United International University

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Subject: Consultancy Project

Prepared for

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Topic: Financial Analysis of Square Pharmaceuticals Ltd

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Section: A

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LETTER OF TRANSMITTAL

Date: 30-09-2021

Dr. James Bakul Sarkar

United International University

United City, Madani Avenue, Badda, Dhaka-1212

Subject: Submission of Consultancy project report on Financial Analysis of Square Pharmaceuticals Ltd.

Sir,
I am Mohammad Rashed Hossain and Student ID: 112203004 a student of United International University, MBA Course. Would like to apprise you that I have completed my Consultancy Project under the supervision of Dr. James Bakul Sarkar, Associate Professor, School of Business & Economics. During my attachment with Square Pharmaceuticals Ltd, I have tried to enrich myself with the application of accounting in practical field. And as a requirement of university, I have tried to come up with report titled 'Financial reports analysis of Square Pharmaceuticals Ltd' which is approved by my supervisor.

I therefore entreat and hope that you would be kind enough to receive my internship report and give me an option to defend my work before the board and oblige me thereby.

Yours sincerely

Md. Rashed Hossain

Student ID: 112203004

Contents

Executive Summary

Pharmaceutical entity is one of the leading export earning sectors in Bangladesh. The economy is mostly be contingent on export earning since it facilitates the rise in trade earning of the country. Every people in the society agonize from numerous illnesses and need medicine to recover the disease. So it has a possible market for upward out.

Here we are focus on the financial reports analysis of Square Pharmaceuticals Limited. As per annual report-2020 SPL is the market leader in the industry. As the Entity's individual position reflect positive development in revenue 18.68%, Gross Profit 23.01%, Profit from operation 31.28%, Profit before Tax 23.06% & finally Earnings before tax 22.66%, according to the annual report 2020. Over the last five years, SPL has sound growth in all the financial indicators.

This report consists of Organizational Background and Industry Perspective, Objectives of the Study, Methodology of the Study, Literature Review, and Findings of the Study.

SPL has two production plant one is at Dhaka and another one is at Pabna. In order to distribute the medicines SPL has strong own distribution network. Beside the local market SPL export bellow mentioned country.

Asia: Afghanistan, Azerbaijan, Bhutan, Cambodia, Georgia, Hong Kong, Iraq, Laos, Macau, Malaysia, Maldives, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Tajikistan, Vietnam, Yemen.

Africa: Cameroon, Eritrea, Ivory Coast, Kenya, Libya, Mauritania, Mauritius, Mozambique, Nigeria, Somalia, Sudan, Tanzania, Uganda.

Oceania: Fiji, Palau, Papua New Guinea.

Central & South America: Belize, Costa Rica, Jamaica, Nicaragua, Panama, Suriname.

Europe: UK (Contract Manufacturing)

North America: USA.

So, in order to maintain the existing performance of SPL, it has to consternate on product development process

1. Introduction

a. Introduction to the topic in hand

The topic is enclosed the financial reports analysis of Square Pharmaceuticals Limited. Square Pharmaceuticals Limited is the leading Pharmaceuticals entity in Bangladesh. Here, we also analysis the overall industry of this sector. Financial reports analysis includes ahead thoughtful of an entity's financial ailment by studying its numerous year's financial reports. These statements are concise reports intended to recap financial activities for specific periods. This review also involves identifying every item for an entity's financial reports over a series of reporting periods. Movement analysis for key items in the financial reports over multiple time periods, to see how the entity is performing.

Typical trend analysis are for revenues, the gross margin, net profits, cash flow, accounts receivable, and debt coverage ratio. Different types of ratios are available for discerning the relationship between the various accounts in the financial reports. These analyses are frequently among the revenues and expenses listed on the income statement and the assets, liabilities, and equity accounts listed on the balance sheet. Regular grounding and analysis of financial reports material helps business managers, shareholders, and owners identify the problems that experts continue to see as the causes of business disaster such as high operating expenses, sluggish revenue, deprived cash managing, extreme immovable assets, and inventory mishandling. By comparing statements from dissimilar periods, it is more easily spot trends and make required management judgements to overcome the difficulties.

Mission

Our Mission is to manufacture and offer excellence & advanced healthcare assistance for persons, maintain harshly moral standard in business action also ensuring benefit to the stakeholders, shareholders and the humanity at enormous.

Vision

We opinion business as a means to the substantial and community comfort of the investors, employees and the humanity at large, principal to accretion of capital through economic and ethical gains as a part of the process of the human development.

Objective

Our purposes are to behavior clear commercial action founded on market instrument within the lawful & societal basis with aims to achieve the mission mirrored by our vision.

B. A brief introduction of the organization

Square Pharmaceuticals Limited, one of the prime pharmaceuticals company in Bangladesh. And also a reliable name in the pharmaceuticals sector of Bangladesh. Like most other local concerns it finished it's unveiling in a modest way in 1958 as a Partnership Firm under the guidance of Late Samson H Chowdhury. The following year, 12 working man power, employed floor space of 3,000 sq. ft., leading production EASTON'S syrup and made a revenue of BDT. 55,000.

In 1964, Partnership Firm developed into a Private Limited Entity, then in 1991, transformed into a Public Limited Entity and become Publicly Listed Entity in 1995 at Dhaka Stock Exchange.

Square Pharmaceuticals Limited, today means a name a municipal of mind. From the commencement in 1958, it has today mushroom into one of the top line firms in Bangladesh. Square Pharmaceuticals Limited, the flagship entity, is holding the solid leadership position number 01 in the pharmaceutical industry of Bangladesh since 1985.

It has long its variety of facilities near the highway of worldwide market. It initiated exports of drugs from Bangladesh in 1987 and has been exporting antibiotics and other pharmaceutical products. This allowance in business and services has revealed the reliability of SPL.

SPL is to highlight on the superiority of product, procedure and facilities leading to grow of the entity downed with good governance practices. At present Square Pharmaceuticals Limited produce following category of medicines:

1. Pharma Products
2. Products By Herbal & Nutraceuticals
3. Products By Agro-vet & Crop Care

Square Pharmaceuticals Limited made fundamental funds at both of the installations through the year as comprehensive information of Pharma Plant as bellow.

Assets Title	2019-20	2018-19
Land (Taka in million)	290.12	412.50
Building (Taka in million)	638.20	594.57
Plant& Machinery (Taka in million)	420.53	308.53
Laboratory Equipment (Taka in million)	60.30	135.63
Others (Taka in million)	125.59	119.42
Total	**1,534.74**	**1,570.65**

Board of Directors of SPL

Name	Designation
Mr. Samuel S Chowdhury	Chairman
Mrs. Ratna Patra	Vice-Chairman
Mr. Tapan Chowdhury	Managing Director
Mr. Anjan Chowdhury	Director
Mr. Kazi Iqbal Harun	Director
Syed Afzal Hasan Uddin	Independent Director
S. M. Rezaur Rahman	Independent Director

2. Organizational Background and Industry Perspective

a. Historical Background of the organization

Mr. Samson H Chowdhury working as a Medical Officer in an outside dispensary. In 1952, he underway a small dispensary in Ataikula village (At Pabna District). Ataikula is a rural area of Pabna District. Which is about 160 km way of capital Dhaka in the north-west part of Bangladesh.

Mr. Samson H Chowdhury then expressed into a partnership pharmaceutical company with his three in 1958. The Name SQUARE was chosen due to it was underway by four friends and also because it shows truth and perfection meaning of quality as they devoted in producing worthy products. Now that small company of 1958 is a publicly listed differentiated group of companies hiring more than 28,000 people. The current yearly group revenue is USD 616 million. Now providing in height recital in many countries in the world market including local market.

b. Industry Scenario

As per Bangladesh Association of Pharmaceutical Industries (BAPI) and Directorate General of Drug Administration (DGDA), around 257 registered pharmaceutical entities are presently operating in Bangladesh and about 150 are completely in operation.

These manufacturers are producing about 98% of local required medicines. To meet the residual 2% of the demand, the producers have to import specialized products such as vaccines, anti-cancer products, and hormone drugs. Around 80% of the medicines manufactured in Bangladesh are generic medicines, and rest 20% is pretended medicines.

Biotech inventors of the Bangladesh Pharmaceutical trade are considered as a valued instrument for the total enhancement and efficiency of industry. To a surprise till 1990, Bangladesh pharmaceutical industry had been mostly reliant on the imports as well as on multinational companies for meeting the needs of the local population. But, in recent times local pharmaceutical entities have happened as the game changer by donating more than 90% of the overall available medicines of local market.

Biotechnology Company established in Bangladesh has accrued confident performs and has capable itself to bring down the unmet needs and solutions to frequent patients. Rise of life anticipation, rising per capita income, varying in disease profile, population growth in many countries, lifecycle changes and growing patient populace are some of the key chauffeurs are that are thriving the ingesting of local market. The pharmaceutical market has been observing outstanding growth in recent years and is probable to surpass USD 6 Billion by 2025 with a total growth of 114% from 2019 FY. Most of this growth will be donated by local pharmaceuticals companies with a market stake of more than 90% as similar to past trends got over the last two decades.

The noteworthy change that concerned the world towards the country's market status is the importance of improvement in science and research and development sector. This has astonishingly distorted the curve of the overall ratio or influence of Bangladesh pharmaceutical market at the global level.

The original imposing export work attained by the country is the significance of the novel bio molecular methods that have been applied in the clinical trial platform. The creativities led by the researchers towards developing a pharmaceutical industry have enhanced the research and development output as well as helped the sponsors and the patients they oblige. At present, the full number of the country with respect to clinical trials is more than 300. Bangladesh based pharmaceutical entities have raised their major amount of clinical trials to advance level. The capital raised by the biotech companies and the research centres has been braced commonly by public and private sectors.

Being profuse in pharmaceutical based manpower is conveying the market towards numerous progress programs. Although, country has been contending strongly with the other arose markets of the world but digital severity, which been a converting source for the other markets is on the move in Bangladesh at a very slow pace. It is vital for the Bangladesh pharmaceutical market to co-operate with ruling markets to increase their stages for medicine detection and progress sector in order to assault with the pharmaceutical industry of the US and Europe.

In near future years, the government of Bangladesh will play a key role in the speedy development of the pharmaceutical marketplace by providing positive strategies for easy drug sanction, manufacture and promotion of new products. Government is concentrating to decrease the requirement of Bangladesh over the ingress of raw material and formation of API Park will act as a turning point for this purpose. The top 50 companies are setting their facilities at the active pharmaceuticals ingredient (API) industrial park that will help in the production of original and now opened active pharmaceuticals ingredients (API). It is probable that the progress of active pharmaceuticals ingredients (API) Park will complete by the next 2 years. Which situated at Munshigonj District. Which will decrease the cost related to the import of raw materials. All the related issues are in care for the rapid growth of Bangladesh’s pharmaceutical industry and it is expected to grow with a CAGR of more than 12% during 2019-2025 period.

The share of generic medicines is expected to exceed 85% by the 2025, which will further strengthen the supremacy of local pharmaceutical companies in the industry. In addition, the presence of renowned multinational pharmaceutical companies is also increasing their production facilities in Bangladesh, which is representing towards the inexpensive landscape in upcoming days.

The pharmaceutical industry's growth reduced meaningfully last year due to Covid-19 pandemic. The lifesaving medicine market expanded at 6.5% in the 3rd quarter of 2020 to September, down from the annual double-digit of 10-12% from previous year. The healthcare system, central in urban areas, was virtually paralyzed from April to July. Out of fear of contracting new coronavirus, doctors, nurses and other healthcare workers almost stopped providing services to patients during the period in fear of Covid-19 various.

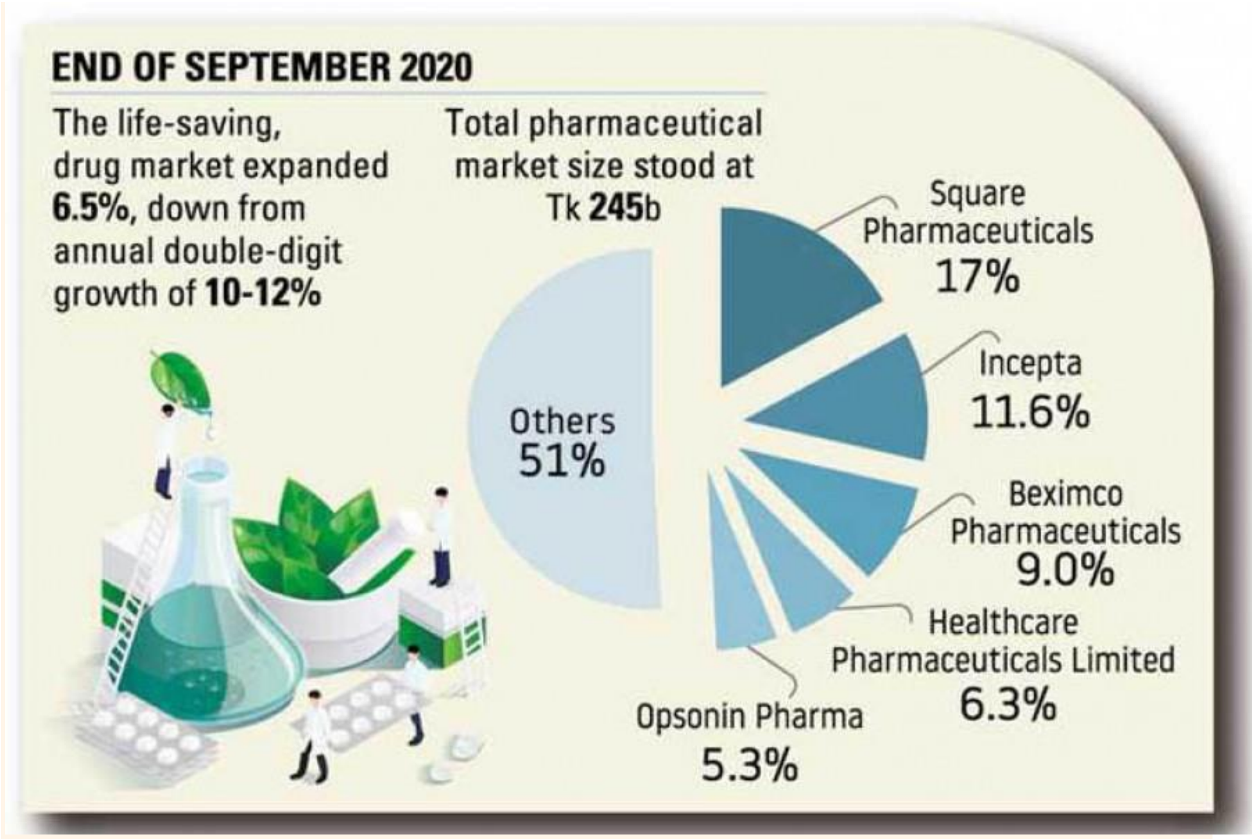
Industry insiders said that has led to the slowness of one of the fastest growing industries in the country. They said a large number of urban people spent some vitamins and antibiotics to build immunity, but these are cheaper drugs in the market, making it difficult for the industry to fill the vacuum created by the lethal virus.

Industry Highlights

- Bangladesh Pharmaceutical industry Opportunity: More Than USD 6 Billion by 2025
- Share Of Local Pharmaceutical Companies: near about 90%
- Share of Generics medicines in Pharmaceutical industry: Below 75%
- Leading Drugs Market Intuition by Accessibility, Dosage & Value Examination
- Total Number of Ongoing Clinical Studies: > 300 Clinical Studies

Pharmaceutical Exports Prospect: > USD 450 Million by 2025

SPL, is the largest medicines producer in Bangladesh, and standing in top position in the industry during the period. It had nearly 17% market share to nearly BDT 41.6 billion medicines in the period. Incepta Pharmaceuticals Ltd also stands its 2nd position with an 11.6% share to BDT 28.4 billion. Beximco Pharmaceuticals Ltd was the 3rd top entity in Bangladesh and it has now a market share of nearly 9% to BDT 21.4 billion at the end of September/2020. Healthcare Pharmaceuticals Limited has emerged as the fourth biggest pharma in Bangladesh having a market share of 6.3% to BDT 15.4 billion. Opsonin Pharma Ltd had 5.3% share in the local retail market securing the 5TH position out of 200-plus drug manufacturers. As per top official of Beximco Pharmaceuticals Ltd, market is urban based healthcare services were shut in late March due to locked down. Which impact on overall industry.



However, the market leaders, who control the country's industry, initiate their sales volume fewer affected due to locked down. Sales of drugs manufacturers having over the pawn products were not hindered, thus keeping their financial strength almost stable.

At the end of September/2020, the total pharmaceutical market stood at around BDT 245 billion, according to IQVIA, a USA based pharmaceutical consultancy. "Doctors had absorbed vibrant of go to clinics and chambers in urban areas until July. So, there were fewer fresh treatments," he said. Mr. Reza said urban people spent such as vitamins C and Vitamin D, which do not create much value to the totals as needed for their health.

In fact, such foods cannot increase the overall revenue volume," he added. Monjurul Alam, director at Beacon Pharmaceuticals Limited, said the industry never faced such a condition in the past. "We used to raise at 10-12% a year, but now this is almost half compare to prior years.

He said the medicine producers who have exclusive products did not face a huge drop in business in terms of revenue. Our marketplace is a branded market, exclusive products have more or less maintained sales," Mr. Alam argued. "To my mind, the top company who have branded and the OTC products were fewer affected," he said. Dr. Sayeed Ahmed, a director at Navana Pharmaceuticals Ltd, told the Financial Express: "The overall observation is that medicine producers should have received much currency during the pandemic situation. He said many medicine producers saw even in adverse growth during the second quarter at a time when many healthcare facilities focused on the Covid-19 patients alone.

He said the non-Covid-19 patients were deserted to get healthcare facilities during the period. "Our market does not be contingent on Napa or vitamin C drugs, we need to grow other products like drugs for hypertension, infections, diabetes and heart disease." "COVID-19 patients actually do not need specific drugs. So, only some cheaper drugs were prearranged at the hospitals during the second and third quarter of 2020," he said.

Beximco's senior official address that the condition is refining fast as doctors are returning to hospitals and chambers and the market could make a recovery this year. "We may not be back at the level of pre-COVID-119, but we may be close to the pre-COVID level in 2021," he told the Financial Express.

A number of listed firms, who manufacture hand sanitizers and such hygiene products, saw their prices hike on the exchanges during the period as investors bought their shares identifying the increase in revenue of the pharmaceutical firms among the pandemic.

The pharmaceutical Industry of Bangladesh is predictable to exceed USD 6 billion by 2025 with a total development of 114% from its 2019 levels, according to a report from a Dublin based industry insiders and analysis firm, Research and Markets.

KEY POINTS

- $3b worth local pharma market to surpass $6b by 2025
- 200 local pharma companies occupy 90pc market
- Major players: Square, Eskayef, Incepta, Beximco, Beacon, ACI, Opsonin, and Renata
- Share of generics drugs 75pc
- Bangladesh exports pharma products worth $130m a year and it may hit $450m by 2025
- Products are exported to 144 countries

As per the report, biotech pioneers of Bangladesh's pharmaceutical market is measured as a valued device for the total development and effectiveness of the industry. A mainstream of the progress will be donated by local producers with a market share of more than 90% as similar to past trends reached over the last two decades, the report said. In recent times, local pharmaceutical companies have arose as a game changer by contributing more than 90% of the overall available medicines in the market.

As industry insiders, estimate that the local industry size of the sector was about BDT 25,000 crore in 2019. In 2012, it stood at about BDT 9,390 and in 2017 it hit BDT 18,755.6 crore. The drugs industry, a winner of the global market through enthusiasm and knowledge, skilled tremendous growth in the last era and presently donates near 2% to the country's gross domestic product (GDP).

Local pharmaceutical companies are still have massive budding in the healthcare sector, as Bangladeshis spend around BDT 2.04 billion abroad annually for medical treatment, which is near about 2% of the country's GDP, according to a market analysis by the Bangladesh Investment Development Authority.

The demand for healthcare services is growing at over 21% annually thanks to the cumulative buying power of the growing middle and upper-middle classes, as per industry insiders. The prominent change that attracted the world towards Bangladesh is a position of development in the science and research and development area.

Growth in life probability, growing per capita income, changing disease profile, population growth, regime changes and swelling easy-going populace are some of the key drivers that are boosting ingesting in the local market. In the upcoming days, the government of Bangladesh will play a noteworthy role in the rapid growth of the pharmaceutical industry by supporting constructive policies for easy drug endorsement, manufacture and promotion of new products. The government is directing on dipping the country's requirement on the import of raw materials. The launch of an Active Pharmaceuticals Ingredient Park will act as a turning point for this purpose.

The top 50 companies are setting up their facilities at the Active Pharmaceuticals Ingredient Industrial Park in Munshiganj that will help in the manufacture of original and already opened active pharmaceuticals ingredients. It is expected that the growth of the Active Pharmaceuticals Ingredient (API) Park will be complete by the next two years, which will decrease the outflow related to the import of raw materials.

The share of generic drugs is expected to surpass 85% by 2025, which will further make stronger the supremacy of local pharmaceutical companies in the market.

The dimensions of local companies are improving day by day, and they are growing their services and capitalizing in research and development, which will help the sector grow, as per secretary-general of the Bangladesh Association of Pharmaceutical Industries (BAPI). A platform of about 250 local drug-markers. From the industry expert, the availability of workforce is also an essential factor for the sector to curl.

There is no difference in quality between original products and the generic products manufactured in Bangladesh, he said. "Bangladeshi pharmaceutical products have always maintained global standards. The eminence and global twin of Bangladesh's medicines are better than the generics produced drugs from India and Egypt. As per top official of Beacon Pharmaceuticals Ltd.’s director for global business division. He also added that the labour cost and utilities are cheaper than in many countries, as a result the products are more reasonable paralleled to other medicine manufacturing nations.

The general people of Bangladesh can now meet the expense of medicines as their buying power has augmented four times in the last 20 years. Moreover, the people are well aware of diseases and health issues now. Long-lasting diseases are growing, which need a regular consumption of medicines. All these have activated the local market to boom. Besides, local companies are capitalising and emergent devoted services for dedicated drugs for giving illnesses such as cancer, he said. At least 10 to 15 facilities are producing products of international standards. We are now working on producing APIs. If the API production, we can offer more advanced drugs at a more reasonable price.

The pharmaceutical industry has managed to grow its exports in the current fiscal on the back of steady demand for medicine amid the coronavirus-induced economic and health crises, which have decimated other major export sectors.

"Pharmaceutical products are essential for all countries. That is why the industry's exports did not decline amid the Covid-19 outbreak. Rather, it rose." Pharmaceutical shipments soared 4.50% year-on-year to USD 136 million in FY 2019-20 following developments of product superiority and strategy support. The industry is one of the minority of sectors that ended the fiscal year in the black when national exports clear-cut 16.93% due to covid-19 situation.

Bangladesh is a least developed country (LDC), Bangladesh does not have to follow the patent, making it easy to formulate any generic drug locally. As a result Bangladesh has great scope, which is one of the main reasons for the local pharmaceutical industries to rapid growth. Regarding the export forecast, it would be achievable as it is easy to export pharmaceuticals products from a least developed country (LDC), to another. The efficiency of the local companies is refining, and they are increasing their manufacturing amenities to meet the local demand, as per top official of Healthcare Pharmaceuticals Limited. He believes Bangladesh would be able to reach the export target for 2025 if the local sector continues to grow at the current rate.

However, Bangladesh has to wait until June next year to find out the pharmaceutical industry's accurate growth rate, due to covid-19 situation. Covid-19 brings both sides impacts on this industry. So, whether the industry will be able to reach the USD 6 billion target by 2025.

4. Objectives of the Study

a. **Primary (or Academic) Objective:**

The primary objective of the study is to finish the partial requirement of the accomplishing the MBA degree from the school of business & economics, United International University. Another primary objective is to gain knowledge on financial analysis of a sector.

b. Secondary (or Study) Objectives:

The secondary objective is to analysis the financial reports of SPL. Also it has the following objectives:

B.1.Evaluating the earning capacity of SPL

B.2. Assist in decision making for the purpose of acquisition, utilization, preservation.

B.3. find the out the weakness and strength of SPL.

B.4. Evaluate the overall entity's performance.

B.5. Find out the Weakness of SPL.

5. Methodology of the Study

a. Type of Data:

Here I am using the secondary data for the purpose of financial reports analysis of SPL. The data or information used for this circumstance. These are called secondary sources data. Since, they are shaped after primary sources and them often usage or exchange about primary sources. Second hand data or information, published accounts are called secondary sources. Secondary sources can give additional opinions on a past event, and also future prospected information. Secondary sources mainly collected from:

- Annual report of companies
- Files & Folders
- Daily diary or daily, business review
- Various publications of companies

b. Data Collection Process:

Data assembly is a disciplined method of assembly and studying exact information to extend answers to applicable queries and appraise the fallouts. It emphases on result out all there is to a certain topic matter. Data is composed to be more subjected to theory trying which pursues to explain a wonder. There are several way to collect the data like as

1. Interviews
2. Questionnaires and surveys.
3. Observations.
4. Documents and records.
5. Focus groups.
6. Oral histories

Since, I'm using the secondary data sources. I have collected the data from SPL website and DSE website.

c. **Sample Size:** Sample size denotes to the figure or case of members or comments to be contained within in a subject study. By sample size, we know a group of subjects that are selected from the general population and is measured a characteristic of the real population for that definite study. Here, I'm using an annual report from 4 listed pharmaceutical entity.

d. Sampling technique or procedure

They are several sampling technique in order to sampling the data. Like as

1. Simple random sampling.
2. Systematic sampling.
3. Stratified sampling.
4. Clustered sampling.
5. Convenience sampling.
6. Quota sampling.
7. Judgment (or Purposive) Sampling.
8. Snowball sampling.

e. Scope:

i. Area: Here we analysis the financial issue of SPL
ii. Time: Financial Year of 2015-2020 as per annual report.

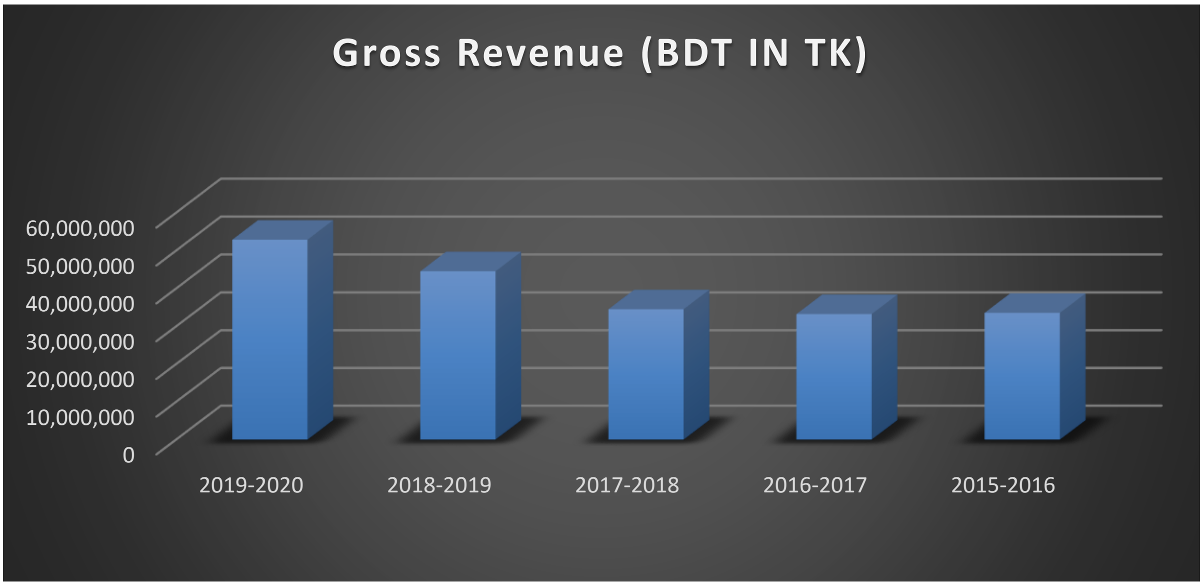
6. Literature Review

Here, we are analysis the SPL. All information are obtained from annual report 2020. Analysis are based on annual report.

Profitability Analysis

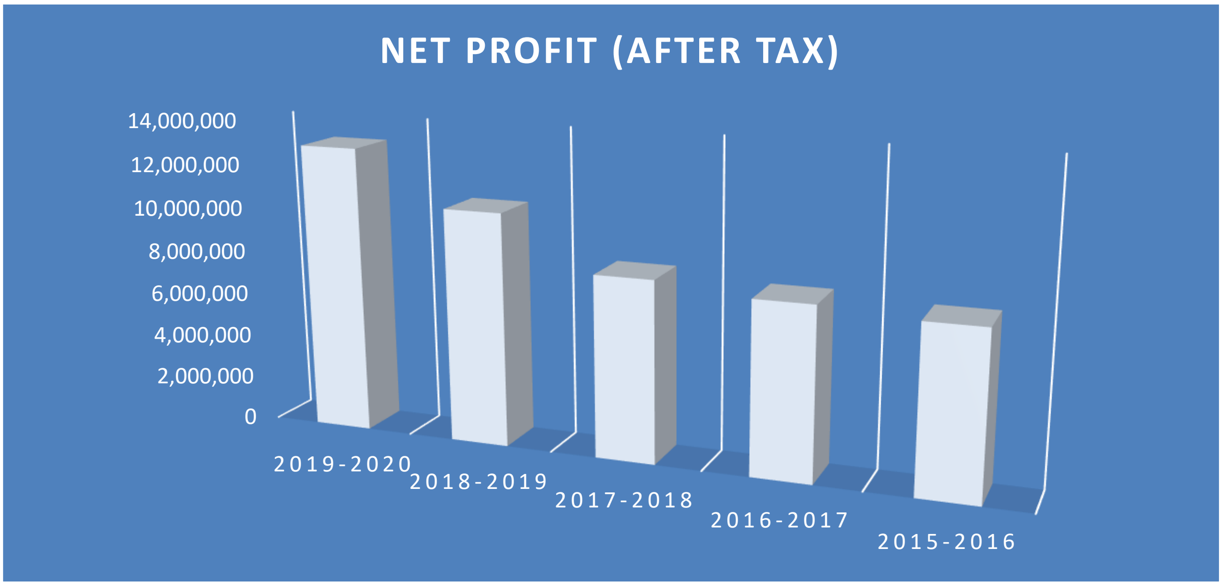
(Taka in million)

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Gross Revenue (IN BDT)	52,926.21	44,595.48	34,573.39	33,299.67	33,611.74
Value Added Tax (IN BDT)	7,049.77	5,909.83	4,568.41	4,413.73	4,553.39
Net Revenue (IN BDT)	45,876.44	38,685.65	30,004.97	28,885.93	29,058.34
Gross Profit (IN BDT)	23,339.77	18,974.5	14,406.36	14,061.58	14,056.48
Net Profit (Before Tax) (IN BDT)	17,185.38	13,965.28	10,825.05	10,366.85	9,943.83
Net Profit (After Tax) (IN BDT)	12,955.97	10,562.86	8,219.52	7,792.49	7,510.26
Net Assets Value (NAV) (IN BDT)	69,849.98	60,806.05	46,662.87	41,201.96	35,597.06
Total Assets (IN BDT)	74,350.80	65,061.67	53,329.31	45,763.24	39,174.68
Total Current Assets(IN BDT)	46,886.75	38,291.54	27,196.58	22,268.59	17,053.29
Total Current Liabilities (IN BDT)	3,228.07	2,961.27	5,539.79	3,505.60	2,581.82
Current Ratio (Times)	14.53	12.93	4.91	6.35	6.61



SPL's gross revenue as per annual report 2020

As per annual report 2020 of SPL, it has been experiencing the revenue growth since 2016. Note ably mentioned that in FY 2019-2020, SPL has highest amount of revenue growth. Which impact on overall gross profit, net profit, debt to equity.



SPL's Net profit (after tax) as per annual report 2020

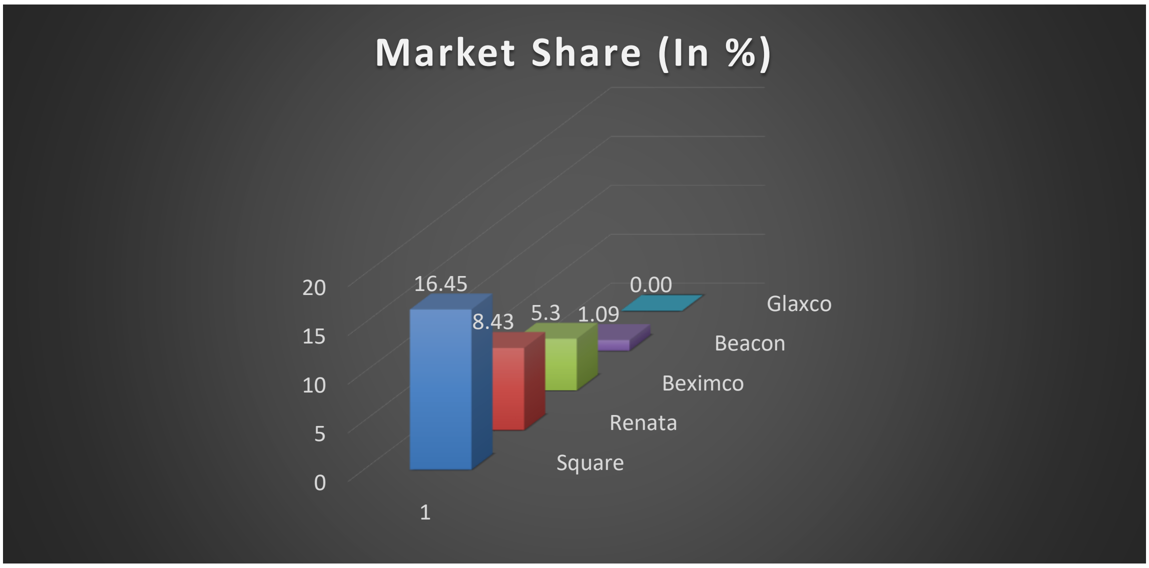
With the revenue growth, SPL has to maintain the highest rate of net profit (after tax) margin 28.07% in FY2020. Due to maintain in cost of production and operating expenses.

Market Share: Square Pharmaceutical Limited

(Taka in million)

Particulars	Square	Renata	Beximco	Glaxo	Beacon
Market Share (in %)	16.45	8.43	5.30	0.00	1.09
Revenue Gross Profit (In BDT)	38,685.65	22,220.88	21,156.33	4,474.89	4,646.86
Net Profit (Before Tax) (In BDT)	18,974.59	11,154.92	9,790.40	2,464.24	2,282.05
Net Profit (After Tax) (In BDT)	13,965.28	5,213.77	3,910.36	1,252.55	163.40
Revenue Gross Profit (In BDT)	10,562.86	3,823.36	3,023.50	985.73	117.70

As per annual report 2020



Market Share (in %) of 5 Companies as per annual report of SPL-2020

From the above data, we can observed that among the five companies SPL has highest percentage of market share of the industry. Also mentioned that SPL is the market leader of the pharmaceuticals industry.

Financial Position

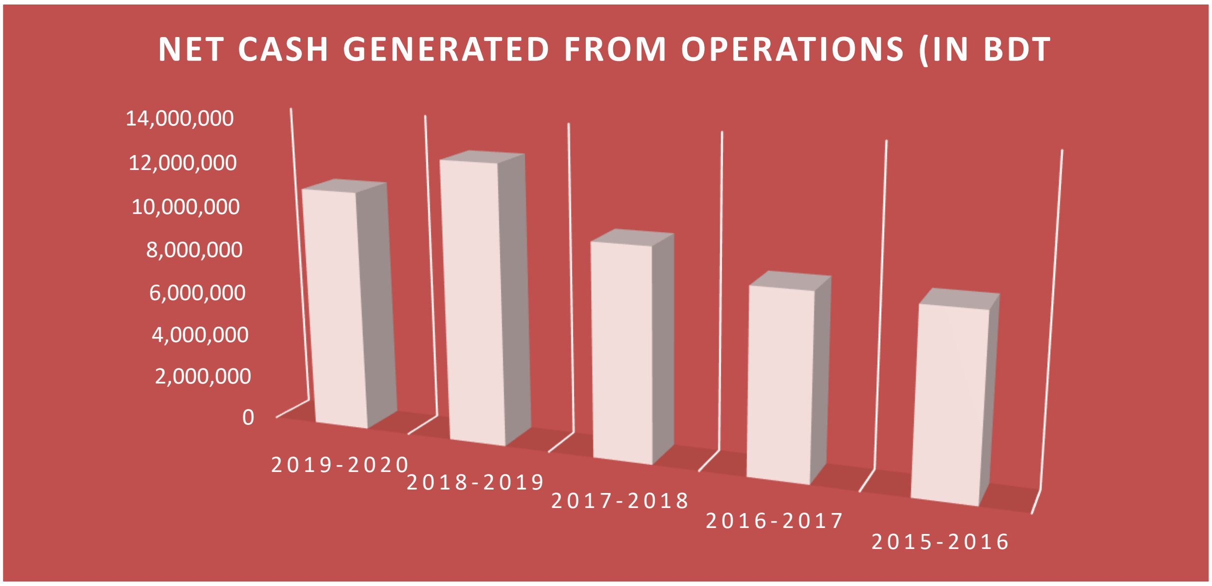
Cash Flow

(In Million)

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Net Cash Generated from Operating (In BDT)	10,891.69	12,590.71	9,562.513	8,274.27	8,126.67
Net Cash Used in Investing Activities (In BDT)	(2,272.76)	38.93	(6,147.315)	1,464.00	(2,365.99)
Net Cash Used in Financing Activities (In BDT)	(3,313.83	(2,654.60)	(2,400.808)	(2,494.34)	(1,758.84)
Cash Flow (Inflation Adjusted)					
Net Cash Generated from Operating (In BDT)	8,241.11	10,100.16	8,094.408	7,408.78	7,672.46
Net Cash Used in Investing Activities (In BDT)	(1,719.66)	31.23	(5,203.536)	1,310.86	(2,233.75)
Net Cash Used in Financing Activities	(2,507.38)	(2,129.50)	(2,032.219)	(2,233.43)	(1,660.54)

As per annual report 2020

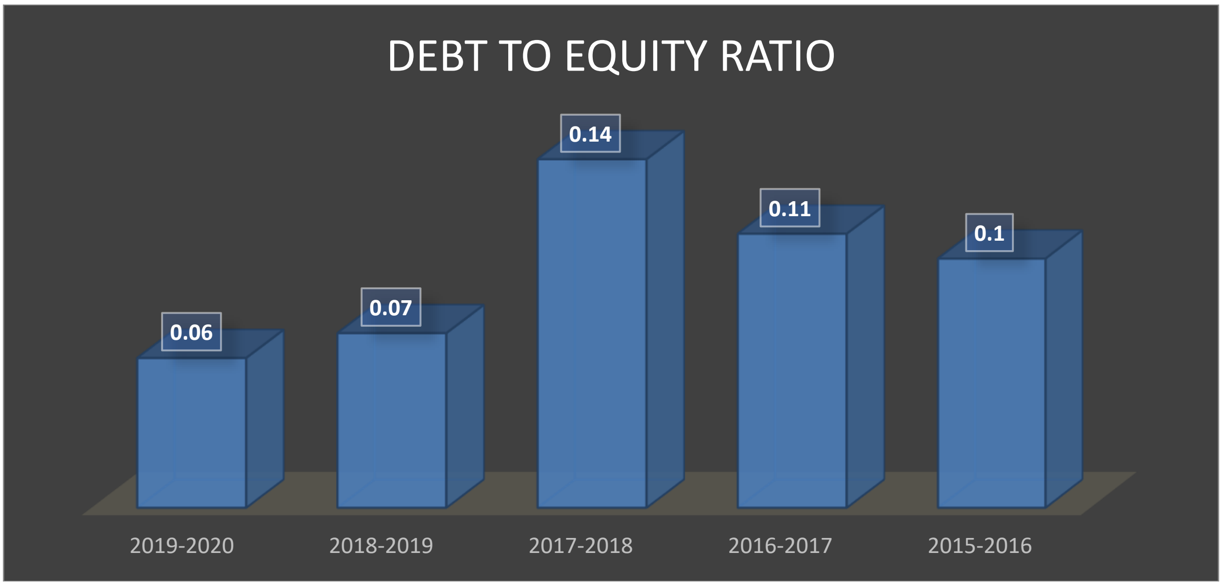
According to the annual report 2020, SPL has positive net cash inflows which is a positive sign for SPL. It is also mentioned due to dependency on equity, SPL has low financing cost which impact on Net Cash Used in Financing Activities.



Liquidity Analysis

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Current Ratio (Times)	14.52	12.93	4.91	6.35	6.61
Debt to Equity (Times)	0.06	0.07	0.14	0.11	0.10
Gross Profit Margin (%)	50.88%	49.05%	48.01%	48.68%	48.37%
Net Profit Margin (%)	28.24%	27.30%	27.39%	26.98%	25.85%
Return on Equity (%)	17.43%	16.24%	15.41%	17.03%	19.17%
Return on Assets (%)	24.51%	21.65%	20.81%	21.12%	22.35%

As per annual report 2020



Debt to Equity ratio of SPL as per annual report-2020

According to the annual report 2020, SPL has minimal dependency on debt. In FY it's only 0.06% and last three years SPL's debt to equity ratio has been declining trend. It's also a note able issue that in the mentioned debt, SPL has only currant liability on long term liability. Another very important topic is SPL has no bank loans. All mentioned current liabilities are related to Sundry Creditors, Unclaimed Dividend, income Tax (Deduction at Source), Retention Money and Workers' Profit Participation Fund. So, it can say SPL is equity backed concern.

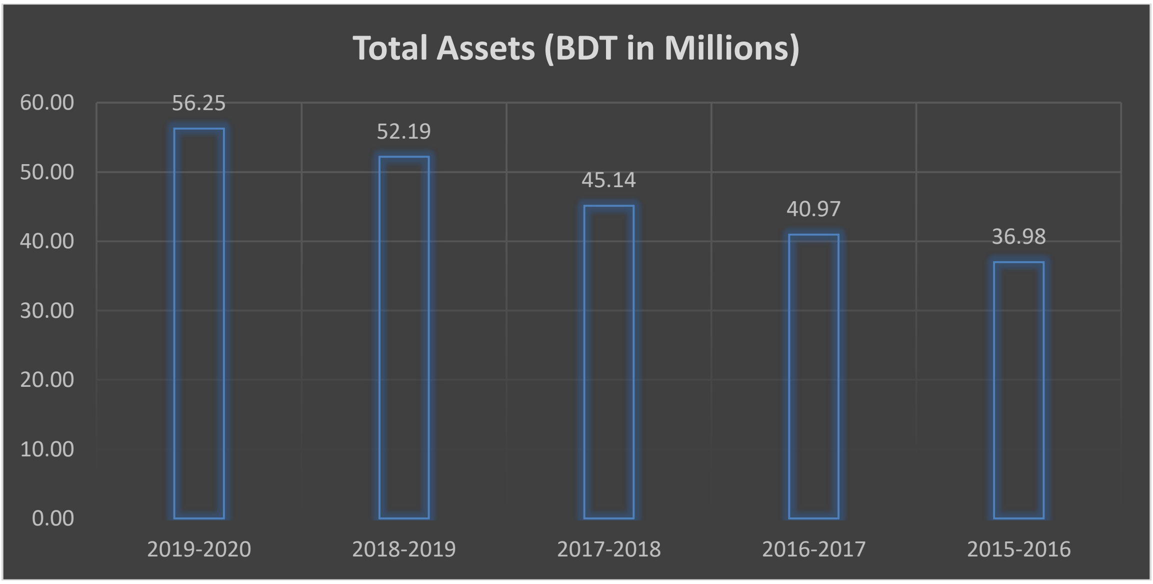
Leverage & Capital Structure

In Million

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Shares Outstanding	638,786.79	632,936.21	624,181.58	614,194.68	588,733.52
Shareholders’ Equity	52,851.43	48,778.12	39,498.86	36,892.19	33,607.49
Total Assets (BDT)	56,256.94	52,191.94	45,141.81	40,976.36	36,985.16
Total Liabilities (BDT)	3,405.51	3,413.82	5,642.95	4,084.16	3,377.66
Current Assets (BDT)	35,476.49	30,717.16	23,021.17	19,939.28	16,100.16
Current Liabilities (BDT)	2,442.49	2,375.50	4,689.28	3,138.91	2,437.52

As per annual report 2020

It has been observed that last five years, SPL total assets has been increasing trend. Moreover, the total liabilities also has been declining for last three years.



Total Assets of SPL as per annual report-2020

Financial Indicators

As per annual report 2020

From the above all financial indicators positive tread, as a result SPL has significant amount of market share in the industry. Beside the production facilities in Bangladesh, SPL has also production facilities in Kenya. And bank loan facilities.

Existing Shareholding position

Shareholders:	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Sponsors/Directors	5	5	5	6	6
Financial & Other Institution	916	927	825	655	793
Foreign Investors	91	118	107	103	75
General Public	60,251	56,570	54925	51,807	62,283
Total	**61,263**	**57,620**	**55,863**	**52,571**	**63,157**

As per annual report 2020

Manpower information

Employees:	**2019-2020**	**2018-2019**	**2017-2018**	**2016-2017**	**2015-2016**
Executives	4,644	4,350	3,833	3,486	3,354
Non Executives	2,612	2,099	2,108	1,983	1,975
Workers	2,570	2,785	2,191	1,921	1,845
Total	**9,826**	**9,234**	**8,132**	**7,390**	**7,174**

As per annu*al report 2020*

Nonfinancial Performance Indicators of SPL

1. **Customer satisfaction:** SPL has been producing and marketing the medicines since 1985. During this period it has gained the customer satisfaction through its service and quality products. As a result SPL is the market leader.

2. **Distribution network:** In order to meet up the demand SPL has strong Distribution network at Barishal, Kishoreganj, Maizdee, Bogura, Moulavibazar, Chattogram Mymensing Cox's Bazar Naogaon Cumilla Narayangonj, Brahmanbariya, Chandpur, Pabna, Syhlet, Dinajpur, Rangpur, Feni, Faridpur, Tongi, Khulna, and Jashore.

3. **Customer retaining:** with the excellent product quality, customers are loyal to SPL. In order to retain the existing Customers SPL has increase the service of quality.

4. **New product development:** Since most of the products are generic medicine, SPL has limited scope of new product development.

5. **Product or service quality:** SPL is loyal to confirm well life through quality medicine. SPL has defined its Quality Policy to fulfill this commitment. To achieve and maintain a solid quality, a range of cultured state of the art technology to manufacture the medicine as well product quality.

6. **Company and brand reputation:** IN 2010 SPL has awarded **"Enterprise of the Year 2009"** by The Daily Star and DHL Express. And in 1997: Won the National Export trophy for exporting pharmaceuticals.

7. **Employee training and development**: In order to develop the Employee skill and personal development, on time to time SPL arranged training and development program for its employee.

8. **Employee satisfaction**: As per corresponds with top official of SPL that all the Employee has high satisfaction due to the company provide free transport facility, lunch facility, dormitory facility at factory compound, and provident fund facility.

7. Findings of the Study

1. Growing competitors in the pharmaceutical industries
2. Price hike of raw materials (Inflation)
3. Innovative products offered by other companies
4. Currency devaluation
5. Acquisition and Merger
6. Unethical business promotion
7. Most of the theory of medicine is imported from abroad.
8. Insufficient research and development policy.
9. Most of raw materials are imported.

8. Conclusion and Recommendations

1. Assure the Quality: Since, SPL reached in this place with their product quality. But SPL should maintain their product quality including both generic and other drugs according to international standard guide line.

2. Local market share and marketing policy: At present in Bangladesh SPL is the market leader in pharmaceutical Industry. Its opponents are always try to surge their percentage (%) of market share. So, SPL concentrate more to increase his market share as we as understand the making policy of competitors.

3. International market: Though SPL captured Asia, Africa, Middle East pharmaceutical market but the Europe market till now un-captured. Moreover, SPL has production plant in Kenya which has very much positive sign for Africa region market.

4. Employees training and personal development: Though SPL is a leading entity but it has to emphasis on development of existing man power in order achieve highest rate of production output.

5. Equity backed concern: Since, SPL is fully an equity based concern. So, it has to maintain this policy.

6. Discover of New market: Beside the existing market, SPL has to discover the new market in order to maintain the existing growth.

7. Research and Development: Since, most of our country's pharmaceuticals entity use the generic medicine policy. SPL has to concentred on the own Research and Development.

9. Appendix

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