

COMPANY INSIGHT	
Market Price	207.9
52 Wk Price Range	198.00 - 236.00
Market Cap (BDT mn)	184,470.5
Category	A
Sector	Pharmaceuticals & Chemicals
Year End	June
Paid Up Capital (mn)	8,864.51
Reserve & Surplus (mn)	129,050.4
EPS	BDT 29.17
Company P/E	7.13
Sector Median P/E	22.34
NAV	BDT 157.88
Free Float %	55.85%
Free Float Share	495.08 mn
Shareholding (%)	
Sponsor/Director	44.15%
Government	0.00%
Institutions	13.73%
Foreign	15.11%
Public	27.01%

IQVIA TOP PERFORMANCE			
Particulars (in Cr)	2025	YoY	Market Share

SQUARE	6434	12.99%	17.4%
INCEPTA PHARMA	4720	20.90%	12.8%
BEXIMCO	3537	12.38%	9.6%
HEALTHCARE PHARMA	2859	18.61%	7.7%
RENATA	2126	26.25%	5.8%
ESKAYEF	1829	19.15%	4.9%
OPSONIN PHARMA	1735	14.81%	4.7%
ARISTOPHARMA	1613	16.57%	4.4%
POPULAR PHARMA	1525	44.74%	4.1%
ACME	1425	16.48%	3.9%
A.C.I.	1396	17.67%	3.8%

COMPANY BACKGROUND	
Year of Incorporation: 1958 Registered Office: 48, Mohakhali C/A, Dhaka-1212	
Square Pharmaceuticals PLC is Bangladesh's largest pharmaceutical company, founded in 1958 by Samson H. Chowdhury in Pabna. Listed on DSE and CSE under Category A, with Square Group as the Sponsor (44.15% stake). The company manufactures over 500 pharmaceutical products across 33+ dosage forms including tablets, capsules, liquids, injectables, creams, and APIs. Manufacturing facilities are located at Kaliakoir (Gazipur), Pabna, and Gopalganj. Kaliakoir, Pabna, and Gopalganj.	
Square Pharma's diverse product portfolio spans all major therapeutic categories including cardiovascular, antibiotics, gastro, CNS, oncology, and veterinary (via Square Lifesciences). The company holds WHO GMP certification and is approved to export to regulated markets including the USA, EU, UK, and Australia.	

INDUSTRY OVERVIEW	
The Bangladesh pharmaceutical industry is one of the most dynamic sectors with a market size of BDT 300+ billion annually. It supplies 98% of domestic medicine demand and exports to 150+ countries. Square Pharmaceuticals holds the undisputed #1 market position with 17.4% market share per IQVIA FY2025 data, significantly ahead of Incepta (12.8%) and Beximco (9.6%). The sector benefits from a 10-year tax holiday for export-oriented pharma units.	
Key sector tailwinds: (1) Growing domestic health expenditure and rising insurance penetration; (2) Accelerating pharmaceutical exports under WHO GMP compliance to 50+ countries; (3) Expanding animal health market via Square Lifesciences subsidiary. Key headwinds: raw material price inflation (API imports from India/China), BDT depreciation risk on ~30% imported inputs, and increasing domestic competition from mid-tier local manufacturers.	

RECENT QUARTER PERFORMANCE		
Particulars	Q3 FY2026	Q3 FY2025
Turnover (BDT mn)	21,703.72	20,128.71
Operating Profit (BDT mn)	5,348.99	5,216.12
Net Profit (BDT mn)	5,966.45	6,051.61
EPS	6.73	6.83
NAV	169.79	151.94

5-YEAR PERFORMANCE HIGHLIGHT					
Particulars	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Turnover (BDT mn)	76,288.46	70,101.03	62,747.68	57,597.94	50,703.03
Growth (%)	+8.8%	+11.7%	+8.9%	+13.6%	N/A
Gross Profit	38,228.62	34,926.41	32,947.55	31,153.94	27,474.75
Growth (%)	+9.5%	+6.0%	+5.8%	+13.4%	N/A
Operating Profit	27,206.10	24,125.90	22,297.89	21,804.69	19,606.72
Growth (%)	+12.8%	+8.2%	+2.3%	+11.2%	N/A
Net Profit (BDT mn)	23,971.09	20,927.45	18,980.14	18,157.18	14,656.24
EPS	27.04	23.61	21.41	20.48	16.53
NAV	151.94	142.05	129.95	118.68	104.53
Current Ratio	12.80	13.48	16.67	17.33	17.33
ROA	14.9%	14.4%	14.1%	15.5%	16.4%
ROE	15.6%	15.2%	14.9%	16.3%	17.2%
Debt to Equity	0.01	0.01	0.02	0.02	0.00
Dividend per Share	12	11	10.5	10	6

FINANCIAL PERFORMANCE

Particulars	Q3 FY2026	FY 2025	FY 2024	FY 2023	FY 2022
INCOME STATEMENT					
Turnover	21,703.72	76,288.46	70,101.03	62,747.68	57,597.94
COGS	11,320.19	39,770.25	37,028.60	31,772.09	27,958.03
Gross Profit	10,383.53	38,228.62	34,926.41	32,947.55	31,153.94
Operating Profit	5,348.99	27,206.10	24,125.90	22,297.89	21,804.69
Net Financial (Exp)/Income	1,772.57	5,993.81	4,406.62	3,838.28	3,388.16
Other Income/Expenses	52.67	547.44	338.69	715.32	618.12
Net Profit	5,966.45	23,971.09	20,927.45	18,980.14	18,157.18
EPS	6.73	27.04	23.61	21.41	20.48
BALANCE SHEET					
Property, Plant & Equip.	36,859.99	31,687.44	27,750.01	26,058.82	27,182.67
Account Receivable	2,444.65	2,236.20	2,551.03	3,420.72	2,159.07
Inventories	13,271.35	13,059.20	12,582.02	12,227.20	8,214.11
Current Asset	82,573.12	74,561.62	71,205.38	70,487.12	62,347.73
Total Asset	157,898.90	146,815.41	132,637.06	121,816.31	111,757.87
Paid Up Capital	8,864.51	8,864.51	8,864.51	8,864.51	8,864.51
Retained Earnings	135,627.51	126,893.44	114,139.07	103,339.09	93,357.09
Shareholders' Equity	150,510.95	139,950.37	125,921.62	115,196.65	105,203.03
Long-term Borrowings	142.39	200.00	619.08	1,368.36	1,714.27
Short-term Borrowings	213.64	625.50	614.54	618.61	200.00
Interest-Bearing Debt (Total)	356.03	825.50	1,429.08	1,986.97	1,914.27
Current Liabilities	5,991.29	5,823.48	5,281.95	4,229.15	3,661.83
Total Liabilities	7,387.96	6,859.60	6,715.58	6,619.66	6,554.84
NAV	169.79	157.88	142.05	129.95	118.68
Dividend		12	11	10.5	10
RATIOS					
Turnover Growth (YoY)	+7.8%	+8.8%	+11.7%	+8.9%	+13.6%
Gross Profit Margin	47.84%	50.11%	49.82%	52.51%	54.09%
Operating Profit Margin	24.65%	35.66%	34.42%	35.54%	37.86%
Net Profit Margin	25.56%	27.24%	26.15%	26.23%	28.03%
Return on Asset	3.78%	14.87%	14.41%	14.09%	15.45%
Return on Equity	3.96%	15.63%	15.21%	14.93%	16.32%
Current Ratio	13.78	12.80	13.48	16.67	12.80
Debt-To-Equity Ratio	0.24%	0.59%	1.13%	1.72%	1.82%
EPS	6.73	27.04	23.61	21.41	20.48

INVESTMENT INSIGHTS

INVESTMENT POSITIVES

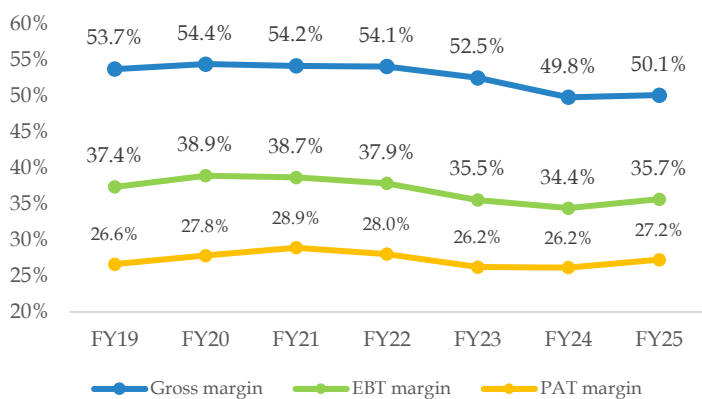
- **Market Leadership - IQVIA #1 Position:** Square Pharma commands 17.4% of Bangladesh's pharmaceutical market (BDT 6,434 Cr per IQVIA FY2025), significantly ahead of Incepta (12.8%) and Beximco (9.6%). Square Pharma has #1 market share per IQVIA FY2025. This dominant brand equity supports consistent 8-14% annual revenue growth.
- **Consistently Growing Revenue & Profitability:** Revenue CAGR of ~10% over FY2021-FY2025, reaching BDT 76,288 mn in FY2025. EBIT of BDT 27,206 mn (+12.8% YoY); Net Income BDT 23,971 mn (+14.6% YoY).
- **Near-Debt-Free Balance Sheet:** D/E ratio of only 0.59% (FY2025) with BDT 55,396 mn in cash. Current Ratio of 12.8x provides maximum strategic flexibility for capex and acquisitions.
- **Square Lifesciences - High-Growth Subsidiary:** Consolidated revenue from Square Lifesciences surged +52.2% to BDT 16,499 mn in FY2025, diversifying into animal health.

• **Square Pharmaceuticals Kenya EPZ - Breakout Growth:** Revenue from the Kenya subsidiary surged +201% YoY to BDT 690 mn in FY2025 from BDT 229 mn in FY2024. While still a small contributor, this exponential growth signals successful international manufacturing footprint expansion into Sub-Saharan Africa, a high-growth frontier pharma market.

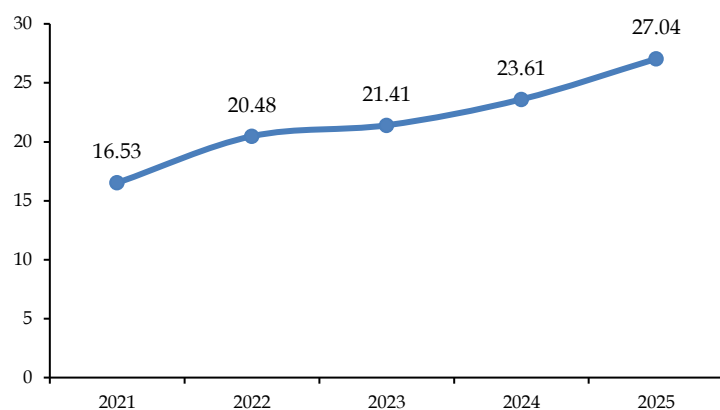
INVESTMENT NEGATIVES

- **Margin Compression Trend:** Gross margin has declined from 54.1% in FY2022 to 50.1% in FY2025 – reflecting rising COGS driven by higher API import costs. COGS/Revenue ratio increased from 48.6% to 52.1% over the same period.
- **Low Dividend Yield Despite Profitability:** DPS of BDT 12 (FY2025) on a BDT 207.9 stock represents only 5.8% dividend yield, modest relative to the company’s P/E of 7.1x and substantial cash holdings of BDT 55,396 mn. The gap between retained earnings (BDT 126,893 mn) and distributed dividends raises capital allocation concerns.
- **API Import Dependency & FX Risk:** Approximately 30% of raw materials (Active Pharmaceutical Ingredients) are imported from India and China. BDT depreciation and geopolitical supply-chain disruptions could compress gross margins. FX losses and import cost escalation represent the primary near-term earnings risk.
- **Idle Cash Drag - Capital Allocation Failure:** Despite sitting on BDT 55,396 mn in cash (~38% of total assets), Square earns a sub-11% blended return on these holdings – well below its own ROE of 15.6%. The cash pile has grown every year from BDT 48,962 mn (FY2022) to BDT 55,396 mn (FY2025) with no meaningful deployment into M&A, capacity expansion, or special dividends. This structural idle capital dilutes ROE, signals a lack of reinvestment vision, and represents slow-motion value destruction for minority shareholders.

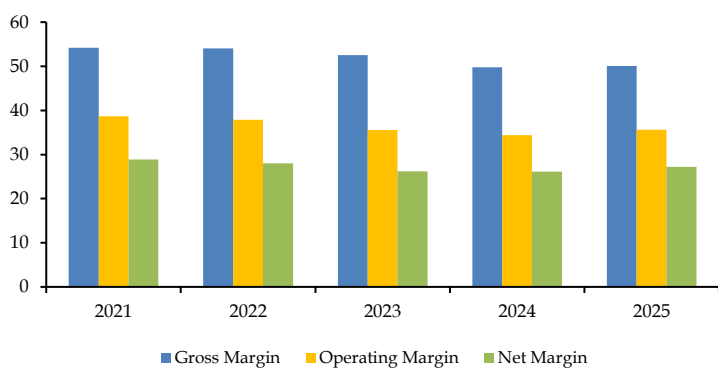
Margin Performance



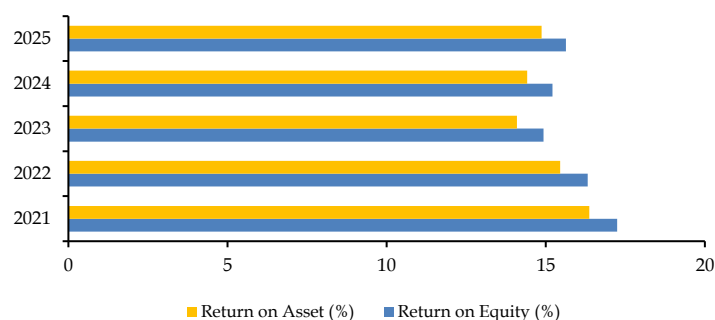
EPS



Gross / Operating / Net Profit Margin (%)



Return on Asset / Return on Equity (%)



DISCLAIMER

This report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. The report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any security. The report is based on information obtained from sources believed to be reliable but is neither guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the report. The report should not be regarded by recipients as a substitute for the exercise of their own judgment. Any opinions expressed herein are subject to change without notice. Neither BRAC EPL Investments Limited nor any of its employees accept no liability whatsoever for any loss or damage of any kind arising out of the use all or any part of this report. No part of this report may be reproduced or distributed in any manner without the written permission of BRAC EPL Investments Limited. This disclaimer applies to the Report in their entirety, irrespective of whether the Report is used or viewed in whole or in part.

PREPARED BY

MD. ABDULLAH ABU SYADE, HEAD OF STRATEGY & INVESTMENT

MUNTAHA FERDAUSI, SENIOR ANALYST, RESEARCH
TANZILA ZAHAN, SENIOR ANALYST, RESEARCH