

**Report On**  
**Analysis of ACI Godrej Agrovvet Private Limited's Accounts**  
**Payable Process and Optimization Strategies.**

By

Student Name: Sabbir Ahmed Rifat  
Student ID: 19304058

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

**BRAC Business School**  
**Brac University**  
**August, 2023**

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## **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/We have acknowledged all main sources of help.

### **Student's Full Name & Signature:**

\_\_\_\_\_ **Sabbir Ahmed Rifat** \_\_\_\_\_  
Student ID: 19304058

### **Supervisor's Full Name & Signature:**

\_\_\_\_\_ **Mohammad Enamul Hoque** \_\_\_\_\_  
Assistant Professor, BRAC Business School  
BRAC University

## Letter of Transmittal

Mohammad Enamul Hoque  
Assistant Professor,  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report.

Dear Sir,

Greetings, I am very pleased to present my internship report on the accounts payable process of ACI Godrej Agrovet Private Limited as partial fulfillment of Bachelor of Business Administration degree criteria.

I have tried my best to provide the necessary information and proposed solutions to finish the report in the most substantive, concise, and thorough manner possible. The report certainly meets every requirement in my opinion.

Sincerely yours,

Sabbir Ahmed Rifat  
Student ID: 19304058  
BRAC Business School  
BRAC University  
17 August, 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 & Signature:**

Sabbir Ahmed Rifat

.....

Sabbir Ahmed Rifat

### **Internship Company Supervisor's Full Name & Signature:**

All Emran Khan

.....

All Emran Khan

Executive- Accounts

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

## **Acknowledgement**

The best professional development and learning opportunity I had was my internship with ACI Godrej Agrovet Pvt. I feel lucky to have the opportunity to work there and interact with so many people from different backgrounds. I would like to express my sincere thanks to those who gave me advice and assistance while I was writing this internship report. Completion of this report would not have been easy without their guidance and support. I would like to begin by expressing my sincere gratitude and thanks to Mohammad Enamul Hoque for supervising my academic internship. He helped me in selecting topics for this report and provided proper guidance and supervision throughout my internship. He was always available when I needed advice on how to start this report and for that I am grateful. I would especially like to express my gratitude to All Emran Khan, Senior Executive-Accounts, and my organizational supervisor, for giving me clear direction and guidance in my work, for creating a welcoming work environment, and generally for being a great supervisor. The report would not have been completed without his unwavering support. When I was stuck, he helped me realize every aspect of my work and ideas. I appreciate the cooperation and commitment of other staff working with me in this internship program. I think it's a pleasure to work with such a wonderful person.

## **Executive Summary**

The primary objective of this internship report is to examine the payment system used by the Accounts Payable unit of ACI Godrej Agrovet Private Limited. The aim is to take care of payment system-related issues. Extensive research was conducted using secondary data from company website as well as data from organizational supervisor to gather insights and draw conclusions. Moreover, books and journals as well as other relevant sources were also referred for additional data.

ACI Godrej Agrovet Pvt Ltd has a reputation for maintaining safety and security at all points of the payment process, according to research findings. This paper provides a summary of the techniques and contributing factors to documenting this approach. In order to better understand the entire payment process, contacts were made with the staff of the Accounts Payable unit to compile the internship report.

In addition to a thorough analysis of the structures governing these ties, this article also investigates the company's affiliations with institutions such as banks and suppliers. In this study, every detail of the payment process—from creation of invoice to payment clearance—is carefully documented. This thorough research provides insightful analysis and useful suggestions to solve the company's immediate problems and improve its long-term prospects after looking at the state of the payment system.

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## List of Acronyms

PO	Purchase Order
GRN	Good Received Note
SP	Short Payments
RM	Raw Materials
AGAPL	ACI Godrej Agrovvet Private Limited
HO	Head Office
LC	Letter of Credit

# **Chapter 1**

## **Overview of Internship**

### **1.1 Student Information:**

Name: Sabbir Ahmed Rifat

ID: 19304058

Program: Bachelor of Business Administration (BBA)

Major: Finance, Banking, and Insurance

Minor: Human Resource Management

### **1.2 Internship Information:**

#### **1.2.1 Company and Period of Internship:**

Period: 14 May, 2023 - 12 August, 2023

Company: ACI Godrej Agrovvet Private Limited

Department: Finance & Accounts, IT, Legal

Unit: Accounts Payable

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

#### **1.2.2 On-site Supervisor Information:**

Name: All Emran Khan

Designation: Executive- Accounts

### **1.2.3 Job Scope:**

Job description:

At ACI Godrej Agrovat Pvt Ltd, I was given the opportunity to work in the “Accounts Payable” unit, under “Finance & Accounts, IT, Legal” department for the three-month internship period. Initially, my primary responsibilities included guaranteeing documentation and overseeing accounting procedures. I was allowed to log transactions in their SAP system. Attaching documents.

### **1.3 Internship Outcomes:**

An opportunity has been made available to me to complete an internship with ACI Godrej Agrovat Pvt. I gained an understanding of their corporate culture and work environment during my stay. The foundation the experience has given me will surely advance my career.

**1.3.1 Student’s contribution to the company:** I was tasked with overseeing the accounting process and doing all the paperwork. They allowed me to enter records and attach documents to their SAP system.

**1.3.2 Benefits to the student:** I had been given the opportunity to work with professionals in a welcoming environment.

**1.3.3 Problems/Difficulties:** For the entire duration of the internship, there were no problems.

**1.3.4 Recommendations:** It would be beneficial for the organization to consider hiring additional interns to foster collaboration on projects and facilitate a more comprehensive understanding of various departments. This approach would provide a broader overview of the business, including insights into the organizational structure of each department.

## **Chapter 2**

### **Organization Part**

#### **2.1 Introduction:**

In today's fast-paced business world, multinational companies are swiftly adapting to changes and modernization. They are continuously developing their databases, upgrading their company structures, and incorporating various cultures and changes to satisfy their employees. From enhancing company culture to improving employee satisfaction, and streamlining transaction procedures, these companies are evolving to accept and adapt to changes that will ultimately benefit the organization [Madhobi,2022].

Bangladesh is home to several renowned companies with vast assets spanning different industries. These enterprises play a pivotal role in providing substantial advantages to the country, especially as we grapple with imminent economic challenges such as the necessity for diversified imports and exports, heightened productivity, and expanded industries to cater to the employment requirements of numerous new workers who join the workforce each year. [Madhobi,2022].

ACI Godrej Agrovet Private Limited is a business that has made significant contributions to the economic development of Bangladesh. Their success can be attributed to their ability to adapt and offer reasonably priced products that cater to the local population. To reduce costs, they import products from markets where prices are relatively cheaper than our local market. They leverage various technological elements to streamline their procedures and support the economy of Bangladesh through all banking transactions. [Madhobi,2022].

#### **2.2 Overview of the company:**

ACI Limited, a well-known Bangladeshi firm, and Godrej Agrovet Limited, a division of the Indian company Godrej Group, jointly formed Godrej Agrovet Pvt. 50% of this business is owned by ACI and 50% by Godrej. The business manufactures animal feed with the slogan "We help feed the nation". Based on the Companies Act 1994, it was established in 2004. The company has earned a reputation for manufacturing high-quality feed that meets the needs of

the growing feed industry. Quality is given utmost importance by the company, which manufactures premium feed for day-old chicks (DOC), cattle, fish, and shrimp. The basic business principle of ACI-Godrej Agrovet Pvt Ltd is to add value to all areas of the company by providing high-quality products to clients. The company has connected with Bangladeshi farmers thanks to its extensive reach, building satisfactory bonds and a solid reputation. By improving and optimizing each area, the company aims to provide employment for investors and increase profits. The company places great emphasis on working closely with farmers and educating them about contemporary agricultural practices. Accountability, sincerity, honesty, and transparency are the goals that various organizations are working towards. Customer satisfaction and sustainable market share growth are the results of driving this business, which is focused on results. Sales and marketing teams determine and forecast market demand. The quality control department responds to this demand by developing a formula to maximize results and satisfy the customer.

### **2.2.1 Corporate Profile:**

Name of Organization: ACI Godrej Agrovet Pvt. Ltd.



Known as ACI Godrej

Chairman: Mr. M Anis Ud Dowla

Category: Joint Venture Private Limited Company

Type: Private

Industries: Livestock & Animals Agriculture & Mills

Year of Incorporation: 2004

Fields of Activity: Poultry (Layer & Broiler), Cattle (Dairy & Beef), Fish (Sinking & Floating), Shrimp Feed and Day-Old Chick (DOC)

Head office: Kaderia Tower (9th Floor), JA 28/8-B, Mohakhali C/A, Bir

Uttam AK Khandakar Rd, Dhaka 1212

Website: <http://acigodrejagrovvet.com/>

Phone: (+8802) 8829468

### **2.2.2 Vision:**

- To be the leader in the animal feed market in Bangladesh
- To build a reputation as a truly inspiring place to work.

### **2.2.3 Mission:**

To be the industry leader in livestock farming and to help farmers increase their productivity by consistently providing innovative products and services using state-of-the-art technology and current management techniques in a sustainable and ethical manner.

### **2.2.4 Values:**

- **Quality:** The company puts quality above all else and uses state-of-the-art technology to produce premium feed for poultry, cattle, fish and shrimp, ensuring outstanding quality.
- **Customer-centricity:** The business focuses on collaborating directly with farmers and educating them about modern farming techniques. Additionally, it aims to provide farmers with high quality feed that meets the nutritional needs of their livestock for improved performance.
- **Innovation:** The business is backed by Godrej Agrovet Limited's high-tech research and development (R&D) and aims to provide its vast know-how along with top-notch feeds for improved farming.
- **Sustainability:** ACI Godrej Agrovet Private Limited respects the environment and ensures that no by-product is released into it without first being properly treated. It also includes its own power supply and water treatment facilities, to ensure that only clean water is used for drinking and feed production.

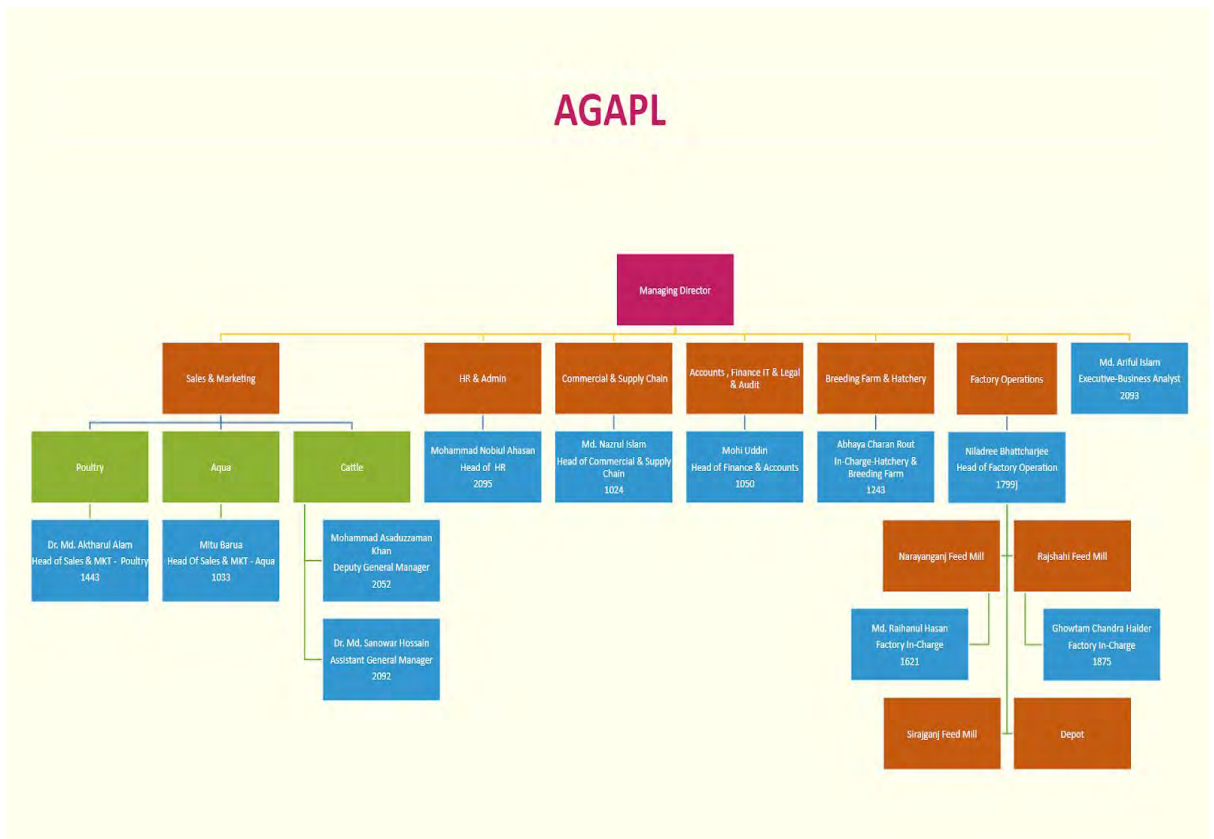
- **Safety:** The company has a strong safety culture and works to change and instill this concept in the minds of its employees. Additionally, it provides canteen, recreation and sports facilities to its stakeholders.

### **2.2.5 Product Details:**

The feed mill at Sirajganj serves as the company's hub. While producing feed for poultry (layers and broilers), cattle (dairy and beef), fish (sinking and floating) and shrimp, the feed mill uses the most modern technology to guarantee good quality. The three factories are working round the clock using the best raw materials from across the country as well as some of the best vitamins and premixes sourced from other countries. To ensure that their customers receive the highest quality products, every step of the process—from receiving raw materials through production to the finished product—is physically and chemically tested. They have well-ventilated warehouses and silos for the best possible storage of both their raw materials and finished items. The feed mill has its own power supply and separate water treatment facilities to ensure clean water is available for both the manufacture of feed and drinking.

### **2.2.6 Company Organogram:**

A firm's hierarchy refers to the line of command that typically runs from senior management and executives to general staff. To put it another way, this organizational structure is suitable for groups where a single leader reports to a long chain of subordinates. ACI Godrej Agrovet Private Limited has a corporate organogram. An organizational chart for a company displays different hierarchical levels for individual departments.



## 2.3 Marketing Practices:

ACI Godrej Agrovet Private Limited now has an established distribution network across the country as well as a highly-trained sales force. Currently, their marketing strategy focuses on creating demand by offering nutritious products. The business offers monthly and annual incentive packages to help dealers find alternative sources of funding. Sometimes businesses enter into a memorandum of agreement with suppliers to help with bill discounts to provide financial support for working capital needs. In addition to this, the business provides after-sales services through techno-marketing. The company also provides festoons and banners as a form of customer promotion. Prices of items are reduced during and before the festival to attract customers and offer tempting discounts.



## 2.4 Financial Practices:

Whether or not a company's financial objectives are achieved generally depends on its financial performance. It is an important tool for determining, controlling, and evaluating financial risk. Calculating a company's profit output is the process of determining how much money its activities and policies have generated. Generally, it is employed to assess the financial health of an organization over a predetermined time frame. Financial statements can be used to compare businesses within the same sectoral category.

Using a few ratio indicators, the financial performance of ACI Godrej Agrovet over the previous three years has been evaluated. This information will be helpful to both internal and external users in assessing investment potential and business health.

The ratio analysis is given below:

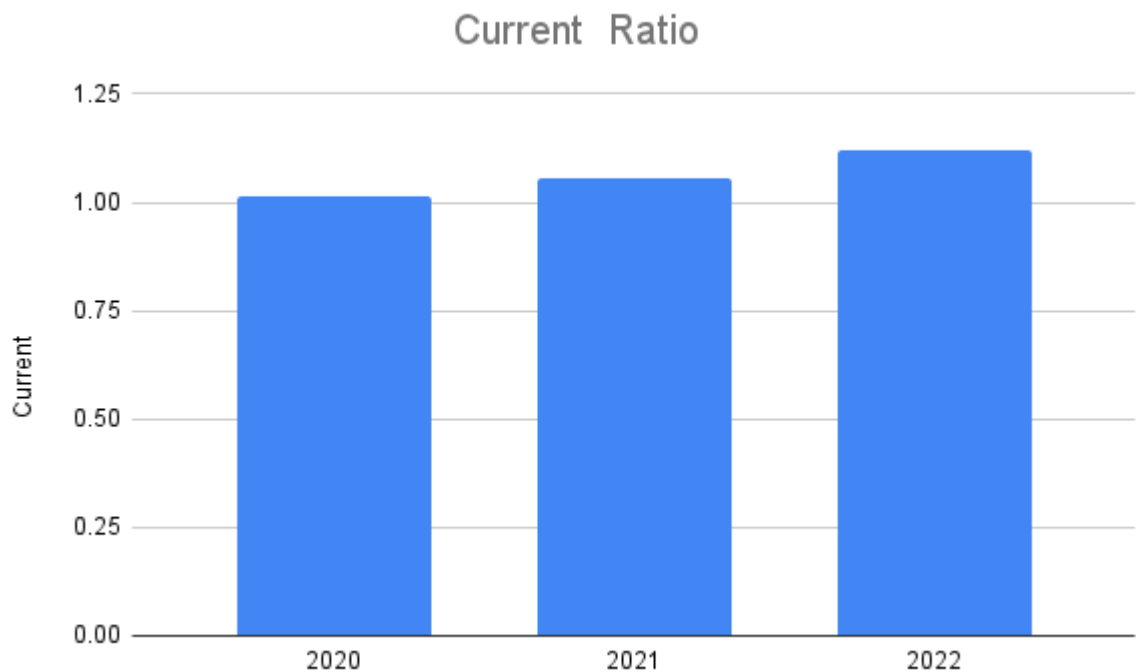
<b>Liquidity Ratio</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Current Ratio</b>	1.02x	1.05x	1.12x
<b>Quick Ratio</b>	0.3942x	0.2514x	0.2339x

<b>Efficiency Ratio</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Inventory Turnover Ratio</b>	5.40x	4.07x	4.12x
<b>Asset Turnover Ratio</b>	2.12x	2.21x	2.45x

<b>Profitability Ratio</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Return on Asset</b>	12.34%	14.29%	12.23%
<b>Return on Equity</b>	32.65%	39.10%	34.89%

Now the graphical representations and interpretations of these ratio analyses are given below:

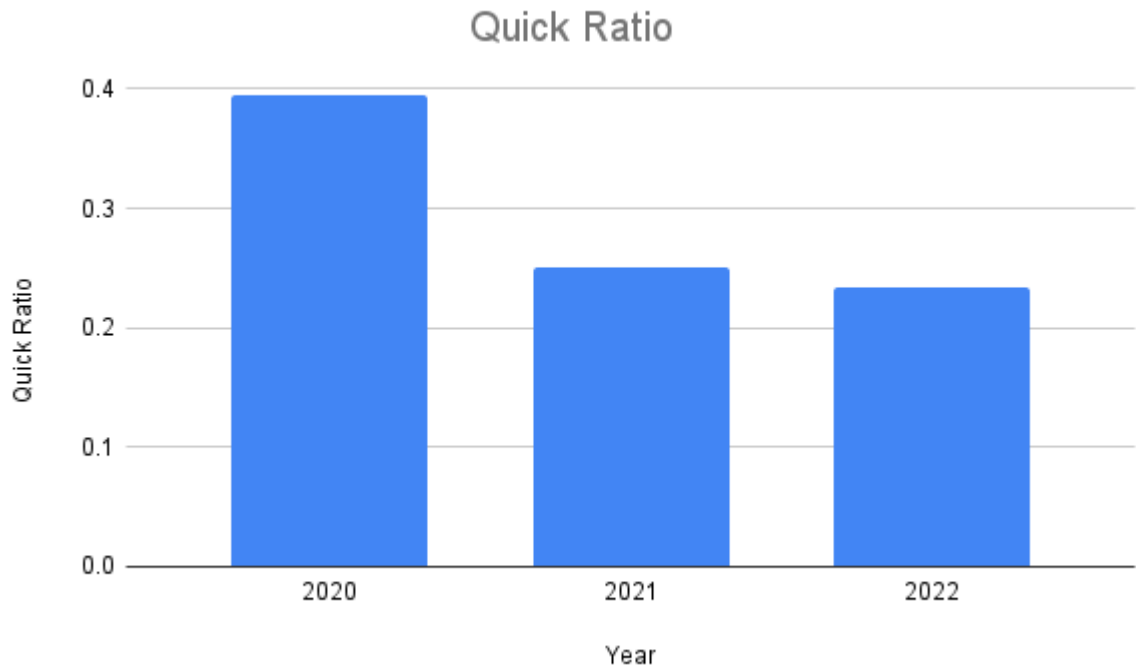
**Current Ratio:**



**Interpretation:**

This graph shows that the company's current ratio was 1.02x in 2020, 1.05x in 2021 and 1.12x in 2022. According to their financial reports, this company has experienced an increase in both current assets and current liabilities over time. Notably, they have consistently maintained a higher level of current assets than current liabilities, resulting in a current ratio greater than 1. This signifies that AGAPL is well-positioned to access funds if necessary, by liquidating their assets, without undue concern for their outstanding debts.

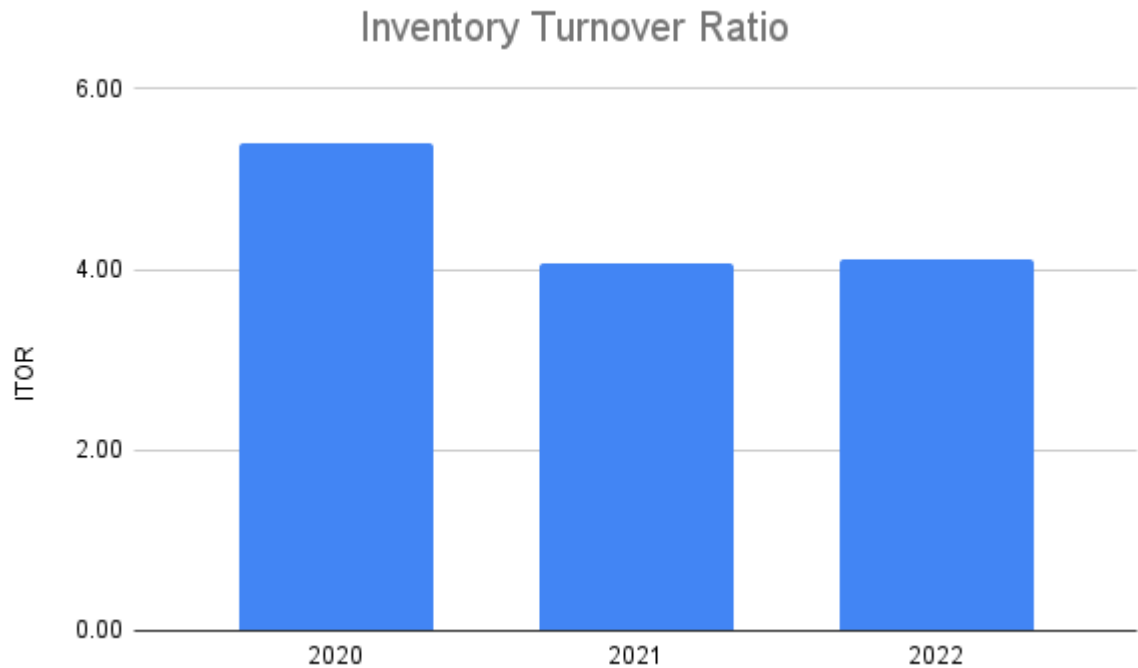
### Quick Ratio:



### Interpretation:

This graph represents the quick ratio of ACI Godrej Agrovet Private Limited. According to the company's financial reports, AGAPL's quick ratio was 0.3942x in 2020, 0.2514x in 2021 and 0.2339x in 2022. Over the three years, their inventory increased significantly as well as their current assets and current liabilities. The excess amount of inventory has impacted their ability to respond quickly to meet their obligations despite of the efforts they put for proper management of their current assets and liabilities. To conclude, AGAPL will have to face difficulties to liquify their assets into cash because of the inventory surplus.

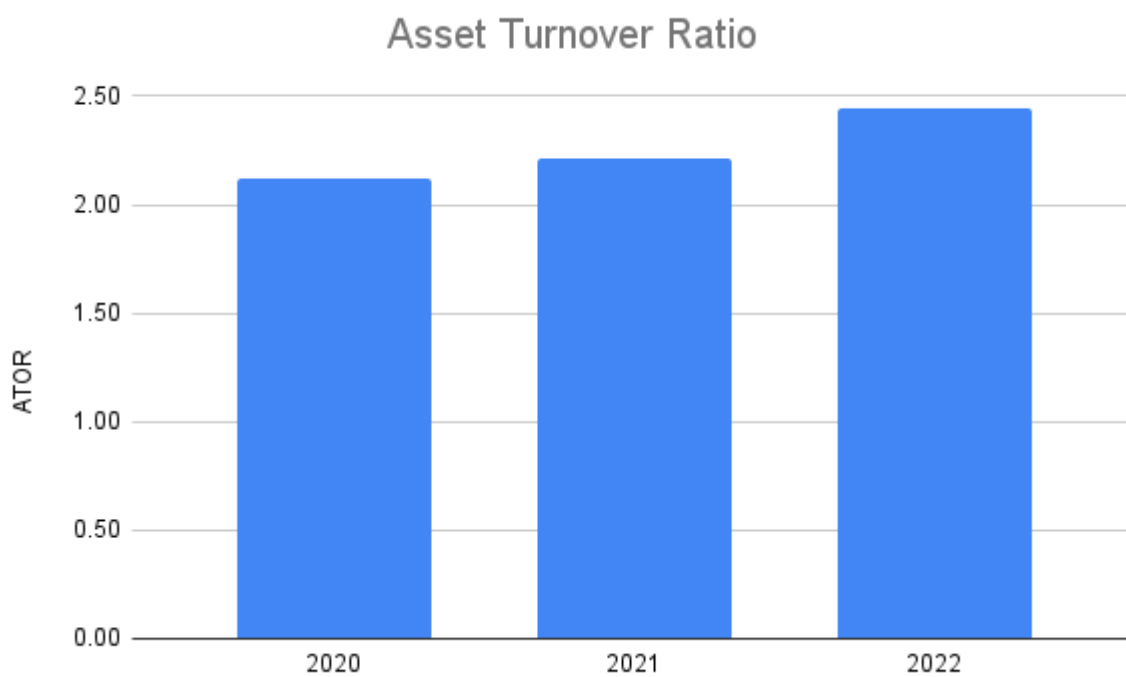
### Inventory Turnover Ratio:



### Interpretation:

The chart mentioned above describes the inventory turnover ratio of ACI Godrej Agrovvet Private Limited. In 2020 it was 5.40x whereas in 2021 and 2022 it decreased a bit to 4.07x and 4.12x respectively. As mentioned before, ACI Godrej Agrovvet Pvt Ltd currently has inventory surplus and the cost of goods sold has also increased over the three years. These ratios indicate that a decline in the inventory turnover ratio. It could imply that the company is not efficiently utilizing its inventory to its potential. To increase production and sales of the products, it would be beneficial to reassess the AGAPL's practices regarding the management of inventory.

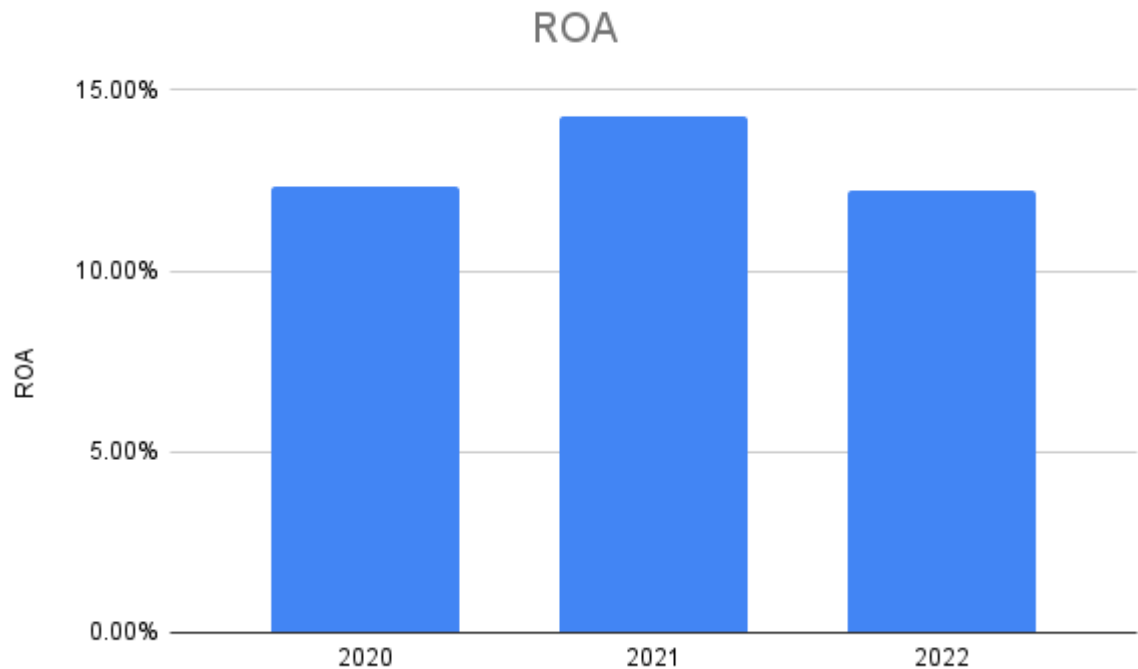
### Asset Turnover Ratio:



### Interpretation:

The data shown in the graph above clearly represents that AGAPL has been continuously improving its asset turnover ratio over time. In 2020 the ratio stood at 2.12x. By 2022 it had steadily increased to 2.45x. The asset turnover ratio helps to understand how efficiently a business generates revenue from its assets. Since AGAPL's asset turnover ratio is greater than 1, this implies that the company is effectively utilizing its assets and generating more income than the amount of assets used. Furthermore, the steady increase in the ratio over the last three years is an indication of AGAPL's sustained success in efficiently earning revenue. In fact, the company has reported an impressive revenue that surpasses double the value of its total assets.

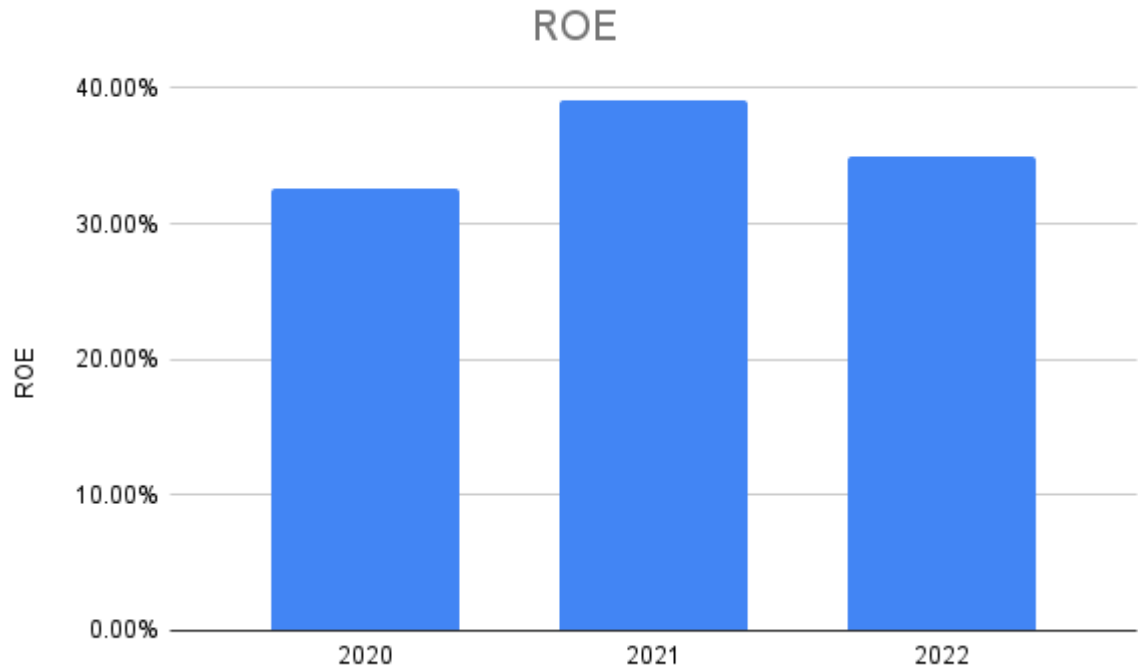
### Return on Asset:



### Interpretation:

The net income to total assets ratio is a crucial metric that sheds light on a company's financial performance. In the fiscal year 2020, this ratio stood at 12.34%, but it witnessed a significant surge to 14.29% in the subsequent year 2021. However, the ratio took an unfortunate dip in the year 2022, plummeting down to 12.23%. These fluctuations indicate that the company managed to generate more revenue in 2021 despite only a marginal increase in the total assets. Conversely, in 2022, the company seemed to face some challenges in terms of low revenue streams and an elevation in the total assets volume compared to the preceding two years. The findings suggest that the company's efficiency did not remain consistent throughout the three-year timeline, especially in 2020 and 2022, as it was in 2021.

## Return on Equity:



## Interpretation:

The ratio we are examining pertains to AGAPL's net income in relation to their total equity. It is important to note that AGAPL is a private company, which means their equity does not hold as much significance in determining their ROE. Therefore, changes in the ROE are mainly influenced by the net income. In the year 2020, AGAPL's ROE was recorded at 32.65%. However, in 2021, there was a substantial increase as the ROE rose to 39.10%. Although there was a decrease in 2022, where the ROE was at 34.89%, it still remained higher than the ROE recorded in 2020. This indicates that the company generated more net income in 2021 compared to the other two years. Despite the decline in ROE from 2021 to 2022, the company's performance in 2022 was still commendable as it surpassed its performance in 2020.

## 2.5 SWOT Analysis:

A SWOT analysis is conducted to thoroughly examine the company profile. It was useful to highlight the advantages, disadvantages, opportunities and risks of ACI Godrej Agrovet.

- **Strengths:**

- Strong and diverse board of directors
- Well-pronounced database and technical systems
- Individual raw material channels; various products
- Rapid company growth well-established distribution channels
- Appropriate interaction with banking channels
- Wide range of products

- **Weaknesses:**

- Lack of social media presence
- The rise in costs associated with imported products can be attributed to the strengthening of the US dollar.

- **Opportunities:**

- Provides a diverse selection of products that is priced reasonably and justly.
- It is possible to envision a well-thought-out marketing strategy that outshines rivals through strategic and cunning tactics.

- **Threats:**

- Consumers are shifting to alternative items due to lack of social media presence
- Competitors are offering products from cheaper dealer channels
- Substitute products with similar pricing is being introduced to the market by the competitors
- Imports are suddenly halted due to global lockdown



## **2.6 Porter's Five Forces Analysis:**

The implementation of Porter's five forces model has been found to be a valuable tool in discerning the competitive market position of ACI Godrej Agrovet Private Limited within the animal feed industry. The utilization of this model has enabled the company to develop effective business strategies.

### **Rivalry among existing firms:**

The level of competition among established firms in the industry is markedly high. Given the presence of numerous competitors vying for market share, the intensity of competition is palpable. Consequently, the threat posed by competition is significant.

### **Threat of substitute:**

The threat of product substitution is low in the industry, as it is not easy to replicate existing products or develop new ones in a short amount of time. This provides a stable foundation for the company to focus more on its own products.

### **Threat of new entry:**

The likelihood of a new entrant in the industry is relatively low due to the significant capital investment, complex machinery, and established business relationships required for successful entry. For this reason, the threat is low here.

### **Suppliers bargaining power:**

The number of suppliers within this industry is notably limited, thereby endowing them with significant bargaining power. Consequently, the corresponding threat for the company is very high.

### **Buyers bargaining power:**

The buyers possess limited bargaining power in the context of AGAPL's sales strategy, which involves the fixation of prices for products sold to designated dealers. As a result, the level of risk to buyers is quite low.

Based on the results of the analysis, ACI Godrej Agrovet Pvt Ltd is considered to have a good market position in the animal feed industry in Bangladesh.

## **2.7 Conclusion / Recommendation:**

AGAPL will benefit from expanding its social media presence to efficiently communicate with its target audience. One way to achieve this is, by enhancing the quantity and quality of their posts collaborating with social media influencers and incorporating sponsored advertising campaigns. Additionally, creating instructional videos that show clients how to properly use their items will benefit them and help strengthen their business reputation.

AGAPL should focus on drafting marketing plans that are specific to their target market in order to stay ahead of their competitors and to increase their market share. They can explore more areas of distribution such as online stores or mobile apps, as well as stay connected with new trends and technological advances in their animal feed sector. Following these processes, they can attract new customers and increase sales and profitability, while retaining their current ones.

To conclude, AGAPL should consider expanding its supplier network to include companies that offer the best quality products at a reasonable price. Partnerships, contracts, or raw material source research can all be used to accomplish this. Businesses can improve their supply chain operations using this strategy. Lower costs will improve the organization's efficiency and increase its profits.

## **Chapter 3**

### **Project Part**

#### **3.1 Introduction:**

Payments need to be processed on a daily basis while running a business. The accounts payable department must monitor these payments closely and process them effectively. This in-depth report will examine how the accounts payable unit of ACI Godrej Agrovat Pvt Ltd works, highlighting their payment practices and the various types of payments they handle on a regular basis.

##### **3.1.1 Background**

Operating businesses, maintaining offices, and managing production all come with costs. These costs include paying the right price and buying enough high-quality equipment, chemicals, raw materials and other essentials. Companies can accomplish this by importing or acquiring from other countries. Materials and chemicals must be purchased for both domestic and foreign transactions. The methods of payment for machinery and temporary charges are, however, different. Short-term expenses are covered by local transactions, whereas purchases of machinery are covered by foreign transactions. Several documents must be submitted to guarantee secure payment processing. Before making any payment, the head office checks these documents thoroughly. Due to security concerns, documents are required for international transactions. In a separate section of the report, a thorough explanation of payment methods - including documents and their importance in facilitating payment - will be given.

### **3.1.2 Objective:**

- Broad Objective:
  - Analyzing and presenting the payment process of ACI Godrej Agrovat Private Limited.
  
- Specific Objective:
  - Understanding the importance of the accounts payable department
  - Finding out the documentation procedure for making payments
  - Finding the process of clearing and closing a payment.

### **3.1.3 Significance:**

To ensure results and prompt payments, businesses must manage their funds effectively by optimizing the accounts payable process. This paper describes the steps taken by ACI Godrej Agrovat Private Limited to improve their accounting system, accurately record transactions in the company's books and guarantee payment execution.

### **3.1.4 Methodology:**

In order to complete the report, it will be imperative to collect both primary and secondary data. Fortunately, the team at ACI Godrej Agrovat Pvt. will be able to provide the necessary information, and my previous internship experience has also yielded some additional data that will be useful for the report. The company website and other relevant resources will be utilized to collect the secondary data.

### **3.1.5 Limitations:**

i. ACI Godrej Agrovet Pvt. Ltd. is a joint venture company that has restrictions on some information, for privacy reasons.

ii. The company's website and social media presence are not very strong and enriched which posed a challenge when gathering information regarding their business operation

### **3.2 Literature Review:**

Accounts payable (AP) includes the processes and activities involved in paying outstanding bills to suppliers, vendors, and other creditors, which is an important part of financial management in enterprises. To maintain a positive cash flow, preserve vendor connections, and guarantee a company's overall financial stability, this function is essential. An organization's operational efficiency, financial health, and strategic decision-making ability are all significantly affected by the speed and accuracy of its accounts payable system. The importance of accounts payable is explored in depth in this literature study, along with how it affects working capital, vendor relationships, and financial transparency. This review's investigation of various aspects of accounts payable seeks to demonstrate its multifaceted significance in financial management.

#### **Importance of Accounts Payable:**

- **Optimization of working capital:**

An important aspect of working capital management is accounts payable. Organizations can prolong payment terms while preserving good vendor connections by effectively managing accounts payable. By balancing their cash flow, businesses can ensure they have enough cash for both operating expenses and capital expenditures. Businesses can maintain a delicate balance between cash inflows and outflows by strategically planning their payments, reducing the need for excessive borrowing and conserving their critical cash.

- **Relationship and negotiations with vendors:**

A company's relationships with vendors are greatly influenced by accounts payable to build a relationship of trust and confidence with suppliers, timely and accurate payments are essential. Strong vendor relationships can result in more favorable terms, savings, and higher quality service. Effective communication between accounts payable department and vendors can create a favorable environment for all parties involved. It can encourage cooperation, problem solving and mutual benefit.

- **Management of cash flow:**

A well-organized accounts payable process contributes to smooth cash flow management. Delays or inaccuracies in payments can disrupt a company's cash flow, potentially leading to strained relationships with creditors and damaging the organization's reputation. Maintaining a consistent payment schedule helps businesses avoid unnecessary penalties, maintain good credit standing, and manage their financial obligations more effectively.

- **Financial Transparency and Reporting:**

Processes related to accounts payable are critical to financial reporting and transparency. For purposes of preparing financial statements, calculating expenses and performing audits, accurate and thorough accounts payable records are crucial. Investors, regulators and internal management can examine the financial health of an organization and make informed decisions with the help of transparent reports.

- **Fraud Prevention and Internal Controls:**

Strong internal controls must be implemented as part of the accounts payable system to prevent fraud and error. Authorized payments, duplicate invoices and other discrepancies are prevented by effective controls such as segregation of duties, approval workflows and routine reconciliations. It not only protects the financial assets of the business but also supports ethical business behavior and legal compliance.

- **Strategic Decision-Making:**

Accounts payable data can provide insightful information for strategic decision making. Cost-saving strategies, procurement optimization, and supplier selection can be informed by analyzing payment patterns, vendor performance, and spending trends. Organizations can turn accounts payable data into useful insights that influence more general business strategies with advanced analytics.

In conclusion, accounts payable goes beyond its function as a straightforward financial transaction system and emerges as a critical component of organizational success. Its implications go beyond immediate financial aspects to include vendor relationships, cash flow management, financial transparency, fraud prevention, and strategic decision making. Companies can improve their performance, preserve sound financial positions, and build long-lasting relationships with vendors and creditors by understanding the diverse value of accounts payable and investing in streamlined and efficient processes. Accounts payable plays an important role in navigating the complex terrain of contemporary business, even as technology continues to transform financial management.

### **3.3 Findings and Analysis:**

This segment explores into the payment procedures and requisite documentation for both local and international transactions, as executed by the accounts payable unit of ACI Godrej Agrovet Private Limited.

#### **Payment procedure for local transactions:**

##### **i. Raw Materials and chemicals:**

AGAPL's commercial department takes on the crucial task of negotiating with local suppliers to acquire the necessary raw materials for the feed mills. Once the required quantity has been determined, a Purchase Order (PO) is then generated by SAP. The suppliers

then diligently deliver the goods, and upon arrival, two types of Good Received Note (GRN) are created in SAP using the MIGO T-code in the general ledger. These two types of GRN are known as Gate Entry GRN and Acceptance GRN.

The Gate Entry GRN is the first to be prepared when the raw materials arrive at the feed mills and pass through the factory gate. Security officers are on hand to carefully inspect the goods, collect the delivery challan from the transporter, and affix a seal that indicates the date and time of entry. This meticulous process ensures that all the raw materials that enter the feed mills are of the highest quality and meet all the necessary safety standards.

Subsequently, the raw materials go through a meticulous evaluation of moisture levels in the laboratory. If the moisture level falls within the acceptable range, the product is approved for further use. However, if it falls within the margin of error, it is still approved but with a rebate. Conversely, if the moisture level does not meet the requirements, it is returned to the vendor for rectification. Once the certificate of analysis is completed, the transaction record is logged as a back-end entry, and the inventory is debited while the Goods Receipt Invoice Receipt (GRIR) is credited in the SAP system. As orders are frequently placed in bulk, suppliers may send portions of the total order amount at different times. In such cases, different Goods Received Note (GRN) numbers are assigned under the same Purchase Order (PO) number.

Initially, all the necessary documentation is compiled and then sent to the Head Office for further processing. At the Head Office, the Goods Received Notes (GRN) are meticulously organized in ascending order, starting with the Purchase Orders (POs) followed by their corresponding GRNs. Meanwhile, the suppliers send their bills to the Head Office, which are then cross-checked with the GRNs. In cases of any discrepancies, the suppliers are requested to provide revised bills. Assuming everything is accurate, the accounts payable department will create a liability for the company in SAP. GRIR account is debited and vendor account is credited as per this process, which is done using T code MIRO.



ACI Godrej Agrovet Pvt Ltd prepares a schedule for each supplier considering the payment credit period so that they pay their debt on time. Once the schedule is completed, AGAPL make a journal entry to record the payment. The banks are then informed about the payment and are requested to pay the vendors on behalf of ACI Godrej Agrovet Pvt. As a result, creditors' accounts are debited, and the company's bank accounts are credited. With this method, a reliable payment system is established, which ensures correct payments to all suppliers.

It is important to note that suppliers may sometimes ask the company to pay for transportation and unloading costs. To properly account for these costs, the corporation must credit its cash account while debiting its debtors account for transportation costs. For unloading costs, it should likewise debit its debtors account and credit its inventory account. Furthermore, if a discount is given, the accounts of suppliers or debtors will be debited and the accounts of material inventory will be credited. These costs need to be reconciled with the supplier's account before payment is sent.

## **ii. Short Payments:**

It is very common to pay for goods and services including hardware, auto parts, stationery, maintenance services and stationery supplies. When an order is placed or services are rendered, SAP creates a Purchase Order (PO) to initiate the process. Then, either the service provider will issue a bill for the services rendered or the supplier will deliver the goods with a delivery invoice.

Once the products are received, the SAP system generates two types of Good Received Notes (GRN) using the MIGO T-code. These are the Gate Entry GRN and the Acceptance GRN. The Gate Entry GRN is created when the products pass through the factory gate while being transported to the feed mills or offices. This process includes a thorough check conducted by the security officers, who are responsible for ensuring that everything is in order. Additionally, they collect the delivery challan from the transporter to verify that the products have been delivered according to the agreed terms.

After the products are received, they are subjected to a thorough inspection and count to ensure they align with the order. If everything checks out, the responsible officer affixes a seal onto the delivery challan and notes the date and time of entry. They also sign all relevant documentation. This journal entry then proceeds to the back end, where inventory is debited and GRIR (Goods Receipt Invoice Receipt) is credited within the SAP system. It's important to note that if suppliers send products for the same order multiple times, separate GRNs (Goods Received Notes) are issued under the same PO (Purchase Order) number. This same principle applies to services as well.

After the completion of creating and compiling the necessary documents, they are then forwarded to the Accounts and Finance Department located at the Head Office. Once arrived, the GRN documents are sorted out and organized in a meticulous manner according to their corresponding vendors. At the same time, the suppliers and service providers submit their bills to the Head Office, which are then thoroughly scrutinized and checked against the GRNs. As products and services are usually subjected to VAT and Tax, employees take extra care in examining these figures and making the necessary adjustments to the journal entries. This is to ensure that all financial records are accurate and comply with the legal requirements. If there happens to be any inconsistency in the invoice, the suppliers will be asked to send a corrected bill. On the other hand, if everything is accurate, the accounts payable department will carefully scrutinize the value-added tax and tax amount before recording a legal obligation for the company in SAP. This entry is carried out through the use of the T-code, MIRO, where the GRIR account is debited and the Vendor account is credited.

Once all outstanding liabilities have been reviewed, a payment schedule is created based on the credit period. This schedule is then used to record a corresponding journal entry. Once the plan is finalized, it is sent to the banks. The banks then proceed to make payments to the suppliers on behalf of ACI Godrej Agrovet Private Limited. This process involves debiting the accounts of suppliers and service providers while simultaneously crediting the bank accounts.

## **Payment procedure for international transactions:**

### **Raw Materials and Chemicals:**

AGAPL's CNF agent is an expert who efficiently oversees the entire process of importing items for businesses. They are responsible for managing the extraction, unloading and transportation of goods from the port to their final destination using the most convenient and cost-effective method. CNF agents worked diligently in addition to these tasks. They submit the bill to the HO detailing all the expenses incurred during the import process. These costs include labor costs, vessel unloading fees, docking fees, transportation costs and numerous additional fees. AGAPL's competent CNF agents are in charge of the import process of this company, so it is in good hands.

Commercial departments put a lot of effort into creating a quote that they can show to suppliers in other countries when the purchasing process begins. All supplies, equipment and chemicals required for the feed mill or office are included in this quote. After receiving quotations, negotiations are held between the department and suppliers in an effort to establish an agreement satisfactory to all parties.

Once an agreement is reached by both parties, suppliers will issue a proforma invoice to AGAPL, the importing party in this instance. The supplier must confirm that they have paid for their product as this is a transaction. The company must initiate the process of creating a letter of credit with a bank that can act as a payment intermediary to secure it. Once this phase is satisfactorily completed, the commercial department will proceed with the delivery of the products to their intended destination, Bangladesh. Despite the best efforts by exporters to guarantee that customers receive the high-quality products they deserve, there is always the risk that something can go wrong somewhere in the supply chain. To address and overcome this issue while providing excellent service, AGAPL has partnered with a worldwide renowned research firm to conduct a thorough assessment of product quantity and quality. Once the

evaluation is complete and meets the company's rigorous standards, a detailed report will be generated and submitted to the agent in charge. In the event of any defects found in the product after it has been received in Bangladesh, the supplier cannot be held responsible. In order to minimize the possible risks or losses, the company has introduced insurance policies for their products. The crucial documents and bills are also shared with AGAPL's agent for their proper documentation.

After placing an order for a specific quantity, the SAP system takes over and generates a Purchase Order (PO) automatically. Next, the vendor exports the requested products. Once the raw materials, chemicals, or machinery are received, the goods receipt note (GRN) is created in SAP using the MIGO T-code. Following this, a journal entry is made in the backend of the system, which results in a debit to inventory and a credit to GRIR in SAP. This process ensures accurate record-keeping and efficient management of inventory.

In situations where orders are placed in large quantities and transported via cargo ships, it is not uncommon for the ship to be unable to dock at the intended port. In such cases, the products are transferred to smaller vessels and sent to the nearest river port. At this port, trained workers carefully pack the raw materials into bags and transport them to the final destination. Alternatively, if the products are transported by rail, they are taken to the nearest station to the destination. It is important to note that these alternative methods of transportation may result in additional labor costs, which will be passed on to the agent. Furthermore, the cost of transportation may also vary depending on the port of import as well as the type and quantity of product being imported.

After compiling and sending the bill to the Head Office of ACI Godrej Agrovet Private Limited, the CNF agent's work is not yet complete. Accounts staff at the head office review the bill to ensure its accuracy and consistency. If any discrepancy is discovered, the CNF agent will be requested to send a revised bill. However, if everything goes according to plan, the accounts payable department will enter a liability for the company in SAP. For this, a journal entry is created with T-code MIRO/LC, where GRIR is debited and vendor is credited. It

ensures that every transaction is properly recorded and that the company's financial records are accurate and up to date.

AGAPL created a customized schedule that takes into account the length of payment credits to effectively manage current obligations. As a result, quick payment execution is ensured. Then, the company carefully creates an entry in the journal. ACI Godrej Agrovat Pvt Ltd then instructs the banks to complete payment to the vendors. As a result, accounts of suppliers/vendors are debited and accounts of banks are credited.

Here, it is important to keep in mind that payments for imports are not paid directly. Rather the company uses the bank-to-bank payment method for a smooth transaction. The amount which is issued in the LC is credited from the bank accounts of AGAPL, and that amount is debited to the supplier's bank account. Additionally, any additional costs incurred for transportation and labor, after the products have been released from ports and brought to factories or offices, are added to the material cost. The cost of labor and transportation is then debited to inventory, while the creditor is credited accordingly. It is noteworthy that laborers are also considered creditors in this particular scenario.

## **Invoice Format:**

### **i. GRN of raw materials and chemicals:**

The initial document bears the cover page of the GRN, comprising of the vendor's name, factory's name, purchase order and GRN identification numbers, product's name and corresponding quantity, delivery truck's identification number and the signature of authorized personnel.

In order to validate the accuracy of the information contained on the GRN page, a collection of supporting documents is appended. These documents include the delivery challan, gate entry slip, weight scale measurement, and certificate of analysis.

**ii. GRN of short payments:**

**For goods:**

Short payment bill documents include a bill provided by the supplier, which includes pertinent details such as the name of the product, its corresponding quantity, and its price. In addition to this, supporting documents are also included, namely the value-added tax payment receipt, purchase order, delivery challan, and lastly, the goods receipt note.

**For services:**

In the realm of service billing, the pertinent documents that are typically presented include the bill from the service provider, the VAT payment receipt, the purchase order, the challan for the service(s) rendered, the GRN, and any additional corroborating documentation, such as a quotation, periodic maintenance record, or letter.

Within the accounts payable department, it is standard procedure to request and meticulously verify original documents. Once confirmed, these documents are then scanned and linked to their corresponding MIRO payment number using the MIR4 T-code for seamless document attachment. It is important to note that for some payments, a purchase order may be absent. However, all other procedures remain unchanged. To ensure that such payments are accurately recorded within SAP, it is recommended to utilize the FB60 T-code.

### **3.4 Conclusion:**

To conclude, the Accounts Payable unit at ACI Godrej Agrovet Pvt Ltd has put a well-organized payment process in place. This process skillfully controls responsibilities confirming payment to all the suppliers. The company prioritizes transparency, obedience and precision to form connections with clients and to stimulate trust.

The dedicated team behind Accounts Payable focuses on upholding integrity throughout the payment process. They have integrated processes to verify the authenticity of shipments and ensure compliance with agreed upon terms. This comprehensive process not only lowers the chances of errors but also protects against any potential illegal activities.

To make payment processing well organized, the Accounts Payable unit takes advantage of technologies and automation. This helps to decrease the need for intervention, quickens the processing of payments and guarantees payment to suppliers.

ACI Godrej Agrovet Pvt Ltd recognizes the value of building relationships with suppliers and vendors based on norms, fair conduct and prompt payment. The accounts payable unit contributes substantially to the market standing and overall health of the company.

Today's business environment places a premium on maintaining stability and building trust. ACI Godrej Agrovet Private Limited is aware of the value of excellence in its accounting practices as the basis for long-term success and sustainable growth.

## References

- [1] ACI Godrej Agrovat Pvt. Ltd. (n.d.). ACI Limited. <https://aci-bd.com/our-companies/aci-godrej-agrovat-pvt.-ltd.html>
- [2] ACI Godrej Agrovat – A diversified agri-business company. (2019, October 15). <https://acigodrejavat.com/>
- [3] Madhobi, A. J. (2022). Import process of ACI Godrej Agrovat Private Limited.

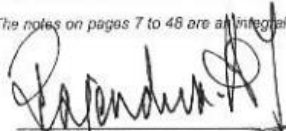


## Appendix

### ACI Godrej Agrovet Private Limited Statement of financial position

<i>In Taka</i>	<i>Note</i>	30 June 2022	30 June 2021
<b>Assets</b>			
Property, plant and equipment	5	2,678,464,664	2,785,202,207
Intangible assets	6	7,148,630	9,741,851
Investments	7	36,997,345	38,997,345
<b>Non-current assets</b>		<b>2,722,610,639</b>	<b>2,841,941,403</b>
Inventories	8	4,077,042,121	3,040,860,008
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	187,251,872
Advance income tax	12	97,317,857	5,980,080
Cash and cash equivalents	13	102,454,949	111,780,314
<b>Current assets</b>		<b>5,154,385,744</b>	<b>3,993,640,273</b>
<b>Total assets</b>		<b>7,876,996,383</b>	<b>6,835,581,676</b>
<b>Equity</b>			
Share capital	14	370,000,000	370,000,000
Retained earnings		2,391,247,322	2,127,885,085
<b>Total equity</b>		<b>2,761,247,322</b>	<b>2,497,885,085</b>
<b>Liabilities</b>			
Loans and borrowings	15	-	62,000,823
Lease liabilities - Non-current portion	16	377,098,307	347,010,896
Deferred tax liabilities	17	107,930,296	101,297,033
Employee benefits	18	24,150,000	37,038,956
<b>Non-current liabilities</b>		<b>509,178,602</b>	<b>547,347,668</b>
Loans and borrowings	15	-	44,871,795
Lease liabilities - current portion	16	40,580,630	37,904,069
Short term bank loan	19	1,765,382,125	1,683,589,729
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	235,382,207
<b>Current liabilities</b>		<b>4,606,570,459</b>	<b>3,790,349,141</b>
<b>Total liabilities</b>		<b>5,115,749,061</b>	<b>4,337,686,809</b>
<b>Total equity and liabilities</b>		<b>7,876,996,383</b>	<b>6,835,581,676</b>

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

  
Rajendra Agnihalli Yelagowda  
Managing Director

  
Dr. A. K. M. Fareyzaul Haque Ansary  
Director

  
Mollammad Mostafizur Rahman  
Company Secretary

As per our report of same date.

  
Auditor

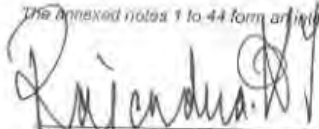
Ashraf-Uz-Zaman Ali, Partner  
Enrolment Number: 1518  
Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh  
Firm Registration Number: N/A

Dhaka, 03 OCT 2022

**ACI Godrej Agrovet Private Limited**  
**Statement of financial position**

<i>In Taka</i>	<i>Notes</i>	30 June 2021	30 June 2020
<b>Assets</b>			
Property, plant and equipment	5	2,795,202,207	2,793,975,778
Intangible assets	6	9,741,851	765,080
Investments	7	36,997,345	36,873,444
<b>Non-current assets</b>		<b>2,841,941,403</b>	<b>2,831,614,312</b>
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	271,128,395
<b>Current assets</b>		<b>3,993,640,274</b>	<b>3,216,992,475</b>
<b>Total assets</b>		<b>6,835,581,677</b>	<b>6,048,606,787</b>
<b>Equity</b>			
Share capital	15	370,000,000	370,000,000
Retained earnings		2,127,885,068	1,915,814,416
<b>Total equity</b>		<b>2,497,885,068</b>	<b>2,285,814,416</b>
<b>Liabilities</b>			
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
<b>Non-current liabilities</b>		<b>547,347,468</b>	<b>594,496,495</b>
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	23,793,808
Trade and other payables	21	1,145,735,892	2,451,083,856
Accruals	22	632,921,888	140,235,434
Provision for expenses	23	235,392,207	264,976,314
Provision for tax	13	-	18,090,706
<b>Current liabilities</b>		<b>3,790,349,141</b>	<b>3,168,295,676</b>
<b>Total liabilities</b>		<b>4,337,696,609</b>	<b>3,762,792,371</b>
<b>Total equity and liabilities</b>		<b>6,835,581,677</b>	<b>6,048,606,787</b>

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

  
Rajendra Agnihalli Yelegowda  
Managing Director

  
Dr. A. K. M. Farayzul Haque Ansary  
Director

  
Mohammad Mostafizur Rahman  
Company Secretary

As per our report of same date.

Dhaka 27 OCT 2021

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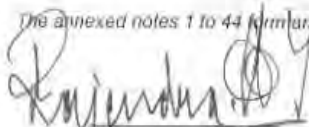
  
Auditor


Alli Ashfaq, Partner  
Enrolment Number: 509  
Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

**ACI Godrej Agrovet Private Limited**  
**Statement of financial position**

<i>In Taka</i>	<i>Note</i>	<b>30 June 2020</b>	<b>30 June 2019</b>
<b>Assets</b>			
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	36,802,088
Lease receivable	9	-	213,255
<b>Non-current assets</b>		<b>2,831,614,312</b>	<b>2,147,420,907</b>
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
<b>Current assets</b>		<b>3,216,992,475</b>	<b>2,510,698,541</b>
<b>Total assets</b>		<b>6,048,606,787</b>	<b>4,658,119,448</b>
<b>Equity</b>			
Share capital	17	370,000,000	370,000,000
Retained earnings		1,915,814,416	1,768,947,522
<b>Total equity</b>		<b>2,285,814,416</b>	<b>2,138,947,522</b>
<b>Liabilities</b>			
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
<b>Non-current liabilities</b>		<b>594,496,495</b>	<b>291,117,063</b>
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
<b>Current liabilities</b>		<b>3,168,295,876</b>	<b>2,228,054,863</b>
<b>Total liabilities</b>		<b>3,762,792,371</b>	<b>2,519,171,926</b>
<b>Total equity and liabilities</b>		<b>6,048,606,787</b>	<b>4,658,119,448</b>

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.