

Report on

**“Practices of Corporate
Governance: Analysis of
Pharmaceuticals companies
-A study on The ACME
Laboratories Ltd.**



United International University

Imdadul Haque Tuhin

ID: 111 151 003

Major in Accounting

Supervisor :

Rana Mazumder ACMA

Assistant Professor

School of Business and Economics

United International University

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Letter of Transmittal

25 September, 2019

Rana Mazumder ACMA
Assistant Professor
School of Business and Economics
United International University

Dear Sir,

It is an honor and great pleasure for me to submit my intenship report on “Practices of Corporate Governance: Analysis of Pharmaceuticals companies-A study on The ACME Laboratories Ltd.”. This report was delivered to me for the incomplete fulfillment of the requirement under BBA program of United International University.

I sincerely hope that it would be able to satisfy your expectations. I respect your collaboration and I think you will call upon me with any queries cause by this report. Thank you for your support and looking forward to receive your approval of my submission.

Sicerely Yours,

Imdadul Haque Tuhin

ID: 111 151 003

Mjor in Accounting

Acknowledgement

At first I would like to place my gratitude to the Almighty Allah the most gracious and merciful for enabling me to perform the job rightly and make the internship report successfully with full endeavor. I am also thankful to my supervisor Rana Mazumder ACMA.

This project's and end result required a lot of advice and aid from my supervisor Rana Mazumder ACMA.

I am very grateful to The ACME Laboratories Ltd for granting my internship. Here are certain important persons whose names I cannot go on without mentioning Mr. AKM Fakrul Islam (Senior Manager, Sales support service department), Mr. Based Ali (Executive), Mr. Ariful Islam (Senior Executive), Md. Anowar Hossain (Senior Engineer), Mr. Rolan Patowary and all other employees of The ACME Laboratories Ltd who taught me and helped me a lot.

Abstract

In this report I have tried to analyze the practices of corporate governance in pharmaceuticals industry as well as the practices of corporate governance in the Acme laboratories ltd. The main purpose of this study is that how firms are practicing corporate governance and the effects of this on firm performance. For analyzing I have selected 32 listed pharmaceuticals companies under Dhaka Stock Exchange. I have also collected two years data for each company along with The ACME Laboratories Ltd. For the purpose of preparing report I have collected data from company's annual report from year 2016 to 2017. From the annual report I tried to find some information such as Company's ownership percentage, Financial Expense, Operating profit, Total assets, Total assets to Equity ratio, Retained Earnings, Capital Expenditures. Then we figured out the industry average total assets, average Financial Expense, average Operating profit, average Retained Earnings, average capital expenditure, average total assets to Equity ratio and also tried to calculate the average of same components of The ACME Laboratories ltd. I also compared this findings between all pharmaceuticals companies and The ACME laboratories ltd.

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Chapter – 1

Introduction

1.1 Introduction

In Bangladesh Pharmaceutical Industry now strives to satisfy local demand with self-sufficiency. The industry is the second biggest contribution to domestic treasury after clothing and the country's biggest labor efficient white-collar sector. This industry offers 97% of the local market's overall therapeutic demand. The sector is also exporting drugs, including Europe, to worldwide economies.

Bangladeshi pharmaceutical industry is primarily dominated via domestic manufacturers. Local pharmaceuticals companies now are in dominating position. Today, local companies hold nearly 75% of the market, while MNCs hold 25% of the market.

In Bangladesh there are approximately 460 generics. 120 are in the regulated range of these 460 generics, i.e. on the vital medicinal products roster. Resting 340 generics in the unchecked category are currently estimated to be 5,300, while the total number of brands and items recorded in Bangladesh is estimated to be 8,300.

Bangladesh's pharmaceutical companies generally provide labeled generic products that enable existing brands to pay premium prices for their products. The top 10 businesses comprise 68.49 percent of Pharma's market share, according to IMS Health Care Report Q2, 2017.

Based on their comparative business stocks, companies that obtained positions varying from 11th to 20th retain only 17.84 percent market share. To sum up, the bottom 20 businesses have a market share of 86.33 percent, abandoning a market share of 13.67 percent to other current businesses. It should be observed that in 2016 Q2 the bottom 20 businesses retained market share of 85.97 percent. Top 20 businesses ' aggregate business ownership has risen.

The demand for pharmaceuticals is focused among only a few local businesses and the entry barrier is greater because of big capital investment and legislative binding. Square Pharmaceutical is the industry largest with a market share of 17.73 percent accompanied by Incepta, Beximco, Opsonin and Renata. Only 9.39% of business stocks are held by multinational businesses.

1.2 Objective of the Study

Primary Objective:

- ❖ To accomplish the partial requirement of BBA Program from School of Business and Economics, United International University.

Secondary Objectives:

- ❖ To understand about corporate governance.
- ❖ To know how organization evaluate their performance.
- ❖ To know about the elements impact on corporate governance
- ❖ To understand about culture of pharmaceuticals industry
- ❖ To know about the difference between Board of directors ownership and public ownership
- ❖ To know about the influence of board of directors in corporate culture.

1.3 Scope of the Study

This study focuses on pharmaceuticals industry of Bangladesh as well as The Acme Laboratories Ltd, comparison of financial statements and ownership percentage and its impact on corporate governance and analysis of public listed companies in Bangladesh. This study carried out to analyzing two years annual data of Pharmaceuticals industry's listed companies. Here, we tried to figure out the position of the Acme Laboratories Ltd on the basis of maintaining accounting standards and efficiency towards their earnings.

1.4 Objective of the Study

Types of Data:

Here, I am using secondary data for this study. The main sources of data is company's website. I also collected data from DSE and Lanka Bangla website. And some published articles are used for this study.

Data Collection Process:

I collected data from company's annual report from 2016 to 2017. From the annual report I collected data about auditors' report and financial statements. For the information about listing year and financial year end date.

Sample Size:

For purpose of this study I selected two types of industry in Bangladesh such are Pharmaceuticals and chemical industry. I selected 19 listed companies from the pharmaceutical sector. From the chemical sector, I selected 13 listed companies. Also I have used two years data for each companies.

Techniques and procedures:

For identifying industry average I used microsoft excel sheet and for the comparison I also used some graphs.

1.5 Limitations of the Study

- Lack of previous studies in this area. I haven't previous experience to this type of work.
- Unavailabilty of required information because some company's annual data were missing.
- Tough to collect financial data when some company adverse their financial year.

1.6 Literature Review

Corporate Governance is a broad term defining a company's methods, structure and procedures in which the company manages and directs its business and affairs. Corporate governance additionally enhances the lengthy time period shareholder value with the aid of the technique of accountability of managers and by enhances the firm's performance.

According to Hess (1996), company governance (CG) is the procedure of administration and control of the firm's human sources and capital in the firm's owner's interest. Sternberg (1998) defines corporate governance as a way to make sure that company agents, assets and moves are directed towards accomplishing the targets of the employer which is extended via its shareholders. The Centre of European Policy Studies (CEPS, 1995) specifics, in describing corporate governance, that it acts as a total machine of processes, rights and controls that is multiplied externally and internally over the entity of commercial enterprise administration with the intention of protecting stakeholders' interests. Shleifer and Vishny (1997) mention to company governance as being a way in which the corporation's monetary suppliers make certain that they will get return of investment.

Classens (2003) claims that definitions of corporate governance can be classified into two sets, although they are commonly diverse. The first set of definitions addresses a set of behavioral patterns that includes the actual behavior of the corporation, namely its economic structure, performance. Corporate governance is primarily based on rules below which groups operate including judicial systems, economic markets, felony structures and labor or element markets. According to Blair (1995), company governance is the entire set of cultural, institutional and felony arrangements that become aware of what public-trading firms can perform, who controls corporations, how the manage is being exercised and how the activities, risks and returns are allotted.

The company's theory and corporate governance were very broadly viewed by McColgan (2001). His study focused largely on arear where manager interest differ from those of shareholders' interest. He held in mind the connection between the agency and the Agency's price. He expanded his job to Jensen and Meckling (1976), who defined the agency relationship as a kind of contract in which the principal preserve the agent to elevate out the offerings of the firm on his behalf.

The Agency's issue arises because of the difference in value and the conflict between property and control as main delegates some decision-making power to the officer.

Jensen and Meckling (1976) asserted that this delegation power decreases the importance of the company's manager's choices to maximize. Himmelberg, Hubbard, Palia. (1999), Jensen and Meckling (1976) argued that the key agent problem is not similar in all firms, rather it is different in different firms, different industries and different cultures. Himmelberg et al. (1999) said that Jensen's original "contract-related" theory suggests the same thing. McColgan (2001), in agreement with the authors, argued that the Agency's problem could be reduced by the help of an effective corporate governance mechanism that could be important in reducing the costs of the agency and the problems of ownership in firms.

Governance should be designed according to the company's setting as a particular mechanism.

Governance should be designed according to the company's setting as a particular mechanism may be more essential for some companies and less significant for other companies.

According to Jahangir (2008), corporate governance practices among Bangladeshi agencies are just emerging.

The model of control-based governance which is utilized inside listed businesses in Bangladesh is unfavorable to investors' confidence and also hurts stock market development. In Bangladesh, many listed firms, with the exception of multinational firms and a few large firms, are managed, owned and controlled by using household members and their peers.

Rashid, Lodh, De Zoysa and Rudkin (2010) carried out a learning about to determine the effect of board composition, with regard to the illustration of external unbiased directors, on companies' monetary overall performance in Bangladesh. Data had been amassed from 90 Non-Financial corporations listed on the Dhaka Stock Exchange (DSE) throughout the duration from 2005 to 2009. For the determination of the connection between board structure and association efficiency, a regression model was once used. There was no significant relationship between the composition of the board in terms of representation from external unbiased directors and performance of associations. This resulted in the external unbiased director being unable to add conceivable

financial costs to the Bangladeshi companies. The board size is used to be found to have a poor and widespread impact on firm overall performance under accounting based on the overall performance measures. This implied that records asymmetries exist between external independent directors and also other directors. In the findings, it was additionally mentioned that exterior independent administrators from Bangladesh businesses were unable to ensure that tests and balances have been in vicinity in the accounts. Board dimension was found to have a poor effect on association overall performance below the return on assets (ROA) measure. It used to be concluded that, while introducing independent directors will have advantages for increased transparency, in the emerging financial system such as in Bangladesh, Due to cultural and institutional differences, it will not add plausible economic price to the company. From the coverage factor of view, the findings of Rashid et al.'s (2010) research will be beneficial in providing extra insight to regulators in harmonizing the practices of company governance in Bangladesh with global corporate governance first-rate practices.

Chapter 2

Overview of Pharmaceuticals Industry

2.1 Overview of Pharmaceuticals Industry

Bangladesh's pharmaceutical industry is one of the most advanced and gold mining technology sectors. Bangladesh's pharmaceutical industry is one of the most advanced and gold mining technology sectors. Manufacturers manufacture the most sensitive drugs such as , Hormones, Insulin, and Vaccine, which shield against 20 bacterial and viral diseases, including Pertussis, Diphtheria, Typhoid fever, , Influenza and Mumps, Rabies vaccine. Pharmaceuticals industry of Bangladesh is also selling medicines to international markets, including Europe. In order to extend the export market, pharmaceutical companies are broaden their businesses.

The pharmaceutical industry Bangladesh has grown significantly in the past five years. Between 2012 and 2017, the historic CAGR for five years was 15% and the historic CAGR for three years was 21% from 2014 to 2017. Market size for pharmaceutical products can reach around BDT 330 000 million by 2020. The following table demonstrates annual growth in size and GDP, as well as the size and development of Bangladesh's pharmaceutical industry. From 2013-14 to 2016-17 this is demonstrated. Bangladesh's pharmaceutical industry growth surpasses Bangladesh's GDP development.

	2015-16	2016-17
<i>GDP(BDT Million)</i>	8835389	9478975
<i>YOY GDP Growth</i>	7.11%	7.28%
<i>Pharma Market(BDT Million)</i>	156401	187556
<i>Pharma Market Growth</i>	30.83%	19.92%

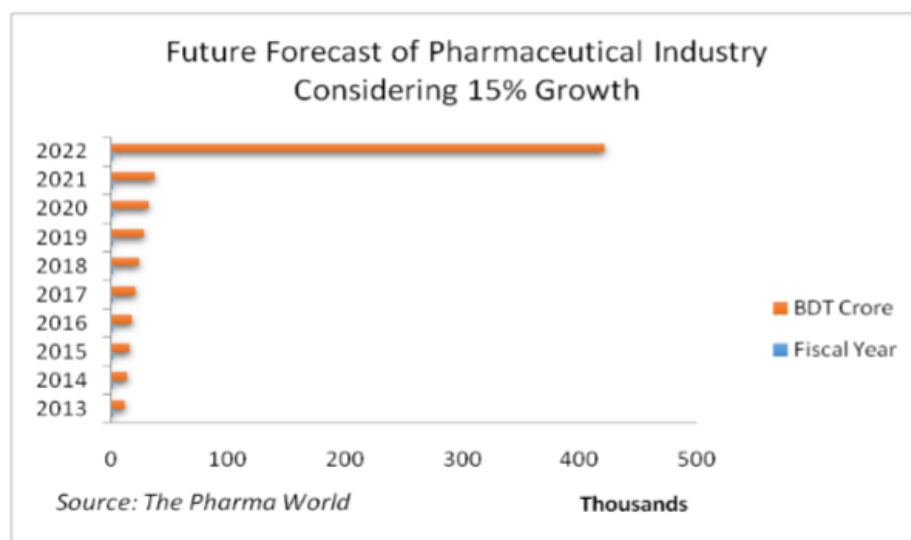
Bangladesh's pharmaceutical industry growth surpasses Bangladesh's GDP development.

Pharmaceutical companies in Bangladesh usually supply branded generic products which enable established brands to charge premium prices for their product. According to IMS Health care report Q2, the top 10 companies hold 68.49 per cent of the pharmaceutical market share in 2017.

Position	Companies	2017 Q2	2016 Q2
1	Square	17.73%	18.83%
2	Incepta Pharma	10.21%	10.18%
3	Beximco	8.39%	8.52%
4	Opsonin Pharma	5.54%	5.55%
5	Renata	4.97%	5.03%
6	Healthcare Pharma	4.57%	3.78%
7	A.C.I	4.43%	4.31%
8	Aristopharma	4.38%	4.41%
9	Eskayef	4.36%	4.50%
10	Acme	3.91%	3.90%

The pharmaceuticals market is concentrated only among a few local companies and the entry barrier is higher due to large capital investments and legislative constraints. Square Pharmaceutical is the market leader with a market share of 17.73 per cent followed by Incepta, Beximco, Opsonin and Renata.

The development of Bangladesh's pharmaceutical industries is noteworthy, with many potential. People are now more aware about healthcare because of education.



As a result demand of drugs, medical equipment are increasing. Future forecast of pharmaceuticals Industry considering 15% Growth which is bear 450 thousands core taka in BDT.

2.2 Key drivers for growth of Pharmaceuticals company in Bangladesh

1. **Economic growth of the country:** In 2015-16 and 2016-17, Bangladesh achieved GDP growth rates of 7.11 per cent and 7.28 per cent respectively. Bangladesh joined the socio-economic classification of the Lower Middle Income Group. By 2021 and 2041, respectively, Bangladesh is anticipated to become a higher middle-income group and higher income group. As GDP growth exceeds population growth, earnings per capital is likely to rise. This will lead to higher expenditure on health care by both the individual and the government.
2. **Increasing Income level of people:** Average income level of people of Bangladesh has increased. Average income has grown by 9.4% from 2015-16 to 2016-17. Thus, people have more money to allocate for medical expenditure. Bangladesh is expected to become a higher Middle Income Group and Higher Income Group by 2021 and 2041, respectively. As GDP growth is higher than population growth, per capital income is likely to increase. This will lead to higher expenditure on health care by both the individual and the government.
3. **Population growth rate:** Bangladesh is one of the densely populated countries with 166 million individuals worldwide. According to the World Bank and World Meter, Bangladesh's average population development rate is 1.1% per year from 2008 to 2017. This is driving the development of the pharmaceutical industry in Bangladesh.
4. **Health awareness:** Now-a-days people are now more concern about health. As a result pharmaceuticals. Increased health awareness will lead to the development of the pharmaceutical industry in Bangladesh.

Chapter – 3

Overview of the Organization

3.1 Company Profile

ACME Laboratories Limited's history began with the development of a proprietorship firm to produce ethical drugs in 1954. It started with modest presentation of a few oral liquid products. The organization's primary visionary was Late Hamidur Rahman Sinha as well as The ACME Laboratories LTD's founder. The firm was turned into a Private Limited Company in the year 1976 after completing their initial trail and tribulations. Balancing, Modernization, Replacement and Expansion (BMRE) work on the old unit started in 1976 at a large new premise at Dhamrai, Dhaka. In the end of 1983, business started at the new upgraded plant with sophisticated and advanced equipment.

ACME LABORATORIES LTD produces various types of medicines which covers tablets, capsules, dry powder vials, ampoules, powder for suspension, oral liquids ,nasal Drops, eye drops, infusion, injection etc. Since its inception, ACME has been lunching and innovating products to meet the unmet demands of the medical community. The main focus of this company has to bring more new technologically advanced atom to this country.

The company is continuously adding value in high technology dosages form like quick mouth dissolving tablets, barrier coated delayed release tablets, sustained release tablets, etc. ACME quickly developed a very adroit sales team, which promotes the specialties of their medicine throughout the country. The company covers virtually every corner of Bangladesh's rural as well as urban areas. It owns a large distribution network with 16 depots across the country.

ACME has a clear vision to become a leading research based form manufacturing with global presence within a shorter period of time.

3.2 Corporate Mission:

The comprehensive approach of ACME Laboratories LTD ensures health, vigor and happiness for all through the production of best quality medicinal products at low rates and expanding in the local and global market. We view ourselves as partners with healthcare professionals, all other customers, our employees, and balance with environmental issues.

3.3 VISION STATEMENT

A vision statement is a statement or outline that a company wants to make through a business. The objective and values of the business are specified in the vision statement. ACME laboratories have their own vision to accomplish. ACME's vision is to guarantee ***“Health, Vigor and Happiness for everyone and is on a perpetual quest for excellence.”***

3.4 Core Values:

i. Customer Focus:

- ❖ We always focus on our Customers.
- ❖ We listen to and connect with our customers.
- ❖ We anticipate their needs and make it easy for them to do business with us.
- ❖ We offer them value and quality services to enhance business success & always ensure to keep our promises.
- ❖ We treat customers with dignity and respect.

ii. Team Spirit:

- We believe in teamwork & by working together as a team with common goals we can achieve our prominence.
- We recognize, respect and value diversity in a team so that we can develop & maintain a culture of sharing, accepting and rewarding better ideas.

iii. Desire to Win:

- We know how to make things happen and we know how to win in the battlefield called the market place.
- We always think positively & believe there is a possibility to overcome any challenges. That gives us a spirited edge over our competitors.

iv. Pro-activity:

- We anticipate future changes in the industry and take proactive steps to seize future opportunities and to take action to solve potential problems.

v. Integrity:

- The trust of our stakeholders in us leads us to become more responsible for our commitments and to take responsibility for all our actions.
- We value all of our stakeholders, clients, employees, the community in which we live and the society as a whole.
- We are committed to delivering our utmost to be the sector leader.

vi. Personal Excellence:

- By pursuing personal excellence, we attain leadership and superior results.
- We're dedicated to being the best and the best.
- We are looking for continuous improvement and are proud of what we are doing.
- We do things to the highest possible standards and recognize the potential of the individual and create opportunities for everyone to grow and excel.

vii. Responses to social needs:

- ACME' commitment to social needs is an important element of good corporate citizenship, alongside sustainability and good governance. ACME' CSR programmers are aligned with a company's business strategy and its engagement with key stakeholder groups.

3.5 Organogram of the company

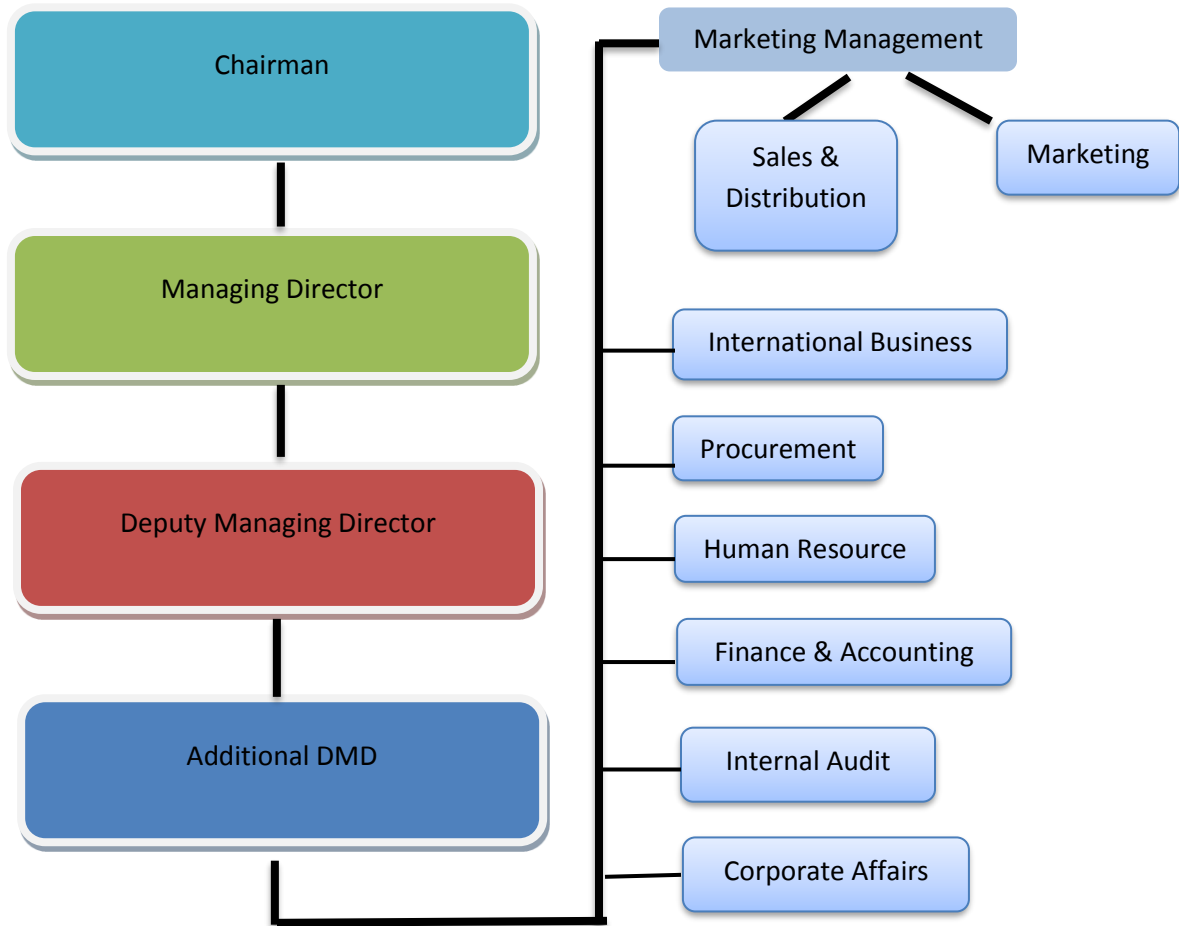
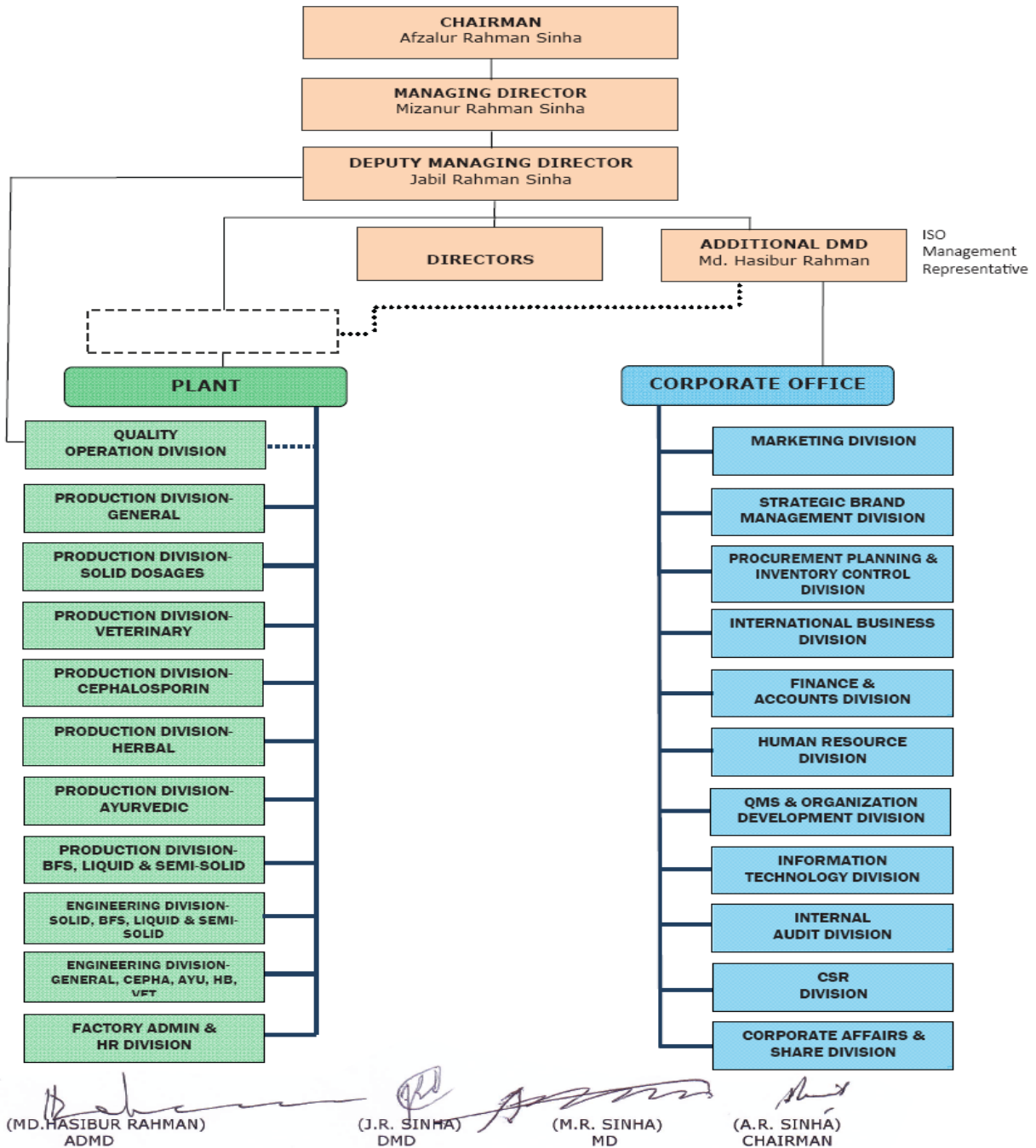


Figure: Organogram of the company

 The ACME Laboratories Ltd.
Functional Organogram



MR/30-04-2015

3.6 Details of the product line or services

The ACME Laboratories Ltd.'s manufacturing units are located at Dhamrai, about 40 km N.W. of Dhaka, the capital of Bangladesh. Today they produce wide range of pharmaceutical formulations in different dosage forms. These include:

- ✓ Oral Liquid
- ✓ Tablet
- ✓ Capsule
- ✓ Powder for Suspension
- ✓ Injectable Vial
- ✓ Injectable Ampoule
- ✓ Cream & Ointment
- ✓ Metered Dose Inhaler (MDI)
- ✓ Dry Powder Inhaler (DPI)
- ✓ Suppository
- ✓ Large Volume Parenteral

Besides manufacturing human medicine, they produce quality veterinary drugs. They also produce Herbal and Nutraceutical and Ayurvedic products both for human and animal health.

Currently they have the following manufacturing units:

- ✓ General Unit
- ✓ Solid Dosage Unit
- ✓ Cephalosporin Unit
- ✓ LVP, Liquid and Semi-solid Unit
- ✓ Herbal and Ayurvedic Unit
- ✓ Veterinary Unit

Chapter 4

Findings and Analysis

4.1 Average of Board of Ownership percentage

BOD Ownership Percentage	Average(Million)
ACME	0.38044
Pharmaceuticals Industry	0.486605

Table 1: Average of Board of Ownership percentage

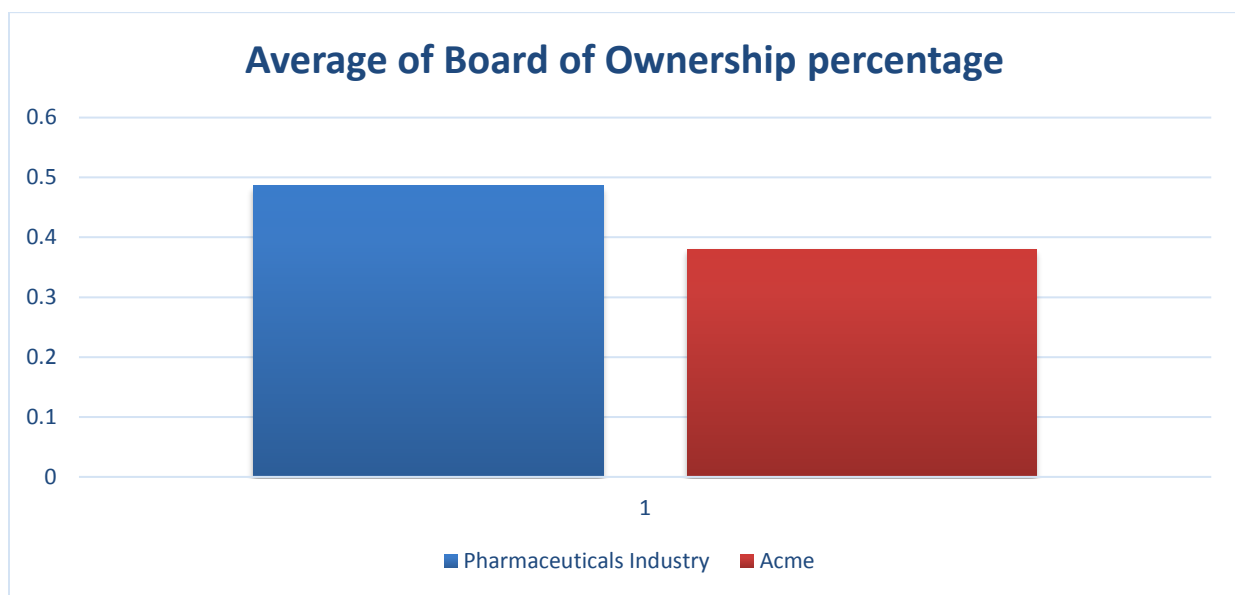


Figure 1: Average of Board of Ownership percentage

Board of directors is a team which represents the interests of the shareholders and ensures that the management of the company acts on their behalf. Percentage of Board Directors ownership represents the influences of the directors on firm's activities.

Chart above demonstrates that the average board of director's ownership percentage in pharmaceuticals industry is 0.486605 while the percentage in Acme is 0.38044. So here it is clearly shown that the average board of director's ownership percentage of pharmaceuticals industry is more than Acme Laboratories Ltd.

We know for creating good corporate governance directors must show respect on shareholders right. But from the above comparison it is clearly stated that shareholders don't get enough rights to discuss about the companies interest if we consider the percentage of pharmaceuticals industry. On the other hand Acme give the rights to their public owners to discuss about the companies interest.

4.1.1 Average of public Ownership percentage

Public Ownership Percentage	Average(Million)
ACME	0.34093
Pharmaceuticals Industry	0.41045

Table 2 Average of public Ownership percentage

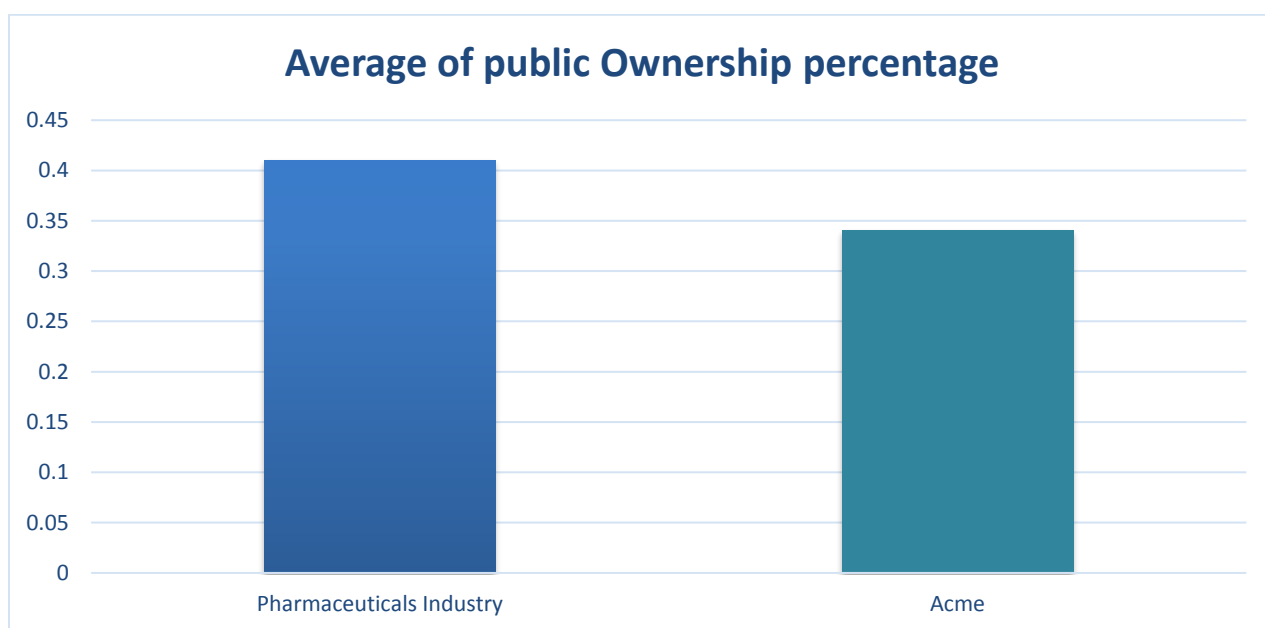


Figure 2 : Average of public Ownership percentage

Good corporate governance contributes to the competitiveness and reputation of a company, promotes access to capital markets and thus adds to the development of financial markets. Investors are progressively prepared to pay premiums to well-managed businesses that follow excellent board procedures, provide data and economic transparency, and respect shareholder rights.

From the above chart we have found that the average of public ownership percentage in pharmaceuticals industry is 0.41045 and the average for Acme is 0.34093 which is lower than pharmaceuticals industry's average. This average is clearly mentioned that pharmaceuticals

industry is mostly organized via public which means board directors have less influences on firm's activities. On the other hand Acme Board of directors have more influences of firm's activities.

4.1.2 Comparison between average ownership percentage between public and board of directors:

	BOD Ownership Percentage	Public Ownership Percentage
ACME	0.38044	0.34093
Pharmaceuticals Industry	0.486605	0.41045

Table 3 : Comparison between average ownership percentage between public and board of directors

From this table, point to be noted that, Pharmaceuticals industry has more average percentage of board of directors ownership than average of public ownership. It is clearly demonstrated that Board of directors take most of the decision on behalf of the firm. Public shareholders do not get enough chance to take the decisions. If we compare both average individually with acme then scenario will be same.

After comparing both result between Acme and Pharmaceuticals industry I have found that, Pharmaceuticals industry is ahead of Acme in both board of director's ownership as well as public ownership.

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4.2 Comparison of Average Capital Expenditure:

Capital Expenditure	Average (Million)
ACME	1714.47116
Pharmaceuticals Industry	424.2528942

Table 4: Average Capital Expenditures

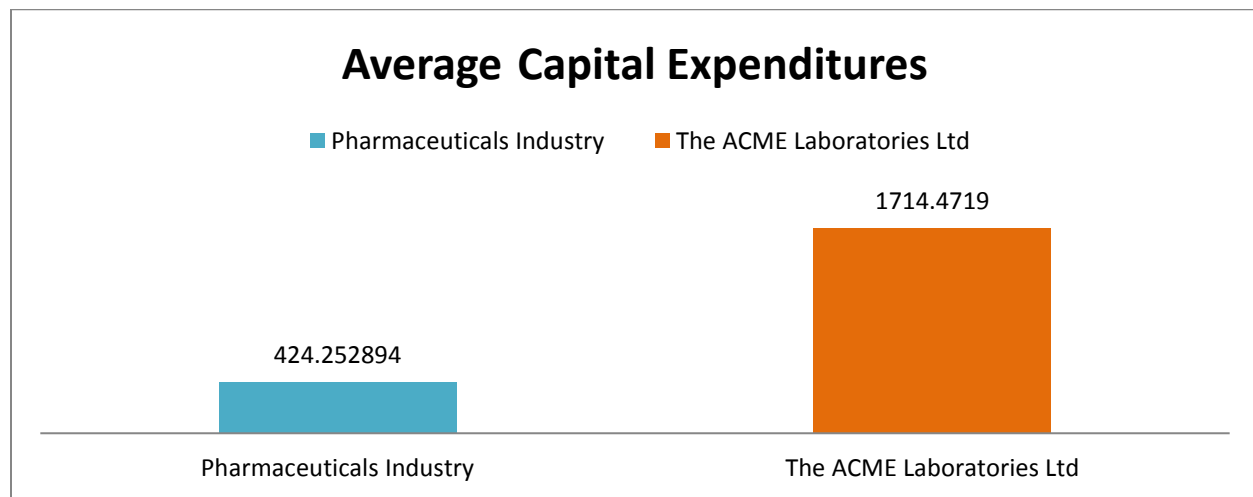


Figure 3: Average Capital Expenditures

Capital Expenditure is often used to carry out new company projects or investments. Capital expenditure costs are the amount that businesses use for more than one year to buy significant physical products and services.

Here, we have found that the average capital expenditure of Pharmaceuticals industry which is 424.2528942 and also have found out the average capital expenditure of The ACME Laboratories Ltd. which is 1714.47116. If we compare the average we can easily refer that The ACME Laboratories Ltd has more average capital expenditure than all pharmaceuticals companies which is almost 4 times than others.

We know high capital expenditure drains cash, which means lowers dividends and higher gearings. High investment means that there will be more depreciation in the years to come. In that case ACME will face this kind of problems in future.

4.3 Comparison of Average Financial Expenses:

Financial Expenses	Average(Million)
ACME	1066
Pharmaceuticals Industry	195

Table 5: Average Financial Expenses

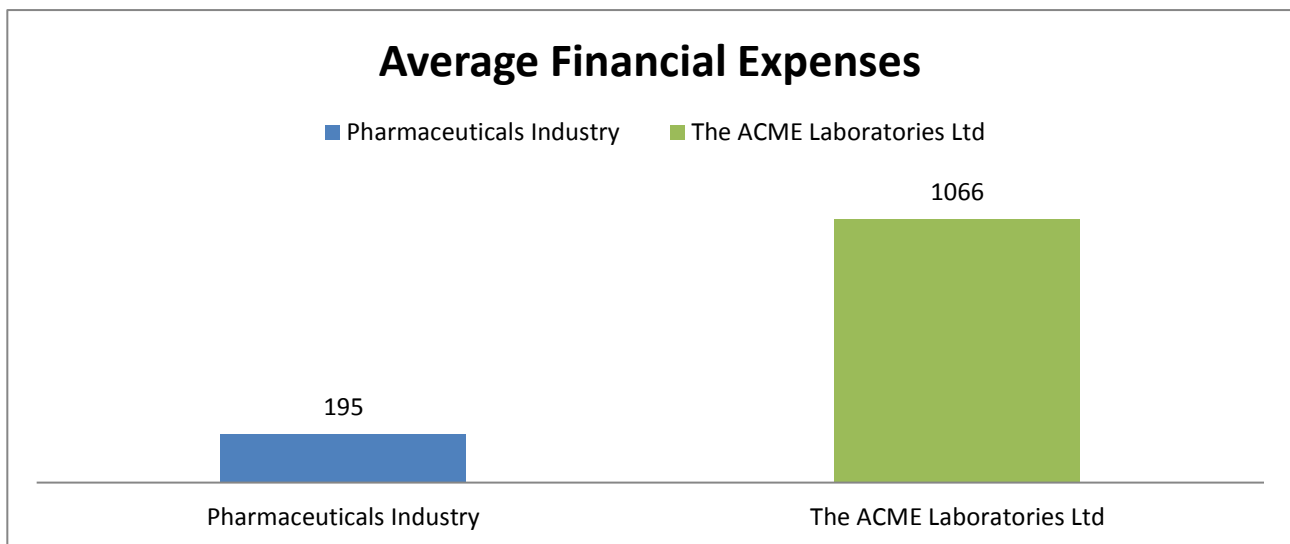


Figure 4 : Average Financial Expenses

Financial expenses mainly refer as cost of financing and cost of borrowing money. Basically financial expense indicates to Interest, income tax and other such expenditure incurred in the possession or rental of an asset or property

From the above chart it is easily stated that financial expense of The ACME laboratories Ltd is 9 times more than pharmaceutical industry. Average financial expense of pharmaceutical industry is 195 million. On the other hand Average financial expense of The ACME laboratories Ltd is 1066 million. Here, we can easily say that Acme is borrowing more money than all pharmaceuticals company as a result their finance cost is more than others which could be alarming for them in future.

4.4 Comparison of Average Operating Profit:

Operating Profit	Average(Million)
ACME	1331
Pharmaceuticals Industry	1805

Table 6 : Average Operating Profit

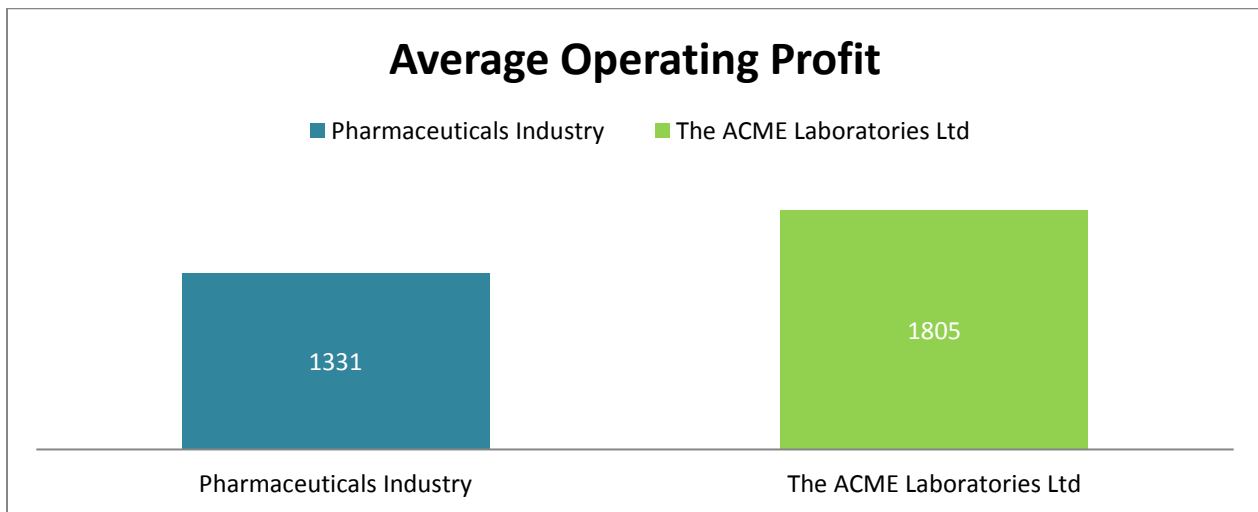


Figure 5: Average Operating Profit

Operating profit is a measure of income that informs investors how much revenue a business will gain. It also refers as profit earned from the company's ongoing business operations.

Here, we found that the average operating profit of Pharmaceuticals industry which is 1331 and also found out the average capital expenditure of The ACME Laboratories Ltd. which is 1805. The ACME Laboratories Ltd has more average operating profit than all pharmaceuticals companies. It means that the Acme Laboratories Ltd manages costs because it reveals the amount of revenue returned to the company. Once it has covered virtually all of its fixed and variable costs, except taxes and interest.

4.5 Comparison of Average Retained Earnings:

Retained Earnings	Average(Million)
ACME	3301.05
Pharmaceuticals Industry	2538

Table 7 : Average Retained Earnings

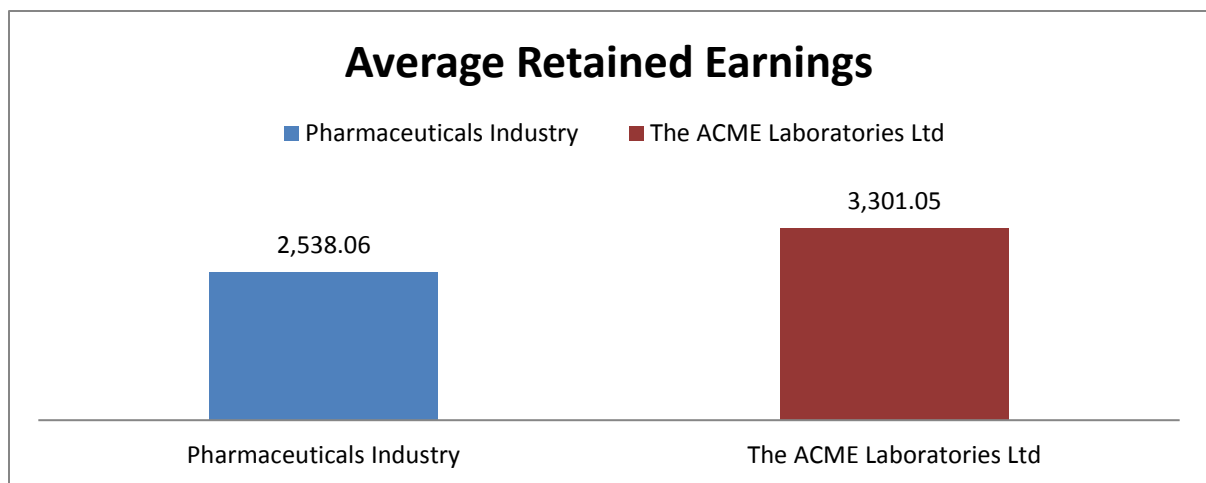


Figure 6: Average Retained Earnings

Retained earnings indicate quantity of net income remaining to the company after dividends have been granted to it to its shareholder. Positive earning offer a bunch of space to the owners of the business or the governance of the company to use the excess cash they have received.

Here, we found that the average retained earnings of Pharmaceuticals industry which is 2538 and also found out the average retained earnings of The ACME Laboratories Ltd. which is 3301.05. The average of retained earnings of ACME is more than all pharmaceuticals Industries which means Acme may be spent to improve current company activities, such as enhancing the manufacturing ability of current goods or employing more marketing officials.

4.6 Comparison of Average Total Assets:

Total Assets	Average(Million)
ACME	29418.5
Pharmaceuticals Industry	9642

Table 8: Average Total Assets

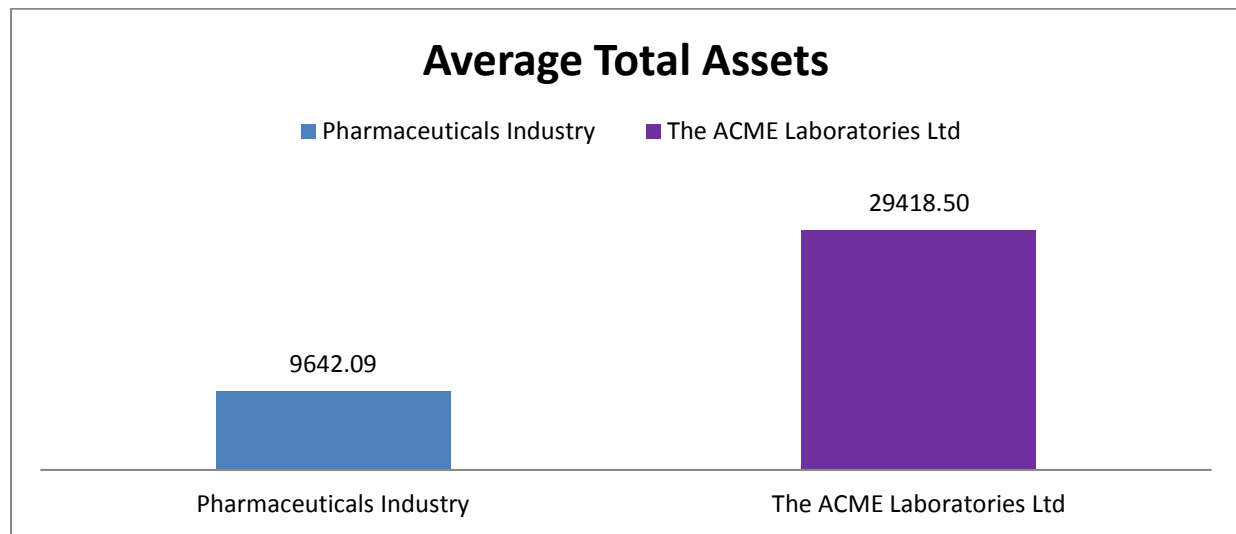


Figure 7: Average Total Assets

Total assets relates to the complete quantity of resources held by individuals or organizations. Assets are things of economic value that are spent over moment to make a profit to the proprietor.

From the figure, it is evident that the average Total Assets of Pharmaceuticals industry which is 9642 and average capital expenditure of The ACME Laboratories Ltd. which is 29418.50. The average of Total assets of ACME is more than All pharmaceuticals companies which refers ACME has more total assets than all pharmaceuticals companies.

4.7 Comparison of Average Assets to Equity ratio:

Assets to Equity ratio	Average(Million)
ACME	1.765768569
Pharmaceuticals Industry	2.086236611

Table 9: Average Assets to Equity ratio

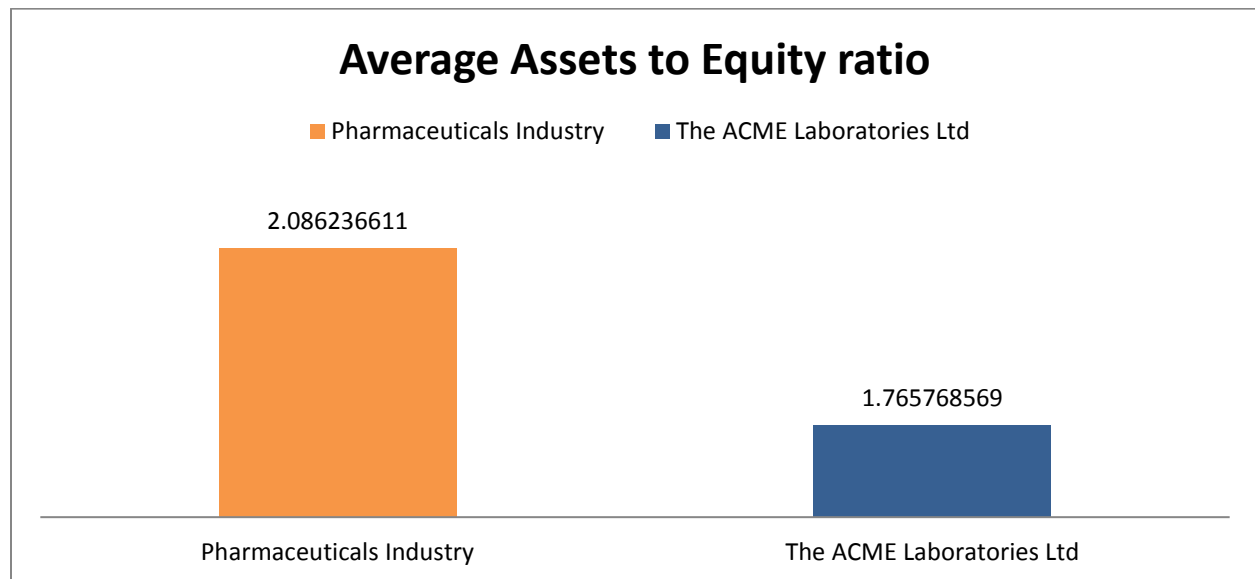


Figure 8: Average Assets to Equity ratio

The asset-to-equity proportion estimates the complete wealth of the firm in comparison to the complete equity of the shareholder.

By evaluating this percentage, you can say the magnitude to which a company is funded by equity or debt. From the above chart we have found that Average assets to equity ratio of Acme is 1.765768569. On the other hand the Average assets to equity ratio of pharmaceuticals industries is 2.086236611. Here the average is lower in case of Acme. It indicates that business is not financed by equity fully. That means the involvement of directors are lower than other pharmaceuticals companies.

Chapter 5

Recommendations and Conclusions

5.1 Recommendations

The pharmaceutical industry is moving towards maturity and is dominated by local players. There are few steps to be taken by the appropriate authority as soon as possible before the situation goes out of control.

For this research, due to some constraints, we evaluated few chosen subjects from our collected data. But if we consider others topics, then pharmaceuticals companies should give concern on others items like- Board of director's number, Number of independent directors and duality between chairman and chief executive officer. Because this items also indicate the practices of corporate governance in the company.

The proposed suggestions may help the pharmaceutical industries to reduce the problems in different areas. These are as follows:

- In case of corporate governance pharmaceuticals companies should be public oriented which will increase the performance of firm as well as efficiency. We know for maintain a good corporate governance, board of directors should give importance of shareholders right.
- Pharmaceutical companies need to maintain a healthy retained earning which help them to spend to improve company activities, such as enhancing the manufacturing ability of current goods or employing more marketing officials.
- Pharmaceuticals companies also needs to find a way to generate higher operating profit which provides about the good portfolio of company to investors.
- Companies also need to maintain the asset to equity ratio. For keeping a good practice of corporate governance they have to keep in mind that business should not be financed by equity fully.
- Companies have to increase their total assets to improve the execution of their operations.

The proposed suggestions may help the Acme to reduce the problems in different areas. These are as follows:

- The ACME Laboratories LTD needs to reduce their financial expense as much as possible. Big amount of expense can be the reason of net loss. As it will create a question to investors about proper practices of corporate governance in Acme.
- Capital expenditure of The ACME Laboratories is higher than all pharmaceuticals company. They need to minimize it. Otherwise it will create costs like-Depreciation.
- Acme also needs to balance between their board directors' ownership and public ownership .Hence, we saw the percentage of Board of directors' ownership are higher than public ownership. So they need to increase it.

Above recommendations will help both Acme and pharmaceuticals industry to practice a proper corporate governance in their firm.

5.2 Conclusion

The pharmaceutical sector has already been declared a key sector by the Government of Bangladesh. Bangladesh has built a strong baseline and is moving towards self-sufficiency in the production of medicines. The growth of pharmaceuticals companies in Bangladesh is very phenomenal. Our pharmaceutical industries are successful in domestic market. ACME is also doing very good in domestic market. They are usually dedicated to their work and additionally responsible in serving the state with their fantastic drug treatment.

In every organization they have to make ensure about proper practice of corporate governance. Corporate governance is very important for a firm which will lead a firm to create a proper corporate culture. But we got some issues regarding corporate governance in our analysis which is the main obstacles for being acme as the best pharmaceuticals company. They will be the best pharmaceuticals company if they work on the basis of recommendations.

The success story of Bangladesh pharmaceutical sector is very pleasant. It had to travel a long way to reach today's prestigious position on domestic and international markets.

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