

Internship Report

On

SQUARE Pharmaceuticals

Submitted to:

Ms. Sayla Sowat Siddiqui

Senior Lecturer

BRAC Business School

BRAC University

Submitted by:

Kamrujjaman

id: 12304076

BRAC Business School

BRAC University

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Ms. Sayla Sowat Siddiqui,
Senior Lecturer,
BRAC Business School,
BRAC University,
66 Mohakhali, Dhaka.

Subject: Submission of Internship Report

Dear Madam:

This is a great honor for me to present my internship report on “**SQUARE Pharmaceuticals Ltd.**” I feel delightful as I got the opportunity to do my internship in a reputed Company of our country, **SQUARE Group**. I have given utmost dedication and concentration to the successful completion of my internship so that I could prepare a successful internship report. It is a great opportunity to present my internship report under your supervision. I am thankful for your guidelines and instructions.

I tried to put my best effort for the preparation of this Report. Yet if any shortcomings or flaws arise, it will be my pleasure to answer any clarification and suggestion regarding this report.

Yours Faithfully,
Kamrujjaman
St. id- 12304076
BRAC Business School,
BRAC University

ACKNOWLEDGEMENT

At the very outset, I am thankful to almighty Allah for giving me strength, courage and ability to accomplish the internship program as well as the internship report in a scheduled time in spite of various complications.

It gives me immense pleasure to thank a large number of individuals for their cordial cooperation and encouragement which has contributed directly or indirectly in preparing this report.

Initially, I would like to express my gratitude to internship supervisor Ms. Sayla Sowat Siddiqui. Her guidance and feedback made everything crystal clear. At first, I was jumbled that whether I would be able to make a fruitful report but with her assistance, I found a way to do everything accurately and in time. She kept me on track to complete this report and her propositions were vital in making this report as flawless as possible.

Furthermore, I must show my gratitude to my supervisor, Abir Hassan who willingly took my responsibility and gave me lot of time and shared his working experiences with me. His guidance showed me a way not only to understand the office culture but also how to deal with all the employees around me.

I would also like to express my sincere thanks to all the employees of Market Operation Division of SQUARE Pharmaceuticals Ltd. who helped me during my work tenure and made my experience a memorable one.

My fellow intern Farah Al Karim also helped a lot to do my job properly. Her outstanding supports provide me strength to go through some of the extreme areas where I could have lost my tenure

Executive Summary

Square Pharmaceuticals Company Report provides a complete overview of the company's affairs. All available data is presented in a comprehensive and easily accessed format. The report contains the company's profile and information about the company's vision, mission principal activities, objectives, locations and organization structure.

The report also includes financial information, SWOT analysis latest development analysis, opinions, social responsibilities, product scheme and current achievement. The SWOT-analysis provides information about the company's strengths, weaknesses, opportunities, and possible threats against it.

This report provides relevant news, an analysis of R & D activity, distribution channel and stock price movements. The report also enables direct comparison to be made between Square Pharmaceuticals and its competitors.



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Chapter One: 1.0 - Introduction

1.1 - Origin of the Report

This report is prepared to make a study on “An overview of the SQUARE Pharmaceuticals Limited of Bangladesh” as a part of the fulfillment of assignment required for the completion of the BBA program of the business faculty of BRAC University.

The report was prepared under the supervision of Ms. Sayla Sowat Siddiqui, Senior Lecturer of BRAC University, Dhaka. I am very much thankful to her for assigning such types of project work.

1.2 - Objectives of the Report

The main objectives of the study are to learn how to prepare a report. My honorable course teacher assigns us to prepare this report so that in the job market we can perform effectively and efficiently and also enlighten the goodwill of our university as well as our teachers. Other objectives of this report are:

- To share the lesson learns.
- To inform about the progress.
- To analyze the inputs against the outputs.
- To communicate the changes.
- Analyze the recommendations.
- Risk reduction preparation.
- To plan accordingly for up-coming period.
- To take quick decisions.

1.4 - Methodology of the Report

For smooth and accurate analysis I have decided to impute both the primary and secondary sources are

Primary Sources

Primary sources of information are those that provide first-hand accounts of the events, practices, or conditions. In general, these are documents that were created by the witnesses or first recorders of these events at about the time they occurred. These information are collected from

- Practical desk work
- Face to face conversation with the officer
- Direct observations
- Face to face conversation with the client

Secondary Sources:

Second-hand, published accounts are called secondary sources. They are called secondary sources because they are created after primary sources and they often use or talk about primary sources. Secondary sources can give additional opinions on a past event or on a primary source. Secondary sources often have many copies which we collected from

- Annual report of companies
- Files & Folders
- Daily diary
- Various publications of companies,
- Website

Data Collection Method:

Relevant data for this report has been collected primarily by direct investigations from different company personnel.

Data sources:

The information and data for this report have been collected from primary sources. The secondary sources of information are article reports, websites and different manuals. Some textbooks, journals, newspapers etc. have been consulted in order to build up the framework of the study.

Data processing:

Data collected from secondary sources have been processed manually and qualitative approach in general and quantitative approach in some cases has been used throughout the study.

Data analysis and interpretation

Qualitative approach has been adopted for data analysis and interpretation taking the processed data as the base.

1.4. Limitations of the Report

On the way of our study, we have faced some problems that termed as the limitations of the study. In all respect following limitation and weakness remain within which we failed to escape by any means. These are follows:

Budgeted time limitation:

It was one of the main constraints that hindered to cover all aspects of the study.

Confidentiality of data:

Because of some divisional and confidential problem, we could not get enough information. Every organization has their own secrecy that is not revealed to others. While collecting data some company personnel did not disclose enough information for the sake of confidentiality of the organization.

Data Insufficiency:

There is a lack of information about the different costing methods applied by different companies and the level of costing applications as well. Insufficient books published relevant to the topic and lack of availability of fact and figure has made an impact. These constraints narrowed the scope of accurate analysis. If these limitations had not there; the report would have been more useful attractive.



Chapter Two

2.0 - Pharmaceutical Industry in Bangladesh

2.1 - Background of the Pharmaceutical Sector in Bangladesh

In Bangladesh the pharmaceutical sector is one of the most developed hi-tech sectors within the country's economy. After the promulgation of Drug Control Ordinance - 1982, the development of this sector was accelerated. The professional knowledge, thoughts and innovative ideas of the pharmaceutical professionals working in this sector are the key factors for these developments. Due to recent development of this sector it is exporting medicines to global market including European market. This sector is also providing 97% of the total medicine requirement of the local market. Leading pharmaceutical companies are expanding their business with the aim to expand export market. Recently few new industries have been established with high tech equipment and professionals which will enhance the strength of this sector.

Regulatory Authorities

Two organizations, one government (Directorate of Drug Administration) and one semi-government (Pharmacy Council of Bangladesh), control pharmacy practice in Bangladesh. The Bangladesh Pharmaceutical Society is affiliated with international organizations International Pharmaceutical Federation and Commonwealth Pharmaceutical Association.



Companies

- Adco Pharmaceutical & Chemicals Ltd.
- Advanced Chemical Industries (ACI) Limited
- The ACME Laboratories Ltd.
- Aexim Pharmaceuticals Ltd
- Amico Laboratories
- Al-Madina Pharmaceuticals Ltd.
- Albert David (BD) Ltd.
- Aristopharma Ltd
- Beacon Pharmaceuticals Ltd.
- Beximco Pharma]
- Bristol Pharma Ltd
- Delta Pharma Limited.
- Eskayef Bangladesh Limited
- Gaco Pharmaceutical Limited
- GlaxoSmithKline Bangladesh Ltd.
- Globe Pharmaceutical Limited



- Healthcare pharmaceuticals Limited
- IBN Sina
- Jayson Pharmaceuticals Ltd.
- Incepta Pharmaceuticals
- MonicoPharma Ltd. Bangladesh
- Novo Healthcare & Pharma Limited
- Opsonin Pharma Limited
- Orion Pharma Limited
- Paradise Chemical Industries
- Popular Pharmaceuticals Limited
- Renata Limited
- Syntho Laboratories Limited
- Silva Pharmaceutical Limited
- Square Pharmaceuticals
- Supreme Pharmaceuticals Limited
- Sonear Laboratories Limited
- UniMed & UniHealth Pharma Limited
- Zenith Pharmaceuticals Ltd.



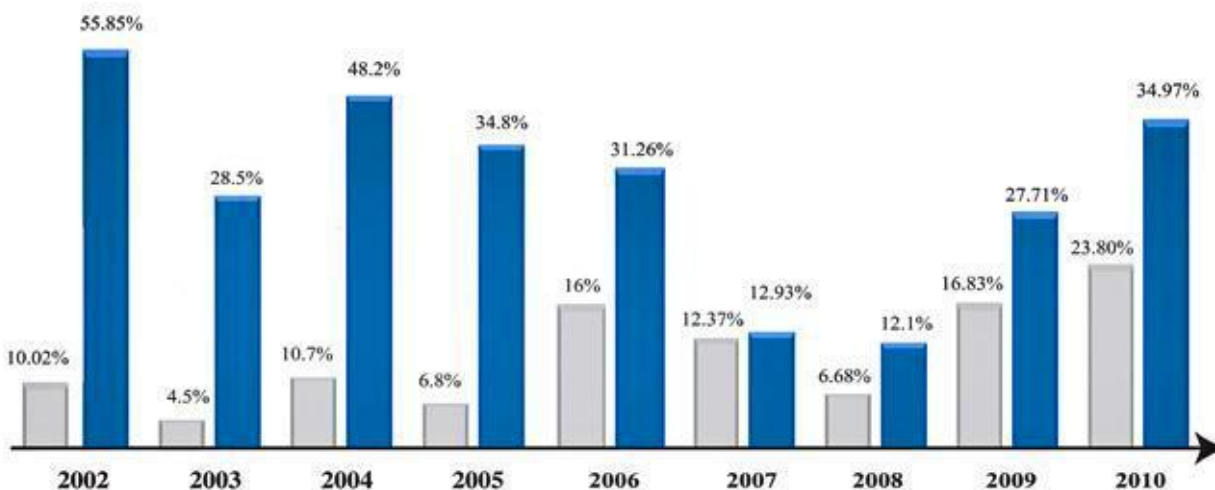
Chapter Three

3.0 - An Overview of

SQUARE

Pharmaceuticals

3.1- Background of SQUARE Pharmaceuticals



Square symbolizes a name – a state of mind. But its journey to the growth and prosperity has been no bed of roses. From its inception in 1958, it has today burgeoned into one of the top line

conglomerates in Bangladesh. Square Pharmaceuticals Ltd., the flagship company, is holding the strong leadership position in the pharmaceutical industry of Bangladesh since 1985 and is now on its way to becoming a high performance global player.

“Square Pharmaceutical Ltd.” is the largest pharmaceutical company in Bangladesh and it has been continuously in the 1st position among all national and multinational companies since 1985. It was established in 1958 and converted into a public limited company in 1991. The sales turnover of SPL was more than Taka 11.46 Billion (US\$ 163.71 million) with about 16.43% market share (April 2010– March 2011) having a growth rate of about 16.72%.

“Square Pharmaceuticals Limited” has extended her range of services towards the highway of global market. It pioneered exports of medicines from Bangladesh in 1987 and has been exporting antibiotics and other pharmaceutical products. This extension in business and services has manifested the credibility of Square Pharmaceuticals Limited.

Square now has one of the largest and competent sales force and large distribution network of its own, operated from 18 different locations throughout the country. A most dynamic skilled and dedicated marketing team comprising of pharmacists and doctors are at the core of the marketing operation. These highly skilled professionals play a crucial role in providing the necessary strategic guideline for the promotion of its product.

Objectives of “Square Pharmaceuticals Limited” are to conduct transparent business operation based on market mechanism within the legal & social frame work with aims to attain the mission reflected by their vision.

3.2 - Vision Statement of SQUARE Pharmaceuticals

We view business as a means to the material and social wellbeing of the investors, employees and the society at large, leading to accretion of wealth through financial and moral gains as a part of the process of the human civilization



3.3 - Mission Statement of SQUARE Pharmaceuticals

Our Mission is to produce and provide quality & innovative healthcare relief for people, maintain stringently ethical standard in business operation also ensuring benefit to the shareholders, stakeholders and the society at large



3.4- Company History:

Year of Establishment (Initially as a Partnership)	: 1958
Incorporated as a Private Limited Company	: 1964
Technical Collaboration Agreement with Janssen Pharmaceuticals of Belgium (A subsidiary of Johnson & Johnson International Ltd.)	: 1975
Technical Collaboration Agreement with F.Hoffman-La Roche & Co. Ltd.	: 1984
Converted into Public Limited Company	: 1991
Initially Public Offering (IPO)	: 1994
Stock Exchange Listing (Dhaka & Chittagong)	: 1995
Agreement with M/s. Bovis Tanvec Ltd. of UK for implementation of Dhaka Plant	: 1996
Awarded ISO-9001 Certificate	: 1998
Awarded UK-MHRA Certificate	: 2007
Business Lines	: Manufacturing and Marketing of Pharmaceutical Finished Products, Basic Chemicals, AgroVet Products and Pesticide Products
Authorized Capital	: US\$ 73.5 Million (Tk. 5,000 Million)
Paid-up Capital	: (Tk. 1207.22 Million)
Number of Employees	: 3,564

3.5 - Corporate Information

Corporate Focus:

Our vision, our mission and our objectives are to emphasize on the quality of product, process and services leading to growth of the company imbued with good governance

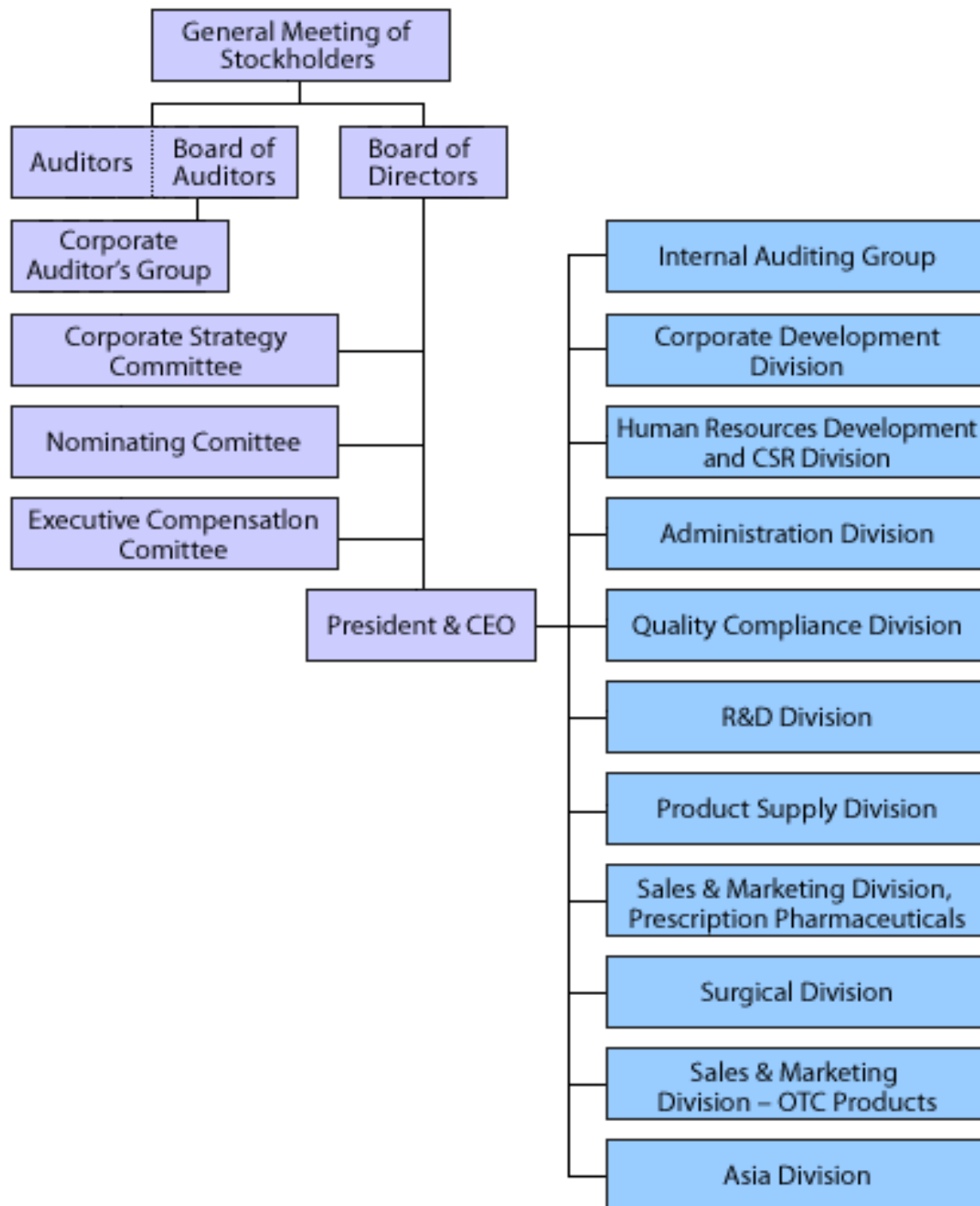
Corporate Governance

Top Management: Board of Directors

As per provisions of the Article of Association, Board of Directors holds periodic meetings to resolve issue of policies and strategies, recording minutes/decisions for implementation by the Executive Management.

Executive Management

the Executive Management is headed by the Managing Director, the Chief Executive Officer (CEO) who has been delegated necessary and adequate authority by the Board of Directors. The Executive Management operates through further delegations of authority at every echelon of the line management. The Executive Management is responsible for preparation of segment plans/sub-segment plans for every profit centers with budgetary targets for every items of goods & services and are held accountable for deficiencies with appreciation for exceptional performance. These operations are carried out by the Executive Management through series of committees, sub-committees, ad-hock committees, standing committees assisting the line management.



3.6 – Organizational Structure



3.7 - Number of employees

Division/Unit	Number of Employees
Internal Auditing Group	30
Corporate Development Division	41
Share Division	36
HR Division	44
Administration Division	41
Quality Control Division	184
R&D division	75
Formulation Unit	1256
Pet Bottle Unit	362
API unit	123
Surgical Division	213
Product Supply Division	348
Sales and Marketing Division	745
Export Division	66
Total employee	3564

3.8 - Principle activities of SQUARE Pharmaceuticals

“Square Pharmaceutical Ltd.” strives for top quality health care products at the least cost reaching the lowest rungs of the economic class of people in the country to value the social obligations while ensuring best compensation for all the employees who constitute the back-bone of the management and operational strength of the company through a pay-package composing salary/wages, allowances, bonuses, profit participation, leave salary and superannuation & retirement benefits.

It strives for the protection of shareholder’s capital as well as ensures higher return and growth of those assets by working for the best co-operation of the creditors & debtors the banks & financial Institutions who provide financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices at the opportune moments, the providers of utilities- power, gas & water etc. and the customers who buy our products & services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates to our customers.

SQUARE strives for practicing good-governance through payment of due taxes, duties and claims by various public agencies such as municipalities, holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information, acquisition of shares by insiders, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups - the shareholders, the creditors, suppliers, employees, government and the public in general.

For the achievement of millennium development goals “Square Pharmaceutical Ltd.” strives for equality between sexes, races and religions without any discriminatory treatment to ensure a works environment free from pollution and poisoning.



3.9 - Export Market of SQUARE Pharmaceuticals

Highlights of the Export Operations

- Exports pharmaceutical finished products since 1995
- Offers quality products at competitive price
- Offers more than 250 off-patent and on-patent molecules
- Offers facilities for contract manufacturing
- Provides assistance in product promotion and training in overseas market.

Present Markets

Europe: UK

Asia: Afghanistan, Bhutan, Cambodia, Hong Kong, Iraq, Macau, Malaysia, Myanmar, Nepal, Papua New Guinea, Sri Lanka, Tajikistan, The Philippines, Vietnam, Yemen

Africa: Comoros Islands, Eritrea, Gambia, Ghana, Kenya, Libya, Malawi, Mauritania, Mauritius, Mozambique, Niger, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania

South America: Belize, Costa Rica, Guatemala

Markets under Exploration

Asia: Iran, Iraq, Kuwait, Laos, Maldives, Mongolia, Qatar, Saudi Arabia, Thailand, UAE

Africa: Algeria, Botswana, Central African Republic, Chad, Ethiopia, Ivory Coast, Nigeria, Rwanda, South Africa

South America: Jamaica, Chili

Future Focus: Strengthen position in the present markets while working to enter into regulated markets in Europe and United States.

3.10 - Corporate Social Responsibility

Beyond Business SQUARE cares. “SQUARE Pharmaceuticals Ltd.” is one of the signatory of **UN Global Compact** in Bangladesh. It supports global business community to uphold social issues in business operations and being convinced of the benefits which will accrue out of voluntary adherence to universally recognized social values in transaction of businesses.

Beyond their statutory obligation to comply with legislation “SQUARE Pharmaceuticals Ltd.” consider the interests of customers, employees, shareholders, communities and ecological considerations in all aspects of their operations. This obligation is seen to extend.

As socially conscious and responsible corporate body, SQUARE is committed to the improvement of the society as a whole. SQUARE is involved in the welfare program of the acid burn victims and sponsored **Meril-Prothom Alo** festival which has become a national calendar event. SQUARE helps many NGO's in their effort to make available healthcare to the disadvantage population of the Country. It sponsors programs to build awareness on the healthcare need. It is also a major sponsor of sporting events in the country.

Education	Social Events	Medical community
Annanda Gobinda Public Library	Effluent Treatment Plant (ETP) in Manufacturing Plants	Free medical campaign
SQUARE Kindergarden	EAQUB filling station	Ensure safe & Healthy Workplace
School bus	Stand against all forms of corruption	
Award to higher education	SENORA acid victim campaign	
	SQUARE'S commitment toward environment	

3.11. Achievements of SQUARE Pharmaceuticals

Best Enterprise of the Year 2009



“An award is not just a trophy. It means recognition of innovations, an inspiration that will make some local businesses confident to compete with global giants”, said the winners of Bangladesh Business Awards 2009, given by The Daily Star and DHL Express.

Square Pharmaceuticals Ltd. the leading and the largest pharmaceutical company in Bangladesh has won the crown of “Best Enterprise of the Year 2009”. The award recognizes the \$164 million-a-year-turnover company for its successful entry to overseas markets.

Bangladesh Bank Governor Atiur Rahman, who gave away the awards, saluted the private sector, saying that they are driving the economy towards global standards. Mr. Anjan Chowdhury, Director, Square Pharmaceuticals Limited received the award on behalf of Square on 17th April 2010.



BSJA Sports Award

Bangladesh Sports Journalists Association (BSJA) on Tuesday gave away awards to 111 sports personalities for the last seven years— 'Kool BSJA Awards 2002-2008'— at a colorful function at the NSC Tower.

It turned into a get-together for the sports personalities at the NSC Tower on occasion of the Kool BSJA Awards. Star sportsmen, coaches, organizers, sponsors are among others were present to attend this colorful function

Information and Cultural Affairs Minister

Abul Kalam Azad graced the function as chief guest while State Minister for Youth and Sports Ahad Ali Sarker and Managing Director of Square Toiletries Anjan Chowdhury were also present as special guests.

The chief guest, Minister of Information and Cultural Affairs Abul Kalam Azad remarked that the award will motivate players, coaches, organizers and sponsors to give more to the development of sports in the country.

"I hope you will take this recognition as a motivation to raise our flag high in the international sports arena," Azad urged the awardees.

Besides, State Minister for Youth and Sports Ahad Ali Sarkar said, "The players should give all their efforts according to the capabilities." He said that the government will give all out support to the players.

One of the leading Men's grooming brands of the country - Kool, a popular brand of Square Toiletries Ltd, was the title sponsor of the award giving program.



Ceylon National Chamber of

Industries (CNCI) Gold Award

Square Pharmaceuticals Ltd. the leading and the largest pharmaceutical company in Bangladesh has been accorded Gold Award as an “Achiever of Industrial Excellence”, amongst the SAARC countries for the year 2007 by CNCI.

This award was conferred to SQUARE at a grand presentation ceremony attended by the dignitaries both from the SAARC and other foreign countries at the Grand Ballroom of Colombo Hilton Hotel on the 6th of July, 2007 in Sri Lanka.

The “CNCI Special SAARC Regional Country Award”, is accorded to the best

business entities in the SAARC countries which have achieved the Highest Industrial Excellence in their home countries and have also gained international prominence in conducting business in the most professional and ethical manner.

By winning this highly prestigious award Square Pharma has proved once again to be a business entity with superior management practices, product excellence and business ethics.



Job Description



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Description of the Job:

I am giving a brief description of my job at SQUARE InformatiX Ltd. Due to insufficiency of data I had to make the report on SQUARE Pharmaceuticals but still I am providing information of my job at SQUARE InformatiX Ltd. I was a marketing intern in the company. My key responsibility was to deal with marketing stuff. Since its marketing department has been operational few years ago my responsibility was quite high. Mainly I had to deal different kind of organizational marketing plan and there I got to relate my theoretical knowledge with practical environment.

Specific Job responsibility:

My first job here was to finding out new clients for the company. To do that I had to go through many procedures like; calling the leads, giving them details setting up meeting with them etc.

Other than that, I also did some additional jobs too which is putting data in CRM. Designing brochures for the company etc

My jobs used to change daily and I had provided daily information at the last day of weekend which is Thursday. A sample of my report is shown below.



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Different aspects of job performance:

There were certain aspects of job performance among them these were the most valued and appropriate:

1. The first factor is task specific behaviors which include those behaviors that an individual undertakes as part of a job. They are the core substantive tasks that delineate one job from another.
2. On the other hand, non-task specific behaviors, the second factor, are those behaviors which an individual is required to undertake which do not pertain only to a particular job. Returning to the sales person, an example of a task specific behavior would be showing a product to a potential customer. A non-task specific behavior of a sales person might be training new staff members.
3. Written and oral communication tasks refer to activities where the incumbent is evaluated, not on the content of a message necessarily, but on the adeptness with which they deliver the communication. Employees need to make formal and informal oral and written presentations to various audiences in many different jobs in the work force.
4. An individual's performance can also be assessed in terms of effort, either day to day, or when there are extraordinary circumstances. This factor reflects the degree to which people commit themselves to job tasks.
5. The performance domain might also include an aspect of personal discipline. Individuals would be expected to be in good standing with the law, not abuse alcohol, etc.
6. In jobs where people work closely or are highly interdependent, performance may include the degree to which a person helps out the groups and his or her colleagues. This might include acting as a good role model, coaching, giving advice or helping maintain group goals.
7. Many jobs also have a supervisory or leadership component. The individual will be relied upon to undertake many of the things delineated under the previous factor and in

addition will be responsible for meting out rewards and punishments. These aspects of performance happen in a face to face manner.

8. Managerial and administrative performance entails those aspects of a job which serve the group or organization but do not involve direct supervision.

PharmaSIL

PharmaSIL Pharmaceuticals is a purpose-built set of capabilities that allow pharmaceutical producers to respond to their customers' demands faster and more profitably, and meet the increased burden of regulatory governance. With PharmaSIL Pharmaceuticals, you can solve the unique challenges of your industry that generic ERP solutions can't serve-challenges such as the planning of co-products and by-products, formula matching and optimization, attribute costing, safety, and quality.

Control your supply chain costs and optimize the use of your production capacity. Effectively plan co- and by-products, and determine the least-cost formulation.

Our customers use PharmaSIL Pharmaceuticals to:

- Transition to more profitable and marketable products.
- Increase perfect order rates.
- Better manage customer and product hierarchies.
- Maximize capacity utilization across multiple locations.
- Reduce stock outages.
- Efficiently meet regulatory and compliance mandates.
- Bring new products to market faster.

PharmaSIL Pharmaceuticals solutions Benefit

- Optimize your supply chain around unique industry variables
- Respond faster to changes in customer demands
- Attain operational agility
- Gain real-time cost awareness
- Improve forecast accuracy
- Streamlining workflow
- Producing better products, faster

LeatherSIL

LeatherSIL is an ERP system developed specifically for the leather processing industry, which has been successfully attending small, medium and large leather manufacturing companies. Manual or semi-automated systems are incapable to process complex variables of information which are important for efficient and cost effective decision making process. Knowing that reality, Square InformatiX Limited has dedicated years of research.

The LeatherSIL built By SIL is an end- to- end, instigated solution designed specifically to improve manufacturing, supply chain management, customer relations, production planning, production management, quality control, inventory control and more. To improve product quality and productivity, to satisfy the market demand/ sales forecast and to maximize utilization of machine and manpower, production planning & management are essential.

Our customers use LeatherSIL to:

- Meeting delivery timelines
- Quantify and manage risk of portfolio
- Bringing predictability and control in purchasing
- Reduce cost and increase profitability
- Getting a hold on the operations
- Efficient and effective decision making
- Tracking ownership of Inventory and Production
- Reduce human errors
- Work in process monitoring
- Dispatch and invoicing management
- Managing multiple locations
- Staying in touch with the information all the time from any where
- Ensuring traceability of yearly purchase, production and sale

LeatherSIL solutions Benefit:

LeatherSIL delivers value by increasing process efficiency, enhancing workforce productivity, cutting operating costs, boosting employee and customer satisfaction and enabling better and faster decisions.

Profitability

LeatherSIL is a translucent information system helps in arriving at order wise, customer wise, item wise profit/ loss. The actual costs against estimation done at the planning can be seen on the click of a mouse in your dashboard.

Cost Control

LeatherSIL helps the managers to increase manufacturing, warehousing productivity and operational efficiency which provides management visibility to gain control over cost.

Traceability

Monitoring and control of material and transfer of material is very critical and with increasing concern on quality, backward and forward item traceability is provided in LeatherSIL ERP system.

Increases Productivity

Productivity levels increase due to automated processes and streamlined operations. With relevant information available to managers, you see increased efficiency, effectiveness, and responsiveness within short time of going live on the solution. You can collaborate more

effectively and contribute efficiently towards job due to access to the right information at the right time.

Enhances Business Decision Making

LeatherSIL provides information with better visibility of its business. Managers can now extract the right information at the right time to make informed business decisions. Knowing the data is consistent and accurate across the company makes it easier to manage the business more effectively.

Enhances Stability and Security

The sophistication and scalability of the LeatherSIL ERP solution helps you to keep pace with the company's growth plans and industry norms and standards. The secure, integrated business solution provides reliable information to make critical business decisions.

ConSIL

Business is always in a race for manufacturing companies. With ConSIL, you get the tools you need to speed innovation, so you can beat competitive pressures and introduce new products quickly to meet changing customer tastes.

Optimize the supply chain, from forecasting to production to customer delivery to boost profits, maximize throughput, improving productivity and reducing waste.

Our customers use ConSIL to:

- Respond faster to changes in customer demands.
- Handle multiple sales & distribution channels.
- Exceed food safety and recall management standards.
- Manage and speed up your supply chain.
- Optimize recipes and formulas and support revisions
- Bring new products to market faster.
- Minimize waste due to shelf-life issues

ConSIL solutions Benefit:

- Collaborative forecasting and demand planning
- Accurate processing of high sales order volumes
- Detailed material and capacity planning
- Optimized inventory or warehouse management with product life handling
- Route-based repetitive and non-repetitive distribution
- Optimized use and scheduling of tanks
- Management of returnable pallets and containers
- Timely recall management and insight



OTHER SOFTWARE APPLICATIONS

Enterprise Resource Planning

- Supply Chain Management System- SCMS
- Sales & Distribution Management System- SDMS
- Human Capital Management System – HCMS
- Accounting System - @rbitter

Other Software

- iSpark – Integrated System for Plastic Molding Industry
- Vehicle Management System – VMS
- Hardware Management System – HMS
- Point of Sales – Retail POS
- Billing and Bill Tracking System – SQ Bill
- Export Management System – EMS
- VAT Management System – VATMS
- Pharma Market Research System – PMRS
- PABX Call Monitoring System
- Provident Fund Management System

Observation

My observation here can be based on so many things. Since, it's a newly developed department SIL should focus on too many things I will describe each criteria product wise:

PharmaSIL:

This software is dedicated for pharmaceuticals industry only. So what SIL should do is that, they need to bring strong marketing force to capture the whole market. As we know that pharmaceutical industry is one of the most wide spread and largest industries of our country. So if SIL wants to put their sign on this industry they need to do it with proper marketing plan focusing on this industry. Though it has already been proceeding some of the plans but they better do it faster.

LeatherSIL:

This software is focused on leather industry audience. We know that tannery industry is facing a very hard time now a days. So what SIL should do is that, they better slow down the marketing operation there. But in the meantime they need to visit some of the tannery houses just to remind them that they exist. Through this way they will be up to dated every time and know when they should enter into that market with full force.

ConSIL:

This software has been developed for chemical and cosmetics goods manufacturing company. They already have many potential customers but what I would like to suggest them is that, they should go out and make some new customers by offering newly developed software or focusing on the field where nobody went before. By this, they will be recognized as a unique software company in the market.

Other software:

There is other software which is mainly running on other companies of SQUARE Group. I would like to suggest that SIL should do some modification on them and publicize them accordingly.



Chapter Four

4.0 – Financial Analysis



4.1 - Ratio Analysis

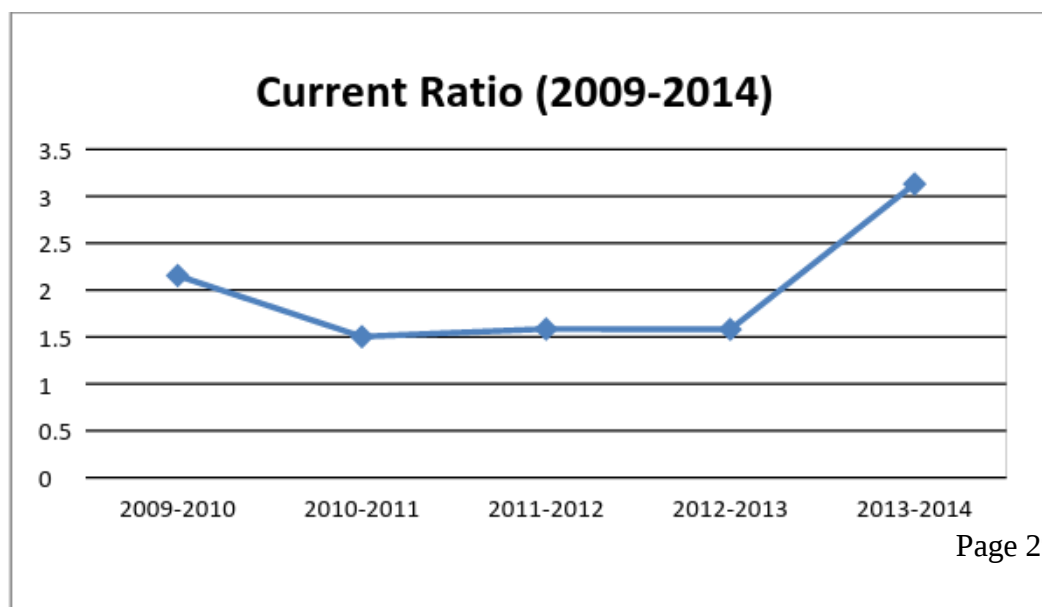
Liquidity Ratio

Liquidity ratio refers to the ability of a firm to meet its short term financial obligations when and as they fall due (Foster, 1986). Two frequently used liquidity ratios are current ratio and quick ratio. We can observe a five year financial trend by analyzing these two ratios.

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Current Ratio	2.153749071	1.50426926	1.586082847	1.5812248	3.1318676
Quick Ratio	1.158109663	0.95979942	0.954091394	0.9210471	1.9888134
Working capital	2,557,566,793.00	2,354,024,414.00	2,492,572,163.00	2,204,259,289.00	5,104,836,155.00

Current Ratio

From the above table and information it is found that current ratio of the Square Pharmaceuticals are well enough to cover the debt by its assets.

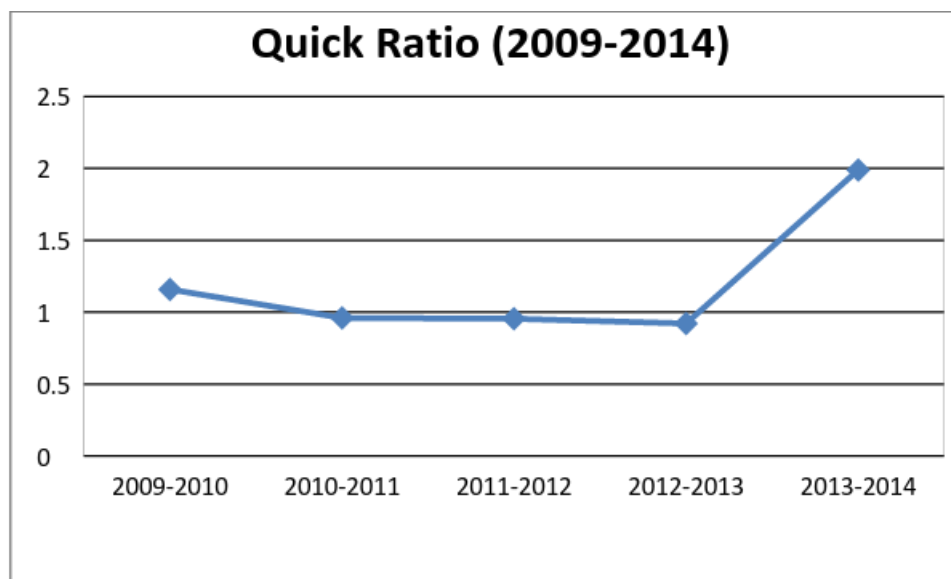




Interpretation: In 2014 the total current assets was 3.13 times than the current liabilities .In 2013 the ratio 1.58 same as the 2012 .In 2011 the current assets was 1.50 than the current liabilities .the ratio decreased from 2012 As the current assets declined and current liabilities increased .In 2010 the ratio increased from 2009 as current assets and current liabilities increased but the increased in current assets was higher.

Quick Ratio

This indicates that company might fall in problem in problem to pay its current debt in the emergency situation. As a result debtor may want to increase their cost (interest rate) for this company which will make the company difficult to manage working capital.



Interpretation: In 2014 the current assets excluding inventories was 1.98 times than the current liabilities. In 2013 the ratio was decreased 0.92 times from 2012 because of the significant increase of current liabilities. In 2012 the total current assets excluding inventory was 0.95 times

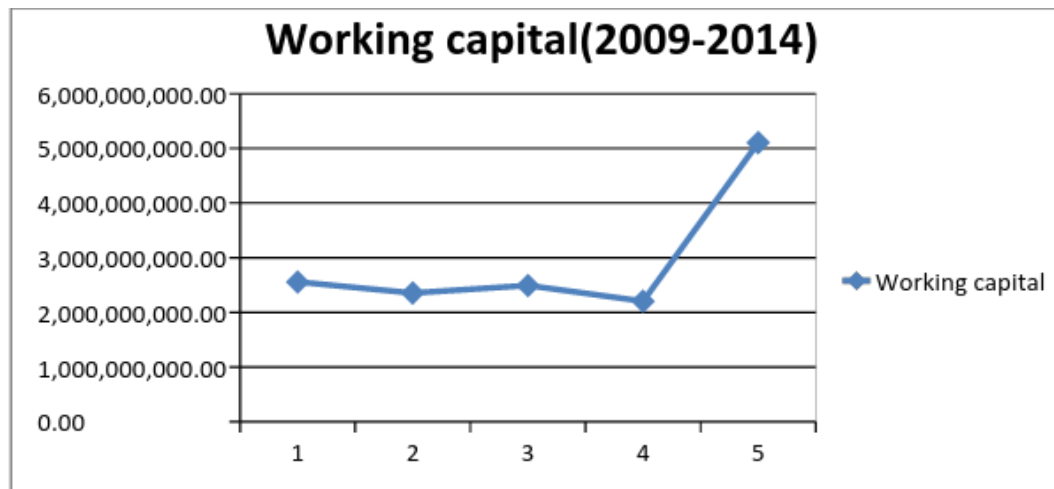


and same as the 2011 than the current liabilities. In 2010 the current assets excluding 1.15 times then the current liabilities.



Working Capital

Working capital is a financial measurement of the operating liquidity available to a business. It is also known as net working capital or working capital ratio.



Interpretation: In 2014 the working capital ratio 50104.in 2013 the total capital decreased from 2204 than the 2014.In 2012 the total capital was 2492 because of decreased of liability.In 2011 the capital was 2345 higher than 2012 and last 2010 also net working capital increased same as 2012.

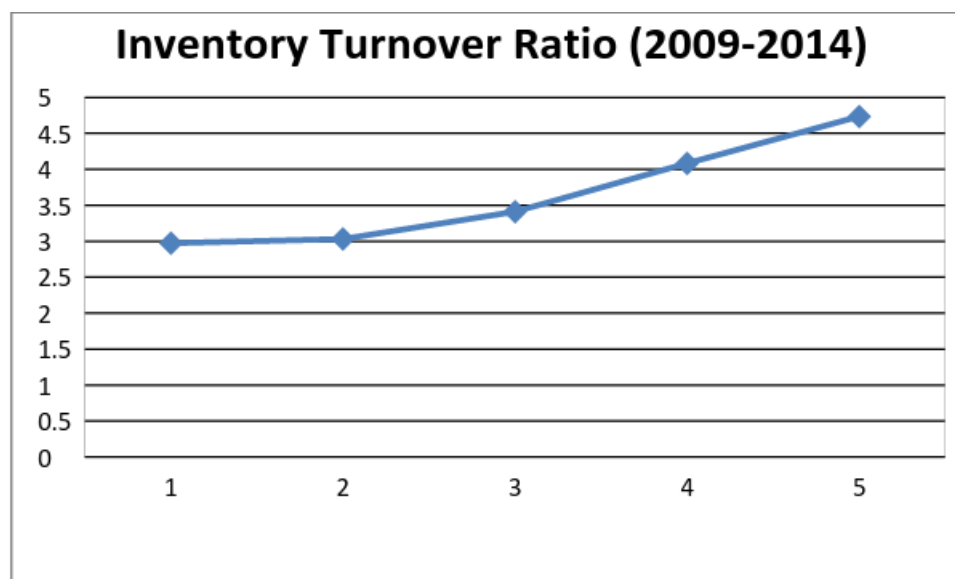


Asset Management Ratio

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Inventory Turnover Ratio	2.97283931 1	3.0309227 6	3.41066694 6	4.0833752	4.7352329
Total Asset Turnover	0.88	0.80	0.87	0.88	0.87
Fixed Asset Turnover	1.29	1.25	1.26	1.19	1.14
Average collection period	13.97	18.10	15.87	14.09	10.38
Average payment period	21.96	34.75	34.86	38.78	6.14

Inventory Turnover Ratio

SPL's inventory turnover ratio is also inconsistent. So it means that company management is not able to manage its inventory efficiently all the time



Interpretation: In 2014 the company sold out and restocks their inventories 4.73 times. In 2013 the ratio decline from 2014 as the increase in inventories were higher than the increasing sales revenue so the ratio in 2013 is 4.08 times .In 2012 the ratio is 3.41 times because of the increase

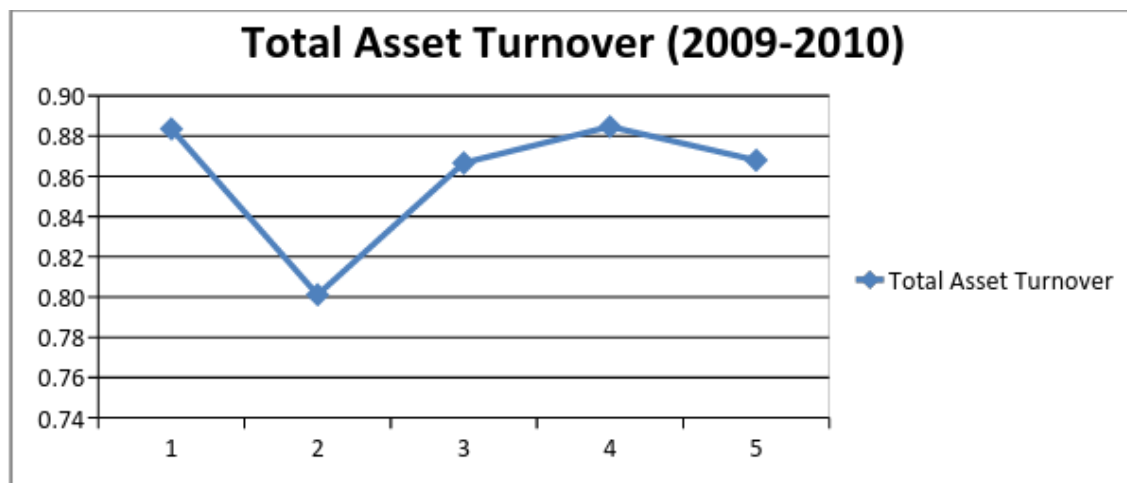


in inventories were higher than the increasing sales revenue . In 2011 the company sold out and restocks their inventories 3.03 times. In 2012 the ratio significantly 2.97 times decreased than the 2014.



Total Asset Turnover Ratio

Square Pharmaceutical Limited's total assets turnover ratio reflects how efficiently the company is using its total assets to generate sales. The total asset turnover ratio of SPL is stable. It means that company is generating sufficient volume of business given its total investment.

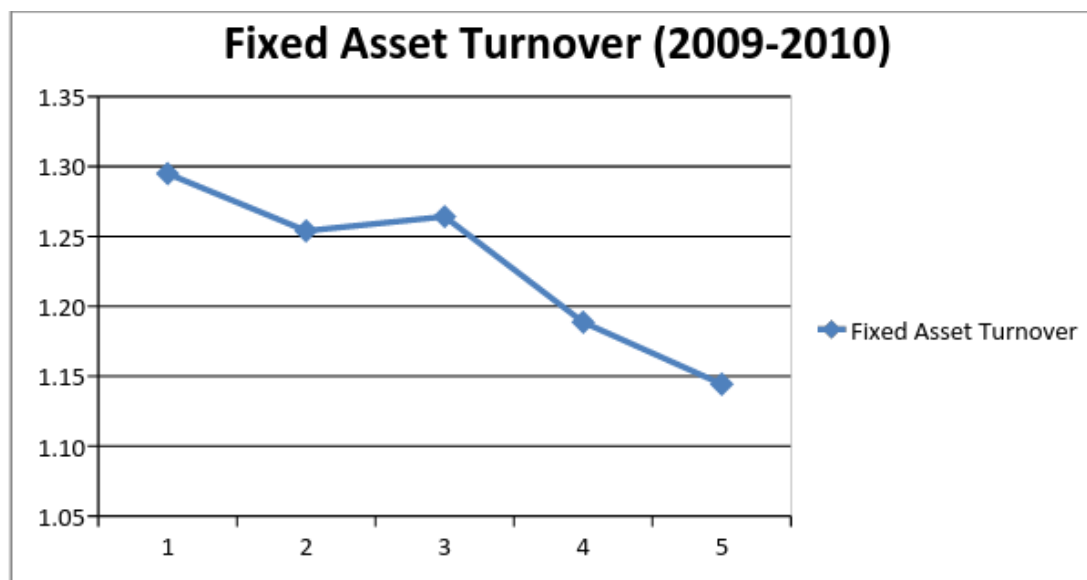


Interpretation: In 2014 using 1 tk of assets the SPL sales 0.87 tk. In 2013 The ratio was increased 0.88 tk than 2014 .In 2012 the decreased as the increased of total assets were higher than the total revenue. In 2011 the ratio was also decreased from 2012 because the same reason. In 2010 using 1 tk assets the SPL generate sales of 0.88 tk that was higher than the total assets because of increasing revenue.



Fixed asset turnover ratio

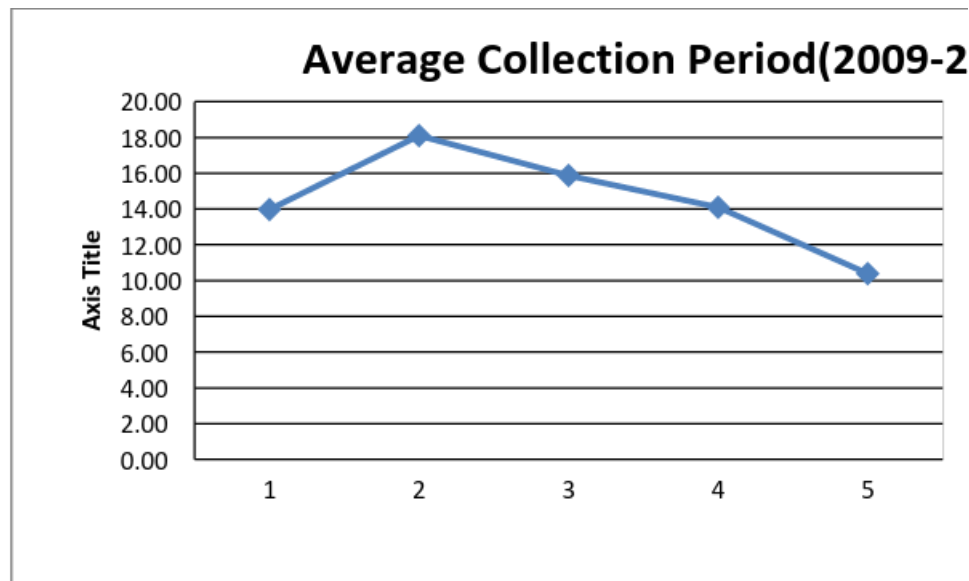
Fixed assets turnover ratio reflects how efficiently the company is using its fixed assets to generate sales. The fixed asset turnover ratio of Square Pharmaceutical Ltd is inconsistent. It means that company does not use its fixed assets efficiently and intensively.



Interpretation: In 2014 using 1 tk fixed assets the SPL generate sales of 1.14 taka .The ratio increased from 2014 as the increase in revenue were higher than the fixed assets so In 2013 using 1 tk of fixed assets the SPL generate sales of 1.19 tk. In 2012 using 1 tk of fixed assets the SPL increased 1.26 tk as the same way in 2013. In 2011 using 1 tk they generate 1.25 tk that was lower than 2012 .In 2010 they generate 1.29 tk by using 1 tk total assets .

Fixed asset turnover ratio

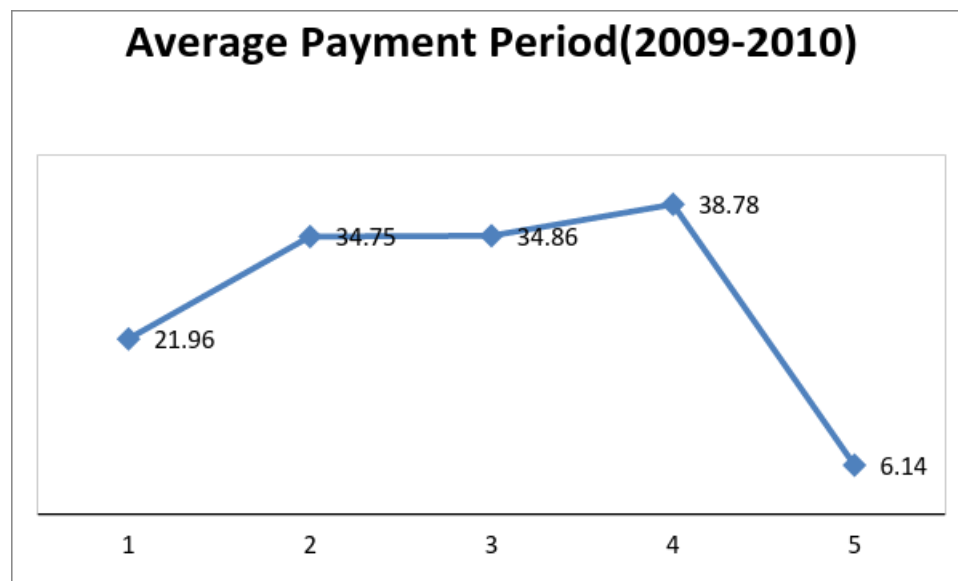
Fixed assets turnover ratio reflects how efficiently the company is using its fixed assets to generate sales. The fixed asset turnover ratio of Square Pharmaceutical Ltd is inconsistent. It means that company does not use its fixed assets efficiently and intensively.



Interpretation: In 2014 on average it takes 10.38 days to convert accounts receivable to cash. In 2013 the ratio increased due to significant increase in the accounts receivable. In 2012 on average it takes 15.87 days to convert accounts receivable to cash .In 2011 on average 18.10 days that was significantly increased from 2010. In 2010 it was 13.97 days that was significantly decreased other years because of accounts receivable and sales increased but the increase in sales revenue was higher than the increase accounts receivable.

Average Payment period

A shorter payment period indicates prompt payments to creditors. Like accounts payable turnover ratio, average payment period also indicates the creditworthiness of the company. But a very short payment period may be an indication that the company is not taking full advantage of the credit terms allowed by supplier.



Interpretation: In 2014 on average it takes 6.14 days to pay the money. In 2013 it takes 38.78 days that was significantly maximum day because of liquid assets. In 2011 it takes 34.86 days to pay the cash and 2010 it was significantly decreased 21.96 days from 2011.

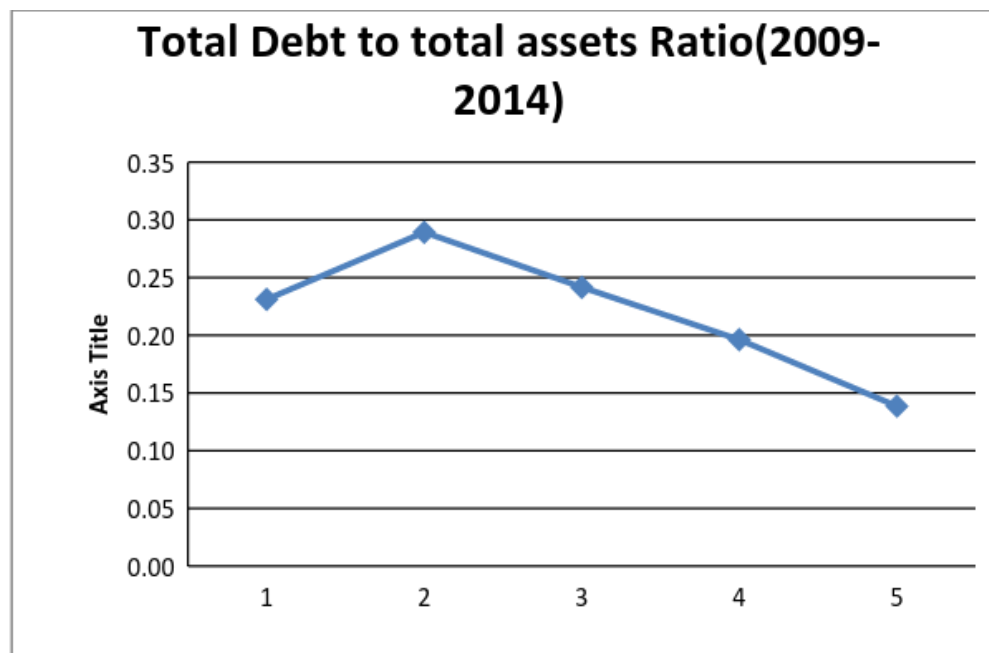


Debt Management Ratio

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Total Debt to total assets Ratio	0.23	0.29	0.24	0.20	0.14
Total Debt to Total Equity Ratio	0.30	0.41	0.32	0.24	0.16
Times interest earned	8.15	11.70	8.18	12.78	32.38

Total Debt to total assets Ratio

It indicates what proportion of equity and debt the company is using to finance its assets. The data of SPL has an average of 28% debt equity ratio which is good.



Interpretation: In 2014 the total liabilities were 0.14 times higher than the total assets .In 2013 the ratio was increased 0.20 times the ratio increased from 2014 as both total assets and total

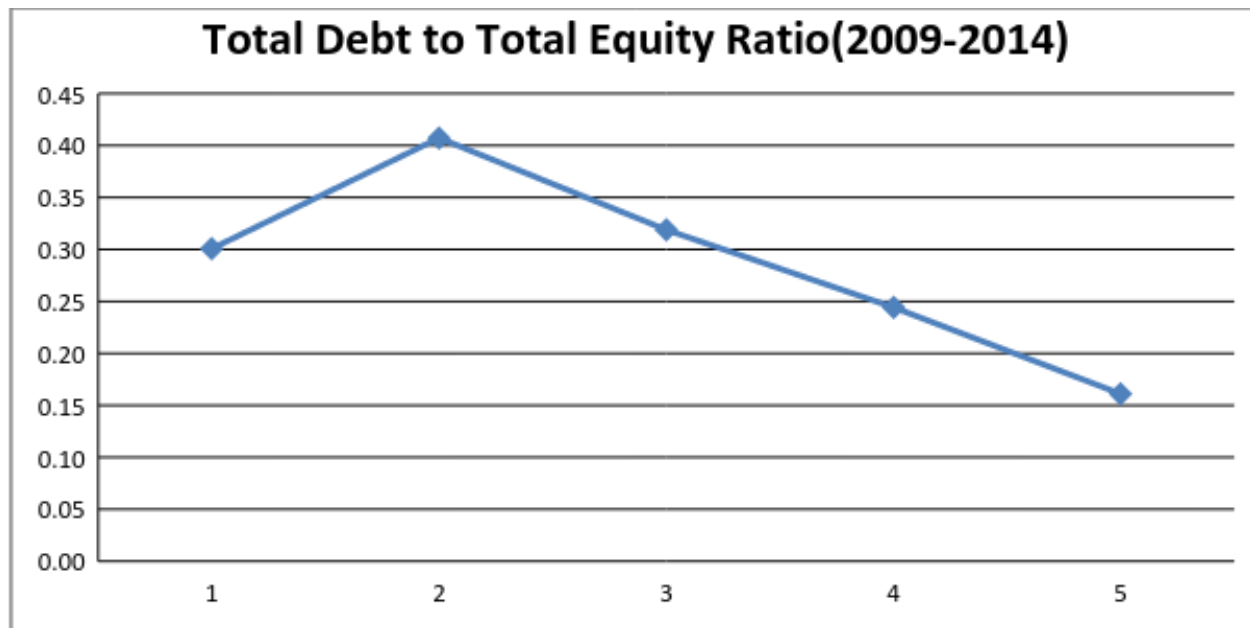


liabilities increased but increased in total liabilities were higher than the increase in total assets. In 2012 the ratio also increased 0.24 time because of the both total assets and total liabilities increased but increased in total liabilities were higher than the increase in total assets. In 2011 it was also increased 0.29 time as the same way but in 2010 the ratio was decreased from 0.23 times.



Total Debt to Total Equity Ratio

The debt ratio measures the proportion of total assets financed by the company's creditors. The average data is five years is 25% which is square is satisfactorily use other people's money in an attempt to generate profit.



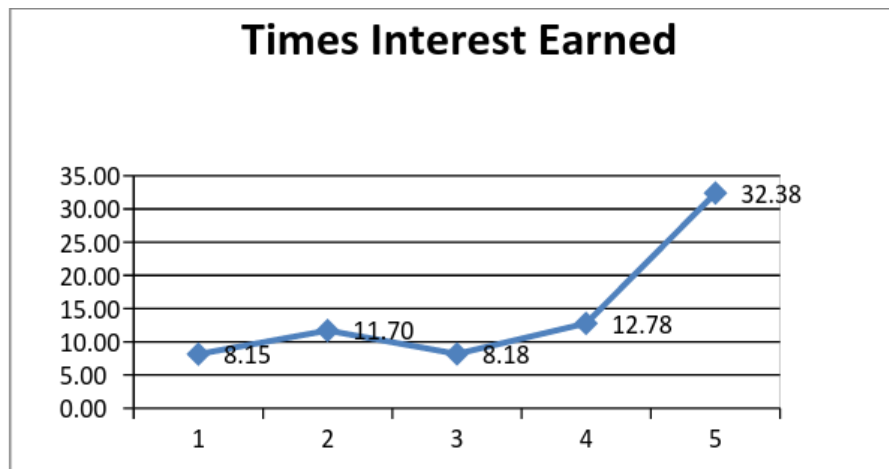
Interpretation: In 2014 the total liabilities were 0.16 times lower than the total equity. In 2013 the total liabilities were 0.24 times higher than the total equity. The ratio increased from 2014 as total liabilities increased but total equity decreased. In 2012 the total liabilities were 0.32 higher than the total equity as the same reason. In 2011 it was significantly higher than 2012 but in 2010 the ratio was 0.30 because the total liabilities decreased and the total equity increased.

Times interest earned

Higher value of times interest earned ratio is favorable meaning greater ability of a business to repay its interest and debt. Lower values are unfavorable. A ratio of 1.00 means that income



before interest and tax of the business is just enough to pay off its interest expense. That is why times interest earned ratio is of special importance to creditors.



Interpretation: In 2014 the time interest earn was 32.38 times that was higher than 2013. In 2013 the ratio was significantly 12.78 times decreased from 2014. In 2012 the ratio was 8.18 and the 2011 ratio was 11.70 times increased but in 2010 the ratio was 8.15 time that was lower than 2011.

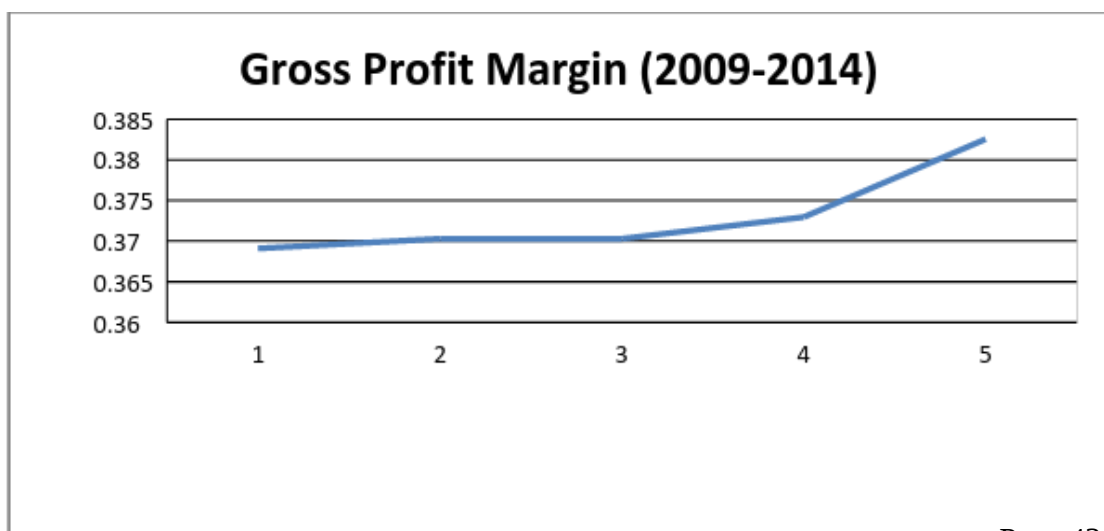


Profitability Ratio

	2009- 2010	2010- 2011	2011- 2012	2012- 2013	2013- 2014
Gross Profit margin	0.36909689	0.3702865 3	0.37028652 6	0.3729502	0.3825352
Operating Profit margin	0.20254464	0.1766512 1	0.17862488	0.1857425	0.2214697
Net profit margin	0.15722942 3	0.1625562	0.15585075 3	0.1610888	0.2214697
ROA	0.13891824 4	0.1302201 8	0.13506757 3	0.1425058	0.1593182
ROE	0.18	1.1272843 8	1.14298816 8	1.1007177	1.0077079

Gross Profit Margin

The gross profit margin of square pharmaceutical limited measures the percentage change of each sales dollar remaining after the firm has paid for its goods. The higher the gross profit margin the better and the lower the relative cost of merchandise sold. Profit margin is stable and gives a consistent rate.



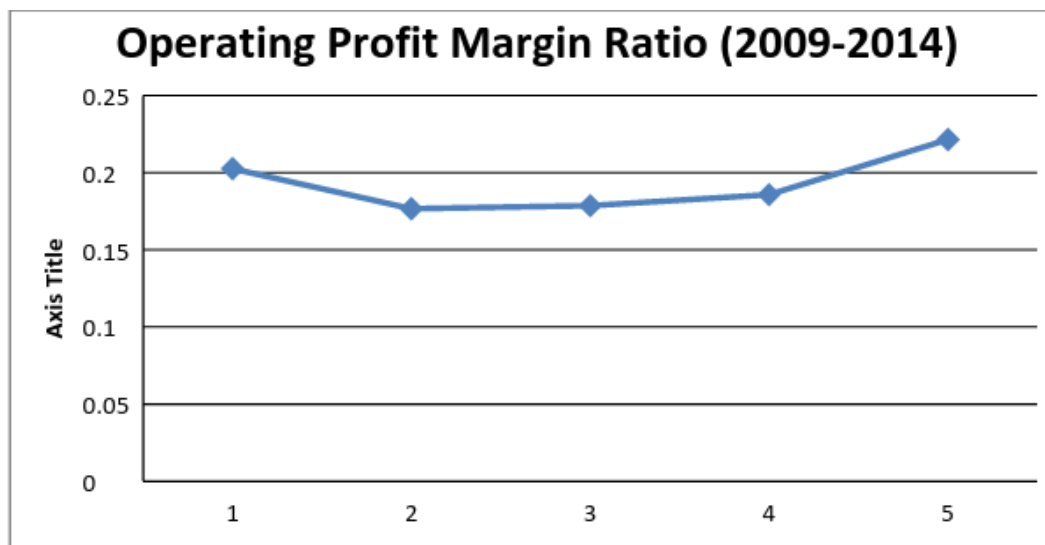


Interpretation: In 2014 the SPL earned 0.38 of every 1 tk of sales. the ratio increased from 2013 as the revenue decreased was lower than the decrease than the gross profit . In 2013 the SPL earned 0.37 tk of every 1 tk. In 2012 and 2011 the ratio was same as the 2013 .In 2010 the ratio decreased from 0.36 tk by using 1 taka.



Operating Profit Margin

The operating profit margin measures what are often called the pure profits earned on each sales dollar. A high profit margin is preferred. The data of Square Pharmaceutical gives us the impression that the company is getting operating profit in a stable rate. The high difference in the operating profit margin and gross profit margin indicates that there was high operating expense.



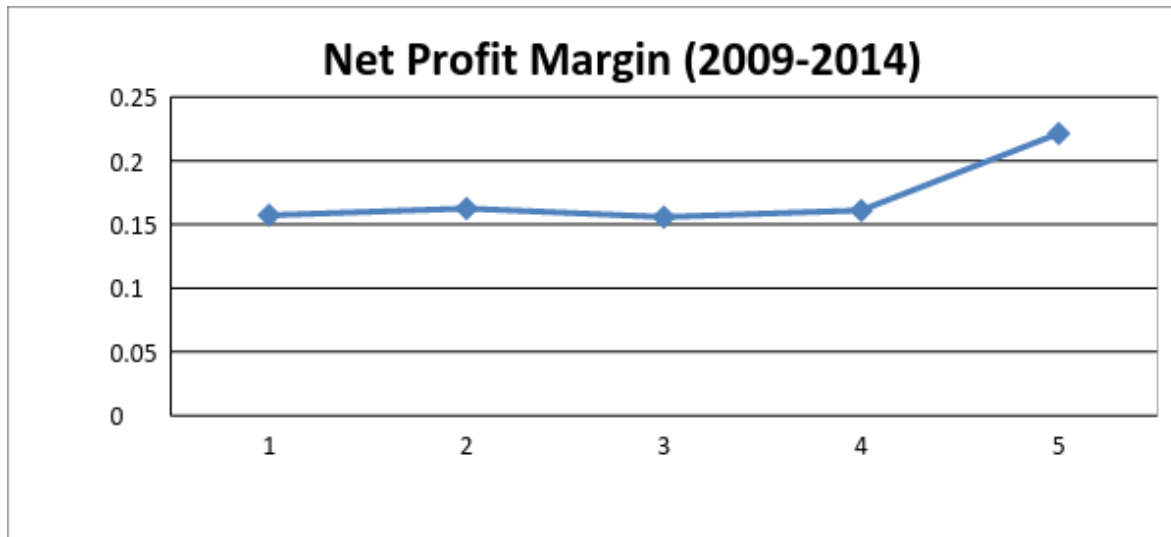
Interpretation: In 2014 the SPL earned 0.22 tk of every 1 tk worth of sales. The ratio increased from 2013 as the increase level of net profit before tax were higher than the increasing revenue. In 2012 the SPL earned 0.18 tk of every 1 tk worth of sales and it was also increased from 2011 as like 2014. In 2011 and 2010 the ratio was same by using 1 Tk. In 2010 the ratio was significantly increased 0.20 than 2011 because of the increase level of net profit before tax were higher than the increasing revenue.

Net Profit Margin

Net profit margin measures the percentage of each sales dollar remaining after all expenses, including taxes, have been deducted. The higher the company's net profit margin the better it



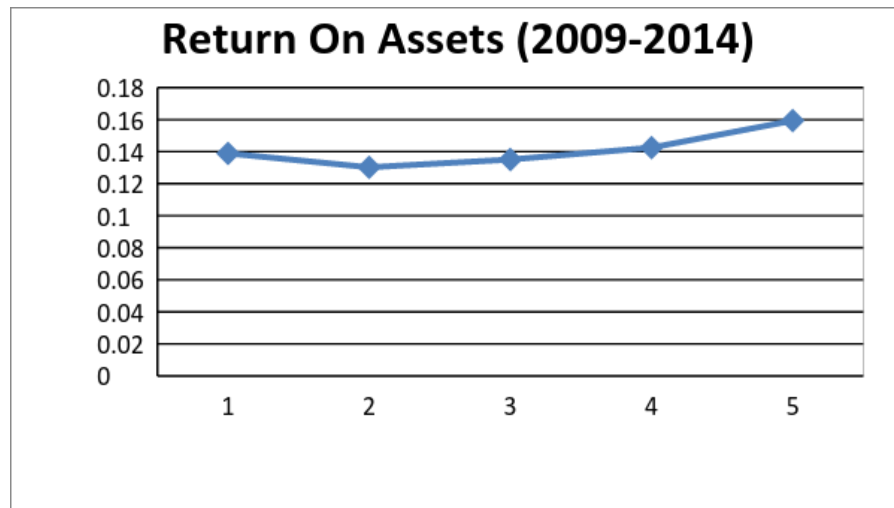
will be. The data represents here gives us an impression that Square Pharmaceutical is having stable rate of net profit margin.



Interpretation: In 2014 the SPL earned 0.22 Tk of every 1 Tk of sales. The ratio increased than 2012 because the profit increased. In 2013 the ratio was 0.16 that was lower than 2014 because the sales revenue increased but the profit decreased. In 2012 the ratio also decreased 0.15 for the reason of the same as 2013. In 2011 The SPL increased their ratio 0.16 Tk by using 1 tk and 2010 it also decreased and the ratio was 0.15 Tk by using 1 tk.

Return on Assets

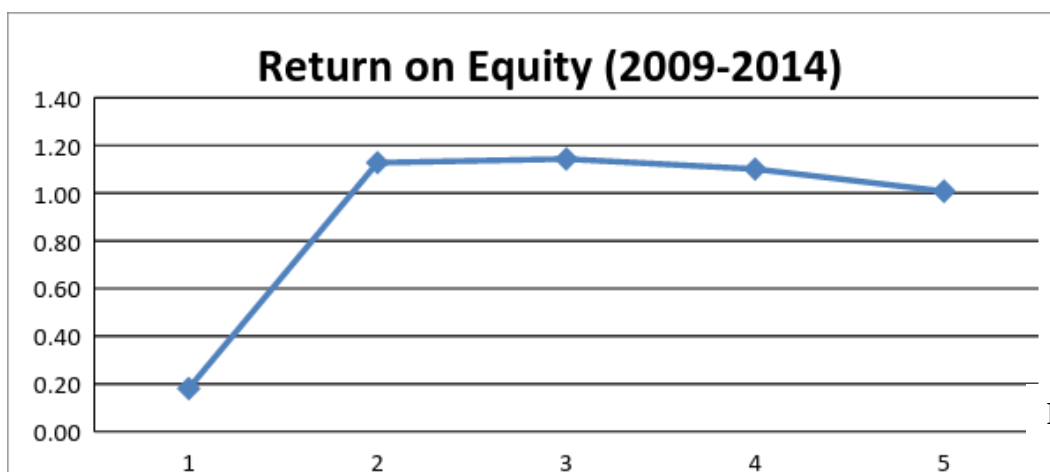
The return on total assets (ROA) is often called the company's return on investment. It measures the overall effectiveness of management in generating profits with its available assets. The higher the company's return on total assets the better. The data represents here gives us an impression that Square Pharmaceutical is doing satisfactorily good.



Interpretation: In 2014 every 1 Tk worth of assets is generating 0.15 tk worth of net income .In 2013 every 1 tk worth of assets its generating 0.14 tk .the ratio decreased from 2014 as total assets increases but net income decreased . In 2012 and 2011 the ratio was 0.13 and it was decreased than 2013 because the total assets increase but net income decreased. In 2010 it was slightly increased and the ratio was 0.13 tk by generating 1 tk .

Return on Equity

The return on equity measures the return earned on the owner's investment in the company. Generally the higher the returns the better off are the owners. The owners of square pharmaceutical are having a very good return on equity.





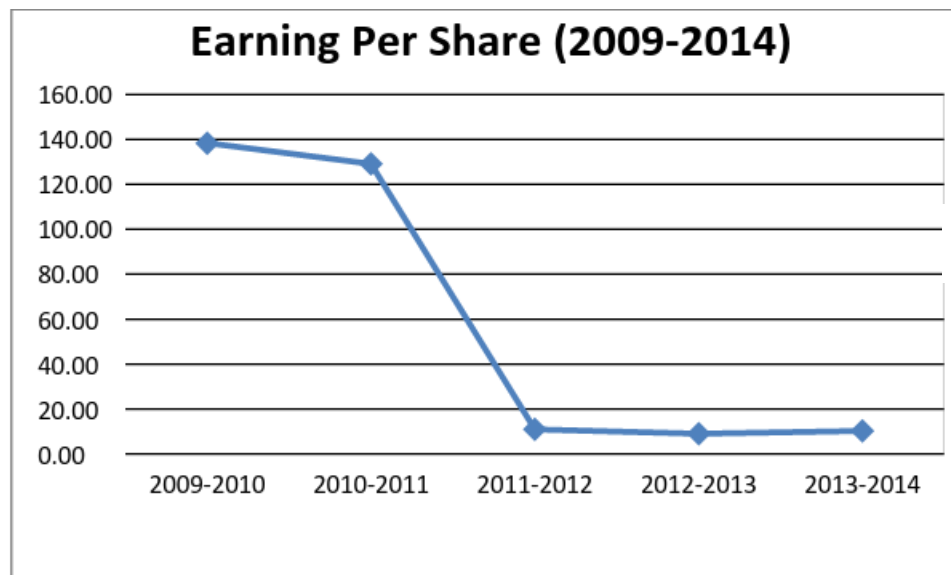
Interpretation: In 2014 owners have earned 1.00 tk out of 1 tk investment .the ratio was decreased from 2013 as both net income and owners equity has decreased in net income is higher than the decreased in owners' equity. In 2013 owners have earned 1.10 taka out of 1 tk investment. The ratio has decreased from 2012 as both net income and owners equity has decreased in net income is higher than the decreased in owners' equity. In 2012 owners have earned 1.14 tk out of 1 tk investment. It was increased than 2011 as the same way of 2013 and 2014 .In 2011 the ratio was 1.12 tk and 2010 ratio was 0.18 that was significantly decreased than 2011 .

Market Value Ratio

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Earnings Per Share	138.36	129.07	10.94	9.01	10.26
Price Earnings Ratio	25.88	25.35	17.37	19.82	26.02
Market Value to book value Ratio	4.68	4.65	3.86	3.51	4.81

Earnings per share

EPS represent the number of dollars earned on behalf of each outstanding share of common stock.

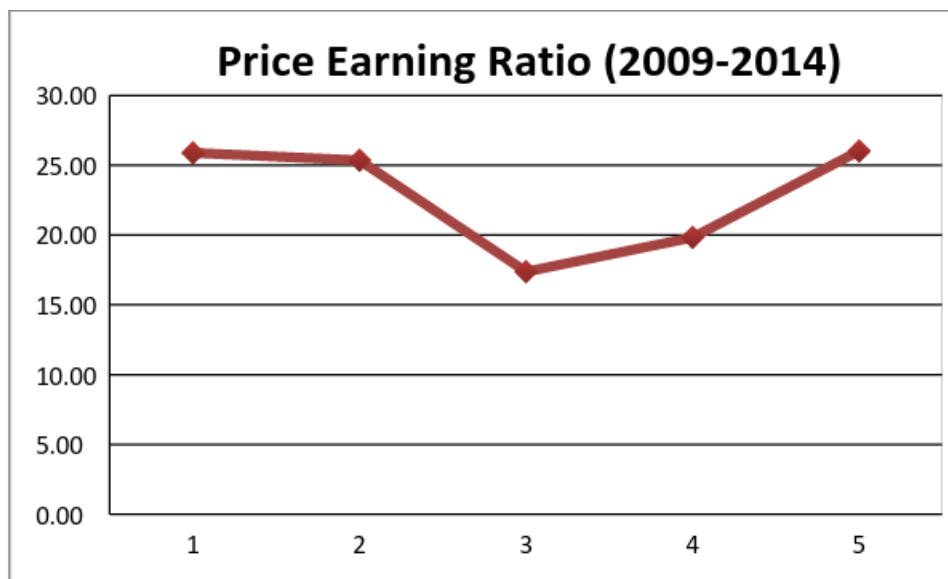




Interpretation: In 2014 the SPL earned 10.26 tk per share than the 2013 as the net profit increased. In 2013 the they earned 9.01 tk that was decreased than 2014 as the net profit decreased. In 2012 the earning per share has significantly decreased from 2011 due to some uncontrollable market variables and its continues till 2014. In 2011 it was 129.07 that was lower than 2010 and in 2010 the ratio was 138.36 tk.

Price earnings ratio

Although the PE ratio of Square Pharmaceuticals is lesser in the recent years compared to the industry, but in a stock market like ours, where investors' does not take much informed decision, it cannot be said that the investor's assessment of the company's future earnings was negative



Interpretation:

In 2014, the investors willing to pay 26.02 times of each taka of investors earnings.



In 2013, the investors willing to pay 19.82 times of each taka of investors earnings.

In 2012, the investors willing to pay 17.37 times of each taka of investors earnings.

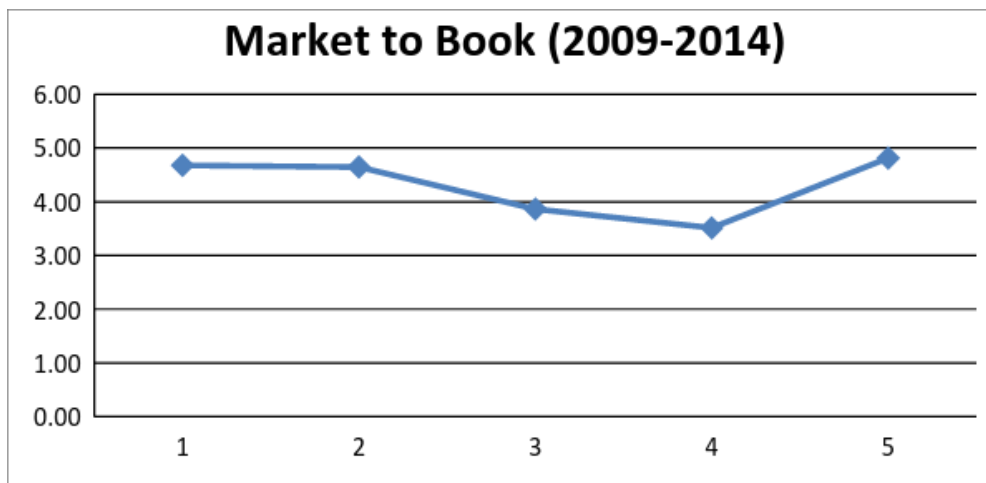
In 2011, the investors willing to pay 25.35 times of each taka of investors earnings.

In 2010, the investors willing to pay 25.88 times of each taka of investors earnings.



Market to book ratio

The Market-to-Book Ratio is a comparison of the current share price to the book value per share of the publicly traded company.



Interpretatio

n: In 2014 the market value 4.81 times than the book value and it was increased than 2013 as the industry has higher market value. In 2013 the market value 3.51 than the book value. The ratio has decreased from 2012 as the industry's market value decreased. In 2011 the market value 4.65 times than the book value and it was increased than 2012 as the industry has higher market value. In 2010 the market value was 4.68 times than the book value.



4.3 – Credit Rating

Bank Name	By amount	Rating
Bank Asia Ltd.	46,847,147	AA3
Bank Alfalah Ltd.	3,267,902	A2
Brac Bank Ltd.	28,982,340	AA3
Bangladesh Krishi Bank	48,018	A-
Citibank N.A	130,229,929	A1
Commercial Bank of Ceylon PLC	60,260,149	AAA
Dutch-Bangla Bank Ltd.	1,184,095	AA1
Eastern Bank Ltd.	49,334,954	AA
HSBC Ltd.	154,453,299	AAA
Janata Bank Ltd.	830,853,739	AAA
Mercantile Bank Ltd.	42,435,020	AA-
Mutual Trust Bank Ltd.	25,759,465	AA-
Prime Bank Ltd.	952,572,743	AA
Pubali Bank Ltd.	12,150	AA
Standard Chartered Bank	271,495,002	AAA
Shahjalal Islami Bank Ltd.		AA3

We can see that SQUARE Pharma has maintained quite good reputation on their ratings of credit. We also find that every bank that they deal with has put them in a very good position. In light of their we can come to the decision that SQUARE Pharma can be trusted if we judge them through credit ratings.



Changes in Equity

For the Year Ended 31 March 2014

Particulars	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Holiday Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Non Controlling Interest Taka	Total Taka
At 31 March 2013	3,707,686,640	2,035,465,000	105,878,200	406,231,702	313,532,224	16,017,431,580	7,719,551	22,593,944,897
Total Comprehensive Income (2013-2014)	-	-	-	-	135,723,333	4,944,554,910	1,650,252	5,081,928,495
Cash Dividend (2012-2013)	1,112,305,990	-	-	-	-	(926,921,660)	-	(926,921,660)
Stock Dividend (2012-2013)	-	-	-	-	-	(1,112,305,990)	-	-
At 31 March 2014	4,819,992,630	2,035,465,000	105,878,200	406,231,702	449,255,557	18,922,758,840	9,369,803	26,748,951,732

EQUITY ANALYSIS:

For this analysis, I have collected the annual report of SQUARE Pharma of the last five (05) years, from which, I have taken the “Balance Sheet” and “Statement of Comprehensive Income” of the organization. Based on the last five (05) years financial statements (2011-2015) of the organization, I have forecasted their financial standings for its next five (05) years probable financial standings (2015-2019).

To justify this analysis, it is important to disclose all the necessary terms and calculations of each step for proper understanding. The brief discussion of the steps mentioned in the above figure is given below:

Step 01: Calculating Operating Cash Flow (OCF):

To calculate operating cash flow of SQUARE Pharma, I basically needed three (03) elements from their financial statements from the year 2011-2015 to forecast for next five (05) years (2015-2019). The elements are outlined in the figure and then discussed below:

1. EBIT
2. TAXES
3. DEPRICIATION

Earnings before Interest & Tax (EBIT):

To calculate EBIT, SQUARE Pharma followed a certain structure in their “Statement of Comprehensive Income”, which is given and discussed below:





Phase 01: I have calculated the net sales revenue growth of SQUARE Pharma of each year

Within the time frame of 2010-2013

Formula:

$$\text{Net Sales Revenue Growth} = \frac{\text{NSR (Current Year)} - \text{NSR (Previous Year)}}{\text{NSR (Previous Year)}}$$

Where,

NSR = Net Sales Revenue

Phase 02: Than I have made an average of the growth of net sales revenue within the time

Frame of 2010-2013.

Formula: Add All the NSR

$$\text{Average of Net Sales Growth} = \frac{\text{Add All the NSR}}{4}$$

Phase 03: Lastly, I have forecasted the net sales revenue for the years 2015-2019 by using the formula below:

Formula:

$$\text{Forecasted Net Sale Revenue} = \{P_o * (1+g)\}$$

Where,

P0 = Net Sales Revenue (Previous Year)

g = AVG. of Net Sales Revenue Growth

Calculation of Other Forecasted Income & Expenses:

Phase 01: Firstly, I have calculated the percentage of the rest of the income and expenses situated in the “Statement of Comprehensive Income” of SQUARE Pharma of each year within the time frame of 2011-2015.

Formula:

$$\text{Percentage of Income or Exp.} = \frac{\text{Income or Exp. (Current Year)}}{\text{Net Sales Revenue (Current Year)}}$$

Phase 02: Then I have made an average of the percentage of all the income and expenses situated in the “Statement of Comprehensive Income” within the time frame of 2011-2015.

Formula:

$$\text{AVG. Percentage of Income or Exp.} = \frac{\text{Sum of Each Year Percentage}}{5}$$

Phase 03: Lastly, I have forecasted the all the income and expenses of the “Statement of Comprehensive Income” for the years 2015-2019 by using the formula below:

Formula:

$$\text{Forecasted Income or Exp.} = (P_0 * \text{Average Percentage of Income or Exp})$$

Calculation of EBIT:

By calculating the forecasted net sales revenue and other income and expenses, I have Calculated the EBIT by following the structure of Table.



Taxes:

Phase 01: Firstly, I have collected the value of current tax from the “Statement of Comprehensive Income” of SQUARE Pharma for the years 2011-2015. Then, I have calculated the percentage of current tax of each year by using the following formula:

Formula:

$$\text{Percentages of Current Tax} = \frac{\text{Current Tax}}{\text{Net Sales Revenue (Current Year)}}$$

Phase 02: Than, I made an average of the percentage of current tax for the years 2011-2015 by using the following formula:

Formula:

$$\text{AVG. Percentage of Current Tax} = \frac{\text{Sum of Each Year's Percentage}}{5}$$

Phase 03: Lastly, I have forecasted the current tax for the time period of 2015-2019 by using the formula below:

Formula:

$$\text{Forecasted Current Tax} = (P0 * \text{AVG. Percentage of Current Tax})$$

Where, P0 = Net Sales Revenue (Previous Year)

Calculation of Operating Cash Flow (OCF): After computing the three (03) elements needed (EBIT, Depreciation and Taxes), I have calculated the operating cash flow for the next five (05) years (2015-2019). The calculation is shown below:





Step 02: Calculating Project Cash Flow

To calculate the project cash flow of SQUARE Pharma, I also needed three (03) elements from the financial statements. The elements are outlined in the figure below and discussed afterwards:

1. Operating Cash Flow
2. Change in net working capital
3. Capital Spending

Operating Cash Flow:

Operating cash flow (OCF) is already calculated for the forecasted years (2015-2019) in previous table.

Change in Net Working Capital:

Phase 01: To figure out the net working capital and then capital spending, it is imminent to figure out the average growth of total assets and liabilities and also the average percentages of current and non-current assets and liabilities to calculate the forecasted value of these terms for the years 2015-2019. The computation procedure of these terms is given on the following page:

Items	2015	2016	2017	2018	2019
Operating Cash Flow	5,186,436,869	6,315,477,622.00	7,661,429,459.00	9,264,294,237.00	11,171,341,199.00
(Change in WC)	3,976,600,657	4,374,260,722.00	4,811,686,794.00	5,292,855,474.00	5,822,141,022.00
(Capital Spending)	2,028,891,002	1,126,117,000	1,306,295,720	1,515,303,035	1,757,751,521
Project cash flow	(819,054,790.00)	815,099,900.00	1,543,446,945.00	2,456,135,728.00	3,591,448,656.00



Forecasted Amount of Total Assets & Total Equity & Liabilities:

From the balance sheet of SQUARE Pharma, I have collected the value of total assets and total equity and liabilities for the years 2011-2015. After that, I have calculated the growth of the total assets and total equity and liabilities of each year (2010-2013) by using the following formula:

Formula:

$$\text{Growth of Total Assets \& Liability} = \frac{P_1 - P_0}{P_0}$$

Where,

P_0 = Total Assets or Total Equity and Liabilities (Previous Year)

P_1 = Total Assets or Total Equity and Liabilities (Current Year)

After calculating the growth, I have made an average of it by using the following formula:

Formula:

$$\text{Average Growth of Total Asset \& Liability} = \frac{\text{Sum of the Growth of Each Year}}{4}$$

Lastly, I have calculated the forecasted value of total assets and total equity and liabilities for the time frame 2015-2019 by using the following formula:

Formula:

$$\begin{aligned} &\text{Forecasted Amount of Total Assets \& Liability} \\ &= \{ P_0 * (1 + \text{Average Growth of Total Asset \& Liability}) \} \end{aligned}$$

Where,

P_0 = Total Assets or Total Equity and Liabilities (Previous Year)



♠ **Forecasted Amount of Current & Non-Current Assets:**

- ✓ Firstly, I have calculated the percentage of current and non-current assets in total assets by using the formula below:

Formula:

Percentage of Current or Non – Current Assets

$$= \text{Current or Non – Current Assets (Current Year)} / \text{Total Assets (Current Year)}$$

- ✓ Then, I have made an average of the percentage of current or non-current assets by using the formula below:

Formula:

$$\text{AVG. Percentage of Current or Non – Current Assets} = \text{Sum of Percentage of Each Year} / 4$$

- ✓ Lastly, I have forecasted the amount of current or non-current assets for the years 2015-2019 by using the formula below:
- ✓ **Formula:** *Forecasted Amount of Current or Non – Current Assets* =
(Forecasted Total Assets * AVG. % of Current or Non – Current Assets)

Forecasted Amount of Different Sections of Liabilities & Equity:

- ✓ Firstly, I have calculated the percentage of current and non-current liabilities and equity in total equity and liabilities by using the formula below:

Formula:



Percentage of Liabilities or Equity

$$= \text{Liabilities or Equity (Current Year)} / \text{Total Equity \& Liabilities (Current Year)}$$

- ✓ Then, I have made an average of the percentage of current and non-current liabilities and equity by using the formula below:

Formula:

AVG. Percentage of Liabilities or Equity

$$= \text{Sum of Percentage of Liabilities or Equity} / 5$$

- ✓ Lastly, I have forecasted the amount of current and non-current liabilities and equity for the years 2015-2019 by using the formula below:

Formula:

Forecasted Amount of Liabilities or Equity

$$= (\text{Forecasted Total Equity \& Liabilities} * \text{AVG. \% of Liabilities or Equity})$$

Phase 02: As all the necessary calculations are done, I started to calculate the net working capital by using the following formula:

Formula:

$$\text{Net Working Capital} = \{ \text{Current Assets (Current Year)} - \text{Current Liabilities (Current Year)} \}$$



Phase 03: After computing the net working capital, I have calculated the change in net working capital by following the formula below:

Formula:

Change in Working Capital = {Net Working Capital (Current Year) – Net Working Capital (Previous Year)}

Capital Spending:

Capital spending is calculated by using the following formula:

Formula:

Capital Spending = {Non-Current Assets (Current Year) – Non-Current Assets (Previous)}

Calculation of Projected Cash Flow:

After computing the three elements needed, I have calculated the project cash flow for the next five years (2015-2019). The calculation is shown below:

Items	2015	2016	2017	2018	2019
Operating Cash Flow	5,186,436,869	6,315,477,622.00	7,661,429,459.00	9,264,294,237.00	11,171,341,199.00
(Change in WC)	3,976,600,657	4,374,260,722.00	4,811,686,794.00	5,292,855,474.00	5,822,141,022.00
(Capital Spending)	2,028,891,002	1,126,117,000	1,306,295,720	1,515,303,035	1,757,751,521
Project cash flow	(819,054,790.00)	815,099,900.00	1,543,446,945.00	2,456,135,728.00	3,591,448,656.00

Phase 01: To calculate the net present value, it was necessary to compute the required rate of return (K_e). The formula through which I have calculated the required rate of return (K_e) is given below:

Formula:

$$K_e = R_f + R_m - R_f * \beta$$



Where,

K_e = Required Rate of Return

R_f = Risk Free Rate R_m = Return on Market Portfolio

β = Systematic Risk

The calculation of required rate of return is given below. All the values used in the formula below are directly taken from “Stock Bangladesh Website”.

<u>Required Rate of Return (K_e)</u>		
<u>Formula</u>	<u>Calculation</u>	<u>Value</u>
$R_f + (R_m - R_f) \times \beta$	$0.05 + (0.078 - 0.05) \times 1.09$	$K_e = 0.08$ or 8%

Table 12: Calculation of Required Rate of Return

Phase 02: After computing the required rate of return (K_e), I have calculated the cash flows needed to calculate net present value (NPV) by using the following formula:

Formula:

$$\text{Cash Flows} = \text{Project Cash Flow} (1 + i)^n$$

Where,

i = Required Rate of Return

n = Time Period

Phase 03: After computing each year's cash flows, I have calculated the net present value of the forecasted years (2015-2019) using the formula below:

Formula: NPV = Sum of All Cash Inflow- Sum of All Cash Outflow

Calculation of Net Present Value (NPV):



After computing all necessary elements, I have calculated the net present value (NPV) for the next five (05) years (2015-2019). The calculation is given below:

Column1	2015	2016	2017	2018	2019
Projected Cash Flow	(819,054,790)	815,099,900	1,543,446,945	2,456,135,728	3,591,448,656
(/)(1+i) ⁿ	1.08	1.17	1.26	1.36	1.47
(=)Cash flow	(758,384,065)	696,666,581	1,224,957,893	1,805,982,153	2,443,162,351
NPV					
All Cash Inflows	6,170,768,978				
All Cash Outflows	(758,384,065)				
Net Present Value	5,412,384,913				



Chapter Five

5.0 - Findings



5.1 - SWOT Analysis of the SQUARE Pharmaceuticals Ltd.

A SWOT analysis identifies and assesses the strengths, weaknesses, opportunities and threats an organization faces. SWOT analysis of the SPL illustrates to upper management what the company is excelling in, what improvements need to be made, where growth is possible and what preemptive measures need to be taken to protect shareholder or company value.



Strengths

The strength of Square Pharmaceuticals Ltd. lies in its diversified products and dosage forms. SPL has been producing solid products like tablets and capsules and liquid products like syrup, suspension and solution, as well as semisolid products like cream and ointment. It is the pioneer company to manufacture and market nasal sprays, inhalation aerosols and suppositories in Bangladesh. Colicon is its injectable product. It is a preparation of Ceftriaxone, which is considered as a breakthrough antibiotic in the history of medicine. Recently Colicon is predicted to be one of its leading brands in terms of sales revenue. The company has lot of diversified products like, Ofkof , Tusca, Neotec, Seclo, etc. Its strengths can be analyzed as under.

1. SPL has skilled scientists/technicians/management personnel at affordable cost leading to low cost of innovation/ manufacturing/capex costs/ expenditure to run cGMP(current Good Manufacturing Practice) compliance facilities and high quality documentation and process understanding.
2. SPL has well developed chemistry, R & D and manufacturing infrastructure with proven track record in advanced chemistry capabilities, design of high tech manufacturing facilities and regulatory compliance.
3. The healthy domestic market with rising per capita expenditure is another significant strength enabling achievement of economies of scale. SPL also has a strong marketing & distribution network.
4. It has Company Strength & product strength, Company strengths effects positively on the product, & products strength also effects positively on the Company.

5. Square has highly skilled sales forces & very efficient & wide distribution channels.
6. Square ranked & held the First position in Pharmaceuticals Industry since 1985, which means it is in the top for last 28 years,
7. Being in the top for this long time resulted in a very positive impression for all our products in the minds of the doctors & patients already, it occupies a good position in their minds.
8. The built in positive impression on our products which is in the minds of the doctors & patients helps us to get a very good response from the market for any product we introduce in the market.
9. We can say very confidently that the number of sales force of the company, their capability, Training & selling skills are in better condition & position than any other company in the industry.
10. Square follows very transparent marketing activities; there is no misleading or fraud, that's why it enjoys a good reputation in the market.
11. Square maintains high quality standards for its products, that why it enjoys a good position in the market
12. In production of Square's Omeprazole Injection & DMP quality issues are followed & maintained properly.

The desired AC TC level are ensured 100%



13.



Weaknesses

The weakness of SPL is the analysis of the internal industry components that are not providing significant added value or are in need of improvement. The internal components can include physical resources, human capital or features the company can control. For example, the SPL's weaknesses could include high-risk business modeling, disengaged Board of Directors, dated medical equipment, poor branding, low staff morale or diseconomies of scale. More weakness given below:

1. Square has introduced the Omeprazole Injection late in the market
2. Omeprazole Injection has introduced already by Incepta & popular before Square
3. Square has lost the opportunity to be the first introducer & can't enjoy the benefits of it.
4. Square needs to consider the loss of late introduction & work on market considering this disadvantage.
5. Low investments in innovative R&D continue to be a major weakness of Square Pharmaceutical Ltd.
6. SPL's lack the ability to compete with MNCs for New Drug Discovery, Research and commercialization of molecules on a worldwide basis due to lack of resources.
7. Strong linkages between industry and academia which are essential for growth of the industry is lacking in SPL



8. Rapidly increasing costs of skilled manpower such as scientists/ regulatory compliance personnel / pharmaceutical lawyers/ international business development personnel is pushing up the cost of innovation.
9. Sales and marketing knowledge is inadequate due to lack of understanding of international Pharmaceutical marketing/pricing practices and market environment in various countries.
10. Inadequate manufacturing practices.



Opportunities

The opportunity of SPL's is the analysis of the external industry components that provide a chance for the company to grow in some capacity or gain a competitive edge. The external components should be environmental factors or aspects outside the company's control, yet reflective of the business marketplace. It can be analyzed as under.

1. In the market, the number of Antiulcer patients is increasing, when the number of patients increases the possibility of a good return from the required drug increases.
2. On that perspective we are seeing a good opportunity for our Omeprazole Injection since the market is growing.
3. Incredible export potential
4. New innovative therapeutic products.
5. Drug delivery system management.
6. Income is increasing day by day.
7. Clinical trials & research
8. Due to the cost advantage in contract manufacturing & Research multi-national companies find it compelling to shift their production bases to countries offering such cost advantage.



9. Licensing deals with MNCs for NCEs (New Chemical Entities) and NDDS (New Drug Delivery Systems) offer new opportunities for SPL
10. Marketing alliances for MNC products in domestic and international market is another emerging opportunity.

There is a possibility of greater returns from other countries of the world by exporting.

Threats

The threats of the pharmaceutical industry is the analysis of the external industry components that could create an opportunity for the SPL to decline, atrophy or lose some competitive edge. The external components should be environmental factors or aspects outside the industry's control, yet reflective of the business marketplace. For example, the pharmaceutical industry's threats could include increased government regulation, a declining economy, increasing research and development (R&D) costs or a decrease in the global population. The threats of SPL are discussed below.



1. Some other companies are planning or in process to introduce Omeprazole Injection in the market.
2. When they will introduce, they will through a competition in the market as well. Square needs to consider the competition in planning of their marketing strategies to respond to this threat & fight back.
3. R&D efforts of Bangladeshi pharmaceutical companies are hampered by lack of enabling regulatory requirement.
4. Export effort is hampered by procedural hurdles in Bangladesh as well as non-tariff barriers imposed abroad.
5. Lowering of tariff protection has increased competition in domestic markets resulting in erosion of profitability.



6. Mergers and acquisitions by other companies may completely change condition of the pharma market.
7. Small number of discoveries.
8. Competition from MNCs.
9. Transformation of process patent to product patent (TRIPS).
10. Outdated Sales and marketing methods.
11. Limited knowledge and experience base.
12. Pricing and reimbursement level could restrict use.



Chapter Six

6.0 -

Recommendation & Conclusion

6.1- Recommendation

1. Quality and control: According to international standard square pharmaceuticals ltd. should maintain their product quality.
2. Local market share: At present in Bangladesh square pharmaceuticals is the market leader in pharmaceutical sector. Its followers and competitors always try to increase their percentage of market share. So square pharma concentrate more to increase his market share.
3. Foreign market: Though SPL captured Asia, Africa, Middle East pharmaceutical market but the Europe market till now un-captured. So square pharma should concentrate more in Europe market.
4. Inventory management: According to the ratio their inventory management system is struggling they should give this situation topmost priority.
5. Staff training: Though SPL is a leading company but its maximum staffs are not well trained. So company should arrange training program.



**Monitoring new
staff: To get better
performance the
authority of the
company should
monitor their new
staffs carefully.**



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