

A RESEARCH REPORT

ON

Liquidity and Profitability Analysis of Square Pharmaceuticals Limited, Bangladesh

This Report is submitted to the Department of Accounting, Faculty of Post Graduate Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur as a partial requirement for the fulfillment of Master of Business Administration (MBA) Program -2015-2016.

PREPARED BY

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Semester-III

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**DEPARTMENT OF ACCOUNTING
HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY
UNIVERSITY, DINAJPUR-5200**

June, 2016

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**DEPARTMENT OF ACCUNTING
HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY
UNIVERSITY, DINAJPUR-5200**

June, 2016

*Dedicated to My Beloved
Parents and my Honorable
Teachers.*

Letter of Transmittal

26th July, 2016

Saiful Islam
Supervisor & Lecturer
Department of Accounting
Faculty of Business Studies
HSTU, Dinajpur, Bangladesh.

Subject: Submission of the Internship Report of MBA Program.

Dear Sir,

I am so glad to submit my Internship Report to you on **Liquidity and Profitability Analysis of Square Pharmaceuticals Limited, Bangladesh.** To prepare this Research Report, I have gathered what I believe to be the most complete information available from text book, Annual report of Square Pharmaceuticals Limited and web site etc. I have collected adequate information to fulfill my Internship objective.

The experience, I have gathered during this period will remain as an invaluable asset in my life. I have worked hard preparing this report and I hope it will satisfy my course requirement for MBA Program. I will be always available for answering any query on the report. I request you to excuse me for any mistake that may occur in the report despite of my best effort. I will be grateful if you kindly accept it.

Sincerely yours

.....
(**Md. Shariful Islam Sumon**)
Student Id No: 1505126
MBA major in Accounting and Information Systems (AIS)
Semester-III
Faculty of Post Graduate Studies
HSTU, Dinajpur.

Letter of Acceptance

I hereby declare that the Internship Report entitled **Liquidity and Profitability Analysis of Square Pharmaceuticals Limited, Bangladesh.** Is a useful record of the research work done by Md. Shariful Islam Sumon, Student ID No. 1505126, MBA in Accounting & Information Systems (AIS), Department of Accounting, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. This report represents an independent and original work prepared on the basis of primary and secondary data collected and analyzed by the candidate. This report has not been accepted for any other degree and is not concurrently submitted in candidature of any other degree.

This entire work has been planned and carried out by the candidate my supervision and guidance. In my opinion, this report is sufficient in terms of scope and quality for the award of the degree of Masters of Business Administration (MBA) from Hajee Mohammad Danesh Science and Technology University, Dinajpur.

(Saiful Islam)

Supervisor & Assistant Professor

Department of Accounting

Faculty of Business Studies

Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur- 5200

Supervisor's Declaration

This is to certify that Md. Shariful Islam Sumon, a student of MBA major in Accounting and Information Systems, Session 2015, bearing Student No. 1505126 under a Internship Report entitled On **Liquidity and Profitability Analysis of Square Pharmaceuticals Limited, Bangladesh**, under the supervision of me.

I also certify that I have gone through the draft copy of the report. Thoroughly found it satisfactory for submission to the department as a partial fulfillment of MBA program.

Again, I recommend the report to submit for awarding the Master of Business Administration (MBA) Program.

I wish him every success for the days to come.

(Saiful Islam)

Supervisor & Assistant Professor

Department of Accounting

Faculty of Business Studies

Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur- 5200

Co-Supervisor's Declaration

I hereby declare that the concerned report entitled **Liquidity and Profitability Analysis of Square Pharmaceuticals Limited, Bangladesh**, is an original work made by Md. Shariful Islam Sumon, a student of MBA major in Accounting and Information Systems, session 2015, bearing Student No. 1505126, completed his research work under my supervision and submitted for the partial fulfillment of the requirement of the Master of Business Administration (MBA) at Hajee Mohammad Danesh Science & Technology University, Dinajpur.

I wish him every success for the days to come.

(Md. Reiazul Haque)

Co-Supervisor & Assistant Professor

Department of Accounting

Faculty of Business Studies

Hajee Mohammad Danesh Science and Technology University (HSTU), Dinajpur-5200

Student's Declaration

I hereby declare that the Internship Report entitled embodies the result of my own research works and efforts, prepared under the supervision of Saiful Islam, Assistant Professor and Md. Reazul Haque, Assistant Professor, Department of Accounting, HSTU, Dinajpur.

I further affirm that work and information reported in this report is original and any part or whole has been submitted to, in any form, any other University or Institution for any degree or any other purpose.

(Md. Shariful Islam Sumon)

Student Id No: 1505126

MBA major in Accounting and Information Systems (AIS)

Semester-III

Faculty of Post Graduate Studies

HSTU, Dinajpur.

Acknowledgement

At the beginning, I would like to express my gratefulness and harmony to the ALLMIGHTY the supreme authority of the Universe, without whom we would be nothing. Next I would like to express my kindness to my **Beloved Parent** whose continuous inspiration enrages me to make a right move in my life.

I am grateful towards some respected persons for their advice, suggestions, direction and cooperation which have enabled me to have an experienced in the dynamic environment such like in banking sector.

I would like to thank my honorable supervisor **Saiful Islam**, Assistant Professor, Department of Accounting, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur, whose help, suggestions and co-operations, the total report will be valuable..

I would like to thank my honorable co-supervisor **Md. Reiazul Haque**, Assistant Professor, Department of Accounting, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur, whose help, suggestion and co-operation in preparing the report.

I would like to thank from the deep of my heart to those people who are related with making of this report and make it a success.

I would like to expressmy indebtedness to my report all the teachers, Department of Accounting, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur, for helping me and giving assistance in preparing the report.

Author

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JBL/DMCR/724/2016/ZI

Date: 20/06/16

TO WHOM IT MAY CONCERN

This is to certify that **GOLAM RABBANI** student of **MBA-major in Accounting and Information Systems (MBA-AIS) Department of Accounting, Student ID No. 1505144 Faculty of Business Studies of HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY UNIVERSITY, DINAJPUR** has successfully completed his internship for the period of 90 days (15/03/2016 to 13/06/2016) at **JANATA BANK LIMITED, DINAJPUR MEDICAL COLLEGE ROAD BRANCH**. He was assigned with a project work a titled "**EVALUATION OF COMPARATIVE FINANCIAL PERFORMANCE BETWEEN JANATA BANK LTD. AND SONALI BANK LTD. at DINAJPUR MEDICAL COLLEGE ROAD BRANCH**" as a part of fulfillment for an award of Master of Business Administration (MBA) degree of **HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY UNIVERSITY**.

During his internship period, we found him hard working, polite and sincere to his assigned duties.

We wish him every success for the days to come.

Md Ziaul Islam
Manager
Janata Bank Limited
M C Road Br Dinajpur

Chapter: 1

INTRODUCTION

1.1 Introduction

This report analyzed the liquidity and profitability analysis of square pharmaceutical company in Bangladesh: A case study on Square Pharmaceuticals Limited. An understanding of the conceptual bases of the liquidity and profitability analysis and of the preparation of financial statements is essential prerequisites to be a good accountant or a financial analyst. This report intends to explain the private sector Liquidity and Profitability Analysis in Bangladesh and issued involved. In this report I will see the liquidity and profitability analysis in private sector in Bangladesh particularly in Square Pharmaceuticals limited.

Liquidity ratio

Liquidity ratio refers to the ability of a company to interact its assets that is most readily converted into cash. Assets are converted into cash in a short period of time that are concerns to liquidity position.

Profitability Ratio

Profitability ratios designate a company's overall efficiency and performance. It measures the company how to use of its assets and control of its expenses to generate an acceptable rate of return.

Ratio analysis

Ratio analysis is very much powerful & widely used tool of financial analysis. It is define as the systematic use of ratio to interpret the financial statements so that the strength and weakness of a firm as well as its historical performance and current financial condition can be determined.

Ratio analysis helps to summarize the large quantities of financial data and to make quantitative judgments about the firm's financial performance. Ratio is the expression of one figure in terms of another. It is the expression of relationship between the mutually independent figures, in financial

analysis; ratio is use to as an index of yardstick for evaluating the financial position and performance of firm. It helps the analysis to make qualitative judgment in about the financial position and Performance of the firm.

1.2 Relation between liquidity and profitability

Liquidity and profitability are very closely related. When one increases the other decreases. Apparently liquidity and profitability goals conflict in most of the decisions which the finance manager makes. For example, it higher inventories are kept in anticipation of increase in prices of raw materials, profitability goal is approached but the liquidity of the firm is endangered. Similarly, the firm by following a liberal credit policy may be in a position to push up its sales but its Liquidity decrease

There is also a direct relationship between higher risk and higher return. Higher risk on the one hand endangers the liquidity of the firm; higher return on the other hand increases its profitability. A company may increase its profitability by having a very high debt equity ratio. However, when the company raises funds from outside sources, it is committed to make the payment of interest, etc. at fixed times and in fixed amounts and hence to that extent of its liquidity is reduced.

Thus, in every area of financial management, the financial manager has to choose between risk and profit and generally he chooses in between the two. He should forecast cash flows and analyses the various sources of funds. Forecasting of cash flow and managing the flow of internal funds are the functions which lead to liquidity, cost control and forecasting future profits are the functions of finance manager which lead to profitability. An efficient finance manager fixes that level of operations where both profit and risk are optimized.

1.3 Background of the Study

The report entitled “Liquidity and profitability analysis of Square pharmaceuticals limited in Bangladesh”. Liquidity and profitability analysis is very much important for every organization as well as for investors. If private sector regulatory authorities maintain their rules and regulations properly then private sector organization’s financial statements show the true and fair view of the organization. If Liquidity and profitability analysis is prepared by following ratio analysis then

financial statements shows true and fair view of the organizations. Through income statements, statement of financial position, cash flow statement and statement of changes in equity an organization shows their financial picture. As a part of my MBA course and my interest was about the private sector Liquidity and profitability analysis of Square pharmaceuticals limited under the direction, control and guidance of my internship supervisor **Saiful Islam**, I have taken to initiate this study and completed this internship report sincerely, carefully and with much precision and by being completely unbiased.

1.4 Objectives of the Study

A. Primary Objective:

- 1) The main objective of this report is to show the analysis of liquidity and Profitability of Square pharmaceuticals limited in Bangladesh.

B. Secondary Objectives:

- 1) To know about the liquidity and Profitability Analysis of Square pharmaceuticals limited in Bangladesh.
- 2) To provide recommendations for improving the private sectors financial the liquidity and profitability Condition in Bangladesh.
- 3) To determine which company is performing well in terms of solvency and operating efficiency.
- 4) To understand the implications in analyzing and interpreting the financial ratios.

1.5 Methodology

Methodology

We can use several tools to evaluate an organization, but I will use one of the most valuable tool that is "financial ratios" I will also use financial ratio for the purpose of evaluate the relationship between liquidity and profitability of the Company. Data are collected from secondary source of square pharmaceuticals Limited such as annual report.

Data collection

Main data for our Report are the annual financial reports on square pharmaceutical company in 2011 to 2015. We have also used main financial statements for ratio analysis of pharmaceutical company such as; balance sheets, an income statement, cash flow statement; statement of share holder's equity.

Data analysis

We used the model for the Liquidity and Profitability Analysis of Square pharmaceuticals limited in Bangladesh. It indicates the different steps such Selection of financial report, Identification of balance sheet, income statement and cash flow statement, ratio analysis, mathematical calculation, statistical analysis of companies, comparison of companies and declaration of best one companies. We also command why company better than other company and also discuss why not those companies is not good position compare then other company. Finally we can dealer the best one pharmaceutical companies. We can easily measurement the best one because we use different kinds of ratio and know the result of company.

- ❖ Percentage
- ❖ Fraction
- ❖ Proportion of numbers

1.6 Limitations of the Study

Every study has some limitations. In this report also some limitations. Which data are collected to analysis liquidity and profitability that are not sufficient. I have faced some problems while I prepared this report. I was an intern not employee of the Square Pharmaceuticals Limited therefore confidential information was not disclosed to me. So some important data and information may be lacked in this study. This report may not show actual financial reporting practices picture of the private limited companies particularly Square Pharmaceuticals Limited. So after studying this report, someone can't make any decision readily.

Chapter: 2

AN OVERVIEW OF SQUARE PHARMACEUTICALS LTD

2.1 Square Pharmaceuticals Limited Profile

SQUARE today symbolizes a name – a state of mind. But its journey to the growth and prosperity has been no bed of roses. From the 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 Pharmaceuticals Limited 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, converted into a public limited company in 1991 and listed with stock exchanges in 1995. The turnover of Square Pharma was Taka 30.28 Billion (US\$ 385.22 million) with about 18.64% market share having a growth rate of about 25.36% (April 2014– March 2015).



2.2 Chronology of Events

- 1958: Debut of SQUARE Pharma as a Partnership Firm.
- 1964: Converted into a Private Limited Company.
- 1974: Technical Collaboration with Janssen Pharmaceuticals, Belgium, a subsidiary of Johnson and Johnson International, USA.
- 1982: Licensing Agreement signed with F. Hoffman-La Roche & Co Ltd., Switzerland.
- 1985: Achieved market-leadership in the pharmaceutical market of Bangladesh among all national and multinational companies.
- 1987: Pioneer in pharmaceutical export from Bangladesh.
- 1992: Converted into a Public Limited Company
- 1994: Initial Public Offering of shares of SQUARE Pharmaceuticals Ltd.
- 1995: Chemical Division of SQUARE Pharmaceuticals Ltd. starts production of Active Pharmaceutical Ingredients (API).
- 1997: Won the National Export trophy for exporting pharmaceuticals.
- 1998: Agro-chemicals & Veterinary Products division of SQUARE Pharmaceuticals starts its operation.
- 2001: US FDA/UK MCA standard new pharmaceutical factory goes into operation built under the supervision of Bevis Lend Lease, UK.
- 2004: SQUARE enlisted as UNICEF's global supplier.
- 2005: New State-of-the-Art SQUARE Cephalosporin's Ltd. goes into operation; built under the supervision of TELSTAR S.A. of Spain as per US FDA/ UK MHRA requirements.
- 2007: SQUARE Pharmaceuticals Ltd., Dhaka Unit gets the UK MHRA approval.

2009: Starts manufacturing of insulin maintaining quality standards of US FDA & UK MHRA. Dedicated hormone & steroid products manufacturing facility complying with the current Good Manufacturing Practice (GMP) of WHO, US FDA & UK MHRA starts operation.

2012: SQUARE Pharmaceuticals Ltd., Dhaka Unit and SQUARE Cephalosporin's Ltd. get the Therapeutic Goods Administration(TGA) of Australia approval.

2015: PAI (Pre Approval Inspection) by US FDA was successful for Dhaka Site's solid dosage unit.

WHO approved square's GMP.

2.3 Company at a glance



Corporate Headquarters	<p>SQUARE CENTRE , 48,Mohakali C/A Dhaka-1212. Bangladesh Phone: +88(02)985 9007,8833047-56 Fax: +88(02)8834941, 8828768 E-mail: Square@inceptapharma.com, info@Squarepharma.com</p>
Operational Headquarters	<p>SQUARE CENTRE , 48,Mohakali C/A Dhaka-1212. Bangladesh Phone: +88(02)985 9007,8833047-56 Fax: +88(02)8834941, 8828768 E-mail: Square@inceptapharma.com, info@Squarepharma.com</p>
Year of establishment	1985
Commercial Production	1958
Status	Private Company Limited.
Type of business	Pharmaceuticals Manufacturing Company.
Number of employees	1000 (Approximately)

2.4 Vision & Mission

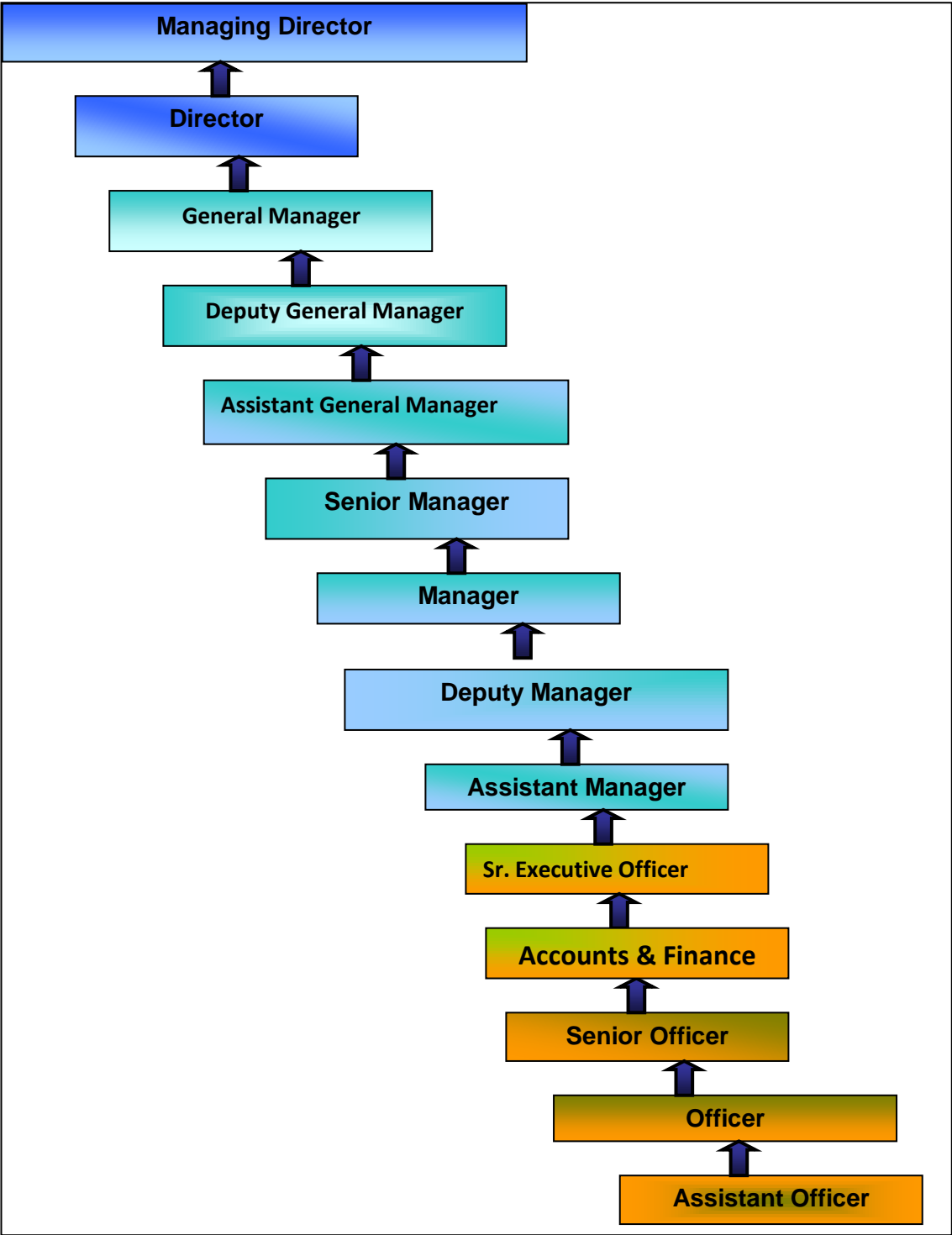
Vision

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.

Mission

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.

2.5 Organizational structure of Square Pharmaceuticals Ltd.

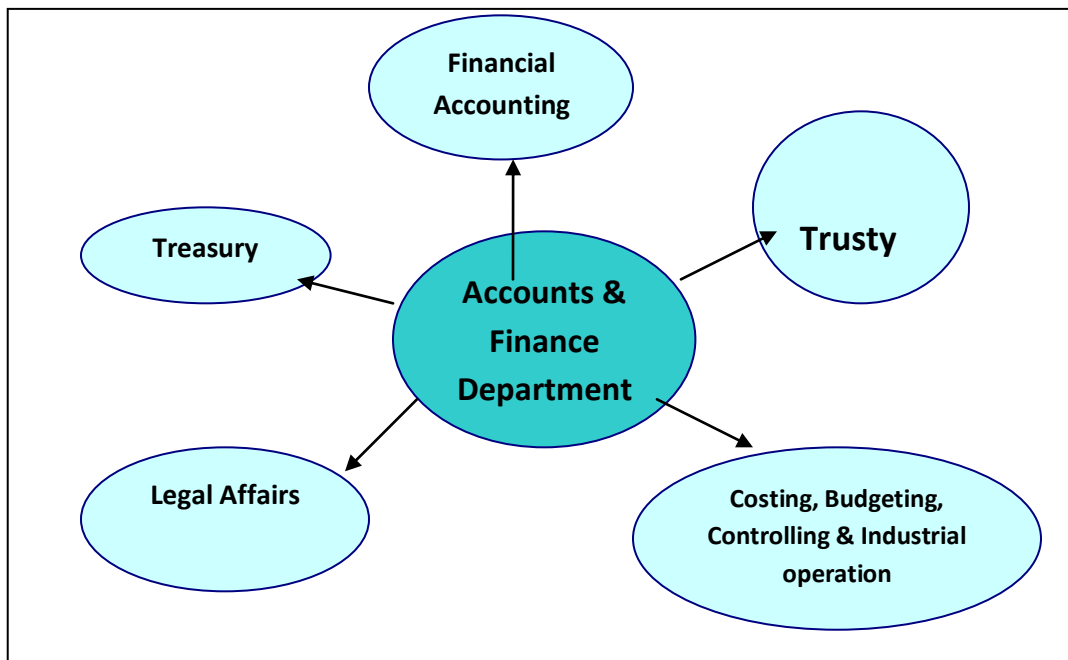


2.6 Different Division & Department

Finance and Accounts

SQUARE has very skilled individuals in finance & accounts department. This department consists of 1 manager, 2 assistant managers, 2 executives, 4 senior accounts officer, 8 assistant accounts officer and 6 officers. There are five wings under Finance and Accounts Department:

1. Treasury
2. Financial Accounting
3. Costing, Budgeting, Controlling & Industrial operation
4. Legal Affairs
5. Trust



Human Resource Management and Training

SQUARE greatest asset is its people. They are fundamental to the achievement of the long-term strategy. The success of SQUARE over the years has been due, in large part, to the dedication, skill and effort of the employees. SQUARE uses a total compensation approach that incorporates fixed and variable pay, fringe benefits and other incentives where appropriate, and non-financial rewards.

It also provides comprehensive benefits in the areas of health, retirement and insurance. SQUARE offers different types of training for its employees.

2.7 Corporate Social Responsibility (CSR):

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large

Our Business Motivation is Being Good by Doing Well and to conduct transparent business operations based on market mechanism within the legal, ethical & social framework with aims to attain the mission reflected by our vision. We scale-up CSR activities to consider the interests of our external & internal stakeholders like customers, employees, vendors, shareholders, society, government etc. and ecological & ethical considerations in all aspects of operations. SQUARE is one of the pioneer signatories of United Nations Global Compact (UNGC) in Bangladesh. UNGC principles are aligned with company's culture from the very outset.

SQUARE recognizes that progressive labour policies are good business practices, especially for a company like us that has global ambition. We follow laws and encourage work environment that welcomes diversity and also follow non-discrimination & fair treatment policy both in the recruitment & selection process and performance management system. We have Trade Union & our HR policies have been continuously up-to-dated as per existing labor law of the country. We do not allow any female employees during night shift operations & we strictly prohibit any form of forced labor. We actively pursue the policy of No child labor in SQUARE.

Transparency & business ethics is the core value of SQUARE and it is strictly followed at every step of the business processes. Every business in SQUARE is modeled in a way that enables the management to ensure highest degree of both financial and behavioral accountability. SQUARE pursues Zero Tolerance policy against all kinds of corruption.

SQUARE's activity goes well beyond the sphere of business. As socially conscious and responsible corporate body SQUARE is committed to the improvement of the society as a whole. Meril-ProthomAlo festival sponsored by SQUARE, 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. SQUARE is also a major sponsor of sporting events in the country.

SQUARE is proud to be a Bangladeshi Company actively involved in various field of Corporate Social Responsibility

Calculation: the Liquidity and Profitability Analysis of Square pharmaceuticals limited in Bangladesh.

Chapter: 3

THEORETICAL CONCEPT OF RATIO ANALYSIS

3.1 Ratio analysis

Ratio analysis is very much powerful & widely used tool of financial analysis. It is define as the systematic use of ratio to interpret the financial statements so that the strength and weakness of a firm as well as its historical performance and current financial condition can be determined.

Ratio analysis helps to summarize the large quantities of financial data and to make quantitative judgments about the firm's financial performance. Ratio is the expression of one figure in terms of another. It is the expression of relationship between the mutually independent figures, in financial analysis; ratio is use to as an index of yardstick for evaluating the financial position and performance of firm. It helps the analysis to make qualitative judgment in about the financial position and Performance of the firm.

3.2 Liquidity ratio

Liquidity ratio refers to the ability of a company to interact its assets that is most readily converted into cash. Assets are converted into cash in a short period of time that are concerns to liquidity position. However, the ratio made the relationship between cash and current liability.

The Liquidity ratio we can satisfy on the three ratios, those are:

- 1) Current ratio
- 2) Quick ratio or acid test
- 3) Working capital Ratio

3.2.1 Current ratio

The current ratio is calculated by dividing current assets by current liabilities. Current asset includes inventory, trade debtors, advances, deposits and repayment, investment in marketable securities in short term loan, cash and cash equivalents, and current liabilities are comprised short term banks loan, long term loans-current portion, trade creditors liabilities for other finance etc. Generally current ratio are acceptable of short term creditors for any company.

The formula is shown as below;

$$\text{Current Ratio} = \text{Current assets} / \text{Current liabilities}$$

Year	Current Ratio	Analysis
2011	7022213840	1.504:1
	4668189426	
2012	674507008	0.15:1
	4252934845	
2013	5996697544	1.58:1
	3792438255	
2014	7499373281	3.13:1
	2394537126	
2015	9732170099	3.81:1
	2549018066	

Comment: The current ratio for the year 2011, 2012, 2013,2014,&2015 is 1.504,

0.15 ,1.58,3.13&3.81 respectively, compared to standard ratio 2:1 this ratio is higher which shows high short term liquidity efficiency at the same time holding more than sufficient current assets mean efficient use of resources.

3.2.2 Quick ratio or acid test

Quick ratio or acid test ratio is estimating the current assets minus inventories then divide by current liabilities. It is easily converted into cash at turn to their book values and it also indicates the ability of a company to use its near cash.

The formula of quick ratio or acid test ratio are as follow as;

$$\text{Quick ratio} = (\text{Current asset} - \text{inventories}) / \text{Current liabilities}$$

Year	Quick Ratio	Analysis
2011	(7022213840-2541688329)	0.95:1
	4668189426	
2012	(6745507008-2687818472)	0.95:1
	4252934845	
2013	(5996697544-2503683240)	1.51:1
	3792438255	
2014	(7499373281-2737085789)	1.98:1
	2394537126	
2015	(9732170099-3310086668)	2.51:1
	2549018066	

Comment: The quick ratio shows the increasing trend. Because compared to standard ratio 1:1.it indicates that the company is so much depends on the investors to meet the current liabilities their ratio is so much strong to cover an expected draw up to liabilities. Finally in this ratio, we can state that the square pharmaceutical is better liquidity position.

3.2.3 Working Capital:

A measure of both a company's efficiency and its short-term financial health. Positive working capital means that the company is able to pay off its short-term liabilities. Negative working capital means that a company currently is unable to meet its short-term liabilities with its current assets (cash, accounts receivable and inventory). Also known as "net working capital", or the "working capital ratio".

Working Capital = Current Assets – Current Liabilities

Year	Working Capital	Analysis
2011	(7022213840-4668189426)	2354024414
2012	(6745507008-4252934845)	2492572163
2013	(5996697544-3792438255)	2204259289
2014	(7499373281-2394537126)	5104836155
2015	(9732170099-2549018066)	7183152033

Comment:

It is very clear from the above calculations that the working capital of the company is gradually increasing over the years, which shows good short term liquidity efficiency.

3.3 Profitability Ratio

Profitability ratios designate a company's overall efficiency and performance. It measures the company how to use of its assets and control of its expenses to generate an acceptable rate of return. It also used to examine how well the company is operating or how well current performance compares to past records of both pharmaceutical companies.

There are five important profitability ratios that we are going to analyze:

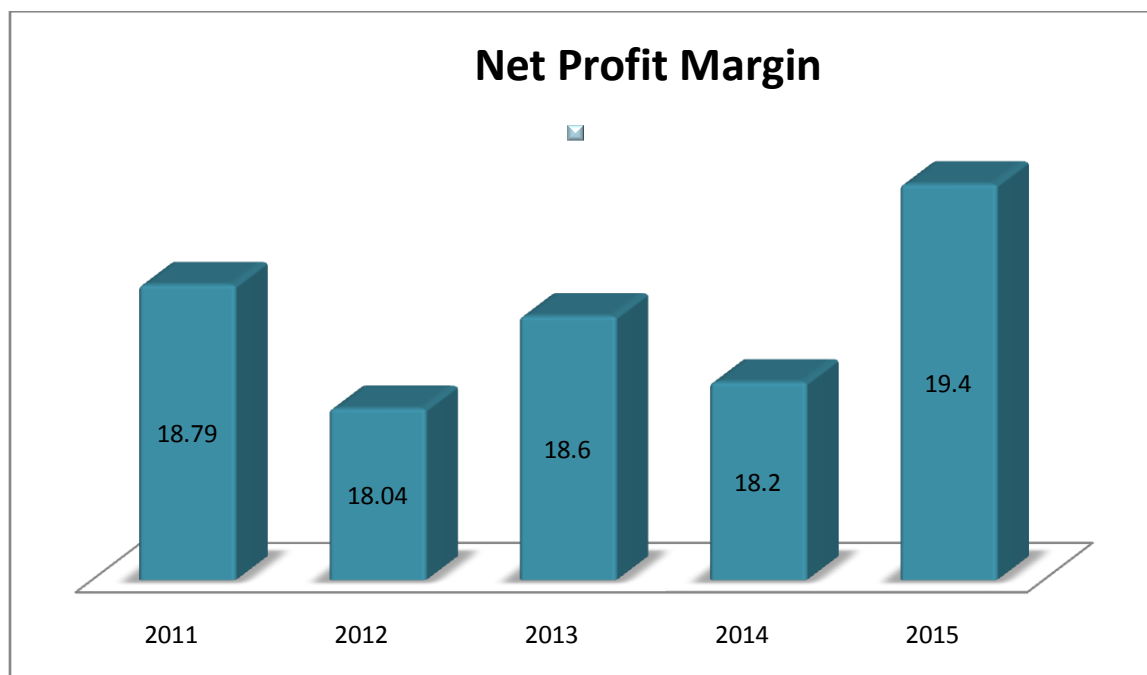
1. Net Profit Margin
2. Gross Profit Margin
3. Return on Asset
4. Return on Equity
5. Operating profit margin

3.3.1 Net Profit Margin

The net profit margin is determined of net profit after tax to net sales. It argues that how much of sales are changeover after al expense .The higher net profit margins are the better for any pharmaceutical company.

$$\text{Net Profit Margin} = \text{Net profit after tax/sales} \times 100$$

Year	Net Profit Margin	Analysis
2011	$\frac{2532054550}{13471424469} \times 100$	18.79%
2012	$\frac{2897710641}{16054425243} \times 100$	18.04%
2013	$\frac{3341424783}{17959489496} \times 100$	18.6%
2014	$\frac{4250580863}{23268413217} \times 100$	18.2%
2015	$\frac{5186436869}{26684573116} \times 100$	19.4%



Comment: In this analysis we see that the net profit margin has increased in 2011,2012,2013,2014&2015 to profit margin 18.79,18.04,18.6,18.2,19.4 because the net profit and sales are increase from the last year. As a result this company is standard position.. The Net Profit Margin ratio From 2011to 2015 the Net Profit Margin has increased. But from 2014 it is decreasing which indicates that thecompany is decreasing the amount of profit. It decreased because the increase in their total operating revenue is higher than the increase in net income after tax.

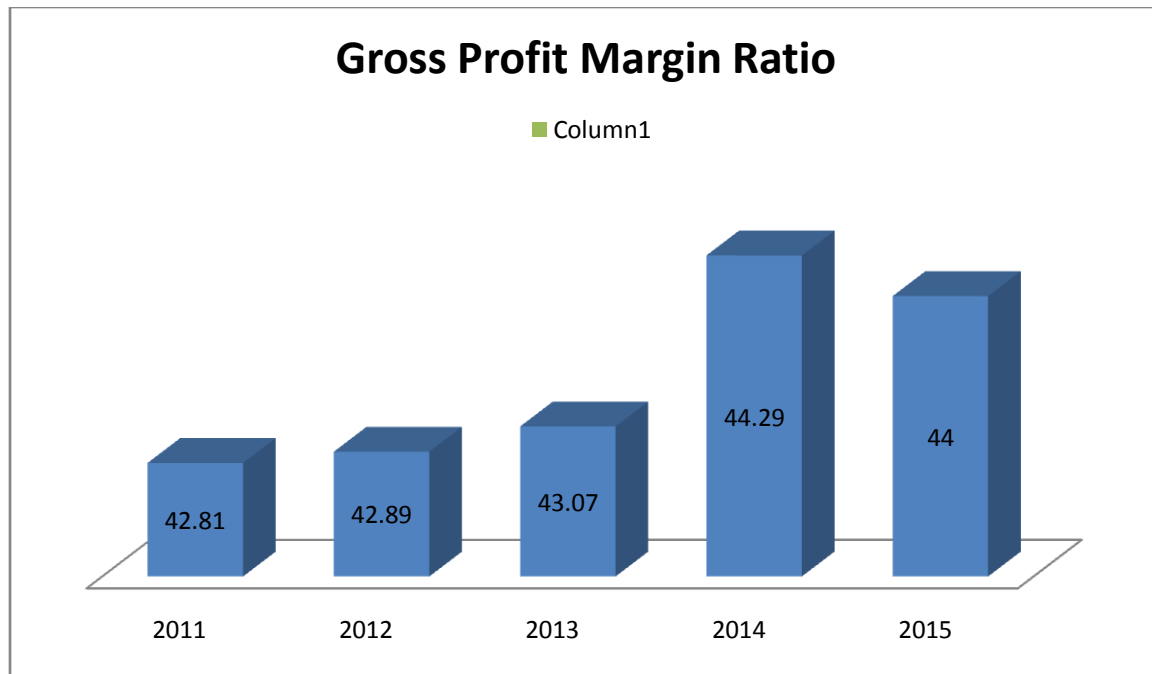
3.3.2 Gross Profit Margin ratio

Gross margin express of the company efficiency of raw material and labor during the working process .If any company higher gross profit margin then the company more efficiency to controls their raw material and labors. So it is most important for performance evaluation of pharmaceutical company. It can be assigned to single products or an entire company. It determines the gross profit to divide by net sales.

The gross profit margin ratio formula as following as;

$$\text{Gross profit margin ratio} = \frac{\text{Gross profit}}{\text{sales}} \times 100$$

Year	Gross Profit Margin Ratio	Analysis
2011	$\frac{5767763459}{13471424469} \times 100$	42.81%
2012	$\frac{6887171623}{16054425243} \times 100$	42.89%
2013	$\frac{7736011423}{17959489496} \times 100$	43.07%
2014	$\frac{10307674534}{23268413217} \times 100$	44.29%
2015	$\frac{11741702961}{26684573116} \times 100$	44%



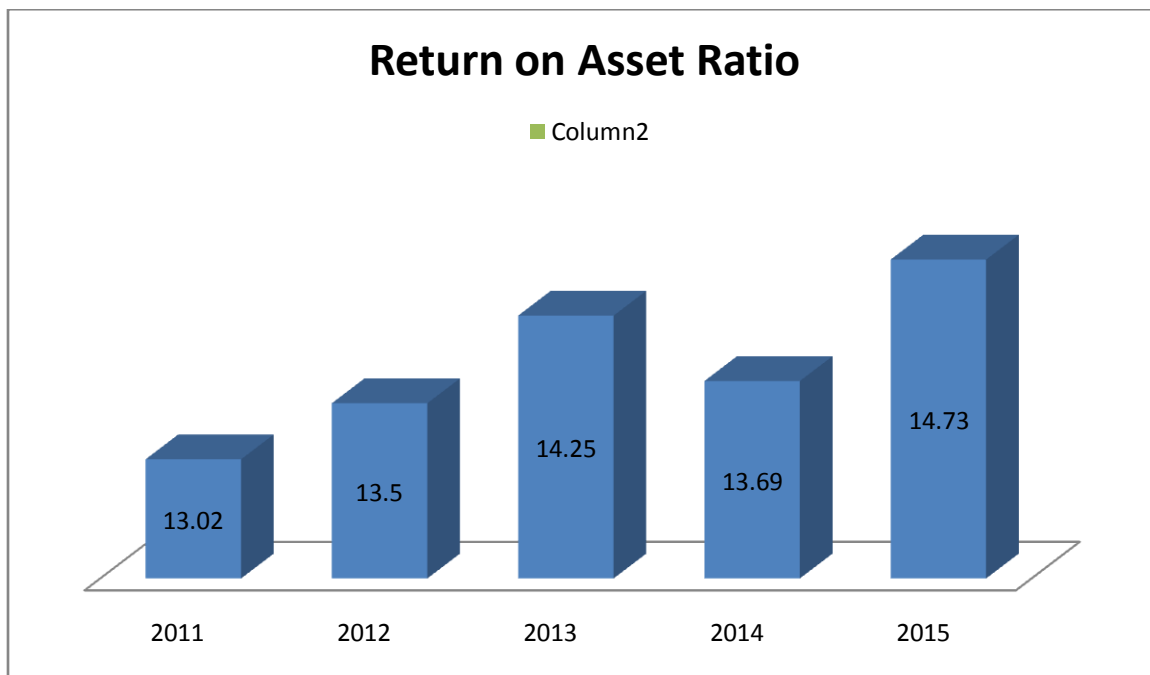
Comment : In this analysis we see that the Gross Profit Margin has remained pretty much stable throughout the whole five years. It increased slowly each year. It indicates that Square Pharmaceutical is managing its Sales and Cost of Goods Sold very well. To increase gross profit margin they should try to increase their cost of goods sold. We think that the square Pharmacy is best performing the company. Because their gross profit is increase day by day square company.

3.3.3 Return on Asset Ratio

The Return on Assets ratio can be directly computed by dividing net income by average total asset. It finds out the ability of the company to utilize their assets and also measure of efficiency of the company in generating profits.

$$\text{Return on Total Assets} = \text{Net profits after taxes} / \text{total assets} * 100$$

Year	Return on Asset Ratio	Analysis
2011	$\frac{2532054550}{19444409654} \times 100$	13.02%
2012	$\frac{2897710641}{21453784762} \times 100$	13.50%
2013	$\frac{3341424783}{23447645506} \times 100$	14.25%
2014	$\frac{4250580863}{31046074531} \times 100$	13.69%
2015	$\frac{5186436869}{35191159263} \times 100$	14.73%



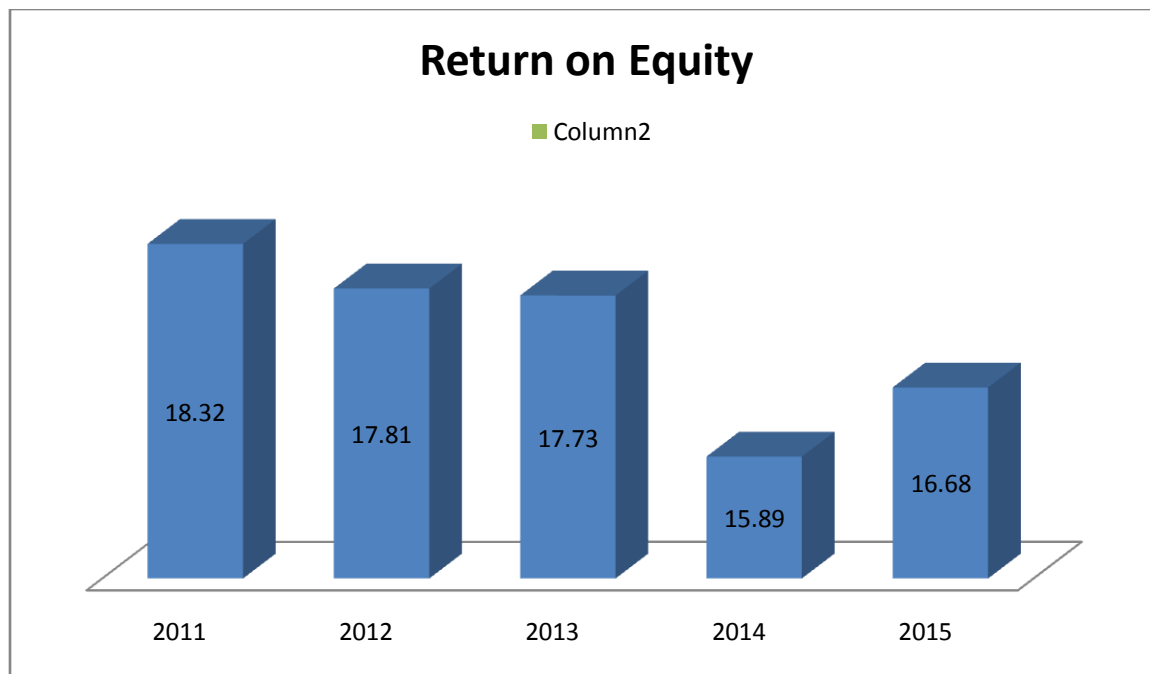
Comment :The ROA is showing very satisfactory results. It is as good as ROA. Though it was increasing from the year 2011 to 2015 but it is very more because their assets increased at a higher rate compared to their net income. The assets of square are also too high. Their net income is at all significant to their total assets. It can be said the management is finding efficient in managing their investments in assets and generating profit from these assets

3.3.4 Return on Equity

Return on Equity is compute by dividing net income less preferred dividend by average company stockholder equity. (Kieso, Weygandt, Warfield, 2001). It demonstrate how a company to generate earnings growth for using investment fund. It has some alternative name such Return on average common equity, return on net worth, Return on ordinary shareholders' fund.

Return on common stock equity = Net income / Common stockholders' equity.

Year	Return on Equity	Analysis
2011	$\frac{2532054550}{13817708990} \times 100$	18.32%
2012	$\frac{2897710641}{16266884255} \times 100$	17.81%
2013	$\frac{3341424783}{18844746184} \times 100$	17.73%
2014	$\frac{4250580863}{26739581929} \times 100$	15.89%
2015	$\frac{5186436869}{31093302284} \times 100$	16.68%



Comment : The ROE is showing very unsatisfactory results. It is not as good as ROE. Though it was decreasing from the year 2011 to 2015 but it is very less because their assets increased at a higher rate compared to their net income. The assets of square are also too low. Their net income is not at all significant to their total assets. It can be said the management is finding difficulties in managing their investments in assets and generating profit from these assets.

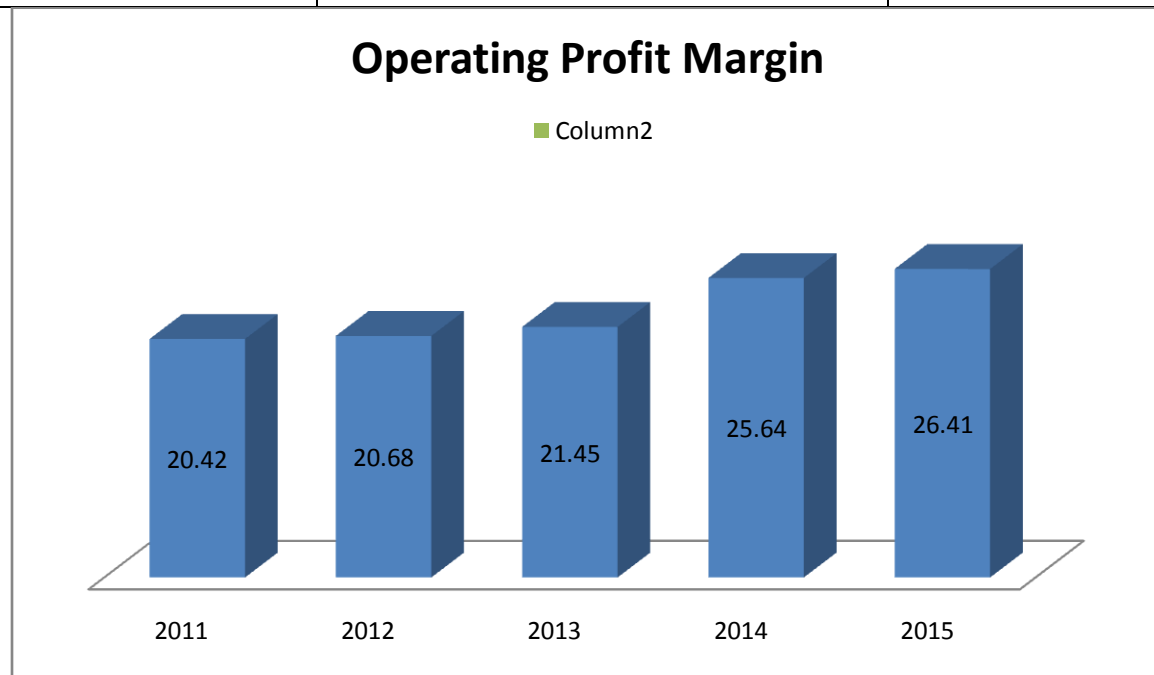
3.3.5 Operating profit margin ratio

The operating profit margin ratio recognize of the percentage of sales to exchange into all cost and expenses after remaining sales. A high operating profit margin is preferred.

Operating profit margin is calculated as follows:

$$\text{Operating Profit Margin} = \text{Operating profits} / \text{Sales}$$

Year	Operating Profit Margin	Analysis
2011	$\frac{2751605397}{13471424469} \times 100$	20.42%
2012	$\frac{3321146713}{16054425243} \times 100$	20.68%
2013	$\frac{3852810574}{17959489496} \times 100$	21.45%
2014	$\frac{5967653270}{23268413217} \times 100$	25.64%
2015	$\frac{7049611578}{26684573116} \times 100$	26.41%



Comment : In this analysis we find out the operating profit margin has increase in 2011to 2015 in square pharmaceutical company because a company operating profit and sales has increase step by step from previous year . From this discussion we can say that the firm had success to control its operating cost in the square company.

Chapter: 4

SWOT ANALYSIS

4.1 SWOT ANALYSIS

The following SWOT analysis captures the main strengths and weaknesses within the company, and describes the opportunities and threats of the company.

Strengths:

- ❖ Highly experienced Senior Executives some of whom has local and international significant pharmaceutical literature.
- ❖ Good reputation with high image.
- ❖ Efficient, skilled, experienced and dedicated staff members
- ❖ Large customer Base and product development capabilities and outstanding professional services.

- ❖ Resources are available in Bangladesh
- ❖ Square pharma is able to make benchmarking medicines
- ❖ Increasing presence in the market
- ❖ Regulatory performance is strong and positive
- ❖ Employee mobility is lower than that of its rival.

Weakness:

- ❖ Non-availability of high technology
- ❖ .Everything is not organized.
- ❖ Time consuming decision making process .
- ❖ Incorrect method for collecting resources and inventory management ..

- ❖ Lack of asset management and debt.
- ❖ Minimum profit in comparison with others.

Opportunities

Government Support Banking and information technology . Credit line with well known foreign bank can gear up its foreign exchange business. Entering in new arena product helps to grow customers' confidence. Opportunity to take market share away from rivals by offering new innovative product or services.vOpportunity to enter into the global market.

Threats:

Hiking price of raw materials: More and more factories, especially small ones, are facing closure due to price hike of raw materials. As we are just entered in the market it will be a great threat for us.

Inadequate Power supply: The industry sources also blamed lack of adequate power supply for making the industry more vulnerable. We have to face the same problem here and for this many industries are shutting down now days.

- ❖ Mergers and Acquisition
- ❖ Frequent Currency Devaluation
- ❖ Competitors are much in pharmaceutical industries
- ❖ Competitors are offering innovative new product and services regularly. Matching them is really hard.

Chapter: 5

FINDINGS AT A GLANCE

Liquidity position and Profitability ratios of Square pharmaceuticals Limited and found some findings

5.1 Liquidity position:

The liquidity position of Square pharmaceuticals Limited are given below

Current ratio has been seen that SPL's current ratio is 1.504: 1 in 2011; 0.15: 1 in 2012; 1.58:1 in 2013; 3.13:1 in 2014; 3.81:1 in 2015. Normally company's standard current ratio is 2:1 and we have seen that SPL maintains current ratio more than 1:1 ratios in 2011 and 2013. In 2012 current ratio 0.15:1. It indicates that SPL liquidity position is not so good 2011 to 2013 and has short term ability to meet current obligations and generate fund. SPL's current ratio is 3.13:1 in 2014 and 3.81:1 in 2015. It indicates that SPL liquidity position is very good 2014 to 2015 and has short term ability to meet obligations and generate fund. In 2011 to 2013 company profitability will be high but ability to meet current obligations and generate fund not so good. In 2014 to 2015 SPL liquidity position is very good and has short term ability to meet obligations and generate fund but profitability is not good.

The Quick Ratio or Acid-test Ratio of SPL increases continuously from 2011 to 2015 at .95:1 to 2.51:1. The ratios are good. Standard Quick Ratio is 1:1 that indicates firm can easily pay all current claims. SPL meets standard and also remembers that quick ratios superior to current ratio because quick ratio has more ability to pay short term obligation than current ratio.

Although Net Working Capital is not actually a ratio for a common measure of a firm's overall liquidity. A measure of liquidity is calculated by subtracting total current liabilities from total current assets. Net working capital of SPL is decreasing in 2011 and 2013 which is very negative sign for the bad performance of the company but at 2012, 2014, 2015 increasing 2492572163 to 7183152033. So, the SPL is performing not bad to meet up its current obligations.

5.2 Profitability ratios:

Net profit Margin increase year by year which indicates that net profit margin of SPL would ensure adequate return to the owners as well as enable of SPL to withstand adverse economic condition when investment price is declining, cost of capital is raising and demand for the investment is falling

From the analysis it has been seen that SPL's Return on Asset increased from the year 2011 to 2013. That means that during year 2012 to 2014 the bank utilized their assets properly compared to the year in 2013 and 2012.

From the above analysis it has been seen that the ROE of SPL increased which is good sign And also indicates that the Company has earned a satisfactory return to the equity holders.

but then decreased to express bad sign.

Chapter: 6

RECOMMENDATIONS AND CONCLUSIONS

6.1 Recommendations

Liquidity and profitability are very closely related. When one increases the other decreases. Apparently liquidity and profitability goals conflict in most of the decisions which the finance manager makes. For example, if higher inventories are kept in anticipation of increase in prices of raw materials, profitability goal is approached but the liquidity of the firm is endangered. Similarly, the firm by following a liberal credit policy may be in a position to push up its sales but its Liquidity decrease

- ❖ Current ratio has been seen that SPL's current ratio is 1.504: 1 in 2011; 0.15: 1 in 2012; 1.58:1 in 2013; 3.13:1 in 2014; 3.81:1 in 2015. Normally company's standard current ratio is 2:1 and we have seen that SPL maintains current ratio more than 1:1 ratios in 2011 and 2013. It indicates that liquidity position is optimum level. In this position company earn more profit because of using current Assets. In 2012 current ratio 0.15:1. It indicates that SPL liquidity position is not so good 2011 to 2013 and has short term ability to meet current obligations and generate fund. SPL's current ratio is 3.13:1 in 2014 and 3.81:1 in 2015. It indicates that SPL liquidity position is very good 2014 to 2015 and has short term ability to meet obligations and generate fund but earn profit low. In 2011 to 2013 company profitability will be high but ability to meet current obligations and generate fund not so good. In 2014 to 2015 SPL liquidity position is very good and has short term ability to meet obligations and generate fund but profitability is not good.
- ❖ The Quick Ratio or Acid-test Ratio of SPL increases continuously from 2011 to 2015 at .95:1 to 2.51:1. The ratios are good. Standard Quick Ratio is 1:1 that indicates firm can easily pay all current claims. SPL meets standard and also remembers that quick ratios superior to current ratio because quick ratio has more ability to pay short term obligation than current ratio.
- ❖ Although Net Working Capital is not actually a ratio for a common measure of a firm's overall liquidity. A measure of liquidity is calculated by subtracting total current liabilities

from total current assets. Net working capital of SPL is decreasing in 2011 and 2013 which is very negative sign for the bad performance of the company but at 2012,2014,2015 increasing 2492572163to.7183152033. So, the SPL is performing not bad to meet up its current obligations.

- ❖ Net profit Margin increase year by year which indicates that net profit margin of SPL would ensure adequate return to the owners as well as enable of SPL to withstand adverse economic condition when investment price is declining, cost of capital is raising and demand for the investment is falling
- ❖ From the analysis it has been seen that SPL's Return on Asset increased from the year 2011 to 2013. That means that during year 2012 to 2014 the bank utilized their assets properly compared to the year in 2013 and 2012.
- ❖ From the above analysis it has been seen that the ROE of SPL increased which is good sign And also indicates that the Company has earned a satisfactory return to the equity holders. but then decreased to express bad sign.

6.2 Conclusions

To summarize the internship report, it can be said that SQUARE pharmaceuticals ltd, Bangladesh is performing really well. Though SQUARE pharmaceuticals LTD Bangladesh has a strong financial position.

Finally, we already mentioned that the ratio helps to evaluate financial strengths and weaknesses of pharmaceutical company. It will be proved that why ratios have different patterns and why ratios are marked by negative meanings and why ratios were satisfactory values. We select SQUARE pharmaceutical companies and mentioned that ratio analysis is the best tool for pharmaceutical companies.

We divided the ratio analysis into performance evaluation such as liquidity ratio, profitability ratio. The liquidity ratio has also been divided into three categories such as; current ratio, quick ratio, Working capital ratio. The current ratio of square company is equal for 2011-2015 to their current liability has increased. In quick test ratio is not in good condition for both companies.

We presented the profitability ratio is measured to determine how to earn profit of any company because these ratios are easily measured: net profit margin, gross profit margin, return on assets, return on equity and operating profit margin. The net profit margin has increased for the SQUARE pharmaceutical company because their net profit and sales increased from the last year. For this reason, SQUARE Pharmaceuticals Limited is the largest pharmaceutical company in Bangladesh and it has been continuously in the 1st position among all national and multinational companies.

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www.SQUAREpharma.com

Annulreport Square2010-2011

Annulreport Square2011-2012

Annulreport Square 2012-2013

Annulreport Square 2013-2014

Annulreport Square 2014-2015

Appendix Table

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF FINANCIAL POSITION

As At 31 March 2011

		31-03-2011 Taka	31-03-2010 Taka Restated	31-03-2009 Taka Restated
ASSETS:		Notes		
Non-Current Assets:		12,422,195,814	10,643,410,336	9,523,267,501
Property, Plant and Equipment-Carrying Value	2	6,981,559,781	5,630,791,822	4,899,679,832
Capital Work-in-Progress	3	887,584,197	634,347,093	-
Investment - Long Term (at Cost)	4	4,031,751,281	3,990,050,169	4,508,050,169
Investment in Marketable Securities (Fair Value)	5	521,300,555	388,221,252	115,537,500
Current Assets:		7,022,213,840	4,553,041,968	3,823,262,855
Inventories	6	2,541,688,329	2,207,078,082	2,098,755,231
Trade Debtors	7	772,421,345	508,249,174	477,562,002
Advances, Deposits and Prepayments	8	523,991,079	358,250,076	260,330,162
Short Term Loan	9	2,813,811,332	1,220,736,941	693,157,720
Cash and Cash Equivalents	10	370,301,755	258,727,695	293,457,740
TOTAL ASSETS		19,444,409,654	15,196,452,304	13,346,530,356
SHAREHOLDERS' EQUITY AND LIABILITIES:				
Shareholders' Equity:		13,817,708,990	11,721,331,851	10,044,685,134
Share Capital	11	1,961,739,000	1,509,030,000	1,207,224,000
Share Premium	12	2,035,465,000	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200	105,878,200
Tax Holiday Reserve	13	1,101,935,237	1,101,935,237	1,101,935,237
Gain on Marketable Securities (Unrealized)	5	259,435,115	166,952,026	95,287,500
Retained Earnings		8,353,256,438	6,802,071,388	5,498,895,197
Non-Current Liabilities:		958,511,238	1,258,376,052	660,976,668
Long Term Loans - Secured	14	655,645,734	1,032,633,110	449,757,608
Deferred Tax Liability	15	302,865,504	225,742,942	211,219,060
Current Liabilities:		4,668,189,426	2,216,744,401	2,640,868,554
Short Term Bank Loans	16	2,627,483,864	736,443,848	1,534,345,782
Long Term Loans - Current Portion	17	478,199,933	462,090,211	295,590,601
Trade Creditors	18	733,369,218	394,715,915	124,222,699
Liabilities for Expenses	19	79,499,584	56,463,570	69,573,702
Liabilities for Other Finance	20	749,636,827	567,030,857	617,135,770
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		19,444,409,654	15,196,452,304	13,346,530,356

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S. Chowdhury
Vice Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Dated, Dhaka: 28 July, 2011

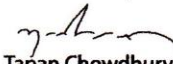
SQUARE PHARMACEUTICALS LTD.
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2011

		2010-2011 Taka	2009-2010 Taka
	Notes		
GROSS TURNOVER	22	15,576,487,536	13,279,141,757
Less: Value Added Tax		2,105,063,067	1,816,563,347
NET TURNOVER		13,471,424,469	11,462,578,410
COST OF GOODS SOLD	23	(7,703,661,010)	(6,561,288,485)
GROSS PROFIT		5,767,763,459	4,901,289,925
Operating Expenses:		(3,016,158,062)	(2,520,532,046)
Selling and Distribution Expenses	27	(2,121,163,004)	(1,687,210,447)
Administrative Expenses	28	(626,145,987)	(524,460,492)
Financial Expenses	29	(268,849,071)	(308,861,107)
PROFIT FROM OPERATIONS		2,751,605,397	2,380,757,879
Other Income	30	833,884,528	585,564,826
PROFIT BEFORE WPPF		3,585,489,925	2,966,322,705
Allocation for WPPF	31	(170,737,615)	(141,253,462)
PROFIT BEFORE TAX		3,414,752,310	2,825,069,243
Provision for Income Tax	32	(805,575,198)	(688,499,602)
Provision for Deferred Income Tax	15	(77,122,562)	(48,697,850)
PROFIT AFTER TAX FOR THE YEAR		2,532,054,550	2,087,871,791
Other Comprehensive Income:			
Gain on Marketable Securities (Unrealized)		92,483,089	71,664,526
Total Comprehensive Income for the Year		2,624,537,639	2,159,536,317
Earnings Per Share (EPS)	33	129.07	106.43
Number of Shares used to compute EPS		19,617,390	19,617,390

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S. Chowdhury
Vice Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


B.K. Bhattacharjee, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants


SQUARE PHARMACEUTICALS LTD.
STATEMENT OF FINANCIAL POSITION
As At 31 March 2013

		31-03-2013 Taka	31-03-2012 Taka
ASSETS:	Notes		
Non-Current Assets:		17,450,947,962	14,708,277,754
Property, Plant and Equipment-Carrying Value	2	9,322,186,497	8,767,827,062
Capital Work-in-Progress	3	3,718,326,254	1,274,390,572
Investment - Long Term (at Cost)	4	3,821,121,331	3,971,022,723
Investment in Marketable Securities (Fair Value)	5	589,313,880	695,037,397
Current Assets:		5,996,697,544	6,745,507,008
Inventories	6	2,503,683,240	2,687,818,472
Trade Debtors	7	800,974,912	808,311,714
Advances, Deposits and Prepayments	8	650,380,369	577,156,445
Short Term Loan	9	1,109,251,152	2,085,300,110
Cash and Cash Equivalents	10	932,407,871	586,920,267
TOTAL ASSETS		23,447,645,506	21,453,784,762
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:		18,844,746,184	16,266,884,255
Share Capital	11	3,707,686,640	2,648,347,600
Share Premium	12	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Gain on Marketable Securities (Unrealized)	5	297,945,485	399,421,439
Retained Earnings		12,697,770,859	11,077,772,016
Non-Current Liabilities:		810,461,067	933,965,662
Long Term Loans - Secured	13	313,421,158	508,778,060
Deferred Tax Liability	14	497,039,909	425,187,602
Current Liabilities:		3,792,438,255	4,252,934,845
Short Term Bank Loans	15	1,112,694,131	2,016,551,125
Long Term Loans - Current Portion	16	511,504,034	477,141,480
Trade Creditors	17	1,086,097,881	875,431,555
Liabilities for Expenses	18	109,604,834	95,361,435
Liabilities for Other Finance	19	972,537,375	788,449,250
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		23,447,645,506	21,453,784,762


Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary

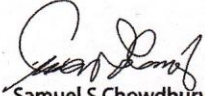

Das Chowdhury Dutta & Co.
Chartered Accountants

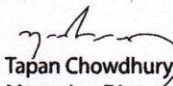
SQUARE PHARMACEUTICALS LTD.
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2013

		2012-2013 Taka	2011-2012 Taka
	Notes		
GROSS TURNOVER	21	20,742,746,372	18,592,856,236
Less: Value Added Tax		2,783,256,876	2,538,430,993
NET TURNOVER		17,959,489,496	16,054,425,243
COST OF GOODS SOLD	22	(10,223,478,073)	(9,167,253,620)
GROSS PROFIT		7,736,011,423	6,887,171,623
Operating Expenses:		(3,883,200,849)	(3,566,024,910)
Selling and Distribution Expenses	26	(2,820,582,797)	(2,430,466,795)
Administrative Expenses	27	(737,337,036)	(701,977,079)
Financial Expenses	28	(325,281,016)	(433,581,036)
PROFIT FROM OPERATIONS		3,852,810,574	3,321,146,713
Other Income	29	852,289,241	856,739,329
PROFIT BEFORE WPPF		4,705,099,815	4,177,886,042
Allocation for WPPF	30	(224,052,372)	(198,946,954)
PROFIT BEFORE TAX		4,481,047,443	3,978,939,088
Provision for Income Tax	31	(1,067,770,353)	(958,906,349)
Provision for Deferred Income Tax	14	(71,852,307)	(122,322,098)
PROFIT AFTER TAX FOR THE YEAR		3,341,424,783	2,897,710,641
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)		(101,475,954)	139,986,324
Total Comprehensive Income for the Year		3,239,948,829	3,037,696,965
Earnings Per Share (EPS)	32	9.01	7.82
Number of Shares used to compute EPS		370,768,664	370,768,664

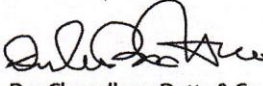
Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 29 July, 2013

SQUARE PHARMACEUTICALS LTD.

and its subsidiaries


Consolidated Statement of Financial Position


As At 31 March 2014

		31-03-2014 Taka	31-03-2013 Taka (Restated)	31-03-2012 Taka (Restated)
ASSETS:	Notes			
Non-Current Assets:		23,546,701,250	20,605,309,448	16,313,597,638
Property, Plant and Equipment-Carrying Value	2.1	13,933,689,469	9,908,013,592	9,357,244,473
Capital Work-in-Progress	3.1	3,256,802,171	4,907,039,756	1,274,390,572
Investment - Long Term (at Cost)	4.1	147,694,430	157,694,430	167,694,430
Investment - Associate Undertakings	4.2	5,364,154,708	4,914,958,933	4,709,080,125
Investment in Marketable Securities (Fair Value)	5.1	844,360,472	686,985,768	804,638,100
Pre-Operating/Preliminary Expenses		-	30,616,969	549,938
Current Assets:		7,499,373,281	6,946,361,767	8,248,571,022
Inventories	6.1	2,737,085,779	3,091,263,712	3,178,672,614
Trade Debtors	7.1	766,634,978	812,741,029	819,002,633
Advances, Deposits and Prepayments	8.1	671,749,541	952,411,276	694,844,720
Short Term Loan	9.1	1,161,185,776	1,108,757,914	1,717,273,322
Margin against BTB Letter of Credit		-	-	1,091,148,736
Cash and Cash Equivalents	10.1	2,162,717,207	981,187,836	747,628,997
TOTAL ASSETS		31,046,074,531	27,551,671,215	24,562,168,660
SHAREHOLDERS' EQUITY AND LIABILITIES:				
Shareholders' Equity:		26,739,581,929	22,586,225,346	19,251,480,428
Share Capital	11.1	4,819,992,630	3,707,686,640	2,648,347,600
Share Premium	12.1	2,035,465,000	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200	105,878,200
Tax Holiday Reserve	12.2	406,231,702	406,231,702	449,870,449
Gain on Marketable Securities (Unrealized)	5.1	449,255,557	313,532,224	420,437,468
Retained Earnings		18,922,758,840	16,017,431,580	13,591,481,711
Non Controlling Interest	12.3	9,369,803	7,719,551	7,348,592
Non-Current Liabilities:		1,902,585,673	1,682,318,885	987,949,283
Long Term Loans - Secured	13.1	1,183,627,923	1,106,327,183	508,778,060
Deferred Tax Liability	14.1	718,957,750	575,991,702	479,171,223
Current Liabilities:		2,394,537,126	3,275,407,433	4,315,390,357
Short Term Bank Loans	15.1	131,104,817	1,302,048,378	2,237,495,956
Long Term Loans - Current Portion	16.1	461,433,822	540,421,336	477,141,480
Trade Creditors	17.1	217,855,755	7,034,724	531,295,427
Liabilities for Expenses	18.1	20,518,598	173,261,777	114,515,510
Liabilities for Other Finance	19.1	1,563,624,134	1,252,641,218	954,941,984
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		31,046,074,531	27,551,671,215	24,562,168,660


Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 27 July, 2014


SQUARE PHARMACEUTICALS LTD.
and its subsidiaries


Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2014

		2013-2014 Taka	2012-2013 Taka (Restated)
	Notes		
GROSS TURNOVER	21.1	26,945,687,557	23,360,199,256
Less: Value Added Tax		3,677,274,340	3,158,193,334
NET TURNOVER		23,268,413,217	20,202,005,922
COST OF GOODS SOLD	22.1	(12,960,738,683)	(11,308,857,708)
GROSS PROFIT		10,307,674,534	8,893,148,214
OPERATING EXPENSES:		(4,340,021,264)	(4,051,595,561)
Selling and Distribution Expenses	26.1	(3,431,938,716)	(2,955,935,819)
Administrative Expenses	27.1	(730,951,152)	(738,507,999)
Financial Expenses	28.1	(177,131,396)	(357,151,743)
PROFIT FROM OPERATIONS		5,967,653,270	4,841,552,653
Other Income	29.1	245,133,874	377,846,808
PROFIT BEFORE WPPF		6,212,787,144	5,219,399,461
Allocation for WPPF	30.1	(300,438,842)	(246,729,864)
PROFIT BEFORE TAX		5,912,348,302	4,972,669,597
Provision for Income Tax	31.1	(1,518,801,391)	(1,237,851,545)
Provision for Deferred Income Tax	14.1	(142,966,048)	(96,820,479)
PROFIT AFTER TAX		4,250,580,863	3,637,997,573
Profit/(Loss) from Associate Undertakings	31.2	695,624,299	575,807,315
PROFIT FOR THE YEAR		4,946,205,162	4,213,804,888
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)	5.1	135,723,333	(107,174,041)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,081,928,495	4,106,630,847
Profit Attributable to:			
Owners of the Company		4,944,554,910	4,212,288,444
Non Controlling Interest		1,650,252	1,516,444
		4,946,205,162	4,213,804,888
Total Comprehensive Income Attributable to:			
Owners of the Company		5,080,278,243	4,105,114,403
Non Controlling Interest		1,650,252	1,516,444
		5,081,928,495	4,106,630,847
Earnings Per Share (EPS)	32.1	10.26	8.74
Number of Shares used to compute EPS		481,999,263	481,999,263


Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

SQUARE PHARMACEUTICALS LTD.

Statement of Financial Position

As At 31 March 2015

		31-03-2015 Taka	31-03-2014 Taka
ASSETS:	Notes		
Non-Current Assets:		21,614,399,749	18,781,466,580
Property, Plant and Equipment-Carrying Value	2	15,721,139,105	11,156,871,302
Capital Work-in-Progress	3	119,985,162	3,232,773,494
Investment - Long Term (at Cost)	4	4,894,025,998	3,661,121,331
Investment in Marketable Securities (Fair Value)	5	879,249,484	730,700,453
Current Assets:		9,739,782,495	7,768,068,298
Inventories	6	2,684,259,324	2,345,389,488
Trade Debtors	7	894,543,303	757,757,419
Advances, Deposits and Prepayments	8	714,842,990	530,659,925
Short Term Loan	9	1,596,661,104	2,047,985,968
Cash and Cash Equivalents	10	3,849,475,774	2,086,275,498
TOTAL ASSETS		31,354,182,244	26,549,534,878
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:		28,031,892,107	22,277,516,628
Share Capital	11	5,542,991,520	4,819,992,630
Share Premium	12	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Gain on Marketable Securities (Unrealized)	5	265,332,813	417,680,687
Retained Earnings		20,082,224,574	14,898,500,111
Non-Current Liabilities:		931,442,176	855,398,657
Long Term Loans - Secured	13	40,084,217	136,440,907
Deferred Tax Liability	14	891,357,959	718,957,750
Current Liabilities:		2,390,847,961	3,416,619,593
Short Term Bank Loans	15	-	114,638,033
Long Term Loans - Current Portion	16	81,514,503	167,574,698
Trade Creditors	17	254,773,030	1,717,013,624
Liabilities for Expenses	18	42,958,189	20,463,398
Liabilities for Other Finance	19	2,011,602,239	1,396,929,840
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		31,354,182,244	26,549,534,878

Annexed notes form an integral part of these Financial Statements.

Signed as per our separate report of even date annexed


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants

Dated, Dhaka: 29 July, 2015


SQUARE PHARMACEUTICALS LTD.

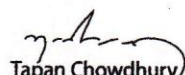
Statement of Comprehensive Income
For the Year Ended 31 March 2015

		2014-2015 Taka	2013-2014 Taka
	Notes		
GROSS TURNOVER	21	30,281,713,746	24,193,356,807
Less: Value Added Tax		4,068,851,678	3,282,582,981
NET TURNOVER		26,212,862,068	20,910,773,826
Less: Cost of Goods Sold	22	14,370,872,099	11,727,992,671
GROSS PROFIT		11,841,989,969	9,182,781,155
Less: Operating Expenses		4,537,221,067	4,173,964,752
Selling and Distribution Expenses	26	3,729,200,404	3,281,533,895
Administrative Expenses	27	773,712,804	723,250,031
Financial Expenses	28	34,307,859	169,180,826
PROFIT FROM OPERATIONS		7,304,768,902	5,008,816,403
Other Income	29	670,927,394	770,866,425
Profit before WPPF		7,975,696,296	5,779,682,828
Less: Allocation for WPPF	30	379,795,062	275,222,992
PROFIT BEFORE TAX		7,595,901,234	5,504,459,836
Less: Income Tax Expenses - Current	31	1,679,877,193	1,329,682,520
Less: Income Tax Expenses - Deferred	14	172,400,209	142,966,048
PROFIT AFTER TAX FOR THE YEAR		5,743,623,832	4,031,811,268
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)		(183,922,744)	119,735,202
Total Comprehensive Income for the Year		5,559,701,088	4,151,546,470
(Transferred to the statement of changes in equity)			
Earnings Per Share (EPS)	32	10.36	7.27
Number of Shares used to compute EPS		554,299,152	554,299,152


Annexed notes form an integral part of these Financial Statements.

Signed as per our separate report of even date annexed


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Das Chowdhury Dutta & Co.
Chartered Accountants


Dated, Dhaka: 29 July, 2015


SQUARE PHARMACEUTICALS LTD.
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2012

		2011-2012 Taka	2010-2011 Taka
	Notes		
GROSS TURNOVER	22	18,592,856,236	15,576,487,536
Less: Value Added Tax		2,538,430,993	2,105,063,067
NET TURNOVER		16,054,425,243	13,471,424,469
COST OF GOODS SOLD	23	(9,167,253,620)	(7,703,661,010)
GROSS PROFIT		6,887,171,623	5,767,763,459
Operating Expenses:		(3,566,024,910)	(3,016,158,062)
Selling and Distribution Expenses	27	(2,430,466,795)	(2,121,163,004)
Administrative Expenses	28	(701,977,079)	(626,145,987)
Financial Expenses	29	(433,581,036)	(268,849,071)
PROFIT FROM OPERATIONS		3,321,146,713	2,751,605,397
Other Income	30	856,739,329	833,884,528
PROFIT BEFORE WPPF		4,177,886,042	3,585,489,925
Allocation for WPPF	31	(198,946,954)	(170,737,615)
PROFIT BEFORE TAX		3,978,939,088	3,414,752,310
Provision for Income Tax	32	(958,906,349)	(805,575,198)
Provision for Deferred Income Tax	15	(122,322,098)	(77,122,562)
PROFIT AFTER TAX FOR THE YEAR		2,897,710,641	2,532,054,550
Other Comprehensive Income:			
Gain on Marketable Securities (Unrealized)	5	139,986,324	92,483,089
Total Comprehensive Income for the Year		3,037,696,965	2,624,537,639
Earnings Per Share (EPS)	33	10.94	9.56
Number of Shares used to compute EPS		264,834,760	264,834,760

Attached notes form part of these Financial Statements.

As per our annexed report of even date.


Samuel S Chowdhury
Chairman


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Ahsan Zamir, FCA
Ahsan Zamir & Co.
Chartered Accountants

Dated, Dhaka: 28 July, 2012