Financial Performance Analysis of Grameenphone Limited

Daffodil International University

Internship Report

on

Financial Performance Analysis of Grameenphone Limited

Supervised By:

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Professor & Dean (Academic Affairs)

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Faculty of Business and Entrepreneurship

Daffodil International University

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ID: 191-14-882

Program: MBA

Major in Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

A landmark to create the Future

Date of Submission: 21-06-2023

Letter of Transmittal

21-06-2023

Professor Dr. Mostafa Kamal

Professor & Dean (Academic Affairs)

Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report on "Financial Performance Analysis"

Dear Sir,

It gives me a pleasure to submit you my internship report on "Financial Performance Analysis" of Grameenphone Limited. Based on my job in Grameenphone at Gulshan Experience Center Dhaka. I am working on this organization and gathering experience for me as it is one of the leading telecommunications service providers in Bangladesh. Working on this report was a great learning experience for me as I got to learn the differences between practical and theoretical work. This report information is collected from the annual report of Grameenphone Limited.

I believe that this on-the-job internship program enriched my knowledge and experience. Now I hope that you would kindly accept my internship report I hope my report will satisfy you. Thanking you for your kind supervision.

Sincerely yours

…………………………..
(Md. Rashaduzzaman)
ID: 191-14-882
Program: MBA
Major in Finance
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Student's Declaration

I am Md. Rashaduzzaman and my ID: 191-14-882 has completed my internship report on "Financial Performance Analysis of Grameenphone Limited." The report is completed under the supervision and guidance of Professor Dr. Mostafa Kamal, Professor & Dean (Academic Affairs). Department of Business Administration. This internship report is needed to fulfill the requirement for obtaining MBA degree. I also confirm that, the report is only prepared for my academic requirement not for any other purposes.

…………………………..

(Md. Rashaduzzaman)

ID: 191-14-882

Program: MBA

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Department of Business Administration

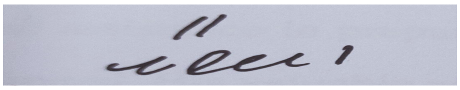
Faculty of Business and Entrepreneurship

Daffodil International University

Certificate of Supervisor

This is to certify that Md. Rashaduzzaman ID: 191-14-882 student of MBA program, Department of Business Administration, Daffodil International University has successfully completed the internship program under my supervision and has submitted the internship report on Financial Performance Analysis of Grameenphone Limited.

The report is recommended for submission.



…………………………………………

(Professor Dr. Mostafa Kamal)

Professor & Dean (Academic Affairs)

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgement

First, I want to pay my gratitude to almighty Allah for enabling us to prepare the report successfully. Then I would like to express my sincere gratitude and cordial thanks to some specific persons who helped me to organize this report and for their kind opinion, suggestions, instructions and support and appropriate guidelines for this.

First of all, I would like to thank my Internship Supervisor, Professor Dr. Mostafa Kamal, Professor & Dean (Academic Affairs). Department of Business Administration Faculty of Business and Entrepreneurship, Daffodil International University for his continuous guidance and assistance in preparing the report on Financial Performance Analysis of of Grameenphone Limited. His valuable advice has helped me a lot in writing this report.

Next, I would also like to express heartfelt gratitude to my organizational supervisor Fahmida Hossain Center head of Gulshan GPC at Grameenphone Limited. She provides information and guidance the report, motivation, career planning etc. She directed me towards the right information and regularly reviewed my progress in preparation of this report.

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Finally, this report would not have been possible without the dedication and contribution of all my colleagues who has helped me by teaching all the works. I express my sincere gratitude to all of them. Their valuable contribution is what made this Term Paper possible.

Executive Summary

Financial performance analysis is the process of identifying the financial statement and weakness of the organization. This process helps us to determined overall performance entity.

The first chapter of the report contains basic introduction of Grameenphone Limited like, background of the study, objectives of the study, scope, types of data, sources of the data, methodology and limitations of the study. The second chapter contain company history vision, mission, core value, strategy, code of conduct and responsibility. The third chapter contain Third section incorporates hypothetical structure, monetary examination, classifications of monetary proportions and the utilization of monetary execution as like examined with regards to liquidity proportion, action proportion, obligation proportion and productivity proportion. The Fourth chapter of the report show ratio analysis results and the discussion of the result also show the graphical interpretation. The five chapter contains finding and recommendations for the results found.

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Chapter One:

Introduction

1.1 Introduction of the Study

Grameenphone Ltd. is the largest mobile telecommunications operator in Bangladesh in terms of revenue, coverage and subscriber base. The company was incorporated on 10 October 1996 as a private limited company. Grameenphone converted to a public limited company on 25 June 2007. The company became stock listed and started its trading at Dhaka and Chittagong Stock Exchanges from 16 November 2009. The shareholding structure comprises of mainly two sponsor Shareholders namely Telenor Mobile Communications AS (55.80%) and Grameen Telecom (34.20%). The rest 10.00% shareholding includes General public & other Institutions. Grameenphone Ltd. is a leading provider of telecommunications services of Bangladesh. The company operates a digital mobile telecommunications network based on the GSM standard in the 900 MHz, 1800 MHz and 2100 Mhz frequency bands, under license granted by the Bangladesh Telecommunication Regulatory Commission (BTRC). The table below gives an overview of the mobile spectrum licenses held by Grameenphone Ltd

1.2 Background of the Study

Finishing the all-scholarly courses MBA Program need a report of down to earth insight. Its assistance an understudy changes with the distinctive professional workplace. In this time, I get a possibility at Grameenphone Limited as an assistant. My supervisor Professor Dr. Mostafa Kamal Sir Guide me to set up this report. I gathered the information from working with the Grameenphone Limited representatives. Additionally, I gather the information from their diverse customer. A few information I gathered from their website. In this entry level position period assist me with fostering my rack and give me certain about the corporate life. I truly partake in this time every single season of this period I gain some new useful knowledge. At the point when I arranged this, I use my viable experience and my scholarly information just as my abilities which I get from various studio Seminar and preparing and so on.

1.3 Scope of the Study

The report manages the monetary exhibition assessment in wording the hypothetical information and the down to earth point. By contemplating and finding out with regards to the exhibition assessment issues, diverse current strategies and models used to make the report more proficient. The review will assist with understanding the pragmatic system of Grameenphone Limited.

1.4 Objectives of the Study

Main objective: The main objective of the report is to evaluate the Financial Performance Analysis of Grameenphone Limited.

Specific Objectives:

1. To gather the knowledge about the Grameenphone Limited.
2. To analyze the financial performance of Grameenphone Limited.
3. To find out some lacking, short comings related to financial issues.
4. To provide some suggestions based on findings.

1.5 Methodology of the Study

While decides the wellsprings of data that would be needed for the review, I utilized both essential and optional information to lead my study. Likewise, I have incorporated my own perception as a significant and direct source while portraying the presentation and the assessment of the telecom industry.

➢ Secondary Data:

- Annual report (2017-2021) of Grameenphone Limited.
- Web Site of Grameenphone Limited.
- Other Web sources.

1.6 Limitations of the Study

1. Telecom Industry policy of not to disclose some data and information for obvious reason, which could be very much useful.
2. In case of the secondary data collection, few data were available there. Even the official website of Grameenphone Ltd was not available necessary data. It hardly contained data that I needed.
3. Gathering information about the banking performance was very difficult. That's why I had to follow more secondary data like annual report, web sites etc.
4. Telecommunications industry is a big sector where I have a little knowledge about it, which limits my report.

Chapter Two:

Profle of the Organization

2.1 Historical Background of Grameenphone Limited

Grameenphone Ltd. is the largest mobile telecommunications operator in Bangladesh in terms of revenue, coverage and subscriber base. The company was incorporated on 10 October 1996 as a private limited company. Grameenphone converted to a public limited company on 25 June 2007. The company became stock listed and started its trading at Dhaka and Chittagong Stock Exchanges from 16 November 2009. The shareholding structure comprises of mainly two sponsor Shareholders namely Telenor Mobile Communications AS (55.80%) and Grameen Telecom (34.20%). The rest 10.00% shareholding includes General public & other Institutions. Grameenphone Ltd. is a leading provider of telecommunications services of Bangladesh. The company operates a digital mobile telecommunications network based on the GSM standard in the 900 MHz, 1800 MHz and 2100 Mhz frequency bands, under license granted by the Bangladesh Telecommunication Regulatory Commission (BTRC). The table below gives an overview of the mobile spectrum licenses held by Grameenphone Ltd

2.2 Vision

Empower societies We provide the power of digital communication, enabling everyone to improve their lives, build societies and secure a better future for all.

2.3 Mission

- Grameenphone is committed to protecting the environment and contributing to the prevention of climate change.
- Create and maintain sustainable shareholders’ value, safeguard stakeholders’ interest and investor’s trust by maintaining the highest standards of governance and business conduct.

2.4 Core Values

- Make It Easy
- Keep Promises
- Be Inspiring
- Be Respectful

2.5 Strategy

These ambitions in our strategy are broken down into the following four key Value Drivers:

Growth: We will continue to be a customer focused brand that empowers people with superior connectivity. This means increased focus on data and digital services made accessible through our growing digital channels and explore new areas to fast track the evolution of the industry.

Differentiate Data Network Experience: We will maintain our positioning of Grameenphone as the best voice and data experience provider. This will be achieved through focused site rollout and supporting activities. Readiness for new services such as 5G would enable us to sustain this perception for the future.

Drive Modernization: To support our growth and network ambitions, we will continue to drive initiatives focusing on the areas of organizational leadership and competence development along with modernization in Technology and Commercial areas.

Responsible Business: Grameenphone's responsible business strategy will be focused on further strengthening its social impact contribution while facilitating constructive dialogue on relevant issues. We would drive this with an ambition to be recognized as a socially responsible, caring, modern technology services leader. The key value drivers outlined above will be driven with a strong emphasis on developing a culture and mindset across the value chain to establish health and safety as an integral part of the business

2.6 Code of Conduct.

The Code of Conduct is an integral part of our daily lives. It is the basis for how we behave and do business – always in line with the highest ethical standards. This year Grameenphone adopted an updated Code of Conduct approved by the Board of Directors. It promotes four key principles:

1. We play by the rules.
2. We are accountable for our actions.
3. We are transparent and honest.
4. We speak up

The four Code principles are designed to set clear expectations regarding our business conduct. The Code of Conduct is a key governance document that helps employees safeguard themselves and the Company from risk. The regular electronic re-signing of the Code of Conduct helps remind our employees of our joint commitment towards a zero-tolerance policy for corruption and promotion of ethical business behavior. Grameenphone's Ethics and Compliance team is available to help any employee navigate and resolve any dilemmas or challenges in their day-to-day work. Our Ethics and Compliance team manages annual web-based "E-learning" courses and conducts several live, dilemma-based awareness and training program further enhance employee knowledge on how to properly respond to ethical dilemmas.

Chapter Three:

Theoretical Framework

3.1 Financial Analysis

Monetary investigation is the assessment of monetary data to arrive at business choices. This investigation ordinarily brings about the redistribution of assets to or from a business or a particular inner activity.

The vital wellspring of data for monetary examination is the fiscal reports of a business. The monetary investigator utilizes these archives to infer proportions, make pattern lines, and lead examinations against comparative data for similar firms. The result of monetary investigation might be any of these choices:

- Regardless of whether to put resources into a business, and at what cost per share.
- Regardless of whether to loan cash to a business, and provided that this is true, what terms to offer.
- Regardless of whether to put inside in a resource or working capital, and how to fund the obtaining.

Kinds of Financial Analysis

1) Horizontal Analysis
2) Vertical Analysis
3) Ratio Analysis
4) Solvency Analysis
5) Scenario and Sensitivity Analysis

1. Horizontal Analysis

Horizontal analysis involves taking several years of financial data and comparing them to each other to determine a growth rate. This will help an analyst determine if a company is growing or declining, and identify important trends.

2. Vertical Analysis

This type of financial analysis involves looking at various components of the income statement and dividing them by revenue to express them as a percentage.

3. Ratio Analysis

Ratio analysis is an analysis of the trend of the company by comparing its financial statements to analyze the trend market or analysis of the future on the basis of result past performance and it's an attempt to make the best decision on the basic of result of the analysis done.

4. Solvency Analysis

Dissolvability proportions like Debt-to-Equity proportion, Equity Ratio, Debt proportion, and so on give a right image of the monetary dissolvability and weight on the firm as outer obligations.

5. Scenario and Sensitivity Ratio

In business, every day of the week, different changes continue to come. Likewise, in light of the monetary standpoint, various types of changes in charge structures, banking rates, obligations, and so forth Every one of these determinants profoundly influences the financials; henceforth it is of most extreme significance that the depository office does such awareness investigation as for each element and attempt to break down the impact of something similar with the organization financials.

Categories of Financial Ratio

- Liquidity,
- Activity,
- Debt,
- Profitability, and
- Market ratio.

Liquidity, activity, and debt proportions basically measure hazard. Benefit proportions measure return. Market proportions catch both danger and return. Generally speaking, the sources of info important to a viable monetary investigation incorporate, at the very least, the pay proclamation and the accounting report.

3.2 Liquidity Ratio

The liquidity of a firm is estimated by its capacity to fulfill its transient commitments really. Liquidity alludes to the dissolvability of the company's generally monetary position—the simplicity with which it can cover its bills. Since a typical antecedent to monetary trouble and liquidation is low or declining liquidity, these proportions are considered great proactive factors of income issues. The two essential proportions of liquidity are:

1. Current proportion
2. Quick (analysis) proportion.

1. Current Ratio: The current proportion is a monetary proportion that shows the extent of current resources for current liabilities. The current proportion is utilized as a mark of an organization's liquidity. All in all, a lot of current resources in relationship to a limited quantity of current liabilities gives a few affirmations that the commitments coming due will be paid. The ideal current proportion is 2:1. It is communicated as follows:

$$\textbf{Current Ratio} = \frac{\textit{Current Assets}}{\textit{Current Liabilities}}$$

1. **Quick (Acid-Test) Ratio:** The quick ratio is a financial ratio used to gauge a company's liquidity. The quick ratio is also known as the acid test ratio. The quick (acid-test) ratio is similar to the current ratio except that it excludes inventory, which is generally the least

liquid current asset. A reliable test of liquidity is the quick ratio test that excludes inventory from current asset. It considered the ability to use its quick assets to pay its current liabilities. This approach can be acceptable since inventory of many companies cannot be quickly converted into cash. The ideal quick ratio is 1:1. The generally low liquidity of inventory results from two primary factors: (1) many types of inventories cannot be easily sold because they are partially completed items, special-purpose items, and the like; and (2) inventory is typically sold on credit, which means that it becomes an account receivable before being converted into cash. The quick ratio is calculated as follows:

$$\textbf{Quick Ratio (Acid-Test Ratio)} = \frac{\text{Current assets} - \text{Inventory}}{\textit{Cuurent Liabilities}}$$

2. **<u>Net Working Capital Ratio:</u>** The working capital ratio (Current Assets/Current Liabilities) indicates whether a company has enough short term assets to cover it sort term debt.

Working Capital = Current Assets - Current Liabilities

$$\textbf{Net Working Capital Ratio} = \frac{\text{Net working capital}}{\text{Net Assets}}$$

3.3 Activity Ratio

Movement proportions survey the proficiency of tasks of a business. For instance, these proportions endeavor to discover how viably the business is changing over inventories into deals and deals into money, or how it is using its proper resources and working capital, and so forth various proportions are accessible for estimating the action of the main current records, which incorporate stock, debt claims, and records payable. The effectiveness with which complete resources are utilized can likewise be surveyed.

1. **Inventory Turnover Ratio:** Inventory turnover is a proficiency proportion which computes the occasions per period a business sells and replaces its whole clump of inventories. It is the proportion of cost of products sold by a business during a bookkeeping period to the normal inventories of the business during the period. The standard stock turnover proportion is 4:1.

$$\text{Inventory Turnover Ratio} = \frac{\textit{Cost of Goods Sold}}{y}$$

1. **<u>Average Collection Period:</u>** The normal assortment period is the proportion of net credit deals of a business to its normal records receivable during a given period, generally a year. It is an action proportion which assesses the occasions a business gathers its normal records receivable equilibrium during a period. It estimates how frequently an organization can gather normal records receivable during a year. A productive organization's assortment period is 30 days.

$$\text{Average Collection Period} \quad \frac{\textit{Accounts Receivables}}{} \times \quad .$$

2. **<u>Average Payment Period:</u>** Normal Payment Period is the proportion of net credit acquisition of a business to its normal records payable during the period. It estimates transient liquidity of business since it shows how frequently during a period, a sum equivalent to average records payable is paid to providers by a business. The ideal normal installment period is between 45 to 65 days. The normal installment period, or normal time of records payable, is determined in a similar way as the normal assortment time frame:

$$\text{Average Payment Period} = \frac{e}{se} \times \quad .$$

3. **<u>Total Asset Turnover Ratios:</u>** Fixed resources turnover proportion is a movement proportion that actions how effectively an organization is using its decent resources in producing income. So, a higher proportion is more ideal 100% of the time. Higher turnover proportions mean the

organization is utilizing its resources all the more productively. Lower proportions imply that the organization isn't utilizing its resources productively and no doubt have the board or creation.

For instance, a ratio of 1 means, the net sales of a company equal the average total assets for the year. In other words, the company is generating 1 dollar of sales for every dollar invested in assets.

$$\textbf{Total Asset Turnover Ratios} = \frac{\textbf{Sales or Revenue}}{\textit{Total Assets}}$$

3.4 Debt Ratio

1. Debt Ratio: Obligation proportion (otherwise called obligation to resources proportion) is a proportion which estimates obligation level of a business as a level of its absolute resources. It is determined by isolating absolute obligation of a business by its all-out resources.

Obligation proportion discovers the level of absolute resources that are financed by obligation and helps in surveying whether or not it is feasible. Assuming the rate is excessively high, it may show that it is excessively hard for the business to take care of its obligations and proceed with tasks.

The obligation proportion estimates the extent of complete resources financed by the company's leasers. The higher this proportion, the more noteworthy how much others' cash being utilized to produce benefits. The proportion is determined as follows:

$$\textbf{Debt Ratio} = \frac{\textit{Total liabilities}}{} \times 100$$

3.5 Profitability Ratio

The Profitability Ratio measure the general exhibition of the organization as far as the absolute income created from its activities. At the end of the day, the proportions that action the limit of a firm to create benefits out of the costs and the other expense caused over a period are known as the Profitability Ratios. There are various kinds of Profitability Ratios. These are given roar:

1. Gross Profit Margin: Gross edge proportion is the proportion of net benefit of a business to its income. It is a benefit proportion estimating what extent of income is changed over into net benefit (for example income less expense of products sold). The higher the net overall revenue, the better (that is, the lower the overall expense of product sold). The net revenue is determined as follows:

Gross Profit Margin = $\overline{\qquad\qquad}$

1. **Operating Profit Margin:** Working edge proportion or return on deals proportion is the proportion of working pay of a business to its income. It is benefitting proportion showing working pay as a level of income. The working net revenue is determined as follows:

$$\textbf{Operating Profit Margin} = \frac{Operating\,Profits}{Sales\ or\ Revenue}$$

2. **Return on Total Assets (ROA):** Return on resources is the proportion of yearly net gain to average complete resources of a business during a monetary year. It estimates proficiency of the business in utilizing its resources for produce net gain. It is a benefit proportion. Better yield on Total Assets for the organization is better. The profit from complete resources is determined as follows:

$$\textbf{Return on Total Assets (ROA)} = \frac{h}{\qquad}$$

3. **Return on Common Equity (ROE):** Return on value or return on capital is the proportion of net gain of a business during a year to its investors' value during that year. It is a proportion of productivity of investors' speculations. It shows overall gain as level of investor value.

$$\textbf{Return on Equity} = \frac{Net\ Income\ available\ for\ Common\ Stock}{Holders\ \text{Stock Holder}Fs\ \text{Equity}}$$

Chapter Four:

Financial Performance analysis of Grameenphone Limited

4.1 Liquidity Ratios

Liquidity ratio, expresses a company's ability to repay short-term creditors out of its total cash. The liquidity ratio is the result of dividing the total cash by short-term borrowings. It shows the Number of times short-term liabilities are covered by cash. If the value is greater than 1.00, it means fully covered.

4.1.1 Current Ratio

The current ratio, one of the most commonly cited financial ratios, measures the firm's ability to meet its short-term obligations. The higher the current ratio, the better the liquidity position of the firm. It is expressed as:

Current Ratio=Current Asset/Current Liabilities

Year	2017	2018	2019	2020	2021
Current Ratio	0.26	0.16	0.23	0.13	0.12

Table: Current Ratio

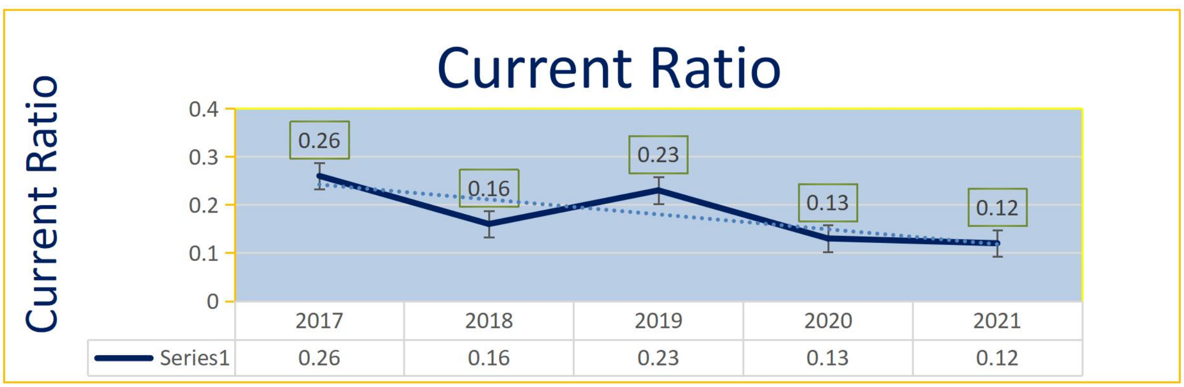


Figure: Current Ratio

Interpretation:

A good current ratio is 0 to 0.40 According to graphical representation it is seen that the current ratio is not satisfactory Grameenphone. At least 2017-2021 years because it maintains more 0.12 taka as current assets again 0.12-taka current liability. Whereas banking industry normally maintain.

4.1.2 Net Working Capital

The current ratio, one of the most commonly cited financial ratios, measures the firm's ability to meet its short-term obligations. The higher the current ratio, the better the liquidity position of the firm. It is expressed as:

Net Working Capital=Current Asset-Current Liabilities

Year	2017	2018	2019	2020	2021
Net Working Capital	31388	36835	38347	52107	49879

Table: Net Working Capital

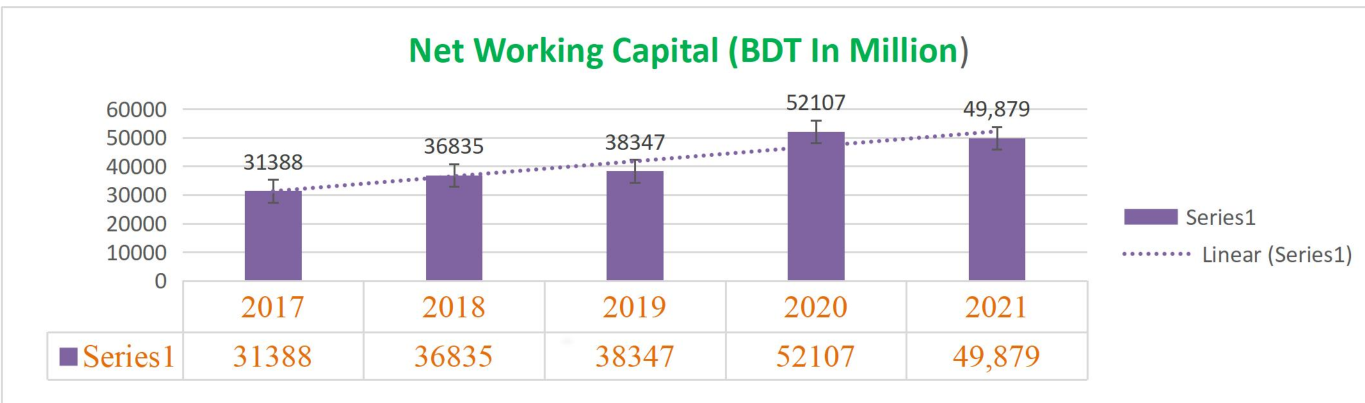


Figure: Net Working Capital

Interpretation:

According to graphical representation that shows 2017-2021 GP have enough working to paid the short-term payment. But 2021 it goes fall 49879. So, we can say that GP is able to meet up its current obligations.

4.2 Analyzing Activity Ratio

4.2.1 Total Asset Turnover Ratio

The total asset turnover indicates the efficiency with which the firm is able to use all its assets to generate sales.

Total Asset Turnover= Operating Income/Total Asset

Year	2017	2018	2019	2020	2021
Total Asset Turnover	0.38%	0.40%	0.44%	0.42%	0.39%

Table: Total Asset Turnover Source: Annual Report of GP (2017-2021)

Graphical Presentation

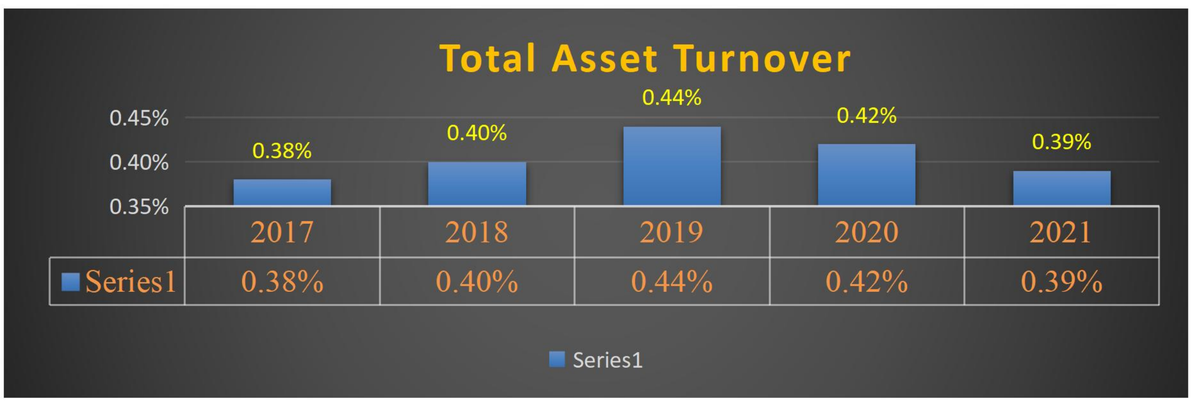


Figure: Total Asset Turnovers

Interpretation:

From the analysis, it has seen that from 2017 to 2021 GP total asset turnover were fluctuating trend but in 2021 total current turnover total asset turnover is 0.39 % that compare with any other year 2019 is 0.44 %. It was in a declining trend which is not standard. That happen because of unstable political condition private sector growth was in negative trend, bank has huge idle money which invested in low yielding options and a big amount of loans and advances gone bad because of unstable political condition.

4.2.2 Cost Income Ratio:

The cost-to-income ratio shows the efficiency of a firm in minimizing costs while increasing profits. The lower the cost-to-income ratio, the more efficient the firm is running. The higher the ratio, the less efficient management is at reducW3Wing costs.

Cost Income Ratio=Total Operating Expenses/Total Operating Income

Year	2017	2018	2019	2020	2021
Cost Income Ratio	41%	47%	45%	66%	82%

Table: Cost Income Ratio

Source: Annual Report of GP (2017-2021)

Graphical Presentation

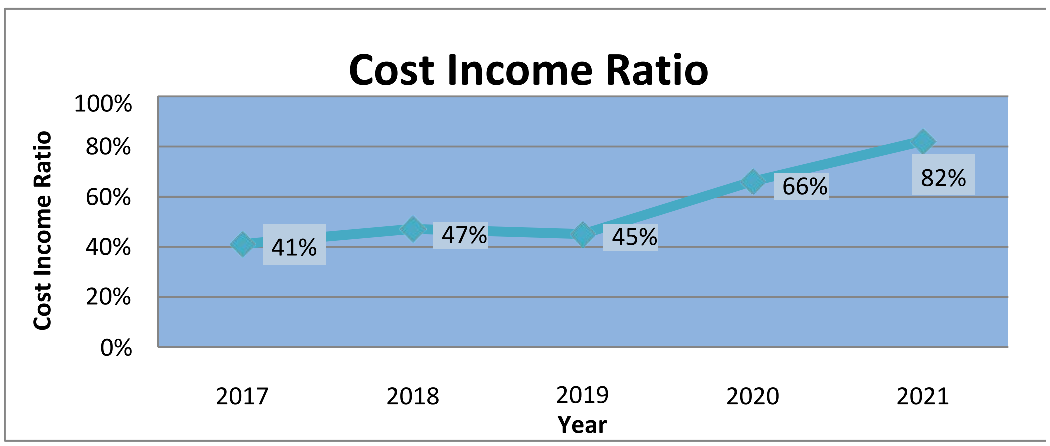


Figure: Cost Income Ratio

Interpretation:

From 2017 to 2021 the operating efficiency of the GP was in good position because they minimized their operating cost. So, in 2021 compare with previous year, its operating efficiency was worse than ever only because of unfavorable economic condition leads the organizations towards lower income

4.3 Analyzing Leverage Ratio

4.3.1 Debt Ratio

The debt ratio measures the preparation of total assets provided by the firm's creditors.

Debt ratio= Total Liabilities/Total Assets

Year	2017	2018	2019	2020	2021
Debt Ratio	63%	50%	62%	43%	75%

Table-13: Debt Ratio

Source: Annual Report of GP (2017-2021)

Graphical Presentation:

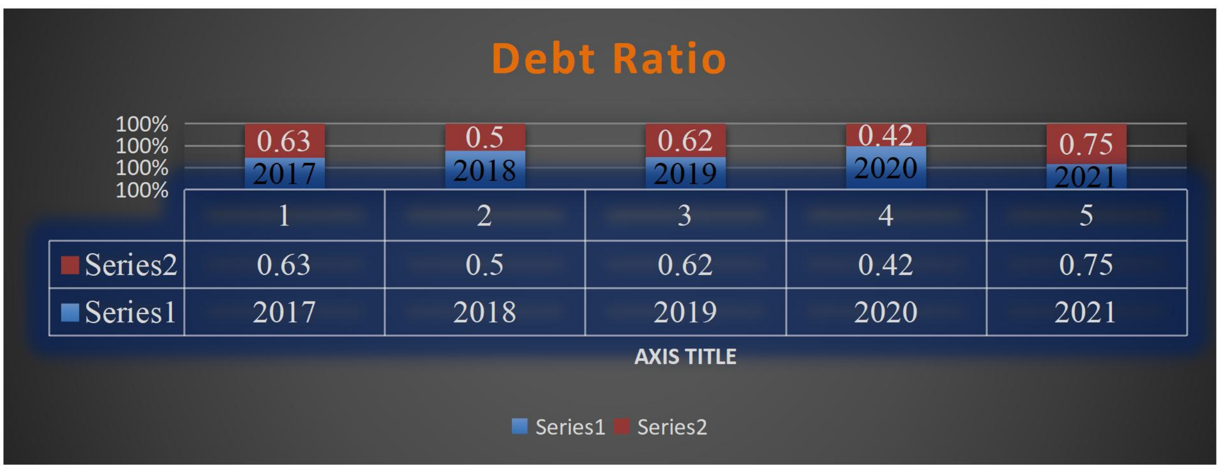


Figure: Debt ratio

Interpretation:

This graph shows that, in 2017 debt ratio is 63 % but 2018 the debt ratio was decreased in 50%. It was happened because of new capital injection from shareholders. Lower the ratio, it is less risky. Since it is in an increasing trend which is not a good sign for a Telecommunications industry

4.3.2 Time Interest Earned Ratio:

The times interest earned ratio, sometimes called the interest coverage ratio, measures the firm’s ability to make contractual interest payments.

Time Interest Earned Ratio =Earnings before Interest and Taxes/Interest

Year	2017	2018	2019	2020	2021
Time Interest Earned Ratio	1.89	1.99	1.99	1.69	1.45

Table: Time Interest Earned Ratio Source: Annual Report of (2017-2021)

Graphical Presentation:

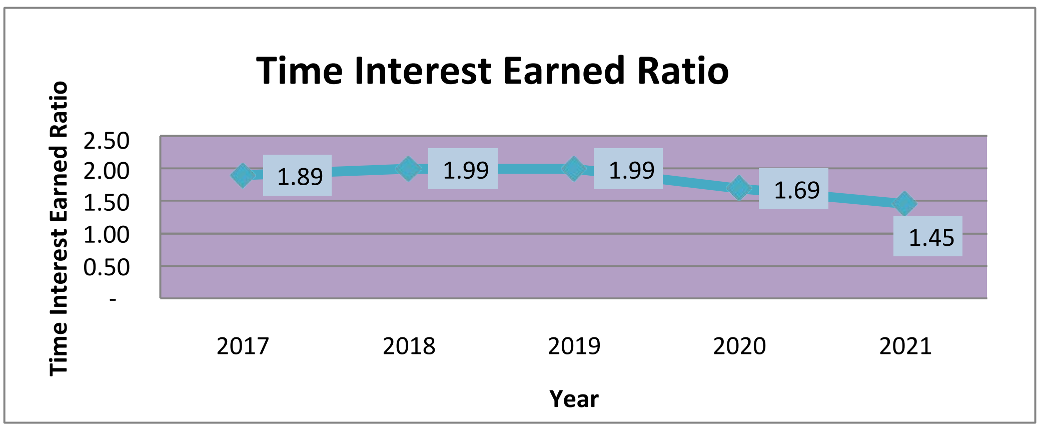


Figure: Time Interest Earned Ratio

Interpretation:

From the above analysis time interest earned ratio on GP was satisfying. In 2018 and 2019 earned ratio was 1.89 to 1.99 but in 2020 it falls than last year 1.69. In 2021 it was the worst case and the reason described above. So, GP should enhance its earnings by minimizing its operating costs in order to get adequate earnings to satisfying interest obligations.

4.3.3 Equity Capital Ratio:

The ratio shows the position of the Bank's owner's equity by measuring the portion of total asset financed by the shareholders invested funds and it is calculated as follows:

Equity Capital Ratio = Total Shareholder's Equity / Total Assets

Year	2017	2018	2019	2020	2021
Equity Capital Ratio	24.10%	26.55%	25.78%	35.16%	30.59%

Table-: 14 Equity Capital Ratios

Source: Annual Report of GP (2017-2021)

Graphical Presentation:

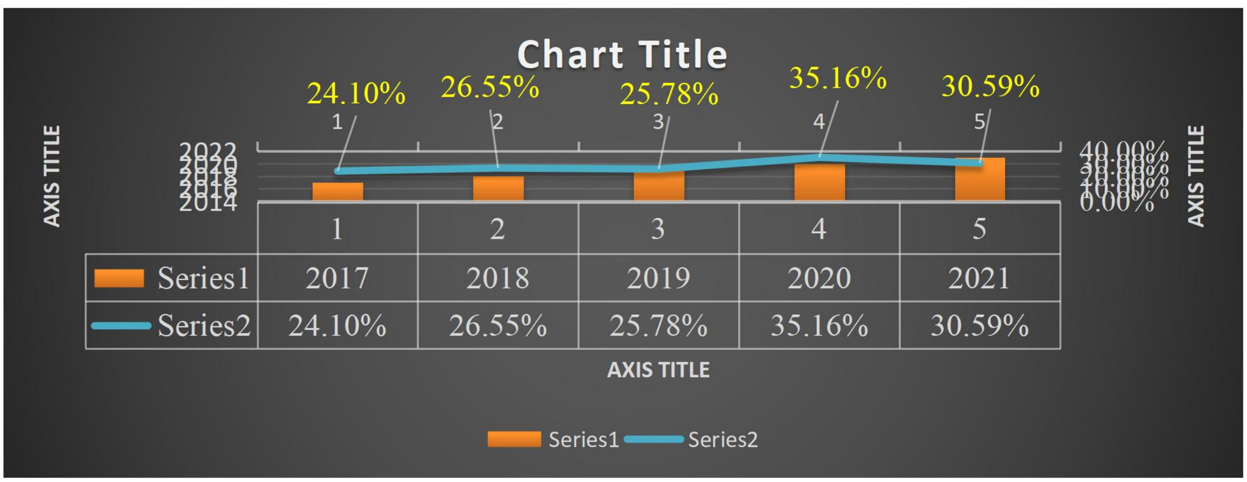


Figure: EquityCapital Ratio

Interpretation:

This graph shows that equity capital ratio in 2018 it increased to 26.55%, later from 2018 to 2019 it was all about in a decreasing mood. But in 2020 the ratio is 35.16% due to capital injection by the shareholders the ratio increased. So, the equity capital ratio of the company should better in future and that need to be internal capital generation.

4.4 Analyzing Profitability Ratio

4.4.1 Net Profit Margin:

The net profit margin measures the percentage of each sales dollar remaining after all expenses, including taxes, have deducted.

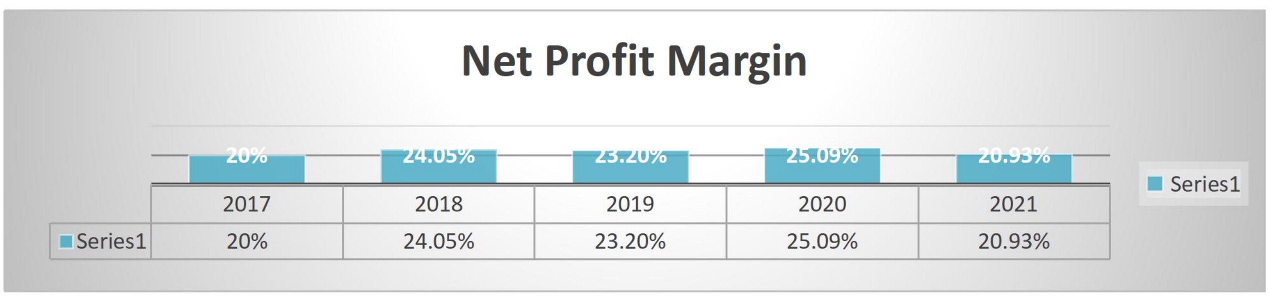
Net Profit Margin=Net profit after tax/Operating Income

Year	2017	2018	2019	2020	2021
Net Profit Margin	53%	58.76%	51.78%	58.61%	53.88 %

Table-8: Net Profit Margin

Source: Annual Report of GP (2017-2021)

Graphical Presentation:



Interpretation:

From the analysis, it has seen that among five years in 2017 to 2021 the telecommunications industry net profit margin was in fluctuating mood. But in 2018 it achieved high than last three years. Overall, their profit margins were Satisfactory.

4.4.2 Return on Asset (ROA):

The return on asset (ROA), which is often called the firm's return on total assets, measures the overall effectiveness of management in generating profits with its available assets. The higher the ratio is better as effectively to generate maximum profit but unfavorable condition leads it to brink of disaster.

Return on Asset (ROA) =Net Profit after tax/Total Asset

Year	2017	2018	2019	2020	2021
Return on Asset	20%	24.05 %	23.20 %	25.09 %	20.93%

Table-9: Return on Asset

Source: Annual Report of GP (2017-2021)

Graphical Presentation

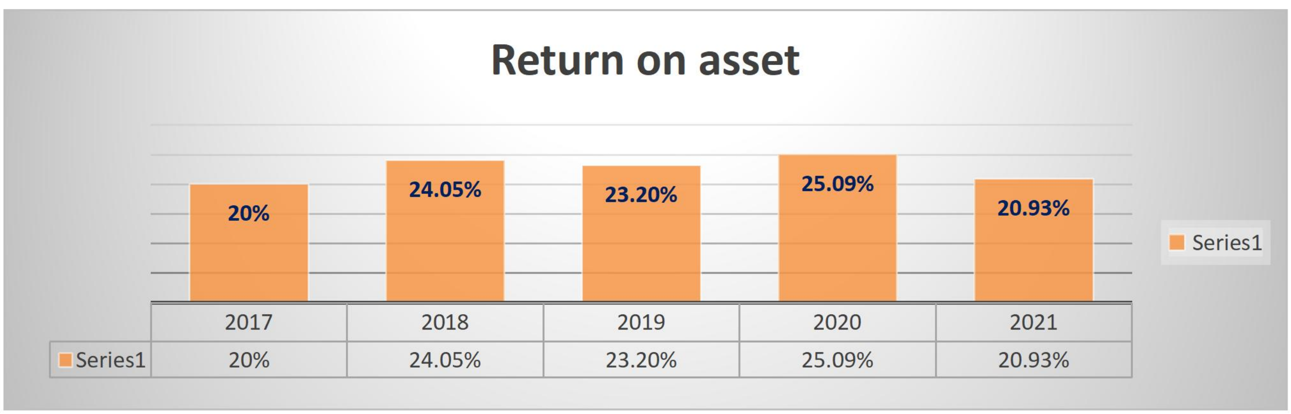


Figure: Returns on Asset

Interpretation:

A good return on asset is 5% to above. According to graphical representation it is seen that the return on asset is also very excellent. It was also fluctuated at a greater exchange. In 2017 it was 20 % then it is started to increase 2019 to 2020 at 23.20% to 25.09% but 2021 the ratio decreases 20.93% so it is clear that Grameenphone cannot use asset properly through which it can generate revenue.

4.4.3 Return on Equity (ROE):

The return on equity measures the return earned on the owner's (both preferred and common stockholders') investment. Generally, the higher the return, the better off the owners.

Return on Equity=Net Profit after Tax/ Shareholders equity

Year	2017	2018	2019	2020	2021
Return on Equity	84%	98%	92%	82%	67%

Table-10: Return on Equity

Source: Annual Report of GP (2017-2021)

Graphical Information

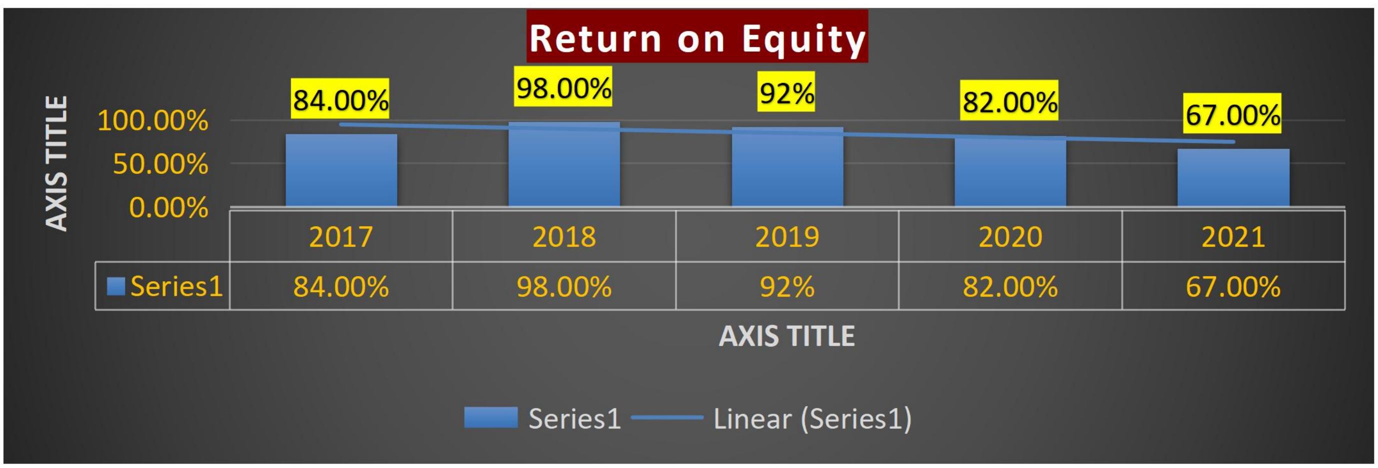


Figure -11: Returns on Equity

Interpretation:

A good return on equity is 15% - 20%. According to graphical representation it is seen that the return on equity of GP is very excellent in 2017 it was 84% but it started to below in 2020 to 2021. It drops at 82% and 67%. So, it is clear that the productivity level of GP is going down.

4.4.4 Earnings per Share:

The firm's Earning per share (EPS) are generally of interest to present or prospective stockholders and management. The Earning per share represent the number of dollars earned on behalf of each outstanding share of common stock. The earnings per share is calculated as follows

Earnings per Share =Earnings available for common stock holder/No of shares of common stock outstanding

Year	2017	2018	2019	2020	2021
EPS	19.36	24.71	25.56	27.54	25.28

Graphical Presentation

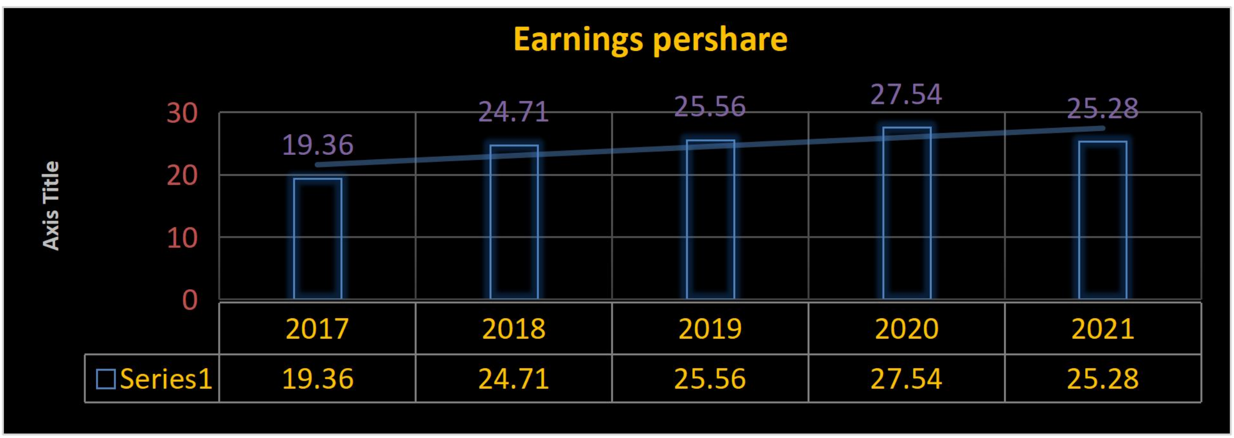


Figure-12: Earnings per Share

Interpretation:

The graph shows that, in 2020 earnings per share of GP was highest than ever. But like the ROE it shows the quit negative return effect as the effect mentioned in ROE interpretation.

Chapter Five:

Findings, Recommendations and Conclusion

5.1 Findings of the study

- Current ratio of Grameenphone Limited is good in five years. The result found in the analysis indicate that they have enough liquid asset to meet its short-term liabilities.
- The three major ratio, ROE, ROI, and EPS are very much good for GP over the year all of three ratios are above standard but the last year their performance getting little bit down and it will recover very soon. In this case it is seen that the performance at the productivity level of this organization is very good except last year.
- Net working capital of Grameenphone is good show in 2017 to 2020. But in 2021 it was quite low. So Grameenphone is able to meet up its current obligations.
- The total asset turnover ratio of Grameenphone is fluctuating over the five years. From 2017 to 2020 it was better total asset turnover ratio we have seen.
- Debt ratio was increasing year by year after fall in 2020 than last year. Grameenphone's debt ratio was in increasing trend from 2019 & 2021 which is not good sign for Grameenphone.

5.2 Recommendations

- Paid up capital of Grameenphone were decreasing trend and they should keep focus to increase capital in order to maintain their solvency.
- As we have seen that Current Ratio of Grameenphone is satisfactory range. So, Grameenphone should maintain this trend for smoothly operate of their business.
- Debt Ratio of the Grameenphone was not satisfactory range because it was increasing trend. So, they should try to decrease of this ratio.
- The Grameenphone ROE was extremely good until 2018 but it turned down from 2019 to 2021 so the management should work hard to increase the return associated with equity.
- Grameenphone should try to use assets and owners' capital more efficiently to generate more profit. To have a rising tendency toward profitability, Grameenphone management should also aim to lower funding costs, operating expenses & enhance service areas.

5.3 Conclusion

Grameenphone Limited has an extraordinary standing in Telecommunications industry. They are offering loads of assortment helped administrations, they are contributed in the diverse social administrations. Grameenphone believes in services, a service that leads to good business and good developments. Telephony helps people work together raising their productivity. This gain in productivity is development, which in turn enables them to afford a telephone service; generating a good business thus development and business go together. Presently Grameenphone Limited is the high-profile Telecom industry in Bangladesh. Grameenphone Limited likewise profoundly contributes in our public economy. At long last, we can close with the Grameenphone Limited Performed their administrations very well in Bangladesh.

References

A. Books

a) Lawrence J. Gitman. (2015) "Principal of Managerial Finance".14th Edition.501 Boylston Street, Suite 900, Boston.

b) James C. Van Horne. (2009) "Fundamentals of Financial Management". 13th Edition. Harlow New York.

c)

B. Reports

1. Grameenphone Limited, Annual Report 2017
2. Grameenphone Limited, Annual Report 2018
3. Grameenphone Limited, Annual Report 2019
4. Grameenphone Limited, Annual Report 2020
5. Grameenphone Limited, Annual Report 2021

C. Websites

1. www.grameenphone.com

Appendices

Financial Position

Reported numbers	2021	2020	2019	2018 Restated	2017 Adjusted	2016 Adjusted
Financial Performance (in million BDT)						
Revenue	143,066	139,606	143,656	132,832	128,436	114,862
Operating Profit	63,336	63,440	66,652	56,777	49,340	40,950
Profit before tax	60,821	62,801	63,899	54,848	46,419	37,127
Net Profit after tax	34,129	37,187	34,517	33,363	26,146	21,721
Financial Position (in million BDT)						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' equity	49,879	52,108	38,347	36,836	31,388	31,116
Total assets	163,007	148,184	148,734	138,713	130,220	130,500
Total liabilities	113,128	96,077	110,387	101,877	98,832	99,384
Current assets	9,868	9,931	20,999	13,369	20,658	10,941
Current liabilities	85,236	76,656	90,426	82,963	78,274	70,536
Non current assets	153,139	138,253	127,735	125,345	109,562	119,558
Non current liabilities	27,892	19,420	19,961	18,914	20,558	28,848
Cash Flows (in million BDT)						
Net cash generated from operating activities	57,814	33,572	57,393	60,413	57,771	46,152
Net cash used in investing activities	(18,786)	(11,217)	(14,263)	(30,200)	(12,944)	(19,839)
Net cash used in financing activities	(38,878)	(33,517)	(35,308)	(36,699)	(35,336)	(27,553)
Financial Ratios						
Current Asset to Current Liability	0.12	0.13	0.23	0.16	0.26	0.16
Debt to Equity	0.75	0.42	0.62	0.50	0.63	0.87
Operating Profit Margin	44%	45%	46%	43%	38%	36%
Net Profit Margin	24%	27%	24%	25%	20%	19%
Return on Equity	67%	82%	92%	98%	84%	72%
Return on Total Assets	22%	25%	24%	25%	20%	17%
Ordinary Shares Information						
Ordinary Shares outstanding (in million)	1,350	1,350	1,350	1,350	1,350	1,350
Face Value per share	10	10	10	10	10	10
Cash Dividend on paid up capital [1]	250%	275%	130%	280%	205%	175%
Dividend payout [1]	98.91%	100%	51%	113%	106%	109%

NAV per Share [2]	36.94	38.59	28.40	27.28	23.25	23.04
Net Operating Cash Flow per Share [3]	42.82	24.86	42.50	44.74	42.78	34.18
Earnings Per Share [3]	25.28	27.54	25.56	24.71	19.36	16.09