



An Internship Report On Financial Performance Analysis of PRAN-RFL Group

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Submitted To:
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Letter of Transmittal

25th August, 2021.
Md. Shahnawaz Mostofa
Senior Lecturer and Coordinator, BBA.
Uttara University.

Subject: Submission of Internship Report on Financial performance analysis of PRAN- RFL Group

Dear Sir,

With due respect, I would like to let you know that I have prepared an “Internship Report” for the partial fulfillment of the BBA program and submitting you for your kind inspection. This report consists of a summary and analysis of the three months internship experience I gathered in corporate head office of PRAN-RFL GROUP. The topic of my report is “Financial Performance Analysis of PRAN-RFL GROUP.” To complete the report, I have gathered the annual reports, various papers and documents etc. from my line manager as well as from internet for the purpose of secondary data. I have practically worked and observed their working environment in the Human Resource Department. In addition to that I have also gained a little knowledge about other department’s activities, in order to broaden my experience. On the basis of the primary and secondary data and everyday observation, I have prepared the report.

Therefore I sincerely hope that you will appreciate my effort and I shall be grateful if my report is accepted for the appropriate purpose.

Sincerely yours,

Samina Akter.

25-08-21.

.....

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Program- BBA.

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Certification

This is to certify that Samina Akter, ID No- 2173011062, Student of Bachelor of Business Administration (Major in Finance) under Uttara University has successfully completed her Internship Program on “**Financial performance analysis of PRAN-RFL Group**”. The Internship paper gave the opportunity to have an insight on the **PRAN-RFL** for 3 months, dated from 20th of May to 20th August, 2021.

.....
PRAN HR
PRAN-RFL Group

Supervisors Forwarding

I have the pleasure to certify that under my supervision and guidance the title **“Financial Performance analysis of PRAN-RFL Group”** has been prepared by Samina Akter, ID No- 2173011062, Batch-44th(A), student of BBA program (Major in Finance) of Uttara University. She has also been prepared for viva test under my supervision.

To the best of my knowledge, it is original research work.

.....

Supervisor,
Md. Shahnawaz Mostofa.
Senior Lecturer & Coordinator, DBA.
School Of Business,
Uttara University.

Preface

This report is the ending stone of our BBA program and has the aim to enhance the capability to study in the field of practical organizational arena. The BBA program under the Uttara University is the ambition of theoretical and practical knowledge. In this theory, I went across the different aspects of operation of administration. There I have get the idea about business strategy policy, risk, competency factors, management capabilities and problems in operating administration and day-to-day business functions along with the premedical measures for some problems etc. As consequences of such gathering, we are to acquire the practical knowledge for ourselves in any organizational environment. Moreover we cope with the technological advancement in industrial, commercial, banking & every spare of our life in this current age of globalization so the capability of executives must be enhanced with a view to making themselves efficient & effective in the execution of their duties and responsibilities, they are assigned for.

Acknowledgement

Many Acknowledgements are due to a multitude of people who have immensely helped me with this study. Regardless of the fact of having tremendous load of responsibilities, they chose to support me by providing adequate information.

It is also great pleasure to me in expressing my immense indebtedness, deep sense of gratitude, sincere appreciation and profound regards to Ashfaqullah Khan, Chief of Human Resource, PRAN- RFL Group for giving me the opportunity for internship. I express my sincere thanks and gratitude's to my supervisor at the organization Nur Alam Khan Chayon, Assistant Manager, Human Resource, who placed special attention in my effort with his favorable comment, inspiration, affection, constructive criticism, valued guidance and constant help and suggestion from the beginning to the end of the work and introduce me to different aspects of Human Resource Management. I must thank him for acting as a reviewer and supporting me in making this report a success.

I would like to thank who were both directly and indirectly related to the project work, provided me with crucial information that help me to complete this report. Heartfelt appreciation is expressed to the following officials for their valuable time and cooperation:

Alamgir Atik , Sub Assistant Manager, HRM –Recruitment ; Md. Jubayer Ahmed Sub Assistant Manager, HRM –Recruitment ; Md. Iqbal Ahmed ,MT , HRM – Recruitment.

Finally, credits and achievements, if any, are due to my faculty advisor Md. Shah Nawaz Mostofa, Senior Lecturer & Coordinator, School of Business, Uttara University. His instructive advice and guidance have emerged as stepping stone in making this report fruitful. This intern report will show my creativity only as he entrusted his every belief on my capability and analytical ability in preparing this report.

Executive Summery

PRAN-RFL Group is a leading food, beverage, plastic industrial conglomerate market leader in Bangladesh. It is one of the most profitable companies of Bangladesh. Their mission & vision is to eliminate poverty and develop the agricultural sector in Bangladesh. Their motto is to generate employment and dignity and self-respect for our competitors. Since 1981 they are trying to develop our countries agricultural and rural area. Besides this they are the largest agro-processing company in Bangladesh.

PRAN-RFL has successfully been able to position themselves at the minds of their targeted customers. They accelerated in bringing innovation in products for the users to enable them a service of great quality and showing that they are very cautious about customer's demand and always tries to fulfill their requirements.

I had the opportunity to work with the Human Resource Management team as an intern for three months. The report is the outcome of those three months of learning and hard work at Pran-Rfl . The report has been started with the basic overview of PRAN-RFL, their products and departments, a brief description on the financial accounting and treasury department and my job responsibilities in that department. Then the discussion has moved to the main topic of "Financial Performance Analysis of PRAN-RFL GROUP." The first section under this topic contains five years financial data analysis of Pran-Rfl. After that the fundamental ratios and market ratios are analyzed from year 2016 to 2020. Findings are the outcomes of the analysis which includes both positive and negative factors. Later on, recommendations have been provided to improve the areas where it is needed. The experience in this company enlightened me to grow better and stronger in my desired field. The three month period provided me with an extensive knowledge of handling work under pressure. It also taught me a strong strategy can be really beneficial for a company to survive in the market as a successful brand. On the other hand, if the strategy goes wrong then the company must suffer for the mistakes it has made.

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CHAPTER 01:
Introductory Part

1.1 Introduction:

Every graduate student from the business discipline has to participate in the internship program and complete it with the determination of learning how to do work practically after achieving theoretical knowledge as a business student. It is a perfect chance for every student to gather practical understanding of the theoretical knowledge that we have gained in our four years undergraduate life. A study research should be done for putting the knowledge in practical manner. I have done my internship in the Human Resource Department of PRAN- RFL Group. The topic of my report is: “Financial Performance Analysis of PRAN-RFL Group.” My organizational supervisor Md. Nur Alam Khan Choyon (Assistant Manager Recruitment of Pran-Rfl.) as well as my institutional supervisor of Uttara University, Senior Lecturer & Coordinator of DBA accepted it.

PRAN-RFL Group is a leading food, beverage, plastic industrial conglomerate market leader in Bangladesh. It is one of the most profitable companies of Bangladesh. Their mission & vision is to eliminate poverty and develop the agricultural sector in Bangladesh. The main emphasis of this report is to analyze and evaluate the profitability, liquidity & efficiency of the firm in terms of corporate finance.

1.2 Significance of the report:

The prime reason of this study is to become familiar with the practical business world and to attain practical knowledge about the corporate world, which is so much essential for each and every student to meet the extreme growing challenges in job market. It is also known to all of us that there is no alternative of practical knowledge and the practical knowledge is much more durable and useful than the theoretical knowledge. This study will help us to get a true picture of the practical business world, also to attain practical knowledge on the various spheres of corporate business. So this study is of paramount importance for each and every student regardless of his/her study area or disciplines.

1.3 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 Business School students graduating from Uttara University. I have also organized this report as a partial fulfillment of the degree, Bachelor of Business Administration (BBA) under the supervision of Senior Lecturer & Coordinator, DBA, Md. Shahnawaz Mostofa.

This report is the outcome of the three months long internship program at PRAN RFL Group.

1.4 Scope of the Report:

The scope of this study is to find out the efficiency and loopholes of “Financial Performance analysis PRAN-RFL Group” 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.

1.5 Objectives of the Report

1.5.1 Broad Objective of the report:

To write a report it is necessary to select a topic. A well-defined topic reflects what is going on to be discussed throughout the report. The topic that has been assigned by Institutional supervisor is **“Financial Performance analysis of PRAN-RFL GROUP.”**

1.5.2 Specific objective of the report:

- To analyze the financial performance of Pran-Rfl on different areas such as liquidity, profitability.
- To assess the company’s effectiveness and weakness in these segments.

1.6 Limitations of the Report:

While working in BPBL 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:

- Large scale investigation was not possible due to time constraints.
- The study was conducted only within few employees of Pran-Rfl Group (Head Office).
- Relevant data and documents collection were difficult due to the organization confidentiality.

CHAPTER 02

Company Profile

2.1 Company Overview:

PRAN-RFL Group, one of the leading food processing groups, emerges with diversifying products in different sectors and represents Bangladesh in different countries of the world. Major General Amjad Khan Chowdhury, the sponsor of PRAN-RFL Group, had aimed to bring improved technology in Bangladesh Agriculture. In 1981, keeping that dream with him he founded first Rangpur Foundry Limited or RFL which is agriculture based light engineering unit in Rangpur. The main objective was to give pure drinking water to the rural area and instruments for cultivation to the farmers which could improve the rural life.

In 1996 he established Agriculture Marketing Company Limited and introduced modern techniques in the agriculture. Besides this 1992 he introduced contract farming scheme which helped to keep the pace of agriculture. Around 76,000 farmers mainly from Rangpur, Rajshahi and Khagrachori, are working with this company and providing valuable crops. He also introduced first food processing industrial plant which initiated the journey of PRAN. The group has established ten food processing and plastic unit across the country.

RFL now have wide range of products, for instance, pumps, tube wells, gas stove, kitchen sink etc. RFL moved to plastic sectors in 2003. It has attracted the customer attention through different shape, designs and colors in the plastic products.

PRAN produces about 200 products in juice, drinks, confectionary, culinary, snacks, frozen food, spice, noodles, dairy and so on. In 2005 PRAN merged with RFL and created PRAN – RFL Group. This company has 37 subsidiaries; among them 21 companies are now working. PRAN is planning for opening new subsidiaries in the future as they belief in diversifying their products. PRAN-RFL Group headquarter is situated in Middle Badda, Dhaka.

RFL Electronics started their journey in 2012 and from then they intensely marketed their products home and abroad. It has started its journey by the brand Bizil, Click, and VISION. VISION brand has television, fridge, electric kettle, fan etc, Click for light, switch etc and Bizil for cables. RFL electronics want reach the customer to make their life comfortable.

Companies	37
Business Types	Agro Processing, Plastic Manufacturing, Cast Iron, PVC, Electronics, Melamine, Lifts, Pumps.
Employees	1,50,000 .
Products	More than 10,000.
Factories	14 (500 acre area).
Dealer	40,000.
Registered Farmers	80,000.
Dependents	More than 1,000,000 people around the world.
Export to	120 Countries.
Export (2013-2014):	US \$ 94 Million.
Main Export Market:	India (40%).
Strength:	Distribution Channel land Devoted Employees.

2.2 Mission & Vision of the Company:

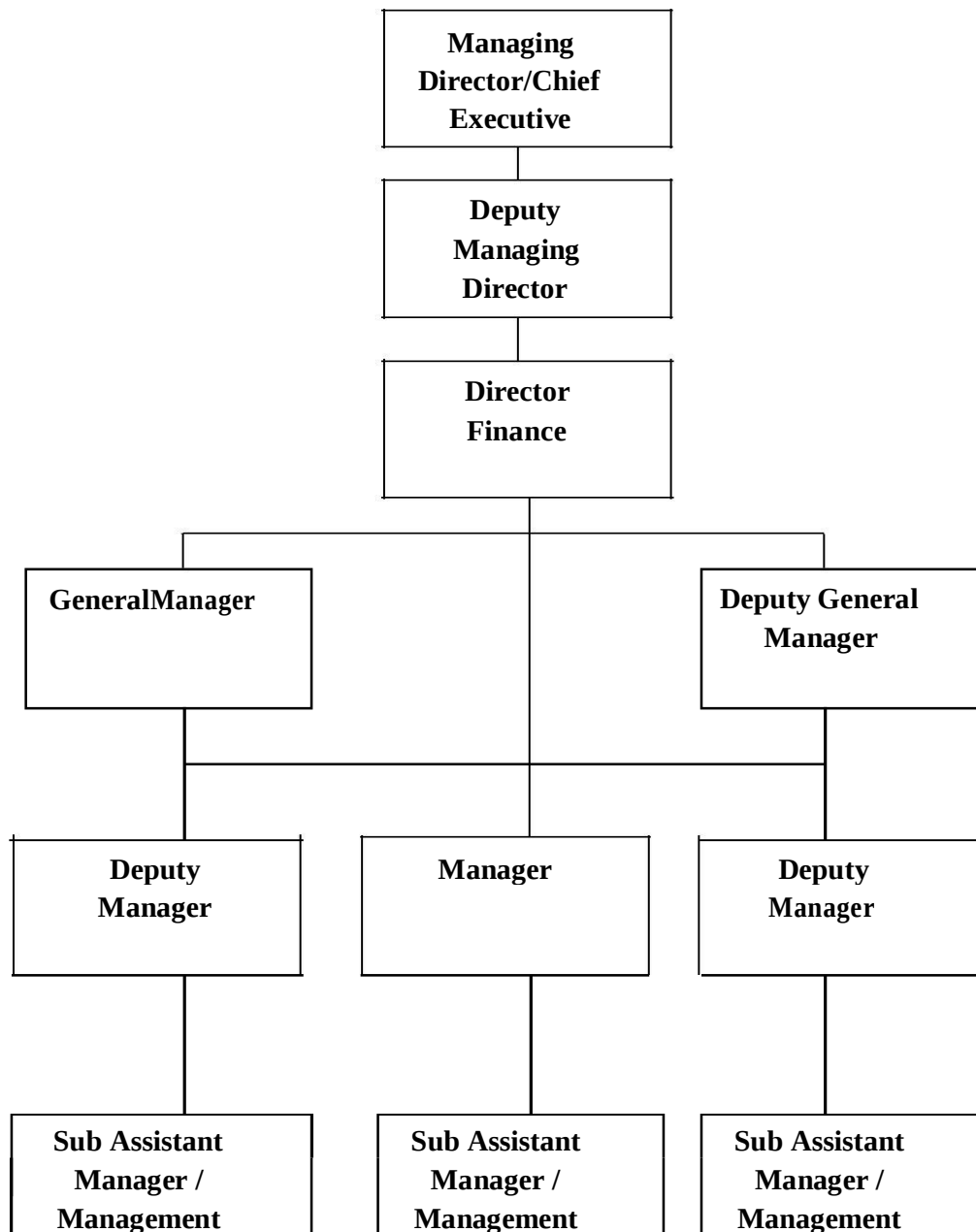
2.2.1 Mission:

PRAN-RFL's mission reflects that they want to create employment in the nation, through which they want to eradicate poverty. Their mission is, "Poverty and hunger are curses", and their aim is "to generate employment and earn dignity and self respect for our compatriots through profitable enterprises".

2.2.2 Vision:

Their vision has a similarity with the work they are doing, diversifying their products and making employments for country. Their vision is "Improving Livelihood"

2.3 Organgram of PRAN-RFL Group:



2.4 Product and service offerings:

PRAN-RFL Group, the largest grower and processor of fruits and vegetable in Bangladesh, have immense number of products. They don't want to stick with the ordinary products. They keep updates their products and considers the market demands. The product category and market segmentation are given below.

Category	Target Market Segment
1.Fruit Juice	General people of rural and urban, Hospital, corporate office, export buyers
2. Biscuit & Bakery	General people of rural and urban, school, college and university student, corporate, office, export buyers
3. Snacks	General people of rural and urban, corporate, office, export buyers
4. Confectionery	School, college and university student, corporate office, export buyers
5. Dairy Products	General people of urban area, sweet shop, Hospital, Hotel & restaurant
6. Carbonated Soft Drinks	General people of rural and urban, school, college and university student, corporate office, export buyers
7. Household foods and	General people of rural and urban, NGO's, government t & Private organization
8. Culinary	
9. Spice	
10. Noodles	General people of urban, supper shop, hotel & restaurant, private organization and export buyers.
11. Agricultural Extension- Rice & Puffed Rice	
12. Frozen Food	

2.4.1 Products of PRAN:

Juice



Mango

PRAN has the largest and private mango juice plant and able to meet the 70% demand of mango juice of the nations.

Confectionary



Mr. Mango Candy



Mr. Tom



Fruit Magic



Pran Choco Choco



Pran Bubble Gum

PRAN produces immense number of confectionary products and meets the 60% demand of the country.



Chili Powder



Coriander Powder



Turmeric powder

Spices are collected from farmers through contract farming scheme.



Pran UHT Milk



Pran Lassi



Pran Premium Ghee

PRAN established the first dairy Hub in the country. Milk is collected from dairy hubs, situated northern part of the country. PRAN produces 150000 liters of milk every day.

2.4.2 Products of RFL:

RFL achieved remarkable success in plastic sector in Bangladesh and produces 300 household products.



RFL CHAIR



RFL SHOE RACK



OVAL BUCKET



RFL FRESH &
NATURAL
CONTAINER



RFL PREMIUM
BOWL



FRESCO MINI
SQUARE
CONTAINER

RFL moved to PVC category in 1996 and keep on diversifying their products



Domestic Water Pump



UPVC PUMP

UPVC pipe, rural people are the main user of this pipe for tube well and water trafficking activities.

4.2.3 RFL Electronics



LED TV



VISION FAN



CFL Light



Click Switch



Vision Kettle

CHAPTER-03:

Data Collection and Processing

3.1 Methodology of the Study:

Both primary and secondary data used to develop the report. These data were collected from various sources including close ended questions, personal interviews, annual reports, prospectus, websites, journals, articles, previous reports and observing organizational procedures.

3.2 Sources of data collection:

Data was collected from two sources, primary and secondary. By conducting informal interview with the employee primary data was collected. For secondary data we searched internet for information. Annual report of the company, and going through various websites.

The primary data has been collected from face to face interview, and the secondary data has been collected from their annual reports and from web sites.

3.2.1 Primary Sources:

- Personal observation of the process.
- Informal interview with the employee

3.2.2 Secondary Sources:

Secondary data are collected from Internet, different published articles, books, prospectus, journals, other publications and written information provided by the company. For collecting data from secondary sources, go through various web sites

3.3 Data Processing & Presentation:

This is my first organized research work. This report is descriptive type which contains the overview of financial performance of Pran-RFL Group and also contains the mission, vision and products of the company. I also collect the annual report of last 5 years of the company for analysis. For data analysis, i use ratio analysis is the main tools. By using Microsoft Excel i've calculated different financial ratios which can give me the actual picture of the organizations financial health.

CHAPTER-04:

Discussion on the Study Objective

4.1 Last Five Years Financial Data Analysis of Pran-Rfl Group:

AMCL 2016 to 2020 Financial Data Taka in “000”

Particulars	2020	2019	2018	2017	2016
Turnover	9,796,778	8,611,213	7,321,274	6,483,619	5,595,904
Gross Profit	4,317,127	3,524,361	3,129,242	3,087,964	2,881,063
Profit Before Tax	2,228,511	2,022,343	994,799	10,05,555	879,772
Profit After Tax	960,939	852,790	821,163	804,636	679,681
Shareholders' Equity	3,767,153	3,323,615	2,988,226	2,684,464	2,327,662
Total Assets	5,282,362	4,568,101	4,424,689	4,055,465	3,428,256
Total Current Assets	3,826,670	3,291,222	3,264,647	3,011,724	2,592,419
Total Current Liabilities	2,382,275	2,146,112	2,333,642	2,271,816	1,014,828
Growth rate of TO	16.6%	21.4%	16.3%	20.3%	19.4%
Growth rate of PAT	15.36%	5.38%	3.35%	22.55%	45.68%
Growth rate of SE	20.08%	17.87%	19.03%	27.87%	46.84%

Table 4-1: Last Five Years Financial Data of AMCL (PRAN-RFL)

The table above indicates that changes occurred gradually during last five years in Turnover, Profit before and after tax, Shareholders equity, Current assets and liabilities of AMCL. Turnover has an increasing trend but the percentage fluctuates from 2016 to 2020 and in 2020 the percentage decreased. AMCL mission is to increase turnover by 100% in every five year where the actual results are very far from that. (Annual Report, 2016-2020)

4.2 Fundamental Ratio Analysis of AMCL:

4.2.1 Short-Term Solvency or Liquidity Ratios:

The key concern of the liquidity ratios is the firm's ability to meet the short-term financial obligation without undue pressure. These ratios emphasize on the current assets and current liabilities to quickly convert the assets to cash.

4.2.2 Current Ratio:

The current ratio compares a company's liquid assets with short-term liabilities. That means the ability of the company to pay the short term liabilities with the current assets such as accounts receivables, cash etc. The higher the current ratio, the more liquid the company is. The ideal current ratio is 2:1.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

AMCL 2016 to 2020 Current Ratio Taka in "000"

Particulars	2020	2019	2018	2017	2016
Current Asset	3,826,670	3,291,222	3,264,647	3,011,724	2,592,419
Current Liabilities	2,382,275	2,146,112	2,333,642	2,271,816	1,014,828
Current Ratio	3.04	3.00	2.70	2.58	2.57

Chart-3.2.2: Current Ratio

Interpretation:

AMCL current ratio was 2.57:1 in 2016 and it increased slightly to 2.58 in 2017. The ratio improved by 1.64% because both the current assets and current liabilities went up. However, there was a greater increase in current assets than the current liabilities due to which the current ratio improved. In 2018 and 2019 the ratio increased to respectively 8.59% and 18.64%. Liquid assets increased in 2018 and 2019 but short term liabilities went down in 2016 from 2015 may be because of reduction in accounts payables and short term debts. Current ratio increased in 2020 by 3% in comparison to 2018, as it stood at 3.04:1. The current liabilities has increased from the previous year but as the current assets experienced a greater increase as against the current liabilities, the impact on the current ratio was not that negative. Since the current ratio remained above 1 throughout the five years, it can be assumed that AMCL did not face any problems meeting their short term liabilities. And it was in 2019 that AMCL reached the ideal current ratio of 3:1, which is regarded as desirable for a healthy business.

4.2.3 Quick Ratio:

A reliable test of liquidity is the quick ratio test that excludes inventory from current asset. It considered the ability to use its quick assets to pay its current liabilities. This approach can be acceptable since inventory of many companies cannot be quickly converted into cash. The ideal quick ratio is 1:1.

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

AMCL 2016 to 2020 Quick Ratio Taka in “000”

Particulars	2020	2019	2018	2017	2016
Current Asset	3,826,670	3,291,222	3,264,647	3,011,724	2,592,419
Inventory	2,308,485	2,190,049	2,346,988	2,026,059	716,622
Current Liabilities	2,382,275	2,146,112	2,333,642	2,271,816	1,014,828
Quick Ratio	2.098	1.961	1.688	1.775	1.962

Chart 4.2.3: Quick Ratios

Interpretation

From the above table, it can be seen that the quick ratio of AMCL varied time to time. The quick ratio was 1.96:1 in year 2016 and it reduces in 2017 to 1.78:1 leading to a drop of 19.44%. There had been an increasing trend in current assets, current liabilities and inventory yet massive increase in inventory affecting more for the huge percentage decline. Inventory might be increased as a result of customer demand of the product in the market. It dropped further in 2018 by 11.22%. The ratio was 1.96:1 in 2019 and again it improved in 2020 by 14.26%. In 2019 and 2020 AMCL had enough cash and bank balance in comparison to 2018 and 2017. However, in 2016 and 2019 AMCL quick ratio were almost close to the ideal quick ratio 1:1, which indicates AMCL was not highly dependent to pay their liabilities on inventory and they were efficient to manage their cash. On the other hand, in 2020 the ratio increased from the ideal one that happened because the company may kept huge amount of cash on hand or had a problem in inventory management or accounts receivable management.

4.2.4 Long-Term Solvency or Financial Leverage Ratios:

Long-term solvency ratios are used to assess the firm's long-term ability to meet the long term debt obligations such as interest payments on debt, the final principal payment on debt, and fixed obligations like lease payments.

4.2.5 Debt to Equity Ratio:

The debt to equity ratio compares a company's total liabilities to the total shareholders' equity. This is a measurement of how much suppliers, lenders and creditors have committed to the company against the shareholders have committed. The standard debt to equity ratio is 1:1. The lower the ratio, lower the debt and higher the equity of shareholders.

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Shareholder Equity}}$$

AMCL 2016 to 2020 Debt to Equity Ratio Taka in “000”

Particulars	2020	2019	2018	2017	2016
Total Debt	1,515,209	1,244,486	1,436,463	1,266,718	1,081,435
Shareholder's Equity	2,767,153	2,323,615	1,988,226	1,684,464	1,327,662
Debt to Equity Ratio	0.55	0.54	0.72	0.75	0.81

Chart 4.2.5: Debt to Equity Ratio

Interpretation

The table shows that the debt to equity ratio of AMCL had a decreasing trend from year 2017 to 2019 which are respectively 0.81, 0.75, 0.72 and 0.54 times. Both the debt and shareholder's equity went up in these years but there were greater improvement in shareholder's equity compare to debt. That means AMCL had been efficient in financing its growth with its obligations. In 2020 the ratio was 0.55 which increased by 1.2% than the previous year since AMCL borrowing cost increased in 2020 from 2019. Though 1:1 debt to equity ratio is preferable,

AMCL debt to equity ratio is decreasing so their capacity of debt financing is being increased. Nevertheless, it can be assumed that most of AMCL debts consist of creditors and accruals so AMCL borrowing cost is insignificant as a consequence AMCL is in good position.

4.2.6. Debt to Asset Ratio:

Debt to asset ratio shows the proportion of the assets that are financed with short term and long term debt rather than equity and the ideal ratio in percentage is 0.4 to 0.5 times. Long term debt can be deferred tax liabilities and short term debts are trade and other payables, bank overdraft, provision for royalty etc. Lower the ratio, lower the amount of debt and most of the financing are being covered by equity.

$$\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

AMCL 2016 to 2020 Debt to Asset Ratio Taka in “000”

Particulars	2020	2019	2018	2017	2016
Total Debt	1,515,209	1,244,486	1,436,463	1,266,718	1,081,435
Total Asset	4,282,362	3,568,101	3,424,689	3,055,465	2,409,097
Total Debt to Asset Ratio	0.35	0.35	0.42	0.41	0.45

Chart 4.2.6: Debt to Asset Ratio

Interpretation

Like every other company AMCL debt to asset ratio includes both long-term and short-term debt. It also contains the company's tangible assets and intangible assets. Property & plants, inventories etc. are tangible assets and software, trademarks etc. are the intangible assets of AMCL. The debt to asset ratio of AMCL fluctuated over the last five years. Since AMCL debt to asset ratio was 0.45 times in 2016 which was higher than any other year it can be said that they took higher financial risk. From 2017 to 2019 the ratios were respectively 0.41, 0.42 and 0.35 times which has a fluctuating trend due to continuous improvement in assets value and irregularity in debt value. The debt to asset ratio remained constant from 2019 to 2020. However, the debt to asset ratio is close to the standard ratio.

4.2.7 Asset Management or Turnover Ratios:

The turnover ratios describe how effectively a firm uses assets to generate sales revenue. High asset turnover ratios are desirable since they mean that the company is utilizing their assets strongly to produce sales. The higher the asset turnover ratios, the more revenues the company can generate from the assets. On the other hand, low asset turnover ratios mean assets of the company is not properly utilized.

4.2.8 Inventory Turnover Ratio:

Inventory turnover ratio measures how many times a company's inventory is sold and replaced over a period. This ratio evaluates the liquidity of the firm's inventory. It also helps to determine how sales can be increased through inventory control. The standard inventory turnover ratio is 4:1. Generally, a low turnover ratio involves poor sales therefore end up with

excess inventory. On the contrary, a high turnover ratio implies company is very strong in selling inventory or ineffective buying.

$$\text{Inventory Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Inventory at Selling Price}}$$

AMCL 2016 to 2020 Inventory Turnover Ratio Taka in “000”

Particulars	2020	2019	2018	2017	2016
Sales	8,796,778	7,611,213	6,321,274	5,483,619	5,333,002
Inventory	1,308,485	1,190,049	1,346,988	1,026,059	616,622
Inventory Turnover Ratio	6.7	6.4	4.7	5.3	8.6

Chart 4.2.8 : Inventory Turnover Ratio

Interpretation

Here from the above mentioned table, AMCL turned their inventory 8.6 times in 2016 and the turnover rate started to decline in 2017 and 2018 which were respectively 5.3 and 4.7 times. This happened because they had more inventories piled up than the sales proceeds which indicate the company over spent by buying too much inventory. Furthermore, the turnover ratio again improved to 6.4 and 6.7 times in 2019 and 2020 due to effective sales of the inventory they bought. Over the last five years the inventory turnover ratios were fluctuating from the standard ratio.

4.2.9 Accounts Receivable Turnover Ratio:

Accounts receivable ratio is an activity ratio that measures how many times a firm can turn accounts receivable into cash during a period. It measures how many times a company can collect average accounts receivable during a year. An efficient company's collection period is 30 days. The lower the amount of uncollected cash, the higher this ratio will be and if a company has more of the proceeds awaiting receipt, the lower the ratio will be.

Net Annual Credit Sales

Account Receivable Turnover Ratio = -----
Average Account Receivable

BPBL's 2016 to 2020 Accounts Receivable Turnover Ratio Taka in "000"

Particulars	2020	2019	2018	2017	2016
Sales	8,796,778	7,611,213	6,321,274	5,483,619	5,333,002
Average A/R	579,395	486,077	413,080	323,684	253,937
A/R Turnover Ratio	24	23	24	21	17

Chart 4.2.9.: Accounts Receivable Turnover Ratio

Interpretation

AMCL accounts receivable turnover has a changing trend year to year. In 2016 AMCL accounts receivable ratio was 17 days that means it was very efficient in collecting outstanding sales and reinvested the sales proceeds. Collection period increased during 2017 to 2020 and the ratios are respectively 21, 24, 23 and 24 days. It might be happened because of the change in cash collection process that leads to an increase in average accounts receivables every year. Yet, the collection period is below the standard ratio which is a positive factor for the company.

4.2.10, Accounts Payable Turnover Ratio:

Accounts payable turnover ratio measures the speed of any company to pay its suppliers. The ideal accounts payable ratio is between 45 to 65 days. On the contrary, if the turnover ratio drops from one period to the next, this indicates that the company is paying its suppliers more slowly which can badly affect the company's financial position.

Credit Purchases

Accounts Payable Turnover Ratio = -----

Average Account Payable

AMCL 2016 to 2020 Accounts Payable Turnover Ratio Taka in “000”

Particulars	2020	2019	2018	2017	2016
Purchases	5,479,651	5,086,852	4,192,032	3,395,655	3,451,939
Average Accounts Payable	1,001,498	848,473	758,445	876,554	717,799
Accounts Payable Turnover	67	61	66	94	75

Chart 4.2.10 : Accounts Payable Turnover Ratio

Interpretation

The ratio of AMCL was 75 days in 2016 and increased in 2017 to 94 days since they might be facing problems to pay the debts to the suppliers. Again, the ratio improved in 2018 and 2019 which were respectively 66 and 61 days. That may indicate, they were paying their suppliers timely and they were taking advantage of early payment discounts. However, the ratio again increased to 67 days in 2020 may be because of delay in payments. The turnover ratio went up in the previous year that can weaken the company's negotiation power with the vendors in terms of credit terms and discounts in the future.

4.2.11 Profitability Ratios:

Profitability ratios evaluate a firm's overall efficiency and performance. Profitability ratios are of two types, one is margin and another is return. A higher value is desirable than a lower one and it indicates company is making profit from their operations.

4.2.12 Net Profit Margin:

The net profit margin ratio directly indicates what percentage of sales is made up of net income. This ratio also evaluates how well a company manages the expenditures relative to the net sales. The standard ratio is 10% to 20%. Companies can achieve higher ratios either by producing more incomes while keeping expenditures constant or keep revenues constant and lower expenditures.

Net Profit Sales

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

AMCL 2016 to 2020 Net profit Margin Taka in “000”

Particulars	2020	2019	2018	2017	2016
Net Income	860,939	752,790	721,163	704,663	579,681
Sales	8,796,778	7,611,213	6,321,27	5,483,619	4,595,90
Net Profit Margin	9.79%	9.89%	13%	13%	9%

Chart 4.2.12: Net Profit Margin

Interpretation

The net profit margin of AMCL was 9%, 13%, 13%, 9.89% and 9.79% from 2016 to 2020 respectively. It rise by 4% in 2017 compare to 2016 may be because they minimize their expenses and generated more revenues. Yet, the ratio decreased in 2019 and 2020. The reason of this fact either might be high selling and administrating expenses, high tax rates and other operating expenses or low income from operations. AMCL should concentrate on how to increase net profit margin in near future.

4.2.13.Return on Asset (ROA):

The return on assets ratio measures the net income produced by total assets during a period. In other words, ROA measures how efficiently a company can manage their assets to generate incomes during a period.

$$\text{Return on Asset} = \frac{\text{Earnings After Tax (EAT)}}{\text{Total Assets}}$$

AMCL 2016 to 2020 ROATaka in “000”

Particulars	2020	2019	2018	2017	2016
EAT	860,939	752,790	721,163	704,663	579,681
Total Asset	4,282,362	3,568,101	3,424,689	3,055,465	2,428,256
Return on Asset	20.10%	21.10%	21%	23%	24%

Chart 4.2.13: ROA

Interpretatio

From year 2017 to 2020 AMCL ROA percentages were 24%, 23%, 21%, 21.10% and 20.10% respectively this remained almost constant. That implies AMCL earned Tk. 0.24, 0.23, 0.21, 0.211 and 0.201 for each Tk. assets from 2016 to 2020. Berger is an asset- insensitive company and needs expensive plants and machineries to generate revenues. Thus the high return on assets in 2016 suggests AMCL was more careful to invest in assets and use their assets efficiently. AMCL asset management should be revised the policies and procedures to avoid unfavorable situation in upcoming days otherwise it can affect the profitability of the company.

4.2.14 Return on Equity (ROE):

The ROE ratio suggests how profitable a company is in comparison to the net income with the shareholders' equity. In other word, ROE measures the ability of a firm to generate profits from the shareholder's investments in the company. The higher the ratio is, the more efficient the company is in utilizing the equity and the better return they can provide to the investors.

Earnings after tax (EAT)

Return on Equity =-----

Equity Capital

AMCL 2016 to 2020 ROE Taka in “000”

Particulars	2020	2019	2018	2017	2016
EAT	860,939	752,790	721,163	704,663	579,681
Total Shareholder's Equity Capital	2,767,153	2,323,615	1,988,226	1,684,464	1,327,662
Return on Equity	31.11%	32.40%	36%	42%	44%

Chart 4.2.14: ROE

Interpretation

AMCL ROE indicates that from 2016 to 2020 the ratios were 44%, 42%, 36%, 32.40% and 31.11% respectively. The ROE ratios showing a decreasing trend which may not satisfactory for the investors to invest in AMCL since they want high return. As a result they will reconsider to invest in AMCL even they might choose another company. The major cause of this reduction may be due to the increase in shareholder's equity compare to the net income.

4.3 Market Ratio Analysis:

4.3.1 Earnings per Share (EPS):

Earnings per share (EPS) are the values of earning from each outstanding common shares of a company. Generally, EPS is calculated on a per share basis. The higher the ratio, higher will be the earning from the common shares.

$$\text{Earnings per Share} = \frac{\text{Earnings After Taxes (EAT)}}{\text{Number of Common Stock}}$$

AMCL 2016 to 2020 EPS Ratio

Particulars	2020	2019	2018	2017	2016
Net Income	860,939,000	752,790,000	721,163,000	704,663,000	579,681,000
Share Outstanding	23,188,940	23,188,940	23,188,940	23,188,940	23,188,940
EPS	37.13	32.46	31.10	30.39	25.00
EPS growth rate	14.39%	4.38%	2.34%	21.56%	44.68%

Chart 4.3.1: Earnings per Share (EPS)

Interpretation

Over the last five years EPS has an increasing trend. EPS of AMCL gradually improved year to year. Per share income was only Tk. 25 in 2017 and in 2018 it increased by almost Tk. 5 leading to an EPS of Tk. 30.39. Furthermore, it went up in the next three years respectively Tk. 31.10, 32.46 And 37.13 that indicates positive result for AMCL shareholders. This increase occurred only due to rise in EAT since the common shares of the company stood constant throughout the five years.

4.3.2 Price-Earnings Ratio:

Price-earnings ratio measures whether market is willing to pay for the company's earnings. In addition, it shows whether the share price of a company is fairly valued, undervalued or overvalued. The higher the P/E ratio is, the more the market is interested to pay for the company's earnings. Companies with high P/E ratio takes more risk than those with low P/E ratios because a high P/E ratio signifies high return.

$$\text{Price-Earnings Ratio} = \frac{\text{Market Price Per Share}}{\text{Earnings Per Share}}$$

AMCL 2016 to 2020 Price Earnings Ratio

Particulars	2020	2019	2018	2017	2016
Market Price Per Share	876.90	530.77	550	854.44	624.9
EPS	37.13	32.46	31.10	30.39	25.00
Price-Earnings Ratio	23.62	16.35	17.69	28.12	25.00

Chart 4.3.2: P/E Ratio

Interpretation

From 2016 to 2020 P/E ratios of AMCL was 25.00, 28.12, 17.69, 16.35 and 23.62 respectively. AMCL had high P/E ratio in 2017 compare to any other year which means they might have considered risky investments for the investors. In 2020 the P/E ratio went up and the reasons might be some investor considered a high P/E as an overpriced stock and it can be assumed that the market has high hopes for this stock's future and has bid up the price.

4.3.3 Dividend Payout Ratio:

The dividend payout ratio is the amount of dividends paid to the company's stockholders relative to the amount of EPS. The amount remaining after paying the dividend is called retained earnings and held by the company for future growth.

$$\text{Dividend Payout Ratio} = \frac{\text{Dividend per share}}{\text{Earnings Per Share}}$$

AMCL 2016 to 2020 Dividend Payout Ratio

Particulars	2020	2019	2018	2017	2016
Yearly Dividend Per Share	22	18	18	18	15
EPS	37.13	32.46	31.10	30.39	25
Dividend Payout Ratio	59.25%	55.45%	57.88%	59.23%	60%

Chart 4.3.3: Dividend Payout Ratio

Interpretation

The dividend payout ratio of AMCL was 60% in 2016. That means they were paying a huge amount of dividend in spite of experiencing only four years in the share market. Although in 2017 it reduced a bit due to change in dividend percentage and EPS but changes in EPS was greater. Moreover, it was enough to satisfy the investors as they were getting high yield from dividend and they could have capital gain since prices of the shares increased in 2017. However, the dividend payout ratio continued to fall in 2018 and 2019 and the percentages were respectively 57.88% and 55.45%. This incident occurred because yearly dividend per share was constant but EPS increased in these two years. Three years after the continuous decline the ratio again went up in 2020 due to increase in dividend per share and EPS.

CHAPTER-05:

Findings, Recommendation and Conclusion

5.1 Findings:

- The key ratios which affect a company's liquidity and profitability are current ratio, quick ratio, debt to equity ratio, ROA and inventory turnover ratio. However, other ratios are also important since they also measure company's performance.
- Based on the financial performance analysis, both positive and negative findings can be observed.
- Although Pran-rfl is the market leader and one of the oldest players in the food industry in Bangladesh, but some flaws of the company can be observed which may have gone unnoticed because of their enormous success.

5.2 Recommendations:

- Coordination among the employee of the finance department must be stronger to ring 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.
- AMCL should keep liquid assets or safety cash balance for unanticipated cash crisis.
- AMCL should invest the retained cash in government securities such as Treasury bill and Treasury bond. They can also invest in short-term marketable securities which generates more revenues for the firm.
- 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 result the customer will switch to their competitors.
- Company should control the debtor's collection period which is most important part of current assets.
- AMCL have to manage their assets carefully so that they can achieve maximum benefit from the investment and increase the return on asset ratio by increasing net income.
- The company should do research to minimize the cost by keeping the same quality. For that purpose they can introduce backward integration for producing raw materials to take cost advantage.

Conclusion

At the end of this report it can be conclude that PRAN-RFL efficiently performing their servicing activities. They are offering a wide variety quality services to their clients and they believe that clients are their first priority. As a new organization it is achieving prosperity day by day. Which in these five years this organizations bearing the position of third and fourth. By analyzing their financial statements in recent five years (year 2016-2020) it has been founded that their earnings, profitability, liquidity ratios over years is showing some years upward and downward. Some beginning years their financial performance was not satisfactory. But till this is the potential organizations which can reach top one and two positions. Measuring and evaluating this performance was the major objective of this study. Finally I believe that PRAN-RFL will concentrate to their profitability more by maintaining their customer value and goodwill in order to gain market leadership in the advertising sector of Bangladesh.

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