



**INTERNSHIP REPORT**

**SPRING 2018**

**FINANCE & PLANNING PROCEDURES**

**&**

**FINANCIAL RATIO ANALYSIS**

**OF**

**ADVANCED CHEMICAL INDUSTRIES LIMITED**

Submitted By  
**Sumaiya Shahnoor**  
ID: 13104103  
BRAC Business School  
BRAC University

Submitted To  
**Ms. Asphia Habib**  
Lecturer  
BRAC Business School  
BRAC University

**Submission Date: 12<sup>th</sup> April, 2018**

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**Submission Date: 12<sup>th</sup> April, 2018**

## Letter of Transmittal

12<sup>th</sup> April, 2018

To

**Ms. Asphia Habib**

Lecturer

BRAC Business School

BRAC University.

Subject: Submission of Internship Report.

Dear Ma'am,

With great significance and pleasure I would like to submit my Internship Report on Advanced Chemical Industries Limited namely "Finance & Planning Procedures and Financial Ratio Analysis of ACI Ltd." as a partial requirement of Bachelor of Business Administration Degree. This report is consisted of the overview of ACI Ltd.'s Finance & Planning Procedures & company's performance by conducting Ratio Analysis.

It is an honor to work under one of the top conglomerates of Bangladesh by following your guidance and I am very grateful to BRAC University for this internship program. I hope that all of my hard work and learnings will reflect from this paper and pray that you will cordially receive my Internship Report.

Sincerely Yours,

Sumaiya Shahnoor

ID: 13104103

BRAC Business School

BRAC University.

## **Letter of Endorsements**

This is to certify that, Sumaiya Shahnoor; a student of BBA program, Major in Finance & Accounting, BRAC Business School, BRAC University, has completed the internship report titled “Finance & Planning Procedures and Financial Ratio Analysis of ACI Ltd.” successfully under my supervision.

I wish her every success in her life.

Supervisor

-----

**Ms. Asphia Habib**

Lecturer

BRAC Business School

BRAC University.

## **Acknowledgement**

First and foremost, I am grateful to The Almighty for blessing me with a life full of opportunities to make myself capable to serve Him with all my heart. This Internship Report titled “Finance & Planning Procedures and Ratio Analysis of ACI Ltd.” is a result of my hard work and dedication towards learning but without support and encouragement from the people around me I would not have completed my report in a successful manner.

I would like to express my thanks to BRAC University for giving me the chance to shape myself into a responsible person. I want to thank my Academy Supervisor Ms. Asphia Habib, (Lecturer, BRAC Business School, BRAC University), who guided and advised me and also considered my suggested opinions regarding in making of this report. Without her help and support making this report seems nearly impossible. I also want to thank all the faculties who also provided me knowledge through which I continued my journey with strong motivation.

Thanks will not be enough for the employees of ACI Ltd. who helped me in every step in making this report. I want to thank Md. Tofazzol Hussain, Planning Manager of Finance & Planning of ACI Ltd. for giving me the opportunity to work within a heartwarming environment and also supporting me in gaining knowledge about the company and the corporate world.

I also want to thank the rest Finance & Planning Team members who helped me in making this report with utmost care and trust.

Last but not the least I want to express my thanks to every single person who contributed their effort for me to complete the report whenever I needed their help.

## **Executive Summary**

This internship report named “Finance & Planning Procedures and Financial Ratio Analysis of ACI Ltd.” is prepared as the mandatory requirement of completion of my BBA Program of BRAC Business School, BRAC University.

This internship report is based on the experience from the internship period at ACI Ltd. The Reports comprises of the background of the group, about how it came to inception in Bangladesh. In the first part of the report I have described the group’s overview in a detailed manner starting off with the history, mission, vision, values & policies of the group. Then I gave brief description about the company’s organogram.

In the second part of the report I have given description about how the nerve system of the company, Finance & Planning conducts procedures around the group. Then the report consists of in-depth financial analysis of ACI Ltd through Ratio Analysis in a time series manner.

At the end of the report, it consists of the findings of the report and mentioned some recommendations concerning various issues of ACI Limited.

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## Part One

### Organization Overview:

#### Company History:

Today we see Advanced Chemical Industries (ACI) as one of the top conglomerates in Bangladesh with multinational heritage since its inception when Bangladesh was still East Pakistan. In 1968, Advanced Chemical Industries (ACI) began its journey as the subsidiary of Imperial Chemical Industries (ICI). On 24<sup>th</sup> January, 1973, the company has been incorporated as ICI Bangladesh Manufacturers Limited and also as Public Limited Company. 1976, on 28<sup>th</sup> December the company got listed in Dhaka Stock Exchange (DSE) and in Chittagong Stock Exchange (CSE) in 1995, on 22<sup>nd</sup> October. On 5<sup>th</sup> May of 1992, ICI plc distributed its share of the company to the local management, afterwards the company got registered in the name Advanced Chemical Industries Limited and began the company's first trading share on 9<sup>th</sup> March, 1994 (Company Profile, 2018).

#### Mission:

ACI's mission is to enrich the quality of life of people through responsible application of knowledge, skills and technology. ACI is committed to the pursuit of excellence through world-class products, innovative processes and empowered employees to provide the highest level of satisfaction to its customers.

#### Vision:

- ❖ Endeavor to attain a position of leadership in each category of its businesses.
- ❖ Attain a high level of productivity in all its operations through effective and efficient use of resources, adoption of appropriate technology and alignment with our core competencies.
- ❖ Develop its employees by encouraging empowerment and rewarding innovation.
- ❖ Promote an environment for learning and personal growth of its employees.
- ❖ Provide products and services of high and consistent quality, ensuring value for money to its customers.
- ❖ Encourage and assist in the qualitative improvement of the services of its suppliers and distributors.

- ❖ Establish harmonious relationship with the community and promote greater environmental responsibility within its sphere of influence (Mission Vision, 2018)

Values:

- ❖ Quality,
- ❖ Customer Focus,
- ❖ Fairness,
- ❖ Transparency,
- ❖ Continuous Improvement,
- ❖ Innovation (Values, 2018).

ACI Quality Policy:

As one of the leading conglomerates ACI became the first company in Bangladesh to have obtained ISO 9001 Certification for Quality Management System across all categories. ACI puts heavy importance on vision to serving provide products and services of high and consistent quality, ensuring value for money to the customers.

The Company's quality policy as follows:

- ❖ Aim to achieve business excellence by understanding, accepting, meeting and exceeding customer expectations.
- ❖ Follow International Standards on Quality Management System to ensure consistent quality of products and services to achieve customer satisfaction. ACI will also meet all national and regulatory requirements relating to its current businesses and ensure that current Good Manufacturing Practice (cGMP) as recommended by World Health Organization is followed for its pharmaceutical operations and conform to all other guidelines and best practices relating to its other businesses.
- ❖ Commit itself to quality as the prime consideration in all its business decisions. All employees of ACI follow documented procedures to ensure compliance with quality standards.
- ❖ Develop a pool of human resources of the Company to their full potential through regular training and participation in seeking continuous improvement of the Quality Management System (ACI Quality Policy, 2018).

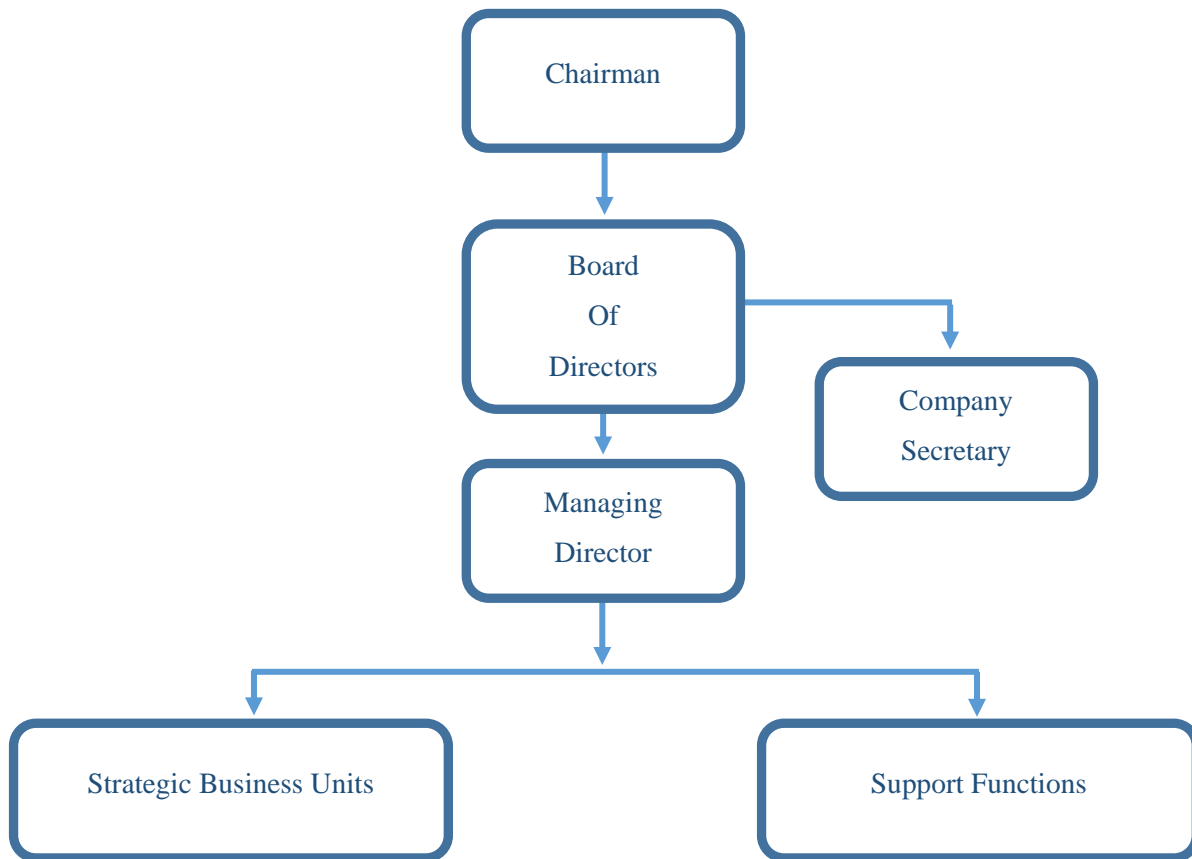
## ACI Environmental Policy

ACI is committed to formulate and conduct all its operations in an environmental friendly manner, ensuring continual improvement in the utilization of resources and prevention of pollution or degradation of the environment.

The Company's environmental policy as follows:

- ❖ Comply with all local and national legislations and regulations.
- ❖ Conserve natural resources like water and energy for sustainable development, and adopt environmentally safe processes.
- ❖ Ensure appropriate treatment of all effluents prior to discharge.
- ❖ Ensure appropriate communication with internal and external interested parties on environmental issues.
- ❖ Create awareness on environmental issues among our employees and contractors.
- ❖ Ensure waste management in an environmentally responsible manner through continuous up-gradation of technology (ACI Environmental Policy, 2018).

Organogram:



*Figure 1 Organogram (Direct Source)*

Detail of The Company's Businesses:

Strategic Business Units:

Advanced Chemical Industries Limited has four major Strategic Business Units.

- ❖ **Pharmaceuticals**
- ❖ **Consumer Brands & Commodity Products**
- ❖ **Retail Chain**
- ❖ **Agribusinesses:**
  - Crop Care Public Health
  - Animal Health

- Fertilizer
- Motors
- Cropex
- Seeds (Company Profile, 2018).

#### Subsidiaries:

ACI Subsidiaries as follows;

- ❖ ACI Formulations Limited
- ❖ ACI Logistics Limited
- ❖ ACI Pure Flour Limited
- ❖ ACI Foods Limited
- ❖ ACI Salt Limited
- ❖ ACI Motors Limited
- ❖ Creative Communication Limited
- ❖ Premiaflex Plastics Limited
- ❖ ACI Agrochemicals Limited
- ❖ ACI Edible Oils Limited
- ❖ ACI Healthcare Limited
- ❖ ACI Chemicals Limited (Company Profile, 2018).

#### Joint Ventures

ACI Joint Ventures as follows:

- ❖ ACI Godrej Agrovvet Private Limited
- ❖ Tetley ACI (Bangladesh) Limited
- ❖ Asian Consumer Care (Pvt) Limited (Company Profile, 2018).

#### Support Functions:

- ❖ HR
- ❖ Finance and Planning

- ❖ Distribution
- ❖ Commercial Department
- ❖ MIS Department
- ❖ Training (Company Profile, 2018)

#### HR:

As any organization in the world, ACI Ltd. Human Resource Department plays a vital role in shaping the organization. The department is very careful about creativity, innovation and productivity of the employees which leads to achieving excellence in business activities. As the company believes that human resources are the most important asset of the company, they put importance in building their employees' knowledge strength by giving opportunities for progression and holding meetings like Thought Leadership and Team Building on a regular basis. ACI Ltd. HR created a culture where dignity of an individual plays a vital role and believes in creating bond among the employees by organizing many recreational events and some of them also involves family members so that they strengthen their understanding with utmost trust (HR, 2018).

#### Finance & Planning:

It is the most significant part of the organization. Being the nerve center of ACI Ltd., this division of the company controls every operations, services, businesses etc. In every decision making, finance & planning department plays a crucial part, for example introducing a new product to the market. As a part of the organization I have observed how much importance every employee puts in their daily working system. They will go out of their boundaries to provide analysis, budget preparation, new economic information etc. They keep track of any industry or economic movement so that they can make right analysis reports for the management to take any strategic decision for the company's betterment.

#### Distribution:

ACI Ltd. operates 26 Distribution Centers under this division over the nation. ACI is ceaselessly growing its distribution network so that clients can get better services. Distribution maintains people over 500 and a huge fleet of over 150 vehicles. They are able to maintain products of large volume from different business units. The company's distribution centers are up to date in case of technology. ACI Ltd. uses top notch instruments for their cold chain products such as vaccines and insulin. The combination of this progressed work and



multidimensional capabilities made it conceivable to handle hundreds of items productively. ACI entirely takes after ISO 9001-2008 Quality Administration Framework (QMS) in all angles of its Distribution System (Distribution, 2018).

#### Commercial Department:

Commercial division of ACI Ltd. is one of the most crucial & useful part of the company as they handle the supply chain activities. In arrange to keep all the businesses running smoothly, ACI hired brilliant and highly productive employees who keep up continuous contact with the clients, both national and global. The Commercial division is reliably accomplishing the leading costs for the items that the company buys, guaranteeing colossal sum of fetched investment funds for the company. It offers excellence in the whole commercial tasks of ACI (Commercial Department, 2018).

#### MIS Department:

This the department ACI Ltd. heavily depends on. The MIS division of the company maintains the company so that the company does not suffer from any technological difficulties. To run activities smoothly the division plays a very important role. The division is consisted of talented programmers and software developers who created a deep impact by giving customized database system, report & information to the administration for smooth operating processes.

#### Training:

As the company values its employees, it also cares for their expertise enhancements and with a view to progress ACI ltd. training division plays a huge part maintaining its employees' skills and knowledge are up to date. They organize variety of development programs for the employees so that they can deliver their works as per changing business environment with creativity, agility, skill diversity & IT technology (Training, 2018).

#### SWOT Analysis of ACI Ltd.:

To know a company's strength and weaknesses and to find potential opportunities and threats SWOT analysis is being conducted. Through SWOT analysis a company can find out its position in the current market and also can implement in making strategical decisions. A SWOT analysis of ACI Ltd. is given below based on personal observations.

### STRENGTH

- Strong leadership
- High job satisfaction of employees
- Maintenance of corporate environment
- Wide range of high quality products

### WEAKNESS

- Some of the products are of poor quality
- Customer ignorance about products
- Distribution and service centres need more specialization.

### OPPORTUNITY

- Growing demand of fast moving consumer goods.
- Increasing market growth rate
- Economic development

### THREAT

- Other well-known FMCG Brands
- New emerging businesses
- Better products in terms of price and quality level.

### Internship Experience:

My internship program started at ACI Ltd. on 30<sup>th</sup> January under the supervision of Planning Manager Mr. Tofazzol Hussain at the headquarter of ACI Ltd. I got the opportunity to work with a dynamic team, where I could gather knowledge about the corporate world as the team is directly related to the main financial activities of the company. Whenever I faced difficulties in work they helped me in a friendly manner. My team helped me in various ways in case of learning about how corporate activities are being done and I also helped them in their works with my knowledge which I gathered throughout my academic life. Our team always strive for hard work and because of that in the whole company we have a very good reputation of being a great team. Apart from working I have also attended with them in the recreational activities which created a strong relationship between me and my team. As my internship program is coming to an end I can say that I have learned a lot, created unforgettable memories but one thing is clear that learning never stops.

### Job Responsibility:

- At ACI Ltd. my reporting time starts from 8:30am and ends at 6:00pm.
- The first duty is to look for business news which will help the management authority to take strategical decisions. I look news from 3 dailies which are: Bonik Barta, The Daily Independent & Prothom Alo within a time duration which is from 8:30am to 10:00 am.
- I had to put financial information from annual report as per requirements from the Planning Analysts into a formatted Excel file which automatically prepares the required ratios to analyze.
- Since my team directly works for the management, as per requirements I had to do Industry Analysis by doing in depth web searching, monthly and weekly magazine summarizing and gathered data from the sources and put them in to Excel & PowerPoint files.
- I have done macroeconomic report updating.
- I have helped them in preparing presentations for the management which are namely Monthly News Flash & Investment Portfolio of Bangladesh.

These are the job responsibilities for me as the intern of Planning Team of ACI Ltd.

## Part Two

### Introduction:

Today the business environment we see, is a very challenging area. Without updating one's skill and knowledge one cannot serve a community or fulfill their needs. With the evolving science and technology peoples' needs and demands are also changing. To keep pace with this changes the corporations like ACI Ltd. put great amount of efforts to satisfy the customers as well as gain excellence in businesses. As the most significant part of the organization, the finance & planning division operates its activities in many functions. And with this massive & growing support function ACI Ltd. has become one of the most successful organization in Bangladesh. To show the growing environment of ACI Ltd. the report is separated into two chapters.

1. Finance & Planning Procedures
2. Ratio Analysis of ACI Ltd.

### Rationale of the Report:

As a part of the organization I believe that one should know how the corporate world work under the pressure of rapidly changing business environment, to serve the consumers, to fulfill someone's need. And as the biggest part of the organization, the Finance & Planning has lot to learn about. This report might not have a detailed explanation of the procedures but can show a glimpse of the biggest conglomerate's nerve systems activities so that one will be able get a grip on the daily activities a corporate center performs. And the Financial ratios of ACI Ltd will give a view where the financial situation of the group is headed. Financial ratios are calculated from the data available in the annual reports and unaudited quarterly reports.

### Scope & Delimitation of the Report:

The scope of the report is confined within the organizational boundaries such as the description of the group's management policies of ACI Limited. The report also confines itself to informal interviewing and personal observation of the working area of ACI Ltd and to the annual and quarterly reports of the organization.

### Objectives of the Report:

The main objective of this report is to provide the information of how the finance & planning activities are conducted and after all the efforts of the group, from financial point of view, where the group stands in the growing economy.

Specific objectives of this report are:

- How ACI Ltd. conducts its financial activities
- Procedures towards excellence
- Financial ratio indications
- Real life work experience to gather the information.

## Chapter 1: Finance & Planning Procedures of ACI Ltd.

### Methodology of the Study:

Primary and Secondary sources are used to collect the information to fulfill this part of the report. Both of the sources played huge roles to provide insights of Finance and planning, the nerve center of ACI Ltd.

#### Primary Sources:

- Personal observation of the working environment
- Informal discussions with the officials of Finance & Planning Team.

#### Secondary Sources:

- Relevant confidential file studies and summarized recommended by the officials.

### Limitations:

Gathering information about a group like ACI Ltd.'s nerve center was difficult. There were many confidential matters concerning the topic but apart from those with the general idea given by the officials and the working environment itself will serve the purpose of the report.

## Finance & Planning Procedures of ACI Ltd.

Being the nerve of the conglomerate and the controlling body of all the subsidiaries ACI Ltd.'s finance & planning division is full of activities. There are so many functions that control every other division, subsidiary business units of ACI Ltd. the major functions of ACI Ltd. are:

- Corporate Finance
- Treasury
- Planning
- Business Intelligence
- Costing
- Credit & Inventory Management
- Accounts Payable Management
- General Accounting and Financial Reporting
- Taxation
- VAT Management
- Risk Management & Internal Audit
- Advance & Fixed Asset Management

Some major functions plays vital role as the heart of the ACI Ltd. They are:

### Corporate Finance:

The functions role is to set up strategic direction for the group for its betterments of every other divisions alongside,

- Making proposals for changes in method.
- Assessing financial reporting and bookkeeping frameworks.
- Amplifying directions in work as per the department's requirements.
- Helping Financial Controller to make productive decisions for its day to day activities.
- Monitoring financial reporting and cost analysis process to progress work in making of the annual report for the stakeholders.
- Projection of current and expected need of the organization with the association of MIS' technological continuous supports.

- Keeping contact with the business associates in terms of things changes in arrangement, method, framework and strategy of accounting.
- Whenever the group needs for a new database storing system the corporate management introduces to the group
- Assisting the financial controller and the executive director in planning and keeping up to date about the group's processes so that they can take decision.
- Analyzing financial statements
- Capital raising through IPO, bonds & policy issues.
- They are responsible for any presentation and execution of any sort of accounting or financial analysis software or program for the organization.
- Preparing long & short term financial data and also the projected cash-flow for the organization.
- Assists financial controller in preparing taxation planning and tax management.

### Treasury:

The functions and activities of treasury division of ACI Ltd.'s finance planning are:

- Monitoring all bank transactions and controlling the transactions
- Preparing daily bank reconciliation and maintaining debt cash and balances
- Fund management report preparation
- Reviewing and updating policies regarding treasury activities
- Preparing and analyzing forecasted cash-flows
- By following group policy they assist to arrange short & long term borrowings from the money market & capital market.

### Planning:

As I am doing my internship under the planning division, I have observed activities which are conducted on a daily, quarterly & monthly basis. The activities are;

- Preparing short & long term strategic plans
- Preparing long run investment vision for the organization
- Preparing annual & quarter business plan

- Forecasting monthly operations
- Preparing presentations to show whether the expected performance attained across the group by comparing the actual performance against the given targets set by the management authority of the group.
- Preparing budget procedures and setting timelines alongside facilitating annual and monthly budget report.
- Revenue projection & participation in pricing strategy of the products.
- Checking balance between the funding and expenditure and ensuring confirmation.
- Preparing monthly budget variance report and providing analysis what might happen in possible scenarios.
- In-depth analysis of macroeconomic factors and technological waves to capitalize business opportunities and minimizing threats.
- Conducting competitive analysis by preparing industry analysis mentioning the trend, growth, projections.
- Analyzing proposed conception for new projects and projecting feasibility.
- Preparing report on sources of funding, allocation framework & loan proposals.
- Investment tracking and conducting feedback report which is known as Post Implementation Review (PIR).
- Maintaining “Build, Hold, Harvest or Divest” strategy for every SBU.

### Costing:

The activities mentioned below are the most crucial activities for the group as it manages the costs of the group against the given target. The activities are:

- Conducting costing activities for product, promotion, campaign, value chain, target and benefits.
- Analyzing the market competitiveness by analyzing strategies through the usage of public available data, field reports and purchased reports.
- Supporting suggestions by doing analysis on current commerce insights.
- Identifying and evaluating potential clients.
- Administration data preparation
- Comparing variables influencing cost and profitability
- Preparing report on how they will manage or minimize the cost at the same time increasing profitability of the group.



- Analyzing audited reports for cost management
- Focusing on expenditure variables

### Credit & Inventory Management:

The credit activities as follows:

- Risk determination by comparing liquidity, profitability & credit histories of individual or any group of concern
- Report compiling based on credit information
- Controlling credit framework
- Ensuring timely payment
- Contacting with the customers
- Examine customer financial statements
- Maximize receivables
- Minimize the risk of debts
- Training, advising credit policies to the group officials
- Processing loan applications
- Monitoring customer files
- Maintaining transaction records and storing them
- Managing customer statements and billing receipts

### Taxation:

The taxation activities as follows:

- Advising the businesses to cover compliance and planning
- Alleviating Tax and VAT spillage in the group
- Updating taxation policies
- Giving directions to the management to take effective measures
- Calculation of income tax for the group and individuals
- Income tax return preparation for the tax authorities by following Income Tax Ordinance, 1984.
- Negotiations with the tax authorities

- Quarterly Advanced Income Tax payment Preparation, ITO 1984
- Corporate tax planning and implementations
- Quarterly withholding returns preparation ITO1984
- Individual income tax return preparation and finalizing assessment.
- Issuance certificates preparations
- Management of specific Tax and VAT issues.

### Accounts:

The Accounts activities as follows:

- Financial management by following organization and financial guidelines
- Day to day transaction processing and monitoring
- Monthly reports overview and submission to the management body
- Preparing annual, quarterly financial and consolidate reports by the guidelines of IASs or IFRS and other necessary regulation policies
- Analyzing monthly cash-flow projection for the group
- Preparing financial reviews as per the requirements of Chief Finance Officer
- Conducting training workshops for the accountants to update their skills
- Maintaining regular communication with the auditors, bankers and regulatory organizations
- Monitoring transactions of taxation
- Participation in internal audit, staff welfare and MIS issues

### Risk Management and Internal Audit:

The activities of risk management and internal audit as follows:

- Performing internal audit such as:
  - Prepayment Audit
  - Depot Audit
  - Financial Audit
  - Process Audit
  - Continue Audit
  - Surprise Audit
  - Safety Audit

- Field Audit to gather information about market insights
  
- Conducting reports on risk evaluation
- Proposing measures on risk controlling factors
- Investigation on fraudulent activities
- Industry analysis to alleviate risk

These are the activities that supports the major functions of the Finance & Planning Procedures of ACI Limited.

## Chapter 2: Financial Ratio Analysis of ACI Ltd.

Ratio Analysis is a form of Financial Statement Analysis that is used to obtain a quick indication of a firm's financial performance in several key areas. The ratios are categorized as:

- Profitability
- Liquidity
- Asset Management
- Debt Management

### Methodology:

The financial ratio analysis has been conducted with the data given in the annual reports & quarterly reports of ACI Ltd. Which leads to the fact that only Secondary data available for public knowledge is used.

### Secondary Data:

- Annual Report of ACI Ltd. 2016-17
- Annual Report of ACI Ltd. 2015-16

- Annual Report of ACI Ltd. 2014
- Annual Report of ACI Ltd. 2013
- 2<sup>nd</sup> Quarterly Report of ACI Ltd. 2016-17(un-audited)

### Limitations:

Limitations faced making this part of the reports were:

- **Unavailability of Information:** The analysis has a timeline starting from 2012 to 2016. I wanted to do 2017 data analysis but due to the unavailability of the quarterly reports concerning fiscal year 2017-18 during my analysis time I entered 5 years data analysis in a time series manner from 2012 to 2016.
- **Unaudited Data:** Due to Fiscal Policy changes there was no separate data of fiscal year 2016. To calculate the Profit & Loss data of 2016 and the Balance Sheet data at 31<sup>st</sup> December, I used the un-audited data from 2nd Quarterly Report of ACI Ltd. 2016-17.
- **Calendar Year to Fiscal Year:** Pursuant to the provisions of the Income Tax Ordinance 1984, u/s-2(35), as amended under finance Act-2015, all Companies (other than Bank, Insurance and NBFIs) are required to adopt Fiscal Year (i.e. 1st July-30th June) as Income Year or Accounting Year with effect from 01 July 2016 to 30 June 2017. In compliance to this Govt. directive, the Accounting Year of the Group has been moved from Calendar Year to Fiscal Year in due course of time and manner as prescribed by the National Board of Revenue (NBR) and Bangladesh Securities and Exchange Commission (BSEC) (ACI Ltd. Annual Report, 2015-16).

### Literature Review:

#### Profitability Ratio:

Profitability ratios explain the business's ability to generate profit against costs. If the value is higher than the previous years and the competitors' ratio then the group is doing well (Besley & Brigham, 2007).

*Gross Profit margin:* The Profit Margin indicates the dollars in income that the firm earns on each dollar of sales. This ratio is calculated by dividing Net Income by Sales (Besley & Brigham, 2007).

Operating Profit Margin: Operating margin indicates to the proportion of the revenue after the operating costs. It is calculated dividing operating profit by sales (Besley & Brigham, 2007).

Net profit margin: Net profit margin is the proportion of net benefits to incomes for a group (Besley & Brigham, 2007).

Return on asset (ROA): Return on assets (ROA) is a marker of how productive a group is relative to its resources. ROA gives a thought as to how proficient administration is at utilizing its resources to create profit. Calculated by dividing a group's yearly profit by resources, ROA is shown as a rate. (Besley & Brigham, 2007).

Return on equity (ROE): Return on equity (ROE) is the sum of net profit returned as a rate of shareholders equity. ROE measures a corporation's productivity by uncovering how much benefit a group produces with the cash shareholders have contributed (Besley & Brigham, 2007).

#### Liquidity Ratios:

Liquidity Ratio Ratios endeavor to degree the capacity of a firm to meet its short-term money related commitments. In other words, these proportions look for to decide the capacity of a firm to maintain a strategic distance from money related trouble in the short-run. The two most important Liquidity Ratios are the Current Ratio and the Quick Ratio (Besley & Brigham, 2007).

Current Ratio: The Current Ratio is calculated by dividing Current Assets by Current Liabilities. (Besley & Brigham, 2007).

Quick Ratio: The Quick Ratio recognizes that, for many firms, Inventories can be illiquid. In case these Inventories had to be sold off in a rush to meet an commitment the firm might have trouble in finding a buyer and the stock things would likely have to be sold at a considerable markdown from their reasonable advertise esteem (Besley & Brigham, 2007).

#### Asset Management Ratios:

Asset Management Ratios endeavor to degree the firm's victory in overseeing its resources to produce deals. For example, these ratios can give understanding into the victory of the firm's

credit approach and stock administration. These ratios are moreover known as Activity or Turnover Ratios (Besley & Brigham, 2007).

*Total Assets Turnover Ratio:* The Total Assets Turnover Ratio measures the productivity of the total assets in terms of making sales. This ratio is calculated by dividing Sales by Total Assets (Besley & Brigham, 2007).

*Inventory Turnover Ratio:* The Inventory Turnover measure how quickly the firm is generating profit by using its inventories. If the value is higher than the previous years it indicate that the inventories are getting sold. The Inventory Turnover Ratio is calculated by dividing Cost of Goods Sold by Inventory (Besley & Brigham, 2007).

*Receivables Turnover Ratio:* This ratio also indicates that how well a group can use its assets to generate revenue. It is calculated by dividing sales or credit sales by trade receivables (Besley & Brigham, 2007).

*Payables Turnover Ratio:* Accounts payable turnover ratio is calculated by taking the total purchases made from suppliers, or cost of sales, and dividing it by the average accounts payable amount during the same period (Accounts payables turnover, 2018).

*Days Inventory Outstanding:* This ratio measures the days a group holds its inventories. If it is higher than the previous years or higher than the competitors' then it is bad for the group.

*Days Receivables Outstanding:* This ratio indicates the days the group's receivables will be credited. The lower the ratio the better.

*Days Payables Outstanding:* This Ratio indicates to the days the group has to pay its creditors. If it is low then it must make some decisions to increase the number or to decrease the DSO to get the money to pay its creditors.

#### Debt Management Ratio:

Debt Management ratio is done to measure how the group can use the financial leverage to avoid the financial mishaps in the longer run.

Debt to Asset Ratio: This ratio indicates in what proportion of the group's total debt relative to its total assets.

Debt to Equity Ratio: This ratio indicates that in what length the group can use its financial leverage relative to its stockholders equity.

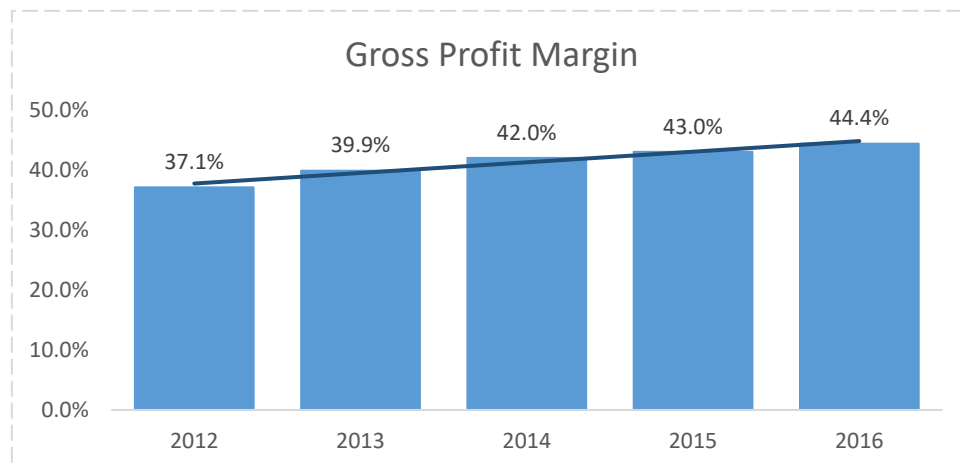
Interest Coverage Ratio: This Ratio indicates that how income of the profit of the group before subtracting the interest expense and tax can cover up its future interest expenses.

## Analysis of the Financial Ratios

### Profitability Ratios:

<b>Particulars</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Gross Profit Margin</b>	37.1%	39.9%	42.0%	43.0%	44.4%
<b>Operating Profit Margin</b>	9.5%	11.5%	13.8%	10.5%	9.2%
<b>Net Profit Margin</b>	5.6%	7.2%	7.7%	21.9%	7.8%
<b>Return on Assets</b>	4.1%	5.2%	6.1%	16.4%	5.2%
<b>Return on Equity</b>	10.7%	13.6%	14.4%	27.2%	10.6%

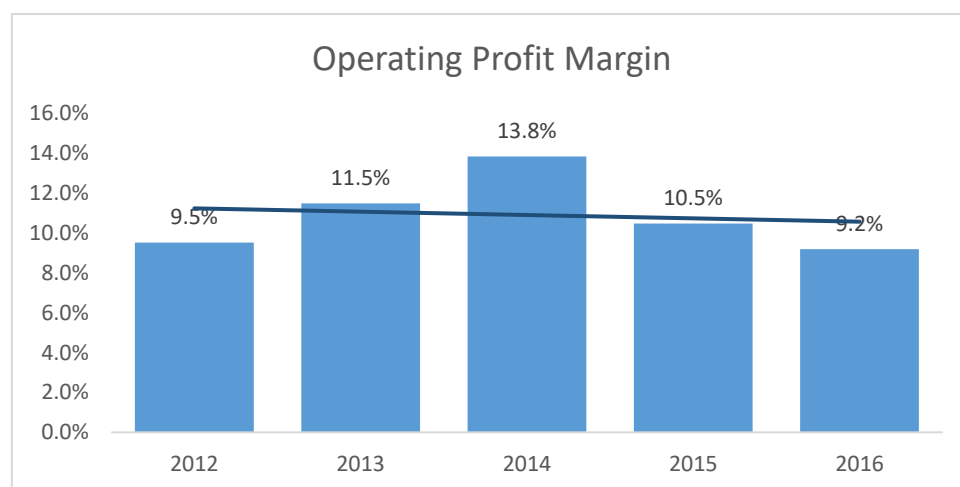
### Gross Profit Margin:



### *Interpretation:*

In the time series analysis it can be seen that Gross profit of ACI is been increasing as the result of increasing number of sales because BDT 100 worth of sales the gross profit of 2016 is BDT 44.4 whereas it was BDT 43.0 in the last fiscal year.

### Operating Profit Margin:

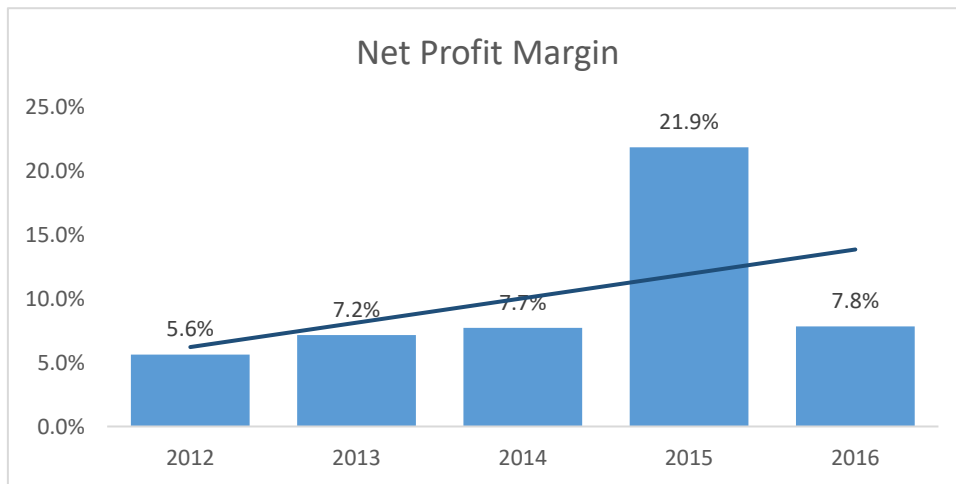




*Interpretation:*

In case of operating profit margin it is not as satisfactory as the gross profit margin. In 2014 every worth of BDT 100 sales the operating profit margin was BDT 13.80 which reduced to BDT 10.50 in 2015 and in the decreasing trend it became BDT 9.20 in 2016.

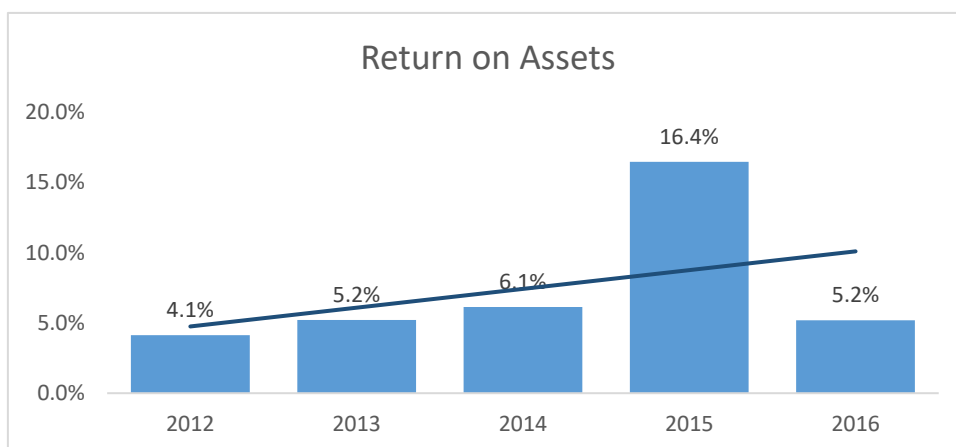
**Net Profit Margin:**



*Interpretation:*

Net profit margin is drastically dissatisfactory in terms of time series because in 2015 the net profit margin was BDT 21.90 against BDT100 worth sales but in 2016 it fell to BDT 7.80 which slows down the profitability of the group. So the performance was bad for ACI Ltd.

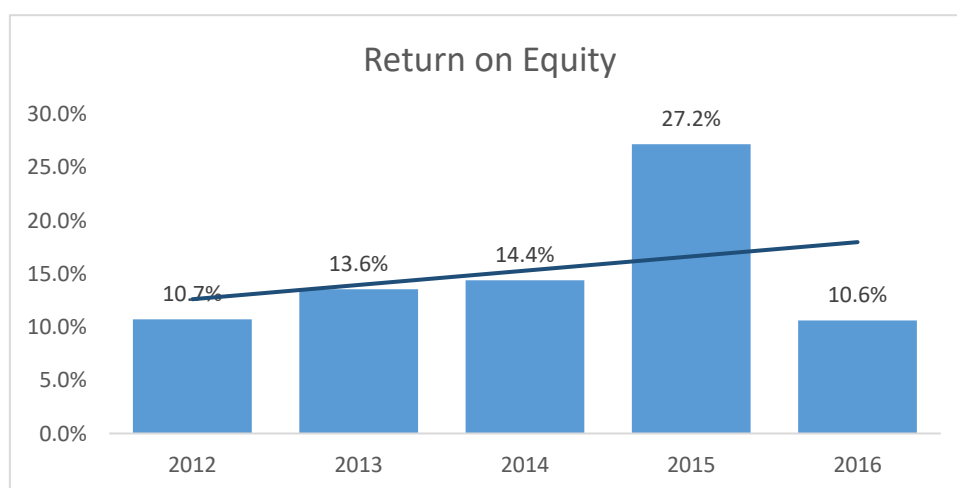
**Return on Assets:**



### Interpretation:

In 2016, every worth of BDT100 usage of resources the return was BDT5.20 whereas the same ratio in 2015 indicates BDT16.40 return on the same amount resources used. So the performance was poor for ACI Limited.

### Return on Equity:



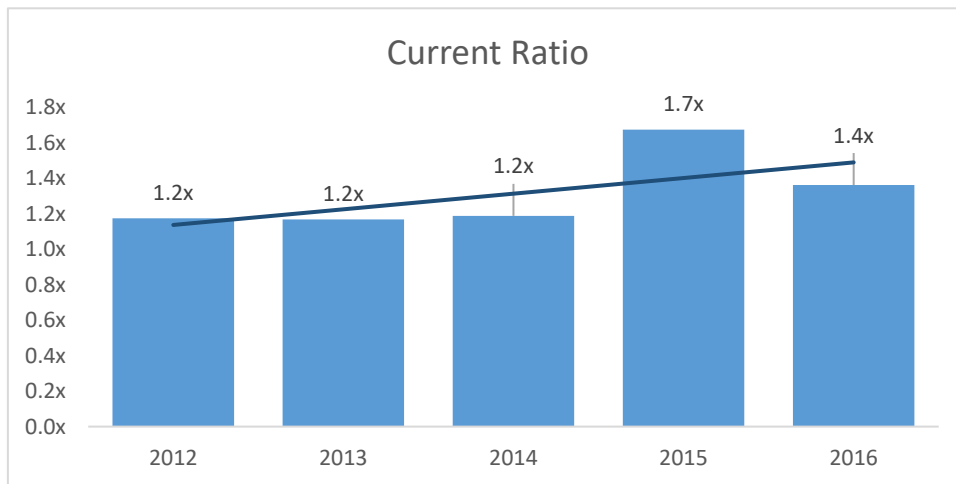
### Interpretation:

In 2016 the investors got BDT 10.60 against every BDT100 of investment whereas the same ratio was BDT 27.20 in the previous year. So the performance was poor in 2016.

### Liquidity Ratios:

Particulars	2012	2013	2014	2015	2016
Current Ratio	1.2	1.2	1.2	1.7	1.4
Quick/Acid Test Ratio	0.9	0.9	0.8	1.1	1.0

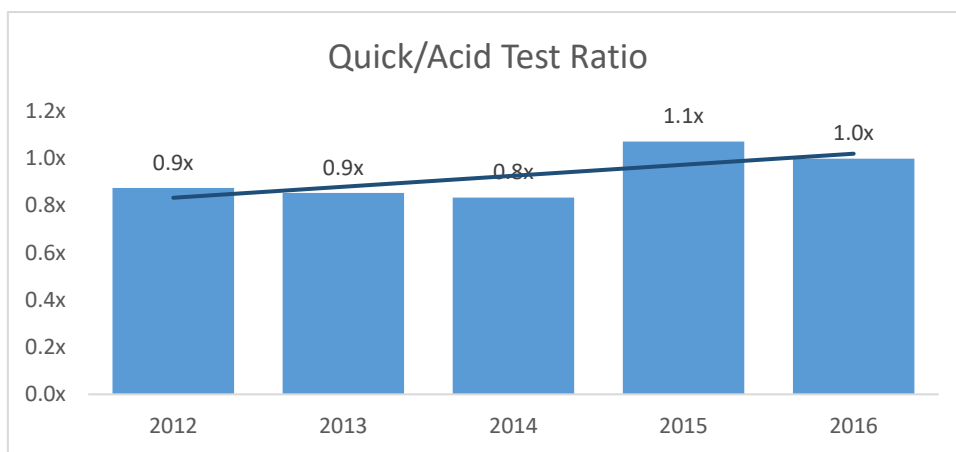
### Current Ratio:



### Interpretation:

From the diagram it can be told that in 2016 the current asset was 1.4 times against the current liabilities whereas in 2015 it was 1.7 times. So it can be said that the current liability is increasing against the current asset which determines bad position for the group.

### Quick/ Acid Ratio:



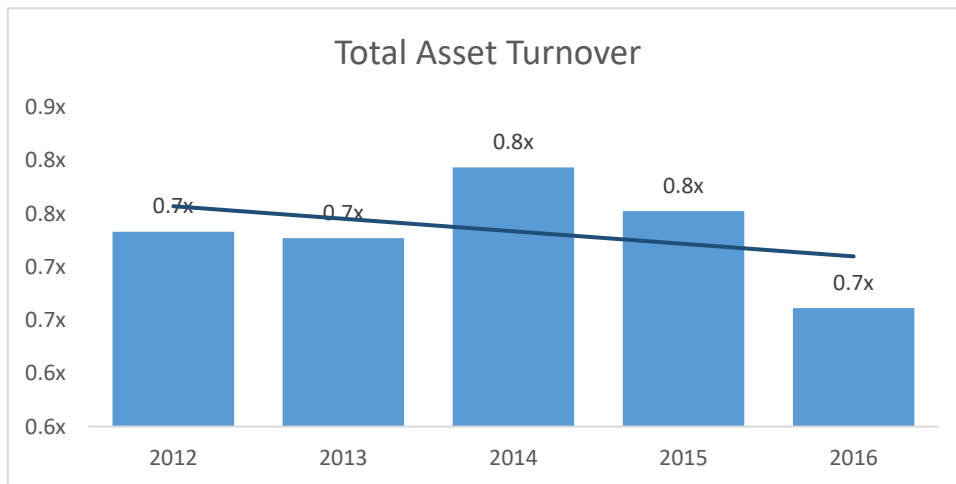
### Interpretation:

This ratio tells the current asset excluding the inventories is 1 times against current liability which is lower than 1.1 time in 2015 so it can be said that the inventories are increasing and lowering the rate of current asset against the current liability.

### Asset Management Ratios:

<b>Particulars</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Total Asset Turnover</b>	0.7x	0.7x	0.8x	0.8x	0.7x
<b>Inventory Turnover</b>	2.9x	2.5x	2.4x	2.1x	2.2x
<b>Receivables Turnover</b>	7.5x	6.8x	9.1x	7.5x	6.4x
<b>Payables Turnover</b>	19.1x	14.3x	19.7x	11.0x	8.4x
<b>Days Inventory Outstanding (DIO)</b>	126	143	149	171	167
<b>Days Sales Outstanding (DSO)</b>	48	53	39	48	56
<b>Days Payable Outstanding (DPO)</b>	19	25	18	33	43

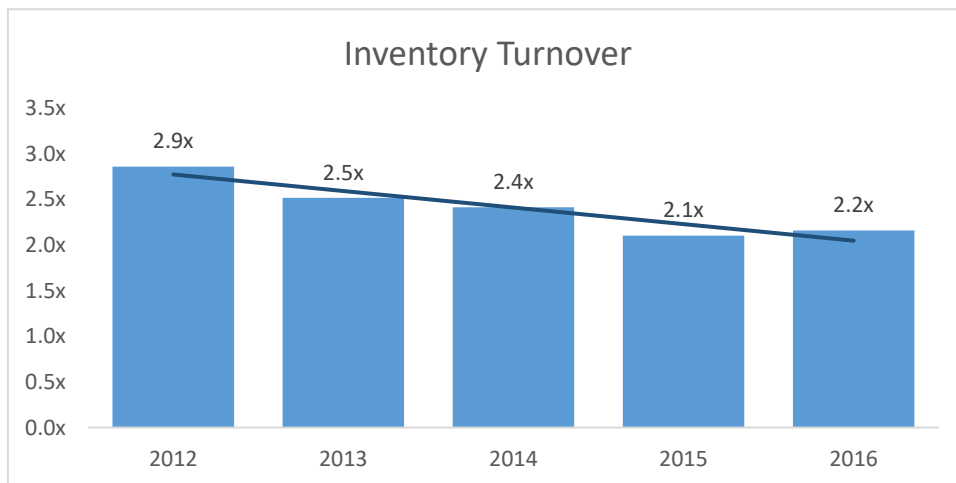
### Total Asset Turnover:



### Interpretation:

In 2016 every worth of BDT 1 of the total asset of ACI generated BDT0.7 worth of sales. Total asset turnover decrease by BDT 0.10 from the year 2015. Total asset was a lot higher than the revenue figure of 2016. So it can be said that the group is not doing well instead of using same amount of asset.

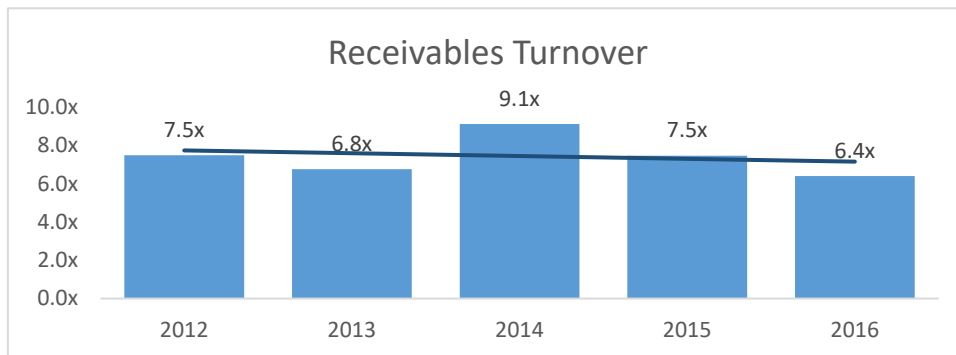
### Inventory Turnover:



### Interpretation:

The Inventory Turnover rate is bit higher than the previous year which means the group has sold out and restocked 2.2 times in 2016 compared to 2.1 times in 2015. But compared to the 2012 ratio 2016's inventory turnover is not that much satisfactory.

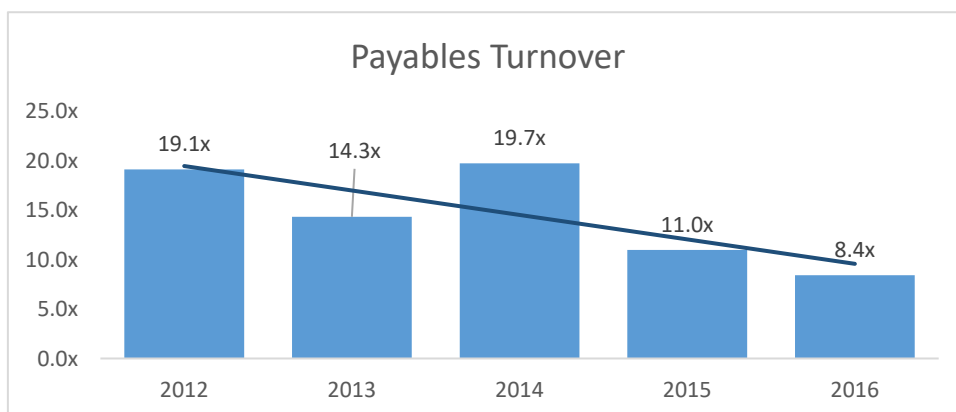
### Receivables Turnover:



### Interpretation:

The Receivables Turnover times is lower than 2015 which is 6.4 times than 7.5 times in 2015. Which means that the group's sales is 6.4 times against trade receivables which lead to unnecessary credit sales results in lower performance.

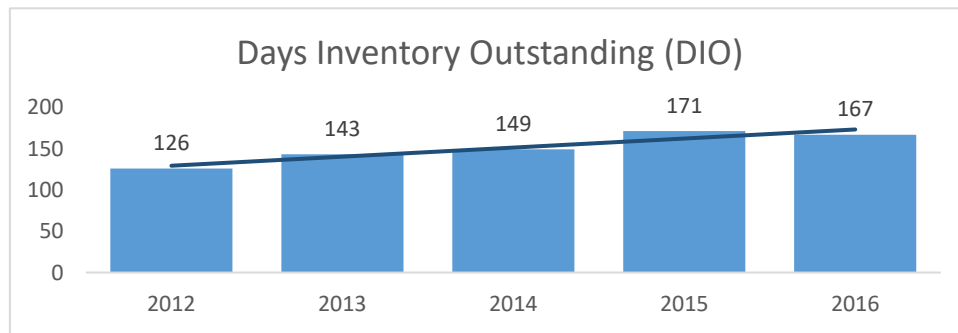
### Payables Turnover:



### Interpretation:

Payables turnover in 2016 of ACI was 8.4 times which is lower than 11 times in 2015. This ratio concludes the fact that ACI made more accrued expenses than the previous year which elevates current liability and debt increment. So the performance was poor in the view of time series analysis.

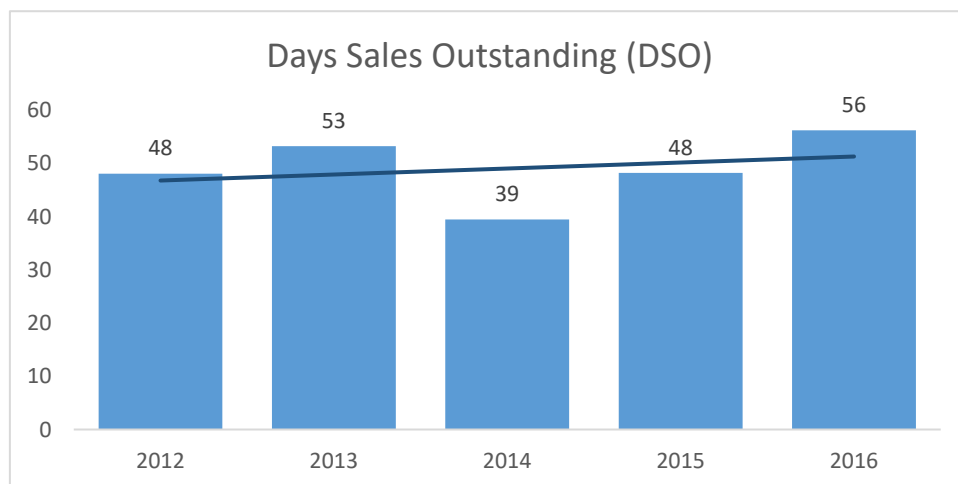
### Days Inventory Outstanding (DIO):



### *Interpretation:*

The Days Inventory Outstanding is lower than the previous year which is 167 days in 2016 than 171 in 2015. This means that on average it took 167 days to sell the inventory. But the performance is still poor because in 2012 it took 126 days which is quite lower than the 2016.

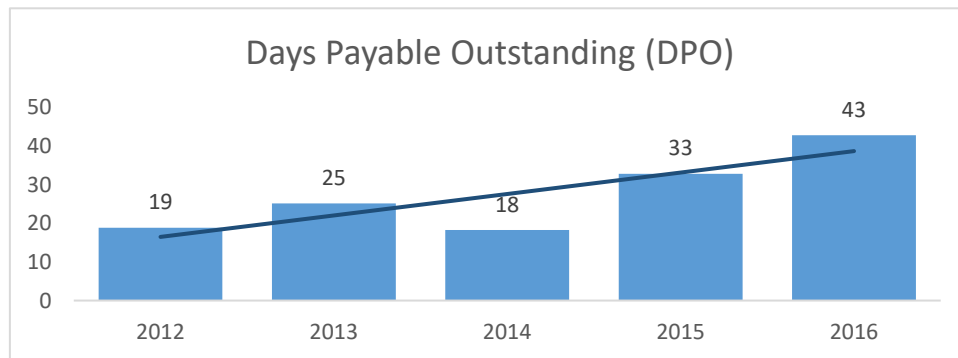
### Days Sales Outstanding (DSO):



### *Interpretation:*

The Days Sales Outstanding is higher than the previous year. 56 days in 2016 compared to 48 days in 2015. Which means that trade creditors and the other creditors will take more days to pay their debt. So the performance in this ratio is poor.

### Days Payable Outstanding (DPO):



### *Interpretation:*

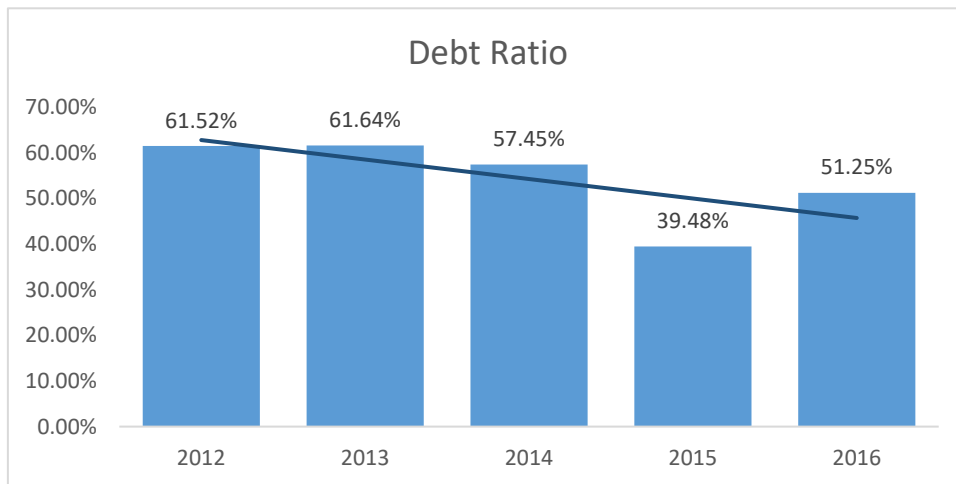
On the other hand the Days Payable Outstanding is more than the previous year which is 43 days to pay accrued expenses in 2016 which was 33 days in 2015.

### Debt Management Ratio:

Particulars	2012	2013	2014	2015	2016
<b>Debt Ratio</b>	61.52%	61.64%	57.45%	39.48%	51.25%
<b>Debt to Equity Ratio</b>	159.90%	160.66%	135.01%	65.24%	105.12%
<b>Interest Coverage Ratio</b>	3.7x	4.6x	6.0x	17.3x	20.8x



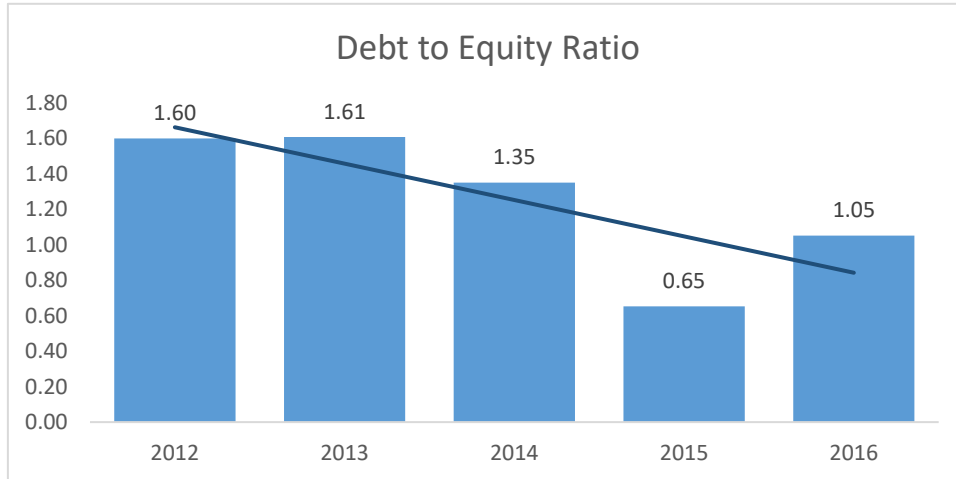
### Debt Management Ratio:



### Interpretation:

Debt ratio is higher in 2016 which is 51.25% than 39.48% in 2015. Which states that 51.25% of the asset is being financed by debt. It was not a good decision to take such debt.

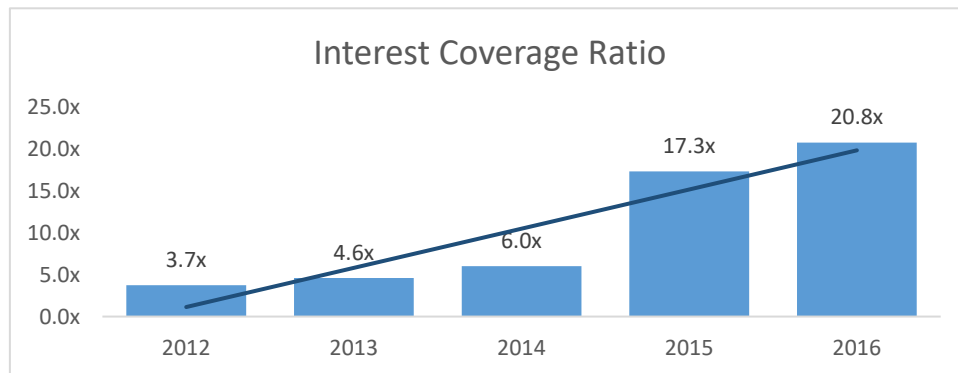
### Debt to Equity Ratio:



### Interpretation:

The debt to equity ratio of ACI is 1.05 or 1.05:1. It means the liabilities are 105% of stockholders equity which is higher than the previous year which is 0.65 or 65.24% debt finance by the stockholders. So the performance is poor and might cause financial distress in the future for ACI Ltd.

### Interest Coverage Ratio:



### *Interpretation:*

In 2016 ACI's EBIT was 20.8 times higher than the finance cost. The ratio increase from last year which was 17.3times in 2015. The result is satisfactory because it shows that ACI is capable of paying interest rates with a having a profit.

## Findings of the Report

The report is heavily concentrated on the Finance & Planning procedures because ratio analysis is part of the daily activities. It is used in many aspects of the group to help themselves get the idea of what kind of financial procedure changes the group and its business units need. With that view in mind I would like to mention my findings according the Major ratios that has been analyzed previously.

### *Profitability Ratio:*

In the profitability aspect of the group, though the gross profit margin is increasing showing opportunities to profit more but the rest of the ratios are not very promising. The operating expenses are increasing which lowered the percentage of operating profit margin against the sales. But it is understandable that a growing group like ACI ltd. must have sectors which need more expenses. But the Net Profit Margin, ROA & ROE are drastically lowered in the year 2016. ROA which interprets that every worth of BDT 100 asset generated BDT5.20 of net profit. Which is very low than the previous year. Being low on percentage show that because of defaults in asset management the resources could not generated as much profit as the group predicted. ROE represents the percentage obtained relative to the percentage of the company's investors' equity. It shows how the investors' money is being implemented in investment projects. Lower rate of 10.6% from 27.2% shows that the money shareholders invested are not used properly which led to earning such fall in ROE in 2016.

### *Liquidity Ratio:*

The liquidity ratio shows the balance between current asset and current liabilities of the group. It shows that if the group is able to cope up with its short term obligations. But the study shows that ACI might face problem if the trend continued in the future. It shows that the company is not keeping enough current assets to meet the short term obligations. In 2016 the current ratio was lower than the previous years which was 1.4 times against 1.7 times in 2015. The quick acid ratio also shows future financial problems for the group. In 2016 it was 1times which is lower than the previous one, 1.1 times in 2015. The quick ratio also indicated the fact that the inventories amount is got higher as the years passed. Which leads to the fact that they cannot sell their inventories in favorable conditions which ultimately leads to wastes and losses.

### *Asset Management Ratio:*

The decreasing amount of Total Asset Turnover indicates that the company is not generating as much assets as it should produce. Because higher value means the greater efficiency in using the groups asset. In 2014-15 the ratios were 0.8 times which indicates to asset management efficiency in a higher level. But in 2016 it came down to 0.7times. Then the lower inventory turnovers in 2015 & 2016. 2012 has the highest number which is 2.9 time but it began to decrease in 2013 and came to 2.2 times in 2016. Lower receivables turnover led to higher DSO which states the fact that trade creditor will take more time to clear their bills. The decreasing payables turnover also dictates that company pays their creditors by taking long time which justifies the increasing DPO of 43 days.

### *Debt Management Ratio:*

The lowering Debt ratios of 2016 interprets that the assets of the company 51.25% debt based which might create a financial problem in the long run. Higher level of debt percentage can put the company in many financial risk which will undoubtedly affect the whole ACI group.

## Recommendations

ACI is one of the top groups in Bangladesh and we can be nothing but proud that a leading company is working hard and soul so that millions of people can fulfill their needs. But like any other system ACI possesses some defaults that needed to be covered. By doing the financial ratio analysis of ACI Ltd. I came across some recommendations such as:

- Since ACI is a growing group it must invest in more feasible businesses so that they can alleviate their debt issues.
- ACI should decrease their number of Days Payable Outstanding (DPO) so that they can maintain a good relationship with their creditors such as the supplier so that they can serve the group by providing good quality raw material so that they can improve their products compared to their competitor products available in the market.
- ACI has 26 distribution centers but not every products is reaching the customers. Many consumers do not know the existence of some products. So with that being said they should hire more skilled people in distributing the products equally across the nation.
- ACI Ltd in a profitable position in the market but the importance of look over the debt management to alleviate financial risks in the longer run.
- Asset management must be supervised so that ROA can be increased which will lead to higher Net profit margin.
- Credit sales should be limited to attain lowered Days Sales Outstanding.

## Conclusion

With the changes in the growing environment ACI Ltd. is striving to provide Bangladesh the best products with utmost care. And to reach that goal a lot of people are working at their best so that one day it can reach its visions with protecting their values. Finance and Planning division of the company shares their large part of their lives, their valuable time only to serve the group so that they can be a part of a great success. By observing and gaining information about the group's divisional procedure, it is clear that throughout the group and within the business units a complex corporate system is being followed. Without one's contribution for a day many activities cannot proceed further and from top management to lower level of taskforce a very friendly communication is being followed so that no one gets demotivated. The Financial Analysis is done in a time series manner. From the analysis, it can be said that from the profitability analysis that though ACI Ltd. has some lower percentages than the respective previous years but most of the graph shows upward trend which is a good sign and with increasing gross profit ratio makes sure of the fact that in future with proper investment will bring huge amount of profit for the company; from the graphs of liquidity ratios also shows the opportunities to increase current assets which will justify the upward trend of the ratios and these ratios will ultimately affect the asset management ratios and debt management ratios for example decreasing of DSO will reduce the unnecessary credit sales and from that money ACI Ltd. can invest in short term investments which will increase current asset of the company ensuring liquidity and from those investments they will generate returns which will be useful to financing assets of the company instead of debt financing. Every system has faults and so does ACI Ltd. but with some of these limitations ACI Ltd. is serving like no other group in Bangladesh. But visionary leadership of ACI Ltd. towards innovations will sure alleviate risks them and improving necessary areas with moving further towards success not only winning the trust of local consumers but also reach the international arena.

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## Appendix:

ACI Limited					
(Figures in BDT '000)					
Profit & Loss Statement					
	2012	2013	2014	2015	2016
Revenue	9,680,062	10,683,601	12,318,723	14,566,844	16,766,447
Cost of Sales	(6,089,878)	(6,426,070)	(7,147,881)	(8,304,837)	(9,328,489)
<b>Gross Profit</b>	<b>3,590,183</b>	<b>4,257,531</b>	<b>5,170,842</b>	<b>6,262,007</b>	<b>7,437,958</b>
Operating Expenses	(2,670,135)	(3,031,648)	(3,468,192)	(4,738,040)	(5,899,367)
<b>Operating Profit</b>	<b>920,048</b>	<b>1,225,883</b>	<b>1,702,650</b>	<b>1,523,967</b>	<b>1,538,592</b>
Other Income	137,921	137,591	82,583	87,268	143,523
<b>EBIT</b>	<b>1,057,969</b>	<b>1,363,474</b>	<b>1,785,232</b>	<b>1,611,234</b>	<b>1,682,115</b>
Gain from sale of brands	-	-	-	2,520,002	292,900
Investment Impairment Provision	-	-	(150,000)	(30,000)	(20,000)
Financing Cost	(282,555)	(295,776)	(296,401)	(92,986)	(80,948)
<b>Earnings before WPPF &amp; Tax</b>	<b>775,414</b>	<b>1,067,697</b>	<b>1,338,832</b>	<b>4,008,250</b>	<b>1,874,066</b>
Provision for WPPF	(38,771)	(53,385)	(66,942)	(74,412)	(93,703)
<b>EBT</b>	<b>736,643</b>	<b>1,014,313</b>	<b>1,271,890</b>	<b>3,933,838</b>	<b>1,780,363</b>
Income Tax Expenses	(191,527)	(250,125)	(321,176)	(750,306)	(467,506)
<b>EAT</b>	<b>545,116</b>	<b>764,188</b>	<b>950,714</b>	<b>3,183,532</b>	<b>1,312,857</b>
<b>2016 P&amp;L Calculation</b>	<b>2016</b>	<b>2016 6M Jan-Jun</b>	<b>2016 Jul-Dec</b>		
Revenue	16,766,447	7,941,212	8,825,235		
Cost of Sales	(9,328,489)	(4,380,427)	(4,948,062)		
<b>Gross Profit</b>	<b>7,437,958</b>	<b>3,560,785</b>	<b>3,877,173</b>		
Operating Expenses	(5,899,367)	(2,932,029)	(2,967,338)		
<b>Operating Profit</b>	<b>1,538,592</b>	<b>628,757</b>	<b>909,835</b>		
Other Income	143,523	94,095	49,428		
<b>EBIT</b>	<b>1,682,115</b>	<b>722,852</b>	<b>959,263</b>		
Gain from sale of brands	292,900	292,900			
Investment Impairment Provision	(20,000)	(20,000)			
Financing Cost	(80,948)	(22,382)	(58,566)		
<b>Earnings before WPPF &amp; Tax</b>	<b>1,874,066</b>	<b>973,369</b>	<b>900,697</b>		
Provision for WPPF	(93,703)	(48,668)	(45,035)		
<b>EBT</b>	<b>1,780,363</b>	<b>924,701</b>	<b>855,662</b>		
Income Tax Expenses	(467,506)	(245,043)	(222,463)		
<b>EAT</b>	<b>1,312,857</b>	<b>679,658</b>	<b>633,199</b>		



<b>ACI Limited</b>					
<b>Statement of Financial Position</b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Assets</b>					
Property, plant & equipment	2,573,229	3,384,489	3,799,147	6,540,147	7,126,500
Capital work-in-progress	889,671	-	-	-	-
Investments	1,407,598	1,846,292	1,799,059	1,858,500	2,044,736
Intangible assets	1,297	1,359	826	323	844
<b>Non-Current Assets</b>	<b>4,871,796</b>	<b>5,232,140</b>	<b>5,599,031</b>	<b>8,398,970</b>	<b>9,172,080</b>
Inventories	2,128,984	2,553,330	2,961,176	3,949,039	4,318,017
Trade receivables	1,292,368	1,579,350	1,350,517	1,950,274	2,617,991
Other receivables	107,406	4,216,889	113,059	264,995	365,716
Inter Company Receivables	4,033,776	-	4,338,996	3,013,956	5,853,625
Spare and Supplies	-	-	-	-	-
Advances, deposits & prepayments	610,674	728,001	700,887	1,255,666	2,030,569
Short term loan/Investment	-	-	-	-	-
Cash and cash equivalents	161,462	384,202	462,525	525,674	993,628
<b>Current Assets</b>	<b>8,334,671</b>	<b>9,461,772</b>	<b>9,927,162</b>	<b>10,959,605</b>	<b>16,179,546</b>
<b>Total Assets</b>	<b>13,206,467</b>	<b>14,693,913</b>	<b>15,526,193</b>	<b>19,358,575</b>	<b>25,351,626</b>
<b>Equity &amp; Liabilities</b>					
Share Capital	237,738	285,821	343,944	398,367	438,204
Share Premium	321,893	333,302	351,340	402,310	402,310
Capital Reserve	896,293	-	-	-	-
Reserve	140,860	1,005,465	1,049,867	3,267,777	3,356,191
Retained Profit	3,484,502	4,012,664	4,861,534	7,646,699	8,162,821
Minority Interest	-	-	-	-	-
<b>Total Equity</b>	<b>5,081,286</b>	<b>5,637,252</b>	<b>6,606,685</b>	<b>11,715,154</b>	<b>12,359,526</b>
Employee benefits	-	340,665	442,259	547,556	653,363
Long-term borrowings	917,187	275,502	54,613	42,522	400
Other Non-Current Liabilities	-	244,288	1,101	-	-
Deferred tax liabilities	106,311	94,712	62,743	505,368	454,607
<b>Non-current Liabilities</b>	<b>1,023,498</b>	<b>955,166</b>	<b>560,716</b>	<b>1,095,446</b>	<b>1,108,370</b>
Bank Overdraft	1,374,098	741,441	427,837	622,572	898,820
Short term bank loan	3,856,615	4,677,922	5,572,663	2,782,511	5,801,258
Long term bank Loan- Current	313,862	381,968	343,908	42,452	-
Trade Creditors	318,774	448,788	362,330	756,742	1,107,775
Other Creditors	856,450	1,020,669	1,124,527	1,442,310	1,847,450
Inter Company Payables	172,930	364,071	137,299	118,788	917,737
Dividend Payable	-	-	-	-	-
Current Portion of Lease Obligation	762	-	-	-	-

Other Current Liabilities	-	-	-	-	
Tax liabilities	208,193	466,636	390,226	782,599	1,310,690
<b>Current Liabilities</b>	<b>7,101,683</b>	<b>8,101,495</b>	<b>8,358,791</b>	<b>6,547,974</b>	<b>11,883,730</b>
<b>Total Liabilities</b>	<b>8,125,181</b>	<b>9,056,661</b>	<b>8,919,507</b>	<b>7,643,421</b>	<b>12,992,100</b>
<b>Total Equity and Liabilities</b>	<b>13,206,467</b>	<b>14,693,913</b>	<b>15,526,193</b>	<b>19,358,575</b>	<b>25,351,626</b>

<b>Profitability Ratios</b>	<b>Calculation Formulas</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Gross Profit Margin	(Sales – COGS)/ Sales	37.1%	39.9%	42.0%	43.0%	44.4%
Operating Profit Margin	Operating Profit/Sales	9.5%	11.5%	13.8%	10.5%	9.2%
Net Profit Margin	Profit After Taxes/Sales	5.6%	7.2%	7.7%	21.9%	7.8%
Return on Assets	Profit After Taxes/Total Assets	4.1%	5.2%	6.1%	16.4%	5.2%
Return on Equity	Profit After Taxes/Total Equity	10.7%	13.6%	14.4%	27.2%	10.6%
<b>Liquidity Ratios</b>	<b>Calculation</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Current Ratio	Current Assets/Current Liabilities	1.2x	1.2x	1.2x	1.7x	1.4x
Quick/Acid Test Ratio	(Current Assets – Inventories)/Current Liabilities	0.9x	0.9x	0.8x	1.1x	1.0x
<b>Asset Management Ratios</b>	<b>Calculation</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Asset Turnover	Sales/Total Assets	0.7x	0.7x	0.8x	0.8x	0.7x
Inventory Turnover	COGS/Inventory	2.9x	2.5x	2.4x	2.1x	2.2x
Receivables Turnover	Credit Sales or Total Sales/Trade Receivables	7.5x	6.8x	9.1x	7.5x	6.4x
Payables Turnover	COGS or Purchase/Trade Payables	19.1x	14.3x	19.7x	11.0x	8.4x
Days Inventory Outstanding (DIO)	360/Inventory Turnover	126	143	149	171	167
Days Sales Outstanding (DSO)	360/Receivables Turnover	48	53	39	48	56
Days Payable Outstanding (DPO)	360/Payables Turnover	19	25	18	33	43
<b>Debt Management Ratios</b>	<b>Calculation</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Debt Ratio	Total Debt/Total Assets	61.52%	61.64%	57.45%	39.48%	51.25%
Debt to Equity Ratio	Total Debt/Total Equity	159.90%	160.66%	135.01%	65.24%	105.12%
Interest Coverage Ratio	EBIT/Interest Expense	3.7x	4.6x	6.0x	17.3x	20.8x