties at best estimate of the probable expenditure that would require meeting the current obligation at the date of Statement of Financial Position. Contingent liabilities and assets are current or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. In accordance with IAS 37, they are disclosed where applicable.

1.23 General:

Previous year's figures have been regrouped/reclassified wherever considered necessary to conform to current year's presentation. Figures have been rounded off to the nearest taka as the currency represented in these financial statements.

Regrouping/Reclassification details:

- 1) As per BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021, previous year's "Dividend Payable" account under the Statement of Financial Position has been renamed as "Unclaimed/Undistributed Dividend" with effect from current year. The details and year-wise summary of this account has been disclosed in Note 14.00 & 14.01.
- 2) "Gas Consumption" account under Cost of Goods Sold in Note 19.00 was Tk.16,805,724 during the year 2020-2021. This amount included the fuel cost of Tk.336,205 and oxygen cost of Tk.8,490,897. For a more accurate representation, "Oxygen for Production" account has been separately created and the related fuel cost has been added to "Fuel for Production" for the year ended June 30, 2022 and 2021.
- 3) "Audit Fees" account under Administrative & Selling Expenses in Note 20.00 was Tk.138,000 during the year 2020-2021. This amount included only the statutory audit fee; while the "Compliance Fee" account of Tk.28,750 included the compliance audit fee only. However, for the year ended June 30, 2022 and 2021, both the statutory and compliance audit fees have been included in the "Audit Fees" and the Compliance Fee account has been removed.
- 4) "Leave Pay & Gratuity" under "Liabilities for Expenses" account in the Statement of Financial Position has been shown separately as "Leave Pay" under the same account and as "Gratuity" under a new account named "Provision for Expenses" for the year ended on June 30, 2022 and June 30, 2021, in order to present the changes as per Note 1.12 more clearly. "Leave Pay" and "Gratuity" are also separately shown under "Cost of Goods Sold" (Note-19) and "Administrative expenses" (Note-20) for more clarity.
- 5) "VAT Adjustment" of Tk.1,858,345 is removed from the Security Deposits under Current Assets and the whole amount is written-off as an administrative expense. Although the case is still unsettled as per Note 38.01, the case is being dragged aimlessly since 2010 and the chance of recovering the amount is negligible as per decision of the Board. This resulted in reduction of Net Profit before Tax by the same amount for the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

PHARMA AIDS LIMITED Notes to the Financial Statements For the year ended June 30, 2022

		Amount in Taka	
		2021-2022	2020-2021
2.00 Property, Plant & Equipment:			
Cost:			
Opening Balance		202,858,826	193,716,766
Additions during the year		4,700,336	10,281,660
Disposal/Adjustment during the year		-	(1,139,600)
Closing Balance		207,559,162	202,858,826
Depreciation:			
Opening Balance		127,461,930	119,597,792
Charged during the year		7,822,342	8,252,741
Disposal/Adjustment during the year		-	(388,603)
Closing Balance		135,284,272	127,461,930
Written Down Value (WDV)		72,274,890	75,396,896

2.01 Detail of addition of assets are shown in **Annexure-D** attached at the end of the Annual Report.

3.00 Inventories:	2021-2022	2020-2021	2021-2022	2020-2021
	Quantity	Quantity	Taka	Taka
Neutral Glass Tubes (kg)	268,926	212,852	54,092,897	35,784,941
Printing Materials (kg)	2,227	699	6,696,931	1,973,696
Packing Materials (pcs)	281,358	204,773	1,951,730	1,054,496
Spare Parts (pcs)	1,186	995	244,630	158,520
Finished Products (pcs)	596,600	369,280	688,022	388,748
Total	1,150,297	788,599	63,674,210	39,360,401

Note:

- Physical counting of the stock was carried out by inventory team, consisting of auditor & management staff.
- Inventories as on June 30, 2022, are valued at lower of average cost and net realizable value.

4.00 Trade & Other Receivables:

Trade Receivables (Note 4.01)	123,512,529	127,231,920
Other Receivables (Note 4.02)	29,306,316	32,164,269
Total	152,818,845	159,396,189
Aging of the Receivable		
Below 60 days	30,878,132	31,807,980
Within 61-90 days	44,464,510	45,803,491
Within 91 -180 days	24,702,506	25,446,384
Within 181 -365 days	23,467,380	24,174,065
Total	123,512,529	127,231,920

4.01 Respecting the privacy of the parties, schedule of Trade and Other Receivables cannot be shown in Annual Report. IAS 24 as per management decision. There is no security arrangement for receivables.

Mentionable, few companies have suffered financially due to COVID-19 pandemic and changes in top management. As a result, recovery of receivables from those companies has been difficult and uncertain in future as mentioned in the Annual Report of 2020-21 Financial Year. Hence, 1% of Trade Receivables is kept as provision for bad debt.

4.02 These amounts are unsecured, but good and being realized gradually in the ordinary course of business. No provision was made for bad debt on Other Receivables during the year under review.

NOTES TO THE FINANCIAL STATEMENTS

5.00 Advance, Deposits & Prepayments:

5.01 Advances:

Against Staff Salary
Advance Against Others
HN Consultancy Service
Customs duty L/C No. 107721010252
Sunbird Trading Company
Best Business Bond (VAT Software)

Total

Amount in Taka	
2021-2022	2020-2021
36,390	280,398
909,654	1,209,654
100,000	100,000
-	467,000
900,000	-
100,000	-
2,046,044	2,057,052

5.02 Security Deposits:

Titas Gas
BTCL for Telephone
Linde (Oxygen)
Bangladesh Rural Electrification Board (BREB)
CDBL for DSE Server
Prepaid VAT
VAT Adjustment (Note 38.01)
Earnest Money
VAT Deposit (Excise Duty)
House Rent
Office Rent
Power Gas Trading for Oxygen Cylinder
S. N. Eng. Workshop for Oxygen Manifold

Total

1,487,740	1,487,740
3,000	3,000
10,000	10,000
382,804	382,804
100,000	100,000
2,858,681	219,225
-	1,858,345
4,016,514	3,247,663
451,472	451,472
200,000	200,000
166,668	80,000
400,000	400,000
80,000	80,000
10,156,879	8,520,249

5.03 Prepayments:

5.03.a AIT at Import Stage

5.03.b AIT at Source

5.03.c AIT paid in Cash

Total

13,527,400	6,904,977
32,200,653	13,692,620
1,000,000	1,000,000
46,728,053	21,597,597

5.03.a AIT at Import Stage

Opening Balance
Addition during the year

Adjustment during the year
Closing Balance

6,904,977	5,440,379
<u>6,622,423</u>	<u>5,277,004</u>
13,527,400	10,717,383
-	(3,812,406)
13,527,400	6,904,977

5.03.b AIT at Source

Opening Balance
Addition during the year

Adjustment during the year
Closing Balance

13,692,620	9,872,778
<u>18,508,033</u>	<u>12,898,798</u>
32,200,653	22,771,576
-	(9,078,956)
32,200,653	13,692,620

NOTES TO THE FINANCIAL STATEMENTS

5.03.c AIT paid in Cash :

Amount in Taka	
2021-2022	2020-2021
Opening Balance	-
Addition during the year	5,600,227
1,000,000	5,600,227
Adjustment during the year*	(4,600,227)
Closing Balance	1,000,000
1,000,000	1,000,000
Total Advance, Deposits & Prepayments	58,930,976
	32,174,898

*There is no adjustment during the FY 2021-2022 because last year's (FY 2020-2021) income tax assessment is still under process.

6.00 L/C Margin and others

Raw Materials - Glass Tubes	7,213,214	12,573,400
Colour	-	3,771,701
Total	7,213,214	16,345,101

7.00 Cash & Cash Equivalent:

Cash in Hand (Note 7.01)	165,681	636,087
Cash at Bank (Note 7.02):		
State Bank of India, Dilkusha Branch	15,277	15,277
Bangladesh Commerce Bank Ltd., Principal Branch	1,092,873	6,928,728
Al-Arafah Islami Bank Ltd., V.I.P. Road Branch	23,036,234	11,350,992
Pubali Bank Ltd., Naya Paltan Branch	93,571	588,109
Pubali Bank Ltd., Principal Branch	2,415	3,577
AB Bank Ltd., Chandra Branch	294	4,329
Dutch Bangla Bank Ltd., Foreign Exchange Branch	149,542	323,357
Dutch Bangla Bank Ltd., Bijoy Nagar Branch	344,147	-
IFIC Bank Ltd., Chandra Branch	6,934	126,486
Total Cash at Bank	24,741,286	19,340,855
Total Cash & Cash Equivalent	24,906,967	19,976,942

7.01 The physical cash counting were taken place at the year end and found in order. Cash in hand has been verified by the Management at the closing of the year.

7.02 The Bank balance have been confirmed and reconciled with respective bank statements.

Effect of Foreign Exchange Rate Changes on Cash/Cash Equivalents:

The Company does not have any foreign currency account and does not do any export. 100% of finished goods are sold to the local pharmaceutical companies in local currency. Primary raw materials (glass tubes & color) are imported by sight L/C only, where payments are made at spot exchange rate mostly within 60-75 days from the L/C opening date. The Company never engages itself in forward booking of exchange rates and never holds any foreign currencies in hand or bank accounts. Therefore, effect of exchange rate changes on cash or cash equivalents is not applicable to the Company as per paragraph 28 of IAS 7 & 21. However, after the reporting period, since July 2022, the cost of importing primary raw materials, mainly neutral glass tubes, has increased significantly due to price increase by the Suppliers, and also due to the drastic depreciation of BD Taka against the US Dollar.

NOTES TO THE FINANCIAL STATEMENTS

8.00 Share Capital:

8.01 Authorized Capital:

5,000,000 Ordinary Shares @ Tk. 10 each

Amount in Taka	
2021-2022	2020-2021

50,000,000	50,000,000
------------	------------

8.02 Issued, Subscribed & Paid-up Capital:

3,120,000 Ordinary Shares of Tk.10/- each paid-up in full

31,200,000	31,200,000
------------	------------

8.03 Year-wise break-up of share capital:

	No of Share	Rate per share	Total (Taka)
Financial Year 2009-2010	52,000	100	5,200,000
Financial Year 2010-2011	260,000	100	26,000,000
	312,000		31,200,000

Note: Face value had been converted from Tk.100/- to Tk.10/- per share on 04-12-2011. After conversion, number of Shares became 3,120,000 keeping its value of Tk.31,200,000 unchanged.

8.04 Composition of Shareholding

Particulars	30-06-2022			30-06-2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Sponsors & Directors*	7	755,750	24.22	7	755,750	24.22
Government	0	-	-	0	-	-
Institute	132	466,440	14.95	136	653,873	20.96
Foreign	0	-	-	0	-	-
General Public	2813	1,897,810	60.83	3289	1,710,377	54.82
Total	2952	3,120,000	100	3432	3,120,000	100

Note: As per DSE website format

* The joint shareholding position by sponsors and directors of the Company was 24.22% as on June 30, 2022, which is below 30% and a non-compliance of the regulatory requirement as per BSEC Directive no. SEC/CMRRCD/2009-193/15/Admin/112 dated 10 December, 2020. However, the Company has requested for time extension for compliance of the same within 2nd week of December 2022 or earlier vide letter no. PAL/BSEC/215/1 dated July 4, 2022.

8.05 Distribution Schedule:

The distribution schedule showing the number of Shareholders and their shareholding in percentage has been disclosed below as a requirement of the "Listing Regulation" of Dhaka Stock Exchange Ltd.

Range of holdings in number of Shares	30-06-2022			30-06-2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
01-500	2225	245,081	7.86	2773	386,674	12.39
501-1000	390	278,988	8.94	286	220,241	7.06
1001-5000	269	598,923	19.20	301	660,715	21.18
5001-10000	42	298,121	9.56	27	195,822	6.28
10001-100000	20	690,930	22.15	36	941,790	30.19
100001-200000	5	671,957	21.54	8	378,758	12.14
200001-300000	-	-	-	-	-	-
300001-350000	1	336,000	10.77	1	336,000	10.77
Total	2952	3,120,000	100.00	3432	3,120,000	100

NOTES TO THE FINANCIAL STATEMENTS

8.06 Option on Un-Issued Shares:

There is no option regarding the authorized capital not yet issued but can be used, if needed, to increase the paid-up capital through the issuance of new shares against cash contribution and/or bonus.

8.07 Market Price:

The Shares of the Company are listed with the Dhaka Stock Exchange, and the latest trading price was Tk. 815.00 per share as on June 30, 2022, and Tk. 397.90 as on June 30, 2021.

	Amount in Taka	
	2021-2022	2020-2021
9.00 CSR Fund:		
Balance as on July 01, 2021	2,694,021	2,921,814
Payment during the year	(1,795,101)	(1,232,982)
Provision for the current year @ 2% on Net Profit after Tax	695,297	1,005,189
Closing Balance as on June 30, 2022	1,594,217	2,694,021

This represents balance of CSR Fund @2% of Net Profit after Income Tax which has been decided by the Board of Directors. It is shown in Shareholder's Equity as per IAS-1.

10.00 Trade Payable:	1,417,218	163,311
It represents the amount payable to the suppliers of different items.		

11.00 Loans & Advances:		
Opening Balance	304,522	5,086,025
Addition during the year	954,622	1,285,143
	1,259,144	6,371,168
Paid during the year	(272,672)	(6,066,646)
Closing Balance*	986,472	304,522

*This amount represents Employees WPPF Investment portion as per provision of the Bangladesh Labour Act, 2006(Amended in 2018).

Cash Credit/TR

The Company has a short-term Trust Receipt(TR) facility against Letter of Credit(L/C) sanctioned by Al-Arafah Islami Bank Ltd. with a total limit of BDT 5 Crore (TR limit 2 Crore and L/C limit 3 Crore), that has zero balance as on June 30, 2022 and also on June 30, 2021.

12.00 Liabilities for expenses:		
Salary	11,000	11,000
Gas Bill	556,107	439,555
Audit Fees	218,500	138,000
Incentive for Production	6,352,712	6,603,176
Leave Pay	30,288	1,793,844
Electricity Bill	19,135	-
Water & Sewerage bill	12,534	-
Colour L/C No. 107721010315	-	903,348
VAT Payable	1,134,146	1,621,835
Other Expenses (CDBL)	31,000	31,000
Total	8,365,422	11,541,758

13.00 Provision for expenses		
Gratuity	20,596,960	6,319,277
Bad debt	1,235,125	-
	21,832,085	6,319,277

14.00 Unclaimed/Undistributed Dividend		
Opening Balance	11,773,560	11,221,826
Add: Cash Dividend (2020-2021)	15,600,000	15,600,000
Less: Payment to Shareholders	(16,519,300)	(15,048,266)
Less: Transferred to CMSF*	(8,749,962)	-
Closing Balance (Note 14.01)	2,104,298	11,773,560

*As per BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021, the Company has transferred a total sum of Tk.8,749,962 (from FY 1987-88 to FY 2016-17 which were overdue for more than 3 years) from its unclaimed/undistributed cash dividend account to Capital Market Stabilization Fund (CMSF) SND Account. Mentionable, the Company has also transferred a total of 77,750 unclaimed stock dividend to the CMSF B.O. Account during the FY 2021-2022.

NOTES TO THE FINANCIAL STATEMENTS

		Amount in Taka	
		2021-2022	2020-2021
14.01	Year-wise Summary of Unclaimed/Undistributed Dividend as on June 30, 2022:		
Financial Year	Amount in BDT		
2017-2018	1,318,005		
2018-2019	235,236		
2019-2020	214,215		
2020-2021	336,842		
Total	2,104,298		

15.00	Income Tax Payable:		
Opening Balance		14,830,045	17,599,720
Provision for the year (Current tax)*		18,508,033	14,704,788
		33,338,078	32,304,508
Adjustment for the year (2020-2021)		-	(17,491,589)
Employees Income Tax (Note 15.01)		(17,126)	17,126
Closing Balance		33,320,952	14,830,045

*Provision for Current Year Tax as per Section-82C(2)(a) of Income Tax Ordinance, 1984.

i) Income tax liability has increased during this period as last year's income tax assessment is still under process.

ii) Tax rate is applicable as per Finance Act 2022 (Note 1.13).

15.01	Employees Income Tax:		
Opening Balance		17,126	-
Deduction from salary		499,008	433,196
		516,134	433,196
Payment/Adjusted during the year		(516,134)	(416,070)
Closing Balance		-	17,126

15.02 Deferred tax liability/(Assets)
Deferred tax assets and liabilities have been recognized and measured in accordance with the provisions of IAS 12 Income Taxes. Related deferred tax (expense)/income has been disclosed in Note 15.02.a. The components of deferred tax assets and liabilities are given below:

Particulars	Carrying amount	Tax base value	Taxable (deductible) temporary difference	Applicable tax rate	Deferred tax liability/(assets)
Property, Plant & Equipment	72,274,890	50,471,060	21,803,830	22.50%	4,905,862
Gratuity	20,596,960	-	(20,596,960)	22.50%	(4,634,316)
Total	92,871,850	50,471,060	1,206,870	-	271,546

15.02.a Deferred tax (Expense)/Income
Opening balance of deferred tax liability
Closing balance of deferred tax liability

-
271,546
271,546

16.00	Liabilities for WPPF:		
Opening Balance		3,715,681	5,317,890
Provision for the year		2,677,221	3,267,731
Payment made during the year		(3,715,681)	(4,869,940)
Closing Balance		2,677,221	3,715,681

17.00	Liabilities for Provident Fund :		
Opening Balance		3,019,849	4,338,118
Employees' Contribution		834,117	799,099
Employer's Contribution		738,229	693,672
Interest charged during the year		276,060	520,575
Payment made during the year		(4,376,525)	(3,331,615)
Closing Balance		491,730	3,019,849

NOTES TO THE FINANCIAL STATEMENTS

		Amount in Taka	
		2021-2022	2020-2021
18.00 Net Sales Revenue:			
Gross Sales		379,747,331	332,391,406
Less: VAT		(49,532,261)	(43,355,401)
Less: Discount on Sales		(7,166,198)	(8,743,512)
Net Sales		323,048,872	280,292,493

Note : Percentage of Trade discount is not fixed on sales. It varies from customer to customer.

19.00 Cost of Goods Sold:			
Raw Materials - Glass Tubes (Note 19.01)		117,877,237	95,252,762
Printing Materials (Note 19.02)		8,771,520	7,925,764
Packing Materials (Note 19.03)		10,411,770	8,105,265
Spare Parts (Note 19.04)		955,155	783,832
Salary & Wages		25,515,706	22,807,640
Bonus		1,225,188	1,094,578
Fuel for Production		904,666	742,155
Electricity		5,763,457	2,362,992
Gas Consumption		9,111,448	7,978,622
Oxygen for Production		10,910,745	8,490,897
Factory Maintenance		1,013,666	895,444
Machine Maintenance		518,415	350,696
Fire Insurance		394,588	324,715
Staff benefit & Welfare		2,814,633	2,360,130
Entertainment Expenses		165,400	251,939
Labour Charge		122,525	69,780
Depreciation		7,173,962	7,484,592
Picnic Expenses		305,634	-
Uniform for workers		106,440	232,699
Telephone & Postage		24,580	22,590
Duties & Taxes		77,980	74,760
Conveyance Exp.		63,830	66,090
Printing & Stationery		37,826	33,366
Donation & Subscription		90,830	49,450
Group Life Insurance		64,175	65,025
Internet Expenses		13,805	14,225
Legal Expenses		8,000	12,805
Incentive		3,763,179	3,480,024
Carriage Inward		394,000	-
Disposal of Substation & Gas Generator		-	580,997
Leave Pay		501,946	106,715
Gratuity		10,067,356	1,672,238
Mis. expense		59,595	61,333
Total Cost of Goods Manufactured		219,229,257	173,754,120
Add: Opening Stock of Finished Goods		388,748	774,437
		219,618,005	174,528,557
Less: Closing Stock of Finished Goods		(688,022)	(388,748)
Net Cost of Goods Sold		218,929,983	174,139,809

19.01 Materials Consumed:

	2021-2022	2020-2021	2021-2022	2020-2021
	Quantity	Quantity	Taka	Taka
Raw Materials-Glass Tubes (kg):				
Opening Inventory	212,852	129,797	35,784,941	19,140,966
Purchase during the year	720,380	655,954	136,185,193	111,896,737
Total	933,232	785,751	171,970,134	131,037,703
Closing Inventory	(268,926)	(212,852)	(54,092,897)	(35,784,941)
Consumption	664,306	572,898	117,877,237	95,252,762.00

19.02 Printing Materials (kg):

	2021-2022	2020-2021	2021-2022	2020-2021
Opening Inventory	699.00	1,252.00	1,973,696	3,411,745
Purchase during the year	4,557.00	1,914.88	13,494,755	6,487,715
Total	5,256.00	3,166.88	15,468,451	9,899,460
Closing Inventory	(2,227.00)	(699.00)	(6,696,931)	(1,973,696)
Consumption	3,029.00	2,467.88	8,771,520	7,925,764.00

NOTES TO THE FINANCIAL STATEMENTS

19.03 Packing Materials (pcs):

	Amount in Taka			
	2021-2022		2020-2021	
Opening Inventory	204,773	157,970	1,054,496	849,554
Purchase during the year	1,025,853	917,657	11,309,004	8,310,207
Total	1,230,626	1,075,627	12,363,500	9,159,761
Closing Inventory	(281,358)	(204,773)	(1,951,730)	(1,054,496)
Consumption	949,268	870,854	10,411,770	8,105,265

19.04 Spare Parts (pcs):

Opening Inventory	995	1,278	158,520	276,530
Purchase during the year	4,954	4,482	1,041,265	665,822
Total	5,949	5,760	1,199,785	942,352
Closing Inventory	(1,186)	(995)	(244,630)	(158,520)
Consumption	4,763	4,765	955,155	783,832

19.05 Finished Goods (pcs):

Opening Inventory	369,280	850,930	388,748	774,437
Production during the year	146,416,809	125,001,938	323,348,146	279,906,804
Total	146,786,089	125,852,868	323,736,894	280,681,241
Net Sales	(146,189,489)	(125,483,588)	(323,048,872)	(280,292,493)
Closing Inventory	596,600	369,280	688,022	388,748

Average selling price (per 1000 pcs.)

2,209.80 **2,233.70**

*Finished Goods are valued at lower of cost and net realizable value as per IAS 2.

20.00 Administrative & Selling Expenses:

AGM Expenses	355,046	414,054
Salary & Remuneration	22,958,672	21,914,548
Bonus	1,888,300	1,762,182
Conveyance	149,899	139,441
Tours & Travelling	59,085	182,437
Entertainment	177,274	208,471
Office Rent	1,112,026	1,086,328
House Rent	1,008,000	945,000
Advertisement Expenses	278,637	182,023
Printing & Stationery	104,447	104,555
Telephone & Postage	93,349	126,172
Audit Fees	247,250	166,750
Carriage Outwards	1,137,415	1,109,708
Books & Periodicals	10,815	13,570
Renewal & Registration	396,609	144,231
Legal expense	20,000	-
Depreciation	648,380	768,149
Fuel for Vehicles	442,427	492,584
Vehicles Maintenance	287,027	391,505
Corporate Expenses	600,000	600,000
Business Promotion	688,187	781,087
Canteen Subsidy	207,866	133,876
Board Meeting Fee (Note 24.00)	204,000	228,000

NOTES TO THE FINANCIAL STATEMENTS

		Amount in Taka	
		2021-2022	2020-2021
Office Maintenance		281,462	264,247
Car Insurance		152,094	108,909
Listing Fee (DSE)		50,000	50,000
Membership Fee (BAPLC)		10,000	10,000
CDBL Exp		31,000	31,000
Rating Fees		21,500	21,500
Donation & Subscription		-	2,500
Internet Expenses		77,730	75,938
Electricity Bill		167,111	168,240
Software Expenses		12,600	12,600
Water & Sewerage Bill		69,615	66,593
Incentive		2,278,540	2,269,200
Leave Pay		1,253,076	895,159
Gratuity		6,933,447	764,910
Bad Debt expense		1,235,125	-
VAT Adjustment		1,858,345	-
Mis. expense		1,070	7,080
Total Administrative & Selling Expenses		47,507,426	36,642,547
21.00 Other Income:			
Sale of Wastage		109,759	111,744
Less: VAT		(16,775)	(16,762)
Total Other Income		92,984	94,982
22.00 Financial Cost:			
Interest on Short Term Loan*		381,903	899,716
Bank Charges		100,909	83,057
Total Financial Cost		482,812	982,773
*Interest charged on WPPF & Providend Fund			
23.00 Remuneration/Salary for Directors & Executives			
		2021-2022	2020-2021
		Directors	Executives
Remuneration/Salary		11,010,000	10,291,000
House rent		1,008,000	-
Bonus		1,101,000	713,000
		13,119,000	11,004,000
Number of person(s)		4	9
		4	9
24.00 Meeting Fees:			
(a) Board Meeting:			
During the year, 07 (Seven) Board Meetings were held and the following fees were paid:			
Name	Meeting Attended	2021-2022 Amount (Tk.)	2020-2021 Amount (Tk.)
1) Faizul Hassan (M.D.)	7	35,000	40,000
2) M.A Masud (Chairman)	7	35,000	40,000
3) Shahinoor Baby (Director)	7	35,000	40,000
4) Shahinoor Begum (Director)	7	35,000	40,000
5) Mr. Md. Mominul Hoque Dhali (I.D)	6	30,000	30,000
Add: VAT & Tax		34,000	38,000
		204,000	228,000

NOTES TO THE FINANCIAL STATEMENTS

		Amount in Taka	
		2021-2022	2020-2021
25.00	Net Assets Value (NAV) per share for the period is calculated as follows:		
	Total Assets	379,819,102	342,650,427
	Less: Total Liabilities	(71,466,944)	(51,668,002)
	Net Assets	308,352,158	290,982,425
	Weighted average number of ordinary shares	3,120,000	3,120,000
	Net Assets Value (NAV) per share	98.83	93.26
	Net Assets Value (NAV) per share has increased due to increase in Sales and increase in retained earnings.		

26.00 Basic Earning Per Share (EPS):

The computation of EPS is given below:

Net Profit after Tax (NPAT)	34,764,835	50,259,462
Weighted average number of ordinary shares	3,120,000	3,120,000
Basic EPS (based on 3,120,000 shares)	11.14	16.11

Sales revenue has increased by 15.25% during the period, but EPS & NPAT significantly decreased by 30.85% mostly due to the following reasons, also detailed in Note 1.12 and 38.01:

- Application of Deferred Tax Asset/Liability & Deferred Tax Income/Expense.
- Application of Provision for Bad Debt Expenses
- Changes in Accounting Estimates with respect to Provision for Gratuity
- Write-off of an unsettled VAT Case that was shown as an asset in prior years

Apart from that, expenses such as, Raw Materials (Glass Tubes), Printing materials, Packing Materials, Oxygen, Gas Consumption, Electricity consumption and others have also increased. Besides, selling price of Finished Goods remained unchanged due to severe competition with the local and foreign suppliers. To stay competitive, increasing the selling price has not been possible.

27.00 Net Operating Cash Flows Per Share (NOCFPS) :

Net Operating Cash Flows Per Share has been Calculated as follows:

Net Cash Flows from Operating Activities	33,845,869	31,405,908
Weighted average number of Ordinary shares	3,120,000	3,120,000
Net Operating Cash Flows Per Share (NOCFPS)	10.85	10.07

NOCFPS increased due to increase in collection from sales and others.

28.00 Capacity Utilization:

1. Installed Capacity (In Lac pcs.)*	1,540	1,440
2. Actual Production (In Lac pcs.)	1,464.16	1,250.02
3. Capacity Utilized	95.08%	86.81%

* The installed capacity has increased to 1540 Lac pcs. of ampoules from the previous 1440 Lac pcs. due to increase in efficiency and reduction of wastage that resulted from replacing an old oven with a new one in one of the production lines, which became fully operational since January 2021. More new ovens will replace old ovens in future.

NOTES TO THE FINANCIAL STATEMENTS

29.00 Audit Fees:

Auditor's remuneration comprises Audit Fees only. Auditors were not paid any other fee except the Audit fee fixed at Annual General Meeting.

30.00 Claim against the Company not acknowledged as debt:

There is no claim against the Company, except the disputed and illogical claim of arrear Excise Duty of Tk.12.39 Lac for the Financial Years from 1984 to 1989 and also, the disputed and illogical claim of VAT of Tk.21.47 Lac for the FY 2012-13 to FY 2016-17, which is still under process.

31.00 Foreign Exchange gain / (loss) :

100% of goods produced is sold in local market and raw materials are imported by sight L/C. The Company has not incurred any gain/loss in foreign exchange (details under Note 7.02).

32.00 Number of Employees Drawing Salary:

- 1) Below Tk. 60,000/annum
- 2) Below Tk. 96,000/annum
- 3) Above Tk. 96,000/annum

2021-2022	2020-2021
-	-
-	-
79	79
79	79

33.00 Imported Goods:

- a) Neutral Glass Tubes
- b) Colours

Amount in FC		Amount in BDT	
2021-2022	2020-2021	2021-2022	2020-2021
USD 1,394,408	1,170,147	134,404,523	111,896,737
EURO 106,659	64,423	13,078,658	6,487,715
1,501,067	1,234,570	147,483,181	118,384,452

Neutral Glass Tubes & Colours used by the Company are imported from world renowned manufacturers.

34.00 Work in Process:

Turning Raw Materials into Finished Goods takes a very little time (glass tubes are converted into ampoules by burners). So, we do not require to hold any work-in-process.

35.00 The Cost of Raw Materials, Spare Parts, etc. (in lac Taka) with their percentage to the Cost of Goods Manufactured are as under:

	2021-2022		2020-2021	
a) Raw Materials - Glass Tubes	1,178.77	56.23%	952.53	54.82%
b) Printing Materials/Colours	87.71	4.18%	79.26	4.56%
c) Packing Materials	104.11	4.97%	81.05	4.66%
d) Spare Parts	9.55	0.46%	7.84	0.45%

Note: As per Notes 19.00, 19.01, 19.02, 19.03 & 19.04

NOTES TO THE FINANCIAL STATEMENTS

36.00 Related Party Disclosure

During the year, the Company, in normal course of business, has carried out following transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: "Related Party Disclosures". All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates, other than sister concern which is interest free, on the same terms and conditions as applicable to the third parties.

Name of Party	Relationship	Nature of Tran.	Transaction		2021-2022	2020-2021
			Debit	Credit	Receivable/ (Payable)	
Excelsior Garments Ltd.	Common Management	Loan	-	371,804	-	371,804
Excelsior Corporation Ltd.	Common Management	Loan	-	-	1,072,136	1,072,136
Excelsior Shoes Ltd.	Common Management	Loan	-	-	261,769	261,769
			-	371,804	1,333,905	1,705,709

37.00 Contingent Assets/Liabilities:

- 37.01** As per the Company's Audited Accounts which is approved by the Shareholders at the AGM, amount of the Income Tax Payable was Tk.15,86,207.00, out of which, the Company adjusted Tk.10,34,452.00 from AIT paid during the year, and rest amount adjusted from previous years' receivable, and submitted Income Tax Return for the F/Y 2004-2005 (T/Y 2005-2006) in time. The DCT illogically and unilaterally disallowed some expenditures, and assessed tax amount of Tk.24,72,728.00, and taken into account only AIT portion, i.e. Tk.10,34,452.00. The DCT sent to the Company a Demand Note of Tk.14,38,276.00 plus interest of Tk.1,64,019.00, total Tk.16,02,295.00. So the Company filed an appeal to the Addl. Commissioner of Taxes (Appeal) on 27-04-2008. They sent two reminders on 18-08-2008 and 18-05-2010 for consideration of their appeal but without any result. The DCT sent a Notice to the Company on 28-08-2014 asking for the tax amount of Tk.16,02,295.00 as demanded earlier. The Company applied immediately after receipt of the Notice for a Certified copy of the Assessment Order; but not yet received it.
- 37.02** The Company submitted Tax Return for the F/Y 2005-2006 (T/Y 2006-2007) in time as per audited accounts of the Company after approval at the AGM. The DCT finalized the Assessment showing demand of "0" (Zero) tax for the year. After 3 years, i.e. on 29-04-2010, the DCT illogically sent a Notice to the Company asking for payment of arrear tax amount of Tk.12,38,347.00 plus interest thereon Tk. 2,41,954.00, total amount of Tk.14,80,301.00. The Company immediately requested them to cancel the Notice explaining the reasons in details; but the DCT again after more than 4 years, i.e. on 28-08-2014, sent a reminder to the Company demanding outstanding Tk.14,80,301.00. The Company requested them on 10-09-2014 and again on 08-11-2016 after receiving their 2nd reminder on 02-11-2016 for a Certified copy of the original order; but not yet received the same.
- 37.03** The Company submitted the Tax Return in time for the F/Y 2006-2007 (T/Y 2007-2008) as per Company's Audited Accounts which was approved at the AGM. The tax amount payable was Tk.25,81,974.00, which was adjusted against Tk.32,75,669.00 paid as AIT during the year, i.e. an excess amount of Tk.6,93,695.00 was paid. After a few years, the DCT suddenly and illogically sent a Notice to the Company on 21-10-2010 for payment of outstanding Tax of Tk. 53,01,040.00. The Company requested them to issue a Certified Copy of Assessment Order, which was lastly reminded on 08-11-2016; but not yet received it.

NOTES TO THE FINANCIAL STATEMENTS

38.00 VAT (Mushok)

38.01 A Team of Local Revenue Audit Directorate of Auditor General of Bangladesh sent two Demand Notes to the Company on 18-06-2010 claiming illogically that the Company took excess rebate of Tk.517,762.00, and evaded VAT of Tk.13,57,252.00, total Tk.18,75,014.00. In reply, the Company submitted on 24-06-2010 all necessary and related documents to the VAT Authority. After verification of all the documents, the VAT Authority was convinced that the claims of the Audit Team were not right. After more than 4 years, the VAT Authority sent the same claim to the Company on 29-10-2014. The Company again submitted an explanatory letter on 21-12-2014 to the VAT Authority explaining that those issues were resolved much earlier. Again after 20 months, the VAT Authority unilaterally adjusted on 09-06-2016 an amount of Tk.18,58,345.00 from the Company's Current Account of VAT against those two Demand Notes, which were illogical, unacceptable, and cancellable. The Company submitted on 14-06-2016 an Appeal to the VAT Authority to refund whole amount of Tk.18,58,345.00 to their VAT Current Account with a view to ensuring the justice to the Company. The case is still unsettled. However, since the case is being dragged for more than a decade with no positive outcome till now, the Company has written-off the entire amount as an administrative expense for the reporting year 2021-2022.

38.02 Also, another VAT audit was conducted for the financial years 2012-13 to 2016-17, following which the Commissioner of Customs, Excise & VAT, issued a show-cause notice and demand note containing a claim of Tk.63,55,844.84 (excl. interest) against the Company under sub-section-1 of section-55 of the Value Added Tax Act, 1991. In the context of the notice, the Managing Director has sent a letter to the Commissioner on 11-10-2020 asking for an opportunity to attend a hearing along with a detailed explanation that the claim is illogical and baseless. Following the letter, the Commissioner fixed the date of hearing on 24-11-2020. The representative of the Company appeared in the said hearing and requested the Commissioner to waive the unreasonable claims by presenting various arguments. Thereafter, several correspondences were made for final decision. Lastly the Company submitted a detailed statement and clarification in writing on 30-03-2022 to the authority explaining that the Company paid due VAT; but they sent us a Revised Demand Note on 17-05-2022 reducing their claim from Tk. 63,55,844.84 to Tk. 21,47,984.00 with a provision for further hearing on 29-05-2022. The Company attended the hearing with a copy of letter dated 11-10-2020 written by the Company's Managing Director explaining the facts that the Company in no way was the defaulter of any amount of VAT. Then the Commissioner expressed their willingness to look into matter more precisely. Thereafter, on the basis of verbal and telephonic conversations, the Company's Managing Director appeared on 10-08-2022 personally before the authority and explained in details that the Company was not convinced for paying that extra VAT which was illogical, unacceptable and, as such, cancellable. The case is still unsettled.

39.00 Reconcillation from Net Profit to Net Operating Cash Flow:

Disclosure with calculation: as per Clause 5(2)e of the BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June,2018 :

Particulars	June 30,2022	June 30,2021
Profit from Operation	56,611,463	69,510,137
Depreciation	7,822,342	8,252,741
Other Income	92,984	94,982
Financial Cost	(482,812)	(982,773)
Inventories (Increase)/Decrease	(24,313,809)	(14,907,169)
Trade and Other Receivables (Increase)/Decrease	6,205,540	11,850,345
Advance, Deposits & Prepayments (Increase)/Decrease	(1,625,622)	(2,862,179)
Advance for Goods (Increase)/Decrease	9,131,887	(12,765,240)
CSR Fund Payment	(1,795,101)	(1,232,982)
Trade Payable Increase/(Decrease)	1,253,907	(263,432)
Liabilities for expenses Increase/(Decrease)	(3,176,336)	(2,253,196)
Payment of WPPF	(3,715,681)	(4,869,940)
Liabilities for Providend Fund Increase/(Decrease)	(2,528,119)	(1,318,269)
Provision for Expense Increase/(Decrease)	15,512,808	6,319,277
Tax paid	(25,147,582)	(23,166,394)
Total	33,845,869	31,405,908

NOTES TO THE FINANCIAL STATEMENTS

40.00 Event after reporting period

1. The Board of Directors recommended Cash Dividend of Tk.5/- per Share for the year 2021-22 at the Board meeting held on November 09, 2022. The total amount of Dividend is required for disbursement for the year is Tk. 15,600,000.

2. The Corporate Secretary of the Company, Mr. K. H. Reza, FCS, has resigned due to his personal reasons, which was accepted with effect from September 6, 2022, as per the Board's approval.

3. Late Nurul Akhter Aurora was a Sponsor shareholder of 20,000 paper (folio) shares. She passed away on 29-04-2021. Her successor and only child, Mr. Mohammed Nurul Kalam Aswad, submitted an application to the Company for processing the transfer of the said shares based on the Succession Certificate issued by the Court. Accordingly, the said paper shares of the deceased Sponsor had been transferred (without demat) to Mr. Aswad, making him a General shareholder of the Company.

There is no other significant event that has occurred between the Statement of Financial Position date and the date when the financial statements were authorized for issue by the Board of Directors of the Company.

41.00 Financial Instruments and Related Disclosure

41.01 Financial instruments by category

Financial Assets:

Loans and Receivables

	2021-2022	2020-21
Accounts & Other Receivables	152,818,845	159,396,189
Advance, Deposit & Prepayments	58,930,976	32,174,898
Cash and bank balances	24,906,967	19,976,942
	236,656,788	211,548,029

Financial liabilities:

At Amortised Cost

Trade Payables	1,417,218	163,311
Loans & Advances	986,472	304,522
Liabilities for Expenses	8,365,422	11,541,758
Unclaimed/Undistributed Dividend	2,104,298	11,773,560
Liabilities for WPPF	2,677,221	3,715,681
Liabilities for Provident Fund	491,730	3,019,849
	16,042,361	30,518,681

41.02 Financial Risk Management

The Board of Directors has overall responsibility for the establishment and supervision of the Company's financial risk management. The responsibility also includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its supervision responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

41.02a Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Credit risk of the Company arises principally from trade debts, loans and advances, and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2021-2022	2020-2021
Trade & Other Receivables	152,818,845	159,396,189
Loans and Advances	986,472	304,522
Bank balances	<u>24,741,286</u>	<u>19,340,855</u>
	<u>178,546,602</u>	<u>179,041,566</u>

NOTES TO THE FINANCIAL STATEMENTS

The Trade Receivables are due from customers for sales. The balance from customers are unsecured. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors.

Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are being adjusted from monthly salary.

41.02b Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

Financial liabilities				
June 30, 2022	Within 1 year	2 - 5 years	More than 5 years	Total
Trade Payables	1,417,218	-	-	1,417,218
Loans & Advances	986,472	-	-	986,472
Liabilities for Expenses	8,365,422	-	-	8,365,422
Unclaimed/Undistributed Dividend	2,104,298	-	-	2,104,298
Liabilities for WPPF	2,677,221	-	-	2,677,221
Liabilities for Provident Fund	491,730	-	-	491,730
	16,042,361	-	-	16,042,361
June 30, 2021	Within 1 year	2 - 5 years	More than 5 years	Total
Accounts Payables	163,311	-	-	163,311
Loans & Advances	304,522	-	-	304,522
Liabilities for Expenses	11,541,758	-	-	11,541,758
Dividend Payable	11,773,560	-	-	11,773,560
Liabilities for WPPF	3,715,681	-	-	3,715,681
Liabilities for Provident Fund	3,019,849	-	-	3,019,849
	30,518,681	-	-	30,518,681

The Company's approach to managing liquidity 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. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements or other sources.

41.02c Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

41.02d Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short-term borrowings from financial institutions. At the reporting date, the Company has not incurred any interest from the sanctioned TR limit of 2 Crore as all the L/C documents were retired using Company's own fund.

41.02e Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from import of raw materials or capital machinery, if any. However, the company's import is made through Letter of Credit at sight, hence risk is limited.

42.00 Operating Segment

These financial statements have been prepared on the basis of single reportable segment. All non-current assets of the Company as on June 30, 2022, are located in Bangladesh.

PHARMA AIDS LIMITED

Schedule of Property, Plant & Equipment

As on June 30, 2022

Annexure-D

Sl No.	Category of Assets	Cost			Rate	Depreciation			Written down value as on 30-06-22
		Balance as on 01-07-21	Addition during the Period	Disposal/ Adjustment		Total as on 30-06-22	Charged during the Period	Disposal/ Adjustment	
01	Land	80,811			-	80,811	-	-	80,811
02	Building	12,566,462	1,718,698		5%	14,285,160	354,580		7,649,260
03	Plant & Machinery	167,005,131			10%	167,005,131	6,097,247		54,875,226
04	Air Compressor	640,000			10%	640,000	53,280		479,520
05	Electrical Installation	1,641,282			10%	1,641,282	135,189		1,216,702
06	Electrical Equipment	561,679			10%	561,679	15,773		141,952
07	Office Equipment	665,456	9,138		15%	674,594	24,423		146,771
08	Furniture & Fixture	770,888			15%	770,888	31,463		178,292
09	Gas Line Installation	701,845			10%	701,845	12,731		114,575
10	Oxygen Generator	5,180,583			20%	5,180,583	244,855		979,418
11	Air Cooler	868,141			20%	868,141	118,649		474,597
12	Mobile Scissor Lift	483,447			20%	483,447	69,616		278,466
13	Motor Vehicles	10,242,910	2,972,500		20%	13,215,410	570,876		5,128,558
14	Sundry Assets	1,450,191			15%	1,450,191	93,660		530,742
	Total 30-06-2022	202,858,826	4,700,336	-		207,559,162	7,822,342	-	72,274,890
	Total 30-06-2021	193,716,766	10,281,660	(1,139,600)		202,858,826	8,252,741	(388,603)	127,461,930

Depreciation Charge for the Period has been allocated as follows:

	30-06-2022	30-06-2021
Manufacturing Overhead (Cost of Goods sold)	7,173,962	7,484,592
Administrative & Selling Expenses	648,380	768,149
	7,822,342	8,252,741