

Report On
Effect on Cost of Capital of Syngenta Bangladesh Limited by
Introducing Public Share: A comparative analysis with
Square Pharmaceuticals Limited and ACI Limited

By
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An internship report submitted to the Brac Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration (BBA)

Brac Business School
Brac University
May 2024

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Declaration

It is hereby stated that

- The internship report submitted is my/our own original work while completing degree at Brac University.
- 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.
- The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
- I/We have acknowledged all main sources of help.

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Letter of Transmittal

Mohammad Mujibul Haque, PhD
Professor & Associate Dean (Acting Dean),
Brac Business School
Brac University
224, Merul Badda, Dhaka 1212

Subject: Submission of internship Report on ‘Effect on Cost of Capital of Syngenta Bangladesh Limited by Introducing Public Share: A comparative analysis with Square Pharmaceuticals Limited and ACI Limited’

Dear Sir,

I am privileged to present my internship report as part of my Bachelor of Business Administration degree at Brac Business School. I have successfully completed a three months long internship at Syngenta Bangladesh Limited as a Finance Intern, and prepared this report.

I endeavored to compile my report by acquiring the most optimal data from reliable sources, exerting my utmost diligence. Consequently, I am confident that the report will sufficiently fulfill all the requirements. I show my heartiest gratitude for your continuous support and guidance throughout the last three months of my internship period which helped me prepare this report most effectively.

Sincerely yours,

Bless Showmick Biswas
20104139
Brac Business School
Brac University
Date: May 20, 2024

Non-Disclosure Agreement

This document comes as a testament to the assurance that the report on issue under consideration contains no data that is subject to confidentiality or is considered sensitive and/or crucial to the organization's operations. The agreement is entered into by and between Syngenta Bangladesh Limited and the undersigned student at Brac University, Bless Showmick Biswas, from Brac Business School.

Acknowledgement

I want to express my gratitude to Syngenta Bangladesh Limited and the Finance team of the company. I am grateful to my on-site supervisor Md. Golam Zamil, Manager of Business Controls at this company, who has played a vital role during my internship experience and in completing this report. This report was walked through the necessary steps in completing its objectives by his assistance. Moreover, I would like to show gratitude to my academic supervisor, Mohammad Mujibul Haq, PhD, who is currently serving as the Professor and Associate Dean (Acting Dean) of Brac Business School, and my academic co-supervisor, Abu Saad Md. Masnun Al Mahi, PhD, who is currently serving as an Assistant Professor at Brac Business School for their continuous support and technical advices that has made this report abundant. Lastly, I express my incredible gratitude for my family and friends caring for me as I remained on my academic path.

Executive Summary

The purpose of this report is to analyze the effect on Cost of Capital of Syngenta Bangladesh Limited by introducing public share and launching IPO in the stock market. This study has been conducted with a comparative analysis with two renowned public limited companies in Bangladesh which are operating in the partially similar industry. The selected companies are Square Pharmaceuticals Limited and ACI Limited.

The first chapter of this report presents my internship experience at Syngenta. A brief description has been discussed regarding the job scope, projects that I have completed, benefits of the interns, training and development I have received etc. Moreover, it highlights my contribution for the company as an intern and the learning outcome from this internship experience of three months.

The second chapter, the organization part provides a detailed overview of the internship company, Syngenta Bangladesh Limited. It includes management practices, marketing practices, financial performance and accounting practices, operations management and information system practices, industry and competitive analysis. Based on this overview, few recommendation has been provided for the company which can be implemented for future improvement of the company. All the data of this chapter has been collected from different public sources, mainly from the company website. Moreover, some of the information has been collected through direct interview with the employees of this company. However, the financial data was not available for this company, since it is not a public limited company. For this reason, the financial data of the mother company, Syngenta Global has been used to perform ratio analysis.

The third chapter is the project part, where a comparative analysis has been conducted in order to find out whether introducing public share of Syngenta Bangladesh Limited will reduce the overall Cost of Capital of this company or not. For the comparative analysis two related companies of the similar industry has been selected; Square Pharmaceuticals Limited and ACI Limited. As part of the primary objective, the Weighted Average Cost of Capital of these two companies has been calculated and compared with the Working Capital Cost of Syngenta Bangladesh Limited. It will help the reader understand how much benefit public limited companies in the similar industry are getting to reduce their overall cost of capital by diversifying their source of funding. On the other hand, the stock valuation has been calculated based on P/E Multiple Approach as part of the secondary objective to find out the industry attractiveness. It will provide an insight about stocks of pharmaceutical and chemical industry of Bangladesh from the perspective of the investors to understand how the future stocks of Syngenta will perform in the secondary market. Based on these two analysis, a recommendation has been provided for Syngenta Bangladesh Limited regarding listing their company in the stock market.

Overall I have thoroughly enjoyed preparing this report which helped me relate my academic financial knowledge with the real-world financial practices. Moreover, I could apply my knowledge to propose a solution to an ongoing issue faced by Syngenta Bangladesh Limited. This report has added significant value to my personal, academic, and career growth.

Keywords: Cost of Capital, Stock Valuation, Square Pharmaceuticals Limited, ACI Limited, Weighted Average Cost of Capital, P/E Multiple Approach

List of Acronyms

MNC	:	Multinational Company
P&S	:	Production and Supply
SBL	:	Syngenta Bangladesh Limited
PO	:	Purchase Order
I2P	:	Invoice-to-Payment
CLT	:	Country Leadership Team
R&D	:	Research and Development
SQPH	:	Square Pharmaceuticals Limited
ACIL	:	ACI Limited

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1 Chapter 1: Overview of Internship

1.1 Student Information:

Name: Bless Showmick Biswas

Student ID: 20104139

Program: Bachelor of Business Administration (BBA)

Major: Finance and Accounting

1.2 Internship Information:

1.2.1 Period, Company Name, Department, Address:

I have completed my internship at Syngenta Bangladesh Limited, a leading MNC in the agribusiness industry operating in more than 90 countries. As part of their flagship 'ASPIRE Internship Program', I joined there as a Finance Intern. It was a three months long internship program and my internship period was from January 14, 2024 to April 25, 2024. I worked in the Finance department at the head office of Syngenta Bangladesh Limited which is situated at Green Rowshanara Tower, 755, Satmasjid Road, Dhaka 1205. However, they are going shift their head office to Shanta Forum at Tejgaon, Dhaka from late May 2024.

1.2.2 Internship Company Supervisor's Information:

I was fortunate enough to have Md. Golam Zamil, Manager of Business Controls (FC & Veg Seeds), as my line manager during my internship tenure. He has been working in Syngenta for more than 12 years. He started his career as an Accounts Receivables officer at the Finance department in 2011. Currently, he is pursuing his Executive MBA in Finance from Brac Business School, Brac University.

He was very supportive during my internship period. He always made sure that I get to learn by getting hands on experience. For this reason, he gave me some ongoing projects of the finance team which were both challenging and insightful. He always motivated me, gave valuable feedback, and gave ownership of my work. Because of his guidance, my internship experience was a source of great learning and knowledge.

1.2.3 Job Scope:

During my internship tenure, I was given specific tasks based on multiple ongoing projects. I was given three major projects to work on and all these projects were related to internal audit. Moreover, I had to visit Bogura as part of the 'Syngenta Experience Program', which is an exclusive two days long training program held at the Syngenta Learning and Development (L&D) Centre at Bogura.

The first project on which I worked was reviewing the Control and Compliance Audit report of 2018. I had gone through all the observations reported there and collected the current status of those audit observations with evidence. To complete the project, I conducted meetings with different stakeholders from different departments based on the observations. I had to learn the

process first, and then I had to check if there was any deviation in current scenario. If there was any deviation, I had to provide recommendation to mitigate that. This project helped me understand the Control and Compliance practices of the organization. It also gave me a networking opportunity with the employees from not only the Finance department, but also other departments.

The second project was conducting a P&S audit to review the import process of SBL. I had to check if the import process was being conducted in accordance with the guideline. In order to complete this audit, I had to conduct a meeting with the P&S team to understand the whole import process. After understanding the process, I selected random purchase orders (POs) to run a thorough review with the help of the P&S team. My objective was to figure out how much demurrage cost they were incurring and recommend how to reduce it within the organization's capacity.

The third project was also under the P&S audit but the objective was to review the secondary transportation process of SBL. Similar to the import review process, I had to pick random POs to run a thorough review of the process. I had to understand the entire process from the warehouse manager and based on that I had to conduct the audit. The main objective was to find out any additional cost and the ways to reduce it.

Besides, I had to participate in a mandatory experience program at Bogura for two days where I got to learn about the business process of SBL and how it operates its various business sectors. Moreover, during my free time at office, I assisted the I2P Executive in invoice validation, invoice highlighting, and other invoice related paper works.

1.3 Internship Outcome:

1.3.1 My contribution to Syngenta Bangladesh Limited:

As an intern, there was very limited scope for me to directly contribute to the company. However, as per the guideline set by the CLT members and the Finance Director of the company, I was assigned to complete some of the ongoing projects of the company. The three major projects on which I worked were related to internal auditing. It is evident that internal auditing is important for the assurance of process integrity. By conducting those audit projects, I have significantly contributed to the organization's financial integrity.

Based on the observations and recommendations provided by me with evidence, the company can take necessary actions to mitigate those issues which will significantly reduce the company's cost and increase the ethical standards. Moreover, it will help the organization to find out the loopholes on various business process which affects the financial process of the company. After analyzing all my reports, the finance team can make decisions and future financial plans accordingly so that they can reduce their cost of operations which will ultimately increase their profit.

1.3.2 Benefits to the Student:

There were numerous benefits that I could avail by pursuing my internship at Syngenta Bangladesh Limited. The learnings I have received here, will create a long-term impact in my personal and career growth. Moreover, everyone at the office were very friendly and supportive throughout my internship tenure. On the other hand, as part of the policy, I used to get breakfast, lunch, and evening snack facility. On top of that, there was adequate freedom and flexibility.

First of all, I had the opportunity to work with the dynamic team of SBL. It helped me understand the diversity and work culture in a corporate environment. The friendly and supportive mentality of the colleagues were really encouraging and it created an environment to learn the corporate practices.

Moreover, while conducting the ongoing audit projects, I got to learn about various business prospects and operation process of the company. It expanded my knowledge on how a multinational company operates, what challenges they face, and how they resolve those challenges to ensure customer satisfaction, employee contentment, and profitability.

Furthermore, working with the finance department enhanced my knowledge about the financial operation of a multinational company. There is a gap between the academic financial knowledge and real-world financial operations in a business. Working as a finance intern gave me an overview on how different people are assigned to different financial roles and how they all work collaboratively.

Finally, this internship has helped me understand the importance of diversity and inclusivity in an organization. Because I have observed from my experiment at SBL, that these two elements ensure efficiency, innovation, and maximum productivity of an organization. This experience helped me to know many prominent people from the organization and created a networking opportunity with them. Overall this internship has added so much value in the beginning of my career within the short period of time.

1.3.3 Challenges Faced:

There were not much difficulties I had to face during my internship period at SBL because the benefits outweigh the difficulties. However, there were still few difficulties I had to face during my tenure.

Firstly, the tasks which I was given, was quit challenging. As an intern without any corporate experience, I found it difficult to complete my assigned works. I had to learn all the business process relevant to my assigned projects and then conduct my work. For this reason, it took me more time than I expected to finish all my assigned projects. However, it was completed within the deadlines.

Secondly, Syngenta Bangladesh Limited is not a publicly listed company. As a result, the financial data of the company was not publicly available and due to confidentiality none of the financial data were shared with me. It hampered my financial analysis of the company because without financial data a proper financial analysis of the company is not possible. As a result, it was challenging for the project part of this report.

Thirdly, some of the days I had to work extra hours because of some extra works assigned to me. However, it occurred very few times. But due to some extra work commitments, some of my main tasks got delayed.

1.3.4 Recommendation:

After completing a three months long internship at Syngenta Bangladesh Limited, I can strongly suggest this company to the students who are going to peruse their internships in future. I am confident that they will find this organization valuable for their internship experience and it can be a very good start of their career. There are several reasons for recommending this company.

First of all, the work culture in SBL is very friendly and supportive. It gives the freedom to make mistakes and get constructive feedback. Everyone in this organization is supportive towards their colleagues. If any intern or other employee face any problem, the colleagues happily resolve that problem if it is within their capacity.

Secondly, the interns are assigned to the ongoing projects of the organization. It helps the interns to apply their skill set and add value to the organization. It provides the interns with a hands-on experience of corporate jobs. Besides, it provides a huge learning opportunity which will add a long-term value to their career.

Thirdly, the company policy and compensation of the interns are very attractive. They provide induction session with all the departments at the beginning of the tenure, to familiarize themselves with the whole company rules and regulations. Moreover, they provide breakfast, lunch, and evening snacks facility for every employee, including the interns. Also, the salary of the interns is much higher than the market average.

Fourthly, they arrange a training session for the interns at their Learning & Development Centre at Bogura. This is a very good opportunity for the interns to learn and have practical knowledge. All the travel and accommodation is provided by the company.

1.3.5 Syngenta Experience Program:

Syngenta Experience Program is a two days long fully subsidized flagship experience program for the ASPIRE Interns of Syngenta Bangladesh Limited. This experience program takes place at the Learning & Development Center of Syngenta Bangladesh Limited in Bogura. This program has provided me the opportunity to witness the actual business operation of this company, how it functions, how they manage their products, how they retain their customers, and how they develop their products. This program included real life field visit and learning sessions. The breakdown of the program has been provided below:

Day 1: Field Visit Day

- Farmer's Meeting Visit
- Seed Processing Plant Visit
- Trial Field Visit
- Research & Development Site Visit
- Learning & Development Park Visit



Day 2: Learning Sessions

- Commercial Team Session
- Field Crop Session
- Supply Department Session
- Crop Protection Trialing Session
- Seeds Operations Session
- Product Portfolio Overview Session



Overall it was one of the most remarkable and unique experience that I received from the ASPIRE Internship Program at Syngenta Bangladesh Limited.

2 Chapter 2: Organization Part

2.1 Introduction:

2.1.1 Objective:

The main objective of this part is to provide a complete overview of Syngenta Bangladesh Limited (SBL). This is a leading multinational company in the agribusiness industry. With rigorous journey of more than 50 years, this company has established a strong position in the market. This part will discuss how the company operates and manages its different resources to sustain in the market. It will discuss the overall business model of Syngenta Bangladesh Limited, the challenges it faces, and how it ensures profitability. Based on the available data analysis, this part will provide a recommendation for further improvement of the company (Syngenta Bangladesh Limited, n.d.).

2.1.2 Scope:

This section will conduct an in-depth analysis of Syngenta Bangladesh Limited from various aspects based on many details. This part will be useful for further research works with more available data in the future. Those future research can yield more valuable insights as well.

Moreover, this part will discuss the current management practices, and marketing practices of the company. The various strategies and execution process will be discussed here. Also, the financial performance and accounting practices of the company will be discussed here. Based on the historical data and guidelines of Syngenta Bangladesh Limited, the financial part will contain an overview. In addition, this section will include the operations management and information system

practices of the company. Furthermore, this section will discuss an industry analysis and the competitive landscape of the company.

Based on the information provided by this section, the researchers can gain valuable insights and take decisions based on their own judgements. Also, the company can identify its strength and weakness to take necessary measures for improvements. So both the company and individuals will be benefitted by this part and conduct future research in this area of study.

2.1.3 Methodology:

This part of the report aims at providing an insight into the company by analyzing the vision and mission statements, core values and the types of products and services that are offered by Syngenta Bangladesh Limited. It also refers to management techniques that include leadership strategies, reward systems and behavioral assessment techniques in Syngenta Bangladesh Limited. Furthermore, it analyses the marketing tactics such as branding techniques, the media and channels used in advertising and distributing the products of the company.

Additionally, it investigates accounting and finance practices using data spanning from 2020 to 2022. Various ratios are analyzed to evaluate the company performance and compliance with standards. It also briefly looks into operations management and information systems.

The insights in this section are based on information from sources about the company and industry. Information not found on websites or other public platforms has been obtained through interviews with employees at Syngenta Bangladesh Limited, identified as primary recourses.

2.1.4 Limitations:

Unfortunately, due to time limitations this study could not thoroughly explore all aspects possibly resulting in deviations from procedures. Moreover, the data provided by the organization was constrained by confidentiality measures restricting the depth of analysis.

The timeframe of the study does not encompass the company's performance under circumstances, such as highs and lows. Additionally, it fails to consider modifications, in the company's protocols and regulations aimed at mitigating scenarios.

2.1.5 Significance of the Study:

This study holds significant value for both myself and the organization. Through this study, I gained insights into the operations of a Multinational Company, particularly Syngenta Bangladesh Limited, and the strategies employed by such companies to maintain competitiveness in the market. I also learned about the constraints these companies face in formulating strategies, as well as the challenges posed by regulatory bodies and external factors within the operational environment.

This study has expanded my understanding of such organizations and improved my ability to analyze a company's performance across various areas including marketing, management, finance, accounting, and operations practices.

For the organization, this report serves as a valuable tool for assessing strengths, weaknesses, opportunities, and threats. It provides insight into whether the external and internal environments are favorable and enables them to take necessary corrective actions. They can also identify areas for improvement suggested in the study and implement corrective measures as needed.

Additionally, the report helps the organization identify key success factors and areas requiring improvement, facilitating targeted actions to enhance contributions to success and address factors contributing to failures.

2.2 Overview of the Company:

Syngenta has a lengthy operational history spanning over 50 years in Bangladesh, amidst various global mergers and acquisitions over time. Headquartered in Basel, Switzerland, Syngenta AG stands as a prominent player in the global agricultural sector. It was formed in 2000 through the merger of Novartis Agribusiness and Astra Zeneca Agrochemicals. The roots of Syngenta's presence in Bangladesh trace back to Ciba-Geigy, a result of the merger between Ciba and Geigy in 1970. Beginning its operations in Bangladesh in 1973, Ciba-Geigy later merged with Sandoz to form Novartis in 1996. Four years later, Novartis Agribusiness and Astra Zeneca Agrochemicals combined forces again, giving rise to Syngenta.

Syngenta Bangladesh Limited has emerged as a key player in the agricultural solutions and products sector within Bangladesh. It operates as a joint venture public limited company, with Syngenta AG Switzerland holding 60% of the shares and the Bangladesh Government through BCIC holding the remaining 40%. Syngenta Bangladesh Limited's head office is situated in Dhanmondi, Dhaka, with three zonal and eleven regional offices spread across the country. However, their head office will be shifted to Tejgoan, Dhaka within late May. Additionally, it has facilities including a crop protection formulation plant in Chattogram, a Seeds processing plant in Bogura, and site offices in Bogura, Jashore, Gazipur, and Chattogram. A state-of-the-art Learning

and Development center in Bogura facilitates training, workshops, and seminars for Syngenta employees, stakeholders, and farmers.

Since its inception, Syngenta Bangladesh Limited has been dedicated to supporting Bangladeshi farmers in adopting sustainable agricultural practices to meet the increasing food demand of the country's growing population. It remains committed to providing high-quality seeds, planting technology, and crop protection solutions to help smallholder farmers enhance yield, production, and crop quality. Moreover, Syngenta Bangladesh actively engages in stewardship activities aimed at promoting safe pesticide applications (Syngenta Bangladesh Limited, n.d.).

2.2.1 Vision Statement:

The vision statement of Syngenta Bangladesh Limited is "Lead agricultural transformation to unleash farmers' potential". The vision implies on the possibilities of agricultural transformation through innovation to enhance the potential of the farmers (Syngenta Bangladesh , n.d.).

2.2.2 Mission Statement:

Syngenta emphasizes it as a significant player in the supply process which positively influence the food chain capacity to provide food for all of the world communities, and as well as conserving the environment.

At the core of its mission lies the firm dedication to being the foremost partner that offers dependable and fruitful engagements for all actors in the agricultural field. Pre-requisites for this include market-leading seeds and crop care and conservation solutions aimed at getting farmers everywhere out of high risk and in high profit.

No matter what place on the globe, Syngenta aims to be a reliable ally, and farmers' life are meant to be improved successfully in a sustainable way making food security for the world a reality (Syngenta Bangladesh , n.d.).

2.2.3 Core Values:

The company asserts that its primary aim is to address the formidable challenge facing humanity. The sustainability of our feeding habits on a tipping scale of a growing world population. The scientific research shows that that the company is carrying out along with producing advanced crop solutions is stressed as being the secret to the transformation of the farming methods towards the increased productivity of the farmers who own more resources (Syngenta Bangladesh , n.d.).

Key Points:

- Situates the company as a champion of sustainable eating as a key element to tackle the evident demand for increasing food supply.
- The foremost issue at hand as a champion for world-class science is the foundation laid for the development of innovative crop solutions and the transformation of farming paradigms.
- The vital role played by the Good Growth initiative is underlined by making it the symbol of the commitment of this company to address major global challenges.
- Recognition concerning the importance of the natural sustainable resources, living ecosystems, rural vitality is given.
- Partnership with stakeholders including industries, government institutions and NGOs is highlighted as important pillar for allocation of resources to the UN's Sustainable Development Goals (SDGs).

The company supports that adherence to the standards and practices of the international market is the key point and the cornerstone of both achievement of the business targets as well as creation of the society value. The statement holds that the mentioned concern and dedication can be heard in the robust environmental and social performance, and the reference to making a positive impact demonstrates the company's commitment to contribute well to the world.

2.2.4 Product and Services of Syngenta Bangladesh Limited:

As it is argued, human race faces an extreme danger due to global warming, and thus the action needed should be followed before the situation gets out of control. As presented, the effects of climate change are greatly challenging the farmers and workers to ensure a food supply as a basic need for humanity. Another remarkable turn is attributed to the pandemic where it adds to the existing risks faced by agriculture and impose more pressure on farmers.

It is mentioned that the main goal of company's Good Growth Plan to combat these issues is to boost the produce sector's durability and sustainability, and also to encourage an ecologically sound recovery (Syngenta Bangladesh Limited, n.d.).

- **Seeds:** As a leading globalization figure, Syngenta creates essentials for agricultural innovations and bring new products to the farmers with higher levels of security and sustainable at a short notice, high accuracy, and efficient manner. One of the main objectives is to continue implementation of the innovation pipeline

and come up with \$1 million investment per year. While this may seem like a large investment, it can contribute to economic growth and lead to technology advancement. Their scientists work together with the community of researchers in the crop protection company to find out how to bring these seeds to thousands of new kinds. They, furthermore, analyze hundreds of thousand novel compounds. Nevertheless, the drive and inspiration for innovation has remained throughout these centuries being evident in the choice of the most modern techniques and the main features considered in the process of design and selection of traits and features which do not hinder the creation of conformity with functional needs. Their seed variety includes Field Crops, Vegetable Seeds, and Flowers (Syngenta Bangladesh Limited, n.d.).

- **Crop Protection:** Starting from the seeding stage until the point of harvesting, different crops are threatened by numerous factors including weeds (Syngenta Bangladesh Limited, n.d.), insects, diseases, adverse weather conditions such as droughts, floods, heat, and cold. As a renowned company dealing in crop protection, Syngenta helps farmers in the risk mitigation, while at the same time ensuring enough safe, nourishing, and affordable food is there for everybody. The crop protection industry forms the most controlled and overseen sectors globally. The chemical must establish that it meets all the safety standards of the world such as workers, the environment, crops, and consumers to obtain and maintain registration. Syngenta occupies one of the most important places among the leading global manufacturers of crop protection products that help farmers to increase their

efficiency and at the same time to use ecologically safe, high-quality products. The company is a key competitor in the production and marketing of herbicides, insecticides, fungicides, and seed treatment products needed for robust and healthy plant growth.

Top Products

Incipio
PLINAZOLIN[®] technology
Incipio 20SC
Plinazolin - Technology Incipio 20SC is a modern solution all types of stem-borer
[Learn More >](#)

Virtako
Virtako 40WG
VIRTAKO is a unique, new-generation granule insecticide having ...
[Learn More >](#)

Amistar Top
Co-formulation of azoxystrobin and difenoconazole for the control of a range of
[Learn More >](#)

Thiovit 80WG
Provides superior contact, fumigant and residual activity against mites and powdery
[Learn More >](#)

2.3 Management Practices of Syngenta Bangladesh Limited:

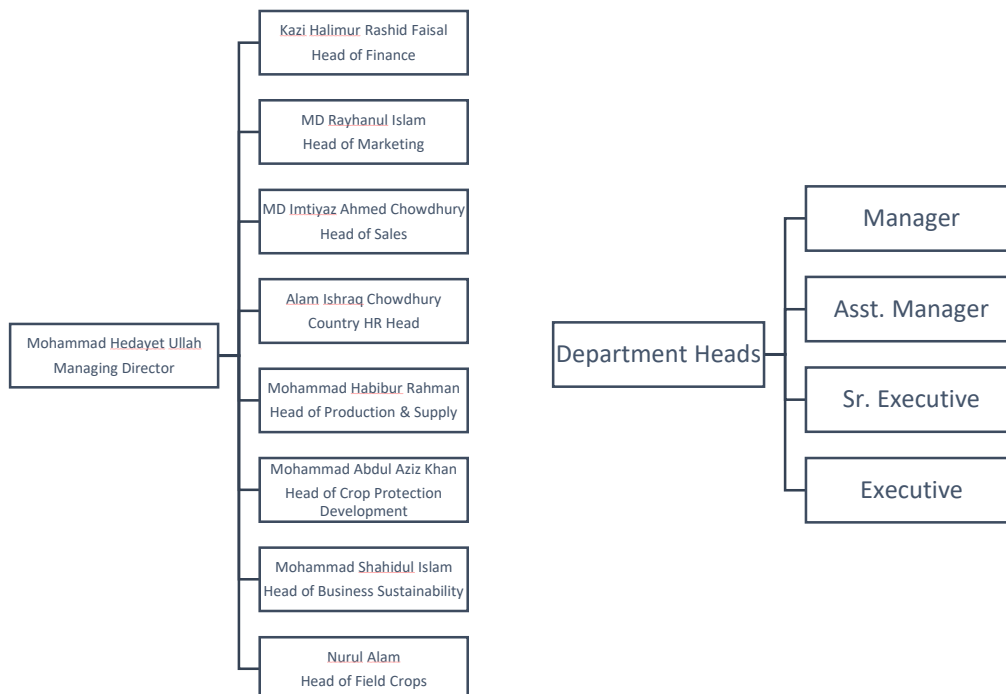
Syngenta Bangladesh Limited, a part of the Syngenta Group, exhibits consistent similarity in managing authorities and processes as its counterpart overseas company, Syngenta Bangladesh. This means that Syngenta Bangladesh provides the necessary tools to initiate progressive management methods which are both targeting short-term objectives and far-reaching long-term vision. The creation of these management practices is a very important job and it not only improves the company's operational effectiveness but also takes into account the well-being and the satisfaction of its multitude of stakeholders like its customer, employees as well as the general public.

Moreover, Syngenta Bengal Limited is involving in their business with the deep awareness of sustainability which is to create balance between economic development and environmental management and social functions. Correspondingly, management philosophy of our company is crafted very conscientiously, and the professionals are trained for smarter business practices which are sustainable, and not only increase earnings, but also the well-being of the society and the environment.

In a nutshell, Syngenta Bangladesh Limited, while upholding this guiding philosophy of its parent company, brings forth a superior management system that not only helps the organization to get success but also considers the environmental sustainability, ethics, and stakeholder satisfaction in its core.

2.3.1 Management Team of Syngenta Bangladesh Limited:

The current management team of Syngenta Bangladesh Limited is as follows:



2.3.2 Leadership Strategies and its Influence on Goal Attainment:

Syngenta Bangladesh Limited, operates in the same way as the Syngenta group which works hand in hand with the Syngenta Bangladesh Limited, share the same philosophy of implementing productive management strategies all aimed at improving productivity. Coherent with this dedication, Syngenta Bangladesh Limited devises its management strategies carefully enough to meet both the short-run and the long-range targets. These policies go beyond operational effectiveness; more importantly, they help to put empathy and happiness at the core of the attention of clients, employees, and the general society.

On top of that, Syngenta Bangladesh Limited has the sustainability issue to be on top, since it is critical to maintain the economy while preserving the environmental and social part of the society. The company's management mission is tailored in such a way to ensure the practices of the environment and society boost the profitability and paramount wellness of both.

The last, it underlines the characteristics and principles that Syngenta Bangladesh Limited is based on, doing its best to apply the up-to-date management practices, to make the company more competitive and stay their position.

The core leadership style of Syngenta Bangladesh Limited during its long journey is humanized in the process of the empowered work force, when its workers are fully utilized and practiced creatively. On the contrary, an autocratic leadership style will be a sure way to employee output and this especially can serve to create a big hurdle in the performance and the achievement of the desired results. Consequently, the leadership style which the organization encompasses ultimately contributes to an overall positive impact on the success of reaching specified goals and objectives, creating a work environment in which employees perform optimally.

2.3.3 Human Resource Planning and Utilization:

Laying strong business foundations is all about the right way of thinking. Human power is the largest asset for Syngenta Bangladesh Limited to achieve its strategic goal. Therefore, in the process of developing its human resources strategy, the organization undertakes a comprehensive study of its strategic objectives.

As the first step to develop the plan of strategic human resource management for Syngenta Bangladesh Limited, the organization identifies the deficiencies of the existing workforce and skills which are needed to achieve the objectives of the organization. The next step entails the creation of a recruitment strategy which will be used to find the best people who can meet the given job requirements.

Syngenta Bangladesh Limited clearly states that it has a plan to recruit the best workforce with the maximum knowledge, experience, and expertise in order to reach determined targets and objectives.

2.3.4 Employee Engagement:

Being a product-centric organization, Syngenta Bangladesh Limited (SBL) mainly focuses on providing different options for engaging its employees in order to enhance their loyalty and devotion in both their jobs and the company. The employees are offered various entertaining and positive oriented activities to make their daily tasks less challenging and monotonous. Besides, the new office space will be connected with some extra open space and entertainment facilities as told in the plan.

Additionally, SBL is very popular for hosting events throughout the year, including Pohela Falgun, International Women's Day Celebration, Sports Tournaments, Pohala Boishakh and Annual picnic, to name a few. As such, these events are akin to what revitalizes staff members and also builds team spirit within the workplace.

2.3.5 Compensation Policy:

Syngenta Bangladesh Limited (SBL) offers a competitive salary package which comprises of both financial and non-cash benefits, such as:

- Provision funds
- Health insurance
- Annual leave
- Provisions for maternity, paternity, and wedding leave
- Two festival bonuses for Eid/Puja/Christmas
- Monthly mobile allowance
- Medical allowance

2.3.6 Training and Development Facility:

Syngenta Bangladesh Limited (SBL) always conducts different workplace-based programs such as seminars, workshops, online trainings, and awareness programs to help employees get the relevant information and to be adaptable to the current trends. Once they become part of our workforce new staff members will be guided through an elaborate training and development program. Presentations on the mentioned issues as business etiquette, leadership and management, interpersonal skills, problem solving and time management are frequently held. Moreover, general

awareness programs comprising sexual harassment, office manners and behavioral standards are scheduled regularly to make employees be updated with every aspect in their professional life. Most of these education and practical sessions are usually held at the Learning & Development Center in Bogura.

2.3.7 Appraisal Policy:

An essential component in setting up a business is that measurement of employee performance. Every worker is basically appraised by performance, doing the job well up to target and goal made and attained. The assessment targets managers, colleagues, teams and cross-functional teams therefore, overall participants can produce a broad based understanding. Although Syngenta Bangladesh Limited (SBL) adopts an all-round evaluation system in order to ensure a compliant assessment, a plan for making the evaluation process more transparent and efficient should be the next focus. Consequently, direct and prompt actions of the company improve the performance of underperforming employees and the recognition ceremony that is given to high-achievers by the use of various form of awards, gifts, and other laudable benefits as a symbol of appreciation.

2.3.8 Comment of Management Practices:

To sum up, the management strategies applied by Syngenta Bangladesh Limited is excellent and have been placed in the right position of accomplishments. These strategies represent cornerstones for the organizations in their plans for growth.

2.4 Marketing Practices:

Syngenta Bangladesh Limited, has its own marketing team which is part of the larger global unit as directed by the parent organization. Putting the foremost marketing team task of promotion by the accentuation of the products and the services values as well as sharing their benefit to the customers both existing and potential to demonstrate the marketability of the products and the services.

2.4.1 Market Segmentation of Syngenta Bangladesh Limited:

Market segmentation is the key point of the company known as Syngenta Bangladesh Ltd in the strategy of its headquartered in the agriculture industry. The Syngenta Bangladesh is breaking up its market target by the type of farmers' needs the market has. This segmentation allows the firm to customize the production and provision of products as well as services to meet different farming groups' needs. They include self-employed farmers, large-scale commercial farmers, and those with special interests in specific crops or regions of production. Through the knowledge of the individual problems and top priorities of every segment, Syngenta Bangladesh can design tailored campaigns for the market, offer varied products as well as support services to succeed in giving appropriate solutions to farmers working in any sector. We believe that this approach leads to customer gratification and builds stronger mutual bond with farmers so that in return the growth of business and the market expansion of Syngenta Bangladesh Ltd is established.

2.4.2 Target Group of Syngenta Bangladesh Limited:

Although the company's business strategy focuses on serving a variety of customers, both in terms of regions or types of farmers, it primarily focuses on the agriculture industry. The company attended the large-scale agriculture businesses that are looking to make a transformation from industrial agriculture to organic agriculture and the smallholder farmers who are looking to switch from traditional to organic farming. These Bangladeshi farmers are the key components in the agriculture sector in Bangladesh relying on Syngenta's innovative range of products and solution. This determines whether their crops are enhanced or not, mitigates their susceptibility to risks, and maximizes their productivity. Moreover, Syngenta's farming customers range from mango trees in Africa to organic rice production in Europe. Their individual segment needs are thus supported. Syngenta in Bangladesh, through its product portfolio and other services, facilitates the process of sustainable agriculture, and in the end, food security as well.

In order to be comprehensive, Syngenta Bangladesh Limited attempts to extend their services and products not only to the famers but all other beneficiaries of agricultural value chain. These comprise of the agricultural input retailers, distributors, agronomists as well as extension workers who all hold critical positions of imparting information to both the farmers and also provide technical advice and assist the farmers in accessing the Syngenta products and solutions. Syngenta reaches and works with these stakeholders so that the agricultural innovations conceived by them can be translated to action and adopted by farmers. Through this, agricultural sector in Bangladesh can be developed further. By its inclusive approach to catering the needs of both local and global stakeholders, Syngenta Bangladesh Limited makes a claim that the company's end-goal is to contribute for sustainable agricultural development of the country.

2.4.3 Market Positioning Strategy:

The market segmentation approach that Syngenta Bangladesh Ltd takes is focused on the unique attributes of innovation, quality, and sustainability in agricultural settings. Syngenta, as a world market leader in agriculture solutions, situate its business as a partner of farmers and other actors in the supply chain that seeks to improve production of crops and yields in an environmentally sustainable way. The business proposes to differ from the competition by offering a wide assortment of the best seeds, crop protection products, and agro-services adapted to the specific conditions facing Bangladeshi farmers.

Additionally, the corporate administration of Syngenta Bangladesh is built upon the foundation of market interrelationship and co-operative networks through which the company's customers are assisted by means of agronomic services, technical consultations and trainings. With Syngenta presenting itself as a trustworthy source of information and advice, Syngenta becomes a go-to partner who joins hands with farmers to conquer obstacles and attain a sustainable farmer hood for agriculture management.

Besides, Syngenta Bangladesh links its market positioning with its sustainability based on the promotion of environmental therapies and the inculcation responsible attitude for natural resources. By using its sustainable agriculture programs and linkages with stakeholders like local communities and other players in the industry, Syngenta clearly defines itself as a socially responsible and an organization that endeavors to put in place mechanisms that ensures environment conservation.

In a nutshell, for Syngenta Bangladesh Limited, market positioning strategy stands on innovation, quality, customers-centricity and sustainability which allowed the company to stay competitive with its rivals and establish authority in the agricultural sector in Bangladesh.

2.4.4 Marketing Channels of Syngenta Bangladesh Limited:

The marketing channels of Syngenta Bangladesh Limited (SBL) are shaped by general perceptions of incidental environmental effects of its agricultural produce. The campaign does not only involve digital platforms and social media, but they use different ways to reach their target group while keeping to ethical standard.

The company tends a regular social media by reporting on Facebook and LinkedIn engaging with consumers to share with them learning content and insightful information as well as the product and service notification. Therefore, the platforms that Syngenta devises are not merely used as communication tools but rather they can be referred to as opportunities in which Syngenta gets to talk to the farmers, the agricultural stakeholders and the community in general, taking them through farming practices that are right, crop protection solutions and advice that is based on agronomy.

The Syngenta Bangladesh Limited not only deploys an offer but also uses different tools to provide knowledge and information about the balance of agriculture and the environment, including, a caravan, subsidized by agricultural producers and distributors, and agronomists. Vehicle-like online promotional videos in social media offer a priceless advantage in the campaign for Syngenta products as they act as an aid to agronomists, help provide the technology as a solution to farmers and provide the way through which farmers can access the company's appropriate agricultural commodities in a relevant and targeted manner.

In conclusion, Syngenta makes use of mass media, the social media and the partnership with the agriculture system to carry out the marketing activities also including its commitment to the environmental management, the application of safe chemicals and those accountable procedures.

2.4.5 Product Development Strategy:

Syngenta Bangladesh Limited has the product development as the key within the model and keeping up with the latest research process that is being taking up to five years. Syngenta develops each item after exhaustive research and development done by the global team of experts the company employs. These experts are confident of their products' quality, efficacy and safety. Syngenta imports these products to Bangladesh from their R&D head office where they are subjected to thorough quality assurance measures before supplying them to farmers and other agri-businesses in the country.

In addition, Syngenta uses a market-oriented approach to product development, focusing on meeting the demands by applying the targeted answer to the problems faced by Bangladeshi farmers. Typically to do reputable market study and communicate directly with farmers, Syngenta successfully provides products corresponding to their customers' specific needs local market for agriculture. Syngenta not only produces traditional crop protection tools, new types of seeds but also agronomic services but all these products are made belonging to customers. The aim of company is to ensure that all the products they give to farmers, so they get the value when they buy our products.

General, through its product development process Syngenta Bangladesh Limited demonstrate a determination to the best quality, innovation and customer-orientation. Through carrying on

research, Syngenta is still a main pillar of agricultural development and sustainable agriculture in Bangladesh.

2.4.6 Advertising, Promotion, and Branding:

Syngenta Bangladesh Limited employs a well-crafted policy concerning advertising, promotion, and branding which can prepare adequately for the often governmental restrictions while successfully communicating with its target group. The entities which the Syngenta products may have potential environmental consequences if not used properly these products must obey the regulative requirements imposed by the government. However, marketing strategies are not restricted to those two marketing channels only but utilizes a different range of channels for promoting the company's products and strengthening its brand.

In rural areas where many of the activities are related to farming and agriculture, Syngenta often sponsors events that directly interact with farmers and other agricultural stakeholders. These campaigns may include demonstration zones, farmer training schemes and agronomy workshops equipped with practice opportunities and the right information needed for farmers to utilize Syngenta's products in a prudent manner.

In addition, Syngenta uses the Facebook ad to extend its reach and disseminate more information to the prospects about its own products and services. Throughout social media, with farmers and agricultural community's specialty, Syngenta successfully conveys its brand message platform and complies with the guidelines imposed by the government.

For its branding, Syngenta Bangladesh Limited pursues a strategy of being to its customers as a reliable, innovative, and environmentally friendly company. Via uniform and consistent

messaging as well as branding efforts, the firm ensures it can assert its commitment to responsible agriculture and sustainable goods applications in the business. It therefore does not only help the brand image, but also credibility it has in the agricultural market in Bangladesh.

To conclude, the corporate utilizes a number of strategies for advertising, promotion, and branding and it mostly attracts consumers through alternative marketing channels and digital platforms as bypassing these regulations conducting the marketing campaign successfully becomes possible.



2.4.7 Comment on Marketing Practices:

Syngenta Bangladesh Limited makes use of marketing strategies which are based on narrowing down the specific rural areas for its product and digital marketing channels to promote its liquid fertilizer responsibly. What they show is that sustainability and innovation, along with the ability to effectively provide solutions to customers' needs, are the main focus areas.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance:

The establishment of a financial performance means looking at financial, from 2020 to 2022, statements. Indicators such as the degree of asset utilization effectiveness, profitability and trend of overall assets, equity and post-tax income are assessed (Syngenta , n.d.).

2.5.2 Financial Highlights:

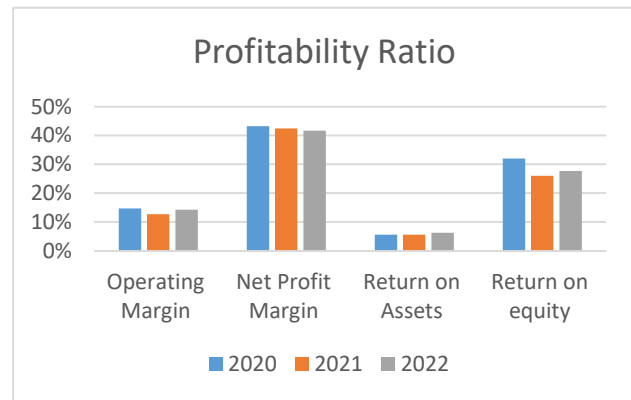
Financial highlights					
	Year ended December 31,				
(\$m)	2022	2021	2020	2019	2018
Amounts in accordance with IFRS					
Income statement data:					
Sales	19,963	16,733	14,287	13,582	13,569
Cost of goods sold	(11,640)	(9,623)	(8,113)	(7,383)	(7,288)
Gross profit	8,323	7,110	6,174	6,199	6,281
Operating expenses	(5,473)	(4,982)	(4,067)	(4,272)	(4,151)
Operating income	2,850	2,128	2,107	1,927	2,130
Income before taxes	2,242	1,688	1,610	1,503	1,731
Net income	1,907	1,442	1,422	1,456	1,451
Net income attributable to Syngenta AG shareholder	1,909	1,443	1,421	1,450	1,447
Cash flow data:					
Cash flow from operating activities	1,071	2,060	2,050	838	1,367
Cash flow used for investing activities	(1,308)	(1,455)	(1,337)	(248)	(1,641)
Cash flow from/(used for) financing activities	166	(1,566)	(124)	(204)	(350)
Capital expenditure on tangible fixed assets	(705)	(629)	(555)	(521)	(448)
Balance sheet data:					
Current assets less current liabilities	3,720	3,469	3,556	3,799	3,828
Total assets	30,440	25,914	25,283	22,397	21,182
Total non-current liabilities	(9,530)	(9,784)	(10,547)	(9,181)	(9,073)
Total liabilities	(23,517)	(20,329)	(20,793)	(17,926)	(17,038)
Share capital	(6)	(6)	(6)	(6)	(6)
Total shareholders' equity	(6,877)	(5,529)	(4,434)	(4,397)	(4,118)

All activities were in respect of continuing operations.

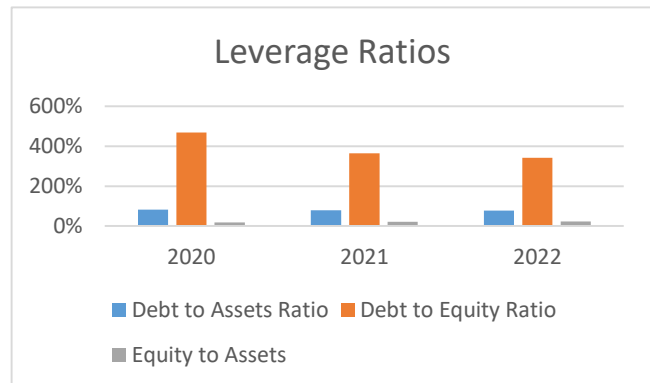
The graph above portrays a 4-year period from 2018 to 2022 Financial highlight of Syngenta Worldwide. Considering the fact that financial report is not available for Syngenta Bangladesh Limited, the financial ratios of the group company has been given here under.

2.5.3 Ratio Analysis:

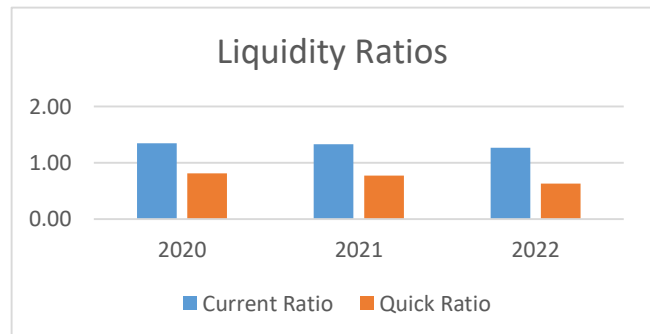
Profitability ratios	2020	2021	2022
Operating Margin	15%	13%	14%
Net Profit Margin	43%	42%	42%
Return on Assets	6%	6%	6%
Return on equity	32%	26%	28%



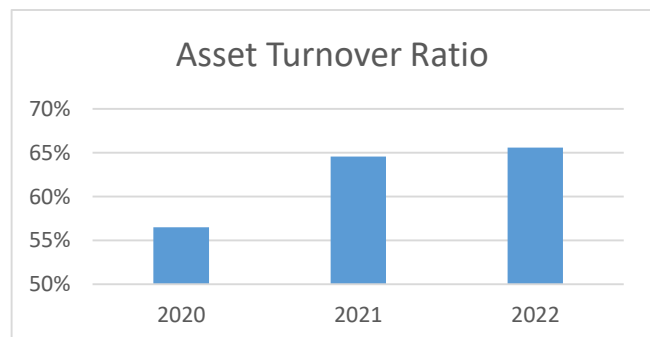
Leverage Ratios	2020	2021	2022
Debt to Assets Ratio	82%	78%	77%
Debt to Equity Ratio	469%	364%	342%
Equity to Assets	18%	22%	23%



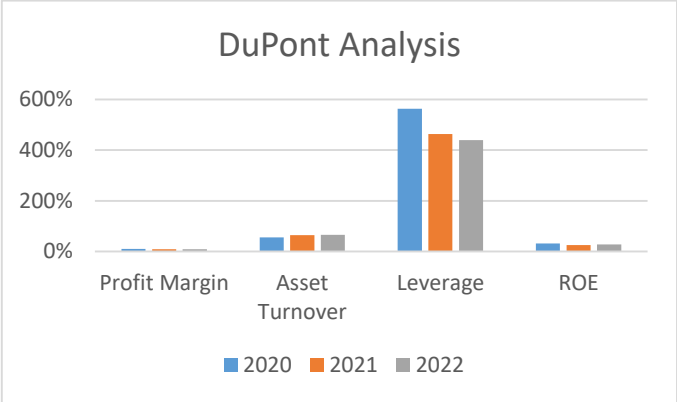
Liquidity Ratios	2020	2021	2022
Current Ratio	1.35	1.33	1.27
Quick Ratio	0.82	0.78	0.63



Efficiency Ratios	2020	2021	2022
Asset Turnover Ratio	57%	65%	66%



DuPont Analysis	2020	2021	2022
Profit Margin	10%	9%	10%
Asset Turnover	57%	65%	66%
Leverage	563%	464%	440%
ROE	32%	26%	28%



Syngenta Global has ensured its profitability hovering around such values over the last 3 years always. Syngenta remained partially immune to the business cycles because of its stable operating and net profit margins (14% and 42%), which did not vary over time by a lot. ROA consistently held a rate of 6% in 2021, the sign of a good use of assets, while ROE’s 2021 figure decreased slightly compared to 2020, but then improved in 2022, and its rate increased up to 28%. The management of the company boasts to have been very effective cost management and beyond doubt the company has the prowess to generate profits. So, these figures signify a good performance of the company over the period.

In Syngenta, it can be seen that the leverage has gone on decreasing and thus financial stability is enhanced over the last three-year period. In the same way, the debt to asset ratio was 82% in 2020, later it dropped to 77% in 2022 showing the reduction of the portion of the assets financed by debt. In a similar manner, the debt to equity ratio decreased from 469% in 2021 to 342% in 2022, demonstrating that the company is getting less leverage with debt financing and more with funds accumulated from equity. As the equity to assets ratio climbed from 18% in 2020 to 23% in 2022, there is a positive indication of the proportion of assets financing by equity. It serves as a sign of a more equity-focused capital structure with that of reduced company financial hazards for the time period.

Reviewing the financial statements from Syngenta Global in the last three years expose a pessimistic direction towards liquidity crisis. The current ratio declined less than a mark. In 2020 it stood at 1.35 and of 1.27 in 2022 is lower than the previous year, which may point to the fall of the company's purposes to meet its short-term obligations with the current assets in its possession. Likewise, the low rate to assets ratio showed a significant diminishing in this percentage, which is a disadvantage when it comes to paying immediate liabilities with just liquid assets. Such downtrends in liquidity ratios might indicate either a lack of working capital efficiency management or high risk of not meeting cash demands, in which case further investigation and implementation of timely policies to ensure liquidity will be a must.

The analysis of the Efficiency Ratios of Syngenta agrochemicals Limited Bangladesh in the last three years shows a positive trend in turnover, therefore, suggests that the company can effectively utilize available resources to generate revenue. The asset turnover converted from 57% to 66% sales to assets ratio in 2020 to 2022, showing that the company has been more efficient generating sales compared to its assets. The upwards mobility is an indicator of improved production and assigning of assets management that are possible to result to the increased profitability and value of the shareholders. In the end, the raising in the asset turnover ratio designates the company having done well in its operations and having realized operational efficiency gains during that period.

Looking at financials of Syngenta Bangladesh Limited, DuPont Ratios for the past three years tell us how well it has been performing regarding return on equity (ROE). The ROE decreased slightly despite the fluctuating profit margin, asset turnover, and the trends towards leverage, as the future looked bright. This shows that though the profitability, utilization of assets and the leverage ratios widened, overall impact on the ROE was stable. Nevertheless, these fluctuations should be regarded as an initial indication that the course of these factors should be analyzed thoroughly to

evaluate the possible consequences for the way the company performs its strategic decisions in the long run.

2.5.4 Comments on Ratio Analysis:

Syngenta, Bangladesh Limited loading in the past three years has contributed to the profitability of the company. Consumers are transferring the cost reduction ideas to the retailers and stores that, in turn, eventually look for profit not based on the wholesale prices. The stable Return on Assets (ROA) in 2021 well depicts a reasonable level of asset turnover, but on the contrary the start of fall of the Return on Equity (ROE) was meant to be brought to its original stage and now shows an increase which indicates that the company is on likely to be more effective in cost control and revenue generation. The financial of this company is now well off as it was seen that last years (the last three years) capital structure analysis which presented debt disguise. Although, this fundamental good is the usual to need a proper and responsible administration. The efficiency-ratios reflect the going up of assets turn, which is connected to both the gaining in productivity and effectiveness of operations. ROE, even in spite of some brakes, looks stable and the fact its staying out of fluctuation is meaningful statement of the understanding of ROE users that it is important to take into account the impact of those fluctuations in favorable assessment of the organization's financial performance and financial strategy.

2.5.5 Accounting Practices:

The financial documents are prepared in a way that their business activities are continuous with regard to the accrual-based accounting rules. The only exceptions are the cash flow report, which

reflects the market valuations. The strategies fall in tandem with the existing International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) that are operating in Bangladesh through Institute of Chartered Accountants (ICAB). Over the course of the last three years, all of the steps used in the accounting process have been meticulously done. This is used for the purpose of depreciation of assets through the straight-line method.

2.5.6 Comment on Accounting Practices:

This company sticks firmly to accountancy standards which creates a solid reputation among stakeholders and thus positively influences their expansion. In addition, its financial track record over the past few years posit its place as a foremost MNC in our country. The ratio and financial indicators showed a below average performance in 2020, it was brought by the pandemic and the downturn of the whole global economic. Despite having a tougher 2020, the company regained its past performance in 2021 and even surpassed in 2022. A continuation of the historical patterns of consistent upward trends is expected for the future.

2.6 Operations Management and Information System Practices:

To maintain effective communication among employees and clients SBL necessitates accurate and reliable data management. Therefore, management and information systems require proper management to manage the operations.

2.6.1 Quality Assurance, Scheduling and Allocation of Resources:

Quality management places a lot of emphasis on consumer satisfaction and perpetual development. Evidence and logic are a basis for decisions. All activities are worked on with the common goal of improving the client's experience. Employee engagement as well as involvement are stimulated so that output is maximized and job satisfaction maintained. The cost-benefit analysis is performed for each case, and it proceed with corrective measures when necessary. Tasks are assigned with a timeline for the completion and objectives reasonably reachable. The allocations of resources depend on the missions and forecasted benefits of each activity. Resources also need to be balanced, unless a department expresses the need of extra input for the job.

2.6.2 Information System:

There is one SBL cloud server which is accessible by employees at the business location. It enables file viewing and editing. Each of the employees have their own profile that they can use for uploading data in it. Departmental colleagues can also be granted the permission to access necessary files, thus offering an opportunity for interdepartmental communication. Along with these, departmental group chats and/or social platforms such as Microsoft Teams, Outlook or Groups are primary communication tools in the organizations.

2.6.3 Comment on Operations Management and Information Systems:

To sum up, the strategic planning system deployed by Syngenta Bangladesh Limited has been proved to be very efficient. Given this, it needs to be recognized that the possibility of subsequent refinement is always present.

2.7 Industry and Competitive Analysis

Syngenta has attained the highest position among agribusiness companies of Bangladesh. As a matter of fact, it has already over 46% market share in Bangladesh. Being the largest commercial entity of Agri-business industry, SBL is the market leader in Bangladesh.

2.7.1 Porter's Five Forces analysis:

- **Threat of New Entrants:**

Low: The extensive stages of capital investment, research and development, and approval pass through the industrial branch of agriculture. This does act as a barrier that makes it hard for others to start their own businesses. Furthermore, rooting into the economies of scale and distribution networks, both of these factors, can hamper new entrants from the trade.

- **Bargaining Power of Suppliers:**

Moderate to High: Raw materials, which include seed, pesticides, and fertilizers, normally have moderate to high negotiation power by suppliers. The commodity of agricultural inputs is varied between themselves, and the consequent effect is that suppliers may be empowered to establish their own terms. Nevertheless, Syngenta Bangladesh Limited holding its position in the industry have already had many good relationships and can claim some influence over the decision process.

- **Bargaining Power of Buyers:**

Moderate: Syngenta's clients are farmers and agricultural enterprises, where they make most of their sales. Although they have the option of buying from rivals or generic products, Syngenta's specialized offerings plus its brand name brings a curb on bargaining power of the buyers. Although buyers can apply pressure on product pricing, including cases when they see similar value in products of competitors.

- **Threat of Substitutes:**

Moderate: There might be some particular agricultural products that can be found that Syngenta gives especially generic pesticides or alternative farming techniques. This much said, the firm's larger scale, abundance of inventions and brand trust could, at the same time, better the danger to certain strength of complements. Moreover, strict regulations and specific efficacy may be the factors that slow down the process of brand substitutes.

- **Competitive Rivalry:**

High: The agriculture industry in Bangladesh is an extremely rival one where multiple multinational and local companies put all the efforts to get a part of the market. In contrast, competition could arise as a result of farms that have the same input of agricultural inputs as well as those that have different farming techniques. The competition is most of the times through price wars, novelty and market share strategies. The success of Syngenta Bangladesh Limited is questioned because of the difficulties to assure the sustainability

and the growing market share. The competitors are: ACI, Foshol, iFarmer, National AgriCare etc.

To sum up, even Syngenta Bangladesh Limited with its well-established reputation, differentiated products and well-developed distribution networks has to deal with such things as competition between rivals and possible bargaining power of the suppliers. Proactive steps such as continuous development, supply chain management, and partnerships might be useful for the mitigation of these risks but still ensure the sustainability of its competitive position in the market.

2.7.2 SWOT Analysis

Strengths:

- **Brand Reputation:** Syngenta is a reputable brand that provides farmers with high-quality agricultural products and innovative solutions across the world. Such reputation not only helps in trust building among the customers but also among the distributors in Bangladesh.
- **Diverse Product Portfolio:** The firm ensures the farmers have access to a range of agricultural inputs which include seeds, pesticides and crop protection services. The uniqueness of the request allows for the incorporation of various crops and agricultural needs in the market by Syngenta Bangladesh Limited.

- **Research and Development Capabilities:** The research and development costs of Syngenta have been related to developing new products for the company as well as enhancing the existing ones. This leads to the company enjoying a competitive edge over others as it is able to meet new emerging market requirements.
- **Strong Distribution Network:** Syngenta may have a countrywide distribution system through which its products arrive at the farmers in a timely and efficient way.

Weaknesses:

- **Dependence on External Factors:** The company is highly depended on the external conditions that is importing, weather conditions, governments regulations, and the changes in global commodity prices. It means that there is an enhanced danger to the company but it is not under its control.
- **High Cost Structure:** The production and supply of products to the market is costly as a lot of investments in research, production among others are engaged in the agricultural sector. Perhaps Syngenta will be affected by this state of unequal competition due to its comparatively expensive production costs.
- **Regulatory Compliance:** The agricultural industry is under strict regulations concerning safety of the products, effects on the environment and labeling. Adhering to all these regulations adds complexity and costs in Syngenta's operations.

Opportunities:

- **Growing Agricultural Market:** Bangladesh enjoys the expansive agricultural front, which provides Syngenta with an additional market to exploit and make new products suited to local demands.
- **Increasing Demand for Quality Inputs:** For farmers desiring to increase their crop yields and quality, they seek for the high-quality seeds, pesticides, and fertilizers. Syngenta can leverage this trend for the advantage by providing cutting edge and high yielding agricultural solutions.
- **Expansion of Distribution Channels:** The company is able to develop partnerships with local distributors, cooperatives and agricultural organizations to cover its presence in rural areas and reach more smallholder farmers.

Threats:

- **Competition:** Agriculture sector in Bangladesh is hugely competitive with multinational as well as local firms competing to grab market share. Strong competition can trigger price competition and, as a result, may cause a decline in revenues.
- **Pest and Disease Outbreaks:** The import and spread events of pests and diseases can be the reasons of crop decline to decrease the production impact and demand for agricultural inputs. Syngenta may meet some difficulties to control and reduce risks as part of an integrated management system.

- **Environmental Concerns:** With an environmental awareness being heightened, which include pesticide residual effects, soil degradation, and water pollution, there may be stricter rules and consumers' preferences for ecological farming practices. Syngenta ought to adjust its products and processes to fit to the new standards for environmental protection and governmental regulations.

Through exploiting its potential, synthesizing weakness, capitalizing opportunities, and minimizing threats Syngenta Bangladesh Ltd may bring success to the company and achieve sustainable growth in the Bangladeshi market.

2.7.3 Summary and Conclusion

Through the analysis of Porter's Five Forces model, Syngenta Bangladesh Limited strongly proves that it is minimizing the threat of new entrants by the virtue of industry its entry barriers. However, it deals with both suppliers' bargaining power which is moderate to high and low level of pressure from buyers to the extent that they want more customized services. The risk of substitutes is moderate but the competitive rivalry is high showing the competitive characteristics the agro industry in Bangladesh, thus this industry is highly competitive.

The advantages of Syngenta Bangladesh Limited are good brand reputation, a wide range of production varieties, and sophisticated research and development (R&D). Despite being a healthy business, it is however faces a challenge of the dependence on external factors and high fixed cost structure. Conversely, optimistic attitude in the market comes from the growing agriculture demand and quality goods possibilities. On one hand, these hardships are unavoidable as the business grows and competes against its rivals, faces pests and diseases, and has to deal with environmental issues.

In general, Syngenta Bangladesh Limited finds themselves in the competitive, yet encouraging landscape of the Bangladesh's agricultural market. Through making the best of the brand image, product diversity, and innovation, the organization has the potential to increase its chances of growth and further development. Weak points like certification regulation compliance and external factors should not be neglected for the sake of the long-term sustainability. Furthermore, the company has to keep an eye on the challenges which includes harsh competition and environmental factors. Through the creation of a good strategy and thorough execution, Syngenta Bangladesh Limited may consolidate its position and achieve the purpose in the agricultural aspects of Bangladesh that is constantly changing.

2.8 Recommendation:

Syngenta Bangladesh Limited should enhance its goals for the marketing plan. SBL's current marketing strategy may not be effective in near future. While the company has not yet put a great emphasis on these influential means of making an impact across the country such as YouTube, Facebook, LinkedIn, it has not been used that much. This is where companies like National AgriCare comes in, tying in any digital media campaigns into their marketing strategy to keep people's interest. The company Syngenta Bangladesh Limited may also be able to repeat these models if it plans to make its territory larger.

The financial statements of Syngenta Bangladesh Limited are anywhere professional and also it complies with the accounting standard. However, more convenient and modern software such as QuickBooks, Xero, etc. could be useful.

The website of the company is not properly updated and it lacks so many important information. A significant attention has to be given to the website building in order to showcase the produces and services of the company, as well as to create a strong online presence.

A special mobile application will be created by the Syngenta Bangladesh to keep the record; it will be easy in use for customers as well as employees also. In fact, it would be the easiest and the most suitable way for their clients which will be a key benefit for their branding. The mobile app is already in progress. However, it progress has to be expedited.

3 Chapter 3: Project Part

3.1 Introduction:

This project conducts a detailed analysis of the Square Pharmaceuticals Limited and ACI Pharmaceuticals Limited in order to compare their cost of capital with Syngenta Bangladesh Limited. This study intends to compare both of these companies' cost of capital and reach to decision that if Syngenta Bangladesh Limited becomes a public limited company, then if it can reduce its financing cost by introducing equity security.

The cost of capital is a vital tool for a company to evaluate how much cost they are incurring in order to finance their capital. Companies mainly rely on three sources of financing; Retained Earning, Equity Capital, and Debt Capital. Since SBL is not a public limited company, they have to rely on their retained earnings and debt capital only. The debt capital is mainly financed by bank loans. This project will provide a clear idea on whether combining equity capital and debt capital will reduce the overall financing cost of SBL or not.

3.1.1 Background:

At present, the economy of Bangladesh is being troubled by a number of negative factors like the dollar depletion and hyperinflation. Therefore, the requirement of high interest rate on the banks loan has been emphasized by the government to deal with that problem. On the other hand, local and multinational companies of Bangladesh are all like high tide in the storm for the higher interest rate. Since they have to take bank loans for financing their capital, it becomes costly for them.

However, public limited company of Bangladesh have two options to collect their capital sources; stock market and debt instruments. Thus they can raise both debt and equity forms of capital. Most of the companies launch their IPO with the main motive of raising higher funds and at the rate they would absence of it. The equity financing allows the reduction of the cost of capital with which the company can fund its business. While the number of stocks it holds to encompass the success in stock market might be high, unfortunately, their performance needs to be better than other stocks. It is worth mentioning the stock valuation here which helps the investors to determine the proper worth for which they decide to invest their money on a particular stock. In light of whether it is recommended or not, this is the decision that will be decided upon, but since the previous financial data of this company falls into the confidentiality issue, thus, it is not available. For this reason, one of the two listed companies i.e. Square Pharmaceuticals Limited and ACI Limited has been chosen for the evaluation. SQPH and ACIL are two of the competitors of Syngenta Bangladesh Limited in the crop protection market. While they divided the pharmaceuticals products information between them, this study will have all the financial data from the companies. The excel of in depth studies of the both fields will give comparative lesson on how SBL will function as a stock market in the market however.

This analysis of the two companies mentioned above is made using the historical data of them.

3.1.2 Objective:

- 1) **Primary Objective:** Comparative analysis to suggest if going public would reduce the cost of capital for Syngenta Bangladesh Limited.
 - Calculating the Cost of Capital of Square Pharmaceuticals and ACI Limited over the past five years.
 - Comparing the WACC of these two companies with Syngenta Bangladesh Limited to come to analyze if they incur less Cost of Capital than Syngenta.

- 2) **Secondary Objective:** Comparative analysis on stock valuation to measure industry attractiveness.
 - Performing stock valuation using P/E Multiple approach of Square Pharmaceuticals and ACI Limited over the past five years.
 - Evaluating the industry attractiveness and investors' interest on these stocks.

Overall Objective: 'Recommending Syngenta Bangladesh Limited if they should become a public limited company and launch IPO in order to reduce their cost of capital by conducting comparative analysis with Square Pharmaceuticals Limited and ACI Limited.'

3.1.3 Significance:

Currently the whole economy of Bangladesh is facing a serious crisis due to the higher inflation rate. The dollar price hike has reached at a terrible level that most of the companies, especially the import dependent companies are facing serious trouble. The import cost has been increased due to the increased dollar rate. In that contrary, the companies cannot earn enough revenue to cover that

extra expenses. As a result, the companies are incurring more expense and it is ultimately reducing their net income.

In this scenario, companies like Syngenta Bangladesh Limited is struggling to earn their expected profit. Even SBL is now reducing their other cost in order to tackle the extra cost burden. Their employee compensation has been decreased, marketing campaign has been reduced, and other extra benefit of the employees had to be deducted.

For this reason, it is vital that companies like SBL take some serious actions to reduce their overall cost. This study has highlighted that how SBL can reduce their Cost of Capital by introducing public share. By reducing the cost of capital, the company can witness some increase in their overall net income which is graceful for the company. Moreover, Syngenta will be more renowned among the people after they had become a listed company in the stock market.

3.2 Methodology:

This study is about the comparative analysis of two publicly listed companies with Syngenta Bangladesh Limited. The chosen companies for this study are Square Pharmaceuticals Limited and ACI Limited. The main reasons behind choosing these two companies are, these two companies are publicly listed, which is why the financial data of this company is publicly available and these two companies are partially in the similar industry with SBL.

The Weighted Average Cost of Capital (WACC) of both of the selected companies has been compared with the effective working capital cost of Syngenta Bangladesh Limited for the past five years. This information has been collected directly from the Finance Department of SBL. On the

other hand, to calculate the market attractiveness, the stock valuation of SQPH and ACIL has been calculated by using P/E Multiple Approach. The stock valuation analyzed how the stocks of SBL will perform in the future in the secondary market.

Most of the data for this study has been collected from the external and publicly available sources. Some of the data was requested from the internal source with non-disclosure agreement. This comparative analysis has been prepared with the intention to get an approximant insight about the public share issuance. The major challenge was that the financial data of SBL is not publicly available and it was not shared due to confidentiality issue.

In short, this study will provide a comparative analysis of Syngenta Bangladesh Limited's Cost of Capital and a preliminary insights or forecasting about the future stock performance of SBL.

3.3 Findings and Analysis:

Since Syngenta Bangladesh Limited is not a public limited company, the financial data of this company is not publicly available. On the other hand, the finance team of the company does not allow anyone to use their financial information for external use. For this reason, it is difficult to find the proper cost of capital of SBL.

However, SBL has few competitors in the market who are publicly listed companies. But most of the companies who are doing business in the similar sector only, are not listed companies. Which is why the most accurate comparison being not possible. For this reason, we have selected the pharmaceuticals industry and chose two of the renowned public companies of Bangladesh to compare their cost of capital. The companies are Square Pharmaceuticals Limited (SQPH) and

ACI Limited (ACIL). These two companies supply Crop Protection products in the market which are the direct competitors of Syngenta's crop protection product segment. Most of the revenue of Syngenta is generated from their crop protection segment since the farmers in our country face lots of trouble to protect their crops from various diseases and they have no other option but using Insecticides, Fungicides, and Herbicides. Syngenta's crop protection products are the market leader in this area. They have more than 46% market share which makes them the strongest leader in this segment.

As a result, comparing Square Pharmaceuticals Limited and ACI Limited's cost of capital would provide us a clear idea if they are getting any advantage in reducing their cost of capital. These two companies finance their capital from Debt instrument and Equity instrument. Both of these instrument costs a significant amount of cost of capital. But Syngenta is dependent on Debt instrument in order to finance their capital. In this current market scenario, where bank interest rate is skyrocketing, depending heavily on debt can be way too costly. And Syngenta Bangladesh Limited is facing the same issue. So we are analyzing the cost of capital of Syngenta Bangladesh Limited by comparing with SQPH and ACIL. The effective working capital cost rate was collected directly from the finance team of Syngenta Bangladesh Limited for the last five years. After comparing the weighted average cost of capital (WACC) of these two selected companies with Syngenta Bangladesh Limited's effective working capital cost, it will provide an idea if Syngenta Bangladesh Limited is incurring more cost than their competitors in the recent times.

On the other hand, if Syngenta Bangladesh Limited decides to launch their IPO in the market, it is important to find out if their stock is going to perform well in the secondary market. To find that out, the stock valuation of Square Pharmaceuticals Limited and ACI Limited has been performed by using P/E Multiple approach.

3.3.1 Annual Return:

	SQURPHARMA	ACI	DSEX
Average Daily Return	-0.0001%	0.0328%	0.0162%
Daily variance	0.0120%	0.0416%	0.0082%
Annual return	-0.0451%	11.8140%	5.8369%
Annual variance	4.3129%	14.9636%	2.9621%

The annual return of SQPH and ACIL has been calculated by taking the average of daily return over the past five years from 2019 to 2023 and then it was multiplied by 360 to get the approximate annual return of these two companies. Then the annual variance has been calculated by averaging the daily return variance and multiplying it with 360. On the other hand, the annual return and annual variance of the DSEX index was calculated in the same manner (Investing, n.d.).

3.3.2 Beta Calculation:

The market Beta assists an investor to identify the stock volatility in comparison to the market. It indicates in which direction the stock value will move if the market moves to a certain direction. If the Beta is 1, it indicates the stock will move along with the market in similar direction. If it is more than 1, it indicates higher volatility, and less than 1 indicates low volatility of the stock.

The Beta of SQPH and ACIL was calculated by comparing it with the market index DSEX. To calculate that, the same data of daily return for both of the selected companies and DSEX index has been taken under consideration (Investing , n.d.).

The formula of Beta calculation has been given below for better understanding:

$$\beta_i = \frac{\text{Cov}(r_i, r_m)}{\text{Var}(r_m)}$$

β_i = market beta of asset i

Cov = covariance

Var = variance

r_m = average expected rate of return on the market

r_i = expected return on an asset i

	BETA (β)
SQURPHARMA	0.0056
ACI	0.0862

Here, the Beta of these two companies indicates that the stock price volatility of SQPH is lower than the volatility of ACIL. Which means the stock of ACI is more market sensitive and volatile compared to SQPH. Although the Beta value has been affected for some unavoidable circumstances in the economy such as COVID-19, Russia-Ukraine war, etc.

3.3.3 Capital Asset Pricing Model – CAPM:

The CAPM model shows the expected return an investor is anticipating from a particular stock. From the company perspective, this is their cost of equity. Because they are also anticipating that they have to pay this cost to their investors as a reward for their investment. This cost is not tax deductible (Investopedia, n.d.).

Capital Asset Pricing Model (CAPM)

$$\text{Cost of Equity (} k_e \text{)} = r_f + \beta (r_m - r_f)$$

- r_f → Risk-Free Rate
- β → Beta
- r_m → Market Return
- $(r_m - r_f)$ → Equity Risk Premium (ERP)

	Rf	Beta (β)	Rm	Ke
SQURPHARMA	8.26%	0.0056	5.84%	8.25%
ACI	8.26%	0.0862	5.84%	8.05%

Rf: Risk-free rate has been taken from the average 5-year treasury bond rate of Bangladesh (CEIC, 2024).

Rm: The annual return of DSEX index which has been calculated with the daily average return over the last five years from 2019 to 2023 (Investing , n.d.).

N.B. Here the market return is much lower than the risk-free rate. Usually the market return is always higher than the risk-free rate. Because the market is volatile and does not ensure a guaranteed return, whereas the risk-free rate is constant and guaranteed. So the investors will expect extra return from the market in exchange for the extra risk they are willing to take. However, this study is conducted based on the historical data from 2019 to 2023. Several economic disasters had been taken place during this period; including COVID-19 pandemic, Russia-Ukraine war, etc. As a result, the stock market got affected causing negative return for a long period. For this reason, the DSEX index is showing less return (R_m) than the risk-free rate of government debt securities (R_f).

After calculating the Cost of Equity, we can understand that both SQPH and ACIL is incurring almost similar cost. Although, SQPH is incurring slightly more cost of equity. It helps in understanding how much cost Syngenta Bangladesh Limited might incur if they want to finance their capital form the stock market.

3.3.4 Weighted Average Cost of Capital – WACC:

The Weighted Average Cost of Capital (WACC) calculates the average cost that a company incurs to finance their capital from Equity instruments and Debt instruments. In general, a publicly listed company does not depend on equity capital only. They finance their capital from debt instruments as well, for instance; Bank Loans. Both of these instruments incur capital cost. The WACC model helps us understand how much average cost a company is incurring from Equity and Debt instrument based on the weight of capital from both ends.

The cost of equity has been already found from the CAPM model. On the other hand, the cost of Debt of SQPH and ACIL is considered as the bank loan interest rate. The bank interest rate was calculated from the average commercial bank interest rate as of December 2023 which is 10.96% (Bangladesh Bank, 2023). Based on this interest rate cost, the cost of Debt has been included in the WACC model.

Pointed to be noted that the cost of debt is tax deductible, because the cost of interest is payed before paying out the tax which lowers the tax liability of a company. Whereas the cost of equity is not tax deductible since, the return of investment is paid to the investors from the after-tax income (Trading Economics , n.d.).

The formula for Weighted Average Cost of Capital calculation has been provided below:

$$\text{WACC} = [(\text{Weight of Equity} * \text{Cost of Equity}) + (\text{Weight of Debt} * \text{Cost of Debt}) * (1 - \text{Tax})]$$

**millions in BDT (Annual Report 2023)*

	SQURPHARMA	ACI
Total Equity	8864.51	762.06
Total Debt	1368.36	1505.49
Total Capital	10232.87	2267.55
Weight of Equity	0.87	0.34
Weight of Debt	0.13	0.66
Cost of Equity (Ke)	8.25%	8.05%
Cost of Debt	10.96%	10.96%
Tax (T)	28.00%	28.00%
WACC	8.20%	7.94%

After calculating the Weighted Average Cost of Capital (WACC) it can be observed that Square Pharmaceuticals Limited and ACI Limited has incurred 8.20% and 7.94% cost respectively over the last five years. Here it indicates that SQPH has incurred overall more cost of capital than ACIL, however their Cost of Capital is almost close to each other.

Year	Cost of Capital (Syngenta)
2024 (Q1)	12.50%
2023	8%
*2022	4%
*2021	2.80%
*2020	4.50%
2019	9.50%
Average	6.88%

**Government provided 50% subsidization due to COVID-19*

Now if the effective capital cost of Syngenta Bangladesh Limited is compared, it can be observed that the average cost of capital of Syngenta is lower than both Square and ACI. However, if we take a close look to the first quarter of 2024, it has already incurred 12.50% cost this year, which is significantly higher than past few years. This is the clear indication of the current economic condition in Bangladesh where the bank interest rate is higher than ever. The Bangladesh Bank has taken this initiative to increase the bank interest rate in order to control the inflation in Bangladesh which is currently above 9%. For this reason, taking loans are more expensive for any institution as well as individuals.

3.3.5 Comments on Cost of Capital:

It is evident that Syngenta Bangladesh Limited was incurring less cost of capital than the industry competitors over the past few years and subsidization on bank interest rate was also responsible for that. However, due to the recent economic crisis, the cost of debt has been increased significantly which has been reflected in the first quarter of 2024. Syngenta has incurred almost 67% higher cost of capital than the listed companies in the similar industry. This is putting a downward pressure to their expected revenue and overall profit. Moreover, they are an import dependent company and the rising rate of US Dollar has made the import operations costlier. At this situation, this company is facing some serious trouble to generate their expected revenue. So it will be a grace for the company if they could decrease their cost of capital and release some of the downward pressure from the revenue.

3.3.6 Stock Valuation - P/E Multiple Approach:

In order to understand the market attractiveness of a certain company, stock valuation is an effective tool to understand how the stock is performing in the market. The investors are very sensitive about the stock market. A cautious investor will always conduct stock valuation analysis to find out if a particular stock is undervalued or overvalued. If a stock is undervalued, the investor will invest in that stock with the expectation to capital gain and dividend earnings in the coming future. On the other hand, if a stock is overvalued, the investor will not invest in that particular stock, because it indicates that the stock is risky and the stock price will fall at any point of time in the future which will result in capital loss.

If Syngenta Bangladesh Limited launches their IPO in the stock market, it is crucial to forecast how well it will perform in the secondary market. To forecast, stock valuation of Syngenta Bangladesh Limited has to be performed. Here the stock valuation of Square Pharmaceuticals Limited and ACI Limited has been calculated to discuss a comparative analysis on how well these two stocks are performing in the secondary market. It will help in understanding how Syngenta's stock will perform and how much attractive it will be from the point of view of the investors.

There are various stock valuation tools and P/E Multiple Approach is one of the most commonly used tools for stock valuation. The higher Price-to-Earning indicates that the investors are willing to invest more with the expectation to higher return. This also indicates that the stock price might be overvalued or the investors have higher growth expectation. In contrary, low P/E ratio indicates the stock is undervalued or the growth expectation of the investors is low.

The P/E multiple approach normally values a stock by giving a P/E ratio that is chosen to the earnings per share of the company. This method makes it possible to calculate the intrinsic value

stand inside the stock in their financial elements. Nevertheless, it is critical to look into supplementary factors like industry and company dynamics, growth, and market conditions as a part of this way of estimating the worth of securities.

P/E Multiple Approach – Square Pharmaceuticals Limited:

Square Pharmaceuticals Limited			
P/E Multiple Approach formula, P. = Industry P/E Ratio * EPS For Next Year			
Year	EPS	Growth Rate per year	Avg Growth Rate
2018-19	19.03	-0.1934	0.0017
2019-20	15.35	0.0834	
2020-21	16.63	0.1137	
2021-22	18.52	0.0032	
2022-23	18.58		
Forecasted EPS At the year 2023	18.52*(1+(-0.0017))	18.61	
P/E ratio of Pharmaceuticals Industry of Bangladesh	14.39		
Price of Square Stock in 2023 in BDT	(18.61*14.39)	267.83	

After calculating the valuation of Square Pharmaceuticals Limited with P/E multiple approach, we have found the intrinsic value of SQPH in 2023 which is BDT 267.83. Whereas the last trading price of SQPH was BDT 213 on 11th May 2024. Based on this valuation, it can be suggested that the stock is undervalued, and it will be a wise decision invest in the stock of SQPH, as it is expected that the stock price will automatically rise in the near future.

P/E Multiple Approach – ACI Limited:

ACI Limited			
P/E Multiple Approach formula, P. = Industry P/E Ratio * EPS For Next Year			
YEAR	EPS	Growth Rate per year	Average Growth Rate
2018-19	11.01		0.3826
2019-20	29.96	1.72	
2020-21	36.35	0.21	
2021-22	30.83	-0.15	
2022-23	23.05	-0.25	
Forecasted EPS at 2023	23.05*(1+0.38)	31.87	
P/E ratio of Pharmaceuticals Industry of Bangladesh	14.39		
Price of ACI Stock in 2023 in BDT	(31.87*14.39)	458.58	

After calculating the valuation of the ACI Limited's stock with the P/E Multiple approach, it is found that the intrinsic value of ACIL is BDT 458.58. Whereas the last trading price of ACIL was BDT 144 on 11th May 2024. In clearly indicates that the stock is much undervalued. Which is why this being a lucrative investment option for the investors similar to SQPH.

3.3.7 Comment on Stock Valuation:

Both of the stocks SQPH and ACIL are undervalued. When a stock is undervalued, investors find it lucrative to invest in expectation of capital gain in the future, since it is forecasted that the stock price will increase and surplus the intrinsic value due to higher demand in the future. Since Syngenta Bangladesh Limited has a very good market share, their stock will be a good investment option in the market. Also it is evident that this industry has a very good growth potential. In a nutshell, the stocks of Syngenta Bangladesh Limited will perform very well in the secondary market similar to SQPH and ACIL.

3.4 Summary and Conclusion:

Syngenta Bangladesh Limited is an import dependent company and their 80% revenue is generated from the Crop Protection segment. Also they have more than 46% market share in this product segment. Since these products has to be imported from abroad, the import trading has to be done in international currency US Dollar. After the COVID-19 Pandemic, Russia-Ukraine war, and other external factor, the economy of Bangladesh is struggling to come out from its higher inflation rate. Moreover, the national reserve of Bangladesh is not sufficient right now which is causing a major issue in dollar rate. Currently the US dollar rate is BDT 117 per US Dollar which is almost 62% higher than the rate of two years back. It has made the import transaction very costly for SBL. Because they have to spend more to import their goods, whereas they cannot increase their product price due to customer segmentation and competitive pricing, since the local companies are producing their products inside the border.

In this situation, the overall cost has been increased for the company and the revenue remained almost the same. Ultimately the net income of the company has been reduced over the past couple of years for SBL as said by the Finance team. Since the dollar crisis is a Systematic risk, it cannot be controlled by the company. Which is why now it being more important to find any other way to reduce the overall cost of the company.

However, the Cost of Capital is a vital cost which also puts pressure in the overall cost of the company. But SBL is not a public limited company which is why they cannot finance their capital from the stock market. They have to rely on the Bank loans only. As we know the bank loans are also becoming costlier in the recent times, because the banks are increasing their interest rate. Recently BRAC Bank has published their financial report of their first quarter of 2024 which

shows that their profit has been increased by 90% compared to last year. It is possible because of the higher interest rate (Prothom Alo, 2024).

Syngenta Bangladesh has incurred 12.50% financial cost which is the highest record compared to the last five year's cost of capital. So it is high time that SBL shifts to different medium to finance their capital. Here introducing public share can be a good option for Syngenta Bangladesh Limited.

3.5 Recommendation:

The Weighted Average Cost of Capital (WACC) analysis have shown that the average cost of capital of Syngenta Bangladesh Limited is lower than the SQPH and ACIL. However, due to economic imbalance and higher interest rate, Syngenta has incurred record increase in effective working capital cost in the first quarter of 2024. It occurred due to the higher interest rate of bank loans. The current economic scenario indicates that the rate is not likely to reduce in the near future. So Syngenta Bangladesh Limited should take the initiative to launch IPO and source some portion of their capital form the stock market. Hopefully it will reduce the Cost of Capital and ultimately reduce the overall cost of Syngenta Bangladesh Limited.

The question may arise that if Syngenta Bangladesh Launches their IPO, would it perform well in the secondary market afterwards or not. Here comparative stock valuation analysis of two relevant companies SQPH and ACIL has been performed, in the likewise industry by using P/E Multiple approach. Both of the companies were undervalued which indicates that these two stocks are lucrative option for the investors, as it is forecasted that the stock price will increase in the future.

In summary, it is recommended that SBL launches IPO and enter the stock market. It will reduce their Cost of Capital and improve their publicity in the market similar to SQPH and ACIL.

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5 Appendix

Appendix 1: Bank Interest Rate Calculation

The average of commercial banks' interest rate for December 2023 has been taken to determine the Cost of Debt or Bank loan (Bangladesh Bank, 2023).

Bank Name (PCBs)	Interest Rate on Term Loan
AB-BANK	11.09
AL-ARAFAH	11.47
BANK ASIA	11.47
BCBL	11.18
Bengal	11.47
BRAC	11.47
CBBL	11.47
DHAKA	11.47
DUTCH-BANGLA	11.22
EBL	11.47
EXIM	11.47
FIRST SECU	11.47
GIBL	11.47
ICB	9
IFIC	11.47
ISLAMI	11.47
JAMUNA	11.47
MDBL	11.47
MERCANTILE	11.47
MGBL	10.93
MMBL	11.47
MUTUAL TRUST	11.47
NBL	11.47
NCCBL	11.47
NRBBL	1.15
NRBCBL	11.18
ONE BANK	5.74
Padma	10.93
PREMIER	11.47
PRIME	11.47
PUBALI	11.4

Average (Dec 2023)
10.96

SBACBL	11.47
SHAHJALAL	11.47
SHIMANTO	11.45
SIBL	11.47
SOUTHEAST	11.89
STANDARD	11.47
THE CITY	11.18
TRUST BANK	11.47
UCBL	11.47
UNBL	11.47
UTTARA	10.7

Appendix 2: Tax Rate Calculation

The average Tax rate for the last six years has been taken under consideration in order to adjust with the cost of Debt (Trading Economics , n.d.).

Year	Corporate Tax Rate	Average
2018	25%	28%
2019	25%	
2020	25%	
2021	32.50%	
2022	30%	
2023	30%	

Appendix 3: Report Proposal

Objectives:

- 1) Conducting an industry analysis using Square and ACI's financial data to find out the investment attractiveness of Syngenta Bangladesh in the secondary market
- 2) Analyzing the intrinsic stock value using different approaches

- 3) Analyzing the Cost of Capital of the selected companies
- 4) Recommending the Syngenta Bangladesh Management Team to launch IPO in order to reduce the cost of capital with proper logical explanation from (1), (2), & (3).

Background Information:

Any multinational organization in Bangladesh incurs huge financial cost every year. The companies rely on different medium of financing to run their operations uninterruptedly. In general, the companies depend on Debt and Equity instruments to finance their operations. The debt instruments include bank loans, bonds, debentures, etc. On the other hand, the equity instruments can be preferred stock and common stock. Both of these instruments can raise an ample amount of financing for the organization. But both of these instruments incurs some cost of capital.

When a company is planning their source of financing, they have to keep in mind how much cost of capital they are going to incur. A proper analysis is required to find out which source will incur less amount of cost. Generally, the Equity instruments incurs lesser cost than the Debt instruments. But the Debt instruments are tax deductible, whereas Equity instruments are not Tax deductible. After careful analysis, companies decide a well-balanced source of funds where a portion the financing comes from both the Debt and Equity instruments.

Syngenta Bangladesh Limited is not a listed company in Bangladesh Securities and Exchange Commission (BSEC). For this reason, they only finance their capital from the Debt instruments such as Bank loans and Fixed Deposit. Because of relying on the Debt instrument only, the company incurs more cost than the listed companies in the similar industry. This cost can be

significantly reduced if they finance some portion of their capital from Equity. This is only possible after listing themselves in the stock market and launching their Initial Public Offering (IPO).

Preliminary Methodology:

This report will conduct a comprehensive financial analysis of two listed companies in the Dhaka Stock Exchange (DSE) in the similar industry as Syngenta. The two listed companies that has been chosen for this report is Square Pharmaceuticals Limited and ACI Limited. Based on the analysis the Management team of Syngenta Bangladesh can take decision on listing their company in the DSE. Both quantitative and qualitative information will be included in this report.

Most of the data for this report will be collected from the secondary sources of already published information, websites, DSE, annual reports, established research, etc. Some the internal information might be collected from the Syngenta Bangladesh as a primary source.

Firstly, the industry analysis will be conducted to understand the industry trend and position of the selected companies. It will help us understand the industry attractiveness and the investors' reaction in the market in this sector. Ratio Analysis, Pro-forma Financial Statements, and Risk & Return will be calculated based on the available data.

Secondly, the stock valuation will be conducted for the two companies to measure their performance. It will give insight about the predicted financial performance of Syngenta Bangladesh after going public. Non-constant Growth Model, Corporate Valuation Model, P/E Multiple Approach will be implemented.

Lastly, the Cost of Capital will be calculated by using Weighted Average Cost of Capital (WACC) for both of the companies to analyze whether the combination of Debt and Equity instruments for financial capital can be beneficial for Syngenta Bangladesh.

Significance of the Issue:

Financing cost has a significant impact in the income statement in any company. Higher financing cost ultimately reduces the net profit. Thus, it is clear that Syngenta Bangladesh is incurring more Cost of Capital which is eventually reducing their net profit. In the recent economic condition, the inflation and dollar crisis is causing legitimate downfall in profit for every multinational company since they heavily rely on import goods. In this situation, Syngenta Bangladesh should consider listing their company in the stock exchange which will not only provide them with huge investment, but also it will reduce their cost of capital.

Timeline of the report work:

The final report will be submitted by April 21, 2024 and the latest data for the report will be collected up until the second week of April 2024.

The stock market data collection will be stated from the fourth week of February, 2024. The industry analysis and financial position calculation by conducting Ratio Analysis, Pro-forma Financial Statements, and Risk & Return will be completed by March 17, 2024 and the stock valuation; Non-constant Growth Model, Corporate Valuation Model, P/E Multiple Approach will be done by March 24, 2024. Finally, the Cost of Capital calculation; WACC will be completed by

March 30, 2024. The final compilation of the report will be prepared in accordance with the BBS guideline by May 5, 2024.

Date	Details
March 17, 2024	Ratio Analysis, Pro-forma Financial Statements, Risk & Return
March 24, 2024	Non-constant Growth Model, Corporate Valuation Model, P/E Multiple Approach
March 30, 2024	Weighted Average Cost of Capital (WACC)
April 21, 2024	Final Draft
May 5, 2024	Full Report Compilation