

# Supply chain management: study on square pharmaceuticals limited

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**ASSIGN  
BUSTER**

Supply Chain Management SYSTEMS of SQUARE PHARMACEUTICALS LTD.

Prepared by William Dhali ID No # M 073506 MBA 29th Batch Prepared for Mr. Mahmud Zubayer Internship Supervisor Date: May 28, 2010 Supply Chain Management SYSTEMS of SQUARE PHARMACEUTICALS LTD. Prepared by William Dhali ID No # M 073506 MBA 29th Batch Prepared for Mr. Mahmud Zubayer Internship Supervisor Date: May 28, 2010 28th May of 2010 Mr. Mahmud Zubayer Internship Supervisor Subject: Submission of Internship Report Dear Sir, Here is the internship report that I was assigned by you.

The subject of the paper is “ Supply Chain Management”. A study on Square Pharmaceuticals Limited. You have asked me to write the topic as a practical requirement for the MBA program. This is for the first time I have experienced working in an organization & I would like to thank you for giving such an eye opening experience. The paper is prepared in four parts-the first part is on report introductory text, the second part is an overview of Square Pharmaceuticals Limited, the third part is on the marketing activities of Square Pharmaceuticals Ltd.

It is to mention here that I have tried to the best of my sincerity to uphold the prestige of International Islamic University Chittagong giving wholehearted effort in preparing this report. I am grateful to you for this assignment. It has been an excellent learning experience for me & tried my best to present it up to your expectation. I am ready to answer any of your queries. Sincerely, \_\_\_\_\_ William Dhali ID: MO73506 To Whom It May Concern:

This is to certify that the Dissertation title “ Competitive Marketing Strategies and Practice of Pharmaceutical Products in Bangladesh: A Study on Square Pharmaceuticals Limited” is the authentic record of the thesis work done by Mr. William Dhali, Matric No. M073506 as fulfillment of the recruitments of the degree of Masters of Business Administration (MBA), Major in Marketing from International Islamic University Chittagong, Dhaka Campus. The dissertation has been carried out under my guidance and is a record of the authentic work carried out with success. \_\_\_\_\_ Mahmud Zubayer  
Internship Supervisor

ACKNOWLEDGEMENT At the very beginning, I acknowledge the immeasurable blessings & profound kindness of Almighty Allah-the supreme authority of the universe. I express my heartfelt thanks to my organizational supervisor Mr. Darren John Quiah, Manager, Supply Chain Management of Square Pharmaceuticals Limited and Mr. Mahbubur Rahman, Sr. Sales Manager who assigned me with this project & extended valuable advice time-to-time during writing the report. I express my gratitude to Mr. Anjan Kumer Paul, General Manager of Human Resources who extended his helping hand to me in providing necessary information.

Most importantly, I express heartfelt thanks & gratitude to my Faculty Advisor, Mr. Mahmud Zubayer, MBA Program, International Islamic University Chittagong, for his invaluable advice & guidance in writing this Report  
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BPLBeximco Pharmaceuticals Limited NPMNet Profit Margin NOMNet Operating Margin ROEReturn on Equity EPSEarning Per Share DPSPDividend per Share D/PDividend Pay-out Ratio P/EPrice Earning Ratio PATProfit after Tax GPMGross Profit Margin ROAReturn on Total Assets ROEReturn on Equity

EXECUTIVE SUMMARY Internship is an important part of completing the graduation in business studies. Internship can help the student to fulfill & acquire practical knowledge about his or her particular learning. For the two years MBA program, Internship is a major requirement for sharing knowledge of the students.

As a requirement for the MBA program I need to do the internship in any organization that well reputed in this field. As a major in Marketing student I have got Involved with a well-established pharmaceuticals company name Square Pharmaceuticals Limited. My Internship Report writing “ Supply Chain Management” A Study on Square Pharmaceuticals Limited”. Square Pharmaceuticals Ltd. is a recognized medicine manufacturing and as well as marketing not only our country but also all over the world. They manufactured many essential and life savings medicine for the people. In the year 2009 the Sales of SPL is BDT. 30 Core Market share average -15. 89 % Sales growth over 2010 - 19. 14% It shows that the marketing performance

of SPL is growing up in the domestic market. Background of the Study This report is a part of my academic program as our MBA Program requires 60 credit hours to complete the degree. It is actually complementary report writing on one of the major subjects of final semester. My course instructor assigned me to write report titled as Study on Supply Chain Management of Square Pharmaceuticals Ltd. I believe that this study helped me more specifically to applying my two years acquired knowledge.

This report writing helped me to understand wider range about the departmental environment and individuals' behavior as well. This program helped me for getting practical work and giving the opportunity to adjust the theoretical knowledge with the practical experience. So, I want to give my heartiest thanks to my supervisor Mr Darren John Quiah, Manager (Local) to give me such an opportunity to show my capability and aptitude in this relevant area. As He has given me upto date information, approved documentation about the department and the organization. Statement of the problem

This report is prepared on the basis of evolutionary concept acquired through the academic knowledge on the inventory management, supply chain management (SCM) and the performance measurement of SQUARE Pharmaceuticals Ltd. Here all of the effort is concerned on the supply chain management and inventory concept of planning. To analyze some key success factors like, Human Resource Management, SCM, Inventory management etc. were the relevant considerations. Material Requirement

Planning (MRP) and Economic Order Quantity (EOQ) are considered for inventory planning.

To get some practical idea about the inventory management issue and supply chain management is the prime issue for this effort. Inventory plays a significant role for any manufacturing organization's performance. Significant portion of total amount held in the financial statement for this inventory. It was really a great opportunity to get the idea of inventory management as SQUARE is the leading manufacturing company in Bangladesh. There was really a multi dimensional aspect to analyze the process. Moreover this report is prepared considering the secondary data from the financial report to analyze the performance over last 5 years.

Factors relating to the performance are the key issue is the important consideration to prepare this reports. To find the relation in consideration of inventory and financial performance is also important. Objectives of the Study The objectives of this study mainly consider multi-way aspects. Organization is interested to know the activities of supply chain management procedure and the objectives can be stated as follows: ? To apply acquired knowledge. ? To comment in the overall performance of SQUARE by the analysis of financial data. ? To get the overall idea about the total supply chain anagement of SPL. ? To know about the flow of inventory and the flow of documentation for SPL in each inventory. ? To increase the analytical capability in the area of supply chain management issues. ? To understand receive and issue procedure of materials. ? To understand the documentation process of SCM. ? To add new rules/systems on the overall

process of top management. Rational of the Study This study is important for overall supply chain measurement (SCM) in any kinds of manufacturing organization. Supply chain management plays a significant role in value addition for an organization.

Current business world is very much concerned to make supply chain management independent for their success. Businesses are very much competitive for acquiring greater market share or making profit in the long term. In considering this, supply chain management is also deeply important area for business promotion. Weak supply chain may hamper the total inventory process eventual production rating can be reduced. This study is important for both in academic point of view and for the professional. Moreover, organization is very much curious about the analysis of Supply Chain Success and inventory planning.

Performance measurement is also important for the organizational view. So this is important for both sides to get the idea of inner side of operation. I have tried to find out the supply chain most rationally of SQUARE Pharmaceuticals Ltd. Chapter: 1 Supply Chain Management of Square Pharmaceutical Ltd. 1. Introduction: Formally designed Commercial Department has been renamed as “ Supply Chain Management” (SCM) in Mid July 2007. When only one Manager was guiding as Head of the Department but there was no gap for monitoring the officers’ activities. SCM started its journey with wider functions as a result it would divide into two folds – . Local Purchase b. International Trade Manager for the new section takeresponsibilityto supervise activities more effectively and efficiently.



Number of potential individuals have joined in SCM who are doing their jobs with total satisfaction. DGM is guiding works of both the sections and Executive Director (Admin) is monitoring & advising overall activities monitoring. SCM has recently generated new SOP considering present work volume and business environment. And DGM is getting to the point all out support and cooperation of Manager – International Trade and Manager – Local Purchase.

Presently about 42 people are working in SCM. SCM is the integrated part of some major objectives which are involved some functions and activities include cost-saving strategy, forecasting, purchasing, inventory management, information management, quality assurance, perfect scheduling, timely delivery, and vendors satisfaction. SCM of all Organizations deals with supply on the basis of demand. The higher the demand, the higher the supply activities are. 1. 2Why Supply Chain management is needed? A number of factors made it desirable for Square Pharmaceuticals to manage SCM actively. Major factors are: ) Need to improve operational activities 2) Need to increase the level of outsourcing 3) Need to manage inventories more effectively 4) Ensure to meet up demand in time 5) Decrease transportation cost & supply risk Above factors help SCM to be effective include lower cost, lower inventories, higher productivity, shorter lead time, higher profits and greater customer loyalty. 1. 3Requirement for a successful Successful SCM required trust among the team members, effective communication, Supply Chain visibility, event management capability, problem solving power, leading power, and performance merits. Trust: It is essential in every manufacturing organization

SCM to build trust among each other, and feel confident, will take such decisions that would make ultimate benefit. - Effective communication: Effective SCM requires integrated technology and standardized ways and means of communicating among all the team members - Supply chain visibility: A major trading partners can connect to its supply chain to access data in real time. - Event Mgt capability: Ability to detect and respond to unexpected and unplanned events, like delayed shipment, defect goods, etc.

An event mgt have to have four capabilities: Monitoring overall systems, notifying if certain planned or unplanned events occur, simulating potential solutions, and measuring long-term performance of suppliers, transport and other SCM partners. - Performance Merits: To confirm SCM is functioning as expected or if there are problems that must be addressed with in a very shortest possible time. Successful SCM requires cooperation among team members, in planning, coordination of activities, information sharing which in turn help to achieve the common goal of the department. 2. Objectives

Mission Statement of Supply Chain Management Department: Ensure supply chain management activities in effective and efficient manner with satisfactory growth. Some most important department objectives are depicted below: 1. Timely execution of all demands 2. Vendor Enlistment & Selection 3. VALUE Addition 4. Future Development & Forecasting 5. Forecasting 1. 2. 1 Timely execution of all demands Timely execution of the production, sales and logistics demands by supplying of materials. We have to study of the below mentioned questions and to take action on the basis of the answers we get.

What and for which department is required? The requirement of the product is determined here. How much is required? The required quantity of the product is identified here. When it is required? Within which time period the product is required it is determined here. Where should it be delivered? The expected delivery time is estimated here. How should it be transported? The transport facility is identified here. How should it be quality tested? The quality assurance is satisfied here What other information does my supplier need? The peripheral information about the supplier is given here.

Who will be assigned the job? Work starts by assigning job to the Individual To achieve above objectives, our action mechanism is as follows: ? Standard Operating Procedure: We perform our activities through SOP in every aspect of SCM field and modify considering situation. ? Follow up and correction: We keep close touch in order to get the work smooth and to measure problem. If any problem is arisen take necessary action to resolve it. 1. 2. 2 Vendor Enlistment & Selection: Request suppliers to submit their price offer with professional documents.

Supply Chain Management must ask all suppliers to submit the following one or all documentary evidences: • Attested copy of the valid Trade License • Reference List of works • Any other documentary evidence (e. g. financial statement, list of machinery used in production and quality assurance) If the specification and documentary evidences found satisfactory, send the specification of the supplier to the board of selection committee for comments. Send the proposal to Supply Chain Management department with noted comments. Arrange to audit (if desired by the management) the

suppliers premises along with the representative from other concerned departments as deemed necessary and conduct the audit as per SOP for Auditing Local Suppliers and records the findings in Local Supplier (Packaging Materials). If the audit report, (where applicable) quoted price and quality of the specimen found satisfactory then Supply Chain Management Department shall approve the supplier and place the name of the supplier in Approved Supplier List. Share the Approved Supplier List with Executive Director (Admin). Major objectives of Audit are: ? Assess supplier's premises, size of business. Volume of items usually deal ? Rate verification & review: We compare & negotiate rates based on our data entry records. ? Market audit: Immediately after purchase we perform market audit with separate personnel / other than purchaser to verify purchased rates. 1. 2. 3. VALUE Addition Value Addition is possible only by analyzing the value chain activities. Because Value chain is a concept from business management that was first described and popularized by Michael Porter in his 1985 best-seller, Competitive Advantage: Creating and Sustaining Superior Performance.

A high-level model of how businesses receive raw materials as input, add value to the raw materials through various processes, and sell finished products to the potential customers. This is a series of activities, which combined, define a business process; the series of activities from manufacturers to the retail stores that define as Value Chain". Products pass through all activities of the chain in order and at each activity the product gains some value. The chain of activities gives the products more added value than the sum of added values of all activities.

It is important not to mix the concept of the value chain with the costs occurring throughout the activities. A diamond cutter can be used as an example of the difference. The cutting activity may have a low cost, but the activity adds much of the value to the end product, since a rough diamond is significantly less valuable than a cut diamond. 1. 2. 4Future Development & Forecasting We review all documents and update if required. We share updated documents with respective management representatives. One of the important tasks is to determine how much of a certain good is required.

Demand generally changes over time, as a result of evolving requirements. If a buyer does not try to determine expected demand as carefully as possible, then the quantities purchased are likely to deviate substantially from what is actually needed. Sometimes buyers will also require long-term estimates of bulk items– e. g. for the next 1 year or more –when negotiating long term contracts with suppliers. In addition, stock replenishment systems require estimates of demand in order to calculate requirements in the supply lead-time to determine safety stocks and order quantities.

Square Pharmaceuticals has their own research and development department which is an integral part of supply chain management. From the estimation of market demand, logisticians of this company take strategic decisions regarding supply chain. 1. 2. 5Forecasting In some cases, future demand of purchase items will be known as precisely, for instance if it is based on a company's firm contracts to deliver certain goods or services that it sells over a given period of time. Purchase • Specification specifying the required material with quantity • Specifying the delivery requirements

Specifying supplier service /responsiveness • Specifying the required service

In most cases, however, the future demand for an item is not known, and it will be necessary to use a forecast of one kind or another. SCM has explored different ways to forecast demand. These methods can be used to forecast not only operational requirements for production, but also internal operational demand as well. The methods to forecast demand that Square follows are given below: • To forecast the market demand Square takes expert opinion this involves consulting people with experience and expertise for their opinions.

They analyze the scenario and make comments over it. • To test Market Square follows to predict the demand first. This requires identifying a sample or service is aimed at, and conducting trial sales for a limited period of time to ascertain likely demand through different types of quantitative analysis like time series analysis, causal methods are used to forecast the market demand. Through using computer based materials planning system like materials requirement planning, distributed resource planning, enterprise resource planning are used to predict the demand.

They also determine different market trends of each product and through comparing the trend line to actual demand they calculate base seasonal variations. 1. 3Source of Information & Methodology ? Population and Sample ? Data Collection Procedure ? Procedure of Data Analysis 1. 3. 1 Population and Sample To continue this report, population is considered the annual report published from the enlisted period of this company. Moreover, sample is taken for the last eight years for information gathering and analyzing the

performance of SQUARE Pharmaceuticals Ltd. Sample selection procedure was not considered as per research methodology.

Most recent years and precised information are considered for performance analysis. We know the Sample Selection procedure is by the following formula, as:  $n = \frac{Z \cdot S \cdot E}{a}$  Where,  $n$  = Sample size  $Z$  = Standardization value indicating a confidence level  $S$  = sample standard deviation  $E$  = acceptable magnitude of error. This report is mostly evolutionary, not problem based. So our sample selection is not in a scientific way as formula stated. My selection of data is the most recent year's annual report as I think those are most effective for prediction, comments and evaluation with the same environment. 1. 3. Data Collection Procedure The report is mainly based on exploratory research and secondary data. Different books, Annual Report, department documents, direct communication and company's website, preceding studies have been used to get an insight. Primary information regarding SQUARE Pharmaceuticals Ltd. has been gathered through my own department Managers of the company. The Head of SCM along with some Executives were interviewed for detail information and clarifications. Financial performance of Square has been using the annual report. Direct communication is the main data collection procedure for this report.

Managers' (both local & foreign section) comments helped me a lot to get sophisticated data for analyze. Moreover the practical experience is unparallel source for data development and analyze. 1. 3. 3 Procedure of Data Analysis In continuing this report I have tried to follow some methodology for comments and evaluation in any area. Those analyses are

very root for the report-based analysis in any area. I have considered making this report simple, precise and lack of time. My considered tools are as follows: i. Ration analysis; ii. Regression analysis; iii. Correlation; iv. Time series analysis; . Measure of variation & Average, and vi. SWOT analysis. 4. Profile of the SQUARE Pharmaceuticals Ltd. 1. 4. 1 Corporate History SQUARE Pharmaceuticals Limited 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.

More information given as table below:

1	Year of Establishment (Initially as a Partnership)	1958
2	Incorporated as a Private Limited Company	1964
3	Technical Collaboration Agreement with Janssen Pharmaceuticals of Belgium (subsidiary of Johnson & Johnson Internat'l Ltd.)	1975
4	Technical Collaboration Agreement with F. Hoffman-La Roche & Co. Ltd.	1984
5	Converted into Public Limited Company	1991
6	Initially Public Offering (IPO)	1994
7	Stock Exchange Listings	1995
8	Agreement with M/s. Bovis Tanvec Ltd. f UK for implementation of Dhaka Plant	1996
9	Awarded ISO-9001 Certificate	1998
10	Awarded UK-MHRA Certificate	2007
11	Business Lines	Manufacturing and Marketing of Pharmaceutical Finished Products, Basic Chemicals, AgroVet Products and Pesticide Products
a	Authorized Capital	Tk. , 000 million



| b | Paid-up Capital |: | Tk. 894. 24 million | | c | Number of Employees |: | 3, 570 | | | d | Subsidiary Company |: | Square Spinning Ltd. | | |: | Square Cephalosporins Ltd. | | |: | Square Insulin Manufacturing Co. | | | | | | | | Associate Company |: | Square Textiles Ltd. | | |: | Square Knit Fabrics Ltd. | | | |: | Square Fashions Ltd. | | | | | Square Hospitals Ltd. | | 1. 4. 2

Corporate Operational Results: | | | (Figure in thousand) | | | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | | Turnover (Gross) | 9, 565, 716 | 8, 711, 035 | 7, 085, 553 | 6, 199, 135 | 5, 482, 088 | | Value Added Tax | 1, 307, 872 | 1, 210, 223 | 995, 648 | 867, 088 | 760, 536 | | Turnover (Net) | 8, 257, 844 | 7, 500, 811 | 6, 089, 905 | 5, 332, 047 | 4, 721, 552 | | Gross Profit | 3, 401, 782 | 3, 232, 364 | 2, 564, 503 | 2, 172, 593 | 1, 906, 592 | | Net Profit before Tax | 1, 868, 634 | 1, 722, 906 | 1, 533, 043 | 1, 513, 019 | 1, 151, 636 | | Net Profit after Tax | 1, 381, 863 | 1, 303, 243 | 1, 165, 865 | 1, 255, 848 | 970, 044 | | Shareholders' Equity | 8, 417, 041 | 7, 333, 258 | 6, 402, 015 | 5, 568, 790 | 4, 590, 142 | | Total Assets | 12, 703, 127 | 10, 486, 940 | 9, 298, 987 | 7, 907, 933 | 6, 021, 497 | | Total Bank Borrowings | 3, 569, 280 | 2, 536, 524 | 2, 334, 925 | 1, 902, 331 | 988, 611 | | Total Current Assets | 4, 411, 836 | 3, 682, 511 | 4, 031, 685 | 3, 242, 502 | 2, 016, 056 | | Total Current Liabilities | 3, 500, 845 | 2, 555, 566 | 2, 260, 755 | 1, 949, 949 | 1, 250, 676 | | Current Ratio 1. 26 1. 44 1. 78 1. 66 1. 61 | | No. f Share Outstanding 8, 942, 400 5, 961, 600 4, 968, 000 4, 320, 000 3, 600, 000 | | Dividend per Share (Cash) 40 50 75 77 70 | | Dividend per Share (Stock) 35% 50% 20% 15% 20% | | Shareholders' Equity per Share 941 820 716 623 513 | | EPS at original capital at IPO 690. 93 651. 62 582. 93 627. 92 485. 02 | | Earning per Share (SPL) 154. 53 145. 74 130. 37 140. 44 108. 48 | | Earning per Share

(Consolidated) 170. 28 163. 06 151. 47 146. 64 112. 0 | | Quoted Price per Share - DSE 4, 110 2, 447 2, 276 3, 768 2, 272 | | Quoted Price per Share - CSE 4, 107 2, 462 2, 289 3, 766 2, 316 | | Price Earning Ratio-DSE (Time) 26. 60 16. 79 17. 46 26. 83 20. 94 | | Number of Shareholders 31, 688 13, 009 13, 206 10, 486 9, 270 | | Human Resources: | | Executives 1, 525 , 242 1, 143 949 895 | | Staff 1, 110 913 796 740 686 | | Workers 929 846 764 705 661 | SQUARE Pharmaceuticals Limited 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. In 1996 an agreement was signed with M/s Tanvec, UK for the establishment of the second formulation unit (Dhaka Unit) at Kaliakoir, Gazipur.

This factory, which is being built with a view to get the approval of USFDA/MCA, is due to be completed in the year 2000, and will without doubt, help SPL continue to command its leadership through the next millennium as well. 1. 4. 3 Mission, Vision and Objectives Vision: We view business as a means to the materials and social well beings 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 society at large.

Objectives:

Our objective is to conduct transparent business operation based on market mechanism within the legal and social framework with aims to attain the mission reflected by our vision. 1. 4. 4 The Ten Principles of Global Compact (UN) The ten principles of Global Compact initiated by the UN Secretary General as have been adopted by SQUARE Pharmaceuticals Ltd. are as follows: Human Rights: I. Business should support and respect the protection and internationally proclaimed human rights within their sphere of influences; and II. Make sure that they are not complicit in human rights abuses. Labor Standards: III. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; IV. The elimination of all forms of forced and compulsory labor; V.

The effective abolition of child labor and VI. Eliminate discrimination in respect of employment and occupation. Environment: VII. Business should support a precautionary approach to environmental challenges, VIII. Undertake initiatives to promote greater environmental responsibility; and IX. Encourage the development and diffusion of environmentally friendly technologies. Ethical Standards: X. Business should work against corruption in all its forms, including extortion and bribery. 1. 4. 5 Critical Events for SQUARE Followings are some events that make SQUARE more dynamic and stronger from different aspect. Those events make SQUARE different from any other. 1964 | SQUARE Pharmaceuticals Limited transformed into a Private Limited Company | | 1991 | Converted into Public Limited Company | |

1994 | Initial Public Offering of Shares SQUARE Pharmaceuticals Ltd | | 1995 | Completed construction of 14-storied Corporate Headquarters | | 1995 | Enlistment with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. | | 1996 | Agreement with M/s TANVEC Ltd. of UK for implementation of Dhaka Plant, Gazipur | | to follow Bumrungrad International Hospital, with the entire supervision of KUPPS Collaboration, Thailand. | 1998 | ISO 9001 certification for SQUARE Pharmaceuticals Company | | 2001 | Operation of Dhaka Plant in order to get USFDA/MCA approval and production support for expanding export operations | | Marketing & Distribution Agreement with Bioglan Laboratories Limited, UK | | Pioneer in Manufacturing Dry Powder Inhalers in Bangladesh | | 2005 | SQUARE Cephalosporin Limited established as per the regulation of CGMP to increase export over the world with total | | | supervision of Telstar Spain.

This plant is the first in Bangladesh. | | 2006 | Square Hospital Ltd. cost over US\$45 million started its operation providing International Standard healthcare services. | | Hospital is exclusively managed by Bumrungrad International Hospital of Thailand, only US accredited Hospital in Asia. | | 2009 | SQUARE Limited is going to inaugurate its Insulin Project and SVP (small volume parenteral and ophthalmic) project | | with the entire supervision of Telstar Spain by this year (injectable & eye medicines) | 1. 4.

6 Profile of SQUARE Pharmaceuticals Limited Capital Structure Capital Structure | | Shareholders Equity: | Taka | | Share Capital | 432000000 | | Share Premium | 2035465000 | | General Reserve | 105878200 | | Tax Holiday Reserve | 1208110872 | | Retained Earnings | 2390465078 | | Total | 6171919150 | | Long Term Loan - Secured | 389193080 | | Minority Interest |

29766940 | Corporate office: Square Center, 48 Mohakhali Commercial Area, Dhaka-1212 Distribution, Vehicle maintenance and Food processing Center: 35 Shaheed Tajuddin Ahmed Sarani 355-56 Tejgaon Industrial area Dhaka 1208 Ownership Structure Range of Holdings | No of Shareholders | No of Shares | Holdings % | | | | | | Less than 500 | 10220 | 481387 | 11. 14321759 | | 501 to 5000 Shares | 225 | 267923 | 6. 201921296 | | 5001 to 10000 Shares | 13 | 87305 | 2. 020949074 | | 10001 to 20000 Shares | 5 | 61449 | 1. 22430556 | | 20001 to 30000 Shares | 1 | 28027 | 0. 648773148 | | 30001 to 40000 Shares | 2 | 65974 | 1. 527175926 | | 40001 to 50000 Shares | 2 | 93857 | 2. 172615741 | | 50001 to 100000 Shares | 4 | 298824 | 6. 917222222 | | 100001 to 1000000 Shares | 14 | 2935254 | 67. 4569444 | | Over 1000000 Shares | 0 | 0 | 0 | | | | | | Total | 10486 | 4320000 | 100 |

SQUARE Pharmaceuticals Limited and Its partners Legal Advisors: a) Rafiqul-ul Huq, Bar-at-law b) Rokanuddin Mahmud, Bar-at-law c) Muniruzzaman Khan, Bar-at-law Auditors: M/S Chowdhury Bhattacharjee & Co. Chartered Accountants 47/1, Indira Road Dhaka-1215, Bangladesh 1. 4. 7 SQUARE is different: SQUARE Pharmaceuticals Limited has extended her range of services towards the highway of global market. She pioneered exports of medicines from Bangladesh in 1981 and has been exporting antibiotics and other pharmaceutical products.

This extension in business and services has manifested the credibility of Square Pharmaceuticals Limited. SQUARE STRIVE FOR • We in SQUARE strive, above all, for top quality healthcare products at the least cost reaching the lowest rungs of the economic class of people in the country. We value our social obligations. • We owe to our shareholders and strive for protection

of their capital as well as ensure highest return and growth of their assets. • We strive for best compensation to all the employees who constitute the back-bone of the management and operational strength of the Company through a pay-package composing salary/wages, allowances, bonus, profit participation, leave salary and superannuation & retirement benefits. We strive for best co-operation of the creditors & debtors the banks & financial institutions who provide financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices, the providers of utilities-power, gas & water etc. and the customers who buy our products & services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates. • We strive for fulfillment of our responsibility to the Government through payment of entire range of due taxes, duties, and claim to various public agencies. • We strive, as responsibilities citizen, for a social order devoid of malpractices, anti-environmental behaviors, unethical and corruptive dealings. We strive for practicing good governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to shareholders holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information, acquisition of share by insiders, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups – the shareholders, the creditors, suppliers, employees, government and the public in general. 1. 5Limitation of the Study Time is a huge limitation that would mostly withstand a comprehensive study on writing any report for a fulltime service holder. Though, this is my appointed job in this

area random movement inside the office and outside is very simply to do. So continuation of the daily necessary works must make the total operation often tough. Dealing with past data always lacks the presence of the people who were behind the operations at the time.

The report would cover only the regular activities of the department; but many other financial benefits should reflect for keeping the department's standard up. To analyze the actual department's performance required expert manpower through proper cost-saving strategy. Both the issues are co-related if First one is sub standard then second one must not reach at the targeted level. Finally, this is my second job experience, so I spent a significant part of time to cope up with the work flow in Supply Chain Management of SQUARE Pharmaceuticals Ltd. ? The lack of sufficient time for collecting secondary data for writing this report ? To the point inclusion of demerits of the department is obligatory. Departmental overall snapshot will hamper colleagues motivation and may make misunderstanding ? Some more technical factors are to overlook as I am working with them everyday ? As the report has to be prepared within a predetermined time interval that's why I had to work under severe pressure. If I would get enough time, the report would be more practical.

Chapter 2: Introduction Profile of Square Pharmaceuticals Ltd.

2. 1Introduction: 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 Ltd: Square Pharmaceuticals Limited is an organization with equal emphasis on Leadership, Technology, Quality and Passion. Square Pharmaceuticals Ltd. is the leading branded generic pharmaceutical manufacturer in Bangladesh producing quality essential and other ethical drugs and medicines. It was established in 1958 and has been continuously in the 1st position among all national and multinational companies since 1985. And now Square Pharmaceuticals is set on becoming a high performance global player in the field. Ophthalmic Manufacturing Plant [pic]

SQUARE group, one of the largest business conglomerates of Bangladesh, has come up with another giant step through the launching of separate ophthalmic plant. Ophthalmic products are now produced in the new state-of-the-art Ophthalmic Manufacturing Plant at Kaliakoir, Gazipur built in accordance with USFDA and UK MHRA cGMP specifications. This world class facility is based on Blow-Fill-Seal (BFS) Technology for maintaining appropriate aseptic environment. The facility is built by Telstar S. A. of Spain, a world renowned pharmaceutical manufacturing facility expert and the machines are designed and manufactured by Weiler Engineering, USA. 2.

## Background

SQUARE Pharmaceuticals Limited (SPL) is the leading Pharmaceutical Company in Pharmaceuticals Industry in Bangladesh and it has been continuously in the 1st position among all national and multinational companies since 1985. It was established in 1958 and converted into a public limited company in 1991. The sales turnover of SPL was more than



Taka 9. 5 Billion with about 16% market share (April 2007 – March 2008) having a growth rate of about 23%. SQUARE Pharmaceuticals Limited has extended the range of services towards the highway of global market. She pioneered exports of medicines from Bangladesh in 1987 and has been exporting antibiotics and other pharmaceutical products.

Over 23, 000 people are working in Square Group at present; while the number was only 1, 500 ten years back. The growth of the company is reflected in making more and more people's life better and better everyday thus contributing to the development of the nation. US FDA/UK MHRA standard new Cephalosporins Plat has started its operation. Gets the UK MHRA approval & started exporting to UK. Some new global clients are already convinced to buy SPL products. 2. 3Vision We see business as a means to the 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. 2. 4Mission

Our mission is to provide quality & innovative healthcare relief for people, maintain stringently ethical standard in business operation also ensuring benefit to the shareholders and other stakeholders. 2. 5Objectives Our objectives are to conduct transparent business operations within the legal & social frame work with aims to attain the mission reflected by our vision. 2. 6Corporate Focus Our vision, our mission and our objectives are to emphasize on the quality of product, process and services leading to growth of the company imbued with good governance practices. 2. 7Square Quality Policy Ensure strict compliance with WHO GMP standards and local

regulatory norms in every phase of sourcing & procuring quality materials, manufacturing, quality assurance and delivery of medicines.

Ensure all activities through documented Quality Management System (QMS) complying International Standard requirements of ISO 9001 through continuously developing Human Resources by regular training and participation. Square is committed to undertake appropriate review, evaluation and performance measurement of processes, business activities and Quality Management System for continual improvement to ensure highest standard, customer satisfaction, developing human resources and company's growth. Product Category of Square Pharmaceuticals • Coated • Capsules • Suppositories • Injections • Liquids • Oral Dry Powders • Dry Powder Inhalers • Metered Dose Inhalers • Insulin manufacturing • Ophthalmic Manufacturing 2. 8Export:

Square Pharmaceuticals has invested in state of the art formulation plants aligned to regulated market standards. Four plants based on the Dhaka site can produce pharmaceutical products to the highest GMP specifications. These plants have been designed by internationally recognized firms and equipped with the best machines that can currently be found on the European and US markets. Square Pharmaceuticals has also created quality systems and SOPs according to USFDA and EU regulatory agencies specifications. These plants are: ? General Production Plant (approved by MHRA) ? Cephalosporins Plant (quality systems aligned to MHRA requirements, plant being ? Prepared for EU regulatory agencies and US FDA inspections) ?

BFS plant (quality systems aligned to MHRA requirements, plant being prepared for ? EU regulatory agencies and FDA inspections ? I(insulin plant is going for production ? Ophthalmic manufacturing plant is going to open very soon Highlights: • Exports pharmaceutical finished products since 1987 • Offers quality products at competitive price • Offers more than 250 off-patent and on-patent molecules • Offers facilities for contract manufacturing • Provides assistance in product promotion and training in overseas markets

2. 9Present Markets: (Asia: Bhutan, Cambodia, Maldives, Myanmar, Papua New Guinea, Nepal, Sri Lanka, Vietnam, Yemen, Uzbekistan, Iraq

Africa: Ghana, Kenya, Libya, Mauritius, Mozambique, Sierra Leone, Somalia, Malawi, Comoro Islands (Europe: Kosovo Markets under Exploration • (Asia: Malaysia, Philippines, Laos, Iran, Saudi Arabia, UAE, Qatar, Hong Kong, Singapore, Thailand • (Australia: Started first time as Contract Manufacturing, • (Africa: Tanzania, Sudan, Niger, Nigeria, South Africa, Chad, Algeria • Europe: Ukraine, Russia, England, Denmark • (America: Costa Rica, Mexico, Nicaragua 2. 10The Ten Principles of Global Compact (UN) : The ten principles of Global Compact initiated by the UN Secretary General as have been adopted by Square Pharmaceuticals Ltd. are as follows: Human Rights: ) Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and 2) Make sure that they are not complicit in human rights abuses. Labor Standards: 1) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 2) The elimination of all forms of forced and compulsory labor; 3) The effective abolition of child labor and 4) Eliminate discrimination in respect of employment and

occupation. Environment: 1) Business should support a precautionary approach to environmental challenges; 2) Undertake initiatives to promote greater environmental responsibility; and 3) Encourage the development and diffusion of environmentally friendly technologies. Ethical Standards: 1) Business should work against corruption in all its forms, including extortion and bribery. 2. 11Square Strive for ? We in SQUARE, strive, above all, for top quality health care products at the least cost reaching the lowest rungs of the economic class of people in the country. We value our social obligations. ? We owe our shareholders and strive for protection of their capital as well as ensure highest return and growth of their assets. ? We strive for best compensation to all the employees who constitute the backbone of the management and operational strength of the company through a pay-package composing salary/wages, allowances, bonuses, profit participation, leave salary and superannuation & retirement benefits. We strive for the best co-operation of the creditors & debtors the banks & financial Institutions who provide financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices at the opportune moments, the providers of utilities-power, gas & water etc. and the customers who buy our products & services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates to our customers. ? We strive for fulfillment of our responsibility to the government through payment of entire range of due taxes, duties and claims by various public agencies like municipalities etc. We strive, as responsible citizen, for a social order devoid of malpractices, anti-environmental behaviors, unethical and immoral activities and corruptive

dealings. ? We strive for practicing good-governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to shareholders, holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information, acquisition of shares by insiders, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups - the shareholders, the creditors, suppliers, employees, government and the public in general. We strive forequalitybetween sexes, races, religions and regions in all spheres of our operation without any discriminatory treatment. ? We strive for an environment free frompollutionand poisoning. ? We strive for the achievement of millennium developmentgoalsfor the human civilization 2.

12Corporate Socialization In order to play a model role for Good Governance characteristics in the corporate sector, the company has become members of country's leading chamber - Metropolitan Chamber of Commerce & Industries (MCCI), Bangladesh Association of Publicly Listed Companies (BAPLC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE).

These memberships have provided scope to the company for improvement of Governance Practices for the benefit of the shareholders /stakeholders.

Chapter: 3 Supply Chain Management Determining Supply Requirements: A) Current Standard Operating Procedure for Local purchase: 3. 1) Requisition: Following information must be available: a) Requisition Number and date b) Specific material name, unit, qty (like Rod -60 grade, deformed bar, 12mm, brand- BSRM, 5 ton & if applicable, country of origin) c) Expected date of

delivery, Source of material (if any) d) Requisition prepared by, Recommendation & Approval signature Catalogue or sketch may be attached according to the nature of material (if any). 3. 2) Quotation: Quotations in letter head pad with a) Date, Reference number ) Material name, Unit, Qty, amount, amount in words, Country of Origin, etc. c) Vendor's signature, date d) Others (like delivery of material, validity of quotation) 3. 3) Comparative Statement (CS): In case of more than one quotation: A Comparative statement (CS) is to be prepared on the basis of collected quotations. All the quotation must be signed by CS preparer. Comparative statement along with all the collected quotations, are to be submitted to management for price approval. 3. 4) Work order: The information to be included on any Work Order Form is: i. Work Order Reference Number and Date ii. Full name and address of Vendor iii. Requisition number and date iv.

Quotation reference number and date v. Product name, Brand, Model, Origin (if any) vi. Quantity of each item required, Per unit cost & Total value, amounts in word vii. Delivery location and date including packing requirement, Payment terms, Other Terms and Condition based on applicable local law, penalty viii. Govt. Tax, Vat & payment procedure ix. Signature of issuing personnel and direct supervisor in work order A copy of Work Order must be affixed with bill. 3. 5) Delivery Challan: Original delivery Challan must be attached with the bill. Every delivery challan must be mentioned the following information: a) Challan number & date, ) Requisition number & date, c) Work order number & date (if any), d) Product name, specification & quantity (as specified in requisition/work order). 3. 6) Bill: Original bill must be submitted on party's letter head pad, mentioning the bill

number & date and signature. In addition to above following information to be mentioned on bill: a) Work order number & Requisition number (For spot purchase) b) Delivery challan number and date c) Product name, specification and quantity as per challan d) Amount in figure and amount in words 3. 7) Material Receive Report must be enclosed with delivery challan Bill Verification and payment recommendation

Recommended amount must be mentioned by recommendee and initial must be available in all supporting/attached documents. B)Current Standard Operating Procedure for International Trade: Considering some common procedures like Local Purchase some more activities that make it different. New operating procedures are : i. Block List must be prepared mentioning Time, Quantity, Price & Currency, Mode of shipment and new vendor inclusion ii. Awarding business among approved foreign vendors or manufacturers iii. Indent collection and compliance with : BL a) Beneficiary, Mode of shipment, HS Code b) Merchandise, quantity, Price, currency c) Other terms v. LC Opening/Work order to verify against Indent & Block list, Insurance, Bank selection and LC processing time, etc. v. Shipment follow-up: Expected time of shipment, LC Validity, amendment & complete set of documents, etc. vi. Custom clearance: Drug clearance, Bank clearance, minimize port demurrage etc. vii. Lead time analysis: Arrival & document, delivery commitment etc. viii. New product's launching status: RM & PM status, stock in transit quantity & time, Launching time ix. Savings from purchase x. Supplier's performance evaluation xi. Country wise business volume xii. Processing back voucher xiii. C&F Agent's bill processing xiv.

Claim handling for rejected material, pilferage etc. Chapter: 4 Supply Chain Management ? Introduction to Supply Chain Management ? Relation of Supply Chain Management with other function ? Difference between Commercial and Consumer Acquisition ? Flexibility, Inventory and Customer Services ? Commercial Department in SQUARE Pharmaceuticals Ltd. ? Responsibilities of Commercial Department are as follow ? Summary 4.

1Introduction to Supply Chain Management Supply chain management (SCM) is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer.

Supply chain management involves coordinating and integrating these flows both within and among companies. It is said that the ultimate goal of any effective supply chain management system is to reduce inventory (with the assumption that products are available when needed). As a solution for successful supply chain management, sophisticated software systems with Web interfaces are competing with Web-based application service providers (ASP) who promise to provide part or all of the SCM service for companies who rent their service. Supply chain management (SCM) deals with the planning and execution issues involved in managing a supply chain. The components of SCM are:

- Demand planning: (forecasting)
- Demand collaboration: (collaborative resolution process to determine consensus forecasts)
- Order promising: (When can one promise a product to a customer taking account lead times and constraints)
- Strategic network optimization: (what plants and DC's should serve what markets for what products) (monthly - yearly)
- Production and distribution planning: (Coordinate the actual production and distribution plans for a whole



enterprise) (daily) • Production scheduling: (For a single location create a feasible production schedule) (minute by minute) • Transportation planning: (For multiple supply, manufacturer, distributor and warehousing points in a network) • Tracking and Measuring: (An ever increasing aspect of supply chain management designed to highlight potential against the plan and possible process improvements) • Plan of reduction of costs and management of the performance (diagnosis of the potential and the indicators, the organization and clarification strategic, masters dysfunctions in real time, evaluation and accounting reporting, evaluation and reporting quality) 4. 2Relation of Supply Chain with other department Flow of Supply Chain Management in SQUARE: Supply chain management flows can be divided into three main flows: • The product flow of SQUARE • The information flow of SQUARE • The finances flow of SQUARE In brief:

The product flow of SQUARE includes the movement of goods from a supplier to a customer, as well as any customer returns or service needs. The information flow of SQUARE involves transmitting orders and updating the status of delivery. The financial flow of SQUARE consists of credit terms, payment schedules, and consignment and title ownership arrangements. Supply Chain Management Software: There are two main types of SCM software: i. Planning applications for SQUARE, and ii. Execution applications for SQUARE. ? Planning applications use advanced algorithms to determine the best way to fill an order. ? Execution applications track the physical status of goods, the management of materials, and financial information involving all parties.

Some SCM applications are based on open data models that support the sharing of data both inside and outside the enterprise (this is called the extended enterprise, and includes key suppliers, manufacturers, and end customers of a specific company). This shared data may reside in diverse database systems, or data warehouses, at several different sites and companies. By sharing this data "upstream" (with a company's suppliers) and "downstream" (with a company's clients), SCM applications have the potential to improve the time-to-market of products, reduce costs, and allow all parties in the supply chain to better manage current resources and plan for future needs.

Increasing numbers of companies are turning to Web sites and Web-based applications as part of the SCM solution. A number of major Web sites offer e-procurement marketplaces where manufacturers can trade and even make auction bids wi