

# **Project Report**

**On**

***“Financial Performance Analysis of  
Pharmaceutical Industry (Listed Companies of  
DSE).”***



**Project Report**

**On**

**“Financial Performance Analysis of Pharmaceutical Industry**

**(Listed Companies of DSE)”**

**Prepared For:**

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Program: MBA (Finance)

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## Letter of Transmittal

December 15, 2022

Mr. Mohammad Shibli Shahriar

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Daffodil International University

### **Subject: Submission of Project Report.**

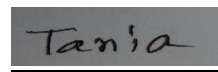
Respected Sir,

I am so glad to submit the project report to you on “**Financial Performance Analysis of Pharmaceutical Industry (Listed Companies of DSE)**”. I have gained valuable knowledge which is priceless asset in my life. I gave a lot of effort for completing this report and I think it will carry out my degree requirement.

I express my gratitude for your assistance, guidance, and advice for completing this report. I have finished this program with great enthusiasm.

I appreciate you will evaluate my report considering the limitations of the study.

Sincerely yours,



Tania Akter

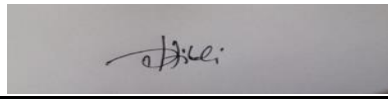
Id No.: 211-14-3304

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## Certificate of the Supervisor

Tania Akter, ID.: 211-14-3304, major in Finance, Department of Business Administration, Daffodil International University has completed project report under my supervision. She has done this report on “**Financial Performance Analysis of Pharmaceutical Industry (Listed Companies of DSE)**” as a part of requirement for obtaining the degree of Masters of Business Administration.

I have gone through the report and found it a well written report. She has completed the report by herself. I wish her every success in life.



Mr. Mohammad Shibli Shahriar

Associate Professor

Department of Business Administration

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## **Acknowledgement**

At first, I am expressing special thanks to the Almighty Allah, the Most Merciful for giving me the chance to successfully finish and develop the report in time.

I would like to convey appreciation from my heart to my supervisor, Mr. Mohammad Shibli Shahriar, Associate Professor, Faculty of Business & Entrepreneurship and Daffodil International University for his continuous support, advice, and guidance throughout the process of fulfilment of the report.

I would like to convey my heartiest thanks to all my faculty members of Department of Business Administration for their contribution and support in preparing this report and finishing the MBA program successfully.

Finally, I am very thankful to my whole family members for their support and inspiration to complete my study

## **Executive Summary**

The report covers the project report program as the MBA requirements. I have studied on the “Financial Statements & Performance Analysis of Beximco Pharmaceuticals Ltd.”, “Square Pharmaceuticals Ltd.” I made an effort to analyse the various ratios in order to understand how they effected the performance of the company during the previous five years.

The report mainly divided into five parts. The first part of the report I discuss about objectives, methodology, and limitation of the report. In the second chapter, I tried to give some clear idea about the history, mission, & SWOT analysis of Beximco Pharma, Square Pharma. I tried to give a brief discussion about these organizations' journey, their short & long term goals to achieve their target of making higher growth in the industry, their ability to sustain in the competitive market & their future plan to be extended. In chapter three, I have highlighted the theoretical analysis about the financial statements and performance analysis. Here I discussed about the basic theory of financial analysis. In chapter four, the year-wise financial performance earnings & growth rate of each pharmaceutical companies are shown by both table & graph. In the last chapter, findings, recommendations and conclusions are given. After analysing, I found some problems and gave some recommendations.

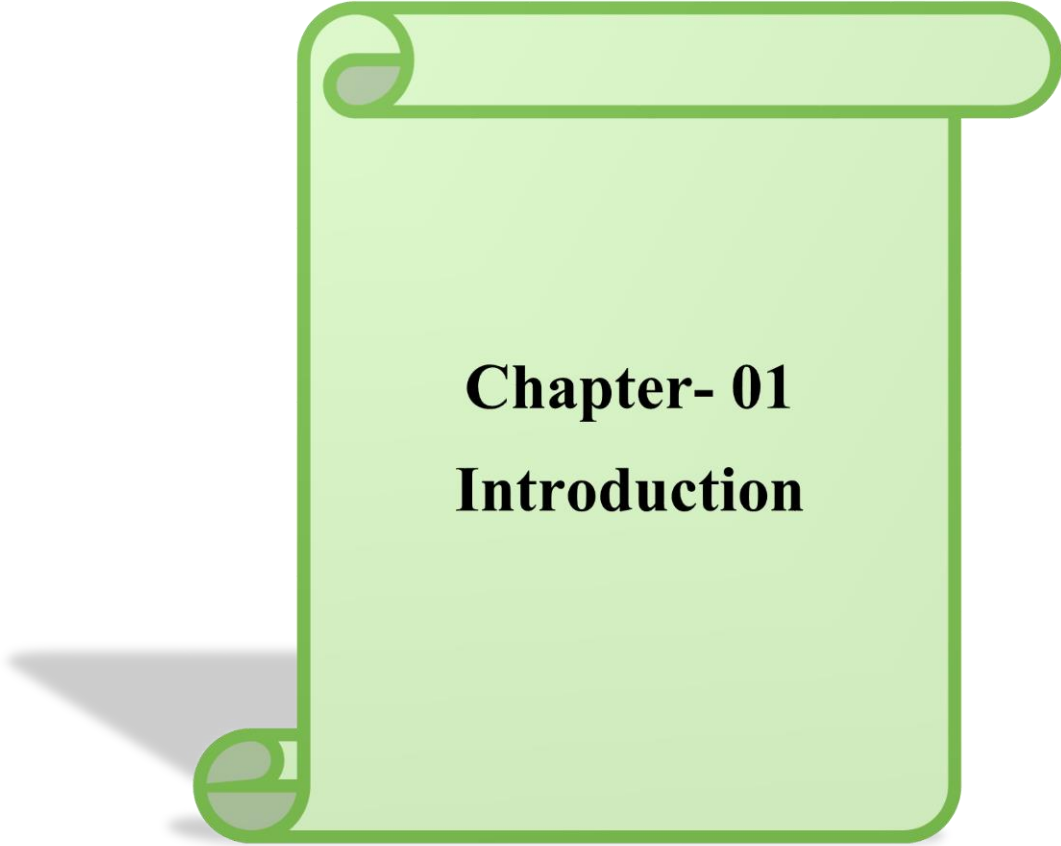
## Acronyms

<b>Acronym</b>	<b>Full Form</b>
<b>DSE</b>	<b>Dhaka Stock Exchange</b>
<b>BFRS</b>	<b>Bangladesh Financial Reporting Standards</b>
<b>BPL</b>	<b>Beximco Pharmaceuticals Ltd.</b>
<b>SPL</b>	<b>Square Pharmaceuticals Ltd.</b>
<b>FA</b>	<b>Fixed Asset</b>
<b>CA</b>	<b>Current Asset</b>
<b>TAT</b>	<b>Total Asset Turnover</b>
<b>FAT</b>	<b>Fixed Asset Turnover</b>
<b>NPM</b>	<b>Net Profit Margin</b>
<b>GPM</b>	<b>Gross Profit Margin</b>
<b>ROA</b>	<b>Return on Asset</b>
<b>ROE</b>	<b>Return on Equity</b>
<b>EM</b>	<b>Equity Multiplier</b>

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**Chapter- 01**  
**Introduction**

## Introduction

The selected two companies such as the Beximco Pharma, Square Pharmaceuticals Ltd, are the reputed companies in Bangladesh. These companies are largest companies in pharmaceutical industry. To compare these two companies financial performance analysis is needed. Financial performance analysis includes Ratio analysis, Common size analysis. Financial analysis is used to examine the data in financial statements in order to determine a company's profitability and financial sustainability. This analysis helps to know the financial position, share market position and the general activities of selected two companies as well as their industries position.

This study also helps to know which company is more efficient in terms of their assets & liabilities and which company has higher profit and which not.

### **1.1 Objectives of the Study:**

#### ➤ **General Objective:**

The general objective of completing this report is to fulfil the partial requirements of obtaining Master of Business Administration Degree from Daffodil International University.

#### ➤ **Specific Objectives:**

- i. To apply theoretical knowledge in practical field.
- ii. To evaluate the financial conditions of these pharmaceutical companies from different segments such as liquidity, profitability and solvency.
- iii. To determine the competitive position of the company with other companies of pharmaceutical industry of Bangladesh.
- iv. To find out problems of the companies.
- v. To provide recommendation about the problems.

### **1.2 Methodology of the Study:**

#### ➤ **Primary sources are:**

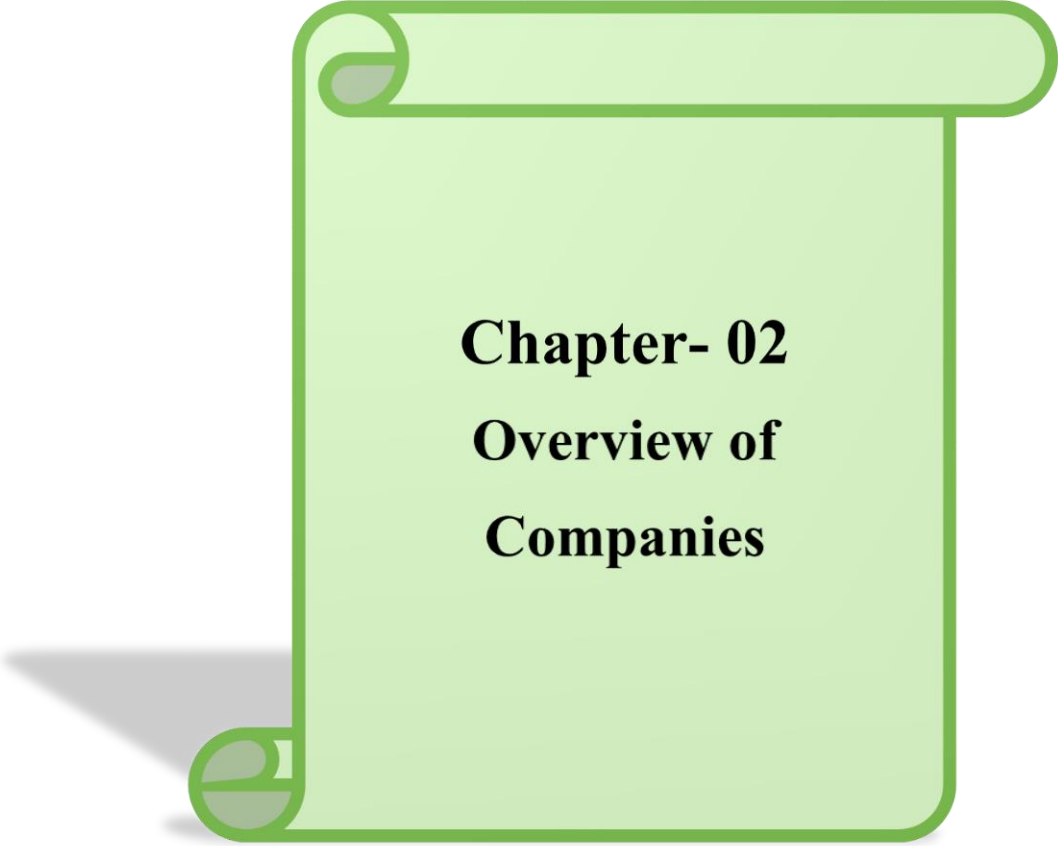
- i. Information collected by observing companies.

#### ➤ **Secondary Sources are:**

- i. Websites of pharmaceutical companies.
- ii. Different written document of pharmaceutical companies.
- iii. Annual report of pharmaceutical companies.

### **1.3 Limitations of the Study:**

- i. Financial websites and annual reports of the companies were the sources of the secondary data. It's possible that the information shown in annual reports or on websites is merely window dressing and does not accurately reflect the company's status.
- ii. Because of limited information, in some cases assumptions were adopted. Therefore, there may be some mistakes in assuming.
- iii. Website of the company was not enough up-to-date to easily collect necessary information.
- iv. Because the ratios employed in this calculation were calculated using formulas, which are not universally accepted, it is not possible to compare them to other ratios.



**Chapter- 02**  
**Overview of**  
**Companies**

## 2.1 Overview of Pharmaceutical Industry of Bangladesh:

There are several industries that Bangladesh can be glad of and the pharmaceutical industry is without a doubt one of them. In fact, it is the industry that contribute the second-largest amount of money to the government exchequer. The growth of this industry was accelerated after the Drug Control Ordinance 1982 was established. The primary drivers of this development are the pharmacists who operate in this industry and their professional knowledge, perspectives, and creative idea. There are roughly 257 business in this industry and the estimated size of the market is around Taka 30,000 million annually. Local businesses produce about 97% of the medications that are needed with imports accounting for the remaining 3%. The majority of the imported medicines are hormones, cancer treatment, and vaccines for viral infections.

There are 5 types of medicine manufacturing companies in Bangladesh.

Type of Drug Manufacturer	Number of Manufacturing Companies	Current Manufacturing Status
Allopathic Drug Manufacturers	199	Functional
Ayurvedic Drug Manufacturers	172	Functional
Unani Drug Manufacturers	500	Functional
Herbal Drug Manufacturers	29	Functional
Homoeopathic & Biochemic Drug Manufacturers	28	Functional

**Table 2.1: Types of medicine manufacturing companies in Bangladesh (Wikipedia).**

The Bangladeshi pharmaceutical business has expanded dramatically during the past five years and represents the country's next multibillion dollar potential. According to IMS Health Report, the historical six-year CAGR from 2013-2018 was 14.6% and the historical five-year CAGR from 2014-2018 was 15.6%. Industry analysts predict that Bangladesh's pharmaceuticals sector would increase by 15% annually to \$5.11 billion by 2023, driven by significant investments made by domestic firms looking to capture a larger portion of the global market. In a short while, Bangladesh will become a significant global hub for high quality, low cost generic drugs and vaccines. Aiming to take 10% of the worldwide generic market, Bangladesh's pharmaceutical firms have won top regulatory permission for 5 to 7 their enterprises. Bangladesh has the ability to manufacture specialized delivery products such inhalers, pre-filled syringe injections, lyophilized injections,

dry-powder inhaler. Production facilities for tablets, capsules, liquid preparations, dry suspension, injections, nasal spray and granules in sachets have previously been built in the nation. Bangladesh must increase its knowledge and capabilities in order to capture a large portion of the global pharmaceutical industry.

## **2.2 Competitive structure of the pharmaceuticals industry:**

Because of profitability of different industries varies systematically and is predictable over time, industry analysis aids in determining the potential profitability of the industry in which the firm competes. The Porters Five Forces Model has been used to analyse the industry scenario. The current pharmaceutical industry situation is determined to make additional decision using this analysis. Below I am giving Pharmaceutical industry's Porters Five Forces Model:

### **i. Threats of new entrants: Low**

An industry where the threat of new entrants is low is perceived as an attractive industry to conduct business.

There is a high barrier to entry into the pharmaceutical sector because it takes a significant capital investment and regulatory approval from drug authority. Customer devotion to well-known companies; medications and access to distribution channels also act as barriers. This considerably reduces the threat of new competitors entering the market.

### **ii. Threats of substitute product: High**

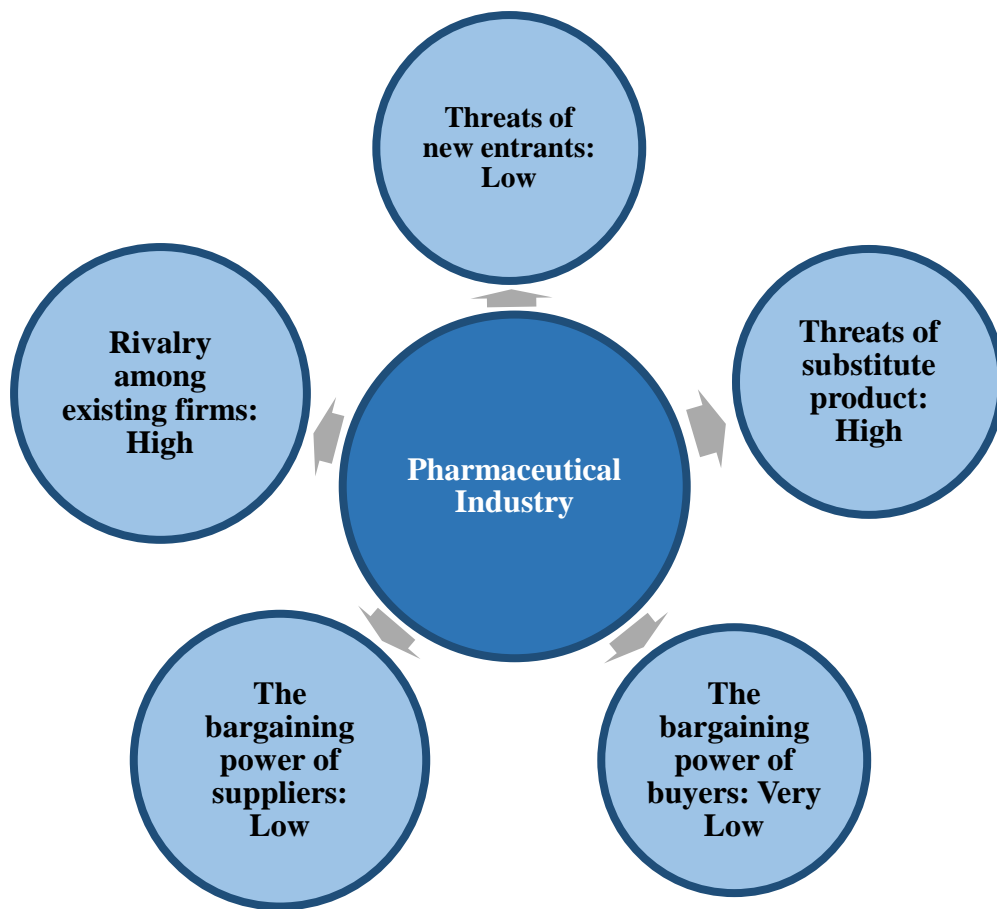
This force investigates how simple it is for customers to move from a company's product or service to one offered by a rival. If switching costs are minimal, customers may decide to switch from a company's product or service to another.

Consumers of pharmaceuticals product in retail settings frequently swap between brands. There are numerous brands of generic medications available. If a buyer is not satisfied with one brand, they swiftly switch to another. As a result, there is a very high risk of substitute products.

### **iii. The bargaining power of buyers: Very Low**

This forces looks at consumer power and how it affects prices and product quality. When consumers make minor purchases products and the seller's offering differs significantly from that of any rivals, their purchasing power is minimal.

The government imposes rigorous limits on the retail cost of life-saving drugs. Pharma companies are free to decide how much other drugs should cost. Usually, the patient is dependent on the prescription that doctors write. As a result, they are forced to use alternative therapies. Additionally, the buyers are dispersed and have little bargaining power.



**Figure 2.1: Porters Five Forces Model of Pharmaceutical Industry.**

**iv. The bargaining power of suppliers: Low**

This force examines the degree of influence and control a supplier may have on the possibility of price increases, which would reduce a company's profitability. It also evaluates the amount of providers that are available. They have more influence the fewer there are.



In the market, suppliers have very little negotiating leverage. Numerous organic chemicals are essential to the pharmaceutical industry. Due to the low switching cost for manufacturers, the chemical industry's fragmented structure limits its ability to negotiate with them.

**v. Rivalry among existing firms: High**

This force evaluates the level of market rivalry at present, which is based on the number of rivals in the market and their respective capabilities. When only a few enterprises compete on price for a good or service, there is intense rivalry competition.

The market for drugs is very consolidated, the majority of the market is dominated by the top 20 companies. The identical medication is sold by every manufacturer under various brands. To gain market share, the businesses are in strong competition with one another.

## **2.3 Selection of Pharmaceutical Companies:**

The most modern skill and data based industry in Bangladesh is the pharmaceutical sector, one of the fastest-growing industries in the country. Bangladesh has made substantial progress in this business during the past six years, both in terms of capital and market share.

For the past 31 years, Square Pharmaceuticals Limited has held the top place in the pharmaceutical sector. Following the footprint, the top pharmaceutical firms in Bangladesh are Incepta, Beximco, Renata, and ACI and so on.

I have selected Beximco and Square Pharma for my further analysis in this thesis report.

## **2.4 Beximco Pharmaceuticals Ltd. (Beximco Pharma):**

### **2.4.1 Historical Background:**

Bangladesh's top pharmaceutical manufacturer and exporter is Beximco Pharmaceutical Limited. When the company was first incorporated in 1976, it began by importing goods from Germany's Bayer and the United States' Upjohn and selling them on the local market. Beximco Pharma started producing these medicines in 1980 under a licensing agreement and in 1983 it introduced its own formulation brands. From that little beginning, Beximco Pharma has developed into a powerful company. It is now a developing regional generic pharmaceutical company on a global scale. The company's manufacturing facilities have received accreditation from the top regulatory

organizations worldwide and the medications it produces are now sold to more than 50 nations, including the highly regulated markets of the United States, Europe, Canada and Australia. Five times, the company has taken the National Export (Gold) trophy. It continues to be the only company in the nation to have won the both the CPhi Pharma Awards 2020 for “Innovation in Response to Covid-19” and the highly coveted SCRIP Award as the “Best Pharma Company in an Emerging Market”. Additionally, it is the only Bangladeshi company listed on the London Stock Exchange, giving it a special distinction.

An important hormone and steroid producer in the nation, Nuvista Pharma was acquired by Beximco Pharma in 2018 for a majority share. The company today has about 4,700 employees, including white-collar workers like pharmacists, doctors, engineers, chemists and microbiologists as well as accountants and business graduates.

#### 2.4.2 Mission of Beximco Pharmaceuticals Ltd.:

Beximco Pharma is dedicated to improving human health and wellbeing by offering modern, reasonably priced medicines that are made in complete accordance with international quality standards. It works tirelessly to enhance its core competencies so that it can meet patients’ unmet medical requirements and provide great outcomes for its stockholders.

#### 2.4.3 SWOT Analysis of Beximco Pharmaceuticals Ltd.:

The Beximco Pharma’s SWOT analysis details the company’s strengths, weaknesses, opportunities and threats. It will give a visual picture to spark conversation about the company’s position and strategy.

S Strengths	W Weaknesses	O Opportunities	T Threats
<ul style="list-style-type: none"> <li>● Strong Brand Image</li> <li>● Product Diversify</li> <li>● Strong R&amp; D</li> <li>● Strong Distribution network</li> </ul>	<ul style="list-style-type: none"> <li>● Strong competitor</li> <li>● Use cash for promotional purpose</li> <li>● Dependency on foreign products</li> </ul>	<ul style="list-style-type: none"> <li>● Enormous growth</li> <li>● Building stronger brand</li> <li>● Can add more products to its PF.</li> </ul>	<ul style="list-style-type: none"> <li>● Intense Competition</li> <li>● New entrants in the market</li> <li>● The threat to environment</li> </ul>

<ul style="list-style-type: none"> <li>●Loyalty of Customers and Vendors</li> </ul>	<ul style="list-style-type: none"> <li>●Insufficient working capital</li> <li>●Lack of Backward Linkage</li> </ul>	<ul style="list-style-type: none"> <li>●Advantage as a globally certified company</li> </ul>	
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**Table 2.2: SWOT Analysis of BPL.**

## **2.5 Square Pharmaceuticals Ltd. (SPL):**

### **2.5.1 Historical Background:**

Square now represents a name and a way of thinking. Its path to growth and prosperity, however, has not been without its challenges. Since its founding in 1958, it has grown to become one of the Bangladesh’s leading companies. Since 1985, Square Pharmaceutical Limited, the company’s flagship, has held a commanding position in Bangladesh’s pharmaceutical market and it is currently progressing toward becoming a high-performance player on the international stage.

The largest pharmaceutical firm in Bangladesh is Square Pharma which held the top place among all domestic and international businesses continually since 1985. It was founded in 1958, changed its status to a public limited company in 1991 and went public in 1995. Square Pharma had a turnover of BDT 50.87 Billion with a market share of roughly 16.95% and growth rate about 10.85%.

The service offering to Square Pharma has been expanded to include the global market. Since exporting antibiotics and other pharmaceutical products in 1987, it has been a leader in the export of medicines from Bangladesh. The current export market includes 42 nations. Square Pharma’s credibility has been demonstrated by this expansion of its operations and services.

### **2.5.2 Mission of Square Pharmaceuticals Ltd.:**

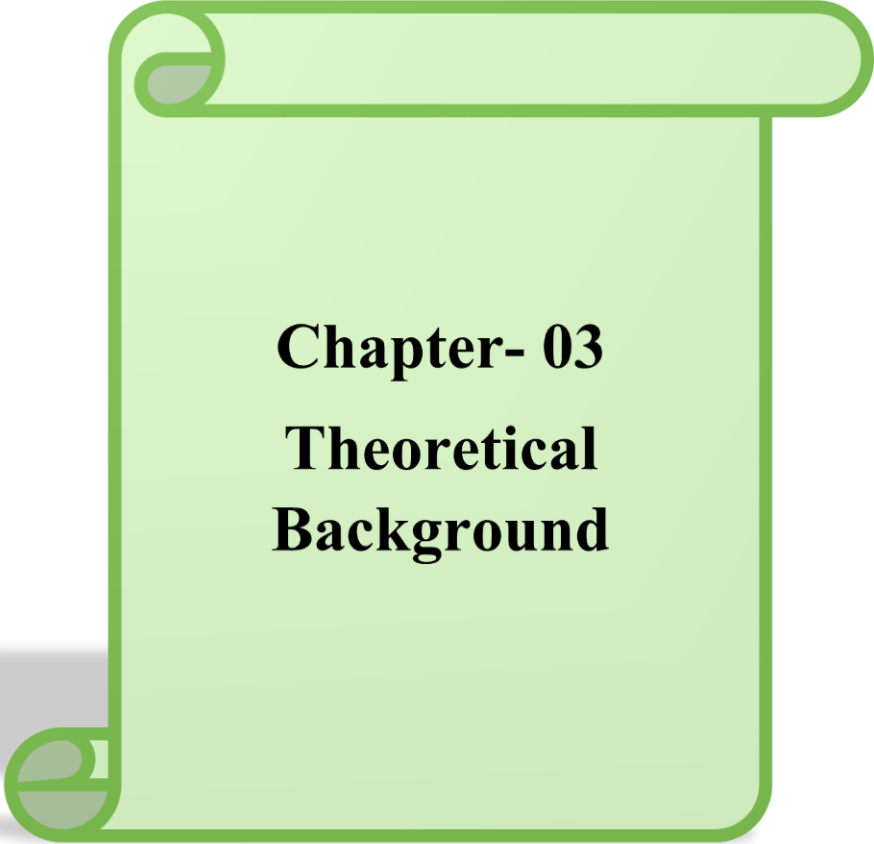
SPL’s mission is to create and deliver high-quality, cutting edge healthcare relief for people while upholding strict corporate ethics standards and providing benefits for shareholders, stakeholders and society at large.

### **2.5.3 SWOT Analysis of Square Pharmaceuticals Ltd.:**

The SWOT analysis of Square Pharma is given here:

<b>S</b> <b>Strengths</b>	<b>W</b> <b>Weaknesses</b>	<b>O</b> <b>Opportunities</b>	<b>T</b> <b>Threats</b>
<ul style="list-style-type: none"> <li>● Highly experienced staffs</li> <li>● Large customer base</li> <li>● Local source of raw materials</li> <li>● Strong corporate governance</li> <li>● Customer Loyalty</li> </ul>	<ul style="list-style-type: none"> <li>● Absence of advanced technology</li> <li>● Less Organized</li> <li>● Time consuming decision making process</li> <li>● Inefficient debt-asset management</li> </ul>	<ul style="list-style-type: none"> <li>● Govt. support</li> <li>● Large market share</li> <li>● Invention of new products</li> <li>● Financing back up from financial institutions</li> <li>● Exporting abroad, entering in global market.</li> </ul>	<ul style="list-style-type: none"> <li>● Intense Competition</li> <li>● Volatile exchange rate</li> <li>● Hiking price of raw materials.</li> <li>● Inadequate power supply</li> <li>● Innovative products offers by other companies.</li> </ul>

**Table 2.3: SWOT Analysis of SPL.**



**Chapter- 03**  
**Theoretical**  
**Background**

### 3.1 Theory of Ratio:

A ratio analysis is a quantitative analysis of data from financial statements of a firm. It is employed to assess several facets of an organization's financial and operational performance. A firm can make the best investment option by applying ratio analysis.

### 3.2 Uses of Financial Ratios:

A company uses financial ratio analysis to figure out the financial performance and determine the financial position in the industry. For determining the position, company uses profitability, liquidity, activity, leverage, and other relevant factors. Every company wants to know about their performance so that they can act according to it.

The following major users of financial statements are here:

1. **Bankers and Lenders:** Bankers and lenders use financial ratios especially profitability, liquidity and investment to find out whether the company is capable or not to pay interest payment and repayment of principal loan amount.
2. **Investors:** Investors use profitability ratio to figure out how much the company earns profits as they want more profit from their investments.
3. **Government:** Government uses profitability ratio because government may use profit as a basis of taxation, grants and subsidies.
4. **Employees:** As employees are more concerned about their job security, bonus so they use profitability, activity, and liquidity ratio to find out the company's performance. If the company's performance is not good then the employees may not get salary on time or not getting bonus. There remains a chance to close the business and employees can lose their job.
5. **Suppliers:** Suppliers use liquidity ratio to figure out the capability of the company of paying the dues. If the liquidity ratio is not enough good then the suppliers will not supply their products on credit.
6. **Management:** Management uses all the ratios to find out the financial performance and financial condition of the company.

### 3.3. Types of Financial Ratios:

There are many kinds of ratio now a day which are described below:

1. **Liquidity Ratio.**
2. **Efficiency Ratio.**
3. **Asset Activity Ratio.**
4. **Leverage Ratio.**
5. **Profitability Ratio.**

#### 3.3.1. Liquidity Ratio:

We may determine if the company's current asset will be sufficient to meet its debts when they become due by using liquidity ratio. The majority of time businesses borrow money from lenders to increase their sales. To satisfy the lender's requirements, the firm must maintain a minimum level of liquidity. There are some liquidity ratios those are described below:

- i. **Current Ratio:** Current ratio uses to find out the company's ability to pay its current liability by using its current assets. If the company has a very high current ratio compared to other peer group then it indicates that the company may not using their assets efficiently. On the other hand, if the ratio is low that means the company has not enough assets to pay its current liabilities. So, the company has to maintain the ratio.
- ii. **Quick Ratio:** Quick ratio uses to find out the ability to pay its current liabilities through its quick assets such as cash, cash equivalents, short-term investments or marketable securities and accounts receivables. If the ratio is high that means the company is liquid and has the ability to fulfil the current liabilities. If the ratio is low then the company's liquidity is not enough to fulfil the liabilities.

#### 3.3.2. Asset Activity Ratio:

Asset activity ratio refers how effectively a firm turn its asset into sales or cash. If the ratio is higher, it indicates that the company is doing well. Basically this ratio reflects the efficiency of utilizing the assets properly. There are some ratios:

- i. **Total Asset Turnover:** The ratio is used for figure out how effectively the firm transfers its assets to generate sales. If the ratio is high then the company is more

efficient. If the ratio is lower that means it is not able to use its assets efficiently to generate sales.

- ii. **Equity Turnover:** Equity turnover ratio is used for figure out how much revenues are generated from total equity. If the ratio is higher that means management efficiently use the funds and able to make more revenues. It is very useful for existing and new shareholders who are interesting to invest in the company. They use this ratio to find out the usage of their investments.

### 3.3.3. Leverage Ratio:

Leverage ratio shows how much debt a firm has utilized. A greater ratio indicates that a firm might have incurred more debt. The two main leverage ratios are:

- i. **Debt Ratio:** Debt ratio indicates the purchase of asset through debt. The greater ratio shows that the firm maintains a riskier position interest rate can be increased suddenly. A firm with a lower ratio is typically more stable and has a greater chance of enduring. A company's debt ratio will be larger if it finances an excessive amount of its assets with debt. Due to the fact that these businesses must sell more of their assets to cover their liquidity needs during liquidations, creditors perceive firms with high debt ratios as riskier borrowers.
- ii. **Debt to Equity Ratio:** The debt to equity ratio shows how much equity and debt of a firm is using to fund its operations. It also shows how much shareholder's equity can be used to pay off obligations. The firm may be in financial trouble and unable to pay its creditors if the debt to equity ratio is too high. However, if the ratio is too low. The business must rely on equity to fund its operations which can be expensive. Therefore, the firm must maintain this ratio to prevent an extreme rise or fall in the ratio.

### 3.3.4. Profitability Ratio:

The company's capacity to earn income after deducting all costs is shown by the profitability ratio. Every business wants to increase profits while taking into account all operating costs. This ratio is among the most crucial ones since investors evaluate it before making investment decisions. There are some profitability ratios those are given below:



- i. **Gross Profit Margin:** After deducting the costs of goods sold from the revenue. GPM shows the percentage of cash available. It is also known as gross margin ratio. A high GPM indicates that the business managed its cost of sales effectively. It also indicates that the business has additional operations, finance, and other expenses to pay.
- ii. **Net Profit Margin:** NPM is the proportion of revenue left over after paying all costs including interest, taxes, and preferred stock dividends to shareholders. A high NPM shows that the company is correctly pricing its goods. By analysing the company's revenues and expenses, many investors and analysts use this ratio to determine the performance of the business.
- iii. **Return on Asset:** ROA shows how effectively a business can use its assets to generate revenue. A higher ratio is better for investors since it indicates how well the business is managing its assets to generate net income. ROA is most helpful when comparing businesses in the same industry.
- iv. **Return on Equity:** ROE evaluates a company's capacity to make money from the investments made by its shareholders. The management of a company is more effective at generating income from its equity funding when the ratio is higher. This is the most crucial ratio because investors use it to determine how well a firm will use its funds to produce net income.

### 3.4. Common Size Analysis:

The financial manager analyse the financial statements using common size analysis, sometimes it is referred as vertical analysis. Each line item is expressed as a percentage of the base amount for that time to analyse financial statements. It is beneficial for the business to assess its performance over time and in comparison to rivals. The company can also examine how each line affects the total revenue, cash flow, or asset values for the company.

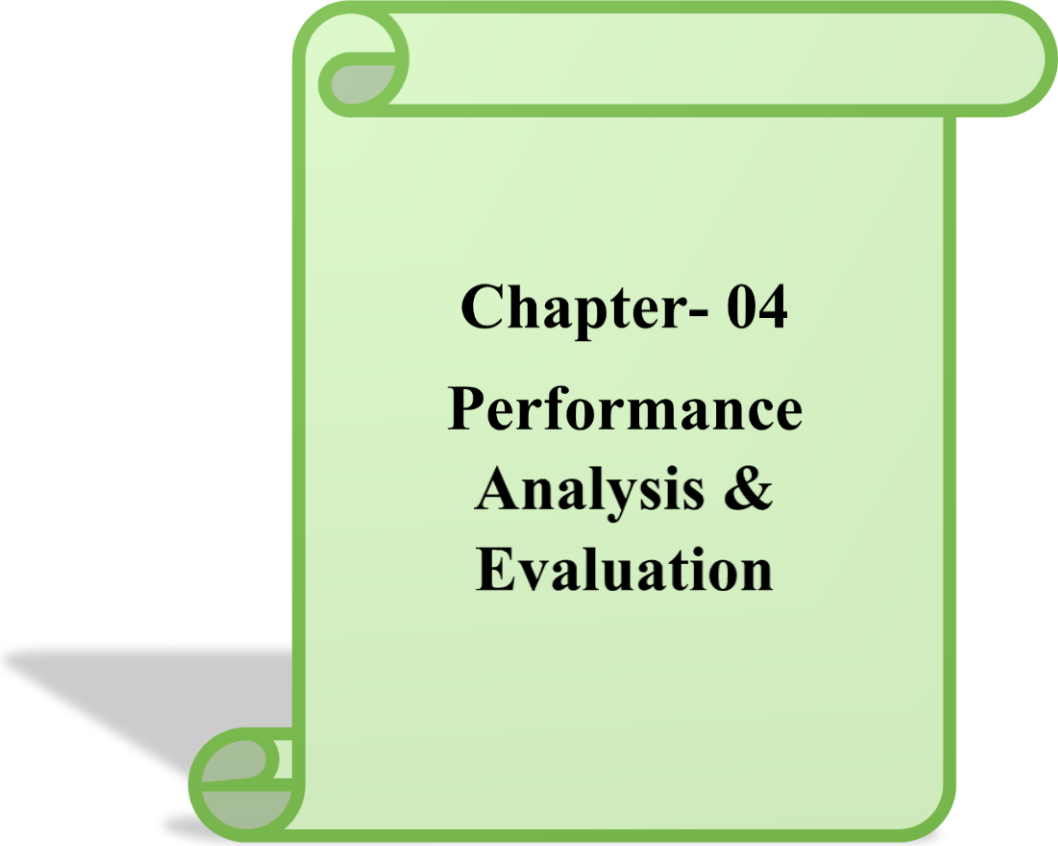
#### 3.4.1. Common Size of Balance Sheet:

The total asset values are typically used as the base in the balance sheet common size analysis. The value of all assets, liabilities and shareholders' equity are all equal on balance sheet. It is used by financial managers or investors to assess how a firm's capital structure stacks up against its competitors. By comparing certain line item to the overall assets, they can draw key conclusions.

The percentage information in these financial statements is not required by any regulatory authority nor are common size balance sheets require by GAAP.

### **3.4.2. Common Size of Income Statement:**

The total sales or total revenues are often the base item of a common size income statement. Along with gross and operating income, it is used to compute net profit income. The ratio provides investors and financial managers with information about a company's revenue performance and allow them to forecast future revenue. Utilizing this tool, businesses can analyse their rival's spending patterns or things like advertising, R & D and other expenses.



**Chapter- 04**  
**Performance**  
**Analysis &**  
**Evaluation**

## 4.1 Ratio Analysis:

### 4.1.1 Liquidity Ratio:

#### i. Current Ratio:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

Current Ratio					
Company Name	2017	2018	2019	2020	2021
Beximco Pharma	2.681	1.258	1.041	1.149	1.473
Square Pharma	9.814	12.926	12.928	14.618	17.327

Table 4.1: Current Ratio of Selective Two Companies (2017-2021)

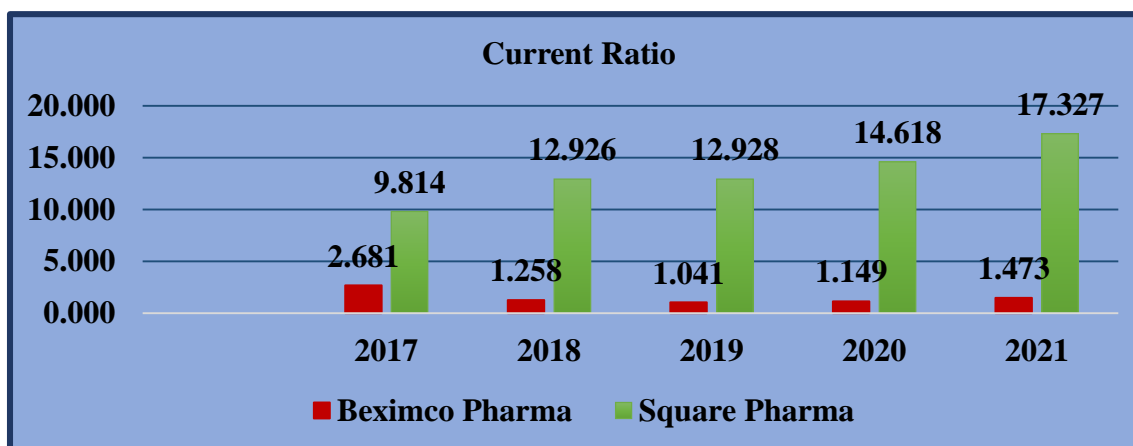


Figure 4.1: Current Ratio of Selective Two Companies (2017-2021).

**Interpretation:** The current ratio of Beximco Pharma and Square Pharma in 2021 is 1.473 and 17.327 respectively. The ratio is fluctuating from 2017 to 2021. So, from comparing these two companies, we can say that Square Pharma has kept their current asset as idle and doesn't utilize their current asset properly. If Square Pharma wants to utilize their current asset then they need to invest their current asset in several projects. Square Pharma has more than enough current asset to pay its current liabilities. On the other hand, Beximco Pharma is investing their current asset in several projects and maintain a minimum ratio to fulfil their current obligations.

ii. Quick Ratio:

$$\text{Quick Ratio} = \frac{\text{Current Asset} - \text{Inventory}}{\text{Current Liabilities}}$$

Quick Ratio					
Company Name	2017	2018	2019	2020	2021
Beximco Pharma	1.663	0.697	0.576	0.625	0.709
Square Pharma	8.234	10.911	11.381	12.863	15.048

Table No 4.2: Quick Ratio of Selective Two Companies (2017-2021).

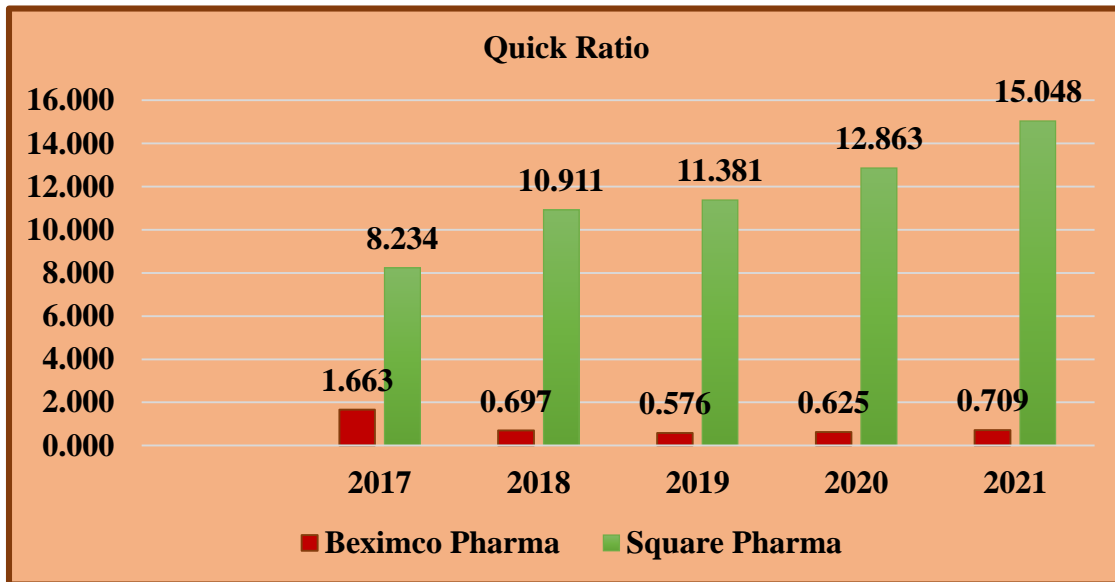


Figure 4.2: Quick Ratio of Selective Two Companies (2017-2021).

**Interpretation:** The quick ratio of Beximco Pharma, and Square Pharma in 2021 are 0.709 and 15.048 respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Square Pharma is in bad position in quick ratio as they don't pay their current liabilities regularly. So, they don't require keeping lots of quick assets. They should invest their idle money in more projects as they are keeping their assets as idle. On the other hand, Beximco Pharma is not keeping their cash idle as they need not to pay its current liabilities regularly.

#### 4.1.2 Asset Activity Ratio:

i. Total Asset Turnover:

$$\text{Total Asset Turnover} = \frac{\text{Net Sales}}{\text{Total Asset}}$$

Total Asset Turnover					
Company Name	2017	2018	2019	2020	2021
Beximco Pharma	0.455	0.405	0.464	0.511	0.565
Square Pharma	0.805	0.749	0.705	0.647	0.611

Table 4.3: Total Asset Turnover of Selective Two Companies (2017-2021).

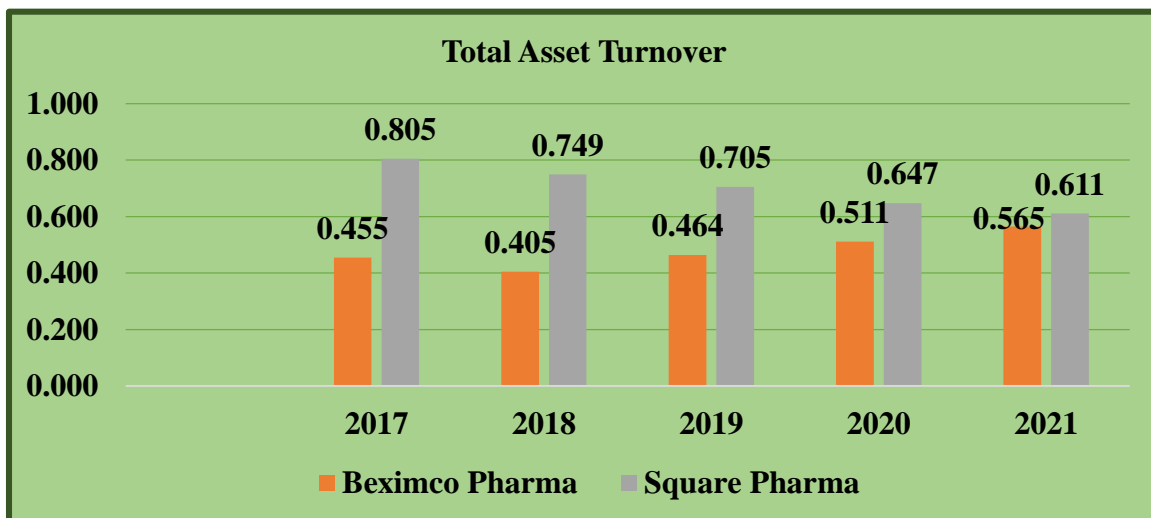


Figure 4.3: Total Asset Turnover of Selective Two Companies (2017-2021).

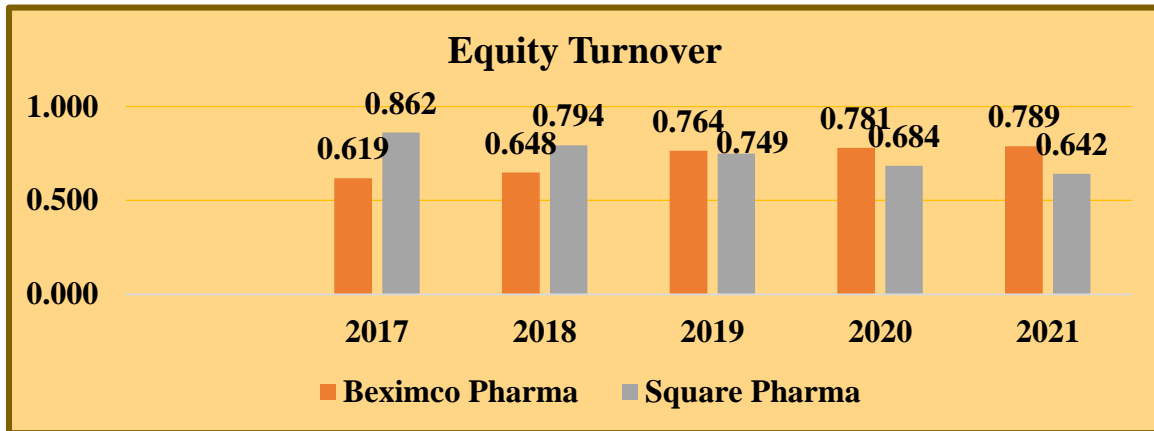
**Interpretation:** The total asset turnover of Beximco Pharma, and Square Pharma in 2021 are 0.565 and 0.611 respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Square Pharma is in good position as they can generate more sales by properly utilizing total assets. On the other hand, Beximco Pharma is not utilizing their total assets for generating more sales. As the higher the ratio is, the better the company. They have to work hard to increase total asset turnover ratio by utilizing total assets effectively to increase sales. As investors use this ratio to compare with similar companies in the same sector and decide in which company they should invest.

ii. **Equity Turnover Ratio:**

$$\text{Equity Turnover} = \frac{\text{Net Sales}}{\text{Total Equity}}$$

Equity Turnover Ratio					
Company Name	2017	2018	2019	2020	2021
Beximco Pharma	0.619	0.648	0.764	0.781	0.789
Square Pharma	0.862	0.794	0.749	0.684	0.642

**Table 4.4: Equity Turnover of Selective Two Companies (2017-2021).**



**Figure 4.4: Equity Turnover of Selective Two Companies (2017-2021).**

**Interpretation:** The equity turnover ratio of Beximco Pharma, and Square Pharma in 2021 are 0.789 and 0.642 respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Beximco Pharma is in good position as they can generate more sales by properly utilizing their total equity. On the other hand, Square pharma is not properly utilizing their total equity to generate sales. As the higher the ratio is, the better the company. Higher rates indicate that management has utilised resources more effectively and has been able to increase sales in comparison to other companies. As it indicates how well a firm works by employing shareholder funds to generate sales for a profit, equity turnover is very helpful for both current and new shareholders who are interested in investing in the company. So, Square Pharma has to efficiently utilize their equity to increase more sales to retain its existing shareholders and attract new shareholders.

### 4.1.3 Profitability Ratio:

i. **Gross Profit Margin (GPM):**

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Net Sales}}$$

Gross Profit Margin					
Company Name	2017	2018	2019	2020	2021
Beximco Pharma	46.33%	46.77%	46.55%	46.46%	47.21%
Square Pharma	43.20%	42.64%	43.14%	44.10%	44.40%

Table 4.5: Gross Profit Margin of Selective Two Companies (2017-2021).

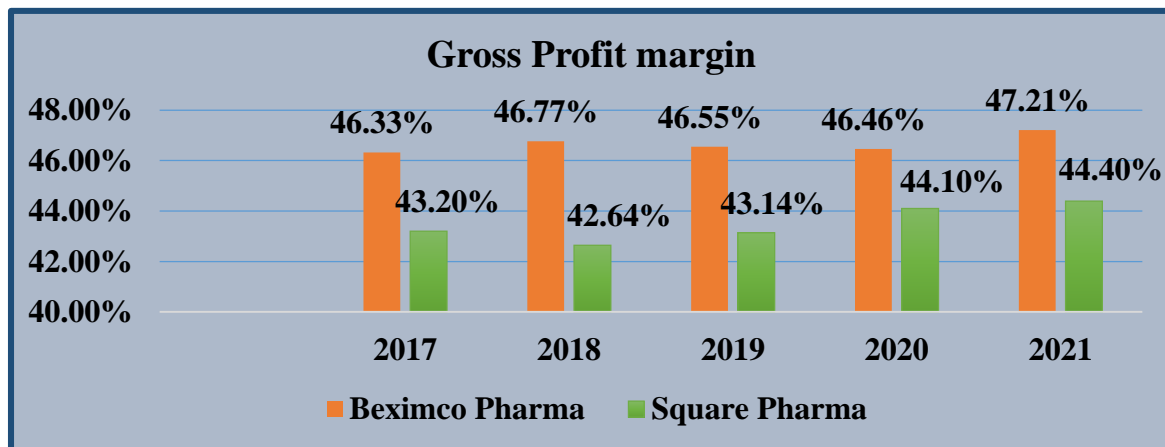


Figure 4.5: Gross Profit Margin of Selective Two Companies (2017-2021).

**Interpretation:** The GPM of Beximco Pharma, and Square Pharma in 2021 are 47.21% and 44.40% respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Beximco Pharma has good gross profit margin over periods. That means the company can able to reduce cost of goods sold to increase profit. On the other hand. Square Pharma is not able to reduce cost of goods sold. If the company wants to increase GPM they need to reduce cost of goods sold by reducing raw materials, direct labor and factory overhead.

ii. **Net Profit Margin (NPM):**

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Net Sales}}$$



Net Profit Margin					
Company Name	2017	2018	2019	2020	2021
Beximco Pharma	14.36%	14.30%	13.33%	13.84%	17.51%
Square Pharma	22.99%	22.86%	23.04%	24.12%	25.12%

Table 4.6: Net Profit Margin of Selective Two Companies (2017-2021).

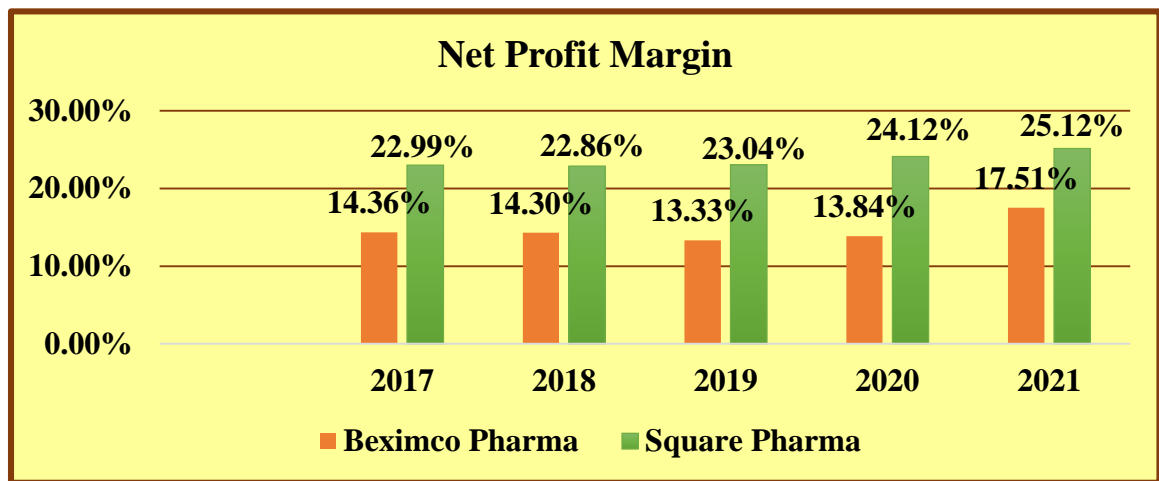


Figure 4.6: Net Profit Margin of Selective Two Companies (2017-2021).

**Interpretation:** The NPM of Beximco Pharma, and Square Pharma in 2021 are 17.51% and 25.12% respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Square pharma has good NPM in 2021 that means the company can able to reduce its expenses to increase profit. On the other hand. Beximco Pharma is not able to reduce expenses. If the company wants to increase NPM then they need to reduce all expenses (cost of goods sold and operating expenses) otherwise it will not be good for the company as investors sometime use this ratio to analyse the performance.

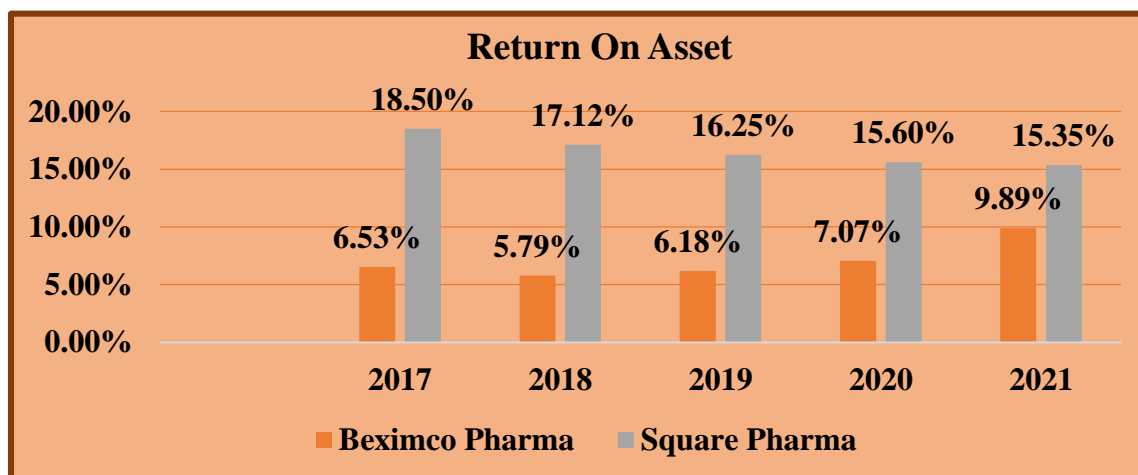
iii. **Return on Asset (ROA):**

$$\text{Return on Asset} = \frac{\text{Net Profit}}{\text{Total Asset}}$$

Return on Asset					
Company Name	2017	2018	2019	2020	2021

<b>Beximco Pharma</b>	<b>6.53%</b>	<b>5.79%</b>	<b>6.18%</b>	<b>7.07%</b>	<b>9.89%</b>
<b>Square Pharma</b>	<b>18.50%</b>	<b>17.12%</b>	<b>16.25%</b>	<b>15.60%</b>	<b>15.35%</b>

**Table 4.7: Return on Asset of Selective Two Companies (2017-2021).**



**Figure 4.7: Return on Asset of Selective Two Companies (2017-2021).**

**Interpretation:** The ROA of Beximco Pharma, and Square Pharma in 2021 are 9.89% and 15.35% respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Square Pharma has good ROA in 2021 that means the company is utilizing their total assets properly to generate more profits. On the other hand, Beximco Pharma is not able to generate more profits through total assets. If it happens further then it will create problem for them as it is one of the most important ratio to analyse the company's performance. If the company wants to increase profit then they must properly utilize its assets.

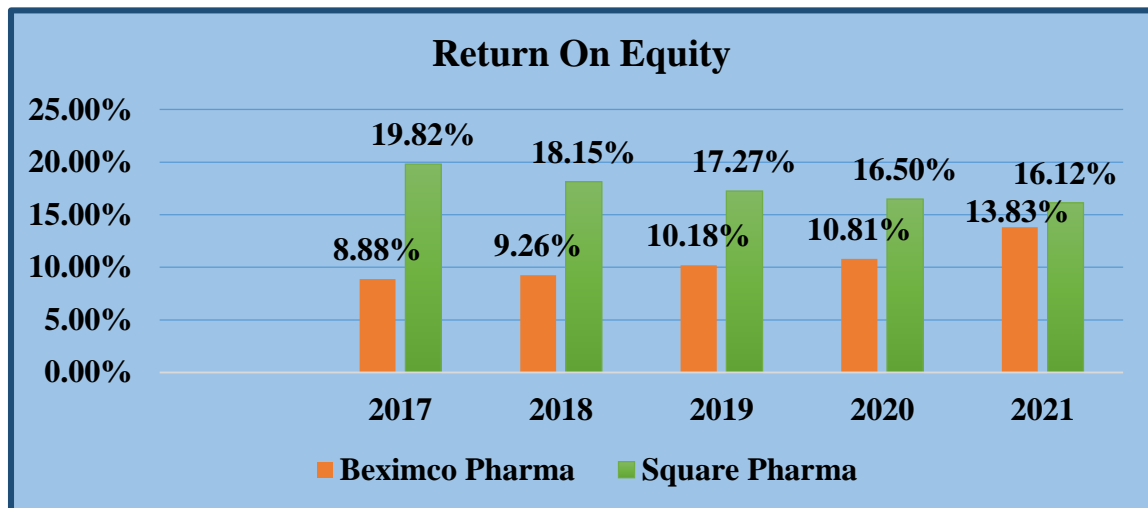
**iv. Return on Equity (ROE):**

$$\text{Return on Equity} = \frac{\text{Net Profit}}{\text{Total Equity}}$$

<b>Return on Equity</b>					
<b>Company Name</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Beximco Pharma</b>	<b>8.88%</b>	<b>9.26%</b>	<b>10.18%</b>	<b>10.81%</b>	<b>13.83%</b>

Square Pharma	19.82%	18.15%	17.27%	16.50%	16.12%
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**Table 4.8: Return on Equity of Selective Two Companies (2017-2021).**



**Figure 4.8: Return on Equity of Selective Two Companies (2017-2021).**

**Interpretation:** The ROE of Beximco Pharma, and Square Pharma in 2021 are 13.83% and 16.12% respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Square Pharma has good ROE in 2021 that means the company is utilizing their total equity properly to generate more profits. On the other hand, Beximco Pharma is not able to generate more profits through total equity. That means the company is not effectively utilizing shareholder’s investment. It is not good sign for the company. As investor use this ratio to find out whether the company is properly uses their investment or not. If the company is failed to utilize their investments properly then maybe they will not invest again. So the company has to utilize the shareholder’s investment effectively.

#### 4.1.4 Leverage Ratio:

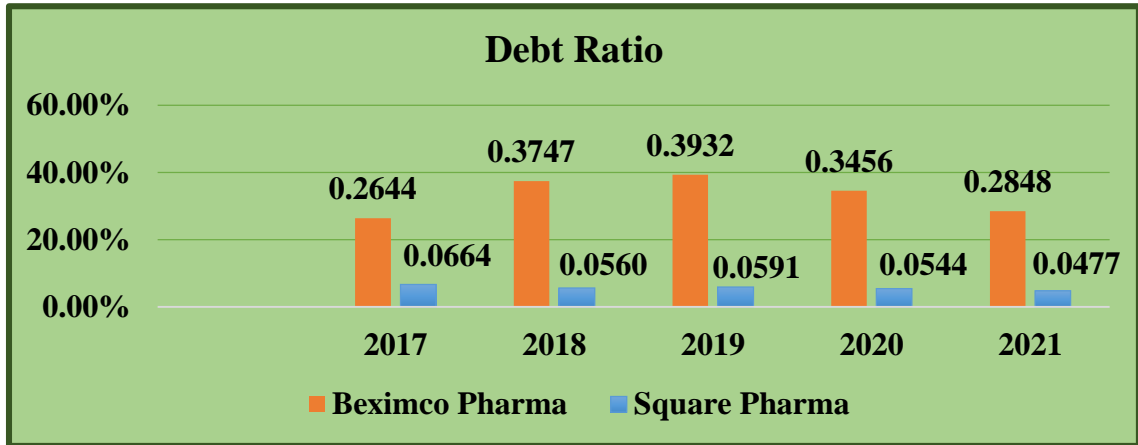
##### i. Debt Ratio:

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Asset}}$$

Debt Ratio					
Company Name	2017	2018	2019	2020	2021

<b>Beximco Pharma</b>	<b>0.2644</b>	<b>0.3747</b>	<b>0.3932</b>	<b>0.3456</b>	<b>0.2848</b>
<b>Square Pharma</b>	<b>0.0664</b>	<b>0.0560</b>	<b>0.0591</b>	<b>0.0544</b>	<b>0.0477</b>

**Table 4.9: Debt Ratio of Selective Two Companies (2017-2021).**



**Figure 4.9: Debt Ratio of Selective Two Companies (2017-2021).**

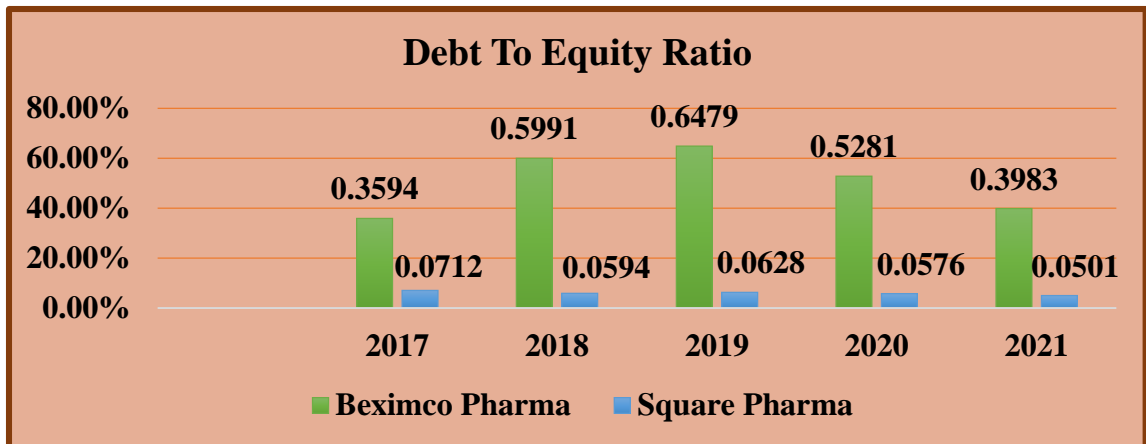
**Interpretation:** The Debt Ratio of Beximco Pharma, and Square Pharma in 2021 are 0.2848 and 0.0477 respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Beximco Pharma has high debt ratio in 2021. That means the company is purchasing asset through debt. The higher ratio indicates that the company keeps itself into a risky position as its interest rate can be rise suddenly. On the other hand Square Pharma is less risky than Beximco Pharma as it has low ratio.

**ii. Debt to Equity Ratio:**

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

<b>Debt to Equity Ratio</b>					
<b>Company Name</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Beximco Pharma</b>	<b>0.3594</b>	<b>0.5991</b>	<b>0.6479</b>	<b>0.5281</b>	<b>0.3983</b>
<b>Square Pharma</b>	<b>0.0712</b>	<b>0.0594</b>	<b>0.0628</b>	<b>0.0576</b>	<b>0.0501</b>

**Table 4.10: Debt to Equity Ratio of Selective Two Companies (2017-2021).**



**Figure 4.10: Debt to Equity Ratio of Selective Two Companies (2017-2021).**

**Interpretation:** The Debt to Equity Ratio of Beximco Pharma, and Square Pharma in 2021 are 0.3983 and 0.0501 respectively. The ratio is fluctuating from 2017 to 2021. From comparing, we can see that Beximco Pharma has high debt to equity ratio in 2021. That means the company uses more debt to finance its business activities but they should maintain the ratio as interest rate can be risen any time. On the other hand, Square Pharma uses equity to finance its business activities. They should take advantage of debt financing to expand.

#### 4.1 Common Size Analysis:

##### 4.2.1 Beximco Pharmaceuticals Ltd.:

###### i. Common Size Analysis of Balance Sheet:

Beximco Pharmaceuticals Limited					
Balance Sheet					
As on June 30, 2017-2021					
Particulars	2017	2018	2019	2020	2021
Property, Plant and Equipment	71.80%	69.79%	68.79%	69.84%	69.31%
Intangible Assets	1.36%	2.93%	2.71%	2.55%	2.64%
Goodwill	-----	1.25%	1.11%	1.09%	1.05%
Right of use assets	-----	-----	0.41%	0.48%	0.61%

<b>Investment in Shares</b>	0.05%	0.08%	-----	-----	-----
<b>Other Investment</b>	-----	-----	0.01%	0.01%	0.03%
<b>Other Non-current Assets</b>	-----	0.01%	0.01%	0.01%	-----
<b>Total Non-Current Assets</b>	73.21%	74.06%	73.05%	73.96%	73.64%
<b>Inventories</b>	10.18%	11.57%	12.04%	11.86%	13.67%
<b>Spares &amp; Supplies</b>	1.87%	1.52%	1.48%	1.55%	1.27%
<b>Accounts Receivable</b>	6.36%	6.31%	6.78%	6.60%	5.50%
<b>Loans, Advances and Deposits</b>	4.98%	4.79%	4.69%	4.77%	4.63%
<b>Short Term Investment</b>	2.60%	0.78%	0.66%	-----	-----
<b>Advance Income Tax</b>	-----	0.07%	0.07%	-----	-----
<b>Cash and Cash Equivalents</b>	0.81%	0.90%	1.24%	1.27%	1.29%
<b>Total Current Assets</b>	26.79%	25.94%	26.95%	26.04%	26.36%
<b>TOTAL ASSETS</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Share Capital</b>	16.18%	14.83%	13.58%	12.37%	11.94%
<b>Share Premium</b>	21.02%	19.27%	17.64%	16.07%	14.10%
<b>Excess of Issue Price over Face Value of GDRs</b>	6.74%	6.18%	5.66%	5.15%	4.52%

<b>Capital Reserve on Merger</b>	1.18%	1.08%	0.99%	0.90%	0.79%
<b>Revaluation Surplus</b>	4.75%	4.24%	3.79%	3.43%	3.00%
<b>Unrealized Gain/(Loss)</b>	0.02%	0.02%	0.01%	0.00%	0.04%
<b>Retained Earnings</b>	50.13%	53.41%	57.41%	61.16%	64.71%
<b>Non-Controlling Interest</b>	-----	0.99%	0.92%	0.92%	0.89%
<b>Total Shareholders' Equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Long Term Borrowings</b>	29.25%	24.52%	13.41%	9.54%	8.11%
<b>Liability for Gratuity and WPPF &amp; Welfare Funds</b>	12.40%	8.08%	9.62%	12.38%	15.69%
<b>Deferred Tax Liability</b>	20.56%	12.37%	11.10%	12.51%	13.37%
<b>Total Non-Current Liabilities</b>	62.20%	44.97%	34.13%	34.43%	37.17%
<b>Short Term Borrowings</b>	13.76%	34.18%	47.92%	42.71%	33.76%
<b>Long Term Borrowings-Current Maturity</b>	7.94%	9.57%	8.35%	8.40%	9.42%

<b>Creditors and Other Payables</b>	8.70%	6.05%	5.64%	8.07%	13.20%
<b>Accrued Expenses</b>	2.72%	2.55%	3.05%	4.27%	4.16%
<b>Dividend Payable</b>	0.00%	0.03%	0.04%	0.47%	0.79%
<b>Income Tax Payable</b>	4.67%	2.64%	0.86%	1.65%	1.50%
<b>Total Current Liabilities</b>	37.80%	55.03%	65.87%	65.57%	62.83%
<b>Total Liabilities</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 4.11: Common Size Analysis of Balance Sheet for BPL (2017-2021).**

**Interpretation:** In comparison of total asset, cash and cash equivalent item is showing a little change from 2017 to 2021 and it is increasing from 0.81% to 1.29%. Property, Plant and Equipment is showing less growth as it is fluctuating. Comparing to total liabilities, Long Term Borrowings is decreasing from 29.25% to 8.11%.

**ii. Common Size Analysis of Income Statement:**

<b>Beximco Pharmaceuticals Limited</b>					
<b>Income Statement</b>					
<b>For The Year Ended June 30, 2017-2021</b>					
<b>Particulars</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Net Sales Revenue</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Cost of Goods Sold</b>	53.67%	53.23%	53.45%	53.54%	52.79%
<b>Gross Profit</b>	46.33%	46.76%	46.55%	46.46%	47.21%
<b>Administrative Expenses</b>	3.37%	3.49%	3.30%	3.10%	3.04%
<b>Selling, Marketing and Distribution Expenses</b>	20.73%	20.55%	21.04%	21.46%	21.62%



<b>Profit from Operations</b>	22.23%	22.72%	22.20%	21.90%	22.55%
<b>Other Income</b>	0.93%	0.25%	0.61%	1.15%	3.08%
<b>Share of Associate profit/(loss)</b>	-----	-----	-0.13%	-----	-----
<b>Finance Cost</b>	3.59%	3.05%	4.51%	3.96%	2.91%
<b>Profit Before Contribution to WPPF &amp; Welfare Funds</b>	19.58%	19.92%	18.18%	19.09%	22.72%
<b>Contribution to WPPF &amp; Welfare Funds</b>	0.93%	0.95%	0.88%	0.92%	1.09%
<b>Profit Before Tax</b>	18.64%	18.97%	17.29%	18.17%	21.62%
<b>Income Tax Expenses</b>	4.29%	4.67%	3.97%	4.33%	4.11%
<b>Current Tax</b>	3.82%	4.47%	-3.52%	4.24%	4.70%
<b>Deferred Tax Income/ (Expense)</b>	0.47%	0.20%	-0.45%	0.09%	0.59%
<b>Profit after Tax for the Period</b>	14.36%	14.30%	13.33%	13.84%	17.51%

**Table 4.12: Common Size Analysis of Income Statement for BPL (2017-2021).**

**Interpretation:** Profit from operations is showing better growth except 2020 as in 2020 the profit from operation is 21.90% which is lower than other years. Profit before Contribution to WPPF is fluctuating from 19.58% to 22.72%. All the above change of data resulting a positive net profit.

#### **4.1.2 Square Pharmaceuticals Ltd.:**

##### **i. Common Size Analysis of Balance Sheet:**



<b>Square Pharmaceuticals Limited</b>					
<b>Balance Sheet</b>					
<b>As on June 30, 2017-2021</b>					
<b>Particulars</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Property, Plant and Equipment</b>	36.79%	33.53%	28.91%	25.51%	23.97%
<b>Investment in long term assets</b>	1.12%	1.54%	0.91%	3.41%	3.76%
<b>Investment- Associates Undertaking</b>	14.29%	13.80%	12.77%	9.87%	9.72%
<b>Investment in Marketable Securities</b>	3.69%	4.72%	4.18%	3.29%	4.84%
<b>Total Non-Current Assets</b>	55.88%	53.58%	46.76%	42.09%	42.30%
<b>Inventories</b>	7.10%	7.23%	6.37%	6.95%	7.59%
<b>Trade Debtors</b>	4.20%	2.64%	2.16%	1.86%	1.71%
<b>Loans, Advances and Deposits</b>	2.76%	3.72%	3.20%	3.33%	2.97%
<b>Short Term Loan</b>	0.04%	5.11%	4.07%	5.97%	-----
<b>Cash and Cash Equivalents</b>	30.02%	27.71%	37.43%	39.80%	45.43%
<b>Total Current Assets</b>	44.12%	46.42%	53.24%	57.91%	57.70%
<b>TOTAL ASSETS</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Share Capital</b>	13.99%	12.75%	11.62%	10.91%	9.75%
<b>Share Premium</b>	4.15%	3.52%	3.00%	2.63%	2.24%
<b>General Reserve</b>	0.22%	0.18%	0.16%	0.14%	0.12%

<b>Unrealized Gain/(Loss)</b>	-----	0.33%	0.21%	-----	-----
<b>Retained Earnings</b>	78.67%	79.84%	81.75%	83.99%	86.64%
<b>Non-Controlling Interest</b>	0.03%	0.04%	-----	-----	0.00%
<b>Tax Exemption Reserve</b>	1.74%	3.37%	3.26%	2.86%	-----
<b>Total Shareholders' Equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Deferred Tax Liability</b>	32.35%	35.88%	30.35%	27.23%	27.97%
<b>Total Non-Current Liabilities</b>	32.35%	35.88%	30.35%	27.23%	30.25%
<b>Creditors and Other Payables</b>	24.18%	15.29%	16.81%	12.43%	14.96%
<b>Accrued Expenses</b>	0.79%	2.61%	5.62%	2.90%	4.02%
<b>Liabilities for Other Finance</b>	42.68%	46.22%	47.22%	50.02%	42.54%
<b>Unclaimed Dividend</b>	-----	-----	-----	7.42%	8.23%
<b>Total Current Liabilities</b>	67.65%	64.12%	69.65%	72.77%	69.75%
<b>Total Liabilities</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 4.13: Common Size Analysis of Balance Sheet for SPL (2017-2021).**

**Interpretation:** In comparison of total asset, cash and cash equivalent item is showing a great change from 2017 to 2021 and it is increasing from 30.02% to 45.43%. Property, Plant and Equipment is showing a significant change as it is decreasing from 2017 to 2021 by 36.79% to 23.97%. Loan and advances is fluctuating from 2.76% to 2.97%. Comparing to total liabilities, Creditors and Other Payables is showing change from 2017 to 2021 by 24.18% to 14.96%

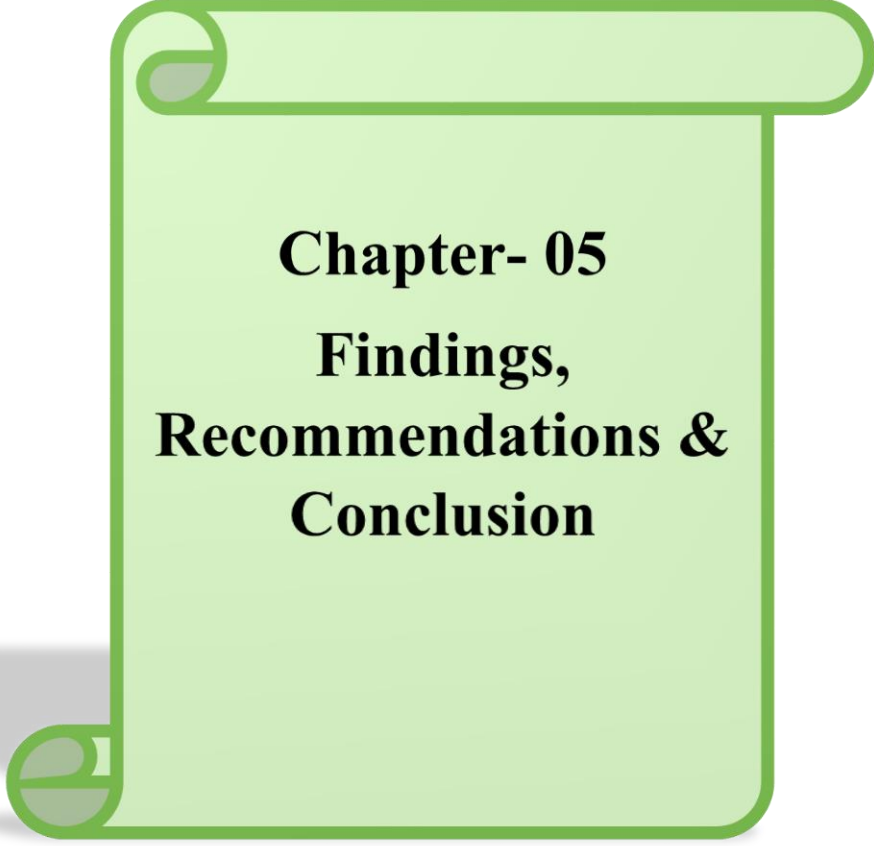
**ii. Common Size Analysis of Income Statement:**

<b>Square Pharmaceuticals Limited</b>					
<b>Income Statement</b>					
<b>For The Year Ended June 30, 2017-2021</b>					
<b>Particulars</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Net Sales Revenue</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Value Added Tax</b>	13.58%	13.58%	13.43%	13.32%	13.10%
<b>Cost of Goods Sold</b>	43.22%	43.78%	43.43%	42.58%	42.50%
<b>Gross Profit</b>	43.20%	42.64%	43.14%	44.10%	44.40%
<b>Administrative Expenses</b>	2.16%	2.25%	2.35%	2.32%	2.09%
<b>Selling, Marketing and Distribution Expenses</b>	11.96%	12.53%	12.98%	13.95%	14.68%
<b>Profit from Operations</b>	29.08%	27.85%	27.80%	27.83%	27.63%
<b>Other Income</b>	2.59%	3.85%	4.54%	5.91%	5.97%
<b>Profit Before Contribution to WPPF &amp; Welfare Funds</b>	31.67%	31.71%	32.34%	33.74%	33.60%
<b>Contribution to WPPF &amp; Welfare Funds</b>	1.53%	1.53%	1.56%	1.62%	1.61%
<b>Profit Before Tax</b>	30.14%	30.18%	30.79%	32.11%	32.00%
<b>Income Tax Expenses</b>	7.15%	-7.32%	-7.75%	-7.99%	-6.88%
<b>Current Tax</b>	6.97%	-7.09%	-7.62%	-8.03%	-7.18%

<b>Deferred Tax Income/ (Expense)</b>	0.18%	-0.22%	-0.12%	0.04%	0.30%
<b>Profit after Tax for the Period</b>	22.99%	22.86%	23.04%	24.12%	25.12%

**Table 4.14: Common Size Analysis of Income Statement for SPL (2017-2021).**

**Interpretation:** Profit from operations is decreasing from 29.08% to 27.63%. Profit before Contribution to WPPF is increasing from 31.67% to 33.60%. All the above change of data resulting a positive net profit.



**Chapter- 05**  
**Findings,**  
**Recommendations &**  
**Conclusion**

## 5.1 Findings:

I have figured out some findings after collecting and analysing data. These findings are completely based on my conception. The findings are as follows:

1. The current ratio of Square Pharmaceuticals Ltd is not good as the standard ratio is 1:1. But in 2021 the Current ratio of Square Pharmaceuticals Ltd is higher than other years that means the company kept their current asset as idle and they have enough assets to pay its current liabilities.
2. Square Pharma is in bad position in quick ratio as they don't pay their current liabilities regularly. So, they don't require keeping lots of quick assets.
3. Beximco Pharma has poor total asset turnover ratio as they cannot generate more sales by properly utilizing total assets.
4. The equity turnover ratio of Square Pharma is unsatisfactory as they cannot generate more sales by properly utilizing total equity. It is not good for the company as investor will invest after analysing this ratio.
5. The gross profit margin of Square Pharma is unsatisfactory comparing to other companies. The company is unable to reduce their cost of goods sold expenses which is not good for the company.
6. The net profit margin of Beximco Pharma is unsatisfactory comparing to other companies. The company is unable to reduce their operating and non-operating expenses which is not good for the company.
7. Beximco Pharma has unstable return on asset over years. The company is unable to generate more profits through total assets.
8. Beximco Pharma is unable to generate more profits through total equity. That means the companies are not effectively utilizing shareholder's investment.
9. Beximco Pharma is at riskier position as it has higher debt ratio comparing to Square Pharma.
10. Beximco Pharma has high debt to equity ratio in 2021 comparing to Square Pharma which means the company uses more debt to finances its business activities.

## 5.2 Recommendations:

I am giving some suggestions according to my academic knowledge for the betterment and improve the conditions of the financial performance of selected two companies.

1. The current ratio of Square Pharma is higher than other years that means the company kept their current asset as idle and they have enough assets to pay its current liabilities. If the Square Pharma wants to utilize their current asset then they need to invest their current asset in more projects as they have enough current asset to pay its liabilities.
2. The quick ratio of Square Pharma is in bad position because the company doesn't need to pay their current liabilities regularly but reserve more cash. The company doesn't require keeping lots of quick assets and should invest their idle money in more projects.
3. Beximco Pharma has poor total asset turnover ratio as they cannot generate more sales by properly utilizing total assets. The company has to increase their efficiency of using total assets and should bring update equipment to increase productions, have to reduce inventory. It will help to generate more sales.
4. The equity turnover ratio of Square Pharma is not satisfactory. The company should effectively utilize investor's investment to generate more sales. Because investors use this ratio to compare with similar companies in the same sector and decide in which company they should invest.
5. The gross profit margin of Square Pharma is unsatisfactory comparing to other companies. The company is unable to reduce their cost of goods sold expenses which is not good for the company. If the company wants to increase GPM they need to reduce cost of goods sold by reducing raw materials, direct labor and factory overhead.
6. Beximco Pharma is unable to reduce expenses. If the company wants to increase NPM then they need to reduce all expenses (cost of goods sold and operating expenses) otherwise it will not be good for the company as investors sometime use this ratio to analyze the performance.
7. Beximco Pharma is not able to generate more profits through total assets. If it happens further then it will create problem for them as it is one of the most important ratio to analyse the company's performance. If the company wants to increase ROA then they must



properly utilize its assets. The companies should distribute idle cash in more projects, cut of unnecessary expenses like keeping inventory so long in ware house.

8. Beximco Pharma has unstable return on equity over years. If the company wants to increase ROE then the company need to effectively utilize investor's investment. The company should use more investor's investment rather than using debt to finances. They should invest the money in more profitable projects to get profit. Because investors give high importance on this ratio.
9. Beximco Pharma is at riskier position as it has higher debt ratio comparing to Square Pharma. If the company wants to decrease debt ratio then they should use more equity to purchase its assets and reduce using debt.
10. Beximco Pharma has high debt to equity ratio in 2021. That means the company uses more debt to finance its business activities but they should maintain the ratio as interest rate can be risen any time.

### 5.3 Conclusion:

Pharmaceuticals are Bangladesh's 2<sup>nd</sup> largest source of revenue and the nation is well-positioned to become a centre for high-quality medicines on a worldwide scale. Entrepreneurs and investors may participate in and profit from potentials. At this point, government support is also important for the development and growth of the sector. Healthy growth is likely to encourage pharmaceutical companies to release new medicines and research items.

In the report, I have tried my level best to show the financial performance analyse of **Pharmaceutical Industry's selected two companies**. To know the financial positions and their share conditions the comparative financial performance analysis is necessary. All analysis helps to find out the strength of these two companies.

- **References:**

- ❖ **Annual Reports:**

1. Beximco Pharmaceuticals Ltd.'s Annual report (2017-2021).
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- ❖ **Web References:**

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