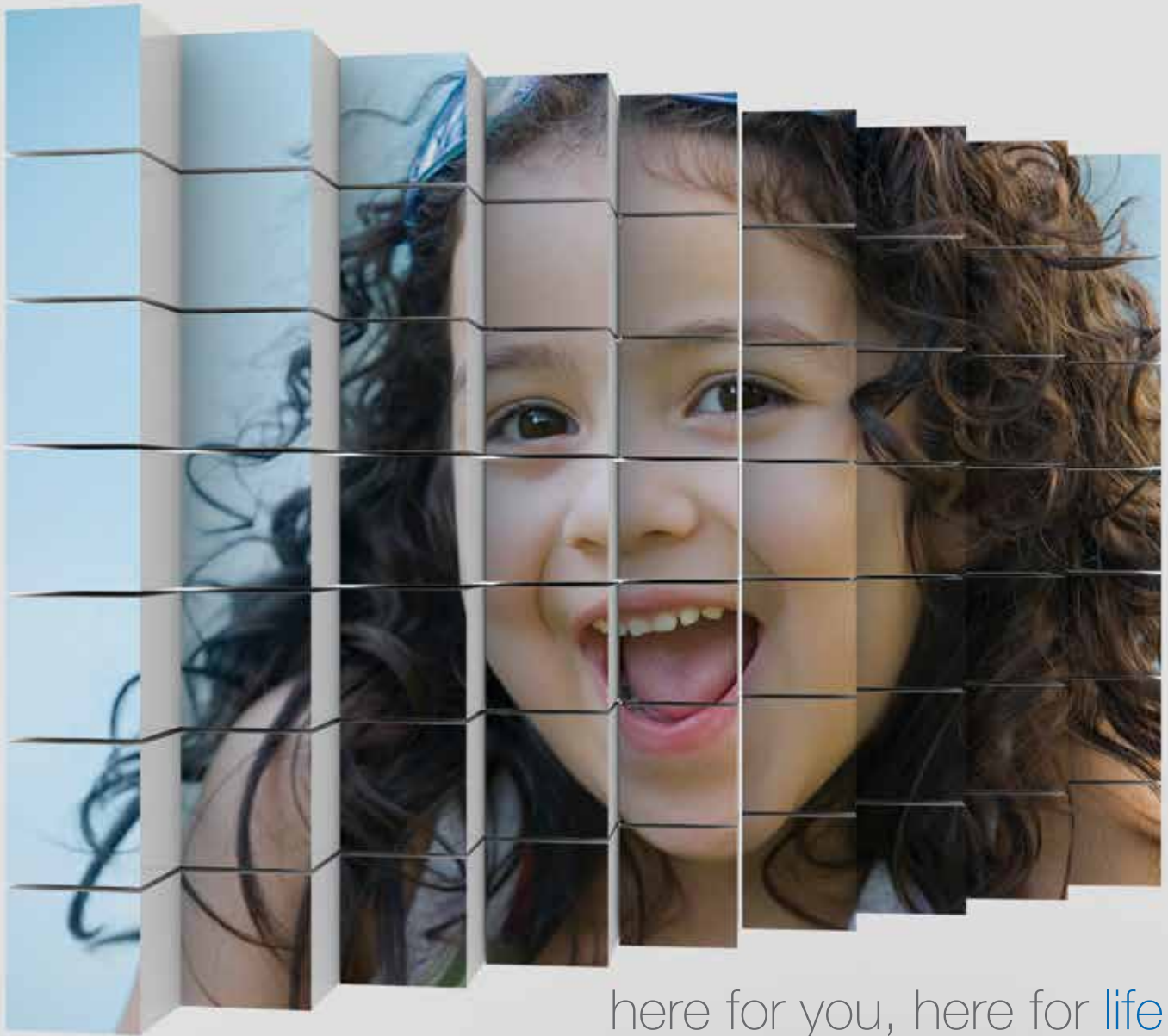




# Annual Report | 2012



here for you, here for [life](#)



BEXIMCO PHARMACEUTICALS LIMITED



It is only when you are healthy,  
you enjoy fully the joy of life.  
The joy of emotions and experiences.  
The journey among friends and families.  
The miracle we live every day.  
Life.

It is that health we strive to sustain.  
To nurture.  
A healthy life for all.

# Annual Report | 2012



BEXIMCO PHARMACEUTICALS LIMITED

# Mission

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We are committed to enhancing human health and well being by providing contemporary and affordable medicines, manufactured in full compliance with global quality standards. We continually strive to improve our core capabilities to address the unmet medical needs of the patients and to deliver outstanding results for our shareholders.

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# Vision

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We will be one of the most trusted, admired and successful pharmaceutical companies in the region with a focus on strengthening research and development capabilities, creating partnerships and building presence across the globe.

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# Core Values

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Our core values define who we are; they guide us to take decisions and help realize our individual and corporate aspirations.

## **Commitment to quality**

We adopt industry best practices in all our operations to ensure highest quality standards of our products.

## **Customer satisfaction**

We are committed to satisfying the needs of our customers, both internal and external.

## **People focus**

We give high priority on building capabilities of our employees and empower them to realize their full potential.

## **Accountability**

We encourage transparency in everything we do and strictly adhere to the highest ethical standards. We are accountable for our own actions and responsible for sustaining corporate reputation.

## **Corporate Social Responsibility**

We actively take part in initiatives that benefit our society and contribute to the welfare of our people. We take great care in managing our operations with high concern for safety and environment.

# Contents

05	Beximco Pharma Journey	50	Directors' Report to the Shareholders
06	Key Milestones	58	Certificate on Compliance of Corporate Governance Guidelines
09	Board and Management	59	Report on the Activities of the Audit Committee to the Shareholders
13	2012 Performance at a Glance	60	Shareholders' Meeting
15	Managing Director's Statement	62	Value Added Statement
17	Our Products	63	Graphical View of Selected Growth Indicators
21	New Products Launched	64	Independent Auditors' Report
25	Our Capabilities in the Generic Pharma Market	65	Statement of Financial Position
42	Corporate Social Responsibility	66	Statement of Comprehensive Income
44	Other Corporate Activities	67	Statement of Changes in Equity
46	Post Balance Sheet Update	68	Statement of Cash Flows
47	Notice	69	Notes to the Financial Statements
48	Chairman's Statement	<input type="checkbox"/>	Proxy Form and Attendance Slip

HAVE YOU FELT  
THE JOY OF  
**PAIN!**

Let's celebrate being alive



**BEXIMCO  
PHARMA** here's to Life 

# Beximco Pharma Journey

Beximco pharma holds the highest number of National Export Trophies in the pharmaceutical sector.

Incorporated in 1976, today Beximco Pharmaceutical Ltd. (“BPL” or “Beximco Pharma”) ranks among the top three pharmaceutical companies in Bangladesh. Headquartered in Dhaka, the Company strives to establish its footprint across all continents. As the flagship company of Beximco group, the largest private sector industrial conglomerate in Bangladesh, it gives us great pride to be the record holder for the highest number of National Export (Gold) Trophies won in the pharmaceutical sector. BPL also has the unique distinction of being the only Bangladeshi company to be listed on the Alternative Investment Market (AIM) of the London Stock Exchange, since 2005.

Following our vision, we have consistently delivered growth rates in excess of industrial growth. Our growth strategies are complemented by key alliances with exemplary partners, both at home and abroad. As a forward-looking pharmaceutical company, BPL endeavors to set the benchmark as the most trusted partner in Healthcare. The Company has a rich portfolio of products covering therapeutic categories such as antibiotics, gastrointestinal, respiratory, analgesics, cardiovascular, anti-diabetics, ophthalmics etc.

The Company’s state-of-the-art manufacturing facilities are certified by global regulatory bodies of Australia, European Union, Gulf nations, Brazil, among others. We are committed to challenge the unmet healthcare needs of the day with the promise of trusted quality.

#### Bangladesh & its Pharma Industry:

- Population c.160 million represent high industry attractiveness
- c.6% GDP growth for last 5 years
- Rapid access to health care due to health sector development (both public and private)
- Approximate 20% CAGR in last 3 years in Pharma industry
- Local companies dominate the market catering to almost 80% of market demand despite presence of a number of big MNCs
- 97% of market demand of medicines are met through local manufacturing
- Patent exemption under TRIPS till December 2015
- Low manufacturing cost due to low cost of utility and white color professionals

# Key Milestones

2012

First Bangladeshi company to launch Salbutamol HFA inhaler (Azmasol®) in Singapore

2011

Received GMP accreditation from AGES, Austria (for European Union); only pharmaceutical company to win 'National Export Trophy (Gold)' for the fourth time

2009

Only Bangladeshi company to receive GMP approval from ANVISA, Brazil

2010

First Bangladeshi company to receive GMP accreditation from Therapeutic Goods Administration (TGA), Australia, and Gulf Central Committee for Drug Registration, for GCC states; Technology transfer arrangement to manufacture Roche's ARV drug Saquinavir

The only pharmaceutical company in Bangladesh to enter the US market through acquisition of an Abbreviated New Drug Application (ANDA)

2008

2006

Launched CFC free HFA inhalers for the first time in Bangladesh

2005

Only company in Bangladesh to be listed on the Alternative Investment Market (AIM) of London Stock Exchange (LSE) through issuance of GDRs



2003

First company to introduce anti-retroviral (ARV) drugs in Bangladesh

1993

Russia became the first export destination for formulation products

1985

Listed on Dhaka Stock Exchange

1992

Export operations started with APIs

1983

Launched own formulation brands

1980

Started manufacturing products of Bayer AG, Germany and Upjohn Inc., USA, under license agreements

1976

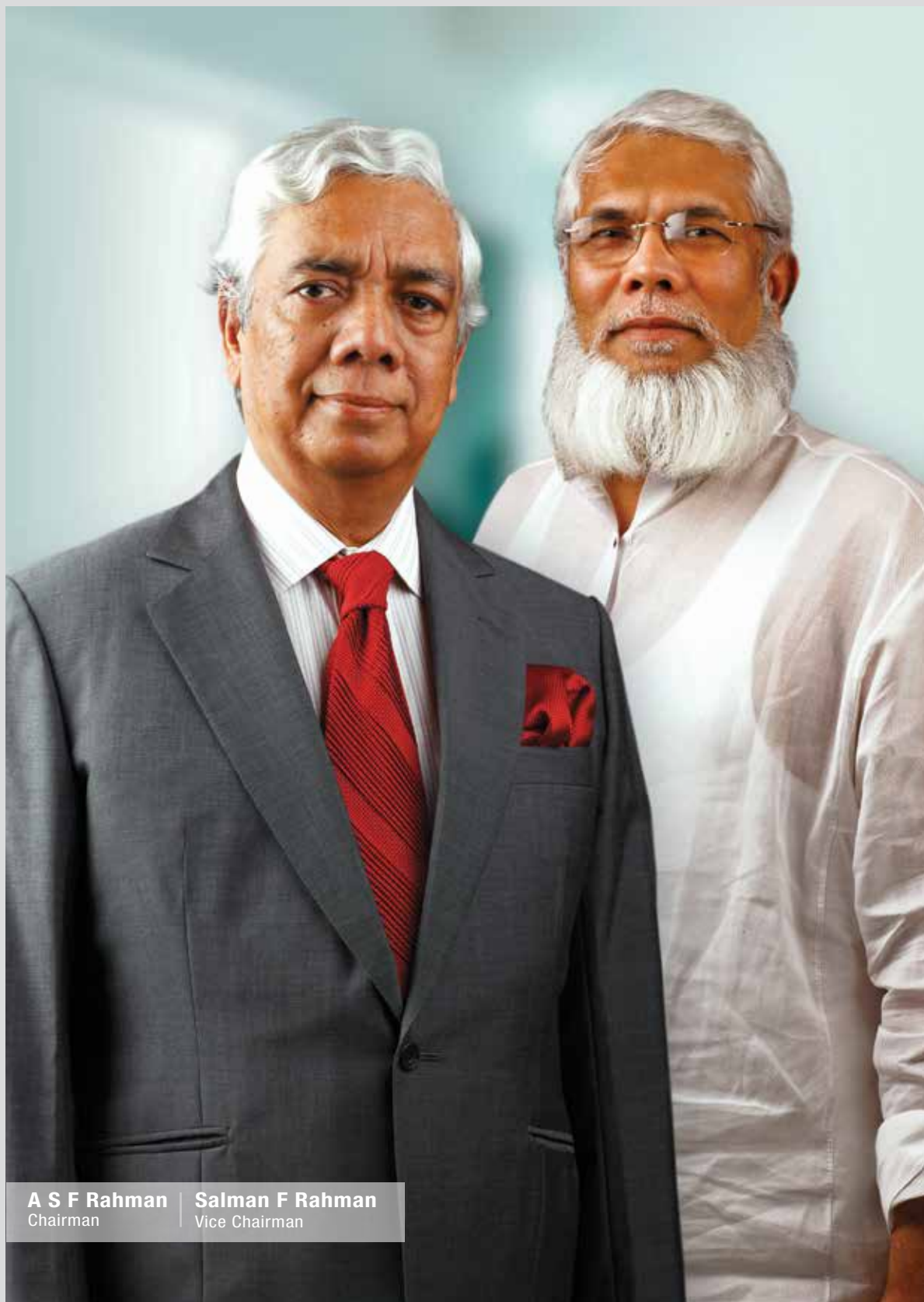
Company incorporated



HERE'S TO HOME OF LIFE



# Board and Management



**A S F Rahman**  
Chairman

**Salman F Rahman**  
Vice Chairman

## The Board of Directors



**A S F Rahman**  
Chairman



**Salman F Rahman**  
Vice Chairman



**Osman Kaiser Chowdhury**  
Director



**Nazmul Hassan MP**  
Managing Director



**A R M Zahidur Rahman**  
Executive Director, Production



**Lutfur Rahman**  
Director, Manufacturing



**Zakaria Seraj Chowdhury**  
Director, International Marketing



**Afsar Uddin Ahmed**  
Director, Commercial



**Prabir Ghose**  
Executive Director



**Jamal Ahmed Choudhury**  
Executive Director, Accounts & Finance



**Mohd. Tahir Siddique**  
Executive Director, Quality



**Shamim Momtaz**  
Executive Director, Manufacturing

## Executive Committee

**Osman Kaiser Chowdhury**  
**Nazmul Hassan MP**  
**Rabbur Reza**  
**Ali Nawaz**  
**Afsar Uddin Ahmed**

**Member of the Board of Directors**  
**Managing Director**  
**Chief Operating Officer**  
**Chief Financial Officer**  
**Director, Commercial**



**Mohammad Abul Qasem**  
Director



**Dr. Abdul Alim Khan**  
Director



**Iqbal Ahmed**  
Director



**Abu Bakar Siddiqur Rahman**  
Director



**Barrister Faheemul Huq\***  
Director



**Advocate Ahsanul Karim\*\***  
Director

*\* Joined the Board on April 3, 2013. \*\* Resigned from the Board on April 3, 2013*

## Company Secretary



**Md. Asad Ullah, FCS**  
Executive Director



**Osman Kaiser Chowdhury**  
Member of the Board of Directors



**Nazmul Hassan MP**  
Managing Director



**Ali Nawaz**  
Chief Financial Officer

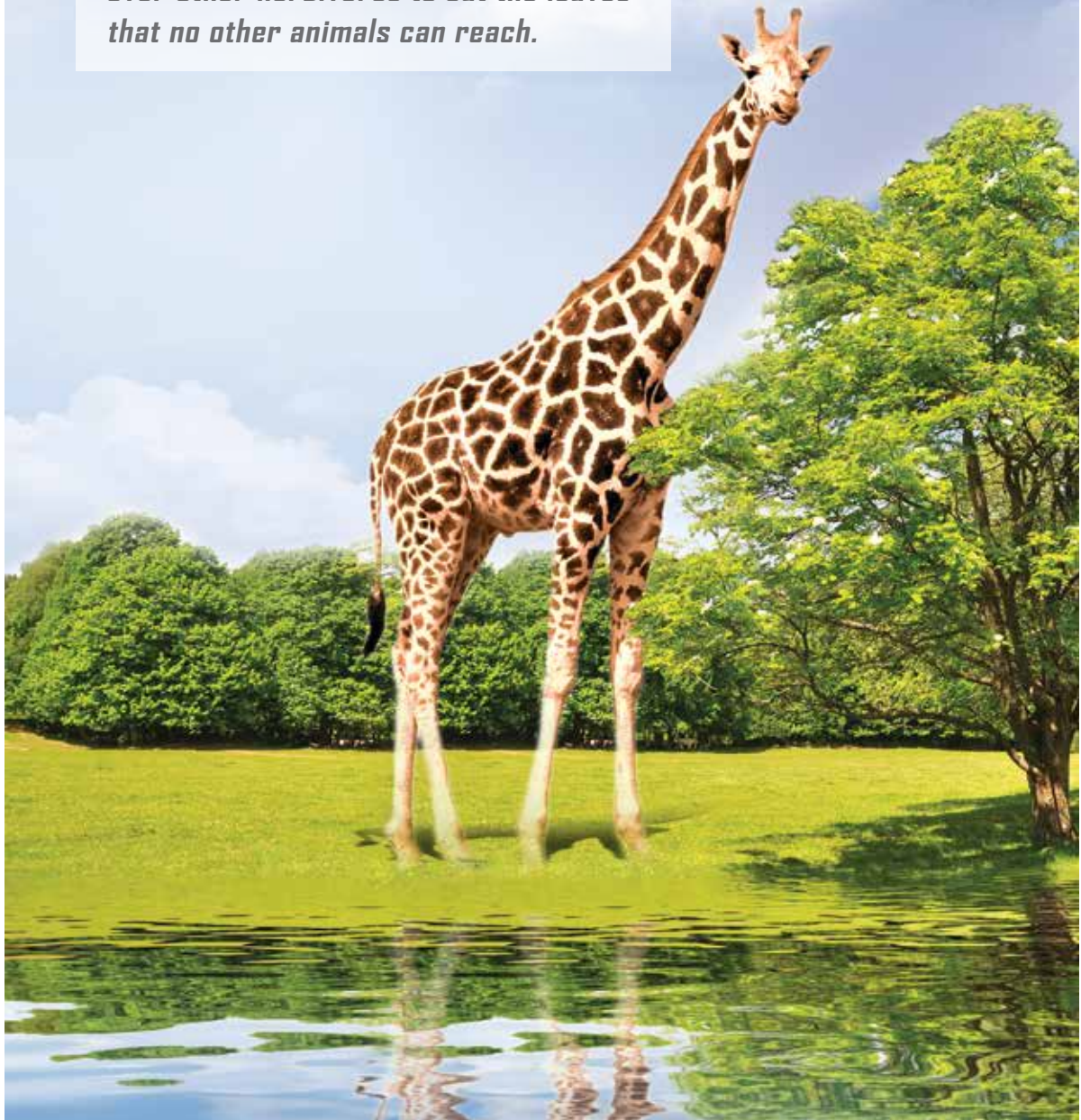


**Rabbur Reza**  
Chief Operating Officer

## Management Committee









*The evolution of the giraffe defines the uniqueness found in life. The giraffe's long neck gave it a competitive edge over other herbivores to eat the leaves that no other animals can reach.*



Beximco Pharmaceuticals Ltd. reflects that uniqueness. With more than 500 products reaching more than 60,000 doctors and rural practitioners across the country, the Company remained in its growth leadership path in Bangladesh Pharma industry with its commitment to staying ahead of the rest of the pack.

# 2012

## Performance at a Glance

<b>Revenue</b> Tk. 9.29 bn  17.73%	<b>Gross Profit</b> Tk. 4.39 bn  15.92%	<b>Operating Profit</b> Tk. 2.21 bn  11.03%
<b>Profit Before Tax</b> Tk. 1.91 bn  13.83%	<b>Profit after Tax</b> Tk. 1.32 bn  10.08%	<b>Earnings Per Share (EPS)</b> Tk. 4.33  10.18%

- Received GMP (Good Manufacturing Practices) accreditation from Austrian regulatory authority (for the European Union) and GMP clearance from MCC (South Africa) both for new Metered Dose Inhaler (MDI) facility.
- Registered 36 new products in 12 countries; commenced export to 7 new countries.
- Achieved multiple landmark achievements for Bangladesh in the pMDI portfolio: became the first Bangladeshi company to launch Salbutamol HFA Inhaler in Singapore, commenced inhaler exports to South Africa, launched pMDI products for the first time in Bangladesh with integrated dose counter device (Two combination inhaler products are currently marketed with dose counter actuator device).
- Introduced 26 new products including dosage forms and strengths. Launched 9 products for the first time in Bangladesh.
- Lyophilized injectable and liquid vial lines started commercial operation.
- Signed a contract manufacturing agreement with an MNC to produce a range of products.



**Nazmul Hassan MP**  
Managing Director



# Managing Director's Statement

Our commitment to the core business focus of building brands in the branded generic market of Bangladesh and strengthening our specialized products portfolio, has enabled us to continue our growth leadership momentum in the Bangladesh pharma industry with higher than industry average in the year 2012

**T**he year 2012 has redefined Beximco Pharma. Our successful growth leadership strategy, which has been in place for the last three years has enabled us to set a new vision of building a better Beximco Pharma. The Company now aspires to be one of the most trusted, admired and successful pharma companies in the region, creating more strategic partnerships resulting in more business in the future.

Our commitment to the core business focus of building brands in the branded generic market of Bangladesh and strengthening our specialized products portfolio, has enabled us to continue our growth leadership momentum in the Bangladesh pharma industry with higher than industry average in the year 2012. One of

the key market research studies focused on the Bangladesh market also revealed that Beximco Pharma has achieved the highest growth in physician prescription in last 3 years.

As mentioned, our core business focus is on creating and maintaining more vibrant branded generics in the industry, and strategic partnership through contract manufacturing for global generic pharma market. The Company demonstrated significant consolidation in these core business areas during 2012, strengthening the foundation for a better Beximco Pharma for the next 10 years. While our legacy in sales and marketing is reflected in many of our category leading brands, we have continued to invest in brand building activities in 2012. Our sales and

marketing teams have delivered great results, including increasing the number of blockbuster brands, the number of Tk. 200 million plus brands in revenue has increased by 5 fold between 2009 and 2012.

We are committed to enhancing human health and well being by offering contemporary medicines. As a priority, we are therefore keen to enhance our product portfolio with new products. During 2012, the Company launched 26 new products, including dosage forms and strengths, with several first-time entrants in the Bangladesh pharma market. This offers our doctors better options to transform the lives of their patients with contemporary treatments.

With our core business focus of specialized products (Metered dose Inhalers, Dry powder inhalers, Nasal sprays and suppositories), already established and doing well, our talented R&D team has helped us to further expand in this area by introducing lyophilized injectables and products in pre-filled syringes. Our R&D team is currently working on many platforms of contemporary technologies in formulation, which we believe will make our product portfolio more robust than ever.

Our strength in creating more strategic partnerships lies in our employees' professional capability to deliver, and in the quality of our manufacturing facilities, which have achieved the highest number of cGMP accreditations by international regulatory authorities. We will continue to focus on achieving additional cGMP approvals and or clearances for our facilities and formulating products complying with the highest international standards resulting into more co-marketing partnerships in the global markets. We also maintained a focus in training and development of our employees during 2012.

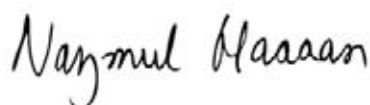
While continually striving to foster alliances in the global pharma market, our pursuit of excellence and global reach of our brands demonstrated good growth in the year 2012. We have entered seven new markets: Mauritius, Ethiopia, Columbia, Azerbaijan, Liberia, Thailand and Suriname. Beximco Pharma products are also being supplied to various renowned institutions such as the Raffles Hospital, Heathway Medical Group and KK Women & Children Hospital in Singapore, and the MEDS and Kenyatta National Hospital in Kenya. We became the first

Bangladeshi company to launch Salbutamol HFA Inhaler in Singapore with our own brand Azmasol® in the year 2012. In 2013, we became the first Bangladeshi company to export two ophthalmic products to European markets of Germany and Austria. It was our promise to you that we would build our presence in Europe and we have started delivering on that promise. In addition, during 2012, we have geared up our preparations to deliver on our promise to build a presence in the US market.

Our organic growth in last three years can be attributed to the Company's rapid-paced expansion. Hence, the company has embarked on further initiatives for capacity building projects, including existing product platforms, and diversified dosage delivery and technology platforms.

Our pursuit of delivering excellence in all aspects of the value chain in the pharma market has made Beximco Pharma what it is today and this quest inspires our talented teams to continuously challenge themselves and deliver outstanding returns to our shareholders.

With your trust, we will realize our aspirations. We believe success is not a destination, rather a journey. Together we will advance to deliver continual successes for the Company.



**Nazmul Hassan MP**  
Managing Director

# Our Products



The Company's diverse product portfolio encompasses a wide ranges of therapeutic categories including anti-infectives, analgesics, gastrointestinal, respiratory, cardiovascular, dermatology, oral anti-diabetic, Intravenous fluids, Ophthalmics, and Central Nervous System, etc. Beximco Pharma currently produces more than 500 products in different dosage forms.



# Our Products

Just to name a few of the major therapeutic categories...

## Gastrointestinal

- Neoeptin-R (Ranitidine)
- Acifix (Rabeprazole)
- Pantobex (Pantoprazole)
- Opton (Esomeprazole)
- Proceptin (Omeprazole)
- Deflux (Domperidone)
- Emonium (Tiemonium)
- Zymet (Digestive enzyme)
- Rostil (Mebeverine)
- Antacid Max (Antacid tab)
- Flatameal DS (Antacid Sus)
- Others

25 generics; 45 products

## Anti-infective

- Triocim (Cefixime)
- Turbocef (Cefuroxime)
- Azithrocin (Azithromycin)
- Evo (Levofloxacin)
- Neofloxin (Ciprofloxacin)
- Filmet (Metronidazole)
- Tyclav (Amoxycillin plus Clavulanic acid)
- Tycil (Amoxycillin)
- Maxidim (Ceftazidime)
- Tetracef (Cefepime)
- Arlin (Linezolid)
- Flubex (Flucloxacillin)
- Intracef (Cefradine)
- Others

30 generics; 91 products

## Cardiovascular

- Atova (Atorvastatin)
- Rosutin (Rosuvastatin)
- Amdocal (Amlodipine)
- Olmesan (Olmesartan)
- Bizoran (Olmesartan plus Amlodipine)
- Olmesan Plus (Olmesartan plus HCTZ)
- Prosan (Losartan)
- Prosan HZ (Losartan plus HCTZ)
- Odrel (Clopidogrel)
- Odrel Plus (Clopidogrel plus aspirin)
- Nitrosol Spray (Nitroglycerin)
- Dilapress
- Others

32 generics; 49 products

## Anti-diabetics

- Glipita (Sitagliptin)
- Glipita-M (Sitagliptin plus Metformin)
- Informet (Metformin)
- Diapro (Gliclazide)
- Diapro MR (modified release Gliclazide)
- Diaryl (Glimepiride)
- Co-Diaglit (Pioglitazone plus Metformin)
- Others

9 generics; 20 products

## Musculoskeletal

- Zolfin (Aceclofenac)
- Dinovo (Naproxen plus Esomeprazole)
- Ultrafen Plus (Diclofenac plus Misoprostol)
- Voligel (Diclofenac gel)
- Xidolac (Ketorolac)
- Relentus (Tizanidine)
- Lucidol (Tramadol)
- Others

18 generics; 42 products

## Dermatology

- Omastin (Fluconazole)
- Neosten (Clotrimazole)
- Exovate (Clobetasol)
- Exovate-N (Clobetasol plus Neomycin)
- Ecotrim (Econazole)
- Others

25 generics; 33 products

## Respiratory

- Azmasol inhaler (Salbutamol)
- Iprazol inhaler (Salbutamol plus Ipratropium)
- Bexitrol-F inhaler (Fluticasone plus Salmeterol)
- Symbion inhaler (Budesonide plus Formoterol)
- Decomit inhaler (Beclometasone)
- Cesonide inhaler (Ciclesonide)
- Aeronid inhaler (Budesonide)
- Monocast (Montelukast)
- Tofen (Ketotifen)
- Axodin (Fexofenadine)
- Curin (Levocetirizine)
- Atrizin (Cetirizine)
- Respiratory solutions, Nasal sprays
- Others

34 generics; 68 products

## Ophthalmology

- Tearon (for dry eye)
- Vivis (For AMD)
- Odyacin (Moxifloxacin)
- Olopan (Olopatadine)
- Tofen (Ketotifen)
- Ocutrex (Cloramphenicol)
- Alastine (Epinastine)
- Evo (Levofloxacin)
- Xalanol (Latanoprost)
- Xalaprost (Latanoprost plus Timolol)
- Cinarex D (Tobramycin plus Dexamethasone)
- Opanac (Nepafenac)
- Rubalon (Fluorometholone)
- Inflavis (Dexamethasone)
- Others

26 generics; 30 products

## Nutraceuticals

- Bextram Gold (Multivitamin and minerals)
- Bextram silver (Multivitamin and minerals)
- Bextram Teen Hm and Hr (Multivitamin and minerals for teenage boys and girls)
- Calorate (Calcium Orotate)
- Jointec Max (Glucosamine plus Diacerine)
- Neurocare (Vitamin B1, B6, B12)
- Aristovit-M (multivitamins and minerals)
- Aristovit-B (Vitamin B complex)
- Aristocal (Calcium carbonate)
- Aristocal D (Calcium plus vitamin D)
- Hemofix (Ferrous ascorbate)
- Hemofix FZ (Ferrous ascorbate plus zinc and folic acid)
- Others

31 generics; 39 products

## CNS

- Frenxit (Flupentixol plus Melitracen)
- Seropam (Escilatopram)
- Xetril (Clonazepam)
- Zolax (Alprazolam)
- Nightus (Bromazepam)
- Keolax (CLobazam)
- Modipram (Fluoxetine)
- Epilep (Carbamazepine)
- Flurium (Flunarizine)
- Others

12 generics; 24 products

## Analgesics

- Napa (Paracetamol)
- Napa Extra (Paracetamol plus caffeine)
- Napa Extend (Paracetamol extended release)
- Napa Soft (Paracetamol plus methionine)
- Napadol (Paracetamol plus Tramadol)
- Others

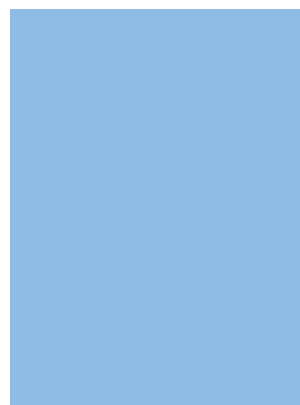
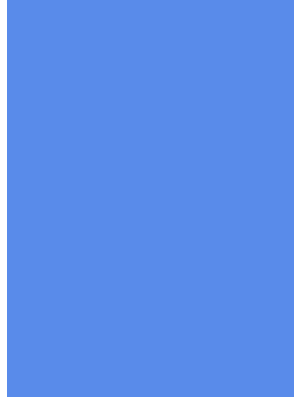
5 generics; 21 products

## Intravenous (IV) Fluids

- Dexaqua (Dextrose)
- Dexoride (Dextrose plus normal saline)
- Lactoride (Hurtman solution)
- Koloride (Cholera Saline)
- Dexaqua DS (Dextrose DS)
- Nutrimin (Amino acid)
- Saloride (Normal saline)
- Osmosol (Osmotic fluid)
- Neofloxin (Ciprofloxacin)
- Filmet (Metronidazole)
- Arlin (Linezolid)
- Omastin IV (Fluconazole)
- Azithrocin IV (Azithromycin)
- Others

18 generics; 29 products





# New Products Launched

Making our basket of products robust and contemporary has always been our priority. In 2012, we launched 26 new products including dosage forms and strengths.

We introduce a few of the new entrants below.

## **Opton® 40**

### **IV injection**

**O**pton® 40 IV is the preparation of lyophilized Esomeprazole 40 mg, which is administered intravenously. It is indicated for the treatment of Gastroesophageal Reflux Disease (GERD) with erosive esophagitis (EE) in adults and pediatric patients greater than one month of age, when oral therapy is not possible or appropriate. Esomeprazole is the S-isomer of Omeprazole.

## **Pantobex® 40**

### **IV injection**

**P**antobex® 40 IV is a preparation of lyophilized Pantoprazole 40 mg, which is administered intravenously. Pantobex® 40 IV is indicated for short-term treatment (7 to 10 days) of

gastroesophageal reflux disease (GERD) with a history of erosive esophagitis and pathological hypersecretory conditions including Zollinger-Ellison Syndrome in adults.

## **Proceptin® 40**

### **IV injection**

**P**roceptin® 40 IV is a preparation of lyophilized Omeprazole 40 mg, which is administered intravenously. Proceptin® IV is indicated for prophylaxis of acid aspiration which has to be given slowly (over a period of 5 minutes) and one hour before surgery. In the cases of Duodenal ulcer, gastric ulcer or reflux Esophagitis, if oral medication is inappropriate, then Proceptin® IV administered once daily is recommended.

## Napa® IV

**N**apa® IV is a preparation of paracetamol 1000 mg/100 ml intravenous infusion. Napa IV is primarily indicated in post-operative pain as an adjunct to opioid/NSAID used to improve pain relief and reduce opioid/NSAID consumption. Napa® IV can also be used to relieve high fever in children and the elderly.

## Napa® Soft

**N**apa® Soft is the combination preparation of Paracetamol 500 mg and DL-Methionine 100 mg. Paracetamol is widely used as an OTC fever reducer and pain reliever for its established safety profile. Methionine, a naturally occurring amino acid, is included in Napa® Soft to maintain levels of glutathione in the liver to minimize the liver damage induced by Paracetamol in hepatic compromised patients. However, in normal people, Methionine has no specific role on liver function. Hence, in normal people, Napa® Soft has no additional benefit over plain Paracetamol.



## Bextram® Teen Hm

**B**extram® Teen Hm is a special formulation composed of 21 highly potent, multivitamins and minerals. Bextram® Teen Hm is a once-daily tablet indicated for teenage boys (age from 13 to 19) as comprehensive nutritional supplements. It is specially designed and formulated to support the specific need of attentive, agile and active teenage boys.



## Bextram® Teen Hr

**B**extram® Teen Hr is a special formulation comprising of important Vitamins and Minerals. Each film-coated oval shaped tablet contains 21 high potent vitamins and minerals. Bextram® Teen Hr is a once-daily tablet specially designed for teenage girls (age



from 13 to 19) as comprehensive nutritional supplements complementing their needs. It is indicated to cure various complications of teenage girls such as skin complications, PMS, bone disorder and weak immunity. The most important feature of Bextram® Teen Hr is that it is the only product specifically developed for teenage girls.

## Enegra®

**E**negra® 50 and 100 mg tablets are preparation of Sildenafil Citrate. Enegra is indicated in erectile dysfunction (ED) and pulmonary arterial hypertension.

## Symbion®

### 4.5/160 HFA Inhaler

**S**ymbion® 4.5/160 HFA Inhaler is a preparation of Formoterol Fumarate Dihydrate 4.5 mcg and Budesonide 160 mcg per actuation. It is indicated for both asthma and COPD. Formoterol is a very potent, long-acting, beta-2 adrenoceptor-agonist with high intrinsic activity and a rapid onset of action. Budesonide is a potent glucocorticoid that binds with high affinity to the glucocorticoid receptor. It has a high ratio of topical to systemic activity. This product does not contain chlorofluorocarbons (CFCs) as a propellant. It uses Hydrofluoroalkane (HFA) as a propellant which is ozone-benign.



## Adafil®

### 10 mg & 20 mg tablets

**A**dafil® 10 mg and 20 mg tablets are a preparation of Tadalafil 10 mg and 20 mg respectively. Tadalafil is a potent, selective, reversible inhibitor of cyclic Guanosine Monophosphate specific Phosphodiesterase type 5 (PDE5). Adafil® is indicated in erectile dysfunction (ED).





## **Azithrocin®** **500 IV injection**

**A**zithrocin® 500 IV injection is the preparation of Azithromycin 2mg/ ml IV infusion. Azithromycin is an azalide antibiotic which is active against Gram-positive and Gram negative organisms. Azithrocin® is indicated in a wide range of infections.

## **Bexitrol® F** **25/250 HFA** **dose counter inhaler**

**B**exitrol® F is a preparation of Salmeterol 25 mcg and Fluticasone 250 mcg per actuation. Salmeterol is a selective, long acting beta-2 agonist used in the treatment of asthma and other forms of diffuse airways obstruction. Fluticasone is a corticosteroid with mainly glucocorticoid activity. Fluticasone Propionate is stated to exert a topical effect on the lungs



without systemic effects at usual dosages. Bexitrol® F is indicated in the regular treatment of asthma where the use of a combination product (long acting beta-2 agonist and inhaled corticosteroid) is appropriate. It is also indicated in COPD.

## **Mucomist®** **respirator solution**

**M**ucomist® is a solution for inhalation (not for injection) of Acetylcysteine USP 200 mg/ml. It acts mostly on the mucoproteins, through its free sulfhydryl groups, to open disulphide bonds and lower the viscosity of the mucus. Furthermore, Acetylcysteine exerts an antioxidant action by interacting directly with the oxidant radicals. Mucomist® is indicated as adjuvant therapy for patients with abnormal, viscid or inspissated mucus secretions in any bronchopulmonary conditions and diagnostic bronchial studies



# New Products Launched Post Year End

## **Calorate®** **tablet**

**C**alorate® is the preparation of Calcium Orotate, a unique and different way of fulfilling the need of calcium supplement. Calorate® is used to prevent or treat low blood calcium levels in people who do not get enough calcium from their diets. It also helps in the maintenance of healthy cartilage. Calorate® ensures maximum absorption (up to 95%) of calcium without Vitamin D dependency. It works via a unique 'mineral transport' mechanism that ensures 'most targeted' delivery of calcium to bone cell mitochondria. Moreover, Calorate® exerts less GI side effects



when co-administered with iron and vitamin preparations.

## **Tyclav®** **tablet**

**T**yclav® is the best fit in combination of Amoxicillin and Clavulanic acid, which is considered the drug of choice in many respiratory tract infections including ear, nose & throat and also of urinary tract, skin and skin structure, bone & joint.

## **Diapro® MR**

**D**iapro® MR is a preparation of modified release Gliclazide 30mg for 24 hr sustained glycemic control in type 2 Diabetes.

Conventional Sulfonylureas are associated with hypoglycemia and weight gain. But the innovative modified release formulation of Diapro® MR is devoid of those side effects. The consistent dissolution and release pattern of Diapro® MR is not affected by food or by variation of pH leading to predictable and reproducible blood glucose level over a 24 hr period with an excellent safety profile.

**Voligel®  
gel**

**V**oligel® is the unique topical preparation of Diclofenac sodium, methyl salicylate & menthol. It gives instant relief from any kind of muscle & joint pain such as back ache, neck & shoulder pain, joint pain etc. The launching of Voligel® offers patients a new way to treat daily aches with outstanding safety.

**Hemofix®  
tablet**

**H**emofix® tablet contains ferrous ascorbate 275 mg equivalent to elemental iron 33 mg. Ferrous ascorbate is a synthetic molecule of ascorbic acid and iron. Ascorbic acid plays an important role in the movement of plasma iron to storage depots in tissues. There is also evidence that ascorbic acid improves iron utilization, by its reducing action and it may have direct effect on erythropoiesis. This molecule doesn't dissociate on entering the GI tract due to the stable chelate of iron with ascorbate. Ascorbate is a reducing agent and prevents oxidation. Hence, it maintains iron in highly soluble ferrous form. All this factors contribute to the highest absorption of ferrous ascorbate. Hemofix® is indicated in the treatment of iron deficiency anemia.



**Hemofix® FZ  
tablet**

**H**emofix® FZ is a film coated tablet containing ferrous ascorbate INN



equivalent to elemental iron 48 mg, Folic acid BP 0.5 mg & Zinc Sulfate Monohydrate USP 61.8 mg equivalent to elemental zinc 22.5 mg. It is indicated on prophylaxis of iron deficiency especially when an inadequate diet calls for supplementary zinc and iron during pregnancy and anemia.

**Citicol®  
injection**

**C**iticol® is a preparation of Citicoline sodium INN equivalent to Citicoline 500 mg/4 ml ampoule IM/IV injection. Citicol® is indicated for patients suffering from stroke, age-associated memory impairment (AAMI), head injury, cerebrovascular disorders (disease of the blood vessels supplying the brain). Citicoline is also indicated for cognitive support and support for nerves of the eye.



**Jointec® Max  
tablet**

**J**ointec® Max is a combination of Diacerein 50 mg and Glucosamine sulfate USP 750 mg tablet, which is indicated for the treatment of Osteoarthritis. Diacerein is a new anti-inflammatory drug, developed specially for the treatment of Osteoarthritis. Glucosamine Sulfate is a naturally occurring chemical found in the human body.



# Our Capabilities in the Generic Pharma Market





# Manufacturing Facilities

One of our core capabilities to realize the Company's aspirations of becoming one of the most trusted, admired and successful pharma companies in the region is our manufacturing capability in line with cGMP. Situated near Dhaka, the capital city of Bangladesh, our manufacturing site extends over an area of 23 acres. This main site houses manufacturing facilities for producing a wide range of pharmaceutical products in different strengths and delivery systems such as capsules, tablets, intravenous fluids, metered dose inhalers, sterile ophthalmic drops, pre-filled syringes, dry powder inhalers, injectables and nebulizer solutions. The bulk drug unit for producing paracetamol is also located within this site while the penicillin API and formulation units are situated at Kaliakoir, a few kilometers from the main site.



The salient features of our manufacturing facilities are:

- Own utility infrastructure in place
  - 10MW installed electricity generation capacity
  - Purified water and liquid nitrogen generation facilities
- Plant and machinery sourced predominantly from European manufacturers e.g. Germany, Switzerland, Sweden, Italy, UK etc.
- Entire site situated above sea level (10m)
- Highest number of international GMP accreditations in the country for many of its manufacturing units



## Oral Solid dosage

*The facility incorporates contemporary technological advancements with automated material handling systems and multilevel designs to enable gravity feed between various processing stages. This facility houses a total of five lines with an annual capacity to produce 5 billion tablets on a single shift basis.*







## Metered Dose Inhaler

*The MDI units have been designed with the technical collaboration from Pamasol, Switzerland; which now have an annual production capacity of 20 million canisters. Beximco Pharma is currently the largest producer of MDIs in Bangladesh, and it produces a popular inhaler brand for a global MNC under a contract manufacturing agreement.*





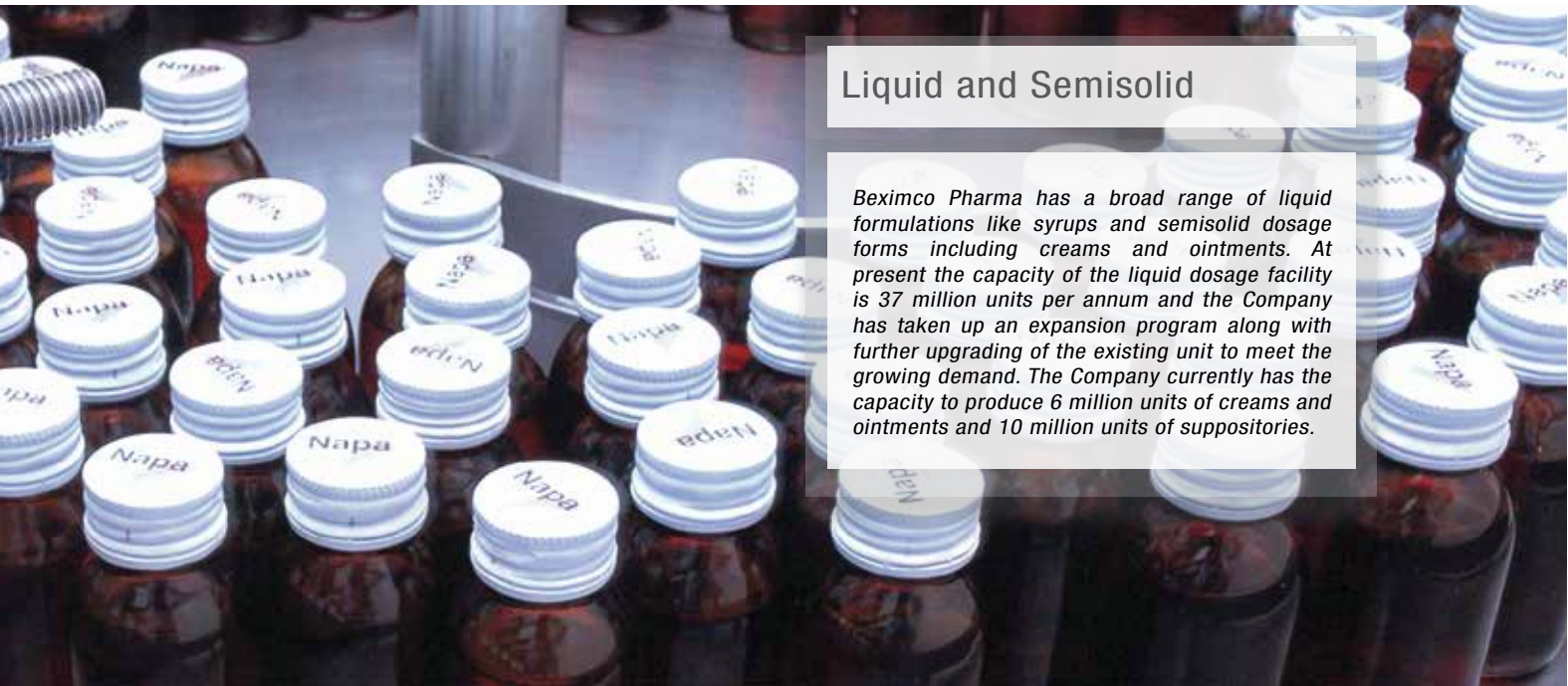
## Ophthalmic

*Beximco Pharma's ophthalmic facility was launched in 2009. Today this facility has been accredited by the regulatory authorities of the EU and Australia and the Company has differentiated itself by maintaining global quality standards. There is increasing response from European clients where the demand for generic ophthalmic products is rising due to patent expiration of a number of key products. Currently a good number of ophthalmic products are being manufactured.*



## Intravenous Fluid

*Our Intravenous (IV) fluid unit is ISO 9001: 2010 certified and was designed in collaboration with Pharmaplan, a sister concern of Fresenius AG of Germany. Sterile manufacturing conditions are rigorously maintained through a series of fully automated manufacturing procedures including robotics. The facility utilizes FFS (Form-Fill-Seal) BottlePack® aseptic system of Pharmaplan Germany. Plastic bottles are blow molded, filled with the solution and sealed under sterile conditions, in a single working cycle where there is no environmental exposure or human contact during manufacturing. The whole process is performed in a Class 100 clean room which ensures the highest standards of quality and purity.*



## Liquid and Semisolid

*Beximco Pharma has a broad range of liquid formulations like syrups and semisolid dosage forms including creams and ointments. At present the capacity of the liquid dosage facility is 37 million units per annum and the Company has taken up an expansion program along with further upgrading of the existing unit to meet the growing demand. The Company currently has the capacity to produce 6 million units of creams and ointments and 10 million units of suppositories.*



## Pre-filled Syringe

*Pre-filled syringes (PFS) provide both convenience and accuracy to self-administered drugs. With their ease of use and improved safety features, PFS has become one of most widely used drug delivery systems today.*

*The high precision PFS line employs sophisticated technology and the entire filling operation is done under laminar flow in a Class 100 environment to provide absolute sterile conditions.*



## Dry Powder Inhaler

*Beximco Pharma offers dry powder inhaler in innovative patient-friendly packaging. Instead of bottle pack, we provide Alu-Alu blister pack which protects the medicine from moisture. The HPMC capsule shell ensures maximum protection against moisture. Our unique and simple Bexihaler® device, imported from Europe, and consisting of 8 pins, ensures optimum dose delivery. Currently the facility has the capacity to produce 36 million units of DPI every year.*



## Lyophilized Injectables

*Lyophilization is a complex and facility-intensive operation where Beximco Pharma has demonstrated its skill through quick and successful adoption of this relatively new technology. The Company, within a short span of time, has emerged as an important player in this area with its range of PPIs and other formulations.*



# Global Accreditations

Beximco Pharma has the highest number of international accreditations in the country. These include:

- AGES, Austria (European Union)
- Therapeutic Goods Administration (TGA), Australia
- Gulf Central Committee (GCC member states)
- ANVISA, Brazil
- INVIMA, Columbia\*
- MCC, South Africa\*

In line with the Company's vision of becoming one of the most trusted companies in the region, BPL has forged strategic partnerships with multinationals since its inception. This stems from the reputation earned by its world-class, accredited facilities.

\* GMP clearance

Beximco Pharma  
has the highest number of  
international accreditations  
in the country



## Factory Visits

Pascal Lamy, Director General of the World Trade Organization, visited our state-of-the-art manufacturing facilities at Tongi on the 31<sup>st</sup> March, 2012. He was accompanied by our Vice Chairman, Salman F. Rahman and Commerce Secretary, Md Ghulam Hussain. He went through a quick tour of our facilities and expressed his satisfaction over the manufacturing and quality standards of Beximco Pharma.

During the year, we also had other overseas visitors from Cambodia, Costa Rica, France, Hong-Kong, Republic of Korea, Sri Lanka, Turkey, United Arab Emirates, United Kingdom, and USA.

Doctors from different institutes namely the Armed Forces Medical College Hospital, Royal Eye Hospital of Bangladesh, and Sir Salimullah Medical College Hospital also visited our facilities.



**BEXIMCO  
PHARMA**

here's to life





# Our People

Beximco Pharma owes its stories of success and accomplishments to its family of researchers, marketers, technicians and so forth, who have stood by the Company through thick and thin. Our dedicated and highly skilled people, with their collective resolve to excel, have always guided us in delivering our achievements and set a course for a bright future. Currently there are about 2,700 employees working at Beximco Pharma and its strong pool of talent includes professionals like pharmacists, chemists, doctors, microbiologists, MBAs and engineers. They are our secret to gaining and building competitive advantages through their energy, collaborations, and insights. Hence it is essential that we invest in their development to ensure that we remain responsive to a rapidly changing world.

As a part of our long term Learning & Development Program (LDP), we continue to provide our people with high quality training to broaden and enrich their professional skills. Throughout the year we arranged a number of training programs for our employees with internationally renowned speakers and trainers. The Company also hosts freely accessible physical and on-line resources to encourage self-development.







*A photo from a training workshop arranged for doctors*



*A photo from a Learning & Development program (LDP)*



*BPL sponsored the Philip Kotler's session of the World Marketing Summit held in Dhaka during March 16-18, 2012.*



***Our significant reverse engineering capability has a high focus on simplifying the manufacturing processes and cost efficiency.***





## Our Strong R&D Capability

Our team comprising of top class formulation and analytical scientists continuously strives to integrate advanced formulation and technological changes in order to create a strong portfolio of specialized niche products. We have already shown our R&D capability in this area through launching of Inhalers, Intravenous fluids (IV), sterile Ophthalmics, Sub lingual Aerosol sprays, Pre-filled syringes, Nasal Sprays, Sustained Release Tablets, Respiratory Inhalation solutions, Diagnostic Dyes, Lyophilized products, etc.

OUR SOLDIERS  
**NOW IN  
NEW  
UNIFORMS**



**WE HAVE STARTED INTRODUCING OUR NEW PACKS IN THE MARKET**

There is a certain similarity between soldiers and medicines.  
They both fight to keep you safe, and their types are identified by their colors.  
That's what we did with our medicine packs.

**Newer. Better. Meaningful.**



[www.beximcopharma.com](http://www.beximcopharma.com)



## Global Reach

In the year 2012, we registered 36 new products in 12 countries and commenced exporting medicines to 7 new countries.

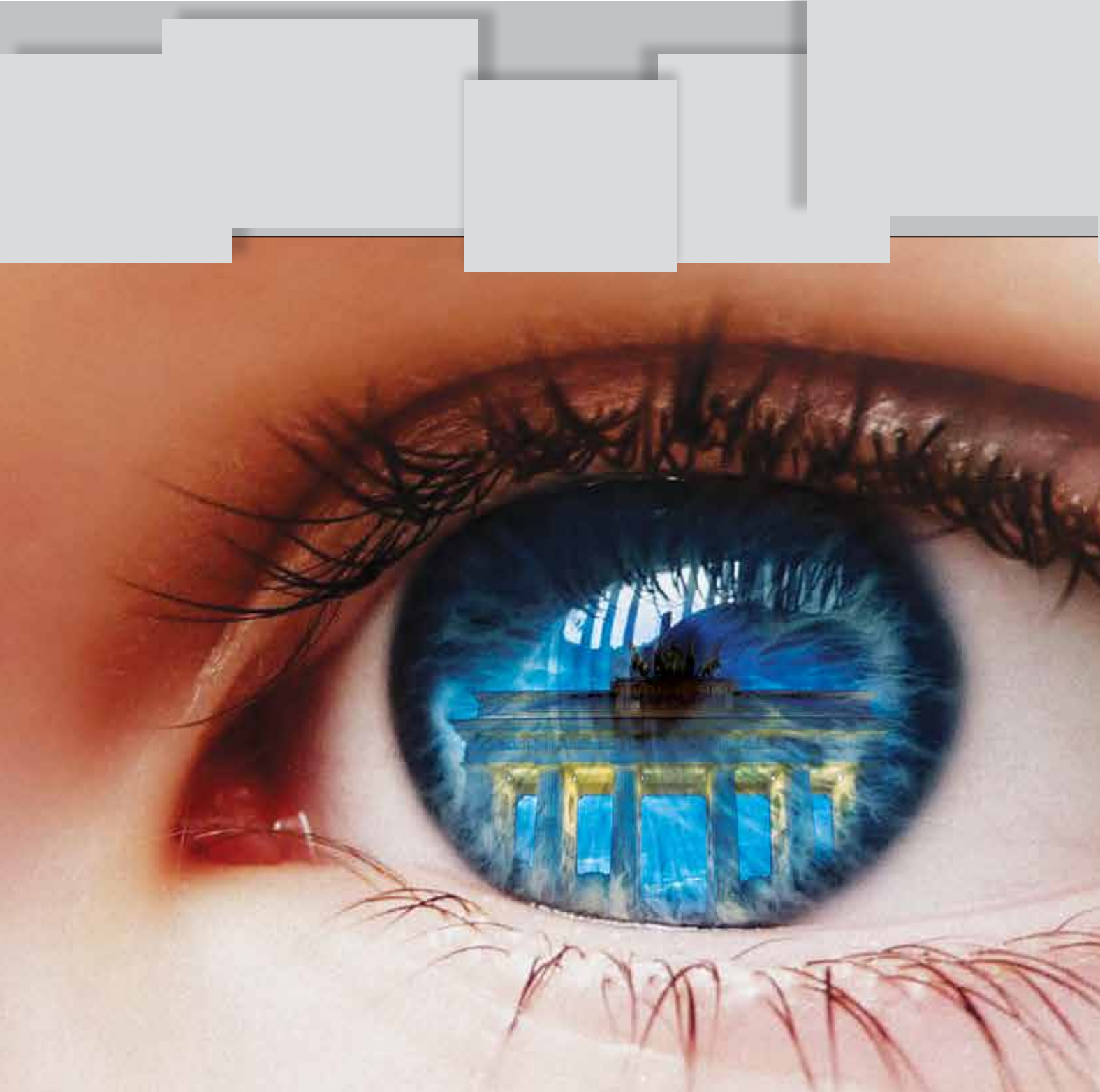
Beximco Pharma has focused on building and strengthening its presence in emerging and new markets. The global generic drug industry has been growing steadily as a large number of branded drugs are going off patent and there is an increasing pressure from the governments around the world to contain the rise in healthcare costs. It is estimated that around USD 150 billion worth of brand-name drugs will go off patent by 2015. BPL is ideally positioned to take advantage of this opportunity with its generic drug skills, global accreditations, as well as competitive cost of production. In the year 2012, we have registered 36 new products in 12 countries and commenced exporting medicines to 7 new countries.

The Company's investments in R&D and regulatory affairs, as a means to enhance efficiency, have started to pay off too. We already have the highest number of international accreditations in the country for our manufacturing facilities and during 2012 we received GMP (Good Manufacturing Practices) accreditation from the Austrian regulatory authority for new MDI facility. We also received GMP clearance from MCC (South Africa) for the same inhaler facility.

In terms of targeted export markets, we are focusing on strengthening our presence primarily in emerging and developed markets. While we are competing with other generic companies in the world with low cost efficiency in semi-regulated markets, for regulated markets we are focusing on value added specialized niche products. In the year 2012, BPL also became the first Bangladeshi company to launch Salbutamol HFA Inhaler in Singapore.

*To promote our products in international markets, we attended CPhI Worldwide (a leading pharmaceutical worldwide networking event) held at Madrid, Spain in October. This was a three-day event with 2200 exhibitors and 30,000 visitors from all around the globe.*





Winner



Therapeutic Goods Administration



Gulf Central Committee for Drug Registration  
For GCC States



Certified



**AGES**

Österreichische Agentur für Gesundheit  
und Ernährungssicherheit GmbH

[www.beximcopharma.com](http://www.beximcopharma.com)

## EYEING A NEW ERA OF EXPORTING EXCELLENCE

We are now in **Germany** and **Austria**.

Our drive has already won us the National Export Trophy (Gold) a record four times. And it's the same drive that has finally made our presence in Europe a reality. For the first time in the country's history, Bangladesh's ophthalmic products are exported to Germany and Austria.

A testimony to our global quality standards!

**BEXIMCO  
PHARMA**

here's to life 



# Corporate Social Responsibility

Corporate social responsibility (CSR) is an integral part of Beximco Pharma's business and is a continuous effort. CSR has been incorporated as one of the core values of the organization and the Company actively takes part in initiatives that benefit the society and contribute to the welfare of the people and its employees. In fact, in Beximco Pharma the CSR begins at home and extends beyond to the society and other organizations that contribute to the common benefits of people. We provide scholarship to the meritorious children of our employees, ensure free medical services to employees in need including meeting the cost of consultation by specialist physicians. We also offer low cost medical diagnostic services to our employees through the services of the FRF foundation sponsored by the Beximco group.

For the greater benefit of Society and other public and non-profit organizations, Beximco Pharma regularly holds various awareness programs on asthma, diabetes, hypertension, AIDS etc. It also provides academic support to the medical community in the form of scientific seminars, symposia and round-table discussions. Additionally it provides free medicines and support in arranging health camps run by the doctors' community and other non-profit organizations. Other initiatives include promoting cultural heritage and sports, providing technical support in important research programs, and donating medicines in national emergencies. Besides all these, being a responsible manufacturer, the Company remains committed to protecting the environment and takes great care in reducing carbon footprint by managing wastes and emissions, and promoting eco-friendly operations and business practices.

## MAMA Bangladesh officially launches its innovative health service



*Beximco Pharmaceuticals Ltd. is the local founding partner of the Mobile Alliance for Maternal Action (MAMA) initiative; a mobile phone based innovative health service delivering critical health information to new and expecting mothers. On December 18, 2012 the MAMA announced the national launch of Aponjon. Honorable Minister for Health and Family welfare Dr. A. F. M. Ruhul Haque officially launched this service. Our COO, Mr. Rabbur Reza, also spoke on the occasion on behalf of the Company.*





Employee Support programs: offering scholarship to meritorious children of our employees



Supporting health camps of JAAGO Foundation



Supporting World Environment Day 2012



Disease awareness campaign

# Other Corporate Activities

## Marking the 25th anniversary of the Montreal Protocol

We formally shut down our Chlorofluorocarbon (CFC) based MDI plant and inaugurated the new MDI plant on March 15, 2012. This event marked the 25th anniversary of the Montreal Protocol and the closure of our CFC based MDI plant symbolized a significant milestone; not only for the Montreal Protocol, but also for the cooperation between the Government of Bangladesh and the pharmaceutical industry, in their joint efforts with the international community to protect the environment. Our Managing Director, Nazmul Hassan MP, along with Prof. Dr. A. F. M. Ruhul Haque, Minister for Health and Welfare, Major General Md. Abul Kalam Azad, Director General of Drug Administration and other high officials from UNDP, UNEP, and Department of Environment were also present at this commemorative event. This event actually followed the annual meeting of the UNEP's Medical Technical Options Committee (MTOC) in Bangladesh. This meeting was coordinated by our COO Mr. Rabbur Reza, who is also a member of MTOC.

*A delegate of UNEP's Medical and Technical Options Committee visiting our MDI plant on official launching of our new HFA MDI plant*







*Honorable Health Minister of Bangladesh unveiling the commemorative plaque on shut down of CFC usage in our plant*



*Beximco Pharma winning corporate 5-A side soccer tournament*



*A photo from our Annual Picnic*

*A photo from our Annual Sales & Marketing Conference*



# Post Balance Sheet Update

- Launched 13 new products during the first quarter of 2013.  
5 products launched for the first time in Bangladesh
- Registered 20 new products in overseas markets during Q1 2013
- Commenced exports to Europe (Germany and Austria) with two eye drop products
- Obtained marketing authorization for a product in Australia; exports to commence soon





# Notice

## BEXIMCO PHARMACEUTICALS LIMITED

17, Dhanmondi R/A, Road No. 2, Dhaka-1205

### Notice of the Thirty-Seventh Annual General Meeting

Notice is hereby given that the Thirty-Seventh Annual General Meeting of the Shareholders of Beximco Pharmaceuticals Limited will be held on Saturday, the 29<sup>th</sup> June, 2013 at 10.00 a.m. at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur to transact the following business:

#### AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> December, 2012 together with reports of the Auditors and the Directors thereon
2. To elect Directors
3. To approve the appointment of Independent Director
4. To declare 15% Stock Dividend
5. To appoint Auditors for the year 2013 and to fix their remuneration

By order of the Board,



(MOHAMMAD ASAD ULLAH, FCS)  
Executive Director & Company Secretary

Dated : 15 May, 2013

#### NOTES:

- (1) The Shareholders whose names will appear in the Share Register of the Company or in the Depository Register on the record date i.e. 20<sup>th</sup> May, 2013, will be entitled to attend at the Annual General Meeting and to receive the dividend.
- (2) A member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company no later than 48 hours before the time fixed for the meeting.
- (3) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy- holder(s).
- (4) No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No. SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.



## Chairman's Statement



### Dear Shareholders,

I am pleased to report continued progress during 2012 despite stiff competition in the domestic Pharmaceutical market and a challenging economic environment. We have achieved our sales and profit targets, made progress as planned in key operational areas, expanded our business in domestic as well as export markets; secured approvals for new units; added new product lines and expanded capacity. These achievements have brought us a step closer towards accomplishing our strategic goals and strengthening shareholder value.

Looking back to where we were in 2007, we reported domestic sales revenue of Tk. 3,474 million. At that time our export sales were Tk. 123 million. Over the last five years our domestic sales have more than doubled to reach Tk. 8,819 million and export sales have almost quadrupled to Tk. 470 million. In 2012 we exported our products to 32 countries around the world. Our pre and post-tax profit in 2007 was Tk. 400 million and Tk. 353 million respectively which increased to Tk. 1,910 million and Tk. 1,319 million respectively in 2012.

During the 1st quarter of 2013, we achieved another milestone in our export operations by exporting two of our ophthalmic products to Germany and Austria. Export sales in the first quarter of 2013 have almost doubled over the corresponding period in the previous year. To sustain continued growth, the Company is committed to prudent investment in the business, in particular investment in R&D, facility upgrades, expansion of capacity and registration of products in international markets.

With our expansion into new markets underway and significant international accreditations achieved, Beximco Pharma is well positioned to continue to build the Company's presence in both domestic and international markets.

As announced in April, Mr. Ahsanul Karim resigned from the Board due to personal reasons. The Board thanks Mr. Karim for his guidance and valuable contribution during his time as a Director of the Company. Following Mr. Karim's resignation the Company announced the appointment of Barrister Faheemul Huq to the Board as an Independent Director. Mr. Huq is an advocate to the Supreme Court of Bangladesh and a Barrister-at-law in England and Wales. Mr. Huq is a welcome addition to the Board where he will also become Chairman of the Company's Audit Committee.

I would like to thank all of our employees for their continued support and hard work, without which the achievements we have made so far would not have been possible. We are also grateful to our shareholders for their longstanding support to the Company.

Looking ahead, we are confident that the strategy adopted by management, will ensure the long-term prospects of the Company and create significant value for shareholders.

**A S F Rahman**  
Chairman

## চেয়ারম্যানের প্রতিবেদন

### প্রিয় শেয়ারহোল্ডারবৃন্দ,

আমি অত্যন্ত আনন্দের সাথে জানাচ্ছি যে দেশীয় ঔষধ বাজারে তীব্র প্রতিযোগিতা এবং সার্বিক অর্থনীতির বৈরী পরিবেশ সত্ত্বেও ২০১২ সালে আমরা আমাদের উন্নয়নের ধারা অব্যাহত রাখতে সক্ষম হয়েছি। আমরা একদিকে যেমন বিক্রয় এবং মুনাফার লক্ষ্যমাত্রা অর্জনে সক্ষম হয়েছি ঠিক একইভাবে ব্যবসার গুরুত্বপূর্ণ প্রতিটি ক্ষেত্রে লক্ষ্যমাত্রা অনুযায়ী প্রবৃদ্ধি অর্জন করেছি। আমাদের স্থানীয় এবং আন্তর্জাতিক পরিধি বৃদ্ধি পেয়েছে, পণ্য তালিকায় নতুন পণ্য সংযোজিত হয়েছে, উৎপাদন সক্ষমতা বেড়েছে এবং একাধিক উৎপাদন ইউনিট আন্তর্জাতিক প্রতিষ্ঠানের স্বীকৃতি লাভ করেছে। এসবই আমাদের কৌশলগত লক্ষ্য অর্জনের মাধ্যমে বিনিয়োগকারীদের স্বার্থ সংরক্ষণ এবং প্রবৃদ্ধির পথে আর এক ধাপ অগ্রগতিরই নামান্তর।

পাঁচ বছর আগে তথা ২০০৭ সালে কোম্পানীর অবস্থানের সাথে আজকের অবস্থান তুলনা করলে আমাদের ধারাবাহিক উন্নয়নের একটি চিত্র আপনাদের নিকট পরিস্ফুটিত হবে। ২০০৭ সালে দেশীয় বাজারে কোম্পানীর মোট বিক্রয় ছিল ৩,৪৭৪ মিলিয়ন টাকা এবং রপ্তানী ছিল ১২৩ মিলিয়ন টাকা। পাঁচ বছরের ব্যবধানে দেশীয় বিক্রি দ্বিগুনেরও বেশী বেড়ে ৮,৮১৯ মিলিয়ন টাকা হয়েছে। একইভাবে রপ্তানী প্রায় চারগুন বেড়ে ২০১২ সালে ৪৭০ মিলিয়ন টাকা হয়েছে। এবছরে পৃথিবীর ৩২টি দেশে আমাদের পণ্য রপ্তানী হয়েছে। ২০০৭ সালে আমাদের কর-পূর্ব এবং কর-পরবর্তী মুনাফা ছিল যথাক্রমে ৪০০ মিলিয়ন টাকা এবং ৩৫৩ মিলিয়ন টাকা যা বর্তমানে যথাক্রমে ১,৯১০ মিলিয়ন টাকা এবং ১,৩১৯ মিলিয়ন টাকায় উন্নীত হয়েছে।

আপনারা জেনে খুশী হবেন ২০১৩ সালের প্রথম প্রান্তিকে কোম্পানীর দুটি Ophthalmic পণ্য জার্মানী এবং অস্ট্রিয়াতে রপ্তানীর মাধ্যমে আমরা ইউরোপীয় বাজারে প্রবেশ করেছি। এটি আমাদের রপ্তানী কার্যক্রমে আরোও একটি মাইলফলক। গত বছরের প্রথম প্রান্তিকের তুলনায় ২০১৩ সালের প্রথম প্রান্তিকে আমাদের রপ্তানী প্রায় দ্বিগুন হয়েছে।

উন্নতির এই ধারা বজায় রাখা এবং দীর্ঘমেয়াদী লক্ষ্যমাত্রা অর্জনের জন্য গুরুত্বপূর্ণ খাতসমূহে দূরদর্শী বিনিয়োগ আমরা অব্যাহত রেখেছি। বিশেষ করে গবেষণা ও উন্নয়ন, উৎপাদন সক্ষমতা বৃদ্ধি ও সম্প্রসারণ, কারখানার মান উন্নয়ন, আন্তর্জাতিক বাজারে পণ্য নিবন্ধন ইত্যাদি ক্ষেত্রে বিনিয়োগে সচেষ্ট রয়েছি।

নতুন নতুন বাজার প্রসারণ এবং অধিকতর আন্তর্জাতিক অনুমোদন প্রাপ্তির মাধ্যমে বেল্লিমকো ফার্মা দেশীয় এবং আন্তর্জাতিক বাজারে তার অবস্থানকে আরোও সুদৃঢ় করে কোম্পানীর প্রবৃদ্ধির লক্ষ্যমাত্রা অর্জনে এগিয়ে যাচ্ছে।

আপনারা অবহিত আছেন যে, ব্যক্তিগত কারণে আমাদের অনেকদিনের সহকর্মী জনাব আহসানুল করিম গত এপ্রিল মাসে পরিচালনা পর্ষদ থেকে পদত্যাগ করেছেন। জনাব করিম তাঁর দায়িত্বকালে কোম্পানী পরিচালনায় যে মূল্যবান অবদান রেখেছেন পরিচালনা পর্ষদ তা কৃতজ্ঞতার সাথে স্মরণ করেছে। একই সময় ব্যারিস্টার ফাহিমুল হক, স্বাধীন পরিচালক হিসেবে পরিচালনা পর্ষদে যোগ দিয়েছেন। তিনি ইংল্যান্ড এন্ড ওয়েলস থেকে ব্যারিস্টার-এট-ল ডিগ্রি অর্জন করেছেন এবং বর্তমানে বাংলাদেশ সুপ্রীম কোর্টের একজন স্বনামধন্য এডভোকেট। আমি জনাব হককে পরিচালনা পর্ষদের পক্ষ থেকে স্বাগত জানাই। পরিচালনা পর্ষদ ইতিমধ্যে তাঁকে কোম্পানীর নিরীক্ষা কমিটির চেয়ারম্যান এর দায়িত্ব ন্যস্ত করেছে।

আমি আমাদের কোম্পানীর সকল কর্মকর্তা ও কর্মচারীকে তাদের নিরলস শ্রম ও সহযোগীতার জন্য আন্তরিক অভিবাদন জ্ঞাপন করছি। তাদের অক্লান্ত পরিশ্রমের কারণেই আমাদের আজকের অর্জন সম্ভব হয়েছে। একই সাথে আমি আমাদের সম্মানিত শেয়ারহোল্ডারবৃন্দকে তাদের নিরবিচ্ছিন্ন সমর্থন ও সহযোগীতার জন্য আন্তরিক ধন্যবাদ জানাচ্ছি।

আমি দৃঢ়ভাবে বিশ্বাস করি যে কোম্পানীর ব্যবস্থাপনা পর্ষদ যে সমস্ত কর্মকৌশল গ্রহণ করেছে তা কোম্পানীর দীর্ঘমেয়াদী টেকসই উন্নয়ন তথা শেয়ারহোল্ডারবৃন্দের সম্পদ বৃদ্ধিকে সুনিশ্চিত করবে।

*X. K. P. Lalund*

এ এস এফ রহমান  
চেয়ারম্যান

# Directors' Report to the Shareholders

On behalf of the Board of Directors of Beximco Pharmaceuticals Limited, I am pleased to place before you the Directors' Report and the audited accounts of the Company for the year ended December 31, 2012 along with the report of the auditors thereon.

## 1 Profit and Its appropriation

Taka in Thousand

	2012	2011
Net Profit after Tax	1,319,389	1,198,525
Adjustment for depreciation on revalued assets	20,719	23,560
Profit brought forward from previous year	5,361,072	4,667,699
<b>Profit Available for Appropriation</b>	<b>6,701,180</b>	<b>5,889,784</b>
Proposed Dividend	(456,959)	(528,712)
<b>Profit Carried Forward</b>	<b>6,244,221</b>	<b>5,361,072</b>

## 2 Dividend

The Board of Directors is pleased to recommend 15% stock dividend i.e. 15 shares for every 100 shares held for the year 2012 for onward approval in the Annual General Meeting.

## 3 Analysis of Operating Performance

### 3.1 Business Outlook- a general overview

After growing at a robust twenty plus percentage in 2010 and 2011, Bangladesh Pharmaceutical Industry experienced a slower growth in 2012. The market grew by 11.9% in value terms to reach at Tk. 94 billion (IMS: Q4 2012 report). Despite a slower growth in the market, Beximco Pharma managed to achieve desired growth and successfully improve its market share.

The country continued to maintain 6% plus GDP growth rate in 2012 as well. The alarming depreciation of Taka against US Dollar that continued throughout 2011 till January 2012 has finally been restrained. Thanks to higher inward remittances, lower payment for import settlements, and moderate growth in export. The local currency appreciated by around 2.5% against US Dollar in 2012. This was somewhat a relief to the predicted risk of significant reduction of gross margin that started brewing in 2011 in the wake of deteriorating value of local currency against US Dollar, high rate of domestic inflation and increase in the interest rates. The liquidity shortage that prevailed throughout 2011 also eased up to some extent in 2012. However, the political crisis that started by end of 2012 centering the upcoming election poses some degree of uncertainty in the overall economic environment of the country and is seen as an impediment to the growth of business. The first quarter of 2013 has already been affected for such instability in the political environment and continues to remain as a risk factor.

### 3.2 Domestic and Export Sales

Net sales revenue of the Company has grown by 17.7% to reach at Tk. 9,289.1 million as against Tk. 7,890.2 million of 2011. Domestic sales continues to remain as the key driver with 95% of the total revenue coming from the domestic market. Encouragingly, sales of our formulation products that constitutes around 85% of the domestic sales, increased by 19.3%. This significantly outperforms growth in the pharmaceutical Industry in 2012 and signifies further reinforcement of our domestic base.



Our export sales also registered a 20.5% increase to reach at Tk. 470.1 million as against Tk. 390.3 million in 2011. During the year we have registered 36 new products in 12 countries; made UK submission for one product while few others are being readied; made submission with concerned regulatory authorities of several European countries for marketing authorization of eight products and commenced export to seven new markets namely, Mauritius, Ethiopia, Columbia, Azerbaijan, Liberia, Thailand and Suriname. Additionally, this year we have launched our Salbutamol Inhaler in Singapore and started export of Inhaler to South Africa.

### **3.3 Global Accreditation**

Approval of manufacturing facilities by globally recognized authorities is the precursor to the enduring process of registering products in the overseas markets and export of pharmaceutical products. In the past our manufacturing facilities have been accredited by a number of International regulatory authorities, added to that, in 2012 we have received GMP accreditation from Austrian Regulatory Authority (Metered Dose Inhaler), TGA Australia (Sterile Ophthalmic facilities) and GMP Clearance from MCC, South Africa (Metered Dose Inhaler Facility).

### **3.4 Profitability**

Pre-tax profit of the Company increased by 13.8% to reach at Tk. 1,909.8 million as against Tk. 1,677.8 million. In 2012 the Company earned a Post -tax profit of Tk. 1,319.4 million which is an appreciable 10.1% higher than that of the previous year. The Company managed to maintain its gross profit rate at 47.3% (2011: 48.0%), despite high rate of domestic inflation. Improved product mix and effective cost-management and profit optimization strategies significantly contributed in minimizing the negative impact on gross margin.

## **4 Directors**

### **4.1 Appointment of Independent Director**

We are pleased to announce that in April 2013, Barrister Faheemul Huq joined the Board of Directors of the Company as an Independent Director. Mr. Huq is a Barrister-at-law in England and Wales, an Advocate to the Supreme Court of Bangladesh and member of The Honorable Society of Lincoln's Inn, U.K, Bangladesh Supreme Court and Dhaka Bar Association. As a practicing lawyer he advises local and international companies on variety of legal subjects including Corporate Law, Corporate Governance and International Arbitration. Mr. Huq received LLB (Hon's) from both the University of Dhaka, Bangladesh and Wolverhampton, UK. Subsequent to his appointment, the Board reconstituted the Audit Committee of the Company and appointed him as the Chairman of the Committee. Mr. Huq is also an Independent Director of Bangladesh Export Import Company Limited.

### **4.2 Retirement, Resignation and Re-election**

Advocate Ahsanul Karim, a Director of the Board since 2003 has tendered his resignation on personal grounds. Mr. Karim's resignation was accepted by the Board on April 3, 2013, becoming effective immediately. We are thankful to Mr. Karim for his valuable contribution and guidance during his long 10 years as a Director of the Company.

Mr. Iqbal Ahmed and Mr. M A Qasem, Directors of the Company retire by rotation as per Articles 126 and 127 of the Articles of Association of the Company and being eligible offer themselves for re-election.

## **5 Auditors**

The existing Auditors, M. J. Abedin & Co., Chartered Accountants, National Plaza, 109, Bir Uttam C. R. Datta Road, Dhaka-1205 who were appointed as Auditors of the Company in the Thirty-sixth Annual General Meeting of the Company has carried out the audit for the year ended 31 December 2012.

M. J. Abedin & Co., Chartered Accountants, National Plaza, 109, Bir Uttam C.R. Datta Road, Dhaka-1205, the Auditors of the Company retires at this meeting and has expressed their willingness to continue in office for the year 2013.

## 6 Audit Committee

The Company had an Audit Committee in place with Mr. M A Qasem as Chairman, Dr. Abdul Alim Khan and Advocate Ahsanul Karim as Members. The Board subsequently, reconstituted the Committee as follows:

Barrister Faheemul Huq	Chairman
Dr. Abdul Alim Khan	Member
Osman Kaiser Chowdhury, FCA	Member
Mohammad Asad Ullah, FCS	Secretary

The detail of the activities of the Audit Committee has been provided in the "Audit Committee Report".

## 7 Statement of Directors on Financial Reports

Directors are pleased to report that:

- a. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d. The International Accounting Standards (IASs)/ Bangladesh Accounting Standards (BASs)/International Financial Reporting Standards (IFRSs)/Bangladesh Financial Reporting Standards (BFRSs), as applicable in Bangladesh, have been followed in preparation of the financial statements.
- e. Internal Control System is sound in design and has been effectively implemented and monitored.
- f. There is no significant doubt about the ability of the Company to continue as a going concern.

Directors also report that the Chief Executive Officer and the Chief Financial Officer have certified to the Board that they have reviewed the Financial Statements for the year 2012 and to the best of their knowledge and belief:

- a. The Financial Statements present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards and applicable laws
- b. There is no statement which is materially untrue or misleading and there is no omission of facts in such statements
- c. No transaction has been entered into by the Company which are fraudulent, illegal or in violation of the Company's code of conduct.

## 8 Key Operating and Financial Data

The summarized key operating and financial data for 2012 and immediately preceeding four years are presented below:

Taka in Thousand

Particulars	2012	2011	2010	2009	2008
Authorized Capital	9,100,000	9,100,000	9,100,000	9,100,000	2,000,000
Paid up Capital	3,046,390	2,517,678	2,098,065	1,511,493	1,259,577
Total Sales	9,289,115	7,890,242	6,490,847	4,868,255	4,010,167
Export Sales	470,116	390,315	330,541	272,126	170,604
Gross Profit	4,389,401	3,786,533	3,173,207	2,302,048	2,007,296
Profit Before Tax	1,909,829	1,677,849	1,361,532	867,467	714,121
Net Profit	1,319,389	1,198,525	1,051,649	624,740	545,341
Fixed Assets (Gross)	20,316,639	19,289,344	18,191,956	15,621,366	14,291,850
Shareholders' Equity	18,408,162	17,128,128	15,974,086	10,885,707	10,450,202
Dividend	15%	21%	20%	15%	30%
Net Assets Value (NAV) Per Share	60	68	79	72	83
EPS / Restated EPS	4.33	3.93	4.18	3.50	3.61
Market Price Per Share (at end of the year)	55.90	93.60	135.1	155.8	167.7
Price Earning Ratio (Times)	12.91	23.82	32.32	44.51	46.45
<b>Number of Shareholders</b>	<b>86,290</b>	<b>88,697</b>	<b>93,371</b>	<b>80,189</b>	<b>65,556</b>
Foreign Investors	66	58	57	54	54
ICB including ICB Investors Account	898	896	899	890	885
Sponsors, General Public & Other Institutions	85,326	87,743	92,415	79,245	64,617
Number of Employees	2,748	2,670	2,507	2,511	2,310

## 9 Board Meetings and Attendance

Nine Board Meetings were held during the year. The attendance records of the Directors are as follows:

Directors	Number of Meetings Attended	Directors	Number of Meetings Attended
A S F Rahman	9	Salman F Rahman	9
Nazmul Hassan	9	Iqbal Ahmed	6
M. A. Qasem	9	Osman Kaiser Chowdhury	8
Dr. Abdul Alim Khan	4	A. B. Siddiqur Rahman	9
Advocate Ahsanul Karim	5		

## 10 The Pattern of Shareholding

Name-wise details	Number of Shares held
(i) Parent/Subsidiary/Associate Companies and Other Related Parties :	
Beximco Holdings Ltd.	16,896,354
Bangladesh Export Import Company Ltd.	2,178,324
New Dacca Industries Ltd.	7,965,102
Beximco Engineering Ltd.	921,800
National Investment & Finance Company Ltd.	863,498
(ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their Spouses and Minor Children:	
A S F Rahman, Chairman	6,186,095
Salman F Rahman, Vice Chairman	6,200,577
Nazmul Hassan, Managing Director & CEO	10,011
Dr. Abdul Alim Khan, Independent Director	1,274,566
Company Secretary, Spouse and Minor Children	—
Chief Financial Officer, Spouse and Minor Children	—
Head of Internal Audit, Spouse and Minor Children	—
(iii) Executives	—
(iv) Shareholders holding 10% or more voting interest in the Company:	—

## 11 Corporate Governance Compliance Report

In accordance with the requirement of the Securities and Exchange Commission Notification No SEC/CMRRCD/2006-158/134/Admin/44, Report on “Corporate Governance Compliance” is annexed.

On behalf of the Board



**A S F Rahman**  
Chairman



# Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

## (Report under Condition No. 7.00)

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>1</b>	<b>BOARD OF DIRECTORS (BOD)</b>			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
<b>1.2</b>	<b>Independent Directors (ID)</b>			
1.2 (i)	Number of Independent Directors [at least 1/5]	√		
1.2 (ii) (a)	Holding no share or holding less than 1% shares	√		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	√		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	√		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	√		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	√		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBF1	√		
1.2 (ii) (i)	Not convicted for a criminal offence	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		Appointment of one of the Independent Directors is placed for approval by the Shareholders in this AGM
1.2 (iv)	The post cannot remain vacant for more than 90 days	—	—	Not Applicable (N/A)
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of Independent Director	√		
<b>1.3</b>	<b>Qualification of Independent Director</b>			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher (Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience	√		
1.3 (iii)	Prior approval of the Commission in special cases	—	—	N/A
<b>1.4</b>	<b>Appointment of Chairman and CEO, defining their roles</b>	√		
<b>1.5</b>	<b>Inclusions in Director's Report to Shareholders</b>			
1.5 (i)	Industry outlook and possible future developments	√		
1.5 (ii)	Segment-wise or product-wise performance	√		Company Operates in a Single Product Segment-Pharmaceuticals. However, in relevant cases market segment performance has been analyzed.
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss	—	—	N/A
1.5 (vi)	Basis for and a statement of related party transactions	√		
1.5 (vii)	Utilization of proceeds from issuing instruments	—	—	N/A
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc	—	—	N/A

Condition No.	Title	Compliance Status (“√” in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	—	—	N/A
1.5 (x)	Remuneration to directors including Independent Directors	—	—	No remuneration were paid to any Director during 2012
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year’s operating results	—	—	N/A
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	—	—	N/A
1.5 (xx)	Number of Board meetings and attendance of directors	√		
<b>1.5 (xxi)</b>	<b>Pattern of shareholding (along with name wise details)</b>			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
<b>1.5 (xxii)</b>	<b>Appointment/re-appointment of a director</b>			
1.5 (xxii) (a)	A brief resume of the director	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
<b>2</b>	<b>CFO, Head of Internal Audit and CS</b>			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
<b>3</b>	<b>Audit Committee</b>			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included	√		
3.1 (iii)	Audit Committee members to be “financially literate” and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month	—	—	N/A
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one Independent Director	√		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman to be an Independent Director, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	—	—	N/A
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests	—	—	N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system	—	—	N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws	—	—	N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately	—	—	N/A
3.4.2	Reporting to BSEC	—	—	N/A
3.5	Reporting to the Shareholders and General Investors	√		
<b>4</b>	<b>External / Statutory Auditors</b>			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Committee	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
<b>5</b>	<b>Subsidiary Company</b>			
5 (i)	Composition of BOD to be similar to holding company	—	—	N/A
5 (ii)	One ID to be in both holding and subsidiary company	—	—	N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company	—	—	N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	—	—	N/A
5 (v)	Audit Committee of holding company to review financial statements / investments of subsidiary company	—	—	N/A
<b>6</b>	<b>Duties of CEO and CFO</b>			
6 (i) (a)	To certify that they have reviewed Financial Statements which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
<b>7</b>	<b>Reporting and Compliance of Corporate Governance</b>			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		

## Certificate on Compliance of Corporate Governance Guidelines

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide  
Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by Beximco Pharmaceuticals Limited (“the Company”) for the year ended 31 December 2012. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (“BSEC”).

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements of the Company.

According to the information and explanations provided by the Company, I hereby certify that the Company has complied with all the conditions of foresaid Corporate Governance Guidelines of BSEC by this date of issuance of this Certificate.



S. Abdur Rashid FCS



Dhaka, 01 June 2013



# Report on the Activities of the Audit Committee to the Shareholders

I am pleased to present the report of the Audit Committee of Beximco Pharmaceuticals Limited in pursuance with the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC). This report is a brief on the activities performed by the Audit Committee and is hereby submitted to the shareholders for their perusal.

The committee held its first meeting on April 22, 2012 to review the Audited Financial Statements of the Company for the year 2011 and to authorize onward submission of the same to the Board for their approval. Detailed discussions on the financial statements were held with the representative of the management of the Company. No material audit observation that warrants for Board's attention was noted. The Committee therefore, authorized for onward submission of the Audited Financial Statements to the Board for approval.

The next meeting of the Board was held on May 10, 2012 prior to the release of the Unaudited First Quarter Financial Statements of the Company for the year 2012. The committee among others reviewed the financial progress during the first quarter and after detailed examination recommended the board for approval of the same.

The third meeting of 2012 was held in July 24, to review the Unaudited Half Yearly Financial Statements of the Company. The committee being satisfied recommended the Board to approve issuance of the financial statements to the shareholders of the Company.

The fourth meeting of the Committee was held in October 23, prior to the release of the Unaudited Third Quarter Financial Statements of the Company. The detailed review of the financial statements was held and the committee recommended the board for approval of the financial statements for release to the shareholders. During this meeting the committee also held discussion on the notification issued by BSEC relating to the mandatory compliance of the Corporate Governance Guidelines. The committee made relevant recommendations to the Board based on new notification for necessary actions at their end.

The Committee in its fifth meeting on December 13, 2012 adopted the terms of reference re-drafted in line with the new BSEC Notification on Corporate Governance Guidelines issued on August 7, 2012.

In April 3, 2013, the Board reconstituted the Audit Committee of the Company. Barrister Faheemul Huq a practicing lawyer of Bangladesh Supreme Court and an Independent Director of the Company was appointed as Chairman of the Audit Committee. Mr. Osman Kaiser Chowdhury, FCA a member of the Board of Directors of the Company also joined the Committee along with Dr. Abdul Alim Khan- another Independent Director of the Board. Besides Mr. Mohammad Asad Ullah, FCS, the Executive Director and Company Secretary, was appointed as Secretary of the Committee.

The reconstituted Audit Committee held its first meeting on April 20, 2013. The committee thoroughly reviewed the Annual Financial Statements of the Company for the year 2012 including detailed examination of the related party transactions for the year under review. The Annual Financial Statements of the Company was then authorized for onward submission to the Board for approval.

The Committee considered and made recommendation to the Board on the appointment and remuneration of external Auditors, M/s. M J Abedin & Company, Chartered Accountants for the year 2013 who carried out the audit of the Company for the year 2012.

Senior management of the Company attended the meetings time to time on invitation by the Audit Committee. Assessment and evaluation of the Internal Control Policy were made to ensure that the Company employs a sound system of internal control including internal financial control. The committee in its meetings reviewed among others the accounting and financial reporting process of the Company.



(Barrister Faheemul Huq)  
Chairman  
Audit Committee



## Shareholders' Meeting

The 36<sup>th</sup> Annual General Meeting (AGM) of the shareholders of Beximco Pharmaceuticals Limited was held on June 30, 2012. Mr. A S F Rahman, Chairman of the Company presided over the meeting. The performance of the Company in 2011 and the future strategies were discussed in the meeting. The meeting among other agenda approved 21% stock dividend for the year 2011. The Chairman thanked the shareholders for their keen interest in and continued support for the Company.

সিউটি ক্যালসুলিঃ  
সাধারণ সভা, ২০১২  
ACEUTICALS LIMITED  
GENERAL MEETING, 2012



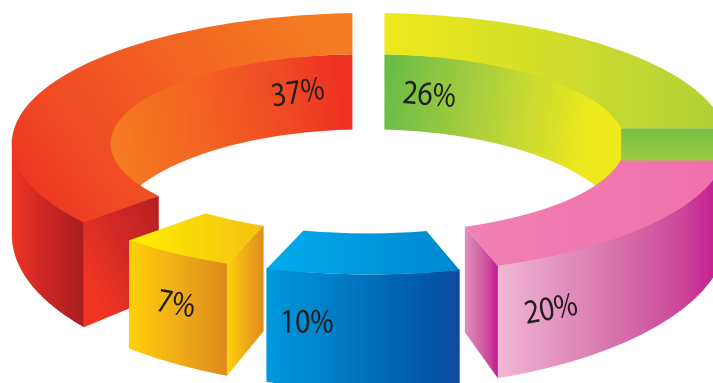


# Value Added Statement

For the Year Ended 31 December 2012

Taka in thousand

	Tk.	%
<b>Value Added :</b>		
Sales & Other Income	11,216,947	
Bought-in-Materials & Services	(5,043,415)	
	<b>6,173,532</b>	<b>100</b>
<b>Applications :</b>		
Retained by the Company	1,596,796	26
Salaries and Benefits to Employees	1,222,493	20
Interest to Lenders	645,407	10
Dividend to Shareholders	456,959	7
Duties & Taxes to Govt. Exchequer	2,251,877	37
	<b>6,173,532</b>	<b>100</b>

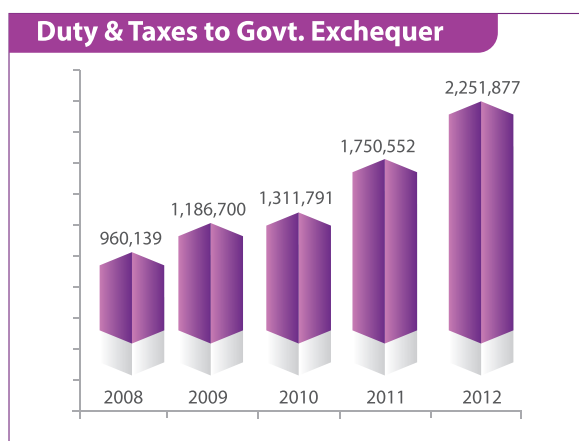
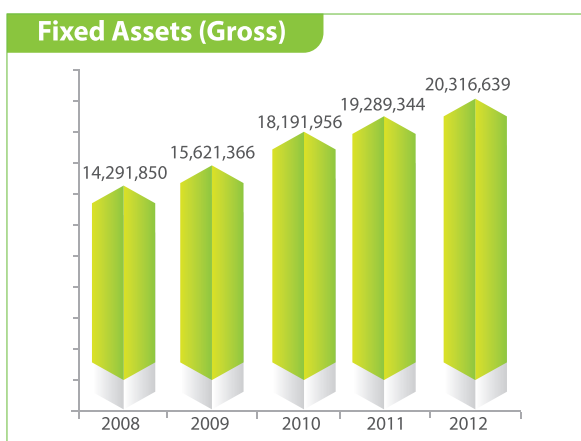
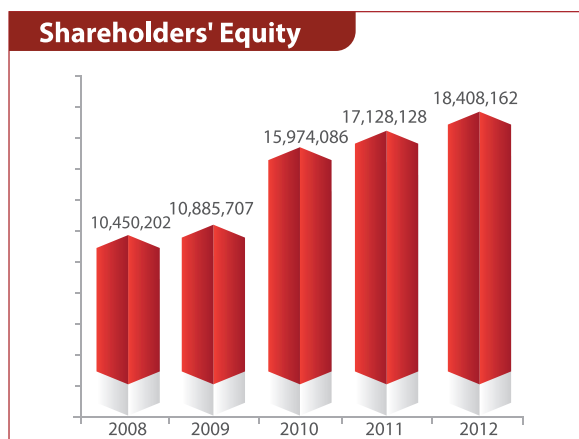
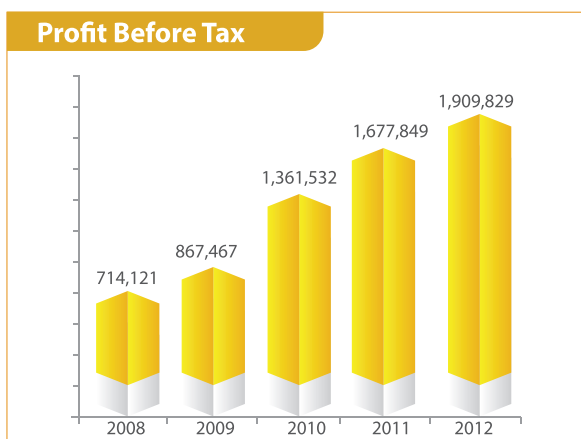
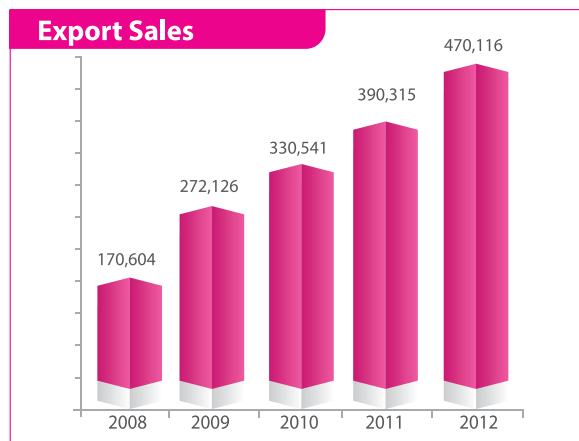
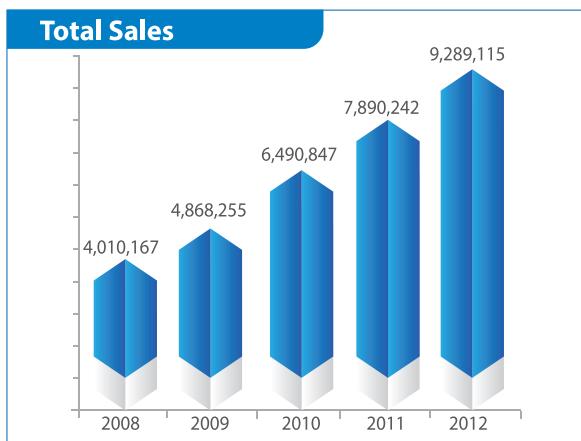


- Retained by the Company
- Salaries and Benefits to Employees
- Interest to Lenders
- Dividend to Shareholders
- Duties & Taxes to Govt. Exchequer



# Graphical View of Selected Growth Indicators

Taka in thousand



## Independent Auditors' Report

### To The Shareholders of Beximco Pharmaceuticals Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Beximco Pharmaceuticals Limited, which comprise the Statement of Financial Position as at 31 December 2012, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) and Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1994 and the Securities and Exchange Rules 1987, we report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 these books;
- (c) the Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the company's business.

Dhaka  
30 April, 2013

  
**M.J. Abedin & Co.**  
Chartered Accountants

**Beximco Pharmaceuticals Limited**  
**Statement of Financial Position**  
As at 31 December 2012

	Notes	Amount in Taka	
		2012	2011
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment- Carrying Value	4 (a)	16,201,858,216	15,745,492,625
Intangible Assets	3.3 & 5	187,079,147	135,933,879
Investment in Shares	6	3,451,276	3,451,276
<b>Current Assets</b>		<b>8,197,421,953</b>	<b>7,148,462,753</b>
Inventories	7	2,433,987,981	2,291,844,631
Spares & Supplies	8	396,175,790	325,881,244
Accounts Receivable	9	1,162,404,807	978,224,317
Loans, Advances and Deposits	10	965,276,373	840,320,705
Short Term Investment	11	2,686,598,326	2,193,423,560
Cash and Cash Equivalents	12	552,978,676	518,768,296
<b>TOTAL ASSETS</b>		<b>24,589,810,592</b>	<b>23,033,340,533</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Issued Share Capital	13	3,046,390,500	2,517,678,100
Share Premium	3.13	5,269,474,690	5,269,474,690
Excess of Issue Price over Face Value of GDRs	14	1,689,636,958	1,689,636,958
Capital Reserve on Merger		294,950,950	294,950,950
Revaluation Surplus	4(b)	1,406,527,880	1,466,602,600
Retained Earnings		6,701,180,881	5,889,784,879
<b>Non-Current Liabilities</b>		<b>3,116,703,964</b>	<b>3,257,050,368</b>
Long Term Borrowings-Net off Current Maturity (Secured)	15	1,469,621,611	1,890,074,651
Liability for Gratuity & WPPF	16	499,622,784	403,598,795
Deferred Tax Liability	17	1,147,459,569	963,376,922
<b>Current Liabilities and Provisions</b>		<b>3,064,944,769</b>	<b>2,648,161,988</b>
Short Term Borrowings	18	1,526,449,918	1,642,216,008
Long Term Borrowings-Current Maturity	19	664,712,728	363,744,181
Creditors and Other Payables	20	470,097,685	523,798,136
Accrued Expenses	21	128,598,961	101,559,917
Dividend Payable		1,020,948	1,361,452
Income Tax Payable	22	274,064,529	15,482,294
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,589,810,592</b>	<b>23,033,340,533</b>

The Notes are integral part of the Financial Statements.

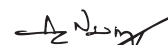
Approved and authorised for issue by the Board of Directors on 30 April, 2013 and signed for and on behalf of the Board :



**Salman F Rahman**  
Vice Chairman



**Nazmul Hassan**  
Managing Director



**Ali Nawaz**  
Chief Financial Officer

Per our report of even date.

Dhaka,  
30 April, 2013



**M. J. Abedin & Co.**  
Chartered Accountants

**Beximco Pharmaceuticals Limited**  
**Statement of Comprehensive Income**  
For the year ended 31 December 2012

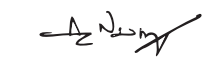
	Notes	Amount in Taka	
		2012	2011
<b>Net Sales Revenue</b>	23	<b>9,289,115,284</b>	<b>7,890,241,843</b>
Cost of Goods Sold	24	(4,899,713,857)	(4,103,709,021)
<b>Gross Profit</b>		<b>4,389,401,427</b>	<b>3,786,532,822</b>
<b>Operating Expenses</b>		<b>(2,181,521,867)</b>	<b>(1,798,053,124)</b>
Administrative Expenses	27	(332,225,347)	(275,201,846)
Selling, Marketing and Distribution Expenses	28	(1,849,296,520)	(1,522,851,278)
<b>Profit from Operations</b>		<b>2,207,879,560</b>	<b>1,988,479,698</b>
Other Income	29	442,847,713	340,907,774
Finance Cost	30	(645,406,575)	(567,645,757)
<b>Profit before Contribution to W P P &amp; Welfare Funds</b>		<b>2,005,320,698</b>	<b>1,761,741,715</b>
Contribution to W P P & Welfare Funds	31	(95,491,462)	(83,892,463)
<b>Profit Before Tax</b>		<b>1,909,829,236</b>	<b>1,677,849,252</b>
<b>Income Tax Expenses</b>	32	<b>(590,439,908)</b>	<b>(479,323,910)</b>
Current Tax		(445,712,907)	(207,549,905)
Deferred Tax		(144,727,001)	(271,774,005)
<b>Profit after Tax for the Year</b>		<b>1,319,389,328</b>	<b>1,198,525,342</b>
Other Comprehensive Income		—	—
<b>Total Comprehensive Income for the Year</b>		<b>1,319,389,328</b>	<b>1,198,525,342</b>
Earnings Per Share (EPS) / Adjusted EPS (2011)	33	4.33	3.93
Number of Shares used to compute EPS		304,639,050	304,639,050

The Notes are integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on 30 April, 2013 and signed for and on behalf of the Board :

  
**Salman F Rahman**  
Vice Chairman

  
**Nazmul Hassan**  
Managing Director

  
**Ali Nawaz**  
Chief Financial Officer

Per our report of even date.

Dhaka,  
30 April, 2013

  
**M. J. Abedin & Co.**  
Chartered Accountants



**Beximco Pharmaceuticals Limited**  
**Statement of Changes in Equity**  
For the year ended 31 December 2012

Amount in Taka

	Share Capital	Share Premium	Excess of Issue Price over Face Value of GDRs	Capital Reserve on Merger	Revaluation Surplus	Retained Earnings	Total
<b>Balance as on January 01, 2012</b>	<b>2,517,678,100</b>	<b>5,269,474,690</b>	<b>1,689,636,958</b>	<b>294,950,950</b>	<b>1,466,602,600</b>	<b>5,889,784,879</b>	<b>17,128,128,177</b>
<b>Total Comprehensive Income for 2012:</b>							
Profit for the Year	—	—	—	—	—	1,319,389,328	1,319,389,328
Other Comprehensive Income	—	—	—	—	—	—	—
<b>Transactions with the Shareholders:</b>							
Stock Dividend for 2011	528,712,400	—	—	—	—	(528,712,400)	—
Adjustment for Depreciation on Revalued Assets	—	—	—	—	(20,719,074)	20,719,074	—
Adjustment for Deferred Tax on Revalued Assets	—	—	—	—	(39,355,646)	—	(39,355,646)
<b>Balance as on December 31, 2012</b>	<b>3,046,390,500</b>	<b>5,269,474,690</b>	<b>1,689,636,958</b>	<b>294,950,950</b>	<b>1,406,527,880</b>	<b>6,701,180,881</b>	<b>18,408,161,859</b>
Number of Shares							304,639,050
Net Asset Value (NAV) Per Share							60.43

The Notes are integral part of the Financial Statements.

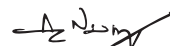
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**Salman F Rahman**  
Vice Chairman




**Nazmul Hassan**  
Managing Director



**Ali Nawaz**  
Chief Financial Officer

Per our report of even date.



**M. J. Abedin & Co.**  
Chartered Accountants


Dhaka,  
30 April, 2013

**Beximco Pharmaceuticals Limited**  
**Statement of Cash Flows**  
For the year ended 31 December 2012

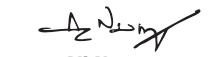
	Amount in Taka	
	2012	2011
<b>Cash Flows from Operating Activities :</b>		
Receipts from Customers and Others	9,107,836,251	7,741,749,367
Payments to Suppliers and Employees	(6,855,119,972)	(5,773,745,087)
<b>Cash Generated from Operations</b>	<b>2,252,716,279</b>	<b>1,968,004,280</b>
Interest Paid	(645,406,575)	(567,645,757)
Interest Received	437,201,038	330,494,566
Income Tax Paid	(187,130,672)	(154,331,358)
<b>Net Cash Generated from Operating Activities</b>	<b>1,857,380,070</b>	<b>1,576,521,731</b>
<b>Cash Flows from Investing Activities :</b>		
Acquisition of Property, Plant and Equipment	(1,033,862,245)	(1,112,175,207)
Intangible Assets	(65,272,280)	(95,949,037)
Investment in Shares	—	2,847,250
Disposal of Property, Plant and Equipment	4,730,688	5,178,814
Short Term Investment	(493,174,766)	(1,334,019,856)
<b>Net Cash Used in Investing Activities</b>	<b>(1,587,578,603)</b>	<b>(2,534,118,036)</b>
<b>Cash Flows from Financing Activities :</b>		
Net Increase / (Decrease) in Long Term Borrowings	(119,484,493)	2,807,656
Net Increase / (Decrease) in Short Term Borrowings	(115,766,090)	2,254,956
Ordinary Share Dividend	(340,504)	(146,447)
<b>Net Cash Generated from Financing Activities</b>	<b>(235,591,087)</b>	<b>4,916,165</b>
<b>Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>34,210,380</b>	<b>(952,680,140)</b>
Cash and Cash Equivalents at Beginning of Year	518,768,296	1,471,448,436
<b>Cash and Cash Equivalents at End of Year</b>	<b>552,978,676</b>	<b>518,768,296</b>
<b>Net Operating Cash Flow Per Share</b>	<b>6.10</b>	<b>6.26</b>
Number of Shares used to compute Net Operating Cash Flow Per Share	304,639,050	251,767,810

The Notes are integral part of the Financial Statements.

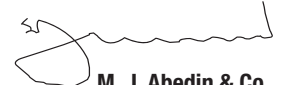
Approved and authorised for issue by the Board of Directors on 30 April, 2013 and signed for and on behalf of the Board :

  
**Salman F Rahman**  
Vice Chairman

  
**Nazmul Hassan**  
Managing Director

  
**Ali Nawaz**  
Chief Financial Officer

Dhaka,  
30 April, 2013

Per our report of even date.  
  
**M. J. Abedin & Co.**  
Chartered Accountants

## Beximco Pharmaceuticals Limited

### Notes to the Financial Statements

As at and for the year ended 31 December 2012

#### 1. Reporting Entity

##### 1.1 About the Company

Beximco Pharmaceuticals Limited (BPL/ the Company) was incorporated as a public limited company in Bangladesh in 1976. It commenced its manufacturing operation in 1980. The company was listed with Dhaka Stock Exchange in 1985 and with Chittagong Stock Exchange on its debut in 1995. In 2005, BPL took over Beximco Infusions Ltd., a listed company of the Beximco Group engaged in manufacturing and marketing of intravenous fluids and got enlisted with the Alternative Investment Market (AIM) of the London Stock Exchange through issuance of Global Depository Receipts (GDRs). Shares of the Company are traded in Dhaka and Chittagong Stock Exchanges of Bangladesh and its GDRs in AIM of the London Stock Exchange.

The registered office of the company is located at House No. 17, Road No. 2, Dhanmondi R/A, Dhaka. The industrial units are located at Tongi and Kaliakoir of Gazipur District – vicinities close to the capital city Dhaka.

##### 1.2 Nature of Business

The company is engaged in manufacturing and marketing of generic pharmaceuticals formulation products including life saving intravenous fluids and Active Pharmaceutical Ingredients (APIs). Products of the company are sold in domestic and international markets. The company also provides contract manufacturing services.

#### 2. Basis of Preparation of Financial Statements

##### 2.1 Basis of Measurement

The financial statements have been prepared on the Historical Cost Basis except land, building and plant & machinery revalued as on 31 December 2008 and disclosed through Note: 4 b. The financial statements therefore, do not take into consideration the effect of inflation.

##### 2.2 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRSs), and Bangladesh Financial Reporting Standards (BFRSs).

##### 2.3 Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by IAS 1: Presentation of Financial Statements.

The financial statements comprises of:

- (a) a Statement of Financial Position as at the end of the year 2012 ;
- (b) a Statement of Comprehensive Income for the year 2012;
- (c) a Statement of Changes in Equity for the year 2012;
- (d) a Statement of Cash Flows for the year 2012 ; and
- (e) notes, comprising summary of significant accounting policies and explanatory information.

##### 2.4 Reporting Period

The financial statements cover one calendar year from January 01, 2012 to December 31, 2012.

##### 2.5 Authorisation for Issue

The financial statements have been authorised for issue by the Board of Directors on April 30, 2013.

##### 2.6 Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

## 2.7 Comparative Information

Comparative information has been disclosed in respect of the year 2011 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2011 have been re-arranged wherever considered necessary to ensure better comparability with the current year.

## 2.8 Use of Estimates and Judgments

The preparation of financial statements in conformity with the IFRSs including IASs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation, accrued expenses, other payable and deferred liability for gratuity.

## 3. Significant Accounting Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Revenue Recognition

In compliance with the requirements of IAS 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 the 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.

Revenue from sales is exclusive of VAT.

Cash dividend income on investment in shares is recognized on approval of said dividend in the annual general meeting. Stock dividend income (Bonus Shares) is not considered as revenue.

### 3.2 Property, Plant and Equipment

#### 3.2.1 Recognition and Measurement

This has been stated at cost or revalued amount less accumulated depreciation in compliance with the requirements of IAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

#### 3.2.2 Maintenance Activities

The company incurs maintenance costs for all its major items of property, plant and equipment. Repair and maintenance costs are charged as expenses when incurred.

#### 3.2.3 Depreciation

Depreciation is provided to amortise the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property, Plant and Equipment. Depreciation is provided at the following rates on reducing balance basis:

Building and Other Construction	2% - 10%
Plant and Machinery	5% - 15%
Furniture & Fixtures	10%
Transport & Vehicle	20%
Office Equipment	10% - 15%

#### 3.2.4 Retirements and Disposals

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.



### **3.3 Intangible Assets**

Intangible assets are stated at cost less provisions for amortization and impairments. Licenses, patents, know-how and marketing rights acquired are amortized over their estimated useful lives, using the straight line basis, from the time they are available for use. The cost of acquiring and developing computer software for internal use and internet sites for external use are capitalized as intangible fixed assets where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset. Also, the research and development expenditures that are definite to yield benefit to the company are capitalized.

### **3.4 Leased Assets**

In compliance with the IAS 17: Leases, cost of assets acquired under finance lease along with related obligation has been accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses. Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

### **3.5 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **3.5.1 Financial Assets**

Financial assets of the company include cash and cash equivalents, accounts receivable and other receivables. The company initially recognizes receivable on the date they are originated. All others financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows from the asset expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

##### **3.5.1(a) Accounts Receivable**

Accounts receivable are created at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions. When an accounts receivable is determined to be uncollected it is written off, firstly against any provision available and then to the profit and loss account. Subsequent recoveries of amounts previously provided for are credited to the profit and loss account.

##### **3.5.1(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, in transit and with banks on current and deposit accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

##### **3.5.1(c) Investment in Shares**

Investment in shares of listed company is valued at lower of cost and stock exchange quoted value of year end. Investment in other shares is valued at lower of cost and net book value.

#### **3.5.2 Financial Liability**

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Finance liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

### **3.6 Impairment**

#### **(a) Financial Assets**

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effects on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc.

#### **(b) Non-Financial Assets**

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates

the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

### **3.7 Inventories**

Inventories are carried at the lower of cost and net realizable value as prescribed by IAS 2: Inventories. Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

### **3.8 Provisions**

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

### **3.9 Income Tax Expense**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income and accounted for in accordance with the requirements of IAS 12 : Income Tax.

#### **Current Tax**

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years. The company qualifies as a "Publicly Traded Company"; hence the applicable Tax Rate is 27.50%.

#### **Deferred Tax**

The company has recognized deferred tax using balance sheet method in compliance with the provisions of IAS 12: Income Taxes. The company's policy of recognition of deferred tax assets/ liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per shares (EPS).

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available, against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.10 Interest Income**

Interest income is recognized on accrual basis.

### **3.11 Borrowing Cost**

Borrowing costs are recognized as expenses in the period in which they are incurred unless capitalization of such is allowed under IAS 23 : Borrowing Costs.

### **3.12 Employee Benefits**

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits. The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

#### **(a) Defined Contribution Plan (Provident Fund)**

The company has a registered provident fund scheme (Defined Contribution Plan) for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

**(b) Defined Benefit Plan (Gratuity)**

This represents unfunded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of minimum five years of service in the company. The gratuity is calculated on the latest applicable basic pay and is payable at the rate of one month basic pay for every completed year of service.

Though no valuation was done to quantify actuarial liabilities as per the IAS 19 : Employee Benefits, such valuation is not likely to yield a result significantly different from the current provision.

**(c) Short-term Employee Benefits**

Short-term employee benefits include salaries, bonuses, leave encashment, etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

**(d) Contribution to Workers' Profit Participation/ Welfare Funds**

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labor Law, 2006 and is payable to workers as defined in the said law.

**(e) Insurance Scheme**

Employees of the company are covered under insurance schemes.

**3.13 Share Premium**

The Share Premium shall be utilized in accordance with the provisions of the Companies Act, 1994 and as per direction of the Securities and Exchange Commission in this respect.

**3.14 Proposed Dividend**

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts along with dividend per share in accordance with the requirements of the Para 125 of International Accounting Standard (IAS) 1: Presentation of Financial Statements. Also, the proposed dividend has not been considered as "Liability" in accordance with the requirements of the Para 12 & 13 of International Accounting Standard (IAS) 10: Events After The Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board of Directors.

**3.15 Earnings per Share (EPS)**

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share, dividing the basic earnings i.e. earnings for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

**Current Year (2012)**

The Bonus Shares issued during the year 2012 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2012, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares outstanding during the year 2012.

**Earlier Year (2011)**

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2011), and accordingly, in calculating the adjusted EPS of 2011, the total number of shares including the subsequent bonus issue in 2012 has been considered as the Weighted Average number of Shares outstanding during the year 2011.

The basis of computation of number of shares as stated above is in line with the provisions of IAS 33: Earning per Share. The logic behind this basis, as stated in the said IAS is that the bonus Shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources.

**Diluted Earnings per Share**

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

**3.16 Foreign Currency Transactions**

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date. The monetary assets and liabilities, if any, denominated in foreign currencies at the financial position date are translated at the applicable

rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure in compliance with the provisions of IAS 21: The Effects of Changes in Foreign Exchange Rates.

### 3.17 Statement of Cash Flows

The Statement of Cash Flow has been prepared in accordance with the requirements of IAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

### 3.18 Events after Reporting Period

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate that the going concern assumption is not appropriate are reflected in the financial statements. Events after reporting period that are not adjusting events are disclosed in the notes when material.

## 4 (a). Property, Plant and Equipment

Amount in Taka

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total
<b>Cost</b>							
At January 01, 2012	3,300,277,064	6,277,510,803	7,019,944,814	139,429,486	384,509,122	313,797,038	17,435,468,327
Additions during the year	1,824,909	13,452,228	60,256,908	18,521,099	80,085,464	15,716,107	189,856,715
Transferred & Capitalized	—	42,208,332	313,373,868	—	—	8,900	355,591,100
Disposal during the year	—	—	—	(350,000)	(6,217,870)	—	(6,567,870)
<b>Cost at 31 December, 2012</b>	<b>3,302,101,973</b>	<b>6,333,171,363</b>	<b>7,393,575,590</b>	<b>157,600,585</b>	<b>458,376,716</b>	<b>329,522,045</b>	<b>17,974,348,272</b>
<b>Accumulated Depreciation</b>							
At January 01, 2012	—	709,210,855	2,437,580,495	50,940,543	140,864,840	205,255,310	3,543,852,043
Depreciation during the year	—	174,204,578	328,073,724	8,815,394	48,398,762	16,018,726	575,511,184
Adjustment for assets disposed off	—	—	—	(15,000)	(4,567,400)	—	(4,582,400)
<b>Accumulated Depreciation at December 31, 2012</b>	<b>—</b>	<b>883,415,433</b>	<b>2,765,654,219</b>	<b>59,740,937</b>	<b>184,696,202</b>	<b>221,274,036</b>	<b>4,114,780,827</b>
<b>Net Book Value December 31, 2012</b>	<b>3,302,101,973</b>	<b>5,449,755,930</b>	<b>4,627,921,371</b>	<b>97,859,648</b>	<b>273,680,514</b>	<b>108,248,009</b>	<b>13,859,567,445</b>
<b>Capital Work in Progress</b>							<b>2,342,290,771</b>
<b>Carrying Value as on 31 December, 2012</b>							<b>16,201,858,216</b>

Assets include lease hold assets of Tk. 940,006,938 at cost and Tk. 749,910,759 at carrying value.

### Capital Work in Progress is arrived at as follows :

Amount in Taka

	2012	2011
Balance as on January 01	1,853,876,341	2,677,680,112
Addition during the year	844,005,530	582,288,647
	<b>2,697,881,871</b>	<b>3,259,968,759</b>
<b>Transferred &amp; Capitalized</b>	<b>(355,591,100)</b>	<b>(1,406,092,418)</b>
Building and Other Constructions	(42,208,332)	(690,853,922)
Plant & Machinery	(313,373,868)	(709,159,431)
Office Equipment	(8,900)	—
Furniture	—	(6,079,065)
<b>Balance as on December 31</b>	<b>2,342,290,771</b>	<b>1,853,876,341</b>



#### 4 (b). Revaluation Surplus

S.F. Ahmed & Co, Chartered Accountants and Valuers revalued the land, building and plant & machinery of the Company as of 31 December 2008, following "Current cost method". Such revaluation resulted into a revaluation surplus aggregating Tk.1,711,174,747. Current balance is arrived at as follows:

	Amount in Taka	
	2012	2011
Balance as on January 01	1,466,602,600	1,534,645,820
Adjustment for depreciation on revalued assets	(20,719,074)	(23,559,604)
Adjustment for Deferred Tax on revalued assets	(39,355,646)	(44,483,616)
	<b>1,406,527,880</b>	<b>1,466,602,600</b>

#### 5. Intangible Assets

This is arrived at as follows :

Balance as on January 01	135,933,879	51,126,854
Addition during the year	65,272,280	95,949,037
<b>Total</b>	<b>201,206,159</b>	<b>147,075,891</b>
Amortized during the year	(14,127,012)	(11,142,012)
<b>Balance as on December 31</b>	<b>187,079,147</b>	<b>135,933,879</b>

#### 6. Investment in Shares

This consists of as follows :

(a) Bangladesh Export Import Co. Ltd.	1,881,826	1,881,826
(b) Central Depository Bangladesh Ltd. (CDBL)	1,569,450	1,569,450
	<b>3,451,276</b>	<b>3,451,276</b>

##### Share details

(a) Number of shares as on December 31, 2012 :

Bangladesh Export Import Co. Ltd.	87,050
Central Depository Bangladesh Ltd. (CDBL)	571,182

(b) The shares of Bangladesh Export Import Co. Ltd. are listed in Dhaka and Chittagong Stock Exchanges. The market value of each share of Bangladesh Export Import Co.Ltd. on last working day of the year was Tk. 64.40 in Dhaka Stock Exchange Ltd. and Tk. 64.10 in Chittagong Stock Exchange Ltd., Shares of CDBL are not traded.

#### 7. Inventories

This consists of as follows :

Finished Goods	629,828,725	639,241,751
Work in Process	246,214,085	169,345,787
Raw Materials	832,312,053	842,081,846
Packing Materials	455,793,262	473,502,950
Laboratory Chemicals	1,051,434	1,026,434
Physician Samples	65,863,326	52,126,812
Raw & Packing Materials in Transit	202,925,096	114,519,051
	<b>2,433,987,981</b>	<b>2,291,844,631</b>

## 8. Spares & Supplies

This consists of as follows :

	Amount in Taka	
	2012	2011
Spares & Accessories	286,649,212	228,521,952
Stock of Stationery	5,712,885	2,161,257
Literature & Promotional Materials	103,813,693	95,198,035
	<b>396,175,790</b>	<b>325,881,244</b>

## 9. Accounts Receivable

This includes receivable of Tk. 138,233,280 equivalent to US\$ 1,727,916 (on 31-12-2011 Tk. 67,778,102 equivalent to US\$ 841,964) against export sales.

This also includes Tk. 866,497,270 (on 31-12-2011 Tk. 768,912,524) due from I & I Services Ltd., who provides delivery support to the Company and a "Related Party". The maximum amount due from that company during the year was Tk. 1,021,641,263 on September 30, 2012 (on 30 November, 2011 Tk.802,568,012).

No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

## 10. Loans, Advances and Deposits

This is unsecured, considered good and consists of as follows :

Clearing & Forwarding	19,350,585	19,954,936
VAT	215,793,398	229,819,634
Claims Receivable	15,735,731	17,726,489
Security Deposit & Earnest Money	23,151,164	15,232,730
Lease Deposit	15,262,058	15,262,058
Capital Expenditure/ Project Expenses	54,725,188	14,725,188
Bank Guarantee Margin	57,125,828	40,745,505
Advance against Salary	869,546	221,546
Rent Advance	64,266,534	56,643,777
Motor Cycle	6,573,135	4,505,333
Raw & Packing Material	132,314,896	110,196,782
Prepaid Expenses	330,283,008	282,346,315
Others	—	1,949,153
	29,825,302	30,991,259
	<b>965,276,373</b>	<b>840,320,705</b>

(a) The maximum amount due from the employees during the year was Tk. 74,756,857 on June 30, 2012.

(b) No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person, except as stated above.

(c) No amount was due from any related party.

## 11. Short Term Investment

This represents the Company's temporary investment with Bangladesh Export Import Company Limited (Beximco Ltd.), carrying interest 1% above bank interest rate. This investment is returnable as and when required by the Company.

## 12. Cash and Cash Equivalents

	Amount in Taka	
This consists of as follows :	2012	2011
(a) Cash in Hand (Including Imprest Cash)	2,540,331	1,716,358
(b) Cash at Bank :		
(i) Current & FC Account	85,034,470	107,182,703
(ii) FDR Account	465,403,875	409,869,235
	<b>552,978,676</b>	<b>518,768,296</b>

## 13. Issued Share Capital

This represents :

### A. Authorized :

500,000,000 Ordinary Shares of Tk. 10/- each  
41,000,000 Fully Convertible, 5% Dividend, Preference Shares of Tk. 100/- each

5,000,000,000	5,000,000,000
4,100,000,000	4,100,000,000
<b>9,100,000,000</b>	<b>9,100,000,000</b>

### B. Issued, Subscribed and Paid-up :

51,775,750 shares of Tk. 10/- each fully paid-up in cash  
215,620,903 Bonus Shares (2011: 162,749,663) of Tk. 10/- each  
5,951,250 Shares of Tk. 10/- each issued in Exchange of Shares of Beximco Infusions Ltd.  
31,291,147 Shares issued on conversion of Preference Shares

517,757,500	517,757,500
2,156,209,030	1,627,496,630
59,512,500	59,512,500
312,911,470	312,911,470
<b>3,046,390,500</b>	<b>2,517,678,100</b>

The movement of Ordinary Shares during the year 2012 is as follows :

	Number of Shares	Amount in Taka
Balance as on January 01, 2012	251,767,810	2,517,678,100
Bonus Shares issued during the year 2012 (for 2011)	52,871,240	528,712,400
<b>Balance as on December 31, 2012</b>	<b>304,639,050</b>	<b>3,046,390,500</b>

### C. Composition of Shareholding of Ordinary Shares:

	2012		2011	
	No. of Shares	%	No. of Shares	%
Sponsors :				
A S F Rahman	6,186,095	2.03	3,312,476	1.32
Salman F Rahman	6,200,577	2.04	2,454,444	0.97
Associates and Other Directors	30,109,655	9.88	23,461,592	9.32
Foreign Investors	71,829,205	23.58	59,970,526	23.82
ICB including ICB Investors Account	40,281,087	13.22	29,135,058	11.57
General Public & Institutions	150,032,431	49.25	133,433,714	53.00
	<b>304,639,050</b>	<b>100</b>	<b>251,767,810</b>	<b>100</b>

**D. Distribution Schedule of Ordinary Shares:**

Range of Holdings In number of shares	No. of Shareholders		% of Shareholders		Number of Shares		% of Share Capital	
	2012	2011	2012	2011	2012	2011	2012	2011
1 to 499	65,708	69,988	76.15%	78.91%	8,097,306	8,603,693	2.66%	3.42%
500 to 5,000	18,277	16,816	21.18%	18.96%	24,648,855	22,653,112	8.09%	9.00%
5,001 to 10,000	1,216	943	1.41%	1.06%	8,417,999	6,614,186	2.76%	2.63%
10,001 to 20,000	517	441	0.60%	0.50%	7,136,417	6,029,631	2.34%	2.39%
20,001 to 30,000	156	142	0.18%	0.16%	3,837,480	3,484,617	1.26%	1.38%
30,001 to 40,000	73	67	0.08%	0.07%	2,525,253	2,312,160	0.83%	0.92%
40,001 to 50,000	46	33	0.05%	0.04%	2,042,473	1,487,163	0.67%	0.59%
50,001 to 100,000	99	95	0.12%	0.11%	7,089,661	6,670,278	2.33%	2.65%
100,001 to 1,000,000	159	136	0.18%	0.15%	47,429,395	39,226,466	15.57%	15.58%
Over 1,000,000	39	36	0.05%	0.04%	193,414,211	154,686,504	63.49%	61.44%
<b>Total</b>	<b>86,290</b>	<b>88,697</b>	<b>100%</b>	<b>100%</b>	<b>304,639,050</b>	<b>251,767,810</b>	<b>100%</b>	<b>100%</b>

**E. Market Price of Ordinary Shares:**

The shares are listed with Dhaka, Chittagong and London Stock Exchanges. On the last working day of the year, each share was quoted at Tk. 55.90 (in 2011 Tk. 93.60) in Dhaka Stock Exchange Ltd., Tk. 55.80 (in 2011 Tk. 93.60) in Chittagong Stock Exchange Ltd., and GBP 0.178 in London Stock Exchange (in 2011 GBP 0.257).

**F. Option on unissued Ordinary Shares:**

There was no option on unissued shares as on December 31, 2012.

**14. Excess of Issue Price over Face Value of GDRs**

This represents the issue price of 28,175,750 GDRs at Tk. 2,244,080,670 net off face value of underlying shares against GDRs and GDR issue expenses as per IAS 32: Financial Instruments: Presentation.

**15. Long Term Borrowing - Net off Current Maturity (Secured)****This arrived at as follows:**

	Amount in Taka	
	2012	2011
(a) Project Loan	1,336,416,545	1,696,629,049
(b) Interest and PAD Block	—	9,205,000
(c) Obligation Under Finance Leases	133,205,066	184,240,602
	<b>1,469,621,611</b>	<b>1,890,074,651</b>

**(a) Project Loan**

This loan was sanctioned under the consortium arrangement of Janata Bank Ltd., Sonali Bank Ltd., Agrani Bank Ltd., Rupali Bank Ltd. and United Commercial Bank Ltd. for the US FDA standard oral solid dosage facility of the company. Janata Bank is the lead bank to the consortium.

This Loan is secured against:

- (i) First (registered mortgage) charge on paripassu basis with the participating banks on 1,113 decimals of land at Kathaldia, Aushpara, Tongi of Gazipur along with the building and other constructions thereon ; and
- (ii) First paripassu charge by way of hypothecation on all assets of the company both present and future.
- (iii) This Loan, carrying interest at 13.00% to 15.50% per annum, is repayable in quarterly installments ending by 2017.



## 16. Liability for Gratuity & WPPF

Liability for gratuity is the amount payable to the permanent employees at the time of separation from the company. The liability for WPPF refers to the loan from the Workers' Profit Participation Fund.

	Amount in Taka	
	2012	2011
<b>(a) Gratuity Payable</b>		
Balance as on January 01	187,501,076	156,355,610
Provisions during the year	49,207,664	38,123,003
	<b>236,708,740</b>	<b>194,478,613</b>
Paid during the year	(12,746,233)	(6,977,537)
	<b>223,962,507</b>	<b>187,501,076</b>
<b>(b) Loan from WPPF</b>		
	275,660,277	216,097,719
	<b>499,622,784</b>	<b>403,598,795</b>

## 17. Deferred Tax Liability

This arrived at as follows :

Balance as on January 01	963,376,922	647,119,301
Addition during the year :		
Deferred Tax on assets (cost basis)- Note : 32	144,727,001	271,774,005
Deferred Tax on revalued amount	39,355,646	44,483,616
	<b>1,147,459,569</b>	<b>963,376,922</b>

## 18. Short Term Borrowings

This represents Cash Credit-Hypothecation loan from Janata Bank Ltd. bearing interest @ 15.50%

## 19. Long Term Borrowings-Current Maturity

This consists of as follows and is payable within next twelve months from the Balance Sheet date :

Project Loan	568,588,942	250,000,000
Interest & PAD Block	3,792,100	30,000,000
Obligation under Finance Leases	92,331,686	83,744,181
	<b>664,712,728</b>	<b>363,744,181</b>

## 20. Creditors and Other Payables

This consists of :

Goods & Services	140,659,520	206,960,545
Provident Fund	323,432,697	309,454,709
Advance Against Export	472,333	1,424,747
Others	5,533,135	5,958,135
	<b>470,097,685</b>	<b>523,798,136</b>

## 21. Accrued Expenses

This is unsecured, falling due within one year and consists of as follows :

For Expenses	33,107,499	17,667,454
Workers' Profit Participation & Welfare Funds- current year's expense (Note 31)	95,491,462	83,892,463
	<b>128,598,961</b>	<b>101,559,917</b>

## 22. Income Tax Payable

This is arrived at as follows :

	Amount in Taka	
	2012	2011
Balance on January 01	15,482,294	—
Provision for the year	334,871,966	166,380,262
Short Provision for previous years	110,840,941	41,169,643
Paid during the year	(17,101,965)	(7,518,596)
	<b>444,093,236</b>	<b>200,031,309</b>
Advance Income Tax adjusted	(170,028,707)	(184,549,015)
	<b>274,064,529</b>	<b>15,482,294</b>

## 23. Net Sales Revenue

This consists of as follows :

Local Sales	8,818,999,143	7,499,926,523
Export Sales US\$ 5,791,113 (in 2011 US\$ 5,255,965)	470,116,141	390,315,320
	<b>9,289,115,284</b>	<b>7,890,241,843</b>

Sales represents :

Product Category	Unit	Quantity	
		2012	2011
Tablet, Capsule, Suppository & DPI	Million pcs.	2,981.40	2,789.68
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectible and Inhaler	Million pcs.	63.05	59.26
Active Pharmaceutical Ingredients	Kg	158,852	146,626
Liquid Nitrogen	Liter	236,597	102,985

## 24. Cost of Goods Sold

This is made-up as follows :

Work-in-Process (Opening)	169,345,787	195,111,787
Materials Consumed (Note: 25)	3,831,308,573	3,195,829,494
Factory Overhead (Note: 26)	1,269,375,857	1,066,936,836
<b>Total Manufacturing Cost</b>	<b>5,270,030,217</b>	<b>4,457,878,117</b>
Work-in-Process (Closing)	(246,214,085)	(169,345,787)
<b>Cost of Goods Manufactured</b>	<b>5,023,816,132</b>	<b>4,288,532,330</b>
Finished Goods (Opening)	639,241,751	565,049,644
<b>Finished Goods Available</b>	<b>5,663,057,883</b>	<b>4,853,581,974</b>
Cost of Physician Sample transferred to Sample Stock	(133,515,301)	(110,631,202)
Finished Goods (Closing)	(629,828,725)	(639,241,751)
	<b>4,899,713,857</b>	<b>4,103,709,021</b>

**Item wise quantity and value of Finished Goods Stock are as follows :**

<b>Stock as January 01, 2012</b>	<b>Unit</b>	<b>Quantity</b>	<b>Value (Tk.)</b>
Tablet, Capsul, Suppository & DPI	Million pcs.	499.89	374,175,104
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million pcs.	8.18	241,774,083
Active Pharmaceutical Ingredients	Kg	8,084	23,292,564
			<b>639,241,751</b>
<hr/>			
<b>Stock as December 31, 2012</b>			
Tablet, Capsul, Suppository & DPI	Million pcs.	527.72	424,313,622
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million pcs.	6.35	200,971,815
Active Pharmaceutical Ingredients	Kg	1,546	4,543,288
			<b>629,828,725</b>

**25. Materials Consumed**

This is made-up as follows :

Opening Stock  
Purchase  
Closing Stock

Amount in Taka

	<b>2012</b>	<b>2011</b>
Opening Stock	1,316,611,230	1,101,214,127
Purchase	3,803,854,092	3,411,226,597
Closing Stock	(1,289,156,749)	(1,316,611,230)
	<b>3,831,308,573</b>	<b>3,195,829,494</b>

**26. Factory Overhead**

This consists of as follows :

Salary & Allowances  
Repairs and Maintenance  
Insurance Premium  
Municipal Tax & Land Revenue  
Advertisement  
Registration & Renewal  
Travelling & Conveyance  
Entertainment  
Research and Development  
Printing & Stationery  
Telephone, Internet & Postage  
Toll Expense / (Income) - Net  
Electricity, Gas & Water  
Training & Conference  
Plant Certification and Regulatory Approvals  
Depreciation  
Other Expenses

Salary & Allowances	372,287,293	326,562,556
Repairs and Maintenance	81,645,875	79,042,533
Insurance Premium	22,173,473	18,130,033
Municipal Tax & Land Revenue	1,817,215	1,857,310
Advertisement	74,850	24,771
Registration & Renewal	19,997,450	7,010,239
Travelling & Conveyance	3,253,966	2,523,694
Entertainment	872,098	783,929
Research and Development	31,065,735	17,795,956
Printing & Stationery	12,280,051	7,815,198
Telephone, Internet & Postage	4,038,923	2,189,723
Toll Expense / (Income) - Net	86,795,076	76,878,595
Electricity, Gas & Water	60,986,526	55,852,069
Training & Conference	4,162,341	3,387,122
Plant Certification and Regulatory Approvals	41,286,575	22,902,482
Depreciation	520,837,622	440,597,325
Other Expenses	5,800,788	3,583,301
	<b>1,269,375,857</b>	<b>1,066,936,836</b>

- (a) Salary and allowances include Company's Contribution to provident fund of Tk. 8,002,823 (in 2011 Tk. 6,482,519).
- (b) The value of imported stores and spares consumed is Tk. 43,031,279 (in 2011 Tk. 39,843,777) is included in repairs & maintenance. This also includes maintenance of office, premises, vehicles, building, machinery, equipment and other infrastructures.
- (c) Other expenses does not include any item exceeding 1% of total revenue.

## 27. Administrative Expenses

This consists of as follows :

	Amount in Taka	
	2012	2011
Salary & Allowances	154,929,932	132,468,375
Rent	9,667,400	9,676,551
Repairs and Maintenance	24,581,182	18,364,907
Registration & Renewals	2,680,277	1,624,597
Travelling & Conveyance	18,055,645	15,167,565
Entertainment	4,198,442	3,948,638
Printing & Stationery	2,222,786	2,371,399
Audit Fee	1,000,000	850,000
Telephone, Internet & Postage	4,405,177	3,790,301
Electricity, Gas & Water	10,182,415	7,393,412
Legal & Consultancy	7,720,328	3,099,655
AGM, Company Secretarial and Regulatory Expense	44,985,864	45,430,058
Advertisement	100,000	—
Training & Conference	5,938,817	3,300,188
Depreciation	20,142,891	17,039,676
Other Expenses	21,414,191	10,676,524
	<b>332,225,347</b>	<b>275,201,846</b>

(a) Salary and allowances include provident fund contribution of Tk. 4,238,310 (in 2011 Tk. 3,345,556).

(b) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.

## 28. Selling, Marketing and Distribution Expenses

This consists of as follows :

Salary & Allowances	599,784,362	498,833,494
Rent	19,488,948	16,033,956
Repairs and Maintenance	4,618,564	3,148,084
Travelling & Conveyance	260,081,060	215,921,654
Entertainment	20,875,724	13,649,841
Printing & Stationery	22,265,791	17,635,053
Telephone, Internet & Postage	8,854,384	7,559,384
Electricity, Gas & Water	5,888,612	4,166,628
Market Research & New Products	24,876,321	21,380,415
Training & Conference	48,331,042	36,943,909
Insurance Premium	18,280,838	7,225,282
Sample	119,778,787	104,526,024
Promotional Expenses	268,478,952	219,155,686
Literature/News Letter	78,266,167	72,206,847
Registration & Renewals	6,879,929	6,132,572
Export Insurance, Freight and C & F Expenses	36,329,864	31,015,418
Delivery Expense	240,216,876	199,262,811
Depreciation and Amortization	48,657,683	40,352,884
Other Expenses	17,342,616	7,701,336
	<b>1,849,296,520</b>	<b>1,522,851,278</b>



- (a) Salary and allowances include provident fund contribution of Tk. 12,805,617 (in 2011 Tk. 12,445,850).
- (b) Delivery expense includes delivery support fee @ 2% of local Formulation and IV Fluid sales paid to I & I Services Ltd., a "Related Party".
- (c) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.

## 29. Other Income

	Amount in Taka	
This is arrived at as follows :	<b>2012</b>	<b>2011</b>
Interest on FDR & Short term Investment	437,201,038	330,494,566
Dividend Income	456,945	200,000
Royalty	3,499,537	2,997,369
Exchange Rate Fluctuation Gain / (Loss)	(1,055,025)	5,178,032
Profit on Sale of Fixed Assets (Note 35)	2,745,218	2,037,807
	<b>442,847,713</b>	<b>340,907,774</b>

## 30. Finance Cost

This is arrived at as follows :		
Interest on Working Capital Loan & Other Charges	284,529,283	253,005,544
Interest on Project / Consortium Loan	235,182,666	213,074,009
Interest on Lease Finance	48,268,802	38,853,739
Interest on Loan from PF and WPP & Welfare Fund	77,425,824	62,712,465
	<b>645,406,575</b>	<b>567,645,757</b>

## 31. Contribution to W P P & Welfare Funds

This represents statutory contribution by the company as per Bangladesh Labour law 2006.

The amount is computed @ 5% of net profit before tax (but after charging such contribution).

## 32. Income Tax Expenses

This consists of as follows :		
(i) Short provision earlier years	110,840,941	41,169,643
(ii) Current Tax for the year under review (Note 3.9)	334,871,966	166,380,262
(iii) Deferred Tax Expense (Note 3.9)	144,727,001	271,774,005
	<b>590,439,908</b>	<b>479,323,910</b>

## 33. Earnings Per Share (EPS)

(a) Earnings attributable to the Ordinary Shareholders	Tk.	1,319,389,328	1,198,525,342
(b) Weighted average number of Ordinary Shares outstanding during the year	Nos.	304,639,050	304,639,050
<b>Earnings Per Share (EPS) / Adjusted EPS (2011)</b>	<b>Tk.</b>	<b>4.33</b>	<b>3.93</b>

### 34. Related Party Disclosures

Following transactions were carried out with related parties in the normal course of business on arms length basis:

Name of Related Parties	Nature of Transactions	Value of Transactions in 2012	Balance at year end
(a) I & I Services Ltd.	Local Delivery	9,688,361,136	866,497,270
	Delivery Support Fee	165,673,517	—
(b) Bangladesh Export Import Co. Ltd.	Short Term Investment	493,174,766	2,686,598,326
	Interest on Short Term Investment	396,744,766	—

The Companies are subject to common control from same source i.e., Beximco Group.

### 35. Particulars of Disposal of Property, Plant and Equipment

The following assets were disposed off during the year ended 31 December 2012:

Particulars of Assets	Cost	Accumulated Depreciation	Written Down Value	Sales Price	Profit / (Loss)	Mode of Disposal	Name of Parties
Furniture	350,000	15,000	335,000	250,000	(85,000)	Negotiation	Various Individuals
Transport & Vehicle	6,217,870	4,567,400	1,650,470	4,480,688	2,830,218	Negotiation	Various Individuals
<b>Tk.</b>	<b>6,567,870</b>	<b>4,582,400</b>	<b>1,985,470</b>	<b>4,730,688</b>	<b>2,745,218</b>		

### 36. Payment / Perquisites to Managers and above

(a) The aggregate amount paid to/provided for the Managers and above of the Company is disclosed below:

	Amount in Taka	
	2012	2011
Remuneration	113,343,480	100,027,020
Gratuity	4,393,600	3,839,150
Contribution to Provident Fund	5,175,720	4,606,980
Bonus	8,787,200	7,678,300
Medical	3,229,995	3,188,195
Others	28,736,153	27,630,916
<b>Total</b>	<b>163,666,148</b>	<b>146,970,561</b>

(b) No compensation was allowed by the Company to the Directors of the company.

(c) No amount of money was expended by the Company for compensating any member of the board for special services rendered.

(d) No board meeting attendance fee was paid to the directors of the Company.

### 37. Production Capacity and Utilization

Item	Unit	Production Capacity		Actual Production		Capacity Utilization	
		2012	2011	2012	2011	2012	2011
Tablet, Capsule, Suppository & DPI	Million Pcs	3,890.93	3,890.93	3,096.81	2,956.00	79.59%	75.97%
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectible and Inhaler	Million Pcs	86.90	81.66	60.75	61.29	69.91%	75.06%

Production does not include goods manufactured under contract manufacturing arrangement from third parties' manufacturing sites.

### 38. Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at 31 December 2012.

### 39. Finance Lease Commitment

At 31 December, 2012, the Company had annual commitment under finance leases as set out below:

Leases expiring within 1 year	92,331,686
Leases expiring within 2-5 years (inclusive)	133,205,066

Tk. 225,536,752

### 40. Claim not Acknowledged as Debt

There was no claim against the Company not acknowledged as debt as on 31.12.2012.

### 41. Un-availed Credit Facilities

There is no credit facilities available to the Company under any contract not availed of as on 31.12.2012 other than trade credit available in the ordinary course of business.

### 42. Payments Made in Foreign Currency :

	Foreign Currency (Equivalent US\$)	Taka
Import of Machinery, Equipments & Spares	3,953,654	327,204,386
Import of Raw & Packing material	30,179,689	2,501,899,547
Regulatory fees & other expenses	2,579,204	210,702,336

No other expenses including royalty, technical expert and professional advisory fee, interest, etc. was incurred or paid in foreign currencies except as stated above.

### 43. Foreign Exchange Earned :

Collection from Export Sales of US\$ 4,905,161 (in 2011 US\$ 5,461,913).

### 44. Commission / Brokerage to selling agent :

No commission was incurred or paid to any sales agent nor any brokerage or discount other than conventional trade discount was incurred or paid against sales.

### 45. Contingent Liability

The Company has contingent liability aggregating Tk. 101,289,446 against disputed income tax claims for the Years 1999, 2007, 2008 and 2010. The Company has filed Income Tax Reference cases with the High Court Division of the Supreme Court against these claims.

There is also a disputed VAT claim aggregating Tk. 144,113,691 against the Company. The Company own the verdict of the appellate Tribunal in it's favour. The concerned authority filed appeal to the honorable High Court against this verdict. Additionally, there are claims of custom duty aggregating Tk. 22,507,358 against the indemnity bond issued by the Company in connection with import of certain plant and machinery. The Company has filed writ petitions against these claims.

If any liability arises on disposal of the cases, the Company shall provide for such liability in the year of final disposal.

## 46. Events after The Reporting Period

The directors recommended 15% Stock dividend (i.e. 15 shares for every 100 shares held) for the year 2012. The dividend proposal is subject to shareholders' approval at the forthcoming annual general meeting. Excepting to that, no circumstances have arisen since the date of statement of Financial Position which would require adjustment to, or disclosure in, the financial statements or notes thereto.

## 47. Financial Risk Management

The management of company has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks for its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

### 47.01 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. As at 31 December 2012 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

### 47.02 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligations through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

### 47.03 Market Risk

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

#### (a) Currency risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad.

#### (b) Interest rate risk

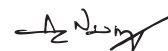
Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.



**Salman F Rahman**  
Vice Chairman



**Nazmul Hassan**  
Managing Director



**Ali Nawaz**  
Chief Financial Officer

Dhaka  
30 April, 2013





**Proxy Form**

**BEXIMCO PHARMACEUTICALS LTD.**

17 Dhanmondi R/A, Road No. 2, Dhaka-1205, Bangladesh

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member of Beximco Pharmaceuticals Ltd. hereby appoint

Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the 37<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, the 29<sup>th</sup> June, 2013 at 10.00 a.m. at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of June, 2013.

Signed by the said in presence of \_\_\_\_\_



\_\_\_\_\_  
(Signature of the Proxy)

\_\_\_\_\_  
Signature of the Shareholder(s)

Dated: \_\_\_\_\_

Register Folio / BOID No. : \_\_\_\_\_

\_\_\_\_\_  
(Signature of the Witness)

Dated: \_\_\_\_\_

Note: A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting

Signature Verified

\_\_\_\_\_  
Authorised Signatory



**BEXIMCO PHARMACEUTICALS LTD.**

**SHAREHOLDERS' ATTENDANCE SLIP**

I/We hereby record my/our attendance at the 37<sup>th</sup> Annual General Meeting being held on 29<sup>th</sup> June, 2013 at 10.00 a.m. at Beximco Industrial Park, Sarabo, Kasimpur, Gazipur.

Name of Member(s) \_\_\_\_\_

Register Folio/BOID No \_\_\_\_\_

holding of \_\_\_\_\_ ordinary Shares of Beximco Pharmaceuticals Ltd.

\_\_\_\_\_  
Signature(s) of Shareholder(s)

- N.B. 1. Please note that the AGM can only be attended by the honourable shareholder or properly constituted Proxy. Therefore, any friend or children accompanying with honourable Shareholder or Proxy cannot be allowed into the meeting.
- 2. Please present this slip at the reception desk.