



**TRENDS IN FINANCIAL PERFORMANCE OF BANGLADESHI PHARMACEUTICAL INDUSTRY  
A STUDY OF BEXIMCO PHARMACEUTICAL LTD**

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**ABSTRACT**

The pharmaceutical industry of Bangladesh is one of the thrust sectors in Bangladesh. This market is very dynamic and competitive segment and is comparable to those of developed countries. The objective of this study is to examine the trends in the financial performance of Beximco Pharmaceutical Ltd., a major player in the Bangladeshi pharmaceutical industry, during the period 2004-05 to 2013-14, using relevant statistical tools and techniques. The data of Beximco Pharmaceuticals Ltd. has been collected from secondary sources i.e. Annual Report of Beximco Pharmaceuticals Ltd. The study concludes that the concerned company is gradually enhancing its overall financial position through handling its assets efficiently.

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**INTRODUCTION**

Among the several sectors of Bangladesh on which the country can be proud of, undoubtedly the pharmaceutical sector is one of them. This promising sector is the second largest contributor to the government exchequer. Skillful attitudes, knowledge and innovative ideas from the professionals are the basic reasons for which this industry grew in the way it did. Over the last few years this industry has been experiencing robust growth. After the promulgation of local industry friendly Drug (control) ordinance in 1982 the scenario of pharmaceutical industries changed considerably. Now after fulfilling the local demand Bangladesh is exporting pharmaceutical products to over 100 countries including developed countries of the world. (Sultana, 2016). Local industry supporting drug policy and effective regulatory framework, along with TRIPS relaxation are the prime factors for the advancement of this industry. The qualities of the products of Bangladesh are equivalent to any international standard and have been accepted by them. A number of companies have achieved accreditation from different world famous regulatory bodies. (Sultana, 2016). So it is high time to evaluate the financial performance of the Bangladeshi pharmaceutical companies. Against this backdrop, the present paper attempts to examine the trends in the financial performance of Beximco Pharmaceuticals Ltd., one of the largest players in the Bangladeshi Pharmaceutical Industry, during the period 2004-05 to 2013-14.

**Literature Review**

Before setting the objectives of a study it is necessary to

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review the existing literature on the issue connected with the study. The following paragraphs in this section present a brief description of some of the notable studies carried out in the recent past on the topic addressed in the present study. Mallik, Sur and Rakshit (2005) conducted a study to examine the relationship between working capital and profitability with reference to some selected companies in Indian pharmaceutical industry during the period 1990-91 to 2001-02. More specifically the study assessed the influence of working capital on profitability by computing Karl Pearson's correlation coefficient between return on capital employed and each of some selected important ratios relating to working capital management such as current ratio, inventory turnover ratio, debtors turnover ratio etc. The study also evaluated the joint effect of the selected ratios relating to working capital management on the profitability of each of the selected companies. The study concluded that there was a favorable influence of inventory management and debtor's management on profitability from the empirical results.

Sur, Das and Chakraborty (2006) in their study attempted to assess the overall financial performance of Indian pharmaceutical industry by using a comprehensive rank test during the period 1994-95 to 2003-04. The study also examined the closeness of association between the overall profitability and each of the other aspects of financial performance of the industry. A notable outcome of the study was that the overall financial performance was better in the second half of the study period as compared to the first half. This study also revealed that a significant positive association between liquidity and overall profitability was observed during the study period.

Nimalathasan (2009) in his study revealed that the profitability of listed pharmaceutical companies in Bangladesh by comparing the financial performance of AMBEE and IBNSINA companies Ltd. AMBEE pharmaceuticals Ltd (AMBPH) should be considered as satisfactory its indicators of profitability higher than the industry average, except average operating profit ratio and average net profit ratio. On the other hand IBN SINA Pharmaceuticals Ltd. (IBN SINAPH) has not been able to attain the industry average gross profit, operating profit, return on investment, return on capital employed and return on equity. But it succeeded to attain the standard norm for these ratios. Therefore its profitability may be considered to some extent satisfactory.

Sarkar and Nandi (2009) in their study made an attempt to examine the financial performance of Ranbaxy Laboratories Limited during the period 1997-98 to 2006-07. In this study the financial performance was evaluated through analysis and interpretation of some selected ratios, such as debt equity ratio, interest coverage ratio, current ratio, working capital turnover ratio, net profit ratio etc. and a comprehensive test was made on the sum of scores of separate individual ranking under six financial criteria. Kendall's Coefficient of concordance was used to measure the uniformity among the six sets of ranking. The outcome of the comprehensive rank test made in his study showed the achievement of overall financial performance by the company, during the study period. Another notable outcome of the study was that a very close as well as significant association among the selected financial ratios was reflected in Kendall's Coefficient of Concordance indicating uniformity among different aspects of financial performance of the company during the study period.

Bhunia (2010) in his study analyzed the financial performance of the selected pharmaceutical companies of India. The study is of crucial importance to measure the firm's liquidity, profitability and other indicators that the business is conducted in a rational and normal way; ensuring enough return to the shareholders to maintain at least its market value. Study covers two public sector drug and pharmaceutical enterprise i.e. Karnataka Antibiotics and Pharmaceuticals Ltd.(KAPL) and Rajasthan Drugs and Pharmaceutical Ltd. (RDPL) listed on BSE for the period of twelve years from 1997-98 to 2008-09.

Majumder and Rahman (2011) in their study reviewed the financial performance of pharmaceutical companies in Bangladesh to test its strength and weakness. Performance of this industry is measured in terms of ratio (Profitability, liquidity, solvency and activity ratio) analysis and in terms of testing financial soundness by using Multivariate Discriminate Analysis (MDA) as developed by Prof. Altman. The study revealed that the financial statement of the Pharmaceutical industry that the profit earning capacity, liquidity position, financial position and the performance of the most of the pharma companies are not in sound position and it was also observed that the most of the pharmaceuticals has a lower level position of bankruptcy.

Sheela and Karthikeyan (2012), measured the financial performance of pharmaceutical industry taking top 3 companies like -Cipla, Dr. Reddy's Laboratories, Ranbaxy for the period of 2003-2012 by using ratios of ROE and ROA applying the DuPont analysis which have been demonstrated with the aim of tables to how the change periodically. They explained the comparison of performance and condition of a

company against its competitors, analyzing trends in the returns of a company in the context of trends of the components and forecasting the returns of a company based on forecasts of the components. They conclude that, the DuPont analysis that they made (by calculating ROI and ROE) for the top 3 most profitable pharmaceutical companies in India emphasize that absolute measures are not relevant every time. Therefore to have a common basis of comparison between several companies and to compose ranks the relative sizes for measuring efficiency are necessary when calculating ratio.

Dey and Biswas (2013) in their study reviewed the profitability of two listed pharmaceutical companies in Bangladesh such as Square Pharmaceuticals Company Ltd. and Beximco Pharmaceuticals Company Limited for the period 2008-2011. Their analysis showed that average profitability indicators for Square Pharma were higher than Beximco Pharma except gross profit ratio and operating profit ratio. On the other hand, the six other profitability indicators (net profit ratio, ROI, ROCE, ROE, cash flow margin, cash return on asset) of Square were much higher than that of Beximco Pharma and go with the industry norm. Beximco had not been able to attain industry average net profit ratio, return on investment and return on equity, cash flow margin and cash return on assets.

Bashar and Islam (2014) in their study created a sample of 5 of the top pharmaceutical firms and procured their annual report from 2008-2012 for the research and carried out descriptive statistics analysis, Pearson Coefficient Model and Multiple Regression analysis to test the acceptability of the proposed ratios determinants of profitability. After performing necessary calculations and analysis, the study found that 89.1% of the changes in the dependent variable for the pharmaceutical firms under observations can be explained through the independent variables of the study, while only 13.7% of the variations of gross profit margin can be attributed to factors outside these variables. The study has also discussed how the firms can access and interpret these ratios in order to increase the profitability of their business.

Rahman (2014) in his study measured the financial performance of pharmaceutical industry in Bangladesh with special reference to Square Pharmaceuticals Ltd. This study analyzed the annual report of Square Pharmaceuticals Ltd. of 8 years ranging 2006-2013 to evaluate the financial strength and weakness of the company by using ratios, percentage and statistical tools. From overall findings of the study, it is inferred that the management of Square Pharmaceutical Ltd. has been able to keep stability in running the business as well as bring upward trend in earning profit.

Devi and Maheswari (2015) in their study measured the financial performance of the pharmaceutical industry taking top companies like Cipla Ltd., Aurobindo Pharma Ltd. For the period 2009-2010 to 2013-2014. They analyzed the short term solvency ratio, long term solvency ratio profitability ratio and found that Cipla Ltd. shows high profitability and higher level of consistency than Aurobindo Pharma Ltd.

Sultana, J. (2016) studied the different aspects of pharmaceutical industries in Bangladesh. In her study the scope of advancement and the factors that can hinder the growth of pharmaceutical business are discussed thoroughly.

**Table 1** Analysis of Selected Ratios relating to Financial Performance through Runs Test

Year	CR		DER		ICR		WTR		RTR		ITR		LAT		ROA		ROE	
	Times	sign of changes	Times	sign of changes	Times	sign of changes	Times	sign of changes	Times	sign of changes	Times	sign of changes	Times	sign of changes	Times	sign of changes	Times	sign of changes
2004-05	1.4		0.36		3.87		3.34		4.27		1.05		0.45		4.47		7.17	
2005-06	1.32	-	0.31	-	3.61	-	4.46	+	8.61	+	1.22	+	0.43	-	3.95	-	5.92	-
2006-07	1.80	+	0.33	+	3.27	-	2.78	-	7.20	-	1.34	+	0.40	-	30.09	+	43.60	+
2007-08	1.01	-	0.28	-	4.59	+	15.43	+	7.96	+	1.33	-	0.34	-	27.06	-	38.37	-
2008-09	2.98	+	0.31	+	5.14	+	1.059	-	7.01	-	1.49	+	0.38	+	3.14	-	5.74	-
2009-10	2.46	-	0.22	-	3.81	-	1.76	+	7.90	+	1.67	+	0.43	+	4.92	+	6.58	+
2010-11	2.70	+	0.21	-	4.98	+	1.75	-	8.07	+	1.79	+	0.50	+	5.20	+	6	-
2011-12	2.67	-	0.16	-	5.02	+	1.81	+	7.99	-	2.01	+	0.57	+	5.37	+	7.17	+
2012-13	2.03	-	0.20	+	5.38	+	2.32	+	8.40	+	2.34	+	0.57	+	38.19	+	53.05	+
2013-14	1.78	-	0.19	-	5.11	-	3.06	+	8.02	-	2.45	+	0.57	-	38.64	+	53.57	+
Average	2.02		0.26		4.48		3.78		7.54		1.67		0.46		16.10		22.72	
No. of +signs N <sub>1</sub>	3		3		5		6		5		8		5		6		5	
No. of -signs N <sub>2</sub>	6		6		4		3		4		1		4		3		4	
No. of runs r	7		7		5		7		8		3		3		4		6	
Mean no. of runs μ	5		5		5.44		5		5.44		2.78		5.44		5		5.44	
Standard deviation of no. of runs σ <sub>r</sub>	1.22		1.22		1.38		1.22		1.38		0.42		1.38		1.23		1.38	
Z	1.64		1.64		-0.32		1.64		1.85		0.52		-1.77		-0.82		0.41	

Source: Compiled and computed from secondary data collected from Dhaka Stock Exchange, Bangladesh.

**Table 2** Statement of ranking of Financial Performance and analysis of Kendall's Coefficient of concordance among selected Financial Performance Indicators

Year	CR	WCTR	RTR	ITR	LAT	ICR	ROA	Financial Performance Rank							Sum Of rank	Ultimate Rank
	Times	Times	Times	Times	Times	Times	Times	A <sub>R</sub>	B <sub>R</sub>	C <sub>R</sub>	D <sub>R</sub>	E <sub>R</sub>	F <sub>R</sub>	G <sub>R</sub>		
	A	B	C	D	E	F	G									
2004-05	1.40	3.34	4.27	1.05	0.45	3.87	4.47	8	3	10	10	5	7	8	51	10
2005-06	1.32	4.46	8.61	1.22	0.43	3.61	3.95	9	2	1	9	6.5	9	9	45.5	6.5
2006-07	1.80	2.78	7.20	1.34	0.40	3.27	30.09	6	5	8	7	8	10	3	47	8.5
2007-08	1.01	15.43	7.96	1.33	0.34	4.59	27.06	10	1	6	8	10	6	4	45	5
2008-09	2.98	1.059	7.01	1.49	0.38	5.14	3.14	1	10	9	6	9	2	10	47	8.5
2009-10	2.46	1.76	7.90	1.67	0.43	3.81	4.92	4	8	7	5	6.5	8	7	45.5	6.5
2010-11	2.70	1.75	8.07	1.79	0.50	4.98	5.20	2	9	3	4	4	5	6	33	4
2011-12	2.67	1.81	7.99	2.01	0.57	5.02	5.37	3	7	5	3	1.5	4	5	28.5	3
2012-13	2.03	2.32	8.40	2.34	0.57	5.38	38.19	5	6	2	2	1.5	1	2	19.5	1
2013-14	1.78	3.06	8.02	2.45	0.57	5.11	38.64	7	4	4	1	3	3	1	23	2

Kendall's coefficients of concordance among seven sets of financial performance ranks (W) are 0.29 and Chi-square ( $\chi^2$ ) value of W is 18.27 being significant at 0.05 level.  
Source: Compiled and computed from secondary data collected from Dhaka Stock Exchange, Bangladesh.

**Table 3** Beximco Pharmaceutical Ltd.

Analysis of Spearman's Rank correlation Between ROA and Other Selected Financial Performance Measures					
	CR	WTR	RTR	ITR	LAT
Spearman's Rank correlation coefficient	-0.612*	0.736*	0.297	0.613*	0.837**

\*Significant at 0.05 level  
\*\* Significant at 0.01 level

Source: Compiled and computed from secondary data collected from Dhaka Stock Exchange, Bangladesh.

- To evaluate the closeness of association between the overall profitability of the company and each of the other aspects of its financial performance.
- To study the joint influence of the selected efficiency measures of the company on its overall profitability.

**Methodology of the study**

The data of Beximco Pharmaceuticals Ltd. for the period of 2004-05 to 2013-14 used in this study has been collected from secondary sources i.e. Annual Report of Beximco Pharmaceuticals Ltd. For analyzing the data, the technique of ratio analysis, simple statistical tools like mean and statistical techniques like analysis of Spearman's rank correlation, multiple correlation analysis, multiple regression analysis and analysis of Kendall's coefficient of concordance have been used. The 't test' 'F test', Chi-square test and run test have been applied at appropriate places.

**Objectives of the Study**

The study has the following objectives

- To assess major aspects of financial performance of the company by using some selected ratios.
- To examine whether there is a systematic pattern in the sequence of observation on the selected ratios.
- To test whether there is uniformity in different major aspects of financial performance selected for this study.

### **Beximco Pharmaceuticals Ltd: An overview**

Beximco pharmaceuticals Ltd.(Beximco Pharma) belongs to Beximco Group, the largest private sector industrial conglomerate in Bangladesh which has diversified into textiles, apparels, pharmaceuticals, ceramics, aviation, real estate, ITC & media, and energy sectors. Most of these companies are actively being traded in the stock exchanges of Bangladesh with a total market capitalization of more than \$1.65 billion. 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. Since then, the journey continued, with a vision to go a long way and today, Beximco pharma is one of the largest exporters of medicines in Bangladesh, winning National Export(Gold) Trophy for a record three times. Beximco Pharma's manufacturing facilities have been accredited by major global regulatory bodies, and it has expanded its geographic footprint to 40 countries. The company has the unique distinction of being the only company in Bangladesh to get listed on AIM of London stock Exchange. Beximco pharma produces pharmaceutical formulations and active pharmaceutical ingredients, having a current portfolio of more than 400 products and a dedicated team of more than 2500 employees. In its long journey over three decades, the simple principle on which it was founded remains the same: producing high-quality generics and providing better access to medicines at a much affordable cost. The company continues to adhere to the global standards and takes initiatives to remain more competitive in order to maintain its strong track record.

Beximco Pharmaceuticals Ltd (BPL) is a leading manufacturer of pharmaceutical formulations and Active Pharmaceutical Ingredients (APIs) in Bangladesh. The company is the largest exporter of pharmaceuticals in the country and its state-of-the-art manufacturing facilities are certified by global regulatory bodies of Australia, Gulf nations, Brazil, among others. The company is consistently building upon its portfolio and currently producing more than 400 products in different dosage forms covering broader therapeutic categories which include antibiotics, antihypertensive, antidiabetics, antiretrovirals, anti-asthma inhalers etc., among many others. With decades of contract manufacturing experience with global MNCs, skilled manpower and proven formulation capabilities, the company has been building a visible and growing presence across the continents offering high quality generics at the most affordable cost. Ensuring access to quality medicines is the powerful aspiration that motivates more than 3000 employees of the organization, and each of them is guided by the same moral and social responsibilities the company values most.

### **Findings of the Study**

In Table 1 an attempt has been made to measure the financial performance of Beximco Pharma Ltd. by using some selected ratios.

An analysis has also been made in this table to examine whether there is a systematic pattern in the sequence of observations on these selected ratios during the period under study by applying runs test. The null hypothesis of this test is that the sequence of observations is random. For measuring the financial performance of the selected company, the following ratios have been computed:

### **Current Ratio**

It measures the ability of a firm to meet its obligations in the short run. The higher the CR the greater is the liquidity of the firm. Table 1 exhibits that there was a moderated fluctuating trend in the CR of the company during the period under study. It ranged between 1.01 in 2007-08 and 2.98 in 2008-09. On an average, the CR of the company was 2.02. The computed value of Z (1.64) reflects that the sequences of the observations on the CR of the company were random.

### **Debt Equity Ratio**

It provides evidence on the extent to which fixed charge bearing capital is used in the capital structure of a firm. It is also a measure of the financial risks associated with the owners of the company. Financial risk usually defined in terms of the volatility of the earning stream that accrues to equity shareholders. Generally the higher the DER, the larger the volatility of the net earnings available to equity shareholders and therefore the higher the financial risk associated with the common stocks (Lev, 1974, p.25).

Table 1 show that there was a fluctuating trend in the DER of the co. during the period under study. It ranged between 0.16 in 2011-2012 and 0.36 in 2004-05. The mean of the ratio was 0.26. It implies that the capital structure of Beximco Pharmaceutical Ltd., was equity dominated and as a result, the financial risk associated with the owners of the company was within a manageable level. The computed value of z (1.64) reflects that the sequence of the observations on the DER of Beximco Pharmaceutical Ltd was random.

### **Interest Coverage Ratio (ICR)**

It measures the ability of a firm to meet its periodic interest payments on outstanding debt. The ratio indicates the safety margin of the fixed payments to lenders. The higher the ratio, the larger is the safety margin. Table 1 discloses that the ICR of Beximco Pharmaceutical Ltd. gradually declined in the first three years of the study period. It was 3.87 in 2004-05, which came down to 3.27 in 2006-07. However the ICR of the company increased remarkably after that (except in 2009-10 and 2013-14) the average ICR for the entire study period was 4.48. The hike in this ratio during the 2007-08 to 2012-13(except in 2009-10) was due to the fact that the company lightly changed its finance policy by reducing the proportion of fixed charge bearing capital to total capital employed considerably. The result of the runs test on the ICR of the co. also accepted the randomness hypothesis at the 95% confidence level admitting that there was no systematic pattern in the sequence of the values of the ratio during the study period.

### **Working Capital Turnover Ratio (WCTR)**

It indicates as to how of sales a co. is able to generate for each rupee invested in its working capital. So this ratio measures the efficiency of the working capital management of the co. A higher WTR implies, by and large, a more efficient management of working capital. Table 1 shows that the WTR of Beximco Pharmaceutical Ltd. was in a fluctuating trend have increased during the last three years of the study period. On an average the company maintained WTR at 3.78 and the range being 1.75 in 2010-2011 and 15.43 in 2007-08. The run test result on the WTR of the company witness that no

systematic pattern was found in the sequence of the values of the ratio during the period under study.

#### **Receivable Turnover Ratio**

This ratio measures the efficiency of the credit and collection policies adopted by the company. It also reflects the quality of debtors. The higher the RTR, the greater is the degree of efficiency in credit management and better is the liquidity of accounts receivable. Table 1 exhibits that the RTR of Beximco Pharmaceutical Ltd. was in a fluctuating trend during the period under study. It varied between 4.27 in 2004-05 and 8.61 in 2005-06. On an average it was 7.54 during the period under study. The analysis of RTR of the company shows that the ratio was below the average RTR in three out of ten years under study and it was above the average RTR in the remaining seven years. It implies that the company was able to prove itself as a good performer in terms of maintaining higher efficiency in managing its accounts receivable in the major portion of the period under study. The outcome of the runs test on the RTR of Beximco Pharmaceutical Ltd, accepted the randomness hypothesis at the 95% confidence level, which implies that no systematic pattern was revealed in the sequence of the observation on the ratio during the study period.

#### **Inventory Turnover Ratio**

This ratio indicates how quickly a co. sells its products. It measures the efficiency in the inventory management of the co. The higher the ITR, the greater is the degree of efficiency of the inventory management. Table 1 discloses that the ITR of Beximco Pharmaceutical Ltd., gradually increased during the study period (except in 2007-08). It ranged between 1.05 in 2004-05 and 2.45 in 2013-14. The mean ITR for the entire period under study was 1.67. The gradual increase of ITR reveals that the efficiency in the inventory management of the company improved gradually during the period under study. The runs test result on the ITR of the company accepted the null hypothesis of randomness at the 95% confidence level during the study period.

#### **Long Term Asset Turnover Ratio**

The Long Term Asset Turnover ratio measures how efficiently the company is able to utilize its operating assets to generate sales. The higher the LAT ratio, the greater is the degree of the company's efficiency in managing its operating long term assets. Table 1 depicts that the LAT of Beximco Pharmaceutical Ltd. was following a decreasing trend in first three years and after that it was increased gradually except the last year during the period under study. The company, on an average, maintained LAT at 0.461 during the period under study, the range being 0.34 (2007-08) to 0.57 (2011-12) and (2012-13). The outcome of the runs test on the LAT of the company also confirms the absence of any specific trend in the values of the ratio during the period under study.

#### **Return on Assets**

It is an indicator of the overall earning capability of a company. It measures how profitably the company is able to deploy its operating assets to generate operating profits. Table 1 depicts that the ROA of Beximco Pharmaceutical Ltd. registered a fluctuating trend in first five years of the study period and after that it showed an increasing trend gradually. It ranged between 3.14% in 2008-09 and 38.64% in 2013-14. The mean ROA of the company was 16.10. The gradual

increasing trend indicates that the improvement made by the company in its profitability during the second half of the study period was quite remarkable as compared to the first half. The outcome of the runs test on the ROA of the company also confirms the absence of any specific trend in the values of the ratio during the period under study.

#### **Return on Equity**

It measures the profitability of a company from the viewpoint of its equity shareholders. The higher the ROE, the higher is the earning capability of the company from the viewpoint of its owners. Table 1 discloses that the ROE of Beximco Pharmaceutical Ltd. witnessed a fluctuating trend during the study period. But in the last two years the ROE of Beximco Pharmaceutical Ltd. was increased significantly. It signifies that Beximco Pharmaceutical was better performer in terms of profitability from the viewpoint of its owners in the last two years as compared to the first eight years of the study period. On an average the company maintained ROE at 22.72% during the period under study, the range being 5.74% (2008-2009) to 53.57% (2013-14). The outcome of the runs test on the ROE of the company reveals absence of any systematic pattern in the sequence of the values of the ratio through out of the study period.

In Table 2 an effort had been made to assess the overall financial performance of Beximco Pharmaceutical Ltd. more precisely by using a comprehensive test based on the sum of scores of separate individual ranking under the seven criteria viz. CR, WTR, ITR, RTR, LAT, ICR and ROA. For measuring the degree of uniformity among the seven sets of rankings, Kendall's coefficient of concordance W has been computed. In order to examine whether the computed value of W is statistically significant or not Chi-Square ( $\chi^2$ ) test has been applied. In case of any criterion mentioned above, a high value indicates better performance and ranking has been done in that order. Ultimate ranking, however, has been done on the principle that the lower the points scored, the higher is the financial performance. Table 2 shows that the computed value of W, which was 0.29, was statistically significant at 0.5 level. It indicates that there was a close as well as significant association among the different aspects of financial performance of the company during the study period.

This Table also discloses that the year 2012-13 registered the most satisfactory financial performance of the company and was followed by 2013-14, 2011-12, 2010-11, 2007-08, 2005-06, 2009-10, 2006-07, 2008-09 and 2004-05 respectively in that order. It reveals that the overall financial performance of Beximco Pharmaceutical Ltd. in the last four years of the study period was better than that of in the first 6 years.

In Table 3 an attempt was made to analyze the relationship between profitability and other financial performance indicators of the company under study by using Spearman's rank correlation coefficient. In order to examine whether Spearman's rank correlation coefficients were statistically significant or not t test was made. Table 3 discloses that rank correlation between CR and ROA was -0.612 which was found to be statistically significant at 5% level. It conforms to the theoretical argument that the lower the liquidity, the higher is the profitability. This table also shows that the rank correlation between WTR and ROA and that between LATR and ROA were 0.736 and 0.837 respectively which were found to be statistically significant at 5% and 1% levels respectively. It

indicates that both the efficiency of working capital management and the efficiency of long term asset management made significant contribution towards enhancing the profitability of the company. The rank correlation coefficient between RTR and ROA and that between ITR and ROA were 0.297 and 0.613 respectively, of which only the later was found to be statistically significant at 5 % level. It implies that the inventory management of the company proved itself efficient in making notable contribution towards improving the company's profitability whereas the receivable management of the company failed to do so.

#### **Concluding Remarks**

1. Though a negative relationship between financial risk and overall profitability was observed, Beximco Pharmaceutical Ltd. was able to maintain its degree of financial risk within a manageable level during the study period.
2. The company proved itself as a good performer in terms of efficiency in the management of its inventory during the study period.
3. The overall earning capability of the company witnessed a remarkable improvement in the second half of the study period. On the other hand the profitability of the company from the view point of its equity shareholders increased significantly in the two last years during the study period.
4. A declining trend in the efficiency of the long term asset management of the company was noticed in the first three years under study whereas it increased gradually except in the last year of the study period.
5. Though the outcomes of the runs test on the selected financial ratios reveal no systematic pattern in the sequence of the observations of the ratios, a very close as well as significant association among them as reflected in Kendall's coefficient of concordance was observed. It indicates a uniformity among the different aspects of financial performance of the company during the period under study.
6. The contribution made by the long term asset management as well as working capital management of the company towards improvement of its overall profitability was noticeable during the study period. The inventory management of the company played a very significant role of enhancing the efficiency of working capital management by making a notable contribution towards improving the company's profitability during the period under study while the receivable management of the company could not do so.

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