Internship Report
On
Financial Performance Analysis of Ananta Companies

Supervised By:

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Program: BBA

Major in Finance

Daffodil International University

Letter of Transmittal

23rd September, 2024

To

Dr. Sayedul Anam

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of internship report on "Financial Performance Analysis of Ananta Companies"

Dear sir,

I have completed my internship program at Ananta Companies Bangladesh as a finance intern. As a finance major student, I have chosen my report title "Financial Performance Analysis of Ananta Companies".

Ananta Companies Bangladesh is a large company in our garments industry. Working as a finance intern in this company has enriched my knowledge and I can apply several areas in my career in a practical scenario. The internship period was highly engaging and beneficial for my professional development, as it enabled me to recognize the practical financial activities of institutions.

I have made this report based on my internship experience and I assure you that all the data are collected from relevant sources and all are valid. I tried to follow the guidelines that have been suggested to me.

I, therefore, hope that you would be kind enough to accept my internship report and oblige thereby.

Sincerely yours,

Adreeta Amir

Student ID: 202-11-1182

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Certificate of Approval

This is to notify that Adreeta Amir, ID 202-11-1182, is a regular student of the Department of Business Administration (Finance), Faculty of Business and Entrepreneurship, Daffodil International University. She has successfully completed her internship program at Ananta Companies. Her assigned topic is “Financial Performance Analysis of Ananta Companies." I believe the paper can satisfy the partial requirements of the BBA requirement.

S. Anam

………………………………

Dr. Sayedul Anam

Associate Professor

Department of Business Administration

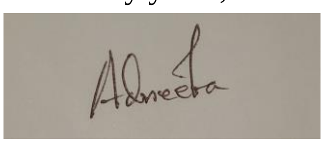
Faculty of Business & Entrepreneurship

Daffodil International University

Student's Declaration

I hereby, Adreeta Amir, Student ID:202-11-1182, declare that the internship report titled "Financial Performance Analysis of Ananta Companies" was fully prepared by me after the completion of my internship at Ananta Companies Bangladesh. I also certify that this report has been written specifically to fulfill my academic requirements. The papers have not been published in any journal or magazine, nor they have been accepted by any other university or institution for any apprenticeship or student fellowship.

Sincerely yours,



Adreeta Amir

Student ID: 202-11-1182

Department of Business Administration

Faculty of Business & Entrepreneurship

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Acknowledgment

As a bachelor program student, an internship is the most important part of completing the academic requirements.

Firstly, for the successful ending of my internship report, I would like to thank my respected supervisor, **Dr. Sayedul Anam, Associate Professor of Daffodil International University**, who gave me all the support and wise instructions I needed to complete my internship report. I am grateful to all of the faculty members at Daffodil International University who have assisted me in the successful completion of this report.

Secondly, I want to thank **Md. Tanveer Rahman, General Manager, Human Resource, Ananta Companies**, for allowing me to work in the company as their finance intern. During this internship period, he supervised and guided me to solve any unknown situations.

Finally, I will not forget the assistance I got from the senior and junior employees of Ananta Companies Bangladesh, who helped me during my internship program. I appreciate the working atmosphere that helped me learn valuable things for my potential career.

Executive Summary

This report, titled “Financial Performance Analysis of Ananta Companies" provides an in-depth analysis of the financial health and performance of Ananta Companies Bangladesh. Drawing from my experience as a finance intern at the company, the report uses ratio analysis to assess profitability, liquidity, solvency, and efficiency ratios over a selected period from 2019-2023.

Through the analysis of financial ratios such as the current ratio, quick ratio, debt-to-equity ratio, and return on assets, this report provides that while Ananta Companies maintains strong operational efficiency and steady revenue growth, certain areas such as liquidity management and cost controls offer room for improvement. Through financial ratio analysis and comparison with industry standards, this report identifies trends, potential risks, and opportunities for strategic growth. These trends indicate that while the company is financially stable, its efficiency in utilizing assets and managing inventory could be optimized to enhance returns.

In conclusion, Ananta Companies has shown financial strength and stability, but there are areas where strategic adjustments could drive further efficiency and profitability. The recommendations provided in this report focus on improving operational efficiency, optimizing asset management, and enhancing cost controls to sustain long-term growth and financial success.

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Chapter: 1

Introduction

1 Introduction

1.1 Overview of the report

For my internship report, I have decided to analyze the financial performance of Ananta Companies. In this report, I will measure the financial performance of Ananta Companies from the year 2019-2023. Financial analysis tells the strengths and weaknesses of a company. It is very necessary to evaluate the past performance of a company and also, make future decisions. Financial analysis can be done in many ways, in this report I will do the ratio analysis, which is easier and very common. The ratios are an indicator that shows if the company's cash management is meeting its financial obligations, efficient inventory management, the proper number of receivables or payables, the company's investment planning, etc.

1.2 Objective of the report

The objective of the report tells why the report is made and the goals of the report. I have divided the objective into two sections for this report, which are;

Broad Objective:

> The broad objective of this report, titled "Financial Performance Analysis of Ananta Companies," is to provide an overall assessment of the financial performance of Ananta Companies Bangladesh. This report aims to provide an understanding of the company's financial position, potential growths, and challenges, by using ratio analysis techniques within a certain period.

Specific Objectives:

- To analyze the company’s liquidity, solvency, profitability, and efficiency ratios.
- To evaluate the financial trends over recent years and their impact on the company's overall performance.

- To identify the strengths and weaknesses in the financial management of Ananta Companies.
- To provide recommendations for improving financial performance and ensuring long-term sustainability.

1.3 Methodology

I. **Sample size:** The report is made based on the five years of financial information of Ananta Companies, which is collected from the five years of annual report of Ananta Companies, collected from a various source. The entire investigation adheres to the company's valid information from 2019 to 2023.

II. **Data Collection:** All the data are collected from various sources that can be divided into primary and secondary sources. Which are:
   - Communicating with the employees.
   - Practical experiences from the internship period.
   - The annual reports.
   - Websites of the company.

III. **Data Analysis:** The report is based on an exploratory technique that contains both qualitative and quantitative data.

1.4 Limitations of the report

- Secrecy: Ananta Company maintains too much secrecy for their financial data so it was very hard to collect many valuable financial information. This may leave some gaps in the analysis, but I have tried my best to use all the sources I could to provide a comprehensive analysis of their financial situation.
- Insufficiency: Due to the data secrecy I have insufficient primary information despite having practical experience of working as an intern in the company. However, I have done thorough research on their websites and other social platforms to complete my report.

Chapter: 2

Overview of Ananta Companies

2 Overview of Ananta Companies

2.1 Background of Ananta Companies

Ananta Companies Bangladesh is a prominent organization in the country's textile and apparel sector, specializing in the production of high-quality garments for global markets. Established with a commitment to excellence, Ananta Companies has grown into a well-regarded name in the industry, known for its expertise in manufacturing a wide range of apparel products.

Ananta Companies diversifies in many sectors such as; manufacturing, retail, and services. The company has grown significantly based on its innovation, quality, and customer satisfaction. It was established in 1992. The goal of the company is to lead in the industry by growing its technology and strategic market positioning.

Ananta company's portfolio has a range of products like; denim, garments, sportswear, etc. which helps them to adapt to the fluctuating market. It is a leading company in the garments industry with 6 companies, and almost 15000 workforce.

The company runs a wide range of operations including cutting, sewing, washing, finishing, etc. Ananta Companies exports their products to various well-known clothing brands like; H&M, Tema, Next, Gap- USA, Morrison, etc.

Ananta Company has earned a reputation for its efficient work and has been awarded in several sectors within the industry. It aims to expand its business both domestically and internationally. With a focus on quality, innovation, and sustainability, Ananta Companies continuously strives to enhance its production capabilities while maintaining ethical business practices.

In this study, I will evaluate the financial performance by providing ideas about their financial health and strategic effectiveness.

2.2 Mission & Vision o Ananta Companies

Mission

- To deliver high-quality products to meet customer expectations.
- To adapt to the latest technological advancements and innovations to lead in the industry.
- To ensure the growth of the employees, stakeholders, and communities.
- To focus on environmental and sustainable practices.

Vision

- To lead the industry through strategic management of the company.
- To expand globally and increase export volume.
- To create a positive impact on the community.

2.3 Financial highlights of Ananta Companies

Ananta Companies has achieved significant growth in their financial performance in recent years compared to the previous years. It has reported revenue growth both domestically and internationally also, the profit margin has increased. Their strategic financial decisions have reduced the debt and leverage. To get a clear view the recent financial highlights are shown below:

Revenue

- 2022-2023: BDT 66.41 Billion
- 2021-2022: BDT 58.35 Billion

Profit

- 2022-2023: BDT 16.42 Billion
- 2021-2022: BDT 14.74 Billion

EPS

- 2022-2023: BDT 18.52 Billion
- 2021-2022: BDT 16.63 Billion

Dividend Payout

- 2022-2023: BDT 8.86 Billion
- 2021-2022: BDT 5.32 Billion

Net Asset Value

- 2022-2023: BDT 93.01 Billion
- 2021-2022: BDT 82.22 Billion

Net Operating Cash Flow

- 2022-2023: BDT 12.35 Billion
- 2021-2022: BDT 10.88 Billion

Chapter: 3

Financial Performance Analysis of Ananta Companies

3 Financial Performance Analysis of Ananta Companies

3.1 Ratio analysis of Ananta Companies

Ratio analysis provides quantitative indicators to evaluate the liquidity, and efficiency of the company. There are many types of ratios to analyze financial health, some important ones are given below with appropriate visuals and descriptions.

3.2 Liquidity Ratio

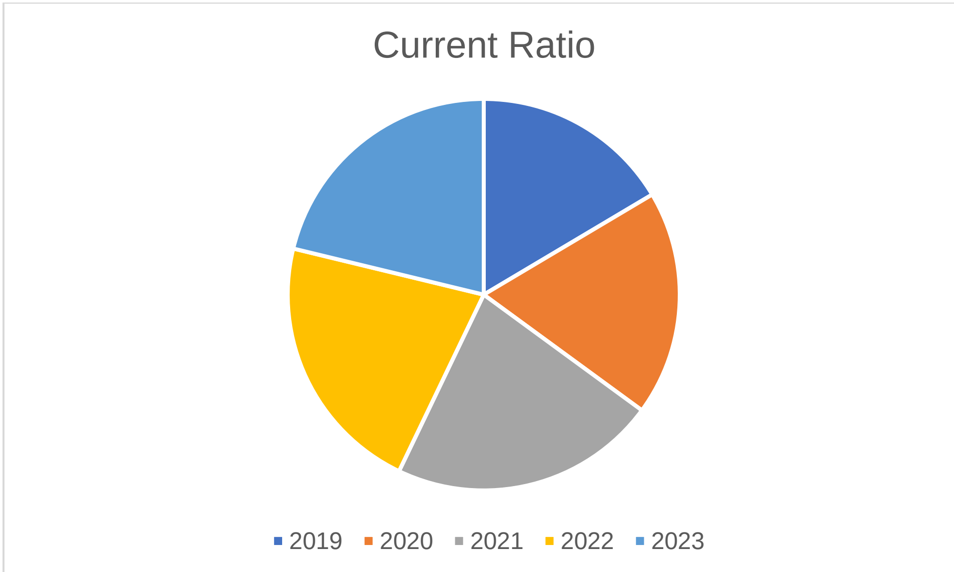
The liquidity ratio is the indicator that shows a company's ability to cover short-term liabilities. It says that if the company has enough liquid assets or not to meet the daily short-term operations. The liquidity ratio of Ananta Companies from 2019-2023 is determined with the following calculations.

3.2.1 Current Ratio

The current ratio is determined by dividing the current asset by the current liability. It shows that the company has enough current assets to pay off its current liabilities. In this case, a higher ratio is a better indicator. Generally, the current ratio above 1 shows good financial health.

Current Ratio= Current Assets/ Current Liabilities

	Current Ratio		
Year	**Current Assets**	**Current Liabilities**	**Current Ratio**
2019	38,411,642,036	2,971,088,529	12.93
2020	47,384,303,113	3,241,547,786	14.62
2021	55,076,379,705	3,178,558,926	17.33
2022	62,347,727,888	3,661,828,783	17.03
2023	70,487,116,554	4,229,145,716	16.67



The calculations of the table show the current ratio of Ananta Companies for the years 2019-2023. The explanation of the following data is given below;

- In 2019, we can see that the current ratio is 12.93, which is very high. This means that Ananta company has more liquid assets compared to its liabilities.
- In 2020, the ratio increased to 14.62 which means elevating the company's liquidity position.
- In 2021, we see a significant build-up, which is having 17 times more current assets over liability with a current ratio of 17.33.
- In 2022, the ratio decreased a little to 17.03, though it was still higher than the general benchmark of the current ratio.
- In 2023, the ratio again decreased to 16.67 which shows a modest increase in the liabilities over the liquidity.

If all these data are summed up, the financial health of Ananta Companies, based on the current ratio is given below;

- Ananta Companies has maintained a very high liquidity over the years. The general benchmark of the current ratio is up to 1 to 2. But here the current ratio of Ananta Companies shows very high liquidity which is above 10 for 5 years straight.
- A high current ratio says the company has high liquidity against its liabilities. The company can easily pay the current debts. However, reserving excessive current assets also means that the company is not using its short-term financing effectively to maximize growth.
- So, it can be said that Ananta Companies will be able to overcome their liquidity risk very easily but the higher reserve of current assets is not profitable for the company's financial health.

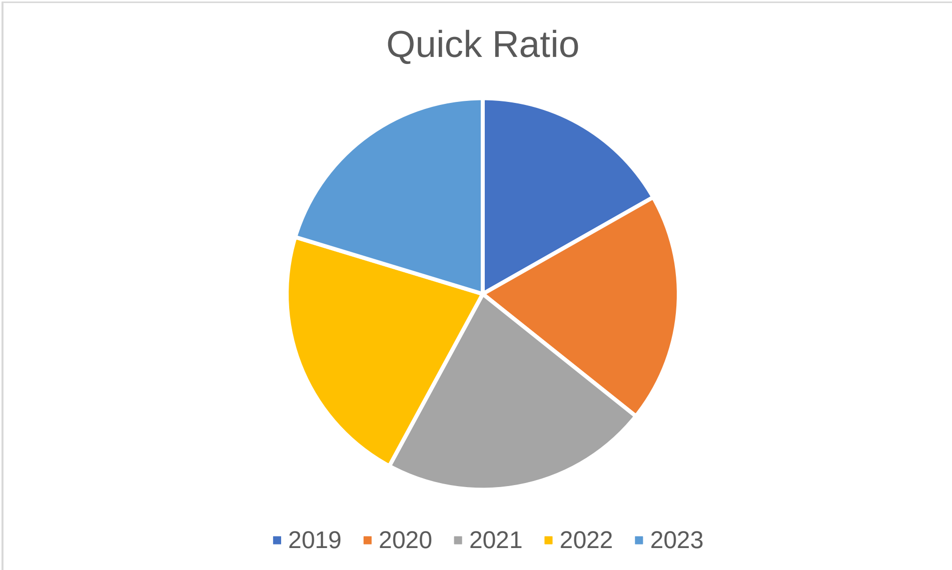
3.2.2 Quick Ratio

The quick ratio or acid-test ratio formula is:

Quick Ratio= Current Assets−Inventory/Current Liabilities

The quick ratio measures a company's ability to pay its current liabilities using its most liquid assets excluding inventory. A quick ratio of 1 or higher indicates that a company has enough liquid assets to cover its short-term liabilities without needing to sell inventory.

	Quick Ratio			
Year	**Current Assets**	**Inventory**	**Current Liabilities**	**Quick Ratio**
2019	38,411,642,036	4,596,512,673	2,971,088,529	11.38
2020	47,384,303,113	5,687,406,329	3,241,547,786	12.86
2021	55,076,379,705	7,245,396,928	3,178,558,926	15.05
2022	62,347,727,888	8,214,111,144	3,661,828,783	14.78
2023	70,487,116,554	12,227,198,105	4,229,145,716	13.78



The quick ratio of Ananta Companies for the years 2019-2023 is depicted in the table's calculations. The explanation of the following data is given below;

- In 2019, the quick ratio is 11.38 which is very high compared to the general quick ratio. It means that Ananta Company has 11 times the liquid assets over the liabilities excluding its inventory.
- In 2020, the ratio has increased to 12.86. which shows a further improvement in its liquidity.
- In 2021, the quick ratio of Ananta Companies is at its peak which is 15.05. which shows an extremely strong position in the company's liquidity.
- In 2022, the quick ratio has decreased a little and came down to 14.78 which doesn't change the liquid position it holds.
- In 2023, the ratio again decreases a little and comes down to 13.78 which is still very high in general.

If all these data are summed up, the financial health of Ananta Companies, based on the quick ratio is given below;

- In all these years Ananta Companies has kept a very high liquidity than the general benchmark of quick ratio that is up to 1 to 2. It shows a stronghold of liquid assets. But as quick ratio is calculated excluding the inventory that means the company is reserving a huge amount of cash or other liquid assets.
- The high liquidity of Ananta Companies excluding its inventory says that the company will meet no obligations to pay its short-term liabilities.
- We can also notice that the inventory of Ananta Companies has increased in the last 2 years but it has almost no impact on the quick ratio as the company has a very high reserve of cash and other liquid assets.
- Overall, it can be summed up as Ananta Companies is following a conservative low-risk financial strategy where they can pay up their liabilities very comfortably but the company will miss out on potential growth of higher returns by not financing their short-term assets properly.

3.3 Solvency Ratio

Solvency ratios are financial indicators, used to evaluate a company's ability to meet its long-term obligations and continue operations in the long run. These ratios measure the extent to which a company is financed by debt compared to its equity. The solvency ratio of Ananta Companies from 2019-2023 is determined with the following calculations.

3.3.1 Debt to Equity Ratio

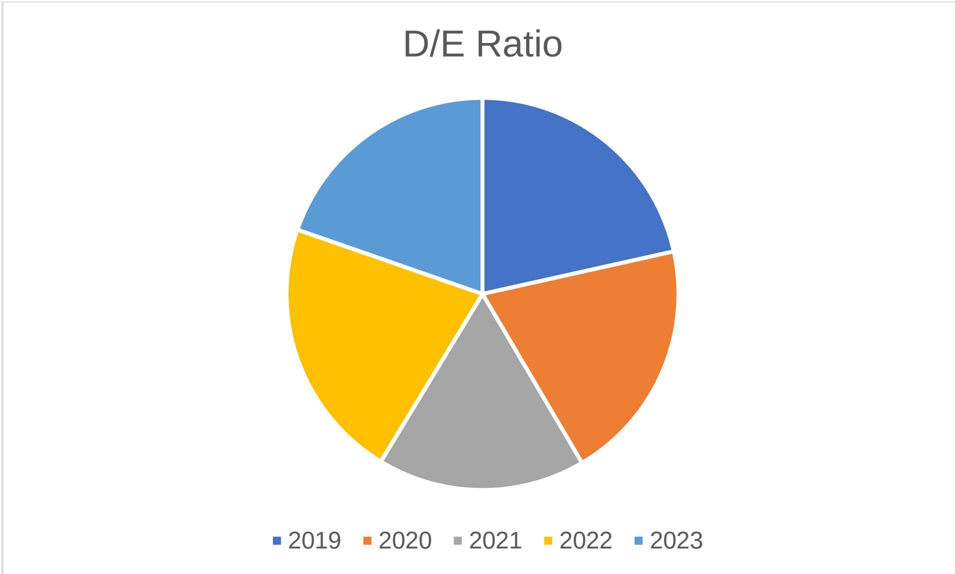
The debt-to-equity ratio is calculated as:

D/E Ratio= Total Liabilities (Current + Long-term)/Shareholders' Equity

The D/E Ratio evaluates a company's financial structure by showing how much of its funding comes from debt compared to equity. A lower D/E ratio generally indicates lower financial risk, as the company relies more on equity than on debt. A healthy ratio usually ranges from 0.5 to 1.5.

Debt to Equity Ratio

Year	Current Liabilities	Long-term Liabilities	Shareholder's Equity	D/E Ratio
2019	2,971,088,529	1,294,346,873	67,880,617,172	0.06
2020	3,241,547,786	1,272,750,021	77,305,843,913	0.06
2021	3,178,558,926	1,378,560,486	90,894,643,168	0.05
2022	3,661,828,783	2,873,450,552	103,452,979,750	0.06
2023	4,229,145,716	2,390,510,685	115,195,939,389	0.06



The calculations of the table show the D/E ratio of Ananta Companies for the years 2019-2023. The explanation of the following data is given below;

- In 2019, the D/E ratio was 0.06, which indicates a very low ratio, which means Ananta Companies relies more on equity than debt for their financial operations.
- In 2020, the D/E ratio remains the same which is 0.06.
- In 2021, the ratio slightly decreased to 0.05 which means that Ananta Companies has become even less dependent on their debt due to a huge growth in its shareholder's equity.
- In 2022, the ratio returns to 0.06.
- In 2023, the ratio again remained the same which was 0.06. It shows stability in Ananta Companies' financial strategy.

If all these data are summed up, the financial health of Ananta Companies, based on the D/E ratio is given below;

- The constant low D/E ratio shows that Anant Companies has very low financial leverage. They depend significantly on equity rather than debt for their financial operations. This means that Ananta Companies is at a low risk of financial distress due to its lower reliance on debt.
- Again, we can say that Ananta Companies maintains a low-risk strategy by minimizing its risk. In this way, the company can run smoothly in terms of economic recession or any financial distress.
- We can also notice that Ananta Companies maintains stability in their financial structure. Though there was a slight fluctuation overall, it has a very stable ratio with no significant shifts in its financial leverage.
- Ananta companies have an increasing debt but the steady increase of equity is more significant. It gives a positive look at the company's retained earnings, profits, and other capital raised from equity. However, Ananta Companies is not leveraging its debt to maximize the growth of the company. It can be defined as a conservative financial strategy but it can become a double-edged sword depending on the company's long-term goals and market conditions.

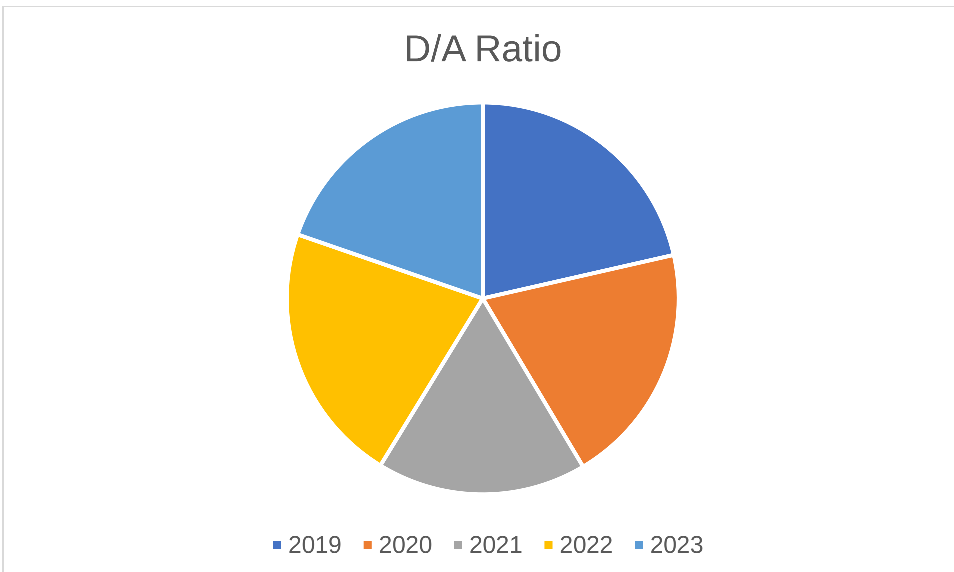
3.3.2 Debt to Asset Ratio

The debt-to-asset ratio is calculated as:

Debt-to-Asset Ratio= Total Liabilities (Current + Long-term)/Total Assets

The D/A ratio indicates the percentage of a company's assets that are financed by debt. A lower ratio suggests a more conservative financing approach, with less dependency on debt and lower financial risk. Where, a higher ratio indicates more dependency on debt, which may increase financial risk but also the potential for higher returns. A healthy D/A ratio generally varies from 0.03-0.06.

Year	Current Liabilities	Long-term Liabilities	Total Assets	D/A Ratio
	Debt to Asset Ratio			
2019	2,971,088,529	1,294,346,873	72,146,052,574	0.06
2020	3,241,547,786	1,272,750,021	81,820,141,720	0.06
2021	3,178,558,926	1,378,560,486	95,452,262,580	0.05
2022	3,661,828,783	2,873,450,552	109,988,728,717	0.06
2023	4,229,145,716	2,390,510,685	121,816,305,166	0.05



The calculations of the table show the D/A ratio of Ananta Companies for the years 2019-2023. The explanation of the following data is given below;

- In 2019, the D/A ratio was 0.06. which means only 6% of the company's assets are financed from the debt. Ananta Companies depends more on equity than debt to finance their assets.
- In 2020, the ratio remains the same which is 0.06. There is no significant change in the company's financial strategies.
- In 2021, the ratio slightly decreased to 0.05 which shows even less reliance on debt of the company to finance the assets.
- In 2022, the D/A ratio returns to 0.06.
- In 2023, the ratio decreases back to 0.05 again showing its reliance on debt even less.

If all these data are summed up, the financial health of Ananta Companies, based on the D/A ratio is given below;

- The D/A ratio of Ananta Companies has been constant between 0.05-0.06, which means only 5-6% of the company's share is financed from its debt, showing an extremely low financial leverage.
- Though a lower D/A ratio shows a strong solvency. Ananta Companies is not heavily dependent on its debt which reduces the risk and makes the company more solvent. Also, the company has maintained a stable financial structure here.
- Lower D/A gives Ananta Companies the benefit of lower financial risk and great financial stability because with low reliance on the debt the company can take additional debt for potential investments.
- While there are some benefits, this lower leverage is keeping Ananta Companies from taking advantage of potential leverage benefits also this overly conservative financial approach is creating opportunity cost for Ananta Companies.

3.4 Profitability Ratio

Profitability ratios are financial metrics used to evaluate a company's ability to generate profit relative to its revenue, assets, equity, or other financial elements. It shows the efficiency and effectiveness of a company's operations and its ability to turn revenue into profit. Higher profitability ratios generally indicate a more profitable and efficient business. The profitability ratios of Ananta Companies from 2019-2023 are determined with the following calculations. A ROA of over 5% is generally considered good. Over 20% is excellent.

3.4.1 Return on Assets (ROA)

The formula of ROA= Net Income/Average Total Assets×100

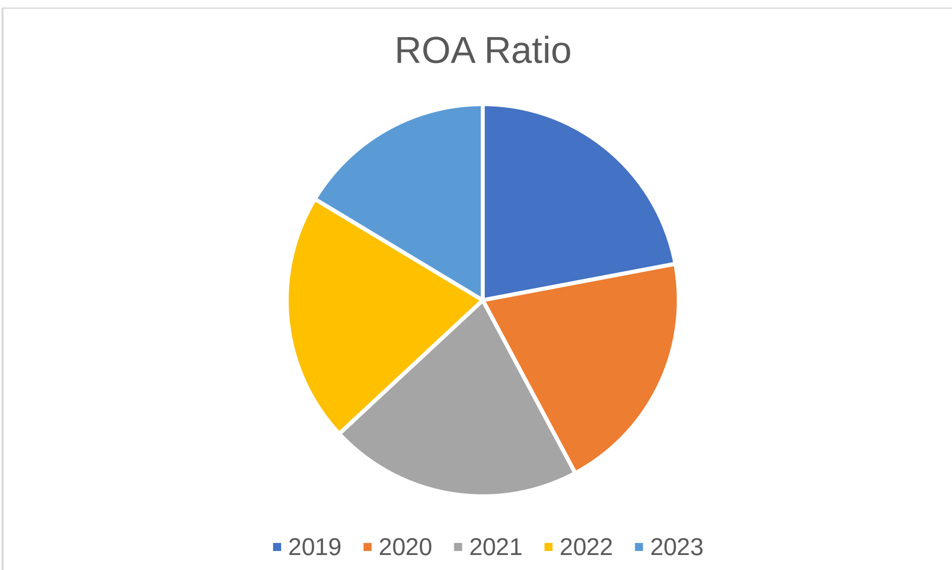
Average Total Assets=

Total Assets (Beg) + Total Assets (Ending)/2

ROA indicates how efficiently a company is using its assets to generate profit. A higher ROA means the company is more efficient at converting its investment in assets into profits. A good ROA is generally above 5% which varies based on industry.

Return on Asset Ratio

Year	Net Income	Total Assets (Beg)	Total Assets (Ending)	Average Total Asset	ROA Ratio
2019	12,652,401,141	61,273,001,535	72,146,052,574	66,709,527,055	19%
2020	13,354,413,889	72,146,052,574	81,820,141,720	76,983,097,147	17%
2021	15,947,450,722	81,819,367,357	95,452,262,580	88,635,814,969	18%
2022	18,176,739,552	95,452,262,580	109,988,728,717	102,720,495,649	18%
2023	16,457,626,777	111,757,869,267	121,816,305,166	116,787,087,217	14%



The ROA of Ananta Companies for the years 2019-2023 is depicted in the table's calculations. The explanation of the following data is given below;

- In 2019, Ananta Companies generated profit very efficiently using its assets, which was 19%. This means for every dollar invested in assets, Ananta Companies have generated 0.19 dollars in net profit.
- In 2020, the ROA slightly decreased to 17% which indicates a drop in the margin, though the net income increased the growth in total assets outpaced it which led to decreased ROA.
- In 2021, the ROA increased to 18%. This signifies that the company's asset utilization improved over the previous year.
- In 2022, the ROA remains the same 18%. This describes that Ananta Company's net income increased while the assets utilization was maintained the same as the previous year.
- In 2023, the ROA dropped to 14% which clearly shows declining efficiency in Ananta Companies utilization of assets.

If all these data are summed up, the financial health of Ananta Companies, based on ROA is given below;

- In the initial years of our research, Ananta Companies showed high efficiency in utilizing their assets to make a profit which was around 17-19%. In later years, the assets of the company increased well but the company wasn't able to utilize their assets efficiently, resulting in lower ROA which dropped to 14%.
- The sudden drop in Ananta Companies ROA can be a reason for investment in new assets that are not making enough profit for the company yet or might be caused by a potentially challenging market condition or problems in operating the company's operations.
- Overall, this decline in Ananta Companies ROA might indicate that the company needs to evaluate its asset utilization or profitability strategies to ensure higher returns on assets.

3.4.2 Return on equity (ROE)

ROE is calculated as:

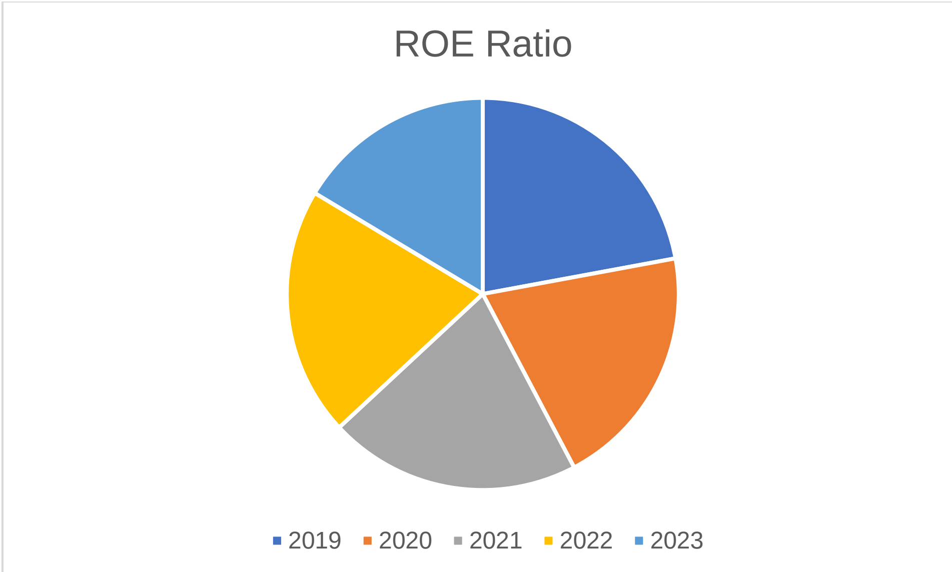
ROE= Net Income/Average Total Equity×100

Average Total Equity= Total Equity (Beg) + Total Equity (Ending)/2

ROE indicates how effectively a company is using its shareholders' equity to generate profit. A higher ROE suggests that the company is more efficient at converting the equity investment into earnings. A healthy ROE is considered to vary from 15%-20%.

Return on Equity Ratio

Year	Net Income	Total Equity (Beg)	Total Equity (Ending)	Average Total Equity	ROE Ratio
2019	12,652,401,141	57,816,566,831	67,880,617,172	62,848,592,002	20%
2020	13,354,413,889	67,880,617,172	77,305,843,913	72,593,230,543	18%
2021	15,947,450,722	77,364,890,773	90,894,643,168	84,129,766,971	19%
2022	18,176,739,552	90,894,643,168	103,452,979,750	97,173,811,459	19%
2023	16,457,626,777	105,202,560,398	115,195,939,389	110,199,249,894	15%



The figures in the table reflect Ananta Companies' ROE for the years 2019-2023. The explanation of the following data is given below;

- In 2019, the ROE of Ananta Companies was 20% which can be considered as an efficient utilization of the company's equity to make a return. Ananta Companies made 0.20 dollars of profit for every dollar of equity.
- In 2020, the ROE was reduced to 18%, Which may have been caused by a growth in equity resulting in a decline in return on equity.
- In 2021, the ROE rebounded to 19% which might mean that Ananta Companies increased their efficiency in generating profit from their equity.
- In 2022, the ROE remained stable at 19%.
- In 2023, the ROE of Ananta Companies took a significant drop to 15%. This shows the declining efficiency of the company in utilizing its equity to make higher returns.

If all these data are summed up, the financial health of Ananta Companies, based on ROE is given below;

- In the starting years of our research, Ananta Companies made a good return from their equity which was around 18-20% showing an efficient utilization of their shareholder's equity. But in the last year 2023, the ROE took a sudden drop to 15% which could be caused by increasing unproductive equity or inefficiency in the company's operations.
- The declining ROE, despite the growing equity, shows that Ananta Companies raising unproductive equity or following conservative dividend policies.
- To fix this issue Ananta Companies might need to evaluate their equity productivity and manage their cost or improve operational strategies.

3.4.3 Gross Margin Ratio

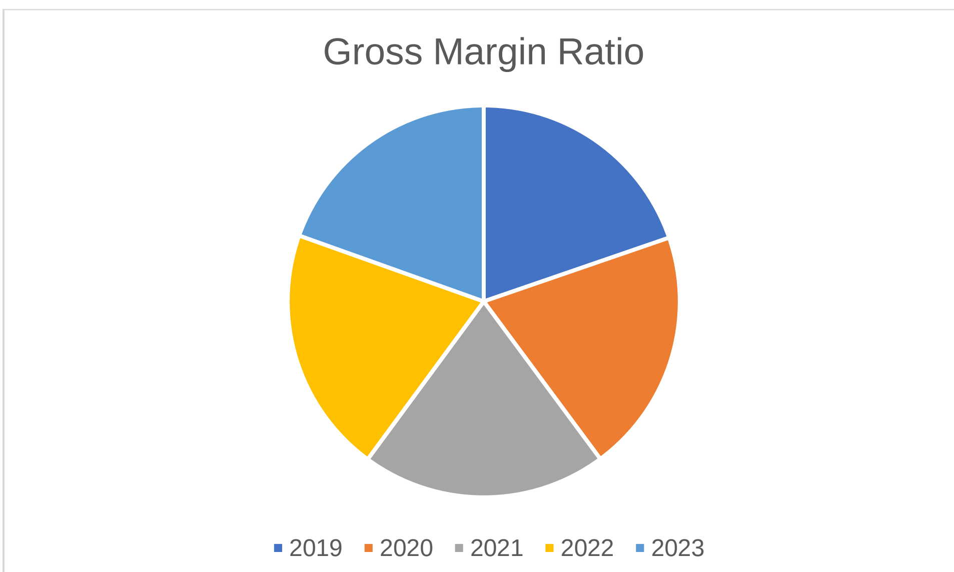
Gross Margin Ratio is calculated as:

Gross Margin Ratio= (Gross Income/Net Revenue) ×100

The Gross Margin Ratio indicates the proportion of revenue that remains after accounting for the cost of goods sold. A higher ratio suggests better efficiency in production and cost management, which means that the company earns more revenue as profit after covering the costs of production. A healthy gross margin ratio varies from 50-70%.

Gross Margin Ratio

Year	Gross Income	Net Revenue	Gross Margin Ratio
2019	21,942,249,918	44,033,634,269	50%
2020	23,339,778,881	45,876,448,841	51%
2021	25,902,993,347	50,703,028,902	51%
2022	29,639,914,379	57,597,941,359	51%
2023	30,975,589,564	62,747,682,864	49%



The calculations of the table show the gross margin ratio of Ananta Companies for the years 2019-2023. The explanation of the following data is given below;

- In 2019, Ananta Companies had a gross margin of 50% which means after covering all the COGS, the company had half the revenue. It's a sign of efficient management of production costs.
- In 2020, the gross margin ratio slightly increased to 51%. This means that Ananta Companies increasing its production efficiency.
- In 2021, the ratio remained stable at 51%, indicating a stable pricing and cost management strategy.
- In 2022, the ratio remained the same at 51%. Ananta Companies showing a steady management of their production strategy.
- In 2023, the gross margin showed a sudden drop to 49%, which might be caused by higher production costs or any other potential challenges. However, 49% is a healthy margin.

If all these data are summed up, the financial health of Ananta Companies, based on the gross margin ratio is given below;

- From 2019-2022 Ananta Companies kept a stable gross margin ratio indicating a steady efficiency and consistency in their cost management and pricing strategy. But in 2023, the gross margin ratio suddenly dropped to 49%. It might be a signal for potential challenges in production cost management or pricing competition.
- The gross margin ratio drop of Ananta Companies is not so significant as it still has a healthy ratio but this might become a cause for potential challenges such as; increased production cost, shift in the product mix, etc.
- Overall, we can say Anant Companies have maintained a consistent gross margin ratio which shows the efficiency of the company in managing production efficiency. However, the company should evaluate the drop in the margin for any potential obligation in the longer term.

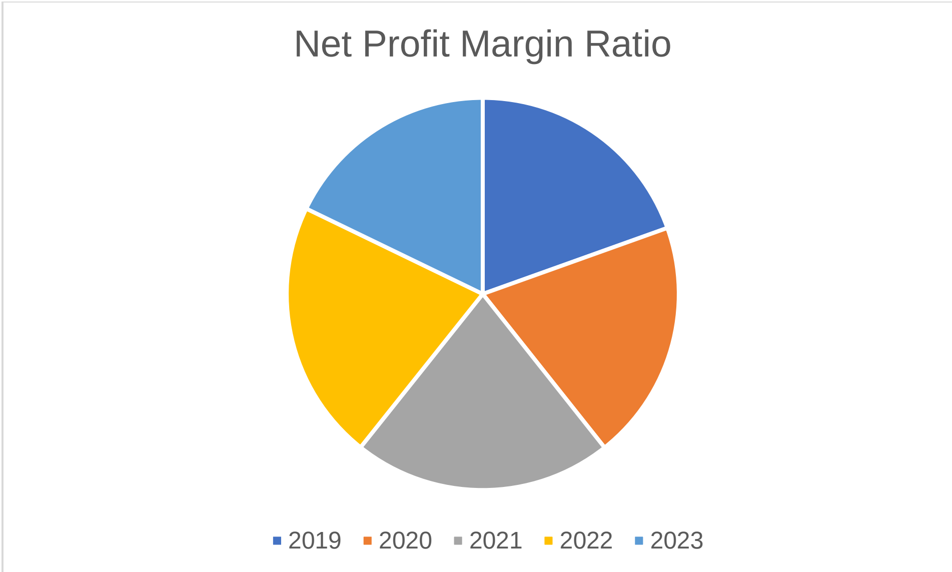
3.4.4 Net Profit Margin Ratio

The formula for net profit margin ratio:

Net Profit Margin Ratio= (Net Profit/Net Revenue) ×100

The Net Profit Margin Ratio indicates the percentage of revenue that remains as profit after all expenses are deducted. A higher ratio signifies better overall profitability and efficiency in managing expenses relative to revenue. As a general rule, a 10% net profit margin is considered average, a 20% margin is considered high and a 5% margin is low.

	Net Profit Margin Ratio		
Year	**Net Profit**	**Net Revenue**	**Gross Margin Ratio**
2019	12,652,401,141	44,033,634,269	29%
2020	13,354,413,889	45,876,448,841	29%
2021	15,947,450,722	50,703,028,902	31%
2022	18,176,739,552	57,597,941,359	32%
2023	16,457,626,777	62,747,682,864	26%



The calculations of the table show the net profit margin ratio of Ananta Companies for the years 2019-2023. The explanation of the following data is given below;

- In 2019, Ananta Company had a net profit margin of 29%, which is a healthy level of net margin showing that the company is efficiently managing its costs related to the revenue.
- In 2020, the net profit margin ratio remained the same at 29%. It shows that Ananta Companies maintains consistent profitability as the revenue increases.
- In 2021, the net profit margin ratio increased to 31% which shows that Ananta Companies improved their profitability by enhancing effective cost management and pricing strategy.
- In 2022, the ratio again increased to 32% indicating that Ananta Companies continued to grow its efficiency.
- In 2023, the net profit margin ratio significantly dropped to 26% which shows a decline in the overall profitability of Anant Companies.

If all these data are summed up, the financial health of Ananta Companies, based on the net profit margin ratio is given below;

- From 2019-2022, we can see that Ananta Companies have an upward trend of profitability which was reaching 32% steadily from 29%. This trend indicates an effective cost management also an improved operational efficiency.
- While the sudden drop of margin in 2023 to 26% shows a decrease in profitability. This can be caused by different causes such as rising costs, increased competition, pricing pressure, or any other operational challenges.
- Overall, it can be said that, as Ananta companies had a growing profitability till 2022, the sudden drop in 2023 might be caused due to one-time expenses such as; restructuring costs or non-recurring items or maybe some strategic investment in marketing or research development. The company can reevaluate its overall operational and cost management strategy to avoid potential challenges.

3.5 Efficiency ratios

Efficiency ratios are financial indicators used to analyze how well a company uses its assets and liabilities to generate revenue and manage its operations. Efficiency ratios help to evaluate how quickly it can turn assets into cash, and how effectively it uses its resources to generate revenue.

Higher ratios typically indicate better efficiency, while lower ratios may signal inefficiencies or operational issues.

3.5.1 Asset turnover ratio

The asset turnover ratio is calculated as:

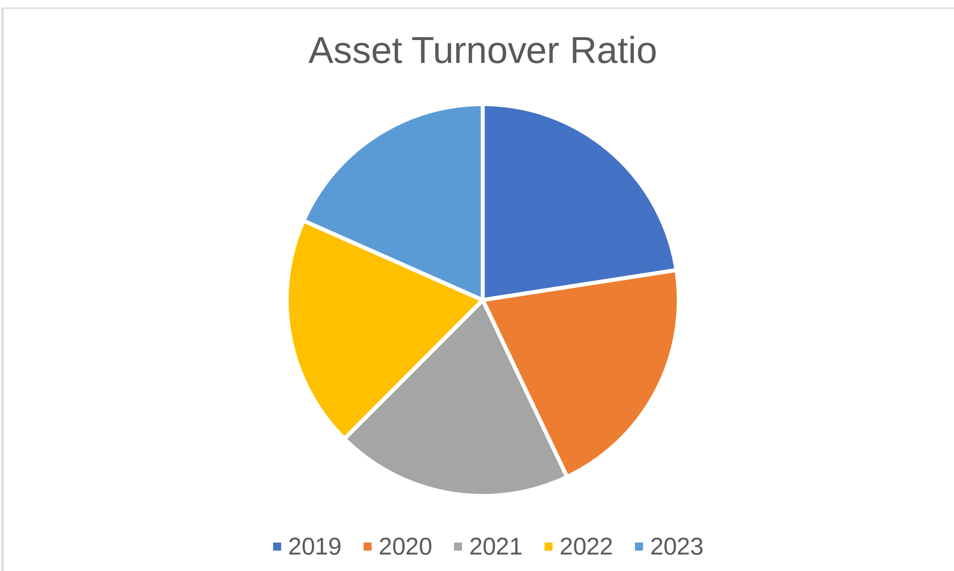
Asset Turnover Ratio= Average Total Assets/Net Revenue

Average Total Assets= Total asset (Beg)+Total asset (End)/2

This ratio shows how effectively a company uses its assets to generate revenues. A healthy ratio goes up to 1 generally. But the higher the ratio, the better because a higher ratio indicates that the company makes more revenue per dollar of asset.

Asset Turnover Ratio

Year	Net Revenue	Total Assets (Beg)	Total Assets (Ending)	Average Total Asset	Asset Turnover Ratio
2019	44,033,634,269	61,273,001,535	72,146,052,574	66,709,527,055	0.66
2020	45,876,448,841	72,146,052,574	81,820,141,720	76,983,097,147	0.60
2021	50,703,028,902	81,819,367,357	95,452,262,580	88,635,814,969	0.57
2022	57,597,941,359	95,452,262,580	109,988,728,717	102,720,495,649	0.56
2023	62,747,682,864	111,757,869,267	121,816,305,166	116,787,087,217	0.54



The calculations of the table show the asset turnover ratio of Ananta Companies for the years 2019-2023. The explanation of the following data is given below;

- In 2019, Ananta Company had a ratio of 0.66. which means that the company made 0.66 dollars of revenue per dollar of assets.
- In 2020, the asset turnover ratio of Ananta Company slightly decreased to 0.60, indicating a decrease in the efficiency of using assets.
- In 2021, the ratio further decreased to 0.57. Ananta Company's efficiency of using its assets is slowly declining though the revenue is increasing every year.
- In 2022, the ratio continued to decrease steadily to 0.54.
- In 2023, the asset turnover ratio of Ananta Company reached its lowest which is 0.54.

If all these data are summed up, the financial health of Ananta Companies, based on the asset turnover ratio is given below;

- From 2019-2023, the asset turnover ratio of Ananta Companies decreased from 0.66 to 0.54. which indicates that Ananta Companies lacks efficiency in using its assets to generate revenue and over time the efficiency kept declining.
- If we go through the table, we can notice Ananta Companies' assets and revenue have steadily increased year after year. However, the rate of asset growth surpassed the growth of revenue resulting lower asset turnover ratio.
- This declining trend of asset turnover ratio might be caused by investing in unproductive assets that are not generating enough revenue or could be any operational inefficiencies that are stopping the company from making better use of its assets. Ananta Companies might need to reevaluate its asset utilization or reconsider its capital allocation strategies.

3.5.2 Inventory turnover ratio

The formula for the inventory turnover ratio goes as:

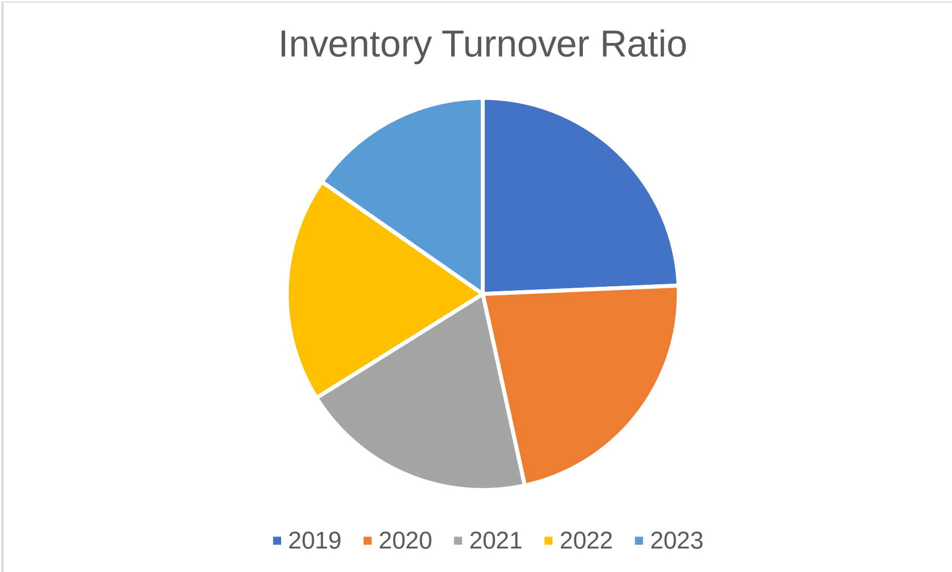
Inventory Turnover Ratio= Average Total Inventory/Net Revenue

Average Total Inventory= Total Inventory (Beg)+ Total Inventory (End)/2

The inventory turnover ratio displays how often a company has sold or used its goods during the period. A greater inventory turnover ratio suggests effective inventory management, whereas a lower ratio may imply overstocking of slow-moving goods. A healthy inventory turnover ratio generally varies from 5-10.

Inventory Turnover Ratio

Year	Net Revenue	Total Inventory (Beg)	Total Inventory (Ending)	Average Total Inventory	Inventory Turnover Ratio
2019	44,033,634,269	4,432,935,118	4,596,512,673	4,514,723,896	9.75
2020	45,876,448,841	4,596,512,673	5,687,406,329	5,141,959,501	8.92
2021	50,703,028,902	5,687,406,329	7,245,396,928	6,466,401,629	7.84
2022	57,597,941,359	7,245,396,928	8,214,111,144	7,729,754,036	7.45
2023	62,747,682,864	8,214,111,145	12,227,198,105	10,220,654,625	6.14



The calculations of the table show the inventory turnover ratio of Ananta Companies for the years 2019-2023. The explanation of the following data is given below;

- In 2019, Ananta Companies' inventory turnover ratio was 9.75, which means the company replaced its inventory 9.75 times in that year indicating an efficient management of inventory.
- In 2020, the ratio declined and came down to 8.92, indicating a slight decrease in the efficiency of Ananta Companies' inventory management.
- In 2021, the ratio fell to 7.84, despite consistent revenue growth.
- In 2022, the ratio further decreased to 7.45. this means that the inventory of Ananta Companies was being replaced slower every year indicating a downward efficiency rate.
- In 2023, the ratio took a significant drop to 6.14. This shows a sign of overstocking or lower revenue over inventory.

If all these data are summed up, the financial health of Ananta Companies, based on the inventory turnover ratio is given below;

- Over the five years, the inventory turnover ratio of Ananta Companies declined at a steady pace from 9.75 to 6.14. This implies that the inventory management of Ananta Companies kept getting less efficient every year.

- If we go through the table, we can notice that the revenue of Ananta Companies kept increasing along with the inventory leading to a lower inventory turnover ratio. This means Ananta Companies' inventory accumulation is faster than its sales.
- This trend can cause Ananta Companies potential overstocking, a higher inventory holding cost, or potential liquidity issues. In this situation, Ananta Companies need to evaluate their demand forecasting and manage the inventory level according to the forecast of their demand to avoid potential overstocking.

Chapter: 4

Findings, Recommendations, and Conclusion

4 Findings, Recommendation, and Conclusion

4.1 Findings

From the calculation and discussion of the ratios in the previous chapter of Ananta Companies over the years 2019 to 2023, these are the following findings can be concluded:

- Liquidity ratios: in the liquidity ratios we have calculated the current ratio and quick ratio of Ananta Companies. Going through the interpretations it can be summed up that, Ananta Companies a high liquidity which keeps the company out of potential liquidity risk but it shows a significant inefficiency of Ananta Companies' use of assets which is an obligation to the company's potential financial growth.
- Solvency Ratios: In solvency ratios, we calculated the debt to equity ratio and debt to asset ratio to see how much Ananta Companies relies on their debt to operate the regular operations. Ananta Companies has a low reliance on debt to finance their operations which shows a strong solvency.
- Profitability ratio: To assess the profitability of Ananta Companies we calculated ROA, ROE, Gross margin, and Net margin ratio from the year 2019 to 2023. From the calculation of these ratios, it can be concluded that Ananta Companies' profitability was pretty stable till 2022, but for some reason, the profitability ratios took a significant fall in 2023.
- Efficiency ratio: To evaluate the efficiency of Ananta Companies' financial strategies we calculated their asset turnover ratio and inventory turnover ratio. In both cases, Ananta Companies shows a steady downfall in the efficiency in utilizing their assets and managing their inventory.
- Lastly, the findings can be concluded that Ananta Companies approaches a conservative financial strategy which is holding the company from potential profitability and growth. Though the company is very solvent their operational efficiencies show a downward flow that can cause the company obligations to face potential challenges and also downgrade their overall financial performance.

4.2 Recommendation

From the ratio analysis of Ananta Companies' financial performance from the year 2019 to 2023, we got a clear insight into the company's financial health and strategies. The whole findings are based on the ratio analysis of the company's data we got from their annual reports. The recommendations are also based on those ratios.

After reviewing the findings, there are some recommendations that Ananta Companies may find useful. Those are explained below;

- **Reevaluate liquidity:** Ananta Companies have a high rate of current ratio and quick ratio which indicates that the company has idle cash or other liquid assets. Ananta Companies can utilize these liquid assets to earn more profit rather than being so conservative about their financial strategies. For instance, Ananta Companies can use their liquidity to invest in high-return projects, increase dividend payouts, improve working capital, or invest in short-term securities.
- **Acknowledging decreasing return:** The ROA and ROE of Ananta Companies took a sudden drop in the recent year. Which might indicate potential challenges for the company’s financial health. The management of Ananta companies should review this sudden downfall of profitability and reevaluate their investment strategies and operational efficiencies. They can prioritize projects with higher returns to gain higher profitability also optimize their supply chain to reduce cost.
- **Improve profitability:** Ananta Companies' gross margin and net margin both significantly decreased in the year 2023. In this situation, Ananta Companies needs to enhance their profitability by reviewing their operational strategies like; controlling and cutting excess costs of production and operation to restore their steady growth of margin.
- **Enhance asset utilization:** In the asset turnover ratio of Ananta Companies, the ratio seems to be constantly declining. This can cause a potential threat to the company. The management of Ananta Companies can conduct a detailed analysis of underutilized assets and consider divesting those that do not contribute to revenue generation,

optimize and upgrade their operational process and technologies to improve the use of assets to generate revenue.

- **Improve inventory management**: Ananta Companies has poor inventory management that has been downgraded over the last five years constantly. The downfall of the inventory turnover ratio indicates overstocking inventory that might become a threat for the company in upcoming years also increase their costs. In this case, Ananta Companies need to forecast their demand properly or use techniques like Just-In-Time (JIT) and reduce their stocking of inventory to avoid excessive costs of holdings.

So, these are some recommendations that might help Ananta Companies improve their current financial performance and reconsider their financial strategies to boost their potential profitability and growth.

4.3 Conclusion

The objective of this report was to analyze the financial performance of Ananta Companies and come up with possible suggestions to improve and enhance the performance of their financial position. From my internship period experience and doing a ratio analysis of their financial data from the year 2019 to 2023, I have come up with the following conclusion.

Ananta Company is financially very stable with strong liquidity and solvency that puts the company in a position to face all the short-term and long-term challenges. Though the company follows a conservative financial approach also their operational efficiency needs to be improved.

If Ananta Companies can improve their financial strategies and enhance their operational efficiency the company will continue to get higher returns. This may also help the company to keep a better relationship with the shareholders also maintain a strong position in the industry.

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