

Current Price (BDT): 357.90

Ticker: IBNSINA
Sector: Pharmaceuticals & Chemicals

Company Fundamentals

Market Capitalization (BDT mn)	11,416.4
Authorized Capital (mn)	500.0
Paid-up Capital (mn)	312.4
Shares Outstanding (mn)	31.2
Free Floating Shares (mn) (Ins.+For.+Pub.)	17.3
3 Months Avg. Turnover (BDT mn)	69.5
3 Months Return (%)	43.3%
52 Weeks' Moving Range	223.5-384.8
Current P/E	16.5
Sector P/E	12.8

Company Overview

Basic Information

The IBN SINA Pharmaceutical Industry PLC (IBNSINA) is a manufacturer and seller of generic drugs in both domestic and international markets. The company produces over 450 generic drugs in various types of dosage forms including tablets, capsules, ampoules, vials, syrup, solutions, suspensions etc. The company exports its generic drugs to 17 countries, including highly regulated markets like the USA.

- **Incorporation:** 22nd December, 1983
- **Listing Year:** DSE (17th July, 1990) & CSE (24th December 1996)
- **Factory Location:** Shafipur, Kaliakoir, Gazipur
- **Key Personnel:** Mr. Kazi Harun or Rashid (Chairman), Prof. Dr. AKM Sadrul Islam (Managing Director) & Prof. Dr. Choudhury Mahmood Hasan (Director Technical & Director Finance)

Shareholding Pattern

Date	Sponsor/ Director	Institute	Foreign	Public
30-Aug-24	44.7%	22.8%	0.0%	32.5%
30-Jun-24	44.7%	24.7%	0.0%	30.6%
31-Mar-24	44.7%	24.4%	0.0%	30.9%
31-Dec-23	44.7%	24.2%	0.0%	31.2%

Subsidiaries

IBN SINA Natural Medicine Ltd.

IBN SINA Natural Medicine Ltd. was established for the production and marketing of all kinds of natural medicines and some natural medicated consumer products like Isabgul, Sufoof Joshanda etc. The subsidiary was formed by separating the Natural Medicine Division from IBN SINA Pharmaceutical Industry PLC in FY'22 for the better management of its natural medicine business. The subsidiary has paid-up capital of BDT 238.2mn, with IBN SINA holding a 99.9% ownership stake.

IBN SINA API Industry Ltd.

IBN SINA API Industry Ltd. was formed for the purpose of manufacturing Active Pharmaceutical Ingredients (API) for both internal use by its parent company and sale in the local market. The company was established in FY'20 at API Park, Gazaria, Munshiganj. The subsidiary has paid-up capital of BDT 300.0mn with IBN SINA Pharmaceutical Industry PLC owning a 99.9% stake.

IBN SINA Polymer Industry Ltd.

IBN SINA Polymer Industry Ltd. was established for producing and selling a variety of pharmaceutical-grade polymer products, including PET bottles, douche plastic bottles, plastic caps, eye drop plastic vials, plastic drops, aluminum blister foils, laminated strip foils, PVC films, poly laminated alu foils etc. The company was formed in FY'21 at Chalkpara, Mawna, Gazipur. The company has paid-up capital of BDT 100.0mn, where IBN SINA Pharmaceutical Industry PLC owns a 65.0% stake.

Revenue Decomposition

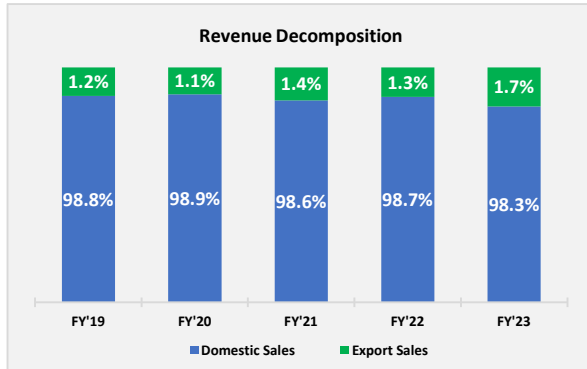
IBNSINA generated the majority of its revenue from selling drugs in the domestic market, which constituted an average of 98.7% of its total revenue from FY'19 to FY'23. During the same period, the company earned an average of 1.3% of its total revenue from export market.

	FY'21	FY'22	FY'23	9M'24 (An.)
Financial Information (BDT mn):				
Net Revenue	7,376	8,480	9,125	11,173
Gross Profit	3,101	3,566	3,871	4,472
Operating Profit	769	861	860	978
Financial Cost	40	47	44	50
Pre-Tax Profit	704	800	805	900
Net Profit	489	606	605	676
Assets	3,845	4,310	5,006	6,199
Debt	867	1,069	988	1,602
Equity	2,150	2,625	3,056	3,371
Retained Earnings	1,829	2,288	2,706	3,025
Cash	281	343	232	329
Margin:				
Gross Profit	42.0%	42.1%	42.4%	40.0%
Operating Profit	10.4%	10.2%	9.4%	8.8%
Pretax Profit	9.6%	9.4%	8.8%	8.1%
Net Profit	6.6%	7.1%	6.6%	6.0%
Growth (YoY):				
Net Revenue	19.1%	15.0%	7.6%	22.4%
Gross Profit	19.4%	15.0%	8.6%	15.5%
Operating Profit	22.4%	12.1%	-0.1%	13.6%
Pre-Tax Profit	24.7%	13.5%	0.6%	11.9%
Net Profit	24.6%	23.9%	-0.1%	11.6%
Profitability:				
ROA	13.4%	14.9%	13.0%	12.1%
ROE	24.9%	25.4%	21.3%	21.0%
Leverage:				
Debt-Asset	0.2	0.2	0.2	0.3
Debt-Equity	0.4	0.4	0.3	0.5
Interest Coverage	19.2	18.2	19.4	19.5
Valuation:				
Re. EPS (BDT)	15.7	19.4	19.4	21.6
Re. NAVPS (BDT)	68.7	83.4	96.7	106.7
Dividend (C/B) %	47/-	60/-	60/-	-/-
P/E (x)	15.8	15.3	14.8	16.5
P/NAV (x)	3.6	3.6	3.0	3.3
Dividend Yield (%)	1.9%	2.0%	2.1%	-
Price	246.7	296.7	286.6	357.9
Shares Outstanding (mn)	31.2	31.2	31.2	31.2

*9M'24 is annualized based on the un-audited financial statements for the period of Jul'23-Mar'24.

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Competitive Position Analysis of Similar Listed Companies:

Stock	Market Share					
	H1'24	H1'23	-/+	Q2'24	Q2'23	-/+
IBNSINA	0.9%	1.1%	-0.2%	0.9%	1.2%	-0.3%
SQRPHARMA	17.3%	17.6%	-0.3%	17.8%	15.9%	1.8%
BXPHARMA	9.6%	9.5%	0.1%	9.5%	9.6%	0.0%
RENATA	5.1%	4.9%	0.2%	5.4%	4.9%	0.5%
ACMELAB	3.7%	3.7%	0.0%	3.5%	3.6%	-0.1%

*As per IQVIA Q2-2024.

Investment Insight

Investment Positive

- IBNSINA has decided to expand its manufacturing capacities by establishing Unit-2, named the "Godhulia Project," on over 20 acres of newly acquired land. The facility will be dedicated to producing oral solid dosages, sterile medications, and oncology drugs. The company has already invested approximately BDT 1,752.8mn in the construction of the new production facility, which is expected to be completed by FY'26.
- In order to reduce import dependency on raw materials, IBNSINA decided to construct Synthesis API molecule production facilities at the API Industrial Park in Gazaria, Munshiganj. The company has invested more than BDT 350.0mn to establish this manufacturing facility through its subsidiary named "The IBN SINA API Industry Ltd." The production at this manufacturing facility has begun during FY'24. Raw materials expenses accounted for approximately 29.0% of the revenue on average during the period from FY'19 to FY'23.
- As a part of its vertical integration strategy aimed at reducing production costs and diversifying its business, IBNSINA has decided to establish a polymer packaging manufacturing facility in Chalkpara, Mawna, Gazipur. The company has so far invested more than BDT 65.0mn in constructing this production facility through its subsidiary named "The IBN SINA Polymer Industry Ltd.", in which it holds a 65.0% stake. In the initial phase, the facility will produce PET bottles, compression molding, plastic caps, eye drops plastic vials, plastic drops, douche plastic bottles, polybags etc. In the second phase, the facility intends to manufacture printed aluminum blister foils, laminated strip foils, PVC films, poly laminated alu foils, etc. The construction of the production facility is anticipated to be finished by FY'27. Packing materials expenses accounted for approximately 17.0% of the revenue on average during the period from FY'19 to FY'23.
- The price of API in the Chinese market has recently declined by 50% due to overcapacity, the biggest drop since the

pandemic. The gross profit margin of IBNSINA, like other pharmaceutical companies, is anticipated to increase in Q4'24 and Q1'25 owing to the decline in API prices.¹

- IBNSINA primarily follows volume leader strategies to drive its revenue growth. In order to increase as well as sustain its sales volume growth, the company introduced 11 new medicines, including Esolok MUPS (Esomeprazole), Bilamin (Bilastine), Glipatab (Empagliflozin) etc. during FY'24. Additionally, the company purchased approximately 30 decimals of land in Suhilpur Mauza (Brahmanbaria Sadar Upazila) for BDT 12.0mn, 42.9 decimals of land in Panchlaish Mauza (Chattogram Bayezid Bostami Thana) for BDT 26.0mn, and 34.0 decimals of land in Ichhakati Mauza (Barishal City Corporation, Airport Police Station) for BDT 29.8mn for the construction of sales depots to expand its market reach and increase distribution efficiency.
- Export revenue of IBNSINA has shown remarkable growth, registered 5-Year CAGR of 20.3% over the last five years (FY'19-FY'23) from BDT 63.7mn to BDT 133.3mn. The company currently exports its medicines to 17 countries, including highly regulated markets like USA.
- IBNSINA has been disbursing increasing amount of cash dividends over the last five years (FY'19-FY'23), registered 5-years CAGR of 18.9% from 30.0% to 60.0%, with an average payout ratio of 28.0%. Assuming the company retains its latest dividend payout ratio of 31.0%, it is anticipated that the company may declare approximately 70.0% cash dividend for the period of FY'24.
- Ibn Sina Trust is one of the key owners of IBNSINA, holding 44.3% stake in the company as on FY'23. Ibn Sina Trust is a well reputed name in the health care industry for running organizations like Ibn Sina Hospital.

Investment Concern

- The market share of IBNSINA is significantly lower compared to its listed pharmaceutical peers such as SQRPHARMA, BXPHARMA, RENATA and ACMELAB. According to IQVIA H1'24, IBNSINA ranked 19th in the pharmaceutical industry by possessing 0.98% market share as on FY'24.
- Profitability margins of IBNSINA are lower than those of its listed pharmaceutical peers as the company primarily follows volume leader strategies. Due to focusing on increasing sales through higher volumes, selling & distribution expenses as a percentage of revenue of the company is the highest among its listed pharmaceutical peers. Selling & distribution expenses accounted for an average of 29.7% of its revenue over the last five years (FY'19-FY'23), compared to 16.3%-23.5% of its listed pharmaceutical peers during the same period.
- Although the company invested BDT 67.8 million to purchase approximately 106.9 decimals of land in Brahmanbaria, Chattogram, and Barishal for the construction of sales depots, it could reduce the profitability if the additional operating expenses from these depots are not offset by corresponding increases in revenue.

¹<https://t.ly/mQU99>

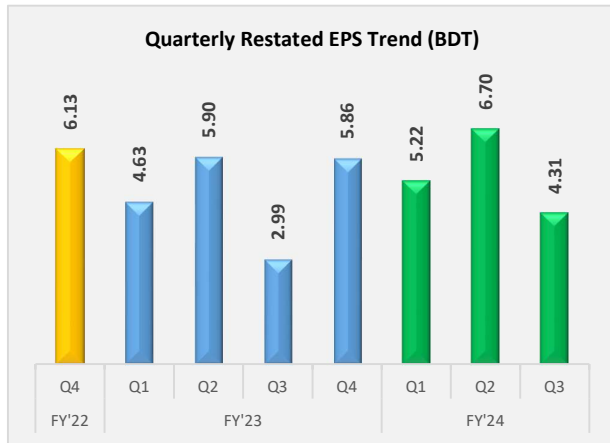
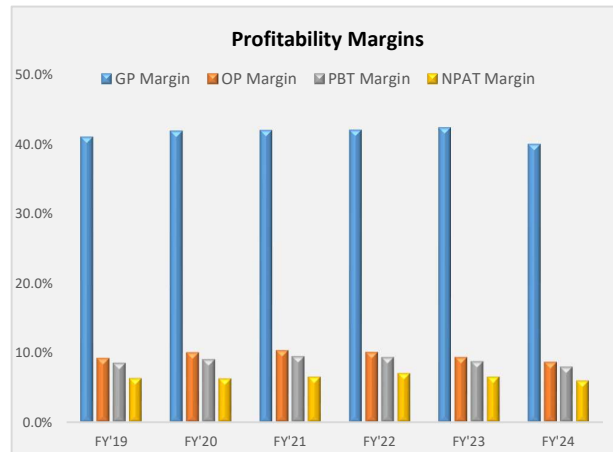
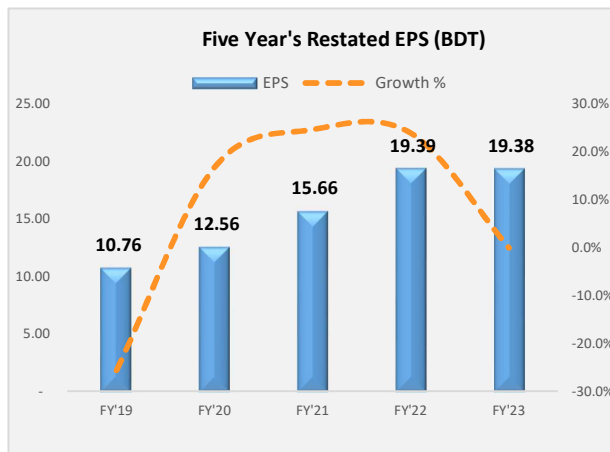
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Relative Valuation

EPS Based Pricing	EPS*	Multiple	Value
Market Forward P/E	21.62	14.86	321.26
Sector Forward P/E	21.62	12.80	276.77
5Y Historical Average P/E	21.62	17.62	381.01
Sensitivity Analysis			
Price @10(x)PE	21.62	10.0	216.22
Price @15(x)PE	21.62	15.0	324.34
Price @20(x)PE	21.62	20.0	432.45
NAV Based Pricing	NAVPS*	Multiple	Value
Market P/NAV	106.75	1.30	138.76
Sector P/NAV	106.75	1.70	181.47
5Y Historical Average P/NAV	106.75	3.92	418.65

*Based on unaudited financial statements for the period of Jul'23-Mar'24.



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Statement of Profit & Loss (BDT mn)

	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24 (An)
Revenue	5,263.96	6,191.63	7,376.04	8,479.82	9,125.33	11,173.16
Cost of Goods Sold	3,102.15	3,595.07	4,275.32	4,913.75	5,254.23	6,701.00
Gross Profit	2,161.81	2,596.56	3,100.72	3,566.07	3,871.10	4,472.15
Administrative Expenses	132.27	148.31	163.90	192.59	219.31	236.41
Selling & Distribution Expenses	1,540.65	1,820.35	2,168.17	2,511.98	2,791.42	3,257.99
Operating Profit	488.90	627.90	768.64	861.50	860.36	977.76
Other Income	2.38	2.49	13.46	27.32	29.35	18.17
Interest Expenses	14.74	34.91	40.00	47.33	44.43	50.14
Profit Before WPPF	476.53	595.48	742.11	841.49	845.28	945.79
WPPF Contribution	22.69	28.61	35.73	40.34	40.55	45.64
Share of Loss of Associates	(1.70)	(1.79)	(1.93)	(1.29)	-	-
Profit Before Tax	452.14	565.08	704.45	799.86	804.73	900.15
Income Tax Expense	115.87	172.56	215.48	194.19	198.92	223.94
Profit After Tax	336.27	392.53	488.97	605.67	605.81	676.21
Non-controlling Interest			(0.15)	(0.19)	0.39	0.64
Profit After Tax (Owners)	336.27	392.53	489.12	605.87	605.42	675.56

Statement of Financial Position (BDT mn)

	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24
Property, Plant & Equipment	1,684.78	2,038.77	2,209.73	2,342.49	2,447.74	2,441.05
Capital Work In Progress	139.19	229.30	111.41	144.25	572.47	1,219.74
Right of Use Assets		36.19	9.57	109.23	82.87	64.12
Advances, Deposits & Prepayments				21.66	8.80	11.91
Financial Assets				56.11	57.22	51.84
Investment In Associates	35.40	53.62	51.69			
Investment In Marketable Securities	4.88	4.78	5.18			
Non-Current Asset	1,864.25	2,362.66	2,387.58	2,673.75	3,169.10	3,788.66
Inventories	522.19	643.38	782.16	1,007.57	1,156.66	1,395.35
Trade & Other Receivables	22.59	25.34	27.27	53.83	107.13	147.11
Advances, Deposits & Prepayments	248.50	205.08	367.16	232.54	244.65	372.11
Financial Assets					95.79	166.63
Cash & Cash Equivalents	170.95	199.91	281.24	342.61	232.23	329.30
Current Asset	964.23	1,073.72	1,457.83	1,636.54	1,836.44	2,410.50
Asset	2,828.47	3,436.37	3,845.41	4,310.29	5,005.54	6,199.16
Long Term Loan-Non-Current	125.91	247.92	419.62	368.01	330.09	432.27
Lease Liability-Non-Current		4.36	1.99	74.75	51.34	32.78
Employee Benefit Obligations	0.07	0.08	0.09	0.73	1.01	1.40
Deferred Tax Liabilities	79.88	108.99	118.87	117.72	105.81	104.44
Non-Current Liabilities	205.86	361.35	540.58	561.22	488.24	570.89
Short Term Loan	542.03	608.48	377.50	534.29	512.14	1,051.99
Long Term Loan-Current Portion	23.57	106.50	67.53	70.18	72.21	60.18
Lease Liability-Current Portion				22.06	22.41	24.52
Trade & Other Payables	406.11	479.66	377.76	309.30	611.07	674.12
Income Tax Provision	172.60	103.38	279.30	165.66	212.06	381.93
Unclaimed Dividend			53.18	22.64	31.58	64.87
Current Liabilities	1,144.31	1,298.02	1,155.28	1,124.12	1,461.48	2,257.60
Liabilities	1,350.18	1,659.37	1,695.86	1,685.34	1,949.72	2,828.49
Share Capital	312.44	312.44	312.44	312.44	312.44	312.44
Tax Holiday Reserve	4.39	4.39	4.39	4.39	4.39	4.39
Fair Value Reserve	(0.13)			(0.69)	(2.27)	(7.11)
Unrealized Gain/(Loss)		(0.21)	0.15			
Retained Earnings	1,161.59	1,460.39	1,829.23	2,288.25	2,706.20	3,025.41
Non-Controlling Interest			3.35	20.66	35.05	35.53
Equity	1,478.30	1,777.01	2,149.55	2,625.05	3,055.82	3,370.67
Liabilities & Equity	2,828.47	3,436.37	3,845.41	4,310.39	5,005.54	6,199.16

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Ratio Analysis

Ratios	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24 (An.)
Liquidity Ratios						
Current Ratio	0.84	0.83	1.26	1.46	1.26	1.07
Quick Ratio	0.39	0.33	0.58	0.56	0.47	0.45
Cash Ratio	0.15	0.15	0.24	0.30	0.16	0.15
Efficiency Ratios						
Inventory Turnover	6.28	6.17	6.00	5.49	4.86	5.25
Days of Inventory on Hand	58.08	59.17	60.85	66.47	75.17	69.50
Receivables Turnover	259.08	258.36	280.37	209.13	113.39	87.89
Days of Sales Outstanding	1.41	1.41	1.30	1.75	3.22	4.15
Payables Turnover	8.24	8.12	9.97	14.30	11.42	10.43
Number of Days of Payables	44.30	44.97	36.60	25.52	31.97	35.00
Operating Cycle (Days)	59.49	60.58	62.15	68.22	78.39	73.66
Cash Conversion Cycle (Days)	15.18	15.62	25.55	42.70	46.42	38.65
Asset Turnover	2.00	1.98	2.03	2.08	1.96	1.99
Profitability Ratios						
Gross Profit Margin	41.1%	41.9%	42.0%	42.1%	42.4%	40.0%
Operating Profit Margin	9.3%	10.1%	10.4%	10.2%	9.4%	8.8%
Pretax Margin	8.6%	9.1%	9.6%	9.4%	8.8%	8.1%
Net Profit Margin	6.4%	6.3%	6.6%	7.1%	6.6%	6.0%
Return on Asset	12.8%	12.5%	13.4%	14.9%	13.0%	12.1%
Return on Equity	24.9%	24.1%	24.9%	25.4%	21.3%	21.0%
Solvency Ratios						
Debt-To-Assets Ratio	0.24	0.28	0.23	0.25	0.20	0.26
Debt-To-Equity Ratio	0.47	0.54	0.40	0.41	0.32	0.48
Interest Coverage Ratio	33.17	17.98	19.22	18.20	19.36	19.50
Valuation Ratios						
Restated Earnings Per Share	10.76	12.56	15.66	19.39	19.38	21.62
Net Asset Value Per Share	47.32	56.88	68.69	83.36	96.68	106.75
P/E Ratio	24.42	17.84	15.76	15.30	14.79	16.55
P/NAV Ratio	5.55	3.94	3.59	3.56	2.96	3.35
Dividend Yield	1.1%	1.7%	1.9%	2.0%	2.1%	
Dividends Per Share	3.00	3.85	4.70	6.00	6.00	
Dividend Payout Ratio	27.9%	30.6%	30.0%	30.9%	31.0%	
Retention Rate	72.1%	69.4%	70.0%	69.1%	69.0%	
Growth Rates						
Revenue	13.0%	17.6%	19.1%	15.0%	7.6%	22.4%
Gross Profit	14.2%	20.1%	19.4%	15.0%	8.6%	15.5%
Operating Profit	20.5%	28.4%	22.4%	12.1%	-0.1%	13.6%
Pre-Tax Profit	-19.5%	25.0%	24.7%	13.5%	0.6%	11.9%
Net Profit	-25.7%	16.7%	24.6%	23.9%	-0.1%	11.6%
Dividend	0.0%	28.3%	22.1%	27.7%	0.0%	
Asset	15.8%	21.5%	11.9%	12.1%	16.1%	
Equity	20.5%	20.2%	21.0%	22.1%	16.4%	
DUPONT Analysis						
Net Profit Margin	6.4%	6.3%	6.6%	7.1%	6.6%	6.0%
Asset Turnover Ratio	2.00	1.98	2.03	2.08	1.96	1.99
Financial Leverage Ratio	1.95	1.92	1.85	1.71	1.64	1.74
Return on Equity	24.9%	24.1%	24.9%	25.4%	21.3%	21.0%
Extended DUPONT Analysis						
Tax Burden	74.4%	69.5%	69.4%	75.7%	75.2%	75.1%
Interest Burden	92.5%	90.0%	91.6%	92.8%	93.5%	92.1%
Operating Profit Margin	9.3%	10.1%	10.4%	10.2%	9.4%	8.8%
Asset Turnover Ratio	2.00	1.98	2.03	2.08	1.96	1.99
Financial Leverage Ratio	1.95	1.92	1.85	1.71	1.64	1.74
Return on Equity	24.9%	24.1%	24.9%	25.4%	21.3%	21.0%
Other Data						
Price	262.80	224.10	246.70	296.70	286.60	357.9
Shares Outstanding	31.24	31.24	31.24	31.24	31.24	31.24

IMPORTANT DISCLOSURES

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