

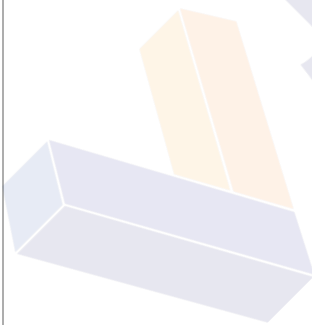
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**COMMON PRE-SEEN
(SL1 TO SL4)**

JUNE 2020



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Healthcare & Leisure (Pvt) Ltd (HCL)

1. Introduction

Healthcare & Leisure (Pvt) Ltd (HCL) is one of the largest companies in Sri Lanka. It is well established both in the health and leisure sectors, and has its own company philosophy, which has grown since its inception. HCL's founder Edward De Silva is a gentleman with high ethical standards and solid business values. He is very well respected in the Sri Lankan community for his high ethical values, and these values have greatly assisted HCL to achieve its current level of growth and acceptance by the Sri Lankan and international communities.

2. Historical overview

Edward qualified with a bachelor's degree in Chemistry (Special) from the University of Peradeniya in 1965. His father was a traditional ayurvedic practitioner. Upon graduation Edward joined a reputed drug company as a chemist. He had the ambition of running his own company one day after obtaining the experience of working as the chief chemist for his employer. Edward's dream was to establish a manufacturing plant for pharmaceutical products in Sri Lanka using domestic raw materials.

In 1969, Edward established Healthcare Drugs (Pvt) Ltd (HCD) as a wholesale and retail chemist and druggist in Colombo Fort. The company initially imported drugs and distributed them amongst an authorised dealer network in the island. Edward invested the initial capital requirement and in 1978 he was able to persuade his friend George Gunawardena, who was a qualified economist from the same university he attended, to join HCD and invest in the company in order to expand it to provide laboratory supplies and medical equipment.

In 1978 HCD reached a milestone in the healthcare industry in Sri Lanka by setting up the company's first pharmaceutical and veterinary products manufacturing facility (thereby fulfilling Edward's dream), with the help of its bank that provided the required loan facility to establish the manufacturing plant. Edward once again persuaded a few of his friends to invest in the company in order to find the capital that was required in addition to the bank loan.

While the pharmaceutical business of HCD was at its best, Edward was eager to diversify the business in order to take the company to a higher level by manufacturing toiletries and personal care products. In 1985 HCD entered the fast-moving consumer goods (FMCG) sector, which created value to the company in many ways. The two sectors, pharmaceutical and FMCG, are led by two directors, Kamal Dias and Wasana De Silva (Edward's wife) respectively.

In 2004, HCD went on to establish its first hospital in Nugegoda in order to expand its capacity in the healthcare sector and provide excellent solutions to its customers from drugs to health care facilities. Then in 2008 HCD was restructured. It introduced vision and mission statements and changed its name to Healthcare & Leisure (Pvt) Ltd (HCL) allowing it to diversify the business into different sectors such as tourism and logistics in the future. The vision and mission of HCL are as follows.

Vision

“To be a regional leader in the health and leisure sectors in the Indian sub-continent.”

Mission

“We are committed to deliver to our shareholders the highest possible returns. For our employees, we are committed to creating exciting new opportunities and a rising share of wealth. For our business partners, we will deliver excellence every time. We are a responsible corporate citizen, close to the lives of the community. To the state, we are a future winner with the nation at heart.”

In 2009, just after the end of the civil war in Sri Lanka, HCL entered the leisure and travel business, as tourism was starting to become a primary economic sector in Sri Lanka at that time. Buwaneka Fonseka, who held 10% of the ownership of HCL and was a member of the board of directors of the company, was appointed to overlook this new SBU.

Buwaneka who is a member of the Chartered Institute of Marketing (CIM), UK, had significant experience working in the tourism sector, both domestic as well as international, in a CEO's capacity. HCL first entered the travel sector by establishing an outbound and inbound travel agency that offered tailor-made tour packages. A few years later, the company opened its first hotel called HCL Coral Gardens in Hikkaduwa, which was a 5-star hotel that had a capacity of 100 rooms by 2012. Buwaneka is now working hard to achieve the target of opening another two 5-star hotels in Mullaitivu and Pasikuda by 2022 under the umbrella of HCL, investing an initial capital of Rs. 525 million.

Edward, who is the chairman of HCL, decided to enter the logistics sector in 2010 after analysing the continuous growth in this sector and considering the economic policy of the government.

The company built logistics warehouses in Seeduwa and Katunayake, and entered into partnership agreements with a number of internationally recognised maritime and airline agents. The logistics sector is headed by another director/shareholder, Kusal Perera, who is a good friend of Edward. He is a fellow member of the Chartered Institute of Logistics and Transport in the UK. He also has expert knowledge and work experience (in the capacity of a CEO) in the logistics sector, both locally and internationally.

Sudath Perera, another one of Edward's good friends who had invested in 10% of the stated capital of HCL, encouraged Edward to enter the power and energy sector. This gave an opportunity to enter into an agreement with the Ceylon Electricity Board (CEB) to provide electricity to the national grid by building a windmill farm in Mannar in 2014. It involved an investment of Rs. 450 million in fixed assets to install two windmill plants with a total capacity of 2 MW to promote the alternative energy concept. Another three windmills were subsequently added in 2016 by investing Rs. 700 million, to bring the total electricity generating capacity to 5 MW.

In December 2019 HCL bought 35% of the stated capital of Healthcare Drugs (Bangladesh) Ltd (HCD (BD)), which is a consortium consisting of Indian and Bangladeshi investors, for Taka (Tk.) 450 million (USD 5.5 million), in order to enter into its first overseas venture and achieve its vision for the future.

Edward has held the chairmanship of HCL from the company's inception. His unique leadership has been the key human capital that has brought the company to its current level of development. Edward has a firm belief that adding a strategic business unit (SBU) to the company will continue its fast and steady growth. However Prabath Jayasinghe, the chief executive officer of HCL since 2017, has opposed this belief and has strongly urged Edward to consider separating the individual units into unique companies in order to minimise risk, and also to implement an efficient internal control system to measure the performance of each sector accurately.

3. Leadership

Edward is a pioneer entrepreneur who is in transition to becoming a sustainable entrepreneur, an aspirant futurist, and an ardent chemist. In addition to being the founder and chairman of HCL, he has served as a director of several government bodies.

Edward spent his childhood in a village called Korathota. His early education was at the village school, and then at Grade 6 he entered a leading school in Colombo. Edward was born with multiple talents: music, athletics and arts. All of this he enjoyed in his free time. Edward was a popular personality at school as well as at university. He was a visionary, whose motto was "never miss an opportunity." He played rugger and basketball for his school and university, and under his unique leadership the teams were able to win national level championships. Edward always believed the capabilities of his team and trusted them. He ensured that his team participated in regular training and used novel techniques during practices and at tournaments. Even when running his business, he always mentioned the importance of training and acquiring the latest technology, not just for day-to-day work but also for the business culture.

Edward was a strong believer of partnering and building relationships with people. He trusted everyone who worked in his company, and he worked hard to achieve his dream of becoming a leading regional player. The board of directors of HCL, which comprised of eight executive directors and two independent directors (who were experts in the pharmaceutical and travel sectors), always gave tremendous support to make Edward's vision a reality.

Edward firmly believes that the employees are the strength of the company, and provides all the facilities such as transport, food and sometimes logistics for certain staff members, in order to keep them productive and loyal to the organisation. The employees are paid well and there are long-standing employees working in the company. Edward inspires his board members as well as his employees to achieve unexpected and remarkable results. He gives workers autonomy over specific jobs, as well as the authority to make decisions once they have been trained.

4. Best practices, and the level of product and service quality

Pharmaceutical companies need to adhere to professional and regulatory standards, which in return translate into an increase in revenue. The criticality of the pharmaceutical industry is extremely high and therefore it is important for pharmaceutical companies to focus a lot on meeting and maintaining standards.

HCL is a manufacturer as well as a leading importer and distributor of a wide range of pharmaceutical, healthcare and biotechnology products. It received the ISO 9001/2008 certificate from the Sri Lanka Standards Institution (SLSI), becoming one of the few Sri Lankan pharmaceutical companies to win this prestigious quality certificate. The certificate was presented to HCL after assessing and evaluating its internal operational procedures, facilities and the quality of services it provides to the Sri Lankan healthcare sector.

HCL had adhered to implementing and maintaining stringent quality standards, and this is what led it to earn the quality standard certification. Since drugs are essentially temperature sensitive items, it is important to control and regulate the temperature in the areas where the drugs are stored. The manufacturing plant of HCL is located in the Horana industrial zone with a 20-acre extent of land surrounding the manufacturing plant. As the chairman, Edward believes it is the responsibility of the company to ensure that drugs are stored, transported and distributed within the optimum range of temperature as specified by the manufacturer or the regulator. Similarly the company needs to be extremely careful when distributing drugs and adopt necessary measures to maintain cold chain requirements during transport as well. In addition to such technical requirements, basic office conditions such as efficiency, cleanliness and the general working atmosphere were also taken into consideration when presenting the ISO certification. Edward has said that it is important to commit to these requirements in order to meet the ISO standards consistently. The certification is renewed once in every three years and SLSI closely monitors the standards and quality of services.

5. Financial strategies

HCL, as one of the key players in several industries in Sri Lanka, mainly focuses on driving its investment strategies towards achieving sustainable competitive advantages. It focuses on integrating and delivering value from new markets, entering new industries and building resilience in the route to the market. HCL considers earnings per share (EPS) as the measurement of value creation to its shareholders, and tries to run the business on adding value to shareholders.

HCL operates in five main sectors: FMCG, healthcare, leisure & travel, logistics, and power & energy. It just entered the international market by buying 35% of HCD (BD), and introduced the HCL brand to the international market for the first time. However HCL should carefully consider India and other parts of the region too in order to develop its market potential.

Edward always looked for investments from known friends for equity, and also preferred to borrow from banks rather than going public to raise the necessary funds for prospective projects. However, the finance director Sisira Gunewardena emphasises that HCL must seriously consider going public to raise funds for future projects. He has also communicated to the board that HCL must separate all five SBUs as separate legal entities rather than continuing them as SBUs under HCL.

At a recent board meeting Sisira submitted a board paper emphasising the importance of looking for acquisitions and partnering, as HCL's future strategies are to grow as a regional leader and also get rid of non-value adding activities to maintain sustainable growth.

6. Overview of risk management

One of HCL's objectives is to ensure that the multitude of risks arising due to the company's diversified business operations are successfully managed with a view of safeguarding shareholders' wealth and company assets. Throughout its journey, HCL has adopted a business strategy affiliated with risk management principles, focusing on wider sustainable development and having a constructive social impact. The company's robust corporate governance structure, which considers risk management, sustainability, corporate social responsibility and internal audit processes, certifies that the impacts of all the risks identified for both the business unit and the group are proactively managed.

The risk management process at HCL involves risk identification, analysis, evaluation, reporting and monitoring, and it starts from the business divisional level. The head of each division in every business unit is expected to identify and record significant risks throughout its value chain. Risks that have a significant impact on the division's performance are discussed at board meetings from time to time. The finance director however is not satisfied with the practice of the risk management process at HCL, since regular updates have not been given to the board in the past despite the risk management process being in place for quite some time. He has advised the board that this process should be reviewed as a priority basis. He has also suggested that a sub-committee should be appointed to study and report to the board the importance of the role played by The Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the enterprise risk management framework especially during a VUCA (volatility, uncertainty, complexity, and ambiguity) situation.

However, the subcommittee that was appointed to review the existing internal controls of HCL observed that HCL's chief internal auditor has to report to the finance director of the company; and the finance director is involved in deciding the scope of the internal auditor and in developing and finalising the internal audit plan each year.

In the meantime, a massive fraud was detected in HCL in relation to payroll preparation and payments. This process was handled by an employee who was with the company for more than 10 years. As he appeared to be a loyal employee the management did not regularly oversee his functions.

At a recent board meeting the finance director explained the details of a letter received from the Sri Lanka Accounting and Auditing Standards Monitoring Board on several significant non-compliances observed in respect of the accounting and fair value estimates made by the company during 2018/19.

COVID-19 Pandemic

During a recent board meeting, the finance director also mentioned the current global economic downturn faced by the world's leading economies due to COVID-19, and the importance of having a sound risk management process in the company. The chairman of HCL highlighted that the world is currently experiencing lockdowns and restrictions on travel across countries and cities. Hence, there is a direct impact on the hospitality industry and giant business enterprises across the world.

7. Sector review

FMCG

HCL specialises in a range of products for babies as well as adults, including hair, skin and oral care products, and fragrances. HCL's home and personal care portfolio continues to delight householders with safe, Sri Lankan products that are deeply connected to their values. It remains the brand of choice for baby care, beauty soap, hair oil, oral care, feminine hygiene and laundry detergent. This sector has gradually grown each year and has now acquired a 25% market share.

The FMCG sector adopts the company's health and safety approach, and takes a proactive approach to manage its health and safety practices by requiring all workers engaged in production to wear masks and sanitize their hands regularly to prevent the spread of viral infections.

Healthcare

As one of Sri Lanka's leading private healthcare service providers, HCL Healthcare comprises HCL Pharmaceuticals (the largest distributor of pharmaceuticals, surgical and diagnostic products in Sri Lanka, and also the manufacturer of pharmaceutical products under the HCL brand) and HCL Hospitals (an internationally accredited, multi-specialty private hospital).

Being a trusted provider of exceptional healthcare services in Sri Lanka, HCL Hospitals provides community-based expert healthcare services, and has now developed into a chain of fully-fledged multifunctional hospitals. HCL Hospitals currently operates in Nugegoda,

Ragama and Kandy, and also has one of the largest diagnostic laboratory chains in Sri Lanka. In a relatively short period of time, HCL Hospitals has earned a reputation for ensuring the best customer experience and superior clinical outcomes. This sector places great importance on the health and safety of its employees and has in place practices that promote their health, such as measurements to prevent viral infections and regular annual check-ups. The healthcare sector has shown steady growth in all areas, and currently has the following market shares in relation to its products and services.

- Pharmaceuticals, surgical and diagnostic products: 28%
- Diagnostic laboratory: 20%
- Hospital: 12%

Leisure & travel

HCL Travels, the outbound and inbound travel arm of HCL, specialises in the creation of tailor-made tours to destinations around the globe. HCL Travels is one of the largest B2B outbound travel agents in Sri Lanka and it has proved itself over the years to be one of the best in the business. It is a multiple award winner and has gained more accolades even during the year under review.

HCL Hotels mostly attracts inbound tourists from all over the world, through online bookings made for the economical tailor-made packages it offers these tourists.

Logistics

HCL Logistics is specialised in creating tailor-made logistics solutions for import and export customers in Sri Lanka. It provides special logistics arrangements in its warehouse in Seeduwa, which is equipped with the latest technology to provide budgetary logistics solutions such as facilities for import and export of products, storing, and local transport.

Power & energy

HCL's power & energy sector has five windmills in Mannar that generate 5 MW of electricity using renewable energy. The energy is supplied to the national grid. However, due to recent government policies the sustainability of this sector is a question.

8. Human capital

HCL has adopted human resource policies and best practices, and tracks indicators including attrition, diversity, occupational health and safety, and training hours in all of its SBUs through a sustainability performance management system.

9. Energy and emissions

The company's environment and energy management approach governs the energy use and emissions generation of all the sectors. It mandates the adoption of lean energy practices, and ensures the conservation of energy and minimising of the carbon footprint.

10. Ownership structure as at 31 March 2020

There were ten shareholders of HCL as at 31 March 2020.

	Shareholder	% holding
1.	Mr Edward De Silva	30
2.	Mrs Wasana De Silva	20
3.	Mr George Gunawardena	10
4.	Mr Sudath Perera	10
5.	Mr Buwaneka Fonseka	10
6.	Mr Kusal Perera	5
7.	Mr Kamal Dias	5
8.	Mrs Priyanthi Subasinghe	4
9.	Mrs Kamani Subasinghe	3
10.	Mr Janaka De Silva	3
	Total	100

11. Additional information

The finance director has requested one of his subordinates to prepare a paper to the board of directors that includes a sectorial analysis comparing the information of a similar company and industry. The following additional information was provided to the subordinate in order to help him prepare the paper to be submitted at the next board meeting.

Company: HCL

Ordinary shares issued at Rs. 10 per share

Company: HCD (BD)

Ordinary shares issued at Tk. 10 per share

Market information

Interest rate of government long-term bond: 5%

Required market rate of return: 12%

Corporate tax rate: 28%

Similar companies and industry information

- **ABX PLC**
Debt-to-equity ratio: 1:2
Beta value (ASPI): 1.10
- **DEF and GHI**

The following information is related to DEF and GHI, which are two companies similar to HCL.

Year	DEF					GHI				
	Enterprise value (EV) (Rs. million)	EBITDA (Rs. million)	EPS (Rs.)	Market price per share (Rs.)	No. of shares (in million)	Enterprise value (EV) (Rs. million)	EBITDA (Rs. million)	EPS (Rs.)	Market price per share (Rs.)	No. of shares (in million)
2019	8,450	1,300	2.56	34.00	4	7,073	1,025	4.30	54.00	15
2020	11,168	1,573	3.64	44.00	4	9,127	1,148	4.79	58.00	15

Refer Annexures 1 to 9 below for market and financial information.



Annexure 1: Demography of Sri Lanka

SL. No	Parameter	Description
1	Region	South Asia
2	Country	Sri Lanka
3	Capital	Colombo
4	Population	22,889,201 (July 2020 est.)
5	Population growth rate (%)	0.67% (2020 est.)
6	GDP (purchasing power parity)	US\$ 304.166 billion (2019 est.)
7	GDP: Real growth rate (%)	3.38% (2019 est.)
8	GDP per capita (PPP)	US\$ 13,897(2019 est.)
9	Epidemiology	CVS diseases, diabetes, hepatitis, asthma, HIV
10	Population below poverty line	6.7% (per 2012, no update)
11	Age structure (%)	0-14 years :23.11% 15-24 years: 14.58% 25-54 years: 41.2% 55-64 years: 10.48% 65 years and above: 10.63%

Source: CIA World Factbook

Annexure 2: Pharmaceutical market in Sri Lanka

(i) Introduction

Though there is an increasing demand for pharmaceuticals especially for chronic diseases due to slow progress of government health care programmes and local currency's devaluation import of Pharma is slightly behind the demand supply ratio.

Pharmaceutical expenditure in Sri Lanka in 2018 was USD 664 million which was a growth of 3.3% from the previous year.

Strengths

- Robust pharmaceutical market growth.
- Sri Lanka has a national health service, and consultations and treatments are provided free at all public hospitals.
- Government's commitment to improving access to health care.

Opportunities

- Sri Lanka depends totally on imports for its requirement of bulk drugs.
- The local industry is yet to catch up with the needs of the country.

In October 2018, the Sri Lanka Chamber of the Pharmaceutical Industry (SLCPI) said that despite persistent appeals, the government has failed to address the urgent issue of a fair and proper pricing mechanism for pharmaceutical products in light of the depreciating Sri Lankan rupee against the US dollar.

- In addition, SLCPI highlighted that eleven imported medicines are currently being (or have already been) withdrawn from the Sri Lankan market due to the absence of a pricing formula and the drug price ceilings introduced in 2016.
- In September 2018, oDoc (an e-health platform) introduced an online medical consultation platform that enables subscribers and their families to have unlimited medical consultations with experienced general practitioners (GPs) and specialists. This is an innovation that will facilitate access to healthcare services and prescriptions.

(ii) Industry forecast

- Sri Lanka's pharmaceutical market is likely to expand in the coming years. The country's growing and ageing population will act as key drivers of market growth. Additionally, there is a latent and growing demand for the treatment of chronic diseases, which will be supported by government efforts to upgrade healthcare services. The government's pro-generic medicine policies, as well as low per-capita spending on medicine, will be an added advantage to generic producers like those in India.

- By 2022, the pharmaceutical market in Sri Lanka is expected to reach a value of USD 787 million, posting a five-year compound annual growth rate (CAGR) of 4.1%.
- The decision by the Ministry of Health and Indigenous Medical Services in Sri Lanka in July 2018 to reduce the price of nearly 25 medicines used to treat diabetes, respiratory disorders and other chronic diseases will support the development of the country's pharmaceutical and healthcare industry, as well as increase the population's access to affordable medicines.
- Sri Lanka's health minister reduced the price of 48 essential drugs in 2016 providing greater accessibility to patients. Prices of 272 drugs of various other brands were also reduced. Most of the medicines were for chronic illnesses that require long-term treatment.
- Around 85% of pharmaceutical products in Sri Lanka are imported and the exchange rate significantly impacts pricing. While the capping of prices has increased the affordability of certain drugs, the risk of making imports unsustainable has become a major concern for the industry, especially in light of the depreciation of the Sri Lankan rupee.
- Non-communicable diseases (NCDs) are on the rise and they are a leading cause of morbidity and mortality. 62% of the total reported global death are caused by NCDs.
- 65% of the total deaths in Sri Lanka are due to cancer, diabetes, and cardiovascular and chronic respiratory diseases.

(iii) Pharmaceutical trade

- Despite ongoing government efforts to boost local pharmaceutical manufacturing capacity, experts say that Sri Lanka will continue to rely on imports to meet its domestic demand for medicine. Currently 90% of the country's pharmaceutical needs are imported. In fact, the local drug industry remains underdeveloped, and pharmaceutical foreign investment may remain subdued in the near term. Thus, Sri Lanka is likely to observe an increase in drug imports over the next five years, especially to meet the demand for more advanced treatments.
- Pharmaceutical imports in Sri Lanka are expected to reach a value of USD 545 million by 2022; a compound annual growth rate of 4.1%.
- According to data available for 2017 and 2018, major sources of drug imports include India (49% of total drug imports), Pakistan (8%), the US (3%), Switzerland (3%), France (4%), the UK (3%), Bangladesh (4%) and Others (26%).
- India is the largest importing partner of Sri Lanka with almost 50% of the country's needs being met by imports from India.

(iv) Regulatory

- The drug regulatory authority of Sri Lanka is the Cosmetics, Devices, and Drug Regulatory Authority (CDDA). CDDA intends to provide a legislative framework to control the use of pharmaceutical drugs with respect to their registration, manufacture, importation, sale (wholesale and retail), labeling, transportation, advertising, distribution of samples, testing and disposal of expired/outdated products.
- The local Good Manufacturing Practices (GMP) compliance certificate is required to start manufacturing for the domestic market, whilst the Current Good Manufacturing Practices (cGMP) compliance certificate of the WHO is required for export.

Annexure 3: Income statement of Healthcare & Leisure (Pvt) Ltd

	Unaudited	Audited
For the year ended 31 March	2020	2019
	Rs. '000	Rs. '000
Revenue	32,054,126	22,250,210
Cost of sales	(20,835,182)	(14,017,632)
Gross profit	11,218,944	8,232,578
Other operating income	70,086	68,306
Selling and distribution expenses	(2,884,871)	(2,032,519)
Administrative expenses	(5,449,201)	(4,044,542)
Operating profit	2,954,958	2,223,823
Finance cost	(641,082)	(356,003)
Finance income	175,250	152,250
Profit before tax	2,489,126	2,020,070
Income tax expense	(588,979)	(579,899)
Profit for the year	1,900,147	1,440,171
Earnings per share (Rs.)	3.19	2.42
Dividend per share (Rs.)	1.11	0.95

Annexure 4: Statement of comprehensive income of Healthcare & Leisure (Pvt) Ltd

	Unaudited	Audited
For the year ended 31 March	2020	2019
	Rs. '000	Rs. '000
Profit for the year	1,900,147	1,440,171
Other comprehensive income to be reclassified to the income statement in subsequent periods		
Net movement on cash flow hedges (net of tax)	(2,626)	(1,949)
Net other comprehensive income to be reclassified to the income statement in subsequent periods	(2,626)	(1,949)
Other comprehensive income not to be reclassified to the income statement in subsequent periods		
Net loss on financial assets at fair value through other comprehensive income	(5,087)	(7,711)
Actuarial loss on defined benefit plans (net of tax)	(3,243)	(2,150)
Revaluation of land and buildings (net of tax)	8,789	48,584
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	459	38,723
Other comprehensive income/(loss) for the year, net of tax	(2,167)	36,774
Total comprehensive income for the year, net of tax	1,897,980	1,476,945

Annexure 5: Reserves of Healthcare & Leisure (Pvt) Ltd

	Unaudited	Audited
Reserves as at 31 March	2020	2019
	Rs. '000	Rs. '000
Other capital and revenue reserve	141,775	141,775
Revaluation reserve	1,937,623	1,928,834
Fair value reserve	(82,202)	(77,115)
Cash flow hedge reserve	(1,396)	1,230
Retained earnings	4,774,778	3,542,167
	6,770,578	5,536,891

Annexure 6: Statement of financial position of Healthcare & Leisure (Pvt) Ltd

	Unaudited	Audited
As at 31 March	2020	2019
	Rs. '000	Rs. '000
Assets		
Non-current assets		
Property, plant and equipment	9,347,923	8,823,281
Investment properties	674,591	582,474
Leasehold right/prepaid lease rentals	131,276	96,809
Intangible assets	468,946	508,989
Investment in HCD(BD)	984,500	-
Other non-current financial assets	148,936	120,745
	11,756,172	10,132,298
Current assets		
Inventory	5,200,949	4,873,450
Trade and other receivables	4,322,332	3,452,216
Tax recoverable	19,270	17,263
Other current financial assets	5,475	4,857
Cash and short-term deposits	73,631	51,402
	9,621,657	8,399,188
Total assets	21,377,829	18,531,486
Equity and liabilities		
Equity		
Stated capital	5,960,450	5,960,450
Reserves	6,770,578	5,536,891
Total equity	12,731,028	11,497,341

Non-current liabilities		
Interest bearing loans and borrowings	553,567	243,540
Other financial liabilities	455,697	309,341
Deferred tax liabilities	560,875	575,421
Employee benefit liabilities	345,252	235,652
	1,915,391	1,363,954
Current liabilities		
Trade and other payables	3,699,450	3,414,895
Income tax liabilities	253,456	248,520
Interest bearing loans and borrowings	1,553,250	1,254,531
Bank overdrafts	1,225,254	752,245
	6,731,410	5,670,191
Total equity and liabilities	21,377,829	18,531,486



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Annexure 7: Segmental information of Healthcare & Leisure (Pvt) Ltd

For the year ended 31 March	FMCG		Healthcare		Leisure & travel		Logistics		Power & Energy		Company	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs. '000											
Revenue												
Segmental revenue (net)	12,821,650	8,677,582	10,898,403	7,120,067	3,846,495	3,115,029	2,564,330	2,002,519	1,923,248	1,335,013	32,054,126	22,250,210
Cost of sales	(8,211,939)	(5,177,204)	(6,089,122)	(3,773,636)	(2,924,826)	(2,450,167)	(2,051,464)	(1,561,965)	(1,557,831)	(1,054,660)	(20,835,182)	(14,017,632)
Gross profit	4,609,711	3,500,378	4,809,281	3,346,431	921,669	664,862	512,866	440,554	365,417	280,353	11,218,944	8,232,578
Selling and distribution expenses	(989,840)	(772,758)	(1,401,403)	(878,207)	(307,715)	(188,066)	(128,216)	(140,176)	(57,697)	(53,312)	(2,884,871)	(2,032,519)
Administrative expenses	(2,323,283)	(1,648,741)	(2,016,205)	(1,449,197)	(461,579)	(444,457)	(359,006)	(278,350)	(289,128)	(223,797)	(5,449,201)	(4,044,542)
Finance cost	(256,433)	(138,841)	(217,968)	(113,921)	(76,929)	(49,841)	(51,287)	(32,040)	(38,465)	(21,360)	(641,082)	(356,003)
Segmental profit/(loss) before tax	1,040,155	940,038	1,173,705	905,106	75,446	(17,502)	(25,643)	(10,012)	(19,873)	(18,116)	2,243,790	1,799,514
Assets and liabilities												
Non-current assets	3,879,592	3,639,876	4,462,010	3,264,451	1,204,995	1,141,019	904,162	850,849	1,305,413	1,236,103	11,756,172	10,132,298
Current assets	4,316,096	3,777,659	3,367,580	2,939,716	962,166	839,919	673,516	437,943	302,299	403,951	9,621,657	8,399,188
Total assets	8,195,688	7,417,535	7,829,590	6,204,167	2,167,161	1,980,938	1,577,678	1,288,792	1,607,712	1,640,054	21,377,829	18,531,486
Non-current liabilities	421,386	300,070	402,232	286,430	383,078	272,790	268,155	190,954	440,540	313,710	1,915,391	1,363,954
Current liabilities	1,682,853	1,417,548	1,682,853	1,417,548	673,141	567,019	1,480,910	1,247,442	1,211,653	1,020,634	6,731,410	5,670,191
Total liabilities	2,104,239	1,717,618	2,085,085	1,703,978	1,056,219	839,809	1,749,065	1,438,396	1,652,193	1,334,344	8,646,801	7,034,145

Annexure 8: Income statement of Healthcare Drugs (Bangladesh) Ltd

For the year ended 31 March	Audited	
	2020	2020
	Tk. '000	Rs. '000
Revenue	5,982,154	12,682,166
Cost of sales	(3,589,292)	(7,609,300)
Gross profit	2,392,862	5,072,866
Other operating income	15,252	32,334
Selling and distribution expenses	(994,116)	(2,107,526)
Administrative expenses	(1,022,973)	(2,168,703)
Operating profit	391,025	828,971
Finance cost	(456,250)	(967,250)
Finance income	478,027	1,013,417
Profit before tax	412,802	875,138
Income tax expense	(115,584)	(245,039)
Profit for the year	297,218	630,099
Earnings per share	Tk. 3.96	Rs. 8.40
Dividend per share	Tk. 0.75	Rs. 1.59

- Depreciation and amortisation included in the income statement in year 2020 is Tk. 856,048,791

Annexure 9: Statement of financial position of Healthcare Drugs (Bangladesh) Ltd

As at 31 March	Audited	
	2020	2020
	Tk. '000	Rs. '000
Assets		
Non-current assets		
Property, plant and equipment	1,575,252	3,418,297
Investment in subsidiary	25,750	55,878
Intangible assets	1,525	3,309
Other non-current financial assets	55,852	121,198
	1,658,379	3,598,682
Current assets		
Inventory	1,700,949	3,691,059
Trade and other receivables	2,777,501	6,027,177
Other current financial assets	25,475	55,281
Cash and short-term deposits	1,250	2,713
	4,505,175	9,776,230
Total assets	6,163,554	13,374,912
Equity and liabilities		
Equity		
Stated capital	750,000	1,485,000
Foreign exchange reserves	-	339,620
Reserves and retained earnings	896,002	1,747,204
Total equity	1,646,002	3,571,824
Non-current liabilities		
Interest bearing loans and borrowings	369,067	800,875
Other financial liabilities	255,697	554,862
Deferred tax liabilities	72,251	156,785
Employee benefit liabilities	12,250	26,583
	709,265	1,539,105
Current liabilities		
Trade and other payables	2,055,477	4,460,385
Income tax liabilities	125,252	271,797
Interest bearing loans and borrowings	875,280	1,899,358
Bank overdraft	752,278	1,632,443
	3,808,287	8,263,983
Total equity and liabilities	6,163,554	13,374,912