

**INDEPENDENT AUDITOR'S REPORT**  
**SILCO PHARMACEUTICALS LIMITED**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020**



**MANAGING PARTNER:**  
MD. ASHRAF UDDIN AHMED  
LLB, CFC, FCA

**PARTNERS:**  
ENAMUL KABIR, FCA  
MD. MOHIUDDIN AHMED, FCA, CFC

**Corporate Address :** 142/B, Green Road (3<sup>rd</sup> & 4<sup>th</sup> Floor)  
Dhaka- 1215, Bangladesh.  
**Registered Address :** Rahman Chamber (5<sup>th</sup> Floor)  
12-13, Motijheel Commercial Area, Dhaka. Bangladesh.

## Independent Auditor's Report To the Shareholders Silco Pharmaceuticals Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Silco Pharmaceuticals Limited** ('the company) which comprise the Statement of Financial Position as on 30<sup>th</sup> June, 2020 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other Explanatory Notes to the Financial Statement.

In our opinion, the financial statements prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) give a true and fair view of the financial position of **Silco Pharmaceuticals Limited** as of 30<sup>th</sup> June, 2020 and results of its financial performance and its cash flows for the year then ended & comply with the Companies Act 1994, & other applicable laws & regulations.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to note number 2.15 (b) and 14 to the Financial Statements regarding contribution to provision for Employees Profit Participation Fund (WPPF) in accordance with Bangladesh Labour Act, 2006(Amended-2013) and subsequent payment to beneficiaries of the fund. We emphasize on the certainty of the balance available Tk.6,254,023/- shown in the Statement of Financial Position as at 30<sup>th</sup> June, 2020. The adjusted current year payment amount of Tk. 6, 380,888/- (Note: 14) should have been made through banking channel. The company made cash payments which are not recommended by the relevant regulation. It was hard for us to reconcile the actual payment made by the company from WPPF fund during the year under audit.

#### Key Audit Matters

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

1. Recognition of Revenue Ref: Note 16	
Key audit matters	How our audit address the matter
The company recognized revenue (100% local) Tk.733,651,005/- for the year.	-We clearly encoded the total procedure of sales process starting from receipt of customer order to realization of revenue.

<p>Revenue recognition has significant and widespread influence over the financial statements and plays a vital role in calculating Corporate Tax. Since, revenue recognition is one of the performance indicators in almost all sector, there always exist risk of revenue smoothing or window dressing.</p> <p>As per IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service</p>	<p>-We tested the key controls over approval of sales order, signing off documents by appropriate personnel and input sales data into system in a complete &amp; accurate manner.</p> <p>-On sample basis, we tested the work order proceed documents and other supporting like dispatch note, Invoice &amp; receipt of final amount.</p> <p>We also reviewed the sales contract agreements with different buyer.</p> <p>-We tested the correctness of journal entries and recalculate the amount shown in sales ledger and make sure that the carry forward figure is accurate.</p> <p>-We carefully checked that, no unusual journal entries were made at the period end and also check the transactions/entries just before and after the balance sheet date to confirm cut off.</p> <p>-We also considered testing of some post balance sheet date invoices to make sure that the cut off dates are correct all reported revenues are relevant with current year.</p>
<p><b>2. Information Technology System and Control (IT Controls)</b></p>	
<p><b>Key audit matters</b></p>	<p><b>How our audit address the matter</b></p>
<p>The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Company uses several systems for it overall financial reporting.</p> <p>All insurance companies are highly dependent on technology due to the significant number of transactions that are processed daily. A significant part of the Company's financial processes is heavily reliant on IT systems with automated processes and controls over the capturing, valuing</p>	<p>Our audit approach relies on automated controls and therefore procedures are designed to test control over IT systems, segregation of duties, interface and system application controls over key financial accounting and reporting systems.</p> <p>-Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems;</p> <p>-Understand IT application controls covering: -user access and roles, segregation of duties; and o key interfaces, reports, reconciliations and system processing;</p>



<p>and recording of transactions. Thus, there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p>	<ul style="list-style-type: none"> <li>-Test the IT application controls for design and operating effectiveness for the audit period</li> <li>-Sample testing of key control over IT systems having impact on financial accounting and reporting;</li> <li>-Assessed the IT system processes for effectiveness of some of the key controls with respect to financial accounting and reporting records by sample testing; and</li> <li>-Reviewed the report of independent information system auditors which has further confirmed the various system control measures adopted by the Company.</li> </ul>
<p><b>3. Legal and regulatory matters</b></p>	
<p style="text-align: center;"><b>Key audit matters</b></p>	<p style="text-align: center;"><b>How our audit address the matter</b></p>
<p>The company has several regulatory requirements. There is possibility of breach / departure from the requirements of the regulatory body. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p>	<ul style="list-style-type: none"> <li>-We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the legal provision and contingencies process.</li> <li>-We enquired to those charged with governance to obtain their view on the status of all significant requirements and regulatory matters.</li> <li>-We enquired of the company's internal legal counsel for all significant regulatory matters and inspected internal notes and reports.</li> <li>-We assessed the adequacy of processes in place to comply with local regulatory bodies.</li> <li>-We also assessed the Group's provisions and contingent liabilities disclosure.</li> </ul>



4.Valuation of Inventory Ref: Note 2.11 & 05	
Key audit matters	How our audit address the matter
<p>Closing inventory of Tk. 454,710,108/- represents 34.33% of current assets and almost 17.10% of total assets .The closing inventory figure have significant impact in determining the cost of goods sold.</p> <p>Inventories are usually carried in financial statements at the lower of cost and net realizable value. Since frequent changes in customer demand is unavoidable in manufacturing industry and a large quantity of raw material is held. As a result, there is risk that the carrying value of inventory exceeds net realizable value.</p>	<p>Our audit procedures were designed to challenge the adequacy of the company's provisions against inventory includes :</p> <ul style="list-style-type: none"> <li>-Corroborating on a sample basis that items on the stock aging listing by items were classified in the appropriate bracket.</li> <li>-Assessed the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the Directors on the extent to which old inventory can be sold through various channels.</li> <li>-Considered the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current year; and</li> <li>-We have also considered the adequacy of the company's disclosures in respect of the levels of provisions against inventory.</li> </ul>

#### Other Information

The company's Income Tax compliance as per Income Tax Ordinance, 1984 and other regulatory requirements imposed by National Board of Revenue (NBR) in this regard, need more careful focus by those charged with governance of the company. During the course of our audit, the only available tax assessment order was for assessment year 2015-2016. We also noted that, there was no tax return filed for last two consecutive financial years (2017-2018 & 2018-2019). Non compliance with Income Tax regulations and nonpayment of due tax amount within due time may results in significant interest including penalty imposed on the company by NBR. To retain the rights of stakeholders, management of the company should take necessary steps to avoid unnecessary departure from regulatory compliance.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

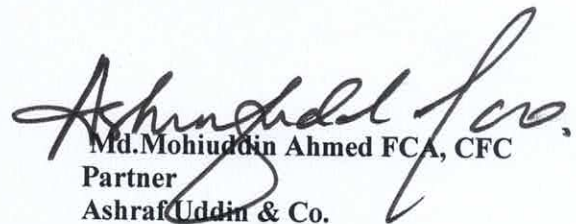


**Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and 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 Group and the Company so far as it appeared from our examination of these books;
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.

**Place : Dhaka**  
**Date : 01/11/2020**

  
Md. Mohiuddin Ahmed FCA, CFC  
Partner  
Ashraf Uddin & Co.  
Chartered Accountants

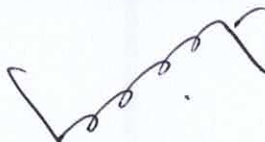


**Silco Pharmaceuticals Limited**  
**Statement of Financial Position**  
**As at 30 June 2020**

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
<b>Assets</b>			
<b>Non Current Assets</b>		<b>1,333,906,074</b>	<b>1,242,539,972</b>
Property, Plant and Equipment	3.00	1,090,388,358	1,122,804,679
Capital Work in Progress	4.00	243,517,716	119,735,293
<b>Current Assets</b>		<b>1,324,761,125</b>	<b>1,325,733,939</b>
Inventories	5.00	454,710,108	426,025,690
Trade and other Receivables	6.00	484,990,001	489,986,724
Advance, Deposits and Prepayments	7.00	127,136,920	108,002,166
Cash and Cash Equivalents	8.00	101,969,302	151,719,359
Investment in FDR	8.02	155,954,795	150,000,000
<b>Total Assets</b>		<b>2,658,667,201</b>	<b>2,568,273,912</b>
<b>Shareholders Equity and Liabilities</b>			
<b>Shareholders Equity</b>		<b>2,246,499,254</b>	<b>2,182,197,715</b>
Share Capital	9.00	1,038,070,000	943,700,000
Retained Earnings	10.00	1,208,429,254	1,238,497,715
<b>Non-Current Liabilities</b>		<b>152,304,164</b>	<b>147,447,251</b>
Deferred Tax Liability	11.00	152,304,164	147,447,251
<b>Current Liabilities</b>		<b>259,863,784</b>	<b>238,628,946</b>
Trade and other Payable	12.00	16,584,269	15,717,627
Payable to IPO Applicants		185,021	2,143,010
Creditors & Accruals	13.00	12,741,095	12,929,461
Liability for WPPF	14.00	6,254,023	7,089,876
Dividend payable		482,136	-
Current Tax Liability	15.00	223,617,239	200,748,972
<b>Total Shareholders Equity and Liabilities</b>		<b>2,658,667,201</b>	<b>2,568,273,912</b>
<b>Net Asset Value (NAV) per Share</b>	<b>23.00</b>	<b>21.64</b>	<b>23.12</b>

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

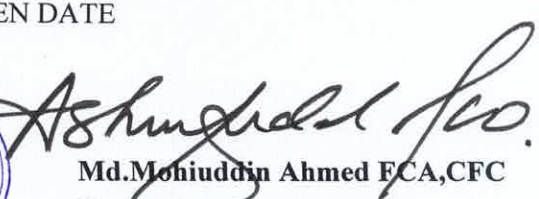
নাইম উদ্দিন  
Chairman

  
Managing Director

  
Company Secretary

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE



  
Md. Mohiuddin Ahmed FCA, CFC  
Partner  
Ashraf Uddin & Co.  
Chartered Accountants

Place: Dhaka  
Date: 01 November, 2020



**Silco Pharmaceuticals Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30 June 2020**

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
A. Turnover	16.00	733,651,005	919,041,362
B. Cost of Goods Sold	17.00	520,924,861	639,312,494
C. Gross Profit (A-B)		<b>212,726,144</b>	<b>279,728,868</b>
D. Operating Expenses	18.00	110,219,997	131,172,663
E. Profit from Operation (C-D)		<b>102,506,147</b>	<b>148,556,204</b>
F. Financial Expenses	19.00	997,464	690,254
G. Non-operation Income	20.00	14,937,071	1,021,443
H. Profit before Contribution to WPPF (E-F+G)		<b>116,445,754</b>	<b>148,887,393</b>
I. Workers' Profit Participation/Welfare Fund (WPPF)		5,545,036	7,089,876
J. Profit before Income Tax (H-I)		<b>110,900,718</b>	<b>141,797,517</b>
K. Income Tax Expense	21.00	27,725,180	(20,686,928)
Current Tax		22,868,267	28,342,896
Deferred Tax Expense/(Income)		4,856,913	(49,029,824)
L. Net Profit after Tax (J-K)		<b>83,175,539</b>	<b>162,484,445</b>
<b>Comprehensive Income</b>			
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>83,175,539</b>	<b>162,484,445</b>
<b>Earnings per Share (EPS)</b>			
	22.00	<b>0.80</b>	<b>2.02</b>

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

মহেশ আলী  
Chairman

Managing Director

Company Secretary

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Place: Dhaka  
Date: 01 November, 2020

*Ashraf Uddin & Co.*  
Md. Mohiuddin Ahmed FCA, CFC  
Partner  
Ashraf Uddin & Co.  
Chartered Accountants



**Silco Pharmaceuticals Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2020**

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at July 01, 2019	943,700,000	1,238,497,715	2,182,197,715
Issued Bonus Share during the year	94,370,000	(94,370,000)	-
Dividend (Cash 2%)		(18,874,000)	(18,874,000)
Net Profit/(Loss) during the year	-	83,175,539	83,175,539
<b>Balance as on June 30, 2020</b>	<b>1,038,070,000</b>	<b>1,208,429,254</b>	<b>2,246,499,254</b>

**Statement of Changes in Equity**  
**For the year ended 30 June 2019**

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at July 01, 2018	643,700,000	1,097,376,872	1,741,076,872
New Share Issued Through IPO	300,000,000	-	300,000,000
Net Profit/(Loss) during the year	-	162,484,445	162,484,445
Adjustment For IPO Expenses		(21,363,602)	(21,363,602)
<b>Balance as on June 30, 2019</b>	<b>943,700,000</b>	<b>1,238,497,715</b>	<b>2,182,197,715</b>

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

মাহেদ হাসান  
Chairman

Managing Director

Company Secretary

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Place: Dhaka

Date: 01 November, 2020



**Silco Pharmaceuticals Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2020**

Particulars	Amount in Taka	
	2019-2020	2018-2019
<b>A. Cash Flows from Operating Activities</b>		
Cash received from Customers	27.00	738,647,728
Cash received from Non-operating income		14,937,071
Cash Paid to Suppliers	28.00	(418,731,735)
Cash Paid to Employees	29.00	(68,662,343)
Cash Paid to Others	30.00	(113,266,706)
Financial Expenses		(997,464)
Income Tax Paid		(5,320,655)
<b>Net cash flows from operating activities</b>		<b>146,605,895</b>
		<b>80,767,467</b>
<b>B. Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant & Equipment		(46,268,881)
Investment in FDR		(5,954,795)
Cash Payments for Capital Work-in-Progress		(123,782,423)
<b>Net cash flows from investing activities</b>		<b>(176,006,098)</b>
		<b>(225,489,963)</b>
<b>C. Cash Flows from Financing Activities</b>		
IPO Expenses		-
Cash dividend paid during the year		(21,363,602)
Issuance of Share Capital		(18,391,864)
Proceeds from IPO Applicants		-
<b>Net Cash flows from financing activities</b>		<b>300,000,000</b>
		<b>2,143,010</b>
		<b>(20,349,853)</b>
		<b>280,779,408</b>
<b>D. Net Increase/(Decrease) Cash and Cash Equivalents (A+B+C)</b>		<b>(49,750,056)</b>
		<b>136,056,913</b>
<b>E. Cash and Cash Equivalents at the beginning of the year</b>		<b>151,719,359</b>
<b>F. Cash and Cash Equivalents at the end of the year (D+E)</b>		<b>15,662,446</b>
		<b>101,969,302</b>
		<b>151,719,359</b>
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>	<b>24.00</b>	<b>1.41</b>
		<b>1.00</b>

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

মাহেদ আলী  
Chairman

Managing Director

Company Secretary

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Place: Dhaka  
Date: 01 November, 2020



**Silco Pharmaceuticals Limited**  
**Notes to the financial statements**  
**As at and for the year ended 30 June 2020**

**1.00 The Company and its operations**

**1.01 Legal form of the Company**

The Company was incorporated in Bangladesh as Public Limited Company on January 25, 1995 as Company limited by Shares under the Companies Act 1994 vide registration no. C-27781(1627)/95. The principal activities of the Company are manufacturing drugs and medicines of all kinds. The Company obtained Certificate of Commencement of business at the same date of incorporation but the Company received its drug manufacturing license on 29 October, 2003 and the commercial operation started on 30 October, 2003.

**1.02 Address of the Registered Office**

The registered office of the company is located at 41, Nurani, Bankalapara, Subid Bazar, Sylhet-3100, Bangladesh.

**1.03 Nature of Business activities**

Silco Pharmaceuticals limited has engaged in manufacturing and marketing of pharmaceuticals finished product in the categories of Antibiotics, Analgesics, Anti diabetics, Narcotics, Antipyretics, Anti Inflammatory Drugs, Anti ulcerants, Multi medicines which are sold in local market.

**1.04 Capital Structure of the Company**

Silco Pharmaceuticals Limited is a public limited company formed by local owner. The details of the capital structure are given below:

Particulars	Taka
<b><u>Authorized Capital</u></b>	
105,000,000 ordinary shares of Taka 10/= each.	1,050,000,000
<b><u>Issued, subscribed, called-up and paid-up capital</u></b>	
103,807,000 ordinary shares of Tk. 10/= each fully paid-up	1,038,070,000

**1.05 Production Unit**

The production unit of the company is situated at BSCIC industrial Estate, Khadimnagor, Sylhet 3103, Bangladesh.

**2.00 Summary of significant accounting policies as per rules**

**2.01 Basis of preparation and presentation of the financial statements**

The financial statements have been prepared on a going concern basis under historical cost convention and in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws & regulations in Bangladesh. The Financial Statements are presented in accordance with the guidelines provided by IAS-1 "Presentation of Financial Statements".

**2.02 Regulatory Compliances**

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:



The Income Tax Ordinance 1984;  
The Income Tax Rules 1984;  
The Value Added Tax and Supplementary Duty Act 2012;  
The Value Added Tax and Supplementary Duty Rules 2016;  
The Customs Act, 1969;  
Bangladesh Labour Act 2006 (Amendment-2013);  
The Securities and Exchange Ordinance, 1969; and  
The Securities and Exchange Rules, 1987;

**2.03 Accounting convention and assumption**

The financial statements are prepared under the historical cost convention.

**2.04 Principal accounting policies**

The specific accounting policies have been 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 the financial statements. Financial Statements have been prepared and presented in compliance with applicable IAS and IFRS.

**2.05 Application of Standards (IASs and IFRSs)**

The following IASs and IFRSs are applicable for preparation of financial statements for the year ended 30 June 2020.

**IASs:**

IAS 1	Presentation of Financial Statements;
IAS 2	Inventories;
IAS 7	Statement 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	Properties, Plant and Equipment;
IAS 19	Employee Benefits;
IAS 21	The Effects of Changes in Foreign Exchange Rates;
IAS 23	Borrowing Costs;
IAS 24	Related Party Disclosures;
IAS 33	Earnings per Share;
IAS 36	Impairment of Assets;
IAS 37	Provisions, Contingent Liabilities and Contingent Assets;
IAS 38	Intangible Assets

**IFRSs:**

IFRS 1	First time Adoption of International Financial Reporting Standards;
IFRS 8	Operating Segments;
IFRS 9	Financial Instruments;
IFRS 13	Fair Value Measurement;
IFRS 15	Revenue from Contracts with Customers;
IFRS 16	Leases;
IFRS 17	Insurance Contracts.

**2.06 Use of Estimates and Judgments**

The preparation of the financial statements requires management to make and apply consistently of judgments, estimates and assumptions that affect the application of accounting policies and the

reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected.

#### **2.07 Re-arrangement**

Figures for the comparative year have been re-arranged wherever consider necessary to ensure better comparability with the current year presentation as per IAS-8 "Accounting policies, changes in Accounting estimates and Errors".

#### **2.08 Going Concern**

The company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there is no material uncertainties related to event or condition which may cast significant doubt upon the company's ability to continue as a going concern.

#### **2.09 Components of the Financial Statements**

According to the IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position as at June 30, 2020;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2020;
- iii) Statement of Changes in Equity for the year ended June 30, 2020;
- iv) Statement of Cash Flows for the year ended June 30, 2020; and
- v) Notes, comprising a summary of significant accounting policy and other explanatory information for the year ended June 30, 2020.

#### **2.10 Property, Plant and Equipment (PPE)**

##### **i) Recognition and Measurement**

In compliance with the IAS 16 "Property, Plant and Equipment" items of Property, Plant & Equipment (PPE) excluding Land and Land Development are initially measured at cost less accumulated depreciation, if any. Land and Land Development are measured at cost. The cost of an item of PPE comprises its purchase price, import duties and non-refundable taxes after deducting trade discount and rebates and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable operating in the intended manner.

##### **ii) Subsequent Cost**

The cost of replacing part of an item of property, plant & 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 cost can be measured reliably. The cost of the day to day maintaining cost on PPE is recognized in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

##### **iii) Depreciation**

Depreciation has been charged on item of property, plant and equipment except land and land development is recognized in the statement of profit or loss and other comprehensive income using "Reducing Balance Method" over the estimated useful lives of each items. Depreciation on addition to fixed assets charged when the assets are available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Rate of depreciation on property, plant and equipment's considering their useful lives are as follows:

Category of Fixed Assets	As at 30 June, 2020	As at 30 June, 2019
Land and Land Development	-	-
Building	2.50%	2.50%
Plant & Machinery	10%	10%
Electrical Equipment	10%	10%
Electrical Installation	10%	10%
Furniture & Fixture	10%	10%
Office Equipment	10%	10%
Computer	20%	20%
Transformer	10%	10%
Vehicles	10%	10%
Air Condition Installation	20%	20%
Fire Extinguisher	20%	20%

**iv) 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 comprehensive income.

**v) Impairment:**

In accordance with the provision of IAS 36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in the statement of comprehensive income. No such indication of impairment has been observed till the end of the year.

**2.11 Valuation of Inventory**

Inventories consisting of raw materials, work in progress, finished goods are valued at lower of cost and net realizable value as per IAS 2: Inventory. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realizable value. Net realizable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.12 Trade Receivable**

Trade Receivable is carried at net sales value by making no provision for doubtful debts, based on the risk from time to time. But in case of any debts made with any dissolved business house, the amount is fixed and charged with profit and loss account.

**2.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, cash at banks, term deposits, etc which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

## 2.14 Creditors and accrued expenses

### i) Trade payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

### ii) Provision

The preparation of financial statements in conformity with International Accounting Standard IAS-37 "Provisions, Contingent Liabilities and Contingent Assets" requires management to make estimates and Assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the Disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS-37 provisions were recognized in the following situations when:

- The Company has a present obligation as a result of past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- When reliable estimates can be made of the amount of the obligation.

We have shown the provisions of the Financial Position at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the date of statement of financial position.

## 2.15 Employee benefits

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19 Employee Benefits.

The cost of employee benefits is charged as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

### (a) Short-term employee benefits

Short-term employee benefits include salaries, bonuses, house rent, medical fees 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/ Welfare Funds

The company provisions 5% of its net profit before tax to its Workers' Profit Participation Fund (WPPF) in accordance with Bangladesh Labour Act 2006 (Amendment-2013). The

Company has registered the WPPF Trust deed and disbursed the provisioned amount accordingly.

## 2.16 Income Tax

### i) Current Tax

Provision for taxation has been made as per rates prescribed in Finance Act 2020 and the Income Tax Ordinance, 1984 on the profit made by the company.



**ii) Deferred Tax**

The company has recognized deferred tax in compliance with the provision of IAS-12: "Income Taxes". The policy of recognition of deferred tax assets/liabilities is based on temporary differences (taxable or deductible) between the carrying amount (Book Value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income or expense has been considered to determine net profit after tax. The rate prevailing at the Financial Position date is used for determine the deferred tax.

The company assumes no other temporary difference that may result in deferred tax asset/liability except Property, plant and Equipment.

**2.17 VAT**

Company Produces both Vatable and Non-Vatable Product. The company paid VAT only on vatable items and enjoying exemption for non vatable items as per S.R.O No. 224-AIN/2017/774-VAT, dated: July 01, 2017.

**2.18 Contingent liabilities and assets**

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS-37 "Provisions, Contingent Liabilities and Contingent Assets" should not be recognized in the year in which the recognition criteria of provision have been made.

**2.19 Revenue recognition**

"As per IFRS-15: "Revenue from Contracts with Customers" an entity shall account 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 performing their respective obligations;
- b) The entity can identify each party's rights regarding the goods or services to be transferred;
- c) The entity 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 entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer."

Considering the five steps model, the Company recognizes revenue at the time of delivery when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer obtains control of those goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

**Sale of goods**

The revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer when the buyer provides assurance on the delivery of goods. The revenue represents the invoice value of goods supplied to the customers measured at the fair value of the consideration received or receivable.

**2.20 Borrowing costs**

In compliance with the requirements of IAS-23 "Borrowing Costs" borrowing costs of operational year on long term loan and short term loan facilities from bank was charged off as revenue expenditure as they incurred.

**2.21 Repairs, upkeep and maintenance charges**

These are usually charged out as revenue expenditure in the year in which it is incurred.



**2.22 Related party disclosure**

The company in normal course of business carried out a number of transactions with related parties that fall within the definition of related party as prescribed by IAS-24 "Related Party Disclosures". This has been disclosed in a separate note to the financial statements.

**2.23 Earnings per Share (EPS)**

The Company calculates its Earning per Share (EPS) in accordance with *IAS 33 "Earnings per Share"* which has been shown on the face of Statement of Comprehensive Income and the computation of EPS.

**Basic Earnings**

This represents earnings for the period attributable to the ordinary shareholders. As there are no preference dividends, minority interest or extra ordinary items, the net profit for the period has been considered as fully attributable to ordinary shareholders.

**Basic Earnings Per Share**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the Period.

**Diluted Earnings per Share**

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these Financial Statements as there were no potential ordinary shares during the relevant period.

**Weighted Average Number of Ordinary Shares outstanding during the period**

The basis of computation of number of shares in line with the provisions of IAS-33: Earnings per share. Therefore, the total number of shares outstanding at the period multiplied by a time-weighting factor which is the number of days the specific shares were outstanding as proportion of total number of days in the period.

**2.25 Date of Authorization**

The Board of Directors of **Silco Pharmaceuticals Limited** approved this Financial Statements on 01 November, 2020.

**2.26 Segment Reporting**

As required by IFRS-8 "Operating Segments", if an entity operates and engages in different economic environments and activities then the entity has to disclose information, to enable users of its financial statements to evaluate the nature and financial effects of the business so carried out.

The company considers the operation on aggregate basis and manages the operations as a single operating segment. Hence it is felt that such segment reporting is not required to be disclosed.

**2.27 Statement of Cash flows**

Statement of Cash Flows is prepared principally in accordance with IAS-7 "**Statement of Cash Flows**" and the cash flows from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provision of paragraph 19 of IAS-7 which provides that "Enterprises are Encouraged to Report Cash Flows from Operating Activities Using the Direct Method". We also provide cash flows from operating activities using the Indirect Method as well in notes to the Financial Statements.

**2.28 Reporting period**

The financial period of the Company covers 1 (one) year from 1st July 2019 to 30th June 2020.

**2.29 Events after the Reporting period**

In compliance with the requirements of IAS 10 Events after the Reporting Period that provide additional information about the company's position at the date of the financial position are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when materials.

Management of the company has taken close look whether any events after the reporting period exist that need to take into account during the preparation of Financial Reports. No event after the reporting period exists and management of the company has prepared the financial reports in accordance.

**2.30 Financial Risk Management Policies**

The company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The company does not hold or issue derivative financial instruments for speculative or trading purposes.

**Interest Rate Risk**

The company has no significant risk of fluctuations in interest rates.

**Credit Risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

**Liquidity Risk**

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company operations and to mitigate the effects of fluctuations in cash flows.

**Fair Values**

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of trade and other short-term receivables are taken to approximate their carrying value. The fair value of financial assets and liabilities approximate their carrying value.

**2.31 Capital Work in Progress**

Property, plant and equipment under construction/ acquisition are accounted for as capital work-in-progress until construction/ acquisition is complete and measured at cost. As the capital work in process has not yet been finished and is not contributing to the production process to generate revenue, depreciation is not applied for capital work in process as per Generally Accepted Accounting Principles (GAAPs- revenue and expense recognition principle).

**2.32 Changes in significant accounting policies**

**Financial Instruments**

At initial recognition as per IFRS-9 Financial Instrument, an entity shall measure a financial asset or financial liability as its fair value plus or minus (in the case of a financial asset or a financial liability

not at fair value through profit or loss) the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition (subsequent measurement) an entity shall measure a financial asset or financial liability in either of the following subject to specific circumstance specified in the standard (sec 4.1.1- 4.1.5)& (4.2.1-4.2.2):

- i. amortized cost;
- ii. fair value through other comprehensive income;
- iii. fair value through profit or loss.

The entity shall recognize loss allowance or Expected Credit Loss (impairment requirement). At each reporting date the entity account for the impairment of financial assets or financial liability in the following manner:

- I. an amount equal to the lifetime expected credit loss (if the credit risk of the instrument has increased significantly since initial recognition)
- II. an amount equal to the 12 (twelve) month expected credit loss (if the credit risk of the instrument has not increased significantly since initial recognition)

#### **Leases**

An entity shall assess a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In line with IFRS-16 Leases, an entity shall determine the lease term as the non-cancellable period of a lease together with both:

- I. Period covered by the option to extend the lease and;
- II. Period covered by the option to terminate the lease.

Initial measurement of right of use asset shall be measured at cost and subsequently either by fair value or follow revaluation model.

The company does not hold any such right of use of asset for non-cancellable period of time in exchange for any consideration.

#### **Insurance Contracts**

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 established the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts.

The company has not yet assessed in potential impact of IFRS 17 on its financial statements.

#### **2.33 Bad and Doubtful Debts**

The Management recognized the bad and doubtful debts when a debt is unrecoverable through Board of Directors' approved. Since, the management made sales through 100% confirms order by the customers and duly collected by the marketing team. Hence, no bad debts had occurred and therefore no provision was made against the receivables.

#### **2.34 General**

- i. Wherever considered necessary, previous period's figures have been rearranged for the purpose of comparison.

Previous year's figure has been rearranged wherever considered necessary to confirm to current year's presentation.

**2.35 Implication of COVID-19 on our business**

The COVID-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations and measures taken by Bangladesh Government to contain the virus has negatively affected the company's results in the reporting period. Notable events are as follows:

- I. Significant lowered down of production capacity for the month of April, May and June, 2020.
- II. Employee redundancy (insignificant) and,
- III. Reduction in sales of the above mentioned months.

The management has taken required steps to restore regular production capacity and sales considering the health and safety issues.

COVID-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.



Note No.	Particulars	Amount in Taka	
		30 June 2020	30 June 2019
<b>3.00</b>	<b>Property, Plant and Equipment</b>		
	Opening Balance	1,822,891,115	1,792,785,951
	Add: Addition during the year	46,268,881	30,105,164
	<b>Total Cost (a)</b>	<b>1,869,159,996</b>	<b>1,822,891,115</b>
	Opening Balance	700,086,436	617,619,002
	Add: Depreciation Charged for the year	78,685,201	82,467,434
	<b>Total Accumulated Depreciation (b)</b>	<b>778,771,637</b>	<b>700,086,436</b>
	<b>Written Down Value as at 30 June 2020 (a-b)</b>	<b>1,090,388,358</b>	<b>1,122,804,679</b>
	The details of above has been shown in Annexure- 'A'		
<b>4.00</b>	<b>Capital Work in Progress</b>		
	<b>Construction of Building</b>		
	Opening Balance	119,735,293	74,350,494
	Add: Addition during the year	123,782,423	72,899,210
	<b>Total:</b>	<b>243,517,716</b>	<b>147,249,704</b>
	Less: Transfer to fixed assets during the year	-	27,514,411
		<b>243,517,716</b>	<b>119,735,293</b>
<b>5.00</b>	<b>Inventories</b>		
	Raw Materials (Note-17.01)	210,943,022	190,921,454
	Packaging Materials (Note-17.02)	18,632,738	13,798,229
	Work in Process (Note-17.00)	17,997,426	18,008,086
	Finished Goods (Note-17.00)	201,984,563	199,193,684
	Store Items (Note-17.03.01)	5,152,359	4,104,237
		<b>454,710,108</b>	<b>426,025,690</b>
<b>6.00</b>	<b>Trade and other Receivable</b>		
	Receivable from Customers	484,990,001	489,986,724
		<b>484,990,001</b>	<b>489,986,724</b>
	<b>Ageing of Accounts Receivable</b>		
	More than six months	37,378,942	37,764,047
	Less than six months	447,611,059	452,222,677
		<b>484,990,001</b>	<b>489,986,724</b>

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

i. Receivables considered good in respect of which the company is fully secured	-	-
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security	484,990,001	489,986,724
iii. Receivables considered doubtful or bad	-	-
iv) Receivable due by any directors or other officers of the company or any of them either severally or jointly with any other person or receivables due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-
v. Receivables due from companies under same management	-	-
vi. The maximum amount of receivable due by any director or other officer of the company	-	-



Note No.	Particulars	Amount in Taka	
		30 June 2020	30 June 2019
<b>7.00</b>	<b>Advance, Deposit &amp; Prepayments</b>		
	Advances (Note-7.01)	125,349,552	106,214,798
	Deposits (Note-7.02)	1,576,827	1,576,827
	Prepayments (Note-7.03)	210,541	210,541
		<b>127,136,920</b>	<b>108,002,166</b>
<b>7.01</b>	<b>Advances</b>		
	Advance to Employee	5,000,000	16,227,360
	Advance to Supplier	50,799,552	29,665,952
	Advance Income Tax (Note-7.01.01)	40,930,645	35,609,990
	L/C Margin	27,253,044	22,038,345
	VAT Current A/C.	7,315	1,640,667
	Others	1,358,995	1,032,483
		<b>125,349,552</b>	<b>106,214,798</b>
<b>07.01.01</b>	<b>Advance Income Tax</b>		
	Opening Balance	35,609,990	34,255,975
	AIT Paid during the year	5,320,655	1,354,015
		<b>40,930,645</b>	<b>35,609,990</b>
<b>7.02</b>	<b>Security Deposit</b>		
	Electricity (Power Development Board)	317,400	317,400
	Gas (Jalalabad Gas Distribution Company Ltd.)	1,259,427	1,259,427
		<b>1,576,827</b>	<b>1,576,827</b>
<b>7.03</b>	<b>Prepayments</b>		
	Office Rent	210,541	210,541
		<b>210,541</b>	<b>210,541</b>
<b>8.00</b>	<b>Cash and Cash Equivalent</b>		
	Cash in hand	4,545,684	3,892,684
	Cash at Bank (Note- 8.01)	97,423,618	147,826,675
		<b>101,969,302</b>	<b>151,719,359</b>
<b>8.01</b>	<b>Cash at Bank</b>	<b>97,423,618</b>	<b>147,826,675</b>
<b>8.01.01</b>	<b>Cash at Bank:</b>		
	Bank Asia CD# 01033005988	1,468,947	-
	City Bank Ltd., CD-402434003001	108	-
	City Bank Ltd., CD-3102434003001	148,327	-
	Bank Asia CD# 01036000766	20,775,628	
	Pubali Bank Ltd., A/C No. C/D-28369010177223	5,428,867	1,142,611
	AB Bank Ltd., A/C No. C/D-4111-043420-000	34,531	36,831
	DBBL, A/C No. C/D-201.110.6703	950,096	351,910
	Pubali Bank Ltd., A/C No. C/D-3486901021357	10,718,885	2,059,359
	Prime Bank Ltd., A/C No. C/D-80025295/3115312009636	4,555,976	6,736,776
	Prime Bank Ltd., A/C No. C/D-60020426/3115111005507	22,017,518	5,880,576
	Standard Bank Ltd., A/C No. C/D-11033004387	294,591	106,400
	<b>Total:</b>	<b>66,393,473</b>	<b>16,314,463</b>



Note No.	Particulars	Amount in Taka	
		30 June 2020	30 June 2019
<b>8.01.02 IPO Fund:</b>			
	EBL_Principal Branch_BDT_A/C_1011360531186	30,845,125	99,283,147
	EBL_Principal Branch_USD_A/C_1013050531221	150,511	32,094,053
	EBL_Principal Branch_EURO_A/C_1013070531196	34,509	15,001
	EBL_Principal Branch_GBP_A/C_1013060531210	-	120,011
	<b>Total:</b>	<b>31,030,145</b>	<b>131,512,212</b>

**8.02 Fixed Deposit Receipts (FDR):**

City Bank_Ambarkhana_ '4432434003002	10,396,986	50,000,000
City Bank_Ambarkhana_ '4432434003003	10,396,986	50,000,000
City Bank_Ambarkhana_ '4432434003004	10,396,986	50,000,000
City Bank_Ambarkhana_ '4432434003005	10,396,986	-
City Bank_Ambarkhana_ '4432434003006	10,396,986	-
City Bank_Ambarkhana_ '4432434003007	10,396,986	-
City Bank_Ambarkhana_ '4432434003008	10,396,986	-
City Bank_Ambarkhana_ '4432434003009	10,396,986	-
City Bank_Ambarkhana_ '4432434003010	10,396,986	-
City Bank_Ambarkhana_ '4432434003011	10,396,986	-
City Bank_Ambarkhana_ '4432434003012	10,396,986	-
City Bank_Ambarkhana_ '4432434003013	10,396,986	-
City Bank_Ambarkhana_ '4432434003014	10,396,986	-
City Bank_Ambarkhana_ '4432434003015	10,396,986	-
City Bank_Ambarkhana_ '4432434003016	10,396,986	-
<b>Total:</b>	<b>155,954,795</b>	<b>150,000,000</b>

**9.00 Share Capital**

**9.01 Authorized Share Capital**

105,000,000 ordinary shares of Tk. 10/= each.	<b>1,050,000,000</b>	<b>1,050,000,000</b>
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**9.02 Issued, Subscribed and Paid-up Share Capital**

94,370,000 ordinary shares of Tk. 10/= each fully paid-up	943,700,000	943,700,000
Add: 10% Stock Dividend Declared during the year	94,370,000	-
1,038,07,000 ordinary shares of Tk. 10/= each fully paid-up	<b>1,038,070,000</b>	<b>943,700,000</b>

The shareholding position at the end of the year as on 30 June, 2020 are shown below:

Category of Shareholders	No. of Ordinary Shares Held	Paid-up Capital (BDT)	Percentage (%) of Paid-up Capital	Percentage (%) of Paid-up Capital
Directors & sonsors promoters	40,608,370	406,083,700	39.1191%	39.1191%
Government	-	-	-	-
Institution	18,382,859	183,828,590	17.7087%	17.7087%
Foreign	100,000	1,000,000	0.0963%	0.0963%
General Public	44,715,771	447,157,710	43.0759%	43.0759%
<b>Total</b>	<b>103,807,000</b>	<b>1,038,070,000</b>	<b>100.00%</b>	<b>100.00%</b>





Note No.	Particulars	Amount in Taka		
		30 June 2020	30 June 2019	
The range of shareholdings are shown below:				
SL No	Shareholding Range	No. of Shareholders	No. Of Shares	Percentage
1	Upto 100 Shares	490	17,557	0.02%
2	From 101 to 500 Shares	467	141,944	0.14%
3	From 501 to 1,000 Shares	1,654	997,925	0.96%
4	From 1,001 to 10,000 Shares	1,302	5,960,304	5.74%
5	From 10,001 to 20,000 Shares	240	3,382,286	3.26%
6	From 20,001 to 50,000 Shares	109	3,320,491	3.20%
7	From 50,001 to 1,00,000 Shares	63	5,051,629	4.87%
8	From 100,001 to 10,00,000 Shares	94	18,947,095	18.25%
9	From 10,00,001 to 50,00,000 Shares	11	35,130,127	33.84%
10	From 50,00,001 to 1,00,00,000 Shares	3	16,927,099	16.31%
11	From 1,00,00,001 and above Shares	1	13,930,543	13.42%
<b>Total:</b>		<b>4,434</b>	<b>103,807,000</b>	<b>100.00%</b>
<b>10.00</b>	<b>Retained Earnings</b>			
	Opening balance		1,238,497,715	1,097,376,872
	Add: Profit during the year		83,175,539	162,484,445
	<b>Total:</b>		<b>1,321,673,254</b>	<b>1,259,861,317</b>
	Issued 10% Bonus Share during the year		(94,370,000)	-
	Issued 2% Cash Dividend		(18,874,000)	-
	Less: IPO Expenses		-	(21,363,602)
	<b>Closing Balance</b>		<b>1,208,429,254</b>	<b>1,238,497,715</b>
<b>11.00</b>	<b>Deferred Tax Liabilities</b>			
	WDV as Accounting base		1,090,388,358	1,122,804,679
	WDV as per Tax base		481,171,703	533,015,674
	<b>Temporary Difference</b>		<b>609,216,655</b>	<b>589,789,005</b>
	Applicable Tax Rate		25.00%	25.00%
	<b>Deferred Tax Closing Balance</b>		<b>152,304,164</b>	<b>147,447,251</b>
<b>12.00</b>	<b>Trade Payable</b>			
	Trade Payable		16,584,269	15,717,627
			<b>16,584,269</b>	<b>15,717,627</b>
<b>13.00</b>	<b>Creditors &amp; Accruals</b>			
	Electricity, Gas & Water Bills		633,519	753,554
	Salary & Wages		6,473,725	7,484,563
	Director Remuneration		45,000	45,000
	Sundry Creditors		4,126,524	4,301,343
	Audit Fees		345,000	345,000
	Rent Payable		1,117,327	-
			<b>12,741,095</b>	<b>12,929,461</b>
<b>14.00</b>	<b>Liability for WPPF</b>			
	Opening Balance		7,089,876	8,104,940
	Add: Addition during the year		5,545,036	7,089,876
			<b>12,634,912</b>	<b>15,194,816</b>
	Less: Paid during the year		6,380,888	8,104,940
			<b>6,254,023</b>	<b>7,089,876</b>
<b>15.00</b>	<b>Current Tax Liability</b>			
	Opening Balance		200,748,972	172,406,076
	Add: Charge for the year (Note-21.01)		22,868,267	28,342,896
			<b>223,617,239</b>	<b>200,748,972</b>



**ASHRAF UDDIN & CO.**  
Chartered Accountants

Notes No.	Particulars	Amount in Taka	
		2019-2020	2018-2019
<b>16.00</b>	<b>Turnover</b>		
	Sales of finished goods	733,651,005	919,041,362
		<b>733,651,005</b>	<b>919,041,362</b>
<b>17.00</b>	<b>Cost of Goods Sold</b>		
	Raw materials (Note-17.01)	260,928,329	322,826,071
	Packaging materials consumed (Note-17.02)	103,706,834	140,644,405
	<b>Total materials consumption</b>	<b>364,635,163</b>	<b>463,470,476</b>
	Add: Work in process-Opening	18,008,086	17,570,579
	Less: Work in process-Closing	17,997,426	18,008,086
	<b>Total consumption</b>	<b>364,645,823</b>	<b>463,032,968</b>
	Add: Factory Overhead (Note-17.03)	164,043,132	181,883,962
	<b>Cost of production</b>	<b>528,688,955</b>	<b>644,916,931</b>
	Add: Finished goods-Opening	199,193,684	200,618,072
	<b>Production available for Sales</b>	<b>727,882,639</b>	<b>845,535,003</b>
	Less: Finished goods-Closing	201,984,563	199,193,684
	Less: Sample Expenses	4,973,215	7,028,825
	<b>Cost of Goods Sold</b>	<b>520,924,861</b>	<b>639,312,494</b>
<b>17.01</b>	<b>Raw materials consumed</b>		
	Opening Stock	190,921,454	163,829,128
	Add: Purchase during the year	280,949,897	349,918,397
	<b>Raw materials available for production</b>	<b>471,871,351</b>	<b>513,747,525</b>
	Less: Closing Stock	210,943,022	190,921,454
		<b>260,928,329</b>	<b>322,826,071</b>
<b>17.02</b>	<b>Packaging Materials Consumed</b>		
	Opening Stock	13,798,229	12,730,323
	Add: Purchase during the year	108,541,343	141,712,311
	<b>Consumable Item available for packing</b>	<b>122,339,572</b>	<b>154,442,634</b>
	Less: Closing Stock	18,632,738	13,798,229
		<b>103,706,834</b>	<b>140,644,405</b>
<b>17.03</b>	<b>Factory Overhead</b>		
	Salary, Wages & allowance	26,396,773	29,726,095
	Festival Bonus	1,182,544	3,706,360
	Medical Expenses	983,866	1,107,957
	Food & Tiffin	3,096,352	3,852,066
	Labor Charge	4,444,313	5,004,857
	Research & Development	2,915,917	3,283,690
	Carrying Charge	8,619,720	9,706,892
	Fuel & Oil	12,526,902	14,600,119
	Postage, Telephone & Fax	813,506	916,110
	Printing and Stationary	5,182,383	5,836,017
	Rent	9,100,385	9,100,385
	Repairs & Maintenance	3,759,643	4,233,832
	Electricity, Gas & Water Bills	6,080,522	7,343,626
	Store items (17.03.01)	4,344,069	5,234,689
	Other Overhead	632,151	711,881
	Depreciation (Annexure-A)	73,964,089	77,519,388
		<b>164,043,132</b>	<b>181,883,962</b>



Notes No.	Particulars	Amount in Taka	
		2019-2020	2018-2019
<b>17.03.1</b>	<b>Store Items</b>		
	Opening Balance	4,104,237	3,609,826
	Add: Purchase during the year	5,392,191	5,729,100
	<b>Total:</b>	<b>9,496,428</b>	<b>9,338,926</b>
	Less: Consumption during the year	4,344,069	5,234,689
	<b>Closing Balance</b>	<b>5,152,359</b>	<b>4,104,237</b>
<b>18.00</b>	<b>Operating Expenses</b>		
	Administrative Expenses (Note-18.01)	19,767,248	23,022,739
	Selling & Distribution Expenses (Note-18.02)	90,452,749	108,149,925
		<b>110,219,997</b>	<b>131,172,663</b>
<b>18.01</b>	<b>Administrative Expenses</b>		
	Salary & Allowance	12,939,373	15,697,492
	Director Remuneration (MD)	540,000	540,000
	Postage, Telephone & Fax	186,380	209,887
	Traveling & Conveyance Expenses	770,021	867,141
	Repair & Maintenance	406,530	457,805
	Electricity, Fuel & Water	531,822	598,899
	Printing and Stationery	714,924	805,094
	Rent	1,025,482	1,025,482
	Subscription & Donation	272,597	306,978
	Entertainment	265,547	299,039
	Training Expense	130,497	146,956
	Audit Fee	345,000	345,000
	Miscellaneous Expenses	50,277	56,619
	Newspaper & Periodical	15,095	16,999
	Depreciation (Annexure-A)	1,573,704	1,649,349
		<b>19,767,248</b>	<b>23,022,739</b>
<b>18.02</b>	<b>Selling &amp; Distribution Expenses</b>		
	Salary & Allowance	37,820,176	43,716,415
	Transportation and Handling Expenses	8,209,184	11,046,379
	Repair and Maintenance	404,468	455,482
	Food Allowance	4,523,484	5,094,013
	Office and Store Rent	3,282,056	3,282,056
	Delivery Expenses	4,152,604	4,676,356
	Advertisement	705,721	458,872
	Postage, Telephone & Fax	1,719,159	1,935,990
	Electricity, Water and Gas	940,685	1,059,330
	Sales promotion expenses	11,359,876	15,495,356
	Traveling & Conveyance Expenses	2,404,349	2,707,601
	Entertainment Expenses	1,908,434	2,149,137
	Training Expense	2,981,744	3,583,045
	Samples Expenses	4,973,215	7,028,825
	Printing & Stationery	954,763	1,075,183
	Miscellaneous Expenses	965,423	1,087,188
	Depreciation (Annexure-A)	3,147,408	3,298,697
		<b>90,452,749</b>	<b>108,149,925</b>
<b>19.00</b>	<b>Financial Expenses</b>		
	Interest on Loan	-	-
	Bank Charge Expenses	997,464	690,254
		<b>997,464</b>	<b>690,254</b>



Notes No.	Particulars	Amount in Taka	
		2019-2020	2018-2019
<b>20.00</b>	<b>Non-operating Income</b>		
	Interest Income	14,580,179	734,899
	Sales of Wastage	356,892	286,544
		<b>14,937,071</b>	<b>1,021,443</b>
<b>21.00</b>	<b>Income Tax Expenses/(Income)</b>		
	Current Taxes Expenses (Note-21.01)	22,868,267	28,342,896
	Deferred Tax Expenses/(Income) (Note-21.02)	4,856,913	(49,029,824)
		<b>27,725,180</b>	<b>(20,686,928)</b>
<b>21.01</b>	<b>Current Tax Expenses</b>		
	Profit before Tax	110,900,718	141,797,517
	Add: Depreciation as Accounting base	78,685,201	82,467,434
	<b>Total:</b>	<b>189,585,919</b>	<b>224,264,951</b>
	Depreciation as per Tax base	(98,112,851)	(110,893,368)
	<b>Taxable Profit</b>	<b>91,473,068</b>	<b>113,371,583</b>
	Income Tax Rate	25.00%	25.00%
	<b>Current Tax expenses for the year</b>	<b>22,868,267</b>	<b>28,342,896</b>
<b>21.02</b>	<b>Deferred Tax Expenses/(Income)</b>		
	Deferred Tax Liability Closing (Note-11.00)	152,304,164	147,447,251
	Opening Deferred Tax Liability 01.07.2019	147,447,251	196,477,075
	<b>Deferred Tax Expenses/(Income) during the year</b>	<b>4,856,913</b>	<b>(49,029,824)</b>
<b>22.00</b>	<b>Earnings Per Share (EPS)</b>		
	a) Net Profit after Tax	83,175,539	162,484,445
	b) Weighted average number of shares outstanding (Note-22.01)	103,807,000	80,546,726
	<b>Earnings Per Share (EPS) (a/b)</b>	<b>0.80</b>	<b>2.02</b>
<b>22.01</b>	<b>Calculation of Weighted Average Number of Shares</b>		
	For the year ended June 30, 2020		
Particulars	Number of Share	Weight	Weighted average no of Shares
Opening No. of Shares	94,370,000	365/365	94,370,000
New Allotment No. of Shares during the year	9,437,000	365/365	9,437,000
<b>Total</b>	<b>103,807,000</b>		<b>103,807,000</b>
<b>23.00</b>	<b>Net Asset Value (NAV) Per Share</b>		
	Total Assets	2,658,667,201	2,568,273,912
	Less: Total Liabilities	412,167,948	386,076,197
	<b>A. Net Asset Value (NAV)</b>	<b>2,246,499,253</b>	<b>2,182,197,715</b>
	B. Total Number of Share outstanding	103,807,000	94,370,000
	<b>Net Asset Value (NAV) Per Share (A/B)</b>	<b>21.64</b>	<b>23.12</b>
<b>24.00</b>	<b>Net operating cash flow per share (NOCFPS)</b>		
	a) Net Operating Cash Flows	146,605,895	80,767,467
	b) Weighted average number of shares outstanding (Note-23.01)	103,807,000	80,546,726
	<b>Net operating cash flow per share (NOCFPS) (a/b)</b>	<b>1.41</b>	<b>1.00</b>



Notes No.	Particulars	Amount in Taka	
		2019-2020	2018-2019

**24.01 Reconciliation of Net Income or Net Profit with Cash Flows from Operating Activities**

Particulars	Amount in (Tk.)	
	30 June 2020	30 June 2019
Net Profit before Tax	110,900,718	141,797,517
<b>Adjustments to reconcile net income to net cash provided by</b>		
Depreciation on Property, Plant and Equipment	78,685,201	82,467,434
Financial Expenses	-	-
Increase/Decrease in Inventories	(28,684,417)	(27,667,762)
Increase/Decrease in Trade Receivables	4,996,723	(100,624,209)
Increase/Decrease in Advance, Deposits and Prepayments	(13,814,098)	(13,234,370)
Increase/Decrease in Creditors & Accruals	(188,365)	1,008,614
Increase/Decrease in Liabilities for WPPF	(835,852)	(1,015,064)
Increase/Decrease in Trade Payables	866,642	(610,679)
Income tax paid	(5,320,655)	(1,354,015)
<b>Net Cash Generated from Operating Activities</b>	<b>146,605,895</b>	<b>80,767,467</b>
<b>Net Cash Generated from Operation Activities (direct Method)</b>	<b>146,605,895</b>	<b>80,767,467</b>
<b>Difference</b>	<b>Nil</b>	<b>Nil</b>

**25.00 Information as per the Companies Act, 1994**

**25.01 Disclosures as per IAS 24 Related Party disclosures are as follows:**

The company carried out a number of transaction with related parties. The following are the related parties transactions of Silco Pharmaceuticals Limited has been disclosed by IAS 24 Related Party Disclosures:

**(a) Short-term employee benefits**

540,000

**Remuneration:**

Name of Directors	Designation	Transaction during the year	Provision for doubtful debts	Outstanding as on 30 June 2020	Outstanding as on 30 June 2019
Dr. Md. Badrul Haque Rukon	Managing Director	540,000	-	45,000	45,000

(b) Post-employee benefits

Nil

(c) Other long term benefits

Nil

(d) Termination benefits and

Nil

(e) Share-based payment

Nil

**25.02 Disclosure as per requirement of Schedule XI, part II, Para 4 of the Companies Act, 1994 are given below:**

a) Managerial Remuneration paid or payable during the financial year to the directors, including managing directors, a managing agent or manager;	540,000	540,000
b) Expenses reimbursed to the Managing Agent;	NIL	NIL
c) Commission or Remuneration payable separately to a managing agent or his associate;	NIL	NIL



Notes No.	Particulars	Amount in Taka	
		2019-2020	2018-2019
	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 year.;	NIL	NIL
	f) Any other perquisite or benefits in cash or in kind stating, approximate money value where practicable ;	NIL	NIL
	g) Other allowances and commission including guarantee commission; pensions etc.:	NIL	NIL
	(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

**25.03**

Aggregated amount of remunerating paid to all Directors and Officers during the accounting Period is as follows:

Particulars	Nature of Payment	2019-2020	2018-2019
Directors (Managing Director)	Remuneration	540,000	540,000
Officers and Executives	Salary and other Allowances	12,939,373	15,697,492
<b>Total</b>		<b>13,479,373</b>	<b>16,237,492</b>

**26.00 Board Meeting attendance Fees**

Board of Directors of Silco Pharmaceuticals Limited till now have not taken any board meeting attendance fees. During the period from 01.07.2019 to 30.06.2020, there were 5 (Five) Board Meetings held. The attendance status of all the meetings is as follows:

Name of Board of Directors	Designation	No. of Meeting held	No. of Meeting attending
Naim Fatema	Chairman	5	5
Dr. Md Badrul Haque Rukan	Managing Director	5	5
Dr. Md. Azizur Rahman	Director	5	3
Dr. Shahana Ferdous Chowdhury	Director	5	4
Dr. Md. Harunur Rashid	Director	5	5
Dr. Mahmudul Majid Chowdhury	Director	5	4
Prof. Dr. Faisal Ahmed	Director	5	3
Prof. Dr. Md Abul Ahabab	Independent Director	5	5
Prof. Dr. Md. Rezaul Karim	Independent Director	5	4
Dr. Iqbal Hossain Chowdhury	Independent Director	5	3



27.00	<b>Received from Customers</b>		
	Sales during the year	733,651,005	919,041,362
	Add: Opening Receivables	489,986,724	389,362,515
	Less: Closing Receivables	484,990,001	489,986,724
		<u>738,647,728</u>	<u>818,417,153</u>
28.00	<b>Paid to Suppliers</b>		
	Purchase during the year	394,883,431	497,359,807
	Add: Opening Payables	15,717,627	16,328,305
	Less: Closing Payables	16,584,269	15,717,627
	Add: Closing Advance to Supplier	78,059,911	53,344,964
	Less: Opening Advance to Supplier	53,344,964	40,585,521
		<u>418,731,735</u>	<u>510,729,929</u>
29.00	<b>Paid to Employees</b>		
	Salary, Wages Including Bonus	78,878,866	93,386,362
	Add: Opening Payables	7,529,563	6,798,030
	Less: Closing Payables	6,518,725	7,529,563
	Add: Closing Advance to Employee	5,000,000	16,227,360
	Less: Opening Advance to Employee	16,227,360	15,832,090
		<u>68,662,343</u>	<u>93,050,099</u>
30.00	<b>Paid to Others</b>		
	Manufacturing overhead	132,119,747	143,216,818
	Administrative Expenses	6,287,875	6,785,247
	Selling Expenses	52,632,573	64,433,510
	WPPF	5,545,036	7,089,876
	Add: Opening WPPF Payables	7,089,876	8,104,940
	Less: Closing WPPF Payables	6,254,023	7,089,876
	Add: Opening Payables	5,399,897	5,122,816
	Less: Closing Payables	6,222,370	5,399,897
	Add: Closing Advance	3,146,363	2,819,851
	Less: Opening Advance	2,819,851	2,740,195
	Less: Sample Expenses	4,973,215	7,028,825
	Less: Depreciation	78,685,201	82,467,434
		<u>113,266,706</u>	<u>132,846,830</u>



**31.00 Disclosure as per requirement of schedule XI, Part II, Para 7 are given below:**

Product Categories	Unit	Installed Capacity (Annual)	Actual Production During the period	% of Capacity utilization During the period
Tablet	Pcs.	280,000,000	176,290,749	62.96%
Capsules	Pcs.	150,000,000	83,266,497	55.51%
Liquid Syrup	Bottles	4,000,000	3,186,972	79.67%
Dry Surup	Bottles	1,000,000	541,540	54.15%
Pellet	Kg	300,000	143,069	47.69%
Powder	Phials	1,000,000	495,834	49.58%
Powder of Suspension	Bottles	500,000	358,549	71.71%
SRS Saline	Pcs.	20,000,000	16,249,031	81.25%
<b>Total</b>		<b>456,800,000</b>	<b>280,532,241</b>	<b>61.41%</b>

**32.00 Disclosure as per requirement of Schedule-XI, Part-II, Note-5 of Para-3 of companies Act 1994**

Employee Position (as on June 30, 2020)

Salary Range	Officer & Staff		Marketing Staff	Total Employee
	Factory	Head Office		
Below 6000	11	9	78	98
Above 6000	37	118	111	266
<b>Total</b>	<b>48</b>	<b>127</b>	<b>189</b>	<b>364</b>

**33.00 General**

a) **Audit Fee:** Audit fee of Tk. 345,000 represented only the audit fees and VAT thereon.

b) **Capital Expenditure Contract**

There is no capital expenditure contract has been made during the year.

c) **Contingent Liabilities & Capital Commitments**

There is no claim against the company not acknowledged debt and no un-availed credit facilities, other than those in the normal course of business, available to the company on June 30, 2020.

**34.00 Significant Deviation**

**34.01 Earnings Per Share (EPS)**

In the current year EPS is calculated as Tk. 0.80 per share which was tk. 2.02 per share in comparative year. In the current year EPS decreased due to decreased of net profit after tax and decreased Turnover comparative in preceding year. In the current year Number of Shares increased due to issuance of new share proceed from IPO and issuance of 10% bonus share during the year.





# ASHRAF UDDIN & CO.

Chartered Accountants

## Silco Pharmaceuticals Limited Schedule of Property, Plant & Equipment As at 30 June 2020

Particulars	Cost			Rate of Dep. (%)	Depreciation			Written Down Value as at June 30, 2020
	Balance as on 1st July 2019	Addition during the year	Balance as on June 30, 2020		Balance as on 1st July 2019	Charge during the year	Balance as on June 30, 2020	
	Land and Land Development	74,854,740			74,854,740	-	-	
Building	472,284,317	4,814,338	477,098,655	2.50%	10,069,592	79,971,419	397,127,236	
Plant & Machinery	1,141,326,904	3,515,056	1,144,841,960	10.00%	58,256,244	617,606,553	527,235,407	
Electrical Equipment	23,221,372		23,221,372	10.00%	1,260,093	11,880,532	11,340,840	
Electrical Installation	51,407,688		51,407,688	10.00%	2,316,276	30,561,208	20,846,480	
Furniture & Fixture	16,403,125	1,328,711	17,731,836	10.00%	1,042,197	7,244,805	10,487,031	
Office Equipment	9,028,692	33,000	9,061,692	10.00%	3,377,639	3,943,569	5,118,123	
Computer	4,311,476	167,776	4,479,252	20.00%	2,542,428	2,904,626	1,574,626	
Transformer	12,738,550		12,738,550	10.00%	511,743	8,132,859	4,605,691	
Vehicles	4,430,115	36,310,000	40,740,115	10.00%	3,524,623	6,730,480	34,009,635	
Air Condition	6,575,456	100,000	6,675,456	20.00%	438,946	4,836,338	1,839,118	
Fire Extinguisher	6,308,680		6,308,680	20.00%	4,621,890	4,959,248	1,349,432	
<b>Balance as on 30 June, 2020</b>	<b>1,822,891,115</b>	<b>46,268,881</b>	<b>1,869,159,996</b>		<b>78,685,201</b>	<b>778,771,637</b>	<b>1,090,388,358</b>	
<b>Balance as on 30 June, 2019</b>	<b>1,792,785,951</b>	<b>30,105,164</b>	<b>1,822,891,115</b>		<b>617,619,002</b>	<b>700,086,436</b>	<b>1,122,804,679</b>	

Allocation of Depreciation	Rate (%)	Taka
Factory Expenses	94.00%	73,964,089
Administrative Expenses	2.00%	1,573,704
Selling & Distribution Expenses	4.00%	3,147,408
<b>Total</b>	<b>100%</b>	<b>78,685,201</b>

