

Manufacturing



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Herbal drugs make a niche

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HERBS and plants have been used in many parts of the world for medicinal purposes for millennia. But use of herbal cures began declining since early 19th century when chemical analyses were introduced and scientists started extracting and modifying the active ingredients of herbs and plants.

Later, chemists developed their personalised versions of various plant compounds and over time, the use of herbal medicine diminished even further.

In recent times, herbal medicines once again made a comeback in many countries including developed ones, as improvements in analysis and quality control along with advances in clinical research have proven the value of herbal medicine in treating and preventing diseases.

In many countries, herbal medicine is taken as food or herbal supplements, as their side effects proved to be next to nothing.

Bangladesh also looks forward to developing the herbal medicine sector, although uses

of traditional medicine in the country have a long history, demographically as well as geographically.

Many of the Bangladeshi drug manufacturers today, including the top market players, are setting up separate units for herbal medicine, thus making the entrepreneurs' investment portfolio heavier. Herbal medicine was recognised as the fifth medicinal system in 2005 after the allopathic, homeopathic, ayurvedic and unani healing systems.

Plant's seeds, berries, roots, leaves, bark or flowers are generally used for preparing herbal medicines. In other words, if the main ingredient is derived from herbs, the cure will fall under herbal medicine. It is being mainstreamed gradually, as people are relying more and more on herbal medicines.

A recent survey of the World Health Organisation (WHO) said 80 percent of the world population today rely on traditional medicine for their primary healthcare and remedies, and the use of traditional medicine is rising in the developed economies such as Europe and the Americas.



Leading drug makers in Bangladesh are setting up plants to make herbal medicines.

AMRAN HOSSAIN

The WHO categorised the herbal medicines into four types: traditionally used medicines; ayurvedic, unani and siddha that are very popular in the southeast region; modified herbal medicine; and modern and imported herbal medicine.

There are 17 licensed drug manufacturers in the country for producing herbal medicines. Square Herbal and Nutraceuticals, an endeavour of Square Group, is a pioneer in this sector.

Other licensed companies are Acme Laboratories, Modern Herbal Pharmaceuticals, Drug International and Hamdard Laboratories (Waqf) Bangladesh.

"The herbal medicine market is huge -- both locally and internationally. The global herbal medicine market is growing at

15-20 percent every year -- the highest growth is being seen in the US and Germany," said MM Asad Ullah, group product manager of Square.

"Earlier, the least developed countries were our main focus for export. But now we want to enter the US and EU markets, as herbal medicines are growing to be quite popular there," he said.

"We are focusing on manufacturing modified herbal medicines, including modern and imported herbal ones," he said.

The herbs those are being used as traditional medicine but were modified with the help of science are modified herbal medicine. And if the worldwide accepted herbs are imported and used for producing medicine, these will fall in the category of modern and

imported herbal medicine.

New entrepreneurial avenues for herbal medicine have been opened up as many investors are looking for venturing into making such medicines. Officials at the drug regulators' office said they have received many applications seeking approval to manufacture herbal medicine.

Industry people said the global market for medicinal plant products is estimated to be more than \$60 billion a year. At present, China and India meet bulk of the plant drugs' demand in the global market.

The industry people said the allopathic pharma market in Bangladesh is worth around Tk 4,000 crore, while the market size for herbal medicines including ayurvedic and unani may stand somewhere between Tk 1,000 crore and Tk

1,500 crore.

They observed scope to exploit the untapped herbal medicine market now lures investors to the segment with most applications coming from new investors along with allopathic drug makers.

The herbal medicine sector also received a further boost as the government termed herbs and herbal medicine as one of the five priority sectors to diversify the country's export basket.

The industry insiders said Bangladesh has good prospect of making its niche in the global market for medicinal plant and products as nearly 650 medicinal plant species have been identified to be in use in the country with around 25 plants of high value.

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Pharma securities lucrative on stockmarket

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MOST of the listed companies on Dhaka Stock Exchange (DSE) under the "pharmaceuticals and chemicals" segment are treated like lucrative scrip, although the sector accounts for less than 3 percent of the total market capitalisation.

High performances or earnings, good dividend payout ratios and handsome capital gains achieved by the retail investors of pharma securities make the companies so lucrative.

Of the 20 listed companies in pharmaceuticals and chemicals sector, 18 trade under A-category -- an area for good performing companies that pay dividend at a rate of 10 percent and above.

Market experts said export growth and potentiality are the main strengths of the sector.

"Pharmaceuticals is one of the sectors in Bangladesh that have tremendous export potential," said Professor Mahmud Osman Imam, who teaches finance at

Dhaka University.

He said exports from the sector are worth around \$0.8 billion now, and a big export market of \$10 billion is open for the country until 2017.

The growth and potentiality also leave an impact on the share prices of the listed pharmaceutical companies, he said.

"Most of the listed pharma companies are in a position to offer or declare good dividends because of their earnings growth," he said.

Many of them are producing new products to meet the demand of the international markets as well as local market that make these securities lucrative to the investors, Imam added.

Akter H Sannamat, another market analyst, said: "A huge export of pharmaceuticals inspired the investors to pour more money into the sector."

Strong growth rates increase the companies' profitability and also the ability to give good dividends, he said.

Sannamat also said Bangladeshi pharmaceutical

companies produce drugs approved by the International Organisation for Standardisation (ISO) for which they become able to maintain a strong growth trend.

The sector is not only lucrative to the local investors, foreign investors also prefer to invest there.

Recently, managers of a Swiss fund, who invested around 10 million euros in Bangladesh stockmarket in the last four months, said pharmaceuticals companies were their first choice for investment as the sector's performance and future prospects were good.

Merchant bankers, who also work as issue managers in listing new companies, said some of them are working with a few local drug and chemical manufacturing companies to float initial public offering (IPO).

Orion Laboratories was preparing to launch IPO before the suspension of the book building system.

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Company Name	Market Category	Face Value	Latest dividend per share	Last traded price
Ambee Pharma	A	Tk 10	Tk 3	Tk 400
Beximco Pharma	A	Tk 10	1.5B:10	Tk 124.50
Glaxo SmithKline	A	Tk 10	Tk 16	Tk 818
ACI Limited	A	Tk 10	Tk 10.50	Tk 279.50
Renata Ltd	A	Tk 100	Tk 60, 1B:4	Tk 11,300
Reckitt Benckiser (Bd)	A	Tk 10	Tk 75	Tk 900
Pharma Aids	A	Tk 100	Tk 30, 5B:1	Tk 2,121.75
Kohinoor Chemicals	A	Tk 100	Tk 40	Tk 2,360
The Ibn Sina	A	Tk 100	Tk 7.50, 1B:5	Tk 1,316
Beximco Synthetics	A	Tk 100	Tk 7.50, 7.5B:100	Tk 465.50
Libra Infusions Limited	A	Tk 100	Tk 20	Tk 2,880
Orion Infusion	A	Tk 100	Tk 14	Tk 675
Square Pharma	A	Tk 100	Tk 35, 3B:10	Tk 3,220
Imama Button	A	Tk 100	1B:10	Tk 303
Keya Cosmetics	A	Tk 10	Tk 1.50	Tk 105.90
Keya Detergent	A	Tk 10	Tk 1	Tk 82.70
ACI Formulations	A	Tk 10	Tk 2.50	Tk 117.90
Marico Bangladesh	A	Tk 10	Tk 2.50	Tk 531.80
Beacon Pharmaceuticals	Z	Tk 10	--	Tk 48.60
Active Fine Chemicals	N	Tk 10	--	Tk 102.20

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