

### Key Particulars of the IPO

Ticker	<b>IBP</b>
Face Value (Tk.)	10.00
Offer Price per share (Tk.)	10.00
No. of Share (IPO)	20,000,000
No. of Pre-IPO Share	73,000,000
No. of Post-IPO Share	93,000,000
<b>Issue Size (Offer Price) (Tk)</b>	<b>200,000,000</b>
Pre-IPO Paid-up Capital (TK)	730,000,000
Post-IPO Paid UP (Tk)	930,000,000
Authorized Capital (Tk)	1,000,000,000
<b>No. of Free Float Shares on Debut</b>	<b>17,500,000</b>
Pre-IPO EPS (9m, Mar 30, 2018)	1.02
<b>Post-IPO EPS (9m Mar 30, 2018)</b>	<b>0.80</b>
<b>Post-IPO EPS (Ann. 2017-2018)</b>	<b>1.06</b>
<b>NAVPs (as on June,2018)</b>	<b>13.03</b>
<b>PE at Tk 10 (Post-IPO)</b>	<b>9.43</b>

### Company Overview

Indo Bangla Pharmaceuticals Limited situated in Barisal district was incorporated on June 2014 before starting their commercial operation turning into a public limited company later that same year. The Company is engaged in manufacturing and selling of all kinds of medicine (excluding Antibiotic), medical preparations drugs & chemicals (Human Health). The Company applied for permission for production and selling of veterinary medicine also.

### Major Products of the Company

Indo-Bangla Pharmaceuticals Ltd. produces a good number of products of Human products division. All the products of Indo-Bangla Pharmaceuticals Ltd. categorized under Non Biological Products and Biological Products

### Top Five Private Placement Shareholders

Sl.	Name	No. of Share	Lock In
1.	Bangladesh Fund	6,000,000	1 Yr.
2.	Akram Hossain Md. Feroz	2,800,000	1 Yr.
3.	Jannatul Marzan	2,251,000	1 Yr.
4.	Md. Abdus Sabur Khan	1,651,000	1 Yr.
5.	Nazmun Nahar	1,301,000	1 Yr.

### Industry Overview

Pharmaceutical is the core of Bangladesh's Healthcare sector and serves as one of the most important manufacturing industry. It is also one of the most developed among the manufacturing industries in Bangladesh. The growth of Pharmaceuticals industry of Bangladesh exceeds the GDP growth of Bangladesh. Between the years 2014 to 2017, historical three years CAGR of the pharmaceutical industry was 21%. At present, there are more than 437 registered small, medium, large scales, local and multinational companies operating in the country producing around 98% of the total internal demand. The remaining 2% basically constitute import of much-specialized products like vaccines, anti-cancer products and hormone drugs. The industry manufactured about 1,500 types of medicine which includes about 22,000 brands of medicines in different dosage forms. Since the promulgation of Drug Policy in 1982, the sector has grown from BDT 1730 mn to more than BDT 160 bn (\$2.0 bn). Insiders of the industry expect that by the year 2024 Bangladesh pharmaceuticals market size will be Tk. 30,300 Crore.

### Name of Sponsors and Directors

Name	Position	Post IPO %
Aziza Yeasmin	Chairman	2.16%
A F M Anowarul Huq	Managing Director	13.37%
(Investment Corporation of Bangladesh ) represented by Md. Golam Rabbani	Director	16.13%
Md. Bellal Khan	Sponsor	3.38%
Md. Amin-Ur-Rashid	Director	2.70%
Fatima Parvin	Director	2.65%
Md. Mizanur Rahman	Director	2.21%
Mst. Shahanaz Akter	Director	2.21%
Hafiza Yeasmin	Director	2.16%
Aysha Siddika	Sponsor	2.16%
Sayeda Huq	Director	2.24%
S.M. Harun Or Rashid	Independent Director	0.00%
Md. Monirujjaman	Independent Director	0.00%
Md. Firoz Khan	Independent Director	0.00%

### Key Observations

- Investment Corporation of Bangladesh (ICB) holds majority percentage (16.13%) of the sponsors/directors holdings.
- 19% of Pre IPO shares of the company are being held by the top five placement holders of Indo Bangla Pharmaceutical Limited, they are neither directors nor sponsors of the company.
- The company is very new to the industry as they have less than three years of experience, therefore their earnings and business models could see some major fluctuations as company tries to find its footing in a new environment.
- Although there were no significant deviations in revenue or profit margins, no trend analysis could be performed as the company has only two years of financial statements present.
- Since the company has no long term or short debt in their financial statements, therefore equity holders would get the first share of earnings should the management decide to disburse their earnings among shareholders. However, on the other hand, the company will not be getting any tax benefits as there are no interest to net off tax.
- As Bangladesh progresses towards cementing its place as a middle income country, people's per capita spending on health would increase and pharmaceutical industry would grow even bigger.
- The company may find it hard to penetrate the local market as there are already few high profile pharmaceutical companies currently operating in the market with strong customer loyalty. The top 10 companies in the pharmaceutical sector holds 68% of the total market share.
- Currently Indo Bangla Pharmaceuticals have no subsidiary company.
- Major portion of their raw materials are exported from foreign countries, so a change in exchange rate could see their cost of goods sold, this in turn will effect the bottom line growth of the company.

### Revenue & Revenue Growth

Ratio	2016	2015
Current Ratio	7.47	1.42
ROA	8.89%	15.72%
ROE	11.71%	37.82%
Debt-Equity	-	-
Gross Profit Margin	40.98%	40.72%
Operating Profit Margin	21.25%	21.24%
Net Profit Margin	13.72%	13.84%

### Financing of IPO fund

Particulars		%	No. of Ordinary Shares	Issue price	Issue Amount (Taka)	
Eligible investor (EI)	EI	40%	8,000,000	10	80,000,000	
	Mutual Funds and CIS	10%	2,000,000		20,000,000	
General public (GP)	GP	40%	8,000,000		80,000,000	
	NRB	10%	2,000,000		20,000,000	
Total		100%	20,000,000			200,000,000

### Capacity Utilization

Product	2015-16	2016-17	2017-18	2018-19
Tablet	60.14%	72%	75%	80%
Capsule	61.23%	72%	75%	80%
Liquid	69.83%	72%	75%	80%

### Capacity Utilization

Particulars of Allotment	Date	Share Capital (BDT)
1 <sup>st</sup> Allotment: Memorandum & Articles of Association	18.06.2014	1,000,000
2 <sup>nd</sup> Allotment: Cash	07.07.2014	98,000,000
3 <sup>rd</sup> Allotment: Amalgamation	06.08.2015	100,000,000
4 <sup>th</sup> Allotment: Bonus Issue	06.06.2016	531,000,000

**Use of the Proceeds of IPO (in mn)**

Particulars	Amount	%
Construction and other civil works	58,580,000	29.29%
Machineries	124,720,000	62.36%
IPO Expenses	16,700,000	8.35%
<b>Total</b>	<b>200,000,000</b>	<b>100.00%</b>

The major portion of IPO amount will be used for purchasing new machineries and equipment and another portion will be used for civil construction purposes, lastly, the rest will be paid for the IPO expenses.

**PE of Indo Bangla Ltd. relative to different prices**

Market PE	15.74
Sector (Pharmaceuticals) PE	19.53
PE – PHARMAID	57.10
PE – BXPBARMA	16.19

**Other IPO Details**

**Issue Date of Prospectus:** March 13, 2018

**Year End:** June

**Issue Manager:** i. AFC Capital Limited  
 ii. CAPM Advisory Limited  
 iii. EBL Investments Limited

**Implication Schedule of IPO Proceeds**

Particulars	Approximate period of project completion & commercial operation
Acquisition of Machineries & Equipment	Acquisition and Installation of Machineries and Equipment will be completed within 18 months of receiving the IPO fund and commercial operation will start 3 months following that.
Civil Construction	Construction work will commence immediately after getting the IPO fund and will be completed and ready for commercial operation within 18 months of IPO.

**Remarks**

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**Remarks**

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Shakawat Hossain	<b>Research Analyst</b>
Syed Reazul Haque	<b>Research Analyst</b>

**Dividends Declaration**

Year	2017	2016	2015
Cash Dividend (%)	Nil	Nil	Nil
Stock Dividend (%)	Nil	Nil	Nil

**Lock-in Free Period for EI: (from Issue Date of Prospectus)**

Period	On Debut	6-months	9-months
Portion	Initial 50%	Next 25%	Last 25%
Date	18.10.2018	13.09.2018	13.12.2018

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**PE of Indo Bangla Pharma Ltd. relative to different prices**

Price	20	30	40	50	60	70
PE	18.86	28.30	37.73	47.16	56.61	66.03