Internship Report

On

Financial Statement Analysis of Shamsher Knit Fashions Ltd.

Supervised By:

Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Prepared By:

Sumiya Afroze Laizu

Id: 201-11-965

Major: Finance

Department of Business Administration

Daffodil International University

Letter of Transmittal

Date:

Professor Dr. Mostafa Kamal

Department of Business Administration

Daffodil International University

Subject: Report on the "Financial Statement Analysis of Shamser Knit Fashion Limited" submitted during the internship

Dear Sir,

I'm presenting a paper on "Financial Statement Analysis of Shamsher Knit Fashions Ltd" when my internship is over I tried my hardest to adhere to every recommendation made by this company. I had no problem following your guidelines and timetable. All of those topics that were brought up to me over the course of the conversation have been discussed.

Each topic related to this internship paper is illustrated. I would want to sincerely thanks you to all of your support. This greatly aids in my ability to properly prepare this report.

Thank you for your consideration.

Sumiya Afroze Laizu

Id: 201-11-965

Major in Finance

Department of Business Administration

Declaration

I am Sumiya Afroze Laizu, ID: 201-11-965, BBA student of Daffodil International University, thus certifies that the report I wrote for my internship at “Shamsher Knit Fashions ltd” under the title “Financial Statement Analysis of Shamser Knit Fashions ltd” was created during the internship there was completed. Under the strict supervision and direction of Professor Dr. Mostafa Kamal, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University.

I additionally affirm that this internship report was created entirely for learning purposes and was not provided by another person.

Laizu

…………………….

Sumiya Afroze Laizu

Id: 201-11-965

Program: BBA

Major: Finance

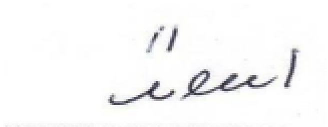
Department of Business Administration

Faculty of Business and Entrepreneurship

Approval Certificate

These serves as confirmation for Sumiya Afroze Laizu, Id: 201-11-965, Program: BBA Major: Finance, is a regular student at the Daffodil International University Department of Business Administration, Faculty of Business and Entrepreneurship. She prepared for this internship under my direct supervision after successfully completing her internship program at Shamser Knit Fashions Ltd. "Financial Statement Analysis of Shamser Knit Fashion Limited" is this topic for her appointed work. I believe that the report merits meeting some of the BBA program's criteria. I further state that this research was done only for academic purposes and that it cannot be applied to a real-world market situation.

The paper is well-written. The report was entirely written by her. I hope she has a successful future.



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Professor Dr. Mostafa Kamal

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Acknowledgement

I wish to register my profound to almighty Allah for the guidance and grace through my life. Without the, this effort might not have been direction and help of several people who took part in and contributed in different ways to the planning and completion of this study.

I started writing this report for my internship and finished it myself. Particular recognition should be given to Professor Dr. Mostafa Kamal, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, for his efforts. His suggestions and words of support were of great assistance in making sure the internship program ran smoothly and successfully. It would be really appreciated if you could help.

I want to thank all the high-ranking officials who helped me get the necessary information. Additionally, this program for temporary employment has helped me understand the value of cooperating with others to complete a challenging business task.

Lastly, I would like to thank Daffodil International University for their excellent collaboration. Sincere gratitude is owed. I would want to express my gratitude to everyone. I would like to thank Allah, the All-Mighty once more.

Executive Summary

This study focuses on the financial statement analysis of Shamser Knit Fashions Limited. Shamser Knit Fashions Limited has a strong and effective financial division. Therefore, it is a great idea to evaluate this company analysis for financial report. This report presents an accurate picture of the company's financial performance as well as firm evaluation of its significance value for this business. Three months was not much time to study everything there is to know about the Finance division. However, I made every effort to study as much as I could.

Considering the cash flow results for Shamser Knit Fashions Ltd through 2019-2022, as soon as company departed on its trip, this internship report was prepared. The study builds on the annual report for 2019 to 2022 and uses the most recent business data.

The first chapter has all the information on the internship program details about the onsite manager. The succinct explanation of the duties or obligations throughout these work period is given, together with the information acquired from the curriculum.

The second chapter contains information about Shamser Knit Fashions Limited, including a comprehensive company overview. It covers the operations, basic values, culture, mission, and vision of the company.

The third chapter discusses theoretical analysis. Theoretical analysis has all the information about financial analysis, financial rules, cash flow statement, ration analysis, common size analysis and trend analysis.

The fourth chapter contain about financial statement analysis. Financial statement analysis is shown and demonstrated through the use of a chart. This chapter includes an explanation for cash flow performance analysis from Shamser Knit Fashion Ltd yearly report, as well as the study's Contribution & Recommendation, Study Limitation, Conclusion, and References. Conclusion (Tabular data, calculations, examples) (Tabular data, calculations, examples) Data analysis and evaluation are communicated and shown via charts. The last chapter covered findings, recommendations and conclusion.

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Chapter-1

Introduction

1.1 Introduction

Shamser Knit Fashion Limited was created as a private limited company on March 24, 2005. Shamser Knit Fashion operates as a knit apparel manufacturing. The members of this factory include BGMEA and BKMEA. Shamser Knit Fashions Limited products are children/ infants wears, trousers, windbreakers, T-Shirts, fleece Shirts, polo Shirts etc. This firm employs 1500 people (64% female, 36% male).

As we comprehend the client's demands, Shamser Knit Fashions Limited competitive manufacture and exportation of ready-made garments to various top brands worldwide enable us to produce value. As a reputable manufacturer of ready-made knit clothing, they have the capacity, manpower, and size to manufacture the best clothes possible and provide freshly created goods on schedule. Shamser Knit Fashions Limited extensive manufacturing network and meticulous approach to producing high-quality clothing create us even more appealing in Bangladesh's RMG market. These company's ability to differentiate itself in the market through its world-class quality, robust design capabilities, and multiple product offering represents another significant milestone in its ongoing success

1.2 Background of the Study

Every student, but BBA learners at particular, ought to enroll in an internship programmed as it helps them comprehend crucial life scenarios. After finishing all of the needed courses, it is an essential component of the Daffodil International University BBA programs to generate worry in an exceptionally sensible professional scenario for three months. Given this, I just completed an internship that took place at this firm. It have been really helpful for helping me recognize or acquire knowledge for this organization crucial period predicament.

My internship at "Shamser Knit Fashion" was centered on analyzing financial statements and conducting research on Shamser Knit Fashions Ltd. In this report, I got the chance to discover as much as I could learn more about the Shamser Knit Fashions Limited financial performance.

Additionally, it gave me the opportunity to see and the leading non-commissioned company in DCDP in a nation in Asia. It is crucial to emphasize that the date utilized here is accurate and entirely secret, and none of its element will used, in entire or in a part, by anybody.

1.3 Objectives of the Study

- **General Objectives:** The study is quantitative in nature. The subsequent objectives are determined by utilizing both primary and secondary data. The completion of my degree and the evaluation and investigation of my internship experience are my top priorities.

- **Specific Objectives:**
    1. To relate theoretical knowledge with practical experience of at this organization
    2. To determine this company current financial situation
    3. To offer acceptable suggestions and solutions to the problems Shamser Knit Fashions Limited is now experiencing.

1.4 Methodology of the Study

The strategy, resources, and methods you'll use to gather and evaluate financial data are laid out in the methodology of my financial statement analysis research for Shamser Knit Fashions Limited. An overview of the methodology part is provided below:

- **Primary Sources**
    1. Working at many desks during the internship gave me real-world experience in addition to practical knowledge.
    2. Discussion of the client
    3. Particular job experience from a range of corporate division

- **Secondary Sources**
    1. Yearly annual report
    2. Website of the company

3. Useful printed materials, books, and periodicals
4. Performance management system articles

1.5 Limitations of the Study

Taking it consideration, Shamser Knit Fashions Limited personnel gave me their full cooperation, I pointed out the following research challenges. That’s are-

1. **Insufficient Data Sources:** This company data sources very limited. The breadth of the investigation may be constrained by a lack of data sources. It impacts on my research.
2. **Absence of record:** The absence of records, may have significant consequences and difficulties for me during this research. In these company, they don’t have any good books, paper, data. If these errors were omitted from the report, it would be more helpful.
3. **Reduced Scope:** This companies limited data sources can limit the research potential scope.
4. **Lack of expertise:** Experience increases a person's cost-effectiveness. I'm not qualified to carry out this kind of study, though. Unexpired does not pursue this sort of investigation systematically or employ the logical analysis process as a result.

Chapter-2

Profile of the Organization

2.1 Overview of Shamsher Knit Fashions Ltd

Shamser Knit Fashion Limited is a readymade knit garment manufacturing company. This company recognize the needs of its clients and offers them distinctive solutions. So, it become one of the top 100% export-oriented ready-made knit clothing manufacturers in the country.

We must always meet the demands of our clients in terms of performance, timeliness, and quality. This process was followed for creating fabric and ready-to-wear clothing, which has an associated cost for products and services.

Products from Shamser Knit Fashion are of international caliber, guaranteeing constant product quality. Understanding life and introducing fresh ideas to enhance it by creating high-quality lifestyle items.

2.2 Mission

1. Increase productivity
2. Increasing the revenue of our business
3. inventive study with potential for profit.
4. Super quality
5. Market awareness and customer satisfaction are vital
6. Creative technology and goods

2.3 Vision

Understanding life and introducing fresh ideas to enhance it by creating high-quality lifestyle items is the vision Shamser Knit Fashions Limited. This company is to improve people lives by delivering premium goods at competitive prices, even to the most distant corners of the globe. Since its founding in 2001. This company was working recently relentlessly to ensure that significant amounts of clothing are exported.

2.4 Quality Assurance

Make sure that standards and local regulations are strictly followed throughout every stage of forms and purchasing superior manufacturing, quality assurance, and garment delivery.

Make sure that every action is occurs regarding line utilizing a system of quality control and it has been documented and complies with ISO 9001 requirements. We have the ability to develop our human resources by regularly engaging in training.

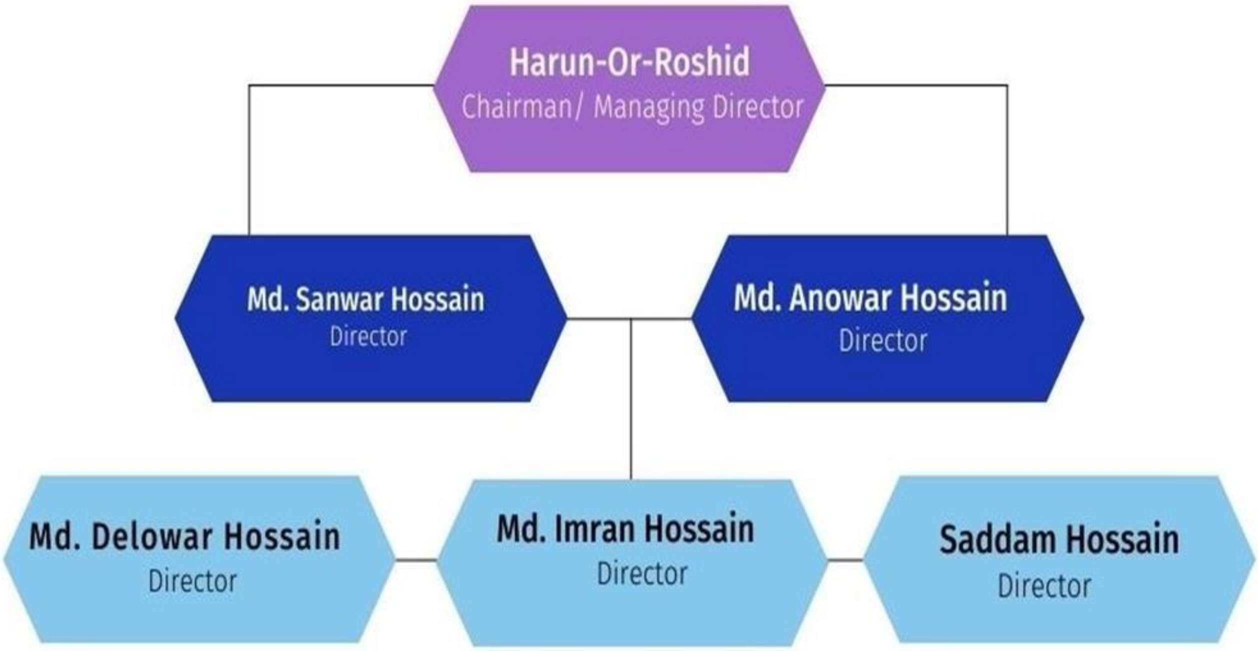
To keep the greatest quality up to date, Client fulfillment, the growth of its human resources, and business expansion, Shamser Knit Fashions Limited is committed undertaking appropriator rating, analyses, system evaluation metrics, system for execution and control over quality.

2.5 Corporate Overview

Shamser Knit Fashions Ltd.: It was a ready-made knitwear manufacturer that is 100% export-oriented.

Established	: Shamser Knit Fashion Ltd
Organized	: Board of Directors
Head Office	: Shamsher Plaza, Ganackbari, Dhaka
No. of Employee	: 1600 worker in total (64% woman, 36% Men)
No. of Products	: 05

2.6 Board of Directors of Shamser Knit Fashion Limited



Chapter-3

Theoretical Analysis

3.1 Financial Evaluation

The process of examining a firm cash flow was referred to the valuation, that related source in order to assets its progress and overall health. The balance sheet of a firm entity includes a list of its assets, liabilities, and owner's equity.

- **Current Asset:** Resources which could exist quickly converted to cash, frequently during a time of one year, that little impact on regular operations, whichever comes first. Current assets include of
    1. Cash,
    2. Account receivable,
    3. Inventory,
    4. Prepaid expenses,
    5. Short term investments

- **Intangible Asset:** Intangible asset include
    1. Good will,
    2. Trade mark,
    3. Patent
    4. Copy right
    5. Legal contract
    6. Lease

- **Existing Debts:** Existing debts include
    1. Revenues
    2. Secondly, Unearned Income
    3. Accrued Costs

- **Long-term Liabilities:** Debts that several years as opposed to one year, such as payments on bonds and pension obligations, are referred to as long-term liabilities. Other names for it include non-current obligations.
- **Owners' Equity:** Common stocks, sometimes known as shares, additional money paid up, and retained earnings make up the owner's equity.

3.2 Financial Guidelines

Financial rules refer to the govern by a number of concepts, norms, and laws. These regulations are in place to guarantee ethical financial conduct, safeguard investors, uphold economic stability, and advance fairness in the financial markets. Here are some typical financial laws and guidelines:

1. When handling your bank accounts, abide by all banking policies and laws pertaining to deposit insurance, privacy, and security.
2. Adhere to investment guidelines and best practices, such as doing extensive study before investing, staying away from emotional decision-making, and keeping a long-term outlook.
3. Follow tax rules and regulations, which include timely filing of tax forms, disclosure of all income, and utilization of all tax breaks and credits.
4. Yearly, in this beginning of the regard, goals that established or kept within objective and goals document.
5. For whatever reason, borrowing each month; otherwise, the accounts may forbid additional advances.
6. The Board of Governors has the authority to allocate additional revenue to a particular profit center in compliance with investment criteria as soon as they become available.

3.3 Statement of Cash Flow

One of the three main financial statements used to evaluate the performance and health of a company's finances is the cash flow statement. The balance sheet and the income statement make up the other two. A business's cash inflows and expenditures for a certain period.

There are three primary sections in the cash flow statement:

- **Operating Activities:** The cash flows from a company's main business operations, such selling products or services, are reported in this section. It contains:
    1. Customer payments made in cash
    2. Cash outflow refers to payments made to vendors, staff members, and operational costs.
    3. Received interest and dividends
    4. Interest received often categorized as financing or operational
    5. The section on operating activities sheds light on a business's capacity to make money from its core businesses.
- **Investment Activities:** The economic flows associated with purchasing and selling assets for a long time or financial assets are described in this section. It contains-
    1. Money used to purchase real estate, machinery, supplies,

2. Monetary inflow through the sale or disposal of long-term assets.
3. Money used to buy investments, such as stocks or bonds.
4. Cash obtained from selling of investments.
5. Loans given to different organizations
6. Receiving loans from other organizations

- **Financial Activities:** This section summarizes the cash flows for obtaining and returning capital. It contains-
    1. Cash earned from the sale of stocks or bonds.
    2. Money used to pay off debt or buy back equities
    3. Cash distributed to shareholders as dividends
    4. Money used to pay back debts

The cash flow statement gives an accurate depiction of how money is coming into and leaving the organization, making it an invaluable tool for creditors, investors, and management. It aids in determining for firms insolvency, debts, ability to engage in business expansion prospects, and ability to return cash to shareholders.

3.4 Ratio Analysis

A percentage analysis examines the connections between components related to money. It is used to assess the operational and financial performance of an organization in a number of ways, including as efficiency, flexibility, benefit, and dissolvability. The trajectory of these components is examined over time to see if it is getting worse or better.

To communicate proportions, one can utilize a percentage, a speed, or an extent. The percentage analysis is a crucial technique for examining budget summaries. A wide range of clients, such as buyers and sellers, board members, buyers, and loan bosses, utilize the ratio to analyze an organization's financial status for their main leadership objective. The most widely used metrics and analyses to assess the performance of Shamser Knit Fashion's Limited activities and financial planning throughout the years are included in this report 2019, 2020, 2021 and 2022.

Ratio analysis is a technique used in financial analysis to assess the health and performance of a company's finances by looking at different financial ratios. The company's financial documents, including the equilibrium document, income statement, and cash flow statement, are the source of these ratios. To evaluate the assets and shortcomings of a business and make wise decisions, creditors, investors, and management may all benefit from ratio analysis. Ratio analysis enables stakeholders to assess how the financial performance of a business stacks up against rivals, past data, and industry benchmarks. When making judgments on investments, loans, or internal management, it may be used to assist detect patterns, strengths, and weaknesses. When assessing these ratios, it's crucial to take the sector and context into account, since industry-specific elements might greatly differ in what defines a good or terrible ratio. This section displays a fundamental organization of fiscal proportions and their applications.

The selected proportions comprise the four structural areas of the financial summary evaluation. As per the subsequent information, these are:

1. Liquidity Ratio
2. Activity Ratio
3. Efficiency Ratio
4. Profitability Ratio
5. Credit Risk Ratio

- **Liquidity Ratio:** A financial measure called a liquidity ratio is used to evaluate a company's capacity to pay its present debts using its current assets and satisfy its short-term commitments. These measures shed light on a company's liquidity and capacity to meet short-term financial obligations. When evaluating a company's ability to withstand financial crises and gauge its short-term solvency, they are especially crucial.

  An organization's continuing existence is in doubt if it fails to meet its present responsibilities. From this vantage point, all other research components are purely discretionary. While bookkeeping calculations presume the organization will stay in operation, our study should continuously use liquidity metrics to test the accuracy of this supposition.

  This section describes the key ratios that are crucial for assessing the liquidity ratio:
  1. **Current Ratio:** Current ratio, often known as the current ratio, assesses a company's capacity to pay short-term debt that is due within a year.
  2. **Quick Ratio:** Quick ratio, compares the short-term liabilities of a business to its short-term liquidity.
  3. **Cash Ratio:** The cash ratio assesses how well a business can use its highly liquid assets to settle short-term debt.

- **Activity Ratio:** An organization's action percentage indicates how well it can turn its accounting record accounts into revenue. When assessing whether an organization's management is engaging in sufficient activities to generate revenue and capital from its assets, action proportions are crucial. Based on how well a company uses its benefits, influence, or other comparable assets, they assess its total competency. Movement proportions serve as a gauge for an association's operational effectiveness and benefits. These ratios are especially helpful in evaluating if a substance's procedures are good or worrisome when compared to those of a rival or industry. Movement percentages can provide a foundation for comparisons between several reporting periods in order to track changes over time.

Two typical ratios of activity are-

1. **Total Asset Turnover:** The efficiency with which a business uses its assets to generate sales is determined by the total asset turnover ratio.
2. **Equity Turnover:** Equity turnover ratio calculates how much of a company's revenues go toward its investors' equity.

- **Profitability Ratio:** The capacity of a business to turn a profit in relation to its earnings, assets, equity, and other financial parameters is evaluated using profitability ratios. For analysts, investors, and management to assess the effectiveness and achievement of a company's finances, these statistics are essential.

  The following are a few widely used profitability ratios:

  1. **Net Profit Margin:** Net profit margin is a financial ratio that shows how much profit a business makes relative to its overall sales.
  2. **Return on Asset:** Return on assets shows how lucrative a business is in comparison to its total assets.
  3. **Return on Equity:** Return on equity analyzes how successfully a business makes money for its shareholders.
  4. **Earnings Per Share:** The monetary worth of a company's earnings per existing share of common stock is known as earnings per share.

- **Efficiency Ratio:** Effectiveness is the measure of how well a business makes use of its advantages. It is normal practice to take into account the amount of money that is generated by a specific level of benefits when calculating productivity. Furthermore, squandering advantages may cause issues with cash flow. Less possibilities and worse returns are often preceded by a lack of liquidity. Financial firms are particularly susceptible to transient liquidity issues, which can also have an impact on the clients and vendors of a company.

  This section describes the key ratios that are crucial for assessing efficiency ratios:

  1. **Interest Income to Expenses:** This ratio aids in evaluating how well an organization or person uses interest revenue to pay for its costs.
  2. **Operating Income to Assets:** This financial indicator assesses how well a business can turn a profit from its
  3. **Operating Income to Revenue**: This profitability ratio calculates the operational income as a proportion of total sales.

- **Credit Risk Ratio:** Credit risk is the possibility that a borrower won't repay an advance in full. Ultimately, we may characterize it as the likelihood that the borrower will not return the principle amount plus any related interest payments, either whole or partially. This is a regrettable conclusion for the loan expert because to the disruption of income sources and increasing accumulation charges.

  The borrower's weak liquidity, which makes it challenging for those to pay both the premium and the principal amount, a rise in financing costs in case that loan price advances are skimmed, a shift in the economy, business failure, a reluctance to reimburse, and so on are all possible contributing factors. The important ratios related to the threat of credit activity ratio are explained in this section:

  1. **Equity to Asset:** It's a financial indicator that shows how much equity funds an organization's assets.
  2. **Equity to Net Loan:** A financial indicator that evaluates the percentage of the equity of a business to its net debt is the capital to net loan ratio.

3.5 Common Size Analysis:

A method for assessing materially depreciated items individually or a social assembly of items based on a species-based whole is the common size evaluation. Generally speaking, we display a critical total as the basis, which is usually its entirety assets for a bank's compensation explanation and hard-and-fast pay. Common-size assessments and explanations are required. For the common-size evaluation for these company financial reports, that long since arranged for common-size financial records and explanations of remuneration.

Common size analysis, often referred to as vertical comparison, is a method for comparing the proportions of several line items on financial statements to a base item for the same period. By standardizing the comparability of financial accounts, this approach facilitates the evaluation of a company's performance and financial health. Common size analysis is commonly used to balance sheets and income statements.

Here's how common size analysis works for both income statements and balance sheets:

1. Common Size Income Statement Analysis
2. Common Size Balance Sheet Analysis

- **Common Size Income Statement Analysis:** Every income statement line item is reported as an amount of total earnings or sales in an examination of income statements with a common size. The base item is usually total income (or sales), and the percentages of each line item are determined by dividing it by the base.

A typical-sized wage articulation is a pay declaration when every entry appears as an aspect of the estimate of offers. It is utilized for vertical investigation, which records every data in a summary of finances as a level of a base quantity inside the announcement, making inspections simpler. It is simpler to compare a firm's benefits with those of its rivals and determine what motivates the organization when you perform a standard pay explanation review. Common-size financial reports show how that exhibition has evolved over time, which helps traders spot patterns that a broad budget review could miss.

- **Common Size Balance Sheet Analysis:** A common financial record is an asset report, which shows the true worth and the relative rate for all liabilities and value accounts.
  All advantage risk, and value record should be evaluated immediately, according to a common-size financial record. Every individual resource information is compared with the estimation of all-out resources. Similar comparisons are done among every worth record while the projection of total value, as well as with any one responsibility and the estimate of all liabilities.
  As a result, every main list of records will climb to 100% as every smaller segment will accurately reflect the account categorization.

3.6 Treend Anaalysis:

Economic and statistical approach called trend analysis is used to assess and examine data over time in order to spot trends, patterns, and insights. Across a wide range of disciplines, including science, business, economics, and finance, it is frequently used to comprehend how facts shift or develop over time. Trend analysis is frequently used in the fields of business and finance to evaluate past performance and forecast future trends.

It is simpler to examine an organization's display with its rivals and comprehend the factors that propel its benefits when you perform a typical size pay explanation research. Regular size fiscal summaries help investors spot trends that a preliminary budget report could miss by examining how it has evolved over time. Significant changes in the amount of cash used by various cost classes over a given length of time may be a sign that assembling costs or the approach are shifting.

The following are a few widely used trend analysis:

1. Trend Analysis of Balance Sheet

2. Trend Analysis of Income Statement

- **Trend Analysis of Balance Sheet:** The firm's financial situation at any one time is depicted in its financial record. The information gathered aids in identifying whether the business is under any kind of financial strain. When trend research is used, a business may determine if its financial situation is improving better or being worse based on the rate of change in an important position sheet account. To ascertain the change, a business will examine the overall value of its financial records spanning more than two years.

  In order to find patterns, trends, and changes in a company's financial condition, trend analysis of a balance sheet entails looking at changes in the balance sheet's component parts over time. grasp a company's capital structure, general financial health, and stability over time requires a grasp of this approach.

- **Trend Analysis of Revenue Statement:** The method of inspecting budget reports called "flat investigation," often referred to as "pattern examination," shows changes in the criteria used to evaluate fiscal summary items over time. It is a useful tool for scenario analysis that is repeated.

  Announcements are utilized for at least two sessions during even examinations. Every following period's announcements are compared to those from the initial duration, which is often the time frame with the highest level of timeliness. Most of the time, the progressions are shown using both dollars and rates.

  An income statement's trend analysis examines variations in a business's earnings, costs, and sales across several time periods in order to spot trends, patterns, and changes in the company's financial performance. To comprehend a company's past financial performance and make educated predictions about its future profitability, this study is crucial.

Chapter-4

Financial Statement Analysis

4.1 SWOT Analysis

- **Strengths of Shamser Knit Fashions Limited.**

This company was among the best companies for apparel industry due to their strategy and advantages. They have these benefits-

1. Shamser Knit Fashions Limited's workforce's background, expertise, and certifications are among its strongest points. The work of these people is helping this organization fulfill its objective
2. Shamser Knit Fashions Limited has been offering its services to the nation since 1995. As such, it has accumulated a sizable quantity of expertise in the clothing sector, which is today a resource of power of this business.

- **Weakness of Shamsher Knit Fashion Ltd.**

These company have an edge above alternative billion-dollar companies for marketplace. These organizations actually have a tactnical issues.

1. Result of the complicated chain of command of Shamser Knit Fashions Limited, which makes decisions take a very long period.
2. There is a need for more efficient distribution sectors.

- **Opportunities of Shamsher Knit Fashion Ltd.**

1. These company have lot of space to develop as the garment market in Bangladesh is increasing significantly.
2. Because of today's more complex and advanced technology, a new generation of export-quality items has been able to develop.

- **Threats of Shamser Knit Fashions Limited.**
  1. Poor power
  2. Risk from competitors
  3. The supplier negotiations for the business
  4. The consumer negotiating leverage with the business
  5. The use of replacement items
  6. Competing business
  7. Political allegation

4.2 PESTEL Analysis

PESTEL analyses, also known as PESTLE analyses, are strategic tools that firms and organizations use to evaluate and examine the external macro-environmental elements that may have an influence on their activities, strategies, and decision-making. Marketers also use it to research and keep track of the large-scale environmental elements that affect a company or sector.

1. **Political Factors:** These elements speak to how a government's laws, rules, and political stability affect an organization. This covers governmental stability, taxation laws, trade barriers, and rules that may have an impact on how businesses operate.
2. **Economic Factors:** The status of the economy, economic expansion or contraction, prices, currencies, and interest rates are all considered economic variables. The market environment and financial success of a company may both be greatly impacted by all of these variables.
3. **Social Factors:** Societal influences include consumer behavior, lifestyle changes, cultural views, societal ideals, and demographic developments. Businesses may better cater their goods and marketing plans to consumers' needs by being aware of these aspects. The items that Shamser Knit Fashions Limited sells do not violate the nation's social ideals. Therefore, the social setting is appropriate for knitting ready-made goods.
4. **Technological Factors:** Technology circumstances are one of the external factors that change the most quickly for every corporate company. With these circumstances, starting and operating a business is incredibly risky. Technology improvements, the basic structure and administration of organizations have changed. Shamser Knit Fashion Ltd. is technologically well-equipped and frequently outperforms the competitors in the clothing industry. In order to increase the efficacy and efficiency of its production processes, it regularly investments in its plant facilities. As an outcome,

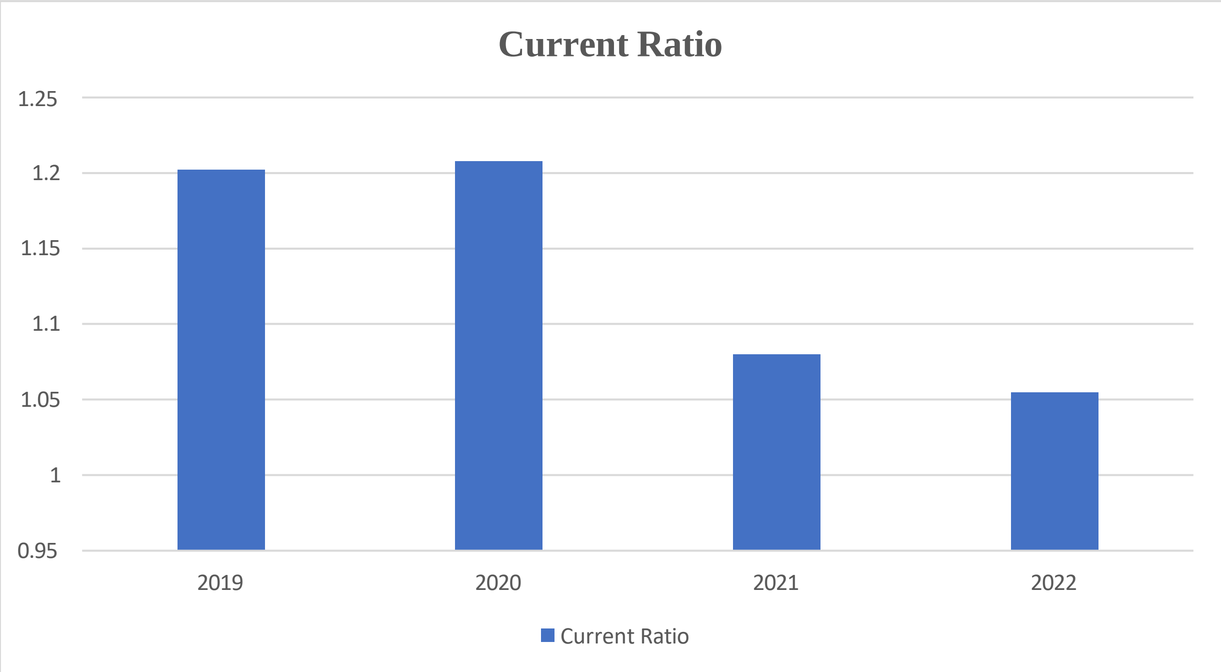
SKFL is not overly concerned about rivals' technical developments. Based on the many types of technical aspects, a few further categories can be created.

5. **Environment Factors:** Sustainability, ecological concerns, climate change, and environmental laws are all impacted by environmental conditions. To fulfill customer and regulatory expectations, businesses must be aware of environmental challenges and embrace eco-friendly practices.
6. **Legal Factors:** Legal considerations are everything that the law says a business can or cannot do. The distinction between social and legal elements in the overall setting of a PESTLE study is sometimes unclear. When governmental authorities adopt legislation and politics that influence how businesses run, political and legal considerations may come into contact. The rules and regulations in this country are appropriate for Shamser Knit Fashions Limited since they provide items that cause less environmental harm.

4.3 Liquidity Ratio

4.3.1 Current Ration

Particular	2019	2020	2021	2022
Current Ration	1.202	1.208	1.080	1.055

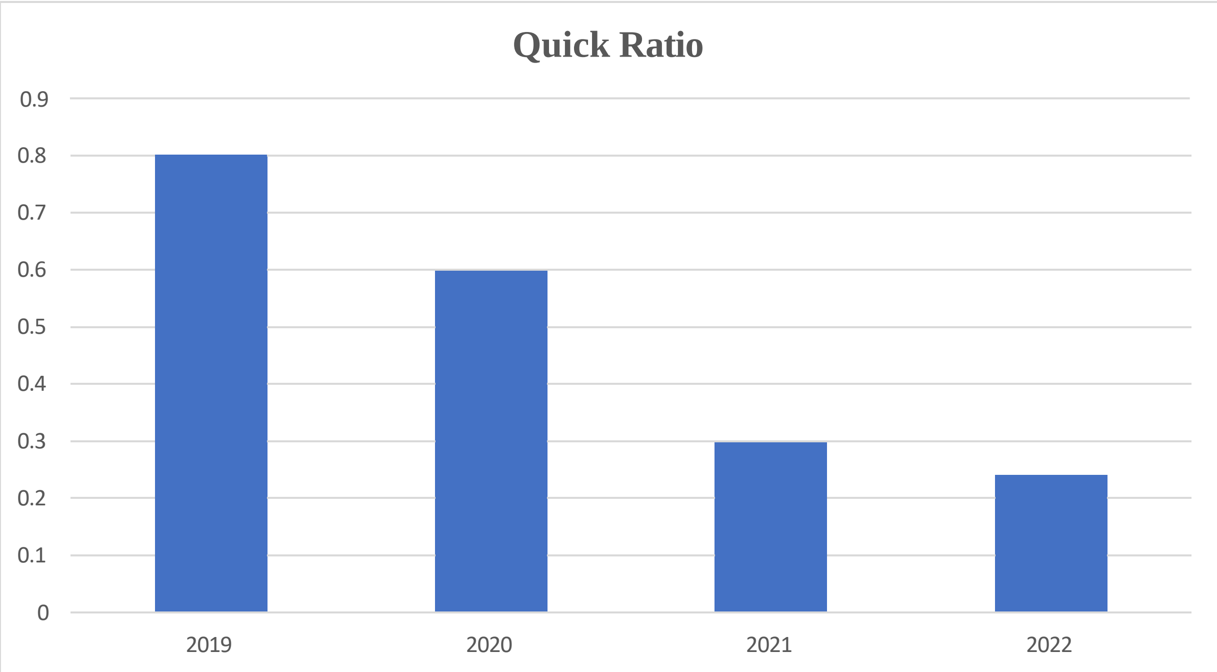


Interpretation:

The organization's present ratio was 1.202 in 2019 and 1.208 in 2020, a little higher ratio than in 2019. In 2020, the business is still in a strong position with respect to liquidity. But in 2021, the current ratio was drops to 1.080. In comparison to other years, it is lower. By 2022, the ratio will have dropped even further to 1.055. A decreasing current ratio over time may indicate that the company's financial standing needs more examination. It could indicate problems like growing short-term debt, declining present assets, or both. To obtain a thorough picture of the organization's financial status, it is important to take into account additional financial measurements and qualitative aspects.

4.3.2 Quick Ration

Particular	2019	2020	2021	2022
Quick Ration	**00.807**	**00.600**	**00.288**	**00.239**

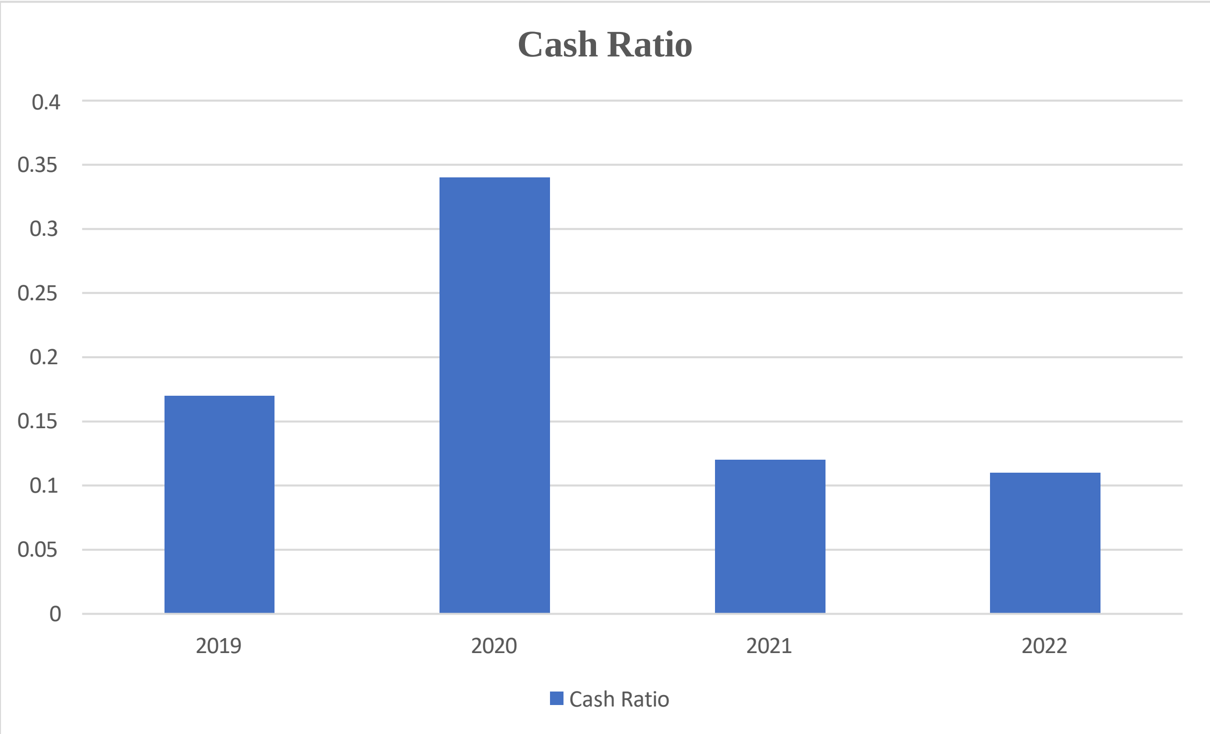


Interpretation:

The quick ratio was an liquidity ratio that assesses how well a business can use its most liquid assets excluding inventory to satisfy its short-term commitments. In these graph chart we see that, in 2019 the ratio was 0.807. But in 2021, the ratio was decreased to 0.600. This might mean that the corporation will be less able to use its most liquid assets to pay for its short-term obligations. In 2021, the quick ratio dropped to 0.288 once more. At 0.239, the quick ratio is still dropping in 2022. This may indicate a persistent decline in the company's capacity to pay short-term debt with its liquid assets.

4.3.3 Cash Ration

Partucular	2019	2020	2021	2022
Cash Ration	**0.17**	**0.34**	**0.12**	**0.11**



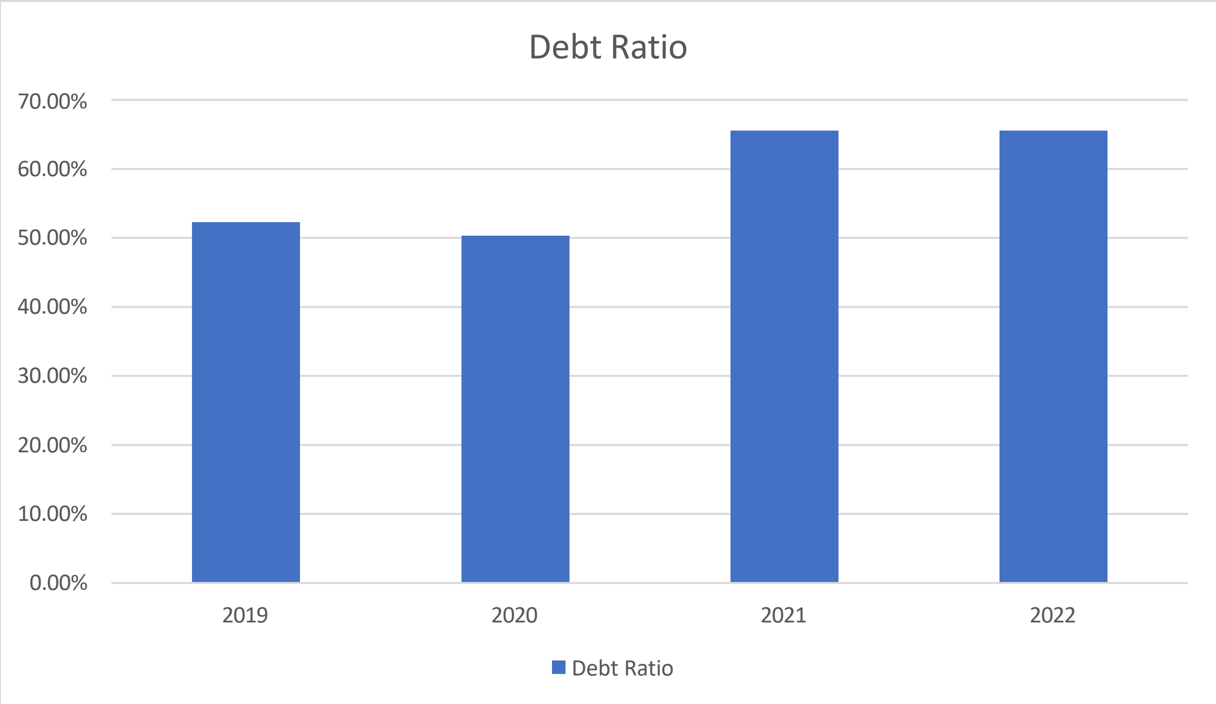
Interpretation:

A financial ratio called the cash ratio assesses the amount of currency and cash equivalents a firm has available to meet its short-term obligations. In these geaph chart, in 2019 the company cash ratio was 0.17. In 2020, the cash ratio increased to 0.34, indicating that the company's cash on hand was more than sufficient to meet its short-term obligations. The cash ratio decreased to 0.12 in 2021, indicating a decline in the company's ability to cover its short-term obligations with its cash and cash equivalents. In 2022, the cash ratio dropped even lower to 0.11, indicating a further decline in the company's capacity to pay short-term obligations with cash on hand. Concerns over the firm's stability and capacity to fulfill short-term obligations may arise if the cash ratio shows a downward tendency over time. For a thorough evaluation, it is necessary to examine the business's overall financial stability as well as additional liquidity measures in addition to the cash ratio.

4.4 Efficiency & activities Ratio

4.4.1 Debt Ratio

Particulars	2019	2020	2021	2022
Debt Ratio	52.30%	50.27%	65.51%	65.57%

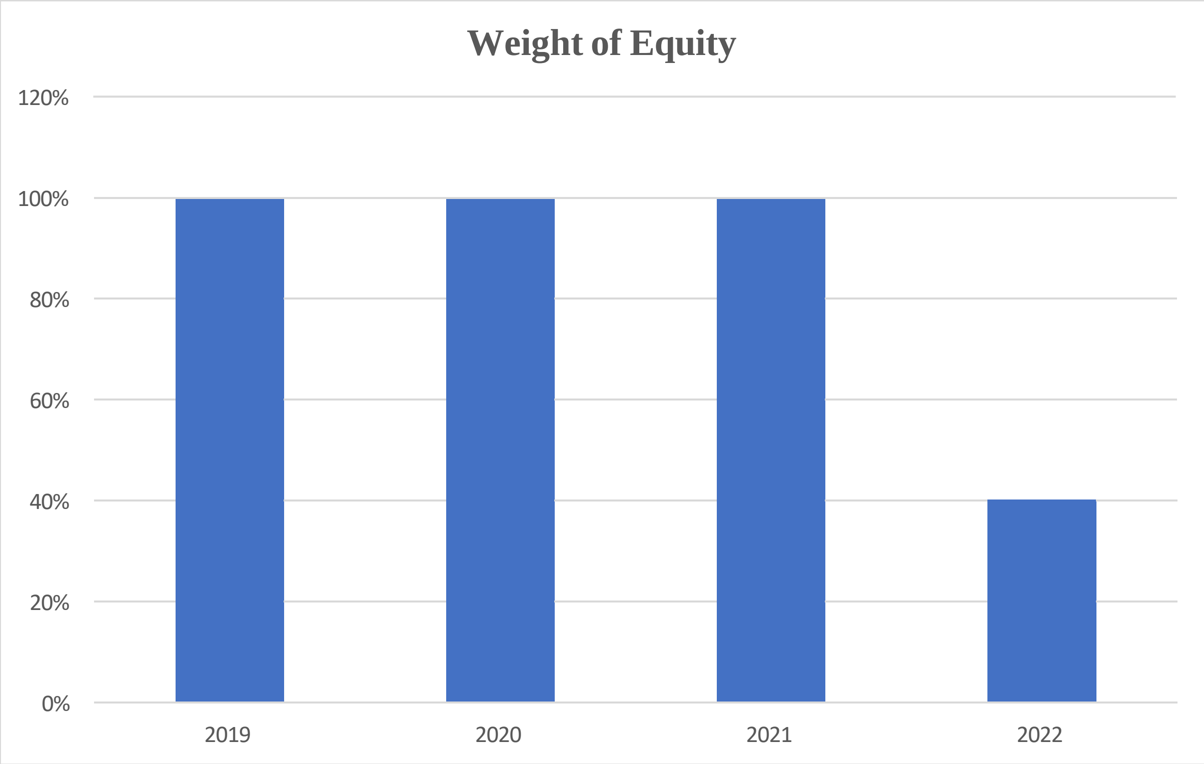


Interpretation:

How much cash the business has brought in from outside sources is shown by the solvency ratio. This ratio shows how much of an organization's assets are funded by debt. larger levels of leverage are indicated by larger debt ratios. In these graph chart, we see that the company was decreased in 2019 to 2020 which is good for these company. But in 2021 to 2022, the debt ratio was increased. A growing tendency from 52.30% to 65.57% in 2019 to 2022 indicates that debt is funding a greater share of the company's assets which might raise the financial risk of the company.

4.4.2 Weight of Equity

Particular	2019	2020	2021	2022
Weight of Equity	100%	100%	100%	41.19%



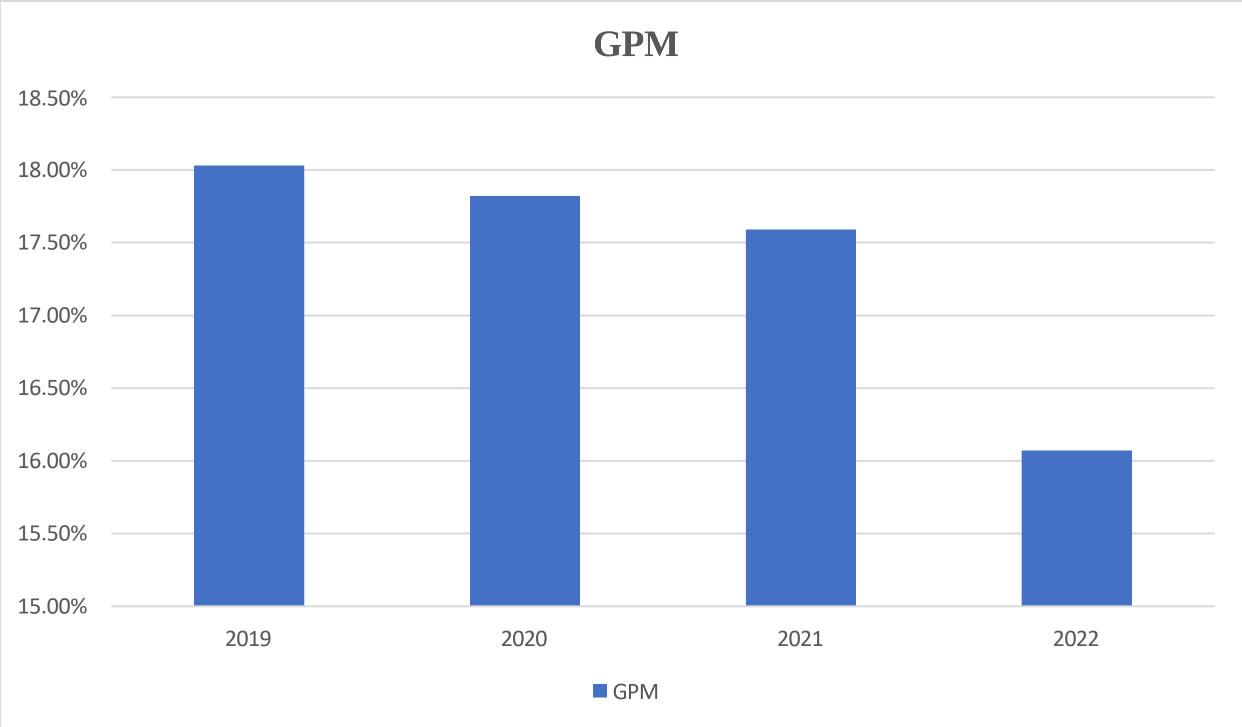
Interpretation:

In these graph chart we see that, the weight of equity was 100% in 2019 to 2021 and in 2022, the weight of equity was 41.19%. The percentage of total capital funded by equity has decreased between 100% within 2019 to 41.19% in 2022, indicating a shift in the financial structure. The corporation will profit if they borrow money since they'll have to contribute less in taxes. To the advantage of the business, Shamser Knit Fashion Limited has incurred a substantial debt load. Here is a breakdown of how Shamser Knit Fashion Limited raised money: 60% came from loan and 40% came from equity.

4.5 Profitability Ratio

4.5.1 GPM

Particulars	2019	2020	2021	2022
GPM	18.04%	17.82%	17.59%	16.08%

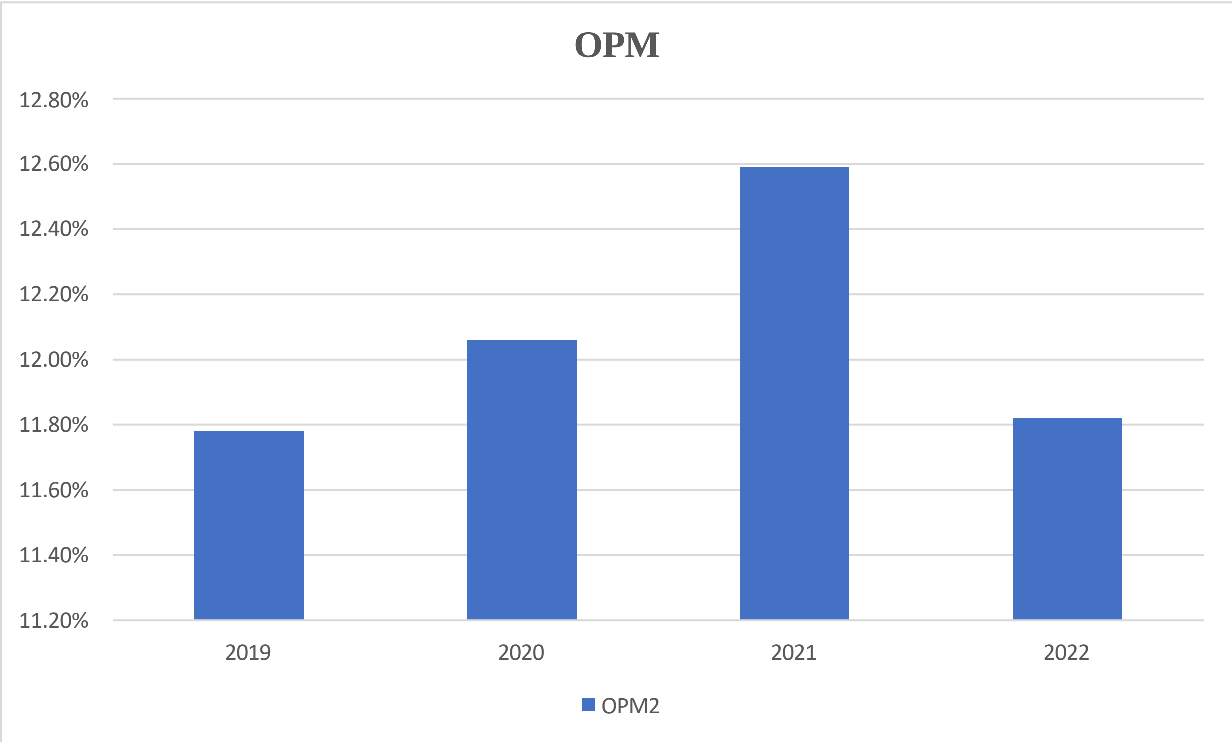


Interpretation:

In these graph chart, the company GPM was 18.04%, in 2019. In 2020, GPM was decreased to 17.825. Again, the company GPM was droped in 2021 and 2022 to 17.59% and 16.08%. That was not good for the company. This drop might be a sign of rising manufacturing costs or pressure on prices. Management may decide to carry out a comprehensive examination for the expenses structure, assess the effectiveness of the manufacturing process, and look at potential areas for cost optimization if the GPM declines over time.

4.5.2 OPM

Particular	2019	2020	2021	2022
OPM	11.78%	12.06%	12.59%	11.82%

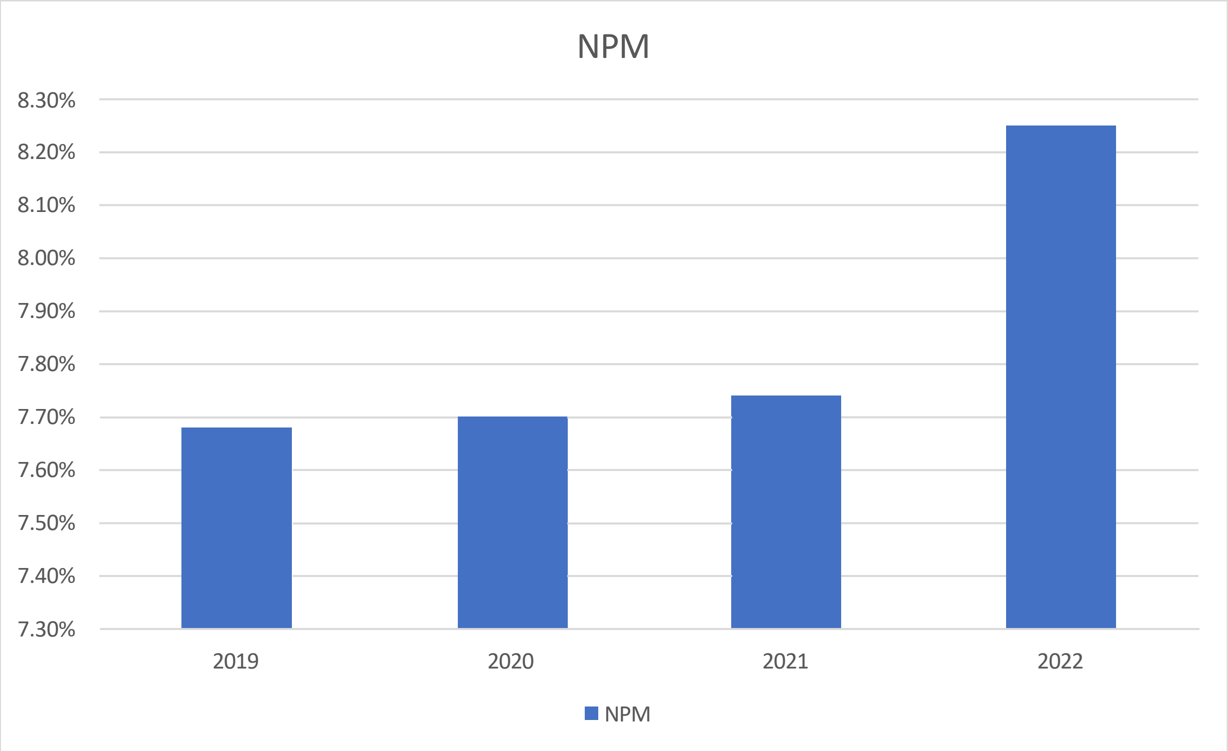


Interpretation:

In 2019, OPM was 11.78%. In 2020, OPM was increased that was 12.06%. This improvement shows that operational expenditures were better managed by the business, which led to a larger percentage of revenue being kept as operating profit. In 2021, OPM climbed even higher to 12.59%. The business kept improving its operational effectiveness, which resulted in an increase in operating profit as a percentage of revenue over the prior year. But In 2022, OPM dropped to 11.82%. This implies that the business was able to keep its principal activities profitable.

4.5.3 NPM

Particular	2019	2020	2021	2022
NPM	7.68%	7.71%	7.74%	8.25%

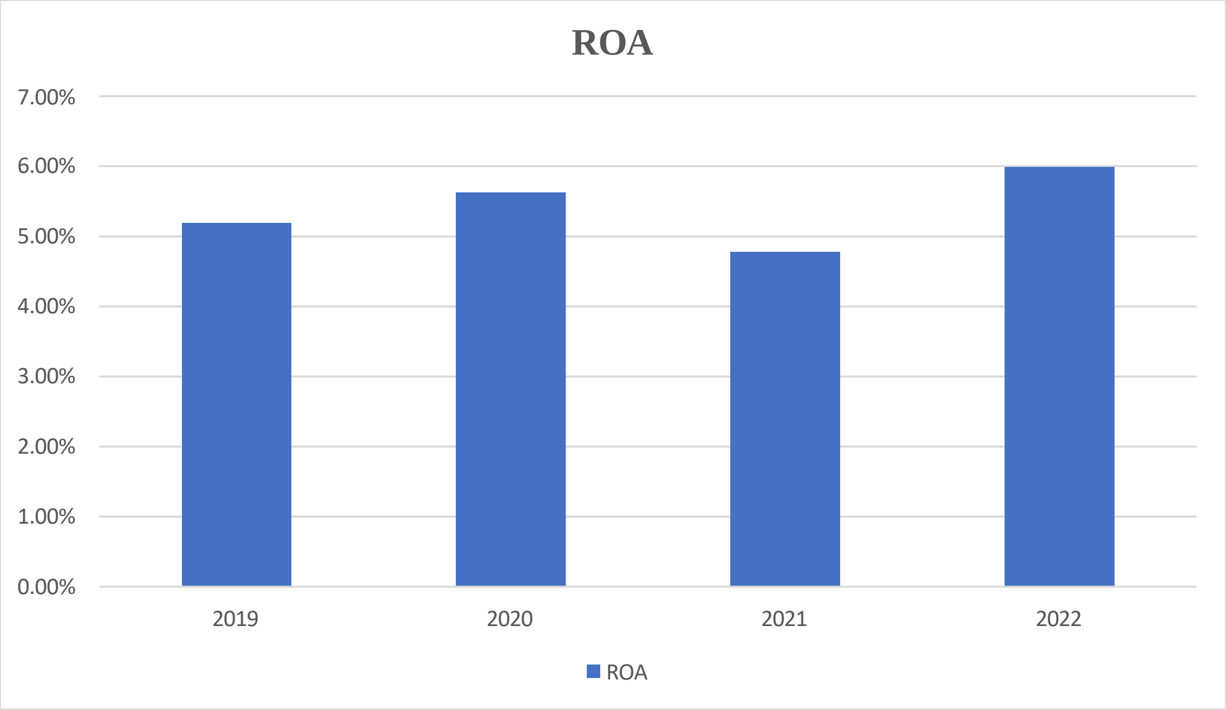


Interpretation:

A financial ratio called NPM calculates how much profit a business makes relative to its total sales. In this graph chart, the business attained a 7.68% NPM in 2019. The company NPM continually grew in 2020 to 2022, that was 7,71% to 8.25%. A little increase in the business's capacity to turn profit toward profit. This shows that the business was able to keep a little larger portion of its income as net profit after accounting for all costs. For a more thorough study, it's critical to take industry standards into account while comparing the organization's ratios with those of its peers. Examining patterns throughout time can also reveal information on how well the business can control expenses and raise profits.

4.5.4 ROA

Particular	2019	2020	2021	2022
ROA	5.19%	5.63%	4.78%	5.99%



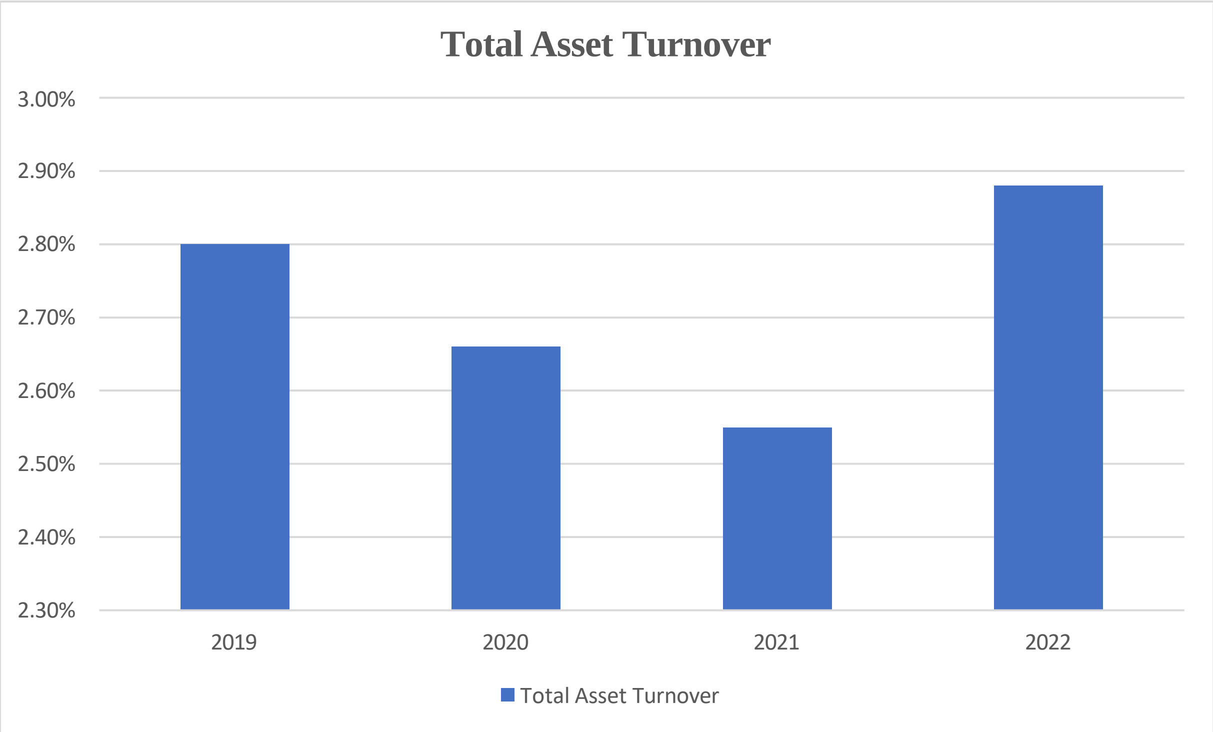
Interpretation:

In these graph chart we see that, the company ROA of 5.19% in 2019. On the other hand, in 2020, the company ROA was increased to 5.63%. Demonstrating an increase in the business's capacity to make money off of its assets. But in 2021, it was decreased. That was 4.78% in 2021. That reduction in the business's capacity to make money off of its assets. On the other hand, in 2022 the ROA improved of 5.99%, demonstrating the company's improved capacity to turn revenue off its wealth of assets. The efficiency of management in generating income from assets is measured using the profit earned on assets (ROA) metric. The ROA of Shamser Knit Fashion Limited has increased, which is positive.

4.6 Activity Ratio

4.6.1 Total Asset Turnover

Particular	2019	2020	2021	2022
Total Asset Turnover	**2.80%**	**2.66%**	**2.55%**	**2.88%**

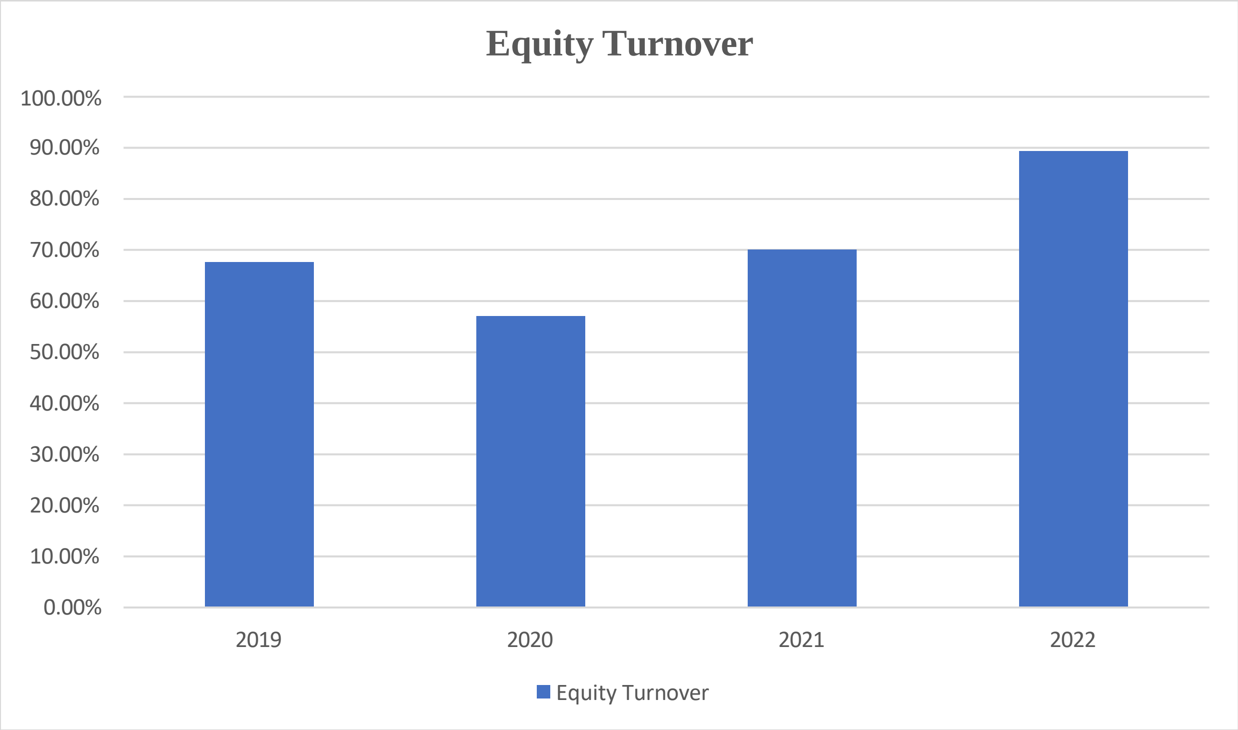


Interpretation:

To calculate the benefit turnover proportion, separate the total intrigue pay using normal absolute resources. This percentage of returns is calculated using the intrigue salary, which can be obtained on the pay explanation. Discounts from all-out deals must be subtracted in order to get the true assessment of the association's advantages' ability to generate deals. In this graph chart, in 2019 to 2021 it was continuously decreased that TAT 2.80% to 2.55%. But in 2022, the company TAT increased to 2.88%. This implies that asset usage efficiency has improved.

4.6.2 Equity Turnover

Particular	2019	2020	2021	2022
Equity Turnover	67.66%	56.96%	70.05%	89.33%



Interpretation:

In 2019, the company's revenue was equal to 67.66% of the usual shareholders' equity. To 56.96%, the Equity Turnover dropped in 2020. On the other hand, in 2021 to 2022 the ET grew rapidly that was 70.05% to 89.33%. This suggests that the effectiveness of employing equity to create income has significantly improved. In general, a greater stock Turnover ratio denotes more effective use of stock to drive sales. For a more insightful analysis, it's crucial to take into account industry standards and contrast the company's ratios with those of its competitors.

4.7 Trends Analysis

Shamsher Knit Fashion Ltd

Income Statement

June 30, 2020 - 2021

Particular	2020	2021
Revenue	140.89%	188.98%
(-) Cost of Goods Sold	(20.33%)	(31.21%)
Gross Profit	120.56%	157.77%
(-) Operating Expenses	(27.11%)	(22.11%)
	120.56%	135.66%
Selling & Distribution Expenses	(.36%)	(0.49%)
Profit from Operation	120.2%	135.175%
(+) Other Income	98.67%	100.89%
	218.87%	236.06%
Non-operating Expenses	(18.07%)	(7.99%)
Profit Before Financial Expenses	200.8%	228.07%
Foreign Currency Exchange Loss	(0.29%)	(0.22%)
Net Profit Before WPPF	200.51%	227.85%
(-) Provision	(2.43%)	(0.21%)
Net Profit Before Tax	198.08%	227.64%
(-) Tax	(32.98%)	(20.11%)
Net Income	165.1%	201.53%

4.8 Common Size Analysis

Shamser Knit Fashions Limited

Income Statement

June 30, 2020 to 2021

Particulars	2020	2021
Assets		
Cash and Equivalents	**40%**	**68%**
Account Receivable	**11%**	**9%**
Inventories	**9%**	**10%**
Current Assets	**60%**	**87%**
Fixed Asset		
Goodwill	**34%**	**10%**
Other Asset	**6%**	**3%**
Total Asset	**100%**	**100%**
Liabilities		
Accounts Payable	**5%**	**5%**
Accrued Expenses	**2%**	**2%**
Deferred Revenue	**2%**	**2%**
Current Liabilities	**9%**	**9%**
Long Term Debt	**40%**	**12%**
Other Liabilities	**7%**	**5%**
Total Liabilities	**56%**	**26%**
Owners' Equity		
Common Stock	**7%**	**4%**
Retained Earning	**37%**	**70%**
Total Equity	**44%**	**74%**
Total Equity and Liabilities	**100%**	**100%**

Chapter-5

Findings, Recommendations and Conclusion

5.1 Findings

I may draw some unfavorable conclusions about the report by looking at Shamser Knit Fashion Limited's performance. The firm needs the results for the purpose to take corrective action. I'll thus list my results below:

1. **SWOT Analysis:** Shamser Knit Fashions Limited is a manufacturing company and this company export the product. But this company main weakness is there distribution area is low.
2. **Liquidity Ratio:** The decrease in the firm's liquidity ratio is unfavorable. During 2019 and 2022, the company's current ratio plummeted and the quick ratio also fell, this is not a good indicator. Its short-term assets must exceed its current debt commitments in order for the current ratio to be less than one. The liquidity ratio demonstrates the capacity of an organization to fulfill its immediate commitments.
3. **Solvency Ratio:** In comparison to the prior year, the due payment period has decreased. The business should prioritize inventory control and increase payable days. It is not ideal for the business.
4. **Profitability Ratio:** As the cost of goods sold for the business has increased, the margin of gross profit has decreased. The GPM of the business decreased of 18.04% to 16.08% between 2019 and 2022. A greater gross profit margin indicates that the business has additional funds on hand to pay indirect costs and other costs. Therefore, entrepreneurs and economical experts ought to utilize these proportion to assess for financial health of a firm. The percentage of gross profit is widely used to evaluate a company's long-term success or to compare businesses in the same sector.
5. **Activity Ratio:** Due to the company's rising operational costs, the operating profit margin has been reduced. The OPM is now 11,78% instead of 11.82%. Rising price for products offered or falling operating profit may indicate that your operational costs have grown and you may not have been able to offset them by increasing pricing or drawing in more customers.
6. **Pricing Strategy:** It was found that their pricing strategy is costly than those of their rivals.
7. **Higher Expenses:** As they produce a higher quality product, labor expenses are higher and raw material costs are higher.

5.2 Recommendations

On the basis of the results, further progress can be advised. The suggestions are listed below:

1. **SWOT Analysis:** Shamser Knit Fashions Limited need for more efficient distribution sectors. It helps the company to grow and earn profit.
2. **Liquidity Ratio:** Liquidity should be increased with a lot of attempts from the firm. A higher liquidity ratio shows that your business has more room to spare when it comes to fulfilling debt obligations.1
3. **Solvency Ratio:** The payables payment term has to be extended. In order to optimize its operating cycle, the company should focus on reducing the typical collection day, inventory processing, and extending the payables payment duration of its account payables.
4. **Profitability Ration**: However this company net revenue was decreasing, the firm benefits from a larger gross margin ratio. Therefore, increasing their sales volume should be their main objective.
5. **Activity Ratio:** A successful cost control strategy is essential. If they wish to increase their operating profit margin, they must manage all of their operational expenses.
6. **Growing Their Sales:** The net profit margin is getting smaller. They should prioritize growing their sales and wish for improve net revenue. Their revenue will rise in tandem with rising sales. A profitable business usually expands its clientele and income over time to balance off growing operating costs.

5.3 Conclusion

A well-known ready-to-wear manufacturer in Bangladesh called Shamser Knit Fashions Limited only produces items for export. The past four years' worth of financial information for this company were studied. I've concluded as a consequence this organization created higher standards goods regarding exportation and possessing self-solvency business using for strong place inside for market.

A large part of the ratio shows that they are successful and effective. Their soluble and efficient nature is demonstrated by a majority of the ratio.

However, as soon as practical, the these company's activity or proportions of liquidity required attention to lessen its responsibility.

Last but not least, I told these organization is a prominent business for manufacturing industry.

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