Financial Analysis of KM Cargo and Logistics

Financial Analysis of KM Cargo and Logistics for Expanding Business in China and Malaysia

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Abstract

This report has been made to analyze the decision of take import, export and courier service available branch in China and Malaysia. In future business expanding in China and Malaysia that KM Cargo and Logistics is looking forward. In this report financial analysis has been used for the decision of business expanding is right or wrong.

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# Executive Summary

The report has been made to analyze the data for making investment decisions for expanding business in China. KM Cargo and Logistics is a company known for the export, import, and courier of products. The company already has a branch in Malaysia for importing the logistic products in Bangladesh and marketing and selling the products for Bangladeshi customers. Now the company is going to import the Chinese product in Bangladesh and export the Bangladeshi product in China and Malaysia.

The report has been based on the current financial information of the KM cargo and Logistics. Mainly discuss about the Bangladeshi branch and Malaysia branch current financial information. The company is in a good position for financing. So, this is high time to broaden the business. Also discuss a few crucial financial information for future investment opportunities.

The Company current financial condition has been analyzed and then a business expanding decision has been taken. The company presents business value BDT 350000000 or 35 crore BDT, and the monthly average income is BDT 1499743.85.

For the expansion of the KM cargo and Logistics business which will cost approximately 10 crores BDT. The 10 crore BDT will cost in make the import and export branch in China and Malaysia. But in Malaysia, already have a branch for import, only the exporting permission in required.

**Keywords: Financial Analysis, ROI**

# Introduction of KM Cargo and Logistics

KM Cargo and Logistics is a company that provides services like import, export, and courier services. The company was founded in 2008 and the first service is product delivery service. The company first import product form Malaysia to Bangladesh and sell the product in Bangladesh by taking shops in markets. Its purpose was to meet the needs of both Bangladeshi citizens at home and abroad.

The customer can do online order through KM Cargo and Logistics for the product that not available in Bangladesh. Now the company have courier service business with Malaysia for the import of logistic and cloth product. The courier services are only for the client order product. The company is also the importer service for owning the product and selling.

KM Cargo and Logistics try to expand their business in Bangladesh. There focus is trying to give in every division of Bangladesh in future. They try to expand their business in China and planning to create an import and export branch in China.

## **The specialty of KM Cargo and Logistics:**

**Online Delivery Services:** The company has a good online delivery service system. The delivery men are very effective for delivering the product in time. The company’s focus is the product that is delivered as it is that the client is ordered.

**Courier service:** The company has also the courier service system with Malaysia. The customer can sand the products to their relatives in Malaysia. The product per KG charges 12 ringgits in BDT 286.92 taka. If any product is missing the hole thing is company responsibility.

**Return Product:** If any product is defective then the company takes 5 to 6 hours to exchange the product. The condition applied; the customer needs to inform the company within 2 days after receiving it. For electronic device any physical damage by client is not returnable.

### **KM Cargo and Logistics main aims are:**

* Give good service to the client.
* Deliver quality product that client order.
* Maintain the delivery product quality.
* Give a fast courier service system.
* Service the Bangladeshi, Malaysian and Chinese client with quality product.

## **Market Scenario of KM Cargo and Logistics**

Size of the industry

In Bangladesh population 16 Crore

In Malaysian Bangladeshi client and Malaysian people 1 Crore

The 18-65 aged are 75% or 12 Crore people.

In the 12 Crore people approximately 50% 6 Crore people know about e-commerce

Another 6 Crore people do not regularly use the e-commerce site or portals.

The company Present coverage is approximately 4 Crore people.

### **Marketing Channels:**

* Digital Platforms
* Social Media
* Influence Marketing



**Figure 1: CAC in 2021 and 2022**

# Present Revenue Growth



**Figure 2: The annual revenue of KM Cargo and logistics form 2008-2022**

## **Revenue Growth:**



**Figure 3: Revenue Growth**



**Figure 4: Income Statement form 2008-2022**



**Figure 5: Present ROI form 2008-2022**

So, per year ROI = 33.42%

This ROI indicates how much capacity is in the financial condition of KM Cargo and logistics. The company only just started by capitalizing on a very low amount. With time, the company grew up and showed to all everyone how to become from zero to hero in the business industry.

# **Overview of Future Business Plan**

KM Cargo and Logistics plan is open 3 Branches in Malaysia and China. In Malaysia Already have a branch for import product. There will be a total of 6 branches.

These will help for expansion the business in Malaysia and China. The main reason for those branches is export, import, courier service. First, the company have a branch in Malaysia which only for import and courier services. Now, the company is trying to give the service like import, export, and courier by 6 branches which will take in Malaysia and China.

In 2008 – 2022 years KM Cargo and Logistics will send 245-ton products to Malaysia and generate revenue from those products. Per ton product will sell 245 Ringgit in average. About 2500000 Ringgit is earned by the company by courier service.

KM Cargo and Logistics have already generated 233960042 BDT revenue in the current year. If the company will open the 6 branches the revenue will be (233960042 + 70000000) = 303960042 BDT in the first year. And, since next every year sales will be added form exports and couriers service products, then we can estimate that next five-years avg. 70000000 BDT will be added consecutively.

# **Financial Analysis**

At present KM Cargo and Logistics main branch in Dhaka and a subbranch in Malaysia. But the company wants to expand its offices in Malaysia and China. Because the company have golden client for purchasing the product all over Bangladesh, Malaysia, and China.

To make face-to-face communication easier with the clients, import, export and courier services, the company decided to setup 3 branches each in Malaysia and China. Hopefully, this decision will help our clients a lot and we can serve as much as our client with this business.

## **KM Cargo and Logistics revenue assumptions**

The total revenue of KM Cargo and Logistics over the 14 years (2008-2022) at the End of October 2022. The company has already generated 233960042 BDT revenue at the end of 2022. The company accepts 60%-75% fluctuations can be estimated for future revenue.



**Figure 6:Estimated revenue growth for next five years**

# **Expense Analysis**



**Figure 7: Estimated Total Costs for Setting Up 6 Offices**

The cost analysis above is cost comparison. The costs of preparing these financial statements differ from those of controlling operations. In the future, these costs can be controlled or uncontrollable, and they are limited by time and resources.

# **Projected Income Statement**



**Figure 8: Projected Income Statement**

## **Profitability in the period of five years**



**Figure 9: Profitability form 2023 -2027**

Total ROI = 2470.83% Per year ROI = 494.166%

Total Net Income **= 24708287181**

# **Conclusion**

After calculating all the financial analysis tables, KM Cargo and Logistics makes the decision to take branches in Malaysia and China. The company might have a loss or might have profit depending on the services and the business situation. The company will implement the forecasting methods soon. If all the criteria are executed efficiently, the company can hope the business project will be accomplished successfully. It's duty of the company’s employee to ensure that the company take all the necessary steps to execute the business plan and maintain a healthy balance sheet to increase revenue.