

# Beacon Pharmaceuticals PLC

## Directors' Report

### Dear Shareholders,

The Directors have the pleasure to present their Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2023. These were approved by the Board of Directors on 22 October 2023.

The Directors' Report has been prepared in compliance with section 184 of the Companies Act, 1994, Bangladesh Securities and exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, the Listing Regulations of Dhaka and Chittagong Stock Exchange and other applicable rules and regulations. In addition, the Directors explained and disclosed certain issues, which they deemed relevant and important to ensure transparency and good governance practice.

### **i. Industry outlook and possible future development in the industry.**

The principal activities of the Company are manufacturing, marketing and selling of pharmaceuticals and lifesaving medicine in the local and international markets. Beacon is the first manufacturer of anti-cancer drugs in Bangladesh and proud introducer of isolator technology for processing anti-cancer products and lyophilized technology. Beacon is the second in world to manufacturing and marketing peginterferon medicine for hepatitis. Beacon is the first to introduce sophisticated biotech products Streptokinase and Urokinase injections for Acute MI disease. This year Beacon has launched 8 new products, out of which 5 are general products, 1 is oncology product, 1 is bio-tech product and 1 is Palliative product.

Despite of the tough situation of economic crisis we were able to maintain revenue at a reasonable level. Moreover, we have given special emphasis on cost control, resource optimization and R & D capabilities in order to face these economic challenges.

### **ii. Segment-wise or product-wise performance.**

Our products can be segmented as General, Chronic Care, Oncology, Palliative Care and Bio-tech products. In terms of volume of sale General Product is the best performer followed by Oncology and Bio-tech respectively. In terms of sales performance, general products have

contributed more than 58%, 32% oncology, 7% Biotech, 1% Palliative Care and rest 2% contributed by Chronic Care Products. In respect of profit margin Oncology Products are the best contributor than that of others.

### **iii. Risk and Concerns.**

Risks are defined as uncertainties resulting in adverse variations of profitability or losses in financials or otherwise. The risk management of the company covers core risk areas of the business operation, financial risk, operational risk, receivable risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk etc. Besides above risks, the Company considers credit management risks and strategic risks.

The Company has a strong base to address the risk of future uncertainties with the change of industry and global economy. The company is always keen to identify the key business risks and ensures the mitigation plans are in place. It has reviewed and adopted best practices of the industry that are articulated to enable the company to achieve its objectives effectively.

The objective of risk management is that the Company evaluates and takes well calculated business risks that safeguards the asset, its financial resources and profitability from various businesses through its own measures and by implementing corporate guidelines.

### **iv. Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.**

Cost of Goods Sold for the year stands at Tk. 4,220,996,982 which is 8.91% higher than that of the previous year. This has occurred due to increase of sales by 6.07% compare to the previous year and Gross Margin has increased by 3.42% over the last year. Besides this net margin has decreased by 45.47% over the last year due to increase in operating expenses.

### **v. Discussion on continuity of any Extra-Ordinary gain or loss.**

No extra ordinary gain or loss occurred during the year which would require adjustment or disclosure in the financial statements.

#### **vi. Basis for related party transactions.**

Related Party Transactions are disclosed in the notes – 49 to the Financial Statements for the year ended 30 June 2023.

#### **vii. Utilization of proceeds from public issues, rights issues and / or through any other instruments.**

During the financial year 2022-2023, no such proceeds are collected that would require adjustment or disclose in the annual report.

#### **viii. Explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Right Offer and Direct Listing.**

Beacon Pharmaceuticals PLC went for initial public offering in the year 2010 and did not go for any further offering since then. So, no such explanation is required for Beacon Pharmaceuticals PLC.

#### **ix. Explanation of significant variance occurs between Quarterly Financial Performance and Annual Financial Statements.**

There was no significant variance that occurred between the quarterly financial performance and annual financial statements.

#### **x. Remuneration to Directors**

This information is incorporated in the Notes 40 of the notes to the financial statements on page 34 with reference to the “Payment to Managing Director” figures concerning the Board of Directors including Independent Directors.

Remuneration and other perquisites of the Directors are reviewed annually and approved by the Chairman of the Board. Non-Executive Directors including the Independent Directors are paid fees for attending the meetings only.

#### **xi. Financial Statements prepared by the management of the Company presents fairly its state of affairs, the result of its operation, cash flows and changes in equity.**

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and the Securities and Exchange Rules 1987. These statements present fairly the Company’s state of affairs, the result of operation, cash flow and changes in equity.

#### **xii. Proper books of accounts of the Company have been maintained.**

Books of Accounts of the Company have been maintained properly.

#### **xiii. Accounting Policies:**

Appropriate accounting policies have been consistently applied in preparing financial statements and the accounting estimates are based on reasonable and prudent judgment.

#### **xiv. Application of IAS and IFRS.**

International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as applicable in Bangladesh have been followed in preparing financial statements and any departure has been adequately disclosed.

#### **xv. The system of internal control.**

The system of internal control is sound and has been implemented and monitored effectively. The Board has the ultimate responsibility for Beacon Pharma’s system of internal control and for reviewing its effectiveness. It has been designed to manage the risk of failure to achieve the objectives of the Company and to provide reasonable assurance that Company’s assets are safe guarded against unauthorized use of material loss and that transactions are properly authorized and recorded.

#### **xvi. Interest of Minority Shareholders**

Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

#### **xvii. Going Concern.**

There are no significant doubts about the Company’s ability to continue as a going concern. The Board of Directors has reviewed the Company’s business plan and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared based on the going concern concept.

#### **xviii. Explanation of significant deviation from the last year’s operating result.**

Significant variations over the last year’s operation of the Company have been made due to excess expenditure incurred in the overhead, extensive

Price Hike of Raw Materials, Foreign Currency Fluctuations and Gas Supply Constraints.

**xix. Key operating and financial data preceding 5 (Five) years:**

The key operating and financial data for the last 5 (five) years of the Company have been presented as follows:

Particulars	Year				
	2023	2022	2021	2020	2019
<b>Financial Performance</b>					
Total Assets	14,642,107,470	10,815,897,392	8,535,571,691	7,176,904,014	4,871,002,971
Total Liabilities	8,700,083,413	4,87,20,46,906	3,180,408,738	2,546,558,381	1,891,819,980
Current Assets	8,982,144,913	6,444,215,802	5,215,795,475	3,785,627,854	2,668,641,600
Current Liabilities	7,814,167,664	4,674,132,541	2,792,662,114	2,053,537,586	1,317,400,721
Non-Current Assets	5,659,962,557	4,371,681,590	3,319,776,214	3,391,276,160	2,202,361,371
Non-Current Liabilities	885,915,749	197,914,365	387,746,624	493,020,794	574,419,259
Shareholders' Equity	5,942,042,057	5,943,850,486	5,355,162,953	4,630,345,633	2,979,182,991
<b>Operational Performance</b>					
Revenue	8,509,947,615	8,022,736,306	7,121,152,785	5,590,790,317	4,646,865,410
Cost of Goods Sold	4,220,996,982	3,875,791,274	3,434,422,533	2,718,444,324	2,364,808,809
Operating Expense	3,287,293,761	2,465,035,491	2,265,106,526	2,529,653,717	1,959,448,364
Financial Expense	464,362,816	339,380,959	166,796,221	150,270,407	153,524,466
Gross Profit	4,288,950,633	4,146,945,032	3,686,730,252	2,872,345,993	2,282,056,601
Operating Profit	1,001,656,872	1,681,909,541	1,421,623,726	342,692,277	322,704,069
Net Profit before tax	679,072,356	1,292,967,761	1,198,163,031	184,503,417	163,400,976
Net Profit after tax	509,874,651	935,187,533	863,417,319	380,691,353	117,700,592
<b>Financial Ratio</b>					
Current ratio	1.15:1	1.38:1	1.87:1	1.84:1	2.03:1
Debt Equity Ratio	1.46:1	0.82:1	0.59:1	0.55:1	0.64:1
Financial Expense Coverage Ratio (Times)	2.16	4.96	8.52	2.28	2.1
Return on Equity	8.58%	15.73%	16.12%	8.22%	3.95%
Return on Assets	3.48%	8.65%	10.11%	5.30%	2.42%
<b>Equity Parameters</b>					
Authorized Capital	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Paid-up Capital	2,310,000,000	2,310,000,000	2,310,000,000	2,310,000,000	2,310,000,000
Shareholders' Equity	5,942,024,057	5,943,850,486	5,355,162,953	4,630,345,633	2,979,182,991
No. of Shares Outstanding	231,000,000	231,000,000	231,000,000	231,000,000	231,000,000
Net Assets Value (NAV) Per Share	25.72	25.73	23.18	20.04	12.9
Earnings Per Share (EPS)	2.21	4.05	3.74	1.65	0.51
Market Price Per Share (Closing)	245	258.30	123.60	60.7	20.1
Price Earnings Ratio (Times)	110.86	63.78	33.05	36.79	39.41

## xx. Declaration of dividend

The Board of Directors of the Company has recommended 16% cash dividend for the year ended 30 June 2023.

## xxi. Interim Dividend

No bonus share or stock dividend has been declared as interim dividend.

## xxii. Number of board meeting held during the year and attendance of each director.

During the year 12, nos. of Board Meetings were held. The attendance record of the Directors is shown below. The Directors who could not attend the meeting were granted leave of absence.

### Board Meeting and attendance during the year ended 30 June 2023

Sl. No.	Name of Directors	Meeting held	No. of meeting attended
1	Nurun Nahar Karim, Chairman	12	12
2	Mohammad Ebadul Karim, Managing Director	12	12
3	Mohammad Niazul Karim, Director	12	12
5	Major M. A. Hussain (Retd.), Independent Director	12	06
6	Mohammad Sanaullah FCS, Independent Director	12	06

## xxiii. Pattern of Shareholding

### a) Parent/Subsidiary/ Associated Companies and other related parties.

Sl. No.	Name	Designation	Entities where they have interest	No. of Share held
01	Mohammad Ebadul Karim	Managing Director	Beacon Developments Ltd.	600
			MEK Auto Bricks Ltd.	25,000
			MEK Industries Ltd.	8,500
			MEK Pharmatech Ltd.	8,500
			Mujibunnessa Medical College & Hospital Ltd.	80,00,000
			Beacon Oncology Ltd.	85,000
		Chairman	Beacon Nutraceuticals Ltd.	85,000
			Beacon Cephalosporin Ltd.	25,50,000
			Beacon Power Systems Ltd.	85,000
			Beacon Point Ltd.	25,000
			Beacon Medicare Ltd.	42,500
		Director	EREBA Capsules Ltd.	20,000
			Beacon Economic Zone Ltd.	8,00,000
	Beacon Business Solution Ltd.	85,000		
	Kohinoor Chemical Co. (BD) Ltd.	23,97,930		

Sl. No.	Name	Designation	Entities where they have interest	No. of Share held
02	Nurun Nahar Karim	Chairman	Beacon Developments Ltd.	250
			Beacon Nutraceuticals Ltd.	5,000
			MEK Auto Bricks Ltd.	12,500
			MEK Industries Ltd.	500
			MEK Pharmatech Ltd.	500
			Beacon Oncology Ltd.	5,000
			Mujibunnessa Medical College & Hospital Ltd.	5,00,000
		Director	Beacon Cephalosporin Ltd.	1,50,000
			Beacon Power Systems Ltd.	5,000
			Beacon Point Ltd.	25,000
			Beacon Medicare Ltd.	2,500
			Beacon Economic Zone Ltd.	50,000
			Beacon Business Solution Ltd.	5,000
			Kohinoor Chemical Co. (BD) Ltd.	15,33,094
Banani Clinic Limited	10,000			

Sl. No.	Name	Designation	Entities where they have interest	No. of Share held
03	Mohammad Niazul Karim	Managing Director	Beacon Point Ltd	25,000
			Beacon Economic Zone Ltd.	1,50,000
			Beacon Medicare Ltd.	2,500
		Director	Beacon Developments Ltd.	400
			Beacon Cephalosporin Ltd.	1,50,000
			Beacon Nutraceuticals Ltd.	5,000
			MEK Auto Bricks Ltd.	6,250
			MEK Industries Ltd.	500
			MEK Pharmatech Ltd.	500
			Beacon Oncology Ltd.	5,000
			Mujibunnessa Medical College & Hospital Ltd.	5,00,000
			Beacon Business Solution Ltd.	5,000
			Beacon Power Systems Ltd.	5,000

**(b) Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children.**

Sl. No.	Name	Designation	No. of Shares Held
1	Mohammad Ebadul Karim	Managing Director	5,82,28,800
2	Nurun Nahar Karim	Director	47,25,000
3	Mohammad Niazul Karim	Director	63,54,000
4	Ulfat Karim	Director	2,27,76,815
5	Md. Jalal Uddin, FCA	Chief Financial Officer	Nil
6	Md. Mahbubul Alam	Head of Internal Audit	Nil
7	Khalilur Rahman FCS	Company Secretary	Nil
8	Spouse & Minor Children		Nil

### (c) Executive

Sl. No.	Name	Designation	No. of Shares Held
1	Mohammad Ebadul Karim	Managing Director	5,82,28,800
2	Monjurul Alam	CEO (Business Development)	80,000

### (d). Shareholders holding ten percent (10%) or more voting interest in the Company.

Sl. No.	Name	Designation	No. of Shares Held
1	Mohammad Ebadul Karim	Managing Director	5,82,28,800

#### xxiv. Recommendation for re-appointment of Directors

As per provision of the Articles of Association of the Company Mr. Mohammad Niazul Karim and Mr. Ulfat Karim will retire by rotation in the next 22<sup>nd</sup> Annual General Meeting and being eligible he will be offered for re-appointment.

#### xxii. Appointment of Auditors

a) Messers Habib Sarwar Bhuiyan & Co. Chartered Accountants will be appointed as auditors at the 22<sup>nd</sup> Annual General Meeting of the company. The Directors endorsed recommendation of the Audit Committee for appointment of Messers Habib Sarwar Bhuiyan & Co. Chartered Accountants as the auditors of the company for the financial year 2023-2024.

b) The Board also recommended for appointment of corporate governance compliance auditors M/S Podder & Associates, Cost and Management Accountants for the financial year 2023-2024.

#### xxiv. Nomination and Remuneration Committee

In accordance with the condition 6 of Bangladesh Securities and Exchange Commission's Code of Corporate Governance, BSEC/CMRRCD/2006/158/207/Admin/80, dated 3rd June, 2018 the Nomination and Remuneration Committee was re-formed on 22 October, 2023 as a sub-committee under the Board in place of previous Remuneration Committee and Nomination Committee.

The committee consist of the following members:

SI No.	Name	Position
1	Major M.A Hussain (Retd.)	Chairman
2	Mohammad Niazul Karim	Member
3	Rezanur Chowdhury	Member
4	Khalilur Rahman FCS	Secretary

#### xxv. Corporate Governance Compliance Report

Beacon Pharmaceuticals PLC adheres to appropriate good Corporate Governance principles. The Company also complied with all the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission. Accordingly, Corporate Governance Compliance checklist is shown in Annexure-1 of this report.

#### xvi. Contribution to the National Exchequer

During the year under review, our company paid Taka 1,042.61 million to the national exchequer in the form of corporate income tax, customs duties and value added tax.



## **xxvii. Credit Rating**

The Company achieved AA3 rating in long term and ST-2 for short term for consecutive three years with a strong and stable outlook from Credit Rating Agency of Bangladesh Limited (CRAB).

## **xxiii. Reserves**

The total Reserves of the Company stood at Taka. 1,068.17 million, details of which are given in Note 16 and in the Statement of Changes in Equity in the Financial Statements.

## **xxix. Events after Balance Sheet Date**

The Board of Directors in their meeting held on 22 October, 2023 recommended cash dividend @ 16% for the year 2022-23.

## **xxx. CEO and CFO's Declaration to Financial Statements**

The Chief Executive Officer and Chief Financial Officer are of the opinion that Financial Statements given true and fair view of the company's affairs.

## **xxxi. Human Resources**

A dynamic business environment requires having a well-trained work force; therefore, the company develops the appropriate management skills to suit the business environment. Various training programs and workshops were carried out during the year. The management and employee relationship in the company was excellent throughout the year.

## **xxxii. Compliance with Laws and Regulations**

The company was not engaged in any activities contravening the laws and regulations. All those responsible for ensuring compliance with the provisions in various laws and regulations were able to do so within the stipulated time.

## **xxxiii. Environmental Protection**

To the best of the Board's knowledge, the company was not engaged in any activity which might prove harmful to environment.

## **xxxiv. Conclusion**

The Company expresses its sincere appreciation to all of its employees for their outstanding contribution and thanks to all the stakeholders for their continued support and confidence.

Approved by the Board of Directors and signed on its behalf.

  
**Nurun Nahar Karim**  
Chairman

Date: 22 October 2023