

Annual Report

2016

(October 2015 - June 2016)

SOCIAL MARKETING COMPANY

SMC ENTERPRISE LTD



Helping you live better



Organizational Mission

In partnership with the government, development partners and the private sector, SMC's overall mission is to improve the health and wellbeing of women, children, families through social marketing of products and services in family planning, maternal and child health, nutrition, and other socially beneficial areas.

Enterprise Mission

The mission of SMC Enterprise Ltd is to support SMC to grow as a successful **social enterprise** by making surplus funds from profitable operations available for investment in program operations designed to enhance social good.

Organizational Vision

SMC's vision is to be a world-class social enterprise recognized for its contribution to the advancement of social marketing thoughts, principles and practices that aim to better the health and wellbeing of women, children, families and the society.

Philosophy

Profit must primarily contribute to social betterment.

Values

- Our organizational interest is at the foremost
- We never compromise on quality and satisfying our customers' needs
- We challenge ourselves everyday to do better and achieve more
- We hold dearly our values of integrity, respect and fairness for all

Table of Contents

Introduction to SMC and SMC Enterprise	4
Contribution to the National Program	5
Major Milestones	6
SMC Partners	7
Supply Chain	8
Board of Directors, SMC & SMC Enterprise Ltd	9 - 10
Company Members	11
Senior Management	12
The Directors' Report FY 2016	13
Chairman's Foreword to Directors' Report - FY 2015–2016	15 - 16
Managing Director & CEO's Statement	17 - 18
Statement of Managing Director, SMC Enterprise Ltd	19 - 20
Overall Company Sales Achievement - FY 2015-2016	21
SMC Enterprise Ltd - Performance Overview	23
Sales Performance by Category and Brands	23 - 27
Brand Communication and Product Development Highlights	28 - 32
Manufacturing Operations	33
SMC Holding - Activities and Performance	34
Performance Overview of Program Division	35 - 45
Program Insights from Key Research Findings	46
Empowering Women	47
Activities under Common Services Provided by the Holding Company	48 – 49
MIS & IT Related Activities	49 - 50
Research Insights Related to SMC Enterprise Operations	50 - 51
Corporate Affairs	52
Auditor's Report	53
Auditor's Report, SMC Enterprise Ltd	54 - 60
Auditor's Report, Social Marketing Company	61 - 67

Introduction to SMC and SMC Enterprise

Social marketing is the application of commercial marketing and business strategies and tools to achieve socially desirable goals. Social Marketing Company (SMC) Bangladesh, a not-for-profit-private limited company, has successfully applied social marketing principles in a number of socially desirable areas such as family planning and reproductive health, diarrheal disease management, child health and nutrition, female hygiene, improved cookstoves, HIV/STI prevention and referral of suspected TB cases. In 2016, SMC was ranked as the 2nd largest contraceptive social marketing program globally by DKT International, a Washington-based INGO. According to the 2014 Bangladesh Health and Demographic Survey (BDHS), three out of ten modern method contraceptive users rely on SMC-marketed contraceptive brands to protect themselves from an unplanned pregnancy.

SMC began its journey in 1974 as the Family Planning Social Marketing Project (FPSMP) with funding from USAID to address the rapid population growth in Bangladesh by energizing the private sector. In 1990, after sixteen years of operation, FPSMP was converted into a private not-for-profit limited company with a voluntary board of directors. With continued success both in terms of its contribution to the national health and family planning program as well as its own financial sustainability, SMC opened a for-profit subsidiary company called SMC Enterprise Limited in 2014 to separate its for-profit activities from its nonprofit activities to help simplify a growing and complex operation. SMC Enterprise was created with the intent that profits earned by the company after taxes and retained earnings would be transferred back to the parent company SMC in the form of dividends so it could, along with donor funds, grow its program operations that are designed to improve people's lives in line with its organizational mission.

The creation of SMC Enterprise Ltd led to major changes within the organization. However, the entire restructuring process was guided under the principle and spirit of "One SMC - Two Companies"- one profit and the other nonprofit. Although operationally different, both companies would abide by the same rules, policies and values. Both companies would use common data and language so they would operate on the same frame of reference, having the same meaning to all. In order to maintain the common bond, the good management practices in one company would be shared with the other company and staff would be encouraged to move between the two companies for their career development. Finally, SMC Enterprise would be governed by a Board consisting of members from the SMC Board thus ensuring consistency in purpose between the two companies and in overall governance matters.

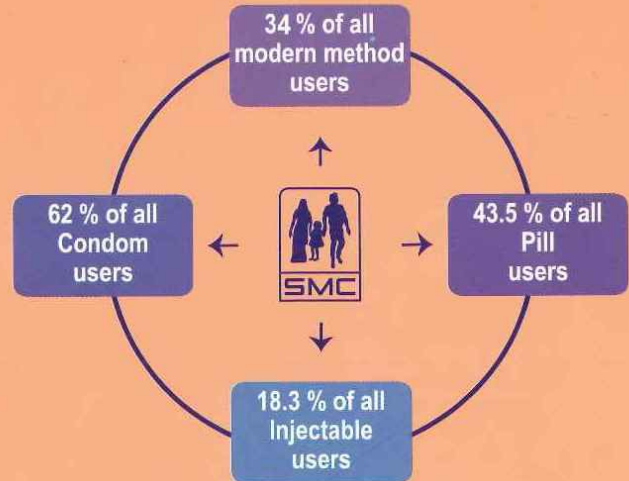
As part of the restructuring process, SMC Enterprise would manage its own core operations – marketing, distribution and manufacturing of profitable products and services and support functions of supply chain, accounts and finance and human resource management. It would leverage some of the existing facilities that already exist within SMC under a common services agreement between the two companies. Services will be provided to Enterprise for a fee and will include Engineering support mostly in the areas of civil construction, MIS and IT, Research, Corporate Affairs, Management Development, and Business Process Risk Management & Compliance. This would provide two major benefits to the organization - save money for Enterprise by avoiding duplication of effort since the Holding company will also need these services, and generate a source of income for SMC to help meet some of its operating expenditures. SMC in addition to housing the common services units manages the activities of the Program division which includes implementation of donor funded and SMC's own financed projects. The Finance, Accounts and IT services are provided by a separate division.

The overall journey of SMC from a project to a thriving social business enterprise and the SMC model of sustainability are being increasingly recognized globally as highly successful story that many projects and donors would like to see adapted in more projects.

Contribution to the National Program

According to the Bangladesh Demographic and Health Survey (BDHS), one-third of all family planning users in the country use SMC-marketed contraceptive brands. Among them, 62.0% use SMC condoms, 44.0% use SMC pills and over 18.0% use SMC contraceptive injectables to meet their family planning contraception needs.

SMC is, therefore, the largest and the most successful partner of the Government of Bangladesh (GOB) in the effort to reduce population growth rate in the country. SMC is also the largest provider of ORS with a market share of over 55%. Overall, it has made an enormous contribution to the progress made by Bangladesh in achieving the MDG 4 and 5 goals.

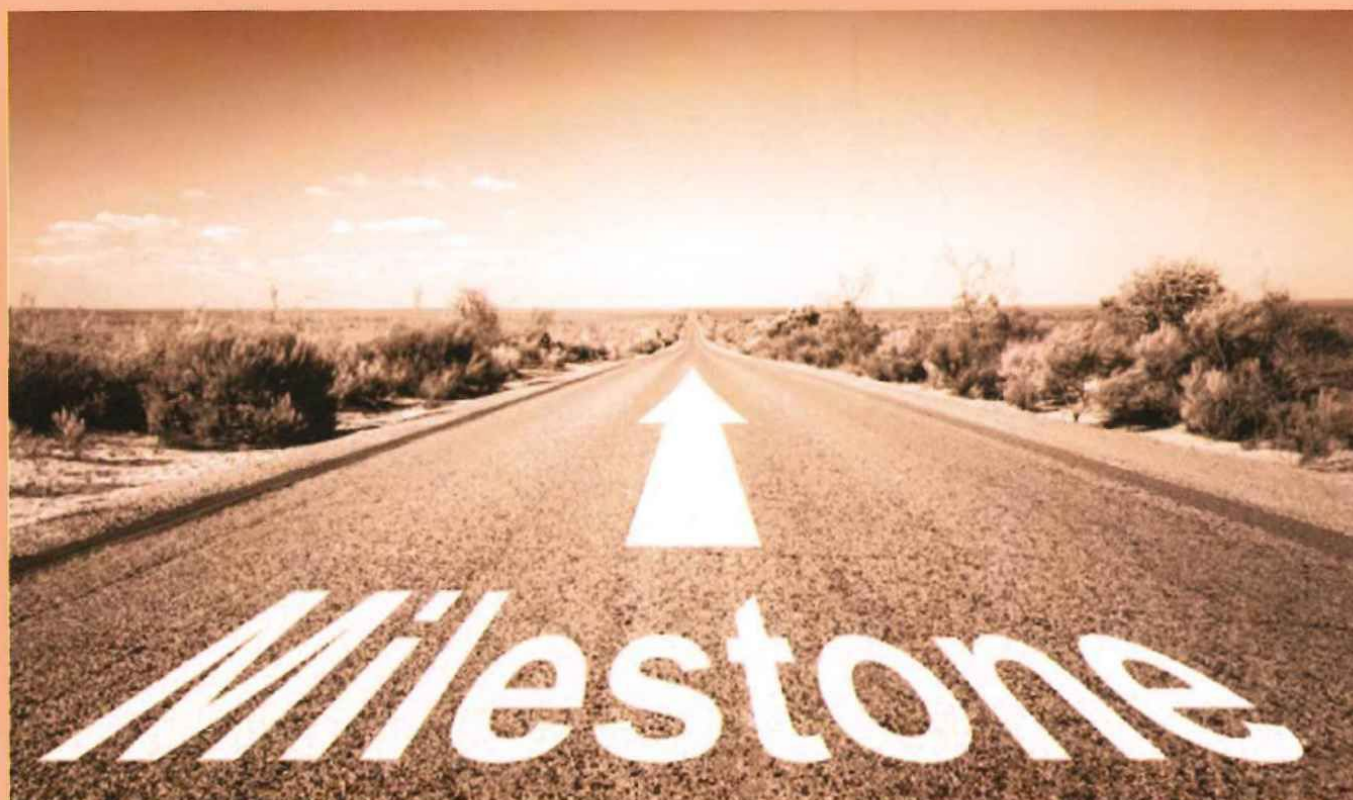


Contribution to the National Program
Couples using SMC contraceptives

*BDHS, 2014

Major Milestones

- 1974: Family Planning Social Marketing Project (FPSMP) established under a tripartite agreement between Population Services International (PSI), GOB and USAID
- 1975: USAID-donated Raja condom and Maya contraceptive pill distributed through private sector outlets
- 1985: FPSMP launched Oral Rehydration Salt (ORS) to address high diarrheal deaths due to dehydration
- 1990: FPSMP became Social Marketing Company (SMC), a private not-for-profit company under the Companies Act of 1913 with a voluntary Board
- 1997: Became a direct recipient of USAID funds with the departure of PSI
- 2000: Inaugurated Company's own headquarters building 'SMC Tower' in Banani, Dhaka
- 2004: ORS manufacturing facility started operation in Bhaluka, Mymensingh
- 2008: Central Warehouse built in Bhaluka, Mymensingh
- 2008: Obtained ISO 9001:2008 certification
- 2012: Became fully sustainable recovering more than 100% of non-program related costs
- 2012: Awarded USAID-funded MIH Project through a competitive bidding
- 2014: Built the first SMC regional office and warehouse in Bogra
- 2014: Formed SMC Enterprise Ltd, a fully-owned for-profit subsidiary company
- 2015: Inaugurated Bogra Regional Office and Warehouse
- 2016: Started construction of Hygiene Plant in Comilla



SMC Partners

We gratefully acknowledge the contribution of all our development and strategic partners for supporting our work to better people's lives. We are particularly grateful to the MOHFW and USAID for their belief in the potential of social marketing and their support to SMC from the very onset of our existence.

Government Partners



পরিবার পরিকল্পনা অধিদপ্তর



Government of the People's Republic of Bangladesh
DGHS
Directorate General of Health Services
Ministry of Health and Family Welfare

NGO Partners - MIH Program



CWFD



PSTC



শীমান্তিক
SHIMANTIK

Knowledge and Training Partners



EngenderHealth
for a better life

Other Partners



Global Alliance for Improved Nutrition



OGSB



GLOBAL ALLIANCE FOR CLEAN COOKSTOVES

Donors



USAID
আমেরিকার জনগণের পক্ষ থেকে



UNITED NATIONS FOUNDATION
Connecting you with the United Nations



CHILDREN'S INVESTMENT FUND FOUNDATION

Manufacturing Partners



SQUARE
PHARMACEUTICALS LTD.



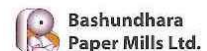
RENATA LIMITED



POPULAR



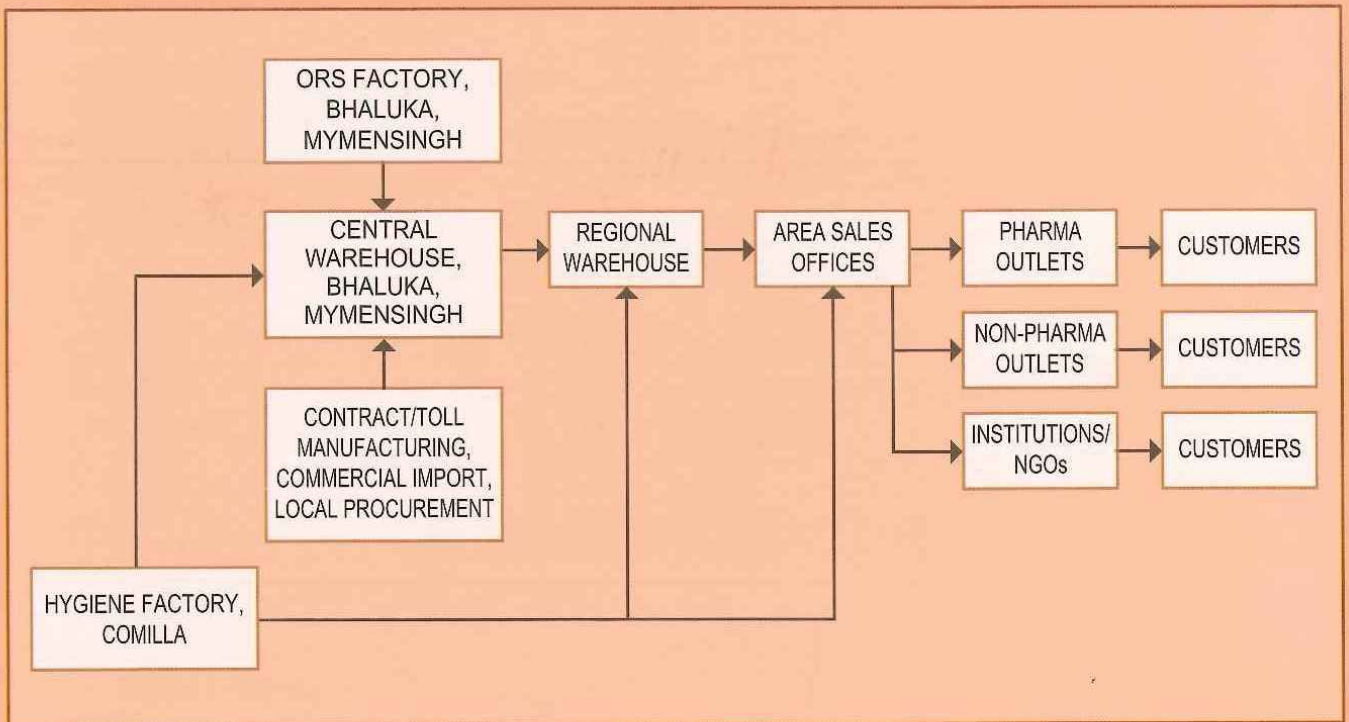
Julphar
Bangladesh



Bashundhara
Paper Mills Ltd.

Supply Chain

SMC's supply chain management includes all functions related to ensuring on time delivery and wide availability of its products upto the retail outlet level. It involves procurement of finished products and raw materials from both local and international sources for own manufactured products, warehousing, logistics and supply to the 12 SMC Area Sales offices and finally distribution to retail and wholesale pharmacies, groceries, NGOs and other channels.



Board of Directors

Social Marketing Company & SMC Enterprise Ltd



Mr. Muhammed Ali
Chairman of the Board
of Directors of SMC and
SMC Enterprise Ltd

Former Secretary,
Government of Bangladesh;
Former Chairman, Sonali Bank
and Janata Bank



Mr. Md. Siddique Ullah
Director, SMC &
SMC Enterprise Ltd

Engineering Advisor,
Bangladesh Medical Studies
and Research Institute
(BMSRI); Co-Chairman, EC,
BMSRI; Former Chief
Engineer, PWD, Government
of Bangladesh



Ms. Rokeya Quader
Director, SMC

Chairperson, Desh Garments
Limited



Ms. S. R. Ghuznavi
Director, SMC

Founder-Member of the
National Crafts Council of
Bangladesh and Executive
Chairman, Aranya Crafts
Limited

Board of Directors

Social Marketing Company & SMC Enterprise Ltd



Mr. Siddiqur Rahman Choudhury
Director, SMC &
SMC Enterprise Ltd

Former Finance Secretary, Government of Bangladesh; Former Chairman, Agrani Bank and Former Chairman, Sadharan Bima Corporation



Mr. A K M Shamsuddin
Director, SMC &
SMC Enterprise Ltd

Chairman and CEO of E-zone Ltd (a management consulting group); Founding Chairman and current Director of CDDBL; Founding Managing Director of SMC; Former Managing Director of Aventis Pharma and Former President of FICCI



Ms. Rupali H. Chowdhury
Director, SMC &
SMC Enterprise Ltd

Managing Director, Berger Paints Bangladesh Ltd.; Managing Director, Jenson & Nicholson (Bangladesh) Ltd.; President, Foreign Investors' Chamber of Commerce & Industry



Mr. Waliul Islam
Director, SMC

Former Secretary, Government of Bangladesh



Dr. Yasmin H. Ahmed
Director, SMC

Currently a freelance consultant; Former Vice President and Senior Regional Director, Marie Stopes International, UK; Former Country Director, Marie Stopes Clinic Society, Bangladesh



Mr. Ashfaq Rahman
Ex-Officio Director, SMC
and Director, SMC EL

Managing Director & CEO, Social Marketing Company



Mr. Md. Ali Reza Khan
Ex-Officio Director, SMC
and Ex-Officio Director, SMC EL

Managing Director, SMC Enterprise Ltd

Company Members

Social Marketing Company



Ms. Laila Rahman Kabir
Member

Managing Director,
Kedarpur Tea Company Ltd.



Ms. Niloufer Manzur
Member

Founder and Principal,
Sunbeams School



Mr. Dhiraj Kumar Nath
Member

Staff Consultant, Urban Health,
Bangladesh Resident Mission,
Asian Development Bank, Dhaka;
Former Secretary, Ministry of Local
Govt., Rural Development and
Cooperatives (Rural Development
and Cooperatives Division),
Government of Bangladesh;
Former Adviser, Caretaker
Government of Bangladesh



Dr. Jahir Uddin Ahmed
Member

Former Director-General,
FPAB (IPPF); Former
Director, Directorate General
of Family Planning
(MOH&FW); Presently
Interim Chairperson,
Department of Midwifery and
Nursing, BRAC University



Mr. Aftab ul Islam FCA
Member

Chairman, IOE (Bangladesh)
Limited; Former Country
Manager, NCR Bangladesh;
Former President, Dhaka
Chamber of Commerce &
Industry (DCCI); Former
President, American
Chamber of Commerce and
Industry



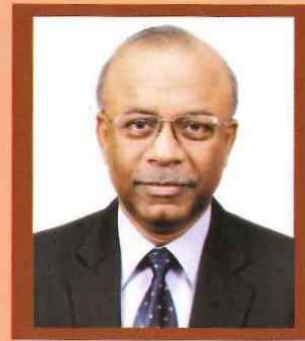
Dr. Masud Ekramullah Khan
Member

An international corporate
attorney, M & A Lawyer at the
Legal Circle; Director,
Amadeyr Cloud Limited

Senior Management



Mr. Ashfaq Rahman
Managing Director & CEO
Social Marketing Company



Mr. Md. Ali Reza Khan
Managing Director
SMC Enterprise Ltd



Mr. Shafi Uddin Ahmed FCA
Secretary to the Board of Directors
of SMC and SMC EL &
Chief Financial Officer, SMC



Mr. Sekander Hayat Khan
General Manager, Operations
SMC Enterprise Ltd



Mr. Toslim Uddin Khan
General Manager, Program
Social Marketing Company



Mr. Md. Mujibul Haque Khan
General Manager, Manufacturing
SMC Enterprise Ltd



Mr. Masum Ahmed Jaigirdar
General Manager, Engineering
Social Marketing Company



Dr. A. S. M. Habibur Rahman
Chief of Pharma Project
SMC Enterprise Ltd



Mr. Sayedur Rahman
GM, Sales & Field Promotion
SMC Enterprise Ltd



Mr. Abul Bashir Khan FCMA
DGM, Finance & Accounts
SMC Enterprise Ltd

The Directors' Report FY 2016



Annual General Meetings of SMC and SMC Enterprise Limited held



Social Marketing Company (SMC) held its 27th Annual General Meeting (AGM) on November 10, 2016 at the Company Head Office in Dhaka. The AGM placed and approved the Directors' Report and Auditor's Report for the Financial Year 2014-15 and appointed auditors for the Financial Year 2015-16.

Mr. Muhammed Ali, Chairman of the Board of Directors of SMC, presided over the meeting. Board Directors, Company Members, Managing Director & CEO of SMC, Mr. Ashfaq Rahman and Managing Director of SMC Enterprise Limited (SMC EL), a subsidiary of SMC, Mr. Md. Ali Reza Khan were also present in the meeting.



SMC Enterprise Limited held its 2nd Annual General Meeting (AGM) on March 30, 2017 at the Company Head Office in Dhaka. The AGM placed and approved the Directors' Report and Auditor's Report for the Financial Year 2015-16 and appointed auditors for the Financial Year 2016-17.

Mr. Muhammed Ali, Chairman of the Board of Directors of SMC Enterprise Limited, presided over the meeting. Board Directors, Managing Director & CEO of SMC, Mr. Ashfaq Rahman and Managing Director of SMC EL, Mr. Md. Ali Reza Khan were also present in the meeting.

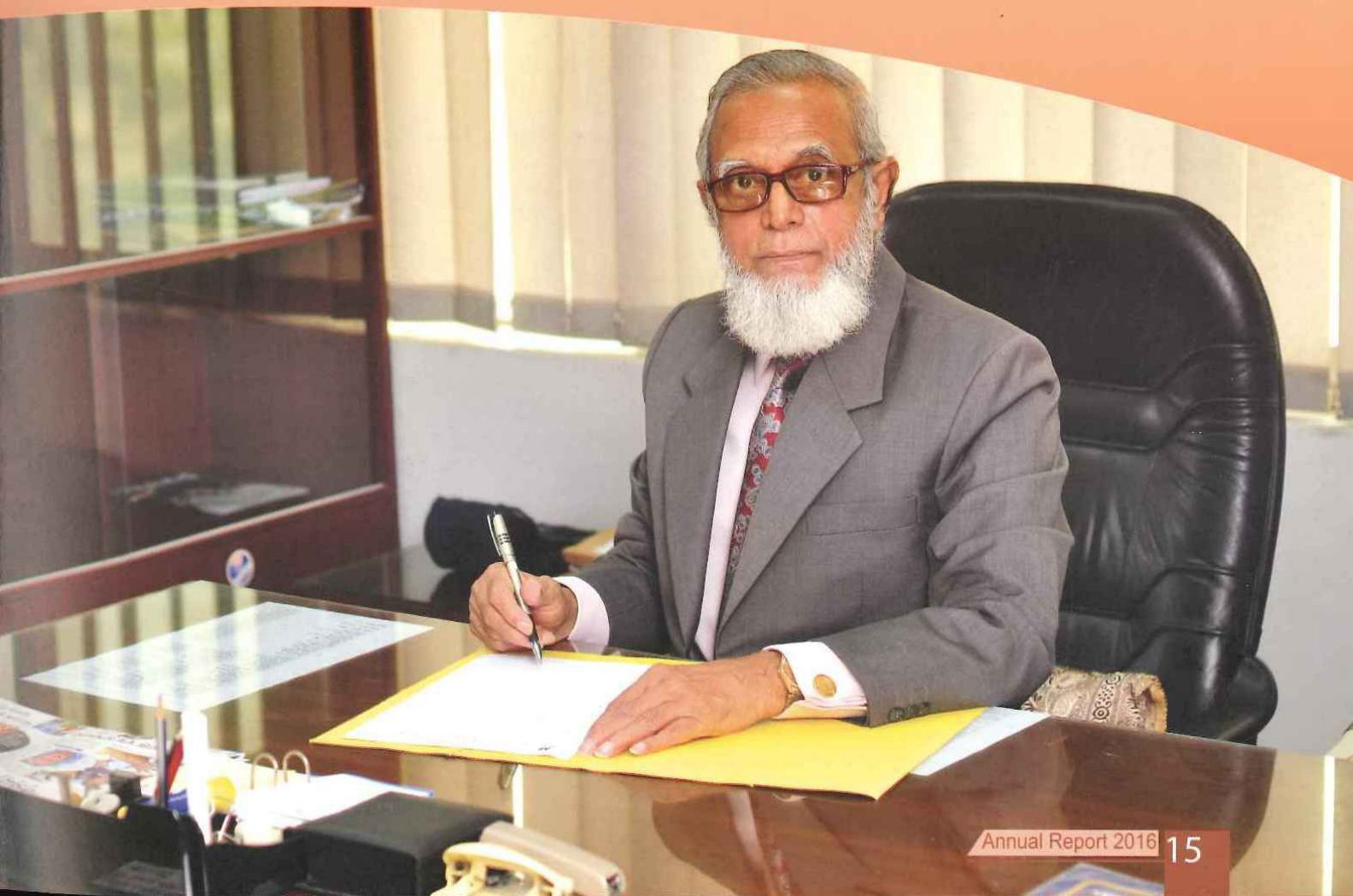
Chairman's Foreword to Directors' Report - FY 2015-2016

I am happy to present to the Directors of the Board of SMC, the Directors' Report of the Company and the Auditor's Report for the Financial Year 2015-2016, which corresponds to the 9-month period from October 1, 2015 to June 30, 2016. The decision on early closing of the year in June 2016 was taken following a general directive from the Government of Bangladesh for all companies to match their respective fiscal year with that of the Government of Bangladesh.

Contraceptive sales during FY 2016 from both SMC Enterprise and Program division under the Holding company protected 3,299,197 couples from unwanted pregnancies (referred to as CYP or couple year protection). The actual achievement of CYP was almost close to the target of 3,331,514, falling short by slightly less than 1%, while we had a shortfall of 5.8% in the preceding year. This nominal shortfall in FY 2016 might have happened due to early closing of the year, conservative use of contraceptives during Ramadan (the closing month), and other external factors including the overall decline in the sales of SMC condoms due to the continued hit by the low-priced Chinese brands using obscene packs offered on high trade margin.

The vast majority of the CYPs from the Enterprise (79%) were delivered from sales of oral contraceptive pills followed by condoms (21%). In the year, SMC sold 484.55 million ORS sachets, exceeding the target for the 9-month period by 5.61%. Joya sanitary napkin achieved a volume of 2.59 million packs during the reporting year, exceeding the target by 6.35%. Thanks to all the line managers for going beyond targets and the staff managers for their continuous support.

Program performance shows that SMC protected 617,782 couples from unwanted pregnancies (CYP) in FY 2015-2016 through contraceptives marketed under the nonprofit Program Division, which was about 2% over the target. Sales performance of Raja significantly improved compared to the performance of the previous year. SOMA-JECT's achievement was well above the target by more than 7%, while Relax and i-plant went far beyond the targets by 26% each. Program Income (revenues from the sales of SMC-branded low priced and donated products) was about 1% below the target mainly due to lower than expected achievement of SDK and Sayana Press.



The cumulative sales revenue achievement from the Enterprise and the Program division was Tk 3,364.92 million, which was 2.6% above the target. The Program division contributed Tk.103 million from the sales of Program products, while the rest Tk. 3,261.81 million came from Enterprise sales.

Other than marketing of own and donated products, the Program Division under the Holding also implements a number of activities under various donor-funded projects including the largest SMC-operated project Marketing Innovation for Health (MIH) under a USAID-funded cooperative agreement. This project aims to increase access to products and services in family planning, child health and nutrition, and bring positive behavior change among the beneficiaries. SMC partners with several NGOs and INGOs in the implementation of this project in 19 high-priority districts. The Maternal, Infant and Young Child Nutrition (MIYCN) Program, funded by Children's Investment Fund Foundation (CIFF), is implemented by the Program division, partnering with GAIN, BRAC, Renata Limited and icddr,b. It aims to increase the use of home fortification powder.

Community mobilization activities under the BCC initiatives were carried out by the four USAID-funded MIH project implementing partners, namely BRAC, Concerned Women for Family Development (CWFD), Shimantik, and Population Services and Training Center (PSTC) in 19 priority districts. SMC Program reached over 4 million people during the year with messages on the importance of birth spacing, use of contraceptive methods, safe delivery, pregnancy care, child health, nutrition, adolescent health and TB. Messages were delivered through group meetings with beneficiaries, community sales agents (CSA), mobile film shows, floating IEC programs, school education programs and other activities.

The health network includes both graduate (LARC) and non-graduate (Blue Star Providers and Private Community Health Providers-PCHP) providers, who are specially motivated to actively reach out to their customers with a wide range of products and services, and provide accurate information on FP and RH, MCH, nutrition as well as make referrals for LARC, TB and other infectious diseases. SMC arranged training for the providers to improve their service knowledge and skills.

SMC Holding provided the common services in the areas of construction and engineering to SMC Enterprise in the reporting year. Such services included advancement on the pharmaceutical manufacturing facility at Bhawanipur under Gazipur, extension of 8th to 12th lines to increase ORS production capacity at Bhaluka factory, construction work of the Health & Hygiene factory at Comilla, the 6-storied regional office and the regional warehouse, and installation of a substation and generators at Comilla among others. Additionally, the Holding Company provided MIS & IT services to maintain its technological advancement in operation and fulfill the growing need for a seamless connection. The Holding Company also conducted market research and implemented CSR initiatives that will have positive impact on the environment and the society.

FY 2016 witnessed many ideas going into practical implementation under the subsidiary company, SMC Enterprise. A very remarkable advancement has been made in the readiness of Comilla Hygiene Factory, heading for the production of sanitary napkin, baby diaper and wet tissue in FY 2017. During the reporting year, we have launched two new oral contraceptive pill brands – Mypill and Ovacon Gold fairly quickly. We had to reschedule the launch of some other brands under the Consumer Marketing Unit but meanwhile have completed much of the preparation. I am optimistic that during the upcoming year, we will observe a number of projects being launched successfully. Simultaneously, we are increasing our centralized and decentralized warehousing capacity for safe storage and smoother distribution.

We anticipate that in the coming years, we will face a lot of challenges from the age-old market leaders as we step into the pharmaceutical and the FMCG sectors. We are, therefore, building our competitive edge in the areas of human resources, distribution capacity, and physical facilities to gain a strong foothold in these sectors. All the short-term goals that we keep achieving every day, every month and every year will someday take us to the next level of improving the health and wellbeing of women, children, families, and the society. I look forward to that golden time ahead.

I wish peace and prosperity to everybody in the SMC family and to all our stakeholders, and express my heartfelt gratitude for working together in taking SMC forward.



Muhammed Ali
Chairman, Board of Directors
Social Marketing Company
SMC Enterprise Ltd

Managing Director & CEO's Statement

End of FY 2015-16 marks another successful year for Social Marketing Company. Yet I believe that SMC's true measure of success will ultimately be defined not by what it has achieved in the past, but what it strives to become.

Creation of the for-profit SMC Enterprise in FY 2014-15 was driven by our deep commitment to the philosophy that profit must primarily contribute to social betterment. Therefore, the more profit is earned by the Enterprise, the more funds will be available for development and expansion under a much bigger programmatic vision. This unique social enterprise model has made it possible for us to secure resources either through co-funding with donors or own funding to grow SMC's operations that are fully aligned with our mission of improving the health and wellbeing of women, children, families and the society. SMC continues to be a major contributor in the national family planning program, providing contraceptives to more than one-third of all users. Today, we take pride in the fact that our sustainability model is being increasingly recognized globally.

SMC's performance during FY 2015-16 shows that we are striding confidently towards the future. The cumulative sales revenue achievement from the Enterprise and the Program division was Tk. 3,364.92 million, which was 2.6% above the target.

Contraceptive sales from both SMC Enterprise and the Program division under the Holding company together protected almost 3,300,000 couples from unwanted pregnancies (CYP), of which 19.0% were protected by low-priced, mostly donor funded products marketed under the Program division, while 81% by contraceptives fully financed by SMC under Enterprise. Overall, CYP from both the companies shows a nominal shortfall of around 1%, while that from Program division goes beyond the target by about 2%.



Under the USAID-funded MIH program, SMC's Program division has implemented community mobilization activities in priority districts and reached more than 4 (four) million people with health-related messages on healthy timing and spacing of pregnancies, infant care during the first 1000 days of birth, adolescent health and hygiene, referral on tuberculosis, and other public health priority issues.

The community sales agents, who are voluntary saleswomen engaged by SMC's NGO implementing partners, continues to increase their yearly sales value year on year significantly, recording a strong reflection of sustainability of the innovative CSA model without donor support in future.

SMC's Program division continues to put a strong emphasis on building a network of skilled and knowledgeable health service providers comprising graduate doctors, who provide long acting reversible contraceptives (LARC), and non-graduate health practitioners under SMC's Blue Star Network. The network also includes private community based health providers (PCHP), who are mostly drug sellers. In the reporting year, 367 graduate doctors received training on long acting and reversible contraceptive methods, while 201 non-graduate health providers received basic training and were included in the Blue Star network. Some 6,000 SMC Blue Star providers across the country referred over 36,000 suspected cases of TB to the Government and NGO clinic referral centers and more than 16,000 eligible couples for long acting contraceptive methods to service delivery centers. In addition, some 11,000 PCHPs received refreshers training from our training partners.

With our strong commitment as a socially responsible corporate citizen, we keep identifying newer goals, where SMC can make a meaningful contribution such as creating a greener Bangladesh, reducing human suffering and enhancing quality of life. In the year, in partnership with Dhaka North City Corporation, we started construction of a passenger shed with public toilet and drinking water facilities in Farmgate. This initiative will specially benefit women, who suffer from inadequate and unusable toilet facilities while on the go.

It gives me immense pleasure to see that both the SMC Holding and SMC Enterprise are now growing to their full potential, having a clear vision of the respective roles they play in making SMC a much stronger organization, expanding into new and diverse areas which will bring both social and economic benefit to the people of our country. This has always been the purpose behind the creation of this model of "One SMC - Two Companies" and will continue to be the spirit that will drive SMC to great heights in future. I thank all including the SMC Board, employees of the organization, and the donors, particularly USAID, for having faith in our vision, belief and hard work, and supporting in making the new SMC a truly successful social enterprise.



Ashfaq Rahman

Managing Director & CEO
Social Marketing Company

Statement of Managing Director, SMC Enterprise Ltd

FY 2016 features a successful year in terms of overall performance and many new initiatives, making remarkable headway.

During this period, SMC Enterprise Ltd earned a before-tax profit of Tk. 565.34 million as compared to Tk. 399.83 million earned from for-profit business operations in FY 2015. This represents a significant increase of Tk. 165.51 million or 41.34%. After taxes, the company has net profit earnings of Tk. 363.29 million. We will retain a major portion of this to help finance our ongoing and upcoming expansion ventures to bring greater social good.

Compared to the target, the actual CYP achievement was almost close to the target of 3,331,514, falling short by slightly less than 1% only. This shows a significant improvement over the preceding year, when we had a shortfall of 5.8%. The nominal shortfall in the year might have happened due to early closing of the year, conservative use of contraceptives during Ramadan, and other external factors (e.g., overall decline in the sales of SMC condoms hit by low-priced Chinese brands offering high trade margin).

In FY 2016, SMC sold 484.55 million ORS sachets, exceeding the target by 5.61%. Joya sanitary napkin sales volume also exceeded the target by 6.35%, compared to the 3% achievement above target in the preceding year, achieving a volume of 2.59 million packs during the reporting period. The company's extensive distribution helped increase access to our products by reaching to over 265,526 outlets in both urban and rural areas through direct sales contact in the 9-month period. The coverage reached a total of 296,894 outlets during the next 3 months, which was 3.8% higher than the total achieved in the corresponding 12-month period in FY 2015.



A significant progress has been made in the year in the construction of Comilla hygiene factory, expecting production of sanitary napkin, baby diaper and wet tissue in FY 2017. To meet the market demand and achieve higher revenue targets for ORS, by now we have remarkably advanced on extension of further production lines in the ORS factory at Bhaluka. During the reporting year, the Enterprise launched two new oral contraceptive pill brands – Mypill and Ovacon Gold. We have seen a significant progress on the preparation towards the launch of a premium condom, refreshing drinks and some other brands under the Consumer Unit. During FY 2016, the Enterprise has undertaken a massive volume of procurement and a huge number of recruitment to successfully implement all the brand expansion, warehousing and manufacturing projects in hand. In the 9-month period, the Pharma Division made remarkable progress towards the launch of toll manufacturing, which included approval from the Directorate General of Drug Administration (DGDA) for 52 recipes. Among them, 15 items received inclusion after finalizing brand names and pack designs. Simultaneously, the Enterprise invested in increasing our centralized and decentralized warehousing capacity which would lead to faster distribution and higher storage capacity.

As we are gradually diversifying into pharmaceuticals and increasing our focus on Fast-Moving Consumer Goods (FMCG), we also anticipate that in the coming years we will face a lot of challenges from the established market leaders in these sectors. Therefore, to gain our strong foothold against competition, we need to further develop competitive edges in the areas of human resources, distribution capacity, and physical facilities.

We still have a lot to do to the society and therefore have a long way to go. I strongly believe that together we can make it.

I express my thanks and gratitude to all the members of SMC family, the Board Chairman, directors and members of SMC and SMC Enterprise Ltd.



Md. Ali Reza Khan
Managing Director
SMC Enterprise Ltd

Overall Company Sales Achievement - FY 2015-2016

The Sales and Field Promotion Division under SMC Enterprise Ltd carried out the entire distribution function of the company. In FY 2016, this division distributed fifteen for-profit brands in multiple SKUs belonging to the Enterprise and several nonprofit brands for the Program Division either on charge to donors if so agreed in the agreement with them or at no cost for SMC's own financed products as per the terms agreed between the two companies through the vendor agreement. Income from all the profitable brands sold by the Enterprise is referred to as Sales Revenues, while those from nonprofit Program products as Program Income (PI). As mentioned earlier, SMC divides its brands into three different product categories, namely Female Reproductive Health and Contraceptives (FRH&C), Consumer Products (CP), and General Health and Nutrition (GH&N).

Under FRH&C category, SMC sells three types of oral contraceptive pills - combined, progesterone only, and emergency contraceptive - all of which are self-financed, profitable and marketed by the Enterprise. In addition, it sells two injectable brands, an IUD and an Implant for the Program division that are donated by USAID. During the 9-month reporting period, this category made a cumulative contribution of Tk. 841.19 million. The CP category consists of several variants of profitable condoms sold by SMC Enterprise and Raja condom subsidized and sold under the Program division. This category contributed Tk. 321.92 million to the overall earnings of SMC from both Enterprise and Program Income. The GH&N group primarily consists of ORS which contributed Tk. 2,201.81 million in overall revenues from Enterprise and PI. The total cumulative sales revenue and PI earned during the year achieved 102.6% of its 9-month target in spite of low sales of condoms and early closing of the year in June, which was the month of Ramadan and naturally featured low contraceptive use. Actual sales for the FRH/C category fell short of target by only 1% while CP category was lower than target by 4.5%. In contrast, for GH&N, revenues exceeded the target by 5.4% offsetting the losses from the other two product categories and resulting in a net gain. The cumulative CYP figure or couples protected from sales of SMC contraceptives landed 3,299,197, showing a nominal shortfall of around 1% than the annual target. Compared to FY 2015, overall revenues increased by Tk. 83.22 million or 11.6% in spite of the fact that OCP and condom sales volume fell slightly lower than the target. Sales revenues from SMC Enterprise exceeded its target by about 2.7%. Table 1 shows the breakdown of revenues and CYPs against targets and product categories both for the Enterprise and the nonprofit Program division.

Table 1: FY 2015-16 Cumulative Revenue Targets and Achievements (in million Taka)

	Product Category	Revenue/PI (in million Taka)		Target % achieved
		Target	Achievement	
I	Female RH/Contraceptives			
A	Enterprise sales revenue	810.03	797.82	98.4%
B	Program Income	42.95	43.37	100.9%
	Sub-Total	852.98	841.19	98.6%
II	Consumer products/Condom			
A	Enterprise sales revenue	308.59	294.75	95.5%
B	Program Income	28.5	27.17	95.3%
	Sub-Total	337.09	321.92	95.5%
III	GH&N products			
A	Enterprise sales revenue	2055.62	2,169.25	105.5%
B	Program Income	32.85	32.56	99.1%
	Sub-Total	2088.47	2201.81	105.4%
IV	Total Revenues	3278.55	3364.92	102.6%
A	Overall sales revenues from SMC Enterprise Ltd (excludes Taste Me, Zinc Combo and Amore condom which were not launched in FY-16.)	3174.24	3261.81*	102.76%
B	Program Income from sales of Program commodities	104.30	103.10	98.8%
V	Couple Years of Protection (CYP) (in million couples)			
A	From Enterprise	2.72	2.68	98.5%
B	From Program	0.61	0.62	101.6%
	Total CYP	3.33	3.30	99.1%

*As per the audited figure in the Income Statement, total achievement is 3264.91 million. The revenue difference of 3.10 million from income statement arises due to transfer of the opening stock of MoniMix and SDK to the Program division.

SMC Holds Annual Company Conference for FY 2016



Social Marketing Company (SMC) and SMC Enterprise Ltd (SMC EL) held their Annual Company Conference for the Fiscal Year 2016 in Dhaka on March 18, 2017. The conference presented the sales performance of FY 2016 and recognized the sales team for their commendable contribution. Employees from the 12 area offices who performed the best were recognized for their outstanding performance. Chairman of the Board of Directors of SMC and SMC EL, Mr. Muhammed Ali graced the occasion as the Chief Guest. Mr. Md. Ali Reza Khan, Managing Director - SMC EL, Dr. Sukumar Sarker, Senior Technical and Policy Advisor, OPHNE - USAID were present along with other high officials.

SMC ENTERPRISE LTD

Performance Overview

Sales Performance by Category and Brands

Female Reproductive Health & Contraceptive Portfolio

The Female Reproductive Health & Contraceptive portfolio within SMC Enterprise has 7 branded oral contraceptive pills. They include 5 combined pills, a progestin only pill, and an emergency contraceptive pill. Among the 5 combined pills, 2 were introduced during the last quarter of the financial year. Total volume achievement under this category in FY 2016 was 31.82 million cycles, which fell short of the target by 505,804 cycles or 1.58%. Total revenue earned from the sales of oral pills amounted to Tk. 797.82 million, which was Tk.12.21 million or 1.5% less than the revenue target set for the 9-month period. CYPs delivered or number of couples protected from unplanned pregnancies from the sales of SMC pill in this category amounted to 2.11 million against the target of 2.14 million CYPs. Other than Femicon, the major volume and revenue driver, all other pill brands recorded a shortfall in the reporting year. Femicon, the star pill brand of SMC, registered a significantly positive growth of 5% over target, despite all hurdles caused by early closing of the year and conservative use of contraceptives during the month of Ramadan – the closing month of FY 2016. Compared to the previous year, OCP sales volume fell by 1.49%, while the revenue increased by Tk 83.22 million or 11.64%. The following table summarizes OCP target versus achievement in FY 2016.

Table 2: Targets and Achievements FY 2015-16 FRH/C Category (In million cycles)

Brand	Target	Actual	Target % Achieved
Femicon	18.35	19.32	105.29 %
Minicon	1.87	1.80	96.25 %
Femipil	7.74	7.13	92.12 %
Noret-28	3.15	2.72	86.35 %
Ovacon Gold	0.425	0.187	44.00 %
Mypill	0.212	0.084	39.62 %
Norix	0.58	0.57	98.27 %
Total OCP (Cycle)	32.33	31.82	98.42 %
CYP (in mil)	2.14	2.11	98.60%
Revenue (Tk)	810.03	797.82	98.49%

General Health & Nutrition Product Category (GH&N)

The General Health and Nutrition portfolio comprises of an oral rehydration salt (ORSaline-N), SMC Zinc and a sanitary napkin (Joya) in 3 SKUs. ORSaline-N is the cash cow in this category, which continues to achieve higher volume and revenue target year on year, reaching a volume of 484.55 million sachets and exceeding the target by 5.6% in the reporting year. Sales of Joya sanitary napkin also went above the target in its 4th year, reaching a volume of 2.59 million packs or 6.35% above the target, compared to the 3% achievement above the target in the preceding year. Sales volume of SMC Zinc went above the target by 15.90%, selling 0.357 million blisters. The cumulative revenue earned by this category in the year amounted to Tk. 2169.25 million which was 5.53% above the target.

This category under Enterprise is SMC's largest revenue earner, generating around 64.4% of the total sales revenue and program income. Compared to the preceding year, ORSaline-N sales volume increased by 11.7%, while the value increased by 17.3%. Prior to the restructuring, the GH&N category also included micronutrient powder (MoniMix) and a safe delivery kit (Safety Kit), which have now moved to the Program Marketing department, since these fit well as public health nonprofit products under the nonprofit Program division. An additional revenue of Tk. 54.23 million was projected from this category subject to the planned launch of the electrolyte drink, SMC Zinc Combo and the premium condom. The Bangladesh Standards and Testing Institute (BSTI) did not approve the electrolyte drink formulation developed by SMC, since it exceeded the normal limit for acid insoluble ash. This coupled with many other reasons including regulatory issues, production and import challenges caused delays in the launch of both the drink and the premium condom. The Zinc combo was transferred to Program division since it carries a social objective that fits better under the nonprofit objective of the Program division. Together all these factors resulted in revenue loss to the company as compared to the all inclusive target set at the beginning.

Table 3: Targets and Achievements FY 2015-16 GH&N Category

Product category	Target	Actual	Target % Achieved
ORSaline – N (in units)	458.81	484.55	105.6%
Joya (in packs)	2.437	2.592	106.35%
SMC Zinc (blister)	0.308	0.357	115.90%
Sales Revenue (Tk)	2055.62	2169.25	105.53%



Products under the General Health & Nutrition Product Category (SMC Zinc, ORSaline-N and Joya sanitary napkin)

Consumer Product Category (CP)

The Consumer Product category comprises of 5 (five) condom brands in several variants. In FY 2016, SMC Enterprise sold 68.34 million condoms, representing a shortfall of 0.97 million or 1.4% against the annual target. The achievement does not include sales of Raja condom, since that falls under the nonprofit product category and therefore was moved under the Program division following the restructuring. Sales revenue from CP category amounted to Tk. 294.75 million, which fell short of the target by Tk. 13.84 million or 4.5%. Except for Hero and Panther, sales from all other for-profit condom brands fell below the target with Sensation SR and U&Me Anatomic registering the slowest movement. Compared to the previous year, sales volume generated by the for-profit condom brands remained almost the same. However, revenues have increased by 5.85%, primarily due to price increase of all SMC condom brands. Overall, there has been a decline in the sales of SMC condoms in recent years primarily due to influx of low-priced Chinese brands offering high trade margin. A recent retail-based study by SMC reveals that there are 229 condom brands in the market competing for respective share.

Table 4: Targets and Achievements FY 2015-16 CP Category (In million)

Brands	Target	Actual	Target % Achieved
Hero	8.63	8.68	100.60%
Panther	30.06	30.76	102.33%
Sensation	22.13	21.38	96.61%
U & Me	7.50	6.64	88.53%
Xtreme	0.997	0.888	89.10%
Total condoms (pcs)	69.31	68.34	98.60%
CYP	0.577	0.569	98.61%
Sales revenue (Tk.)	308.59	294.75	95.51%

Pricing Strategy and Change

Price segmentation of SMC allows customers to purchase various brands based on their ability and willingness to pay. SMC Enterprise Ltd adopts a pricing strategy that aims to offer consumers from different socio economic status affordable brands in different product categories, while at the same time ensures continued growth of the brands in overall profitability. Brands marketed and sold under the Enterprise are self-financed and positioned at different price points. Low-priced products cover commodity, packaging and some marketing costs only to keep them within the purchasing power of the lower income segments. Products that are targeted to the poor are sold at heavily subsidized prices through the Program division, which has no profit objectives.

During the year, SMC raised the prices of a few brands to adjust to the increased procuring prices and improve profitability of the brands. The price of Joya Wings sanitary napkin had to be raised marginally to adjust to the higher procuring price from Bashundhara Paper Mills Ltd. The brands that went through a revision in pricing are as follows:

Table 5: Pricing Changes during FY 2015-16

Brand	Price Category	Previous Price	Current Price	Increase per Unit (%)
Panther	MRP	12.00	15.00	25.00%
	Trade price	9.00	10.25	13.88%
Sensation Classic	MRP	20.00	25.00	25.00%
	Trade price	14.00	15.58	11.28%
Sensation SD	MRP	20.00	25.00	25.00%
	Trade price	14.00	15.58	11.28%
Sensation SR	MRP	20.00	25.00	25.00%
	Trade price	14.00	15.58	11.28%
U & Me Anatomic	MRP	30.00	35.00	16.67%
	Trade price	21.00	22.50	7.14%
U & Me Colors	MRP	30.00	35.00	16.67%
	Trade price	21.00	22.50	7.14%
U & Me LL	MRP	30.00	40.00	33.33%
	Trade price	21.00	25.00	19.04%
Joya Wings	MRP	60.00	70.00	16.67%
	Trade price	50.00	58.00	16.00%



SMC sales officer taking order from a pharmacy outlet

Sales, Distribution and Reach

SMC's distribution network is one of the largest in the country covering a vast number of pharmacies and non-pharmacy outlets in both urban and rural markets across the country. Distribution of brands in 2016 was carried out by SMC's own sales force from 12 Area Offices who reached out to almost 266,000 outlets of which around 42% were pharmacies and 58% were non-pharmacies. Additionally, products were sold to 1,085 institutions that included NGOs, hospitals and clinics. 58% of all successful calls were to pharmacy outlets and 42% to non-pharmacies. Direct purchases from a stockiest/wholesaler in the open market place were also made by many of these outlets. A breakdown of outlet coverage and effective calls in FY 2016 is shown in the table below:

Table 6: Outlet Coverage and Effective Calls in FY 2015-16

Criteria	Number by Type of Outlets			Total
	Pharma Outlets	Non-Pharma Outlets	Institutions	
Outlet Coverage	111,711	152,730	1,085	265,526
Effective Call	480,339	346,086	3,481	829,906



Sales van being loaded for distribution



Cycle salesman of SMC selling his products



Rural Medical Practitioners (RMP), Palli Chikitschoks (PC) and other community-level health providers at a Group Detailing Session of SMC

Field Promotion Activities

SMC's Sales Promotion Officers implement a good number of promotional activities under respective area offices with the objective of creating demand and introducing new products through health service providers. Such activities include small interactive events like group detailing sessions with Rural Medical Practitioners (RMP), Palli Chikitschoks (PC) and other community level health providers on health related topics such as contraception, diarrheal management, hygiene, nutrition and reproductive health. Field officers additionally conduct a number of promotional meetings with graduate doctors which goes a long way in increasing prescription rates and maintaining as well as enhancing the goodwill of SMC further. During the 9-month period in FY 2016, SMC reached over 23,000 health providers including doctors, NGO workers, non-graduate health service providers and traditional birth attendants through various promotional sessions.

Table 7: Field Promotion Activities During FY 2015-16

Field Promotion activities by Type	No of Participants			
	Target	Actual		
		Male	Female	Total
Group Detailing Session (GDS)	9,820	10,482	205	10,687
Seminar with Graduate Doctors	1,200	814	409	1,223
NGO Workers Meeting	5,555	735	5,078	5,813
TBA Meeting	5,335	365	5,606	5,971
Total Participants	21,910	12,396	11,298	23,694



Joya promotional session with female students



“I’m so glad, I’m on Mypill”

বার্থ-স্পেসিং-এর জন্য আমার ডাক্তার যখন মাইক্রো-ডোজ ‘মাইপিল’-এর কথা বললেন, প্রথমে খানিকটা দ্বিধা হলেও ভাবলাম "why not! I am glad, I did." ভাবতেও পারিনি ‘মাইপিল’ আমাকে এত perfectly suit করবে।



a micro-dose oral contraceptive

Advertisement on Mypill

Brand Communication and Product Development Highlights

Enterprise communication activities reach out to a very diverse group of audiences through above-the-line and below-the-line media, which includes radio, television, print, outdoor, advertising, IPC, provider detailing programs, internet and so on. The following description captures the major communication, promotional and development highlights of the year.

OTC Products

- **Launch of new pills:** The Enterprise launched two new oral contraceptive brands during April and May, 2016 in the brand names ‘Ovacon Gold’ and ‘Mypill.’ With the introduction of these two new brands, SMC EL has expanded its oral contraceptive pill portfolio to seven brands with two new compositions – Lynestrenol and Desogestrel. Prepared on a micro-dose formulation of a 3rd generation progesterone, Mypill is sold at an MRP of Tk. 100. It caters to the freedom-seeking women in the middle to upper class who want safety and efficacy.

Ovacon Gold is targeted at women in the middle to upper-middle strata. The pill sells at an MRP of Tk. 65 and its balanced hormonal composition helps keep the menstrual pattern undisturbed. The OTC Marketing team printed vibrating POPs and doctors’ information cards and launched month-long print, outdoor and radio campaigns to support the launch of the new pills. Both pills in brilliantly colorful packaging were primarily greeted by retailers and traders.



“Ovacon Gold আপনার পিরিয়ডকে স্বাভাবিক রাখতে সাহায্য করবে”

‘ওভাকন গোল্ড-এর ব্যালেন্সড হরমোনাল কম্পোজিশন শুধু অপরিষ্কৃত গর্ভধারণ থেকে আপনাকে সুরক্ষাই দেয় না, সেইসাথে আপনার পিরিয়ডের ধরনকে একই রকম রাখতে সাহায্য করবে।’

আজই আপনার ডাক্তারের কাছে ‘ওভাকন গোল্ড’ সম্পর্কে জানুন

Advertisement campaign on Ovacon Gold

৩১ বছর পেরিয়ে আজো আস্থার প্রতীক



এসএমসি'র সিল
দেখে কিনুন



ORSaline-N TV commercial

- Mass media campaigns on ORSaline-N:** In the reporting year, the marketing team ran TV campaigns on ORSaline-N focusing on how SMC's ORS is saving the lives of millions of children by making it available and accessible across Bangladesh. In the edited version of the TVC, SMC has brought back the popular jingle 'Hajar shishur jibon bachay.' Additionally, the popular drama serial Noashal on RTV was sponsored by the ORS brand of SMC. In that year, the team also ran a number of print ad campaigns to fight production and marketing of fake and look-alike ORS.
- Sponsoring Ramadanul Mubarak:** During Ramadan, dehydration is common due to fasting. Therefore, a lot of advertisements especially on fruit and other drinks run on TV channels to draw the attention of those fasting. It is therefore important to keep SMC ORSaline-N live in the mind of the traders and consumers in that clutter, which will ultimately help increase its demand and resultant sales. Keeping this in mind, the marketing team sponsored the Ramadanul Mubarak Program on Channel I, which telecast the program a few minutes before the Maghrib azan throughout the month of Ramadan. In addition to stage branding, the program aired our TVC and a creatively developed, clutter-breaking Pop Up in high frequency built on the insight of people who fast and need to be re-hydrated just like sun-dried soil needs to be re-hydrated with water.
- 'Both Are Original' campaign:** Following the entry of ORS to the market from SMC Enterprise Ltd in FY 2016, confusion arose among traders and consumers surrounding its originality. A rumor went viral that SMC ORSaline-N which read 'SMC Enterprise Ltd' as the manufacturer was the fake one and those that read 'Social Marketing Company' was original. To address that the marketing team immediately came up with a very creative and attractive print advertisement with the caption 'Both are original.' In the layout, a twin symbolized the originality of the ORSaline-N coming from both SMC and SMC EL as same and original.



A print advertisement on ORSaline-N

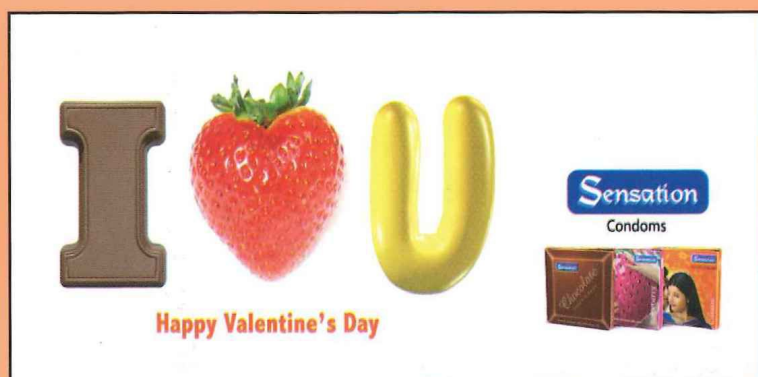


A scene from the TV commercial on Norix

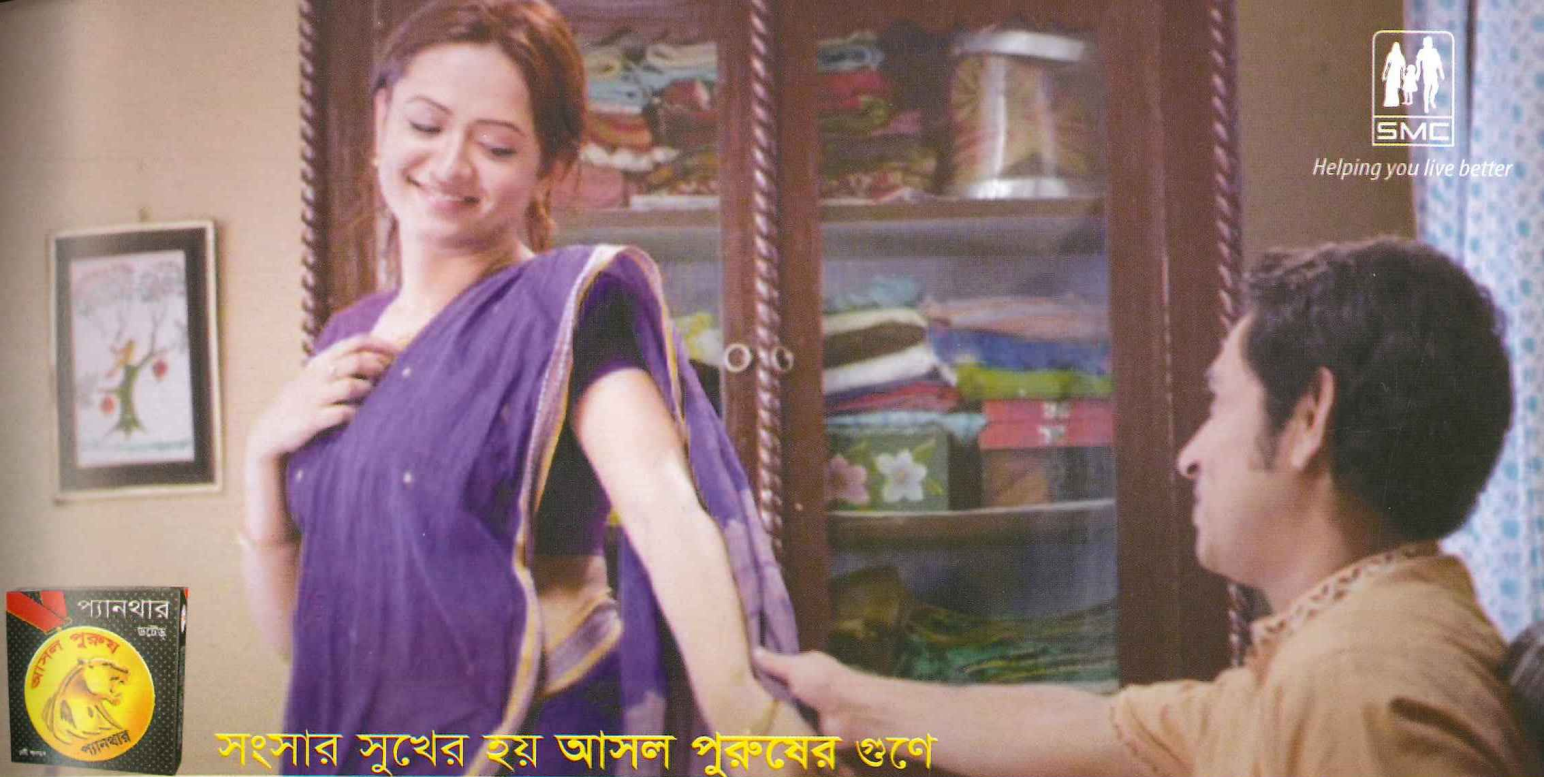
- **Other OTC campaigns:** During January 2016, a TV campaign on Femicon ran on satellite TV channels to keep the brand on top of the mind of both the users and the traders. In addition, a number of outdoor campaigns ran on Femicon, Femipil, Mypill and Noret 28. Attractive displays on the brands appeared on the billboards of strategic locations across Bangladesh.
- **New TVC on Norix:** OTC team completed production of a new TV commercial on Norix Emergency Contraceptive Pill, targeting women who want to avoid un-desired consequences of an unplanned pregnancy. It has been positioned as an easily available and highly effective solution to prevent an unplanned pregnancy. The story was built on the user insight 'I do not want any sudden change in the focus of my life' – be it true for a married student, a working lady or a happy home maker.' The TVC was scheduled to be aired in the following fiscal year FY 2017.

Consumer Products

- **U&Me:** U&ME Colors had been reintroduced in a new look in January 2016. The new concept in new color tones made that look brilliant and lustrous adding a flavor of more sensuality. The market responses were quite positive which resulted in increased sales.
- **Sensation:** In an effort to tag Sensation condoms with Valentine's Day in February 2016, the marketing team came up with a very creative layout. The advertisement expressed the main message of the Day 'I love you' by creatively presenting the 3 variants of Sensation. The new creative appeared in the major English and Bangla national dailies and also in magazines. A TVC on stop motion technique was underway.



New look of Sensation and U&Me condoms



সংসার সুখের হয় আসল পুরুষের গুণে

A scene from the TV commercial on Panther condom

- **Panther:** The new pack of the best-selling condom brand Panther was launched in January 2016. The largest selling condom brand is in the market for almost 30 years. The new packaging was introduced supported by an extensive TV, print and outdoor media campaign focusing on the theme "Ashol Purush" throughout the year. The brand was positioned as a symbol of attitude and manhood that remain dormant in every common man. In addition, various promotional activities took place throughout the year.
- **Development and Communication Activities of Hygiene Products:** SMC started building its state of the art hygiene product manufacturing facility to manufacture a range of products including sanitary napkin, baby diaper and wet tissue. The civil work started and machineries from leading manufactures from China were ordered.

A new TV campaign for Joya sanitary napkin "Egiye Jawar Golpo" was launched in FY 2016 supported by press, magazine and outdoor. The TVC tells a story of 3 different women from three different walks of life, who embody the tagline of "Joya – Pichiye Thakbo Na." Joya's facebook page "Joya Moving Forward" was launched in June 2016 for regular posts and updates on women health and hygiene issues. To reach out further to target audience, Joya sponsored the popular Drama Serial "Noashal" on RTV. Joya branded passenger-waiting sheds in strategic locations throughout the country increased the brand's visibility within the community.



A scene from the TV commercial on Joya sanitary napkin



"Joya Alokito Nari" – a live award-giving TV program sponsored by SMC

SMC commemorated International Women's Day by sponsoring "Joya Alokito Nari" - a live award-giving and cultural program hosted by RTV on March 08, 2016. The brand slogan "We will not stay behind" well supported the overall theme of the year's event title "Joya Alokito Nari." Eight outstanding women were honored at the event for their achievements and contributions in their respective fields.

Joya brand was promoted through consumer engagement activities on the occasion of Bengali New Year - "Pohela Boishakh" at different strategic locations in Dhaka (Dhaka University, Rabindra Sarabar), Chittagong and Khulna.

- **Taste Me:** Two different flavors (Orange and Mango) of "Taste Me" were developed and Certification of Manufacturing (CM) license from BSTI was obtained. Various new flavors like Lychee and Pomegranate are under development.



Taste Me refreshing drink powder



State of the art ORSaline-N manufacturing facility in Bhaluka, Mymensingh

Manufacturing Operations

SMC's state of the art ORS manufacturing facility in Bhaluka, Mymensingh is ISO-certified and CGMP compliant. It operates round the clock to meet growing demand and achieve higher revenue targets. It employs around 495 staff (including 32 employees of CWH) in a combination of full time, casual and contractual. The Repackaging Unit works in a single shift doing secondary packaging of condoms, pills, injectables, IUDs and Safe Delivery Kits.

During FY 2016, the ORS factory produced 274.21 million sachets against the 9-month target of 265 million, which was 3.47% higher than the target. Presently, total production capacity of the factory is 350 million sachets per year from six lines. The preparation for the 7th line is well under way, which is expected to add another 65 million sachets to total production capacity annually.

Outsourcing: SMC's own supply is not adequate to meet the growing demand for ORS, especially during the hot summer season each year. It therefore procures the additional quantity through contract-manufacturing from renowned pharmaceutical companies. In FY 2016, SMC purchased around 165.42 million sachets of ORSaline-N from Renata Pharmaceuticals Limited, Popular Pharmaceuticals Ltd. and Essential Drugs Company Ltd.



ORSaline-N manufacturing and packaging operations

SMC Holding

(SOCIAL MARKETING COMPANY)

Activities and Performance

As mentioned before, SMC Holding is a not-for-profit company and also the parent company of SMC Enterprise. It houses the Program division under which all donor-funded and nonprofit program activities are planned and implemented. In addition, it includes the Finance and Administration division and a number of departments and units that carry out the common services such as Engineering, MIS and IT, Research, Corporate Affairs and Internal Audit.



A Notun Din group meeting with married women of reproductive age (MWRAs)

Performance Overview of the Program Division

Program activities are broadly concentrated under four major areas: Behavior Change Communication (BCC), Training & Service Delivery, Monitoring & Evaluation and Grants & Compliance. The BCC activities include both community mobilization and mass and local media advertising. The Program and Health Network Marketing unit manages all marketing and communication activities that include both generic and brand specific messaging. They are also responsible for the marketing of donor funded products and their distribution through the Enterprise consumer distribution system. The Training & Service Delivery activities include capacity building of private sector health providers both under the Blue Star network of non-graduate health providers, graduate providers delivering long acting and reversible contraceptives - IUD and Implants, and private community health providers or drug sellers. SMC's telephone counseling service Tele-Jiggasha is also housed under this department. The Monitoring & Evaluation Unit is responsible for the development and execution of the Project Performance Monitoring Plan while Grants and Compliance manage donor funding, give awards to the implementing Partners and ensure financial compliance.

In FY 2016, SMC implemented three donor funded projects with a total cumulative value of approximately USD 25 million. These included:

- USAID funded Marketing Innovation for Health
- Maternal, Infant and Young Child Nutrition (MIYCN) Program
- Social marketing of Improved Cookstoves funded by UN Foundation



Activities under Marketing Innovation for Health (MIH)

The MIH is a four-year cooperative agreement with USAID and is SMC's largest project. It aims to increase access to products and services in family planning including long acting methods, child health and nutrition, and bring positive behavior change as well as improve quality of services through the private sector. SMC partnered with several NGOs and INGOs in the implementation of this project. After the end of the project funding in July 2016, SMC was awarded a follow-up project titled Marketing Innovations for Sustainable Health Development (MISHD) by USAID to carry forward the success of MIH Program. USAID also donates IUDs, Implants and Injectables for private sector marketing under this agreement.



Behavior Change Communications (BCC)

Program and Health Network Marketing Unit

This unit under the BCC department is responsible for creating demand of program products and ensuring their distribution through drug stores, health networks and NGOs. The following table shows a breakdown of program products by brand, method and source of supply.

Brand	Method/Product	Product Source
Raja	Condom	GOB revolving fund
SOMA-JECT	Contraceptive Injectable	USAID donation
Relax	CuT-IUD	USAID donation
<i>i-plant</i>	Implant	USAID donation
SAYANA PRESS	Injectable	USAID donation
MoniMix	Micronutrient powder	Own resource
SDK	Safe delivery kit	Own resource

Sales and Program Income

During the 9-month period of FY 2015-16, SMC earned a Program Income (PI) of Tk. 103.0 million from sales of program products slightly lower than the target due to lower than expected achievement of SDK and Sayana Press injections. In terms of couples protected from unplanned pregnancy or CYP, the number was almost 618,000 or 2% higher than the target. The number of CYP's delivered by the Program division represented close to 20% of all CYP's generated by SMC and SMC Enterprise together during the year.

FY 2015-2016: Targets and Achievements of Program Products

Brands	Target (Qty) (Oct'15-June'16)	Achievement (Qty) (Oct'15-June'16)	% of Target Achieved
Raja (pcs)	30,000,000	28,469,100	94.9%
MoniMix (sachets)	10,500,000	12,362,212	117.7%
SDK	135,000	81,542	60.4%
SOMA-JECT (vials)	1,200,000	1,288,351	107.4%
SAYANA PRESS (inj)	112,500	81,337	72.3%
Relax (pcs)	4,973	6,265	126.0%
<i>i-plant</i> (ampoules)	1,943	2,447	126.0%
Total CYP	608,380	617,782	102.0%
PI (in Tk.)	104,340,825	103,003,052	98.7%



Program product portfolio



Courtyard meeting with rural women

Community Mobilization Activities

Under the USAID-funded MIH project, community mobilization was carried out by local NGO partners that included BRAC, Concerned Women for Family Development (CWFD), Shimantik and Population Services and Training Center (PSTC) in 19 high-priority districts. Community mobilization activities of SMC are branded as “Notun Din” and they aim to motivate beneficiaries to adopt and practice healthy behaviors for the wellbeing of their own self, family and the society. Activities under Notun Din include group sessions with married women of reproductive age (MWRA), husbands of MWRA, caregivers of children under-5, workplace workers, community influentials, birth attendants and school-based information sessions with adolescent girls and boys.

Field workers under the Community Mobilization programs used audio-visual aids to disseminate important health messages on healthy timing and spacing of pregnancy, pregnancy care, safe delivery, and nutrition during the first 1,000 days of a child after birth, contraceptive use, adolescent health and risky behavior, TB, and so on. In addition, caregivers of children under-5 were informed about the health benefits of exclusive breastfeeding, immunization, micronutrient sprinkles, and use of ORS and Zinc.



Sessions with school students on health and hygiene issues



Advocacy meeting and ideal couple reception under Community Mobilization activities

In FY 2015-16, over 1.7 million married women of reproductive age were reached with various health messaging through community mobilization activities. In addition, over 23,800 community influentials including government and elected representatives, political leaders, teachers, religious leaders, and others participated in our advocacy meetings. School-going adolescent girls and boys were told about the health hazards associated with smoking, risky sexual behavior and importance of hygiene particularly during menstruation among girls and use of sanitary napkins.

The total number of people reached through direct IPC or group contacts was over 3,208,700. This does not include the number of people that were exposed to SMC sponsored messaging through the mobile and floating IEC film programs especially in hard to reach areas since that would be difficult to count and could lead to much duplication in terms of number of people reached through various media.



Community mobilization activities with various target groups



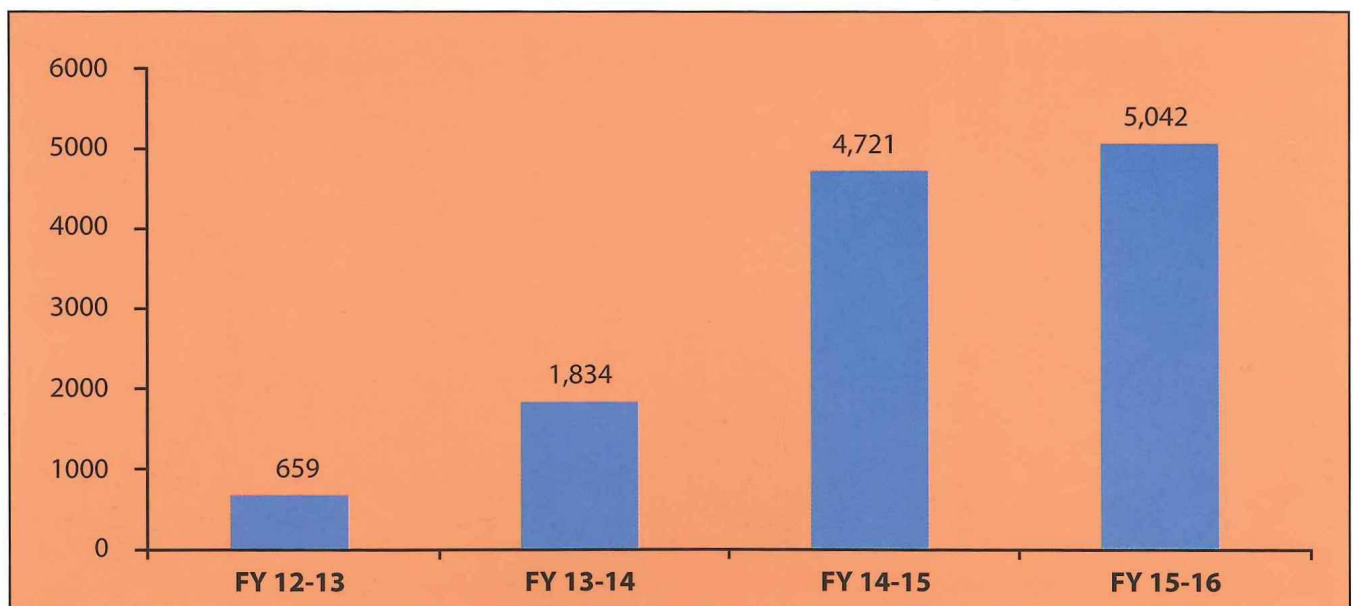
CSA selling Joya sanitary napkin and MoniMix to community women

Community Sales Agents

The community sales agents (CSAs) program creates an opportunity for rural women to be engaged in income generation activities as voluntary saleswomen for SMC provided products. This initiative was implemented in 12 out of 19 MIH districts during the year. The NGO implementing partners select these women from the community if they meet the approved criteria, provide training in collaboration with SMC and make products available to them on cash for selling to households within their catchment area. These products are regularly replenished by SMC's Sales Officers so that the NGO do not run out of stocks. The CSAs buy these products at wholesale price and sell them to customers at MRP thus earning margin in each sales transaction. The agents are trained to provide accurate information in response to frequently asked questions by women in the field.

The biggest advantage of having the community sales agents is its potential to be fully sustainable without any financial assistance from donors since the program sustains on the income and motivation generated among these agents and as long as they continue to earn more through larger and more diversified product portfolio, they will be interested to continue. It also opens a new channel of distribution for products for SMC Enterprise thus benefitting the company. During FY 2016, 836 currently active sales agents sold products worth Tk. 37,938,433, averaging an amount of Tk. 5,042 per month in the 12 priority districts.

Average Monthly Sales Trend of SMC CSAs (in Tk.)



এনিমিয়া বা রক্তস্বল্পতা শিশুর শারীরিক ও মানসিক বিকাশের প্রধান শত্রু। এই শত্রুর হাত থেকে বাঁচাতে আপনার শিশুকে ৬ মাস থেকে ৫ বছর বয়স পর্যন্ত SMC 'র মনিমিক্স খাওয়ান।

এনিমিয়া The এনিমি

SMC 'র

মনিমিক্স
MoniMix

আপনার সন্তান বুদ্ধিতে বাড়ুক
শক্তিতে বাড়ুক



Advertisement on MoniMix



Mass Media Communication

The Program division extensively used mass media advertising in support of the Program products. Television, radio, billboard and press advertising were widely used to create awareness and interest in SMC IUD brand "Relax" and Implant brand "I-plant" and promote the Tele-Jiggasha phone numbers where those interested could call to get the name and contact address of trained IUD and Implant providers in their area. A new TV commercial was produced and aired to promote the SMC injectable brand "SOMA-JECT" and SMC Blue Star network of informal health providers who have received training on injectables and other SMC health, hygiene and nutrition products. To promote better understanding of iron deficiency anemia as a problem among growing children and position SMC's micronutrient powder "MoniMix" as an effective way to prevent and correct it, a multimedia campaign was launched through TV, radio and the press under the caption "Anemia the Enemy" which drew wide recognition from the target audience.

Training and Service Delivery

A major objective of the Program division is to ensure that customers served by health providers, who are trained by SMC under the USAID-funded MIH project, are fully satisfied with the quality of services they receive. These include customers of Depo Provera or Sayana Press injectables, referral or other services provided by SMC's Blue Star network of informal health providers, or OBGYN/general practitioners offering long acting IUD and Implant contraceptives, or simply pharmacy salesmen or drug sellers who continually interact with customers. To ensure progress towards its objective, the Training and Service Delivery department implements an extensive training program for the providers that include both basic and refresher training sessions and makes regular assessments of its impact.



Capacity building training for providers



Training session with Program Officers, Field Operation

Training of Providers under SMC's Blue Star Network

SMC's Blue Star is a branded network of community-level health providers. They receive special knowledge and skill based training on the administration of injectables, knowledge, counseling skills on short term contraceptive methods, diarrheal disease management and effective use of ORS, use of Zinc and micronutrient sprinkles for children, and referral for long acting and permanent contraceptives and suspected TB cases. The providers are regularly served by SMC Program Officers and also Sales Officers of SMC Enterprise to ensure regular supply of SMC products. During FY 2016, 201 new providers were trained and included within the network, expanding the number of Blue Star providers to 6,000 nationally. In addition, SMC provided refresher training to more than 2,500 of these providers during the year.

The Blue Star providers administered about 1.37 million vials of injectable including both SOMA-JECT and Sayana Press combined which was 4% higher than the target. They also made over 36,000 referrals for suspected cases of TB and 16,000 for couples interested in long acting contraceptive method to the nearby government health clinic or FP centers.



Blue Star providers offering services to women



LARC promotional workshop with graduate providers

Graduate Providers Offering Long Acting and Reversible Contraceptives (LARC)

The LARC network includes a group of graduate doctors, mostly female, who have received focused training on IUD, implant and Injectable from SMC through its training partner EngenderHealth under the USAID-funded project. The donor also provides the products free of cost which SMC over brands and sells to these trained providers through Program and Sales officers. In FY 2015-16, 367 providers were given basic and refresher training thereby increasing the total number of providers trained on these methods by SMC to 927 since the start of this initiative under the USAID MIH program. SMC also organized several advocacy meetings in coordination with the Obstetrical and Gynecological Society of Bangladesh (OGSB) to review Program performance, share best practices and discuss the way forward. Representatives from OGSB, USAID, CCSDP/DGFP and local FP officials attended the workshops. During the year, OGSB organized 8 (eight) regional planning and advocacy workshops with its members in Khulna, Rajshahi, Rangpur and Sylhet offices with SMC's support.



Refresher training for LARC providers



Training session for Private Community Health Providers

Private Community Health Providers (PCHP)

PCHPs are generally considered as drug sellers or pharmacy salesmen. Majority of them have little or no training on providing counseling although, for average families in the semi urban and rural areas, they are usually the primary contact points to receive advice on minor ailments such as diarrhea, cough and fever. Improvement of their knowledge is therefore very important to promote proper counseling and advice. Under the capacity building program, SMC trains these drug sellers to improve their knowledge and provide better skills. In FY 2015-16, SMC provided refresher training to almost 11,000 PCHPs in the 19 priority districts.

SMC also trained 511 PCHPs on follow up doses of SOMA-JECT injectables under a pilot program to test the feasibility of large scale marketing through such providers to help increase consumer access.

Tele-Jiggasha Telephone Counseling Service

Tele-Jiggasha is SMC's telephone counseling service where people call in with various questions, particularly with regard to private sensitive matters such as FP and contraceptives, STIs, adolescent health problems, location of providers offering IUDs and Implants, symptoms of TB, etc. This service is provided through the head office and responds to live calls from 9:00 am to 5:00 pm on weekdays after which calls are recorded and responded to on the following working day. More than 4,400 calls were received during the year and 76% of the callers were female.

Tele-Jiggasha is also being increasingly used by SMC as a tool to follow up on recent adopters of SMC's LARC and Blue Star providers and collect information from target audience regarding exposure and recall of advertising messages sponsored by SMC and SMC Enterprise.



**Tele-Jiggasha
counselors**

Monitoring and Evaluation

The Program Officers under the Training and Service Delivery department made over 17,000 visits to Blue Star providers with multiple contacts. They monitored overall compliance of providers to standard injectable administration protocols, condition of signboards, availability of contraceptive stocks, accuracy of record keeping and overall standards of service provision through a check list. Additionally, they made 938 visits with multiple contacts to graduate providers delivering SMC's long acting methods. Regular phone conversations are maintained with these doctors to build rapport and provide assistance including supply of products, literature and other IEC materials. Program coordinators monitoring community mobilization activities made over 560 visits to the intervention areas. Staff of partner NGOs under the MIH project made over 1,100 monitoring and supervisory visits.

Other Projects

Maternal, Infant and Young Child Nutrition (MIYCN) Program

The MIYCN project is funded by Children's Investment Fund Foundation (CIFF), where SMC partners with GAIN, BRAC, Renata Limited and icddr,b to help increase the effective use of home fortification powder. It is a three-year project led by GAIN where SMC is helping to harmonize key messages on micronutrient powder including the consequence of anemia on children's health. Phase II of the program started from December 2015 and will continue until June 2018.



Beneficiaries of MIYCN Program

BCC Campaign for LAPM Services among MWRA in Korail Slum

According to the Bangladesh Demographic Health Survey (BDHS) 2014, contraceptive prevalence rate (CPR) is 62.4 percent and share of modern method is 54 percent. However, the use of long acting and permanent method (LAPM) is very low among the urban slum population compared to the national use. Therefore, the SMC management decided to launch a pilot program at Korail Slum of Dhaka City to increase awareness and use of LAPM. The project started in May 2016 and was of one year duration. This is the first project that was entirely funded from SMC's own financial resources.



Advocacy meeting to promote LAPM service

Program Insights from Key Research Findings

Quality Assurance of Blue Star and Long Acting Reversible Contraceptive (LARC) Outlets

The purpose of the study was to assess quality of Blue Star (BS) and LARC outlets in terms of its physical environment, available logistics, equipment, BCC materials, counseling guideline, safety measures and record keeping system. Total quality index shows that about 24% of BS outlets were rated as outstanding, 26% as very good, 36% as satisfactory and only 14% outlets as being of poor quality. The availability and visibility of SMC products at BS outlets were very good. On the other hand, total quality index of LARC outlets shows about 54% of outlets were ranked as outstanding, 17% as very good, 22% as satisfactory and only 7% outlets as being of poor quality.

Assessing Strengths, Weaknesses and Opportunities of “Notun Din” Community Agent Model

One of the innovative efforts of the Marketing Innovation for Health (MIH) program is the use of women entrepreneurs as community sales agents (CSAs), who disseminate health messages and sell FP contraceptives in addition to other health products at the household level, and earn profit from it. The purpose of the study was to assess the strength, weakness and opportunity of Notun Din. Findings show that majority of the CSAs has proper knowledge about the risks associated with early marriage and early pregnancy, benefits of birth spacing, and the age when a woman should not plan for a baby. Findings show that CSAs have good knowledge level on danger signs of pregnancy and consequences of early marriage. A large proportion of CSAs are aware of the benefits of safe delivery kit, Zinc tablet as an adjunct therapy of child diarrhea and use of MNP among children between 6-59 months.

Assessing the Potentiality of SOMA-JECT Sales and Follow-up Dose Administration through Private Community Health Provider (PCHP)

The prime objective of this study was to determine the potential market of SOMA-JECT follow-up dose administration through PCHP and to test its acceptability among users. Findings show that 82% of clients are interested to receive SOMA-JECT from PCHP and 83% of women are interested to continue using SOMA-JECT in future. It is found that the distance between PCHP outlet and residence of clients are reasonable. Also majority clients (63%) are currently receiving SOMA-JECT from PCHP mainly due to nearby location, familiar to them and well behavior of providers. The average number of SOMA-JECT administration per month by a PCHP is 10 vials. Findings show that more than 9 out of 10 clients are satisfied to receive SOMA-JECT from the PCHP and administration cost charged by PCHP. On the other hand, almost every PCHP is also satisfied to offer SOMA-JECT.

Retail Availability Study

Around 32% of pharmacy outlets had SMC's micronutrient powder MoniMix available at the time of the survey as compared to 12% availability of Renata's 'Pushtikona' brand.





CSA Josna Rani briefing and selling products to women in her catchment area

Empowering Women

Josna Rani – An Inspiration for Village Women

Josna Rani Pal lives in a small village of Chunarughat under Habiganj district along with her three daughters and husband. Unlike many women in her society, she is progressive and lives on big dreams. She is educating her three daughters and looks forward to the golden days when her daughters will shine in life and make both the parents proud.

However, life has never been as easy for her as she wanted. Her husband is a disabled man. The society where she lives in is yet to come out of the darkness caused by prevailing superstitions. About two decades back, Josna used to be a trained midwife and was working at a clinic in Sylhet. Her husband was a contractor in the field of construction, which saw initial success but eventually failed to grow. The close of his business in 2012 led the family to insufferable poverty. Josna started looking for a way out to feed the family and educate her daughters, who were already grown up and going to school.

In 2013, she attended a group meeting under the USAID-funded 'Notun Din' Program of SMC and expressed her desire to be a CSA. She began her business with a capital of only Tk. 544/-, which yielded her a profit of Tk. 100/- in the first month by selling SMC products on a commission. Her motivation and confidence level grew higher and the size of her sales bag kept growing bigger with more products like contraceptives, sanitary napkins, micronutrient powder, ORS, etc. which she sold to village women, men and students in her catchment areas. Because of her training, she quickly captured the priority health messages and passionately began educating MWRAs and their husbands on reproductive health, pregnancy care, child care, adolescent health and hygiene, TB and relevant other issues. She became a familiar face and a desired person among the community men, women and female students.

Today her capital has grown from Tk. 544/- to Tk. 25,000/-. She has widened her services after purchasing a thermometer and a weighing scale. She has the desire to buy a blood pressure machine to support her community people in time of need.

Josna's life has taken a new turn with her improved financial condition. She now dreams to grow bigger and looks forward to the day when she will have a van to carry her products and give services to the surrounding villages. By continuing her service and counseling, she wants to see positive changes in the lives of her neighboring women.

She expresses her gratitude to SMC and looks forward to receiving more health training to make her dream come true.



I look forward to the day when I shall have a van to carry my products and I can expand my services to the surrounding villages.



Model of Comilla Health and Hygiene Factory

Activities under Common Services Provided by the Holding Company

Infrastructure Development

Since restructuring, SMC Enterprise has made massive investments in infrastructure development in order to grow through expansion, diversification and improve management through decentralization. The Engineering division housed under SMC Holding provides technical support on all matters related to civil construction to both SMC and SMC Enterprise.

The following highlights the progress made towards major infrastructure development projects undertaken by SMC Enterprise during the year:

Expansion on Pharmaceutical Manufacturing Facility:

- **Soil test and digital survey:** This was completed at the site in Bhawanipur under Gazipur district by a consultant selected through a standard bidding process.
- **Underground fuel tank:** Fuel tank installation and civil works such as excavation, casting of RCC base and backfill were completed at Bhaluka. This was expected to lead to a savings of around Tk. 5 million a year in fuel cost.
- **Construction of a 3-storied building for expansion of canteen, change room, toilet and other facilities at Bhaluka:** Preliminary architectural drawing and structural drawing, soil test and contractor selection were completed.



Model of regional office and regional warehouse in Comilla



Partial construction of Health and Hygiene Factory in Comilla.



Model of 8th to 12th lines of production at ORS Factory, Bhaluka

Extension of 8th to 12th lines to increase ORS production capacity:

As per a decision taken by the Board, an initiative was taken to increase SMC's ORS production capacity by another 300 million sachets annually. In taking this forward, architect selection, preliminary architectural and structural drawing and soil test were completed to create necessary facilities for accommodation of 5 more production lines.

Sanitary Napkin and Diaper Factory at Comilla:

Pile foundation, prefabricated steel erection, side-sheeting and roof-sheeting, ground floor casting, contractor selection for fire system were completed.

Construction of 6-storied regional office and regional warehouse at Comilla:

Construction work of SMC's second regional office at Comilla was started. Selection of consultant and contractor as well as architectural drawing were completed. All works related to the construction of regional warehouse including pile foundation, civil, electrical, prefabricated steel and outside wall sheeting works were completed. Tender was floated to purchase Reach Truck, Rack Pallet, Hand Pallet Truck to make a state of the art warehouse.

Accommodation for and installation of 1600 KVA substation and generators at Comilla:

Civil construction of a 2-storied building and 1600 KVA sub-station equipment installation were completed. To provide an uninterrupted power supply during production of sanitary napkin and diaper, installation of 2-600 KVA and 1-200 KVA generators were completed.

MIS & IT Related Activities

Under the vendor agreement between SMC Enterprise and SMC Holding, MIS & IT services would remain within the Holding company but would provide service to the entire organization on a full-time basis.

Services to Enterprise would be charged as per the terms of the agreement. During FY 2016, the following major activities were successfully executed to support MIS & IT based activities across the organization:

- Established overall infrastructure including LAN networking, CCTV camera and broadband connectivity, and installed all necessary IT resources at Bogra Regional Warehouse and Area Office.
- Developed a user-friendly, interactive and dynamic web portal to create a hub of family planning and reproductive health information. The portal aims to feed relevant information to adolescents, youths, newlyweds, working women, homemakers and others, who may be searching for an easily accessible, one-stop source of information to learn about family planning, reproductive health issues, emergency contraception, menstruation, postpartum issues, etc.



- Installed a revised app for the Finance and Accounts department to facilitate a more effective and structured operation by relevant departments of SMC and SMC Enterprise.
- Developed a new module of Integrated Management Information System (IMIS) for North and East Regional Offices.
- Organized and facilitated two individual training programs to enhance knowledge on MIS & IT for selected employees of SMC and Enterprise.

Research Insights Related to SMC Enterprise Operations

Research and development is a common services department located within SMC Holding but conducts research and analysis for both SMC and SMC Enterprise. Every year, SMC undertakes a number of research initiatives to assess impact of its Program, Sales and Marketing initiatives, conduct product feasibility, and generate consumer insights. It utilizes primary research data to help attune current interventions and design future interventions tailored to market realities, other external factors and internal capabilities. Following are some of the major research projects activities under taken by SMC for SMC Enterprise during FY 2015-16 and their key findings:

Reasons for sales decline of SMC condoms

The study identified major reasons of sales decline of SMC condom brands from the opinion of retailers. Key findings are as follows:

- New condoms entering the market offer higher trade margins and visually more sensuous packaging, which is hurting SMC's market share.
- Sales of SMC's Raja and Hero condoms are affected by their low price and trade margin as compared to GOB condom Nirapod which is infiltrating the retail outlets.
- Around three fourths of Raja sellers believe that sales will go down if price is increased to Tk. 3 per piece as planned.

Consumer Study on OCP brands of competitors

This study was conducted to help position SMC's new contraceptive pill Ovacon Gold and Mypill. The study aimed at understanding the psychography and the demography of the users of competitors' brands, who the new pills will cater to. Key findings are as follows:

- Most competitive brand users are newly married with one child.
- Almost half of them have switched from SMC brands seeking lower side effects and compatibility and have been recommended by friends, doctors, pharmacy outlets, neighbors.
- In most cases, husbands are the buyers of their OCP.

Consumer Panel Audit (1st Phase)

SMC has undertaken a Consumer Panel Audit among a panel represented by married women of reproductive age (MWRAs) and their husbands. The prime objective of the study is to determine the usage patterns, satisfaction with SMC products, correct usage, brand and method continuity and switching patterns, reasons for discontinuation and reasons for not using SMC products, etc. The study design includes the provision to understand the media behavior of the target audience. Key findings are as follows:

- Among oral pill users, SMC's Femicon is the most widely used brand in urban areas by younger females (18-25 yrs), while the GOB Sukhi pill is mostly widely used in rural areas.
- Among condom users, 26% were using Panther followed by U&ME (13%), Raja (13%), and GOB condom Nirapod (9%).
- Irrespective of respondents' category, about 90% mentioned SMC's ORSaline-N as their last used ORS brand followed by Universal Tasty Saline (10%).
- Among sanitary napkin users, 77% mentioned Senora as their currently used brand, followed by Joya (11%) and Freedom (3%). About 96% of Senora users and 99% of Joya users expressed satisfaction with their brands.
- Around 91% of urban respondents and 78% of the rural respondents reported to have satellite connections. One in three female and one in ten men did not watch Bangladeshi TV channels. Most viewed local channels included RTV (29%), BTV (23%), NTV (18%), ATN Bangla (16%) and Somoy TV (11%).

Availability and Market Size Estimation Study of SMC Products

The purpose of the study was to provide regular estimates of market availability of SMC and its competitor products as well as market share and market size of four products, condom, OCP (including ECP), ORS and sanitary napkin. Key findings are as follows:

- Around 94% of the pharmacy outlets were selling at least one SMC oral contraceptive brand and one SMC condom brand. In all, 31 OCP brands were found available in the market.
- Around 40% of the non-pharmacy outlets had at least one condom brand available in the outlet at the time of the survey. Of them, only 17% had at least one SMC condom brand available. In all, 229 different condom brands were available between both non-pharmacy and pharmacy outlets.
- Over 90% of the pharmacy outlets and 66% of the non-pharmacy outlets were carrying SMC ORSaline-N at the time of the survey. In comparison, none of the pharmacy outlets but around the same proportion of non-pharmacy outlets were carrying Tasty Saline from Universal Pharma. In all, 138 ORS brands were found available in the marketplace.
- Overall, 79% of pharmacy outlets and 12% of non-pharmacy outlets had a sanitary napkin brand available. Senora brand from Square Toiletries was found in 62%, SMC's Joya in 48% and ACI Freedom in 39% of the pharmaceutical outlets.
- Among many non-pharmacy outlets not selling SMC products, majority felt that these were basically meant to be sold through pharmaceutical outlets only.
- The retail audit survey also reveals that in terms of private sector market share, SMC brands account for 61% share of the condom market, 74.3% share of the oral contraceptive pill market, 50.2% of the ECP, 54.1% of total ORS market and 13% share of the of the sanitary napkin market.





U signing ceremony with DNCC for construction of passenger shed with toilet and drinking water facilities for Dhaka city commuters

Corporate Affairs

Corporate Affairs is a common services department that is housed under the SMC Holding. Corporate Affairs under SMC manages communication with a range of internal and external audiences including media, agencies, government, CSR partners in the private as well as public sectors, the community, investors and employees in different divisions under SMC and SMC Enterprise Ltd.

It is also the public relations arm that aims to bridge between the company and its stakeholders and disseminate messages in a coherent and credible way. It brings out a number of publications and complimentary items that integrate various activities under the Holding and the Enterprise. Through corporate advertising, we promote the profile of the company and attempt to minimize any discrepancies between its values and brand voices. It plays an important role in creating favorable image for the company by being present strongly in the media, identifying areas under its CSR initiatives where the company can contribute more by improving the environment, enhancing quality of lives and reducing human suffering.

In April 2016, SMC signed an agreement with Dhaka North City Corporation (DNCC) to construct passenger sheds with drinking water and toilet facilities for city commuters at key locations. The initiative will help mitigate the sufferings of commuters, especially women, caused currently by inadequate toilet facilities in Dhaka. The reporting year witnessed the start of construction of one such facility at Farmgate, which features heavy crowd round the clock.



Tree plantation in Banani field

Auditor's Report

Auditor's Report

SMC ENTERPRISE LTD

(October 01, 2015 - June 30, 2016)



Independent Auditor's Report To the Shareholders of SMC Enterprise Limited

We have audited the financial statements of SMC Enterprise Limited, which comprise the statement of financial position as at 30 June 2016, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 01 October 2015 to 30 June 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above give a true and fair view of the financial position of SMC Enterprise Limited as at 30 June 2016, and of its financial performance and its cash flows for the period from 01 October 2015 to 30 June 2016 in accordance with Bangladesh Financial Reporting Standards (BFRS).

Emphasis of Matter

Without modifying our opinion as above, we draw attention to note # 4.1 to the financial statements where management describes that the land & building acquired from Social Marketing Company (SMC) under vendor's agreement have not yet been registered in the name of SMC Enterprise Limited till 30 June 2016.



ACNABIN

Chartered Accountants

BDBL Bhaban (Level-13 & 14)
12 Kawran Bazar Commercial Area
Dhaka-1215, Bangladesh.

Telephone: (88 02) 8144347 to 52
(88 02) 8189428 to 29
Facsimile: (88 02) 8144353
e-mail: acnabin@bangla.net
Web: www.acnabin.com

Report on Other Legal and Regulatory Requirements

We also report that the financial statements comply with the Companies Act 1994 and other applicable laws and regulations. We, as required by law, further report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account maintained by the company and examined by us.


Dhaka,
30 November 2016

ACNABIN
Chartered Accountants

SMC Enterprise Limited
Statement of Financial Position
As at 30 June 2016

	Notes	30.06.2016 Taka	30.09.2015 Taka
Assets			
Non-current assets			
Property, plant and equipment-net	4	1,141,091,862	1,108,936,062
Capital work-in-progress	5	61,281,336	4,458,576
		1,202,373,198	1,113,394,638
Current assets			
Inventories	6	421,731,080	438,096,936
Accounts Receivables	7	10,665,326	1,350,203
Other Receivables	8	48,396,818	195,622,230
Advances, deposit and prepayments	9	235,289,094	158,276,850
Investment in fixed deposit	10	358,818,091	250,000,000
Cash and bank balances	11	520,818,675	235,832,173
Total assets		2,798,092,283	2,392,573,030
Equity and liabilities			
Capital and Equity			
Share capital	12	50,000,000	50,000,000
Retained earnings	13	625,029,919	266,735,384
Vendor's Account -SMC (Potential Shares)	14	877,800,000	877,800,000
		1,552,829,919	1,194,535,384
Non-current liabilities			
Vendor's Account - loan (net off current portion)	14.1	-	112,104,481
Payable for gratuity	15	47,093,123	203,224,185
Deferred tax liability	16	16,270,228	9,418,139
		63,363,351	324,746,805
Current liabilities			
Vendor's Account - loan (current portion)	14.1	112,104,481	150,000,000
Security deposits	17	17,625,340	9,868,644
Accounts Payables	18	482,806,952	368,769,800
Other payables	19	215,468,840	199,935,343
Provision for WPPF & WF	20	35,023,048	21,043,529
Income tax provision	21	318,870,352	123,673,525
Total equity and liabilities		2,798,092,283	2,392,573,030


The annexed notes from 1 to 33 form an integral part of these financial statements.



(Abul Bashir Khan, FCMA)
DGM, Finance and Accounts



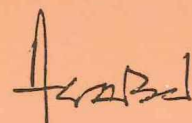
(Md. Ali Reza Khan)
Managing Director



(Muhammed Ali)
Chairman

This is the Statement of Financial Position referred to in our separate report of even date.

Dhaka,
30 November 2016



ACNABIN
Chartered Accountants

SMC Enterprise Limited
Statement of Profit or Loss and Other Comprehensive Income
 For the period from 01 October 2015 to 30 June 2016

	Notes	01 Oct 2015- 30 Jun 2016 Taka	20 Oct 2014- 30 Sep 2015 Taka
Net revenue	22	3,042,204,900	2,849,695,480
Cost of goods sold	23	(1,808,388,436)	(1,886,079,070)
Gross profit		1,233,816,464	963,616,409
Operating expenses		(656,722,585)	(562,836,725)
Administrative Expenses	24	(323,528,438)	(261,057,047)
Selling & Marketing Expenses	25	(333,194,147)	(301,779,678)
Net Profit from operations		577,093,879	400,779,684
Other income	26	18,004,491	20,090,893
Profit before WPPF & WF for the period		595,098,370	420,870,577
Provision for contribution to WPPF		(29,754,919)	(21,043,529)
Profit before tax for the period		565,343,452	399,827,048
Income tax expense			
Current tax expense		(195,196,828)	(123,673,525)
Deferred tax expense	16.1	(6,852,089)	(9,418,139)
		(202,048,917)	(133,091,663)
Profit after tax for the period		363,294,534	266,735,384
Other comprehensive income, net of tax		-	-
Total comprehensive income		363,294,534	266,735,384

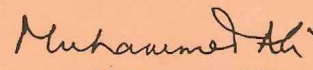
The annexed notes from 1 to 33 form an integral part of these financial statements.



(Abul Bashir Khan, FCMA)
 DGM, Finance and Accounts



(Md. Ali Reza Khan)
 Managing Director



(Muhammed Ali)
 Chairman

This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our separate report of even date.

Dhaka,
 30 November 2016



ACNABIN
 Chartered Accountants

SMC Enterprise Limited
Statement of Changes in Equity
 For the period from 01 October 2015 to 30 June 2016

(Amount in Taka)

Particulars	Share Capital	Retained Earnings	Vendor's Account-SMC (Potential Shares)	Total Equity
Opening balance (as on 01.10.2015)	50,000,000	266,735,384	877,800,000	1,194,535,384
Total comprehensive income during the period	-	363,294,534	-	363,294,534
Cash Dividend Paid for 2015	-	(5,000,000)	-	(5,000,000)
Balance as at 30 June 2016	50,000,000	625,029,919	877,800,000	1,552,829,919

(Amount in Taka)

Particulars	Share Capital	Retained Earnings	Vendor's Account-SMC (Potential Shares)	Total Equity
Opening balance (as on 20.10.2014)	50,000,000	-	-	50,000,000
Vendor's Account-SMC (Potential shares)	-	-	877,800,000	877,800,000
Total comprehensive income during the period	-	266,735,384	-	266,735,384
Balance as at 30 September 2015	50,000,000	266,735,384	877,800,000	1,194,535,384

The annexed notes from 1 to 33 form an integral part of these financial statements.

Dhaka,
30 November 2016



(Abul Bashir Khan, FCMA)
DGM, Finance and Accounts



(Md. Ali Reza Khan)
Managing Director



(Muhammed Ali)
Chairman



SMC Enterprise Limited
Statement of Cash Flows
For the period from 01 October 2015 to 30 June 2016

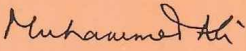
	01 Oct 2015- 30 Jun 2016 Taka	20 Oct 2014- 30 Sep 2015 Taka
A. Cash flows from operating activities		
Net profit before taxation	565,343,452	399,827,048
Item not involving in movement of cash:		
Depreciation on property, plant and equipment	82,867,692	51,885,201
	648,211,144	451,712,249
Changes in working capital/Non Operating/ Non Cash Items		
Decrease/(Increase)in advances, deposit and prepayments	28,122,824	(156,952,890)
Decrease in inventories	16,365,856	142,113,860
Increase in accounts receivables	(9,315,123)	(1,350,203)
Decrease/(Increase) in other receivables	147,225,412	(195,622,230)
Increase in provision for WPPF	13,979,519	21,043,529
(Decrease)/Increase in provision for gratuity	(156,131,062)	203,224,185
Increase in other payable	15,533,497	199,935,343
Increase in security deposits	7,756,696	9,868,644
Increase in accounts and other payables	114,037,152	368,769,800
	177,574,770	591,030,038
Income tax paid	(105,135,069)	(1,323,960)
Net cash flow from operating activities	720,650,845	1,041,418,327
B. Cash flows from investing activities		
Acquisition of property, plant and equipment	(265,025,896)	(601,127,578)
Disposal of furnitures & equipments	2,403	-
Capital work-in-progress	(56,822,760)	(4,458,576)
Investment in fixed deposit	(108,818,091)	(250,000,000)
Net cash (used in) investing activities	(430,664,343)	(855,586,154)
C. Cash flows from financing activities		
Proceed from issuance of ordinary shares	-	50,000,000
Dividend Paid	(5,000,000)	-
Net cash (used in) through financing activities	(5,000,000)	50,000,000
Net increase in cash and bank balances(A+B+C)	284,986,502	235,832,173
Cash and bank balances at beginning of the period	235,832,173	-
Cash and bank balances at end of the period	520,818,675	235,832,173

The annexed notes from 1 to 33 form an integral part of these financial statements.

Dhaka,
30 November 2016


(Abul Bashir Khan, FCMA)
DGM, Finance and Accounts


(Md. Ali Reza Khan)
Managing Director


(Muhammed Ali)
Chairman

Auditor's Report

SOCIAL MARKETING COMPANY

(October 01, 2015 - June 30, 2016)



Social Marketing Company

Independent Auditors' report to the Members of Social Marketing Company For the period from 01 October 2015 to 30 June 2016

We have audited the accompanying consolidated financial statements of Social Marketing Company and its subsidiary, SMC Enterprise Limited (together referred to as the "Group") as well as the separate financial statements of Social Marketing Company (the "Company") which comprise the consolidated and separate statements of financial position (balance sheets) as at 30 June 2016, consolidated and separate statements of profit or loss and other comprehensive income (profit and loss statements) - SMC Corporate, separate income and expenditure statement - Programme Division, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the period from 01 October 2015 to 30 June 2016 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion, the consolidated and separate financial statements of the Group and the Company prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the financial position of the Group and the Company as at 30 June 2016, and their financial performance and cash flows for the period then ended and comply with the requirement of the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- in our opinion, proper books of account as required by the law have been kept by the Group and the Company so far as it appeared from our examination of those books; and
- the consolidated statement of financial position (balance sheet) and consolidated statement of profit or loss and other comprehensive income (profit and loss statement) of the Group and separate statement of financial position (balance sheet) and separate statement of profit or loss and other comprehensive income - SMC Corporate (profit and loss statement) and separate income and expenditure statement - Programme Division of the Company dealt with by the report are in agreement with the books of account.

Dhaka, Bangladesh
Dated, 29 March 2017




S. F. AHMED & CO
Chartered Accountants

Social Marketing Company

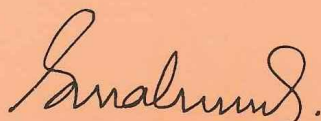
Consolidated Statement of Financial Position (Balance Sheet)

As at 30 June 2016

	Notes	30 June 2016 BDT	30 September 2015 BDT
Assets			
Non-current assets			
Property, plant and equipment	4	1,875,675,144	1,752,915,506
Current assets			
Investment of gratuity fund	5	50,009,398	201,706,014
Inventories	6	474,704,963	592,294,218
Receivables	7	93,330,650	214,557,064
Advances, deposits and prepayments	8	530,446,249	480,302,544
Investment in fixed deposit	9	1,915,199,627	1,695,597,298
Cash and cash equivalents	9.1 & 10	742,911,984	350,134,535
Total current assets		3,806,602,871	3,534,591,673
Total assets		5,682,278,015	5,287,507,179
Equity			
Capital fund	11	2,885,564,081	2,902,146,352
Retained earnings	12	1,124,104,048	815,858,270
Total equity		4,009,668,129	3,718,004,622
Non-controlling interest		1,453	1,067
Liabilities			
Non-current liabilities			
Retirement benefit obligation-gratuity	13	100,103,280	237,541,071
Deferred tax liability	14,3	16,270,228	9,418,139
Total non-current liabilities		116,373,508	246,959,210
Current liabilities			
Deferred donation income	15	33,338,139	68,870,832
Provision for corporate income tax	14.1	623,223,751	428,026,922
Accounts and other payables	16	837,985,398	753,691,551
Creditors for other finance	17	61,687,637	71,952,976
Total current liabilities		1,556,234,925	1,322,542,281
Total equity and liabilities		5,682,278,015	5,287,507,180

These financial statements should be read in conjunction with annexed notes

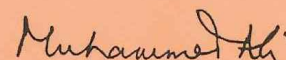
for and on behalf of Social Marketing Company



Chief of Finance & Administration



Managing Director & CEO




Chairman

See annexed report of the date



Dhaka, Bangladesh
Dated, 29 March 2017


S. F. AHMED & CO
Chartered Accountants

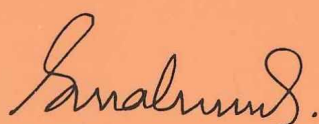
Social Marketing Company

Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Profit and Loss Statement)
For the period from 01 October 2015 to 30 June 2016

	Notes	Period ended 30 June 2016 BDT	Year ended 30 Sep 2015 BDT
Revenue	18	3,145,207,956	3,591,030,629
Cost of goods sold	19	(1,836,826,425)	(2,312,335,792)
Gross profit		1,308,381,531	1,278,694,837
Donation income	20	267,802,931	347,251,179
Others	22	171,255,552	195,725,226
		1,747,440,015	1,821,671,242
Operating expenses	21	(1,218,972,286)	(1,371,234,448)
Profit from operations		528,467,729	450,436,794
Provision for contribution to WPPF		(29,754,918)	(23,555,884)
Net profit before tax		498,712,811	426,880,910
Income tax expense	14		16,707,160
Current tax		(195,196,828)	(140,380,684)
Deferred tax		(6,852,089)	(9,418,139)
Net profit after tax		296,663,894	277,082,087
Other comprehensive income		-	-
Total comprehensive income for the year		296,663,894	277,082,087
Profit attributable to:			
Social Marketing Company		296,662,440	277,081,020
Non-controlling interest		1,453	1,067
		296,663,894	277,082,087

These financial statements should be read in conjunction with annexed notes

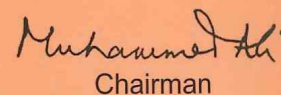
for and on behalf of Social Marketing Company



Chief of Finance & Administration



Managing Director & CEO




Chairman

See annexed report of the date



Dhaka, Bangladesh
Dated, 29 March 2017


S. F. AHMED & CO
Chartered Accountants

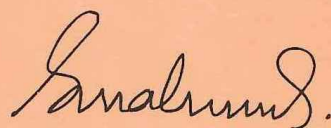
Social Marketing Company

Separate Statement of Financial Position (Balance Sheet)
As at 30 June 2016

	Notes	30 June 2016 BDT	30 September 2015 BDT
Assets			
Non-current assets			
Property, plant and equipment	4	673,301,946	639,520,868
Investment in subsidiary		50,000,000	50,000,000
Current assets			
Investment of gratuity fund	5	50,009,398	201,706,014
Inventories	6	52,973,883	154,197,283
Receivables	7	1,024,172,986	1,232,757,261
Advance, deposits and prepayments	8	295,157,155	322,025,694
Investment in fixed deposits	9	1,556,381,536	1,436,996,598
Cash and cash equivalents	10	222,093,309	114,302,362
Total current assets		3,200,788,267	3,461,985,213
Total assets		3,924,090,213	4,151,506,080
Equity			
Capital fund	11	2,885,564,081	2,902,146,352
Retained earnings	12	499,075,582	549,123,953
Total equity		3,384,639,663	3,451,270,305
Liabilities			
Non-current liabilities			
Retirement benefit obligation-gratuity	13	53,010,157	54,197,319
Current liabilities			
Deferred donation income	15	33,338,139	68,870,832
Provision for corporate income tax	14.1	304,353,398	304,353,398
Accounts payables	16	104,686,559	219,614,771
Creditors for other finance	17	44,062,297	53,199,453
Total current liabilities		486,440,392	646,038,456
Total equity and liabilities		3,924,090,213	4,151,506,080

These financial statements should be read in conjunction with annexed notes

for and on behalf of Social Marketing Company



Chief of Finance & Administration



Managing Director & CEO



Chairman

See annexed report of the date



Dhaka, Bangladesh
Dated, 29 March 2017



S. F. AHMED & CO
Chartered Accountants

Social Marketing Company

Separate Statement of Profit or Loss and Other Comprehensive Income (SMC Corporate)

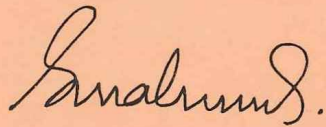
(Profit and Loss Statement)

For the period from 01 October 2015 to 30 June 2016

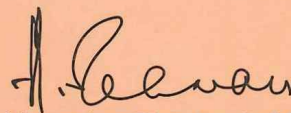
	Notes	Period ended 30 June 2016 BDT	Year ended 30 Sep 2015 BDT
Revenue	18	32,464,718	652,726,702
Cost of goods sold	19	(28,437,989)	(418,631,276)
Gross profit		4,026,729	234,095,426
Operating expenses	21		
Salaries and benefits		(70,559,700)	(136,481,761)
Travel and distribution		(9,138,971)	(46,833,806)
Packaging expenses		(1,585,796)	(2,716,747)
General operating costs		(30,945,688)	(47,947,702)
Other direct cost		(42,060,227)	(26,160,916)
Audit fees		(172,500)	(172,500)
Advertisement and promotion		(22,915,020)	(31,692,684)
Depreciation		(25,736,066)	(24,494,946)
Research and product development		-	(3,245,005)
Participants' training		(473,950)	(783,349)
Customers' education		(293,934)	(1,720,092)
Consultants		(1,893,016)	(4,571,050)
		(205,774,867)	(326,820,558)
Profit / (loss) from operations		(201,748,137)	(92,725,132)
Other income	22	151,699,766	142,972,229
Provision for contribution to WPPF		-	(2,512,355)
Net profit before tax		(50,048,372)	47,734,742
Income tax expense		-	-
Current tax	14.2	-	(16,707,160)
Net profit after tax		(50,048,372)	31,027,582
Other comprehensive income		-	-
Total comprehensive income for the year		(50,048,372)	31,027,582

These financial statements should be read in conjunction with annexed notes

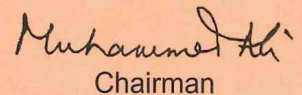
for and on behalf of Social Marketing Company



Chief of Finance & Administration



Managing Director & CEO



Chairman



Dhaka, Bangladesh
Dated, 29 March 2017

See annexed report of the date



S. F. AHMED & CO
Chartered Accountants

Social Marketing Company

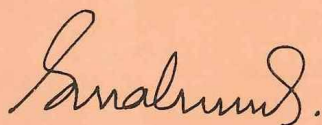
Separate Income and Expenditure Statement (Programme Division)
(Profit and Loss Statement)

For the period from 01 October 2015 to 30 June 2016

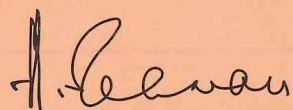
	Notes	Period ended 30 June 2016 BDT	Year ended 30 Sep 2015 BDT
Income			
Revenue from sale of donated goods	18	70,538,338	88,608,449
Donation income	20	267,802,931	347,251,179
Other Income	22	1,551,296	42,145,155
		<u>339,892,566</u>	<u>478,004,783</u>
Expenditure			
Salaries and benefits	21	(28,643,312)	(51,767,242)
Travel and distribution		(5,675,018)	(7,215,523)
Packaging expenses		(709,068)	(6,582,706)
General operating costs		(8,308,053)	(14,378,342)
Other direct cost		(2,483,340)	(6,332,321)
Advertisement and promotion		(69,073,045)	(58,668,473)
Depreciation	3.3.3	-	-
Research and product development		(2,757,131)	(9,430,668)
Participants' training		-	(36,862)
Customers' education		(183,559,742)	(271,157,635)
External professional services		(2,412,350)	-
Commodity	21	(52,853,778)	(73,115,888)
		<u>(356,474,837)</u>	<u>(498,685,660)</u>
Deficit transferred to capital fund		<u>(16,582,271)</u>	<u>(20,680,877)</u>

These financial statements should be read in conjunction with annexed notes

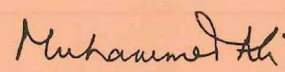
for and on behalf of Social Marketing Company



Chief of Finance & Administration



Managing Director & CEO



Chairman



Dhaka, Bangladesh
Dated, 29 March 2017

See annexed report of the date



S. F. AHMED & CO
Chartered Accountants



SOCIAL MARKETING COMPANY

SMC Tower, 33, Banani C/A, Dhaka-1213, Bangladesh

Phone: +(8802) 9821074-80; Fax: +(8802) 9821957

www.smc-bd.org