

Internship Report
On
Financial Performance Analysis of Ranks Motors Limited

Submitted To:

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Date: 15.07.2022

Letter of Transmittal

15.07.2022

Muhammad Enamul Haque
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Subject: **Submission of Internship Report**

Dear Sir,

Assalamualaikum,

With sincere respect, I would like to submit my internship report, which was completed on 'Performance Analysis of Ranks Motors Limited'.

It brings me great joy to have the opportunity to work for one of the leading companies in Bangladesh. I also want to thank my university for giving me the opportunity to do my internship at Ranks Motors Limited.

I have tried my fullest to complete this report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible. I am very thankful to you sir for helping me with your great support and guidance.

I hope that the report will meet the desires.

Sincerely yours,

Rowshan Kadir Niloy
ID: 111 171 224
United International University

Acknowledgement

First of all, I want to thank Almighty Allah to grand me to complete my internship report successfully. In addition, I would like to thank my parents for their wonderful support. I would like to thank my supervisor, my deepest gratitude to my supervisor, United International University's Assistant Professor Muhammad Enamul Haque, for his guidance and assistance in preparing and finishing this report.

I would like to thank my organizational supervisor Mrs. Yeasmin Akter, Assistant Manager of Ranks Motors Limited.

Finally, I would like to thank everyone at RANGS Motors Limited for helping to make this term paper a success by giving the essential data for the performance analysis of RANKS Motors Limited.

Executive Summary

The objective of this report is to find out the financial performance of Ranks Motors Limited. To do so, I used performance measurement technique of ratio analysis for the report, and the findings were very promising. Four key categories, including the liquidity ratio, leverage ratio, asset management ratios, and profitability ratios, constitute the foundation of the analysis.

Based on the findings, the performance of RML is not good as they are facing losses. Over the studied periods, Ranks Motors Limited's liquidity situation has declined. It has not been able to produce constant profits since it was unable to consistently use its assets in the business. As there is a negative value on their net profit margin. However, it was found that Ranks Motor Limited has increased the level of dept over the past four years, which increases their risk factor.

I may assume from the ratio study that Ranks Motor Limited has not able to maintain a consistent profitability from its business operations throughout the years, considering its inability to accelerate its overall performance.

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Chapter One:

Introduction

1.1 Background of the Report

I have done my internship program at Ranks Motors Limited. My department was accounts and finance. The internship lasted for three months. I started from 7th November in 2021 and it ended on 6th February in 2022. I have completed my internship with the guidance of my RML supervisor Ms. Yeasmin Akter after gaining a lot of experience and knowledge. Based on my experience and knowledge, I have decided to evaluate the performance analysis of Ranks Motors Limited.

For this report, I have used 4 years of RML data (2020, 2019, 2018 & 2017). This report is based on the financial performance of Ranks Motors Limited. For analyzing I used the ratio analysis as my tool. This report will help to assist RML stakeholders in making decisions. As RML is a private company that's why I have decided to do a performance analysis for my internship report.

1.2 Objective of the Report

Ranks Motors Limited is one of the knowing companies in Bangladesh. Ranks Motors Limited has a big reputation of automobile industry. As RML being a private company is difficult to say how they really doing in the financial market. That's why this report will mainly focus on RML's financial performance.

- **Primary Objective:** The main objective of the report is to analyze Ranks Motors Limited's performance based on their recent 4 years of data.
- **Secondary Objective:**
 - Activities of RML's finance and accounting department
 - SWOT analysis of RML

1.3 Methodology

This report is based on quantitative analysis. In order to do this report, I mainly used the secondary sources. As all the information were collected from RML's database.

Research design: Descriptive

Research Instrument: Ratio analysis

1.4 Origin of the report

Under the direct direction of Muhammad Enamul Haque, Assistant Professor, School of Business and Economics, this report was created in order to complete the requirements for the Bachelor of Business Administration (BBA) degree. I evaluated the financial performance of Ranks Motor Limited.

1.5 Limitation of The Study

As Ranks Motors Limited is a private company, due to their business nature it was difficult to find any kind of information rather than their official website. Due to pandemic reasons RML couldn't provide 2022 information as many of their employee couldn't be able to work. That's why this report is made based on their old data. As RML is trying to cope up with the latest information all the employees were very busy, which made the interviews of my colleagues difficult as everyone were busy during office hours.

Chapter Two:

Ranks Motors Limited Overview

2.1 Overview of Ranks Motors Limited

Ranks Group is a well-known business organization in Bangladesh. Since its establishment in 1979, Ranks Group has grown from its roots as a car dealership to a multi-business, multi-discipline enterprise. Ranks has become a household name in the automotive, public transportation, real estate and construction development, pharmaceuticals, interior design, telecommunications, and FMCG production and distribution industries. Diversification has been a priority under the leadership of Mr. Abdur Rouf Chowdhury, the group's founder and chairman. We bring together a sense of adventure, responsibility, and accomplishment.

In the early phases of new businesses and adventures, there is a lot of excitement and thrill, but nurturing and extending these activities into successful businesses is a different story. The organization needs to be in the forefront of bringing local Bangladeshi corporations to the global arena, with over 50 enterprises and over 30 years of expertise in various activities and businesses.

Companies like Dolonchapa (Bangladesh) advertise the group's social impact, and bus transportation for women is possible. These companies' consideration of the framework and its operation demonstrates their ability to have a meaningful impact on the ground, to initiate debates and changes that lead to social balance and actual power.

The organizational culture of "Shaping for Excellence" is at the heart of transforming the entire organization into a nimble, customer-focused, and attracting organization that vows to take the organization where it needs to go - from effective and notable organizations to friendly and tech-savvy organizations designed for the future.

2.2 Ranks Motors Limited briefly:

Since its beginning in 1998, Ranks Motors has been a key player in the Bangladeshi automotive market. They've launched Volvo-Eicher, Mitsubishi, Honda, and Mahindra, to name a few. Among the key global automotive brands, they have introduced are Volvo-Eicher, Mahindra & Mahindra, and AJAX.

MAHINDRA:

When it comes to business, one size does not fit all. As a result, RANGS Automotive Division has developed the most comprehensive line of commercial cargo trucks available. Because of modern engine technology and robust materials, Mahindra cars can easily manage both rough country terrain and smooth city highways. Mahindra is a company that not only manufactures automobiles but is also planning to enter the Bangladeshi electrical market.

EICHER:

With the invention of India's first agricultural tractor in 1959, the Eicher Group's flagship company, Volvo-Eicher Commercial Vehicles Ltd (VECV), was a catalyst in India's green revolution. In the Indian vehicle business, VECV has established itself as a prominent player.

VECV has entered the Bangladesh market to reach out to a wide range of clients, thanks to the countrywide coverage that the RANGS GROUP has developed over the years. Because of its exceptional aftermarket services, the brand holds a 60 percent market share in Bangladesh's commercial vehicle sector.

2.3 Overall tasks of finance and accounts department:

- Assist in the development of cost and receipt measurement methods and instruments for forecasting and reality measurement exercises.
- Provide Planning and Budget reporting and analysis of framing and convergence loops Management bodies (Financial Control Management, Competitiveness Management, Programs Management, and Regions Management).
- Make cost analysis files using data extracted from different sources (volumes, costs, revenues, vehicle characteristics, etc.).
- Prepare tracking communication support for the Management.
- Be responsible for several activity centers (banking, financial, general accounting, and analytics and business expenses).
- Manage and track the records of RML'S bank loans and bond issues.
- Record all financial flows with RML'S Finance. (in Indian rupee and other currencies, bank reconciliations and exchange differences).

Chapter Three:

Financial Analysis

3.1 SWOT Analysis of Ranks Motors Limited

A SWOT Analysis is a method for analyzing these four aspects of a company. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

Anyone can use a SWOT Analysis to make the most of what they have for the benefit of their company. And everyone can reduce their chances of failure by understanding their weaknesses and avoiding threats that would otherwise catch them off guard.



Strength:

1: Brand value and Brand Name:

Ranks Group has a strong reputation in Bangladesh, having been in business for almost 40 years. Ranks Motors Limited is one of the most successful sub-business units of the corporation. Customers may trust Ranks Motors Limited's car simply by hearing the word Ranks.

2: Customer Focus:

Ranks Motors Limited is known for its outstanding customer service. Its main purpose is to create customers satisfaction in the thoughts of their clients.

3: Product Quality:

Ranks Motors Limited is the official distributor for Mahindra and Eicher. Mahindra & Eicher is well-known for producing high-quality vehicles for its customers. Ranks Motors Limited is a business that provides high-quality goods to its customers.

Weakness

1: Media Coverage:

Ranks Motors Limited is putting up every effort to gain a competitive advantage in the vehicle industry. However, they are not aiming to increase their market by increasing media coverage. It would be easier, in my opinion, if they focused more on the media. To reach out to more new generation clients, they should also improve their social marketing activities.

2: Product Line:

Ranks Motors Limited solely offers Mahindra and Eicher automobiles. On the other hand, their main competitors, Nitol Motors and IFAD Autos, have a broader product line than they do.

Opportunities:

Market Share Increase:

Ranks Motors Limited has the ability to offer new vehicles into the Bangladesh market in order to attract more customers. RML can take advantage of this opportunity to expand the automobile market by releasing new and innovative vehicles and gaining a larger market share.

Threats:

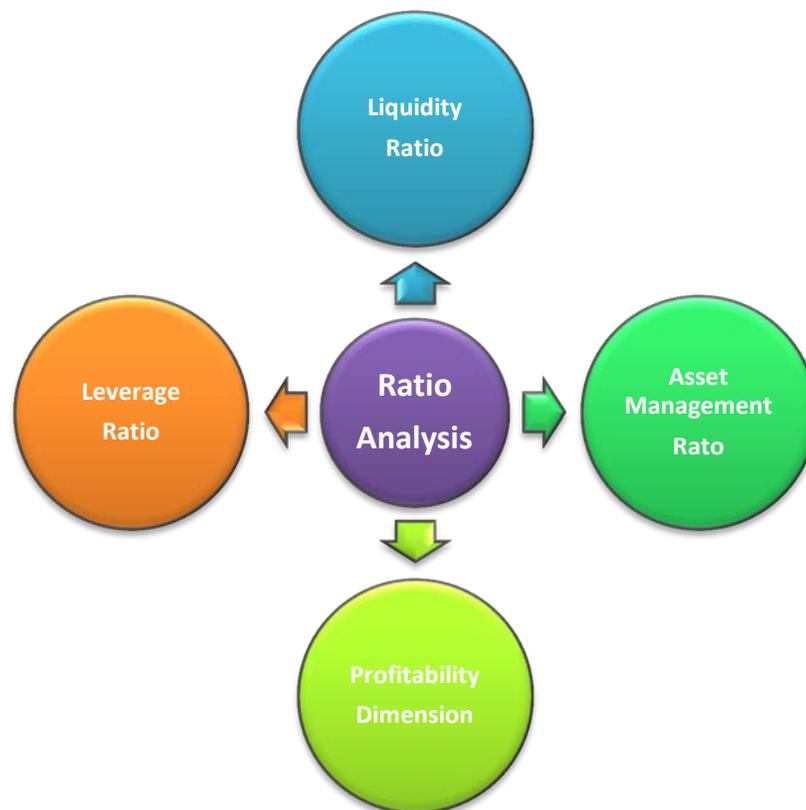
Bangladesh's vehicle market is huge, and there is strong competition. RML will have to work hard to boost sales, outperform competitors, and establish a more acceptable brand identity.

Financial Performance Analysis of Ranks Motors Limited

In order to evaluate bKash Limited's financial performance data, I used data from the company's annual report for the previous four years (2020, 2019 2018 & 2017). The source of information is the **Statement of Financial Position** and **Statement of Profit or Loss and Other Comprehensive Income**. The **Ratio Analysis** is the best approach for calculating a company's financial performance out of all the calculation methods.

3.2 Ratio Analysis

It is a quantitative way of measuring a company's liquidity ratio, asset management ratio, leverage ratio and profitability through the evaluation of financial statements such as the balance sheet and income statement.



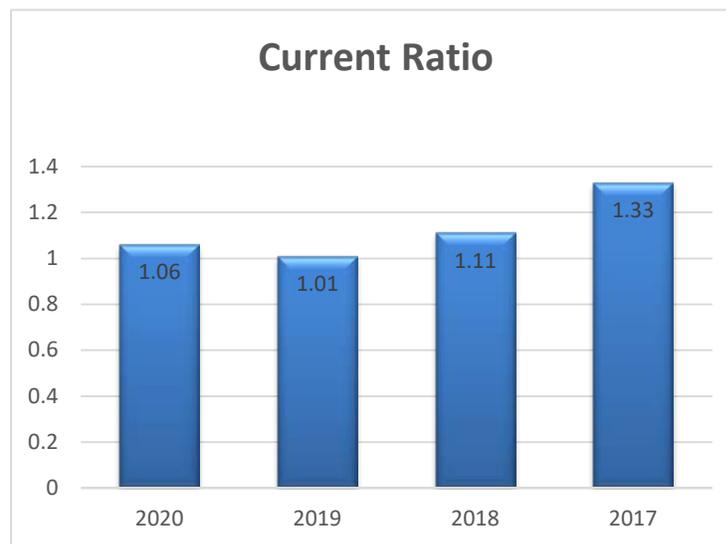
3.2.1 LIQUIDITY RATIO

A set of financial criteria called liquidity ratios evaluates a debtor's capacity to repay existing debt obligations without resorting to additional funds.

Current Ratio:

A tool for calculating liquidity is the current ratio. This evaluates whether a company has enough present assets to pay its liabilities.

Year	2020	2019	2018	2017
Current Ratio	1.06 times	1.01 times	1.11 times	1.33times

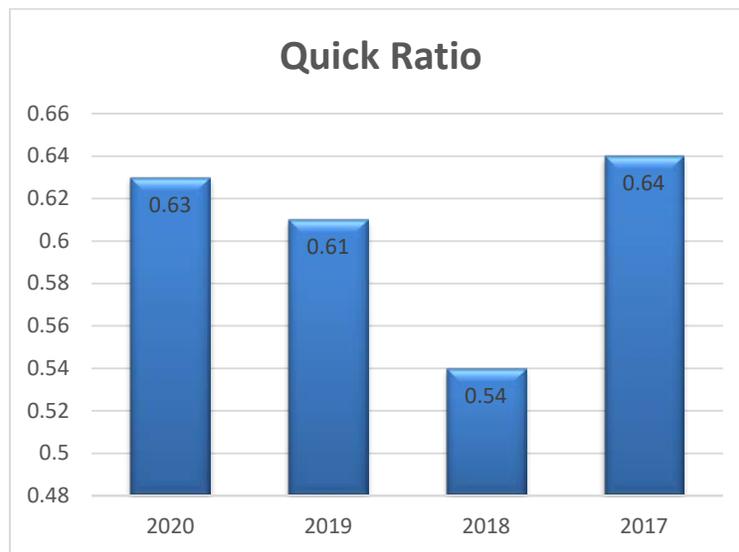


From 2017 to 2020, the current Ratio is 1.08 1.28 1.20 1.11, respectively. In 2017 the high ratio shows that “RML” was facing high efficiency and able to pay back its obligations fully. However, as time passes their performance was getting poor as the ratio was decreasing. Though they were able to recover some of the portion as its 1.06 in 2020 which is a good sign.

Quick Ratio:

A company's ability to cover current liabilities with quick assets like inventories is measured by the quick ratio. The fast ratio therefore examines whether current assets that may be swiftly turned into cash are sufficient to satisfy current liabilities.

Year	2020	2019	2018	2017
Quick Ratio	0.63 times	0.61 times	0.54 times	0.64 times



In 2017, the quick ratio was sky rocking compared to the recent years. However, in 2018 it fell down dramatically which indicates they had issues paying off their payments as their sale margin was very low. As time passed the ratio started getting back to its original position which is a good thing.

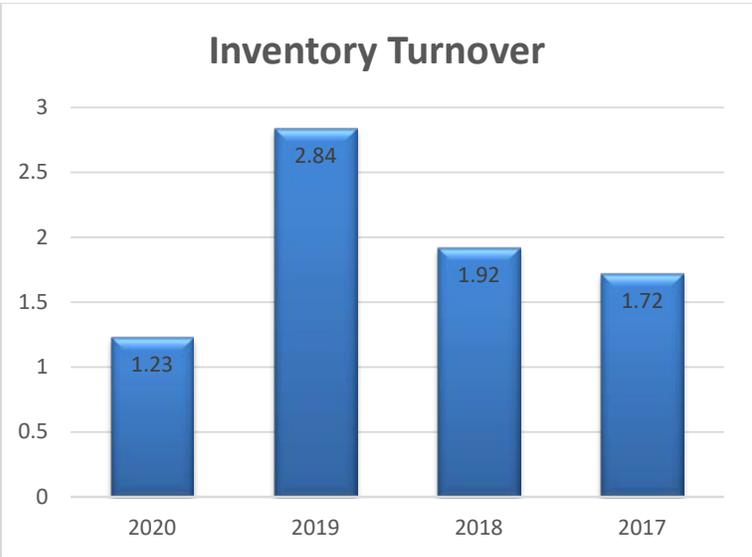
3.2.2 ASSET MANAGEMENT RATIO

Asset management ratios are a group of ratios that show how an organization has utilized its assets to produce profit.

Inventory Turnover:

By contrasting the price of items sold over time to total inventory, one can determine how effectively inventory is handled. It specifies how frequently an organization's typical inventory is converted or replaced over the course of a lifespan.

Year	2020	2019	2018	2017
Inventory Turnover	1.23 times	2.84 times	1.92 times	1.72 times

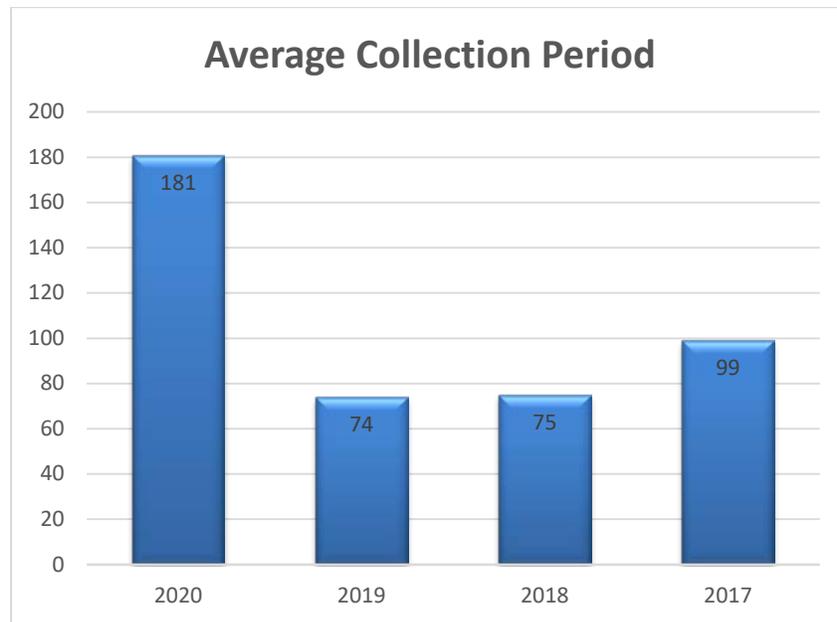


The graph indicates that 2019 was the most profitable year for RML as they were managed sell and restock its inventory 2.84 times. But in the recent year they couldn't sale their products as it shows a declining graph compared to its previous years.

Average Collection Period:

The average collection period is the number of days it takes to collect billed payments from clients.

Year	2020	2019	2018	2017
Average Collection Period	181 Days	74 Days	75 Days	99 Days



Looking at the graph it shows that RML is doing a very poor job in terms of collecting their debts, as the recent year is the highest compared to its previous years. Which is a bad sign because these receivables may turn into bad debt and bad debts can lead to a lack of liquidity.

Total Asset Turnover:

A company's sales are measured against all of its assets using the total asset turnover ratio.

Year	2020	2019	2018	2017
Total Asset Turnover	0.21 times	0.46 times	0.45 times	0.42 times



RML was doing well in their total asset turnover until the recent year as it's the lowest compared to its previous years. Which means compared to its assets they were not able to generate many sales.

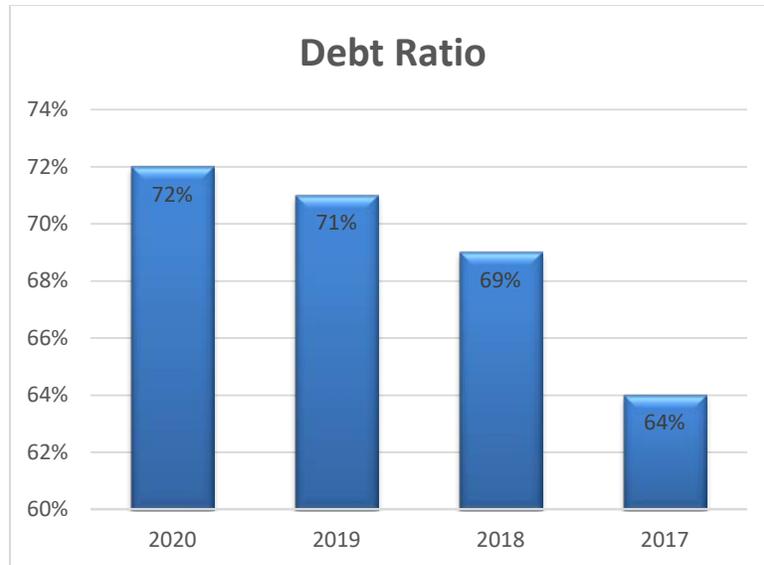
3.2.3 Leverage Ratio:

The leverage ratios demonstrate how much stock and debt were utilized to create the capital structure of the business.

Debt Ratio:

A financial ratio called the debt ratio displays the percentage of a company's assets that are financed by debt. The debt ratio is the proportion of total debt to total assets.

Year	2020	2019	2018	2017
Debt Ratio	72%	71%	69%	64%



The graph shows that the ratios from 2017-2020 are below than 1. Which means RML has more assets than debts. However, RML increasing their debts as the graph shows the highest percentage in the recent year. If it continues it might be a bad new from the company as it increases the risk.

3.2.4 PROFITABILITY RATIO

The company's ability to generate profit and value for its shareholders is shown by its profitability ratio. Increased profitability is indicated by a higher ratio, and opposite.

Gross Profit Margin:

After deducting its cost of products sold, a company's gross margin calculates its revenue.

Year	2020	2019	2018	2017
Gross Profit Margin	24.1%	24%	23%	23%



There are no major changes as the difference between the years are not too big. But we can ensure it getting better as the time passes.

Net Profit Margin:

The amount of revenue that is earned in net income or profit is known as the net profit margin. The ratio of net profits to revenues is known as a company's or business segment's net profit margin.

Year	2020	2019	2018	2017
Net Profit Margin	-6%	5%	3%	3%



The net profit margin of RML has generally been low throughout the last four years, and it has been fluctuating. However, the net profit margin in 2020 is negative 0.06, which indicates that RML will lose money. Which, if RML management believes it is likely could result in a severe downturn in this competitive sector.

Return on Assets:

A firm's asset utilization is measured by its return on assets (ROA), which is based on how successful the company is in compared to its total assets.

Year	2020	2019	2018	2017
Return on assets	-1%	2%	1%	1%



The graph shows that RML was making profit till 2019 as it had a positive value. Until they start making losses in 2020 as the graph score a negative value.

Chapter Four:

Findings & Conclusion

4.1 Findings

- 2017 was the efficient year for RML as the current ratio was the highest than all the four years.
- RML had issues of paying off their payments in 2018 as the quick ratio was the lowest compared to other years.
- RML sold and restock their inventory 2.84 times as it was the highest inventory turnover for them.
- RML is doing a very poor job collecting their receivables as the average collection period in 2020 is the highest (181 days).
- RML has been doing well in terms of overall asset turnover until recently (2020), when it fell to its lowest level in comparison to previous years.
- RML increasing their debts which putting them in a risky position.
- In terms of gross profit margin there is no significant changes between past 4years.
- RML facing a low in 2020 as their net profit margin is in negative.
- RML was profitable till 2019 since it had a positive value. Until they begin to lose money in 2020

4.2 Conclusion

By doing quantitative analysis, I found that RML's current situation is not good. Most of the findings from 2020 are lower compared to 2019, 2018 and 2017. As I found, RML's liquidity ratio hasn't improved compared to the base year because of their lack of sales. It shows that the company's existing assets are insufficient to cover its short-term liabilities. Which is hampering their profitability ratio as RML is facing a loss. The other ratios do not appear encouraging, although the gross profit margin is rising, which suggests potential to increase profits. But unfortunately, they were unable to use their assets to generate profit, as their collection period was more than its base year. However, the ROA and Net Profit Margin have both drastically declined in 2020. The negative percentage shows that the resources haven't been able to generate as much profit as the corporation planned because of the poor asset management. The company isn't creating as many assets as it should, as seen by the fact that total asset turnover has decreased from previous years. Which indicates a poor utilization of the available resources because of a lower value. Which make them increase their debts from last year as their leverage ratio is higher compared to the base year. With high debts, their risks increased as well.

The report's analysis and findings point to a few areas where RML can improve. First of all, they should try to collect their account receivables before they get bad debt. As it happens, they should pay off their debts so that they can reduce some of their risks. With all that, they should consider and rethink their raw material costs, labor costs, or the price of their products/services/goods.

Rangs Motors Limited is a well-known private enterprise in Bangladesh. Rangs Group has evolved from a car dealership to a multi-business, multi-discipline company. Rangs Motors is a major player in Bangladesh's automobile industry. RML is mostly known for two brands. Mahindra and Eicher are two of these companies.

From a learner point of view, the repetition of the same tasks was the most stressful element of this work. I had to do the same things every day. Rangs Motors Limited, in my opinion, should give their interns a variety of jobs. Because I believe that internships are mostly used to obtain practical experience. I don't think any of their interns will become bored if they can come up with a variety of work for them.

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