

Financial performance analysis of
Concord Ready Mix & Concrete
Products Ltd





Daffodil
International
University

Internship Report

On

Financial performance analysis of Concord Ready Mix
& Concrete Products Ltd

Submitted by

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MBA Program

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Submitted to

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Date of Submission- DD/MM/YY

Letter of Transmittal

Date: DD/MM/YY

To

Md. Arif Hassan

Assistant Professor,
Department of Business Administration
Faculty of Business & Economics
Daffodil International University

Subject: Submission of Internship report on “Financial performance analysis of Concord Ready Mix & Concrete Products Ltd.”

Dear Sir,

It is a great pleasure to submit you my internship report on “Financial performance analysis of Concord Ready Mix & Concrete Products Ltd.” as a requirement of fulfillment for the Degree of Master of Business Administration.

In this report, I tried to apply the knowledge and guidelines from my education extent to analysis the financial performance of Concord Ready Mix & Concrete Products Ltd. I believe that the experience I acquired from this study will be a precious asset in my life.

I will be grateful to you for your kind supervision.

Sincerely yours,

Akash Ranga Sarker

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Letter of Approval

This is to certify that **Akash Ranga Sarker** is a student of MBA, ID No: 163-14-2175 of Daffodil International University successfully finished his internship report titled “Financial performance analysis of Concord Ready Mix & Concrete Products Ltd.” under my direction as the partial fulfillment for the award of MBA degree.

He has done his job as per my supervision and guidance. He has tried his best to finish this successfully. I think this program will help him in the upcoming professional life to build his career. I wish his success and prosperity.

.....

Md. Arif Hassan

Assistant Professor,

Department of Business Administration

Faculty of Business & Economics

Daffodil International University

Acknowledgement

It gives me very much pleasure to thank a large number of persons for their warm cooperation and encouragement who have contributed directly or indirectly in preparing this report.

Firstly, I express my thankfulness to Almighty who has enabled me to pursue my study.

I convey my special acknowledgement to my honorable supervisor Md. Arif Hassan, Assistant Professor, Department of Business Administration Faculty of Business & Economics Daffodil International University, for his guidance and cooperation, which helps me greatly to complete this report.

I am very much grateful to all the managers and the executives of **Concord Ready Mix & Concrete Products Ltd.**, who extended their wholehearted cooperation during my internship period. They are as good as anyone could think.

My chore also benefited greatly from many enlightening discussion of a number of professionals in Concord Ready Mix & Concrete Products Ltd. And last but not the least; I would like to thank all other wonderful personnel working in Concord Ready Mix & Concrete Products Ltd.

Special acknowledgements to them who has given me their valuable advice provided their individual support and advice to continue this report.

Again I am grateful for all the influence and many others unknown to us, but remain responsible where I failed to heed their instruction.

This report is collective effort of all and without their contribution it would have been so difficult for me to complete it in short time.

Finally, I would like to convey my gratitude to my Parents and all others whose strong supports make me able to complete this report. Without their contribution it would not be possible for me to complete this report as well as my MBA program.

Executive Summary

Financial performance analysis is the process of identifying the financial strengths and weakness of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also has the assistances in short – term and long – term forecasting and growth can be identified with the help of financial performance analysis.

Concord is a one of the biggest and most successful company of Bangladesh. It has been established in 1972 as small Engineering and Construction firm. Now it is 38 years old and it has expanded its business beyond Real Estate and all over Bangladesh as well as abroad. Concord Ready-mix and Concrete Products Ltd which has been established in 1990. Since its establishment it proved itself to be a successful organization and that success has led it towards other industries, for example: Entertainment industry, AD Firm, Garments Industries and so on. Managing such a large organization is not that easy, especially if it is one of the largest employers of Bangladesh.

This report consists of five chapters those are introduction, about the company, theoretical development, data analysis and interpretation and lastly I added some recommendation based on my findings and the conclusion. The first chapter consists of Introduction of the study, background, origin, objective, methodology and limitations of the study. Then the second chapter focused on the overview of the organization has been discussed. This chapter contains company's background, mission, vision, values, products services and business. The third chapter presents the theoretical knowledge, financial tools, measurement techniques and ratio analysis. The main part of the report is chapter four which includes analysis of the statements of the company based on horizontal and ratio and on that analysis I have point out some lacking or shortcomings. The fifth chapter focuses on how to fight back from shortcomings and lastly conclusion of the report.

All the way through this report I tries my level best to make sure that analysis of financial performance presented in such a way that there should not be any scope for questions regarding the efficiency of Concord Ready-mix and Concrete Products Ltd.

Table of Contents

Contents	Page No.
Letter of Transmittal	1
Letter of Acceptance	ii
Acknowledgement	iii
Executive Summery	iv
Table of Contents	v

Chapter- 1 Introduction

1.0 Introduction.....	2
1.1 Background of the Study	3
1.2 Origin of the Study	3
1.3 Objectives of the study	3
1.4 Methodology of the Study	4
1.5 Limitations of the Study	5

Chapter- 2 Organizational Part

2.0 About the organization	7
2.1 Concord Group's Vision, Mission, Motto and Objectives	8
2.2 List of Companies	9
2.3 Organization Chart	10
2.4 An overview of Concord Ready Mix & Concrete Products Ltd.....	11
2.5 Mission	12
2.6 Functional departments of Concord Ready Mix & Concrete Products Ltd	13

Chapter-3	Theoretical development	Page No
3.0	Financial Performance Analysis	16
3.1	Balance sheet	16
3.2	Income Statement.....	17
3.3	Ratio Analysis	17
3.4	Horizontal Analysis	24

Chapter-4	Data Analysis & Interpretation	
4.0	Horizontal Analysis	26
4.0.1	Revenue.....	26
4.0.2	Operating Profit.....	27
4.0.3	Profit After Tax	28
4.0.4	Total Assets.....	29
4.0.5	Total Liabilities.....	30
4.0.6	Shareowner Equity.....	31
4.1	Ratio Analysis	32
4.1.1	Measures of Liquidity	32
4.1.1.1	Current Ratio	32
4.1.1.2	Quick Ratio.....	33
4.1.1.3	Net Working Capital to Sales Ratio.....	34
4.1.2	Measure of Efficiency	35
4.1.2.1	Average Collection Period	35
4.1.2.2	Total Asset Turnover	36
4.1.2.3	Fixed Asset Turnover.....	37

4.1.3 Measure of Solvency	38
4.1.3.1 Debt Ratio.....	38
4.1.4 Measure of Profitability.....	39
4.1.4.1 Gross Profit Margin	39
4.1.4.2 Operating Profit Margin.....	41
4.1.4.3 Net Profit Margin	42
4.1.4.4 Return on Assets.....	43
4.1.4.5 Return on Equity	44
4.2 Findings	46

Chapter-5 Recommendations & Conclusion

	Page No
5.0 Recommendations	49
5.1 Conclusion	51

Introduction

Chapter 1

1.0 Introduction:

Financial performance analysis is the method of identifying the financial strengths and weakness of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also assistances in short – term and long – term forecasting and growth can be identified with the help of financial performance analysis. The dictionary meaning of ‘analysis’ is to resolve or separate a thing in to its elements or components parts for tracing their relation to the things as whole and to each other. The analysis of financial statement is a process of calculating the relationship between the component parts of financial statement to obtain a better understanding of the firm’s position and performance. This analysis can be undertaken by management of the organization or by parties outside the namely, owners, creditors and investors.

Financial analysis is the process of reviewing and evaluating a company’s financial performance (such as the balance sheet or profit and loss statement), thereby gaining an understanding of the financial health of the company and allowing more effective decision making. Financial statements record financial data; however, this information must be evaluated through financial statement analysis to become more useful to investors, shareholders, managers and others statement parties. Financial performance analysis is a tool used when trying to improve an organization’s efficiency. The overall objective of financial performance analysis is the examinations of a firm’s financial position and returns in relation to risk. This must be done with a vision to forecasting the firm’s future prospective.

Financial performance shows how a business is doing and is very useful internally for a company’s stockholders and to its board of directors, its managers and some employees. A company’s financial statement provides various financial information that investors and creditors use to evaluate a company’s financial performance. Financial statement is also important to a company’s managers because by publishing financial statements, management can communicate with interested outside parties about its accomplishment running the company. Different financial statements focus on different parts of financial performance.

1.1 Background of the Study

It is Compulsory to have a practical application of the knowledge acquired from any academic course of the study. Because only a lot of theoretical knowledge will become ineffective if is not applied in the practical life. So proper student needs proper application of his/her knowledge to get some benefit from his/her theoretical knowledge to make it more fruitful. Such an application can be possible through internship.

The internship program exercises a significant importance as it enables a student to familiar with the practical corporate activities. The student work closing with the people of an organization and know about the function of that organization. These programs enable a student to grow his/her analytical skills and scholastic aptitude.

1.2 Origin of the Report

As part of the Internship program of Master of Business Administration course requirement, I was assigned for doing my internship in Concord Ready Mix & Concrete Products Ltd. The internship supervisor, **Md. Arif Hassan** (Assistant Professor), Faculty of Business & Economics, Daffodil International University Was chosen “Financial performance analysis of Concord Ready Mix & Concrete Products Ltd.” as a topic of this report. The intention of internship program was to give an opportunity to the students to gain some real world experience by working in a practical environment.

1.3 Objective of the Report

- i. **Main objectives:** The main objectives of this report are to analyze the Financial Performance Analysis of **Concord Ready Mix & Concrete Products Ltd.**
- ii. **Specific Objectives:**
 - ✓ To understand the financial performance of Concord Ready Mix & Concrete Products Limited.
 - ✓ To assess the company’s financial effectiveness and weakness.
 - ✓ To gather the knowledge about the financial performance analysis tools to analysis the financial performance of Concord Ready Mix & Concrete Products Limited.
 - ✓ To find out some lacking, short comings related to financial issues.
 - ✓ To provide some recommendations based on findings.

1.4 Methodology:

1.4.1 Primary Sources of Data

When data is collecting through direct searching in the field then it is called primary source of data. Data is collect from primary sources using the following techniques:

- ✓ Interview the respective officers
- ✓ Personal observation
- ✓ Practical work
- ✓ File study

1.4.2 Secondary Sources of Data

The secondary data is collect from Internet, different article published in the journals and magazines.

Secondary sources are:

- ✓ Annual report
- ✓ Website of Concord Group
- ✓ Website of Concord Ready Mix & Concrete Products Ltd
- ✓ Brushier of the Company
- ✓ Relevant books, Newspaper, Journals etc.
- ✓ Periodicals published by the CONCORD Group of Companies
- ✓ Different publications regarding on performance evaluation of service oriented business.

1.5 Limitation

The research work has some limitations due to some limitations encountered from the sources of collecting useful materials also some unforeseen circumstances which posted as a threat during preparation of this research project includes:

- a) A research like this which covers many areas of a financial statement of an organization that require time to present the report effectively but the time allocated for the study will limited.
- b) Appropriate information's gathering was problematic due to the organization's privacy.

Organizational Part

Chapter 2

2.0 About the organization:

Concord Engineers & Construction Ltd. Concord Centre was set up in 1972 as a small Engineering and Construction firm. Currently the address of the corporate office of the company is 43 North Commercial Area, Gulshan, Dhaka-1212, Bangladesh. In time, Concord has grown to be one of the largest Construction and Entertainment Conglomerates in Bangladesh. Their capability and dedication to quality is well established and has won them some of the most prestigious and technically challenging projects in Bangladesh.

Concord is Bangladesh's leading construction conglomerate with over 500 well known projects to their name (Commercial, residential and big government projects) in the last 30 years). Concord has undertaken some of the most prestigious and technically challenging projects in the country, and is known for setting standards in their field. Concord has one goal- to improve the quality of life of the people of Bangladesh.

The manufacture and export of ready-made wear apparel is a vital business sector of our economy. Jeacon Garments Ltd is sister concern of Concord Group which was set up in 1983 when this sector was still a fledgling industry. The company exports 100% of its woven and knit garments to its main markets in USA, Canada, UK, Germany and European Countries.

Concord Entertainment Company Ltd establishes theme parks and some entertainment project all over the country. Fantasy Kingdom theme parks in Dhaka - the first of its kind in South Asia! The first phase of this mega entertainment project of Concord Group of Bangladesh was completed in December 2001. Heritage Park, Concord – the vivid description of history of the country we love most, Bangladesh. The place is more than what we know about and definitely beyond the image of flood hit and poverty stricken country. The Foy's Lake project consists of a theme park along with leisure spots of natural beauty including accommodation facilities. Concord Group has constructed another euphoric Park, named "Water Kingdom" at Ashulia. A water park is an amusement park that offers water play areas, such as water slides, splash pads, spray grounds (water playgrounds), lazy rivers, or other recreational bathing environments.

2.1 Concord Group's Vision, Mission, Motto and Objectives are as follows

Vision

To improve the quality of life of the people of Bangladesh.

Mission

Concord is Bangladesh's leading Real Estate & Construction company with over 1000 well known projects to their name. They have undertaken some of the most significant and technically challenging projects in the country and are known for setting standards in their field.

Motto

- ✓ Commitment
- ✓ Hard work
- ✓ Honesty and
- ✓ Knowledge

Objectives

- ✓ To create an environment for excellent residential housing with close proximity to the commercial centers.
- ✓ To reduce the human pressure on the inner city of Dhaka and all over the country.
- ✓ Significant involvement in our tourism industry.
- ✓ Building a better world with Relentless purest of quality.

2.2 List of Companies

Table 1: List of Concord Group of Companies & their establishment

COMPANY	ESTABLISHMENT
● Concord Engineers & Construction Ltd.	February 10, 1976 (Converted from Concord Construction Company)
● Jeacon Garments Ltd.	September 05, 1983
● Concord Condominium Ltd.	April 03, 1989
● Concord Ready-mix and Concrete Products Ltd.	July 29, 1990
● Concord Fashion Export Ltd.	June 20, 1991
● Concord Architects and Interior Decor Ltd.	April 28, 1994
● Concord Real Estate & Building Products Ltd.	April 05, 1997
● Concord Real Estate & Development Ltd.	May 09, 1999
● Concord Pre-stressed Concrete and Block Plant Ltd.	January 06, 2000
● Concord Lands Ltd.	June 09, 2000
● Concord Entertainment Company Ltd.	February 01, 2001
● Concord Architects and Engineers Ltd.	June 29, 2003
● Concord Communication Company Ltd.	August 03, 2003
● Concord Consortium Ltd.	January 03, 2008
● Concord City Development Ltd.	June 19, 2008

2.3 Organization Chart of Concord Group of Companies

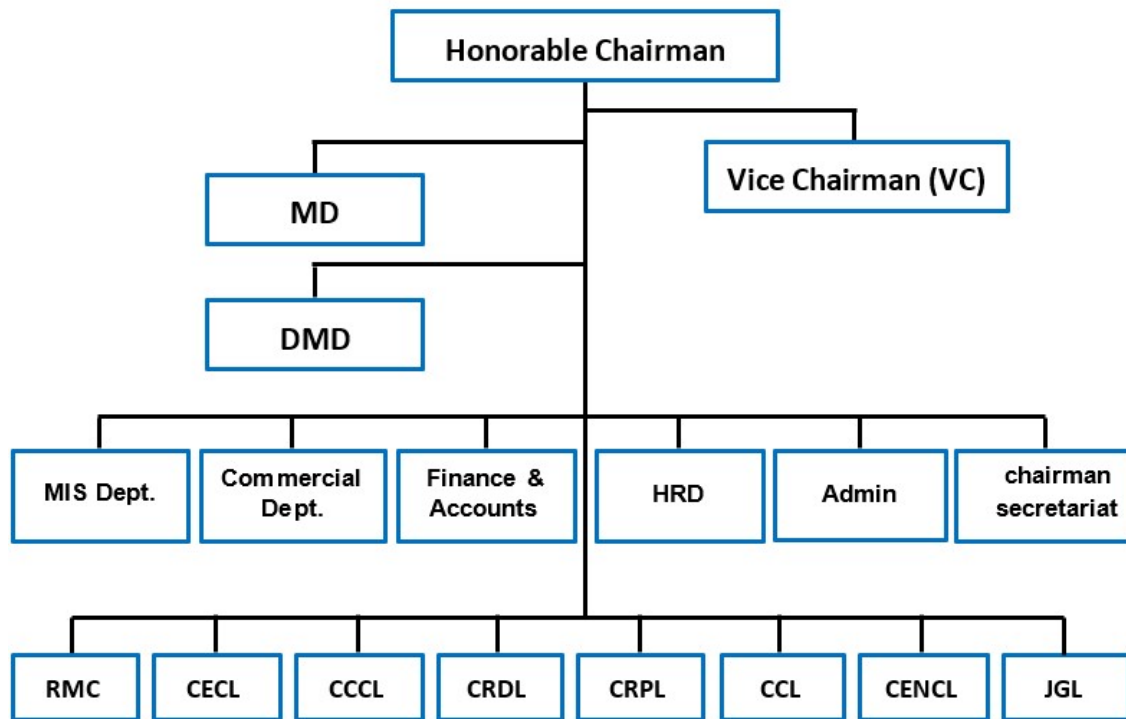


Figure 1: Organizational Chart

- RMC: Concord Ready Mix & Concrete Products Ltd
- CECL: Concord Engineers and Constructions Ltd
- CCCL: Concord Communication Company Ltd
- CRDL: Concord Real Estate & Development Ltd
- CRPL: Concord Real Estate & Building Products Ltd
- CCL: Concord Condominium Ltd
- JGL: Concord Jeacon Garments Ltd
- CEnCL: Concord Entertainment Company Ltd.

2.4 An overview of Concord Ready Mix & Concrete Products Ltd.

Ready Mixed Concrete, or RMC as it is generally called, refers to concrete that is specifically manufactured for delivery to the client's construction site in a freshly mixed and plastic or unhardened state. Concrete itself is a blend of Portland cement, water and aggregates comprising sand and gravel or crushed stone. In traditional work sites, each of these materials is procured individually and mixed in specified quantities at site to make concrete. Ready Mixed Concrete is bought and sold by volume - usually expressed in cubic meters. RMC can be custom-made to suit different uses.

Ready-mix concrete is a form of concrete that is manufactured in a factory or batching plant, according to a set recipe, and then delivered to a work site, by truck mounted transit mixers. This results in a specific mixture, allowing specialty concrete mixtures to be developed and implemented on

construction sites. The first ready-mix factory was constructed in the 1930s, but the industry did not begin to expand significantly till the 1960s, and it has continued to grow since then.

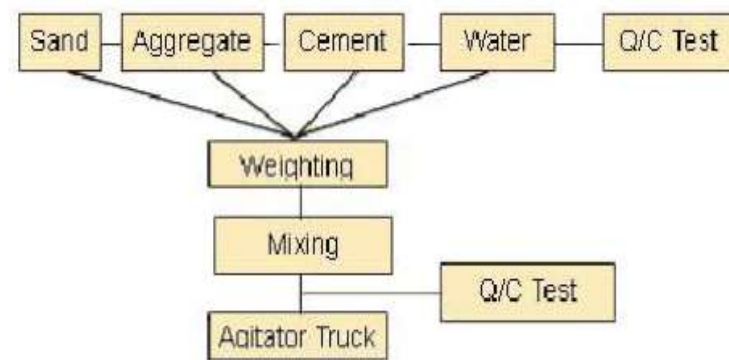


Figure 2: Steps in preparing RMC

Bangladesh's first concrete batching plant Was set up by Concord in 1990 in Teigaon. The quality and consistency of concrete cannot be make sure unless concrete is prepared in batching plants under strict supervision. Over time the need for ready-mix concrete for the construction industry grew tremendously. Concrete of a specific strength, mix-design and chemical properties is manufactured in our computerized botching plants and delivered to sites by our fleet of transit mixers. Concord now has five batching plants and a huge fleet of transit mixers.

Concord set up two fully automatic high capacity European block plants on the bank of the Meghna river in 1998. This was the first commercial manufacture of concrete blocks in Bangladesh. Much time and effort was put into educating the construction industry about the use of these goods and now these are widely used. Moreover, concrete blocks and allied construction materials are much more environmentally friendly thon clay burnt products.

Products include Hollow blocks, Solid blocks, Ornamental blocks, Pavers, Kerb stones, Roof tiles Cladding blocks/bricks, etc.

Each of the plants can produce 7.200,000 blocks per year.

Ready-Mix Concrete Batching Plants

Unit I — Teigaon

Unit 2 — Mohammadpur

Unit 3 — Shalna

Unit 4 & 5 — Nosirabad, Chittagong

Concrete Block (and allied concrete products) Plants

unit 1, 2 & 3 — Tetuitola, Meghna Ghat

2.5 Mission

- Be the reliable partner in providing solutions through innovation and sustainable practices.
- Build a healthy and safe environment for all stakeholders.

2.6 Functional departments of Concord Ready Mix & Concrete Products Ltd

Concord Ready Mix & Concrete Products Ltd is comprised of three departments:

1. Marketing & Sales Department
2. Operation Department
3. Accounts Department

1. Marketing & Sales Department: The whole business of Concord Ready Mix & Concrete Products Ltd is being conducted from this department. From arranging efficient marketing and sales strategy, all the functions take place here. All major decisions are taken from here after being discussed by three experienced managers and being headed by highly qualified and high experienced one Head of Marketing.

2. Operation Department: Operation Department located in each Plant of Concord Ready Mix & Concrete Products, it is in charge of maintaining the plant under the order and guidance of Marketing Department. General Manager of operations is in the charge of supervising the entire plant activity. The chief engineer of the Operation Department ensures that all the plants are functioning properly and safely.

3. Accounts Department

I) Daily Activities

- ✓ Preparation of Daily Fund Flow Statement.
- ✓ Take necessary initiatives to disburse fund from HO to Operation.
- ✓ Collecting the daily Sales, Collection & Deposit
- ✓ Preparing, checking & Verifying the Receipt, Payment & Journal Voucher of daily transaction.
- ✓ Monitoring the daily Cash Inflow & Outflow.
- ✓ Posting the transaction to MIS Database & Accounting Package.
- ✓ Preparation of different kinds of report as top management requires.

II) Monthly Activities

- ✓ Collecting the monthly Sales, Collection & Deposit with daily report.
- ✓ Preparation of Bank Reconciliation Statement of all Bank Account under Concord Ready Mix & Concrete Products.
- ✓ Preparation of monthly Financial Statement as per park & as per company.
- ✓ Reconciliation of Financial Statement data with MIS data.
- ✓ Reconciliation of Inter-company transaction with other units.
- ✓ Consolidation of Financial Statement
- ✓ Preparation of monthly budget for all.
- ✓ Monitoring the disbursement as per budget & identifying the balance budget & budget variances.
- ✓ Checking the voucher & cash Book of all parks in each month.
- ✓ Collecting the Receipt & Payment statement and reconcile it with voucher and cash book.
- ✓ Conducting the all VAT related work & take necessary action to paid VAT & Tax.
- ✓ Preparation of different kinds of report as top management requires.

III) Half Yearly Activities

- ✓ Preparing the Half Yearly Accounts
- ✓ Reconciliation & Rearranging the accounts for Audit purpose.
- ✓ Take necessary initiatives for Audit by MLW/BPC/BR.
- ✓ Reconciliation of Bank loan between Accounting Package & Bank Statement.
- ✓ Preparation of different kinds of report as top management requires.

IV) Year End Activities

- ✓ Preparing the Yearly Accounts.
- ✓ Preparation of Annual Accounts for Tax purpose.
- ✓ Reconciliation & Rearranging the accounts for Audit & Tax purpose.
- ✓ Preparation of different kinds of report as top management requires

Theoretical Development

Chapter 3

3.0 Financial Performance Analysis

Financial Performance is an independent measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as an overall measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in combination.

Financial performance analysis brings up an assessment of the viability, stability and profitability of a business, sub-business or project. It is performed by professionals who prepare reports by means of ratios that make use of information taken from financial statements and other reports. These reports are usually presented to top management as one of their bases in build business decisions.

Financial performance study is a vital to get a financial overview about a company. It generally consists of the analysis of balance sheet and income statement.

Ratio analysis and trend analysis can be done by examine these two statements. These studies are the major tools for analyzing the company's financial performance. An Analyst can compare a present condition with the past for the firm to determine whether there is an improvement or deterioration or no change.

3.1 Balance sheet

In financial accounting a balance sheet or statement of financial position presents a summary of the financial balances of a sole proprietorship, a business partnership or a company. Assets liabilities and ownership equity are categorized as of a specific date, such as the end of its financial year. A balance sheet is often labelled as a "snapshot of a company's financial condition". of the four basic financial statements,

The statement of financial position is the only statement which applies to a single point in time of a business' calendar year. A standard company balance sheet has three portions: assets, liabilities and ownership equity.

3.2 Income Statement

Income statement also referred as profit and loss statement (P&L), earnings statement, operating statement or statement of operations is a company's financial statement that indicates how the revenue is converted into the net income. It displays the revenues recognized for a fixed period of time, and the cost and expenses charged against these revenues, including write-offs (e.g., depreciation and amortization of various assets) and taxes. The purpose of the income statement is to understand managers and investors whether the company made or lost money during the period being reported. In this report,

I analyzed the financial statement of Concord Ready Mix & Concrete Products Ltd. in two ways. These are:

- ✓ Financial Ratio Analysis
- ✓ Horizontal Analysis

3.3 Ratio Analysis

A method used by individuals to conduct a quantitative analysis of information in a company's financial statements.

In finance, a financial ratio or accounting ratio is a ratio of two selected numerical values taken from a firm's financial statements. There are many standard ratios used to try to evaluate the financial condition of a corporation or other organization. Financial ratios might be used by managers within a firm, by current and potential shareholders (owners) of a firm, and by a firm's creditors. Security analysts use financial ratios to compare the strengths and weaknesses with several companies. If shares in a company are traded in a market, the market price of the shares is used in certain financial ratios. In short, ratio analysis is basically concerned with the calculation of relationships which, after proper identification and interpretation may provide information about the operations and state of affairs of a business enterprise. The analysis is used to provide signs of past performance in terms of critical success factors of a business. This assistance in decision making reduces reliance on guesswork and intuition and creates a basis for sound judgment.

3.3.1 Significance of using ratios

The significance of a ratio can only be appreciated when:

- ✓ It is compared with other ratios in the same set of financial statements.
- ✓ It is compared with the same ratio in previous financial statements.
- ✓ It is compared with a standard of performance. Such a standard may be either the ratio which presents the typical performance of the trade or industry, or the ratio which represents the target set by management as desirable for the business.

3.3.2 Groups of Financial Ratios

Financial ratios can be divided into four basic groups or categories:

- ✓ Liquidity ratios
- ✓ Activity ratios
- ✓ Debt ratios and
- ✓ Profitability ratios

3.3.2.1 Analyzing Liquidity

- ✓ Liquidity refers to the ability of a firm to meet its short-term financial obligations when and as they come outstanding. It also refers to solvency of the firm's overall financial position.
- ✓ The main concern of the liquidity ratio is to measure the ability of the firms to meet their short-term maturing obligations. Failure to do this will result in the total failure of the business, so it would be forced into liquidation.

The three basic measures of liquidity are-

1. Net Working Capital: A measure of liquidity calculated by subtracting the total current assets by the current liabilities. Current assets normally consist of cash, marketable securities, accounts receivable and inventories. The Current liabilities consist of accounts payable, short term notes payable, short-term loans, current maturities of long term debt, accrued income taxes and other accrued expenses (wages).

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

2. Current Ratio: The current ratio states the relationship between the firm's current assets and its current liabilities. A measure of liquidity calculated by dividing firm's current assets by current liabilities.

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

3. Quick Ratio: Quick ratio measures assets which are quickly converted into cash and they are compared with current liabilities. This ratio appreciates that some of current assets are not easily convertible to cash like- inventories. The quick ratio, also referred to as acid test ratio, examines the ability of the firm to cover its short-term obligations from its "quick" assets only. The quick ratio is calculated as follows:

$$\text{Quick Ratio (Acid-Test Ratio)} = \frac{\text{Current assets} - \text{Inventory}}{\text{Current Liabilities}}$$

3.3.2.2 Analyzing Activity

If a business does not use its assets effectively, investors in the business would rather take their money and place that somewhere else. In order for the assets to be used effectively, business needs a high turnover.

Unless the business continues to generate high turnover, assets will be idle as it is not possible to buy and sell fixed assets continuously as turnover changes. Activity ratios are therefore used to assess how active various assets are in the firm.

1. Fixed Asset Turnover: The fixed assets turnover ratio measures the efficiency by which the firm has been using its fixed assets to generate sales. It is calculated by dividing firm's sales by its net fixed assets as follows:

- Generally, high fixed assets turnovers are preferred because they indicate a better efficiency in fixed assets utilization.
- The ratios show the degree to which the activities of a firm are supported by creditors' funds as opposed to owners.
- The relationship of owner's equity to borrowed funds is an important sign of financial strength.

$$\text{Fixed Assets Turnover} = \frac{\text{Sales}}{\text{Fixed Assets}}$$

2. Total Asset Turnover: Total asset turnover is the relationship between sales and the assets.

- The firm should manage its assets efficiently to maximize its sales.
- The total asset turnover indicates the efficiency by which the firm uses all its assets to generate sales.
- It is calculated by dividing the firm's sales by total assets.
- Generally, the higher the firm's total asset turnover is the more efficiently its assets have been utilized.

$$\text{Total Asset Turnover Ratios} = \frac{\text{Salesor Revenue}}{\text{Total Assets}}$$

3.3.2.3 Analyzing Debt

The debt position of the firm indicates the amount of other people's money being used in to generate profits. In general, the more debt a firm uses in relation to its total assets, the more its financial leverage, a term used to describe the magnification of risk and the return introduced through the use of fixed-cost financing such as debt and preferred stock.

1. Debt Ratio: This is the measure of financial strength which reflects the proportion of capital which has been funded by debt, including preference shares. A debt ratio greater than 1.0 which means the company has negative net worth, and is technically bankrupt. This ratio is calculated as follows:

$$\text{Debt Ratio} = \frac{\text{Total liabilities}}{\text{Total Assets}} \times 100$$

2. Debt-equity Ratio: This ratio indicates the extent to which debt is covered by the shareholder's funds. It reflects the relative position of the equity holders and lenders and indicates the company's policy on the mix of capital funds. The debt to equity ratio is calculated as follows:

$$\text{Total debt to equity ratio} = \frac{\text{Total debt}}{\text{Shareholders Equity}} \times 100$$

3.3.2.4 Analyzing Profitability

Profitability is the ability of the business to earn profit over a period of time. Although the profit figure is the initial point for any calculation of cash flow as already pointed out profitable companies can still fail for lack of cash. Without profit, there is no cash and therefore the profitability must be seen as a critical success factors.

- ✓ A company should earn profits to survive and grow over a long period of time.
- ✓ Profits are essential, but it would be wrong to assume that every action initiated by management of company should be aimed at maximizing profits, regardless of social consequences.

1. Gross Profit Margin:

- Normally the gross profit has to rise proportionately with the sales.
- It can also be useful to compare the gross profit margin across similar businesses even though there will often be good reasons for any disparity

The ratio is calculated as follows:

$$\text{Gross Profit Margin} = \frac{\text{Gross Profits}}{\text{Sales or Revenue}}$$

2. Operating Profit Margin: The operating profit margin represent what are often called the pure profits earned on each sales of dollar. A higher operating profit margin is preferred.

The operating profit margin is calculated as follows:

$$\text{Operating Profit Margin} = \frac{\text{Operating Profits}}{\text{Sales or Revenue}}$$

3. Net Profit Margin: This is widely used measure of performance and is comparable across companies in similar industries. The fact that business works on a very low margin need not cause alarm because there are some sectors in the industry that work on a basis of high turnover and low margins, for instances supermarkets and motorcar dealers. What is the more important in any trend is the margin and whether it compares well with similar businesses.

The net profit margin is calculated as follows:

$$\text{Net Profit Margin} = \frac{\text{Net Profit After Tax}}{\text{Sales}} \times 100$$

4. Return on Asset (ROA): Income is earned by using the assets of a business efficiently. The more efficient the production, the more profitable the business. The rate of return on total assets shows the degree of efficiency with which management has used the assets of the enterprise during an accounting period. The return on investment is calculated as follows:

$$\text{Return on Total Assets (ROA)} = \frac{\text{Net profit After Tax}}{\text{Total Assets}}$$

5. Return on Equity (ROE): This ratio shows the profit attributable to the amount invested by its owners. It also shows potential investors into the business what they might expect to receive as a return. The stockholders' equity includes the share capital, share premium, distributable and non-distributable reserves. The ratio is calculated as follows:

$$\text{Return on Equity} = \frac{\text{Net Income available for Common Stock Holders}}{\text{Stock Holder's Equity}}$$

3.4 Horizontal Analysis (Trend Analysis):

An organization's financial statements for a single accounting period can uncover critical data about its execution and financial health. We can look at financial statements for in excess of one period by using Horizontal Analysis. Even this investigation, additionally called " trend analysis," is used to find trends in the income, assets and liabilities of an organization through examine year by year. With horizontal analysis, we compare the amount changes of each item in a financial statement for two consecutive periods.

In this horizontal analysis of the financial statement, here each of the particulars from the year 2012 to 2016 have shown by the amount, increase or decrease in the amount.

Data Analysis & Interpretation

Chapter 4

4.0 Horizontal Analysis

4.0.1 Revenue:

	2017	2016	2015	2014	2013
Revenue	457,741,389	501,537,058	420,528,545	428,070,142	424,299,344
Increase or Decrease	(43,795,669)	81,008,523	(7,541,597)	3,770,828	

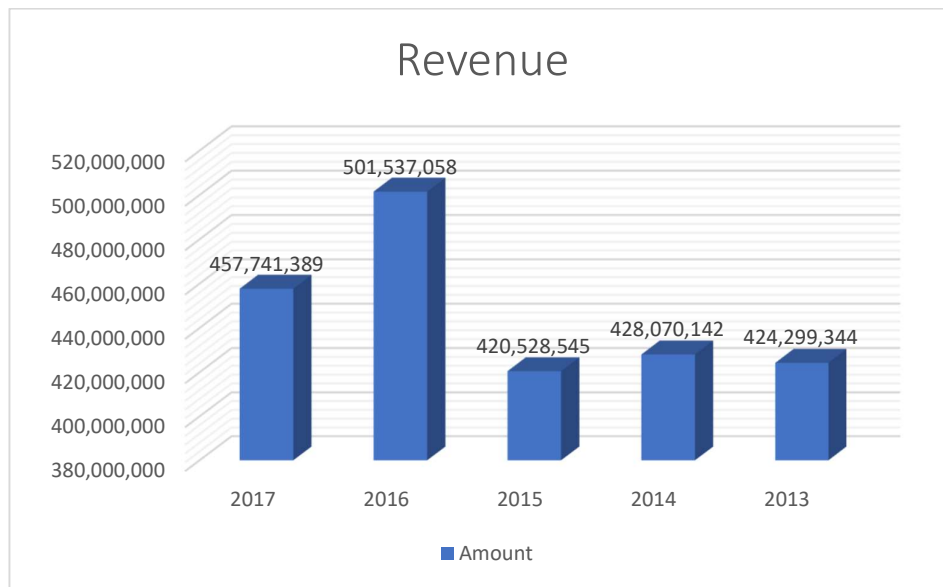


Figure no.3- Revenue

Interpretation: During the five years (2013-2017) of study the total growth of revenue of Concord Ready Mix & Concrete Products Ltd. is showing a fluctuating result. From the above table, there significant changes have occurred in revenue between 2013-2017 year. As here, 2013 is the base year, so the changes in revenue have been increased from 2013 to 2014. In 2016 the highest increased in revenue occurred compared with the other years but in 2017 the revenue significantly declined compared to 2016. In the year 2015 the revenue is lower compared another 5 years but in 2016 the revenue significantly increased. Focusing on recent year the company's total revenue is decreasing value which leads to sale are not adequate.

4.0.2 Operating Profit:

	2017	2016	2015	2014	2013
Operating Profit	146,289,630	247,010,336	173,972,960	195,639,244	184,806,102
Increase or Decrease	(100,720,706)	73,037,373	(21,666,284)	10,833,142	

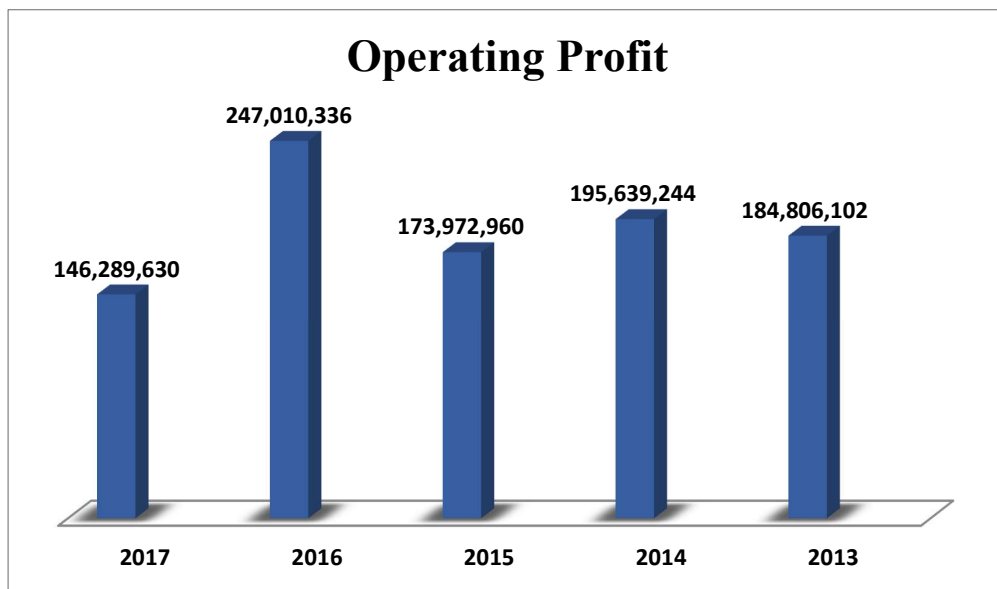


Figure no.4- Operating profit

Interpretation: During the five years (2013-2017) of study the operating profit of Concord Ready Mix & Concrete Products Ltd. again presents a fluctuated result. From the above table, there significant changes have occurred in operating profit in each year. As here, 2013 is the base year, so the changes in operating profit have been increased from BDT 184,806,102 to BDT 195,639,244 in 2014, and then 2014 to 2015 the amount has been slightly decreased taka 21,666,284. But in the 2015 to 2016 which amount significantly increased to taka 73,037,373 and which presents the highest value of taka 247,010,336. And then significantly decreased taka 100,720,706 which presents the operating profit of BDT 146,289,630.

4.0.3 Profit after Tax:

	2017	2016	2015	2014	2013
Profit after tax	84,230,244	88,739,054	87,640,,275	35,698,268	61,669,272
Increase or Decrease	(4,508,810)	1,098,779	51,942,007	(25,971,004)	

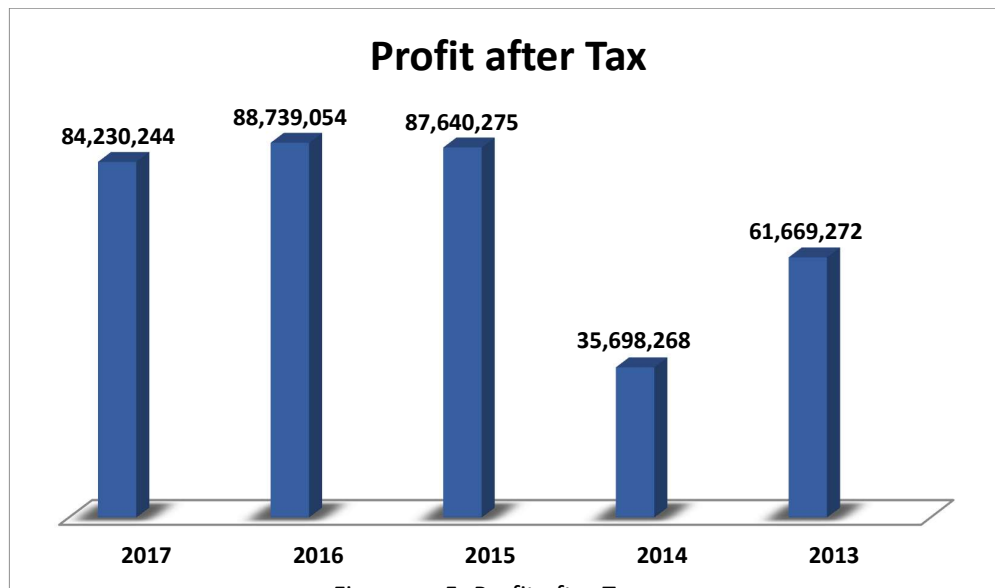


Figure no.5- Profit after Tax

Interpretation: During the five years (2013-2017) of study the profit after tax of Concord Ready Mix & Concrete Products Ltd. were fluctuated. There significant changes have occurred in profit after tax in each year. As here, 2013 is the base year, so the changes in profit after tax have been decreased from the year 2013 to 2014 and the amount was BDT 25,971,004, which also shows the lower profit after tax in 2014 which is taka 35,698,268. In 2015 the profit after tax has been significantly increased taka 51,942,007 according to the table. And also and again increased in 2016 increased taka **1,098,779** from the previous year but in 2017, the changes in profit after tax slightly decline compared to 2016 and the declining amount was taka 4,508,810. So, in each year company's profit after taxation is increasing which makes the company can invest more money for their business purpose as well as the company can pay more dividends to their shareholders.

4.0.4 Total Assets:

	2017	2016	2015	2014	2013
Total Assets	1,678,387,113	2,708,537,207	1,544,729,394	1,953,333,691	1,749,031,543
Increase or Decrease	(1,030,150,094)	1,163,807,813	(408,604,297)	204,302,148	

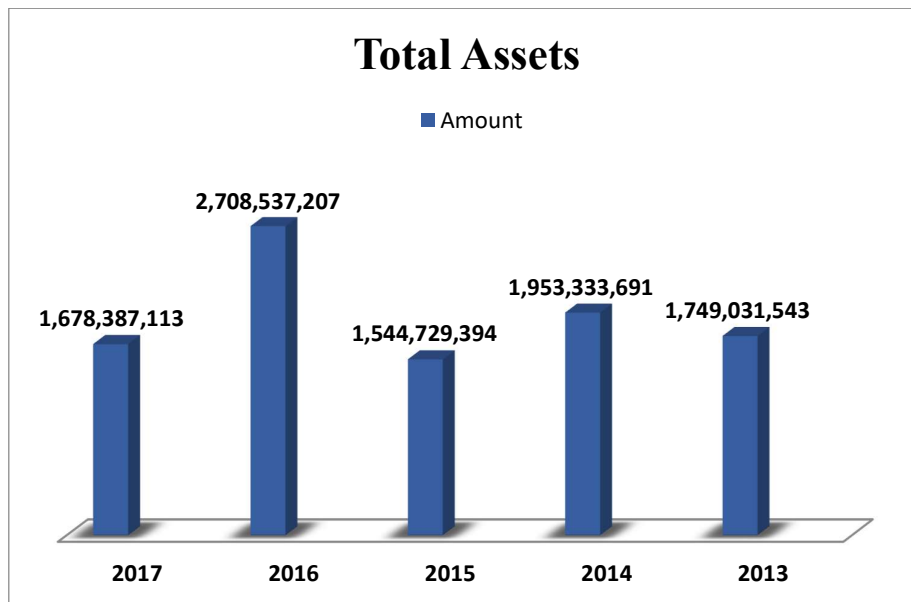


Figure no.6- Total Assets

Interpretation: During the five years (2013-2017) of study the total assets of Concord Ready Mix & Concrete Products Ltd. were also fluctuated. There significant changes have occurred in total assets in each year. As here, 2013 is the base year, so the changes in total assets have been increased from 2015 to 2016 which is taka 1,163,807,813 and also slightly increasing trend from 2013 to 2014 that is taka 204,302,148. In 2016 the highest increased in total assets and that was taka 1,163,807,813 but in 2017, the changes in total assets decline compared to 2016 and the decline was taka 1,030,150,094. Only reaming 2016, it has been clear that there is an increasing trend in the changes of total assets.

4.0.5 Total Liabilities:

Particulars	2017	2016	2015	2014	2013
Total Liabilities	1,495,045,044	1,180,070,500	257,790,266	236,948,020	247,369,143
Increase or Decrease	314,974,544	922,280,234	20,842,246	(10,421,123)	

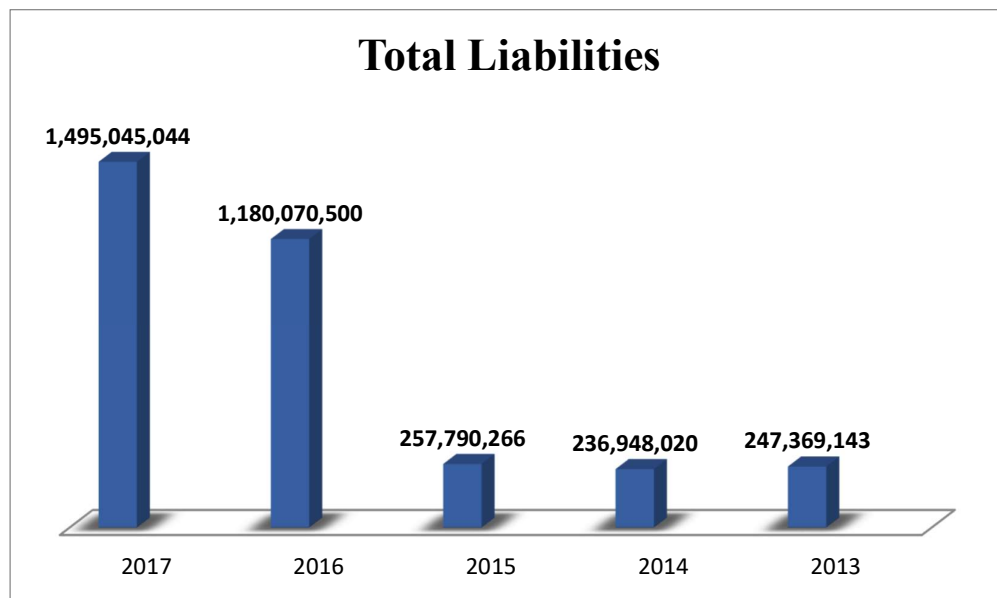


Figure no.7- Total Liabilities

Interpretation: During the five years (2013-2017) of study the total liabilities of Concord Ready Mix & Concrete Products Ltd. were again showing a fluctuated result. There significant changes have occurred in total liabilities in each year. According to the chart the total liabilities of the organization has been significantly increased in 2017 which is taka 314,974,544 than the previous year which also represents the highest value. And in the year 2015 to 2016 the total liabilities also increased taka 922,280,234 which is also noticeable. But remaining years 2015 to 2013 the fluctuation is not so much. So, in each year company's total liabilities are increasing which makes their lending capability is adequate.

4.0.6 Shareowner Equity:

	2017	2016	2015	2014	2013
Shareowners' equity	319,194,301	361,339,772	336,797,941	235,258,020	286,027,980
Increase or Decrease	(42,145,471)	24,541,831	101,539,921	(50,769,960)	

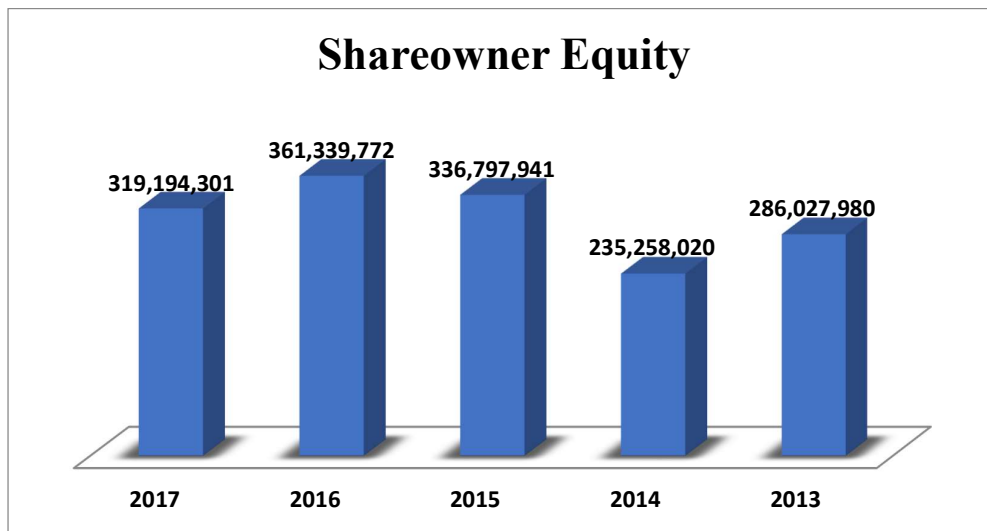


Figure no.8- Shareowner Equity

Interpretation: During the five years (2013-2016) of study the total growth of shareowner equity of Concord Ready Mix & Concrete Products Ltd. was increased. There significant changes have occurred in shareowner equity in each year. As here, 2013 is the base year, so the changes in shareowner equity have been decreased from 2013 to 2014 which is taka 50,769,960. In 2016 the highest increased in shareowner equity that was BDT 361,339,772 but in 2017, the changes in shareowner equity slightly decline compared to 2016 and that was taka 42,145,471. It is very clear that an increasing upward trend is there from 2013 to 2016. So, in each year company's total shareowners' equity is increasing which makes their value of share holders' is adequate but recent year it's slightly decreased.

4.1 Ratio Analysis:

4.1.1 Measures of Liquidity

4.1.1.1 Current ratio:

	2017	2016	2015	2014	2013
Current Asset	539,552,488	683,615,521	478,656,267	870,710,196	674,683,231
Current Liabilities	1,481,192,814	1,528,466,706	1,286,939,128	1,716,385,672	1,501,662,400
Current Ratio	0.36	0.44	0.37	0.51	0.44

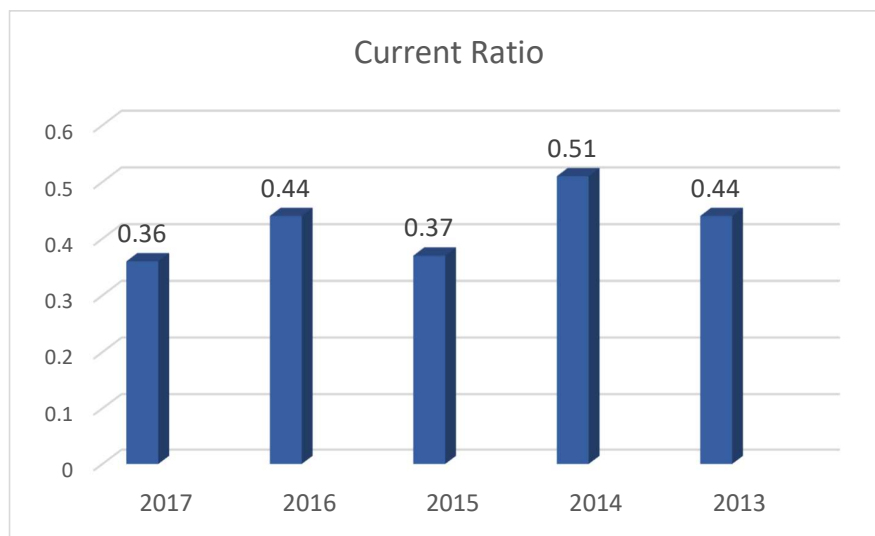


Figure 9: Current Ratio

Interpretation: The ratio 2:1 is considered an ideal for current ratio and it is a conventional law. It represents a margin of safety of creditors. The higher the current ratio, the greater the margin of safety: the larger the amount of current assets in relation current liabilities the most the firm's ability to meet its current obligations.

The figure 9, shows the Current Ratio position of this company which is not good. It has the current ratio was 0.36 in 2017, where the ratio was slightly decreasing than the previous years. And the figure also highlights that the current ratio position is fluctuating year to year as well as we can see that the higher in 2014 also which is only 0.51.

4.1.1.2 Quick Ratio:

	2017	2016	2015	2014	2013
Current Asset	539,552,488	683,615,521	478,656,267	870,710,196	674,683,231
Current Liabilities	1,481,192,814	1,528,466,706	1,286,939,128	1,716,385,672	1,501,662,400
Inventory	13,172,943	7,620,963	4,991,307	7,649,598	6,320,452
Quick Ratio	0.35	0.44	0.36	0.50	0.45

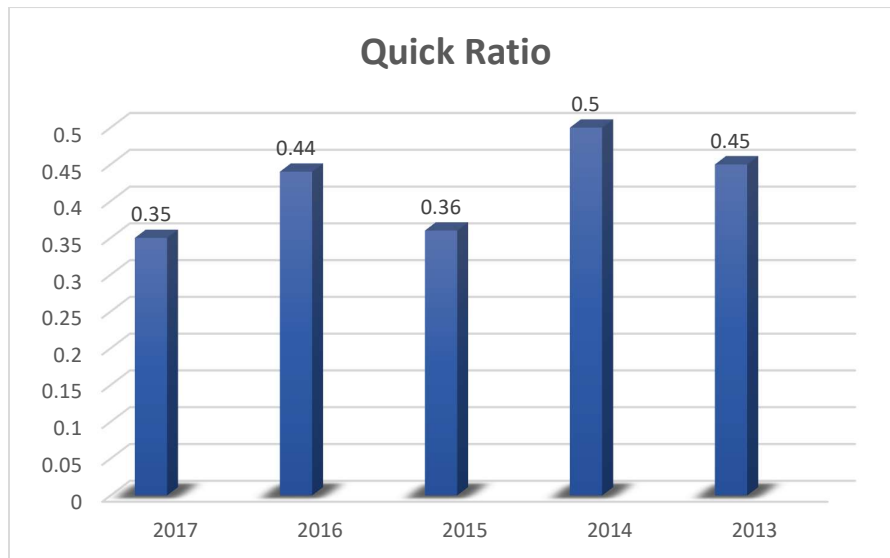


Figure 10: Quick Ratio

Interpretation: The acid test ratio measures the liquidity of a firm. Which shows its ability to pay back its current liabilities with quick assets. If a firm has sufficient quick assets to cover its total current liabilities, the firm will be able to pay off its obligations without having to sell off any long-term or capital asset.

From the figure 10, it can be seen that the quick ratio of the company was 0.35 in 2017 and it decreased in previous years that was 0.44 and these was not standard position of Quick Ratio. The ideal quick ratio is 1:1. Which was its higher position in last 5 years in the year 2014 which was 0.5.

4.1.1.3 Net Working Capital to Sales Ratio

	2017	2016	2015	2014	2013
Current Asset	539,552,488	683,615,521	478,656,267	870,710,196	674,683,231
Current Liabilities	1,481,192,814	1,528,466,706	1,286,939,128	1,716,385,672	150,1662,400
Sales	457,741,389	501,537,058	420,528,545	428,070,142	424,299,344
Net Working Capital to sales	-2.05	-1.68	-1.92	-1.97	-1.94

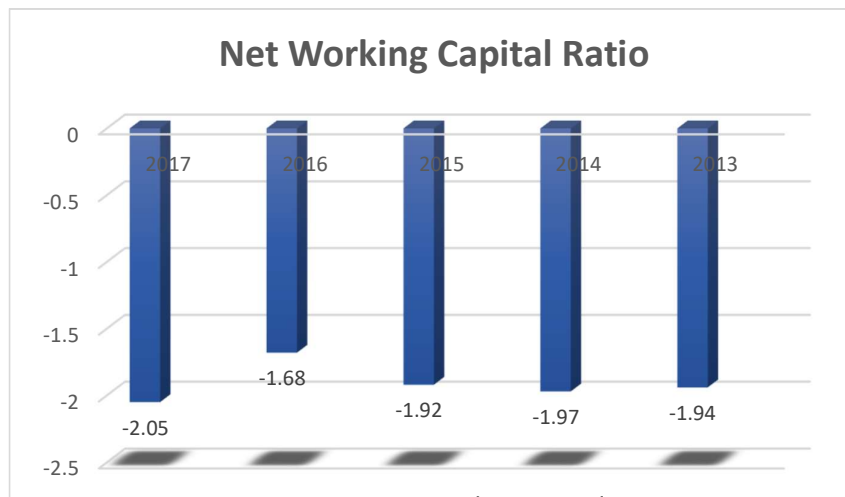


Figure 11: Net Working Capital

Interpretation: An enterprise should have sufficient net working capital in order to be able to meet the claims of the creditors and the day-to-day needs of business. The more is the amount of net working capital, the more is the liquidity of the firm. Inadequate working capital is the first signal of financial problems for an organization. The firm consistently presenting negative trend.

Following figure no.11 in 2017 the net working capital of has much decreased which is -2.05 which means the current liabilities increased most this year or the current assets decreased most than previous years and in 2016 it was -1.68 which is better than any other year which - 1.92(2015), -1.97(2014.) and -1.94 (2013) Net working Capital ratios was negative because their current liabilities was more than current assets.

4.1.2 Measure of Efficiency

4.1.2.1 Average Collection Period

	2017	2016	2015	2014	2013
Accounts Receivables	43,363,533	38,528,486	38,653,021	37,130,224	37,891,622
No. of Days	360	360	360	360	360
Total Sales	457,741,389	501,537,058	420,528,545	428,070,142	424,299,344
Average Collection Period	34	28	33	31	32

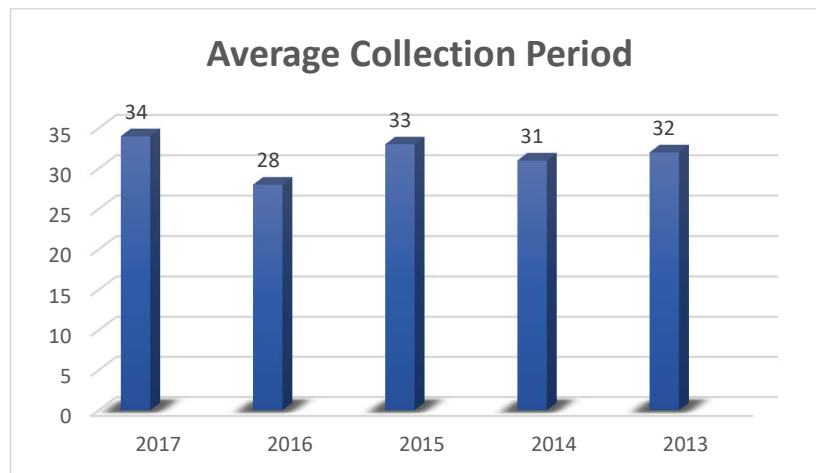


Figure 12: Average Collection

Interpretation: An efficient firm's collection period is 30 days.

According to this figure no.12, it can be seen that Average Collection Period near the standard point and sometimes below this point. Which can be seen in year 2016 which is only 28 days but in 2017 it has gone to at most point which is 34 days it can be say that the credit sales and collection department has not worked so much efficiently in that year and the rest of the years 2015, 2014 and 2013 it was consistently fluctuating which was 33, 31, 32 days. so the management of the credit and collection has shown their best excellency in 2016. Now it the time to focus again in the credit collection. The collection period can be controlled by doing well management systems and their awareness.

4.1.2.2 Total Asset Turnover

	2017	2016	2015	2014	2013
Total assets	1,678,387,113	2,708,537,207	1544729394	1,953,333,691	1,749,031,543
Sales	457,741,389	501,537,058	420,528,545	428,070,142	424,299,344
Total Asset Turnover	0.27	0.18	0.27	0.22	0.24

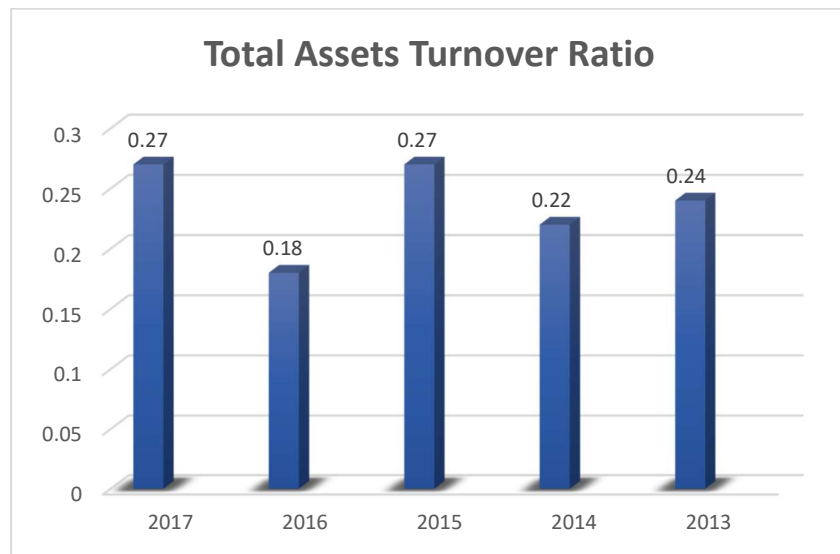


Figure 13: Total Assets Turnover

Interpretation: Total asset turnover calculates the efficiency of managing all of the company's assets.

The figure no.-13 highlights this company's last five years' total asset ratios from 2017 to 2013.

By comparing year to year we can find that in 2017 the total assets turnover ratio was 0.27 which 9% more than previous year so it can be said that management has shown much improvement in this year but on the other hand we compare 2016's total assets turnover to 2015 we also can find a bad total assets management because it was 0.27 in 2015 which was became to only 0.18 in 2016.

Now If we focus on 2015 and 2014's ratios we find an improvement in total assets management in 2015 which is 5% and also 2013 ratio was slightly more than 2014 which is only 2%.

Here in 2017 and 2015 the ratio was 0.27 which means that the company generate 27 paisa by investing Taka 1 assets. And in 2016 the ratio was decreased to 0.18 which also means that the company generate 18 paisa by investing Taka 1 assets.

4.1.2.3 Fixed Asset Turnover

	2017	2016	2015	2014	2013
Fixed assets	1,138,834,625	2,024,921,686	1,066,073,127	1,082,623,496	1074348312
Sales	461,010,483	501,537,058	455,843,140	424,143,890	424299344
Fixed Asset Turnover	0.40	0.25	0.42	0.39	0.32

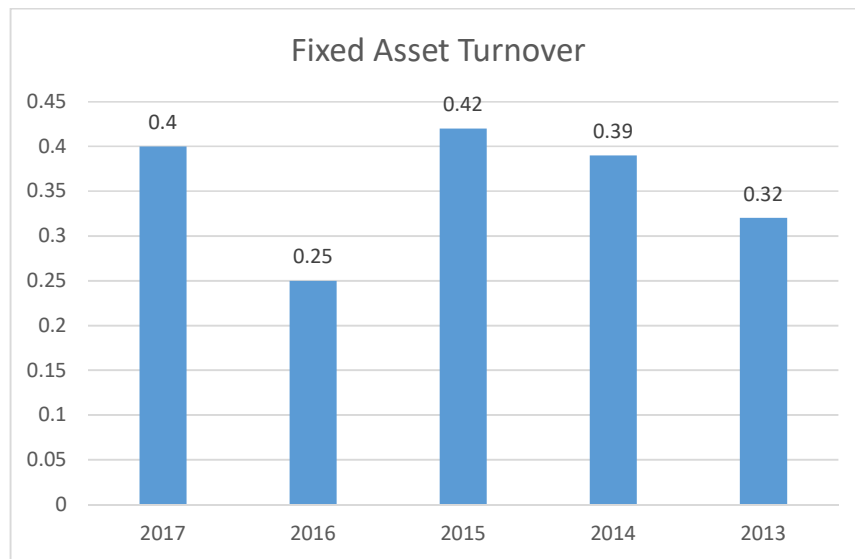


Figure 14: Fixed Assets Turnover

Interpretation: Fixed assets turnover reveals the speed with which the fixed assets of the company are converted to sales. Generally, as a rule, the companies should have high fixed assets turnovers as they indicate a higher efficiency in terms of fixed assets utilization, If the ratio is depressed, it indicates the underutilization of fixed assets.

In figure no.14 this chart represents that in 2015 the fixed asset turnover is more than any other year which is 0.42 which means that they have been used their fixed assets more efficiently than any other year. And 2016 the usages of fixed asset are worse than any other year which is

0.16 which shows the result underutilization in terms of fixed assets. But the chart also shows a good result for management because regain fixed assets utilization efficiency in 2017. And the company's fixed asset turnover ratio is fluctuating year to year.

4.1.3 Measure of Solvency

4.1.3.1 Debt Ratio

	2017	2016	2015	2014	2013
Total assets	1,678,387,113	2,708,537,207	1,544,729,394	1,953,333,691	1,749,031,543
Total liability	1,495,045,044	1,180,070,500	257,790,266	236,948,020	247,369,143
Debt Ratio	88%	44%	17%	12.13%	14.14%

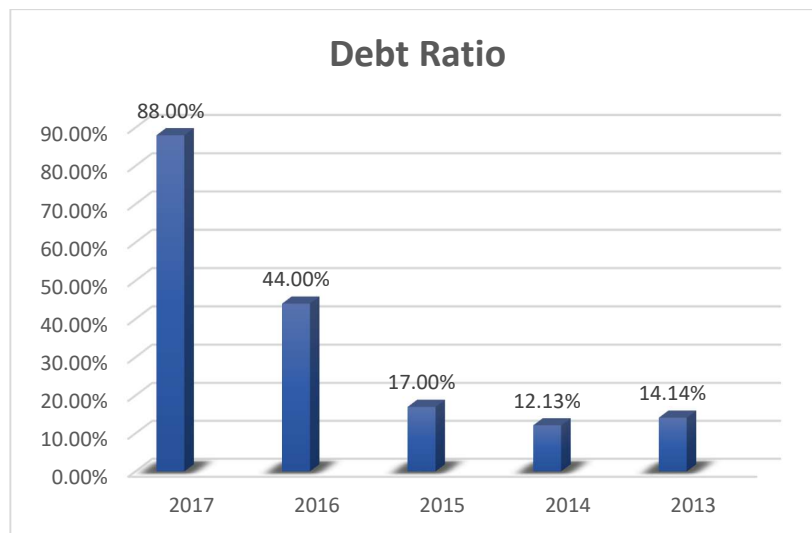


Figure 15: Debt Ratio

Interpretation: The higher the ratio, the bigger risk will be associated with the firm's operation. In addition, high debt to assets ratio may point to low borrowing capacity of a firm, which in turn will lower the firm's financial flexibility.

Like every other company this company Debt Ratio includes both long-term and short-term debt. It also contains the company's tangible assets and intangible assets. Property & plants, inventories etc. are tangible assets and software, trademarks etc. are the intangible assets.

Following the figure no.15 the debt ratio was increasing over the last five years. Since debt ratio was 88% in 2017 and in 2016 the debt ratio was 44% which means in 2017 88% assets are financed by Debt and in 2016 44% assets are financed by debt by following this result we can say in 2017 it has resulted in double in 2017 and which was higher than any other year it can be said that they took higher financial risk in 2017. And in 2016 when the debt ratio is 44% and in 2015 it was 17% it also can be said that they took higher financial risk in 2016 also. From 2014 to 2013 the ratios were increasing respectively 12.13%, and 14.14%.

4.1.4 Measures of Profitability

4.1.4.1 Gross Profit Margin

	2017	2016	2015	2014	2013
Sales	461,010,483	501,537,058	455,843,140	424,143,890	424,299,344
Gross Profit	199,593,583	341,619,239	242,922,041	256,659,732	249,790,886
Gross Profit Margin	43.29%	68.11%	53.29%	60.51%	59%

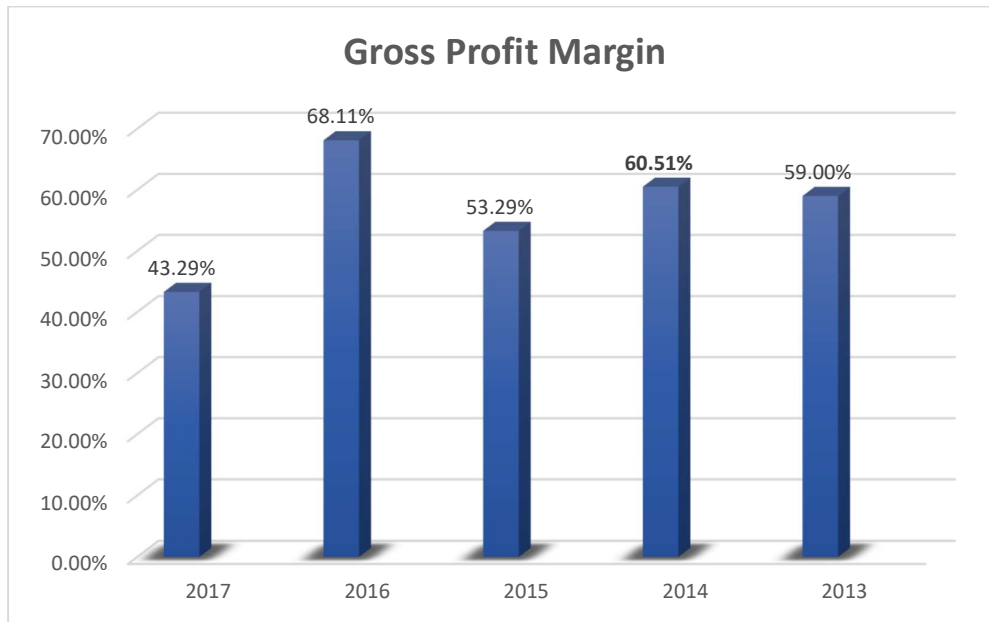


Figure 16: Gross Profit Margin

Interpretation: Gross profit margin reveals the efficiency of production activities. It reveals how efficient and effective the firm has been in producing the service for the customer. A high gross profit ratio implies that the firm produces at a relatively lower cost or Sales is increase if Cost of goods sold remains constant. A lower gross profit ratio implies that the firm produces at a relatively high cost or sales are decreases if cost of goods sold remain constant.

The gross profit margin by following the figure no.16 in 2017 is lowest than any other year which is 43.29% which represents that the sale of the company decreased or the firm production cost cannot maintain by management and it became higher than any other years but on the other hand in this company's higher gross profit margin in 2016 which is 68.11% which implies that their sell at top most point in last 5 years in 2016 or their management has well maintained the production cost in the year2016. And rest of the 3 years lowest in 2015 which is 53.29% and highest in 2014 which is 60.51%.

4.1.4.2 Operating Profit Margin

	2017	2016	2015	2014	2013
Operating Profits	146,289,630	247,010,336	173,972,960	195,639,244	184,806,102
Sales or Revenue	461,010,483	501,537,058	455,843,140	424,143,890	424,299,344
Operating Profit Margin	31%	49.25%	38.16%	46.12%	44%

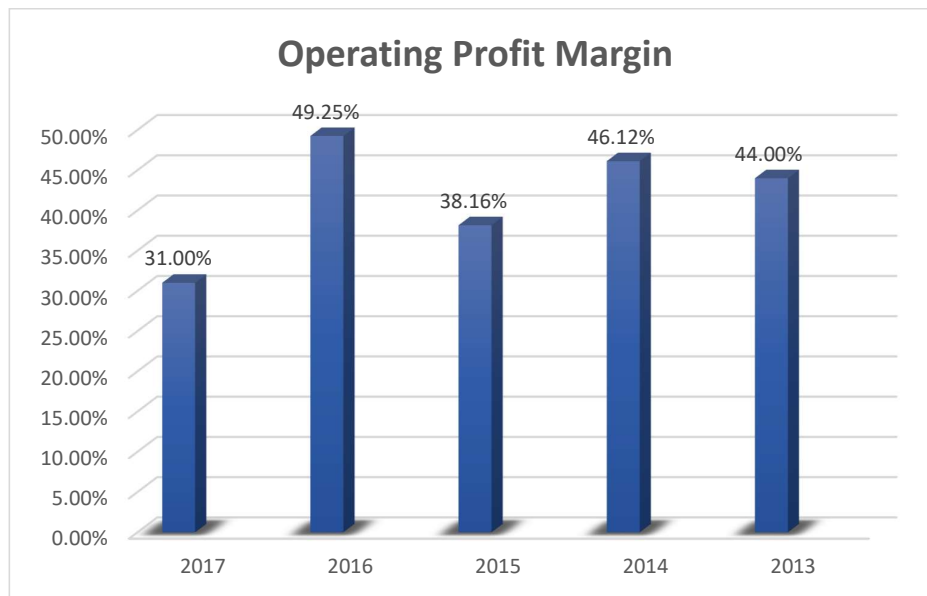


Figure 17: Operating Profit Margin

Interpretation: Operating profit margin measures the percentage of each sale taka remaining after all costs and expenses other than interest, taxes are deducted. From the figure no: 17 we can show that the operating profit margin was its top most point in 2016 that is 49.25%, which means 49.25% taka remaining after all costs and expenses other than interest, taxes are deducted. Which means for every TK.1 of income, only 49.25 Paisa remains after the operating expenses have been paid. But in the year 2017 decreased tremendously in 2017 which is 31% that presents 31% taka remains after all costs and expenses other than interest, taxes are deducted. It shows a huge fall in operating profit margin. It happened because of gross profit decrease and depreciation increases in the year 2015 operating profit margin was also slightly lower than 2014 which was 38.16% in 2015 and 46.12% in 2014, But the management can come over efficiently in 2016.

4.1.4.3 Net Profit Margin

	2017	2016	2015	2014	2013
Sales	461,010,483	501,537,058	455,843,140	424,143,890	424,299,344
Net Profit After Tax	84,230,244	88,739,054	87,640,,275	35,698,268	61,669,272
Net Profit Margin	18%	17.6%	19.22%	8.41%	14%

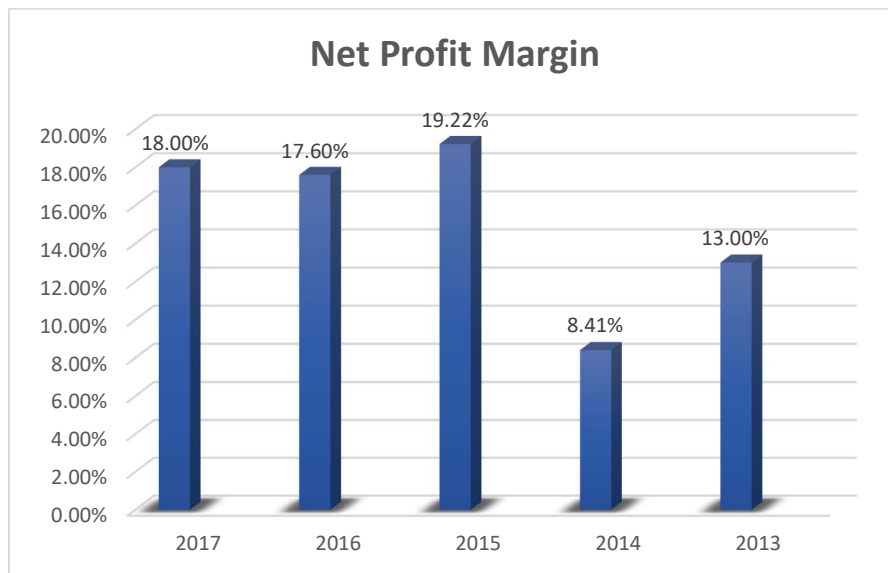


Figure 18: Net Profit Margin

Interpretation: Net profit means after paying taxes you are earning some of the profit. It means firm is doing its business well. In the year 2017 Concord Ready Mix & Concrete Products net profit margin was 18% which is slightly higher than previous year which were 17.60% in 2016. The net profit margin at its highest point in the year 2015 which is 19.25% which was a huge gain after a tremendous fall of 2014 in which is 8.41% which was lower in this five financial year.

4.1.4.4 Return on Assets

	2017	2016	2015	2014	2013
Total assets	1,678,387,113	2,708,537,207	1,544,729,394	1,953,333,691	1,749,031,543
Net Profit After Tax	84,230,244	88,739,054	87,640,275	35,698,268	61,669,271
Return on Assets	5%	3.27%	5.67%	1.82%	3.3%

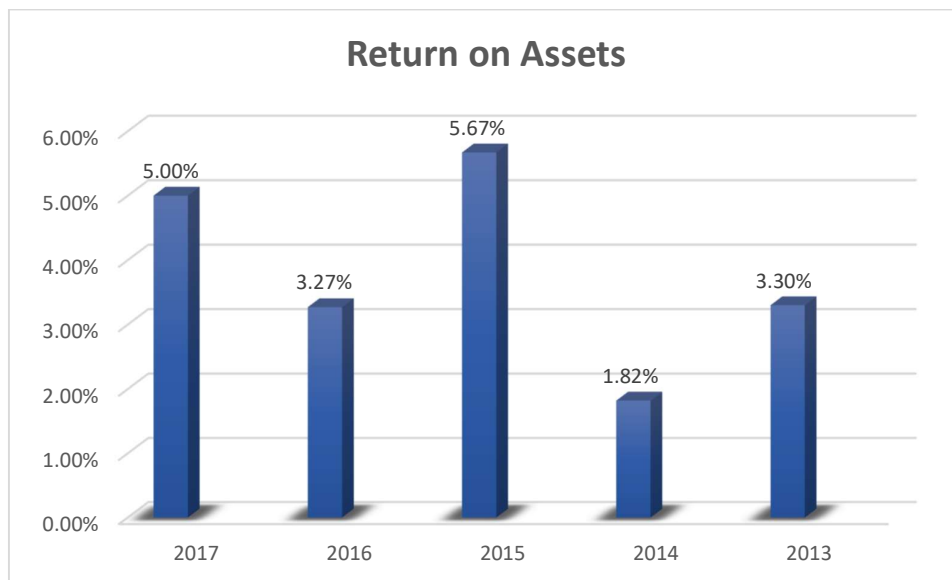


Figure 19: Return on Assets

Interpretation: Return on assets (ROA) is a sign of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an impression of how efficient a company's management is at using its assets to generate earnings. A firm's return to its stockholder is only in the case if the firm has earned a profit.

Here, Figure 19 represents the return on assets of the last five years of Concord Ready Mix & Concrete Products Ltd. It can be seen that in 2013, 2014, 2015, 2016, and 2017, the ROA ratio was respectively 3.30%, 1.82%, 5.67%, 3.27%, and 5%.

Following this chart, we can find ROA of Concord Ready Mix & Concrete Products Ltd. is highest in 2015 which is 5.67% which means that the company generates 5.67 paisa profit by investing taka 1 in assets.

And on the other hand the lowest ROA of Concord Ready Mix & Concrete Products Ltd is 1.82% in the year of 2014. The ROA is low because net profit after tax was low too. Which represents that in the year 2014 the company earned 1.82 paisa by investing 1 taka in the assets.

The chart also represents that after a decreasing trend in 2016 which is 3.27% it can again come near to its highest ROA in the year 2017 which is 5%.

4.1.4.5 Return on Equity

	2017	2016	2015	2014	2013
Stockholders' Equity	319,194,301	361,339,772	336,797,941	235,258,020	286,027,980
Net Profit After Tax	84,230,244	88,739,054	87,640,275	35,698,268	61,669,271
ROE	26.38%	24%	26.02%	15.17%	21%

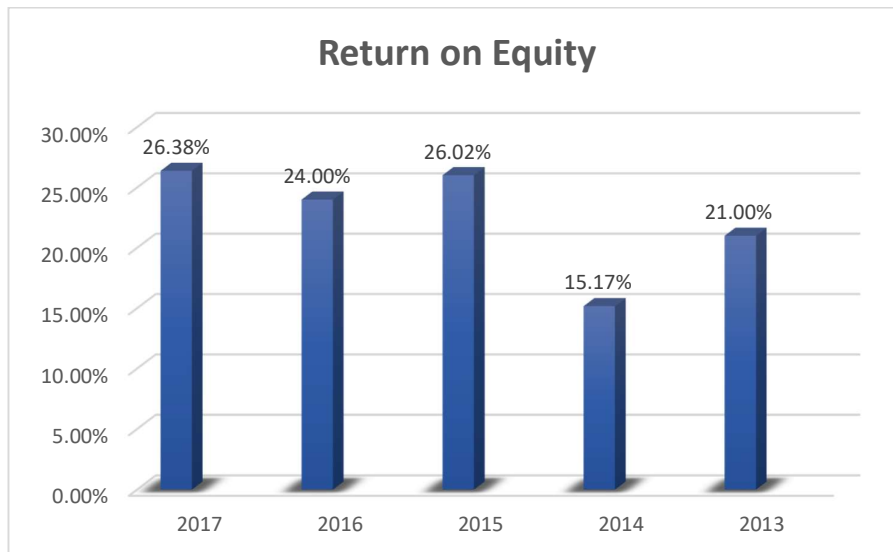


Figure 20: Return on Equity

Interpretation: Generally, the higher this return, the better off is the owners. Return on equity is a measure of how efficient a firm is at generating profits.

The figure no. 20 presents the ROE of last five years of Concord Ready Mix & Concrete Products Ltd. and it can be seen that in, 2013, 2014, 2015, 2016 and 2017 the ROE ratio was respectively 21%, 15.17%, 26.02%, 24% & 26.38%.

As the chart represents the highest ROE of Concord Ready Mix & Concrete Products Ltd. in the year 2017 which is 26.38% and it is very close to the year 2015 where it was 26.02%. which says that every 1 taka common shareholder equity earned 26.38 paisa in the year 2017 and 26.02 paisa in in year 2015. The ROE is lower in this 5 years is in 2013 which is only 21% and lowest in the year 2014 which is only 15.17%.

4.2 Findings

Financial Ratio Analysis also stated to as 'Quantitative Analysis' is considered to be the most important step while analyzing a company from an investment perspective. It is a study of ratios among various items in financial statements and if properly analyzed and interpreted can provide valuable insights into a company's business.

- ✓ In the year 2015 the revenue is lower compared to another 4 years. In 2014 it increased 0.8% and in 2015 it decreased 1.76% but in 2016 the revenue significantly increased 19% than previous year. But again decreased 8.73% in the year 2017, which proves revenue of the company is not stable.
- ✓ Revenues and gains results in owner's equity to increase. There are significant changes have taken place in shareowner equity in each year. Which decreased 17% in the year 2014 and again increased 43% in 2015 and then also increased 7.28% in the year 2015 than previous year. Company's total shareowners' equity is increasing which makes their value of share holders' are adequate. But in the year 2017 it shows a decreasing trend which is 11.66%.
- ✓ It has been clear that there is a fluctuating trend in the changes of total assets. In 2014 which was increased 11% but in 2015 total assets increased to 20%, and in the year 2017 it decreased 38%, which represents inefficiency in managing total assets in this year.
- ✓ In the year 2014 the operating profit increased 5% and then in 2015 decreased 11%. 2016 which operating profit amount significantly increased to 41% and which presents the highest value, after rising operating profit in 2016, it significantly drooped to 40% in 2017 which left a bad a sign for the company's business.

- ✓ Each year company's profit after taxation is increasing which makes the company can invest more money for their business purpose as well as the company can pay more dividends to their shareholders. But in the year 2017 it dropped slightly to 5% than previous year.
- ✓ The performance of the company is not good. Because the current ratio was low and it was not good from company's point of view. It shows that it was not good position to meet the short term liabilities.
- ✓ The greater is the amount of net working capital, the greater is the liquidity of the firm. Insufficient working capital is the first sign of financial problems for a firm. Net working Capital ratios was negative because their current liabilities was more than current assets.
- ✓ Average Collection Period which has standard value 30 days but in 2015 it was 33 days but managerial efficiency takes back it in 28 days in the year 2016 but again in 2017 it has gone to 34 days which is highest in this five years.
- ✓ From the measure of solvency, it was found that total debt to asset ratio in 2017 was 88% which is 44% higher than previous year. It indicates higher degree of financial risk in the year 2017 and 2016.
- ✓ From the measure of profitability, it was found that net profit margin of the company in 2017 has increased slightly. For that reason, firms return to the shareholders is increased 2% in 2017. The main reason is that financial expenses decrease from last four financial years.
- ✓ From the measures of efficiency, the return on total assets and fixed assets is low and also fluctuating it indicates that, the assets had not been utilized properly by the company.

Recommendation & Conclusion

Chapter 5

5.0 Recommendations

The accounts department of the company is efficient enough to sustain the responsibility of the company. But, based on the report and working there I have find out there are some of the areas where the company needs to review the business performance of the firm.

The overall performance of Concord Ready Mix & Concrete Products Ltd. Is not in a pleasing position and it can also can be seen that they are suffering last few years. It will be very much difficult to give recommendation for such sophisticated organization like “Concord ready mix and concrete products ltd”. There are some deficiencies regarding operational and other aspects that I have experienced. On the basis of my reflection I would like present some recommendations:

- ✓ The profit of the company is not in a good position, for that the company has to take alternative actions such as
 - ✓ Implementing different marketing policies to highlight their products.
 - ✓ Adding more value & variety to their products.
 - ✓ Targeting customers from different segments.
 - ✓ Increasing in sales by giving discount on products.
 - ✓ Control on fixed expenses like, depreciation.

- ✓ The company should concentrate on the current ratio. For that they have to manage their inventory wisely.

- ✓ The company should increase its current assets to meet the current obligations by decreases intercompany loan received, and also improve the liquidity position through increasing cash in hand.

- ✓ The company’s management should be more efficient in utilizing the company’s total assets to generate sales.

- ✓ Company should increase in working capital by:
 - ✓ Cash management.
 - ✓ Inventory management.
 - ✓ Debtors management.

- ✓ The company's management should focus on Average collection period because it has started crossed the limit of 30 days (in the year 2016 it was only 28 days). For The company should form a team for taking collection of payment and setting of terms & conditions for collection of cash in the specific time period.

- ✓ The collection period of the debtors should be controlled in order to control the current assets, which is very much important.

- ✓ The gross profit margin of the company significantly came down to 43.29% in 2017. So the management should focus on efficiently and effectively production cost of the products as well as sales.

- ✓ Though the company has many experienced and qualified employees in Finance and Accounting department, but they should recruit some more highly experienced employee to run the department efficiently.

5.1 Conclusion

Financial analysis helpful in evaluating the financial position and profitability of a concern. This is done through comparison by ratios for the same concern over a period of years; or for one concern against another; or for one concern against the business as a whole; or for the user concern against the predetermined standards; or for one department of a concern against other departments of the same concern. Accounting ratios calculated for a number of years show the trend of the change of situation. The trend is rising or descending or still. The ascertainment of trend helps us in building estimates for the future. In that way we can say that there are lots of application of financial analysis in the modern days of industry. To assess any business situation financial analysis gives a clear financial picture of any business organization. This helps to evaluate the trend and condition of business. From small to big organization financial analysis helps a greatdeal in decision-making process. As it helps to give idea about the financial situation, thus it helps in future financial projection and decision making process of any business house. Eventually one can evaluate how important is financial analysis in the modern days of business. It gives the exact picture of the financial situation and assistances future projection of any organization. Concord Ready Mix & Concrete Products Ltd. Is leading construction material company in Bangladesh. It is step by step expanding its asset base and able to proper utilize assets. No business stays at the top if it doesn't sustain its performance. Thus it is very important to accomplish the demand of the consumers through competitive advantage.

5.2 References

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