

**PUBLIC ISSUE OF
1,000,000 SHARES OF
TK. 900 EACH
(Including a Premium of
Tk. 800 Each)**

PROSPECTUS

SQUARE PHARMACEUTICALS LIMITED

A Public Company Limited by shares

**SUBSCRIPTION OPENS :
DECEMBER 12, 1994**

**SUBSCRIPTION CLOSSES :
DECEMBER 18, 1994**

PROSPECTUS

SQUARE PHARMACEUTICALS LIMITED (A public company with limited liability of share holders incorporated on 10th November 1964 under Companies Act 1913)

PUBLIC ISSUE OF 1,000,000 SHARES OF TK. 100 EACH

Registered Office Authorised Capital

SQUARE CENTRE Tk. 1,000,000,000.00
48, Mohakhali C/A divided into 10,000,000 shares
Dhaka-1212 of Tk. 100.00 each

"Consent of the Commission has been obtained to the issue of capital under the Securities & Exchange Ordinance, 1969, as amended in 1993 by an order of which a complete copy is open to public inspection at the registered office of the Company. It must be distinctly understood that in giving this consent the Commission does not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinion expressed with regard to them."

A dated and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies, Bangladesh as required by section 92(2) of the Companies Act 1913.

Application has been made to the Dhaka Stock Exchange Limited for admission of the shares of the company for dealing on the stock market and for their quotation on the Dhaka Stock Exchange. If for any reason, the application for listing is not accepted by the Dhaka Stock Exchange Limited, the company undertakes to publish in the press a notice to that effect within 7 (seven) days of such rejection and thereafter to refund the subscription money to any applicant who may apply in writing for such refund within 30 (thirty) days of the date of publication of the notice of refusal.

THE SUBSCRIPTION LIST OF 1,000,000 ORDINARY SHARES OF TK.100 EACH AT 800% PREMIUM BEING HEREBY OFFERED WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON 12 DECEMBER 1994 AND WILL CLOSE ON 18 DECEMBER 1994 AT THE CLOSE OF BANKING HOURS.

HIGHLIGHTS AND RISK FACTORS

HIGHLIGHTS:

1. Largest Pharmaceutical Company in the country.
2. Profitable operation for last 36 years.
3. Enjoys strong brand image in the business for more than three decades.
4. Square's size and stature make it a long term core holding in the market.
5. Sales growth of 23% until end-1996 will be driven by volume expansion and new product launches.
6. A steady climb in margins is expected as prices of imported raw materials continue to decline, operating profit margin will climb to 19% by 1996 from 15.2% in 1993.
7. Margin expansion in FY 1994 and capacity increases from mid-1995 will underpin profit growth of 37% annually to end-1996.
8. Low per capita health care expenditure and a huge population underline the pharmaceutical market's enormous potential.
9. Strong financial position.

RISKS AS PERCEIVED BY MANAGEMENT:

1. Any adverse change in Government Drug Policy and Import Policy may have adverse affect on the profitability of the company.
2. Any weak GATT negotiations by Bangladesh may also affect adversely.
3. Technological obsolescence may present marketing problem.
4. Failure of any suitable arrangement of environmental and pollution control facilities as required by the department of Environment which is under way, may result further delay in commercial production of the chemical plant.
5. Any adverse change in Government Tax Holiday policy would reduce the profitability of the company.
6. In case of new investment in textile, the profitability may also be adversely affected by weak GATT negotiations, international competition in fabrics as well as RMG industries resulting in loss of market in favour of competing countries.

PART - I

1. ISSUE OF SHARES:

ISSUE OF 2,000,000 ORDINARY SHARES OF TK. 100 each Tk. 200,000,000.

2. OUT OF THE ISSUE:

	PAR VALUE	PREMIUM
A) 1,000,000 ordinary shares of Tk. 100 (Par value) each have already been issued to and subscribed by the sponsors for cash/kind and bonus	Tk. 100,000,000	
B) 1,000,000 ordinary shares of Tk. 100 each are now offered at Tk. 900 each including a premium of Tk. 800 per share of which	Tk. 100,000,000	800,000,000

D) 800,000 Ordinary Shares have already been placed by UBS Securities (East Asia) Ltd, Hong Kong, a wholly owned subsidiary of Union Bank of Switzerland, which has been subscribed by the following foreign investors:

subscribed and paid in cash in full by UBS Securities (East Asia) Ltd, Hong Kong

i) 140,000 Ordinary Shares have been subscribed and paid in cash in full by UBS Securities (East Asia) Ltd, Hong Kong

ii) 133,000 Ordinary Shares have been subscribed and paid in cash in full by Fledging Nominees International Ltd, British West Indies

iii) 55,000 Ordinary Shares have been subscribed and paid in cash in full by Pictet & Cie Geneva, Switzerland

iv) 64,000 Ordinary Shares have been subscribed and paid in cash in full by Somers Nominees (F.E.) Ltd, Caymen Islands

v) 22,000 Ordinary Shares have been subscribed and paid in cash in full by The Bank of Nova Scotia, Canada

vi) 13,000 Ordinary Shares have been subscribed and paid in cash in full by The Northern Trust Company AVFC U.S.A.

vii) 11,000 Ordinary Shares have been subscribed and paid in cash in full by Baring Brothers (Guernsey) Ltd, Channel Islands

viii) 9,000 Ordinary Shares have been subscribed and paid in cash in full by Bankers Trust N.Y. Corporation U.S.A.

ix) 16,000 Ordinary Shares have been subscribed and paid in cash in full by Investors Bank & Trust Company U.S.A.

x) 42,000 Ordinary Shares have been subscribed and paid in cash in full by Norbax Inc. U.S.A.

xi) 89,000 Ordinary Shares have been subscribed and paid in cash in full by Somers Nominees (Far East) Ltd, C/O, Banque Indosuez, Dhaka

xii) 89,000 Ordinary Shares have been subscribed and paid in cash in full by IS Himalayan Fund NV The Netherlands

xiii) 84,000 Ordinary Shares have been subscribed and paid in cash in full by HONGKONGBANK International Trustee Ltd, Hong Kong

xiv) 33,000 Ordinary Shares have been subscribed and paid in cash in full by Andrews & Co. U.S.A.

II) 200,000 Ordinary Shares are being offered hereby to the general public for subscription in cash as follows:

i) ICB shall have the option for preferential allotment upto 20% of shares i.e. 40,000 Ordinary shares

ii) Employees of Square shall have option for preferential allotment upto 5% of shares i.e. 10,000 Ordinary shares

Balance shares are being offered as follows:

iii) 50% shares i.e. 75,000 Ordinary shares are being offered to the applicants for 20 shares.

iv) 10% of shares i.e. 15,000 Ordinary shares are being offered to the applicants for 40 / 60 shares.

v) 10% of shares i.e. 15,000 Ordinary shares are being offered to the applicants for 80 / 100 / 120 shares.

vi) 10% of shares i.e. 15,000 Ordinary shares are being offered to the applicants for 140 / 160 / 180 / 200 / 220 / 240 / 260 / 280 / 300 / 320 / 340 / 360 / 380 / 400 / 420 / 440 / 460 / 480 / 500 / 520 / 540 / 560 shares.

vii) 20% of shares i.e. 30,000 Ordinary shares are being offered to the applicants for above 560 shares (for financial & other institutional investors only).

3. CONDITIONS OF OFFER AND ALLOTMENT OF SHARES:

a) Investment Corporation of Bangladesh and employees of Square Pharmaceuticals Ltd. shall have the right of preferential allotment of 20% and 5% of shares offered to the general public respectively. No employee shall however be allotted more than 100 ordinary shares. Any part of such allotment not taken up by them shall be allotted to the general public in the manner as determined by SEC. And if over subscribed then the basis of allotment will be determined by SEC.

b) After deducting shares subscribed by ICB, employees of Square Pharmaceuticals Ltd., the basis of allotment of shares to the general public shall be as:

i) The applicants of minimum lot of 20 shares shall be accommodated fully if the subscription is with in Tk. 6.75 crores. In case of over subscription the allotment shall be made by lottery among such applicants.

ii) Allotment amongst applicants for lots other than minimum lot shall be made proportionately in case of over subscription.

c) In case any difficulty arises with respect to implementation of a (a) & (b) above the allotment of shares to applicants shall be made in such manner as may be determined by Commission.

d) Application below 20 shares or multiple thereof shall not be entertained.

e) There are no founders, management or deferred shares. It is also not presently intended to issue any preference shares.

f) No payment has been or is intended to be made to Promoters / Directors or other persons for promotion of the company.

g) The minimum subscription on which the Directors will proceed for allotment is the full amount of the present issue.

4. PURPOSE OF THE ISSUE:

The purpose of the issue is to raise funds for BMR&E of the pharmaceutical project as well as setting up of a modern export oriented composite textile mills.

PART II

UNDERWRITING, COMMISSION, BROKERAGES, TAXES ETC

1. UNDERWRITING:

The public issue of shares have been underwritten by Reliance Insurance Ltd., Green Delta Insurance Company Ltd., Bangladesh General Insurance Co. Ltd., Pragati Insurance Ltd. and 110 members of Dhaka Stock Exchange Ltd. under the leadership of Mr. Shahiq Khan, details of which are as follows:

Name of the underwriters	No. of shares underwritten	Amount of Taka including premium underwritten
1. Pragati insurance Ltd. 90-91 Motijheel C.A. Uttara Bank Bhaban (9th & 10th floor) Dhaka-1000	25,000	22,500,000
2. Bangladesh General Insurance Co. Ltd. 42 Dilkusha C.A. Dhaka-1000	25,000	22,500,000
3. Green Delta Insurance Co. Ltd. 2 Dildusha C.A. Dhaka-1000	35,000	31,500,000
4. Reliance Insurance Ltd. BSB Building 8 Rajuk Avenue Dhaka-1000	75,000	67,500,000
5. 110 Members of Dhaka Stock Exchange Ltd. 9/E Motijheel C.A. Dhaka-1000	40,000	36,000,000
Total	200,000	Tk. 180,000,000

Underwriting Commission:

Each underwriter will be paid an underwriting commission @ 2.5% of the offered value of shares underwritten. Simultaneously, with the calling upon an underwriter to subscribe or procure subscriber to subscribe and pay for any number of shares, the company will pay to that underwriter an additional commission @ 2.5% of the offered value of the shares required to be taken up.

If and to the extent the shares offered to the public by a prospectus shall not have been subscribed and paid for in cash in full by the closing date the underwriters will within 15 days of being duly called upon by the company to do so, subscribe and pay for or procure subscription and pay for in cash in full the shares not so subscribed.

2. COMMISSION TO BANKERS TO THE ISSUE:

Commission at the rate of 1/4 th of 1% will be paid to the Bankers to the issue for the services rendered by them

3. BROKERAGE:

The company shall pay brokerage at the rate of 1% of the face value of shares to the members of the Dhaka Stock Exchange Ltd. on application bearing their rubber stamp. Neither the brokerage to the brokers nor the commission to the bankers shall be payable in respect of the shares taken by the underwriters in discharge of their underwriting obligation.

4. PRELIMINARY EXPENSES:

The preliminary expenses of the company in connection with the issue of shares are not expected to exceed Tk. 25 million.

5. TAXATION:

The company's suspension unit, ophthalmic preparations unit and chemical division would enjoy a tax holiday up to 1997, 2002, 2004 respectively. The new proposed export oriented composite textile project will enjoy tax holiday for 7 years as per the government policy.

6. EXEMPTION FROM INCOME TAX:

Application has been made to the National Board of Revenue for declaration under section 44 of Income Tax Ordinance 1984 whereby such income of an assessee as may be invested in the shares of the company will remain exempted from tax as provided in the said section.

7. INSURANCE ACT APPROVAL:

Application has been made to the controller of Insurance for the purposes of "Approved Investment" under clause (3A) of section 2 of the Insurance Act 1938 for Insurance Companies registered in Bangladesh.

8. REGISTRAR OF JOINT STOCK COMPANIES & FIRMS:

A copy of the Prospectus has been duly filed with the Registrar of joint Stock Companies & Firms, Dhaka as provided for in the Companies Act 1913.

PART - III

1. APPLICATION FOR SUBSCRIPTION:

a) Application may be made for a minimum of 20 (Twenty) shares or multiple thereof shares on the company's printed forms. Application Forms and the Prospectus will be available in the Registered Office of the company, Dhaka Stock Exchange Ltd., or from any of the bankers to the issue. If adequate forms are not available, intending investors may have the same printed / photocopied / typed / cyclostyled.

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