

# ORION PHARMA LIMITED

## INFORMATION MEMORANDUM FOR ROAD SHOW

FOR

INITIAL PUBLIC OFFERING (IPO)

OF

4,00,00,000 (FOUR CRORE) ORDINARY SHARES OF TK 10 (TEN) EACH AT AN INDICATIVE PRICE OF TK [\*]/- INCLUDING A PREMIUM OF TK. [\*]/- TOTALLING TK. [\*] UNDER BOOK BUILDING METHOD

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**Credit Rating at A2 by Credit Rating Agency of Bangladesh**

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### ISSUER COMPANY



#### ORION PHARMA LIMITED

Orion House, 153-154 Tejgaon I/A, Dhaka- 1208

Tel.9888176, 8822543, Fax-880-2-8854567

Email: info@oriongroup.net

Website: www.orion-group.net

### MANAGER TO THE ISSUE



#### ICB CAPITAL MANAGEMENT LIMITED

( A S U B S I D I A R Y O F I C B )

BDBL Bhaban (Level-16), 8, DIT Avenue, Dhaka - 1000.

Phone: 7160326-7, Fax: 02-9555707

Website: www.icbcml.com.bd

### REGISTRAR TO THE ISSUE



#### BANCO FINANCE & INVESTMENT LTD.

Ispahani Building (3rd Floor)

14-15 Motijheel C/A, Dhaka-1000.

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## **General Information**

- **ICB Capital Management Limited**, the Issue Manager, has prepared this Information Memorandum (“IM”) based on the information provided by **Orion Pharma Limited** (the Company/the Issuer) and also upon several discussions with the Managing Director and concern executives of the Issuer Company. The Directors, including Managing Director of Orion Pharma Limited and ICB Capital Management Limited collectively and individually, having made all reasonable inquires, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.
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## **Risk Factors and Management Perception**

## **1. Interest Rate Risk**

Interest rate risk is borne by interest bearing assets of an organization. Changes in the government's monetary policy along with increased demand for loans/investments tend to raise interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in long term debt securities. In the event of monetary policy tightening by the government to combat increased economic growth and inflation, the Company will require a prudent strategy to take the firm form incurring negative net cash flow from operations.

### ***Management Perception:***

*The management of ORION PHARMA is aware of the interest rates at which the debts of the Company are being financed. Management intends to finance short-term funds at reasonable competitive rates. The Company has been repaying borrowed funds on a continuous basis to reduce such interest risk.*

## **2. Exchange Rate Risk**

Exchange rate risk occurs when business operation of a company is affected by fluctuations in exchange rates. Since ORION PHARMA procures its raw materials from international market, it does have exposure in exchange rates such as the Taka/USD. Currently, Bangladesh Bank follows a managed floating exchange rate policy and therefore, the Taka/USD rates have remained within a tight band. However, as demand for the dollar grows with increased economic well-being and global competitiveness of the nation's assets, exchange rate volatility is expected.

### ***Management Perception:***

*ORION PHARMA earns its revenues in taka denominations; however, it purchases significant materials in USD. Until it exports its products in USD, it can not cover its purchases in USD. Management of ORION PHARMA therefore builds in exchange risks in its costs and prices.*

## **3. Input Cost Risks**

Input cost risk is the risk of businesses when procuring materials in high global demand. Increasing demand and supply shortages create volatility in the values of these materials; and therefore, the timing, quantity and price of purchase must be closely planned. Input costs such as raw material, packing materials, represent significant operating costs in the industry. Direct costs peaked in 2007 due to increases in material and fuel prices which inflated cost structures and suppressed profitability of pharmaceutical company across the globe.

### ***Management Perception:***

*Management of ORION PHARMA hedges its exposure to input cost volatility in its costs and prices.*

#### **4. Industry Risks**

The pharmaceutical industry has witnessed challenges such as intellectual property rights, a historic fuel price peak, material cost increase across the globe. It stands as one of the most challenging industries to operate in to date. Fortunately, the local industry does not have such a troubled backdrop and has immense opportunities for growth.

##### ***Management Perception:***

*Management is optimistic about growth opportunities in Bangladesh. They believe they target an untapped market of customers who are seeking global standards of pharmaceutical products.*

#### **5. Market Risks**

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the Company. Mostly, the risk arises from falling demand for the pharmaceutical products which would harm the performance of the Company. On the other hand, strong marketing and brand management would help the Company increase their customer base.

##### ***Management Perception:***

*Management is fully aware of this market risk has planned to act accordingly.*

#### **6. Technology Related Risks Potential**

Technology always plays a vital role for each and every type of business. Better technology can increase productivity and reduce costs of production. Firms are exposed to technology risks when there are better technologies available in the market than the one used by the Company which may cause operational inefficiency.

##### ***Management Perception:***

*ORION PHARMA's Management is aware of technological changes and has adopted new technology according to its needs. ORION PHARMA is committed to maintaining quality and brand image.*

#### **7. Potential or Existing Government Regulations**

The Company operates under the Drugs Ordinance, Companies Act, 1994, Directorate of Drug Administration (DDA) Regulations, Income Tax Ordinance 1984, Income Tax Rules 1984, Customs Act, 1969, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

ORION PHARMA operates in a highly regulated market with registration of products, operational reviews and inspections required by DDA periodically.

**Management Perception:**

*ORION PHARMA is one of the leading pharmaceutical companies of the country. The Company is doing business following all the rules and regulations. Change in regulations will bring changed strategies of doing business by the dynamic management of the Company.*

**FINANCIAL STRUCTURE OF THE COMPANY**

**Description of share capital**

Types of share capital	Number of Shares	Amount (in Tk.)
Authorized Share Capital	500,000,000	5,000,000,000
Paid up share capital*	155,000,000	1,550,000,000
To be issued though IPO	40,000,000	400,000,000
Paid up capital (Post IPO)	195,000,000	1,950,000,000

\*The paid up share capital has been increased from Tk. 80.00 crore to Tk. 130.00 crore by issuing of 5.00 crore ordinary shares of Tk. 10.00 each at an issue price of Tk. 100.00 each including a premium of Tk. 90.00 each amounting to Tk. 500.00 crore through capital raising which consent has been accorded by Securities and Exchange Commission on 31.08.2010 and increased from Tk. 130.00 crore to Tk. 155.00 crore by issuing of 2.50 crore ordinary shares of Tk. 10.00 each at an issue price of Tk. 100.00 each including a premium of Tk. 90.00 each amounting to Tk. 250.00 crore through capital raising which consent has been accorded by Securities and Exchange Commission on 06-12-2010.

**1) Capital Structure**

Particulars	as at 30 September 2010	as at 31 December 2009
<b>Shareholders' Equity</b>		
Share Capital	800,000,000	100,000,000
Share Money Deposits	500,000,000	200,000,000
Share Premium	4,365,000,000	-
Revaluation Surplus	488,229,366	464,678,646
Retained Earnings	246,624,667	65,374,763
<b>Total</b>	<b>6,399,854,033</b>	<b>830,053,409</b>
<b>Debts</b>		
Long term loan	-	286,672,515
Short term loan	129,630,987	171,913,675
<b>Total</b>	<b>129,630,987</b>	<b>458,586,190</b>

**2) Use of proceeds**

The Company is planning to raise about Tk. 562.28 crore from the capital market through IPO. The IPO proceeds will be utilized in the following manner:

Sl. No.	Usage of Proceeds	Amount n Crore Tk
1	Capital Expenditures for Setting up World Class Pharmaceutical Facilities	138.00
2	Investments in 200 MW Power Plants	179.00
3	Repayment of Bank Loan	13.00
4	Balance as Working Capital	232.28
<b>Total</b>		<b>562.28</b>

Prior to its proposed IPO, the Company has earlier privately placed shares aggregating Tk. 750 crore upto December 2010, of which an aggregate amount at Tk. 321 crore has already been invested to the following units:-

- (a) Capital Expenditures for Setting up World Class Pharmaceutical Facilities-Tk. 19 crore.
- (b) Investment in IEL Consortium & Associates Limited-Tk. 200 crore;
- (c) Investment in Dutch Bangla Power & Associates Limited-Tk. 82 crore; and
- (d) In Working Capital (at 3% income-tax on Share Premium)-Tk. 20 crore.

The balance of Tk. 429 crore will also be spent for Capital Expenditures for Setting up World Class Pharmaceutical Facilities.

The analysis of the aforesaid utilization is as below:-

**1) Capital Expenditures for Setting Up World Class Pharmaceutical Facilities:**

IPO proceeds will be used for Setting Up World Class Pharmaceutical Facilities costing Tk 586 crore. Out of this, an amount of 19 crore has already been spent; Tk. 429 crore shall be met out of fund raised through private placement as stated above. The balance amount at Tk. 138 crore will be met out of the IPO proceeds. On completion of the Project in 2013, Orion Pharma is expected to fetch a net profit of around Tk 147 crore on a turnover at Tk 537 crore. The item-wise costs of the facilities are as follows:

**(Amount in BDT '000')**

Sl.	Items	Local Currency Cost	Total Cost
<b>1</b>	<b>Land:</b>		
a)	Cost of land including registration/ transfer fee	300,000	
b)	Cost of Land Development	30,000	
	<b>Sub Total:</b>		330,000
<b>2</b>	<b>Building and Other Civil Works:</b>		1,352,340
<b>3</b>	<b>Imported Machinery &amp; Equipment:</b>		

a)	Main Machinery (CFR Value)	3,134,238	
b)	Pre-shipment inspection (1% of CFR value)	31,342	
c)	Marine insurance (1% of CFR value)	31,342	
d)	Import duty, L/C commission and other costs (5% of landed value)	158,279	
e)	Clearing & forwarding charges (1.5% of CFR value)	47,014	
	<b>Sub Total:</b>		3,402,215
4	<b>Local Equipment including Accessories, Piping work</b>		294,618
4	<b>Erection and Installation:</b>		102,066
5	<b>Vehicles:</b>		30,000
6	<b>Others Assets:</b>		5,000
7	<b>Contingency@10% of Machinery Cost:</b>		340,222
	<b>Total Project Cost</b>		<b>5,856,461</b>

The Project has undertaken in May 2010 and is expected to be completed by December 2013. Purchase of land has partly completed and land development works has been started. The implementation schedule is as follows:-

- (a) Purchase of land has partly completed and rest of the land purchase is expected to be completed by May 2011.
- (b) Land development is in progress. Expected to be completed by December 2011.
- (c) Civil works expected to be completed by June 2013.
- (d) Import of machinery by December 2011.
- (e) Installation of machinery expected to be completed by August 2013.
- (f) Trial operation by December 2013.
- (g) Commercial operation by January 2014.

## **2) Investments in 200 MW Power Plants:**

A part of the IPO proceeds will be used for investments in two power plants aggregating Tk. 179 crore.

**(a) Investment in IEL Consortium & Associates Limited**

SI No	Particulars	Cost		(Tk 000)
		Imported	Local	Total
01	Land (5 Acre) as Lease			
02	Land development			
03	Building & Other Civil Work		3,35,719	3,35,719
04	Imported machinery	46,72,620		46,72,620
05	Local Machinery		3,25,694	3,25,694
06	Duty/Tax/Insurance & others (5%)		2,33,631	2,33,631
07	Furniture & fixture & Vehicle		15,000	15,000
08	Preliminary & Start up expenses		50,000	50,000
09	Contingencies for imported machineries (5 %)	1,64,100		1,64,100
10	Interest During Construction Period		1,59,872	1,59,872
	<b>Project Cost</b>	<b>48,36,720</b>	<b>11,19,916</b>	<b>59,56,636</b>

IEL Consortium & Associates Limited, a HFO based 100 MW Rental Power Plant, situated in Meghnaghaat, Narayangonj has signed a contract with BPDB to produce electricity and supply to National Grid on rental basis which will start power generation from March, 2011. Orion Pharma holds 90% of equity share of the said Company. The land has already been procured; civil construction works of the project is in progress and the imported machineries has arrived at site. The total costs of the Project stands at Tk. 596 crore. The item-wise costs of the Projects are as follows:-

Orion Pharma has already invested Tk. 200 crore in this Project as equity; and its share in the balance equity amounts to Tk. 70 crore. The balance costs of the Project shall be met out of sponsors' equity and debt. The Project is expected to fetch a net profit of around Tk. 32 crore on energy revenue at Tk. 545 crore. The Project is expected to commence operation in March 2011.

**(b) Investment in Dutch Bangla Power & Associates Limited**

Dutch Bangla Power & Associates Limited, a 100 MW HFO based Rental Power Plant, situated in Siddirganj has signed a contract with BPDB to produce electricity and supply to National Grid starting from March, 2011. Orion Pharma holds 60% of equity share of the said Company. The land has

already been procured; civil construction work of the project is in progress; and the imported machineries has been arrived at project site. The total costs of the Project stands at Tk 614 crore. The item-wise costs of the Project are as follows:-

SI No	Particulars	Cost		(Tk 000)
		Imported	Local	Total
01	Land (8.476 Bigha)		163,100	163,100
02	Land development		25,000	25,000
03	Building & Other Civil Work		3,35,719	3,35,719
04	Imported machinery	46,72,620		46,72,620
05	Local Machinery		3,25,694	3,25,694
06	Duty/Tax/Insurance & others (5%)		2,33,631	2,33,631
07	Furniture & Fixture & Vehicle		15,000	15,000
08	Machinery erection & installation			
09	Preliminary & Start up expenses		50,000	50,000
10	Contingencies for imported machineries (5 %)	1,64,100		1,64,100
11	Interest During Construction Period		1,59,872	1,59,872
	<b>Total Project Cost</b>	<b>48,36,720</b>	<b>13,08,016</b>	<b>61,44,736</b>

Orion Pharma has already invested Tk. 82 crore in this Project's equity; and its share in the balance equity amounts to Tk. 109 crore. The balance costs of the Project shall be met out of sponsors' equity and debt. The Project is expected to fetch a net profit of around Tk. 32 crore on energy revenue at Tk. 545 crore. The Project is expected to commence operation in March 2011.

(c) **Repayment of Loans:** IPO proceeds will be used for repayment of entire loans from Agrani Bank Ltd aggregating Tk. 13 crore. This will improve OPL's profitability by around Tk. 2 crore.

(d) **Balance as Working Capital:** The rest amount of Tk. 232.28 crore will be utilized as working capital and to meet the IPO expenses.

## Orion Pharma Limited: An Overview

### Company Profile:

Orion Pharma Limited (Orion Pharma/Company), earlier called Orion Laboratories Limited, a company of ORION GROUP, was incorporated in 1965; and owns and operates a modern pharmaceuticals factory and produces and sells pharmaceuticals drugs and medicines. It also owns approximately 21.76% shares of Orion Infusion Limited, a public company listed with Dhaka Stock Exchange and Chittagong Stock Exchange since 1996, manufacturing and marketing intravenous fluids.

At present, the Company has tablet, capsule, PFS, ampoule, cephalosporin, cream and ointment products. Its sales during the last nine months ended 30 September 2010 amounted to Tk. 110 crore, a growth of approximately 14% over the same period of the previous year. The Company has a market share of around 2% of the pharmaceuticals market of the country at approximately Tk 5,500 crore.

Orion Pharma is one of the premier pharmaceutical companies of Bangladesh for manufacturing and marketing branded-generic primary and chronic care medicines, maintaining strict compliance of WHO CGMP standards. Given vast experiences of over four decades imbued with advanced technical and professional expertise, Orion Pharma now levers a wide array of therapeutic areas including life saving anticancer drugs and injectables having more than 80 generics in almost 250 presentations.

### Nature of Business

The Company owns and operates a modern pharmaceuticals factory and produces and sells pharmaceuticals drugs and medicine.

### Flagship Products:

Among almost 250 products, Orion Pharma Limited proudly declares the following flagship products which are the deserving pride of Orion Pharma: Enliven (Imatinib Mesylate) capsule, Betacal (Atenolol plus amlodipine) tab, Vertex injection (Ceftriaxone sodium), Clognil plus (Clopidogrel+ Aspirin) tab, Pep (Zinc sulphate) Tab/Syrup, Deslor (Desloratadine) Tab/Syp, Axet (Cefuroxime) Tab/inj, Pedicef (Cefpodoxime) susp, Azalid (Azithromycin) Tab/Sus, Truso (Cefixime) Cap/sus.

### Principal Products :

SI	Brand	Generic	Strength	Dosage Form
1	Alve Tablet	Alverine Citrate	60mg	Tablet
2	Aneron Syrup	Iron Polymaltose Complex	50mg/5ml	Syrup
3	Angimet Tablet	Trimetazidine Dihydrochloride	20mg	Tablet
4	Angimet MR Tablet	Trimetazidine Dihydrochloride	35mg	Tablet
5	Ataq 200	Gatifloxacin	200mg	Tablet
6	Ataq 400	Gatifloxacin	400mg	Tablet
7	Ambronil Syrup	Ambroxol Hydrochloride	15mg/5ml	Syrup
8	Arovent Tablet	Montelukast	10mg	Tablet
9	Avison Cream	Econazole Nitrate 1.0% + Triamcinolone Acetonide 0.1%	10gm	Cream

10	Axet 125 Tablet	Cefuroxime Axetil	125mg	Tablet
11	Axet 250 Tablet	Cefuroxime Axetil	250mg	Tablet
12	Axet 500 Tablet	Cefuroxime Axetil	500mg	Tablet
13	Axet 250 IV/IM Injection	Cefuroxime Sodium	250mg	Injection
14	Axet 750 IV/IM Injection	Cefuroxime Sodium	750mg	Injection
15	Axet PFS	Cefuroxime Axetil	125mg/5ml	Suspension
16	Azalid 250 Capsule	Azithromycin	250mg	Capsule
17	Azalid 500 Tablet	Azithromycin	500mg	Tablet
18	Azalid PFS	Azithromycin	200mg/5ml	Suspension
19	Baclon Tablet	Baclofen	5mg & 10mg	Tablet
20	Betacal Tablet	Atenolol+Amlodipine	50 mg + 5 mg	Tablet
21	Bonec Tablet	Calcium	500mg	Tablet
22	Broket Tablet	Ketotifen	1mg	Tablet
<b>SI</b>	<b>Brand</b>	<b>Generic</b>	<b>Strength</b>	<b>Dosage Form</b>
23	Broket Syrup	Ketotifen	1mg/5ml	Syrup
24	Bromazep Tablet	Bromazepam	3mg	Tablet
25	CCB-5 Tablet	Amlodipine	5mg	Tablet
26	Clognil Tablet	Clopidogrel	75mg	Tablet
27	Clognil Plus Tablet	Clopidogrel+Aspirin	75mg + 75mg	Tablet
28	Cloramim Syrup	Chlorpheniramine Maleate	2mg/5ml	Syrup
29	Combivit Injection	Vitamin B Complex	-	Injecion
30	Conaz 50 Capsule	Fluconazole	50mg	Capsule
31	Conaz 150 Capsule	Fluconazole	150mg	Capsule
32	Cosy Tablet	Domperidone	10mg	Tablet
33	Cosy Suspension	Domperidone	5mg/5ml	Suspension
34	Deconil Tablet	Butamirate Citrate	50mg	Tablet
35	Deslor Tablet	Desloratadine	5mg	Tablet
36	Deslor Syrup	Desloratadine	2.5mg/5ml	Syrup
37	Dexpro 300 Tablet	Dexibuprofen	300mg	Tablet
38	Dexpro 400 Tablet	Dexibuprofen	400mg	Tablet
39	EC Tablet	Vit E + Vit C	50mg + 200mg	Tablet
40	EC-plus Tablet	Vit E + Vit C	200mg + 200mg	Tablet
41	Eprel Tablet	Eperisone Hydrochloride	50mg	Tablet
42	ESP Capsule	Zinc Sulphate+Folic acid	61.8mg + 500mcg	Capsule
43	Ezylax Syrup	Lactulose	3.35gm/5ml	Syrup
44	Fenocap Capsule	Fenofibrate	200mg	Capsule
45	Ferrolin-TR Capsule	Ferrous Sulphate+Zinc Sulphate+Folic Acid	150mg+61.8mg+500mcg	Capsule
46	Feroven IV Infusion	Iron Sucrose with normal saline	100mg/5ml	Infusion
47	Feroven IV Injection	Iron Sucrose	100mg/5ml	Injection
48	Fevac Suspension	Paracetamol	120mg/5ml	Suspension
49	Flegnil Suspension	Carbocisteine	125mg/5ml	Suspension
50	Flegnil-DS Suspension	Carbocisteine	250mg/5ml	Suspension
51	Frulac Tablet	Frusemide + Spironolactone	20mg + 50mg	Tablet
52	Frulac-40 Tablet	Frusemide + Spironolactone	40mg + 50mg	Tablet
53	Glory Capsule	Carbonyl Iron+Zinc+Sulphate+Folic Acid	51mg+61.8mg+0.5mg	Capsule
54	Goldage Tablet	32 Multivitamin + Multimineral	-	Tablet
55	Goldkid Syrup	Multivitamin with cod liver oil	-	Syrup

56	Heptamin Capsule	Iron, Folic Acid, B-Vitamins & Vit-C	-	Capsule
57	Hedex Tablet	Paracetamol + Caffeine	500mg + 65mg	Tablet
58	Ketorin Tablet	Ketorolac	10mg	Tablet
59	Ketorin-30 IV/IM Injection	Ketorolac	30mg	Injection
60	Lipex 10 Tablet	Atorvastatin	10mg	Tablet
61	Lipex 20 Tablet	Atorvastatin	20mg	Tablet
<b>SI</b>	<b>Brand</b>	<b>Generic</b>	<b>Strength</b>	<b>Dosage Form</b>
62	Losan 25 Tablet	Losartan Potassium	25mg	Tablet
63	Losan 50 Tablet	Losartan Potassium	50mg	Tablet
64	Losan-D Tablet	Losartan Potassium + Hydrochlorothiazide	50mg+12.5mg	Tablet
65	Lopres Tablet	Atenolol	50mg	Tablet
66	Livit-C Syrup	Ascorbic Acid	100mg/5ml	Syrup
67	Mac PFS	Erythromycin Ethylsuccinate	125mg/5ml	Suspension
68	Mac-DS PFS	Erythromycin Ethylsuccinate	250mg/5ml	Suspension
69	Maprocin 500 Tablet	Ciprofloxacin Hydrochloride	500mg	Tablet
70	Maprocin 750 Tablet	Ciprofloxacin Hydrochloride	750mg	Tablet
71	Maprocin Suspension	Ciprofloxacin Hydrochloride	250mg/5ml	Suspension
72	Maxical Tablet	Calcium+Vit D3	500mg + 200IU	Tablet
73	Maxical Plus Tablet	Calcium+Vit D, C, E & Multimineral	-	Tablet
74	Meromax 500 mm Inj	Meropenem	500mg/vial	Injection
75	Meromax 1 gm Inj	Meropenem	1gm/vial	Injection
76	Miki-H Cream	Miconazole Nitrate 2.0% + Hydrocortisone 1.0%	10gm	Cream
77	Milk of Magnesia Susp.	Magnesium Hydroxide	400mg/5ml	Suspension
78	Nitrocap Capsule	Nitroglycerin	2.6mg	Capsule
79	Nervex Tablet	Mecobalamin	0.5 mg	Tablet
80	Newage Tablet	Multivitamin + Multimineral	-	Tablet
81	Nidazyl 400 Tablet	Metronidazole	400 mg	Tablet
82	Nidazyl Suspension	Metronidazole	200 mg/5 ml	Suspension
83	Noak Tablet	Aceclofenac	100 mg	Tablet
84	Nosedex Tablet	Fexofenadine	120mg	Tablet
85	Nosedex Tablet	Fexofenadine	30mg/5ml	Tablet
86	Novelta Suspension	Magaldrate + Simethicone	480mg +20mg	Suspension
87	Nugesic Tablet	Vit B1, B6, B12	-	Tablet
88	Nugesic IM Injection	Vit B1, B6, B12	-	Injection
89	Oclazid Tablet	Gliclazide	80mg	Tablet
90	Oclazid MR Tablet	Gliclazide	30mg	Tablet
91	Octrim Suspension	Co-trimoxazole	240mg/5ml	
92	Onasia Tablet	Ondansetron	8mg	Tablet
93	Orfenac Tablet	Diclofenac Sodium	50mg	Tablet
94	Orfenac TR Capsule	Diclofenac Sodium	100mg	Capsule
95	Orfenac -Plus IM Injection	Diclofenac Sodium + Lidocaine	75mg + 20mg	Injection
96	Orket IM Injection	Ketoprofen	100mg	Injection
97	Orioplex-M Tablet	Multivitamin + Multimineral	-	Tablet

98	Orioplex Tablet	Vitamin B complex	-	Tablet
99	Orioplex Syrup	Vitamin B complex	-	Syrup
100	Orixyl 250 Capsule	Amoxicillin Trihydrate	250mg	Capsule
101	Orixyl 500 Capsule	Amoxicillin Trihydrate	500mg	Capsule
102	Orixyl PFS	Amoxicillin Trihydrate	125mg/5 ml	Suspension
<b>SI</b>	<b>Brand</b>	<b>Generic</b>	<b>Strength</b>	<b>Dosage Form</b>
103	Orixyl Paed. Drops	Amoxicillin Trihydrate	125 mg/1.25 ml	Suspension
104	Orlev 500 Tablet	Levofloxacin Hemihydrate	500mg	Tablet
105	Ormin 500 Tablet	Metformin Hydrochloride	500mg	Tablet
106	Ormin 850 Tablet	Metformin Hydrochloride	850mg	Tablet
107	Onium Tablet	Tiemonium Methylsulphate	50mg	Tablet
108	Onium IV/IM Injection	Tiemonium Methylsulphate	5mg/2ml	Injection
109	Orsal Syrup	Salbutamol	2mg/5ml	Syrup
110	Ortac Tablet	Ranitidine Hydrochloride	150mg	Tablet
111	Ortac IV/IM Injection	Ranitidine Hydrochloride	50mg/2ml	Injection
112	Pep Syrup	Zinc Sulphate	4.05mg/5ml	Syrup
113	Pep-2 Syrup	Zinc Sulphate	10mg/5ml	Syrup
114	Pep-20 Syrup	Zinc Sulphate	20mg/5 ml	Syrup
115	Pep-20 Tablet	Zinc Sulphate	20mg	Tablet
116	Pep Plus Tablet	Zinc + Vitamin B Complex	-	Tablet
117	Pep Plus Syrup	Zinc + Vitamin B Complex	-	Syrup
118	Pep-DT Tablet	Elemental Zinc	20mg	Tablet
119	Procap 20 Capsule	Omeprazole	20mg	Capsule
120	Procap 40 Capsule	Omeprazole	40mg	Capsule
121	Pedicef Drops	Cefpodoxime Proxetil	20mg/1ml	Suspension
122	Pedicef PFS	Cefpodoxime Proxetil	40mg/5ml	Suspension
123	Pedicef-DS PFS	Cefpodoxime Proxetil	80mg/5ml	Suspension
124	Pedicon Paed. Drops	Simethicone	67mg/1ml	Suspension
125	Riz Tablet	Cetirizine Dihydrochloride	10mg	Tablet
126	Riz Syrup	Cetirizine Dihydrochloride	5mg/5ml	Syrup
127	Sefin 250 Capsule	Cephadrine	250mg	Capsule
128	Sefin 500 Capsule	Cephadrine	500mg	Capsule
129	Sefin PFS	Cephadrine	125mg/5ml	Suspension
130	Sefin-DS PFS	Cephadrine	250mg/5ml	Suspension
131	Sefin Paed. Drops	Cephadrine	125mg/1.25 ml	Suspension
132	Sefin 250 IV/IM Injection	Cephadrine	250mg	Injection
133	Sefin 500 IV/IM Injection	Cephadrine	500mg	Injection
134	Sefin 1 gm IV/IM Injection	Cephadrine	1gm	Injection
135	Stimulin 1 Tablet	Glimepiride	1mg	Tablet
136	Stimulin 2 Tablet	Glimepiride	2mg	Tablet
137	Torped 250 IV/IM Injection	Cefotaxime Sodium	250mg	Injection
138	Torped 500 IV/IM Injection	Cefotaxime Sodium	500mg	Injection
139	Torped 1 gm IV/IM Injection	Cefotaxime Sodium	1gm	Injection

140	Silvage Tablet	Multivitamin + Multimineral	-	Tablet
141	Tamlosin Tablet	Tamsulosin	0.4mg	Tablet
142	Tenorix Tablet	Tenoxicam	20mg	Tablet
<b>Sl</b>	<b>Brand</b>	<b>Generic</b>	<b>Strength</b>	<b>Dosage Form</b>
143	Tone Tablet	Thiamine Hydrochloride	100mg	Tablet
144	Truso 200 Capsule	Cefixime	200mg	Capsule
145	Truso 400 Capsule	Cefixime	400 mg	Capsule
146	Truso PFS	Cefixime	100mg/5ml	Suspension
147	Tussin Syrup	Pseudoephedrine HCl + Triprolidine + Guaiphenesin	-	Syrup
148	U4 Tablet	Flupentixol + Melitracen	0.5mg + 10mg	Tablet
149	Valset 80 Tablet	Valsartan	80mg	Tablet
150	Vertex 250 IM Injection	Ceftriaxone Sodium	250mg	Injection
151	Vertex 250 IV Injection	Ceftriaxone Sodium	250mg	Injection
152	Vertex 500 IM Injection	Ceftriaxone Sodium	500mg	Injection
153	Vertex 500 IV Injection	Ceftriaxone Sodium	500mg	Injection
154	Vertex 1 gm IM Injection	Ceftriaxone Sodium	1gm	Injection
155	Vertex 1 gm IV Injection	Ceftriaxone Sodium	1gm	Injection
156	Vertex 2 gm IV Injection	Ceftriaxone Sodium	2gm	Injection
157	Xenocort Cream	Clobetasol Propionate 0.05%	10gm	Capsule
158	Xenocort Ointment	Clobetasol Propionate 0.05%	10gm	Ointment
159	Xil Capsule	Pregabalin	75mg	Capsule
160	Xzema Cream	Fusidic Acid & Betamethasone	10gm	Cream
161	Zidim 250 IV/IM Injection	Ceftazidime	250mg	Injection
162	Zidim 500 IV/IM Injection	Ceftazidime	500mg	Injection
163	Zidim 1 gm IV/IM Injection	Ceftazidime	1gm	Injection
164	Zimplex	Iron+Zinc+Vit B-Complex	-	Syrup
165	Zoana Tablet	Nitazoxanide	500mg	Tablet
166	Zoana PFS	Nitazoxanide	100mg/5ml	Suspension

### Competitive Condition

Bangladesh is basically a branded generic market. The industry's major competence lies in formulation. In total more than 230 companies have operations in Bangladesh at present. Out of this, about 200 have their own manufacturing facilities of which 5 are multinationals. The scenario in the local pharmaceutical sector underwent a drastic change with the introduction of National Drug Policy in 1982. Within a short span of 10 years, i.e., in 1992, national companies control over more than 60% of the total sales and top 5 local companies had 45% share in local sales. The import of drugs also substantially declined and the total import was less than 15% of the total sales. After 15 years, the scenario further changed. Then the local drug companies met 97% of the country's requirement and only high tech drugs comprising of 3% are imported. 30 companies already exported to 67 countries. With an annual turnover of about Tk 5,500 crore, Bangladesh's pharmaceutical industry is a unique success story. The

following table shows the year-wise growth of the pharmaceutical market during the last 6 years:-

**Table: Bangladesh Pharmaceutical Market Growth during the last 6 Years**

Year	Size (Crore TK)	Growth (%)
2010	5500	56.29
2009	3519	4.08
2008	3381	17.64
2007	2874	8.75
2006	2638	6.67
2005	2473	10.56

Orion Pharma has a market share of around 2% of Bangladesh Pharmaceutical Market. Its main competitors are-

(a) Square Pharmaceuticals Ltd; (b) Beximco Pharmaceuticals Ltd; (c) Incepta Pharmaceuticals Ltd; (d) Acme Laboratories Ltd; (e) Opsonin Pharma Ltd;	(f) Drug International Ltd; (g) Essential Drugs Ltd; (h) Eskayef Bangladesh Limited; (i) GSK Bangladesh Limited; and (j) Renata Bangladesh Limited.
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### Description of the Property

#### Location of principal plants and other property of the company and their Condition

The head office and factory of the Company is located at Tejgaon Industrial Area, Dhaka. The details of the property are as follows:

Land & Land Development
Factory & Office Building
Plant & Machinery
Furniture & Fixture
Office Equipments
Vehicles
Laboratory Equipments
Medical Books & Journal
Medical Bags

#### Value of the Properties

The Company owns the following operating assets and they are situated at different locations of the globe. Following table represents the classifications of operating assets along with the written down value of the same as at 30 September 2010 and 31 December 2009:-

Sl. No.	Particulars	Balance as on 01.01.2010	Additions	Balance as at 30.09.2010	Rate of dep. (%)	Depreciation charged during the period	WDV as at 30.09.2010
<b>At Historical Cost:</b>							
1	Land & Land Development	16,871,397	184,065,609	200,937,006	-	-	200,937,006
2	Factory & Office Building	20,618,592	-	20,618,592	10%	1,546,394	19,072,198
3	Plant & Machinery	62,306,003	11,990,242	74,296,245	15%	7,009,425	67,286,820
4	Furniture & Fixture	5,527,875	1,641,410	7,169,285	15%	621,886	6,547,399
5	Office Equipments	10,031,350	3,062,860	13,094,210	15%	1,128,527	11,965,683
6	Vehicles	21,161,005	1,700,000	22,861,005	20%	3,174,150	19,686,855
7	Laboratory Equipments	4,827,934	-	4,827,934	15%	543,143	4,284,791
8	Medical Books & Journal	144,291	-	144,291	10%	10,822	133,469
9	Medical Bags	164,968	-	164,968	20%	24,745	140,223
	<b>A. Sub-Total:</b>	<b>141,653,415</b>	<b>202,460,121</b>	<b>344,113,536</b>		<b>14,059,092</b>	<b>330,054,444</b>
<b>At Revaluation:</b>							
1	Land & Land Development	280,128,603	-	280,128,603	-	-	280,128,603
2	Factory & Office Building	137,959,103	-	137,959,103	10%	10,346,933	127,612,170
3	Plant & Machinery	46,590,940	-	46,590,940	15%	5,241,481	41,349,459
	<b>B. Sub-Total:</b>	<b>464,678,646</b>	<b>-</b>	<b>464,678,646</b>		<b>15,588,414</b>	<b>449,090,232</b>
<b>Total as at 30.09.2010</b>		<b>606,332,061</b>	<b>202,460,121</b>	<b>808,792,182</b>		<b>29,647,506</b>	<b>779,144,676</b>

### Lease and Charge

The Company has taken some fixed assets on lease, aggregating Tk 14,485,000. The Company's fixed assets are charged against its bank loans.

### Finance Lease & Operating Lease

The Company has taken some fixed assets on lease.

### Board of Directors

#### Description of the directors:

Sl. No.	Name	Position
1.	Mr. Mohammad Obaidul Karim	Managing Director
2.	Mrs. Arzuda Karim	Director
3.	Mrs. Hasina Begum	Director
4.	Mr. Salman Obaidul Karim	Director
5.	Mrs. Zerine Karim	Director

## **Short Bio-data of the Directors**

### **MOHAMMAD OBAIDUL KARIM, CHAIRMAN & MANAGING DIRECTOR:**

**Mr. Mohammad Obaidul Karim** is a distinguished self-achieved Industrialist & Businessman. He is the founder Chairman of ORION GROUP, one of the leading industrial conglomerates in Bangladesh. Starting from early eighty's with a vision of 'taking our nation a step towards tomorrow', Mr. Karim has been one of leading Entrepreneurs in the country over the years. The road had been quite difficult and the tasks forbidding, but Mr. Karim made it possible only by his commitment, dedication and self-confidence. With the support of a highly skilled management structure under the leadership of Mr. Karim and support of almost 18000 dedicated professionals, ORION has achieved a degree of success that is unparalleled in the country's business history. ORION has assumed the leadership role with its operations in the pharmaceuticals, cosmetics & toiletries, infrastructure development, Real Estate & construction, power, high-tech agro products, textiles & garments, aviation management and trading sectors. Some of the units of the Group are successfully listed in the Stock Exchange of Bangladesh.

Bangladesh is an economy firmly in transition. Driven by the ramifications of the success over the years, ORION GROUP, through major investment undertakings, has meaningfully contributed to the country's national economy's stability in financial market. Underlying all of the Group's activities are the common threads of change, flexibility, and fostering closer ties with the Government and its clients. Most of its projects have been success stories – this fact alone is enough to justify a sense of confidence in the Group's future. To join the latest scenario in the global trade, infrastructure platforms with international markets and above all, to provide major contribution in the country's GDP through the right business to business strategy, ORION extensively focused on infrastructure and power generation businesses with the principle that it will reduce rural poverty and foster sustainable economic development of the country.

ORION's major foreign partners and collaborators include, LEA International of Canada, LEA Associates South Asia of India, Cord Engineering of Singapore, 3-B Plan of Turkey, New Vision of the UAE, Belbaco Contracting LLC of UAE, Benifits Group of Sudan, Panbo Systems BV of the Netherlands, Haarhuis Generatoren of the Netherlands, Changjhow Wajin of China.

Mr. Karim started his business carrier in early eighty with Mala Chemical Company Co Ltd (now Orion Infusion Ltd). With the merit, dedication and commitment, he stepped towards success with pharmaceuticals, toiletries & cosmetics and trading business with the name 'ORION'. In 1992-1993 ORION, with the leadership of Mr. Obaidul Karim acquired the then ailing Kohinoor Chemical Co Ltd. Currently, ORION GROUP is one of the largest groups in the country. Some facts and data of ORION GROUP are furnished as follows:

Annual Turnover of the Group:	USD 180 Million (approximately)
Total Employees of the Group:	Nearly 18,000
Net Salary & wages paid (monthly):	BDT over 7.5 crore
Contribution to National Exchequer:	BDT 100 crore (in the form of VAT, duty and advertisement to BTV and Bangladesh Betar)

### **MRS. ARZUDA KARIM, DIRECTOR:**

**Mrs. Arzuda Karim** has been one of the most successful women entrepreneurs in Bangladesh over the years. She is one of the Founder Directors of ORION GROUP. A distinguished and self-committed businessman, Mrs. Karim has been involved with the Group since its inception.

Her hidden entrepreneurial potentials have gradually changed herself with the growing sensitivity to the role and economic status in the business society. As 'Women Entrepreneur' she accepts challenging role to meet her personal needs and become economically independent.

A graduate in Economics, Mrs. Karim supervises production and commercial divisions of different segments of Orion Group. Her skill, knowledge and adaptability in pharmaceutical production and commercial areas are the main reasons of success in the Group.

### **HASINA BEGUM, DIRECTOR:**

**Mrs. Hasina Begum** is one of the successful women entrepreneurs in Bangladesh over the years. She is among one of the very few women in Bangladesh who started their business from scratch with her late husband and achieved a level of success in pharmaceutical industry. A distinguished and self-committed businessperson, Mrs. Hasina has been involved with the Orion Pharma Limited since inception.

Mrs. Hasina supervises production divisions of the Company. Her skill, knowledge and adaptability in pharmaceutical production areas are the main reasons of success in the ORION.

Beside her business areas, Mrs. Hasina Begum is a social entrepreneur which has given her an opportunity to grow and make a difference in the social life in which she lives.

### **MR. SALMAN OBAIDUL KARIM, DIRECTOR**

**Salman Obaidul Karim** is a distinguished and ingenious businessman in Bangladesh. Born only in 1981, Mr. Karim has become one of the most successful entrepreneurs in the country. Having graduated from Burel University of London in 2005, he majored in Information Technology before undergoing a couple of professional trainings in the U.K. After completion of his graduation, he came back to Bangladesh and joined the family business ORION GROUP ([www.orion-group.net](http://www.orion-group.net)), one of the leading industrial domains in Bangladesh. ORION has assumed the leadership role in forging ahead with its operations in the cosmetics & toiletries, pharmaceuticals, aviation management, power, high-tech agro products, real estate, construction, hospitality management, trading and infrastructure development sectors.

He is the member of Board of Directors of most of the Group Companies since 2005. Being guided by his father and the Founder Chairman of Orion Group, Mr. Mohammad Obaidul Karim, Mr. Salman Karim supervises the Group's Real Estate, Construction, Infrastructure Development, Hi-tech Agro Products and Hospitality Management Divisions having overall responsibilities. Under his leadership, Orion's sustainability efforts were given outstanding shapes through his unique business concepts and visionary leadership skills. Since he joined his family business, most of the Group's projects have been success stories – this fact alone is enough to justify a sense of confidence in the Group's future. To join the latest

scenario in the global trade, infrastructure platforms with international markets and above all, to provide major contribution in the country's GDP through the right business to business strategy, Mr. Salman Karim has been successful in the business to strategically position ORION in the global arena by driving the business growth through combining contemporary management techniques with real life practical approach.

As a part of Corporate Social Responsibilities of Orion in pharmaceutical sector, Orion, under the direct guidance of Mr. Salman Karim, has formed EPAP (Enliven Patient Assistance Program) under which poor patients get Enliven (Imatinib mesylate – a drug used for Chronic Myeloid Leukemia) at Free of Cost or at subsidized price.

#### **MS ZERIN KARIM, DIRECTOR:**

**Ms Zerin Karim** has a hidden and inbuilt strong desire to do something positive of entrepreneurial quality. Her high education, technical soundness and professional qualification have encouraged her for managing her family owned business. She joined Orion Group upon completing her MBA in Marketing back in 2004. She is responsible for Marketing Division of the Group. The incredible talents of Ms. Zerin Karim helped the Group to achieve unbelievable productivity in the industrial sectors of the Group.

She has a proven capability of contributing values in both family and business areas. She is aware of her own traits, rights and also the work situations. Her skills in facing challenges and opportunities enabled the Group to grow rapidly.

#### **Family Relationship among Directors and Top Five Officers**

Mr. Obidul Karim, Chairman and Managing Director; Mrs. Arzuda Karim, Director; Mr. Salman Obaidul Karim, Director; and Mrs. Zerin Karim, Director have family relationships amongst themselves. No other directors and top five officers have family relationships amongst themselves.

#### **CIB Report of the Directors**

Neither the Company nor any of its directors or shareholders who hold 5% or more shares in the paid-up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

## OWNERSHIP OF THE COMPANY

### Ownership of the company's securities

Sl. No.	Name	Status with the Company	No. of Shares
1.	Mr. Mohammad Obaidul Karim	Managing Director	29,595,000
2.	Mrs. Arzuda Karim	Director	7,338,000
3.	Mrs. Hasina Begum	Director	180,000
4.	Mr. Salman Obaidul Karim	Director	8,090,800
5.	Mrs. Zerin Karim	Director	5,344,200
6.	Others	Shareholders	104,452,000
<b>Total</b>			<b>155,000,000</b>

### Management of the Company

Sl. No.	Senior Management	Designation	Qualification	Joining Year in Company	Total Experience (Years)
1	Golam Mohiuddin	CEO	BPharma (Hons)	2010	40
2	Md Habibul Kabir	CFO	FCMA	2010	25
3	Md Ferdous Jaman	Company Secretary	MCom	2001	15
4	Md Golam Mostafa	Head of Production	BPharma (Hons), MPharma	2003	21
5	Tapan Kumar Roy	Head of Sales & Marketing	BPharma (Hons), MPharma, MBA	2002	15
6	Md Abdur Rahim	Head of Internal Audit	BCom, FCMA	2006	33

## Financial Performance

### Summarized Financial Statements:

<u>Summarized Balance Sheet</u>	30/09/2010	31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
<b>Assets:</b>						
Total non-current assets	4,508,339,566	750,478,061	711,818,300	234,228,163	223,000,838	217,059,689
Total current assets:	2,297,780,145	774,843,317	387,750,567	306,665,531	152,688,828	186,036,089
<b>Total assets</b>	<b>6,806,119,711</b>	<b>1,525,321,378</b>	<b>1,099,568,867</b>	<b>540,893,694</b>	<b>375,689,666</b>	<b>403,095,778</b>
<b>Shareholders' Equity &amp; liabilities:</b>						
Total shareholders' equity	6,399,854,033	830,053,409	402,290,533	(228,560,380)	(348,689,689)	(338,151,724)
Total non-current liabilities:	0	286,672,515	344,169,761	369,513,378	309,692,318	347,218,967
Total current liabilities	406,265,678	408,595,454	353,108,573	399,940,696	414,687,037	394,028,535
<b>Total liabilities</b>	<b>406,265,678</b>	<b>695,267,969</b>	<b>697,278,334</b>	<b>769,454,074</b>	<b>724,379,355</b>	<b>741,247,502</b>
<b>Total shareholders' equity &amp; liabilities</b>	<b>6,806,119,711</b>	<b>1,525,321,378</b>	<b>1,099,568,867</b>	<b>540,893,694</b>	<b>375,689,666</b>	<b>403,095,778</b>
<b><u>Summarized Income Statement</u></b>						
Revenues	1,102,229,791	967,263,054	793,762,137	735,440,571	494,346,930	369,115,302
Gross profit	613,807,942	508,930,802	406,103,405	310,759,825	195,004,572	116,764,767
Operating expenses	337,979,029	358,118,743	269,496,150	246,550,385	171,357,775	147,098,485

Operating Profit	275,828,913	150,812,059	136,607,255	64,209,440	23,646,797	(30,333,718)
Net Profit for the year	204,800,624	251,313,596	81,862,797	28,571,792	(10,537,965)	(56,018,999)

a) **Growth**

Sales	13.95%	21.86%	7.93%	48.77%	33.93%
Gross profit	20.61%	25.32%	30.68%	59.36%	67.01%
Operating expenses	(5.62)%	32.88%	9.31%	43.88%	16.49%
Operating Profit	82.90%	10.40%	112.75%	171.54%	(177.96)%
Net Profit for the year	(18.51)%	206.99%	186.52%	371.13%	81.19%
Current Assets	196.55%	99.83%	26.44%	100.84%	(17.93)%
Total Assets	346.21%	38.72%	103.29%	43.97%	(6.80)%
Total Shareholders' Equity	671.02%	106.33%	276.01%	34.45%	(3.12)%

b) **Selected Ratios**

**I. Liquidity Ratios**

Current ratio	5.66	1.90	1.10	.77	.37
Quick ratio	5.15	1.50	.66	.55	.19
Times interest earned	12.09	4.56	2.49	1.80	.70
Debt-equity ratio	0	.35	.86	(1.62)	(.89)

**II. Operating Ratios**

Accounts receivable turnover ratio	8.50	14.18	8.25	9.93	42.00
Assets turnover ratio	0.16	0.63	0.72	1.36	1.32
Inventory turnover ratio	2.35	2.84	2.50	4.91	3.95

**III. Profitability Ratios**

Gross margin ratio (%)	55.69%	52.62%	51.16%	42.25%	39.45%
Operating income ratio (%)	25.02%	15.69%	17.21%	8.73%	4.78%
Net income ratio (%)	18.58%	25.98%	10.31%	3.88%	(2.13)%
Return on assets ratio (%) (annualized)	5.44%	9.93%	12.45%	11.91%	6.42
Return on equity (after tax) (%) (annualized)	4.27%	30.28%	20.35%	(12.50)%	3.02%
Earnings per share of Tk 10 each (annualized)	2.10	25.13	17.05	5.95	(2.20)

### Determination of the offering price

Orion Pharma Limited is one of the leading market participants. The Company is enjoying a high growth in revenue and net profit in the past couple of years. The Company's degree of leverage line is

downward. The interest coverage ratio is also high. The financial indicators show the financial stability of the Company as well as proof of its earning consistency of past years.

Based on the past trend of business growth and earning capacity, four valuation methods may be used for determining the indicative price of shares of Orion Pharma. Net Asset Value (NAV) gives asset-backing to the shares of the Company. Earnings Per Share (EPS) indicates profitability against shares of the Company. Earnings-based Value and Book Value-based Value have been taken to estimate a theoretical fair price that gives us good indication of market demand for the shares of the Company. The weighted average price derived from the four valuation methods, giving equal weight, is the maximum indicative offer price for the shares of Orion Pharma to be issued through the IPO under Book Building Method. The Company sets the indicative price of its shares, taking into account of such maximum indicative offer price.

Different methods to determine the fair price per share of the Company are presented below:

**Method 1 –Price based on Net Asset Value/Equity based value per share (NAV):**

Sl. No	Particulars	Amount	Net Amount
a)	Share capital		800,000,000
	Share Money deposit*		500,000,000
b)	Share Premium	4,365,000,000	
	Revaluation Surplus	488,229,366	
	Retained Earnings	246,624,667	
Reserves and Surplus			5,099,854,033
Total Shareholders' Equity as at 30 September 2010			6,399,854,033
Number of shares as at 30 September 2010			130,000,000
Number of shares as at 30-December 2010**			155,000,000

\*The Company denominates their share value from Tk. 100.00 to Tk. 10.00 on 24.07.2010. The Company has received Tk. 500.00 crore as share money deposit including share premium of Tk. 450.00 crore on/before September 30, 2010 which consent has been accorded by the Securities and Exchange Commission on 31.08.2010.

\*\*The Company has also received an aggregate amount of Tk. 250.00 crore as share money deposit including share premium of Tk. 225.00 crore on December 30, 2010 which consent has been accorded by the Securities and Exchange Commission on 06.12.2010. After that, the Net Asset Value per share would stand as follows:

$$\begin{aligned} \text{Net Asset Value per share} &= \text{Tk. } \frac{6,399,854,033 + 2,432,500,000}{130,000,000 + 25,000,000} = 8,582,354,033 \\ &= \text{Tk. } 55.37 \end{aligned}$$

### **Method 2 –Price based on Earning per share (EPS):**

The Company's operational performances and financial results reflect its growth, financial strength, earning and prospectus that help investors in making informed investment decision. The results are summarized as follows:

Financial Years	Net Profit	Paid-up Capital	No. of outstanding share	Earning per share (EPS)	Restated No. of Share	Restated Earning per share (EPS)
September 30, 2010	204,800,624	800,000,000	80,000,000	3.41 (Annualized)	155,000,000	1.76
December 31, 2009	251,313,596	100,000,000	10,000,000	25.13	10,000,000	25.13
December 31, 2008	81,862,797	48,000,000	4,800,000	17.05	4,800,000	17.05
December 31, 2007	28,571,792	48,000,000	4,800,000	5.95	4,800,000	5.95
December 31, 2006	(10,537,965)	48,000,000	4,800,000	-2.20	4,800,000	-2.20
December 31, 2005	(56,018,999)	48,000,000	4,800,000	-11.67	4,800,000	-11.67
<b>Average</b>						<b>6.00</b>

If we consider the share price of the Company on the basis of price earning multiple of 26.40 (Yearly average PE from Oct 2009 to Sep 2010, Source: DSE Monthly Review as on 30-09-2010), the earning based value of shares of the Company stands at Tk. 158.40.

### **Method 3 - Price Based On P/E Ratio of Similar Stocks:**

Sl. No.	Company	Face Value	EPS	Market Price (12 months average)	P/E Ratio
1	Beximco Pharma	10.00	3.59	162.37	45.23
2	ACI Limited	10.00	30.64	443.21	14.47
3	Renata Ltd.	100.00	365.21	11,173.98	30.60
4	The Ibn Sina	100.00	45.59	1,493.08	32.75
5	Square Prarma	100.00	127.29	3,446.60	27.08
<b>Average</b>					<b>30.02</b>

### **Determining the Fair Value of share of Orion Pharma Limited:**

Average EPS	1.76
Representative P/E Multiple (X)	30.02
<b>Fair Value (BDT)</b>	<b>52.83</b>

### **Method 4 - Price based on P/BV Ratio of Similar Stocks**

Sl. No.	Company	Face Value	NAV	Market Price (12 months average)	P/BV Ratio
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1	Beximco Pharma	10.00	62.63	162.37	2.59
2	ACI Limited	10.00	151.62	443.21	2.92
3	Renata Ltd.	100.00	1,322.02	11,173.98	8.45
4	The Ibn Sina	100.00	199.45	1,493.08	7.49
5	Square Prarma	100.00	659.63	3,446.60	5.23
<b>Average</b>					<b>5.34</b>

**Determining the Fair Value of share of Orion Pharma Limited:**

NAV	55.37
Representative P/BV Multiple (X)	5.34
<b>Fair Value (BDT)</b>	<b>295.68</b>

**Finding and Calculation of the fair Price of share of Orion Pharma Limited:**

Particulars	Amount in BDT
Net Asset Value/Equity based value per share (NAV) (Diluted)	55.37
Price based on Earning Per Share (EPS)	158.40
Price Based on P/E Ratio of Similar Stocks	52.83
Price Based on P/BV Ratio of Similar Stocks	295.68
<b>Average</b>	<b>140.57</b>

**Book Building Method**

Book Building is a process through which an issuer attempts to determine the price to offer its security based on demand from institutional investors. Under the process, the price of an IPO share will be determined through an automated bidding to be participated by different financial institutions and then the share will be opened for the IPO participant at the cut-off price determined during the book building process. The bidding will be handled through a uniform and integrated automated system of the stock exchanges, or any other organization as decided by the Commission, especially developed for book building method. The entire procedure of price discovery under book building method is delineated below:

- a) The issuer/Issue Manager shall issue invitation to the eligible institutional investors, both in writing and through publication in at least 5 (five) widely circulated national dailies, giving at least 10 (ten) working days time, to the road show/presentation/seminar indicating time and venue of such event.
- b) The invitation letter shall accompany an information document containing all relevant information covering the proposed issue of the issuer. The eligible institutional investors shall submit indicative price to the issuer/issue manager, signed jointly by the Chief Executive Officer (CEO) and the

Financial Analyst, highlighting the factors taken into consideration in support of the indicative price, within the next 3(three) working days of the said road show/presentation/seminar;

**c)** The indicative price band will be fixed based on the past performance, expected future earnings of the issuer and the P/E ratio of other peer companies in the industry and the determination of indicative price involves the following institutional investors registered with or approved by SEC in this regard:-

- Merchant Bankers except the issue manager of the proposed issue;
- Foreign institutional investors;
- Recognized pension funds and provident funds;
- Banks and NBFIs under regulatory control of Bangladesh Bank;
- Insurance Companies regulated under Insurance Act, 1938;
- Institutional venture capital and institutional investors;
- Stock Dealers; and
- Any other artificial juridical person permitted by the SEC for this purpose

**d)** Issuer in association with issue manger and eligible institutional investors quote an indicative price in the prospectus with the rationale for such price and submit the prospectus to the Commission with copy to the stock exchanges.

**e)** The indicative price range shall be determined as per price indications obtained from at least 15 (fifteen) eligible institutional investors covering at least 3 (three) different categories including at least 5 (five) merchant banks of such investors.

**f)** Eligible institutional investors bidding shall commence after getting consent from the Commission for this purpose. Institutional bidding period will be 3 to 5 (Three to Five) working days which may be changed with the approval of the Commission.

**g)** Eligible institutional investors (EIIs) shall not be allowed to participate in the bidding unless they participate and quote in the Road Show for setting the indicative price. The EII participating in the Road Show and quote price must also participate in the bidding. The issuer and issue manager will jointly submit the attendance sheet and the quoted price by the EII along with the draft prospectus to SEC.

**h)** Prospectus will be posted on the Websites of the Commission, stock exchanges, issue manager and issuer at least 2 (two) weeks prior to the start of the bidding to facilitate investors to know about the company and all aspect of offering.

- i) The indicative price shall be the basis for formal price building with an upward and downward band of 20% (Twenty Percent) of indicative price within which eligible institutional investors shall bid for the allocated amount of security.
- j) If institutional quota is not cleared at 20% (Twenty Percent) below indicative price, the issue will be considered cancelled unless the floor price is further lowered within the face value of security. Provided that the issuer's chance to lower the price shall not be more than once.
- k) No institutional investor shall be allowed to quote for more than 10% (Ten Percent) of the total security offered for sale, subject to maximum of 5 (Five) bids.
- l) The volume and value of bid at different prices will be displayed on the monitor of the said system without identifying the bidder.
- m) The institutional bidders will be allotted security on pro-rata basis at the weighted average price of the bids that would clear the total number of securities being issued to them.
- n) Institutional bidders shall deposit their bid with 20% (Twenty Percent) of the amount of bid in advance to the designated bank account and the rest amount to settle the dues against security to be issued to them shall be deposited within 5 (Five) working days prior to the date of opening subscription for general investors.
- o) In case of failure to deposit remaining amount that is required to be paid by institutional bidders for full settlement of the security to be issued in their favor, 50% (Fifty Percent) of bid money deposited by them shall be forfeited by the Commission. The securities earmarked for the bidder who defaulted in making payment shall be added to the general investor quota.
- p) The time gap between closure of bidding by Eligible Institutional Investors and subscription opening for general investors is 25 working days or as may be determined by the Commission.
- q) The securities will be offered to the general investors, NRBs and Mutual Funds at the cut-off price determined during the book building process.

#### **Lock in Provision**

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of 3 (Three) years from the date of issuance of prospectus or commercial operation, whichever comes later. Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding 2 (Two) years of according consent, shall be subject to a lock-in period of 1 (One) year from the date of issuance of prospectus or commercial operation, whichever comes later.

### Availability of Securities

Sl. No.	Particulars	Number of Shares
1	20% of IPO of Ordinary Shares are reserved for Eligible Institutional Investors through Book Building Method	8,000,000
2	10% of IPO of Ordinary Shares are reserved for Mutual Funds	4,000,000
Sl. No.	Particulars	Number of Shares
3	10% of IPO of Ordinary Shares are reserved for Non-Resident Bangladeshis (NRB)	4,000,000
4	Remaining 60% of IPO of Ordinary Shares are reserved for General Public	24,000,000
<b>Total</b>		<b>40,000,000</b>

- 1) 20% of the total public offering shall be reserved for the Eligible Institutional Investors (EII), 10% shall be reserved for mutual funds, 10% for non-resident Bangladeshi (NRB) and the remaining 60% shall be open for subscription by the general public.
- 2) The Institutional Investors will be allotted security on a pro-rata basis at the weighted average price of the bids that would clear the total number of securities being offered to the Institutional investors.
- 3) The securities offered to the Mutual Funds, NRBs and General Public will be at the cut-off price determined during the Book Building Process.
- 4) In case of over-subscription under any of the categories mentioned in the above table, the Issue Manger shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
- 5) In case of under-subscription under any of Mutual Funds or NRB category as mentioned in the above table, the unsubscribed portion shall be added to the general public category, and, if after such addition there is over-subscription in the general public category the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- 6) In case of under-subscription of the public offering, the unsubscribed portion of shares shall be taken up by the underwriter(s).
- 7) The lottery as stated in clause (5) and (6) should be conducted in the presence of the representatives of Issuer, Stock Exchange(s) and the applicants, if there be any.

## Corporate Directory

### Miscellaneous Information:

<b>Registered Office:</b>	153-154 Tejgaon I/A, Dhaka 1208.
<b>Auditors:</b>	S F Ahmed & Co Chartered Accountants House # 25, Road # 13A, Block # D, Banani, Dhaka-1213.
<b>Banker</b>	Agrani Bank Limited Social Islami Bank Ltd. Southeast Bank Ltd.
<b>Manager to the Issue</b>	ICB Capital Management Limited 8, DIT Avenue, Dhaka-1000
<b>Company's Compliance Officer</b>	Md. Ferdous Jaman Company Secretary

## **AUDITORS' REPORT**

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF

### **Orion Laboratories Limited.**

We have audited the accompanying Balance Sheet of Orion Laboratories Limited, as at 30 September 2010 and the related Income Statement and Statement of Changes in Equity and Cash Flow Statement along with the explanatory notes and schedules thereto for the period ended September 2010. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of the results of its operations and its cash flow for the period then ended and complied with the Companies Act, 1994 and other applicable laws and regulations.

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 account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the Company's Balance Sheet and Profit & Loss Statement dealt with by the report are in agreement with the books of account.
- d) the expenditure incurred was for the business of the company.

Sd/-

Dated: Dhaka;  
12 December 2010

**S. F. Ahmed & Co.**  
Chartered Accountants

**ORION LABORATORIES LIMITED**  
**BALANCE SHEET**  
AS AT 30TH SEPTEMBER, 2010

Particulars	Notes	Amount in Taka 30.09.2010	Amount in Taka 31.12.2009
<b>APPLICATION OF FUND</b>			
<b>A. Long Term Assets:</b>		<b>4,508,339,566</b>	<b>750,478,061</b>
Property, Plant & Equipments (as per Schedule)	4	779,144,676	606,332,061
Investment	5	3,729,194,890	144,146,000
<b>B. Current Assets</b>		<b>2,297,780,145</b>	<b>774,843,317</b>
Inventories	6	207,531,647	161,341,878
Trade and Other Receivables	7	293,389,263	366,868,123
Advances, Deposits & Prepayments	8	171,531,892	199,347,253
Cash and Cash Equivalents	9	1,625,327,343	47,286,063
<b>C. Current Liabilities</b>		<b>406,265,678</b>	<b>408,595,454</b>
Bank Loans & Credits	10	129,630,987	171,913,675
Creditors & Other Payables	11	159,546,543	176,573,078
Accrued Expenses	12	117,088,148	60,108,701
<b>D. Net Current Assets (B-C)</b>		<b>1,891,514,467</b>	<b>366,247,863</b>
<b>Total (A+D)</b>		<b>6,399,854,033</b>	<b>1,116,725,924</b>
<b>SOURCES OF FUND</b>			
<b>E. Shareholders' Equity</b>		<b>6,399,854,033</b>	<b>830,053,409</b>
Share Capital	13	800,000,000	100,000,000
Share Money Deposits		500,000,000	200,000,000
Share Premium		4,365,000,000	-
Revaluation Surplus		488,229,366	464,678,646
Retained Earnings		246,624,667	65,374,763
<b>F. Long Term Loan</b>	14	-	286,672,515
<b>Total (E+F)</b>		<b>6,399,854,033</b>	<b>1,116,725,924</b>
<b>Number of Shares used to compute NAVPS</b>		<b>80,000,000</b>	<b>30,000,000</b>
<b>Net Asset Value Per Share (NAVPS) of Tk. 10</b>		<b>80.00</b>	<b>27.67</b>

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

Sd/-  
**Managing Director**

Sd/-  
**Director**

Sd/-  
**Director**

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
12, December 2010

Sd/-  
**S. F. Ahmed & Co.**  
Chartered Accountants

**ORION LABORATORIES LIMITED**  
**PROFIT & LOSS ACCOUNT**

FOR THE PERIOD FROM 1ST JANUARY 2010 TO 30TH SEPTEMBER 2010

Particulars	Notes	Amount in Taka 30.09.2010	Amount in Taka 30.09.2009
<b>Revenue (Turnover) from Net Sales</b>		<b>1,102,229,791</b>	<b>666,805,632</b>
Cost of Goods Sold	15	(488,421,849)	(307,158,150)
<b>Gross Profit</b>		<b>613,807,942</b>	<b>359,647,482</b>
<b>Operating Expenses :</b>		<b>(337,979,029)</b>	<b>(245,356,390)</b>
General & Administrative Expenses	16	(69,514,413)	(49,362,505)
Selling & Distribution Expenses	17	(268,464,616)	(195,993,885)
Particulars	Notes	Amount in Taka 30.09.2010	Amount in Taka 30.09.2009
<b>Operating Profit</b>		<b>275,828,913</b>	<b>114,291,092</b>
Financial Expenses	18	(22,965,694)	(33,228,418)
<b>Profit from Business</b>		<b>252,863,219</b>	<b>81,062,674</b>
Miscellaneous Income		1,937,405	542,525
<b>Net Profit before Tax</b>		<b>254,800,624</b>	<b>81,605,199</b>
Provision for Tax		(50,000,000)	(20,000,000)
<b>Net Profit after Tax</b>		<b>204,800,624</b>	<b>61,605,199</b>
<b>Number of Shares used to compute EPS</b>		<b>80,000,000</b>	<b>30,000,000</b>
<b>Earning Per Share (EPS)</b>		<b>2.56</b>	<b>2.05</b>

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

Sd/-  
**Managing Director**

Sd/-  
**Director**

Sd/-  
**Director**

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
12, December 2010

Sd/-  
**S. F. Ahmed & Co.**  
Chartered Accountants

**ORION LABORATORIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

FOR THE PERIOD FROM 1ST JANUARY 2009 TO 30TH SEPTEMBER 2009

Particulars	Share Capital	Share Money Deposit	Share premium	Revaluation Surplus	Retained Earnings	Amount in Taka 30.09.2009
<b>Balance as on 1 January 2009</b>	<b>48,000,000</b>	<b>52,000,000</b>	-	<b>488,229,366</b>	<b>(185,938,833)</b>	<b>402,290,533</b>
Issue of Share	52,000,000	(52,000,000)	-	-	-	-
Share Money Deposit	-	200,000,000	-	-	-	200,000,000
Net Profit for the period	-	-	-	-	61,605,199	61,605,199
Depreciation on	-	-	-	(17,663,040)	0	(17,663,040)
Revalued Assets						
<b>Balance at 30 September 2009</b>	<b>100,000,000</b>	<b>200,000,000</b>	-	<b>470,566,326</b>	<b>(124,333,634)</b>	<b>267,290,533</b>

**ORION LABORATORIES LIMITED**

153-154, Tejgaon I/A, Dhaka-1208

**CASH FLOW STATEMENT**

FOR THE PERIOD FROM 1ST JANUARY 2010 TO 30TH SEPTEMBER 2010

	Amount in Taka 30.09.2010	Amount in Taka 30.09.2009
<b>A. Cash Flows from Operating Activities :</b>		
Cash received from Customers	1,040,844,178	683,677,635
Cash paid to Suppliers and Employees	(700,150,533)	(823,367,195)
<b>Cash Generated from Operation</b>	<b>340,693,645</b>	<b>(139,689,560)</b>
Other Income Received	1,937,405	542,525
Income Tax - Deducted at Source	(18,964,970)	(4,102,522)
<b>Net Cash Generated/(Used) from Operating Activities</b>	<b>323,666,080</b>	<b>(143,249,557)</b>
<b>B. Cash Flows from Investing Activities :</b>		
Acquisition of Property, Plant & Equipment	(202,460,121)	(9,406,388)
Disposal of Investments including Capital Gains	(3,585,048,890)	-
<b>Net Cash Received/(Used) in Investing Activities</b>	<b>(3,787,509,011)</b>	<b>(9,406,388)</b>
<b>C. Cash Flows from Financing Activities :</b>		

Long Term Loan (Repaid)	(286,672,515)	(40,859,224)
Short Term Loan (Repaid)	(42,282,688)	(17,197,849)
Share Capital Received including Share Premium	5,065,000,000	52,000,000
Share Money Deposit Received / ( Adjusted)	300,000,000	148,000,000
Other Finance Received	5,839,414	8,977,908
<b>Net Cash Received/(Used) in Financing Activities</b>	<b>5,041,884,211</b>	<b>150,920,835</b>
<b>Net Increase /(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>1,578,041,280</b>	<b>(1,735,110)</b>
Cash & Cash Equivalents at the beginning of the period	47,286,063	16,751,350
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>1,625,327,343</b>	<b>15,016,240</b>
<b>Operating Cash Flow Per Share (OCFPS)</b>	<b>4.05</b>	<b>(4.77)</b>

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

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

FOR THE PERIOD FROM 1ST JANUARY 2010 TO 30TH SEPTEMBER 2010

Particulars	Share Capital	Share Money Deposit	Share premium	Revaluation Surplus	Retained Earnings	Amount in Taka 30.09.2010
<b>Balance as on 1 January 2010</b>	<b>100,000,000</b>	<b>200,000,000</b>	-	<b>464,678,646</b>	<b>65,374,763</b>	<b>830,053,409</b>
Issue of Share (including premium)	<b>700,000,000</b>	-	<b>4,500,000,000</b>	-	-	5,200,000,000
Share Money Deposit	-	<b>300,000,000</b>	-	-	-	300,000,000
Share issue costs	-	-	-	-	204,800,624	204,800,624
Prior year's Adjustment against depreciation on revalued assets	-	-	-	23,550,720	(23,550,720)	-
Share issue costs	-	-	<b>(135,000,000)</b>	-	-	(135,000,000)
<b>Balance at 30 September 2010</b>	<b>800,000,000</b>	<b>500,000,000</b>	<b>4,365,000,000</b>	<b>488,229,366</b>	<b>246,624,667</b>	<b>6,399,854,033</b>

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

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
12, December 2010

Sd/-  
**S. F. Ahmed & Co.**  
Chartered Accountants

## **ORION LABORATORIES LIMITED**

153-154, Tejgaon I/A, Dhaka-1208

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2010**

#### **1. DISCLOSURE ON ORION LABORATORIES LIMITED**

This was incorporated as a private limited company in Bangladesh on June 21, 1965. The Company was converted into a public company on July 24, 2010 and is now operating under the entrepreneurship of Orion Group.

The Company owns and operates a modern pharmaceuticals factory and produces and sells pharmaceuticals drugs and medicine.

#### **2. BASIS OF PREPARATION:**

##### **2.01 Statement of Compliance:**

The financial statements of the Company under reporting have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, and International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS), as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Financial reporting Standards (BFRS)/ Bangladesh Accounting Standards (BAS) and other applicable laws and regulations.

##### **2.02 Date of Authorization:**

The Board of Director of Orion Laboratories Ltd. has approved these financial statements on 1<sup>st</sup> December 2010.

##### **2.03 Reporting Period:**

These financial statements have been prepared for the period from 01<sup>st</sup> January 2010 to 30<sup>th</sup> September 2010.

##### **2.04 Reporting Currency and Level of Precision:**

The figures in the financial statements represent Bangladeshi Taka, which have been rounded off to the nearest taka except where indicated otherwise & Figures of the year ended 31<sup>st</sup> December 2009 have been rearranged whenever considered necessary to ensure comparability with the current period.

## **2.05 Comparative Information:**

Comparative information has been provided for all numerical information in the financial statements and also narrative and descriptive information where it is relevant to an understanding of the financial statements of the current period.

## **3. SIGNIFICANT ACCOUNTING POLICIES:**

### **3.01 Principal Accounting Policies:**

Specific accounting policies were selected and applied by the Company's management for significant transactions and events that have material effect within the framework of BAS-1: 'Preparation of Financial Statements' in preparation and presentation of financial statements. The previous period's figure was presented according to the same accounting principles.

### **3.02 Accrual Basis of Accounting:**

The financial statements have been prepared, under the accrual basis of accounting.

### **3.03 Measurement Basis:**

The financial statements have been prepared using the Historical Cost basis except certain property, plant and equipment stated at Current Cost.

### **3.04 Application of Bangladesh Accounting Standards (BASs):**

The financial statements have been prepared in compliance with requirement of BAS as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following BASs are applicable for the financial statements for the period under review:

BAS-1 Presentation of Financial Statements;

BAS-2 Inventories;

BAS-7 Statements Cash Flows;

BAS-8 Accounting Policies, Changes in Accounting Estimates and errors;

BAS-10 Events after the Balance Sheet Date;

BAS-12 Income Taxes;

BAS-16 Property, Plant and Equipment;

BAS-18 Revenue;

BAS-21 The Effects of Changes in Foreign Exchange Rates;

BAS-24 Related Party Disclosure;

BAS-33 Earning Per Share;

BAS-34 Interim Financial Reporting;

BAS-37 Provisions, Contingent Liabilities and Contingent Assets.

### 3.05 Depreciation on Property, Plant and Equipment:

Depreciation has been charged under Reducing Balance method at the following rates: -

<u>Category of Fixed Assets</u>	<u>Rate of Percentage</u>
Factory & Office Building	10
Plant & Machinery	15
Furniture & Fixture	15
Office Equipments	15
Vehicles	20
Laboratory Equipments	15
Medical Books & Journal	10
Medical Bags	20

No depreciation is charged on additions during the period.

### 3.06 Revaluation of Fixed Assets:

The Company revalued its fixed asset for the first time in the year 2008. Reserve is created by the sum of revaluation surplus and depreciation is charged on the revalued assets except Land & Land Development as per the respective rate of depreciation as per provision of BAS-16.

### 3.07 Retirement and Disposals:

An asset is recognised on disposal when no future economic benefits are expected from its use and subsequent disposal. Gain or loss 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 assets and is recognised as gain or loss from disposal of asset under other income in the profit and loss account.

### 3.08 Inventories:

Inventories stated at lower of cost and net realizable value as prescribed by BAS-2: Inventories. The cost is calculated on weighted average method in a consistent manner. Costs comprise of expenditure incurred in the normal course of business in bringing out such inventories to its location and conditions. Where necessary, provision is made for obsolete, slow moving and defective inventories (if any) identifies at the time if physical verification of inventories.

Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale effective.

### 3.09 Statement of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with BAS-7 'Cash Flow Statement' and the Cash Flows from Operating Activities have been presented under direct method, considering the provisions that 'Enterprises are encouraged to report cash flow from operating activities using the direct method'.

**3.10 Cash and Cash Equivalents:**

Cash in hand and cash at banks have been considered as the cash and cash equivalents for the preparation of these financial statements which were held and available for use by the Company without any restriction and there was insignificant risk of changes in value of these current assets.

**3.11 Creditors and Accruals:**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

**3.12 Income Tax Expense:**

Income Tax is calculated and provision is made in accordance with BAS-12. The corporate tax rate for Pharmaceuticals Company is 37.5% on total income. Provision has been made and calculated on the above basis, which is adequate under Income Tax Ordinance, 1984.

**3.13 Risk and Uncertainties for use of Estimates in preparation of financial statements:**

The preparation of the financial statements in conformity with the International Financial reporting Accounting Standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of affecting financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates. Estimates are used for accounting of certain items such as long term contracts, depreciation and employees benefit plans, taxes, reserves and contingencies.

**3.14 Compliance with Local Laws:**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, and other relevant local laws and rules.

**3.15 Provision:**

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards, BAS-37 'Provisions, Contingent Liabilities and Contingent Assets' that require management to make estimates and assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosures requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines prescribed by BAS-37, provisions were recognized in the following situations:

- When the company has a present obligation as a result of past event

- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

We have shown the provision in the balance sheet at an appropriate level with regard to an adequate provision for risk and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the balance sheet date.

### **3.16 Contingent Liabilities and Assets:**

Contingent Liabilities and Assets are current or possible obligations or assets arising from past events and whose existence is due to the occurrence or non occurrence of one or more uncertain future events, which are not within the control of the company.

### **3.17 Foreign currency translation:**

Translations in foreign currencies are translated into Bangladeshi taka at the exchange rate prevailing on the date of transactions in accordance with BAS-21 : 'The effect of changes in foreign currencies rate'. Bank deposit in foreign currency has been translated into taka at the period end at the rate of exchange ruling on the date.

### **3.18 Revenue Recognition:**

In compliance with requirements of BAS-18: Revenue, revenue receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

#### **3.18.1 Sales:**

Turnover comprises the invoice value of goods supplied by the Company, representing Local & Export sales. Revenue from sales is exclusive of VAT.

### **3.19 Components of the Financial Statements:**

According to the Bangladesh Accounting Standards, BAS-1: 'Presentation of Financial Statements' the complete set of Financial Statements includes the following components:

- a) Balance Sheet as at 30<sup>th</sup> September 2010
- b) Profit and Loss Account for the Period from 1<sup>st</sup> January 2010 to 30<sup>th</sup> September 2010
- c) Statement of Changes in Equity for the Period from 1<sup>st</sup> January 2010 to 30<sup>th</sup> September 2010
- d) Cash Flow Statement for the Period from 1<sup>st</sup> January 2010 to 30<sup>th</sup> September 2010
- e) Accounting policies and explanatory notes.

### **3.20 Earnings per Share:**

Earnings per Share (EPS) is calculated in accordance with the Bangladesh Accounting Standards, BAS-33: 'Earnings per Share'

**3.20.1 Basic Earnings per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

**3.21 Responsibility for Preparation and Presentation of Financial Statements:**

The Board of Directors is responsible for preparation and presentation of Financial Statements under the section 183 of the Companies Act, 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements' issued by the International Accounting Standards Board (IASB).

**ORION LABORATORIES LTD.**  
**SCHEDULE OF FIXED ASSETS**  
**PROPERTY, PLANT & EQUIPMENTS**  
**AS AT 30 SEPTEMBER 2010**

**Note - 4**

Sl. No.	Particulars	Balance as at 01.01.2010	Additions	Total as at 30.09.2010	Rate of Dep. (%)	Depreciation Charged During the Period	Balance as at 30.09.2010
<b>At Historical Cost:</b>							
1	Land & Land Development	16,871,397	184,065,609	200,937,006	-	-	200,937,006
2	Factory & Office Building	20,618,592	-	20,618,592	10%	1,546,394	19,072,198
3	Plant & Machinery	62,306,003	11,990,242	74,296,245	15%	7,009,425	67,286,820
4	Furniture & Fixture	5,527,875	1,641,410	7,169,285	15%	621,886	6,547,399
5	Office Equipments	10,031,350	3,062,860	13,094,210	15%	1,128,527	11,965,683
6	Vehicles	21,161,005	1,700,000	22,861,005	20%	3,174,150	19,686,855
7	Laboratory Equipments	4,827,934	-	4,827,934	15%	543,143	4,284,791
8	Medical Books & Journal	144,291	-	144,291	10%	10,822	133,469
9	Medical Bags	64,968	-	164,968	20%	24,745	140,223
	<b>A. Sub-Total:</b>	<b>141,653,415</b>	<b>202,460,121</b>	<b>344,113,536</b>		<b>14,059,092</b>	<b>330,054,444</b>
<b>At Revaluation Surplus:</b>							
1	Land & Land Development	280,128,603	-	280,128,603	-	-	280,128,603
2	Factory & Office Building	137,959,103	-	137,959,103	10%	10,346,933	127,612,170
3	Plant & Machinery	46,590,940	-	46,590,940	15%	5,241,481	41,349,459
	<b>B. Sub-Total:</b>	<b>464,678,646</b>	<b>-</b>	<b>464,678,646</b>		<b>15,588,414</b>	<b>449,090,232</b>
<b>Total as at 30.09.2010</b>		<b>606,332,061</b>	<b>202,460,121</b>	<b>808,792,182</b>		<b>29,647,506</b>	<b>779,144,676</b>
<b>Total as at 31.12.2009</b>		<b>613,721,580</b>	<b>12,135,189</b>	<b>625,856,769</b>		<b>19,524,708</b>	<b>606,332,061</b>

4.1 Depreciation has been charged on different cost centers as under :

Cost Center	For the period ended 30 September 2010 Amount in Taka	For the period ended 30 September 2009 Amount in Taka
Factory	25,190,576	10,827,086
General and Administration	3,054,245	2,790,428
Selling & Distribution	1,402,685	1,026,017
<b>Total</b>	<b>29,647,506</b>	<b>14,643,531</b>

**ORION LABORATORIES LIMITED**  
**Notes to the Financial Statements**  
**For the period ended September 30, 2010**

<b>5 INVESTMENT (AT COST)</b>	<b>Amount in Taka</b>	
	<b>30.09.2010</b>	<b>31.12.2009</b>
<b>Shares:</b>		
Orion Infusion Limited (4,43,000 Ordinary Shares @ TK. 100 each)	44,300,000	44,300,000
ICB Islami Bank Limited (246 Ordinary Shares @ TK. 1000 each)	246,000	246,000
Orion Holding Limited (99,60,000 Ordinary Shares @ TK. 10 each)	99,600,000	99,600,000
Integral Energy Limited (2,10,000 Ordinary Shares @ Tk. 100 each)	21,000,000	-
Green Delta 1st Mutual Fund (500,000 Ordinary Shares @Tk. 10 each)	5,000,000	-
Dutch Bangla Power & Associates Ltd.( 1,12,500 Ordinary Shares @ Tk. 10 each)	1,125,000	-
	<b>171,271,000</b>	<b>144,146,000</b>
<b>Investments:</b>		
IEL Consortium & Associates Ltd.	2,004,600,000	-
Belhasa Accom and Associates Ltd.	201,531,000	-
Dutch Bangla Power & Associates Ltd.	815,790,400	-
Bon Consortium Power Company Ltd.	204,060,530	-
Orion Hospital Project	228,445,000	-
Orion Agro Products Ltd.	103,496,960	-
	<b>3,557,923,890</b>	<b>-</b>
<b>Total:</b>	<b>3,729,194,890</b>	<b>144,146,000</b>
<b>6 INVENTORIES</b>		
Raw Materials	68,097,315	55,352,222
Packing Materials	31,989,876	31,994,538
Work-in-Process	5,668,146	5,104,559
Finished Goods	98,103,719	64,046,683
Stationary & Promotional Materials	3,672,591	4,843,876
<b>Total:</b>	<b>207,531,647</b>	<b>161,341,878</b>
<b>7 TRADE AND OTHER RECEIVABLES</b>		
Trade Receivables	129,615,917	68,230,304
Claim Receivable	3,936,215	2,952,226
Dividend Receivable	-	7,894,375
Receivable against Sale of Shares	-	194,610,000
Other Receivables	159,837,131	93,181,218
<b>Total:</b>	<b>293,389,263</b>	<b>366,868,123</b>

This is considered good and is falling due within one year.

No amount was due by the directors ( including Managing Director), managing agent and other officers of the company and any of them severally or jointly with any other person.

No amount was due by any associated undertaking.

8 ADVANCES, DEPOSITS & PREPAYMENTS:	Amount in Taka	
	30.09.2010	31.12.2009
<b>Advances:</b>	<b>163,300,201</b>	<b>194,163,582</b>
Advance Imprest Money	198,500	112,250
Motor Cycle Advance	12,568,265	6,088,306
Advance Income Tax	62,656,393	43,691,423
Advance to Suppliers and C&F Agents	25,076,127	20,540,618
Advance against Land Purchase	32,961,600	106,065,609
Advance against Imported Materials	29,839,316	17,665,376
<b>Deposits:</b>	<b>5,958,201</b>	<b>3,030,848</b>
Earnest Money	232,353	232,353
Security Deposit	5,362,106	2,602,219
VAT Current Account	363,742	196,276
<b>Prepayments:</b>	<b>2,273,490</b>	<b>2,152,823</b>
<b>Total:</b>	<b>171,531,892</b>	<b>199,347,253</b>

No amount was due by the directors ( including Managing Director), managing agent and other officers of the company and any of them severally or jointly with any other person.

No amount was due by any associated undertaking.  
This is considered good and is falling due within one year.

#### 9 CASH AND CASH EQUIVALENT

<b>Cash in Hand</b>	<b>8,326,889</b>	<b>5,794,134</b>
<b>Balance with Banks on Account</b>	<b>1,617,000,454</b>	<b>41,491,929</b>
Short Term Deposit Account	297,307,099	17,318,902
Fixed Deposit Accounts	100,000,000	-
Current Account	1,219,693,355	24,173,027
<b>Total:</b>	<b>1,625,327,343</b>	<b>47,286,063</b>

#### 10 BANK LOAN AND CREDITS

LIM, Agrani Bank ( WASA Branch, Dhaka )	34,975,351	13,308,209
Cash Credit ( H ) - 48, Agrani Bank ( WASA Branch, Dhaka )	63,549,555	122,452,192
Cash Credit ( P ) - 527, Agrani Bank ( WASA Branch, Dhaka )	31,106,081	36,153,274
<b>Total:</b>	<b>129,630,987</b>	<b>171,913,675</b>

#### 11 CREDITORS & OTHER PAYABLES :

Suppliers	61,828,993	82,938,942
Tax deducted at source	1,881,266	3,637,266
Other Payables	95,836,284	89,996,870
<b>Total:</b>	<b>159,546,543</b>	<b>176,573,078</b>

These are unsecured, payable within one year.

#### 12 ACCRUED EXPENSES :

Accrued Expenses	35,758,003	29,044,124
Utility Payable	1,330,145	1,064,577
Provision for Income Tax	80,000,000	30,000,000
<b>Total:</b>	<b>117,088,148</b>	<b>60,108,701</b>

These are unsecured & is payable within one year.

		Amount in Taka	
		30.09.2010	31.12.2009
<b>13 SHARE CAPITAL :</b>			
<u>Authorized Capital</u>			
50,00,00,000 Ordinary Shares of Tk. 10 each		<u>5,000,000,000</u>	<u>1,000,000,000</u>
<u>Subscribed and Paid-up Capital</u>			
8,00,00,000 Ordinary Shares of Tk. 10 each		<u>800,000,000</u>	<u>100,000,000</u>
<b>14 LONG TERM LOAN :</b>			
Interest Free Block Account, Agrani Bank (WASA Branch)	-		117,783,591
Project Loan, Agrani Bank ( WASA Branch )	-		31,382,949
Bai-Murabaha, First Security Bank Ltd.	-		136,359,929
Loan from SABINCO	-		1,146,046
<b>Total:</b>	<b>-</b>		<b><u>286,672,515</u></b>

		Amount in Taka	
		30.09.2010	30.09.2009
<b>15 COST OF GOODS SOLD :</b>			
Raw Materials consumed (Notes # 15.1)		316,291,989	188,344,265
Packing Materials consumed ( Notes # 15.2 )		118,284,803	81,856,912
Wages, Allowance & Bonus		34,832,304	29,852,432
Contributory Provident Fund		911,921	821,735
Electricity		662,415	688,109
Gas		3,843,520	3,373,769
WASA		884,030	762,006
Factory Overhead Expenses ( Notes # 15.3 )		28,652,063	21,851,037
Depreciation (Notes-4.1)		25,190,576	10,827,086
<b>Manufacturing Cost for the period</b>		<b>529,553,621</b>	<b>338,377,351</b>
Add: Opening Work-in-process		5,104,559	6,978,247
<b>Manufacturing Cost</b>		<b>534,658,180</b>	<b>345,355,598</b>
Less: Closing Work-in-Process		5,668,146	9,657,813
<b>Cost of Goods Manufactured</b>		<b>528,990,034</b>	<b>335,697,785</b>
Add: Opening Stock of Finished Goods		64,046,683	44,544,359
<b>Cost of Goods Available for Sale</b>		<b>593,036,717</b>	<b>380,242,144</b>
Less: Closing Stock of Finished Goods		98,103,719	68,759,784
		<b>494,932,998</b>	<b>311,482,360</b>
Less: Cost of Physician Samples		<b>(6,511,149)</b>	<b>(4,324,210)</b>
<b>Cost of Goods Sold</b>		<b>488,421,849</b>	<b>307,158,150</b>

Materials consumed include imported materials at 81.28 % of the total (2009: 77.43%).

All employees get salary at Tk. 36,000 and above.

<b>15.1 Raw Materials Consumed :</b>			
Opening Stock		55,352,222	52,984,326
Add: Purchase during the period		329,037,082	184,520,636
Cost of Raw Materials available for use		<u>384,389,304</u>	<u>237,504,962</u>

Less: Closing Stock	68,097,315	49,160,697
<b>Raw Materials Consumed during the period</b>	<b>316,291,989</b>	<b>188,344,265</b>

**15.2 Packing Materials Consumed :**

Opening Stock	31,994,538	43,916,152
Add: Purchase during the period	118,280,141	67,545,654
Cast of Packing Materials available for use	150,274,679	111,461,806
Less: Closing Stock	31,989,876	29,604,894
<b>Packing Materials Consumed during the period</b>	<b>118,284,803</b>	<b>81,856,912</b>

**15.3 Factory Overhead Expenses :**

Amount in Taka	
30.09.2010	30.09.2009

Repairs & Maintenance	5,311,029	5,056,250
Fuel & Lubricants	4,635,085	2,288,744
Printing & Stationery	2,134,720	1,605,448
Washing & Cleaning	1,003,928	701,950
Carrying Inward	144,390	160,720
Workers Uniform	335,593	215,067
Laboratory Expenses	262,707	561,833
Training Expenses	123,249	-
Traveling & Conveyance	1,883,019	1,117,761
Workers' Food Expenses	7,593,177	6,955,674
Telephone	438,830	238,406
Miscellaneous Expenses	2,240,702	1,431,302
Insurance Premium	303,514	321,796
Fees & Taxes	294,313	266,993
Spare Parts	898,607	807,093
Godown Rent	1,049,200	122,000
<b>Total:</b>	<b>28,652,063</b>	<b>21,851,037</b>

**16 GENERAL & ADMINISTRATIVE EXPENSES :**

Salaries, Allowance & Bonus	22,410,352	20,283,963
Contributory Provident Fund	856,403	776,177
Director's Remuneration	8,625,000	5,935,000
Printing & Stationery	4,268,619	3,120,324
Postages, Telephone & Fax	3,398,241	2,541,630
Renewal and Fees	727,107	618,156
Bank Charges & Commission	599,304	289,160
Fooding & Other Expenses	5,924,491	3,043,633
Audit Fees	50,000	50,000
Advertisement and Publicity	5,147,332	1,312,980
Fuel & Lubricants	3,383,313	2,791,062
Repairs & Maintenance	2,428,908	1,585,886
Traveling & Conveyance	3,217,665	1,685,306
Insurance Premium	879,532	635,715
Software Consultancy & Other Fees	882,700	315,000
Miscellaneous Expenses	1,817,909	685,357
Depreciation (Notes-4.1)	3,054,245	2,790,428

Overseas Travel & Training Expenses	1,284,839	902,728
Security Guard Expenses	558,453	-
<b>Total:</b>	<b>69,514,413</b>	<b>49,362,505</b>

All employees get salary at Tk. 36,000 and above.

17 SELLING AND DISTRIBUTION EXPENSES :	Amount in Taka	
	30.09.2010	30.09.2009
Salaries, Allowance & Bonus	136,448,353	108,243,000
Contributory Provident Fund	4,852,985	4,572,404
Field Force TA/DA	44,527,230	28,376,553
Printing & Stationary	5,948,489	3,911,583
Postages, Telephone & Fax	7,115,424	4,576,582
Electricity, Fooding & Others	2,077,726	1,641,299
Product Development & Other Expenses	1,443,348	1,565,838
Training & Conference	4,617,109	2,226,816
Office Rent (Depot)	2,752,033	1,884,680
Repair & Maintenance	3,155,901	2,879,341
Traveling & Conveyance	2,062,802	1,492,511
Bank Charges & Commission	824,097	872,704
Carrying & Distribution Expenses	21,057,955	14,917,253
Promotional Materials	14,144,476	9,345,859
Sales Discount to retailers	2,554,615	1,427,235
Sample Expenses	6,511,149	4,324,210
Miscellaneous Expenses	3,456,255	779,582
Export Promotion Expenses	308,259	383,570
Depreciation (Notes-4.1)	1,402,685	1,026,017
Lease Rent	344,597	-
Fuel & Lubricants	2,078,801	966,634
Overseas Traveling & Training	780,327	580,214
<b>Total:</b>	<b>268,464,616</b>	<b>195,993,885</b>

All employees get salary at Tk. 36,000 and above.

18 FINANCIAL EXPENSES :	Amount in Taka	Amount in Taka
	30.09.2010	30.09.2009
Interest on Loans and credits	16,500,462	26,760,936
Interest on Contributory Provident Fund	6,465,232	6,467,482
	<b>22,965,694</b>	<b>33,228,418</b>

**19 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 as contained in BAS-24: "Related Party Disclosures". The Company opines that terms of related party transactions do not significantly differ from those that could have been obtained from third parties. Total transactions of the significant related party is as at 30th September, 2010 are as follows:

Name of Related Party	Relationship	Nature of Transaction	Amount (Tk.)
Orion Infusion Ltd	Common Director/ Shareholders	Share Capital	44,300,000
Orion Holding Limited	Common Director/ Shareholders	Share Capital	99,600,000
Integral Energy Limited	Common Director/ Shareholders	Share Capital	21,000,000
Dutch Bangla Power & Associates Ltd.	Common Director/ Shareholders	Share Capital	1,125,000
IEL Consortium & Associates Ltd.	Common Director/ Shareholders	Investment	2,004,600,000
Belhasa Accom and Associates Ltd	Common Director/ Shareholders	Investment	201,531,000
Dutch Bangla Power & Associates Ltd.	Common Director/ Shareholders	Investment	815,790,400
Bon Consortium Power Company Ltd.	Common Director/ Shareholders	Investment	204,060,530
Orion Hospital Project	Common Director/ Shareholders	Investmnet	228,445,000
Orion Agro Produpts Ltd.	Common Director/ Shareholders	Investmnet	103,496,960

**20 PRODUCTON CAPACITY:**

	For the period from1 January to 30 September 2010	For the period from1 January to 30 September 2009
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Production capacity Million in Box/Phile	35	32
Actual Production Million in Box/Phile	25.24	19.64
Capacity Utilized Million in Box/Phile	72.12%	63.37%
Reason for shortfall: Production as per market demand.		

**21 OTHER INFORMATION**

**21.01 CAPITAL EXPENDITURE COMMITMENT:**

There was no capital expenditure contracted but not incurred or provided as on 30.09.2010

There is no material capital expenditure authorized by the board but not contracted for as on 30.09.2010

**21.02 CONTINGENT LIABILITIES:**

There was no sum for which the Company is contingently liable as on 30.09.2010

**21.03 CLAIMS NOT ACKNOWLEDGED:**

There is no claim against against the Company not acknowledged as debt as on 30.09.2010

**21.04 CRDIT FACILITIES NOT AVAILED:**

There is no credit facilities available to the Company but not availed o as on 30.09.2010 under any contract, other than trade credit available in the ordinary course of business.

**21.05 COMMISSION, BROKERAGE OR DISCOUNT AGAINST SALES:**

No commission, brokerage or discount was incurred or paid by the Company against sales during the period from 1January to 30 September 2010.

**21.6 POST BALANCE SHEET EVENTS:**

There is no post-balance sheet event that requires adjustment of the financial statements.

## Credit Rating Report Orion Laboratories Limited

**Long Term Rating: A<sub>2</sub>**

**Date of Rating : 24 August 2010**

**Validity : 30 June 2011**

**Analysts:**

**Salim Afzal Shawon**

Financial Analyst  
salim@crab.com.bd

**Sajjad-Bin-Siraj**

Financial Analyst  
sbsiraj@crab.com.bd

**Financial Highlights**

	(BDT in million)			
	2007	2008	2009	2010
(Months)	(12)	(12)	(12)	(06)
Net Revenue	735	794	967	692
EBITDA	83	156	169	189
Net Profit After Tax	29	82	251	111
Fixed Assets	234	712	750	1,278
Total Assets	541	1,100	1,525	1,795
Total Liabilities	678	535	459	432
Shareholders' Equity	-229	402	830	1,105
Quick Ratio	0.48	0.66	1.50	0.84
Gross Profit Margin	42.25%	51.16%	52.62%	57.79%
Net Profit Margin	3.88%	10.31%	25.98%	16.04%
EBITDA Margin	11.29%	19.69%	17.44%	10.56%
Debt to Equity	N/A	1.33	0.55	0.39
Debt Ratio	1.25	0.49	0.30	0.24

**1.0 RATIONALE**

Credit Rating Agency of Bangladesh (CRAB) Limited has assigned **A<sub>2</sub>** (Pronounced as **Single A Two**) rating in the Long Term to Orion Laboratories Limited (hereinafter referred to as OLL or the Company).

The **A<sub>2</sub>** rating of OLL reflects the improvement in the company's financial

performance, its comfortable financial metrics and its strong revenue visibility.

During 2005-2009, OLL's revenue grew at 27.23% and its EBITDA margin expanded to 17.44% in 2009 from Negative 4.01% in 2005. Net profit after tax reached to BDT 251.31 million in 2009 from BDT (56.02) million in 2005, improved profitability and lower than anticipated CAPEX kept financial metrics comfortable.

CRAB rating consider that positively that the company was able to offset the cumulative loss in 2009 from its net cash accruals over the period of 2005-2009.

The rating also notes that despite the additional CAPEX planned for 2010-2011 to the tune of BDT 9500 million (5000 Million in expansion plant and 4500 Million in two power plants) financial leverage should remain comfortable due to the anticipated public offering, OLL's profitability and cash flows.

Furthermore, the agency notes that the recent deal with BPDB on two 100 MW HFO based power plants (IEL Consortium & Associates, Dutch Bangla Power & Associates) and the company's pipeline of products as well as expansion will ensure growth. Margin will also expand due to the company's growth in regulated market. Constraint to the rating emanate from the limited short-term liquidity flexibility due to high working capital. Severe competition in pharmaceutical segment could limit margin expansion.