



AHMED ZAKER & Co.
CHARTERED ACCOUNTANTS

**Independent Auditor's Report
and
Financial Statements
of**

Bangladesh Lamps Limited

House No. 22, (9th Floor), Road No. 4, Block-F, Banani, Dhaka-1213.

As at and for the year ended June 30, 2021



Auditor:

Ahmed Zaker & Co.

Chartered Accountants

An Independent Member Firm of Geneva Group International (GGi)

Green City Edge (Level - 10), 89, Kakrail, Dhaka-1000, Bangladesh.

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Independent Auditors' Report

To the shareholders of BANGLADESH LAMPS LIMITED

Report on the Audit of the Financial Statements.

Opinion

We have audited the financial statements of BANGLADESH LAMPS LIMITED (the "Company") which comprise the Statement of Financial Position as at 30 June 2021, and Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the company gives a true and fair view, in all material respects, of the financial position of the company as at 30 June 2021, and its financial profit or loss & other Comprehensive income and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement 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 opinion on these matters.



Risk	Our response to the risk
Revenue Recognition	
<p>Revenue recognition has significant and wide influence on financial statements. Revenue is recognized when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognized at the time when the goods are transferred to the buyer the significant risks and rewards of ownership of the goods & the sales price is determined considering the effect of rebate of rebates, discounts & incentives.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers There is a risk of differences between the timing of invoicing of products and the dispatch of the products.</p>	<p>Our procedures included the following to assess this risk:</p> <ul style="list-style-type: none">➤ We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers,➤ Performed walkthroughs to understand the adequacy and the design of the revenue cycle,➤ Tested the internal control over financial reporting, we also assessed the existence and accuracy of the sales recorded.➤ Performed sample testes of individual sales transactions and traced to sales invoices, sales orders and other related document.
See note no. 24.00 to the financial statements	
Valuation of inventory	
<p>The inventory of Tk. 398,635,462 at 30 June, 2021 held in warehouses and across multiple product lines in factory.</p> <p>In order to carry inventory at the lower of cost and net realizable value, management has identified slow moving, obsolete and damaged inventories and made adjustments to the carrying value of these items, the calculation of which requires certain estimates and assumptions.</p>	<p>Our procedures included the following to assess inventory Valuation:</p> <ul style="list-style-type: none">➤ Evaluating the design and implementation of key inventory controls operating across the factory and warehouse.➤ Attending inventory counts and reconciling the count results to the inventory listing to test the completeness of data.➤ Testing, on a sample basis, the stock aging profile and the market price used in assessing the net realizable values of inventories to the related supporting documents.➤ Comparing the net realizable value



	obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.
See note no. 9.00 to the financial statements	
Disposal of property, plant and equipment	
<p>An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses 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 asset and is recognized as gain or loss from disposal of asset in statement of profit or loss and other comprehensive income.</p> <p>During the year, the Company has disposed of the leasehold building due to expiry of lease period, some machineries, electrical equipment and vehicles.</p>	<p>Our audit procedures included, among others, considering the risk associated with the different types of assets:</p> <ul style="list-style-type: none">➤ Fixed assets were disposed of by the approval of the Board.➤ We have verified these from the records produced to us by the management.➤ We have assessed the appropriateness of the company's identification of assets that were obsolete.➤ Performed walkthroughs & analytical procedure to understand the adequacy and the design of the disposal cycle.➤ Tested the internal control over financial reporting.
See note no. 4.2 to the financial statements	

Other Information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management factions of the company.

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 circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis 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 event in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statement we are responsible for the direction, supervision and performance of the audit. We solely responsible for our audit opinion.

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

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

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



Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books;
- c) The statement of Financial Position, statement of profit or loss & other comprehensive income and statement of changes in equity and statement of cash flows of the Company dealt with by the report are in agreement with the books of account and returns;
- d) The expenditure was incurred for the purpose of the Company's business.

Md Shafiqul Alam, FCS, FCA,
Enrolment number: 603
Partner
Ahmed Zaker & Co.
Chartered Accountants
Firm Registration Number: N/A

Place: Dhaka
Dated: October 18, 2021
DVC:2110190603AS752107

Bangladesh Lamps Limited
Statement of financial position
As at 30 June 2021

Particulars	Notes	30 June 2021 Taka	30 June 2020 Taka
Assets			
Property, plant and equipment	4	36,849,924	78,410,238
Right-of-use asset (ROU)	5	95,165,311	-
Investment in shares:			
At cost	6	88,527,133	88,527,133
Fair value adjustment	7	662,284,708	338,678,180
		750,811,841	427,205,313
Loans and deposits	8	5,198,471	4,715,197
Total non-current assets		888,025,547	510,330,748
Inventories	9	398,635,462	403,980,033
Trade and other receivables	10	63,724,499	130,606,869
Advances, deposits and prepayments	11	33,747,875	23,070,316
Advance income tax	12	391,663,472	346,703,583
Cash and cash equivalents	13	157,744,350	48,175,927
Total current assets		1,045,515,658	952,536,728
Total assets		1,933,541,205	1,462,867,476
Equity			
Share capital	14	93,706,080	93,706,080
Reserves and surplus	15	797,998,383	468,367,682
Total equity		891,704,463	562,073,762
Liabilities			
Deferred liability - gratuity payable	16	38,185,618	54,734,999
Deferred tax liability	17	55,951,697	23,982,297
Lease liabilities- Net off current portion	18	81,948,296	-
Total non-current liabilities		176,085,611	78,717,296
Lease liabilities- Current portion	18	15,000,000	-
Short term finance	19	417,957,079	427,847,816
Trade and other payables	20	124,118,167	98,774,239
Other liabilities	21	78,927,437	89,854,070
Unclaimed dividend	22	15,416,313	14,863,486
Provision for tax	23	214,332,135	190,736,807
Total current liabilities		865,751,131	822,076,418
Total liabilities		1,041,836,742	900,793,714
Total equity and liabilities		1,933,541,205	1,462,867,476

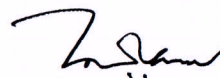
The accompanying notes form an integral part of these financial statements.


 Company Secretary


 Director


 Managing Director & CEO

As per our annexed report of same date.



Md Shafiqul Alam, FCS, FCA,
 Enrolment number: 603
 Partner
 Ahmed Zaker & Co.
 Chartered Accountants
 Firm Registration Number: N/A

Dhaka, 18 October 2021
 DVC: 2110190603AS752107

Bangladesh Lamps Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

Particulars	Notes	30 June 2021 Taka	30 June 2020 Taka
Revenue	24	1,370,202,119	940,223,950
Cost of sales	25	(1,039,820,324)	(742,411,338)
Gross profit		330,381,795	197,812,612
Other income	26	33,477,138	26,576,610
Operating expenses	27	(270,553,127)	(267,988,282)
Profit/(loss) before net finance cost		93,305,806	(43,599,060)
Finance cost	28	(23,444,382)	(50,793,881)
Finance income	29	4,646,061	7,027,042
Net finance cost		(18,798,321)	(43,766,839)
Profit/(loss) before contribution to WPPF		74,507,485	(87,365,899)
Contribution to WPPF		(3,547,976)	-
Profit/(loss) before income tax		70,959,509	(87,365,899)
Income tax expenses	30	(23,204,075)	(5,177,084)
Net profit/(loss) for the year		47,755,434	(92,542,983)
Other comprehensive income/(loss)			
Changes in fair value of shares available for sale	31	323,606,528	(213,255,929)
Deferred tax income/(expenses)	17	(32,360,653)	21,325,593
Net other comprehensive income/(loss)		291,245,875	(191,930,336)
Total comprehensive income/(loss)		339,001,309	(284,473,319)
Basic Earnings per share (par value Tk 10 each)	32	5.10	(9.88)

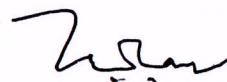
The accompanying notes form an integral part of these financial statements.


 Company Secretary


 Director


 Managing Director & CEO

As per our annexed report of same date.



Md Shafiqul Alam, FCS, FCA,
 Enrolment number: 603
 Partner
 Ahmed Zaker & Co.
 Chartered Accountants
 Firm Registration Number: N/A

Dhaka, 18 October 2021
 DVC: 2110190603AS752107

Bangladesh Lamps Limited
Statement of Changes in Equity
For the year ended 30 June 2021

Particulars	Share Capital	Reserves and surplus				Total
	Taka	Capital reserve	General reserve	Fair value reserve	Retained earnings	Taka
Balance as at 1 July 2020	93,706,080	2,305,167	253,795,136	304,810,362	(92,542,983)	562,073,762
Distribution of cash dividend	-	-	-	-	(9,370,608)	(9,370,608)
Total net profit and other comprehensive income for the year:						
Net profit for the year	-	-	-	-	47,755,434	47,755,434
Other comprehensive income	-	-	-	291,245,875	-	291,245,875
Transfer to general reserve	-	-	(101,913,591)	-	101,913,591	-
Balance as at 30 June 2021	93,706,080	2,305,167	151,881,545	596,056,237	47,755,434	891,704,463
Balance as at 1 July 2019	93,706,080	2,305,167	243,262,420	496,740,698	29,273,932	865,288,297
Distribution of cash dividend	-	-	-	-	(18,741,216)	(18,741,216)
Total net profit and other comprehensive income for the year:						
Net loss for the year	-	-	-	-	(92,542,983)	(92,542,983)
Other comprehensive loss	-	-	-	(191,930,336)	-	(191,930,336)
Transfer to general reserve	-	-	10,532,716	-	(10,532,716)	-
Balance as at 30 June 2020	93,706,080	2,305,167	253,795,136	304,810,362	(92,542,983)	562,073,762

Notes

14.0 15.1 15.0 15.0

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


Company Secretary


Director


Managing Director & CEO

Dhaka, 18 October 2021

As per our annexed report of same date.



Bangladesh Lamps Limited
Statement of Cash Flows
For the year ended 30 June 2021

Particulars	Notes	30 June 2021 Taka	30 June 2020 Taka
A. Cash flows from operating activities			
Cash receipts from customers		1,627,406,815	1,315,562,132
Cash paid to suppliers		(862,476,835)	(549,537,646)
Cash paid to employees		(211,184,767)	(185,226,098)
Cash paid for services received		(175,605,938)	(235,990,620)
Cash payment of VAT		(236,751,489)	(141,847,501)
Contribution to WPPF		-	(2,008,022)
Contribution to provident fund		(7,253,228)	(2,608,842)
Cash flows from operation		134,134,558	198,343,403
Cost recovery		10,553,298	14,655,809
Collection from sale of scrap and others		-	226,480
Interest paid		(18,641,260)	(50,533,333)
Income tax paid	12	(44,959,888)	(24,911,734)
Net cash flows from operating activities		81,086,708	137,780,625
B. Cash flows from investing activities			
Dividend received		49,663,261	1,427,953
Proceeds from sale of property, plant and equipment		4,749,685	-
Payment for acquisition of property, plant and equipment		(4,357,468)	(10,540,256)
Net cash flows from/(used in) investing activities		50,055,478	(9,112,303)
C. Cash flows from financing activities			
Payment of lease liability- Principal portion		(3,225,716)	-
Dividend paid		(8,817,781)	(18,373,283)
Net cash used in financing activities		(12,043,497)	(18,373,283)
D. Effect of exchange rate changes in cash and cash equivalent		360,471	(5,096,852)
E. Net cash inflows/(outflows) for the year (A+B+C+D)		119,459,160	105,198,187
F. Opening cash and cash equivalent		(379,671,889)	(484,870,076)
Cash and cash equivalent		48,175,927	115,128,810
Short term finance		(427,847,816)	(599,998,886)
G. Closing cash and cash equivalent (E+F)		(260,212,729)	(379,671,889)
Cash and cash equivalent	13	157,744,350	48,175,927
Short term finance	19	(417,957,079)	(427,847,816)

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


 Company Secretary


 Director


 Managing Director & CEO

As per our annexed report of same date.

Dhaka, 18 October 2021

Bangladesh Lamps Limited
Notes to the Financial Statements
As at and for the year ended 30 June 2021

1 Reporting entity

1.1 Company profile

Bangladesh Lamps Limited ("the company") is a public limited company incorporated in 1960 in Bangladesh under the Companies Act 1913. The authorised capital of the company is Taka 500 million divided into 50 million ordinary shares of Taka 10 each. The shares of the company are publicly traded in Dhaka and Chittagong Stock Exchanges.

The entire shareholding of Philips Netherland was sold and transferred on 4 March 1993 to Transcom Limited, a company incorporated in Bangladesh, thus making Bangladesh Lamps Limited a subsidiary of Transcom Limited. At present 61.03% shares are held by Transcom Limited and its subsidiary Transcom Electronics Limited. Remaining 38.97% shares are held by institutions and general public including foreign investors.

The address of the registered office of the Company is 52, Motijheel C/A, Police Station- Motijheel, Dhaka-1000.

1.2 Nature of business

The company produces and sells Philips and Transtec brand electric bulbs, Transtec brand Compact Fluorescent Lamps (CFL), Luminiare, Fluorescent Tube Lights (FTL), Starters and Light-emitting diodes (LED) in local market.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirements of the International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, the Companies Act 1994, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 18 October 2021.

2.2 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 are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

2.3 Fair value measurement

The entity measures financial instruments such as financial assets available for sale at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset and transfer the liability takes place either: i) in the principal and active market of the asset and the liability or ii) in the absence of principal market, in the most advantageous market of the asset and the liability.

Bangladesh Lamps Limited
Notes to the Financial Statements
As at and for the year ended 30 June 2021

2.4 Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention except investment available for sale which is measured at fair value.

2.5 Reporting period

Financial year of the company covers the period from 01 July 2020 to 30 June 2021.

2.6 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), unless otherwise stated, which is the company's functional currency. All financial information are presented in Taka and have been rounded off to the nearest integer.

2.7 Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In particular, information about significant areas of estimation and judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 4 : Property, plant and equipment
Note 5 : Right-of-use asset (ROU)
Note 9 : Inventories
Note 10 : Trade and other receivables
Note 11 : Advances, deposits and prepayments
Note 16 : Deferred liability - gratuity payable



Bangladesh Lamps Limited
Notes to the Financial Statements
As at and for the year ended 30 June 2021

Note 17 : Deferred tax liability
Note 18 : Lease liabilities
Note 20 : Trade and other payables
Note 21 : Other liabilities
Note 23 : Provision for tax
Note 43 : Contingent liability

2.8 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with International Accounting Standard (IAS)-7 "Statement of cash flows" as required by the Securities and Exchange Rules, 1987.

3 Significant accounting policies

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

3.1 Foreign currency

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are translated at the rates prevailing at the date of statement of financial position. Non-monetary assets and liabilities are reported using the exchange rate at the date of transaction. Differences arising on conversion are charged or credited to the statement of profit or loss and other comprehensive income.

3.2 IFRS 9 Financial Instruments

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

There was no material impact of adopting IFRS 9 on the company's statement of financial position as at 30 June 2021 and its statement of profit or loss and OCI for the year ended 30 June 2021 and the statement of cash flows for the year then ended.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments).



Bangladesh Lamps Limited
Notes to the Financial Statements
As at and for the year ended 30 June 2021

Equity instruments designated at fair value through OCI include investments in equity shares of listed companies. The Company holds non-controlling interests in these companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Items of property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset included the cost of material and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use.

3.3.2 Subsequent costs

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

3.3.3 Depreciation

Depreciation is charged on all items of property, plant and equipment on straight line method over their estimated useful lives. Depreciation is charged from the month of acquisition of property, plant and equipment and no depreciation is charged in the month of disposal. The useful lives used are summarised as below:

Leasehold buildings	10-33 years or lease term whichever is shorter
Machinery	5-20 years
Tools and equipment	5-20 years
Electrical equipment	3-15 years
Office equipment	3-7 years
Vehicles	5 years
Furniture and fittings	4-7 years

3.3.4 IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. A change in accounting estimate is an adjustment of the carrying amount of an asset or liability, or related expenses, resulting from reassessing the expected future benefits and obligations associated with that asset or liability. The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in the period of the change and future periods, if the change affects both.

Useful life of an asset is an accounting estimate and if found out that it is different from what was initially set, it is needed to book this change in line with the standard IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. No restatement of previous periods' financial statements is permitted. IAS 8 requires recognizing change in accounting estimates prospectively (now and in the future).

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3.3.5 Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses 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 asset and is recognised as gain or loss from disposal of asset in statement of profit or loss and other comprehensive income.

No depreciation is charged in the month of disposal as the depreciation of an assets is charged at the earlier date that the asset is classified as held for sale. In Bangladesh Lamps Ltd. we transfer the disposable assets as "Assets under held for sales" in the month of disposal and we don't charge the depreciation accordingly on held for sales asset/disposable assets.

3.3.6 Right-of-use assets (ROU) under IFRS 16

All leasing arrangements except those having less than 12 months of useful life have been capitalized as "right-of-use" asset with a corresponding financial liability on the financial position. Leased assets are capitalized from the start date of the lease agreement at the present value of the future leased payments, based on the rate of interest. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary. The asset is written off on a straight-line basis over the tenure of the lease agreement. Hence, the useful life of any lease assets depends on the number of periods the assets can be used.

3.3.7 Impairment

Recognition

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

3.4 Intangible assets

3.4.1 Recognition

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment loss, (if any). Intangible asset is recognised when all the conditions for recognition as per *IAS 38: Intangible assets* are met. The cost of the intangible assets comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.4.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other expenditures are recognised in the statement of profit or loss and other comprehensive income when incurred.

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3.4.3 Amortisation

Intangible assets are amortised on straight line basis to the statement of profit or loss and other comprehensive income from the date when the asset is available for use over its best estimated economic life. Intangible assets i.e., acquisition cost of the accounting software will fully amortised within 5 years of acquisition.

3.5 Investments

Investments are made in the share of different companies. These shares are non derivative financial assets that are designated as available for sale financial assets. Subsequent to initial recognition (i.e., at cost), they are measured at fair value and changes therein are recognised in other comprehensive income and presented in the fair value reserve in equity.

3.6 Inventories

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

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

3.7 Employee benefit costs

3.7.1 Gratuity

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary.

In compliance with the 1st Schedule Part C under section 2(5A) "Approved Gratuity Fund", the Company has applied to the board which is now under approval process at NBR.

3.7.2 Provident fund

The company also maintains a contributory provident fund for its permanent employees which is administered by the Board of Trustees.

3.7.3 Workers' profit participation fund

Workers' profit participation fund (WPPF) qualifies as defined contribution plan. Each year the fund will be entitled to get share of profit @ 5% on profit before tax of Bangladesh Lamps Limited as per provision of the Bangladesh Labour (Amendment) Act 2013.



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3.8 Provisions

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

3.9 Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date when underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received.

b) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.10 Borrowing cost

Interest is payable on facilities from banks and overdrafts at normal commercial rates. Borrowing costs are recognised as expense in the year in which they are incurred. Borrowing costs relating to property, plant and equipment up to the period of completion of erection are capitalised, and those for the subsequent period is charged in statement of profit or loss and other comprehensive income.



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3.11 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under IFRS 15, the company applies the following five steps for revenue recognition :

- Identifying the contract(s) with a customer.
- Identifying the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
- Determination the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.
- Allocation the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- Recognition revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

Therefore, revenue from the sales of goods is measured at the fair value of the consideration received or receivable and net of Value Added Tax (VAT).

3.12 Finance income

Finance income comprises interest income from STD Accounts and Fixed Deposit Receipts (FDR).

3.13 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the net profit for the year (other than impact on changes in fair value of available-for-sale financial assets) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the year end.

3.14 Dividend distribution policy

Bangladesh Lamps Limited maintains a dividend distribution policy for its own purpose. After Bangladesh Securities and Exchange Commission (BSEC) directive BSEC/CMRRCD/2021-386/03 dated January 14, 2021, it becomes mandatory for the listed companies to have a Dividend Distribution Policy.



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The objective of this Policy is to provide clarity to stakeholders on the dividend distribution framework. The Board of Directors shall recommend dividend in compliance with this Policy, the Articles of Association of the Company, the provisions of the Companies Act, 1994, relevant Directives / Orders published by the Bangladesh Securities and Exchange Commission and other applicable legal provisions.

The Company's Dividend Distribution Policy shall ensure that it returns cash from operations that is more than its immediate and foreseeable needs back to the shareholders over the long-term. The Company believes in continuous shareholder value enhancement and seeks to pay an attractive, sustainable and growing dividend to the shareholders of the Company.

The Board of Directors may, after considering the situation prevalent at the relevant point in time, propose if the dividend needs to be declared and if so, the rate at which it needs to be declared. The Board of Directors may consider declaration of both interim dividend and final dividend where interim dividend will be based on the performance of the Company during the period and final dividend will be based on the performance of the full year.

The Dividend recommended by the Board of Directors shall be subject to approval of the shareholders at the Annual General Meeting. Provided that no dividend shall be approved at the Annual General Meeting more than the amount recommended by the Board of Directors.

Dividend will be recommended out of the current year's Profit after Tax of the Company. In certain circumstances including but not limited to loss after tax in any particular financial year, the Board of Directors may consider utilizing reserve and surpluses for recommendation of dividends, subject to applicable legal provisions.

This Dividend Distribution Policy (as amended from time to time) will be available on the Company's website and in the annual report.

3.15 Unclaimed dividend

Any unclaimed or unsettled dividend shall be managed in line with Bangladesh Securities and Exchange Commission directions (as issued time to time) and any other applicable local laws, rules, and regulations.

3.16 Contingencies

3.16.1 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Details of contingent liabilities are disclosed in note 43.

Contingent liabilities are not recognised in the statement of financial position of the Company. Moreover, contingencies arising from claims, litigation, assessments, fines penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonable estimated.



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3.16.2 Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

3.17 Taxation

3.17.1 Current tax

Current tax has been provided in the financial statements at the rate applicable for the company as per the Income Tax Ordinance 1984. The applicable tax rate for the company is 22.50% as per Finance Act 2021.

3.17.2 Deferred tax

Deferred tax is recognised in accordance with the provision of *IAS 12: Income Taxes*, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

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

3.18 Standards adopted but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.

3.19 Operating segment

As the company's business activity falls within a single business segment viz, 'Lighting products' and the sales substantially being in the domestic market, the financial statements are reflective of the information required by IFRS 8 "Operating Segment".

3.20 General

Previous period's figures have been rearranged, wherever necessary, to conform to current year's presentation.



4 Property, plant and equipment

At 30 June 2021

Particulars	Leasehold buildings	Machinery	Tools and equipment	Electrical equipment	Office equipment	Vehicles	Furniture and fittings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Cost:								
As at 1 July 2020	92,538,873	527,350,317	10,433,499	28,555,393	7,221,831	12,967,633	4,419,638	683,487,184
Additions during the year	-	2,974,528	-	272,390	1,084,350	-	26,200	4,357,468
Disposals during the year	(92,538,873)	(277,032,222)	-	(508,700)	-	(2,454,460)	-	(372,534,255)
As at 30 June 2021	-	253,292,623	10,433,499	28,319,083	8,306,181	10,513,173	4,445,838	315,310,397
Depreciation:								
As at 1 July 2020	74,587,262	478,802,973	9,620,438	26,499,479	5,109,097	6,480,353	3,977,344	605,076,946
Charge during the year	17,951,611	16,463,838	311,570	736,694	1,014,779	2,173,608	196,283	38,848,383
Adjustments for disposals	(92,538,873)	(271,594,781)	-	(297,618)	-	(1,033,584)	-	(365,464,856)
As at 30 June 2021	-	223,672,030	9,932,008	26,938,555	6,123,876	7,620,377	4,173,627	278,460,473
As at 30 June 2021	-	29,620,593	501,491	1,380,528	2,182,305	2,892,796	272,211	36,849,924

At 30 June 2020

Particulars	Leasehold buildings	Machinery	Tools and equipment	Electrical equipment	Office equipment	Vehicles	Furniture and fittings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Cost:								
As at 1 July 2019	92,538,873	519,176,519	9,945,819	28,423,259	6,573,319	13,384,451	4,419,638	674,461,878
Additions during the year	-	8,173,798	487,680	332,134	648,512	898,132	-	10,540,256
Disposals during the year	-	-	-	(200,000)	-	(1,314,950)	-	(1,514,950)
As at 30 June 2020	92,538,873	527,350,317	10,433,499	28,555,393	7,221,831	12,967,633	4,419,638	683,487,184
Depreciation:								
As at 1 July 2019	68,139,899	458,537,550	9,179,535	25,419,541	4,260,185	5,804,514	3,701,500	575,042,724
Charge during the year	6,131,011	20,265,423	440,903	1,012,310	848,912	1,990,789	217,664	30,907,012
Loss on impairment during the year	316,352	-	-	99,761	-	-	58,180	474,293
Adjustments for disposals	-	-	-	(32,133)	-	(1,314,950)	-	(1,347,083)
As at 30 June 2020	74,587,262	478,802,973	9,620,438	26,499,479	5,109,097	6,480,353	3,977,344	605,076,946
As at 30 June 2020	17,951,611	48,547,344	813,061	2,055,914	2,112,734	6,487,280	442,294	78,410,238



4.1 Depreciation allocated to:

	<u>Note</u>	<u>30 June 2021</u> Taka	<u>30 June 2020</u> Taka
Cost of sales (Property, plant and equipment)	25	35,788,276	28,832,379
Cost of sales (Right-of-use asset)	25	5,008,701	-
Operating expenses (Property, plant and equipment)	27	3,060,107	2,548,926
		<u>43,857,084</u>	<u>31,381,305</u>

4.2 Disposal of property, plant and equipment

Particulars	Original cost Taka	Accumulated depreciation Taka	Book value Taka	Sale value Taka	Mode of disposal
Electrical equipment	200,000	32,133	167,867	167,867	Sale
Vehicles	1,314,950	1,314,950	-	-	Sale
2019-2020	1,514,950	1,347,083	167,867	167,867	
Leasehold buildings	92,538,873	92,538,873	-	-	Lease period over
Machinery	277,032,222	271,594,781	5,437,441	2,800,000	Sale
Electrical equipment	508,700	297,618	211,082	211,082	Sale
Vehicles	2,454,460	1,033,584	1,420,876	1,738,603	Sale
2020-2021	372,534,255	365,464,856	7,069,399	4,749,685	





	Note	At 30 June 2021 Taka	At 30 June 2020 Taka
5.0 Right-of-use asset (ROU)			
Cost			
As at 1 July 2020		-	-
Additions during the year		100,174,012	-
Disposals during the year		-	-
As at 30 June 2021		100,174,012	-
Accumulated depreciation			
As at 1 July 2020		-	-
Charge during the year	25	5,008,701	-
Adjustments for disposals		-	-
As at 30 June 2021		5,008,701	-
As at 30 June 2021		95,165,311	-

The Company has entered into a lease agreement with Transcom Electronics Ltd. for using of 90,000 square feet floor area in Ghashirdia, Shibpur, Norshingdi for a period of 10 years starting from 1st January 2021.

6.0 Investments

Investment (at cost)

Quoted

Reliance Insurance Limited	2,593,478	2,593,478
Pubali Bank Limited	322,520	322,520
IDLC Finance Limited	42,882,460	42,882,460
National Housing Finance and Investment Limited (NHFIL)	41,159,225	41,159,225
	86,957,683	86,957,683

Unquoted

Central Depository Bangladesh Limited (CDBL)	1,569,450	1,569,450
	88,527,133	88,527,133

Quoted (at fair value)

Reliance Insurance Limited (1,216,155 shares)	6.1	134,749,974	43,781,580
Pubali Bank Limited (1,667,272 shares)	6.2	43,349,072	34,679,258
IDLC Finance Limited (5,225,922 shares)	6.3	313,032,728	208,539,191
National Housing Finance and Investment Limited (5,635,603 shares)	6.4	258,110,617	138,635,834
		749,242,391	425,635,863

Unquoted - at cost:

Central Depository Bangladesh Limited (CDBL) (571,181 ordinary shares)	1,569,450	1,569,450
	750,811,841	427,205,313

- 6.1 Fair value of the shares as at 30 June 2021 of Reliance Insurance Limited was Tk 110.80 each, being quoted market price on that day.
- 6.2 Fair value of the shares as at 30 June 2021 of Pubali Bank Limited was Tk 26.00 each, being quoted market price on that day.
- 6.3 During the year Company received total 248,853 bonus shares from IDLC Finance Limited. Fair value of the shares as at 30 June 2021 was Tk 59.90 each, being quoted market price on that day.
- 6.4 Fair value of the shares as at 30 June 2021 of National Housing Finance & Investment Limited (NHFIL) was Tk 45.80 each, being quoted market price on that day.



		<u>At 30 June 2021</u>	<u>At 30 June 2020</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
7.0 Fair value adjustment			
Fair value of the investment (Quoted shares)	6	749,242,391	425,635,863
Less: Cost price of the investment (Quoted shares)	6	86,957,683	86,957,683
		<u>662,284,708</u>	<u>338,678,180</u>
8.0 Loans and deposits			
Cash and article loan to employees		5,724,623	5,582,569
Security and guarantee deposits		1,973,600	1,973,600
		7,698,223	7,556,169
Less : Current portion classified as current assets	11	2,499,752	2,840,972
		<u>5,198,471</u>	<u>4,715,197</u>
9.0 Inventories			
Raw materials		221,098,565	222,704,969
Raw materials in transit		4,112,299	21,116,706
Work-in-process		529,401	967,407
Finished goods		158,346,223	144,962,207
Promotional goods		2,418,876	2,589,014
Spare parts		12,130,098	11,639,730
		<u>398,635,462</u>	<u>403,980,033</u>
10.0 Trade and other receivables			
Trade receivables	10.1	61,630,781	86,675,536
Expected credit loss	38.1	(2,258,248)	(1,222,567)
Other receivables	10.2	4,351,966	45,153,900
		<u>63,724,499</u>	<u>130,606,869</u>
10.1 Trade receivables			
Sales to customers :			
Due below six months		51,645,431	65,694,752
Due more than six months		9,985,350	20,980,784
		<u>61,630,781</u>	<u>86,675,536</u>
10.2 Other receivables			
Bangladesh Electrical Industries Ltd.		-	584,086
Transcom Foods Ltd.		539,225	186,444
Transcom Distribution Company Ltd.		-	1,672,980
Sena Kalyan Sangstha		131,732	131,732
Transcom Electronics Ltd.		-	8,487,497
Transcom Ltd.		-	14,000,000
IDLC Finance Limited (Dividend receivable)		-	17,419,742
Miscellaneous		3,681,009	2,671,419
		<u>4,351,966</u>	<u>45,153,900</u>



	Note	At 30 June 2021 Taka	At 30 June 2020 Taka
11 Advance, deposit and prepayments			
Advances:			
Current portion of cash and article loan to employees	8	2,499,752	2,840,972
VAT current account		6,949,365	6,950,311
Advance to employees		2,838,592	3,854,253
Advance for goods-in-transit		11,642,345	5,740,847
Advance to suppliers		546,596	30,602
		<u>24,476,650</u>	<u>19,416,985</u>
Deposits:			
Customs deposits		216	216
Prepayment:			
Prepaid expenses		9,271,009	3,653,115
		<u>33,747,875</u>	<u>23,070,316</u>
12 Advance income tax			
Opening Balance		346,703,583	321,791,849
Add: Tax deducted at source		44,959,889	24,911,734
Closing Balance		<u>391,663,472</u>	<u>346,703,583</u>
13 Cash and cash equivalent			
Cash in hand		46,296	53,659
Balance with banks:			
Standard Chartered Bank Ltd. - Kawran Bazar, Dhaka - C/A - 01133949401		12,946	18,596
South East Bank Ltd. - Kawran Bazar, Dhaka - C/A - 001511100000945		1,146	-
South East Bank Ltd. - Banani, Dhaka - C/A - 11100007583		683,336	304,837
South East Bank Ltd. - Kawran Bazar, Dhaka - C/A - 001511100002375		25,053	26,997
South East Bank Ltd. - Banani, Dhaka - O/D - 73300000198		8,617,810	-
AB bank Ltd-Kawran Bazar Dhaka C/A No- 4002774344000		122,874	65,653
Dutch-Bangla Bank Ltd. - Banani, Dhaka - C/A - 10311019889		15,872,790	357,423
Dhaka Bank Ltd. - Kawran Bazar, Dhaka - C/A - 2071000007781		3,736,370	277,980
BRAC Bank Ltd. - Gulshan, Dhaka - C/A - 1501201990731001		2,582,198	4,144,131
The City Bank Ltd. - Gulshan, Dhaka - C/A - 1101237275001		188,350	117,264
Eastern Bank Ltd. - Gulshan, Dhaka. C/A - 1041060444541		285,557	130,446
Cash at fixed deposit:			
IDLC Finance Limited		60,000,000	-
National Housing Finance and Investment Limited (NHFIL)		65,569,624	42,678,941
Cash and cash equivalent		<u>157,744,350</u>	<u>48,175,927</u>



	Note	At 30 June 2021 Taka	At 30 June 2020 Taka
14 Share capital			
Authorized:			
50,000,000 ordinary shares of Tk 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid up:			
9,370,608 ordinary shares of Tk 10 each	14.1	<u>93,706,080</u>	<u>93,706,080</u>
Out of 9,370,608 ordinary shares issued and paid up; 675,400 shares were allotted for cash; 826,300 shares for consideration other than cash and the remaining 7,868,908 shares were issued as fully paid bonus shares.			

14.1 Composition of shareholding

Note	At 30 June 2021		At 30 June 2020	
	No. of shares	Percentage	No. of shares	Percentage
Transcom Ltd.	5,068,336	54.09%	5,068,336	54.09%
Transcom Electronics Ltd.	650,000	6.94%	650,000	6.94%
ICB	78,968	0.84%	99,569	1.06%
Foreign investors	2,665	0.03%	2,665	0.03%
Individuals	2,662,148	28.41%	2,230,049	23.80%
Other institutional investors	908,491	9.69%	1,319,989	14.08%
	<u>9,370,608</u>	<u>100%</u>	<u>9,370,608</u>	<u>100%</u>

The foreign investors have already sold their shares, but those shares have not been transferred in the name of buyers as at 30 June 2021.

Classification of shares by holding:

Holdings	Number of holders		% of total holding	
	At 30 June 2021	At 30 June 2020	At 30 June 2021	At 30 June 2020
1 to 500 shares	2,664	2,607	4.2	4.1
501 to 5000 shares	870	803	14.9	12.3
5,001 to 10,000 shares	82	63	6.2	4.7
10,001 to 20,000 shares	24	26	3.5	3.7
20,001 to 30,000 shares	8	4	2.1	1.0
30,001 to 40,000 shares	1	2	0.4	0.8
40,001 to 50,000 shares	3	1	1.4	0.4
50,001 to 100,000 shares	3	4	2.5	3.1
100,001 to 1,000,000 shares	2	5	10.7	15.8
Over 1,000,000 shares	1	1	54.1	54.1
	<u>3,658</u>	<u>3,516</u>	<u>100.0</u>	<u>100.0</u>



	<u>Note</u>	<u>At 30 June 2021</u> <u>Taka</u>	<u>At 30 June 2020</u> <u>Taka</u>
15 Reserves and surplus			
Capital reserve	15.1	2,305,167	2,305,167
General reserve		151,881,545	253,795,136
Fair value reserve		596,056,237	304,810,362
Retained earnings		47,755,434	(92,542,983)
		<u>797,998,383</u>	<u>468,367,682</u>

15.1 Capital reserve

Capital reserve was created in 1982 on restructuring of the business.

16 Deferred liability - gratuity payable

Opening Balance	54,734,999	51,753,995
Add: Provision during the year	4,391,129	5,976,056
	<u>59,126,128</u>	<u>57,730,051</u>
Less: Payment during the year	20,940,510	2,995,052
	<u>38,185,618</u>	<u>54,734,999</u>

17 Deferred tax liability/ (assets)

Deferred tax liability/ (assets) is arrived at as follows:

Particulars	Carrying Amount	Tax base	Taxable/ (deductible) temporary difference
At 30 June 2021			
Property, plant and equipment	36,849,924	40,297,625	(3,447,701)
Right-of-use assets	1,782,985	-	(1,782,985)
Gratuity payable	38,185,618	-	(38,185,618)
Expected credit loss on trade receivables	2,258,248	-	(2,258,248)
Total taxable/(deductible) temporary difference			<u>(45,674,552)</u>
Applicable tax rate			22.50%
Deferred tax asset			<u>(10,276,774)</u>
Available for sale financial assets	662,284,708	-	662,284,708
Applicable tax rate			10.00%
Deferred tax liability			<u>66,228,471</u>
Total deferred tax liability			<u>55,951,697</u>
At 30 June 2020			
Property, plant and equipment	78,410,238	63,217,323	15,192,915
Gratuity payable	54,734,999	-	(54,734,999)
Total taxable/(deductible) temporary difference			<u>(39,542,084)</u>
Applicable tax rate			25.00%
Deferred tax asset			<u>(9,885,521)</u>
Available for sale financial assets	338,678,180	-	338,678,180
Applicable tax rate			10.00%
Deferred tax liability			<u>33,867,818</u>
Total deferred tax liability			<u>23,982,297</u>

	<u>Note</u>	<u>At 30 June 2021</u> <u>Taka</u>	<u>At 30 June 2020</u> <u>Taka</u>
Movement of deferred tax liability:			
Opening balance		23,982,297	49,588,062
Provision/(reversal) during the year		(391,253)	(4,280,172)
Provision/(reversal) during the year (OCI)		32,360,653	(21,325,593)
Closing balance		<u>55,951,697</u>	<u>23,982,297</u>
18 Leases			
Lease liabilities recognized in statement of financial position:			
Lease liabilities - Current portion		15,000,000	-
Lease liabilities - Non-current portion		81,948,296	-
		<u>96,948,296</u>	<u>-</u>
Amounts recognized in profit or loss:			
Interest on lease liabilities		4,274,284	-
Depreciation expense of RoU Assets		5,008,701	-
		<u>9,282,985</u>	<u>-</u>
Amounts recognized in statement of cash flows:			
Payment of lease liability- Financing activities		3,225,716	-
Interest on lease liabilities- Operating activities		4,274,284	-
		<u>7,500,000</u>	<u>-</u>
19 Short term finance			
Eastern Bank Limited:	19.1		
Bank overdraft		55,231,254	45,137,657
Import loan		226,298,804	28,114,685
Short term loan		9,200,000	190,868,188
		<u>290,730,058</u>	<u>264,120,530</u>
Dhaka Bank Limited:	19.2		
Bank overdraft		59,648,810	42,365,829
Import loan		45,505,286	19,638,532
Short term loan		-	33,434,642
		<u>105,154,096</u>	<u>95,439,003</u>
Southeast Bank Limited	19.3		
Bank overdraft		15,089,259	49,651,552
Import loan		6,983,666	14,644,424
Short term loan		-	3,992,307
		<u>22,072,925</u>	<u>68,288,283</u>
		<u>417,957,079</u>	<u>427,847,816</u>
19.1	Total bank overdraft, stimulus package overdraft, short term loan (Demand Loan) and import loan /LC facility with Eastern Bank Limited, Dhaka at 30 June 2021 were Tk 60 million, Tk 50 million, Tk 50 million and Tk 350 million respectively with interest @ 8.00 % p.a. for the overdraft facilities subject to revision from time to time, @ 4.50 % p.a for stimulus overdraft facilities & 6.00% p.a for short term loan. Interest is charged on quarterly basis.		
	However, most of the imports of the company are financed through offshore loans (UPAS L/C) of one year tenure which bear LIBOR plus confirmations and arrangement fees @ 2.6% p.a.		
19.2	Total bank overdraft, stimulus package overdraft and import loan/LC facility limit with Dhaka Bank Limited, Dhaka at 30 June 2021 were Tk 50 million, Tk 35 million and Tk 250 million respectively with interest @ 9.00 % for the overdraft facilities subject to revision from time to time & @ 4.50 % p.a for stimulus overdraft facilities. Interest is charged on quarterly basis.		
	However, most of the imports of the company are financed through offshore loans (UPAS L/C) of one year tenure which bear LIBOR plus confirmations and arrangement fees @ 2.5% p.a.		

	Note	At 30 June 2021 Taka	At 30 June 2020 Taka
19.3	Total bank overdraft and import loan/LC facility limit with Southeast Bank Limited, Dhaka at 30 June 2021 were Tk 50 million and Tk 15 million and Tk 60 million respectively with interest @ 9.00 % for the overdraft facilities subject to revision from time to time & @ 4.50 % p.a for stimulus overdraft facilities. Interest is charged on quarterly basis.		

However, most of the imports of the company are financed through offshore loans (UPAS L/C) of six months tenure which bear LIBOR plus confirmations and arrangement fees @ 2.85% p.a.

19.4 Securities against overdraft and import loans

These loans are secured by registered first ranking pari-passu charge among Eastern Bank Limited, Principal Branch, Dhaka, Southeast Bank Limited, Banani Branch, Dhaka and Dhaka Bank Limited, Local Office Branch, Dhaka on the basis of pari-passu security sharing agreement as under.

- Registered hypothecation over duly insured stocks of all moveable assets including raw materials, work-in-process and finished goods covering the risks for fire, riots, strike, devastation and cyclone.
- Registered hypothecation over book debts of the company.
- Corporate guarantee of Transcom Limited.
- Registered hypothecation over duly insured plant and machinery covering the risks for fire and devastation and cyclone.

20 Trade and other payables

For goods	50,334,506	35,153,047
For expenses	73,783,661	63,621,192
	124,118,167	98,774,239

Trade and other payables include payables to various parties on account of supply of goods and business expenses including trade promotions, replacements and selling and distribution expenses.

21 Other liabilities

WPPF contribution		3,547,976	-
Wages and salaries		9,244,301	12,297,602
Canteen expenses		1,658,105	1,424,395
Energy cost		572,018	2,409,995
Telephone and fax		438,814	465,514
Audit fees (including WPPF and PF audit)		437,500	437,500
Legal advisor's fees		244,338	262,836
Provision for royalty	21.1	53,415,817	58,561,251
Security deposit		363,067	438,067
VAT payable		8,964,415	13,556,910
Withholding tax		41,086	-
		78,927,437	89,854,070

21.1 Provision for royalty

Opening Balance		58,561,251	54,382,435
Add: Provision during the year		5,401,721	4,398,588
		63,962,972	58,781,023
Less: Payment during the year		10,547,155	219,772
Closing balance	21.2	53,415,817	58,561,251

	<u>Note</u>	<u>At 30 June 2021</u> <u>Taka</u>	<u>At 30 June 2020</u> <u>Taka</u>
21.2 Closing balance comprises of the following:			
For Philips brand		50,494,938	48,371,246
For Transtec brand		2,920,879	10,190,105
		<u>53,415,817</u>	<u>58,561,351</u>

This represents amount payable to Koninklijke Philips Electronics N.V. (previously known as Philips International B.V.), the Netherlands, @ 3.6% royalty on net sales of Philips brand electric bulbs (GLS) and to Transcom Limited @ 0.25% royalty on the net sales of 'Transtec' brand products.

22 Unclaimed dividend

Opening Balance	14,863,486	14,495,553
Cash dividend for 2019-2020/2018-2019	9,370,608	18,741,216
Dividend paid for the year	<u>(8,817,781)</u>	<u>(18,373,283)</u>
	<u>15,416,313</u>	<u>14,863,486</u>

As per the Bangladesh Securities and Exchange Commission (BSEC) directive BSEC/CMRRCD/2021-386/03 dated January 14, 2021, the company has transferred Tk 12,178,663.38 vide PO No 1854297 dated 29 August, 2021 to the Capital Market Stabilization Fund (CMSF) for the dividend remained unclaimed for more than 3 years from the date of declaration.

22.1 Aging analysis of unclaimed dividend

<u>Period</u>	<u>Prior to Jun</u> <u>2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>Total</u>
Unclaimed dividend at 30 June 2021	12,246,770	2,121,978	652,588	394,977	15,416,313

23 Provision for tax

Opening Balance	190,736,807	181,279,551
Add: Provision for the year	<u>23,595,328</u>	<u>9,457,256</u>
Closing Balance	<u>214,332,135</u>	<u>190,736,807</u>



		<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
24 Revenue			
Energy saving bulbs			
Sales		1,042,034,558	676,373,946
Less: VAT		150,328,304	99,062,425
		891,706,254	577,311,521
Energy saving tube lights			
Sales		369,836,247	239,521,690
Less: VAT		53,159,144	28,958,445
		316,677,103	210,563,245
Electric bulbs	24.1		
Sales		178,416,901	174,776,399
Less: VAT		26,732,030	26,706,572
		151,684,871	148,069,827
Electrical accessories			
Sales		12,074,353	5,355,507
Less: VAT		1,940,462	1,076,150
		10,133,891	4,279,357
Net sales		1,370,202,119	940,223,950

24.1 This includes net sales of Philips Brand GLS bulbs of Taka 58,991,490 for the year ended Jul'20-Jun'21, and Taka 61,135,169 for the year ended Jul'19-Jun'20.

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Quantity</u>	<u>Quantity</u>
24.2 Sales Quantity		
Energy saving bulbs	6,560,542	3,673,635
Energy saving tube lights	1,339,898	1,191,872
Electric bulbs	9,703,524	9,257,959
Electrical accessories	453,166	360,290





		<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
25 Cost of sales			
Opening stock of raw materials		222,704,969	275,762,413
Purchase during the year		880,313,664	531,706,742
Closing stock of raw materials		(221,098,565)	(222,704,969)
Raw materials consumed	25.1	881,920,068	584,764,186
Salaries and wages		87,388,986	84,955,585
Gratuity		2,673,213	3,156,585
Contribution to provident fund		2,171,505	2,767,810
Medical expenses		2,053,404	1,795,353
Staff welfare expenses		4,367,432	3,616,946
Canteen expenses		9,574,077	9,606,070
Power and fuel		9,615,152	14,003,384
Repairs and maintenance - General		2,092,092	2,258,852
Repairs and maintenance - Machinery		273,897	385,659
Stores and spares consumed		1,582,305	4,948,922
Rent, rates and taxes		4,303,140	7,748,274
Insurance		1,047,395	1,316,295
Telephone and fax		382,285	454,641
Travelling and conveyance		1,126,090	1,523,894
Vehicle running expenses		154,280	539,138
Computer & IT expenses		18,399	16,960
Printing and stationery		640,347	616,264
Licence and registration fees		174,175	1,600,372
Depreciation (Property, plant and equipment)	4.1	35,788,276	28,832,379
Depreciation (Right-of-use asset)	4.1	5,008,701	-
		1,052,355,219	754,907,569
Opening work-in-process		967,407	2,040,240
Closing work-in-process	25.2	(529,401)	(967,407)
Cost of production		1,052,793,225	755,980,402
Opening stock of finished goods		144,962,207	111,166,435
Finished goods purchased during the year		411,115	20,226,708
Closing stock of finished goods	9	(158,346,223)	(144,962,207)
		<u>1,039,820,324</u>	<u>742,411,338</u>



25.1 Raw materials consumed

30 June 2021

Description	Opening stock	Purchase	Closing stock	Consumption
	Value	Value	Value	Value
	Taka	Taka	Taka	Taka
Imported:				
Energy saving bulbs	112,626,929	499,478,332	109,894,135	502,211,126
Energy saving tube lights	70,216,161	192,648,380	69,040,380	193,824,161
Electric bulbs	14,224,116	41,717,012	20,100,481	35,840,647
Electrical accessories	10,622,302	-	7,405,279	3,217,023
Imported total	207,689,508	733,843,724	206,440,275	735,092,957
Local:				
Energy saving bulbs	5,995,765	53,157,053	6,404,584	52,748,234
Energy saving tube lights	3,901,266	28,040,948	5,116,749	26,825,465
Electric bulbs	4,139,524	64,308,710	2,759,318	65,688,916
Electrical accessories	978,906	963,229	377,639	1,564,496
Local total	15,015,461	146,469,940	14,658,290	146,827,111
Grand total	222,704,969	880,313,664	221,098,565	881,920,068

Out of the total raw materials consumed, 83% was imported and the rest 17% was procured from local sources.

30 June 2020

Description	Opening stock	Purchase	Closing stock	Consumption
	Value	Value	Value	Value
	Taka	Taka	Taka	Taka
Imported:				
Energy saving lamps	211,560,624	409,890,723	173,908,285	447,543,062
Electric bulbs	21,578,593	31,519,446	14,224,116	38,873,923
Fluorescent tube lights	15,514,837	10,008,765	8,934,805	16,588,797
Electrical accessories	13,240,582	1,769,132	10,622,302	4,387,412
Imported total	261,894,636	453,188,066	207,689,508	507,393,194
Local:				
Energy saving lamps	6,649,765	42,859,450	9,706,160	39,803,055
Electric bulbs	5,096,844	33,802,903	4,139,524	34,760,223
Fluorescent tube lights	751,717	1,484,972	190,871	2,045,818
Electrical accessories	1,369,451	371,351	978,906	761,896
Local total	13,867,777	78,518,676	15,015,461	77,370,992
Grand total	275,762,413	531,706,742	222,704,969	584,764,186

Out of the total raw materials consumed, 87% was imported and the rest 13% was procured from local sources.

25.2 Break up of work-in-process

<u>Description</u>	<u>At 30 June 2021</u>		<u>At 30 June 2020</u>	
	<u>Quantity (Pc)</u>	<u>Value (Taka)</u>	<u>Quantity (Pc)</u>	<u>Value (Taka)</u>
Energy saving bulbs:				
Unpacked lamps	10,572	529,401	4,032	476,113
		529,401		476,113
Electric bulbs:				
Mounted feet lamps	-	-	-	-
Unmounted feet lamps	-	-	-	-
Uncapped lamps	-	-	23,404	167,530
Unpacked lamps	-	-	37,500	295,858
Chemicals		-		27,906
		-		491,294
		529,401		967,407

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Quantity</u>	<u>Quantity</u>
25.3 Closing stock of finished goods (in units)		
Energy saving bulbs	956,968	490,033
Energy saving tube lights	244,086	206,007
Electric bulbs	988,051	1,259,510
Electrical accessories	134,336	369,197



	Note	30 June 2021 Taka	30 June 2020 Taka
26 Other income			
Dividend income	26.1	32,243,520	18,847,694
Cost recovery		3,553,332	7,106,664
Forfeited account employer's contribution to provident fund		-	395,772
Income from sale of scrap		-	226,480
Loss on disposal of plant, property and equipment		(2,319,714)	-
		33,477,138	26,576,610

26.1 Dividend income represents dividend received in cash from investment in share of Reliance Insurance Limited, IDLC Finance Limited, Central Depository Bangladesh Limited (CDBL), National Housing Finance and Investment Limited, and Pubali Bank Limited.

	Note	30 June 2021 Taka	30 June 2020 Taka
27 Operating expenses			
Salaries & benefits		91,195,058	83,816,092
Gratuity		1,717,916	2,819,471
Contribution to provident fund		1,464,365	1,384,986
Medical expenses		3,542,958	3,883,216
Computer & IT expenses		3,803,113	4,719,590
Rent, rates and taxes		2,166,674	60,756
Fuel and power		1,524,543	4,908,665
Insurance		244,756	329,804
Repairs and maintenance		578,518	471,899
Vehicle running expenses		5,408,031	3,184,236
Travelling and conveyance		12,948,197	14,793,928
Licence and registration fees		1,035,572	1,617,493
Postage and stamps		132,836	220,181
Directors' fees		770,000	715,000
Legal and professional expenses		458,540	379,000
Auditors' remuneration		375,002	400,000
Bank charges		3,529,670	1,447,408
Periodicals and journals		234,800	377,202
Entertainment		1,795,422	2,240,126
Printing and stationery		2,844,536	2,854,520
Telephone and fax		2,495,845	2,972,089
Royalty		5,401,721	4,398,588
Selling and distribution expenses		55,676,663	61,926,815
Replacement Cost		26,437,610	41,127,569
Sales promotion and publicity		41,710,674	24,390,722
Depreciation (Property, plant and equipment)	4.1	3,060,107	2,548,926
		270,553,127	267,988,282

28 Finance cost			
On short term finance		19,530,569	45,697,029
Finance cost on lease liability		4,274,284	-
Foreign exchange (gain) or loss		(360,471)	5,096,852
		23,444,382	50,793,881

29 Finance income			
Interest income		4,540,971	6,875,734
Interest on cash loan to employees		105,090	151,308
		4,646,061	7,027,042

	<u>Note</u>	<u>30 June 2021</u> <u>Taka</u>	<u>30 June 2020</u> <u>Taka</u>
30 Income tax expenses			
Current tax	30.1	(23,595,328)	(9,457,256)
Deferred tax	17	391,253	4,280,172
		<u>(23,204,075)</u>	<u>(5,177,084)</u>

30.1 Reconciliation of effective tax rate

	<u>30 June 2021</u>		<u>30 June 2020</u>	
	<u>%</u>	<u>Taka</u>	<u>%</u>	<u>Taka</u>
Profit/(loss) before tax as per P&L		70,959,509		(87,365,899)
Profit/(loss) before tax after excluding other income		35,162,657		(113,942,509)
Tax using the Company's tax rate Tax effect of	11.1%	7,911,598		-
Provision for non-deductible expenses	18.6%	13,207,690		-
Adjustment/provision released during the year	-6.7%	(4,772,163)		-
Gross receipts			0.6%	5,687,717
Other income	10.2%	7,248,203	20.0%	3,769,539
	<u>33.3%</u>	<u>23,595,328</u>	<u>-10.8%</u>	<u>9,457,256</u>

	<u>Note</u>	<u>30 June 2021</u> <u>Taka</u>	<u>30 June 2020</u> <u>Taka</u>
31 Changes in fair value of shares available for sale			
Closing fair value reserve	7	662,284,708	338,678,180
Less: Opening fair value reserve		338,678,180	551,934,109
		<u>323,606,528</u>	<u>(213,255,929)</u>

32 Basic Earnings per share

The computation of EPS is given below:

A. Earnings attributable to ordinary	47,755,434	(92,542,983)
B. Weighted average number of ordinary shares outstanding at the year end	9,370,608	9,370,608
Basic Earnings Per Share (EPS) (A/B)	<u>5.10</u>	<u>(9.88)</u>

Earnings per share (EPS) has increased significantly from the last year for the following reasons:

- Increase in revenue by 46%,
- Decrease in net finance cost by 57%,
- Increase in other income by 26%.

32.1 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

33 Net asset value per share (NAV)

	Note	30 June 2021	30 June 2020
		Taka	Taka
The computation of NAV is given below:			
A	Net asset	891,704,463	562,073,762
B	Weighted average number of ordinary shares outstanding at the year end	9,370,608	9,370,608
Net asset value per share (NAV) (A/B)		95.16	59.98

Net asset value per share (NAV) has increased due to increase the fair value adjustment of the Company's investment & right-of-use asset (ROU) mainly.

34 Net operating cash flow per share (NOCFPS)

The computation of NOCFPS is given below:

A	Net cash used in operating activities	81,086,708	137,780,625
B	Weighted average number of ordinary shares outstanding at the year end	9,370,608	9,370,608
Net operating cash flow per share (NOCFPS) (A/B)		8.65	14.70

Net operating cash flow per share (NOCFPS) has decreased due to increase the payments to suppliers mainly.

35 Reconciliation of net operating cash flow

Profit before tax		70,959,509	(87,365,899)
Income tax expenses	30	(23,204,075)	(5,177,084)
Profit after tax		47,755,434	(92,542,983)
Adjustment for:			
Depreciation (Property, plant and equipment)	25&27	38,848,383	31,381,305
Depreciation (Right-of-use asset)	25	5,008,701	-
Forfeited account employer's contribution to provident fund	26	-	(395,772)
Dividend income	26	(32,243,520)	(1,427,953)
Loss on disposal of plant, property and equipment	26	2,319,714	-
		61,688,712	(62,985,403)
Changes in:			
Loans and deposits		(483,274)	2,565,662
Inventories		5,344,571	48,813,685
Trade and other receivables		66,882,370	181,954,427
Advances, deposits and prepayments		(28,097,300)	8,120,889
Advance income tax	12	(44,959,889)	(24,911,734)
Deferred liability - gratuity payable		(16,549,381)	2,981,004
Deferred tax liability		(391,253)	(4,280,172)
Trade and other payables		24,983,457	(40,616,817)
Other liabilities		(10,926,633)	16,681,828
Provision for tax	23	23,595,328	9,457,256
Net cash used in operating activities		81,086,708	137,780,625

36 Capacity utilization

37 Remuneration of Directors and Officers

No. of Directors & Officers

37.1 Key Management Compensation

- Short-term employee benefits
- Other long-term benefits (PF and gratuity)
- Post-employment benefits
- Termination benefits
- Share-based payment benefits

38 Financial instrument disclosure

Financial Risk Management

The company's management has overall responsibility for the establishment and oversight of the company's risk management framework.

The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

The note provides information about the company's exposure of the above risks.

38.1 Credit risk

a) Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. The Company's exposure to credit risk on receivables is mainly influenced by customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. Most of the trade receivable amounts are secured by bank guarantee received from distributors.

Set out below is the information about the credit risk exposure on the company's trade receivables and contract assets using a provision matrix.

	Invoiced 0-30 days	Invoiced 31-60 days	Invoiced 61-90 days	Invoiced 91-120 days	Invoiced 121-180 days	Invoiced 181-365 days	Invoiced above 365 days	Total
At 30 June 2021								
Trade receivables	Taka 40,723,395	Taka 6,260,714	Taka 2,227,137	Taka 1,118,860	Taka 1,315,325	Taka 2,815,344	Taka 7,170,006	Taka 61,630,781
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	8.06%	12.71%	25.03%	
Expected credit loss amount	-	-	-	-	105,980	357,690	1,794,578	2,258,248
At 30 June 2020								
Trade receivables	36,338,877	9,973,838	3,329,077	8,404,052	7,648,908	12,861,661	8,119,123	86,675,536
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.51%	3.23%	9.46%	
Expected credit loss amount	-	-	-	-	38,725	415,925	767,917	1,222,567



b) Exposure to credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Taka</u>	<u>Taka</u>
Trade receivables	61,630,781	86,675,536
Other receivables	4,351,966	45,153,900
Cash at bank	157,698,054	48,122,268
	<u>223,680,801</u>	<u>179,951,704</u>

The maximum exposure to credit risk for trade receivables at the reporting date by product category was:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Taka</u>	<u>Taka</u>
Energy saving bulbs	40,108,355	53,220,072
Energy saving tube lights	14,243,926	19,410,994
Electric bulbs	6,822,685	13,649,973
Electrical accessories	455,815	394,497
	<u>61,630,781</u>	<u>86,675,536</u>

<u>30 June 2021</u>	<u>30 June 2020</u>
<u>Taka</u>	<u>Taka</u>

c) Ageing of trade receivables

The ageing of gross trade receivables at the reporting date was:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Taka</u>	<u>Taka</u>
Invoiced 0-30 days	40,723,395	36,338,877
Invoiced 31-60 days	6,260,714	9,973,838
Invoiced 61-90 days	2,227,137	3,329,077
Invoiced 91-120 days	1,118,860	8,404,052
Invoiced 121-180 days	1,315,325	7,648,908
Invoiced 181-365 days	2,815,344	12,861,661
Invoiced above 365 days	7,170,006	8,119,123
	<u>61,630,781</u>	<u>86,675,536</u>

d) Ageing of other receivables

The ageing of other receivables at the reporting date was:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Taka</u>	<u>Taka</u>
Invoiced 0-30 days	4,220,234	45,022,168
Invoiced 31-60 days	-	-
Invoiced 61-90 days	-	-
Invoiced 91-120 days	-	-
Invoiced 121-180 days	-	-
Invoiced 181-365 days	-	-
Invoiced above 365 days	131,732	131,732
	<u>4,351,966</u>	<u>45,153,900</u>

38.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The following are the contractual maturities of financial liabilities:

At 30 June 2021

Non-derivative financial liabilities:

Trade payables	50,334,506	50,334,506	-	-	-	-
Payables for expenses	73,783,661	73,783,661	-	-	-	3,148,936
Other liabilities	78,927,437	78,927,437	2,848,804	2,200,866	15,186,643	31,346,803
Unclaimed dividend	15,416,313	15,416,313	394,977	652,588	3,884,081	10,484,667
Derivative financial liabilities	218,461,917	218,461,917	3,243,781	2,853,454	19,070,724	44,980,406

At 30 June 2020

Non-derivative financial liabilities:

Trade payables	35,153,047	35,153,047	-	-	-
Payables for expenses	63,621,192	63,621,192	60,472,256	-	3,148,936
Other liabilities	89,854,070	89,854,070	31,533,722	3,200,516	48,709,312
Unclaimed dividend	14,863,486	14,863,486	-	1,298,979	5,111,541
				666,696	2,663,729
Derivative financial liabilities					
	203,491,795	203,491,795	127,159,025	1,965,675	7,775,270
				5,334,428	61,257,397



38.3 Market risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in exchange rate. The company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

The Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

i) Exposure to currency risk

	<u>30 June 2021</u>		<u>30 June 2020</u>	
	<u>BDT</u>	<u>USD</u>	<u>BDT</u>	<u>USD</u>
Foreign currency denominated assets	-	-	-	-
Foreign currency denominated liabilities				
Trade payables	(4,052,965)	(47,710.00)	(20,978,583)	(246,952.12)
Net exposure	<u>(4,052,965)</u>	<u>(47,710.00)</u>	<u>(20,978,583)</u>	<u>(246,952.12)</u>

The following significant exchange rates are applied during the period:

	<u>Exchange rates as</u>	
	<u>30 June 2021</u>	<u>30 June 2020</u>
US Dollar (USD)	<u>Taka</u> 84.95	<u>Taka</u> 84.95

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A 10% change in exchange rate of foreign currencies would have increased/(decreased) equity and profit or loss of the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	<u>Profit or loss</u>		<u>Equity</u>	
	<u>10% increase</u> <u>Taka</u>	<u>10% decrease</u> <u>Taka</u>	<u>10% increase</u> <u>Taka</u>	<u>10% decrease</u> <u>Taka</u>
<u>30 June 2021</u>				
Expenditures denominated in USD	(405,296)	405,296	(405,296)	405,296
Exchange rate sensitivity	<u>(405,296)</u>	<u>405,296</u>	<u>(405,296)</u>	<u>405,296</u>
<u>30 June 2020</u>				
Expenditures denominated in USD	(2,097,858)	2,097,858	(2,097,858)	2,097,858
Exchange rate sensitivity	<u>(2,097,858)</u>	<u>2,097,858</u>	<u>(2,097,858)</u>	<u>2,097,858</u>

b) Interest rate risk

The risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rate. The interest rate profile of the Company's interest bearing financial instruments were as follows:

	Carrying amount	
	30 June 2021	30 June 2020
	Taka	Taka
Fixed rate instruments		
<i>Financial assets</i>		
Cash at bank	157,698,054	48,122,268
<i>Financial liabilities</i>		
Long term loan	-	-
Current portion of long term loan	-	-
	<u>-</u>	<u>-</u>
Floating rate instruments		
<i>Financial assets</i>	-	-
<i>Financial liabilities</i>	-	-
Short term finance	417,957,079	427,847,816
	<u>417,957,079</u>	<u>427,847,816</u>

c) Accounting classification and fair values

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial position are as follows:

	30 June 2021		30 June 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Assets carried at fair value through profit or loss	-	-	-	-
Held to maturity assets	-	-	-	-
Loans and receivables:				
Trade and other receivables	63,724,499	63,724,499	130,606,869	130,606,869
Cash at bank	157,698,054	157,698,054	48,122,268	48,122,268
Available for sale of financial assets	-	-	-	-
Investment on shares	750,811,841	750,811,841	427,205,313	427,205,313
Liabilities carried at fair value through profit or loss	-	-	-	-
Liabilities carried at amortised costs				
Trade payables	50,334,506	N/A*	35,153,047	N/A*
Payables for expenses	73,783,661	N/A*	63,621,192	N/A*
Other Liabilities	78,927,437	N/A*	89,854,070	N/A*
Unclaimed dividend	15,416,313	N/A*	14,863,486	N/A*
Other non-current liabilities	176,085,611	N/A*	78,717,296	N/A*

* Determination of fair value is not required as per the requirements of IFRS 7 : *Financial Instruments: Disclosure* . However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

39 Related party transactions

The company in normal course of business has entered into transactions with other entities that fall within the definition of related party contained in IAS: 24 *Related Party Disclosure*. The Company believes that the terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions during the year are as follows:

Name of related party	Relationship	Nature of transactions	Transaction			
			Opening receivable/ (payable) "A"	Addition Amount "B"	Adjustment Amount "C"	Receivable/ (payable) At 30 June 2021 "D=A+B-C"
			Taka	Taka	Taka	Taka
Transcom Electronics Ltd.	Shareholding company	a) Cost recovery, utilities and distribution expenses	8,487,497	25,304,350	34,456,160	(664,313)
		b) Dividend paid	-	520,000	520,000	-
		c) Sales	-	5,357,845	5,357,845	-
Bangladesh Electrical Industries Ltd.	Group company	a) Cost of accommodation, utility facilities and security cost recovery	584,086	4,581,294	5,165,380	-
		b) Sales	-	44,200	44,200	-
Transcom Foods Ltd.	Group company	a) Cost of accommodation, utility facilities and security cost recovery	186,444	1,037,936	685,155	539,225
		b) Sales	532,325	110,180	511,045	131,460
Transcom Distribution Company Ltd.	Group company	a) Cost of accommodation, utility facilities and security cost recovery	1,672,980	3,469,234	5,142,214	-
		b) Sales	95,977	130,105	65,452	160,630
Transcom Limited	Holding company	a) Computer & IT expenses	(20,538,748)	7,885,430	3,849,276	(16,502,594)
		b) Royalty	(10,190,105)	10,468,453	3,199,227	(2,920,879)
		c) Sales promotion and publicity expenses support	14,000,000	-	14,000,000	-
		d) Dividend paid	-	4,054,669	4,054,669	-
		e) Sales	2,250	76,550	78,800	-

Name of related party	Relationship	Nature of transactions	Transaction			Receivable/ (payable) At 30 June 2021 "D=A+B-C"
			Opening receivable/ (payable) "A"	Addition Amount "B"	Adjustment Amount "C"	
Eskayef Pharmaceutical Ltd.	Group company	Sales	1,621,736	4,500,855	5,827,749	294,842
Mediastar Ltd.	Group company	Sales	43,868	409,700	96,216	357,352
Mediaworld Ltd.	Group company	Sales	1,486	57,035	57,533	988
Transcom Consumer Products Ltd.	Group company	Sales	51,438	32,720	19,637	64,521
Transcom Beverages Ltd.	Group company	Sales	108,986	3,480,766	2,521,710	1,068,042
Transcraft Ltd.	Group company	Sales	26,850	51,180	64,580	13,450
Sena Kalyan Sangstha	Group company	Sales	131,732	-	-	131,732



40 Number of employees

The number of permanent employees receiving remuneration of Tk 36,000 or above per employee per year were 245 as on 30 June 2021 (30 June 2020: 322).

41 Dividend to non-resident shareholders

The company's four foreign investors, holding 2,665 shares in aggregate, have already sold their shares. However the buyers had not yet registered those shares in their names up to 30 June 2021.

42 Claims against the company not acknowledged as debt

None at 30 June 2021.

43 Contingent liability

- 43.1** There is a contingent liability of Tk. 4.53 million, Tk. 2.29 million, Tk. 7.69 million, Tk. 10.93 million, Tk.4.02 million, Tk.0.89 million with regard to disputed tax claims for the tax assessment year 1999-2000, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 respectively. This matter has been referred to the High Court Division, the outcome of which is yet to be received.

Furthermore, there are contingent liabilities of Tk. 1.41 million and Tk. 0.52 million with regard to unresolved disputed tax claims against the tax Assessment Years (AY) 2017-2018 and 2019-2020 respectively. Appeals against tax disputes for years (AY) 2019-2020 have been filed before the CT Appeals.

Disallowances of the expenses being tax disputes were unjust and have no merit and accordingly no additional provision has been made against the disallowances.

- 43.2** There are contingent liabilities of Tk. 112.45 million and Tk. 13.40 million due to outstanding 'Letter of Credit' and 'Bank Guarantee'.

- 43.3** Bangladesh Lamps Limited has a pending litigation with koninklijke Philips N.V with regard to the production and distribution of Philips brand GLS lamps. Currently, the Company's business from this segment is not significant and an outcome of this litigation will not have much impact on the operation of the company. The company is also making appropriate provision for Royalty payable to Philips as per terms of the agreement.

44 Capital expenditure commitment

None.

45 Receivable from directors

None.

46 Events after the reporting period

For the year ended 30 June 2021, the Board of Directors recommended a cash dividend of Tk. 2.00 per share amounting to Tk. 18,741,216 at the board meeting held on 18 October 2021.