

Internship Report
On
Financial Performance Analysis of
Patriot Eco Apparel Ltd.



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Daffodil International University

Date of Submission: 16th November, 2019

Internship Report
On
Financial Performance Analysis of
Patriot Eco Apparel Ltd.

Submitted To:

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Date of Submission: 16th November, 2019

Letter of Transmittal

Date: 16th November, 2019

Shakil Ahmad

Senior Lecturer

Department of Business Administration

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Daffodil International University

Subject: Submission of internship report on Financial Performance Analysis of Patriot Eco Apparel Ltd.

Dear Sir,

With due respect, I would like to inform you that I have prepared my internship report on “Financial Performance Analysis of Patriot Eco Apparel Ltd” under your kind supervision. In this report, I have tried to give my best effort in consistence with the optimal standard under your instruction. Thanks to you for the effort to ensure successful coordination of the report and the guidance you have provided.

I, sincerely, hope that you will find the report satisfactory and I will be most obliged to clarify and defend my report.

Thank you for your kind supervision.

Yours sincerely



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Letter of Acceptance

This is to certify that Sathi Akter bearing ID no. 161-11-1033, a student of BBA Program, Daffodil International University, has completed the internship report under my supervision. She has been working with Patriot Eco Apparel Ltd. as an Accountant and completed the report entitled “**Financial Performance Analysis of Patriot Eco Apparel Ltd.**” as a partial requirement of obtaining BBA Degree. She has completed the report by herself and she has been permitted to submit the report.

Sathi Akter bears a strong moral character and a pleasing personality. I wish all the best in her future endeavors.

Shakil Ahmad
16/11/2019

Shakil Ahmad

Senior Lecturer

Department of Business Administration

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Disclaimer

I am Sathi Akter, hereby declare that the presented report of internship entitled “Financial Performance Analysis of Patriot Eco Apparel Ltd” is uniquely prepared by me after completion of three months in Patriot Eco Apparel Ltd.

I also confirm that, the report is prepared only for my academic requirement not for any other purpose. It might not be used with the interest of opposite party of the organization.

Sathi Akter

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Acknowledgement

Firstly, I would like to convey my gratefulness to almighty Allah for enabling me the strength and opportunity to complete the report within the schedule time successfully.

The internship paper submitted here is performed as part of my internship program. Preparation of this report received assistance, guidance and took valuable time of my supervisor Shakil Ahmad, Senior Lecturer, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University and Mr. Rabby Hasan, Manager, Accounts, Patriot Eco Apparel Limited.

However, I am immensely indebted to several people of Patriot Eco Apparel Limited without whose support the report would have been really difficult to conduct. I would take this opportunity here to thank them for sharing their valuable time for long discussion and wise suggestion, thoughts during the internship program.

Finally, I would like to give thanks to my supervisor Shakil Ahmad for his continuous help, support, and advice and for the time he has spent for the refined my report. Without their continuous support, the report would have been a directionless writing.

Sathi Akter

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Executive Summery

This report contains Common Size Financial Statement discloses the internal structure of the firm. It indicates the existing relationship between sales and each income statement account. It shows the mix of assets that produce income and the mix of the sources of capital, whether by current or long-term debt or by equity funding.

The primary objective of financial analysis is to forecast or determine the actual financial status and performance of a project.

I hope and believe, by implementing the mentioned recommendations Patriot Eco Apparel Ltd can reach the pick of its success.

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Chapter 1

Introduction



1.1 Introduction:

Bangladesh's export earnings are mostly determined by the export of readymade garments (RMG) to North American and European countries with 75% of total export earning coming from this sector.

Patriot Eco Apparel Limited is a new factory equipped with green technology in Tongi industrial area, Dhaka, Bangladesh. This is a USGBC lead gold certified 8 storied Ready Made Garments manufacturing plant with a total area of 179000 SQ. Feet.

Patriot Eco Apparel Limited ensures optimized good flow through live production monitoring and software monitored planning. Patriot has work friendly design with modern machine skilled labor gives us the advantage. We ensure highest level of compliance. We are associated with WRAP USGBC and BNBC.

1.2 Origin of the report

The main reason of the Internship Program is to let the students have hands-on experience of the theoretical courses learned. This credit course is essential for all the students graduating from Daffodil International University. I have also organized this report as a partial fulfillment of the degree, Bachelor of Business Administration (BBA) under the supervision of Professor Mr. Shakil Ahmad. This report is the outcome of the three months long internship program at Patriot Eco Apparel Ltd.

1.3 Scope of the report

The scope of this study is to find out the efficiency and loopholes of Patriot Eco Apparel Ltd based on their financial data. I had to collect the primary data from personal contact with the employee.

Later on I have used secondary data to complete my report.

1.4 Objectives of the report:

- To measure the financial performance of Patriot Eco Apparel Limited.
- To identify the financial problems regarding Patriot Eco Apparel Limited.
- To improve the financial performance of Patriot Eco Apparel Limited.
- To present an overview of Patriot Eco Apparel Limited.
- To know the different types of products of Patriot Eco Apparel Limited.
- To provide some recommendations to improve service quality of the Patriot Eco Apparel Limited.

1.5 Methodology of the Study:

The planned methodology of the study is given below;

1.5.1 Sources of data:

Data regarding the completion of this research will be collected from both primary and secondary sources:

1.5.2 Primary Sources:

The sources are as follows Face-to-face conversation with the Executives and officers of Bank.

1. Practical work exposures from the different desks.
2. Face to face conversation with the client.
3. Personal observations.
4. Relevant file study as provided by the officers concerned.

1.5.3 Secondary Sources:

1. The secondary sources data and information are:
2. Annual Report
3. Publications
4. Newspapers
5. Website information

1.6 Limitations of the study:

While working in Patriot Eco Apparel Ltd three months" time spans seemed very short. It was a great opportunity for me to work there as their environment was very friendly. However, every company has their own policy regarding disclosing information and so in terms of collecting the information there were some limitations I have faced:

- Most of the primary data were not in the form those can help in writing a report.
- Secondary data is also very rare. It is just only the annual report and the website.
- Lack of comprehension of the respondents was the major problem that created many confusions regarding verification of conceptual and theoretical perception.
- Lack of availability of sufficient data.

In spite of these limitation, I have tried my level best to make this report as best as possible. So readers are request to consider these limitations while reading and justifying any part of the report.

Chapter Two:
Company Overview



2.1 Company Background, Company Profile:

Patriot started with 120 machines in 1994 & about Patriot Group, patriot has to state that because of their vigilance over quality, prompt delivery, competitive price they are one of the leading apparel manufacturer located at the heart of Dhaka City Industrial Area on its own nine storied building at Tejgaon I/A, Dhaka .

A total floor space of 1, 20,000 sft.Each floor measuring about 14,000 sft.& designed with Cutting, Sewing, Finishing, and Store as well as with fusing, boiler & machines repair services. Patriot Group is now operating with over 1,100 pcs machines of different faunae. They are 100% export oriented garments Industry of Woven & Knit garments.

Patriot Eco Apparel Ltd a firsthand factory equipped with green technology in Tongi industrial area, Dhaka, Bangladesh. This is a USGBC led gold practiced 8 storied Ready Made Garments manufacturing plant with a total area of 179000 SQ. Feet.

Patriot Eco Apparel maintains the highest standard imaginable in woven RMG production. Guided by modern technologies where 1200 automatic machine capable of producing 1 million pieces of garments per month. The main products are generally shirts, pants and jackets.

The new factory has a magnificent workplace layout with proper lighting and fresh air privilege. There is some spacious interior design with a green landscape.

2.2 Capabilities, Products/Services:

Products: Patriot Group has a large number of productions. Patriots Products are different types of garments are being produced for men women and children with wide ranges of fabrics and designs.

Services: Patriot Group services cover the entire life cycle of a garment, from idea to sample, from initial processing to reverse logistics.

Whatever the stage is our services and support is all the way for your brand.

2.3 Vision:

“To be the most preferred brand in the industry ensuring consumer delight”

2.4 Mission:

“We shall increase our turnover by 100 percent in every five years. We shall remain socially committed ethical company”

2.5 Corporate Objectives:

“Our aim is to add value to life, to outperform the peers in terms of longevity, customer service, revenue growth, earnings and cash generation. We will be the employer of choice for all existing and future employees”

2.6 Functional Strategies:

“Our strategy is to build long-term partnerships with the customers/consumers. With their support, we aim to maximize the potential of our business- through a combination of enhanced quality of product, service, creative marketing, competitive pricing and cost efficiency”

Chapter 3

Financial Statements of Patriot Eco Apparel Ltd:



3.1 Formula for Ratio Analysis:

Liquidity ratio
Current Ratio:
Current Ratio = Current assets /Current liabilities ----- (1)
Quick Ratio:
Quick Ratio= (Current Assets-Inventories)/Current Liabilities ----- (2)
Cash Ratio:
Cash Ratio = Cash / Current Liabilities ----- (3)
Asset management ratios
Accounts receivable turnover:
Accounts receivable turnover = Sales / Accounts receivable ----- (4)
Average collection period:
Average collection period = 360 days / Accounts receivable turnover ----- (5)
Inventory Turnover Ratio
Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory ----- (6)
Accounts Payable turnover
Accounts Payable turnover = Sales / Accounts Payable ----- (7)
Accounts Payable turnover in days
Accounts Payable turnover in days = 360 / Accounts Payable turnover ----- (8)
Fixed asset turnover

Fixed asset turnover = Sales / Net fixed asset ----- (9)
Total asset turnover
Total asset turnover = Sales / Total asset ----- (10)
Profitability Ratio
Net Profit margin
Net Profit margin = Net profit after tax/sales ----- (11)
Net Profit margin ratio
Gross Profit margin ratio= Gross profit/sales ----- (12)
Return on Total Assets
Return on Total Assets = Net profits after taxes / total assets ----- (13)
Return on common stock equity
Return on common stock equity = Net income / Common stockholders' equity----- (14)
Operating Profit Margin
Operating Profit Margin = Operating profits / Sales ----- (15)
Debt coverage ratio
Debt Ratio
Debt Ratio =Total liabilities / Total assets ----- (16)
Time interest earned
Time interest earned = EBIT / Interest charged ----- (17)

Book value per share
Book value per share = Common stockholders' equity / Outstanding shares ----- (18)
Market value ratios
Earnings per share ratio
Earnings per share ratio = Net income /weighted average number of share outstanding --- (19)
Market/Book ratio
Market/Book ratio= Market price per share/Book value per share ----- (20)



3.2 Balance Sheet

Particular	2018	2017	2016	2015
Non-Current Assets	9654591592	9197198644	8573700405	6442857255
Current Assets	6483183312	5296370085	4208712799	3310220716
Total Assets	16137774904	14493568729	12782413204	9753077971
Shareholders' equity	9405859597	7750713063	6295114611	5070478748
Non-Current Liability	1084702802	1528677115	1153677518	1804741039
Current Liability	5647212505	5214178551	5333621075	2876857184
Book value per share	177.62	175.64	178.32	179.54
Total liability & Shareholders' equity	5647212505	14493568729	12782413204	9753077971
Sales	12880957428	11107281260	7632078333	7671572303

3.3 Income Statement

Particular	2018	2017	2016	2015
Sales	12880957428	11107281260	7632078333	7671572303
Cost of Goods Sold	6335803240	5418971406	3603084694	3619613644
Gross Profit	6545154188	5685309854	4028993639	4051958659
Net profit before Tax	2731512333	2330922942	1763074859	1712375851
Net profit after Tax	2006641464	1710862525	1282945365	1237926366
Earnings Per Share	37.89	38.77	36.34	43.83

3.4 Cash Flow Statement

Particular	2018	2017	2016	2015
Net cash generated by operating activities	1991302920	1716467114	916596274	1057259497
Net cash generated by Investing activities	983096029	1028419289	2417619497	1530972864
Net cash generated by Investing activities	969339951	676334977	140993163	633740369
Increase in the cash	38866940	11712848	91030787	190027002
Cash at the beginning period	252007296	240262887	331292974	141265972
Cash at the Ending period	290874236	251975735	240262887	331292974

Chapter 4

Financial Statement Analysis of Patriot Eco Apparel Ltd.



Working Capital

Working capital is the excess of current assets over the current liabilities. It is calculated by deducting current liabilities from current assets.

Working capital = Current assets - Current liabilities.

Year	2018	2017	2016	2015
Total Current Assets	6,944,314,809	5,296,370,085	4,208,712,799	3,310,220,716
Total Current Liabilities	5,020,284,099	5,214,178,551	5,333,621,075	2,876,857,184
Working Capital	1924030710	82191534	1124908276	433363532

Interpretation: Here 2015-2016 Total Working Capital is increase but in 2016-2017 Working Capital is decrease. In 2018 again Working Capital increases.

My Evaluation of Working Capital is currently good.

Current ratio

The current ratio is a widely used measure for evaluating company's liquidities & short-term debt- paying ability:

Current ratio = Current assets ÷ Current liabilities.

Year	2018	2017	2016	2015
Total Current Assets	6,944,314,809	5,296,370,085	4,208,712,799	3,310,220,716
Total Current Liabilities	5,020,284,099	5,214,178,551	5,333,621,075	2,876,857,184
Current ratio	1.38	1.02	0.79	1.15

Interpretation: There is upward trend of current ratio. It declined from 2015 to 2016 and reached only 1.02 at 2017 .That means; over the time period Patriot Eco Apparel Ltd lose it capacity to pay the obligation by using its current assets. But In 2018 again the current assets of Patriot Eco Apparel Ltd.is increases.

My evaluations of the current ratio suggest that liquidity position currently is good.

Acid-Test Ratio

The acid-test ratio is a measure of a company's immediate short-term liquidity.

$$\text{Acid test ratio} = (\text{Current assets} - \text{Inventories}) \div \text{Current liabilities}$$

Year	2018	2017	2016	2015
Total Current Assets	6,944,314,809 - 3,361,710,600	5,296,370,085 - 2,760,765,470	4,208,712,799 - 2,657,779,255	3,310,220,716 - 1,986,744,883
Total Current Liabilities	5,020,284,099	5,214,178,551	5,333,621,075	2,876,857,184
Quick ratio	0.71	0.49	0.29	0.46

Interpretation: The Acid-Test Ratio of Patriot Eco Apparel Ltd. in 2015 is 0.46 times and in 2016 is 0.29times, which is less than the previous year. In 2017 and 2018 the Acid-Test Ratio of Patriot Eco Apparel Ltd is increases.

My evaluations of the Acid-Test Ratio suggest that Patriot's liquidity position currently is not good.

Inventory Turnover Ratio

The total inventory turnover ratio measures the liquidity of inventories of a firm. It is calculated by dividing cost of goods sold by inventories.

$$\text{Inventory turnover} = \text{Cost of goods sold} \div \text{Average inventories}$$

Average Inventory: 261595429

Year	2018	2017	2016	2015
Cost of Goods Sold	6,335,803,240	5,418,971,406	4,316,775,028	3,619,613,644
Average Inventory	2799244620.2	2799244620.2	2799244620.2	2799244620.2
Inventory turnover	2.26	1.94	1.54	1.29

Interpretation: Inventory Turnover Ratio measures how effectively inventory is managed by Patriot Eco Apparel Ltd comparing cost of goods sold with average inventory for a period. Over the span of 4 years Inventory turnover ratio was worst position in 2015 at 1.29 it implies on that time Patriot had poor sales .therefore, excess inventory. However, in 2018 it was peak and reached 2.26, which indicate strong sales or ineffective buying.

My evaluations of the Inventory Turnover Ratio suggest that Patriot has strong sales.

Inventory Turnover in Days

Inventory turnover in day's measure the average days to sale the inventories.

Inventory Turnover in Days = Days in the year ÷ Inventory turnover.

Year	2018	2017	2016	2015
Days in the year	360	360	360	360
Inventory turnover	2.26	1.94	1.54	1.29
Inventory Turnover in Days	159.29	185.57	233.77	279.07

Interpretation: Inventory turnover ratio of Patriot Eco Apparel Ltd. in 2015 is 1.29 times and in 2016 is 1.54 times, which is higher than the previous year 2015. The average selling time of inventories in 2015 is 279.07 days and in 2016 is 233.77 days.

My evaluations of the inventory turnover suggest that Patriot's average days to sale the inventories in days currently are lower than the industry average.

Account Receivable Turnover

Account receivable turnover measures the liquidity of receivables.

Account receivable turnover = Net credit sales ÷ Average net receivables.

Year	2018	2017	2016	2015
Net credit sales	12,880,957,428	11107281260	8,757,405,748	7,671,572,303
Average net receivables	4588352945	4588352945	4588352945	4588352945
A/C Rec turnover	2.81	2.42	1.91	1.67

Interpretation: Account receivable turnover is increasing day by day .In 2015 it was 1.67 and currently the account receivable turnover reached at 2.21

My evaluation of account receivable turnover of Patriot Eco Apparel is increasing it is a good sign for the company.

Account Receivable Turnover in Days (DSO)

Account receivables turnover in Days (DSO) is used to evaluate the firm’s ability to collect its credit sale in a timely manner.

DSO = Days in the year ÷ Account receivable turnover

Year	2018	2017	2016	2015
Days in the year	360	360	360	360
Account receivable turnover	2.81	2.42	1.91	1.67
DSO	128.11	148.76	188.48	215.57

Interpretation: Accounts receivables turnover ratio of Patriot Eco Apparel Ltd. in 2015 is 1.67 times and in 2016 is 1.91 times, which is higher than the previous year 2016. The firm’s ability to collect its credit sales is occurred in 215.57 days in 2015.

My evaluations of the account receivables turnover suggest that average days to collect its credit sale currently are lower but it is better for the compan

Return on Investment (ROI)

A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments:

$$\text{Return on Investment (ROI)} = \frac{\text{Net Profit}}{\text{Total Investment}} * 100$$

Year	2018	2017	2016	2015
Net Profit	2,008,012,584	1,720,208,645	1,393,928,731	1,247,275,330
Total Investment	9,405,859,597	7,750,713,063	6,295,114,611	5,070,479,748
ROI	21.35 %	22.19 %	22.14 %	24.60%

Interpretation: Return on investment of Patriot Eco Apparel Ltd in 2015 is 24.60% and year to year it is falling down.

My evaluation of return on investment of Patriot Eco Apparel Ltd is decreasing day by day though it is in good position ,because it holds the industry standard .

Debt to Assets Ratio

Debt to assets ratio measures the percentage of assets provided by the creditors.

Debt to assets ratio = Total debt ÷ Total average assets.

Year	2018	2017	2016	2015
Total debt	5,020,284,099	5,214,178,551	6,487,298,593	4,682,598,223
Total average assets	14258236150	14258236150	14258236150	14258236150
Debt to assets ratio	0.35	0.37	0.45	0.33

Interpretation: Debt to total assets ratio of Patriot Ltd. in 2015 is 0.33 and in 2016 is 0.45, which is greater than the previous year 2015. However in 2017 is 0.37 and in 2018 is 0.35.

My evaluations of the debt to total assets suggest that patriot's debt to total assets currently obtained good position.

Earnings per Share

Earnings per share measures of the net income earned on share of common stock.

Earnings per share = (Net income – Preferred dividend) ÷ Number of common share outstanding.

Year	2018	2017	2016	2015
Net income – Preferred dividend	2,008,012,584	1,720,208,645	1,393,928,731	1,247,275,330
No of common share outstanding	52995845	44369580	35396869	28457114
Earnings per share	37.89	38.77	39.38	43.83

Interpretation: The Earning per Share of Patriot Eco Apparel Ltd. in 2015 is 43.83 and in 2016 is 39.38 which is less than the previous year. In 2017 EPS is decrease and in 2018 again increase the previous year.

Price-Earnings Ratio

Price-earnings ratio measures the market price of each share of common stock to the earnings per share.

Price-earnings ratio = Market price per share ÷ Earning per share

Year	2018	2017	2016	2015
Market price per share	1,233	984	722	739.50
Earnings per share	37.89	38.77	39.38	43.83
Price-earnings ratio	32.54	25.38	18.33	16.87

Interpretation: Price-earnings ratio of Patriot Eco Apparel Ltd. in 2015 is 16.87 times and in 2018 is 32.54 times, which are continuously increase the previous year.

My evaluations of the price earnings ratio suggest that Patriot Eco Apparel Ltd.'s price of each share of common stock to earning per share is lower than the industry average.

Dividend per Share

It measures the company's dividend on each share. It is calculated by dividing common divided by number of shares outstanding.

Dividend per Share = Common divided ÷ Number of shares

Year	2018	2017	2016	2015
Common divided	529,535,140	441,279,290	353,023,430	240,055,938
Number of shares	52,953,514	44,127,929	35,302,343	28,241,875
Dividend per Share	10	10	10	8.50

Interpretation: Dividend per share of Ltd. in 2015 is 8.50 and in 2016 is 10, which is greater than the previous year 2015. And 2016-2018 are almost equal.

My evaluations of dividend per share suggest that the try to increase its dividend per share.

Dividend Payout Ratio

Dividend payout ratio measures the percentages of earnings distributed in the form of cash dividends.

Dividend Payout Ratio = Cash dividend ÷ Net income

Year	2018	2017	2016	2015
Cash dividend	529,535,140	441,279,290	353,023,430	240,055,938
Net income	2,008,012,584	1,720,208,645	1,393,928,731	1,247,275,330
Dividend Payout Ratio	0.26	0.26	0.25	0.19

Interpretation: Dividend payout ratio in 2015 is 0.19% and in 2016 is 0.25%, which is greater than the previous year 2015 and 2017-2018 are equal.

Chapter 5

Findings, Recommendations, Conclusion



5.1 Findings:

Financial statements are most significant part of a company because financial statement analysis involves a comparison of a firm's performance with that of other firms in the same line of business, which usually identified by the firm's industry classification. The analysis is used to determine the firm's financial position so as to identify its current strength and weakness and to suggest actions the firm might pursue to take advantage of the strengths and correct any weakness. Here is my findings about this company are as follows:

- Patriot Eco Apparel Ltd. has liquidity ability 1.49 times to pay the short term debtor, which is higher than the probable ideal ratio 1.2 times. They have little amount of idle money which they opportunity to invest.
- My evaluations of the acid test ratio suggest that Patriot Eco Apparel Ltd.'s liquidity position currently is poor. Patriot Eco Apparel Ltd.' acid test ratio seems inadequate.
- The average selling time turnover rate is very high in the company, which is harmful for the country.
- My evaluations of the account receivables turnover suggest that Patriot Eco Apparel Ltd.'s average days to collect its credit sale currently is lower than the industry average which is determines that company's account receivables turnover is good.
- My examination of the return on assets suggests that Patriot Eco Apparel Ltd.'s profitability on assets currently is higher than the industry average. I think the return on assets of this company is maintaining a good standard.

5.2 Recommendations

- Coordination among the employee of the finance department must be stronger to bring maximum output. So, they should utilize the efficiency of the employee. They can organize workshop, seminars and provide more training to develop their work ability and motivate them towards work by setting goals.
- Patriot Eco Apparel Ltd. should keep liquid assets or safety cash balance for unanticipated cash crisis.
- The company should concentrate on the quick ratio since it can go far beyond the ideal ratio 1:1. For that they have to manage their inventory properly. If they produce more inventories they can become obsolete and outdated while they remain unsold. On the other hand, if they produce fewer inventories they will be unable to fulfill customer demand as a customer will switch to their competitors.
- In 2017 Patriot Eco Apparel Ltd.'s Working Capital decreased. When a company's current liability is greater than current asset it is a risky position for that company. So, patriot should increase current assets and decrease current liability .Patriot can reduce the risk to transform current liability into long term debt.
- Patriot Eco Apparel Ltd should need to maintain the standard in turnover rate, the average selling time turnover rate is very high in the company, which is harmful for the country.

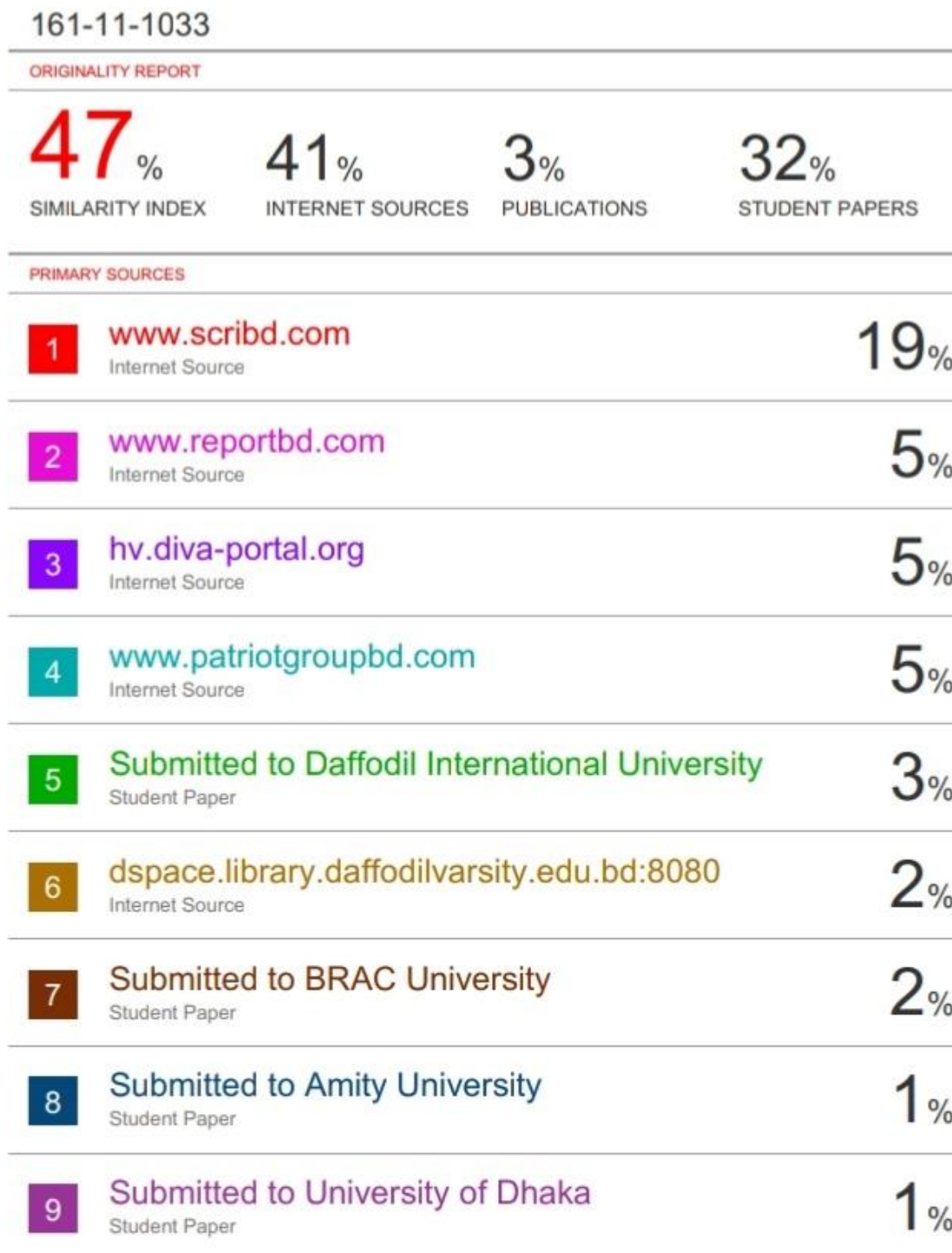
5.3 Conclusion

The study of the financial statement is fascinating one for analyzing affirms liquidity, profitability and solvency. It provided us essential information to company's relative performances with in the industry as well as determining the company's competitive competence position. Financial statement analysis helps us to take appropriate financial decision in the business field at the right time. This report has been very useful to me because I learned how to prepared ratio analysis. This has improved my knowledge on financial statement which is very helpful in business and commerce every day. The work I did in the project has helped me to understand techniques, applications and usefulness of financial statement to understand the performance of a particular company or enterprise without much difficulty and also understand how to prepare them in future.

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