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Term Paper

Submitted to:

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Letter of Transmittal

Sadia Anzam

Mr. Shajedul Alam

Lecturer

Department of BBA University of Liberal Arts Bangladesh

Dear Mr. Alam

This report contains the three years of Aziz Pipes Limited Company's financial status analysis. I made this annual report by calculating different types of ratio's, comment and recommendation of those analysis and finally attached the documents that I've used.

To calculate these, I've used Profitability ratios, Liquidity ratios, Efficiency ratios, Shareholder ratios and Capital Structure ratios. After finishing the calculation, I can see that Aziz Pipes Limited Company is suffering. So, I've discussed those reasons and possible solution in this report.

I'm very grateful that you've given me the opportunity. I indeed learned so many things while doing this report. Kindly review the report and give necessary feedbacks.

If you have any additional questions, feel free to contact me anytime at sadia.anzam.cse@ulab.edu.bd or 01907653183.

Sincerely



Sadia Anzam

Executive Summary

The five ratio analysis have been done using profitability, Liquidity, Efficiency, Shareholder and Capital structure Ratio. After doing all those financial analysis it occurred that the Aziz Pipes Limited Company is suffering loss in terms of decreasing net profit and produced 0% gross dividend in the year 2021. At last I have provided some recommendations for those problems.

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Organizational Profile

Aziz Pipes Limited was established in 1981 with the goal of producing PVC Rigid Pipes. It began commercial production in 1985, with a yearly installed capacity of 1200 million tons. From 1985 to 1996, the company raised its entire production capacity to 7500 M. Ton per year over a 12-year period. PVC Flexible Corrugated Conduit Pipes were added to the company's manufacturing line in 1995.

Products:

Aziz Pipes Limited generally produces three types of products.

1. **uPVC Pipes:** Aziz Pipes Limited uses Japanese and European machinery to manufacture high-quality uPVC pipes that adhere to international standards. They adhere to British Standards BS-3505 1968/1986 and ISO 4422.

Application:

- Used in portable water supplies
- Vastly used in drainage and storm water installations
- Used in irrigation and sprinkler Systems
- It has bore-well casing and suction Pipe
- Used for ducting for Power and Communication Cables
- Used in agricultural land drainage

Advantages:

- These are non-toxic and non-corrosive
- They are also resistant to most chemical
- They are resistant to abrasion
- Self Color – No Painting or Color
- No fungus or bacteria can attack

2. **Solid uPVC Door:** Aziz Pipes Limited produces best quality solid uPVC doors.

Advantages:

- Superior Look and Feel: Profile Windows and partitions, whether put at home or in the business, are highly appealing. Precision make-up and color are associated with elegance and beauty, and they can be quite pleasing to the eye.
- Excellent Weather Resistant: Rain, moisture, and dust are all blocked by Profile Windows & Partitions. These are made possible by a perfect blend of high-quality rubber seals, glass, brushes, and interlocks. Slants are also included in the design to allow rainwater to drain outdoors.
- Excellent Fire Retardant: These does not spread fire easily unlike wood windows.
- Excellent Sound Proofing: Excellent sound proofing is achieved by precision manufacturing, fusion joints, and the correct blend of profiles. Outside noise and unwanted sounds will be reduced in the office and at home..
- Excellent Impact Strength: Multi-Chambered Profiles can withstand even the most severe blows. With 2.7 mm chamber walls and re-enforcement, this unrivaled strength is achieved.
- Excellent Thermal Efficiency
- Corrosion Resistant

- Electricity Insulated
- Maintenance Free

3. uPVC Windows: Beside uPVC doors, Aziz Pipes Limited also produces best quality solid uPVC doors.

Advantages:

- Superior Look and Feel
- Excellent Weather Resistant
- Excellent Fire Retardant
- Excellent Impact Strength
- Excellent Thermal Efficiency
- Corrosion Resistant
- Electricity Insulated
- Maintenance Free

Company Mission & Vision:

Firm believes in corporate governance to guide and control the company in the best interests of its shareholders and other stakeholders, with the goal of preserving and increasing the company's value.

With this in mind, the company pushes forward with its corporate philosophy.

Mission: Through product leadership, exceptional value, and superior quality and service, the corporate mission is to be the foremost provider of uPVC pipes and fittings, PVC foam sheet, and PVC Profiles to its customers.

Vision:

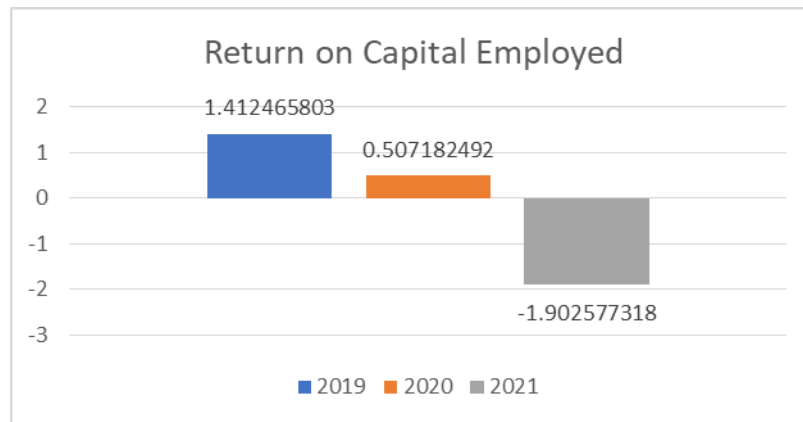
- To promote high-quality products with the goal of establishing industry standards.
- To encourage and assist in the establishment of standards, specifications, and procedures that will help to ensure that plastic pipes are used properly.
- To improve specifiers', users', and installers' understanding and awareness of modern plastic pipeline technologies.

Profitability Ratios

Return on Capital Employed

Formula: Return on Capital Employed = (Net Profit/ Capital Employed)x 100

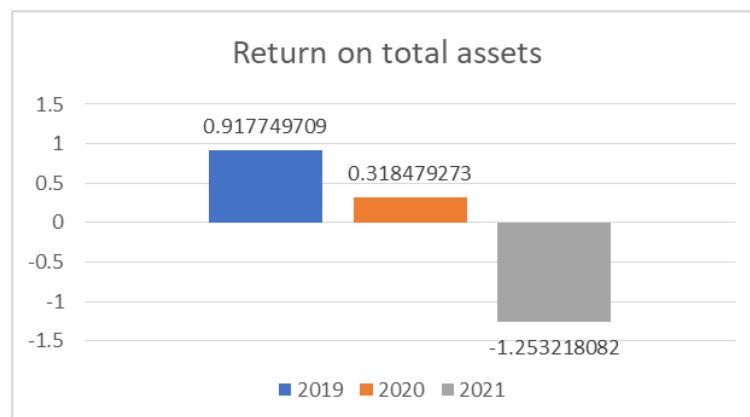
year	Net profit	Capital Employed	Return on Capital Employed
2019	4250968	300960773	1.412465803
2020	1391318	274322955	0.507182492
2021	-4393307	230913454	-1.902577318



Return on Total Assets (ROA)

Formula: Return on Total Assets (ROA) =(Net Profit/Total Assets)x 100

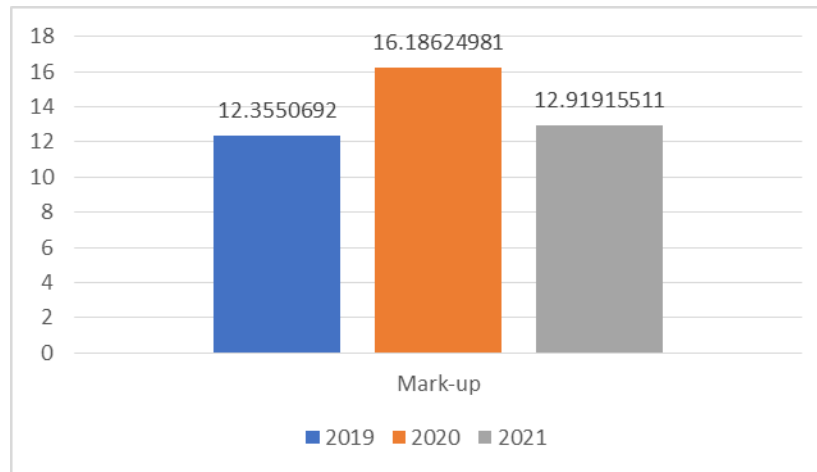
Year	Net profit	Total Assets	Return on total assets
2019	4250968	463194699	0.917749709
2020	1391318	436862966	0.318479273
2021	-4393307	350562050	-1.253218082



Mark-up

Formula: $\text{Mark-up} = (\text{Gross Profit} / \text{Cost of goods sold}) \times 100$

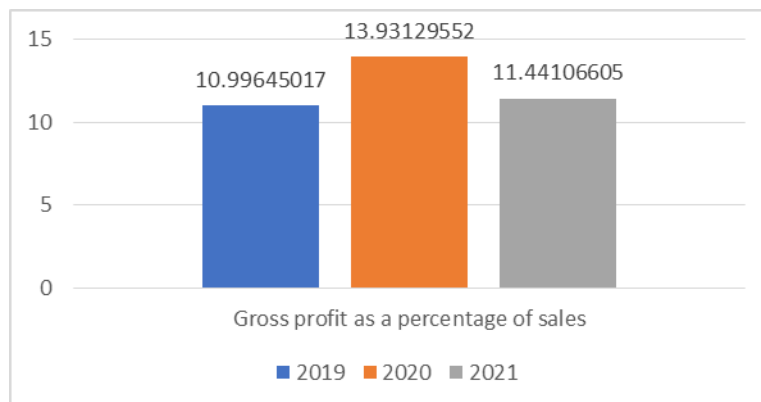
Year	Gross profit	Cost of goods sold	Mark-up
2019	34213359	276917583	12.3550692
2020	31634585	195441102	16.18624981
2021	17434802	134953113	12.91915511



Gross profit as a percentage of sales or Margin

Formula: $\text{Margin} = (\text{Gross profit} / \text{sales}) \times 100$

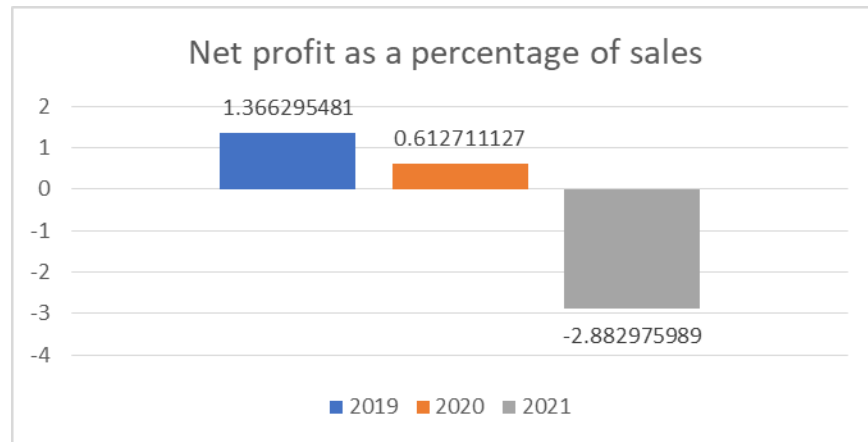
Year	Gross profit	Sales	Gross profit as a percentage of sales
2019	34213359	311130942	10.99645017
2020	31634585	227075687	13.93129552
2021	17434802	152387915	11.44106605



Net profit as a percentage of sales or Net profit margin

Formula: Net profit margin =(Net Profit/Sales) x100

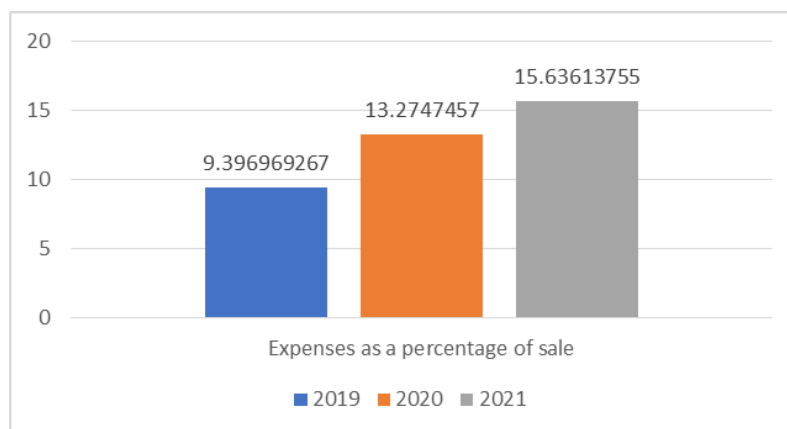
Year	Net profit	Sales	Net profit as a percentage of sales
2019	4250968	311130942	1.366295481
2020	1391318	227075687	0.612711127
2021	-4393307	152387915	-2.882975989



Expenses as a percentage of sale

Formula: Expenses as a percentage of sale= (Total Expenses/Net Sales) x 100

Year	Total expenses	Total Sales	Expenses as a percentage of sale
2019	29236879	311130942	9.396969267
2020	30143720	227075687	13.2747457
2021	23827584	152387915	15.63613755

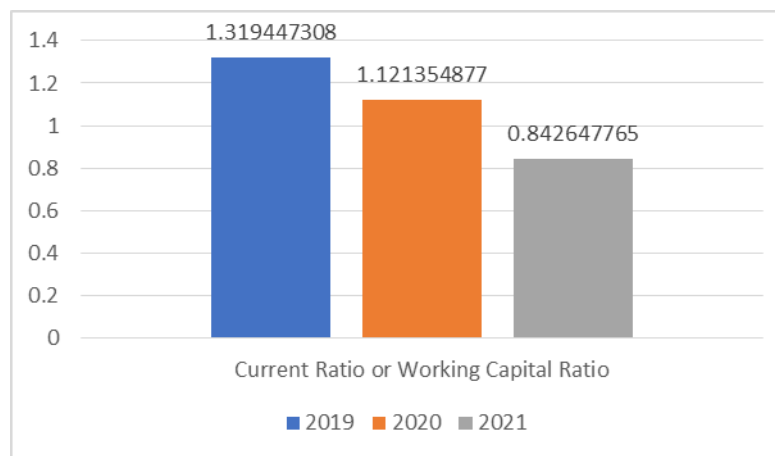


Liquidity Ratios

Current Ratio or Working Capital Ratio

Formula: Current Ratio or Working Capital Ratio = Current assets/Current Liabilities

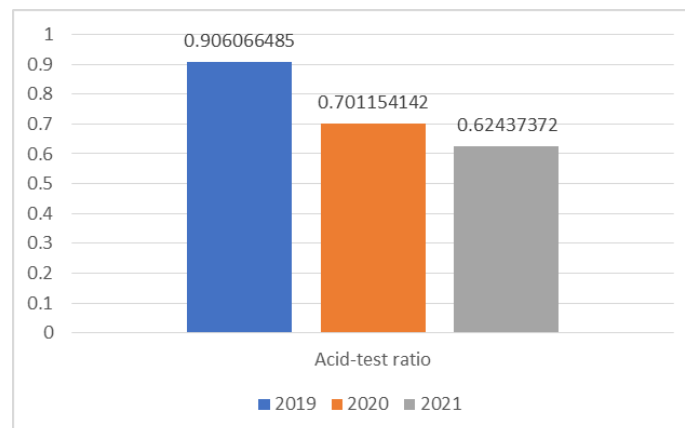
year	Current assets	Current liabilities	Current Ratio or Working Capital Ratio
2019	214059117	162233926	1.319447308
2020	182265034	162540011	1.121354877
2021	100821622	119648596	0.842647765



Acid-test ratio

Formula: Acid-test ratio = (Current Assets – Closing Stock or Inventory) / Current Liabilities

year	Current asset	Closing Stock or Inventory	Current Liabilities	Acid-test ratio
2019	214059117	67064394	162233926	0.906066485
2020	182265034	68299432	162540011	0.701154142
2021	100821622	26116183	119648596	0.62437372

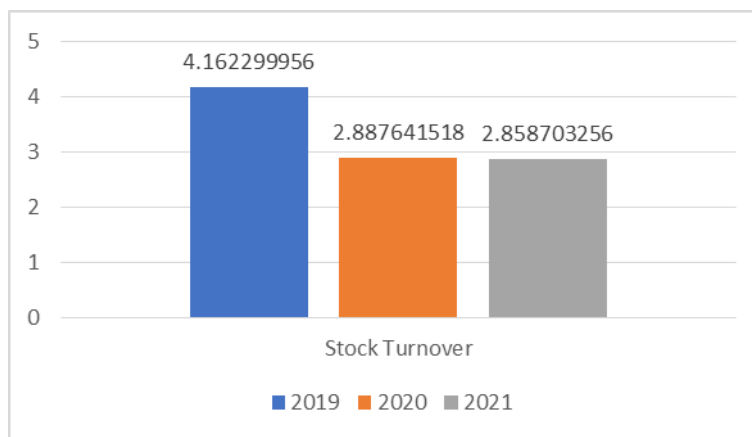


Efficiency Ratio

Stock Turnover

Formula: Stock Turnover = (Cost of good sold/ Average inventory)

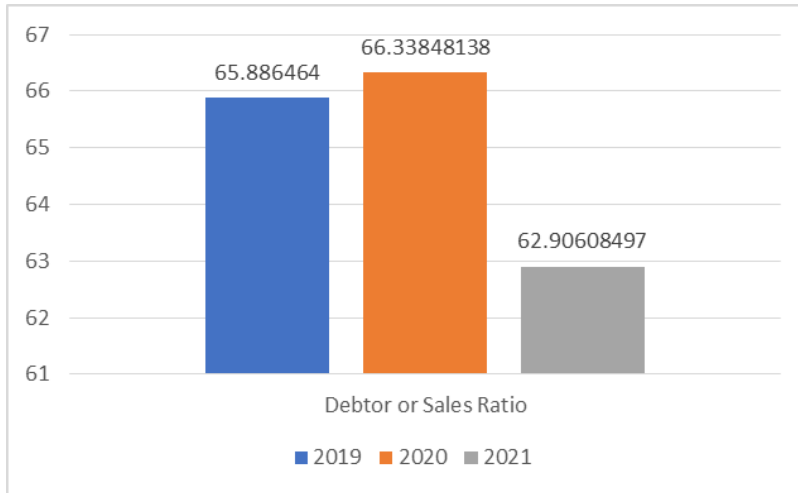
Year	Opening inventory	Closing inventory	Average inventory	Cost of good sold	Stock Turnover
2019	65995494	67064394	66529944	276917583	4.162299956
2020	67064394	68299432	67681913	195441102	2.887641518
2021	68299432	26116183	47207807.5	134953113	2.858703256



Debtor or Sales Ratio

Formula: Debtor or Sales Ratio = (Debtor / Credit Sales)*365days

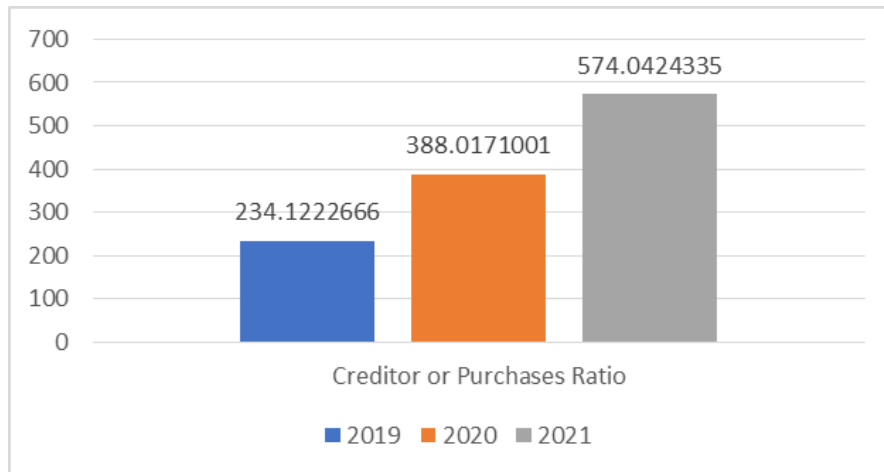
Year	Debtor	Credit sales	Days	Debtor or Sales Ratio
2021	56162514	311130942	365	65.886464
2020	41270839	227075687	365	66.33848138
2021	26263362	152387915	365	62.90608497



Creditor or Purchases Ratio

Formula: Creditor or Purchases Ratio = (Creditor / Purchases)*365days

Year	Creditor	Purchases	Days	Creditor or Purchases Ratio
2019	153064247	238629375	365	234.1222666
2020	151420381	142438153	365	388.0171001
2021	75678620	48119607	365	574.0424335

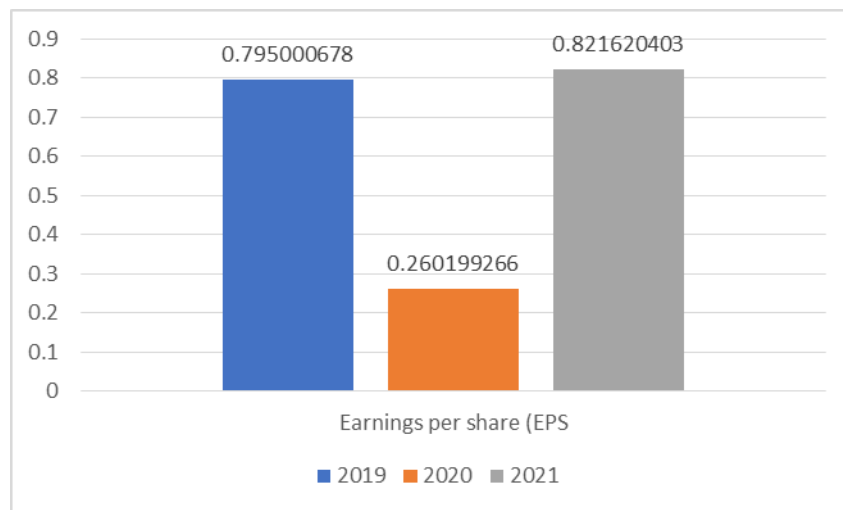


Shareholder ratios

Earnings per share (EPS)

Formula: Earnings per share (EPS)= Net Profit after interest, tax and preference dividend/Number of ordinary shares issued

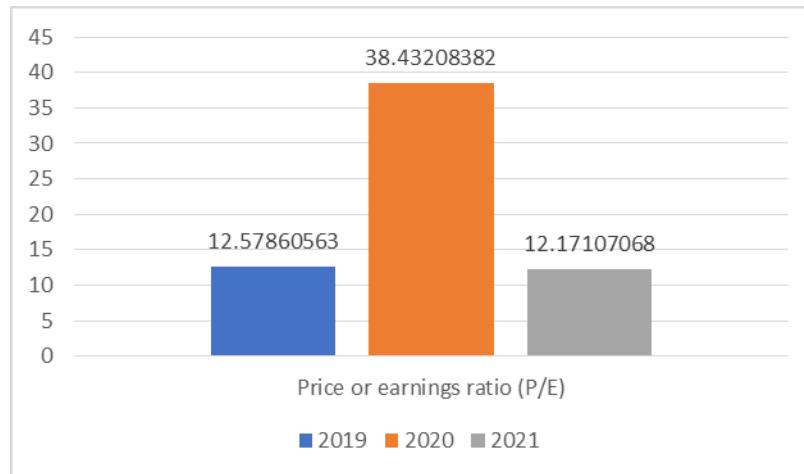
Year	Net Profit after interest, tax and preference dividend	Number of ordinary shares	Earnings per share
2019	4250968	5347125	0.795000678
2020	1391318	5347125	0.260199266
2021	4393307	5347125	0.821620403



Price or earnings ratio (P/E)

Formula: Price or earnings ratio (P/E) = Market Price per Share/Earning Per Share

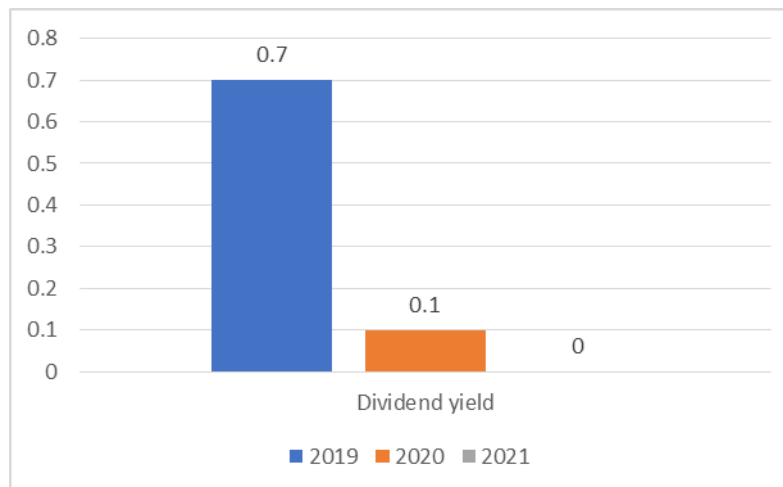
Year	Market Price per Share	Earnings Per Share	Price or earnings ratio (P/E)
2019	10	0.795000678	12.57860563
2020	10	0.260199266	38.43208382
2021	10	0.821620403	12.17107068



Dividend yield

Formula: $\text{Dividend yield} = \frac{\text{Gross dividend per share}}{\text{Market price per share}}$

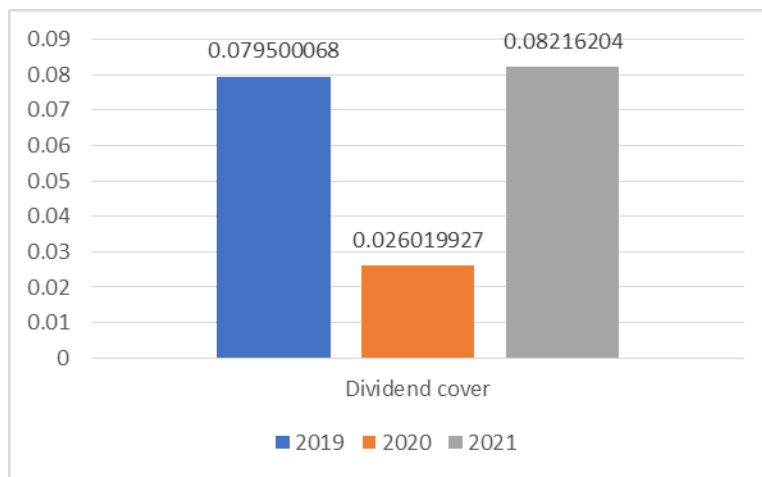
Year	Gross dividend per share	Market price per share	Dividend yield
2019	7	10	0.7
2020	1	10	0.1
2021	0	10	0



Dividend Cover

Formula: Dividend Cover = Net profit after tax and preference dividend/Ordinary dividends paid and proposed

year	Net profit after tax and preference dividend	Ordinary dividends paid and proposed	Dividend cover
2019	4250968	53471250	0.079500068
2020	1391318	53471250	0.026019927
2021	4393307	53471250	0.08216204

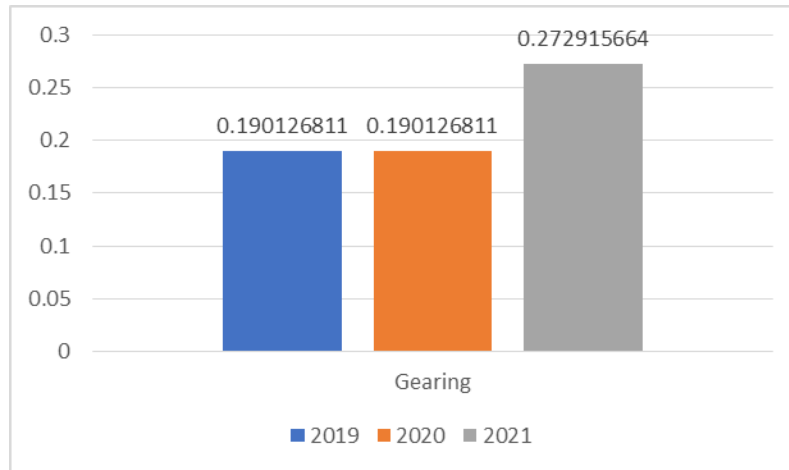


Capital structure Ratio

Gearing

Formula: Gearing = (Long term loans + Preference shares)/(Ordinary share capital + Reserves + Preference Shares + Long term liabilities)

year	Long term loans	Preference shares	Ordinary share capital	Reserves	Long term liabilities	Gearing
2019	57200000	53471250	500000000	23871918	58219842	0.190126811
2020	57200000	53471250	500000000	23871918	58219842	0.190126811
2021	124049646	53471250	500000000	23871918	126588717	0.272915664



Conclusion

Aziz Pipes Limited's profitability, liquidity, efficiency, shareholder and capital structure ratio analysis give us the financial status of three consecutive years. From the profitability ratio, we can see that the company is facing loss in its last year because the net profit also decreased. Although the mark-up and gross profit as a percentage of sales aren't that bad but the assets also decreased and the company isn't managing their expenses very well. We can also see that the acid ratio isn't meeting the standard value because of the declining value of current asset. Which means the company isn't using its current asset efficiently although the current liabilities decreased as well. The company isn't selling its stock as much as it's storing. Although its collecting period is pretty good but it's taking a lot of days to pay the debt. Which suggest poor efficiency of the company. Because of that the earnings per share is less than the previous years. Also in year 2021, they failed to produce any gross dividend.

There are few recommendation that I can to the company. It should manage its expenses, current assets efficiently and decrease the debt and paying date. Also by decreasing overall cost it can increase its net profit.

Appendix

Financial Statements

Aziz Pipes Limited Statement of Financial Position As at June 30, 2021

Particulars	Notes	Amount in Taka	
		June 30, 2021	June 30, 2020
ASSETS			
Non-current Assets		249,740,427	254,597,932
Property, Plant and Equipments	3.00	247,554,324	254,597,932
Right of Use Assets	4.00	2,186,103	-
Current Assets		100,821,622	182,265,034
Inventories	5.00	56,006,121	114,336,835
Accounts Receivable- Trade	6.00	26,263,362	41,270,839
Advances, Deposits & Prepayments	7.00	17,645,918	22,294,722
Cash and Cash Equivalents	8.00	906,221	4,362,639
Total Assets		350,562,050	436,862,966
EQUITY AND LIABILITIES			
Shareholders' Equity		(80,704,973)	(76,042,917)
Share Capital	9.00	53,471,250	53,471,250
Share Premium	10.00	106,700,000	106,700,000
Revenue Reserves & Surplus	11.00	23,871,918	23,871,918
Revaluation Reserve	12.00	192,140,522	193,480,908
Retained Earnings	13.00	(456,888,663)	(453,566,993)
Non-current Liabilities			
Loan Fund		126,588,717	65,075,000
Term Loan (UBL)	14.00	57,200,000	57,200,000
Term Loan (DBBL)	15.00	66,849,646	-
Loan Hajj Finance Company Limited	16.00	2,539,071	7,875,000
Deferred Tax	17.00	11,013,398	13,282,609
Lease Liabilities	18.00	2,282,518	-
Block loan account	19.00	171,733,794	270,988,422
Current Liabilities		119,648,596	163,559,853
Accounts Payable	20.00	69,978,620	151,420,381
Others Payable	21.00	5,700,000	-
Short Term Loan	22.00	36,947,219	1,019,842
Liabilities for Expenses	23.00	795,817	3,869,665
Workers Profit Participation Fund	24.00	71,883	718,824
Staff Gratuity	25.00	778,435	1,078,435
Provision for Income Tax	26.00	4,300,148	4,802,126
Unclaimed Dividend	27.00	1,076,474	650,581
Total Equity and Liabilities		350,562,050	436,862,966
Net Asset Value (NAV) per Share	34.00	(15.09)	(14.22)

Aziz Pipes Limited
Statement of Profit or Loss and other Comprehensive Income
For the year ended June 30, 2021

Particulars	Notes	Amount in Taka	
		July 01, 2020 to June 30, 2021	July 01, 2019 to June 30, 2020
Turnover	28.00	152,387,915	227,075,687
Less: Cost of Goods Sold	29.00	134,953,113	195,441,102
Gross Profit		17,434,802	31,634,585
Less: Operating Expenses		22,709,289	29,416,124
Administrative & General Expenses	30.00	19,175,067	25,502,683
Selling & Distribution Expenses	31.00	1,736,827	2,966,772
Financial Expenses	32.00	1,797,395	946,669
Operating Profit/(Loss)		(5,274,487)	2,218,461
Add: Interest received from STD Account		8,248	6,399
Less: Interest on lease liability		(245,363)	-
Net Profit/(Loss) before WPPF and Tax		(5,511,602)	2,224,860
Less: Workers Profit Participation Fund	24.00	-	105,946
Net Profit/(Loss) before Income Tax		(5,511,602)	2,118,914
Less: Income Tax expenses		(1,118,295)	727,596
Current Tax	33.01	914,377	1,362,493
Deferred Tax Income	17.00	(2,032,672)	(634,896)
Net Profit/(Loss) after Income Tax		(4,393,307)	1,391,318
Basic Earnings per Share (EPS)	35.00	(0.82)	0.26

Aziz Pipes Limited
Statement of Changes in Equity
For the year ended June 30, 2021

Particulars	Share Capital	Share Premium	Revenue Reserve	Revaluation Surplus
Balance as at July 01, 2020	53,471,250	106,700,000	23,871,918	193,480,908
Profit/(Loss) during the year	-	-	-	-
Transfer of Revaluation reserve on Intangible Assets	-	-	-	(1,340,386)
Dividend for the year 2019-2020	-	-	-	-
Balance as at June 30, 2021	53,471,250	106,700,000	23,871,918	192,140,522

Particulars	Share Capital	Share Premium	Revenue Reserve	Revaluation Surplus
Balance as at July 01, 2019	53,471,250	106,700,000	23,871,918	194,970,225
Profit/(Loss) during the year	-	-	-	-
Transfer of Revaluation reserve on Intangible Assets	-	-	-	(1,489,318)
Dividend for the year 2018-2019	-	-	-	-
Balance as at June 30, 2020	53,471,250	106,700,000	23,871,918	193,480,908

9.00 Share Capital

Authorized Capital	500,000,000	500,000,000
50,000,000 Ordinary Shares of Tk. 10 each		
Issued, Subscribed & Paid-up Capital		
5,347,125 Ordinary Shares of Tk. 10 each paid-up in full	53,471,250	53,471,250

35.00 Basic Earning Per Share (EPS)

Net Profit	(4,393,307)	1,391,318
Weighted Average number of ordinary shares in issue	5,347,125	5,347,125
Basic Earning Per Share	(0.82)	0.26