

Czech University of Life Sciences Prague

Faculty of Economics and Management

Economics and Management



Diploma Thesis

**Assessment of the Financial Position and Performance of
the Chosen Companies in the Pharmaceutical Industry
in Bangladesh**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

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Thesis title

Assessment of the Financial Position and Performance of the Chosen Companies in the Pharmaceutical Industry in Bangladesh

Objectives of thesis

The aim of this thesis is to assess and compare the financial position and performance of two chosen Bangladesh companies operating in the same industry – pharmaceuticals, by analyzing the companies financial statements with focus on the representation and changes of the reported assets, liabilities, expenses and revenues for a chosen period to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view.

Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the company and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

The proposed extent of the thesis

60-80

Keywords

financial statements, financial analysis, financial position, balance sheet, assets, liabilities, equity, financial performance, Income statement, expenses, revenues, profit, pharmaceutical industry

Recommended information sources

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Declaration

I declare that I have worked on my diploma thesis titled " Assessment of the Financial Position and Performance of the Chosen Companies in the Pharmaceutical Industry in Bangladesh" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break any copyrights.

In Prague on 31/03/2021

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Assessment of the Financial Position and Performance of the Chosen Companies in the Pharmaceutical Industry in Bangladesh

Abstract

The diploma thesis deals with the financial position and performance of two Bangladeshi renowned pharmaceutical companies Beximco Pharmaceuticals and Square Pharmaceuticals.

The theoretical part of the thesis deals with the accounting legislation and financial statements presentation and with the characteristics of the pharmaceutical industry in Bangladesh and also the selected ratios of the financial analysis are defined.

The practical part of the thesis deals with the characteristics of the companies Beximco Pharmaceuticals and Square Pharmaceuticals. Horizontal and vertical analysis of the balance sheet of the chosen companies is calculated in order to assess the financial position and the horizontal and vertical analysis of the income statement is calculated to assess the financial performance. Selected ratios of financial analysis are calculated for both companies. Data was collected from the annual financial reports of Beximco and Square pharmaceuticals from financial years 2017 to 2020.

The results and discussion part of the thesis deals with the comparison of the two chosen companies, summarizes the main factors influencing the profit in the industry and suggests recommendations.

Keywords: financial statements, financial analysis, financial position, balance sheet, assets, liabilities, equity, financial performance, Income statement, expenses, revenues, profit, pharmaceutical industry.

Posouzení finanční situace a výkonnosti vybraných společností ve farmaceutickém průmyslu v Bangladéši

Abstrakt

Zhodnocení finanční pozice a výkonnosti vybraných společností ve farmaceutickém průmyslu v Bangladéši

Diplomová práce se zabývá finanční situací a výkonností dvou renomovaných bangladéšských farmaceutických společností Beximco Pharmaceuticals a Square Pharmaceuticals.

Teoretická část práce se zabývá účetní legislativou a prezentací účetní závěrky a charakteristikami farmaceutického průmyslu v Bangladéši a jsou definovány vybrané ukazatele finanční analýzy.

Praktická část diplomové práce se zabývá charakteristikami společností Beximco Pharmaceuticals a Square Pharmaceuticals. Pro posouzení finanční situace je vypočítána horizontální a vertikální analýza rozvahy vybraných společností a pro posouzení finanční výkonnosti je použita horizontální a vertikální analýza výkazu zisku a ztráty. Vybrané ukazatele finanční analýzy jsou počítány pro obě společnosti. Údaje byly použité z výročních zpráv farmaceutických společností Beximco a Square za finanční roky 2017 až 2020.

Výsledky a diskuze práce se zabývá porovnáním dvou vybraných společností, shrnuje hlavní faktory ovlivňující zisk v odvětví a navrhuje doporučení.

Klíčová slova: výkazy účetní závěrky, finanční analýza, finanční pozice, rozvaha, aktiva, závazky, kapitál, finanční výkonnost, výkaz zisku a ztráty, náklady, výnosy, zisk, farmaceutický průmysl

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List of abbreviations

EBT	Earning before taxes
EBIT	Earnings before interest and taxes
EBITA	Earnings before interest, taxes, and amortization
EBITDA	Earnings before interest, taxes, depreciation and amortization
IFRS	International Financial Reporting Standards
GAAP	Generally Accepted Accounting Principles
BAS	Bangladesh Accounting Standards
BFRS	Bangladesh Financial Reporting Standards
ICAB	Institute of Chartered Accountants of Bangladesh

1 Introduction

Nowadays, local business units, as well as international companies, find themselves in a very competitive and inconvenient environment. This sometimes causes issues, and firms should prevent possible threats if they want to achieve success. By being successful is supposed that a company profitable within the long run, it is competitive, and it develops itself in time.

It is important to react quickly when changes within the environment or in the competition are occurring. Hence, it's very fundamental for companies to be frequently aware of financial results from the financial analysis to determine the firm's present and future situation. In other words, it's very crucial for the subsequent development for an organization if there are many competitors in a specific sector like the pharmaceuticals sector, which is that the core business for the firm that was chosen for the thesis. This thesis's most output is that the Financial Position and Performance of Beximco pharmaceuticals and Square pharmaceuticals in the year 2017-2020.

A regular compilation of Financial Position and Performance analysis is crucial mainly for owners, managers, and analysts within a selected company. As per results, they identify and minimize weaknesses and risks.

Financial Position and Performance analysis are also suitable for evaluating companies, departments, or cost centers among one another. This fact can help with improving efficiency and profitability. All the points mentioned above explain why financial Position and Performance analysis are important tools for managing.

2 Objectives and Methodology

2.1 Objectives

The aim of this thesis is to assess and compare the financial position and performance of two chosen Bangladesh companies operating in the same industry - pharmaceuticals, by analyzing the companies financial statements with a focus on the representation and changes of the reported assets, liabilities, expenses, and revenues for a chosen period to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view.

2.2 Methodology

The diploma thesis is consists of two main parts - literature review and practical part. Methodology for the literature overview is based on data collected from the relevant legal framework, specialized publications, and other written or online sources. Used sources of information are related to accounting, financial statements, financial analysis, and their methods. This field is part of the literature review, which is the Explanations of formulas and indicators relating to financial analysis are also performed in a literature review. The practical part of the thesis will be based on the information gained from the chosen companies' published annual reports. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the company's financial position and performance and prepare the practical part of the thesis. The methods of analysis, synthesis, comparison, and deduction will be used to formulate the conclusions of the thesis.

3 Literature Review

The literature review is divided into three parts. The first part provides the general accounting information, which is mainly focused on Bangladesh accounting standards. The second part deals with the knowledge and background of the global and local pharmaceutical industry using tables and figures. The third part deals with the principles of financial analysis (users, sources, and approaches). The third part contains methods and indicators of financial analysis as well as more detailed financial indicators/analysis. The practical part is elaborated.

3.1 Accounting Framework in Bangladesh

Companies Act of 1994 all the companies in Bangladesh have to obey some basic rules and regulations. It is called either Bangladesh Financial Reporting Standards (BFRS/BAS) or International Financial Reporting Standards (IASs/IFRSs). In Bangladesh according to Companies Act of 1994 provides some basic rules and regulations for financial reporting for all companies. It's silent about either Bangladesh Financial Reporting Standards (BFRS/BAS) or International Financial Reporting Standards (IASs/IFRSs). (Financial reporting framework in Bangladesh, 2013) (inancial reporting framework in Bangladesh, 2013)

Listed companies: Financial reporting by listed companies are regulated by the Securities and Exchange Commission of Bangladesh.

Banks: The Bank Company Act of 1991 mandates reporting formats and disclosures supported BAS 30, which is analogous to IAS 30. The Act is silent about other BAS/BFRS, and compliance with BAS/BFRS by banks is mixed.

Insurance companies: The Insurance Act of 1938 doesn't mandate compliance with BAS/BFRS. In practice, insurance companies often don't follow BAS/BFRS.

Other companies: Neither the law nor the by-laws of the Institute of Chartered Accountants of Bangladesh mandate compliance with BAS/BFRS by unlisted companies. Actual compliance varies widely, and thus the ICAB has published the Bangladesh Financial Reporting Standard for small and Medium-sized Entities. (Financial reporting framework in Bangladesh, 2012)

3.1.1 Bangladesh Financial Reporting Standards (BFRS)

Bangladesh Financial Reporting Standards established by the Institute of Chartered Accountants in Bangladesh (ICAB) and Bangladesh Financial Reporting Standards (BFRS). Bangladesh Financial Reporting Standards are closely matched by International Accounting Standards and International Financial Reporting Standards which is issued by the International Accounting Standards Board which means that most of these standards are based on international accounting standards IFRS and IAS. Bangladesh adopted IAS/IFRS in 1999 with approval from the World Bank. ICAB (The Institute of Chartered Accountant of Bangladesh) is the main authority to adopt and issue the standards in Bangladesh.

BFRS developed by the ICAB were originally supported older International Accounting Standards (IASs) - generally, those developed by the IASC rather than the improved IASs and new IFRSs developed by the IASB. In additional recent times, the ICAB has adopted the updated IASB standards as BFRS, and every one BFRSs are updated supported IFRSs 2012.

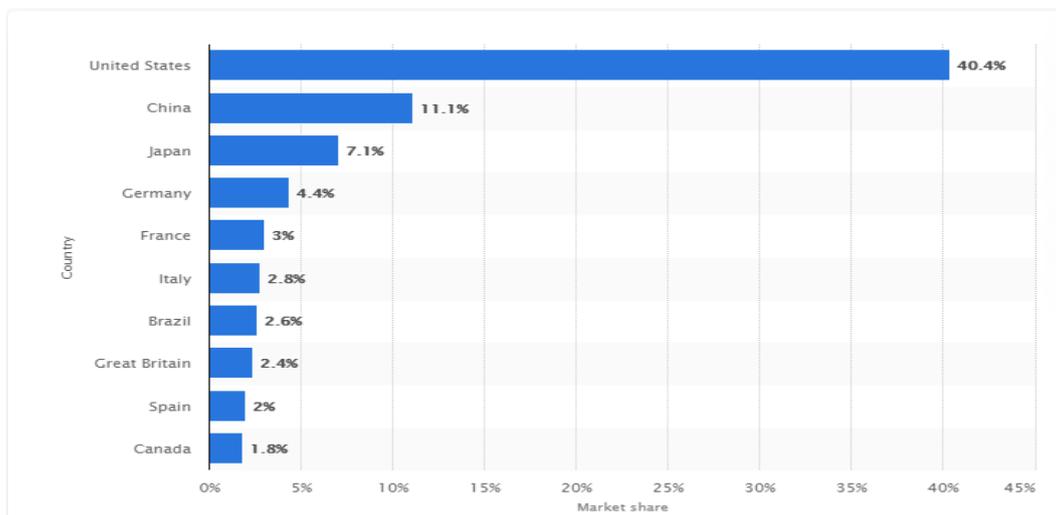
The Technical and Research Committee, a committee of the ICAB, is responsible for reviewing on a day to day, the most recent national and international pronouncements and standards on accounting, auditing, and allied matters, and recommend an equivalent for adoption to the Council, after completing a technical review for adaptability and acceptability within the Bangladeshi context. The Council is liable for approving and adopting the Standards, Interpretations, and related documents. As of January 2013, a version of all IFRS (and IAS) issued by the IASB had been adopted as BFRS by the ICAB, with the subsequent exceptions: IAS 29 Financial Reporting in Hyperinflationary Economies - adopted but won't enter into force until 2015 IFRS 9 Financial Instruments. Adopted BAS/BFRS are legally enforceable for listed companies under the SEC Rules. They're not mandatory or enforceable through the ICAB by-laws. The auditor's report and basis of presentation note ask conformity with international accounting standards applicable in Bangladesh.(Hossain, Hasan, & Safiuddin, 2015)

3.2 Global pharmaceuticals market

The global Pharmaceutical market is growing day by day. It has experienced significant growth in recent years. . The reason is very simple it will happen because the world

population is growing, rising income level and emerging medical condition and emergence of new diseases. Pharmaceutical companies are known for manufacturing pharmaceutical drugs. These drugs have a use for diagnosing, cure, treat, or preventing diseases. The pharmaceutical sector considers as a huge industry. The global pharmaceutical market is worth nearly one trillion U.S. dollars. Some of the pharmaceutical industry is now leading the market. Among them, the top global pharmaceutical players are Pfizer, Merck, and Johnson & Johnson from the U.S., Novartis, and Roche from Switzerland, Sanofi from France, etc. Again among them, some of the company's are involved not only in the pure pharmaceutical business but also in manufacturing consumer health products, medical technology, and vaccines, etc. For example, Johnson & Johnson produce medical devices, diagnostics, and consumer health products besides the pharmaceutical product. Some of the leading global pharmaceutical companies have biopharmaceutical products. What does it mean for the Biotech company? Biotech companies use biotechnology to produce their product. The pharmaceutical market plays a key role in how people get medications and what people pay for medication. However, some markets are doing well for pharmaceutical companies than others (Statista, 2020).

Figure 1 Market share of top 10 national pharmaceutical markets worldwide

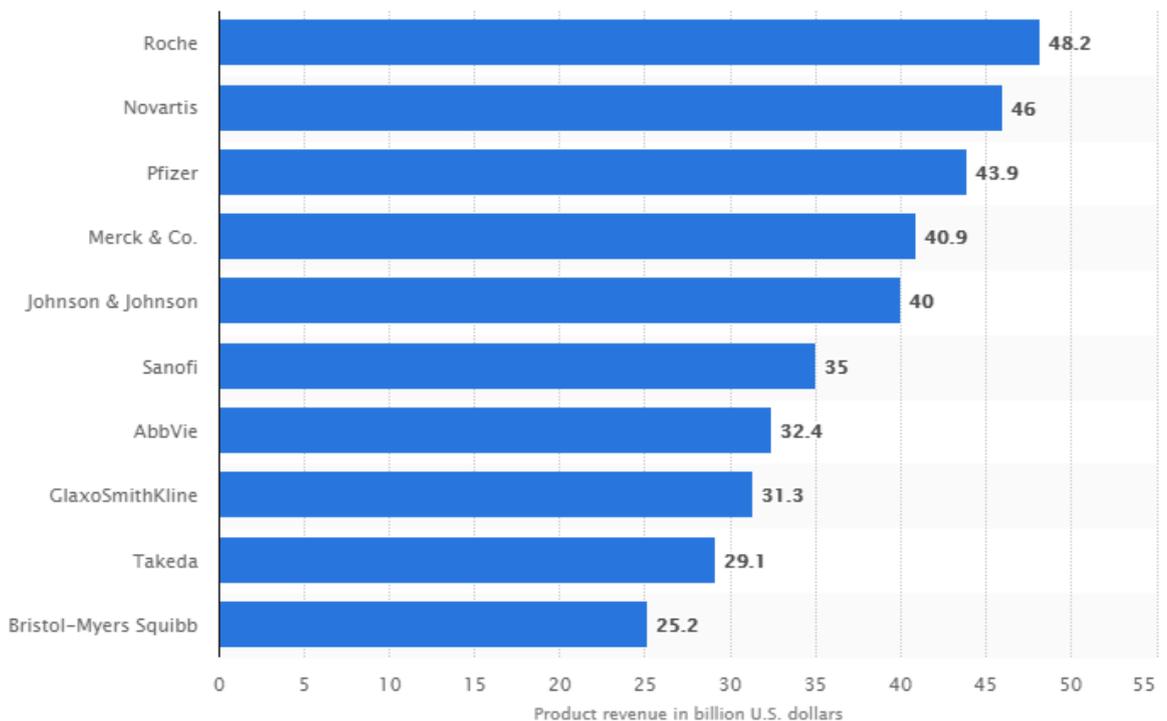


Source: Statista, 2020

3.2.1 Top 10 Pharmaceutical Markets Worldwide by revenue

Revenue is one of the main natural indicators of any economy. For example, Roche pharmaceutical has generated the largest revenues from its biotechnology products worldwide. On the other hand, Pfizer became the 3rd pharmaceutical company in 2019 in the world, based on pharmaceutical-only sales. Pfizer generated almost 44 billion U.S. dollars through sales of prescribed. In many top pharmaceutical companies' rankings, Johnson & Johnson is listed because Johnson and Johnson is another biggest pharmaceutical company. The most prominent national pharmaceutical market is the United States, with some 450 billion U.S. dollars in medical spending. The charts show the world's top ten pharmaceutical companies by revenue (Statista, 2020)

Figure 2The world's ten leading pharmaceutical company based on revenue



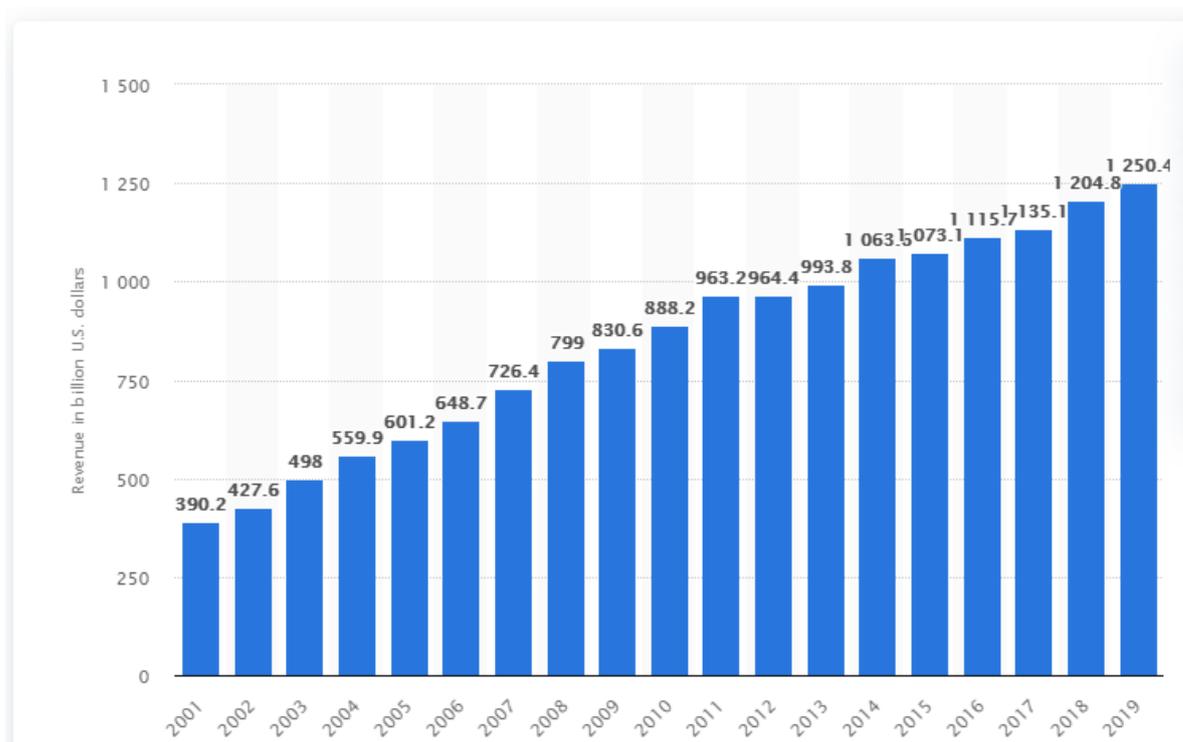
Source: Statista, 2020

3.2.2 Global revenue in the pharmaceuticals market

The pharmaceutical market plays an important role in how people could get proper medications and how to pay for them. The global pharmaceutical market has experienced significant growth in recent years. The total global pharmaceutical market reached around 1.2 trillion U.S. dollars in 2018As you can see, since 2001, the pharmaceutical market

revenue was growing year-by-year. It can be explained that pharmaceutical products are a widely important product in the world and can explain the increasing trend during the last decade. This chapter shows the quantitative data. As of end-2019, it is estimated that the total global pharmaceutical market was valued at about 1.25 trillion U.S. dollars. The graph below shows the year-over-year revenue development of the pharmaceutical market in billion US dollars from 2001 to 2019. In 2001 market was valued at just 390 billion U.S. dollars. . This is a significant increase from 2001 when the market was valued at just 390 billion U.S. dollars (Statista, 2020)

Figure 3Pharmaceutical market: worldwide revenue 2001-2019



Source: Statista, 2020

3.3 The pharmaceutical industry in Bangladesh

Bangladesh had started its journey as an independent country in 1971. After independence, agriculture was its basic strength for the economy. Bangladesh's economy has already got recognition as an emerging economy. the most important contributing industry It might be the Readymade Garments (RMGs) industry that contributes about 80% of the export earnings of the country. Other non-traditional export items are very potential within

the export-basket of the country. The pharmaceutical industry is one of the foremost potential ones within the country's economy. Eventually, it began to develop the economic infrastructure, and at the moment, pharmaceutical has become one of the largest promising sectors among all the industry. Currently, almost 97% of the local need is being met up by Bangladesh drug products. The pharmaceuticals sector contributed 1.85%, Almost 1.85% of GDP . in 2016-17 (Source: BBS).

Table 1Expost history of Bangladesh Pharmaceutical industry

Year	Export (in million US dollars)	Targets (in million US dollars)
2014 - 15	\$ 72.64	\$ 72.00
2015 - 16	\$ 82.82	\$ 80.00
2016 - 17	\$ 89.82	\$ 85.00
2017 - 18	\$ 103.46	\$ 100.00
2018 - 19	\$ 129.95	\$ 120.00

Source: EPB, Export Statistics (2019)

The Pharmaceutical sector in Bangladesh is one of the most developed technologies and knowledge-based sectors since the first 80s. The last four decades of straggling Bangladesh is now considered an emerging generic drug hub in the region. According to the Directorate General of Drug Administration (DGDA) and Bangladesh Association of Pharmaceutical Industries (BAPI), around 257 licensed pharmaceutical manufacturers company are now operating their business in Bangladesh. These manufacturing companies provide approximately 98% of local demand, and 2% is imported from abroad. Among them, Specialized products like vaccines, anti-cancer products, and hormone drugs are mentionable.

Table 2Bangladesh ten leading company in the pharmaceutical industry

Company	Market Size (BDT bn)	Market Share (%)	Growth (%)
SQUARE	21.15	18.7	7.3
INCEPTA PHARMA	11.78	10.4	15.6
BEXIMCO	9.56	8.5	7.6
OPSONIN PHARMA	6.35	5.6	19.8
RENATA	5.74	5.1	13.5
ESKAYEF	5.09	4.5	12.0
ARISTOPHARMA	5.07	4.5	15.7
A.C.I.	4.69	4.1	9.9
ACME	4.51	4.0	14.1
HEALTHCARE	3.09	2.7	35.4

Source: EBL Securities Ltd, 2020

3.3.1 Comparison of Financial Performances with peer industry scenario:

Table 3 below shows a comparison of financial performances, a financial position as well as cash flows for the year ended 30 June 2019 of five pharmaceuticals companies are presented below in order of market capitalization (Square Pharma Annual Report, 2020)

Table 3comparison of financial performance with peer industry scenario

Particulars	Figures Tk. in million				
	Square	Renata	Beximco	Glaxo	Beacon
Financial Performance					
Revenue	38.69	22.22	21.16	4.47	4.65
Gross Profit	18.97	11.15	9.79	2.46	2.28
Net Profit (Before Tax)	13.97	5.21	3.91	1.25	0.16
Net Profit (After Tax)	10.56	3.82	3.02	0.99	0.12
Financial Position					
Shares Outstanding (actual)	789.01	80.54	405.56	12.05	231.00
Shareholders' Equity	60.81	18.28	29.60	1.59	2.98
Total Assets	65.06	24.20	47.79	4.51	4.87
Total Liabilities	4.26	5.92	18.19	2.92	1.89
Current Assets	38.29	12.34	12.79	4.35	2.67

Current Liabilities	2.96	4.61	11.90	2.92	1.32
Cash Flow					
Net Cash Generated from Operating	12.59	4.16	2.73	1.00	0.22
Net Cash Used in Investing Activities	0.04	-3.82	-4.45	0.02	0.22
Net Cash Used in Financing Activities	-2.65	-0.60	1.94	-0.64	-0.12
Market Capitalization	168,510	102,639	50,654	25,631	18,872
Market Share (in %)	16.45	8.43	5.3	0	1.09

Source: Own processing based on data from Baximco annual report, 2020.

3.4 Financial analysis

Financial analysis is the process that typically applies during the evaluation of certain businesses, in addition to finance-related projects, personal budgets, and other financial transactions, which includes a balance sheet, income statement, and notes to accounts or financial ratios to evaluate the company's results. The ability to understand financial data is important for any business manager. Financial ratio analysis is one quantitative method that business managers use to gather valuable insights into a business firm's profitability, solvency, efficiency, liquidity, coverage, market price, etc. But the main objective of financial analysis is to analyze the stability, solvency, liquidity, and profitability of a business. Usually, the business manager gets information from ratio analysis by analyzing the information contained within the firm's balance sheet, income statement, and statement of cash flows. The knowledge gathered from financial ratio analysis is invaluable to managers who need to make financial decisions for the business and external parties, like investors, to evaluate the business's financial health. (Erich A.H. D.B.A. Financial analysis: tools and techniques: a guide for managers, 2001)wd

3.4.1 The Financial Statements

Financial statements are a collection of summary-level reports about an organization's activities and the company's financial performance over a period of time. They are defined as the standardized reports that provide an organization's financial health and performance of the company. In business activities company may choose to generate monthly, quarterly, or annual financial statements. At the end of the financial year, which will be included in the annual report, most financial statements are issued once a year. These statements are

normally required to have an annual audit by government agencies, accountants, firms, etc., to ensure accuracy for tax, financing, or investing purposes. Based on IAS 1, there are five types of Financial Statements that an entity required to prepare and present if those statements are prepared by using IFRS, and the same as if they are using US GAAP. (Erich A.H. D.B.A. Financial analysis: tools and techniques: a guide for managers, 2001; Carmichael, D.R., and Graham, L. Accountants' Handbook, Volume 1: Financial Accounting and General Topics 2007).

Those are the main Financial Statements:

- Balance Sheet (Statement of financial position)
- Income Statement (Statement of financial performance)
- Cash Flow Statement
- Additional Information (Notes)

These three core statements are connected, and this will explain how they all fit together. These statements provide information to users outside of the company, such as investors and creditors, about its financial positions.

3.4.2 Users of the Financial Statements

Financial statements prepared by the Companies which to understand the financial position of the company and such statements that are prepared and published by the company is used and evaluated by various individuals and entities that are related to that company or have some kind of interest within the company like lenders, investors, management, customers, vendors, etc. and these parties are called the users of the financial statements. The users may be classified into two categories one is internal, and the other is external users.

The list of financial ratio analysis users and examine why they need the information to explain below :

Internal users: Business managers, management who use financial analysis for forecasting their business and in consequence, make decisions on financial policy management. (VOCHOZKA, 2011).

- **Management:** The company's management is the primary and one of the important users of the financial statements. They have the financial statements to determine the profits/losses of the business and the company's cash flows and liquidity position to make decisions according to commonly available documents and internal documents the development of their company.
- **Employees:** Employees have an interest in the company's profitability and stability. They might wish to know if the corporate is doing as their bonus and increments rely on the company's financial performance. Also, they want to have a deep understanding of the business and, therefore, the current industry situation, which will be available within the financial statements. The company may choose to involve employees in decision-making; hence, it might just like the employees to understand and understand the company's financials.

External users : Business partners, creditors, investors, suppliers, etc. It is based on common available data - financial and accounting information (MULAČOVÁ et al, 2013).

- **Owners and investors:** owners provide funds or capital for the firm so that they require the financial statements to check the business's profitability and, therefore, the company's overall financial position, so they will analyze the return they are getting on their investment in the company. Depending on financial statements, they decide whether to invest more within the company if they realize that the company lacks to earn enough profits.
- **Government and Government Agencies:** Governing bodies of the state, especially the tax authorities, are interested in accounting information for taxation and regulatory purposes. In general, the state would like to know how much the taxpayer makes to determine the tax due thereon. Government agencies, just like the Income-tax department, the revenue tax department, would like to get

information about the company's financial statements to check if the company paid appropriate taxes according to the law. They might prefer to make future tax predictions based on the performance of the firms and industry practices.

- Competitors: The other competitor of the business also uses the company's financial statements so that they will evaluate the competitor's financial statement and know their strategy so they can also apply their strategy if required.
- Trade creditors: creditors who supply goods on credit or lend money to companies such as banks are also interested in knowing companies' financial health to decide whether it is safe to extend credit to a company.

3.4.3 Method of the Financial analysis

Vertical and Horizontal analysis:

Horizontal analysis and vertical analysis are well-known methods are commonly used in analyzing financial statements. The horizontal analysis represents comparing previous years' financial results. In contrast, Vertical analysis is another analysis method used for analyzing financial statements where each list or line item is a percentage of a base figure within the current year's statement. The horizontal analysis provides the comparison of financial entities over a period. Generally, every line or item of a financial statement is the percentage of another. Hence it is clear that vertical analysis can be used to understand the difference between proportions of each line item to the whole statement. As a result, it provides information to understand the trends for the current fiscal year. Investor or manager uses a different kind of method or comparisons to understand whether is doing well, or it is worth investing in. so Vertical and Horizontal analysis is the most common tool to analyze the company's performance.

Ratio analysis

Ratio analysis is one of the most popular and widely used methods of financial analysis. A ratio expresses a mathematical relation between two quantities to calculate the relative size or value of one item with another. which also refers to a quantitative method of gaining insight into a firm's functional efficiency, liquidity, revenues, and profitability by analyzing its financial records and statements such as the balance sheet and income statement which is the primary source of information about an organization is its financial statements. Ratio analysis is most important to the analysis of a company's

fundamentals of equity. (Babalola, Y. A., and F. R. Abiola. "Financial ratio analysis of firms: A tool for decision making." *International journal of management sciences* 1.4 (2013): 132-137)

The most important financial Ratios are :

1. Liquidity ratio
2. Activity ratio
3. Leverage (debt) ratio
4. Profitability ratio

Liquidity ratio: Liquidity ratio is the ratio that is used to meet its short-term obligations (liquidity), liability, or debt. It is important for the company to keep a fair level of liquidity which a company can be expected to pay creditors (or suppliers, via accounts payable) and to do so per agreed terms. Three commonly used liquidity ratios are the Current Ratio, Cash Ratio, and Quick Ratio. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006)

- **Current Ratio:** Current ratio is also called working capital which is the measure of short-term liquidity that means it takes into consideration all available liquid assets, including inventory and accounts receivable, cash, and cash equivalents. The current ratio measures the company can pay its short-term obligations (within one year).

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

- **Quick Ratio:** Quick ratio is also known as the acid test ratio. It measures a business's ability to pay its short-term liabilities by having assets that are readily able to convert into cash.

$$\text{Quick Ratio} = \frac{\text{Cash} + \text{Marketbale Securities} + \text{Account Receivable}}{\text{Current Liabilities}}$$

Activity ratios(Indicator of efficiency): Activity ratios are financial metrics used to determine the company's efficiency by using and managing its resources to generate maximum possible revenue. The firm is ready to use its different operating assets present in its balance sheet and convert the identical into sales or cash. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006)

Categories of Activity Ratios

- Accounts receivable turnover ratio (ARTR): The accounts receivables turnover ratio, also called the debtor's ratio, that measures the efficiency of the business in utilizing its assets. It also represents how many times accounts receivable can be turned by a company into cash. (that measures the efficiency with which the business is utilizing its assets)

$$ARTR = \frac{\text{Net Annual Credit Sales}}{(\text{Beginning Acc. Receivable} + \text{Ending Acc. Receivable})/2}$$

- Assets turnover ratio: This ratio measures the company's efficiency with which a company utilizes its fixed assets to generate revenue and income. A higher ratio represents the firm is doing good which means it can generate more sales with a certain level of assets.

$$Total\ Asset\ Turnover = \frac{Sales}{Total\ Assets}$$

- Inventory turnover ratio: The inventory Turnover ratio gives information about how many times it takes for the conversion of inventory into sales during an accounting period. In general, a better inventory turnover is best because inventories are the smallest amount of liquid type of asset.

$$Inventory\ Turnover\ Ratio = \frac{Cost\ of\ Goods\ Sold}{Average\ Inventory}$$

- Inventory Turnover period: The inventory Turnover period indicates that the company needs to convert its inventory into sales many days.

$$\text{Inventory Turnover period} = \frac{365 * \text{Inventory}}{\text{Sales}}$$

- Working capital turnover ratio (WCTR): The working capital turnover ratio represents the firm's efficiency in utilizing its Working Capital. A high turnover ratio shows the management efficiency to using a company's short-term assets and liabilities for supporting sales. On the other hand, a low ratio may represent a business is investing in too many accounts receivable and inventory to support its sales which could lead on to an excessive amount of bad debts or obsolete inventory.

$$\text{WCTR} = \frac{\text{Sales}}{(\text{Current Assets} - \text{Current Liabilities})}$$

Profitability ratios ((indicators of profitability):

Profitability is a measure of how efficient a company performs the generation of a profit. Efficiency means how well a business utilizes assets or equity to generate revenue and profit. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006)

- Net Profit Margin: Defines the sales level after deduction of all expenses calculated as after-tax net income (net profits) divided by sales (revenue). Net Profit Margin is also called Return on Revenue.

$$\text{Net Profit Margin} = \frac{\text{Earning After Taxes}}{\text{Sales}}$$

- Gross Profit Margin: calculates the percentage by which gross profits exceed production costs. profit margin ml indicates the amount of revenue remaining in a given accounting period after a company pays for labor and materials, otherwise known as the cost of goods sold (COGS).

$$\text{Gross Margin} = \frac{\text{Revenue} - \text{COGS}}{\text{Revenue}}$$

- Return on equity: Return on Equity is one of the most popular used profitability ratios and profitability metrics. It shows how much net income a company earned in comparison to the total amount of shareholder equity.

$$ROE = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

- Return on Asset: Return on assets (ROA) is a financial ratio referred to as a relationship between net profit and assets. As this ratio uses all assets (including investments), ROA shows how efficient the company management is for using assets to create a profit. Return on Assets is calculated with the following formula:

$$\text{Return on Net Assets} = \frac{\text{Net Profit}}{\text{Fixed Assets} + \text{Net Working Capital}}$$

Leverage ratios (Debt ratio): leverage ratios are also called solvency ratios. They measure the company's ability to meet its long-term debt obligations, for example, debt payments. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006)

- Debt to equity ratio: Measures the company's management is willing to fund its operations with debt instead of equity.

$$D/E = \frac{\text{short Term Debt} + \text{Long Term Debt} + \text{Other Fixed Payment}}{\text{Shareholder's Equity}}$$

- Debt ratios: are also called financial leverage ratios. Debt ratios usually compare a company's total liabilities to its total assets.

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

- The fixed-charge coverage ratio is a measure of a company's ability to meet all its expenses using income before income taxes and interest.

$$\text{Fixed Charge Coverage Ratio} = \frac{(\text{EBIT} + \text{LEASE Payments})}{(\text{Interest Payments} + \text{Lease Payments})}$$

3.4.4 Benefits of Ratio Analysis

- It helps to compare the financial statements between two or more companies is one of the main advantages of financial ratio analysis.
- Accounting ratios reveal the financial position of the priority. They summarize the financial statement into comparative figures. It also helps different industries such as banks, insurance companies, and other financial institutions to make investment decisions.
- Accounting ratios simplify, summarise and systematize the accounting figures to create them more understandable. They uphold the inter-relationship which exists between various segments of the business as expressed by accounting statements.
- Once the management has the ratios in front of them, It helps forecast future business activities. As a result, management can get an idea for plan planning.
- Through accounting, ratios comparison will be made between one department of a firm with another of the identical firm to gauge the performance of varied departments within the firm. The manager is, of course, inquisitive about such comparison to understand the right and smooth functioning of such departments. Ratios also help him to create any change within the organization structure.
- Ratio Analysis indicates the company's profitability and its ability to fulfill the short-term and long-term obligations to its investors, creditors, etc.

3.4.5 Limitations of Ratio Analysis

Ratio analysis has some certain limitations as it only considers quantitative aspects and ignores the qualitative aspects. It involves only comparing information taken from the financial statements to understand the results of the financial position and cash flows of a business. (Steven Bragg 2020)

Below are some limitations of ratio analysis :

- Financial ratio analysis is a useful tool when it compares data between two companies from the same industries, but some of the companies have a different kind of business, and their financial statements provide a combined view of the company.
- Ratio analysis only explains relationships between the companies' past information while users are more interested in the current and future information.
- The methodology of different ratios calculation is not standardized. Like as For calculating the Current Ratio, some firms take into consideration all current liabilities, but other firms ignore bank overdrafts from current liabilities during the calculating current ratio.
- Companies are now using different kinds of financial reporting frameworks, which allow other accounting policies for identical transactions. In this problem, all the company needs to adjust one company's financial statements. If one company wants to prepare its financial statements under IFRS and another prepares US GAAP, they must convert the IFRS financial statements to US GAAP financial statements.
- Ratios are tools of quantitative analysis and completely ignore the qualitative aspects of the firm. Monetary aspects are there are the only primary consideration.
- Ratio Analysis doesn't incorporate the price level changes due to inflation. Because many ratios are calculated using historical costs, they ignore the price level changes between the periods. This is not the actual financial situation.
- Ratio Analysis does not incorporate the impact of the market conditions on business performance. For example, a rise within the Company's Outstanding Debt Receivables during an economic boom cycle when sales increase will be considered harmful compared to a recessionary period.

3.5 SWOT analysis

A SWOT Analysis is one of the most commonly used tools to identify the financial Strengths, Weaknesses, Opportunities, and Threats of a business. It represents the strategic planning process of developing company's to assess the internal and external environments such as business planning, strategic planning, competitor evolution, marketing development, etc. SWOT analysis also helps determine the objective and set achievable goals for the organization and subsequent steps. (Ronald Q., Shuang Lu, Chien-Chung H.(2012) SWOT Analysis: Raising Capacity of Your Organization)

- Strength – characteristics of a business that give an advantage over its competitor.
- Weakness – characteristics of a business that make a disadvantage relative to its competitors.
- Opportunity – elements of a company's internal and external environment that allow formulating and implementing the strategy of the company's improvement.
- Threats – internal and external that could jeopardize the entity's success.

Internal factors:

A firm's internal analysis is important to identify its strengths and weaknesses, which can be gotten from the firm itself. (Abd Ghani, Kay Dora, et al. "Critical internal and external factors that affect firms strategic planning." International Research Journal of Finance and Economics 51 (2010): 50-58.)

some common characteristics of internal and external factors considered as the (Steffani Cameron, August 2019) :

- Human resources: means any person or employees who affect the outcome of any business decision. Workforce can be considered as a strength if it is productive. If not, it is a weakness.

- Physical resources: represent all the property and assets, including computers, vehicles, locations, facilities, and equipment. When it is working the proper way, it is a strength, but if there are repairs or other inefficiencies, it is a weakness.
- Financial resources: It can be defined as savings, debts, investments, capital, liability, or revenue. Debts or liability are weaknesses; on the contrary, government grants are strengths.
- processes: employee programs, department hierarchies, and software systems
- On the other hand, external factors consider as to where the company has less control. For example (Steffani Cameron, August 2019) :
- Regulatory factors: Climate change, environmental, economic, and political reasons, and they can all be threats or opportunities.
- Demographics: people and their age, class, culture, habits, and geography can influence a business.
- Economic trends: macro and micro-financial trends
- Market shifts: New products, Emerging technologies, new competitors, market demands are all considered market-related trends.
- Critical relationships: Relationships with third parties or customers.

4 Practical Part

The author has explained financial analysis in the previous chapter, which is described in the literature review. The practical part contains the calculation based on the theoretical part because this is the main part of the diploma thesis. It will include the company's analyses with the use of such analysis as SWOT analysis, Ratio analysis, and financial analysis of the company. The author has divided the practical part into three categories. The first part will be explained the characteristics and analysis of the company. The sector in which the company operates is briefly described in the 2nd chapter. The third part, which considers the main part, contains financial indicators, which were characterized in the theoretical part. Eventually, at the end author will explain an overall evaluation of the results and the possible recommendations and proposals for the company's future development and that might improve the company's performance. The Overall analyses will be calculated from the use of main types of financial statements and other sources based on theoretical chapter such as:

- The statement of income.
- The balance sheet statement.
- The cash flow statement.

4.1 Introduction of the Chosen Company

4.1.1 Introduction of square pharmaceuticals limited

SQUARE Pharmaceuticals Limited is one of the largest pharmaceutical companies in Bangladesh. It was established in 1958, and in 1991 it's converted into a public limited company after that it's listed with stock exchanges in 1995. The turnover of Square Pharma was Bangladeshi currency (Taka) 50.87 Billion and USD 609.18 million, with about 16.95% market share having a growth rate of about 10.85% (July 2018– June 2019). SQUARE Pharmaceuticals Limited has extended its business towards the highway of the global market. It started exports of medicines from Bangladesh in 1987 and has been exporting antibiotics and other pharmaceutical products worldwide. Now they are exporting to 42 countries as well as they have a good position in the Bangladeshi market.

4.1.1.1 History of the company square pharmaceuticals limited

Square Pharmaceuticals Ltd. Is a very renowned company in Bangladesh. It's a flagship company within the pharmaceuticals industry that has reached this mountain of success by fighting many potential competitors like Baximco, Incepta, ACME, RENATA, etc.

It is initially started as a partnership in 1964 and converted into a public Ltd. in 1991. It was an initial public offering in the Dhaka stock market and the Chittagong stock market in 1995. Its mission is to produce quality products and provide innovative healthcare for people, maintain stringently ethical standards in business operation, and ensure benefit to the shareholders, stakeholders, and society.

Table 4Table 5Characteristics of the company Square pharmaceuticals

Corporate Headquarters:	SQUARE Centre,48, Mohakhali C/A Dhaka 1212, Bangladesh
Operational Headquarters:	SQUARE Centre,48, Mohakhali C/A Dhaka 1212, Bangladesh
Factory:	Kaliakoir, Gazipur, Bangladesh.
Year of Establishment:	1964
Commercial Production:	1964
Status:	Public Limited Company
Business Lines:	Production and marketing of pharmaceutical products Finished products and active drugs Material (API)
Authorized Capital in dollar: (According to annual report 2012)	1.7 billion
Stock Exchange Listing:	Dhaka, Chittagong.
Number of Employees:	7,390
Overseas Offices & Associates:	UK, USA, Pakistan, Myanmar, Singapore, Kenya, Yemen, Nepal.

Export Markets:	Afghanistan, Azerbaijan, Bhutan, Cambodia, Georgia, Hong Kong, Iraq, Laos, Macau, Malaysia, Maldives, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Tajikistan, Vietnam, Yemen, etc.
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Source: own processing based on the Annual reports of Square pharmaceuticals.

4.1.2 Introduction of Beximco pharmaceuticals

Beximco Pharmaceuticals Ltd (BPL), also known as Beximco Pharma, is another leading manufacturer and exporter of Pharmaceuticals in Bangladesh. The company is the largest exporter of pharmaceuticals in the country. Its state-of-the-art manufacturing facilities are Beximco Pharmaceuticals by global regulatory bodies of Australia, the European Union, Gulf nations, Brazil, among others. Now this company targetting to expand their business in the world wide very strongly.

Beximco pharmaceuticals now produce more than 500 products in different dosages, including antibiotics, antihypertensives, antidiabetics, antiretrovirals, anti-asthma inhalers, etc others. (Beximco pharmaceuticals, 2019)

4.1.2.1 History of the company Beximco pharmaceuticals

Beximco Pharma was founded in 1976, and 1980 began its business as a distributor, importing products from global MNCs like Bayer, Germany, and Upjohn, USA and selling them in the local market. Still, the main time, they got a license to the manufactured product in Bangladesh. But now Beximco Pharma is one of the largest exporters of medicines products in Bangladesh. Over the last three decades, Beximco Pharma has grown from strength to strength, but the easy principle on which it was founded remains the same: producing high-quality generics and making them affordable. (Beximco pharmaceuticals, 2019).

Table 5 Characteristics of the company Beximco pharmaceuticals

Corporate Headquarters:	17 Dhanmondi R/A, Road No. 2 Dhaka 1205, Bangladesh.
Operational Headquarters:	19 Dhanmondi R/A, Road No. 7 Dhaka 1205, Bangladesh.

Factory:	126 Kathaldia, Tongi, Gazipur
Year of Establishment:	1976
Commercial Production:	1980
Status:	Public Limited Company
Business Lines:	Production and marketing of pharmaceutical products Finished products and active drugs Material (API)
Authorized Capital in Taka: (According to annual report 2012)	9,100 million
Paid-up Capital in Taka: (According to annual report 2012)	2,517 million
Net Turnover in Taka: (According to annual report 2012)	1,198 million
Stock Exchange Listing:	Dhaka, Chittagong.
Number of Employees:	2,700
Overseas Offices & Associates:	UK, USA, Pakistan, Myanmar, Singapore, Kenya, Yemen, Nepal, Czech Republic.
Export Markets:	Bhutan, Cambodia, Germany, Hong Kong, Iran, Iraq, Malaysia, Russia, South Korea, Srilanka, Thailand, Ukraine, Vietnam, etc.

Source: own processing based on the Annual reports of Beximco pharmaceuticals.

4.2 Absolute Indicators

4.2.1 Horizontal analysis of the Beximco pharmaceuticals Balance Sheet

Following table 6 below provides with results of the horizontal analysis applied to assets and liabilities in the years 2017-2020 – as the source of the company's financial position. All data are in absolute values. The author compares annual changes of reported values from the statement of financial position.

Table 6Horizontal analysis of the Beximco pharmaceuticals Balance Sheet.

	2017 Amount in %	2018 Amount in %	2019 Amount in %	2020 Amount in %
Property, Plant and Equipment	100.00%	24.73%	38.33%	43.02%
Intangible Assets	100.00%	176.63%	188.34%	188.34%
Goodwill	-	100.00%	0.00%	0.00%
Investment in Subsidiary & Shares	100.00%	104.18%	-70.19%	-79.02%
Other Non-current Assets	-	100.00%	3.63%	-55.96%
Non current assets	100.00%	29.82%	44.07%	48.56%
Inventories	100.00%	45.87%	70.82%	71.41%
Accounts Receivable	100.00%	27.41%	53.87%	52.51%
Loans and Deposits	100.00%	23.36%	36.04%	40.68%
Short Term Investment	100.00%	-61.72%	-63.53%	-
Cash and Cash Equivalents	100.00%	43.16%	121.98%	130.89%
Current assets	100.00%	24.24%	45.27%	42.91%
Total assets	100.00%	28.33%	44.39%	47.04%
Shareholders' Equity	100.00%	8.01%	18.01%	29.61%
Non-Controlling Interest	-	100.00%	2.27%	12.03%
Total equity	100.00%	9.09%	19.11%	30.81%
Long Term Borrowings	100.00%	52.41%	-1.53%	-37.34%
Liability for Welfare Funds	100.00%	18.54%	66.58%	91.93%
Deferred Tax Liability	100.00%	9.42%	15.91%	17.00%
Non-current liabilities	100.00%	31.45%	17.81%	6.38%
Short Term Borrowings	100.00%	351.77%	647.93%	496.76%
Creditors and Other Payables	100.00%	26.52%	39.29%	86.62%
Accrued Expenses	100.00%	70.55%	140.58%	201.38%
Dividend Payable	100.00%	1248.50%	1948.38%	4737.31%
Income Tax Payable	100.00%	2.97%	-60.25%	-32.08%
Total Current Liabilities	100.00%	164.77%	274.21%	233.47%
Total equity and liabilities	100.00%	28.33%	44.39%	47.04%

Source: own processing based on the Annual reports of Beximco pharmaceuticals.

Total assets increased in 2017, 2018, 2019, and 2020. The change in Total asset condition is positively high in 2020 and lowest in the year 2017. there was an increasing trend of a fixed asset as well from 2017 to 2020. Fixed assets represent changes of new purchases and discards mostly. Other items of intangible fixed assets do not notice any important change. On the contrary, tangible fixed assets (other valuable rights) increased a lot in 2020. The numbers in the table above show that the item of Short Term Investment was

missing in 2020. A significant decrease of Non-Current Liabilities is noted in 2020 compared with 2019 because the company decreases the Long Term Borrowings. The biggest change of Non-Current Liabilities was in 2019, and it was the highest from 2017 to 2020. In 2020, the Total Current Liabilities 2020 represented a significant drop with a comparison of the year 2019. Cash and bank accounts increased significantly by about 635.02 million BDT in 2020(2017; 275.03 million BDT). Shareholders' Equity also increased with the time if we saw in the table in 2017 and 2018 it was 25072.43 million BDT and 27351.84 million BDT, and in 2020 it was 32495.12 million BDT approximately.

4.2.2 Horizontal Analysis Beximco pharmaceuticals of the Income Statement

Table 7 below shows the changes in the company's income statement in the time duration 2017-2020. It will be helpful to understand the income patterns and sources of it. Expenses can also be analyzed from the horizontal analysis.

Table 7Horizontal analysis of the Beximco pharmaceuticals income statement

	2017 Amount in %	2018 Amount in %	2019 Amount in %	2020 Amount in %
Revenue	100%	12.07%	47.12%	65.14%
Cost Of Goods Sold	100%	11.19%	46.52%	64.74%
Gross Profit	100%	270.73%	47.82%	65.61%
Administrative Expenses	100%	13.93%	44.13%	51.79%
Selling, Marketing and Distribution Expenses	100%	10.40%	49.37%	71.01%
Profit from Operations	100%	15.47%	46.92%	62.68%
Other Income	100%	-55.15%	-3.41%	102.66%
Finance Cost	100%	-8.06%	84.88%	82.01%
Profit Before Contribution to WPPF & Welfare Funds	100%	16.42%	36.59%	61.04%
Contribution to WPPF & Welfare Funds	100%	16.42%	38.99%	63.11%
Profit Before Tax	100%	16.42%	36.47%	60.94%
Current Tax	100%	33.55%	35.77%	83.56%
Deferred Tax Income/ (Expense)	100%	-77.18%	39.97%	-69.39%
Profit after Tax for the Year	100%	14.92%	36.54%	59.18%
Other Comprehensive Income - Unrealized Gain/(Loss)	100%	-81.33%	171.82%	161.17%
Total Comprehensive Income for the Year	100%	14.81%	36.30%	58.93%
Earnings Per Share (EPS)	100%	14.94%	36.25%	57.92%

Source: own processing based on the Annual reports of Beximco pharmaceuticals.

Regarding the profit and loss position of the firm, BPL is consistent in its performance. There is an increasing trend in all categories of profit-gross, operating and net. According to this table, shows Company's revenue for 2018 showed an amount of 17380.73 million BDT (2017; 15508.78 million BDT), and in 2020 it was 25611.95 million BDT(2019; 22816.63 million BDT) respectively. Changes in the values represent the trend in the revenues that were increasing from 2017 to 2020 by 23.54% based on the year 2017. The reason is the company's new products to fight Covid-19, increased exports, and the extended production capacity over the last two years, said by Company Secretary Mohammad Asad Ullah. After grabbing headlines globally in May for being the first company to market remdesivir, the antiviral drug that has shown promise in treating COVID-19 patients, the local pharmaceutical company in August announced a tie-up with Indian Serum Institute to be the "exclusive distributor" of Oxford's Covid-19 vaccine in Bangladesh. This comes after the local pharma giant reported a 16.6 % higher profit of Tk 354.4 crore for the financial year that ended on June 30. Comparing the accounting period from 2017 to 2020, the profit increased by 4714.22 million BDT, which is a very positive fact because Beximco launched 20 new products in 2020, including four products for the domestic market from its subsidiary Nuvista Pharma, which it acquired in April 2018. In 200 A total of 5496.65 million BDT(2017; 3214.28 million BDT) in selling, Marketing, and Distribution expenses, and 792.95(2017; 522.40 million BDT) million BDT in general and administrative expenses, were subtracted from that profit, leaving an operating income of 5609.49 million BDT(2017; 3448.21 million BDT). If we see in the table, company Expenses is increasing every year because business is growing, which ultimately produces the profit year by year, which is called Profit from Operations. On the other hand, in 2020 company made 3542.91 million BDT profits. On the contrary, in 2017, it was 2229.27 million BDT. To this, In 2020, additional gains were added, and losses were subtracted, including 1108.95 million BDT in income tax and Current Tax. In the years of 2016 and 2017, the Other Comprehensive Income - Unrealized Gain/(Loss) was positive, but in 2018 and 2019, the Other Comprehensive Income - Unrealized Gain/(Loss) was negative. The result is that the company saw a net income of 3542.91 Million BDT for the year 2020. Beximco pharmaceutical's earnings per share in 2017 about 4.59, and in 2020 it was 8.67 BDT which means Earnings per share rose by 57.92% from 2017 to 2020.

4.2.3 Vertical analysis of Beximco Pharmaceuticals

Mentioned below, Table 8 shows a vertical analysis of Beximco Pharmaceuticals' balance sheet for the period of 2017-2020.

Table 8 Vertical analysis of the Beximco pharmaceuticals Balance Sheet.

	2017 amount in %	2018 amount in %	2019 amount in %	2020 amount in %
Property, Plant and Equipment	71.80%	69.79%	68.79%	69.84%
Intangible Assets	1.36%	2.93%	2.71%	2.66%
Goodwill	0.00%	1.25%	1.11%	1.09%
Investment in Subsidiary & Shares	0.05%	0.08%	0.01%	0.01%
Other Non-current Assets	0.00%	0.01%	0.01%	0.01%
Non current assets	73.21%	74.06%	73.05%	73.96%
Inventories	10.18%	11.57%	12.04%	11.86%
Accounts Receivable	6.36%	6.31%	6.78%	6.60%
Loans and Deposits	4.98%	4.79%	4.69%	4.77%
Short Term Investment	2.60%	0.78%	0.66%	0.00%
Cash and Cash Equivalents	0.81%	0.90%	1.24%	1.27%
Current assets	26.79%	25.94%	26.95%	26.04%
Total assets	100.00%	100.00%	100.00%	100.00%
Shareholders' Equity	73.56%	61.92%	60.12%	64.84%
Non-Controlling Interest	0.00%	0.62%	0.56%	0.60%
Total equity	73.56%	62.53%	60.68%	65.44%
Long Term Borrowings	7.73%	9.19%	5.27%	3.30%
Liability for Welfare Funds	3.28%	3.03%	3.78%	4.28%
Deferred Tax Liability	5.44%	4.63%	4.36%	4.33%
Non-current liabilities	16.45%	16.85%	13.42%	11.90%
Short Term Borrowings	3.64%	12.81%	18.84%	14.76%
Creditors and Other Payables	2.30%	2.27%	2.22%	2.92%
Accrued Expenses	0.72%	0.96%	1.20%	1.48%
Dividend Payable	0.00%	0.01%	0.01%	0.03%
Income Tax Payable	1.23%	0.99%	0.34%	0.57%
Total Current Liabilities	9.99%	20.62%	25.90%	22.66%
Total equity and liabilities	100.00%	100.00%	100.00%	100.00%

Source: own processing based on the Annual reports of Beximco pharmaceuticals.

Vertical analysis of assets provides the relative proportion of detailed items in the balance sheet. Data from table 1 describes that the Non-current Assets to Total Assets ratios were between 73.05 % and 74.06 % over the last four years, but there was a fluctuating trend from 2017 to 2020, and in 2019, it was lowest. On the contrary, The vertical analysis of Current Assets shows that in 2018, the company decreased its Current Assets to Total Assets ratios. In 2017, the ratio was 26.79 %, and in 2018 it was decreased by 0.85%. On the other hand, the company total equity decreased by 11.03 % and 12.88% in 2018 and 2019, and in 2020 the percentage was 65.44%. The Non-current liability to Total Equity and liability ratio in 2017 and 2018 was 16.45% and 16.85%, but in 2019, it fell to 3.03%. In the following three years, the Shareholder's Equity ratio remained almost constant except in 2017. Even the Current Liabilities to Total Equity and Liability ratio has been almost consistent in 2018-2020 except for 2017, The ratio has been between 20.62%-25.90% in the three years, and in 2017 it was 9.99%.

4.2.4 Horizontal analysis of the Square pharmaceuticals Balance Sheet 2017-20

The following table 9 provides the horizontal analysis results that was applied on the balance sheet in the years 20017-2020. All data are in absolute values.

Table 9Horizontal analysis of the Square pharmaceuticals Balance Sheet.

	2017 Amount in %	2018 Amount in %	2019 Amount in %	2020 Amount in %
Property, Plant and Equipment	100.00%	6.32%	7.92%	8.02%
Investment - Long Term	100.00%	22.47%	28.40%	35.19%
Total non-Current Assets	100.00%	11.84%	14.92%	17.31%
Inventories	100.00%	18.82%	23.20%	52.44%
Trade Debtors	100.00%	-26.70%	-29.14%	-31.02%
Advances,Deposits and Prepayments	100.00%	57.19%	59.36%	88.01%
Short Term Loan	100.00%	14544.78%	13633.43%	22738.64%
Cash and Cash Equivalents	100.00%	7.68%	71.25%	106.51%
Total Current Assets	100.00%	22.72%	65.74%	104.46%
TOTAL ASSETS	100.00%	16.64%	37.34%	55.76%
Share Capital	100.00%	7.50%	15.02%	23.08%
Share Premium	100.00%	0.00%	0.00%	0.00%
General Reserve	100.00%	0.00%	0.00%	0.00%

Tax Exemption Reserve	100.00%	128.68%	159.44%	159.44%
Gain on Marketable Securities	100.00%	-67.77%	-75.60%	-175.87%
Retained Earnings	100.00%	19.65%	43.85%	68.44%
Non Controlling Interest	100.00%	96.47%	-100.00%	-100.00%
Shareholders' Equity:	100.00%	17.93%	38.45%	57.68%
Deferred Tax Liability	100.00%	9.02%	14.62%	12.71%
Non-Current Liabilities:	100.00%	9.02%	14.62%	12.71%
Trade Creditors	100.00%	-37.83%	-15.04%	-34.38%
Liabilities for Expenses	100.00%	225.15%	769.99%	367.78%
Liabilities for Other Finance	100.00%	6.45%	35.19%	71.74%
Current Liabilities	100.00%	-6.82%	37.27%	25.82%
TOTAL EQUITY AND LIABILITIES	100.00%	16.64%	37.34%	55.76%

Source: own processing based on the Annual reports of Square pharmaceuticals.

By horizontal analysis of changes in assets, liabilities, and share holders' equity since the base period 2017, we observed that in the asset section, current assets of Square Pharmaceuticals Ltd. increased 22.27 % in 2018 to 65.74 % in 2019 and 104.46 % in 2020. In the liability section, compared with 2017, Current liabilities decreased by 6.82 % in 2018; after that, they increased by 37.27 % in 2019, and in 2020 it increased by 25.76 %, respectively. The numbers in the table above show that the item of the noncontrolling interest was missing in 2019 and 2020. The shareholder equity does not show any significant decrease, it is increasing over time, and in 2020 its reached almost 77305.84 million BDT. There is not any fluctuation in total liabilities. It was increasing year by year, and the lowest was in 2017 highest was in 2020, and the highest was in 2020, which indicates total liabilities increased by 55.76%, according to the data from 2017 to 2020.

4.2.5 Horizontal analysis of Square pharmaceuticals Income Statement, 2017-20

Table 10 below shows the changes in the company's income statement in the time duration 2017-2020.

Table 10Horizontal analysis of the Square pharmaceuticals income statement

	2017 Amount in %	2018 Amount in %	2019 Amount in %	2020 Amount in %
GROSS REVENUE	100.00%	8.52%	20.30%	25.17%
Less: Value Added Tax	100.00%	8.56%	19.01%	22.79%
NET REVENUE	100.00%	8.51%	20.50%	25.54%

Cost of Goods Sold	100.00%	9.93%	20.88%	23.32%
GROSS PROFIT	100.00%	7.09%	20.11%	27.76%
Selling & Distribution Expenses	100.00%	13.73%	30.59%	46.00%
Administrative Expenses	100.00%	12.71%	30.68%	34.01%
Finance Cost	100.00%	-39.37%	-45.13%	-30.64%
PROFIT FROM OPERATIONS	100.00%	3.94%	15.02%	19.80%
Other Income	100.00%	61.68%	111.27%	185.89%
PROFIT BEFORE WPPF	100.00%	8.66%	22.88%	33.36%
Allocation for WPPF	100.00%	8.43%	22.48%	32.89%
PROFIT BEFORE TAX	100.00%	8.67%	22.90%	33.39%
Income Tax Expenses-Current	100.00%	10.38%	31.46%	44.14%
Income Tax Expenses-Deferred	100.00%	36.35%	-15.42%	128.90%
PROFIT AFTER TAX	100.00%	7.94%	20.59%	31.37%
Profit/(Loss) from Associate Undertakings	100.00%	20.10%	0.33%	-36.87%
PROFIT AFTER TAX	100.00%	9.00%	18.83%	25.42%
Gain/(Loss) on Marketable Securities	100.00%	-	-	-
Non Controlling Interest	100.00%	15.61%	-36.87%	100.00%
Total Comprehensive Income for the Year	100.00%	2.04%	14.82%	16.05%
Earnings Per Share (EPS)	100.00%	8.94%	3.81%	9.63%

Source: own processing based on the Annual reports of Square pharmaceuticals.

The table shows the changes in the company's income statement in the time duration 2017-2020. According to this table, shows Company's revenue for 2018 was showing an amount of 45886.96 million BDT (2017; 42284.68 million BDT), and in 2020 it was 52926.22 million BDT(2019; 50866.87 million BDT) respectively. Changes in the values represent the trend in the revenues that were increasing from 2017 to 2020 by 8.52%, 20.30%, and 25.17% based on the year 2017 it happened because of the novel coronavirus spread around the world during the January-March period in 2020. The fear that everything might be closed because of it led people to buy medicines for use in emergencies. On the other hand, in 2018 Government of Bangladesh has declared 10% cash incentives for the export of pharmaceutical products. Approximately 4% of company revenue is generated from exporting pharma products. Current export coverage to 42 countries and submitted several ANDAs to USFDA for approval. Square Pharma has the highest Operating Profit margin, the Net profit margin in the Pharma Industry of Bangladesh. The Company's Standalone profit from operations was BDT 12296.06 million BDT for the year 2017 compared to BDT 14730.42 million BDT for the year 2020, which is increased by 19.80 %. Net Profit

after tax was 9719.18 in 2017, which is after increases by 7.94% in 2018, 20.59% in 2019, and in 2020 it was increased by 31.37% compared to. In 2020 the Cost of Goods Sold increased by 23.32 % over the year 2017 due to an increase in the procurement cost of raw materials and packing materials. However, the Company earned a total comprehensive income of BDT 10977.57 million BDT during the year 2017, and in 2020, it was 12739.06 million BDT which is increased by 16.05%. On The other hand, data is missing for Cumulative Translation Adjustment in 2017 and 2018. Also, in 2020 data is missing for non-controlling interest. Earning per share (EPS) stood at BDT 14.43 in 2017, and it's increased by 8.49%, 14.82%, and 14.98 % during the year 2018, 2019, 9.63% in 2020 compared with 2017. On the other hand, earnings per share were decreased in 2019 compared with 2018 because of the issued bonus share.

4.2.6 Vertical Analysis of Square Pharmaceuticals Balance Sheet :

The following table 11 below shows a vertical analysis of the Balance Sheet. Items were taken are Non-Current assets and Current assets in proportion to total assets. On the other hand, Shareholders' Equity, Non-current Liabilities, and Current Liabilities and Provisions are taken according to Total Equity and Liabilities.

Table 11 Vertical analysis of the Square pharmaceuticals Balance Sheet.

	2017 amount in %	2018 amount in %	2019 amount in %	2020 amount in %
Property, Plant and Equipment	36.79%	33.53%	28.91%	25.51%
Investment - Long Term	19.10%	20.05%	17.85%	16.58%
Total non-Current Assets	55.88%	53.58%	46.76%	42.09%
Inventories	7.10%	7.23%	6.37%	6.95%
Trade Debtors	4.20%	2.64%	2.16%	1.86%
Advances, Deposits	2.76%	3.72%	3.20%	3.33%
Short Term Loan	0.04%	5.11%	4.07%	5.97%
Cash and Cash Equivalents	30.02%	27.71%	37.43%	39.80%
Total Current Assets	44.12%	46.42%	53.24%	57.91%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%
Share Capital	13.06%	12.03%	10.94%	10.32%
Share Premium	3.87%	3.32%	2.82%	2.49%
General Reserve	0.20%	0.17%	0.15%	0.13%
Tax Exemption Reserve	1.62%	3.18%	3.07%	2.70%
Gain on Marketable Securities	1.14%	0.31%	0.20%	-0.55%

Retained Earnings	73.44%	75.33%	76.92%	79.42%
Non Controlling Interest	0.02%	0.04%	0.00%	0.00%
Shareholders' Equity:	93.33%	94.36%	94.09%	94.48%
Deferred Tax Liability	2.15%	2.01%	1.79%	1.56%
Non-Current Liabilities:	2.15%	2.01%	1.79%	1.56%
Trade Creditors	1.61%	0.86%	0.99%	0.68%
Liabilities for Expenses	0.05%	0.15%	0.33%	0.16%
Liabilities for Other Finance	2.84%	2.59%	2.79%	3.13%
Current Liabilities	4.50%	3.59%	4.49%	3.63%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	100.00%	100.00%	100.00%	100.00%

Source: own processing based on the Annual reports of Square pharmaceuticals.

The Non-current Assets to Total Assets ratios were between 42.09 %-55.88 % over the last four years, but there was a decreasing trend from 2017 to 2020, and in 2020 it was the lowest. On the contrary, The vertical analysis of Current Assets shows that between 2017 and 2020, the company increased its Current Assets to Total Assets ratios. In 2017, the ratio was 44.12 %. In 2020 the ratio increased by 13.39 % and became 57.91 %. This means the company tied its current assets to Non-current assets. This strategy used its idle assets into revenue-generating assets. The company increased its Shareholders' Equity ratio by 1.15 % in 2020. In 2017, the ratio was 93.33 %, and after three, the ratio raised to 94.48 %. In 2020, the company issued stocks, which were sold at a huge premium. This is the reason behind the sharp increase in the shareholder's equity ratio. In the following 3 years, the Shareholder's Equity ratio remained constant. The Current Liabilities to Total Equity and Liability ratio has been almost consistent in 2017-2020. The ratio has been between 4.50%-3.63% in the four years. In 2020, the current liability ratio increased to 3.63%.

4.3 The proportion of ratio analysis

Proportion ratios are one of the main tools in terms of the financial analysis of a company. It provides a clear vision of the firms' financial strengths and, at some point, weak points. Below you will find the separately calculated proportion ratios grouped into various

indicators, such as an indicator of liquidity, an indicator of activity, an indicator of profitability.

4.3.1 Indicators of liquidity

Liquidity ratio is the ratio that is used to meet its short-term obligations (liquidity), liability, or debt. It is important for the company to keep a fair level of liquidity which a company can be expected to pay creditors (or suppliers, via accounts payable) and to do so per agreed terms. Three commonly used liquidity ratios are the Current Ratio, Cash Ratio, and Quick Ratio.

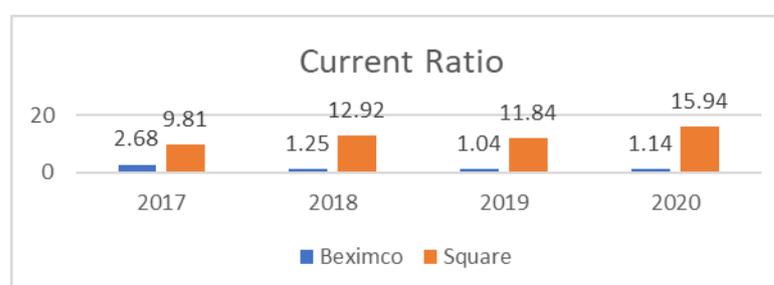
- **Current Ratio**

Following table 12 demonstrates the results of the current ratio. The current measurement is calculated by dividing the current assets by the current liabilities. If a company's assets double its current defenses, then the company is generally considered short-term energy. If the current liabilities exceed the current assets, then the company may have trouble fulfilling its short-term responsibilities.

Table 12 Results of calculation the current ratio for the period of 2017 to 2020

Current Ratio				
Company	2017	2018	2019	2020
Beximco	2.68	1.25	1.04	1.14
Square	9.81	12.92	11.84	15.94

Figure 4 Comparison of current ratios



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

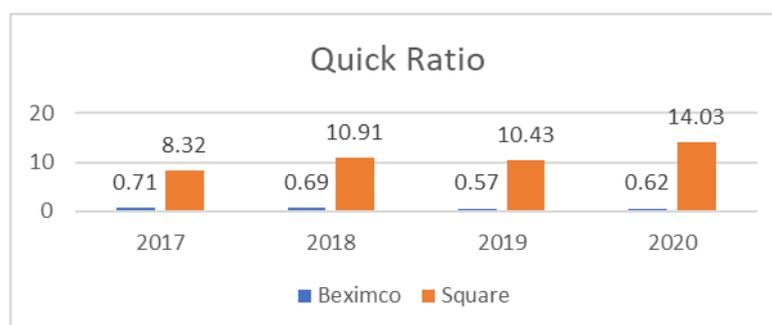
Analysis: From this graph, we can assume that Beximco pharma's current ratio was highest than in 2017; after that, it was decreased slowly, and in 2020 it was 1.14. On the other hand, the current ratio is 2017-2020 of Square is 9.81, 12.92, 11.84, 15.94 is continuously going up. This indicates that Square has more ability to pay off its current liabilities than Baximco. From the comparison, we can say that Square Pharma is doing well in these previous consecutive years.

Quick Ratio: Following table 19 provides the result of the quick ratio. A quick ratio is a tool for the measurement of the company's performance and ability to meet its responsibilities. Rapid symbols, commonly known as acid-base liquids, are obtained by calculating the composition of available resources and subsequently dividing by current function. The quick ratio also measures the company's immediate liquidity without relying on inventory. Inventories are the least liquid of a firm's current asset.

Table 13 Results of the calculation of the quick ratio for the period of 2017 to 2020

Quick Ratio				
Company	2017	2018	2019	2020
Beximco	0.71	0.69	0.57	0.62
Square	8.32	10.91	10.43	14.03

Figure 5 Comparison of quick ratios



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

Source: Own calculation based on financial statements, 2020

Analysis:

From the above graph, we can see that the quick ratio in 2017 and 2018 of Square Pharma is more than Baximco, and the same result has been seen in 2019 and 2020. This indicates that Square has more efficiencies than Baximco. The Square is doing well than its competitors.

4.3.2 Indicator of efficiency

Activity ratios are financial metrics which is used to determine the efficiency of the company is using and managing its resources to generate maximum possible revenue, where the firm is ready to use its different operating assets that are present in its balance sheet and convert the identical into sales or cash.

Categories of Activity Ratios :

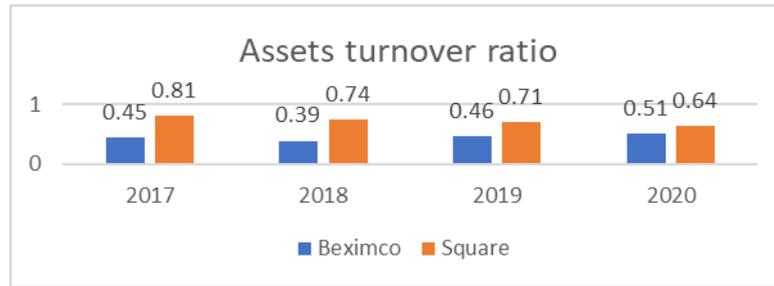
- Assets turnover ratio :

Table 14 shows calculated values of assets turnover ratio. The investment portfolio is a measure of financial performance that measures a company's performance using its assets in generating revenue or sales revenue: higher the ratio, higher efficiency of the firm.

Table 14 Results of calculation the assets turnover ratio for the period of 2017 to 2020

Assets turnover ratio				
Company	2017	2018	2019	2020
Beximco	0.45	0.39	0.46	0.51
Square	0.81	0.74	0.71	0.64

Figure 6 Comparison of assets turnover ratios



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

Analysis: From the graphical presentation, we can see the trend that Beximco pharma is maintaining a poor asset turnover ratio. Through the Square, pharma asset turnover ratio is almost the same from 2018 to 2020, and it was highest in 2017. Baximco pharma's rate signifies their lack of asset management. They are not in a good position in case of generating revenue against of asset.

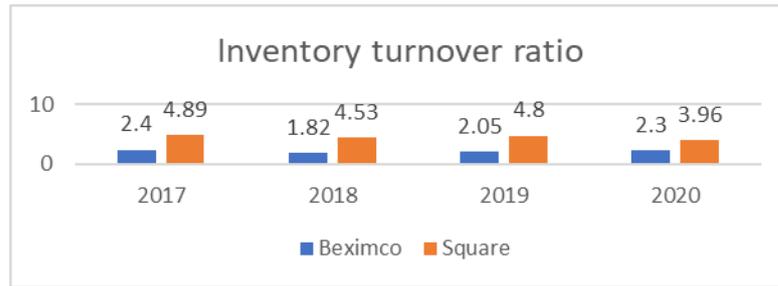
- Inventory turnover ratio :

Table 15 shows the inventory turnover ratio. The ease of application of companies can be determined by this percentage. His comparison shows how many times it takes to change the product of sales of a model. The result of the success of the company's products.

Table 15 Results of calculation the inventory turnover ratio for the period of 2017 to 2020

Inventory turnover ratio				
Company	2017	2018	2019	2020
Beximco	2.4	1.82	2.05	2.3
Square	4.89	4.53	4.8	3.96

Figure 7 Comparison of current ratio inventory turnover ratios



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

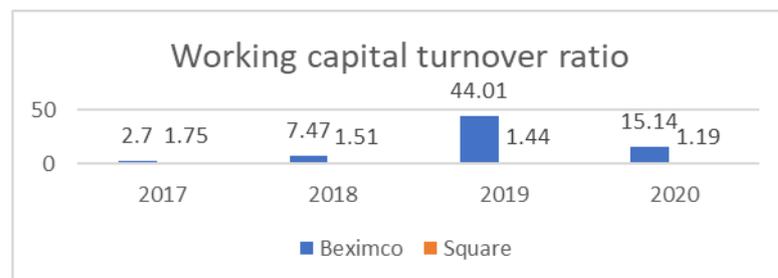
Analysis: The graphical presentation shows the company’s inventory turnover ratio, which represents that Square pharma is high in comparison to Beximco pharma. It shows the company’s efficiency in turning its inventory into sales. A low turnover rate indicates poor liquidity. Beximco pharma's performance is not good in comparison to Square pharma.

- Working capital turnover ratio (WCTR): The working capital turnover ratio represents the efficiency of the firm in utilizing its Working Capital. A high turnover ratio shows the management efficiency of using a company’s short-term assets and liabilities for supporting sales. on the other hand, a low ratio may represent a business is investing in too many accounts receivable and inventory to support its sales which could lead to an excessive amount of bad debts or obsolete inventory.

Table 16 Results of calculation the working capital ratio for the period of 2017 to 2020

Working capital turnover ratio				
Company	2017	2018	2019	2020
Beximco	2.7	7.47	44.01	15.14
Square	1.75	1.51	1.44	1.19

Figure 8 Comparison of working capital turnover ratios



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

Figure 8 shows a graphical presentation. From the graphical presentation, Beximco Pharma is very efficient in utilizing its working capital compared with Square Pharma. Square Pharma needs to concentrate on utilizing its working capital for a better outcome. In 2019, Beximco was in the highest position; on the contrary, Square Pharma almost the same position as utilizing its working capital.

4.3.3 Indicators of profitability:

Profitability is a measure of how efficient a company performs the generation of a profit. Efficiency means how well a business utilizes things such as assets or equity to generate revenue and profit.

- Net Profit Margin:

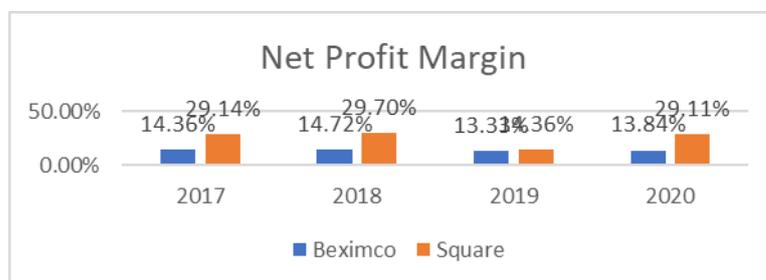
Profit margin measures the percentage of each sale after deduction, including taxes.

The higher the fixed income, the better.

Table 17 Results of calculation the working capital ratio for the period of 2017 to 2020

Net Profit Margin				
Company	2017	2018	2019	2020
Beximco	14.36%	14.72%	13.33%	13.84%
Square	29.14%	29.70%	14.36%	29.11%

Figure 9 Comparison of net profit margin



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

Analysis: From the above chart, we can see that the percentage of net profit margin from 2017 to 2020 Beximco is less than Square, which shows that the company can generate revenue, but as a medium and competitive market, companies can do better. This indicates that Square has more efficiency level than Beximco.

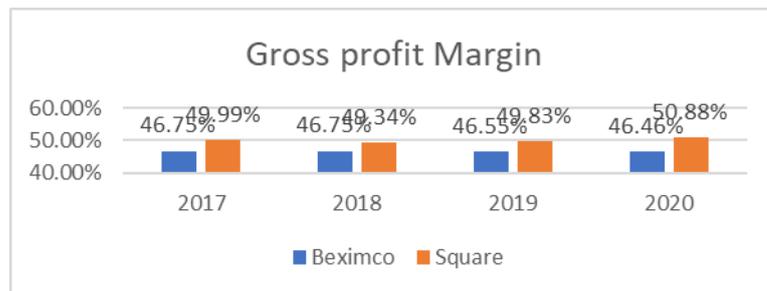
Gross Profit Margin:

Profit margins provide information on the ratio of sales to the success rate of a company. The ratio seller gives you an idea of the sale's success after the price of the goods has gone down. It can be used as an indicator of good organization of manufacturing action, and there is a relationship between manufacture and sale of goods.

Table 18 Results of calculation the gross profit margin ratio for the period of 2017 to 2020

Gross profit margin				
Company	2017	2018	2019	2020
Beximco	46.75%	46.75%	46.55%	46.46%
Square	49.99%	49.34%	49.83%	50.88%

Figure 10 Comparison of current ratio gross profit margin ratios



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

Analysis: This percentage measures how a company sells its products or services. From the diagrams, from 2017 to 2020, sales have increased, and gross profit margin has also increased for Square pharma. We can see in the graph Beximco has less gross profit margin, and Square has a better gross profit margin which means that Squar pharma did

well in managing its cost of sale. It also shows that the company has more to cover for operating and other costs.

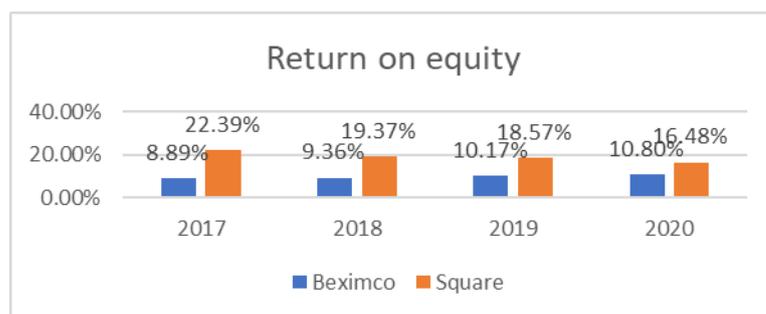
Return on equity:

Table 20 shows the comparison of return on equity. The return on equity measures the return on investment. In general, higher returns are better for owners.

Table 19 Results of calculation the return on equity ratio for the period of 2017 to 2020

Return on equity				
Company	2017	2018	2019	2020
Beximco	8.89%	9.36%	10.17%	10.80%
Square	22.39%	19.37%	18.57%	16.48%

Figure 11 Comparison of return on equity



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

Analysis: From the graphical presentation, Square pharma's return on equity was lowest in 2020 and highest in 2017. There is a deviation that indicates the company is not performing well to generate revenue against equity. However, it also can be seen that Squar Pharma shows a large return on equity, while Beximco Pharma, the opposite occurs.

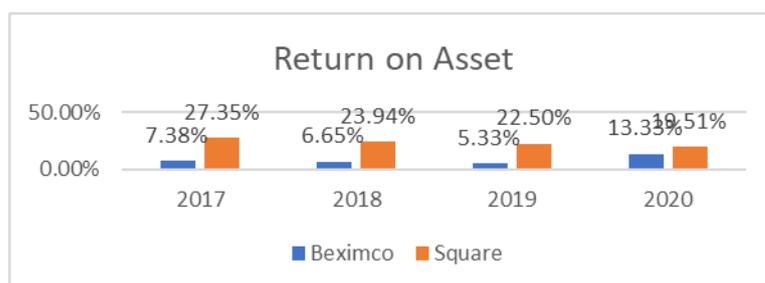
Return on Asset:

Return on assets (ROA) is a financial ratio referred to as a relationship between net profit and assets. As this ratio uses all assets (including investments), ROA shows how efficient the company management is for using assets to create a profit. Return on Assets is calculated with the following formula:

Table 20 Results of calculation the return on asset ratio for the period of 2017 to 2020

Return on Asset				
Company	2017	2018	2019	2020
Beximco	7.38%	6.65%	5.33%	13.33%
Square	27.35%	23.94%	22.50%	19.51%

Figure 12 Comparison of return on assets



Source: own processing based on the Annual reports of Beximco and Square pharmaceuticals.

Table 21 shows a comparison of return on asset. Concerning Return on assets ratio, Square Pharma appears to be much more efficient in using its assets to generate earnings than Beximco Pharma. On the other hand, Beximco Pharma is noticeable a clear downward trend over the period analyzed, meaning that this effect's contribution has been decreasing.

4.4 Swot analysis

As the author mentioned previously SWOT analysis represents the strategic plan for developing the firm's external and as well as internal factors. This chapter is describing the company's strengths opportunities, weaknesses, and threats within the working field.

4.4.1 Swot analysis of Beximco Pharma

Strengths

1. BPL currently manufactures about 452 products with different dosage forms under different brand names. Many of its products are now dominating the market.
2. Sales of the formulation products increased by 2.55% and export by 6.65%.

3. Beximco Pharma has successfully captured the local pharmaceutical market and enjoys a commanding share of 9.56 % of the entire market.
4. Beximco Pharma believes that the use of different types of updated information systems.
5. BPL using different types of technology to move their company to carry innovation forward.

Weakness

1. Beximco Pharma has a narrower product line and number of products than its principal competitor in the market.
2. The company produces so many product variations because sometimes it's confusing what to suggest BPL products.
3. BPL's distribution network is not working as much good as its competitor in the urban area.
4. Warehouse and supply chain management systems are not well, so there are always they face store problems for storage problems.

Opportunities

1. The WTO agreement extended in 2016 instead of 2005 for the LDC only in pharmaceutical companies.
2. The company starts to produces kind of injectables comparing. The injectables market is a large one, so they can easily compete with their rival companies.
3. Access to nine new global markets in Asia, the Middle East, the Pacific Islands, Africa, and Central America. List 107 new products in foreign markets.
4. In Bangladesh, pharmacies are considered to be growth companies. So there are a lot of opportunities in this field.
5. The new type of therapy is discovered it will create extra chances to expand the business.
6. Beximco Pharmaceuticals signed a contract with Serum Institute of India that they would buy up to three million doses of the AstraZeneca COVID-19 vaccine at

about \$8 each for sale on the private market, so this is a good opportunity for Beximco Pharma.

Threats

1. In Bangladesh, the copyright act is not applied by the government appropriately, which creates continual threats for the company as its competitors easily copy its products.
2. Because of political unrest and poor infrastructure facilities, BPL faces problems in Local marketing.
3. BPL is also facing treats forms its Indian counterparts as they are offering their products at lower prices than it.
4. After 2015 they face many challenges for TRIPS(Trade-Related Aspects of Intellectual Property Rights) purpose.

4.4.2 Swot analysis of Squar Pharma

Strengths :

1. Square Pharmaceuticals has a highly experienced executives team to keep all of its businesses functional.
2. It is a very reputed and Strong Brand Image company As one of the oldest companies in Bangladesh.
3. Square Pharma has around 6710 employees, almost all of they are highly skilled and experienced
4. It also has a very strong and large customer base.
5. The resources they use are collected locally so all the resources (land & labor) are available in Bangladesh.

Weakness :

1. Square Pharma does not use enough advanced technology to manufacture medicines.
2. the internal and external operations are not organized enough as a results decision-making process they follow is much time consuming than other companies.
3. salesforce is not relatively higher than its competitors,
4. the profit margin is much lower than other pharmaceutical companies

Opportunities:

1. The government of Bangladesh is giving intensive support to the pharmaceutical industry toward future growth.
2. Square is a reputed company and produces a very quality product. It has huge opportunities to go global to growing further.
3. The industry is growing, and the govt. gives trying to support, the financial institutions are being supportive too.
4. Square Pharma has a very strong research and development department.
5. If it provides this type of product consistently, the others competitor will not be able to defeat this company.

Threats :

1. Due to the price increasing of raw materials, the production cost is going higher day by day.
2. Bangladesh has a shortage of power supply which ultimately an inadequate supply of electricity interrupts the production system, and the private power system will be very expensive.
3. As Square pharmaceutical exports its products to the global market, the currency devaluation sometimes decreases the profit margin.
4. The industry is a growing one among all the industry, so the competitors are growing in number day by day.

4.5 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka Stock Exchange and Chittagong Stock Exchanges, and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRSs).

Source: Annual report of Beximco, 2019.

5 Results and Discussion

This chapter represents the final part of the overall summarization of all analysis and evaluation previously done. These suggestions will be defined with the use of calculated numbers in the form of results and should be considered with the company's current situation.

5.1.1 potential financial problems

According to the company annual report author found that both of the company Square Pharma and Beximco Pharma has the same kind of potential financial risk. The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures, and systems are reviewed regularly to reflect changes in market conditions and its activities. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and its management of capital. The company has exposure to the following risks from its use of financial instruments. Source: Annual report of Beximco, 2019 and Annual report of Square pharma, 2019.

CREDIT RISK: Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from institutional and export customers, etc. Accounts receivable are related to the sale of generic pharmaceuticals products, basic chemical products, animal health products, and pesticide products. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

LIQUIDITY RISK: Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or jeopardizing the company's reputation. Typically, the company ensures that it has

sufficient cash and cash equivalent to meet expected operational expenses, including financial obligations, through the preparation of the cash flow forecast, based on time.

MARKET RISK: Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments. The company has the foreign currency asset at the year-end for which an exchange gain/(loss) is being accounted for during the year. Interest rate risk is the risk that arises due to changes in interest rates on borrowings, which can influence the profit. On the other hand, another one is. Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Short-term bank borrowings are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument to hedge interest rate risk as of the reporting date.

5.2 Recommendation

The last chapter represents the recommendation from the author. As both of the company's overall financial analysis showed relatively positive values, the recommendation included only managerial suggestions and recommendations from the author. Which were explained below.

5.2.1 Recommendations for Square:

1. Increase the liquidity position bit more to make it better in the industry.
2. Setup a goal or benchmarking in some key categories and try to achieve it as fast as possible.
3. Looking for new finances to expand its business to maintain more growth in the industry.
4. Searching for a new market segment in the country as well as outside the country to expand more.

5.2.2 Recommendations for Beximco Pharma

1. Beximco Pharma should utilize its assets properly by investing them in more profitable projects as its liquidity is higher than the actual need.
2. Beximco Pharma should make a proper budget plan for further investment.

3. Beximco Pharma needs to strike a healthy balance between debt and equity; too much debt financing would mean a high financial risk.
4. They should minimize their financing expenses to make a higher net profit.
5. They should minimize the average collection period and maximize the average payable period.
6. Further, to improve its return on investment (ROE), the company needs to take advantage of profitable investment opportunities and be more efficient at managing its expenses.

5.2.3 Overall Recommendations for the Pharmaceuticals industry

1. EXPLORING ALTERNATIVE SOURCES OF FUNDS

Pharmaceuticals companies across the world are work for human beings. But except for people, they need to produce more and more new products for their production, and they need more funds so that they have to explore alternative sources of funds.

2. COMPETITIONS AND PRODUCT DIVERSIFICATION

Pharmaceuticals in Bangladesh are operating in an exceedingly highly competitive environment. The competition for them is even more difficult as they need to compete with other companies. Given the changes within the business environment, the necessity for product diversification is incredibly important.

3. ENHANCING CAPITAL MARKET ACTIVITIES

Pharmaceuticals companies in the whole world play a significant role in the development of the capital market. Strong institutional support is important for a vibrant capital market which is the core of economic development in any market-based financial system. But their activities within the capital market are rather limited. Active participation of pharmaceuticals company is important to accelerate the capital market activities, which might expedite the economic process of the country.

4. RECOMMENDATIONS TO OFFER EVEN BETTER SERVICES

As their main target is providing medicine for humankind, they must offer people and consumers their best offer and services in their products and share or stocks.

5. PROMOTING PRODUCTS

The pharmaceutical company should also think about the promotion activities; all levels of client and people know about their services.

6 Conclusion

As a continuance to the current, the Bangladesh Association of Pharmaceutical Industries (BAPI) has been providing directives when and where it seems to be necessary. In Bangladesh, many business organizations are still facing problems within the functioning of smooth business operations, and they target making profit quite their safety as a result of this, they often get out of safety caution to soak up the industry sock. Therefore fall into loss and sometimes get liquidated. The consequence of this can be that the Pharmacy Council of Bangladesh (PCB) doesn't get its due amount in time, which may be a big and foremost risk to the organizations. The other company comes to this sector and produces quality full medicines. For this reason, competition in this industry is increasing day by day. Not all firms in this sector do well, but most of them perform well. A new era has begun for the Bangladesh pharmaceutical sector with the TRIPs agreement from 2005 and would continue up to 2030. There are about 256 pharmaceuticals institutions in this small country. So it's a competitive marketplace for the financial sector. To stay on top of the list, Square Pharma needs to provide sufficient activities to level up this institution. Additionally, the reward is modest, the penalties for bad looking are enormous. In financial; statement analysis, Beximco shows the average performance in total. In a very competitive market, it's tough to compete with each other. Besides that, Beximco may be a very prominent pharmaceutical institution's in our country. Square Pharma features a vast asset comparing with Beximco Pharma. Moreover, the financial performance of Square was good up to 2020. we can see it from our data analysis. Their income & assets are increased.

7 References

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8 Appendix

Appendix 1. The Balance Sheet of Beximco Pharmaceuticals the period of 2020

	2017 Amount in Taka(BDT)	2018 Amount in Taka(BDT)	2019 Amount in Taka(BDT)	2020 Amount in Taka(BDT)
Property, Plant and Equipment	24472468013.00	30524692707.00	33853977656.00	35000809631.00
Intangible Assets	462968347.00	1280695416.00	1334921698.00	1334921698.00
Goodwill		546691213.00	546691213.00	546691213.00
Investment in Subsidiary & Shares	17880341.00	36507658.00	5329379.00	3751551.00
Other Non-current Assets		6099718.00	6321316.00	2686377.00
Non current assets	24953316701.00	32394686712.00	35949930818.00	37069663021.00
Inventories	3468089061.00	5058847681.00	5924031678.00	5944769057.00
Accounts Receivable	2167339867.00	2761509393.00	3334958905.00	3305451434.00
Loans and Deposits	1697679418.00	2094229902.00	2309503747.00	2388313122.00
Short Term Investment	886576906.00	339397174.00	323364536.00	
Cash and Cash Equivalents	275028025.00	393735946.00	610494299.00	635016519.00
Current assets	9130816169.00	11344199700.00	13264161542.00	13049078919.00
Total assets	34084132870.00	43738886412.00	49214092360.00	50118741940.00
Shareholders' Equity	25072425900.00	27081962616.00	29588317284.00	32495120607.00
Non-Controlling Interest		269874176.00	276006553.00	302329006.00
Total equity	25072425900.00	27351836792.00	29864323837.00	32797449613.00
Long Term Borrowings	2635907025.00	4017425267.00	2595607792.00	1651590390.00
Liability for Welfare Funds	1117094429.00	1324166498.00	1860904996.00	2144053434.00
Deferred Tax Liability	1852665968.00	2027272095.00	2147423581.00	2167683499.00
Non-current liabilities	5605667422.00	7368863860.00	6603936369.00	5963327323.00
Short Term Borrowings	1239757995.00	5600826635.00	9272501280.00	7398361360.00
Creditors and Other Payables	783838444.00	991712907.00	1091809722.00	1462806200.00
Accrued Expenses	245375014.00	418476895.00	590317150.00	739512826.00
Dividend Payable	353217.00	4763126.00	7235215.00	17086213.00
Income Tax Payable	420924678.00	433416452.00	167298238.00	285886410.00
Total Current Liabilities	3406039548.00	9018185760.00	12745832154.00	11357965004.00
Total equity and liabilities	34084132870.00	43738886412.00	49214092360.00	50118741940.00

Appendix 2. The Balance Sheet of Beximco Pharmaceuticals the period of 2020

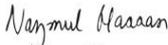
Beximco Pharmaceuticals Limited and its Subsidiaries Consolidated Statement of Financial Position As at June 30, 2020

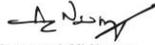
	Notes	June 30, 2020	Amount in Taka June 30, 2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment- Carrying Value	4	37,069,663,021	35,949,930,818
Right-of-use Assets	4(a)	35,000,809,631	33,853,977,656
Intangible Assets	5	240,163,919	202,689,556
Goodwill	6	1,275,560,330	1,334,921,698
Other Investment	7	546,691,213	546,691,213
Other Non-current Assets		3,751,551	5,329,379
		2,686,377	6,321,316
Current Assets			
Inventories	8	13,049,078,919	13,264,161,542
Spares & Supplies	9	5,944,769,057	5,924,031,678
Accounts Receivable	10	775,528,787	726,127,262
Loans, Advances and Deposits	11	3,305,451,434	3,334,958,905
Advance Income Tax		2,388,313,122	2,309,503,747
Short Term Investment	12	-	35,681,115
Cash and Cash Equivalents	13	-	323,364,536
		635,016,519	610,494,299
TOTAL ASSETS		50,118,741,940	49,214,092,360
EQUITY AND LIABILITIES			
Equity Attributable to the Owners of the Company			
Issued Share Capital	14	32,495,120,607	29,588,317,284
Share Premium		4,055,564,450	4,055,564,450
Excess of Issue Price over Face Value of GDRs		5,269,474,690	5,269,474,690
Capital Reserve on Merger		1,689,636,958	1,689,636,958
Revaluation Surplus		294,950,950	294,950,950
Unrealized Gain/(Loss)		1,125,767,451	1,131,853,004
Retained Earnings		926,375	2,504,203
Non-Controlling Interest	15	20,058,799,733	17,144,333,029
TOTAL EQUITY		32,797,449,613	29,864,323,837
Non-Current Liabilities			
Long Term Borrowings-Net of Current Maturity	16	5,963,327,323	6,603,936,369
Liability for Gratuity and WPPF & Welfare Funds	17	1,651,590,390	2,595,607,792
Deferred Tax Liability		2,144,053,434	1,860,904,996
		2,167,683,499	2,147,423,581
Current Liabilities and Provisions			
Short Term Borrowings	18	11,357,965,004	12,745,832,154
Long Term Borrowings-Current Maturity	19	7,398,361,360	9,272,501,280
Creditors and Other Payables	20	1,454,311,995	1,616,670,549
Accrued Expenses	21	1,462,806,200	1,091,809,722
Dividend Payable		739,512,826	590,317,150
Income Tax Payable		17,086,213	7,235,215
		285,886,410	167,298,238
TOTAL EQUITY AND LIABILITIES		50,118,741,940	49,214,092,360

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :

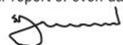

Osman Kaiser Chowdhury
Director


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date

Dhaka
October 28, 2020


M.J. Abedin & Co.
Chartered Accountants

Appendix 3. The Income statement of Beximco Pharmaceuticals the period of 2020

	2017 Amount in Taka(BDT)	2018 Amount in Taka(BDT)	2019 Amount in Taka(BDT)	2020 Amount in Taka(BDT)
Revenue	15508776972.00	17380728001.00	22816629795.00	25611947655.00
Cost Of Goods Sold	-8323895349.00	-9255504681.00	-12196286770.00	-13712847509.00
Gross Profit	7184881623.00	26636232682.00	10620343025.00	11899100146.00
Administrative Expenses	-522396449.00	-595185629.00	-752944182.00	-792951709.00
Selling, Marketing and Distribution Expenses	-3214279102.00	-3548437826.00	-4801225276.00	-5496654323.00
Profit from Operations	3448206072.00	3981599865.00	5066173567.00	5609494114.00
Other Income	144852831.00	64973584.00	139917665.00	293558304.00
Finance Cost	-557003162.00	-512099369.00	-1029762542.00	-1013804085.00
Share of Loss of Associates			-29325720.00	
Profit Before Contribution to WPPF & Welfare Funds	3036055741.00	3534474080.00	4147002970.00	4889248333.00
Contribution to WPPF & Welfare Funds	-144574083.00	-168308290.00	-200937234.00	-235808378.00
Profit Before Tax	2891481658.00	3366165790.00	3946065736.00	4653439955.00
Income Tax Expenses				
Current Tax	-591982589.00	-790580483.00	-803760846.00	-1086668418.00
Deferred Tax Income/ (Expense)	-72803945.00	-16614044.00	-101901936.00	-22288436.00
Profit after Tax for the Year	2226695124.00	2558971263.00	3040402954.00	3544483101.00
Other Comprehensive Income - Unrealized Gain/(Loss)	2579507.00	481697.00	-1852559.00	-1577828.00
Total Comprehensive Income for the Year	2229274631.00	2559452960.00	3038550395.00	3542905273.00
Earnings Per Share (EPS)	5.49	6.31	7.48	8.67

Appendix 4. The Income statement of Beximco Pharmaceuticals the period of 2020

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2020

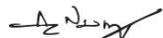
	Notes	July 2019 - June 2020	July 2018 - June 2019
Amount in Taka			
Net Revenue	22	25,611,947,655	22,816,629,795
Cost of Goods Sold	23	(13,712,847,509)	(12,196,286,770)
Gross Profit		11,899,100,146	10,620,343,025
Operating Expenses		(6,289,606,032)	(5,554,169,458)
Administrative Expenses	26	(792,951,709)	(752,944,182)
Selling, Marketing and Distribution Expenses	27	(5,496,654,323)	(4,801,225,276)
Profit from Operations		5,609,494,114	5,066,173,567
Other Income	28	293,558,304	139,917,665
Finance Cost	29	(1,013,804,085)	(1,029,762,542)
Share of Loss of Associates		-	(29,325,720)
Profit Before Contribution to WPPF & Welfare Funds		4,889,248,333	4,147,002,970
Contribution to WPPF & Welfare Funds		(235,808,378)	(200,937,234)
Profit Before Tax		4,653,439,955	3,946,065,736
Income Tax Expenses	30	(1,108,956,854)	(905,662,782)
Current Tax		(1,086,668,418)	(803,760,846)
Deferred Tax		(22,288,436)	(101,901,936)
Profit After Tax		3,544,483,101	3,040,402,954
Profit/(Loss) Attributable to:			
Owners of the Company		3,514,687,301	3,033,402,333
Non-controlling interest		29,795,800	7,000,621
		3,544,483,101	3,040,402,954
Other Comprehensive Income-Unrealized Gain/(Loss)		(1,577,828)	(1,852,559)
Total Comprehensive Income		3,542,905,273	3,038,550,395
Total Comprehensive Income Attributable to:			
Owners of the Company		3,513,109,473	3,031,549,774
Non-controlling interest		29,795,800	7,000,621
		3,542,905,273	3,038,550,395
Earnings Per Share (EPS)	31	8.67	7.48

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2020 and signed for and on behalf of the Board :


Osman Kaiser Chowdhury
Director


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date

Dhaka
October 28, 2020


M.J. Abedin & Co.
Chartered Accountants

Appendix 5. The Balance Sheet of Square Pharmaceuticals the period of 2020

	2017 Amount in Taka(BDT)	2018 Amount in Taka(BDT)	2019 Amount in Taka(BDT)	2020 Amount in Taka(BDT)
Property, Plant and Equipment	19323568164.00	20545437633.00	20853956270.00	20873698301.00
Investment - Long Term	10031654063.00	12286027661.00	12880454268.00	13562140306.00
Total non-Current Assets	29355222227.00	32831465294.00	33734410538.00	34435838607.00
Inventories	3730808243.00	4432935118.00	4596512673.00	5687406329.00
Trade Debtors	2204014900.00	1615544248.00	1561818167.00	1520300337.00
Advances,Deposits and Prepayments	1450936735.00	2280668747.00	2312201184.00	2727928252.00
Short Term Loan	21386290.00	3131975363.00	2937071066.00	4884338757.00
Cash and Cash Equivalents	15768683854.00	16980412765.00	27004038946.00	32564329438.00
Total Current Assets	23175830022.00	28441536241.00	38411642036.00	47384303113.00
TOTAL ASSETS	52531052249.00	61273001535.00	72146052574.00	81820141720.00
Share Capital	6859452000.00	7373910900.00	7890084660.00	8442390580.00
Share Premium	2035465000.00	2035465000.00	2035465000.00	2035465000.00
General Reserve	105878200.00	105878200.00	105878200.00	105878200.00
Tax Exemption Reserve	852508043.00	1949557722.00	2211743936.00	2211743936.00
Gain on Marketable Securities	596561713.00	192272252.00	145585283.00	-452626946.00
Retained Earnings	38577835254.00	46159482757.00	55492799165.00	64981071577.00
Non Controlling Interest	12674141.00	24901060.00		
Shareholders' Equity:	49027700210.00	57816566831.00	67880617172.00	77305843913.00
Deferred Tax Liability	1129233846.00	1231133152.00	1294346873.00	1272750021.00
Non-Current Liabilities:	1129233846.00	1231133152.00	1294346873.00	1272750021.00
Trade Creditors	843937277.00	524676136.00	716988428.00	553785496.00
Liabilities for Expenses	27576542.00	89665092.00	239913331.00	128998444.00
Liabilities for Other Finance	1489930233.00	1586059264.00	2014186770.00	2558763846.00
Current Liabilities	2361444052.00	2200400492.00	3241547786.00	2971088529.00
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	52531052249.00	61273001535.00	72146052574.00	81820141720.00

Appendix 6. The Balance Sheet of Square Pharmaceuticals the period of 2020

Consolidated

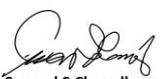
SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

Particulars	Notes	Amount in Taka	
		30 June 2020	30 June 2019
ASSETS:			
Non-Current Assets:			
		34,435,838,607	33,734,410,538
Property, Plant and Equipment-Carrying Value	2	20,873,698,301	20,853,956,270
Investment - Long Term (at Cost)	3	2,792,000,884	655,408,674
Investment - Associates Undertaking	4	8,077,472,192	9,211,605,860
Investment in Marketable Securities (Fair Value)	5	2,691,892,867	3,013,439,734
Pre-Operating Expenses	6	774,363	-
Current Assets:			
		47,384,303,113	38,411,642,036
Inventories	7	5,687,406,329	4,596,512,673
Trade Debtors	8	1,520,300,337	1,561,818,167
Advances, Deposits and Prepayments	9	2,727,928,252	2,312,201,184
Short Term Loan	10	4,884,338,757	2,937,071,066
Cash and Cash Equivalents	11	32,564,329,438	27,004,038,946
TOTAL ASSETS		81,820,141,720	72,146,052,574
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity:			
		77,305,843,913	67,880,617,172
Share Capital	12	8,442,390,580	7,890,084,660
Share Premium	13	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Exemption Reserve		2,211,743,936	2,211,743,936
Gain on Marketable Securities (Unrealized)	14	(452,626,946)	145,585,283
Cumulative Translation Adjustment		(18,078,434)	(939,072)
Retained Earnings		64,981,071,577	55,492,799,165
Non Controlling Interest	15	-	-
Non-Current Liabilities:			
		1,272,750,021	1,294,346,873
Deferred Tax Liability	16	1,272,750,021	1,294,346,873
Current Liabilities:			
		3,241,547,786	2,971,088,529
Trade Creditors	17	553,785,496	716,988,428
Liabilities for Expenses	18	128,998,444	239,913,331
Liabilities for Other Finance	19	2,558,763,846	2,014,186,770
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		81,820,141,720	72,146,052,574
Net Assets Value per Share (NAV)	32	91.57	80.40
Number of Shares used to compute NAV		844,239,058	844,239,058

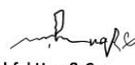
The annexed notes (1-34) form an integral part of these financial statements.

Signed as per our separate report of same date.


Samuel S Chowdhury
Chairman
Dhaka, 28 October, 2020


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Mahfel Huq & Co.
Chartered Accountants

Appendix 7. The Income statement of Square Pharmaceuticals the period of 2020

	2017 Amount in Taka(BDT)	2018 Amount in Taka(BDT)	2019 Amount in Taka(BDT)	2020 Amount in Taka(BDT)
GROSS REVENUE	42284675530.00	45886959303.00	50866867352.00	52926218655.00
Less: Value Added Tax	-5741535424.00	-6233127665.00	-6833233083.00	-7049769814.00
NET REVENUE	36543140106.00	39653831638.00	44033634269.00	45876448841.00
Cost of Goods Sold	18274858914.00	-20089819913.00	22091384351.00	22536669960.00
GROSS PROFIT	18268281192.00	19564011725.00	21942249918.00	23339778881.00
Selling & Distribution Expenses	-5056851926.00	-5751408276.00	-6603747456.00	-7382790764.00
Administrative Expenses	-915210284.00	-1031567251.00	-1195968389.00	-1226459468.00
Finance Cost	-154389.00	-93599.00	-84716.00	-107090.00
PROFIT FROM OPERATIONS	12296064593.00	12780942599.00	14142449357.00	14730421559.00
Other Income	1093575634.00	1768094011.00	2310360094.00	3126430063.00
PROFIT BEFORE WPPF	13389640227.00	14549036610.00	16452809451.00	17856851622.00
Allocation for WPPF	-646577651.00	-701097850.00	-791921561.00	-859269098.00
PROFIT BEFORE TAX	12743062576.00	13847938760.00	15660887890.00	16997582524.00
Income Tax Expenses-Current	-2949150787.00	-3255148172.00	-3876979330.00	-4251005177.00
Income Tax Expenses-Deferred	-74735584.00	-101899306.00	-63213721.00	21596852.00
PROFIT AFTER TAX	9719176205.00	10490891282.00	11720694839.00	12768174199.00
Profit/(Loss) from Associate Undertakings	928615539.00	1115299919.00	931706302.00	586239690.00
PROFIT AFTER TAX	10647791744.00	11606191201.00	12652401141.00	13354413889.00
Gain/(Loss) on Marketable Securities (Unrealized)	329775134.00	-404289461.00	-46686969.00	-598212229.00
Cumulative Translation Adjustment	-	-	-939072.00	-17139363.00
Non Controlling Interest	10575846.00	12226919.00	6676873.00	
Total Comprehensive Income for the Year	10977566878.00	11201901740.00	12604775100.00	12739062297.00
Earnings Per Share (EPS)	14.43	15.72	14.98	15.82

Appendix 8. The Income statement of Square Pharmaceuticals the period of 2020

Consolidated

SQUARE PHARMACEUTICALS LTD. AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
GROSS REVENUE	20	52,926,218,655	50,866,867,352
Less: Value Added Tax		7,049,769,814	6,833,233,083
NET REVENUE		45,876,448,841	44,033,634,269
Cost of Goods Sold	21	(22,536,669,960)	(22,091,384,351)
GROSS PROFIT		23,339,778,881	21,942,249,918
OPERATING EXPENSES:		(8,609,357,322)	(7,799,800,561)
Selling & Distribution Expenses	22	(7,382,790,764)	(6,603,747,456)
Administrative Expenses	23	(1,226,459,468)	(1,195,968,389)
Finance Cost	24	(107,090)	(84,716)
PROFIT FROM OPERATIONS		14,730,421,559	14,142,449,357
Other Income	25	3,126,430,063	2,310,360,094
PROFIT BEFORE WPPF		17,856,851,622	16,452,809,451
Allocation for WPPF	26	(859,269,098)	(791,921,561)
PROFIT BEFORE TAX		16,997,582,524	15,660,887,890
Income Tax Expenses-Current	27	(4,251,005,177)	(3,876,979,330)
Income Tax Expenses-Deferred	16	21,596,852	(63,213,721)
PROFIT AFTER TAX		12,768,174,199	11,720,694,839
Profit/(Loss) from Associate Undertakings	28	586,239,690	931,706,302
PROFIT AFTER TAX		13,354,413,889	12,652,401,141
Other Comprehensive Income:			
Gain/(Loss) on Marketable Securities (Unrealized)	29	(598,212,229)	(46,686,969)
Cumulative Translation Adjustment		(17,139,363)	(939,072)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,739,062,297	12,604,775,100
Profit Attributable to:			
Owners of the Company		13,354,413,889	12,645,724,268
Non Controlling Interest		-	6,676,873
		13,354,413,889	12,652,401,141
Total Comprehensive Income Attributable to:			
Owners of the Company		12,739,062,297	12,598,098,227
Non Controlling Interest		-	6,676,873
		12,739,062,297	12,604,775,100
Earnings Per Share (EPS)	30	15.82	14.98
Number of Shares used to compute EPS		844,239,058	844,239,058

The annexed notes (1-34) form an integral part of these financial statements.

Signed as per our separate report of same date.


Samuel S Chowdhury
Chairman

Dhaka, 28 October, 2020


Tapan Chowdhury
Managing Director


Khandaker Habibuzzaman
Company Secretary


Mahfel Huq & Co.
Chartered Accountants