

Internship Report
On
Financial Statement Analysis of Al-Amin Agrovet Limited



Daffodil
International
University

Internship Report

On

Financial Statement Analysis of Al-Amin Agrovet limited

Prepared for

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Masters of Business Administration

Major: Finance

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Dated:07/01/2019

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Subject: Submission of Internship report on “Financial Statement Analysis of Al-Amin Agrovet Limited”

This is my pleasure to present my internship report entitled “**Financial Statement Analysis of Al-Amin Agrovet limited.**” I have conducted my internship program in Al-Amin Agrovet Limited, Head office, 1,1/1 Nayapaltan, Dhaka. I have invested my every effort to depict the Financial Statement performed by the Al-Amin Agrovet Limited.

I believe that the knowledge and experience I gathered during the internship period, will be helpful in my future professional life. I will be grateful to you if you kindly accept this report. If you should need any assistance in interpreting this report or in implementing my recommendations, please contact with me at saiful_aal@dhakagroup.com or 01677279101.

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Major: Finance

Masters of Business Administration

Daffodil International University (DIU).

Certificate of Approval

It is my pleasure to certify that the report entitled “**Financial Statement Analysis of Al-Amin Agrovet Limited**”, submitted by Siful Islam, ID No. 163-14-2218, Student of MBA Program, Daffodil International university, Dhanmondi, Dhaka, is approved for presentation. I also certify that I have gone through the draft report thoroughly and found it satisfactory for the degree of **Masters of Business Administration (MBA), in Finance**



SSS

Signature of the Supervisor

Mahbub Parvez

Associate Professor

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Preface

Actually knowledge is not fruitful to one unless it is a combination of both theoretical and practical in nature. In other words, practical and theoretical knowledge is equally important. Theoretical knowledge doesn't highlight the reality about any topic as clearly as practical knowledge. Theoretical knowledge is the guideline to gain knowledge about a subject, but practical knowledge is the experience to do something about that subject. So, both two are required in our practical life. When we go to work field in order to gain practical knowledge, it is called internship training and when we achieve theoretical knowledge applied on actual work then it is called internship knowledge.

Internship training is divided into two parts:

a) Theoretical part: The pre-requisition of practical knowledge is known as theoretical knowledge. As by reading different books, journals, thesis report, lecture etc.

b) Practical part: When any particular subject is directly observed and it is analyzed on the basic of theoretical knowledge.

We find theoretical knowledge into book but we are not capable to use it in all practical situations. But if we have knowledge about both theoretical and practical, we can apply the capabilities in all situations by analyzing problems.

I have chosen **Financial Statement analysis of Al-Amin Agrovet Limited** as the subject matter of my internship program because of the interest for learning and understanding the financial activities of that organization.

I have tried my best to cover all my significant dimensions of the topic and hope that this report would be able to reveal the real position of Al-Amin Agrovet Limited, Nayapaltan, and Dhaka, Bangladesh. I have given extensive effort to minimize errors and mistakes in this report. My effort will be meaningful if report serves the real purpose effectively.

Md. Siful Islam

ID.NO: 163-14-2218

Date: 07/01/ 2019

Acknowledgement

In order to achieve professional experience to apply theoretical knowledge into practical field, I have chosen Al-Amin Agrovet Limited for preparing internship report for MBA program. I have presented this report after finish my course work. First of all, I would like to express my deep gratitude to the almighty Allah for fruitfully preparing this internship report. I express my deep sense of gratitude and heartily respect to Mr. Mahbub Parvez, Associate Professor Daffodil International University. I have received all valuable suggestions and instructions from my honorable teacher (Supervisor) for completing this internship Report. My pleasure turns blooming to offer thanks to Mr. A.K Azad, Managing Director Al-Amin Agrovet Limited, for allowing me to work his organizational area under his supervision. Their delightful co-operation, benevolent patronage & intention helped me to prepare this report. And last but not the least; I would like to thank all the personnel working at Al-Amin Agrovet Limited, Naypaltan Dhaka. They made the environment congenial and favorable for me to understand the task. Without their assistance and co-operation, this report might not have seen the light of day.

Md. Siful Islam

ID: 163-14-2218

Al-Amin Agrovet Ltd is one of the leading veterinary medicine company in Bangladesh . The mission of the Al-Amin agrovet ltd is to actively participate in the socio-economic development of the nation by supplying veterinary medicine to various feed mills. Immediately after the independence of Bangladesh in 1971, the condition of poultry sector was not up to the mark. Now-a-days this sector helps to contribute GDP of this country

This report covers an overall idea on the position of Al-Amin Agrovet Ltd. The first part of this report deals with introduction that presents the Origin of the report, Background of the study, Objective of the report, Statement of the problems, Methodology of the study and Limitation of the study.

The second part of this report deals with the overview of Al-Amin Agrovet Ltd which contains history of AAL, Mission, Vision, value statement, Objective of Al-Amin Agrovet Ltd, Structure, Activities of Al-Amin Agrovet Ltd, and Products of Al-Amin Agrovet Ltd & its performance. The data used to furnish this report have been collected from the primary sources and secondary sources. Among primary and secondary sources most of the data have been collected from the secondary sources.

The third part of this report deals with the financial statement analysis of Al-Amin Agrovet Ltd, secondly ratio analysis of Al-Amin Agrovet Limited and which express the position of AAL.

After finishing last part, to identify strength and weakness of Al-Amin Agrovet and give some recommendations on the basis of the problems, to summarize the whole situation from my own observation.

This report also consists of Bibliography & Acronyms as a supplementary part.

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CHAPTER ONE

INTRODUCTION PART

AL-AMIN AGROVET LIMITED

INTRODUCTION

This internship report is generated under the Department of Finance, Daffodil International University. This internship report is required to fulfill the MBA Degree. The topic of this report is "Financial Statement Analysis of **"AI-AMIN AGROVET LIMITED"**". The main objective of doing this report is to have a practical experience of the real life aspects of the Financial Management that I have studied in the classroom.

Bangladesh is an agricultural country. Our economy is mainly agro-based. Among all the sub-sectors of agricultural industry poultry & fish feed is undoubtedly a remarkable one. Poultry and fish feed industry is not labor intensive; rather it is mainly day old chick, fish fingerling and feed oriented.

Feed mill industry as an agribusiness enterprise is comparatively new in Bangladesh. There was no special feed producer i.e. feed mill in the country before the decade of eighties. The total feed business in our country was controlled by some feed traders who had neither any scientific knowledge on feed formulation nor any mechanical devices to prepare balanced feed. Mainly they collected different agricultural products and bi-products from different parts of the country and sold those items as feed to the livestock farmers. Occasionally, they used to mix up those items together by manual methods without maintaining balance proportion medicine.

As I am working Accounts Department of **"AI-AMIN AGROVET LIMITED"** with position of Assistant Manager, I have obtained significant knowledge about this company that is why I choose this company for my internship report.

1.1 BACKGROUND OF THE STUDY

No knowledge is fully complete unless it is fully supported by event on growth. Nobody in this competitive area will be successful until he does not link his study with practical orientation. This realization is more pronounce in the study of financial Statement analysis where experiences cover on all elements of financial statements.

The 1980s, the Government of Bangladesh (GOB) with the assistance of some donor-assisted projects began to address the needs of cattle farmers and undertook development programs for the dairy sector. The government initiative has encouraged many farmers in the 1980s and 90s to start commercial dairy farming. In order to patronize this sector the government also introduced a subsidy program for the establishment of mini-dairy farms and offered liberal credit. The commercial poultry farming was started in the 1980s and thereafter, expanded as a potential agribusiness sector. The Small Farmers Livestock Development Project (SLDP) was started in July 1993 by the Department of Livestock Services (DLS), in collaboration with three national NGOs, namely, BRAC, PROSHIKA and Swanirvar Bangladesh.

Due to the patronization from the government, people from different classes became interested in commercial dairy and poultry farming. The number of dairy and poultry farms in the country gradually started to increase since the latter half of the 1980s. Now-a-days poultry farming on small scale is a popular farm activity in urban and semi-urban areas in Bangladesh. At present there are about 1, 21,079 dairy and poultry farms and 31,022 sheep and goat farms in the country which are maintained by the private entrepreneurs.

I have tried my best to use this opportunity to enrich my knowledge on the assigned topic. After observing thoroughly, I have completed this report on the basis of my finding and observing relating to the topic.

1.2 OBJECTIVE OF THE STUDY

The main objective of this report is to introduce information contained in the financial statements of Al-Amin Agrovet Ltd and to evaluate the financial performance of the company.

Specific Objectives:

The specific objectives may be spelled out as follows:

- ❖ To collect information from financial statements of the company
- ❖ To find out the management problems and to suggest how to solve the problems
- ❖ To highlight the financial capability of the company.
- ❖ To provide some suggestions to overcome the problems that is identified.

1.3 SCOPE OF THE REPORT

The main focus of the study is “Financial Statement analysis of Al-Amin Agrovet Limited.” The topic is fixed. But the report has tried to cover overview of AAL’s objectives, financial statement, ratio analysis corporate management, and other circumstances of company. The report specially covered the financial performance of Al-Amin Agrovet Limited.

1.4 METHODOLOGY OF THE REPORT

I have got all the relevant information from my working experience with *Al-Amin Agrovet Limited*, their Accounting software, some circular, various brochures, web site of *Al-Amin Agrovet Limited* and such.

1.4.1 Primary data:

The primary data of the proposed report will be gathered from Al-Amin Agrovet Ltd, 1,1/1, Rupayan Taj,3rd floor , Nayapaltan , Dhaka

- Practical desk work
- Face to face conversation with the officer
- Direct observations
- Face to face conversation with the client

1.4.2 Secondary data:

The secondary data of this report are collected from Al-Amin Agrovet Ltd annual report and some others report from which I got idea about the way of writing a report.

Secondary Sources:

Secondary data are collected in the following ways:

- Data gathered within the organization itself
- Data gathered from relevant books
- Internet sources
- Annual reports
- Official documents
- Website of Al-Amin Agrovet Ltd

1.5 LIMITATIONS OF THE REPORT

Some of the limitations faced while preparing this report are mentioned here:

- The main limitation I have faced that AAL used a different accounting system from our academic learning. So it was little difficult for me to find out the necessary figures for ratio analysis.
- Another limitation of this study is that there is no standard industry average ratios
- AAL information is available to me. I have no information about full industry as this industry is new for our country. Al-Amin Agrovvet Limited operates Trading business in poultry sector. There are many competitors in the poultry market. I couldn't opportunity to go for other. So this report is prepared based on this company.
- The proposed report will cover the tools and techniques of financial management in the selected Feed companies.

- Information of this organization is publicly available and my appearance as a medium level employee to keep some information confidential which should not be disclosed to others.

As this organization has a large existence around the country. I could not explain the whole scenario, due to operating complexities and time constraints.

CHAPTER TWO
ORGANIZATIONAL PART
AL-AMIN AGROVET LIMITED

2.1 BACKGROUND OF AL-AMIN AGROVET LIMITED

Al-Amin Agrovet Limited (AAL) is a leading business of feed medicine products in Bangladesh which operations started in 2014. AAL is involved in trading business of poultry feed products to various poultry manufactures. AAL has started its operations in Dhaka; now it has expanded its business operations in various parts of the country. The captive clients of AAL are City Group and Meghna Group. Apart from feed business AAL trades various types of commodity products in Bangladesh.

The Managing Director of the Company Mr. Md. Abul Kalam Azad, aged 35 is a young and energetic entrepreneur. AAL's running the business last 4 years with emerging growth. He is highly experienced and prominent businessman. Since long he is involved with a lot of agro & non agro production and trading businesses. He has been operating a large fishery farm as well as poultry and fish feed trading for 17 years. In addition to fishery farming he has also vast experience in homestead beef fattening milking cow rearing, poultry rearing etc. He is dynamic, energetic and a promising businessman. He is a man of word and hate hypocrisy, dishonesty in business as well as in every sphere of life. He was/is actively involved with the following business enterprises:-

Table showing for other concern of Al-Amin Agrovet Limited.

Designation	Name	Share
Managing Director	United Assets & Development Co. Ltd	76.00%
Managing Director	Al-Amin Feeds Limited	80.00%
Proprietor	Al-Amin Poultry Feed	100.00%
Proprietor	N.R. Trading	100.00%
Managing Director	Toyo Feed Limited	70%
Managing Director	Dhaka Breeders & Hatcheries	75%
Proprietor	New Dhaka Transport	100%
Trustee	Cumilla Model College	100%

2.2 OBJECTIVES OF AL-AMIN AGROVET LIMITED

The objectives of the AAL are “To Supply best quality Poultry feed medicine of the country, compatible with International standards”. The future of Poultry industry in Bangladesh is rising and dynamically. Foreign companies are investing and expanding operation in Bangladesh. Competition is becoming harder. Only the fittest will survive. Procedures must focus on quality and productivity. AAL’s has several objectives. These are:

- To encourage and broaden the base of investments.
- To make good profit and sound growth.
- To establish new medicine industry.
- To develop the veterinary industry in our country.

2.3 VALUE OF AL-AMIN AGROVET LIMITED

At AAL, we adhere to our basic values: to be positive, normative and innovative, which guide us to believe in our culture.

- To have strong customer focus and build relationship based on integrity, superior service and mutual benefit.
- To work as a team to serve the best interest of the group.
- To work for business innovation and improvements.
- To provide recognition and reward and on performance.
- To be responsible, trustworthy and law abiding in every sphere.

2.4 VISION OF AL-AMIN AGROVET LIMITED

We view business as a means to the material and social wellbeing of the investors, employees and the society at large, leading to accretion of wealth through financial and moral gains as a part of the process of the human civilization.

- AAL are devoted to build a regulated, environment friendly and world class leading agribusiness enterprise.
- AAL believe, as a leading agribusiness enterprise in Bangladesh will become a major player in the world.

- AAL are committed to create distinctive values for all stakeholders including employees, suppliers, clients, debt holders, shareholders and communities.
- AAL share the opportunities both in Bangladesh growing economy and society and seek to achieve profitable and sustainable growth.

AAL strengthen our market position and develop momentum by building solid domestic and international partnerships.

"If there is one characteristic that has typified the AAL approach it is Vision to be the best of our nature and human resources, a vision to establish our company and country as a respected and valued regional presence".

2.5 MISSION OF AL-AMIN AGROVET LIMITED

The mission of AAL is to provide service to our clients with the help of skilled and dedicated workforce creative talents; innovative actions and competitive edge make our position unique in giving quality service to all institutions and individuals that we care for.

APF has prepared for the future by building world class facilities and mastering new technologies.

- AAL is committed to the well-being, proper handling and human slaughter of all the fry which we manage internally, or produce for sale to the poultry industry worldwide.
- This has been a long-standing commitment, and will continue to be a focal point for our future.
- We pledge our diligence in leading the industry not only in the pursuit of new and improved genetics and technology, but also to lead in enhancing animal well-being.
- This is not only the right thing to do, but it is an important obligation we owe to our customers.

In an intensely competitive and complex trading and business environment, we particularly focus on growth and profitability of all concerned.

1.6 LIMITATION OF AL-AMIN AGROVET LIMITED

- ❖ Insufficient warehouse facility all over the country.
- ❖ AAL is highly depending on Bank loan.
- ❖ Family culture in the organizational hierarchy
- ❖ Unrelated diversification
- ❖ Risk of maintaining limited suppliers
- ❖ Deteriorating trend in average collection period
- ❖ May suffer from powerful customer.

2.7 PRODUCT OF AL-AMIN AGROVET LIMITED

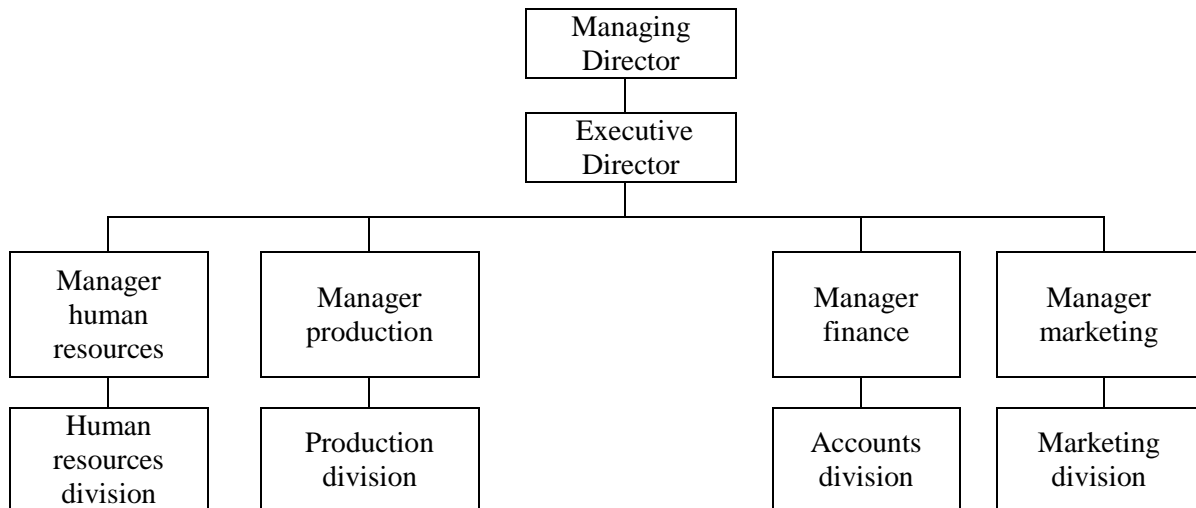
AAL is focused on poultry feed medicine sector. The details of the offerings of AAL's raw material and feed medicines are described below:

List of product:

SL	Name of product
1	Organic Mineral
2	Essential Oil
3	Toxin Binder
4	Multi Enzyme
5	Premix
6	Maize
7	DL-Methionine
8	L-Threonine
9	Lime Stone

2.8 ORGANIZATION STRUCTURE

Management Organogram of the Company:



2.9 FINANCIAL STATEMENT OF AL-AMIN AGROVET LIMITED

Al-Amin Agrovet Limited Statement of Profit & Loss Accounts For the year ended 2017

Particulars	2017	2016	2015
Sales	1,786,778,000.00	1,488,982,000.00	92,40,09,000.00
Less: Cost of Goods sold	(1,648,839,000.00)	(1,374,032,000.00)	(85,29,53,000.00)
Gross profit (Loss)	137,939,000.00	114,950,000.00	7,10,56,000.00
Add: Other Operating income	18,404,322.00	9,678,000.00	58,21,000.00
Less: Operating Expense	(12,184,000.00)	(10,557,100.00)	(74,87,100.00)
Operating Profit (Loss)	144,159,322.00	114,070,900.00	6,93,89,900.00
Less: Financial Expense	(35,078,322.00)	(23,573,000.00)	(1,46,33,000.00)
Profit Before Tax	109,081,000.00	90,497,900.00	5,47,56,900.00
Current Tax	(124,000.00)	(103,000.00)	(64,000.00)
Net profit After Tax	108,957,000.00	90,394,900.00	5,46,92,900.00

Al-Amin Agrovet Limited
Statement of Financial Position
As at 31 December'17

	2017	2016	2015
<u>PROPERTY, PLANT & EQUIPMENT</u>			
Current Assets:			
Cash & Bank Balance	1,02,07,943	8,473,100	1,001,100
Accounts Receivables	12,50,68,826	73,947,000	55,694,000
Investment-Short Term	3,63,37,000	16,337,000	16,337,000
Investment in Subsidiary Short	1,92,71,000	9,271,000	9,271,000
Inventory	40,65,63,000	331,273,000	212,654,000
Other Current Assets	58,32,000	5,832,000	5,821,000
Total Current Assets	60,32,79,769	445,133,100	300,778,100
Fixed Assets:			
Land & Building	33,88,53,909	169,885,000	169,885,000
Furniture Fixture	1,44,000	144,000	144,000
Office Equipment	1,57,000	157,000	157,000
Plant & Machinery	-	-	-
Motor Car	29,66,000	2,966,000	2,966,000
Gross Fixed Assets	34,21,20,909	173,152,000	173,152,000
Less: Acc. Depreciation	(7,42,800)	(548,700)	(354,600)
Fixed Assets	34,13,78,109	172,603,300	172,797,400
Total Assets	94,46,57,878	617,736,400	473,575,500
<u>EQUITY & LIABILITES:</u>			
Liabilities:			
Long Term Bank Loan	36,80,15,535	203,859,000	182,407,000
Short Term Bank Loan	-	-	-
Accounts payable	13,28,61,943	79,054,000	46,737,000
Other Current Liabilities	-	1,690,000	1,690,000
Total Liabilities	50,08,77,478	284,603,000	230,834,000
Owner's Equity			
Paid Up Capital	2,28,40,000	22,840,000	22,840,000
General Reserve	-	-	-
Tax Holiday	-	-	-
Retained Earnings	42,09,40,400	310,293,400	219,901,500
Total Equity	44,37,80,400	333,133,400	242,741,500
Total Liability & Owners	94,46,57,878	617,736,400	473,575,500

Al-Amin Agrovet Limited
Statement Cash Flow

Particulars	2017	2016	2015
Cash flow From Operations			
Sales Revenue	1,78,67,78,000.00	1,488,982,000.00	924,009,000.00
Decrease/(Increase) Trade Receivable	(5,11,21,826.00)	(18,253,000.00)	(13,087,000.00)
Cash Collect From Sales	1,73,56,56,174.00	1,470,729,000.00	910,922,000.00
Cash Cost of Goods Sold/Cost of Providing Service	(1,64,88,39,000.00)	(1,374,032,000.00)	(852,953,000.00)
Decrease/(Increase Inventory)	(7,52,90,000.00)	(118,619,000.00)	(74,226,000.00)
Increase/(Decrease) in Account Payable	5,38,07,943.00	32,317,000.00	32,232,000.00
Cash for Trading Activities	6,53,35,117.00	10,395,000.00	15,975,000.00
Operating Expense	1,94,100.00	194,100.00	(4,489,000.00)
Gross from Operation	(91,75,100.00)	(7,482,100.00)	11,486,000.00
Other Operating Income	5,63,54,117.00	3,107,000.00	5,821,000.00
Depreciation Charge	(30,08,900.00)	9,678,000.00	194,100.00
Other operating expense	1,84,04,322.00	(3,078,000.00)	(2,793,000.00)
Decrease/(Increase)in other Current Assets	(3,00,00,000.00)	(11,000.00)	2,011,000.00
Current Tax	(1,24,000.00)	(103,000.00)	(64,000.00)
Net Cash From Operation	4,16,25,539.00	9,593,000.00	16,655,100.00
Financial Expense	(3,50,78,322.00)	(23,573,000.00)	(14,633,000.00)
Cash After Debt Amortization	65,47,217.00	(13,980,000.00)	2,022,100.00
Decrease/(Increase) in Fixed Assets	(16,89,68,909.00)		(219,000.00)
Financing Surplus	(16,24,21,692.00)	(13,980,000.00)	1,803,100.00
Increase/(Decrease) in CC/OD	16,41,56,535.00	21452000	555,000.00
Increase/(Decrease) in Short term Bank Loan	-	-	(1461000.00)
Total Financing Surplus	17,34,843.00	7,472,000.00	897,100.00
Add: Operating Cash & Bank Balance	84,73,100.00	1,001,100.00	104000.00
Ending Cash & Bank Balance	1,02,07,943.00	8,473,100.00	1,001,100.00

2.10 TREND ANALYSIS OF FINANCIAL STATEMENT

Al-Amin Agrovet Limited Statement of Profit & Loss Accounts For the year ended 2017

Particulars	Changes in % 2017	2017	Changes in % 2016	2016	2015
Sales	20%	1,78,67,78,000	61%	1,48,89,82,000	92,40,09,000
Less: Cost of Goods sold	20%	(1,64,88,39,000)	61%	(1,37,40,32,000)	(85,29,53,000)
Gross profit (Loss)	20%	13,79,39,000	62%	11,49,50,000	7,10,56,000
Add: Other Operating income	90%	1,84,04,322	66%	96,78,000	58,21,000
Less: Operating Expense	15%	(1,21,84,000)	41%	(1,05,57,100)	(74,87,100)
Operating Profit (Loss)	26%	14,41,59,322	64%	11,40,70,900	6,93,89,900
Less: Financial Expense	49%	(3,50,78,322)	61%	(2,35,73,000)	(1,46,33,000)
Profit Before Tax	21%	10,90,81,000	65%	9,04,97,900	5,47,56,900
Current Tax	20%	(1,24,000)	61%	(1,03,000)	(64,000)
Net profit After Tax	21%	10,89,57,000	65%	9,03,94,900	5,46,92,900

Sales Analysis: Al-Amin Agrovet Limited is growing significantly. The financial Statement of Al-Amin Agrovet Limited shows that at 2016 Company's sales revenue increased by 61%. But at 2017 sales revenue not increased compare to 2016 which is only 20%. Al-Amin Agrovet Limited should maintain the pace of its sales revenue growth.

Cost of Goods Sold: Cost of Goods sold of Al-Amin Agrovet Limited growth is 61% & 20% at 2016 & 2017 respectively. Cost of Goods sold increased with the pace of sales revenue. That is why gross profit margin not increased in 2016 & 2017.

Other Operating Income: Other Operating income shown it increased 90% at 2017 which is higher than from 2016. Sales revenue increased 20% from 2016 but other operating income increased 90% it might be from short term investment return.

Net Profit After Tax: Net profit growth not constant with previous level. However the 21% growth is not bad in this industry. The net profit chart shows that net profit of Al-Amin Agrovet Limited is increasing constantly. The chart is given below for better understanding;

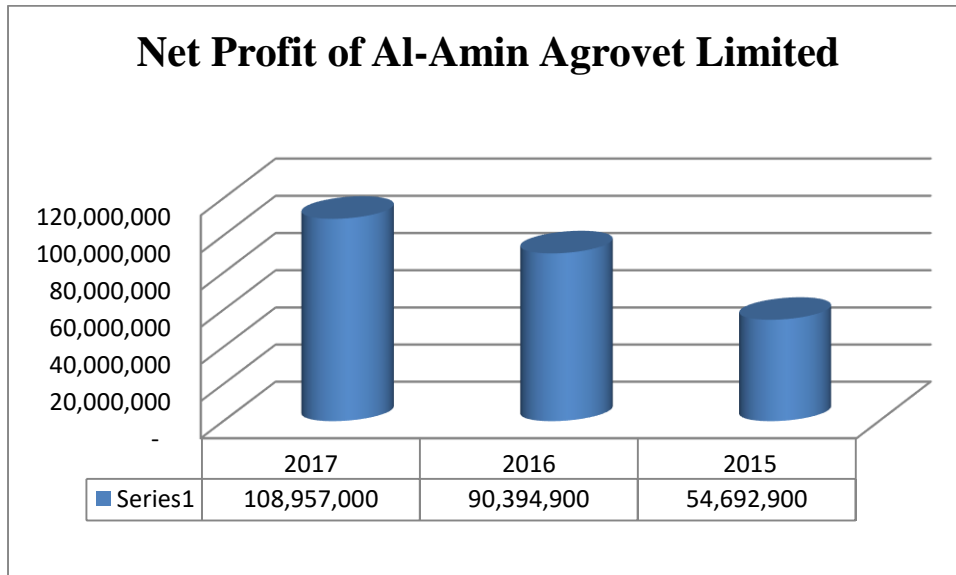


Chart: Net profit growth

Financial Position Trend Analysis:

Al-Amin Agrovet Limited
Statement of Financial Position
As at 31 December'17

Changes in%	2017	Changes in %	2016	2015	
<u>PROPERTY, PLANT & EQUIPMENT</u>					
Current Assets:					
Cash & Bank Balance	20%	1,02,07,943	746%	84,73,100	10,01,100
Accounts Receivables	69%	12,50,68,826	33%	7,39,47,000	5,56,94,000
Investment-Short Term	122%	3,63,37,000	0%	1,63,37,000	1,63,37,000
Investment in Subsidiary Short Term	108%	1,92,71,000	0%	92,71,000	92,71,000
Inventory	23%	40,65,63,000	56%	33,12,73,000	21,26,54,000
Other Current Assets	0%	58,32,000	0%	58,32,000	58,21,000
Total Current Assets	36%	60,32,79,769	48%	44,51,33,100	30,07,78,100
Fixed Assets:					
Land & Building	99%	33,88,53,909	0%	16,98,85,000	16,98,85,000
Furniture Fixture	0%	1,44,000	0%	1,44,000	1,44,000
Office Equipment	0%	1,57,000	0%	1,57,000	1,57,000
Plant & Machinery		-		-	-
Motor Car	0%	29,66,000	0%	29,66,000	29,66,000
Gross Fixed Assets	98%	34,21,20,909	0%	17,31,52,000	17,31,52,000
Less: Acc. Depreciation	35%	-7,42,800	55%	-5,48,700	-3,54,600
Fixed Assets	98%	34,13,78,109	0%	17,26,03,300	17,27,97,400
Total Assets	53%	94,46,57,878	30%	61,77,36,400	47,35,75,500
<u>EQUITY & LIABILITIES:</u>					
Liabilities:					
Long Term Bank Loan	81%	36,80,15,535	12%	20,38,59,000	18,24,07,000
Short Term Bank Loan		-		-	-
Accounts payable	68%	13,28,61,943	69%	7,90,54,000	4,67,37,000
Other Current Liabilities	(100%)		0%	16,90,000	16,90,000
Total Liabilities	76%	50,08,77,478	23%	28,46,03,000	23,08,34,000
Owner's Equity					
Paid Up Capital	0%	2,28,40,000	0%	2,28,40,000	2,28,40,000
General Reserve		-		-	-
Tax Holiday		-		-	-
Retained Earnings	36%	42,09,40,400	41%	31,02,93,400	21,99,01,500
Total Equity	33%	44,37,80,400	37%	33,31,33,400	24,27,41,500
Total Liability & Owners Equity	53%	94,46,57,878	30%	61,77,36,400	47,35,75,500

Current Asset: Current asset increased 48% & 36% at 2016 and 2017 respectively. At 2016 cash balance was 746% higher than previous year which indicate overtrading of business. At 2017 Accounts receivable, Investment Short Term, Subsidiary investment all of those elements has increased except Other Current Asset. Current Asset of Al-Amin Agrovet Limited is in good position.

Fixed Asset: Fixed Asset of Al-Amin Agrovet Limited is not increased at 2016 and 2017 but only Land and building has increased by 99% at 2017. Al-Amin Agrovet Limited invested in Land and Buildings at 2017. Al-Amin Agrovet Limited Current Asset has increased in every year but long term investment not increased with expected level. Al-Amin Agrovet Limited long term investment should increase.

Liability: Al-Amin Agrovet Limited Long term liability has increased 81% at 2017 which is higher than 2016 from 12%. Other Current liability has paid at 2017. Long term loan has taken to increase Land and Buildings & paid other current liability.

Equity: Al-Amin Agrovet Limited Retained Earnings is increasing gradually. Retained Earnings growth rate is 33%, 37% at 2017 and 2016 respectively.

2.11 FINANCIAL CAPABILITY OF AL-AMIN AGROVET

Al-Amin Agrovet Limited contains strong financial backup by its Long-Term Investment. Al-Amin Agrovet Limited has short term investment to maintain any short term cash shortage. Al-Amin Agrovet Limited financial capability is strong to go for diversification and other long term investment. Al-Amin Agrovet Limited is doing profit every year. Cash flow is good. And current asset is good. Most of the ratio indicates that financial situation of Al-Amin Agrovet Limited is good. All of this analysis and other situation indicate that Al-Amin Agrovet Limited has no going concern threat.

2.12. SWOT ANALYSIS AL-AMIN AGROVET LIMITED

SWOT ANALYSIS

The SWOT analysis provides a useful strategic guidance. A SWOT analysis (Strength, Weakness, Opportunities and Threats) allows in constricting balance sheet for the company. In the analysis one can bring together all the internal factors, influencing company's strength and weakness. Based on these factors we can identify external factors which can help to define opportunities and threats that a company faces due to competitive forces and trends in the business environment.

2.12. A. Strength

- Company has excellent service department.
- Brand name is the company's most important assets.
- The company always concern about to know, what is new and how can in overcome.
- It has efficient management.
- Good reputation all over the Bangladesh.
- Wide distribution capability.
- Healthy financial position.
- Has moderate experience in the business field.
- Innovation capacity is excellent.

2.12. B. Weakness

- ❖ It does not have vast marketing program in abroad.
- ❖ It does not have own training department.
- ❖ It has low capacity to define the target market.
- ❖ In order to have competitive edge and cost-benefit advantage, the production cost should be considerably high which may be different to achieve without adequate financial assistance.

Out of two sponsors one is women. Sometimes it may be difficult for her to manage the tough financial and laborer management problems.

2.12. C. Opportunity

- a. Very few domestic companies compete in this industry. So there is big change to explore business activities.
- b. Most of the company does not know the actual market size of feed medicine business. As the need for better housing is increasing, there is a great opportunity to measure the market and penetrate the market.
- c. The company also takes the financial risk to bring any change and penetrate the market.
- d. Price should be moderate and somewhat below the competitors price.
- e. It has creative power to develop innovative thing.
- f. Main raw materials (maize, rice polish, soymeal/soybean, dry fish/fish meal etc.) to be used to make poultry feed and fish feed can be procured locally. Although some of ingredients of raw may be importable item, yet those are locally available and be purchased locally from importers/local agents. All types of worker/laborer are locally available at a reasonable and cheap wage. It will enable the project to have cost-benefit advantage and charge low/competitive prices to its customers and this will encourage growth of the proposed business considerably.
- g. Government Officials (i.e. technical personnel of concerned department) provide free consultancy/advisory services of technical and technological matters at field level. Training and other assistance like booklet, leaflet etc. may also be available from them.

In the long run the may face some marketing problems which may arise due to growing up of increased number of such project units in the country.

2.12. D. Threats

- Competitors are becoming a big threat for the company.
- Low price of the competitors is another threat.
- Political Instability is another great threat for the company.
- Changing customers demand. Changing world economy rapidly.

Some other projects may enter into the market with inferior quality building using low/below standard construction material and may create hazards in this sector.

CHAPTER THREE

LEARNING PART

ANALYSIS OF FINANCIAL STATEMENT

3.1 RATIO ANALYSIS

Ratio analysis provides only a single snapshot, the analysis being for one given point or period in time. Financial ratios, calculated from the information of financial statement that are used to analyze a past financial performance. Financial ratios seldom provide answers rather they provide the basis for asking the right questions about a firm's financial performance. Financial ratios can be classified according to the information they provide. The following types of ratios frequently are used:

1. Liquidity ratios
2. Leverage ratios
3. Activity ratios
4. Profitability ratios
5. Market Measure ratios.

3.2 LIQUIDITY RATIO

Liquidity ratios are the first ones to come in the picture. These ratios actually show the relationship of a firm's cash and other current assets to its current liabilities. The liquidity picture of 'Al-Amin Agrovet Limited' is shown below:

3.2.1 Current ratio:

$$\text{Formula} \quad : \quad \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Year	Calculation	Ratio
2017	603,279,769.00/500,877,478.00	1.20 times
2016	445,133,100.00/284,603,000.00	1.56 times
2015	300,778,100.00/230,834,000.00	1.30 times

Analysis: Initially AAL had close to standard current ratio. But next year it shows an increasing trend. And last year current ratio down from first year.

Interpretation: Current ratio shows the firm's short-term debt paying ability within next one year. Al-Amin Agrovvet Limited's current ratio shows at 2015 1.30 which is lower than the standard level which is 2:1. This implies that the firm is capable of meeting its current liabilities by its current assets but they may fall in risk if inventory and other current asset value decrease. Still company has ability to pay their current liability and it indicates that company is not overtrading.

3.2.2 Quick ratio:

$$\text{Formula} : \frac{\text{Current Assets-Inventories}}{\text{Current Liabilities}}$$

Year	Calculation	Ratio
2017	(603,279,769.00-406,563,000.00)/500,877,478.00	0.39
2016	(445,133,100.00-331,273,000.00)/284,603,000.00	0.40
2015	(300,778,100.00-212,654,000.00)/230,834,000.00	0.38

Analysis: the Quick Ratio is below standard level which is 1:1. It is stable in below standard level.

Interpretation: Quick ratio measures the immediate ability to meet its current debts. For AAL, the quick ratio of year 2015 was 0.38. The firm has only Taka 0.39 to meet its Taka 1 of current debts. This implies the firm does not have enough cash to pay off its current debt. This lack of cash has taken place because the firm has more inventory than other liquid assets. This makes the company dubious concern for the short-term liability holders.

4.2 LIQUIDITY RATIO

Year	2017	2016	2015
Current Ratio	1.20	1.56	1.30
Quick Ratio/Acid Test ratio	0.39	0.40	0.38

3.3 LEVERAGE RATIO

Financial leverage ratios are used to judge a firm's ability to meet long-term obligations. The leverage ratios of 'Al-Amin Agrovet Limited' are shown below:

3.3.1 Debt Equity ratio:

$$\text{Formula: } \frac{\text{Long Term Debt}}{\text{Equity}} \times 100\%$$

Year	Calculation	Ratio
2017	368,015,535/443,780,400.00	83%
2016	203,859,000/333,133,400.00	61%
2015	182,407,000/242,741,500.00	75%

Interpretation: The Debt Equity ratio is quite difficult for company. Which indicates that AAL is a high gearing company and it is increasing day by day. From 2015 to 2017 the gearing ratio increased (83%-75%) 8% which is alarming for company.

3.3.2 Debt to total assets:

$$\text{Formula: } \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Year	Calculation	Ratio
2015	230,834,000.00/473,575,500.00	48.74%
2016	284,603,000.00/617,736,400.00	46.07%
2017	500,877,478.00/944,657,878.00	53.02%

Interpretation: The debt to total Assets shows decreasing and increasing trend for the average companies. In case of Al-Amin Agrovet limited, in 2015 it was 48.74%. However, it was slightly decreased in 2016 is 46.07% and in 2017 it was 53.02% it slightly Increase. Debt to total assets shows the proportion of total assets financed by debt. The debt ratio year of 2015 is 48.74% that means lenders has financed 48.74% of the capital employed. So the owner has financed $1 - 0.4874 = 0.5126$, 51.26% of net assets.

This ratio indicates that the Al-Amin Agrovet Limited is using less debt capital than the owners capital and it is also indicates that SPL is low riskier company.

3.3.3 Equity ratio:

Formula:
$$\frac{\text{Total Shareholder's Equity}}{\text{Total Assets}}$$

Year	Calculation	Ratio
2015	242,741,500.00/473,575,500.00	51.25%
2016	333,133,400.00/617,736,400.00	53.92%
2017	443,780,400.00/944,657,878.00	46.97%

Interpretation: In 2015, the equity ratio for AAL was 51.25%. However, it Increase to 53.92% but in 2017, 46.97% decreases. Equity ratio shows the protection of total assets financed by equity. In case of AAL, 51.25% of the total assets were financed by the shareholders equity.

3.3.4 Interest ratio:

Formula:
$$\frac{\text{EBIT}}{\text{Interest Expenses}}$$

Year	Calculation	Ratio
2015	69,389,900.00/14,633,000.00	4.74
2016	114,070,900.00/23,573,000.00	4.84
2017	144,159,322.00/35,078,322.00	4.11

Interpretation: In 2015, the EBIT ratio of AAL was 4.74. It increased to 4.84 in 2016, but it decrease 4.11 in 2017. The TIE ratio measures the extent to which earnings before interest

and taxes (EBIT), also called operating income, can decline before the firm is unable to meet its annual interest payments. The ratio shows the increasing trend of AAL since 2015 due to covering its interest charges by low margin of safety. This decreasing trend of TIE does not show a good sign for a company like AAL and in this case bank and other stakeholders may not be interested for further investment in this company.

4.3 LEVERAGE RATIO

Year	2017	2016	2015
Debt Equity ratio	83%	61%	75%
Debt to total assets	53.02%	46.07%	48.74%
Equity ratio	46.97%	53.92%	51.25%
Time interest earned ratio	4.11	4.84	4.74

3.4. ACTIVITY RATIO

Activity ratios are used to measure how efficient the firm uses its resources to generate sales. Ratios of activity are constructed to measure how effectively the firm's assets are being managed. The level of a firm's investment in assets depends on many factors.

3.4.1 Inventory turnover days:

Formula:
$$\frac{\text{Inventories}}{\text{Cost of Goods Sold}} \times 365 \text{ days}$$

Year	Calculation	Ratio
2017	$368,918,000/1,648,839,000.00 \times 365$	90 Days
2016	$271,963,500/1,374,032,000.00 \times 365$	88 Days
2015	$175,541,000/852,953,000.00 \times 365$	75 Days

Interpretations: The inventory turnover ratio for AAL showed a gradually Increase trend over the next years. In 2015, the Inventory days were 75. But the next year the inventory days increased to 88days, and in 2017 the inventory days still increased to 90days. From 2015 to

2017 the inventory holding days increased 15days (90-75) which is bad for company. AAL should decrease the inventories days to minimize the cash operating cycle.

3.4.2 Receivable collection period:

Formula:
$$\frac{\text{Receivables}}{\text{Total sales}} \times 365$$

Year	Calculation	Ratio
2017	125,068,826/1786,778,000 x365	25 Days
2016	73,947,000.00/1488,982,000 x365	18 Days
2015	55,694,000.00/924,009,000 x365	22 Days

Interpretation: The average collection period for AAL showed decreased second year. In 2015, the firm's average collection period was 22 days, which decreases over the period of time. In 2016, it decreased to 18 days in 2017 it's increased to 25days. Average Collection Period is used to evaluate the company's ability to collect its credit sales in a timely manner. The trend shows high increase in collection which blocks the cash hence cash management problem occurred. They had constant collection period during the years 2015-2017 it was decreased and increased first to last year. This indicates that customers are not paying their bills on time.

3.4.3 Accounts receivable turnover:

Formula:
$$\frac{\text{Sales}}{\text{Accounts Receivables}}$$

Year	Calculation	Ratio
2017	1,786,778,000.00/125,068,826.00	14.29
2016	1,488,982,000.00/ 73,947,000.00	20.14
2015	924,009,000.00/55,694,000.00	16.59

Interpretation: The firm's Accounts Receivable turnover ratio has increased next year but decrease last year. In 2015, it was 16.59 compare to 20.14 in 2016, 14.29 in 2017. These show a decreasing trend in debtor's turnover. Debtor's turnover shows the effectiveness of the

collection of debtor's account. In case of AAL the collection from debtors has increase and decreased. And it is indicates that the credit management policy of AAL is not satisfactory.

3.4 ACTIVITY RATIO

Year	2017	2016	2015
Inventory turnover days	90	88	75
Receivable collection period	25	18	22
Accounts receivable turnover	14.29	20.14	16.59

3.5 PROFITABILITY RATIO

Profitability ratio shows profitability in relation to sales or to investment. It indicates the efficiency of firms operation. Two ratios are discussed under profitability ratios. They are

3.5.1 Net profit margin:

Formula:
$$\frac{\text{Profit after Taxes}}{\text{Sales}} \times 100\%$$

Year	Calculation	Ratio
2017	108,957,000.00/1,786,778,000.00 x 100	6.09%
2016	90,394,900.00/1,488,982,000.00 x100	6.07%
2015	54,692,900.00/924,009,000.00 x100	5.92%

Interpretation: The net profit margin ratio for AAL was 5.92% in 2015. And it sharply increased over the next two years. In 2016 it was 6.07%, in 2017, it was 6.09%. The net profit margin ratio indicates the efficiency of management in turning over the company's goods at a profit. A high profit margin ratio is a high sign of a good management and a relatively low profit margin is definitely a danger signal warranting a careful and detailed analysis of the factors responsible for it.

From the above figure it can be observed that the net profit margin was comparably stable in the year 2015-2017.

3.5.2 Gross profit margin:

$$\text{Formula} \quad \frac{\text{Gross Profit}}{\text{Sales}} \times 100$$

Year	Calculation	Ratio
2017	137,939,000.00/1,786,778,000.00	7.72%
2016	114,950,000.00/1,488,982,000.00	7.72%
2015	71,056,000.00/924,009,000.00	7.69%

Interpretation: The firm's gross profit margin has increased slightly over the three years. In 2015, the firm's gross profit margin was 7.69%. In 2015 it was 7.72% and in 2016 it was 7.72% last two years remain unchanged. Gross profit margin indicates the efficiency of management in turning over the company's goods at a profit. The gross profit margin measures the percentage of each sales remaining after the company has paid for its goods. The higher the gross profit margin indicates that the company is in good position.

3.5.3 Operating expense ratio

$$\text{Formula:} \quad \frac{\text{Operating Expense}}{\text{Sales}} \times 100$$

Year	Calculation	Ratio
2017	12,184,000.00/1,786,778,000.00	0.68%
2016	10,557,100.00/1,488,982,000.00	0.71%
2015	7,487,100.00/924,009,000.00	0.81%

Interpretation: The Operating Expense ratio for AAL was very lowest of 0.81% in 2015. In 2016 is 0.71% and 2017 it was 0.68%. So gradually decreased over the next two years. This ratio indicates that 0.81% in 2015. In 2016 was 0.71% and in 2017 was 0.68% of sales have been consumed by the operating and financial expenses. But percentage of operating expense was decrease year by year.

3.5.4 Turn on total assets:

$$\text{Formula: } \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

Year	Calculation	Ratio
2017	108,957,000.00/603,279,769.00	18.06%
2016	90,394,900.00/445,133,100.00	20.30%
2015	54,692,900.00/300,778,100.00	18.18%

Interpretations: The firm's return on assets has sharply increase next year but same return third year. In 2015 it had the return on assets of 18.18%. In 2016 it was 20.30% of total assets in 2017 it was 18.06%. Return on assets shows the overall earning power of total assets irrespective of capital structure. The higher the return on total assets is better. But the trend of AAL's return on assets shows upward trend 2015 to 2016 but declined in 2017 at a lower rate can be observed. The reason of the decline was due to the more investment in total assets.

3.5 PROFITABILITY RATIO

Year	2017	2016	2015
Net profit margin	6.09%	6.07%	5.92%
Gross profit margin	7.72%	7.72%	7.69%

CHAPTER FOUR

FINDINGS & RECOMMENDATIONS

AL-AMIN AGROVET LIMITED

4.1 FINDINGS

Findings have found after analyzing the financial performance of Al-Amin Agrovet limited which is presented below:

- The liquidity position of the company is not satisfactory, because the company's current ratio and quick ratio is below standard level. The liquidity ratios show that they have very alarming condition for meeting the outside liabilities from their current assets.
- Leverage is the ability of a company to increase the Earnings of the firm by using debt capital. Al-Amin Agrovet limited is using more equity capital than the long-term debt capital but it is not good sign that the debt is increasing from year to year, in terms of leverage ratio.
- Activity ratios are not much impressive in case of Al-Amin Agrovet limited, particularly close attention should be decrease in such areas as inventory turnover, average collection period and fixed asset turnover.
- The total profitability of AAL was average from 2015 to 2017, so it should be increased by using efficient management.
- Profitability is the indicator of success or failure of a company. Profitability trend is increasing year to year.

Here this ratio indicated that the AAL is a good growing company & if they maintain the cost of production and relative cost in operating then AAL will be a good position in the near future.

4.2 RECOMMENDATIONS & SUGGETIONS

From the above discussion, it is clear that the feed mills, feed traders and the feed using farms under the study were facing many problems. To overcome these problems the following solutions were suggested by the respondents:

- (i) Al-Amin Agrovet Limited should reduce the current liability to maintain good liquidity level. Current asset ratio should maintain in standard level.
- (ii) Al-Amin Agrovet Limited long term debt capital should decrease as much as possible. For further invest company can use their current asset as much as possible like working capital.
- (iii) Working Capital cycle should maintain in moderate level. Company should always try to minimize the working capital cycle period.
- (iv) Al-Amin Agrovet Limited profit has increased than previous year. But profitability margin not increased on satisfactory level. Management should focus on cost reducing strategy especially administration and other overhead cost.
- (v) Al-Amin Agrovet Limited should focus on competitor strategy to maintain their market growth as well as profitability.

CONCLUSION

5.1 CONCLUSION

From the learning and experience I can say that there are lots of applications of financial analysis in the modern days of business. To assess any business condition financial analyses give a clear financial picture of any business organization. This helps to evaluate the trend and condition of that organization.

From small to big business organization financial analysis helps a great deal in decision-making process. As it helps to give idea about the financial condition, thus it helps in future financial projection and decision-making process of any business house.

Eventually one can assess- how important is financial analysis in the modern days of business. It gives the exact picture of the financial condition and helps future projection of any organization.

Al-Amin Agrovet Limited is one of the market leaders and in some cases market leader in the Poultry raw-material supplier of Bangladesh. It is gradually expanding its asset base and able to proper utilize its assets well. The overall financial position of the company may be said to be satisfactory over the years. Since AAL is a good concern of other concern so, the position may again be improved if management becomes more careful of/income and expenditure use of working capital.

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