

Dissertation Paper
On
Financial Statement Analysis of Beximco Pharma Ltd.



Submitted to:
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LETTER OF TRANSMITTAL

Date: 03/02/2021

To
Md. Masud Rana
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Subject: Submission of Thesis Paper on Accounting Reports and Analysis of Beximco Pharma.

Dear Sir,

It is a great pleasure for me to submit the report on, “Financial Statement Analysis of Beximco Pharma Bank Limited” as it is a fulfillment of partial requirement to achieve MBA degree. To prepare this report, I have gathered what I believe to be the most complete information available on the Annual Report of Accounting Reports and Analysis of Pharmaceuticals. The experience I have gathered during this period will remain as an invaluable asset in my life. I have worked hard preparing this report and I hope that it will fulfill my degree requirement. I will be always available for answering any query on this report. I will be glad if you kindly accept this report.

Thanking you.

Sincerely Yours

Md. Nesarul Ayman
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Student's Declaration

I am grateful for giving me the opportunity to undergo this type of study through the MBA program. We shall be benefited of our education system if we can effectively apply the institutional education in practical fields. Hence, we all need practical education to apply theoretical knowledge in the real world. By considering this importance's our University arranges Thesis Report each semester compulsory for the students through MBA program. As a part of this program I am here with such a wonderful topic as "Financial Statement Analysis of Beximco Pharma". The report was prepared under the supervision of "Md. Masud Rana" Assistant Professor, Faculty of Business, of Sonargaon University (SU). Even though if there any mistake appears, it is truly undesirable. So, I would request to look at the matter with merciful eyes.

Thanks

Md. Nesarul Ayman

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SUPERVISORS CERTIFICATE

This is to certify that; a student of Program MBA, Md. Nesarul Ayman, ID No: MBA2001019028, Major in Accounting, Faculty of Business, Sonargaon University (SU) has completed the Thesis report titled “Financial Statement Analysis of Beximco Pharma Limited” successfully under my supervision. I wish his every success in his life.

Supervisor

Md. Masud Rana
Assistant Professor
Faculty of Business
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ACKNOWLEDEMENT

There is an English proverb “Two heads are better than one” which means no one can obtain a noble objective alone. This internship report is an accumulation of many people’s endeavor. At the very beginning, I would like to convey my sincere appreciation to the almighty ALLAH for giving me the strength and the ability to finish the task within the planned time. Then, I would like to express my sincere gratitude to everyone who contributed towards preparing and making this report successfully.

I would like to express my sincere and immense gratitude to my internship advisor, Md. Masud Rana, Lecturer of Sonargaon University. I am deeply grateful to her whole hearted supervision during the internship period. Her valuable suggestions and guideline helped me a lot to prepare the report in a well-organized manner.

I would also like to thank the authority of Beximco Pharmaceuticals Limited (BPL) for giving me the opportunity to do my internship in their well-known organization and supplying me the necessary information and published papers. I would like to thank Mr. Kamal Uddin Ahmed, Manager, Accounts & Finance, Beximco Pharmaceuticals Limited, for his help and guidance during my internship in BPL.

I am also grateful to the other officials and my intern friends at BPL who helped me while preparing the report by giving their suggestions, assistance and supply of information, which were valuable to me.

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PREFACE

This internship report is based on my internship experience, academic knowledge and mostly based on the secondary data. In my internship tenure, I have worked on the Accounts & Finance department of Beximco Pharmaceuticals Limited (BPL). It was a great opportunity to experience and gather knowledge about different aspects of an organization, specially the tasks related to accounts and finance. Based on the suggestion of my academic supervisor, I have chosen the topic “Financial Analysis on Beximco Pharmaceuticals Limited”. In the beginning, this report discusses about the pharmaceuticals industry of Bangladesh and its current situation. Then the report briefly discusses about Beximco Pharmaceuticals Limited as a whole. After the overview, this report discusses about the Accounts & Finance department of BPL in a nutshell and later on deliberates about my internship experience and job responsibilities during the internship period and the strengths and weaknesses of the department that I have observed during my stay at BPL. The report also mentions some suggestions which will help the department and the organization as a whole to perform better than before. In the financial analysis part, the report discusses about the current investment situation of BPL where, the report mentions the positive and threatening aspects of investing in BPL shares. Furthermore, I have conducted an industry analysis where I have deliberated the financial ratios of BPL and compared it with its two (02) of the strongest competitors, Square Pharmaceuticals Limited and Renata Limited. I have also come up with some reasons behind the fluctuations of BPL’s ratios. Later on the financial analysis part, I have made an equity analysis where I have mentioned the calculating procedure of Operating Cash Flow (OCF), Project Cash Flow and Net Present Value (NPV). After that, I have calculated the intrinsic and market price of the shares of BPL for the sake of comparison and later on came up with the reasons behind the overvaluation of shares of BPL. Before concluding the report, I have conducted a TOWS analysis through which I have recommended some overall actions to BPL based on its current strengths, weaknesses, industry opportunities and industry threats.

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EXECUTIVE SUMMARY

This internship report is based on my internship experience, academic knowledge and mostly based on the secondary data. In my internship tenure, I have worked on the Accounts & Finance department of Beximco Pharmaceuticals Limited (BPL). It was a great opportunity to experience and gather knowledge about different aspects of an organization, specially the tasks related to accounts and finance. Based on the suggestion of my academic supervisor, I have chosen the topic “Financial Analysis on Beximco Pharmaceuticals Limited”. In the beginning, this report discusses about the pharmaceuticals industry of Bangladesh and its current situation. Then the report briefly discusses about Beximco Pharmaceuticals Limited as a whole. After the overview, this report discusses about the Accounts & Finance department of BPL in a nutshell and later on deliberates about my internship experience and job responsibilities during the internship period and the strengths and weaknesses of the department that I have observed during my stay at BPL. The report also mentions some suggestions which will help the department and the organization as a whole to perform better than before. In the financial analysis part, the report discusses about the current investment situation of BPL where, the report mentions the positive and threatening aspects of investing in BPL shares. Furthermore, I have conducted an industry analysis where I have deliberated the financial ratios of BPL and compared it with its two (02) of the strongest competitors, Square Pharmaceuticals Limited and Renata Limited. I have also come up with some reasons behind the fluctuations of BPL’s ratios. Later on the financial analysis part, I have made an equity analysis where I have mentioned the calculating procedure of Operating Cash Flow (OCF), Project Cash Flow and Net Present Value (NPV). After that, I have calculated the intrinsic and market price of the shares of BPL for the sake of comparison and later on came up with the reasons behind the overvaluation of shares of BPL. Before concluding the report, I have conducted a TOWS analysis through which I have recommended some overall actions to BPL based on its current strengths, weaknesses, industry opportunities and industry threats.

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Chapter 01: Introduction

1.1: Origin of the Report:

The report was originated to make an analysis on the financial conditions of Beximco Pharmaceuticals Limited (Beximco Pharma) for the fulfillment of the internship program required for the completion of the degree Masters of Business Administration (MBA) under Sonargaon University (SU). The report was prepared under the academic supervision of Md. Masud Rana, Sonargaon University and under the organizational supervision of Mr. Kamal Uddin Ahmed, Manager, Accounts & Finance, Beximco Pharmaceuticals Limited.

1.2: Objectives of the report:

General Objective:

This report is prepared to fulfill the degree Bachelor of Business Administration (BBA) under BRAC Business School (BBS), BRAC University.

Specific Objective:

- To gain an idea on the pharmaceuticals industry of Bangladesh.
- To give a brief overview on Beximco Pharmaceuticals Limited.
- To conduct an industry analysis on Beximco Pharmaceuticals Limited and compare its values with two (02) of its fears' competitors for the tenure 2015-2019.
- To conduct an equity analysis on Beximco Pharmaceuticals Limited and to justify the reasons behind the over or under valuation of its stock.

To give an overall recommendation to Beximco Pharmaceuticals Limited through a TOWS analysis.

1.3: Scope of the report:

This report gives a brief idea on Beximco Pharmaceuticals Limited and its operation. The information provided in this report is based on personal observation, research and job experience acquired during the internship tenure. This report mainly focuses on the financial performance of Beximco Pharmaceuticals Limited and the analysis is made through reviewing the financial statements of the company and literatures. It also gives an idea of the overall pharmaceuticals industry of Bangladesh.

1.4 Mythology of the report:

In order to prepare this report, only secondary data has been used. The sources that has been used to collect necessary data is given below:

- Annual reports of Beximco Pharmaceuticals Limited, Square Pharmaceuticals Limited and Renata Limited for the tenure 2015-2019.
- Websites of Beximco Pharmaceuticals Limited, Square Pharmaceuticals Limited and Renata Limited.
- Website of Dhaka Stock Exchange (DSE).
- Different journals and articles on pharmaceuticals industry of Bangladesh and Beximco Pharmaceuticals Limited.
- Other internship reports on Beximco Pharmaceuticals Limited.
- Online newspapers such as The Daily Star and The Financial Express.
- Different websites.

1.5: Limitations of the report:

- All the comments made, conclusions reached and suggestions for possible improvement provided are purely based on my level of understanding, knowledge and my way of interpreting a particular statement.
- Beximco Pharmaceutical Limited follows a policy of not disclosing all the information needed to prepare my report for obvious reason.
- Because of the lack of information, I have to make some assumptions that may cause few errors or personal mistakes in the report.

Chapter 02: Industry Overview

2.1: About the industry:

The pharmaceuticals industry in Bangladesh has progressed well over the last three (03) decades and the country is nearly self-sufficient in pharmaceuticals with 98% of its demand being met by domestic manufacturers.

At present, this is one of the most technologically advanced sectors in the country employing probably the highest number of white collar professionals. Since the declaration of Drug Policy in 1982, the sector has grown from TK 173 crore to more than TK 12,000 crore (or \$1.5 billion) today. The credit goes to the private sector for its significant investment in building capabilities (both infrastructure and people) to bring this industry to compete in the global market place.

Bangladeshi medicines are also being exported to many countries in the world and leading players are making expeditions into the most regulated market of Europe, US and Australia which are known for strict regulation and highest quality standards. In view of the export potential, pharma has been declared as the thrust sector in Bangladesh with an aim to diversify the country's export portfolio and lower its dependency on RMG (ready-made garments).

Pharma has received a lot of attention in recent times for its huge potential to become a major export oriented sector. However, we need to keep in mind that unlike RMG, pharma is fundamentally known for its largely knowledge-driven and technologically intensive industry and this requires significant investment in R&D compared to other industries. A pharma company's success mostly depends on its intellectual capital where special skill-set is required to deal with every stage of its operations.

Fortunately for Bangladesh, Drug Policy of 1982 created an opportunity for the local industry to flourish and make it self-reliant whereby local companies increased their share of production from 30% in 1970 to almost 90% today, which translates to a tremendous amount of foreign currency savings for the country every year. Bangladesh is the only country among all LDC countries which has a well-developed pharma industry that, over the time, could successfully make the transition from being an import dependent to an exporting one. Although medicine export from Bangladesh constitutes only a small percentage of total production, the sector has over the few years, attracted overseas buyers and it has earned good reputation as a quality drug manufacturer.

Leading pharma companies have already secured endorsements from major drug regulatory agencies like UKMHRA, TGA, ANVISA, Health Canada etc. while two (02) of them, Beximco Pharmaceuticals Limited and Square Pharmaceuticals Limited, have successfully completed US FDA audit in January 2020 and are awaiting approval.

The country certainly has huge potential in pharmaceutical export but need to be seriously evaluated about the progress in terms of infrastructure development and achieving competitiveness. The industry is yet to have any recognized bioequivalence testing facility which is mandatory for product registration in developed markets and there is increasing pressure from semi-regulated markets for such compliance. A central bioequivalence facility in the country can largely benefit the industry by saving foreign currency as well as significantly improve the quality of the medicines.

Bangladesh is always publicized for having the advantage under TRIPS waiver which allows the LDC country to produce any patented drugs and even export to other LDC countries till December 2020, but in reality this waiver period is almost over without any real benefit to the industry. This is because of the lack of proper utilization of the benefits due to lack of proper infrastructure such as API (active pharmaceutical ingredient) technology park for producing

bulk drugs, central bioequivalence testing lab, collaboration between industry and university etc.

Lack of sufficient backward linkage remains a major challenge for our pharma industry. Although we are producing some of the old and conventional APIs on a commercial scale, we are far from manufacturing the new and patented drugs, and meeting the growing demand. API constitutes a significant percentage of the total cost in medicine production which can run up to 30-40% and, in many cases, even more. We must emphasize on improving our process and synthetic chemistry skill in order to be more competitive in global market.

To build up the capabilities we must start from the university, we must improve our education system with practice-oriented advanced courses having adequate laboratory facilities. There should be more industry-university alliance and collaborative research between universities at home and abroad to promote research in the fields of generic drugs, reverse engineering, and also new drug development. If we cannot have the competence developed in the university level, we cannot take this industry to the next level to compete in the global marketplace.

In 2020 alone, patented drugs worth \$80 billion are going off patent which opens up opportunities for generic manufacturers around the world. Bangladesh could be ideally positioned to gain from generic drug opportunities with its cost advantages and skilled manpower to gain further competitive advantages and build presence in the global generics.

2.2: Industry Outlook:

Market Size:

Pharmaceuticals industry of Bangladesh is currently valued at BDT 120 billion and can meet 98% of total domestic demand. During the last few years, leading drug manufacturers have increased production capacity by 200% to 300%.



Figure 1: Market Size of the Pharmaceuticals Industry of Bangladesh

Market Players:

Currently there are 267 pharmaceutical companies in Bangladesh where 10 major players hold almost 67.6% of the total market share and employing around 115,000 workers. Square Pharmaceuticals Limited is the market leader in pharmaceuticals industry holding almost 17% market shares followed by Incepta Pharmaceuticals Limited (9%) and Beximco Pharmaceuticals Limited (8%).

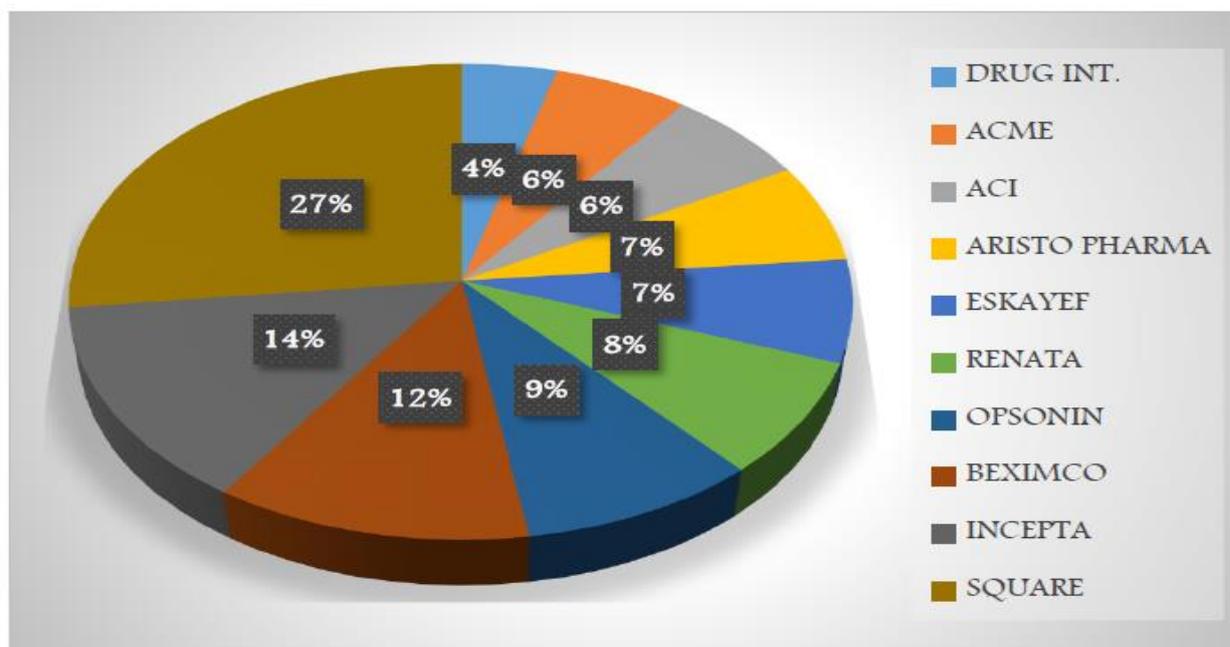


Figure 2: Market Shares of Ten (10) Major Players

Export:

Currently Bangladesh exports drugs to almost 86 countries and hope to export to 140 countries within the next few years. Export Promotion Bureau (EPB) data showed pharmaceutical sector's earning at around BDT 542 million with more than 31 percent increase in the first month of the financial year 2019-20.



Figure 3: Pharmaceuticals Export & Export Growth

API:

The industry imports around 70% of its raw materials from foreign sources. Two high priority projects (establishing Active Pharmaceuticals Ingredient Park and National Control Laboratory) are taken by the government for facilitating the pharmaceuticals sector. Bangladesh currently needs to import API. Though the government has taken initiative for setting up an API park a decade ago, the project is not yet completed. If the API Park becomes

operational, production cost will be cheaper which will give Bangladesh a competitive edge in the international market. If Bangladesh can arrange Bio-equivalence test for pharmaceutical products under local arrangement, then the companies do not need to go abroad for the tests and this will further drive the production cost as the tests are conducted by paying high fees.

Government Policy:

The pharmaceuticals sector has been among the high-priority ones in Bangladesh export policy since 2006. As per the budget of 2014-15, customs duty on 40 basic raw materials used in medicine manufacturing are reduced to 5% from previous 10%-25% rate. Customs duty on 14 items used in anti-cancer medicines have been withdrawn.

TRIPS Challenge:

The major challenge for the expansion of pharmaceuticals industry in Bangladesh is the expected expiry of WTO or TRIPS (Trade Related Intellectual Property Rights) agreement in 2016, which provides patent exemption for pharmaceutical products in Bangladesh as a Least Developed Country (LDC).

Chapter 03: Company Overview

3.1: About the company:

Beximco Pharmaceuticals Limited (Beximco Pharma) is a leading manufacturer of medicines and active pharmaceutical ingredients (APIs) based in Dhaka, Bangladesh and is a member of Beximco Group. Incorporated in the late 70s, Beximco Pharma began as a distributor, importing products from global MNCs like Bayer of Germany and Upjohn of USA and selling them in the local market, which were later manufactured and distributed under licensing arrangement. Over the years the company has grown from strength to strength and today it has become a leading exporter of medicines in the country winning National Export (Gold) Trophy a record four (04) times. Benchmarked to global standards, Company's manufacturing facilities have been recognized by the major global regulatory authorities, and it has so far expanded its geographic footprint across all the continents. Beximco Pharma currently has a portfolio of more than 500 products including all major beneficial categories, and it has successfully differentiated itself by offering technology driven specialized products. With a dedicated workforce of around 3,000 people, the simple principle on which it was founded remains the same "producing high-quality generic drugs and making them affordable to our people."

Since the very beginning, the company was highly successful in generating increased demand for its products which eventually justified local production. It completed its registration in 1976 and started its operation in 1980 by manufacturing and marketing licensee products of Bayer AG of Germany and Upjohn Inc. of USA. After its initial years of struggle, it broke ground with the launching of its own products in 1983. In 1985 Beximco Pharma was listed in Dhaka Stock Exchange (DSE) as a public limited company. The journey continued and barrier after barrier were crossed, challenges were faced and overcome to transform Beximco Pharma into what it is at present. Now it has grown to become nation's one of the leading pharmaceutical companies, supplying around 10% of the country's total medicine need. In the process, it was enlisted in Chittagong and London Stock Exchange. Today Beximco Pharma manufactures and markets its own branded generics for almost all diseases from AIDS to cancer, from infection to asthma, from hypertension to diabetes for both national and international markets.

It manufactures a range of dosage forms including tablets, capsules, dry syrup, powder, cream, ointment, suppositories, large volume intravenous fluids, metered dose inhalers etc. in several world-class manufacturing plants, ensuring high quality standards complying with the World Health Organization (WHO) approved current Good Manufacturing Practices (cGMP). Beximco Pharma is also contract manufactures for major international brands of leading multinational companies.

Beximco Pharma has a strong market focus and is anticipating continued future growth by leveraging business capabilities and developing superior product brands and markets. In particular, the company is very interested in developing a strong export market in USA and Europe. To meet the future demand, it has invested over US 50 million dollar to build a new state-of-the-art manufacturing plant, confirming to USFDA and UKMHRA standards. This new plant will also offer contract-manufacturing facility to leading pharmaceutical companies, especially from Europe and US.

3.2: Mission:

Beximco Pharma is committed to enhance human health and well-being by providing contemporary and affordable medicines, manufactured in full compliance with global quality standards. It continually strives to improve its core capabilities to address the unmet medical needs of the patients and to deliver outstanding results for its shareholders.

3.3: *Vision:*

Beximco Pharma will be one of the most trusted, admired and successful pharmaceutical companies in the region with a focus on strengthening research and development capabilities, creating partnerships and building presence across the globe.

3.4: *Core Values:*

- ❖ Commitment to Quality
- ❖ Customer Satisfaction
- ❖ People Focus
- ❖ Accountability
- ❖ Corporate Social Responsibility

✓ **Commitment to Quality:**

Beximco Pharma adopts industry best practices in all of its operations to ensure highest quality standards of its products.

✓ **Customer Satisfaction:**

It is committed to satisfy the needs of its customers, both internal and external.

✓ **People Focus:**

It gives high priority on building capabilities of its employees and empower them to realize their full potential.

✓ **Accountability:**

It encourages transparency in everything they do and strictly adhere to the highest ethical standards. It is accountable for its own actions and responsible for sustaining corporate reputation.

✓ **Corporate Social Responsibility:**

It actively takes part in initiatives that benefit the society and contribute to the welfare of its people. It takes great care in managing its operations with high concern for safety and environment.

3.5: Key Milestones:

<u>Year</u>	<u>Milestones</u>
2013	First Bangladeshi company to export ophthalmic products to Europe
2012	First Bangladeshi company to launch Salbutamol HFA inhaler (Azmasol®) in Singapore
2011	Received GMP recognition from AGES, Austria (for European Union); only pharmaceutical company to win 'National Export Trophy (Gold)' for the fourth time
2010	The only pharmaceutical company in Bangladesh to enter the US market through acquisition of an Abbreviated New Drug Application (ANDA)
2009	Only Bangladeshi company to receive GMP approval from ANVISA, Brazil
2008	First Bangladeshi company to receive GMP recognition from Therapeutic Goods Administration (TGA), Australia, and Gulf Central Committee for Drug Registration, for GCC states; Technology transfer arrangement to manufacture Roche's ARV drug Saquinavir
2006	Launched CFC free HFA inhalers for the first time in Bangladesh
2005	Only company in Bangladesh to be listed on the Alternative Investment Market (AIM) of London Stock Exchange (LSE) through issuance of GDRs
2003	First company to introduce anti-retroviral (ARV) drugs in Bangladesh
1993	Russia became the first export destination for formulation products
1992	Export operations started with APIs
1985	Listed on Dhaka Stock Exchange
1983	Launched own formulation brands
1980	Started manufacturing products of Bayer AG, Germany and Upjohn Inc., USA, under license agreements
1976	Company incorporated

Table 1: Key Milestones of Beximco Pharmaceuticals Limited

3.6: Board and Management:

<u>Management Committee</u>	
<u>Name</u>	<u>Designation</u>
1. Nazmul Hassan MP	Managing Director
2. Osman Kaiser Chowdhury	Member of the Board of Directors
3. Rabbur Reza	Chief Operating Officer
4. Ali Nawaz	Chief Financial Officer
5. Afsar Uddin Ahmed	Director, Commercial
6. Zakaria Seraj Chowdhury	Director, International Marketing
7. Lutfur Rahman	Director, Manufacturing
8. A R M Zahidur Rahman	Executive Director, Production
9. Shamim Momtaz	Executive Director, Manufacturing
10. Mohd. Tahir Siddique	Executive Director, Quality
11. Jamal Ahmed Choudhury	Executive Director, Accounts & Finance
12. Prabir Ghose	Executive Director, Quality Assurance

Table 2: Management Committee of Beximco Pharmaceuticals Limited

<u>Executive Committee</u>	
<u>Name</u>	<u>Designation</u>
1. Osman Kaiser Chowdhury	Member of the Board of Directors
2. Nazmul Hassan MP	Managing Director
3. Rabbur Reza	Chief Operating Officer
4. Ali Nawaz	Chief Financial Officer
5. Afsar Uddin Ahmed	Director, Commercial

Table 3: Executive Committee of Beximco Pharmaceuticals Limited

3.7: Organization Structure:

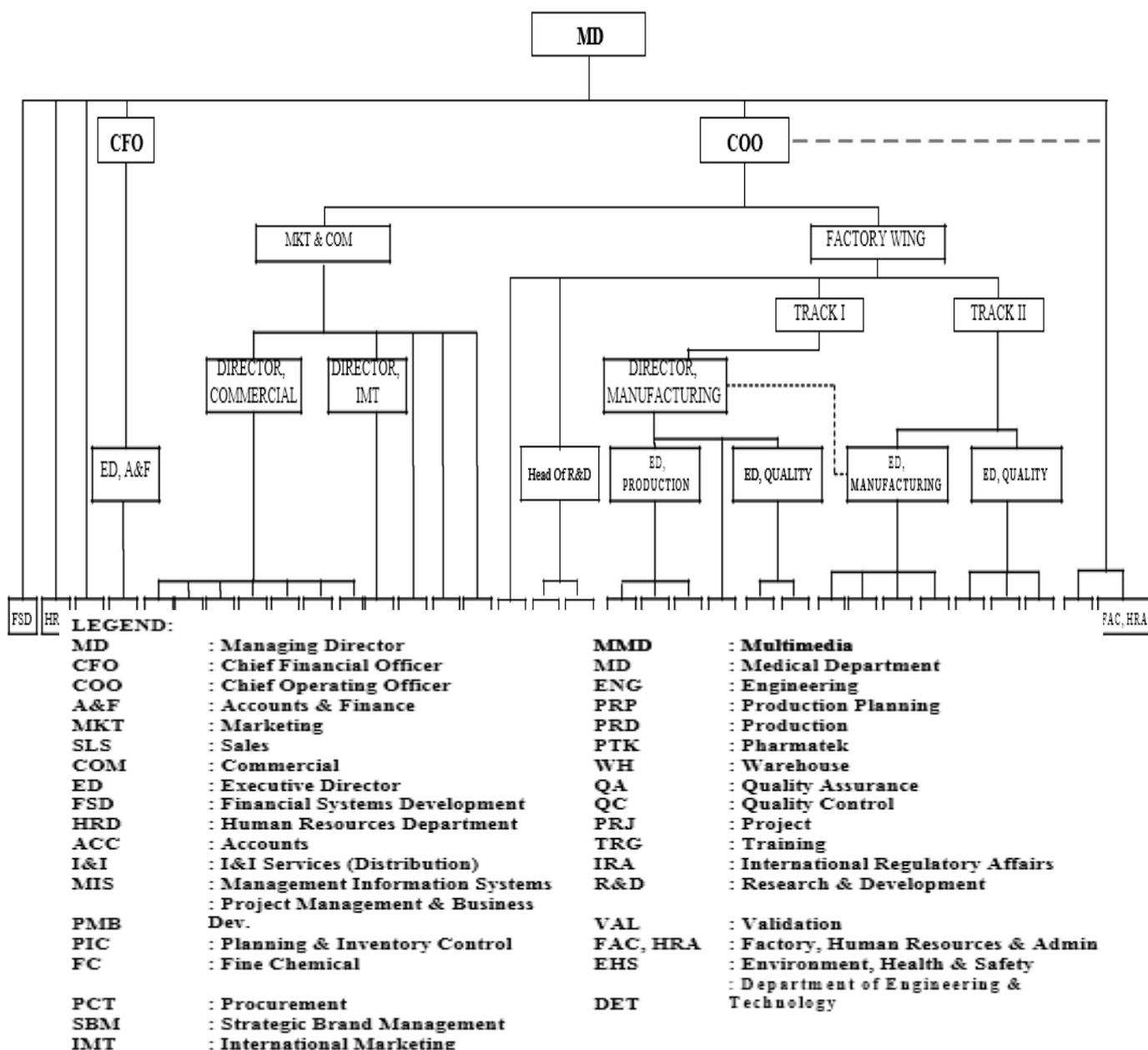


Figure 5: Organizational Structure of Beximco Pharmaceuticals Limited

3.8: Products:

Blockbuster Products:

<u>Product Name</u>	<u>Description</u>
1. Napa	Highest selling drug in Bangladesh Pharmaceutical Market in terms of unit.
2. Neoceptin-R	Highest selling drug in Bangladesh Pharmaceutical Market in terms of value.
3. Bextrum / Bextrum Gold	Emerged as the most admired and highest selling nutritional supplement in Bangladesh Pharmaceutical Market in just one (01) year.
4. Amdocal	Highest selling cardiovascular drug in Bangladesh Pharmaceutical Market in terms of value.
5. Tofen	Highest selling oral anti-asthma drug in Bangladesh Pharmaceutical Market in terms of value.
6. Azmasol	Highest selling Metered Dose Inhaler brand in Bangladesh Pharmaceutical Market in terms of value.

Table 4: Blockbuster Products of Beximco Pharmaceuticals Limited

Hi-Tech Products:

<u>Inhalation Aerosol</u>	<u>Suppository</u>	<u>Nasal spray</u>
1. Aeronid HFA Inhaler	1. Napa 125 Suppository	1. Nazolin Nasal Spray
2. Azmasol Inhaler	2. Napa 250 Suppository	2. Decomit Nasal Spray
3. Azmasol Refill Can	3. Napa 500 Suppository	
4. Bexitrol Inhaler	4. Ultrafen 12.5 Suppository	
5. Decomit 100 Inhaler	5. Ultrafen 50 Suppository	
6. Decomit 50 Inhaler		
7. Ipramid Inhaler		

Table 5: Hi-Tech Products of Beximco Pharmaceuticals Limited

Other Popular Products:

<u>Products</u>	<u>Therapeutic class</u>
1. Napa	Paracetamol
2. Amdocal	Angina & Ischaemic
3. Tycil	Antibacterial
4. Arixon	Antibacterial
5. Intracef	Antibacterial
6. Neoflox	Antibacterial
7. Atrizin	Antibacterial
8. Pedemin	Antibacterial
9. Filmet	Antiprotozol
10. Neceptin-R	Antiulcerant
11. Bronkolas	Bronchodilator
12. Neosten	Skin
13. Aristovit-M	Vitamin

Table 6: Other Products of Beximco Pharmaceuticals Limited**New Products:**

<u>Product Name</u>	
1. Adafil	11. Lopidam
2. Arlin	12. Metazine MR
3. Calorate	13. Metoprol XL
4. Calorate Kit	14. Navsol
5. Citicol	15. Nervalin
6. Diapro	16. Odeson
7. Feburic	17. Omastin IV
8. Hemofix	18. Tranexil
9. Hemofix FZ	19. Tyclav
10. Jointec Max	20. Voligel

Table 7: List of New Products of Beximco Pharmaceuticals Limited

3.9: Accolades: Beximco Pharma has won the prestigious Asia's Most Promising Brand award at the Asian Brand and Leadership Summit 2019 held during 26-27 August, 2019 in Dubai. Beximco Pharma ranked among Top 30 from 200 emerging brands in Asia. It also received Industry's number one (01) award in pharma category.

Nominated for Prestigious SCRIP Awards 2019:

The SCRIP Award is among the most prestigious awards in the pharmaceuticals industry recognizing highly successful global companies. Beximco Pharma has been shortlisted for the award from among hundreds of pharma companies around the world in the category of "Management Team of the Year".

3.10: Global recognition:

Benchmarked to international standards, manufacturing facilities of Beximco Pharma has been already approved by the regulatory authorities of Australia, Europe, Brazil and Columbia, among others. Currently it has the highest number of international recognitions in the country in pharmaceutical sector. Beximco Pharma also has the unique distinction as the only Bangladeshi company to get listed on the AIM of London Stock Exchange.

Beximco Pharma, as in previous years, attended the biggest pharmaceutical expo CPHI Worldwide, held during October 22-24, 2019 in Frankfurt, Germany. Beximco Pharma had a stall for showcasing its products to prospective clients from all over the world.

3.11: R&D is key to success for any pharma company and Beximco Pharma has given top priority in building and strengthening its capabilities to excel in formulating technologically complex products. Its formulation R&D team develops a wide range of generic products including difficult to copy formulations in defined specialty areas. Beximco Pharma has successfully developed multi-layer tablet, sustained release formulation, dispersible tablet, CFC-free inhalers, prefilled syringes, lyophilized injectable, sterile ophthalmic, oral thin films etc. The team has provided a robust product flow with 23 products in the year, and six (6) of them were launched for the first time in the country. Currently Beximco Pharma has a number of products in the pipeline for submission in the regulated markets. Its research and development activities are closely focused on market needs and driven by technological progress. A new, state-of-the-art research lab is being set up to facilitate the development of innovative and difficult products with a focus to create unique market opportunities.

3.12 Global Footprint:

As Beximco Pharma is expanding its global footprint, its position in many Asian and African countries is now stronger than ever while its focus remains high on the regulated markets of USA and EU for value added generics. Its export business registered an excellent growth of 43% over the previous year. Beximco Pharma has successfully filed three (03) ANDAs (Abbreviated New Drug Application) with the US FDA (Food and Drug Administration) and also made submission for Marketing Authorization in several EU countries. During the year it registered 38 products in 14 countries, and became the first Bangladeshi company to enter the European market with ophthalmic products. The company has a clear strategy to capitalize on generic drug opportunities and it continues to expand its pipeline for submission in overseas markets. At the moment, Beximco Pharma has the highest number of international accreditations among local companies.

3.13 Exports:

Beximco Pharma is the largest pharmaceutical exporter of Bangladesh. It was the first pharmaceutical company in Bangladesh to receive 'National Export Trophy (Gold)' in 1994-1995, which was the very first year for introduction of such award by the Government of Bangladesh. Beximco Pharma has also been awarded 'National Export Trophy (Gold)' for two (02) consecutive years 2015-2016 and 2016-2017. It is the only company which is the record

four (04) times winner of such award for its outstanding export performance. It is worth mentioning that this award is the highest national recognition for excellence in export. Beximco Pharma had always been highly proactive in exporting pharmaceuticals from Bangladesh and was the pioneer in almost all export activities of the country such as,

- Pioneer in Entering the CIS Countries.
- First Pharmaceutical Company of Bangladesh to Enter Singapore, One of the Most Stringent and Regulated Markets in Asia.
- First and Only Bangladeshi Company to Supply Pharmaceuticals to Raffles Hospital, One of the Most Prestigious Hospitals of the Region.
- Only Company to Supply Specialized and High-Tech Products like Inhalers, Suppositories and Nasal Sprays to Overseas Markets.

Beximco Pharma has made a huge contribution in fulfilling a national aspiration of turning an import based country into an exporter of quality medicines, by marking its presence in 45 countries across the globe.

3.14 Corporate Strategies:



Figure 6: Corporate Strategies of Beximco Pharmaceuticals Limited

✚ Distinguished Manufacturing Capability.

Located at Tongi, near the capital city Dhaka, Beximco Pharma's manufacturing site is spread over an area of 20 acres, which houses a number of self-contained production units

including oral solids, metered dose inhalers, intravenous fluids, liquids, ointments, creams, suppositories, ophthalmic drops, injectable, nebulizer solutions etc. The bulk drug unit for producing paracetamol is also located within this site. Company's penicillin API and formulation units are situated at Kaliakoir, a few kilometers from the main site. The plant and machinery throughout the site have been designed by and procured mostly from renowned European companies. Beximco Pharma has its own utility infrastructure to ensure adequate generation and distribution of purified water at all times. The installed

capacity of power generation is 10 MW. There is also liquid nitrogen generation facility on site.

Consistently Delivering High Quality Products:

Today the name “Beximco Pharma” has become synonymous with trust and reliability. Quality is its relentless passion. Quality is embedded in its values and in all that it does. Beximco Pharma’s business processes and practices are designed to achieve quality results that would meet the expectations of patients and physicians by getting the highest quality products, and of shareholders and stakeholders through achieving returns. Its three (03) brands, Neoceptin R (Ranitidine), Napa (Paracetamol) and Amdocal are the top three (03) selling brands in the Bangladesh pharmaceuticals industry.

Adopting Innovation in Manufacturing Process:

Beximco Pharma has always been the pioneer in adopting innovative technologies that introduced both sophistication and scale in its business processes. It also focuses on improving manufacturing efficiency to meet the challenge of maintaining the bottom line of the business in an ever-changing competitive market place.

R&D Capability in Both Formulation and API:

R&D is another area where Beximco Pharma has already shown capability and led the Bangladesh pharmaceuticals market in both formulation R&D and API R&D. Its formulation R&D capability is proven not only by the consistent quality of its products but also by its ability to introduce hi-tech, specialized products and dosage forms. The reverse engineering capability of the R&D team has enabled it to introduce innovative new products to serve the ailing people at home and abroad.

Domestic and Existing Export Markets:

Its past and present performances clearly suggest that it has plenty of scope to grow even in the domestic as well as in its existing export markets. Beximco Pharma has already identified some attractive niche markets where the investment is negligible as compared to its expected returns in terms of profitability. Once the new OSD (Oral Solid Dosage) plant is operational and it has the capacity, it will be able to capitalize on these opportunities and increase its market share in the domestic market as well as in other existing export markets.

Professional Management Capability:

Beximco Pharma is the pioneer in implementing corporate governance to professionally run a company in Bangladesh. It provides an environment which fosters creativity, innovation, self-development and entrepreneurship.

Sales & Marketing Capability Focused on Brand Building:

The major source of competitive advantages of Beximco Pharma is its sales and marketing team. Its marketing team is composed of innovative people from diverse discipline. Because of the innovative and creative approach adopted by its marketing team, it has been able to create many vibrant brands like Napa, Neoceptin-R, Amdocal, Neofloxin, Tycil, Omastin, Azmasol, Bexitrol-F, Atova, Bextram Gold etc. In fact, the ability of its sales and marketing team to differentiate its brands even in a crowded generic market is its major competitive advantage.

Global Strategy:

Beximco Pharma always took the leading, proactive and pioneering role in exporting pharmaceuticals from Bangladesh. Beximco Pharma began its international operations with the export of API to Hong Kong in 1992 and formulation products to Russia in 1993. Since then, Beximco Pharma has taken greater strides over the years to increase its footprints in international markets. It successfully ventured into several new countries including South Africa (through contract manufacturing) and Netherlands, and registered 45 products in

overseas markets. The current expansion of this overseas portfolio includes prioritizing and directing marketing operations to focus more on highly regulated markets such as the European Union (EU), USA, Australia and GCC member countries for value added generics. Beximco Pharma is supplying different formulations from its portfolio to renowned hospitals and institutions including Raffles Hospital, Heathway Medical Group and K. K. Women and Children Hospital in Singapore, Asthma Drug Facility (ADF) in France, CENABAST in Chile, and MEDS and Kenyatta National Hospital in Kenya.

National Wide Distribution Network:

Beximco Pharma has found to be performing much better than most others in the industry. Its distribution network is relatively more extensive in comparison to the top industry players. It covers whole Bangladesh which has an area of 147,570 square-km with over 160 million populations. Therefore, national wide distribution network serves a huge number of target customers and end users (patients). National wide distribution network is definitely a strong favorable key success factor for Beximco Pharma on its own and also relative to its rivals.

Relationship with The Doctors: When it comes to physician relationship management, Beximco Pharma is performing better than most but is still not performing well enough to take the number one (01) position in this respect. Square Pharmaceuticals Limited, Beximco Pharma's biggest competitor has taken the lead in this respect.

Financial Strength: Beximco Pharma has considerable financial strength in comparison to most but Incepta Pharmaceuticals Limited is not far behind while Square Pharmaceuticals Limited has substantial financial strength as well. Relative financial strength is something that Beximco Pharma should always try to monitor after all this the criteria on which corporations choose financial decisions regarding its debt/equity mix (capital structure of a firm), maturity structure (maturity of assets and liability), method of financing investment projects (project appraisal or capital budgeting) and other decisions with a goal of maximizing the value of the firm (the value of the shareholders' wealth).

Strong Relationships: Through Beximco Pharma's eyes, at the core of every successful partnership is a professional relationship based on mutual trust and respect. Beximco Pharma recognizes and understands that its alliances and partnerships are a core component to accomplishing its strategic global aspirations. Beximco Pharma believes that the right alliances can contribute appreciably to the achievements of its partners as well as to its own vision and sustainable growth. Beximco Pharma has a successful track record of partnerships and alliances with global MNCs such as GSK, Aventis, Bayer AG, Upjohn Inc. and Ciba. The company has successfully established its brand value within the medical community. The company seeks to further reinforce its relationships with all major stakeholders in the healthcare value chain. Beximco Pharma differentiates itself by providing value added, academic services to the medical community in the form of seminars and conferences, clinical meetings, scientific publications and so on. It is engaged in constant communication with doctors to ensure prompt feedback and meet any requests for academic services.

3.15: Corporate Social Responsibility (CSR) is an integral part of Beximco Pharma's business. CSR has been incorporated as one of the core values of the organization and the company actively takes part in initiatives that benefit the society and contribute to the welfare of the people. Its commitment to build a healthier tomorrow is largely based on CSR activities and Beximco Pharma always strive to integrate those to business strategies. The company works together with non-profit organizations, international development agencies, and various healthcare institutes to improve people's lives through research, information, and advocacy. As Beximco Pharma writes its success story as an emerging generic drug company in the region,

it realizes that responsibility towards all its stakeholders' increases in tandem. Some of its CSR activities in recent years are outlined and described below:

- Mobile Alliance for Maternal Action (MAMA)
- Extending Support to Jaago Foundation
- Support to Rana Plaza Victims
- Free Medicines for UN Health Camps
- Sponsoring Friendly Cricket Match
- Sponsoring National Campaign on Healthy Living
- World Heart Day 2019
- World Osteoporosis Day 2019
- World Diabetes Day 2019
- Universal Children's Day 2019

Mobile Alliance for Maternal Action (MAMA):

Beximco Pharma continued extending its support to Mobile Alliance for Maternal Action (MAMA) in Bangladesh, as its founding corporate partner. The United States Agency for International Development (USAID) catalyzed the creation of a public-private alliance in Bangladesh to support the execution of the service which aims to reach 500,000 pregnant women and new mothers within three (03) years. Under the brand name 'Aponjon' this delivers life-saving health messages to Bangladeshi women and their families using mobile phones. The Ministry of Health and Family Welfare (MoHFW) and Access to Information (A2I) Program at the Prime Minister's Office are official partners of the initiative while Global partners include Johnson & Johnson and United Nations Foundation, among others.

Extending Support to Jaago Foundation:

Jaago Foundation, the largest youth based volunteer organization in Bangladesh with more than 10,000 volunteers, aims to bring about substantial improvement in the lives of disadvantaged people with special emphasis on their literacy and nutrition. Jaago runs a number of schools to provide free education to the children in slum areas, besides running awareness campaigns on youth leadership, and other important social, environmental and health issues. Beximco Pharma provides both financial and in-kind supports to Jaago's various health and education initiatives.

Support to Rana Plaza Victims:

CRP (Centre for the Rehabilitation of the Paralyzed) Bangladesh has been actively providing full support for the victims of Rana Plaza disaster from the very beginning. More than 1,000 people have died and more than 600 injured in this tragedy. Beximco Pharma extended its support for the treatment of Rana Plaza victims and handed over a cheque of TK 3.7 lac and donated large quantities of medicine to Valerie Taylor, Founder, CRP, Savar at BPL's Head Office.

Free Medicines for UN Health Camps:

Beximco Pharma helps the UN mission in different countries through providing free medicines for running health camps. In 2019, Beximco Pharma provided all the medicines free of cost for the health camp organized by the UN peace keeping mission in the Congo.

Sponsoring Friendly Cricket Match to Promote Maternal and Newborn Health:

Mushfiqur Rahim, a renowned player of Bangladesh's national cricket team and also a Brand Ambassador of USAID-supported Maternal and Newborn Health program ("Ma Moni") in Bangladesh, played a cricket match on April 4, 2019 with local cricketers in Sylhet to raise fund and increase awareness about maternal health. Beximco Pharma sponsored the cricket match as a part of its corporate social responsibility. The raised funds

will be used by “Save the Children” for treating mothers in rural areas who have experienced health problems.

Sponsoring National Campaign on Healthy Living:

“Alchemy” is a nationwide healthy living campaign launched on March 6, 2018 to promote physical and mental wellbeing of people. Alchemy is being promoted by campaign specialists, health experts, trainers, and role models in Bangladesh. Beximco Pharma is one of the key sponsors of this unique initiative in Bangladesh.

World Heart Day 2018:

Beximco Pharma celebrated the World Heart Day 2018 (September 29), a global awareness day, which aims to promote preventative measures that reduce the risk of cardiovascular diseases. On this occasion, Beximco Pharma together with Volunteer for Bangladesh (volunteer wing of Jaago Foundation) and BD Cyclists (biggest cyclist group in the country) arranged different programs to promote this year’s theme ‘Take the road to a healthy heart’ which included distribution of awareness leaflets, a health camp, a TV program with leading cardiologists, cycle rally, marathon walk etc.

World Osteoporosis Day 2018:

Beximco Pharma celebrated the World Osteoporosis Day with a number of programs under this year’s global theme “Strong Women Make Stronger Women”. Beximco Pharma, for the first time in the country, organized a special bone health check-up to measure Bone Mineral Density (BMD) in order to instantly detect osteoporosis. Beximco Pharma also arranged free health camp at jogger’s park in the city, distributing awareness leaflets among people and organizing discussions with doctors in various medical institutes. The company handed over medicines and WOD campaign materials to CRP founder Ms. Valerie Taylor on this occasion.

World Diabetes Day 2019:

On the occasion of World Diabetes day 2019, Beximco Pharma arranged a number of awareness programs in different areas of capital city which included free diabetes check,  providing leaflets, guide books etc. in association with Bangladesh Diabetic Samity.

Universal Children’s Day 2019:

Jaago Foundation celebrated the Universal Children’s Day (UCD) 2019 on November 30 at Banani playground. This annual event aims to promote children’s rights and their equal access to education. Beximco Pharma was a sponsor of the daylong UCD carnival and also arranged free health camp on this occasion.

Chapter 04: Job description & Responsibilities

4.1 Overview of the Accounts & Finance Department:

The activities of the Accounts & Finance department of Beximco Pharma is carried over by experienced and adequate person in each designation. The functions of this department are divided into five (05) sections to maintain proper control. The sections are as follows:

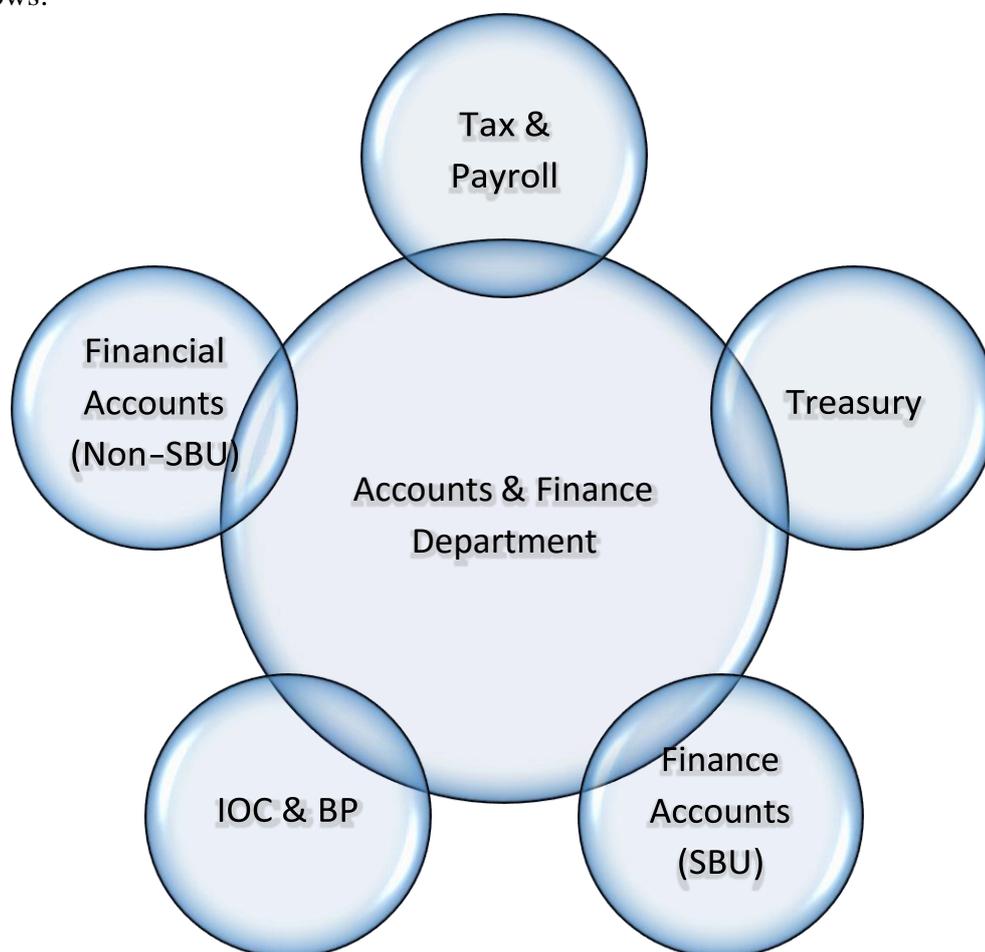


Figure 8: Sections of the Accounts & Finance Department

4.2 Job Description of the Sections

Job Description of Tax & Payroll Section:

Monthly Payroll, Corporate and Individual Tax, Trust Fund Accounts and Final Settlement of Outgoing Members.

- Preparation of Monthly Salary of Beximco Chemical Division (3000+).
- Disbursement of Monthly Utilities, Medical and Insurance Bills of Management Staffs.
- Disbursement of Monthly Expenses of Field Forces.
- Disbursement of Provident Fund and WPPF Loan.
- Updated of Motor Cycle Advance of Field Forces.
- Preparation of Final Settlement of Outgoing Employees.
- Calculation of Individual Income Tax and preparation yearly Income Tax Certificate.
- Preparation of Trust Fund Accounts (P.F. and WPPF).
- Assessment of the Company Income Tax of Beximco Chemical Division.
- Dispatching work of AGM and EGM.

Job Description of Treasury Section:

- All Bank's Loan Management.
- All Kinds of Lease Finance Management.
- Fund Related Book Keeping.
- Voucher Preparation, Checking, Code Validation and Posting.
- Daily Monitoring of Sales Collection and Reporting.
- Monitoring of Daily Fund Management.
- Export Collection Monitoring.
- Foreign Remittance against Export Expenses, GDR, Credit Cards and Others.
- All Types of Insurance Policy for Chemical Division.
- All Bank Accounts Reconciliation.
- Cheque Preparation and Disbursement.

Job Description of Finance Accounts (SBU) Section:

- Recording Financial Activities and Maintaining Books of Accounts.
- Report of Profitability and Statement of Affairs of the Company for Management.
- Portray the Business Profitability and Opportunity of Each Business Segment of Chemical Division and Analyze the Reasons for any Deviation.
- Maintaining Historical Data of Company Assets (Fixed Assets).
- Conducting Annual Statutory Audit, Arranging Print of Annual Financial Report for Shareholders and Conducting AGM and Other Meetings When Necessary.
- Preparation of Un-Audited Quarterly, Half Yearly Financial Reports and Arrangement of Public Announcement of Such Accounts and Reports both in Country and Alternative Market.
- Financial and Legal Compliance of Government Regulatory Bodies.

Job Description of IOC & BP Section:

- Standard Material Purchase Bills Processing, Import Costing, Inventory Valuation.
- Product Costing, Latest Material Purchase Rate Effect Analysis on Product Profitability.
- Quarterly Product Profitability Analysis.
- Monthly Sales Performance Analysis.
- Budget and Forecasting.
- Budget Variance Analysis.
- VAT Regulatory Affairs.
- Accounts Related Services at Factory Premises.
- To Provide Support Services to Treasury, Tax-Payroll and Financial Reporting Section.
- To Provide Support Services or Information to Other Departments to Execute Operation and Full-Fill Company Objective.

Job Description of Finance Accounts (Non-SBU):

- Provide Highly Responsible Support to the Top Management Through,
- Monthly Management and Yearly Audit Accounts.
- Other Information as and When Required.

- Recording of All Transactions of Shuktara Printers Ltd. (SPL), Pharmatek Chemicals Ltd. (PCL), Bangladesh Antibiotic Industries Limited (BAIL) and I & I Services Ltd.
- Make Payment by Cash and Cheque,
- Daily Petty Cash Payment (BAIL and AFU).
- Monthly Disbursement of Factory Cash Salary, Daily Labour and Other Payment.
- Accounts Payable.
- Advance for Local Purchase.
- Deposit TDS by Treasury Challan.
- Reconciliation of Banks, Current Account with Sister Concern, Loan and Lease Account, Share Investment Account, Local Purchase Advances, Accounts Receivable, Inventory Ledger and Depot Wise Stock.
- Preparation of Sales Invoice for PCL, LC Costing, Stock Valuation and Maintaining Inventory Ledger by Separate Software, COG's Calculation, Monitoring Sales Rebate, Preparation of Advice for Depots Payment, Monthly Sales and Stock Statement (Finished goods) of Beximco Pharma.

4.3 Hierarchy of the Accounts & Finance Department:

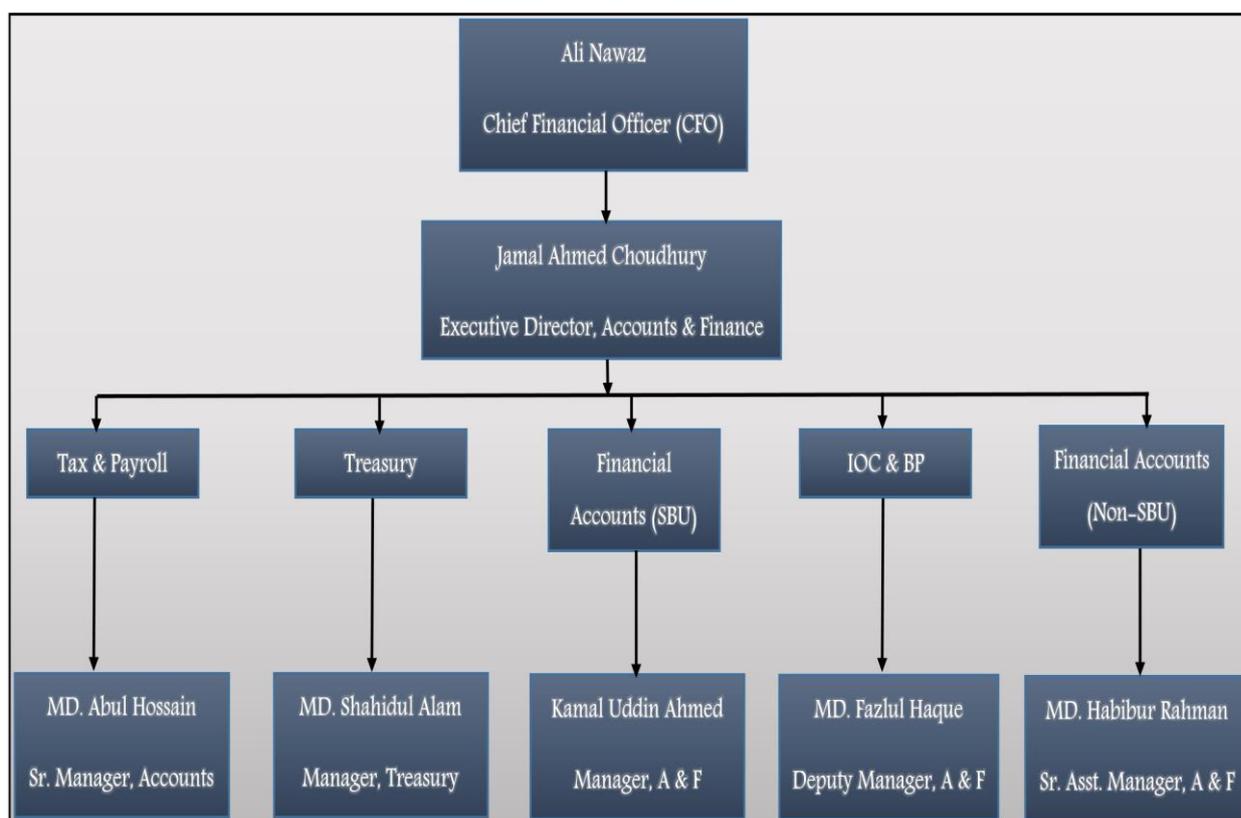


Figure 9: Hierarchy of the Accounts & Finance Department

4.4 Internship Experience & Job Responsibilities:

✚ Internship Experience.

I worked in the Accounts & Finance department as an intern for two (02) months in Beximco Pharma. During my internship at BPL, I was not only got the work experience which I expected but also the opportunity to take a close look at BPL's business as well as

its culture and values, which helped me to further understand how an established company works. During this period of internship, I have experienced different aspects of the accounts work, including the internal control, industrial costing, daily receives and payments system, payroll accounts, LC monitoring, bill of entry, MRR, PTG file maintenance, budgeted product price entry, payment clearance etc. Every day, I had different things to learn and work on. My Supervisor and mentors reviewed my work during the internship. My supervisor gave suggestions and feedback on my work almost every day, helping me to do the work better. I also communicated with my fellow interns to listen to their suggestions and comments on my work. In this process of learning, I gradually enriched my knowledge in accounting and finance and improved my communication skills. In short, my internship experience at BPL was fascinating, interesting and valuable.

Job Responsibilities:

As I have discussed already, the Accounts & Finance department of Beximco Pharma has several sections. As an intern, I was exposed to several sections under several employees but there are some certain sections where I was working most of the time for two (02) months of my internship. Those sections are listed below:

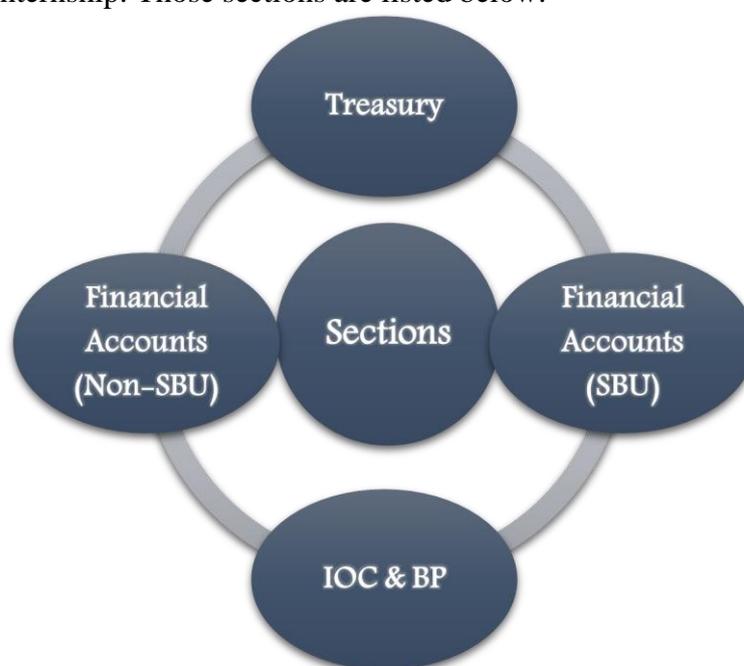


Figure 10: The Sections of Most of My Job Responsibilities

The activities that I have performed in this sections are given below:

♣ **Treasury:**

In this section, I worked under MD. Hafizur Rahman, Sr. Accounts Officer and in guidance of him, I performed the following activities:

- ✓ Bank Reconciliation.
- ✓ Premium Calculation on Insurance Related Work.
- ✓ Collecting all the petty cash vouchers and handover it to the concerned people.

Financial Accounts (SBU)

In this section, I worked under Mr. Kamal Uddin Ahmed, Manager, Accounts & Finance and MD. Gias Uddin, Sr. Assistant Accounts Officer. Under their guidance, I have performed the following activities:

- ✓ Checking of Depot Payment Vouchers and Material Purchase Vouchers.
- ✓ Voucher File Maintenance.

IOC & BP:

In this section, I worked mostly under MD. Abul Bashar, Accounts Officer and Jashim Ahmed Choudhury, Sr. Assistant Officer, Accounts. The activities that I have performed are given below:

- ✓ Providing Assistance in Preparing Bank Vouchers.
- ✓ Providing Assistance in LC Opening Information Entry in Detail and Item Entry based on Order Form and Pro-Forma Invoice.
- ✓ Motorcycle Ownership Reconciliation
- ✓ Making the Check List of VAT Document Received ✓ M.R.R, P.T.G etc. Invoice Maintenance.

Financial Accounts (Non-SBU):

Here, I have worked under MD. Jahangir Alam, Sr. Accounts Officer. The activities are listed below:

- ✓ Providing Assistance in Making Petty Cash Vouchers of Depots.
- ✓ Providing Assistance on Making Sales Report based on Depot.
- ✓ Calculation of Deposit Slip and Match with the Value of the Voucher.

4.5 Personal Observation:

During the internship tenure in Beximco Pharma, I have observed certain aspects which I have divided it into two (02) parts, which is outlined below and explained afterwards:

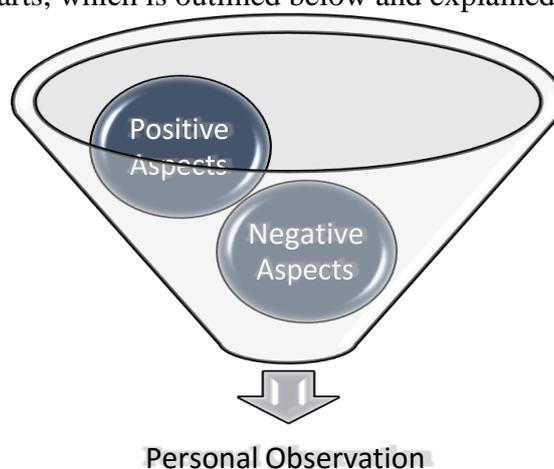


Figure 11: Classification of Personal Observation

Positive Aspects:

- Like all other successful companies, the work environment of Beximco Pharma is really friendly and cooperative.
- The Accounts & Finance department of Beximco Pharma is full of people with immense experience in their designated post and loyalty towards their company.
- Even though the salary structure of Beximco Pharma is not that high, people still want to stay in this organization because of job security and its extra facilities such as free lunch and refreshment, transportation, overtime pay etc.

Negative Aspects:

- Even though the Accounts & Finance department of Beximco Pharma is full of experienced people, they lack ambition and youth among them. As a result, the department and the organization as a whole is not performing up to their benchmarks.
- As most of the employees in Beximco Pharma is working for a longer period of time, they developed a certain disregard about company's rules such as maintaining office time, maintaining deadlines etc.
- In the Accounts & Finance department, there are at least two (02) people working for each post which could have been done by one (01) person pretty easily. As a result, unnecessary chaos in the department and most importantly the cost of the company is increasing.
- The employees of Accounts & Finance department is not technologically sound enough. As a result, the tasks which could have been done and stored in computers pretty easily has been done manually in papers, which is increasing the stationary and storage costs of the company at a big margin.

4.6: Recommendation:

- Beximco Pharma should impose certain effective rules to enforce punctuality. Through a notice or an e-mail, the company should inform the employees about the consequences of not maintaining the office time appropriately. Moreover, there should also be a provision of reward for the employees for being punctual.
- The Accounts & Finance department and Beximco Pharma as a whole, needs a portion of young employees who will work with energy, ambition and aggressiveness. The aggressiveness of the youth generation might help them to perform even better in the domestic market.
- Beximco Pharma needs to provide training to its existing employees about different technologies and software's which will help them to work more efficiently and to reduce company's costs.

Chapter 05: Financial Analysis

5.1 Summary of the Analysis:

The financial analysis part of this report is divided into three (03) parts which are outlined and discussed below:

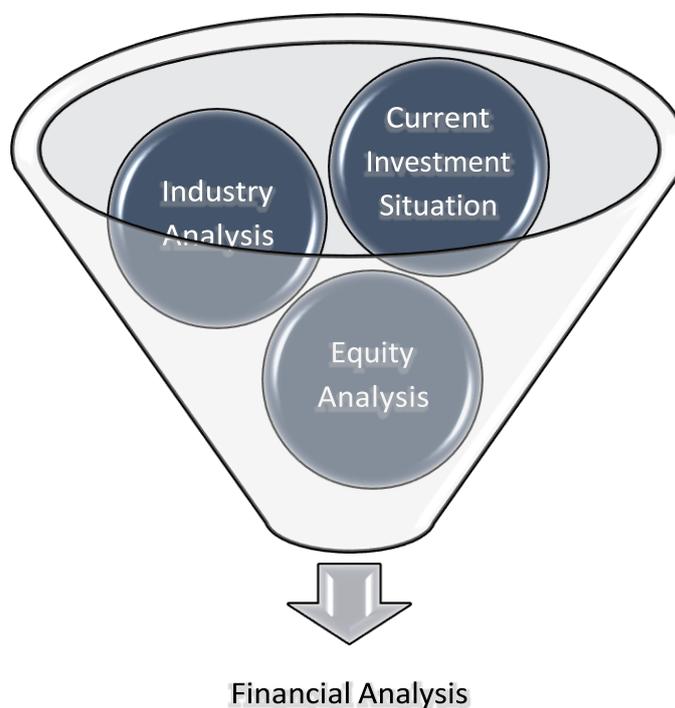


Figure 12: Parts of Financial Analysis

Analysis 5.A: Current Investment Situation of Beximco Pharmaceuticals Limited:

It outlines the basic information that an investor primarily needs to know before investing into the shares of Beximco Pharma. It contains the information related to Beximco Pharma and the industry as a whole by analyzing which, an investor can forecast the probable outcome of its shares in the near future. It also contains the current share price of the company and other related information.

Analysis 5.B: Industry Analysis:

It contains an analysis where the ratios of Beximco Pharma, Square Pharmaceuticals Limited and Renata Limited are calculated for the last five (05) years (2005-2019) and compared with each other. The report discloses liquidity, profitability and solvency ratios. After the comparison, the report reveals the industry situation of Beximco Pharma and probable reasons behind its success or failure to maintain the ratios of the above mentioned category.

Analysis 5.C: Equity Analysis:

In the last part of the financial analysis, an equity analysis is done where necessary steps are followed to calculate the intrinsic price of the shares of Beximco Pharma. To calculate the intrinsic price, operating cash flow, project cash flow and net present value are calculated by taking the necessary information from the company's financial statements. This analysis is mostly based on forecasted data. The average market price of the first quarter of 2014 are taken to compare it with the intrinsic price and also to figure out whether the share price is under or overvalued. Certain reasons are also disclosed to justify its under or overvaluation of shares.

5.2: Objectives of the analyst:

- To know about the current investment situation of Beximco Pharma.
- To know about the industry position of Beximco Pharma by analyzing its ratios of the last five (05) years (2015-2019) and compare it with its competitors for a clear picture.
- To know the market position of the shares of Beximco Pharma by calculating the intrinsic price.
- To learn how to implement different financial tools in real life analysis.

5.3: Mythology of the report:

In order to prepare this financial analysis part, only secondary data has been used. The sources that has been used to collect necessary data is given below:

- Annual reports of Beximco Pharmaceuticals Limited, Square Pharmaceuticals Limited and Renata Limited for the tenure 2015-2019.
- Websites of Beximco Pharmaceuticals Limited, Square Pharmaceuticals Limited and Renata Limited.
- Website of Dhaka Stock Exchange (DSE).
- Different journals and articles on Beximco Pharmaceuticals Limited.
- Other internship reports on Beximco Pharmaceuticals Limited.
- Online newspapers such as The Daily Star and The Financial Express.
- Different websites.

5.4: Limitations of the report:

- All the comments made, conclusions reached and suggestions for possible improvement provided are purely based on my level of understanding, knowledge and my way of interpreting a particular statement.
- Because of the lack of information, I have to make some assumptions that may cause few errors or personal mistakes in the report.

Analysis 5.A

Current investment Situation of Beximco Pharma Ltd.

5.A.1: Investment Positives:

- Beximco Pharma holds third highest market share in local sales (approximately 7.78%). The company's growth rate in domestic sales is one of the highest in the industry and beating the industry growth rate by some margin for last four (04) years.
- In the first quarter of 2014, the company has launched 13 new products, registered 12 products in different overseas market including Costa Rica and Columbia. In 2019, it launched 23 products in Bangladesh six (06) of which are introduced for the first time in Bangladesh and penetrated the European market by start selling to Germany and Austria.
- Received GMP (Good Manufacturing Practice) approval from Taiwan Food and Drug Authority (Taiwan) and Health Canada (Canada) and is likely to get approval from USA as well.
- Beximco Pharma has 10MW electricity generation capacity installed and has the highest number of international GMP accreditations in the country in pharmaceuticals sector.
- In 2019, the company has spent around BDT 2,739 million and up to the third quarter of 2014, it spent around BDT 1,553 million for acquisition of property, plant and equipment, which is an indication that the company might be going for capacity expansion. This may accelerate the company's sales growth both in foreign markets as well as in the domestic market.
- Beximco Pharma's export sales in 2019 has risen by almost 43% and its export sales in the last three (03) years is increasing at a higher rate.
- Beximco Pharma has its own penicillin API unit situated in Kaliakoir and is one of the few companies of Bangladesh which have its own API.

5.A.2: Investment Concern:

- The company lost some of its market share to Incepta Pharmaceuticals Limited. Around 46% of Beximco Pharma's cost of goods sold is imported which makes the company vulnerable to currency fluctuation risk and the company indeed incurred BDT 17.2 million loss due to currency fluctuation.

The company's growth rate in domestic sales is one of the highest in the industry and beating the industry growth rate by some margin for last four (04) years.

- In the first quarter of 2014, the company has launched 13 new products, registered 12 products in different overseas market including Costa Rica and Columbia. In 2019, it launched 23 products in Bangladesh six (06) of which are introduced for the first time in Bangladesh and penetrated the European market by start selling to Germany and Austria.
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- Beximco Pharma's export sales in 2019 has risen by almost 43% and its export sales in the last three (03) years is increasing at a higher rate.

Beximco Pharma has its own penicillin API unit situated in Kaliakoir and is one of the few companies of Bangladesh which have its own API.

5.A.3 Other Basic Attributes:

Basic Information		
Current Market Price (BDT)		48.60
Market Capitalization (BDT million)		18,245.442
Three (03) Month's Return		16.82%
Three (03) Month's AVG. Volume		2,619,245
One (01) Year Return		34.81%
No. of Shares Outstanding (million)		367.85
Free Float (Public & Institutional Holding)		61.93%
52 Weeks Range (BDT)		37.1-75
Forward P/E (x)		15.29
Trailing P/E (x)		15.94
Trailing Twelve (12) Month EPS (BDT)		4.01
Fair Value (BDT)		94.26
Credit Rating, CRISL	AA-	ST-2

Table 8: Basic Information Related to Beximco Pharmaceuticals Limited

Analysis 5.B

Industry Analysis

5.B.1 Introduction:

Quantitative analysis of information contained in a company's financial statements. Ratio analysis is based on line items in financial statements like the balance sheet, income statement and cash flow statement; the ratios of one item or a combination of items to another item or combination are then calculated. Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency. The trend of these ratios over time is studied to check whether they are improving or deteriorating. Ratios are also compared across different companies in the same sector to see how they stack up, and to get an idea of comparative valuations. Ratio analysis is a cornerstone of fundamental analysis.

5.B.2 Analysis & Comparison of Ratios

Liquidity Ratios:

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

Analysis & Comparison:

- **Current Ratio:**

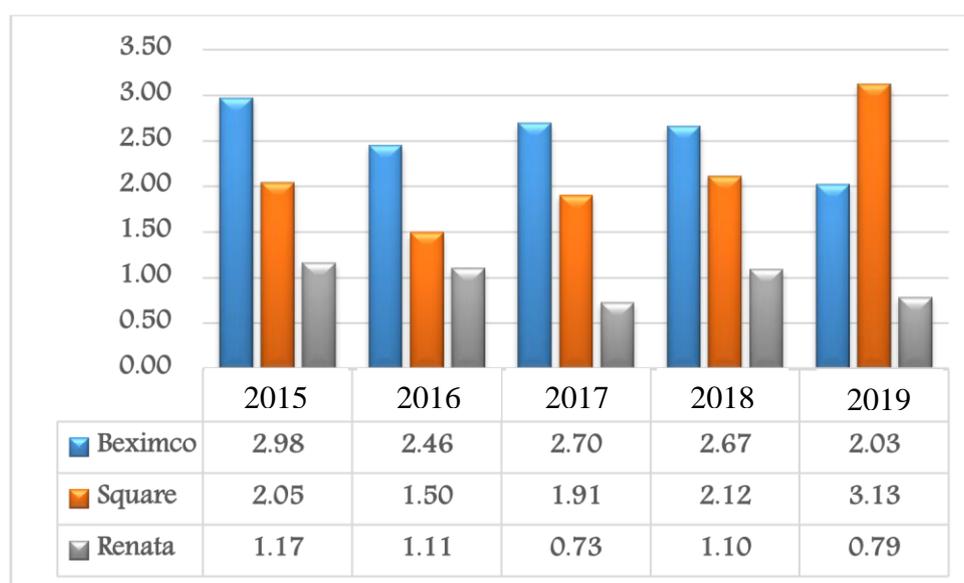
It is a liquidity ratio that measures an organization's ability to pay short-term debts. The ratio is mainly used to give an idea of the organization's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the company is of paying its obligations. A ratio under "1" suggests that the company would be unable to pay off its obligations if they came due at that point. Higher current ratio definitely indicates that the firm is highly liquid and able enough to meet the demands of the creditors. Satisfactory current ratio actually varies from industry to industry but in general, if the current ratio lies above "1", it indicates that the business is healthy. If the current ratio is below "1", then it means that the current liabilities are higher than the current asset, so the firm can face many difficulties while paying back their short term debts. On the

other hand, if the current ratio is too high then it indicates that the firm has problem in working capital management. Low current ratio does not always mean that the firm is at an alarming stage or very near to be bankrupt but of course it is better to maintain a standard current ratio in order to be free from liquidity risk.

Formula.

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

Ratio Trend.



Trend 1: Analysis & Comparison of Current Ratio

Analysis.

By seeing the trend, we can clearly see that Beximco Pharma is in a healthy situation as it is maintaining a current ratio way over “1”. After reaching to the highest rate in 2015, the ratio started to fluctuate and eventually began to deteriorate because of their increase in current liabilities.

Comparison: The trend shows that, Beximco Pharma had their highest current ratio in 2015, Square Pharmaceuticals Limited at 2019 and Renata Limited at 2015. For Beximco Pharma, though the ratio gradually declined afterwards, it was not below “1”. So, it can be said that they always maintain a good current ratio to pay off their debts in time. In recent past years, Square Pharmaceuticals Limited has been maintaining a stable current ratio which is very much required to maintain a healthy financial position. Moreover, they are also maintaining the current ratio more than “1”, which is risk free and they are also operating successfully without maintain any idle capacity. In case of Renata Limited, they are maintaining a ratio around “1” but stumbled a bit in 2017 and

2019, as their ratio went down below “1”. It signifies that Renata is facing trouble in recent times to pay off their current liabilities.

Overall, we can comment that Beximco Pharma is in more stable position in comparison to other two (02) companies and the companies are quite aware about their liabilities and maintain their assets in ways to pay off their obligations in time.

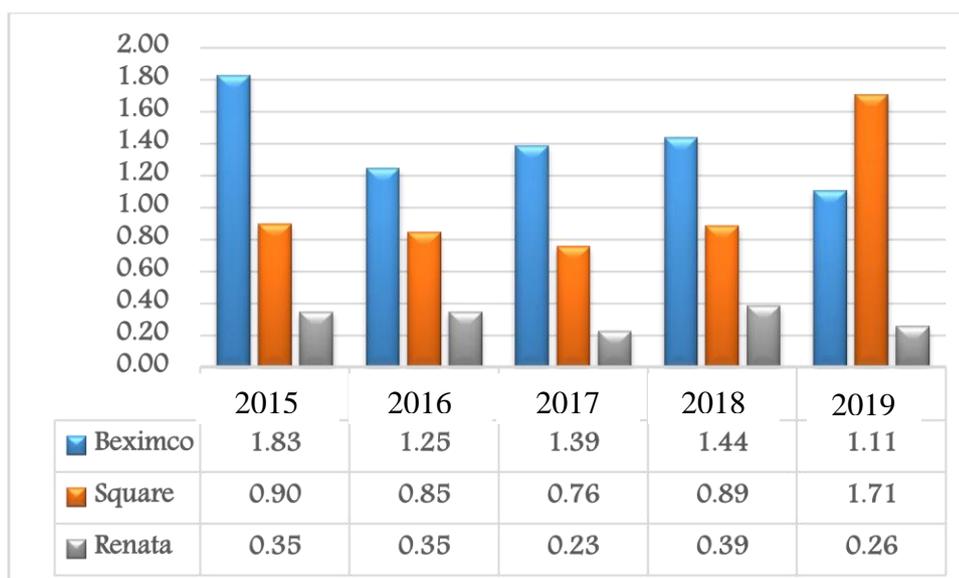
• **Acid-Test (Quick) Ratio:**

This ratio assesses the capacity of an organization to recover its current liabilities by using the organization’s quick assets. Assets which can be easily converted into cash are known as quick assets. Quick ratio is also known as acid-test ratio and it excludes the inventories as inventories are less liquid. Quick ratio less than “1” indicates that the firm is currently unable to pay its current debts. A high quick ratio is not considered as good always depending on the accounts receivables and current liabilities. If it happens that the firm has huge account receivables which will be collected after a long time and the current liabilities are lesser but needs to be paid instantly then the quick ratio will be higher. However, the firm will be in a risky situation as there is liquidity crisis. On the other hand, opposite thing can also happen.

Formula:

Acid – Test (Quick) Ratio

$$= \frac{\text{Cash} + \text{Short – Term Investments} + \text{Receivables (Net)}}{\text{Current Liabilities}}$$

Ratio Trend.***Trend 2: Analysis & Comparison of Acid-Test (Quick) Ratio*****Analysis.**

In case of acid-test (quick) ratio, Beximco Pharma is also in a strong situation, as they are maintaining a ratio over “1” but not too high. Like current ratio, the acid-test (quick) ratio also reached to its peak in 2015 and began to decline in recent years due to gradual increase in their current liabilities.

Comparison:

The trend shows that Beximco Pharma had highest quick ratio in 2015 which declined gradually from 2016 but the ratio remained well above “1”, which is really satisfying and indicates that they are in a good liquid position. Square Pharmaceuticals Limited had the highest ratio in 2019. From, 2015 to 2018, the ratios were less than “1” which is not satisfactory. In case of Renata Limited, the ratio was highest in 2018 but their overall ratio is well below “1”, which indicates that they are unable to pay off their current liabilities properly at the moment.

Overall, Beximco Pharma is in a strong position in comparison with the other two (02) organizations as Beximco Pharma have maintained a very promising ratio over the years. It indicates that, they are in a prime position to pay off their current debts with their current liquid assets at the moment.

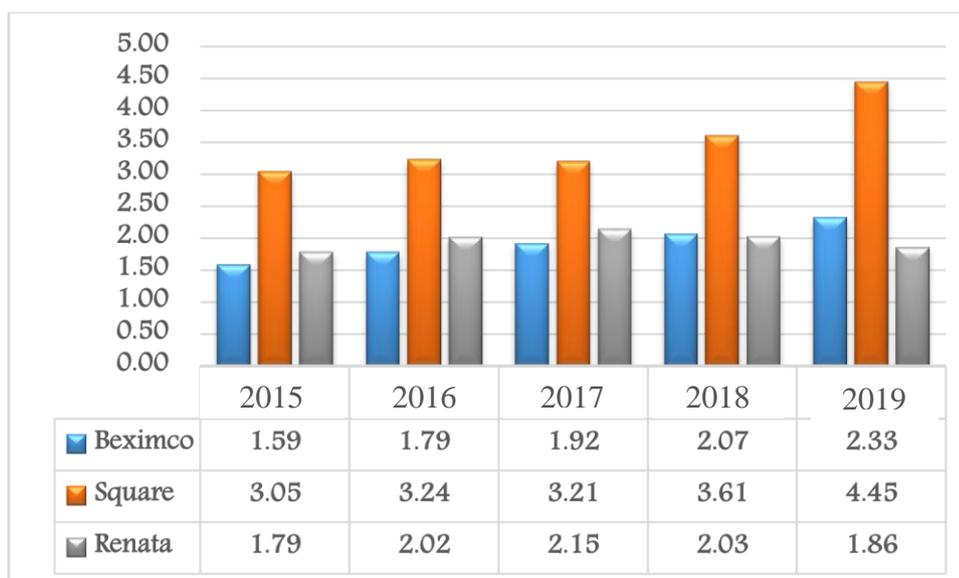
- **Inventory Turnover:**

Sufficient amount of inventory is must to do successful business. This ratio basically shows that over a period, how many times the inventories are sold and renovated. Generally, a company with high inventory turnover ratio is assumed as strong one. When the inventory level is very high, the ratio will be low which means poor sales and the inventories are kept idle in the warehouse. Definitely, it is bad for future growth of the company. The turnover ratio for perishable good is normally very high as these are sold out quickly. Although high inventory turnover ratio is desirable, sometimes it may indicate ineffective buying.

Formula:

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

Ratio Trend:



Trend 3: Analysis & Comparison of Inventory Turnover

Analysis:

In case of inventory turnover, Beximco Pharma is maintaining a moderate ratio. Organization's inventory turnover reached to its highest level 2019 and gradually increasing from 2015, which is a positive sign. Still we can say that their sales in not that impressive at the moment to reduce its inventory level.

Comparison:

The trend shows that; Beximco Pharma has a highest ratio in 2019 but possess the lowest turnover ratios most of the years compared to its competitors. On the other hand,

Square Pharmaceuticals Limited in maintaining a very impressive ratio that reached to its peak position in 2019. In case of Renata Limited, they also have failed to maintain a good ratio because of their excessive inventory keeping and in 2017 the ratio reached to its company highest.

Overall, Beximco Pharma is maintaining a stable inventory turnover but their financial statements signify that they have a huge unused inventories which increased the cost and reduced their profit. So, they need to be careful in maintaining sufficient inventories (but not excessive) to meet up the needs.

Overall Review on Liquidity Ratios:

Beximco Pharma is maintaining more or less a strong position in all the liquidity ratios that I have discussed. They are really in a strong position in current ratio and acid-test (quick) ratio but a bit moderate in terms of inventory turnover. They may be facing certain problems because of inflation, which is increasing the price of raw materials and eventually their accounts payables and also because of the increase in government regulations, which is increasing their tax payables. Because of that, they may be facing problems in maintaining a healthy liquidity ratio in recent years.

Profitability Ratios:

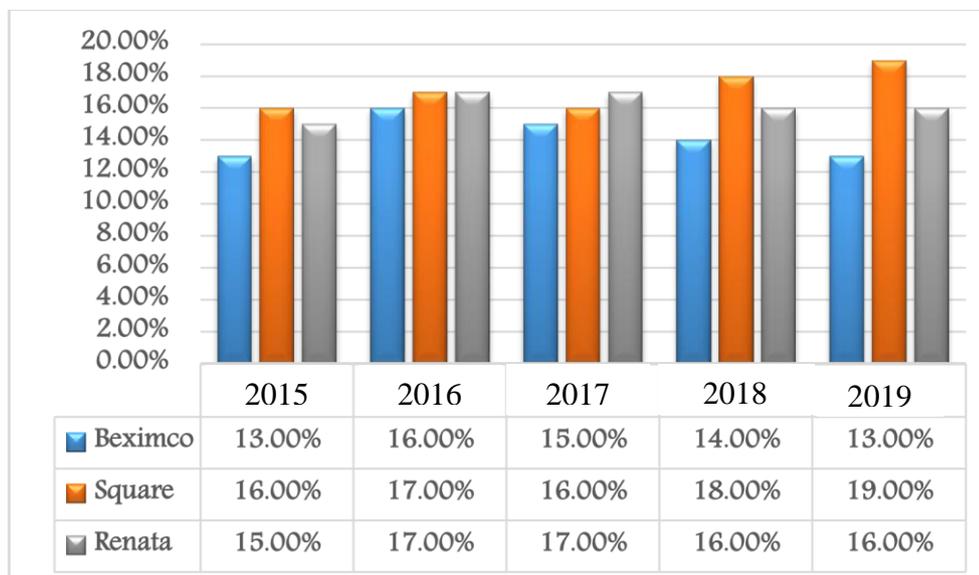
Profitability ratios designate an organization's overall efficiency and performance. It measures how to use of organization's assets and control of its expenses to generate an acceptable rate of return.

Net Profit Margin:

A ratio of profitability calculated as net income divided by revenues, or net profit divided by sales. It measures how much out of every dollar of sales a company actually earns. This is also known as profit margin. Higher the profit margin, better the condition of the firm. Higher profit margin means that higher portion is remaining as profit after the selling activity takes place. So it also indicates towards efficient expense controlling ability. Increased earnings are good, but an increase in sales does not mean that the profit margin of a company is improving. For instance, if a company has costs that have increased at a greater rate than sales, it leads to a lower profit margin. This is an indication that costs need to be under better control.

Formula:

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Net Sales (Revenue)}}$$

Ratio Trend:***Trend 4: Analysis & Comparison of Net Profit Margin*****Analysis:**

Beximco Pharma has maintained a pretty good net profit margin in the last five (05) years but it is declining gradually. The ratio reached to its highest in the year 2017 but reducing afterwards due to increase in cost.

Comparison:

The trend shows that; Beximco Pharma is having a gradual decline in their net profit margin in recent years (2015-2019). Though the rate was seen to be improving in 2016, it again declined afterwards. Square Pharmaceuticals Limited is seen to be in the most satisfactory situation compared to its competitors. It has been maintaining the most stable performance and the rate is also higher in every year. In case of Renata Limited, we can see that the rate reached to its highest in 2017 and remained highest 2017 but declined afterwards. Still their ratio is better than Beximco Pharma and closer to Square Pharmaceuticals Limited on average.

Overall, Beximco Pharma is maintaining a steady ratio but it is not in an improving trend compared to its competitor Square Pharmaceuticals Limited. From all these three (03) company's comparison, it is quite clear that Beximco Pharma needs to pay more

attention in increasing their sales and reducing the costs in order to compete and run their operations successfully.

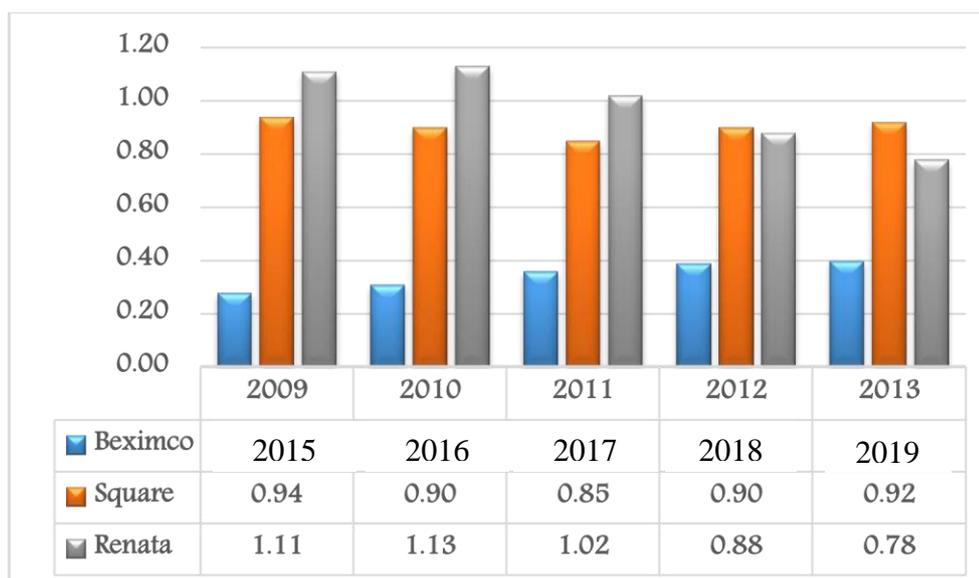
□ Asset Turnover:

Asset Turnover measures how much sales revenue is gathered in against each dollar of assets. It indicates the efficiency of asset management of a firm. Higher the ratio, higher the efficiency of the firm. If a company can generate more sales with fewer assets it has a higher turnover ratio which tells it is a good company because it is using its assets efficiently. A lower turnover ratio tells that the company is not using its assets optimally.

Formula:

$$\text{Asset Turnover} = \frac{\text{Net Sales}}{\text{Average Assets}}$$

Ratio Trend.



Trend 5: Analysis & Comparison of Asset Turnover

Analysis.

We can see from the trend that Beximco Pharma is maintaining a poor asset turnover ratio. Though the ratio is increasing gradually and reached its highest in 2019, still it is not good enough to compete in such a competitive industry. This rate signifies their lack of efficiency in asset management.

Comparison:

In comparison to its competitors, Beximco Pharma is not in a good position in terms of asset turnover. Same goes for Square Pharmaceuticals Limited as they are also maintaining a turnover less than “1” for past few years which indicates less satisfactory asset management. However, Renata Limited has a satisfactory turnover ratio in comparison to its competitors but still it is declining in recent years.

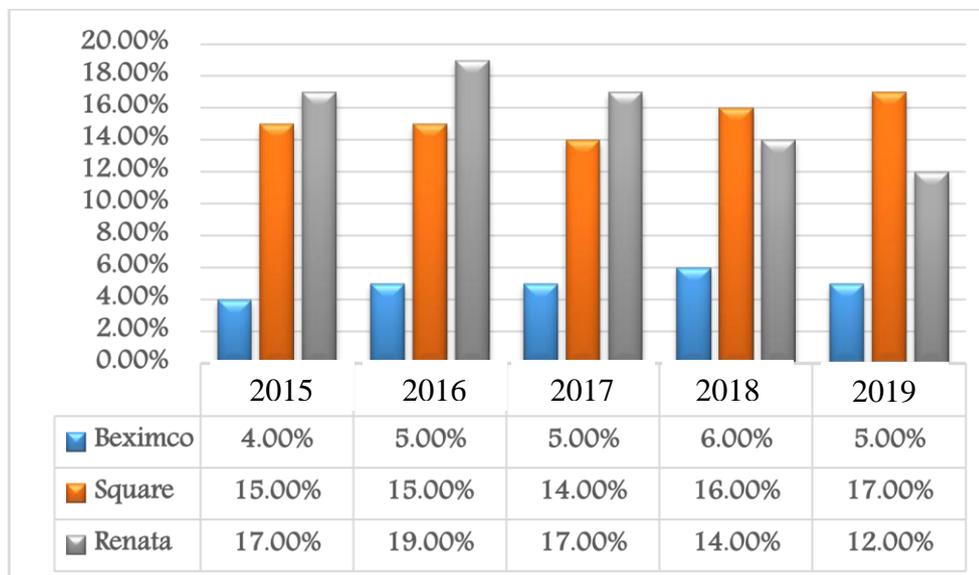
Overall, the asset turnover of Beximco Pharma is increasing steadily but it is not good enough to compete. They are not in a good position in case of generating revenues against each dollar of asset. They need to start using their assets optimally to ensure generate large amount of profits.

Return on Assets (ROA):

Return on asset is an indicator of how profitable a company is relative to its total assets. ROA gives an idea of how competent management is at using its assets to generate earnings. It is calculated by dividing a company's annual earnings by its average total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment". The assets of the company are comprised of both debt and equity. Both of these types of financing are used to fund the operations of the company. The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment.

Formula.

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

Ratio Trend.***Trend 6: Analysis & Comparison of Return on Assets (ROA)*****Analysis.**

The return on assets for Beximco Pharma has been decent in the last five (05) years but not overwhelming. The rate reached its peak in 2018 but gone down in 2019 because of the reduction on net assets.

Comparison:

Among the three (03) organizations, Beximco Pharma has the lowest return on assets. They had some improvement in 2018 but declined in 2019. Although the fluctuation margin is not that high but still a lot of improvement needs to be done. On the other hand, Square Pharmaceuticals Limited and Renata Limited's trend shows that its performance is quite good and in a stable position. Both the companies are generating more profits in comparison to their assets.

Overall, the graph interprets that, Beximco Pharma's rate is on a declining trend which is a matter of much concern. It indicates that they are generating lowest amount of return from their investments in assets. So, in order to compete with other competitors, Beximco Pharma needs to be more effective in converting the money it has invested into net income.

Return on Common Shareholder's Equity:

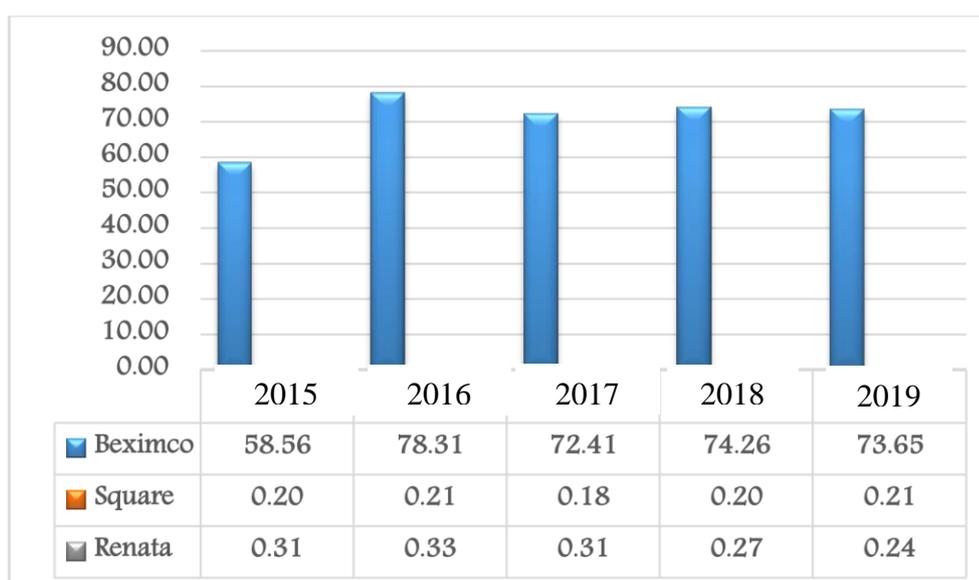
Return on Equity or ROE is the ratio of net income to total shareholder's equity. It measures how much a firm earns from the shareholders' equity. It also shows the firm's efficiency at generating profits from every dollar of equity capital. Increasing ROE indicates improved performance. In accounting sense, ROE is the true bottom line of performance measurement.

Formula:

Return on Common Shareholder's Equity (ROE)

$$= \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Average Common Shareholder's Equity}}$$

Ratio Trend:



Trend 7: Analysis & Comparison of Return on Common Shareholder's Equity

Analysis:

Beximco Pharma is generating a high profit in every dollar of equity capital. The ratio reached to its peak in 2016 but starts to decline in a steady rate afterwards. Still the rate is really very high in comparison to other competitors due to their large net income.

Comparison:

The trend shows, Beximco Pharma had the highest return on equity in every year compared to its competitors. So, it generated the highest return from their shareholders'

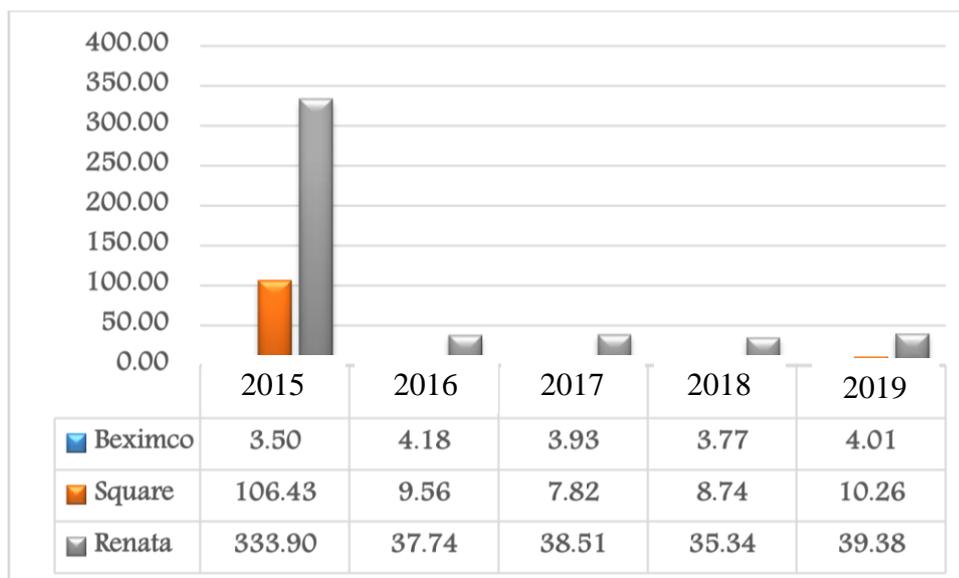
equity. However, from 2017, it started decreasing which is not a good sign for the management. On the other hand, Square Pharmaceuticals Limited and Renata Limited do not have high returns but maintaining a stable rate of return. They seem to have the lowest percentage of returns consistently. Their performance is very poor throughout the past few years indicating a lower return generated from shareholders' equity. Overall, Beximco Pharma is dominating in this ratio as they are generating higher return from shareholder's equity.

Earnings per Share (EPS):

Earnings per share or EPS expresses the earned profit against each share. It is considered as an important tool while measuring a company's stock performance. Investors often judge organizations with the EPS and always prefer a high EPS. However, always high EPS does not mean that the firm is doing well because the net income can be manipulative which makes the EPS overestimated. Often organizations do these in order to attract more public investments. So, relying only on EPS is never a wise decision. Another important point is, same EPS of two (02) firms do not indicate that the firms are equally strong; here we need to judge which firm has earned same EPS by less investment. The firm which has done so is in better position and more efficient than the other.

$$\text{Earnings Per Share (EPS)} = \frac{\text{Net Income}}{\text{Number of Common Shares Outstanding}}$$

Ratio Trend.



Trend 8: Analysis & Comparison on Earnings per Share (EPS)

Analysis.

Formula:

Beximco Pharma is having more or less a steady EPS. It may not be too high but could be useful and reliable for investors as often high EPS signifies manipulation on net income. The EPS of Beximco Pharmaceuticals Limited reached to its highest in 2016 but declined in a small number in 2017 and 2018. However, the ratio is in upward trend in 2019, which is a positive sign for the company. Comparison:

The trend shows, Renata Limited had the highest earning per share indicating their huge earnings on less investment. Their net income was high compared to their number of shares outstanding. In case of Square Pharmaceuticals Limited, EPS were really high in 2015 as their net income and number of shares both increased at that time but afterwards EPS felt down drastically due to issue of huge number of new shares by the company. Beximco Pharma had the highest EPS in 2016 and the lowest in 2015. They are consistently having very low EPS compared to Renata Limited and Square Pharmaceuticals Limited.

Overall, even though by looking at the trend, the EPS of Beximco Pharma does not look that impressive, still in my opinion, it is quite a decent rate and maybe a reliable one

for the investors too. I think it is quite a high ratio considering their investment in comparison with their competitors.

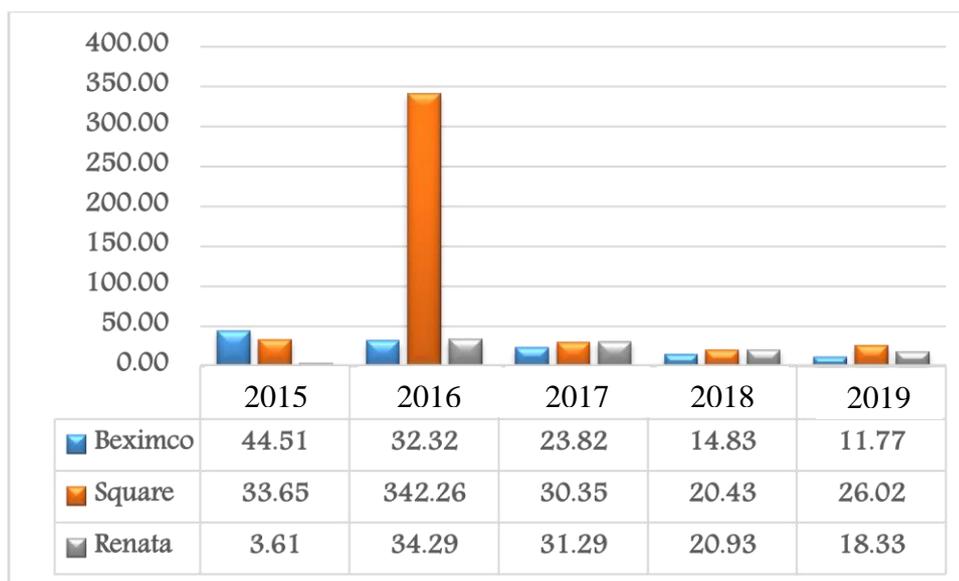
Price-Earnings (P-E) Ratio:

A valuation ratio of a company's current share price compared to its per share earnings. The P-E ratio actually represents the expectation of investors about the firm. Higher P-E means that investors have high expectations about the firm's future growth and that's why they are interested to invest. P-E ratio also sometimes indicates how much the investors are willing to pay for each dollar of earnings. So, in this case it is referred as multiple. The average P-E ratio is 20-25 times. Comparing P-E ratio within firms of same industry gives the idea of which firm is performing well.

Formula:

$$\text{Price – Earnings (P – E) Ratio} = \frac{\text{Market Price per Share of Stock}}{\text{Earnings Per Share (EPS)}}$$

Ratio Trend.



Trend 9: Analysis & Comparison on Price-Earnings (P-E) Ratio

Analysis.

It is visible that Beximco Pharma is maintaining a low P-E ratio in recent past. The rate reached to its highest level in 2015 but drastically declined afterwards and came down to 11.77 in 2019, which is way lesser than the benchmark of 20-25. Declining market share price could be the reason behind the low P-E ratio. Comparison:

Trend shows that, over the last five (05) years, the P-E ratio of Square Pharmaceuticals Limited has been quite high which means that investors have great interest on its stock. This is because Square Pharmaceuticals Limited is a well reputed organization and has a unique brand image. The ratio was highest in 2016 and lowest but within the standard in 2018. Renata Limited is seen to have the highest rate in 2016 and the trend shows that the rate is decreasing for the company's stock. In case of Beximco P ratio till 2017 but declined really quickly in 2018 for the company of their standards.

Overall, even though the investors still prefer to invest in Beximco Pharma in comparison to their other competitors, the ratio is declining rapidly in the recent past and also way below the standard. If the ratio is not improved very soon than, it may put a negative impact on investors towards the company.

Overall Review on Profitability Ratios:

The profitability ratios of Beximco Pharma is not that impressive like the liquidity ratios. Except, return on common shareholder's equity, they are struggling to maintain an impressive figure in rest of the profitability ratios. May be extreme competition from the competitors like Square Pharmaceuticals Limited is the reason behind their performance decline. Moreover, too much focus on export is one more reason behind their downfall in this ratios as the local competitors are taking most of their market shares because of their lack of performance in the local market. As a result, they are losing customers in Bangladesh and large amount of profits.

Solvency Ratios: A key metric used to measure an enterprise's ability to meet its debt and other obligations. The solvency ratio indicates whether a company's cash flow is sufficient to meet its shortterm and long-term liabilities. The lower a company's solvency ratio, the greater the probability that it will default on its debt obligations.

Debt to Total Assets Ratio:

This ratio finds out how much of the total asset is funded through debt. A debt ratio greater than "1" indicates that a company has more debt than assets and it is more dependent to its creditors for necessary financing. Meanwhile, a debt ratio of less than

“1” indicates that a company has more assets than debt. The higher this ratio, the more leveraged the company and the greater its financial risk. Although higher debt is not a problem if interest payments are made on time, but if it is not then definitely a great risk for the firm.

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

Ratio Trend.



Trend 10: Analysis & Comparison on Debt to Total Assets Ratio

Analysis:

We can see from the trend that Beximco Pharma is maintaining an impressive debt to assets ratio, which is pretty less than “1”. The ratio was highest in 2015 and 2016, which was reduced in the later years. It signifies that, the company has more assets than debt.

Comparison:

The trend shows that, Renata Limited had an increase in debt financing for the past few years. In 2017, they had the highest rate 0.31 of debt financing. From Square Pharmaceuticals Limited’s trend we can see that, in 2016 it had the highest rate and now gradually they are focusing on decreasing their debt ratio which is a good sign in a sense that they are now relying less on their creditors for financing. On the other hand, Beximco Pharma had their highest rate in 2015 and 2016, but they tactfully handled that situation to decrease their debt financing in past few years. However, there is still room for Beximco Pharma to improve its ratio in comparison to Square Pharmaceuticals Limited. Overall, Beximco Pharma is maintaining a

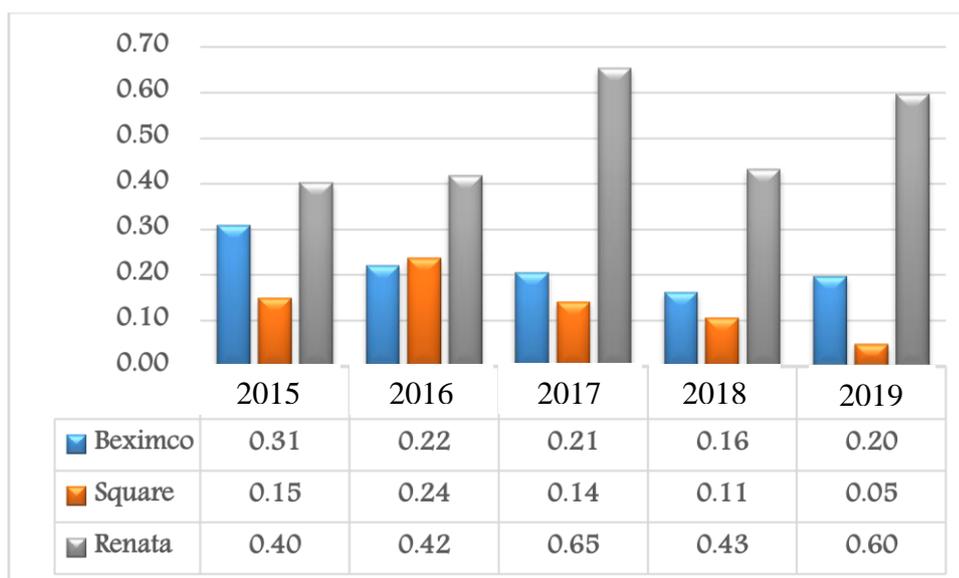
steady debt to total assets ratio which is on the declining trend. It is a positive sign for the company but in order to compete with Square Pharmaceuticals Limited, they need to reduce their ratio even more as Square Pharmaceuticals Limited managed to reduce its ratio to 0.04 in 2019.

Debt to Equity Ratio:

The debt-to-equity ratio is a measure of the relationship between the capital invested by creditors and the capital contributed by the shareholders. Lower value of debt-to-equity ratio is favorable indicating less risk. Higher debt-to-equity ratio is unfavorable because it means that the business relies more on external lenders thus it is at higher risk, especially at higher interest rates. A debt-to-equity ratio of “1” means that half of the assets of that business is financed by debt and half by shareholders' equity. A value higher than “1” means more assets are financed by debt than those financed by money of shareholders' and vice versa. An increasing trend in of debt-to-equity ratio is also alarming because it means that the percentage of assets of a business which are financed by the debts is increasing. Higher debt can lead to both higher gain and risk, so firms should be very careful while taking financial leverage.

Formula:

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

Ratio Trend:

Trend 11: Analysis & Comparison on Debt to Equity Ratio

Analysis:

The ratio shows that, Beximco Pharma is maintaining a good debt to equity ratio, which is far less than “1”. It shows that on 2015 it went to the highest but afterwards, it gradually declined in recent years. It signifies that the shareholder’s contribution is increasing in comparison to debts.

Comparison:

The trend from graph shows that, Renata Limited is gradually having an increase in its debt financing. In 2017, the ratio reached to its company highest, which is a matter of concern as they are relying more on external lenders and it can be a threat if interest rate increases. They should be careful about their financing now. The performance trend of Square Pharmaceuticals Limited is lower than both of its big competitors. So, it can be said to have a good position in the industry regarding its low debt financing as it is facing lower risk. On the other hand, Beximco Pharma is maintaining their debt financing position quite good for the past few years and it has also reduced than previous years.

Overall, Beximco Pharma is maintaining a satisfying debt to equity ratio, which is a positive sign for the company. It signifies that they are less exposed to external investors and thus possesses less risk.

Overall Review on Solvency Ratios:

In terms of solvency ratios, Beximco Pharma is maintaining a good ratio. They are less exposed to external investors and have more assets than debt. The reason behind their impressiveness in this ratios because they are mostly earns through exports. So they are earning large amount of revenue through foreign currency, which helps them to clarify their debts and procure more assets. However in recent years, their solvency ratios are in a declining trend and becoming less impressive if we compare it with Square Pharmaceuticals Limited's ratios, which is an alarming situation for the company. It is may be because of the cash crisis that the company is facing in recent times.

Analysis 5.C

Equity Analysis

5.C.1 Introduction:

Equity analysis is the study of equities or stocks for the purpose of investments. The purpose is to study companies, analyze financials and look at quantitative and qualitative aspects, helping investors of varying degrees to make an informed decision. In simpler terms, equity analysis is the act of gathering the following information:

- ✚ Information that helps investors to decide where to put their money.
- ✚ Information that traders require to understand whether to enter or exit a market position.
- ✚ Information that financiers (bankers and firms) need to evaluate companies.

5.C.2 Steps of Equity Analysis:

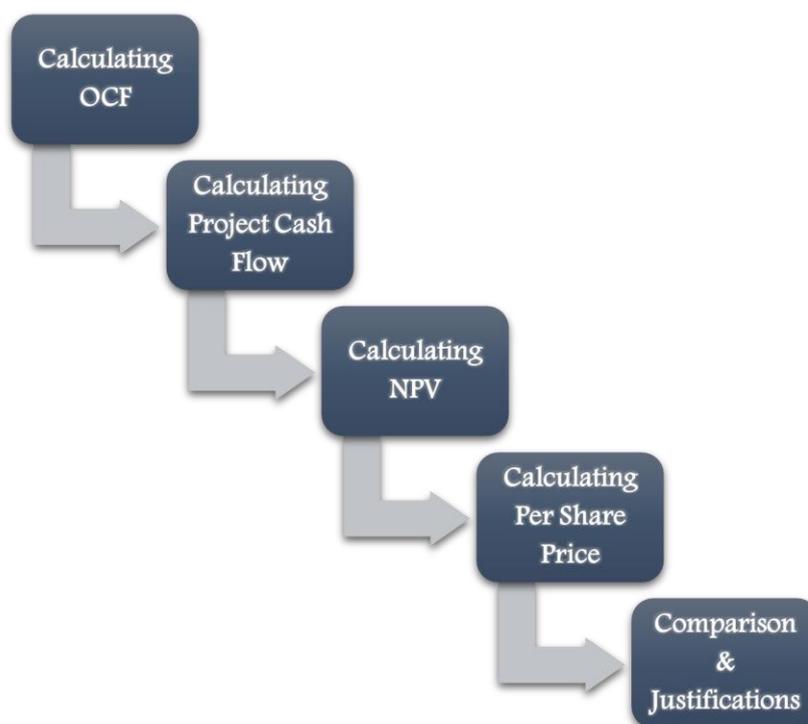


Figure 13: Steps of Equity Analysis

For this analysis, I have collected the annual report of Beximco Pharma of the last five (05) years, from which, I have taken the “Balance Sheet” and “Statement of Comprehensive Income” of the organization. Based on the last five (05) years financial statements (2015-2019) of the organization, I have forecasted their financial standings for its next five (05) years probable financial standings (2014-2018).

To justify this analysis, it is important to disclose all the necessary terms and calculations of each step for proper understanding. The brief discussion of the steps mentioned in the above figure is given below:

Step 01: Calculating Operating Cash Flow (OCF): To calculate operating cash flow of Beximco Pharma, I basically needed three (03) elements from their financial statements from the year 2015-2019 to forecast for next five (05) years (2014-2018). The elements are outlined in the figure and then discussed below:

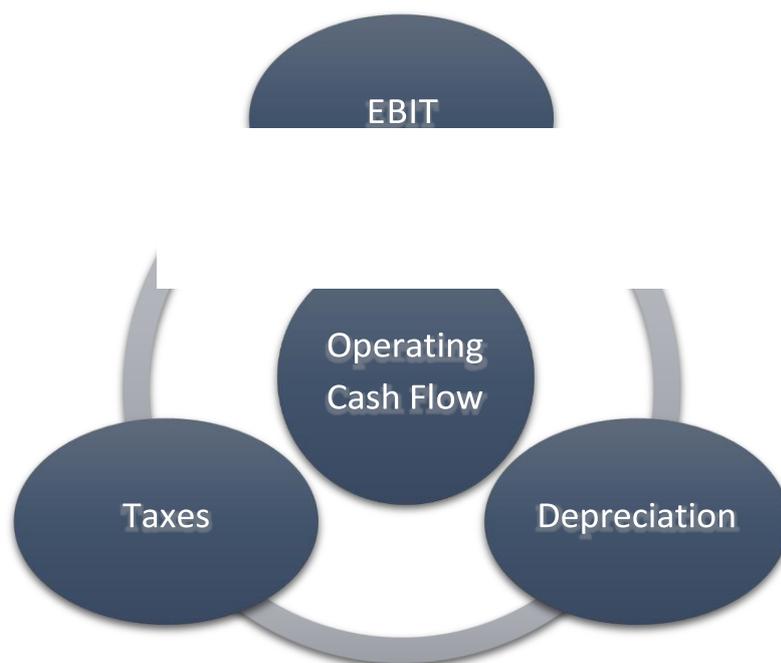


Figure 14: Elements Needed to Calculate Operating Cash Flow (OCF)

Earnings before Interest & Tax (EBIT):

To calculate EBIT, Beximco Pharma followed a certain structure in their “Statement of Comprehensive Income”, which is given and discussed below:

Table 9: Structure of EBIT

♣ Calculation of Forecasted Net Sales Revenue.

Phase 01: I have calculated the net sales revenue growth of Beximco Pharma of each year within the time frame of 2016 - 2019

Formula:

$$\text{Net Sales Revenue Growth} = \frac{\text{NSR (Current Year)} - \text{NSR (Previous Year)}}{\text{NSR (Previous Year)}}$$

Where,

NSR = Net Sales Revenue

Phase 02: Then I have made an average of the growth of net sales revenue within the time frame of 2015 - 2019

Formula:

$$\text{AVG. of Net Sales Revenue Growth} = \frac{\sum \text{of Each Year's Growth}}{4}$$

Phase 03: Lastly, I have forecasted the net sales revenue for the years 2014-2018 by using the formula below:

Formula:

$$\text{Forecasted Net Sales Revenue} = \{P_0 * 1 + g\}$$

Where,

P_0 = Net Sales Revenue (Previous Year)

g = AVG. of Net Sales Revenue Growth

Calculation of Other Forecasted Income & Expenses:

Phase 01: Firstly, I have calculated the percentage of the rest of the income and expenses situated in the "Statement of Comprehensive Income" of Beximco Pharma of each year within the time frame of 2015-2019.

Formula:

$$\text{Percentage of Income or Exp.} = \frac{\text{Income or Exp. (Current Year)}}{\text{Net Sales Revenue (Current Year)}}$$

Phase 02: Then I have made an average of the percentage of all the income and expenses situated in the “Statement of Comprehensive Income” within the time frame 2015-2019

Formula:

$$\text{AVG. Percentage of Income or Exp.} = \frac{\sum \text{of Each Year's Percentage}}{5}$$

Phase 03: Lastly, I have forecasted the all the income and expenses of the “Statement of Comprehensive Income” for the years 2014-2018 by using the formula below:

Formula:

$$\text{Forecasted Income or Exp.} = (P_0 * \text{AVG. Percentage of Income or Exp.})$$

Where,

P_0 = Net Sales Revenue (Previous Year)

♣ **Calculation of EBIT:**

By calculating the forecasted net sales revenue and other income and expenses, I have calculated the EBIT by following the structure of Table 9.

Depreciation:

Phase 01: Firstly, I have collected the depreciation value the last five (05) years (2015-2019) from the annual report of Beximco Pharma. Then, with the help of the value of noncurrent assets of the balance sheet, I have calculated the percentage of depreciation by using the formula below:

Formula:

$$\text{Percentage of Depreciation} = \frac{\text{Depreciation (Current Year)}}{\text{Non - Current Assets (Current Year)}}$$

Phase 02: Then, I made an average of the percentage of depreciation for the years 2009-2013 by using the following formula:

Formula:

$$\text{AVG. Percentage of Depreciation} = \frac{\sum \text{of Each Year's Percentage}}{5}$$

Phase 03: Lastly, I have forecasted the depreciation value for the time period of 2014-2018 by using the formula below:

Formula:

$$\text{Forecasted Depreciation} = (P_1 * \text{AVG. Percentage of Depreciation})$$

Where,

P_1 = Non-Current Assets (Current Year)

 Taxes:

Phase 01: Firstly, I have collected the value of current tax from the “Statement of Comprehensive Income” of Beximco Pharma for the years 2015-2019. Then, I have calculated the percentage of current tax of each year by using the following formula:

$$\text{Percentage of Current Tax} = \frac{\text{Current Tax}}{\text{Net Sales Revenue (Current Year)}}$$

Formula:

Phase 02: Then, I made an average of the percentage of current tax for the years 2015-2019 by using the following formula:

Formula:

$$\mathbf{AVG. Percentage of Current Tax} = \frac{\mathbf{\sum of Each Year's Percentage}}{5}$$

Phase 03: Lastly, I have forecasted the current tax for the time period of 2014-2018 by using the formula below:

Formula:

$$\mathbf{Forecasted Current Tax} = (P_0 * \mathbf{AVG. Percentage of Current Tax})$$

Where,

P_0 = Net Sales Revenue (Previous Year)

Calculation of Operating Cash Flow (OCF):

After computing the three (03) elements needed (EBIT, Depreciation and Taxes), I have calculated the operating cash flow for the next five (05) years (2014-2018). The calculation is shown below:

Forecasted Data				
Items	2014	2015	2016	2017
EBIT	4,354,040,710	5,285,306,020	6,415,755,293	7,780,000,000
(+) Depreciation	462,400,324	501,343,027	543,565,430	580,000,000
(-) Taxes	243,725,636	295,854,967	359,133,996	430,000,000
(=) Operating Cash Flow	4,572,715,398	5,490,794,080	6,600,186,727	7,930,000,000

Step 02: Calculating Project Cash Flow:

To calculate the project cash flow of **Table 10: Calculation of Operating Cash Flow (CFO)** Beximco Pharma, I also needed three (03) elements from the financial statements. The elements are outlined in the figure below and discussed afterwards:

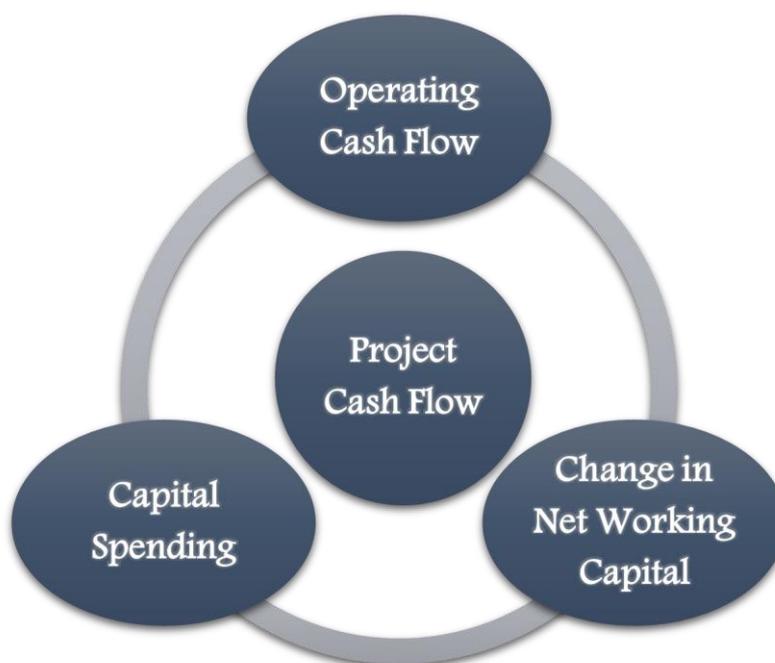


Figure 15: Steps of Project Cash Flow

Operating Cash Flow (OCF):

Operating cash flow (OCF) is already calculated for the forecasted years (2014-2018) in Table 10.

Change in Net Working Capital:

Phase 01: To figure out the net working capital and then capital spending, it is imminent to figure out the average growth of total assets and liabilities and also the average percentages of current and non-current assets and liabilities to calculate the forecasted value of these terms for the years 2014-2018. The computation procedure of this terms are given on the following page:

Forecasted Amount of Total Assets & Total Equity & Liabilities:

- ✓ From the balance sheet of Beximco Pharma, I have collected the value of total assets and total equity and liabilities for the years 2015-2019. After that, I have calculated the growth of the total assets and total equity and liabilities of each year (2016-2019) by

using the following formula:

Formula.

$$\textbf{Growth of Total Assets \& Liabilities} = \frac{P_1 - P_0}{P_0}$$

Where,

P_0 = Total Assets or Total Equity and Liabilities (Previous Year)

P_1 = Total Assets or Total Equity and Liabilities (Current Year)

- ✓ After calculating the growth, I have made an average of it by using the following formula:

Formula.

$$\textbf{AVG. Growth of Total Assets \& Liabilities} = \frac{\sum \text{of Growth of Each Year}}{4}$$

- ✓ Lastly, I have calculated the forecasted value of total assets and total equity and liabilities for the time frame 2014-2018 by using the following formula:

- ✓ Formula.

Forecasted Amount of Total Assets \& Liabilities

$$= \{P_0 * (1 + \text{AVG. Growth of Total Assets \& Liabilities})\}$$

Where,

P_0 = Total Assets or Total Equity and Liabilities (Previous Year)

♠ Forecasted Amount of Current \& Non-Current Assets.

- ✓ Firstly, I have calculated the percentage of current and non-current assets in total assets by using the formula below:

Formula.

Percentage of Current or Non – Current Assets

$$= \frac{\text{Current or Non – Current Assets (Current Year)}}{\text{Total Assets (Current Year)}}$$

- ✓ Then, I have made an average of the percentage of current or non-current assets by using

the formula below:

Formula:

AVG. Percentage of Current or Non – Current Assets

$$= \frac{\sum \text{of Percentage of Each Year}}{5}$$

✓ Lastly, I have forecasted the amount of current or non-current assets for the years 2014-2018 by using the formula below:

✓ Formula:

Forecasted Amount of Current or Non – Current Assets

$$= (\text{Forecasted Total Assets} * \text{AVG. \% of Current or Non} \\ \text{– Current Assets})$$

♣ Forecasted Amount of Different Sections of Liabilities & Equity:

✓ Firstly, I have calculated the percentage of current and non-current liabilities and equity in total equity and liabilities by using the formula below:

Formula:

Percentage of Liabilities or Equity

$$= \frac{\text{Liabilities or Equity (Current Year)}}{\text{Total Equity \& Liabilities (Current Year)}}$$

✓ Then, I have made an average of the percentage of current and non-current liabilities and equity by using the formula below:

Formula:

AVG. Percentage of Liabilities or Equity

$$= \frac{\sum \text{of Percentage of Liabilities or Equity}}{5}$$

- ✓ Lastly, I have forecasted the amount of current and non-current liabilities and equity for the years 2014-2018 by using the formula below:

Formula.

Forecasted Amount of Liabilities or Equity

$$= (\text{Forecasted Total Equity \& Liabilities} \\ * \text{AVG. \% of Liabilities or Equity})$$

Phase 02. As all the necessary calculations are done, I started to calculate the net working capital by using the following formula:

Formula.

$$\text{Net Working Capital} = \{ \text{Current Assets (Current Year)} - \\ \text{Current Liabilities (Current Year)} \}$$

Phase 03. After computing the net working capital, I have calculated the change in net working capital by following the formula below:

Formula.

Change in Net Working Capital

$$= \{ \text{Net Working Capital (Current Year)} \\ - \text{Net Working Capital (Previous Year)} \}$$

✚ Capital Spending:

Capital spending is calculated by using the following formula:

Formula.

Capital Spending

$$= \{ \text{Non - Current Assets (Current Year)} - \text{Non} \\ - \text{Current Assets (Previous Year)} \}$$

Calculation of Project Cash Flow:

After computing the three (03) elements needed (Operating Cash Flow, Change in Net Working Capital and Capital Spending), I have calculated the project cash flow for the next five (05) years (2014-2018). The calculation is given below:

Forecasted Data				
Items	2014	2015	2016	2017
Operating Cash Flow	4,572,715,398	5,490,794,080	6,600,186,727	7,941,312,543
(-) Change in Net Working Capital	1,268,050,758	487,532,310	528,591,594	573,102,100
(-) Capital Spending	1,654,752,956	1,703,075,283	1,846,505,883	2,002,012,310
(=) Project Cash Flow	1,649,911,683	3,300,186,488	4,225,089,251	5,366,208,133

Table 11: Calculation of Project Cash Flow

Step 03: Calculating Net Present Value (NPV):

Phase 01: To calculate the net present value, it was necessary to compute the required rate of return (K_e). The formula through which I have calculated the required rate of return (K_e) is given below:

Formula:

$$K_e = R_f + (R_m - R_f) * \beta$$

Where,

K_e = Required Rate of Return

R_f = Risk Free Rate

R_m = Return on Market Portfolio β

= Systematic Risk

The calculation of required rate of return is given below. All the values used in the formula below is directly taken from “Stock Bangladesh Website”.

Required Rate of Return (K_e)		
Formula	Calculation	Value
$R_f + (R_m - R_f) \times \beta$	$0.05 + (0.078 - 0.05) \times 1.09$	$K_e = 0.08$ or 8%

Table 12: Calculation of Required Rate of Return

Phase 02: After computing the required rate of return (K_e), I have calculated the cash flows needed to calculate net present value (NPV) by using the following formula:

Formula:

$$\text{Cash Flows} = \frac{\text{Project Cash Flow}}{(1 + i)^n}$$

Where,

i = Required Rate of Return

n = Time Period

Phase 03: After computing each year’s cash flows, I have calculated the net present value of the forecasted years (2014-2018) using the formula below:

Formula.

$$\text{Net Present Value (NPV)} = \left\{ \left(\sum \text{of Cash Inflows} \right) - \left(\sum \text{of Cash Outflows} \right) \right\}$$

Calculation of Net Present Value (NPV):

After computing all necessary elements, I have calculated the net present value (NPV) for the next five (05) years (2014-2018). The calculation is given below:

Forecasted Data					
Items	2014	2015	2016	2017	2018
Project Cash Flow	1,649,911,683	3,300,186,488	4,225,089,251	5,366,262,476	6,711,516,847
(÷) $(1+i)^n$	$(1+0.08)^1 = 1.08$	$(1+0.08)^2 = 1.17$	$(1+0.08)^3 = 1.26$	$(1+0.08)^4 = 1.36$	$(1+0.08)^5 = 1.47$
(=) Cash Flows	1,527,696,003	2,829,377,990	3,354,012,068	3,944,363,118	4,608,580,584
Net Present Value (NPV)	$(1,527,696,003 + 2,829,377,990 + 3,354,012,068 + 3,944,363,118 + 4,608,580,584) = 16,264,029,764$				

Table 13: Calculation of Net Present Value (NPV)

Step 04: Calculating Per Share Price:

In order to compare afterwards, I have calculated two (02) types of per share price which is

listed
below
and



Figure 16: Types of Per Share Price

Intrinsic Price:

Based on Forecasted Data	
Items	Value
Net Present Value (NPV)	16,264,029,764
(÷) Number of Share Outstanding	367,851,652
Intrinsic Price	44.00 TK

Table 14: Calculating Intrinsic Price

Market Price:

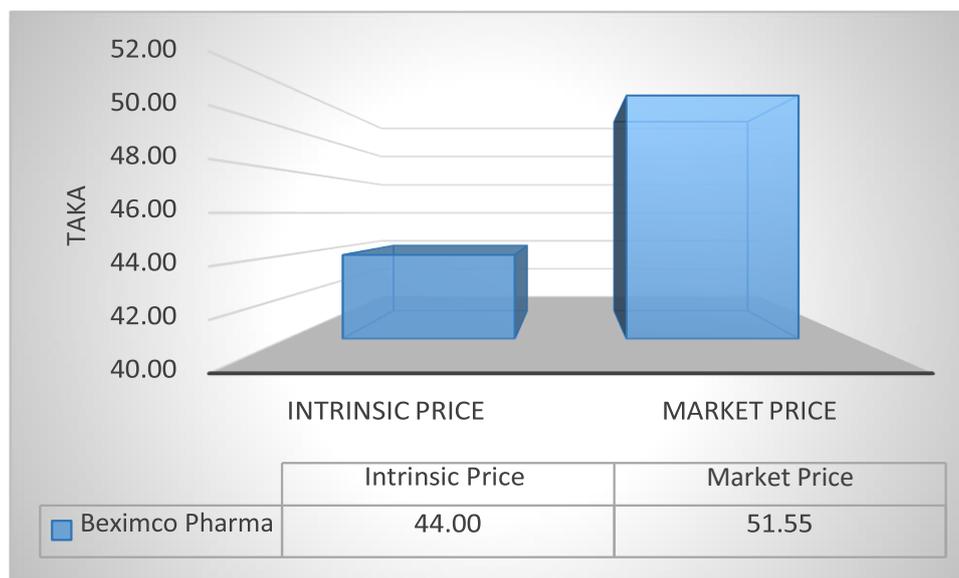
Based on DSE Data	
<u>Month & Year</u>	<u>Price (Average Per Month)</u>
January,2014	51.81 TK
February,2014	52.36 TK
March,2014	50.48 TK
AverageMarketPrice	51.55 TK

Table 15: Calculation of Average Market Price

calculation procedure is shown afterwards:

Step 05: Comparison & Justifications:

✚ Comparison between Intrinsic & Market Price:



Trend 12: Comparison Between Intrinsic & Market Price

Analysis of the Trend

The trend signifies the intrinsic price on the left and the market price on the right. It shows us that the market price is TK 51.55, which is significantly higher than the intrinsic price of TK 44.00. So, we can reach to an outcome that the shares of Beximco Pharma are overpriced.

Justification of Shares being Overpriced:

Loan from German Bank:

Beximco Pharma has secured about \$51.60 million from Frankfurt-based BHF-Bank Aktiengesellschaft to expand its production. The loan will come to an interest rate of 2.25 percent a year in addition to LIBOR (London Interbank Offered Rate), which is lower than the local interest rate. The loan will be guaranteed by Hamburg-based Euler Hermes, a German export credit agency. Moreover, Beximco Pharma has also received approval from the Board of Investment of Bangladesh to raise the fund, which will be utilized to partially finance a new plant and machinery purchase. So this particular news has positively impacted the investors which eventually increased the price of the share of the company.

Increase in Exports:

Beximco Pharma has announced the initiation of export to Australia, with the launch of Pantoprazole, a drug for treating gastrointestinal disorder. This is the first time a pharmaceutical product from Bangladesh has been exported in Australia. This export inauguration with increase their revenue even more, which eventually attracts the investors. As a result, the market share price increased.

GMP Approvals from Regulatory Authorities:

Beximco Pharma has received good manufacturing practice (GMP) accreditation for its oral solid inhaler and sterile eye drop facilities from the Taiwan Food and Drug Administration (TFDA). Not only that, they also received GMP approval from the Canadian regulatory authority, Health Canada, which makes them the first Bangladeshi company to receive GMP accreditation from not only Health Canada but also from TFDA. This prestigious and notable achievements opens a new marketing opportunity for Beximco Pharma's products in the ASEAN market, including Taiwan and also in Canada, which are some of the most advanced pharmaceutical markets in the world. So expansion of markets for such honors encourages to investors to invest in Beximco Pharma's shares.

Capacity Expansion Program:

In order to overcome the capacity bottlenecks and expand its product portfolio, Beximco Pharma has recently undertaken a huge expansion program. The expansion was financed through issuance of fully convertible preference shares worth BDT 4.1 billion, which worked as an influencing factor in their share being

overpriced.

Chapter 06: Recommendation

6.1 Overview:

After sufficient research for making this report, I can clearly say that Beximco Pharma is the leading manufacturer and exporter of finished formulations and active pharmaceutical ingredients (APIs) of this industry. It is the largest private sector industrial conglomerate in Bangladesh. They have significant strengths which makes them more enormous as a business but like any other companies, they do possess certain weaknesses. As pharmaceuticals industry is one of the most flourishing industries of our country, it creates significant opportunities for the companies like Beximco Pharma but also creates massive threats in terms of product differentiation and competition. As an intern, I have been involved in the daily activities of Beximco Pharma for two (02) months and through my own personal observation, I have figured out some certain aspects which go in favor of them and some which go against them. Through a TOWS analysis, I will identify its strengths, weaknesses, opportunities and threats and then by combining all these elements, I will provide an overall recommendation.

6.2 Introduction to TOWS Analysis:

TOWS analysis is a process that requires management to think critically of its operations. By identifying several action plans that could improve the company's position, TOWS analysis allows management to choose those strategies that most effectively capitalize on the available opportunities.

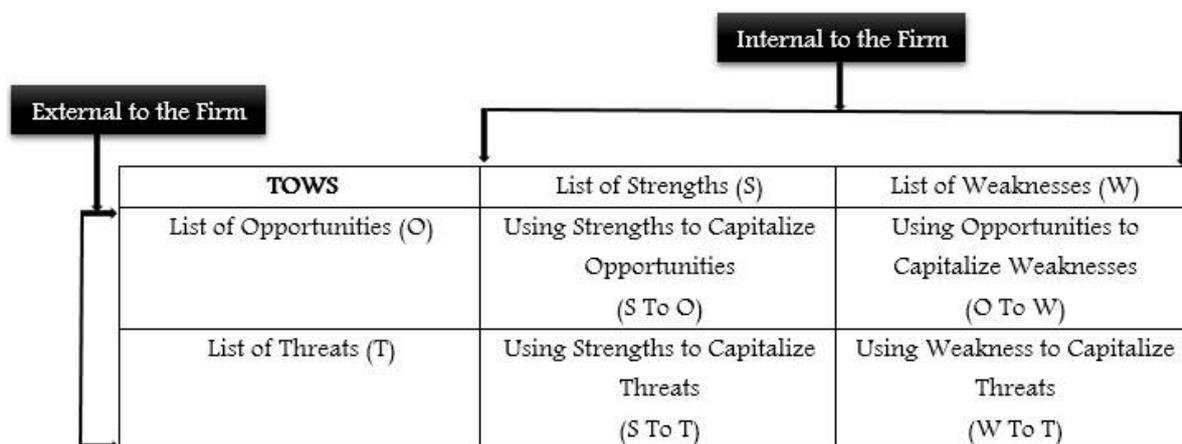


Figure 17: Structure of TOWS Analysis

Chapter 07: Conclusion

Beximco Pharmaceuticals Limited is a leading edge pharmaceutical company and is a member of the Beximco Group, the largest private sector industrial conglomerate in Bangladesh. Beximco Pharma is also the largest exporter of pharmaceuticals from Bangladesh, spreading its presence in many developing and developed countries across the globe. BPL has successfully made its footmark in the global market when it made its debut on the London Stock Exchange as the first Bangladeshi company to be listed in the world's most prestigious bourse. This milestone event has widened the responsibility, accountability and transparency of the company beyond geographical border. Beximco Pharma is committed to be a participant in health care and to help change millions of lives for the better health through providing effective and high quality medicines and related health care services to the people who need them. The core business of the company is manufacturing, marketing and distribution of generic human pharmaceuticals products. The company believe in scientific excellence and invest in research and development to provide innovative, differentiated medicines that address the unmet medical needs. Beximco Pharma is committed to economic, social and environmental sustainability and extend the expectation to its suppliers. It embraces a diverse workforce in a unique corporate culture. It has developed a very competent sales team, which promotes the specialties throughout the country. The company has a clear vision to become a leading research based dosage form manufacturing company with global presence within a short period of time.

Industrial analysis is a part of financial statement analysis through which the performance of a company's past and present position is measured. Most importantly, it gives an idea about the company's performance in the future. Industry analysis involves the calculation of statistical relationship between data and it is a very popular technique of financial statement analysis.

Equity analysis is also a necessary tool through which the current position of the company's shares are evaluated. Throughout my analysis, I came to know about the financial strengths, operational and management efficacy of BPL, Square Pharmaceuticals Limited and Renata Limited. I have realized BPL's position compared to its competitors and I have seen that it is performing well. It is financially solvent but still there are some threats which need to be handled properly to survive and have more successful position in the industry. Through an equity analysis, I have also seen the position of BPL's shares price (both market and intrinsic price) and through additional research, I came up reasons behind its overvalued shares. Overall its shares are doing really well in the market and but like any other great companies, BPL should work and analyze even more to improve its situation even further.

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<h1>TOWS</h1>	<p style="text-align: center;">Internal Strengths</p> <p>S-1: High Quality Products with Innovation & Product Differentiation. S-2: Innovative Marketing Strategies & Aggressive Product Promotion. S-3: Loyalty of Customers and Vendors S-4: Efficient Quality Control System S-5: Leader in Export of Medicines</p>	<p style="text-align: center;">Internal Weaknesses</p> <p>W-1: Lack of Working Capital W-2: Lack of Backward Linkage W-3: Dependency in Exports Than Domestic Market W-4: Higher Per Unit Cost of Medicines W-5: Higher Selling Price in Domestic Market.</p>
<p style="text-align: center;">External Opportunities</p> <p>O-1: Growing Demand for Effective Medicines O-2: Technological Advancement O-3: Rapid Growth of Pharmaceuticals Industry O-4: Low Cost of Production in Bangladesh O-5: BAPI Eyes Expansion of Pharmaceutical Markets By Exporting into New Countries</p>	<p style="text-align: center;">S to O</p> <p>S-1 to O-1: Beximco Pharma should serve the growing market of proper and effective medicines through its innovative high quality products. S-2 to O-2: Beximco Pharma should use the technological advancement to promote its products more aggressively and innovatively.</p>	<p style="text-align: center;">O to W</p> <p>O-4 to W-4: Beximco Pharma should capitalize the low cost production facility in Bangladesh in order to reduce its per unit cost of medicines.</p>
<p style="text-align: center;">External Threats</p> <p>T-1: Intense Competition & Losing Market Share. T-2: Expiration of TRIPS Waiver in 2016 T-3: Fluctuation of Exchange Rates in Case of Raw Material Import T-4: Government & International Regulations T-5: Rising Trend of Material Price</p>	<p style="text-align: center;">S to T</p> <p>S-1 to T-1: Beximco Pharma should maintain its high quality of products to reduce the effect of high competition and also to regain the market share that it has lost. S-4 to T-4: Beximco Pharma should use its efficient quality control system as a medium to force the regulatory authorities to lenient its regulations.</p>	<p style="text-align: center;">W to T</p> <p>W-2 to T-3: By increasing the backward linkage, Beximco Pharma should reduce its exposure to the fluctuation of interest rates for raw material import, which will also help the company to reduce its per unit costs and selling price.</p>

Table 16: TOWS Analysis on Beximco Pharmaceuticals Limited