

CENTRAL PHARMACEUTICALS LTD.

Pre-IPO Paid up Capital (BDT mn)	480.00
Post-IPO Paid up Capital (BDT mn)	620.00
Total Capital Raised (BDT mn)	140.00
Face Value (BDT)	10.00
Pre IPO Shares Outstanding (mn)	48.00
Post IPO Shares Outstanding (mn)	62.00
Issue Price (BDT)	10.00

Financial Performance	FY	FY	FY
	2010	2011	2012
Turnover (BDT mn)	79	147	255
Turnover (Growth rate)	140%	85%	74%
COGS (BDT mn)	-53	-98	-149
COGS % of sales	67%	67%	58%
Operating Profit (BDT mn)	12	26	70
Net Profit after Tax(BDT mn)	3	12	38
Total Asset (BDT mn)	231	541	855
Total Equity (BDT mn)	111	323	541
Diluted EPS (BDT)*	0.05	0.20	0.61
NAV/Share (BDT) *	1.79	5.21	8.73
Return on Asset Ratio (%)	1%	2%	4%
Return on Equity Ratio (%)	3%	4%	7%
PE at offer price *			16.30x
PE of Pharmaceuticals sector			16.17x

*Calculations are done on post IPO number of shares
Source: Prospectus of Central Pharmaceuticals Ltd., Research, IDLC Investments Limited

Company Background

Central Pharmaceuticals Ltd. (CENTRALPHARMA) was incorporated in 1980 as a private limited company manufacturing pharmaceuticals products. Later in 1994 the company was converted into a public limited company.

Nature of Business

CENTRALPHARMA is a manufacturer and marketer of finished formulations in the pharmaceuticals industry of Bangladesh. The company has a product portfolio of 71 products, distributed in Tablet, Capsule, Liquid and Ointment forms.

Competitive Information

The company operates in finished formulations industry in Pharmaceuticals sector. There are more than 200 companies operating in the industry, and large competitors include Square pharmaceuticals Ltd., Beximco Pharmaceuticals Ltd., Incepta Pharmaceuticals Ltd., Drug International Ltd., ACI Pharmaceuticals Ltd., ACME Pharmaceuticals Ltd., Opsonin Pharmaceuticals Ltd., Aristopharma Ltd., Noverties Ltd., Reneta Pharmaceuticals Ltd., Ibne-Sina Pharmaceuticals Ltd., Globe Pharmaceuticals Ltd etc.

Supply Chain Management

The company procures raw materials from both local and foreign manufacturers. Local suppliers include Beximco pharmaceuticals Ltd., Activefine Chemicals Ltd., Drug International Ltd. etc. foreign sources are mainly from China, India and Germany.

Fuel & power management

The power requirement for the plant is 420 KW which is met from DSECO and two own generators (520 KVA and 50 KVA). Meanwhile, gas requirements are met from TITASGAS.

Reasons for IPO

CENTRALPHARMA intends to repay its debt through IPO proceeds. Utilization of IPO proceeds according to the prospectus is as follows,

Particulars	Amount
Repayment of Partial Project bank Loan	128,000,000
IPO Expenses	12,000,000
TOTAL	140,000,000

Source: Prospectus of CENTRAL PHARMACEUTICALS LTD.

Financial performance

With capacity utilization still low, top Line has been experiencing supernormal growth due to operational scale up effects. Over FY 2009-FY 2012, CENTRALPHARMA recorded a CAGR of 97% in Turnover. However, growth is slowing down as capacity utilization rises. In FY 2012, turnover grew by 74% YoY, lower than 85% YoY in 2011. Meanwhile profit margins have been relatively steady, with visible impact of scale ups. Within FY 2010-FY 2012, Gross, Operating and Net profit margin averaged at 36%, 20% and 9% respectively. Notably, profit margins improved significantly in FY 2012 due to positive operating leverage impact.

Leverage structure

The company uses moderate level of debt in its financial structure. Average Debt to Total Assets ratio over FY 2010-FY 2012 has been 43%, while average Debt to Equity ratio for the same period has been 78%. However, financial leverage has been decreasing over the years, as operational growth is enhancing equity base of the company.

	FY 2010	FY 2011	Fy 2012
Interest coverage ratio	-1.80	-4.83	-10.04
D/TA	52%	40%	37%

Source: Prospectus of CENTRAL PHARMACEUTICALS LTD., Research, IDLC Investments Limited.

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