

INTRENSHIP REPORT ON Financial Statement Analysis

RADIANT
NUTRACEUTICALS



Internship Report On
Financial Statement Analysis of
Radiant Nutraceutical Ltd.

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Letter of transmittal

30th January, 2019
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Sub: Submission of Internship Report.

Dear Mam,

It is my great pleasure to submit the report on "Financial performance Analysis of Radiant Nutraceutical Ltd." as a part of my Internship program. I got the opportunity to work at country's leading Nutraceutical Company and was placed under one of the most important departments in the company Accounts and Finance

I enjoyed preparing this report, which enriched my theoretical knowledge. To prepare the report I collected what I believe to be most relevant information to make my report as analytical and reliable as possible. I have concentrated my best effort to achieve the objectives of the report and hope that my endeavor will serve the purpose. I am very much glad that you have given me the opportunity to prepare this report for you & hope that this report will meet the standards of your judgment.

I would request you to kindly accept the report and provide me with feedbacks.

Sincerely yours,

Nazifa Kamal Preety
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Declaration Letter

This is to certify that the internship report entitled “Financial Performance Analysis” of Radiant Nutraceutical Ltd.” by Nazifa Kamal Preety (111143171) for fulfillment of the requirement of degree of Bachelor of Business Administration from United International University is a record of the candidate's own work carried out by her under any supervision. All verbatim extracts have been distinguished by quotation marks and all sources of information have been specifically acknowledged.

Shakila Aziz
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ACKNOWLEDGEMENT

I am pleased to get this opportunity to give special thanks to the persons whose ideas; views and provided support to prepare and enriched this report. I am grateful to all officials and staffs of Radiant Nutraceutical Ltd. (RNL) for their huge cooperation. And also grateful to the persons whose books, working papers, journals and related materials give me continuous support to write this report.

I greatly appreciated Ms. Shakila Aziz mam, Assistant Professor of Economics, United International University (UIU) guideline to prepare this project report on Financial performance Analysis of Radiant Nutraceutical Ltd. (RNL). I would like to thank Mohammed Sahidur Rahman sir, (General Manager, Accounts) for giving me all the information which helped me to prepare this report. I would also like to express my gratitude Mr. Ashraf Mahmud sir, (Director, Accounts.) and Kollo Boral sir (Manager, Account and Finance), for their Support.

EXECUTIVE SUMMARY

The internship report is a partial requirement for the Bachelor of Business Administration. As a part of the internship program, I am prepared as requirement of the BBA program of United International University. This focus on two month working experiences in Radiant Nutraceuticals limited, Dhaka. I tried my best to provide a clear idea about their financial activities & performance evaluation. The philosophy of Radiant Nutraceuticals (RNL) limited is to improve people's health and quality of life.

Obligations to ethical compliance and commitments to quality assurance blended with caring approach to the customers and employees constitute the dynamics of RNL. The resultant effects are reflected in the commendable efficiency of a highly motivated team of relatively younger executives, aiming at soaring high in the sky that is what gives Radiant the confidence to look beyond the horizon. In this report I also present the financial statement analysis of RNL and evaluate its overall performance

LITERATURE REVIEW

Financial Statement Analysis is an analysis which highlights important relationships in the financial statements. Financial Statement analysis uses the methods used in assessing and interpreting the results of past performance and current financial position as they relate to particular factors of interest in investment decisions. It is an important for analyzing past performance and in forecasting and planning future performance.

In this report I have used the traditional methods for financial statement Analysis of Radiant Nutraceuticals limited. The statement of financial year 2014 to 2017 has been analysis in this report. The major objectives of financial statement analysis are to provide decision makers information about a business for use in decision-making and to observe overall financial ability of the business. Users of financial statement information are the decision-makers concerned with evaluating the economic situation of the firm and predicting its future course.

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CHAPTER I: INTRODUCTION

1.1 Objective

The main objective of this report is to know about and analyze the financial strategies of the company, analyzing the current market and make possible recommendation about the company. The study has also the following objectives-

- To provide a strong theoretical framework for analyzing financial statements.
- To study the growth profile of the company during the study period.
- To study the financial position of the company and operation of RNL
- To appraise financial soundness of the company.
- To offer suggestions for improvement in the company.

1.2 Scope of the Study

The study mainly attempts to analyze the financial performance of the company selected for the study. The financial authorities can use this for evaluating their performance in future, which will help to analyze financial statements and help to apply the resources of the company properly for the development of the company and bring overall growth.

1.3 Methodology

The information's needed to complete this report were collected from the following sources:

- Primary Sources:

Primary data are collected through sample survey and interviews with the concerned party. It included the fresh or completely new data sources collected for a specified purpose, such as interviews, observations etc.

- Secondary Sources:

Secondary data are collected through gathering of the published materials (annual report) of the company, industry sales report from the concerned authority.

1.4 Limitations:

During the study of the report I have faced following problems-

- Information relating to the report is very sensitive and confidential. Some of the information cannot be shown because of confidentiality
- Ratio analysis is widely used as a performance indicator, but the accounts shows only the monetary aspects of the business. They do not show management or staff strengths or weaknesses. So ratio analysis ignores this aspect of the performance as well.

CHAPTER II: THE ORGANIZATION

2.1 Corporate History

The Herbal and Nutraceutical industry of Bangladesh have registered significant growth over the last two decades. An accelerated pace of development is expected in the years to come. There are almost 15 established Nutraceutical companies in Bangladesh. Radiant Nutraceutical is one the top Nutraceutical companies. Radiant Nutraceutical started its journey in 27 June 2007 with a view to making further contributions to these promising sectors. With a team of more than 50 members, it is engaged in manufacturing, importing, marketing and distributing of, Nutraceutical products, and raw materials. Radiant Nutraceutical has also signed technical collaboration agreement with Tasly, China for the technical boost to Nutraceutical business.

2.2 Company Profile

Radiant Nutraceutical is consisting of personable and enthusiastic bunch of peoples, who have a real passion for what they do. Not only had they focused on maintaining outstanding levels of customer service, but care about every stage of the process, from an initial enquiry to the final delivery. Radiant Nutraceutical is focused on nothing more than providing a consistent, fast and accurate approach every time.

2.2.1 Quality

Quality and commitment are vital components Radiant Nutraceutical and they have full traceability from an ingredient's source to end product. They also have a dedicated quality assurance team that's always on hand to answer customer Radiant Nutraceutical questions, or to offer technical advice.

2.2.2 Vision

Radiant is to flourish as a leading performer in areas of activities and to excel as a caring corporate citizen committed to a high ethical standard in our business, products and services.

2.2.3 Mission

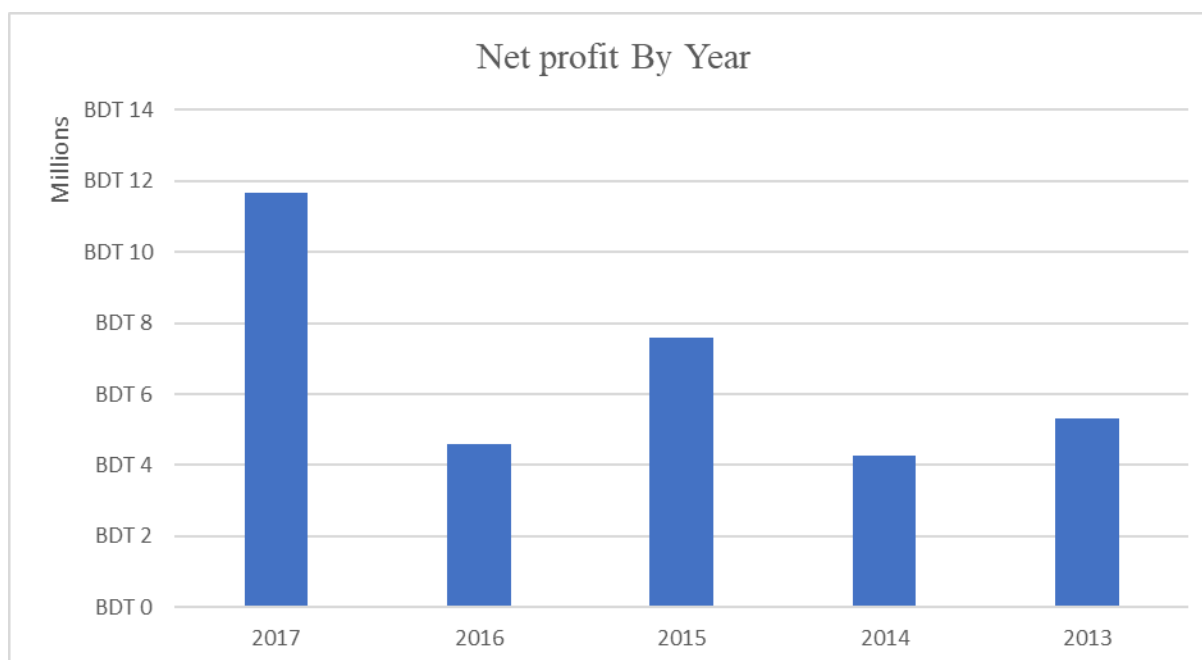
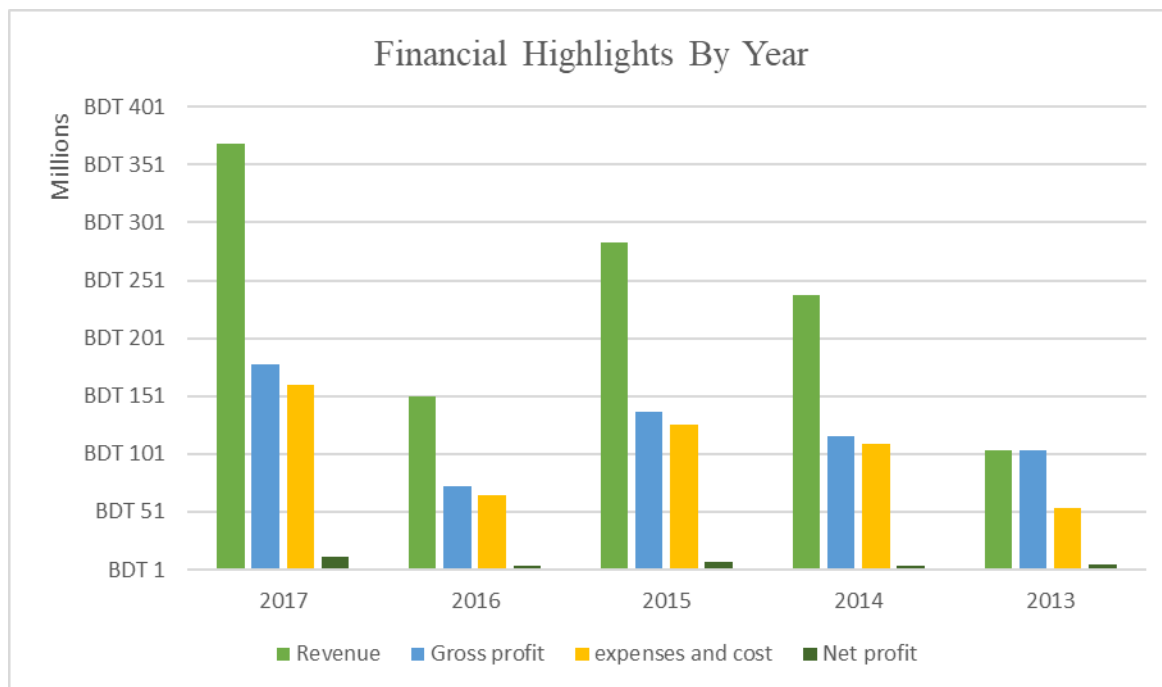
To achieve profitable growth in business endeavors as a reputed and flourishing corporate organization. To ensure that the corporate performances are achieved by sincere efforts motivated to contribute through innovation and drive to deliver quality products and services with determination to lead and win. To strictly adhere to the professional, social, environmental and regulatory requirements ensuring the highest possible compliance to the ethical standards and practices. To emerge and continue as caring corporate citizen through providing support and services for the welfare of the employees and the society.

2.3 Key Functional Department of RNL and Manpower

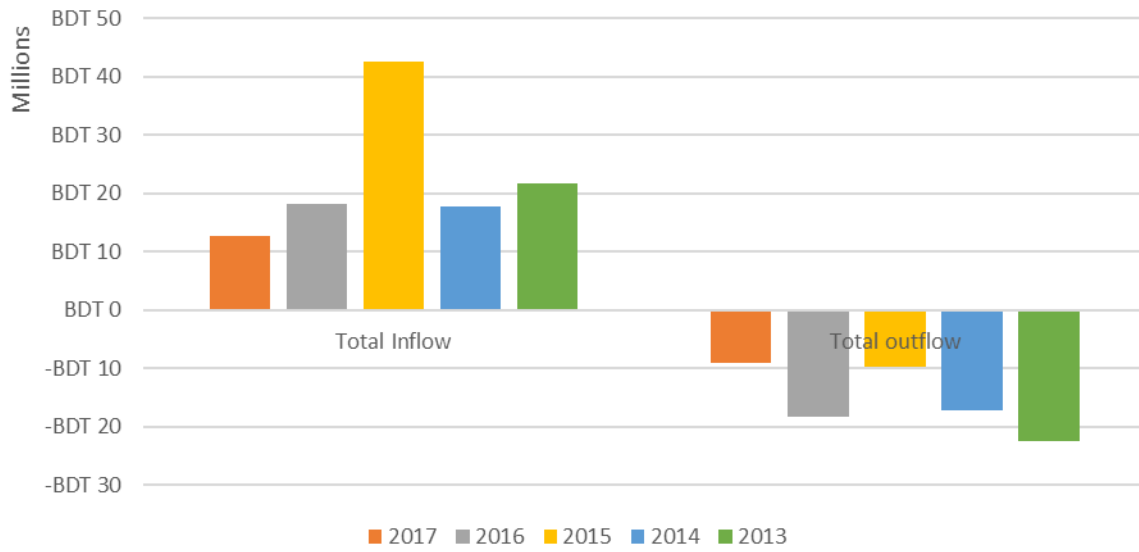
Radiant Nutraceutical have total 254 employees working efficiently to achieve its goal. They have total 14 functional departments. They are-

- Commercial
- Engineering
- Finance & Accounts
- General Services
- Human Resource
- IMT
- Marketing
- Product Development
- Production
- Promotional Materials Management
- Quality Assurance
- Quality Control
- Regulatory Affairs
- Sales
- Warehouse

2.4 Financial Highlights



Cash Flows Overview (2017-2013)



2.5 Product Mix

RNL have the Following Products-

GINOBA

Significantly improves cognition, Alzheimer disease behavior and activity of daily living without the side-effects of pharmaceuticals

PANASENG

Increases Oxygen Utilization, enhance Immunity, reducing chronic fatigue. Indications: General weakness, fatigue and stress, impotence, immunodeficiency and adjuvant therapy for chronic bronchitis and diabetes.

PIRULIN

Used for the treatment and prevention of malnutrition, diabetes, arthritis, asthma, hyperglycemia, anemia, allergic rhinitis and enhance immunity. Also helps to maintain healthy eyes and skin

YOHIM

Used for libido Booster of erectile dysfunction

FORMUM

Required during pregnancy and lactation, it's indicated for the treatment and prophylaxis of iron, vitamin B complex and vitamin C deficiency, especially during pregnancy and lactation

UBI Q

Indications; infertility, treatment & prevention of neurological disorder.

PREMUM

For the treatment for folic acid and zinc deficiency. Prevents neural Tube defects, fetal growth retardation, megaloblastic anemia, fetal immune dysfunction

RADISIL

Protects fatty liver diseases by regenerating hepatocytes, reducing liver markers and restricting fat accumulation in liver.

Hormone free, alternative to HRT (Hormone replacement therapy)

Relives-Hot Flashes, Irritability, Sleeplessness, Mood swing

MENOFEMIN

Relives Night sweat

TAMFAST

Developed with sugar free pellet technology. Suitable for Diabetes patients with BPH(benign prostatic Hypothesis)

CRANBIOTIC

Is indicated for the treatment and prevention of urinary tract infection and kidney stones

PYCNOGENOL

Used for the treatment for Inflammation and oxidative cell damage.

FLORIZ

Indicated for hair loss, weak, brittle, splitting of soft nails.

GASTROAID

Effective for heartburn and gastric discomfort that gives fast soothing from stomach pain.it also enhanced appetite, relives nausea vomiting and gastric acid reflux

CURNOID

Indicated Osteoarthritis, rheumatoid arthritis, traumatic swelling and pain.

RADIFLEX

Repair or rebuild cur telex

2.6 Corporate Social Responsibilities

As a socially responsible corporate, Radiant Nutraceutical always has extensive CSR programs aimed at contributing to social uplift and environmental upkeep. With the vision of enabling opportunities to improve lives, Radiant drives its CSR activities in the domain of education, ICT, Health and environment. Being committed to address societal needs, it has various outreach activities for all categories of people across the country.

In the aspect of health, Radiant extended its hands towards the suffering humanity specially the limited income group. Since its inception from 2004, Radiant Nutraceuticals donated approx. 140 million taka by offering price benefits to underprivileged people of this country. Radiant pulls out its hand for the welfare of the Society through various supports for the development of Education, Art & Culture, Sports and other creative fields. It also supports the distressed people in different way.

Radiant Nutraceutical contributes in society through two different ways. One is directly by Radiant and another through the Zahedee Foundation. Zahedee Foundation works exclusively on behalf of the Radiant Pharmaceuticals Ltd.

Zahedee Foundation

Zahedee Foundation operates three organizations in different area to contribute for the wellbeing of the society on behalf of Radiant. These 3 organizations are:

- ✓ Shams-UI-Huda Football Academy
- ✓ Shilpi Sangha- Jhenidah
- ✓ Rahul Smriti Medhabritti

In addition to the above, the Zahedee Foundation has donated towards the purchase of wheelchairs for the disabled, establishment of community libraries in different parts of the country, publication of awareness building books, and the renovation of Mosques and temples in various districts of the country.

In 2011, Radiant also sponsored the Capacity Building Workshop for Health Journalists and in 2010 it sponsored the International White Cane Safety Day for the blind in Bangladesh.

CHAPTER III: FINANCIAL REPORTING STANDARDS OF RNL

Revenue:

The revenues are recognized under satisfying all the conditions for revenue recognition as provided in BAS-18 "Revenue Recognition".

Sales are recognized at the time of delivery of products from the depot whether or not billed.

Other sales are recognized at the time of delivery from the depot.

Turnover from Net Sales:

Net sales comprise the invoice value of goods supplied by the company and consists of local sales of products;

Inventory Recognition

The Company has recognized its inventory under the FEFO method. Meaning, FIRST EXPIRE FIRST OUT.

Depreciation

The depreciation method used by the company is REDUCING BALANCE METHOD.

Provision for Income Tax

The company qualifies as a "Private Limited Company" hence the applicable tax rate is 35% or 0.60% of gross receipts whichever is higher on the basis of Finance Act, 2017.

Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws prevailing at the balance sheet date and recognized in the Statement of Profit or Loss and Other Comprehensive Income as per BAS-12.

Foreign Currency Translation:

Transactions denominated in foreign currencies are translated into Bangladesh Taka and recorded at the exchange rates ruling on the date of transaction in accordance with BAS-21 "The Effects of Changes in Foreign Currency Rates."

Earnings per Share (EPS):

The Company has calculated Earnings per Share (EPS) in accordance with BAS-33 "Earnings Per Share"

CHAPTER IV: FINANCIAL STATEMENT ANALYSIS OF RADIANT NUTRACEUTICALS LIMITED.

4.1 Concept of Financial Statement Analysis

Financial statements are records that provide an indication of the organization's financial status. It quantitatively describes the financial health of the company. It helps in the evaluation of company's prospects and risks for the purpose of making business decisions. The objective of financial statements Analysis is to provide information about the financial position, performance and changes in financial. Analysis and interpretation of financial statements helps in determining the liquidity position, long term solvency, financial viability, profitability and soundness of a firm. There are four basic types of financial statements: balance sheet, income statements, cash flow statements, and statements of retained earnings. After all the analysis we do final valuation.

4.2 Traditional techniques and tools of Financial Statement Analysis)

- Horizontal Analysis
- Vertical Analysis
- Ratio Analysis

4.2.1 Horizontal Analysis of RNL

A horizontal analysis or trend analysis is a procedure in fundamental analysis in which an analyst compares ratios or line items in a company's financial statements over a certain period of time. Horizontal analysis allows investors and analysts to determine how a company has grown over time.

Balance Sheet Horizontal analysis

	2017	2016	2015	2014
	Percentage	Percentage	Percentage	Percentage
	Change	Change	Change	Change
Assets				
Non-Current assets				
Property plant and equipment	8%	-3%	40%	34%
Pre-operational expenses				-100%
capital machineries work in progress				
license acquisition cost	0%	0%	0%	0%
	7%	-2%	37%	26%
Inventory	11%	-8%	16%	15%
raw materials in Transit	25%	-7%	50%	-5%
advance income tax	40%	30%	109%	84%
tread and other receivables	3932%	14%		
Loans ,advances, deposits, payments	-90%	98%	-55%	101%
cash and cash equivalentents	78%	-47%	790%	183%
Total Current Assets	39%	20%	-4%	60%
Total assets	30%	12%	7%	49%
Equity and liabilities				

share capital	0%	0%	0%	1900%
retained earnings	49%	29%	92%	108%
	45%	26%	74%	152%
Non- Current Liabilities				
long term loan- radiant business consortium Ltd.				-100%
Current Liabilities				
Short term bank loan		-100%		-100%
tread and other payables	27%	83%	4%	283%
liability for expenses	-96%	-76%	38%	127%
provision for income tax	35%	28%	87%	96%
Total Current liabilities	25%	9%	59%	91%
Total Liability	25%	9%	-3%	41%
Total equity and liabilities	30%	12%	7%	49%

Income statement Horizontal Analysis

Net revenue	145%	47%	19%	129%
less: COGS	144%	46%	19%	25630%
Gross profit	146%	47%	19%	12%
Less: Administrative expenses	145%	48%	15%	101%
Net profit before tax	153%	39%	78%	-87%
less: Provision for income tax	153%	39%	78%	-95%
Net profit after tax	153%	39%	78%	-20%

4.2.1 Vertical Analysis of RNL

Vertical analysis is a method of [financial statement analysis](#) in which each line item is listed as a percentage of a base figure within the statement. Thus, line items on an income statement can be stated as a percentage of gross sales, while line items on a balance sheet can be stated as a percentage of total assets or liabilities, and vertical analysis of a [cash flow statement](#) shows each cash inflow or outflow as a percentage of the total cash inflows.

Implementing Vertical Analysis:

Vertical analysis restates each amount in the income statement as a percentage of sales. This analysis gives the company a heads up if cost of goods sold or any other expense appears to be too high when compared to sales. Reviewing these comparisons allows management and accounting staff at the company to isolate the reasons and take action to fix the problems

Balance Sheet Vertical Analysis (2014-2017)

	2017 Percentage Change	2016 Percentage Change	2015 Percentage Change	2014 Percentage Change
Assets				
Non-Current assets				
Property plant and equipment	24%	29%	33%	25%
Pre-operational expenses				
capital machineries work in progress		0%		0%
license acquisition cost	1%	1%	1%	1%
Total Non-current Assets	25%	30%	34%	27%
Inventory				
raw materials in Transit	0%	0%	0%	0%
advance income tax	11%	11%	9%	5%
tread and other receivables	36%	1%	1%	
loans, advances , deposits, payments	2%	32%	18%	42%

cash and cash equivalents	7%	5%	10%	1%
Total Current Assets	75%	70%	66%	73%
Total assets	100%	100%	100%	100%
Equity and liabilities				
share capital	2%	2%	2%	2%
retained earnings	24%	20%	18%	10%
	25%	22%	20%	12%
Non- Current Liabilities				
long term loan- radiant business consortium Ltd.				34%
Current Liabilities				
Short term bank loan			21%	
tread and other payables	63%	64%	40%	41%
liability for expenses	0%	2%	10%	8%
provision for income tax	12%	11%	10%	6%
Total Current liabilities	75%	78%	80%	54%
Total Liability	75%	78%	80%	88%
Total equity and liabilities	100%	100%	100%	100%

Income statement vertical Analysis(2014-2017)

	2017	2016	2015	2014
	Percentage	Percentage	Percentage	Percentage
	Change	Change	Change	Change
Net revenue	100%	100%	100%	100%
less: COGS	52%	52%	51%	51%
Gross profit	48%	48%	49%	49%
Less: Administrative expenses	43%	43%	44%	46%
Net profit before tax	5%	5%	4%	3%
less: Provision for income tax	2%	2%	1%	1%
Net profit after tax	3%	3%	3%	2%

4.3 Ratio Analysis of Radiant Nutraceutical Limited.

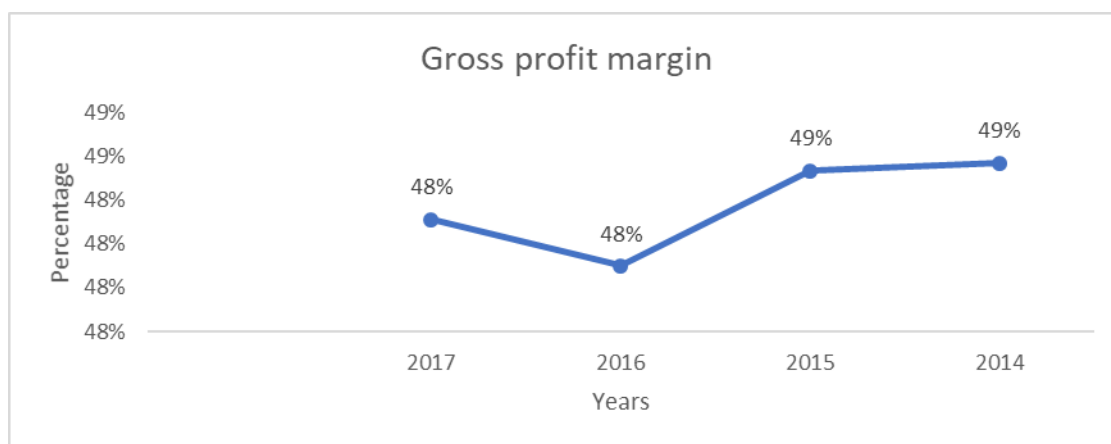
A ratio analysis is a quantitative analysis of information which contains in a company's financial statements. Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency.

Profitability ratios:

Profitability ratios are financial metrics used by analysts and investors to measure and evaluate the ability of a company to generate income (profit) relative to revenue, balance sheet assets, operating costs, and shareholders' equity during a specific period of time. They show how well a company utilizes its assets to produce profit and value to shareholders. Profitability ratios are discussed below-

Gross profit margin:

Gross profit margin Compares gross profit to sales revenue. This shows how much a business is earning, taking into account the needed costs to produce its goods and services.



Here the revenue has constantly grown over the years. The gross profit has also increased in line with the revenue. The gross profit has increased mainly due to increase in revenue. The revenue has constantly growing over the year according to the analysis

Operating profit margin

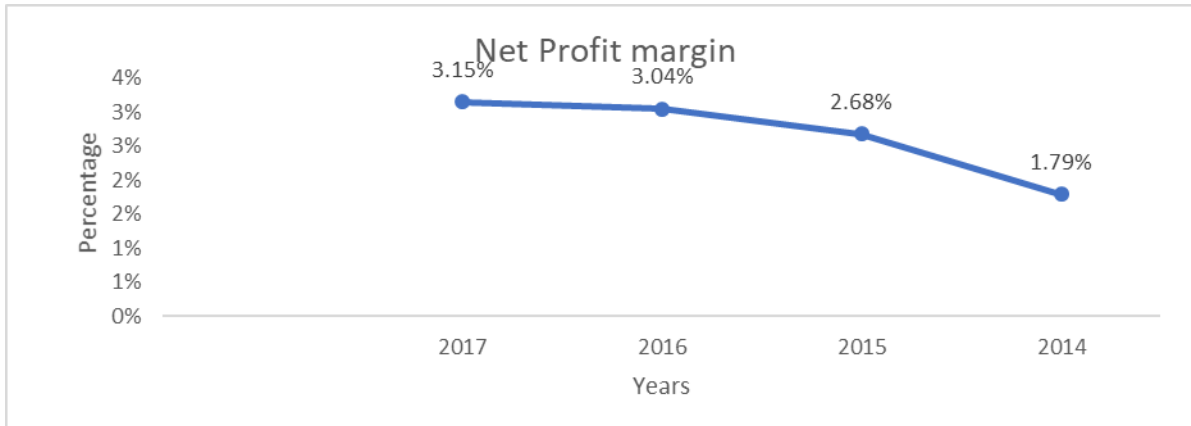
The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production such as wages, raw materials, etc. It is also expressed as a percentage of sales and then shows the efficiency of a company controlling the costs and expenses associated with business operations. Operating margin shows the profitability of sales resulting from regular business.



As we can see the operating profit margin has increased over the year from 2014 to 2017 in line with gross profit margin, all though, administrative expense has been higher over the years.

Net Profit Margin

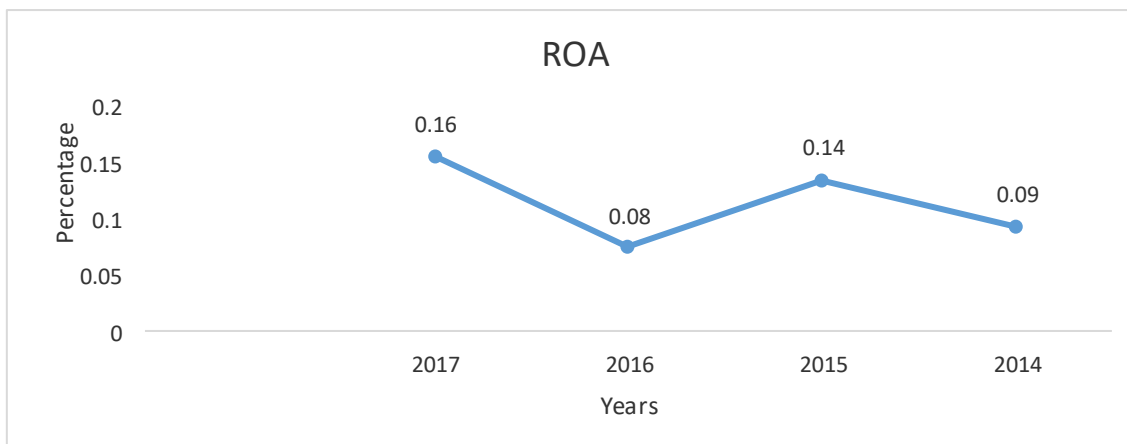
Net profit margin is the percentage of revenue left after all expenses have been deducted from sales. The measurement reveals the amount of profit that a business can extract from its total sales. The net sales part of the equation is gross sales minus all sales deductions, such as sales allowances.



RNL's Net Profit margin has also increased over the year but it stood at very low level as we can see the chart. If the company will not take any initiatives to improve its operational efficiency, future operation might be hampered.

ROA:

Return on assets (ROA) is a financial ratio that shows the percentage of profit a company can earn in relation to

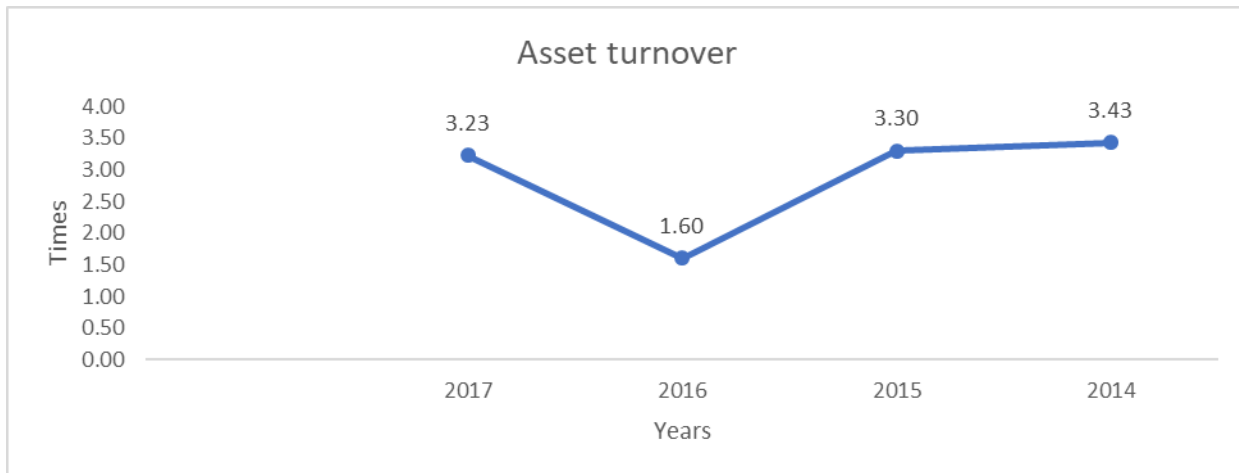


its overall resources. It is defined as net income divided by total assets.

The ROA of RNL has increased in the year of 2017 by 8% compared to 2016. All higher operating profit are the main reason to boost up ROA. All though asset level has tremendously increased

Asset Turnover Ratio

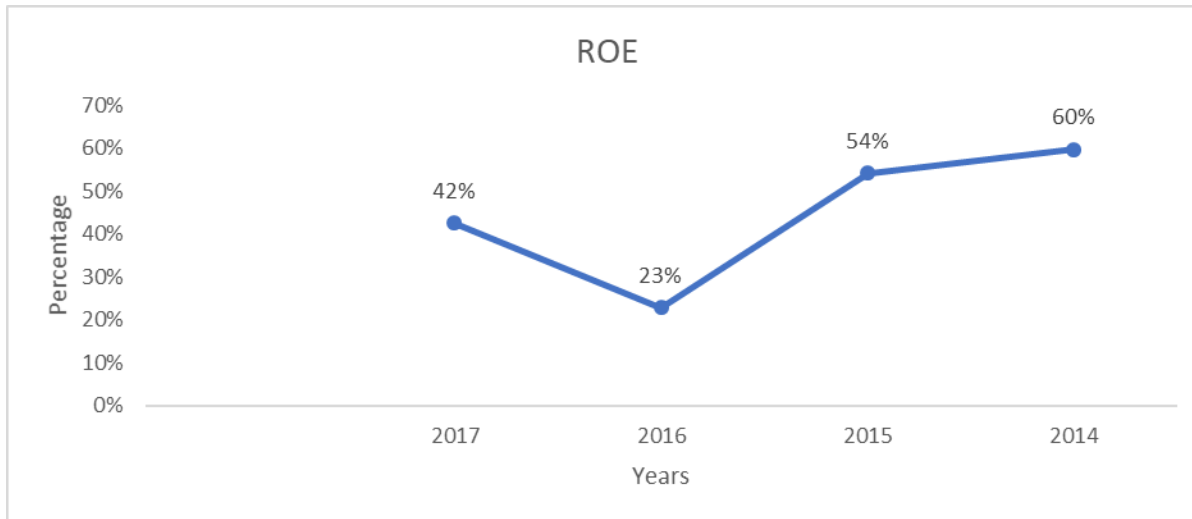
Asset turnover ratio is the ratio between the value of a company's sales or revenues and the value of its assets. It is an indicator of the efficiency with which a company is deploying its assets to produce the revenue.



As we can see that the asset stood at empath level over the year.in 2014 it was 3.43 times then in 2017 it was 3.23 times.

ROE-

Return on equity (ROE) is a measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders' equity.



ROE is more than a measure of profit; it's a measure of efficiency. RNL's ROE has declined over the year due to lower net profit margin. But also stood at handsome level in all four years from 2014 to 2017.

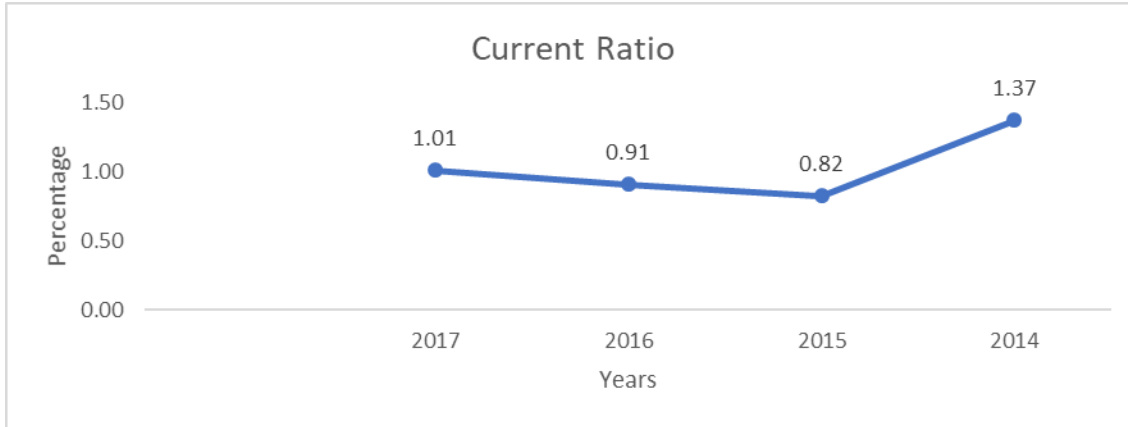
Liquidity ratio

Liquidity ratios analyze the ability of a company to pay off both its current liabilities as they become due as well as their long-term liabilities as they become current. Liquidity ratios are discussed below

Current ratio:

The current ratio is a liquidity and efficiency ratio that measures a firm's ability to pay off its short-term liabilities with its current assets. The current ratio is an important measure of liquidity because short-term liabilities are due within the next year. Computed as, $\text{Current Assets} \div \text{Current liabilities}$, this ratio helps in comparing current assets to current liabilities and is commonly used as a quantification of short-term solvency.

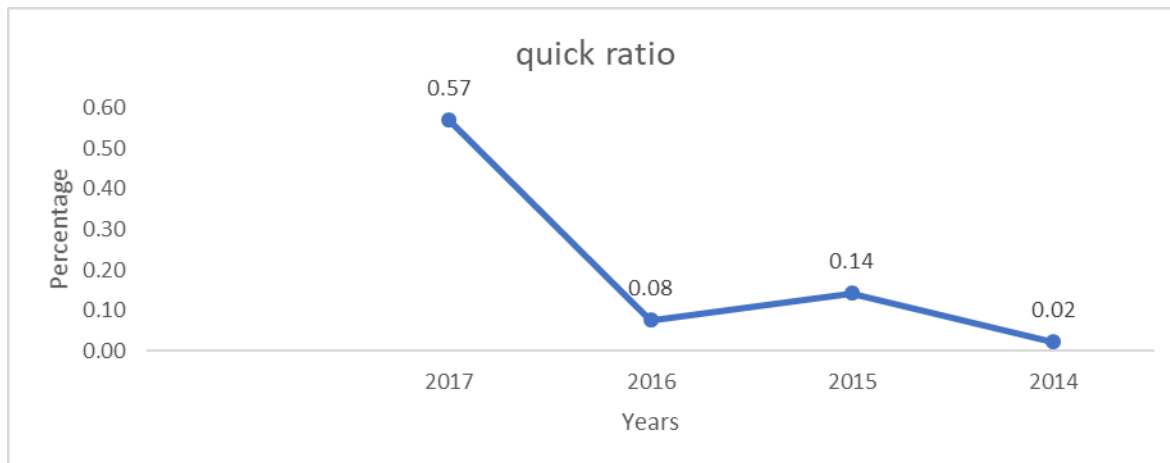
Current ratio helps investors and creditors understand the liquidity of a company and how easily that company will be able to pay off its current liabilities. This ratio expresses a firm's current debt in terms of current assets. A higher current ratio is always more favorable than a lower current ratio because it shows the company can



Here we can see that the RNL's current ratio stood at standard level from 2014 to 2017 according to the analysis, which indicates that the Current Asset are capable enough to pay RNL's short term obligations. more easily make current debt payments.

Quick Ratio

The quick ratio is an indicator of a company's short-term liquidity, and measures a company's ability to meet its short-term obligations with its most liquid assets.



Here we can see RNL's current ratio stood at standard level from 2014 to 2017 according to the analysis, which indicates that the Current Asset are capable enough to pay RNL's short term obligations. more easily make current debt payments.

Cash Ratio:

The cash ratio shows how well a company can pay off its current liabilities with only cash and cash equivalents. This ratio shows cash and equivalents as a percentage of current liabilities.



A ratio of 1 means that the company has the same amount of cash and equivalents as it has current debt. In other words, in order to pay off its current debt, the company would have to use all of its cash and equivalents.

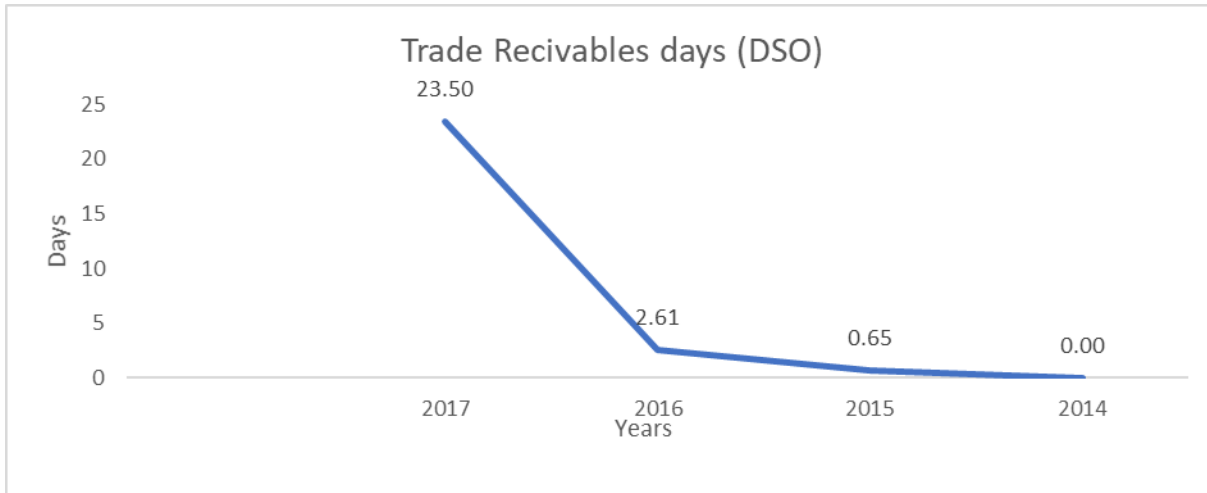
Here, cash ratio of almost 9% in 2017 indicates that RNL short term obligation has paid by its cash.

Operational efficiency

The operating ratios shows the efficiency of a company's management by comparing operating expense to net Profit. The Operational efficiency ratios are discussed below-

Trade Receivables days (DSO)

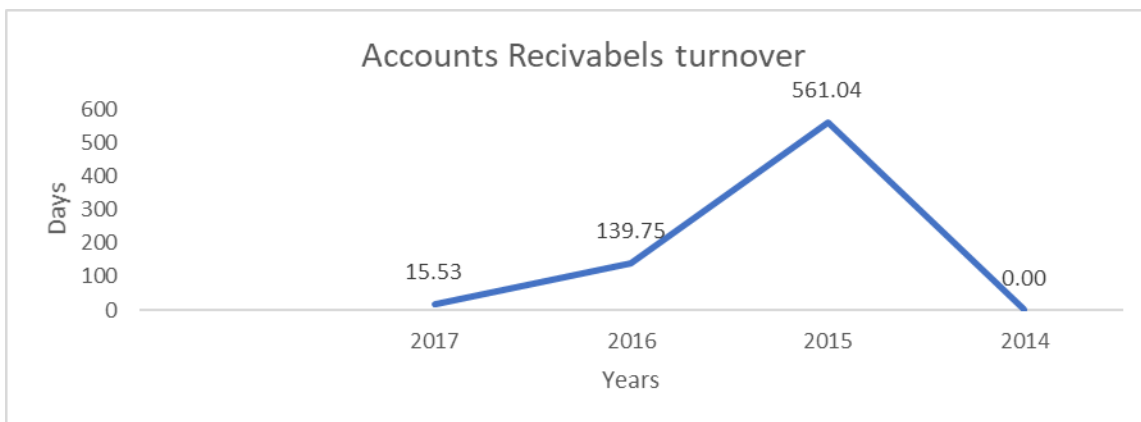
The Trade Receivables days or day's sales outstanding (DSO) shows investors and creditors how well companies' can collect cash from their customers. This ratio measures the number of days it takes a company to convert its sales into cash.



Here we can notice that RNL Trade receivable days has instead in financial year 2017 which is 24 days, but it has also stood at an adequate level compared to the market

Accounts Receivable Turnover

This ratio measures how quickly a company collects bills from its customers. It is an indicator of how efficient a company's credit policies are & indicates the level of investment in receivables needed to maintain the firm's sales level.

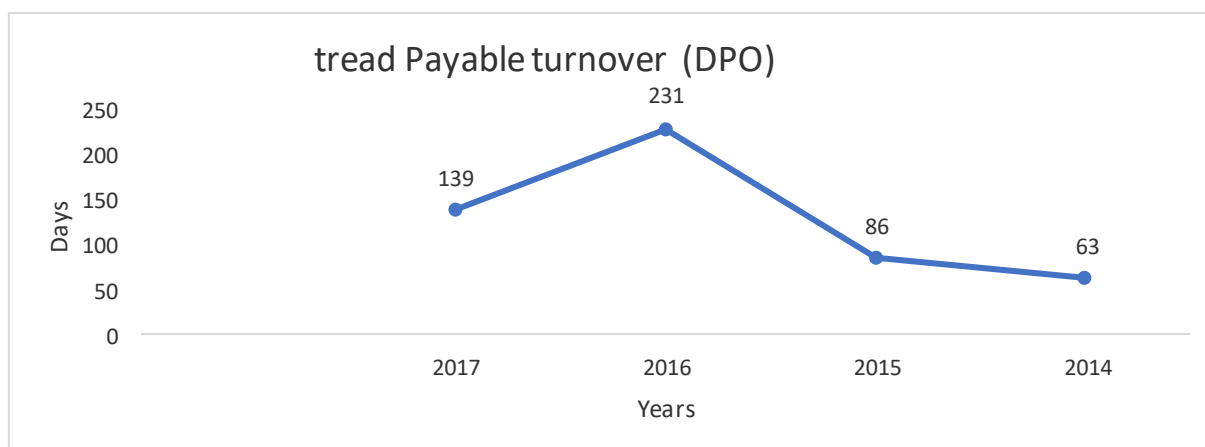


Higher accounts receivable turnover is better for any company, RNL have a higher Receivable turnover in 2015.but in 2016 to 2017 the turnover has dropped to 140 to 16 days because of increase in average account receivables of the company in 2017 and 2016. On the other hand, in 2014 the receivable turnover is zero because

RNL didn't have any receivables that year. Overall the ratio here indicates that RNL efficiently uses its suppliers found.

Tread Payable turnover (DPO)

The days payable outstanding (DPO) is an operational ratio which calculates the average time it takes a company

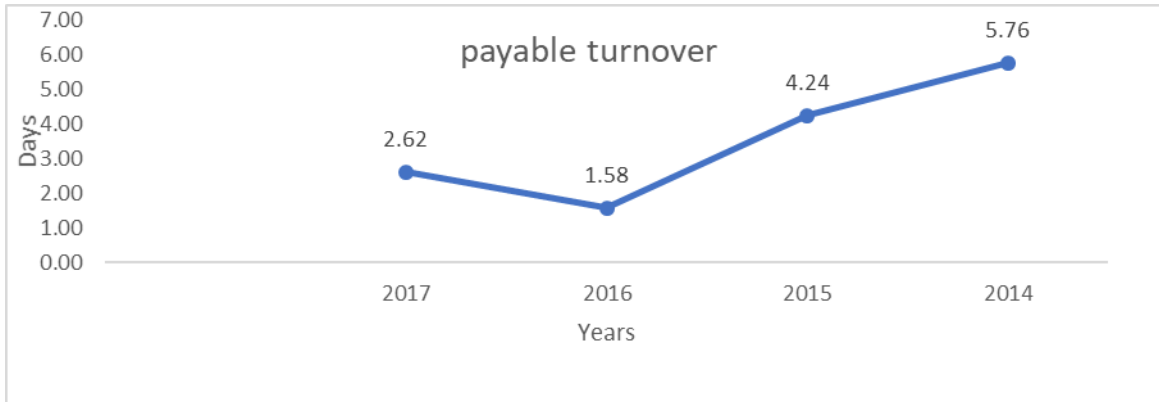


to pay its bills and invoices to other company and vendors by comparing accounts payable.

Here we can see RNL maintains a moderate level of DPO over all the four financial years.

Payable Turnover

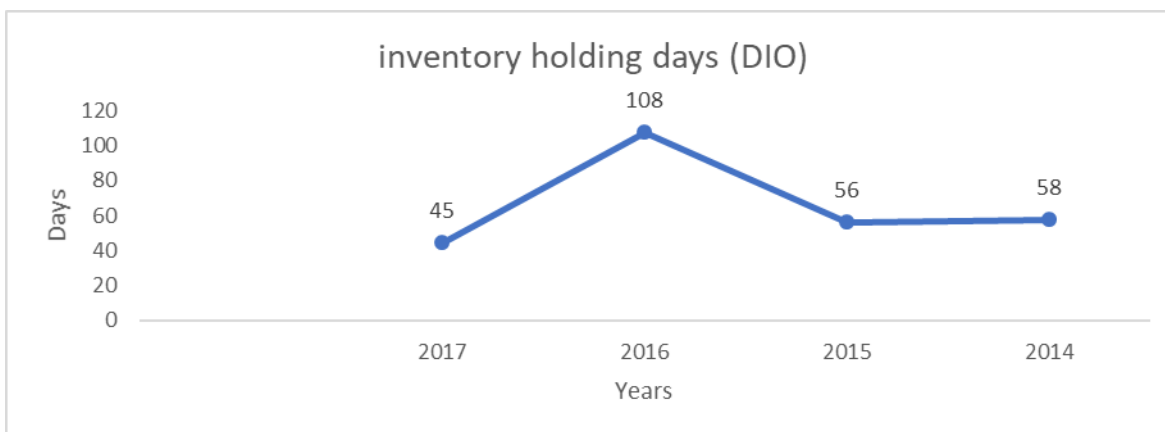
The accounts payable turnover ratio is an Operational ratio that shows a company's ability to pay off its accounts payable by comparing net credit purchases to the average accounts payable during a period. So, the accounts payable turnover ratio is how many times a company can pay off its average accounts payable balance during the course of a year.



Here we can see that RNL have average payable turnover, meaning suppliers and creditors that the company pays its bills frequently and regularly. It also implies that new vendors get paid back quickly. So RNL have a good reputation for paying back its creditors.

Inventory Turnover

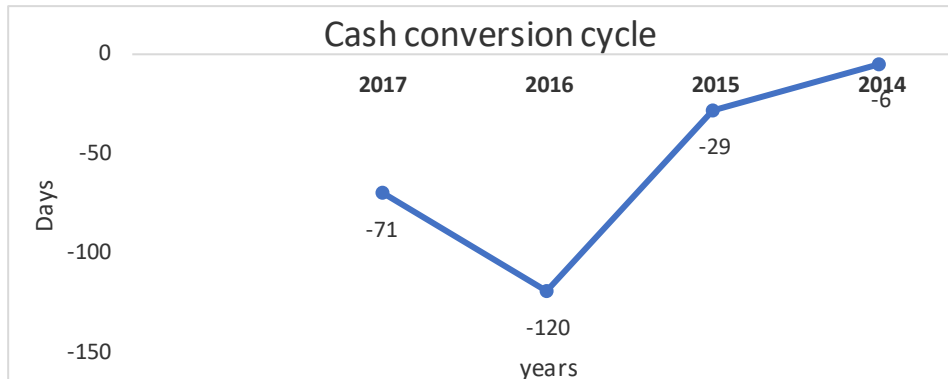
The inventory turnover ratio is an important ratio that shows how effectively inventory is managed by comparing cost of goods sold with average inventory for a period. This ratio measures how many times average inventory is “turned” or sold during a period.



Here RNL have a higher inventory turnover, which is always better because it indicates that inventory does not remain on shelves but rather turns over rapidly. So, RNL manages its merchandise efficiently and does not

overspend by buying too much inventory and wastes resources by storing non-salable inventory. It also shows that it can effectively sell the inventory it buys.

Cash conversion cycle



The cash cycle has three distinct parts. The first part of the cycle represents the current inventory level and how long it will take the company to sell this inventory. This stage is calculated by using the day's inventory outstanding calculation. The second stage of the cash cycle represents the current sales and the amount of time it takes to collect the cash from these sales. This is calculated by using the day's sales outstanding calculation. And lastly, the third stage represents the current outstanding payables.

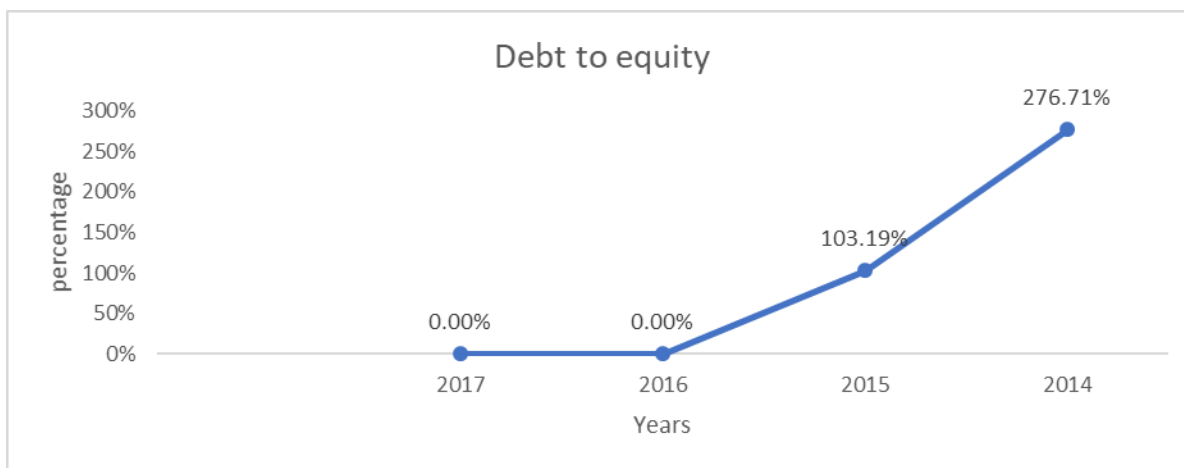
Here we can see, RNL has Negative Cash Conversion cycle, which is very good for a company. This means Cash conversion cycle (CCC) indicates that the company Finance its working capital by its supplier's fund. it's a positive thing in short range but in long range relationship with the suppliers may be disrupted. But overall RNL is basically utilizing its cash.

Solvency Ratio

Solvency Ratio. Solvency ratio is one of the various ratios used to measure the ability of a company to meet its long-term debts. The ratios are discussed below-

Debt to equity

The debt to equity ratio is Solvency ratio that compares a company's total debt to total equity. The debt to equity ratio shows the percentage of company financing that comes from creditors and investors.



RNL's debt to equity ratio was above one in 2014 meaning more creditor financing (bank loans) is used than investor financing (shareholders). But recently in 2016 and 2017 ratio is zero, because the company does not have any kind of bank loans or debt. so this proves RNL got a higher solvency.

The debt to asset ratio

The debt to asset ratio is a solvency ratio that measures the amount of total assets that are financed by creditors instead of investors. In other words, it shows what percentage of assets is funded by Borrowing compared with the percentage of resources that are funded by the investors.



Here we can see that RNL's Debt to asset ratio is less than one, which is favorable, meaning it has more assets than liabilities and could pay off its obligations by selling its assets if it needed to.

CHAPTER V: FINDINGS & CONCLUSION

5.1 Findings

- ✓ Radiant Nutraceuticals Limited was established in 2008 to create more functional herbal medicines, providing a health benefit beyond basic nutrition, its corporate head office is situated in Dhanmondi, Dhaka. It has become one of the renown nutraceuticals companies in Bangladesh within very short period of time.
- ✓ The overall financial aspects and indicators of RNL indicates that the company has been improving its conditions day by day. Most of the analysis show positive results.
- ✓ Interdepartmental management policy of RNL is very much efficient.
- ✓ RNL has centralized decision making process
- ✓ RNL considered its employee as its assets, several kinds of benefits are provided to the employees. Such as- free cafeteria, transport service, festival bonus etc.
- ✓ RNL also have a training facility for its employees. Which is known as RPC (radiant center for professionals)

5.2 Recommendations

- ✓ To be more successful in future RNL should increase their operational efficiency.
- ✓ The management policy of RNL is very much generous. Strong relationship with the supplier will help the company to flourish in the future.
- ✓ Currently the Capital Stature of RNL is equity based, in short run its better but RNL should inject debt finance to it capital structure for certain benefits.

5.3 Conclusion

It was huge indulgence for me to do my internship program in an established organization like Radiant Nutraceuticals Limited (RNL). However, my realistic experience RNL for just two months, though my report is on Financial Analysis, I tried hard to cover all about the related topics. The market for nutraceuticals is growing at a modest rate due to emerging demand from food & beverages in Bangladesh, As well as all over the world. The growing demand for vitamins and minerals-enriched herbal shampoos, creams and other related products will boost market growth for RNL. Nutraceuticals used in dietary supplements such as capsules, tablets, cream, and liquids are increasingly adopted for health benefits and maintenance of healthy physique. Nutraceutical ingredients which include prebiotics, probiotics, fibers, amino acids, structured lipids Omega 3, vitamins, proteins and minerals are adopted across the globe for their utility and positive results. So, I think RNL has a huge opportunity to flourish.

5.4 Bibliography & Appendix

Questionnaires

- Revenue Recognition- How the company recognizes their revenue?
- Inventory expenditure recognition- LIFO or FIFO
- Depreciation and amortization - Straight-line Depreciation/ Double-Declining?
- Non- recurring incomes – (gain on sale of assets, insurance settlement, one-time sale, etc. Also called extraordinary income.)
- Comprehensive income?
- Have the company done any type of restructuring?
- Discontinued operations?
- Joint venture?
- Merger or acquisition?
- Foreign currency transection policy?

▪ Statement of Financial Positions RNL

	2017	2016	2015	2014	2013
Assets					
Non-Current assets					
Property plant and equipment	30,809,723	28,610,797	29,386,554	21,044,491	15,731,836
Pre-operational expenses capital machineries work in progress	-	28,644	-	171,751	940,084
license acquisition cost	850,000	850,000	850,000	850,000	850,000
	31,659,723	29,489,441	30,236,554	22,066,242	17,521,920
Inventory					
raw materials in Transit	24,603,900	22,137,911	24,146,418	20,736,712	18,012,353
advance	293,038	234,770	253,505	169,030	178,796
income tax	14,658,433	10,489,778	8,099,479	3,877,548	2,109,852
tread and other receivables	46,430,830	1,151,603	1,010,573		
loans, advances, deposits, payments	3,001,389	31,431,199	15,877,718	35,369,206	17,578,798
cash and cash equivalents	8,535,742	4,795,534	9,085,579	1,021,324	361,017
Total Current Assets	97,523,332	70,240,795	58,473,272	61,173,820	38,240,816
Total assets	129,183,055	99,730,236	88,709,826	83,240,062	55,762,736
Equity and liabilities					
share capital	2,000,000	2,000,000	2,000,000	2,000,000	100,000
retained earnings	30,430,184	20,423,289	15,823,984	8,233,182	3,967,319
	32,430,184	22,423,289	17,823,984	10,233,182	4,067,319
Non- Current Liabilities					
long term loan- radiant business consortium Ltd.				28,316,610	28,316,610

Current Liabilities					
Short term bank loan			18,393,331		9309542
trade and other payables	81,526,211	64,017,280	35,044,558	33,725,890	8,806,254
liability for expenses	90,440	2,047,455	8,682,290	6,286,072	2,771,706
provision for income tax	15,136,220	11,242,212	8,765,663	4,678,308	2,381,305
Total Current liabilities	96,752,871	77,306,947	70,885,842	44,690,270	23,378,807
Total Liability	96,752,871	77,306,947	70,885,842	73,006,880	51,695,417
Total equity and liabilities	129,183,055	99,730,236	88,709,826	83,240,062	55,762,736

- Profit and loss Statement RNL

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net revenue	369,487,506	151,081,234	283,485,165	238,344,599	104,295,179
less: COGS	190,983,816	78,412,846	145,900,365	122,584,270	476,420
Gross profit	178,503,690	72,668,388	137,584,800	115,760,329	103,818,759
Less: Administrivia expenses	160,574,225	65,592,534	125,906,643	109,197,463	54,304,951
Net profit before tax	17,929,465	7,075,854	11,678,157	6,562,866	49,513,808
less: Provision for income tax	6,275,313	2,476,549	4,087,355	2,297,003	44,202,436
Net profit after tax	11,654,152	4,599,305	7,590,802	4,265,863	5,311,372

Statement of Cash flows RNL

	2017	2016	2015	2014	2013
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and other	324,208,27	150,940,2	282,474,5	238,986,7	104,295,
	9	04	92	34	179
Cash paid to suppliers and others	-	-	249,675,3	-	-
	303,281,88	134,807,8	57	219,401,3	113,613,
	8	78		87	621
Income Tax paid	-8,197,217	-24,805	70,060	-	-
				1,767,696	1,520,99
					0
Net cash provided by/(used in) operating activities	12,729,174	16,107,52	32,729,17	17,817,65	-
		1	5	1	10,839,4
					32
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant & equipment	-9,017,610	2,004,235	-9,747,802	-	-
				9,747,802	11,553,8
					87
Capital machineries work in progress	28,644				
Net cash provided by/(used in) investing activities	-8,988,966	2,004,235	-9,747,802	-	-
				9,747,802	11,553,8
					87
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Share Capital				1,900,000	
Long term loan			18,393,33		12,451,2
			1		80
Short term bank loan		-	-	-	9,309,54
		18,393,33	28,316,61	9,309,542	2

		1	0		
Net cash provided by/(used in) financial activities		-	9,923,279	-	21,760,822
		18,393,331		7,409,542	
Net increase/(decrease) in cash and cash equivalents (A+B+C)	3,740,208	-4,290,045	8,064,255	660,307	-632,497
Add: Opening cash and cash equivalents	4,795,534	9,085,579	1,021,324	361,017	993,514
CLOSING CASH AND CASH EQUIVALENTS	8,535,742	4,795,534	9,085,579	1,021,324	361,017

Ratio Analysis Calculations

Ratio Analysis				
	2017	2016	2015	2014
Profitability				
Gross profit margin	0.48	0.48	0.49	0.49
Operating Profit Margin	5%	5%	4%	3%
Net Profit margin	3.15%	3.04%	2.68%	1.79%
ROA	0.16	0.08	0.14	0.09
Asset turn over	3.23	1.60	3.30	3.43
Du point Analysis	16%	8%	14%	9%
ROE	42%	23%	54%	60%
Liquidity				
Current Ratio	1.01	0.91	0.82	1.37
quick ratio	0.57	0.08	0.14	0.02
Cash ratio	0.09	0.06	0.13	0.02
Operational efficiency				
	2017	2016	2015	2014

Trade Receivables days (DSO)	23.50	2.61	0.65	0.00
Receivables turnover	15.53	139.75	561.04	0.00
Trade Payable turnover (DPO)	139.08	230.56	86.02	63.32
payable turnover	2.62	1.58	4.24	5.76
inventory holding days (DIO)	44.67	107.72	56.14	57.69
inventory turnover	8.17	3.39	6.50	6.33
Cash conversion cycle	-70.91	-120.22	-29.23	-5.63
<hr/>				
Solvency ratio	2017	2016	2015	2014
Debt to equity	0.00	0.00	1.03	2.77
total liabilities to total asset	0.75	0.78	0.80	0.88

Horizontal Analysis Calculations

Balance Sheet Horizontal analysis										
	2017	Percentage Change	2016	Percentage Change	2015	Percentage Change	2014	Percentage Change	2013	
Assets										
Non-Current assets										
Property plant and equipment	30,809,723	8%	28,610,797	-3%	29,386,554	40%	21,044,491	34%	15,731,836	
Pre-operational expenses								-100%	940,084	
capital machineries work in progre	-		28,644		-		171,751			
licence acquisition cost	850,000	0%	850,000	0%	850,000	0%	850,000	0%	850,000	
	31,659,723	7%	29,489,441	-2%	30,236,554	37%	22,066,242	26%	17,521,920	
Inventory										
raw materials in Transit	24,603,900	11%	22,137,911	-8%	24,146,418	16%	20,736,712	15%	18,012,353	
advance income tax	293,038	25%	234,770	-7%	253,505	50%	169,030	-5%	178,796	
tread and other recivabels	14,658,433	40%	10,489,778	30%	8,099,479	109%	3,877,548	84%	2,109,852	
loans,advances,deposties, payment	46,430,830	3932%	1,151,603	14%	1,010,573					
cash and cash equivalents	3,001,389	-90%	31,431,199	98%	15,877,718	-55%	35,369,206	101%	17,578,798	
Total Current Assets	8,535,742	78%	4,795,534	-47%	9,085,579	790%	1,021,324	183%	361,017	
	97,523,332	39%	70,240,795	20%	58,473,272	-4%	61,173,820	60%	38,240,816	
Total assets	129,183,055	30%	99,730,236	12%	88,709,826	7%	83,240,062	49%	55,762,736	
Equity and liabilities										
share capital	2,000,000	0%	2,000,000	0%	2,000,000	0%	2,000,000	1900%	100,000	
retained earnings	30,430,184	49%	20,423,289	29%	15,823,984	92%	8,233,182	108%	3,967,319	
	32,430,184	45%	22,423,289	26%	17,823,984	74%	10,233,182	152%	4,067,319	
Non- Current Liabilities										
long trem loan- radiant business consirtium Ltd.						-100%	28,316,610	0%	28,316,610	
Current Liabilities										
Short trem bank loan				-100%	18,393,331			-100%	9,309,542	
tread and other payables	81,526,211	27%	64,017,280	83%	35,044,558	4%	33,725,890	283%	8,806,254	
liability for expensesn	90,440	-96%	2,047,455	-76%	8,682,290	38%	6,286,072	127%	2,771,706	
provision for income tax	15,136,220	35%	11,242,212	28%	8,765,663	87%	4,678,308	96%	2,381,305	
Total Current liabilities	96,752,871	25%	77,306,947	9%	70,885,842	59%	44,690,270	91%	23,378,807	
Total Liability	96,752,871	25%	77,306,947	9%	70,885,842	-3%	73,006,880	41%	51,695,417	
Total equitiy and liabilities	129,183,055	30%	99,730,236	12%	88,709,826	7%	83,240,062	49%	55,762,736	
Income statement Horizontal Analysis										
	2017		2016		2015		2014		2013	
Net revenue	369,487,506	145%	151,081,234	-47%	283,485,165	19%	238,344,599	129%	104,295,179	
less: COGS	190,983,816	144%	78,412,846	-46%	145,900,365	19%	122,584,270	25630%	476,420	
Gross profit	178,503,690	146%	72,668,388	-47%	137,584,800	19%	115,760,329	12%	103,818,759	
Less: Adminstrive expenses	160,574,225	145%	65,592,534	-48%	125,906,643	15%	109,197,463	101%	54,304,951	
Net profit before tax	17,929,465	153%	7,075,854	-39%	11,678,157	78%	6,562,866	-87%	49,513,808	
less: Provision for income tax	6,275,313	153%	2,476,549	-39%	4,087,355	78%	2,297,003	-95%	44,202,436	
Net profit after tax	11,654,152	153%	4,599,305	-39%	7,590,802	78%	4,265,863	-20%	5,311,372	

Vertical Analysis Calculations

Balance Sheet Vertical Analysis (2014-2017)									
	Percentage		Percentage		Percentage		Percentage		2013
	2017	Change	2016	Change	2015	Change	2014	Change	
Assets									
Non-Current assets									
Property plant and equipment	30,809,723	24%	28,610,797	29%	29,386,554	33%	21,044,491	25%	15,731,836
Pre-operational expenses									940,084
capital machineries work in progress	-		28,644	0%	-		171,751	0%	
licence acquisition cost	850,000	1%	850,000	1%	850,000	1%	850,000	1%	850,000
Total Non-current Assets	31,659,723	25%	29,489,441	30%	30,236,554	34%	22,066,242	27%	17,521,920
Inventory	24,603,900	19%	22,137,911	22%	24,146,418	27%	20,736,712	25%	18,012,353
raw materials in Transit	293,038	0%	234,770	0%	253,505	0%	169,030	0%	178,796
advance income tax	14,658,433	11%	10,489,778	11%	8,099,479	9%	3,877,548	5%	2,109,852
tread and other recevabls	46,430,830	36%	1,151,603	1%	1,010,573	1%			
loans,advances,deposties, payments	3,001,389	2%	31,431,199	32%	15,877,718	18%	35,369,206	42%	17,578,798
cash and cash equivalents	8,535,742	7%	4,795,534	5%	9,085,579	10%	1,021,324	1%	361,017
Total Current Assets	97,523,332	75%	70,240,795	70%	58,473,272	66%	61,173,820	73%	38,240,816
Total assets	129,183,055	100%	99,730,236	100%	88,709,826	100%	83,240,062	100%	55,762,736
Equity and liabilities									
share capital	2,000,000	2%	2,000,000	2%	2,000,000	2%	2,000,000	2%	100,000
retainted earnings	30,430,184	24%	20,423,289	20%	15,823,984	18%	8,233,182	10%	3,967,319
	32,430,184	25%	22,423,289	22%	17,823,984	20%	10,233,182	12%	4,067,319
Non- Current Liabilities									
long trem loan- radiant business consirtium Ltd.							28,316,610	34%	28,316,610
Current Liabilities									
Short trem bank loan					18,393,331	21%			9,309,542
tread and other payables	81,526,211	63%	64,017,280	64%	35,044,558	40%	33,725,890	41%	8,806,254
liability for expensesn	90,440	0%	2,047,455	2%	8,682,290	10%	6,286,072	8%	2,771,706
provision for income tax	15,136,220	12%	11,242,212	11%	8,765,663	10%	4,678,308	6%	2,381,305
Total Current liabilities	96,752,871	75%	77,306,947	78%	70,885,842	80%	44,690,270	54%	23,378,807
Total Liability	96,752,871	75%	77,306,947	78%	70,885,842	80%	73,006,880	88%	51,695,417
Total equity and liabilities	129,183,055	100%	99,730,236	100%	88,709,826	100%	83,240,062	100%	55,762,736

Income statement vartical Analysis									
	Percentage		Percentage		Percentage		Percentage		2013
	2017 Change		2016 Change		2015 Change		2014 Change		
Net revenue	369,487,506	100%	151,081,234	100%	283,485,165	100%	238,344,599	100%	104,295,179
less: COGS	190,983,816	52%	78,412,846	52%	145,900,365	51%	122,584,270	51%	476,420
Gross profit	178,503,690	48%	72,668,388	48%	137,584,800	49%	115,760,329	49%	103,818,759
Less: Administrative expenses	160,574,225	43%	65,592,534	43%	125,906,643	44%	109,197,463	46%	54,304,951
Net profit before tax	17,929,465	5%	7,075,854	5%	11,678,157	4%	6,562,866	3%	49,513,808
less: Provision for income tax	6,275,313	2%	2,476,549	2%	4,087,355	1%	2,297,003	1%	44,202,436
Net profit after tax	11,654,152	3%	4,599,305	3%	7,590,802	3%	4,265,863	2%	5,311,372
Statement of Cash flows									
	2017		2016		2015		2014		2013
A. CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers and other	324,208,279	3%	150,940,204		282,474,592		238,986,734		104,295,179
Cash paid to suppliers and others	-303,281,888	-3%	-134,807,878		249,675,357		-219,401,387		-113,613,621
Income Tax paid	-8,197,217	-104%	-24,805		70,060		-1,767,696		-1,520,990
Net cash provided by/(used in) operating activities	12,729,174	67%	16,107,521		32,729,175		17,817,651		-10,839,432
B. CASH FLOWS FROM INVESTING ACTIVITIES									
Acquisition of property, plant & equipment	-9,017,610	-95%	2,004,235		-9,747,802		-9,747,802		-11,553,887
Capital machinaries work in progress	28,644	29799%							
Net cash provided by/(used in) investing activities	-8,988,966	-95%	2,004,235		-9,747,802		-9,747,802		-11,553,887
C. CASH FLOWS FROM FINANCING ACTIVITIES									
Share Capital							1,900,000		
Long term loan					18,393,331				12,451,280
Short term bank loan			-18,393,331		-28,316,610		-9,309,542		9,309,542
Net cash provided by/(used in) financial activities			-18,393,331		9,923,279		-7,409,542		21,760,822
Net increase/(decrease) in cash and cash equivalents (A+B+C)	3,740,208	228%	-4,290,045		8,064,255		660,307		-632,497
Add: Opening cash and cash equivalents	4,795,534	178%	9,085,579		1,021,324		361,017		993,514
CLOSING CASH AND CASH EQUIVALENTS	8,535,742	100%	4,795,534		9,085,579		1,021,324		361,017