

# Internship Report on Financial Performance Analysis of Berger Paints Bangladesh Limited



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Semester: Fall - 2021

**Submitted for the partial fulfillment of the degree of Bachelor of Business Administration**

**Internship Report**  
**On**  
**Financial Performance Analysis of Berger Paints  
Bangladesh Limited**

**Prepared for:**

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Date of Submission

Date: 15-Jan-2022

Submitted for the partial fulfillment of the degree of Bachelor of Business Administration

# Letter of Transmittal

January 15, 2022

To,  
Md. Shahbub Alam  
Lecturer,  
Department of Business Administration,  
Sonargaon University, Dhaka.

**Subject:** Submission of Internship Report on “Financial Performance Analysis of Berger Paints Bangladesh Limited”.

Dear Sir,

It is my great pleasure to submit you my internship report on “**Financial Performance Analysis of Berger Paints Bangladesh Limited**” which is a mandatory requirement to completion of the BBA program. I have tried my best to explain my learning and experiences that I gathered from my internship program briefly in this report. Here I gathered what I believe the most completed information available. I believe that it will provide a clear scenario of the Financial Performance Analysis of the Berger Paints Bangladesh Limited.

This internship report is all about to synchronize my theoretical learning from BBA program. I attempted my every move to go through all the necessary materials, documents, guidelines, and other subsequent reports which fulfill the requirements of this report.

I sincerely believe that it will serve the required purposes. I will always be obliged to furnish any clarification regarding this paper, if required.

I humble request you to accept this report for your kind evaluation.

Kind regards,  
Very truly yours,



Md Ashab Uddin  
ID: BBA1801013059  
Department of Business Administration  
Sonargaon University (SU)

# Letter of Authorization

I, Md. Shahbub Alam, Lecturer, Faculty of Business Administration, Sonargaon University (SU) hereby certify that the report work entitled as “Financial Performance Analysis of Berger Paints Bangladesh Limited” has been prepared by Md Ashab Uddin ID: BBA1801013059 Department of Business Administration, Sonargaon University (SU) and submitted as a requirement for the partial fulfillment for the degree of Bachelor of Business Administration with major in FINANCE. To the best of my knowledge, the above-mentioned work has been conducted by the student himself. Any opinion and/or suggestion made in this study are entirely that of the author of this internship report. The report is an original work and prepared as a partial requirement of the degree Bachelor of Business Administration.

.....  
Md. Shahbub Alam  
Lecturer  
Department of Business Administration  
Sonargaon University (SU)

# Student's Declaration

This is **Md Ashab Uddin**, a student of Bachelor of Business Administration, **ID: BBA1801013059** from Sonargaon University (SU) would like to solemnly declaration here that this report on **Financial Performance Analysis of Berger Paints Bangladesh Limited** has been authentically prepared by me under supervisor of Md. Shahbub Alam, Lecturer, Department of Business Administration, Sonargaon University.

I didn't breach any copyright act internationally. I am further declaring that I did not submit this report anywhere for awarding any degree, diploma, or certificate.

Sincerely Yours,



Md Ashab Uddin

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## Acknowledgement

First of all, I would like to express my deep gratitude to the almighty Allah for His infinite grace that allowed me to complete this internship work. A lot of effort and study has been involved in this internship work.

I would like to express my indebtedness and deepest sense of gratitude to Supervisor **Md. Shahbub Alam**, Lecturer of Business Administration, Sonargaon University for his encouragement, thoughtful suggestions, proper guidance, and supervision throughout the progress of my thesis work.

I would like to Special thanks to **Berger Paints Bangladesh Limited** employees and executives who helped me and gave me their valuable time, providing me with the most relevant information on the basis of which I have prepared this report.

This report has really helped me to acquire knowledge about the overall financial activities. The knowledge will help me further in my future corporate life as well as in my higher studies. This report has also helped me to work on a theoretical perspective field.

I am responsible for errors and mistakes presented in the report and a positive and constructive criticism will always be greeted warmth.

Finally, a silent stream of gratitude is for my family and friends, whose supports are always with me in the windy world.

Thanks to all from the core of my heart.



Md Ashab Uddin

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Semester: Fall - 2021

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## Executive Summary

Berger Paints Bangladesh Limited is one of the leading paints companies in our country. At the time of the foundation, the company name was Jenson & Nicholson. Their corporate head office is situated in Uttara, Dhaka. BPBL is taking strides in fulfilling its vision to be the most preferred brand in the industry, ensuring consumer delight. Their mission is to increase the turnover by 100 percent every five years, which seems challenging and encouraging. Being a responsible corporate citizen, BPBL has contributed to several social causes to bring positive changes in society.

Berger in Bangladesh has successfully been able to position itself in the minds of its targeted customers. They accelerated in bringing innovation in products for the users to enable them a service of great quality and showing that they are very cautious about customer's demand and always tries to fulfill their requirements.

The report is the outcome of those three months of learning and hard work about BPBL. The report started with a basic overview of BPBL, their products and departments, a brief description of the financial accounting and treasury department and my job responsibilities in that department. Then the discussion has moved to the main topic of "Financial Performance Analysis of Berger Paints Bangladesh Limited." The first section under this topic contains five-year financial data analyses of BPBL. After that, the fundamental ratios and market ratios are analyzed from 2017 to 2021. Findings are the outcomes of the analysis, which include both positive and negative factors. Later on, recommendations have been provided to improve the areas where it is needed.

The experience in BPBL enlightened me to grow better and stronger in my desired field. The three-month period provided me with extensive knowledge of handling work under pressure. It also taught me that a strong strategy could be beneficial for a company to survive as a successful brand. On the other hand, if the strategy goes wrong, the company must suffer for its mistakes.

# Chapter One: Introduction

## 1.1 Background of the Study

Every graduate student from the business discipline has to participate in the internship program and complete it to learn how to do work practically after achieving theoretical knowledge as a business student. It is a perfect chance for every student to gather a practical understanding of the theoretical knowledge we gained in our four years of undergraduate life. Study research should be done to put the knowledge in a practical manner. I have done my internship in the Treasury and Finance Department of Berger Paints Bangladesh Limited. The topic of my report is: “*Financial Performance Analysis of Berger Paints Bangladesh Limited.*” my institutional supervisor of Sonargaon University, lecturer Md. Shahbub Alam accepted it.

Berger Paints Bangladesh Limited is one of the famous and oldest names in the paint industry worldwide. Nevertheless, they are one of the most technologically advanced companies in Bangladesh and persistently struggling to innovate superior quality products and services. With more than 250 years of rich heritage, Berger manufactures world-class paints for all kinds of substrates and offers top services. The main emphasis of this report is to analyze and evaluate the profitability, liquidity & efficiency of the firm in terms of corporate finance.

## 1.2 Origin of the Report

The main reason for the Internship Program (INT431) is to let the students have hands-on experience of the theoretical courses learned. This credit course is essential for all the Business Department students graduating from Sonargaon University. I have also organized this report as partial fulfillment of the degree, Bachelor of Business Administration (BBA), under the supervision of lecturer Md. Shahbub Alam. This report is the outcome of the three-month-long internship program at Berger Paints Bangladesh Limited.

## 1.3 Objective of the Report

### 1.3.1 Main Objective

To evaluate the financial performance of Berger Paints Bangladesh Limited based on treasury management procedures.

### 1.3.2 Specific Objectives

- ✦ To understand the financial performance of BPBL in different areas such as liquidity, profitability.
- ✦ To assess the company's effectiveness and weakness in these segments.
- ✦ Construct a recommendation to improve in these areas where it is needed.

### 1.4 Methodology

Both primary and secondary data were used to develop the report. These data were collected from various sources, including close-ended questions, annual reports, prospectus, websites, journals, articles, previous reports and observing organizational procedures.

### 1.5 Scope of the study

The scope of this study is to find out the efficiency and loopholes of BPBL based on their financial data. I had to collect the primary data from personal contact with the employee and annual report from website. Later on, I have used secondary data to complete my report.

### 1.6 Limitations of the study

While working in BPBL, three months' time seemed very short. It was a great opportunity to work there as their environment was very friendly. However, every company has its own policy regarding disclosing information, and so in terms of collecting the information, there were some limitations I have faced:

- ✦ The large-scale investigation was not possible due to time constraints.
- ✦ The study was conducted only within few employees and annual report from website.
- ✦ Relevant data and documents collection were difficult due to the organization's confidentiality.

## Chapter Two: Company Overview

### 2.1 Company Profile

Berger's inception was laid out in 1760 by a German national named Louis Berger, who started dye and pigment making business in England. Louis involved his family into the business and eventually changed the status of the company to Louis Berger & Sons Limited. The company grew and expanded rapidly with a strong reputation for excellence in innovation and entrepreneurship. In the initial years, Louis successfully refined the process of manufacturing Prussian blue, a deep blue dye.

The company grew rapidly, by establishing branches all over the world and through mergers and acquisitions with other leading paint and coating manufacturing companies. Berger Paints started painting in Bangladesh since independence. Over the past few decades, Berger has evolved and transformed itself in becoming the leading paint solution provider in the country with a diversified product range that caters to all your painting needs. Berger has heavily invested in technology and Research & Development (R&D) compared to any other manufacturer in this market.

The superior quality of Berger's products has been possible because of their advanced plants and strict quality controls that match international standards. With the strong distribution network, Berger has reached almost every corner of Bangladesh. Nationwide Dealer Network, supported by 8 Sales Depots strategically located at Dhaka, Chittagong, Rajshahi, Khulna, Bogra, Sylhet, Comilla and Mymensingh has an unmatched capability to answer to paint needs at almost anywhere in Bangladesh. In 2014 BPBL opened two new depots in Rangpur and Feni.

Apart from business, Berger Paints has added another dimension to the social responsibilities by contributing to the well-being of the autistic children in Bangladesh. Berger Paints Bangladesh Limited has been promoting the young and creative talents of the country through Berger Young Painters' Art Competition (BYPAC), Berger Award for Excellence in Architecture (BAEA), Berger Award Program for the Students of Architecture of BUET (BASAB), Scholarship Program for the students of Architecture Discipline, Khulna University.

## 2.2 Vision

“To be the most preferred brand in the industry ensuring consumer delight”

## 2.3 Mission

“We shall increase our turnover by 100 percent in every five years. We shall remain socially committed ethical company”

## 2.4 Corporate Objective

“Our aim is to add value to life, to outperform the peers in terms of longevity, customer service, revenue growth, earnings and cash generation. We will be the employer of choice for all existing and future employees”

## 2.5 Strategy

“Our strategy is to build long-term partnerships with the customers/consumers. With their support, we aim to maximize the potential of our business- through a combination of enhanced quality of product, service, creative marketing, competitive pricing and cost efficiency”

## 2.6 Board of directors

The list of Board of Directors of the company is given below:

<b>Chairman</b>	Mr. Gerald K. Adams (Chairman since 2004)
<b>Managing Director</b>	Ms. Rupali Chowdhury (Managing Director since 2008)
<b>Directors</b>	Mr. Kuldip Singh Dhingra (since 2018), Mr. Anil Bhalla (since 1994), Mr. Jean Claude Loutreuil (since 1998), Mrs. Rishma Kaur (Since 2013) Mr. Kanwardip Singh Dhingra (Since 2016) Mr. Abhijit Roy (Since 2017)
<b>Company Secretary</b>	Mr. Khandker Abu Jafar Sadique

## 2.8 Company Organogram

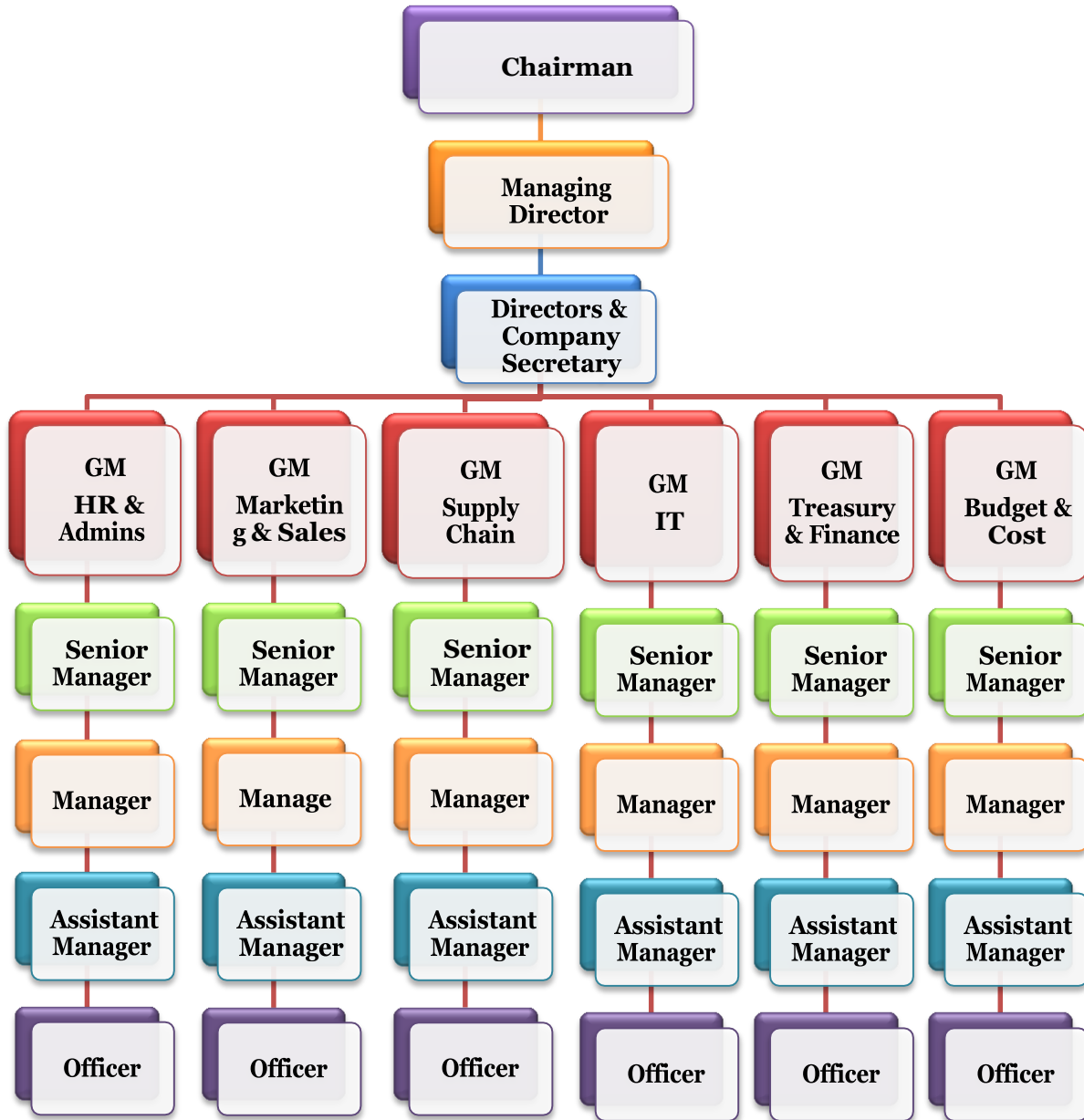


Chart 1: Organogram of BPBL

## 2.9 Product Portfolio

The products of BPBL are:

- ❖ Marine
- ❖ Textile
- ❖ Adhesive
- ❖ Industrial
- ❖ Decorative
- ❖ Breathe Easy
- ❖ Auto Refinish
- ❖ Wood Coating
- ❖ Brush & Roller
- ❖ Pre-Treatment Chemicals
- ❖ Mr. Expert Construction Chemical



## 2.10 Major departments

Like every other corporation BPBL has different departments for carrying out several activities.

The major departments of BPBL are:

**Human Resource Department:** The Human Resource Department is responsible for the management of the employee in order to achieve organizational goals and coordinates with other departments for the effective utilization of resources. This department works for recruiting, training and evaluating employee performance.

**Supply Chain Department:** This department collects raw materials from the specific vendors at suitable price and quantity. In addition to that this department also purchases required machineries and stationery products for the organization. This department received the bills from the third party and sends them to Finance and Treasury department.

**Finance Department:** Under finance department there are small units which are Budget and Cost Control, Financial Accounting & Treasury, Audit and VAT. These sub units are inter-related and work together. Director Finance is the head of the department assisted by GM Finance and Treasury and GM Budget and cost Control. Both internal and external audit team perform auditing activities.

**Marketing Department:** BPBL opened the marketing department in 1993 thereafter BPBL has been developing very rapidly in terms of market share and sales growth. After one year of launching marketing department, in 1994 sales growth was 34% which was incredible.

**Sales Department:** This department has two categories Decorative and Industrial & Marine. Decorative Sales unit headed by Director Operations who is assisted by GSM-D. There are 10 sales depots all over the country. Industrial and Marine unit is headed by Director Operations, assisted by the Manager Industrial & Marine. Under this group paints are offered to the customers divided into two categories premium products and economy products.

**Information Technology Department:** The Information Technology (IT) Department develops and maintains an internal network of workstations, digital networking equipment, operating systems and servers to tie the departments together. This department uses the software programs to manage the information electronically.

**Research & Development:** BPBL's research and development department play an integral role. They find out whether the existing products need any change and upgrades according to the requirements. New product research and development quality check etc. are the main activities of this department.



## Chapter Three:

### Job Responsibilities as an Intern at BPBL

#### 3.1 Financial Accounting and Treasury Department of BPBL

A team of 12 to 15 people look after the Financial Accounting and Treasury Department in BPBL. This team is accountable to deal with all the business transactions conforming the company policies and practices. They also prepare the external and internal reports for all stakeholders as per company requirements. The responsibilities of the employee of this department, is to manage and control future cash collections and disbursement, using the resources effectively and efficiently to generate more cash inflow. They use SAP and Oracle software for their convenience to collect the data. However, they have to take some risks for these types of cash flows. Suitable accounting systems must be used in this section because company's financial result depends on these transactions. If any data mistakenly entered into the process BPBL have to suffer for this. As a consequence, the employees of this department need to be very cunning and careful. Thus, BPBL's treasury department can avoid various risks i.e., market risk, credit risk and liquidity risk by managing the treasury effectively.

Although the department is very small with few people but their contributions are huge. Some major activities under this department are:

- ❖ Transfer funds from one account to another such as JNBL to BPBL, BPBL to BBBL etc.
- ❖ Monitoring the collections of daily sales proceeds from ten depots and deposit them in bank accounts.
- ❖ Maintaining relationships with different banks for account opening, closing etc. and perform bank reconciliation.
- ❖ Make payments for petty bills and third parties for raw materials, machineries purchase etc.
- ❖ Calculate depreciation expenses for fixed assets.
- ❖ Deducting tax at source and withholding tax.
- ❖ Opening letter of credit, settle the payments of LC, analyze exchange rate for measuring foreign exchange gain and loss from LC operations.

- ❖ Produce daily treasury report and half yearly and annual financial reports.
- ❖ Manage cash flows and liquidity crisis.

## Chapter Four:

### Financial Performance Analysis of BPBL

#### 4.1 Last Five Years Financial Data Analysis of BPBL

BPBL's 2017 to 2021 Financial Data

Taka in "000"

Particulars	2021	2020	2019	2018	2017
Turnover	20,270,685	22,452,620	21,050,450	19,629,605	17,475,106
Gross Profit	66,32,362	62,40,646	57,22,137	50,46,900	49,53,192
Profit Before Tax	34,72,362	30,92,467	26,49,490	22,53,564	24,54,008
Profit After Tax	25,48,788	22,92,448	19,57,827	16,69,930	17,76,673
Shareholders' Equity	98,90,766	87,08,157	75,75,155	60,80,657	53,66,735
Total Assets	1,53,00,038	1,29,29,511	1,07,61,587	89,80,428	84,37,826
Total Current Assets	94,68,201	77,21,912	65,83,908	54,62,783	50,87,352
Total Current Liabilities	47,30,285	34,83,507	29,44,023	26,62,782	25,73,140
Current Ratio	2.00	2.22	2.24	2.05	1.98

Table 1: Last Five Years Financial Data of BPBL

The table above indicates that changes occurred gradually during last five years in Turnover, Profit before and after tax, Shareholder’s equity, Current assets and liabilities of BPBL. Turnover has an increasing trend but the percentage fluctuates from 2017 to 2021. BPBL’s mission is to increase turnover by 100% in every five years where the actual results are very far from that. (Annua Report, 2017-2021)

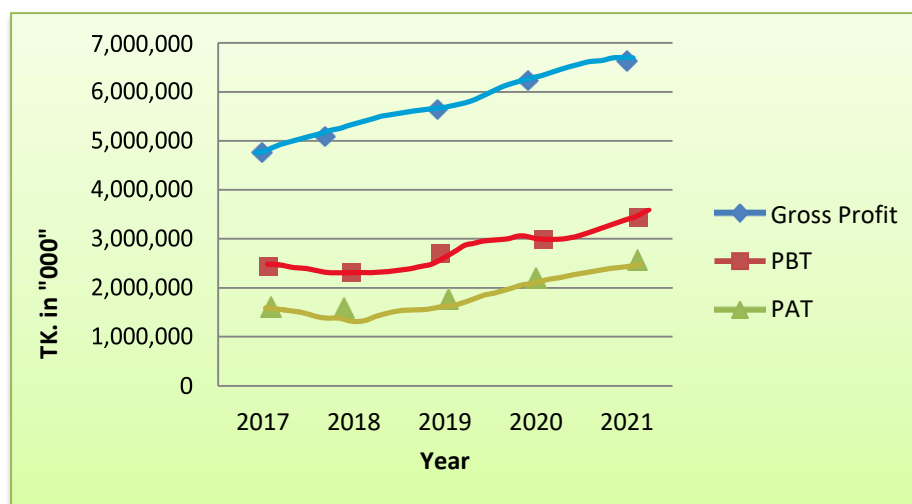


Chart 2: Trend Analysis of GP, PBT, PAT

The trend analysis shows that gross profit, profit before and after tax are upward sloping. However, the growth is not that much satisfactory. For example, growth rate percentage of profit after tax fluctuated over the last five years and decreased almost by half in 2018 from 2017. It increases in 2019 and above next. Growth rate of shareholder’s equity was increase continually in every year. (Annua Report, 2017-2021)

## 4.2 Fundamental Ratio Analysis of BPBL

### 4.2.1 Short-Term Solvency or Liquidity Ratios

The key concern of the liquidity ratios is the firm’s ability to meet the short-term financial obligation without undue pressure. These ratios emphasize on the current assets and current liabilities to quickly convert the assets to cash. (Liquidity ratios, 2021)

### 4.2.1.1 Current Ratio

The current ratio compares a company’s liquid assets with short-term liabilities. That means the ability of the company to pay the short-term liabilities with the current assets such as accounts receivables, cash etc. The higher the current ratio, the more liquid the company is. The ideal current ratio is 2:1. (Roman Weil, 2014).

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}} \text{ times}$$

BPBL’s 2017 to 2021 Current Ratio

Taka in “000”

Particulars	2021	2020	2019	2018	2017
Current Asset	94,68,201	77,21,912	65,83,908	54,62,783	50,87,352
Current Liabilities	47,30,285	34,83,507	29,44,023	26,62,782	25,73,140
Current Ratio	2	2.22	2.24	2.05	1.98

Table 2: Current Ratio

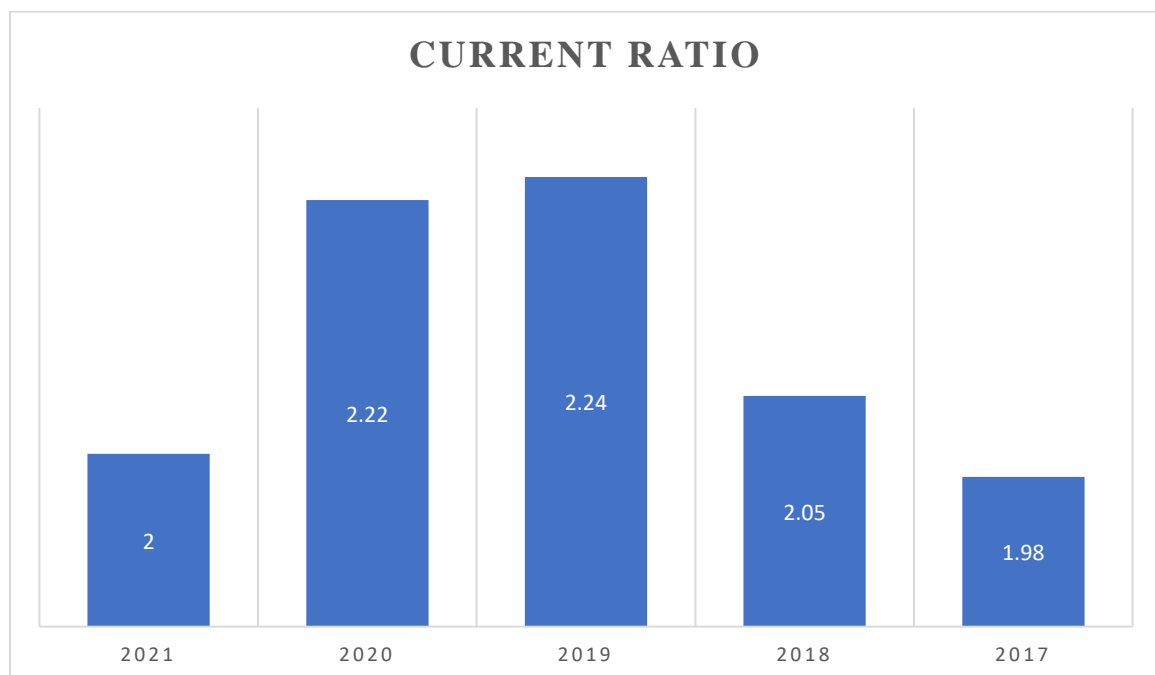


Chart 3: Current Ratio

## Interpretation

BPBL's current ratio was 1.98:1 in 2017, and it increased slightly to 2.05 in 2018. The ratio improved by 0.07% because both the current assets and current liabilities went up. However, there was a greater increase in current assets than the current liabilities, due to which the current ratio improved. In 2019 and 2020, the ratio increased. Liquid assets increased in 2019 and 2020, but short-term liabilities decreased in 2019 from 2020, maybe because of a reduction in accounts payables and short-term debts. The current ratio decreases in 2021 compared to 2020. The current liabilities have increased from the previous year. Still, as the current assets experienced a greater increase against the current liabilities, the impact on the current ratio was not that negative. Since the current ratio remained above one throughout the five years, it can be assumed that BPBL did not face any problems meeting its short-term liabilities. And it was in 2020, BPBL reached the ideal current ratio of 2:1, which is regarded as desirable for a healthy business.

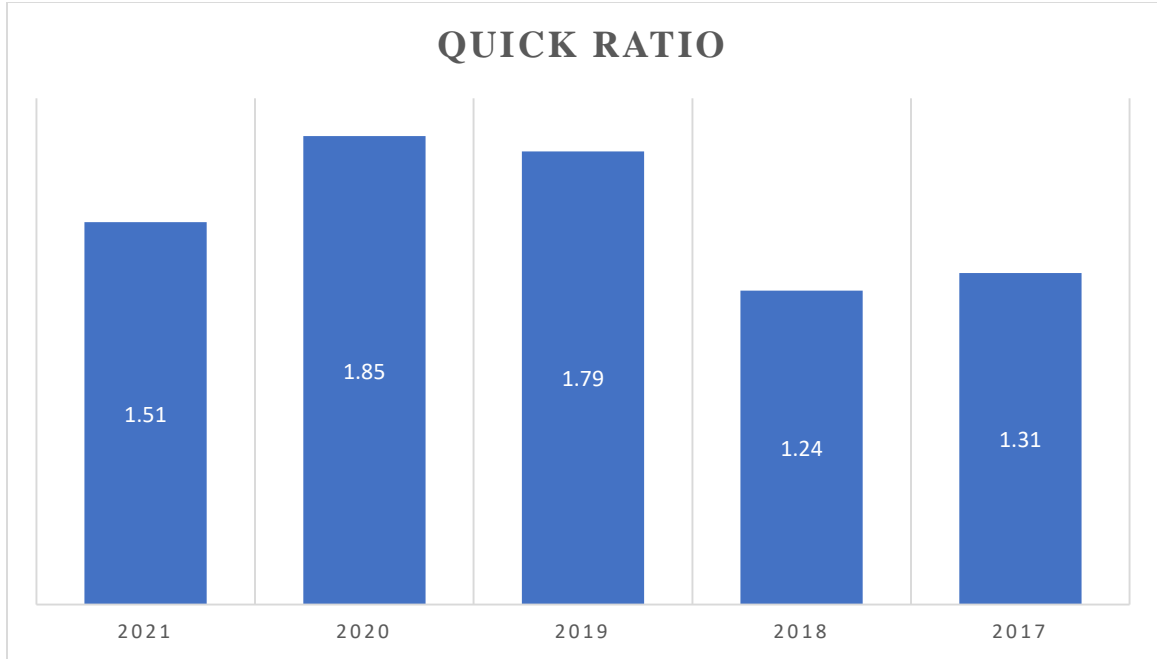
### 4.2.1.2 Quick Ratio

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. (Roman Weil, 2014)

$$\text{Quick Ratio} = \frac{\text{Current Asset} - \text{Inventory}}{\text{Current Liabilities}} \text{ times}$$

BPBL's 2017 to 2021 Quick Ratio					Taka in "000"
Particulars	2021	2020	2019	2018	2017
Current Asset	94,68,201	77,21,912	65,83,908	54,62,783	50,87,352
Inventory	47,30,285	34,83,507	29,44,023	26,62,782	25,73,140
Current Liabilities	3,125,809	22,87,580	2,025,209	2,250,601	1,916,288
Quick Ratio	1.51	1.85	1.79	1.24	1.31

Table 3: Quick Ratio



**Chart 4: Quick Ratio**

**Interpretation:**

From the above table, it can be seen that the quick ratio of BPBL varied from time to time. The quick ratio was 1.31:1 in 2017, and it reduced in 2018 to 1.24:1, leading to a drop. There had been an increasing trend in current assets, current liabilities and inventory, yet a massive increase in inventory affected the huge percentage decline. Inventory might be increased due to customer demand for the product in the market. It increases in 2019 by 1.79. The ratio was 1.85:1 in 2020. It dropped further in 2021 by 1.51 from 1.85. In 2019 and 2020, BPBL had enough cash and bank balance compared to 2018 and 2017. However, in 2019 and 2020, BPBL’s quick ratio was almost high to the ideal quick ratio of 1:1, which indicates BPBL was highly dependent on paying their liabilities on inventory. They were efficient in managing their cash. On the other hand, in 2021, the ratio keeps from ideal one because the company may keep a huge amount of cash on hand or had a problem with inventory management or accounts receivable management.

**4.2.2 Long-Term Solvency or Financial Leverage Ratios**

Long-term solvency ratios are used to assess the firm’s long-term ability to meet the long-term debt obligations such as interest payments on debt, the final principal payment on debt, and fixed

obligations like lease payments. (R. Charles Moyer, 2011)

#### 4.2.2.1 Debt to Equity Ratio

The debt-to-equity ratio compares a company's total liabilities to the total shareholders' equity. This is a measurement of how much suppliers, lenders and creditors have committed to the company against the shareholders have committed. The standard debt to equity ratio is 1:1. The lower the ratio, lower the debt and higher the equity of shareholders. (Debt to equity ratio, 2021)

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Shareholder's Equity}} \text{ times}$$

**BPBL's 2017 to 2021 Debt to Equity Ratio**

**Taka in "000"**

Particulars	2021	2020	2019	2018	2017
<b>Total Debt</b>	5,409,272	5,409,272	3,180,523	2,890,472	3,071,091
<b>Total Shareholder's Equity</b>	98,90,766	87,08,157	75,75,155	60,80,657	53,66,735
<b>Debt to Equity Ratio</b>	0.54	0.62	0.42	0.47	0.57

Table 4: Debt to Equity Ratio

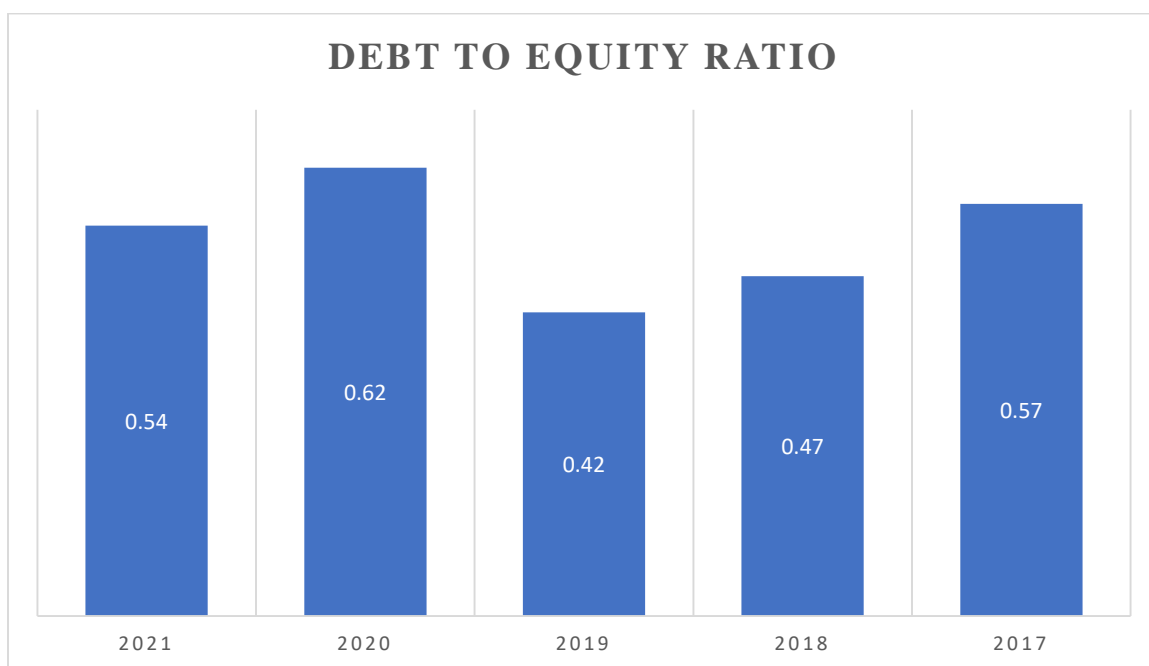


Chart 5: Debt to Equity Ratio

## Interpretation

The table shows that the debt-to-equity ratio of BPBL had a decreasing from year 2020 to 2021 and 2017 to 2018 and 2019 which are respectively 0.54, 0.62, 0.42, 0.47, 0.57 times. Both the debt and shareholders' equity went up in 2020 but there was greater improvement in shareholders equity compare to debt. That means BPBL had been efficient in financing its growth with its obligations. Though 1:1 debt to equity ratio is preferable, BPBL's debt to equity ratio is decreasing so their capacity of debt financing is being increased. Nevertheless, it can be assumed that most of BPBL's debts consist of creditors and accruals so BPBL's borrowing cost is insignificant as a consequence BPBL is in good position.

### 4.2.2.2 Debt to Asset Ratio

Debt to asset ratio shows the proportion of the assets that are financed with short term and long-term debt rather than equity and the ideal ratio in percentage is 0.4 to 0.5 times. Long term debt can be deferred tax liabilities and short-term debts are trade and other payables, bank overdraft, provision for royalty etc. Lower the ratio, lower the amount of debt and most of the financing are being covered by equity. (Debt to asset ratio, 2021)

$$\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}} \text{ times}$$

BPBL's 2017 to 2021 Debt to Asset Ratio

Taka in "000"

Particulars	2021	2020	2019	2018	2017
Total Debt	5,409,272	5,409,272	3,180,523	2,890,472	3,071,091
Total Asset	1,53,00,038	1,29,29,511	1,07,61,587	89,80,428	84,37,826
Total Debt to Asset Ratio	0.35	0.41	0.29	0.32	0.36

Table 5: Debt to Asset Ratio



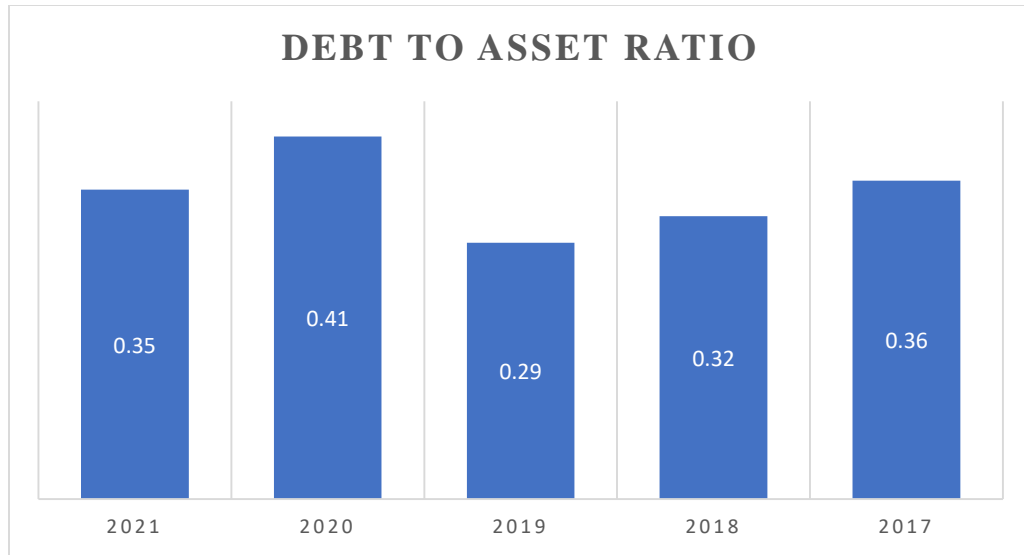


Chart 6: Debt to Asset Ratio

### Interpretation

Like every other company BPBL’s debt to asset ratio includes both long-term and short-term debt. It also contains the company’s tangible assets and intangible assets. Property & plants, inventories etc. are tangible assets and software, trademarks etc. are the intangible assets of BPBL. The debt to asset ratio of BPBL fluctuated over the last five years. Since BPBL’s debt to asset ratio was 0.36 times in 2017 which was higher than any other year it can be said that they took higher financial risk. From 2018 to 2020 the ratios were respectively 0.32, 0.29 and 0.41 times which has a fluctuating trend due to continuous improvement in assets value and irregularity in debt value. However, the debt to asset ratio is close to the standard ratio.

### 4.2.3 Asset Management or Turnover Ratios

The turnover ratios describe how effectively a firm uses assets to generate sales revenue. High asset turnover ratios are desirable since they mean that the company is utilizing their assets strongly to produce sales. The higher the asset turnover ratios, the more revenues the company can generate from the assets. On the other hand, low asset turnover ratios mean assets of the company is not properly utilized. (Jain, 2007)

### 4.2.3.1 Inventory Turnover Ratio

Inventory turnover ratio measures how many times a company's inventory is sold and replaced over a period. This ratio evaluates the liquidity of the firm's inventory. It also helps to determine how sales can be increased through inventory control. The standard inventory turnover ratio is 4:1. Generally, a low turnover ratio involves poor sales therefore end up with excess inventory. On the contrary, a high turnover ratio implies company is very strong in selling inventory or ineffective buying. (Inventory turnover ratio, 2021)

$$\text{Inventory Turnover Ratio} = \frac{\text{Sales}}{\text{Inventory}} \text{ times}$$

BPBL's 2017 to 2021 Inventory Turnover Ratio

Taka in "000"

Particulars	2021	2020	2019	2018	2017
Sales	16,669,802	16,219,044	17,733,311	16,483,497	18,603,715
Inventory	3,125,809	2,287,580	2,025,209	2,250,601	1,916,288
Inventory Turnover Ratio	5.3	7.0	8.7	7.3	9.7

Chart 7: Inventory Turnover Ratio

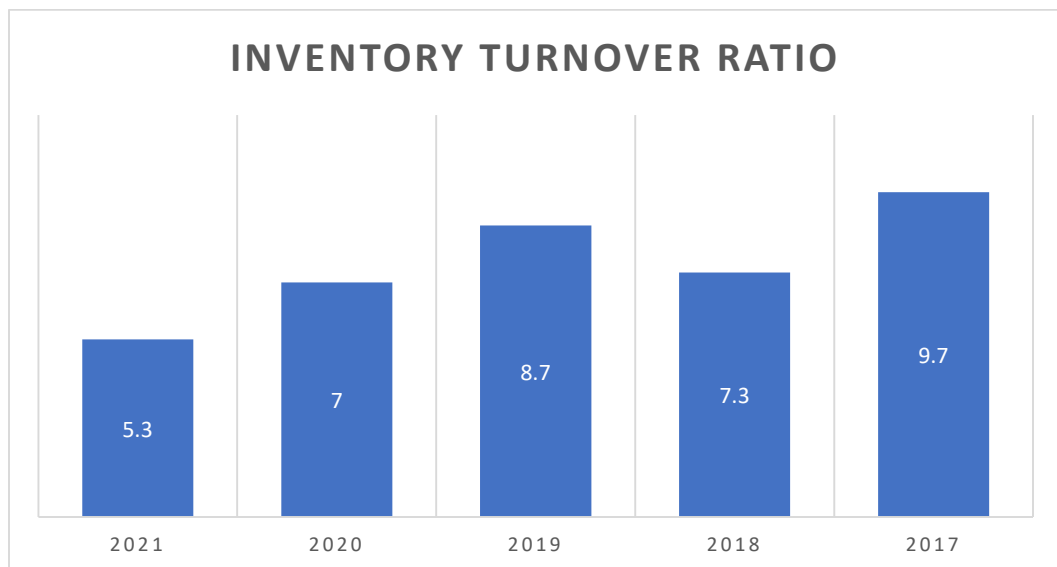


Chart 8: Inventory Turnover Ratio

Interpretation:

Here from the above-mentioned table, BPBL’s turned their inventory 9.7 times in 2017 and the turnover rate started to decline in 2018 and 2019 which were respectively 7.3 and 8.7 times. This happened because they had more inventories piled up than the sales proceeds which indicate the company over spent by buying too much inventory. Over the last five years the inventory turnover ratios were fluctuating from the standard ratio.

#### 4.2.3.2 Accounts Receivable Turnover Ratio

Accounts receivable ratio is an activity ratio that measures how many times a firm can turn accounts receivable into cash during a period. It measures how many times a company can collect average accounts receivable during a year. An efficient company’s collection period is 30 days. The lower the amount of uncollected cash, the higher this ratio will be and if a company has more of the proceeds awaiting receipt, the lower the ratio will be. (Accounts receivable turnover ratio, 2021)

$$\text{Accounts Receivable Turnover Ratio} = \frac{\text{Sales}}{\text{Average accounts receivables}} \text{ days}$$

BPBL’s 2017 to 2021 Accounts Receivable Turnover Ratio

Taka in “000”

Particulars	2021	2020	2019	2018	2017
Sales	16,669,802	16,219,044	17,733,311	16,483,497	18,603,715
Average Accounts Receivables	1,712,435	1,619,002	1,663,524	1,580,048	1,091,553
Accounts Receivable Turnover Ratio	9.7	10.01	10.66	10.43	17.04

Table 6: Accounts Receivable Turnover Ratio

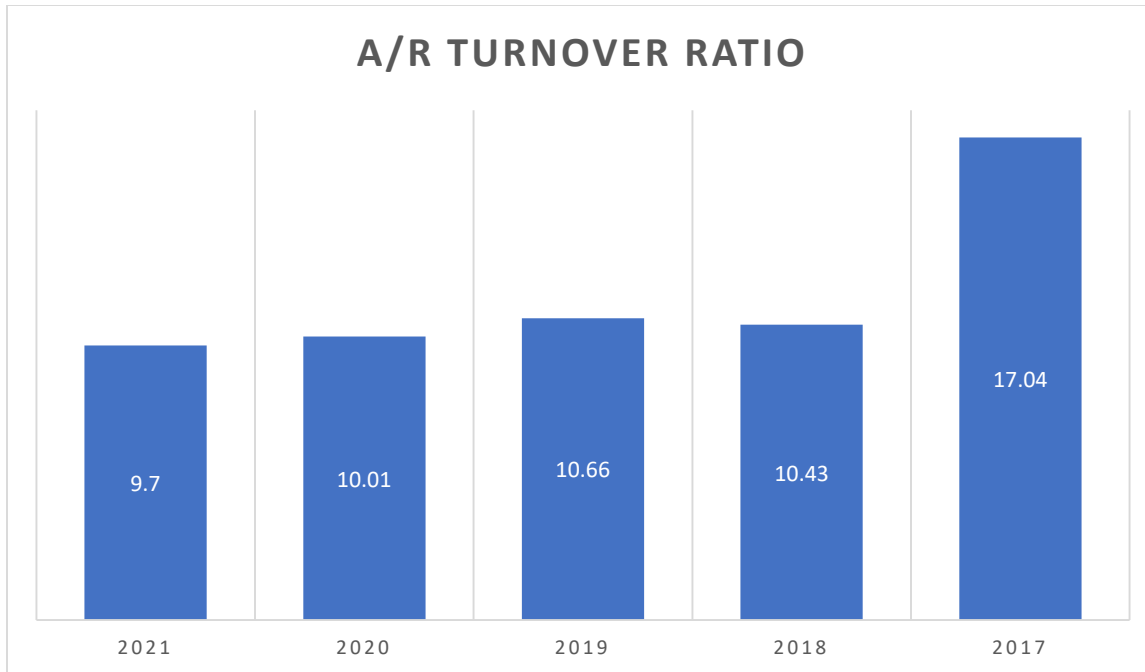


Chart 9:Accounts Receivable Turnover Ratio

**Interpretation:**

BPBL’s accounts receivable turnover has a changing trend year to year. In 2017 BPBL’s accounts receivable ratio was 17 days that means it was very efficient in collecting outstanding sales and reinvested the sales proceeds. It might be happened because of the change in cash collection process that leads to an increase in average accounts receivables every year. Yet, the collection period is below the standard ratio which is a positive factor for the company.

**4.2.3.3 Accounts Payable Turnover Ratio**

Accounts payable turnover ratio measures the speed of any company to pay its suppliers. The ideal accounts payable ratio is between 45 to 65 days. On the contrary, if the turnover ratio drops from one period to the next, this indicates that the company is paying its suppliers more slowly which can badly affect the company’s financial position. (Accounts payable ratio, 2021)

$$\text{Accounts Payable Turnover Ratio} = \frac{\text{Purchases}}{\text{Average accounts Payables}} \text{ days}$$

BPBL’s 2017 to 2021 Accounts Payable Turnover Ratio

Taka in “000”

Particulars	2021	2020	2019	2018	2017
Purchases	9,374,452	8,794,441	8,611,786	7,891,874	6,739,144
Average Accounts Payable	1,209,227	791,541	417,287	347,747	219,032
Accounts Payable Turnover	47	33	18	16	12

Table 7: Accounts Payable Turnover Ratio

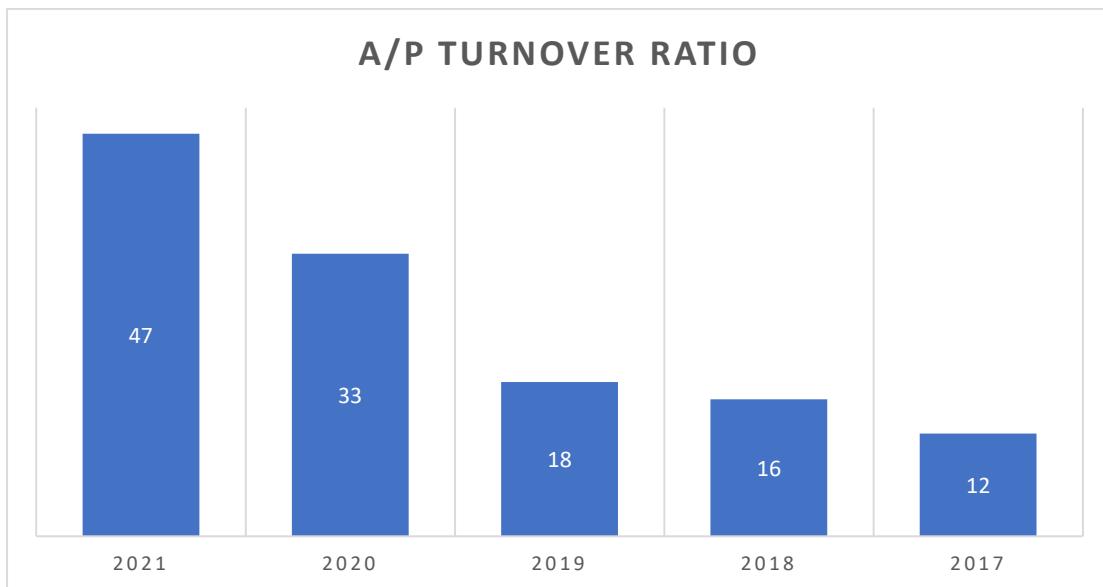


Chart 10: Accounts Payable Turnover Ratio

Interpretation

The ratio of BPBL was 12 days in 2017 and increased in 2018 to 16 days since they might be facing problems to pay the debts to the suppliers. Again, the ratio improved in 2019 and 2020 which were respectively 18 and 33 days. That may indicate, they were paying their suppliers timely and they were taking advantage of early payment discounts. However, the ratio again increased to 47 days in 2021 may be because of delay in payments. The turnover ratio went up in the previous year that can weaken the company’s negotiation power with the vendors in terms of credit terms and discounts in the future.

## 4.2.4 Profitability Ratios

Profitability ratios evaluate a firm's overall efficiency and performance. Profitability ratios are of two types, one is margin and another is return. A higher value is desirable than a lower one and it indicates company is making profit from their operations. (Eugene Brigham, 2011)

### 4.2.4.1 Net Profit Margin

The net profit margin ratio directly indicates what percentage of sales is made up of net income. This ratio also evaluates how well a company manages the expenditures relative to the net sales. The standard ratio is 10% to 20%. Companies can achieve higher ratios either by producing more incomes while keeping expenditures constant or keep revenues constant and lower expenditures. (Net profit margin)

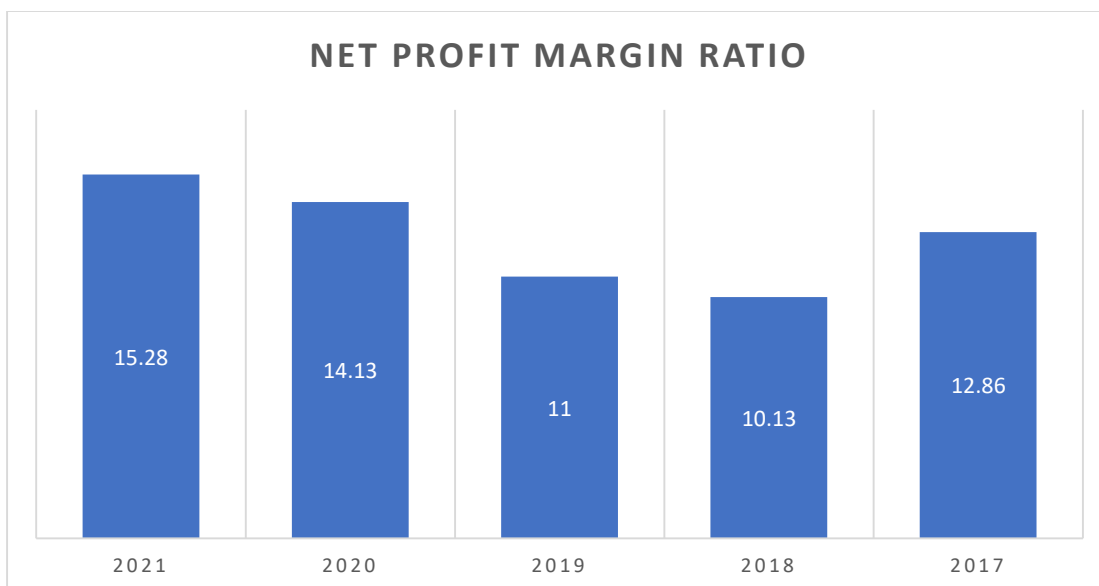
$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

BPBL's 2017 to 2021 Net profit Margin

Taka in "000"

Particulars	2021	2020	2019	2018	2017
Net Income	2,548,788	2,292,448	1,951,146	1,669,930	2,392,648
Sales	16,669,802	16,219,044	17,733,311	16,483,497	18,603,715
Net Profit Margin	15.28%	14.13%	11.00%	10.13%	12.86%

Table 8: Net Profit Margin Ratio



**Chart 11: Net Profit Margin**

**Interpretation:**

The net profit margin of BPBL was 12.86%, 10.13%, 11%, 14.13% and 15.28% from 2017 to 2021 respectively. It rose by 3% in 2020 compare to 2019 may be because they minimize their expenses and generated more revenues. The ratio decreased in 2018 and 2019. The reason of this fact either might be high selling and administrating expenses, high tax rates and other operating expenses or low income from operations. BPBL should concentrate on how to increase net profit margin in near future.

**4.2.4.2 Return on Asset (ROA)**

The return on assets ratio measures the net income produced by total assets during a period. In other words, ROA measures how efficiently a company can manage their assets to generate incomes during a period. (Return on asset)

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total asset}}$$

BPBL's 2017 to 2021 ROA

Taka in "000"

Particulars	2021	2020	2019	2018	2017
Net Income	2,548,788	2,292,448	1,951,146	1,669,930	2,392,648
Total Asset	1,53,00,038	1,29,29,511	1,07,61,587	89,80,428	84,37,826
Return on Asset	16.65%	17.73%	18.13%	18.59%	28.35%

Table 9: ROA

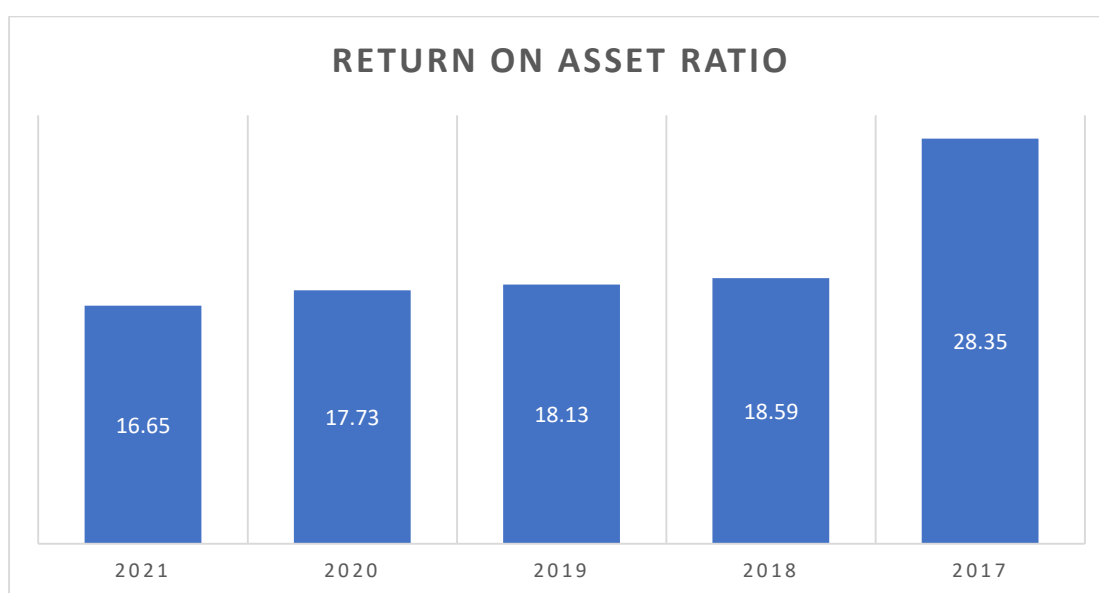


Chart 12: ROA

### Interpretation:

From year 2017 to 2021 BPBL's ROA percentages were 28.35%, 18.59%, 18.13%, 17.73% and 16.65% respectively which remained almost constant. That implies BPBL earned Tk. 0.16, 0.17, 0.18, 0.185 and 0.283 for each Tk. assets from 2017 to 2021. Berger is an asset-insensitive company and needs expensive plants and machineries to generate revenues. Thus, the high return on assets in 2017 suggests BPBL was more careful to invest in assets and use their assets efficiently. BPBL's asset management should be revised the policies and procedures to avoid unfavorable situation in upcoming days otherwise it can affect the profitability of the company.



### 4.2.4.3 Return on Equity (ROE)

The ROE ratio suggests how profitable a company is in comparison to the net income with the shareholders' equity. In other word, ROE measures the ability of a firm to generate profits from the shareholder's investments in the company. The higher the ratio is, the more efficient the company is in utilizing the equity and the better return they can provide to the investors. (Return on equity)

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Shareholder's Equity}}$$

BPBL's 2017 to 2021 ROE

Taka in "000"

Particulars	2021	2020	2019	2018	2017
Net Income	2,548,788	2,292,448	1,951,146	1,669,930	2,392,648
Total Shareholder's Equity	98,90,766	87,08,157	75,75,155	60,80,657	53,66,735
Return on Equity	25.76%	26.32%	25.75%	27.46%	44.58%

Table 10 : ROE

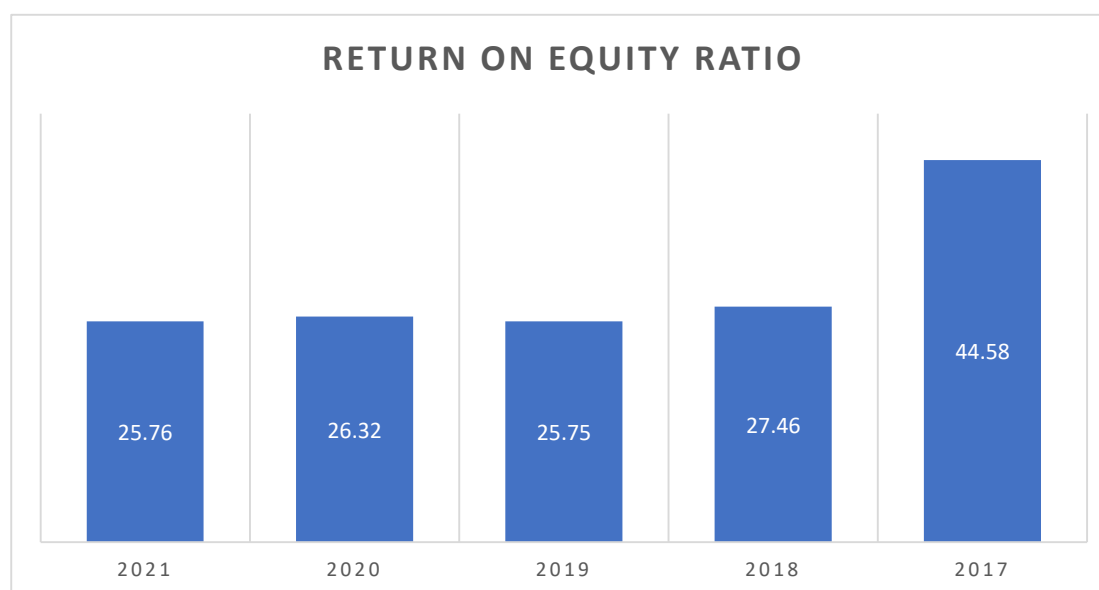


Chart 13: ROE

### Interpretation:

BPBL's ROE indicates that from 2017 to 2021 the ratios were 44%, 27%, 25%, 26.32% and 25.76% respectively. The ROE ratios showing a decreasing trend which may not be satisfactory for the investors to invest in BPBL since they want high return. As a result, they will reconsider to invest in BPBL even they might choose another company. The major cause of this reduction may be due to the increase in shareholders equity compared to the net income.

## **Chapter Five: Findings**

### **Findings from the Analysis**

BPBL was honored with the ICMAB Best Corporate Award and for outstanding achievements in financial and management excellence. In addition, Berger was awarded the top position in the Multinational Companies Category in the ICMAB Award based on the market strength, leverage, profitability, liquidity, funding flexibility and other qualitative factors. The main reason for highlighting about this award is because it has an important relationship with my findings.

The key ratios which affect a company's liquidity and profitability are current ratio, quick ratio, debt to equity ratio, ROA and inventory turnover ratio. However, other ratios are also important since they also measure company's performance. Based on the financial performance analysis, both positive and negative findings can be observed. Although BPBL is the market leader and one of the oldest players in the paint industry in Bangladesh, but some flaws of the company can be observed which may have gone unnoticed because of their enormous success.

**Liquidity:** BPBL is experiencing increasing growth in terms of liquidity since they have more current assets than before. Moreover, the current ratio reached the ideal ratio of 2:1 in 2020. As a result, it can be assumed that the company will acquire more assets in the next few years to keep their liquidity in a better position. BPBL owns almost 55% market shares in Bangladesh, which means they had been investing in many plants and machineries to remain competitive in the market. This has been possible only as they have enough liquid assets to convert into cash quickly. However, in 2017 and 2020, even though they were managing their cash on hand properly, they

might have produced a huge number of inventories in 2018 and 2019 due to which the company was unable to pay their current liabilities properly with their current assets such as cash and cash equivalents, and accounts receivable etc. as a result their liabilities went up. Marketable securities are another source of current assets. BPBL's share price is increasing rapidly that indicates they can sell shares quickly via public offerings to pull up funds if the company faces such crisis. The company is not efficient enough in managing their accounts receivable. The customers are mostly institutional and corporate and they purchase the products on credit since they purchase in bulk. They generally give this opportunity to the old vendors whom they know and who have good reputation. Sometimes they also give the chance to the small companies but some companies do not pay on time or ever and as a consequence bad debt increases.

**Profitability:** Almost every year BPBL earns a huge profit but it may not be sufficient as the business is growing day by day. With the expansion of the business, they had established a lot of plants in different places of the country. PBT and PAT are increasing but the growth rates are not adequate. Net profit margin has a fluctuating trend may be because of high selling and administrating expenses, high tax rates and other operating expenses or low incomes from operations. On the other hand, ROA and ROE is decreasing year to year that implies net income produced from assets and equity is not sufficient in retaining the company growth. Yet, this situation might have been created due to other causes. BPBL usually do not keep any price limit of the shares for that reason they can repurchase their own securities at a low price and sell them at a higher price after a while and the trade of shares remains closer to that higher price. BPBL is paying a huge amount of tax to the government every year, that is why the after-tax profit is giving low results. Nevertheless, BPBL is trying to manage their operations effectively and efficiently by satisfying the shareholders as well as the customer's needs.

## Chapter Six: Recommendations

- ✚ Coordination among the employee of the finance department must be stronger to bring maximum output. So, they should utilize the efficiency of the employee. They can organize workshop, seminars and provide more training to develop their work ability and motivate them towards work by setting goals.
- ✚ BPBL should keep liquid assets or safety cash balance for unanticipated cash crisis.
- ✚ BPBL should invest the retained cash in government securities such as Treasury bill and Treasury bond. They can also invest in short-term marketable securities which generates more revenues for the firm.
- ✚ The company should concentrate on the quick ratio since it can go far beyond the ideal ratio 1:1. For that they have to manage their inventory properly. If they produce more inventories, they can become obsolete and outdated while they remain unsold. On the other hand, if they produce fewer inventories, they will be unable to fulfill customer demand as a result the customer will switch to their competitors.
- ✚ Company should control the debtor's collection period which is most important part of current assets.
- ✚ BPBL have to manage their assets carefully so that they can achieve maximum benefit from the investment and increase the return on asset ratio by increasing net income.
- ✚ The company should do research to minimize the cost by keeping the same quality. For that purpose, they can introduce backward integration for producing raw materials to take cost advantage.

## Chapter Seven: Conclusion

In 1970 Berger Paints established their paint factory in Chittagong district with the name of Jenson & Nicholson. Since then, their journey started in Bangladesh. After ten years the name of the company had changed to Berger Paints (BD) Ltd. from Jenson & Nicholson (J&N). In 2002 BPBL construct their Corporate Office in Dhaka. After that in 2003 they relocated the Corporate Office from Chittagong to Dhaka. With their strong distribution network, BPBL has reached almost every corner of Bangladesh and now they have 10 depots which are selling Berger products all over the country. The nationwide dealer network is supported by the sales offices. BPBL, yet, is one of the most technologically advanced companies throughout country. They are continuously striving for innovating superior quality products and services. The company grew rapidly and in 2008 they experienced a growth of 25% and they capture a market share of 55% in 2014. The company is the market leader as a result BPBL has potential to expand their business and earn profit.

The three months internship program helped me to enhance my knowledge beyond the text books. I have gained practical knowledge regarding the corporate environment which I hope would support me in the future.

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