



**NORTH SOUTH UNIVERSITY**  
**SCHOOL OF BUSINESS**  
**AND ECONOMICS**

## **Fin 254 Group Report**

**Course Name: Introduction to Financial  
Management**

**Section: 14**

**Faculty: NNH**

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Letter of transmittal

August 22, 2020

**To: Nazmun Nahar**

North South University

Subject: Submission of FIN254, about the Ratio Analysis

Dear Ma'am

We are pleased to present our assignment, as our part of the course requirement. We gained information through The Introduction of Financial Management and completed the particular tasks. In this report you will find seventeen ratios, given in detail of both Olympic Industries Limited and Apex Food Limited. In the end of the report, we gave a few recommendations that the company should follow.

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## Introduction

We collaborated on this report with two of Bangladesh's leading food manufacturing companies. The first is Olympic Industries Limited, and the second is Apex Food Limited. The following report offers a full financial analysis of both companies. We worked with their financial reports and generated several ratios to see how they've been performing financially from 2015-16 to 2019-20 and compared their activity, debt, profitability, and market ratios. Additionally, the effect that these ratios may have on management, operations and stockholders is exposed. This report will assist an investor in making an investors choice in which company they are going to invest.



## METHODOLOGY

Methodology refers to project's main plan and motivation. It entails researching the methods employed in profession, as well as the ideas or concepts that behind them, in order to design a strategy that is tailored to your goals. The goal is to analyze the financial statement of Olympic Industries Ltd. and Apex Foods Limited. In order to achieve the aim of this report we had to use quantitative data as the whole concept was based on specific data. The data we used was secondary data from the website of Olympic Industries Ltd. and Apex Foods Limited. Here descriptive data gathering observation without intervening. Beside there were no ethical considerations involved in this report. No sampling method was needed to conduct this report as this whole method was conducted online with most help from the website. The experiment is designed based on the data of the survey of the year from 2016 – 2020. All the variables are obtained by solving equation. Later the data where analyzed with the help of liquidity ratio, financial risk ratio, efficiency ratio, profitability ratio and market ratio .



## Limitation

The limitation of financial statement is those aspects of a system that a user should be aware of before depending on it excessively. Knowing about these characteristics might lead to a reduction in the amount of money invested in a company or prompt more investigation. The limitation or the barrier in this report was the missing of few data in websites. Due to lacking of those data we had to go through different websites which were not verified and even those unverified website management team may purposefully distort the results given. When there is undue pressure to produce good results, such as when a bonus plan requires payouts only if the stated sales level improves, this scenario might occur. When stated results surpass the industry average or much exceeds a company's historical trend line of reported outcomes, one would infer the presence of this problem.

## Brief overview of the organization

**Olympic Industries Limited:** Olympic Industries Limited was founded in June 1979 by Bengal Carbide Limited, a battery manufacturer. The company sells biscuits, confectioneries, batteries, and ball pens. Its headquarters are located in Dhaka. Olympic Industries Limited began as Bengal Carbide Limited, a battery manufacturer, in June 1979. As they gained their customers' trust and observed changes in the battery industry, they decided to diversify into products that could be used in their customers' daily lives. They saw a lot of potential in the biscuit and confectionery industries and imported their first lines in 1996. Today, they are the largest biscuit manufacturer in Bangladesh, and biscuits and confectionery products account for 95 percent or more of their annual revenue. Olympic has grown over the last 30 years to become one of Bangladesh's largest manufacturers, distributors, and marketers of fast moving consumer goods. Olympic's popularity stems from the high quality of their products. They understand that customers have high expectations and that their loyalty is dependent on meeting those expectations. They have only been able to achieve what they have as the market leader in the biscuits industry by remaining true to their core values and focusing on the consumer.

**Apex Foods Limited:** Apex Food Limited was established on March 21, 1979, under the Companies Act of 1913. (Repealed in 1994). AFL is a value-added shrimp processing company that is entirely focused on exports. It is Bangladesh's largest processor and exporter of frozen seafood, and it is one of Asia's most modern seafood processing plants, with cutting-edge



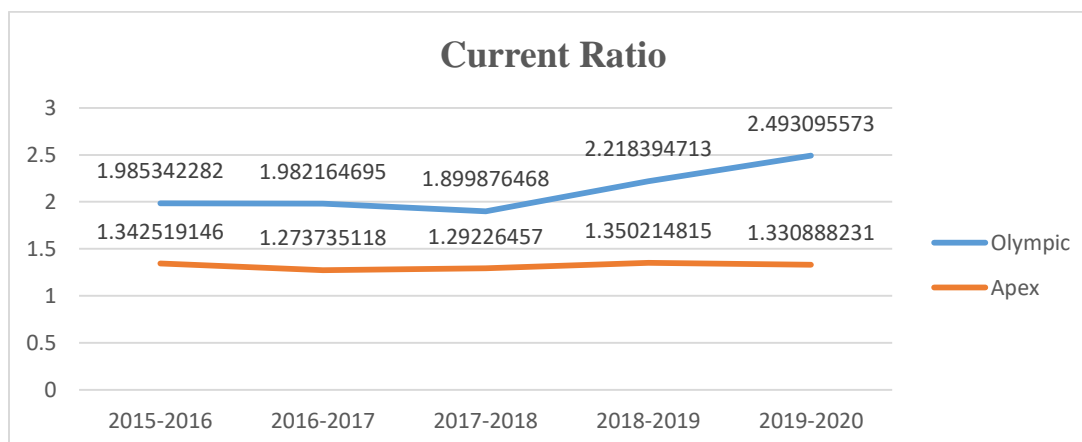
processing, freezing, and storage equipment. Its high-quality products are well-known in the international seafood market, and it has established a blue-chip customer base with consistent order flow. AFL has received numerous commendations and trophies for product quality and export turnover from the Bangladesh government as well as from other countries.



## Findings and Analysis

### Current Ratio

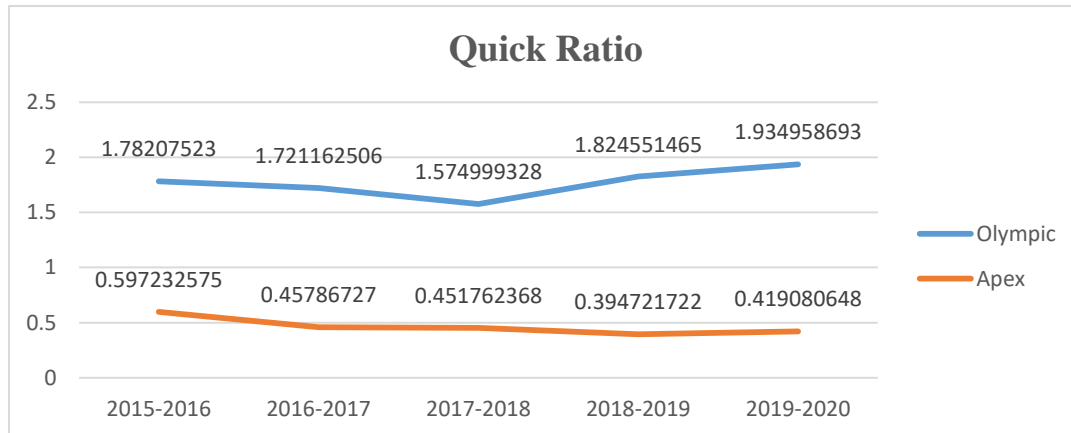
The ratio indicating the current liquidity position of the company. Means if any obligations fall due whether the company has the ability to make payment or not. Here from the year 2015-16 to 2017-18 the current ratio of Olympic is decreasing most likely the reason is current asset of the company is decreasing. But from 2018-19 it has started increasing rapidly. Again, the current ratio of Apex from 2015-20 is going up and down not too much a slight change in ratio.





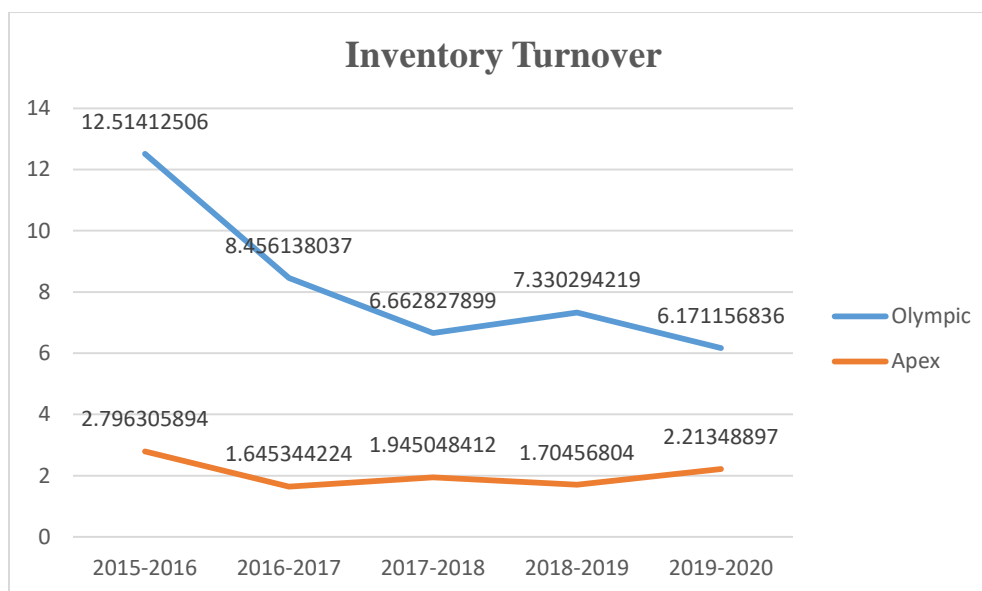
### Quick Ratio

Quick ratio is same as current ratio except inventory. In 2015-16 to 2029-20 The quick ratio of Olympic is quite good because it is most near to Current ratio. But In case of Apex The ratio is not so good because there is a huge deviation between current and quick ratio.



### Inventory Turnover

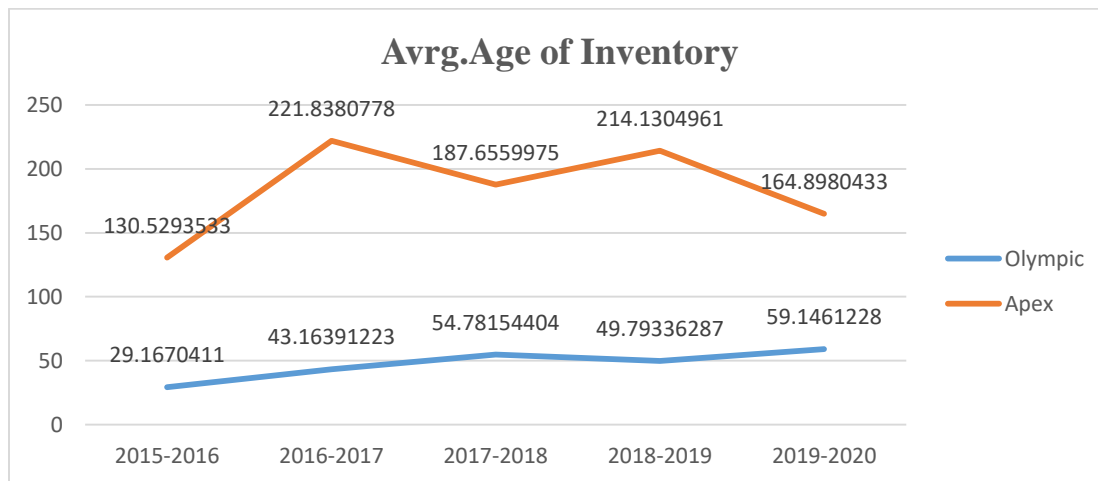
Here we can see that from 2015-16 to 2019-20 the inventory turnover of Olympic is decreasing which is good for the company. Again, from 2015-16 to 2019-20 the inventory turnover is increasing from the previous. So, it is very bad for the company.





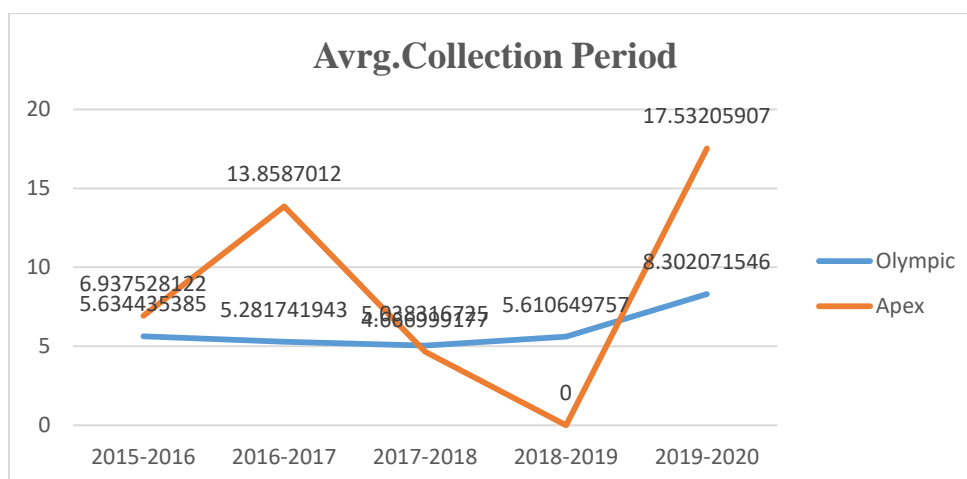
### Average age of inventory

It refers to on an average how many days' company is holding its inventory. From 2015-16 to 2018-19 the ratio of Apex is going up rapidly. It means this is a sign of inefficiency and the liquidity of the company going down. There is also increase of average age inventory of Olympic but it is steady increase.



### Average collection period

It refers to how many days it takes the company to collect cash from the debtors. From 2015-16 to 2019-20 there is increase and decrease of collection period of Apex limited. In the year 2018-19 the period is 0 because there were no debtors. In case of Olympic the period is increasing gradually which is not good for the company because it decreases the debtor's management and efficiency.

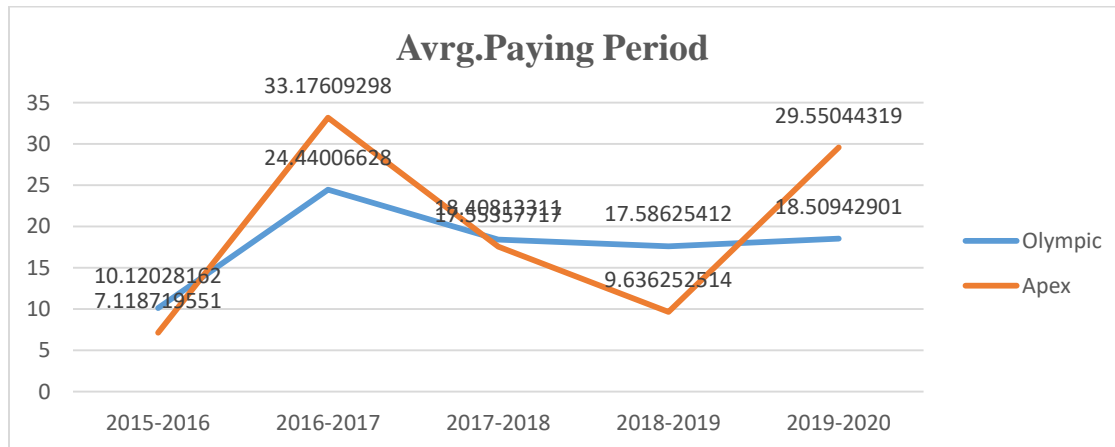






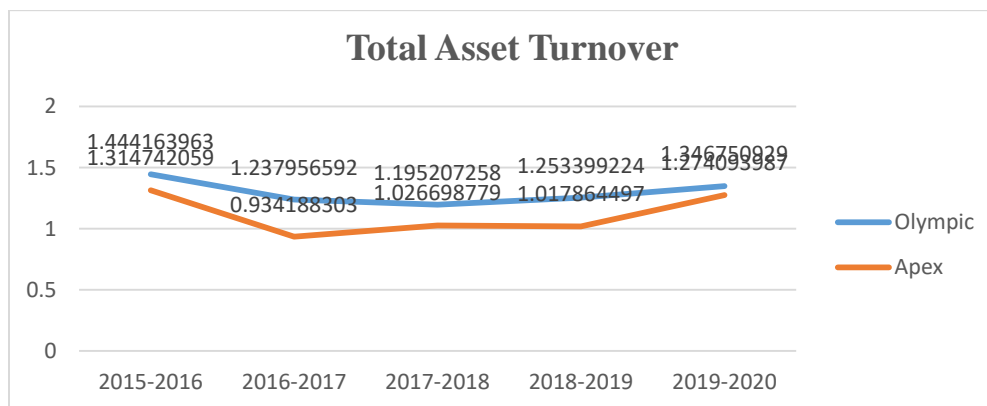
### Average payment period

It refers to how many days it takes the company to make payment to the creditors. There is a huge difference of period in 2015-16 to 17 of APEX. It has increased which is good for the company but next two years it has decreased which is bad. But in the year 2019-20 it has again increased. Again, in case of Olympic the period is increase which is good because company can hold cash for more days.



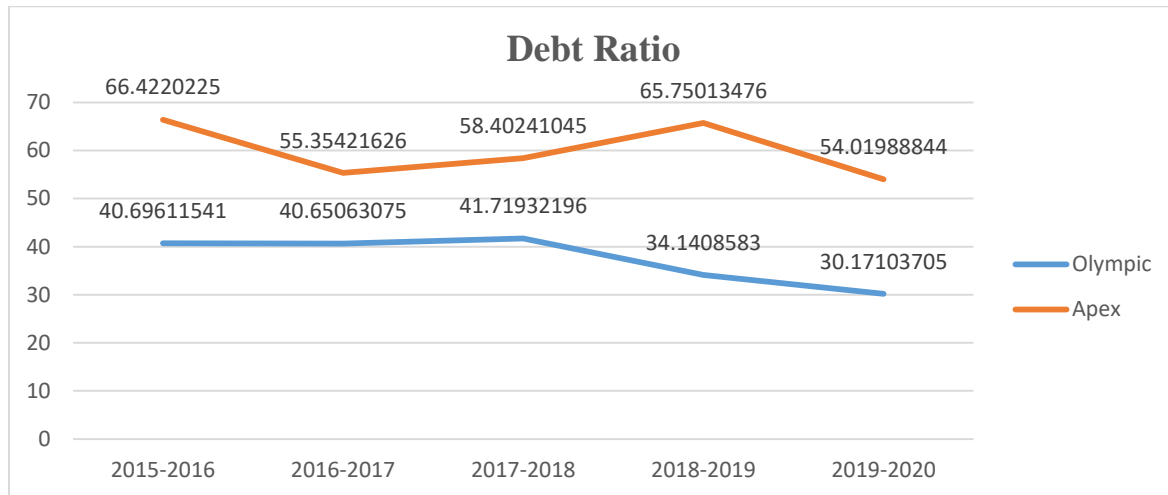
### Total Asset Turnover

This ratio is indicating how efficiently assets are utilized in generating revenue. There is increase and decrease of ratio in both companies. In the middle years both the companies were not efficient enough to generate revenue. But in the last year the turnover increase which not only indicates the efficiency of the asset but also the profit.



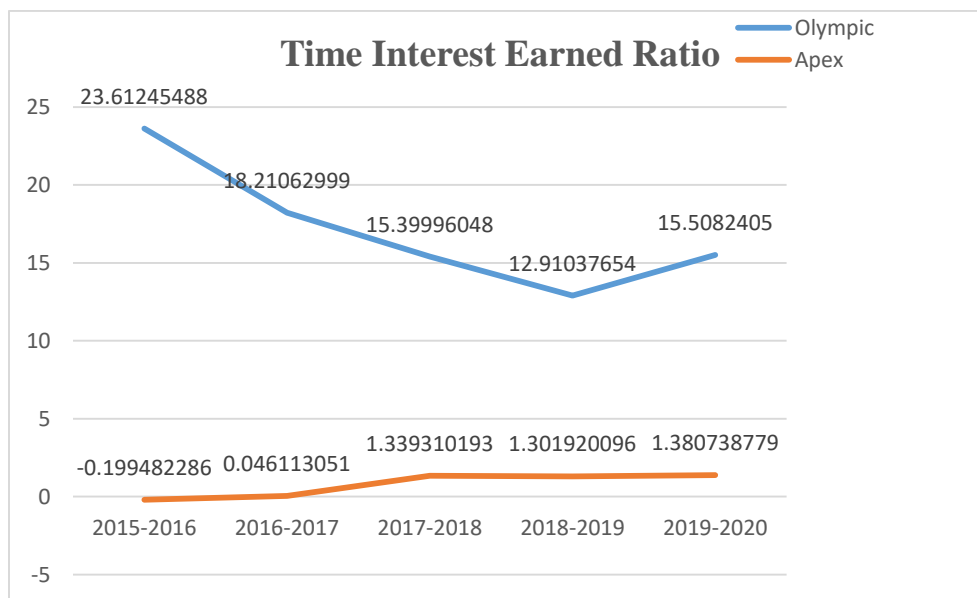
### Debt Ratio

It indicates how much capital is financed by the debt. From the graph the debt ratio of Olympic is decreasing over the year which is good because too much leverage cannot be good for any company for a long time. But in case of debt ratio of Apex the amount is increasing and decreasing which is not good. They should try to reduce it as much possible



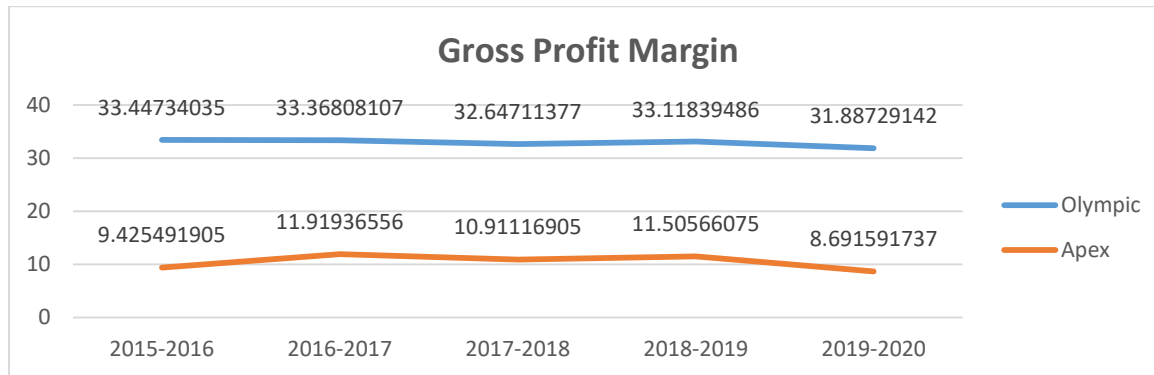
### Time Interest

Simply divide operational income by interest expense to arrive at the times interest earned ratio. Olympic should cut back on operating expenses from 2015 to 2020 because their time interest earning ratio is improving year over year. Because of the year-over-year decline in their time interest earning ratio, Apex should boost their operating profit from 2015 to 2020.



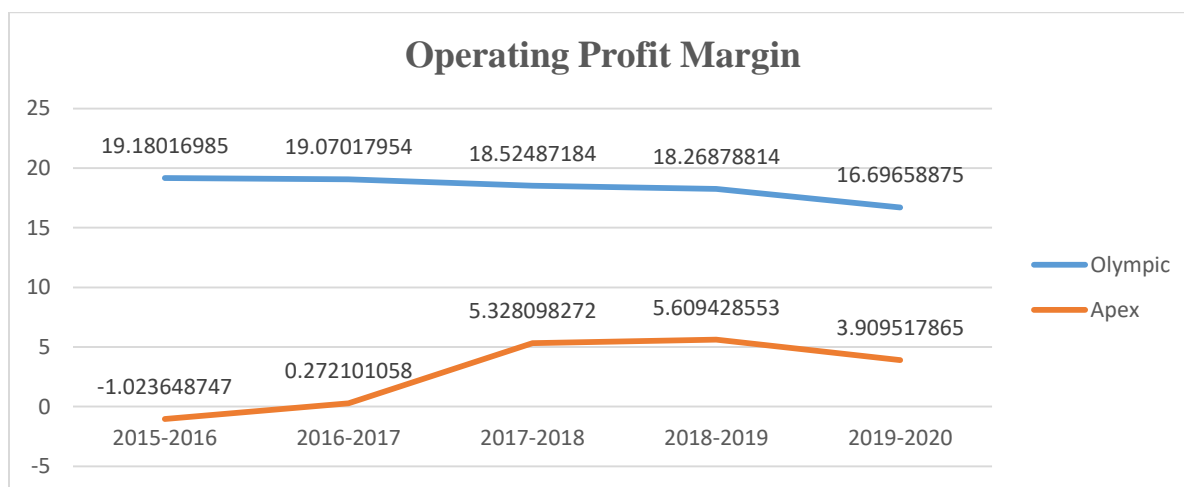
### Gross profit margin

It indicates how much the sales is contributing the gross profit of the company. The gross profit of the Olympic is decreasing over the years and also same with the Apex. This means gross profit is decreasing.



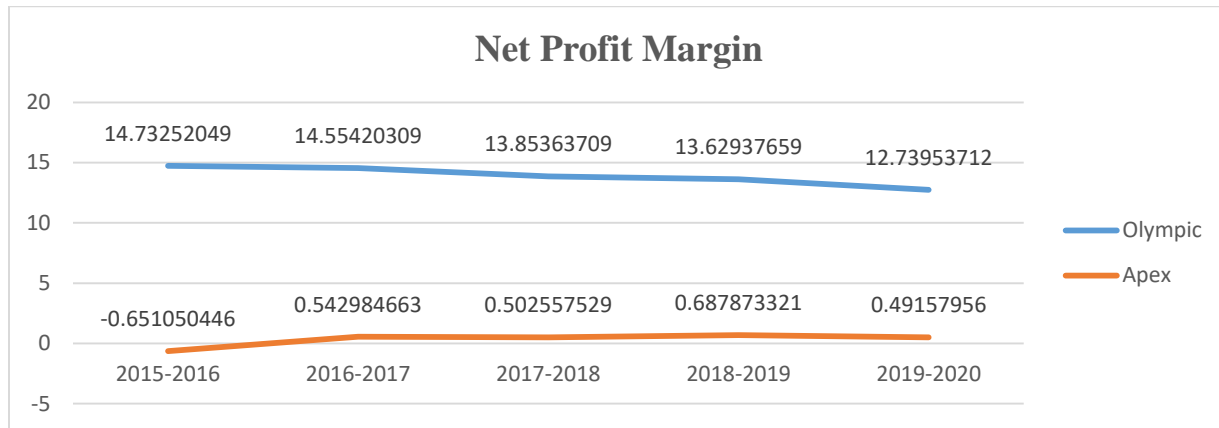
#### Operating profit margin

Here from the year 2015-16 to 2019-20 the operating profit of the Olympic is decreasing means the operating expense is increasing. In case of Apex limited the operating margin is increasing which means the expense is decreasing which is good.



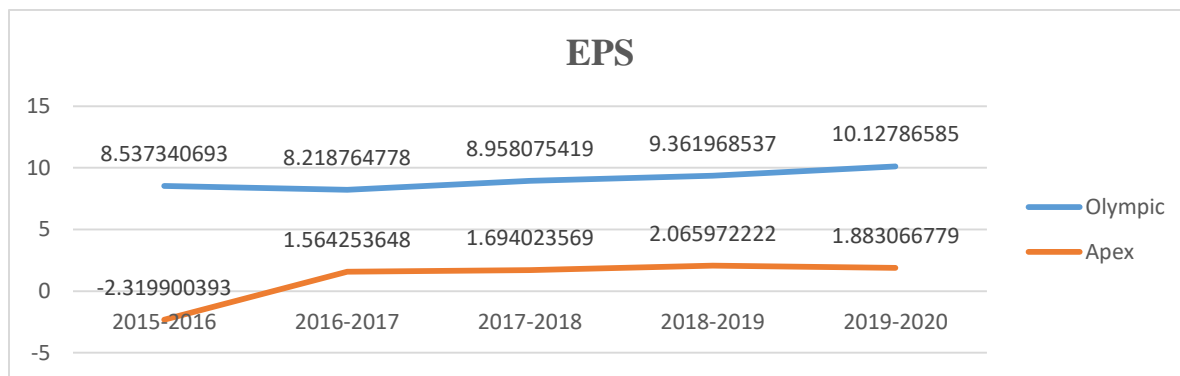
#### Net profit margin

It shows after accounting for all business expenses involved in earning revenues, how much profit is generated from per tk in sales. As it is seen that the net profit margin is very low in fact there was a negative value which is not good for the company. On the other hand, net profit margin of Olympic is also decreasing over the years. They should try to increase it but good position than Apex.



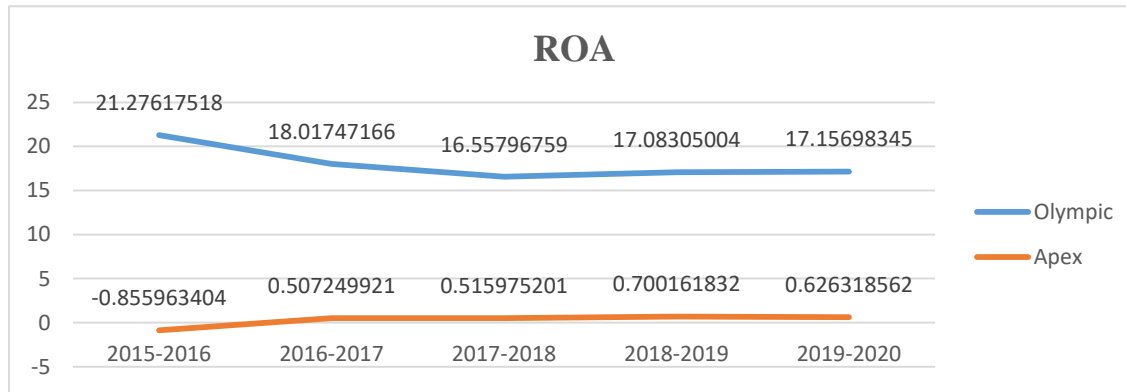
### Eps

The higher a company's earnings per share, the better its profitability. Olympic Industries has a significantly higher EPS than Apex Food. Olympic industries Eps is also steadily rising year after year. Apex Food's EPS was 2.06 in fiscal year 2018-19, but it fell again in fiscal year 2019-2020.



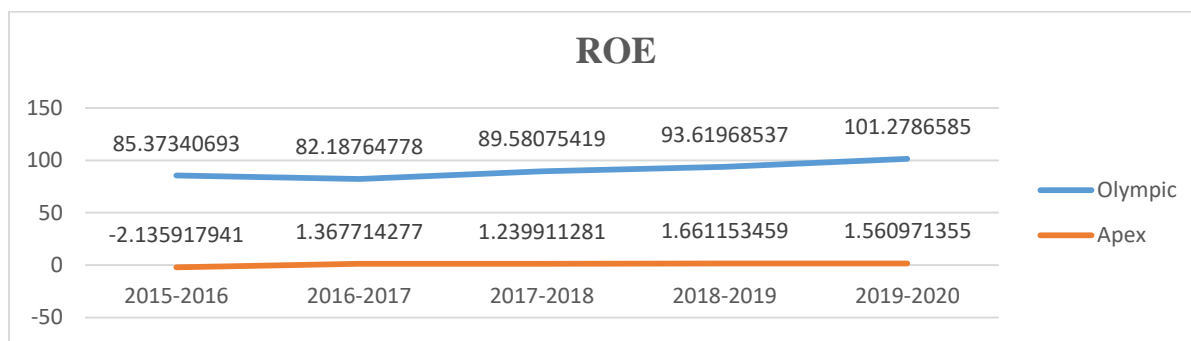
### ROA

It determines how much return generated by Asset for shareholders. Comparatively ROA of Olympic is better than Apex because in all the year the ROA of Apex is lower than Olympic.



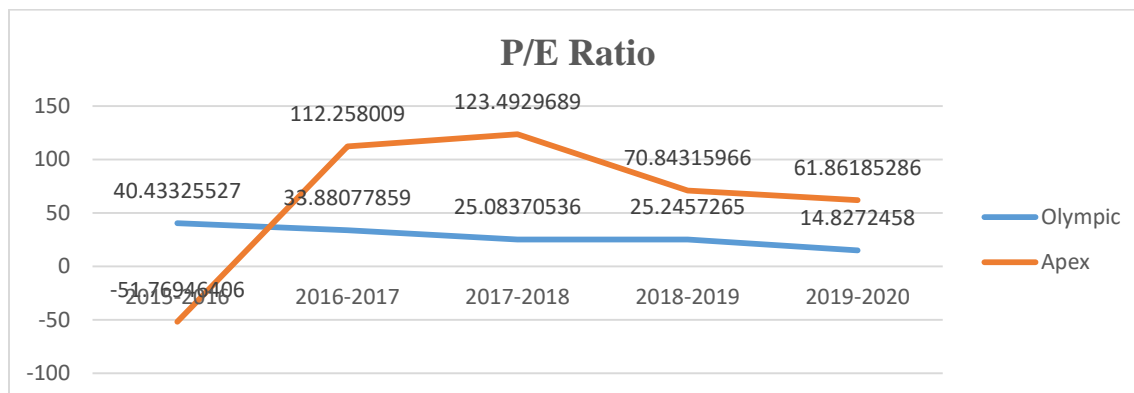
## ROE

It indicates how much profit is generated by investing in shareholder's capital. The ROE is also position is also same as ROA for Olympic and APEX. ROE position is good for the Olympic company. But in case of Apex the ratios are lower and one year have negative values also. It is better they should try to increase their profit generations from shareholder's capital.



## P/E ratio

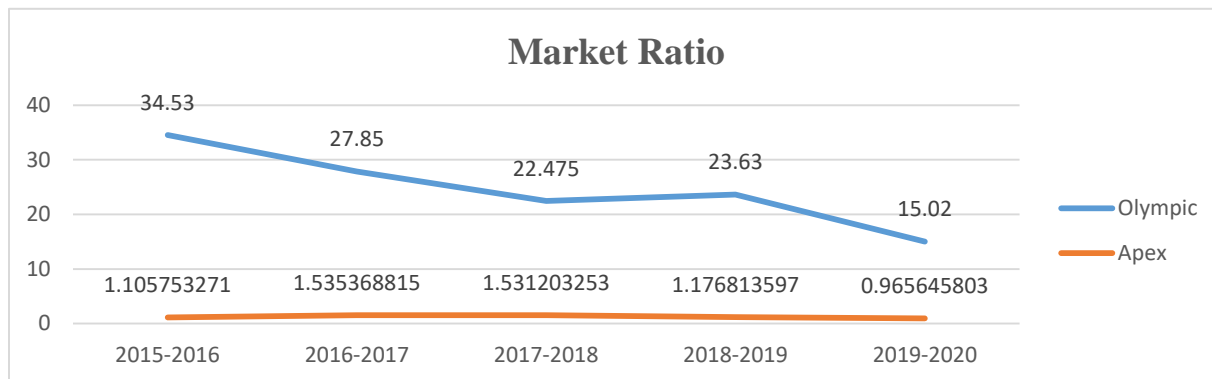
The P/E Ratio is calculated by dividing the share price by the earnings per share. Apex's p/e ratio increased rapidly in 2015-2020. However, in the case of Olympic, the p/e ratio is decreasing over time. They should make an effort to improve it.





### Market ratio

By dividing the market price per share by the book price per share, the ratio may be computed. Olympic should enhance their market worth per share by their book value per share from 2015 to 2020 as their value per share is steadily declining. On the other hand, the 2015–2020 apex should raise its market value per share by its book value per share because it was steadily declining.



### Conclusion

All of the calculated ratios show that Olympic outperforms Apex in the majority of cases. They are making better use of their assets and are less likely to go bankrupt. It's only a comparison; it doesn't mean Apex is in bad shape. However, when we compare two companies, we want to find the better and less risky one. Olympic outperforms Apex in this regard.

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