Report On

Analysis of ACI Godrej's LC Process: Challenges Faced during LC Restrictions and Strategies for Overcoming the Situation

By

Ayasha Siddique

ID: 19104089

An internship report submitted to the BRAC Business School (BBS) in partial fulfillment of the requirements for the degree of
Bachelor of Business Administration (BBA).

BRAC Business School

BRAC University

27th September, 2023

Declaration

It is hereby declared that

1. The internship report submitted is my 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 have acknowledged all main sources of help.

Student's Full Name & Signature:

Ayasha Siddique
ID: 19104089

Supervisor's Full Name & Signature:

Dr. Mohammad Mujibul Haque
Professor & Associate Dean (Acting Dean)
BRAC Business School
BRAC University

Letter of Transmittal

Dr. Mohammad Mujibul Haque

Professor & Associate Dean,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: **Submission of Internship Report**

Dear Sir,

To begin with, with great pleasure, I present to you my report, which I was assigned to write in accordance with your directions, on "Analysis of ACI Godrej's LC Process: Challenges Faced during LC Restrictions and Strategies for Overcoming the Situation." I have completed this report using the knowledge I acquired while studying for my undergraduate degree and internship. I've tried as best as possible to make this report informative as well as meaningful. I would like to thank you for your unwavering assistance along with your valuable advice. Without your motivation and direction, I would be unable to do my task. I am now submitting my report for your thoughtful review.

Lastly, I want to thank you once again and admire your question and comments on this paper as it will assist me learn more. and motivate me to take on more challenging work in the future. I genuinely hope you would forgive me if I made any mistakes despite my best efforts.

Sincerely yours,

Ayasha Siddique

ID:19104089

BRAC Business School

BRAC University

Date: 27th September, 2023

Non-Disclosure Agreement

This agreement is made and entered into by and between ACI Godrej Agrovet Private Limited and the undersigned student at BRAC University……………….

Student's Full Name:

……………………………………

Ayasha Siddique,

ID: 19104089

Internship Company Supervisor's Full Name:

………………………………………………

Sumaiya Islam

Executive- Accounts

Kaderia Tower, Ja-28/8/B, Mohakhali, C/A, Dhaka- 1212

Acknowledgement

Firstly, I would like to start by thanking the Almighty for giving me the strength to carry out my duties as an intern and turn in the report on time. I want to convey my deep gratitude to our honorable Dean and Professor Dr. Mohammad Mujibul Haque, as my supervisor, for his insightful advice, comments, and instructions on how to write this report. He has been kind enough to take time out of his hectic schedule to provide me with all the support I needed and helped me with every challenge I had while preparing the report. In addition, I appreciate having Assistant Professor- Dr. Saad Maroof Hossain as my co-supervisor at the BRAC Business School of BRAC University.

Furthermore, I want to thank my organizational supervisor Sumaiya Islam, Executive-Accounts at ACI Godrej Agrovet Private Limited, for constantly monitoring me and giving me responsibilities that have taught me a lot throughout my internship. It is also important to recognize the contributions made by Sumaiya Islam, Executive-Accounts, who assisted with numerous data gathering and analytical tasks as well as the preparation of this report. Also, I want to express my gratitude to everyone who has inspired me, provided knowledge that I needed, and provided feedback on my work.

Finally, I want to convey my sincere thanks to the entire department at the BRAC Business School of BRAC University for making it easier to put academic knowledge into practical business circumstances. Without my institution, my education would not have been fully obtained.

Executive Summary

In order to fulfill the requirements for my bachelor's degree in Business Administration from BRAC, I had to undergo a three-month internship at the Finance and Accounts Department under Treasury Unit of ACI Godrej Agrovet Private Limited. The three-month internship program served as the basis for this report. A summary of the company and how the internship went is provided in this report.

Both primary and secondary data were used in the report's preparation. The primary data was collected from company supervisor and few employees, my regular observations and internship duties. On the other hand, secondary data was obtained from the company's website, different articles and news sources.

Chapter one of the report highlights the internship experience overall, outlining its duties, difficulties, benefits, student contribution, and feedback for maximizing effectiveness and understanding potential shortcomings. The responsibilities helped me to gain professional skills and understanding the company's LC process. The experience was enjoyable and helpful because there were no significance difficulties in the workplace, making it an excellent learning platform for prospective applicants.

This research of chapter two was conducted with the aim of reviewing ACI Godrej's business practices, including its background, marketing and managerial strategies, information management system as well as its financial condition. They maintain their business productively with fair compensation system, an effective training program, and the use of efficient software and accounting practices. The financial performance of the company was determined by the liquidity, profitability, efficiency, and DuPont analysis. Despite facing some financial challenges after Covid period, the company managed to maintain smooth operations in each department and a healthy financial condition.

The chapter three which is the project part was the main focused on this report. The report's major objective was to detail their Letter of Credit process and the difficulties they encountered in operating it. By analyzing, it was found that, the global economic crisis has led to significant challenges for businesses in international trading. As a result, industries in Bangladesh faced around 30 % of reduction in importing raw materials due to strict restrictions. Finally, the report concludes by describing the adaptive measures taken by the company to address the issues along with some suggestions to get back the situation normal.

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List of Acronyms

AGAPL	ACI Godrej Agrovet Private Limited
LC	Letter of Credit
ERP	Enterprise Resource Planning
SAP	Systems, Application and Products in Data Processing
H.S.	Harmonized Commodity Description and Coding System
I.R.C	Import Registration Certificate
NOC	No Objection Certificate
CFR	Cost of Freight
CPT	Carriage Paid To
FOB	Free on Board
PI	Proforma Invoice
BOP	Balance of Payment
BOT	Balance of Trade
UPAS	Usance Payable at Sight
TR	Truck Receipt
RR	Rail Receipt
FCR	First Contact Resolution
GMP	Good Manufacturing Practices
BSTQM	Bangladesh Society for Total Quality Management

Chapter 1: Overview of Internship

1.1 Student Information

My name is Ayesha Siddique, and the student ID is 19104089. I took admission at BRAC University in the Spring 2019 semester. I selected Bachelor of Business Administration as the first choice on the admission form, and I got admitted to the program. I successfully finished all required courses for the BBA program. For my BBA program, I double majored in Finance and Accounting. In my final semester, Summer 2023, I completed the necessary BUS 400 (Internship Course) and successfully completed my three-month internship.

1.2 Internship Information

1.2.1 Period, Company Name, Department/Division, Address:

A three-month internship is required for the BUS 400 course. ACI Godrej Agrovet Private Ltd. selected me after conducting an interview process. I was granted a position for internship at "Accounts Treasury" unit under the Finances and Accounts Department. The workplace is located at Kaderia Tower, Ja-28/8/B, Mohakhali, C/A, Dhaka-1212. I started my internship on May 9, 2023, and completed on August 7, 2023.

1.2.2 Internship Company Supervisor's Information:

ACI Godrej Limited appointed Sumaiya Islam as my organizational supervisor. She is the Executive of the Finance and Accounts, IT, Legal Department in Treasury unit of the company and is responsible for maintaining all treasury-related activities.

1.2.3 Job Scope – Job Responsibilities:

- **LC Opening Form Fill-up:** To open an LC account, a bank provides a form for companies to provide purchase order information, including applicant and beneficiary names, amount, transportation mode, trade terms, invoice number & date, shipment & expiry date, and I.R.C. no., country of origin etc. according to the Proforma invoice. I was tasked with filling out that necessary information on the LC Opening form accurately whenever they needed to open an LC account.

- **LC Documentation/Making File:** An LC clause document and LC commission document are provided by the bank after creating an LC account. Each LC document has to be attached into a different file serially according to date. Other paperwork for each LC must also be consecutively organized with the document, including the DLS, import permit, LC application form, proforma invoice, and insurance cover note. I was required to make the file & organize the papers.
- **Entry of LC Information in Excel:** In addition, I had to include all the LC details in the excel file, including the serial number, LC number, LC opening date, name of the bank, beneficiary name, name of the goods, LC quantity, rate, total value, cover note number, cover note date, calculation of (marine, vat, stamp, % of insurance premium), LC cost, IP number, H.S. code, latest shipment & expiry date, port name, IRC, and tenor.
- **Calculating LC Commission:** The firm has an agreement with banks under which they will only charge commissions of up to 0.1%. To determine if they are charging an accurate commission rate or high commission rate, I had to compute and record the LC Commission costs in excel such as commission, swift charge, stamp fee, stationery charge, vat and any other costs listed in the LC commission document.
- **Entry of Policy Pending in Excel:** They instantly take insurance coverage with every shipping guarantee document so that they may file a claim with the insurance company for any products that are damaged during shipping. For that reason, I was given the duty to keep the record whether they have got a policy or it is pending.
- **Writing Application:** A few times, I've written and delivered to the bank an application for the shipment guarantee copy's endorsement or retirement, an application for LC amendments if any changes were required as well as application for opening an LC.
- **Calculating Insurance Claim:** After an LC opens, they immediately obtain insurance coverage. The products must be imported within 9 months, and the cover note period is 1 year. For the quantity of products not imported before the last shipment date, they may submit a claim for the remaining insurance. Therefore, I had to figure out how much policy they already have, how much goods were imported, and how much insurance was supposed to be paid out if, for any reason, the specified amount of goods was not imported by the due date.

- **Entry of Bank Transactions in SAP:** It was my responsibility to enter all daily bank transactions into the SAP system. If a transaction occurs through a cheque, I must record it as an internal transfer; otherwise, if funds are transferred from one bank to another without a cheque, I must record it as an RTGS.
- **Entry of Refund Commission in SAP:** They may receive a percentage of the commission from the insurance company sometimes. I was therefore assigned the task of entering those refund commissions in SAP. If the amount was required to pay for a company's production needs where I had to debit and credit their G/L account, and if it was required to pay a vendor, I credited the vendor account.
- **Entry P.O. in SAP:** I had to input all the import purchase information for each LC into the SAP Software in order to keep track of all the purchase orders. For instance, the LC number, LC opening date, LC quantity, insurance coverage note number and date, DLs authorization or import permit number and date, insurance policy number if they received one, bill of entry number, etc.
- **Printing Necessary Documents:** I have also printed out many papers that are necessary for their operations. For instance, applications that have been written need to be printed out and sent to the bank with PI copies. Additionally, it was necessary to print out the bank transaction papers and attach them to their other documents, which was crucial for auditing.

1.3 Internship Outcomes

1.3.1 Student’s Contribution to the Company

The various opportunities are available to employees at ACI Godrej to make contributions to the company. I had plenty of opportunities to make an impact on the organization during my internship with ACI Godrej. As an intern, I was given the responsibility of helping the treasury unit of finance and account department with everyday operations. As directed by my supervisor's and other seniors' instructions, I was able to effectively accomplish all the duties that were given to me, which made it easier for them to complete their task. My work was important to the organization's overall import procedure. As I assisted them with LC documentation for their import process, I made every effort to ensure that the proper data input and organized documentation were completed promptly and accurately. In order to make their work easier, I also assisted them in maintaining records of more than 200 LC-related data and information in Excel. Additionally, I provided ongoing assistance to them with the computation of the commission fee rate and insurance receivable amount. Furthermore, I helped them by recording all bank transactions and refund commissions in the organization's software, which made it simpler for them to work on all the financial tasks like preparing financial statements, tax returns, investment decisions, etc. Being able to contribute to the company and observe how the Finance and Accounts Departments operate practically was a valuable learning experience.

1.3.2 Benefits to the Student

I believe that the main advantage of an internship in a company for a student is the opportunity to gain real life work experience. I'm quite grateful for the chance to work with a company like ACI Godrej and ultimately gain a lot of knowledge in return.

- ❖ First of all, through completing this internship, I have received real-work experience in my chosen field, which enables me to fill the knowledge gap between my academic studies and their practical implementations.
- ❖ Moreover, it helps me understand company culture at work through this internship program and apply these lessons to potential future employment. For example, this internship program taught me about the work ethics and behavioral aspects of the corporate employment sector. As a result, I now have a general understanding of the corporate work culture and how professional the workplace environment is, all of which will be significant to my future job performance.
- ❖ In addition, I got to know about how company strategies were put into practice, how a Financial and Accounting department operates, how the organization maintains work flow in various situations, and their import process. Also, now I have a deeper understanding of the technology, tools that they use, which helped me improve my Excel and ERP Software skills.
- ❖ Furthermore, it helped me acquire important skill sets like communication skills and time management, since everything was scheduled, I must finish my task on time. Throughout my internship, I always took notes to ensure that I didn't forget anything my supervisor wanted me to complete.
- ❖ Also, ACI Godrej provided two days off per week, which is equally essential for maintaining a decent work-life balance. Finally, my internship experience was really great in this friendly and respectful environmental workplace.

1.3.3 Problems/Difficulties (faced during the internship period)

Despite the many benefits of my internship, there were few difficulties that I encountered and may suggest potential solutions for. Initially, I found it challenging to connect with the senior officer since I was unfamiliar with the task and lacked the knowledge required to react in different situations. Moreover, there were a few times during my internship when I had to put in extra time to help my supervisor fulfill her work because of the severe workload. I found it little bit challenging to fulfill strict deadlines under such pressure and complete tasks to an appropriate standard. In addition, AGAPL handles a lot of paperwork in the workplace. Maintaining a large volume of paper was very challenging at times, and I found it more difficult while searching for any necessary documents. Other than those issues, the experience at ACI Godrej was quite smooth.

1.3.4 Recommendations (to the company on future internships)

AGAPL provides its employees with one of the friendliest work cultures. I have observed how respect is applied to one another in the workplace. Additionally, they take into consideration any specific leave that encourages employees to perform their jobs smoothly. However, I would like to make a few suggestions to the organization in order to help them further improve their internship facilities and enable future candidates to take advantage of those.

First of all, the organization needs to recruit multiple interns simultaneously so they get to share work and learn deeper details about various departments of the company. This will make it easier to grasp the business practices overall. Secondly, an appropriate orientation program should be provided to all interns, where they will get information about more details about the business and company's principles.

Aside from such concerns, I encourage students to join this welcoming workplace and gain many new skills. I can guarantee that the supervisor will inspire and teach the lesson of a variety of tasks so that the intern can do the work accurately. Finally, if they could improve those issues, future candidates who are eager to complete their internship at ACI Godrej Agrovet Pvt. Ltd. would highly value their internship programs.

Chapter 2: Organization Part

2.1 Introduction

Multinational corporations have recently undergone rapid change. They are modernizing and changing swiftly; for instance, they are continually improving their database, modernizing their organizational structure, and adopting numerous adjustments and cultures to increase employee satisfaction. ACI Godrej Agrovet Private Limited contributes to Bangladesh's economic development by offering affordable goods through importing items from cost-effective markets, and utilizing technological elements.

The following parts contain all the information that has been gathered regarding the overall firm overview. The first section provides a summary of the company's history, goals, mission and profiles. The next part covered management practices with leadership style, training activities, pay structures, and performance evaluations. Additionally, it described the marketing component, which is divided into areas such as product information, marketing strategy, advertising and promotion, and marketing channel. The financial performance of the company is highlighted using common size statements, trend analysis and Dupont analysis applying ratios, horizontal and vertical analysis. The accounting practices, information management and operation systems are also explained in this chapter. Finally, company's competitive position has been described through SWOT analysis and Porter's five forces.

2.1.1 Objective

The main objective is to illustrate the organizational structure of the AGAPL and how every department operates. There are a few other goals, including to learn as much as possible about the organizational culture. Additionally, this study has been analyzed in order to meet the requirements for this report. Even though AGAPL is one of the biggest businesses, due to unavailability of information, many people might not be fully aware of their product offerings and businesses. This section was written to demonstrate the details regarding their products, businesses they own, management system, marketing practices, financial and accounting procedures, and operating system. Additionally, Porter's five forces and a SWOT analysis have been applied to explore a picture of their competitive strategies.

2.1.2 Methodology

Information for these reports was collected from various kinds of sources, using both primary and secondary sources.

Primary Source: To acquire the internal information, I communicated with my on-site supervisor and a few of his coworkers. The physical communication was needed because of the company's stringent privacy and security regulations. They provided an overview of their organizational structure, management, marketing, accounting, and financial strategies.

Secondary Source: My most important source of information for the research was the firm's website, where I got an idea of their businesses and products. For conducting an in-depth study on the financial performance, the financial statements from the years 2019 to 2023 were used, which were collected from the Deputy Manager and my supervisor.

2.1.3 Scope of the Study

This report's scope is wide-ranging. The present scenario of ACI Godrej is discussed in this part. This chapter provides analytical, in-depth information on the company's background information and their present position in the Bangladeshi market. This report provides readers with a thorough overview of the operational practices including human resource management, marketing strategies and the financial condition of AGAPL. The financial performance of the company was measured by common size statements and ratio analysis of five years. The reader may also learn about the facilities given by the company to its employees and the products description from this report. This study may useful to the readers for academic or additional research on the animal feed industry's import procedure.

2.1.4 Limitation

The following challenges I ran through while creating this report:

- As it is private joint venture company, several sets of information were unavailable due to privacy issues.
- Learning a lot about the organization was challenging because of the company's limited information on internet and social networking.

2.1.5 Significance

The organizational culture and reporting structure of AGAPL are discussed in this study. These descriptions showed how the AGAPL operate the business with effective strategies. Additionally, the study outlined the gaps and suggests ways to improve businesses that will help people who are interested in starting a business in the future. Moreover, the chapter represents the methods of determining the financial performance of a company and the practices and strategies implemented by different departments which is very crucial for every business. The study described the strengths and weaknesses of the company and provided with few suggestions to overcome the shortcomings which will help the businesses outperform its rivals. Overall, the report described a deeper comprehension of corporate operations, which they can then use in their professional lives.

2.2 Overview of the Company

2.2.1 Company Background

Figure 1: Company Feed Image

ACI Limited, Dhaka, a highly regarded Bangladeshi corporation, and Godrej Agrovet Ltd., a reputable company that is a part of the Godrej Group of India, formed a joint venture company named ACI Godrej Agrovet Private Limited in 2004 under the Companies Act of 1994. It has earned a reputation for offering high-quality goods. The business is a well-known and quality-driven manufacturer of Day Old Chicks, Poultry, Fish, Cattle and Shrimp Feed in Bangladesh.

The Company's Financial Outlook is quite positive (Credit Rating AA in Long Term and ST2 in Short Term) and it has been chosen by banks for good borrower incentives (According to Bangladesh Bank Guidance) and has been recognized for its eco-friendly operations. As a nationwide company, collaborating with parent companies, it is expanding operations by educating Bangladeshi farmers on advanced farming techniques and providing quality nutritional feed.

2.2.2 Company Profile

- **Company Logo:**

Figure 2: Logo of ACI Godrej Agrovet Private Limited

The ACI Godrej logo is a representation of both logos of two parent companies merged together, as it is a joint venture between ACI Limited and Godrej Agrovet.

- **Awards:**

Year	Awards
2017	GMP certification for the animal feed industry.
2017	BSTQM Quality Management Award.
2018	National Productivity and Quality Excellence Award.

Table 1: Company Awards

The company is awarded for their eco-friendly operations and best quality management by National Productivity Organization (NPO), the Ministry of Industries, and the Government of Bangladesh.

- **Profile:**

Name of Organization	ACI Godrej Agrovet Pvt. Ltd.
Category	Joint Venture Private Limited Company
Known as	ACI Godrej
Type	Private
Industries	Livestock & Animals Agriculture & Mills
Year of Incorporation	2004
Chairman	Mr. M Anis Ud Dowla
Fields of Activity	Poultry (Layer & Broiler), Cattle (Dairy & Beef), Fish (Sinking & Floating), Shrimp Feed and Day Old Chick (DOC)
Head Office	Head office: Kaderia Tower (9th Floor), JA 28/8-B, Mohakhali C/A, Bir Uttam AK Khandakar Rd, Dhaka 1212
Website	http://acigodrejagrovet.com/
Phone	(+8802) 8829468

Table 2: Company Profile

2.2.3 Vision

- The company's vision is to foster strong bonds with farmers by offering them modern, affordable items.
- Their goal is to utilize expertise in nutrition to enhance farmers' productivity while putting an emphasis on close cooperation and excellence farming techniques.

2.2.4 Mission

- The company's mission is to continue being well-known and quality-focused producer of feed for day-old chicks, poultry, fish, cattle, and shrimp in Bangladesh.
- Their objective is to consistently deliver exceptional customer service through responsible teamwork and creative procedures.
- The aim is to produce innovative products and services that assist farmers in boosting their output using the latest technology, modern management techniques, and environmentally friendly and moral business practices.

2.2.5 Values

One of the biggest producers of premixed and additive based feed for livestock in Bangladesh is ACI Godrej Agrovet Private Limited. The business has built trusting ties with the farmers over the years by providing them with advanced, affordable high-quality items. The Company uses its knowledge of nutrition to help its farmers perform better. The techno marketing team prioritizes a stronger focus on the client. Modern production facilities with quality control are maintained here. They uphold a culture of ethical standards, with security and advanced IT systems.

2.2.6 Company Organogram

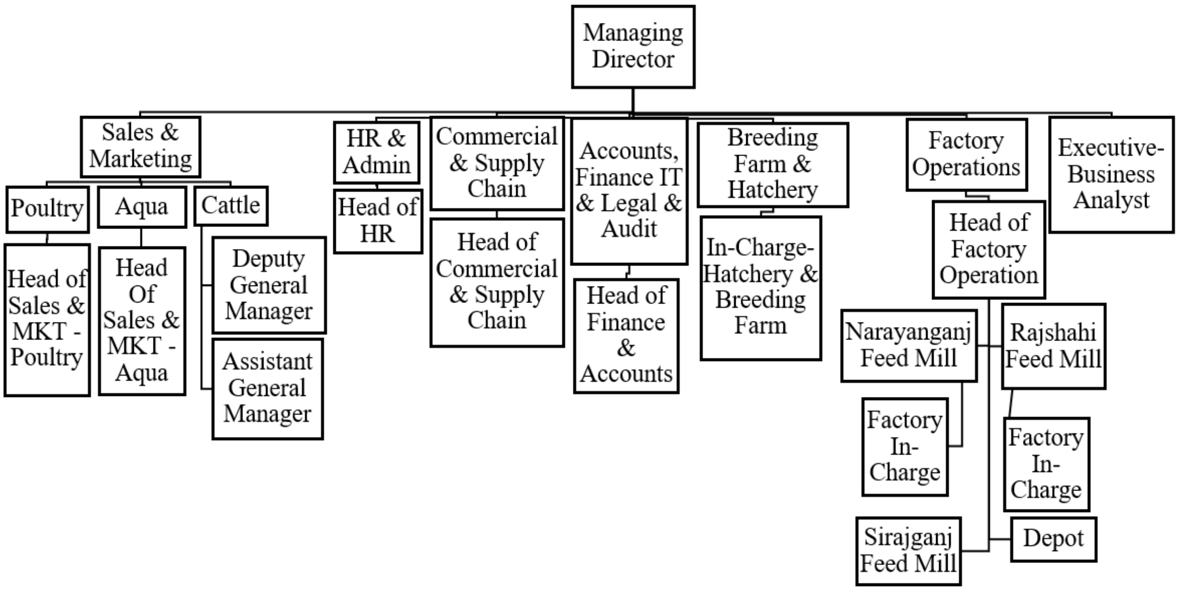

Figure 3: Organogram of ACI Godrej

2.3 Management Practices

2.3.1 Leadership Style

The three-month-long internship I completed at ACI Godrej led me to the conclusion that this business operated under a democratic model of leadership. Everyone respects one another while expressing their own thoughts. The department heads conduct meetings with the employees who work in their specific departments. This has a positive impact on the environment at the workplace. They feel more like they are participating, which promotes greater teamwork at the office. AGAPL now holds regular meetings to address a variety of topics, thus creating space for the staff members' suggestions. As the executives of the organization use this management technique, it helps them to make proper decisions that are positively appreciated by all of the employees.

2.3.2 Human Resource Planning Process

2.3.2.1 Recruitment and Selection Process

ACI Godrej has dedicated internal recruitment and selection personnel who handle every part of the hiring and selection process. ACI Godrej's recruitment and selection process normally begins with identifying position openings. They initially post their job posting on a few internet job sites so that candidates may find out quickly before the deadline. Their poster includes brief information about their company, job descriptions, requirements, benefits, and application procedures. After that, candidates can apply and submit their CVs via platforms such as employment portals, the business website, and employee recommendations. After receiving the CVs, these are examined to determine whether individuals are qualified to take the IQ test. Candidates may go through assessments and examinations based on their skills, depending on the position. Exam results are assessed to narrow down the field of potential applicants, who are then contacted for interviews. They select the final candidate after conducting an interview. Candidates who are chosen receive an offer letter and go through a welcoming procedure at ACI Godrej after being chosen. Finding the suitable expertise is given priority throughout the process, which also ensures honesty and justice.

2.3.2.2 Training and Development System

The training division of ACI Godrej is a part of human resources. Lead-learning and development personnel manage all training related activities. All new hire applicants are required to attend training sessions, which are organized and executed by the company's training staff. The training officers give the new hires training to acquaint them with their roles and the business so they can adjust to the new firm, workplace, coworkers, and responsibilities of their jobs. The training officers also ensure that they are capable of functioning successfully in their positions. In addition, the supervisor instructs them on the operations' procedures in accordance with the task so that they can quickly become familiar with the work. A few days of instruction may be required for them to become used to the work.

2.3.2.3 Compensation System

Benefits:

- **Salary:** The company's benefits and compensation structure are both satisfactory and fair. Firstly, ACI Godrej pays salaries to employees on time. The range of their salary depends on their designation. Each employee receives a yearly pay raise from the company based on their performance. This carefully thought-out method appropriately rewards employees, fostering an inclusive and highly stimulating workplace. Along with the basic salary, employees have the option to receive a variety of allowances, including conveyance, medical, and housing rent benefits. Each year, the employee receives two festival bonuses. If they work for more than a year, they have a chance of receiving provident and gratuity funds.

- **Leave:** Moreover, the company offers employees two days off on Fridays and Saturdays, 14 days of paid sick leave, and 5 days of annual paid parental leave. Also, female employees can take a six-month maternity leave and travel-related employees only be eligible for 3 days of transition leave. Additionally, casual leave is available for 10 days annually, and employees receive appropriate compensation for time off if they unable to return to work for any specific reason which assist employees in emergencies by providing them financial security. Last but not least, they have a system to provide compensatory leave, through which they encourage employees to take leave for five days throughout the year.

- **Transport Facility:** In addition, there is a chance to use the transport service in this company only for regular employees. ACI Godrej provides its regular employees with transportation services. However, few amounts would be deducted from their salary for taking the transport services. Any employee who needs to go outside for work, such as to various banks, is also eligible to get a transportation allowance.

- **Mobility:** Furthermore, regular employees of ACI Godrej have the opportunity to receive a mobility allowance based on the type of work they perform. Each employee's needs are taken into account when determining the compensation amount, ensuring that they are fairly compensated for utilizing their mobile devices.

- **Medical Facility:** Finally, the company arranges medical checkups and doctor consultations for all of its employees every year, which encourages employees to be concerned about their health.

2.3.2.4 Performance Appraisal System

The HR department oversees the entire system of performance reviews. Reviews of employee performance are offered to help employees perform better. Performance reviews are given to every member of the regular staff at this organization. Employees who have been employed consistently for six months in a fiscal year and whose services are satisfactory are entitled to a performance evaluation. Every year, the HR department assesses the performance of every employee. A selected group of employees then receives performance assessments. Measures for performance reviews may include designation changes, promotions, increment of salary, appointments, confirmations, terminations, and special allowances. One month before the appraisal, the HR department sends the employee list and the performance evaluation form to each department for a performance review. When necessary, supervisors from other departments will meet with human resources. At the conclusion of the procedure, performance evaluation letters are given to the selected employees. After evaluation completed, they organized a program where the eligible employees got the rewards based on their performance.

Overall, their maintenance of competent leadership system, proper hiring practices, offering adequate advantages and compensation, and providing employees rewards for their performance reflect fairness and motivation to consistently perform better.

2.4 Marketing Practices

2.4.1 Product Details

The feed mill in Sirajganj serves as the organization's foundation. The feed mill produces poultry (layer & broiler), cattle (dairy) and fish feed using the latest technology and guarantees good quality. The greatest pre-mixes and vitamins and quality raw materials are imported from other countries, used to manufacture the products. To ensure that their customers receive the highest-quality products, every step of the process- from the purchase of raw materials through manufacture to the finished product, is physically and chemically examined. They have proper conditioned warehouses and storage containers to provide the most suitable storage of both their raw materials and finished goods.

Cattle

Fattening Feed	Milking Feed	Cattle Supplement Feed
•Meat More	•Bovino	•Moo Magic Mix
•B C S	•Bypro	
	•Hpmr	
	•Standard Ration Pellet	

Table 3: List of Cattle Feed

Cattle feed specialties include Bypro & SRP, HPMR, Meat More, and Bovino Calf Starter. The first bovine feed with Bypass Protein formulation, Bypro & SRP, increases milk production while Meat More is formulated for fattening cows and is free of hormones, growth promoters, and antibiotics, HPMR is intended for native, low-yielding cattle and pregnant cows. Bovino Calf Starter is created specifically to promote faster growth and immune development in calves. The establishment of advanced research and development laboratories is enhancing animal productivity and output, thereby improving the financial situation of dairy and fattening farmers.

Broiler Feed	Layer Feed	Cock/Sonali
•Broiler Crumbo Excel Prestarter	•Layer Grower Crumbs	•Cock/ Sonali Excel Finisher
•Broiler Crumbo Excel Starter	•Layer Grower Mash	•Cock/ Sonali Excel Grower
•Broiler Crumbo Excel Finisher	•Layer Layer Conentrate	•House Feed
•Broiler Crumbo Excel St Pellet	•Layer Layer Crumbs	
	•Layer Layer Mash	
	•Layer Starter Crumbs	
	•Popular Layer Layer Mash	

Table 4: List of Poultry Feed

ACI Godrej Poultry feed is designed by expert nutritionists who create chicken feed to satisfy the needs of poultry for energy, protein, fat, salt, calcium, phosphorus, vitamins, and minerals. For optimal FCR, egg production, less mortality and farmer profit, it is built up with different tonics, vitamins, and additives without mycotoxin and heavy metals. The management and productivity of farms are improved by techno marketing, which offers technological products and services. The upgraded packing process preserves nutrition quality while being stored and transported. The feed is prepared utilizing automated equipment that is well-known across the world, guaranteeing standard feed shape, size, finishing, and fewer small particles. By producing Broiler, Layer, Sonali, and House Feed they are helping farmers by fulfilling protein requirements and maximizing their profit.

Aqua

Sinking	Floating	Shrimp
•Pangus-nursery Premium	•Floating Popular Finisher Fff	•Shrimp- Nursery 1 Premium
•Pangus-starter Premium	•Floating Popular Grower	•Shrimp-nursery 2 Premium
•Pangus-grower Premium	•Pangus Finisher Fff	•Shrimp-starter 1 Premium
•Pangus-finisher Premium	•Pangus Grower Fff	•Shrimp- Starter 2 Premium
•Tilapia-nursery Premium	•Spl Koi/magur/shing Nursery Fff	•Shrimp-grower Premium
•Tilapia-starter Premium	•Spl Koi/magur/shing Starter Fff	
•Tilapia-grower Premium	•Tilapia / Koi Grower Fff	
•Koi / Tilapia / Shing/ Magur-nursery Premium	•Tilapia / Koi Nursery Fff	
•Koi / Tilapia / Shing/ Magur-starter Premium	•Tilapia / Koi Starter Fff	
•Koi / Tilapia / Shing/ Magur-grower Premium	•Tilapia Finisher Fff	
•Carp-grower Popular	•Special Post Nursery	
•Carp-economy Grower		

Table 5: List of Aqua Feed

Specialty features of fish (Floating & Sinking) feed include the right ratio of vital amino acids, absence of mycotoxin and heavy metals, maintenance of normal moisture levels, and use of premium raw materials. It guarantees maximum absorption, stable water, and complete fish floatability. The feed is made in an automated facility with a top-notch quality control system under the direction of a qualified nutritionist. They are able to manufacture aqua feed in a sustainable way. ACI Godrej Fish Feed (Floating & Sinking) has the capacity to attract fish in for consumption and has a strong binding ability of feed that does not dissolve easily, helping the water quality always stay good.

2.4.2 Production Plants & Businesses

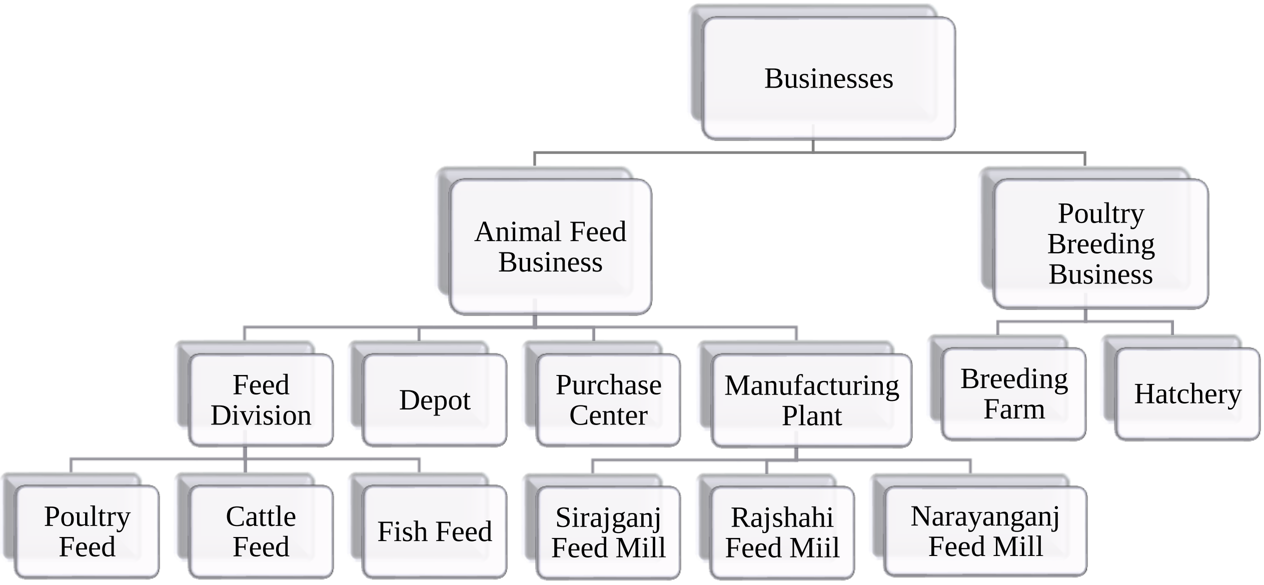

Figure 4: Company's Businesses Structure

The company holds mainly two businesses such as animal feed business and poultry breeding business. For animal feed they mainly produce the food of poultry, cattle and fish. The company has depot in many districts of Bangladesh for storing the large amount of goods. The depot centers located in Comilla, Gazipur, Barisal, Jessore, Chittagong, Dinajpur, Norshingdi, Rangpur, Hobiganj. Additionally, they have purchase centers in few locations such as Setabganj, Doshmile, Munshiganj, Sorojganj and Damurhuda where the take decision about the purchase process. Along with ani feed business they operate poultry breeding farm situated in Panchagarh and Jainabazar where they produce good quality hatching eggs and boiler day old chicks.

2.4.3 Marketing Strategy

Currently, ACI Godrej's marketing strategy focuses on generating demand by offering best quality products that are nutritious. The company attract dealers by offering them monthly and yearly incentive packages. Seminars on cattle feed are regularly presented by ACI Godrej Agrovet Private Ltd. to attract veterinary professionals, farmers, and interested parties. Additionally, they often organize a retailer conference where retailers and dealers come together in order to display their goods and offer solutions.

2.4.4 Target Customers

The company's primary clients are the dealers who own the livestock, fish, and poultry sectors in Bangladesh. Although farmers are their ultimate target consumer, the company is mostly focused on dealers because they are the ones who actually pay for the goods.

2.4.5 Marketing Channels, Advertising, Promoting Strategies

This company's supply chain goes through dealers before reaching the consumer. The business initially sells its products to dealers. The products are given to farmers through dealers. Dealers are mainly focused on supplying the products to the end user. In order to promote the business, the company also provides advertisements to customers. The company actually practices conventional forms of advertising for its marketing channels, including posters, billboards, leaflets, etc. They are concentrating on traditional marketing rather than social media marketing because their final buyers are farmers who are not very familiar with technology.

2.4.6 Product Development

They have a few trial firms for research and development. They deal with a few firms to gather information for analyzing the variations in product quality. Additionally, they get full support from Godrej Agrovet, the parent company of this business, which was established in India, in terms of packaging style, product size, and product formulation quality.

2.4.7 Critical Marketing Issues & Gaps

The challenges they are facing are that they do not have a direct connection with the farmers as they deliver the products through dealers. As a result, they are unable to market their goods in order to reach the final consumer. Additionally, social marketing is not widely established, which makes it challenging to reach more consumers. With the help of a knowledgeable sales team and technological marketing, they hope to enhance their marketing approach to build their connection with farmers while educating them about the agriculture system.

In summary, the variety of products for different animals help farmers to avail many options. Despite the fact that its marketing strategies lack social networking activities and direct connections with farmers, the company is attempting to improve the agricultural system by addressing these issues**.**

2.5 Financial and Accounting Practices

2.5.1 Overview of the Finance & Accounts Operations

Every organization needs to manage and keep an eye on its financial activities, which are handled by the Finance and Accounting departments. These activities make sure that the company's financial resources are used efficiently, transactions are accurately documented, and compliance with accounting rules. The Finance and Accounting activities of ACI Godrej include financial report preparation and analysis, budgeting and forecasting, accounts payable and receivable, auditing and compliance, taxation, treasury and cash management, investment decisions, cost analysis, etc. These activities lead the company's financial performance in good shape, assisting the employees in making wise decisions. The finance department collaborates closely with other departments to develop financial strategies that maximize resource allocation. Different people work with cash flow, cash management, financial reporting, and audits and everyone is accountable for specific tasks. For instance, the commercial department may present a deal for an import purchase, and the finance department would then handle the next steps. The entire financial department is under the direction of the CFO, Head of Finance & Accounts. The core financing report is evaluated by the manager and the deputy managers. If the transaction is local, the assistant manager and senior executives oversee the accounts payable process and payment related transaction. The Deputy Manager and Executives are in charge of treasury activities and the letter of credit process. There are also specific members who are involved in things like auditing, tax planning, and cash flow monitoring.

2.5.2 Accounting Practices

In order to provide an accurate representation of its financial performance, ACI Godrej Agrovet creates financial statements such as the cash flow statement, income statement, equity statement, and balance sheet. At the end of the year, they prepare auditors reports. Internal audits are conducted by the company to ensure the accuracy of financial data. The company also tracks and distributes costs associated with providing services or producing goods using cost accounting procedures. Additionally, the company applies depreciation techniques to assets with long usable lifetimes, like buildings and machinery. According to accounting principles and tax rules, they calculate and report their liability for taxes. The company also uses budgeting and forecasting processes to plan for and monitor its financial performance.

2.5.3 Financial Performance

2.5.3.1 Common Size Statements

- **Vertical Statement of Financial Position:** All the numbers in the Balance sheet are divided by Total Assets. This calculation presents the percentage size of each account relative to the Total Assets of the company over the last five years as well as the average and standard deviation of each account percentages.

ACI Godrej Agrovet Private Limited Vertical Statement of Financial Position							
Details	**2023**	**2022**	**2021**	**2020**	**2019**	**Average**	**Std Dev.**
Assets							
Property, plant and equipment	28.74%	34.00%	40.89%	46.19%	45.26%	39.02%	7.49%
Intangible assets	0.07%	0.09%	0.14%	0.01%	0.05%	0.07%	0.05%
Investments	0.81%	0.47%	0.54%	0.61%	0.79%	0.64%	0.15%
Non-current assets	**29.63%**	**34.56%**	**41.58%**	**46.81%**	**46.10%**	**39.74%**	**7.47%**
Inventories	40.32%	51.76%	44.49%	32.54%	36.06%	41.03%	7.49%
Biological assets	0.73%	0.58%	0.48%	0.30%	0.35%	0.49%	0.18%
Trade and other receivables	8.06%	7.76%	8.85%	10.03%	10.56%	9.05%	1.22%
Advances, deposits and prepayments	1.98%	2.80%	2.89%	5.81%	5.02%	3.70%	1.63%
Cash and cash equivalents	16.79%	1.30%	1.64%	4.48%	0.68%	4.98%	6.76%
Current assets	**70.37%**	**65.44%**	**58.42%**	**53.19%**	**53.90%**	**60.26%**	**7.47%**
Total assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**0.00%**
Equity							
Share capital	3.63%	4.70%	5.41%	6.12%	7.94%	5.56%	1.62%
Retained earnings	31.18%	30.36%	31.13%	31.67%	379.74%	100.82%	155.93%
Total equity	**34.82%**	**35.05%**	**36.54%**	**37.79%**	**45.92%**	**38.02%**	**4.57%**
Liabilities							
Loans and borrowings	0.72%		0.91%	7.75%	3.48%	3.22%	3.28%
Deferred tax liabilities	0.97%	1.37%	1.48%	1.67%	2.21%	1.54%	0.46%
Employee benefits	0.11%	0.31%	0.54%	0.40%	0.55%	0.38%	0.18%
Non-current liabilities	**6.98%**	**6.46%**	**8.01%**	**9.83%**	**6.25%**	**7.51%**	**1.47%**
Loans and borrowings	0.38%		0.66%	1.67%	0.60%	0.83%	0.57%
Short term bank loan		22.41%	24.34%	2.47%	25.28%	18.63%	10.84%
Bank overdraft		6.57%	0.44%	0.39%	0.69%	2.02%	3.03%

Trade and other payables	9.48%	21.72%	16.76%	40.52%	13.92%	20.48%	12.05%
Accruals	2.95%	4.33%	9.26%	2.32%	2.46%	4.26%	2.90%
Provision for expenses	4.05%	2.93%	3.44%	5.01%	6.36%	4.36%	1.36%
Current liabilities	**58.20%**	**58.48%**	**55.45%**	**52.38%**	**47.83%**	**54.47%**	**4.46%**
Total liabilities	**65.18%**	**64.95%**	**63.46%**	**62.21%**	**54.08%**	**61.98%**	**4.57%**
Total equity and liabilities	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**0.00%**

Table 6: Vertical Statement of Financial Position

- **Vertical Statement of Profit or Loss:** All the values of profit or loss statement is divided by the revenue. This calculation presents the percentage size of each account relative to the Total Sales of the company over the last five years as well as the average and standard deviation of each account percentages.

ACI Godrej Agrovet Private Limited							
Vertical Statement of Profit and Loss							
Details	**2023**	**2022**	**2021**	**2020**	**2019**	**Average**	**Std. Dev.**
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%
Cost of sales	-86.20%	-87.17%	-84.19%	-82.69%	-84.26%	-84.90%	1.78%
Gross profit	**13.80%**	**12.83%**	**15.81%**	**17.31%**	**15.74%**	15.10%	1.78%
Selling and distribution expenses	-3.64%	-4.17%	-4.47%	-7.36%	-7.40%	-5.41%	1.83%
Administrative and general expenses	-1.77%	-1.89%	-2.49%	-2.56%	-2.27%	-2.20%	0.36%
Operating profit	**8.39%**	**6.98%**	**9.10%**	**7.38%**	**6.07%**	7.58%	1.19%
Non-operating income/(expense)	0.00%	0.09%	0.02%	0.34%	-0.21%	0.05%	0.20%
Net finance costs	-0.90%	-0.82%	-0.70%	-0.46%	-1.44%	-0.87%	0.36%
Profit before contribution to WPPF	**7.49%**	**6.25%**	**8.42%**	**7.27%**	**4.41%**	6.77%	1.53%
Contribution to WPPF	-0.37%	-0.31%	-0.42%	-0.36%	-0.22%	-0.34%	0.08%
Profit before tax	**7.12%**	**5.93%**	**8.00%**	**6.90%**	**4.19%**	6.43%	1.45%
Income tax expenses	-0.90%	-0.99%	-1.29%	-1.10%	-0.74%	-1.00%	0.21%
Profit after tax	**6.21%**	**4.94%**	**6.71%**	**5.81%**	**3.46%**	5.43%	1.28%

Table 7:Vertical Statement of Profit and Loss

- **Horizontal Statement of Financial Position:** Here considering 2019 as the base year, all the value of the accounts is divided by its base years value and presented in percentage. It shows the increase and decrease of each account of the company over the last five years relative to the base year.

ACI Godrej Agrovet Private Limited Horizontal Statement of Financial Position					
Details	**2023**	**2022**	**2021**	**2020**	**2019**
Assets					
Property, plant and equipment	138.81%	127.05%	132.59%	132.53%	100.00%
Intangible assets	337.85%	318.30%	433.77%	34.07%	100.00%
Investments	224.13%	100.53%	100.53%	100.19%	100.00%
Non-current assets	140.46%	126.79%	132.34%	131.86%	100.00%
Inventories	244.39%	242.71%	181.03%	117.17%	100.00%
Biological assets	461.35%	281.13%	205.42%	111.44%	100.00%
Trade and other receivables	166.86%	124.26%	122.90%	123.36%	100.00%
Advances, deposits and prepayments	86.12%	94.55%	84.43%	150.43%	100.00%
Cash and cash equivalents	5424.20%	325.13%	354.73%	860.41%	100.00%
Current assets	285.39%	205.30%	159.06%	128.13%	100.00%
Total assets	218.58%	169.10%	146.75%	129.85%	100.00%
Equity					
Share capital	100.00%	100.00%	100.00%	100.00%	100.00%
Retained earnings	17.95%	13.52%	12.03%	10.83%	100.00%
Total equity	165.74%	129.09%	116.78%	106.87%	100.00%
Liabilities					
Loans and borrowings	45.23%		38.22%	289.04%	100.00%
Deferred tax liabilities	95.48%	104.63%	98.20%	98.09%	100.00%
Employee benefits	43.08%	93.89%	144.00%	94.82%	100.00%
Non-current liabilities	244.10%	174.91%	188.02%	204.21%	100.00%
Loans and borrowings	139.52%		160.33%	360.44%	100.00%
Short term bank loan		149.89%	141.25%	12.67%	100.00%
Bank overdraft		1609.95%	93.14%	74.04%	100.00%
Trade and other payables	148.92%	263.94%	176.72%	378.06%	100.00%
Accruals	261.80%	297.52%	552.10%	122.33%	100.00%
Provision for expenses	139.15%	77.99%	79.49%	102.35%	100.00%
Current liabilities	265.97%	206.75%	170.12%	142.20%	100.00%
Total liabilities	263.44%	203.07%	172.19%	149.37%	100.00%
Total equity and liabilities	218.58%	169.10%	146.75%	129.85%	100.00%

Table 8:Horizontal Statement of Financial Position

- **Horizontal Statement of Profit or Loss:** Here all the value of the accounts is divided by its base years value and presented in percentage. It shows the increase and decrease of each account of the company over the last five years relative to the base year values.

ACI Godrej Agrovet Private Limited Horizontal Statement of Profit and Loss					
Details	**2023**	**2022**	**2021**	**2020**	**2019**
Revenue	241.83%	217.87%	166.23%	145.28%	100.00%
Cost of sales	247.39%	225.40%	166.09%	142.58%	100.00%
Gross profit	**212.03%**	**177.59%**	**166.98%**	**159.73%**	**100.00%**
Selling and distribution expenses	118.85%	122.77%	100.43%	144.47%	100.00%
Administrative and general expenses	188.17%	181.30%	182.57%	163.78%	100.00%
Operating profit	**334.70%**	**250.60%**	**249.42%**	**176.84%**	**100.00%**
Non-operating income/(expense)	0.36%	-92.63%	-17.68%	-238.00%	100.00%
Net finance costs	151.44%	123.74%	80.94%	46.29%	100.00%
Profit before contribution to WPPF	**410.62%**	**308.48%**	**317.29%**	**239.34%**	**100.00%**
Contribution to WPPF	410.62%	308.48%	317.29%	239.34%	100.00%
Profit before tax	**410.62%**	**308.48%**	**317.29%**	**239.34%**	**100.00%**
Income tax expenses	297.30%	293.07%	290.72%	216.47%	100.00%
Profit after tax	**434.74%**	**311.75%**	**322.94%**	**244.21%**	**100.00%**

Table 9:Horizontal Statement of Profit and Loss

2.5.3.2 Ratio Analysis

- **Liquidity Ratio:** The ability of a business to pay short-term debt is determined by liquidity ratios. With a higher ratio, the company's short-term liabilities financing increases.

Ratios	**2019**	**2020**	**2021**	**2022**	**2023**
Current Ratio [Current Asset/Current Liabilities]	1.13	1.02	1.05	1.12	1.21
Quick Ratio [(Current Asset-Inventories)/Current Liabilities]	0.37	0.39	0.25	0.23	0.52

Table 10: Liquidity Ratio

Current Ratio: As can be seen, AGAPL had a current ratio of 1.13 in 2019, meaning that their current assets were 1.13 times greater than their current liabilities. The current ratio dropped suddenly in 2020, but it rose gradually over the next three years indicates a greater degree of liquidity. Therefore, it can be said that their liquidity performance was in a good position.

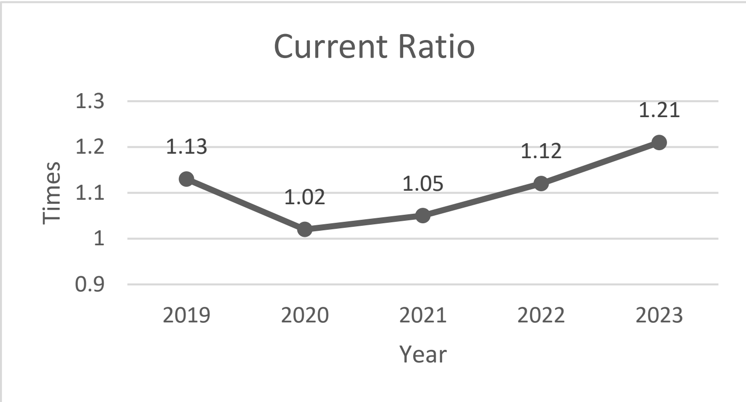

Figure 5: Trend Analysis of Current Ratio

Quick Ratio: Here, we can see that AGAPL's quick ratio for 2019 was 0.37, meaning that its current assets excluding inventories exceeded its current liabilities by 0.37 times. Over the preceding five years, there have been fluctuations in the quick ratio. Their fast two-year ratio was almost the same in 2019 and 2020, but in the next two years it fell steadily and then again increased sharply in 2023, indicating a higher level of liquidity.

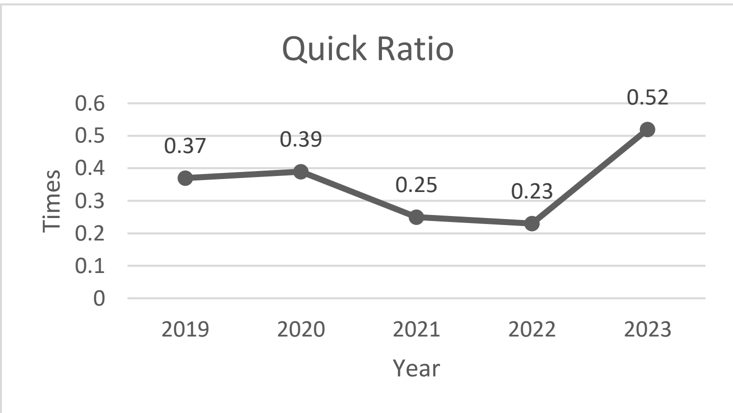

Figure 6: Trend Analysis of Quick Ratio

- **Efficiency/Asset Management Ratio:** The efficiency with which a company manages its assets and liabilities to generate sales and cash inflows or outflows is calculated by its asset management ratio.

Ratios	2019	2020	2021	2022	2023
Total Asset Turnover [Revenues/ Total Assets]	1.9	2.12	2.15	2.45	2.1
Average Collection Period [Accounts Receivables/ (Annual Sales/ 365)	20.31	17.24	15.01	11.58	14.01
Average Payment Period [Accounts Payable/ (Cost of Goods Sold/ 365)	31.76	84.21	33.79	37.19	19.12
Inventory Turnover [Revenues/ Inventories**]**	5.26	6.53	4.83	4.73	5.21

Table 11: Efficiency Ratio

Total Asset Turnover: Total asset turnover measures how effectively a company generates revenue using all of its assets. Here, we can see that AGAPL's total asset turnover ratio for 2019 was 1.9, meaning that the company's total assets were 1.9 times more than its revenue. The overall asset turnover grew to 2.12 in 2020 and increased gradually for the following four years. Therefore, it may be said that their asset management performance was satisfactory.

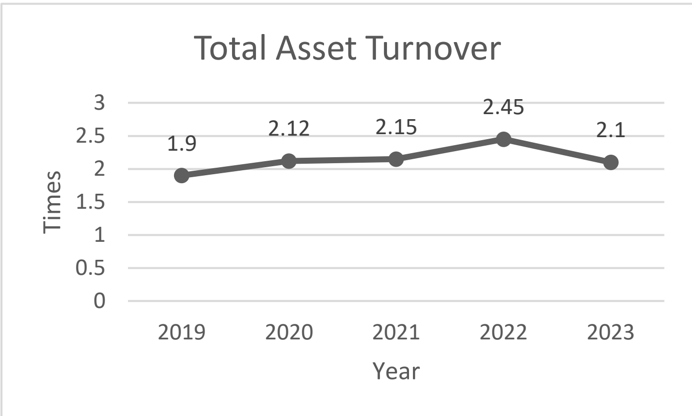

Figure 7: Trend Analysis of Total Asset Turnover

Average Collection Period: Here, we can see that in 2019, the average collection period was 20 days which means average amount of time needed to collect its account receivables. The average collection period of AGAPL was downward sloping from 2019-2022 and in 2023, the average collection period was slightly increased to 14 days. However, over the five years it was taking lesser times to collect its accounts receivable. Therefore, AGAPL's performance was good in managing its assets.

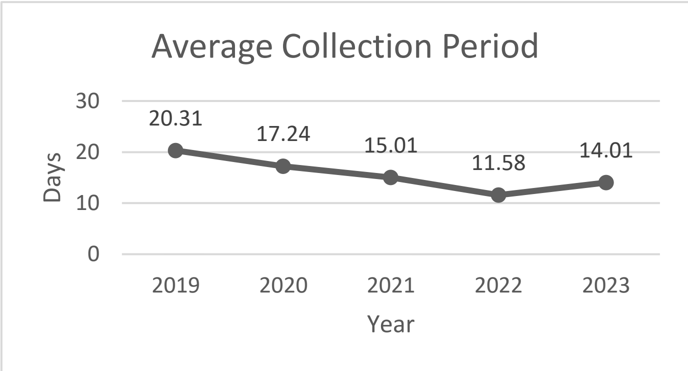

Figure 8: Trend Analysis of Average Collection Period

Average Payment Period: Here, we can see that in 2019, the average payment period of AGAPL was 32 days which means the average amount of time needed to pay its accounts payable. The average payment period was fluctuating over the last five years. It reached to peak in 2020 and again it dropped in next year. The level slightly increased from 2021 to 2022. However, in 2023, the average payment period decreased to 19 days which means they were taking less time to pay its accounts payable compare to previous year. Therefore, AGAPL's performance was improving in managing its liabilities.

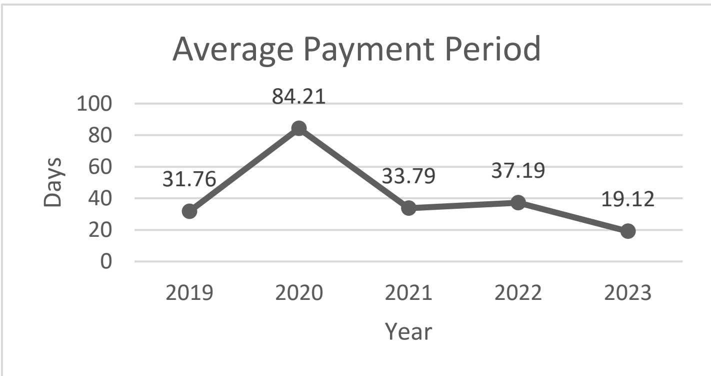

Figure 9: Trend Analysis of Average Payment Period

Inventory Turnover: Here, we can see that AGAPL had an inventory turnover ratio of 5.26 in 2019, meaning that the company's sales were 5.26 times more than its inventory. Over the previous five years, inventory turnover has fluctuated slightly. The ratio rose a little to 6.53 in 2020 and then fell during the following two years. But in 2023, the ratio went up once again, which indicates that they were efficient in managing their inventory.

Figure 10: Trend Analysis of Inventory Turnover Ratio

- **Debt Management Ratio:** The debt ratio is a financial ratio which determines the proportion of the leverage of a company means how effectively a firm manages its debt.

Ratio	2019	2020	2021	2022	2023
Debt Ratio [Total Debt/ Total Assets]	0.54	0.62	0.63	0.65	0.65

Table 12: Debt Management Ratio

Debt Ratio: The ratio of a company's debt to its assets serves as a risk indicator. A higher debt ratio indicates a higher level of debt for the company. Here, we can see that AGAPL's debt-to-equity ratio in 2019 was 0.54. With the time over the last four years the debt ratio gradually increasing showing the corporation having greater percentage of debt compared to its assets. In 2023, the ratio increased to about 0.65. It means that though they are holding higher amount of debt gradually than before, however, it could be possible that they are engaging more in the financial sectors and growing their business which is a positive side for the company.

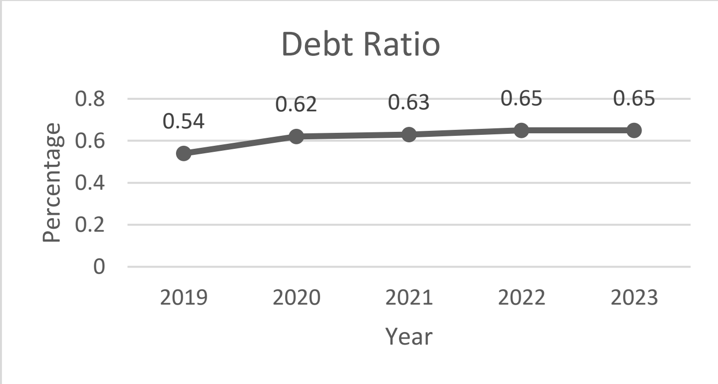

Figure 11: Trend Analysis of Debt Ratio

- **Profitability Ratio:** One of the most popular tools for measuring financial ratios is the profitability ratio. A company's return on investments and trading is measured by a profitability ratio.

Ratios	2019	2020	2021	2022	2023
Gross Profit Margin [Gross Profit/ Revenue]	15.74%	17.31%	15.81%	12.83%	13.80%
Operating Profit Margin [Operating Income/ Revenue]	6.07%	7.38%	9.10%	6.98%	8.39%
Net Profit Margin [Net Income/ Revenue]	3.45%	5.81%	6.71%	4.94%	6.21%
ROA [Net Income/ Total Asset	6.56%	12.33%	14.44%	12.09%	13.04%
ROE [Net Income/ Common Equity	14.29%	32.65%	39.51%	34.50%	37.47%

Table 13: Profitability Ratio

Gross Profit Margin: It measures the % of each sales amount remaining after the firm has paid for its goods. The higher the ratio the better it is. Here, we can see that in 2019, the gross profit margin ratio of AGAPL was 15.74% which means out of 100-sales taka 15.74 sales taka remaining after the company paid for its cost related with the goods. The gross profit margin ratio of tend to increase in 2020 however there was a downward slope between 2021 and 2023 indicates their profitability performance was about to going down however it started to overcome again.

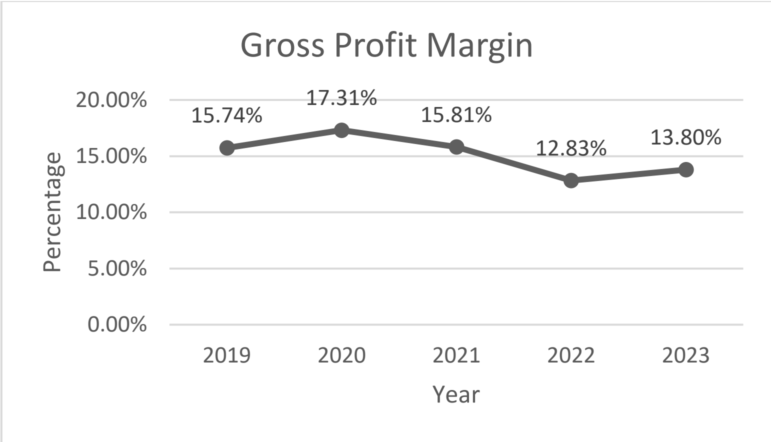

Figure 12: Trend Analysis of Gross Profit Margin

Operating Profit Margin: It measures the % of each sales amount remaining after all operating costs and expenses are deducted. The higher the ratio the better it is. Here, we can see that in 2029, the operating profit margin ratio AGAPL was 6.07% which means 6.07 sales taka left out of 100taka after calculating all the sales and operating cost except the interest and tax. The operating profit margin ratio increased from 2019 to 2021 however, in 2022, operating profit margin ratio dropped to 6.98%. Again, it rose to 8.39% in 2023 indicates AGAPL was maintaining better profitability than the previous year. Therefore, their performance improving in managing its profitability compared to that of previous years.

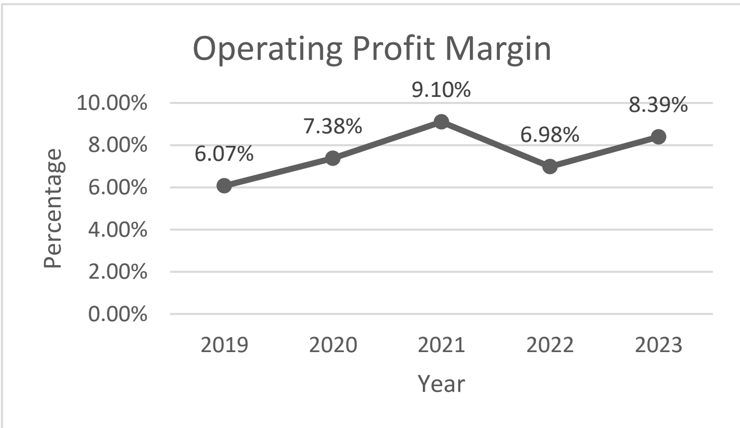

Figure 13: Trend Analysis of Operating Profit Margin

Net Profit Margin: It calculates the percentage of each sales amount that is left over after all expenditures, such as interest and tax fees, have been subtracted. The higher the ratio, the better it is. Here, we can see that the ratio was upwardly sloping from 2019 to 2021. The following year, it decreased slightly, but in 2023, it once again increased, reached to 6.21%. In conclusion, the business was able to turn sales into real profit with more efficiency.

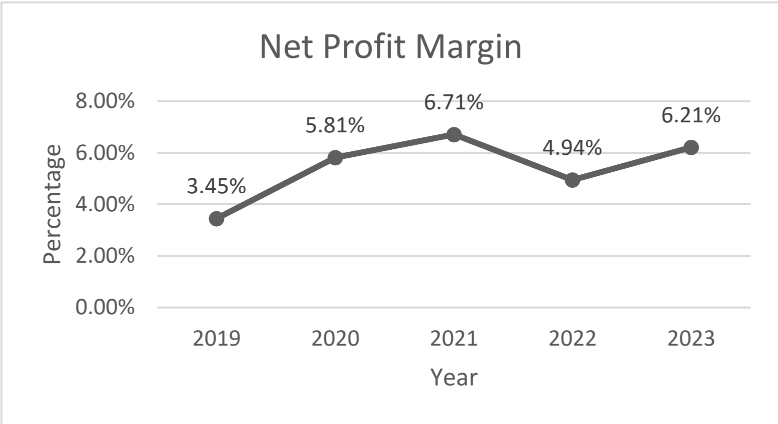

Figure 14: Trend Analysis of Net Profit Margin

Return on Asset: It evaluates how successfully a business uses all of its resources to generate profits. The better the ratio, the better. Here, we can see that the return on asset ratio had been rising during the previous five years though it slightly decreased in 2022, indicating that they were more effective in making a profit with their available assets. As a result, we can say that their management of their profitability has improved over the years.

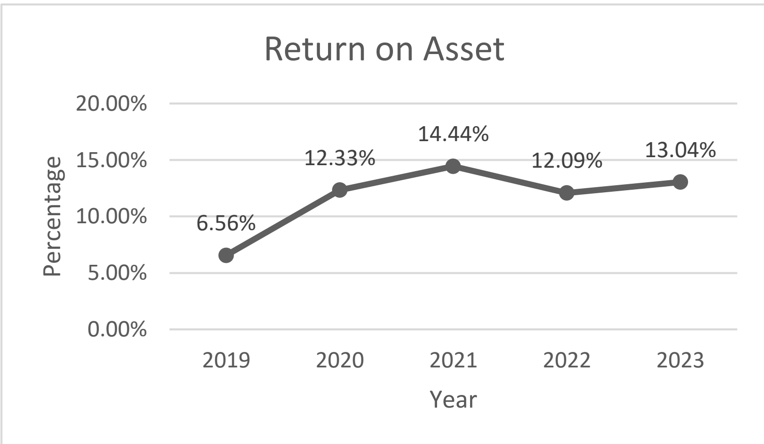

Figure 15: Trend Analysis of Return on Asset

Return on Equity: It evaluates the return on the company's investment made by common stockholders. Despite experienced slightly reduction in 2022, the upward slope of the return on equity ratio during the previous five years indicates the corporation was better off at generating a return on the investment of common stockholders. To sum up, their management of its profitability was more favorable than previous years.

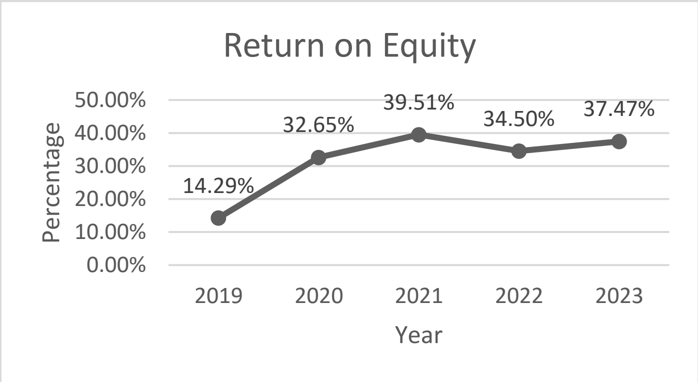

Figure 16: Trend Analysis of Return on Equity

- **Leverage Ratio:** Leverage of a company's finances determines its capacity to pay off debt, which informs stakeholders and investors about the situation.

Ratio	**2019**	**2020**	**2021**	**2022**	**2023**
Asset to Equity Ratio [Total Asset/ Total Equity]	2.17	2.65	2.74	2.85	2.87

Table 14: Leverage Ratio

Asset to Equity Ratio: The asset to equity ratio illustrates a company's leverage position. Over the past five years, the ratio increased gradually. Therefore, as time went on, the corporation held greater debt

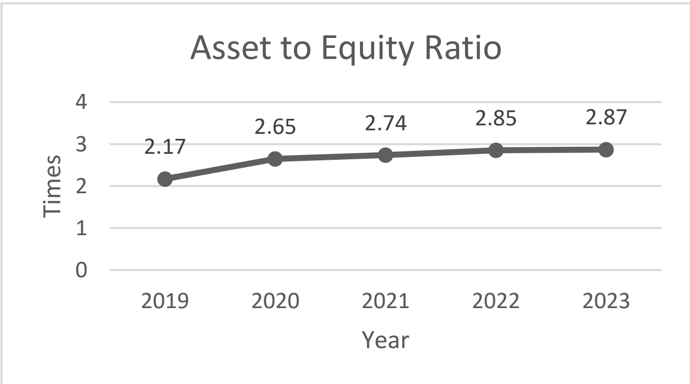

Figure 17: Trend Analysis of Asset to Equity Ratio

- **DuPont Analysis:** DuPont analysis is a practical method for breaking down the various factors that affect return on equity. A method for assessing a company's overall financial condition is the DuPont analysis. The research might point out potential areas for financial performance improvement in a corporation using this analysis.

Ratio	2019	2020	2021	2022	2023
ROE (DuPont) [Net Profit Margin*Total Asset Turnover*Asset to Equity]	14.29%	32.65%	39.51%	34.50%	37.47%

Table 15: DuPont Analysis

Return on Equity (DuPont): It is seen that, there was an upward trend in terms of return on equity of the company between 2019 and 2023. A larger net profit margin and equity multiplier contributed to improved ROE in 2021 and 2023. In contrast, a smaller net profit margin and equity multiplier contributed to a lower ROE in 2019 and 2022. Overall, it can be said that the company is expanding rapidly with healthy financial performance.

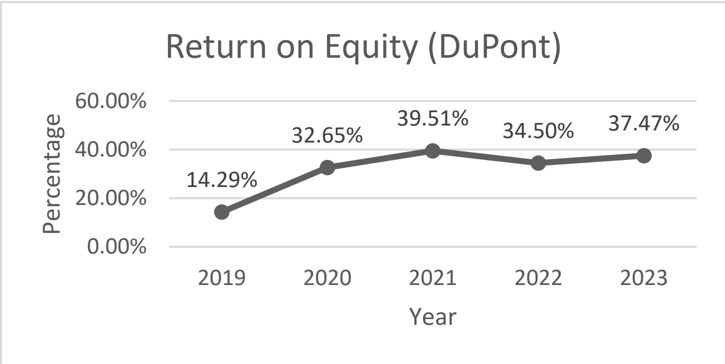

Figure 18: Trend Analysis of DuPont (ROE)

To summary, despite having lower current ratio during covid, the company's liquidity ratios show a positive trend in the past five years. indicating a good position for short-term debt financing. Moreover, over the previous five years, the AGAPL's asset and inventory management was in a stable position. Even though economic reasons made it difficult to collect receivables and pay debts during the covid period, they were able to improve their performance in handling liabilities. Furthermore, in terms of profitability the company was struggling a little bit in the fiscal year 2022 due to the economic crisis. After analyzing all the data, it can be concluded that, although from the covid period the company experienced financial difficulties, in terms of financial performance, the company is performing better on an ongoing basis.

2.6 Operation Management and Information System

ACI Godrej effectively manages managerial, financial, and accounting activities using an advanced operation management system. They use SAP Software for their ERP system, which helps with financial tasks, supply chain management, and resource management. They utilize this software to keep track of all purchase orders, banking transactions, and financial data. In addition, they use Excel to keep track of the goods they've imported and LC-related data, so they can find every document's information easily in the software. Excel is used for data processing, financial analysis, and reporting. This system maximizes operational effectiveness, maintains accurate financial records, and promotes sustainable growth in the sector. Each employee has an SAP account given by their parent company, ensuring efficient data collection and communication.

2.7 Industry and competitive analysis

2.7.1 Porter's Five Forces

Porter's Five Forces Model evaluates an industry's strengths and weaknesses by examining five competitive forces. This analysis helps evaluate a firm's position and the impact of substitute availability, new player entry, supplier dominance, consumer influence, and rivals on profitability. The following is an analysis done by AGAPL using Porter's five forces model:

Figure 19: Porter's Five Forces

Competitive Rival (High): Other Bangladeshi agriculture and animal feed businesses could be some possible rivals. There are many businesses that compete with one another in the animal feed industry. The Kazi Farms Group, Quality Feeds Ltd, K.N.B Agro Industries Ltd, Nourish Poultry and Hatchery Ltd, and Aftab Feed Products Ltd are a few of the competitors in the industry. Due to the fact that these businesses all produce the same goods, the market they have built is full of competitive competition. Competitor rivalry is hence quite intense. However, they use materials that they import from many different countries to produce high-quality goods, making it challenging for their rivals to compete. Thus, given the competitiveness and rivalry that exist, we can conclude that the corporation is in a strong position.

Threat of New Entrants (Low): The possibility of new competitors entering this market is quite low. A large investment would be required, such as land, labor, resources, and raw materials, which are all necessary for manufacturing operations. In addition to having a substantial financial investment, it also requires a great deal of effort and time. As a result, the entry barrier for rivals is high, and hence the threat of new entrants is low.

Supplier Bargaining Power (High): The organization is reliant on the suppliers of the raw materials. There are few established suppliers who can supply specialized products. In addition, the material quality of the product and trustworthy supplier is important too. The materials that are utilized to make the feeds by various providers vary in quality. Also, for a large number of orders it is risky to work with the random supplier instantly. Due to the fact that they have contracts with only a few selected suppliers, those suppliers have greater power when negotiating.

Buyer Bargaining Power (Low): The company sells its products to dealers, who then sell them to ultimate consumers. Dealers have no bargaining opportunities due to a fixed price set by the company. Final consumers can negotiate slightly with dealers, but rarely. Due to the company's strong market position, particular goods, and emphasis on value-added services, customers are less likely to switch from one product to another due to price conflicts, resulting in less negotiating power for buyers.

Threat of Substitute (Low): The availability of substitute products appears to have just a minor impact on the company's market share and profitability. Since AGAPL sells parent stock, chicks, and cattle feed, there aren't many products that can be used in their place, and replicating and replacing them is difficult. As a result, the threat of alternatives is still minimal.

2.7.2 SWOT Analysis

The SWOT analysis of a firm aids in identifying its inner environment's strengths and weaknesses, which are all under the company's control. Strengths could be consistently maintained while weaknesses could be addressed with the appropriate effort. The study also identifies opportunities and risks that are present in relation to the external environment, which are uncontrollable. These cannot be eliminated or removed. However, by making the necessary adjustments, their impact on the organization's operations could be reduced. Following is a description of AGAPL's SWOT analysis based on the relevant information:

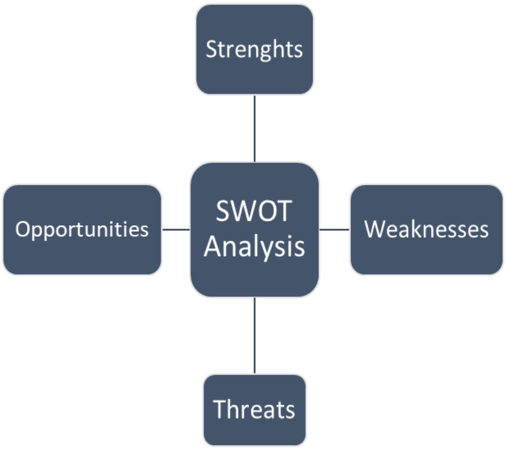

Figure 20: SWOT Analysis

Strengths:

- Well-known and reputed company.
- A proper interaction with the banking channels.
- Loyal customers.
- An excellent financial structure.
- Rapid company growth.
- Advance database and technical system.

Weaknesses:

- A lack of information in online platforms.
- Additional costs associated with importing goods.
- Indirect relationship with the farmers.

Opportunities:

- Establishment of expert sales team to make more effective supply chain process.
- Build a store on the internet to attract more clients.
- Spend money on marketing and informational content to increase brand recognition.
- Development of market research to bring out more quality and nutritious animal feed.

Threats:

- Imposing restrictions on operational activities.
- Challenging to adapt to new regulations and compliance requirements.
- Costs of production impacting by rising costs of raw materials.
- Economic crises affect consumer spending on pet-related goods.
- Lacking of social media engagement causes consumers to switch alternative source.

2.8 Conclusion

ACI Godrej Agrovet Private Limited (AGAPL), a company with multiple operations focusing on customer satisfaction, innovation, and environmentally responsible practices. With a democratic leadership approach and fair compensation, AGAPL maintains their operation smoothly. With quality control, ethical standards their brand image increasing over time. Moreover, the assessment of their liquidity ratios, asset management ratios, profitability ratios, and financial leverage ratios all indicate a company's ability to pay off debt and maintain a healthy financial position, which is crucial to its success. Also, to efficiently handle their managerial, financial, accounting, and other activities, the organization uses advanced operation management tools such as SAP Software and Excel. Additionally, the organization intends to improve their marketing approach with the support of a skilled sales team and technical marketing in order to strengthen their direct connection with farmers. Finally, the company's competitiveness and market position describe it as a strong firm compared to the competitors. By addressing the challenges, AGAPL improving their operational performance leading long-term success in their industry.

2.9 Recommendation

- ACI Godrej could improve direct farmer outreach by developing communication channels through workshops, farmer-focused events, and technology, fostering stronger relationships and understanding farmers' needs.
- They could expand its reach by incorporating social media marketing, engaging content, informative posts, and interactive campaigns to engage with tech-savvy farmers.
- They should invest in research and development, collaborating with institutions, investing in technology, and conducting thorough product trials for more effective feed products.
- ACI Godrej could achieve customer excellence through structured feedback surveys, interactive platforms, and personalized interactions, ensuring customer expectations.

These suggestions can help the business succeed in the competitive agriculture market while promoting sustainable growth and enhancing customer satisfaction.

Chapter 3: Project Part

3.1 Introduction

The project part of the report illustrates the "Analysis of ACI Godrej's LC Process: Challenges Faced during LC Restrictions and Strategies for Overcoming the Situation." The report is completed by using both the primary and secondary sources. To begin with, the report defined the letter of credit, importance of this system and its processes step by step. Additionally, the study focused on the difficulties of the process experienced by the company. The import process is getting tougher in recent time. Many banks refused to issue letters of credit, due to constraints put in place by the Bangladesh Bank, which reduced the import of manufacturing companies causing economic slowdown. Hence, the report analyzed the causing factors of the economy situation. Furthermore, it also depicted the solutions taken by the company to continue their operation. Finally, the report will conclude with some recommendations.

3.1.1 Background Information

ACI Godrej, a joint venture between ACI Limited and Godrej Agrovet Limited, is a reputable business in Bangladesh that specializes in producing high-quality feed for poultry, beef, aqua feed, and day-old chicks. They purchase commodities like grains, soybeans, rapeseed, feed additives, machinery, and spare parts from local and international markets. Hence ACI Godrej mostly relies on international transactions and the Letter of Credit (LC) process for secure payment mechanisms. However, LC restrictions have led to challenges such as accessing foreign currencies and restrictions on opening LC by banks. The Bangladesh Bank reports a decline in LC opening and settlement rates since June 2022, with importers opening LCs worth $8.44 billion in June and $5.7 billion in September. Private sector credit growth also fell to 13.93% in September due to tightening import policies. Industrial capital machinery imports have declined by 65%, according to Bangladesh Bank. Bangladesh's foreign exchange reserves crisis restricts LC openings for industrial raw materials imports. Though this issue impacts many businesses financially, however, executives and powerful businesses continue to open LCs according to banks' requirements. In the same way, ACI Godrej also had to adapt with bank regulations and conditions, such as paying high rates & charges, and using different LC policies, etc. Maintaining banks' requirements is considered one of the best decisions for continuing their operations.

3.1.2 Objectives

The primary objective is to analyze ACI Godrej's Letter of Credit (LC) process in import-export, focusing on regulations and documentation requirements. Also, specifically it would identify challenges faced during LC restrictions, such as foreign currency access limitations and difficulties in opening LC. In addition, the study would assess the impact of these restrictions on ACI Godrej's business operations and financial condition. Strategies to overcome restrictions, including alternative payment methods, supplier diversification, and local purchase prioritization, would also be explored. The research would evaluate the effectiveness of these strategies and propose innovative solutions for organizations facing similar challenges.

3.1.3 Significance

The analysis of ACI Godrej's LC procedure and the difficulties faced during LC restrictions carries significant importance in the context of international trade, business operations, and risk management. This report would offer insightful information on reducing financial risks, optimizing operational processes and adjusting with shifting market conditions. Furthermore, this analysis encourages industry learning, promoting the development of effective strategies for overcoming LC-related challenges. Businesses and policymakers can work towards creating a more effective global trade environment by tackling these concerns.

3.1.4 Limitations

- The major limitation on the drafting of this report was time. Despite the fact that I gained a lot of experience during my internship, it was insufficient time to conduct research, understand the department's activities and procedures thoroughly, and complete the paper. I was therefore unable to carry out a more extensive investigation and disclose the findings in my report.

- Another significant limitation was that staff members were restricted by business policy from disclosing the information that was crucial to my research.

- Also, there were few research articles on the internet about my selected topic, which was also a challenging matter while preparing the report.

3.2 Methodology

In order to complete the research, the project has used both primary and secondary data collection techniques. Initially, information for the paper was provided by my supervisor and other employees who already work for ACI Godrej. The majority of the information was also collected from my daily observations and the work I did during my three-month internship. I had to rely on secondary sources as well. The website of the company, annual reports, various papers, news, etc., are some of the places from where secondary data were collected. In order to comprehend the complete letter of credit process better, I also studied some articles regarding documentary credit.

3.3 Analysis and Findings

3.3.1 Analysis of LC Process

On a worldwide scale, the number of transactions occurring in the area of international trade is increasing constantly. Organizations choose a secured transaction system for this reason. The secured transaction techniques used in international trade, such as Advance payments in cash, letters of credit, document collection, consignment sales, and trade financing are all acceptable. Therefore, it is crucial to research how businesses practice these methods to explore more about the trend in this matter. As I worked for a company that relies heavily on import through LC to continue their production process, the main focus I have given in this report is on the analysis of letter of credit.

3.3.1.1 Letter of Credit

An organization's LC (Letter of Credit) process describes the step-by-step procedure of using LCs as a means of payment for transactions involving imports or exports. LCs serve as a financial guarantee when a company conducts cross-border business, ensuring safe and prompt payments between the buyer and seller. In this process, the buyer's bank issues the LC on behalf of the importer, and after the exporter satisfies the requirements, the issuing bank pays the exporter. A letter of credit will typically come with a fee from the bank, which may be a portion of the entire amount. A letter of credit's price will differ depending on the bank and the size of the amount. The usage of letters of credit has developed into a crucial component of international trade due to such issues like distance, different regulations and unfamiliar with the partners.

3.3.1.2 Importance of Letter of Credit

The use of LCs, the company may lower risk, build trust among partners, and manage its international operations smoothly. Using LCs, businesses can strengthen their financial security, simplify trade documentation, and lessen uncertainty in transactions between countries. For importers and purchasers, a letter of credit (LC) is a crucial financial tool since it provides documentary assurance that suppliers will strictly adhere to the letter's terms and conditions. Due to the equal distribution of risk between the exporter and the importer, this transaction is frequently used in international trade in Bangladesh. This provides assurance for the purchaser's long-term business strategy. Because they secure the supplier and guarantee timely payment for the goods, LC transactions help lower supplier risk. This enables the traders to carry out their company plan successfully and effectively, quickly pleasing customers.

3.3.1.3 Letter of Credit Process

A letter of credit is a promise made by a bank to an exporting seller on behalf of an importing buyer to pay for the goods and services delivered. If the paperwork is submitted and the conditions of the contract are satisfied, the bank is required to grant the credit. The buyer and seller establish a contract for the trade of goods. Then the buyer asks their issuing bank to open a letter of credit. Following that, the importer's bank issues the credit to the seller's bank, and after receiving it, the vendor ships the goods to the client. Meanwhile, the seller gathers the required documentation to deliver to the advising or confirming bank. The issuing bank collects the documents from the exporter's bank, sends them to the buyer, and claims the payment. After thoroughly reviewing all the supporting documentation, the importer finally releases the payment in accordance with the terms and conditions.

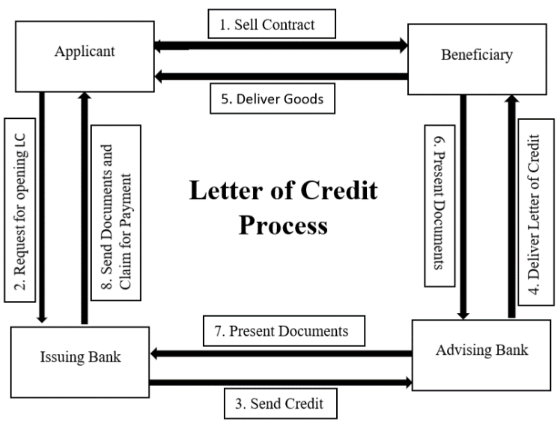

Figure 21: Letter of Credit Process

3.3.1.4 LC Process System in the Organization

ACI Godrej has chosen to import goods from other countries rather than local products. Below I would analyze the process used by ACI Godrej while importing items using LC:

- **Sales Contract:** Prior to importing any product, a call to the commercial is scheduled in accordance with the buyer's preferences. The beneficiary first signs a sales agreement with ACI Godrej, whereby a buyer agree to buy under a set of written terms and conditions that are signed by both parties.

- **Purchase Order:** A purchase order is raised after the sales contract. The buyer submitted the supplier legal documentation that included a list of specified goods, their quantities, prices, and payment terms. When a beneficiary confirms the purchase order, the PO becomes a contract that must be followed.

- **Proforma Invoice:** Following the agreement, the beneficiary delivers the company's finance department a Proforma Invoice (PI), which contains details about the previously decided product, value, rate, beneficiary and applicant names and addresses, payment terms, etc., in order to open a Letter of Credit.

- **Application for Opening LC:** Whenever the provider gives the PI copy, the company must next decide with which bank they wish to open their LC and submit an application to that bank asking for an LC to be opened in accordance with the pro forma invoice. When submitting an application to a bank, a few documents are required:

    - **LCA Application Form:** Each Bank provides the company with the form required for opening an LC. They need to fill out the form with the information of the PI number and date. applicant and beneficiary names and addresses, description of goods, total value, payment terms, latest and expiry shipment dates, country of origin, port names, H.S. Code, and I.R.C. number.

        - **Latest Shipment Date:** The beneficiary must deliver goods before the letter of credit's latest shipment date, and products cannot be imported after this date, except for amendments. Bills of lading or airway bills should be issued before the shipment date. The date can be extended quarterly, yearly before the expiry date.

- **Expiry Date:** The LC expiry date is the deadline for submitting exported papers to the bank for document negotiation. After export, the exporter must provide all needed documentation to the bank in accordance with the rules outlined in the letter of credit. The company has a time limit of 9 months after opening the LC to bring the goods excluding raw materials and engineering goods. The raw materials and engineering products usually have a 17 months' time limit. The latest shipment can be extended several times within the expiry date. Typically, the expiry date is 21 days following the most recent shipment date.

- **H.S. Code:** Every item has its own code-based identity. In international trade, a Harmonized System code includes particular digits that are used to differentiate between foreign and domestic products. For LC process this code is most important to be in the form.

- **I.R.C. No.:** Each production house needs to have an import registration certificate. Since the corporation has three manufacturing plants, each has its own I.R.C. number. Bangladesh Bank imposed a yearly import limit for each I.R.C. If the corporation exceeds the limit for importing against an I.R.C., the I.R.C. will be blocked or higher charges will be imposed.

- **Proforma Invoice Copy:** The company needs to attach four copies of a pro forma invoice which was confirmed by the supplier and buyer.

- **Import Permit/ DLS Permission:** The Import Permit is an authorization that permits a business to bring products from one country to another. The permit sets a deadline for the completion of delivery. The document specifies a maximum quantity of products that can be received before the import permit becomes invalid. A certificate of no objection is also required for certifying product details and the product testing results. The company must include a copy of the import permission with the application. They require an import permit to bring in their raw materials, such as rapeseed, soyabean, and maize, and a DLS permission (NOC) to bring in their other goods, such as feed additives, spare parts, vitamins, fish oils, etc.

- **Insurance Cover Note:** A cover letter is required to get an insurance policy in the future against the shipment of goods. It offers coverage in the case of damage occurring during the shipment. At the beginning of LC opening the company needs to give a premium to the insurance company for taking the coverage. If the Letter of Credit (LC) is canceled, certain amounts based on an insurance company estimate can be claimed. The calculation of insurance premium:

Suppose,

The Insured Amount= $5,585 + 10% EX. @ Tk.102.00= Tk. 626,637.00
Marine @ 0.86% (626,637.00*0.86%) =Tk. 5,389.00
Net Premium= Tk. 5,389.00
VAT @ 15%= Tk. 808.00
Stamp Duty= Tk. 50.00
Gross Premium= Tk. 6,247.00

Here, the marine percentage varies based on the commodities from port to port, such as 0.83%, 1.17%, 0.43%, 0.86%, 0.79%.

They take note of the insurance cover when they apply to open an LC, so they can later get an insurance policy against that cover note. A copy of the insurance cover note must be included with the documents.

Prior to submission to the bank, the documents require top-level officer approval. The signatory system for approving is: For LCs value of up to 5 lacs, the Managing Director, Manager, and Deputy Manager can approve; for LCs between 5 lacs to 16 lakhs, the MD and CFO can sign; and for LCs valued more than 6 lacs, the MD and directors must approve.

- **LC Open:** When the bank receives all the papers, they issue a letter of credit that complies with the requirements of the sales contract. Few banks provide to the firm draft for review prior to sending the LC paperwork to the advising bank. The issuing bank sends the LC transmission copy to the buyer and supplier banks after verifying all the papers. However, these draft practices are being discontinued due to time-consuming processes, where issuing bank sending the draft directly to the exporter bank instead of reviewing it.

- **LC Transmitted Copy:** A LC form includes the date of issue, the date and location of expiration, and a unique documentary credit number. It also includes information on the application and beneficiary, the most current shipment date, the port of loading, and the port of discharge. The products that are to be imported are described in a separate part of the LC form. Each piece of information is covered by a different clause, among which the most significant clause is 46A, which lists the documents needed to import the products. The document also outlines the criteria for supplementary documents and provides the calculation for the LC Commission.

- **LC Amendment:** If it is necessary to modify the terms or specifics of the original LC, they may initiate a Letter of Credit (LC) revision for adjustments in transaction details, expiry and shipping date extensions, error correction, payment terms adjustment, beneficiary information change, documentation requirements adjustment, etc. This process ensures that all parties are in agreement with the changes before collecting the documents from the exporter. The modify must be before the latest shipment date and import of the goods.

- **Insurance Addendum:** A clause that either adds or subtracts coverage for a specific situation is called an addendum to an insurance policy. If the LC value changes, with revised PI, the corporation immediately applies for an insurance amendment to modify the existing insurance coverage. If the LC value rises, the corporation must pay an additional premium to the insurance company for taking additional coverage. In contrast, usually they do not take modify insurance coverage if the value decreases.

- **Shipment Procedure:** The goods are shipped in accordance with the importers' requirements after completing the thorough documentation process. Before the latest date of shipment, the product must be delivered. After the expiry date no extend can be done and no goods can be imported. A pro forma invoice (PI) is used as the basis for all shipping procedures. There are three ports through which the company bring in the goods: Sea, Land, and Air. The documentation required differs depending on the port where goods being shipped. The shipment may be released with a copy document for both land and air transport. However, an original document is required for the seaport to release the shipment.

- **Incoterms:** CFR is frequently used as incoterms on marine shipping, whereas CPT is used for land and air transport. Sometimes they also use FOB terms while transporting through sea. If the incoterm is CFR or CPT, the seller will bear the freight charge until transit to the destination port whereas in terms of FOB the company will bear the shipping cost.

- **Endorsement/Retirement of Shipping Guarantee:** For the release of the goods from port, the company needs to certify the shipping guarantee from the bank. For releasing the goods, the buyer sent an application to the bank for the endorsement of a non-negotiable copy received by them containing a commercial invoice, packing list, and TR/RR copy if the transportation mode is land or air. However, transportation through sea ports requires original documents for releasing the goods. In this case, the company applied to the bank for the retirement of a negotiable copy received by the exporter to be certified, including an invoice, packing list, bill of lading, etc. Sometimes with copy documents in the sea port they can only sent the goods for radioactivity test to get the health analysis certificates.

- **Insurance Policy:** After getting the shipping guarantee the company immediately takes the insurance policy against the initial cover note so that if any products are damaged during the transmission, they can claim from the insurance company. The policy will have the assigned cover note number and a distinct policy number. It will also have a categorization code, dates for when claims are due and how much money will be paid out. While claiming insurance, the bill of lading, airway bill, or truck receipt number and date are all very important as One month after the shipping date, the insurance must be claimed.

- **Bill of Entry:** The original documents have been received by the issuing bank from the supplier bank. After receiving the original documents, if there is no discrepancy, the company generates the bill of entry required by the customs authorities for customs clearance when products are imported into this country. The commercial invoice, information about the items imported, and their description, value, and quantity provided by the supplier, payment term and transaction modes all are included in the bill of entry. After generating a bill of entry, it is required to be reported to the Bangladesh Bank within 120 days.

- **Payment Process:** According to the payment policy, no payment is made without receiving the original documents. Payment must be cleared within 5 working days if there is no discrepancy in the original documents. However, if there is a discrepancy, the payment might be hold until the company notified the bank to release the funds after obtaining the bill of entry. Three methods of payment are used by ACI Godrej in Letter of Credit process: Sight payment, Deferred payment, and UPAS (Usage LC payable at sight) payment.

    - **Sight:** The sight LC is basically the process of clearing the payment immediately after receiving the products, except for any discrepancies.

    - **Deferred:** In terms of clean deferred, the payment time matures on specific days, such as 90 days after the bill of lading, truck receipt, or rail receipt. The company get some time to arrange the fund.

    - **UPAS:** This process is a combination of sight and deferred payment. The supplier will get the sight payment from the lending bank, whereas the importer will get a deferred payment of 180 days or 300 days to pay the lending bank.

- **LC Close:** The LC is eventually closed after undergoing all the procedures, receiving all the products, and completing the payment. In the meantime, ACI Godrej requests for insured value, which was initially paid as a premium if the goods were damaged, not imported or LC canceled.

ACI Godrej maintains a structured and secure import process involving purchase order agreements with consent from both parties meaning that the buyer and seller can work out a mutually. This ensures smooth trade operations, security, and fulfillment of specified requirements and built trust among the traders. The great feature of a Letter of Credit (LC) having customized options, allows overseas buyers flexibility in determining shipment schedules. By taking out complete risk insurance, they are also implementing an effective strategy. The documentation before payment ensures international trade compliance, customs clearance, and confidence in trade transactions. This strategy also reduces disputes, promotes timely payment, and enhances international trade. Overall, it is an effective way used by the company to operate optimal import process.

3.3.2 Challenges Faced During LC Restriction

The decline in Bangladesh's foreign exchange reserves and the taka's value relative to the dollar over the past year have caused the country to experience a dollar crisis. Businesses and importers are having trouble getting authorization to operate LCs as a result of this. Due to rising commodity prices, the import-oriented country sees a decline in its foreign reserves. The government had halted all imports that were not necessary and decreased the amount of dollars available to commercial banks in order to maintain the decreasing reserves. In addition to forcing banks to turn down new letter of credit demands, this has made it uncertain for them to make the promised payments to foreign vendors for earlier imports.

The challenges faced by ACI Godrej after the restrictions are mentioned below-

- **Bank Refused to Open LC:** In order to facilitate the letter of credit, the company engages with eleven banks. However, only a few of them, including Prime Bank and The City Bank, refused completely to issue letters of credit, while the majority of the banks imposed strict terms and conditions when issuing LCs, making the process more expensive and difficult for the company. Since the company relies on LCs to import goods, the risk of its trading activities being disrupted increases if an LC has not been issued. As a result, it was difficult to take the opportunity of favorable purchasing conditions and receive the goods or make payments on time.

- **Requirement of Government Paper:** The requirement for government papers was increased significantly. For instance, previously, when shipment documentation arrived and only the products were to be released, NOC approval was needed at that time. The NOC approval is now required before the application for LC opening, according to the rules. The DLS authorization takes 35 to 45 days to obtain, which is a long period. Without this paper, LC cannot be opened. As a result, it made it difficult for the company to open the LC immediately.

- **Discontinued Sight Payment:** They were not permissible for opening the sight LC at all rather they had to open LC on UPAS payment which was deferred 180-300 days with high rate. The risk of payment default and currency volatility was lower when they used Sight LC. The possibility of losses was low, and effective transactions were possible. In contrast, importers may make payments while the contract is in use because

UPAS LCs provide a deferred payment term. However, there are extra costs associated with this deferred payment, including interest charges, increased total costs, currency changes, and effects on cash flow.

- **No Bargaining Power:** There was no opportunity for negotiation with the banks or the supplier. Whatever the bank asked, they had to follow and adapt to the bank's regulations. Previously, banks used to seek out clients to issue LCs; currently, customers must approach and request the bank to do so. The banks raised lending rates and commission fees as demand exceeded supply. The greater costs as a result discourage many businesses from importing.

- **Required Forward Contract:** Many banks asked the company for dollars since they were short on foreign currency so they could make supplier payments on time. As a result, the corporation had to buy dollars at a higher rate most of the time. The company had to go through with the risks of a negative price movement. For this reason, it was necessary to carefully evaluate risks and take into account other hedging techniques for controlling future price swings.

- **Increased Risk of Holding Additional Inventory Stock:** A company's finances and operations may be impacted by having too much inventory. First off, while maintaining excess inventory, it required additional space to store it, which incurred warehousing costs, rent, and utility costs. Excess inventory also resulted in higher holding costs, such as coverage, safety, and preservation. Additionally, they risked a higher chance of the products depreciating, which may result in losses. The majority of the products have been damaged because of the uncontrollable situation of keeping more inventory. Also, it was more difficult to predict future sales and prepare for inventory demands when there was surplus inventory on hand.

- **Difficulties in Cash Management:** If the business was authorized to open the sight LC, it may pay the supplier right away after importing. However, according to UPAS policy, their payment was postponed for up to 180–300 days. The consequence was that the company had extra cash on hand, which was difficult to manage. The company had to assess the risk profiles of several investment opportunities and deciding when to invest was challenging. Also, increased tax obligations also occurred from keeping more money than required.

- **Advance Purchase Order:** The company made a prior agreement with the supplier to import the product at a later time in order to prepare for any potential uncertainty over the opening of LC. As a result of price fluctuations, the price of the goods increased later. After the market price increased, the supplier declined to supply the product at the agreed-upon price and instead demanded a higher price. Because there were too many consumers, there was absolutely no chance for negotiation. They were forced to buy a lot of products at higher prices as a result.

3.3.3 Analysis of Reason for LC Restriction

We are aware that throughout the Covid era, every country and industry struggled greatly to maintain a healthy economy. Bangladesh was and continues to be a victim of that circumstance. I'm going look into how things are becoming more serious right now.

First of all, I would like to discuss the Balance of Payment of Bangladesh. Balance of payment includes the transactions of the entire nation that one country has with other countries. Under the BOP there is Balance of Trade which articulates the difference between the import and export amount of a country. As an import oriented country, Bangladesh always faces a balance of deficit. But in the last two years, as after covid more enterprises launched and boosted their imports for their operations, the trade deficit hit a high level. Here is a graph illustrating the rise in the trade deficit:

Figure 22: Graph of Trade Deficit 2021-2022

Figure 23: Graph of Trade Deficit 2022-2023

The trade deficit reached its highest point in 2022 and stood at BDT -333 billion. The government's restrictions caused the trade deficit to start declining in 2023. However, the trade deficit again started to increase from May,2023 despite lower imports due to various conditions imposed by the central bank to maintain the country's foreign exchange reserves in a stable state.

After COVID, there was no real improvement in the situation; instead, the entire nation was experiencing an economic downturn. The conflict between Russia and Ukraine has hampered international trade and driven up the cost of products. The balance of trade was impacted as well by this inflation. We are aware that the balance of trade and inflation are inversely related. A BOT imbalance results from decreased exports and increased imports as the price of the items rises. Commodities including oil, food, and fertilizer have seen an increase in price recently. Bangladesh's foreign exchange reserves have been depleted as a result. The foreign exchange reserve experienced a downward slope from around 49 billion USD to 39 billion USD between 2021 and 2023.

Figure 24: Trend of Foreign Exchange Reserve 2022-2023

Bangladesh imports a significant amount of fuel, food, and raw materials since it cannot generate enough of these items on its own, necessitating more dependence on imports. As a result, there is a rise in demand for foreign currency. Foreign exchange markets become deficit in terms of supplying foreign currency. We know that the dollar is the most important currency for international transactions as it is the most liquid currency. Foreign reserves, however, began to decline as an effect of inflation. Bangladesh's currency becomes weak as a result. In recent months, the taka's value against the dollar has dropped significantly.

In order to preserve foreign exchange reserves, the government has placed import limits in consideration of all the problems. To discourage banks and enterprises from borrowing funds that may be used for company expansion, Bangladesh Bank raises the lending rate. Below the graph represents how LC was falling in terms of every product except the petroleum products in 2022-2023. According to Bangladesh Bank, the import percentages of industrial raw materials and intermediate goods decreased nearly 30% and 33% in the fiscal year of 22-23. Moreover, the import of capital machinery, machinery for misc. industries dropped significantly around 67% and 45% respectively which is essential for import oriented business operations.

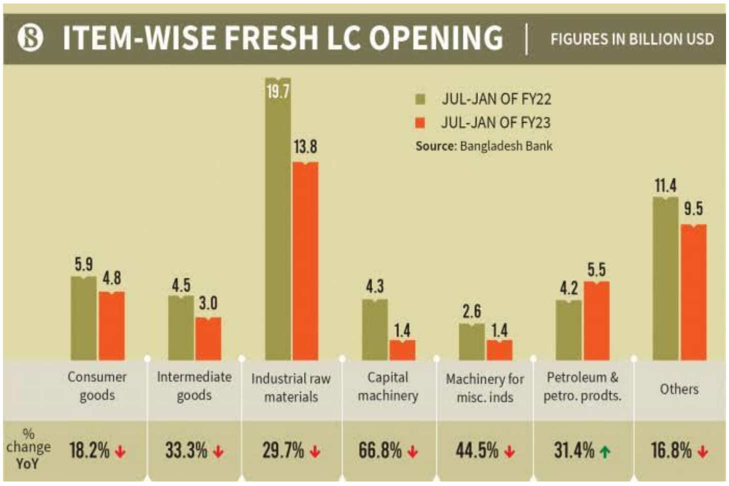

Figure 25: Graph of Letter of Credit Trend

Although the government is trying to stabilize the condition of the economy by taking some strategic measures, it is obvious that the issue is a serious risk to Bangladesh's economy and it will take time to resolve.

3.3.4 Impacts of LC Restriction

3.3.4.1 Economy Impact

Bangladesh's economy has been significantly impacted in 2022–2023, due to a downturn in imports, a depreciating currency, and high interest rates, which result in a decrease in the availability of cheaper goods and services, such as food and machinery, leading to higher prices, a reduction in business expansion, and fewer employment opportunities. Bangladesh's inflation has raised production expenses. Therefore, due to the substantial rise in inflation, pushing companies to import goods. As a result, banks are having trouble supplying foreign currency, and the global economic downturn has an effect on the economy. As a consequence of the currency issue, interest rates have increased, making it more expensive for businesses to borrow money and operate their businesses. The country's economy has also been impacted by reduced expenditures due to the difficulty of obtaining loans. Overall, the firms are having more trouble operating efficiently as a result of the import restrictions that have caused the slowdown in the economy.

3.3.4.2 Company Impact

The company started to struggle significantly like the other businesses after the LC restrictions. Due to high loan rates, high currency rates, and limited imports, overall purchase costs increased as well as additional expenses. Even though the company financial condition was not significantly affected as they were flexible with the situation and continued the production process however there are few impacts that were experienced by the company:

- **LC Maximum Limitation:** Even if some banks stopped offering Letters of Credit completely, few banks imposed a cap on the LC Amount. For instance, prior to the restrictions, a corporation could open an LC for large amount of value, such as $6 lacs USD, but, following the restrictions, the bank capped its maximum at $1.50 lacs USD for each LC. Additionally, along with the value cap, banks often allow a short amount of time such as one month within which they are allow to open an particular LC. However, to get the government permission it requires 3 to 4 months for opening an LC, which reduces the company's import volume compared to before.

Situation	Maximum Cap Amount (USD) on Per LC
Prior to Restriction	6,00,000
After the Restriction (2022-2023)	1,50,000
Import Volume Reduced on Per LC	= (6,00,000- 1,50,000) = **4,50,000 USD**

Table 16: Import Volume Reduced

- **Cost of Purchase Increased:** Considering the limitations, the business had to manage purchase orders in advance. However, the rate may increase in the meantime. If the market price was high during the shipment, the provider enhanced the value of the goods. As a result, the corporation had to pay a high price to buy the products. Additionally, in order to avoid discrepancies between the value that was originally agreed upon in the PI and the current market value, they needed to modify the LC which cost approximately $1500-$1700 per amendment along with paying an additional insurance premium, which resulted in an increase in the price of the items they purchased. For example, assuming the approximate rate and amount below the calculation of a product shows how the purchase cost increased-

In January,2022 they booked a purchase order of 300 MT Maize @$200/MT for next June,2022	(300 MT*$200) = $60,000
However, In June, 2022, the market price increases to $218/MT for which supplier also increases the price. So, they had to purchase at-	(300 MT*$218) = $65,400
Also, for increasing the price, they had to amend the LC for $1700. So, if they use 2 LC for 300MT Maize, the total LC amendment cost-	($1700*2) = $3400
Moreover, for insurance addendum per LC cost around $1000 per. So, the total cost incurred	($1000*2) - $2000
Total Cost of Purchase after increasing the price-	$70,800
If they did not have to ordered in advance the cost would be only the price cost which is-	(218* 300MT) = $65,400
So, the extra cost that had to pay for order in advance is-	**$5,400**

Table 17: Increment of Purchasing Cost

This is how for every product, they had to spend more for advance purchase order and price fluctuations.

Due to increase of purchase price, though the revenue was higher than previous years, the gross profit margin of the company tends to decreased in 2022. The table shows the reduction of gross profit margin-

Year	**Gross Profit Margin**
2020	17.31%
2021	15.81%
2022	12.83%
2023	13.80%

Table 18: Gross Profit Margin Reduction

- **Rejection of LC Increased:** The cancellation of many LCs occurred because of the failure of banks to pay and the uncertainty of the economic situation. After the crisis, due to the price fluctuations, in every month, the rejection for opening LC was approximately 15-20 LC which represents the on average rejection of (17.8*12) = 200 LC. For example, on February, 2022, they applied for 50 LC for bringing the raw materials due to the expected inflation; however, among those, 20 LC were canceled. Every month the company were about to open 60-70 LC. However, after imposing restrictions the amount reduced to 20-30 LC opening in a month.

Applied for LC Open Approximately in FY (2021-2022)	650
LC Opening Rejection Annually, on Average	200
Amount of Issuing LC Reduced to	450

Table 19: LC Rejection Amount

- **High Interest Rate:** The company was required to open the LC at UPAS payment. The UPAS payment interest rate was too high. The lending bank charges at least 8–10% interest for lending the foreign currency. As a result, the company had to pay a high interest rate for each LC. In 2022, the financial cost which includes mostly interest amount increased significantly than the previous years.

For example, if the LC value was $6,00,000, the company had to pay (6,00,000* 10% = $60,000) as interest charges for each UPAS.

The table shows the approximate increment of interest amount company had to pay after the crisis for borrowing the foreign currency from Nostro Account-

LC VALUE	**Interest**
6,00,000 USD (Current)	(6,00,000*9%) = 54,000 USD
6,00,000 USD (Previous)	(6,00,000*5%) = 30,000 USD
Interest Amount Increased Nearly	**24,000 USD**

Table 20: Increment of Interest Amount

As a result, we can see in the graph that over the last 2 years the financial cost has increased significantly which includes majority of the portion of Interest Amount.

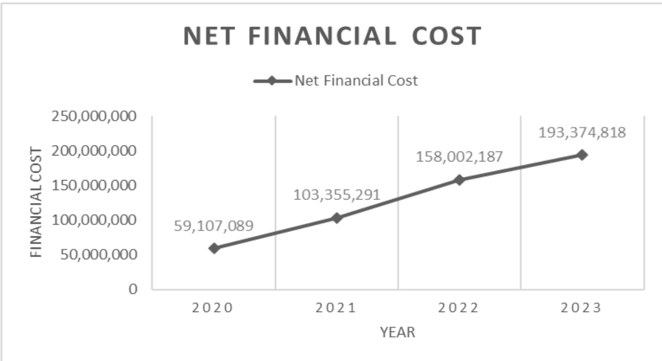

Figure 26: Graph of Net Financial Cost Increment

- **Inventory Stock Increased:** The LC restrictions led the company to keep the stocks more as the situation was uncertain about whether they could open the LC in the future or not. As a result, storage fees, maintenance fees rose significantly.

  In addition, due to space limitation they had to store their products in the port. To keep the stocks for long periods of time and for weather purposes, half of the stocks were damaged which was a huge loss for the company. For example, In FY 2022, they stock for approximately $1,00,000 valued inventories in the port. During the rainy season, nearly half the stocks were damaged. Below the table shows the percentage of inventory shock damaged in FY 2020-

Inventory Stock (2021-2022)	$1,00,000
Inventory Damaged	$40,000
Percentage of Inventory Damaged in 2022	**40%**

Table 21: Inventory Stock Damaged Amount

- **Exchange Rate Uncertainty (Forward Booking):** Few banks asked for dollars from the company to issue the letter of credit. The business was forced to forward contracts with other banks because of this. A few banks requested dollar from the company in order to grant the letter of credit. The business was forced to forward contracts with other banks because of this. While they have a forward contract with the bank that lends the foreign currency, they asked the bank to transfer the foreign currency to the issuing banks in favor of them at a specific time. We are aware that the forward market makes it easier to trade currency as forward contracts. The corporation hedges its imports via forward contracts. They locked in the rate at which they would obtain the currency they needed while purchasing.

  Let's say, the business made a forward booking with a bank for the purchase of $1,000,000 after 90 days at a rate of 108 taka for each dollar. If, after 90 days, the rate drops to 105 tk. The corporation was required to pay at the agreed-upon rate, which is ($100,000*108 taka = 10,800,000 taka). As a result, they incurred loss of (10,800,000 - 10,500,000) = 300,000 tk.

Though the businesses use forward contract for the expectation of profit, here they use this for uncertain situation. Instead of getting profit maximum time they incurred loss for exchange rate fluctuations. If there would not be any dollar crisis, they could use those funds in alternative investments. Below the table represents approximate opportunity cost because of forward booking in FY 2022-

90- Days Forward Booking @108tk per dollar	$1,00,000
After 90 days company paid ($1,000,00*108tk)	10,800,000tk
After 90 days rate dropped to 105tk per dollar. So, without forward contract the company could pay ($1,00,000*105tk)	10,500,000tk
Company Incurred Opportunity Loss for a Forward Contract Almost	**300,000tk**

Table 22: Forward Contract

In a similar way, they were forced to enter into several forward contracts and sometimes incurred opportunity cost as a result of exchange rate volatility. Here, the table shows the loss from exchange significantly increased than the previous years which includes majority of amounts from currency exchange–

Year	**Exchange Gain/ (Loss)**
2019	1,808,868
2020	(7,704,640)
2021	(10,620,870)
2022	(68,951,823)

Table 23: Gain/ Loss in Exchange Currency

3.3.5 Strategies for Overcoming the Challenges

The organization was able to overcome the challenges of letter of credit restrictions by implementing flexible techniques. As a way to tackle the challenges of global trade, they not only ensure the continuity of their import-export operations but also enhance the situation's adaptability as a whole. The strategies they have taken are-

- **UPAS Payment:** The UPAS payment method, which allows company more time to make financial arrangements as importers may postpone payment until a predetermined time after receiving and accepting products, was only a backup plan for maintaining international trade as banks decline to issue a letter of credit (LC). Despite being expensive for the company, it was the only way to continue the import process, as banks only preferred this method.

- **Local Purchase:** In addition, they started purchasing more local products when they were unable to import the appropriate quantity of goods from foreign countries. This approach also aims to support regional small businesses considering the factors like product cost, quality, and availability of the items. while reducing international sourcing.

- **Parent Company Support:** Since they are a joint venture, their parent firm provides them with a lot of support throughout the restriction period. Godrej Agrovet provided them with additional working cash as a kind of financial assistance. Through this support, they were able to mitigate the effects of the decline in imports and maintain the business's operations and growth. The company cooperated with its parent company effectively, which allowed them to secure financial support and develop a strategic plan for tackling the reduction in imports.

- **Inventory Stock:** Moreover, increasing inventory days was another tactic. Even though having more inventory causes certain damages and has more related costs, such as higher storage costs and possible depreciation, it was one of the solutions to the problem. If they planned to keep an item on hand for 45 days, they began by keeping it for 90 days. As there were worries about potential supply chain delays in the future, it was their strategic response. The business builds protection against unexpected supply chain disruptions by increasing inventory stock. By taking this preventive step, the company will be able to continue operating even if imports see further declines due to unexpected factors.

- **Adapt with Bank Regulation:** Another strategy was adapting to the bank's policy. Understanding the reasons for the banks' refusal to issue the LC was the initial approach. Being open and transparent in contact with the banks was beneficial in identifying specific issues. They had to go over the specifics of the transaction, offer more proof or assurances, and get clarification on what actions would be sufficient to meet the banks' requirements. They were willing to adjust the conditions of the LC in order to achieve their business goals.

- **Choose Alternate Banks:** There are eleven banks with which ACI Godrej is linked, including both multinational and regional ones. While one bank refused to issue LCs, they were going to another bank. One method for overcoming this difficulty when a bank declines to give a letter of credit (LC) is to obtain support from other banks that could facilitate the LC. The organization utilizes a diversified approach by approaching different banks seeking an LC.

In summary, the company's forward-thinking approach to the letter of credit limits is an example of how tactical thinking can be beneficial in the face of difficulty. The business built a more effective and flexible supply chain by adopting alternate payment methods, looking for parental support, and complying with regulatory constraints.

3.4 Conclusion

In conclusion, the Bangladesh Bank's foreign exchange reserves have decreased, causing a dollar crisis that has an impact on importers and enterprises which has caused the economy to slow down. This has made it difficult for the banks to issue letters of credit (LCs) and prevented companies from completing payments on schedule. As a result, the company's activities have been significantly impacted by the economic crisis. In order to maintain declining reserves, the government has restricted imports and the amount made available to commercial banks. Also, to stabilize the economy, the government has increased borrowing costs. Despite going through the tough situation by using adaptable strategies the organization successfully getting over letter of credit constraints.

3.5 Recommendation

- Diversify with Bank Relationships that are more willing to issue LCs should be included to ACI Godrej's growing list of banking partners. This diversity will provide the business more options and lessen its reliance on one bank for funding imports.
- Analyzing previous demand trends and lead times will help the organization improve its inventory management procedures. This will save storage costs, prevent overstocking and stockouts, and ensure that products are available when they are needed.
- ACI Godrej should strategically engage in negotiations with suppliers to get favorable payment terms, volume discounts, and fixed pricing agreements. The effect of currency changes on expenses can be reduced by developing strong ties with suppliers.
- Bangladesh Bank should look for ways to increase reserves to combat the loss of its foreign exchange holdings, such as through encouraging remittances, luring foreign investors, and fostering exports.
- Implement measures to resolve the trade deficit and strengthen the balance of payments, such as encouraging exports, cutting back on unneeded imports, and placing an emphasis on value-added exports.

By resolving these problems, the company can increase the productivity of their operation as well as the Government can stabilize the economy, which will ultimately create a good impact on businesses.

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Appendix A

ACI Godrej Agrovet Private Limited
Statement of financial position

In Taka	Note	30 June 2020	30 June 2019
Assets			
Property, plant and equipment	6	2,793,975,778	2,108,159,714
Intangible assets	7	765,090	2,245,870
Investments	8	36,873,444	36,802,068
Lease receivable	9	-	213,255
Non-current assets		2,831,614,312	2,147,420,907
Lease receivable	9	-	24,460
Inventories	10	1,968,206,755	1,679,783,644
Biological assets	11	17,959,358	16,115,884
Other investments, including derivatives	12	1,318,593	-
Trade and other receivables	13	606,922,595	491,976,976
Advances, deposits and prepayments	14	351,456,775	233,638,611
Cash and cash equivalents	15	271,128,399	31,511,590
		3,216,992,475	2,453,051,165
Assets held for sale	16	-	57,647,376
Current assets		3,216,992,475	2,510,698,541
Total assets		6,048,606,787	4,658,119,448
Equity			
Share capital	17	370,000,000	370,000,000
Retained earnings		1,915,814,416	1,768,947,522
Total equity		2,285,814,416	2,138,947,522
Liabilities			
Loans and borrowings	18	468,942,225	162,240,292
Deferred tax liabilities	19	101,165,314	103,155,815
Employee benefits	20	24,388,956	25,720,956
Non-current liabilities		594,496,495	291,117,063
Loans and borrowings	18	100,878,571	27,987,335
Short term bank loan	21	149,227,189	1,177,802,218
Zero coupon bond	22	-	107,060,613
Bank overdraft	23	23,793,806	32,137,127
Trade and other payables	24	2,451,093,856	648,336,144
Accruals	25	140,235,434	114,638,378
Provision for expenses	26	284,976,314	108,958,114
Provision for tax	27	18,090,706	11,134,934
Current liabilities		3,168,295,876	2,228,054,863
Total liabilities		3,762,792,371	2,519,171,926
Total equity and liabilities		6,048,606,787	4,658,119,448

The annexed notes 1 to 44 form an integral part of these financial statements.

Managing Director — Director — Company Secretary

As per our report of same date.

Auditor

Dhaka, 28 OCT 2020

3

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

ACI Godrej Agrovet Private Limited
Statement of profit or loss and other comprehensive income

In Taka	Note	For the year ended 30 June 2020	30 June 2019
Revenue	28	12,847,260,885	8,843,356,220
Cost of sales	29	(10,623,875,433)	(7,451,417,743)
Gross profit		2,223,385,452	1,391,938,477
Selling and distribution expenses	30	(945,847,709)	(654,689,147)
Administrative and general expenses	31	(328,959,665)	(200,858,041)
Operating profit		948,578,078	536,391,289
Non-operating income/(expenses)	32	44,238,139	(18,587,407)
Net finance costs	33	(59,107,089)	(127,692,408)
Profit before contribution to WPPF		933,709,128	390,111,474
Contribution to WPPF		(46,685,456)	(19,505,574)
Profit before tax		887,023,672	370,605,900
Income tax expenses	34	(140,756,778)	(65,024,449)
Profit after tax		746,266,894	305,581,451
Other comprehensive income	35	-	2,483,337
Total comprehensive income		746,266,894	308,064,788

The annexed notes 1 to 44 form an integral part of these financial statements.

Managing Director — Director — Company Secretary

As per our report of same date.

Dhaka, 28 OCT 2020

Auditor

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

Appendix B

ACI Godrej Agrovet Private Limited
Statement of financial position

In Taka	Note	30 June 2021	30 June 2020
Assets			
Property, plant and equipment	5	2,795,202,207	2,793,975,778
Intangible assets	6	9,741,851	765,090
Investments	7	36,997,345	36,873,444
Non-current assets		2,841,941,403	2,831,614,312
Inventories	8	3,040,860,008	1,968,206,755
Biological assets	9	33,105,790	17,959,358
Other investments, including derivatives	10	-	1,318,593
Trade and other receivables	11	604,662,230	606,922,595
Advances, deposits and prepayments	12	197,251,872	351,456,775
Advance income tax	13	5,980,060	-
Cash and cash equivalents	14	111,780,314	271,128,399
		3,993,640,274	3,216,992,475
Current assets		3,993,640,274	3,216,992,475
Total assets		6,835,581,677	6,048,606,787
Equity			
Share capital	15	370,000,000	370,000,000
Retained earnings		2,127,885,068	1,915,814,416
Total equity		2,497,885,068	2,285,814,416
Liabilities			
Loans and borrowings	16	409,011,509	468,942,225
Deferred tax liabilities	17	101,297,003	101,165,314
Employee benefits	18	37,038,956	24,388,956
Non-current liabilities		547,347,468	594,496,495
Loans and borrowings	16	82,775,864	100,878,571
Short term bank loan	19	1,663,589,729	149,227,189
Bank overdraft	20	29,933,561	23,793,806
Trade and other payables	21	1,145,735,892	2,451,093,856
Accruals	22	632,921,888	140,235,434
Provision for expenses	23	235,392,207	284,976,314
Provision for tax	13	-	18,090,706
Current liabilities		3,790,349,141	3,168,295,876
Total liabilities		4,337,696,609	3,762,792,371
Total equity and liabilities		6,835,581,677	6,048,606,787

The annexed notes 1 to 44 form an integral part of these financial statements.

Rajendra Agnihalli Yelegowda, Managing Director — Dr. A. K. M. Fareyzul Haque Ansarey, Director — Mohammad Mostafizur Rahman, Company Secretary

As per our report of same date.

Dhaka, 27 OCT 2021

Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 2111110509AS641370

3

ACI Godrej Agrovet Private Limited
Statement of profit or loss and other comprehensive income

In Taka	Note	For the year ended 30 June 2021	30 June 2020
Revenue	24	15,115,798,717	12,847,260,885
Cost of sales	25	(12,376,384,990)	(10,623,875,433)
Gross profit		2,739,413,727	2,223,385,452
Selling and distribution expenses	26	(1,072,664,023)	(945,847,709)
Administrative and general expenses	27	(328,890,049)	(328,959,665)
Operating profit		1,337,859,655	948,578,078
Non-operating income	28	3,286,895	44,238,139
Net finance costs	29	(103,355,291)	(59,107,089)
Profit before contribution to WPPF		1,237,791,259	933,709,129
Contribution to WPPF		(61,889,563)	(46,685,456)
Profit before tax		1,175,901,696	887,023,673
Income tax expenses	30	(189,036,856)	(140,756,778)
Profit after tax		986,864,840	746,266,894
Other comprehensive income/ (loss)	31	(10,244,688)	-
Total comprehensive income		976,620,152	746,266,894

The annexed notes 1 to 44 form an integral part of these financial statements.

Rajendra Agnihalli Yelegowda, Managing Director — Dr. A. K. M. Fareyzul Haque Ansarey, Director — Mohammad Mostafizur Rahman, Company Secretary

As per our report of same date.

Dhaka, 27 OCT 2021

Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 2111110509AS641370

Appendix C

ACI Godrej Agrovet Private Limited
Statement of financial position

In Taka	*Note*	30 June 2022	30 June 2021
Assets			
Property, plant and equipment	5	2,678,464,664	2,795,202,207
Intangible assets	6	7,148,630	9,741,851
Investments	7	36,997,345	36,997,345
Non-current assets		2,722,610,639	2,841,941,403
Inventories	8	4,077,042,121	3,040,560,906
Biological assets	9	45,307,292	33,105,790
Trade and other receivables	10	611,354,947	604,662,230
Advances, deposits and prepayments	11	220,908,577	197,251,872
Advance income tax	12	97,317,857	5,980,060
Cash and cash equivalents	13	102,454,949	111,780,314
Current assets		5,154,385,744	3,993,640,273
Total assets		7,876,996,383	6,835,581,676
Equity			
Share capital	14	370,000,000	370,000,000
Retained earnings		2,391,247,322	2,127,885,068
Total equity		2,761,247,322	2,497,885,068
Liabilities			
Loans and borrowings	15	-	62,000,523
Lease liabilities - Non-current portion	16	377,098,307	347,010,956
Deferred tax liabilities	17	107,930,296	101,297,033
Employee benefits	18	24,150,000	37,038,956
Non-current liabilities		509,178,602	547,347,468
Loans and borrowings	15	-	44,671,796
Lease liabilities - current portion	16	40,580,630	37,904,069
Short term bank loan	19	1,765,382,125	1,663,589,729
Bank overdraft	20	517,391,038	29,933,561
Trade and other payables	21	1,711,203,035	1,145,735,891
Accruals	22	341,073,414	632,921,888
Provision for expenses	23	230,940,217	235,392,207
Current liabilities		4,606,570,459	3,790,349,141
Total liabilities		5,115,749,061	4,337,696,609
Total equity and liabilities		7,876,996,383	6,835,581,676

The notes on pages 7 to 48 are an integral part of these financial statements.

Rajendra Agnihalli Yelegowda
Managing Director

Dr. A. K. M. Fareyzul Haque Ansarey
Director

Mohammad Mostafizur Rahman
Company Secretary

As per our report of same date.

Auditor
Ashraf-Uz-Zaman Ali, Partner
Enrolment Number: 1518
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 03 OCT 2022

DVC: 2210161518AS409980

3

RAHMAN RAHMAN HUQ KPMG

ACI Godrej Agrovet Private Limited
Statement of profit or loss and other comprehensive income

		For the year ended	
In Taka	*Note*	30 June 2022	30 June 2021
Revenue	24	19,267,377,925	14,700,671,401
Cost of sales	25	(16,795,453,376)	(12,376,384,990)
Gross profit		2,471,924,549	2,324,286,411
Selling and distribution expenses	26	(803,740,753)	(657,536,707)
Administrative and general expenses	27	(229,899,527)	(232,236,904)
Other Operating expenses	28	(94,096,592)	(96,653,145)
Operating profit		1,344,187,677	1,337,859,655
Non-operating income	29	17,218,158	3,286,895
Net finance costs	30	(158,002,187)	(103,355,291)
Profit before contribution to WPPF		1,203,403,648	1,237,791,259
Contribution to WPPF		(60,170,182)	(61,889,563)
Profit before tax		1,143,233,466	1,175,901,696
Income tax expenses	31	(190,569,423)	(189,036,856)
Profit after tax		952,664,043	986,864,840
Other comprehensive income/ (loss)	32	10,664,211	(10,244,688)
Total comprehensive income		963,328,254	976,620,152

The notes on pages 7 to 48 are an integral part of these financial statements.

Rajendra Agnihalli Yelegowda
Managing Director

Dr. A. K. M. Fareyzul Haque Ansarey
Director

Mohammad Mostafizur Rahman
Company Secretary

As per our report of same date.

Auditor
Ashraf-Uz-Zaman Ali, Partner
Enrolment Number: 1518
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 03 OCT 2022

DVC: 2210161518AS409980

RAHMAN RAHMAN HUQ KPMG DHAKA

Appendix D

ACI Godrej Agrovet Private Limited
Statement of financial position

In Taka	30 June 2023
Assets	
Property, plant and equipment	2,926,290,287
Intangible assets	7,587,756
Investments	82,485,682
Non-current assets	3,016,363,724
Inventories	4,105,218,631
Biological assets	74,351,100
Trade and other receivables	820,914,296
Advances, deposits and prepayments	201,218,621
Advance income tax	254,266,236
Cash and cash equivalents	1,709,250,530
Current assets	7,165,219,413
Total assets	10,181,583,137
Equity	
Share capital	370,000,000
Retained earnings	3,174,993,461
Total equity	3,544,993,461
Liabilities	
Loans and borrowings	73,383,751
Lease liabilities - Non-current portion	527,652,647
Deferred tax liabilities	98,492,611
Employee benefits	11,080,000
Non-current liabilities	710,609,009
Loans and borrowings	39,047,876
Lease liabilities - current portion	31,832,720
Short term bank loan	-
Bank overdraft	-
Trade and other payables	965,492,754
	4,072,535,944
Payable to related parties	104,912,072
Accruals	300,127,305
Provision for expenses	412,031,996
Current liabilities	5,925,980,666
Total liabilities	6,636,589,675
Total equity and liabilities	10,181,583,136

Revenue	21,385,787,315
Cost of sales	(18,434,391,192)
Gross profit	2,951,396,123
Selling and distribution expenses	(778,119,674)
Administrative and general expenses	(270,062,439)
Other Operating expenses	(107,887,311)
Operating profit	1,795,326,699
Non-operating income	(67,204)
Net finance costs	(193,374,818)
Profit before contribution to WPPF	1,601,884,678
Contribution to WPPF	(80,094,234)
Profit before tax	1,521,790,444
Income tax expenses	(193,320,805)
Profit after tax	1,328,469,639
Other comprehensive income/ (loss)	10,276,500
Total comprehensive income	1,338,746,139

Appendix E

Liquidity Ratio					
Ratio	**2019**	**2020**	**2021**	**2022**	**2023**
Current Ratio	2510698541/ 2228054863	3216992475/ 3168295876	3993640273/ 3790349141	5154385744/ 4606570459	7165219413/ 5925980666
Quick Ratio	(2510698541-1679783644)/ 2228054863	(3216992475-1968206755)/ 3168295876	(3993640273-3040860008)/ 3790349141	(5154385744-4077042121)/ 4606570459	(7165219413-4105218631)/ 5925980666
Efficiency Ratio					
Total Asset Turnover	8843356220/ 4658119448	12847260885/ 6048606787	14700671401/ 6835581676	19267377926/ 7876996383	21385787315/ 10181583137
Average Collection Period	491976976/ (8843356220/365)	606922595/ (12847260885/365)	604662230/ (14700671401/365)	611354947/ (19267377926/365)	820914296/ (21385787315/365)
Average Payment Period	648336144/ (7451417743/365)	2451093856/ (10623875433/365)	1145735891/ (12376384990/365)	1711203035/ (16795453376/365)	965492754/ (18434391192/365)
Inventory Turnover	8843356220/ 1679783644	12847260885/ 1968206755	14700671401/ 3040860008	19267377926/ 4077042121	21385787315/ 4105218631
Debt Management Ratio					
Debt Ratio	2519171926/ 4658119448	3762792371/ 6048606787	4337696609/ 6835581676	5115749061/ 7876996383	6636589675/ 10181583137
Profitability Ratio					
Gross Profit Margin	1391938477/ 8843356220	2223385452/ 12847260885	2324286411/ 14700671401	2471924549/ 19267377926	2951396123/ 21385787315
Operating Profit Margin	536391289/ 8843356220	948578078/ 12847260885	1337859655/ 14700671401	1344187677/ 19267377926	1795326699/ 21385787315
Net Profit Margin	305581451/ 8843356220	746266894/ 12847260885	986854840/ 14700671401	952664043/ 19267377926	1328469639/ 21385787315
Return on Asset	305581451/ 4658119448	746266894/ 6048606787	986854840/ 6835581676	952664043/ 7876996383	1328469639/ 10181583137
Return on Equity	305581451/ 2138947522	746266894/ 2285814416	986854840/ 2497885068	952664043/ 2761247322	1328469639/ 3544993461
Leverage Ratio					
Asset to Equity	4658119448/ 2138947522	6048606787/ 2285814416	6835581676/ 2497885068	7876996383/ 2761247322	10181583137/ 3544993461
DuPont Analysis					
ROE (DuPont)	3.45%* 1.9* 2.17	5.81%* 2.12* 2.65	6.71* 2.15* 2.74	4.94%* 2.45* 2.85	6.21%* 2.1* 2.87