

## IPO PROFILE OF SLIVA PHARMACEUTICALS LIMITED



### Key Particulars of the IPO

|  |                    |
|--|--------------------|
| Ticker                                   | <b>SILVAPHL</b>    |
| Face Value (Tk.)                         | 10.00              |
| Offer Price per share (Tk.)              | 10.00              |
| No. of Share (IPO)                       | 30,000,000         |
| No. of Pre-IPO Share                     | 100,000,000        |
| No. of Post-IPO Share                    | 130,000,000        |
| <b>Issue Size (Offer Price) (Tk)</b>     | <b>300,000,000</b> |
| Pre-IPO Paid-up Capital (TK)             | 1,000,000,000      |
| Post-IPO Paid UP (Tk)                    | 1,300,000,000      |
| Authorized Capital (Tk)                  | 1,500,000,000      |
| <b>No. of Free Float Shares on Debut</b> | <b>22,500,000</b>  |
| Pre-IPO EPS (12m, Jun 30, 2018)          | 0.93               |
| <b>Post-IPO EPS (12m, 2018)</b>          | 0.72               |
| <b>Post-IPO EPS (Ann. 2017-2018)</b>     | 0.72               |
| <b>NAVPs (as on June, 2018)</b>          | <b>15.47</b>       |
| <b>PE at Tk 10 (Post-IPO)</b>            | <b>13.89</b>       |

### Company Overview

Sliva Pharmaceuticals Limited situated in Noakhali district was incorporated on April 2001 before starting their commercial operation in 2003 and was later turned into a public limited company in the year 2014. The company has engaged in manufacturing and marketing of pharmaceuticals finished products in the categories of Antibiotics, Analgesics, Anti diabetics, Narcotics, Anti pyretic, Anti-inflammatory Drugs, Anti ulcerants, Antiemetic, Gastroprokinetic, Anti histamine, Anti spasmodic expectorants, Vitamins & Minerals medicines which is selling mainly in local market.

### Top Five Private Placement Shareholders

| Sl. | Name                                | No. of Share | Lock In |
|-----|-------------------------------------|--------------|---------|
| 1.  | Al-Amin Agro Fisheries Complex Ltd. | 4,950,000    | 1 Yr.   |
| 2.  | BLI Capital Limited                 | 5,000,000    | 1 Yr.   |
| 3.  | S. R. Trading                       | 1,720,000    | 3 Yrs.  |
| 4.  | AGI Printing & Packaging Ltd.       | 1,170,000    | 3 Yrs.  |
| 5.  | S. R. Fisheries & Dairy Farm Ltd.   | 1,040,000    | 1Yr.    |

### Major Products of the Company

The major products of Sliva Pharmaceuticals Limited are:

1. Tablet
2. Capsule
3. Liquid
4. Dry Syrup

### Industry Overview

Pharmaceutical is the core of Bangladesh's Healthcare sector and serves as one of the most important manufacturing industry. 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).

### Name of Sponsors and Directors

| Name  | Position             | Post IPO % |
|---|----------------------|------------|
| Mrs. Silvana Mirza  | Chairman             | 2.24%      |
| Dr. Saira Khan  | Managing Director    | 5.36%      |
| Md. Nazrul Islam Khan (Investment Corporation of Bangladesh ) | Director             | 23.08%     |
| Mr. Monsur Rahman (Adarsha Fisheries & Poultry Farm Ltd. )    | Director             | 3.92%      |
| Mrs. Sajeda Mirza   | Sponsor              | 3.81%      |
| Mr. A. R. Hassan Mirza  | Sponsor              | 3.81%      |
| Md. Anwar Mirza   | Sponsor              | 3.73%      |
| Dr. Shibli Mirza  | Sponsor              | 3.08%      |
| Mrs. Samina Mirza   | Director             | 2.24%      |
| Mrs. Farhana Mirza  | Director             | 2.24%      |
| Al-Amin Bread & Biscuits Ltd.                                 | Sponsor              | 0.00%      |
| Md. Musfiqur Rahman FCA                                       | Independent Director | 0.00%      |
| Tanha Zarrin Ahmed  | Independent Director | 0.00%      |

## IPO PROFILE OF SLIVA PHARMACEUTICALS LIMITED



### Financing of IPO fund

| Particulars            |                      | %    | No. of Ordinary Shares | Issue price | Issue Amount (Taka) |
|------------------------|----------------------|------|------------------------|-------------|---------------------|
| Eligible investor (EI) | EI                   | 40%  | 12,000,000             | 10          | 120,000,000         |
|                        | Mutual Funds and CIS | 10%  | 3,000,000              |             | 30,000,000          |
| General public (GP)    | GP                   | 40%  | 12,000,000             |             | 120,000,000         |
|                        | NRB                  | 10%  | 3,000,000              |             | 30,000,000          |
| Total                  |                      | 100% | 30,000,000             |             | 300,000,000         |

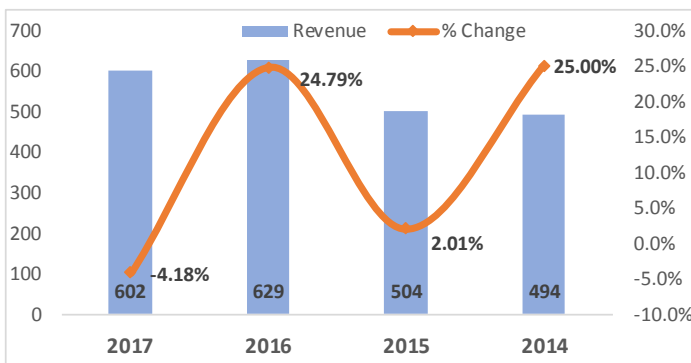
### Key Observations

| Ratio         | 2017  | 2016  | 2015  | 2014  | 2013  |
|---------------|-------|-------|-------|-------|-------|
| Current Ratio | 5.29  | 3.73  | 3.05  | 2.11  | 2.08  |
| ROA           | 4.1%  | 4.6%  | 4.2%  | 4.4%  | 4.2%  |
| ROE           | 4.9%  | 6.9%  | 8.2%  | 8.3%  | 7.7%  |
| Debt-Equity   | 1.1   | 1.51  | 1.96  | 1.87  | 1.82  |
| Gross Profit  | 39.3% | 39.6% | 37.6% | 41.2% | 47.1% |
| Operating     | 20.6% | 19.1% | 15.6% | 15.6% | 17.5% |
| Net Profit    | 13.3% | 11.9% | 10.3% | 10.0% | 11.4% |

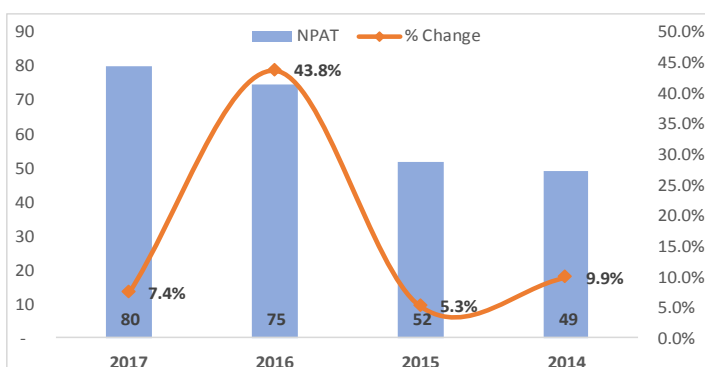
### Key Observations

- Investment Corporation of Bangladesh (ICB) holds majority percentage (23.09%) of the sponsors/directors holdings.
- Few private placement holders of Silva Pharmaceutical Ltd. who are neither directors nor sponsors holds about 15% of Pre IPO shares of the company
- Silva Pharmaceutical Limited had CAGR of 11.25% and 15.65% for revenue and net profit respectively, although there were significant fluctuations between the years 2013 and 2017 in both net profit after tax and revenue.
- 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.
- The decrease in capacity utilization for their dry syrup category could be a cause of concern for the company.
- Currently Silva Pharmaceuticals have no subsidiary company.

### Revenue & Revenue Growth



### Net Profit & Net Profit Growth :



### Capacity Utilization

| Product   | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|-----------|---------|---------|---------|---------|
| Tablet    | 60.14%  | 71%     | 74%     | 76%     |
| Capsule   | 61.23%  | 71%     | 74%     | 76%     |
| Liquid    | 69.83%  | 71%     | 74%     | 76%     |
| Dry Syrup | 81.18%  | 71%     | 74%     | 76%     |

## IPO PROFILE OF SLIVA PHARMACEUTICALS LIMITED



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

| Particulars                            | Amount      | %      |
|--|-------------|--------|
| Acquisition of Machineries & Equipment | 122,500,000 | 40.83% |
| Civil Construction                     | 56,000,000  | 18.67% |
| Repayment of Bank Loan                 | 99,000,000  | 33.00% |
| IPO Expenses                           | 22,500,000  | 7.50%  |

The major portion of IPO amount will be used for purchasing new machineries and equipment and the rest will be paid for repaying off the term loan from NCC bank, for civil construction and lastly to pay off the IPO expenses.

### PE of Sliva Pharma 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:** July 02, 2018

**Year End:** June

**Issue Manager:** Imperial Capital Limited & Prime Finance Capital Management Limited & SBL Capital Management Limited

### Remarks

*This Document/Report has been prepared and issued by Prime Bank Investment Limited on the basis of the public information available in the market, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts and information stated in the Documents are accurate as on the date mentioned herein. . If any person takes any action relying on this Document, shall be responsible solely by himself/herself/ themselves for the consequences thereof any claim or demand for such consequences shall be rejected outright by PBIL or by any court of law.*

### Remarks

|                   |                         |
|-------------------|-------------------------|
| Rahat-Ul-Amin     | <b>Head of Research</b> |
| Shakawat Hossain  | <b>Research Analyst</b> |
| Syed Reazul Haque | <b>Research Analyst</b> |

### 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                     | Civil construction will be completed within 18 months of from IPO date.   |
| Repayment of Bank Loan                 | Bank loan will be paid off within 3 months of receiving the IPO fund.   |

### Dividends Declaration

| Year      | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------|------|------|------|------|------|
| Cash (%)  | Nil  | 5%   | Nil  | Nil  | Nil  |
| Stock (%) | Nil  | Nil  | 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    | 02.07.2018  | 02.01.2019 | 02.04.2019 |

### Contact Us

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#### CORPORATE OFFICE

Tajwar Center (5<sup>th</sup> Floor)

House: 34, Road: 19/A, Block: E

Banani, Dhaka-1213

### PE of M.L. Dyeing Ltd. relative to different prices

|       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|
| Price | 20    | 30    | 40    | 50    | 60    | 70    |
| PE    | 25.64 | 38.46 | 51.28 | 64.10 | 76.93 | 89.73 |