

CREDIT RATING REPORT [SURVEILLANCE]

Beacon Pharmaceuticals Ltd.

Particulars	Ratings	Remarks
Beacon Pharmaceuticals Ltd.	BBB ₁	Entity
BDT 888.7 million Aggregate Term Loan Outstanding (LTO)	BBB ₁ (Lr)	Please see Appendix-1 for details
BDT 900.0 million Aggregate Cash Credit limit*	BBB ₁ (Lr)	
BDT 170.0 million Aggregate Fund Based limit	ST-3	
Outlook	Stable	

Lr – Loan Rating; ST – Short Term

* Due to its revolving nature, CRAB views Cash Credit (CC) as long term facility.

(Refer Appendix-2 for Rating History)

Date of Rating: 21 December 2016.

Validity: The ratings are valid up to 10 September 2017.

Rating Based on: Audited financial statements up to 30 June 2016; bank liability position as on 30 June 2016 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Auditor: Toha Khan Zaman & Co.

Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

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Financial Highlights

	~ Year Ended June 30 ~		
(Mil. BDT)	2016	2015	2014
Net Sales	2,491.8	2,052.9	1,690.4
EBITDA	652.4	674.9	630.8
EBITDA Margin (%)	26.2	32.9	37.3
Net Profit Margin	2.5	1.9	1.4
Return on Asset (ROA)	1.3	0.8	0.5
Quick Ratio	1.2	1.2	1.1
Cash Conversion Cycle (Days)	392	435	441
Debt to Equity (x)	0.7	0.6	0.6
Debt to Adjusted Equity (x)	0.7	0.7	0.6
Debt to EBITDA (x)	3.0	2.6	2.6
Cash Flow from Operations (CFO)	449.7	45.0	(244.0)
Free Cash Flow (FCF)	395.8	(89.8)	(282.2)
EBIT/Interest (x)	1.4	1.2	1.2

*Adjusted Equity is adjusted with Revaluation Reserve

■ PROFILE

Beacon Pharmaceutical Limited (hereinafter referred to as "BPL" or "the Company") was incorporated in Bangladesh on 12 September 2001 under the Companies Act 1994 as a Private Limited Company and subsequently converted into Public Limited Company on 25 February 2008. It commenced its commercial manufacturing operation on 01 September 2006 by using two or three product lines and started to market its products from October 2006. Presently, the Company manufactures and markets some sophisticated drugs including anti cancer, biotech and lyophilized ones alongside regular

therapeutics. The Company also has facility to produce intravenous (IV) and intramuscular fluids (IM) format of drugs. After meeting local demand, it entered into the foreign market in the year 2011. BPL introduced 7 new products in 2016, of which one is general product, two Bio-tech products and four are onco-products (including five new molecules—first time in Bangladesh). Its factory is situated at Bhaluka, Mymensingh. Its registered office is at 153-154, Tejgaon I/A, Dhaka-1208 and factory at Kathali, Bhaluka, Mymensingh.

Based on its audited financial statements of 30 June 2016, its reported net sales was BDT 2,491.8 million and net profit after tax was BDT 61.4 million.

■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has retained (*Pronounced as Triple B One*) rating of Beacon Pharmaceuticals Ltd. CRAB has also retained BBB₁(Lr) rating of BDT 888.7 million aggregate long term outstanding (LTO) and BDT 900.0 million aggregate cash credit limit availed by the Company. CRAB has also retained ST-3 rating of BDT 170.0 million fund based limit availed by the Company in the short term.

The retention of ratings considered the Company's underlying prospect along with favorable state of pharmaceutical industry, BPL's emerging position in the industry, retained capital structure and leverage position even after availing significant level of debt financing; that has also helped keep it resilient in difficult macroeconomic environment which ultimately