

Report On
Sales Methods & Credit Collection Policy of Rangs Motors Limited

By

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**An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelors of Business Administration**

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Brac University
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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Shoaib Iftekhar Shakil
Student ID:17304026

Supervisor's Full Name & Signature:

Rumana Rahman
Assistant Manager, Accounts & Finance Department
RANGS Motors Limited

Letter of Transmittal

Mr. Riyashad Ahmed
Assistant Professor,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: **Submission of Internship Report**

Dear Sir / Madam,

This is my pleasure to display my Intern level position provide details regarding 'Credit & Credit collection policy of RANGS Motors Limited', which I was appointed by your direction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Shoaib Iftekhar Shakil
Student ID:17304026
BRAC Business School
BRAC University
Date: October 2, 2021

Acknowledgement

First and foremost, I want to thank Almighty Allah for assisting me in completing my internship with tremendous strength and the capacity to fulfill my responsibilities as an Intern. Mr. Riyashad Ahmed, Assistant Professor – Finance at BRAC Business School, for his passionate supervision during the creation of my internship report is really appreciated. In addition, I'd like to express my gratitude to Rumana Rahman, Assistant Manager, Rangs Motors Limited, for serving as my organizational supervisor. My gratitude goes out to the entire BRAC Business School for creating this Internship Program as a required element of the academic program, which allows theoretical knowledge to be combined with actual life experience. Finally, I want to express my gratitude to everyone at RANGS Motors Limited who contributed to the success of this term paper by sharing their perspectives and experiences during the Credit & credit collection policy study.

Executive Summary

In Chapter 1, I introduce myself, my company, RANGS Motors Limited, and my boss, Ms. Rumana Rahman. I worked directly under her, who is an assistant manager. Then there was my contribution as an intern to the company. I learned about day-to-day tasks as well as credit policy and collection policy. I now understand how to close a customer's credit policy. Rangs Motors Limited had no control over the troubles I was having, but Covid had a significant impact on our lives and that of my intern. I suggested that Rangs Motors Limited hire more interns and that Rangs Motors Limited hire additional students just to teach them suitable ethics and work environment.

After that, I go into great detail regarding RANGS Motors Limited as a corporation and how they do business. Their mission's vision and goals. I discuss the company's overview, governing body, board of directors, and founder. We discuss their marketing strategies, and I discuss their financial results. I presented their liquidity ratio, profitability ratio, and solvency ratio in a table and graph format, and then provided a summary and conclusion.

Finally, I discuss the most difficult assignment I've ever had to do. This is where I discussed Rangs Motors Limited's 4000 credit file closing project, credit policy during selling, and credit collection practices. And I gave them no advice because, while this process was simpler on our end, it was more difficult to get data from the Accounts & Finance Department's overworked employees.

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Chapter 1

Internship at RANGS Motors Limited, Finance and Accounts,

1.1 Student Information

I'm Shoaib Iftekhar Shakil, and I'd like to introduce myself. 17304026 is my ID number. Since 2017, I've been a student at BRAC University. This is the last semester of my studies. I am a BRAC Business School student pursuing a Bachelor's Degree. At the moment, I'm pursuing a double major in Accounting and Finance. An internship is required for my BUS 400 course. I've decided to undertake my internship at Rangs Motors Limited's head office. I found an opening and applied for a position in the Accounts and Finance department. Because of my majors, it was the best opportunity. I saw firsthand how accounting and finance can benefit a business. This will undoubtedly be beneficial to me in the long run.

1.2 Internship Information:

As a result, I applied for the internship program at Rangs Motors Limited. It asked which department I preferred, and while my major is in both accounting and finance, I chose the finance and accounts team. I expressly requested to be placed in their Accounts & Finance department on the day of the interview. I knew it was the place where I'd find the work I wanted to do. While I was working, I was supervised. Its work was connected to customer credit file related. They have assigned me 4000 customer's files to close and many more things.

1.2.1 Period, Company Name, Department and Address

The internship lasted three months. From the 9th of June through the 10th of September. I was in the Finance and Accounts Department of Rangs Motors Limited's Head Office. There was an office where I worked in 117/A, Rangs Bhaban, Old Airport Road, Bijoy Sharani, Tejgaon, Dhaka-1215, Bangladesh.

1.2.2 Internship Company Supervisor's Information

Ms. Rumana Rahman was my wonderful supervisor for these three months. She is the Finance and Accounts Assistant Manager.

1.2.3 Job Responsibilities

Ms. Rumana Rahman was my direct supervisor during my internship. Doing her paperwork and excel work was one of my several responsibilities. My unit's job was tied to the closing of a customer's file. I had to figure out how much the customer paid the company, how much the consumer paid their vts, how much the client paid the file closing charge, and so on. I had to review every single customer's financial top sheet for this. Then I have to verify the ERP software for information such as client names, product names, vts received amounts, file closing fees, and so on. That was one of the most important projects I worked on. There isn't much room for innovation in Finance and Accounts.

1.3 Internship Outcomes

1.3.1 Student's contribution to the company

During my tenure at Rangs Motors Limited, I learned a lot. The major assignment had been assigned to me. In Excel, I had to close the credit files of 4000 customers. There was no major project for Accounts & Finance to take on at the time; in fact, when I arrived, we were wrapping off a major project. I assisted with some of the project's research. However, I was involved in the finance and accounts department's day-to-day operations, and I was also given the task of closing 4000 customer credit files in three months. Sometimes My boss sent me certain credit file from a customer to see if the lease department did the appropriate calculation or not. During my internship, though, I learned how to utilize ERP software. I had to get all kinds of

information from customers using ERP. I had to transfer all of this information into my excel sheet after gathering all of the information from the customers.

1.3.2 Benefits to the student

I learned how to close a credit file for a consumer. I learned how to double-check data from ERP software. I resolved issues with a variety of financial top sheet documents. I also learned about Rangs Motors Limited's vehicle market business approach. I did some study on vehicle credit policies and how they are implemented in Bangladesh, including which companies are involved and how they operate. I learned about other automobile businesses' lending practices in Bangladesh. And, as part of the project's completion, I investigated Rangs Motors Limited's vehicle selling method as well as how multinational firms selling method.

1.3.3 Problem/Difficulties:

I was allotted three months to complete the internship. However, because to the pandemic's intensity in our nation, I was only able to physically visit the workplace for two months. Then, due to office and government rules, I was forced to conduct business remotely. So, for the next month, I conducted my usual job via the internet, emails, meetings, and other means. So, during the first two months, I learned a lot about Rangs Motors Limited's accounts and finance unit's day-to-day operations, as well as how we close client credit files and sell vehicles to customers. And everything else that comes with it.

Then there's the issue of needing to work from home. Because they couldn't give me with the ERP Software, there were occasions when I didn't have much work for days. Because I generally take on whatever task my boss assigns me. My supervisor was able to do more work due to the lack of an office presence, more free time, and the flexibility to perform work as we

all desired. This meant I was doing less and less work. Finally, I had to fact-check a few files and cancel the credit files of a few clients.

Corona had a negative impact on my experience. I continued to try my hardest to study more and work more in order to achieve a specific experience, but Covid squandered that possibility. That was the only key barrier I encountered during our internship. There were moments when I had no comprehension of a task, but my supervisor, employees, and even attendants supported me tremendously in comprehending the assignment and completing it. So, in terms of work, I had no trouble because all of my coworkers were truly pleasant and created a fantastic working atmosphere.

1.3.4 Recommendations:

As an Intern at Rangs Motors Limited, I gained a lot of knowledge. They assigned me stuff that was extremely useful in actual life. Furthermore, the principles they teach are widely valued, and the work atmosphere they expect us to maintain is one of mutual respect. It is certainly instructive. I would strongly advise Rangs Motors Limited to hire more interns during these difficult times. While it may be costly due to the fact that they must pay their interns.

It's also a social initiative to show that they're bringing in more and more interns and teaching them responsibilities, giving them experience for future jobs, instilling proper ethics and etiquette, and, most importantly, providing and teaching a proper workplace environment in these difficult times. These aren't just necessary; they're important. The workplace atmosphere of Rangs Motors Limited is world-class in our country. You can have a full class of persons who have gotten proper education if they teach them to a rising number of students.

This will establish Rangs Motors Limited as a workplace standard, as well as ensure that students are equipped to face the epidemic. Rangs Motors Limited will get greater attention as a result of this, as well as a distinct name.

Chapter 2

RANGS IN A NUTSHELL

Rangs Group is one of Bangladesh's most well-known corporate conglomerates. Rangs Group has evolved from its beginnings as a car dealer into a multi-business and multi-discipline corporation since its inception in 1979. Rangs is now a household name in the manufacturing and distribution of autos, public transit, real estate and construction development, pharmaceuticals, interior design, telecommunications, and FMCG manufacturing and distribution. Under the leadership of Mr. Abdur Rouf Chowdhury, the group's founder and chairman, diversification has been a priority. We bring together a sense of adventure, responsibility, and accomplishment. [1]

There is excitement and thrill in the early stages of new firms and adventures, but nurturing and expanding these activities into successful businesses is another matter. With more than 50 enterprises and over 30 years of experience in various initiatives and businesses, the group aspires to be at the forefront of bringing native Bangladeshi corporations to the global arena. [1]

The group's social impact is instilled, making undertakings like Dolonchapa (Bangladesh's one and only female-only bus service) possible. The consideration with which these companies have been set up and run demonstrates the ability to make a genuine impact on the ground and to initiate conversation and change in the direction of social balance and true empowerment. Victories in the past are seldom a guarantee of future success. The group is undergoing radical modifications to put itself up for an electrifying future, with fresh innovations and another millennial labor pool joining the organization every other day. [1]

The "Shaping for Excellence" organizational culture 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. [1]

2.1 RANGS Motors Limited At a glance:

Rangs Motors has been a major player in the Bangladeshi vehicle market since its inception in 1998. Volvo-Eicher, Mitsubishi, Honda, and Mahindra are just a few of the major worldwide automotive companies we've introduced. Volvo-Eicher, Mahindra & Mahindra, and AJAX are among the major global automotive names they have introduced. [2]

MAHINDRA: One size does not fit all when it comes to business. As a result, RANGS Automotive Division has created the most comprehensive line of commercial vehicles for cargo transportation. Mahindra vehicles can readily handle difficult country terrain as well as smooth city roads because to advanced engine technology and durable materials. Mahindra is a brand that not only provides automotive solutions but is also about to enter the electricity sector in Bangladesh. [2]

EICHER: The Eicher Group's flagship company, Volvo-Eicher Commercial Vehicles Ltd (VECV), was a catalyst in India's green revolution with the development of India's first agricultural tractor in 1959. VECV has established itself as a major player in the Indian automobile industry. [2]

Through the countrywide coverage that the RANGS GROUP has acquired over the years, VECV has entered the Bangladesh market to reach out to a wide spectrum of clients. The brand has a 60 percent market share in Bangladesh's commercial vehicle sector, owing to its excellent aftermarket services. [2]

Marketing Practices:

2.2 SWOT Analysis of Rangs Motors Limited

A SWOT Analysis is a technique for evaluating these four areas of the business. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

SWOT Analysis can be used by anyone to make the most of what they have, to the benefit of their organization. And anyone can lower their chances of failure by recognizing what they're lacking and avoiding dangers that would otherwise catch them off guard.

Strength:

1.Brand value and Old Reputation: Rangs Group has a reputative position in Bangladesh market since they have been in business for 40 years. Rangs Motors Limited is one of the company's most successful sub-business unit. Rangs motors Limited's car may be trusted by customers just by hearing the word Rangs.

2.Customer Focus: Rangs Motors Limited delivers exceptional customer service. Its major goal is to develop customer pleasure in the minds of their customers.

3.Product Quality: Rangs Motors Limited is a Mahindra and Eicher exclusive distributor. We are aware that Mahindra & Eicher manufactures high-quality vehicles for its clients. Rangs Motors Limited is a company that sells high-quality items to its clients.

Weakness: 1. Media Coverage: Rangs Motors Limited is putting up all effort to grab the lead in the automobile business. They are not, however, attempting to grab their market through expanding media coverage.

It would be simpler, in my opinion, if they increased their media attention. They should also enhance their social marketing efforts in order to reach out to more new generation clients.

2.Product Line: Mahindra and Eicher are the only two brands offered by Rangs Motors Limited. Their major competitors, Nitol Motors and IFAD Autos, on the other hand, have a larger product line than them.

Opportunities: 1. Market Share Increase: Rangs Motors Limited can introduce other vehicle in Bangladesh Market to capture more customers. RML can use this chance to grow the vehicle market by introducing new and exciting vehicle and capturing a greater share of the market.

Threats: 1. The automobile market in Bangladesh is massive, and there is great rivalry. RML must struggle to increase sales, outperform competitors, and develop a more respectable brand identity.

2.3 Porters 5 Forces Model:

Porter's Five Forces is a technique for determining an industry's vulnerabilities and strengths by identifying and analyzing five competitive forces that drive every sector. A five-forces analysis is commonly used to establish company strategy by identifying an industry's structure.

[3]

1.Threat Of new Entrants (Low): A typical businessman will not be able to establish this firm without a large amount of capital and investments. However, there is a good probability that a large corporation from another industry will readily enter the vehicle market. Since starting a vehicle business with minimal money and investment is impossible, I believe RML's threat of new entrants is low.

2.Threat of Substitute(high): Other vehicle businesses in Bangladesh include Nitol Motors, IFAD Autos Limited, and others and these businesses provide a diverse product line. As a result, there are a large number of Rangs Motors Limited substitute vehicles in Bangladesh. As a result, the threat of substitution is high.

3.Bargaining Power of Supply (High): Rangs Motors Limited exclusively imports Mahindra & Eicher buses and trucks, and no other company produces high-quality vehicles like Mahindra & Eicher. As a result, I believe the provider has high supply bargaining power.

4.Bargaining Power of Customer (High): Rangs Motors Limited sells their vehicle mostly to Bus & Truck company's owners. Since, they usually bulk amounts of vehicle for their companies, hence they can bargain easily with RML to reduce the price of vehicle. That's why I think bargaining power of customer is high for RML.

5.Industry Rivalry (High): Since then, several car businesses have developed, including Nitol Motors Limited, Runner, IFAD Autos Limited, and others. TATA supplies Nitol Motors with their vehicles. TATA is one of the greatest automobile manufacturers in the world. As a result, Nitol Motors is RML's greatest rival. That is why I believe RML has a strong industry rivalry.

2.4 Financial Performance Analysis:

LIQUIDITY RATIO:

Current Ratio:

Current ratio: It is determined by dividing current assets by current liabilities and is a measure of a company's capacity to satisfy short-term financial obligations.

The formula of this ratio is:

$$\text{Current Ratio} = (\text{Current Assets}) / (\text{Current Liabilities})$$

RANGS Motors Limited:

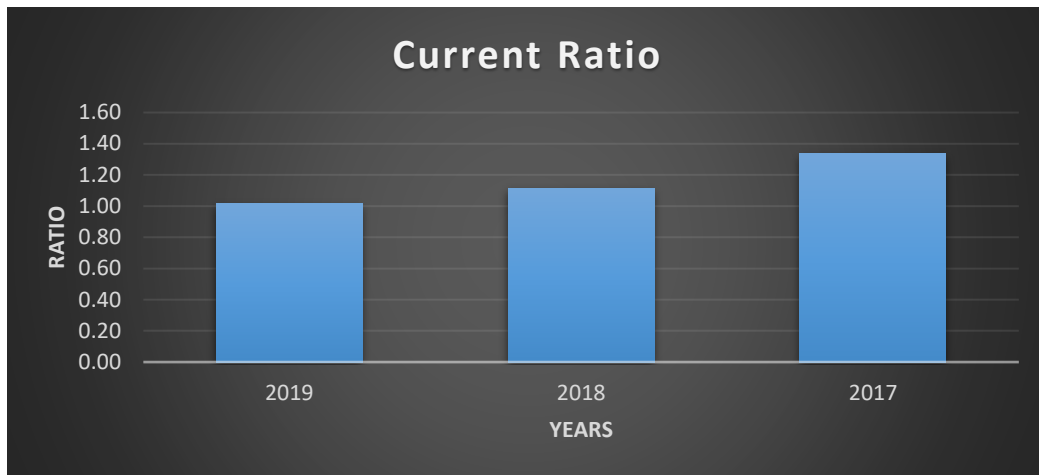
Years	2019	2018	2017
Current Ratio	1.01times	1.11 times	1.33 times

INDUSTRY AVERAGE:

<u>2019</u>
2.16 times

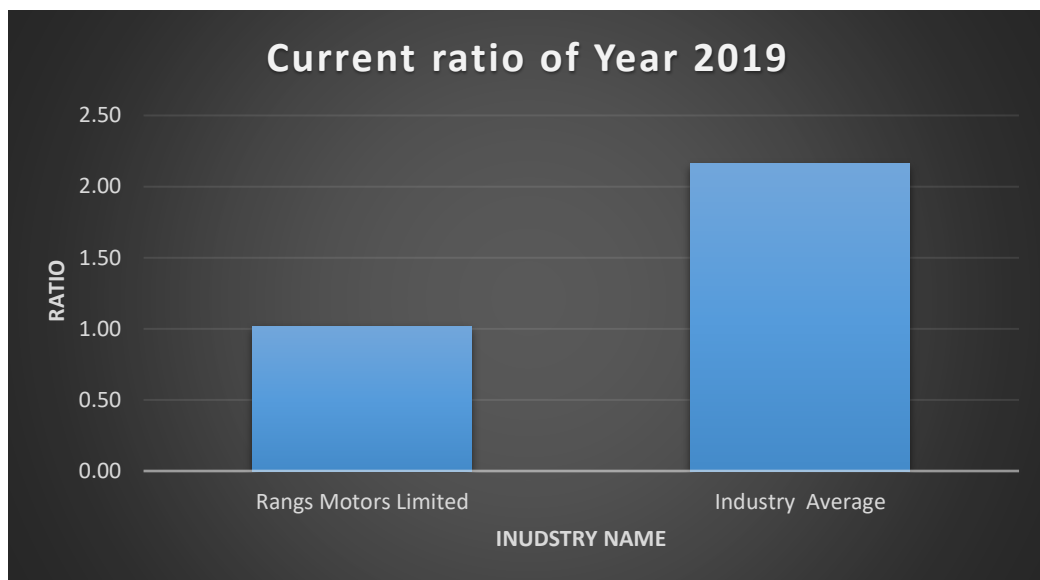
Interpretation:

- **Time Series Analysis:**
 - In 2019, Rangs Motor Limited's current asset was 1.01 times of its current liabilities.
 - In 2019, the current ratio has decreased than the previous year (Base year 2017). The key concern is that the current ratio rate was its peak in year 2017 but it decreased continuously in 2018-2019 years. They failed to increase their current ratio in 2018-2019 years. The reason behind the fall of the ratio can be attributable to an increase in short-term debt, a decrease in current assets, or a combination of both.



- **Cross Functional Analysis:**

- The current ratio of 2019 is below the industry average so the ratio is poor.



- **Recommendation:**

Since they are below the industry average that's why their ratio is not good or satisfactory. So, from the following years, they must raise their current ratio by paying current obligations and rolling money faster via debtors. This is the only way they will be able to return to a higher current ratio than in 2017.

Quick or Acid test Ratio:

The Quick Ratio is a key indicator of a company's liquidity that is calculated by subtracting inventories from current assets and dividing the remaining amount by current liabilities. It's also known as the Acid Test Ratio.

The formula of this ratio is:

Quick Ratio = (Current Assets-Inventory) / Current Liabilities

RANGS Motors Limited:

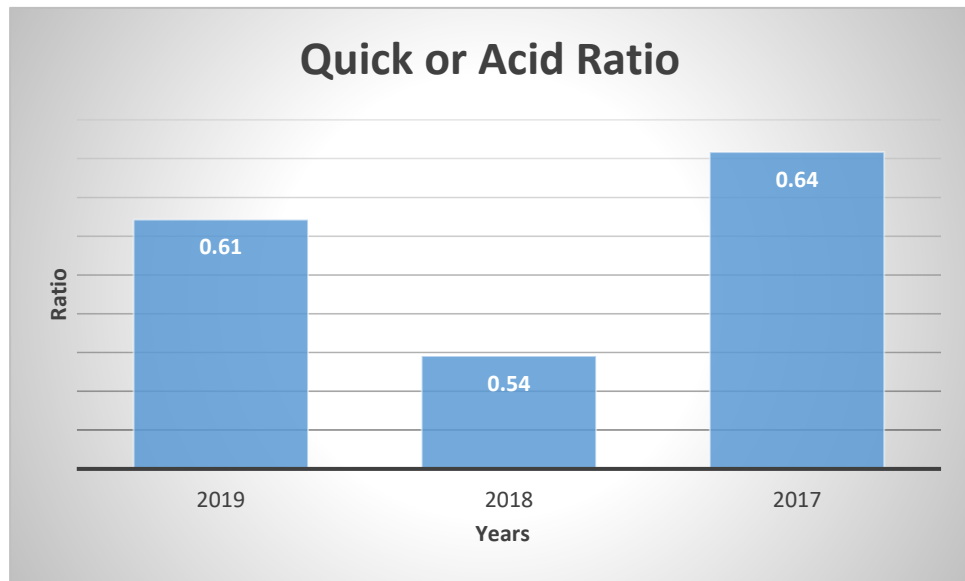
Years	2019	2018	2017
Quick or Acid Ratio	0.61times	0.54 times	0.64 times

INDUSTRY AVERAGE:

<u>2019</u>
1.94 times

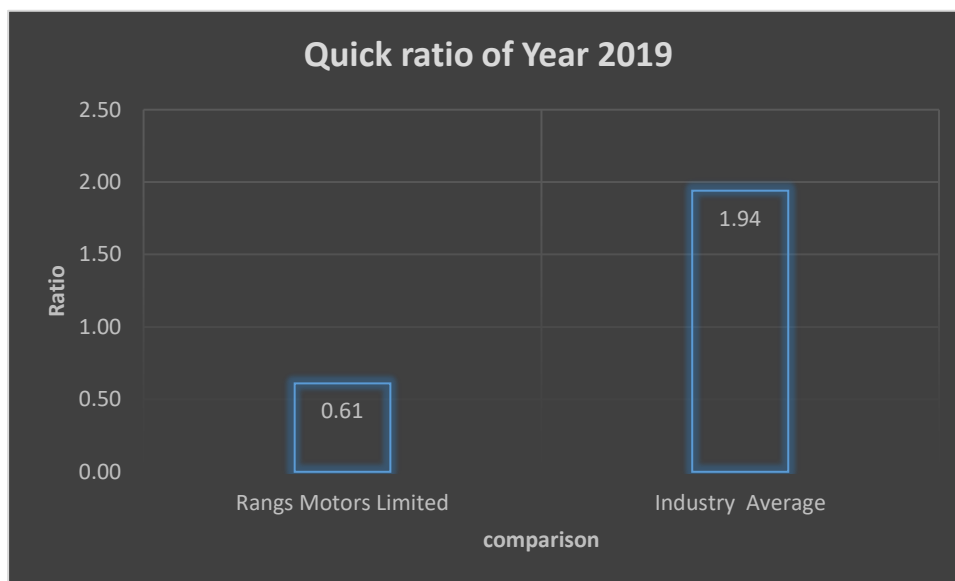
Interpretation:

- **Time Series Analysis:**
 - In 2019, Rangs Motor Limited's current asset excluding inventories was 0.61 times of its current liabilities.
 - In 2019, the quick ratio decreased than the previous year (Base year 2013) but it increased again than the year 2018. The good thing is that the ratio decreased in year 2018 but it improved again in 2019 year. The reduction in the ratio in 2018 could be due to the fact that a company's current assets were heavily reliant on inventory. However, in 2019, Rangs Motors Limited tried to less reliant on inventory. That's why their ratio improved than 2018 year's ratio.



- **Cross Functional Analysis:**

The quick ratio of 2019 is below the industry average so the ratio is poor.



- **Recommendation:**

Since they are below the industry average that's why their ratio is not good or satisfactory. So, from the following year they need to be concern to pay off the current bills and at the same time increase sales so that the cash on hand or AR increases like the year 2017. That's the possible way how they will be able to get back consistency in increasing their quick ratio.

ASSET MANAGEMENT RATIO:

Inventory Turnover:

The number of times a firm's investment in inventories is recouped throughout an accounting period is known as the Inventory Turnover Ratio.

The formula of this ratio is:

Inventory Turnover Ratio = Sales / Inventory

RANGS Motors Limited:

Years	2019	2018	2017
Inventory Turnover	2.84 times	1.92 times	1.72 times

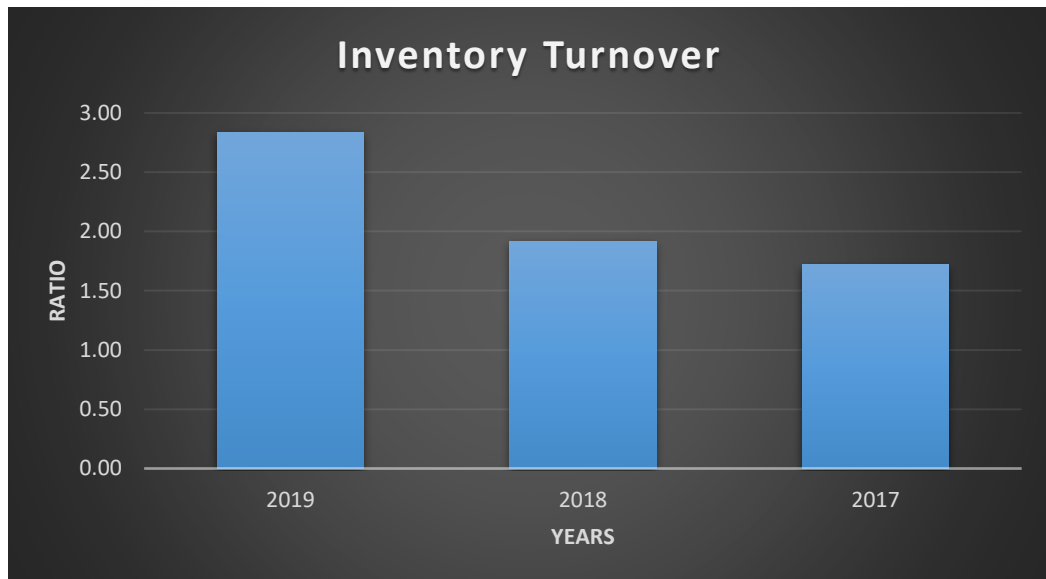
INDUSTRY AVERAGE:

<u>2019</u>
3.91 times

Interpretation:

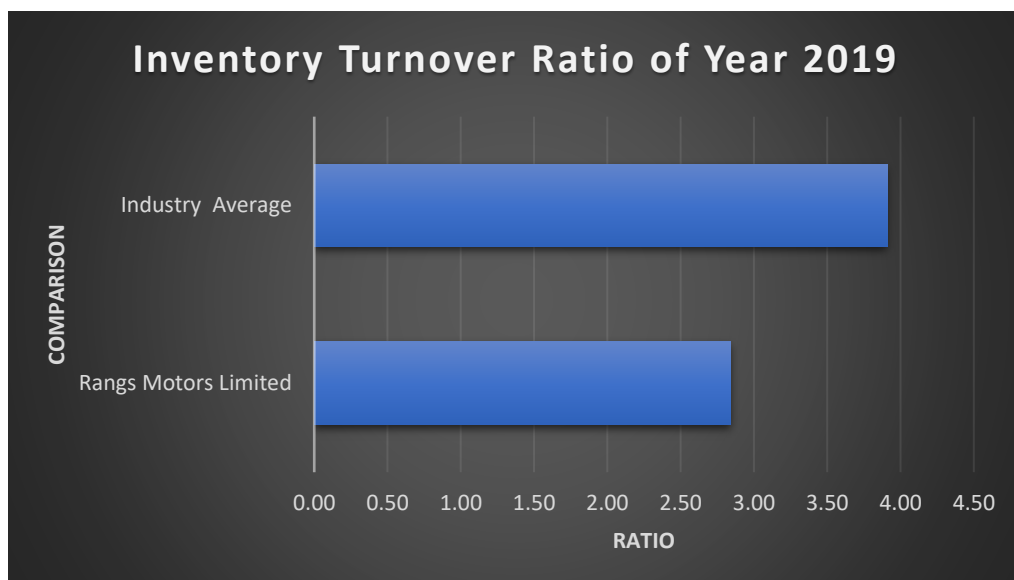
- **Time Series Analysis:**
 - In 2019, RANGS Motors Limited's had sold and restocked its inventory 2.84 times.

- In 2019, the inventory turnover ratio has increased than the previous year (Base year 2017) and the inventory turnover ratio rate of 2019 was also increased than the year 2018. The reason for increasing of the ratio is because of the increase in sales, decrease the prices or low inventory pricing.



- **Cross Functional Analysis:**

The inventory turnover ratio of 2019 is below the industry average so the ratio is poor.



- **Recommendation:**

Since they are below the industry average that's why their ratio is not good or satisfactory. So, from the following year they need to improve sales more, reduces the prices or the better inventory pricing.

AVERAGE COLLECTION PERIOD:

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

Average Collection Period Formula:

Average Collection Period = Accounts Receivables / (Net Sales / 365)

RANGS Motors Limited:

Years	2019	2018	2017
AVERAGE COLLECTION PERIOD	205 days	176 days	193 days

INDUSTRY AVERAGE:

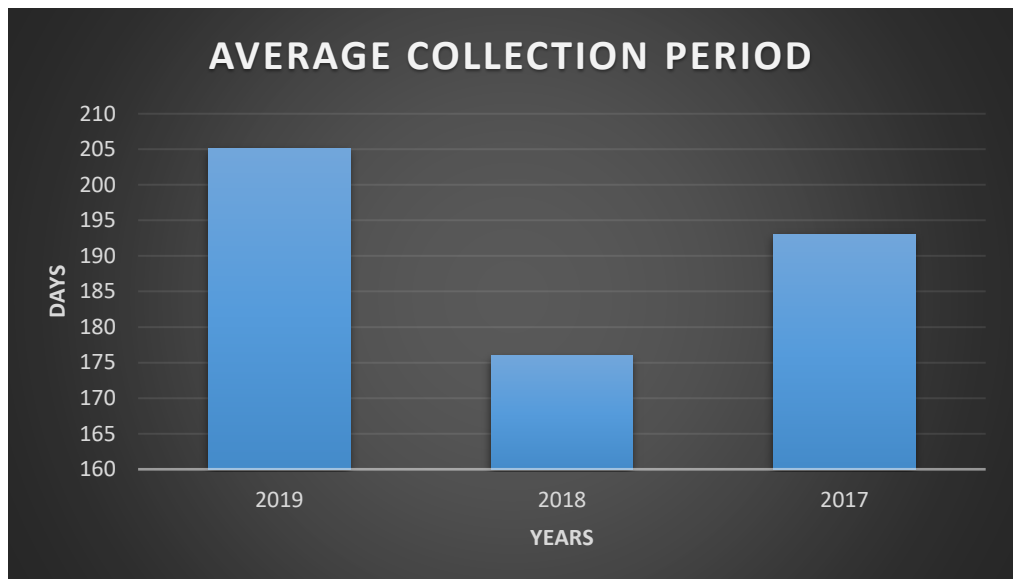
<u>2019</u>
719 days

Interpretation:

- **Time Series Analysis:**

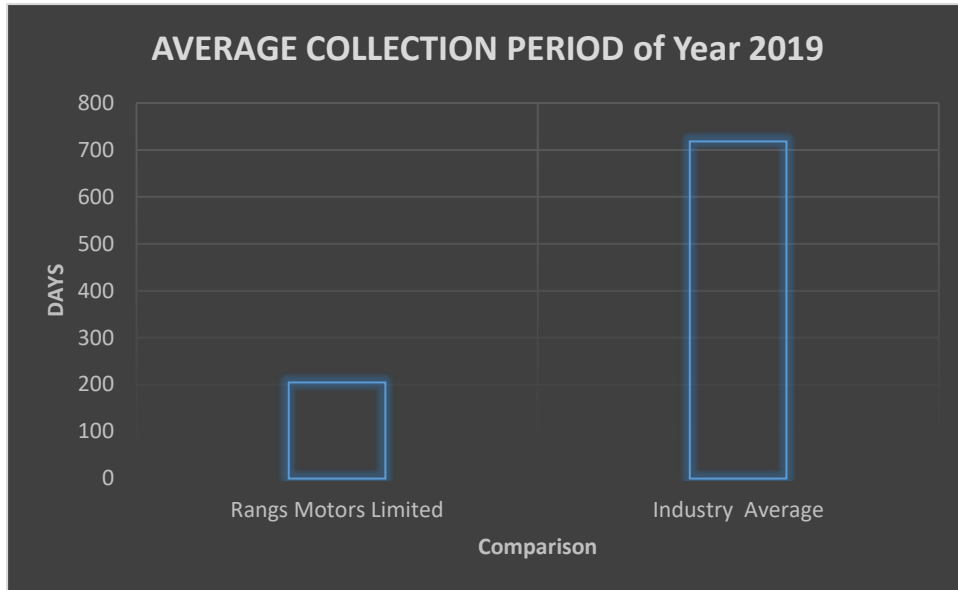
- In 2019, on an average it took 205 days to collect the receivables from the customer.
- Considering the data, number of days in 2019 is much higher than any other recent three years data. From 2017 to 2018 it decreased by 17days. Then again in 2019 it was 205 days which is much higher than the year 2018 &2017. Lesser

the days, better for the company or else this receivable may result in bad debt and bad debt eventually means company may face poor liquidity position. 205 days to collect receivable is not good for their company because they are taking much to collect receivable on the contrast of year 2018 & 2017.



- **Cross Functional Analysis:**

Average industry shows 719 days which is comparatively higher than Rangs Motors Limited's average collection period in 2019 and hence it can be state that the company is in better position.



- **Recommendation:**

From the above position it can be state that though company is in better position compare to industry average but then again, they also need to work on their sales and receivables. They need to decrease their credit sales and pay discount in order to collect money from accounts receivable as quickly as possible.

FIXED ASSET TURNOVER:

The ratio of sales (on the profit and loss account) to the value of fixed assets is known as fixed-asset turnover (on the balance sheet). It shows how successfully a company's fixed assets are being used to produce revenue.

Fixed Asset Turnover Formula:

Fixed Asset Turnover= Net Sales/ Net Fixed Asset

RANGS Motors Limited:

Years	2019	2018	2017
Fixed Asset Turnover	1.56 times	1.57 times	1.56 times

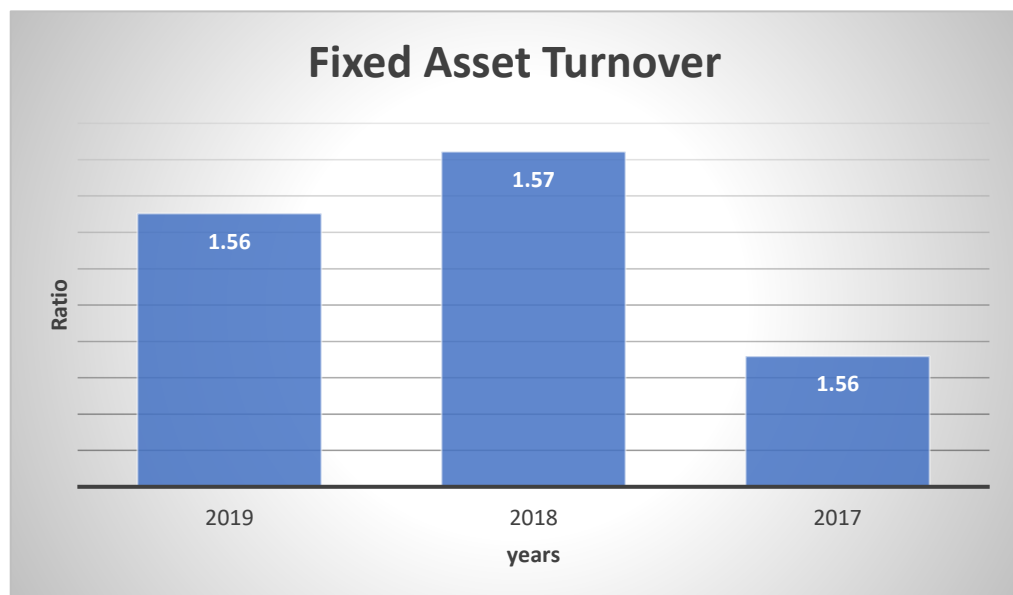
INDUSTRY AVERAGE:

<u>2019</u>
4 times

Interpretation:

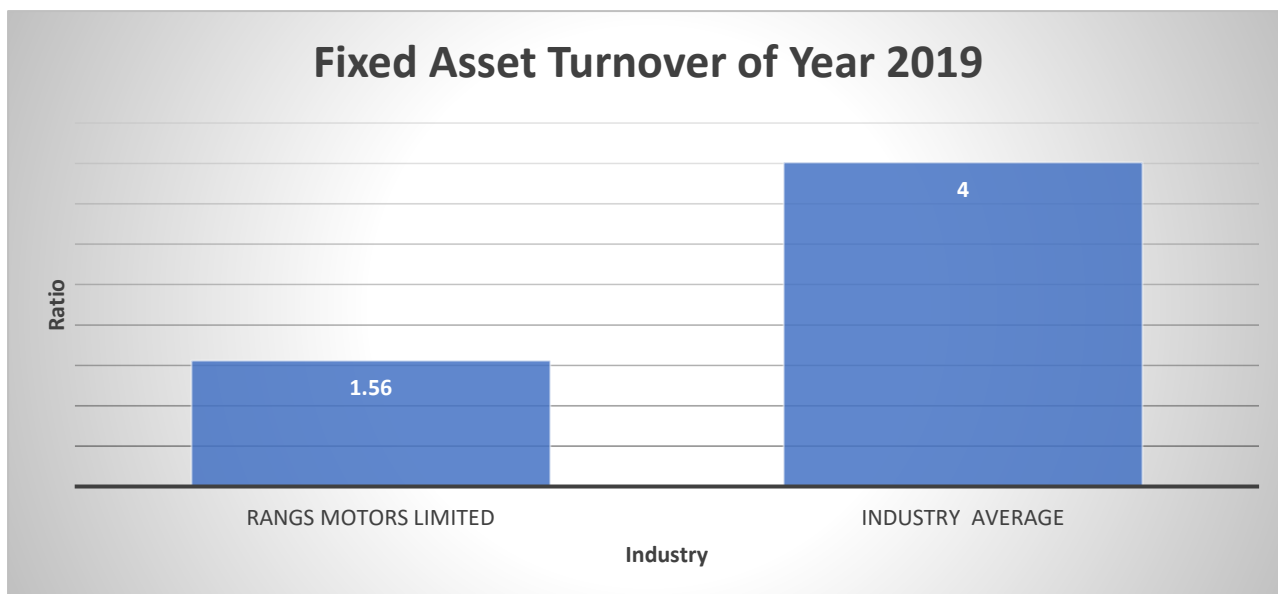
• **Time Series Analysis:**

- In 2019, RANGS Motors Limited's generated BDT 1.56 of sales for every BDT 1 of Fixed Assets.
- In 2018, Fixed Asset turnover is 1.57 times which is comparatively higher than the year 2017(Base Year). However, from 2018 it was high but started decreasing from 2019. This may occur due to not proper valuation of fixed assets or huge number of closing inventories.



• **Cross Functional Analysis:**

- RANGS Motors Limited's Fixed Asset turnover is far more less than average industry. So, the ratio is poor.



- **Recommendation:**

- From the above position it can be state that though company is in worst position compare to industry average. That’s why the company needs to concentrate on their overall fixed assets and sales. They need to make sure they are properly depreciating their fixed assets and maintaining their capital expenditure accurately. They also need boost up their sales either by giving discount or increase credit sales. They also need to be concern about proper utilizing their fixed assets and also maintain historical concept.

Total Asset Turnover:

The total asset turnover ratio compares a company's sales to its total assets.

Total Asset Turnover Formula:

Total Asset Turnover= Net Sales / Total Assets

RANGS Motors Limited:

Years	2019	2018	2017
Total Asset Turnover	0.46 times	0.45 times	0.42 times

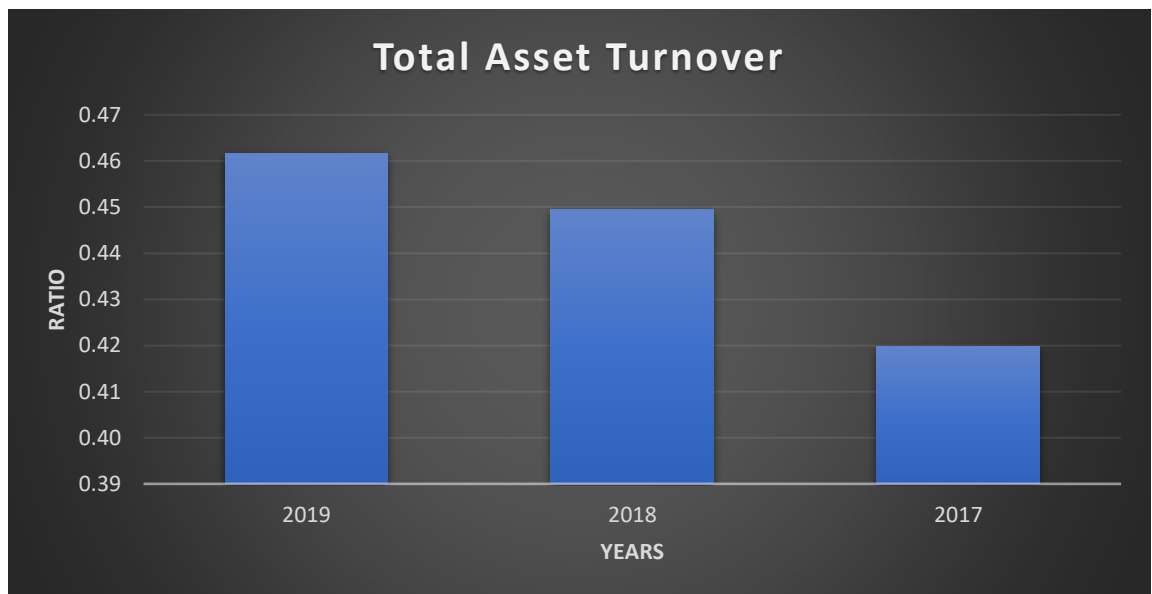
INDUSTRY AVERAGE:

2019
0.36 times

Interpretation:

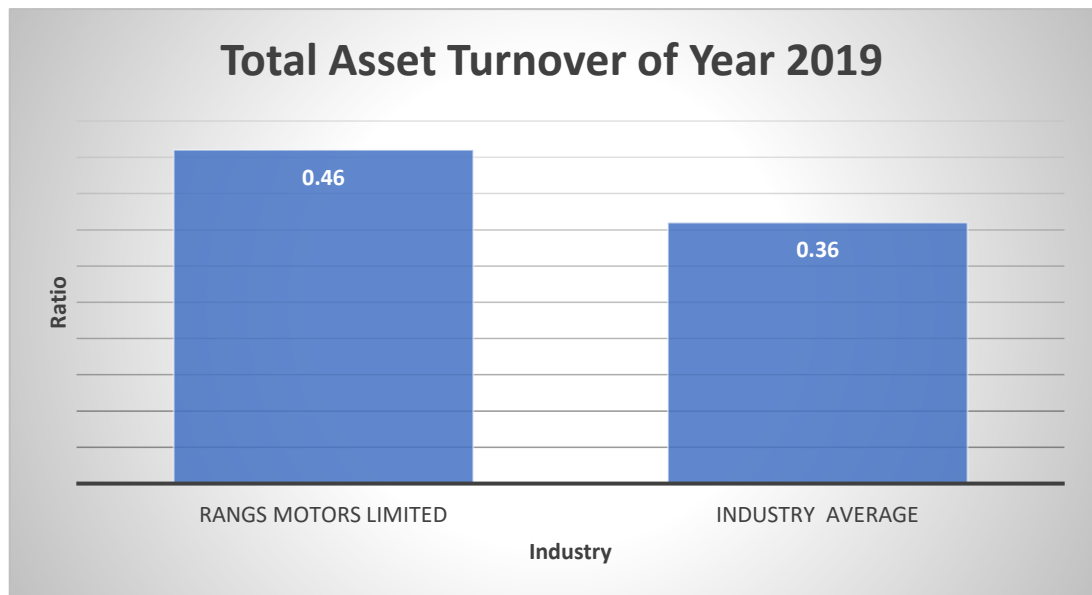
- **Time Series Analysis:**

- In 2019, RANGS Motors Limited's generated BDT 0.46 of sales for every BDT 1 of Total Assets.
- In 2019, Total Asset turnover was 0.46 times which is comparatively higher than the previous year 2017(Base Year). In 2018, it was 0.45 times and it started increasing which was beneficial for the company. This may occur due to proper valuation of fixed assets or huge number of closing inventory or increase in credit sales which eventually increase accounts receivables and thus resulting in huge number of assets than the net sales.



- **Cross Functional Analysis:**

- RANGS Motors Limited's Fixed Asset turnover is better than average industry.



- **Recommendation:**
 - Industry average may seem better but then again company need to make sure they are properly depreciating their fixed assets and also need to be concern about their current assets in near future also.

DEBT MANAGEMENT RATIO:

DEBT RATIO: The debt ratio is defined as the decimal or percentage ratio of total debt to total assets.

Debt Ratio Formula:

Debt Ratio= Total debt/ Total Asset

RANGS Motors Limited:

Years	2019	2018	2017
Debt Ratio	71%	69%	64%

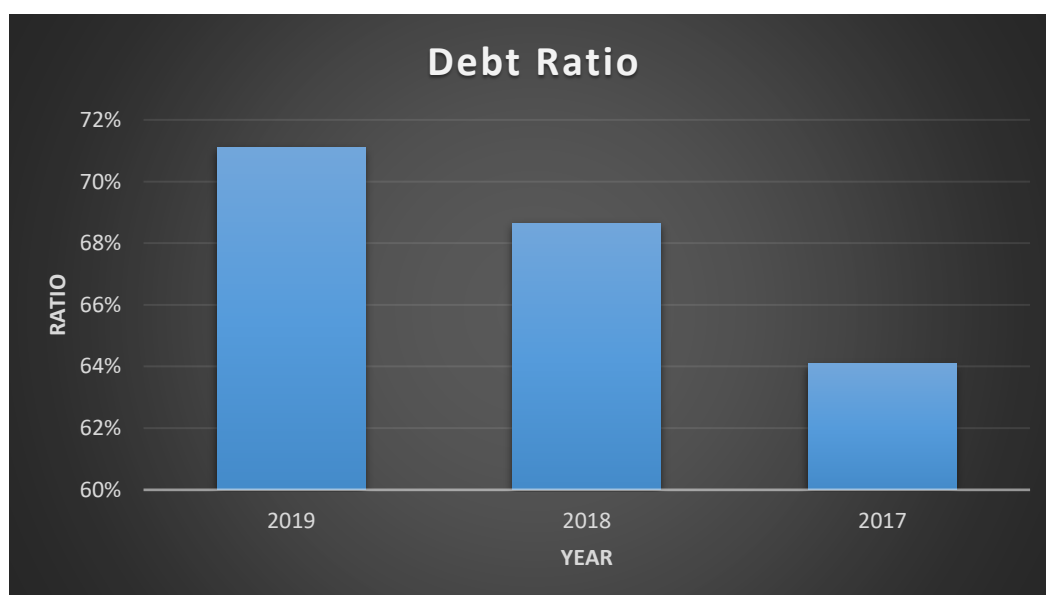
INDUSTRY AVERAGE:

2019
70%

Interpretation:

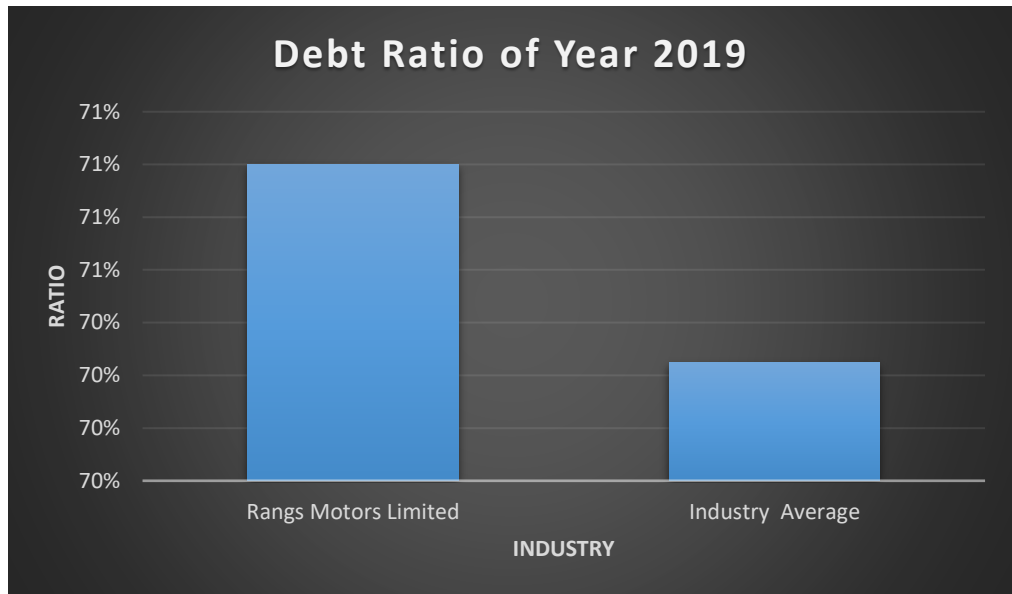
- Time Series Analysis:

- In 2019, MJL Bangladesh LTD's generated 71% of total assets were financed by debt.
- In 2019, Debt ratio is 71% which is comparatively high than the 2017 year (base year). In 2017, it was 64% and it started increasing which means company's ability to pay debt is getting worsen. From 2017 to 2019 year, it increased continuously. This may occur as the company is taking too much loan or not utilizing their assets properly.



- Cross Functional Analysis:

- Rangs Motors Limited's Debt ratio isn't in good position than average industry.



- **Recommendation:**

- Debt Ratio of the company is in bad position than industry average but on the other hand, it is also increasing day by day which can cause severe problem for the company in long run. On such circumstances company needs to make sure that they are not taking too much loan and also utilizing their assets. Proper valuation of fixed assets has been maintained and current assets are also being properly handled. Too much of credit sales may also result in bad debt.

TIMES INTEREST EARNED:

The times interest earned (TIE) ratio is a measure of a company's ability to meet its debt obligations based on its current income.

Time Interest Earned Formula:

Time Interest Earned= Earnings before Interest and Tax/ Interest Expense

RANGS Motors Limited:

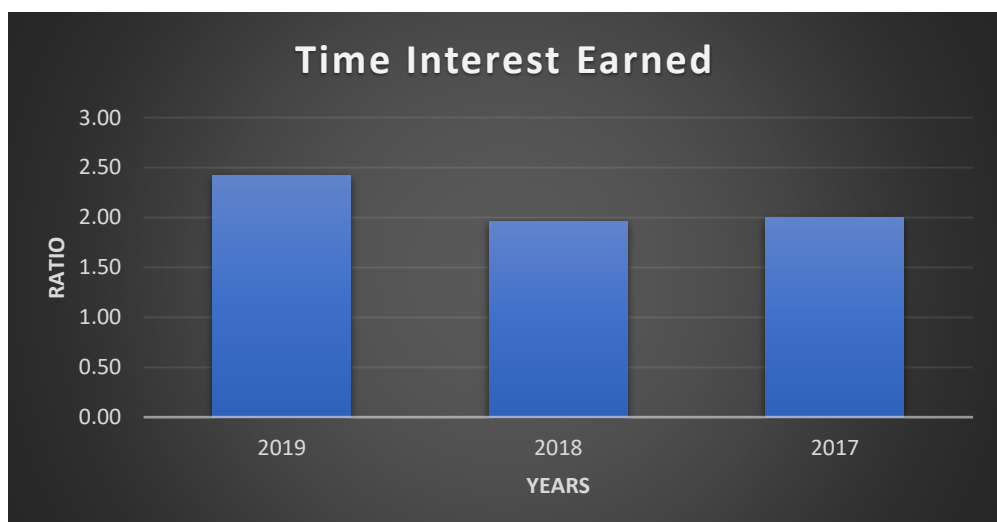
Years	2019	2018	2017
Time Interest Earned	2.42 times	1.96 times	2.00 times

INDUSTRY AVERAGE:

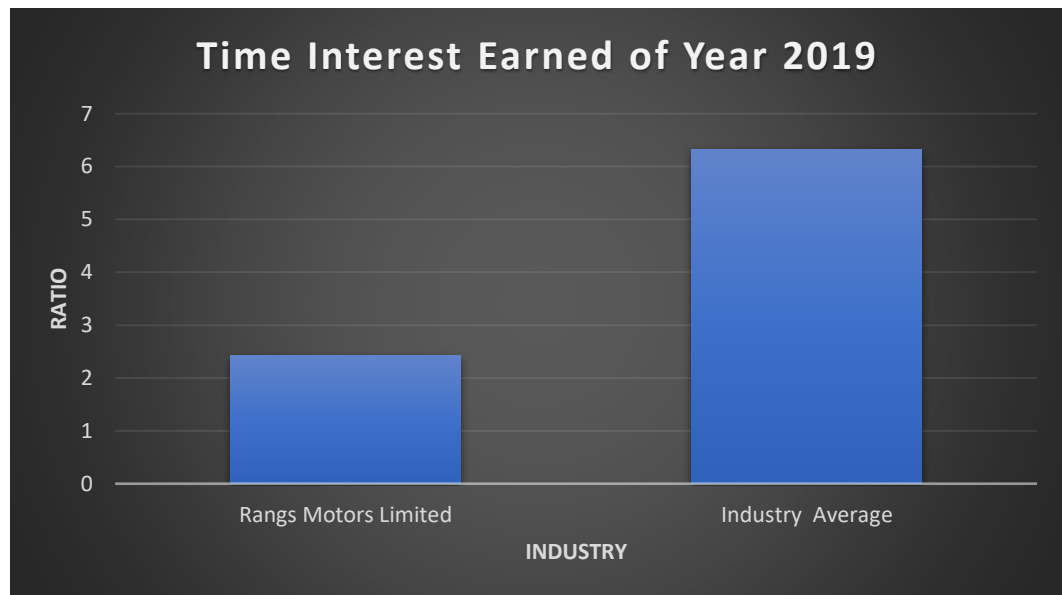
2019
6.33 times

Interpretation:

- **Time Series:**
 - In 2019, MJL Bangladesh LTD. had covered their interest expense 2.42 times.
 - In 2019, the time interest earned ratio has increased than the previous year (Base year 2017). The key concern is the ratio decreased in 2018 year and increased again in 2019. The possible reason of increasing in 2019 year can be the decrease in interest expense or the increase in EBIT or it can be both.



- **Cross functional Analysis:**
 - As Industry average is higher so the ratio is poor.



- **Recommendation:**
 - Since they are below than the industry averages the ratio is poor. So, in following years they must generate more EBIT and has to recover from the debt which will lead them to a consistent growth.

PROFITABILITY RATIO:

GROSS PROFIT MARGIN:

Gross margin measures how much profit a company makes after paying off its Cost of Goods Sold.

Gross Profit Margin Formula:

Gross Profit Margin= (Gross Profit /Sales) *100

RANGS Motors Limited:

Years	2019	2018	2017
Gross Profit Margin	24%	23%	23%

INDUSTRY AVERAGE:

2019
21%

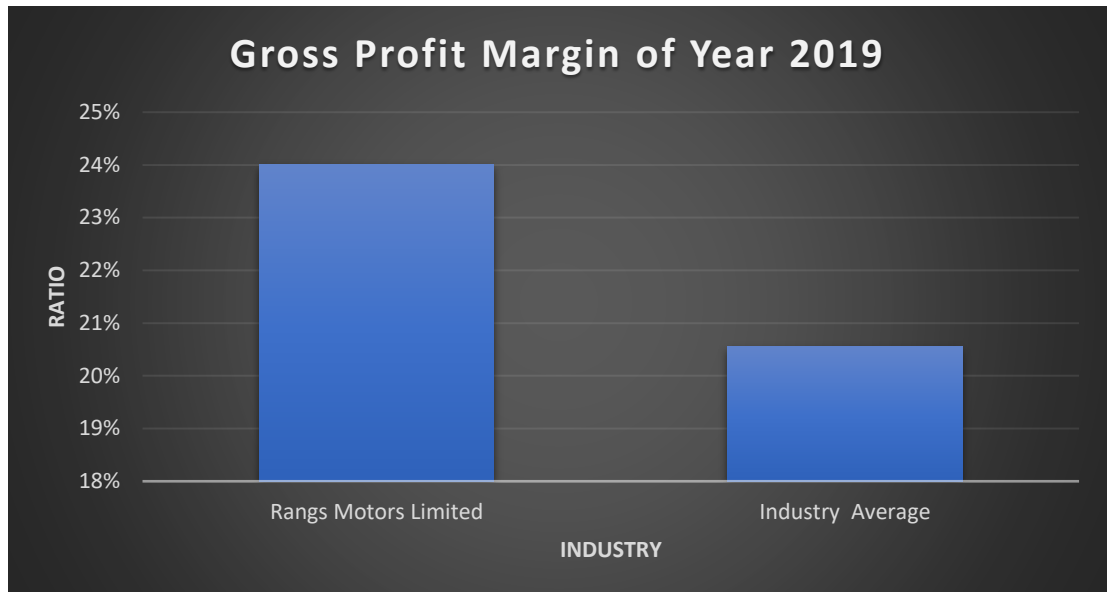
Interpretation:

- **Time Series:**
 - In 2019 Rangs Motors LTD every 100TK of sales generated 24 TK of gross profit.
 - In 2019, the gross profit margin increased than the previous year (Base year 2017). The key concern is that the ratio increased in 2019 year but it was constant in 2017-2018 year However, the causes of constant in the gross profit margin ratio in 2018 may be consistency in sales, consistency in cost of goods sold or the selling price was same like the year 2017.



- **Cross Functional Analysis:**

- They are above the industry average so the ratio is in good position.



- **Recommendation:**

- Since they are below the industry average the ratio is good. So, to improve this ratio more they might have to increase in sales, decrease in cost of goods sold or the selling price of their products/services/goods should be charged high.

OPERATING MARGIN:

Operating margin ratio is the ratio of operating income to the revenue of the business.

Operating margin Formula:

Operating margin = Operating income/net sales*100

Rangs Motors Limited:

Years	2019	2018	2017
Operating Profit Margin	12%	11%	11%

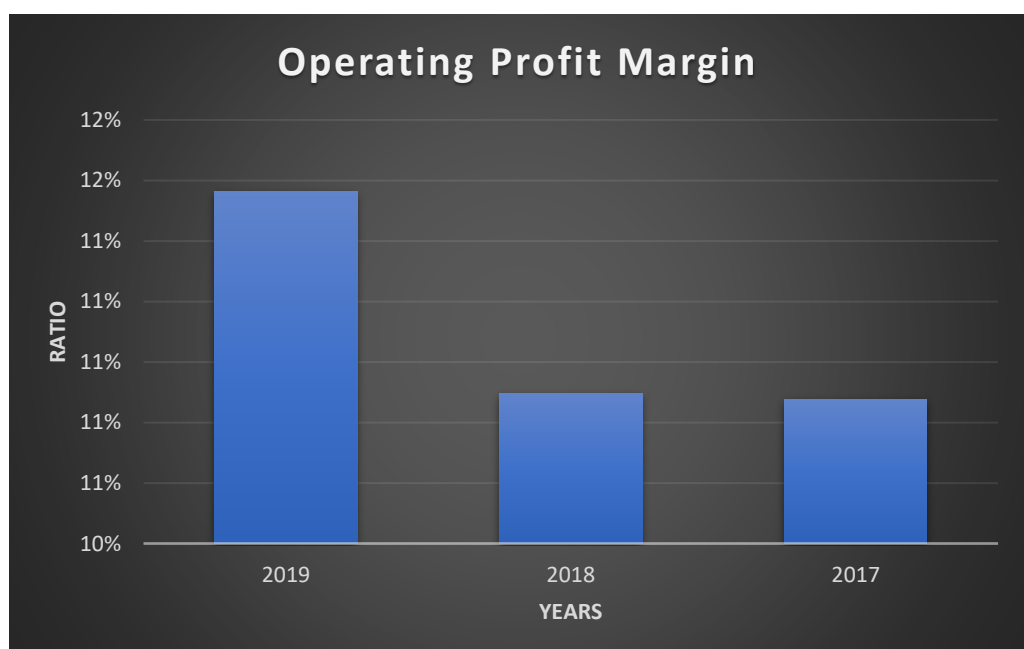
INDUSTRY AVERAGE:

2019
16%

Interpretation:

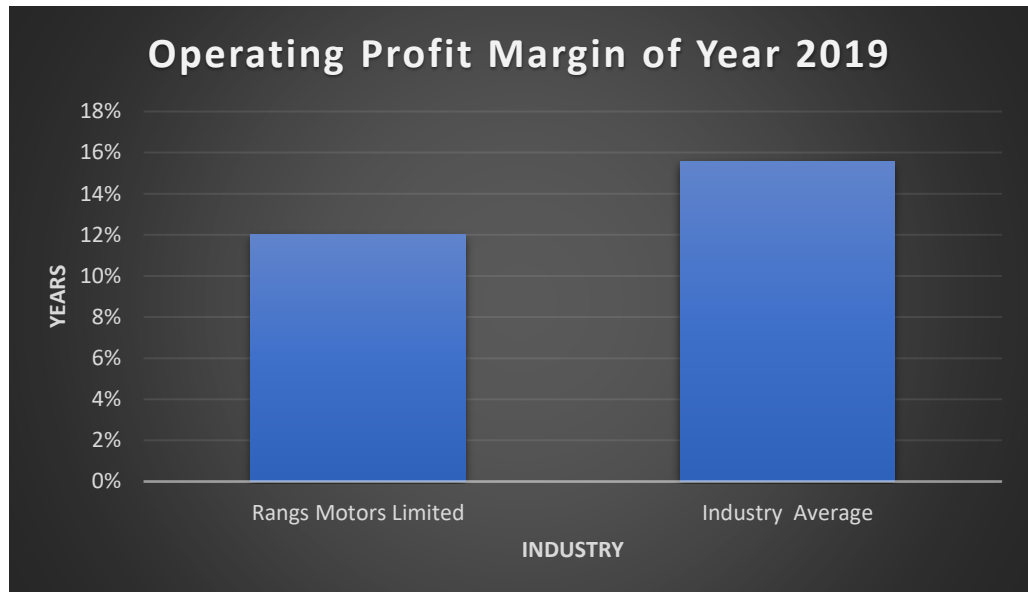
- **Time Series:**

- In 2019, Rangs Motors LTD every 100TK of sales generated 12 TK of operating profit.
- In 2019, the operating margin has increased than the previous year (Base year 2017). The good news for this ratio is that the ratio has increased than the year 2017-2018. However, the two main reasons of increasing operating margin in are either the company has an increased in sales or a decreased in expenses.



- **Cross Functional Analysis:**

- Since, in 2019, They are below the industry average so the ratio is poor.



- **Recommendation:**

- Since they are below the industry average the ratio is poor. So, to improve this ratio more they might have to increase operating margin and increase in sales or a decreased in expenses.

NET PROFIT MARGIN:

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. Net profit margin is the ratio of net profits to revenues for a company or business segment.

Net Profit Margin Formula:

Net Profit Margin = (Net Profit/Net Sales) *100

Rangs Motors Limited:

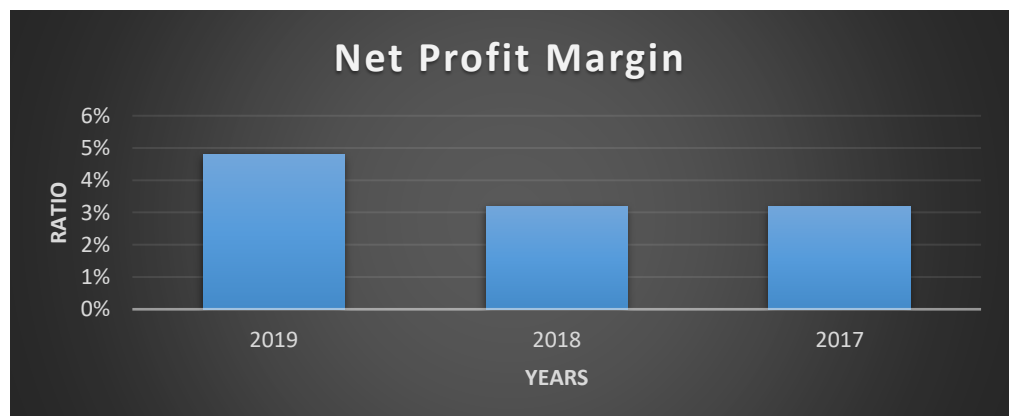
Years	2019	2018	2017
Net Profit Margin	5%	3%	3%

INDUSTRY AVERAGE:

2019
10%

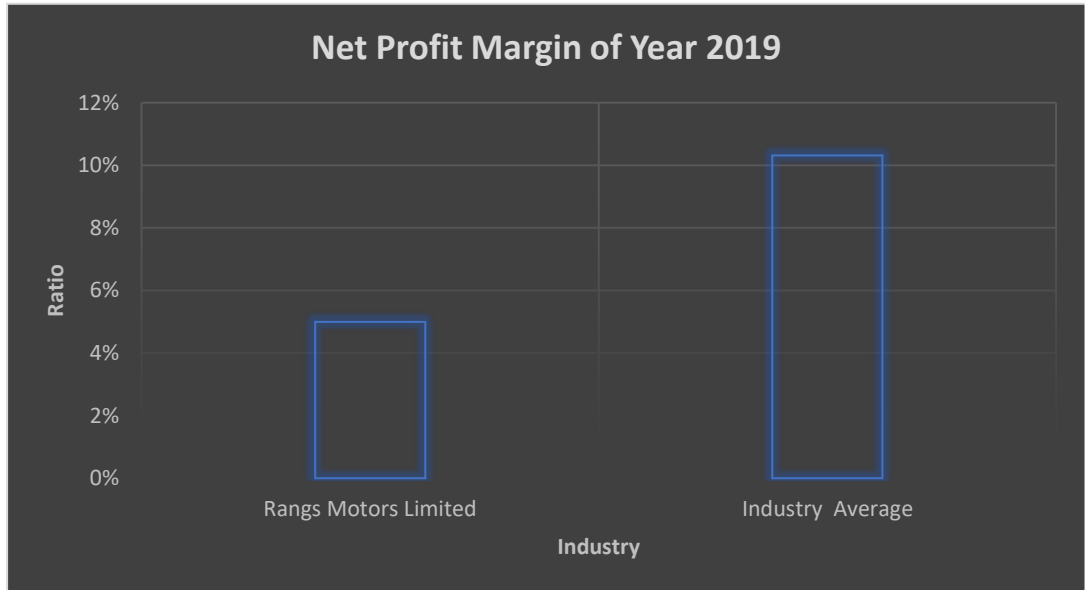
Interpretation:

- **TIME SERIES ANALYSIS:**
 - In 2019, Rangs Motors LTD every 100TK of sales generated 5TK of net profit
 - In 2019, the profit margin increased than the previous year (Base year 2017). The key concern is that the ratio has increased in 2019 year but it was constant in 2017-2018 year. However, the causes of constant net profit margin ratio in 2017-2018 years may be constant in raw material costs, labor costs, the introduction of new technologies and macroeconomic development like recessions. Moreover, charging a same price on their product/service/goods can also cause of constant in the net profit margin ratio.



- **Cross Functional Analysis:**

- Since They are below the industry average so the ratio is poor.



- **Recommendation:**

- Since they are below the industry average so the ratio is poor and they have to decrease raw material costs, labor costs or they may have to decrease their products/services/goods price to gain the high ratio like other companies.

RETURN ON ASSETS:

Return on Assets (ROA) is an indicator of how well a company utilizes its assets, by determining how profitable a company is relative to its total assets.

Return on Assets formula:

Return on Assets = Net Income / total assets

Rangs Motors Limited:

Years	2019	2018	2017
Return On assets	2%	1%	1%

INDUSTRY AVERAGE:

2019
4%

Interpretation:

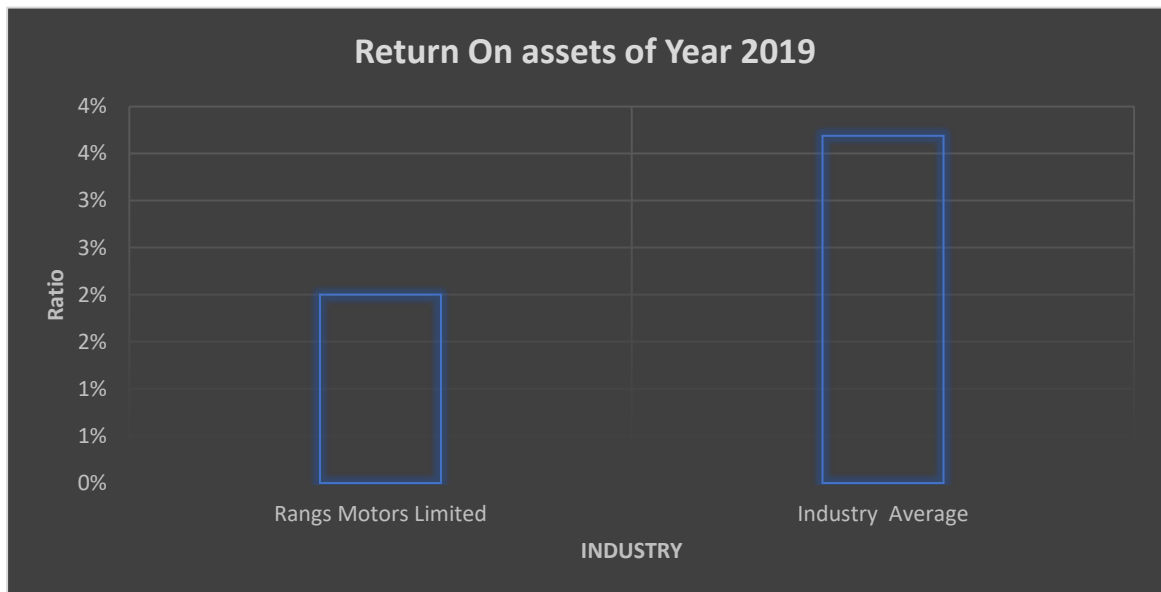
- **TIME SERIES ANALYSIS:**

- In 2019, Rangs Motors Limited's every 100 taka of total assets generated 2 takas of net profit.
- In 2019, The return on assets ratio has increased than the previous year (Base year 2017). The key concern is that the ratio rate increased in 2019 year but it's constant in year 2017-2018. Though the return on assets ratio of 2019 is higher than the base year 2017, but they failed to increase their return on assets ratio in 2017-2018. The possible reason of constant the ratio of return on assets in 2019 can be attributable to a constant in assets cost or revenues/sales or may be constant expenses of their company in 2017-2018 years.



- **CROSS FUNCTIONAL ANALYSIS:**

- They are below the industry average so the ratio is poor.



- **Recommendation:**
 - Since they are below the industry average that's why their ratio is poor. So, from the following year, they have to decrease their cost of goods sold or improve efficiency of current assets or decrease expenses as much as possible. That's the possible way how they will be able to get their Return on assets ratio like the industry average.

Return on Investment:

Return on investment (ROI) is the ratio of a profit or loss made in a fiscal year expressed in terms of an investment.

Return on investment formula:

$$\text{Return on Investment} = \text{Net profit} / \text{total investment}$$

Rangs Motors Limited:

Years	2019	2018	2017
Return on investment	59%	35%	31%

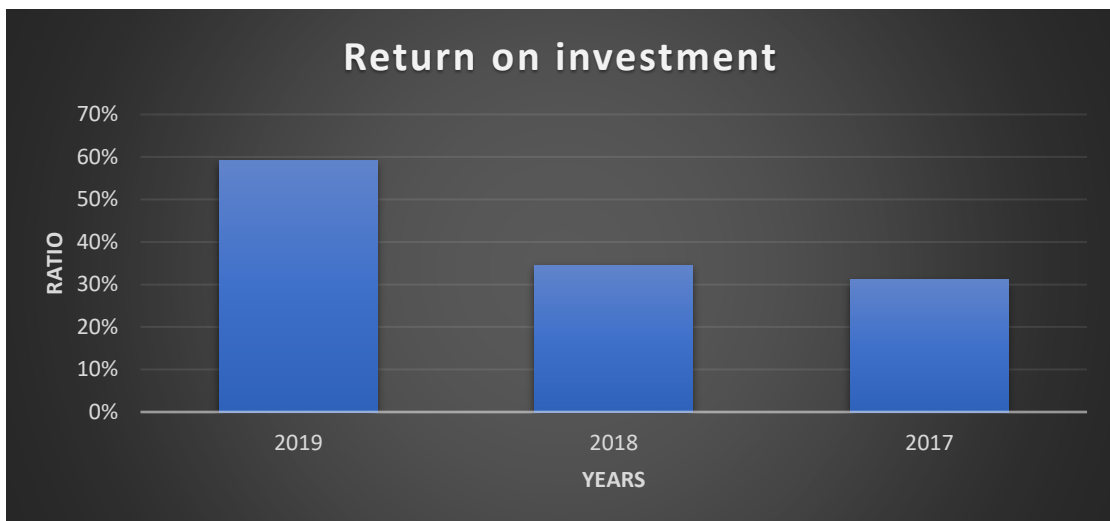
INDUSTRY AVERAGE:

2019
367%

Interpretation:

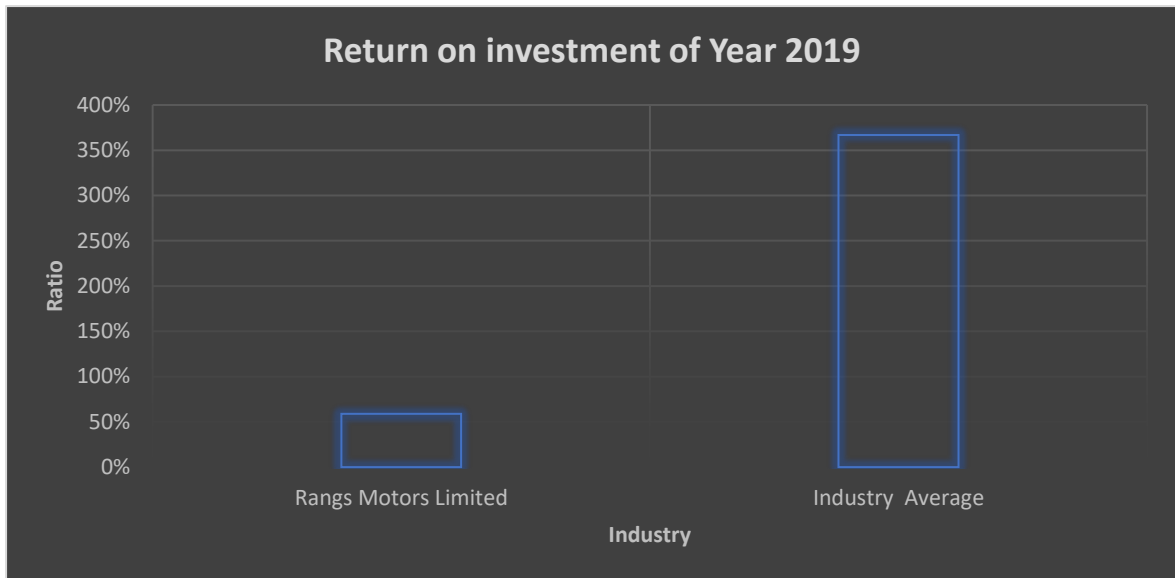
- **TIME SERIES ANALYSIS:**

- In 2019, Rangs Motors Limited has earned Tk 59 for every 100 Tk investment.
- In 2019, The return-on-investment ratio has increased than the previous year (Base year 2017). This company has increased their return-on-investment ratio consistently. The possible reason of consistently increasing the ratio of return on investment in 2017-2019 years can be the more efficiently the company used its asset base to generate sales. We know that the return-on-Investment ratio evaluates the performance or potential return from a business or investment



- **CROSS FUNCTIONAL ANALYSIS:**

- They are below the industry average so the ratio is poor.



- **Recommendation:**

- Since they are below the industry average that's why their ratio is poor. Increasing ratio consistently might be the good achievement for this company. But, on the contrast of other company, their ratio is too low. So, from the following year, they have to be careful to gain much profit like other company from the investments and they have to generate more sales and revenues or raise their prices to get ratio like the other company. That's the possible way how they will be able to gain return on investment like the other company.

Stock Market Ratio:

EARNINGS PER SHARE:

Earnings per share show the earnings for each share of common stock outstanding. Earnings per share serve as an indicator of a company's profitability.

Earnings Per Share formula:

Earnings Per share: (Net profit after tax/total number of common outstanding)

Rangs Motors Limited:

Years	2019	2018	2017
Earnings per share	BDT25.14	BDT 10.35	BDT 7.63

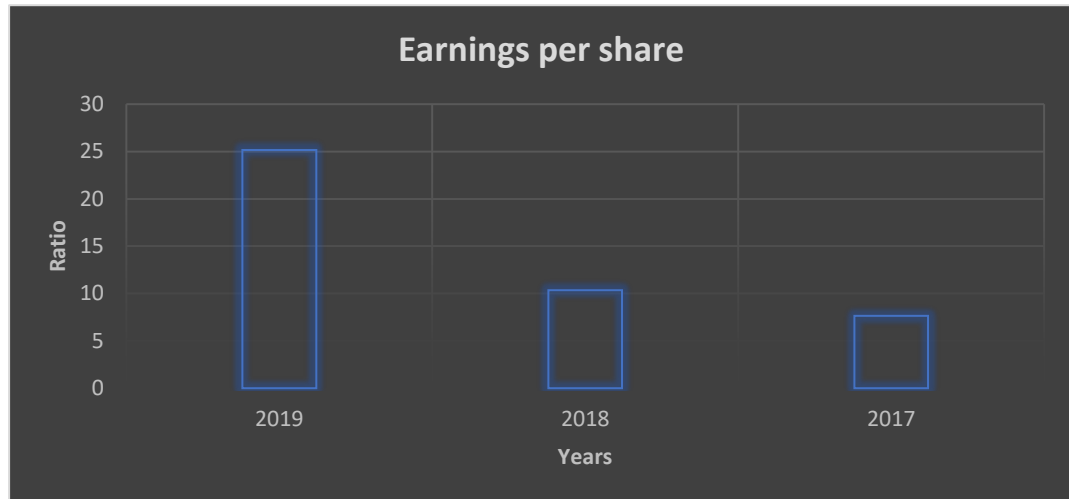
INDUSTRY AVERAGE:

2019
BDT 4.59

INTERPRETATIONS:

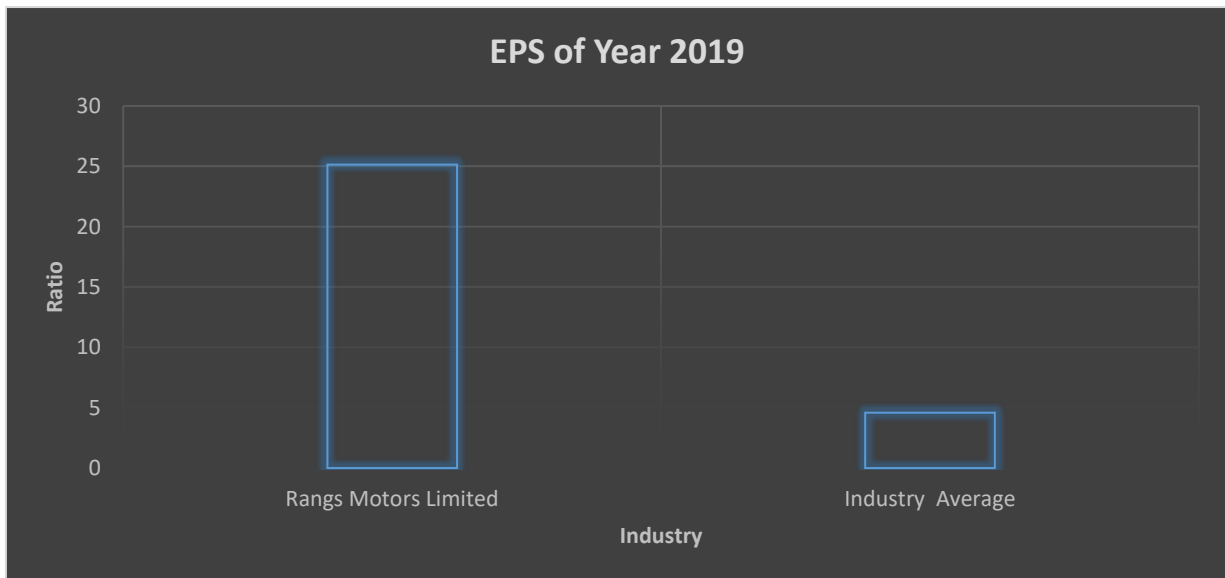
- **TIME SERIES ANALYSIS:**

- In 2019, Rangs Motors Limited's common shareholders have BDT 25.14 earned per share.
- In 2019, MJL Bangladesh Limited common shareholder have BDT 25.14 earned per share. Before this year, the company's earnings per share was increased in 2018 than the year. The reason behind increasing ratio is that they might have increased their net profit after tax by increasing their revenue and also decreased their expenses



CROSS FUNCTIONAL ANALYSIS:

- In 2019, Rangs Motors Limited's earning per share Ratio is above the Industry Average's earning per share ratio. So, the ratio is in good position.



Recommendation:

Since they are above the industry average that's why their ratio is good that's why they don't need any recommendation but they should try to hold on their ratio like other industry.

Chapter 3

Sales Method & Credit Collection Policy of Rangs Motors Limited

3.1 Introduction:

I worked under the supervision of my supervisor on a variety of projects she assigned to me. Closing a customer credit file was one of the most difficult tasks I had to complete. My boss gave me an excel file with a credit file for 4000 customers. Rangs Motors Limited offers their vehicles in three different ways. I was given the task of closing the files of those clients who had purchased a vehicle from Rangs Motors Limited on credit. I discovered that the consumers were unable to pay their dues due to a variety of financial difficulties. Covid 19 and vehicle damage difficulties were the most common reason for customers not being able to repay the loan. Rangs Motors Limited wishes to close these accounts by providing a payment proposal. The goal of sending a proposal to a customer is to minimize the company's loss.

In general, it was difficult to grasp the scope of the large project in a short period of time. To begin, I needed to obtain all kinds of information from customers via ERP. Those details must be included into the excel sheet. Then I had to gather all of the data from the customer's financial top sheet, including the proposal amount, EMI received, VTS received, service charge received, and so on.

There were a few things to think about. All of them required me to work with two different sorts of vehicle files. Working with Mahindra and Eicher files, on the other hand, is vastly different. The credit file for Mahindra's consumers was simple. The credit file of Eicher's consumers, on the other hand, was fairly complicated.

This initiative is carried out every year since RML faces financial difficulties with its consumers every year. These 4000 files, on the other hand, would assist my supervisor in determining the profit/loss of these vehicles

3.2 Methodology:

I worked under the supervision of my supervisor on a variety of projects she assigned to me. Closing a customer credit file was one of the most difficult tasks I had to complete. My boss gave me an excel file with a credit file for 4000 customers. Rangs Motors Limited offers their cars in three different ways. I was given the task of closing the files of those clients who had purchased a vehicle from Rangs Motors Limited on credit. I discovered that the consumers were unable to pay their dues due to a variety of financial difficulties. Covid 19 and vehicle damage difficulties were the most common reason for customers not being able to repay the loan. Rangs Motors Limited wishes to close these accounts by providing a payment proposal. The goal of sending a proposal to a customer is to minimize the company's loss.

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different. The credit file for Mahindra's consumers was simple. The credit file of Eicher's consumers, on the other hand, was fairly complicated.

This initiative is carried out every year since RML faces financial difficulties with its consumers every year. These 4000 files, on the other hand, would assist my supervisor in determining the profit/loss of these vehicles.

3.3 Findings & Analysis:

Rangs Motors Limited sells their vehicles in three different configurations. These are the Modes.

1. Full-cash Sales
2. Mixed Policy
3. Credit Policy

1. Full-cash Sales: The buyer's payment obligation is satisfied instantly in a cash sale. Rangs Motors Limited employs this strategy while selling their vehicles for cash. Using this technique, the buyer pays for the car in full. The customer will receive a cash discount from Rangs Motors Limited. In cash sales, they provide discount to consumers between 8,000 and 10,000 takas.
2. Mixed Policy: The Early Settlement Process is a policy that is known as mixed policy. It's simply a semi cash transaction. This is also the approach used by Rangs Motors Limited. The Mixed Policy is for a period of 24 months. If a customer pays their loans on time within 24 months, they will not have to pay any interest to Rangs Motors Limited. However, if the remaining balance is not paid within 24 months, the Mixed Policy will not benefit the consumer. After then, the client must pay 12.6% interest for 48 months.
3. Credit Policy: They offer specialist branches dedicated to providing commercial vehicle and equipment loans to fit customer's needs. Borrowers include individuals, Bus and truck owners, partnership firms, and organizations, among others. Buses, trucks and other light and compact commercial vehicles can all be purchased with this credit

policy. In addition, Customers must pay a specific amount of taka as a down payment, which is determined by Rangs Motors Limited, and the remainder of the money will be given between 24 to 48 months. In this process, the customer must pay interest on a monthly basis.

Credit Collection Policy of Rangs Motors Limited

In Bangladesh, Rangs Motors Limited is the distributor for Eicher, Mahindra. The RML-approved showrooms, dealers, and deal concerns make up the distribution route. Customers have the option of purchasing their car with cash, credit, or a combination of the two. If a buyer chooses to purchase a vehicle on credit, they must submit a down payment right away.

There are two types of situations which Rangs Motors Limited has to deal with every time:

Case1.Normal Financial Stable Customer: If a consumer does not be able to pay their due amount within 24 months of the starting date, they will be charged a 12.6 percent annual interest rate. However, if the customer is able to pay their due amount in between 24 months then he/she shouldn't pay any interest on their due amount.

For Example: Suppose Rahim buys one BIG BOLERO Price is 1800000/- . Initially he Gives 370000/- As down payment and rest of the amount will be paid as an Emi payment within 48 months. So, how much does he need to pay as his interest payment in total?

*So, rest of the amount is = $(1800000 - 370000)$ Tk = 1430000tk

Since, he chooses 48 months to repay the due amount, then he needs to pay 12.6% interest rate annually

*So, Interest of 1 year is = $(1430000 * .126)$ tk = 180180tk

*So, Interest of 4 year is = $(180180 * 4)$ = 720720tk

*So, after 48-month Customer needs to pay = $(1430000 + 720720)$ tk = 2150720tk

He must also pay an additional 5000 tk with his due amount for the closure of his credit file at the conclusion of the 48-month period, as well as a Vehicle tracking charge(variable) to Rangs Motors Limited.

This is how RML collects customer's due amount in case of financially stable customers.

Case 2: Financially Unstable customers:

If a client becomes financially unstable during their 48-month/24-month Emi payment period, Rangs Motors Limited would generally send them a proposal stating that they must pay at least the proposed amount to close their credit file.

Assume Mr. Karim purchased a BIG BOLERO for 1800000/ and paid RML 270000 TK as a down payment. However, his vehicle's condition has worsened over the last 26 months, and this vehicle was his only means of paying Emi of Rangs Motors Limited. Mr. Karim, on the other hand, is unable to pay his EMI on time. As a result, the delay interest is increasing every day. The regional manager then sends information about his vehicle's condition and his financial conditions to Rangs Motors Limited. Rangs Motors Limited evaluates the customer's situation and then gives him an offer to pay at least the proposed amount established by Rangs Motors Limited. According to policy. Karim's credit file must be closed by paying at least 200000 tk. He must also pay RML a file closing fee, vts charge and service charge.

RML closes Mr. Karim's credit file if he pays the proposal amount on time. This is how RML collects customer's due amount in case of financial crisis of the customer.

3.4 Recommendation:

The most difficult aspect of this job was the repeating of the same tasks. Every day, I had to complete the same tasks. Rangs Motors Limited, in my opinion, should provide a variety of tasks for their interns. Because I feel that internship is mostly a means of gaining practical experience. If they can come up with a variety of work for their interns, I don't think any of them will get bored.

References

- [1] Rangs Group, "About us:Rangs Group," 9 September 2021. [Online]. Available: <https://www.rangsgroup.com/>.
- [2] Rangs Group, "Automotive:Rangs Group," 30 september 2021. [Online]. Available: <https://www.rangsgroup.com/industries/automotive/rangs-motors>.
- [3] Investopedia, "Fundamental Analysis:Investopedia," 1 October 2021. [Online]. Available: <https://www.investopedia.com/terms/p/porter.asp>.

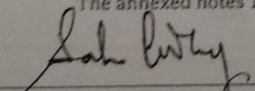
Appendix A.

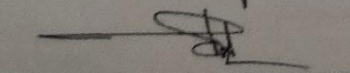
Years	2019	2018	2017
Current Ratio	1.01	1.11	1.33
Quick or Acid Ratio	0.61	0.54	0.64
Inventory Turnover	2.84	1.92	1.72
AVERAGE COLLECTION PERIOD	205	176	193
Fixed Asset Turnover	1.56	1.57	1.56
Total Asset Turnover	0.46	0.45	0.42
Debt Ratio	71%	69%	64%
Time Interest Earned	2.42	1.96	2.00
Gross Profit Margin	24%	23%	23%
Operating Profit Margin	12%	11%	11%
Net Profit Margin	5%	3%	3%
Return On assets	2%	1%	1%
Return on investment	59%	35%	31%
Earnings per share	25.14	10.35	7.63

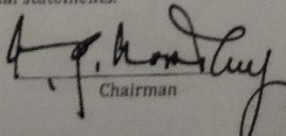
Rangs Motors Ltd.
Statement of Financial Position
As at 30 June 2019

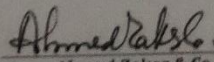
Particulars	Notes	Amount in Taka	
		30-Jun-19	30-Jun-18
Assets			
Property, plant and equipment	4.00	3,582,925,794	2,961,986,028
Construction work-in-progress	5.00	93,404,002	71,722,646
Investment in shares & others	6.00	370,920,239	351,175,384
Trade and other receivables	7.00	3,145,906,494	2,237,028,337
Non-current assets		7,193,156,528	5,621,912,395
Trade and other receivables	7.00	1,145,980,200	954,983,501
Inventories	8.00	1,975,055,856	2,422,688,970
Investment in FDR	9.00	84,150,461	77,038,565
Due from associate companies	10.00	429,890,596	344,931,661
Advance, deposit & pre-payment	11.00	891,068,557	761,227,166
Cash and cash equivalents	12.00	410,353,385	141,699,673
Current assets		4,936,499,055	4,702,569,536
Total assets		12,129,655,584	10,324,481,931
Equity			
Share capital	13.00	100,000,000	100,000,000
Retained earnings	14.00	1,299,635,167	1,048,239,965
Unrealized gain/(loss)		97,172,592	79,427,737
Revaluation Reserves	15.00	2,009,414,537	2,009,414,537
Total equity		3,506,222,296	3,237,082,239
Liabilities			
Long term loan	16.00	3,676,652,168	2,771,086,229
Deferred tax liabilities	17.00	80,573,122	79,715,689
Non-current liabilities		3,757,225,290	2,850,801,918
Short term loan	18.00	2,894,254,505	2,737,868,116
Long term loan (Current portion)	19.00	1,253,260,352	963,203,078
Accrued & other liabilities	20.00	185,167,176	143,843,969
Provisions for income tax	21.00	533,525,967	391,683,211
Current liabilities		4,866,207,999	4,236,598,374
Total liabilities		8,623,433,289	7,087,399,692
Total equity and liabilities		12,129,655,584	10,324,481,931

The annexed notes 1 to 31 form an integral part of these financial statements.


Managing Director


Company Secretary


Chairman


Ahmed Zaker & Co.
Chartered Accountants

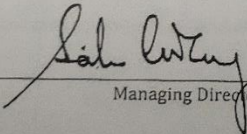
Signed as per our audit report

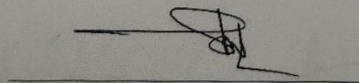
Date: 30 October 2019
Location: Dhaka

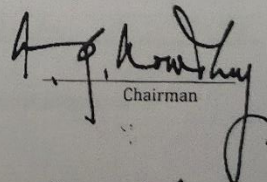
Rangs Motors Ltd.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

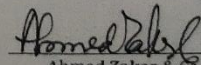
Particulars	Notes	Amount in Taka	
		01.07.2018 to 30.06.2019	01.07.2017 to 30.06.2018
Revenue	22.00	5,600,236,409	4,639,761,343
Cost of sales	23.00	(4,261,573,151)	(3,568,234,774)
Gross profit		1,338,663,258	1,071,526,569
Operating Expenses			
Selling and distribution expenses	24.00	(276,822,808)	(220,660,470)
General administrative expenses	25.00	(414,273,343)	(345,339,565)
Operating profit		647,567,107	505,526,535
Other income	26.00	13,743,080	8,719,202
Finance costs	27.00	(267,214,197)	(257,523,127)
Profit before Income Tax		394,095,991	256,722,610
Income tax expense	28.00	(142,700,789)	(153,258,814)
Net profit after tax		251,395,202	103,463,796
Items that are or may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets - net change in fair value	29.00	17,744,855	44,528,952
Other comprehensive income for the year		17,744,855	44,528,952
Total comprehensive income for the year		269,140,057	147,992,748
Earnings Per Share	31.00	25.14	10.35

The annexed notes 1 to 31 form an integral part of these financial statements.


Managing Director


Company Secretary


Chairman


Ahmed Zaker & Co.
Chartered Accountants

Signed as per our audit report

Date: 30 October 2019
Location: Dhaka

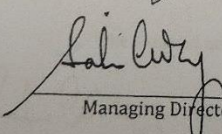


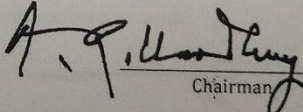
AHMED ZAKER & Co.
CHARTERED ACCOUNTANTS

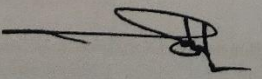
Rangs Motors Ltd.
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018

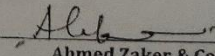
Particulars	Notes	Amount in Taka	
		2017-2018	2016-2017
Revenue	22.00	4,639,761,343	3,611,180,118
Cost of sales	23.00	(3,568,234,774)	(2,778,610,571)
Gross profit		1,071,526,569	832,569,547
Operating Expenses			
Selling and distribution expenses	24.00	(220,660,470)	(171,952,894)
General administrative expenses	25.00	(345,339,565)	(267,852,100)
Operating profit		505,526,535	392,764,553
Other income	26.00	8,719,202	7,399,393
Finance costs	27.00	(257,523,127)	(196,219,662)
Net finance costs		(257,523,127)	(196,219,662)
Profit before Income Tax		256,722,610	203,944,284
Income tax expense	28.00	(153,258,814)	(127,650,369)
Net profit after tax		103,463,796	76,293,915
Items that are or may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets - net change in fair value	29.00	44,528,952	38,355,519
Other comprehensive income for the year		44,528,952	38,355,519
Total comprehensive income for the year		147,992,748	114,649,434
Earnings Per Share	30.00	10.35	7.63

The annexed notes 1 to 30 form an integral part of these financial statements.


Managing Director


Chairman


Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

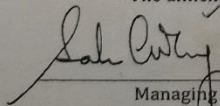
Signed as per our audit report

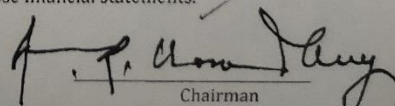
These financial statements have been authorised by the Board of Directors on 30 October 2018.
Date: October 30, 2018
Location: Dhaka

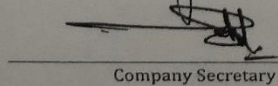
Rangs Motors Ltd.
Statement of Financial Position
As at 30 June 2018

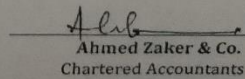
Particulars	Notes	Amount in Taka	
		30-Jun-18	30-Jun-17
Assets			
Property, plant and equipment	4.00	2,961,986,028	2,322,015,876
Construction work-in-progress	5.00	71,722,646	8,183,036
Investment in shares & others	6.00	351,175,384	306,646,432
Trade and other receivables	7.00	2,237,028,337	1,910,267,600
Non-current assets		5,621,912,395	4,547,112,944
Trade and other receivables	7.00	954,983,501	981,961,735
Inventories	8.00	2,422,688,970	2,100,188,970
Investment in FDR	9.00	77,038,565	62,451,701
Due from associate companies	10.00	344,931,661	235,597,286
Advance, deposit & pre-payment	11.00	761,227,166	611,825,443
Cash and cash equivalents	12.00	141,699,673	63,195,313
		4,702,569,536	4,055,220,448
Current assets		4,702,569,536	4,055,220,448
Total assets		10,324,481,931	8,602,333,392
Equity			
Share capital	13.00	100,000,000	100,000,000
Retained earnings	14.00	1,048,239,965	944,776,169
Unrealized gain/(loss)		79,427,737	34,898,785
Revaluation Reserves	15.00	2,009,414,537	2,009,414,537
Equity attributable to owners of the		3,237,082,239	3,089,089,491
Total equity		3,237,082,239	3,089,089,491
Liabilities			
Long term loan	16.00	2,771,086,229	2,395,326,905
Deferred tax liabilities	17.00	79,715,089	78,853,746
Non-current liabilities		2,850,801,318	2,474,180,651
Short term loan	18.00	2,737,868,116	1,862,615,179
Long term loan (Current portion)	19.00	963,203,078	823,805,571
Accrued & other liabilities	20.00	143,843,970	113,356,761
Provisions for income tax	21.00	391,683,210	239,285,739
		4,236,598,374	3,039,063,250
Current liabilities		4,236,598,374	3,039,063,250
Total liabilities		7,087,399,692	5,513,243,901
Total equity and liabilities		10,324,481,931	8,602,333,392

The annexed notes 1 to 30 form an integral part of these financial statements.


Managing Director


Chairman


Company Secretary


Ahmed Zaker & Co.
Chartered Accountants

Signed as per our audit report

These financial statements have been authorised by the Board of Directors on 30 October 2018.

Date: October 30, 2018
Location: Dhaka