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An Internship Report on

Financial Performance Analysis of

Benham Pharmaceuticals Ltd.



An Internship Report on

Financial Performance Analysis of Benham Pharmaceuticals Ltd.

Supervised By

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Letter of Transmittal

Date-

Mahbub Parvez
Associate Professor
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report on “Financial performance Analysis of Benham Pharmaceuticals Limited”.

Dear Sir,

This is a great pleasure for me to submit my internship report on “Financial Performance Analysis of Benham Pharmaceuticals Limited”. This job is assigned to me as a partial requirement of BBA program. I have given my sincere effort for the successful completion of this report. I have followed the instruction that you gave in preparing this report. I have really enjoyed while working on this project and I hope that my work would meet the level of your expectation.

I am also grateful that without your advice and cooperation it would not be possible for me to complete this report. I will be gratified to answer any sort of queries that you think necessary regarding this report.

Therefore, I expect your kind consideration in this regard, I will be very grateful if you accept my report and oblige thereby.

Sincerely,

A handwritten signature in black ink that reads 'Chinmoy'.

Chinmoy Dev
ID: 161-11-5068
Department of Business Administration
Daffodil International University



Certificate of Approval

This is to certify that an internship report on Financial Performance Analysis & Performance Evaluation of Benham Pharmaceuticals Ltd. has been successfully prepared by Chinmoy Dev ID: 161-11-5068, Major in Finance, Daffodil International University under my supervision. He has done this report as a partial requirement for obtaining the degree of Bachelor of Business Administration.

I have gone through the report and found it a well. He has completed the report by himself. I wish his every success.

A handwritten signature in blue ink, which appears to read 'Mahbub Parvez', followed by the date '12/11/2019'.

.....
Mahbub Parvez
Associate Professor
Faculty of Business & Entrepreneurship
Daffodil International University

Date:



Acknowledgement

First of all I would like to convey my deep gratitude to the God for giving me strength and ability to complete the report in time. This internship report is an accumulation of many people's effort. Then, I would like to express my sincere gratitude to everyone who gave me guidance, suggestions in preparing and making this report successfully.

Then, I express my gratitude and thankful to my supervisor, **Mr Mahbub Parvez** for his continuous guidance, important advice, encouragement and suggestion during the preparation of the report. Without his help, it would not possible for me to complete the report within time.

I would also like to thank the authority of Benham Pharmaceuticals Limited (BPL) for giving me the opportunity to do my internship in their company. I would like to thank **Mr. Shiplo Mitra**, Accounts Manager, Benham Pharmaceuticals Limited. Without his help I cannot prepare my report.

Finally I am grateful to all the cooperative staff of the company. And I would like to thank all of my Faculty members, officials, senior brothers and sisters and classmates who are always supportive to me.



Executive Summary

This internship report has been prepared to fulfill the requirement of BBA program. As a partial requirement for the completion of BBA program, it is mandatory to get involved with an organization to acquire the theoretical and practical knowledge. This report is intended to help the reader in detailed understanding the general activities and practices performed by Benham Pharmaceuticals Limited. The purpose of this report is to have an idea about the financial performance of Benham Pharmaceuticals Limited and to assess its effectiveness.

The first chapter is introduction part in which I have given the background of the study which will give the overview of the report. It also contains objectives, scope, limitations and methodology which contains the sources of data collection. For data collection I used both primary and secondary data.

Chapter two is industry overview that contains a brief discussion on pharmaceutical company in Bangladesh, list of a few pharmaceutical company of Bangladesh and the industry outlook that will help the reader to understand the situation of pharmaceutical sector in Bangladesh.

The third chapter includes company background in which I have worked during my internship period, corporate information, organizational structure of Benham Pharmaceuticals, the products and services of the company and a brief on Benham's major department.

The fourth chapter is analysis part, in which I gave an overview of ratio analysis that contains types of ratio, purpose of ratio. Then I have done the ratio analysis and gave the interpretation with graphical representation. This part also include horizontal and vertical analysis to portray the financial performance of Benham during the last four years of 2015-2018 as financial analysis is a logical and mathematical way to show the overall financial performance of the company over these years.

The last part contains recommendation and conclusion. In this part, I have discussed about some of the problems that I found during the financial analysis and then I gave some recommendation to solve those problem.

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Chapter - 1

INTRODUCTION



1.1 ORIGIN OF THE REPORT:

The internship program is a mandatory requirement for the student who is graduating from the faculty of Business and Entrepreneurship under the program of BBA from Daffodil International University. Internship report has to prepare on an organization that helps to imply both theoretical and practical knowledge. The report was prepared according to the advice of **Mr Mahbub Parvez, Daffodil International University** and under the organizational supervision of **Mr. Shiplo Mitro, Manager, Accounts & Finance, Benham Pharmaceuticals Limited**. Thus the knowledge and continued working experience with the selected organization helped me to work on my topic of Financial Analysis and Performance Evaluation of Benham Pharmaceuticals Limited.

1.2 OBJECTIVE OF THE REPORT:

The main objective of the report is to analyze the financial data of Benham Pharmaceuticals to identify its performance and position in the market.

General Objectives:

- To gain an overall idea on the pharmaceuticals industry of Bangladesh.
- To evaluate the financial data of the company by common size analysis, tread analysis, liquidity risk analysis and ratio analysis.
- To identify some problems, related to their financial performance.
- To provide some recommendations based on the findings of Benham Pharmaceuticals Limited.

1.3 SCOPE OF THE REPORT:

This internship report mainly focus on the financial performance of Benham Pharmaceuticals Limited. The report gives a brief idea on Benham Pharmaceuticals Limited and its operation for the last four year. The report have been prepared through my personal observation, research and job experience acquired during the internship period. As I worked with the annual report of Benham, so I analyzed their financial statement and their overall activities to show how actually they run



their business. It also gives an idea of the overall pharmaceuticals industry of Bangladesh. At the time of preparing this report, I had a great opportunity to have a depth knowledge of all activities practically.

1.4 METHODOLOGY:

At the time of preparing this report, I have used primary and secondary data. Primary data has been collected through my observation and personal interview with the management. Mainly I collected information from them and used annual report of JBL from their website to prepare this report.

Primary Source:

- a. The experience by working inside of the company.
- b. Formal and informal contact of the company's employees.
- c. Studying office file while working in the organization.

Secondary Source:

- a. Reports on financial performance analysis.
- b. Official websites of Benham pharma and goggle search.
- c. Financial books related on financial performance analysis.
- d. Files and documents of the branch.

Data Analysis: The report is prepared through empirical research technique that use both qualitative and quantitative data. Quantitative data are gathered from the annual report of Benham from the year 2015 to 2018 and I used Microsoft Word and Excel to analysis the performance with the bar charts.



1.5 LIMITATION OF THE REPORT:

During the preparation of the study, I have faced some problems that termed as the limitations of the study. The following are the limitation and weakness remain which I failed to escape by any means. These are follows:

Confidentiality of Data:

Because of some divisional and confidential problem, I was not able to get enough information. Every organization has their own secrecy, so there's no permission to reveal to others. While collecting data the organization did not disclose enough information which is important to me for the sake of confidentiality of their organization.

Data Insufficiency:

Different company use different costing methods, so there's a lack of information of which method they actually implies. Also the publication of insufficient books which is relevant to the topic and lack of availability of fact and figure has made an impact on the report. These limitation narrowed the scope of accurate analysis. If these limitations had not there; the report would have been more decent and attractive.

Internship Period:

Only 3 months duration of internship program is not enough to get a closure observation in the organizational activities. If I had more time then I would be able to gain more practical knowledge which can make the report smoother.



Chapter 2

Industry Overview

2.1 ABOUT THE INDUSTRY:

The pharmaceutical business in Bangladesh is one of the most created innovation divisions inside Bangladesh. Makers produce insulin, hormones, and malignant growth drugs. This part gives 97% of the absolute therapeutic necessity of the nearby market. The business additionally trades medications to worldwide markets, including Europe. Pharmaceutical organizations are extending their business with the expectation to grow the fare market. There are 5 kinds of medication fabricating organizations in Bangladesh.

The Business trades dynamic pharmaceutical fixings (APIs) and a wide scope of pharmaceutical items, covering all significant restorative classes and dose structures, to 79 nations. Alongside ordinary structures like tablets, cases and syrups, Bangladesh likewise sends out particular items like HFA inhalers, CFC inhalers, suppositories, nasal splashes, injectables, IV implantations, and so forth. These items have been very much acknowledged by therapeutic professionals, physicists, patients and the administrative collections of the entirety of their bringing in countries. The bundling and the introduction of the results of Bangladesh are tantamount to any worldwide standard.

2.2 LIST OF FEW PHARMACEUTICAL COMPANIES:

- ❖ Adco Pharmaceutical & Chemicals Ltd.
- ❖ Advanced Chemical Industries (ACI) Limited
- ❖ The ACME Laboratories Ltd.
- ❖ Aexim Pharmaceuticals Ltd
- ❖ Benham pharma Ltd
- ❖ Beacon Pharmaceuticals Ltd.
- ❖ Beximco Pharmaceuticals
- ❖ Eskayef Bangladesh Limited
- ❖ Gaco Pharmaceutical Limited
- ❖ GlaxoSmithKline Bangladesh Ltd.



- ❖ Globe Pharmaceutical Limited
- ❖ Healthcare pharmaceuticals Limited
- ❖ IBN Sina
- ❖ Incepta Pharmaceuticals
- ❖ Novo Healthcare & Pharma Limited
- ❖ Opsonin pharma Limited
- ❖ Orion pharma Limited

2.3 INDUSTRY OUTLOOK:

Market size

In 2018, the country's national pharmaceutical market size raised at Tk20, 511.8crore with 15.6% compound annual growth rate (CAGR) for the last five years.

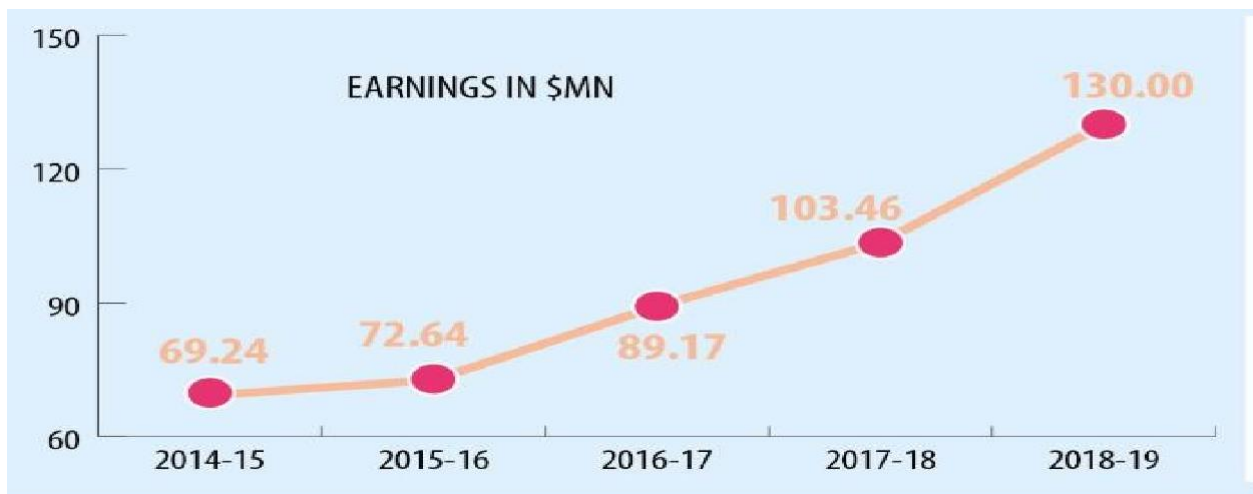


Figure 1: Market Size of the Pharmaceutical Industry of Bangladesh

Having once relied on most imports and multinational companies to meet local demand, Bangladesh's pharmaceutical industry quickly fulfills 98% of domestic demand and is exporting 27% of export earnings. In 2018, the size of the country's internal medicine market is estimated at 20,511.8 crore with a 15.6% compounded growth rate over the last five years.

Market Players

At present, there are 257 licensed pharmaceutical companies in Bangladesh, of which 150 are functioning. Bangladeshi growers meet 97% of the national demand for pharmaceutical products. According to Bangladesh Pharmaceuticals Industries company, Square players are controlling the pharmaceutical industry in the country, Square Pharmaceuticals took 18.8 per cent, INSPA 10.2 per cent, Beximco 8.5 per cent, Opsonin 5.6 per cent, Renata 5.1 per cent and SKEF 4.5 per cent.

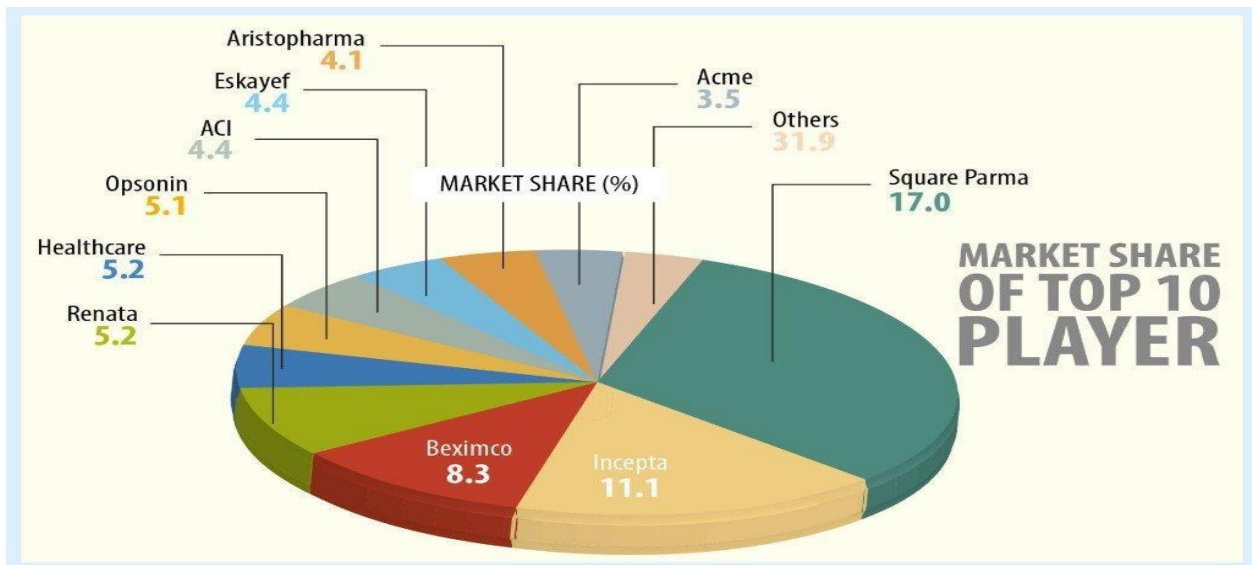


Figure 2: Market shares of ten major players

Export

Bangladesh's drug exports grew by 25.60 percent in the last fiscal year to \$130 million, thanks to continued improvement in product quality and government support. According to BAPI, Bangladesh exports pharmaceutical products to 144 countries and supplies to 97% of the domestic market. In 2017, the per capita cost of drugs in Bangladesh was about \$15.36. We export oncology products to Sri Lanka, Nepal, Myanmar, Singapore, Malaysia and African countries. However, the volume is still low. According to his estimates, the market size of this sector is around Tk 22,000 crore.



Government policy

The pharmaceuticals division has been among the high-need ones in Bangladesh trade strategy since 2006. According to the spending limit of 2014-15, traditions obligation on 40 fundamental crude materials used in medication fabricating are decreased to 5% from past 10%-25% rate. Customs obligation on 14 things utilized in against disease drugs have been with drawn



Chapter 3

Company Overview



3.1 COMPANY BACKGROUND:

BENHAM is a quickly developing pharmaceutical organization in Bangladesh. They set their goal is as a quality-driven pharmaceutical organization that keeps on developing as time passes. Greatness in Quality, patients' wellbeing and security is on top need and we are care to fix too. BENHAM begins its activity with a bunch of exceptionally gifted and committed experts guided by a capable initiative. Legitimate key arranging, specialized greatness, quick and opportune choices helped them accomplish their goals prompting a lot quicker development. Presented in 2012, they implies Blue shade of Sky. The logo transmits a feeling of energy and entire satisfaction.

As another comer in pharmaceutical industry in Bangladesh, they are resolved to advance financial development in a sheltered, secure and dependable way. They, advance a positive and open condition over our organizations, bolstered by compelling correspondence between the executives, representatives and wellbeing experts. Their supervisory crew and representatives realize that the practical long haul eventual fate of their organizations lays on their reputation on Condition, Wellbeing and Security.

MISSION

To turn into the most important brand in the pharmaceutical business in Bangladesh making dependable incentive for our clients by conveying quality meds.

VISION

We fabricate the best quality drug to every one of our clients. We will continually challenge our frameworks, strategies and preparing to keep up a firm and expert group so as to accomplish quality items.

STRATEGY

To fabricate long haul association with the clients and with their help, we mean to amplify the capability of our business through a mix of improved nature of item, administration, inventive promoting, aggressive evaluating and cost proficiency.



VALUES

- ❖ Quality
- ❖ Customer Focus
- ❖ Innovation
- ❖ Fairness
- ❖ Transparency
- ❖ Continuous Improvement

3.2 CORPORATE INFORMATION:

+ Corporate Focus:

Our vision, our strategic our goals are to underscore on the nature of item, procedure and administrations prompting development of the organization soaked up with great administration.

+ Corporate Governance:

Top Management (Board of Directors): According to arrangements of the Article of Affiliation, Top managerial staff holds occasional gatherings to determine issue of approaches and methodologies, recording minutes/choices for usage by the Official administration.

Executive Management: The Official Administration is going by the Overseeing Executive, the CEO (President) who has been designated essential and sufficient authority by the Directorate. The Official Administration works through further assignments of power at each echelon of the line the board. The Official Administration is answerable for planning of fragment plans/sub-portion plans for each benefit focuses with budgetary focuses for each thing of products and benefits and are considered responsible for inadequacies with gratefulness for extraordinary execution. These tasks are brought out by the Official Administration through arrangement of boards, sub-advisory groups, advertisement pawn councils, standing panels helping the line the executives.

3.3 ORGANIZATIONAL STRUCTURE OF THE COMPANY:

Top Management: according to arrangements of the Article of Affiliation, Governing body holds intermittent gatherings to determine issue of approaches and systems, recording minutes/choices for usage by the Official Administration.

Executive Management: The Overseeing Executive heads the Official Administration, the CEO (Chief) who has been designated important and sufficient authority by the Top managerial staff. The Official Administration works through further assignments of power at each echelon of the line the board.

3.4 MAJOR PRODUCTS / SERVICES OF THE COMPANY

This pharmaceuticals company produced 132 products. Few of those are:

- Ketobe
- Benalin Plus.
- Mimi Kit
- Bennprox
- Noproben
- Benkof
- Pantotop
- Benvit.
- Rabnil
- Esoben 20 Cap.
- Aldoben DS
- Omeben 20 Cap.
- A- Pak
- Tweet Gold
- Carben D
- Ketobe 10 Tab.
- Cetriben
- Mimi Kit.
- Dexnil
- Bentid 150tab.

3.5 PRODUCT PORTFOLIO:

The item quality picture of Benham pharmaceuticals is amazing and it is expanding step by step.

There are some significant drivers of Benham development. They are:

- ❖ Quality items made in world class fabricating plants.
- ❖ Broadened item portfolio.
- ❖ Quick new item improvement ability.
- ❖ Claim Research and development offices to create plans.
- ❖ Imaginative and advertise centered promoting.
- ❖ Proficient administration and.
- ❖ Involvement with universal market.

3.6 MAJOR DEPARTMENTS:

Like each other enterprise Benham has various offices for completing a few exercises. The significant divisions of Benham are:

3.6.1 Human Resource Department

The Human Asset Office is answerable for the administration of the worker so as to accomplish hierarchical objectives and directions with different offices for the viable use of assets. This division works for enlisting, preparing and assessing representatives who gathers crude materials from the particular merchants at reasonable amount. Notwithstanding that this division likewise buys required apparatuses and stationery items for the association. This office got the bills from the outsider and sends them to Fund and Treasury.

3.6.2 Financial Department

A portion of the noticeable highlights of being monetary economical are as per the following:



- They get ready both short and long haul money related plans following a base up approach. They have given two edges—the board and successful usage.
- All executives of the Board are effectively engaged with monetary plans and financing both capital structures and working capital in any event cost for esteem age of the partners.
- All in the Benham are all around educated about money related plans and projects well in front of execution. This has expanded the level of representative interest;
- The money related and working danger is extremely low.

3.6.3 Marketing Department

Benham opened the promoting division. Benham has been growing quickly regarding piece of the overall industry and deals development. Following one year of propelling promoting division, deals development was 34% which was inconceivable.

3.6.4 Sales Department

This office assumes a fundamental job for the organization. The workers of the office are called Restorative Delegate. They visit specialists for the advancement of the organization's new or existing item with the goal that the specialist can recommend the prescription for the patients. They additionally visit the drug store to supply the result of the organization.

3.6.5 Research and Development

Benham innovative work office assumes an indispensable job. They see if the current items need any change and updates as indicated by the prerequisites. New item innovative work, quality check and so forth are the primary exercises of this office.



Chapter 4

Financial Performance Analysis

4.1 THEORY OF RATIO ANALYSIS:

Proportion investigation is a numerical instrument which is utilized to increase an organization's liquidity, operational productivity, hazard and gainfulness by contrasting the result and the earlier year figures and furthermore examine the exhibition of the organization when contrasted with its friends. Examination and elucidation of different bookkeeping proportion gives a superior comprehension of the monetary condition and execution of a business concern.

4.2 TYPES OF FINANCIAL RATIO ANALYSIS:

The most common type of financial ratio analysis are:

1. Liquidity Risk Analysis
2. Profitability Ratio Analysis
3. Common Size Analysis
4. Trend Analysis

4.2.1 Liquidity Risk Analysis

Liquidity chance examination alludes to the capacity of an association whether it can meet its momentary liabilities with its transient resources. It causes an experts to comprehend whether the association is proficient to make due in any event one working cycle. A portion of the liquidity proportions are:

- Current Ratio
- Quick Ratio
- Cash Ratio

4.2.2 Profitability Ratio Analysis

Gainfulness proportions alludes to the capacity of an association to produce salary comparative with income, accounting report resources, working expenses, and investors' value during a particular timeframe. It gauge and assess how well an association uses its resources for produce



benefit and incentive to investors. Benefit basically implies what is left from the income in the wake of deducting all the related costs.

Types of profitability ratios include

- Net Profit Margin
- Return on Equity
- Return on Asset
- Earnings Per Share
- Gross Profit Margin
- Operating Profit Margin

4.2.3 Common Size Analysis

Common size examination otherwise called vertical investigation that budgetary chiefs use to break down fiscal reports. It assesses budget reports by changing over each detail as a level of the base sum for that period. An association can utilize this examination to comprehend the effect on everything to be determined sheet or its pay articulation.

There are two motivations to utilize basic size investigation:

1. To assess data starting with one period then onto the next inside an organization and
2. To assess an organization comparative with its rivals.

The equation utilized in like manner size investigation is:

Common Size amount = (Analysis amount/Base amount) x 100%

4.2.4 Trend Analysis

Pattern Investigation is otherwise called level examination is a factual system that attempts to decide future developments of a given variable by dissecting chronicled patterns. As it were, it is a technique that expects to foresee future practices by looking at past ones.

Trend analysis focuses on three typical time horizons:



1. Short
2. Intermediate and
3. Long-term.

4.3 PURPOSE OF RATIO ANALYSIS:

1. **Analysis of Financial Statements:** Translation of the budget summaries and information is basic for all inner and outside partners of the firm.
2. **Helps in Understanding the Profitability of the Company:** Productivity proportions help to decide how beneficial a firm is. Profit for Resources and Profit for Value comprehends the capacity of the firm to produce income.
3. **Analysis of Operational Efficiency of the Firms:** Certain proportions examines the level of productivity of the organizations. Proportions like record receivables turnover, fixed resource turnover, and stock turnover proportion.
4. **Liquidity of the Firms:** Liquidity decides if the organization can pay its momentary commitments or not.
5. **Helps in Identifying the Business Risks of the Firm:** One of the most significant motivations to utilize proportion investigation is that it helps in understanding the business danger of the firm. Ascertaining the influences (Money related Influence and Working Influences) enables the firm to comprehend the business hazard.

4.4 Financial Statement of Benham pharmaceuticals Ltd.

Balance Sheet of Benham Pharmaceuticals Limited:

Benham Pharma Limited				
Balance Sheet				
As on December 31, 2015-2018				
Particulars	2015 Taka	2016 Taka	2017 Taka	2018 Taka
Assets				
Non-Current Assets	9,818,864,152	9,910,680,476	10,482,010,033	11,096,227,931
Property, Plant & Equipment	4,441,330,084	4,665,410,653	4,821,883,191	4,809,521,233
Construction Work in Process	1,210,675,987	1,591,424,709	2,201,030,644	2,836,431,969
Investment in Subsidiaries	1,175,600,000	1,017,000,000	1,017,000,000	1,017,000,000
Investment in Associates	2,832,891,794	319,403,000	256,054,000	260,041,000
Other Investments	158,366,287	2,317,442,114	2,186,042,198	2,173,233,729
Current Assets	5,978,969,049	5,800,753,696	6,054,170,090	6,795,570,490
Inventories	298,358,884	299,950,084	274,461,441	271,925,189
Trade & Other Receivables	4,493,486,523	4,774,886,093	5,133,000,349	5,524,979,159
Advances, Deposits & Prepayments	237,379,978	685,884,662	568,298,120	658,445,869
Fixed Deposit with Banks	570,819,289	6,757,702	7,145,845	7,565,262
Cash & Cash Equivalents	378,924,375	33,275,154	71,264,335	332,655,011
Total Assets	15,797,833,200	15,711,434,172	16,536,180,123	17,891,798,421
Equity & Liabilities				
Shareholder's Equity	13,207,296,361	13,191,673,369	12,766,848,872	12,598,699,406
Share Capital	2,340,000,000	2,340,000,000	2,340,000,000	2,340,000,000
Share Premium	8,016,892,026	8,016,892,026	8,016,892,026	8,016,892,026
Reserves	1,591,391,417	1,635,665,548	1,545,045,941	1,528,864,782
Retained Earnings	1,259,012,918	1,199,115,795	864,910,905	712,942,598
Non-Current Liabilities	327,195,939	819,728,530	1,041,333,925	2,316,339,544
Long Term Loan	236,974,571	725,201,858	937,880,279	2,207,425,348
Employee Benefits	16,802,277	19,989,957	23,666,139	29,919,147
Deffered Tax Liabilities	73,419,091	74,536,715	79,787,507	78,995,050
Current Liabilities	2,263,340,900	1,700,032,273	2,727,997,327	2,976,759,470
Short Term Loan	1,406,630,738	833,781,938	1,829,112,606	2,238,473,219
Trade & Other Creditors	387,170,304	431,495,332	517,224,085	506,384,796
Accrue Expenses	469,539,858	434,755,003	381,660,636	213,901,455
Total Shareholders Equity & Liabilities	15,797,833,200	15,711,434,172	16,536,180,123	17,891,798,421
No. Of Shareholder	234,000,000	234,000,000	234,000,000	234,000,000



Income Statement of Benham Pharmaceuticals Limited:

Benham Pharma Limited				
Income Statement				
As on December 31, 2015-2018				
Particulars	2015 Taka	2016 Taka	2017 Taka	2018 Taka
Revenue from Net Sales	1,652,879,840	2,449,956,082	1,996,306,215	1,976,852,860
Cost of Goods Sold	727,738,606	1,088,516,230	885,154,503	873,436,617
Gross Profit	925,141,234	1,361,439,852	1,111,151,712	1,103,416,243
Operating Expense	589,298,616	875,178,380	718,666,854	775,050,906
General & Administrative Expenses	171,316,393	256,329,712	220,891,512	245,976,326
Selling & Distribution Expenses	417,982,223	618,848,668	497,775,342	529,074,580
Profit from Operation	335,842,618	486,261,472	392,484,858	328,365,338
Financial Expenses	80,277,693	221,472,787	207,311,402	235,528,600
Interest & Other Income	192,924,759	46,857,510	9,858,991	149,716,281
Net Profit from Operation	448,489,684	311,646,196	195,032,447	242,553,019
Workers Profit Participation Fund	21,356,652	14,840,295	9,287,259	11,550,144
Net Profit before Tax	427,133,032	296,805,901	185,745,188	231,002,875
Income Tax	96,981,434	68,900,722	47,266,560	56,257,610
Current Tax Expense	96,768,539	68,976,332	38,151,481	51,363,437
Deferred Tax Income/(Expense)	212,895	75,610	9,115,079	4,894,173
Net Profit after Tax	330,151,598	227,905,178	138,478,628	174,745,265
Share of Profit from Associate	85,153,401	27,234,901	6,777,900	7,176,600
Net Profit	415,304,999	255,140,079	145,256,528	181,921,865
Add: Other Comprehensive Income	11,666,146	155,088,898	69,537,897	13,143,064
Fair Value Gain of Marketable Securities	401,030	44,734,731	9,477,284	19,080,214
Fair Value Gain on Investments in Associates	3,465,080	108,339,628	65,467,089	4,217,843
Share of Other Comprehensive Income	5,104,180	3,207,772	1,542,189	1,205,443
Deferred Tax Income/(Expense) on Revaluation Surplus	12,904,216	1,193,233	3,864,287	2,924,749
Total Comprehensive Income				
Attributable to Ordinary Shareholder	426,971,144	410,228,977	75,718,631	168,778,801
EPS	1.77	1.09	0.62	0.78

4.5 RATIO ANALYSIS OF BENHAM PHARMA

4.5.1 Liquidity Ratio

- ❖ **Current Ratio:** Current ratio means a liquidity ratio that measures ability to pay short term obligation that mature in a year. The higher the ratio is better for the bank or firm.

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

Particulars	2015	2016	2017	2018
Current Ratio	2.64	3.41	2.22	2.28

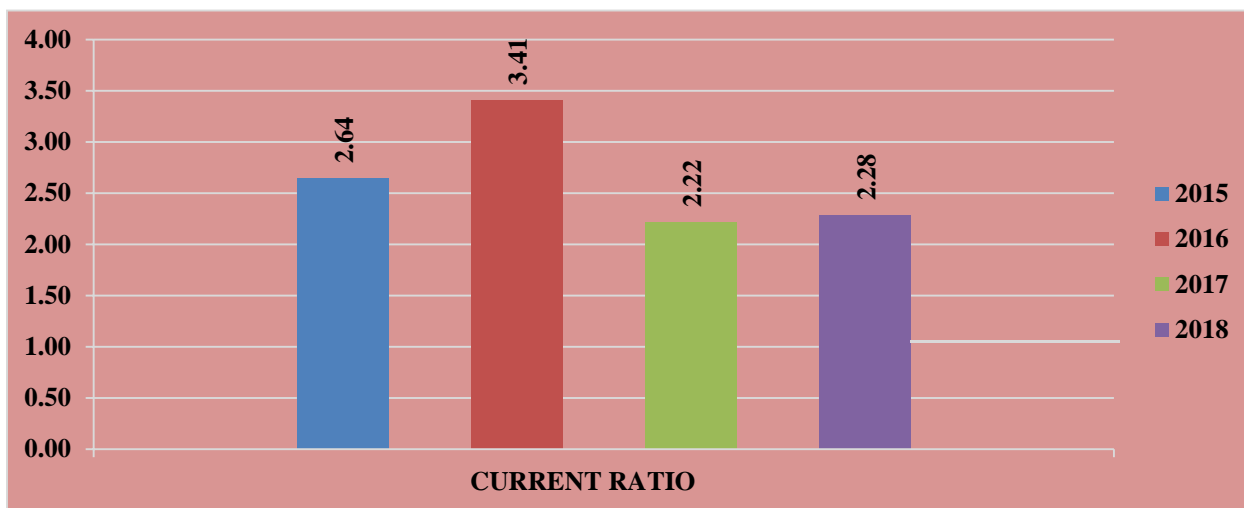


Figure: Current Ratio of BPL (2015 - 2018)

Interpretation: The graph represents the Current Ratio of Benham Pharma of four years. In 2015, the ratio was 2.64 which increased in 2016(3.41). But after that it significantly decreased in 2017. But in 2018 it increased 2.28. As the standard is 2:1 so the company is doing well but they have to utilize their current asset more effectively.

- ❖ **Quick Ratio:** The quick ratio measures a company's liquidity by demonstrating its ability to repay its current liabilities with fast assets. It is also known as the acid test ratio.

$$\text{The formula of quick Ratio is} = \frac{\text{Cash} + \text{Accounts Receivable}}{\text{Current liabilities}}$$

Particulars	2015	2016	2017	2018
Quick Ratio	2.51	3.24	2.12	2.19

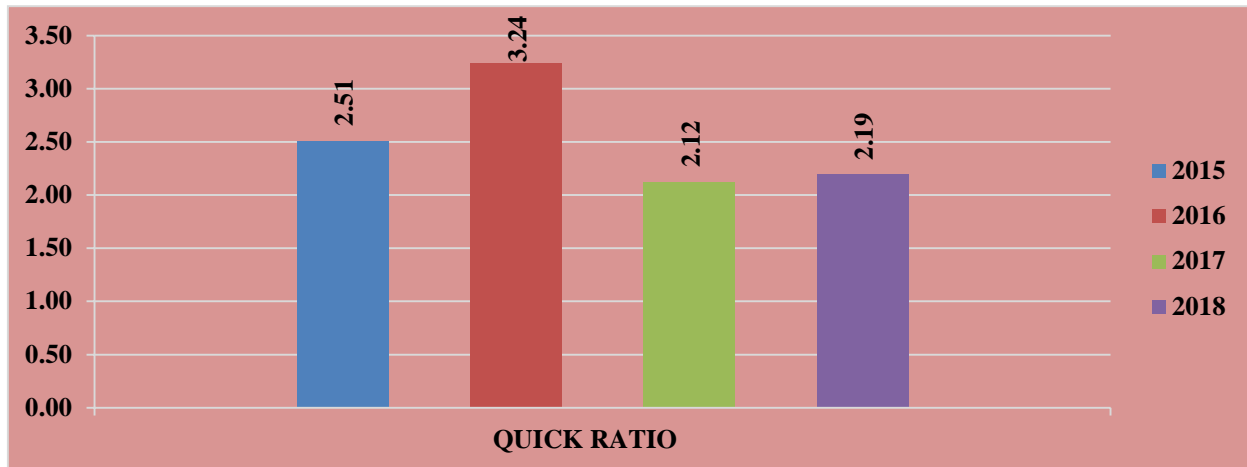


Figure: Quick Ratio of BPL (2015 - 2018)

Interpretation: The graph shows that quick ratio of Banham pharma was higher in 2016 then it decreased in 2017. But in 2018 it increased 2.19. For a company an acceptable quick ratio is 1:1, so the company is doing well. They have enough cash to pay its liability.

❖ **Cash Ratio:** Cash ratio is a measurement of a company’s liquidity, specifically the ratio of a company’s total cash and cash equivalents. The metric calculates a company’s ability to repay its short term debt with cash or near cash resources.

$$\text{Cash Ratio} = \text{Cash \& Cash Equivalents} / \text{Current Liabilities}$$

Particulars	2015	2016	2017	2018
Cash Ratio	0.17	0.02	0.03	0.11

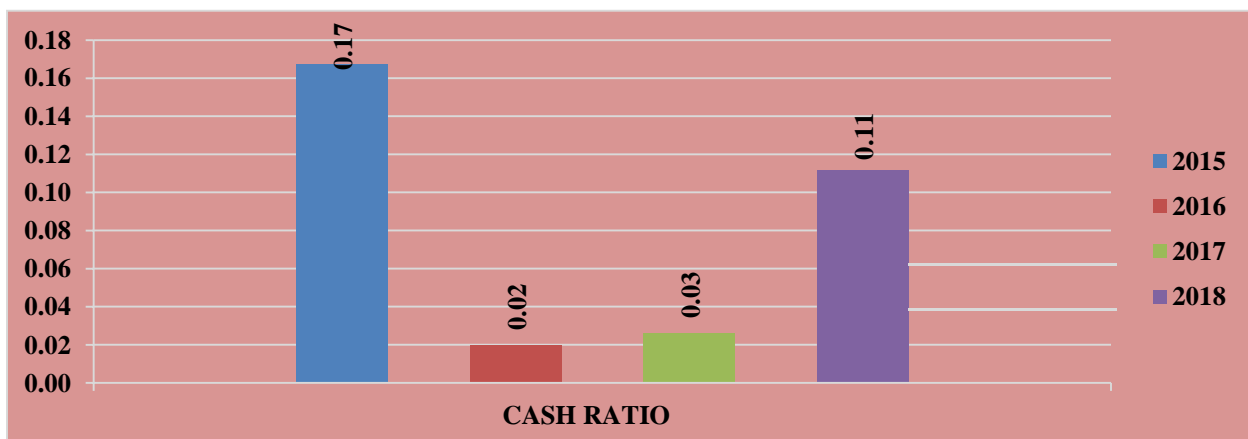


Figure: Cash Ratio of BPL (2015 - 2018)

Interpretation: The cash ratio of Benham is low which is not a good sign for the company. The company has less cash to meet its current liabilities. The company have to keep sufficient cash to meet its current liabilities.

4.5.2 Debt Ratio

❖ **Debt Ratio:** The analysis of debt ratio, defined as an expression of the relationship between the total liabilities and the total assets of an organization, enables the ability to serve a company debt to be measured. A debt ratio of less than or equal to 1 indicates the good financial health for a company.

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Asset}}$$

Particulars	2015	2016	2017	2018
Debt Ratio	16.40%	16.04%	22.79%	29.58%

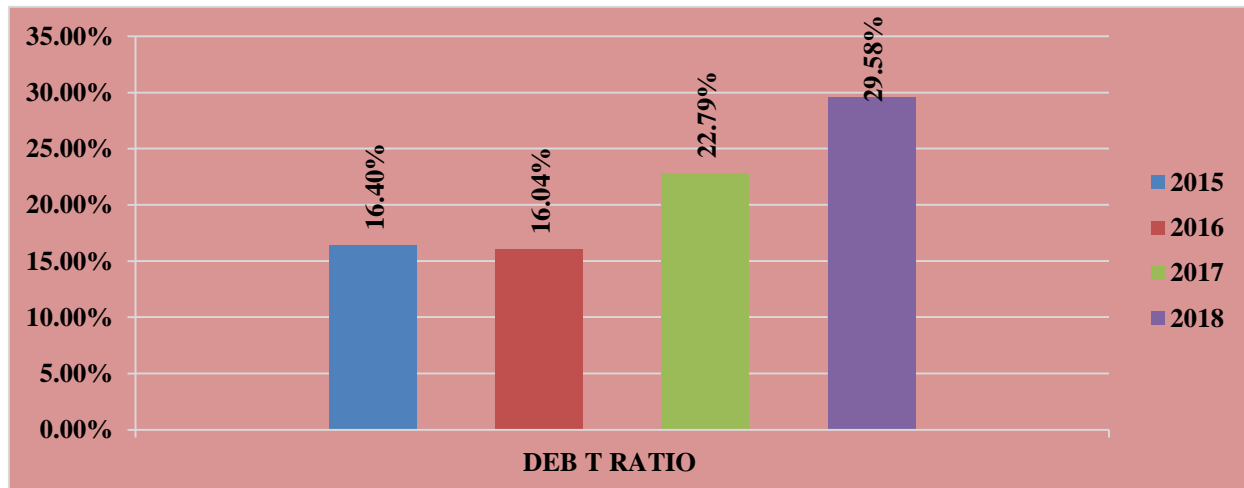


Figure: Debt Ratio of BPL (2015 - 2018)

Interpretation: This graph indicates the debt ratio of Benham is quite good. And it has increased most in 2018 from previous year. Though the ratio looks good but the company has higher idle asset to meet its liabilities. If the company utilize its asset in further investment then it can generate more profit.

❖ **Debt to Equity Ratio:** Debt to equity ratio is a financial ratio that shows the relative proportion of capital and debt used to finance the assets of a business. Closely to leverage the relation is also called risk, debt or leverage.

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

Particulars	2015	2016	2017	2018
Debt to Equity Ratio	12.44%	11.82%	21.67%	35.29%

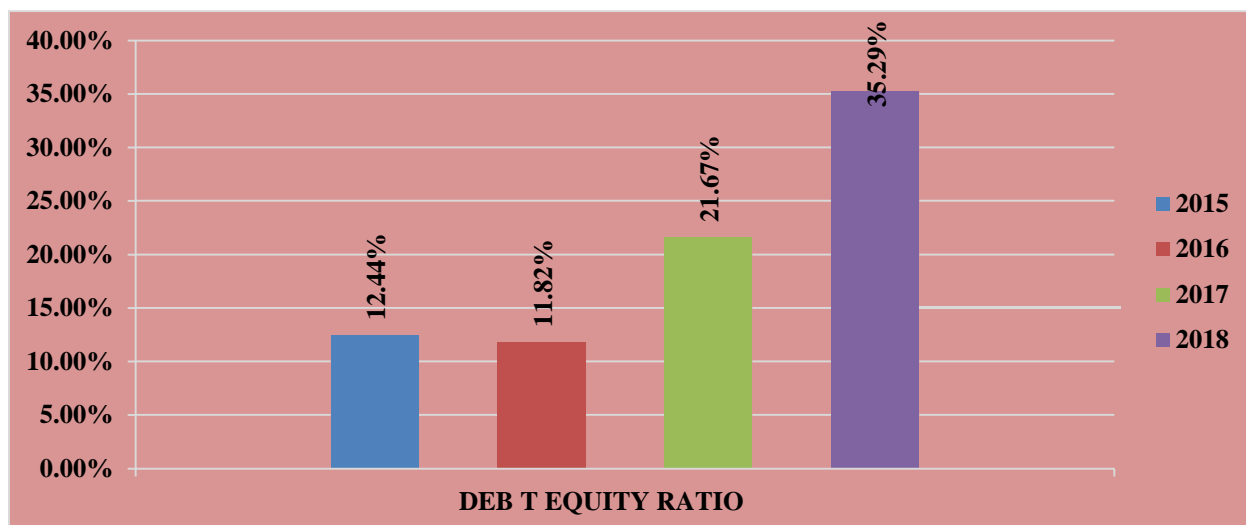


Figure: Debt to Equity Ratio of BPL (2015 - 2018)

Interpretation: The graph shows that Debt to Equity ratio was increased year by year. In 2015, where the ratio was 12.44. In 2018 it was very higher which indicates the company used its shareholder equity to finance its asset than debt. Which is a good sign for the company.

4.5.3 Profitability Ratio

❖ **Gross Profit Margin:** is a ratio that indicates the performance of a company's sales and production. This ratio is made by accounting for the cost of goods sold—which include all costs generated to produce or provide your product or service—and your total revenue.

$$\text{GPM} = \text{Gross Profit} / \text{Net Sales}$$

Particulars	2015	2016	2017	2018
Gross Profit Margin	55.97%	55.57%	55.66%	55.82%

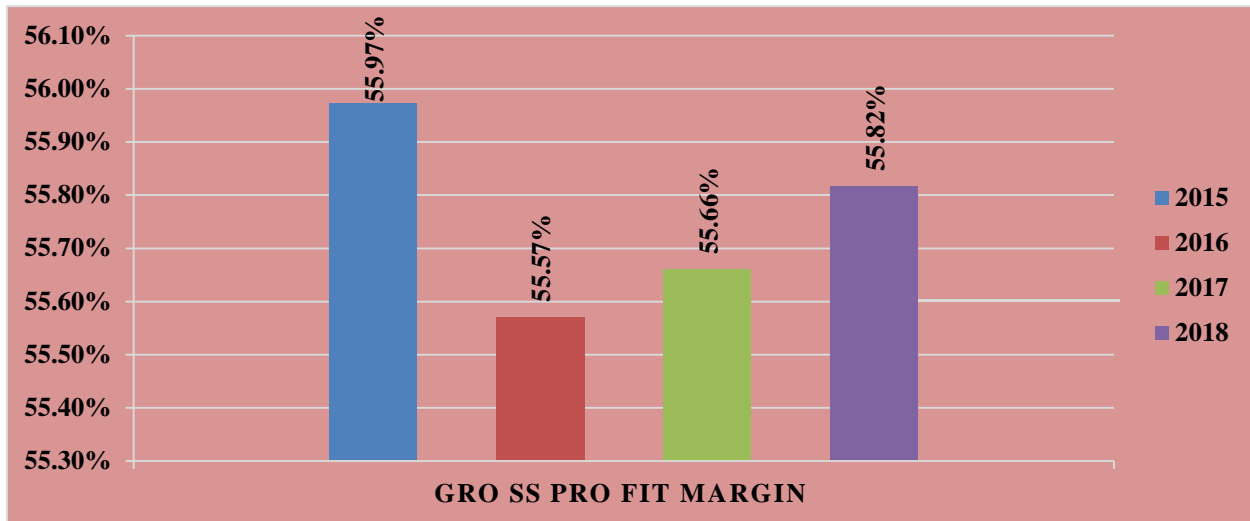


Figure: Gross Profit Margin Ratio of BPL (2015 - 2018)

Interpretation: The graph shows that the company performed well initially but afterwards the ratio decreased. In 2018 again the ratio increased to 55.82% which is a satisfactory result. Which indicates they increase their sales in 2018 than 2016 & 2017.

❖ **Operating Profit Margin:** The operating margin measures how much profit a company makes on a dollar of sales, after paying for variable cost of production. It is calculated by dividing a company's operating profit by its net sales.

$$\text{OPM} = \text{Operating Profit} / \text{Net Sales}$$

Particulars	2015	2016	2017	2018
Operating Profit Margin	25.84%	12.11%	9.30%	11.69%

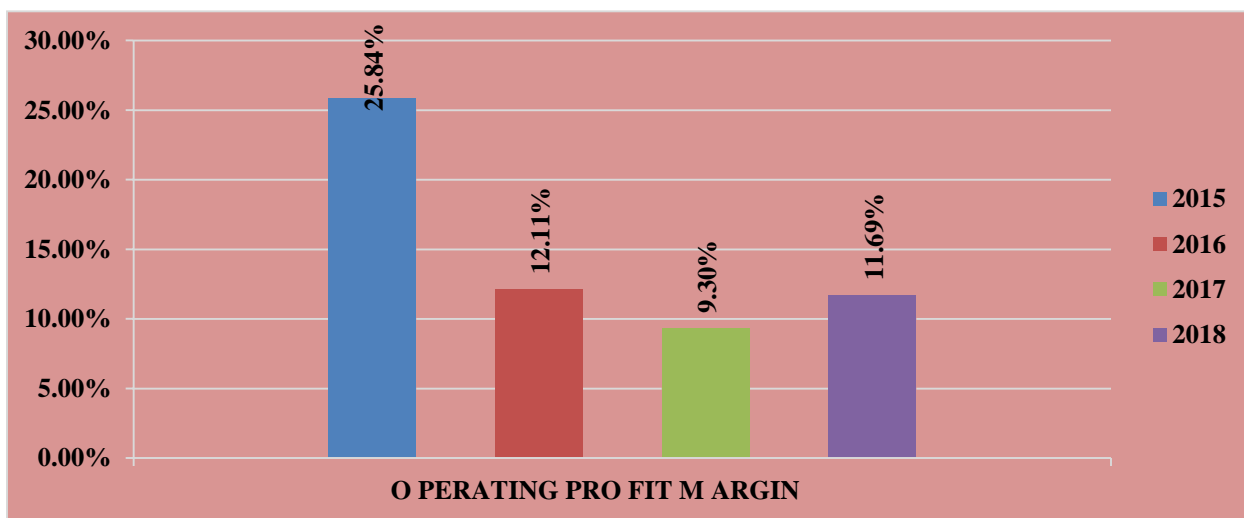


Figure: Operating Profit Margin Ratio of BPL (2015 - 2018)

Interpretation: From the above chart it can be interpreted that the operating profit margin of Banham pharma was higher in 2015, then it decreased in 2016-2018 gradually. Which is not a good sign for the company. From year to year the company's operating profit decrease because their operating expense was so high and for this reason they couldn't make so much profit.

❖ **Return on Equity:** ROE is an indicator of how effectively management uses capital funding to finance operations and grow the company. Moreover, it is a profitability ratio that measures a company's ability to generate profits from its shareholders' investments in the company income.

$$\text{Return on Equity} = \text{Net Profit after tax} / \text{Shareholders Equity}$$

Particulars	2015	2016	2017	2018
Return on Equity	3.14%	1.93%	1.14%	1.44%

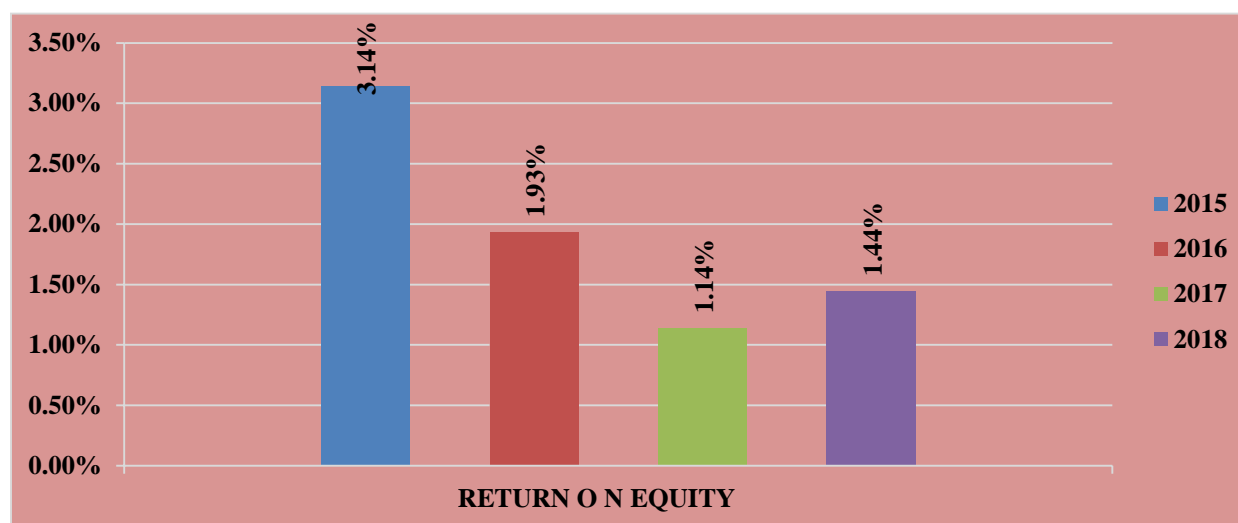


Figure: Return on Equity Ratio of BPL (2015 - 2018)

Interpretation: The chart represents how effectively management of the company had used capital funding to finance operations and to grow the company. We see that the company used its equity efficiently but after that the ratio decreased significantly. Which indicate the inability of the company not using its equity properly to generate more return.

❖ **Net Profit Margin:** The net profit margin ratio or the net margin is a measure of profitability which calculates the percentage of each dollar earned by a company that becomes a profit at the end of the year.

$$\text{NPM} = \text{Net Income} / \text{Net Sales}$$

Particulars	2015	2016	2017	2018
Net Profit Margin	25.13%	10.41%	7.28%	9.20%

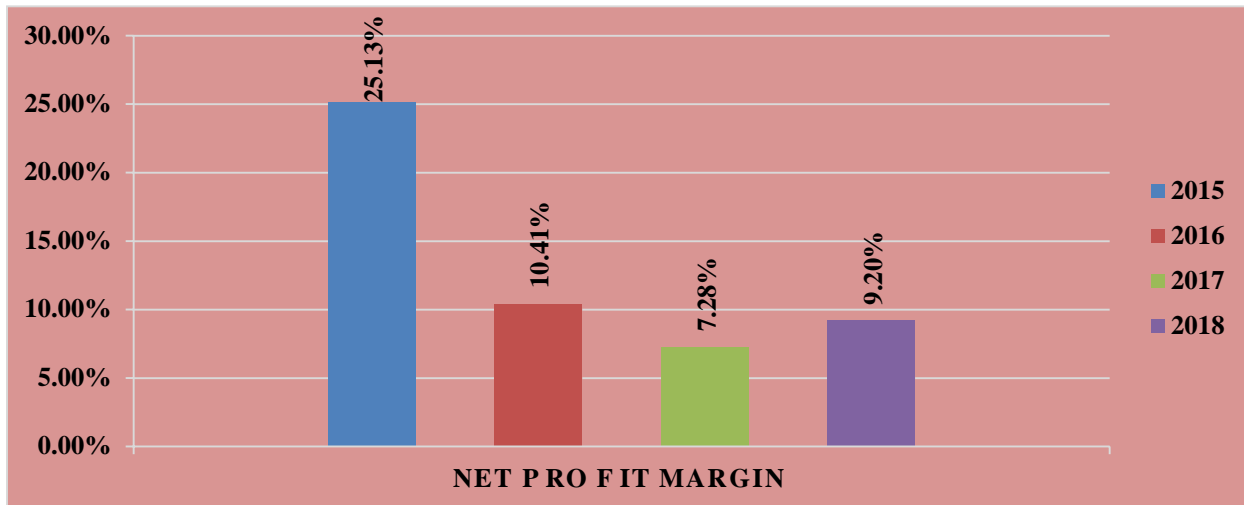


Figure: Net Profit Margin Ratio of BPL (2015 - 2018)

Interpretation: The graph shows that NPM of Benham was well in 2015 that is 25.13% which is higher than other year. The reason of decreasing net profit margin is, the company used so much operating expense than its selling. That's why the result declined after 2015.

❖ **Return on Asset:** Return on Assets (ROA) is an index of profitability which means the rate of return on resources that a company owns. It measures the level of net income generated by the assets of a company. The return on assets is a list of crossed financial statements. It uses the "net income" of the income statement and the "total assets" of the balance sheet.

$$\text{Return on Assets} = \text{Net Income} / \text{Average Total Asset}$$

Particulars	2015	2016	2017	2018
Return on Asset	2.70%	1.89%	1.12%	1.29%



Figure: Return on Asset Ratio of BPL (2015 - 2018)

Interpretation: The graph shows that Benham’s ROA was good in 2015 but afterwards it has declined. As they had maintained so much operating expense that’s why their net profit margin also reduced.

4.5.4 Activity Ratio

❖ **Total Asset Turnover:** It measure how effectively all the assets can be turned into liquidating to generate sell.

$$\text{Total Assets Turnover} = \text{Net Sales} / \text{Total Asset}$$

Particulars	2015	2016	2017	2018
Total Asset Turnover	0.10	0.16	0.12	0.11

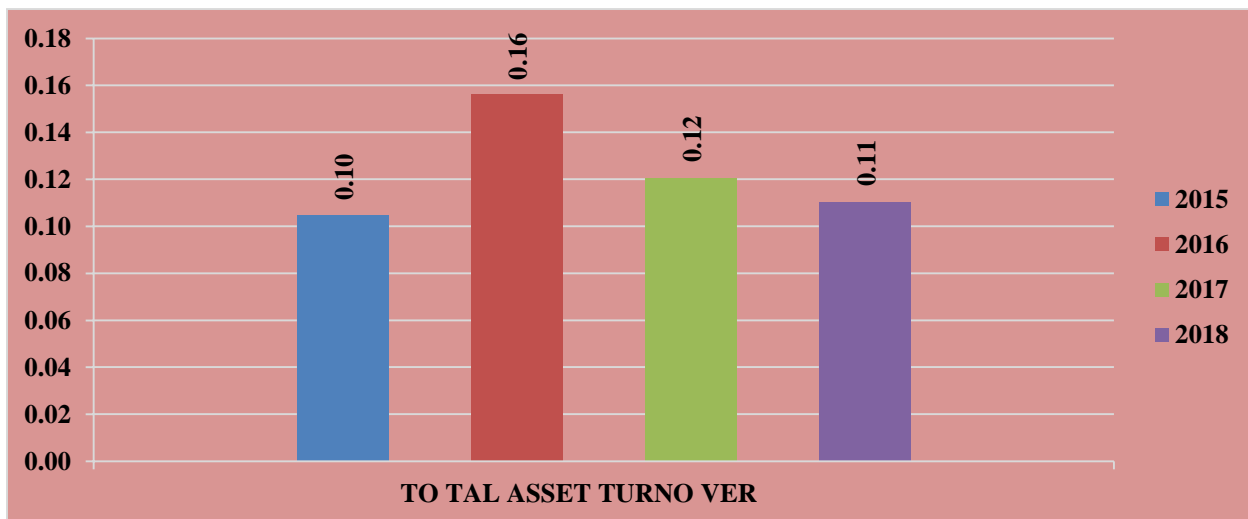


Figure: Total Asset Turnover Ratio of BPL (2015 - 2018)

Interpretation: Here we see total asset turnover fluctuating every year. The higher total asset turnover, the more effectively its assets have been used and the standard depends on the corporation. The company couldn’t use the asset rightly and also forecast the demand. In 2018 they could sell 0.11 times by their asset that is not so good for the company.

❖ **Inventory Turnover:** Inventory turnover is a ratio showing how many times a company has sold and replaced inventory during a given period.

$$\text{Inventory Turnover} = \text{COGS} / \text{Average Inventory}$$

Particulars	2015	2016	2017	2018
Inventory Turnover	5.54	8.17	7.27	7.27

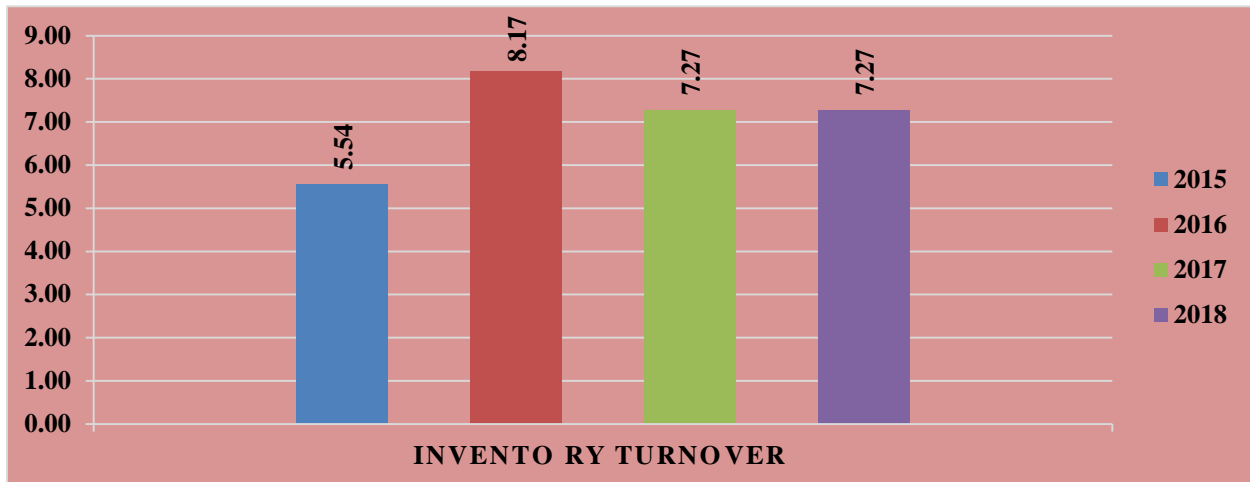


Figure: Inventory Turnover Ratio of BPL (2015 - 2018)

Interpretation: The ratio of inventory turnover is fluctuating from year to year but the company was doing well. In 2016 the ratio is high which indicate the company had good sales. But after that the ratio declined a little bit but also a satisfactory result because they sold the inventory 7.27 times.

❖ **Inventory Processing Period:** Inventory processing period indicates the asset utilization how long goods remain in inventory or unsold.

$$\text{Inventory Processing Period} = 360 / \text{Inventory Turnover}$$

Particulars	2015	2016	2017	2018
Inventory Processing Period	64.98	44.08	49.49	49.52

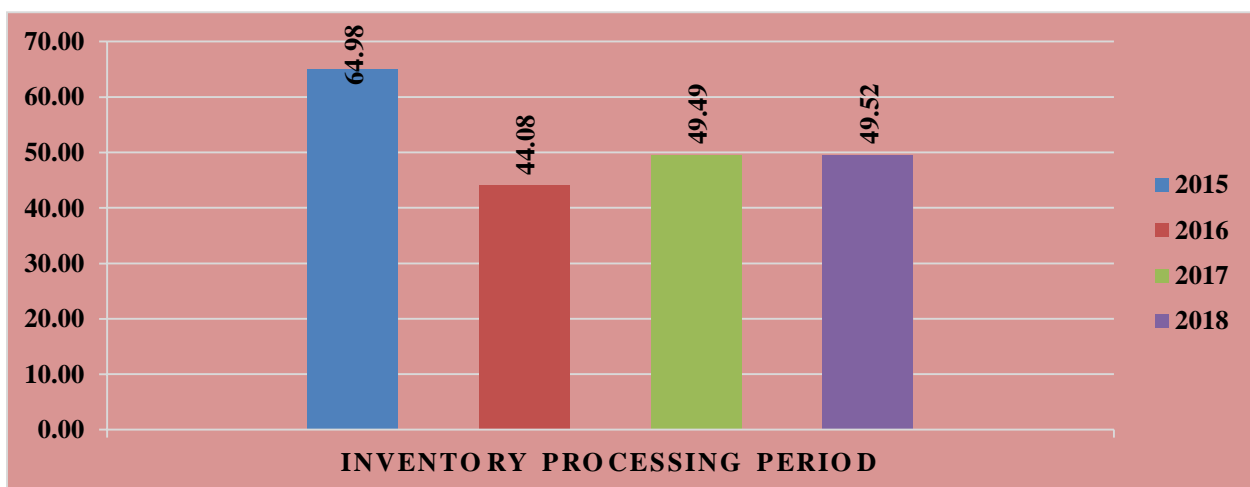


Figure: Inventory Processing Period Ratio of BPL (2015 - 2018)

Interpretation: The graph shows that the ratio is fluctuating over time. Initially the ratio was high which was 64.98 days. But then the company reduced its inventory processing period which indicate that the company’s selling increased. That’s a good sign for the company.

❖ **Current Asset Turnover:** Current Assets Turnover Ratio indicates that the current assets are turned over in the form of sales more number of times.

$$\text{Current assets turnover} = \text{Liquid Assets} / \text{Liquid Liabilities}$$

Particulars	2015	2016	2017	2018
Current Asset Turnover	0.28	0.42	0.33	0.29

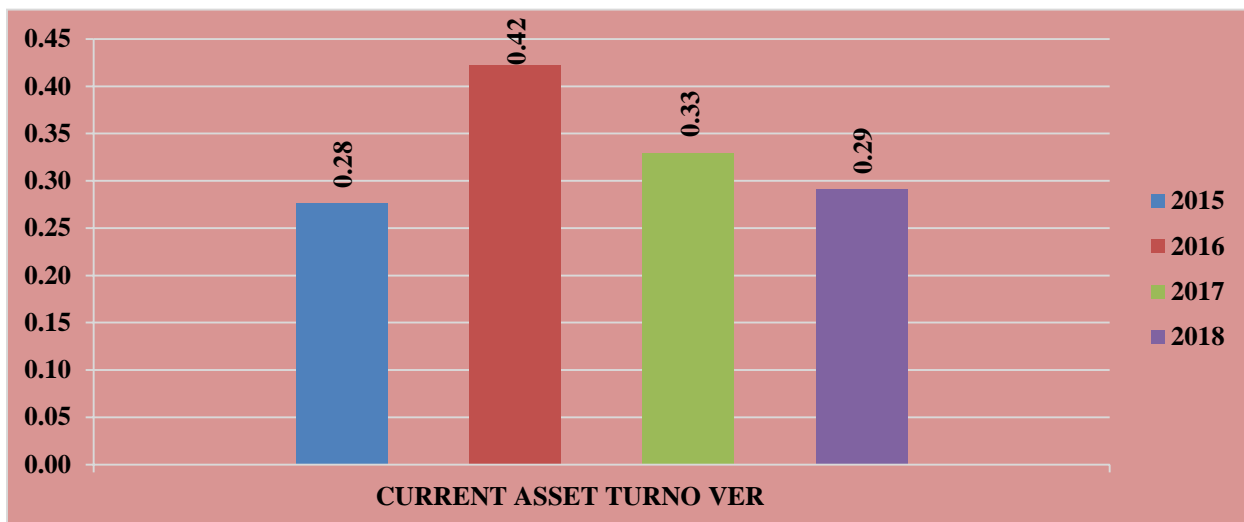


Figure: Current Asset Turnover Ratio of BPL (2015 - 2018)

Interpretation: The graph shows that Benham’s current asset turnover is fluctuating from year to year. A high current assets turnover ratio indicates the capability of the organization to achieve maximum sales with the minimum investment in current assets. Higher the current ratio better will be the situation.

4.6 COMMON SIZE ANALYSIS OF BENHAM PHARMA:

i Common Size Analysis of Balance Sheet:

Benham Pharma Limited Balance Sheet As on December 31, 2015-2018				
Particulars	2015 Taka	2016 Taka	2017 Taka	2018 Taka
Assets				
Non-Current Assets	62%	63%	63%	62%
Property, Plant & Equipment	28%	30%	29%	27%
Construction Work in Process	8%	10%	13%	16%
Investment in Subsidiaries	7%	6%	6%	6%
Investment in Associates	18%	2%	2%	1%
Other Investments	1%	15%	13%	12%
Current Assets	38%	37%	37%	38%
Inventories	2%	2%	2%	2%
Trade & Other Receivables	28%	30%	31%	31%
Advances, Deposits & Prepayments	2%	4%	3%	4%
Fixed Deposit with Banks	4%	0%	0%	0%
Cash & Cash Equivalents	2%	0%	0%	2%
Total Assets	100%	100%	100%	100%
Equity & Liabilities				
Shareholder's Equity	100%	100%	100%	100%
Share Capital	18%	18%	18%	19%
Share Premium	61%	61%	63%	64%
Reserves	12%	12%	12%	12%
Retained Earnings	10%	9%	7%	6%
Non-Current Liabilities	13%	33%	28%	44%
Long Term Loan	9%	29%	25%	42%
Employee Benefits	1%	1%	1%	1%
Deffered Tax Liabilities	3%	3%	2%	1%
Current Liabilities	87%	67%	72%	56%
Short Term Loan	54%	33%	49%	42%
Trade & Other Creditors	15%	17%	14%	10%
Accrude Expenses	18%	17%	10%	4%
Total Liabilities	100%	100%	100%	100%
Total Shareholders Equity & Liabilities				

ii Common Size Analysis of Income Statement:

Benham Pharma Limited Income Statement As on December 31, 2015-2018				
Particulars	2015 Taka	2016 Taka	2017 Taka	2018 Taka
Revenue from Net Sales	100%	100%	100%	100%
Cost of Goods Sold	44%	44%	44%	44%
Gross Profit	56%	56%	56%	56%
Operating Expense	36%	36%	36%	39%
General & Administrative Expenses	10%	10%	11%	12%
Selling & Distribution Expenses	25%	25%	25%	27%
Profit from Operation	20%	20%	20%	17%
Financial Expenses	5%	9%	10%	12%
Interest & Other Income	12%	2%	0%	8%
Net Profit from Operation	27%	13%	10%	12%
Workers Profit Participation Fund	1%	1%	0%	1%
Net Profit before Tax	26%	12%	9%	12%
Income Tax	6%	3%	2%	3%
Current Tax Expense	6%	3%	2%	3%
Deferred Tax Income/(Expense)	0%	0%	0%	0%
Net Profit after Tax	20%	9%	7%	9%
Share of Profit from Associate	5%	1%	0%	0%
Net Profit	25%	10%	7%	9%
Add: Other Comprehensive Income	1%	6%	3%	1%
Fair Value Gain of Marketable Securities	0%	2%	0%	1%
Fair Value Gain on Investments in Associates	0%	4%	3%	0%
Share of Other Comprehensive Income	0%	0%	0%	0%
Deferred Tax Income/(Expense) on Revaluation Surplus	1%	0%	0%	0%
Total Comprehensive Income Attributable to Ordinary Shareholder	26%	17%	4%	9%

4.7 TREND ANALYSIS OF BANHAM PHARMA:

i Trend Analysis of Balance Sheet:

Benham Pharma Limited Balance Sheet As on December 31, 2015-2018				
Particulars	2015 Taka	2016 Taka	2017 Taka	2018 Taka
Assets				
Non-Current Assets	100%	101%	107%	113%
Property, Plant & Equipment	100%	105%	109%	108%
Construction Work in Process	100%	131%	182%	234%
Investment in Subsidiaries	100%	87%	87%	87%
Investment in Associates	100%	11%	9%	9%
Other Investments	100%	1463%	1380%	1372%
Current Assets	100%	97%	101%	114%
Inventories	100%	101%	92%	91%
Trade & Other Receivables	100%	106%	114%	123%
Advances, Deposits & Prepayments	100%	289%	239%	277%
Fixed Deposit with Banks	100%	1%	1%	1%
Cash & Cash Equivalents	100%	9%	19%	88%
Total Assets	100%	99%	105%	113%
Equity & Liabilities				
Shareholder's Equity	100%	100%	97%	95%
Share Capital	100%	100%	100%	100%
Share Premium	100%	100%	100%	100%
Reserves	100%	103%	97%	96%
Retained Earnings	100%	95%	69%	57%
Non-Current Liabilities	100%	251%	318%	708%
Long Term Loan	100%	306%	396%	932%
Employee Benefits	100%	119%	141%	178%
Deffered Tax Liabilities	100%	102%	109%	108%
Current Liabilities	100%	75%	121%	132%
Short Term Loan	100%	59%	130%	159%
Trade & Other Creditors	100%	111%	134%	131%
Accrude Expenses	100%	93%	81%	46%
Total Shareholders Equity & Liabilities	100%	97%	146%	204%

ii Trend Analysis of Income Statement:

Benham Pharma Limited				
Income Statement				
As on December 31, 2015-2018				
Particulars	2015 Taka	2016 Taka	2017 Taka	2018 Taka
Revenue from Net Sales	100%	148%	121%	120%
Cost of Goods Sold	100%	150%	122%	120%
Gross Profit	100%	147%	120%	119%
Operating Expense	100%	149%	122%	132%
General & Administrative Expenses	100%	150%	129%	144%
Selling & Distribution Expenses	100%	148%	119%	127%
Profit from Operation	100%	145%	117%	98%
Financial Expenses	100%	276%	258%	293%
Interest & Other Income	100%	24%	5%	78%
Net Profit from Operation	100%	69%	43%	54%
Workers Profit Participation Fund	100%	69%	43%	54%
Net Profit before Tax	100%	69%	43%	54%
Income Tax	100%	71%	49%	58%
Current Tax Expense	100%	71%	39%	53%
Deferred Tax Income/(Expense)	100%	36%	4281%	2299%
Net Profit after Tax	100%	69%	42%	53%
Share of Profit from Associate	100%	32%	8%	8%
Net Profit	100%	61%	35%	44%
Add: Other Comprehensive Income	100%	1329%	596%	113%
Fair Value Gain of Marketable Securities	100%	11155%	2363%	4758%
Fair Value Gain on Investments in Associate	100%	3127%	1889%	122%
Share of Other Comprehensive Income	100%	63%	30%	24%
Deferred Tax Income/(Expense) on Revaluation Surplus	100%	9%	30%	23%
Total Comprehensive Income Attributable to Ordinary Shareholder	100%	96%	18%	40%
EPS	100%	62%	35%	44%



Chapter 5

**Findings, Recommendation
& Conclusion**

5.1 Findings:

It was a new experience for me to work with Benham Pharmaceuticals. After collecting and analyzing the data of Benham Pharmaceuticals, I have found out that several financial and operating areas need much attention. Following are some of the findings of the analysis:

1. Operating Profit Margin was 25.84%, 12.11%, 9.30%, and 11.69% that indicate downward trend. Which represents that company was not able to earn enough profit after paying variable costs.
2. Return on Equity was 3.14%, 1.93%, 1.14%, and 1.44% which is decreasing from 2015 to 2018 even it increased in 2018 that means the bank is not effectively utilize their equity to generate profit. If Benham failed to utilize their investments properly then investors will not invest again.
3. Benham's NPM was 25.13%, 10.41%, 7.28%, and 9.20% which is a downward trend. The company was not able to generate enough profit against its sales.
4. Return on Asset 2.70% 1.89% 1.12% 1.29% which is a decreasing trend. It indicates that the company didn't utilize their asset affectively to generate profit.
5. Debt Ratio was 16.40%, 16.04%, 22.79%, and 29.58% which increased year to year. The results indicates company's dependency on creditors are increased.
6. Debt to Equity Ratio was 12.44%, 11.82%, 21.67%, and 35.29% which represents upward trend. As in 2018 the ratio was higher than other years that means the company use more debt to finance its activities rather than using equity.
7. Cash Ratio was 0.17, 0.02, 0.03, and 0.11 which indicate that the company doesn't have enough cash to meet its emergency.
8. Total Asset Turnover was 0.10, 0.16, 0.12, and 0.11 which was fluctuated over years. The higher the ratio, the more efficient a company is. As Benham has a low asset turnover ratio, it indicates it is not efficiently using its assets to generate sales.

5.2 Recommendation:

1. As their operating profit margin was decreasing so Benham have to focus on this section. The company need to decrease their variable cost so that they can generate more profit.
2. Their ROE was not so much satisfactory so the company has to use shareholder's investment wisely. They should invest the money in more profitable projects to get profit from those projects. Because investors give high importance on this ratio.
3. If the company wants to increase NPM then it must reduce its expenses otherwise it can't able to earn profit and can't give dividend to the investors.
4. As Benham's ROA is on downward trend the company have to focus on this factor. They need to utilize their asset more effectively and efficiently so that they can earn more profit and thus will increase the ratio.
5. As debt ratio was increasing year to year that means Benham's dependency on creditors are increased which is not good for the company. They should reduce the dependency on creditors as their liquidity was not enough then they can face difficulties if the interest rate can be risen. The company should careful to use debt to purchase asset or operating other activities.
6. As debt to equity ratio was increasing that means the company uses more debt to finance its activities rather than using equity. So they should maintain a standard between debt and equity to finance its activities otherwise they will face many problems to pay its obligations.
7. As cash ratio was fluctuating from 2015 to 2018 so the company has to increase the ratio above 0.5. Otherwise they can't able to solve liquidity crisis and can't pay to the customer.
8. As total asset turnover was not satisfactory results that means they still not using their assets effectively to generate income. For effectively utilizing assets they have to forecast properly. They need to increase total asset turnover from 4 to 6 times as it is standard range though it differs from company to company.

5.3 Conclusion:

Benham Pharmaceuticals Limited is growing faster in this competitive market with the aim to provide its customers with better products and services. Customers are the lifeblood of every business and Benham always tries to deal with the highest satisfaction level of both customers and employees. Benham believes that creating a positive-friendly relationship between customer employees, it can reach its ultimate goal.

As I worked with the Benham Pharmaceuticals Limited, I have learnt how customer satisfaction is important to them and that leads to develop new products and services for the betterment of the customers. Though it is difficult to meet the never ending satisfaction of the fast growing customers but Benham always tries to come up with new services. However nothing is enough for business in this competitive era. There is always something to do to survive in this competition. There are some sector in which Benham needs to focus to create relation between Benham's employee and customer and we all know that customer and employee is the biggest asset for an organization.

However, I believe that in the near future Benham Pharma will keep continuing its legacy and move forward to its vision of making new things and giving a better future for both national and international market.

5.4 Appendix:

- ❖ <https://www.investopedia.com>
- ❖ <https://corporatefinanceinstitute.com>
- ❖ <https://www.myaccountingcourse.com>
- ❖ <https://economictimes.indiatimes.com>
- ❖ Annual Report of Benham Pharmaceuticals (2015 – 2018)
- ❖ Corporate Finance – Stephen A. Ross