

Internship Report

On

Financial Statement Analysis of Shamsher Knit Fashion Limited



Daffodil
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University

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Date of Submission:

Letter of Transmittal

Date:

Dr. Mostafa Kamal

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Subject: Submission of Internship Report on “Financial Statement Analysis of Shamsar Knit Fashion Limited”

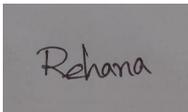
Dear Sir,

After completing my internship, I am submitting the report on "Financial Statement Analysis of Shamsar Knit Fashion Limited." It was my best consideration to follow all the points of this Shamsar Knit Fashion Limited project as far as I could. It was my blessing to follow your instructions and time schedule. All of those areas have been covered, which were mentioned to me in the meantime of the discussion.

All the topics are visualized, which relate to this internship paper. I would like to devote my heartiest gratitude to you for supporting me at your best. This helps me a lot in preparing this report properly.

Thanks for your consideration.

Sincerely yours



Rehana Akter

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Program: BBA

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Declaration

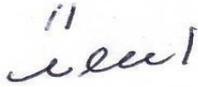
I am Rehana Akter, a Daffodil International University BBA student, and I hereby declare that the internship report titled "Financial Statement Analysis of Shamsher Knit Fashion Limited" was prepared following the completion of my internship at Shamsher Knit Fashion Limited in Gazipur under the close supervision and guidance of Professor Dr. Mostafa Kamal, Dean, Academic Affairs Professor, Department of Business Administration, Daffodil International University.

I further declare that the internship report was written only for academic purposes and was not submitted by anybody else.

Approval Certificate

This is to certify that **Rehana Akter, ID # 181-11-561, BBA (Finance)**, is a regular student of the Department of Business Administration, Faculty of Business and Entrepreneurship, at Daffodil International University. He has successfully completed his internship program at **Shamsar Knit Fashion Limited** and has prepared for this internship under my direct supervision. His assigned internship topic is "**Financial Statement Analysis of Shamsar Knit Fashion Limited.**" I think that the report is worthy of fulfilling the partial requirements of the BBA program. I also declare that the study has been prepared for academic purposes only and that this paper may not be used in an actual market scenario.

I have gone through the report and found it to be a well-written report. He has completed the report by himself. I wish him every success in life.



.....
Professor Dr. Mostafa Kamal
Dean (Academic Affairs) &
Professor, Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Acknowledgment

In Allah's name, be kind and generous. This work would not have been possible without the guidance and assistance of a number of individuals who participated and assisted in various ways in the preparation and completion of this study.

This internship report was started by me and completed by me. Dr. Mostofa kamal, Dean (Academic Affairs) & Professor, Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University, is particularly deserving of praise for her contributions. Her advice and encouragement were immensely helpful in ensuring the success and easy running of the internship program. If you could assist, it would be highly appreciated.

All of the high-ranking authorities who assisted me in obtaining relevant information are to be thanked. Furthermore, this temporary position program has taught me the importance of working as part of a team and as part of another tough workplace engagement.

To summarize, I am grateful to everyone who worked hard both inside and outside of Shamser Knit Fashion Limited to complete this report.

Executive Summary

Shamser Knit Fashions Limited's Financial Statement Analysis is the subject of this research. The finance department at Shamser Knit Fashions Limited is powerful and efficient. As a result, evaluating Shamser Knit Fashions Limited's Financial Statement Analysis is a fantastic idea. This report provides a clear picture of Company Financial Performance, the organization's assessment of its importance, and its contribution to the company. Three months is a fairly little period to learn all of the intricacies about the Finance department. But I did my best to learn as much as I could.

Financial Ratio Analysis is covered in the learning section. Profitability Ratio, Liquidity Ratio, Activity Ratio, Solvency Ratio, and Stock Exchange Ratio are examples of financial ratios.

As a result, I can draw a clear connection between the issue and its impact on total Finance Performance, overall financing, and Shamser Knit Fashions Limited's regular manner of financing.

I did my best to evaluate the company's financial performance from 2018 to 2020, and I also finished a 90-day internship program at Shamser Knit Fashions Limited.

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Chapter-1

Introduction

1.1 Introduction

The internship is a critical element of the BBA program. Because I am a BBA student, I must develop actual comprehension and abilities in order to meet future competition. Theory will be useless if it isn't exposed to real-life situations. As a result, realistic orientation is a beneficial improvement in a professional setting. In this regard, one of the most important aspects of a four-year BBA program is practical delight and three months of practical exposure. In this situation, the current record tries to read the experiences of realistic orientation connected with a Shamser Knit Fashions Limited appraisal.

1.2 Background of the Study

All students, but especially BBA students, should participate in an internship program since it helps them grasp critical life scenarios. It is a crucial aspect of the BBA Program at Daffodil International University's study to create concern in an extremely sensible expert situation for 3 months after completing all of the required courses. In light of this, I recently completed my three-month internship at Shamser Knit Fashions Limited. That has much aided me in recognizing and purchasing information about the company's critical life situation.

"Financial Statement Analysis: A Study on Shamser Knit Fashions Limited" was the topic of my internship at Shamser Knit Fashions Limited. During the course of writing this report, I had the opportunity to learn everything I could about Shamser Knit Fashions Limited's financial transactions. It also allowed me to have a firsthand look at the top noncommissioned firm in DGDP in an Asian country. It is important to highlight that the information used here is truly and absolutely confidential, and no one will utilize any of its components in whole or in part.

1.3 Objectives of the Study

1. To identify the present financial system of Shamser Knit Fashions Limited
2. To analyze the financial performance of Shamser Knit Fashions Limited
3. To identify the problems of Shamser Knit Fashions Limited
4. To prescribe appropriate recommendations and suggestions to overcome existing problems of Shamser Knit Fashions Limited

1.4 Scope of the Study

The study's focus has been limited to a financial performance review of Shamser Knit Fashions Limited. However, in order to assist the study and evaluation of credit performance, I attempted to include several aspects of the organization. In every department where I wanted to collect information, I actually worked with the management of the relevant organization.

1.5 Methodology of the Study

This research relies heavily on methodology. It's been built in a very specific way to ensure that the study's objectives are met. All of the information in this research was gathered from both primary and secondary sources. The data is organized, tabulated, and sorted in a fairly systematic way. Both qualitative and quantitative knowledge were employed to conduct these research. This report was organized using the following process. The following are the two processes that are used to collect data:

Primary Sources: The following were the first sources:

1. Face-to-face verbal communication with the organization's individual employees and officers.
2. Consultation with the customer
3. Practical work experience from a variety of departments within the company.

Secondary Sources: The secondary sources were collected in the following ways:

1. Annual reports from Shamser Knit Fashions Limited
2. The data gathered from the organization's brochure and leaflet
3. Other pertinent information is gathered directly from associate degree interviewers from various parts of the firm; otherwise, it is gathered from a variety of books, periodicals, magazines, customers, and employees.

1.6 Limitations of the Study

Despite the fact that I had complete cooperation from all of the employees of Shamser Knit Fashions Limited, I have highlighted the following difficulties in my research. The flaws could possibly be due to the limitations of my research.

1. **Inadequate data:** The relevant information is required to grasp the facts pertaining to the study in a realistic manner, as well as to effectively describe the quantitative expression of data. However, gathering secondary material in the confines of the study proved to be extremely difficult for me. Because it is a service-oriented company, the chances of receiving accurate information are usually low..
2. **Fears of disclosure:** It should be mentioned that some firm policies do not reveal the overall individual's direction. However, the information is quite useful in preparing my position report.
3. **Lack of expertise:** A person's experience makes them more cost-effective. However, I lack the necessary competence to conduct this type of research. As a result, unexpired doesn't pursue this type of study in a systematic way or use the logical analysis methodology.
4. **Lack of Record:** There don't appear to be any good books, papers, data, or figures available. The report would be beneficial if these flaws were not included. Several constraints were encountered when compiling the position report. However, I have made a concerted effort to mitigate the negative consequences of such limits.

Chapter-2

Profile of the Organization

2.1 About Shamser Knit Fashion Limited

Shamser Knit Fashions Ltd understands the demands of its customers and provides them with unique solutions. In order to achieve its goal of being one of the country's leading 100% export-oriented readymade Knit clothing manufacturers.

It is critical that we continually satisfy our customers' quality, performance, and timeliness expectations. The price of goods and services this procedure was followed during the fabrication of fabric and ready-to-wear clothes.

Shamser Knit Fashion's products are of worldwide grade, ensuring consistent product quality. Customer requirements can be met in a timely and effective manner by doing this activity. The task to develop all readymade clothing was another milestone in the company's continuing

growth. So it is true that Shamser Knit Fashions Ltd. has quickly transformed into a successful player in the production field.

2.2 Mission

1. Inventive research of commercial value.
2. Goodwill toward all employees.
3. Excellent quality.
4. Customer happiness is important, as is market awareness.
5. Increasing our company's profitability.
6. Inventive products and technologies.

2.3 Vision

Shamser Knit Fashions Limited's vision is to reach out to even the most remote parts of the world and enhance people's lives by providing high-quality products at a reasonable price. The Shamser Knit Fashions Limited has been working tirelessly since its start in 2001, with the goal of ensuring that huge quantities of clothes are exported.

2.4 Quality Control

In every phase of sourcing and buying quality materials, production, quality assurance, and garment delivery, ensure strict adherence to standards and local regulatory rules.

Ensure that all actions are carried out in accordance with a documented quality management system that meets ISO 9001 international standards. Through frequent training and involvement, we may continue to grow our people resources.

Shamser Knit Fashions Limited is dedicated to conducting suitable reviews, evaluations, and performance measurements of processes, business operations, and quality management systems in order to maintain the highest standards, customer satisfaction, human resource development, and company growth.

2.5 Corporate Profile

Shamser Knit Fashions Ltd: Shamser Knit Fashions Ltd is 100% Export Oriented readymade Knit garments manufacturing company. Shamser Plaza (2nd Floor), Gankabari, Ashulia, Savar, Dhaka, Bangladesh.

Established : Shamser Knit Fashions Ltd founded in 2001,

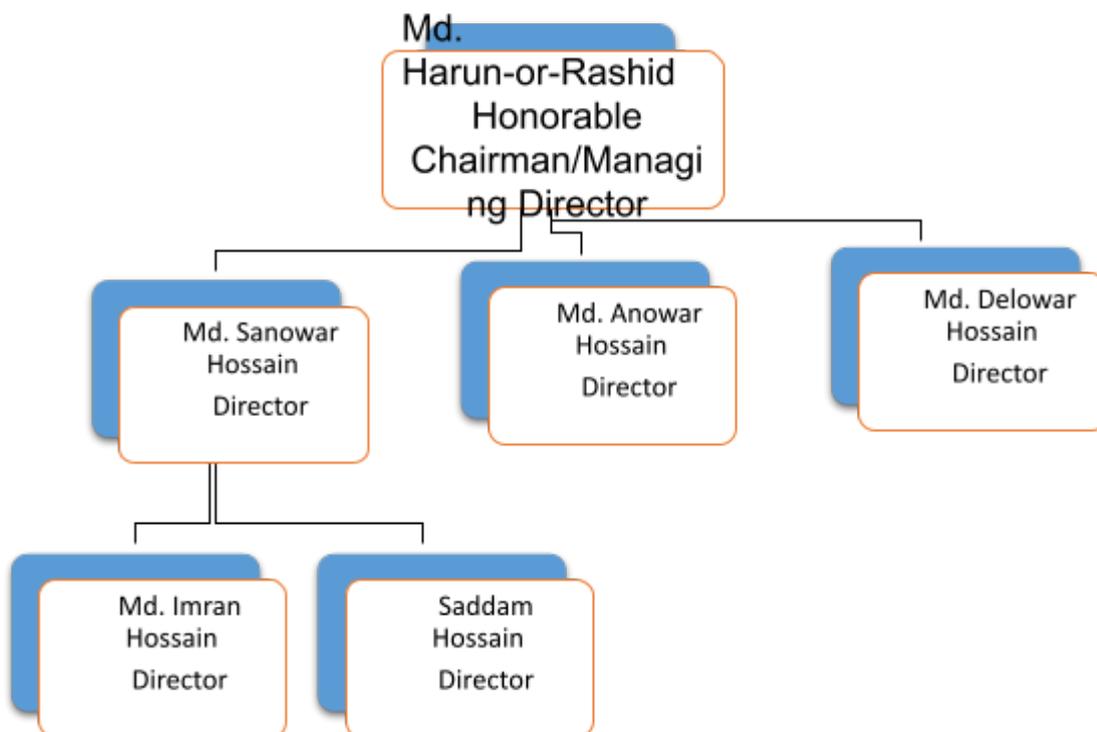
Organized : Board of directors.

Head Office : Shamser Plaza (2nd Floor),Gankabari, Ashulia, Savar,Dhaka, Bangladesh

No. of Employee : 1500 numbers of worker (65% Female, 35% Male)

No. of Products : 06

2.6 Board of Directors of Shamser Knit Fashion Limited



2.7 Covid -19 Safety Rules

1. Keep a 2-meter space between you and the other person!
2. Hands must be washed!
3. When in the workplace, cover your mouth and nose!
4. Rooms should be ventilated.
5. If you are sick, stay at home.

Chapter-3

SWOT & Pestle Analysis of SKFL

3.1 Strengths of Shamser Knit Fashions Limited.

For their strategy and strengths, The Shamser Knit Fashions Limited is one of the leading firms in the garment sector. The following are their strengths.

1. The Shamser Knit Fashions Limited's strength is its well-trained, skilled, and certified workforce. This organization's mission is being achieved thanks to the efforts of these employees. Since 1995,
2. Shamser Knit Fashions Limited has been serving the country. As a result, it has amassed a significant amount of experience in the garments industry, which currently serves as a source of strength for the company.

3.2 Weaknesses of Shamser Knit Fashions Limited.

Shamser Knit Fashions Limited has a competitive advantage over other multibillion-dollar corporations. In truth, The Shamser Knit Fashions Limited has only minor strategic flaws.

1. This is Shamser Knit Fashions Limited's stretched chain of command, which takes a lengthy time to make a decision.
2. More smooth distribution sectors are required.

3.3 Opportunities of Shamser Knit Fashions Limited.

1. Bangladesh's clothing market is quickly expanding, thus The Shamser Knit Fashions Limited has a lot of room to grow.
2. Today's technology is more advanced and sophisticated, allowing a new generation of export-quality products to emerge.

3.4 Threats of Shamser knit Fashion

1. Shortage of electricity
2. The threat of new entrants

3. The bargaining of the firm's suppliers
4. The bargaining power of the firm's customers
5. The treat of substitute products
6. Local competitors
7. Political unrest

3.5 PESTEL Analysis

1. **Technological Condition:** For any corporate organization, technological conditions are one of the most rapidly changing external elements. It is extremely dangerous to start and run a firm with these conditions. The fundamental structure and management of businesses has altered as a result of technological advancements. Shamser Knit Fashion Ltd. is well-equipped in terms of technology and is usually well ahead of the competition in the garments sector. It invests in its plant facilities on a regular basis in order to improve the effectiveness and efficiency of its manufacturing operations. As a result, SKFL is largely unconcerned about technological advancements made by competitors. The technological factors can be further divided into a few categories based on their type.
2. **Political Legal Condition:** Other sections of the political legal sector require an entity to comply with numerous federal, state, and local regulations, as well as worldwide laws. In terms of Shamser Knit Fashion Ltd.'s company activities, the political climate isn't much of an issue. Bangladesh is now controlled by a political government. Bangladesh has been experiencing unparalleled political upheaval for a long time before this administration won office.
3. **Political Unrest:** When we evaluate the current state of political turmoil, we can conclude that it is a low-risk factor. Political turmoil can have a significant impact on Shamser Knit Fashion Limited's decision-making process. Political unrest has the power to affect actions and organization. Shamser Knit Fashion ltd. has recently been plagued by a slew of political issues.
4. **Demographical Condition:** Gender, age, level of education, geographic location, income, and family composition are all factors that influence demographic conditions. Managers make plans based on how these qualities evolve.
5. **Socio-cultural Conditions:** These surroundings are made up of a society's values, beliefs, traditions, practices, language, and forms. It is critical for every organization because it is from these areas that clients emerge. Customs and testing alter as these variables change. Managers, too, must evolve. Managerial judgments and actions may be hampered by socio-cultural tendencies. Shamser Knit Fashion Limited, for example, is required to develop new items if demand for present products has decreased or as a result of newly discovered ailments. Because the tastes and preferences of a customer have shifted dramatically. Shamser Knit Fashion Limited also supports to a variety of humanitarian activities that benefit underserved communities.

Chapter-4

Theoretical Aspects of Financial Statement Analysis

4.1 Financial Analysis

The assets, liabilities, and owner's equity of a company entity are all listed on the balance sheet. It shows the company's financial situation. The following are the categories for assets and liabilities:

Current Assets: Assets that can be converted to cash in a short period of time, usually less than a year, with minimal disruption to daily operations. Current assets include cash, accounts receivable, marketable securities, inventories, and prepaid expenses.

Investments: Investments that should be held for longer than a year include long-term notes and fixed assets.

Property, plant, and equipment: Because these assets are purchased for long-term use in the company, they are categorized as fixed assets.

Intangible Assets: Non-physical assets include goodwill, trademarks, patent rights, copyright, legal contracts, and leases. Investments, property, plant & equipment, and intangible assets are examples of noncurrent assets.

Existing Liabilities: Existing debts must be cleared within a year without causing significant disruption to routine business activities. Current liabilities include receivables, unearned revenue, and accrued expenses..

Long-term Liabilities: Long-term liabilities are debts that are due over a period of time rather than in a single year, such as bond payments and pension obligations. It's also known as non-current liabilities.

Owner's Equity: The owner's equity is made up of common stocks, or shares; additional money paid up; and retained earnings.

Statement of Charges in Owner's Equity

The purpose of the statement is to show how transactions influence equity over the course of a financial year. It included the beginning and ending balances for the amount of contributed capital, as well as any additional capital acquisitions made throughout the period. It also shows how much of the company's earnings are kept in the form of retained earnings.

4.2 Financial Rules

The following financial guidelines are provided by Shamser Knit Fashion Limited to assist in making financial decisions.

1. All directors must carefully control expenditures to stay within budget and accomplish goals.
2. Unless absolutely necessary, mid-term financial obligations cannot be met.
3. All Acts, Finance, and Commercial Activity will be overseen by the Finance Director, who has been delegated by the Board of Directors to implement the Board of Directors' budget. The financial director will consult with the MD in the event of a hitch.
4. LTR/SOD loans and other short-term loans will be considered. Any department seeking financing for an LTR or SOD loan should provide a written commitment to the Finance Director detailing the expected repayment date. The Finance Director will present this to the monthly board meeting for approval. The interest will be paid to the accounts on a regular basis unless the loans are returned.
5. Any cash or credit imports must be approved in advance by Finance. Only if it can be proven that the money required will be provided after shipment may approval be granted.
6. Finance permission is required for all credit sales. On the other hand, Sales C will only be approved once a month. A list of credit and monetary limits is included in the annex. Company borrowing should be limited to a bare minimum in all cases. Long-term loans secured by firm assets will not be approved at this time in the company's development.
7. Loans must be adjusted every month for any reason, or the accounts may deny further advances.
8. Every year, at the start of the term, targets will be defined and preserved in the budget and target file.
9. When funds become available, the Board of Directors has the option of allocating additional funds to any profit center in accordance with investment requirements.
10. Until the company's liabilities are neutralized, development and reserve money might be utilized to cover backlogs from past loans. Only innovative innovations will be supported by the development fund.

4.3 Cash Flow Statement

The cash flow statement was created using the indirect technique and is in compliance with BAS-7, titled "Cash Flow Statement." The statement explains how a company acquires and uses cash during the accounting period. Cash influx describes the sources of money, and cash outflow describes how money is spent. The three activities listed below create this financial flow..

(a) Operating Activities

1. Cash inflow for inventories, salaries, operational expenditures, interest, and taxes;
2. Cash outflow for inventories, salaries, operational expenditures, interest, and taxes.

(b) Investing Actions

1. Cash input from the sale of property, plants, equipment, and marketable securities, as well as loan collection;
2. Cash outflow from the purchase of property, plants, equipment, and marketable securities, as well as loans to others.

c) Financial Operations

1. Inflows of cash from stock offers and borrowed funds from others (shareholders);
2. Outflows of cash from treasury stock purchases, debt repayment, and dividend payments.

Revenue recognition policy

In compliance with the requirements of BAS-18 Revenue, sales are recognized once delivery is made, i.e. risk and rewards of ownership passes to the buyer.

Cash and cash equivalent

Cash and cash equivalents include Cash in hand, Cheques in hand, Cash at banks which are available for use by the company without any restrictions.

Comparative information

Comparative information has been disclosed in respect of the period ended June 30, 2017 for all numerical information in the financial statements and also the narrative descriptive information where it is relevant for understanding of the current year's financial statements.

Finance income and finance cost

Interest income on monies invested is included in finance income. The effective interest rate is used to record interest revenue as it accrues in the statement of profit and loss and other comprehensive income.

Finance costs include interest on overdrafts and loans from banks and financial institutions. All financial charges are recorded in the profit and loss statement and other comprehensive income statements.

Chapter-5

Financial Performance Analysis of Shamser Knit Fashion Limited

5.1 Ratio Analysis of Shamser Knit Fashion Limited

The calculation and comparison of financial ratios generated from a company's financial statements is known as financial ratio analysis. Based on their present levels and historical trends, these ratios can be used to form conclusions about a company's financial status, operations, and investment attractiveness. They're reliable indicators of a business's performance and financial health. Financial ratios are calculated in one or more methods utilizing data from a company's financial statements. The majority of the ratios can be calculated using the information provided by the financial statements. When employed alone, a financial ratio is worthless information. However, when viewed in context, a financial ratio can give a financial analyst a clear picture of a company's current state and emerging trends.

A ratio becomes more valuable when it is compared to other data and standards. A 20% gross profit margin for a company, for example, is meaningless in and of itself. Knowing that this company's competitors have profit margins of 10%, we can deduce that it is more profitable than its industry competitors, which is a good thing. It's a good sign that management is putting in place effective company policies and strategies if we also know that the historical trend is rising, for example, and has been steadily increasing over the last few years.

Financial ratios can be classified according to the information they provide. Each section contains data on many areas of a company's finances and operations. The following ratios are frequently used.

Liquidity ratios indicate a company's ability to satisfy its short-term financial obligations. The greater the company's margin of safety for covering short-term loans, the higher the ratio's value. People who give the company with short-term loans are particularly interested in them. Bankruptcy analysts and mortgage originators frequently use liquidity ratios to determine whether a company can continue to operate as a going concern.

Leverage Ratio

1. These indicate the amount of debt a company has in its capital structure. Any ratio that is used to calculate

2. To get a sense of a company's financing practices, look at its financial leverage.
3. Examine the firm's ability to meet its financial obligations.
4. There are several different ratios to think about, but the four most important are debt, equity, assets, and interest expenses.

Efficiency ratios demonstrate how efficiently a business uses its resources. Turnover measurements are used to determine how efficient a company's operations and asset usage are. Some of the terminology used to describe them include asset turnover ratios, asset utilization ratios, and asset management ratios.

These figures indicate the margin analysis return on sales and capital. Profitability ratios are used to assess the success of a business. Two sources are used to calculate these ratios:

1. The income statement's ability to recover costs and expenses, and
2. The balance sheet's ability to make revenue on the assets used

It is impossible to overestimate the significance of the correct environment for ratio analysis. A cross-industry comparison of the leverage of reliable utility corporations and cyclical mining companies would be worthless. Examining a cyclical company's profitability statistics for a time shorter than the whole commodities or business cycle will not provide an accurate long-term estimate of profitability. Historical data that is unaffected by fundamental changes in a company's status or prospects may only predict so much about future trends.

Liquidity ratios indicate a company's ability to satisfy its short-term financial obligations. The greater the company's margin of safety for covering short-term loans, the higher the ratio's value. People who give the company short-term loans are particularly interested in them. Bankruptcy analysts and mortgage originators frequently use liquidity ratios to determine whether a company can continue to operate as a going concern.

For financial performance analysis, ratio analysis is a must-have tool. It's defined as the systematic application of magnitude relations to assess financial statistics in order to determine an organization's strengths and weaknesses, as well as its historical performance and current economic status. As a result, ratios are frequently divided into four categories.

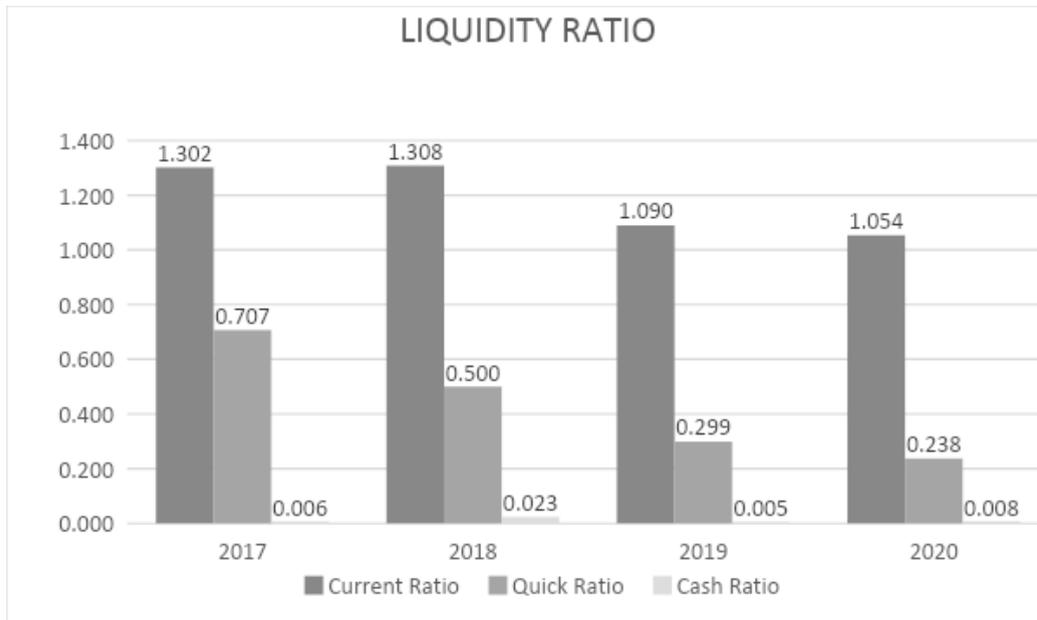
1. Liquidity Ratio
2. Leverage Ratio
3. Profitability Ratio
4. Activity Ratio

Ratio Analysis of the Company

5.2 Liquidity Ratios:

Liquidity Ratio

Particulars	2017	2018	2019	2020
Current Ratio	1.302	1.308	1.090	1.054
Quick Ratio	0.707	0.500	0.299	0.238
Cash Ratio	0.006	0.023	0.005	0.008



Interpretation:

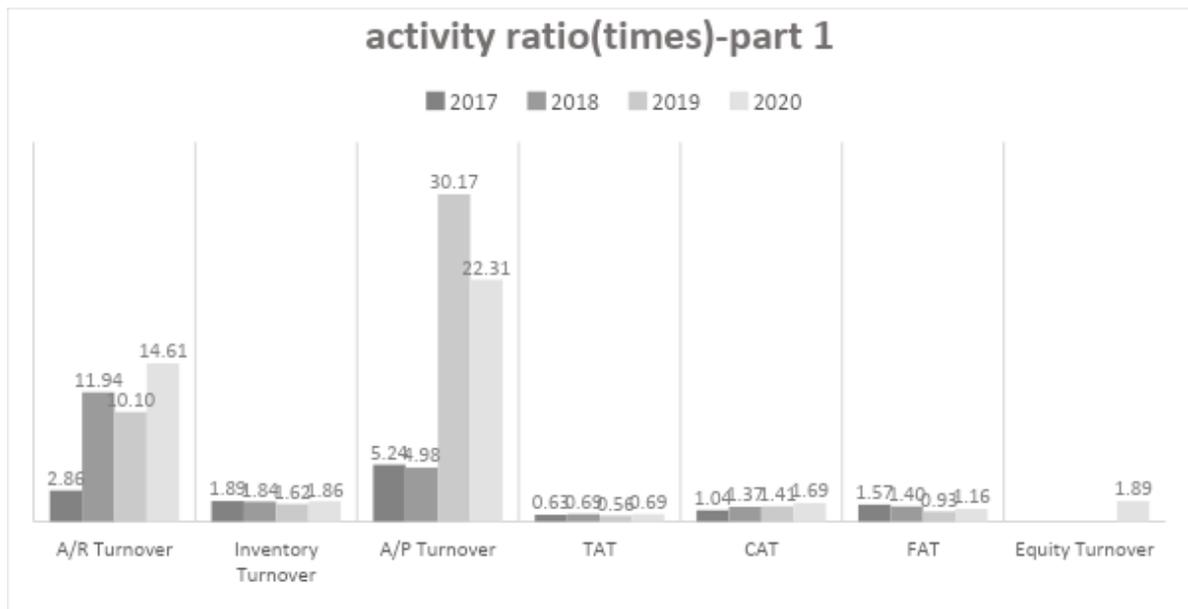
The company's liquidity ratio has fallen, which is not healthy. The liquidity ratio indicates how well a corporation can manage its current liabilities using current assets. To improve the current ratio, the corporation must reduce its current obligations while increasing its current assets. We interpret that because Current Assets exceed Current Liabilities, the company may liquidate its current assets and pay off its current liabilities and survive at least one cycle. Company Boost their stockpiles. Inventories are significantly less liquid than receivables.

They can increase cash, accounts receivable, and other liquid assets.

5.3 Efficiency & Activity Ratios:

Activity Ratio				
Particulars	2017	2018	2019	2020
A/R Turnover	2.86	11.94	10.10	14.61
Inventory Turnover	1.89	1.84	1.62	1.86

A/P Turnover	5.24	4.98	30.17	22.31
TAT	0.63	0.69	0.56	0.69
CAT	1.04	1.37	1.41	1.69
FAT	1.57	1.40	0.93	1.16
Equity Turnover	0.00	0.00	0.00	1.89



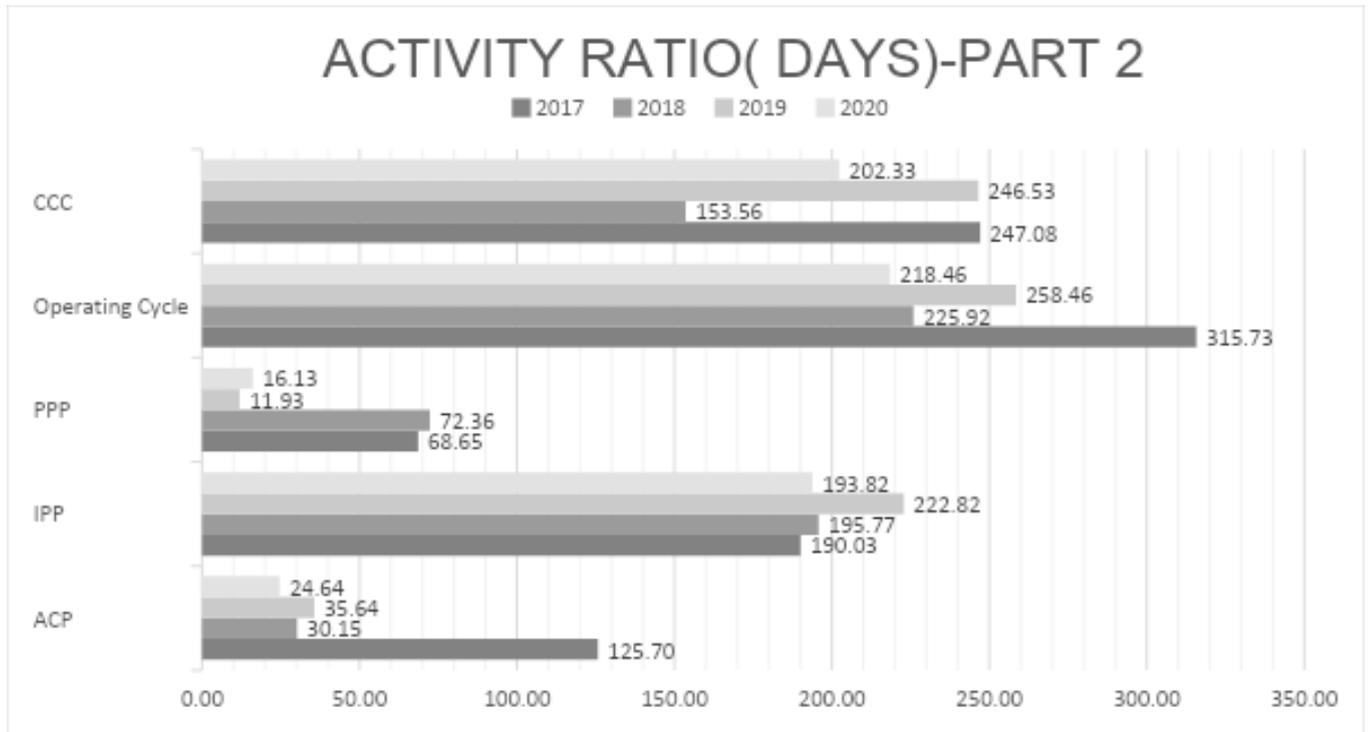
Interpretation:

Efficiency ratios assess a company's capacity to properly utilize its assets and manage its liabilities. A/R Turnover, Inventory Turnover, TAT, CAT, FAT, and Equity are all shown here. Turnover is up, while A/P is down, which is a positive thing. All of this demonstrates that the organization is able to properly utilize its resources. The inventory turnover ratio is used to determine whether or not sales are sufficient to turn or consume inventories. A high asset turnover ratio indicates that the company makes efficient use of its assets, whereas a low ratio indicates that the company makes wasteful use of its assets. The receivables turnover ratio is a metric that assesses a company's ability to collect debt and offer credit.

Activity Ratios:

Activity Ratio				
Particulars	2017	2018	2019	2020
ACP	125.70	30.15	35.64	24.64
IPP	190.03	195.77	222.82	193.82
PPP	68.65	72.36	11.93	16.13

Operating Cycle	315.73	225.92	258.46	218.46
CCC	247.08	153.56	246.53	202.33

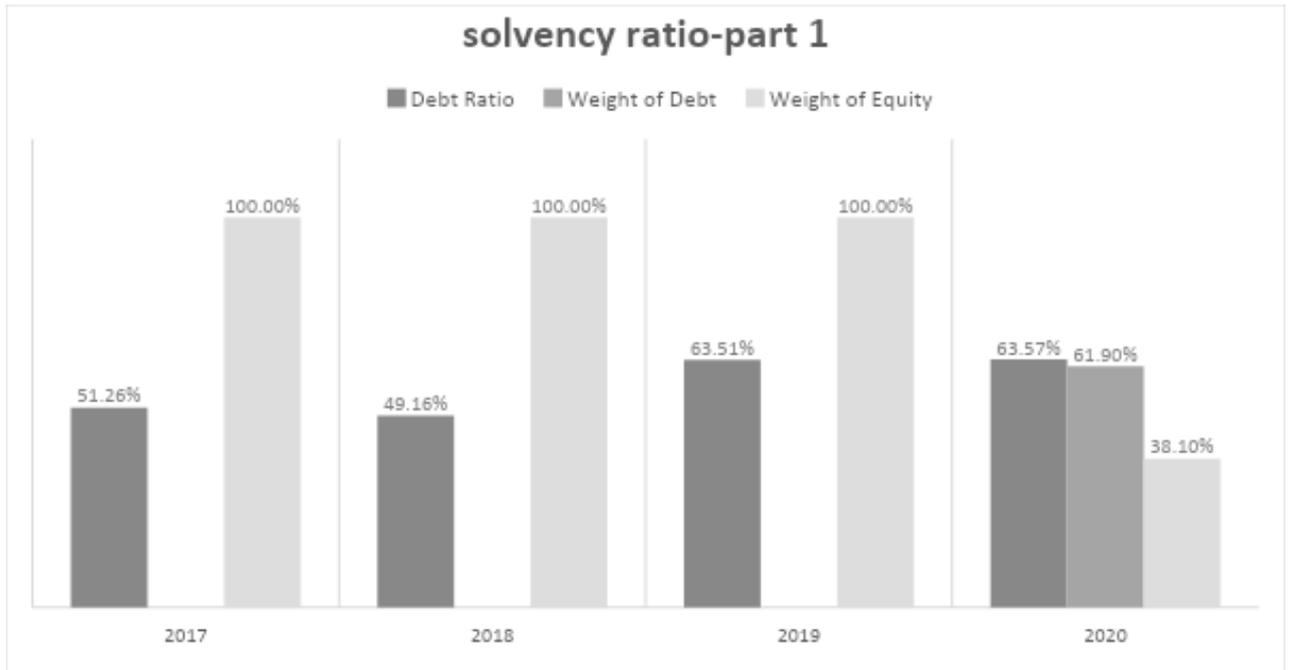


Interpretation:

ACP indicates how long it takes a corporation to receive money from its accounts receivable. The collection time has shrunk in this case, which is a good thing. IPP indicates how many days a corporation collects/purchases inventory after. Shamser Knit Fashion Limited has been able to lower their IPP, which is beneficial to the company. The rate of cash conversion is dropping, which is a good thing.

5.4 Solvency Ratios:

Solvency Ratio				
Particulars	2017	2018	2019	2020
Debt Ratio	51.26%	49.16%	63.51%	63.57%
Weight of Debt	0.00%	0.00%	0.00%	61.90%
Weight of Equity	100.00%	100.00%	100.00%	38.10%

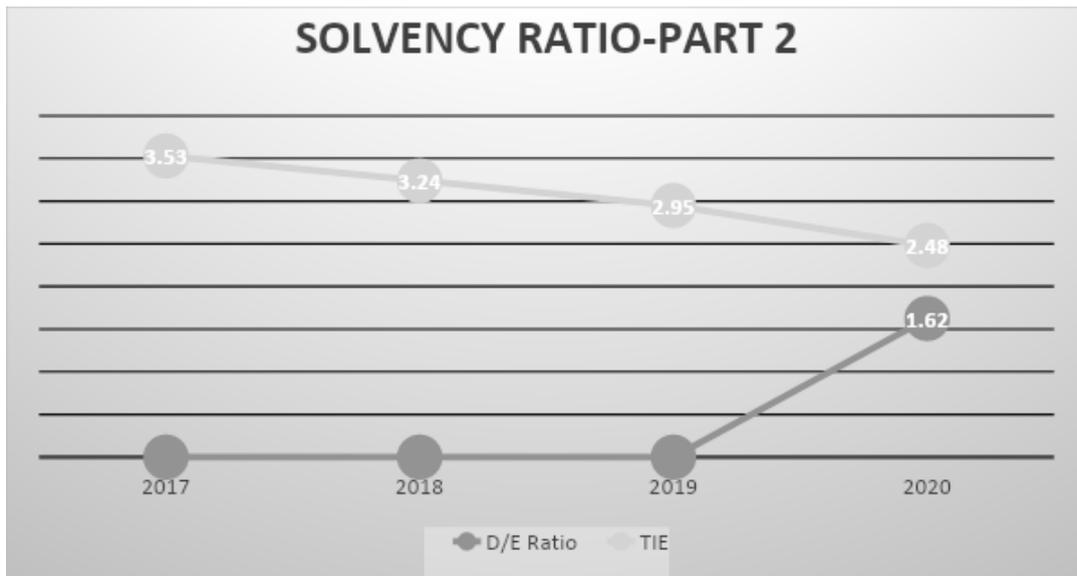


Interpretation:

The solvency ratio indicates how much money the company has received from outside sources. If they take out a loan, the company will benefit since they will have to pay less tax. Shamser Knit Fashion Limited has taken on a significant amount of debt, which is beneficial to the company. Shamser Knit Fashion Limited has gathered 60% of its funds from debt and 40% from equity, as shown here.

Solvency Ratio:

Solvency Ratio				
Particulars	2017	2018	2019	2020
D/E Ratio	0.00	0.00	0.00	1.62
TIE	3.53	3.24	2.95	2.48

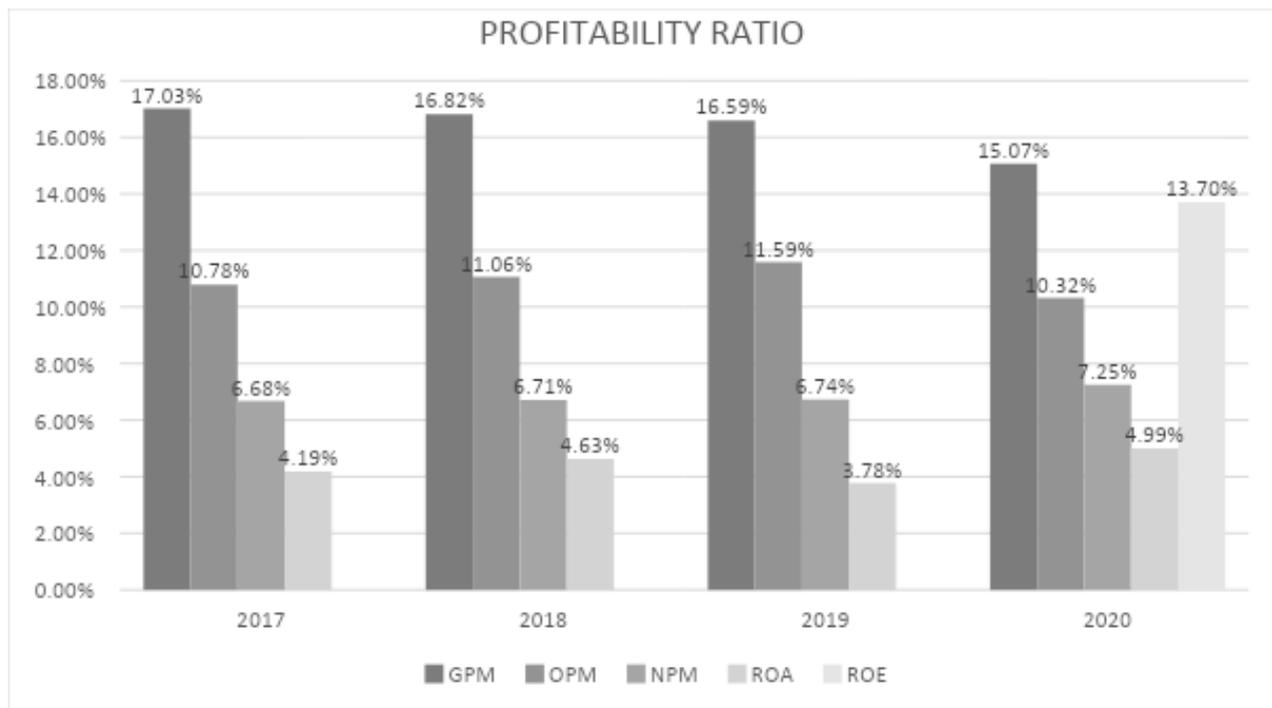


Interpretation:

The number of times interest expense is turned to income, as well as whether the company can cover its interest expense with earnings. Because the time interest earned ratio has reduced, the company must boost the TIE ratio before the bank will consider granting a loan. The D/E ratio assesses a company's capital structure. Shamsar Knit Fashion Limited is a manufacturing firm, which allows them to take on more debt.

5.5 Profitability Ratios:

Profitability Ratio				
Particulars	2017	2018	2019	2020
GPM	17.03%	16.82%	16.59%	15.07%
OPM	10.78%	11.06%	11.59%	10.32%
NPM	6.68%	6.71%	6.74%	7.25%
ROA	4.19%	4.63%	3.78%	4.99%
ROE				13.70%



Interpretation:

Determines the amount of gross profit gained from sales. The gross profit margin has shrunk as the company's cost of goods sold has risen. Because the company's operational expenses have increased, the operating profit margin has likewise fallen. They should keep their costs under control. The return on assets (ROA) is a metric used to assess management's efficiency in generating revenue from assets. Shamser Knit Fashion Limited's ROA has grown, which is a good thing.

5.6 DuPont Analysis

DuPont Analysis				
Particulars	2017	2018	2019	2020
EBIT Margin	0.11	0.11	0.12	0.10
Interest Burden	0.73	0.71	0.69	0.80
Tax Burden	0.85	0.86	0.84	0.88
TAT	0.63	0.69	0.56	0.69
EM				2.74
ROE	4.19%	4.63%	3.78%	13.70%

Interpretation:

The components of a company's return on equity are evaluated using a DuPont analysis (ROE). This enables an investor to see which financial activities are primarily responsible for changes in ROE. The total asset turnover and equity multiplier have both increased, boosting the return on equity. EBIT Margin has a negative impact on ROE.

Suggested Actions to Boost up ROE:

A little change in the equity multiplier can have a significant impact on the return on equity. The most sensitive factor is EM. The second most sensitive factor is total asset turnover. The total asset turnover metric measures how well a company has leveraged its assets to generate revenue. Because EBIT Margin has a negative impact on return on equity, the company needs to pay greater attention to it. If they pay more attention to EBIT Margin, tax burden, and interest load, the company's return on equity will improve. If EBIT rises, it will have a favorable impact on revenue, necessitating the company's cost-cutting efforts.

5.7 Trend Analysis

Shamser Knit Fashion Limited				
Balance Sheet				
As on December 31, 2017 to 2020				
Particulars	2017	2018	2019	2020
Non-current assets:	100.00%	124.63%	229.16%	254.00%
Property, Plant & Equipment	100.00%	104.53%	174.62%	180.60%
Capital Work in Progress	100.00%	688.28%	989.25%	467.79%
investment in Property			100.00%	99.00%
Investments in Associates			100.00%	14768.42%
Current Assets	100.00%	84.86%	101.39%	115.82%
Inventories & Stores	100.00%	114.69%	160.89%	196.26%
Trade & Other Receivable	100.00%	26.63%	38.70%	36.85%
Advance, Deposits & Prepayments	100.00%	121.60%	74.00%	61.56%
Other Receivables				

Investments	100.00%	122.16%	108.29%	142.06%
Cash and Cash Equivalents	100.00%	354.10%	98.26%	197.88%
Total Assets	100.00%	100.77%	152.49%	171.08%
Shareholders' Equity	100.00%	105.13%	114.18%	127.89%
Issued, Subscribed and Paid-up Capital	100.00%	107.00%	117.70%	123.58%
Holding gain reserve	100.00%	56.07%	109.20%	101.88%
Share Premium	100.00%	100.00%	100.00%	100.00%
Retained Earnings	100.00%	107.41%	126.92%	176.24%
Tax Holiday Reserve	100.00%	100.00%	100.00%	100.00%
Total Equity				
Non-Current Liabilities	100.00%	205.13%	794.97%	829.51%
Long Term Loan	100.00%	209.09%	814.08%	850.92%
Deferred Tax Liabilities	100.00%	53.22%	61.55%	7.66%
Current Liabilities	100.00%	84.47%	121.03%	143.01%
Long Term Loan (Current Portion)	100.00%	78.01%	185.25%	294.93%
Short Term Borrowings/Loan (Secured)	100.00%	72.48%	142.36%	155.83%
Trade Payables	100.00%	117.35%	23.85%	45.22%
Provision for Expenses/Liabilities For Expenses	100.00%	157.88%	209.00%	240.36%
Provision for Current Tax	100.00%	92.05%	136.11%	188.59%
Total Shareholders' Equity & Liabilities	100.00%	100.77%	152.49%	171.08%
Net Asset Value Per Share (NAV)	100.00%	98.27%	97.01%	103.50%

Shamsar Knit Fashion Limited

Income Statement

For the year ended on December 31, 2017 to 2020

Particulars	2017	2018	2019	2020
Revenue	100.00%	111.05%	136.49%	187.98%
Less: Cost of Goods Sold	100.00%	111.33%	137.22%	192.42%
Gross Profit	100.00%	109.67%	132.95%	166.36%
Less: Operating Expenses	100.00%	102.35%	109.11%	143.08%
Administrative & General Expenses	100.00%	103.42%	108.26%	143.90%

Selling & Distribution Expenses	100.00%	97.01%	113.35%	138.97%
Profit/ (Loss) from Operation	100.00%	113.92%	146.75%	179.84%
Add: Other Income	100.00%	211.92%	104.20%	103.03%
Non-Operating Income/ Expense		100.00%	527.26%	810.68%
Profit/ (Loss) before Financial Expenses	100.00%	115.04%	149.78%	184.45%
Less: Financial Expenses	100.00%	124.12%	175.65%	255.85%
Foreign Currency Exchange (Gain) / Loss	100.00%	89.39%	109.50%	147.11%
Gain/(Loss) on Investment in shares				
Net Profit/ (Loss) before WPPF	100.00%	111.32%	139.41%	197.38%
Less: Provision for Workers Profit Participation Fund		100.00%	119.96%	171.07%
Net Profit before Tax	100.00%	110.90%	138.90%	196.66%
Less: Provision for Tax	100.00%	107.29%	146.43%	154.02%
Current Tax	100.00%	113.13%	141.65%	160.05%
Deferred Tax	100.00%	365.32%	-65.05%	420.82%
Net Profit after Tax	100.00%	111.52%	137.60%	204.05%
Basic Earnings Per Share (EPS)	100.00%	101.16%	125.00%	176.74%

Chapter-6

Findings, Recommendations and Conclusion

6.1 Findings

By studying Shamsar Knit Fashion Limited's performance, I am able to extract some negative results from the report. The findings are required by the company in order to take corrective action. So, I disclose the findings below:

1. The company's liquidity ratio has fallen, which is not healthy. The company's current ratio has declined from 1.302 to 1.054 between 2017 and 2020, and the Quick Ratio has also decreased from 0.707 to 0.238, which is not a good sign. A current ratio of less than one indicates that a company's short-term assets are insufficient to cover current debt obligations. The liquidity ratio shows how well a firm can pay off its current liabilities.
2. The payable payment period has shrunk compared to the previous year. The company should concentrate on inventory management and improve the payable days. PPP has been decreasing since 2017, when it was 68.65 days, and will be 16.13 days in 2020. It is not in the company's best interests.
3. The operating cycle describes how long it takes a corporation to convert raw materials into completed goods. They need to shorten the operating cycle.
4. The gross profit margin has shrunk as the company's cost of goods sold has risen. From 2017 to 2020, the company's GPM has declined from 17.03 percent to 15.07 percent. A higher gross profit margin means the company has more cash on hand to cover indirect and other expenses. As a result, while measuring a company's financial health, business owners and financial specialists should use this ratio. The gross profit margin ratio is frequently used to compare companies in the same industry or to assess a company's long-term success.
5. Operating profit margin has also decreased because company's operating expense has increased. The OPM has decreased from 10.78% to 10.32%. Increasing cost of goods sold and declining operating profit could suggest that you have increased operating costs that

you haven't been able to overcome by adding more consumers or raising prices.

6. It was determined that their pricing approach is more expensive than their competitors' since the cost of raw materials is greater and labor costs are higher because they give a higher quality product.

6.2 Recommendations

Based on findings it can be recommended to progress in future. The recommendations are disclosed below:

1. The company should put a lot of effort into increasing liquidity. A greater liquidity ratio indicates that your company has a larger margin of safety when it comes to paying down debt commitments.
2. There is a need to improve the payment period for payables. The organization should concentrate on lowering the average collection day and inventory processing in order to improve their operational cycle, as well as increasing the payables payment period from its accounts payables..
3. The company benefits from a higher Gross Margin ratio, while Shamsar Knit Fashion Limited's Gross Profit Margin is declining. As a result, their primary goal should be to increase their sales volume.
4. It is necessary to have effective cost management. They must control their entire operating costs if they want to raise their Operating Profit margin.
5. The profit margin on net sales is shrinking. If they want to enhance their net profit margin, they should be more concerned with increasing their sales. If sales increase, the net profit margin will increase as well. A successful company frequently grows its client base and revenue over time to offset rising operating expenditures.
6. Shamsar Knit Fashion Limited is a manufacturing firm, which allows them to take on more debt. If they take out a loan, the company will benefit since it will have to pay less tax.

6.3 Conclusion

Shamsar Knit Fashions Limited is a well-known Bangladeshi readymade clothes factory that focuses entirely on export. This organization's financial data was examined throughout the last

four years. As a result, I've come to the conclusion that Shamser Knit Fashions Limited produced high-quality products for export and is a self-solvent company with a solid position in the garments industry. The majority of the ratio demonstrates that they are solvent and efficient. However, the company's liquidity and turnover ratios needed to be addressed as soon as feasible in order to lower its obligation.

Finally, I informed Shamser Knit Fashions Limited, a reputable firm in Bangladesh's industrial sector.

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