

# **AN OVERVIEW OF ACI LIMITED, EXPLORING THE COMPANY'S FINANCIAL PERFORMANCE AND FUTURE PROSPECTS USING QUINQUENNIAL DATA**

Advanced Chemical Industries Limited (ACI)

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Submitted in Partial Fulfillment of the Requirements for the Degree

Bachelor of Business Administration



15<sup>th</sup> September, 2024



## Internship/Project Report Approval Form

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### INTERNSHIP/PROJECT INFORMATION

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### SUPERVISOR APPROVAL

(Tick One)

☒ Approved ☐ Not Approved ☐ Partial Re-write ☐ Full Re-write

Remarks (For Not Approved): \_\_\_\_\_

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Name Ghalib Gaznafar

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Signature 

Date 15<sup>th</sup> September, 2024

## Letter of Transmittal

15th September, 2024

Lili Ping

Senior Lecturer

University of Liberal Arts Bangladesh

Subject: Submission of Internship Report for BUS 4399

Dear Lili Miss,

I hope this email finds you well. With all due respect, I am pleased to submit my internship report for BUS 4399, to fulfill the final 3 credits required to complete my BBA degree at the University of Liberal Arts Bangladesh, in Summer 2024. My report, titled “An Overview of ACI Limited: Exploring the Company’s Financial Performance and Future Prospect Using Quinquennial Data” is based on my internship at Advanced Chemical Industries (ACI)Limited.

In preparing this report, I have made every effort to follow the guidelines provided by the Career Service Office (CSO) as well as your invaluable advice. Working on this topic has been an enriching experience that not only deepened my understanding of ACI Limited but also enhanced my knowledge of financial analysis and strategic forecasting. I have focused on studying ACI Limited’s financial performance and its future prospects, utilizing quinquennial data to present an analysis aimed at attracting potential investors.

I would like to extend my heartfelt thanks to everyone who has supported me throughout my internship. As I near the final stage of this journey, I kindly request your approval of my internship report and your guidance as I prepare for the defense. I thank you for your time and continued support along the journey.

Yours Sincerely,

Ghalib Gaznafar, 203011057

BBA Student, Summer 2024

University of Liberal Arts Bangladesh

## Acknowledgment

I would first like to express my profound gratitude to Almighty Allah (SWT) for his blessings and guidance throughout my journey at ULAB, as well as for the successful completion of my internship at a reputable organization as ACI Limited. I am eternally thankful to my parents and teachers for their unwavering support and prayers throughout all these years. ULAB has been a steadfast pillar of support in my academic career, and I am also appreciative of the assistance provided by the Administration and the associated parts, especially the Career Service Office (CSO) in helping me reach this point in my university journey. I owe special thanks to my academic supervisor, Ms. Arzoo Ismail, Senior Lecturer at ULAB School of Business. I am deeply grateful for her relentless guidance throughout all the semesters I have attended at ULAB.

During my journey in ULAB's BBA program, I was fortunate to be mentored by many esteemed faculty members from the Business and Center for Sustainable Development Departments. I will always remain indebted to my distinguished course instructors for their understanding and support. I would also like to extend my heartfelt gratitude to my internship supervisor, Ms. Lili Ping, Senior Lecturer at ULAB School of Business, for her valuable assistance in guiding me through the preparation of my internship report. Whenever I faced confusion regarding my report, she generously devoted her time to explaining the topics and providing the necessary insights. Furthermore, I express my sincere gratefulness to all my Finance major faculty members: Dr. Minhaz Uddin Ahmed, Associate Professor-ULAB School of Business, Dr. Kazi Md Tarique, Associate Professor-ULAB School of Business, Dr. Md. Kamal Uddin, Associate Professor-ULAB School of Business, Mr. Shafayat Hossain Chowdhury, Senior Lecturer-ULAB School of Business. Their teachings on the foundations and principles of finance equipped me with the knowledge necessary to excel as an intern at one of Bangladesh's leading conglomerates.

I am also profoundly grateful to my ACI Limited family for offering me a once-in-a-lifetime opportunity to complete my internship with them. My sincerest thanks go to my internship supervisor, Mr. Mohammed Mainuddin Chowdhury, Manager of Planning and Budgeting at ACI Finance and Planning team, for the mentorship and guidance he provided throughout my internship. He always ensured that I did not encounter any significant hurdles and gave me the time to resolve any issues I faced with my tasks. His mentorship went beyond professional support; as he became an elder brother to me and I continue to seek his advice to this day. Another pivotal figure in my internship experience was Ms. Mahbuba Sultana, Senior Planning Analyst at the ACI Finance and Planning team. Her kindness, affection, and support made my time at ACI even more rewarding.

To sum up, my academic and professional journey has been profoundly shaped by ULAB's solid support. The institution's dedicated faculty members prepared me to have an enriching internship experience at ACI Limited. The seamless three-month experience at ACI, filled with mentorship and encouragement, allowed me to excel while forming lasting relationships both personally and professionally with my colleagues. ULAB's comprehensive undergraduate program nurtured my growth, equipping me with knowledge, skills, and confidence to pursue my ambition of Finance and Sustainable Development. I am deeply grateful to all my respectable faculty members for their support and guidance and as I move forward, I am confident that the strong foundation from ULAB will lead me to a successful and meaningful future.

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## **Part- A**

### **Chapter One: Internship Preparation**

#### ***1.1 Motivation and Learning Objective***

The desire to experience the corporate world struck me at an early stage in life. While many of my peers were celebrating the completion of their O’level exam (Secondary School), I was actively seeking opportunities to gain the relish of hands-on experience and immerse myself in the professional environment. My early exposure to accounting principles and economics opened the door to an apprenticeship with Impress Group’s social venture, Spark Bangladesh (now known as Ygap Bangladesh). It was during this time that I had the privilege to meet Mr. Imran Rahman, the Vice-Chancellor of the University of Liberal Arts Bangladesh (ULAB) for the first time, who appreciated my eagerness for early exposure to the corporate sector. Fast-forward to the summer semester of 2023, I enrolled in a course titled “Financial Market and Institutions” taught by Dr. Minhaz Uddin Ahmed. His guidance played a pivotal role in shaping my career aspiration, particularly in securing an internship with one of the nation’s top conglomerates. Dr. Minhaz consistently emphasized the importance of self-development and the value of gaining experience with multinational corporations (MNCs) and large conglomerates. He highlighted that these organizations, known for their industry reputation, provide interns with the most advanced skills and experience during their three-month internships.

After eleven semesters of rigorous academic learning aimed at preparing us for the challenges of the real world, I found myself early anticipating the opportunity to apply this knowledge in a practical setting. The prospect of transitioning from the academic to the corporate environment filled me with both excitement and a sense of readiness for the journey ahead.

#### ***1.2 Internship Searching Process***

At the beginning of the spring semester of 2024, I began preparing all the necessary documents in anticipation of the upcoming internship search. I distinctly recall scheduling an appointment with Tawhid Reaz sir on 24th January to seek his valuable insights on my resume and cover letter, which I planned to submit to prospective organizations. During our meeting, he not only highlighted areas for improvement but also advised me to collect my academic grade sheet from the Registrar’s Office, anticipating a rush as the semester progressed. Following his advice, I promptly gathered all relevant academic documents that potential employers might require.

In addition, to enhance my application, I requested letters of recommendation from esteemed faculty members whose courses I had taken throughout my academic journey. I learned from several online resources and internship advice platforms that a simple letter of recommendation uplifts a candidate’s desirability in a professional arena, providing a positive endorsement, and faculty members are well-positioned to assess a student’s abilities, qualities, and skills based on their observations. By the third week of February, I had completed all preparations and was ready to begin applying for internship opportunities. On the 11th of March, 2024, I submitted my resume for the first time in response to a finance internship posting at Unique Group. By the 14th, I had already participated in an interview and received an offer for the position. However, I wanted to further refine my interview skills before committing to a role. Between March and the time, I accepted an internship role at ACI Limited, I had applied to several prominent organizations, including Tally Solutions, Datapath, Inovacetec, BRAC International, Philip Morris (Bangladesh), Reckitt Benckiser (Bangladesh) and Japan Tobacco International (Bangladesh), among others.

Unfortunately, many of these organizations required immediate joining or their internship commenced after the third week of June, which conflicted with my academic schedule for the spring semester. As a result, I had to decline most of those offers. Finally, on the 26th of April, I applied for a finance internship position at Advanced Chemical Industries (ACI) Limited. Our final exams for the term began on the 28th and I recall receiving a message as I exited the exam hall for a course's final exam. The message stated that I had been shortlisted for the position at ACI Limited.

### ***1.3 Internship Interview***

The same message I received on the 28th of April informed me that I would need to attend an interview and provided the contact information of a Human Resources representative from the company in case any adjustments were needed. As I had exams scheduled until the 30th of April, I promptly contacted the provided number, and Mr. Kazi Al Fahad Hriday, Senior Human Resource Executive at ACI Limited, who was responsible for recruiting, responded to my call. After sharing my concerns regarding the interview schedule, Mr. Hriday and I agreed to conduct a virtual interview session on the 30th of April, following the conclusion of my exam.

On that day, I had my Security Analysis and Portfolio Management exam, which ended at 2:30 pm, and the virtual interview was scheduled for 4:00 pm. The combined pressure of the exam and the upcoming interview left me feeling quite overwhelmed from the start of the day. At 3:45 pm, I informed the recruiting authority that I was prepared for the interview. Shortly thereafter, I received a video call from Mr. Hriday, who was accompanied by Mr. Mohammed Mainuddin Chowdhury, Manager, Planning & Budgeting at ACI Limited. At that time, I was unaware that Mr. Mainuddin would become my supervisor during the internship. The interview commenced with introducing one another and to ease the conversation, Mr. Hriday asked about my hobbies and how I developed an interest in the field of finance. Once the introductory phase was complete, Mr. Mainuddin asked about my previous work experience before starting my academic journey, expressing his appreciation for my decision to gain practical experience before pursuing a degree in that field. During the interview, Mr. Mainuddin also inquired about my proficiency in preparing presentations, working with Microsoft Suite, to be exact; MS Excel, and utilizing web browsing tools for various information-gathering purposes. I shared an example of a recent academic presentation I had prepared and discussed some of the recent Microsoft Excel spreadsheet work I completed during a quantitative course. Interestingly, off the record, Mr. Mainuddin asked for my thoughts on the integration of AI into corporate and daily tasks. With my limited knowledge of AI, I provided an answer that may not have been as strong as I would have liked. Nevertheless, the interview concluded with both authorities informing me that they would further discuss my application and inform me of their decision at a later date. At that point, I was not confident about securing the internship, as I assumed that other candidates from various other institutions would have performed better and impressed Mr. Mainuddin. However, holding on a sliver of hope, I reached out to Mr. Hriday on the 8th of May to inquire about any updates. To my surprise, Mr. Hriday called me shortly thereafter with the unexpected news that I had secured the internship position. It was a Wednesday and I was asked to join ACI Limited the following day. The news felt surreal, as ACI is known for selecting a limited number of interns, and securing the position was a significant achievement for me.

Mr. Hriday also inquired about my mode of transport, as he needed to arrange parking if I were to bring my vehicle. Since my parents were dropping me off, I did not require parking. With that, I was officially welcomed to ACI Limited on the 9th of May, 2024.

### ***1.4 About Advanced Chemical Industries (ACI) Limited***

Today's Advance Chemical Industries (ACI) Limited holds a multinational legacy since the interception when Bangladesh was termed East Pakistan. ACI, priorly known as Imperial Chemical Industries (ICI) was a British multinational entity, that initiated a branch in East Pakistan (Bangladesh) approximately in 1968 according to various online sites. After Bangladesh gained independence, the branch was renamed ICI Bangladesh Manufacturers Limited in 1973 and enlisted as a Public Limited Company. In 1976, ICI Bangladesh Manufactures Limited was listed on the Dhaka Stock Exchange. Fast-forward to 1992, ICI transferred its portion ownership to the Bangladesh investment authorities and gained the name Advanced Chemical Industries (ACI) Limited. According to the company's historical records, during 1994 ACI first imitated trading of shares and in 1995, ACI was listed in the Chittagong Stock Exchange.

As of today, ACI holds four varied key business segments, ACI Limited, which is considered one of Bangladesh's major conglomerates with an international lineage, operates throughout the nation. In 2013, the company got its ISO Certification, making ACI the first company in Bangladesh to have an ISO 9001 Certificate for Quality Management Service among all the categories. Their Health Care Division, also known as ACI Pharmaceuticals, is committed to developing the safest and cutting-edge pharmaceutical goods. They relentlessly emphasize research and development to serve the nation with the latest medical solutions possible. ACI Consumer Brands provides products in toiletries, home care, hygiene, electrical, electronics, mobile, salt, flour, foods, rice, tea, edible oil, paints, and international businesses that enhance the quality of customers' everyday lives. ACI Agribusinesses is considered the leading consolidator of agricultural, livestock, fisheries, farm mechanization, infrastructure development services, motorcycles, marine and renewable energy, and avionics technologies. ACI Logistics Limited is Bangladesh's largest retail chain, operating through the SHWAPNO retail outlets. According to recent company updates, the retail chain had 147 newly opened locations around the nation, a situation that associated the lives of over 65,000 people every day. During the fiscal year 2022-2023, ACI and their subsidiaries paid Taka 16,732 million to the National Budget in the form of company tax, customs duty, and VAT. In recent years, in 2019 ACI got the BSI certification and in 2022, ACI got approval from the FDA. (Company Profile)

## **Chapter Two: About The Internship**

### ***2.1 Experience and Specific Work***

My internship at ACI Limited began on May 8th, 2024 under the supervision of Mohammed Mainuddin Chowdhury, Manager of Planning & Budgeting in the Finance and Planning team at the company's headquarters. The experience allowed me to work alongside a dynamic team involved in key financial activities of the company, providing me with valuable insights into the corporate sector. The team created a supportive and collaborative environment for me that greatly facilitated my learning and professional development.

During my tenancy, I had the opportunity to contribute to the company's annual budgeting process for the financial year of 2024-25. Following the announcement of the national budget on June 6th, our team was tasked with presenting the changes in VAT, taxes, and other macroeconomic factors that would directly or indirectly bring changes to the company's budget for the current year. This presentation was to be delivered to the company's directors and senior leaders, highlighting the impact on key areas such as production costs, import-export activities, procurement process, and various sectors that might be linked to consumer behaviors. My specific responsibility during the preparation of the presentation included researching changes in VAT and taxes on consumer items and gathering relevant data to support these findings. Additionally, I was assigned to design and create visual content such as icons, logos, and graphs for the PowerPoint presentation that illustrated the financial changes in particular areas. I recall the dedication of the entire team on June 6th, working until 11:30 PM to meet the June 7th deadline for the presentation.

Throughout my internship, I gained practical knowledge about corporate operations and applied my academic skills to various tasks assigned to me. The team's commitment to excellence has earned them a strong reputation within the company. Being part of such a reputed portion of the organization earned me opportunities to interact with the company's Financial Director and Managing Director as we completed the assigned tasks during my tenancy.

As I conclude my internship, I reflect on a quote by Confucius: "Those people who develop the ability to continuously acquire new and better forms of knowledge that they can apply to their work and their lives will be movers and shakers in our society for the indefinite future." The comprehensive learning experience and significant personal and professional growth I gained during these three months have provided me with a new perspective on career orientation, particularly in developing my soft skills. During our initial meeting, my academic supervisor, Ms. Lili Ping Miss, advised me to embrace the work and capitalize on every learning opportunity.

While the full significance of her encouragement may not have been immediately apparent, now as the internship period came to an end, I can promptly recognize the profound wisdom behind her recommendation. This internship has greatly highlighted the concept that academic learning is an ongoing process, but the implementation of these learnings in the job is what determines whether the skill was grasped properly.

## Responsibilities

During my internship at ACI Limited, my working hours were from 8:30 am to 6:00 pm. My key responsibilities included,

- *Daily Business News Monitoring:* From 8:30 am to 10:00 am, I reviewed various national newspapers such as Daily Star, Business Standard, Business Post, Financial Express, Dhaka Tribune, Prothom Alo (English), and Bonik Barta, to gather the daily business news. Upon selecting approximately 6/7 relevant news, I had to prepare a news highlight consisting of the hyperlink of the news, which later was circulated among the team members via email. These news were then kept in a separate news database, which was later used to prepare the monthly news bulletin and future uses. This task was aimed at providing the team members with up-to-date business, economic, and industrial information essential for strategic decision-making.
- *Financial Data Entry:* During the tenancy, I was responsible for entering financial data from quarterly reports of other competing organizations into a pre-formatted Excel file. This file was designed to automatically calculate key financial ratios for further analysis.
- *Industry Analysis:* I used to conduct comprehensive industry analysis through detailed web searches, summarizing information from the monthly and weekly newspapers, articles, and official financial institution pages and eventually compiling the data in a file. These data were eventually organized into Excel sheets, which were categorized for future convenience. Often these news articles consisted of info graphs, which I used to take as references to create a PowerPoint presentation for later use.
- *Macroeconomic Report Updating:* At the beginning of every month, a PowerPoint presentation used to be prepared by the Finance and Planning team, highlighting the past month's overall macroeconomic changes. This presentation consisted of the exchange rate, remittance, export-import, inflation rate, and many other macroeconomic factorial changes, which were used internally to make strategic decisions. I contributed to collecting these macroeconomic data to update the macroeconomic presentation.
- *Competitor Analysis:* To keep updated on the company's competitor organization performance, and new additions in technology and machinery, part of my job was to perform competitor analysis. This task mainly highlighted the competitor organization's new investments, mergers, government rebates, quarterly performance, and many more, which ultimately ACI Limited decision-makers took into account to determine the upcoming company approaches.
- *Prepaid Presentation:* Throughout my internship tenancy, I contributed to the monthly news bulletin presentation, macroeconomic highlight presentation, new government ministry allocation presentation, and overall, various miscellaneous company-required presentations.
- *Collecting Monthly Capital Expenditure and Operational Expenditure Requisition slip:* Every month, the company's different business units usually have their basic needs, such as a new printer, computer, air conditioner, and many more. Upon approval from the designated authorities, the fund gets reembraced. The finance and planning team is responsible for verifying the spending, and whether this amount is within the calculated budget for the year. I was assigned to collect these requisition forms from the respected business operations person, scan them for the database, and transfer them to my superior who then checked and calculated these amounts.

These mainly were my responsibilities during my internship interval, which were integral to the operations of the Finance and Planning team at ACI Limited. Through this experience, I was provided with a practical involvement in the financial and industry operation mechanism while enhancing my learning in analysis, reporting, and presentation preparation skills.

## Office Environment

The Finance Department of ACI Limited was located on the third floor of the Head Office building, which was located in the Tejgaon Industrial Area. Since I was appointed to the Finance and Planning team, we shared the spacious, approximately 4000. sqft floor with the border of other teams of the finance department. On my first day, navigating through this huge floor felt like working through a maze. Employees were required to punch in their IDs at the security post before proceeding to the elevator, this was part of the company's systematic attendance system that tracked both the entry and exit times respectively. Upon entering the building, visitors would be greeted at the front desk, where two courteous and professional attendants assist. On the first day at work, I was introduced to my HR representative with their help. The first floor of the office houses the Legal Department and Commercial Department, while the second floor accommodates the MIS Department and Distribution Department. However, during my internship, I seldom visited these floors, as most employees were directed to the third floor for their finance or accounting-related inquiries.

One of the most memorable aspects of my internship was the warmth and approachability of ACI employees (Colleagues). Initially, I addressed my supervisor as "Sir" and my immediate senior as "Madam", but I was quickly encouraged to use more informal terms of addressing, "Bhaiya" (Brother) and "Appu" (Sister). This informal addressing, which discouraged hierarchical form was a very fresh change for me since I had recently left my academic environment. My supervisor, Mainuddin Bhaiya, emphasized this approach from my first day on the team. The Finance and Planning team consisted of 11 members, each responsible for district sections of the company's financial portfolio. Over time, I was welcomed as a young colleague, with the entire floor embracing me as part of their close-knit community. The atmosphere in the office was consistently supportive and humble. Additionally, I formed connections with several members of the company's Business Analytics team, who also worked on the same floor. One of the highlights of my internship experience was the fellowship I built with my colleagues.

We would gather for breakfast and lunch every day, discussing the day's tasks and sharing interesting facts about our lives. During lunch, my team members would make sure I joined them, often pulling me away from my desk to ensure I was present at the lunch gathering.

Reflecting on my internship at ACI Limited, I feel that the experience provided me with more than just professional development, but a sense of a family within a short period. The friendly and humble nature of my colleagues fostered a deep sense of belonging that is difficult to capture in words.

## ***2.2 Learnings, Skills, and Contributions***

**Learnings:** My internship at ACI Limited provided me with substantial learning opportunities, there are quite many points, some I have mentioned below,

- Conducting formal interviews competently, I gained valuable experience in delivering professional and well-structured interviews. I had to prepare thoroughly for each interview, gather relevant information regarding the company, and efficiently communicate with potential employers, addressing my experiences and qualifications.
- Interacting and carrying productive conversations in the workplace, throughout the internship period, I developed to communicate effectively with colleagues and senior management. This involved not only conveying information clearly and professionally but also actively listening, responding to feedback, and engaging in constructive discussion that prompted a positive and collaborative work environment.
- Building professional networking, I learned the importance of networking within a corporate setting. By fostering relationships with both coworkers and industry professionals, I was able to expand my professional network. As a result, I now have a broader and more valuable LinkedIn network, which will be beneficial for future career opportunities and professional development.
- Adapting to corporate etiquette and attire, I gained insight into the appropriate attire and demeanor required in a corporate environment. Understanding the expectations of professional dress codes and behavior helped me integrate seamlessly into the corporate culture and project a confident and professional image.
- Time management and routine maintenance, since part of my daily responsibility consisted of providing my team with the day's business and other economic news by 10 am, I improved my time management skills by organizing my daily tasks and adhering to deadlines. This experience taught me the importance of maintaining a structured routine and prioritizing tasks effectively to ensure productivity and efficiency in a competitive work environment.
- Understanding corporate operation and efficiency, I acquired a deeper understanding of the operations and functions of a leading conglomerate, particularly in how work processes are streamlined for maximum efficiency. At ACI Limited, I observed the Finance and Planning team's effective use of a Standard Operating Procedure (SOP) framework, where daily tasks were assigned and communicated to the team members via email. This approach ensured clarity, organization practices, and responsibility across the departments.

**Skills:** My pre-existing skills that were applied and further developed during my internship were,

- Academic knowledge of finance, since I pursued Finance as my bachelor's major, my academic knowledge has provided me with a solid foundation in understanding the company's financial operations, the product/service the organization was providing, and its client base. This academic background enabled me to analyze financial data, interpret corporate financial reports, and contribute meaningfully to the planning team's operations within the organization.
- Proficiency in Microsoft Office, My skill set in Microsoft Office applications, particularly PowerPoint, Excel, and Word, facilitates my work on databases, spreadsheets, and reports. I effectively utilized advanced Excel functions such as Sort/Filter, VLOOKUP, and SUMIF to manage and analyze large data sets, as I had stored numerous data in a database file. This proficiency ensured accuracy and efficiency when working on complex financial data and creating visually compelling presentations for management.

- Multitasking in a rushing environment, I demonstrated my ability to multitask by managing multiple tasks simultaneously. For instance, while updating Excel entries or preparing a presentation, I efficiently handled printing or scanning relevant documents that were interlinked with the assigned tasks. This ability to balance competing priorities under time constraints ensured that I met deadlines without compromising the quality of my work.
- Teamwork and leadership, working as part of a collaborative team allowed me to improve my teamwork skills while also developing leadership abilities. I took the initiative to lead specific aspects of our temporal projects and ensured the smooth execution of the team's tasks. Participating in team briefings and group work further enriched my learning experience, as I gained insight into effective communication, delegation, and coordination within a professional setting.

**New skills:** My internship experience allowed me to develop the following skills and broaden my knowledge, some skills that I managed to acquire are,

- For financial data allocation and analysis, I acquired the skill of efficiently allocating financial data for use in various statements and reports. This includes preparing financial data for quarterly and annual reports, as well as analyzing historical company performance. These skills enhanced my ability to assess financial trends and contribute to more informed decision-making within the company.
- Monitoring financial news and macroeconomic trends, I gained proficiency in reviewing national and international financial news, allowing me to stay updated on macroeconomic developments around me. This skill proved valuable in providing timely responses to inquiries regarding exchange rates, pricing changes, and broader economic conditions. It sharpened my ability to interpret real-time financial data and assess their potential impact on the company's operations.
- Collaborative use of Microsoft applications, I expanded my knowledge of Microsoft Office applications, particularly in the use of MS Outlook for managing emails, calendars, contacts, and tasks. Additionally, I became adept at utilizing WhatsApp for files that needed immediate response, instant messaging, and audio/video communications, which facilitated seamless communication and collaboration within the team. These tools enhanced the efficiency of our daily operations and project management.
- Database management and documentation, I developed the skill of maintaining a prompt and organized database management system. Throughout my internship, I ensured that all my work was meticulously stored and cataloged, making it easily accessible for future reference. This system of documentation improved the traceability of tasks and ensured that my contributions could be utilized for ongoing and future projects.

**Contributions:**

During my internship at ACI Limited, in addition to my primary responsibilities within the Finance and Planning team, I was actively involved in the company's annual budgeting process for the financial year 2024-25. Given that ACI aligns its corporate budget with the national budget, this process necessitated a thorough analysis of multiple macroeconomic factors, including tax rates, VAT, import-export tariffs, and other relevant variables. My involvement in this process allowed me to assist in preparing the budget report and presentation by sourcing and validating financial data, assessing the impact of policy changes, and incorporating these findings into a comprehensive presentation for the senior management. In recent months, I contributed to the analysis of the waves of key financial indicators such as the pegged dollar rate, remittance trends, and fluctuation in import-export activities, which was later used in preparing a report post the nationwide unrest as of August 2024. My work in these areas, while a small part of the overall budgeting process, provided valuable insights that supported the company's decision-making.

Throughout my internship, I also contributed to various reports that were presented to higher management and utilized to enhance interdepartmental productivity. These tasks required careful data collection, analytical rigor, and precise formatting to ensure their utility in strategic planning. While my contributions were modest in the context of the broader organizational objectives, they were met with appreciation from my supervisor and colleagues. This recognition encouraged me to take on additional responsibilities and challenges, deepening my engagement with the company's work and furthering my personal and professional development by the end of my tenancy.

### ***2.3 Undergrad Course's Application***

My Bachelor's in Business Administration (BBA) education significantly aligned with my role and responsibilities during my internship at ACI Limited. The open learning environment and supportive colleagues at ACI provided me with the opportunity to apply the knowledge and skills I gained from my academic studies in a practical business context. My concentration in Finance at the University of Liberal Arts Bangladesh (ULAB) equipped me with a foundational understanding of the company's operations, product and service offerings, and client relationship management. This allowed me to quickly adapt to the workings of the Finance and Planning team, as well as their collaboration with other associated departments.

Several courses from my BBA program such as Corporate Finance (BUS4131), International Financial Institution (BUS4134), and Project Finance (BUS4142) provided me with a strong theoretical understanding of the key financial concepts and processes. During my internship, I witnessed firsthand how these principles are implemented in a real-world corporate environment. Having an understanding of financial institutions, their operation and their involvement in joint ventures proved to be a competitive advantage as I worked alongside professionals dealing with financial gains, losses, and strategic decision-making. Additionally, I was already familiar with several financial terms frequently discussed in the office, such as disbursement, Net Present Value (NPV), Internal Rate of Return (IRR), Earning Per Share (EPS), taxation expenditure, operational expenditure, and capital expenditure. This foundational knowledge enabled me to grasp the technical language of finance with ease.

Moreover, my internship experience allowed me to observe the application of concepts from other areas of my academic course. For instance, I recognized elements of corporate legal affairs that I had learned in the Business and Legal Environment course, as well as ethical considerations that were part of the Organizational Behavior course. Perhaps the most inspiring was witnessing ACI's employee motivation strategies, which closely reflected the principles discussed in my Human Resource Management course. This holistic integration of academic learning and professional experience significantly enhanced my understanding of how theory transforms into practice within a leading corporate organization.

## **Chapter Three: Self-Reflection**

### ***3.1 Liking and Disliking of internship at ACI Limited***

My internship at ACI Limited was truly an invaluable experience, which in my opinion was once in a lifetime event. As one of the country's leading conglomerates, ACI not only upholds its commitment to delivering exceptional value to its loyal customers but also expresses commitment to the development and well-being of its dedicated employees. Overall, I was highly fulfilled with the time I was fortunate enough to devote to the organization and I believe that it provided me with a solid foundation in corporate life, which will be instrumental in my future career. Both in terms of my responsibilities and the workplace environment, there were elements that I found particularly favorable, although, like any organization, there are a few areas that I found could be mended.

#### **Positive Aspects**

One of the best parts of my internship at ACI Limited was the collaborative environment the organization promotes. Right from the beginning, I felt welcomed and supported by seniors and colleagues in the company. Colleagues from different departments were approachable and I was encouraged to share ideas they were always there when I asked for any help, matter of fact, I even asked for their suggestions regarding preparing this report and they were all kind enough to share various valuable points. This teamwork spirit made it easy for me to learn and engage with professionals from different designations, which boosted my learning experience. Working closely with experienced professionals in financial data analysis, report preparation and presenting to senior management helped me sharpen my skills. I gained a deeper understanding of corporate operations and how financial decisions impact the business. These experiences gave me valuable insights into the company's strategy and helped me approach financial analysis in a more thoughtful and informed way.

Another commendable highlight of my time at ACI Limited was their open communication culture. The company encouraged open dialogue at all levels, allowing everyone, even interns, to contribute ideas and feedback. This helped build a positive, innovative work environment that enhanced my confidence and made me feel like my contribution to the tasks mattered. While my primary focus was on financial data analysis, I was also actively involved in preparing presentations and contributing to various other projects. This breadth of experience not only kept the work engaging but also enhanced my communication and presentation skills. The variety of responsibilities provided me with a well-rounded professional experience and a deeper understanding of different aspects of the business.

## **Challenges Encountered**

One of the challenges I faced during the internship was the long working hours, especially during busy times like the budgeting period or when presentation deadlines were approaching. These extended hours were a bit overwhelming at times, making it harder to maintain a good work-life balance. However, this undoubtedly gave me a realistic view of the demands of corporate roles. Although the organization's collaborative environment was strong, my exposure to departments outside of the Finance and Planning team was limited. I recognized the focus on finance, but I felt that spending more time with other départements like Marketing, Sales, and Legal Affairs would help apprentices understand how the entire company functions and how different teams contribute to the business's overall success.

As an intern, most of my work involved assisting my superior colleagues, which involved preparing the backed-up documentation, and numerical and graphical representation. While this helped me develop corporate foundational skills, I sensed fewer opportunities to present myself in the front tier. A more autonomous spectrum would have helped me develop my leadership skills and build more confidence in my ability to drive initiatives.

### ***3.2 How I can do better and utilize my skillset better***

#### Comment on how I could improve

Looking back, there are a few areas where I could have performed better. To begin with, I could have been more proactive in seeking out additional responsibilities. Volunteering for more challenging assignments or cross-department tasks would have helped me gain broader experience and contribute more to the team. I also realized that I could improve my time management, especially during the periods when my entire team was busy/pressured in workload. Sometimes during my tenancy, I felt overwhelmed when multiple tasks piled up, particularly during the budgeting period. A better time management skillset would have helped me handle the workload more efficiently, which not only would reduce my stress but also present me to be capable of maintaining productivity. In terms of my technical skills, while I gained experience in financial analysis, I could have pushed myself to learn more advanced tools in Excel and PowerPoint and add on experience in Power BI and the organization's financial modeling software. Improving my skills in these areas would have allowed me to add even more value to the team by contributing to more complex projects which I might have failed to attend since I had quite minimal exposure to such technical components.

#### Comment on how the organization could utilize my skillset better

As an apprentice, it is quite apprehensive for me to state how the organization could use my skills during the internship. I would like to share my observation that I felt could better the internship experience further. One recommendation is to rotate interns through different departments, allowing them to gain a more comprehensive understanding of how the company operates as a whole in the practical spectrum. Exposure to departments like Marketing, Operations, or Human Recourse would have given me a more well-rounded perspective and helped me see how finance blends into the bigger picture of a business. ACI could also give interns more leadership opportunities, even on a smaller scale. Allowing interns to lead specific components of projects or oversee parts of ongoing tasks, would help the interns build their leadership and decision-making skills. This would also help the company evaluate the intern's potential for future roles.

### ***3.3 Insights and recommendation for personal growth and internship program***

#### **Personal development goals for my next position**

For my next position, there are several areas I would like to focus on, starting with pushing myself to be more proactive in identifying problems and finding solutions more efficiently. Whether it is by improving data accuracy or streamlining the process, I want to take the initiative to address issues before they escalate. Alongside this, I also plan to continue building my analytical skills, particularly in financial modeling, data visualization, and predictive analysis. Learning advanced software like Power BI, and Python for financial analysis will help me tackle more complex projects and provide me with deeper insights. Another goal I aimed is to enhance my leadership abilities by taking on more responsibilities, often fresh graduates are not easily given scope to showcase their leadership skills. I plan on delving into the scopes where I can guide projects and mentor others, undoubtedly this would require some rhythm that I would surely need to invest in. With the leadership traits, I want to grow into roles that require supervision and decision-making, helping me prepare for future management positions.

Learning/gathering knowledge and ultimately brushing up one's skillset is quite a never-ending process; we certainly cannot have enough knowledge in the era of digitalization and automation. However, prioritizing the qualities that would instantaneously enhance one's employability is the key. In my opinion, an improved time management skill is one such key element that would undoubtedly enhance my chances of an employability and prospects evenly. By prioritizing tasks and organizing my workload more efficiently, I will be better able to handle busy periods without feeling overwhelmed. Finally, I want to improve my proficiency in Microsoft Excel and PowerPoint to an advanced level, as these tools are quite essential for financial analysis and presentation.

#### **Recommendation that might improve the organization's internship program**

In my opinion, to enhance the experience of the internship program at ACI Limited, among many valuable elements the senior authorities may have thought of beforehand, I believe offering workshops or training sessions on relevant skills such as advanced software tools, industry trends, or professional development would significantly boost the intern's capabilities as they involve themselves in the organization for the duration. These sessions could be tailored to align with the intern's main responsibilities, helping them expand their expertise and stay updated with the current industry practices.

Additionally, providing opportunities for interns to lead smaller managed team efforts would be beneficial for both the intern and the team themselves. This trial approach would enable them to develop critical skills in project management and decision-making while allowing the company to assess their potential for more advanced/permanent roles shortly. Another component I believe the organization could implement is, establishing a comprehensive feedback and evaluation system, which would be advantageous. Regular performance reviews and constructive feedback would help interns understand their strengths and areas for improvement, enabling them to track their progress and make necessary adjustments to better align their efforts with their learning goals.

According to a study (Brundiers, K., Wiek, A., & Redman, C. L. (2010), incorporating real-world case studies into the internship program could make their experience more practical and engaging. By working on projects that address actual challenges faced by the company, interns would have the opportunity to apply their knowledge and contribute innovative solutions. This approach would not only enhance their learning experience but also possibly provide the company with a fresh perspective on solving problems.

Finally, organizing a formal showcase at the end of the internship, where interns present their work and share their experiences during their tenancy, would serve as a highly rewarding culmination of their efforts. This event would not only allow interns to highlight their achievements but also provide the company with an opportunity to acknowledge their contributions. Alongside, this showcase would facilitate the assessment of the intern's potential for permanent roles within the organization, offering a platform to identify and cultivate future talent for ongoing opportunities at ACI Limited.

## **Chapter Four: Personal Development Plan**

### ***4.1 Future development plan***

I have applied for roles as a Planning/Business Analyst at ACI Limited and for Management Trainee Officer (MTO) positions at Standard Chartered Bank and the Hong Kong and Shanghai Banking Corporation Limited (HSBC) Bank. My short-term goal is to secure one of these positions to help build a strong foundation for my career in finance. Over the next one to two years, I plan to gain practical experience in business/portfolio analysis and financial management. This will help me develop key skills, understand how the industry functions and contribute to the goals of the organization I would join. Once I gain a fair share of work experience, I plan to pursue my postgraduation degree in Digital Financial Management or Sustainable Financial Management, which will allow me to further develop my expertise and keep up with new trends in the financial industry.

In the long run, I aim to move abroad into a leadership role in finance or business planning. By learning more about financial strategies, data-driven decision-making, and sustainable business practices, I hope to help the potential company grow while ensuring responsible financial management. Whether I work in a bank or in a corporate position, I see myself taking on more strategic roles and using both my technical and managerial skills to drive successful outcomes.

### ***4.2 Skill development and interpersonal skill enhancement goals***

#### Skill development goals

Improving my skills in financial analysis is a key goal for me. I aim to become highly skilled in using tools like Excel, Power BI, or Tableau, which are utterly important for analyzing data and creating financial reports. I also plan to learn more about financial modeling software and develop skills in programming languages like Python, which are becoming more common in finance for analyzing and predicting trends. In line with my long-term goals, I also want to learn more about digital innovations in finance, such as Blockchain, Artificial Intelligence (AI) integration, and Fintech. Understanding these technologies will help me keep up with the changes in the finance industry and contribute to digital transformations within companies. Additionally, as sustainability becomes more important in business, I want to strengthen my knowledge further in the areas of sustainable development and sustainable financial management. I will focus on understanding how companies are incorporating Environmental, Social, and Governance (ESG) factors into their decision-making. This will allow me to contribute my undergraduate minor in SDG's skillset and strategies that balance sustainability with profitability not only is efficient but also ensures our future security.

#### Interpersonal skills

As I progress in my career, developing leadership skills will be critical. Since I aim to take on leadership roles, constantly brushing up on this skill set will help me become better at making decisions, managing teams, and ensuring successful project outcomes. I also want to improve my communication skills, particularly when it comes to presenting complex financial information to different audiences. By refining my ability to explain financial data clearly to both technical and non-technical people, I can make sure my analysis and recommendations are understood and acted upon. Finally, building a strong professional network is vital for my long-term success. I plan to engage in industry events, connect with more industry mentors and professionals, and look for opportunities to collaborate with them from different sectors of the industry. These relationships will help me gain valuable insights, explore career opportunities, and establish a strong presence in the financial industry.

## **Part- B**

### **Executive Summary**

ACI Limited, Bangladesh's one of the leading conglomerates had provided me with an opportunity to undertake my internship in their Finance Department's Finance and Planning Team. The company's diverse operations across pharmaceuticals, consumer goods, agribusiness, and many more are a testament to its significant market presence. My goal was to explore the company's financial performance and future prospects, particularly through analyzing quinquennial data. This led me to a detailed examination of ACI Limited's financial stability, operational efficiency, and growth potential.

Through this study, I aimed to provide a comprehensive analysis of ACI Limited's financial performance from historical actual data from FY2020 to FY2023, while projecting FY2024 data. The study involved applying various financial metrics and models, such as ratio analysis, Altman's Z-score, and J-UK Model hypothesis, to assess the company's financial stability and risk of distress. I also evaluated the company's operational efficiency, cost management, and debt level. My study is primarily quantitative, supported by both numerical data and qualitative insights. The analysis includes a detailed review of financial ratios, trends, and graphical projections, offering a significant understanding of ACI Limited's financial trajectory. Overall, ACI Limited's financial performance from FY2020 to FY2023 showed a more moderate stability with notable concerns, especially in liquidity and financial leverage. While the outlook for FY2024 is more optimistic regarding profitability. Furthermore, I also assessed the company's strengths, challenges, and areas for improvement, providing recommendations to enhance liquidity, profitability, and financial stability.

The insights gained from this research not only contributed to my career development in finance but also offered potentially valuable recommendations for ACI Limited to improve their financial health to better their prospect and ultimately attract potential investors.

# Chapter One: Introduction

## 1.1 Research title

“An Overview Of ACI Limited, Exploring The Company’s Financial Performance And Future Prospects Using Quinquennial Data”

## 1.2 Research Objective / Purpose

The purpose of this report is to analyze ACI Limited’s financial performance using four years of actual data from FY2020 to FY2023, alongside projected data for FY2024. Through the application of ratio analysis, hypothetical financial calculations, Bangladesh Bank’s “Bangladesh Systemic Risk Dashboard” benchmark guidelines, CFA Institute’s Financial Analysis Techniques guidelines, Altman’s Z-Score, and Almamy’s J-UK Model hypothesis, this study aims to evaluate the organization’s financial health, growth trajectory, and potential to attract future investors. The findings are expected to offer a comprehensive assessment of ACI Limited’s current position and future prospects.

## 1.3 Research context / Background of the study

Financial statement analysis is integral for interpreting a company’s overall performance, providing insights into managerial efficiency, operational effectiveness, and financial viability over time. This analysis leverages financial ratios to benchmark and assess a company’s financial position, allowing stakeholders to understand their current health and anticipate future risks. Business ratios, such as liquidity, profitability, and solvency measures, offer a snapshot of a company’s financial solidity and highlight areas requiring attention to improve the condition. (Wise & Ali, 2014) Effective financial statement analysis helps identify trends and anomalies that could signal potential concerns. For instance, fluctuations in key ratios can indicate issues with asset management, earning stability, or operational efficiency. Managers and investors trust on these insights to make updated decisions, avoid inefficient investments, and develop strategies to enhance financial performance. Misinterpretation or lack of analysis can lead to misguided investment decisions and financial losses. (Carraher & Van Auken, 2013)

This paper focuses on ACI Limited, a prominent conglomerate in Bangladesh with diverse operations in pharmaceuticals, consumer goods, agribusiness, and many more. As ACI Limited continues to expand, a thorough understanding of its financial performance becomes essential for stakeholders, including stakeholders, creditors, and administration. By examining the company’s financial vigor over four years (FY2020 to FY2023) historical data and extending projections into FY2024, this study aspires to offer a detailed calculation of the organization’s financial status and growth prospects. The report employs a range of analytical tools, including ratio analysis, Bangladesh Bank’s Ratio Indicators, Altman’s Z-Score, and Almamy’s J-UK Model hypothesis, to assess ACI Limited’s financial stability and future potential. Ratio analysis will provide insights into liquidity, profitability, and solvency, while Bangladesh Bank’s “Bangladesh Systemic Risk Dashboard” benchmark guidelines will offer additional benchmarks relevant to the Bangladeshi financial context. Altman’s Z-Score and Almamy’s J-UK Model hypothesis will help gauge the company’s risk of bankruptcy. By applying these analytical methods, the study seeks to offer a comprehensive view of ACI Limited’s financial health and strategic positioning. The findings aim to support investors and management in making well-informed decisions and developing strategies that enhance the company’s monetary performance and attractiveness to prospective investors and business institutions.

## ***1.4 Research question / Problem statement***

### **Research question**

1. How has ACI Limited's financial performance evolved from FY2020 to FY2023 and what do historical trends indicate about their financial stability?
2. What are the projected financial performance and growth prospects for ACI Limited for FY2024 based on current data and forecasts?
3. How do ACI Limited's financial ratios compare to industry benchmarks and what do they reveal about the company's operational efficiency and financial health?
4. What do Bangladesh Bank's "Bangladesh Systemic Risk Dashboard" benchmark guidelines, CFA Institute's Financial Analysis Techniques guidelines, Altman's Z-Score, and Alamy's J-UK Model hypothesis reveal about ACI Limited's risk of financial distress and attractiveness to investors?
5. What managerial actions or strategic changes could enhance ACI Limited's financial performance and investor confidence based on the analysis of financial ratios and trend projections?

### **Problem Statement**

Despite ACI Limited's significant presence in the Bangladeshi market across various sectors, a comprehensive analysis of its financial performance and future prospects is necessary to guide stakeholders. The financial statement provides crucial perception into a company's stability and productivity; however, manipulation and misinterpretation of fiscal data can obscure true performance. This study seeks to address these issues by examining ACI Limited's financial health using historical data from FY2020 to FY2023 and projected data for FY2024. By employing ratio analysis, Bangladesh Bank's "Bangladesh Systemic Risk Dashboard" benchmark guidelines, and CFA Institute's Financial Analysis Techniques guidelines, the report aims to provide a detailed evaluation of ACI's financial position, identify potential risks, and offer strategic recommendations to enhance financial stability and investor appeal.

## Chapter Two: Methodology

### 2.1 Type of research (e.g., narrative, descriptive, explorative, etc.)

The research on “An Overview Of ACI Limited, Exploring The Company’s Financial Performance And Future Prospects Using Quinquennial Data” can be classified as both descriptive and explorative (exploratory). Both these approaches are supposed to deliver a comprehensive grasp of the company’s financial condition and future potential.

The descriptive research approach aims to systematically examine and report the financial performance of ACI Limited. By using actual data from FY2020 to FY2023, the study provides an inclusive account of the company’s financial health through the application of ratio analysis and financial indicators such as Bangladesh Bank’s “Bangladesh Systemic Risk Dashboard” benchmark guidelines, CFA Institute’s Financial Analysis Techniques guidelines, Altman’s Z-Score and Almany’s J-UK Model hypothesis. The descriptive aspect of the research focuses on presenting an accurate picture of ACI’s current financial situation, allowing stakeholders to understand the company’s operational efficiency, managerial effectiveness, and financial viability. This approach is expected to help identify and describe the key financial trends, ratios, and benchmarks that indicate ACI’s position within the industry and its capacity to meet obligations and maintain profitability.

The explorative research approach is employed in this study as it seeks to investigate potential future risks and opportunities for ACI Limited. By extending the analysis beyond the present, the study explores projections for FY2024 to assess the company’s future growth prospects and attractiveness to investors. The explorative nature of the research allows for the recognition of drifts and hypothetical concerns that may not be immediately apparent in the historical data. This aspect of the research is more flexible and open-ended, allowing for new insights and hypotheses about ACI’s future performance to emerge. It also facilitates the discovery of factors that may influence the company’s strategic directions and financial stability in the coming years.

This dual approach is anticipated to ensure an all-inclusive evaluation of the company’s financial form, offering constructive understanding for financiers, management, and other participants to make advised strategic decisions based on both current data and future projections.

## **2.2 Research design (e.g., qualitative, quantitative, mixed)**

The research primarily employs a quantitative approach, with elements of mixed methods. The core aim of such design is to provide a comprehensive framework for collecting, measuring, and analyzing both numerical and graphical data to address the research objective effectively.

The quantitative research approach forms the core of this study, as it focuses on analyzing numerical data, specifically ACI Limited's financial ratios over a quinquennial of FY2020-FY2024. Quantitative research is appropriate for this study since it enables systematic investigation of ACI Limited's financial health and provides objective measurements of their financial performance. The study relies on structured methodologies such as ratio analysis, historical data examination, and forecasting to assess trends, determine financial stability, and evaluate the company's prospects for attracting future investors. The quantitative design ensures that the study answers "what" and "how" questions regarding ACI's financial status while testing hypotheses about its future growth potential.

While the primary focus is on quantitative data from ACI Limited's annual reports, the research also incorporates qualitative elements as part of a mixed-method design. This allows the study to integrate non-numerical data such as relevant research papers, news articles, and expert opinions to provide a deeper understanding of the strategic decisions that influence ACI's financial performance. By combining both quantitative and qualitative methods, the research is supposed to gain additional context that helps to interpret the numerical findings more meaningfully. While the study mostly relies on financial metrics and projections, it also considers qualitative information to identify managerial actions, industry trends, and external factors that could impact ACI's future financial health.

By emphasizing quantitative data, including financial ratios, graphical projections, and performance indicators, the analysis delivers a thorough evaluation of the company's financial health. The incorporation of qualitative data further enriches the study by providing contextual insights into strategic decisions and external influences that could impact the company's future direction. This balanced approach not only enhances the depth of the financial analysis but also supports strategic planning contributing to a more nuanced understanding of ACI Limited's overall financial standing.

### ***2.3 Appropriate methods for sampling, data collection, and analysis (where applicable)***

The data collection for this study will predominantly utilize secondary data sources. These sources include ACI Limited's official financial statements, such as income statements, balance sheets, and cashflow statements, which will provide comprehensive data on the company's financial activities over the five years from FY2020 to FY2023 historical data. Additionally, financial projections for FY2024 will be incorporated to assess future performance. Bangladesh Bank's "Bangladesh Systemic Risk Dashboard" benchmark guidelines and CFA Institute's Financial Analysis Techniques guidelines, addressing the industry benchmark will be collected to enable future comparative analysis, situating ACI Limited's financial health relative to their peers in the pharmaceutical, and consumer goods and agribusiness sectors. Relevant research articles, industry reports, and news publications will also be gathered to provide qualitative data on external factors affecting the industry, offering deep insights into strategic decisions and industry dynamics.

In the data analysis segment, the study will employ several quantitative techniques aimed at providing a detailed evaluation of ACI Limited's financial performance. Ratio analysis will be utilized to calculate key financial ratios, such as profitability ratios, for instance; Return on Assets (ROA), Return on Equity (ROE), liquidity ratios, for instance; Current Ratio, Quick Ratio, and leverage ratios, for instance; Debt-to-Equity Ratio, and efficiency ratios, for instance; Asset Turnover Ratio. These ratios will offer a glimpse of the company's operational efficiency, financial health, and profitability. Trend analysis will track the evolution of these financial ratios and other key financial metrics over time, helping to identify patterns, growth trajectories, and any potential financial distress or strengths over the period under study. Altman's Z-Score and Altman's J-UK Model hypothesis will be applied to assess ACI Limited's risk of bankruptcy, providing a predictive measure of financial stability and helping to recognize any apprehensions that could indicate future financial distress.

In addition to quantitative analysis, the study will incorporate qualitative analysis to provide context and depth to the numerical findings. Qualitative data from industry reports, research publications, and news sources will be analyzed to better understand the external environment in which ACI Limited operates, including macroeconomic factors, regulatory changes, and industry trends that may impact the company's strategic direction. This analysis hoped to offer helpful insights into the company's viable position within the broader industry landscape and highlight key drivers of financial performance beyond numbers. The qualitative component will also explore how management decisions and external factors, such as market demand shifts and policy changes, could influence ACI Limited's financial trajectory in the coming years.

The mixed-methods approach ensures that the findings are not only grounded in rigorous numerical analysis but also informed by broader industry and strategic factors, providing interested party with a well-rounded understanding of the company's current and future position.

## Chapter Three: Findings and Discussion

### 3.1 Concept of ratio analysis, types and uses

Ratio analysis can be referred to as a powerful financial tool used to judge the overall financial soundness of a company by evaluating various metrics derived from the organization's financial statements. This method involves calculating different ratios, which provides insights into aspects such as liquidity, profitability, efficiency, coverage, market prospect, and solvency. These ratios help financiers, forecasters and management understand how well a company is performing both over time and in comparison, to its competitors within the same industry. Ratio analysis is integral to fundamental equity analysis, enabling stakeholders to make informed decisions regarding investment, operational changes, and financial strategy. (Bloomenthal, 2024)

#### Types of ratio analysis

- The liquidity ratio assesses a company's competence to meet its short-term commitments using its current assets. The ratios indicate the company's capacity to convert resources into cash quickly to meet commitments. A higher liquidity ratio indicates stronger financial flexibility, indicating the company can comfortably meet its short-term debts.
- The profitability ratio gauges how effectively a company generates profit from its operations relative to various inputs like sales, assets, and equity. The ratios are fundamental for assessing the success of a company's business model and operational efficiency. Higher profitability ratios suggest that the company is efficiently converting its resources into profit.
- The efficiency ratio estimates how well a company employs its resources and liabilities to make revenue. The ratios reflect the company's capability to manage its resources effectively. A higher efficiency ratio denotes better asset application, heading to higher revenue and viability.
- The coverage ratio weighs a company's ability to serve its debts and interest obligations. They specify insights into the company's financial stability and risk level associated with borrowing. A greater coverage ratio indicates that the firm has ample earnings to insurance its debt payments, reducing the risk of default.
- The market prospect ratio is used by investors to appraise a company's future potential, stock value, and earnings growth. These ratios help predict future performance and investment return. A higher market prospect ratio typically indicates positive investor expectations and strong growth potential.
- The solvency ratio measures a company's durable financial solidity by evaluating its competence to cover long-term debts and compulsions. The ratios examine the relation between a company's debt and equity, offering insights into how well the company is leveraging its assets and equity to sustain its operations. A high solvency ratio typically indicates a company's stronger financial standing and lower threat of failure to pay. (Bloomenthal, 2024)

### Uses of ratio analysis

Ratio analysis enables companies to regularly monitor key financial indicators, helping them understand trends, improvements or declines in performance over a period of time, usually this duration is calculated as 365 days. It allows both companies and investors to predict future performance, growth potential or risks, supporting the setting of realistic goals and expectations.

Ratio analysis also facilitates benchmarking against industry standards or competitors, helping identify competitive strength or areas for improvement. Organization can use ratio exploration in order to evaluate the effectiveness of strategic decisions by assessing their impacts on liquidity, profitability, efficiency, coverage, market prospect or solvency. Additionally, companies set internal targets for ratios to meet financial goals, while external parties, such as lenders, use ratio benchmarks to ensure financial stability, often linking them to loan agreement. (Bloomenthal, 2024)

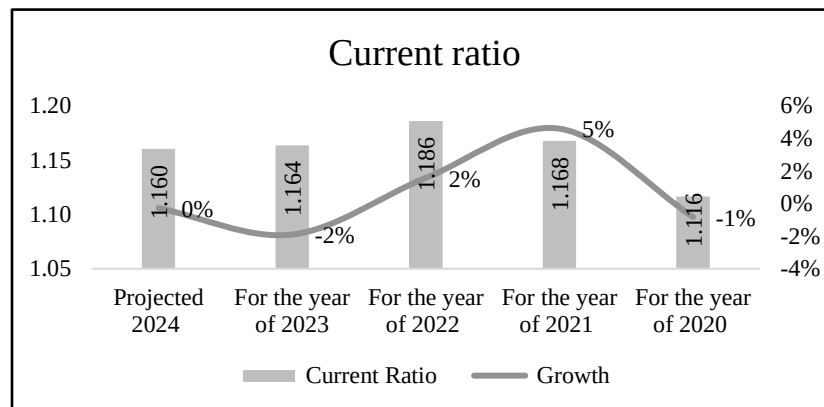
### ***3.2 Financial performance analysis using quinquennial data (2020-2024)***

This portion seeks to present a comprehensive evaluation of ACI Limited's financial performance using quinquennial data. The analysis utilizes financial ratios and their graphical representation based on the guidelines provided by the CFA Institute's Financial Analysis Techniques and the Bangladesh Bank's "Bangladesh Systemic Risk Dashboard" benchmark, ensuring a thorough assessment from both international and native perspectives. To ensure a robust and predictive data set, historical financial data from FY2020 to FY2023 were analyzed and projections for FY2024 were included. The FY2024 data was concluded using the weighted average method, incorporating an industry-expected year-on-year growth rate of 5 %. This predictive approach ensures that the analysis remains forward-looking while maintaining a foundation in the company's historical performance.

The analysis covers a diverse range of financial ratios, including those related to liquidity, profitability, efficiency, coverage, market prospect, or solvency. These ratios provide a holistic view of ACI Limited's operating health, highlighting trends over time and elucidating the company's financial strength and vulnerabilities. Additionally, the integration of Bangladesh Bank's "Bangladesh Systemic Risk Dashboard" benchmark guidelines, CFA Institute's Financial Analysis Techniques guidelines offer insights into the company's risk profile and Altman's Z-Score and Alamy's J-UK Model hypothesis assessing the likelihood of bankruptcy or financial distress, the combined efforts are expected to present a more profound future prospect. With the blending of historical data with industry projections, this analysis aims to deliver a subtlety understanding of ACI Limited's financial trajectory. It equips readers with the analytical tools necessary to interpret the company's financial stability and forecast its future performance, thereby presenting a balanced view of both past trends and potential future development in the company's financial health and prospects.

### 3.2.1 Current ratio

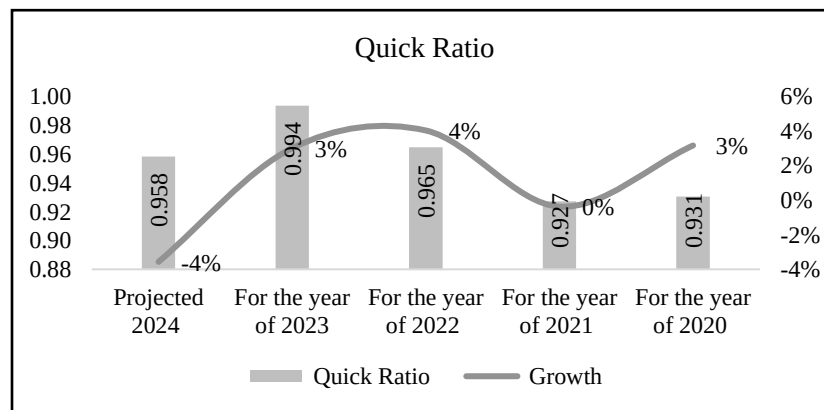
The current ratio, a key fluidity ratio assesses a company's aptitude to meet their short-range liabilities using their short-term assets. A current ratio below 1 may signify potential difficulties in meeting makeshift obligations, signaling possible financial distress. Contrariwise, a ratio significantly above 2 may suggest inefficiencies in asset utilizations, such as excessive cash or inventory holdings, which could be better invested in growth opportunities. Typically, an ideal range for this ratio lies between 1.0 and 2.0 approximately.



Observation: The organization's current ratio has consistently remained within a stable range of 1.116 to 1.186 from FY2020 to FY2024, demonstrating steady fluidness and ability to cover its interim liabilities. The ratio shows a slight fluctuation over time, with a peak growth of 5% in FY2021, a 2% growth in FY2022, but a 2% decline in FY2023. The projected ratio for 2024 remains stable at 1.160, indicating no growth but sustained liquidity. Overall, the company maintains a healthy current ratio, signaling financial stability.

### 3.2.2 Quick ratio

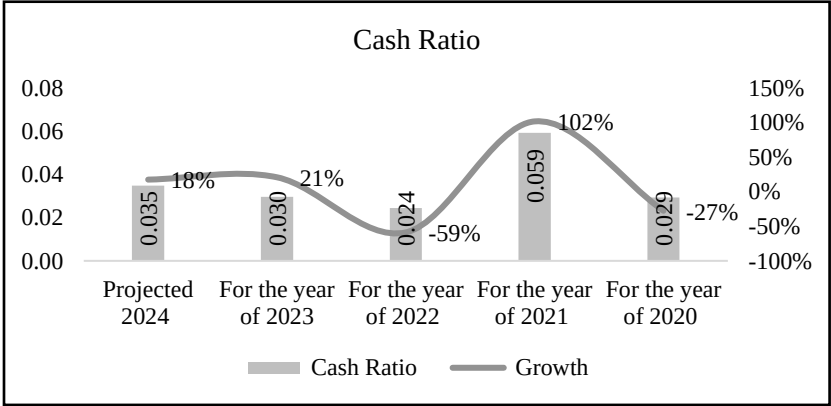
The quick ratio, a stringent determine of liquidity, evaluates a company's efficiency to meet its short-term commitments using its most fluid assets, excluding inventory. This ratio is considered more moderate than the current ratio as it focuses solely on assets that can be swiftly transformed into cash. A quick ratio higher than 1 show that the company is capable of meeting its short-term liabilities without depending on inventory sales. Inversely, a quotient below 1 may propose potential difficulties in covering short-term obligations, indicating possible liquidity concerns.



Observation: The company’s quick ratio has consistently remained below 1.0 from FY2020 to FY2024, indicating potential liquidity concerns, as liquescent assets alone may not be sufficient to cover short-term liabilities without involving inventory. Despite gradual uplifting in liquidity over the years, with the ratio reaching 0.994 in FY2023, the projected decline to 0.958 in FY2024 suggests weakening liquidity. Overall, the company faces challenges in achieving a quick ratio of 1.0 or higher, highlighting a need for management to focus on strengthening liquid assets to better cover liabilities independently of inventory.

3.2.3 Cash ratio

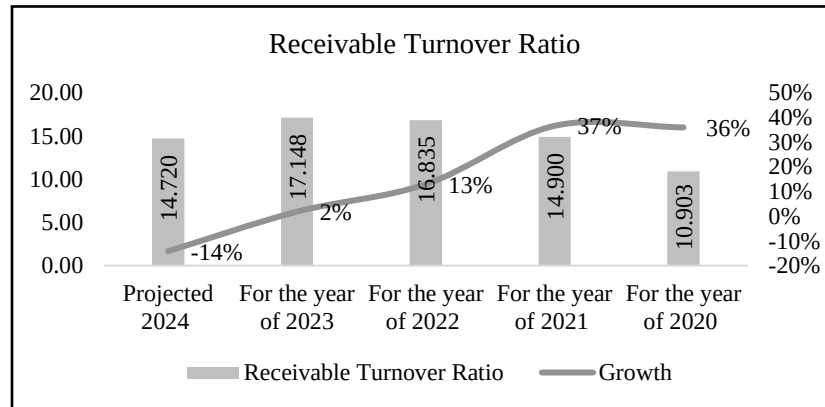
The cash ratio is the most conventional measure of liquidity, assessing a company’s capacity to meet their short-term accountabilities solely with their most liquid possessions; cash and cash counterparts. This ratio focuses exclusively on the cash availability for immediate debt payment. A cash ratio below 0.5 indicates potential insufficiency in cash reserve to cover immediate liabilities, suggesting reliance on other assets to meet short-term requirements. Upside down, a cash ratio of approximately 1 signifies that the company possesses adequate cash to fully cover its current liabilities, reflecting a robust liquidity.



Observation: The company’s cash ratio remains very low across FY2020 to FY2024, indicating insufficient cash revenues to mask short-term liabilities without relying on other assets. While projected growth showed 0.035 in FY2024 and improvement in FY2023 showed slight strengthening, the cash ratio remains far below the ideal 0.5. This reflects ongoing liquidity concerns, with the company relying on less liquid assets or inventory to meet their obligations. Despite some positive trends, the overall cash ratio highlights a vulnerability to financial stress due to limited immediate cash availability.

3.2.4 Receivables turnover ratio

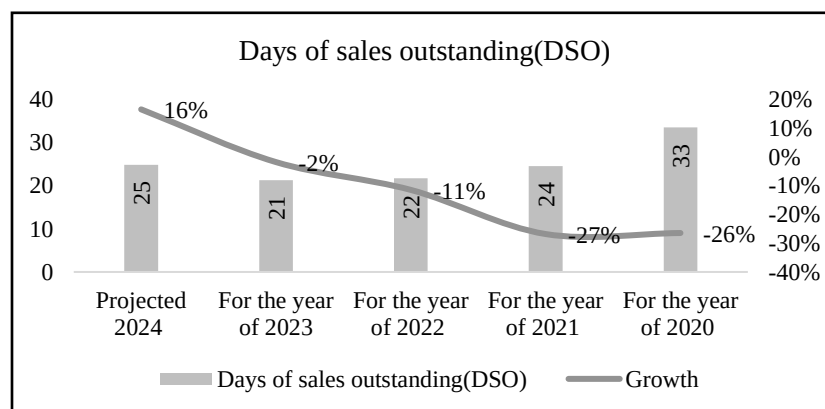
The receivables turnover ratio is an efficiency ratio evaluating how resourcefully a company manages and collects its outstandings. This ratio indicates the figure of times on average, a company accumulates their outstanding receivables within a particular period, typically a year. A ratio above 10 reflects an efficient credit collection and a shorter collection period, suggesting that the company converts receivables into cash rapidly. Conversely, a ratio below 5 may indicate difficulties in collecting receivables or the offering of overly generous credit terms, potentially leading to cash flow challenges.



Observation: The company has shown a strong receivable turnover efficiency, with the ratio increasing steadily from 10.90 in FY2020 to a peak of 17.15 in FY2023. This reflects improvement in collecting receivables quickly over the years. However, the projected 14% decline in FY2024, brings the ratio down to 14.72, suggesting a potential slowdown in collection efficiency, though the company still maintains a strong credit management with a ratio above 10, indicating overall stability in receivable handling.

### 3.2.5 Days of sales outstanding (DSO)

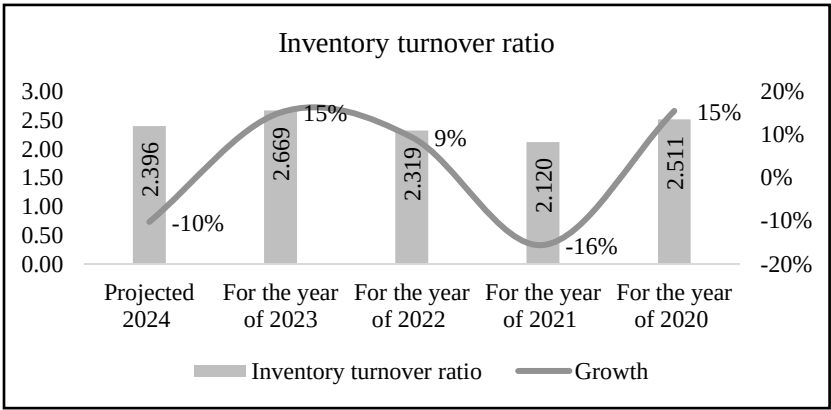
Days sales outstanding is an efficiency ratio that instruments the mediocre number of days required for a company to accumulate payment following a sale. It provides an insight into the success of the company's accounts receivable supervision. A DSO of 30 days or fewer is considered efficient and prompt collection of receivables, supporting strong cash flow. In contrast, a DSO exceeding 45 days may indicate inefficiency in the collection process, potential cash flow issues, or excessively lenient credit terms offered to customers.



Observation: The company steadily improved its DSO from 33 days in FY2020 to 21 days in FY2023, reflecting more efficient receivables collections and stronger cash flow management. Nevertheless, the projected increase to 25 days in FY2024, a 16% growth suggests that the company may take longer to collect payments, which could lead to a potential cash flow slackening if not addressed. Despite this hiccup, the DSO remains within an efficient range, but management should monitor the upward trend closely to avoid future inefficiency.

### 3.2.6 Inventory turnover ratio

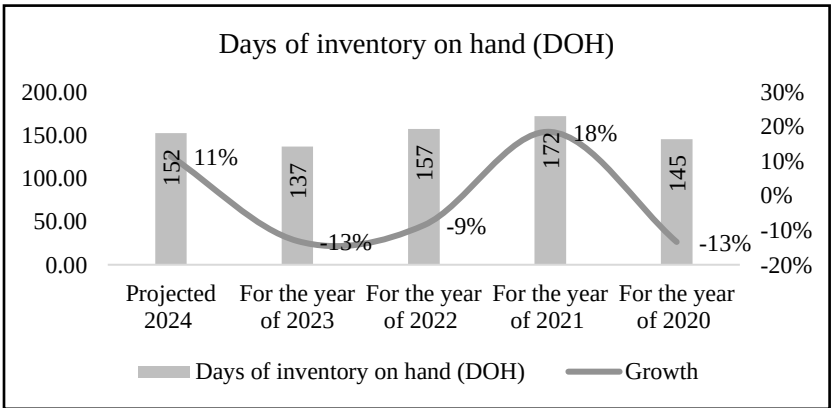
The inventory turnover ratio extends the number of times a company offers and replenishes its inventory over a specific period, commonly a year. This ratio reflects the efficiency with which a company directs its inventory. A ratio exceeding 1.7/2 indicates effective inventory management, suggesting that the company is selling goods rapidly relative to their inventory level, potentially due to strong demand or effective operations. Simultaneously, a ratio below 1 may represent an excess inventory holding, which can constrain capital and may indicate weak sales or suboptimal inventory management practices.



Observation: The company has generally managed its inventory efficiently, with the turnover ratio consistently above the benchmark. The ratio improved from 2.51 in FY2020 to 2.67 in FY2023, indicating efficient inventory management and resilient sales performance. However, the projected decline to 2.39 in FY2024, a 10% decrease, suggests a potential slowdown in inventory turnover, which could reveal a weaker demand or inefficiency. While the company has shown solid inventory management in recent years, the anticipated decrease calls for to prevent potential issues with excess inventory and maintain operational efficiency.

### 3.2.7 Days of inventory on hand (DOH)

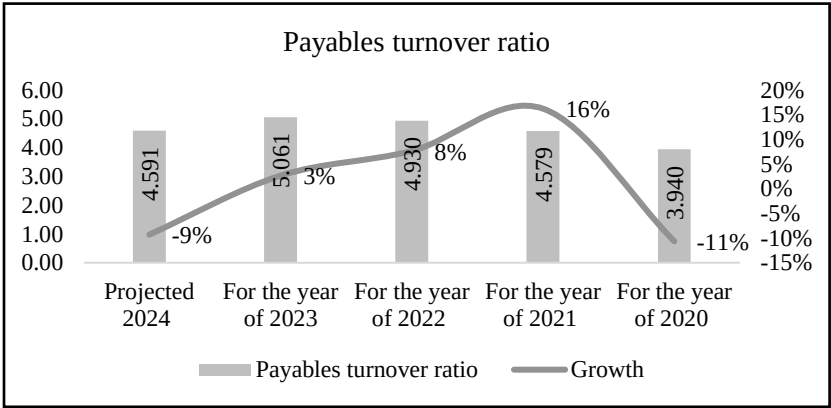
Days of inventory on hand ensues an efficiency ratio that measures the usual number of days a company holds its stocks before it is sold. The ratio offers an understanding into the adeptness of inventory turnover. A DOH value closer to 30 days indicates that the company is selling its inventory relatively swiftly, which is advantageous for maintaining liquidity and reducing storage costs. Contrariwise, a DOH approaching 90 days or more may suggest that inventory remains in storage for an extended period, potentially reflecting weak sales or overstocking, which could lead to higher holding costs and adversely affect cash flow.



Observation: The DOH ratio shows increasing inventory holding periods, with a projected 152 days in FY2024. This suggests issues like poor sales, overstocking, and higher holding costs, which can negatively impact cash flow. Fluctuating growth reflects inconsistent inventory management and the company might take into consideration improving inventory turnover, reducing DOH values, and refining sales and demand forecasting to manage inventory levels more effectively.

3.2.8 Payables turnover ratio

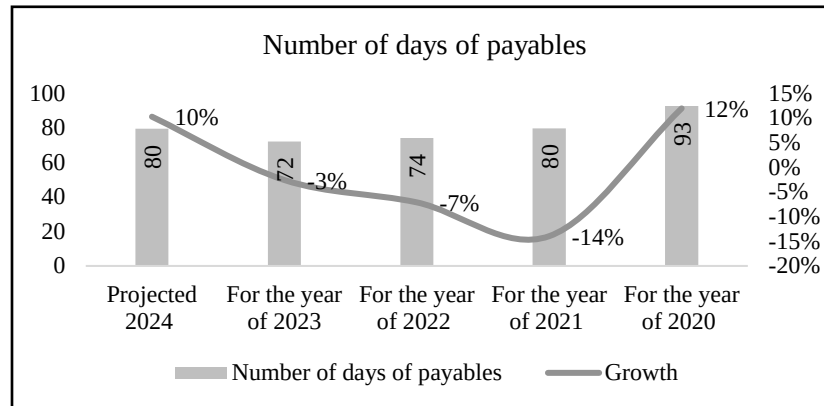
The payables turnover ratio is a competency evaluation, measuring how promptly a company settles its obligations to suppliers or vendors over a specific period. This ratio reflects the company’s ability to manage short-term liabilities and their effectiveness in cash management. A payables turnover ratio exceeding 10 suggests that the company is paying its suppliers relatively quickly, which may indicate strong liquidity, although it could also imply that the business is not fully utilizing available credit terms. On the other hand, a payable turnover proportion below 5 points to slower payment practices, which may indicate efforts to conserve cash or potential liquidity issues and could also suggest strained relations with suppliers due to delayed payments.



Observation: The payable turnover ratio has been fluctuating over the past years, with a projected decline of 4.6 in FY2024, indicating slower payment possibilities, which could suggest liquidity issues or cash conservation efforts. From FY2021 to FY2023, ratios improved reflecting better efficiency and cash management. The decrease in FY2020 points to earlier payment delays due to financial pressures. Maintaining a balance in managing payables is crucial to avoid strained supplier relationships and ensure efficient cash flow management.

3.2.9 Number of days of payables

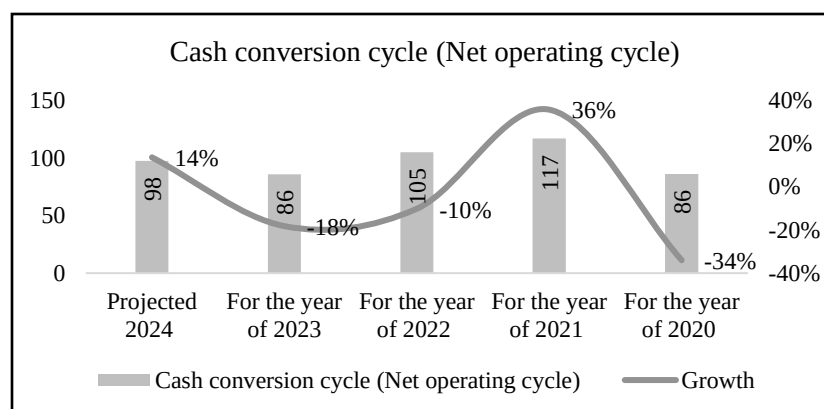
The number of days payable ratio measures the mean number of days a company proceeds to pay it providers. This ratio indicates how long the company retains cash before settling their accounts payable, offering insights into their cash flow manage. A DPO closer to 90 days suggest effective utilization of supplier credit, allowing the company to retain cash for longer period, which can enhance liquidity; although excessively high DPO value may stain supplier kin. Conversely, a DPO nearer to 30 days indicate prompt payment to suppliers, reflecting strong financial health and favorable supplier relations, though it may restrict the company’s aptitude to use cash for other investments.



Observation: The days payable outstanding ratio has improved from FY2020 to FY2023, showing more prompt payments and better cash flow management. The projected increase to 80 days in FY2024 indicates that the company plans to extend its payment period, which could enhance liquidity but might strain supplier relationships if it becomes excessive. Balancing DPO is essential to maintaining good supplier relations while optimizing cash flow.

### 3.2.10 Cash conversion cycle (net operating cycle)

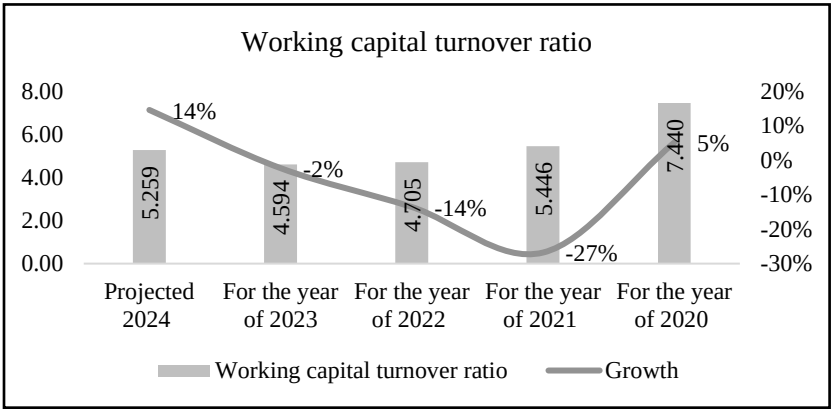
The cash conversion cycle is an efficiency ratio that measures the period required for a company to transform its investments in supply and other capitals into cash flow from trades. It reflects the duration between the outlay of cash for purchasing inventory and the subsequent receipt of funds from customers. Usually, a shorter CCC is preferred as it reflects effective management of working capital, indicating that the company efficiently transforms its inventory investments into cash. However, an excessively short CCC may suggest insufficient inventory to meet customer demand. Typically, a range of 30-to-120-day time frame is ideal for the cash conversion cycle in the retail and manufacturing industry, considering the import and export of finished goods.



Observation: The net operating cycle improved from FY2020 to FY2023, with a notable reduction in the interval it took to convert stocks into cash, indicating better cash stream and operational efficiency. Nevertheless, the projected increase to 98 days in FY2024, reflecting a 14% rise, suggests a potential slowdown in efficiency, as the company may take longer to turn resources into cash. While still within the industry norms, management should closely monitor this trend to prevent liquidity challenges and maintain effective working capital management.

### 3.2.11 Working capital turnover ratio

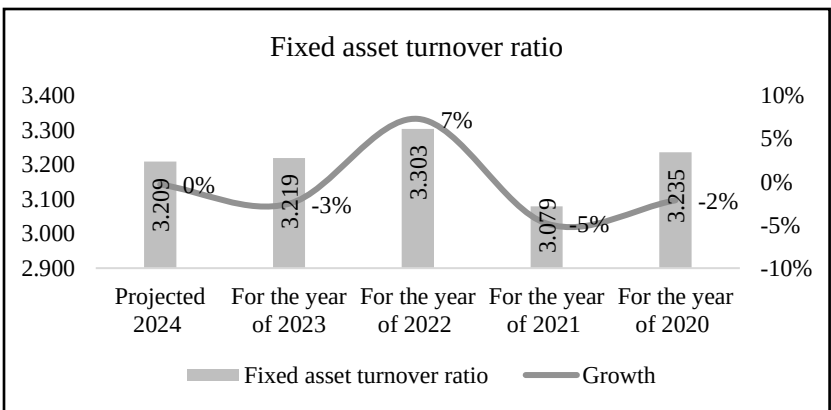
The working capital turnover ratio assesses how diligently a company employs its working capital to make trades, measuring the quantity of sales produced per dollar of working capital devoted. The ratio offers insight into the enterprise’s efficiency and its skills to leverage available capital for day-to-day operations. A ratio of 2 or higher reflects the effective utilization of working capital to drive sales, although a disproportionately high ratio may result in insufficient working capital to support future growth. Inversely, a ratio of 1.2 or lower may present a suboptimal use of working capital, projecting inefficiencies in generating sales.



Observation: The company’s working capital turnover ratio had consistently remained above 2, indicating strong efficiency in generating sales relative to working capital. Despite a decline in FY2020 to FY2022, where the ratio dropped from 7.4 to 4.7, efficiency improved slightly in FY2023 and is projected to increase by 14% in FY2024, reaching 5.2. this suggests the company is becoming more effective at utilizing its working capital, but it should ensure the working capital level remains adequate to support future growth.

### 3.2.12 Fixed asset turnover ratio

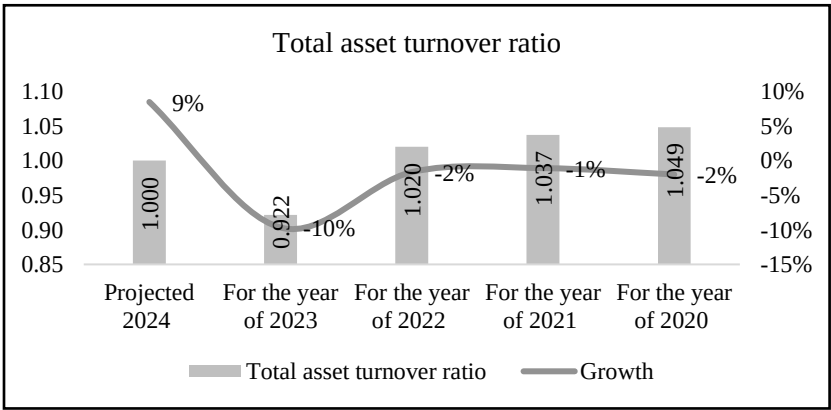
The fixed asset turnover ratio evaluates a business’s adeptness in developing its fixed possessions, such as property, factory, and equipment to produce sales. It measures how successfully a company leverages its financing in fixed assets to produce revenue and it is particularly critical for capital-intensive industries like manufacturing, where significant investment in fixed assets is necessary for operation. A ratio of 5 and higher is considered efficient in revenue generation relative to fixed assets, while a too high ratio may sign underinvestment in fixed assets, potentially affecting long-term growth. Conversely, a ratio below 2 may indicate ineffective utilization of fixed assets, possibly due to underperformance, idle assets or overinvestment relative to revenue generation.



Observation: The company’s fixed asset turnover ratio has remained relatively stable, considering above 3, which indicates rational adeptness in developing fixed assets to generate income. After a 7% increase in FY2022, showing improved asset utilization, there was a slight decline in FY2023 and stability is projected for FY2024 at 3.21. while this reflects consistent performance, there is potential for improvement as an ideal ratio of 5 or higher would indicate stronger efficiency in generating sales from fixed assets investments. Persistent efforts to optimize asset usage could enhance revenue growth.

**3.2.13 Total asset turnover ratio**

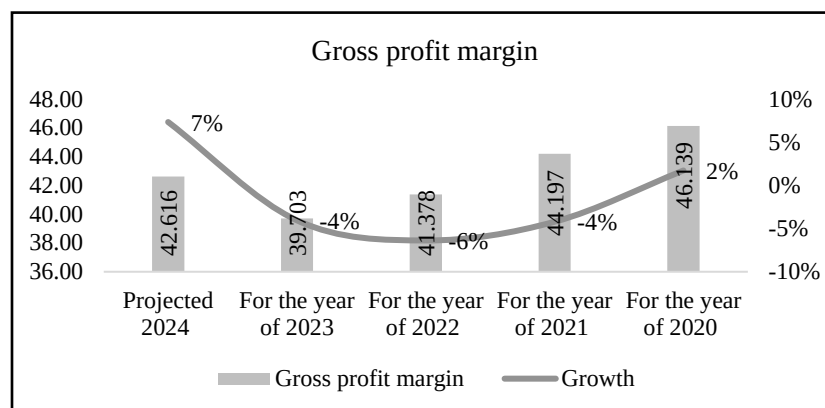
The total asset turnover ratio assesses the competence of a company’s utilization of its total assets to create sales, reflecting its ability to convert asset investment into revenue and indicating overall operational efficiency. A ratio exceeding 2 suggests enhanced efficiency in generating revenue from assets, simultaneously a ratio below 0.5 may imply that the company is underutilizing its assets, which could demonstrate underperformance, excess capacity, or suboptimal asset management.



Observation: The total asset turnover ratio has shown persistent efficiency in generating sales from assets, with a projected improvement to 1.0 in FY2024, reflecting an 8% rise. This suggests better asset utilization compared to recent years. However, there was a slight decline from FY2020 to FY2023, indicating reduced efficiency in converting assets into revenue. While the company upholds a ratio exceeding the industry benchmark, which implies a moderate performance, there is potential for future optimization to achieve higher efficiency and revenue growth.

**3.2.14 Gross profit margin**

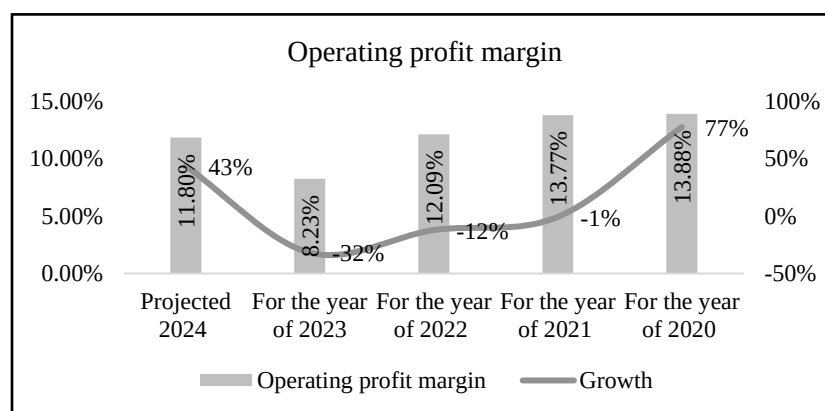
The gross profit margin ratio determines the share of revenue that remains after deducting the cost of goods sold, reflecting how proficiently a concern produces its goods or services in relation to its revenue. This ratio indicates the company’s ability to manage production costs while generating sales. Generally, a ratio above 50% is considered promising and is often observed in industries with significant pricing power, lower production costs, or high-value products. Contrary, a ratio below 20% suggests high production costs relevant to its revenue or functions in a highly aggressive market with slim margins.



Observation: The gross profit margin had decreased from 46.14% in FY2020 to 39.70%, in FY2023 indicating some challenges in managing production costs. The projected increase to 42.62% in FY2024 suggests an expected improvement in cost management. Overall, while below the ideal threshold of 50%, the company's margin reflects effective cost control and profitability.

### 3.2.15 Operating profit margin

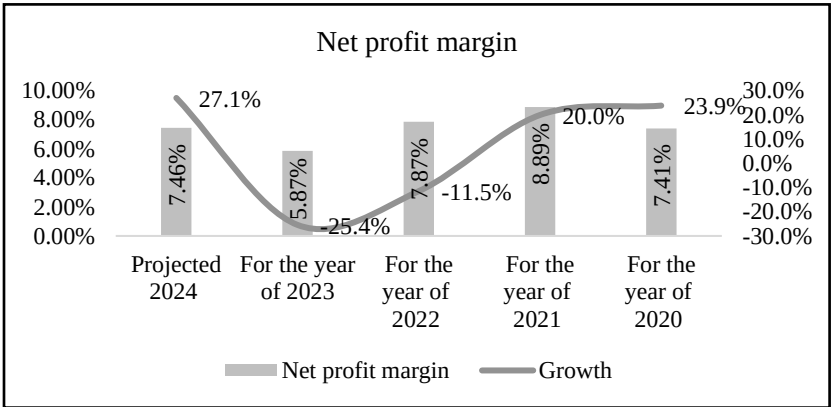
The operating profit margin ratio quantifies the fraction of revenue that residues as operating gains after covering operating overheads, but before accounting for interest and taxes, thereby reflecting the efficacy with which a company manages its core business operations and generates profit from its sales. A 20% or higher operating profit margin ratio indicates that a greater proportion of revenue is retained as operating profit, suggesting strong operational efficiency and effective cost management. Nevertheless, a 10% or lower ratio implies that a smaller percentage of revenue is retained as profit, potentially highlighting higher operating costs or reduced efficiency.



Observation: The operating profit margin fraction has shown a significant fluctuation over the years. It declined from 13.88% in FY2020 to 8.3% in FY2023, indicating challenges in managing operating costs and efficiency. However, the projected 43% growth to 11.80% in FY2024 suggests a recovery in operational efficiency and profitability. Despite the challenges over the years, the company is expected to return to a healthier margin, considering the ratio figures are within the range.

3.2.16 Net profit margin

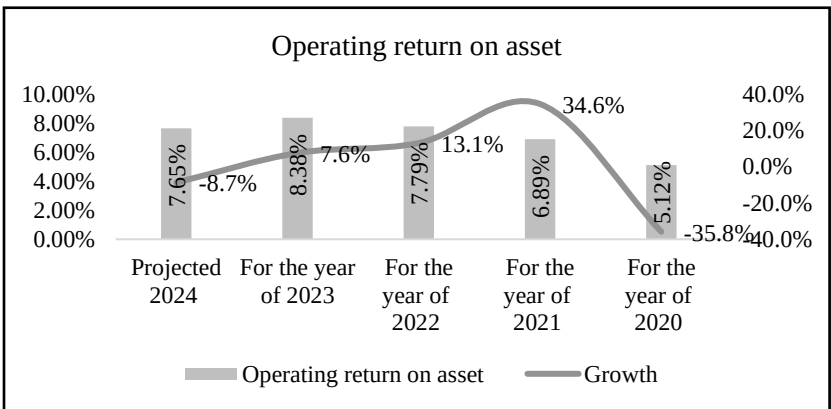
The net profit margin ratio assesses the share of revenue that stays as profit after all expenditures, including operating costs, financial charges, taxes, and other expenditures, have been deducted. This ratio provides insight into how commendably a company converts its gains into actual returns, offering a comprehensive perspective on overall profitability. A ratio of 20% or higher is often observed as efficient in managing expenses and holds significant pricing power that leads to a wholesome level of productivity. On the other end, a ratio of 5% or lower hints that the company is fronting defies in handling expenditures or operating in a low-margin industry.



Observation: The company’s net profit margin fluctuated between 7.41% and 8.89% from FY2020 to FY2022, reflecting strong profitability. However, in FY2023, the margin dropped to 5.87%, indicating challenges in managing costs and reduced profitability. The projected recovery to 7.46% in FY2024 suggests improved expense management and a positive outlook for profitability.

3.2.17 Operating return on assets

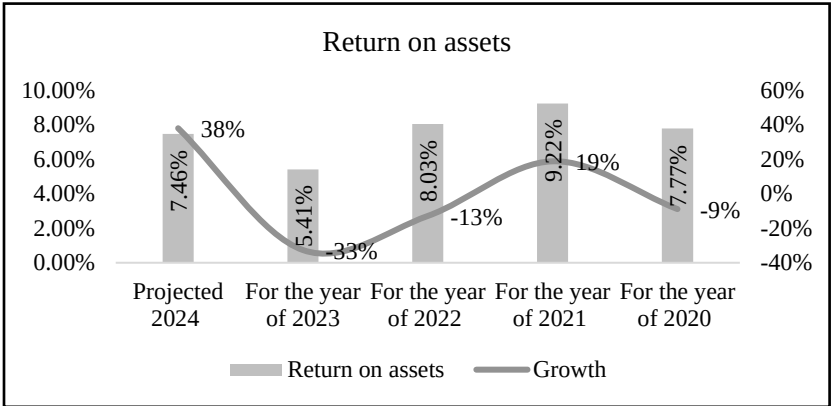
The operating return on assets ratio measures how successfully a company employs its assets to make operating income before the deduction of taxes and interest. This ratio reflects the efficiency with which management is leveraging company assets to produce earnings from core operations. An OROA ratio of 15% or above indicates exceptional efficiency in asset utilization, often observed as highly profitable. The contrarywise ratio of 5% or below may demonstrate inefficiency in asset usage, possibly due to underperforming assets, overinvestment, or issues with cost management, which is more likely possible in a capital-intensive industry.



Observation: the company has shown operative asset utilization, with the OROA ratio consistently within the favorable range of 5% to 15%. The projected decrease to 7.65% in FY2024, falling 8.71% from FY2023 suggests a potential challenge in maintaining asset efficiency. However, the historical trend from 5.12% in FY2020 to 8.38% in FY2023 indicates a significant improvement in developing assets to produce operating income. Despite recent fluctuations, the company has demonstrated strong asset management and operational performance.

**3.2.18 Return on assets**

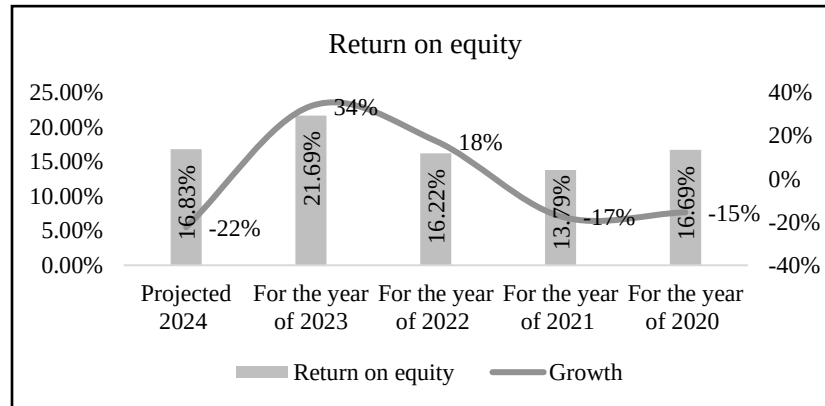
The return on assets ratio determines how well a company uses its assets to make net income, reflecting the profitability of its asset utilization and management’s efficiency in leveraging company resources. A ROA ratio of 10% or above is considered highly efficient in utilizing their assets and generating substantial profit. Similarly, a ratio of 5% or below reflects inefficiencies in asset use.



Observation: The company is projected to see a significant improvement in its ROA ratio of 7% in FY2024, a 38% growth from FY2023, indicating improved efficiency in generating net income from assets. This is with the standard range of 5% to 10%. However, the ratio experienced a notable 33% decline in FY2023 to 5%, reflecting trouble in asset utilization and profit generation. Despite this, the historical trend indicates that the company had a strong performance in FY2021 with a 19% increase in their ratio to 9% from FY2020 and an 8% ROA in FY2020. The company has shown wavering performance, but the projected increase suggests a positive shift towards improved asset management and future profitability.

**3.2.19 Return on equity**

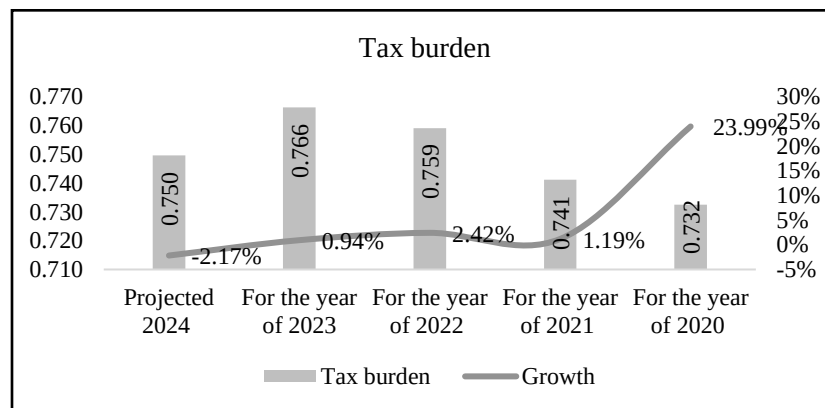
The return on equity ratio calculates a company’s aptitude to generate turnover from their shareholder’s equity, revealing the success of administration in employing the equity base to produce earnings. The ratio is imperative for investors as it indicates the company’s productivity relative to the equity devoted by shareholders. A ROE ratio of 20% or higher suggests the business has the ability to efficiently generate profit from equity, often seen in industries as a strong competitor or pricing power leader. Nevertheless, a ratio of 10% or below may direct that the company is strained to efficiently alter their shareholder’s equity into profit, which raises concerns for the investors and future prospective of the company.



Observation: The company’s ROE ratio is projected to be 17% in FY2024, a 22% decrease from FY2023, but still above the industry benchmark of 10% to 20%. This suggests a decline in profitability or a possible increase in equity, yet the ratio remains solid. In FY2023, the ROE was 22%, reflecting a 34% growth from FY2022, indicating strong profitability and effective use of equity. Despite all the fluctuations in recent years, the company has maintained a strong ROE, demonstrating effective equity utilization and promising returns to shareholders.

### 3.2.20 Tax burden

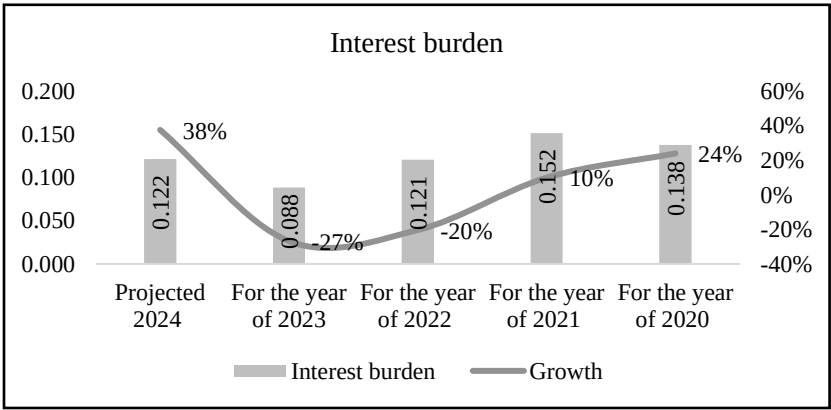
The tax burden ratio trials the share of a company’s pre-tax earnings that remains after accounting for tax, reflecting how much of the company’s earnings are retained after-tax expenses. This ratio is influenced by a ratio of 0.9 or above suggesting minimal tax liability, often the result of tax credit or favorable tax structure. Conversely, a tax burden ratio of 0.7 or below indicates a higher tax exposure relative to pre-tax earnings, which could adversely affect overall profitability.



Observation: The tax burden ratio of the company demonstrates a generally positive trend. The projected ratio for FY2024 is 0.750, a 2.17% decrease from FY2023, indicating a slight decline in the proportion of pre-tax earnings retained after tax. In FY2023, the ratio was 0.766, a 0.94% increase from FY2022, which suggests better tax management. Overall, the company has demonstrated an effective tax management standard for the subsequent years, with a favorable ratio reflecting strong earning retention post-tax, although to improve the tax ratio, further attention is needed to maintain a positive trend in the future.

3.2.21 Interest burden

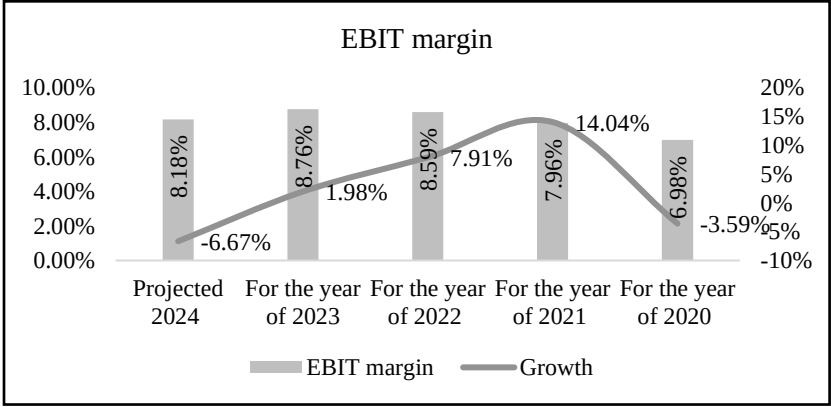
The interest burden ratio judges the proportion of a firm’s earnings before interest and taxes (EBIT) that remains after accounting for interest expenses, providing insight into how interest obligations impact the concern’s ability to transform operating profit into net income. A ratio of 1.0 or above would be atypical, as it implies that the company has managed to avoid interest payments, possibly through extraordinary gains or unconventional financing structures. Alternatively, a ratio of 0.85 or below proposes a higher interest expense relative to operating income, potentially hinting at a heavy debt burden that may strain the company’s financial stability.



Observation: The company’s interest burden ratio has consistently been low, indicating a noteworthy share of their EBIT is paid for interest overheads. The projected ratio for FY2024 is 0.122, a 38% increase from the previous year, but still reflects that only 12.2% EBIT remains after interest payments. Throughout the years, a similar trend shows that interest expenses consume a large share of operating income. Overall, the low ratios suggest the company faces considerable pressure from interest-bearing expenses, which could strain profitability and financial stability. Addressing this issue by reducing debt or increasing EBIT will be critical for improving the company’s financial health and future prospect.

3.2.22 EBIT margin

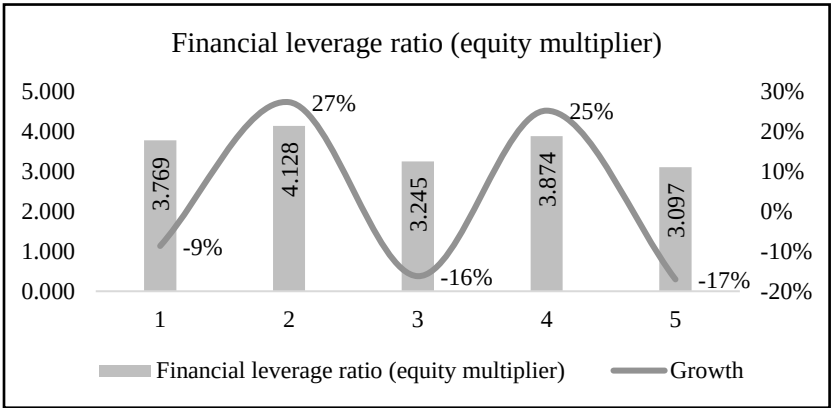
The EBIT margin ratio serves as a measure of a company’s effectiveness by expressing earnings before interest and taxes as a percentage of proceeds, providing an indication of how resourcefully the company produces profit from its core businesses before accounting for interest and taxes. This ratio crucially assesses a company’s operational performance and financial health. An EBIT of 20% or above may exhibit superior operational efficiency, as it demonstrates effective cost control and the ability to generate a substantial portion of revenue as operating income. However, a ratio of 10% or below may suggest elevated costs relative to revenue or inefficiency in operations.



Observation: The company’s EBIT margin has remained below the standard healthy range of 10% to 20%, indicating tight profitability and potential operational difficulties. The projected margin for FY2024 is 8.18% which is 6.67% lower than the previous year, which indicates potential rising cost or revenue challenges. Despite improvements in the previous years, with growths of 8.76% in FY2023 and 8.59% in FY2022 respectively, the margin has not reached an optimal level, reflecting ongoing pressure from operational costs. The company management needs to take further steps to enhance profitability and boost operational efficiency.

**3.2.23 Financial leverage ratio (equity multiplier)**

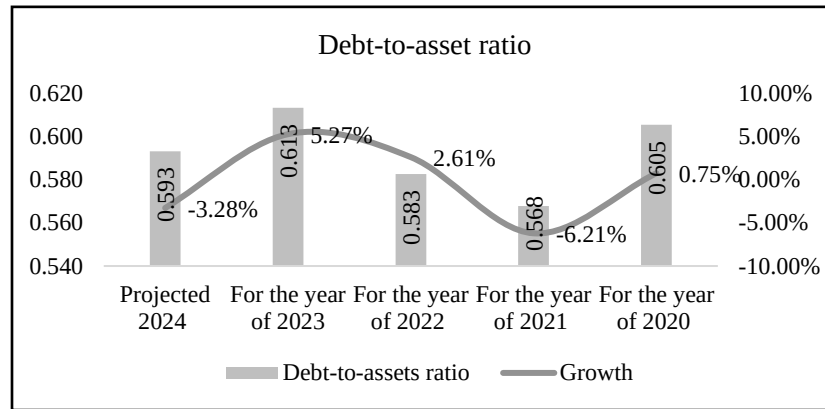
The financial leverage ratio computes the range to which a company utilizes borrowed funds or debt, to finance its assets. This ratio highlights the company’s resilience on liability in comparison to equity when funding its operations and asset purchases. A financial leverage ratio of 3.0 or above signifies that the company is severely dependent on debt to finance its assets, which potentially raises financial risk. Likewise, a ratio of 1.5 or below suggests a limited dependance on debt, which is generally viewed as a more conservative approach. Companies with lower leverage ratios are less prone to risk, although this may limit their potential growth opportunities by not leveraging external financing.



Observation: The company’s financial leverage ratio has persistently remained above 3.0, indicating a strong reliance on debt to finance its assets. While the projected decrease for FY2024 brings the ratio to 3.769, it still alarms elevated financial risks. The significant increase in FY2023 to 4.128 highlights a period of heightened debt usage, raising apprehensions about the company’s capability to survive its obligations, particularly in challenging economic conditions. While debt can support future growth, the company’s high leverage suggests a need for debt reduction or increased equity to ensure financial stability and mitigate potential risks.

**3.2.24 Debt-to-assets ratio**

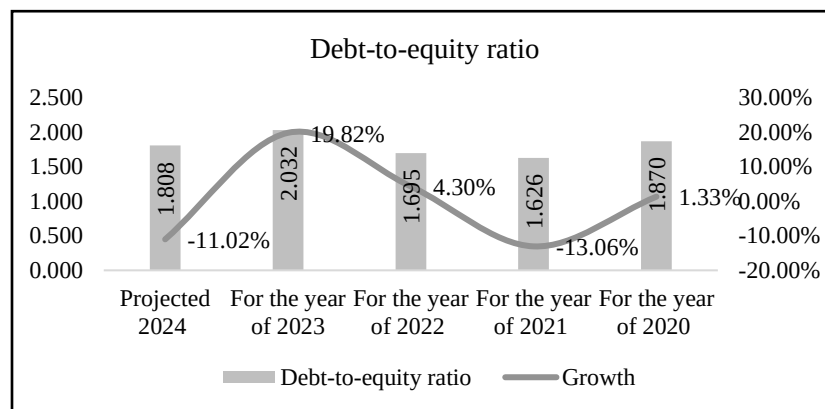
The debt-to-asset ratio evaluates the fraction of a business’s assets that are covered by debt, offering intuition into the company’s capital structure. It reveals the level of financial control by showing how widely a company’s asset base is supported by borrowing funds rather than shareholder's equity. A ratio of 0.6 or above suggests a higher reliance on debt to finance operations, which could heighten financial risk, particularly if the company encounters difficulties in meeting its debt obligations in times of economic distress. Inversely, a ratio of 0.3 or below indicates a more conservative use of debt, implying lower financial risk, though it may also insinuate that the company is not fully capitalizing its borrowing capacity to support development and expansion.



Observation: The company's debt-to-asset ratio has been fluctuating but generally remains within the acceptable range of 0.3 to 0.6. the projected ratio for FY2024 is 0.593, indicating a slight decrease from FY2023 and suggesting improved debt management. This ratio reflects that approximately 59.3% of assets are financed through debt, which is balanced but still on the higher side of the range. In previous years there was an increase in this ratio, pointing to a growing reliance on debt, but the recent decrease leads to a positive step towards reducing financial leverage. Maintaining this balanced approach will be crucial for managing financial risk while supporting growth.

### 3.2.25 Debt-to-equity ratio

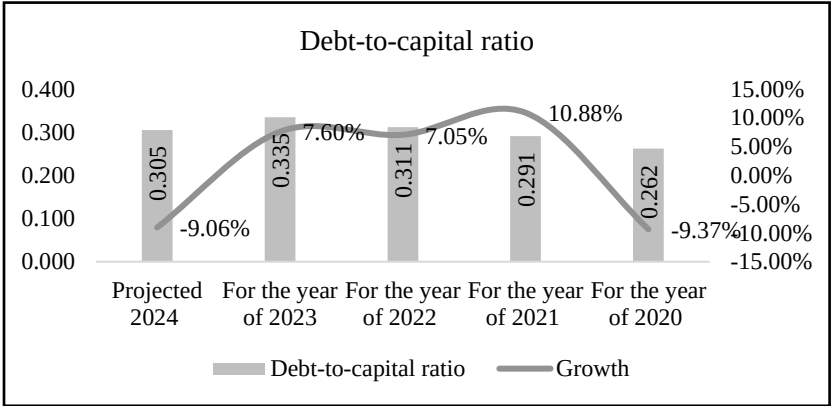
The debt-to-equity ratio measures a company's financial influence by associating its total debt to shareholder's equity, indicating the extent to which a company is using debt as opposed to equity to finance its assets. This ratio serves as a key indicator of financial risk, as higher leverage can expose the company to increased vulnerability during unrested economic situations. A D/E ratio of 1 or below specifies that the company relies more on equity than borrowing, which reduces financial jeopardy but could also limit growth opportunities due to underutilized leverage. However, a ratio of 1.5 or above may suggest a heavy reliance on debt funding, which rises financial risk.



Observation: The business's debt-to-equity ratio had remained unstable, with the projected FY2024 ratio at 1.808 showing an 11.02% decline from FY2023/ this decrease suggests reduced financial leverage and a move towards a more balanced use of debt relative to equity. Despite this improvement, the ratio remains above the typical range of 1.0 to 1.5, indicating ongoing high leverage and associated financial risk. Previous years saw increases in the D/E ratio, particularly in FY2023, highlighting a period of greater reliance on debt. The recent decrease is a positive trend if constant, but careful debt management will be essential to sustain financial stability and minimize risks for the future.

3.2.26 Debt-to-capital ratio

The debt-to-capital ratio evaluates the share of a company’s capital structure that is funded through debt, providing an indication of the company’s financial influence. This ratio compares the total debt to the total capital, where total capital includes both debt and shareholder’s equity, helping to assess the company’s financial constancy and risk exposure. A ratio of 0.3 or below suggests conservative financing, with the company relying more heavily on equity than debt. While this lowers financial risk, it may also indicate an underutilization of leverage, potentially limiting growth opportunities. Equally, a D/C ratio of 0.6 or above signifies a heavier reliance on debt financing, which may enhance return during favorable market conditions but also elevate risk, particularly during economic distress or rising interest rate periods.



Observation: The company’s debt-to-capital ratio has shown fluctuations, with the projected FY2024 ratio at 0.305, reflecting a 9.06% decrease from FY2023. This decrease indicates a more conservative financing approach and a balanced capital structure. Prior years had seen an increase in the ratio, especially from FY2020 to FY2023, suggesting a growing reliance on debt. The recent decrease in FY2024 is a positive trend, indicating improved financial stability. Ongoing careful management of debt and equity will be essential to sustain this balance structure and mitigate financial risk.

### 3.3 Hypothetical financial model analysis to determine financial health (Altman's Z-Score and Alamy's J-UK Model)

Altman's Z-score is a financial model developed by "Edward I. Altman" in 1968 to forecast the likelihood of a company leading toward insolvency. The template uses a combination of five key financial ratios derived from a company's financial reports to evaluate their financial strength and probability for bankruptcy. It was originally designed for publicly traded manufacturing companies but has since been adopted for private firms and non-manufacturers. The Altman's Z-Score model helps in distinguishing between companies at risk of bankruptcy and those likely to remain solvent.

#### Formula for Altman's Z-Score (Altman, 1968)

$$Z = 1.2(X1) + 1.4(X2) + 3.3(X3) + 0.6(X4) + 1.0(X5)$$

X1= Working Capital/Total Assets  
X2= Retained Earning/Total Assets  
X3= EBIT/Total Assets  
X4= Market Value of Equity/Total Liabilities  
X5= Sales/Total Assets  
(Rahmawati & Juliarto, 2024)

#### Hypothesis of the financial model

- If the Z-score (Z value) is below 1.81, there is a high risk of bankruptcy within an estimated duration of 2 years.
- If the Z-score (Z value) is between 1.81 and 2.99, there is a chance of bankruptcy, but not definitive. Altman named this range as Gray Zone.
- If the Z-score (Z value) is above 2.99, there is a bare minimum chance of bankruptcy.

#### ACI Limited's Z-score result (representing 4 actual data predictions and a projected data prediction)

| Data Title                        | For the year ended 30 June 2024 (Estimated) | For the year ended 30 June 2023 | For the year ended 30 June 2022 | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|-----------------------------------|---------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue                           | 32,186,964,165                              | 29,930,834,290                  | 28,426,793,419                  | 25,730,275,822                  | 23,201,977,018                  |
| Total assets                      | 64,352,420,080                              | 64,935,834,564                  | 55,713,024,829                  | 49,604,528,716                  | 44,254,678,823                  |
| Current assets                    | 44,291,367,760                              | 46,338,974,049                  | 38,499,828,725                  | 32,888,711,641                  | 29,910,378,119                  |
| Current liabilities               | 38,171,309,120                              | 39,823,503,061                  | 32,458,026,381                  | 28,164,380,978                  | 26,791,786,648                  |
| Retained earnings                 | 16,127,127,166                              | 15,703,473,938                  | 14,426,635,479                  | 12,693,654,845                  | 10,933,326,291                  |
| Profit / (loss) before tax (EBIT) | 3,202,160,002                               | 2,292,542,173                   | 2,947,891,647                   | 3,086,698,650                   | 2,346,734,203                   |
| Total liabilities                 | 41,431,017,260                              | 43,515,506,720                  | 35,042,946,070                  | 30,711,493,432                  | 28,833,444,645                  |
| No of Shares:                     | 80,779,685                                  | 76,205,626                      | 72,576,787                      | 63,110,250                      | 57,372,955                      |
| Share market value                | 124                                         | 260                             | 281                             | 263                             | 199                             |
| Market value of equity            | 10,010,218,615                              | 19,828,703,885                  | 20,388,271,004                  | 16,566,440,625                  | 11,411,480,750                  |
| Net working capital               | 6,120,058,640                               | 6,515,470,988                   | 6,041,802,344                   | 4,724,330,663                   | 3,118,591,471                   |

| Z-score Components | For the year ended 30 June 2024 (Estimated) | For the year ended 30 June 2023 | For the year ended 30 June 2022 | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|--------------------|---------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| X1                 | 0.09510                                     | 0.10034                         | 0.10845                         | 0.09524                         | 0.07047                         |
| X2                 | 0.25061                                     | 0.24183                         | 0.25895                         | 0.25590                         | 0.24705                         |
| X3                 | 0.04976                                     | 0.03530                         | 0.05291                         | 0.06223                         | 0.05303                         |
| X4                 | 0.24161                                     | 0.45567                         | 0.58181                         | 0.53942                         | 0.39577                         |
| X5                 | 0.50017                                     | 0.46093                         | 0.51024                         | 0.51871                         | 0.52428                         |

#### Projected

##### FY2024

$$Z = 1.2(0.09510) + 1.4(0.25061) + 3.3(0.4976) + 0.6(0.24161) + 1.0(0.50017) = 0.114122676 + 0.350848935 + 0.164207158 + 0.144967021 + 0.500167113 = 1.27$$

##### FY2023

$$Z = 1.2(0.10034) + 1.4(0.24183) + 3.3(0.03530) + 0.6(0.45567) + 1.0(0.46093) = 0.120408 + 0.338562 + 0.11649 + 0.273402 + 0.46093 = 1.31$$

##### FY2021

$$Z = 1.2(0.09524) + 1.4(0.25590) + 3.3(0.06223) + 0.6(0.53942) + 1.0(0.51871) = 0.114287887 + 0.358255934 + 0.205346282 + 0.323652915 + 0.5187082 = 1.52$$

#### Actual

##### FY2022

$$Z = 1.2(0.10845) + 1.4(0.25895) + 3.3(0.05291) + 0.6(0.58181) + 1.0(0.51024) = 0.130134073 + 0.36252366 + 0.174609842 + 0.349084879 + 0.510236 = 1.53$$

##### FY2020

$$Z = 1.2(0.07047) + 1.4(0.24705) + 3.3(0.05303) + 0.6(0.39577) + 1.0(0.52428) = 0.084563031 + 0.345876577 + 0.174992183 + 0.237463423 + 0.524283028 = 1.37$$

Observation: All the Z-score are below 1.8, indicating that the company is consistently within the high-risk zone for potential bankruptcy. Although the Z-score in FY2021 and FY2022 are slightly higher than the other years, they still fall within the danger threshold, suggesting persistent financial distress. The decreasing trend in FY2023 and projected FY2024 estimates show a worsening situation, moving the company further into financial risk. This implies that, without significant improvement, the company remains vulnerable to bankruptcy.

According to “Almamy et al”. (2016) in the study titled “An Evaluation of Altman’s Z-score Using Cash Flow Ratio to Predict Corporate Failure Amid the Recent Financial Crisis: Evidence from the UK”, it was suggested that the J-UK model demonstrates a superior prediction ability for bankruptcy compared to Altman’s Z-score. As a result, an additional financial model analysis, specifically the J-UK model is employed to provide a more comprehensive assessment of the company’s financial health.

The J-UK score is a financial distress prediction model developed in 2015 by “Jeehan Almamy”, “John Aston”, and “Leonard N. Ngwa”. It is an enhancement of “Altman’s” original Z-score model, aiming to assess the accuracy of bankrupt and non-bankrupt variables which was previously determined by implementing Altman’s original Z-score model. The J-UK model introduced a sixth variable, Cash Flow from Operations to Total Liabilities, aimed at improving the model’s accuracy in predicting corporate bankruptcy. Through their research, Almamy and his colleagues found that the “J-UK” model performed further efficiently in identifying distressed and non-distressed companies than Altman’s Z-score, especially during and after the financial crisis.

### Formula for Almamy’s J-UK Model

$$J = 148.4(J1) + 4.3(J2) + 39(J3) + 0.2(J4) + 0.424(J5) + 0.75(J6)$$

### Hypothesis of the financial model

- If a company’s J-UK score is below 1.8, it is considered to be in financial distress.
  - If the J-UK score is 1.8 or higher, the company is classified as being in a non-financial distress.
- ACI Limited’s Z-score result (representing 4 actual data predictions and a projected data prediction)

| Data Title                               | For the year ended 30 June 2024 (Estimated) | For the year ended 30 June 2023 | For the year ended 30 June 2022 | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|------------------------------------------|---------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue                                  | 32,186,964,165                              | 29,930,834,290                  | 28,426,793,419                  | 25,730,275,822                  | 23,201,977,018                  |
| Total assets                             | 64,352,420,080                              | 64,935,834,564                  | 55,713,024,829                  | 49,604,528,716                  | 44,254,678,823                  |
| Current assets                           | 44,291,367,760                              | 46,338,974,049                  | 38,499,828,725                  | 32,888,711,641                  | 29,910,378,119                  |
| Current liabilities                      | 38,171,309,120                              | 39,823,503,061                  | 32,458,026,381                  | 28,164,380,978                  | 26,791,786,648                  |
| Retained earnings                        | 16,127,127,166                              | 15,703,473,938                  | 14,426,635,479                  | 12,693,654,845                  | 10,933,326,291                  |
| Profit / (loss) before tax (EBIT)        | 3,202,160,002                               | 2,292,542,173                   | 2,947,891,647                   | 3,086,698,650                   | 2,346,734,203                   |
| Total liabilities                        | 41,431,017,260                              | 43,515,506,720                  | 35,042,946,070                  | 30,711,493,432                  | 28,833,444,645                  |
| No of Shares:                            | 80,779,685                                  | 76,205,626                      | 72,576,787                      | 63,110,250                      | 57,372,955                      |
| Share market value                       | 124                                         | 260                             | 281                             | 263                             | 199                             |
| Market value of equity                   | 10,010,218,615                              | 19,828,703,885                  | 20,388,271,004                  | 16,566,440,625                  | 11,411,480,750                  |
| Cash generated from operating activities | 4,284,515,959                               | 2,910,172,204                   | 3,003,578,048                   | 2,519,485,757                   | 5,848,483,854                   |
| Net working capital                      | 6,120,058,640                               | 6,515,470,988                   | 6,041,802,344                   | 4,724,330,663                   | 3,118,591,471                   |

| J-UK score Components | For the year ended 30 June 2024 (Estimated) | For the year ended 30 June 2023 | For the year ended 30 June 2022 | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
|-----------------------|---------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| J1                    | 0.095102                                    | 0.100337                        | 0.108445                        | 0.095240                        | 0.070469                        |
| J2                    | 0.250606                                    | 0.241831                        | 0.258945                        | 0.255897                        | 0.247055                        |
| J3                    | 0.049760                                    | 0.035305                        | 0.052912                        | 0.062226                        | 0.053028                        |
| J4                    | 0.241612                                    | 0.455670                        | 0.581808                        | 0.539422                        | 0.395772                        |
| J5                    | 0.500167                                    | 0.460929                        | 0.510236                        | 0.518708                        | 0.524283                        |
| J6                    | 0.103413                                    | 0.066877                        | 0.085711                        | 0.082037                        | 0.202837                        |

### Projected

#### FY2024

$$\begin{aligned} J &= 148.4(0.095102) + 4.3(0.250606) \\ &+ 39(0.049760) + 0.2(0.241612) \\ &+ 0.424(0.500167) + 0.75(0.103413) \\ &= 14.1132 + 1.0776 + 1.9406 + 0.0483 + 0.2121 + 0.0776 \end{aligned}$$

#### FY2023

$$\begin{aligned} J &= 148.4(0.100337) + 4.3(0.241831) \\ &+ 39(0.035305) + 0.2(0.455670) \\ &+ 0.424(0.460929) + 0.75(0.066877) \\ &= 14.8900 + 1.0399 + 1.3769 + 0.0911 + 0.1954 + 0.0502 \end{aligned}$$

#### FY2021

$$\begin{aligned} J &= 148.4(0.095102) + 4.3(0.255897) \\ &+ 39(0.062226) + 0.2(0.539422) \\ &+ 0.424(0.518708) + 0.75(0.082037) \\ &= 14.1336 + 1.1004 + 2.4268 + 0.1079 + 0.2199 + 0.0615 \end{aligned}$$

### Actual

#### FY2022

$$\begin{aligned} J &= 148.4(0.108445) + 4.3(0.258945) \\ &+ 39(0.052912) + 0.2(0.581808) \\ &+ 0.424(0.510236) + 0.75(0.085711) \\ &= 16.0932 + 1.1135 + 2.0636 + 0.1164 + 0.2163 + 0.0643 \end{aligned}$$

#### FY2020

$$\begin{aligned} J &= 148.4(0.070469) + 4.3(0.247055) \\ &+ 39(0.053028) + 0.2(0.395772) \\ &+ 0.424(0.524283) + 0.75(0.202837) \\ &= 10.4576 + 1.0623 + 2.0681 + 0.0792 + 0.2223 + 0.1521 \end{aligned}$$

Observation: The J-UK score from FY2020 to FY2024 reflects a financial condition that consistently dallies with the distress threshold of 1.8. In FY2020, the score of 1.40 placed the company firmly in financial distress. While minor improvement in FY2021 and FY2022 indicates a brief period where the company managed to have escaped immediate danger, these gains were not sustained. The downward shift in FY2023 and projected FY2024 suggest a return to distress level, highlighting a trend of ongoing financial instability.

### ***3.4 Findings of the report***

The analysis of ACI Limited's financial performance from FY2020 to FY2023 reveals a balanced, yet concerning financial trajectory. While the company demonstrates moderate stability in some areas, significant challenges in liquidity, profitability, and financial leverage have been identified. Throughout the five-year span, ACI Limited's Current Ratio remained stable, representing the company's capability to meet short-term obligations with its current assets. However, weakness is evident in their Quick Ratio and Cash Ratio, both of which fall below optimal levels. This reveals that ACI Limited heavily relies on inventory and other less liquid assets to fulfill its financial obligations, raising concerns about its ability to swiftly convert assets to cash when needed. This could limit the organization's ability to address immediate financial needs or capitalize on short-term opportunities.

On the other hand, the organization had demonstrated operational efficiency through strong Receivable Turnover and Inventory Turnover, indicating their effective management of sales and inventory. The waving in the Days Payable Outstanding and Cash Conversion Cycle reveals concern. The extended payment cycle observed in the CCC highlights potential delays in meeting obligations, pointing to challenges in cash flow management and working capital efficiency. Furthermore, ACI Limited's Gross Profit Margin and Net Profit Margin have consistently declined during the analysis period. Rising costs, likely due to inflation and other macroeconomic factors have contributed to the narrowing of margin. This decline in profitability raises concern about the business's ability to control costs and uphold financial vigor in the long run. The projection for FY2024 provides a more optimistic outlook, with expectations of improvement in both Gross Profit Margin and Net Profit Margin. This potential recovery could be driven by improved cost management, operational efficacy, and favorable market conditions. However, challenges in inventory and receivable management are projected to continue. An anticipated lengthening of the Cash Conversion Cycle suggests slower Inventory Turnover and a longer collection period for receivables, which could negatively impact cash flow and reduce the company's aptitude to respond to potential growth prospects. The company's Debt-to-Equity ratio is expressively higher than the industry standards, demonstrating a heavy reliance on debt. This high financial leverage exposes ACI Limited to greater financial risks, including potential difficulties in managing interest payments and increased vulnerability in times of economic distress. On top of these, the higher debt levels limit the company's financial flexibility, constraining its ability to pursue future investments without relying upon further debts.

The risk of financial distress is also evident through both "Altman's Z-score and J-UK model" hypothesis calculations. ACI Limited's Z-score consistently falls below the critical threshold of 1.8, placing the company in the financial distress zone. While there was a slight improvement in FY2021 and FY2022, the evaluation still reflected significant financial instability. The J-UK model represented a closer placement towards a lesser risky threshold if compared to "Altman's Z-score", but the hypothesis still may affect the investors' confidence in funding and reflect the company's inability to generate favorable finance.

In summing up, ACI Limited's financial performance from FY2020 to FY2023 reflects moderate stability with quite a few notable concerns, especially in liquidity and financial leverage. But the FY2024 projection suggests potential improvement in profitability, ongoing operational challenges, and high debt levels pose risks to the company's long-term financial health.

## Chapter Four: Recommendations

Based on the findings of the financial analysis, ACI Limited could take into consideration a few strategic recommendations aimed at strengthening its financial position and enhancing its appeal to potential investors. By incorporating the recommended insights, they can potentially better align their financial management practices with industry standards, eventually mitigating systemic risks and thereby improving financial stability and attractiveness to both domestic and international investors.

- *Enhance Liquidity Management:* The fluctuating cash conversion cycle reveals the need for ACI Limited to tighten its working capital management. By improving receivable collection and shortening investment turnover, ACI Limited can potentially increase cash flow, reduce dependency on short-term financing, and build a healthier liquidity position.
- *Strengthen Profit Margin through Cost Optimization:* The consistent decline in gross profit margin and net profit margin highlights the need for more rigorous cost management planning. ACI could focus on optimizing its supply chain and explore automation in production processes to reduce operational costs. This will enhance profitability and make the company more resilient against external factors like inflation and political unrest disrupting the supply chain, making it an attractive option for investors seeking stability and growth.
- *Reduce Financial Leverage:* ACI Limited's heightened debt-to-equity ratio exposes them to result in financial strain, limiting flexibility and increasing vulnerability to economic unrest. To mitigate potential risks, the company might seriously decide to focus on reducing their reliance on debt, minimizing/closing their unprofitable invested ventures. They either can pursue equity financing or strategically use their retained earnings to fund future growth and develop a tendency to invest more in their respective R&D (Research and Development)
- *Expand and Diversify Revenue Stream:* To reduce sector/industry-specific risks, ACI Limited could consider diversifying its revenue stream by expanding into high-growth/revenue-generating sectors like renewable energy and sustainable product development. These industries offer stable long-term growth opportunities and align with global market trends, making ACI Limited more attractive to both domestic and international investors.

Potentially implementing these strategies will not only address the challenges identified in the financial analysis but also position ACI Limited for sustained growth, increasing profitability, and strengthening its competitive edge. By seriously focusing on improving liquidity, reducing debt, optimizing cost, and strategically expanding its spectrum of earnings, ACI can potentially enhance its financial performance and solidify its appeal to potential investors in both domestic and international markets.

## **Chapter Five: Conclusion**

My internship at ACI Limited has proven to be an immensely valuable experience, far exceeding my initial expectations. The opportunity to work within a leading conglomerate allowed me to engage with sophisticated financial strategies and collaborate with a team of highly esteemed skilled professionals. This practical experience has been instrumental in deepening my understanding of financial management and enhancing my professional skill set.

During my time at ACI Limited, I had the chance to dive deeply into the company's financial statements, which gave me the idea to address their performance exploration and prospects. My internship report focused on analyzing ACI Limited's financial stream from FY2020 to FY2023 and projecting their performance for FY2024. This process involved extensive research and analysis, and I value the opportunity to explore ACI Limited's financial stability and challenges in detail. The findings of my report underscore both the strengths and vulnerabilities within ACI Limited's financial structure, highlighting areas of operational efficiency as well as challenges related to liquidity management and high debt. The research revealed a balanced yet challenging financial representation for ACI Limited, with notable strength in operational efficacy but significant concern regarding liquidity, profitability, and financial leverage. The analysis highlighted both the potential for improvement in profitability and ongoing risks associated with high debt levels and cash flow management.

This internship opportunity has been a fundamental step in my career journey, providing me with a deeper appreciation for financial management and strategic planning. I am now more confident in my career aspiration in Finance, having gained valuable insights and skills through this immersive and enriching experience at ACI Limited.

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## **Annual Report**

ACI Limited Annual Report 2022-2023

<https://www.aci-bd.com/assets/files/financial/annual-report/aci-annual-report-2022-2023.pdf>

ACI Limited Annual Report 2021-2022

<https://www.aci-bd.com/assets/files/financial/annual-report/aci-annual-report-2021-2022.pdf>

ACI Limited Annual Report 2020-2021

[https://www.aci-bd.com/assets/files/financial/annual-report/aci\\_annual\\_report\\_2020\\_2021.pdf](https://www.aci-bd.com/assets/files/financial/annual-report/aci_annual_report_2020_2021.pdf)

ACI Limited Annual Report 2019-2020

<https://www.aci-bd.com/assets/files/financial/annual-report/aci-annual-report-2019-2020.pdf>

## **Share price enquire**

[https://lankabd.com/Company/Search?searchText=ACI&cn=ACI Limited \(ACI\)](https://lankabd.com/Company/Search?searchText=ACI&cn=ACI Limited (ACI))

## Appendix

- i. *Internship Proposal Form (approved by the supervisor).*

ii. Copy of company-provided internship *confirmation/acceptance letter*.



**Advanced Chemical Industries Limited**



**Private & Confidential**

Mr. Ghalib Gaznafar  
S/O Mr. Mohammed Imam Hossain  
House: 15 (New), Road: 10,  
P.S.: Dhanmondi, Dist.: Dhaka-1205

এডভান্সড কেমিক্যাল  
ইন্ডাস্ট্রিজ লিমিটেড  
এসআই সেন্টার  
২৪৫ তেজগাঁও শিল্প এলাকা  
ঢাকা-১২০৮, বাংলাদেশ  
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Web : www.aci-bd.com

Your ref

Our ref

Date

ACI-HR/F.H/05-2024

09 May 2024

**INTERNSHIP**

Dear Mr. Ghalib Gaznafar,

Welcome to ACI Limited for internship program. Your internship program begins with effect from 09 May 2024 for a period of 03 Months till 08 August 2024 under the following terms and conditions:

- You will be working under the direct supervision of **Manager, Planning & Budgeting in Finance & Planning Department** and in the special project assigned by your supervisor. Apart from your project work you are also required to assist your Supervisor by doing the job assigned to you from time to time.
- Your work station will be located at ACI Centre.
- Your working hours will be any day from 8:30 A.M. to 6:00 P.M.
- You will be given a monthly allowance of Tk 5000/- ( Five Thousand Only ).
- You will conduct yourself in a manner, which is not detrimental to the Company's interest.
- On completion of the program you are required to submit a report on the project within the agreed time to Human Resources Department. At the end of your internship program the company will issue a completion certificate in your name.

If the above terms and conditions are acceptable to you then please return the duplicate copy of this Agreement duly signed.

Yours sincerely,

**Md. Moinul Islam**  
Director, HR

CC: Manager, Planning & Budgeting; Sr. Executive, Compensation; Internship file.

**iii. Relevant research documents if any.**

| Advanced Chemical Industries Limited   |                                                          |                                    |                                    |                                    |                                    |
|----------------------------------------|----------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Statement of Financial Position        |                                                          |                                    |                                    |                                    |                                    |
| In Taka                                | For the year ended 30 June 2024<br>(Projected) 5% Growth | For the year ended 30 June<br>2023 | For the year ended 30 June<br>2022 | For the year ended 30 June<br>2021 | For the year ended 30 June<br>2020 |
| <b>Assets</b>                          |                                                          |                                    |                                    |                                    |                                    |
| Property, plant and equipment          |                                                          | 14,976,955,803                     | 13,472,343,749                     | 12,960,524,391                     | 10,664,953,300                     |
| Right-of-use assets                    | 622,505,903                                              | 676,828,366                        | 392,248,564                        | 506,002,819                        | 499,939,927                        |
| Investments                            | 3,679,121,251                                            | 2,905,426,944                      | 3,267,746,264                      | 3,139,924,178                      | 2,950,640,117                      |
| Intangible assets                      | 2,884,595                                                | 1,079,611                          | 1,943,287                          | 2,806,963                          | 3,785,456                          |
| Biological assets                      | 28,969,809                                               | 36,569,791                         | 31,303,261                         | 17,778,109                         | 10,914,869                         |
| Deferred tax assets                    | -                                                        | -                                  | 47,610,979                         | 88,780,615                         | 214,067,035                        |
| <b>Non-current assets</b>              | <b>20,061,052,319</b>                                    | <b>18,596,860,515</b>              | <b>17,213,196,104</b>              | <b>16,715,817,075</b>              | <b>14,344,300,704</b>              |
| Inventories                            | 7,709,538,317                                            | 6,761,997,421                      | 7,187,024,570                      | 6,773,319,558                      | 4,976,119,509                      |
| Trade receivables                      | 3,666,484,257                                            | 2,660,996,562                      | 2,768,623,795                      | 2,910,514,412                      | 3,881,479,422                      |
| Other receivables                      | 706,860,666                                              | 829,985,976                        | 608,505,662                        | 543,148,332                        | 374,562,251                        |
| Inter-company receivable               | 29,825,154,285                                           | 33,842,810,825                     | 26,285,592,138                     | 20,142,238,769                     | 19,146,539,217                     |
| Advances, deposits and prepayments     | 1,053,053,309                                            | 1,063,519,030                      | 855,536,391                        | 847,270,802                        | 743,851,475                        |
| Cash and cash equivalents              | 1,330,276,925                                            | 1,179,664,235                      | 794,546,169                        | 1,672,219,768                      | 787,826,245                        |
| <b>Current assets</b>                  | <b>44,291,367,760</b>                                    | <b>46,338,974,049</b>              | <b>38,499,828,725</b>              | <b>32,888,711,641</b>              | <b>29,910,378,119</b>              |
| <b>Total assets</b>                    | <b>64,352,420,080</b>                                    | <b>64,935,834,564</b>              | <b>55,713,024,829</b>              | <b>49,604,528,716</b>              | <b>44,254,678,823</b>              |
| <b>Equity</b>                          |                                                          |                                    |                                    |                                    |                                    |
| Share capital                          | 807,796,856                                              | 762,056,260                        | 725,767,870                        | 631,102,500                        | 573,729,555                        |
| Share premium                          | 402,310,367                                              | 402,310,367                        | 402,310,367                        | 402,310,367                        | 402,310,367                        |
| Reserves                               | 5,503,406,358                                            | 4,552,487,279                      | 5,114,365,043                      | 5,165,967,572                      | 3,511,867,965                      |
| Retained earnings                      | 16,127,127,166                                           | 15,703,473,938                     | 14,426,635,479                     | 12,693,654,845                     | 10,933,326,291                     |
| <b>Total equity</b>                    | <b>22,921,102,820</b>                                    | <b>21,420,327,844</b>              | <b>20,669,078,759</b>              | <b>18,893,035,284</b>              | <b>15,421,234,178</b>              |
| <b>Liabilities</b>                     |                                                          |                                    |                                    |                                    |                                    |
| Employee benefits                      | 1,417,340,369                                            | 1,308,810,000                      | 1,210,619,893                      | 1,123,745,409                      | 1,081,292,596                      |
| Long term bank loans                   | 1,257,304,848                                            | 1,505,490,802                      | 1,068,989,867                      | 1,044,719,565                      | 571,815,927                        |
| Lease liabilities                      | 463,821,944                                              | 473,566,265                        | 305,309,929                        | 378,647,480                        | 388,549,474                        |
| Deferred tax liabilities               | 424,343,422                                              | 404,136,592                        | -                                  | -                                  | -                                  |
| <b>Non-current liabilities</b>         | <b>3,259,708,140</b>                                     | <b>3,692,003,659</b>               | <b>2,584,919,689</b>               | <b>2,547,112,454</b>               | <b>2,041,657,997</b>               |
| Bank overdraft                         | 4,016,839,676                                            | 5,847,200,405                      | 3,357,929,346                      | 1,681,372,914                      | 2,502,962,921                      |
| Loans and borrowings                   | 22,281,737,963                                           | 24,724,912,819                     | 20,344,561,395                     | 17,068,609,497                     | 12,134,376,165                     |
| Lease liabilities-current portion      | 180,631,028                                              | 167,785,663                        | 116,945,226                        | 175,644,292                        | 141,728,247                        |
| Trade payables                         | 1,602,867,119                                            | 1,148,133,269                      | 1,325,614,745                      | 1,371,346,761                      | 1,497,795,622                      |
| Other payables                         | 3,693,354,320                                            | 3,432,298,815                      | 2,834,921,687                      | 3,071,295,827                      | 2,972,664,738                      |
| Current tax liabilities                | 469,883,710                                              | 219,331,017                        | 395,490,204                        | 408,838,379                        | 542,619,434                        |
| Inter-company payables                 | 5,793,398,503                                            | 4,203,826,380                      | 3,999,748,153                      | 4,269,065,083                      | 6,838,688,727                      |
| Unclaimed dividend account             | 132,596,801                                              | 80,014,693                         | 82,815,625                         | 118,208,225                        | 160,950,794                        |
| <b>Current liabilities</b>             | <b>38,171,309,120</b>                                    | <b>39,823,503,061</b>              | <b>32,458,026,381</b>              | <b>28,164,380,978</b>              | <b>26,791,786,648</b>              |
| <b>Total liabilities</b>               | <b>41,431,017,260</b>                                    | <b>43,515,506,720</b>              | <b>35,042,946,070</b>              | <b>30,711,493,432</b>              | <b>28,833,444,645</b>              |
| <b>Total equity and liabilities</b>    | <b>64,352,120,080</b>                                    | <b>64,935,834,564</b>              | <b>55,712,024,829</b>              | <b>49,604,528,716</b>              | <b>44,254,678,823</b>              |
| <b>Net Asset Value (NAV) per share</b> | <b>317.10</b>                                            | <b>281.09</b>                      | <b>271.23</b>                      | <b>260.32</b>                      | <b>244.35</b>                      |

| Advanced Chemical Industries Limited                                           |                                                       |                                 |                                 |                                 |                                 |
|--------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Statement of Profit or Loss                                                    |                                                       |                                 |                                 |                                 |                                 |
| In Taka                                                                        | For the year ended 30 June 2024 (Projected) 5% Growth | For the year ended 30 June 2023 | For the year ended 30 June 2022 | For the year ended 30 June 2021 | For the year ended 30 June 2020 |
| Revenue                                                                        | 32,186,964,165                                        | 29,930,834,290                  | 28,426,793,419                  | 25,730,275,822                  | 23,201,977,018                  |
| Cost of sales                                                                  | (18,470,027,963)                                      | (18,047,378,381)                | (16,664,215,869)                | (14,358,293,150)                | (12,496,872,476)                |
| <b>Gross profit</b>                                                            | <b>13,716,936,202</b>                                 | <b>11,883,455,909</b>           | <b>11,762,577,550</b>           | <b>11,371,982,672</b>           | <b>10,705,104,542</b>           |
| Administrative, selling and distribution expenses                              | (10,612,014,335)                                      | (10,156,520,710)                | (8,903,768,046)                 | (8,346,599,497)                 | (7,966,492,864)                 |
| Other income                                                                   | 694,353,015                                           | 737,277,162                     | 576,785,539                     | 518,248,791                     | 482,198,559                     |
| <b>Operating profit</b>                                                        | <b>3,799,274,882</b>                                  | <b>2,464,212,361</b>            | <b>3,435,595,043</b>            | <b>3,543,631,966</b>            | <b>3,220,810,237</b>            |
| Gain on disposal of investment in equity accounted investees                   | 261,532,098                                           | 249,078,189                     | -                               | -                               | -                               |
| Net finance costs                                                              | (503,303,600)                                         | (300,088,263)                   | (332,551,204)                   | (294,475,492)                   | (750,563,708)                   |
| <b>Profit before contribution to Workers' Profit Participation Fund (WPPF)</b> | <b>3,370,694,739</b>                                  | <b>2,413,202,287</b>            | <b>3,103,043,839</b>            | <b>3,249,156,474</b>            | <b>2,470,246,529</b>            |
| Contribution to WPPF                                                           | (168,534,737)                                         | (120,660,114)                   | (155,152,192)                   | (162,457,824)                   | (123,512,326)                   |
| <b>Profit/(loss) before tax</b>                                                | <b>3,202,160,002</b>                                  | <b>2,292,542,173</b>            | <b>2,947,891,647</b>            | <b>3,086,698,650</b>            | <b>2,346,734,203</b>            |
| <b>Income tax expense</b>                                                      | <b>-</b>                                              | <b>-</b>                        | <b>-</b>                        | <b>-</b>                        | <b>-</b>                        |
| Current tax expense                                                            | (837,892,119)                                         | (613,646,788)                   | (663,125,768)                   | (774,358,844)                   | (741,842,330)                   |
| Deferred tax income/(expense)                                                  | 36,113,041                                            | 77,808,659                      | (46,903,250)                    | (24,556,667)                    | 114,028,061                     |
|                                                                                | (801,779,078)                                         | (535,838,129)                   | (710,029,018)                   | (798,915,511)                   | (627,814,269)                   |
| <b>Profit/(loss) after tax</b>                                                 | <b>2,400,380,924</b>                                  | <b>1,756,704,044</b>            | <b>2,237,862,629</b>            | <b>2,287,783,139</b>            | <b>1,718,919,934</b>            |
| <b>Earnings per share</b>                                                      |                                                       |                                 |                                 |                                 |                                 |
| Basic and diluted earnings per share                                           | 33.35                                                 | 23.05                           | 29.37                           | 31.52                           | 27.24                           |
| Profit after tax                                                               | 2,400,380,924                                         | 1,756,704,044                   | 2,237,862,629                   | 2,287,783,139                   | 1,718,919,934                   |
| <b>Other comprehensive income</b>                                              |                                                       |                                 |                                 |                                 |                                 |
| <b>Item that will not be reclassified to profit or loss</b>                    |                                                       |                                 |                                 |                                 |                                 |
| Remeasurement of defined benefit plan                                          | -                                                     | (104,120,336)                   | -                               | (14,320,000)                    | -                               |
| Related tax of defined benefit plan                                            | -                                                     | 23,427,076                      | -                               | 3,222,000                       | -                               |
|                                                                                | -                                                     | (80,693,260)                    | -                               | (11,098,000)                    | -                               |
| Change in fair value of FVOCI financial assets                                 | (54,153,444)                                          | (8,894,459)                     | (57,336,144)                    | 20,440,061                      | (134,720,938)                   |
| Related tax on FVOCI financial assets                                          | 5,415,344                                             | 889,446                         | 5,733,614                       | (2,044,006)                     | 13,472,094                      |
|                                                                                | (48,738,100)                                          | (8,005,013)                     | (51,602,530)                    | 18,396,055                      | (121,248,844)                   |
| Revaluation surplus on property plant and equipment                            | -                                                     | -                               | -                               | 1,737,611,301                   | -                               |
| Related tax on property plant and equipment                                    | -                                                     | (553,872,751)                   | -                               | (101,907,748)                   | -                               |
|                                                                                | -                                                     | (553,872,751)                   | -                               | 1,635,703,553                   | -                               |
| <b>Other comprehensive income, net of tax</b>                                  | <b>248,273,763</b>                                    | <b>(642,571,024)</b>            | <b>(51,602,530)</b>             | <b>1,643,001,608</b>            | <b>(121,248,844)</b>            |
| <b>Total comprehensive income</b>                                              | <b>2,648,654,687</b>                                  | <b>1,114,133,020</b>            | <b>2,186,260,099</b>            | <b>3,930,784,747</b>            | <b>1,597,671,090</b>            |

| Advanced Chemical Industries Limited                    |                                                          |                                    |                                    |                                    |                                    |
|---------------------------------------------------------|----------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Statement of Cash Flows                                 |                                                          |                                    |                                    |                                    |                                    |
| In Taka                                                 | For the year ended 30 June<br>2024 (Projected) 5% Growth | For the year ended<br>30 June 2023 | For the year ended<br>30 June 2022 | For the year ended<br>30 June 2021 | For the year ended<br>30 June 2020 |
| <b>Cash flows from operating activities</b>             |                                                          |                                    |                                    |                                    |                                    |
| Cash receipts from customers and others                 | 32,862,978,934                                           | 30,082,796,791                     | 28,747,049,131                     | 26,353,438,741                     | 24,359,978,450                     |
| Cash paid to suppliers and employees                    | (28,578,462,975)                                         | (27,172,624,587)                   | (25,743,471,083)                   | (23,833,952,984)                   | (18,511,494,596)                   |
| <b>Cash generated from operating activities</b>         | <b>4,284,515,959</b>                                     | <b>2,910,172,204</b>               | <b>3,003,578,048</b>               | <b>2,519,485,757</b>               | <b>5,848,483,854</b>               |
| Paid to WPPF (Workers' Profit Participation Fund)       | (121,282,471)                                            | (121,042,598)                      | (140,088,402)                      | (70,766,042)                       | (72,377,861)                       |
| Interest paid                                           | (456,399,497)                                            | (250,698,213)                      | (316,534,788)                      | (249,907,794)                      | (704,190,860)                      |
| Income tax paid                                         | (886,293,831)                                            | (790,805,975)                      | (675,473,944)                      | (908,139,899)                      | (579,892,952)                      |
|                                                         | <b>(1,463,975,798)</b>                                   | <b>(1,162,546,786)</b>             | <b>(1,132,097,134)</b>             | <b>(1,228,813,735)</b>             | <b>(1,356,461,673)</b>             |
| <b>Net cash from/(used in) operating activities</b>     | <b>2,820,540,161</b>                                     | <b>1,747,625,418</b>               | <b>1,871,480,914</b>               | <b>1,290,672,022</b>               | <b>4,492,022,181</b>               |
| <b>Cash flows from investing activities</b>             |                                                          |                                    |                                    |                                    |                                    |
| Acquisition of property, plant and equipment            | (321,102,825)                                            | (475,076,251)                      | (176,769,396)                      | (218,115,082)                      | (200,382,021)                      |
| Payments for capital work in progress                   | (1,292,794,761)                                          | (1,504,403,621)                    | (830,236,619)                      | (884,948,792)                      | (1,089,726,837)                    |
| Sale proceeds from property, plant and equipment        | 32,675,703                                               | 12,146,286                         | 5,322,387                          | 85,896,091                         | 5,554,245                          |
| Disposal of investment in joint ventures and associates | 206,785,226                                              | 689,284,085                        | -                                  | -                                  | -                                  |
| Purchase of biological assets                           | (7,994,855)                                              | (5,573,486)                        | (14,527,787)                       | (6,548,243)                        | -                                  |
| Dividend received                                       | 518,424,543                                              | 473,529,428                        | 425,037,405                        | 442,727,703                        | 386,787,273                        |
| Investment                                              | (264,454,225)                                            | (86,781,034)                       | (185,158,230)                      | (168,844,000)                      | (440,730,818)                      |
| <b>Net cash from/(used in) investing activities</b>     | <b>(1,128,461,194)</b>                                   | <b>(896,874,593)</b>               | <b>(776,332,239)</b>               | <b>(749,832,323)</b>               | <b>(1,338,498,158)</b>             |
| <b>Cash flows from financing activities</b>             |                                                          |                                    |                                    |                                    |                                    |
| Inter-company debt received/(paid)                      | (5,730,779,540)                                          | (7,243,165,552)                    | (6,362,229,935)                    | (3,565,323,196)                    | (1,931,879,784)                    |
| Dividend paid                                           | (525,725,237)                                            | (365,684,867)                      | (445,609,225)                      | (501,726,209)                      | (439,397,155)                      |
| Payment for lease liability                             | (203,592,930)                                            | (165,552,795)                      | (169,522,801)                      | (174,943,735)                      | (168,623,769)                      |
| Short-term bank loan received/(paid)                    | 3,501,175,565                                            | 4,187,432,090                      | 3,217,953,183                      | 4,987,920,754                      | (722,720,812)                      |
| Long-term bank loan received/(paid)                     | 349,369,774                                              | 629,420,269                        | 82,269,017                         | 419,216,216                        | 33,660,411                         |
| <b>Net cash from/(used in) financing activities</b>     | <b>(2,609,552,369)</b>                                   | <b>(2,957,550,855)</b>             | <b>(3,677,139,761)</b>             | <b>1,165,143,830</b>               | <b>(3,228,961,109)</b>             |
| Net increase/(decrease) in cash and cash equivalents    | (917,473,402)                                            | (2,106,800,030)                    | (2,581,991,086)                    | 1,705,983,530                      | (75,437,086)                       |
| Opening cash and cash equivalents                       | (1,778,388,183)                                          | (2,563,383,177)                    | (9,153,146)                        | (1,715,136,676)                    | (1,640,287,611)                    |
| Effect of movement in exchange rate on cash held        | 9,298,834                                                | 2,647,037                          | 27,761,055                         | -                                  | 588,022                            |
| <b>Cash and cash equivalents at reporting date</b>      | <b>(2,686,562,751)</b>                                   | <b>(4,667,536,170)</b>             | <b>(2,563,383,177)</b>             | <b>(9,153,146)</b>                 | <b>(1,715,136,676)</b>             |
| <b>Closing balance represents</b>                       |                                                          |                                    |                                    |                                    |                                    |
| Cash and cash equivalents                               | 1,330,276,925                                            | 1,179,664,235                      | 794,546,169                        | 1,672,219,768                      | 787,826,245                        |
| Bank overdraft                                          | (4,016,839,676)                                          | (5,847,200,405)                    | (3,357,929,346)                    | (1,681,372,914)                    | (2,502,962,921)                    |
|                                                         | <b>(2,686,562,751)</b>                                   | <b>(4,667,536,170)</b>             | <b>(2,563,383,177)</b>             | <b>(9,153,146)</b>                 | <b>(1,715,136,676)</b>             |
| <b>Net Operating Cash Flows Per Share (NOCFPS)</b>      | <b>34.11</b>                                             | <b>22.93</b>                       | <b>24.56</b>                       | <b>17.78</b>                       | <b>71.18</b>                       |

# An Overview Of ACI Limited, Exploring The Company's Financial Performance And Future Prospects Using Quinquennial Data

## ORIGINALITY REPORT

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