A Report on Performance Analysis of Textiles Company in Bangladesh

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Dear Sir,

It is an honor and great pleasure for me to present my project report on "Performance Analysis of Selected textiles companies of Bangladesh". This report was assigned to me for the incomplete fulfillment of the requirement of Accounting & Information System (AIS), Under BBA program of United International University.

The analysis I conducted increase my knowledge to make an executive report. This report has given me an extraordinary experience that might have vast uses in the future endeavors.

I sincerely hope that it would be able to satisfy your expectations. I respect your collaboration and I think you will call upon me with any queries cause by this report.

Thanking you and looking forward to receive your gracious approval of my submission.

Yours Obediently,

…………………......

Naiem Md Riyadh

114 143 011

BBA in AIS

Acknowledgement

At first, I offer millions of sincere thanks to almighty Allah for his kindness on me in completing this report. I am also thankful to my supervisor Dr. James Bakul Sarker. The success and final consequence of this project required a lot of guidance and assistance from my supervisor Dr. James Bakul Sarker. I am extremely privileged to have this up and completion of my project. All that I have done is only due to such supervision and assistance and I would not forget to express gratitude toward him.

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Executive Summary

This report applies performance evaluation of selected Textiles Company in Bangladesh. Here we select four textiles company (Argon Denims Ltd., Envoy Textiles Ltd., Malek Spanning miles Ltd, And Shasha Denims Ltd.). This company's financial statement analyzed and studied thoroughly to understand company's financial performance. That financial statement incorporate with balance sheet, income statement. The main data collection from the annual financial reports on those four selected textiles company's in 2012 to 2017. Different financial ratio are consider such as liquidity ratios, leverage ratio, coverage ratios, profitability ratios, activity ratios finally measure the best performance between four companies. The mathematical calculations was establish for ratio analysis between those four companies from 2012 to 2017. The most important factors for this performance evaluation is graphical analysis and comparisons between those four companies financial ratio analysis.

Chapter -1

Introduction

Introduction

This chapter gives an introduction to this report. A general introductory part of the report is intended to introduce two specific dimensions of the project report: Introduction to the topic in hand and a brief introduction of the organization.

Performance analysis of a company is generally related to how efficiently a company can use it assets, shareholder equity and liability, revenue and expenses. Financial ratio analysis is one of the important tools of performance analysis, In order to determine the financial position of the textiles company and to make a decision of how efficient the textiles company, its operation and management and how well the company has been able to use its resources and earn profit. We used ratio analysis for easily measurement of liquidity position, asset management condition, profitability and market value and debt coverage situation of the textiles company for performance analysis. It analysis the company utilized of its assets and control of its expenses and determines the coverage of liquid assets to short-term liabilities. It measures textiles companies overall efficiency and performance. It also used to analysis the textiles companies' previous financial performance and to establish the future trend of financial position.

We select four textiles companies in Bangladesh. We discuss and analysis this companies performance and there condition by comparing between them. For this we choose Argon Denims Ltd, Envoy Textiles Ltd, Malek Spinning Milles Ltd, and Shasha Denims Ltd. This are the most famous company in Bangladesh. They are in top position among all national, multination, private and public textiles companies of Bangladesh. Their mission is to produce and provide quality product to people around the world, maintain strongly ethical standard in business operation also ensuring benefit to the shareholder, stakeholder, and society.

Chapter – 2

Organizational Background and Industry Perspective

Organizational Background and Industry Perspective

Argon Denims Ltd

Argon Denims Ltd was incorporated as a Private Limited Company on July 13, 2006 under the Companies Act 1994 to produce Denim Fabrics. The commercial operations of the company started in March, 2008. The factory is situated at Sreepur in Gazipur district of Bangladesh.

The Company mainly produces medium and premium range denim fabrics in various weights ranging from 4.5 Oz to 13 Oz. The annual production capacity will reach a mark of 18 million yards by December 2012.

Fabrics in 100% cotton, Cotton Stretch, Cotton Polyester and Cotton Polyester Stretch are made in optics like Slub, Crosshatch, Mixed counts and Regular with various weaves like Plain, Twill, Broken twill and Herringbone offered in different finishes like pre shrunk, flat, over dyed and coated.

Our dyeing line is equipped for Light and Dark Indigo, Sulphur Black, SBIT, IBST with casts and colors.

State-of-the-art water effluent treatment and sewage treatment plant ensures environment friendly operations; we are accredited with Oeko-Tex and Organic Content Standard certificates.

Advanced production equipment's, strict quality control systems, robust sample development capability and well established design and marketing network contribute to our growing reputation in this industry. More and more branded enterprises appear in our customer's list.

VISION

To establish the company as the most admired institution in the textile industry of Bangladesh by producing and supplying quality products to customers at affordable prices while following an ethical business process so that the stakeholders and society at large are benefitted.

MISSION

- To gain market leadership in the denim fabric manufacturing industry within 2 years.
- Use innovation and speed as the driving factor for Progress.
- To produce various type of premium denim fabrics for global retailers and brands.
- To be a good corporate citizen
- Ensure environment friendly and ethical process flow

OBJECTIVES

- To grow continuously & ensure a fair return by giving at least 20% dividends.
- To ensure that the return on investment is above the industry norm.
- To ensure development of skills and human resources.
- To contribute significantly to the national economy.

Envoy Textiles Limited (ETL)

Envoy Textiles Limited (ETL) is a manufacturer of high quality fashion denim in Bangladesh, located at Bhaluka, Mymensingh. Introducing rope dyeing denim for the first time in the country, ETL has been designed with a combination of superior man, machinery and management. The factory is built over 50 acres of land with an annual production capacity of 20 million meter. ETL is doubling its denim capacity from 20 million meters to 40 million meter per annum. The additional capacity will be available from March, 2013 onwards. The project is a 100 percent export-oriented unit consisting of the state-of-the-art machineries from world's best sources including USA, Japan, Korea, Italy, India etc.

ETL views business as a customer satisfying process and aims to be the market leader through excellence in product quality, offering high value added diversified products, formulating customer friendly service policy and providing one stop solution for our business partners to get high quality denim fabrics and garments.

ETL is the pioneer Textile unit which started exporting denim fabric from Bangladesh. It is the first time in export history of Bangladesh, that denim has been exported to countries like USA, Germany, Italy, Turkey, India, Nepal, Srilanka and Egypt from ETL. It has won the National Export Trophy (Gold) for the year 2009 -10.

ETL has become a public listed company in 2012.ETL Major Buyers are Marks & Spencer, UK, H & M, Sweden. Walmart, USA, Carrefour, France, Tema, Turkey, VF Asia, USA, ZARA, GAP, TESCO, DEBENHAMS etc.

VISION

To achieve a global dominance through:

- To become a vertically integrated manufacturer for fabric & garments
- Excellence in product quality
- Diversify products through continuous product innovation
- Customer orientation and cost effectiveness

Malek Spinning Mills Limited

Malek Spinning Mills Limited, together with its subsidiaries, manufactures and sells yarns in Bangladesh and internationally. The company provides carded and combed, polyester, cotton, and open end yarns, as well as garments, and knit and denim fabrics. It offers its products to the local denim fabric and garments manufacturers. The company also produces and sells T-shirts, polo shirts, jersey knits, leggings, hooded jackets, ladies lingerie, and men’s boxers. Malek Spinning Mills Limited was incorporated in 1989 and is headquartered in Dhaka, Bangladesh.

Shasha Denims Ltd

Since its establishment in 1996 Shasha Denims Limited (SDL) has started to march with vigor from 2000 and now it is one of the leading denim fabric producers in Bangladesh. The Company is suitably located at Dhaka Export Processing Zone (DEPZ) with the best available infrastructural facility. It is a professionally and most modern computerized SLASHER DYEING technology SDL is able to give valued customers the managed and technically sound organization and its plant is fully integrated with state of the Art technology and machinery from Switzerland, Germany, Belgium and USA. Besides, with the best real classical Indigo Denim.

Over the years, the company has been researching for technology which can enable the company to produce quality denim clothes that are not manufactured by any denim manufacturer in Bangladesh. The Company produces denim fabrics weighing from 4oz/yd2 to 15oz/yd2. It is a deemed exporter and eventually serves the EU and Australian Markets. Present production capacity is 21.6 million yards per year. Most of the customers are world renowned and in many of cases SDL is the only nominated supplier for them from Bangladesh. Shasha Denims Limited makes fabrics for Marks & Spencer, Zara, C&A, Cotton on, Target Australia, George, New Look, Tesco, Best seller, Jack&Jones, Dressman, Gina tricot, LPP, Kiabi and so on and deliver the largest quantity from Bangladesh.

As part of continuous endeavor of this operational excellence SDL is going to establish a new plant in DEPZ extension area with top of the line latest technology which will lead to increase the production capacity by 9.6 million yards annually. It is estimated that the cost of the new plant would be more or less Tk.175.00 crore. As per plan it is expected that yearly revenue would be increased by thirty percent after the completion of the new plant.

Vision

- To be a prime denim manufacturer in the Country through maintaining best quality and commitment.

Mission

- To continue endeavors for development towards satisfaction of existing customers through quality denim products with innovations and
- To expand business by increasing capacity of production using IPO fund and become premier denim producer of the country.

Objectives

- To give emphasis on continuous development endeavors and value addition to become a leading denim producer and holding its position in the country.
- To regular expansion of the project with advanced technology.
- To protect shareholders’ interest as well as maximize the wealth of the organization.
- To maintain a congenial working environment.
- To practice good governance in every sphere of activities covering full disclosures and reporting to shareholders

Textiles Industry Bangladesh

The textile industry in Bangladesh has grown in an unplanned manner and a critical demand-supply gap has arisen for both yarn and fabric. The crisis will naturally deepen unless appropriate backward linkages, the incorporation of the fundamental steps in the textile industry all through to the RMG industry, can be built to meet the rapidly approaching challenges in the global textile market. As the population is growing and the standard of living is increasing in Bangladesh, the demand for textiles is increasing rapidly. This presents an urgent need to dramatically increase capacities in spinning, weaving, knitting, and dyeing, printing, and finishing sub-sectors. This will require the adoption of the most modern and appropriate technology to ensure quality products at competitive prices. The possibility of increased yarn production in Bangladesh is an issue that has been looked into extensively by many researchers. These investigations have revealed the country actually has a comparative advantage over all competitors in terms of the expense of yarn production. However, in regards to the total yarn cost, Bangladesh's advantage over India and Pakistan disappears, even though it remains competitive with other producers. This is essentially a result of the higher cost of raw materials in Bangladesh, as most need to be imported. Bangladesh has a lower waste percentage than all its competitors. Power along with Korea is the cheapest in Bangladesh amongst all the yarn producers. The country also has a very low depreciation rate and a fairly low interest rate as well, aided by a low conversion cost as well. However, the price of auxiliary materials in Bangladesh is the highest among all the yarn producers, as is the price of raw materials. Due to these two factors Bangladesh loses its comparative advantage over India and Pakistan. Most of the raw cotton imported by Bangladesh comes from overseas. The country is not only handicapped by the import tariffs and shipping expenses, but India and Pakistan subsidize the raw cotton, which is sold locally, resulting in countries like Bangladesh paying more for the same cotton. The outcome for the Bangladeshi spinning mills of such price differentials is that they obtain raw cotton of the same quality at prices, which are approximately 30% higher than the Indian mills, and Pakistani mills14. In addition, Bangladesh's spinning mills have to pay another 6 to 7% for handling, freight, and commission charges which put them in a disadvantageous situation. The new infrastructure development surcharge, or IDS, on all imports, which was stipulated in the 1997/98 fiscal year, added another 2.5% to the price of imported raw cotton. The weaving and knitting sub-sectors will also need to expand at a rapid rate, as there is a large demand-supply gap in the country. With increased investment in the sub-sectors and modernized machinery, Bangladesh could profit greatly from larger and more competitive weaving and knitting sectors. As current dyeing facilities are mostly dependent on imported fabrics, they are expanding at a rate which is not dependent on any of the other sectors. However, as local grey becomes more competitive, and its production is increased, the dyeing, printing, and finishing sub-sector will also need to expand to accommodate for the increased supply. The leakage from bonded warehouse facilities and smuggling of materials across borders also need to be monitored closely in order to assure the competitiveness of the local industry.

Chapter – 3

Objectives of the Study

Objectives of the Study

Primary Objective

- To accomplish the partial requirement of BBA Program from school of business & economics, United International University. Major in Accounting & Information System (AIS).

Secondary Objective

- To understand the Past Performance of companies because past performance is a good indicator of future performance.
- To understand of current position, financial statement analysis shows the current position of the company in terms of the types of assets owned by a business firm and the different liabilities due against the company.
- To understand the prediction of profitability and growth prospects of the company.
- To understand the prediction of bankruptcy and failure.
- To understand the operational efficiency of the management of a company.

Chapter – 4

Methodology of the study

Methodology of the study

This chapter describes the collection procedure of the data, types of data, sample size, sampling technique or procedure, scope etc. that is explained as below;

Types of data

Here we can work with two kind of data;

Primary data: when data are collect from the origin that means the soul authority of data. Example collect data from directly to company authority is primary data.

Secondary data: when data are collect from secondary source, for example if data are collect by one person and used by another person it is called secondary source of data.

In this project report we work with secondary data.

Data collection Process

Main source of data for our project report are annual report of Argon Denims Ltd., Envoy Textiles Ltd., Malek Spanning miles Ltd, And Shasha Denims Ltd from 2012 to 2017. Annual report is the best source of our project report because when evaluate the ratio analysis for any company. From this annual report we work with financial statement like balance sheet and income statement data. Beside that we also collect data from companies' website, financial companies website like lankabangla etc.

Sample size

For this report we are work with annual report of 4 textiles company and there financial statement and income statement from 2012 to 2017.

Sampling technique and procedure

For this report we use many technique and procedure. Here we discuss how we analysis data, for this we briefly discuss some step. 1st step is; we choose the annual report of our selected textiles companies. The annual financial report shows financial data of a company's operating performance, funds flow and position, for an accounting period. 2nd step is; we select financial statement, income statement of our selected company from 2012 to 2017 from the annual report. This help us with ratio analysis and to understand the company. 3rd we select the suitable ratio for performance analysis. 4th we do some mathematical analysis for calculate the ratio analysis. We do calculate the ratio from 2012 to 2017. 5th we use graph to more appropriate evaluation of our study. And finally we compare between our selected textiles companies performance analysis, and give decision why one company better than other.

Scope of the Study

The scope of the study is to find out the financial performance of some selected textiles company of Bangladesh, for the past six years. A deep attempt has been made to cover all the aspect relating to the study. For this purpose, analysis of financial performance of the company has done from the last six year published financial statement and all aspects the researcher should be included in the report.

Chapter – 5

Literature Review

Literature Review

In this chapter the summary of the current study related to our report in will be presented along with the standard format of reference.

Gopinathan Thachappilly (2009), in this articles he discourse about the Financial Ratio Analysis for Performance evaluation. The analysis is usually done to make wisdom of the enormous amount of numbers accessible in company financial statements. It helps assess the performance of a company, so that financiers can choose whether to finance in that company. Here we are observing at the different ratio categories in separate articles on different features of performance such as profitability ratios, liquidity ratios, debt ratios, performance ratios, investment ratios.

James Clausen (2009), He state that the Profitability Ratio Analysis of Income Statement and Balance Sheet Ratio analysis of the income statement and balance sheet are used to measure company profit performance. He said the learn ratio analyses of the income statement and balance sheet. The income statement and balance sheet are two important reports that show the profit and net worth of the company. It analyses shows how the well the company is doing in terms of profits compared to sales. He also shows how well the assets are performing in terms of generating revenue. He defines the income statement shows the net profit of the company by subtracting expenses from gross profit (sales – cost of goods sold). Furthermore, the balance sheet lists the value of the assets, as well as liabilities. In simple terms, the main function of the balance sheet is to show the company's net worth by subtracting liabilities from assets. He said that the balance sheet does not report profits, there's an important relationship between assets and profit. The business owner normally has a lot of investment in the company's assets.

Gopinathan Thachappilly (2009), He discuss about the Profitability Ratios Measure Margins and Returns such as gross, Operating, Pretax and Net Profits, ROA ratio, ROE ratio, ROCE ratio. However, he determines the Gross profit is the surplus generated by sales over cost of goods sold. He discussion about the Gross Profit Margin = Gross Profit/Net Sales or Revenue. Moreover, Operating profits are arrived at by deducting marketing, administration and depreciation and R&D costs from the gross margin. Nonetheless, He explains about the operating profit margin. Operating Profit Margin = Operating Profit/Net Sales or Revenue. Nevertheless, pretax profits are computed by deducting non-operational expenses from operating profits and by adding non-operational revenues to it. Pretax Profit Margin = Pretax Profit/Net Sales or Revenue .Nonetheless, he also analysis about the net profit margin.Net Profit Margin = Net Profit/Net Sales or Revenue. He also explains that the returns on resources used divided into three categories such as ROA, ROE, and ROCE: At first the Return on Assets = Net Profit/ (Total Assets at beginning of the period + Total Assets at the close of the period)/2) - The denominator is the average total assets employed during the year. Return on Equity = Net Profit/ (Shareholders' Equity at the beginning of the year + Shareholders' Equity at the close of the year)/2).ROCE ratio: Return on Capital Employed = Net Profit/ (Average Shareholders' Equity + Average Debt Liabilities) - Debt Liabilities.

Maria Zain (2008), in this articles he discuss about the return on assets is an important percentage that shows the company's ability to use its assets to generate income. He said that a high percentage indicates that company's is doing a good utilizing the company's assets to generate income. He notices that the following formula is one method of calculating the return on assets percentage. Return on Assets = Net Profit/Total Assets. The net profit figure that should be used is the amount of income after all expenses, including taxes. He enounce that the low percentage could mean that the company may have difficulties meeting its debt obligations. He also short explains about the profit margin ratio – Operating Performance .He pronounces that the profit margin ratio is expressed as a percentage that shows the relationship between sales and profits. It is sometimes called the operating performance ratio because it's a good indication of operating efficiencies. The following is the formula for calculating the profit margin. Profit Margin = Net Profit/Net Sales.

James Clausen (2009), in this article he barfly express about the liquidity ratio. He Pronounce that it is analysis of the financial statements is used to measure company performance. It also analyses of the income statement and balance sheet. Investors and lending institutions will often use ratio analyses of the financial statements to determine a company's profitability and liquidity. If the ratios indicate poor performance, investors may be reluctant to invest. Therefore, the current ratio or working capital ratio, measures current assets against current liabilities. The current ratio measures the company's ability to pay back its short-term debt obligations with its current assets. He thinks a higher ratio indicates the company is better equipped to pay off short-term debt with current assets. Wherefore, the acid test ratio or quick ratio, measures quick assets against current liabilities. Quick assets are considered assets that can be quickly converted into cash. Generally they are current assets less inventory.

Gopinathan Thachappilly (2009), he also state that the Liquidity Ratios help Good Financial .He know that a business has high profitability, it can face short-term financial problems and its funds are locked up in inventories and receivables not realizable for months. Any failure to meet these can damage its reputation and creditworthiness and in extreme cases even lead to bankruptcy. In addition to, liquidity ratios are work with cash and near-cash assets of a business on one side, and the immediate payment obligations (current liabilities) on the other side. The near-cash assets mainly include receivables from customers and inventories of finished goods and raw materials. Coupled with, current ratio works with all the items that go into a business' working capital, and give a quick look at its short-term financial position. Current assets include Cash, Cash equivalents, Marketable securities, Receivables and Inventories. Current liabilities include Payables, Notes payable, accrued expenses and taxes, and Accrued installments of term debt). Current Ratio = Current Assets / Current Liabilities. Similarly, Quick ratio excludes the illiquid items from current assets and gives a better view of the business' ability to meet its maturing liabilities. Quick Ratio = Current Assets minus (Inventories + Prepaid expenses + Deferred income taxes + other illiquid items) / Current Liabilities. In the final ratio under this article is cash ratio .Cash ratio excludes even receivables that can take a long time to be converted into cash. Cash Ratio = (Cash + Cash equivalents + Marketable Securities) / Current Liabilities.

Jo Nelgadde (2010), in this article he briefly about the asset management ratio. It divided into different types of categories. He state that about the used to analyze accounts receivable and other working capital figures to identify significant changes in the company's operations and financial accounts. He said that there are two categories about this ratio such as account receivable turnover and average age of account receive. He measurement the ratio as, Accounts receivable turnover = Sales / Average Accounts receivable. Average age of accounts receivable/ collection period = 365 days / Accounts receivable Turnover.

Jo Nelgadde (2009), He said that learn how to perform inventory analysis and inventory turnover analysis to better understand a business as well as to identify effective inventory management. He analyzing a company's financial performance definitely includes performing inventory analysis. He know that there are three types of business inventory: Raw Materials (RM),Work-In-Progress (WIP),Finished Goods (FG).He give idea two types formula of ratio such as Inventory Turnover = Cost of Goods Sold / Average Inventory, Average age of Inventory = 360 days / Inventory Turnover.

James Clausen (2009), He denotes that about the total asset ratio. The calculation uses two factors, total revenue and average assets to determine the turnover ratio. When calculating for a particular year, the total revenue for that year is used. Instead of using the year ending asset total from the balance sheet, a more accurate picture would be to use the total average assets for the year. Once the average assets are determined for the same time period that revenue is compared, the formula for calculating the asset turnover ratio is. Total Revenue / Average Assets = Asset Turnover Ratio. Munya Mtetwa (2010), in this article he short propose that about the fixed asset. He define that fixed assets are assets that are used in production or supply of goods or services and they are to be used within the business for more than one financial year. Consequently, fixed assets represent the company's long term income generating assets and they can either be tangible or non-tangible. It includes land and buildings, plant and equipment, golf courses, casinos, football players, machinery and hotels depending on the nature of the business under consideration. Fixed asset turnover = Sales / Net fixed asset.

Diane White (2008), He refer that the accounts receivable is an important analytical tool for measuring the efficiency of receivables operations is the accounts receivable turnover ratio. Many companies sell goods or services on account. This means that a customer purchases goods or services from a company but does not pay for them at the time of purchase. Payment is usually due within a short period of time, ranging from a few days to a year. These transactions appear on the balance sheet as accounts receivable.

Lucia Jenkins (2009), Understanding the use of various financial ratios and techniques can help in gaining a more complete picture of a company's financial outlook. He thinks the most important thing is fixed cost and variable cost. Fixed costs are those costs that are always present, regardless of how much or how little is sold. Some examples of fixed costs include rent, insurance and salaries. Variable costs are the costs that increase or decrease in ratios proportion to sales.

Gopinathan Thachappilly (2009), in this article he express about debt management. He mention that the Ratio of Debt to Equity has Implications for return on equity debt ratios check the financial structure of the business by comparing debt against total capital, against total assets and against owners' funds. The ratios help check how "leveraged" a company is, and also the financial maneuverability of the company in difficult times. The concepts of leverage and other issues are examined below. The Debt Ratios formula is that Debt Ratio = Total Liabilities / Total Assets (Total liabilities include even non-interest-bearing operational liabilities) and Debt to Equity Ratio (Debt Capital Ratio) = Total Liabilities / Shareholders' Equity. Capitalization (Term Debt Ratio) = Long-term Debt / (Long-Term Debt + Shareholders' Equity).Interest Coverage Ratio = Profit before Interest and Taxes (PBIT) / Interest Expense. Simultaneously, debt ratios and the related interest coverage ratio checks the soundness of a company's financing policies. One the one hand, use of debt funds can enhance returns to owners. On the other hand, high debt can mean that the company will find it difficult to raise funds during lean periods of business.

James Hutchinson (2010), He realizes that about the long term debt to equity ratio of a Business. The ratio of these numbers tells a lot about the business. It is calculated by taking the debt owed by the company and divided by the owner’s equity, also known as capital. The debt number may include all liabilities, or just long term debt.

Jo Nelgadde (2010), debt collection and debt recovery tools a company guide to using debt solution tools for effective debt collection: credit insurance, a solicitor or debt attorney or a debt collection agency. Moreover, collection of accounts receivable, debt collection or debt recovery is an important source of a company’s cash flow and business finance. As such, learning about credit management and debt recovery can prove vital for entrepreneurs.

Gopinathan Thachappilly (2009), he shows that the EPS is computed by dividing the company's earnings for the period by the average number of shares outstanding during the period. He discuss that Stock analysts regularly estimate future EPS for listed companies and this estimate is one major factor that determines the share's price. Price/Earnings (PE) Ratio = Stock Price per Share / Earnings per Share (EPS).Hence, many investors prefer the Price/Sales ratio because the sales value is less prone to manipulation. Price/Sales (PS) Ratio = Stock Price per Share / Net Sales per Share. The Dividend Yield, The dividend yield ratio annualizes the latest quarterly dividend declared by the company Dividend Yield = Annualized Dividend per Share / Stock Price per Share.

Chapter – 6

Collection of data and analysis of financial statement

Collection of data and analysis of financial statement

This chapter include all the selected companies financial statement for year 2012 to 2017 and analysis this financial statement to understand the condition of the company. Here the analysis include common size analysis technique to compare the year by year financial position of company. And analysis also show in the graph.

Aragon denims ltd.

Statement of Financial Position

	2012	2013	2014	2015	2016	2017
Assets						
Inventories	526,734,224	680,878,255	821,196,663	891,390,575	891,390,575	930,673,421
Material in transit			63,357,740	24,844,686	24,844,688	38,685,578
Account Receivable	896,967,030	1,244,651,971	1,418,276,421	1,726,962,540	1,726,962,540	1,805,868,733
Advanced, Deposits and prepayments	18,111,661	48,207,777	42,328,445	1,095,839,953	109,583,954	142,091,954
Investment	1,430,854	821,117	454,829	493,634	493,634	591,043
cash and Cash Equivalents	1,823,512,780	74,202,983	49,128,552	168,779,905	168,779,905	170,014,033
Total Current Assets	**3,266,756,549**	**2,048,762,103**	**2,394,742,650**	**3,908,311,293**	**2,922,055,296**	**3,087,924,762**
Property Plant & Equipment	1,667,836,335	1,737,915,137	1,661,042,886	1,594,229,659	1,594,229,659	1,525,191,922
Intangible Assets	4,588,212	4,588,212	5,174,988	5,122,988	5,122,988	5,122,988
Capital Work in Progress	61,754,977	41,634,087	4,720,738			
Total Non Current Assets	**1,734,179,524**	**1,784,137,436**	**1,670,938,612**	**1,599,352,647**	**1,599,352,647**	**1,530,314,910**
Total Assets	**5,000,936,073**	**3,832,899,539**	**4,065,681,262**	**5,507,663,940**	**4,521,407,943**	**4,618,239,672**
Liabilities & Owners Equity						
Short Term Loan	1,417,135,561	1,416,766,841	1,453,222,283	1,426,953,390	1,426,953,390	1,240,904,236
Current Portion of Long Term Loan	165,041,507	165,041,507	55,821,090	4,222,279	4,222,279	9,899,423
Liability for Expense	36,913,459	23,305,604	26,164,316	32,696,378	32,696,378	41,975,408
Worker Profit Participation & Welfare F	16,775,449	31,046,545	42,160,405	58,694,188	58,694,188	68,361,775
Provision for Tax	22,656,065	65,469,352	119,252,127	143,427,869	143,427,869	157,527,214
Share Money Refundable	738,589,174	1,131,158	1,027,652	1,013,652	1,013,652	1,013,856
Dividend Payable			1,145,048	1,182,887	1,182,887	3,704,427
Bridge Finance	627,968,646					
Account Payable	1,715,652	12,120,611	17,527,357	45,873,833	45,873,833	14,260,656
Current Liabilities	**3,026,795,513**	**1,714,881,618**	**1,716,320,278**	**1,714,064,476**	**1,714,064,476**	**1,537,646,995**
Long Term Loan	154,376,756	66,925,380	14,547,687	10,688,816	10,688,816	7,058,790
Lease Finance	25,748,398	6,980,186	4,474,277			17,771,098
Deferred Tax Liability	36,765,177	52,534,370	94,805,488	104,181,054	104,181,054	107,805,038
Non Current libilities	**216,890,331**	**126,439,936**	**113,827,452**	**114,869,870**	**114,869,870**	**132,634,926**
Total Libilities	**3,243,685,844**	**1,841,321,554**	**1,830,147,730**	**1,828,934,346**	**1,828,934,346**	**1,670,281,921**
Share Capital	600,000,000	720,000,000	828,000,000	993,600,000	993,600,000	1,142,640,000
Share Premium	719,428,936	731,121,707	730,815,534	730,815,534	730,815,534	730,815,534
Tax Holiday Reserve	115,879,072	115,879,072	115,879,072	115,879,072	115,879,072	115,879,072
Revaluation Reserve	151,890,523	143,691,843	139,487,392	133,595,904	133,595,904	138,094,930
Retained Earnings	170,051,698	280,885,362	421,351,537	718,583,085	718,583,085	820,528,211
Total Shareholders Equity	**1,757,250,229**	**1,991,577,984**	**2,235,533,535**	**2,692,473,595**	**2,692,473,595**	**2,947,957,747**
Total Liabilities & Owners Equity	**5,000,936,073**	**3,832,899,538**	**4,065,681,265**	**4,521,407,941**	**4,521,407,941**	**4,618,239,668**

Table- 1: Statement of financial position of Argon denims ltd.

Statement of profit and loss and other comprehensive income

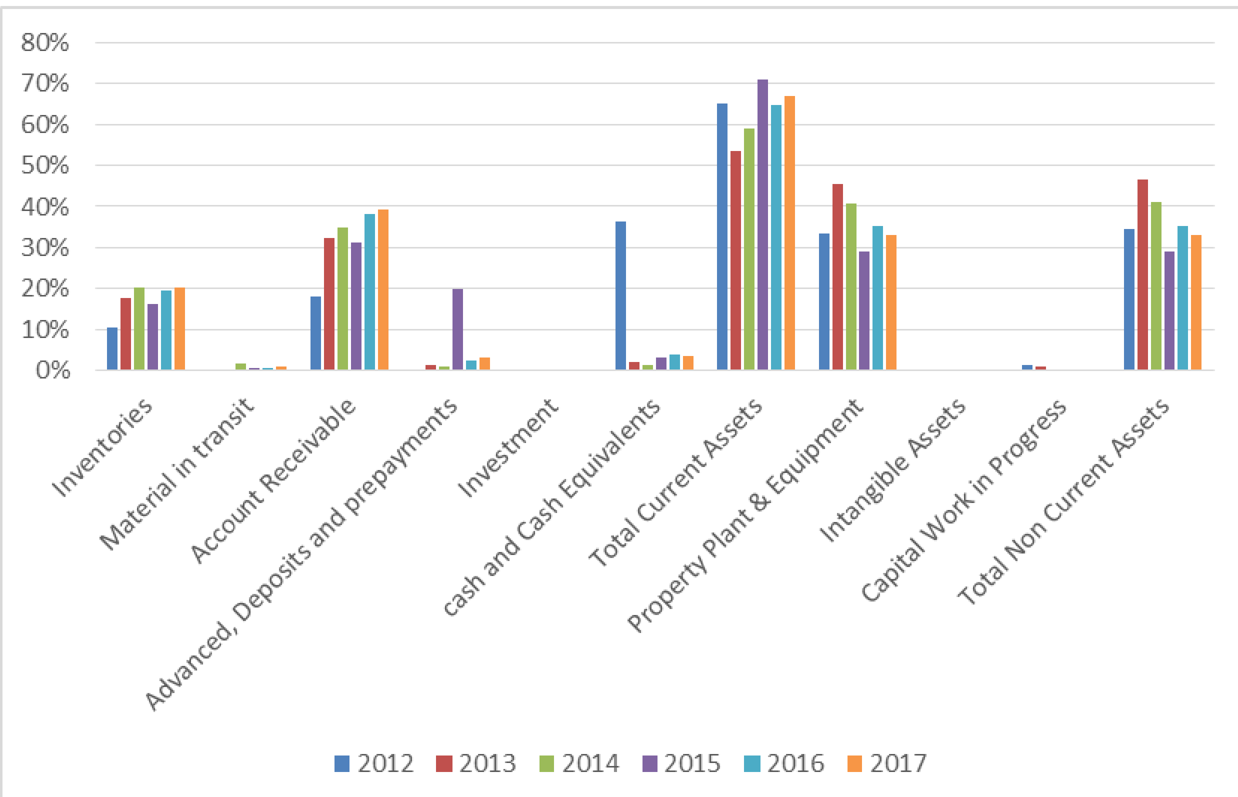
	2012	2013	2014	2015	2016	2017
Net turnover sales	1,588,441,173	2,171,292,501	2,521,265,296	4,077,118,834	2,819,612,518	2,847,715,889
Less: Costs of good Sold	1,263,388,593	1,710,290,376	1,944,056,467	3,157,806,585	2,181,657,077	2,217,049,475
Gross Profit	**325,052,580**	**461,002,125**	**577,208,829**	**919,312,249**	**637,955,441**	**630,666,414**
Add: Export Incentive	52,001,212	88,227,642	103,189,394	60,135,783	38,352,328	45,090,477
Less : Administrative Expenses	46,791,136	81,583,419	102,713,874	147,762,756	104,217,454	102,833,343
Less : Selling & Distribution Expenses	5,201,940	6,523,333	16,835,206	41,836,838	35,441,396	37614342
Operating profit	**325,060,716**	**461,123,015**	**560,849,143**	**789,848,438**	**536,648,919**	**535,309,206**
Add : Gain/Loss on Investment in Shar	-4,888,844	-5,109,954	-5,474,871	166,880	33,922	119,733
Add : Dividend Income	99,139	95,495	95,513			
Net Profit/(Loss) before WPPF	320,271,011	456,108,556	555,469,785	790,015,318	536,682,841	535,428,939
Less: Contribution to WPPF	8,563,217	14,271,096	17,672,860	26,205,122	19,368,072	21,280,849
Net Profit/(Loss) after WPPF	**311,707,794**	**441,837,460**	**537,796,925**	**763,810,196**	**517,314,769**	**514,148,090**
Less: Tax Holiday Reserve	8,089,565					
Earning Before Interest and Taxes	**303,618,229**	**441,837,460**	**537,796,925**	**763,810,196**	**517,314,769**	**514,148,090**
Less: Interest Expenses	140,443,446	156,415,544	184,339,734	239,707,749	149,120,195	109,811,962
Net profit Before Tax	**163,174,783**	**285,421,916**	**353,457,191**	**524,102,447**	**368,194,574**	**404,336,128**
Less: Income Tax	27,251,712	58,582,480	65,995,468	88,020,661	54,653,270	54,606,724
Net Profit after Tax	**135,923,071**	**226,839,436**	**287,461,723**	**436,081,786**	**313,541,304**	**349,729,404**

Table-2: Statement of profit and loss and other comprehensive income of argon denims ltd

Common size analysis of Argon denims Ltd.

	2012	2013	2014	2015	2016	2017
Assets						
Inventories	11%	18%	20%	16%	20%	20%
Material in transit	0%	0%	2%	0%	1%	1%
Account Receivable	18%	32%	35%	31%	38%	39%
Advanced, Deposits and prepayments	0%	1%	1%	20%	2%	3%
Investment	0%	0%	0%	0%	0%	0%
cash and Cash Equivalents	36%	2%	1%	3%	4%	4%
Total Current Assets	**65%**	**53%**	**59%**	**71%**	**65%**	**67%**
Property Plant & Equipment	33%	45%	41%	29%	35%	33%
Intangible Assets	0%	0%	0%	0%	0%	0%
Capital Work in Progress	1%	1%	0%	0%	0%	0%
Total Non Current Assets	**35%**	**47%**	**41%**	**29%**	**35%**	**33%**
Total Assets	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

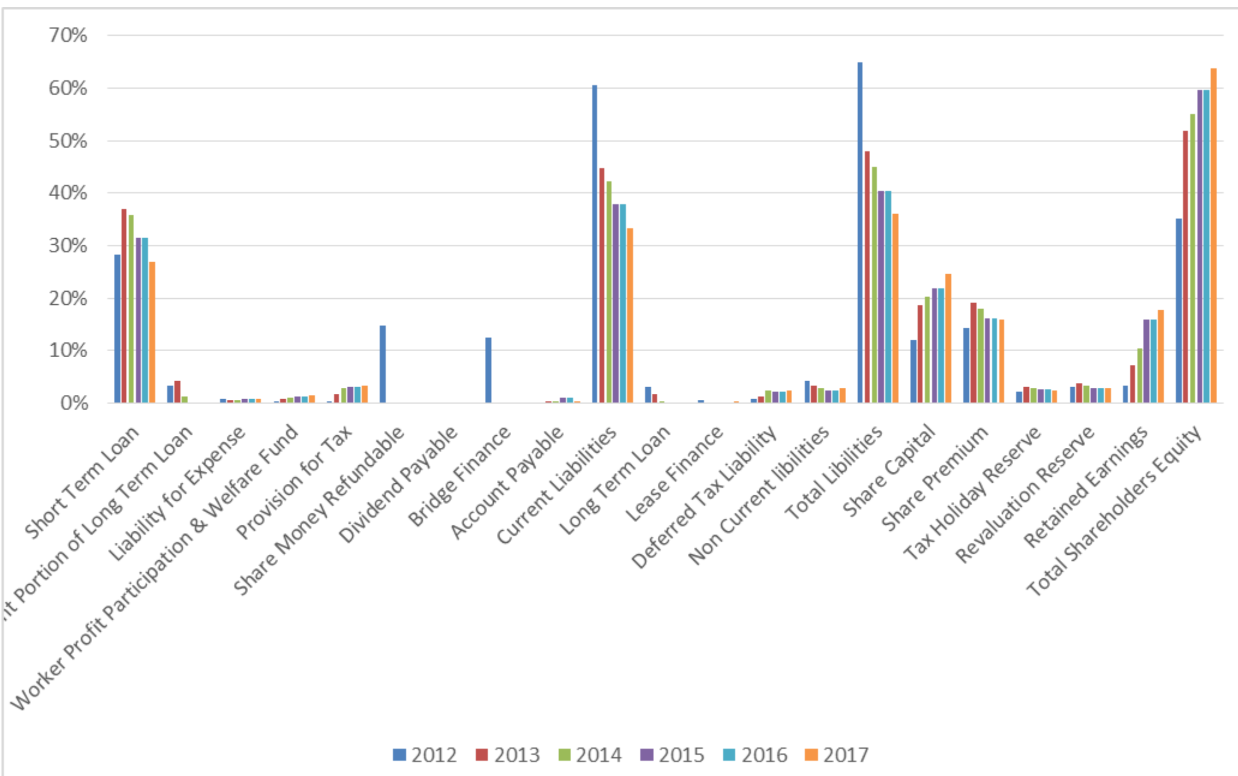
Table-3: common size analysis on total asset of argon denims ltd.



Graph-1: common size analysis on total asset of argon denims ltd.

	2012	2013	2014	2015	2016	2017
Short Term Loan	28%	37%	36%	32%	32%	27%
Current Portion of Long Term Loan	3%	4%	1%	0%	0%	0%
Liability for Expense	1%	1%	1%	1%	1%	1%
Worker Profit Participation & Welfare F	0%	1%	1%	1%	1%	1%
Provision for Tax	0%	2%	3%	3%	3%	3%
Share Money Refundable	15%	0%	0%	0%	0%	0%
Dividend Payable	0%	0%	0%	0%	0%	0%
Bridge Finance	13%	0%	0%	0%	0%	0%
Account Payable	0%	0%	0%	1%	1%	0%
Current Liabilities	**61%**	**45%**	**42%**	**38%**	**38%**	**33%**
Long Term Loan	3%	2%	0%	0%	0%	0%
Lease Finance	1%	0%	0%	0%	0%	0%
Deferred Tax Liability	1%	1%	2%	2%	2%	2%
Non Current libilities	**4%**	**3%**	**3%**	**3%**	**3%**	**3%**
Total Libilities	**65%**	**48%**	**45%**	**40%**	**40%**	**36%**
Share Capital	12%	19%	20%	22%	22%	25%
Share Premium	14%	19%	18%	16%	16%	16%
Tax Holiday Reserve	2%	3%	3%	3%	3%	3%
Revaluation Reserve	3%	4%	3%	3%	3%	3%
Retained Earnings	3%	7%	10%	16%	16%	18%
Total Shareholders Equity	**35%**	**52%**	**55%**	**60%**	**60%**	**64%**
Total Liabilities & Owners Equity	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Table-4: common size analysis on total liabilities and owners' equity of argon denims ltd.



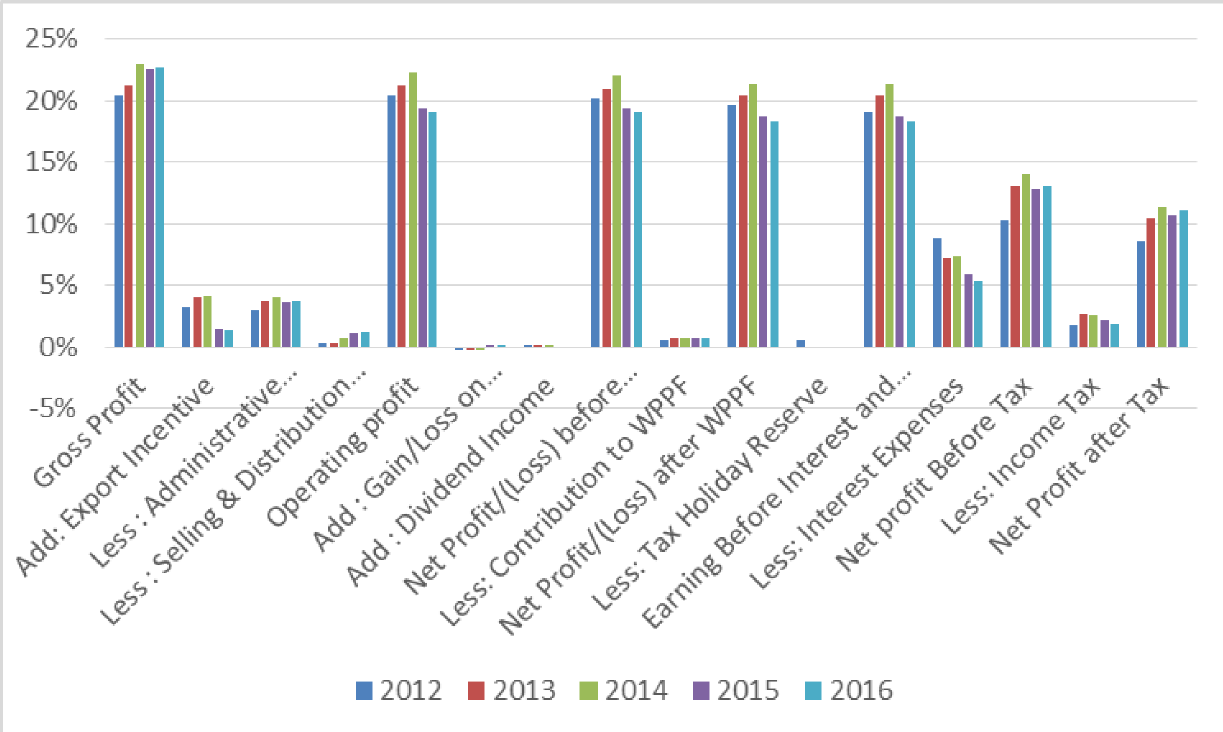
Graph-2: Common size analysis on total liabilities and owners' equity of argon denims ltd.

Comparison of Argon denims ltd based on total assets and total liabilities and owners' equity:

- Their inventory is lowest in year 2012 at 11% otherwise they maintain constant inventory at around 20%.
- They are financially strong, as in all six years their current assets exceed current liabilities.
- There total liability is decries every year.
- There current assets is highest in 2015 (71% of total assets).
- Their short term loan also decries every year.
- Among the current assets their receivable is higher than other.
- Their total shareholder equity also increase every year, it is a good sign for company.
- Their fix liability is minimum
- They increase their retained earnings every year.

	2012	2013	2014	2015	2016
Net turnover sales	**100%**	**100%**	**100%**	**100%**	**100%**
Less: Costs of good Sold	80%	79%	77%	77%	77%
Gross Profit	20%	21%	23%	23%	23%
Add: Export Incentive	3%	4%	4%	1%	1%
Less : Administrative Expenses	3%	4%	4%	4%	4%
Less : Selling & Distribution Expenses	0%	0%	1%	1%	1%
Operating profit	20%	21%	22%	19%	19%
Add : Gain/Loss on Investment in Share	0%	0%	0%	0%	0%
Add : Dividend Income	0%	0%	0%	0%	0%
Net Profit/(Loss) before WPPF	20%	21%	22%	19%	19%
Less: Contribution to WPPF	1%	1%	1%	1%	1%
Net Profit/(Loss) after WPPF	20%	20%	21%	19%	18%
Less: Tax Holiday Reserve	1%	0%	0%	0%	0%
Earning Before Interest and Taxes	19%	20%	21%	19%	18%
Less: Interest Expenses	9%	7%	7%	6%	5%
Net profit Before Tax	10%	13%	14%	13%	13%
Less: Income Tax	2%	3%	3%	2%	2%
Net Profit after Tax	9%	10%	11%	11%	11%

Table-5: common size analysis on Net turnover sales of argon denims ltd.



Graph-3: common size analysis on Net turnover sales of argon denims ltd.

Comparison of Argon denims ltd based on Net turnover sales

- Their cost of goods sold is almost same in every year compare to the net turnover sales.
- Their gross profit also same as every year compare to the net turnover sales.
- Their interest expense is decries every year for that their net profit increase every year.

Envoy Textiles Ltd.

Statement of Financial Position

	2012	2013	2014	2015	2016	2017
Assets						
Inventories	507,903,281	681,629,585	983,462,632	1,387,898,731	1,327,900,307	2,155,076,681
Material in transit	18,982,858	42,006,091	46,552,319	81,730,264	146,538,006	225,497,732
Account Receivable	1,576,006,698	1,447,825,405	1,840,276,491	2,152,777,717	2,286,854,741	2,643,632,850
Advanced, Deposits and prepayments	119,900,216	195,472,902	180,151,663	196,028,838	150,446,676	137,246,819
Investment	36,125,915	76,069,430	61,532,556	42,332,904	44,141,400	45,707,026
cash and Cash Equivalents	195,506,600	31,204,759	71,879,843	26,265,332	68,293,079	82,204,684
Current Assets	**2,454,425,568**	**2,474,208,172**	**3,183,855,504**	**3,887,033,786**	**4,024,174,209**	**5,289,365,792**
Propertty, Plant and Equipments	3,933,122,456	3,998,700,636	5,553,965,920	7,252,109,200	7,077,813,371	9,004,214,391
Deferred Expenses	27,650,362	24,885,326	22,396,793	20,157,114		
Capital work in Progress	497,246,033	2,403,542,759	1,502,337,266	571,007,954	3,111,501,495	176,675,845
Non Current Assets	**4,458,018,851**	**6,427,128,721**	**7,078,699,979**	**7,843,274,268**	**10,189,314,866**	**9,180,890,236**
Total Assets	**6,912,444,419**	**8,901,336,893**	**10,262,555,483**	**11,730,308,054**	**14,213,489,075**	**14,470,256,028**
Liabilities & Shareholder's Equity						
Secured Loan (Current Position)	144,284,686	134,795,636	420,534,766	405,723,453	677,628,523	689,750,204
Account Payable	1,282,168,549	2,011,589,300	810,282,016	943,588,744	554,244,624	640,424,536
Short Term Liabilities	537,569,883	530,263,825	2,291,491,404	2,501,954,155	3,254,962,172	4,850,981,612
Provision for Expenses	293,839,299	40,319,215	38,698,925			
Provision for Current and Deferred Tax	27,396,042	79,910,968	108,831,054	64,687,944	53,645,152	45,356,147
Current libilities	**2,285,258,459**	**2,796,878,944**	**3,669,838,165**	**3,915,954,296**	**4,540,480,471**	**6,226,512,499**
Non Current libilities	**701,271,400**	**780,800,065**	**1,190,184,371**	**2,009,293,215**	**3,780,824,192**	**3,802,929,300**
Total Libilities	**2,986,529,859**	**3,577,679,009**	**4,860,022,536**	**5,925,247,511**	**8,321,304,663**	**10,029,441,799**
Paid up Share Capital	1,000,000,000	1,365,000,000	1,405,950,000	1,448,128,500	1,520,534,920	1,566,150,960
Share Premium	520,000,000	1,120,000,000	1,120,000,000	1,120,000,000	1,120,000,000	1,120,000,000
Revaluation Surplus	1,760,533,804	1,749,817,068	1,739,304,433	1,729,000,621	1,721,432,002	1,724,109,853
Retained Earnings	317,458,566	760,918,626	809,356,324	1,180,009,231	1,202,295,300	1,292,713,844
Tax Holiday Reserve	327,922,190	327,922,190	327,922,190	327,922,190	327,922,190	327,922,190
Shareholders Equity	**3,925,914,560**	**5,323,657,884**	**5,402,532,947**	**5,805,060,542**	**5,892,184,412**	**6,030,896,847**
Total Liabilities & Shareholder's Equi	**6,912,444,419**	**8,901,336,893**	**10,262,555,483**	**11,730,308,053**	**14,213,489,075**	**16,060,338,646**

Table-6: Statement of Financial Position envoy textiles Ltd

Statement of profit and loss and other comprehensive income

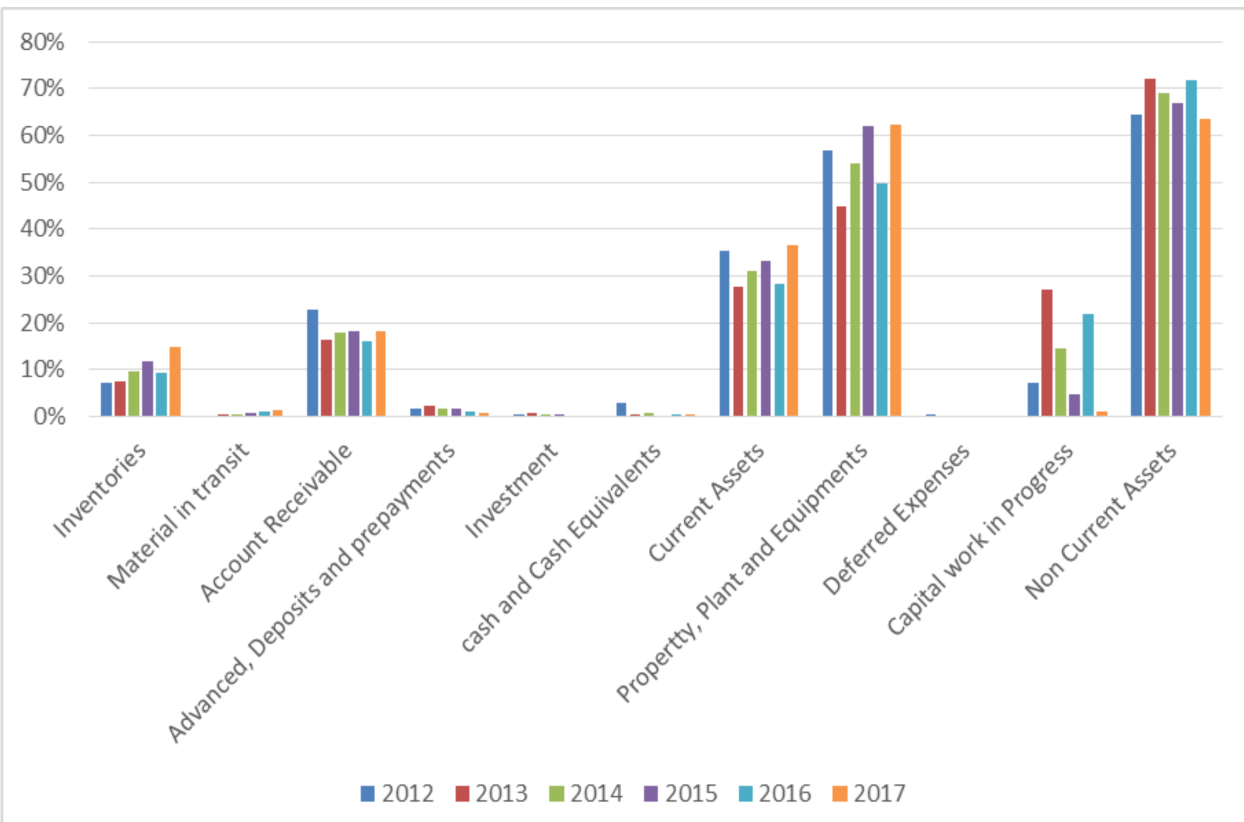
	2012	2013	2014	2015	2016	2017
Net turnover sales	3,758,220,888	3,983,610,866	4,391,171,642	5,479,121,542	4,753,778,825	6,078,738,108
Less: Costs of good Sold	2,967,364,792	3,109,944,679	3,620,820,176	4,309,791,359	3,858,788,036	4,994,609,392
Gross Profit	**790,856,096**	**873,666,187**	**770,351,466**	**1,169,330,183**	**894,990,789**	**1,084,128,716**
Less: Operating Expenses	**133,141,834**	**190,789,290**	**198,905,391**	**223,608,495**	**210,258,452**	**271,944,208**
Administrative &Genaral Expenses	112,708,369	163,067,049	166,758,358	175,923,499	165,620,728	217,949,450
Selling & Distribution Expenses	20,433,465	27,722,241	32,147,033	47,684,996	44,637,724	53,994,758
Profit From Operation	**657,714,262**	**682,876,897**	**571,446,075**	**945,721,688**	**684,732,337**	**812,184,508**
Loss on Marketable Securities & Other	97,578	-1,077,406	8,844,309			
Net Profit Before WPPF	657,811,840	681,799,491	580,290,384	945,721,688	684,732,337	812,184,508
Less: Provision for WPPF	22,582,729	24,402,875	16,992,257	31,852,269	19,768,748	17,557,807
Earning Before Interest and Taxes	635,229,111	657,396,616	563,298,127	913,869,419	664,963,589	794,626,701
Less: Financial Expenses	183,574,537	169,339,112	223,452,980	279,108,240	271,855,049	444,855,445
Net profit Before Tax	**451,654,574**	**488,057,504**	**339,845,147**	**634,761,179**	**393,108,540**	**349,771,256**
Less: Income Tax	27,396,042	52,514,926	28,920,085	65,803,788	41,912,125	29,979,520
Net profit after tax	**424,258,532**	**435,542,578**	**310,925,062**	**568,957,391**	**351,196,415**	**319,791,736**

Table-7: Statement of profit and loss and other comprehensive income envoy textile ltd.

Common-size analysis of envoy textile ltd.

Assets	2012	2013	2014	2015	2016	2017
Inventories	7%	8%	10%	12%	9%	15%
Material in transit	0%	0%	0%	1%	1%	2%
Account Receivable	23%	16%	18%	18%	16%	18%
Advanced, Deposits and prepayments	2%	2%	2%	2%	1%	1%
Investment	1%	1%	1%	0%	0%	0%
cash and Cash Equivalents	3%	0%	1%	0%	0%	1%
Current Assets	36%	28%	31%	33%	28%	37%
Propertty, Plant and Equipments	57%	45%	54%	62%	50%	62%
Deferred Expenses	0%	0%	0%	0%	0%	0%
Capital work in Progress	7%	27%	15%	5%	22%	1%
Non Current Assets	64%	72%	69%	67%	72%	63%
Total Assets	100%	100%	100%	100%	100%	100%

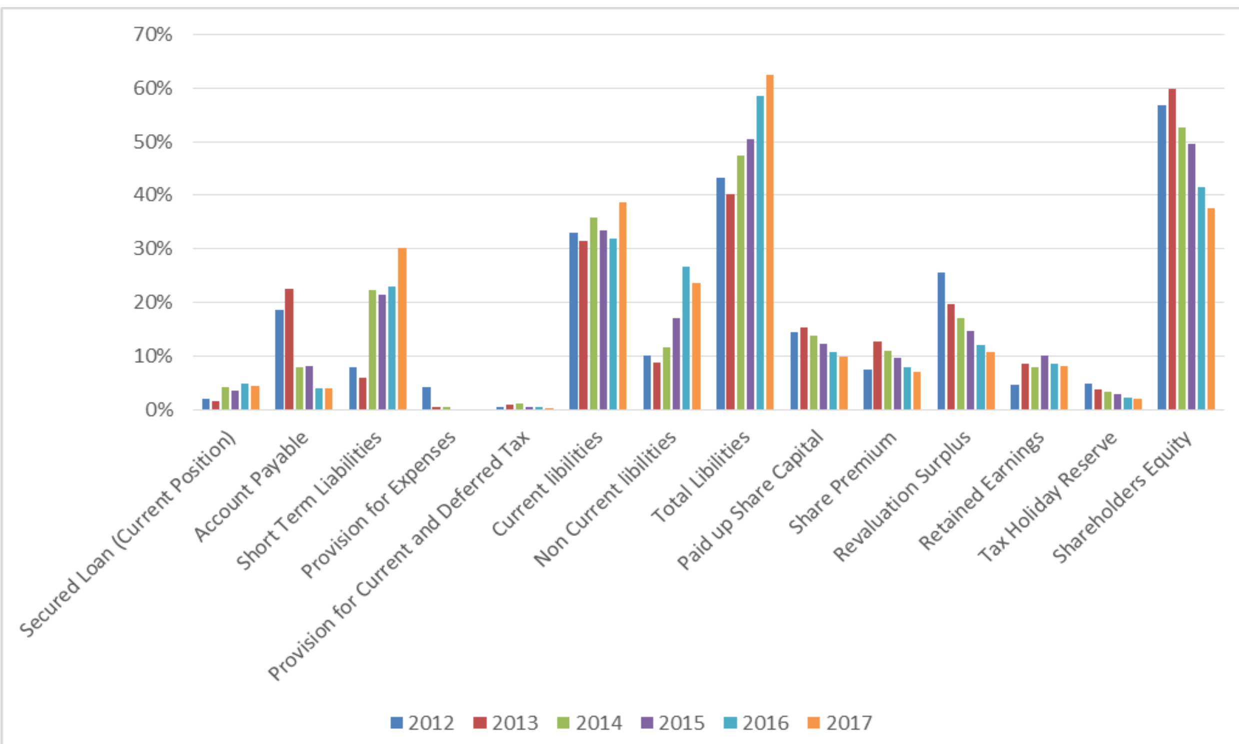
Table-8: common-size analysis on total assets of envoy textiles ltd.



Graph-4: common-size analysis on total assets of envoy textiles ltd.

Liabilities & Shareholder's Equity	2012	2013	2014	2015	2016	2017
Secured Loan (Current Position)	2%	2%	4%	3%	5%	4%
Account Payable	19%	23%	8%	8%	4%	4%
Short Term Liabilities	8%	6%	22%	21%	23%	30%
Provision for Expenses	4%	0%	0%	0%	0%	0%
Provision for Current and Deferred Tax	0%	1%	1%	1%	0%	0%
Current libilities	33%	31%	36%	33%	32%	39%
Non Current libilities	10%	9%	12%	17%	27%	24%
Total Libilities	43%	40%	47%	51%	59%	62%
Paid up Share Capital	14%	15%	14%	12%	11%	10%
Share Premium	8%	13%	11%	10%	8%	7%
Revaluation Surplus	25%	20%	17%	15%	12%	11%
Retained Earnings	5%	9%	8%	10%	8%	8%
Tax Holiday Reserve	5%	4%	3%	3%	2%	2%
Shareholders Equity	57%	60%	53%	49%	41%	38%
Total Liabilities & Shareholder's Eq	100%	100%	100%	100%	100%	100%

Table-9: Common-size analysis on Liabilities and shareholder equity of envoy textiles ltd.



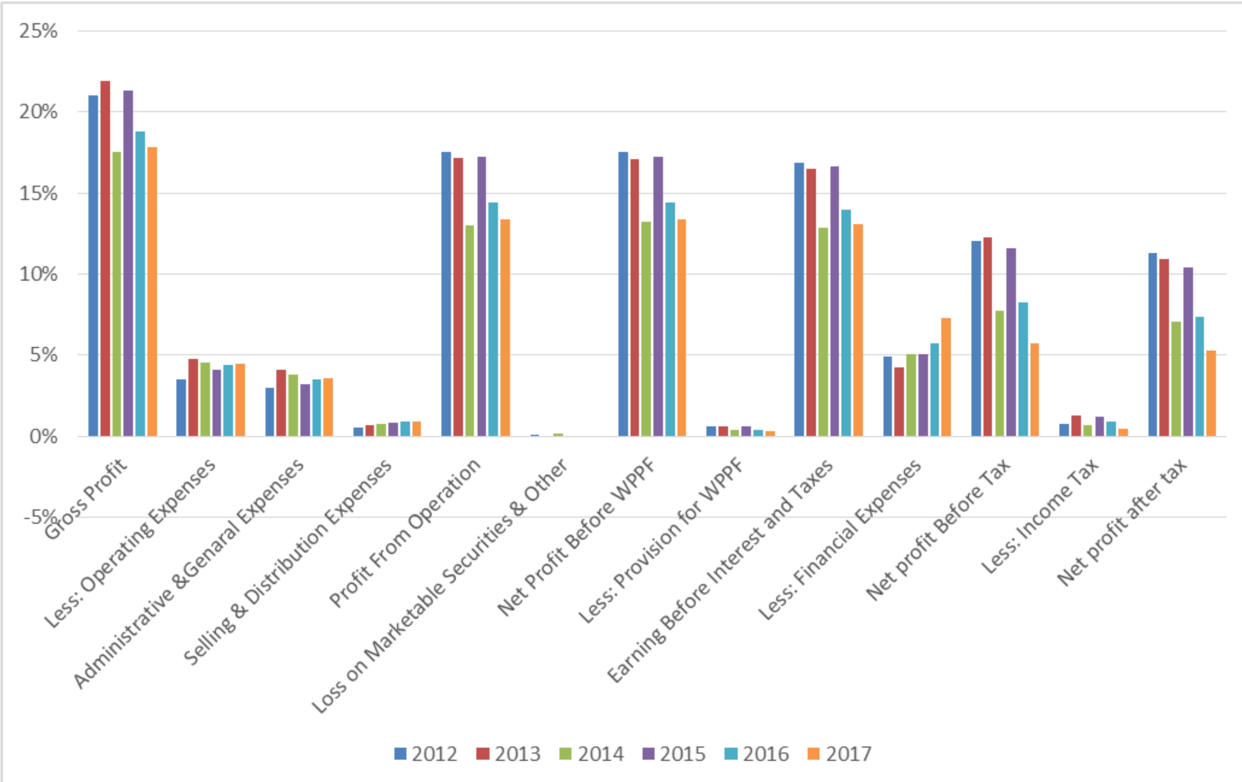
Graph-5: Common-size analysis on Liabilities and shareholder equity of envoy textiles ltd.

Comparison of envoy textiles ltd based on total assets and total liabilities and owners' equity:

- Their inventory is increasing since year 2012 except year 2015 compare to total assets.
- Account receivable is not that much very except 2012 (23% of total asset).
- There current asset is highest in year 2017 which is 37%. But except 2012 current asset is less than current liability which is not a good sign for company's creditor.
- Their current liability is highest in year 2017 which is 39% of total liability and shareholder equity.
- Shareholder equity is decreasing every year lowest is in 2017 (38% of total liability and shareholder equity) and highest in 2012 (57% of total liability and shareholder equity).

Net turnover sales	100%	100%	100%	100%	100%	100%
Less: Costs of good Sold	79%	78%	82%	79%	81%	82%
Gross Profit	21%	22%	18%	21%	19%	18%
Less: Operating Expenses	4%	5%	5%	4%	4%	4%
Administrative &Genaral Expenses	3%	4%	4%	3%	3%	4%
Selling & Distribution Expenses	1%	1%	1%	1%	1%	1%
Profit From Operation	18%	17%	13%	17%	14%	13%
Loss on Marketable Securities & Other	0%	0%	0%	0%	0%	0%
Net Profit Before WPPF	18%	17%	13%	17%	14%	13%
Less: Provision for WPPF	1%	1%	0%	1%	0%	0%
Earning Before Interest and Taxes	17%	17%	13%	17%	14%	13%
Less: Financial Expenses	5%	4%	5%	5%	6%	7%
Net profit Before Tax	12%	12%	8%	12%	8%	6%
Less: Income Tax	1%	1%	1%	1%	1%	0%
Net profit after tax	11%	11%	7%	10%	7%	5%

Table-10: Common-size analysis on net turnover sales of envoy textiles ltd.



Graph-6: Common-size analysis on net turnover sales of envoy textiles ltd.

Comparison of envoy textiles ltd based on net turnover sales:

- Their gross profit is decrease every year. Lowest gross profit is in 2017 and highest in year 2012.
- Operating expense is comparatively same every year.
- Administrative and selling expense is also comparatively same every year.
- And financial expense is increase slowly.
- And finally their net profit is decrease every year expect 2015. Main reason is increase of costs of goods sold. In 2015 cost of goods sold is decrease and this year net profit increase.

Malek Spinning Mills Ltd.

Statement of Financial Position

Assets	2012	2013	2014	2015	2016	2017
Inventories	2,425,403,143	2,997,282,138	3,375,478,913	3,219,844,567	2,374,958,784	3,202,773,360
Accounts Receivable	2,450,941,611	3,273,459,578	2,804,027,102	2,861,288,832	2,990,668,997	2,582,346,695
Advances,Deposits and Pre-payments	160,573,736	265,894,920	293,622,098	337,222,015	525,525,897	724,090,932
Cash and Cash Equivalents	383,401,123	310,379,451	535,107,702	531,613,116	381,744,017	461,094,357
Current Assets	**5,420,319,613**	**6,847,016,087**	**7,008,235,815**	**6,949,968,530**	**6,272,897,695**	**6,970,305,344**
Propetry, Plant and Equipment	8,505,011,378	8,630,382,998	8,398,494,042	8,335,293,067	8,240,525,304	8,204,449,779
Capital Work in Progress	177,072,526			89,169,500	59,157,000	283,752,635
Pre Operating Expenses	25,551,245					
Trial and operation Loss	11,537,269					
Non Current Assets	**8,719,172,418**	**8,630,382,998**	**8,398,494,042**	**8,424,462,567**	**8,299,682,304**	**8,488,202,414**
Total Assets	**14,139,492,031**	**15,477,399,085**	**15,406,729,857**	**15,374,431,097**	**14,572,579,999**	**15,458,507,758**
Liabilities & Shareholder's Equity						
Short Term Loan	468,629,755	734,110,097	1,044,440,303	568,117,440	111,051,689	1,518,318,407
Current Portion of Long Term Loan	887,018,688	896,799,650	991,544,660			
Security Deposit against Sales	1,500,000	5,000,000				
Bank Acceptance Liabilities	1,728,970,941	2,265,137,023	1,920,390,417			
Account Payable	730,821,506	954,079,154	958,175,613	887,016,882	847,464,770	919,923,177
Current Liabilities	**3,816,940,890**	**4,855,125,924**	**4,914,550,993**	**4,129,060,291**	**5,029,770,587**	**4,900,092,073**
Long Term Loan	2,082,895,400	1,847,962,051	1,471,625,227			
Deferred Tax Liabilities		258,809,431	244,607,277			
Non Current Liabilities	**2,082,895,400**	**2,106,771,482**	**1,716,232,504**	**2,512,915,215**	**2,046,634,443**	**1,751,814,859**
Total Liabilities	**5,899,836,290**	**6,961,897,406**	**6,630,783,497**	**6,641,975,506**	**7,076,405,030**	**6,651,906,932**
Minority Interest	-8,610,136	97,757,791	52,628,362	53,402,347	55,195,572	56,805,843
Share Capital	1,760,000,000	1,936,000,000	1,936,000,000	1,936,000,000	1,936,000,000	1,936,000,000
Share Premium	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Retained Earnings	279,602,328	414,712,962	778,865,865	1,077,039,474	1,244,067,160	1,349,164,984
Tax Holiday Reserve	142,176,637	203,647,436	210,883,871	210,883,871	210,883,871	210,883,871
Re-valuation Surplus of Fixed Assets	4,566,486,822	4,363,383,492	4,297,568,262	3,955,129,899	3,850,028,366	3,753,746,125
Total Shareholder's Equity	**8,248,265,787**	**8,417,743,890**	**8,723,317,998**	**8,679,053,244**	**8,740,979,397**	**8,749,794,980**
Total Liabilities & Shareholder's Equi	**14,139,491,941**	**15,477,399,087**	**15,406,729,857**	**15,374,431,097**	**15,872,579,999**	**15,458,507,755**

Table-11: Statement of Financial Position malek spinning mills Ltd.

Statement of profit and loss and other comprehensive income

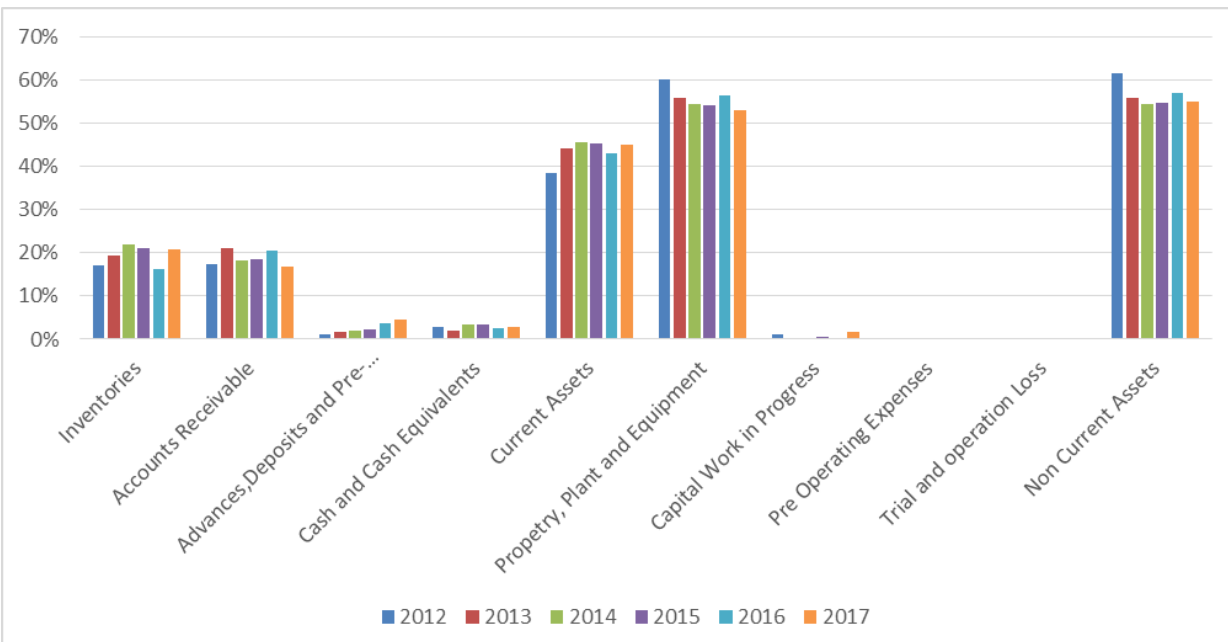
	2012	2013	2014	2015	2016	2017
Net turnover sales	6,084,165,241	7,737,869,878	8,239,372,911	8,297,896,015	9,779,925,200	9,774,991,342
Less: Costs of good Sold	5,696,371,056	6,566,163,598	7,227,818,707	7,396,018,441	8,800,381,234	8,856,775,340
Gross Profit	**387,794,185**	**1,171,706,280**	**1,011,554,204**	**901,877,574**	**979,543,966**	**918,216,002**
Less: Operating Expenses	86,128,881	122,516,957	143,548,543			
Add: Non-operating Income	8,533,005	5,057,668	41,302,851			
Operating Profit	**310,198,309**	**1,054,246,991**	**909,308,512**	**744,140,617**	**747,575,649**	**659,325,748**
Less: Provision for Contribution to WPF	5,880,442	29,229,285	26,174,608			
Earning Before Interest and Taxes	**304,317,867**	**1,025,017,706**	**883,133,904**	**744,140,617**	**747,575,649**	**659,325,748**
Less: Interest Expenses	542,928,303	442,733,923	363,696,687	380,668,943	418,834,601	418,259,340
Profit before Tax	**-238,610,436**	**582,283,783**	**519,437,217**	**363,471,674**	**328,741,048**	**241,066,408**
Less: Income Tax	11,530,819	33,101,937	65,392,536	63,626,790	66,764,149	56,136,700
Net Profit /loss after tax for the year	**-250,141,255**	**549,181,846**	**454,044,681**	**299,844,884**	**261,976,899**	**184,929,708**

Table-12: Statement of profit and loss and other comprehensive income malek spinning mills ltd

Common-size analysis of Malek Spinning Mills

Assets	2012	2013	2014	2015	2016	2017
Inventories	17%	19%	22%	21%	16%	21%
Accounts Receivable	17%	21%	18%	19%	21%	17%
Advances,Deposits and Pre-payments	1%	2%	2%	2%	4%	5%
Cash and Cash Equivalents	3%	2%	3%	3%	3%	3%
Current Assets	38%	44%	45%	45%	43%	45%
Propetry, Plant and Equipment	60%	56%	55%	54%	57%	53%
Capital Work in Progress	1%	0%	0%	1%	0%	2%
Pre Operating Expenses	0%	0%	0%	0%	0%	0%
Trial and operation Loss	0%	0%	0%	0%	0%	0%
Non Current Assets	62%	56%	55%	55%	57%	55%
Total Assets	100%	100%	100%	100%	100%	100%

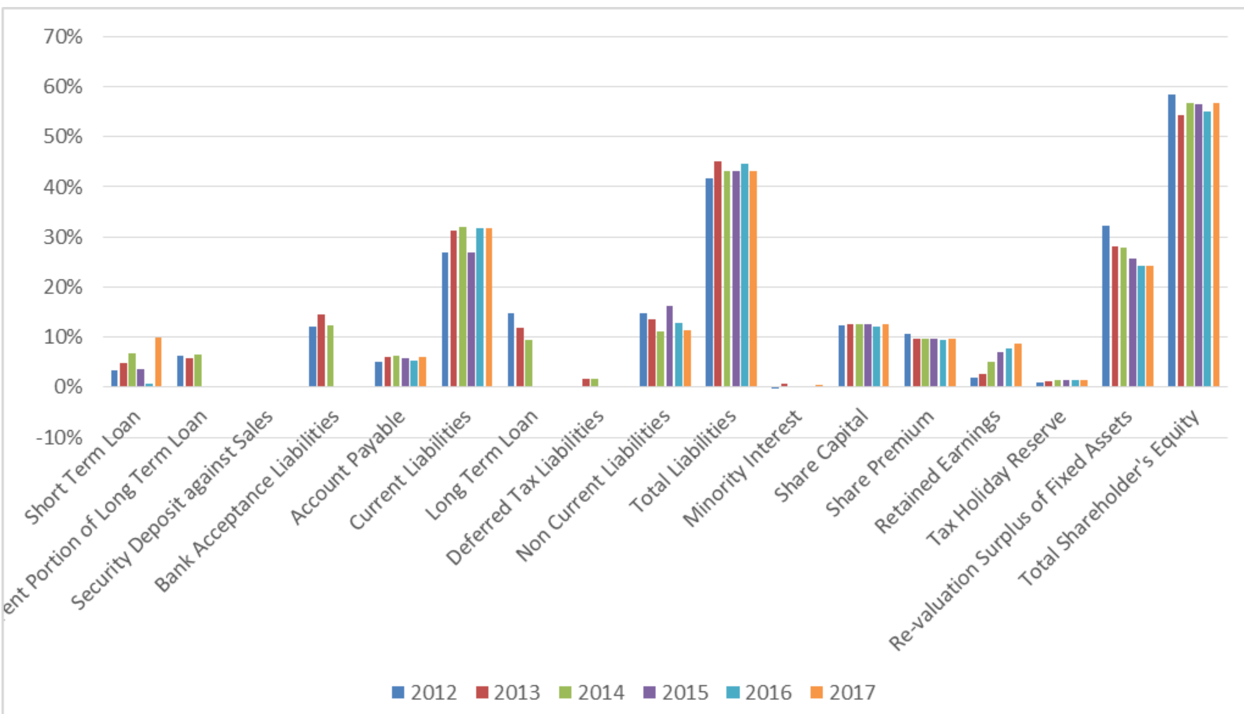
Table-13: common-size analysis on total assets of malek spinning mills.



Graph-7: common-size analysis on total assets of malek spinning mills.

Liabilities & Shareholder's Equity	2012	2013	2014	2015	2016	2017
Short Term Loan	3%	5%	7%	4%	1%	10%
Current Portion of Long Term Loan	6%	6%	6%	0%	0%	0%
Security Deposit against Sales	0%	0%	0%	0%	0%	0%
Bank Acceptance Liabilities	12%	15%	12%	0%	0%	0%
Account Payable	5%	6%	6%	6%	5%	6%
Current Liabilities	27%	31%	32%	27%	32%	32%
Long Term Loan	15%	12%	10%	0%	0%	0%
Deferred Tax Liabilities	0%	2%	2%	0%	0%	0%
Non Current Liabilities	15%	14%	11%	16%	13%	11%
Total Liabilities	42%	45%	43%	43%	45%	43%
Minority Interest	0%	1%	0%	0%	0%	0%
Share Capital	12%	13%	13%	13%	12%	13%
Share Premium	11%	10%	10%	10%	9%	10%
Retained Earnings	2%	3%	5%	7%	8%	9%
Tax Holiday Reserve	1%	1%	1%	1%	1%	1%
Re-valuation Surplus of Fixed Assets	32%	28%	28%	26%	24%	24%
Total Shareholder's Equity	58%	54%	57%	56%	55%	57%
Total Liabilities & Shareholder's Eq	100%	100%	100%	100%	100%	100%

Table-14: common-size analysis on total assets of malek spinning mills.



Graph 8: common-size analysis on total assets of malek spinning mills.

Comparison of envoy textiles ltd based on total assets and total liabilities and owners' equity:

- Their inventory is lowest in year 206 and highest in 2014 compare to total assets
- Their Current asset comparatively same since 2013 compare to total assets
- Their current asset is greater than their current liability
- There short term loan is lowest in year 2016 compare to total liability and total shareholder equity.
- Their shareholder equity is comparatively same in every year.

Net turnover sales	100%	100%	100%	100%	100%	100%
Less: Costs of good Sold	94%	85%	88%	89%	90%	91%
Gross Profit	6%	15%	12%	11%	10%	9%
Less: Operating Expenses	1%	2%	2%	0%	0%	0%
Add: Non-operating Income	0%	0%	1%	0%	0%	0%
Operating Profit	5%	14%	11%	9%	8%	7%
Less: Provision for Contribution to WPF	0%	0%	0%	0%	0%	0%
Earning Before Interest and Taxes	5%	13%	11%	9%	8%	7%
Less: Interest Expenses	9%	6%	4%	5%	4%	4%
Profit before Tax	-4%	8%	6%	4%	3%	2%
Less: Income Tax	0%	0%	1%	1%	1%	1%
Net Profit /loss after tax for the year	-4%	7%	6%	4%	3%	2%

Table-15: common-size analysis on total assets of malek spinning mills.

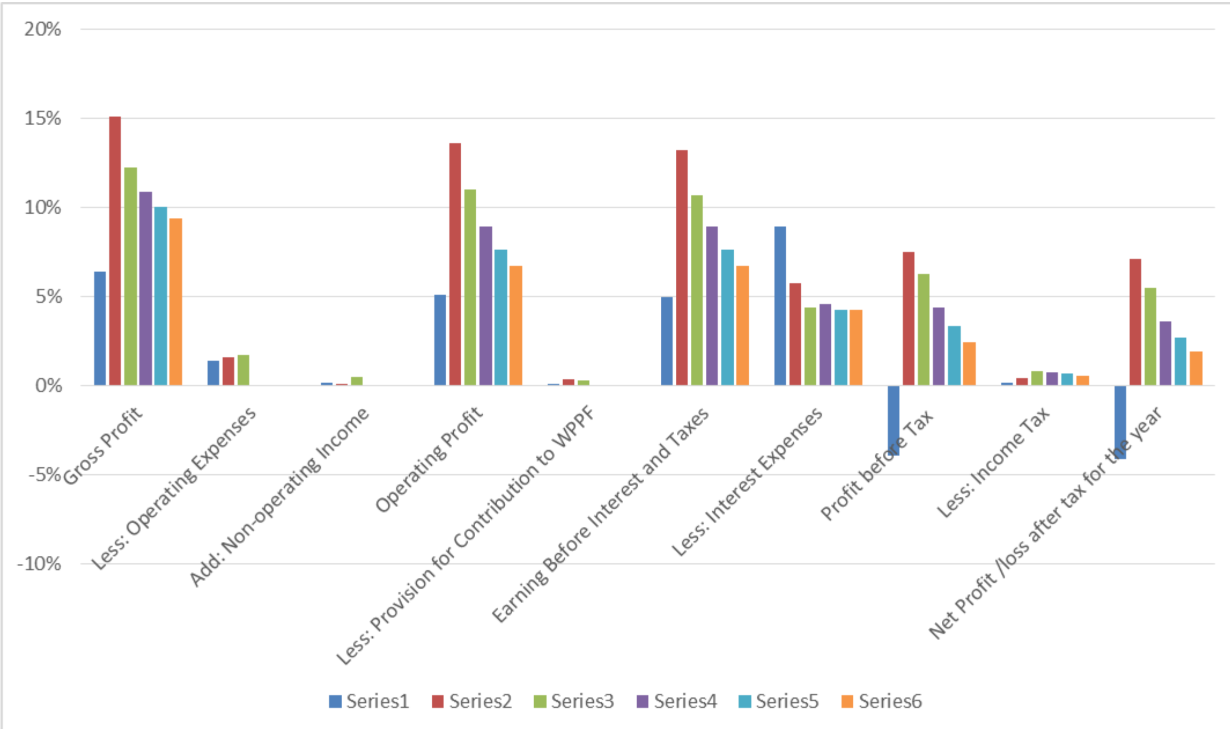


Table-9: common-size analysis on total assets of malek spinning mills.

Comparison of Malek spinning mills ltd based on net turnover sales

- Their gross profit is decries every year since 2013 compare to net turnover of sales
- Their interest expense is highest in 2012.
- They have suffer loss in 2012 because of high costs of goods sold.
- Their net profit is high in 2013 because of low cost of goods sold comparative to other years.

Shasha Denims Ltd.

Statement of financial position

Assets	2012	2013	2014	2015	2016	2017
Inventories	753,381,066	746,169,183	724,385,522	697,963,861	968,055,817	1,816,859,869
Materials In Transit	61,153,800	4,851,561	23,258,710	23,733,430	107,635,359	72,748,419
Accounts Receivable	2,099,224,378	1,946,184,187	2,268,151,358	2,510,464,717	2,486,151,728	2,544,304,233
Deposit for Share	58,103,620	65,331,540	66,262,143	69,407,623	72,334,462	374,248,146
Advance, Deposit & Prepayments	190,603,600	215,337,998	208,806,566	276,568,818	361,219,688	607,765,836
Loan to Others	181,225			7,030,701	4,719,100	1,622,714
Cash and Cash Equivalent	94,633,313	100,852,661	6,670,093,043	1,645,225,807	1,155,112,605	753,656,260
Current Assets	**3,257,281,002**	**3,078,727,130**	**9,960,957,342**	**5,230,394,957**	**5,155,228,759**	**6,171,205,477**
Property, Plant & Equipment	4,103,717,126	3,903,523,432	3,823,864,256	3,819,498,183	3,797,320,238	3,737,865,630
Intangible Assets	2,274,604	4,010,802	4,509,227	4,058,305	3,855,390	3,486,468
Preliminary Expenses	371,090	371,090	112,180	105,461,439	696,238,930	918,418,771
Pre-Operating Expenses	360,510,312	360,821,389	2,196,558			
Investment in Associates	64,804,189	54,804,189	48,420,189	48,420,189	48,420,189	48,420,189
Non Current Assets	**4,531,677,321**	**4,323,530,902**	**3,879,102,410**	**3,977,438,116**	**4,545,834,747**	**4,708,191,058**
Total Assets	**7,788,958,323**	**7,402,258,032**	**13,840,059,752**	**9,207,833,073**	**9,701,063,506**	**10,879,396,535**
Liabilities & Shareholder's Equity						
Accounts Payable	18,112,329	23,980,042	18,680,598	21,025,559	23,497,753	686,526,861
Liability for Expenses	82,923,960	44,667,650	67,377,642	76,401,493	270,639,702	89,773,777
Provision for Tax	25,444,065	65,634,432	102,273,294	153,175,826	188,062,004	232,658,415
Provision for WPPF	14,338,764	19,845,144				
Current Portion of Long Term Loan	70,583,743	66,927,435	43,027,283	36,100,188	33,091,839	
Short Term Loan-Others	192,606,346	180,606,346				
Short Term Loan-Bank	2,722,987,492	2,470,238,016	2,861,958,162	2,823,484,349	2,864,627,241	3,370,987,753
IPO Fund Received			6,482,082,680	3,513,928	3,457,928	3,436,928
Current Liabilities	**3,126,996,699**	**2,871,899,065**	**9,575,399,659**	**3,113,701,343**	**3,383,376,467**	**4,383,383,734**
Long Term Loan	1,069,523,247	848,563,118	822,343,967	681,084,585	599,481,385	451,599,095
Financial Liability	468,333,334	422,708,888	324,400,000	369,200,000	391,600,000	436,400,000
Deferred Tax Liability	64,547,746	67,804,684	69,046,273	69,373,769	69,250,565	69,070,258
Total Non Current Liabilities	**1,602,404,327**	**1,339,076,690**	**1,215,790,240**	**1,119,658,354**	**1,060,331,950**	**957,069,353**
Total Liabilities	**4,729,401,026**	**4,210,975,755**	**10,791,189,899**	**4,233,359,697**	**4,443,708,417**	**5,340,453,087**
Share Capital	400,635,000	400,635,000	480,762,000	1,127,876,300	1,127,876,300	1,127,876,300
Retained Earnings	1,572,359,500	1,720,747,672	1,497,055,868	1,525,041,882	1,807,586,684	2,087,604,100
Total Shareholder's Equity	**1,972,994,500**	**2,121,382,672**	**1,977,817,868**	**2,652,918,182**	**2,935,462,984**	**3,215,480,400**
Revaluation Surplus-STL	851,338,052	873,893,122	873,893,122	1,250,000,000	873,893,122	873,893,112
Non Controlling Interest	235,224,745	196,006,382	197,158,863	197,662,072	197,998,984	199,569,928
Total Liabilities & Shareholder's Equity	**7,788,958,323**	**7,402,257,931**	**13,840,059,752**	**9,207,833,073**	**9,701,063,507**	**10,879,396,537**

Table-16: Statement of Financial Position malek spinning mills Ltd.

Statement of profit and loss and other comprehensive income

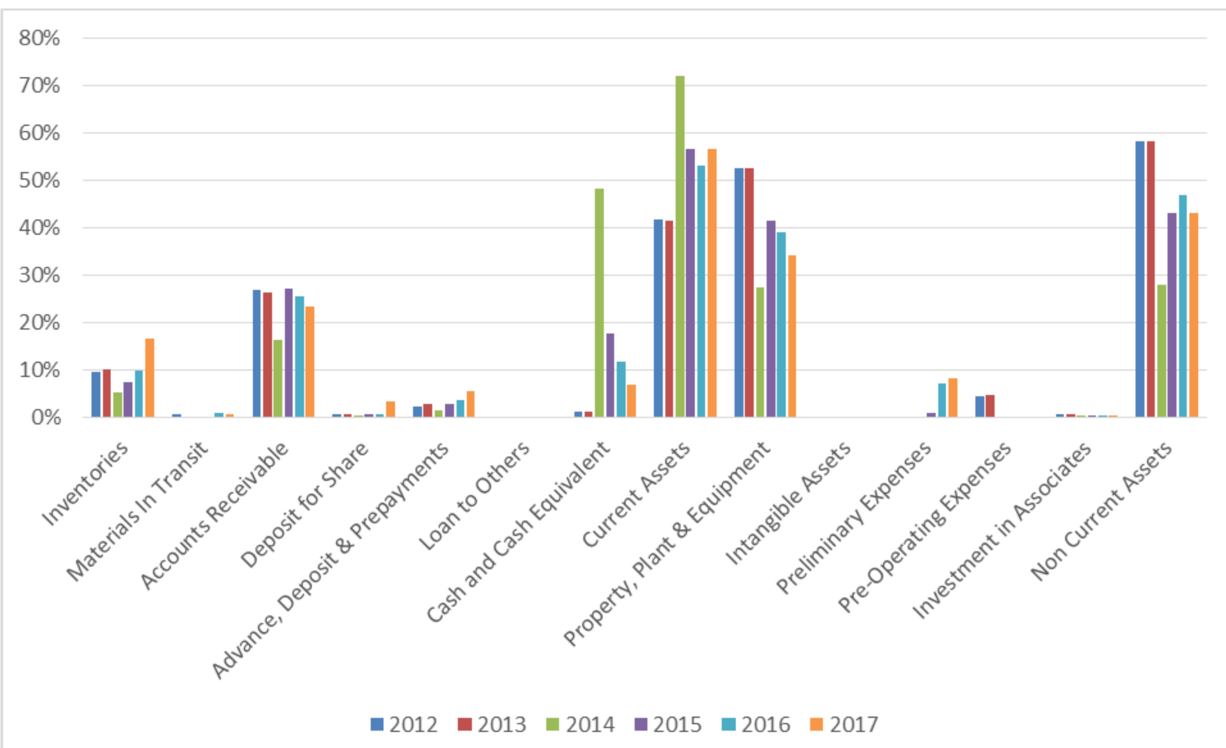
	2012	2013	2014	2015	2016	2017
Net turnover sales	3,735,256,633	3,824,190,283	4,180,195,894	5,144,732,784	5,634,908,505	6,256,605,210
Less: Costs of good Sold	2,801,587,714	3,026,585,901	3,383,987,011	4,039,751,168	4,540,378,151	5,048,773,797
Gross Profit	**933,668,919**	**797,604,382**	**796,208,883**	**1,104,981,616**	**1,094,530,354**	**1,207,831,413**
Less: Administrative Expenses	80,312,932	85,498,376	100,772,317	139,988,973	115,970,241	152,002,133
Less: Selling & Distribution Exp.	11,783,752	16,695,308	21,408,041	27,953,230	38,282,204	45,433,320
Add: Financial income			2,259,443	122,457,476	89,915,542	32,845,521
Profit Before Interest Expenses and Ta	**841,572,235**	**695,410,698**	**676,287,968**	**1,059,496,889**	**1,030,193,451**	**1,043,241,481**
Less: Interest Expenses	435,686,706	488,154,890	443,996,821	407,080,618	368,355,283	383,801,463
Add: Gain(Loss) on disposal of Plant & M	118,424	194,545				
Less: Provision for WPPF	7,651,060	12,194,084				188,513
Add: Exchange Gain/(Loss)	464,525	-2,481,137				
Add: Non-Operation Income	880,930		5,602,949	7,192,328	-125,119	5,544,062
Add: Stock Dividend	8,784,467					
Net Profit/(Loss) before Income Tax	**408,482,815**	**192,775,132**	**237,894,096**	**659,608,599**	**661,713,049**	**664,795,567**
Less: Income Tax	30,877,871	43,533,305	61,567,615	98,662,990	98,243,024	73,032,773
Net Profit/ (loss) after Income Tax	**377,604,944**	**149,241,827**	**176,326,481**	**560,945,609**	**563,470,025**	**591,762,794**

Table-17: Statement of profit and loss and other comprehensive income shasha denims ltd

Common-Size analysis of Shasha Denims Ltd.

Assets	2012	2013	2014	2015	2016	2017
Inventories	10%	10%	5%	8%	10%	17%
Materials In Transit	1%	0%	0%	0%	1%	1%
Accounts Receivable	27%	26%	16%	27%	26%	23%
Deposit for Share	1%	1%	0%	1%	1%	3%
Advance, Deposit & Prepayments	2%	3%	2%	3%	4%	6%
Loan to Others	0%	0%	0%	0%	0%	0%
Cash and Cash Equivalent	1%	1%	48%	18%	12%	7%
Current Assets	42%	42%	72%	57%	53%	57%
Property, Plant & Equipment	53%	53%	28%	41%	39%	34%
Intangible Assets	0%	0%	0%	0%	0%	0%
Preliminary Expenses	0%	0%	0%	1%	7%	8%
Pre-Operating Expenses	5%	5%	0%	0%	0%	0%
Investment in Associates	1%	1%	0%	1%	0%	0%
Non Current Assets	58%	58%	28%	43%	47%	43%
Total Assets	100%	100%	100%	100%	100%	100%

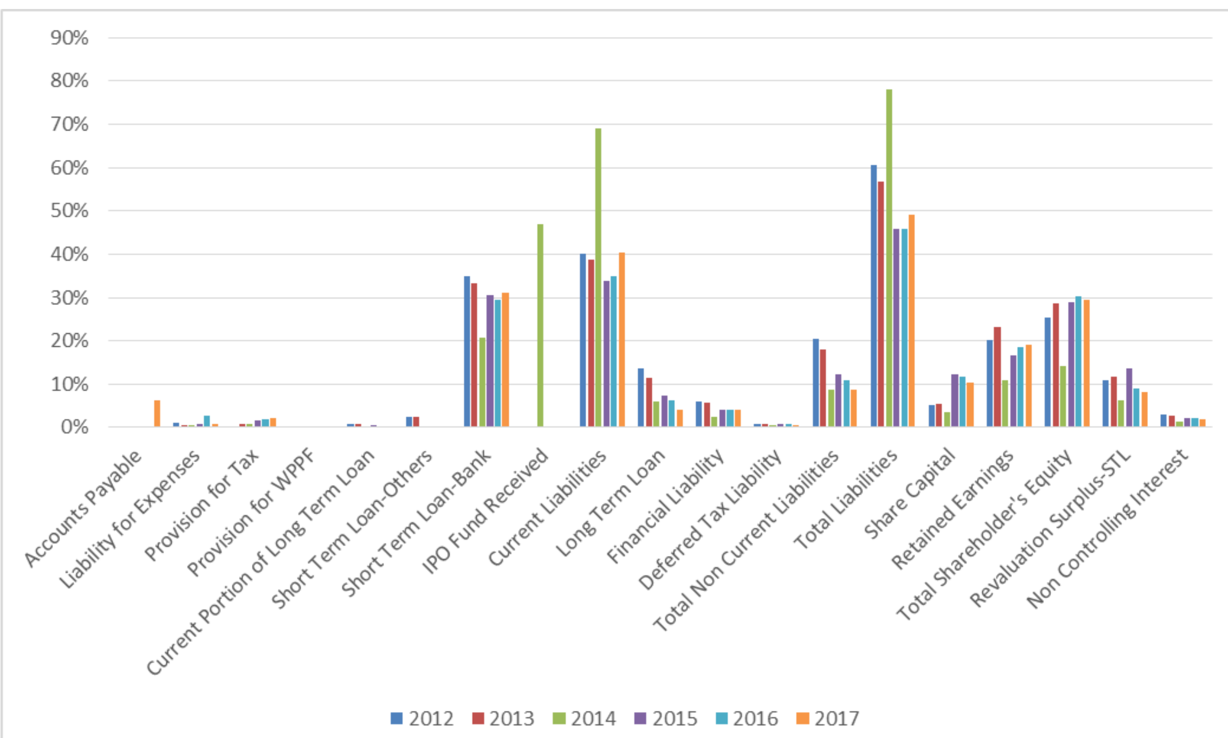
Table-18: common-size analysis on total assets of shasha denims ltd



Graph-10: common-size analysis on total assets of shasha denims ltd

Liabilities & Shareholder's Equity	2012	2013	2014	2015	2016	2017
Accounts Payable	0%	0%	0%	0%	0%	6%
Liability for Expenses	1%	1%	0%	1%	3%	1%
Provision for Tax	0%	1%	1%	2%	2%	2%
Provision for WPPF	0%	0%	0%	0%	0%	0%
Current Portion of Long Term Loan	1%	1%	0%	0%	0%	0%
Short Term Loan-Others	2%	2%	0%	0%	0%	0%
Short Term Loan-Bank	35%	33%	21%	31%	30%	31%
IPO Fund Received	0%	0%	47%	0%	0%	0%
Current Liabilities	40%	39%	69%	34%	35%	40%
Long Term Loan	14%	11%	6%	7%	6%	4%
Financial Liability	6%	6%	2%	4%	4%	4%
Deferred Tax Liability	1%	1%	0%	1%	1%	1%
Total Non Current Liabilities	21%	18%	9%	12%	11%	9%
Total Liabilities	61%	57%	78%	46%	46%	49%
Share Capital	5%	5%	3%	12%	12%	10%
Retained Earnings	20%	23%	11%	17%	19%	19%
Total Shareholder's Equity	25%	29%	14%	29%	30%	30%
Revaluation Surplus-STL	11%	12%	6%	14%	9%	8%
Non Controlling Interest	3%	3%	1%	2%	2%	2%
Total Liabilities & Shareholder's Equit	100%	100%	100%	100%	100%	100%

Table-19: common-size analysis on total liability and shareholders' equity of shasha denims ltd



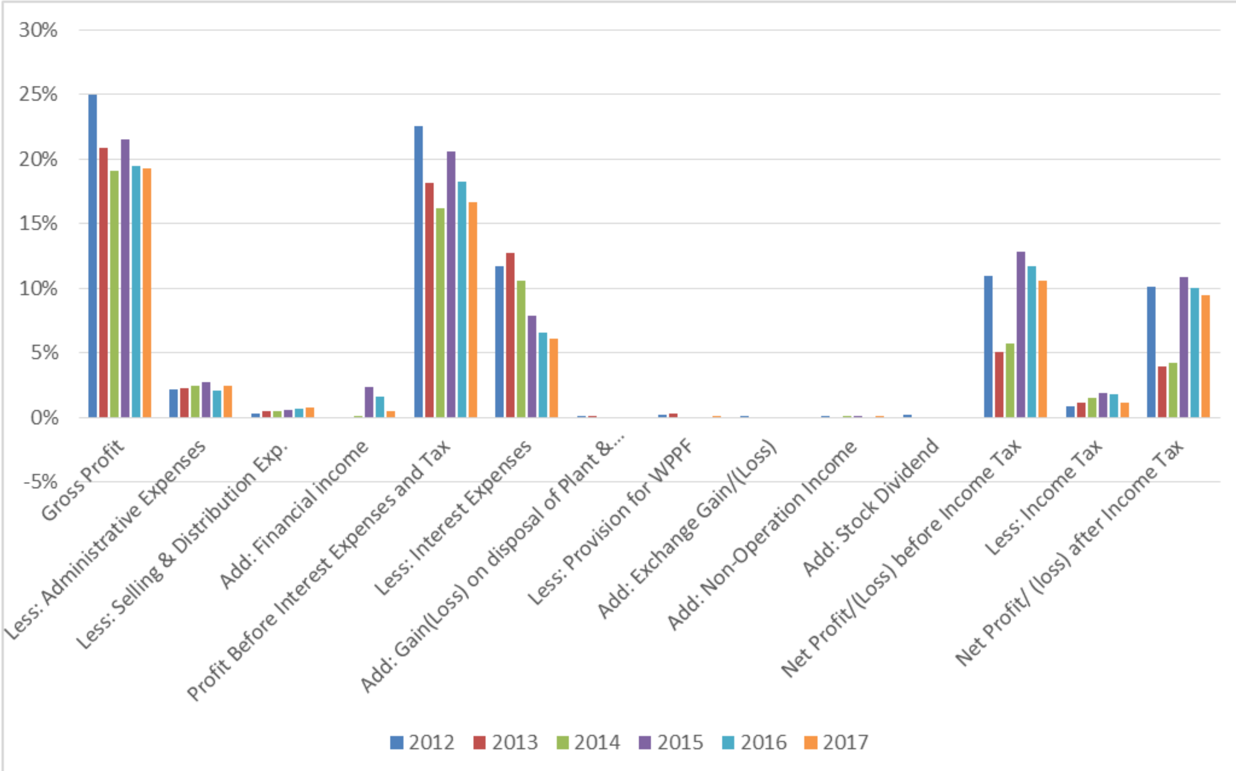
Graph-11: common-size analysis on total liability and shareholder equity of shasha denims ltd

Comparison of Shasha denims ltd based on total assets and total liabilities and owners' equity:

- First their inventory is highest in year 2017 (17% of total assets) and lowest in year 2014 (5% of total assets)
- Their current assets is highest in year 2014 (72% of total assets) and lowest in year 2012and 2013 (42% of total assets)
- There current assets is positive in every year because their current asset is greater than current liability in every year.
- Their long term liability is decreasing in every year compare to total liability and shareholder equity
- Their shareholder equity is same since 2013 except 2014.

	2012	2013	2014	2015	2016	2017
Net turnover sales	100%	100%	100%	100%	100%	100%
Less: Costs of good Sold	75%	79%	81%	79%	81%	81%
Gross Profit	25%	21%	19%	21%	19%	19%
Less: Administrative Expenses	2%	2%	2%	3%	2%	2%
Less: Selling & Distribution Exp.	0%	0%	1%	1%	1%	1%
Add: Financial income	0%	0%	0%	2%	2%	1%
Profit Before Interest Expenses and Ta	23%	18%	16%	21%	18%	17%
Less: Interest Expenses	12%	13%	11%	8%	7%	6%
Add: Gain(Loss) on disposal of Plant & M	0%	0%	0%	0%	0%	0%
Less: Provision for WPPF	0%	0%	0%	0%	0%	0%
Add: Exchange Gain/(Loss)	0%	0%	0%	0%	0%	0%
Add: Non-Operation Income	0%	0%	0%	0%	0%	0%
Add: Stock Dividend	0%	0%	0%	0%	0%	0%
Net Profit/(Loss) before Income Tax	11%	5%	6%	13%	12%	11%
Less: Income Tax	1%	1%	1%	2%	2%	1%
Net Profit/ (loss) after Income Tax	10%	4%	4%	11%	10%	9%

Table-20: common-size analysis on net turnover sales of shasha denims ltd



Graph-12: common-size analysis on net turnover sales of shasha denims ltd

Comparison of Shasha denims ltd based on Net turnover sales

- Their net profit is highest in 2015 (11% net sales)
- Their cost of goods sold is lowest in 2012 (75% of total sales)
- Interest expense is highest in 2012 and lowest in 2017

Chapter – 7

Performance Analysis of Selected Textiles Companies of Bangladesh

Performance Analysis of Selected Textiles Companies of Bangladesh

In this chapter we analysis the data we select. For this analysis our selected textiles companies are Argon denims ltd, envoy textiles ltd, malek spinning ltd and shasha denims ltd. We analysis these companies performance, for this we do ratio analysis. We discuss company's performance by five separate part. At first we analysis the performance of liquidity position of those textile company after that we analysis leverage, coverage, activity, profitability.

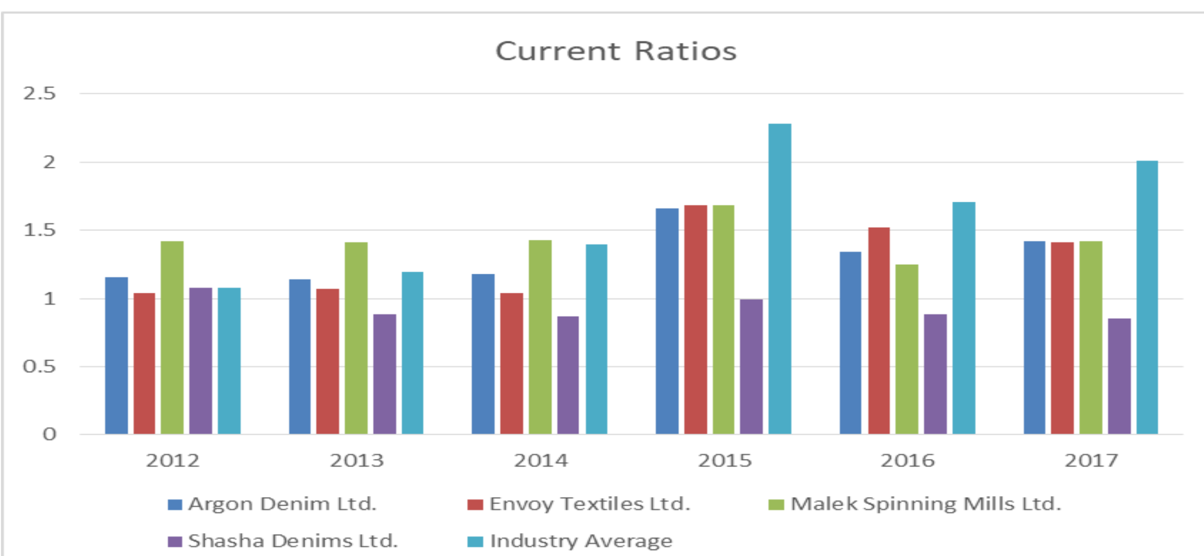
Liquidity Ratio:

Here we study company's ability to meet short term obligation, by compare short term obligation with short term resource we have to cover this obligation. For this we use;

Current ratio:

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	1.153759	1.140403	1.182284	1.658935	1.340472	1.422013
Envoy Textiles Ltd.	1.041664	1.072018	1.040265	1.6798	1.523694	1.407863
Malek Spinning Mills Ltd.	1.420069	1.410265	1.426018	1.683184	1.247154	1.422485
Shasha Denims Ltd.	1.074025	0.884632	0.867574	0.992615	0.886288	0.849491
Industry Average	1.079279	1.194696	1.395277	2.280143	1.704752	2.008214

Table-21: Current ratio



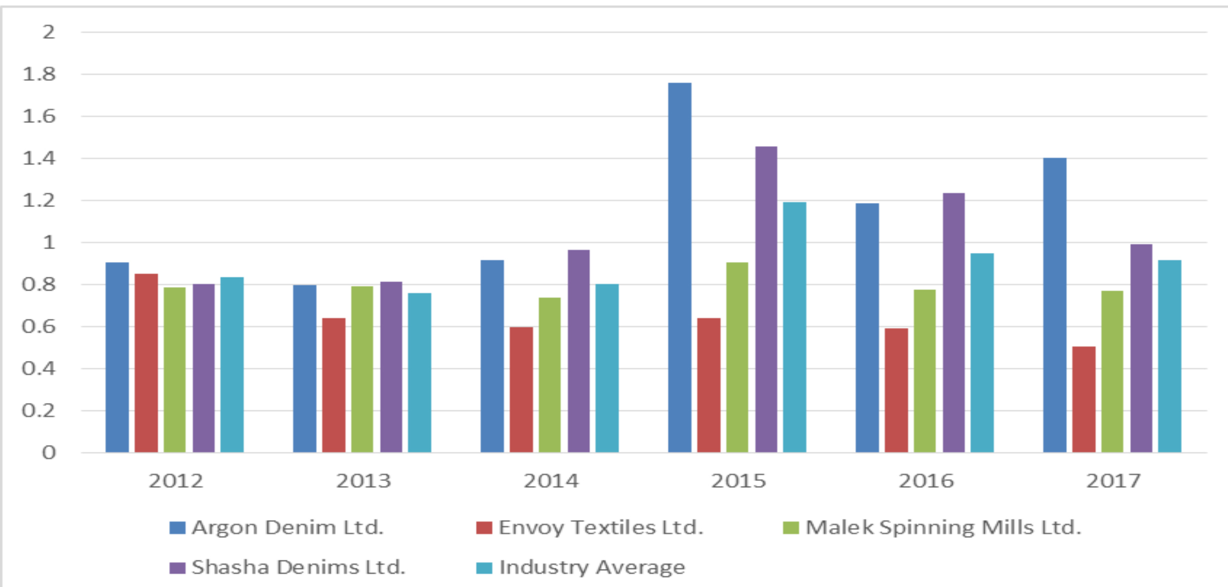
Graph-13: Current ratio

One of the most used liquidity ratio is current ratio. Current ratio means how much current asset company have, to pay the current liability. For example, Here Argon Denim Ltd. 2012 indicates that for every tk of Liability Company have 1.5 tk assets. And if the ratio is higher than 1 it shows the positive sign to the company or assets is higher than liability. Here we see argon ltd has stable current ratio throughout the financial year. Envoy textiles have better scenario after 2014. Makek spinning mills ltd also have stable current ratio but it have strongest position among them. And shasha denims ltd is lowest position among the company.

Acid-Test ratio

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	0.905255	0.797655	0.916814	1.760098	1.184707	1.402956
Envoy Textiles Ltd.	0.851773	0.640921	0.599589	0.638193	0.59383	0.503378
Malek Spinning Mills Ltd.	0.784638	0.792922	0.739184	0.903383	0.774973	0.76887
Shasha Denims Ltd.	0.800736	0.812201	0.964615	1.455641	1.237572	0.993375
Industry Average	0.835601	0.760925	0.80505	1.189329	0.947771	0.917145

Table-22: Acid-test ratio



Graph-14: Acid-Test ratio

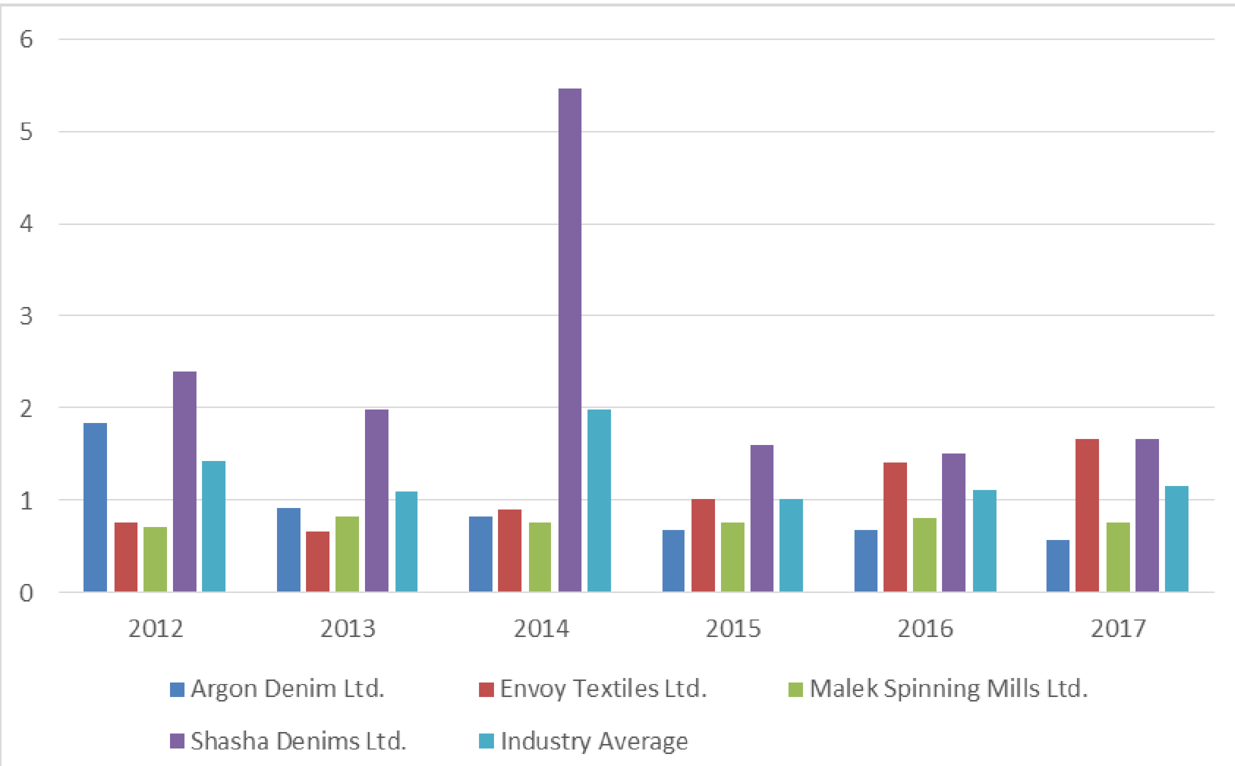
It is same as current ratio except for inventory is deducted from current asset. It is used for more short term liquidity. We compute this ratio by dividing current assets less inventory by current liability. The current asset include cash, short term investment, receivable etc. Argon Denim Ltd. In 2015 has the highest among the all company. Compare to the industry average there difference is not so high except for envoy textiles.

Leverage Ratio

Debt to Equity Ratio

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	1.845887	0.924554	0.818663	0.679277	0.679277	0.56659
Envoy Textiles Ltd.	0.760722	0.672034	0.899582	1.020704	1.412261	1.66301
Malek Spinning Mills Ltd.	0.715282	0.82705	0.760122	0.765288	0.809567	0.760236
Shasha Denims Ltd.	2.397068	1.985015	5.456109	1.595737	1.513802	1.660857
Industry Average	1.42974	1.102163	1.983619	1.015251	1.103727	1.162673

Table-23: debt to equity ratio



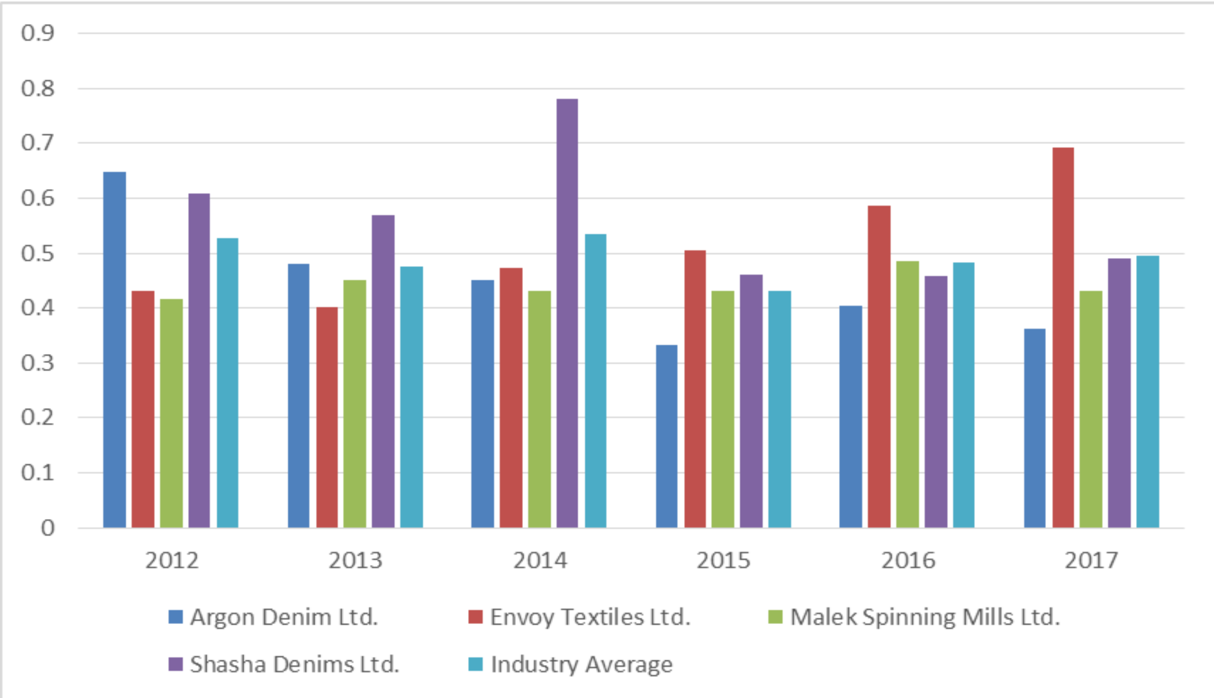
Graph-15: debt to equity ratio

This ratio is identify whether the company have more share capital than its creditor. If the share capital is high, than it shows positive. This ratio computerize by total debt including current debt divided by shareholders equity. If shareholder equity is greater than creditor the creditor is happier. Lower ratio shows the high shareholder equity. Argon Denims ltd is continuously improving their share capital which is shows in this chart. Envoy denim and malek spinning has comparatively stable thought the all year. Here shasha denims has low performance among the companies. But they also improving their situation expect for year 2014.

Debt to Total Assets Ratio

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	0.648616	0.480399	0.450145	0.332071	0.404505	0.361671
Envoy Textiles Ltd.	0.432051	0.401926	0.473568	0.505123	0.585451	0.693107
Malek Spinning Mills Ltd.	0.417259	0.449811	0.430382	0.432014	0.485597	0.430307
Shasha Denims Ltd.	0.607193	0.568877	0.779707	0.459756	0.458064	0.490878
Industry Average	0.52628	0.475253	0.533451	0.432241	0.483405	0.493991

Table-23: Debt to Total Assets ratio



Graph-16: Debt to Total Assets ratio

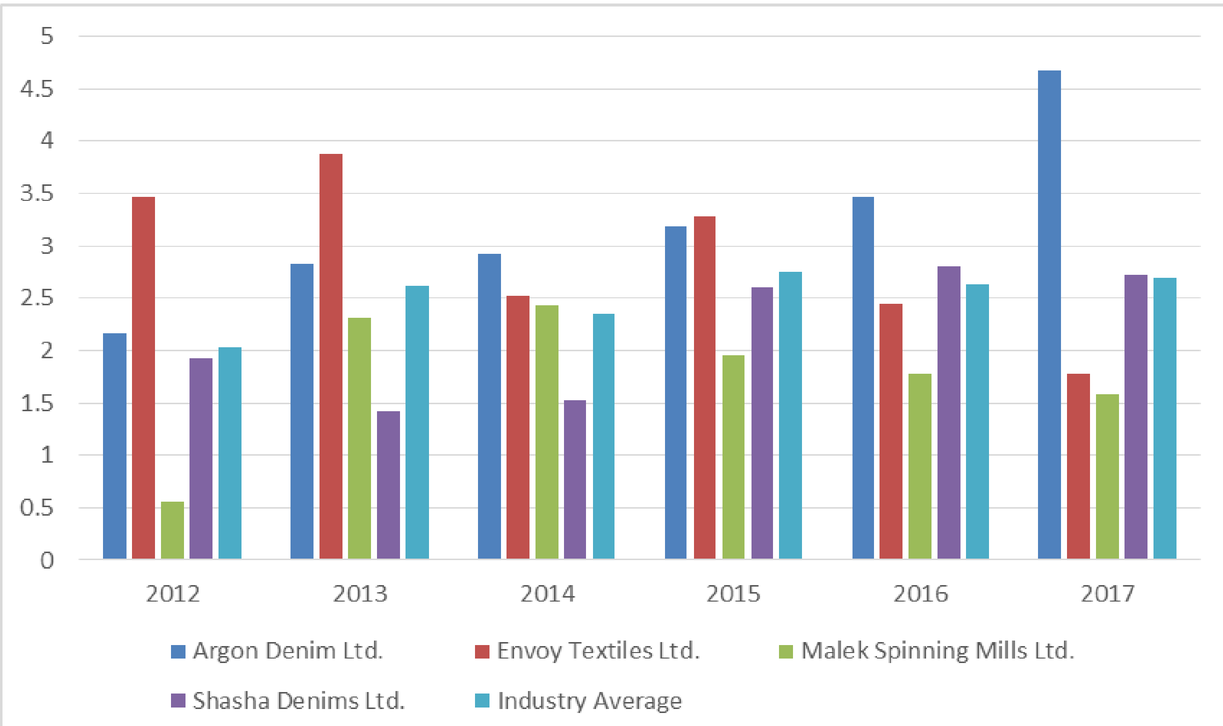
Purpose of this ratio is similar to the debt to equity ratio. This ratio is this ratio is identify whether the company have more assets than its liability. It is an important and common question to all shareholder and creditor. If the asset of the company is high, the investor are more interest to invest in the company. This ratio is computerize by total debt divided by total assets. Lower ratio shows the higher positivity, example; in 2015 argon denims is shows that .33 which means 77percent of financing is come from assets and 33 percent is by debt. Here all the company have the positive ratio that means all ratio is less than 1.

Coverage Ratio

Interest Coverage ratio

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	2.161854	2.824767	2.917423	3.186423	3.469113	4.682077
Envoy Textiles Ltd.	3.460333	3.882131	2.52088	3.274247	2.446023	1.786258
Malek Spinning Mills Ltd.	0.560512	2.3152	2.428215	1.954824	1.784895	1.576356
Shasha Denims Ltd.	1.9316	1.42457	1.523182	2.602671	2.796739	2.71818
Industry Average	2.028575	2.611667	2.347425	2.754541	2.624192	2.690718

Table-24: Interest Coverage ratio



Graph-14: Interest Coverage ratio

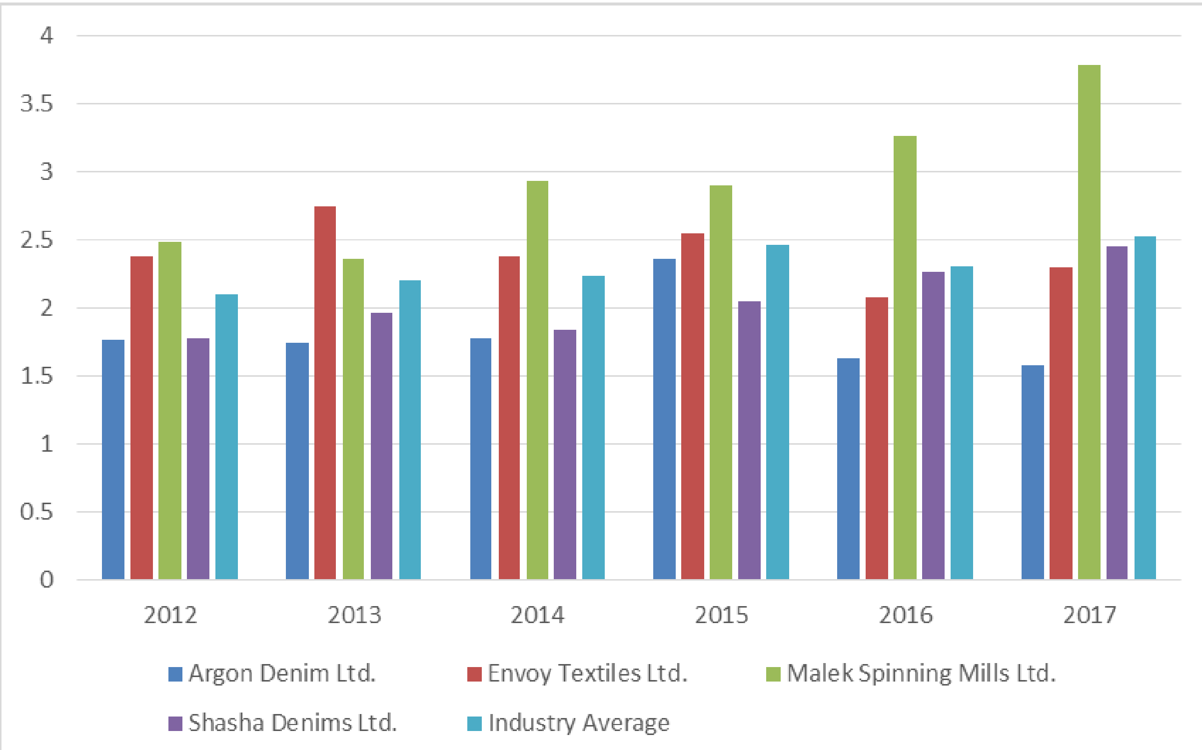
This ratio is test the company's ability to meet its interest payment and avoid bankruptcy. This ratio is computerized by earnings before interest and taxes divided by interest expense. If the ratio is higher it seems to be better for the company. Which means with a higher ratio company are able to pay its interest without any difficulty. Here argon denims ltd increase its ability to pay the interest day by day. All the company have positive ratio except from malek spinning mills 2012.

Activity Ratio

Receivable Turnover Ratio

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	1.770903	1.744498	1.777697	2.360861	1.6327	1.576923
Envoy Textiles Ltd.	2.384648	2.751444	2.386148	2.54514	2.078741	2.299388
Malek Spinning Mills Ltd.	2.482379	2.36382	2.938407	2.900055	3.270146	3.785313
Shasha Denims Ltd.	1.779351	1.964968	1.842997	2.049315	2.266518	2.459063
Industry Average	2.10432	2.206183	2.236312	2.463843	2.312027	2.530172

Table-25: Receivable Turnover ratio



Graph-15: Receivable Turnover ratio

This ratio indicate that how frequently the company convert its receivable into cash. And also how successfully the company is in collections. This is computerized by annual net credit sales divided by receivable. Higher the turnover ratio the shorter the sales and cash during the year. Here malek spinning mills is in leading position among the company. This company is collect its receivable more frequently than other. And they also improve their receivable every year. Where argon denims ltd is in stable position in every year and also lowest turnover compare to other company. And envoy textiles and shasha denims is up and down in every year. Malek spinning and envoy textiles is higher turnover compare to the industry average.

Receivable turnover in days

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	203.2862	206.3631	202.5092	152.4867	220.4936	228.292698
Envoy Textiles Ltd.	150.9657	130.8404	150.8708	141.446	173.1817	156.563387
Malek Spinning Mills Ltd.	145.0222	152.2958	122.5154	124.1356	110.0868	95.1044126
Shasha Denims Ltd.	202.321	183.2091	195.334	175.6685	158.8339	146.397206
Industry Average	175.3988	168.1771	167.8074	148.4342	165.649	156.589426

Table-26: Receivable turnover in days

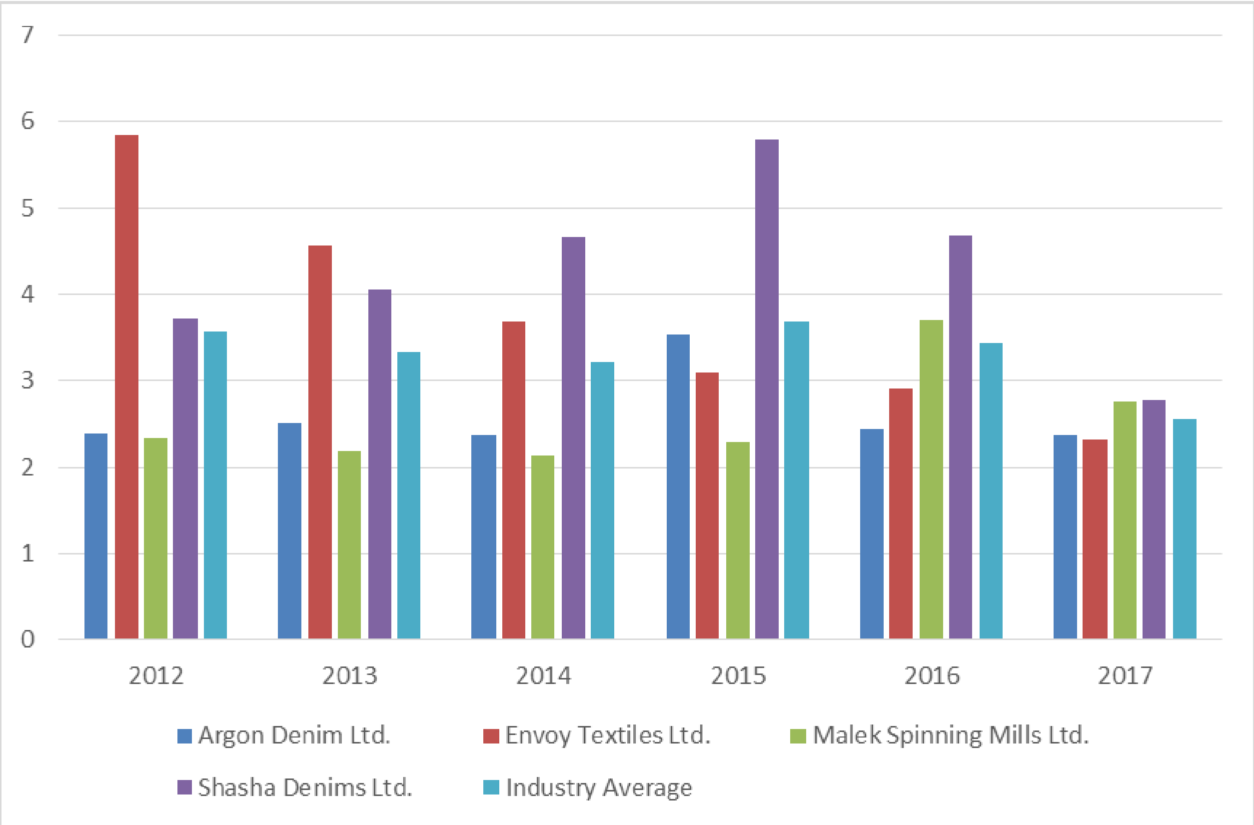
Graph-16: Receivable turnover in days

Here we identify the average number of day receivables are outstanding. If the collection period is too high it seems to be bad for company. But too much low collection period is also not necessarily be good. In argon denims ltd average receivable periods is around 200 days, in envoy textiles ltd receivables collections periods are around 155 days, malek spinning is around 130 days, and shasha denims is around 180 days. Here malek spinning mills have the grater position among the company.

Inventory turnover ratio

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	2.398531	2.511889	2.367346	3.542562	2.447476	2.382199
Envoy Textiles Ltd.	5.842382	4.562514	3.681706	3.105264	2.905932	2.317602
Malek Spinning Mills Ltd.	2.348629	2.190706	2.141272	2.297011	3.705488	2.765346
Shasha Denims Ltd.	3.718686	4.056166	4.671528	5.787909	4.690203	2.778846
Industry Average	3.577057	3.330319	3.215463	3.683186	3.437275	2.560998

Table-27: Inventory turnover ratio



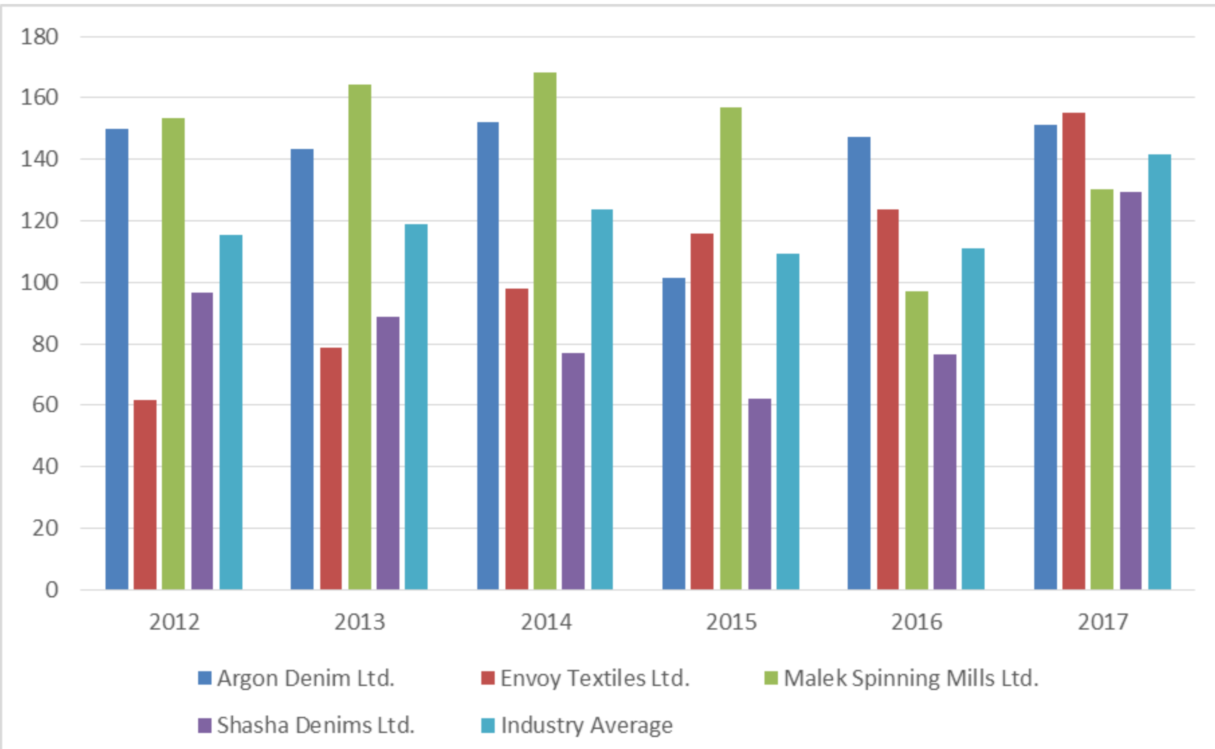
Graph-17: Inventory turnover ratio

Here we measure how frequently (number of time, on average) we sold our inventory during a period. We calculate this ratio by dividing cost of goods sold by inventory. Firstar the inventory turnover the better for company. In 2012 and 2013 envoy denims ltd has the higher inventory turnover than other. In 2014-2016 shasha denims has the higher inventory among those company. And in 2017 all company maintain around same inventory turnover.

Inventory turnover in days

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	150.0918	143.3185	152.069	101.6214	147.0903	151.1209
Envoy Textiles Ltd.	61.61871	78.90386	97.78076	115.9322	123.8845	155.333
Malek Spinning Mills Ltd.	153.2809	164.3306	168.1244	156.7254	97.1532	130.1826
Shasha Denims Ltd.	96.80839	88.75377	77.06259	62.19863	76.75574	129.5502
Industry Average	115.45	118.8267	123.7592	109.1194	111.2209	141.5467

Table-28: Inventory turnover in days



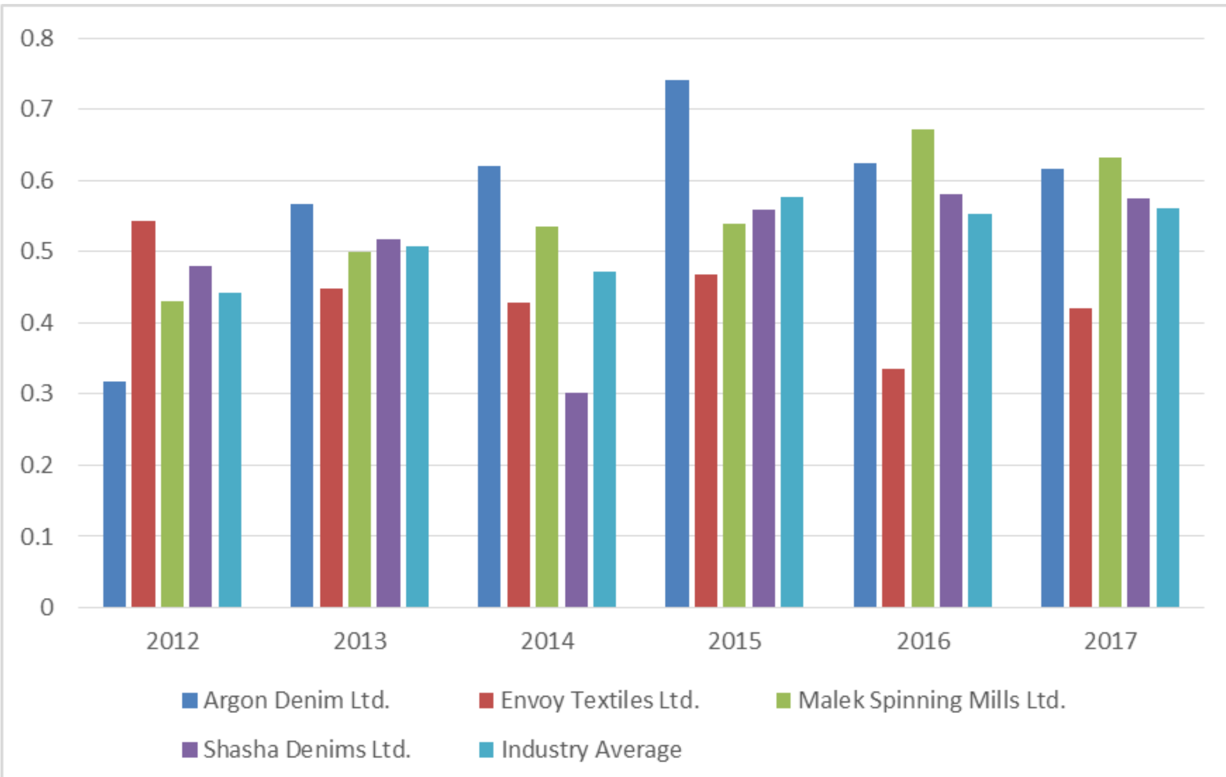
Graph-18: Inventory turnover in days

This ratio indicate how often company can sell its inventory during a period of time. The lower the time between one sell to another sell the greater the company's situation. Compare to the industry average in 2012 to 2014 envoy and shasha has the better situation. And in 2015 argon and shasha has better situation and 2016 malek and shasha has better situation. But in 2017 all company have comparatively same situations.

Total assets turnover ratio

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	0.317629	0.566488	0.620134	0.740263	0.623614	0.616624
Envoy Textiles Ltd.	0.543689	0.44753	0.427883	0.467091	0.334455	0.420085
Malek Spinning Mills Ltd.	0.430296	0.499946	0.534791	0.539721	0.671118	0.632337
Shasha Denims Ltd.	0.479558	0.516625	0.302036	0.558734	0.580855	0.575088
Industry Average	0.442793	0.507647	0.471211	0.576452	0.552511	0.561033

Table-29: Total assets turnover ratio



Graph-19: Total assets turnover ratio

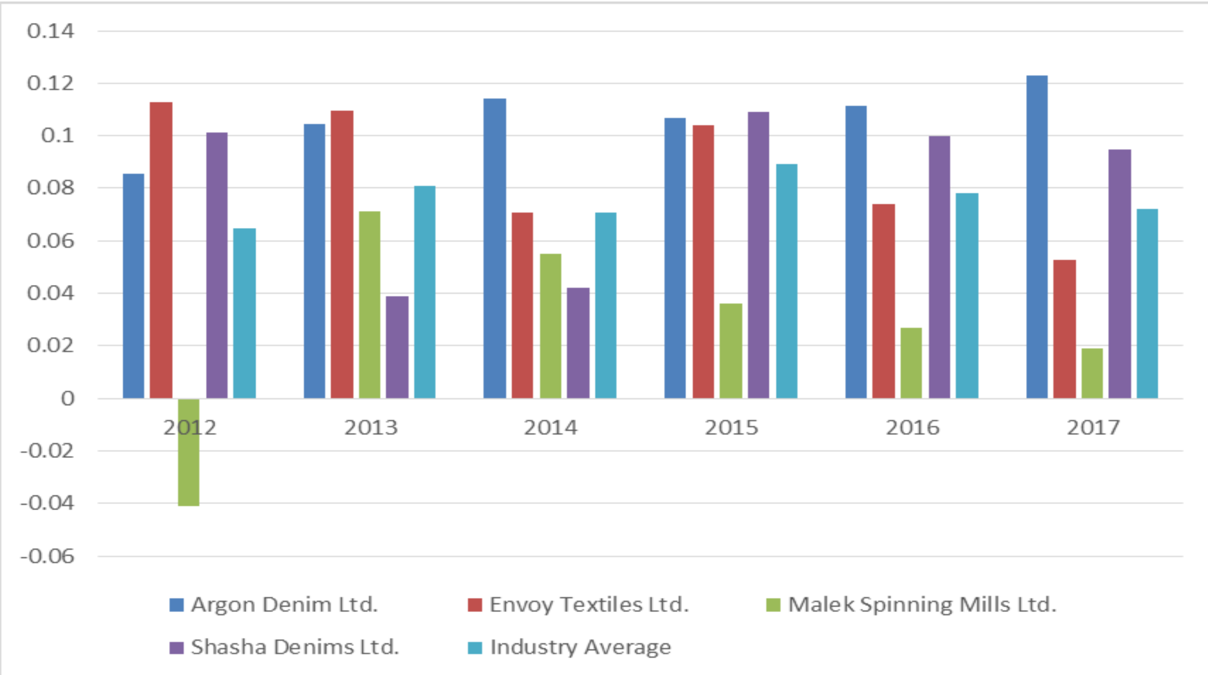
This ratio tells us how efficiently a company use its assets to generate sales. Total assets turnover ratio calculated by dividing net sales by total assets. This indicate how much sales generate for every tk of assets. For example in 2015 argon denim ltd. Generate .75tk of sales by investment of 1 tk of assets. If the company generate sales more, than company is more efficient. Here argon denims have a better positions compare to the industry.

Profitability Ratio

Net profit margin

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	0.08557	0.104472	0.114015	0.106958	0.1112	0.12281
Envoy Textiles Ltd.	0.112888	0.109334	0.070807	0.103841	0.073877	0.052608
Malek Spinning Mills Ltd.	-0.04111	0.070973	0.055107	0.036135	0.026787	0.018919
Shasha Denims Ltd.	0.101092	0.039026	0.042181	0.109033	0.099996	0.094582
Industry Average	0.064609	0.080951	0.070527	0.088992	0.077965	0.07223

Table-30: Net profit margin



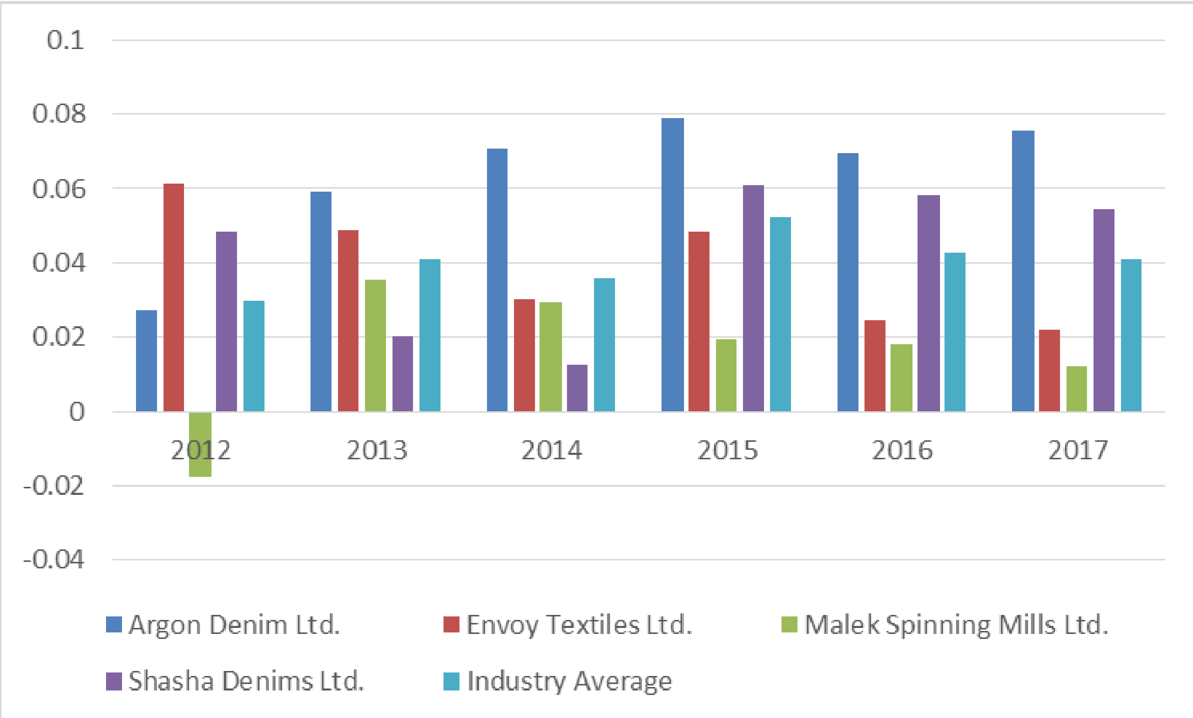
Graph-20: Net profit margin

It tell us how much net income company earn per dollar of sales. This is calculated by dividing net profit after taxes by net sales. Higher net profit margin indicated favorable situations for the company. Here in 2012 and 2013 envoy textiles has the higher net profit margin and 2014 to 2017 argon has the higher net profit margin. In 2012 malek spinning shows the negative net profit margin which means company is in loss.

Return on investment

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	0.02718	0.059182	0.070704	0.079177	0.069346	0.075728
Envoy Textiles Ltd.	0.061376	0.04893	0.030297	0.048503	0.024709	0.0221
Malek Spinning Mills Ltd.	-0.01769	0.035483	0.029471	0.019503	0.017977	0.011963
Shasha Denims Ltd.	0.04848	0.020162	0.01274	0.06092	0.058083	0.054393
Industry Average	0.029836	0.040939	0.035803	0.052026	0.042529	0.041046

Table-31: Return on investment



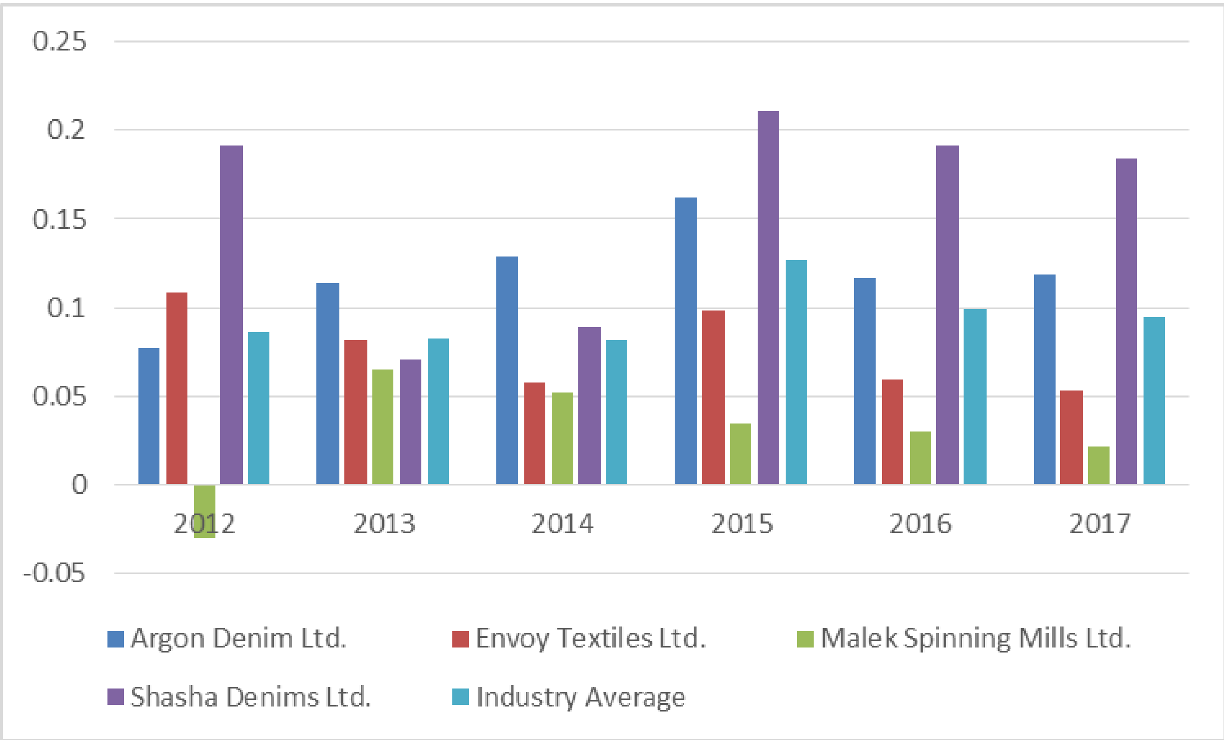
Graph-21: Return on investment

Return on investment ratio indicated that how much return the company get from the total investment of company in a period of time. Greater the ratio the more favorable for company. Here compare to the industry in 2012 envoy and shasha ltd has the good satiation, in 2013 argon and envoy ltd, 2014 argon , in 2015 argon and shasha ltd, in 2016 and 2017 argon and shasha ltd has the favorable situation.

Return on Equity

	2012	2013	2014	2015	2016	2017
Argon Denim Ltd.	0.07735	0.113899	0.128588	0.161963	0.116451	0.118634
Envoy Textiles Ltd.	0.108066	0.081813	0.057552	0.098011	0.059604	0.053026
Malek Spinning Mills Ltd.	-0.03033	0.065241	0.05205	0.034548	0.029971	0.021135
Shasha Denims Ltd.	0.191387	0.070351	0.089152	0.211445	0.191953	0.184036
Industry Average	0.086619	0.082826	0.081835	0.126492	0.099495	0.094208

Table-32: Return on Equity



Graph-22: Return on Equity

By this ratio we identify how much net income earn for each tk invested by the owners. We calculated this by compare net profit after taxes with shareholder equity. High return on equity lead to the increase investment opportunities and effective expense management, which make company big in the future. Comparative to industry average argon denims and malek spinning has the favorable position among the other company over the year.

Chapter – 8

Conclusion

Conclusion

In this chapter we will discuss the findings of the study. How the study meet our objective. We give comparison between our selected companies performance. And give the summarized recommendation related to the study. Analysis whether the study fulfill the purpose of our report.

This report are conduct on performance analysis of textiles companies of Bangladesh. We apply many technique to understand the companies scenario and make comparison between them. For understand companies financial statement we conduct common-size analyses. And for understand companies performance analysis we conduct various ratio analysis related to our study.

Common size analysis give us year to year comparison between companies financial statement items based on total assets and total liabilities & shareholder equity and income statement item based on net turnover sales.

For performance analysis the best tools is ratio analysis. One single ratio is not able to give us the perfect scenario of a company. For that we need group of ratio to conduct the best analysis of companies. We conduct ratio analyses divided into five part: liquidity ratio, leverage ratio, coverage ratio, activity ratio, and finally profitability ratio.

In our analysis of liquidity measurement we find that argon denim ltd is in 1^{st} position, malek spinning mills ltd in second position and shasha denims in third position and envoy textile is in last position. Second we measure the leverage ratio to understand companies ability to pay debt by their asset and shareholder equity. Here we find that argon denims and malek spinning mills ltd is in a favorable situation. Third we measure coverage ratio to find out, is that net income cover the interest expense. Argon denims is in first position in terms of interest coverage compare. Fourth we measure activity ratio to understand how effective the companies is in terms of activity. Here result shows us envoy textiles ltd in in first position among other company. Finally we measure how much profit company earns compare to net sales, total assets and equity. Here results shows that in terms of profit earn argon denims is in also first position.

Finally by conducting the performance analysis we can say that argon denims performance is best among the four company we select. And other company also increase their performance year to year.

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