



F O O T W E A R L I M I T E D



Internship report on Trading Process of Apex Adelchi Footwear Limited.

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Letter of Transmittal

May 21, 2012.

Ms. Sharmin Shabnam Rahman
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Dear Madam,

With great pleasure I am submitting my report to you on “Trade Process of Apex Adelchi Footwear Limited” as it is an important requirement of the BBA program. From the report I have learnt a lot and I have come up with a finding that the period of internship is so exciting and a valuable experience for me. I have tried my best to prepare an effective report. It is great achievement to work under your active supervision.

The report is based on the knowledge, experiences and the skills that I have acquired during my period of internship in “Apex Adelchi Footwear Limited.”

I would like to thank you for your encouragement and support which inspired me to work enthusiastically. It would be my pleasure to respond to any of your inquiry regarding the report. I hope that this report will meet the level of your expectation.

Thank you again for your support and patience.

Sincerely,

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Acknowledgement

Completion of this report has made me grateful to a number of persons. First of all I would like to express my deepest gratitude to my academic supervisor **Ms. Sharmin Shabnam Rahman**, Senior Lecturer of BRAC Business School, BRAC University. Her valuable suggestion and guideline helped me a lot to prepare the report in a well organized manner.

I would also like to thank the authority of Apex Adelchi Footwear Limited for giving me the opportunity to do my internship in a growing manufacturing company. The experience and knowledge gained in here helped me to understand different elements related to my study.

I am also grateful to the entire Team of Apex Adelchi Footwear Limited as they have always been there for me when I needed them. Their active participation to all my questions, queries during my internship has made this possible. I would like to name here Mohammad **Nasiruddin** (Assistant General Manager Commercial division), **Tanvir Ahmed**(Assistant Manager, Commercial Department), **Md. Yousuf Ali** (Officer Commercial, Department), Mohammad Enamul Huq Molla (officer HR), **Md. Mominul Ahsan** (Head Of HR), thanks to all of them for helping me throughout the internship period . It was my privilege and I am truly honored working with such a wonderful team.

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Executive summary

Apex Adelchi Footwear Limited one of the oldest footwear industry in Bangladesh. It starts its journey in January 04, 1990 as Apex Footwear limited, Later on in December 27, 2006 it changed its name in to Apex Adelchi Footwear Limited.

Apex Adelchi Footwear Limited is a fully export oriented company. Now a days it is leading manufacturer and exporter of leather footwear from Bangladesh to major shoe retailers in Western Europe, North America and Japan. The company has revenues of USD 100 million in 2010. AAFL has equity , technical and marketing participation from La Nuova Adelchi one of the largest footwear manufacturers of Italy.

I was appointed in Commercial Department of this organization as an intern. My role was to maintaining coordination between Commercial Department which including Export and Import Division some time I also had to work in Accounts and Finance Department. For that reason I prepared my internship report on **“Trading Process of Apex Adelchi Footwear Limited”**.

This report explores the trading Process of AAFL focusing on the payment method to term of delivery and preparation of other necessary documents in a detailed manner.

Moreover some error has been pointed out in findings section like lack of coordination between departments, lack of skilled and experience employee which can weaken the chances of the organization in the long run.

At the end AAFL has been recommended to reduce the intermediaries, provide training to the employees and introduce an automated system for improving efficiency at the long run.

Acronym Used

AAFL:	Apex Adelchi Footwear Limited.
EPB :	Export Promotion Bureau.
FDBP :	Foreign Documentary Bill Purchase.
L/C :	Letter of Credit.
LFMEAB :	Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh.
B2B :	Business to Business.
ICC :	International Chamber of Commerce.
INCOTERMS:	International Commercial Terms.
GSP :	Generalized System for Preference.
RFQ :	Request for Quotation.

Chapter 1: Introduction

1.1 Introduction:

Government of Bangladesh has identified the Leather sector as one of the thrust sectors. Leather sector earns a substantial amount of foreign currency every year through export of leather and Footwear. By leveraging the abundance of raw materials and cheap labor Footwear industry of Bangladesh is now playing an important role in the global market.

1.2 Objective of the project:

General Objective:

As the report is a compulsory requirement for a BBA student and a part of the internship program for that reason the general objective is to know about AAFL, its history, its product and trading process with other countries.

Specific Objective:

1. To discuss trading process of Apex Adelchi Footwear Limited
2. To show what payment method, term of sale they use to conduct a sale
3. To show what type of L/C they issue to secure a deal
4. To show how they deal with carrier, freight forwarder
5. To watch carefully the degree of difference and similarities between the real life and theory.

1.3 Scope:

This study revolves basically around Apex Adelchi Footwear Limited. This study includes a detailed process of Export Import Process through Documentary Credit. And what possible steps should be taken to improve the overall process.

1.4 Methodology:

While preparing this report information was gathered from the following sources:

Primary data: Interviews with personnel of Apex Adelchi Footwear Limited.

Secondary data: Official website of the company, Newspaper.

1.5 Limitation:

While preparing this report I had to face certain limitations:

1. Lack of sufficient sources prevented verification of information.
2. The analysis presented here may vary with opinions of experts in this field.
3. Some aspects of the report may be considered confidential by the organization

Chapter 2: Overview of the Organization

2.1 Apex Adelchi Footwear Limited:

Apex Adelchi Limited (AAFL), is a leading manufacturer and exporter of leather footwear from Bangladesh to major shoe retailers in Western Europe, North America and Japan. The company has revenues of USD 100 million in 2010. AAFL pioneered the export of value added finished products export in the leather sector of Bangladesh and is also involved in the local footwear retail business with the second largest shoe retail network in the country. AAFL has equity, technical and marketing participation from La Nuova Adelchi one of the largest footwear manufacturers of Italy. Public listed and traded since 1993, AAFL is professionally managed, currently employs 8000 persons and is in full compliance with Corporate Governance Compliance Report under Section 2CC of the Securities Exchange Commission Notification Order

Apex Adelchi Footwear Limited's Head Office located at Gulshan-1, Dhaka, Bangladesh. And the production plant is located in Shafipur, Kaliakoir, Gazipur.

2.2 Objectives:

Manufacturing shoes, boots, sandals, slippers and all kind of footwear; to market globally not for domestic market.

2.3 Visions for the Future:

Apex Adelchi Footwear's vision is, **"Honest Growth"**.

2.3 Missions :

1. Sustainable Growth
2. Vendor of Choice
- 3 Creating value for our shareholders
4. Proactive compliance.
5. Corporate Social Responsibility

2.4 Industry Overview:

Global Market:

Japan and Germany are now the biggest markets for Bangladeshi footwear but US buyers are increasingly showing interest. With at least seven large factories under construction altogether 18 shoe and leather factories are currently there at the Export Processing Zones. The factories under construction includes Korean company Youngone's footwear complex which is said to be the largest in Asia. Youngone a company which manufactures sportswear for Nike and other leading brands estimates that it will export \$56 million worth of footwear. Taiwanese shoe manufacturer Pau Chen, which employs about 400000 workers in China and 50,000 in Vietnam, is also building a large manufacturing facility in Chittagong. Hugo Boss supplier Australian manufacturer Bonbon Shoe, Xen Chen and Genford of Taiwan are also building footwear factories in Bangladesh.

2.5 Investment:

Initial investment of the project is calculated around 500 million taka. Among that Apex Adelchi Limited of Bangladesh holds 100 % share.

2.6 Production Capacity:

Apex Adelchi Footwear Limited's production capacity is 15,000 pairs of complete shoes per day.

2.6.1 Competitors: Apex Adelchi Footwear Ltd.'s main competitors in Bangladesh are AIMCO Footwear Limited , Fortuna Shoes Limited, Shampan Shoes Limited, Titas Footwear Bangladesh and Bay Emporium.

1.6.2 SWOT analysis:

The potential growth of Apex Adelchi Footwear Ltd. is mainly because they have a very small number of competitors in Bangladesh as only export based Footwear Company. It is now a leading export based footwear company in Bangladesh. Maintaining this upward trend needs absolute dedication to understanding and fulfilling their customers' demand with the appropriate mix of standard service, reliability, improved technology and skilled as well as dedicated manpower is necessary.

Strength	Weakness
<ol style="list-style-type: none"> 1. Market leader 2. Best quality provider 3. Packaging design 4. Fast mover advantage 	<ol style="list-style-type: none"> 1. Mixture of difference culture 2. Diversified product 3. Limitation of offering 4. Price structure 5. Distribution channel strategy
Opportunity	Threat
<ol style="list-style-type: none"> 1. Economic growth 2. Large potential market 3. Potable for all aged group 4. Easy to collect raw materials 5. Chance to create a new demand 	<ol style="list-style-type: none"> 1. Government regulation 2. Shortage of technical person 3. Price war 4. Potential competitor 5. Deflation of money

Strength of Apex Adelchi Footwear Ltd:

With large market share, Apex Adelchi Footwear Ltd is the market leader. They have their huge demand in the foreign market because they could keep up the consistency of their quality and they are the best quality provider. Their packaging is also unique which their strength is also. They also take the fast mover advantage of the market.

Weakness of Apex Adelchi Footwear Ltd:

Their products are quite expensive. They have limitations in their offering. Their distribution channel has to be improved. Their product is not much diversified.

Opportunity of Apex Adelchi Footwear Ltd:

They are getting a large potential market. Their product is suitable for all age group. The raw materials can be collected easily. They have chance to create new demand in the market e. They are contributing to the economic growth.

Threat of Apex Adelchi Footwear Ltd:

Since Apex Adelchi Footwear ltd is a Bangladeshi based company, some time the foreign government impose some rules and regulation which does not support the Apex Adelchi Footwear Ltd.'s activities. Apex Adelchi Footwear Ltd. faces the shortages of technical persons in Bangladesh and so they have to bring in people from foreign country. Since they have some competitors in Bangladesh and since they also want to reach each and every class of people in World wide, therefore, they face the price war. The deflation of economy is also a threat for the Apex Adelchi Footwear Ltd.

2.7 Management & Workforce:

In Apex Adelchi Foot Wear Limited's current employee is 8000 people including factory employee. AAFL have currently 06 directors among them four of them are Bangladeshi citizen. They Had also a Independent Bangladeshi Director Late Mr. Samson H. Chowdhury. Name of the directors are listed below:

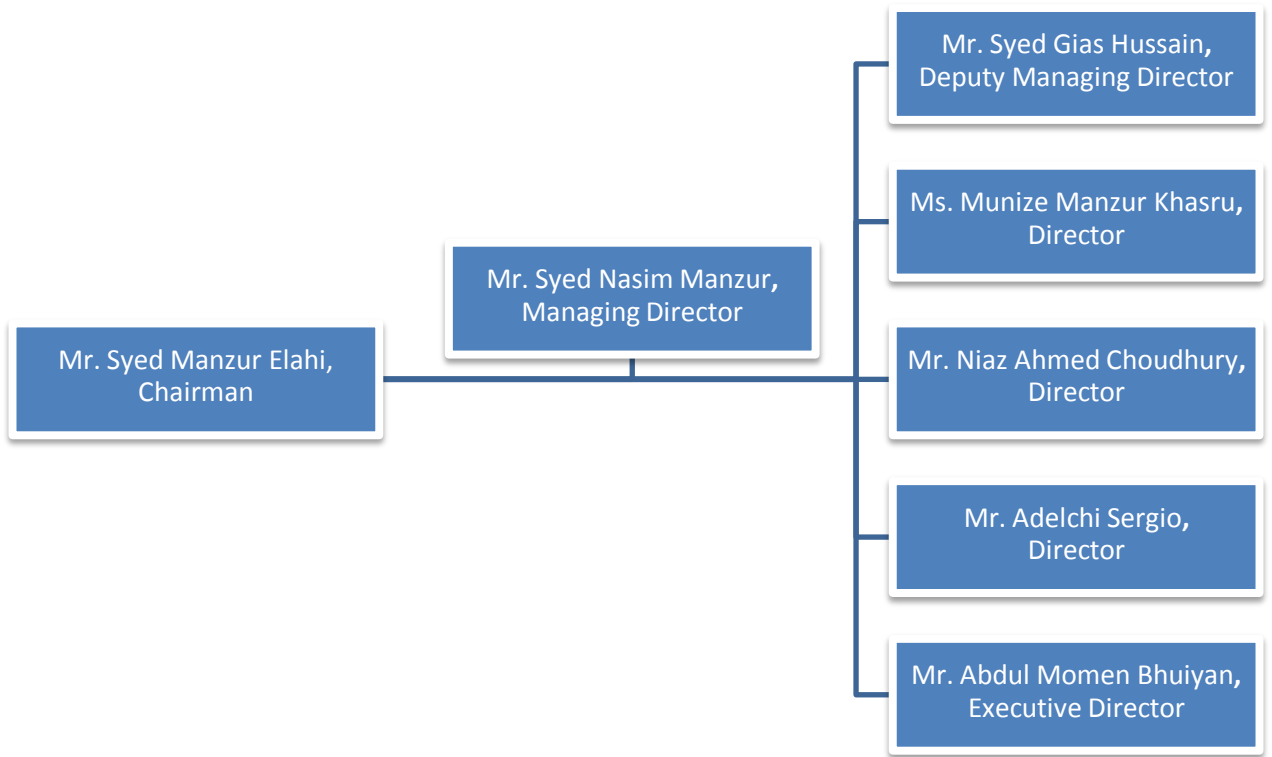


Table-1: List of Directors

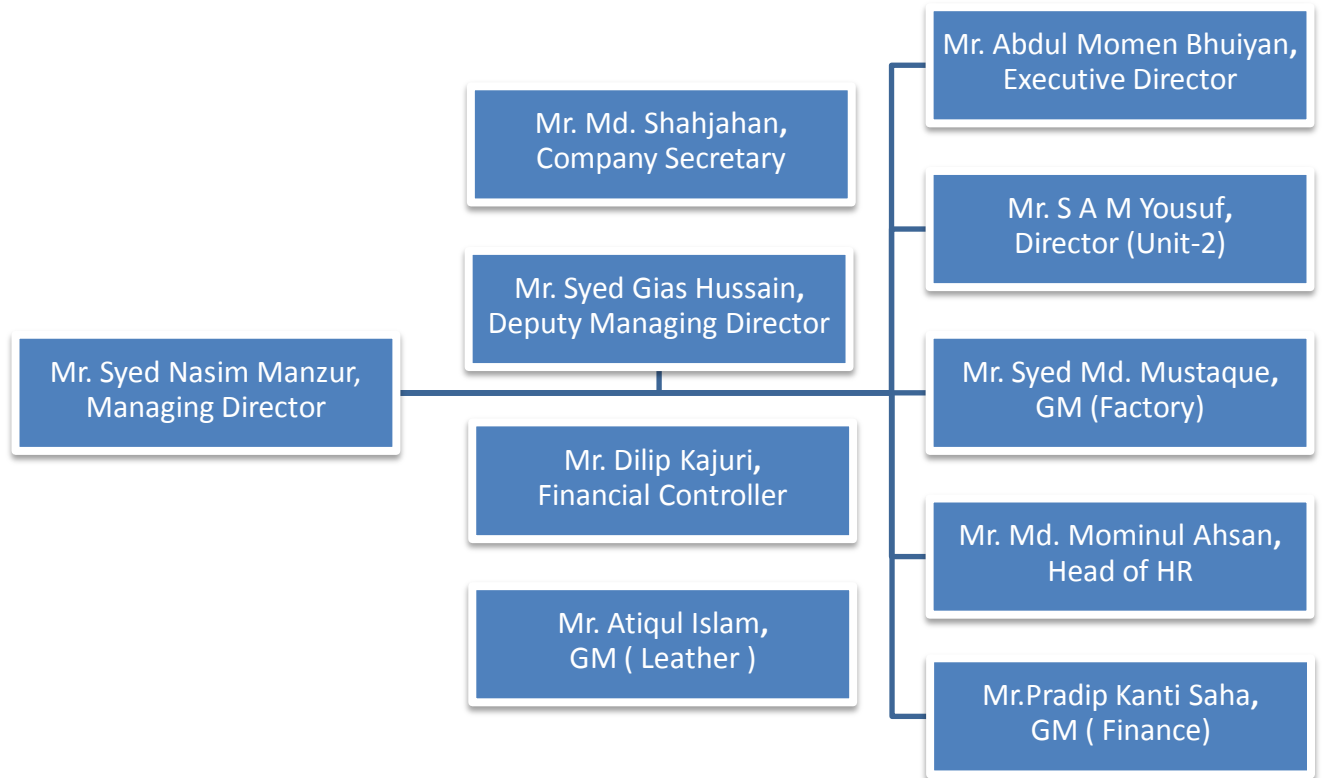
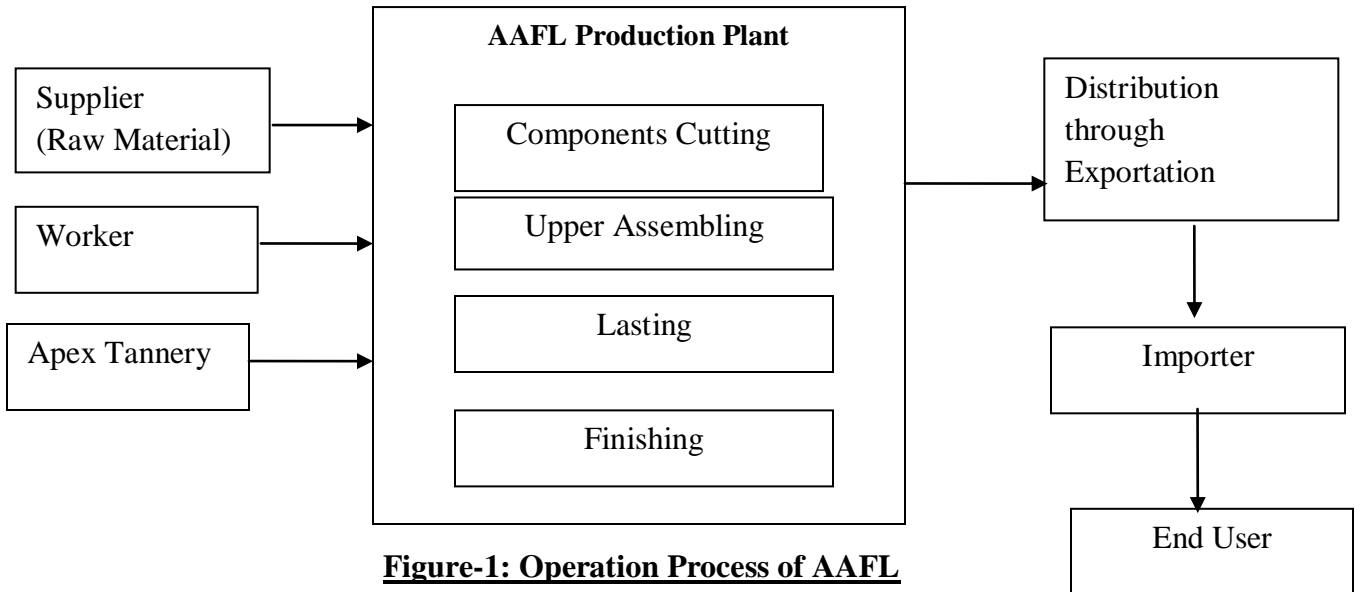


Table-2: List of Management team

Chapter 3: Operational Process

Since AAFL is a B2B company their work revolves around dealing with other business and look after their product process.



3.1 Operation Process:

3.1.1 Raw Materials:

They import machinery mainly from Taiwan, China and Germany. And they collect leather from Apex Tannery and also from Pakistan, India China, it depends buyers choice. For other raw materials like Outsole, Steel Shank, Elastic, Buckle, Velcro Loop, Foot Bed, Loop, Inner Box, Jersey, EVA foot bed, EVA sheet, toe puff, Insole Board Foam, Reinforcing Tape, Cotton fabric, PVC Sheet, Pen, Powder, TPR Compound they import it mainly from Italy ,Taiwan, China, Pakistan and India. They also collect leather from Australia and Thailand.

3.1.2 Production Process:

After collecting the raw materials cutting department cuts out the leather. In every section AAFL have employed experts to look after the work of the worker and improve the efficiency. After cutting they send it to assembling department where they sew the parts by sewing machine. In lasting section they join the insole and outsole to the shoe. And in finishing department they pack the product for distribution.

3.1.3 Distribution:

After the completing the production factory sends confirmation to the head office, and then Accounts and Finance department calculates the cost of the production. After that commercial department start processing documents to export the products.

3.1.4 Exporting country: Apex Adelchi Footwear limited mainly exporting their shoes in Europe and North America. Countries are Italy, Germany, France, Japan, Hong Kong, Austria, Belgium, Denmark, Finland, Ireland, Greece, Netherland, Norway, Check republic, Portugal, Poland, Romania, Sweden, Switzerland, Slovenia, Spain, U.K., Canada, U.S.A.s

3.2 Organizational Structure:

3.2.1 Accounts and Finance Department:

The main objective of the Accounts and Finance is to managing and distributing the funds for all the departments of the companies as efficiently as possible. Other responsibilities include calculating the cost of the production and paying up the suppliers or different service provider.

3.2.2 Human Resource Department:

Development, activities of employees of head office are looked after by a manager and Development, activities of factory personnel are looked after by an assistant manager located in the factory at Gazipur. But main Human Resource Department is in Head Office and from here all the direction goes to the assistant manager.

3.2.3 Commercial Department:

Commercial department is headed by a manager who maintains the harmony of the overall trade process. Commercial Department activities includes contacting with buyer/seller, issuing L/C, prepare necessary so that the trade goes smoothly.

I have worked in the commercial department of AAFL for past so far 9 weeks. Activities that I was obliged to perform are described in the next chapter.

Chapter 4: Job Description

4.1 Nature of the Job:

I have worked in the commercial Department of Apex Adelchi Footwear Limited for past 12 weeks. During this period I had been assigned to maintain coordination between Commercial Department and Accounts Department.

4.2 Specific Responsibilities of the Job:

1. Maintaining a database of Export, Import and Landed cost
2. Work related with Documentary Credit
3. Bank Reconciliation
4. Creating VAT/TAX Certificate
5. GSP approval
6. Work related with Bill of Lading

4.2.1 Maintaining a database of Export, Import and Landed cost:

Maintaining a database of Export and Import, which entails Letter of credit number, Letter of credit date, Commercial invoice number, Commercial invoice date, Buyer of the product, Quantity, Invoice amount, Bill of lading number and date, mode, Export number, FDBP number, etc. Besides that I had to maintain a database of C&F and logistics.

4.2.2 Work related with Letter of Credit:

Filling out bank's letter of credit form from proforma invoice and submit it with other necessary documents in bank and Collecting bill of acceptance.

4.2.3 Bank Reconciliation:

Finding out the discrepancy company's FDBP (Foreign Documentary Bill Purchase) account and bank's statement and submitting it to the accounts department.

4.2.4 Creating VAT/TAX Certificate:

Creating VAT/TAX certificate according to the VAT/TAX invoice paid by AAFL on behalf of the entities who provided services to AAFL.

4.2.5 GSP approval:

Getting the GSP (Generalized System for Preferences) approved by LFMEAB (Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh). And later submitting it to EPB (Export Promotion Bureau of Bangladesh).

4.2.6 Work related with Bill of Lading:

Matching the dummy bill of lading with commercial invoice, finding out if there's any information mismatch and sending out the correction through mail to the freight forwarder.

Work that I performed is a small part of the whole trade process, which is very complicated and lengthy. The overall trade process of the AAFL is described in the next chapter.

Chapter 5: Trading Process of Apex Adelchi Footwear Ltd.

5.1 Trading Process:

Apex Adelchi Footwear is a B2B company; they do not sell their products directly to the end user. Their commercial departments work revolves around only selling to and buying from other business. Its main activities are keeping contact with buyer or seller and preparing necessary documents according to the type of the import or export.

- 1.** The importer requests a quote for the products.
- 2.** Exporter sends a price list of the products to the importer.
- 3.** Based on exporters offer importer sends a purchase order to the Exporter.
- 4.** Based on the purchase order Exporter sends an invoice to the importer.
- 5.** Exporter then sends a shipping notification to the importer which entails the exact date and quantities of products to be delivered.
- 6.** Importer opens a letter of credit with a bank in his country.
- 7.** Issuing bank requests a correspondent bank in Seller's country, to advice and to confirm the credit.
- 8.** The advising bank advises Exporter that a letter of credit has been opened in his favor.
- 9.** Exporter then ship the products in accordance with the terms specified in the letter of credit through freight forwarder.
- 10.** Exporter provides documents (Bill of Entry) to advising bank proving that the shipment was made in accordance with the letter of credit.
- 11.** Advising bank forwards documents to negotiating bank, they check documents against L/C and authorize payment.
- 12.** The negotiating bank transfers the documents to the issuing bank and receives payment from the importer.
- 13.** The importer receives the merchandise, files an import declaration and pays customs duties to the responsible authorities.

Process of Export and Import through Letter of Credit: Flow of Documents and Payment

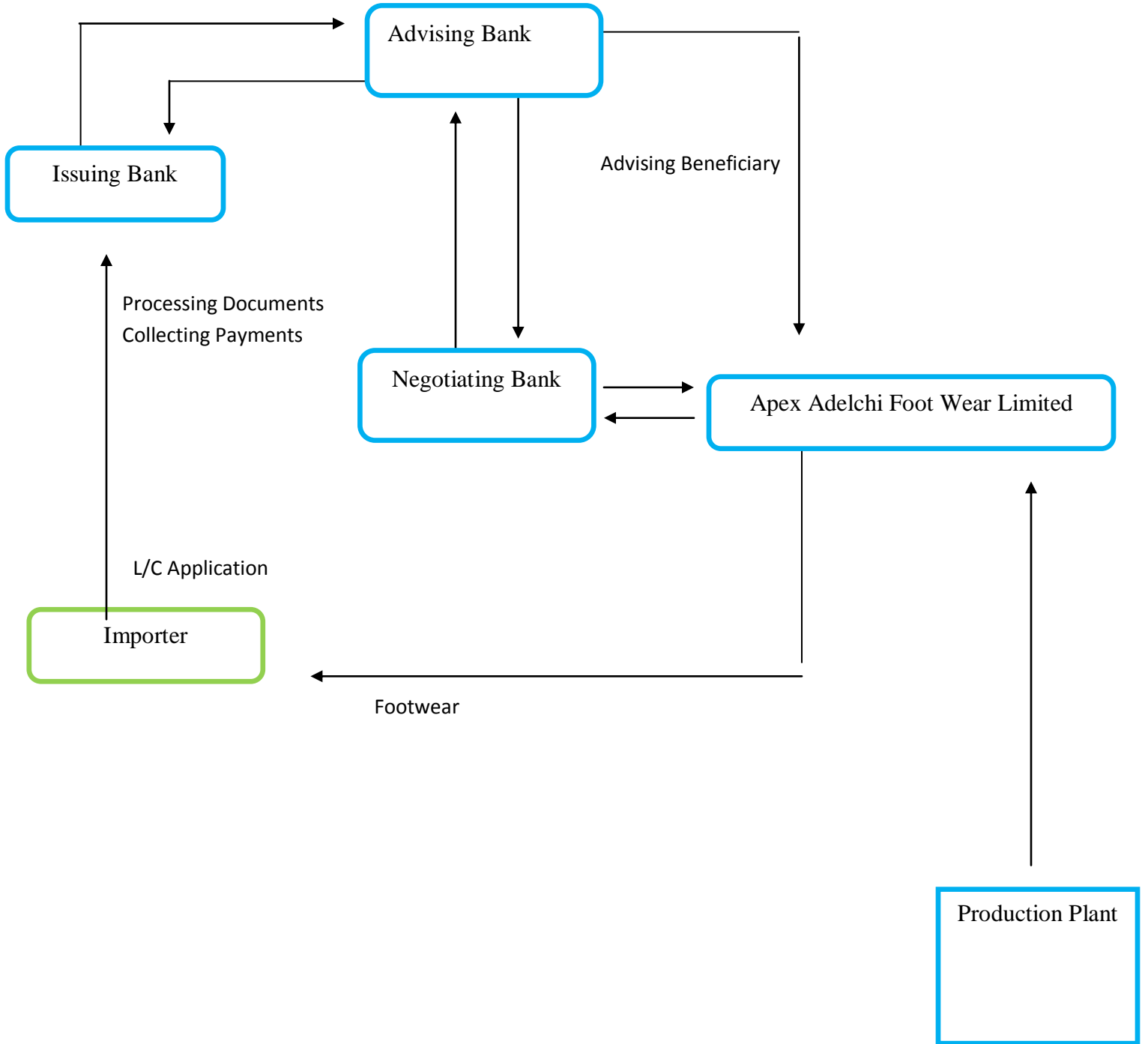


Figure-2: L/C-Flow of Documents and payments

5.1.1 Sales Contact:

The buyer and seller located in different countries, concludes a sales contract providing the payment method and terms of sale.

Term of Sale:

Term of sale indicates who will be responsible for the freight, cargo insurance, and other costs and risks, which is a very lengthy process. To resolve this issue about the conditions of each transaction International Chamber of Commerce (ICC) developed The INCOTERMS (International Commercial Terms), a universally recognized set of definitions of international trade terms. It defines the trade contract responsibilities and liabilities between buyer and seller. Details of the each trade terms are listed below:

	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DDP
Mode	All	All	Water	Water	Water	Water	All	All	All	All
Packing	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading										
Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Inland Freight	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Terminal										
Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Seller	Seller	Seller
Loading on										
Vessels	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Freight	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller
Arrival										
Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller
Duty & Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Free
Delivery to										
Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller

Table-3: Term of Sale

AAFL always uses FOB as a term of sale which tends to be cost effective. Brief descriptions of the term of sale are described below:

EXW (Ex works) means buyer will pay the packing, loading charges, inland freight, terminal charges, insurance, loading on vessels, freight, arrival charges duty and taxes and delivery to destination charges.

FCA (Free Carrier) means buyer will pay the terminal charges, insurance, loading on vessels, freight, arrival charges duty and taxes and delivery to destination charges and seller will be responsible for packing, loading charges, inland freight.

FAS (Free alongside Ship) means buyer will pay the insurance, loading on vessels, freight, arrival charges duty and taxes and delivery to destination charges and seller will be responsible for packing, loading charges, inland freight and terminal charges.

FOB (Free on Board) means buyer will pay the insurance, freight, arrival charges duty and taxes and delivery to destination charges and seller will be responsible for packing, loading charges, inland freight, terminal charges and loading on vessels.

CFR (Cost and Freight) means buyer will pay the insurance, arrival charges duty and taxes and delivery to destination charges and seller will be responsible for packing, loading charges, inland freight, terminal charges loading on vessels and freight.

CIF (Cost, Insurance and Freight) means buyer will only pay the arrival charges duty and taxes and delivery to destination charges and seller will be responsible for packing, loading charges, inland freight, terminal charges, loading on vessels, freight and insurance.

CPT (Carriage paid to) means buyer will only pay the duty and taxes and delivery to destination charges, insurance and seller will be responsible for packing, loading charges, inland freight, arrival charges, and terminal charges loading on vessels and freight.

CIP (Carriage and Insurance Paid to) means buyer will only pay the duty and taxes and delivery to destination charges and seller will be responsible for packing, loading charges, inland freight, arrival charges, and terminal charges loading on vessels, freight and insurance.

DAP (Delivered at Place) means buyer will only pay the duty and taxes and seller will be responsible for packing, loading charges, inland freight, arrival charges, and terminal charges loading on vessels, freight ,delivery to destination charges and insurance.

DDP (Delivered Duty Paid) means seller will pay everything the duty and taxes, packing, loading charges, inland freight, arrival charges, and terminal charges loading on vessels, freight, delivery to destination charges and insurance.

5.1.2 Issuing Letter of Credit:

Letter of credit can be of two types which are-

Revocable Letter of Credit:

It can be cancelled or altered without the consent of the Exporter until the time the documents are presented. Revocable Letters of Credit are very rarely used in recent days. It is becoming obsolete due to its complexity.

Irrevocable Letter of Credit:

Irrevocable Letter of Credit is most widely used because it cannot be canceled or amended without the consent of all parties involved in the process.

Apex Adelchi Footwear Limited mainly issues Irrevocable Letter of Credit through The Janata Bank And Bank Asia. They instruct issuing both the bank to issue a credit in favor of the seller (beneficiary). Application for issuing a credit should be made by the buyer (importer) in the issuing bank's standard form. The credit application which contains the full details of the proposed credit, also serves as an agreement between the bank and the buyer. After being convinced about the necessary conditions contained in the application form and sufficient conditions to be fulfilled by the buyer for opening credits, bank then proceeds for opening the credit to be addressed to the beneficiary. Cost of issuing a L/C in The Bank Asia is shown below:

L/C Value USD	Amount X Conversion Rate
Cash Margin	19% of L/C Amount
Commission on L/C foreign cash	20% of Cash Margin
Vat on L/C Commission	6% of Commission
L/C Application form	50
LCA form	100
IMP form	50
Dhaka CPC stamp Revenue Charges	150
SWIFT charges on L/C Issue	3000
Total	

Table-4: Charges of Issuing L/C

5.1.3 L/C Advising

When the buyers and sellers are in the different countries, the risk of the non-payment is high and the authenticity of the letter of credit becomes a major issue. In this situation international or global banks or any other nominated banks takes the responsibility to advise the letter of credit to the sellers or seller's bank. The beneficiary receives the letter of credit promptly and the authenticity is checked though the seller can start the process to deliver the goods right in time to the buyers.

5.1.4 L/C Confirmation

After The Janata Bank and Bank Asia confirms the Letter of credit AAFL starts working on the shipment of the goods. L/C confirmation means after analyzing the documents authentication and issuing banks credibility The Janata Bank And Bank Asia will now take the responsibility of payment guarantee.

5.1.5 Shipment through freight forwarder

After the L/C confirmation AAFL contact with freight forwarder mostly APL Logistics, CMA CGM or Kuehne + Nagel for shipping their product to the desired port of destination.

Flow of Goods.

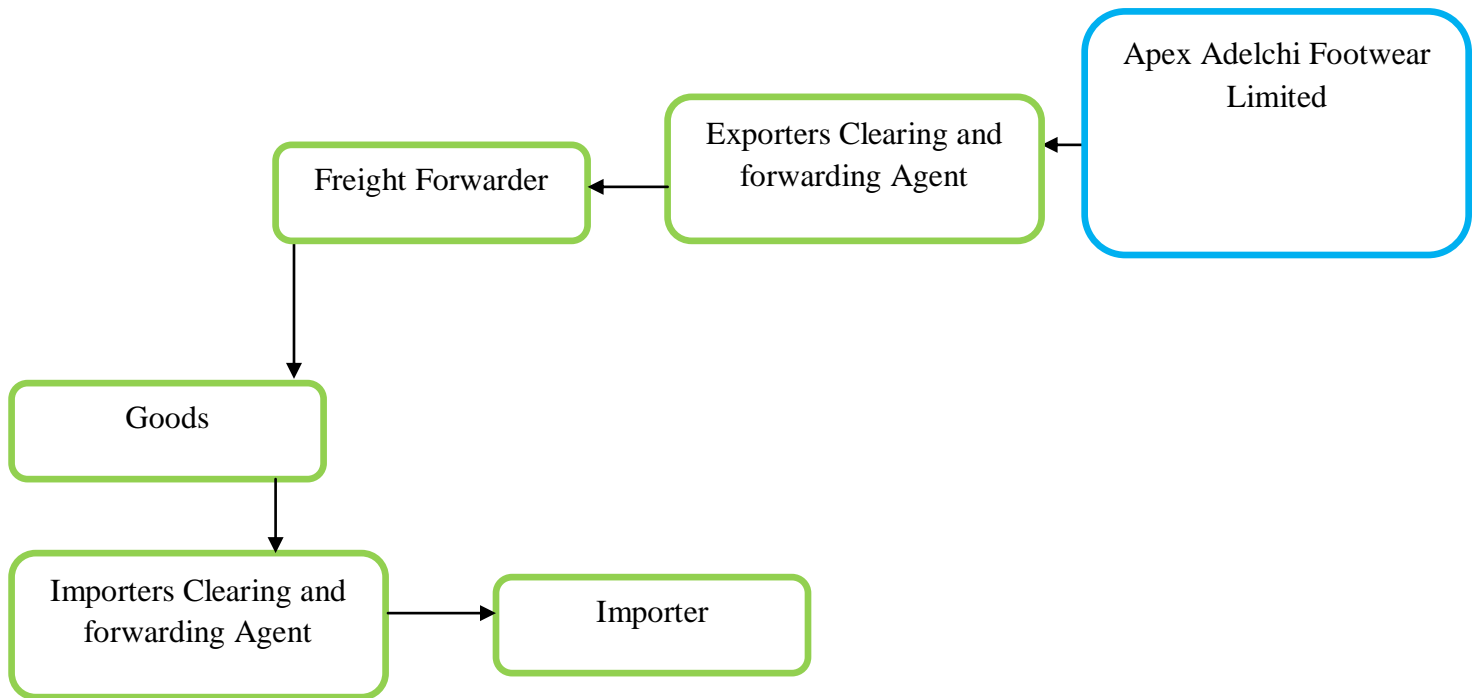


Figure-4: Flow of Goods

5.1.6 Clearing and Forwarding agent:

MRT Impexco LTD, National Carrier work as a clearing and forwarding agent for AAFL. Their responsibility revolves around collecting the goods from the factory located at Kaliakoir, Gazipur then transport it to the port described in invoice and dealing with Bangladesh customs.

5.1.7 GSP approval:

To resolve future dispute GSP need to approve from LFMEAB and then it need to submit in EPB along with these documents- Sales order from importing country, Certificate of origin, Shipment certificate –C&F agent, EXP form, Bill of lading, Commercial Invoice, Packing List, Vat Payment Invoice from NRB, Bill of Entry from Bangladesh Customs, Promissory Note and pay order.

5.1.8 Presentation of Documents:

After the shipment AAFL obtains and prepare all the necessary documents and submits it to their advising/negotiating bank which is can be Janata Bank or Bank Asia. Any one bank will certify that the goods have been sent to the destination. Both The bank checks the documents presented by AFFL against the letter of credit. If the documents fulfill all the requirement of the bank then they send it to issuing bank of the importer for claiming the proceeds.

Documents required by the City Bank are described below:

Documents	Number	
Bill of Exchange	1 Original	1 Duplicate
Proforma Invoice	1 Original	
Commercial Invoice	9 Original	
Bill of Lading	3 Original	2 Non Negotiable
Packing List	6 Original	
GSP Form "A"	1 Original	2 Copies
Export Form	3 Copies	
Amendment Acceptance Certificate	2 Copies	

Table-5: Documents Required in Bank

Bill of Exchange:

This demand for payment is drawn by the seller on the payee. The payee on a letter of credit draft is always a bank.

Proforma Invoice:

Invoice prepared by the seller or exporter which is not a sales agreement and can be negotiated. It is usually sent by exporter to importer as a reply of importers RFQ (Request for Quotation) about the product.

Countries where central banks have foreign currency regulation, in these countries for currency conversion purpose proforma invoice needed to be approved by central bank of importers country.

Commercial Invoice:

Negotiated invoice accepted by both party. Factors that can be negotiated are price, quantity, destination etc. A commercial invoice includes Seller's name and address, Buyer's name and address, Issue Date, Invoice Number, Shipping marks and numbers, Term of Sale, Shipping information, Info required by L/C, Country of Origin, L/C number, Notify Party, P.I. number, unit price, and total price etc.

Packing List:

A detailed packaging list of products; it describes in which carton individual product is located. The packing does not contain prices, but itemizes the merchandise by number of cartons, packages, etc., and the contents of each.

Bill of Lading:

Document prepared by forwarder which entails freight cost, weight, amount, type of products, vessel number, port of loading, port of discharge, Shipper, consignee, notify party etc. This document ensures that forwarder received the goods.

Certificate of Origin:

A signed statement certifying the country of origin of the goods being sold is required by the buyer's country. It needs to be issued by a third party, in case of AAFL it is LFMEAB.

GSP form "A":

Also known as certificate of origin; approved by EPB which certifies that the product is of Bangladeshi origin.

Export Form:

Detailed description of the product, destined country, bill of lading number, Import registration certificate number, Trade license number, etc. And it needed to be approved by EPB.

Amendment Acceptance Certificate:

If the L/C amount needs to be increased both importer and exporter need to sign that and get that approved by the bank for future references and resolve any future dispute.

5.1.9 Export proceeds:

To an exporter it is very important to keep control over his goods until he is confident enough that he is going to receive payments from the buyers or importers. Bank's Export proceeds collection service take charge of the process document transfer. In this process Bank will collect all the documents from the exporter and arrange for them to be held at the exporter disposal during the transaction period. Once the process is complete bank will liaise with the buyer's bank on behalf of the exporter, arrange the documents to be transfer to that bank and collect the payment.

In Accordance of **Uniform Customs and Practice for Documentary Credits** Apex Adelchi Footwear Limited follows acceptance method to obtain the export payment. In acceptance credit, AAFL presents a bill of exchange payable to the company and the specified maturity date to the Bank. Then bank authorizes its acceptance on the bill and returns it to the AAFL. They can then represent it for payment on maturity.

While doing the project part, there was some critical area which got my attention. In the next chapter findings from AAFL by analysis is described.

Chapter 6: General Findings

Following are the findings from AAFL by analysis which got my attention:

Intermediary:

Products produced by AAFL sold in European countries mostly Germany in much higher price to the end user. Intermediaries are getting the advantage because AAFL lacks proper marketing channel and doesn't have a brand image.

Lack of Skilled and trained employees:

Retaining skilled and trained employees are one of the major problems they are facing right now.

The need to import all machinery:

One of the major problems is that most of the key machinery needed to be imported for keep running the production and it sometimes delay the production. Besides for maintenance they have to rely on foreign experts to resolve the problem and which is very time consuming and expensive.

Automated system to track previous export record:

AAFL doesn't have an automated system to track their previous export or import record for that reason it is sometimes become very harder to track the previous records. When others departments ask for certain information For finding that certain information manually scanning through files tend to delay or hamper the commercial departments current project.

Complicated rules and regulations:

Complicated and backdated rules and regulations of Bangladesh Customs and EPB make the trade process longer. For completing the export or import process lot of approval needs to be collected for different government personnel which are sometimes overkill

Lack of Co-ordination between Departments:

Lack of coordination between departments in head office hampers the workflow of employees of head office and factory as well. Absence of key employees in the head office tends to create conflicts between the departments.

In the next chapter I tried to put some solutions to the problems I identified although analysis presented here may vary with opinions of experts in this field.

Chapter 7: Recommendations

After going through the project work I would like to draw their attention over some of the following facts:

Reducing the Intermediaries:

By introducing their brand to other countries they can create a new market. Participation in the international trade fairs, exhibitions will create a brand image and eventually they will be able to market their own product without intermediary.

Skilled and trained employees:

AAFL need to provide necessary training in technical and practical field for their employees to develop skilled manpower.

Automated system:

Need to introduce an automated system for tracking the exports, freight, C&F fee etc which will be efficient.

Backward integration:

Besides leather they have to rely on every other raw material for importing. They need to establish a backward linkage which will run down the production time and the costs.

Strengthening LFMEAB:

Strengthening the ability of LFMEAB, so they can point out to government what are the problems in current export procedure and what they need to do to ease them.

Chapter 8: Conclusion

Conclusion

When I began my internship in the Apex Adelchi Limited, I did not know what to expect from this internship because I didn't have enough insight about the industry. But it turned out to be useful experience for me. Although I worked for a short period of time with the company it will be helpful for me to get ahead in the organizational environment. It benefited me as I was able to gain a lot of knowledge about the company and the industry by observing, working with the employees of AAFL.

Reference:

1. http://www.apexadelchi.com/apex_adelchi/Profile
2. <http://www.apexadelchi.com/Image//bof.html>
3. http://www.thefinancialexpress-bd.com/more.php?news_id=128957&date=2011-03-13
4. Johnson, Bade, (2005) Export Import Procedures and Documentation, Fourth edition, Amacom Books.
5. Apex Adelchi Footwear Audited Report, Published Year 2010
6. Apex Adelchi Footwear Limited Project Profile

Appendix

APEX ADELCHI FOOTWEAR LIMITED BALANCE SHEET AS AT 31 DECEMBER 2010

31 Dec. 10

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Fixed assets	418,371,710
Current assets	
Inventories	2,239,199,979
Trade debtors	881,553,360
Advances, Deposits and prepayments	1,032,526,768
Investments	8,240,059
Cash and balances	<u>97,151,909</u>
	4,258,672,075

Less: Current Liabilities	
Working capital loan	1,850,501,474
Sundry creditors	1,912,941,015
Provision for income-tax	142,535,228
Proposed cash dividend	<u>45,000,000</u>
	3,950,977,717
Net Current Assets	<u>307,694,658</u>

Financed by: Shareholders	
Total Shareholders' Equity	<u>726,066,068</u>