European Journal of Business and Management
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.8, No.4, 2016

Scrutinize Financial Proficiency and Profitability Spotlight of Beximco Pharmaceutical Ltd. in Bangladesh

Kazi Farzana Shumi
Assistant Professor of Finance, Department of Business Administration, International Islamic University of Chittagong, Dhaka Campus, Dhaka, Bangladesh. PhD fellow, International Islamic University of Malayasia

Abstract
The report applies to evaluate how well the company performs. Financial proficiency of a company is usually related to how well a company can use it assets, share holders equity and liability, revenue and expenses. Financial ratio analysis is one of the best tools for measuring profitability highlights of any company. It analyzes the company's use of its assets and control of its expenses. It also used to analyze the company's past financial performance and to establish the future trend of financial position. The main aim is to analyze performance of last 5 years through ratio analysis and DuPont analysis of Beximco Pharmaceuticals Ltd. The main data collected from the annual financial reports of Beximco Pharmaceuticals Ltd. from 2009 to 2013. Different financial ratios are evaluated such liquidity ratios, asset management ratios, profitability ratios, market value ratios, debt management ratios and finally measure the best performance of BPL. This study will attempt to understand the financial conditions of BPL on different segments such as liquidity, profitability & solvency. The purpose is also to make recommendations for improving the financial stability and soundness of different services provided to the shareholders of BPL. It is also the purpose of the researcher to help the management by providing an idea to take appropriate decisions about the quality of the investment & financing in future.
Keywords: Profitability, liquidity, Market value, Asset Management, debt management, DuPont.

1. Introduction

Beximco Pharmaceuticals Ltd. (Beximco Pharma) is a leading manufacturer of medicines and Active Pharmaceutical Ingredients (APIs) based in Bangladesh. Incorporated in the late 70s, Beximco Pharma began as a distributor, importing products from global MNCs like Bayer, Germany and Upjohn, 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 times. Benchmarked to global standards, Company's manufacturing facilities have been accredited 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 encompassing all major therapeutic 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 their people. Here, we want to go for measuring overall financial performance of BEXIMCO trough Ratio analysis for couple of years data along with growth trend and dupont analysis.

2. Objectives of the Study

- To give a brief overview and some idea about its management and organizational structure of Beximco Pharmaceuticals Limited. Moreover, assess and find out the financial condition of BPL and to evaluate the performance of BPL in last Five years.
- To determine the measure of financial performance through ratio analysis (Liquidity Ratios, Asset Management Ratios, Profitability Ratios analysis, Debt coverage Ratio, Market value ratios), DuPont Analysis and trends.
- To give a clear picture about the financial performance of BPL in last five years by Analyzing the growth charts of these ratios.

3. Literature Review

Maryam MOHAMMADI (2012), she state that, accounting principles are useful tools in executing and improving a successful practice management plan. In today's competitive environment, evaluating the financial performance is crucial for companies in manufacturing sector. The analysis of financial performance reflects the financial position of the company, the level of the competitiveness in the same sector, and a thorough knowledge about the cost and profit centers within the firm. Managers, investors, and creditors can then apply this accounting information provided by financial analysis in their strategic planning and investment decisions. This study investigates the financial performance of an investment company in Malaysia for a three-year period from

2009 to 2011, which is assessed using financial ratios. The findings pointed out that overall company performance reduced remarkably in the last year of the analysis. This study principally emphasizes on how accounting information aids budgetary decision-makers to evaluate the company financial performance, determine its future obligations, and make better investment decisions.

Jo Nelgadde (2010), debt collection and debt recovery tools a company guide to using debt solution tools for effective debt collection: credit insurance, a solicitor or debt attorney or a debt collection agency. Moreover, collection of accounts receivable, debt collection or debt recovery is an important source of a company's cash flow and business finance. As such, learning about credit management and debt recovery can prove vital for entrepreneurs.

Munya Mtetwa (2010), in this article he short propose that about the fixed asset. He define that fixed assets are assets that are used in production or supply of goods or services and they are to be used within the business for more than one financial year. Consequently, fixed assets represent the company's long term income generating assets and they can either be tangible or non tangible. It includes land and buildings, plant and equipment, golf courses, casinos, football players, machinery and hotels depending on the nature of the business under consideration.

Gopinathan Thachappilly (2009**)**, in this articles he discuss about the Financial Ratio Analysis for Performance evaluation. It analysis is typically done to make sense of the massive amount of numbers presented in company financial statements. It helps evaluate the performance of a company, so that investors can decide whether to invest in that company. Here we are looking at the different ratio categories in separate articles on different aspects of performance such as profitability ratios, liquidity ratios, debt ratios, performance ratios, investment evaluation ratios.

James Clausen (2009), He state that the Profitability Ratio Analysis of Income Statement and Balance Sheet Ratio analysis of the income statement and balance sheet are used to measure company profit performance. He said the learn ratio analyses of the income statement and balance sheet. The income statement and balance sheet are two important reports that show the profit and net worth of the company. It analyses shows how the well the company is doing in terms of profits compared to sales. He also shows how well the assets are performing in terms of generating revenue. He defines the income statement shows the net profit of the company by subtracting expenses from gross profit (sales – cost of goods sold). Furthermore, the balance sheet lists the value of the assets, as well as liabilities. In simple terms, the main function of the balance sheet is to show the company's net worth by subtracting liabilities from assets. He said that the balance sheet does not report profits, there's an important relationship between assets and profit. The business owner normally has a lot of investment in the company's assets.

Lucia Jenkins (2009), Understanding the use of various financial ratios and techniques can help in gaining a more complete picture of a company's financial outlook. He thinks the most important thing is fixed cost and variable cost. Fixed costs are those costs that are always present, regardless of how much or how little is sold. Some examples of fixed costs include rent, insurance and salaries. Variable costs are the costs that increase or decrease in ratios proportion to sales.

Maryam Mohammadi and Afagh Malek,(2009)In the *Conference: International Conference of Educational Performance and Development, Volume: 1* **described,** Accounting principles are useful tools in executing and improving a successful practice management plan. In today's competitive environment, evaluating the financial performance is crucial for companies in manufacturing sector. The analysis of financial performance reflects the financial position of the company, the level of the competitiveness in the same sector, and a thorough knowledge about the cost and profit centre within the firm. Managers, investors, and creditors can then apply this accounting information provided by financial analysis in their strategic planning and investment decisions. This study investigates the financial performance of an investment company in Malaysia for a three-year period from 2009 to 2011, which is assessed using financial ratios. The findings pointed out that overall company performance reduced remarkably in the last year of the analysis. This study principally emphasizes on how accounting information aids budgetary decision-makers to evaluate the company financial performance, determine its future obligations, and make better investment decisions.

4. Methodology

This chapter describes how the data needed in order to fulfill the purpose was collected. It also discusses the model and formula, how to presenting the model and formula in our thesis. We used quantitative approach for our thesis because the majority of data collection from the quantitative approach. Main data for our thesis are the annual financial reports on Beximco Pharmaceuticals Company from 2009 to 2013. When we measure the ratio analysis for any company, we have to use the annual financial report, otherwise we do not measure. I have also used four main financial statements for ratio analysis of pharmaceutical company such as; balance sheets, an income statement, cash flow statement; statement of shareholder's equity. It indicates the different steps such as, selection of financial report, identification of balance sheet, income statement and cash flow statement, ratio

analysis, mathematical calculation, comparison of the performance among last five years of BPL.

First step of model, I do a selection of financial report of annual financial report. The annual financial report present financial data of a company's position, operating performance, and funds flow for an accounting period .I used the annual reporting of Beximco pharmaceuticals Ltd. in 2009 to 2013.

Second step of model, we identify the balance sheet, income statement, cash flow statement from the annual financial report. I used some data from balance sheets for 19 different kinds of ratio such as liquidity ratios, asset management ratios, debt management ratios. In contrast, I used some sources from income statement. When we analysis the ratio of profitability and debt management ratio I have to use income statement for the company. Nevertheless, we can use some data from the cash flow statement for ratio analysis such as market value ratio.

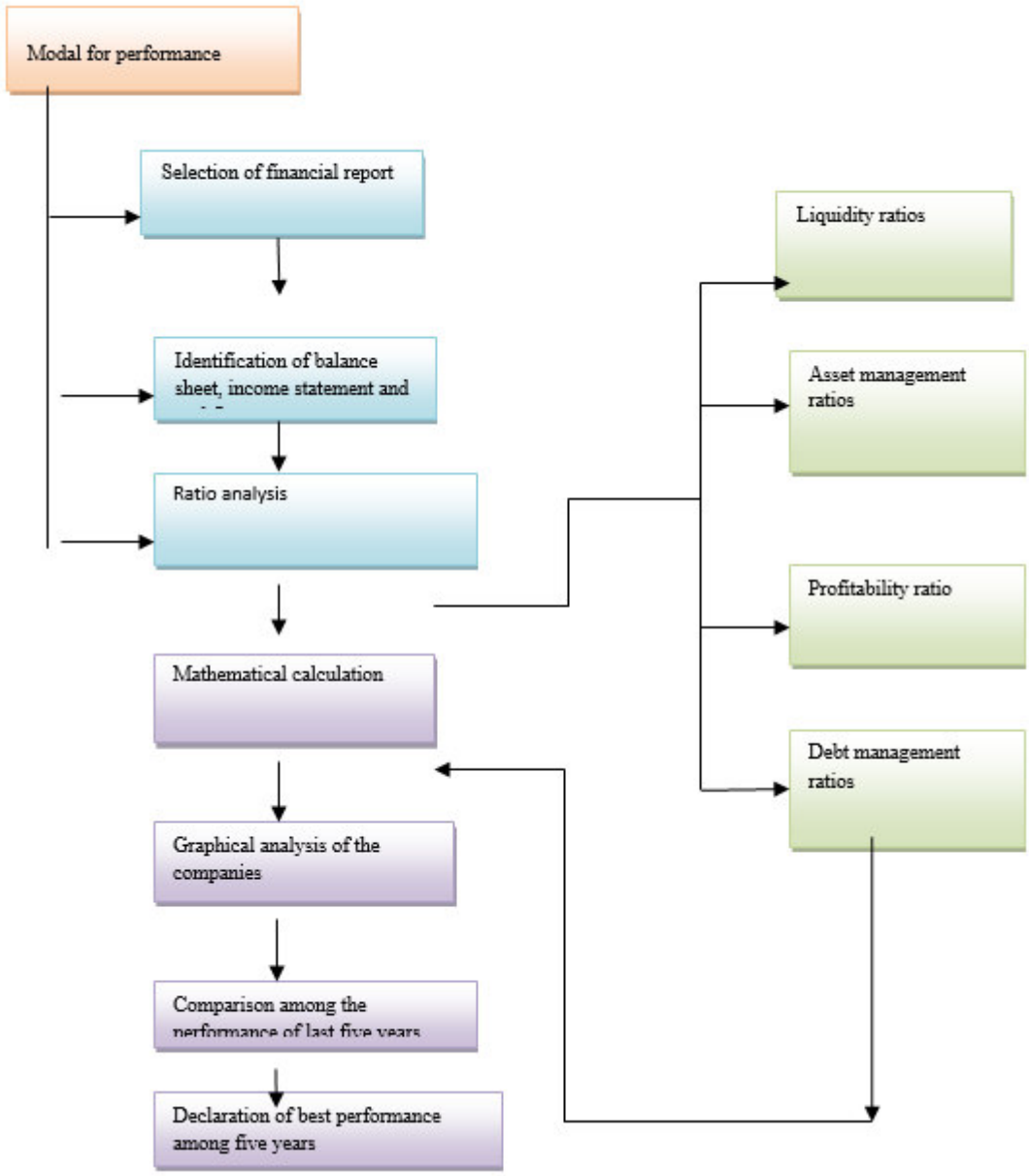
The third step of model, we identify the suitable ratio for performance evaluation and we analysis the ratio such as liquidity ratio, asset management ratio, profitability ratio, debt coverage ratio, market value etc. All types of ratio are most important for how well a company to generate its assets, liquidity, revenue, expense, share holder equity profit or loss etc.

The Fourth step of model, we used the Mathematical calculation for BPL. Here some figures were identified from the income statement and balance sheet in 2009 to 2013 of BPL. I used scientific calculator for determine the result.

The fifth step of model; we used the graphical analysis for evaluation of the company. The graphical analysis is an inexpensive, easy-to-learn program for producing, analyzing, and printing graphs. Here I used Microsoft excel for preparing the graphs of the company. We make different kinds of graph of different ratios such as column graph, line graph, pie chart, and bar graph. Most of the graphs are column graph .Every graph has two part one is horizontal another is vertical. Horizontal indicate the years and vertical indicate the parentage of ratio.

The sixth step of model, I have compared the performance of Beximco Pharmaceutical Ltd. about the liquidity position, asset management condition, debt coverage facilities and profitability, share equity position under the ratio analysis. I also analyze the five year's performance of BPL. Moreover I have tried to show the **DuPont analysis** using the data of 5 years through its formula also.

Finally we can declare the best performing year of the company. We can easily measure the best one because we use different kinds of ratio and know the result, graphical analysis, compare of five years performance. The Model for Performance Evaluation of Beximco Pharmaceuticals Ltd is below.



5. Findings And Analysis

In this part we present the result from our data analysis. This part is separate into five categories. At first, we briefly examined the performance of liquidity position of Beximco Pharmaceuticals Ltd. Secondly; we present the asset management condition of the company. Then, we demonstrate the performance of profitably of BPL, after that we discuss the debt management position and finally we represent the market value of the company from 2009 to 2013.

5.1. Liquidity Ratio

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 the relationship between cash and current liability. The Liquidity ratio we can satisfy on the three ratios, those are: Current ratio, Quick ratio or acid test and Cash Ratio

	2009	2010	2011	2012	2013
Beximco Pharmaceuticals Ltd.	2861891654/ 2602032 =2.98:1	6916737893/ 2321451642 =2.50:1	7148462753/ 2648269888 =2.70:1	8197421953/ 3064944769 =2.67:1	8903422328/ 4382581278 =2.03:1

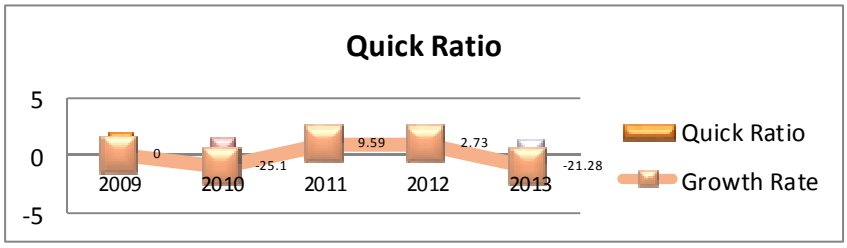
Fig1.1 Current Ratio = Current assets /Current liabilities

5.1.1.Current Ratio Analysis: The current ratio measures the company's ability to pay off its current liability. Here we can see that current ratio was highest in 2009 with compare in preceding years. But it also denotes that company has huge idle money, so it is not good sign for the Company. And current ratio is decreasing in 2010 though it increased a little in year 2011 and 2012, the lowest one is 2013.this indicates that BPL utilized the idle money in a profitable way. And there growth rate indicates it also.

5.1.2. Quick Ratio or Acid test

Quick ratio or acid test ratio is estimating the current assets minus inventories then divide by current liabilities. It is easily converted into cash at turn to their book values and it also indicates the ability of a company to use its near cash.

The formula of quick ratio or acid test ratio are as follow as;



Quick ratio = (Current asset- inventories)/Current liabilities

Quick Ratio of	2009	2010	2011	2012	2013
BPL	(2861891654-1722953284)/ 2602032 =2.24:1	(6916737893-198380944)/ 2321451642 =1.67:1	(7148462753-229184463)/ 264826988 =1.83:1	(8197421,953-2433987981)/ 3064944769 =1.88:1	(8903422328-2411881986/ 4382581278 =1.48:1

Quick Ratio

Figure 1.2

Analysis: Quick ratio is the most conservative ratio in calculating liquidity position. Here we can see that acid-test was high in first years, but it was decreased dramatically in 2010, than 2011 increased and in 2012 increased again. But It decreased in 2013. The growth rate is also a negative position in last year as Liabilities are raised more than current assets. This is not good for BPL. So their profit margin may not so high.

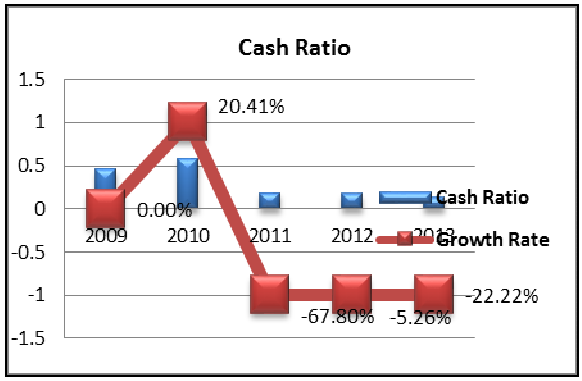
5.1.3. Cash Ratio:

The formula of cash ratio is below as;

Cash Ratio = Cash / Current Liabilities

Table 1.3. Cash Ratio

Cash Ratio of	2009	2010	2011	2012	2013
BPL	1,058,433,574/2,321,451,642 **=0.46**	1,471,448,436/2,513,157,232 **=0.59**	518,768,296 /2,648,161,988 **=0.19**	552,978,676 /3,064,944,769 **=0.18**	595,732,966 /4,382,581,278 **=0.14**



Analysis: The cash ratio measures the extent to which a corporation or other entity can quickly liquidate assets and cover short-term liabilities, and therefore is of interest to short-term creditors. Here we can see that in 2010 BPL had more cash balance than the other year. After that there is a decline of cash ratio, which might be for the payment of short term liability or other expense.

5.2. Asset Management Ratio

Accounts receivable turnover for	2009	2010	2011	2012	2013
BPL	486,82,54,915/ 694,111,730 **=7.01 times**	6490847,353/ 821,356,439 **=7.91 times**	7890241843/ 978,224,317 **=8.06 times**	9289115284/ 1,162,404,807 **=7.99 times**	10490699094/ 1,249,434,697 **=8.40 times**

5.2.1. Accounts Receivable Turnover

Account receivable turnover ratio formula is;

Accounts receivable turnover = Sales / Accounts receivable Accounts receivable turnover

5.2.1. Average Collection Period

2009	2010	2011	2012	2013
360 days/ 7.01 times **=51 days**	360 days/ 7.91 times **=46 days**	360 days/ 8.06 times **=45 days**	360 days/ 7.99 times **=45 days**	360 days/ 8.40 times **=43 days**

The average collection period is refers the average number of days of the company. It maintain the company to collection its credit policy. It has made good relationships between account receivable and outstanding payment. It measures the average number of days customers take to pay their bills to divide by account receivable turnover .The average number of day also indicate the 360 days .

Average collection period = 360 days / Accounts receivable turnover

Analysis: These ratios are only useful if majority of sales are credit (not cash) sales. This table shows that there was the highest average collection period in 2010 and after that this was decreasing. 2013 had the lowest period that was really a good side for BPL's collecting efficiency. Inventory turnover ratio

Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

5.2.2. Inventory Turnover Ratio

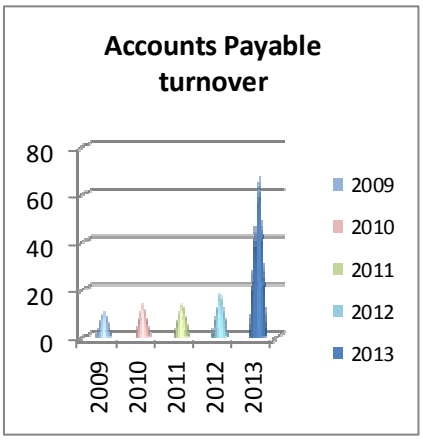
Inventory Turnover Ratio of	**2009**	**2010**	**2011**	**2012**	**2013**		**2009**	**2010**	**2011**	**2012**	**2013**
BPL	3317640254/ (3228241377/2) **=2.05**	2566206626/ (3706762728/2) **=1.38**	4103709021/ (4275654075/2) =1.92	4,899,713,857/ (4725832612/2) =2.07	5,651,898,878/ (4845869967/2)= 2.33	BPL	486,82,54,915/ 409,898,122 **=11.88 times**	6,490,847,353/ 432,315,660 **=15.01 times**	7,890,241,843/ 523,798,136 **=15.06 times**	9,289,115,284/ 470,097,685 **=19.76 times**	10,490,699,094 /141,582,304 **=74.09 times**

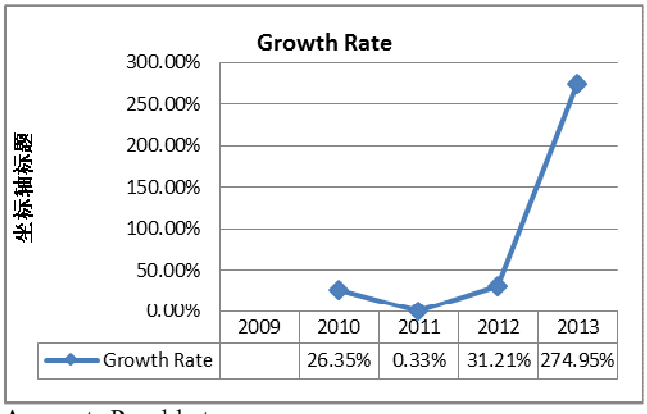
Inventory Turnover Ratio Analysis: In 2009 inventory turnover ratio was good but it decreased in 2010.But after that it was increasing. This indicates inventory is selling quickly and that little unused inventory is being stored (or could also mean inventory shortage).

5.2.3. Accounts Payable turnover

The accounts payable turnover ratio is compute by account payable to sale. It measures the tendency of a

company credit policy whether extend account payable or not.
The account payable turnover ratio equation are as follow as;
Accounts Payable turnover = Sales / Accounts Payable
Accounts Payable Turnover





Accounts Payable turnover

Growth Rate

Analysis: The number of times trade payables turn over during the year. Here Accounts Payable turnover is increasing in every year. The higher the turnover, the shorter the period between purchases and payment. So we can say it may indicate unfavorable supplier repayment terms.

5.2.3.1. Accounts Payable Turnover in Days:

Accounts Payable turnover in days is represent that the number of days of a company to pay their liability to their creditor. If any company number of days is more then the company is stretching account payable otherwise the company is not holding their account payable. It evaluates the account payable turnover by exchange into 360 days.

Accounts Payable turnover in days = 360 days / Accounts Payable Turnover

	2009	2010	2011	2012	2013
BPL	360 days/11.88 =30.30	360 days/15.01 =23.98	360 days/15.06 =23.90	360 days/19.76 =18.21	360 days/74.09 =4.79

Analysis: Compare company's days in accounts payable to supplier terms of repayment. Here we can see the payable turnover days were decreasing that means BPL has the ability to pay its payable minimum days.

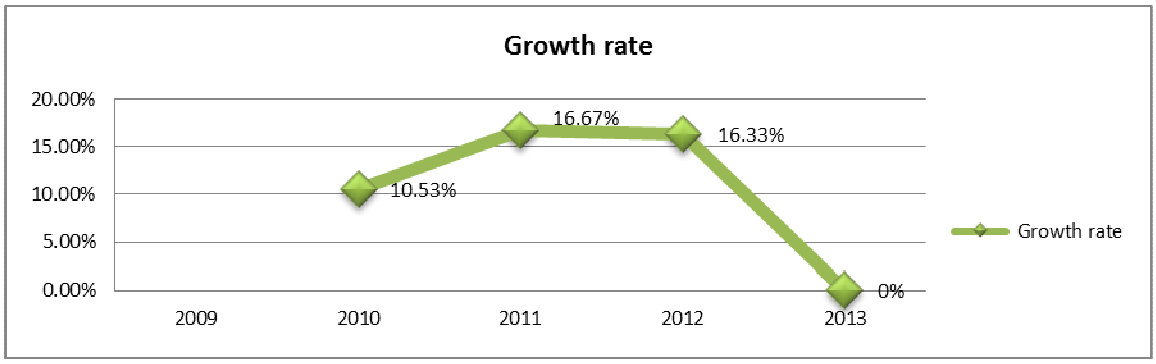
5.3. Fixed Asset Turnover ratio

Fixed asset turnover ratio is the sales to the value of fixed assets of the company. It determine the effectiveness in generating net sales revenue from investments in net property, plant, and equipment back into the company evaluates only the investments.

Fixed asset turnover = Sales / Net fixed asset

	2009	2010	2011	2012	2013
BPL	4,868,254,915/ 12,975,195,529 =0.38	6490847353/15,180,731,678 =0.42	7,890,241,843/15,884,877,780 =0.49	9,289,115,284/16,392,388,639 =0.57	10,490,699,094/18,567,329,474 =0.57

Analysis: How efficiently your business generates sales on each dollar of assets. From the table we can see the increasing ratio of fixed asset turnover. It is increased in every year. The highest



Ratio is the same in last year 2012 & 2013.so we can say BPL are using its asset in a productive way. So the growth rate has fallen in 2013 from 16.33% to 0%.

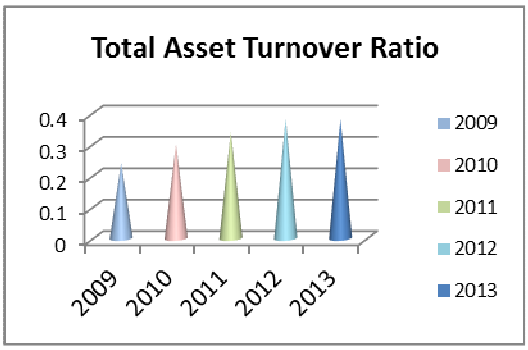
5.3.1. Total Asset Turnover Ratio

The total asset turnover ratio measures the ability of a company to use its assets to generate sales.(Kieso, Weygandt, Warfield ,2001).It considers all assets including property ,plant and equipment, capital working in process, investment –long term, inventories, trade debtors, advances, deposit and prepayment, investment in market securities, short term loan, cash and cash equivalents etc. In these criteria a high ratio means the company is achieving more profit.

The formula is following as:

Total asset turnover = Sales / Total asset Table 4.2.7 **Total asset turnover ratio**

	2009	2010	2011	2012	2013
BPL	**4,868,254,915/19,891,933,422=0.24**	**6,490,847,353/21,372,399,509=0.30**	7,890,241,843/23,033,340,533=0.34	9,289,115,284/24,589,810,592=0.38	**10,490,699,094/27,470,751,802=0.38**



Total Asset Turnover Ratio

Analysis: This ratio show efficiently a business generates sales on each dollar of assets. This ratio is increasing in all year .it shows the positive side of using asset efficiently.

5.4. Profitability Ratio

Profitability ratios designate a company's overall efficiency and performance. It measures the company how to use of its assets and control of its expenses to generate an acceptable rate of return. It also used to examine how well the company is operating or how well current performance compares to past records of both pharmaceutical companies. There are five important profitability ratios that we are going to analyze: 1. Net Profit Margin, Gross Profit Margin, Return on Asset. Return on Equity, 5. Operating profit margin

5.4.1. Net Profit Margin

The net profit margin is determined of net profit after tax to net sales. It argues that how much of sales are changeover after al expense .The higher net profit margins are the better for any pharmaceutical company.

Net Profit margin = Net profit after tax/sales*100

Net Profit Margin Ratio

	2009	2010	2011	2012	2013
PL	(624,740,307/48682549 15)*100=12.83%	(1,051,648,808/6490847353)*100=13.33%	(1,198,525,342/7,890,241,843)*100=15.19%	(1,319,389,328/9,289,115,284)*100=14.20%	1,404,762,780/10,490,699,094*100=13.39%

	2009	2010	2011	2012	2013
BPL	2,302,048,289/4,868,254,915*100 =47.29%	3,173,207,099/6,490,847,353*100 =48.89 %	3,786,532,822/7,890,241,843*100 =47.99 %	4,389,401,427/9,289,115,284*100 =47.25 %	4,838,800,216/10,490,699,094*100=46.13%

	2009	2010	2011	2012	2013
PL	(62474030 7/10,885,706,614)*100 =5.74 %	(1051648808/15,974,086,451)*100 =6.59 %	(1,198,525,342/17,128,128,177)*100 =6.99%	(1,319,389,328/18,408,161,859)*100 =7.17 %	(1,406,104,399/19,775,552,465)*100 =7.10 %

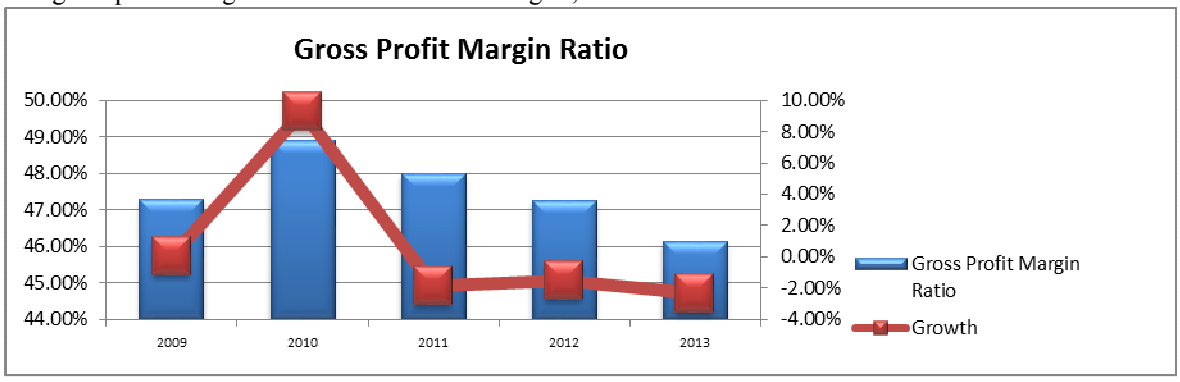
5.4.1.1.Net Profit Margin Ratio

Analysis: this ratio says how much money are the company making per every $ of sales. This table shows a different result from other ratios. Here in 2011 there was the highest net profit margin of BPL and it was decreased in the next two years. It measures that BPL had decreased its ability to cover all operating costs including indirect costs.

5.4.2. Gross Profit Margin ratio:

Gross margin express of the company efficiency of raw material and labor during the working process .If any company higher gross profit margin then the company more efficiency to controls their raw material and labors. So it is most important for performance evaluation of pharmaceutical company. It can be assigned to single products or an entire company. It determines the gross profit to divide by net sales.

The gross profit margin ratio formula as following as;



Gross profit margin ratio= Gross profit/sales*100

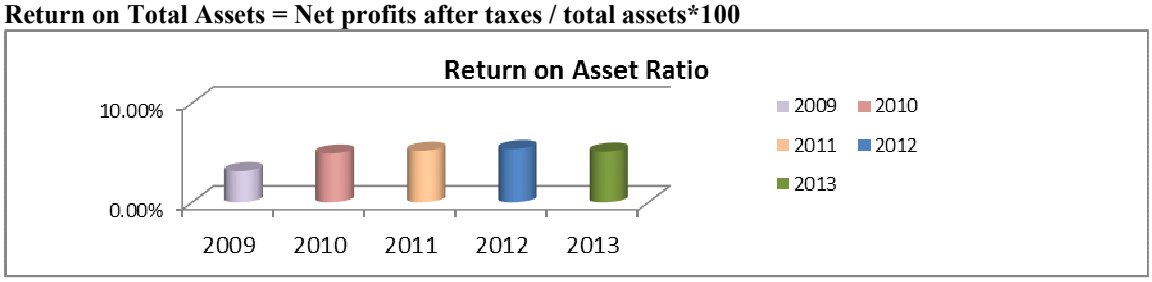
Gross Profit Margin Ratio

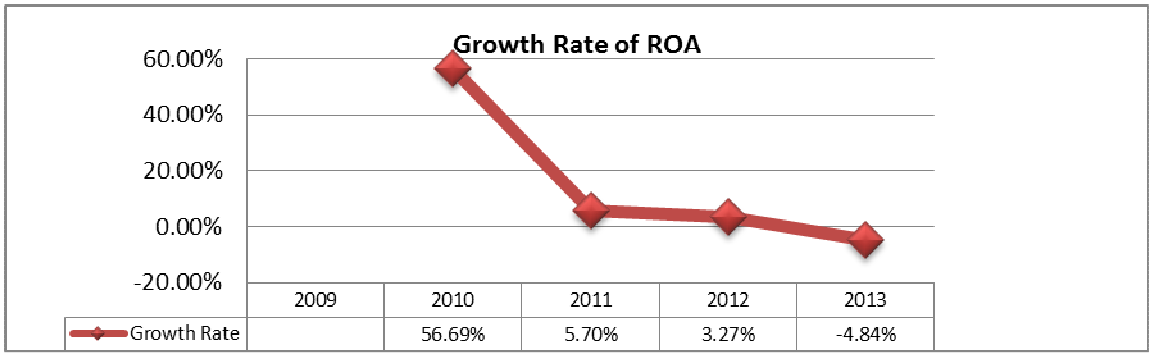
Gross Profit Margin **Analysis:** From this ratio we can see the highest net profit margin was showed in 2010.and after that it was decreasing every year. It says BPL decreased its enough gross profit to cover its indirect cost.

5.4.3.Return on Asset Ratio (ROA)

The Return on Assets ratio can be directly computed by dividing net income by average total asset. (Kieso, Weygandt, Warfield, 2001).It finds out the ability of the company to utilize their assets and also measure of efficiency of the company in generating profits.

Return on Total Assets = Net profits after taxes / total assets*100





Return on Total Assets

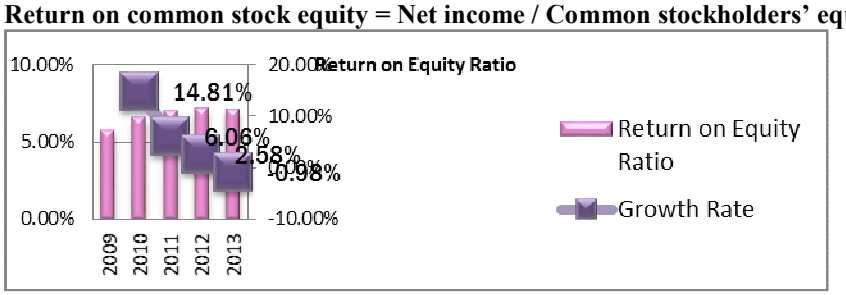
5.4.3.1. Return on Asset Ratio

Analysis: Here we see BPL was performing in an average to gain ROA except 2009 that was the lowest ratio among 5 years. But there was a little bit minimization seen in 2013.The Growth rate shows the decreasing position of ROA also.

5.4.4. Return on Equity (ROE)

Return on Equity is compute by dividing net income less preferred dividend by average company stockholder equity. (Kieso, Weygandt, Warfield, 2001). It demonstrate how a company to generate earnings growth for using investment fund. It has some alternative name such Return on average common equity, return on net worth, Return on ordinary shareholders' fund.

Return on common stock equity = Net income / Common stockholders' equity*100



	2009	2010	2011	2012	2013
BPL	**10,885,706,614/1,511,492,960 =7.20**	**15,974,086,451/2,098,065,090 =7.61**	**17,128,128,177/2,517,678,100 =6.80**	**18,408,161,859/3,046,390,500 =6.04**	**19,775,552,465/3,503,349,070 =5.64**

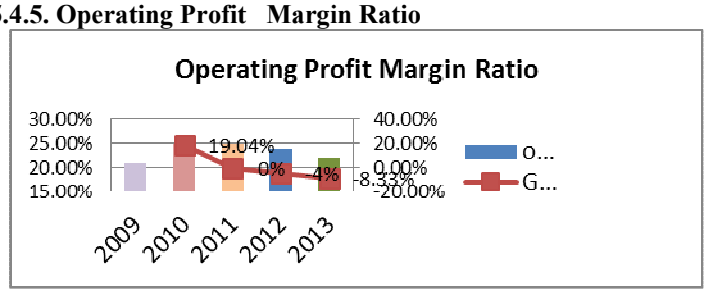
Analysis: This is one of the most important ratios to investors. In 2009 ROE was the lowest percentage. But it was increasing after the year. In 2013 ROE decreased slightly. So we can say to invest in Beximco Pharmaceuticals Ltd is safe.

Operating profit margin ratio

The operating profit margin ratio recognize of the percentage of sales to exchange into all cost and expenses after remaining sales. A high operating profit margin is preferred. Operating profit margin is calculated as follows:

Operating Profit Margin = Operating profits / Sales

5.4.5. Operating Profit Margin Ratio



Operating Profit Margin Ratio

Analysis: Here the highest performance of BPL for Operating Profit Margin Ratio was 2010 and 2011.then it decreased for inefficient use of operating expense.

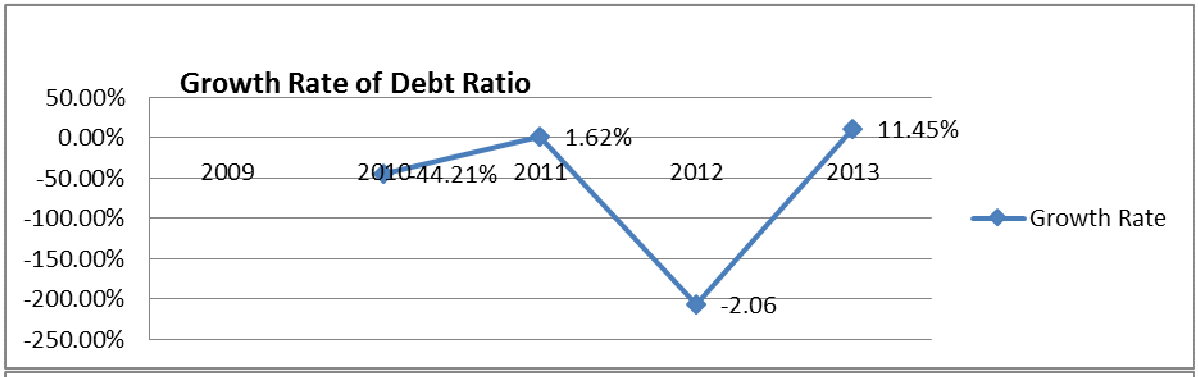
5.6. Debt ratio

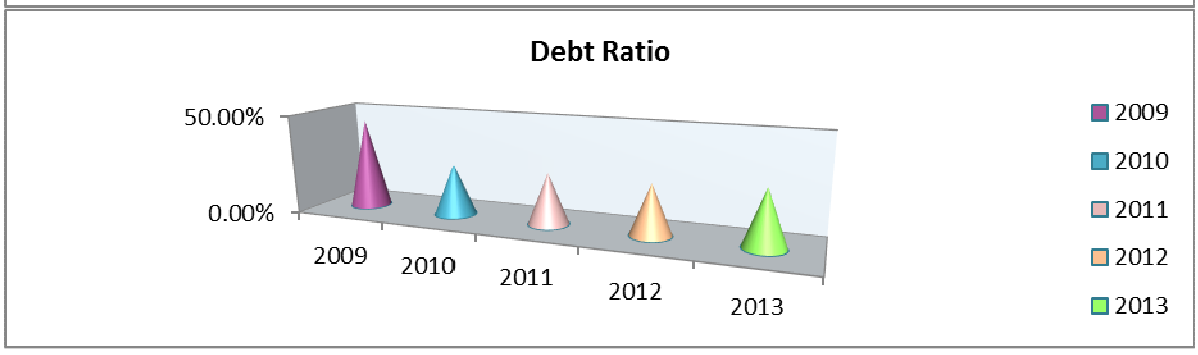
Debt Ratio is laid out the percentage of a company total asset the change into total debt. It is the most important financial ratio for performance evaluation of any pharmaceutical company.

The ratio is calculated as follows:

Debt Ratio =Total liabilities / Total assets*100 Debt Ratio

	2009	2010	2011	2012	2013
BPL	624740307/178515362 =3.50	1051648808/203420202 =5.71	1,198,525,342/251,767,810 =4.76	1,319,389,328/304639050 =4.33	1,406,104,399/350334907 =4.01





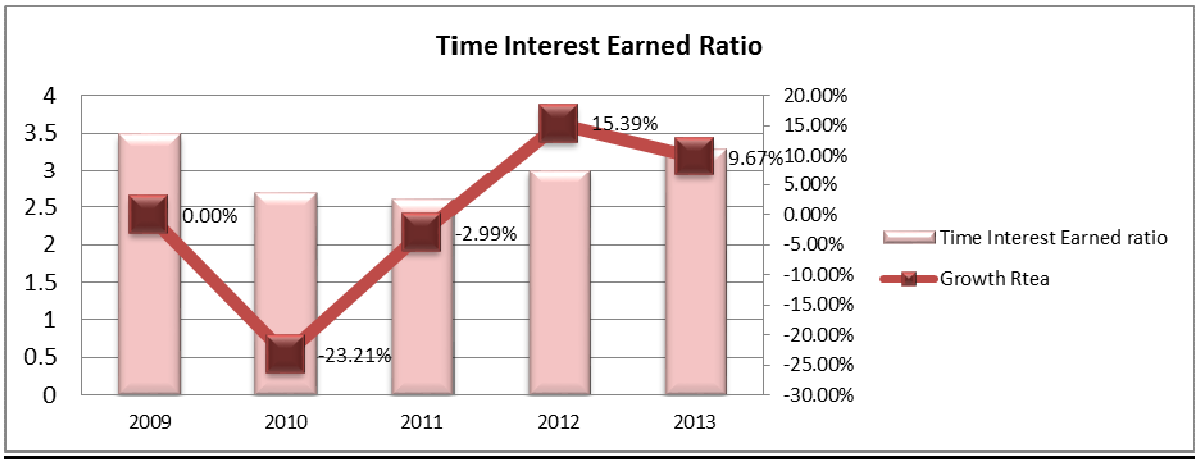
Debt Ratio

Analysis: Here the worst performance of BPL was 2009 as the debt ratio is high. The next three years show nearly same percentage where it increased slightly in 2013.And we can see the upward growth rate which is not good for the company.

5.6.1. **Time Interest Earned Ratio**

Time interest earned = Earnings before interest tax / Interest charged

Time Interest Earned Ratio



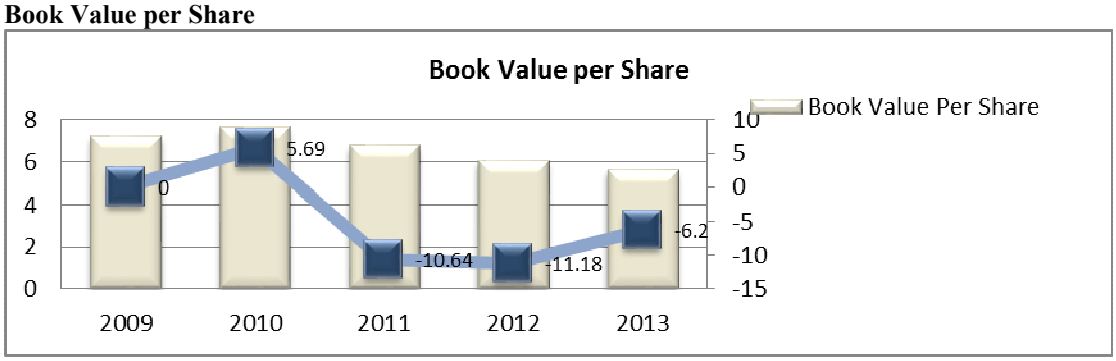
Analysis: The higher ratio of time interest earned indicates the Company's higher ability to pay the interest from their opportunity income. We can see the increasing position of this ratio. So we can say this is a better performance of BPL.

5.6.2. Book Value per Share

Book value per share is the amount each share would receive. If the company were liquidity on the basis of amount reported on the balance sheet. (Kieso,Weygandt, Warfield, 2001).

Book Value per share = Common stockholders' equity / Outstanding shares

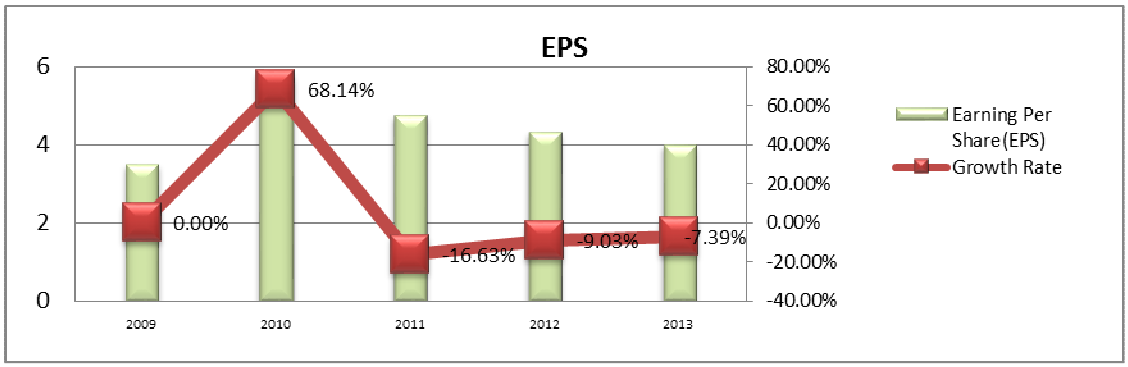
Book Value per Share



Graph is not shown a good position of the company as it is decreased the book value from 2010.

5.7. Market Value Ratios

The final ratios are the market value ratio. It also call share ownership ratio. It referred to the stockholder in analyzing present and future investment in a company. In this ratio the stockholders are interested in the way to certain variables affect the value of their holdings. In order to the stockholder is able to analyze the likely future market value of the stock market. I describe one of these ratios:

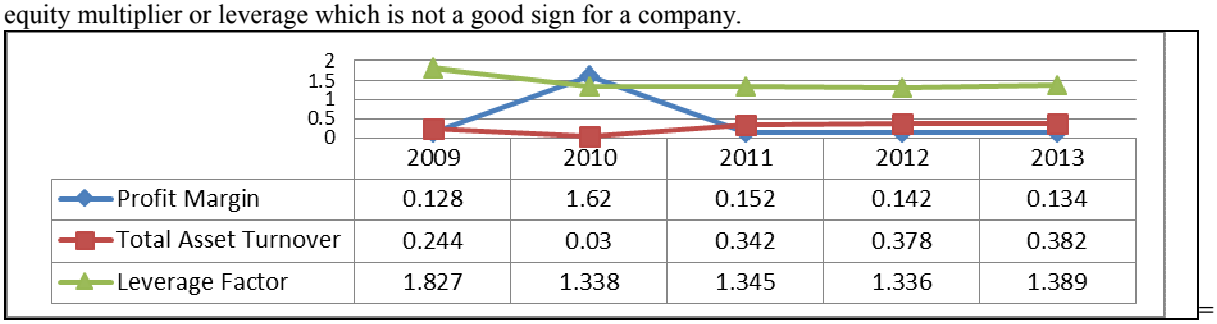


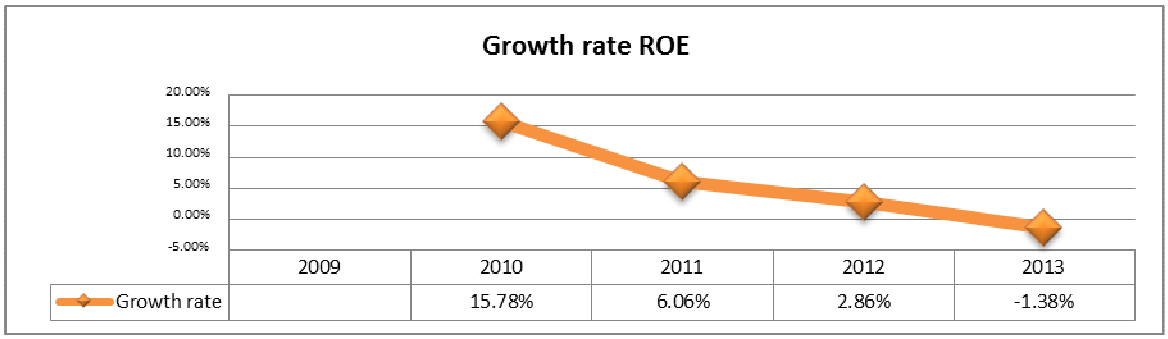
Earnings per Share (EPS) ratio.Earnings per share ratio are a small variation of ownership ratio. It gauges by dividing net income into total number of share outstanding .it is most important for deterring of share price.
Earnings per share ratio: Net income /weighted average number of share outstanding

5.8. DuPont Analysis:
Many equity investors look into return on equity for judging whether company is generating good return on the investment of the shareholders. However it may not be prudent to look at ROE, instead one should go for DuPont analysis in order to have a better understanding about the return on equity. DuPont can be calculated as ROE = (net income / sales) * (sales / assets) * (assets / shareholder's equity).In the above equation we have ROE broken down into net profit margin which implies that how much profit the company is earning from sales, asset

2009	2010
ROE=(624,740,307/4,868,254,915) * (4,868,254,915/ 19,891,933,422) * (19,891,933,422/10,885,706,614) =0.128329415*0.24473513*1.827344253 **=0.057390882**	**ROE**=(1,051,648,808/649,084,735) * (649,084,735/ 21,372,399,509) * (21,372,399,509/15,974,086,451) =1.62020265*0.030370232*1.337941896 **=0.065834676**
2011	**2012**
(1,198,525,342/7,890,241,843) * (7,890,241,843/23,033,340,533)* (23,033,340,533/17,128,128,177) =0.151899697 * 0.342557426 * 1.344766941 **=0.069974099**	(1,319,389,328/9,289,115,284) * (9,289,115,284/24,589,810,592) * (24,589,810,592/18,408,161,859) =0.142036059*0.377762783*1.335810212 **=0.071674149. 2013=.071%**

turnover which implies that how efficiently the company is using its assets, and equity multiplier which is a measure of how much the company is leveraged.If a company's ROE goes up due to an increase in the net profit margin or asset turnover, it is a positive sign for the company. However, if the ROE is increasing due to equity multiplier, it may not be a good sign indicating that company ROE is increasing due to excess leverage.Even if a company's ROE has remained unchanged, assessment in this way can be very helpful. Suppose a company's net profit margin and asset turnover decreased, that implies that ROE stayed the same due to a large increase in equity multiplier or leverage which is not a good sign for a company.





Analysis: Comparing the DuPont analysis Results, BPL has the highest ROE(0.072) in 2012 and the lowest in 2009(0.057). The assets turnover rate does not seem significant different in these (2011, 2012, 2013) three years but 2010 remain the lowest and 2009 the second lowest. The profit margin is the highest in 2010, 2009 is the lowest and 2011, 2012, 2013 is the closely same. So the growth rate is downward. The financial leverage is decreased since 2010 and then it slightly increased. Overall, from the comparing result of the DuPont Charts from, we can see BPL was suffering a significant difficult operation in 2009, but soon recovered after the next years Findings.We already mentioned that the ratio helps to evaluated financial strengths and weaknesses of pharmaceutical company. It will be prove that why ratio have different pattern and why ratio marked by negative meaning and why ratio ratios was satisfactory value.

Conclusion

Beximco Pharmaceuticals Limited (BPL) is one of the well-known names in the business sector of Bangladesh. The company is still showing its growth. The company can't perform well without its internal performance evaluation. One of the popular techniques to evaluate the performance is Ratio Analysis and another one is DuPont Analysis. And I have used the same techniques to evaluate the performance of BPL. BPL is one of the market leaders and in some cases market leader in the pharmaceuticals industry of Bangladesh. It is gradually expanding its assets and is able to proper utilize its assets. The overall financial position of the company may be said to be satisfactory over the years. Since BPL is a good concern of Beximco Group, so the position may again be improved if management becomes more careful of income and expenditure, using of working capital.

Recommendation

After analysis of different financial performance measures and comparing with last five years, BPL financial performance is comparatively high in 2013. The recommendations are as follows:

1. Beximco Pharmaceuticals Ltd. should try to increase their **liquidity ratios** by sweeping accounts, decreasing overhead cost, minimizing unproductive assets, continuing to monitor accounts payable and accounts receivables, owner's draws and reviewing profitability also.
2. BPL should try to keep their **Asset management** process like the previous years to keep the increasing growth of those ratios and try to minimize a little bit of Accounts payable turnover ratio to be safe for the payment.
3. BPL should try to increase its **profitability**. They can improve it by getting rid of the 20% of their customers who provide the lowest profitability frees up capacity, focusing their energy on products that are meaningfully unique, looking for more opportunities beyond our borders, reinventing their products and industry, keeping its operating expense minimum etc.
4. BPL should keep their **interest earned** ratio and decreased **book value ratio** for the bright future and decrease its **debt ratio**. They can issue additional shares to collect more cash inflows to minimize debt, implement a debt / equity swap, sell its assets and then lease them back or increase the sales.
5. The company should increase **EPS** through gain more profit or decreasing outstanding shares by buyback program.
6. In according to the **DuPont analysis**, we can say, BPL have to keep its **ROE** unchanged or increasing trend to let it be its strength.

References

Beximco Pharmaceuticals Ltd. Annual Reports (Year: 2009, 2010, 2011, 2012, &2013)

Clausen, James. (2009). "Accounting 101 – Financial Statement Analysis in Accounting: Liquidity Ratio Analysis Balance Sheet Assets and Liabilities", Journal of financial statement.

Clausen, James. (2009), "Accounting 101 – Income Statement: Financial Reporting and Analysis of Profit and Loss" , Journal of income statement.

Clausen, James. (2009), "Basic Accounting 101- Asset Turnover Ratio: Inventory, Cash, Equipment and Accounts Receivable Analysis", Journal of asset turnover ratio.

Diane, White. (2008), "Accounts Receivable: Analyzing the Turnover Ratio", Journal of account receivable.

Hutchinson, James (2010), "Long Term Debt to Equity Ratio of a Business: Understand a Company's Value to its Investors and Owners", Journal of long term debt to equity ratio.

Mtetwa, Munya. (2010). "Fixed Assets: Capital Expenditure", Journal of fixed assets in accounting.

Nelgadde, Jo. (2010). "Accounts Receivable Analysis: A Guide to Analyzing Trade Debtors for Small Business Owners", Journal of accounts receivable analysis.

Nelgadde, Jo. (2009). "Inventory Analysis: A Guide to Analyzing Inventory for Small Business Owners", Journal of inventory analysis.

Nelgadde, Jo. (2010). "Debt Collection and Debt Recovery Tools: Using Credit Insurance and Debt Collection Agencies", Journal of debt collection and debt recovery tools.

Thachappilly, Gopinathan. (2009). "Profitability Ratios Measure Margins and Returns: Profit Ratios Work with Gross, Operating, Pretax and Net Profits". Journal of profitability ratio measure margin and return.

Thachappilly, Gopinathan. (2009). "Financial Ratio Analysis for Performance Check: Financial Statement Analysis with Ratios Can Reveal Problem Areas". Journal of financial ratio analysis for performance evaluation