

**Independent Auditors' Report
And Audited Financial Statements**

of

**Essential Drugs Company Limited
As of 30 June 2024**



M. J. ABEDIN & CO

এম. জে. আবেদীন এন্ড কোং
Chartered Accountants

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Independent Auditor's Report

To the Shareholders of

The Essential Drugs Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Essential Drugs Company Limited** (the "Company"), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of matter

We draw attention note 18.02 in the financial statements which explains why foreign currency exchange loss has not been recognized against long term loan (Ministry of Health) Ref-ADB. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company as at and for the year ended 30 June 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 04 November 2023.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our 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.



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M. J. ABEDIN & CO
Chartered Accountants

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on such work we perform, we conclude that there is a material misstatement of this other information, we are required that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences that are sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the 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 evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



M. J. ABEDIN & CO
Chartered Accountants

- 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 requirements of the Companies Act 1994 and the other applicable laws and regulations, 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 account as required by law have been kept by the company so far as it appeared from our examination of these books; and
- c) The company statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka
30 DEC 2021

M.J Abedin & Co.
Chartered Accountants
Firm Reg. No: CAF-001-111

Partner,
Kamrul Abedin FCA,
Enrollment No: 527

DVC: 2412310527 AS 597958

Essential Drugs Company Limited
Statement of Financial Position
As at 30 June 2024

Particulars	Notes	Amount in BDT	
		30-Jun-24	30-Jun-23
ASSETS		10,721,409,132	10,463,021,331
Non-Current Assets			
Property, Plant & Equipments	6.00	2,217,325,585	2,175,780,245
Capital Work-in-Progress	7.00	8,283,569,958	8,117,707,486
Deferred Tax Assets	8.00	220,513,588	169,533,600
		15,385,690,629	14,708,483,540
Current Assets			
Inventories	9.00	3,562,412,235	3,324,589,985
Trade and Other Receivable	10.00	796,345,354	680,666,321
Advance, Deposits & Prepayments	11.00	6,455,592,098	5,527,709,827
Short Term Investments	12.00	2,000,000,000	1,000,000,000
Cash & Cash Equivalents	13.00	2,571,340,942	4,175,517,406
Total Assets		26,107,099,760	25,171,504,871
EQUITY AND LIABILITIES			
Shareholders' Equity		8,742,627,077	7,660,756,221
Share Capital	14.00	1,009,248,500	1,009,248,500
General Reserve	15.00	4,555,000,000	3,755,000,000
Revaluation Reserve	16.00	1,389,737,978	1,394,309,477
Retained Earnings	17.00	1,788,640,599	1,502,198,244
Non Current Liabilities		9,476,131,722	9,195,826,006
Long Term Loan	18.00	443,005,498	463,205,498
Gratuity Payable	19.00	1,780,026,630	1,588,823,970
Advance Against GOB Contribution	20.00	7,253,099,593	7,143,796,537
Current Liabilities		7,888,340,962	8,314,922,644
Trade and Other Payable	21.00	1,259,682,307	748,765,600
Bank Overdraft	22.00	3,873,284	-
Security deposit	23.00	115,951,087	90,387,841
Advance Against Sales & Consortium Parties		2,813,960,224	4,288,536,191
Provision for Taxation	24.00	3,615,223,503	3,126,674,512
Workers' Profit Participation Fund	25.00	79,650,557	60,558,500
TOTAL LIABILITIES		17,364,472,684	17,510,748,649
TOTAL EQUITY AND LIABILITIES		26,107,099,760	25,171,504,871
Net Assets Value (NAV) Per Share	34.00	86.63	75.91

The annexed notes from 1 to 44 form an integral part of these Financial Statements.

Chairman

Director

Managing Director (Additional Charge)

As per our separate report of even date annexed.

Place: Dhaka

Dated: 30 DEC 2024

M. J. ABEDIN & CO

Chartered Accountants

DVC:

2412310527 AS 597958

Essential Drugs Company Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

Particulars	Notes	Amount in BDT	
		30-Jun-24	30-Jun-23
Sales Revenue	26.00	11,365,887,328	9,543,202,489
Cost of Goods Sold	27.00	(8,607,393,653)	(7,319,607,760)
Gross Profit		2,758,493,675	2,223,594,729
Expenses		(1,187,916,882)	(1,063,459,898)
Administrative Expenses	28.00	1,172,259,030	1,045,068,434
Selling & Distribution Expenses	29.00	15,657,852	18,391,464
Profit from Operation		1,570,576,793	1,160,134,831
Financial Expenses	30.00	(20,627,406)	(2,296,116)
Operating Profit after Financial Expenses		1,549,949,387	1,157,838,715
Other Income	31.00	122,712,296	113,889,795
Profit before WPPF & Tax		1,672,661,683	1,271,728,510
Contribution to Worker's Participation & Welfare Funds	25.00	(79,650,557)	(60,558,500)
Profit Before Taxation		1,593,011,126	1,211,170,010
Income Tax Expenses		(437,569,003)	(280,456,784)
Current Tax		(488,548,991)	(333,071,753)
Deferred tax (expense)/income		50,979,988	52,614,969
Profit for the year		1,155,442,123	930,713,226
Other Comprehensive Income			
Item that will not be reclassified subsequently to profit or loss		-	-
Deferred Tax Income/ (Expense)	8.00	-	-
		1,155,442,123	930,713,226
Earnings per Share (EPS)	33.00	11.45	9.22

The annexed notes from 1 to 44 form an integral part of these Financial Statements.

Chairman

Director

Managing Director
(Additional Charge)

As per our separate report of even date annexed.

Place: Dhaka

Dated: 0 DEC 2024

M. J. ABEDIN & CO

Chartered Accountants

DVC:

2412310527AS 597958

Essential Drugs Company Limited
Statement of Changes In Equity
For the year ended 30 June 2024

Particulars	Amount in BDT				
	Share Capital 1	General Reserve 2	Revaluation Reserve 3	Retained Earnings 4	Total 5=(1+2+3+4)
Balance as at 01 July 2023	1,009,248,500	3,755,000,000	1,394,309,477	1,502,198,244	7,660,756,221
Cash Dividend				(50,462,425)	(50,462,425)
General Reserve		800,000,000		(800,000,000)	-
Deferred tax recognised directly in revaluation reserve			-		-
Excess depreciation transferred from revaluation reserve to retained earnings			(6,303,651)	6,303,651	-
Deferred tax on excess depreciation on revaluation of PPE			1,733,504	(1,733,504)	-
Adjustment during the year on disposal			(1,352)	1,352	-
EDCL Foundation				(23,108,842)	(23,108,842)
Net Profit after Tax				1,155,442,123	1,155,442,123
Balance as on 30 June 2024	1,009,248,500	4,555,000,000	1,389,737,978	1,788,640,599	8,742,627,078

Balance as at 01 July 2022	1,009,248,500	3,055,000,000	1,401,306,372	1,343,657,297	6,809,212,169
Cash Dividend	-	-	-	(60,554,910)	(60,554,910)
General Reserve	-	700,000,000	-	(700,000,000)	-
Excess depreciation transferred from revaluation reserve to retained earnings	-	-	(6,996,895)	6,996,895	-
EDCL Foundation	-	-	-	(18,614,265)	(18,614,265)
Net Profit after Tax	-	-	-	930,713,226	930,713,226
Balance as on 30 June 2023	1,009,248,500	3,755,000,000	1,394,309,477	1,502,198,244	7,660,756,221

The annexed notes from 1 to 44 form an integral part of these Financial Statements.

As per our report of same date.

Chairman

Director

Managing Director (Additional Charge)

Place: Dhaka

Dated: 30 DEC 2024

M. J. ABEDIN & CO

Chartered Accountants

DVC:

2412310527 AS 597958

Essential Drugs Company Limited
Statement of Cash Flows
For the year ended 30 June 2024

Notes	Amount in BDT	
	30-Jun-24	30-Jun-23
A. Cash Flows from Operating Activities		
Cash receipts from customers and others	9,897,485,210	9,906,658,330
Cash paid to suppliers, employees and others	(9,373,317,361)	(9,348,258,887)
Income tax paid	(851,386,346)	(794,698,509)
Interest paid	(20,627,406)	(2,296,116)
Net cash use from operating activities	(347,845,903)	(238,595,182)
B. Cash Flows from Investing Activities		
Acquisition of fixed assets	(159,424,473)	(88,254,020)
Disposal of Fixed Asset	879,222	111,581
Work In progress	(165,862,472)	(385,964,375)
Short Term Investment	(1,000,000,000)	1,000,000,000
Net cash used in investing activities	(1,324,407,723)	525,893,186
C. Cash Flows from Financing Activities		
Long term loan repayment	(20,200,000)	(20,200,000)
Govt. contribution	109,303,056	339,928,568
Security Deposit	25,563,246	47,970,485
Bank overdraft	3,873,284	(21,002,690)
Dividend paid	(50,462,425)	(60,554,910)
Net cash provided by financing activities	68,077,161	286,141,453
Net decrease in cash and cash equivalents (A+B+C)	(1,604,176,465)	573,439,458
Cash and cash equivalents at the beginning of the year	4,175,517,406	3,602,077,951
Cash and cash equivalents at the end of the year	2,571,340,942	4,175,517,406
Net Operating Cash Flow Per share (NOCFPS)	35.00	(3.45)
		(2.36)

The annexed notes from 1 to 44 form an integral part of these Financial Statements.

Chairman

Director

Managing Director
(Additional
Charge)

As per our report of same date.

Dated, Dhaka

Dated: 30 DEC 2024

M. J. ABEDIN & CO
Chartered Accountants
DVC:

2412310527 AS 597958

Essential Drugs Company Limited

Notes to the Financial Statements
For the year ended 30 June 2024

1. Status of the Company and principal activities:

Company information

Essential Drugs Company Limited (hereinafter referred to as "the Company") was incorporated in Bangladesh as a public company with limited liability fully owned by the Government of the Peoples' Republic of Bangladesh on 10 August 1983 under the Companies Act 1994.

The company was originated in the year 1962 by the then Government, as "Government Pharmaceutical Laboratories" with a view to manufacture and supply essential drugs to government hospitals and clinics.

Address of registered office and factory

The principal place of business is 395-397, Tejgaon Industrial Area, Dhaka, and the address of the registered office is also the same, and manufacturing plants are located at Tejgaon Industrial Area, Dhaka; Thanthania, Bogra; and Gilatala, Khulna.

Nature of business activities

The Company owns and operates a modern pharmaceuticals factory, latex processing plant, produces pharmaceutical drugs, medicines, condoms, and sells them to the local government institutes and foreign market. The company is also engaged in the manufacture, formulation, and marketing of essential drugs and medicines of public health.

2. Projects of the Company

2.1 Khulna plant

The company's project at Khulna named "Khulna Essential Latex Plant" has been in operation since 2009. It was established with Tk. 58 Crore funded by the Government of People's Republic of Bangladesh (GOB) against which shares were allotted to GOB. The plant situated at Madhupur, Tangail is producing raw materials for condoms.

2.2 Cephalosporin project (Bogra)

Bogra project is established to produce cephalosporin at a cost of Tk. 60 Crore. As of 30th June 2024 Tk. 935,149,257 has been expended.

2.3 EDCL (Gopalganj project)

EDCL has taken another project for producing contraceptives from pill to birth control injections, IV Fluid Penicillin products at Gopalganj by GOB fund. The estimated project cost is Tk. 799.76 core and will go for production by 2020. However, as of 30th June 2024 Tk. 7,344,801,162 has been expended.

3. Basis of preparation of financial statements

3.1 Statement on compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).