

Internship Report

On

Agricultural products impact on economic prosperity: A case
study on

GREENLAND TECHNOLOGIES LIMITED



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Date: 06.06.2018

To

Nusrat Farzana

Assistant Professor

School of Business & Economics

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Subject: **Submission of the Internship Report**

Dear Madam,

With due respect, I would like to submit the report on **“Agricultural products impact on economic prosperity: A case study on Greenland Technologies Limited”** which was the topic of my internship program. I would like to say that this report was prepared by me under the supervision of my internship supervisors.

I believe that this internship program has given me a vast opportunity to enrich both of my knowledge and experience. I made my best effort to fulfill the objective of the report and believe that it will meet your expectation.

In preparing this report I have tried utmost to include all the relevant information to make the report comprehensive as well as workable one.

I, therefore, hope that you will enjoy reviewing this report.

Thank you.

A handwritten signature in black ink, appearing to be 'S. D.' or similar, written over a light blue circular stamp.

.....

Acknowledgement

I have incurred many debts of gratitude over the last three months while preparing for this report. First and foremost, I would like to pay my gratitude to the almighty Allah for giving me the ability to work hard. The report titled, as “Financial Performance Analysis of Greenland Technologies Limited”- has been prepared to fulfill the requirements of BBA program. I am very much fortunate that I have received utmost and sincere guidance, supervision and co-operation from various persons while preparing this report. Many people have helped unconditionally in making this report.

First of all, I would like to thank my academic Supervisor of the internship report, Nusrat Farzana mam, Assistant Professor of United International University, for her supervision, valuable time, assistance and constant guideline. Without her supervision the internship report would not be a quality one.

Secondly, I want to thank my office supervisor Mr. Bijan Bhowmick (Manager, Finance) who welcomed me into the beautiful corporate world of Greenland Technologies Limited. He gave me the opportunity to have an excellent and enduring practical working experience, to go out of my comfort zone and learn to be more creative, challenging and confident. And also would like to thanks Mr. Khaled Mohammad Masum (Assistant Manager, Accounts), Mr. Md. Hafizur Rahman Sumon (Senior Executive Officer, Accounts), S.M Ashik Ahmed (Senior Executive, Accounts) & Shahed Ahamed Sajib (Executive Officer, Commercial & Foreign Trade) for introducing me with the process and prospects of accounts related activities. They have helped me with continuous guidance, support during the internship.

Finally, I would like to convey my gratitude to my Parents. Without their contribution it would not be possible for me to complete the three months internship as well as my BBA program.

Executive Summary

Greenland Technologies Limited (GTL) is a reflection of GETCO Group's vision to be a leader of the best quality importing Agricultural & Industrial Equipment. GTL is owned by K.M. Khaled (Chairman), K.M. Rakib Hasan (Managing Director) & K.M. Mobarak Hossain (Director). The company was established in June 2011 but started its operation in June 2013 as a sister concern of GETCO Group. Now GTL owns more than 30 showrooms for its agricultural tractors all over the Country also owns a showroom for its cleaning machineries and other products in the Capital city Dhaka. It has become a well-known name for heavy weight machineries and cleaning equipment's.

Greenland Technologies Limited aspires to provide farmers with complete agricultural solutions by importing quality tractor for modernizing of agriculture production, with particular attention on increased production, processing and value addition. On the other hand GTL mitigates the demand of home & Industrial cleaning machineries.

In the time of intern, I got the opportunity to use my accounting and financial term for three months as an intern at GTL. Three month continuously learning and hard working at GTL, helps me to prepare the term paper, it was the feedback of my internship time. Here, I am going to discuss about the basic overview of the GTL Company and its products, departments, my job responsibility as an intern and brief description about the agricultural product economic impact and the four year financial data analysis of GTL. We also find out how GTL's agricultural product help improve the agricultural economic sector. After that we analyses the important ratio by using the four years data (2013- 2016) which will help to tell about the company's present condition. Find out the outcome from the financial analysis whether it negative or positive. In the recommendation part, it will tell about the task which will help improve the negative finding.

We know that intern is a learning time for a student. I also learn lots of thing in three month internship. The experience will help me to do better and stronger in my desire sector. I learned how to work in pressure and also taught me that strategy is paly crucial part for a

company to survive in the market. Because of the wrong strategy may bring lot of problem for a company.

Table of content

CH-01 Introduction	1
1.1 Background of the study	2
1.2 Origin of the Report	2
1.3 Objective of the Report	3
1.3.1 Main Objective	3
1.3.2 Specific Objectives	3
1.4 Methodology	3
1.5 The study's extent	3
1.6 Limitations of the study	4
CH-02 Company Profile	5
2.1 Background of Greenland Technologies Limited	6
2.2 Vision Statement:	7
2.3 Mission Statement:	7
2.4 Values of the Organization	8
2.5 The Board of Directors of Greenland Technologies Limited	8
Chairman	9
2.6 Hierarchy of the Organization	9
2.6 Organization Structure	9
2.7 The Total Employee of the company	10
2.8 SWOT Analysis:	10
2.9 Product of the Organization	12
Ch-03 Job Responsibility as an Intern at GTL	13
3.1 Financial Accounting Department of GTL	14
3.2 Job Responsibilities	15
CH-04 GTL Agriculture's Product Impact On Economic prosperity of BD	16
4.1 GETCO's Agriculture product	17

4.2 How to sell the product	18
4.2.1 Direct sell-	18
4.2.2 Installment-	19
4.2.3Leasing	19
4.3 Importance of the agriculture sector.....	20
4.3.1 Importance of agricultural growth.....	20
4.3.2 Importance Modernization of the agriculture	20
4.3.3 Importance of the GTL's agricultural product.....	21
4.3.4 GTL's Product name and details	21
4.4 Bangladesh GDP growth	21
4.5 GTL impact on the economic prosperity.....	22
Ch-05Financial Performance Analysis of GTL.....	24
5.1 Objectives of Financial Ratio Analysis:.....	25
5.2 Methodology:.....	28
5.3 Financial Ratio Analysis of GTL.....	31
5.3.1 Liquidity Ratios.....	31
5.3.2 Activity Ratios.....	34
5.3.3 Debt Ratio:	38
5.3.4 Profitability Ratios.....	41
Ch-06: Findings.....	48
Ch-07: Recommendations	51
Ch-08: Conclusion.....	52
Ch-09 Appendix	53
CH-10 Bibliography.....	54

CH-01Introduction

1.1 Background of the study

Internship is the most crucial part and the ending part for a student. Each and every student can do it. It is the place where a student will meet the actual working environment and, learn the way of working with official discipline. They should determine to learn new things and official task. A student can gain the theoretical learning in their long four year study life but a student can gain practical knowledge through the internship program. This is the important and quality time for a student to use the theoretical knowledge in practical life. In the whole internship training program, a student can learn the practical way to use their theoretical knowledge.

I had done my internship program at “Greenland Technologies Limited” under accounting and finance department. I gave the importance in agricultural economic sector and the financial analysis of GTL that’s why the name of the topic for my report is ***“Agricultural products impact on economic prosperity: A case study on Greenland Technologies Limited”***. My organization supervisor Mr. Bijan Bhodwmick (Manager, Finance, Greenland Technologies Limited) and my institutional supervisor of United International University, Assistant Professor, Nusrat Farzana mam accepted it.

1.2 Origin of the Report

Students has a reason to complete the program and the important reason is to face the real corporate working environment in the practical life and let the student learn about the practical experience in real working sector by using the four years theoretical knowledge. It is an important part for all the graduate students from United International University (UIU). I completed my internship program on the “Greenland Technologies Limited” and I prepared my internship report based on this company. It is very important part for me to complete my BBA graduation and the supervisor of the program is Nusrat Farzana mam who is the assistant professor of UIU (United International University). It (report) is the result or feedback of three months hardworking under Greenland Technologies Limited (GTL) Company.

1.3 Objective of the Report

1.3.1 Main Objective

To evaluate the financial performance of Greenland Technologies Limited based on financial management procedures & How the AED product (Agricultural Product) sells to the farmers and the corporation and how it impacts on the agriculture sector by using the product.

1.3.2 Specific Objectives

- ✚ To understand the financial performance of GTL on different areas such as liquidity, profitability and solvency.
- ✚ To assess the company's effectiveness and weakness in these segments.
- ✚ To make recommendations to improve in these areas where it is needed.
- ✚ To identify the importance of AED product in the agriculture sector.
- ✚ To know the installment & leasing process of AED product.
- ✚ To know about the consequences of default in AED sector.

1.4 Methodology

The two types of data is being use to prepare a report. And those are-

- 1) Primary data
- 2) Secondary data

The closing ended question, personal interview, annual report information (confidential), website, journal, article, prospectus, previous report, collected the information by observing organizational procedure and various sources used to collect the data for the report.

1.5 The study's extent

Here I searched about the Inadequacy, capacity, and positive and negative side of GTL by using the financial data and also based on the impact of national economic prosperity. The information and important data was gathered by the help of GTL's employees. Those types' of data is known as a primary data. And the secondary data is also used to prepare the report.

1.6 Limitations of the study

I was working in the GTL for three months as an intern and it seems very short time. But it was a great opportunity for me to working under them and the environment of the GTL office was very friendly. Every one of my department always treat me well. Although we know that there has some norm, rules and restriction in every firm. That's why I had to face some limitation to collect the information for preparing the report.

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

CH-02 Company Profile

2.1 Background of Greenland Technologies Limited

Started with only one salesman, Head of operation also managed to bring the infant company to a midsize company where there are now Greenland Technologies Limited (GTL), a concern of GETCO Group was established in 2011. GTL is owned by K.M. Khaled (Chairman), K.M. Rakib Hasan (Managing Director) & K.M. Mobarak Hossain (Director) and it was established in 2011 but started its operation in 2013. Being inspired and directed by Chairman, Executive Director Golam Arham Kibria managed to get distributorship of

- Demag
- Karcher
- New Holland
- Boge
- Jungheinrich
- And some another multinationals equipment companies.

There are now more than 200 employees, with 8 showrooms, 2 warehouses, Head office and regional office in Chittagong. We are governed by ERP. Sales teams are supported by call centers. All showrooms and offices now have their own computers, printers and scanners. GTL have appointed most renowned audit firm ACNABIN as external auditor who will not only assigned to audit our accounts but also to audit the whole operation system, just to ensure that GTL will be an internationally recognized company for its operation methods by end of 2019.

GETCO Group is one of the respected and reputed business houses in Bangladesh. Over the last 45 years it has transformed itself from a small trading company into a leading diversified business firm in Bangladesh. GETCO Group consists of nine sisters concern and Greenland Technologies Limited is one of the major wings of the group. Greenland Technologies limited is running profitably in different business area. The employees are highly dedicated for their company and treat like it is their own company. There have more experienced employees who have the magnificent leadership quality to run a company. The employees always support the management in good and bad condition. They are also providing the services after selling the product. The company has connection with high class manufacturer who will provide the high class product to them and also has field worker who will provide the product repair service and they are highly skilled to solve any kind of technical problem in the product by taking a minimum service charge

Greenland Technologies Limited (GTL) was established in 2011 which contributes in national economy through sustainable solutions to the agricultural sector and Industrial Sector. Their strategic business units-Agro-Machineries, cleaning equipment for home and garden as well for industrial cleaning machineries provides highly effective products to fulfill the wide gap in Bangladesh market. Their aim is to provide this nation with a better future with complete solution to the farmer, households and industrial sector through inspiring innovations and keen focus on research and development.

They have the expertise and equipment to provide their clients with a complete range of services necessary to maximize their rural investment. Their team has always been at the forefront to solve the demand of growers as well as the demand of final customers in the target market. They believe that in order to promote today's global agriculture and industry, it is essential to assist to the growers benefit, profit and happiness, along with fulfilling the needs of the final consumer, price and quality wise.

2.2 Vision Statement:

- To be a leader of the best quality import and capture the maximum market share.
- To be the pioneer of Diversified & Quality Product Varieties.
- Best after sales service provider in Agro and Industrial business.

2.3 Mission Statement:

We want to bring ethical and excellence in business practices in agro and industrial sector contributing significantly to **GDP** and ensuring trust from grower to consumer.

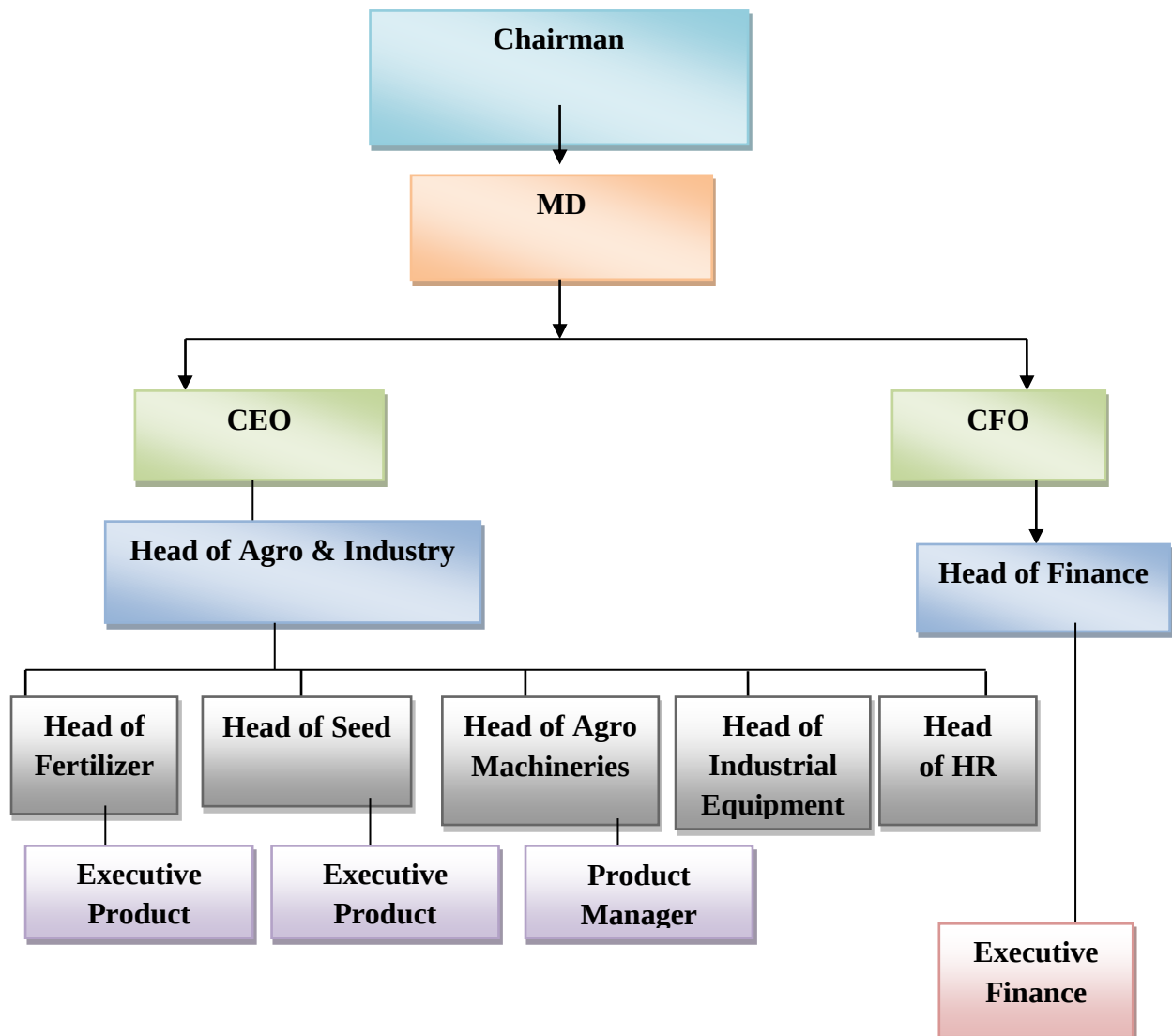
2.4 Values of the Organization

- Integrity** : We are honest, transparent and ethical in all our dealings
- Passion to Win** : We deliver what we promise by bringing the best in all of us
- Respect to individual** : We win the hearts and minds of all people we interact with
- Teamwork** : We believe in trust, truth and team effort
- Making a Better World** : We compassionately contribute to the community we live in
- Continuous Improvement:** We strive to learn and innovate new paradigms
- Every Paisa Counts** : We treat every taka spent as our own

2.5 The Board of Directors of Greenland Technologies Limited

K.M.Khaled	Chairman
K.M. Rakib Hasan	Managing Director
K.M. Mobarak Hossain	Director
Golam Arham Kibria	Executive Director

2.6 Hierarchy of the Organization



2.6 Organization Structure

- Four business segments- Agro-Machineries, Fertilizer, Seed and Industrial equipment operates countrywide regional divisions contribute to the local development of our business and help to develop market potential. For financial flexibility our divisions are grouped into the following four regions: North; South; North-East & South-East.
- Clients of Greenland Technologies Limited include a diverse range of private and public organizations involved in the development and adoption of seeds, pesticides, fertilizers, crop varieties, agro-machineries, industrial equipment and other

agricultural inputs. Their prime clients include farmer groups, agricultural distributors, universities, research corporations and other government organizations.

- Their team of experienced staff, proven systems, leading edge technology and equipment reflects to your individual requirements.

They provide centrally coordinated after sales service on a national scale with our extensive network of collaborators in other regions.

2.7 The Total Employee of the company

Greenland Technologies Company is developing day by day because of their business market performance. That's why they need more human power for maintaining and creating the new working field in the business area. The theme of the GTL is "one-bank one-family. It builds a better work environment in the company and it is also working as a motivation for the working crews of all the departments. There have total 50 employees in the main branch where I was doing my intern. The company is always caring about their staff health and the working environment. The company provide yearly holiday package for all employees, also provide maternity leave. The company is also providing the benefit, and it is based on the better performance of employees and also providing the festival bonus.

2.8 SWOT Analysis:

SWOT analysis is very important for every company. SWOT analysis helps the company to justify about their strength, weakness, opportunity & threats.

S=Strength
W=Weakness
O=Opportunity
T=Threats

SWOT analysis of Greenland Technologies Limited is as follows:

Strengths:

- Company Image
- Strong Financial capabilities as a new company
- Identified customer need
- Professional sales team
- Modern technology

Weaknesses:

- New entry in Importing
- Lack of experience in lease financing
- Quick decision making problem
- Manpower setup problem
- Well distribution network problem

Opportunities:

- Rapid mechanization of agriculture sector
- Increase construction works in rural areas
- ROI is substantial
- Extension of variability of product
- Ensure Market coverage against competitor's product.
- Add value to Attract Consumer.
- Advertising and targeting the Target customer
- Govt. support for agribusiness
- Increase farmers awareness
- Rapid mechanization of agriculture sector
- Technology used in agribusiness

Threats:

- Global economic recession
- Dependent on foreign supply
- Higher purchase model

- Change the Govt. policy
- Risk factor
- Credit based business
- High competition
- Many national and international company in the market
- Low quality product in the market
- Maximizing sales

2.9 Product of the Organization

NEW HOLLAND TRACTOR
TARA POWERTILLER
TARA DIESEL ENGINE

Ch-03 Job Responsibility as an Intern at GTL

3.1 Financial Accounting Department of GTL

A team of 10 people look after the Financial Accounting Department in GTL. This team is accountable to deal with all the business transactions conforming the company policies and practices. They also prepare the external and internal reports for all stakeholders as per company requirements. The responsibilities of the employee of this department, is to manage and control future cash collections and disbursement, using the resources effectively and efficiently to generate more cash inflow. They use TALLY & VANGUARD software for their convenience to collect the data. However, they have to take some risks for these types of cash flows. Suitable accounting systems must be used in this section because company's financial result depends on these transactions. If any data mistakenly entered into the process GTL have to suffer for this. As a consequence, the employees of this department need to be very cunning and careful. Thus, GTL's Finance department can avoid various risks, market risk, credit risk and liquidity risk by managing the treasury effectively.

Although the department is very small with few people but their contributions are huge. Some major activities under this department are:

- ✚ Transfer funds from one account to another such as GTL to GTL Motors, GTL to GETCO, GTL to MIL TRADE etc.
- ✚ Monitoring the collections of daily sales proceeds and deposit them in bank accounts.
- ✚ Maintaining relationships with different banks for account opening, closing etc. and perform bank reconciliation.
- ✚ Make payments for petty bills and third parties for raw materials, machineries purchase etc.
- ✚ Calculate depreciation expenses for fixed assets.
- ✚ Deducting tax at source and withholding tax.
- ✚ Opening letter of credit, settle the payments of LC, analyze exchange rate for measuring foreign exchange gain and loss from LC operations.
- ✚ Produce half yearly and annual financial reports.
- ✚ Manage cash flows and liquidity crisis.

3.2 Job Responsibilities

I am honored because I got the chance to spend my internship period at the corporate head office of GTL. There was really a good communication between the employees and every one of them was efficient and talented in various works. I have learned many things from them. I was assigned to work under the supervision of one person but I had the opportunity to work with others also. Therefore, I have used my time effectively and efficiently. I have started my internship at GTL on 15th January 2018 and ended up on 15th April 2018. The work environment was friendly. Before assigning any task, they made me understand from the scrap and at the beginning they checked and monitored whether I was following the instructions correctly or not. During my internship period, I have done various types of work in Financial Accounting Department and I have tried my level best to complete all the jobs accurately.

These are the following tasks I was responsible during my internship in the organization:

1. Coding for Customers of all products for VANGUARD posting
2. Collecting details information about supplier and customer company
3. Preparing product price rate comparison report among different companies
4. Documentation of sales invoice and delivery challan on monthly basis and preparing report of collecting sales invoice and delivery challan on the basis of previous sales
5. Helping sending letter notice about overdue payment of customer company
6. Checking Documentation and procedure of letter of credit (LC) files
7. Prepare journal voucher for VANGUARD and posting into the system, print system copies for documentation
8. Calculation, analysis and reporting of purchase order (PO)
9. Patty cash calculation, analysis and reporting
10. Bank Deposit Voucher calculation, analysis and reporting
11. Lunching VANGUARD with different modules like order entry and invoicing, inventory and purchase order management , accounts receivable , sales analysis, general ledger, accounts payable, cash book main menu.
12. Corporate bank account process.

CH-04 GTL Agriculture's Product Impact On Economic prosperity of BD

4.1 GETCO's Agriculture product

New Holland Tractor is serving the needs of farmer and ranchers more than 110 years across the North America. A huge collection of the product along with tractor, forge equipment, harvesting crop production and material handling equipment are manufactured by the GTL Company. New Holland also manufactures a compact tractor line equipped with the same comfort and the product is designed in a way which is easy to use.

New Holland is a global brand of agricultural machinery produced by CNH Industrial. New Holland agricultural products include tractors, combine harvesters, balers, forage harvesters, self-propelled sprayers, haying tools, seeding equipment, hobby tractors, utility vehicles and implements, as well as grape harvesters. The original New Holland Machine Company was founded in 1895 in New Holland. New Holland equipment is manufactured globally and the current administrative headquarters are in Turin, Italy, with New Holland, Pennsylvania serving as the headquarters for North America and home of the largest hay tools production facility in the world. With 18 plants spread globally, as well as six joint ventures in the Americas, Asia, and the Middle East, the corporation is present in 170 countries worldwide.

Greenland Technologies Limited imports few those types product and sells it to the market. They import the product from Asian's New Holland Branch .There has no question about the product quality because I am already mentioned above the history and reputation of the New Holland Tractor. Greenland Technologies Limited brings these types of product because the quality is matter for them. By using these types of equipment our farmer and user of the product will be benefited.

🚦 These are the model number of new Holland product which is actually used for agricultural purpose-

Product Model
MAXX-40
MAXX-45
AGRO MAXX-50
AGRO MAXX-60

AGRO LUX-45
AGRO LUX-50



These are the tractor and cultivation tools which is the product of Greenland Company. It is the product which help the farmer complete the work in effective way by minimizing the manpower. Agricultural sector can be benefited by using of these types of product.

4.2 How to sell the product

The Greenland technologies companies sell the product in many different ways. There has three ways which they used to sell the product and that are-

-  Direct sell
-  Installment
-  Leasing

4.2.1 Direct sell-

By using it, they directly sell the product to the customer in exchange of money. The customer must pay the price when they got the ownership of the product.

4.2.2 Installment-

- By using it, a customer can purchase the product in installment basis. They can pay the money in a monthly wise. The duration time to pay the full price is maximum 3 year, not beyond it. But if the customer wants to pay the money before the time, they can.

First Month	Remaining month
25% of product price	2.14% of the remaining price

But when the customers don't pay the installment consequently three months then the company will sent them notice to repay the installment. The customer must pay the installment after getting the noticed, otherwise the company will bring back their own product from the customer and the previous installment will not give it back.

- There has another facility to pay the money and it is known as an EMI installment facility. Here a bank will pay the full money to purchase the product. And the customer will pay to the bank with interest. The duration time to pay the money is also fixed by the bank. The company can't able to interfere in the installment process.

4.2.3Leasing

The customer can use the product but they no need to purchase it. They can take the product as a rent which the customers have to pay the specific amount monthly. On the time of using the product, the repairing cost must be paid by the customer. The rent amount is differed based on the product price.

Product price	Rent
50,000 – 200,000 lakh	16,000/-
200,000-900,000 lakh	24,000-42,000/-
900,000- 200,000 lakh above	45,000-90,000/-

These are the three policies which the customer can use to buy or lend the product from the company.

4.3 Importance of the agriculture sector

Agriculture refers those activities which are related with cultivation of land for the production of crops. Any equipment use for the cultivation is known as agricultural equipment and that's the reason GTL's New Holland Product is called agricultural product.

Agriculture is the backbone of Bangladesh. If the agriculture development is possible then it will good for the prosperity of Bangladesh economy. There has 8.52 million hector cultivable land and if we use it in a proper way, it may create chance to increase the Bangladesh economy.

4.3.1 Importance of agricultural growth

- Bangladesh one fourth (1/4) GDP is depend on agricultural sector. The contribution agricultural sector in GDP is 19.29%
- Agricultural sector provides employment for the large numbers of people. It creates employment around 48% from the total labor force.
- The raw material like cotton for textile industry, seed for oil industry supplied by the agricultural sectors.
- Agriculture contributes in international and domestic trade.

4.3.2 Importance Modernization of the agriculture

Agriculture is an important part of life. The agricultural product demand increased when the population increases. So it is important to modernize the agriculture sector by using the new modern equipment to meet with the rising demand. But there has some place like Africa, Asia and Latin America which are unsuccessful increase the food production. It can be overcome by using new modernize product. We know that agriculture play an important role to reduce poverty in Bangladesh. It reduced the poverty 90% from 2005 to 2010. The productivity of agricultural sector is also increased from 9.8 to 34.4 million from 1972 to 2015. It happened just because of adapting the new technological knowledge of the agricultural sector. A new project was started in 2011 and the name was @the innovative agricultural productivity

project. It has provided technical training to about 300,000 farmers to improvise their knowledge.

4.3.3 Importance of the GTL's agricultural product

Normally the Greenland Technologies agricultural equipment's are tractor and cultivation tools. It helps farmers to make the work easy and effective. It will reduce the need of man power for the cultivation and also reduce the extra cost. The big issue is about the price of the equipment. But GTL offers the installment process and is also giving the opportunity to use the product in lease. Because of it, the farmers or users no need to think about the huge amount of price of the equipment. GTL offers the opportunity because they know that advance equipment of the Agricultural sector can help our country to dominate in the modern farming world.

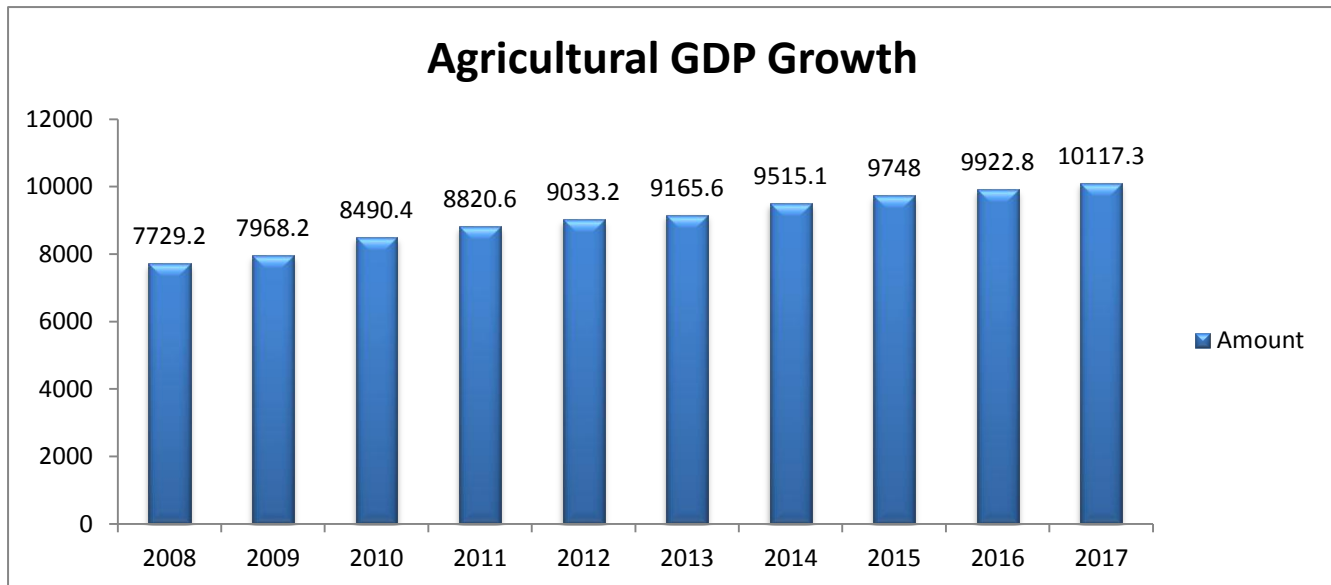
4.3.4 GTL's Product name and details

Name	Details
Tractor	It can use for a long term. Pushing/pulling, drawing and towing can be easily done by the tractor.
Field Cultivator	The purpose of use it are Stirring and pulverizing the soil, weed removal, aerate/loosening soil but the farmer mainly used it to prepare seedbed which used to plan crops.
Combines	It will carry out threshing, harvesting and cleaning grain plants and with it, is very easy with combine.
Wheel Tractor Scraper	It is heavy equipment and it used for earthmoving. It's designed depend on farmers cropping pattern. It can remove weed from the field, cut the weed into small pieces and it helps to improve soil which will increase the productivity.

4.4 Bangladesh GDP growth

Bangladesh GDP growth is increasing simultaneously which is really a positive sign for Bangladesh economy. We can clearly see it from the below chart. Bangladesh GDP growth increased 10117.30 BDT million and it broke the al other previous record. According to the Trading Economy Global Macro Models and analysts expected the GDP will increase also in upcoming time, it may approximately 10326

BDT million. And it happened just because of the modernization of the agricultural sector. The company who sell the new modern tech to the farmer, they also help them indirectly. Because they bring the product near to the farmer and they can easily find it. GTL (Greenland Technologies Limited) Company also does the same thing. They import the best quality product and give it to their customer. So we can say that GTL Company also helps to increase the GDP.



4.5 GTL impact on the economic prosperity

Our company has no any direct connection to the economic growth of the agricultural sector but somehow it is working indirectly. We sell quality product that means customer will satisfy with it. The product is costly and we know it very well. So we give them opportunity to use in exchange of rent and we call it “leasing”. The farmers can also pay the price money in an installment basis. So it’s clearly indicated that our company give the opportunity to use the highly modernize agricultural equipment which will increase their productivity.

How the product will be increase productivity-

- It will reduce the labor cost.
- the work should be done in more effective and easy way
- saving time.
- can be used in many purposes.

Example: - Tractor can be used for the cultivation and also they use it to carry the crops or food from one place to another

Our company also provides service warranty to the customer, which will reduce a farmer repairing cost. So we can say that the Greenland Technologies company indirectly impact on the Bangladesh economic prosperity.

Mr. Sharifuddin doulah is customer of our company. He bought a field cultivator from our DINAJPUR (DJP) branch in an installment and he is happy with our product. He shared his experience with us. He told us that the product is more effective. It reduces his cost and increase the profit and productivity. He also share his experience with other farmer and they also want get the same service from us. It means our product is really helping them to increase their income. And when farmers earn more profit, it will create a positive impact on the GDP growth. So that's the reason, the GTL company indirectly impact on the Bangladesh economic prosperity.

Ch-05 Financial Performance Analysis of GTL

Financial ratios are useful indicators of a firm's performance and financial situation. Most of the ratios can be calculated from information provided in the financial statements.

5.1 Objectives of Financial Ratio Analysis:

-  To analyze the financial statements of GTL.
-  To calculate the different types of financial ratios of the company.
-  To know the financial condition of the company.
-  To know the company's financial development for last five years.

Using of the financial ratio:

The financial statement is the major part of company and it is regularly needed for the company to measure the company's operating efficiency. The information contain in the four financial statements. The financial statement is based on the use of the ratio or relative value that's why relative is the main word here. To analysis and monitoring the firm performance can be possible by calculating and understanding of the financial ratios. The income statement and the balance sheet are the fundamental input to ratio analysis .

Types of Ratio Comparisons:

Ratio analysis is not merely the calculation of a given ratio. More important is the interpretation of the ratio value. A meaningful basis for comparison is needed to answer such questions as "Is it too high or too low?" and "Is it good or bad?" Two types of ratio comparisons can be made:

-  Cross-sectional and
-  Time-series.

(i)Cross-Sectional Analysis: Cross-sectional analysis involves the comparison of different firms' financial ratios at the same point in time. Analysts are often interested in how well a firm has performed in relation to other firms in its industry. Frequently, a firm will compare its ratio values to those of a key competitor or group of competitors that it wishes to emulate. This type of cross-sectional analysis, called benchmarking, has become very popular.

(ii)Time-Series Analysis: Time-series analysis evaluates performance over time. Comparison of current to past performance, using ratios, enables analysts to assess the firm's progress. Developing trends can be seen by applying more than one year comparison. Each and every significant year to year difference may be emblematic of a big problem for a company in the cross functional analysis.

(iii)Combined Analysis: The Cross functional and time series analysis is the most informative approach in the ratio analysis. A combined view makes it possible to assess the trend in the behavior of the ratio in relation to the trend for the industry.

Cautions about Using Ratio Analysis:

Before discussing specific ratios, we should consider the following cautions about their use:

- i. Ratios with large deviations from the norm only indicate symptoms of a problem. Additional analysis is typically needed to isolate the causes of the problem. The fundamental point is this: Ratio analysis merely directs attention to potential areas of concern; it does not provide conclusive evidence of the existing complication.
- ii. A firm can't judge the overall performance of a company by using the single ratio because of insufficient information. The important ratios are needed for the better judgment. But for the specific reasons a firm can use three or two or one ratio to know about the firm financial condition.
- iii. The financial audited statement's data get more priority for the financial ratio analysis. We may not find the exact financial situation of a company without using the financial statements which have been audited.
- iv. The financial performance can be measured by the financial ratio. The ratio's result need to compare and need to calculate by using the financial statement. Otherwise they may create fault in their task and decisions. Because of the seasonal impact may create problem. For a demo like account receivable turnover value of a company at the end of the June will not match with the end of the December value and it may

create barrier to take any decision if they don't compare the seasonal changes during a year.

- v. Inventory and depreciation accounts can create misinterpret in the ratio analysis. That's why the financial data should be developed in the same way like the financial data are being compared.

There has five basic ratios which are being used to analysis a company financial condition by using a company financial statement. That are-

- ✚ Liquidity,
- ✚ Activity,
- ✚ Debt,
- ✚ Profitability, and
- ✚ Market ratios.

To measure a company's return we can use the profitability ratio but the market ratio is not only measure the return of a company but also measure the risk of a company. The ratios which main task is calculating the risk are known as liquidity ratio, debt ratio and activity ratio.

The balance sheet and the income statement are playing an important part to analysis the financial ratio. That's why I collected those things from the Greenland Technologies Limited (GTL) to analysis the financial condition.

5.2 Methodology:

For calculating different types of ratios for the project work, the following formulae were used:

Liquidity Ratios:

$$1. \text{ Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

It's a measures a company's ability to meet short term obligations with short term assets, a useful indicator of cash flow in the near future. A social enterprise needs to ensure that it can pay its salaries, bills and expenses on time. Failure to pay loans on time may limit your future access to credit and therefore your ability to leverage operations and growth. The one problem with the current ratio is that it does not take into account the timing of cash flows.

$$2. \text{ Working Capital} = (\text{CA_CL}) \text{ Current Asset} - \text{Current Liabilities}$$

A company's efficiency and its short- term financial health can be measured by the working capital.

$$3. \text{ Quick Ratio (Acid-Test Ratio)} = \frac{\text{Quick Assets}}{\text{Cuurent liabilities}}$$

If a firm has enough short term asset to meet with immediate demand and liabilities of a firm (Without selling any inventories), is known as a more stringent or demanding liquidity. It is also known as "Acid Test", because it is one of the most liquid assets for any company that can be quickly converted into cash. If a firm quick ratio result is 1:1 that means the firm or the company can pay its bill without selling its own inventory.

Activity Ratios:

$$1. \text{ Inventory Turnover Ratio} = \frac{\text{Cost of Good Sold}}{\text{Inventory}}$$

It is the calculation the number of times inventory is turning over into sales during the year or how many days it takes to sell inventory. This is a good indication of production and purchasing efficiency. A high ratio indicates inventory is selling quickly and that little unused inventory is being stored (or could also mean inventory shortage). If the ratio is low, it suggests overstocking, obsolete inventory or selling issues.

$$\mathbf{2. \text{ Total Asset Turnover Ratio} = \frac{\text{Sales or Revenue}}{\text{Total Assets}}}$$

Total Asset Turnover Ratio is the company's total revenue, the invoice, cash payments and other revenues. Total Asset Turnover Ratio represents the value of goods and services provided to customers during a specified time period - usually one year. How efficiently a business generates sales on each currency of assets. An increasing ratio indicates a company is using its assets more productively.

$$\mathbf{3. \text{ Days Sales Outstanding (DSO)} = \frac{\text{Accounts Recievables}}{\text{Total Sales}} \times \text{No. of Days}}$$

It is a measurement of the average number of days that a company takes to collect revenue after a sale has been made. A low DSO number means that it takes a company fewer days to collect its accounts receivable. A high DSO number shows that a company is selling its product to customers on credit and taking longer to collect money.

$$\mathbf{4. \text{ Average Payment Period} = \frac{\text{Accounts Payable}}{\text{Net Purchase or COGS}} \times \text{No. of Days}}$$

The average time period in which a business or company typically takes in paying off its purchases that have been made by credit. This will not have an effect on the company's working capital. A shorter payment period indicates prompt payments to creditors.

Leverage Ratios:

$$\mathbf{1. \text{ Debt Ratio} = \frac{\text{Total Debts}}{\text{Total Assets}} \times 100}$$

It is a financial ratio that measures the extent of a company's or consumer's leverage. The debt ratio is defined as the ratio of total debt to total assets, expressed in percentage, and can be interpreted as the proportion of a company's assets that are financed by debt. The higher this ratio, the more leveraged the company and the greater its financial risk.

Profitability Ratios:

$$\mathbf{1. \text{ Net Profit Ratio}} = \frac{\text{Net Profit}}{\text{Sales or Revenue}}$$

A ratio of profitability calculated as net income divided by revenues, or net profits divided by sales. It measures how much out of every currency of sales a company actually keeps in earnings. Profit margin is very useful when comparing companies in similar industries. A higher profit margin indicates a more profitable company that has better control over its costs compared to its competitors. This ratio measures your ability to cover all operating costs including indirect costs

$$\mathbf{2. \text{ Return on Equity}} = \frac{\text{Net Income available for Common Stock Holders}}{\text{Stock Holder's Equity}}$$

The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. This is one of the most important ratios to investors. How does this return compare to less risky investments like bonds.

$$\mathbf{3. \text{ Return on Assets (ROA)}} = \frac{\text{Net Income}}{\text{Total Assets}}$$

The ability of a company to turn or convert the asset into profit can be measured by the return on asset ratio (ROA). It is a very crucial part of measurement for a company or industry. Your competitors will have found a way to operate more efficiently when the ROA ratio is low compare to the other competitor's industries. The company total asset is the sum total liabilities and the shareholder equity and it is used for financing the company. The company's asset can be funded by debt or equity. The tax interest expense is adding back in the formula of ROA

5.3 Financial Ratio Analysis of GTL

Financial ratio is the most important thing for a company to measure the performance of a firm. It can be divided into five basic categories and those are liquidity, activity, debt, profitability and market ratio. By using the liquidity, debt and activity ratio help to measure the primary risk. Profitability ratio is using to measure the return but market ratio is using to measure the both risk and return.

For the financial analysis need some necessary inputs for preparing the financial ratio which help to measure the company's performance. Here, we will use the 2013 to 2016 income statements and balance sheets for Greenland Technologies Limited (GTL) to present financial performance analysis.

Last Four Years Financial Data Analysis of GTL

Particulars	2016	2015	2014	2013
Turnover	226,003,705	207,611,472	197,611,472	186,003,705
Gross profit	90,401,482	72,664,015	71,140,130	70,681,408
Profit before tax	25,021,621	24,414,652	19,286,206	18,657,152
Profit after tax	16,264,054	15,869,524	12,536,034	12,127,149
Shareholder's Equity	38,350,721	25,776,917	28,932,862	26,012,834
Total Assets	191,753,603	171,846,114	206,663,298	216,773,613
Total Current Assets	187,679,516	166,016,946	192,519,976	198,822,768
Total current Liabilities	122,722,306	127,080,201	149,293,566	156,423,839
Total Liabilities	153,402,882	146,069,197	177,730,436	190,760,779

5.3.1 Liquidity Ratios

A firm ability to satisfy its short term obligations can be measured by the liquidity ratio and the strength to meet the immediate obligations. The solvency of the firm's overall financial position can be referred by the liquidity ratio. It will refer the capability of pay its bill. Because of a company insufficient liquidity may be forced to make a tough decision to meet their obligation. It will work as indicator and help to lead for solving the cash flow problem. There has a two basic measure of the liquidity and those are:

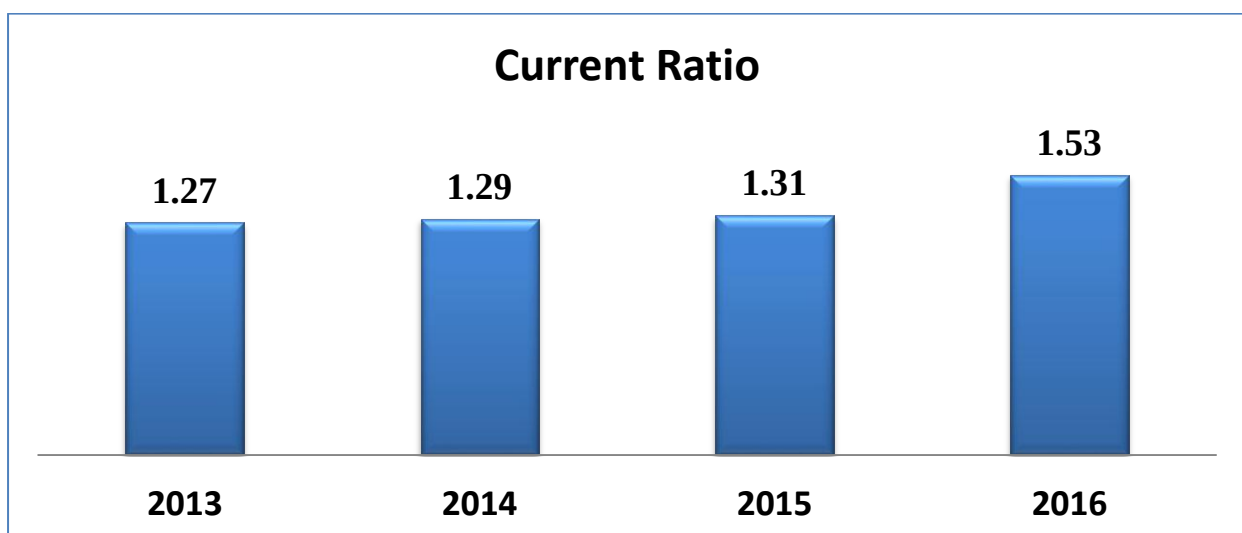
- (i) Current ratio
- (ii) Quick Ratio (Acid-Test ratio)

(i) Current Ratio: it is one of the most commonly used financial ratios. It helps to measure the ability of a firm to meet its short term obligations. It refers the company's liquidity asset to compare with the short term liabilities. So it helps to show the capability of a firm to meet its short term obligation by using their asset like cash etc. If CR is high that means a company has more liquidity to meet its obligations. The current ratio 2:1 is the ideal current ratio. And the formula of the current ratio is:

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

GTL's 2013-2016 Current Ratio:

Particulars	2016	2015	2014	2013
Current Assets	187,679,516	166,016,946	192,519,976	198,822,768
Current Liabilities	122,722,306	127,080,201	149,293,566	156,423,839
Current Ratio	1.53	1.31	1.29	1.27



Interpretation: In 2013 GTL's current ratio was 1:27. It was good and current ratio increased from 1:27 to 1:29 in the 2014. So it is clearly indicated that the current asset and liabilities both were increased. The current ratio increased slightly 1:31 in 2015 that mean the current liabilities is increased than the current asset and the current asset was remaining unchanged. The ratio was increased commonly 1:53 in 2016. But in 2016 the current

liabilities was going down because of the reduction of short term debt and the accounts payable. After the analysis of current ratio we can say that the GTL didn't face any problems to meet or fulfil their obligations.

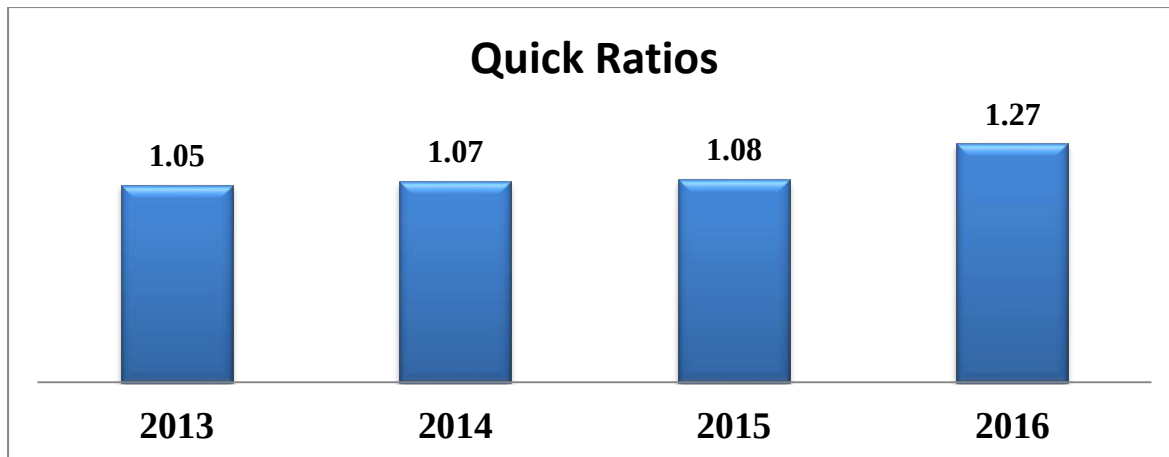
(ii) Quick (Acid-Test) Ratio: The quick (acid-test) ratio is similar to the current ratio except that it excludes inventory, which is generally the least liquid current asset. A reliable test of liquidity is the quick ratio test that excludes inventory from current asset. It considered the ability to 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. There have two primary factors which is the reason behind for the low liquidity of inventory. Those are:

- (1) There have several types of inventory which can't be sold easily because the items are partially known as special items, completed items or similar like those types of item.
- (2) Sometime inventory sold on credit rather than cash and these types things become an account receivable. We know that account receivable is a thing which needs time to convert in cash and that's why it's not included in the quick ratio..

$$\text{Quick (acid test) ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

GTL's 2013-2016 Quick Ratios (Acid-Test Ratio):

Particulars	2016	2015	2014	2013
Current Assets	187,679,516	166,016,946	192,519,976	198,822,768
Inventory	31,905,518	28,222,881	32,728,396	33,799,871
Current Liability	122,722,306	127,080,201	149,293,566	156,423,839
Quick Ratios	1.27	1.08	1.07	1.05



Interpretation: Here, we can see that the quick ratios result of GTL's company was 1.05 in 2013 and it increases slightly in next two years that is 1.07 & 1.08. The current assets, current liabilities and also the inventory increased respectively in 2014 and 2015. It shows massive improvement i.e. 1.27 in the year 2016. In the meantime company hold huge amount of cash in hand or may face problem in inventory management or in the account receivable.

5.3.2 Activity Ratios

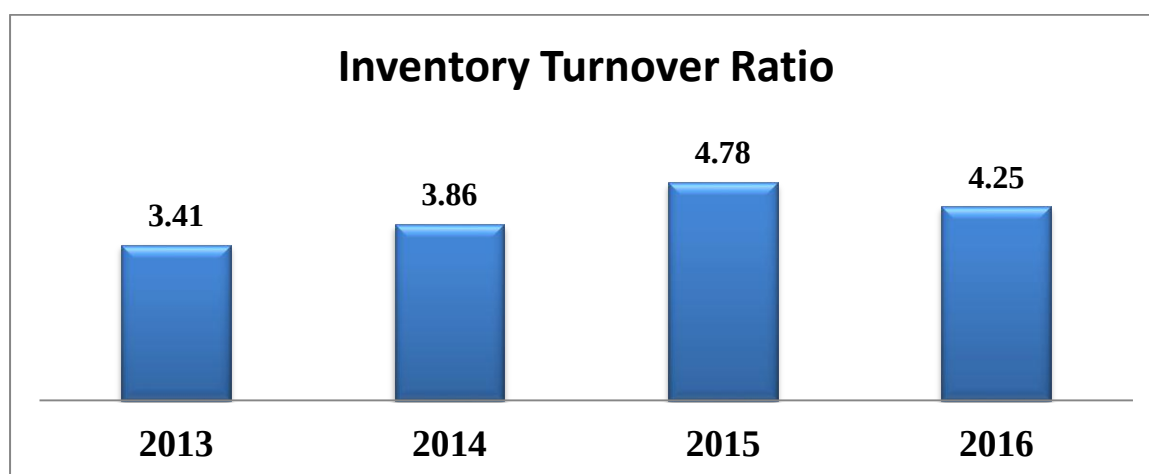
Activity ratios measure the speed with which various accounts are converted into sales or cash—inflows or outflows. With regard to current accounts, measures of liquidity are generally inadequate because differences in the composition of a firm's current assets and current liabilities can significantly affect its "true" liquidity. It is therefore important to look beyond measures of overall liquidity and to assess the activity (liquidity) of specific current accounts. A number of ratios are available for measuring the activity of the most important current accounts, which include inventory, accounts receivable, and accounts payable. The efficiency with which total assets are used can also be assessed.

(i) Inventory Turnover: Inventory turnover commonly measures the activity, or liquidity, of a firm's inventory. The ratio is measure accompany is strong enough to sell their inventory or not. The IT ratio value is going up and indicated that the company has in strong position to sell inventory or the effectiveness in purchasing inventory. But when it reverses, the selling and the effectiveness in purchasing inventory both will show the negative sign because higher is the better here. The result 4:1 is the standard result of the inventory turnover ratio .The standard inventory. We can calculated the IT ratio by using the formula and that is-

$$(IT) \text{ Inventory-Turnover Ratio} = \frac{\text{Cost of Good Sold}}{\text{Inventory}}$$

GTL's 2013-2016 Inventory Turnover Ratios:

Particulars	2016	2015	2014	2013
Cost of Goods Sold	135,602,223	134,947,457	126,471,342	115,322,297
Inventory	31,905,518	28,222,881	32,728,396	33,799,871
Inventory Turnover Ratio	4.25	4.78	3.86	3.41



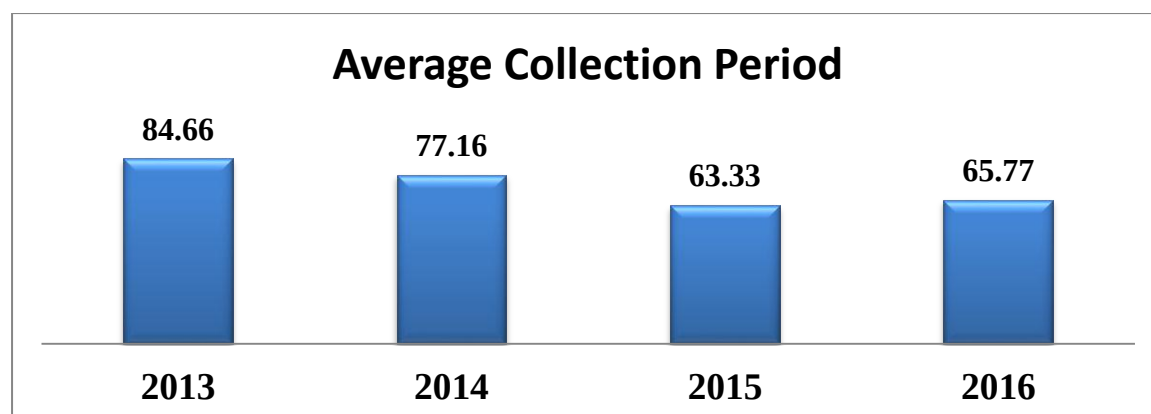
Interpretation: Here from the above mentioned table, it can be seen that in 2013 and 2014 turnover ratio was below standard i.e. 3.41 and 3.86. Because the company may bought extra inventory or couldn't sale their products. But the positive side is they improved their inventory turnover ratio in every year and in 2015 it was 4.78 which are known as standard one. But in 2016 it decreased by 11% i.e. 4.25. It means the company spent more to buy too much inventory and that's why they had more inventory than the selling procedure.

(ii) Average Collection Period: The average collection period, or average age of accounts receivable, is useful in evaluating credit and collection policies. Average collection period is the ratio that measures how many times a company or a firm needs to convert account receivable in cash during a period and it also measure the time of collecting the account receivable in one period. Average collection period ratio will be high when the amount of uncollected cash increased and when it reduced the ratio result will go down. A company's collection period should be 30 days. The average collection period ratio is arrived at by dividing the average daily sales into the accounts receivable balance:

$$\text{Average Collection Period} = \frac{\text{Accounts Receivables}}{\text{Total Sales}} \times \text{No. of Days}$$

GTL's 2013-2016 Average Collection Period:

Particulars	2016	2015	2014	2013
Accounts Receivables	41,289,493	36,523,728	42,354,395	43,741,009
No. of Days	360	360	360	360
Total Sales	226,003,705	207,611,472	197,611,472	186,003,705
Average Collection Period (Days)	65.77	63.33	77.16	84.66



Interpretation: Here it can be seen that GTL's average collection period couldn't meet the standard point till now but they are improving every year by well management of credit sales and collection as in every year it's collection period is reduced. It can be seen in 2013 the period was 84.66 days, in 2014 it reduced by 9.7 % i.e. 77.16 days, in 2015 it was 63.33 days. But in 2016 it increased slightly by 3.85% i.e. 65.77 days.

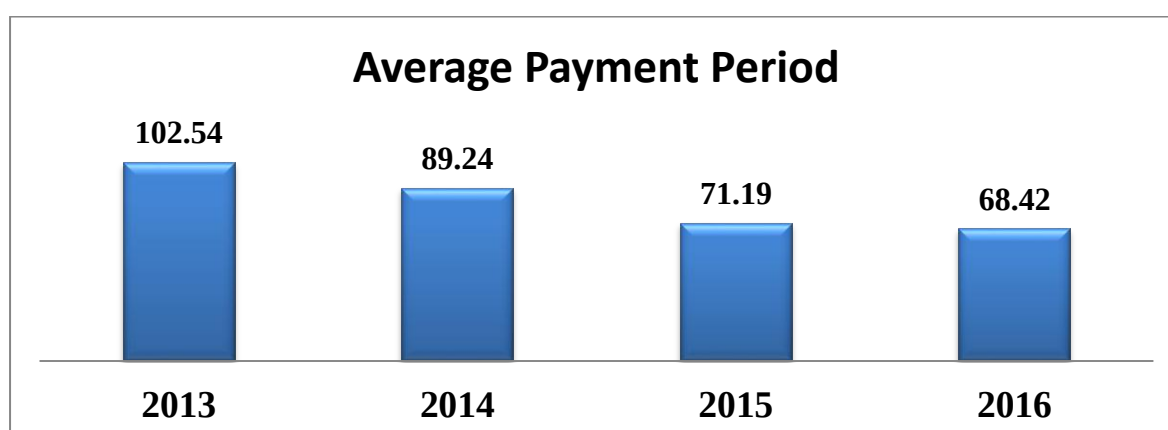
- (iii) **Average Payment Period:** the average payment period ratio refers how many times a company or a firm needs to pay its suppliers. The payment period should be between 45 to 65days, it's the ideal one. Anyhow when a company missed the ideal payment period or pay one period payment in another period that mean a company take much more time to pay its supplier which is very harmful for a company. It may badly affect in company's financial position. We can find the ratio result just like the ACP (Average Collection Period Ratio). .A company can

find the APP ratio by divided accounts payable with the annual purchase and then multiply it with no of day and the formula is given below-

$$\text{Average Payment Period} = \frac{\text{Accounts Payable}}{\text{Annual Purchase}} \times \text{No. of Days}$$

GTL's 2013-2016 Average Payment Period:

Particulars	2016	2015	2014	2013
Accounts Payable	25,771,684	26,686,842	31,351,649	32,849,006
No. of Days	360	360	360	360
Annual Purchase	135,602,223	134,947,457	126,471,342	115,322,297
Average Payment Period (Days)	68.42	71.19	89.24	102.54



Interpretation: The ratio of GTL was 102.54 days in 2013, 89.24 days in 2014, 71.19 days in 2015 and 68.42 days in 2016 which shows continuous improvement in paying their suppliers. The ratio indicated that the GTL Company pays to their supplier in time which the positive sign for the company. And it will be helpful for the company because it will increase their negotiations power with the vendors and may able to get discount in the future.

(iv) Total Asset Turnover Ratios: The total asset turnover indicates the efficiency with which the firm uses its assets to generate sales. So a higher ratio is always more favorable. Higher turnover ratios mean the company is using its assets more efficiently. Lower ratios mean that the company isn't using its assets efficiently and most likely have management or production problems.

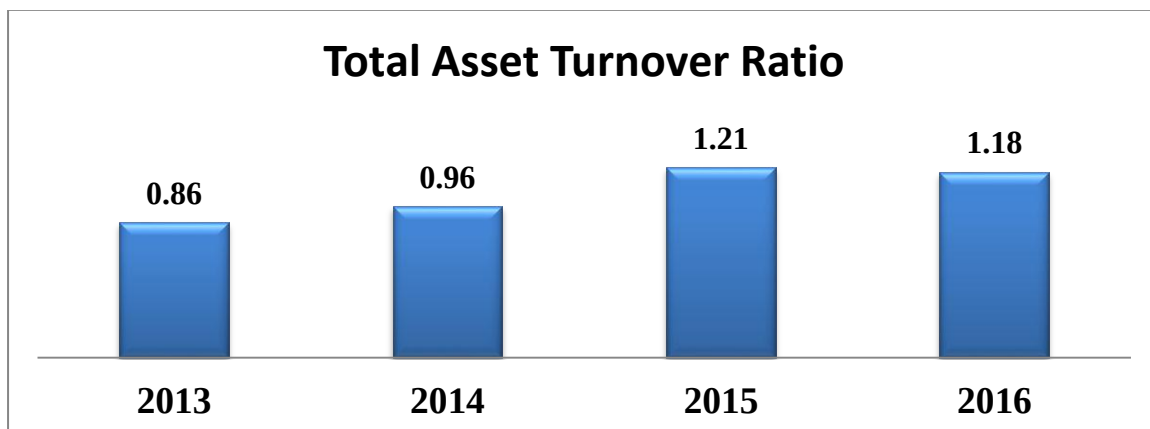
For instance, a ratio of 1 means, the net sales of a company equals the average total assets for the year. In other words, the company is generating 1 dollar of sales for every dollar invested in assets.

Total asset turnover is calculated as follows:

$$\text{Total Asset Turnover Ratios} = \frac{\text{Sales or Revenue}}{\text{Total Assets}}$$

GTL's 2013-2016 Total Asset Turnover Ratios:

Particulars	2016	2015	2014	2013
Sales	226,003,705	207,611,472	197,611,472	186,003,705
Total Assets	191,753,603	171,846,114	206,663,298	216,773,613
Total Asset Turnover Ratio	1.18	1.21	0.96	0.86



Interpretation: Here in 2013 the ratio was .86 which means GTL generates 86 paisa by investing TK.1 assets. In 2014 and 2015 it increased to .96 and 1.21 which indicate positive trends and ensure efficient investments of asset to generate more sales. But in 2016 the ratio slightly decreased to 1.18.

5.3.3 Debt Ratio:

The debt amount which is using for the financial purpose of a company and the debt is being used for generate a company's profit. Financial analyst always thinks about the long term debt because it provides a financial help to a firm for the long term period. So the creditor

claim must be given before distributing the earning profit to the shareholders or owners. The new shareholder and the future shareholders also concern and give attention to know the ability of the firm to repay its debt. Not only the shareholders but also the lenders are concerned about the firm's debt percentage. That's why management should be concerned about the indebtedness of the firm.

The financial leverage will be high of a firm when a firm uses more to increase its total asset of the firm. The financial leverage is the appreciation of risk and return and it is known as a preferred stock and debt which is using for the fixed cost financing. The risk and return will be high when a firm uses more fixed cost debt.

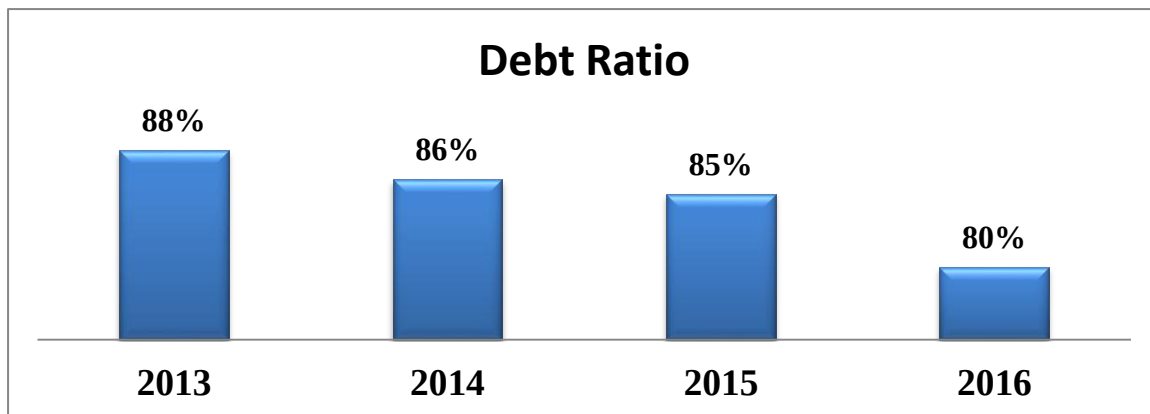
There are two general types of debt measures, one is **measures of the degree of indebtedness** and another one is **measures of the ability to service debts**. The degree of indebtedness measures the amount of debt relative to other significant balance sheet amounts. A popular measure of the degree of indebtedness is the **debt ratio**. The second type of debt measure, the ability to service debts, reflects a firm's ability to make the payments required on a scheduled basis over the life of a debt. The firm's ability to pay certain fixed charges is measured using coverage ratios. Typically, higher coverage ratios are preferred, but too high a ratio (above industry norms) may result in unnecessarily low risk and return. In general, the lower the firm's coverage ratios, the less certain it is to be able to pay fixed obligations. If a firm is unable to pay these obligations, its creditors may seek immediate repayment, which in most instances would force a firm into bankruptcy. Two popular coverage ratios are the **times interest earned ratio** and the **fixed payment coverage ratio**.

(i) **Debt Ratio**: The proportion of the total debt financed by the creditors for increasing the asset and it is measured by the debt ratio. The more people money is used to generate the profit that means the debt ratio is high for the firm. And we can calculate the ratio amount by using the debt ratio formula and it is given below:

$$\text{Debt Ratio} = \frac{\text{Total liabilities}}{\text{Total Assets}} \times 100$$

GTL's 2013-2016 Debt Ratios:

Particulars	2016	2015	2014	2013
Total Liabilities	153,402,882	146,069,197	177,730,436	190,760,779
Total Assets	191,753,603	171,846,114	206,663,298	216,773,613
Debt Ratio	80.00%	85.00%	86.00%	88.00%



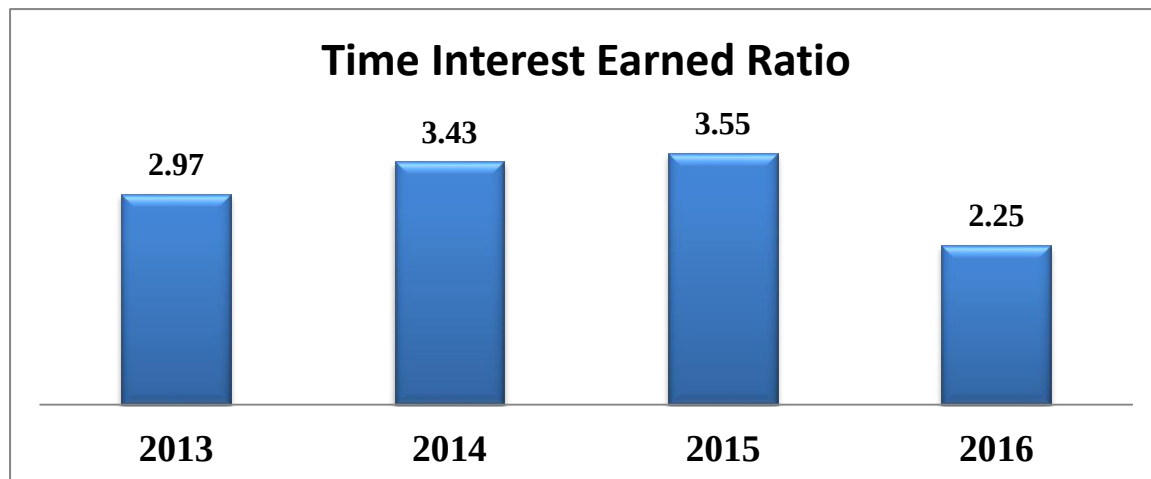
Interpretation: GTL Company has both short term and long term debt like other company. The company has both types of asset that are tangible asset and intangible asset. The tangible asset are inventories, property and plants and the intangible asset are software, patent and trade mark etc. the debt ratio of the GTL fluctuated day by day Over the last four years. The GTL Company takes higher financial risk in 2013. Because the debt ratio is 88% and it is highest percentage during 2013 to 2016. But the debt ratio was going down respectively from 2014 to 2016 and it's the good sign which indicated that the improvement of the asset value and reduction of the debt value.

(ii) **Times Interest Earned Ratio:** The times interest earned ratio, sometimes called the interest coverage ratio, measures the firm's ability to make contractual interest payments. The higher its value, the better able the firm is to fulfill its interest obligations. The times interest earned ratio is calculated as follows:

$$\text{Time Interest Earned Ratio} = \frac{\text{Earnings before interest and taxes (EBIT)}}{\text{Interest}} \times 100$$

GTL's 2013-2016 Time Interest Earned Ratio:

Particulars	2016	2015	2014	2013
EBIT	45,048,695	34,004,713	27,229,382	28,125,246
Interest	20,027,074	9,590,061	7,943,176	9,468,094
Time Interest Earned Ratio	2.25	3.55	3.43	2.97



Interpretation: Here in 2013 GTL has a ratio of 2.97. This means that GTL's income is 2.97 times greater than its annual interest expense. In other words, GTL can afford to pay additional interest expenses. In this respect, GTL is less risky and the bank shouldn't have a problem accepting his loan. In 2014 and 2015 that ratios increased to 3.43 and 3.55 but in 2016 that ratio decreased massively to 2.25 times because the company's income may decrease because of some unexpected reasons.

5.3.4 Profitability Ratios

There are many measures of profitability. As a group, these measures enable the analyst to evaluate the firm's profits with respect to a given level of sales, a certain level of assets, or the owners' investment. Without profits, a firm could not attract outside capital. Owners, creditors, and management pay close attention to boosting profits because of the great importance placed on earnings in the market place.

Common-Size Income Statements

A popular tool for evaluating profitability in relation to sales is the common-size income statement. Each item on this statement is expressed as a percentage of sales. Common-size income statements are especially useful in comparing performance across years. Three frequently cited ratios of profitability that can be read directly from the common-size income statement are:

- (1) The gross profit margin,
- (2) The operating profit margin, and
- (3) The net profit margin.

GTL's Common-Size Income Statements:

Revenue	100.00%	100.00%	100.00%	100.00%
(-) Cost of sales	-60.00%	-65.00%	-64.00%	-62.00%
<i>Gross profit</i>	40.00%	35.00%	36.00%	38.00%
(+) Other income	0.05%	2.87%	0.07%	0.00%
(-) Administrative expenses	-17.46%	-18.49%	-19.64%	-20.27%
(-) Selling and distribution expenses	-2.66%	-3.13%	-2.66%	-2.64%
(+) Foreign exchange gain/(loss)	0.01%	0.12%	0.02%	0.03%
<i>Operating profit</i>	19.93%	16.38%	13.78%	15.12%
(-) Net finance costs	-8.86%	-4.62%	-4.02%	-5.09%
Profit before tax	11.07%	11.76%	9.76%	10.03%
(-) Income tax expense	-3.87%	-4.12%	-3.42%	-3.51%
Net Profit	7.20%	7.64%	6.34%	6.52%

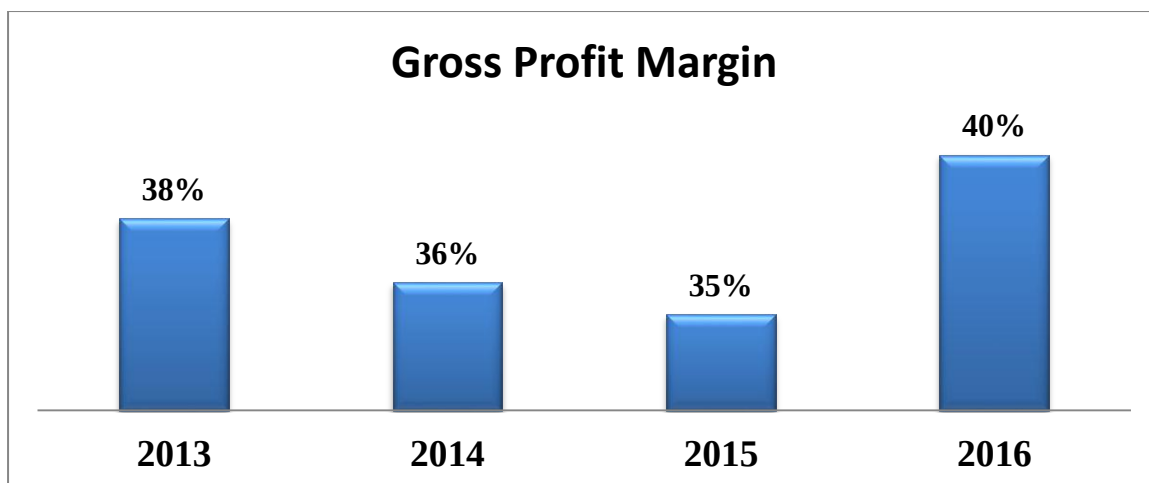
(i) Gross Profit Margin: The gross profit margin measures the percentage of each sales dollar remaining after the firm has paid for its goods. Higher the gross profit margin, the

better (that is, the lower the relative cost of merchandise sold). The gross profit margin is calculated as follows:

$$\text{Gross Profit Margin} = \frac{\text{Gross Profits}}{\text{Sales or Revenue}}$$

GTL's 2013-2016 Gross Profit Margins:

Particulars	2016	2015	2014	2013
Gross Profits	90,401,482	72,664,015	71,140,130	70,681,408
Sales	226,003,705	207,611,472	197,611,472	186,003,705
Gross Profit Margin	40.00%	35.00%	36.00%	38.00%



Interpretation: In 2013 GTL achieved a 38% percent GP. This means that for every TK.1 of sales GTL generates 38 Paise in profits before other business expenses are paid. Next two years in 2014 and 2015 that percentages decreased because of covering some extra cost compare to previous year. It was 36% in 2014 and 35% in 2015 respectively. In 2016 company reduced their cost of goods sold (COGS) thus their GP increased to 40%.

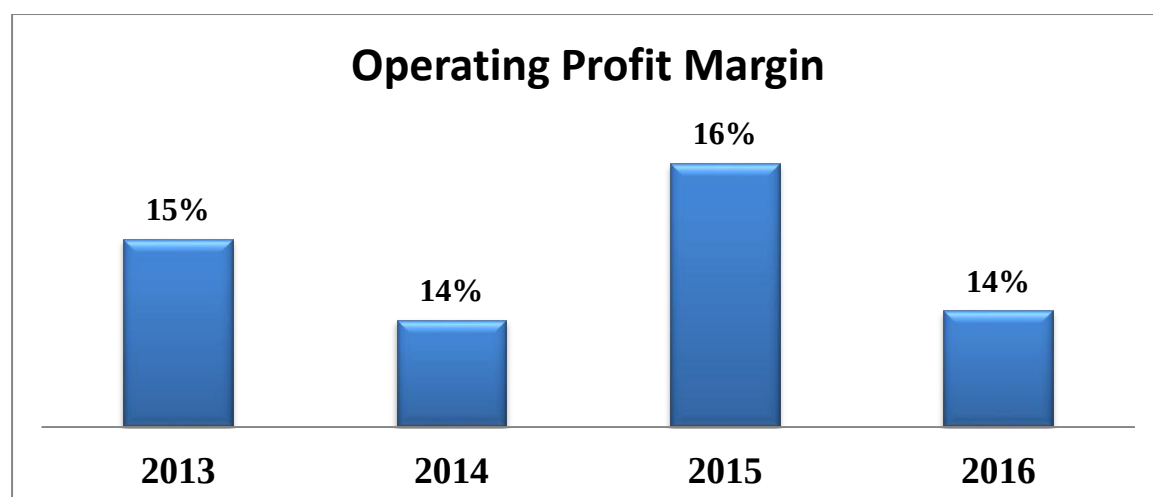
(ii) Operating Profit Margin: It measures the amount after deducting the variable cost from the dollar of sales. The percentage of each dollar sales is measured by the operating profit margin ratio. And then interest, taxes, dividend of the shareholders included all other costs and expenses are deducted from it. After all of the things deducted, you will get pure profit from sales. It is pure profit because only the profit earned on operation and deducted all the

expenses included the shareholder's dividend. To calculate the operating profit margin we need to go through the formula and that is given below:

$$\text{Operating Profit Margin Ratio} = \frac{\text{Operating Profits}}{\text{Sales or Revenue}}$$

GTL's 2013-2016 Operating Profit Margins:

Particulars	2016	2015	2014	2013
Operating Profits	45,048,695	34,004,713	27,229,382	28,125,246
Sales	226,003,705	207,611,472	197,611,472	186,003,705
Operating Profit Margin	19.93%	16.38%	13.78%	15.12%



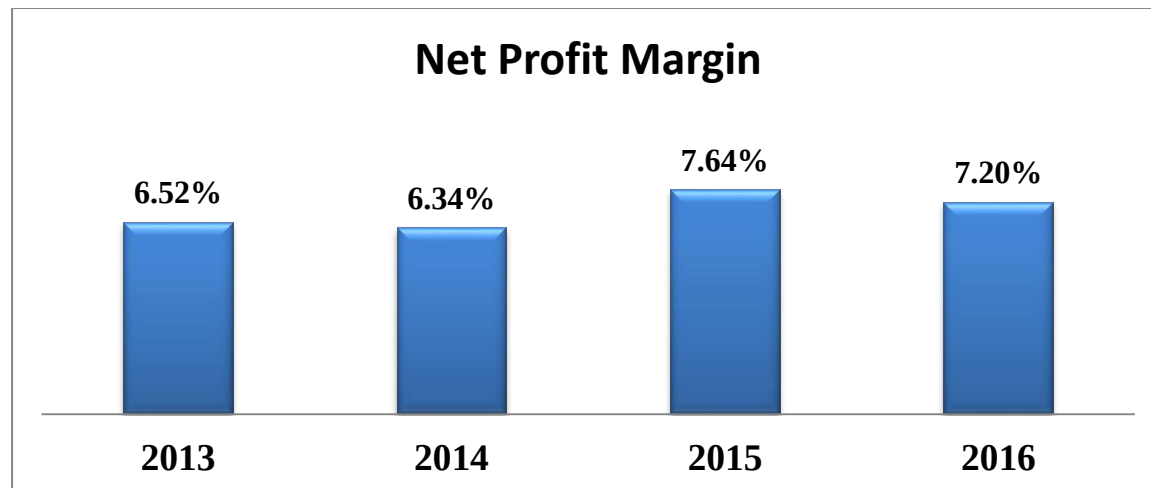
Interpretation: It can be seen from above table that from 2013 to 2016 Operating profit margin has fluctuated due to cost variation in different years. In 2013 it was 15% and in 2014 it was decreased by 1% i.e. 14%. In 2015 it was highest compare to other three years i.e. 16%. And in 2016 it was decreased to 14%. This 14% means that for every TK.1 of income, only 14 Paisa remains after the operating expenses have been paid. This also means that only 14 paisa is left over to cover the non-operating expenses.

(iii) Net Profit Margin: the net profit margin just thinks about the revenue of a company earn. It shows how much of each dollar collect as a revenue after deducting all the expenses like interest, tax and preferred stock dividend. When the net profit margin is increasing, it will be a good sign for a company because the higher is the better. The calculation formula of the net profit margin is given below:

$$\text{Net Profit Margin ratio} = \frac{\text{Earnings available for Common Stock holders}}{\text{Sales or Revenue}}$$

GTL's 2013-2016 Net Profit Margins:

Particulars	2016	2015	2014	2013
Earnings available for common stock holders	16,264,054	15,869,524	12,536,034	12,127,149
Sales	226,003,705	207,611,472	197,611,472	186,003,705
Net Profit Margin	7.20%	7.64%	6.34%	6.52%



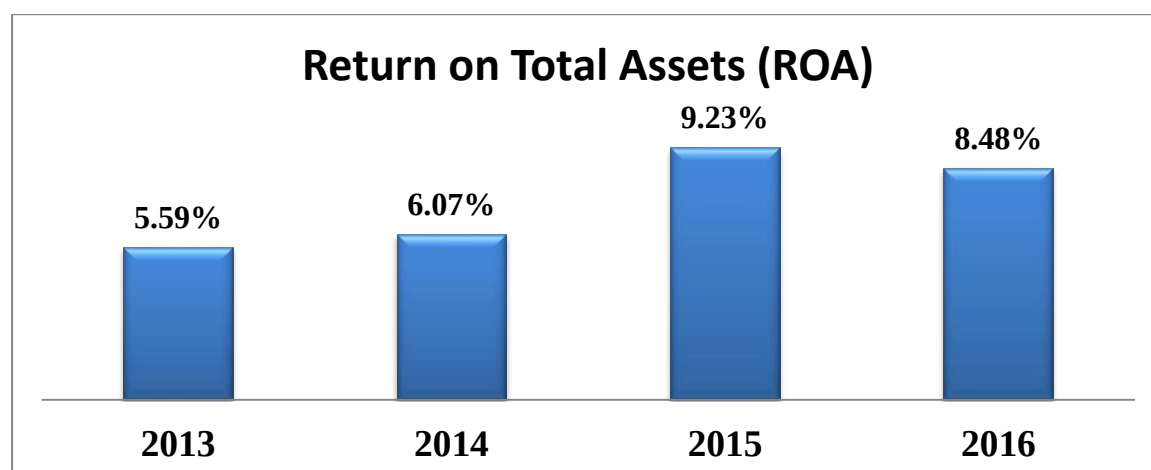
Interpretation: In above table it is shown that after deducting all kind of expenses GTL has Net profit margin ratio of 6.52% in 2013, 6.34% in 2014, 7.64% in 2015, and 7.20% in 2016 respectively. It is fluctuated in every year as the cost was fluctuated in every year. Though as a growing organization the overall net profit margin of GTL is acceptable.

(iv) (ROA) Return on Asset: The return on asset ratio gives idea to the investor or the analyst about how a company management used their total asset in an efficient way to generate profit. When the return on asset (ROA) is increasing, it will be a good sign for a company because the higher is the better. The calculation formula of the return on total asset ratio is given below:

$$\text{(ROA) Return on Asset ratio} = \frac{\text{Net income or Earning available for common stockholder}}{\text{Total Asset}}$$

GTL's 2013-2016 Return on Total Assets (ROA):

Particulars	2016	2015	2014	2013
Earnings available for common stock holders	16,264,054	15,869,524	12,536,034	12,127,149
Total Assets	191,753,603	171,846,114	206,663,298	216,773,613
Return on Total Assets (ROA)	8.48%	9.23%	6.07%	5.59%



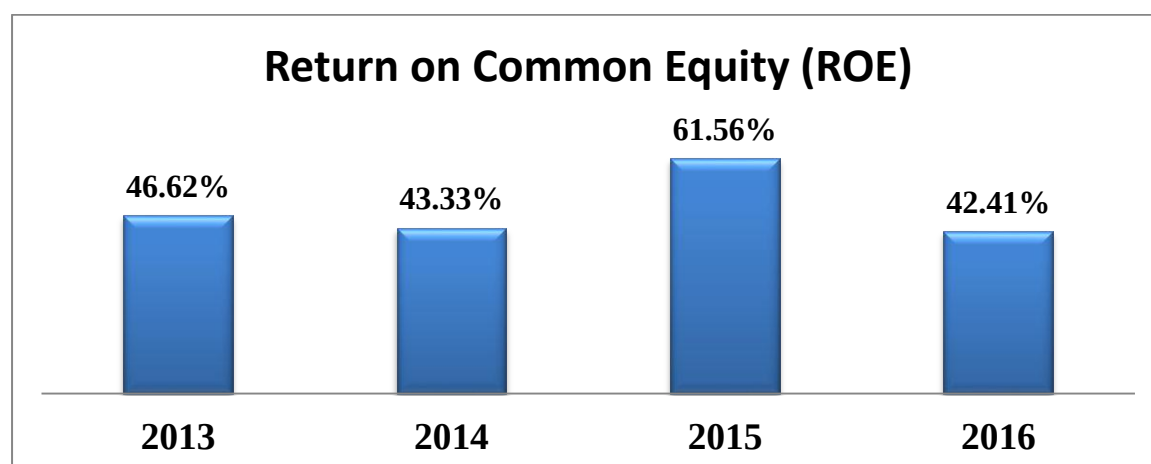
Interpretation: Here in table it can be seen that in 2013 and 2014 the ROA ratio was close i.e. 5.59% and 6.07%. In 2015 it increased highly to 9.23% due to greater earnings compare to other years. But in 2016 it is slightly decreased to 8.48%. Here 8.48% means GTL generates 8.48 TK by using Tk.1 assets.

(v) (ROE) Return on Equity Ratio: The return on equity show that how much profit a company generate by using the shareholders' investment in the firm. When the return on Equity (ROE) is increasing, it will be a good sign for a company because the higher is the better. The calculation formula of the return on total equity ratio is given below

$$\text{(ROE) Return on Equity Ratio} = \frac{\text{Net Income or Earning Available for common shareholders}}{\text{Shareholder equity}}$$

GTL's 2013-2016 Return on Common Equity (ROE):

Particulars	2016	2015	2014	2013
Earnings available for common stock holders	16,264,054	15,869,524	12,536,034	12,127,149
Common Stock Equity	38,350,721	25,776,917	28,932,862	26,012,834
Return on Common Equity (ROE)	42.41%	61.56%	43.33%	46.62%



Interpretation: Here the ratio was 46.62% in 2013. This means that every Tk.1 of common shareholder's equity earned about 46.62 Paisa this year. In other words, shareholders saw a 46.62% percent return on their investment. In 2014 it was slightly decrease by 7.6% i.e. 43.33%. In 2015 it shows an improvement i.e. 61.56% but in 2016 it decreased again to 42.41%. But considering a growing organization this percentage of return is acceptable.

Ch-06: Findings

There has a lot of ratio but few of them are most important for the company and those are current ratio, quick ratio, ROA, ROE, inventory turnover and the debt equity ratio. This is the key ratio of the company. That does not mean other ratios are less important because it also measure the performance of a company. All the positive and negative finding can be observed based on the financial performance analysis. Overall finding that we observed from above ratio analysis of GTL are stated below:

Liquidity:

1. **Current ratio** couldn't meet the standard (2:1) but its improving every year. And lower current ratio doesn't mean negative all the time. It may prove positive sign. It depends on organization structure.
2. **Quick Ratio** meets the standards (1:1). So Company is able to cover current liabilities by current assets.

Activity Ratios:

1. **Inventory Turnover ratio** meets the standards in 2016 & 2015. Though it was below standards in 2014 & 2013. But we can see its improving.
2. **Average Collection Period** ratio doesn't meet the standards. This is not desirable. But every year it's improving slightly.
3. **Average Payment Period** ratio is almost close to the standards. Though it was bad in the beginning. But in 2016 it was close enough to the standards.
4. **Total Assets Turnover ratio** is good as it is generating more sales than invested amount of assets.

Debt Ratios:

1. **Debt Ratio** is not good.
2. **Time Interest Earned Ratio** is acceptable but it should be improved.

Profitability Ratio:

1. **Gross Profit Margin** shows increasing trend in last year. It is good.
2. **Operating Profit Margin** shows fluctuated value. But it can be accepted as every year it was positive.
3. **Net Profit Margin** shows increasing trends, which is desirable. Though last year it was slightly decreased.

4. **Return on Total Assets** shows increasing trends, which is desirable. But in the last year it was slightly decreased.
5. **Return on Common Equity** shows fluctuated values but it was positive.

 Others:

1. The company should not flexible about the installment payment of agricultural product.
2. Don't invest in advertise on the people of the importance of agricultural product.
3. They didn't give any chance if they missed three installment periods.

Ch-07: Recommendations

- ✚ Though GTL is in profitable situation but they need to concentrate to increase the Net Profit Ratio and Return on Asset Ratio.
- ✚ The consistency of the financial department performance should be stable and higher which will help to get the maximum return for the company. GTL need to organize the training program with seminar, workshop etc. It will increase the ability of an employee and motivate them to find a better solution for better outcome.
- ✚ They must repose or keep the liquidity asset and it can be easily converted into the cash and security cash which help to face the unpredicted situation. It will help them to come out from the bad condition without selling any inventory or asset.
- ✚ They should give the attention in the inventory management system. Because there has chance to increase the quick ratio from its ideal position (1:1) and it will not be good for the company. They can face problem when they produce more inventory but unable to sell and if they produce less than they will unable satisfy the market or customer demand and customer switching risk will arise. That's why GTL Company needs to give focus on inventory management system to avoid the risk or loss.
- ✚ GTL should give the importance one of the most important parts of current asset. And it is that they must monitor the borrower's collection period.
- ✚ A well training should be given to the finance department to operate the IMAS (Integrated Management Accounting System) software.
- ✚ None can earn profit or increasing the total net income without the proper using of the asset. So the GTL must need to handle the assets properly to earn the maximum return from investment.
- ✚ Bring new types technological product and that will be helpful for the agricultural sector
- ✚ They always need to examine, how to reduce the expense without losing the product quality.
- ✚ Teach the farmer about the importance of new technological product which will increase the GTL customer and also it will give positive impact on agricultural economic sector.

- ✚ GTL Company needs to use their money in another sector which will help to propagate or raise the more revenue for the company. They can invest in purchasing Treasury bill and bond.
- ✚ They should improvise the farmer rather snatching the product from them for the installment payment or the due money. It will increase their customer royalty and they will more customers for the company. And for this it will create a positive impact on the agricultural economic growth in Bangladesh.

Ch-08: Conclusion

The company GTL was established in June 2011 aspires to provide farmers with complete agricultural solutions by emphasizing sufficiency through modernization of agriculture production, with particular attention on increased production, processing and value addition. The company is focused on modernizing & bringing efficiency to Plant Nutrition, Mechanization & Tissue Culture through continuous research & development. Since its establishment GTL rapidly growing up. The company is operating in a smooth way in terms of financial activities. They have sustained their business by good management of the assets. Financial analysis is necessary to know about a business and the performance of its share. All analysis reveals the financial strength of GTL. Greenland Technologies Limited has immense opportunity to expand its business in future and contribute more in the economy of Bangladesh.

The three months internship program helped me to enhance my knowledge beyond the text books. I have gained practical knowledge regarding the corporate environment which I hope would support me in the future.

Ch-09 Appendix

Abbreviations

Elaborations

GTL	GREENLAND TECHNOLOGIES LIMITED
TDS	TAX DEDUCTED AT SOURCE
TO	TURNOVER.
VAT	VALUE ADDED TAX
GM	GENERAL MANAGER.
PAT	PROFIT AFTER TAX.
PBT	PROFIT BEFORE TAX
PBIT	PROFIT BEFORE INTEREST AND TAX
SE	SHAREHOLDE'S EQUITY.
ROA	RETURN ON ASSET.
CA	CURRENT RATIO
ROE	RETURN ON EQUITY.
IT	INVENTORYTURNOVER RATIO
BBA	BACHELOR OF BUSINESS ADMINISTRATION
UIU	UNITED INTERNATIONAL UNIVERSITY.
BD	BANGLADESH

CH-10 Bibliography

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