

Directors' report

The Directors of Orion Pharma Limited present their report, together with the audited financial statements, on the consolidated entity consisting of Orion Pharma Limited and the entities it controlled at the end of, or during the financial year ended June 30, 2020.

Industry scenario

Pharmaceutical industry in Bangladesh has grown tremendously since the beginning of its journey in late 80's of the last century. A few decades ago, the country was dependent on imported medicines as well as drugs produced by multinational companies for meeting domestic demands. Now, Bangladesh pharma industry is capable of meeting 98% of the domestic demand that amounted to around USD 3 billion in 2019. The market share of the local manufacturers is currently around 90% and 10% is controlled by foreign producers. Bangladesh is now the only least-developed country among 47 nations that has a well-developed pharmaceutical sector that can produce medicines for cancer diseases and biological products such as insulin and vaccines.

After meeting local demand, key players of this industry have successfully managed to continue the upsurge of international exports. Market researchers have said that achieving global certification of the medicines and responding promptly to adopt new technologies used in worldwide from the domestic companies along with receiving cash incentives against exports of medicine are the key reasons for the sharp rise in exports earnings. According to Export Promotion Bureau, Bangladesh, the sector's earning from 151 overseas market jumped 4.49% to USD 135.79 million in FY2020 from USD 129.95 million in FY 2019.

A key strength of the industry is to deliver quality products that are produced with ultra-modern technology and to comply the international requirements. Another competitive advantage of Bangladesh in the global stage is its cheap labor (almost 4 times cheaper than that of India or China). Bangladesh has also been enjoying a vast amount of skilled manpower in this sector. But the cherry on top is the Trade-Related Aspects of Intellectual Property (TRIP) agreement. TRIP agreement allows Bangladesh to produce and export patent-free generic version of a patented drug without taking the permission from the original innovator.

However, despite the many merits of Bangladesh's pharmaceutical industry, Bangladesh's large import dependence on China for API which is almost 50% has become a significant threat to the growth of Bangladesh's healthcare manufacturing and global supply chain. Any disruption in supply chain of APIs can result in significant shortages in the supply of essential drugs in Bangladesh which is clearly happening since the outbreak of Coronavirus in March. Pharmaceutical industry is heavily dependent on China's API for high-burden disease categories like cardiovascular diseases, diabetes and tuberculosis and also many antibiotic APIs like penicillin, cephalosporins and macrolides. India has also posted ban on API exports which is giving more hard times to the import-dependent market like Bangladesh, potentially pushing towards facing API shortage in near future.

Pharmaceutical industry during Covid-19 pandemic

Due to the ongoing Covid-19 pandemic, the government enforced lock-down has disrupted production (factory closure), distribution and marketing for a couple of months. However, the industry is not expected to suffer from any potential lockdown as medicine is one of the most important necessities of human life. Patients with certain health conditions like high blood pressure (hypertension), high cholesterol, diabetes and some other life threatening diseases need to take medicines for the rest of the life even though whatever the situation is. Beside this, the sales of certain medicines related to the treatment of corona virus has increased significantly.

On other hands, despite the fall of country's total export due to coronavirus in the FY 2019-20, Bangladesh's medicine exports recorded 4.49% growth. But the industry is now facing dire consequence of corona pandemic. One major setback caused due to ongoing lockdown over Coronavirus pandemic in worldwide is being halt the process of registration of local brands in global market. The process of drug registration is itself very difficult which sometimes might take more than 5 (five) years to complete all the process in European countries. Besides, separate registrations are needed against each drug product in different developed countries. Moreover, drug

manufactures now fear that novel coronavirus or COVID-19 has caused severe supply chain disruptions and the earnings might be declined by 10-15% because of it. But the industry is now bouncing back which is not only true for Bangladesh, but globally too.

Outlook of Bangladesh pharmaceutical industry in post-pandemic era

The ongoing battle between the US and China has opened up opportunities for growing international markets like Bangladesh to invest in building up API production capacity and take a big chunk of market share of US which is currently dominated by India remaining a key exporter to the US for generic drugs. In a survey conducted in April 2020 by the Confederation of Indian Industry and KPMG, it is reported that 90% of American's prescriptions are filled by generic drugs and one in every three pills are produced by Indian manufacturers. According to the US International Trade Commission, US has imported USD 127 billion pharmaceutical products in 2019 of which India and China accounted for USD 7.5 billion and USD 1.5 billion respectively. On the contrary, Bangladesh's export of pharmaceutical products to the US is merely USD 13 million for FY19. So, in order to succeed in the long run to penetrate US market amidst ongoing trade war, Bangladesh needs to be self-sufficient and achieve cost-effectiveness in the manufacturing process of drugs as soon as possible. The completion of the API Park would make Bangladesh a serious prospect for the US to consider. In addition, the API Park will also give the opportunity for US pharmaceuticals to import APIs from Bangladesh which opens up many possible revenue streams.

Highlights on financial results

This point provides a snapshot of some of our key performance indicators (on consolidated figure) regarding our financial performance of the financial year 2019-20 along with the preceding financial year:

Amount in BDT

Particulars	2019-20	2018-19	% increase (decrease)
Net turnover	7,647,703,031	8,705,172,867	(12.15)
Cost of sales	(5,069,865,088)	(6,159,489,430)	(17.70)
Gross profit	2,577,837,943	2,545,683,437	1.26
Net profit before tax	795,530,136	1,028,310,756	(22.64)
Net profit after tax	665,686,161	882,354,974	(24.55)
Earnings per Share	2.84	3.77	(24.67)

Principal activity

Orion Pharma Limited is a publicly listed pharmaceutical company focused on the development, manufacture and marketing of a broad range of generic and branded pharmaceutical products in solid, semi-solid, powder, liquid and injectable final dosage forms. The company's pharmaceutical operations are conducted in both local and international markets. The majority of the company's export business are in non-regulated markets but we have plans to enter into regulated pharmaceutical market after full completion of the construction of Orion Pharma Park.

Product status

The status of products of Orion Pharma Limited available at the end of the financial year has been shown here under 7 (seven) product categories:

Product categories	No. of products
Tablet	96
Capsule	23
Liquid & suspension	31
Injection	30
Powder for suspension	16
Cream & ointment	5
Hand rub	2
Total	203

Segment wise or product wise performance

Orion Pharma Limited itself is operating its business in a single economic segment i.e. the pharmaceutical industry within and outside the territory of Bangladesh. The company is the parent company of another 2 (two) power generation companies i.e. Orion Power Meghnaghat Limited and Dutch Bangla Power & Associates Limited. These 2 (two) revenue generating subsidiary companies have been in operation in the power sector of our country since 2011.

The breakup of consolidated sales figure (pharmaceutical and power sector) and sales figure of Orion Pharma Limited into local and export sales are as described here.

Sector wise sales

Amount in BDT

Year	Pharmaceutical	Power	Total revenue
2019-20	2,297,740,301	5,349,962,730	7,647,703,031
2018-19	2,222,541,814	6,482,631,053	8,705,172,867

Local and export pharma sales

Amount in BDT

Year	Local	Export	Total revenue
2019-20	2,144,549,213	153,191,088	2,297,740,301
2018-19	2,048,430,562	174,111,252	2,222,541,814

Pharma cost of goods sold & profit margin

The cost of goods sold compared to net turnover has remained almost same, which is 44.25% in reporting year and 44.37% in last year. The breakup of cost of goods sold along with the percentage of each element of COGS in terms of total COGS are as described here.

COGS	Amount in BDT		% of total COGS	
	2019-20	2018-19	2019-20	2018-19
Raw materials	440,014,412	423,581,407	43.28	42.95
Packing materials	192,825,828	222,552,717	18.97	22.57
Factory overhead	431,014,446	314,316,780	42.39	31.87
Manufacturing cost	1,063,854,686	960,450,905	104.64	97.40
WIP (Opening-Closing)	(3,312,521)	1,475,111	(0.32)	0.15
FG (Opening-Closing)	(31,094,429)	36,624,882	(3.06)	3.71
Cost of physician sample	(12,802,715)	(12,431,262)	(1.26)	(1.26)
Cost of goods sold	1,016,645,021	986,119,636	100.00	100.00

Pharma sales
BDT **2,297.74** million

Cost of goods sold
BDT **1,016.65** million
% of sales **44.25%**

Gross profit
BDT **1,281.10** million
Margin **55.75%**

Net profit
BDT **194.34** million
Margin **8.46%**

Utilization of production capacity

Item	Production capacity		Actual production	
	2019-20	2018-19	2019-20	2018-19
Tablet & capsule	694.26	694.26	523.20	508.87
Oral liquid, injection, PFS, cream & ointment	23.68	23.68	17.27	15.49

Capacity utilization (%)			
Tablet & capsule		Oral liquid, injection, PFS, cream & ointment	
2019-20	75.36	2019-20	72.93
2018-19	73.25	2018-19	65.42

Additional investments

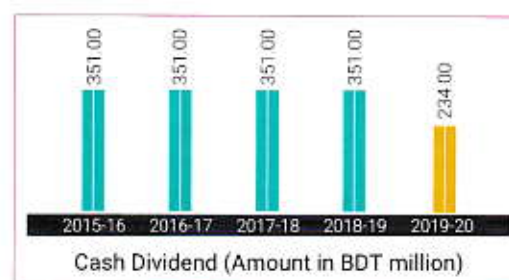
The fund capitalized for acquisition of fixed assets and for construction work in progress by Orion Pharma Limited and its subsidiaries during the reporting period is as follows:

Amount in BDT

Additional investment	2019-20	2018-19
Land and land development	127,957,031	4,000,000
Factory and office building	1,899,698,457	15,633,633
Plant and machinery	249,755,124	464,726,665
Furniture and fixtures	9,910,291	52,738,958
Office equipment	16,115,555	49,333,485
Vehicles	12,619,453	30,032,643
Road and road development	588,230,892	-
Total	2,904,286,804	616,465,384

Declaration of dividend

With the recommendation of Directors for a cash dividend of 10% (BDT 1.00 per share) for the financial year 2019-20, the company will have a payout of BDT 234,000,000 subject to approval of the Shareholders at the 55th Annual General Meeting. The dividend will be applicable for the shareholders whose names will appear in the depository register of CDBL as on Record Date i.e. November 29, 2020.



Appropriations of profit

Considering the financial statements of Orion Pharma Limited and also the interest of the Shareholders, the Board of Directors has proposed and recommended following appropriation of profit for the financial year 2019-20:

Amount in BDT

Net profit for the Period (2019-20)	194,342,150	
Add: Adjustment for depreciation on revaluation surplus	11,114,051	
Profit brought forward from previous year	252,094,738	
Profit available for distribution		457,550,939
Less: Appropriation proposed:		
Cash Dividend @ 10%		234,000,000
Transfer to retained earnings		223,550,939

Operation of subsidiaries

Orion Power Meghnaghat Limited (OPML)

During the financial year ended June 30, 2020, Orion Power Meghnaghat Limited earns total revenue of BDT 2,704.91 million broken up into BDT 1,322.88 million as Reference Rental Price, BDT 64.59 million as Reference Energy Price (Variable O&M), BDT 1,323.59 million as sales revenue from HFO OOSL. The total revenue is derived after considering foreign exchange loss of BDT 6.15 million. Its net profit is BDT 384.75 million during the period under report. Since the company is not listed, its market price cannot be determined. The Earnings and the NAV as on 30 June, 2020 stands at BDT 3.85 and BDT 48.61 per share respectively.

Dutch Bangla Power & Associates Limited (DBPAL)

During the financial year ended on June 30, 2020, the turnover of Dutch Bangla Power & Associates Limited is BDT 2,645.05 million broken up into BDT 1,322.88 million as Reference Rental Price, BDT 60.35 million as Reference Energy Price (Variable O&M), BDT 1,268.01 million as sales revenue from HFO OOSL and BDT 6.19 million as foreign exchange loss. The company has made a net profit of BDT 157.96 million and consequently EPS stands at BDT 15.80. It is not a listed company and the NAV is BDT 297.86 per shares as on 30 June, 2020.

Risks & concerns

The company is always aware of that business is subject to variety of risks and uncertainties e.g. industry risk, liquidity risk, market risk, operational risk, interest rate risk, exchange rate risk and potential changes in global or national policies etc.

In this respect, Orion Pharma Limited has well defined its risk management policies and introduced periodic monitoring system that act as an effective tool in mitigating various risks to which our businesses are exposed to in the course of its day-to-day operations as well as in its strategic actions.



A detailed discussion on the risk management system of OPL is mentioned on pages 82-91 and in Note 4 of the financial statements on pages 256-257.

OPL Annual Report 2019-20

Continuity of any extra-ordinary gain or loss

There is no extra-ordinary gain or loss in the financial statements prepared for the financial period 2019-20 as well as for the financial period 2018-19.

Disclosure on related party transactions

The Directors and other key management personnel are very much cautious to avoid any conflicts of interest in conformity with the prevailing rules and regulations. Related party transactions, when undertaken in the normal course of business, are carried out on an arm's length basis without any special benefit to the related party. All such transactions during the reporting period was approved by the Board of Directors and the same will be placed before the shareholders for approval in the ensuing Extra-ordinary General Meeting (EGM).



A statement of all related party transactions containing the name of related parties, nature of related parties, nature of transactions and total transaction values is mentioned under notes 3.15 and 38.1 of the audited financial statements as per IAS 24: Related Party Disclosure on pages 255 & 274.

OPL Annual Report 2019-20

Utilization of proceeds from public issues, right issues and/or through any other instrument

Initial Public Offering (IPO) of Orion Pharma Limited was made in 2013 and it mobilized a fund of BDT 2.40 billion with the allocation of 40.00 million shares. The main purpose of raising this fund was to construct an expansion project of Orion Pharma Limited named as Orion Pharma Park at Sumilpara, Siddhirganj, Narayanganj in terms of the expansion of existing production capacity as well as the addition of new products line.

However, the fund raised thereby has been being utilized for the said Pharma Park and reported accordingly to the regulators about the status of the fund utilization on a regular basis. No other issue of any instrument including right share was made during the year.

Explanation if financial results deteriorate after the company goes for IPO, RPO, right share offer & direct listing

Orion Pharma Limited went for IPO in 2013 and after that the company did not raise any fund by any sort of public offerings upto June 30, 2020. Therefore, no explanation is required in this connection.

Explanation about significant variance between quarterly & annual financial statements

Significant variation has occurred between the quarterly and annual financial statements of the company during the year for net operating cash flow per share. It increased because cash received from customers increased compared to cash payments for operating expenses. Furthermore, for confirming more appropriate presentation from quarterly unaudited financial statements to annual financial statements, some expenses under operating activities were rearranged with investing activities.

Significant deviation from the operating results of last year

During the year, significant deviation has occurred from the operating results of last year of the company. Earnings per share decreased because operating expenses increased as compared to revenue than from previous year and financial expenses increased also as compared to last year.

Again net operating cash flow per share increased due to huge cash received from customers compared to cash paid to suppliers.

Key operating & financial data of preceding five years

A summarized statement stating the key operating and financial data of preceding (5) five years have been disclosed in this annual report. Various financial information in terms of Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial position, ordinary share related information and different financial ratios for preceding 5 (five) years are included in this statement.



Key operating and financial data of preceding 5 (five) years have been disclosed on page 226

OPL Annual Report 2019-20

Remuneration paid to Directors including Independent Directors

The Directors excluding the Managing Director of Orion Pharma Limited do not receive any facilities or perquisites except Board meeting and committee meeting attendance fees which are reviewed annually and approved by the Board of Directors. Total remuneration expenses of the Directors of Orion Pharma Limited is BDT 3.60 million during the reporting financial year and the amount has been disclosed as an expense under the head of General and Administrative Expenses in the note 30.a of the financial statements.



Details on Directors' remuneration have been described on pages 77 & 78

OPL Annual Report 2019-20

Corporate & financial reporting

The Directors are pleased to conform the following:

- The financial statements of the company present true and fair view of its state of affairs, the result of its operation, cash flows and changes of equity.
- Books of accounts have been maintained properly as required by the law.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates were reasonable and prudent.
- The financial statements were prepared in accordance with International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS), as applicable in Bangladesh. Any departure therefrom has been adequately disclosed.



Compliance report on IAS/IFRS is presented in Annexure E on page 132

OPL Annual Report 2019-20

- Internal control system is sound in design and implemented and monitored effectively.
- Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- No Bonus share or stock dividend has been or shall be declared as interim dividend.

Shareholding structure of the company

A report on the pattern of shareholding as on June 30, 2020 is presented in terms of the aggregate number of shares held by-

- Parent or Subsidiary or Associated Companies and other related parties;
- Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children;
- Executives; and
- Shareholders holding ten percent (10%) or more voting interest in the company;



The present shareholding structure of the company is shown in annexure D on pages 130-131

OPL Annual Report 2019-20

Going concern

Subsequent to the conduction of appropriate enquiries and analysis of the significant operating and financials, the Board ensures that the company has the ability to continue its operation for a foreseeable future. The Directors have a reasonable anticipation that the resources are adequate to continue its operation without any major interruptions. Therefore, all these analysis qualify the company as a going concern and consequently the financial statements are also prepared on the basis of going concern assumption.

Consolidation of accounts

As per BSEC Regulations, the company has prepared consolidated financial statements following the codes of IFRS 10. For the preparation of consolidated statements of OPL, the audited financial statements of 2 (two) subsidiaries have been taken into consideration.

Contribution to national economy

The total contribution to the national exchequer by Orion Pharma Limited as on June 30, 2020 was BDT 517.31 million in the form of import duty, import VAT, import tax, supplementary duty and other duty on raw materials, packing materials, spare parts, machineries & other assets, tax on sale

of makeable securities, VAT on sales and income tax. The contribution constitutes 22.51% of the net revenue.



Details on contribution to national economy have been described on page 230

OPL Annual Report 2019-20

Environmental consideration

Orion Pharma Limited is committed to providing a healthy and pollution free environment for its employees, customers, suppliers, and all other parties with whom it interacted to conduct its business. The company follows GMP Regulations, WHO standards and Governmental rules and regulation in order to maintain a pollution free environment.



A detailed report on this is set out on pages 196-202

OPL Annual Report 2019-20

Board meetings held

A total of 7 (seven) Board meetings were held during the financial year ended June 30, 2020. In addition to the Directors, the Chief Financial Officer (CFO), the Company Secretary (CS) and the Head of Internal Audit and Compliance (HIAC) also regularly attended the meetings.



A detailed report on Board meeting is set out on page 62

OPL Annual Report 2019-20

Appointment or re-appointment of Directors

With regard to the appointment, retirement and re-appointment of Directors, the company is governed by its Articles of Association, the Companies Act 1994 and other related legislations. In order to comply with the provision mentioned under Section 91(2) of the Company Act 1994 and Clause no. 125 to 130 of the Articles of association of the OPL, at least one third of the Directors shall retire from the office in the Annual General Meeting.

Pursuant to the above, Mrs. Arzuda Karim and Mrs. Hasina Begum, Directors of the company, will retire by rotation from the Board, but being eligible, have offered themselves for re-election which was also recommended by the Board for the approval of the shareholders.



Brief profile of the Directors being proposed for re-election are set out on pages 34 & 36

OPL Annual Report 2019-20

Appointment of Managing Director

As per the corporate governance code published by BSEC, the Managing Director of a listed company can not hold the same position in another listed company. Therefore, the Board of the company appointed Mrs. Zareen Karim as its Managing Director in place of Mr. Salman Obaidul Karim for a period of 5 (five) years on January 08, 2020 because Mr. Salman Obaidul Karim is the Managing Director of Orion Infusion Limited which is also a listed company. The Board recommended Mrs. Zareen Karim's appointment as the Managing Director for next 5 (five) years with post facto effect subject to the approval of shareholders in the ensuing AGM.



Brief profile of the Managing Director being proposed for appointment is set out on page 33

OPL Annual Report 2019-20

Appointment of Independent Director

Lt. Col. Kamal Ahmed, PSC (Retd.), the Independent Director, has completed his second tenure with great success and now, among the shortlisted candidates considering their qualification, skills, experience, expertise, positive attributes, the NRC has recommended to the Board of Directors to appoint Mr. A. N. M. Abul Kashem as the new Independent Director, in compliance with the Notification No. BSEC / CMRRCD / 2006-158 / 207 / Admin / 80 dated June 03, 2018 issued by BSEC, subject to the approval of the shareholders in the ensuing AGM.



Brief profile of the Independent Director being proposed for appointment is set out on page 38

OPL Annual Report 2019-20

Management Discussion & Analysis

Detailed analysis of the company's position and operations have been presented in a Management Discussion and Analysis signed by Mrs. Zareen Karim, Managing Director of the company. The statement depicts a brief discussion of changes in the financial statements, among others, focusing on:

- accounting policies and estimation for preparation of financial statements;
- changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;
- comparative analysis of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;
- compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;
- briefly explain the financial and economic scenario of the country and the globe;
- risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and
- future plan or projection or forecast for company's operation, performance and financial position.



Management's Discussion and Analysis has been presented on pages 114-115

OPL Annual Report 2019-20

Declaration or certification by the MD & the CFO

As per the corporate governance code prescribed by BSEC, it is the responsibility of both MD and CFO to certify to the Board on the preparation of financial statements as per the applicable IAS and IFRS and the presentation of true and fair view of company affairs.



Declaration or certification by the MD and the CFO has been disclosed in Annexure A on page 116

OPL Annual Report 2019-20

Appointment of statutory auditors

The Directors hereby report that as per the Companies Act 1994 and the Articles of Association of the company, the existing auditors, S. F. Ahmed & Co., Chartered Accountants, who were appointed as statutory auditors of the company in the last Annual General Meeting, has carried out the audit for the reporting year ended June 30, 2020, will retire at the conclusion of the ensuing Annual General Meeting.

However, they have expressed their willingness to the Board to be appointed as statutory auditors of the company for the financial year to be ended June 30, 2021 and to continue till the next AGM, subject to the approval of the shareholders in the upcoming AGM.

Status of compliance

OPL recognizes that the sustainability of the company as well as the relationship and trust between the company and the stakeholders relies on the application and adherence to the standard corporate governance. It is the Company Secretary who is responsible and accountable to make sure of full compliance with all applicable rules and regulations and to assure the stakeholders that OPL is doing everything to maximize the value of the shareholders by safeguarding the interest of other stakeholders.

Appointment of compliance auditors

In compliance with the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, a listed company requires to appoint compliance auditors on the corporate governance code and collect the compliance report thereon, who shall be appointed by the shareholders in the AGM. However, ARTISAN, Chartered Accountants, has been appointed as the compliance auditors for the financial year under report and they have provided report as well as certificate regarding compliance of conditions of this code.



Certification and checklist on compliance on the corporate governance code have been published in Annexure B and C respectively on pages 117-129

OPL Annual Report 2019-20

Considering the conditions imposed by the code and necessary expertise, the Board has recommended to appoint ARTISAN, Chartered Accountants, as the compliance auditors of the company for the next financial year to be ended June 30, 2021, subject to the approval of the shareholders in the ensuing AGM.

Sustainability

Doing something extra to improve our society or environment is a way to show our true commitment to a cause. Our corporate social responsibility programs include providing scholarship to medical students and providing our oncology medicine 'Enliven' at subsidized price to underprivileged blood cancer patients in Bangladesh under the program named 'Enliven Patients Assistance Program (EPAP)'. Under the EPAP Program, the company has enlisted and renewed 27 (twenty seven) patients in the reporting financial year. Providing relief during Covid-19 pandemic, new clothes to orphan children, ifter to the underprivileged during the month of Ramadan are other initiatives for the betterment of the society we live in. We also perform responsibilities towards our employees by providing them opportunity to perform Holy Hajj and Umrah at company's expense, supporting the family of deceased employee under the donation on death benefit scheme and, many other which have already been depicted in human capital chapter.

We are aware of the fact that climate and environment conservation is an issue of great importance to us. We know that Bangladesh is one of the vulnerable countries in the world due to the negative impact of climate change and global warming; and accordingly take steps towards our commitment to help society to achieve sustainable balance. All the information in this regards has been described in natural capital chapter.

Company outlook

Orion Pharma Limited is dedicatedly working towards completing the construction work of Orion Pharma Park at Narayanganj. Innovation in molecule and dosage form is going to be emphasized in every step at the new plant. The installed production capacity will be increased significantly with the implementation of this park and it will help us to meet the untapped demand of our medicines. At present we are not able to fulfill customer demand due to the limitation of our existing production capacity. We are optimistic about the future outlook, as with the increased production capacity, we will be able to enhance productivity and revenue income not only from local market but also from our export markets.

Our company is also determined to position itself better in the local market as well as the export-market. In order to grow and develop in the future and to provide our healthcare facility globally, the company has no alternative to expanding beyond borders and go international. New strategies have been formed to explore new markets and generate income from there.



Acknowledgement

The Board of Directors appreciates the hard work, determination and guidance of the Board, Management team and all the staffs and employees of the company. The Board of Directors also record with deep appreciation the efforts made by the customers, creditors, suppliers, banks, insurance companies, government agencies, and the Government in particular.

The Directors would also like to express profound gratitude to all other stakeholders of the company for their trust and confidence on the company by supporting the activities of the company and look forward to their continued support and cooperation in future.

On behalf of the Board

Sd/-

Mohammad Obaidul Karim

Chairman

ANNEXURE LIST:

- A. Certification by the MD and CFO to the Board
- B. Certificate from ARTISAN, Chartered Accountants regarding compliance on the corporate governance code
- C. Checklist on compliance of corporate governance code
- D. The pattern of shareholding
- E. Compliance report on IAS/IFRS

Management discussion & analysis

Guiding principles

The preparation and presentation of the financial statements and the relevant disclosures therein have been made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Stock Exchanges as applicable and International Accounting Standards (IAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and International Financial Reporting Standards (IFRS) as applicable to the company.

The company has applied IFRS-16 Leases for the first time with the date of initial application of July 01, 2019. The company has applied IFRS-16 using the modified retrospective approach and therefore the comparative information has not been restated. IFRS-16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases.

Economic scenario of the world

Let us start with a few words regarding the economic conditions in which our business is operating. The COVID-19 pandemic spread very quickly while infecting millions and bringing economic activity to a near-standstill causing an unprecedented disruption to the global economy. According to the World Economic Situation and Prospects, the world economy is projected to shrink by 3.2% in 2020, economic activities across the globe were paralyzed due to lockdowns and the closing of national borders, making millions of workers worldwide unemployed. Governments rolled out stimulus packages to fight the pandemic and minimize the impact of a catastrophic economic downturn.

Economic scenario of the country

After the world scenario, we may take a look at the condition of our country. The global health crisis caused by COVID-19 has hit Bangladesh's economy hard and jeopardized the country's impressive achievements in poverty reduction. Over the last decade, the economy has been growing at around 7% per annum, yet according to the Bangladesh Bureau of Statistics (BBS), 20.5% of the population lives below the poverty line. The pandemic has worsened the situation by making many people unemployed especially in the informal sector. Decreasing oil

prices in the Middle-east and lockdowns imposed in Europe have negatively affected the expatriate Bangladeshi workers abroad. The RMG sector faced unprecedented humanitarian and business catastrophe as international buyers cancelled orders worth USD 3.16 billion. Even the banking sector and manufacturing sector was adversely affected by the pandemic. Hon'ble Prime Minister Sheikh Hasina announced a timely stimulus package for the fast recovery of the country. As per analysts and economic trends, the economy will rebound from this situation with the right strategies of the Government and all other working forces of the society.

Pharmaceutical industry scenario

The pharmaceutical industry is one of the most technologically advanced sectors currently in existence in Bangladesh. A few decades ago, the country was dependent on imported medicines as well as drugs produced by multinational companies for meeting domestic demands. Now, Bangladesh pharma industry is capable of meeting 98% of the domestic demand that amounted to around USD 3 billion in 2019. The market share of the local manufacturers is currently around 90% and 10% is controlled by foreign producers. Bangladesh is now the only least-developed country among 47 nations that has a well-developed pharmaceutical sector that can produce medicines for cancer diseases and biological products such as insulin and vaccines.

However, Bangladesh's large import dependence on China for API which is almost 50% has become a significant threat to the growth of Bangladesh's healthcare manufacturing and global supply chain. Any disruption in supply chain of APIs can result in significant shortages in the supply of essential drugs in Bangladesh which is clearly happening since the outbreak of Coronavirus in March. India has also posted ban on API exports which is giving more hard times to the import-dependent market like Bangladesh, potentially pushing towards facing API shortage in near future.

Risk management framework

Let me take you all over the different risks that we face. The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to credit risk, liquidity risk, market risk, currency risk, interest-rate risk etc. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Company performance

Dear shareholders, below is a comparative analysis of the financial performance and financial position of our company over the last 5 (five) years:

Particulars	Amount in BDT million				
	2019-20	2018-19	2017-18	2016-17	2015-16
Net Sales Revenue	7,647.70	8,705.17	10,423.10	9,534.35	14,799.74
Gross Profit	2,577.84	2,545.68	2,376.20	2,419.25	3,861.26
Net Profit after Tax	665.69	882.35	801.76	794.50	1,323.07
EBITDA	2,459.68	2,347.49	2,343.97	2,377.60	3,763.93
Gross Profit Ratio (%)	33.71	29.24	22.80	25.37	26.09
Current Ratio (times)	4.04	3.00	2.23	1.84	2.30
Debt Equity Ratio (times)	0.98	0.71	0.70	0.66	0.61
Return on Equity (%)	3.47	4.71	4.42	4.52	7.69

Peer industry analysis

Now let us take a look at the peer industry scenario and have a comparison with them in regards to our performance. If we look at the industry, we will find that there are many competitors. We have selected 4 (four) of the listed companies for the sake of comparison. We have used ratio analysis as it is one of the best tools for assessing and comparing the financial performance of a company with others.

Year	2018-19					2017-18				
	OPL	Square	Acme	Beximco	Renata	OPL	Square	Acme	Beximco	Renata
Financial ratios										
Current Ratio (times)	3.00	12.93	0.93	1.04	2.67	2.23	4.91	1.11	1.26	2.20
Return on Equity (%)	4.71	0.17	0.08	0.10	0.21	4.42	0.18	0.08	0.09	0.21
Net Asset Value per Share (BDT)	75.19	77.07	86.69	73.00	227.04	72.88	59.14	83.38	67.00	187.83
Net Operating Cash flow per Share (BDT)	6.19	15.96	7.81	7.30	51.60	9.38	12.02	7.46	4.49	32.42
Earnings per Share (BDT)	3.77	13.39	6.81	7.48	47.47	3.43	10.42	6.74	6.25	39.70

Future plan

Dear Stakeholders, I am pleased to inform you that in the last financial year we were focused upon starting operation in our world-class Pharma Park in Siddhirganj, Narayanganj and will soon start the production of medicines over there. I hereby ensure that with the start of commercial operation of Pharma Park we will see more success and prosperity both nationally and in the international arena.

Thank you

Sd/-

Zareen Karim
Managing Director

Annexure A

Certification by the MD & CFO to the Board

Orion Pharma Limited
Declaration by MD and CFO

Date: November 05, 2020

The Board of Directors
Orion Pharma Limited
153-154, Tejgaon I/A,
Dhaka-1208

Subject: Declaration on Financial Statements for the year ended June 30, 2020

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvii) imposed vide the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 under section 20C of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Orion Pharma Limited for the year ended June 30, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended June 30, 2020 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Sd/-

Zareen Karim
Managing Director

Sd/-

Samareesh Banik
Chief Financial Officer

Annexure B



**REPORT TO THE SHAREHOLDERS
OF
ORION PHARMA LIMITED
ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE**

We have examined the compliance status to the Corporate Governance Code of **ORION PHARMA LIMITED** for the year ended 30th June, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June, 2018 of Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we require, and after due scrutiny and verification thereof, we report that, in our opinion:

- a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission.
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- c) Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the Company is satisfactory.

Place: Dhaka
Dated: 17th November, 2020


Md. Selim Reza FCA FCS
Partner
ARTISAN-Chartered Accountants

Shah Ali Tower (7th Floor) 33, Kawran Bazar, Dhaka-1215 Bangladesh.

Phone : 8189883-7, 8180183-6, Fax : 8180187, E-mail: info@artisan-ca.com, afmalamgir28@gmail.com, Web : www.artisan-ca.com

Annexure C

Checklist on compliance of Corporate Governance Code

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.	Board of Directors (BOD) :			
1.1	Board's Size :			
	[The total number of members of a Company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty)]	✓		The Board of Orion Pharma Limited is comprised of 7 (seven) Directors.
1.2	Independent Directors :			
1.2(a)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors;	✓		The Board of Orion Pharma Limited is comprised of 7 (seven) Directors including 2 (two) Independent Directors.
1.2(b)	Independent Director means a Director :			The Independent Directors have declared their compliances.
1.2(b) (i)	Who either does not hold any share in the Company or holds not less than one percent (1%) shares of the total paid-up shares of the Company;	✓		
1.2(b) (ii)	Who is not a sponsor of the Company and is not connected with the Company's any sponsor or Director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the Company;	✓		
1.2(b) (iii)	Who has not been executive of the Company in immediately preceding 2 (two) financial years;	✓		
1.2(b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/associated companies;	✓		
1.2(b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder director or officer of any stock exchange;	✓		
1.2(b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1.2(b) (vii)	Who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this code;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not-complied	
1.2(b) (viii)	Who shall not independent director in more than 5 (Five) listed companies;	✓		
1.2(b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or advance to a bank or Non-Bank Financial Institution (NBFI);	✓		
1.2(b) (x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1.2 (c)	Independent Director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM);	✓		Mr. A. N. M. Abul Kashem has been appointed by the Board in place of Lt. Col. Kamal Ahmed, PSC (Retd.), which will be placed for approval of the shareholders in the ensuing AGM.
1.2 (d)	The post of Independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		There was no vacancy in the position of Independent Directors during the reporting period.
1.2 (e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years].	✓		
1.3	Qualification of Independent Director (ID) :			
1.3(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws regulatory requirements and corporate laws and can make meaningful contribution to business.	✓		The qualification and background of Independent Directors justify their ability as such.
1.3(b)	Independent director shall have following qualifications :			
1.3(b)(i)	Business Leader who is or was a promoter or director of an unlisted Company having minimum paid-up capital of Tk.100.00 million or any listed Company or a member of any national or international chamber of commerce or business association;	N/A		N/A
1.3(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Chief Financial Officer or Head of Finance Or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted Company having minimum paid up capital of TK 100.00 million or of a listed Company;	✓		Independent Directors are Corporate Leaders with more than 30 years of experience.
1.3(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, Who has at least educational background of bachelor degree in economics or commerce or business or Law;	N/A		N/A
1.3(b)(iv)	University teacher who has educational background in Economics or Commerce or Business Studies or Law;	N/A		N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.3(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	N/A		N/A
1.3(c)	The independent director shall have at least 10 (ten) years of experience in any field mentioned in clause (b);	✓		Independent Directors are Corporate Leaders with more than 30 years of experience.
1.3(d)	In special cases, the above qualification or experiences may be relaxed subject to prior approval of the Commission;			No such situation has occurred during the year.
1.4	Duality of Chairperson of the Board of Directors and Managing Directors or Chief Executive Officer :			
1.4(a)	The position of the Chairperson of the Board and the Managing Director (MD) and /or Chief Executive Officer (CEO) of the Company shall be filled by different individuals;	✓		Chairperson of the Board and CEO are different individuals.
1.4(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed Company shall not hold the same position in another listed Company;	✓		
1.4(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the Company;	✓		
1.4(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and /or Chief Executive Officer;	✓		
1.4(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board meeting the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.5	The Directors' Report to Shareholders :			
1.5(i)	Industry outlook & possible future development in the industry;	✓		The Directors' Report complies with the guidelines.
1.5(ii)	Segment-wise or product-wise performance;	✓		Do
1.5(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		Do
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit and Net Profit Margin and Net profit Margin, Where applicable;	✓		Do
1.5(v)	Discussion on continuity of any Extra-Ordinary activities and their implication (gain or loss);	✓		Do
1.5(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		Do
1.5(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	N/A		N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.5(viii)	An explanation if the financial results deteriorate after the Company goes for IPO, RPO, Rights offer, Direct listing etc;	N/A		N/A
1.5(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		The Directors' Report complies with the guidelines.
1.5(x)	A statement of Remuneration paid to directors including independent directors;	✓		Do
1.5(xi)	A statement that The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		Do
1.5(xii)	Proper books of accounts have been maintained;	✓		Do
1.5(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		Do
1.5(xiv)	IAS/IFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure;	✓		Do
1.5(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		Do
1.5(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		Do
1.5(xvii)	A statement that there is no significant doubt upon the issuer Company's ability to continue as a going concern, if the issuer Company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		Do
1.5(xviii)	An explanation that significant deviations from the last year's operating results of the issuer Company shall be highlighted and the reasons thereof shall be explained;	✓		Do
1.5(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		Do
1.5(xx)	An explanation on the reasons if the issuer Company has not declared dividend (cash or stock) for the year;	N/A		10% cash dividend has been recommended by the BOD.
1.5(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	N/A		N/A
1.5(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		7 (seven) meetings were held during the year.
1.5(xxiii)	Pattern of shareholding and name wise details (disclosing aggregate number of shares) :			
1.5(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (Name wise details);	✓		Annexure-D
1.5(xxiii)(b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and their spouses and minor children (Name wise details);	✓		Do
1.5(xxiii)(c)	Executives;	✓		Do
1.5(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company (Name wise details).	✓		Mr. Mohammad Obaidul Karim, Chairman of the company holds 15.18% voting interest and ICB holds 12.83%.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xxiv)	In case of appointment/re-appointment of a Director, disclose :			
1.5(xxiv)(a)	A brief resume of the Director;	✓		
1.5(xxiv)(b)	Nature of his /her expertise in specific functional areas;	✓		
1.5(xxiv)(c)	Name of companies in which the person also holds the directorship and the membership of committees of that Board.	✓		
1.5(xxv)	Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on :			
1.5(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1.5(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1.5(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1.5(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1.5(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1.5(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the Company;	✓		
1.5(xxv)(g)	Future plan or projection or forecast for Company's operation, performance and financial position, with justification thereof i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1.5(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	✓		
1.5(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1.6	Meetings of the Board of Directors :			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer :			
1.7(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the Company;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1.7(b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		The Code of Conduct for the Chairperson of the Board, other Board members and Chief Executive Officer of the company has been published in the website of the company.
2. Governance of Board of Directors of Subsidiary Company :				
2(a)	Provisions relating to the composition of the Board of the holding Company shall be made applicable to the composition of the Board of the subsidiary Company;	✓		Orion Power Meghnaghat Limited & Dutch Bangla Power & Associates Limited are the 2 (two) subsidiary companies of OPL.
2(b)	At least 1 (one) independent director on the Board of the holding Company shall be a director on the Board of the subsidiary Company;	✓		In Practice
2(c)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company;	✓		In Practice
2(d)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company also;	✓		In Practice
2(e)	The Audit Committee of the holding Company shall also review the financial statements, in particular the investments made by the subsidiary Company.	✓		In Practice
3. Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):				
3.1 Appointment :				
3.1(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		In Practice
3.1 (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		In Practice
3.1 (c)	The MD or CEO, CS, CFO and HIAC of a listed Company shall not hold any executive position in any other Company at the same time;	✓		In progress
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		In Practice
3.1 (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		In Practice

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
3.2	Requirement to attend Board of Directors' Meetings :			
	The MD or CEO, CS, CFO, and HIAC of the company shall attend the meetings of the Board. Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		In Practice
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) :			
3.3(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3.3(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3.3(a)(ii)	These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
3.3 (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board or its members.	✓		
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4.	Board of Directors' Committee :			
4 (i)	Audit Committee;	✓		In Practice
4 (ii)	Nomination and Remuneration Committee.	✓		In Practice
5.	Audit Committee :			
5.1	Responsibility to the Board of Directors :			
5.1(a)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors;	✓		In Practice
5.1(b)	The Audit Committee shall assist the BOD in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business;	✓		In Practice
5.1(c)	The Audit Committee shall responsible to the BOD. The duties of the Audit Committee shall be clearly set forth in writing.	✓		In Practice
5.2	Constitution of the Audit Committee :	✓		
5.2(a)	The Audit Committee shall be composed of at least 3 (three) members.	✓		The Audit Committee is composed with 3 (three) members where 1 (one) is Non-Executive Director and 2 (two) are Independent Directors.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5.2(b)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		The members of the Audit Committee are appointed by the Board where 1 (one) is Non-Executive Director and 2 (two) are Independent Directors.
5.2(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5.2(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee.	N/A		No such situation occurred during the reporting financial year.
5.2(e)	The Company Secretary shall act as the Secretary of the Audit Committee.	✓		In Practice
5.2(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		In Practice
5.3	Chairperson of the Audit Committee :			
5.3(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		Mr. Md. Shafiqur Rahman, Independent Director is the Chairman of the Audit Committee.
5.3(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		No such situation occurred during the reporting financial year.
5.3(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		In Practice
5.4	Meeting of the Audit Committee :			
5.4(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	✓		In Practice
5.4(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		In Practice
5.5	Role of Audit Committee :			
5.5(a)	Oversee the financial reporting process;	✓		In Practice
5.5(b)	Monitor choice of accounting policies and principles;	✓		In Practice
5.5(c)	Monitor Internal Control Risk management process;	✓		In Practice
5.5(d)	Oversee hiring and performance of external auditors;	✓		In Practice
5.5(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		In Practice

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
5.5(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		In Practice
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		In Practice
5.5(h)	Review the adequacy of internal audit function;	✓		In Practice
5.5(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		In Practice
5.5(j)	Review statement of all related party transactions submitted by the management;	✓		In Practice
5.5(k)	Review Management Letters or Letter of Internal Control Weakness issued by statutory auditors;	✓		In Practice
5.5(L)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		In Practice
5.5(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.	N/A		N/A
5.6	Reporting of the Audit Committee :			
5.6(a)	Reporting to the Board of Directors :			
5.6(a)(i)	The Audit Committee shall report on its activities to the Board;	✓		The report of the committee has been submitted to the Board of Directors.
5.6(a)(i)	The Audit Committee shall immediately report to the Board on the following findings, if any:	✓		In Practice
5.6(a)(ii)(a)	Report on conflicts of interests;	✓		No such event occurred during the reporting year.
5.6(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	✓		Do
5.6(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	✓		Do
5.6(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.	✓		In Practice
5.6(b)	Reporting to the Authorities :	✓		No such event occurred during the reporting year.
5.7	Reporting to the Shareholders and General Investors :	✓		In Practice
6.	Nomination and Remuneration Committee (NRC) :			
6.1	Responsibility to the Board of Directors :			
6.1(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		In Practice

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		In Practice
6.1(b)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		In Practice
6.2	Constitution of the NRC :			
6.2(a)	The Committee shall comprise of at least three members including an independent director;	✓		The NRC is composed with 3 (three) members.
6.2(b)	All members of the Committee shall be non-executive directors;	✓		All members of the NRC are Non-Executive Directors.
6.2(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		The members of the NRC are appointed by the Board.
6.2(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		In Practice
6.2(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	N/A		No such situation occurred during the reporting financial year.
6.2(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	✓		In Practice
6.2(g)	The Company Secretary shall act as the secretary of the Committee;	✓		In Practice
6.2(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		No such situation occurred during the reporting financial year.
6.2(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.	✓		Do
6.3	Chairperson of the NRC :			
6.3(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		Mr. Md. Shafiqur Rahman, Independent Director is the Chairman of the Committee.
6.3(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		In Practice

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
6.3(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	✓		The Chairperson of the NRC shall attend the upcoming Annual General Meeting (AGM).
6.4	Meeting of the NRC :			
6.4(a)	The NRC shall conduct at least one meeting in a financial year;	✓		In Practice
6.4(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	N/A		No such situation occurred during the reporting financial year.
6.4(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		In Practice
6.4(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		In Practice
6.5	Role of the NRC :			
6.5(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		In Practice
6.5(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board :	✓		In Practice
6.5(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following :	✓		In Practice
6.5(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the Company successfully;	✓		In Practice
6.5(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	✓		In Practice
6.5(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;	✓		In Practice
6.5(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		In Practice
6.5(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		In Practice
6.5(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓		In Practice
6.5(b)(v)	Identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	✓		In Practice
6.5(b)(vi)	Developing, recommending and reviewing annually the Company's human resources and training policies;	✓		In Practice
6.5(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		In Practice

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
7. External/Statutory Auditors :				
7.1	The issuer Company shall not engage its external or statutory auditors to perform the following services of the Company, namely :	✓		
7.1(i)	Appraisal or valuation services or fairness opinions;	✓		
7.1(ii)	Financial information systems design and implementation;	✓		
7.1(iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7.1(iv)	Broker-dealer services;	✓		
7.1(v)	Actuarial services;	✓		
7.1(vi)	Internal audit services or special audit services;	✓		
7.1(vii)	Any service that the Audit Committee determines;	✓		
7.1(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1);	✓		
7.1(ix)	Any other service that creates conflict of interest;	✓		
7.2	No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any shares in the said Company. Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8. Maintaining a website by the Company :				
8.1	The Company shall have an official website linked with the website of the stock exchange;	✓		www.orionpharmabd.com linked with DSE and CSE
8.2	The Company shall keep the website functional from the date of listing;	✓		In Practice
8.3	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		In Practice
9. Reporting and Compliance of Corporate Governance :				
9.1	The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		Certificate has been obtained from ARTISAN-Chartered Accountants for the financial year ended on June 30, 2020 which is published in Annual Report.
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting;	✓		In Practice
9.3	The directors of the Company shall state, in accordance with the Annexure-C attached, in the directors' report whether the Company has complied with these conditions or not.	✓		In Practice

Annexure D

The pattern of shareholding

as on June 30, 2020

Categories	Name	Status	No. of shares held	% of holding
(a) Parent or Subsidiary or Associated Companies and other related parties		Nil		
(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children	Mr. Mohammad Obaidul Karim	Chairman	35,514,000	15.18
	Mrs. Zareen Karim	Managing Director	6,413,040	2.74
	Mrs. Arzuda Karim	Director	8,805,600	3.76
	Mr. Salman Obaidul Karim	Director	9,708,960	4.15
	Mrs. Hasina Begum (Nominated by Panbo Bangla Mushroom Ltd.)	Nominated Director	14,400,000	6.15
	Lt. Col. Kamal Ahmed, PSC (Retd.)	Independent Director	Nil	Nil
	Mr. Md. Shafiqur Rahman	Independent Director	Nil	Nil
	Mrs. Zareen Karim	Managing Director	6,413,040	2.74
	Mr. Md. Ferdous Jaman	Company Secretary	Nil	Nil
	Mr. Samareesh Banik	Chief Financial officer	Nil	Nil
	Mr. Md. Ibrahim Khalil	Head of Internal Audit and Compliance	Nil	Nil
	Mr. Md. Ashfaque Alam	VP, Corporate Affairs	Nil	Nil
	Mr. Mahbubur Rahman	VP, Sales	Nil	Nil
(c) Executives	Mr. Md. Abu Sayed Khondoker	VP, Plant	Nil	Nil
	Mr. Md. Zakir Hossain	VP, Production	Nil	Nil
	Mrs. Ayesha Akhter	VP, Commercial, TSD & PPIC	Nil	Nil
	Mr. Mohammad Obaidul Karim	Chairman	35,514,000	15.18
	ICB	Shareholder	30,013,810	12.83
(d) Shareholders holding ten percent (10%) or more voting interest in the company				

Shareholding composition

as on June 30, 2020



Types of shareholders	No. of shareholders	No. of shares held	% of shareholding
Sponsors	5	74,841,600	31.98
Foreign Investors	153	3,852,998	1.65
Financial Institutions	189	109,366,464	46.74
General Public	35,134	45,938,938	19.63
Total	35,481	234,000,000	100.00

Range of holding in number of Shares	No. of shareholders	No. of shares held	% of shareholding
Upto 500 Shares	28,404	3,207,721	1.37
501 to 5,000 Shares	5,219	10,358,814	4.43
5,001 to 10,000 Shares	944	6,836,575	2.92
10,001 to 20,000 Shares	510	7,147,643	3.05
20,001 to above	404	206,449,247	88.23
Total	35,481	234,000,000	100.00

Annexure E

Compliance report

on IAS/IFRS

IAS No.	IAS Title	Remarks
01	Presentation of Financial Statements	Applied
02	Inventories	Applied
07	Statement of Cash Flows	Applied
08	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
10	Events after the reporting period	Applied
12	Income Taxes	Applied
16	Property, Plant and Equipment	Applied
19	Employee Benefits	Applied
20	Accounting of Government Grants and Disclosure of Government Assistance	N/A
21	The Effects of Changes in Foreign Exchange Rates	Applied
23	Borrowing Costs	Applied
24	Related Party Disclosures	Applied
26	Accounting and Reporting by Retirement Benefit Plans	N/A
27	Separate Financial Statements	Applied
28	Investment in Associates and Joint Ventures	Applied
29	Financial Reporting in Hyperinflationary Economics	N/A
32	Financial Instruments: Presentation	Applied
33	Earnings per share	Applied
34	Interim Financial Reporting	Applied
36	Impairment of Assets	Applied
37	Provisions, Contingent Liabilities and Contingent Assets	Applied
38	Intangible Assets	Applied
39	Financial Instruments: Recognition and Measurement	N/A
40	Investment Property	N/A
41	Agriculture	N/A

IFRS No.	IFRS Title	Remarks
01	First-time Adoption of International Financial Reporting Standards	N/A
02	Share-based Payment	N/A
03	Business Combinations	N/A
04	Insurance Contracts	N/A
05	Non-current Assets Held for Sale and Discontinued Operations	N/A
06	Exploration for and Evaluation of Mineral Resources	N/A
07	Financial Instruments: Disclosures	Applied
08	Operating Segments	Applied
09	Financial Instruments	Applied
10	Consolidated Financial Statements	Applied
11	Joint Arrangements	N/A
12	Disclosure of Interests in Other Entities	Applied
13	Fair Value Measurement	Applied
14	Regulatory Deferral Accounts	N/A
15	Revenue from Contracts with Customers	Applied
16	Lease	Applied
17	Insurance Contracts	N/A



The main prospect that integrated reporting provides us is the opportunity to think in a different way and make decisions on the basis of financial criteria along with the consideration of the socio-economic impacts of the decisions taken. Orion Pharma Limited incorporates 6 (six) capitals as a part of its long term business strategy which are influenced by the company's business activities to create values and we illustrate these capitals as per the International Integrated Reporting Council (IIRC)'s 6 (six) capitals framework in this Integrated Annual Report.