Internship Report

on

Financial Performance of Niloy Motors Limited

Submitted To

Dr. Md. Golam Morshed

Assistant Professor

Department of Business Administration

School of Business

Uttara University

Submitted By

Taskin Rahman

ID: 2193061021

Program: MBA for BBA

Batch: 50th

Major: Accounting

Department of Business Administration

Uttara University

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Letter of Transmittal

August 30, 2020

Dr. Md. Golam Morshed

Assistant Professor

Department of Business Administration

School of Business

Uttara University

Subject: Submission of Internship Report on "**Financial Performance of Niloy Motors Limited.**"

Dear Sir,

With due respect, I am submitting my internship report on the topic "**Financial Performance of Niloy Motors Limited**" which was assigned to me as a part of my MBA Program. It is pleasure to inform you that I had already finished my internship in a reputed organization in Niloy Motors limited. It was a great opportunity acquire knowledge and experience in respect of the functions, procedures and operational activities other than my topic of study. This report is integrated parts of MBA program which I am very much enrich our academic background about to enter professional field. In preparing this report I tried my level best to accumulate relevant information from all the available sources. I shall be highly encouraged if you are kind to receive this internee report paper. 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

……………………….

Taskin Rahman

ID: 2193061021

Batch: 50th

Program: MBA for BBA

Major in Accounting

Department of Business Administration

Uttara University

Student's Declaration

I hereby declare that the report of internship titled **"Financial Performance of Niloy Motors Limited"** is prepared by me after the completing 3 months of internship in Niloy Motors limited. I declare that this paper is my original work and prepared for academic purpose which is a part of BBA Program.

………………………..

Taskin Rahman
ID: 2193061021
Batch: 50th
Program: MBA for BBA
Major in Accounting
Department of Business Administration
Uttara University

Supervisor's Declearation

This is to certify that Taskin Rahman a student of MBA, ID-2193061021, has successfully completed his internship program on **"Financial Performance of Niloy Motors Limited of Niloy Motors limited"** under my supervision for the partial fulfillment of the award of MBA degree.

He has done his job according to my supervision and guidance. He has tried his best to do this successfully. I think his program will help him in the future to build up his finer career.

…………………..

Dr. Md. Golam Morshed

Assistant Professor

Department of Business Administration

School of Business

Uttara University

Acknowledgement

First I would like to express my deepest gratitude to almighty Allah for giving me the strength and the composure to finish the report within the schedule time.

At the very outset, I am deeply indebted to my honorable supervisor Soeb Dr. Md. Golam Morshed, Assistant Professor, Department of Business Administration of Uttara University, for his whole- hearted supervision to me in preparing this report.

In the preparation of this report, I acknowledge the encouragement and assistance given by a number of people from Niloy Motors Limited. Specially thanks my internship supervisor Abdullah Al Rashed (AGM) of Niloy Motors Limited. I also grateful to all the department staffs of Niloy Motors Limitedfor giving me helpful support.

My heartfelt gratitude goes to my friend Rashed Ahmed Rabbi for reviewing the whole report so carefully and expertly and for giving me valuable advices and suggestions to complete the whole report in a right manner. His suggestion and comments to make the report good one was really a great source of sprit for me.

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Executive Summery

The main focus of this report is on the Financial Statement Analysis and Performance Evaluation of Niloy Motors Limited. In order to focus on the financial performance and evaluation of Niloy Motors Limited, the study focuses on the financial statement and ratio analysis, liquidity ratio, Efficiency ratio, Debt Management and Profitability and also analyze the market position by comparing Niloy Motors Revenue, EPS, NAV, Net Income with other ceramic companies. The study has been conducted mainly based on secondary data. Moreover, on the study describe the internship experience and objectives of the study. Some information has also been collected from the discussion with the officers. Trend analyses are mainly conducted to analyze the trend of liquidities, profitability, debt management and Efficiency of Niloy Motors Limited. Recovery performance of Niloy Motors within the Auto Mobile industry is also analyzed in the report. Niloy Motors results of the study shows that, increasing trend of inventory turnover ratio, gross profit margin ratio maintaining of debt to asset ratio. Niloy Motors is in second position covers 23% of market by their selling excellent. Proper and effective monitoring system should be developed in order to ensure the proper maintain liquidity and to minimize the debt of Niloy Motors Limited.

Chapter- 01

Introduction

1.1 Background of the Study

Financial performance analysis can identify the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss. It helps a firm to identify short term and long term growth forecasting. This analysis can be undertaken by management of the firm or by parties outside the namely, owner, creditors, investors. Financial statement analysis involves the re-organization of the entire financial data contained the financial statements. It is the establishment of significant relationships between the individual components of balance sheet and profit loss account. This is done through the application tools of financial analysis like ratio analysis, trend analysis, common size balance sheet and comparative balance sheet. This is used for determining the investment value of the business, credit rating and for testing efficiency of operation. Every company need to analyze financial statement to know the performance of a company and company take their decision and recovery procedure if need.

This internship report is prepared as a mandatory course fulfillment of the requirement of MBA program. It is my great pleasure to permit to complete internship report on **"Financial Performance of Niloy Motors Limited"**. I am student of MBA program. I sincerely believe that my practical knowledge and experiences gathered from this study will be very helpful in my future life for doing any types of research work.

1.2 Objective of the Study

1.2.1 Broad objective

To analyze the financial performance of Niloy Motors Limited.

1.2.2 Specific Objectives

The study includes the following specific objectives:

- To analyze the Methods of Ratio
- To Analyze the Liquidity Ratio, Asset Management/Efficiency Ratio, Debt Management Ratio, Profitability Ratio
- To Analyze the Evaluation of Financial Performance of Niloy Motors Limited.

1.3 Major Difficulties Faced for Accomplishing Internship

As I am doing internship at Niloy Motors Ltd. There I am identifying many problems of the Niloy Motors also as an intern. Those are problems are described below:

1.3.1 Lack of communication

As I am doing internship there and I am working here not for long time. For this I couldn't introduced with the employees and staffs well which create communication gaps among us.

1.3.2 Lack of Time

As there was only three months to complete the report, it was almost impossible to cover the performance of the account department fully, where a regular employee gets awarded after 1 or 2 years of his probationary period.

Chapter- 02

Company Profile

2.1 Overview of Niloy Motors Limited:

Niloy Motors Limited (NML)is sister concern of Nitol Niloy Group.NML is a HERO motorcycle assembler and distributorcompany in Bangladesh. NML start journey from 2012 agreement with hero motorcorp India. The NML operates in whole Bangladesh with 08 Region, occupies a leading position in the markets of several Region and Assemble & distribution 21 Model of Motorcycle.

They play a significant role in local motorcycle market. In Bangladesh they are the top employer and the company of choice for people in all areas of our business. They have 01 assembly plant, 04 warehouse (Distribution Point), 14 own showroom (whole sales & retail sale), and around 150 dealers (retail sale) and also 120 above spare parts & service center in Bangladesh.

In2016,NML is top motorcycle seller in local motorcycle market .They employ more than 5000peoplein NNG & above 1000 people in NML. NML is the top VAT & customs duty payer in local motorcycle market. Honorable Managing Director Abdul Musabbir Ahmad Received top Tax payer award-2016 from honorable Finance minister Abul mal Abdul Mohit.

With their geographic diversity, strong brands, talented people and proven strategy, the NML is well placed to achieve further success. In particular, hey are confident that their investments in both innovative Motorcycle products.

2.2.1. Regional Operation of NML:

They hold robust market positions in each of the following regions-

- Dhaka Region ;
- Mymensingh Region ;
- Chittagong Region ;
- Sylhet Region ;
- Jessore Region ;
- Bogra Region ;
- Rangpur Region ; and
- Barisal Region.

2.2 Mission & Vision:

2.2.1. Mission of NML:

NML's mission is to enrich the quality of life of people through responsible application of knowledge, skills and technology. NML is committed to the pursuit of excellence through world-class products, innovative processes and empowered employees to provide the highest level of satisfaction to its customers.

2.2.2. Vision of NML:

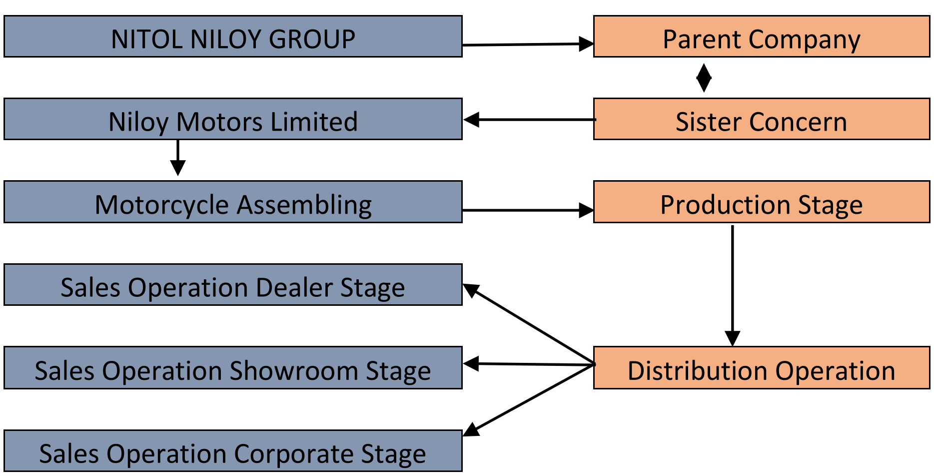
Endeavor to attain a position of leadership in each category of its businesses.

Attain a high level of productivity in all its operations through effective and efficient use of resources, adoption of appropriate technology and alignment with our core competencies.

- Develop its employees by encouraging empowerment and rewarding innovation.
- Promote an environment for learning and personal growth of its employees.
- Provide products and services of high and consistent quality, ensuring value for money to its customers.
- Encourage and assist in the qualitative improvement of the services of its suppliers and distributors.
- Establish harmonious relationship with the community and promote greater environmental responsibility within its sphere of influence.

2.3. Structure of the Organization:

Thestructureismuchdecentralizedwiththeparentcompanyretainingauthority foroverall strategicdirectionoftheFirmandfinancialcontrol.Thefollowingfigureshowstheflowfrom theparent companyto NML:



Structure of Niloy Motors Limited

Figure 02: Relation of Distribution with Production

2.4 Product & Service Offering:

NML is assembler & distributer of Hero Motorcycle in Bangladesh. NML offering 20 different model of motorcycle in Bangladesh motorcycle for customer. NML is strong service provide after sale service in Bangladesh motorcycle market.

The product segments and different model are shown below:

2.4.1 Product Segment 100 CC:

SL.No.	Product Segment	Model	Product Images
01	**100 CC**	HF Dawn (Spoke Wheel)	
02		Dawn (Cast Wheel)	
03		Splendor Plus (Spoke Wheel)	
04		Splendor Plus (Cast Wheel)	
05		Splendor Pro (Cast Wheel)	
06		HF Deluxe (Cast Wheel)	
07		HF Deluxe (Kick Cast)	
08		Splendor Ismart (Drum Self)	

09		Passion Pro (Drum Self)	
10		Passion Pro (Disc Self)	

2.4.2Product Segment 102 CC:

SL.No.	Product Segment	Model	Product Images
01	**102 CC**	Pleasure (Cast Metal)	
02		Pleasure (Sheet Metal)	

2.4.3 Product Segment 125 CC:

SL.No.	Product Segment	Model	Product Images
01	**125 CC**	Glamour (Drum Self)	
02		Glamour (Disc Self)	

03		Super Splendor (Drum Self)	

2.4.4 Product Segment 150 CC:

SL.No.	Product Segment	Model	Product Images
01	**150 CC**	Hunk (Single Disc)	
02		Hunk (Double Disc)	
03		Xtreme (Single Disc)	
04		Xtreme (Double Disc)	
05		Xtreme Sports (Single Disc)	

Chapter- 03
Data Collection and Processing

3.1 Data Description

The study contains both primary and secondary data. Secondary data had been collected from both internal and external sources.

Primary data sources: The executives and officer of Niloy Motors Limited.

Secondary data sources:

- Annual report of Niloy Motors Ltd.
- Website of Niloy Motors Ltd.
- Internal report.
- Different papers/ Manuals of Niloy Motors Ltd.

3.2 Ways of Data Collection

I collect my data from various ways which based on internal ways. Maximum primary data I collected from our intern training season. There Person is trained before joining internship. Then some of data I have collect from my job place. There are many different departments. They were very helpful for me to collect actual data and information. And some of secondary data I collected financial data from various web links of Niloy Motors Limited.

3.2.1 Primary source of data

- Face to face conversation: Some primary data are collected by talking interview and by discussion with the executives and officer of Niloy Motors Limited.
- Observation: Here primary data are collected through spending three month in the Niloy Motors Limited during the working hour. Here I observed the total financial process of Niloy Motors Limited.

3.2.2 Secondary sources of data

- By browsing annual report of Niloy Motors Limited.
- By browsing Website of Niloy Motors Limited.
- By browsing data collected from internal report.
- I read Different papers/ Manuals of Niloy Motors Limited.

3.2 Data Processing

The bank officials of different departments of Niloy Motors Limited and their general officers, borrowers and account holders are considered as the sample unit for this report paper and after their approval I added any data in my report. I used necessary number of table, chart to present the report.

Chapter- 04

Discussion of the Objective

Objective- 01 To analyze the Methods of Ratio.

4.1 Ratio Methods analysis

Common methods of Farr Ceramics Ltd. is financial statement analysis include analysis horizontal and vertical analysis and the use of financial ratios. Historical information combined with a series of assumptions and adjustments to the financial information used to project future performance. Formulas of ratio are given below-

4. 1.1. Liquidity Ratio:

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

Working Capital= Current Assets – Current Liabilities

Cash conversion cycle = DSO + DIO −DPO

Days sales outstanding = 365/receivables turnover ratio Days inventory outstanding = 365/inventory turnover ratio Days payables outstanding = 365/payables turnover ratio Cash conversion cycle = DSO + DIO − DPO

4.1. 2. Asset Management/Efficiency Ratio:

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

Days inventory outstanding = 365/inventory turnover ratio = 365/10 = 36.4 days

$$\text{Total Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

Days sales outstanding = 365/receivables turnoverratio

$$\text{Receivables Turnover} = \frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$$

Average Payment Period= (Accounts Payable × Number of Working Days)/Net Credit Purchase

4.1. 3. Debt Management period:

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

$$\text{Tmies Interest Earned Ratio} = \frac{\text{Earnings before Interest and Tax}}{\text{Interest Expense}}$$

4. 4. Profitability Ratio:

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

$$\text{Gross Margin} = \frac{\text{Gross Profit}}{\text{Revenue}}$$

$$\text{Operating Margin} = \frac{\text{Operating Income}}{\text{Revenue}}$$

ROE = Net income after tax / Average shareholder's equity

$$\text{ROA} = \frac{\text{Annual Net Income}}{\text{Average Total Assets}}$$

Objective- 02: to Analyze the Liquidity Ratio, Asset Management/Efficiency Ratio, Debt Management Ratio, Profitability Ratio

4.2.2 Liquidity Ratio

Current Ratio

Year	2010	2011	2012	2013	2014
Current Ratio	1.388	0.840	0.777	0.743	0.655

Table1: Current Ratio

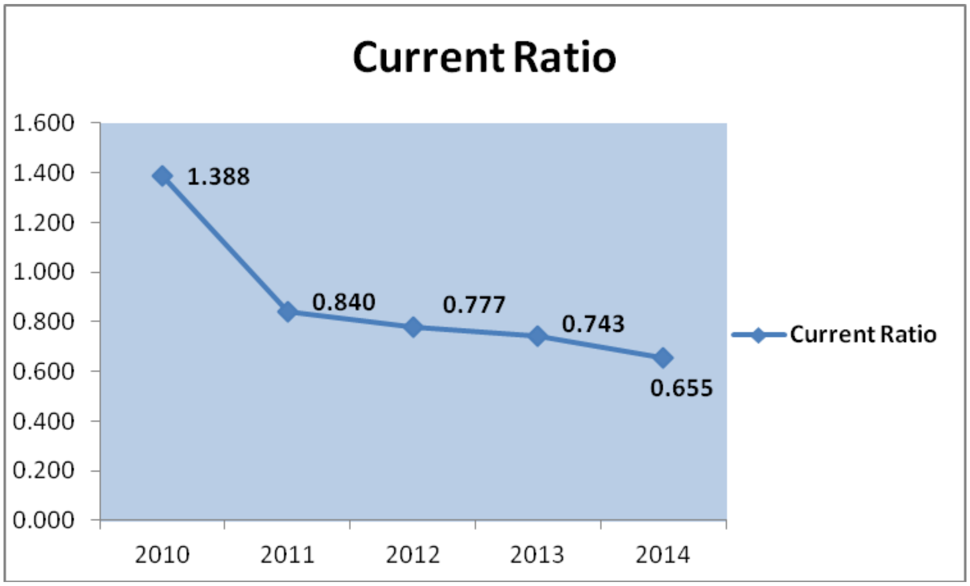


Figure 1: Current Ratio

Interpretation:

There is a downward trend of Current ratio. It sharply declined from 2010 to 2014 and reached only at 0.655. This indicates, over the time period, Niloy Motors greatly lose its capacity to pay their current obligations by using its current assets. All of the ratios of the years are less the 2, which indicates they are in risky position in current ratio.

Working Capital

Year	2010	2011	2012	2013	2014
Working capital	95751007	(62462665)	(14222599)	(176291858)	(317274134)

Table 2: Working capital

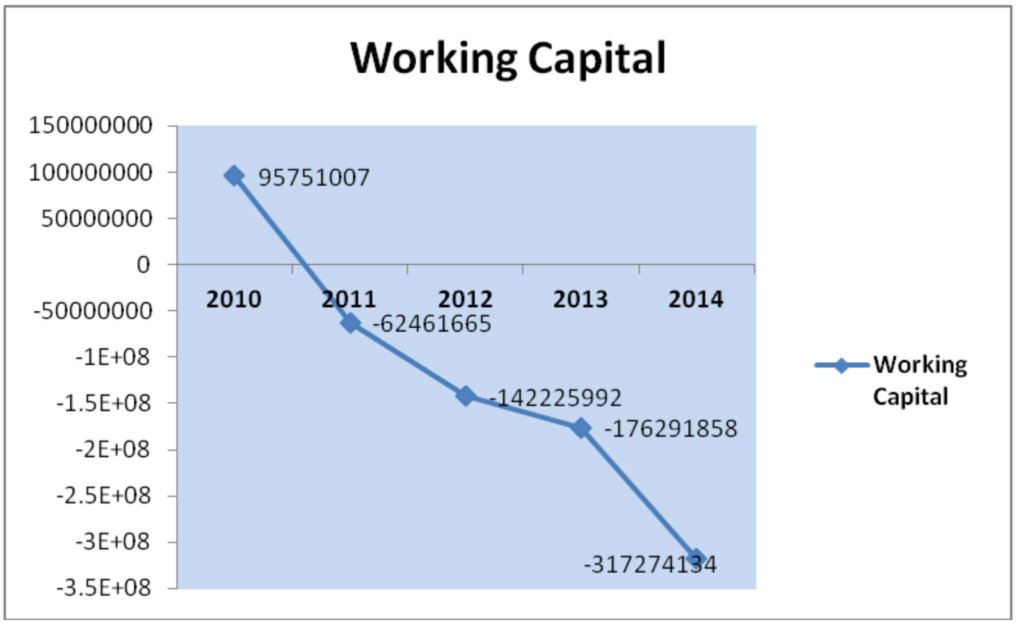


Figure 2: Working Capital

Interpretation:

In 2010, working capital was in worst position. However, Niloy Motors Limited working capitals from 2011 to2014 are minus figure. These minus figure show that company working capitals have not good performance means that, their current liabilities are greater than their Current assets. It indicates, Niloy Motors has great problem to maintain liquidity.

Cash Conversion Cycle

Year	2010	2011	2012	2013	2014
Cash Conversion Cycle	145	-7	74	72	46

Table 3: Cash Conversion Cycle

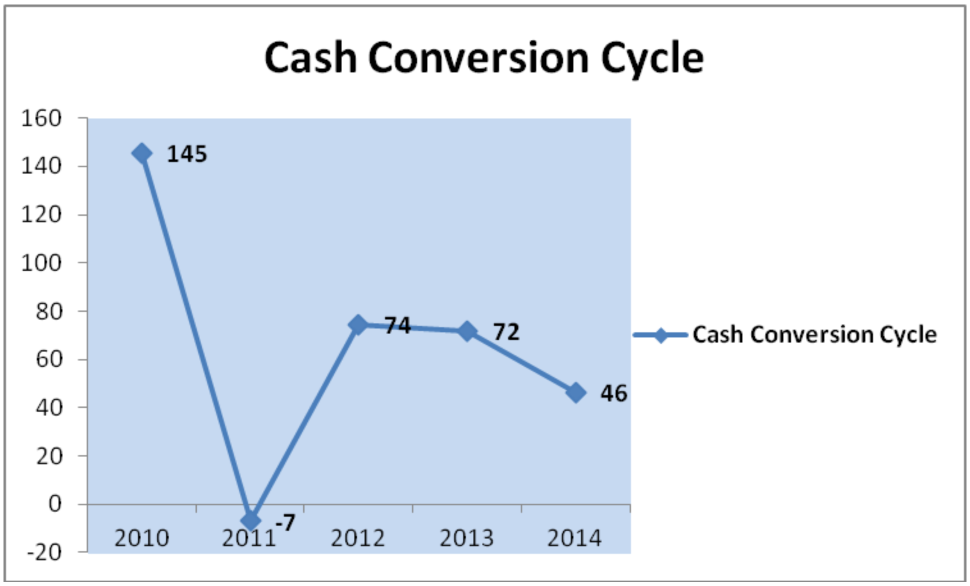


Figure 3: Cash Conversion Cycle

Interpretation:

Cash conversion cycle is the time it takes a company to convert its resource inputs into cash. It measures how effectively a company is managing its working capital. We can see that, cash conversion cycle was highly efficient in 2011 They needed -7 days to convert their assets into cash and worst situation in 2010 when needed145days.

Overall Interpretation of Liquidity Ratio of Niloy Motors Limited

Liquidity ratio expresses a company's ability to repay short-term creditors out of its total cash. It is the result of dividing the total cash by short-term borrowings. It shows the number of times short-term liabilities are covered by cash.

Ratios	Interpretation	Remarks
Current Ratio	There is a downward trend of Current ratio	Negative
Working capital	There is a downward trend of Working capital	Negative
Cash Conversion Cycle	There is a worst situation in cash conversion cycle except 2011.	Medium
Liquidity Position	Overall position of liquidity is not good	Negative

There is a downward trend of Current ratio, and Working capital. Again there is a worst situation in cash conversion cycle except 2011. Hence, it can be seen that, overall position of liquidity is not good. Niloy Motors need to take some immediate step to recovery liquidity position.

4.2.2 Asset Management/Efficiency Ratio

Inventory Turnover Ratio:

Year	2010	2011	2012	2013	2014
Inventory Turnover Ratio	3.3	3.9	2.3	2.5	3.4

Table 4: Inventory Turnover Ratio

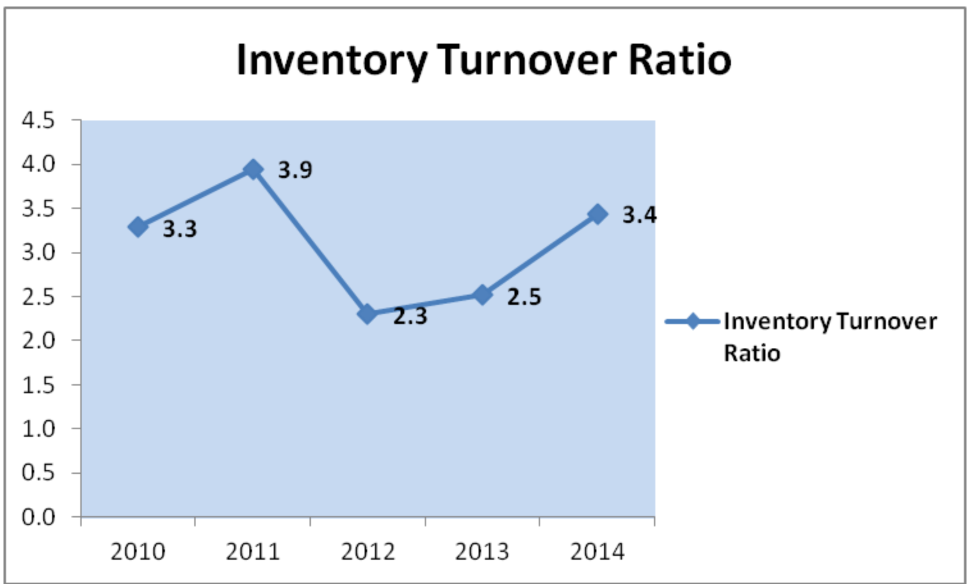


Figure 4: Inventory Turnover Ratio

Interpretation:

Inventory Turnover Ratio measures how effectively inventory is managed by Niloy Motors comparing cost of goods sold with average inventory for a period. Over the span of 5 years Inventory turnover ratio was worst position in 2012 at 2.3 It implies on that time Niloy Motors had poor sales and, therefore, excess inventory. However, in 2011 it was peak and reached 3.9, which indicate strong sales or ineffective buying.

Total Asset Turnover Ratio:

Year	2010	2011	2012	2013	2014
Total Asset Turnover Ratio	57%	31%	24%	22%	35%

Table 5 : Total Asset Turnover Ratio

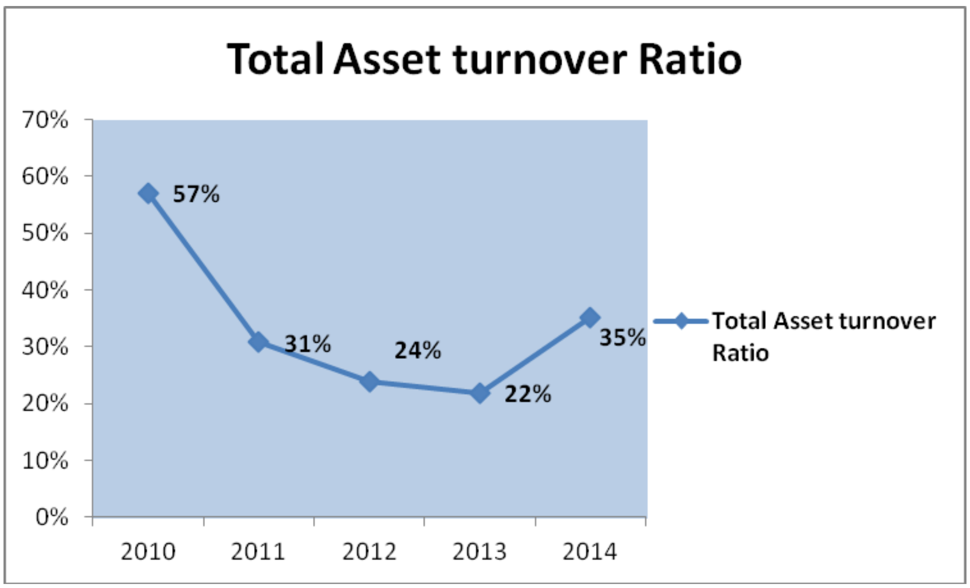


Figure 5: Total Asset turnover Ratio

Interpretation:

In 2010, total asset turnover ratio is 57%. After that, it declined and reached only at 22% in 2013 which means, Niloy Motors had lower ability to generate sales from its assets during those time. This ratio also indicates, Niloy Motors is not efficient to use its assets to generate sales. However, it took recovery and reached 35% in2014.

Average Collection Period/Days' Sales Outstanding:

Year	2010	2011	2012	2013	2014
Days' Sales Outstanding	41.8	28.2	26.3	28.5	20.5

Table 6: Day's Sales Outstanding

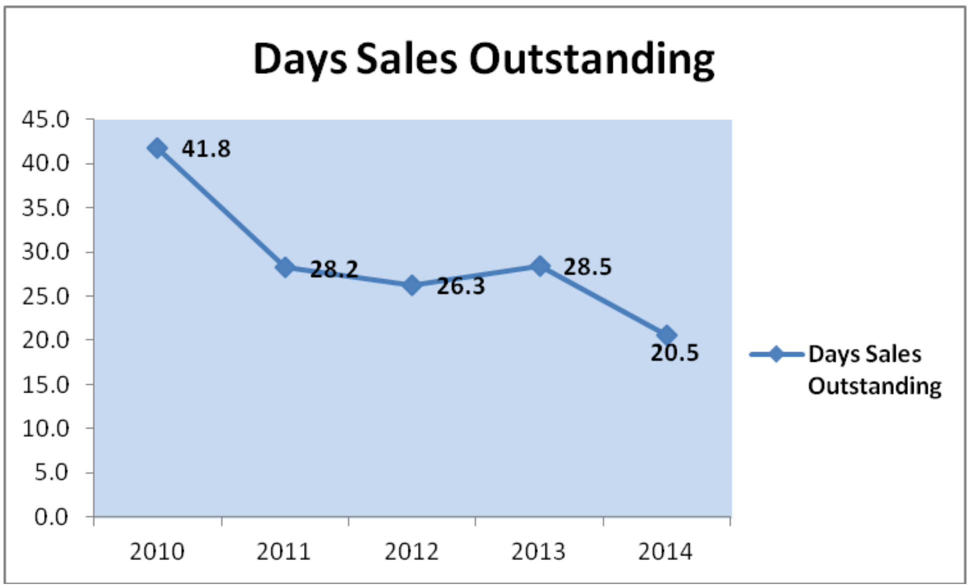


Figure 6: Day's Sales Outstanding

Interpretation:

It shows how well a company can collect cash from its customers. The sooner cash can be collected, the sooner this cash can be used for other operations. Both liquidity and cash flows increase with a lower days sales outstanding measurement. Niloy Motors Ltd. has a downward trend of Days; sales outstanding. It declined from 41.8 days to 20.5days. This indicates they increase their strength to collect cash from their customers over the time period.

Average payment Period:

Year	2010	2011	2012	2013	2014
Average Payment Period	252	255	221	226	160

Table 7: Average Payment Period

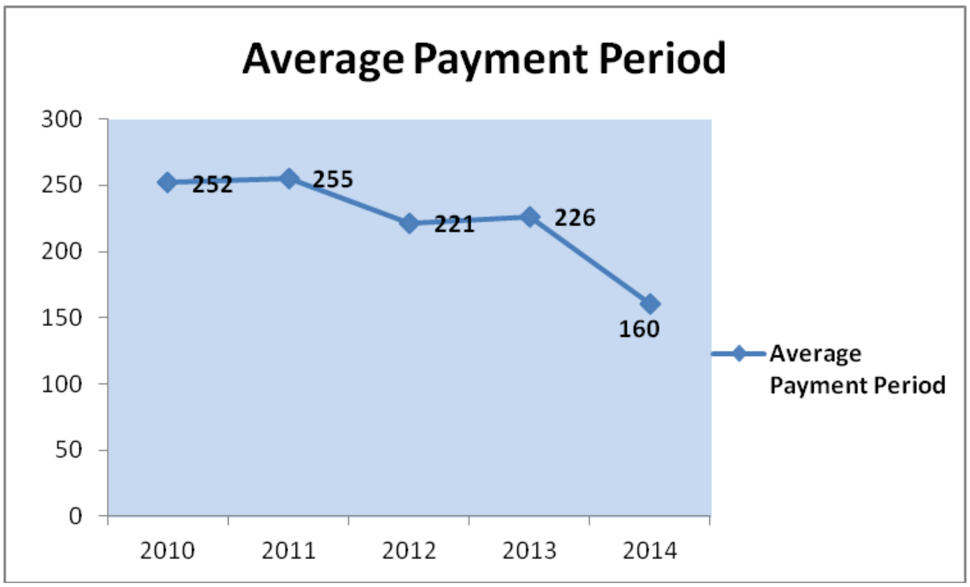


Figure 7: Average Payment Period

Interpretation:

Average payment period means the average period taken by the company in making payments to its creditors. If this period will be low, it will be good for our liquidity because more smartly, we will pay our creditors, more amount of credit purchase, we can get. From 2010 to 2013 Niloy Motors was smartly maintain their liquidity by taking more days, 252 days and 226 days accordingly. However, in 2014 it takes 160 days for their credit purchase which cut their risk. Overall average payment period is in good position because its liquidity is satisfactory.

Overall Interpretation of Efficiency Ratio of Niloy Motors Limited

Efficiency ratios also called activity ratios measure how well companies utilize their assets to generate income.

Ratios	Interpretation	Remarks
Total Inventory Turn Ratio	Total Inventory Turnover Ratio is in good position and reached peak in 2012.	Positive
Total Asset turnover Ratio	There is a downward trend of Total asset turnover ratio.	Negative
Days Sales Outstanding	There was a downward trend of Days" sales outstanding.	positive
Average Payment Period	Satisfactory for liquidity.	positive
Efficiency Position	Efficiency ratio of Niloy Motors is medium position	positive

Total Inventory Turnover Ratio is in good position and in 2011; it was peak and reached 3.9, which indicate strong sales or ineffective buying. On the other hand, Niloy Motors is not efficient to use its assets to generate sales. However, it took recovery and reached 35% in 2014. Again, there was a downward trend of Days" sales outstanding. However, there is a great strength in Average Payment period. Overall, Efficiency ratio of Niloy Motors is medium position if they can continue it, they may improve the company.

4.2.3 Debt Management Ratio

Debt to Asset Ratio:

Year	2010	2011	2012	2013	2014
Debt to Asset Ratio	85%	58%	60%	56%	57%

Table 8: Debt to Asset Ratio

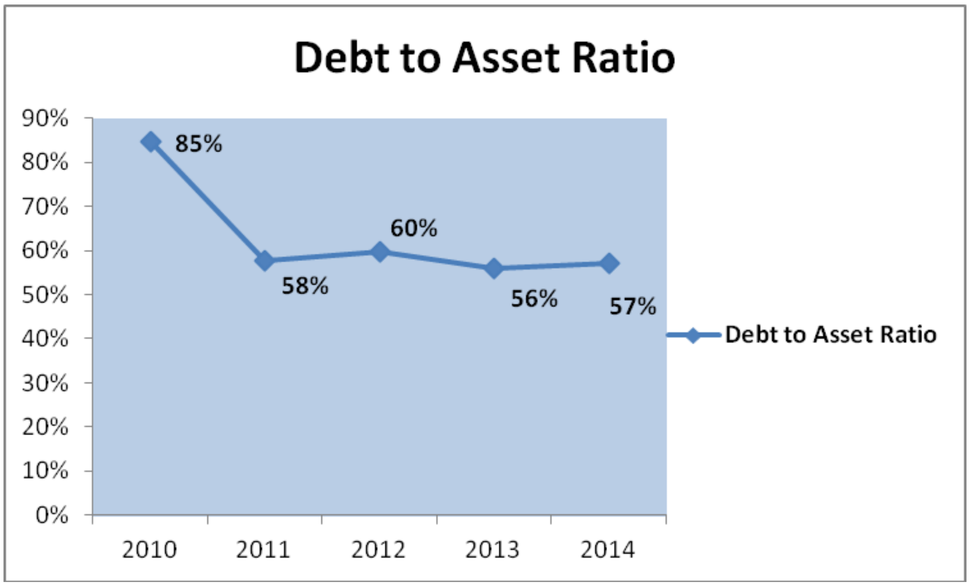


Figure 8: Debt to Asset Ratio

Interpretation:

This ratio measures the financial leverage of Niloy Motors Ltd. It fluctuated over the time period and reached from 85% to 57%. Moreover, it is a downward trend. The company must decrease their debt to asset ratio. Moreover, it performed greatly in 2013 at only 56%. They must lower their debt level.

Times Interest Earned (TIE) Ratio:

Year	2010	2011	2012	2013	2014
TIE	3.55	5.76	1.27	0.10	0.29

Table 9: Times Interest Earned Ratio

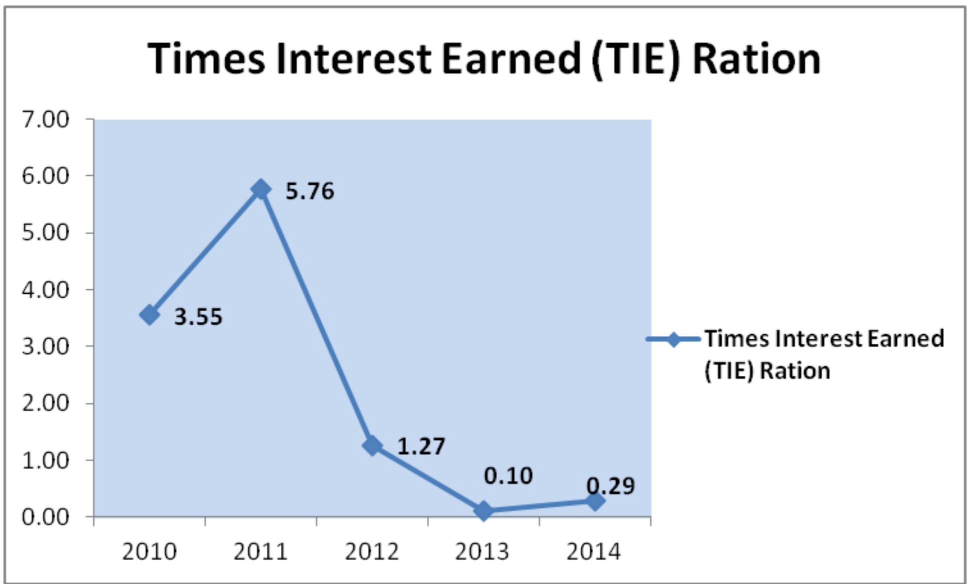


Figure 9: Times Interest Earned Ratio

Interpretation:

Times interest earned (TIE) ratio shows how many times the annual interest expenses are covered by the net operating income (income before interest and tax) of the company. In 2010 and 2011 it is adequate to protect the creditors‟ interest in the firm at 3.55 times and 5, 76 times respectively. After that, ratio is less than 1 in 2013 and 2014, means the company is likely to have problems in paying interest on its borrowings.

Overall Interpretation of Debt Management Ratio of Niloy Motors Ltd.

Debt Management Ratios attempt to measure the firm's use of Financial Leverage and ability to avoid financial distress in the long run. These ratios are also known as Long-Term Solvency Ratios.

Ratios	Interpretation	Remarks
Debt to Asset Ratio	There is a downward trend of Debt to Asset Ratio. They must lower their debt level more.	Negative
Times Interest Earned Ratio	There is a problem in paying interest on its borrowing after 2012.	Negative
Debt Management Position	Overall position of debt management is in medium position because of times interest earned ratio.	Negative

There is a downward trend of debt to asset ratio; it indicates company has lower level of liabilities compared with assets and considered low leveraged and low risk but need to decrease more debt. On the other hand, times interest earned ratio is less than 1 in 2013 and 2014, means the company is likely to have problems in paying interest on its borrowings. Hence, overall position of debt management ratio is not good.

4.2.4 Profitability Ratio

Net Profit Margin Ratio:

Year	2010	2011	2012	2013	2014
Net Profit Margin Ratio	17%	19%	11%	2%	5%

Table 10: Net Profit Margin Ratio

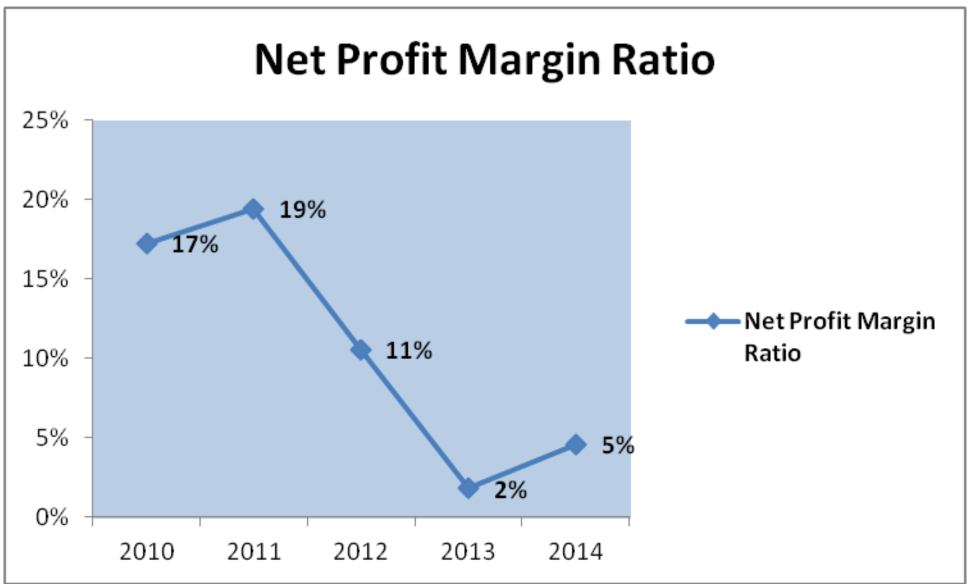


Figure 10: Net Profit Margin Ratio

Interpretation:

Net Profit Margin Ration of Niloy Motors increased slowly from 2010 to 2011 and reached its peak in 2011 at 19%. After that, it dramatically declined and reached only at 2%. It means, in 2011 Niloy Motors is in high position in profitability by earned amount of net income with each dollar of sales.Net profit margin is not in good position except 2011.

Gross Profit Margin Ratio:

Year	2010	2011	2012	2013	2014
Gross Profit Margin Ratio	28%	34%	32%	32%	32%

Table 11: Gross Profit Margin Ratio

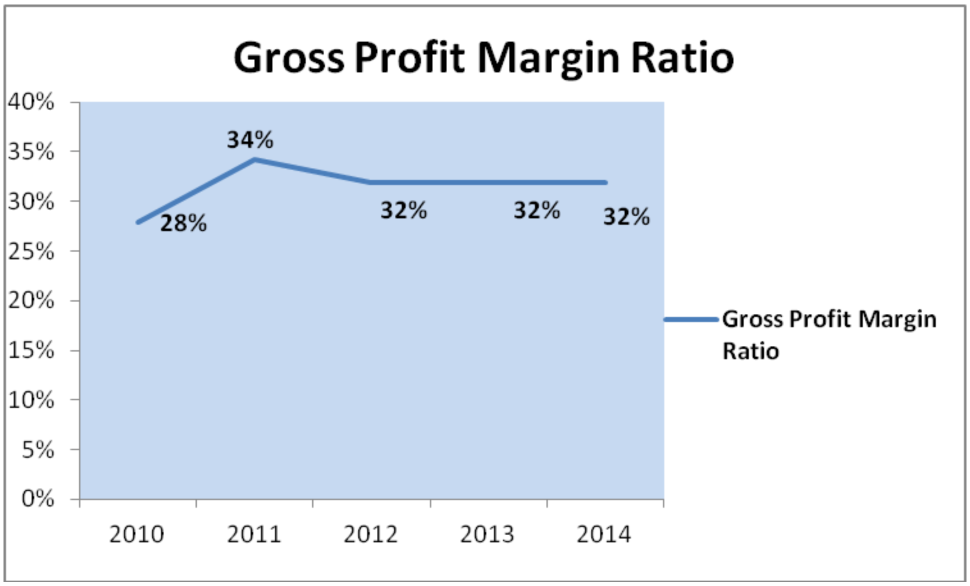


Figure 11: Gross Profit Margin Ratio

Interpretation:

Gross margin ratio is a profitability ratio that compares the gross margin of a business to the net sales. Gross Profit of Niloy Motors increased from 2010 to 2011 and reached its peak at 34% and it remained constant at 32% from 2012 to 2014. Hence, it is in better position by improvement.

Operating Profit Margin Ratio:

Year	2010	2011	2012	2013	2014
Operating Profit Margin Ratio	22%	26%	24%	2%	6%

Table 12: Operating Profit Margin Ratio

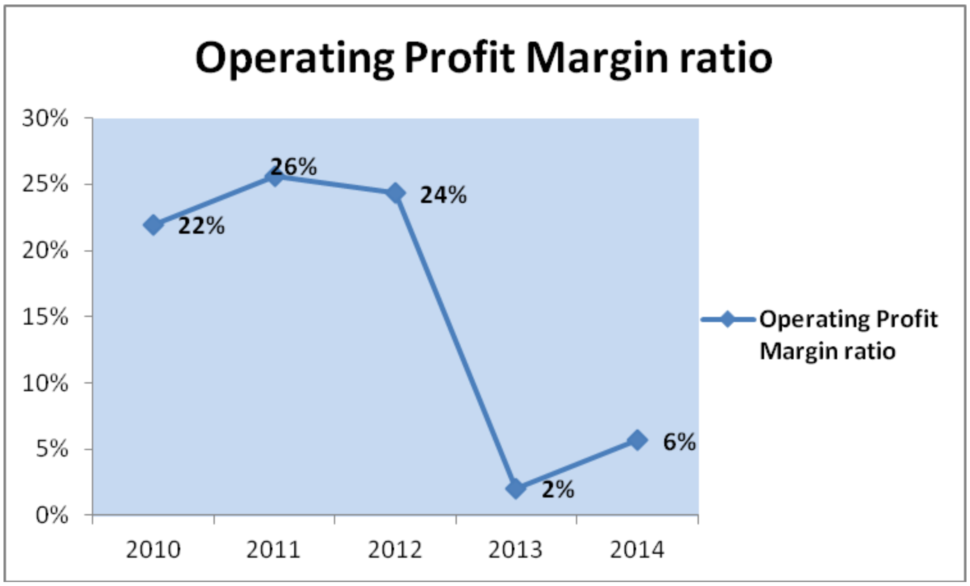


Figure 12: Operating Profit Margin Ratio

Interpretation:

Operating Profit Margin Ratio of Niloy Motors fluctuated over the time, it increased 2010 to 2011 and reached 26% which is higher value and favorable for company, indicates which indicates that more proportion of revenue is converted to operating income then it fall by 2%. It dramatically declined in 2013 and reached only at 2%. It recovers and reached 6% in 2014 that the profitability is improving. Overall operating profit margin ratio is good position except 2013.

Return On Equity (ROE) Ratio:

Year	2010	2011	2012	2013	2014
ROE Ratio	32%	7%	3%	0%	2%

Table 13: Return on Equity (ROE) Ratio

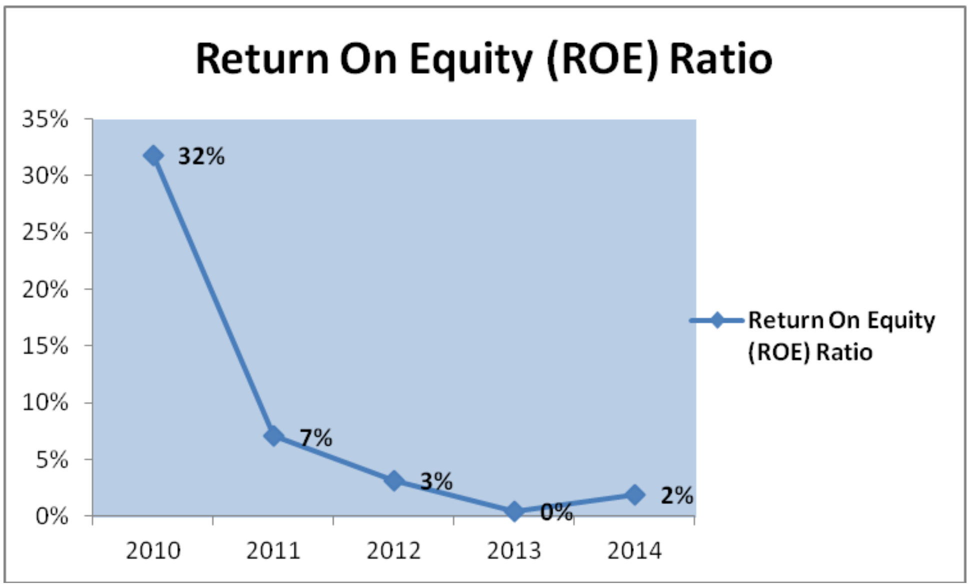


Figure 13: Return on Equity (ROE) Ratio

Interpretation:

There is a downward trend of Return on Equity ratio. It dramatically falls from 2010 to 2011 and reached 7% only and then slowly declined till 2013 and gone to 0% then it recovered and reached 2%. It indicates ability of Niloy Motors to generate profits from its shareholder investment getting worse on the time period, which is harmful for the company.

Return On Asset (ROE) Ratio:

Year	2010	2011	2012	2013	2014
ROA Ratio	10%	6%	3%	0%	2%

Table4.4.5: Return on Asset (ROA) Ratio

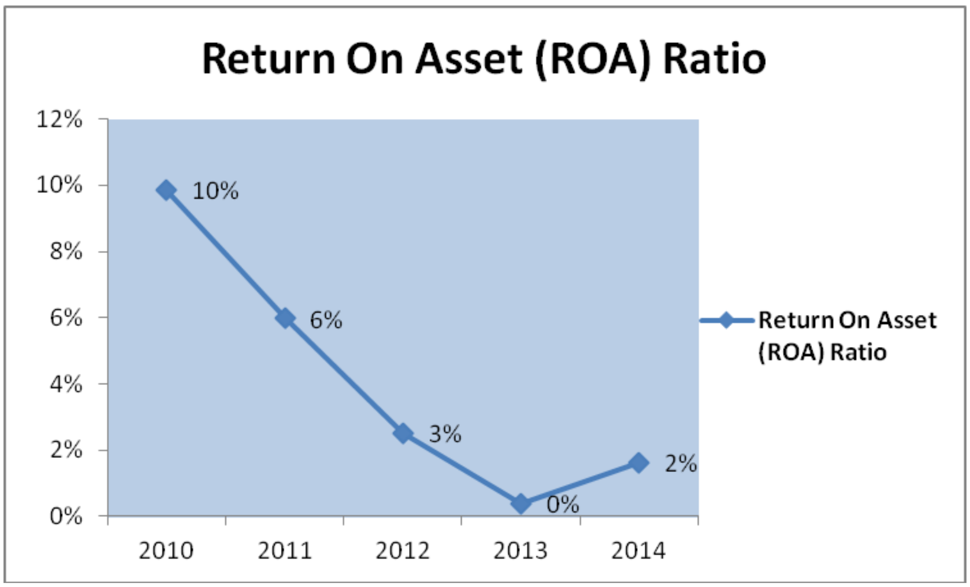


Figure.4.4.5: Return on Asset (ROA) Ratio

Interpretation:

It emerge that, over the span of five years, return on asset of Niloy Motors dramatically declined and gone to zero in 2013. Furthermore, it increased by only 2% in 2014. It indicates, net income produced by total assets is getting worse year by year. Hence, Niloy Motors is not efficient company to manage its assets to generate profits.

Overall Interpretation of Profitability Ratio of Niloy Motors

Profitability is simply the capacity to make a profit, and a profit is what is left over from income earned after you have deducted all costs and expenses related to earning the income.

Ratios	Interpretation	Remarks
Net Profit Margin Ratio	Net profit margin is not in good position except 2011	Positive
Gross Profit Margin Ratio	There is a increasing trend in gross profit margin ratio it remain constant from 2012 to 2014	Positive
Operating profit Marin Ratio	Overall operating profit margin ratio is good except 2013.	Positive
Return on Equity ratio	There is a downward trend of Return on Equity ratio	Negative
Return on Asset Ratio	There is a downward trend of Return on Asset Ratio	Negative
Profitability Position	Overall position is good except ROA and ROE	Positive

Niloy Motors is in high position in profitability by earned amount of net income with each dollar of sales in 2011 but it is worst in other year's position except 2011. On the other hand, Gross Profit Margin Ratio is in better position by improvement. Operating Profit Margin Ratio of Niloy Motors fluctuated over the time and overall operating profit margin ratio is good position except 2013. Moreover, Niloy Motors generates profits from its shareholder investment getting worse on the time period. Hence, in profitability, Niloy Motors is good enough and they need to concentrate more about their Equity, Assets and sales.

Objective- 03: To Analyze the Evaluation of Financial Performance of Niloy Motors Limited.

4.3 Performance Evaluation of Niloy Motors Limited

The level of performance of a business over a specified period of time, expressed in terms of overall profits and losses during that time. Evaluating the financial performance of a business allows decision makers to judge the results of business strategies and activities in objective monetary terms.

Performance evaluation of Niloy Motors Limited measures by the comparison of :-
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- Days Sales Outstanding to Average Payment Period
- Comparing NAVof2014of Niloy Motors with TATA Motors, ACI Motors and Runner Motors Ltd.
- Comparing Revenue of Niloy Motors with TATA Motors, ACI Motors and Runner Motors Ltd.
- Comparing net income of Niloy Motors of 2014 with TATA Motors, ACI Motors and Runner Motors Ltd.
- Comparing EPS of 2014 of Niloy Motors with TATA Motors, ACI Motors and Runner Motors Ltd.

4.3.1 Days Sales Outstanding to Average Payment Period

Year	2010	2011	2012	2013	2014
Days' Sales Outstanding	41.8	28.2	26.3	28.5	20.5
Average Payment Period	252	255	221	226	160

Table 14: Days Sales outstanding to Average Payment Period

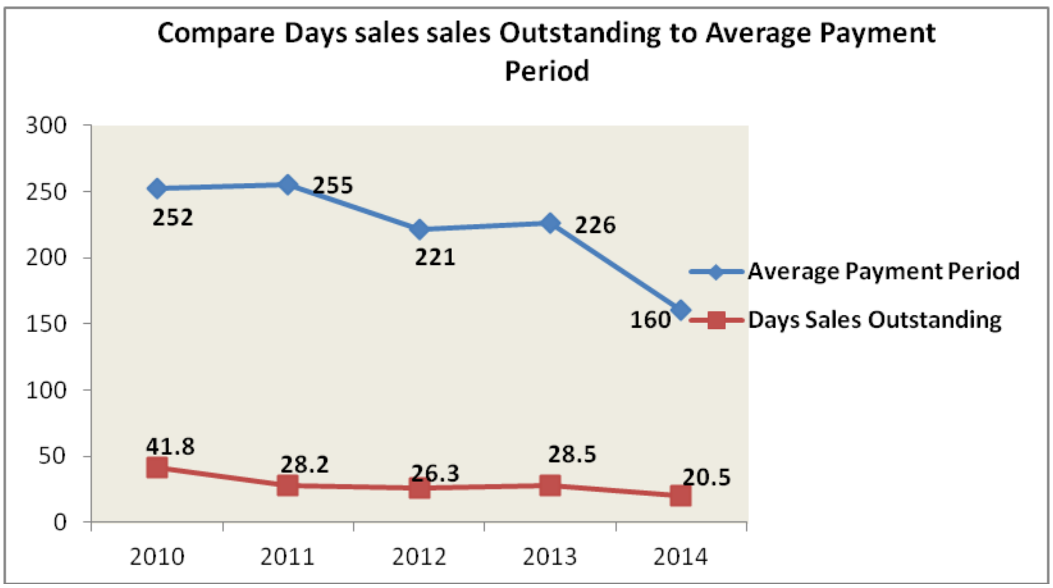

Figure 14: Days Sales outstanding to Average Payment Period

Interpretation:

Days sales outstanding declined over the period that indicates they increase their strange to collect cash from their customers and it increase liquidity and cash flows with a lower days. On the other hand, Average Payment period fluctuated and it declined when the sales outstanding declined. It indicates Niloy Motors Ltd. is highly efficient to manage their liquidity. When they collected their cash in delay they pay to their creditors in delay, which ensure balance liquidity and keep company risk free.

4.3.2 Net Asset Value per Share (NAV) of 2014 of Niloy Motors, Tata Motors, ACI Motors and Runner Motors Ltd.

Companies name	Value
Niloy Motors Limited	43.52
Tata Motors Limited	95.19
ACI Motors LTD	29.02
Runner Motors LTD	13.18

Table 15: Compare NAV of Niloy Motors Ltd. with other companies

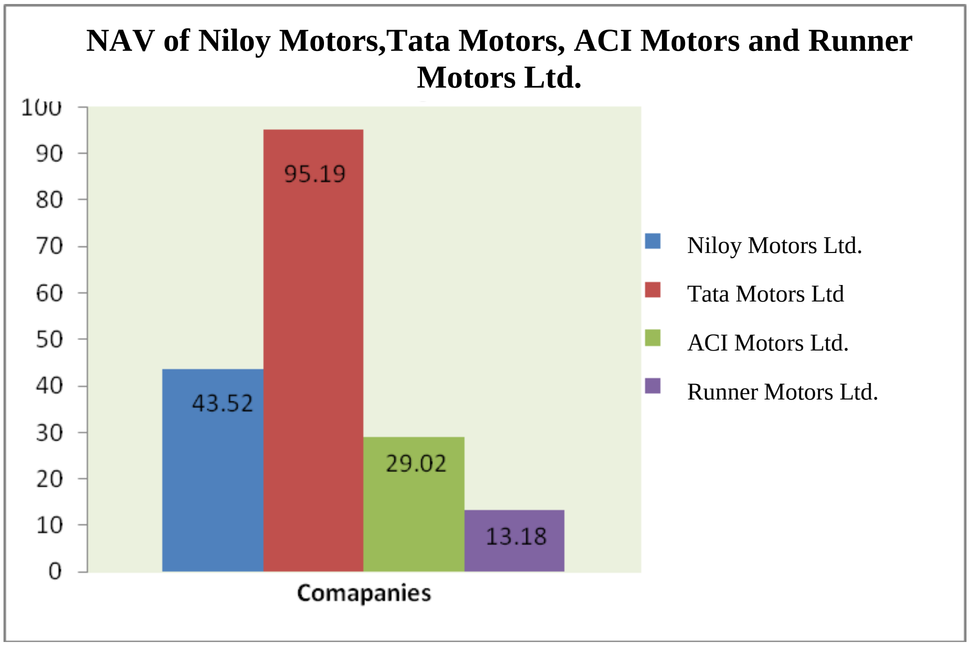

Figure 15: Compare NAV of Niloy Motors with other companies

Interpretation:

Net Asset Value per Share (NAVPS) refers to the value of a single unit, or share, or a fund. This number for a mutual fund indicates the price at which shares are bought and sold. Niloy Motors Ltd. is in the second position in NAV in market.

4.3.3 Revenue of 2014 of Niloy Motors Ltd. compare with Tata Motors, ACI Motors and Runner Motors Ltd.

Companies name	Value	%
Niloy Motors Limited	893863503	23%
TATA Motors Limited	692427630	17%
ACI LTD	1677657674	42%
Runner Motors LTD	692791034	18%

Table 16: Compare Revenue of Niloy Motors with others company

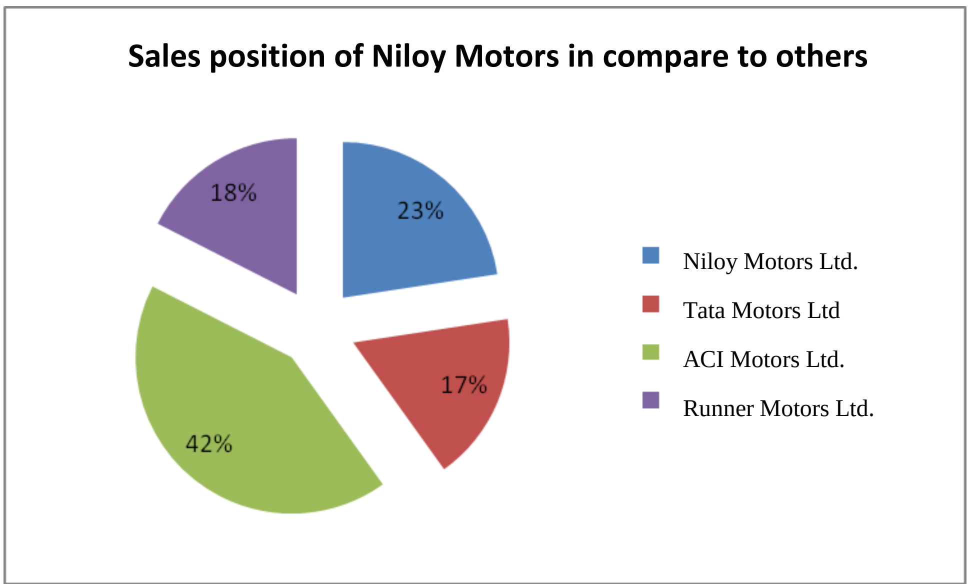

Table 16: Compare Revenue of Niloy motors Ltd. with others company

Interpretation:

Revenue is shown usually as the top item in an income (profit and loss) statement from which all charges, costs, and expenses are subtracted to arrive at net income, also called sales or turnover. The position of revenue in Niloy Motors Ltd. is second by 23%. Niloy motors quality full product can bit the market greatly.

4.3.4 Net Income of 2014 of Niloy compare with TATA, ACI and Runners Motors Limited

Companies name	Value
Niloy Motors Limited	41072321
TATA Motors Limited	2544389
ACI Motors LTD	15425038
Runner Motors LTD	41088653

Table 17: Compare Net Income of Niloy Motors Ltd. with others company

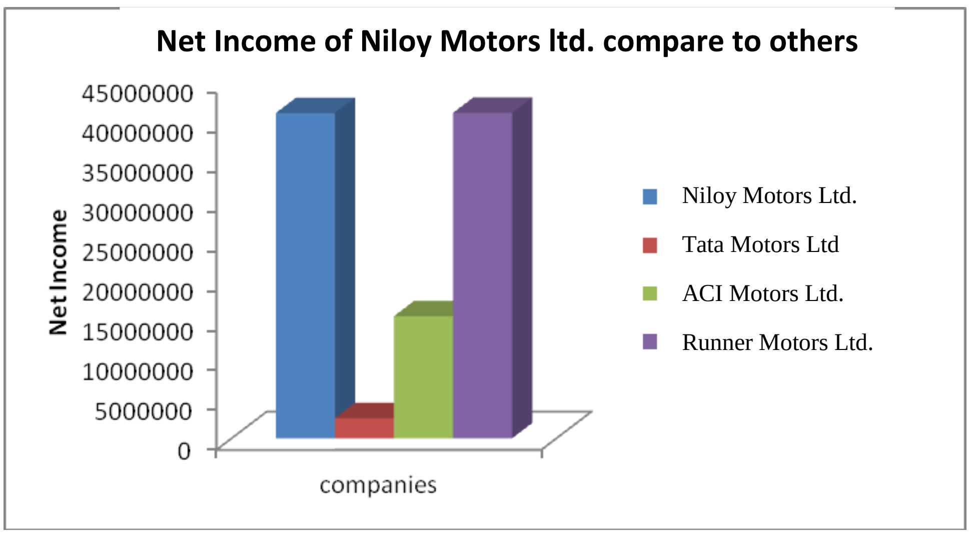

Table 17: Compare Net Income of Niloy Motors with others company

Interpretation:

The company's total earnings, reflecting revenues adjusted for costs of doing business, depreciation, interest, taxes and other expenses. It measures the profitability of a company. It can be seen that, Net profit of Niloy Motors Ltd. is excellent position in the ceramics market. In 2014 its net profit exit ACI and Runner and bit to the TATA Ltd. Niloy motors earned 41072321 which are almost similar to TATA Motors Ltd.

4.3.5 EPS of 2014 of Niloy Motors compare withTATA, ACI and Runner Motors Limited

Companies name	Value
Niloy Motors Limited	0.82
TATA Motors Limited	0.11
ACI Motors LTD	0.02
Runner motors LTD	0.49

Table 5.5: Compare EPS of Niloy Motors Ltd. with others company

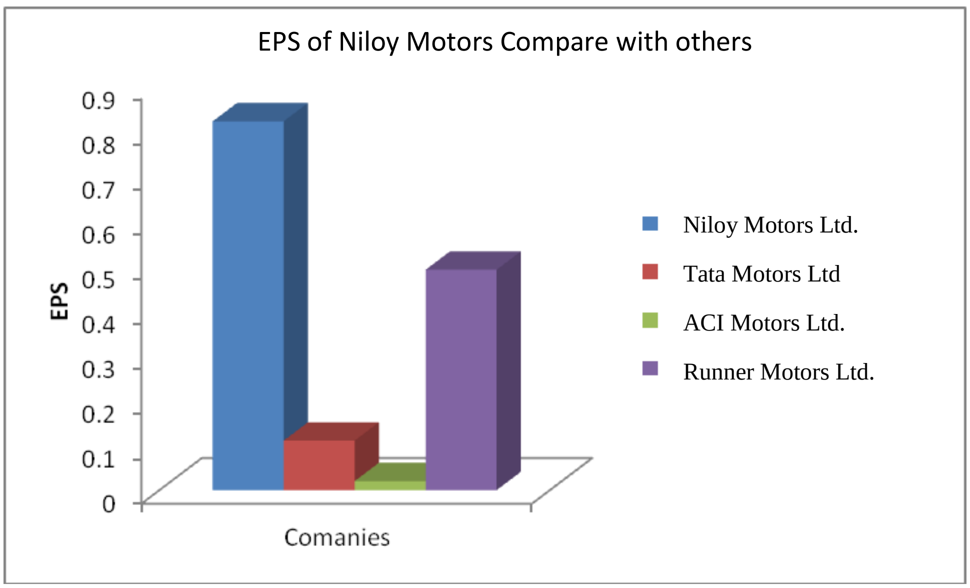

Table 5.5: Compare EPS of Niloy Motors with others company

Interpretation:

Earnings per share are generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price- to-earnings valuation ratio. Niloy Motors Ltd. has higher earnings per share which always better than a lower ratio because this means the company is more profitable and the company has more profits to distribute to its shareholders comparing to other company.

Chapter- 05

Findings and Recommendation

5.1 Findings:

The study, Financial Statement Analysis and Performance Evaluation of Farr Ceramics Limited, reveals the following majors findings:

- Niloy Motors greatly lose its capacity to pay their current obligations by using its current assets, which indicates they are in risky position in current ratio.
- Niloy Motors current liabilities are greater than their Current assets. It indicates, Niloy Motors has great problem to maintain liquidity.
- Cash conversion cycle was highly efficient in 2011 They needed -7 days to convert their assets into cash and worst situation in 2010 when needed145days.
- Ni;loy Motors has lower ability to generate sales from its assets during 2010 to2014.
- Niloy Motors has lower level of liabilities compared with assets and considered low leveraged and low risk. Moreover, it performed greatly in 2013 at only56%.
- After 2012 Times Interest Earned ratio is less than 1, means the company is likely to have problems in paying interest on its borrowings.
- Net profit margin of Niloy Motors Ltd. is not in good position except2011.
- Gross Profit of Niloy Motors Ltd. increased from 2010 to 2011 and reached its peak at 34% and it remained constant at 32% from 2012 to2014
- Ability of Niloy Motors Ltd to generate profits from its shareholders investment getting worse on the time period, which is harmful for the company and at the same time net income produced by total assets, is getting worse year by year.
- When Niloy Motors Ltd collected their cash in delay, they pay to their creditors in delay, which ensure balance liquidity and keep company risk free.
- Niloy Motors Ltd is in the second position in NAV and revenues in the market
- In 2014 its net profit exit ACI and Runner Motors and bit to the TATA Motors Ltd. Niloy Motors Ltd earned 41072321 which are almost similar to TATA Motors.
- Niloy Motors Ltd has higher earnings per share which always better than a lower ratio because this means the company is more profitable and the company has more profits to distribute to its shareholders comparing to other company.

5.2 Recommendation:

The Financial Statement Analysis and Performance Evaluation of Niloy Motors Ltd. require the following recommendation that may help the Niloy Motors Ltd. to improve financial Performance and to be a key member in the ceramic sector of Bangladesh:

- Niloy Motors Ltd. need to highly concern about their liquidity position. To recover their liquidity performance they should collect their account receivable as soon as possible on the other hand, delay payment to their suppliers (creditors) may help to recover liquidity position.
- Niloy Motors Ltd. has poor sales and lower ability to generate sales from its assets, therefore, excess inventory. They need to increase their sales by better advertisement process and discount.
- Times Interest earned ratio can be recovered by increase operating profit and operating profit can be increased by assess administration and selling expenses. It is necessary to reduce some amount of administration expenses which are getting higher day by day. By the reduction of administration expense Niloy Motors Ltd. can improve their operating profit also.
- For recover the ROE Niloy Motors Ltd. need more common shareholders. They can increase their Share holder by offering huge returns. Moreover, Niloy Motors Ltd. also needs to raise its Total Asset by increasing their investment and Account receivable because both items are poor in amount.
- Niloy Motors Ltd. maintain higher Average payment period for better liquidity but it will be cause of risk in a long run. So need to more concern about delay payment.

Chapter- 06

Conclusion and Internship Experience

6.1 Conclusion:

Niloy Motors Ltd. is one of the private limited company in the Motors industry in Bangladesh, which commenced in 2005. The study concentrated on the financial performance evaluation. The products line of Nitol Niloy Group which is much diversified in terms of items and designs. It has been able to develop house brands namely PARR Euro Fine Porcelain Tableware. Niloy Motors Ltd. has tremendous problem in maintaining liquidity but they try to main it by delay payment to their creditors. At the same time it is not so good in debt management. However, Niloy Motors Ltd. is highly efficient to control its inventory, creditors and sales. On the other hand, Niloy Motors Ltd. is in high position in profitability by improving net profit, gross profit and operating profit. Though they have problems in ROE and ROA they should recover it by giving deep concentration. However, Comparing Net income, NAV, of Niloy Motors Ltd. of 2014 with TATA Motors, ACI and Runner Motors Limited, it is in second position and also it already cover 23% of market by their selling. Overall it is take good position in market by improving.

6.2 Internship Experience

6.2.1 Description of Section Where I Intern Worked

For my internship purpose I worked in the Active of Account Department of Nitol Niloy Group's Niloy Motors Brach. It was my fast experience to work any organization. After completion of academic study, all of us an organization is best opportunity to practice corporate culture and utilize academic learning. I got the privilege to work at Niloy Motors Ltd. for a Period of 12 consecutive weeks. I experienced that every desk is assigned with specific jobs and particular persons, I worked with, I came to learn a lot of things which will help me not only in Professional life but also in my personal life.

6.2.2 My Experience

Research has found the following effects of interviewer experience on the interviewing process.

- I work as an Account Officer in Niloy Motors Limited
- In this job my main interest or duty is to maintain the receivable of Amar Hero project and Making the Bank Recondition in every month.
- The environment of my work is good

Reference

Annual report of Niloy Motors Limited.

Project profile 2013, 2014 of Niloy Motors Limited.

Auditing report 2010, 2011, 2012, 2013 and 2014 of Niloy Motors Limited.

www.niloymotors.com