

Report On
BRITISH AMERICAN TOBACCO BANGLADESH

By

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16104016

An internship report submitted to BRAC Business School (BBS) in partial fulfilment of
the requirements for the degree of
Bachelor of Business Administration in Finance and Accounting

BRAC Business School
BRAC University
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Declaration

It is hereby declared that

1. The internship report submitted is my/our original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all the main sources of help.

Student's Full Name & Signature:

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16104016

Supervisor's Full Name & Signature:

Mohammad Mujibul Haque
Associate Dean, BRAC Business School
BRAC University

Letter of Transmittal

Mohammad Mujibul Haque
Associate Dean,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of internship report.

Dear Sir,

I am pleased to submit to you my internship report on ***British American Tobacco Bangladesh (BATB) Company Limited***. I had been appointed as Global Graduate, Marketing here in Jessore under the Regional Trade Marketing Office (RTMO), Khulna. My internship involved an in-depth understanding and practical application of the trade system of BATB.

I have tried and, hopefully, covered all the requirements according to the guidelines you gave me for this project. However, if you feel the need for additional information, please contact me and let me know. Thank you for your patience, time and also for the opportunity to learn through this course.

Sincerely yours,

Syed Mohammad Faizaan
16104016
BRAC Business School
BRAC University
Date: January 09, 2020.

Non-Disclosure Agreement

This agreement is made and entered into by and between *British American Tobacco Bangladesh (BATB) Company Limited* and Syed Mohammad Faizaan at BRAC University to prevent unauthorized disclosure of confidential information.

Acknowledgement

I feel great honor and pleasure to express my heartiest gratitude and a deep sense of obligation to my respected faculty member, **Mohammad Mujibul Haque**, whose valuable guidance and advice motivated me greatly to carry out this project with efficiency.

My earnest gratitude to my line manager, **Mr. Darian Sajan Bhakta** who is also a Senior Area Manager (SAM) for Khulna Region, for monitoring me and structurally helping me out with my project.

I would also like to thank the BRAC Business School of BRAC University for giving me this opportunity to present myself as I am and also for this project which helped me tremendously in developing myself.

Finally, I would also thank all my area mates and other territory officers (TO) who have helped me, directly and indirectly, to complete my internship tenure at BATB.

Executive Summary

This internship report has been prepared for the course Bus 400. This report consists of all the details that I came across during my tenure at British American Tobacco Bangladesh (BATB) which started on September 1, 2019.

This report contains a brief overview of the organization, my contribution to the company, my takeaways, my interaction with my supervisors and coworkers. Furthermore, it also includes the difficulties I have encountered and how I tackled those, the differences between my expectations and experience and how the internship has influenced my career plan.

Lastly, the report discusses the introduction of formal credit programs in the tobacco industry and how that will have an impact on the market. The report discussed the possibilities of it based on JTI's credit program and tried to analyze how the credit programs were implemented and how they function, the impact the program had on the market and how it impacted retailers, the long term and short term impact it might have and last recommendations as to how the program can be improved upon to make it more effective.

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List of Acronyms

BATB	British American Tobacco Bangladesh
TM&D	Trade Marketing and Distribution
RTMO	Regional Trade Marketing Office
TO	Territory Officer
AM	Area Manager
ADS	Average Daily Sales
ADL	Average Daily Lifting
OOS	Out of Stock
SCR	Stock Coverage Ratio
SAM	Senior Area Manager
RM	Regional Manager
RTM	Route To Market
SR	Sales Representative
EXCO	Executive Committee
PMD	Primary Manufacturing Department
SMD	Secondary Manufacturing Department
Horeca	Hotels, Restaurants and Cafes
ATSM	Adult Tobacco Smoker's Market

FMCG Fast Moving Consumer Goods

JTI Japan Tobacco International

AKTC Abul Khair Tobacco Company

LEX Legal & External Affairs

Chapter 1

Overview of Internship

1.1 Student name, ID, program & specialization, telephone, email

Student Name	Syed Mohammad Faizaan
Student ID	16104016
Program & Specialization	Bachelor of Business Administration specialized in Finance and Accounting (Dual Major)
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Email	syed.m.faizaan27@gmail.com (Personal), syed_faizaan@bat.com (Work)

1.2 Internship Dates/ Period

Internship Period: From 1st September 2019 till 30 November 2019

1.3 Internship company name, department/division, address, contact numbers, e-mail

Internship Company: British American Tobacco Bangladesh

Department: Marketing

Division: ATM&D (Activation, Trade, Marketing & Distribution)

Address: 6 Bhola Tank Road, Shoshtitala, Jessore, Bangladesh (Jessore Office), Regional Trade Marketing Office, British American Tobacco Bangladesh, A-43/44, Majid Sharani, Sonadanga, Khulna, Bangladesh.

Contact: Darian Sajan Bhakta (Senior Area Manager, Khulna), +8801708457907

Email: Darian Sajan Bhakta (Senior Area Manager, Khulna), darian_sajan_bhatka@bat.com

1.4 Internship company supervisor's name and position

Supervisor's Name: Darian Sajan Bhakta

Supervisor's Position: Senior Area Manager, Khulna

1.5 Internship objectives

My Internship Objectives include:

- Applying my learnings from my studies in my everyday work here at British American Tobacco.
- Understand the key aspects of the business and how it operates
- Compare the business structure in perspective of my academic courses and try to understand the differences, similarities and how to overcome real-life problems with academic course solutions
- Project: Understand the credit environment in the FMCG Industry especially focusing on the Tobacco Industry

1.6 Job scope – Job description/duties & responsibilities

I was selected as Territory Officer of Jessore-2, where I was posted in Jessore under the Trade Marketing Office (RTMO) in Khulna Region. I was assigned distribution points in Nowapara, Keshobpur, Monirampur and Bagarpara which is under Jessore-2 territory.

I was given ownership of that particular point and had to ensure proper distribution at that point. My responsibilities included;

- Ensuring proper management of distribution point
- Checking on-hand stocks and daily lifting stocks of the point
- Devising proper management of stocks
- Managing the field force consisting of around 70 people
- Regular market visits to identify key issues of the market
- Coming up with solutions to deal with issues
- Launch and oversee all Projects in Jessore and Khulna.
- Coming up with innovative campaigns to further sales of the company

Furthermore, the key objective was to;

Ensure the proper distribution and awareness of the newly launched LOW brand named “ROYALS”.

1.7 Student's contribution to the company

After the post-budget price increase of tobacco products, there was a price gap in the market. Consumers tend to like offers which are available at BDT 5. But because of the price increase, there was a gap. There were no products at that price point which is also considered to be a "Sweet spot".

This is where ROYALS came in. This brand was launched at BDT 5 for the consumers so that they didn't have to compromise with their choice because of the price hike in tobacco products.

To ensure the proper distribution I had taken the following initiatives;

1. Changing Route to Market (RTM)

RTM means the route a sales representative will take to distribute the products. A very key factor to ensure service was what kind of vehicle would the SR take. The vehicles were not proper for the existing road conditions. So according to the road conditions, I changed the vehicles among SRs.

2. Maintaining Higher Stock Coverage Ratio (SCR)

SCR means the number of stocks will be kept in the go-down in order to serve the next day as well. This is maintained so that there is no shortage of products. The points under Jessore 2 kept 1.5 days' worth of SCR. This means that they had to wait for the lifting vehicle every day and couldn't cater to emergency demands. I established the importance of maintaining a higher SCR and explained that at least 2.5 days' worth of SCR must have to be maintained.

3. Starting of service time

SRs of Jessore 2 usually started their service after 10:30 AM. During my market visits, I noticed that most of the outlets open at 8 and as they have low capital, their stocks run out fast and they often wait for SRs to come with products. This meant that retailers were unable to sell cigarettes during the gap which was from 8:30 to 10:30.

Because of keeping a higher SCR, it was easier for the SRs to start the service time early. So, on my instructions, their service time began at 9 AM and ended at 5 PM. This gained a lot of support from the retailers and made them very much eager to be compliant.

4. Ensuring Proper Communication

As we can't contact the consumers directly, the retailers were the only scope in order to let consumers know about the new brand ROYALS.

As the retailers were happy because they were getting products earlier than usual, they were also keen on delivering product-related messages to consumers.

5. Regular Market Visits

Regular market visits and meeting retailers are part of the role. They get very delighted when they meet the territory officers of BATB. Their hospitality would amaze everyone. Letting them know about the newly launched brand ROYALS had to be done every day so that they let the consumers know. Market visits ensure this as well.

My initiatives made sure that 100% of the cigarette selling outlets had ROYALS brand on their shelves.

Also, I gained an additional outcome which was that over 35% of the entire ROYALS volume of Jessore came from my points (Nowapara, Keshobpur, Monirampur and Bagarpara) which was never a case for any previous brands.

1.8 Benefit to the individual/Student

During my tenure at BATB, I learnt a lot. My learnings covered operational activities, distribution activities and management activities as well.

- I. I learnt how to manage a large group of people and how to drive them towards a certain goal.
- II. I increased my 'people skills' that allowed me to improve my communication.
- III. I believe I am now keener on paying attention to details.
- IV. My negotiation skills improved.
- V. I discovered that I can handle immense pressure and also, multitask at the same time.
- VI. I learnt the ins and outs of running a distribution house, FMCG industry and how the tobacco industry operates.

- VII. My business knowledge increases immensely as I practically witnessed a lot of situations.
- VIII. Operating 'Prism' which is an online portal to keep track of all BATB sales.

1.9 Student's career interest

My time at British American Tobacco has really inspired me to have a renewed look towards the FMCG industry especially the Trade and Distribution aspect of it which requires regular usage of finance and accounting to keep track of day to day business activities. Being a student of finance and accounting it's no surprise I like to deal with numbers which BATB provided in form of sales targets and asset management of the distribution house.

Thus, I am satisfied here at British American Tobacco and I would love to work in the FMCG industry a bit longer. However, I am always looking to take up roles in Banking/ Asset Management/ Mobile Financial Service/ Non-Banking Financial Institution as well if any lucrative opportunity presents itself. For now, I am extremely content with my work here at BATB as it challenges me and provides me with the opportunity to learn new things every day.

1.10 Problems and difficulties if any faced during the internship period

Being just a TO, I was stationed outside Dhaka to another district, in Jessore, where I don't have any relatives or friends. Also, I had never been to that district in my life. Staying there for 3 whole months was a very big challenge for me. I realized that these 3 months will be very rigorous when I started to look for a place to live all alone in an unknown and uncharted place.

The first few days were full of loneliness as I knew no one and I had no one to talk to except over phone. However, I was blessed with an amazing team who welcomed me with open arms and answered every one of my questions. They all acted as my mentors in different fields. Despite living there alone, I rarely ever ate alone. My team ensured that I was in a good state and don't have any difficulty travelling anywhere.

My distribution point was 40/50 kilometres away from Jessore City. I had to travel there every day in order to ensure proper work. This would have been very hectic if I had to travel via

public transportation. This was why I was also provided with a car at my disposal. I could use the car anytime I wanted. I was also provided with a chauffeur who knew the district better than most people. He would take me any place I wanted to visit.

As I was a territory officer, I had to negotiate a lot with the Distributor to take the initiatives I mentioned earlier. This was risky for him as the investment was his, to begin with. I had to use my skills of communication and negotiation and reasoning to convince him. In terms of work the challenges I faced regularly was keeping track of everything as I had a huge team and large pool of resource which I had to monitor and lead. Also, many of the employees I worked with were barely educated which made it harder for me to communicate and make them understand the rationale behind the decisions I made. Lastly, I was under enormous stress every day as BATB continuously believes in driving for results. Hence, I had to ensure I always meet my numbers and targets by leading my team accordingly.

No matter what the barrier was, I was proud to be able to tackle all those successfully.

1.11 Recommendations and suggestions

British American Tobacco is one of the fastest moving FMCG organization in Bangladesh having a highly efficient workforce and processes to ensure quick business turnarounds. However, this puts a huge toll on the workforce themselves who have to work very hard and long hours to ensure the consistent high performance to be delivered every time. Many of the employees of BATB especially struggle early on in their career to cope with the immense work pressure and long hours.

Furthermore, the culture of BATB is ever demanding which makes all its employees extremely efficient throughout. This poses to be of a challenge for someone new coming in to be in the same mindset from the get to. Although, the company is changing its ways and is becoming more considerate in its ways which are helping employees there are still areas of improvement where it can make it easier for its employees which may result in better productivity.

Chapter 2

Organization Part

2.1 Overview of the Company

British American Tobacco Bangladesh is a member of British American Tobacco Group that is based in the UK and is one of the leading players in the global tobacco business. For over 100 years British American Tobacco has been in business with its ability to trade through the turbulence of wars, revolutions and nationalizations as well as all the controversies surrounding smoking. In 1902 the business was formed, as a joint venture between the UK's Imperial Tobacco Company and the American Tobacco Company founded by James "Buck" Duke. Despite its name, derived from the home basis of the two founding companies, British American Tobacco was established to trade outside both the UK and the USA and, grew its roots in dozens of countries across Africa, Asia, Latin America and continental Europe.

More than a billion people across the globe enjoy smoking tobacco. Among them, one in every seven chooses British American Tobacco brand.

BATB has a plan to build its business in THREE (3) ways:

- Organic growth in its existing market.
- Quick and effective entry into new markets and
- Potentially attractive acquisitions, joint ventures and other strategic alliances.

2.2 Introduction

In 1972 as Bangladesh Tobacco Company (BTC), British American Tobacco Bangladesh was incorporated. British American Tobacco Bangladesh is one of the largest private-sector enterprises in Bangladesh, incorporated under the Company's Act 1913 on 2nd February 1972 and has been operating ever since. BATB has been operating as the market-leading by providing some of there powerful global and local brands. In the beginning, as Imperial Tobacco 100 years ago, the company set up its first sales depot at Armanitola in Dhaka. After the partition of India in 1947, the company was established in 1949. After Bangladesh's

independence in 1971, it became Bangladesh Tobacco Company Limited in. In 1998, the company again changed its name to British American Tobacco Bangladesh Company Limited and got listed in the Dhaka Stock Exchange and Chittagong Stock Exchange.

To create an international market for Bangladeshi leaf tobacco the company has been exporting tobacco to developed country markets such as the UK, Germany, Poland, New Zealand and Russia.

BATB currently employs more than 1500 people and provides I, indirect employment to a further 50,000 farmers, distributors and suppliers.

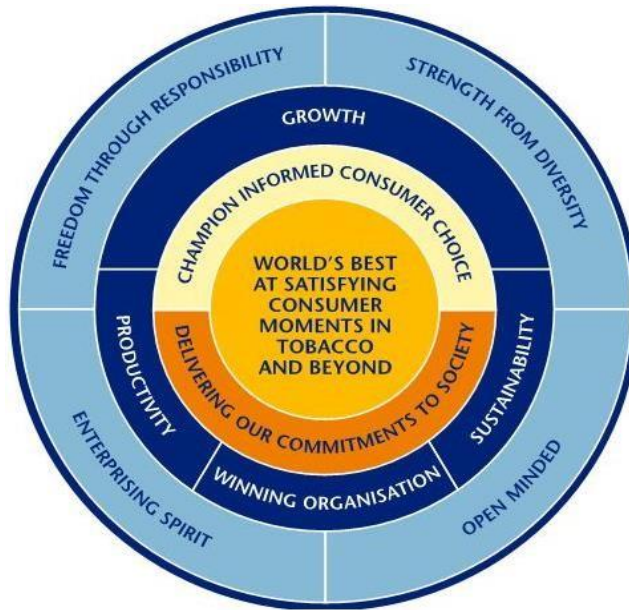
“WORLD’S BEST AT SATISFYING CONSUMER MOMENTS IN TOBACCO AND BEYOND”

BATB's vision centres around their consumers. Starting from exciting the consumers and being passionate about catering to their needs to making sure that consumers buy BATB products instead of their competitors' is how BATB operates. BATB Bangladesh believes that if they are the world's best at satisfying consumer moments, and then they would go on to be the leaders of the industry. [1]

BATB has four guiding principles that describe the key characteristics of the organization and guide the company in its operations.

1

British American Tobacco Bangladesh, Trade Manual, British American Tobacco Bangladesh, 2016. "batbangladesh.com," 2017. [Online]. Available: http://www.batbangladesh.com/group/sites/BAT_9T5FQ2.nsf/vwPagesWebLive/DOA53LZ4?opendocument. [Accessed 2019].



2

Figure 1: BATB's Guiding Principles

Enterprising Spirit: The confidence to seek out opportunities for success, to strive for innovation and to accept the risk that comes with it.

Freedom through Responsibility: The freedom to make decisions and act on them obliges them to accept personal responsibility for the way they affect their stakeholders.

Open-Minded: They strive to be active listeners, genuinely considering others' viewpoints and not pre-judging.

Strength from Diversity: They actively utilize diversity – of people, culture, viewpoints, brands, markets and ideas – to create opportunities and strengthen performance.

2.3 Management Issues

The different departments of the organization have a different structure based on the responsibility and the function. BATB has a modern structure where the Managing Director is

British American Tobacco Bangladesh, Trade Manual, British American Tobacco Bangladesh, 2016. "batbangladesh.com," 2017. [Online]. Available: http://www.batbangladesh.com/group/sites/BAT_9T5FQ2.nsf/vwPagesWebLive/DOA53LZ4?opendocument. [Accessed 2019].

the Operational Head. The head of each department performs its respective functions along with the collaboration of line managers. The Board of Directors (BOD) and the Executive Committee also known as EXCO governs the activities of the entire organization. The Board of Directors aim to protect the rights as well as the interests of the shareholders and at the same time are accountable for managing this organizational entity.

British American Tobacco Bangladesh has eight Directors which head the eight departments of the organizations. The Executive Committee consists of ten members who are Directors. The Chairman leads the Board of Directors. The Board of Directors meets more than six times a year to make crucial business decisions. The board also maintains the internal control of the overall system of the organization and continuously reviews the effectiveness and efficiency of the controls placed. The control mechanism is set in a way that will manage the risks of the organization.

The Executive Committee is led by the Managing Director. Other members of the EXCO include Deputy Managing Director, functional head of Human Resource, Leaf, Brand Marketing, Corporate and Regulatory Affairs, Trade Marketing, Information Technology, Finance and out of whom three are the Executive Directors. In BATB, the Chief Executive Officer is known as the Managing Director who is appointed by BAT Group.

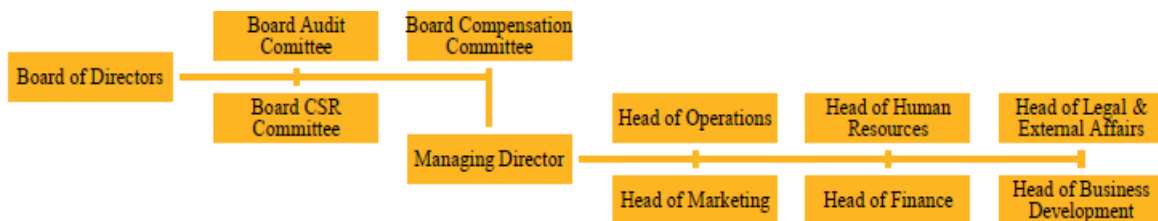


Figure 2: BATB's Organization Structure [2]

In BATB there are a few departments that work as core functions and some as support functions. These are presented below:

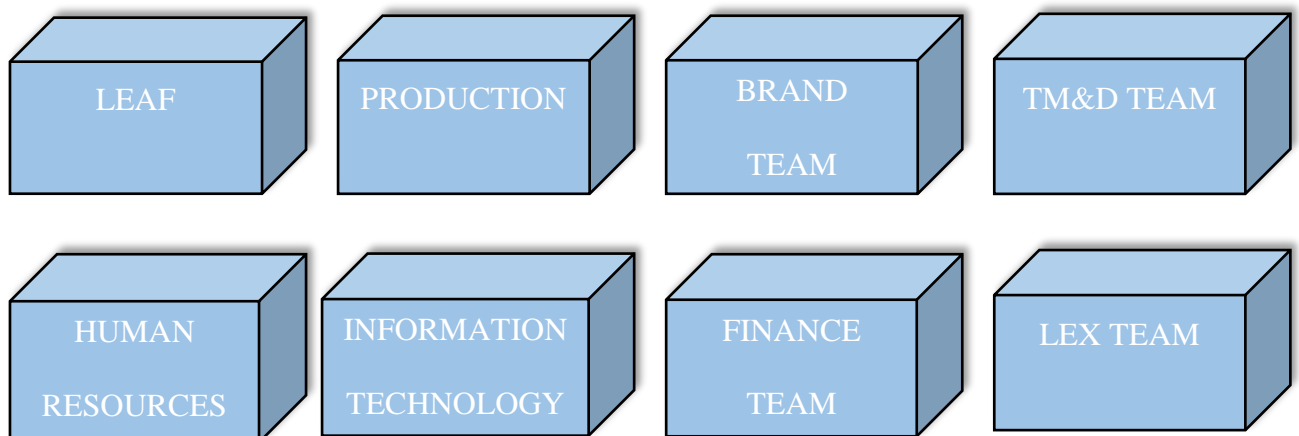


Figure 3: BATB's Functional Departments

LEAF: This department is responsible for tobacco growing, production and procurement, green leaf threshing and packaging, leaf bending, leaf export and import. BATB gets 80% of their leaf by cultivating it on their own. The tobacco crop is processed at the green leaf threshing (GLT) plant in Kushtia.

PRODUCTION: The leaf from the GLT comes to the manufacturing plant in Dhaka for further processing. There are two departments under this that look over the whole process. One is the Primary Manufacturing Department (PMD) and the other is the Secondary Manufacturing Department (SMD). In PMD, the core function is to condition the tobacco and making it ready for production. The SMD, however, uses that blended tobacco and makes wrappings for the tobacco.

BRAND TEAM: This team is all about generating ideas and plans for a brand and other things. They design products along with modality of various national campaigns. They believe that every brand has a story to tell and it's up to them to make sure it gets heard.

TM&D TEAM: Trade marketing and distribution team ensures the execution of all the instructions. They look over the proper distribution of BATB products across the market. They ensure at least 70% reach in all areas. There are a total of 106 territory officers who look over the distribution process in their designated territories.

HUMAN RESOURCE TEAM: This department handles all the recruitment processes and they set the evaluation criteria. According to these, even a regional manager gets evaluated.

INFORMATION TECHNOLOGY TEAM: This team looks over all the network related things. They modify laptops according to their company policy security and all the office networks. They also provide other devices that help the officers and employees to work efficiently.

FINANCE TEAM: The people in the finance team deal with numbers. BATB is the highest taxpayer in Bangladesh that exceeded about 18 crores in the past year. This states that the finance team has to work extra diligently in order to get the numbers accurate.

LEX TEAM: Legal and External Affairs is the team that is responsible for upholding the company image. Because BATB deals with controversial products, it is very much important to manage all the stakeholders as well as the media. They look over all the legal aspects of BATB

2.4 Marketing Issues

To increase the sales, brand image and create value for the brand is very important for any organization. This is a center focal point for every organization as the business means to sell the services or experiences. In BATB, the marketing team is very efficient and energetic, the verification we can get from their excellent selling records and their highly appreciated values towards the customers. BATB's marketing department mainly conducts two activities called Brand marketing and Trade marketing which includes several other works. Besides this, promotion or advertising activities is very important for any manufacturing organization

Product

The tobacco products of Bangladesh have been divided into four segments. These are Premium, Aspirational Premium, Value for Money (VFM) and Low. The BATB brands according to these four segments are also divided by price. The brands that fall under the segments are;

PREMIUM: Benson & Hedges.

ASPIRATIONAL PREMIUM: John Player's Gold Leaf.

VFM: Star, Capstan.

LOW: Hollywood, Derby, Pilot, Royals.

Premium Segment: At present Benson & Hedges is the only premium and duty paid brand in Bangladesh which has been gaining its popularity since its launch in 2005. Bangladesh is also considered to be one of the leading markets of the brand Benson & Hedges.

Aspirational Premium Segment: John Player's Gold Leaf has been dominating the market since its launch of 2005. It comes in four different flavours that attract consumers from various occupations and classes.

VFM Segment: Star is the highest volume generating brand for BATB since its launch. It is also one of the oldest brands in the company.

Low Segment: To cater to the demand of the ones who want a low-priced cigarette, BATB launched three (3) low segment brands at first according to their market demarcation survey. These are Hollywood, Derby and Pilot. However, recently in July 2019, they have launched a new brand in this segment that comes in 3 different flavours. This particular brand is named ROYALS.

Price

The tobacco products of Bangladesh have been divided into four segments. These are Premium, Aspirational Premium, Value for Money (VFM) and Low. The price for each brand is set by the government during the budget including the rate of tax charged. As per the 2019 budget the government has set a tax rate of 84% for Premium and Aspirational Premium segment and 75% for Value for Money and Low segment.

The price barrier set by government for each segment as per 2019 budget:

PREMIUM: 13tk/ stick and 246 tk/ 20 HL pack

ASPIRATIONAL PREMIUM: 10tk/ stick and 186 tk/ 20 HL pack

VALUE FOR MONEY: 7tk/ stick and 126 tk/ 20 HL pack

LOW: 4 tk/ stick and 74 tk/ 20 HL pack

Place

The flow of goods for BATB starts from the farmers who are the first building block to our supply chain. Then the tobacco leaves go through different manufacturing processes to be turned in cigarettes which is the final product. The cigarettes are then sold to various distributors around the country who make sure the proper distribution of goods in retail outlets throughout the area. The business of BATB ends when the product is delivered to the distribution houses. However, to control the market given that cigarettes are tobacco-based products, territory officers are employed to ensure that the products distributed properly in all retail outlets.

The market in which cigarettes are the retail outlets which are the customers of our distributors. This market is divided into three categories which are:

- Pay & Go
- Shop & Browse
- Entertainment

These three segments are further broken down into the following segments:

Pay & Go	
Street Kiosk	StreetSide vendors who sit with a box and sell cigarettes
Semi-Structured	These are small scale retailers who sell less than 15 products.
Structured	These are regular retail shops who sell all types of packaged goods.
Shop & Browse	
Key Account	These are small scale structured self-service retail shops as Shop Mart
Organized Grocery	These are large scale structured self-service retail shops such as Meena Bazaar
Cash & Carry	These are large scale wholesalers who sell to other smaller retail outlets
Entertainment	
Mass Horeca	These are tea shops who also sell tobacco products such as cigarettes, pan biri etc
Popular Horeca	These are low-end restaurants who also sell cigarettes
Premium Horeca	These are high-end restaurants who also sell cigarettes

Promotion

Much of the promotion carried out by BATB and CSR activities. This is because tobacco is an addictive commodity and hence due to legal reasons, BATB is not allowed to carry out any promotional activities. Hence, the CSR initiatives are aligned with the Government and stakeholders' requirements, its business relevance, and focus on contributing to the Government's agenda on Sustainable Development Goals (SDGs). In 2016, the CSR Committee highlighted the following matters. These are Afforestation programme, Safe Drinking Water project and Solar Home Systems. These programmes drive corporate reputation based on sustainable agriculture and environment theme.

Afforestation Programme: British American Tobacco Bangladesh initiated its afforestation programme in 1980 when the forest department of the Government of Bangladesh called on

the private sector to support its endeavor to conserve the forests. So far, BAT Bangladesh has contributed around 91.5 million saplings to the country 's afforestation initiative in the last 36 years including 4 million saplings alone in the year 2016. The Saplings consist of fruit, timber and medicine yielding species. In 2016, as a Company, they have participated in 20 local level tree fairs by the invitation of local administrations and won first prizes in all the locations. This is the highest number of awards in a year that BAT Bangladesh received from local level administration in recent times.

Water Filtration Project: Recognizing the necessity of water and sanitation, specifically in the context of the Sustainable Development Goals (SDG), BAT Bangladesh has stepped forward with a safe drinking water project for its community people. So far, 65 water filtration plants have been installed ensuring pure drinking water for approximately 170,000 people every day. As a result of operating this CSR Program, BAT Bangladesh won the Asia Responsible Entrepreneurship Awards in the Asia Pacific for best CSR project in the year 2015.

Solar Home System Project: BAT Bangladesh is providing Solar Home Systems to the hill tracts 'communities those were previously deprived of electricity all their lives. The solar home system initiative of BAT Bangladesh installed 198 units of solar home systems in 2016 totaling to 1,864 units in sixteen remote villages of Bandarban and Khagrachari districts, providing about 11,000 rural people with their first access to electricity at home. Engaging with local and national level stakeholders, highlighting the fact that BAT Bangladesh supports many other national and local agendas like agricultural advancement, people development, and economic infrastructural progress which impact positively on Nation Building.

The Afforestation Program contributed to revenue growth, job opportunities and business investment opportunities of the concerned stakeholders while balancing the environment and improving ecological balance. The Solar Home System Project provided 100% electricity supply in areas where people had no access to electricity before. This also resulted in better facilities for education and increased standard of living for people living in the areas. Waterborne diseases have reduced significantly since the installation of water filtration plants. People have access to safe drinking water and have more knowledge about their health and keeping the water sources clean.

2.5 Finance and Accounting Issues

Accounting Practices used by BATB

External Auditor: A Qasem & Co. Chartered Accountants

Financial States Preparation Accordance: The financial statements of BATB are prepared in accordance to the corporate governance codes as well as the provisions provided by BSS (Bangladesh Secretarial Standards) which is adopted by ICSB (Institute of Chartered Secretariats of Bangladesh). Furthermore, the reports are prepared in accordance with IFRS (International Financial Reporting Standards) and IASB (International Accounting Standards Board)

Ratio Analysis for BATB

Liquidity Ratio

	2018	2017	2016	2015	2014
Liquidity Ratio					
Current Ratio	1.31	1.30	1.46	1.28	1.07
Quick Ratio	0.46	0.41	0.44	0.59	0.42

Table 1: Liquidity Ratios

Liquidity ratios indicate if a company has the resources to sufficiently meet its due obligations. To calculate the ability there are 2 main ratios known as **Current Ratio** and **Quick Ratio**. Current Ratio compares the current assets to its current liabilities. Quick Ratio works the same way but it only takes the most liquid assets into the equation and is compared against its total current liabilities.

If we see the above table we can see that both, the current ratio and the quick ratio of BATB has grown over the last 5 years. The current ratio is 1.31 means that has enough assets to meet its current liabilities.

3

[3] British American Tobacco Bangladesh's Annual Reports. Retrieved from: http://www.batbangladesh.com/group/sites/BAT_9T5FQ2.nsf/vwPagesWebLive/DOA53FZC?opendocument

[4] Olympic's Annual Reports. Retrieved from: <http://olympicbd.com/financials-annual-report/>

[5] ACI's Annual Reports. Retrieved from: <http://www.aci-bd.com/financials>

Financial Risk Ratio

	2018	2017	2016	2015	2014
Financial Risk Ratio					
Debt-Equity Ratio	0.91	1.01	0.87	1.03	1.36
Debt Ratio	0.48	0.50	0.47	0.51	0.58
Interest Coverage Ratio (time)	43.93	96.08	381.89	107.47	73.10
Financial Leverage Multiplier (time)	1.91	2.01	1.87	2.02	2.36

Table 2: Financial Risk Ratios

Financial risk ratios include such ratios which can assess the levels of a company's debt. It is without a doubt that the level of debt is a clear indication of the company's financial health as it is also affiliated with the level of risk.

The Debt-Equity Ratio is used to calculate how much operational activities are financed through debts and how much operational activities are financed through equity. A lower ratio means that the company relies less on debt. BATB has been working to reduce the ratio which is why it came down from 1.36 to 0.91 in a span of just 5 years.

The Debt ratio indicates how much assets of a company is backed through debt. A low debt ratio indicates the strength of the financial structure of the company. For BATB to have a 0.48 debt ratio means that it is less risky.

The Interest Coverage Ratio indicates the ability of a company to meet its interest payment. Having a low ratio means that the company is making a low profit and won't be able to meet its interest payments. BATB has a good enough ratio which indicates that it'll be able to cover their interest payments.

The Financial Leverage Multiplier indicates how much of the company's assets are financed by the shareholder's equity. BATB has a 1.91 financial leverage multiplier ratio which means that the company uses debt for financing its assets. This is one of the company strategies that has allowed the company to purchase assets at a lower cost.⁴

[3] British American Tobacco Bangladesh's Annual Reports. Retrieved from: http://www.batbangladesh.com/group/sites/BAT_9T5FQ2.nsf/vwPagesWebLive/DOA53FZC?opendocument

[4] Olympic's Annual Reports. Retrieved from: <http://olympicbd.com/financials-annual-report/>

[5] ACI's Annual Reports. Retrieved from: <http://www.aci-bd.com/financials>

Efficiency Ratio

	2018	2017	2016	2015	2014
Efficiency Ratio					
Inventory Turnover (times)	12	11.69	11.85	16.80	13.93
Total Asset Turnover (times)	0.97	1.12	1.24	1.35	1.31
Fixed Asset Turnover (times)	2.06	2.48	2.84	2.92	2.96

Table 3: Efficiency Ratios

Inventory turnover is a measure of the number of times inventory is sold or used in a given time period such as one year. This ratio is important because gross profit is earned each time inventory is turned over. BATB has a high ratio of 12 in the past year indicating that the sales are strong.

Total Asset Turnover is a financial ratio that measures the efficiency of a company's use of its assets to product sales. It is a measure of how efficiently management is using the assets at its disposal to promote sales. For every 1 BDT BATB generates 0.97 BDT revenue. BATB needs to work on this to improve the ratio like the previous years.

Fixed Asset Turnover ratio compares the sales revenue of a company to its fixed assets. This ratio tells us how effectively and efficiently a company is using its fixed assets to generate revenues. BATB has a good fixed asset turnover ratio but it has been gradually declining over the years. This particular point needs attention.

⁵Profitability Ratio

	2018	2017	2016	2015	2014
Profitability Ratio					
Gross Profit Margin Ratio	50.41%	47.69%	45.40%	46.83%	44.34%
Operating Profit Margin Ratio	38.10%	34.26%	31.83%	33.09%	32.44%

⁵⁵ [3] British American Tobacco Bangladesh's Annual Reports. Retrieved from: http://www.batbangladesh.com/group/sites/BAT_9T5FQ2.nsf/vwPagesWebLive/DOA53FZC?opendocument

[4] Olympic's Annual Reports. Retrieved from: <http://olympicbd.com/financials-annual-report/>

[5] ACI's Annual Reports. Retrieved from: <http://www.aci-bd.com/financials>

Net Profit Margin Ratio	18.33%	15.07%	17.31%	14.00%	17.66%
Return on Working Capital	61.93%	66.38%	64.15%	77.06%	88.92%
Return on Asset (ROA)	19.46%	19.15%	23.33%	19.72%	23.20%
Return on Equity (ROE)	33.92%	33.88%	40.11%	38.24%	54.80%
Earnings Per Share	166.87	130.50	126.37	97.43	104.70
Cash Dividend per share	50.00	60.00	60.00	55.00	45.00
Dividend Payout Ratio	30%	46%	47%	56%	43%
Retention Rate	70%	54%	53%	44%	57%

Table 4: Profitability Ratios

Profitability ratios indicate the company's ability to generate revenue based on their sales, costs and other income and expenses.

BATB's **Gross Profit Margin** has increased from 44.34% to 50.41% in the last 5 years indicating a stable increase in revenues against the cost of sales.

BATB's **Operating Profit Margin Ratio** has also increased over the last 5 years from 32.44% to 38.10%.

Net Profit Margin is displayed as a percentage. It shows the amount of each sales dollar left over after all expenses have been paid. BATB has been increasing this percentage over the years with stability.

Return on Working Capital ratio gives an idea about the company using the working capital too high or low. This has been decreasing over the last 5 years which means that the investment is too large than the returns.

Return on Assets is a financial ratio that shows the percentage of profit that a company earns in relation to its overall resources. The ratio has been declining over the past years but the net income has been increasing which means that BATB has more earning potentials related to their assets.

Return on Equity signifies the measure of return in relation to the equity the company has. In the last 5 years, the ratio has dropped significantly from 54.80% to 33.92%. This does not mean that the company is performing poorly. This is due to an increase in equity over the years than the growing net income.

Earnings per Share indicates BATB's ability to make money against each outstanding shares. This is one of the key indicators that shareholders look. And according to BATB's financial statements, it has increased from 104.70 to 166.87 in the past 5 years.

Cash Dividends per Share indicate BATB’s declaration of dividends against each share. This is also one of the key things that shareholders look for and it has also been increasing over the years which attracts a lot of shareholders.

Retention Rate is the part of earnings that are not paid out in dividends but gets added to retained earnings where **Dividend Payout Ratio** is the opposite that indicates the amount the company paid as dividends. BATB's dividend payout ratio has been decreasing and the retention rate has been increasing which indicates that the company has been retaining more of their earnings for the future growth of the business.

Growth Rates

Growth rates are used to measure the level of change the company went through in the direction of growth. To have a clearer idea about the growth of the company over the past 5 years, I have tried to determine the Internal Growth Rate and the Sustainable Growth Rate.

	2018	2017	2016	2015	2014
Growth Rates					
Internal Growth Rate	14%	10%	12%	9%	13%
Sustainable Growth Rate	24%	18%	21%	17%	31%

Table 5: Growth Rates

Internal Growth Rate indicates the growth in sales and assets by taking the Return on Assets and the Retention Ratio into the equation. It also indicates that this measure of growth would not need any external financing. The rate has improved to be at 14% which can be considered high.

Sustainable Growth Rate is on a higher scale than the internal growth rate. This indicates the company's ability to grow at such a rate that would not need any additional debt or equity. This above table shows a rate of 24% which means BATB can have a growth of a maximum of 24% without any outside financing of debt or equity.

Industry Comparison with BATB

To get a clearer company picture, **BATB** has been compared with **ACI** and **OLYMPIC**, two of the market leaders with huge market shares. It is only logical to compare BATB's condition with other large FMCG Companies to do so.

Comparison of Liquidity

	BATB	ACI	OLYMPIC
	2018	2018	2018
Liquidity Ratio			
Current Ratio	1.31	1.18	2.21
Quick Ratio	0.46	0.42	0.45

Table 6: Comparison of Liquidity

This table shows the differences in liquidity ratios among BATB, ACI and OLYMPIC. When it comes to computing current ratio BATB is ahead of ACI but lagging behind OLYMPIC by a wide margin. But on the other hand, when we take the most liquid assets of the 3 companies, BATB is in the lead and has a better quick ratio than the other 2 FMCG companies.

Comparison of Financial Risk

	BATB	ACI	OLYMPIC
Financial Risk Ratio			
Debt-Equity Ratio	0.91	1.50	0.55
Debt Ratio	0.48	0.60	0.36
Interest Coverage Ratio (times)	43.93	3.80	15.40
Financial Leverage Multiplier (times)	1.91	2.50	1.55

Table 7: Comparison of Financial Risk

Financial risk ratio comparison gives an idea about the difference in the level of debts BATB has than the other 2 companies.

Although OLYMPIC has the lowest Debt-Equity ratio, meaning that it relies on the least in debt. But BATB's ratio indicates that it relies both on equity and debt of its operational activities.

Lower interest coverage ratio indicates that the company is generating a lower profit and has a low chance to meet its interest payment. BATB has the highest ratio which indicates that it is solvent enough than the other companies to pay off its debt.

We know that the financial leverage multiplier indicates how much of the company's assets are financed by the shareholder's equity. BATB has a higher ratio than OLYMPIC but a lower ratio than ACI which means that the company relies less on equity than ACI but more on debt than OLYMPIC.

Comparison of Efficiency

	BATB	ACI	OLYMPIC
Efficiency Ratio			
Inventory Turnover (times)	12	4.18	9.89
Total Asset Turnover (times)	0.97	0.60	1.32
Fixed Asset Turnover (times)	2.06	2.31	5.76

Table 8: Comparison of Efficiency

BATB has a higher ratio of Inventory Turnover. Higher inventory turnover ratio is a positive indication of effective inventory management. BATB has much efficient inventory management than ACI and OLYMPIC.

When it comes to Total Asset Turnover, BATB is a bit behind than OLYMPIC. OLYMPIC generates more revenue than BATB using their assets. BATB needs to work in this sector more.

BATB has already been in a declining state over the years when it comes to Fixed Asset Turnover. Furthermore, BATB has been lagging behind both the companies. This is a clear indication that BATB has not been using their assets to their full potential and can do much better.

Comparison of Profitability

	BATB	ACI	OLYMPIC
Profitability Ratio			
Gross Profit Margin Ratio	50.41%	43.21%	32.65%
Operating Profit Margin Ratio	38.10%	7.84%	18.52%
Net Profit Margin Ratio	18.33%	6.16%	13.85%
Return on Working Capital	61.93%	10.90%	35.25%
Return on Asset (ROA)	17.71%	3.69%	18.30%
Return on Equity (ROE)	33.92%	9.21%	28.41%
Earnings Per Share	166.87	27.33	8.96
Cash Dividend per share	50.00	11.85	4.80
Dividend Payout Ratio	30%	43%	54%
Retention Rate	70%	57%	46%

Table 9: Comparison of Profitability

Profitability ratios indicate the company's ability to generate revenue based on their sales, costs and other income and expenses. This is one of the key comparison areas when it comes to the financial aspects of companies.

BATB has been dominating all the companies when it comes to profit. They are ahead in all the profitability ratios by a wide margin. This indicates how well the revenue has been compared to the other FMCG companies.

BATB has very high earnings per share ratio and high cash dividends than the other FMCGs as well. This portion is a key aspect that every shareholder investigates. Even from this perspective, BATB seems more appealing than the other FMCG companies.

However, because BATB has been retaining more percentage of their earnings than paying out dividends, ACI and OLYMPIC have an upper hand in this area. Although, BATB has probably been thinking of future business development.

Comparison of Growth

	BATB	ACI	OLYMPIC
Growth Rates			
Internal Growth Rate	18%	4%	17%
Sustainable Growth Rate	24%	5%	13%

Table 10: Comparison of Growth

Both the growth rates indicate what possible rate a company is able to grow without outside financing.

Without using debt BATB is able to grow more than the other FMCG companies. This indicates that when it comes to growth, BATB doesn't depend on debt. Without debt, BATB can grow the most than other FMCG companies.

Also, taking also the equity part out from the outside financing, BATB has the highest rate of possible growth than the other FMCG companies. Without equity, all the other companies have a limited room for growth. BATB has the highest rate of sustainable growth rate which is 24%.

2.6 Operations Management and Information System Issues

Supply Chain: For smooth service, operation activities of any business should be done in an integrated and appropriate manner. In BATB, operation is a major activity. It includes leaf

growing, storing of them, checking their quality, quality control; send them for manufacturing, packaging, warehousing, distributing, procurement etc. Making up quick decisions based on the arisen situation is another activity of Supply Chain at BATB.

Leaf: The Leaf Department of BATB is extremely efficient and dynamic. They are responsible for all the activities related to leaf growing, communicating with farmers, controlling of the leaf quality, purchasing, processing, packing, shipping and storing of the leaves etc. People who are working with Leaf department must be very responsible. They must ensure the continuous supply of tobacco leaves and the quality of it. It is a very important job because the taste of the cigarettes depends on the quality of the tobacco leaf. However, some of the major activate done by Leaf department are 1. purchasing 2. Processing 3. Packing 4. Shipping 5. Storing Leaf tobacco Primary Manufacturing Department (PMD): In PMD the leaf is being prepared for the production activities. Secondary Manufacturing Department (SMD). After PMD, the products come into the SMD. Here activities like wrapping tobacco with materials, manufacturing etc. are done.

Supply Chain Management: In the previous part it is mentioned that BATB does starts its operation from leaf growing ends with the distribution activities. It means they do their business from the producer to their end customers. But this is a very complex job, which involves several works. Checking and controlling the quality of tobacco and its packaging is another task of operations. As it is the operation, so the factory is involved here. BATB has the nicest environment for its working environment, they ensure the quality of work-life, at the same time they are very much careful about their employees. They provide the environment where employees can work safely. That is why several times they have received the Zero Accident Award. Under supply chain management, the following activities can be seen. They are Supply Chain, Product, Procurement, Security, Logistics and EHS (Environment, Health and Safety)

Engineering sites and services department (ESSD): ESSD has three wings. They are utilities, facilities and Project. The main function is dispensing most of the production support services under their supervision. Operations of these sites, maintenance activity, performance analysis and follow-up up-gradation are administered on a periodic basis. Support services such as all the Civil service, plumping service, Electric service, Carpentry service, Electric Power supply,

Air-conditioning, steam supply, water and air treatment, humidity Control and project works which are all associated with the key production. chain is this department 's major concerns. Besides maximization of the overall efficiency of these sites through thriving endeavours, constructional establishment projects along with their corresponding facilities to be provided are one of their fundamental responsibilities.

Prism: a Prism is a software used by BATB marketing managers to keep track of the overall sales of the business. This has resulted in a change in ways of work within the company significantly. Before prism, the sales representatives of the company used to bill retailers using handwritten memos. Now, they use their mobile devices connected to software called prism which tracks real-time sales of each and every sales representative throughout the country giving managers up to date every market information within seconds. This has helped the company become significantly more agile and take business decisions much quicker than before.

2.7 Industry and Competitive Analysis

There are two (2) main tobacco products in the Bangladesh market, known as Cigarette and Biri. These two products represent the entire industry.

Currently, the existing cigarette manufacturing competitions are;

1. Japan Tobacco International (JTI).
2. Abul Khair Tobacco Company (AKTC).

Also, the existing Biri manufacturing competitions are;

1. Akij Biri.
2. Nasir Biri.
2. Karigor Biri.

Furthermore, there are a lot of tobacco products that are known as DNP (Duty Not Paid) which are distributed illegally.

SWOT Analysis

The SWOT analysis shows the strengths, weaknesses, opportunities and the threats that a company or business has or has to face to stay in the market. Like every other business, BATB

also has its strengths to hold the ground and also some threats that they are planning to overcome. The SWOT analysis of BATB is as follows:



Figure 4: SWOT Analysis

2.8 Summary and Conclusions

British American Tobacco Bangladesh is one of the top companies in Bangladesh with a strong market presence and top management capabilities. The company continuously strives to improve its ways of doing business and is up to date with the innovative way of work.

As per the management and production capabilities, the company employees best possible working practices and technology. The factories of BATB are highly efficient are currently producing cigarettes on par with global BATB and FMCG standards. The management of the company is also looking to employ new ways of work such as introducing IWS, Integrated working system, which is one of the used global practice of work. Through IWS, employees are given empowerment to take charge of their work and take full responsibility and accountability for it. Currently, most companies tend to give that responsibility to managers only. However, BATB is striving to implement a system which includes all levels of employees employed by the business.

In terms of marketing, the company has recently launched a new segment of cigarettes which is ROYALS of London in three variants, specifically targeting youth population by providing a cigarette of international quality at an affordable rate of Tk 5. This sweet price level provides the consumers with a product more convenience.

As per the financial analysis, we can see that BATB has one of the highest growth rates and sustainable growth rate in the entire industry analysis, which shows that the company is not only looking to grow now but also think about the future growth of the company. Furthermore, the company also has very solid profitability, financial and efficiency ratios putting it in a very solid position, financially, going forward.

2.9 Recommendation

Although the company is performing very well, there are avenues where it can still improve upon such as:

- **Employee work-life balance:** One of the major criticisms faced by BATB is that the employees working under the company tend to have very poor work-life balance. The amount of work and the pressure at which employees of BATB are put through makes it very difficult for them to maintain a proper personal and social life. Hence, BATB can look to employ ways in which work-life balance can be improved upon which may result in overall efficiency of workers to increase as well.
- **Distribution Information System Issues:** Prism has made the life of BATB managers significantly better by providing them with real times market information and reports. However, there are still problems with the software which can be improved upon such as the software having lags, inability to log in at many occasions and finally there are not enough report formats available, thus many of the work has to still be done manually.
- **Financial Improvements:** Although the company has very good financial statements, there are still areas to be improved upon such as the company has a very high debt ratio at 48%. Furthermore, the company's liquidity position can be improved upon as it has low current and quick ratio at 1.3 and 0.46 respectively showing the company may face cash crunch if their creditors ask for payments.

Chapter 3:

Impact of JTI Credit Program on Tobacco Industry

3.1 Introduction

Background

The Retail Industry is one of the pillars of the economy in Bangladesh which provides the largest employment opportunities in the country. Comprising of organized or unorganized sectors, the retail industry is one of the fastest-growing industries in Bangladesh, with new retail shops mushrooming around the nation every day. Such retail shops are usually home run and are the main earning source for families. Thus, one of the key challenges faced by retailers is the management of funds given that they are constantly in a dilemma between reinvesting their working capital to source commodities and taking home the sales proceed for their household expenses.

In such circumstances, it becomes increasingly difficult for retailers to lift their daily merchandise for which reason credit programs have been established in the retail industry with retail giants such as Unilever, Marico, Nestle provides these small retailers with credit to buy their merchandise, sell the stock and then pay back the amount to the company keeping the profits. However, such credit programs are largely run informally through distributors to retailers on a need basis.

Credit Programs are becoming increasingly popular in the Tobacco Industry as well starting from Dhaka Tobacco Industries, which is now acquired by JTI (Japan Tobacco International), started providing day-long credit to retailers where the Sales Representatives will provide goods at the start of the day and take payment for the goods at the day end. The credit-based policy was largely successful, due to the nature of the market here at Khulna. This is because retailers here belonged to deep rural markets where daily sales are lesser in comparison to other urban markets.

However, even after such program retailers still faced problems in achieving enough sales throughout the day to pay off the credit fee owed. Hence, JTI decided to enforce its new credit program where retailers will be allowed to take credit up to a certain amount rather than specific

to a certain date. As this is a new change in the market and the impact of such a program is largely unexplored, the rationale behind this research was synthesized.

Scope of the Study

To understand the impact of the program we need to understand the dependent and independent variables of the research. Hence the research mainly deals with one independent variable and one dependent variable.

- **Independent Variable:** Average Daily Lifting (ADL) of JTI
- **Dependent Variable:** Average Daily Lifting (ADL) of the entire market

The variables selected above will help the research in finding changes in the market which are brought forward by the changes in ADL of JTI brought forward by this credit program. Hence the influence of independent variable, ADL of JTI, which cause an impact on the dependent variable total ADL of the retailer.

The research will try to find the impact of the program on the retailers in monetary terms. However, due to the lack of tracking by retailers, it is hard to find the money value impact of the program on retailers. Thus, the volume taken will be multiplied by an average stick price of **Tk 4.81 per stick**. Thus, areas where stick volume is taken, the impact will be evaluated by **multiplying the stick volume with the average stick price**.

The regression analysis given in the findings compares the two variables to show the impact of the program on the market. The closer R squared is to 1 the greater the correlation between the two factors. If R squared is 1 it would imply that the program had a direct impact on the overall ADL of retailers. This would show that the credit program is highly successful for JTI increasing its overall sales.

Objective

Tobacco Industry is one of the fastest industries in FMCG with retailers having inventory turnover almost every day compared to other FMCGs which have a shelf life of around a week. The margin received from each stick from pack of cigarette is extremely low (for example a pack of Benson and Hedges yields a retailer about 1.86% gross commission). Under such circumstances, it becomes increasingly difficult for retailers to gather enough capital to invest

in their inventory. Also, it becomes challenging for Tobacco companies to keep track of the high number of monetary transactions if a credit program was introduced.

Hence for a large amount of time JTI provided an informal credit system where the SR provides goods to retailers at the start and while coming back collects the amount owed to the company. This was largely successful as it provided the retailers some lead time to gather enough funds to pay for their merchandise. However, recently JTI introduced a new formalized credit system where they would take the information from each retailer and input it in their system and based on their day to day transactions provide them with a credit of worth of two days of their average stock lifting.

Thus, the objective of this study to understand the following impacts of JTI's Credit program:

- What is this credit program and how do they function?
- The impact of this credit programs in the market.
- How retailers are impacted by this program
- Long term and short-term impact of such programs.

Significance of the study

The fast nature of the Tobacco Industry it is often seen that small changes tend to create large cascading impacts in the market. Given the high investment required compared to small margin and a high number of sales volumes, the tobacco industry shapes itself to be extremely elastic to any benefits offered by the company.

Thus, in such circumstances, the introduction of credit acts as a form of interest for retailers as it helps them conduct their day to day business with great ease. With the introduction of this program, retailers can purchase the goods from JTI, sell the products within a couple of days and then pay back helping them ease their tension of continuous reinvestment.

Hence, as BATB Manager the introduction of such a program is a cause for great concern given that such benefits may help leverage JTI and help them eat away the high market share currently enjoyed by BATB and pave way for them to overthrow BATB in the long run. The research conducted will help uncover the extent to which the market is impacted by this credit program.

The study will also help provide a holistic idea about the retail dynamics of the tobacco industry and help analyze the extent to which the industry is elastic. Furthermore, the study will try to uncover retailer and distributor end profitability of such a program and try to find out whether such programs are sustainable in the long run giving BATB an idea whether to employ such a credit program in the future.

3.2 Methodology

Methods of research used

The type of research we have used in this study is both qualitative and quantitative research. The study is descriptive in nature and used online questionnaires facilitated through the help of administrators as a communication tool for this purpose. The research utilized electronic questionnaires through Google forms.

Respondents and sampling procedures

For this research, we took 119 respondents to facilitate the study. The participants are retailers who have been a part of the credit program offered by JTI. While selecting the retailer base, we were careful enough to choose participants who have been in the program for at least one month so that we can make some understanding as to its impact on the market.

Furthermore, the data collected has been collected from 8 different areas throughout Khulna Division, including Bagarpara, Bagerhat, Jessore Sadar, Kolaora, Khulna, Nowapara, Patkhelgatha and Satkhira giving geographical diversity in the samples taken to ensure that true and fair outcome can be extracted from this research.

Also, to ensure proper diversity we collected data from four ATSM (Adult Tobacco Shopper's Market) which includes outlet types such as Street Kiosk, Semi-Structured, Structured and Mass Horeca to ensure diversity of consumer groups. This will help us understand the change in rationale and behavior and how the program is perceived by each consumer group. For example, Mass Horecas are tea shops where consumers tend to stop for tea and smoke a cigarette or two and move along as opposed to structured outlets which entertain consumers who are more in a hurry to receive their products and leave.

The sample breakdown is given below:

Location	Number	ATSM	Number
Bagarpara	7	Street Kiosk	1
Bagerhat	46	Structured	20
Jessore Sadar	14	Semi-Structured	69
Kolaora	4	Mass Horeca	29
Khulna	12		
Nowapara	10		
Patkhelgatha	5		
Satkhira Sadar	21		

Table 11: Sample breakdown of JTI Credit program

Collection of Data/ Gather Procedures

The selection of the representatives is **RANDOM** as the availability of outlets which are provided with credit. This is because the program is experimental and not all outlets are selected by JTI, hence all the outlets where credit was given at 1 October 2019 were selected within the sample scope of this research.

For the research project, we used a survey questionnaire, a systematic method of gathering information from a target population. Hence, the questionnaire was designed with Google forms. Google Forms can compile all the standard survey fields—such as text, multiple-choice questions, dropdowns, linear scales, and grids—to serve all sorts of data collection needs. They can be used to collect contact information on a website, gather inventory data, collect votes, obtain feedback, evaluate a product or service, test knowledge with a quiz, or replace a basic customer intake form.

This is the link of the form used in doing the survey, <https://docs.google.com/forms/d/10U4o4fzm3Dbe2IwwhWkFfuvRABggMQaPJ4VYVCKhm7o/edit?usp=drivesdk>, to our respective respondents to collect their responses. The responses were collected with the use of administrators who Territory Sales Assistants of BATB who went to the individual outlets and asked the retailers each question and explained each question to them to get proper feedback from them.

3.3 Findings

Program Description

The Credit Program Offered by JTI involves the company offering formalized credit policy to customers as opposed to their current day-long policy which was largely informal and was largely driven by their distributors and field force who used to provide credit based on mutual trust and understanding.

The new credit program is shaped quite differently with the following modality of their operation. Firstly, the company will source creditworthy outlets which will be selected based on having permanent establishment, an average daily sales (ADS) of more than 200 sticks, minimum of 6 months transaction with the company, outlets which have a higher sales of JTI products and the feedback of their sales representative as to the integrity of the retailer.

After the retailers are selected the company officials personally visit the outlet and collect the following information from the retailers, a photograph of owner, a photograph of outlet, NID of owner and trade license scanned copy.

After the information is inputted the retailer is then registered into the system and is allowed a credit of an average ADS of the last months times the stick value of the cigarette, which will be the maximum credit limit allowed for the retailers.

However, the program was not launched nationally in every outlet and started off as an experimental program encompassing certain routes where JTI felt credit was needed more. Initially, the company targeted two types of retail outlets, firstly outlets which were very small and required everyday credit to conduct business and secondly large-scale retailers/wholesalers who lifted a large number of stocks and in a process required credit as they required a lot of cash for their day to day transactions.

Descriptive Analysis of Demographic Factors

Analysis based on Distribution Points

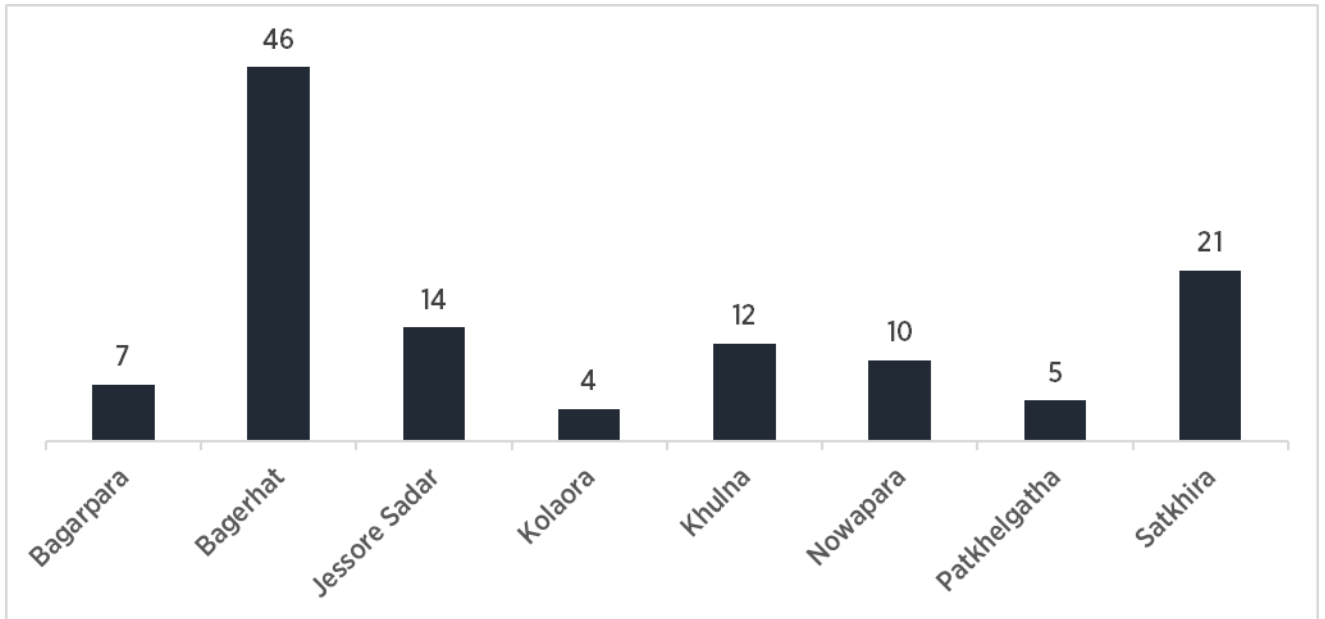


Figure 5: Analysis based on Distribution Points

In the above diagram, we can see a high portion of participants are from Bagerhat, Satkhira and Jessore Sadar. Thus, the representation of the survey outcome is correlated with the presence of a credit program offered. Given the initial stage of the program, we can see that out of all the surveys collected only 39% of the outlets are Urban based outlets when there is a higher portion of urban-based retail outlets. Thus, showing that the program was mainly targeted in rural markets with a representation of 61% rural-based markets.

Analysis based on ATSM

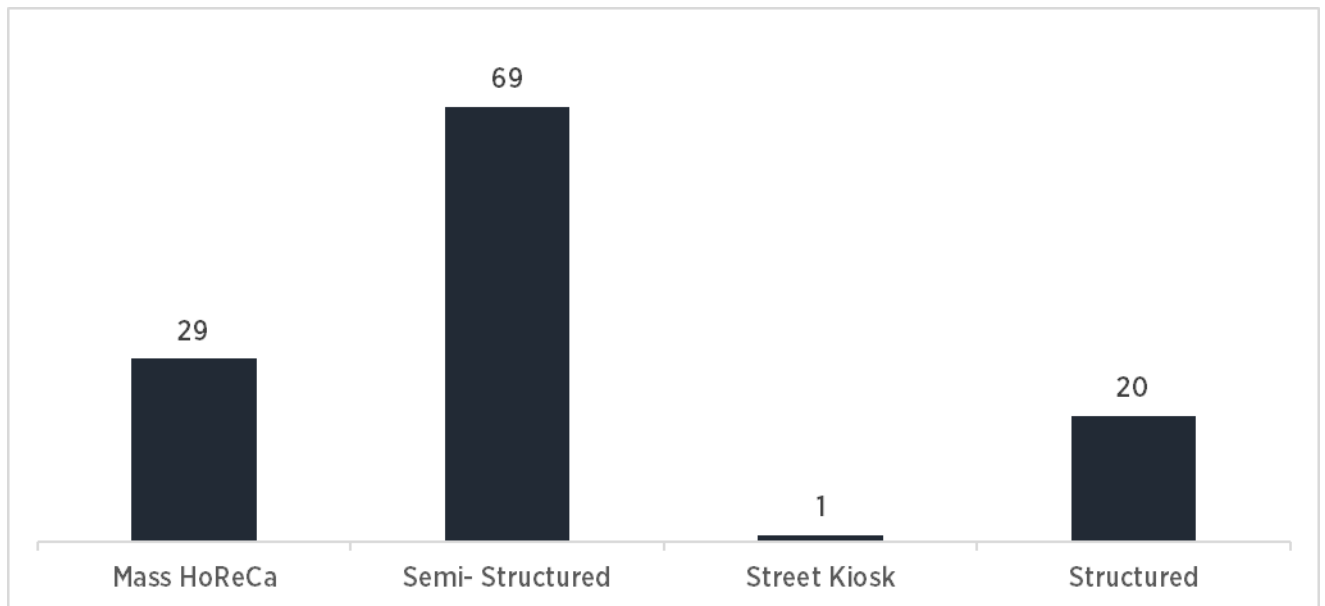


Figure 6: Analysis based on ATSM

In the above diagram, we can see a high portion of participants are from Semi-structured and Mass Horeca. Given that semi-structured outlets are small scale retailers who have to purchase a wide variety of products and are much more informal than structured outlets. Hence these outlets face credit crunches daily given the different types of merchandise they have to keep in their shops. Also, we can see Mass Horecas have a higher representation in the survey given that much of these shops are solely run based on tea, pan, biri and cigarette making it a vital source of income for these retailers. As a result of which to ensure that the stock doesn't run out credit programs help maintain proper end to end distribution.

Descriptive Analysis of the Effectiveness of the Program

To understand the effectiveness of the program, we shall analyze four key factors which will give us an idea of whether credit as required by the retailers in the first place in the tobacco industry. The four factors are:

- Number of OOS (Out of Stock): the number of OOS will determine how many times a retailer runs out of stock. In doing so we can find out why the stocks run out and try to find out whether providing credit will help these retailers in lifting more stocks to ensure that the market he does not run out of cigarettes or has any OOS.

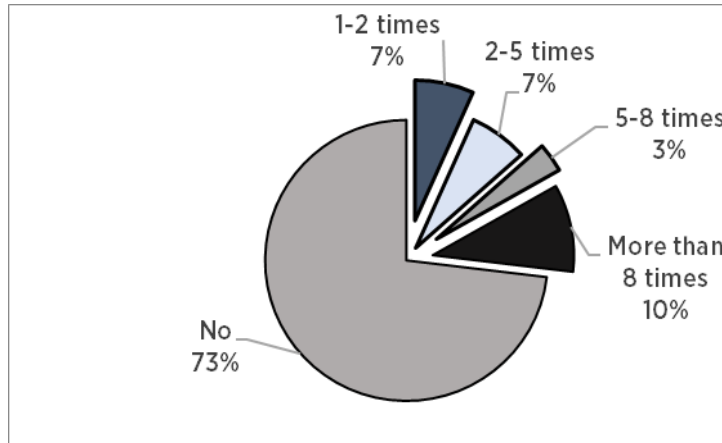


Figure 7: Number of times a month retailer face OOS

As per the above diagram, we can see that more than 73% of retailers do not face any OOS of cigarette which means majority retailers do not face constraints which led them to undertake stocks needed daily. An indication of OSS would suggest that retailers aren't lifting enough stocks which may be due to credit crunch. Also, 10% of retailers are facing OOS more than 8 times a month which is particularly high and may indicate low lifting volume as a result of which stocks are running out. Hence, we can say that these retailers may be benefitted if there is a credit program as it would help them lift more stocks. Thus, we can say that the majority of the retailers do not face OOS and have assessed their daily needs for the business.

- Reason for OOS: Here we will try to find the rationale as to why retailers run out of stock and try to find out whether such OOS is a regular occurrence and what prone this to happen. Here we will try to find out whether the lack of funds is an issue or whether there were fluctuations in demand which was irregular and unjudged by these retailers.

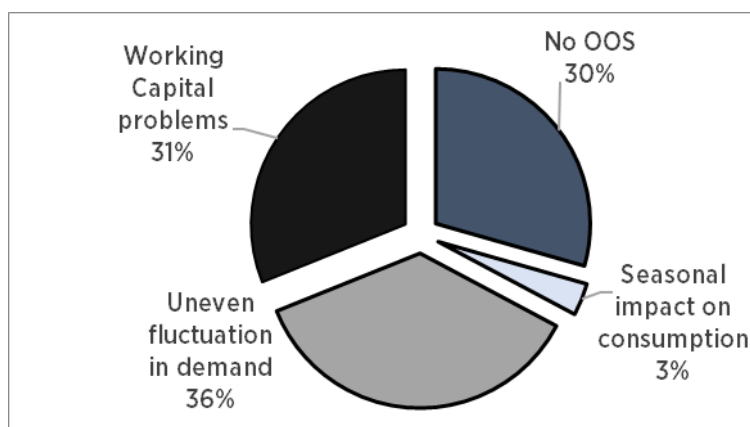


Figure 8: Reason why retailers face OOS

As per the above diagram, we can see that merely 31% of retailers face working capital problems on a day to day basis when it comes to purchasing merchandise for their shops. The rest 69% of the retailers encompasses of 30% of retailers who do not face any form of OOS, and the rest 39% face OOS from time to time due to seasonal impact on consumption pattern and uneven fluctuation of demand which they previously didn't account for when purchasing stock. Thus, in culmination of the above, it is evident that less than 1/3 of retailers face working capital problems which is a result of proper investment and working capital circulation within their business.

- The number of Credit customers of a retailer: The number of credit customer served by customers may be a reason for the need for credit. It is often found that regular smokers tend to take cigarette for credit throughout the day and pay their dues at night or the following day. This creates a problem for retailers as the cashflow within their business is stuck preventing them from purchasing stocks the following day. This paves way for retailers to demand credit from the company so that in case of cashlessness they can receive time to receive their dues and pay back the company.

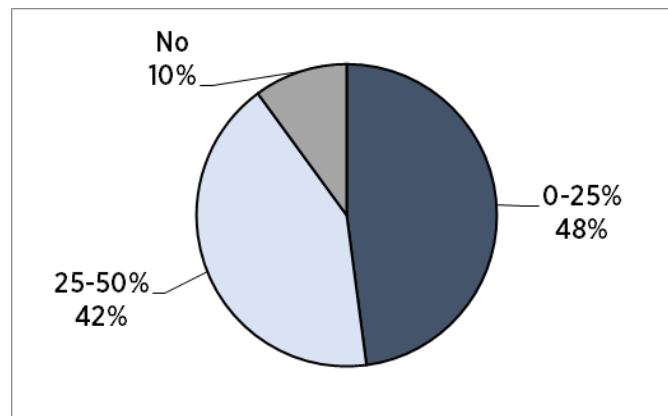


Figure 9: Percentage of Credit customers and percentage of credit allowed

As per the above diagram, we can see then more 90% of retailers provide credit to their customers of which around 42% of the retailers have a credit customer base between 25-50%, meaning much of their sales are credit sales making it hard for them to have a rolling cash flow to pay their expenses as it falls due. In such circumstances where debtor collection ratio is high, it becomes extremely difficult for retailers to have no credit program from credits, as this indicates a higher investment required by retailers to maintain the overall business cycle.

- Amount of Credit Allowed and retailer's need for credit: The credit limit allowed and need for credit for retailers will be judged by the number of Working capital retailers

regularly set aside for JTI products and the actual amount of money they spend behind purchasing the product. In our survey, we asked 119 retailers and the average answer from all the retailers combined is given below.

Territory	Credit limit allowed by JTI BDT	Daily Capital Employed JTI BDT	Working capital JTI BDT	Difference BDT
Average	2650	879	969	-90

Table 12: : Average of credit required by retailers

As we can see that JTI provides an average credit limit of 2650 per retailer whereas the daily capital employed by these retailers for JTI products is 879 which is around 1/3 of the amount allowed encouraging more and more credit from the retail end. However, if we see the difference between daily capital employed for JTI against the working capital set aside by retailers for JTI products we can see that there is a difference of 90 taka which means that retailers are well prepared to purchase the stocks from JTI and do set aside enough working capital to purchase on a daily basis hence showing that they do not require any credit.

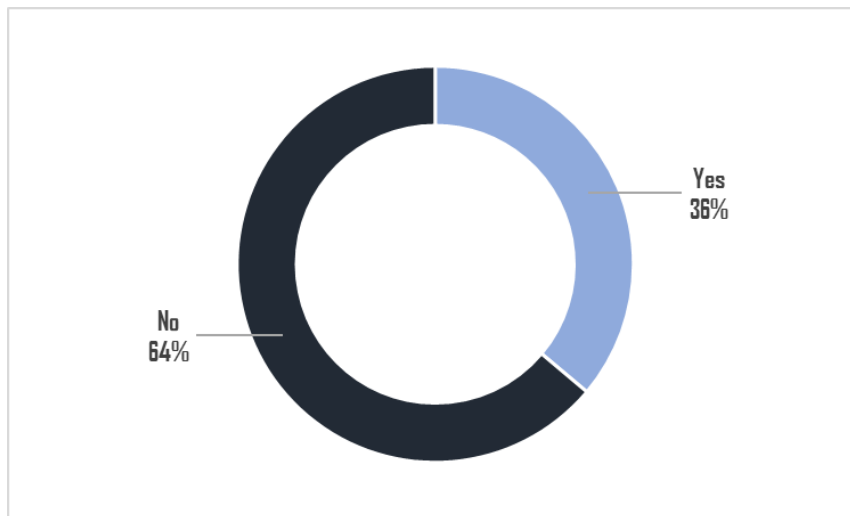


Figure 10: Percentage of retailers requiring credit on a daily basis

Furthermore, when the absolute number of Yes and Nos are calculated by subtracting daily capital employed for JTI products as opposed to the working capital set aside, we can see that more than 64% of all the retailers have enough working capital set aside to purchase these products. Merely 36% of the retailers have lower working capital compared to their daily product need.

Descriptive Analysis of the Impact of the Program

Impact on JTI

JTI						
	Total JTI ADS	ADL before the program	ADL after the program	Growth	SCR Before	SCR After
Average Volume	206.34	206.22	304.29	47.5%	1.15	1.91
Average Sales BDT	992.5	991.92	1463.63	471.71	N/A	

Table 13: Impact of Credit program on JTI

As per the table above we can see that an average was taken of all 119 retailers and we have calculated the ADS of JTI to understand the demand Offtake (Sales to customers) of JTI products. As per the table, we can see that the ADS of JTI was 206 sticks of cigarette the same as the ADL of the retailers before the program showing that the market was at equilibrium. However, after the program was initiated, we can see that the ADL jumped from 206 to 304 sticks which growth of 47.5% growth in ADL and increased spending of Tk.471.71 to purchase JTI products.

This led to an increase of SCR by 1.15. previously the number of goods lifted by the retailers was enough to satisfy 1.15 working days now this number jumped to 1.91. This would mean with regular ADL carried out there would be a glut in the market with excess supply over demand.

Impact on BATB

BATB				
	ADL Before	ADL After	Growth	% Change
Average Volume	110.60	153.44	42.84	38.6%
Average Sales BDT	532	738	205.87	

Table 14: Impact of Credit program on BATB

As per the table above we can see that an average was taken of all 119 retailers and we have calculated the ADS of BATB products before and after this program was implemented and we can see that there was a growth in ADL by 42 sticks at an average from the retailers. This could indicate that due to the credit program retailers were able to hold more cash which they utilized in purchasing BATB products, as you can see from the table the overall sales value increased by 205.87 BDT showing that purchase of cigarettes increases for BATB brands by the introduction of the credit program.

Thus, in a nutshell, the credit program helped in clearing overall working capital problems of retailers which in turn they used to purchase higher BATB cigarettes with.

Overall Impact

Total			
	Total ADL Retailer Before	Total ADL Retailer After	Growth
Average Volume	316.82	457.73	44.47%
Average Sales BDT	1523.9	2201.68	677.78

Table 15: Impact of Credit program on the market

As per the table above we can see that an average was taken of all 119 retailers and we have calculated the total ADL of a retailer to understand the demand for cigarettes in the market. As per the table, we can see that the total ADL of JTI was 316 sticks of cigarette which grew to 457 sticks leading to a growth of 44.47% resulting in overall increased spending on retailer end by 677.78 BDT.

This can be due to one of two reasons, firstly the market for cigarette was underserved due to lack of finances by retailers which now due to credit facility is helping retailers lift more stocks. Or with the current incentives in place retailers are purchasing more stocks initially due to an incentive received by them. Either way, both cases will eventually lead to market stabilizing itself and reach an equilibrium.

Reliability Test

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.4478745
R Square	0.2005916
Adjusted R Square	0.193817
Standard Error	0.7827875
Observations	120

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	18.14319851	18.143199	29.609159	2.90987E-07
Residual	118	72.30524359	0.6127563		
Total	119	90.4484421			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	1.0868079	0.121492464	8.9454762	6.189E-15	0.846219788	1.327396099	0.846219788	1.327396099
X Variable 1	0.3057751	0.056193885	5.4414298	2.91E-07	0.19449589	0.41705427	0.19449589	0

Table 16: Regression of the change in ADL of JTI compared to the total change in ADL

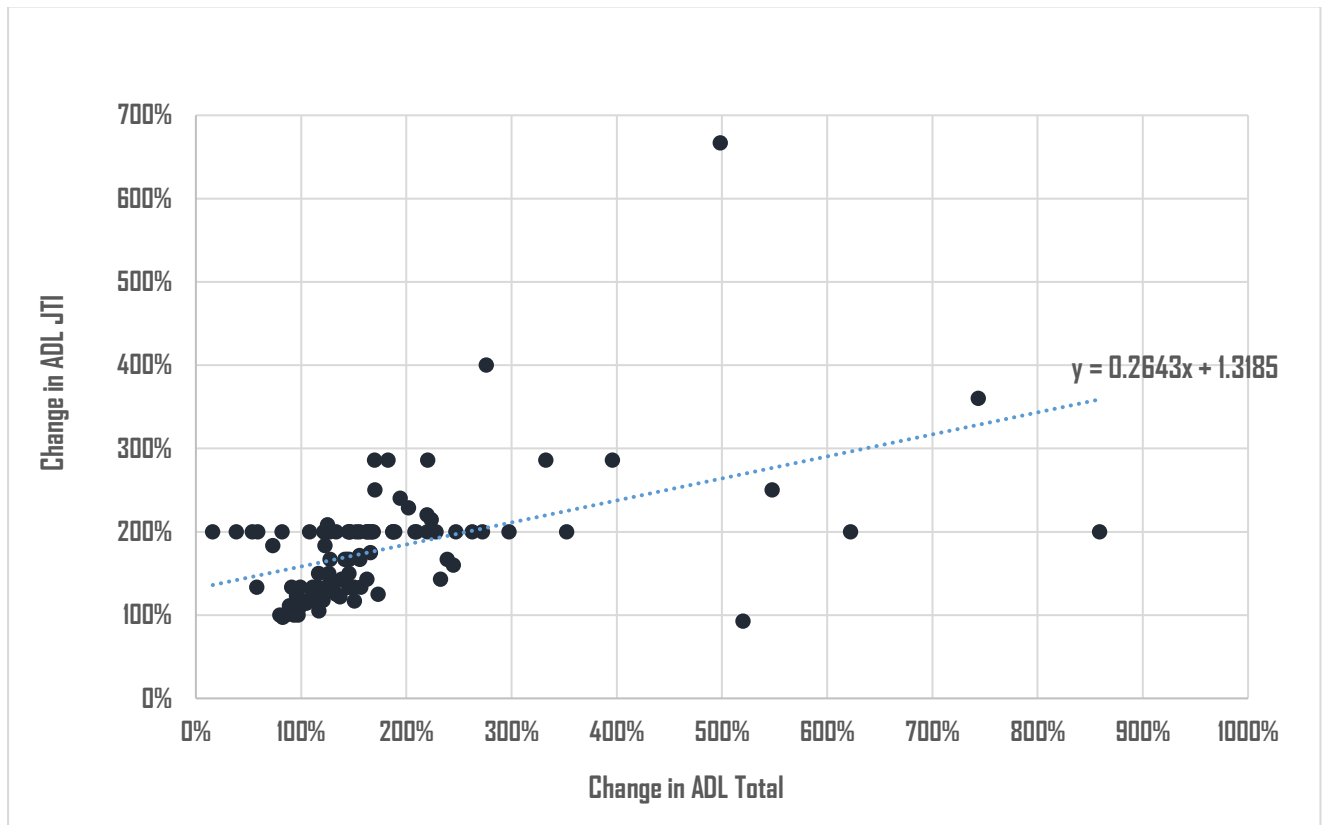


Figure 11: Scatter Plot of Change in ADL for JTI vs Change in ADL in the market

In terms of the reliability of the data, we can see that the R squared of the research carried out is at 0.2. This indicates that the correlation between total change in ADL and a change in ADL of JTI products is weak. This could largely be due to four main factors:

- Firstly, both total market ADL and the ADL of JTI program has increased during the span of the research. However, a low R squared may be reflective of the other factors which may have resulted in an increase in the tobacco industry. This can be seen by the growth of BATB brands during the same tenure which also increased by 39%. This is especially a source for concern as many of the retail outlets selected are top JTI product selling outlets. Thus, an increase in BATB sales could indicate a very minimal impact of the program as opposed to its investment.
- Also, we know the low presence of JTI in the market as opposed to BATB. In the current cigarette market, BATB has a market share of more than 80% whilst JTI has a market share of less than 10%. Hence, many of consumers refer to smoking BATB brands rather than JTI brands. By introducing the credit facility, JTI freed up the scope of excess cash on hand to be invested in BATB brands, which led to an increase in sales of both companies. However, this isn't favourable for JTI as they made all the necessary investments for the program.
- One of the reasons why the program didn't result in higher sales for JTI could be due to its market demand. JTI cigarettes have a certain market demand and a customer base who refer to smoke their cigarettes comprising about 10% of the Bangladeshi population. As cigarettes are addictive products, it becomes hard for consumers to change their preferred brand. Thus, any amount of retailer-based initiative wouldn't increase this consumer end-demand and ultimately the sales will be capped after a certain limit.
- Lastly, the program is still at an experimental phase. Hence the information is highly dispersed. Much of the data gathered includes retailers who have been in the program for less than a month, for which the dynamics of the market and the changes faced due to the program is too early to be assessed. However, if the program is given a few more months the results from the survey will be more conclusive.

3.4 Analysis

Impact on Retailers

Retail credit in the FMCG industry is a key component as it helps small retailers with less working capital to ensure that they have enough working capital for their daily transactions.

Furthermore, many of the products sold in the FMCG industry have a lead time of around a week for stocks to be turned over. Thus, working capital being tied up for a week is something many retailers struggle with. However, the tobacco industry is the fastest FMCG industry with a lead of time of 1-2 days. Hence, the working capital for cigarettes isn't usually held up. For which reason, formal credit wasn't given before in the tobacco industry.

Retailer end profitability analysis

ADL before the Program	ADL after the program	The monthly increase in ADL
1523.9 BDT	2201.68 BDT	20,333.4 BDT

The monthly increase in ADS	Monthly OHS Units	OHS Value tied up
6,254 BDT	2,927 units	14,079 BDT

Retailer Profitability before	Interest rate	Retailer Profitability After
8,155 BDT	6%	9,237 BDT

As you can see from the workings above, retailer end profitability was calculated. This was conducted by measuring the difference between ADL and ADS before and after the program. The increase in sales is due to higher initiatives taken by the retailer to sell the increased stock he has. The Profitability is calculated by multiplying the unit times average commission per stick of retailers, about BDT 0.859. Also, the sales value given in the ADS and ADL were calculated by multiplying unit on average stick price of 4.81. After all of the computation, we can see that before the program the retailers have profitability of around 8155 BDT per month.

After the program, the retailer has an OHS tied up of 2927 units which are roughly worth BDT 14,079 per month. Thus, monthly interest rates charged on the amount at 6% comprises of around BDT 432 which is deducted from the current profitability ultimately giving a profit of BDT 9237 which shows the retailers that they can maximize their profitability by BDT 1,082 per month.

Limitation of the program for Retailers

However, with the introduction of this program, the retailers may face a new retail dynamic which may impact them in the following ways:

- Firstly, retailers have increased their ADL. This is reflected in the monthly OHS of 2927 units. This is a major capital of 14079 tied up in stocks every month. This stock may be ruined or stolen hence the retailers are taking extra risk to ensure the sustainability of the program. Also, with added ADL every month the OHS of retailers will keep piling up every month without it being consumed. This is extremely risky for retailers if the stock reaches expiry date at which point the entire investment will be lost and the retailers will face a greater loss than profit.
- Another major constraint usually faced by retailers is working capital shortages especially when it comes to tobacco as much of the sales of retailers to customers are on credit. Furthermore, retailers constantly need to reinvest their money on different types of merchandise apart from cigarette such as pan Biri, biscuits, tea etc. This causes a situation where outflow succeeds inflow. The difficulty occurs when retailers face times of excess cash inflow and times of excess cash outflow. This disrupts their daily ADL of cigarette. With the help of credit, such problems are ironed out and the impact is shown in the increase of total ADL of retailers by 75% encouraging them to conduct their daily business hassle-free.
- We can see due to this program the SCR of retailers have increased from 1.15 to 1.91, this may create a problem going forward for retailers as they will find their stocks piling up without enough demand to sell it off to the consumers. This becomes a concern for retailers due to the ever-changing retail dynamic of the tobacco industry. If the demand fluctuates due to some reason, then the sales of all the stocks will become a cause for concern retailers.
- Lastly, the impact to retailers can be assessed with their need for credit programs. If we look back at the effectiveness of the program, we can see that the majority of the retailers didn't face OOS or only a handful of retailers faced working capital problems. In case of the tobacco industry, it's pretty much evident that due to the fast and rolling nature of the products capital isn't tied up in cigarettes for very long and thus retailers

have a rolling cashflow. However, the main problem which retailers face is the uncertainty of upcoming cash flow given the unpredictable nature of retail dynamic. Here retailers need credit on a contingency basis rather than a regular one. Thus, credit programs should encourage daily payment and only offer credit when required rather than impose a daily system on it. This helps retailers keep track of the uncertainty and prepare for it accordingly.

Short term Impact on Market

Credit programs such as this in an industry such as tobacco can create a high impact initially. As the tobacco industry is high elastic and small changes create big tremors in the overall industry, rolling out a credit program on such a scale will also create high initial impacts. Firstly, trade relationship between retailers and JTI will increase. As many retailers perceive the program as an effort by the company to ease their working capital problems.

Another visible impact is seen by the growth of the overall ADL of the market which grew by 75%! This means that retailers who were taking 100 cigarettes every day are now taking 175 sticks. Thus, a program such as this will create high impact initially which may cause retailers to purchase more than required as seen in our findings.

However, this may also result in stockpiling up initially without any increase in demand from consumer end causing retailers money to be tied up eventually in the same fashion. This can be seen with an increase in SCR from 1.15 to 1.91.

Long term Impact on Market

The result of this credit program may have the following long-term impacts on the market:

- Low OMR and chances of market breakdowns: OMR or Open market rates are the rates charged by large scale retailers or wholesalers who tend to provide cigarette to smaller retailers. In continuation of the short-term impact, as the stocks pile up this may result in stocks becoming obsolete, as a result of which such wholesalers will try and sell off their stocks at a lower than usual rate. This, in turn, will also impact stick prices in the market while might create a chaotic environment where multiple rates are charged for the same product in different places. In such a case it becomes extremely difficult for company officials to bring back the market into equilibrium.

- Better retail administration: Eventually as the credit program irons out and retailers start to purchase products as much as they need the credit program will help the retailers to take as much as they need rather than as much as their working capital allows them to. This will help in overall better retail administration will lesser OOS in the market and less hassle for retailers to source cigarettes from external sources for any OOS.
- Default rates may increase: As the program is continued over a long term, there will be chances where retailer may face credit default. Since, these businesses are highly unstructured and without any collateral there always lies a risk of credit default if the retailer faces severe cash crush. Hence, over time the default rate of program may increase.

3.5 Recommendation

Based on the above discussion it was evident that there were many problems with the program introduced and the way it was introduced. Due to the sensitive nature of the Tobacco industry, it is very hard to implement a program which will not have cascading impacts. In the current context, the need for retail credit in the tobacco industry wasn't something needed upon by the retailers on a regular basis. Moreover, the handful of retailers who require credit and face working capital problems need it when they face cashflow shortages rather than a daily basis. Thus, the overall program should have been structured to ease the business of the retailers rather than a means to sell more products and acquire greater market share.

Furthermore, the program aimed to give credit for a day which will be eventually paid back the following day. This also creates the same problems as the retailers will have to pay one day's due eventually. Rather the program should have only focused on providing credit to the shortfall amount that the retailers on their daily ADL. By discouraging daily credit the market will be better served as credit will only be used when needed.

Hence the following model is proposed which may result in overall better implementation of credit program in the retail landscape:

Concern	JTI Credit Program	Proposed Credit Program
Reason for Credit	To increase sales of JTI, hence push more stocks to retailers under the program	To ensure overall distribution, hence only provide credit for the number of cigarettes retailers cannot pay for (At least 50% of total amount)
Short term effects	Retailers pleased as they can delay the payment by 1 day	Retailers pleased as they can cover for any contingency demand
Long term effects	Retailers cannot cover for contingency, moreover, they will face 1 day's debt looming over the business.	Retailers can cover for any contingency and they will have lesser debt.
Security Measures	No security measures other than trust and good faith	Retailers must have registered MFS and bare minimum 1 day's payment amount
Retailer end benefit	No benefits	Ability to pay using MFS at any time making it much more convenient.
Market Control	Long term no impact on market control with possible OOS.	Market equilibrium with lesser OOS.
Distributor/ Company end Profitability	No distributor end profitability/ sustainability initiative with the greater cost of maintaining system and loss of interest rates with capital tied up	The bare minimum interest rate will be charged on credit amount which shouldn't hamper retail profitability much and will encourage prompt payment.
Retailer selection scope	Limited	All
Sales initiatives	None	Fluctuation in interest rates to entice greater sales whenever required.

3.6 Summary and Conclusions

Current Scenario

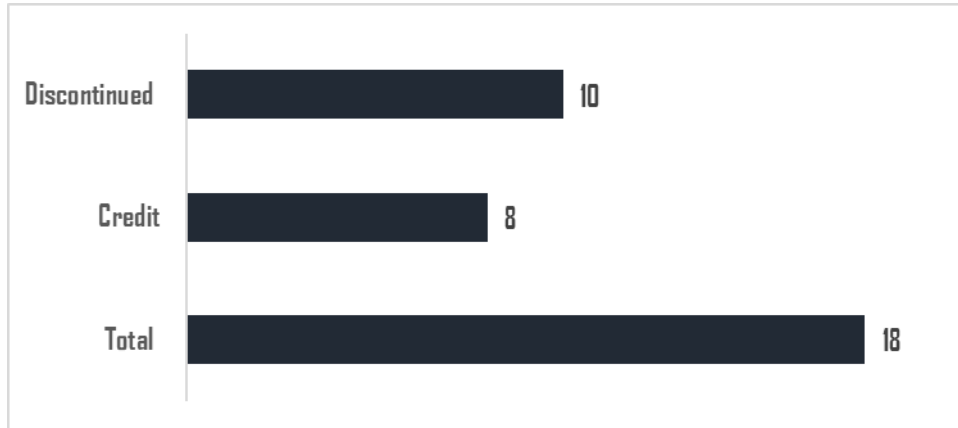


Figure 12: Retailer continuation with program survey

Out of the 119 retailers included in the survey 18 retailers were revisited recently visited and of which 10 retailers have discontinued using this service and only 8 retailers still use credit services, that too not regularly. After asking the retailers why they have stopped using this service, they commented that the sales representatives of JTI started forcing more products to the retailers which was initially taken well but as the stocks started to pile up without it being sold to customers, the retailers felt that the program hampered them more than benefit them because they weren't able to sell off the stocks which started sitting in the shelf eventually holding up the working capital.

Ultimately most of the retailers surveyed decided not to go through with the program due to the daily heckling of the sales representatives. Only a handful of the retailers take this service that too not daily. They tend to take credit only for required stock which is above the money they have for it. Thus, we can say that the program of JTI was overall not a successful one and could be improved upon greatly.

Conclusion

As per the discussion above we can see that the credit program had its up's and down's and although it may be something which can be of importance to the tobacco industry, it wasn't implemented well enough to serve the purpose it was conceived for. Ultimately, we can say that the way JTI credit program was implemented was flawed and was a failure.

However, given the nature of the market and the constant fluxes it has a well-executed credit program will have a deeper impact on the market. Thus, BATB should relook the model of JTI's credit program as credit is something which is required by retailers if only it is done well.

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Appendix

Survey

JTI Credit Program Survey

The survey is run to understand the impact of JTI Credit Program on the market. The survey will be conducted for retailers who are already receiving credit (formal).

* Required

1. Are you a member of the JTI Credit Program? (আপনি কি জেটিস্বাই ক্রেডিট প্রোগ্রামের সদস্য?) *

Mark only one oval.

- Yes
 No

2. When did you become a member of the program? (আপনি কখন এই প্রোগ্রামের সদস্য হয়েছিলেন?) *

Example: December 15, 2012

3. What is your credit limit allowed by JTI in BDT?
(জেটিস্বাই আপনাকে কতটা বকির অনুমতি দিয়েছে?) *

4. Region *

Mark only one oval.

- Khulna

5. Area *

Mark only one oval.

- Khulna

6. Territory *

Mark only one oval.

- Khulna Metro-1
 Khulna Metro-2
 Satkhira
 Jessore-1
 Jessore-2

7. Point *

8. Route/ Section *

9. Outlet Name *

10. TPG *

Mark only one oval.

- Structured
- Semi- Structured
- Mass HoReCa
- Street Kiosk

Untitled Section

11. What is your ADS of Sheikh (in sticks)? (আপনার শেখের এডিএস কী (শোকালার)? *

12. What is your ADS of Navy (in sticks)? (আপনার নবীর এডিএস কী (শোকালার)? *

Untitled Section

13. How much working capital do you have a for purchasing BATB products? বিএটিবি পণ্য কেনার জন্য আপনার কতটা পুঁজি রয়েছে? *

14. How many times a month do you have to get BATB cigarettes from outside? If so how many days a month? (আপনার বাজার থেকে মাসে কতদিন সিগারেট আনেন?)

Mark only one oval.

- No
- 1-2 times a month
- 2-5 times a month
- 5-8 times a month
- More than 8 times a month

15. Why do you think this OOS occurs? (কেনো আপনি বাজারে থেকে আর্নেট দোরকর হোয়ে)? *

Mark only one oval.

- Working Capital problems
- Uneven fluctuation in demand
- Seasonal impact on consumption
- Other: _____

16. Do you have any credit customers for cigarettes? If so how much of your customers are credit based? (আপনার কি কি বকি ভে সিগারেট কিনার গ্রাহক আছে? যদি তাই হয় কেরতো গ্রাহকের সোদে কোতো গ্রাহক বাকিট কাইলে?)

Mark only one oval.

- No
- 0-25%
- 25-50%
- 50-75%
- 75-90%
- Above 90%

Untitled Section

17. Why is credit important for you? (বাকি অগর কেরনো সোরকার?) *

18. Do you have a tied working capital for JTI products? (আগর কি জটিআইয়ার পোদো কিনার জগ্নো কিনার গুরতে পুজি রাধেন? জোদি তাই হোয়ো কোতো রাধেন?) *

19. What was your ADL before the credit program (in sticks)? (প্রোগ্রামের আগে আপনি কতটি সিগারেট জোটিআইয়ের গাড়ি থেকে কিনেছিলেন প্রতিদিন?) *

20. What is your ADL after the credit program? (অপনী আধন কোতো সিগারেটে কিনেন জোটিআইয়ের গাড়ি থেকে প্রতিদিন?) *

BRITISH AMERICAN TOBACCO BANGLADESH

Consolidated Statement of Comprehensive Income

	2018	2017	2016	2015	2014
Gross Turnover	233,118,187,000	204,139,715,000	165,633,760,000	143,711,664,000	126,725,499,000
Supplementary Duty & VAT	(178,478,420,000)	(152,175,972,000)	(121,879,985,000)	(103,816,770,000)	(91,163,512,000)
Net Turnover	54,639,767,000	51,963,743,000	43,753,775,000	39,894,894,000	35,561,987,000
Cost of Sales	(27,096,297,000)	(27,180,742,000)	(23,890,895,000)	(21,212,511,000)	(19,794,030,000)
Gross profit	27,543,470,000	24,783,001,000	19,862,880,000	18,682,383,000	15,767,957,000
Operating expenses	(6,723,690,000)	(6,980,580,000)	(5,936,146,000)	(5,481,856,000)	(4,232,754,000)
Operating Profit	20,819,780,000	17,802,421,000	13,926,734,000	13,200,527,000	11,535,203,000
Net Financial Income / (expense)	(473,916,000)	(185,291,000)	(36,468,000)	(122,828,000)	(157,807,000)
Non Operating Income / (expense)	(14,997,000)	24,469,000	(26,708,000)	37,680,000	60,790,000
Profit before Contribution to WPPF	20,330,867,000	17,641,599,000	13,863,558,000	13,115,379,000	11,438,186,000
Contribution to WPPF	(1,016,543,000)	(882,080,000)	(693,178,000)	(655,767,000)	(571,909,000)
Net profit before tax	19,314,324,000	16,759,519,000	13,170,380,000	12,459,612,000	10,866,277,000
Income Tax	(9,302,290,000)	(8,929,663,000)	(5,587,918,000)	(6,585,538,000)	(4,584,355,000)
Net profit for the year	10,012,034,000	7,829,856,000	7,582,462,000	5,874,074,000	6,281,922,000
Other Comprehensive Income	4,382,000	-	(9,399,000)	(288,066,000)	0
Total Comprehensive Income	10,016,416,000	7,829,856,000	7,573,063,000	5,586,008,000	6,281,922,000
EPS	166.87	130.50	126.37	97.43	104.70
Number of Shares	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Retained Earnings	28,863,958,000	22,447,542,000	18,217,686,000	13,944,623,000	10,798,615,000
Dividend Paid	3,000,000,000	3,600,000,000	3,600,000,000	3,300,000,000	2,700,000,000

	BATB	ACI	OLYMPIC
Consolidated Statement of Financial Position			
	2018	2018	2018
Assets			
Non-current assets	26,483,587,000	11,799,025,532	3,174,161,955
Property, plant and equipment	26,483,587,000	9,239,752,048	2,243,553,821
Intangible Assets		420,961	1
Investments		2,558,852,523	
Capital Work in Process			930,608,133
Current assets	30,059,642,000	23,887,594,556	6,614,044,195
Inventories	19,429,201,000	5,112,920,562	1,306,910,332
Trade and other receivables	4,174,125,000	5,694,665,367	178,459,954
Advances, deposits and prepayments	4,822,711,000	1,682,853,702	696,656,738
Cash and cash equivalents	1,633,605,000	1,081,128,975	461,316,250
Inter-Company Receivables		10,316,025,950	
Investments			3,970,700,921
Total assets	56,543,229,000	35,686,620,088	9,788,206,150
Equity and liabilities			
Shareholders' equity	29,528,854,000	14,299,505,905	6,304,193,719
Share capital	600,000,000	482,024,411	1,999,388,860
Capital Reserve	64,896,000	3,543,672,366	
Retained earnings	28,863,958,000	9,871,498,761	4,304,804,859
Share Premium		402,310,367	
Total equity	29,528,854,000	14,299,505,905	6,304,193,719
Non-current liabilities	4,091,517,000	1,069,711,660	489,976,265
Gratuity / Net Defined Benefit Plans	978,538,000	807,636,638	
Deferred tax liability	3,112,979,000	120,722,018	123,429,925
Long Term Bank Loan		141,353,004	361,912,071
Lease Finance			4,634,269
Current liabilities	22,922,858,000	20,317,402,523	2,994,036,166
Bank Overdraft	799,880,000	2,374,634,769	1,571,406,579
Short term loan	4,380,000,000	11,340,784,233	
Long Tern Loan			174,225,982
Trade and other payable	10,518,444,000	3,146,365,312	
Current Tax Liability	5,918,997,000	1,183,202,172	
Provisions for Expenses	1,305,537,000		120,986,171
Inter-Company Payables		2,272,416,037	
Lease Finance			9,248,053
Interest Payable			98,923
Creditors for Goods			456,458,351
Creditors for Services			12,580,993
Accrued Expenses			104,782,112
Advance against Sales			87,988,924
Liability of other finance			94,875,855
Unclaimed Dividend			160,733,483
Employee Benefit Obligations			200,650,740
Total Liabilities	27,014,375,000	21,387,114,183	3,484,012,431
Total Shareholders' equity and liabilities	56,543,229,000	35,686,620,088	9,788,206,150

	BATB	ACI	OLYMPIC
Consolidated Statement of Comprehensive Income			
	2018	2018	2018
Gross Turnover	233,118,187,000	21,387,105,125	12,928,501,078
Supplementary Duty & VAT	(178,478,420,000)		
Net Turnover	54,639,767,000	21,387,105,125	12,928,501,078
Cost of Sales	(27,096,297,000)	(12,144,878,812)	(8,707,718,622)
Gross profit	27,543,470,000	9,242,226,313	4,220,782,456
Operating expenses	(6,723,690,000)	(7,659,725,997)	(328,563,859)
Other Income		93,481,698	
Selling Expense			(1,497,230,341)
Operating Profit	20,819,780,000	1,675,982,014	2,394,988,256
Net Financial Income / (expense)	(473,916,000)	(440,966,676)	(155,519,117)
Non Operating Income / (expense)	(14,997,000)		285,926,925
Gain from Sale of Brands		540,300,000	
Investment impairment Provision		(30,000,000)	
Profit before Contribution to WPPF	20,330,867,000	1,745,315,338	2,525,396,064
Net Changes in Fair Value of Investment in shares of Listed Companies			(5,777,080)
Contribution to WPPF	(1,016,543,000)	(87,265,767)	(119,981,856)
Net profit before tax	19,314,324,000	1,658,049,571	2,399,637,128
Income Tax	(9,302,290,000)	(340,617,590)	(608,569,508)
Net profit for the year	10,012,034,000	1,317,431,981	1,791,067,620
Other Comprehensive Income	4,382,000		-
Total Comprehensive Income	10,016,416,000	1,317,431,981	1,791,067,620
EPS	166.87	27.33	8.96
Number of Shares	60,000,000	48,202,441	199,938,886
Dividend Paid	3,000,000,000	571,000,000	959,706,653
Dividend Per Share	50.00	11.85	4.80