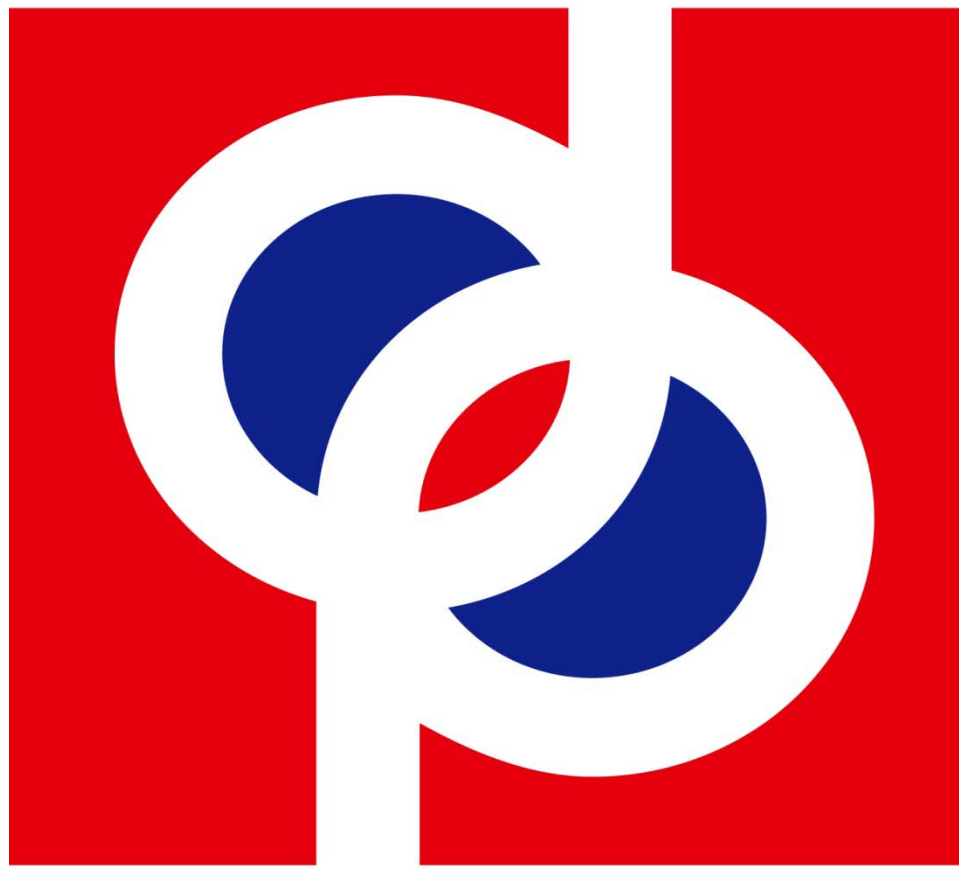


INTERNSHIP REPORT
ON
EVALUATION OF CAPITAL STRUCTURE OF PADMA
POLYCOTTON KNIT FABRICS LIMITED



Internship report
On
EVALUATION OF CAPITAL STRUCTURE OF PADMA
POLYCOTTON KNIT FABRICS LIMITED



Submitted to
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Date of submission: November 07, 2013

LETTER OF TRANSMITTAL

Date: November 07, 2013

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Subject: Submission of Internship Report

Dear Sir

I am here by submitting my Internship Report, which is a part of the MBA Program. It is great achievement to work under your active supervision.

This report is based on, "Evaluation of Capital Structure of Padma PolyCotton Knit Fabrics Ltd". I have got the opportunity to work in Padma PolyCotton Knit Fabrics Limited in "Accounts and Finance Department" for twelve weeks, under the supervision of Md. Mofijur Rahman, Manager, Accounts and Finance Department of Padma PolyCotton Knit Fabrics Ltd.

I am very much glad that you have given me the opportunity to prepare this report and hope that this report will meet the standards of adjustment.

But there may be some mistakes due to various limitations. Therefore, I beg your kind consideration in this regard. Any kind of suggestions and clarification will be accepted cordially.

Thank you.

Sincerely yours,

Ferdousi Yeasmin

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MBA Program

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Acknowledgement

First of all, I wish to express my gratitude to the almighty ALLAH for giving me the strength to perform my responsibilities as an intern and complete the report within the stipulated time.

I am deeply indebted to my supervisor Showvonick Datta, Lecturer, BRAC Business School, BRAC University for his whole-hearted supervision during my organizational attachment period. I am also grateful to Md. Mofijur Rahman, Manager, Accounts and Finance Department of Padma PolyCotton Knit Fabrics Ltd, as my organizational supervisor. It would have been very difficult to prepare this report up to this mark without their guidance.

My gratitude goes to entire CSO Department, of BRAC University for arranging Internship Program that facilitates integration of theoretical knowledge with real life situation.

Moreover, I would also like to express my gratitude to my Padma PolyCotton Knit Fabrics Ltd fellows, seniors and colleagues who gave me good advice, suggestions, inspiration and support. I must mention the wonderful working environment and group commitment of this organization that has enabled me to deal with a lot of things.

Executive Summary

The report of Capital Structure Analysis of Padma Poly Cotton Ltd. is based on Annual Reports of 2 years 2011 & 2012. This analysis based on the different ratios analysis of capital structure (C.S) and Financial Structure (F.S) and their sensitivity to the company's efficiency.

The study is basically based on secondary data. The sources of secondary data were Annual Report, Company brochure and website. Some primary data were collected by interviewing The Padma PollyCotton Knit Fabrics Ltd Officials. Before using the data for the purpose of evaluation of capital structure, the documents were carefully scanned and their reliability was judged.

The growth rate, Earning per Share (EPS), ROE, of the Company will able to find out the trend of the Company. Again the common size statement is used to find out the proportion of the Company.

The yearly financial ratios regarding capital structure were calculated by EXCEL Sheet, graphically plotted 2 years data 2011 & 2012 are taken in this report. Assets and Equity were increasing from 2011 to 2012 but asset turnover ratios (ROA/ROE) were decreasing.

The present situation of the company is not impressive. This Company is too reluctant to make the payments of interest charges, basically Padma PollyCotton Knit Fabrics Ltd is not paying debts in due time. Though the inventory turnover ratio is higher, it does not claim higher income because of higher cost of good sold.

From the ratio analysis of financial data from annual reports of Padma Poly Cotton Ltd. 2011 & 2012 we find the average EPS is 1.14, ROA is 0.94%, ROE is 3.05%, Debt Ratio is 69.27%, ROA/ROE is 0.32 and Debt : Equity is 21: 79.

The historical Debt: Equity (capitalization ratio) is 21:79. By using historical data (WACC, value of the firm, and debt-equity ratio) in the Optimal Capital Structure Model, we find the Debt: Equity is 21:79 which is similar to the historical Debt: Equity Ratio i.e. 21:79. So Company's existing Debt: Equity ratio is in optimal.

Table of Content

Chapter	Topic	Page no
Chapter-1	Introduction	1-2
1.1	Origin of the report	3
1.2	Objective of the report	3
1.3	Scope of the report	4
1.4	Methodology	4
1.4.1	Selection of the topic	4
1.4.2	Sources of Data	4
1.4.2.1	Primary Sources	4
1.4.2.2	Secondary Sources	4
1.5	Limitation of the report	5
Chapter-2	Overview of the company	6-7
2.1	Company Profile	7
2.2	Their Policies	7
2.2.1	Their Values	7
2.2.2	Their Vision	8
2.2.3	Quality, Environmental, Health and safety Policy	8
2.2.4	Social Policy	8
2.3	Items of product	8
2.3.1	Knit Fabrics	8
2.3.2	Knit Garments	9
2.4	Knitting	10-12
2.5	Lab	12-13
2.6	Dyeing	13-15
2.7	Finishing	15-16
2.8	Garment Dyeing / Washing	17
2.9	Garments	18
2.9.1	Cutting	18
2.9.2	Sewing	18-20
2.9.3	Garments Finishing Section	20
2.10	Printing	20-22
2.11	Embroidery	22-23
2.12	WTP & ETP	23
Chapter-3	Working experience at Padma PollyCotton Knit Fabrics Ltd	24-25
3.1	Job as an intern	25
3.2	Function of Accounts and Finance Department	25
3.3	Different aspects of job performance	26
3.4	Critical observation and recommendation	26
Chapter-4	Determination and analysis of capital structure of Padma PollyCotton Knit Fabrics Ltd	27

4.1	Concept of Capital Structure	28-29
4.2	Determination of Capital Structure	29-33
4.3	Analysis of Capital Structure	34
4.3.1	Historical Analysis	34-35
4.3.2	Ratio analysis	35
4.3.3	Historical (Mean)	36
4.3.4	Findings	36
Chapter-5	conclusion and recommendation	37
5.1	Conclusion	38
5.2	Recommendation	39
Chapter-6	Appendix	40
6.1	Financial Statement for the year of 2011 and 2012	41-49
6.2	References	50

CHAPTER-1

INTRODUCTION

The tremendous success of readymade garment exports from Bangladesh over the last two decades has surpassed the most optimistic expectations. Today the apparel export sector is a multi-billion-dollar manufacturing and export industry in the country. The overall impact of the readymade garment exports is certainly one of the most significant social and economic developments in contemporary Bangladesh. With over one and a half million women workers employed in semi-skilled and skilled jobs producing clothing for exports, the development of the apparel export industry has had far-reaching implications for the society and economy of Bangladesh.

The world set the spotlight on Bangladesh and strongly questioned the integrity of the garment industry after the country's one of the most shocking tragedies on April 24. Fear of GSP cancellation by the EU made the business mood gloomy and anxiety increased as the country's industrial backbone and mightiest pillar of foreign exchange came under threat. Is the garment industry strong enough to endure this pressure? Are the problems toxic enough to jeopardize the future health of the industry? What are the prospects and scopes of improvement? Let's have a look.

The industry generates a total of \$19 billion in exports and employs 3.6 million workers dispersed among 5,400 factories. Currently the sector accounts for 78 percent of exports and contributes 16 percent to the gross domestic product. Expectations of rapid industrialization in future years invariably indicate further growth of the garment sector. This is also because China, the largest exporter of manufactured garments in the world, is losing its appeal in the apparel realm due to labor shortages and higher wages. A McKinsey report suggests that 86 percent of the chief purchasing officers in their survey wanted to move out of China, and Bangladesh is their next preferred destination. The country is expected to gain much of China's share in the cut-throat apparel terrain. Cheap labor is abundant, some of them willing to work at a wage rate of \$0.20 an hour. This is less than a fifth of the labor costs in China. Capacity is another primary advantage. With a total of 5,400 factories, Bangladesh is clearly ahead of other garment suppliers, for instance, Indonesia has 2,450 factories, Vietnam 2,000 and Cambodia 260. Another key prospect lies in the size of the global apparel business which is worth \$1 trillion a year. According to Bangladesh Knitwear Manufacturers and Exporters Association, the EU and the US are the two largest importers of Bangladeshi garments and 86 percent of the total exports are serving these two giants. But how big is our 86 percent in the sphere of total garment demand in the EU and US? The number may seem meager, because Bangladesh caters to only 6 percent of their total apparel demand, as opposed to China, which serves 30 percent. The current average wage rate in the sector is one of the lowest in the world. Though minimum wages were raised in November 2010, a study by the Fair Wear (a non-profit lobby group) found that some workers were receiving less than the new minimum; nearly a quarter were reassigned to lower pay grades. Recipients of the new minimum wage salaries were not necessarily better off, since inflation soared as high as 12 percent the following year. Yearly ramp-up of wage rates which help negate the effects of rising inflation are absent in the sector. Low levels of work safety also pose a massive problem. Between 2000 and 2013, more than 1,500 lives perished in garment industrial disasters caused by fire, building collapses or stampedes. Fire breakouts are the most common, with two out of three accidents recounting to faulty fire extinguishers and electrical short circuits. Though industrial accidents are a recurring phenomenon, the trend is not exclusive to Bangladesh.

1.1 Origin of the report

Internship Program of BRAC University is a compulsory requirement for the MBA students. This study is a requirement of the Internship program of MBA program at the BRAC University. The main purpose of internship is to get the student exposed to the job world. Being an intern the main challenge was to translate the theoretical concepts into real life experience.

The internship program and the study have following purposes:

- To get and organize detail knowledge on the job responsibility.
- To experience the real business world.
- To compare the real scenario with the lessons learned in BRAC University
- To fulfill the requirement of MBA Program.

This report is the result of three months long internship program conducted in Padma PolyCotton Knit Fabrics Ltd and is prepared as a requirement for the completion of the MBA program of BRAC University. As a result I need to submit this report based on the “EVALUATION OF CAPITAL STRUCTURE OF PADMA POLYCOTTON KNIT FABRICS LTD”. This report also includes the overview of this company.

1.2 Objective of the report

The objective of the report can be viewed in two forms:

- General Objective
- Specific Objective

General Objective:

This internship report is prepared primarily to fulfill the Masters of Business Administration (MBA) degree requirement under the Faculty of BRAC Business School, BRAC University. The another objectives are to compare the real scenario with the lessons learned in BRAC University, to experience the real business world and to get and organize detail knowledge on the job responsibility.

Specific Objective:

More specifically, this study entails the following aspects:

- To evaluate of capital structure of PolyCotton Knit Fabrics Ltd.

- To give an overview of Padma PolyCotton Knit Fabrics Ltd.
- To discuss the function of Accounts and Finance Department of PolyCotton Knit Fabrics Ltd.

1.3 Scope of the report

The main intention of the study is the evaluation of capital structure of Padma PolyCotton Knit Fabrics Ltd. The report covers details about the product, overview of this company. The main focus is on the evaluation of capital structure of this company. However the study is only related to the Accounts and Finance Department as I was provided an opportunity to only work in this department.

1.4 Methodology

The report is prepared on the basics on the method of data formulation & observation method. The subject matter of this report is based on primary & secondary sources of data and information.

1.4.1 Selection of the topic

My supervisor assigned the topic of the study. Before the topic was assigned it was thoroughly discussed so that, a well-organized internship report can be prepared.

1.4.2 Sources of Data:

1.4.2.1 Primary Sources:

- Information collection from the concern department
- Practical experience

1.4.2.2 Secondary Sources:

- Official records
- Relevant papers & collect the annual report
- Manuals of different departments
- Annual report

1.5 Limitation of the report

- Policies changed at different times. The report could not describe all the polices
- Due to time limitations the report could not present a thorough analysis of polices
- Unavailability's of the some written document

CHAPTER-2

OVERVIEW

OF

THE

COMPANY

Padma PolyCotton knit Fabrics Limited is a 100 percent export oriented composite knit garment industry. The Factory is equipped with brand new, most modern and state of the art machinery from USA, Europe, Japan and run by highly trained and skilled manpower. Padma PolyCotton offers a complete production line from knitting fabric to the finished garments. The factory has a total area of 380,000 square feet with a work force of over 6,000. Conveniently located in the Tejgaon Industrial Area, which is almost the center of present day Dhaka City. Only 10 to 15 minutes from the nearest 5 star hotels and 20 minutes from Dhaka International Airport. Padma PolyCotton is financed by the state-owned Sonali Bank, and Southest Bank Ltd.

The management of Padma PolyCotton is very much aware of continuous changes that are taking place in the fashion world and are fully equipped to face this challenge. Quality control, delivery on schedule, personalized customer service; contacts and public relation are some of the hall-marks of this most modern industry.

This factory is a proud recipient of Oeko-Tex standard 100 certificates, Oeko-Tex Certificate, BSCI, WRAP, and SMETA.

2.1 Company Profile

Padma PolyCotton Knit Fabrics Limited (PPCKFL) is a member concern of Padma Group of Companies, a leading house of Industries & Commerce in Bangladesh, having Printing & Packaging Industry, paper manufacturing unit, country wide network of color film processing laboratory units, representing world famous Fuji Color Film products, personal, hygiene products manufacturing & real estate development also participation in General Life Insurance Company, Real Estate and Wireless Internet Telecommunication etc.

Textile & Clothing Industry is going through a profound transformation globally and PPCKFL has emerged as a part of this transformation to supply super quality knit fabrics & garments to the international markets at competitive price to meet the demand of the buyers/customers who care about quality.

2.2 Their Policies

2.2.1 Their Values

- Performance Driven
- Customer Satisfaction
- Ethical Behavior
- People Orientation
- Team Work

2.2.2 Their Vision

They will achieve and sustain leadership in the world market by providing Quality product to their customers at reasonable prices and timely delivery.

2.2.3 Quality, Environmental, Health and safety Policy

Padma PolyCotton Knit Fabrics Ltd. engaged in manufacturing of Textile products. They are committed for on time deliveries of their quality products, services to their customers & interested parties by implementing Quality, Environmental, Occupational Health & Safety Management systems to meet their requirement consistently.

They strives for the highest level of customer satisfaction by creating a culture of total Quality, Environmental, Health & Safety consciousness to reduce the EH&S impact on operations, activities, processes, products & services within frame work of applicable laws of laid down procedures.

They are committed to continually enhance and improve the integrated Management systems to ensure that it is adequate and affective for helping them to achieve their Quality & EH&S goals.

2.2.4 Social Policy

Padma PolyCotton Knit Fabrics Ltd. engaged in manufacturing of textile products. They are committed to

- Confirm to all requirements of SA 8000 standards.
- Comply with all statutory laws.
- Respect the international instruments and their interpretations.
- Communicate in accessible and comprehensive form to all concerned whether directly employed, contracted or otherwise representing the company.

This is being achieved by implementing, maintaining, reviewing of continually improving their social Accountability Management systems.

2.3 Items of product

2.3.1 Knit Fabrics

Single jersey, Heavy jersey, Polo pique, Interlock, Drop needle, Herringbone, Lacoste, Popcom, Waffle, Jacquard, 2/3 Thread fleece (Brushed/Un-brushed), Loop knit, Rib, Striper peach & Emarizing, Collar & Cuff etc. with open width & tubular finish.

2.4Knitting

The knitting division is equipped with high class circular knitting machines from TERROT(Germany),MAYER & CIE (Germany) ORIZIO (Italy),PAILUNG (Taiwan), JIAHAO (Taiwan), LISKY(Taiwan),FALMAC(Singapore and flat knitting machines from MATSUYA (Japan) and FLYING TIGER(Taiwan), SHIMA SEIKI (Japan).

Padma Polycotton incorporate the latest art in knitting technology having lycra attachments and additional cams for producing various type of designed and structured fabrics, including collars and cuffs.

This factory is equipped 127 Machines with a production capacity of 25680 Kgs per day.



Knitting

S.L	Brand Name Country & Origin	M/C Dia inch	M/C Gauge	Feeder	No. of M/C	Type of job Suitability	Production Capacity Kg.Day
01	Terrot,Garmany	16	20/24	51	2	SJ, PQ, Lacoste, 4 truck Design	350 kgs
02	Terrot,Garmany	18	20/24	57	3		600 kgs
03	Terrot,Garmany	20	20/24	64	9		1800 kgs
04	Terrot,Garmany	22	20/24	70	8		1680 kgs
05	Terrot,Garmany	24	20/24	76	3		750 kgs
06	Falmac, Singapore	26	20/24	78	1		275 kgs

07	Terrot, Garmany	34	24	109	1	S.J With Lycra Attachment	500 kgs
08	Orizio, Italy	26	24	84	2		500 kgs
09	Orizio, Italy	30	24/28/20	96	3		900 kgs
10	Jiahao, Taiwan	28	24	84	1		300 kgs
11	Jiahao, Taiwan	30	24/28	90	1	S.J Open Width Lycra Attachment	320 kgs
12	Jiahao, Taiwan	36	24	108	1		400 kgs
13	Pailung, Taiwan	30	24	90	2		320 kgs
14	Pailung, Taiwan	36	24	108	2		400 kgs
15	Jiahao Taiwan	34	24	102	1	S.J With Lycra Attachment	380 kgs
16	Pailung, Taiwan	38	24	114	2		1000 kgs
17	Pailung, Taiwan	34	24	102	2		760 kgs
18	Pailung, Taiwan	36	24	108	4		1600 kgs
19	Pailung, Taiwan	42	24	126	1		460 kgs
20	Jiahao, Taiwan	32	20/24	102	1	Poly Fleece With Lycra	350 kgs
21	Jiahao, Taiwan	34	20/24	104	1		380 kgs
22	Lisky, Taiwan	32	20	102	2		500 kgs
23	Mayer & cie Germany	30	20	96	3		750 kgs
24	Pailung, Taiwan	30	20	96	1		300 kgs
25	Orizio, Italy	30	20	96	4	Fleece, Heavy Jersey	1000 kgs
26	Terrot, Garmany	36	18	64	1	(1x1) Rib, With Full Feeder Lycra Attachment	300 kgs
27	Terrot, Garmany	34	18	60	1		300 kgs
28	Terrot, Garmany	30	18	54	1		280 kgs
29	Orizio, Italy	30	16/18	60	2		600 kgs
30	Mayer & cie Germany	30	20	62	2		600 kgs
31	Orizio, Italy	36	18/20	72	2		600 kgs
32	Jiahao, Taiwan	38	18/24	76	1		400 kgs
33	Pailung, Taiwan	40	18/24	80	3		1200 kgs
34	Pailung, Taiwan	38	18/24	76	2		700 kgs
35	Textima, Garmany	16	15	24	2	(1x1) Rib, (2x2) Rib	350 kgs
36	Textima, Garmany	18	15	28	4		700 kgs
37	Textima, Garmany	20	15	32	3		525 kgs
38	Textima, Garmany	22	15	32	3		550 kgs
39	Orizio, Italy	30	22/24	96	4	Plain & D/N Interlock	1000 kgs
					92		24680 kgs

Flat Knitting Machines

S.L	Brand Name	County & Origion	M/C Gauge	Machine No	Yarn / Count Suit	Type of Job Suitability	Production Capacity Kg/day
01	Matsuya	Japan	14	19	20-30	Collar+Cuff	5500 Set
02	Flying Tiger Computerized Semi- jacquard	Taiwan	14	6	20-30	Collar+Cuff	2400 Set
03	Shima Seiki	Japan	14	7	20-30	Collar+Cuff+ Design	2100 Set
				32			10000

Gray Fabrics Inspection Machines :	Quantity
SHELTION TUBULR INSPECTION (England)	1 Set
GUVEN CELIK (Germany)	1 Set
UZU (Thailand)	2 Set
INOX (China)	1 Set

2.5Lab

The laboratory is equipped with the most sophisticated labaid provided by the new generation Data Color SF600 CT Spectrophotometer color matching with Auto Dispensing system, Light prespiration,rubbing Fastening equipment which performs regular tests to guarantee dyeing shade matching from batch to batch and dye fastness to maintain international quality standards.



S.L	Machine & Brand Name	Country & Origin	Number of Machine
01	Auto Lab Dispenser Data Color	U.K	1 Set
02	Data Color Spectro Photo Meter, S.F 600 Plus-CT	U.S.A	1 Set
03	Mathis, Labomat Lab Dyeing	Switzerland	1 Set
04	Copower Yandolab Dyeing Machine No. fo pot 24	Taiwan	2 Set
05	Copower Lab Dryer Machine	Taiwan	1 Set
06	Verivide Light Box	England	1 Set
07	Q- Sun Light Fastness Machine	U.S.A	1 Set
08	Color Matching Cabinet	Germany	1 Set
09	James Heal Verified Colour Assessment Cabinet	U.K	1 Set
10	Siemens Siwamat XB1060 Shrinkage Testing Machine	Germany	1 Set
11	Candy Trumble Dryer	Italy	1 Set
12	Sartorius Digital Balance	U.S.A	1 Set
13	James H. Heal For Determination of Weight & Sample Cutting Machine	U.K	1 Set
14	James H. Heal Orbitor Pilling & Sangging Tester Model 516	U.K	1 Set
15	Mettler Toledo PH Metre		2 Set
16	James H. Heal Perspirometer Model 290	U.K	1 Set
17	Washing M/c (Siemens)		

2.6Dyeing

The dyeing house is equipped with the latest fully computerized control state of the art dyeing machinery from THEIS Germany, DILMENLER Turkey & MCS Italy. A complete range of atmospheric type and high temperature version dyeing machines allow the dyeing house to handle 35000 Kgs per day of 100 percent cotton, blended CVC cotton/modal, polyester fabrics,



S.L	Name of Brand	Country of Origin	Type of Machine	Machine Capacity	Number of Machine	Total Capacity
01	Dilmenler	Turkey	HT & HP	1500 Kgs	1 Set	1500 Kgs
02	MCS	Italy	HT&HP	1500 Kgs	1 Set	1500Kgs
03	Kyung Hun	Korean	Winch	1200 Kgs	1 Set	1200Kgs
04	Brazzoli	Italy	HT&HP	1200 Kgs	1 Set	1200Kgs
05	Beneks	Turkey	HT&HP	1200 Kgs	1 Set	1200Kgs
06	Ak	Taiwan	ATP	1200 Kgs	1 Set	1200Kgs
07	Brazzoli	Italy	HT&HP	800 Kgs	1 Set	800Kgs
08	Thies	Germany	Atmospheric	600 kgs	1 Set	600Kgs
09	Thies	Germany	HT&HP	600 Kgs	1 Set	600Kgs
10	Kyun Hun	Korea	Atmospheric	600 kgs	1 Set	600Kgs
11	Tekst	Turkey	HT&HP	600 Kgs	1 Set	600Kgs
12	Thies	Germany	HT & HP	350 kgs	1 Set	350Kgs
13	Thies	Germany	Atmospheric	350 kgs	3 Set	1050Kgs
14	Man Mool	Korea	Atmospheric	250 kgs	1 Set	250Kgs
15	Dilmenler	Turkey	Atmospheric	200 kgs	1 Set	200Kgs
16	Dilmenler	Turkey	HT & HP	200 kgs	1 Set	200Kgs
17	Thies	Germany	Atmospheric	200 kgs	1 Set	200Kgs
18	Woo Yong	Korea	Atmospheric	200 kgs	1 Set	200Kgs

19	Dilmenler	Turkey	Atmospheric	100 kgs	2 Set	200Kgs
20	King Hung	Korea	Atmospheric	60 kgs	1 Set	60Kgs
21	Kyung Hun	Korean	Winch	50 Kgs	1 Set	50Kgs
22	Thies (Sample)	Germany	HT & HP	25 kgs	1 Set	25Kgs
23	Korea (Sample)	Korea	Atmospheric	40 kgs	1 Set	40Kgs
24	Korea (Sample)	Korea	Atmospheric	10 kgs	5 Set	50Kgs

2.7 Finishing

The finishing line starts with the high-tech de-twisting and de-watering & impregnating machine from WEISS Germany and BIANCO Italy which allows greater shrinkage control through over feed device, impregnating of softening chemicals at wet stage, etc for achieving highest quality crease free fabrics.



S.L	Machine Name	Brand Name	Country of Origin	Machine Capacity	Number of Machine	Total Capacity
01	De-Watering	Weiss	Germany	8000 kgs	1 Set	8000Kgs
02	De-Watering	Bianco	Italy	8000 kgs	1 Set	8000Kgs
03	Round Hydro	Dilmenler	Turkey	4000 kgs	1 Set	4000Kgs
04	Round Hydro	Bianco	Italy	4000 kgs	1 Set	4000Kgs
05	Slitting	Bianco	Italy	8000 kgs	2 Set	16000Kgs
06	Slitting	Bianco	Italy	8000 kgs	1 Set	8000Kgs

07	Dryer Machine	Ruckh	Germany	8000 kgs	1 Set	8000Kgs
08	Dryer Machine	Kranz	Germany	10000 kgs	1 Set	10000Kgs
09	Dryer Machine	Dilmenler	Turkey	8000 kgs	1 Set	8000Kgs
10	Open Compactor	Ferraro	Italy	8000 kgs	1 Set	8000Kgs
11	Open Compactor	Sperotto Rimer	Italy	8000 kgs	1 Set	8000Kgs
12	Open Compactor	Ferraro	Italy	8000 kgs	1 Set	8000Kgs
13	Tube Compactor	Ferraro	Italy	8000 kgs	1 Set	8000Kgs
14	Stenter Machine	Bruckner	Germany	10000 kgs	1 Set	10000Kgs
15	Raising Machine	Comet	Italy	6000 kgs	1 Set	6000Kgs
16	Inspection	Guvence	Turkey	8000 kgs	1 Set	8000Kgs
17	Squeeze	Corino (Tubular)	Italy	8000 kgs	1 Set	8000Kgs
18	Stenter Machine	Kranz	Italy	12000 kgs	1 Set	12000Kgs
19	Brushing	Xetma	Germany	8000 kgs	1 Set	8000Kgs
20	Sueding	Suntex	Switzerland	6000 Kgs	1 Set	6000Kgs

2.8 Garment Dyeing / Washing



S.L	Brand Name	Country of Origin	Machine Name	Number of Machine	Machine Capacity
01	Tolon Tumble Dryer- 200	Turky	Auto. Steam Pressore	1 Set	200 Kgs
02	Tolon Dyeing	Turky	Auto. Water, Steam & Electrical	1 Set	400 Kgs
03	Tolon Sample With Dryer	Turky	Auto. Water, Steam & Electrical	1 Set	20 Kgs
04	Tolon Washing	Turky	Auto. Water, Steam & Electrical	1 Set	400 Kgs
05	Tolon Sample Dyeing	Turky	Auto.Steam & Electrical Pressore	1 Set	45 Kgs
06	Tolker Tumble Dryer	Turky	Auto, Steam Pressore	1 Set	200 Kgs
07	Tolker Sample Dyeing	Turky	Auto, Dozing & Elct. Water Steam Pressore	1 Set	40 Kgs
08	Tolker Hydro Extractor	Turky	Auto. Speed Controller Pressore	2 Set	400 K

2.9 Garments

2.9.1 Cutting



S.L	Name of Machine	Brand	Quantity
01	Cloth Cutting Machine	K.M	22
02	Lay End Cutter Electronic	K.M	6
03	Automatic Gerber Spreader	U.S.A	6
04	Gerber Plotter	U.S.A	1

2.9.2 Sewing



S.L	Name of Machine	Brand	Quantity
01	Single Needle Lock Stitch	Juki/ Brother	410
02	Single Needle Lock Stitch Auto Thread Trimer	Brother	190
03	Single Needle Lock Stitch	Sunstar	105
04	Single Needle Lock Stitch Side Cutter	Brother	26
05	4 Thread Over Lock	Pegasus	270
06	4 Thread Over Lock Auto Thred Trimmer	Pegasus	52
07	4 Thread Over Lock	Kansai	12
08	3 Needle 5 Thread Flat Lock Cylinder Bed	Pegasus	70
09	3 Needle 5 Thread Auto Thread Trimmer Cylinder Bed	Pegasus	10
10	Flat Lock Cylinder Bed with Fabric Cutter (Rosecutter)	Pegasus	50
11	Flat Lock Small Cylinder Bed	Pegasus	39
12	Flat Lock Small Cylinder Bed Auto Thread Trimmer	Pegasus	10
13	3 Needle 5 Thread Flat Bed Interlock (Piping)	Pegasus	55
14	Flat Lock Cylinder Bed Auto Trimmer	Kansai	2
15	Small Cylinder Bed with Auto Trimmer	Kansai	2
16	Flat Lock Cylinder Bed	Kansai	6
17	4 Thread Over Lock	Sunstar	42
18	3 Needle 5 Thread Cylinder Bed	Sunstar	12
19	Cylinder Bed With Auto Fabrics Cutter (Rosecutter)	Sunstar	6
20	Flat Lock Flat Bed(Piping)	Sunstar	6
21	Flat Lock Flat Bed Tap Binder & Cutter	Sunstar	6
22	2 Needle 4 Thread Flat bed Double Chain Stitch (Back Top)	Pegasus	15
23	Electronic Button Stitch Programmable	Brother	9
24	Electronic Button Hole Programmanble	Brother	9
25	Electronic Button Stitch Programmable	Sunstar	3
26	Electronic Button Hole Programmable	Sunstar	3
27	Automatic Placket Setting Machine	New- Tech	2
28	1 Needle Chain Stitch	Zoji	4
29	2 Needle Chain Stitch	Zoji	4
30	Electronic Lock Stitch Bartack	Brother	4

31	Feed of The Arm 2 Needle	Brother	4
32	Picoting	Kansai	2
33	Kansai P.M.D	Kansai	2
34	Electronic Automatic Zigzag	Brother/Juki	2
35	33 Needle Flat Bed Smocking	Kansai	2
36	37 Needle Flat Bed Smocking	Golden Will	1
37	Scobling	Kansai	1
38	Pneumatic Snap Button Attaching	P.M.M	7
39	Thread Trimmer	Unisun	22
40	Thread Trimmer	Grand	20
41	Thread Suction	Nisho	4
42	Spot Removing Machine	Oshima	2
43	Thread Reconing	Hashima	6
44	Fusing Machine	Max	1
45	Pul Test	Max	1
46	Rib Cutting	Pegasus	9

2.9.3 Garments Finishing Section

S.L	Type of Machine	Brand of Machine	No. of Machine
01	Steam Iron	Namoto/Silver 37	100 Set
02	Vaccum Table	Namoto/Star 37	100 Set
03	Thread suction	NISHO	04

2.10 Printing

Printing unit is well equipped with state of the art equipments including Auto Print Machines. They are capable to print all sorts of prints that is Foil, Flock, Discharge, Emboss, High density, Plastisol, Sublimation, all types of studs heat transfer and many special types of printing. They can print 45000 Pcs per day.



S.L	Machine Name	Brand Name	Country & Origion	Quantity	Capacity
01	MHM (Color-12)	Tesoma	Austria	1	500 /hr
02	M&R(6 Color)	MSR	Poland	1	400 /hr
03	M&R(8 Color)	MSR	Poland	1	400 /hr
04	Heat Presser	SNS	Germany	1	200 /hr
05	Heat Presser	NSH	Austria	1	400 /hr
06	Heat Presser	Metalnox	Germany	1	200 /hr
07	Heat Presser	Jupiter	China	1	200 /hr
08	Exposing Becoume Light Box	Local	Bangladesh	1	10 /hr
09	Exposing Wash for Light Box	Local	Bangladesh	1	10 /hr
10	Exposing Film Closet Cabinet	Local	Bangladesh	1	10 /hr
11	Label Printing	Win	Bangladesh	1	3600 /hr
12	Label Machine	Hy4b	China	1	1000 /hr
13	Label Wash	5bt/420	China	1	5 /hr
14	Flock Washing MHM	Tesoma	Austria	1	100 /hr
15	Flock Machine	Local	Bangladesh	5	250 /hr
16	Color Mixing	Tarnada	Thailand	1	50 /hr

17	MHM Dryer	Tesoma	Austria	1	1000 /hr
18	MHM Dryer	Local	Bangladesh	2	1200 /hr
19	Auto Creage	H.S.Z Kiddzigrino	Poland	1	5 /hr
20	Spray Gun	Redarrow	Taiwan	1	100 /hr
21	Printing Table	H.S.Z Kiddzigrino	Thailand	2	1000 /hr
22	Printing Table	Local	Bangladesh	1	100 /hr
23	Printing Table	Local	Bangladesh	5	500 /hr

2.11Embroidery

Padma PolyCotton Knit Fabrics Ltd. has sophisticated computerised embroidery unit with applique, sequins, beading and roof embroidery.

Total Production capacity in Embroidery is 19500 Pcs per day



S.L	Brand Name	Number of Machine	Country & Origin	Head Quantity	Production Capacity Per day
01	SWF/SA- WE 915-65	2	Korea	30	6000 Pcs
02	SWF/SB- WH912-75	1	Korea	12	2000 Pcs
03	SWF/E-WD920- 65	2	Korea	40	7500 Pcs
04	SWF/SB- WE920-75	1	Korea	20	4000 Pcs

04	Amaya Single Machine	6	U.S.A	Single Head	Sample
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2.12WTP & ETP



S.L	Description of Machine	Country & Origion	Number of Machine	Capacity
01	W.T.P	Shivam India	1	150m ³ / hr
02	R.O.P	Shivam India	1	24m ³ / hr
03	E.T.P (Biological Treatment Plant)	Italy	1	62.5m ³ / hr

CHAPTER-3
WORKING
EXPERIENCE

AT

PADMA
POLYCOTTON
KNIT FABRICS
LIMITED

Padma PolyCotton Knit Fabrics Ltd. comprises the ultra modern plants related to garments industry, such as independent knitting, dyeing, garmenting, printing and embroidery with sufficiently supportive backward linkage facilities. The factory has a total area of 380,000 square feet with a work force of over 6,000. Conveniently located in the Tejgaon Industrial Area, Which is almost the center of present day Dhaka City. Only 10 to 15 minutes from the nearest 5 star hotels and 20 minutes from Dhaka International Airport. Being able to work in this company I find myself lucky. I got the opportunity to work with accounts and finance departments in this company.

During the three months of my internship I was placed in Accounts and Finance Departments under Md. Mofijur Rahman, Manager, Accounts and Finance Department of Padma PolyCotton Knit Fabrics Ltd. I heavily enjoyed the working environment of this office. The work experience gave me a good idea of the job of Accounts Department and taught me the professionalism at work place.

3.1 Job as an intern

During the internship period at Padma PolyCotton knit Fabrics Ltd, I was placed in Accounts and Finance Department. Since it is a garments industry, there is one department, Accounts and Finance Department which is related to my subject. So it was a great experience for me to work in Accounts and Finance Department and to get experience the real business world.

3.2Function of Accounts and Finance Department

- To prepare debit voucher
- To prepare credit voucher
- To prepare cash book
- To prepare bank voucher
- To prepare journal register
- To prepare general ledger
- To prepare party ways ledger
- To prepare trial balance
- To prepare profit and loss account
- To prepare balance sheet

3.3 Different aspects of job performance

During my three month internship period, I was assigned for different types of task and activities in Accounts and Finance Department; and by doing those tasks I achieved performance appraisal from my line task manager.

I completed that job within a very short time and my accuracy was making pleased my line manager Md. Mofijur Rahman, and I achieved his trustworthiness. I was successfully achieved my given target for those three months.

3.4 Critical observation and recommendation

As a finance student, I always prefer to do a job in that department which is related to my subject. I have worked in Accounts and Finance Departments of Padma PolyCotton Knit Fabrics Ltd.

During internship period, the all employees of Accounts and Finance Departments were very supportive & always helped me to learn. But it was not possible for me to know about all things of this department within 3 months. In the follows I found out some problem over in the Padma PolyCotton Knit Fabrics Ltd as critical observation, and some recommendation regarding the observation.

During my internship I observed that salary was not paid in due time and the increment policy was not sufficient. Increment policy was based on relationship not performance. Therefore employees were not satisfied. Some employees who have a good relationship with their seniors get more increment although their performances are not good. On the other hand, some employees who do not have a good relationship with their seniors do not get sufficient increment although their performances are very good. I think it is a big problem in this organization. When the good performance employees do not get sufficient increment based on their performance as well as do not get salary in due time, they are upset and sometimes they leave this organization which is very bad for this organization.

The authority should take proper steps against these problems. They should change the increment policy. The authority must do the direct observation in the increment. And salary have to be paid in due time if they want to satisfy their employees.

CHAPTER-4
DETERMINATION
AND ANALYSIS
OF
CAPITAL
STRUCTURE
OF
PPCKFL

4.1 Concept of Capital Structure

Capital structure is the permanent financing of a firm represented by long-term debts plus preferred stock and net worth. Net worth represents the equity capital, reserves and surplus, retained earnings and other funds of the ordinary or equity shareholders or stockholders.

The capital structure and investment decisions are the most important in determining the long-term existence, profitability and growth of the enterprises. The capital structure decision determines the ownership for the providers of finance.

Therefore, capital structure decision involves two main tasks:

- I. Planning of capital structure, and
- II. Financing of capital structure

Planning of capital structure includes fixation of capitalization policy. Fixation of ideal capitalization is of crucial importance to every enterprise. It is observed that both the over-capitalization and under-capitalization have harmful effects on the financial performance of the enterprises. A firm is said to be over-capitalized when: i) capitalization exceeds the real economic value of net assets; ii) a fair return is not realized on capitalization; and iii) the business has more net assets than it needs. On the other hand, under-capitalization of a firm occurs as a result of; i) under estimation of future earning at the time of promotion and or ii. Unforeseeable increase in earnings resulting from later development.

Financing of capital structure includes the proper selection of composition of fixed capital, both equity and debt. The capital structure decision is one of the significant managerial decisions. The firm will have to plan its capital structure initially at the time of its establishment and subsequently, whenever funds have to be raised to finance investment. The debt equity mix has implications for the shareholder's earning and risk, which in turn, affects the cost of capital and market value of the firm.

The main distinctions between Capital Structure and Financial Structure are pointed out as under:

Capital Structure	Financial Structure
<p>i) Definition: Capital structure represents only the permanent source of financing.</p> <p>ii) Nature: It denotes to the left hand / upper side of the balance sheet. So, it represents capital and debt.</p> <p>iii) Importance: It is important from the view point of capital and long-term debt.</p> <p>iv) Total/Part Financing: It is the part of total financing.</p>	<p>i) Definitions: Financial structure represents both the permanent and temporary source of financing.</p> <p>ii) Nature: It denotes the right hand/lower side of the balance sheet. So, it represents property and assets.</p> <p>iii) Importance: It is important from the view point of property and assets.</p> <p>iv) Total/Part Financing: It is the total or whole financing.</p>

4.2Determination of Capital Structure

Avoiding the problems involved in comparing companies of different sizes is to calculate and compare the financial ratios. Financial ratio is the relationships determined from a firm's financial information and used for comparison purposes.

- **Liquidity Ratio:**

Liquidity refers to the solvency of the firm's overall financial position.

The two basic measures of liquidity are-

- Current ratio
- Quick Ratio

- **Current Ratio:**

A measure of liquidity calculated by dividing the firm's current assets by its current liabilities.

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

- **Quick (Acid-Test) Ratio:** A measure of liquidity calculated by dividing the firm's current assets minus inventory by its current liabilities. It is expressed as follows:

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

- **Activity Ratios:** Activity ratio measures the speed with which various accounts are converted into sales or cash- inflows or outflows.
- **Inventory turnover ratio:** Inventory turnover the activity or liquidity of a firm's inventory. Inventory turnover can be easily converted into an average age of inventory by dividing it into 360 the assumed number of days sales in inventory in a year.

$$\text{Inventory Turnover ratio} = \frac{\text{Cost of Goods of sold}}{\text{Inventory}}$$

- **Average collection period:** The average collection period or average age of accounts receivable is useful in evaluating credit and collection policies. It is arrived at by dividing the average daily sales into the accounts receivable balance.

$$\text{Average collection period} = \frac{\text{Accounts receivable}}{\frac{\text{Annual Sales}}{365}}$$

- **Average payment period:** The average payment period is the average amount of time needed to pay accounts payable.

$$\text{Average payment period} = \frac{\text{Accounts payable}}{\frac{\text{Annual purchase}}{365}}$$

- **Total asset turnover ratio:** Total asset turnover indicates the efficiency with which the firm uses its assets to generate sales. Total asset turnover is calculated as follows:

$$\text{Total asset turnover ratio} = \frac{\text{Sales}}{\text{Total assets}}$$

- **Debt ratio:** The debt ratio measures the proportion of total assets financed by the firm's creditors. The higher this ratio the greater the amount of other people's money being used to generate profits. The ratio is calculated as follows:

$$\text{Debt ratio} = \frac{\text{Total liabilities}}{\text{Total Assets}}$$

- **Return on total assets (ROA):** The return on total assets measures the overall effectiveness of management in generating profits with its available assets. It also called the return on investment (ROI). Return on total assets is calculated as follows:

$$\text{Return on total assets} = \frac{\text{Net profit after tax}}{\text{Total assets}}$$

- **Return on common Equity:** The return on common equity measures the return earned on the common stockholders' investment in the firm. Return on common equity is calculated as follows:

$$\text{Return on common Equity} = \frac{\text{Net profit after tax}}{\text{Common stock equity}}$$

- **Market ratios:** Market ratios relate the firm's market value as measured by its current share price to certain accounting values. These ratios give insight into how well investors in the market place feel the firm are doing in terms of risk and return.
- **Price/Earnings (P/E) ratio:** The Price/Earnings ratio measures the amount that investors are willing to pay for each dollar of a firm's earnings. The P/E ratio is calculated as follows:

$$\text{Price/Earnings (P/E) ratio} = \frac{\text{Market price per share of common stock}}{\text{Earnings per share}}$$

- **Market/Book (M/B) ratio:** The M/B ratio provides an assessment of how investors view the firm's performance. Firms expected to earn high returns relative to their risk typically sell at higher M/B multiples. The M/B ratio is calculated as follows:

$$\text{Market/Book (M/B) ratio} = \frac{\text{Common stock equity}}{\text{Number of shares of common stock outstanding}}$$

4.3 Analysis of Capital Structure

4.3.1 Historical Analysis

Summary of 2 years data 2011 & 2012 are given below:

Summary of Historical Data: (million)

	2011 (Amount in Taka)	2012 (Amount in Taka)	Average (Amount in Taka)
Net Income	23	25	24
Total Assets	2176	2951	2564
Long Term Debt	220	217	219
Total Debt (LT+ST)	1402	2151	1776
Total Equity	774	800	787
No of Common Share	20	22	21

Ratios:

	2011	2012	Average
EPS = Net Income / No of Shares	1.15	1.14	1.14
ROA = Net Income / Total Assets	1.06 %	0.85 %	0.94 %
ROE = Net Income / Total Equity	2.97%	3.13%	3.05%
Debt Ratio = Total Debt / Total Assets	64.43%	72.89%	69.27%

Debt Equity Ratio = Total Debt / Total Equity	181%	269%	225%
Capitalization Ratio = LT Debt / (LT D+E)	0.22	0.21	0.21
Debt	0.22	0.21	0.21
Equity	0.78	0.79	0.79
ROA / ROE	0.36	0.27	0.32

Mean	Debt	0.21
	Equity	0.79

4.3.2Ratio analysis:

From the above ratio analysis of financial data of PPCL 2011 & 2012, we find the followings:

The Average EPS is 1.14; the maximum is in the year 2011 and then decreasing in the year 2012

The Average ROA is 0.94%; the maximum is 1.06% in the year of 2011 and then decreasing in the year 2012

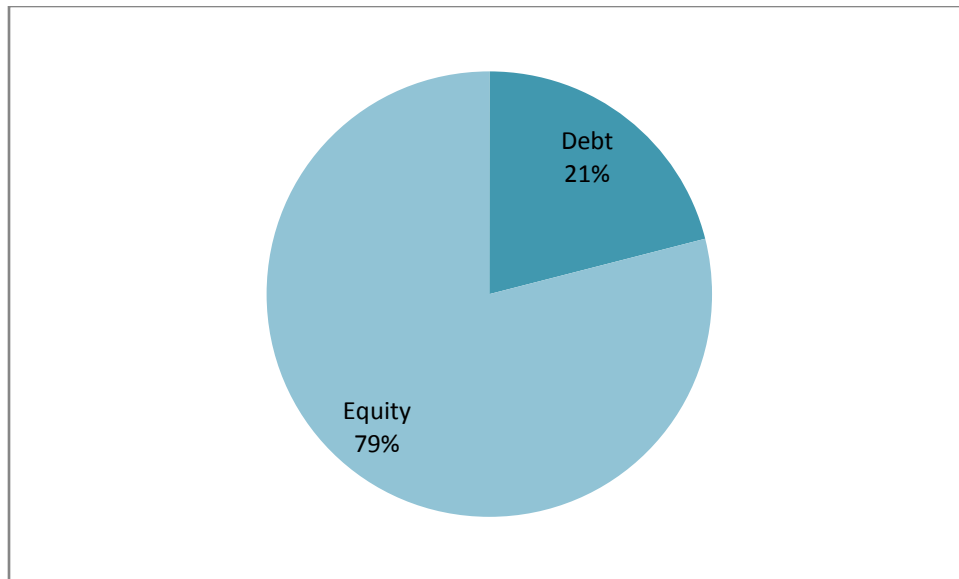
The Average ROE is 3.05%, the maximum is 3.13% is the year of 2012 and it was increasing in 2012 from 2011.

The Average Debt Ratio is 69.27%; the maximum is 72.89% in the year of 2012, and it was increasing from 2011

The Average ROA / ROE is 0.32%; the maximum is 0.36% in the year of 2011, and then decreasing in the year of 2012.

The Average Debt Equity Ratio is 21:79; the maximum is 21: 79 in the year of 2012, and it was increasing from 2011

4.3.3 Historical (Mean)



4.3.4 Findings

From the ratio analysis of financial data from annual reports of Padma Poly Cotton Ltd. 2011 & 2012 we find the average EPS is 1.14, ROA is 0.94%, ROE is 3.05%, Debt Ratio is 69.27%, ROA/ROE is 0.32 and Debt : Equity is 21: 79.

The historical Debt: Equity (capitalization ratio) is 21:79. By using historical data (WACC, value of the firm, and debt-equity ratio) in the Optimal Capital Structure Model, we find the Debt: Equity is 21:79 which is similar to the historical Debt: Equity Ratio i.e. 21:79. So Company's existing Debt: Equity ratio is in optimal.

CHAPTER-5
CONCLUSION
AND
RECOMMENDATION

5.1 Conclusion

Padma PolyCotton Knit Fabrics Ltd. is one of the well known names in the business sector of Bangladesh. The company was at top few years ago, but they could not continue the growth that they were showing. But still the company has a very good reputation in the market wants to see them at the top.

In this report capital structure has analyzed in different aspects of Ratios and optimal capital structure analysis established that the company needs more financial leverage, through its net income and sales are on the increasing trend. The nature of Padma PolyCotton Ltd. is not the risk position in this country. Again the company's Debt-Equity Ratio is rising year to year because of its faster growth of liability than its equity. Risk is increasing because the company is raising more funds by debt financing than the funds supplied by the owners.

From the Ratio analysis of financial data from annual reports of PPCL of 2011 & 2012, we find that the average EPS is 1.14, ROA is 0.94%, ROE is 3.05%, debt Ratio is 69.27% ROA/ROE is 0.32 and Debt: Equity is 21:79

The historical Debt: Equity is 21:79, so, company's existing Debt: Equity ratio is in optimal.

However, the financial standing of PPCKFL is quite impressive now as with the whole country. But if the R&D facilities are not getting improved, then it will incur in risk.

- The company needs to increase its sales in local market.
- Assets are increasing but asset turnover ratio is decreasing. If those assets can not be converted into sales / cash then it is not suitable for the company.

5.2 Recommendation:

The capitalization ratio compares total debt to total capitalization (capital structure). The capitalization ratio reflects the extent to which a company is operating on its equity. Capitalization ratio is also known as the financial leverage ratio. It tells the investors about the extent to which the company is using its equity to support its operations and growth. This ratio helps in the assessment of risk. The companies with high capitalization ratio are considered to be risky because they are at a risk of insolvency if they fail to repay their debt on time. Companies with a high capitalization ratio may also find it difficult to get more loans in the future. A company considered too highly leveraged (too much debt) may find its freedom of action restricted by its creditors and/or have its profitability hurt by high interest costs. Of course, the worst of all scenarios is having trouble meeting operating and debt liabilities on time and surviving adverse economic conditions. Lastly, a company in a highly competitive business, if hobbled by high debt, will find its competitors taking advantage of its problems to grab more market share.

A high capitalization ratio is not always bad; however, higher financial leverage can increase the return on a shareholder's investment because usually there is tax advantages associated with the borrowings.

There is no standard or benchmark for setting the right or optimum amount of debt. Leverage will depend on the type of industry, line of business and the stage of development of the company (and its products). However, it is commonly understood that low debt and high equity levels in the capitalization ratio indicates good quality of investment.

From the analysis of financial statement of PPCKFL, we have seen that liabilities are going up. Since their liabilities are going up, it means that they are accumulating their liabilities and not paying at due date. So, they should pay their debts and accounts payable on time, and also try to reduce the account payables. Otherwise, in the future they may not be granted for credit. Since the company's debt: equity ratio is in Optimal i.e. 21: 79. It should be maintained.

CHAPTER-6

APPENDIX

6.1 Financial Statement for the year of 2011 and 2012

PADMA POLYCOTTON KNIT FABRICS LTD.

5,Rajuk Avenue, Dhaka-1000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30,2011

	<u>Amount in Taka</u>
01. Authorised Capital: 5,000,000 ordinary shares @ Tk. 100/- each	<u>500,000,000.00</u> 500,000,000.00 =====
02. Issued, Subscribed and paid up Capital: 1,250,000 ordinary shares @ Tk. 100/- each	<u>125,000,000.00</u> 125,000,000.00 =====
03. Special Reserve for Tax Holiday: Balance as per last Account	 117,432,487.24 =====
04. Retaind Earnings: Balance as on June 30,2008 Add. Profit during the year	 508,991,630.12 <u>23,248,520.00</u> 532,240,150.12 =====
05. Long Term Laon: Sonali Bank, Project Loan, A/C No. 238011727 Sonali Bank, Project Loan,(BMRE) A/C No. 238012205 Southeast Bank, Term Loan A/C No. 71300000381 Southeast Bank, Term Loan A/C No. 71300000440	 88,668,376.00 76,948,129.00 44,665,307.16 <u>9,978,799.99</u> 220,260,612.15 =====
06. Working Capital Loan: Sonali Bank, C.C (H) Account # 38000837 Sonali Bank, C.C (P) Account # 38000845	 113,654,492.27 18,598,707.97

Southeast Bank, O.D A/C No.
7330000215

93,231,421.71
225,484,621.95

=====

Amount in Taka

07. Liabilities for Foreign Exchange:

7.1 Back to Back (Local)

Sonali Bank Ltd. Local Office
Southeast Bank Ltd. Corp. Office

13,290,000.00
39,791,000.00

53,081,000.00

7.2 Back to Back (Foreign)

Sonali Bank Ltd. Local Office
Southeast Bank Ltd. Corp. Office

56,161,000.00
23,078,000.00

79,239,000.00

7.3 Bill,s lodged A/C (Local)

Sonali Bank Ltd. Local Office
Southeast Bank Ltd. Corp. Office

191,773,000.00
268,196,000.00

459,969,000.00

7.4 Bill,s lodged A/C (Foreign)

Sonali Bank Ltd. Local Office
Southeast Bank Ltd. Corp. Office

27,513,000.00
-

27,513,000.00

7.5 Forced Loan

Sonali Bank Ltd. Local Office
Southeast Bank Ltd. Corp. Office

167,700,474.00
64,052,039.69

231,752,513.69

7.6 PSC Loan

Sonali Bank Ltd. Local Office
Southeast Bank Ltd. Corp. Office

20,299,309.00
-

20,299,309.00

871,853,822.69

Amount in Taka

08. Liabilities for Expenses:

Gas Bill
Electricity Bill
Telephone Bill
WASA Bill
Sundry Creditors Account

21,632,721.60
4,401,939.72
60,090.00
1,039,278.00
8,531,438.00

35,665,467.32

=====

09. Fixed Assets:

(As per Schedule-A)

729,557,253.00

=====

10. Closing Stock:

Raw Materials Yarn
Raw Materials Dyes & Chemical
Raw Materials Accessories
Raw Materials Packing

120,834,843.00
107,732,739.00
39,782,583.00
13,348,649.00

General Stock		<u>12,420,392.00</u>	
		294,119,206.00	=====
11. Stock-Process/Trade:			
Gary Fabrics		174,112,623.00	
Radymade Garments		<u>129,572,010.00</u>	
		303,684,633.00	=====
12. Advance, Deposit & Prepayments:			
12.1 Deposit for BTB Payments		55,925,925.02	
Sonali Bank Ltd. Local Office	51,298,128.00		
Southeast Bank Ltd. Corp. Office	4,627,797.02		
12.2 Marginal Deposit		6,794,858.66	
Sonali Bank Ltd. Local Office	1,495,224.00		
Southeast Bank Ltd. Corp. Office	5,299,634.66		
12.3 Advance Against Purchase		82,010,723.00	
12.4 Advance to Employee		8,530,448.00	
		153,261,954.68	=====
13. Security Deposit:			
Titas Gas Transmission & Distribution Co. Ltd.		7,643,695.00	=====
14. Cash and Bank balance:			
Sonali Bank, Local Office, CD.Account No.233019205		510,078.09	
Southeast Bank, Cor. CD A/C No. 0311100003626		-	
Cash in hand		<u>878,924.00</u>	
		1,389,002.09	=====
	<u>Amount in Taka</u>	<u>Amount in Taka</u>	
15. Cost of Good Sold:			
Opening Stock	124,706,402.00		
Add: Purchase of Raw Materials	<u>746,127,337.00</u>		
	870,833,739.00		
Less: Closing Stock	<u>294,119,206.00</u>		
		576,714,533.00	
Add.: Direct Expenses:			
Wages	120,488,533.00		
Overtime	27,383,757.00		
Festival bonus	4,929,076.00		
Carriage Inward	8,920,663.00		
Power Consumption	53,419,427.00		
Needle Purchase	2,462,321.00		
Electric Goods	1,298,714.00		
Fire Protection	507,638.00		
Repairs & Maintenance	2,038,641.00		

WASA Bill	1,135,590.00	
Machinery hire Charges	306,827.00	
		<u>222,891,187.00</u>
		799,605,720.00
		=====
16. Administrative & Selling Expenses:		
Salary & Allowances		23,047,950.00
Festival Bonus		1,843,836.00
Carriage Outward		11,029,437.00
Travelling & Conveyance		967,233.00
Printing & Stationery		1,283,948.00
Power & Fuel		1,806,432.00
Entertainment		967,258.00
Medical Expenses		456,219.00
Telephone & Fax bill		1,503,977.81
Advertisment & Publicity		1,920,902.00
Postage & Courier		727,339.00
Fees & Charges		1,293,203.00
Repairs & Maintenance		318,527.00
Paper & Periodicals		35,447.00
Internet bill		252,000.00
Rent, Rates & Taxes		105,430.00
Insurance		1,847,542.00
Donation & Subscription		188,243.00
Legal & Professional Fee		301,485.00
Leveries & Uniforms		<u>145,326.00</u>
		50,041,734.81
		=====
17. Financial Expenses:		
Bank Charges		2,979,450.50
Bank Commission		574,203.00
Bank Interest		<u>90,914,543.63</u>
		94,468,197.13
		=====
		<u>Amount in Taka</u>
18. Lease Rental:		
Uttara Finance and Investments Ltd.		1,622,600.00
Phoenix Finance & Investment Ltd.		20,615,458.00
Bay Leasing & Investments Ltd.		<u>23,430,425.00</u>
		45,668,483.00
		=====
19. Depreciation:		82,317,647.27
(As per Schedule-A)		
20. Foreign bill,s collection		
Sonali Bank		68,892,117.00
Southeast Bank		<u>62,751,743.00</u>

		131,643,860.00
		=====
21.	Lease rental Machinery:	
	Phoenix Finance & Investment Ltd.	20,615,458.00
	Bay Leasing & Investment Ltd.	23,430,425.00
	Uttara Finance & Investment Ltd.	<u>1,622,600.00</u>
		45,668,483.00
		=====
22.	Power Consumption:	
	Gas Bill	41,498,708.80
	Electricity bill	<u>11,920,718.24</u>
		53,419,427.04
		=====

PADMA POLYCOTTON KNIT FABRICS LTD.
5,Rajuk Avenue, Dhaka-1000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30,2012

		<u>Amount in Taka</u>
01.	<u>Authorised Capital:</u>	
	5,000,000 ordinary shares @ Tk. 100/- each	<u>500,000,000.00</u>
		500,000,000.00
		=====
02.	Issued, Subscribed and paid up Capital:	
	1,250,000 ordinary shares @ Tk. 100/- each	<u>125,000,000.00</u>
		125,000,000.00
		=====
03.	Special Reserve for Tax Holiday:	
	Balance as per last Account	117,432,487.24
		=====
04.	Retaind Earnings:	
	Balance as on June 30,2009	532,240,150.12

	Add. Profit during the year		25,735,315.00
			557,975,465.12
			=====
05.	Long Term Loan:		
	Sonali Bank, Project Loan, A/C No. 380011727		81,205,315.00
	Sonali Bank, Project Loan,(BMRE) A/C No. 238012205		97,043,882.00
	Southeast Bank, Term Loan A/C No. 71300000381		32,451,981.94
	Southeast Bank, Term Loan A/C No. 71300000440		6,680,925.03
			217,382,103.97
			=====
06.	Working Capital Loan:		
	Sonali Bank, C.C (H) Account # 38000837		206,665,719.84
	Southeast Bank, O.D A/C No. 73300000215		216,192,302.94
	Southeast Bank, Time Loan A/C No. - 1351		40,304,483.24
			463,162,506.02
			=====
			Amount in Taka
07.	Liabilities for Foreign Exchange:		
7.1	Back to Back (Local)		175,173,061.50
	Sonali Bank Ltd. Local Office	56,784,059.00	
	Southeast Bank Ltd. Corp. Office	118,389,002.50	
7.2	Back to Back (Foreign)		60,135,007.00
	Sonali Bank Ltd. Local Office	13,121,007.00	
	Southeast Bank Ltd. Corp. Office	47,014,000.00	
7.3	Bill,s lodged A/C (Local)		713,618,790.00
	Sonali Bank Ltd. Local Office	192,446,186.00	
	Southeast Bank Ltd. Corp. Office	521,172,604.00	
7.4	Bill,s lodged A/C (Foreign)		-
	Sonali Bank Ltd. Local Office	-	
	Southeast Bank Ltd. Corp. Office	-	
7.5	Forced Loan		418,115,073.38
	Sonali Bank Ltd. Local Office (Demand Loan)	108,596,319.00	
	Sonali Bank Ltd. Local Office(Blocked)	123,888,673.00	
	Southeast Bank Ltd. Corp. Office	185,630,081.38	
7.6	PSC Loan		-
	Sonali Bank Ltd. Local Office	-	
	Southeast Bank Ltd. Corp. Office	-	
			1,367,041,931.88
			=====

		<u>Amount in Taka</u>
08.	Liabilities for Expenses:	
	Gas Bill	38,061,196.00
	Electricity Bill	7,379,312.00
	Telephone Bill	11,606.00
	WASA Bill	678,160.00
	Sundry Creditors Account	<u>9,038,645.00</u>
		55,168,919.00
		=====
09.	Fixed Assets:	
	(As per Schedule-A)	1,132,404,690.00
		=====
10.	Closing Stock:	
	Raw Materials Yarn	520,875,123.22
	Raw Materials Dyes & Chemical	31,052,241.28
	Raw Materials Accessories	10,342,918.50
	Raw Materials Packing	-
	Geneal Stock	<u>-</u>
		562,270,283.00
		=====
11.	Stock-Process/Trade:	
	Gary Fabrics	29,430,655.00
	Radymade Garments	<u>551,138,454.00</u>
		580,569,109.00
		=====
12.	Advance, Deposit & Prepayments:	
12.		
1	Deposit for BTB Payments	18,796,229.00
	Sonali Bank Ltd. Local Office	16,244,250.00
	Southeast Bank Ltd. Corp. Office	2,551,979.00
12.		
2	Marginal Deposit	3,116,247.00
	Sonali Bank Ltd. Local Office	2,113,232.00
	Southeast Bank Ltd. Corp. Office	1,003,015.00
12.		
3	Bank Gurntee, Sonali Bank	10,102,249.00
12.		
4	Advance Against Purchase	120,820,325.35
12.		
5	Advance to Employee	31,624,935.00
		184,459,985.35
		=====
13.	Security Deposit:	
	Titas Gas Transmission & Distribution Co. Ltd.	10,102,249.00
		=====

14. Cash and Bank balance:		
Sonali Bank, Local Office, CD.Account No.233019205		1,591.79
Southeast Bank, Cor. CD A/C No. 0311100003626		19,412.20
Cash in hand		<u>2,010,967.00</u>
		2,031,970.99
		=====

	<u>Amount in Taka</u>	<u>Amount in Taka</u>
15. Cost of Good Sold:		
Opening Stock	294,119,206.00	
Add: Purchase of Raw Materials	<u>902,650,943.46</u>	
	1,196,770,149.46	
Less: Closing Stock	<u>562,270,283.00</u>	
		634,499,866.46
Add.: Direct Expenses:		
Wages	168,095,932.00	
Overtime	64,921,274.00	
Festival bonus	6,872,343.80	
Carriage Inward	1,776,131.00	
Power Consumption	73,214,395.74	
Needle Purchase	1,134,822.00	
Electric Goods	683,914.00	
Fire Protection	459,220.00	
Repairs & Maintenance	9,342,881.00	
WASA Bill	1,108,343.00	
Machinery hire Charges	288,657.00	
		<u>327,897,913.54</u>
		962,397,780.00
		=====

16. Administrative & Selling Expenses:	
Salary & Allowances	40,539,104.00
Festival Bonus	2,945,290.00
Carriage Outward	4,210,235.00
Travelling & Conveyance	2,402,879.00
Printing & Stationery	1,815,176.00
Power & Fuel	2,479,665.00
Entertainment	1,154,800.00
Medical Expenses	324,324.00
Telephone & Fax bill	1,483,664.00
Advertiesment & Publicity	255,835.00
Postage & Courier	1,898,634.00
Fees & Charges	2,155,543.00
Repairs & Maintenance	286,551.00
Paper & Periodicals	15,786.00
Internet bill	286,260.00

	Rent, Rates & Taxes	720,036.00
	Insurance	5,313,168.00
	Donation & Subscription	1,170,976.00
	Legal & Professional Fee	402,900.00
	Leveries & Uniforms	<u>99,956.00</u>
		69,960,782.00
		=====
17.	Financial Expenses:	
	Bank Charges	17,393,752.00
	Bank Commission	598,353.00
	Bank Interest	<u>125,635,370.00</u>
		143,627,475.00
		=====
		Amount in Taka
18.	Lease Rental:	
	Uttara Finance and Investments Ltd.	486,780.00
	Phoenix Finance & Investment Ltd.	32,695,404.00
	Bay Leasing & Investments Ltd.	<u>22,299,848.00</u>
		55,482,032.00
		=====
19.	Depriciation:	98,012,255.00
	(As per Schedule-A)	
20.	Foreign bill,s collection	
	Sonali Bank	185,302,565.00
	Southeast Bank	<u>294,664,955.00</u>
		479,967,520.00
		=====
21.	Power Consumption:	
	Gas Bill	55,391,416.49
	Electricity bill	<u>17,822,979.25</u>
		73,214,395.74
		=====

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