



NORTH SOUTH UNIVERSITY
SCHOOL OF BUSINESS
AND ECONOMICS

Financial Analysis Between
GPH ISPAT LIMITED & BSRM STEELS LIMITED

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Letter of Transmittal

31st August 2022

Nazmun Nahar (NNh)

Department of Accounting and Finance

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Dhaka, Bangladesh.

Subject: Submission of the financial analysis on BSRM Steels Ltd and GPH Ispat Ltd.

Dear Ma'am,

It is our great pleasure to submit the group report and financial analysis on BSRM Steels Ltd and GPH Ispat Ltd. We studied the annual financial report of these two organizations and we analyzed some ratios like Liquidity ratio, profitability ratio, debt ratio, activity ratio, and market ratio. We have tried to follow the instruction given by you. Throughout this study, we tried to identify how much doing well these organizations financially and what was the ratio during 2019, 2020, and 2021 years. The information of this report is mainly based on their annual report which they published on web site.

We sincerely hope that you will enjoy this report as much as we enjoyed making it. If you need any further clarification or quarry in interpreting this analysis, we will be glad to oblige you, Ma'am.

Thank you

Mohammad Faiaz Tawsif

Shoaib Siddique Bappy

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Abstract

This report is a financial analysis of two leading steel manufacturing companies in Bangladesh. These companies are GPH Ispat Limited and BSRM Steels Limited. The analysis is for 2018-2019, 2019-2020, and 2020-20021. Here, we analyzed Liquidity Ratios, Activity Ratios, Debt Ratios, Profitability Ratios, and Market Ratios. The report provides both time-series and cross-sectional analyses of the two companies and an overall comparison between these two companies from the managerial perspective and investor perspectives.

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Introduction

This report is a financial analysis of two leading steel manufacturing companies in Bangladesh. These companies are **GPH Ispat Limited** and **BSRM Steels Limited**. GPH Ispat is one of the leading steel manufacturing companies in Bangladesh. It was founded on May 17, 2006, and commenced business in 2008. It became a public limited company in 2012. GPH Ispat Ltd. also produces low & medium carbon and low alloy steel billets in Bangladesh. BSRM is the largest construction steel manufacturer company in Bangladesh. It is based in Chittagong. It started its journey in 1952 with the first steel re-rolling mills to emerge in East Bengal. The analysis is for 2018-2019, 2019-2020, and 2020-2021. Here, we analyzed ratios such as Liquidity, Activity, Debt, Profitability, and Market Ratios. The report provides both time-series and cross-sectional analyses of the two companies. All the calculations in this report are also available in the MS Excel file. This report will provide an image of these companies' financial situation. This report analyzed the overall comparison between these two companies from the managerial perspective and investor perspectives. So, if an investor is interested in investing in any of these companies, this report will surely give them an idea and help them make the right decision regarding investing.

Company Overview

GPH Ispat Limited:



GPH Ispat is one of the leading steel manufacturing companies in Bangladesh. It was founded on May 17, 2006, and commenced business in 2008. It became a public limited company in 2012. GPH Ispat Ltd. also produces low & medium carbon and low alloy steel billets in Bangladesh, the main ingredient of manufacturing graded steel bars. They also export to the international market after nourishing national demands. Its mission is to enrich the steel sector of Bangladesh and help in infrastructural development. Moreover, its mission is to provide excellent services and products to encourage innovation and the highest quality.

BSRM Steels Limited:



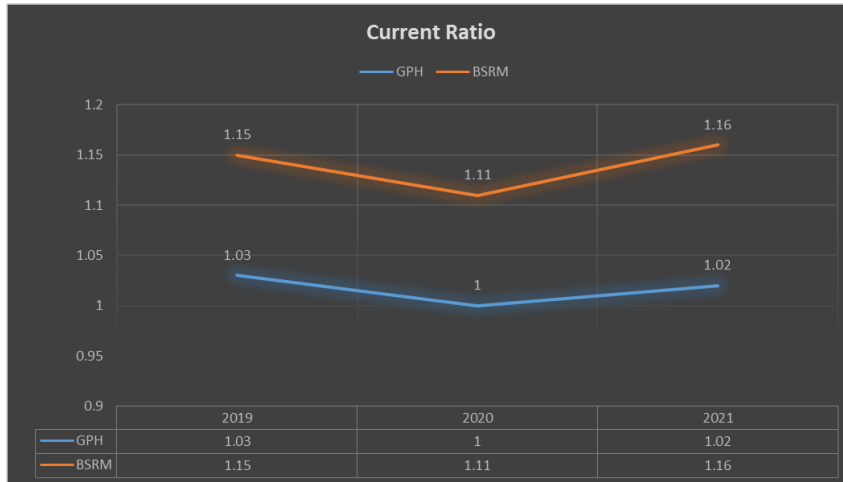
BSRM is the largest construction steel manufacturer company in Bangladesh. It is based in Chittagong. It started its journey in 1952 with the first steel re-rolling mills to emerge in East Bengal. It has evolved with time, and today, it provides state-of-the-art facilities to produce the highest quality of steel to help the infrastructure industry. BSRM believes in sustainable growth to advance in the twenty-first century. It focuses on quality and reliability. Because these are a must to achieve customer satisfaction, they also acknowledge social responsibility and fulfill their obligations to society by providing facilities to the underprivileged. BSRM strives for customer satisfaction. Moreover, provide the highest quality of products and services.

Financial Analysis

LIQUIDITY RATIOS:

Current ratio:

Year	2019	2020	2021
GPH	1.03	1	1.02
BSRM	1.15	1.11	1.16



Time Series Analysis of GPH Ispat:

Here, we can see that during 2020-2021 the current ratio of the company was 1.02 times; in 2019-2020, the current ratio of the company was 1 time, and in 2018-2019 the ratio was 1.03 times. The rate dropped in 2020, but in 2021 the rate was rise.

Time Series Analysis of BSRM Steels:

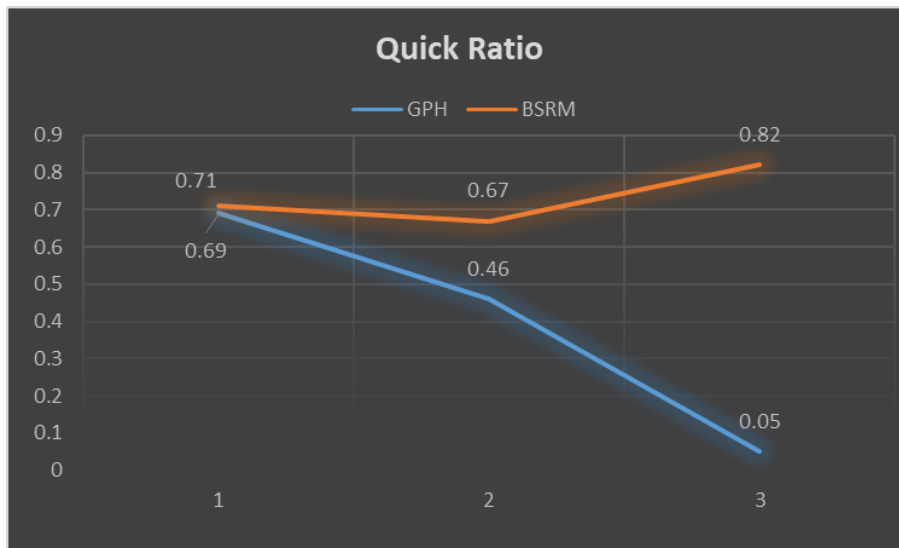
Here, we can see that during 2020-2021 the company's current ratio was 1.15 times. In 2019-2020, the company's current ratio was 1.11 times; in 2018-2019, the ratio was 1.15 times. The rate dropped in 2020, but in 2021 the rate was rise.

Cross-Sectional Analysis:

The current ratio is higher in all years for BSRM steels. It has a better Current ratio than GPH Ispat. So, we can say that BSRM performed better regarding its short-term obligations. However, this does not mean that they are doing well either. Both of the company's ratio is pretty poor.

Quick Ratio:

Year	2019	2020	2021
GPH	0.69	0.46	0.05
BSRM	0.71	0.67	0.82



Time Series Analysis of GPH Ispat:

As we can see, the quick ratio has declined from 2018-2019, 2019-2020, and 2020-2021. It came down from 0.69 times to 0.46 times to 0.05 times. The firm will be able to pay its short-term obligations. However, it is not a good sign for the company. Moreover, the decrease is also a negative indication.

Time Series Analysis of BSRM Steels:

We can see the downward going scenario from 2019 to 2020. The quick ratio of 2019-2020 came down to 0.67 times from 0.71 times in 2018-2019, but in 2021 the quick ratio increased to 0.82. The improvement is a good sign for the company. They will also be able to pay off their short-term obligations with their most liquid assets at hand.

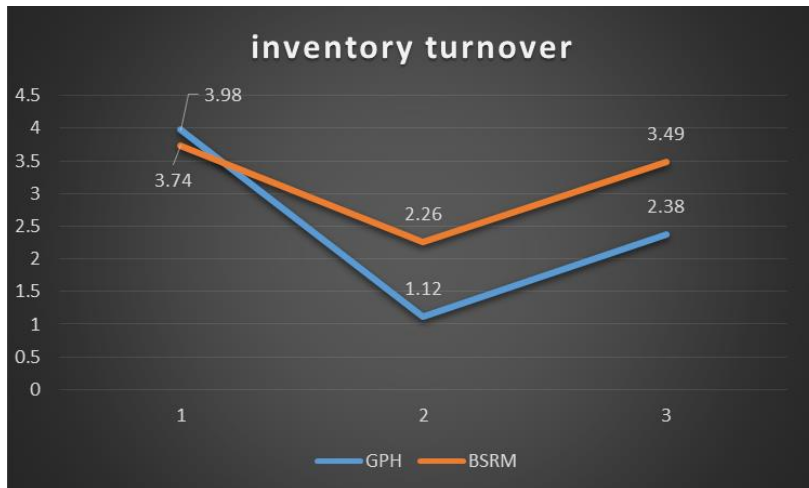
Cross-Sectional Analysis:

BSRM steels had a higher quick ratio than GPH Ispat in 2019-2020, 2018-2019, and 2020-2021. So, we can say that BSRM had a comparatively better performance. GPH declined day by day and needs to solve its problems. BSRM was improved in 2021.

ACTIVITY RATIOS

Inventory Turnover:

Year	2019	2020	2021
GPH	3.98	1.12	2.38
BSRM	3.74	2.26	3.49



Time Series Analysis of GPH Ispat:

In 2018-2019 GPH Ispat sold its inventory stock 3.98 times. In 2019-2020, it sold its inventory stocks only 1.12 times. Nevertheless, in 2020-2021 it sold its inventory stocks of 2.38, which mean that in 2019-2020 amount declined, and GPH Ispat is holding its inventory longer than in previous times. This means there is a decline in sales. But the 2020-2021 company does not hold inventory, which means sales increase.

Time Series Analysis of BSRM Steels:

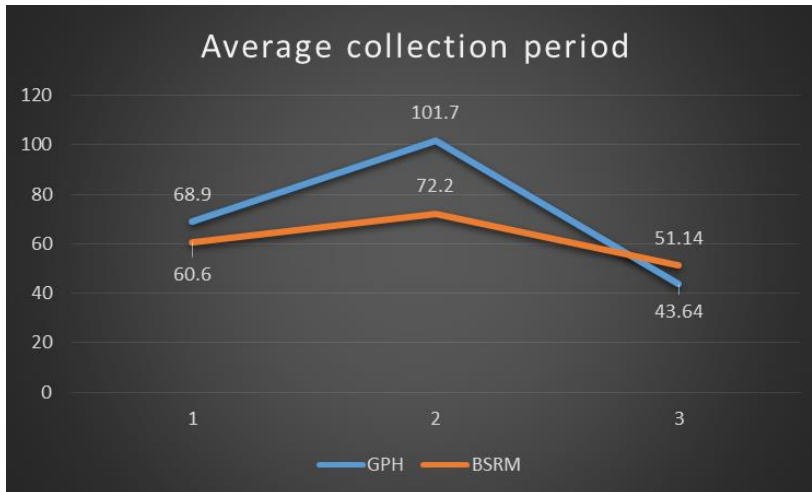
BSRM sold its inventory stocks 3.74 times in 2018-2019. In 2019-2020, they sold their inventory stocks 2.26 times, but in 2020-2021, they sold their inventory stocks 3.49 times. So, they also had a decline in sales in 2019-2020. So, they are holding on to their inventory stocks for longer. But the 2020-2021 company does not hold inventory, which means sales increase.

Cross-Sectional Analysis:

In 2018-2019 GPH Ispat and BSRM had a higher inventory turnover. However, in 2019-2020, BSRM and GPH Ispat had a lower inventory turnover, and both companies declined in terms of inventory turnover. But in 2020-2021, both 2021 company not holding inventory. This means sales increase. But GPH Ispat had a significant decline. BSRM has it comparatively better. GPH Ispat should work on improving its management of stocks.

Average collection period:

Year	2019	2020	2021
GPH	68.9	101.7	43.64
BSRM	60.6	72.2	51.14



Time Series Analysis of GPH Ispat:

GPH's average collection period increased from 68.9 days in 2018-2019 to 101.7 days in 2019-2020 to 43.64 days in 2020-2021. This indicates the fact that the company needs more time to collect its money compared to its previous period. GPH Ispat needs to improve on collecting its dues.

Time Series Analysis of BSRM Steels:

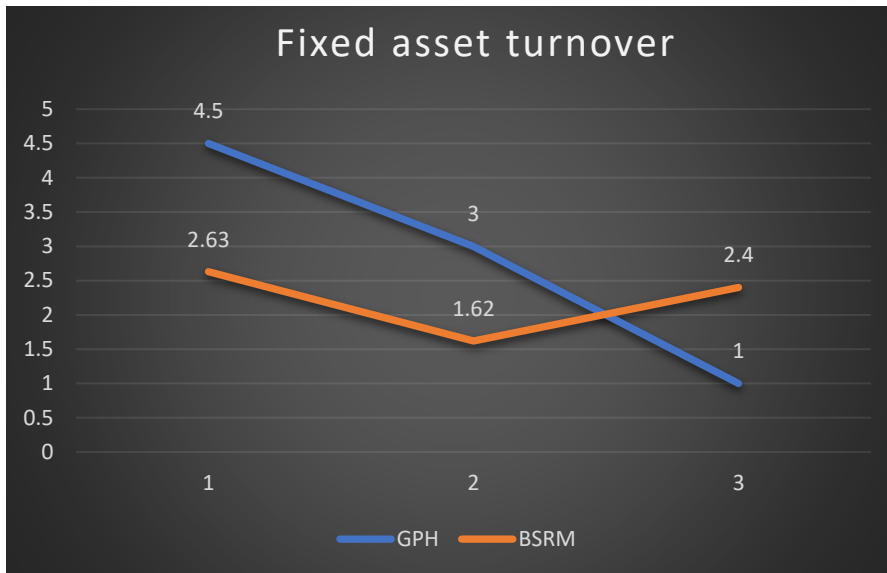
BSRM had an average collection period of 60.6 days in 2018-2019. However, in 2019-2020, the time increased to 72.2 days. In 2020-2021 their collection period was 51.14 days. So, BSRM needs more time to collect its money compared to the previous period.

Cross-Sectional Analysis:

BSRM had a shorter average collection period in both 2018-2019 and 2019-2020, but the scenario was changed in 2020-2021. In 2020-2021 BSRM collection period was higher than GPH Ispat. This means they perform better than GPH Ispat when it comes to collecting their dues. BSRM Steels is continuously outperforming GPH Ispat. But the average collection period has increased for both companies. So, they both need to focus on decreasing that time frame.

Fixed asset turnover:

Year	2019	2020	2021
GPH	4.5	3	1
BSRM	2.63	1.62	2.4



Time Series Analysis of GPH Ispat:

We can see that in 2018-2019 the company's fixed asset turnover was 4.5 times. In 2019-2020 the company's fixed asset turnover is 3 times; in 2020-2021, the company's fixed asset turnover is 1 time. Fixed asset turnover decreases yearly, so companies do not concentrate on fixed asset turnover.

Time Series Analysis of BSRM Steels:

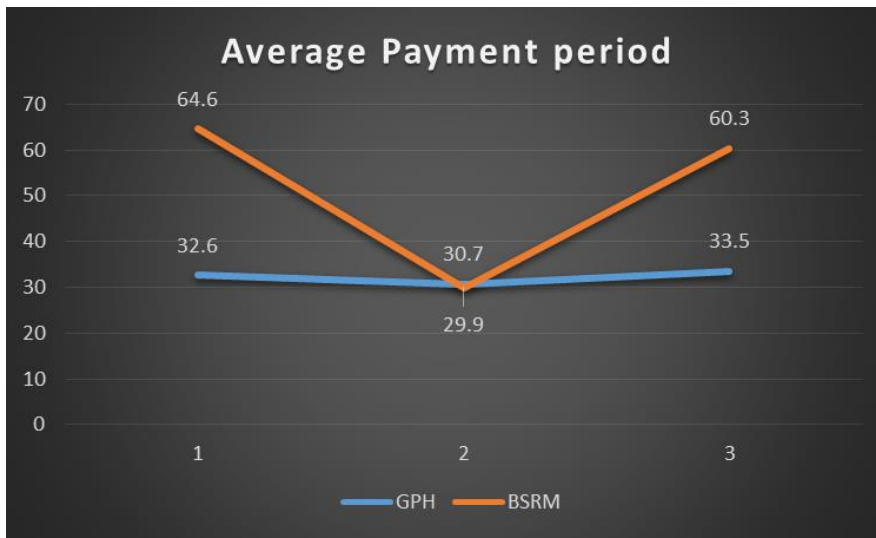
We can see that in 2018-2019 the company's fixed asset turnover is 2.63 times; in 2019-2020, the company's fixed asset turnover is 1.62 times; in 2020-2021, the company's fixed asset turnover is 2.40 times. Fixed asset turnover decreased in 2019-2020, but in 2020-2021 the fixed asset turnover increased.

Cross-Sectional Analysis:

Both companies' fixed asset turnover decreased in 2019-2020. In 2020-2021 fixed asset turnover decreased in GPH Ispat, but BSRM increased its fixed asset turnover. Both companies have to focus on their fixed asset turnover. Their fixed asset turnover is not so good.

Average Payment Period:

Year	2019	2020	2021
GPH	32.6	30.7	33.5
BSRM	64.6	29.9	60.3



Time Series Analysis of GPH Ispat:

In 2018-2019 the average payment period for the company was 31.7 days. In 2019-2020 it was 30.7 days, and in 2020-2021 it was 33.5. So, there is a slight decline in the period. This decrease is a negative indication for the company in managing its cash outflows.

Time Series Analysis of BSRM Steels:

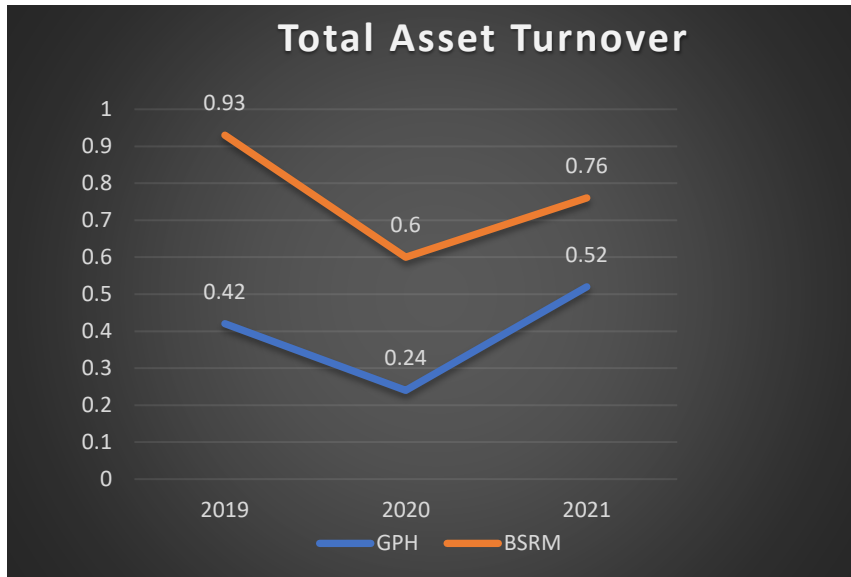
In 2018-2019 the average payment period for the company was 64.6 days. However, in 2019-2020 it drastically came down to 29.9 days. This reflects poorly on the management of the cash outflow of the company. However, in 2020-2021 the average payment period increased. It was 60.3.

Cross-Sectional Analysis:

We can see that both companies declined in the average payment period. BSRM was much better in 2018-2019, with a significantly more considerable average payment period. However, from 2019-2020 it had a payment period that was less than its previous year and also from GPH Ispat. In 2020-2021 BSRM increased its average payment period. So, the management of the two companies should work on improving and increasing the average payment periods for their respective companies to maximize benefits.

Total Asset Turnover:

Year	2019	2020	2021
GPH	0.42	0.24	0.52
BSRM	0.93	0.6	0.76



Time Series Analysis of GPH Ispat Ltd

As we can see the total asset turnover ratio during 2018-2019 was 0.42, and during 2019-2020 it was 0.24, and here we can see that the total asset turnover ratio declines in 2019-2020. In 2021-2022 its total asset turnover was 0.52; in 2021-2020 increase its total asset turnover ratio.

Time series Analysis of BSRM Steels Ltd

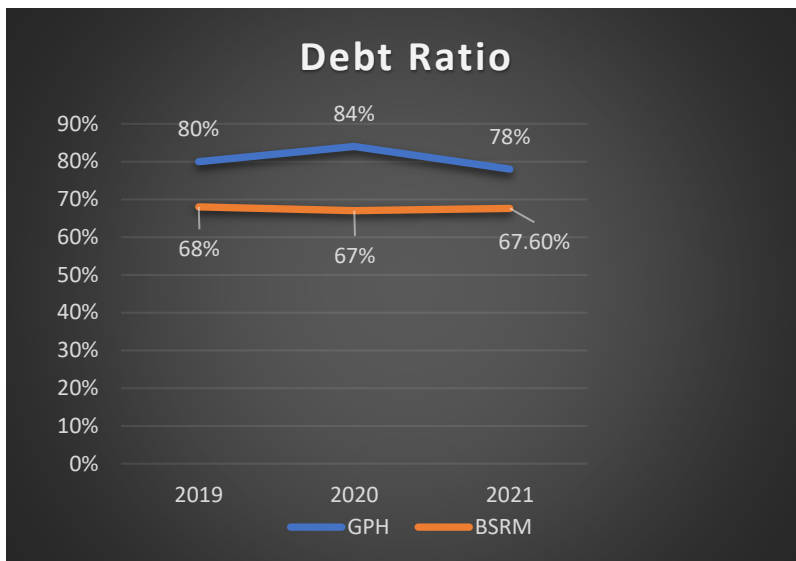
Here we can see that during 2018-2019 the total asset turnover ratio was 0.93 and during 2019-2020 its ratio was 0.6, BSRM steels ltd. also declined its total asset turnover ratio in 2019-2020. In 2020-2021 it's increased and the ratio is 0.76

Cross Section Analysis

The total asset turnover ratio is higher in all three years for BSRM Steels Ltd. It has a better total asset turnover ratio than GPH Ispat Ltd. So we can say that BSRM Steels Ltd. is more effective in using its assets to generate revenue than GPH Ispat Ltd.

Debt Ratio

Year	2019	2020	2021
GPH	80%	84%	78%
BSRM	68%	67%	67.60%



Time series Analysis GPH Ispat Limited

Here we can see that during 2018-2019 the Debt. The ratio was 80% which means they need the 80% assets to pay off their liabilities. In 2019-2020 if they want to pay their liabilities with their assets they need 84% of total assets and during 2020-2021 they need 78% of the total assets to pay their liabilities.

Time series Analysis of BSRM Steels Ltd

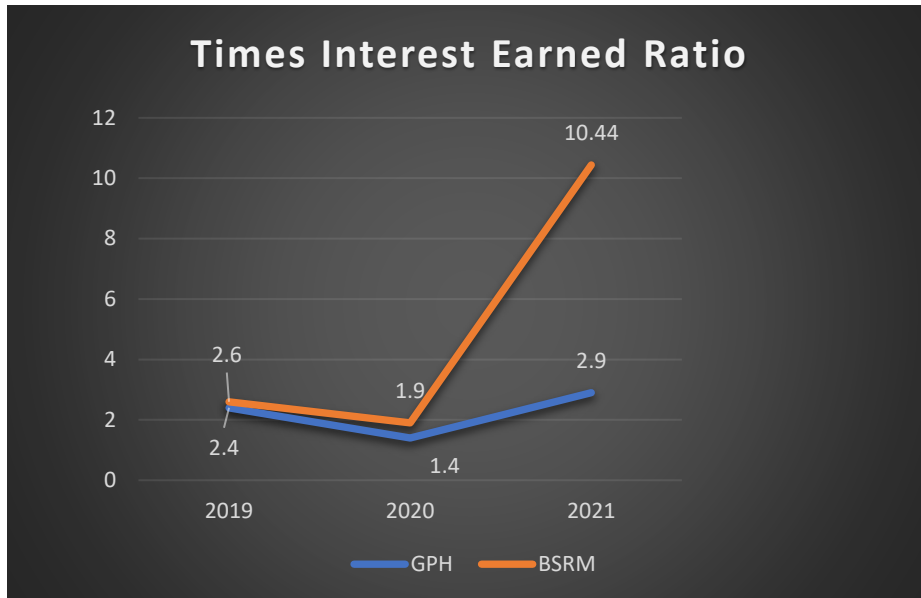
As we can see that during 2018-2019 if BSRM steels ltd. wants to pay their liabilities with the assets they need 68% of their total assets. In 2019-2020 they need 67% of their total assets and in 2020-2021 they need 67.60% of their total assets.

Cross-Sectional Analysis

Here BSRM steels ltd. The debt ratio was lowered then GPH Ispat ltd. for the three years. When BSRM has a lower debt ratio then we have to say that GPH Ispat doing well.

Times interest earned ratio:

Year	2019	2020	2021
GPH	2.4	1.4	2.9
BSRM	2.6	1.9	10.44



Time Series Analysis of GPH Ispat Ltd

In 2018-2019 GPH Ispat Ltd. has the ability to meet its Debt obligations by 2.4 times its current income. During 2019-2020 declined its ability and the ability was 1.4 times. In 2020-2021 GPH Ispat Ltd. increase its ability by 2.9 times.

Time series Analysis of BSRM Steels Ltd

BSRM Steels Ltd. had the ability to meet its debt 2.6 times in 2018-2019. In 2019-2020 it's declined to 1.9 times that means during that time it has the ability to meet its debt by its current income 1.9 times. In 2020-2021 it's increased by a large number and the ability was 10.44 times.

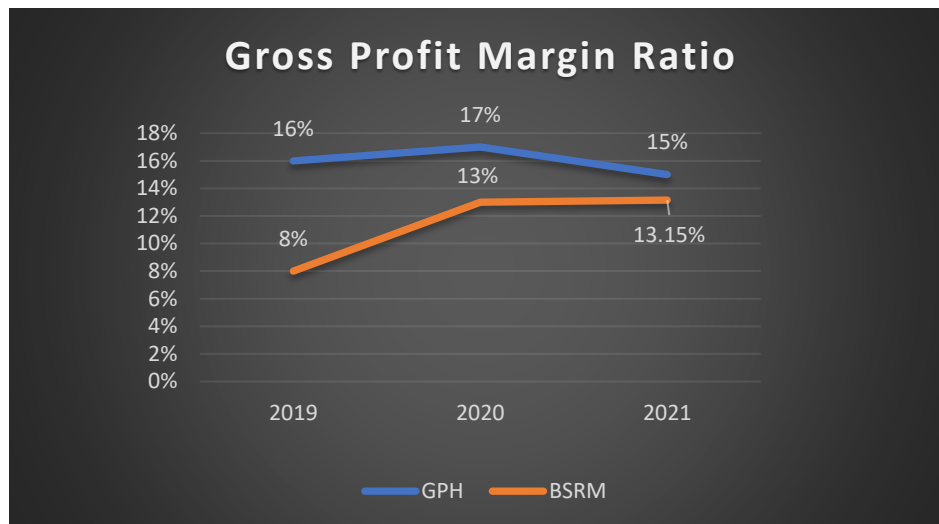
Cross-Sectional Analysis

BSRM Steels Ltd. has more ability than GPH Ispat Ltd. for the three years. Both of the companies declined their ability during 2019-2020 after that they increase their ability to meet their Debt by their income in 2020-2021. But BSRM Steels Ltd. increase its ability in 2020-2021 with an astound time.

Profitability ratio

Gross profit margin:

Year	2019	2020	2021
GPH	16%	17%	15%
BSRM	8%	13%	13.15%



Time Series Analysis of GPH Ispat Ltd

Here we can see that in 2018-2019 they made a 16% profit from their sales. During 2019-2020 their gross profit margin increased and the profit was 17% of their sales. But during 2020-2021 they declined their gross profit and their gross profit margin was 15%.

Time Series Analysis of BSRM Steels Ltd

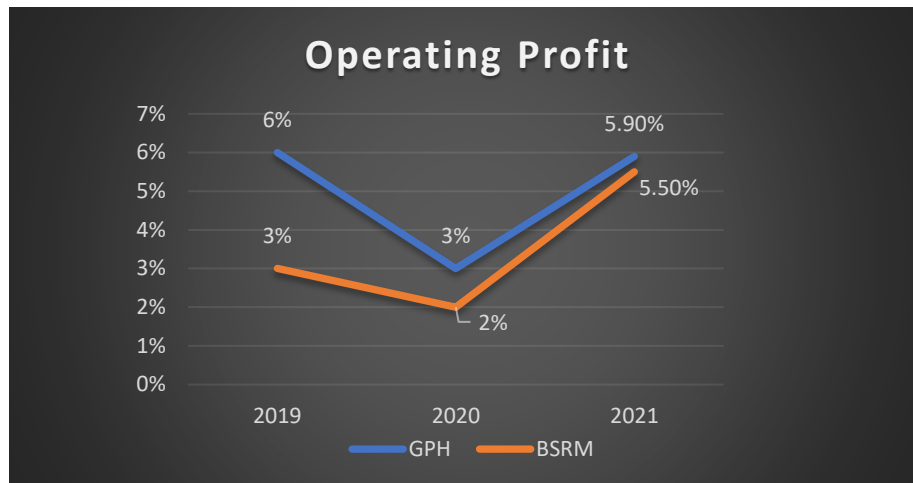
In 2018-2019 BSRM steels Ltd has a gross profit margin of 8% of their sales. During 2019-2020 they increased their gross profit margin and the profit margin was 13% in 2020-2021 the gross profit margin was 13.15%. Here we can see BSRM Steels Ltd increase its profit margin day by day. They didn't decline it in these three years.

Cross-Sectional Analysis

Between GPH Ispat Ltd. and BSRM Steels Ltd. GPH Ispat Ltd has a more effective gross profit margin ratio. BSRM Steels Ltd needs to improve its production process to make a good gross profit margin than GPH Ispat Ltd.

Operating Profit Margin:

Year	2019	2020	2021
GPH	13%	12%	11.40%
BSRM	6%	9%	10.17%



Time Series Analysis of GPH Ispat Ltd

In 2018-2019 the operating profit margin of GPH Ispat Ltd was 13%. This represents that, the EBIT was 13%. In 2019-2020 declined their operating profit margin and the percentage was 12%, here we can see that increased their operating expense. In 2020-2021 their EBIT was 11.40%, here we can see one thing GPH Ispat Ltd declined their operating profit margin continuously in these three years.

Time Series Analysis of BSRM Steels Ltd

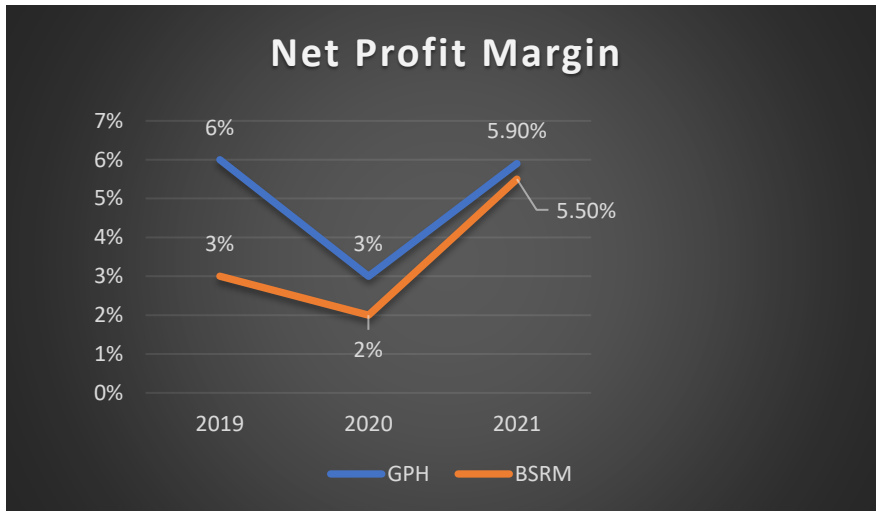
In 2018-2019 earnings before interest and tax were 6% and during 2019-2020 they increased their operating profit margin by 9%. After that year during 2020-2021, the operating profit margin was 10.17%. BSRM Steels Ltd increases its operating profit margin continuously in these three years.

Cross-Sectional Analysis

Here we can see that GPH Ispat limited has more operating profit margin than BSRM Steels Ltd. But GPH Ispat Limited declined their operating profit margin continuously on the other hand BSRM has a less operating profit margin but they increase their operating profit margin continuously in these three years.

Net Profit Margin:

Year	2019	2020	2021
GPH	6%	3%	5.90%
BSRM	3%	2%	5.50%



Time Series Analysis of GPH Ispat Ltd

Here we can see during 2018-2019 the net profit margin of GPH Ispat Ltd. was 6% which decline in 2019-2020 and the net profit margin was 3% after that period during 2020-2021 the net profit margin was 5.90%.

Time Series Analysis of BSRM Steels Ltd

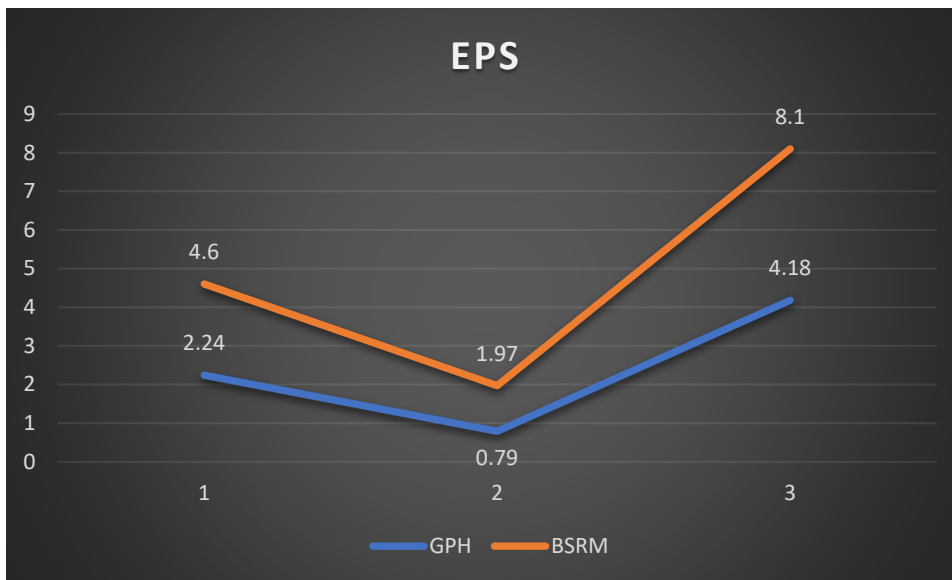
BSRM's net profit margin in 2018-2019 was 3% and during 2019-2020 declined its net profit margin and the net profit margin was 2% after that time in 2020-2021 the net profit margin was 5.50%.

Cross-Sectional Analysis

We can see here that GPH Ispat Ltd has a better net profit margin than BSRM Steels Ltd. So we can say that GPH Ispat Ltd operates its business more effectively than BSRM Steels Ltd. Clearly GPH Ispat has generated more income from its revenues compared to BSRM. This means GPH Ispat had a better performance.

Earnings per share (EPS):

Year	2019	2020	2021
GPH	2.24	0.79	4.18
BSRM	4.60	1.97	8.1



Time Series Analysis of GPH Ispat:

From the chart, we can see that GPH Ispat had an EPS of 2.24 taka in 2018-2019. Moreover, in 2019-2020 The EPS decreased to 0.79 takas. That means the company's performance has decreased. However, in 2020-2021 the EPS increased to 4.18. That means the company's performance has increased.

Time Series Analysis of BSRM Steels:

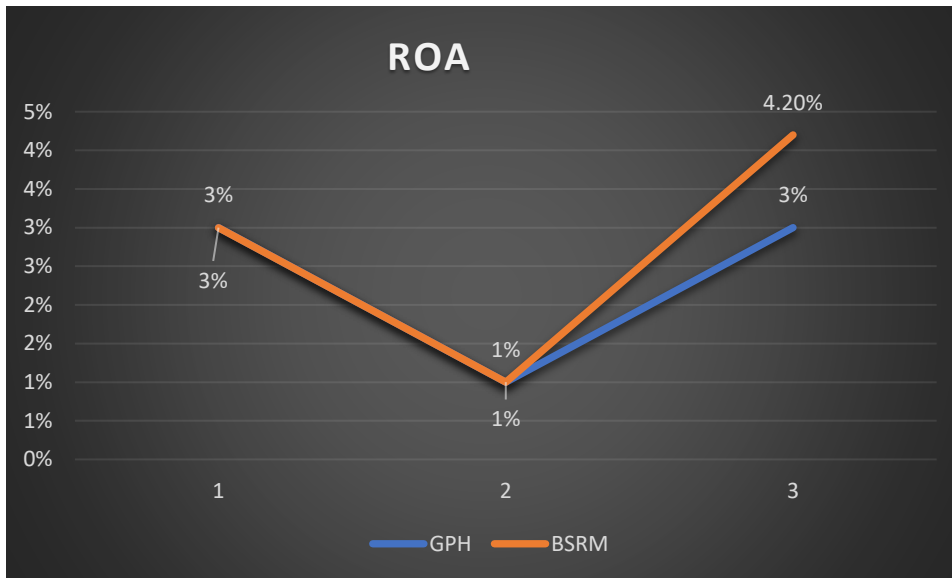
BSRM had earnings per share of 4.6 taka in 2018-2019. However, the following year the earnings per share fell to 1.97 taka. But in 2020-2021, the EPS increased to 8.1. That means the company's performance has increased.

Cross-Sectional Analysis:

BSRM steels had better earnings per share in both the years compared to GPH Ispat in the three years mentioned. However, we can see that the earnings per share decreased for both companies in 2019-2020. In 2020-2021 we can see that the earnings per share increased for both of the companies. However, BSRM was better in three years, and we can say that BSRM earns more per share compared to GPH.

Return on total assets (ROA):

Year	2019	2020	2021
GPH	3%	1%	3%
BSRM	3%	1%	4.20%



Time Series Analysis of GPH Ispat:

GPH Ispat had a ROA of 3% in 2018-2019. It came down to 1% in 2019-2020 but rose again to 3%. This means GPH's ability to generate profits from its assets has decreased in 2019-2020 and increased in 2020-2021.

Time Series Analysis of BSRM Steels:

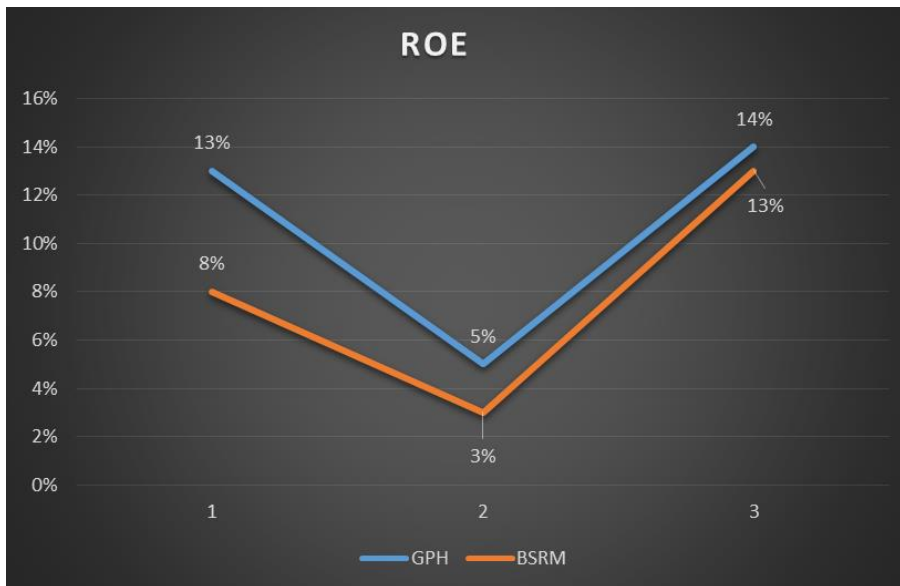
BSRM's return on assets was 3% in 2018-2019. However, it fell down to 1% in the following year, 2019-2020, but it came up again to 3%. So, they have also decreased the ability to generate profits in 2019-2020 and increased in 2020-2021.

Cross-Sectional Analysis:

GPH and BSRM had the same return on assets in both 2018-2019 and 2019-2020. Both had a decrease in the ROA over the two years and an increase in the ROA over the next year. Moreover, as they have the same ROA, we can say that in 2018-2019 and 2019-2020, they have a similar capability to generate profits from their assets. In 2020-2021 both companies ROA increased, but BSRM's ROA is greater than GPH Ispat.

Return on equity (ROE):

Year	2019	2020	2021
GPH	13%	5%	14%
BSRM	8%	3%	13%



Time Series Analysis of GPH Ispat:

From the chart, we can see that GPH had a return on common equity of 13% in 2018-2019. In 2019-2020 it fell down to 5%. So, it became less profitable in 2020 compared to the previous period but in 2020-2021 the scenario changed. GPH had a return on common equity of 14% in 2020-2021.

Time Series Analysis of BSRM Steels:

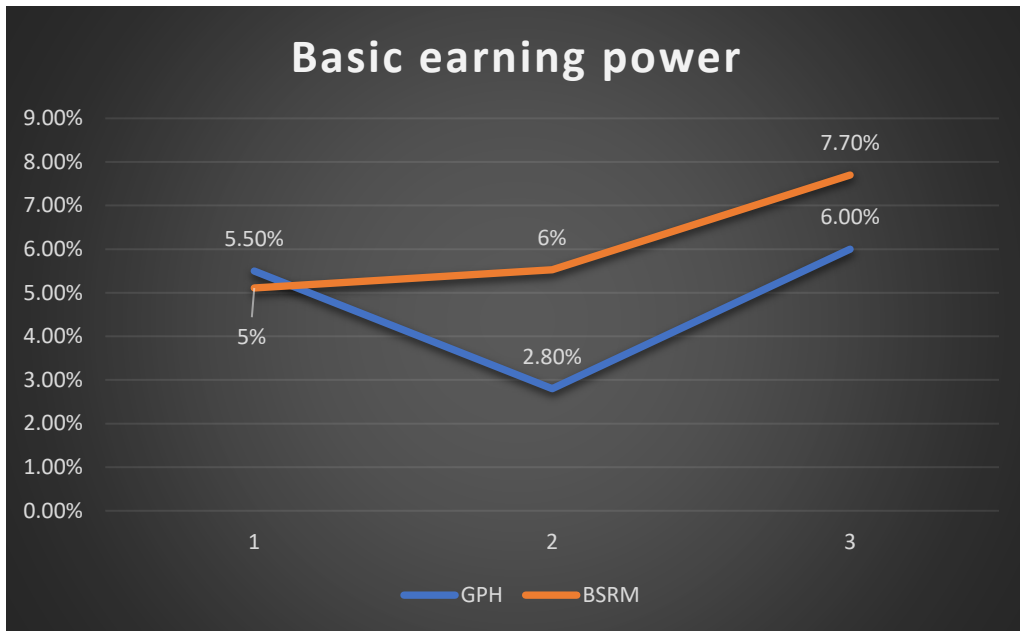
The return on equity for BSRM had decreased from 8% to 3% over the period. This indicates that the shareholders have also had a decrease in profit over the two years but in 2020-2021 the scenario changed. BSRM had a return on common equity of 13% in 2020-2021.

Cross-Sectional Analysis:

We can see that both companies had a decrease in return on equity in the year 2019-2020 compared to the year 2018-2019. In 2020-2021 both companies have had an increase in return on equity. This means the shareholders of these two companies have had less profit in 2019-2020 compared to 2018-2019. But in both years GPH has had a higher ROE than BSRM. This indicates that GPH is better at using its assets to generate returns compared to BSRM.

Basic earning power:

Year	2019	2020	2021
GPH	5.50%	2.80%	6%
BSRM	5%	6%	7.70%



Time Series Analysis of GPH Ispat:

Here we can see that GPH Ispat Company's basic earning power is 5.50% in 2018-2019. In 2019-2020 it decreased from 5.50% to 2.80%. In 2020-2021 GPH Ispat Company's basic earning power is 6%. Which means it increased from the previous year.

Time Series Analysis of BSRM Steels:

Here we can see that BSRM Company's basic earning power is 5% in 2018-2019. In 2019-2020 it increased from 5% to 6%. In 2020-2021 BSRM company's basic earn power is 7.70%. Which means it increased from the previous year.

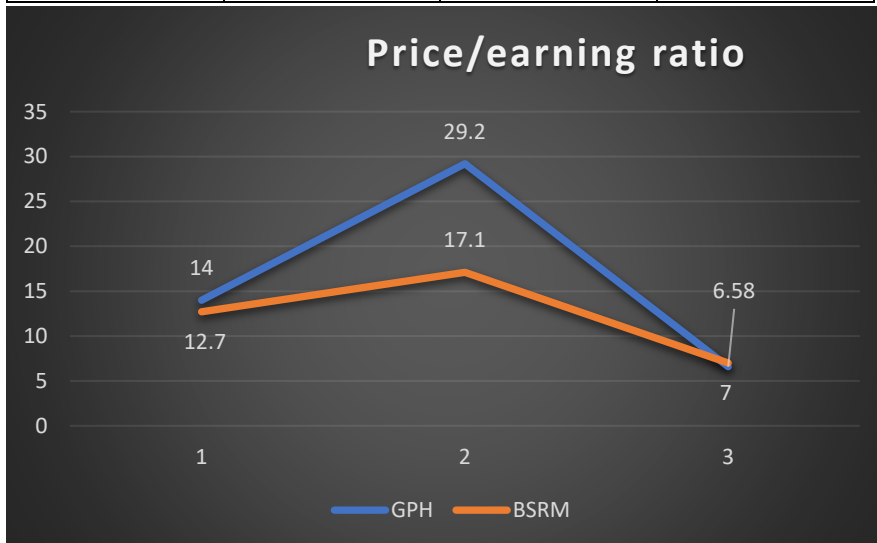
Cross-Sectional Analysis:

Here we can see that in 2018-2019 both companies' basic earning power is almost similar. But in 2019-2020 GPH Ispat had decreased its basic earning power and BSRM perform well and increased from the previous year. In 2020-2021 both companies basic earning power increased. BSRM continuously increased its basic earning power. In these three years, BSRM had a higher basic earning power than GPH.

Market Ratio

Price/earning ratio:

Year	2019	2020	2021
GPH	14	29.2	6.58
BSRM	12.7	17.1	7



Time Series Analysis of GPH Ispat:

Here we can see that the investors are willing to pay a price that is 14 times greater than the earnings per share in 2018-2019. And in the year 2019-2020, the amount increased to 29.2 but in 2020-2021 the amount decreased to 6.58. In 2019-2020, this increase means the company's shares are valued more. But in 2020-2021 company's shares are less valued.

Time Series Analysis of BSRM Steels:

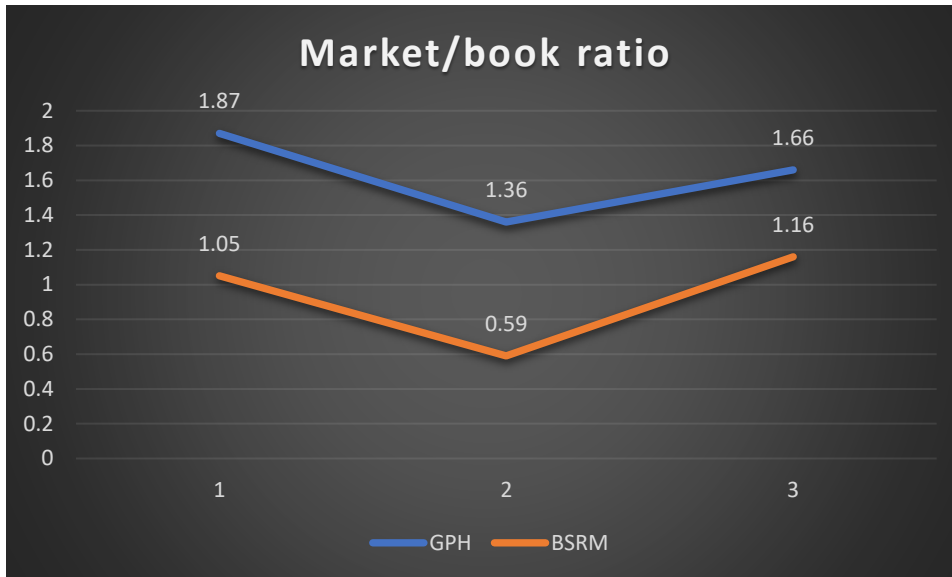
BSRM has also had an increase in P/E from 2018-2019 to 2019-2020. It increased from 12.7 times to 17.1 times but in 2020-2021 it decreased to 7. This means the company's shares are valued high in 2019-2020 but very low in 2020-2021.

Cross-Sectional Analysis:

We can see that GPH has had a higher P/E than BSRM in 2018-2020 of the years. In 2020-2021 both companies had decreased. So, we can say that GPH's shares are more overvalued in the market compared to BSRM in 2018-2020. In 2020-2021 both companies' shares had low value.

Market/book ratio:

Year	2019	2020	2021
GPH	1.87	1.36	1.66
BSRM	1.05	0.59	1.16



Time Series Analysis of GPH Ispat:

From the chart, we can see that the market/book ratio of GPH Ispat was 1.87 times greater than the book value of each share in the year 2018-2019 but in 2019-2020 the market/book ratio decreased to 1.36 times, and 2020-2021 the market/book ratio increased to 1.66.

Time Series Analysis of BSRM Steels:

we can see that the market/book ratio of BSRM was 1.05 times greater than the book value of each share in the year 2018-2019 but in 2019-2020 the market/book ratio decreased to 0.59 times and in 2020-2021 the market/book ratio increased to 1.16.

Cross-Sectional Analysis:

After observing the charts, we can see that in 2018-2019 GPH the market/book ratio is greater than BSRM. In 2019-2020 GPH's market/book ratio was 1.36 times and BSRM's market/book ratio was 0.59 times. This clearly indicates that GPH has performed very well and has secured a better position in the market compared to BSRM. In 2020-2021 both companies' market/book ratios increased.

Summary

Liquidity Ratios

GPH ISPAT	2019	2020	2021
Current ratio	1.03	1	1.02
Quick ratio	0.69	0.46	0.05

BSRM	2019	2020	2021
Current ratio	1.15	1.11	1.16
Quick ratio	0.71	0.67	0.82

Liquidity: BSRM and GPH Ispat companies' overall liquidity as reflected by the current ratios and quick ratios appears to be following trends. BSRM performed better regarding its short-term obligations. However, this does not mean that they are doing well either. Both of the company's ratio is pretty poor. BSRM had a comparatively better performance. GPH declined day by day and needs to solve its problems.

Asset Management Ratios

GPH ISPAT	2019	2020	2021
Inventory turnover	3.98	1.12	2.38
Average collection period	68.9	101.7	43.64
Fixed asset turnover	4.5	3	1
Average payment period	32.6	30.7	33.5
Total assets turnover	0.42	0.24	0.52

BSRM	2019	2020	2021
Inventory turnover	3.74	2.26	3.49
Average collection period	60.6	72.2	51.14
Fixed asset turnover	2.63	1.62	2.4
Average payment period	64.6	29.9	60.3
Total assets turnover	0.93	0.6	0.76

Asset Management: BSRM and GPH Ispat companies' overall asset management is reflected by the inventory turnover, average collection period, fixed asset turnover, average payment period, and total assets turnover. BSRM has it comparatively better. GPH Ispat should work on improving its management of stocks. The average collection period has increased for both companies. So, they both need to focus on decreasing that time frame. Both companies have to focus on their fixed asset turnover. Their fixed asset turnover is not so good. The management of the two companies should work on improving and increasing the average payment periods for their respective companies to maximize benefits.

Debt Ratios

GPH ISPAT	2019	2020	2021
Debt ratio	80%	84%	78%
Time interest earned ratio	2.4	1.4	2.9

BSRM	2019	2020	2021
Debt ratio	68%	67%	67.60%
Time interest earned ratio	2.6	1.9	10.44

Debt: BSRM and GPH Ispat companies' overall debt is reflected by the debt ratios and time interest earned ratios. Here BSRM steels ltd. The debt ratio was lowered then GPH Ispat ltd. for the three years. When BSRM has a lower debt ratio then we have to say that GPH Ispat doing well. For time interest earned, both of the companies declined their ability during 2019-2020 after that they increase their ability to meet their Debt by their income in 2020-2021. But BSRM Steels Ltd. increase its ability in 2020-2021 with an astound time.

Profitability Ratios

BSRM	2019	2020	2021	
Gross profit margin	8%	13%	13.15%	
Net profit margin	3%	2%	5.50%	
basic earn power	5%	6%	7.70%	
EPS	4.6	1.97	8.1	
ROA	3%	1%	4.2%	
ROE	8%	3%	13%	
Operating profit margin	6%	9%	10.17%	

GPH Ispat	2019	2020	2021
Gross profit margin	16%	17%	15%
Net profit margin	6%	3%	5.9%
basic earn power	5.5%	2.8%	6%
EPS	2.24	0.79	4.18
ROA	3%	1%	3%
ROE	13%	5%	14%
Operating profit margin	13%	12%	11.4%

Profitability: BSRM and GPH Ispat companies' overall profitability is reflected by gross profit margin, operating profit margin, net profit margin, earning per share, basic earning power, return on total assets, and return on equity. BSRM Steels Ltd needs to improve its production process to make a good gross profit margin than GPH Ispat Ltd. GPH Ispat Limited declined its operating profit margin continuously on the other hand BSRM has a less operating profit margin but they increase its operating profit margin continuously in these three years. GPH Ispat has generated more income from its revenues compared to BSRM. This means GPH Ispat had a better performance. BSRM was better in three years, and we can say that BSRM earns more per share compared to GPH. In 2020-2021 both companies basic earning power increased. BSRM continuously increased its basic earning power. In these three years, BSRM had a higher basic earning power than GPH.

Market ratios

GPH Ispat	2019	2020	2021
Price/earnings ratio	14	29.2	6.58
Market/book ratio	1.87	1.36	1.66

BSRM	2019	2020	2021
Price/earnings ratio	12.7	17.7	7
Market/book ratio	1.05	0.59	1.16

Market: BSRM and GPH Ispat companies' overall market ratios are reflected by price/earnings ratios and market/book ratios. We can see that GPH has had a higher P/E than BSRM in 2018-2020 of the years. In 2020-2021 both companies had decreased. So, we can say that GPH's shares are more overvalued in the market compared to BSRM in 2018-2020. In 2020-2021 both companies' shares had low value. After observing the charts, we can see that in 2018-2019 GPH the market/book ratio is greater than BSRM. In 2019-2020 GPH's market/book ratio was 1.36 times and BSRMS's the market/book ratio was 0.59 times. This clearly indicates that GPH has performed very well and has secured a better position in the market compared to BSRM. In 2020-2021 both companies' market/book ratios increased.

Recommendation

We are advising the company's managers and the people that invest in the companies. We like to recommend the company that performed very well resulting in the last three economic years. This performance analysis has been concluded by using the different types of ratios and data like liquidity ratios, asset management ratios, debt ratios, activity ratios, and market ratios that we collected from these companies' financial reports.

Managerial perspective: We calculated all categories of ratios liquidity ratios, asset management ratios, debt ratios, activity ratios, and market ratios for both GPH Ispat Limited and BSRM Steels Limited Company to find out which one of these companies is performing better. Both companies have their strengths and weaknesses. Both companies have to improve their work and performance. From the Ratios, we can see that BSRM is doing much better compared to GPH Ispat.

Investor's perspective: We calculated all categories of ratios liquidity ratios, asset management ratios, debt ratios, activity ratios, and market ratios for both GPH Ispat Limited and BSRM Steels Limited Company in arrange to discover which one of these companies is performing way better. From the Ratios, we can see that BSRM is doing much better compared to GPH Ispat. GPH also performed better in some of the ratios. Both companies have their strengths and weakness. But based on the results that we got from the ratios, we would like to recommend BSRM Steels Limited Over GPH Ispat Limited.

Conclusion

The finishing point of the report, we have practiced the annual report of GPH Ispat Limited and BSRM Steels Limited companies from 2019-2021. Both of these companies belong to the steel manufacturing industry and both of them are massive in their industries. While working on the report we analyzed different types of ratios like liquidity ratios, asset management ratios, debt ratios, activity ratios, and market ratios to figure out which one of these companies is doing better. Both companies have their strengths and weakness. But BSRM was comparatively doing better but both of these companies have some issues that they have to sort out. That will allow them to conduct a more successful business, gain more market share and maximize their shareholder's profit.

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Appendix



Name & ID	Performance
Mohammad Faiaz Tawsif (2012870030)	Compile word and excel files. Calculate the current ratio, quick ratio, investment turnover, and average collection period and explain them in a word file. Recommendation and conclusions, Appendix. Profitability ratios in summary.
Shoaib Siddique Bappy (1712000030)	Calculate fixed asset turnover, average payment period, total assets turnover, and debt ratios and explain them in a word file. Letter of transmittal, Table of content. Activity ratios in summery.
Raiyan Rahman (1911221630)	Calculate times interest earned ratio, gross profit margin, operating profit margin, net profit margin and explain in word file. Abstract, Introduction. Debt ratios in summery.
Aniqa Bushra (1621816030)	Calculate EPS, basic earn power, return on total assets (ROA) and explain in word file. Company overview. Liquidity ratios in summery.
MD. Shazzadul Rahman (2012665630)	Calculate return on equity (ROE), Price/earnings ratio, Market/book ratio. Reference, Cover Page. Market ratios in summery.