

Beacon Pharmaceuticals Limited

(If there is any contrary information please communicate with DSE through e-mail: listing@dsebd.org)

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Brief Overview of the Company

1. Date of Incorporation : 12 September 2001
2. Date of Commercial Operation : 01 September 2006
3. Authorized Capital : Tk. 2500 m
4. Paid up Capital (Pre-IPO) : Tk. 1900 m

Details of the Issue

Description	Ordinary Shares	Offer Value In Taka	Capital in Taka
Public Offering	30,000,000	10	300,000,000
Total Issue	30,000,000	10	300,000,000

Paid up Capital after IPO

Particulars	Ordinary Shares	Face Value (Tk.)	Capital in Taka
*Pre-IPO Paid up capital	190,000,000	10.00	1,900,000,000.00
IPO	30,000,000	10.00	300,000,000.00
Paid up capital after IPO	220,000,000	10.00	2,200,000,000

History of Paid up Capital

Year	Issued, Subscribed and Paid-up Capital (M. Tk.)	Rate of Increase	Source of Paid-up Capital
30.06.07	600.00	-	Cash
30.06.08	600.00	-	Do
30.06.09	600.00	-	Do
27.09.09	1,600.00	166.67%	Do
22.10.09	1900.00	18.75%	Do

The Company issued 100,000,000 ordinary shares of Tk. 10.00 each amounting to Tk. 1,000,000,000.00 on 27.09.2009 which consent has been accorded by the Securities and Exchange Commission on 04.08.2009; and the Company is going to subscribe 30,000,000 ordinary shares of Tk. 10.00 each totaling Tk.

300,000,000, which consent, has been accorded by the Securities and Exchange Commission on 25.10.2009. Considering the above events, the paid-up capital before IPO will be stands at Tk. 1,900,000,000.

Issue Manager :ICB Capital Management Limited
Co-Issue Manager :Janata Bank Limited
Auditor : M.A. Malek Siddique Wali & Co.

Executive Summary:

Date of Incorporation	: 12 September 2001
Commencement of Business	: 01 September 2006
Authorized Capital	: Tk. 2500 million
Pre- IPO paid-up Capital	: Tk. 1900 million
Post IPO Paid-up Capital	: Tk. 2,200 million
IPO size	: Tk. 300 million
Private Placement	: Tk. 1,300 million
Face Value & Offer Price	: Tk. 10
Nature of Business	: Manufacture and market of Pharmaceutical Products.
Turn Over (sales)	: Tk. 350.81 mn , Tk. 227.82 mn and Tk. 65.74 for the year ended on 30.06.09, 30.06.08 and 30.06.07 respectively.
Profit after tax	: Tk. 18.33 mn, Tk. (17.18) mn and Tk. (40.50) for the year ended on 30.06.09, 30.06.08 and 30.06.07 respectively.
Retained Earnings	: Tk. (39.21) million as on 30.06.09.
Short term loan	: Tk. 567.08 million
Long term loan	: Tk. 1,424.15 million.
Use of IPO Proceeds	: To meet up working capital requirement.
NAV per share	: Tk. 16.05
EPS (Basic)	: Tk. 0.31 as on 30.06.09
EPS (restated)	: Tk. 0.10
Post IPO EPS	: Tk. 0.08
Major Product	: Tablet, Capsule and Injectable product.
Land (Factory)	: About 18 acres, Bhaluka, Mymensingh.
Managing Director	: Md. Ebadul Karim

Issue Manager : ICB Capital Management Limited
 Co-Issue Manager : Janata Bank Limited
 Auditors : M.A. Malek Siddique Wali & Co.

Beacon Pharmaceuticals Ltd.
At a glance

Beacon Pharmaceuticals Limited (BPL) is a public limited company, which was incorporated in Bangladesh on 12 September 2001 as private limited company with the Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh under the Companies Act 1994 with a mission to improve the quality of human life by providing innovating pharmaceutical products through continuous research and development and by ensuring stakeholders satisfaction.

The company went into commercial operation on 01 September 2006 by using its two or three product lines. The status of the company was covered from Private Limited to Public Limited Company on 25th February 2008. The Authorized Capital of the Company as of 30 April 2009 is Tk.250, 00,00,000 divided into 25,00,00,000 ordinary shares of Tk. 10.00 each. The paid-up share capital as of the same date was Tk 600,000,000 divided into 60,000,000 ordinary shares of Tk.10.00 each. Subsequently the Company issued 100,000,000 ordinary shares of Tk. 10.00 each amounting to Tk. 1,000,000,000.00 on 27.09.2009 which consent has been accorded by the Securities and Exchange Commission on 04.08.2009; and the Company is going to subscribe 30,000,000 ordinary shares of Tk. 10.00 each totaling Tk. 300,000,000, which consent, has been accorded by the Securities and Exchange Commission on 25.10.2009. Considering the above events, the paid-up capital before IPO will be stands at Tk. 1,900,000,000.

Board of Directors:

Sl. No.	Name	Designation with BPL	Entities where they have Interest	Position
1.	Md. Ebadul Karim	Managing Director	Royal Trading Corporation	Managing Director
			Kohinoor Chemical Co. (Bd.) Ltd.	Director
2.	Mrs. Nurun Nahar Karim	Director	Royal Trading Corporation	Director
			Kohinoor Chemical Co. (Bd.) Ltd.	Director
3.	Mr. Niazul Karim	Director	Royal Trading Corporation	Director

Ownership of the company's Securities as on 30.06.09:

Sl. No.	Name	Status with the Company	No. of Shares	Percentage of ownership Pre offering
1.	Md. Ebadul Karim	Managing Director/Director	5,54,56,000	92.427%
2.	Mrs. Nurun Nahar Karim	Director	45,00,000	7.50%
3	Md. Niazul Karim	Director	40,000	0.07%
4	Other Shareholders		4,000	0.01%
	Total			100%

Use of proceeds:

Use of IPO Proceeds	Loan Amount (Tk.)
IPO Proceeds	300,000,000
Less: IPO expenses (approx.)	11,902,500
Net IPO Proceeds	288,847,500
Working Capital Requirement	288,097,500

Production Capacity and Current Utilization:

The utilization of production capacity of the company is increasing gradually due to expansion of sales network, launching of new products and customer demand which has commensurate with cost control as well as efficient and effective measures taken by the management. Summary of Machine-wise Yearly Production capacity.

Sl	Machine/Production Lines	Unit	Full Capacity (Single Shift)	Current Utilization	
				Quantity	%
1	GPB Tablet Press Machine	Tablets	480,000,000	120,000,000	25
2	GPB Capsule Filling Machine(Solid)	Capsule	96,000,000	384,00,000	40
3	GPB Lyophilized Injection	Vials	1,700,000	425,000	25
4	GPB Infusion Products	Bottles	3,764,000	376,400	10
5	GPB Injection in Ampoule	Ampoules	4,950,000	247, 500	5
6	Capsule Filling Machine (LHGC)	Capsule	84,000,000	84,00,000	10
7	Powder Filling Machine (Dry-Powder for Susp.)	Bottles	4,320,000	4,32,000	10
8	Pre-Filled Syringe Products	Syringes	688,000	Nil	Nil
9	Oncology Tablet Press Machine	Tablets	13,440,000	Nil	Nil
10	Oncology Non Lyophilized Injection	Vials	526,500	Nil	Nil
11	Oncology Lyophilized Injection	Vials	196,000	Nil	Nil

Description of Property:**Fixed Assets:**

The written down value of the property, plant and equipment of the company as of 30.06.09 is as follows:

Sl. No.	Name of Assets	Written down value as of 30 June 2009	Revalued value as of 30 April 2009(taken into books of accounts as on 31.05.09)
1	Land	337,680,000	337,680,000
2	Building	503,775,212	503,989,548
3	Vehicles	17,652,263	17,659,850
4	Electrical Installation	34,914,515	34,929,268
5	Office Equipment	14,587,595	14,600,112
6	Machinery	1,553,982,461	1,554,860,365
7	Furniture & Fixture	13,829,786	13,841,692
	Total	2,517,804,653	2,477,560,835

Performance at a Glance:

Tk. in million

Particulars	30.06.07	30.06.08	30.06.09
Turn Over (Sales)	65.74	227.82	350.81
<i>Growth</i>		246.55%	53.99%
Cost of goods sold	35.26	119.40	164.91
<i>Growth</i>		238.63%	38.12%
Gross profit	30.48	108.42	185.89
<i>Growth</i>		255.71%	71.45%
Selling & Administrative Expense	29.26	70.09	85.67
<i>Growth</i>		139.54%	22.23%
Operating Profit	1.22	38.32	100.22
<i>Growth</i>		3040.98%	161.53%
Net Profit after tax	-40.50	-17.18	18.33
<i>Growth</i>		57.58%	207.00%
Total Assets	1820.73	2151.21	2976.30
<i>Growth</i>		18.15%	38.35%
Net Assets	559.50	542.32	962.74
<i>Growth</i>		-3.07%	77.52%
NAV per share	9.33	9.04	16.05
<i>Growth</i>		-3.07%	77.52%
EPS	-0.68	-0.29	0.31
<i>Growth</i>		57.58%	206.69%
EPS (restated) as on 22.10.09	-0.21	-0.09	0.10
<i>Growth</i>		57.18%	211.00%
EPS (Post IPO)	-0.18	-0.08	0.08
<i>Growth</i>		55.56%	200.00%

Particulars	30.06.07	30.06.08	30.06.09
Shareholders Equity	559.50	542.32	962.74
No. of Shares	60000000	60000000	60000000
No of Shares as on 27.09.2009			160,000,000
No of Shares as on 22.10.2009			190,000,000
Post IPO Shares			220,000,000
ROE	-7.24%	-3.17%	1.90%
ROA	-2.22%	-0.80%	0.62%
Net Profit Margin	-61.61%	-7.54%	5.23%
Asset Utilization	3.61%	10.59%	11.79%
Equity Multiplier	3.25	3.97	3.09
Short-term Debt	316.17	414.25	589.12
Long-term Debt	945.06	1194.64	1424.44
Total Debt	1261.23	1608.89	2013.56
Total Debt to Total Asset	69.27%	74.79%	67.65%
STD to Total Capital	17.37%	19.26%	19.79%
LTD to Total Capital	51.91%	55.53%	47.86%
Interest Expense	41.71	55.5	81.90
EBIT	1.22	38.32	100.22
Time Interest Earned Ratio	0.03	0.69	1.22

Net Tangible Asset per Share

Net assets are valued on historical cost/revaluation basis “reduced by depreciation provision” and considered on the basis of audited balance sheet as at 30 June 2009 as under:

ASSETS	Amount (Taka)
Non-Current Assets:	
Property, plant and equipment	2,517,804,653
Current Assets:	
Inventories	414,390,734
Accounts Receivables	27,406,826
Loan, Advance & Deposits	10,929,280
Cash and Bank Balances	5,772,633
Total assets	2,976,314,126
LIABILITIES	
Current liabilities	
Long Terms Borrowings	1,424,148,921
Liability for EWF	295,320
Short Terms Borrowings	567,076,684
Accounts Payables	12,933,529
Tax Payables	459,099
Accrued Expenses	8,652,670
Total liabilities	2,013,566,223
Net Asset Value (NAV)	962,737,903
Number of Shares	60,000,000
Net Asset Value Per Share	16.05

RISK FACTORS & MANAGEMENT PERCEPTIONS ABOUT THE RISK

The Company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the investments by the investors. The assessable risk factors, both external and internal, and Management perception there about are enumerated hereunder:

(a) Interest Rate Risk :

Interest/financial charges are paid against any kind of borrowed fund. Instability in money market and increased requirement for fund may put pressure on interest rate structure. Rising of interest rate increases the cost of fund and consequently there may be impact on profitability.

Management Perception:

While taking loan, Company always carefully considers the balance to be maintained between term loan, which carries fixed interest rate and short-term loan, which carries variable interest rate so that any interest on inflation rate increase can be kept to the minimum. Additionally Company maintains very good reputation in the banking community and so far being able to attract very competitive rates from the Banks. Management of the Company is also emphasizing on equity based financing to reduce the dependency on bank borrowings, which is reflected in the Financial Statements.

(b) Exchange Rate Risk:

The Company imports raw materials against payment of foreign currency. Unfavorable volatility or currency fluctuation may affect the profitability of the Company.

Management Perception:

Company is fully aware of the risk related to currency fluctuation and as a prudent Company; we always take steps to hedge all major currency dealings to safeguard the interest of the Company.

(c) Industry Risk :

Environmentalists are likely to create pressure on Government to protect or banning those factory, which are not follow proper ETP, Waste management solution, Air pollution etc. which are negative effects on living being and environment there by causing closure of business by the Company.

Management Perception:

We have a good setup for ETP and incinerator for waste management, a very good and sophisticated fire alarm system with integrated fire hydrant and firehouse arrangement with carbon dioxide fire extinguisher, dry powder and sand bucket. We are using exhaust filter for protection air pollution, most modern HVAC system for temperature and humidity control, which provides ergonomics environment. Sound is protected with enclosure room built with silencer and sound guard, which maintain sound with standard label. The

company also strictly follows all the laid down regulations for marketing the products and therefore does not foresee any problems in doing the business.

(d) Market and technology related Risk :

The company has world-class infrastructure with most sophisticated machinery and equipments. Fully segregated independent production facility equipped with sophisticated high-tech European machinery. Integrated Building Management System (IBMS) supported by latest dynamic software networking to ensure central monitoring and complete automatic operation of the plant. Independent modern QA, QC, Microbiological and Product Development Laboratories supported with high-tech equipment to ensure the highest quality of products. Electronically controlled operation system as per guideline of GAMP - 4 (Good Automated Manufacturing Practice).

The production facilities are based on currently available technology. Any invention of new and more cost effective technology may cause operational obsolescence thereby causing in substantial new investments. Proposed new investments in diversified product lines may need diversified technology and management skills, which may not be available. Any serious defects in the plant and machinery may affect production and profitability calling for additional investment for replacement.

Management Perception:

Company owns modern technology with R&D Infrastructure and shall be able to adapt to any new inventions with moderate investments as it has been doing in the past. The Company has access to international/multinational companies for supplying appropriate technology and technical management support for operation of new projects. Reputed manufacturer with proper warranty to take care any defects or confirmation of supplying of adequate spare parts has manufactured the selected/installed plant and machinery. As such the Company does not envisage any major problem in this area.

(e) Potential or existing government regulations:

Any adverse change by the Government in fiscal policies relating incentives, rebate etc. may adversely affect Company's profitability as well as adverse effect the production of life saving drugs.

Management Perception:

Beacon Pharmaceuticals Ltd. is the first and the only hi-tech lyophilized anticancer drugs manufacturing facility which produces human life saving drugs to save human life of Bangladesh as well as save the world human life as there will be increasing demand for life saving quality drugs.

(f) Potential changes in global or national policies:

The Company's product lines consist of specialized and sophisticated anti-cancer, cardiovascular, antibiotic and other life saving drugs products that are primarily based on imported raw materials. Any shortage in the international market might dent the production level and profitability. Law and order

situation and political unrest may also jeopardize Company's operations and adversely affect profitability.

Management Perception:

As a going concern, Company always takes step to safeguard its interest. The Company's supply chain is robust in accommodating large number of suppliers with proper contingency plan in place.

(g) Operational risk:

Shortage of power supply, labor unrest, unavailability or price increase of raw materials, natural calamities like flood, cyclone, earthquake etc. may disrupt the production of the Company and can adversely impact the profitability of the Company.

Management Perception:

The Company always provides competitive compensation package to its employees and maintain a healthy workers management relationship. The project of the Company is situated at a high land where there was less record of flood. The factory building has strong RCC foundation, RCC floor, pre-fabricated structure to withstand, storm, rain etc. along with good drainage facility. The Company's product has a good reputation in the market. Company always takes pragmatic steps to convince the customer to share a portion of the increased burden of cost increase which is possible because of strong reputation of company's product in the market and do not compromise on quality.