Financial Statement Analysis of Selected Industries in Bangladesh

Submitted By

MD. Ishaq Ismail Imam

Id# 114 143 010

Major: BBA in AIS

Submitted To:

MD. Abdullah Babu

Assistant Professor

School of Business & Economics

United International University

Date of Submission- August 30, 2020

Letter of Transmittal

30th August, 2020

To,

Mohammad Abdullah Babu

Assistant Professor

United International University

Sub: Submission of Term Paper

Dear Sir, It gives me enormous pleasure in preparing this report on **Financial Statement Analysis of Industries in Bangladesh** which was assigned to me in fulfillment of my course requirement. I tried my best to fulfill this course.

This report has been valuable to me as it helps me to unite the practical experience to my theoretical knowledge and I am grateful for providing me with the opportunity of gaining this experience. I would like to mention here that I am extremely indebted to you for your valuable guidance, tireless effort and constant attention as and when required in accomplishing the report. I shall be very pleased to answer any query you think necessary as and when needed. Due to various constraints, there may be some mistakes for which I beg apology.

With best regards.

Sincerely

Md. Ishaq Ismail Imam

Id no. 114143010

Major BBA in AI&S

Executive Summary

This report is conducted to estimate the financial situation of four different industries in Bangladesh. Our selected industries are – pharmaceuticals industry, textile industry, cement industry and chemical industry. Here five years of financial reports from year 2014 to 2019 has been used. Four kinds of ratio analysis such as liquidity ratios, leverage ratios, efficiency ratios and profitability ratios were used to analyze the financial reports. From this report we will be able to know the present financial situation of the selected companies and compare them. It will also help us to forecast the future possibilities and decision making.

Contents

Chapter 1 - Introduction

1.0 Introduction:

Financial statement analysis is the analysis of internal data of previous years of the organization. It is done by an organization for the betterment of the company. For example, from the previous year's financial statement the organization can make the best decision for the company. Again the external party uses this data before investing in the company. The organization can compare available financial data to know about a company's conditionto make sure that either the investment is profitable or not. So, this analysis part of a company's financial statement is very important.Various significant factors of an organization depend on financial statement analysis. The important part of a company depends on that.

1.1Background of the study:

The study requires a discussion about financial statement analysis of different industries of Bangladesh. Four different industries are selected for the analysis. Those are the Cement industry, Textile industry, Chemical industry, Pharmaceutical industry. So, the main purpose of this research is to prepare a financial statement analysis report of the different organizations by ratio analysis (Fried, 2013). From that report, we can make a comparison among all the organization and can know that which organization's condition is better and which ones are not. Can know that the performance of all organizations and also can find out the financial condition of all organization. There have different types of ratio analysis and according to the need for organization ratio analysis have to make or prepare. Here we are preparing this report as a part of a course which is instructed by the course teacher. The significance of making this report is the organization's authority can know the condition of the organization, forecast the organization's future and most importantly the investor gets all the information about the organization as their requirement. This helps the organization to make goodwill in the industry and which organization's condition is not good their authority takes provision according to the need.

1.2 Aims and objectives of the research:

This research aims to analyze different financial statements of different commercial industries in Bangladesh. There are some other objectives of this research that states the significance of financial statement analysis of organizations. The objectives and aimsof the research are shown below.

I. To explore the condition of the organization, for making comparisons and also to forecast the future of the organizations from previous years' data analysis.
II. For making the financial decision of the organization which is the most important part of an organization.
III. To give a clear idea to the external and the shareholder about the organization's condition for buying shares.
IV. To identify the problem of the organization and to take provisions against that problem (Pride, 2017).
V. To thoroughly understand the condition of the industry or the organization.
VI. To analysis the financial statement of a different organization of different industries and to make a comparison among these organizations to fix their position.
VII. To review the satisfaction of the shareholder or the investor or the buyer of the share in the industry.

1.3 Overview of the theories:

This research is about analyzing the financial statement of a different organization. At the time of analysis have to use a different theoretical term like ratio analysis, profitability ratio, liquidity ratio, income statement, balance sheet, etc. according to the essentiality of the organization. By preparing an income statement can know about the profit or loss condition of the organization. Then liquidity ratio gives an idea about organizations' assets which can be turned into cash and pay the debts of the organization. The balance sheet is the last process of accounting circle and through the balance sheet the condition of the organization's assets, debts, etc. can know. There have lots of theories like this. Organizations use these theories according to the need.

1.4 Significance of the study:

The significance of this research study is beyond description. Analyzing the financial statement of the different organization have to prepare a report.Here input relevant data collecting from different authentic sources of the organization and make an analysis among the organization by ratio analysis and output a report about the organization(Valand, 2011).From the report, the authority or the management department of the organization can make a financial decision about the organization. Organization authority can forecast the organization's future. Make a comparison among the organization. And finally, another important point is the investor can make choice about investing from the report. The organization's authority can find their organization's weak point and can fix that problem by monitoring properly.

1.5 The implication of the study:

The implication part is almost as same as the significance of the report. From the whole report or study, different parties have different purposes of implication. For example, from the view of the organization, the authority or the management department implicate this report or study for measuring the organization's performance. If there have any lacking’s in the organization the authority can work for this. To compare with other organizations of the industry and to find out the financial position or performance in the industry. For forecasting the future of the organization the study implication is important. The investor or shareholder implicates the study result to invest in the best organization by measuring their performance and future. So, the implication part is an essential part of the study which helps the organizations or people to get the proper report or wanted information.

1.6Limitations:

In every research work, the researcher has to deal with some definite or common limitations. If the research is on financial statement analysis the limitation of proper data or information, limitation of the accurate figure of the financial statement, and limitation of time for collecting data information are common types of limitations in every research work(David, 2006). In financial statement analysis research work the source of data collection is limited, sometimes the researcher doesn't get excess in all data or information of the researching organization. Again, for doing large-scale analysis the researcher doesn't have enough time to do research. Sometimes for national economic reasons the accuracy of data or difference of data in the different sources can be various. This is also a limitation for research work. Another limitation can be the lack of knowledge of the researcher or lack of proper knowledge about research.

1.7Ethical issues and consideration:

Ethics is the set of principles that guide the researcher who is/are doing this research or related to this research work. The ethical principle is set to protect the dignity, safety, and well-being of the researcher. In this research, ethics is important because at the time of collecting data the researcher has to honest. Any kind of business can make the research improper and can hamper the organization's goodwill (Rich and Jones, 2018). Again, any organization if don't want to share the data of its then the researcher can't force the authority and cannot use any unreal or imaginary data in the research. So, in the whole research work, the researcher has to maintain ethical issues for collecting and analyzing the data.

1.8Conclusion:

At the last, the importance of the financial statement and the use of that explained shortly. On the whole introduction, part importance of preparing financial statement analysis had told. And finally, it can be said that without preparing or analyzing a financial statement no effective decision cannot be taken. If any decision makes without that it will be the unstructured decision and that decision will not be effective or faithful. People cannot rely on that decision at the time of investment or any financial activity. So, an organization obviously should take care of its financial statement at the time of making and also at the time of collecting data. And finally, at the time of making decisions, an organization should be conscious. Transparency should maintain an organization seriously for the goodwill of the organization. The ethical fact of the organizations should also practice seriously. And the organization should work for the limitations by finding out the limitations. If an organization does all this stuff can make the best decision and can make a good position in the market.

Chapter 2 – Literature Review

According to Subramanyam (2014) financial statements of an organization are prepared for acquiring information regarding the financial condition positioning of an organization and also to identify the earning potential of the organization involving it's all sorts of operational activities and financial processes. Companies perform the analysis of different sorts of financial statements to identify the current financial position of the company, forecasting the upcoming earning potentials and also for the market analysis. The finance team of the organization analyze the data or information of financial statement for deciding organizations investments and operational decision and also to forecast the future financial position of the organization. The main financial statements that are prepared in the organization are balance sheet, income statement, cash flow statement and the last one is a statement of shareholder's equity. The details of these four parts will explain below. After making these statements organizations have to analyze the result with previous years or with the other same categories of organizations in the industry. For that, organizations have to do a ratio analysis of the financial statement told by NimalathasanBalasundaram (2012). Without these facts, there also have another important reason for preparing financial statements is to maintain the transparency of the organization. If an organization doesn't prepare any financial statement, the employees can try to do cheat or corruption inside the organization which initially may not hamper the operation of the organization but in a big sense, it will create a bad effect in the future. Making financial statements of the organization has a significant impact on the operational effectiveness of the company, maintaining the ethical obligatory and transparency of the regular activities and also making effective operational decisions based on the statement analysis.

The financial statement is the most important part of accounting. It's the final part of the accounting cycle. Financial statements are the formal report of financial activities of the organization and the record of data or information of an organization's operational activities, people, and other entities. In financial statements, all the relevant data or information about organizations' financial activity is presented in a structured way which is easy to understand and analyze appropriately. For the large organizations or the industry, these statements may be complex and hard to prepare but every organization has to prepare these statements.

According to Bernstein (2000) and Wild (2000) the main purposes or the objectives of the financial statement to provide information about the financial position, condition, performance, and the changes in the financial position of the organization which can be utilized efficiently at the time of decision making for the management and investors of the organization. The external or investor need these statements to make an investment decision. And the employees of the organization need these statements to make any collaborating discussion at the time of promotion, ranking, or demanding compensation or performing the role in the organization adequately. The financial institution or the corporation needs these statements to fix out the position of the organization or to find out the debt and capital of the organization in the market.

The core financial statements that are widely practiced in the organizations are the Balance Sheet. Income Statement, Cash Flow Statement. Statement of Shareholder’s Equity. The balance sheet is the financial statement report of the organization which provides information about organizations' assets, liabilities, and shareholders 's/owner's equity. A balance sheet is one of the core statements of the financial statement for evaluating an organization's financial condition. There basic formula to formulate the balance sheet is -

Assets = Liabilities + Owners’ Equity

Following this formula integrating the assets, liabilities, and the parts of the owner's equity, all the organizational activates happens, for the time being, are considered in the balance sheet of the organization. The balance sheet is prepared in the organization at the closing of the accounting period such as the end of the month or quarter and most commonly at the end of the year for the annual analysis of the financial condition. The balance sheet is prepared to know the condition of company's total assets on a certain period like end the end of the year or which period industry or company follows and also to know the total amount of liabilities of the company (current liability and non-current liability) on a separate list. Barnes (2000) and Warman (2000) told that the balance sheet is also prepared to know the total of the owner's equity or shareholder’s equity’s condition in the company. And finally, the management gets a comprehensive idea of the total available and usable assets, liability, and equity of the company for a certain period through preparing the balance sheet of a fiscal year.

There are mainly two kinds of assets that companies avail - one is current assets and the other one is non-current assets.

The current asset is the types of assets which is used to operate the organization's functions. The main currents assets that are considered in the balance sheet are cash, available inventory, account receivable, prepaid insurance, etc. Non-current assets are the types of assets that are long term assets that last in operations or continue for more than one year. They are like fixed assets (equipment, machines, buildings, etc.), investments, intangible assets (goodwill, copyright, etc. There are two types of liabilities that companies bear regarding which one is a current liability and the other one is a non-current liability. Companies carrying the debts, which have to be paid within one year is known as a current liability which mostly accounts payable, interest payable, bills payable, etc. Non-current Liabilities are the kinds of debt that do not have to pay within a year which is mostly long-term notes payable, bonds payable, etc. The value of the share issued by a company is known as equity which refers to the shareholder's equity and owner's equity. The profit of the organization first has to be paid to the shareholders and the rest profit goes to the owner.

The income statement is also a financial statement that shows the net income or net loss of the organization. Lin et al (2016) told that when the income of the organization stays more than the expanse that's the net profit. But when the total expanse more than the total income that's the net loss. So, the point of income is sales revenue, interest revenue, and other revenue. And the expenses are the cost of goods sold, rent, depreciation, and other operating costs. The cash flow statement is the kind of financial statement which shows the cash inflow and cash outflow of the organization. Moreover, in the cash flow statement, the measurement of the cash position of an organization is shown. Shareholder’s equity statement is a part of the balance sheet but in every organization, it showed individually because of the high significance of this financial statement. In this part, the changes in values to shareholder's equity and owner's equity from the beginning to last are reflected for proper analysis and adjustments. This statement is prepared on the last day of the end of the year and preferred stock, common stock, treasury stock, etc. are included in the statement of shareholder's equity.

Porter (2017) and Norton, (2017)said that the impact of financial statement analysis is very significant in the organization for the internal activities and decision making for management, and also outside of the organization or to the industry. It helps the management department of the organization in taking important and effective decisions regarding operational activities and investments. For example, the textile industry take an effective decision. So that this industry can make a better position in the world market. The external shareholder or the investor gets to know about the organization's condition from the financial statement analysis. The company Shares its financial statement with the external if the company have goodwill. So, investors can invest in that company easily comparing with other companies' shares of the industry. The authority or the management department can forecast the organization's future by analyzing the financial statement. By the financial statement analysis, financial regulatory authorities can ensure that organizations are maintaining the required accounting standards in the industry. By the financial statement which company's standard is higher than the other one can find out. Also can measure the risk or profit of the organization and the industry by analyzing financial statement analysis.

After completing the analysis by the finance department that report is handed over to the authority or the management department for deciding on the organization. The authority or the management department of the industry or the organization take a decision and make a final report of the company for sharing with the external or with the investor. The investor or the shareholders see the report of the financial statement and compare with other same ranking organizations or company. The external or the shareholder/ investor can take investment decisions that in which company they will invest or after investing from where they will get maximum profit or benefits this decision the investor takes. After that, they invest as their decided company. From the report of the financial statement, the financial regulatory authority allocates the position of the company in the market as their accounting standard. Management of the organization project risk and profit of the organization through proper evaluation and analysis of the financial statements that has a short and long-term impact on the organization. The responsible associates, authorities, and departments involved in preparing the financial statements of the organization faces different sort of challenges and also has to overcome the limitations.

Formulation of standard and formal financial statements and reports for the organization needs proper implementation and applications of fundamental theories and concepts of financial statements by Arifudin (2019). The regarding departments often mix up the fundamental and theoretical concepts of the statements that lead to developing wrong financial statements. Without the fundamental theory, it's not possible to interpret the financial statements, and also in the absence of fundamental theories of concept implementation, the financial statement turns into the informal and subjective report.

Another common problem has to face is that which ratio analysis should be applied in the financial statement analysis of previous years or the other companies. And also, to know the condition of debt and assets, the ratio of debt and assets, for forecasting the future of the industry or the company of the industry. This problem faces a lack of proper knowledge.

There always has a possibility of inputting wrong data by mistake. It's a very common challenge for every organization. This problem can be numerical or theoretical. But the numerical problem occurs the most and frequently. Lack of accurate information sometimes a company or the industry use estimates value that may not be absolute all the time and finally face problem at the time final report preparing. The employee of the management department or the finance department may be cheated or can-do corruption which is also a challenge for the organization. The deficit of needed employees or talented employees in the team is also a limitation for the organization. Which is a very big problem in every company and industry. And also, in Bangladesh's perspective, this problem is much more. Lack of knowledge and proper informationamong the employees is another limitation or problem. If the chemical industry of Bangladesh has proper information or collect proper information this industry can do well in the future.

After preparing the financial statement when the authority takes the decision they should keep all the points in mind. For example, where the organization's limitation is, in which position the organization faces problems, what is the organization's strongest point, etc. Analyzing all these things the industry should set their goal and forecast its future in the world market. If the authority or the management/ finance department basically who/who decide on the organization do all the thing carefully and then decide the industry or the organization's finance or future goal that will be a very effective decision for the industry and also for the companies too. Besides the betterment of the organization or industry, it also keeps an essential part in the growth of the national economy.

Chapter 3 – TheoreticalOverview

3.0 Introduction:

In this part, the overall concept of making or preparing a financial statement, and the ratio analysis of financial statements are explained. The theoretical overview clarifies the whole process, in which method the financial statement should prepare. So that the external shareholder can get data about the organization on an easy process. Internal parties of the organization can find out the organization's faults or limitations and can do arrangements according to need(P. Arulmurugan, P. Karthikeyan, and N. Devi, et al 2011). Make the best decision for the organization and fix the method of statement and which the statement should prepare and get an accurate result about the organization. The organization can compare themselves with others by analyzing ratio. In the time of making financial statement ratio analysis of the statement is a very effective method for making important decisions of the organization. For the investor to invest in the company they can get a clear idea about the organization. Ratio analysis that's why is an essential part of the financial statement analysis.

3.1Concept of ratio analysis:

Ratio analysis is an effective method of examining and comparingfinancial information by calculating meaningful financial statement number percentage. It is the quantitative method of gaining a company's liquidity, profitability by reading its financial statements like a balance sheet or income statement, and also the operational effectivity. Ratio analysis is a part of fundamental equity analysis(Alford, Feldman and Mayer, et al 2007). There have different types of ratio analysis. Liquidity ratio helps a company or industry to take care of the company's short term debt obligations. The current ratio, Operating cash flow ratio, acid test ratio, account receivable turnover, etc. are types of liquidity ratios that companies all over the industry practice widely to get their shorter period debts and contemporary cases. The profitability ratio helps a company to measure the ability to earn sufficient profit. Gross margin, Operating Profit margin ratio, Net profit margin ratio, Return on equity, Return on the asset, etc. are the kind of profitability ratio.Efficiency Ratio is also known as activity ratio. To earn maximum profit and increase sales how efficiently a company and all over the industry use its asset and liabilities this ratio elaborate about it. Asset turnover ratio, Inventory Turnover, Days sales uncollected, Days sales in inventory, etc. by using this ratio the industry of Bangladesh calculates their efficiency. The financial leverage ratio is also known as debt or equity ratio. In leverage ratio, all the debt is the measure and then compares the result with the assets and equity. Debt ratio, Equity ratio, Debt equity ratio, etc. are the types of leverage financial ratios.

3.2 Discussion of Financial Ratios:

Financial statement analysis is a system of evaluation of firm’s performance and operations. Ratio is the relation of arithmetical term between two figures. When one arithmetical figure is divided by another then we find ratio. Ratios of financial statement analysis show relationship exists among various financial data. Ratio analysis is certainly a very perfect system because of its simplicity and it shows a predictive value that anyone can use it. Stakeholders can rely considerably on the financial ratios based for assessments and for predictions of past performance, present situation and possible potentials. There are various kinds of Financial Ratios and that can be grouped into four following categories.

1. Liquidity ratios
2. Leverage Financial Ratios
3. Efficiency Ratios
4. Profitability Ratios

1.Liquidity Ratio

The measurement of liquidity ratios is done to check if the organization is able to pay off its short-term obligations or not. Liquidity is a pre-mandatory for survival of an organization. Liquidity Ratio Analysis is very vital in knowing the organization’s liquidity status or funds. Liquidity ratios mirror of the short-term financial potency of an organization. Here short-term

is focusing on the debts that have to be paid within one year and the assets that have value of the year. Liquidity ratios disclose the rate at which assets are convertible into cash at the time of requirement. The desired results from ratios are likely to be high. But it is also not a good scenario when there is high degree of liquidity as there are much idle assets.
So it is mandatory to maintain a proper balance between liquidity ratios. There are four types of liquidity ratios:

- Current Ratio
- Operating cash flow ratio
- Acid test Ratio
- Account Receivable Turnover

Current Ratio: Current ratio is the way to find out any companies ability to pay their debt. Investors are very much concerned about this ratio. To find out this ratio we have to divide current assets that including cash, account receivable, inventories and other current assets by current liabilities including payable and short term debt. Analysts believe that 2:1 is standard for this ratio.

Current Ratio $=\frac{\text{Current Assets}}{\text{Current Liiabities}}$

Operating Cash Flow Ratio: This ratio is used to know about how efficiently current liabilities of a company are being covered by operating cash flows. This operating cash flow has been found after deducting the operating expense. The standard operating cash flow is higher than one that indicates the company's generated cash in a financial year is good.

Operating Cash Flow Ratio$=\frac{\text{Operating Cash Flow}}{\text{Current liabilties}}$

Acid Test Ratio: Acid test ratio or quick ratio indicates the sufficiency of short term asset to cover a companies short term liabilities. In this ratio we ignore inventory asset as we cant convert it into liquid as fast as we need it. In this ratio we divide current liabilities by addition of cash and account receivables of specific financial year. Experts consider that the standard quick ratio is higher than 1.

Acid Test Ratio$=\frac{\text{Cash+Account Receivables}}{\text{Current liabilities}}$

Account receivables turnover: This ratio is used to find out a companies efficiency of dealing with the receivables, how effectively they collect their receivables from their clients. We can get this ratio through dividing net sales by average account receivables turnover. Experts believe that High turnover ratio is good for a company as it indicates that the company is maintaining their collection efficiently.

Account receivable turnover=$\frac{Netsales}{Avg.AccountReceivables}$

2.Leverage Financial Ratios

Leverage Financial ratio or long-term solvency of an organization is a vital part to creditors, financial institutions, debenture holders and shareholders etc. Leverage Financial Ratios are intended to represent the organization's ability to meet its financial leverage. Before approving loan or buying debenture stakeholders are concerned to see if the company is able to pay the debt. The long term solvency of an organization can be calculated by the use of three commonly used ratios:

- Debt ratio
- Equity ratio
- Debt equity ratio

Debt Ratio: Debt ratio indicates a companies dependency on debt over asset. Through this ratio experts can find about a companies dependency on debt. This ratio ensures the stability of a company. Experts believe that if a companies debt ratio is lower than 0.4 then the company is 40% dependent in their creditors.

Debt ratio=$\frac{\text{Total Debt}}{\text{Total Assets}}$

Equity Ratio: Equity ratio indicates a companies dependency on asset over investor. What percentage of asset owns by the shareholders can be known through this ratio.

Equity Ratio=$\frac{\text{Totat Equity}}{\text{Total Asset}}$

Debt Equity Ratio: Debt equity ratio indicates the companies dependency on debt versus equity. If the ratio is low then indicates that the company is less dependent on debt and if it is higher then it indicates the company is much dependent on borrowing money.

Debt equity ratio=$\frac{\text{Total debt}}{\text{Total equity}}$

3.Efficiency Ratios

Activity ratios or efficiency ratios indicate the effectiveness of an organization for different assets in a business. These ratios are also called turnover ratios as they specify the speed of conversion into sales. Efficiency ratios indicate how effectively a company is using their assets. Experts believe that perfectly balanced relationship of sales and asset shows the proper utilization of the assets. The efficiency ratios of a company can be found by using four ratios-

- Asset Turnover Ratio
- Inventory Turnover
- Days Sales Uncollected
- Days Sales in Inventory

Asset Turnover Ratio: Asset turnover ratio indicates the efficiency of a company of using their assets. Experts believe higher ratio indicates that the company is doing really good as they are using their asset efficiently to generate revenue. And lower ratio indicates that the company is not using their asset efficiently.

Asset Turnover Ratio= $\frac{\text{Net sales}}{\text{Total assets}}$

Inventory Turnover Ratio: Inventory turnover ratio helps us to know a companies sells period of products. This ratio shows us how many times the company sales their product and restock their inventories.

Inventory Turnover ratio=$\frac{\text{Net Sales}}{\text{Average Inventory}}$

Days Sales Uncollected: This Ratio is used to find out how many days the company takes to collect the receivables. Normally lenders want to know about the company before lending the money. The company also use this ratio to know the efficiency in collecting receivables.

Days Sales Uncollected=$\frac{\text{Account Receivales}}{\text{Net Sales}}$x365

Days sales inventory: DSI ratio shows efficiency in converting inventory to sales of a company. Experts believe that if the ratio is low then it refers the company is taking short time to convert inventory into sales and the higher ratio indicates that the company is taking much time to convert. Work in progress products are also included in this ratio.

Days sales inventory=$\frac{\text{Avg.Inventory}}{\text{Cost of Goods sold}}$x365

4.Profitability Ratios:

Profit maximization is the main concern of a company as if its fail to get profit from the business for a long period then it will fail to continue their business. That's why Analyst of a company always tries to focus on profit maximization. Profitability ratios show how efficiently the company is doing their business. That's why creditors and stakeholders show very much interest in profitability ratios. There are five types of ratios that indicates the companies profitability status-

- Gross margin
- Operating profit margin ratio
- Net profit margin ratio
- Return on equity
- Return on assets

Gross Margin Ratio: Gross margin is the difference between net sales and cost of goods sold. And gross margin ratio is the result of gross profit divided by net sales of a financial period. The higher gross margin ratio is good for a company. Company should always focus on gross margin ratio as if it's go down for a longer period then company will face huge loss in business.

Gross Margin Ratio=$\frac{\text{Gross Profit}}{\text{Net Sales}}$x100

Operating Profit Margin Ratio: This ratio shows the percentage of profit the company gaining every year from operations. Operating profit is found by subtracting all operation cost. Experts believe that the higher the operating profit margin ratio the better for the company.

Operating Profit Margin Ratio=$\frac{\text{Operating Profit}}{\text{Total Revenue}}$x100

Net profit margin ratio: Net profit margin ratio indicates the percentage of profit from revenue of a company. This Ratio is one of the most important ratio for a company as it indicates the efficiency and growth. Stakeholders are very much interested in this ratio as they have interest. The company can also use the information to estimate their situation.

Net profit margin ratio=$\frac{\text{Net Profit}}{\text{Revenues}}$

Return on equity: Return on equity indicates the capability of a company to get profit from the investment. It also indicates how efficiently the management is using their equity. This ratio is mainly done from the investors point of view.

Return on equity= $\frac{\text{Net Income}}{\text{Shareholders Equity}}$

Return on Assets: Return on assets indicate relation between companies profit and total assets. This ratio is used to know how efficiently the company is using assets and get profited. The investors can get ideas about how effectively their invested money is utilized in business.

Return on Asset=$\frac{\text{Net Profit}}{\text{Total Assets}}$

3.3Implication of Ratio analysis in financial analysis of an organization:

The implication of ratio analysis is used to know the financial condition of the organization in the industry and also to know the status of the organization. The profitability ratio is used in a company to know the ability of the company's earning profit. The leverage financial ratio is used to find out the debt of the company and then make comparisons with the assets and equity to know the condition of debt(BTMA, n.d.). Then the most famous ratio is liquidity ratio. The liquidity ratio is measured to know the financial condition of the company in the current situation. All the industries of Bangladesh use this ratio to find out their condition of cash. The acid test ratio is used to know the condition of the company to pay its debts. Gross margin is implicated to know the performance of the company and also for analyzing the profitability. So, the implication of the different type's ratio is very important for a company to know their condition. Again, ratio analysis is also used for the comparison of the company in the industry. In all the industry of Bangladesh ratio analysis and the annual report of ratio analysis is a must.

3.4effectivity of ratio analysis:

After the implementation which came first is the effectivityof ratio analysis. So, the effectivity is mainly the decision making based on ratio analysis. For example, the current ratio is used in the company to decide current assets and current liabilities. A quick ratio is used to know the effectiveness of paying debts of the company. Again, making any decision about debt-related ratio financial leverage ratio is used. The net profit ratio and gross profit ratio helps in deciding profitability. In the textile industry of Bangladesh which companies profit is high or which companies profit is low, this is measured by the profitability ratio(Poth, 2016). So, decision making is important we all know that. Any mistake in this part can make a company’s great hamper. Again ratio analysis used to make an effective and efficient decision. So, by analysis ratio to the need of an organization can give the best decision to the organization for their betterment and also for the comparison with the other organization in the same category. Which creates competition among the industry.

3.5 Conclusion:

So, from the whole theoretical overview, it can be known that ratio analysis is an important part of the financial statement analysis. Ratio analysis also has different types for different functions of the organization. The given industry of Bangladesh and also the company of theses industry use this ratio analysis at the time of their company's decision making. Though ratio analysis takes lots of time at making but it's very helpful for a company’s decision making. And also for the comparison with the previous year's report and find out the present condition of the company this ratio analysis is very essential. Also for making comparisons with other companies' ratio analysis helps very much. Moreover, in a company or the industry after the ratio analysis, the use of ratio analysis report is very much high.

Chapter 4 – Research Methodology

4.0 Introduction:

The research methodology is the specific techniques used to identify, select, process, and analysis the information on the financial statement of the organization. It's prepared to evaluate the reliability and validity of the information of the organization. Thisresearch work is mainly about Bangladesh'sfour important industry’s different renowned company’s financial statement analysis(Kumar, 2019). So, in this research, all the user data are secondary data. By collecting and analyzing the secondary data we had described the organization's financial position, decision, and limitations. As different ratios and techniques are used to make a comparison so that it can call exploratory research. Again, the ratio analysis had to reach on a decision by a discussion so that we can call it descriptive research too. And finally, conclusive research is for data analysis and data collection. It's the most relevant research types for this research.

4.1 Study area:

The whole research had to explain about four industry including (textile, cement, pharmaceutical, chemical) of Bangladesh. And then had to collect data from these industries company about financial statement analysis. So, these data were secondary. Just collect the data from the company of these industries and did analysis companies' data by using different ratio analysis processes. And finally had to tell about the comparison of different company’s previous year’s data analysis and the position of the company in the industry.

4.2 Research design:

Research design is a set of procedure or methods which are used to collect and analyze data of the company in the research. This research had to analyze five years of ratio analysis of different companies of four industries. As we are researching those organizations we don't have to collect primary data as we have prepared secondary data. Though primary data is always authentic and safe for research work but for the lack of time and non-accessibility of primary data collection we have to do this research by secondary information. If there have any confusion in secondary data then we can go for primary data if the organizations give us access to primary data. After collecting secondary data from the company report have to analysis about quantitative data. So, it is an empirical data analysis of the financial statement of the organization. This means here all data analysis by using scientifically data tools and techniques.

4.3 Research Paradigm:

At first, paradigm means the model of something or pattern of doing something. So, the research paradigm means the set of common beliefs and agreements shared among the team or the department of the organization who worked for the solution of the problem. In the financial statement of the organization research paradigm working here about positivism(Deb and Dash, 2012). Positivism helps the financial statements quantitative data to analyze in the scientific method. Without using scientific tools and techniques no data or data analysis will not be reliable. And the scientific method works about positivism which describes the numerical data into descriptive thought. Positivism used for quantitative data collection and interpretivism used for qualitative data collection.

4.4 Data collection:

Data collection is the process of gathering the data from the different companies as the need for analysis and then use these data to measure the information or data on an established system which enables the company to answer the question of external and provides the expected result as they want. All the data in this research collected from the secondary source.

4.4.1 Qualitative data collection:

Qualitative data is a kind of non-numerical data. These types of data have no scientific method to collect. Here we collected qualitative data from different source like-

1. Financial statement analysis surveys
2. Different types of the interview about the given organization or industry.
3. By observing other similar research etc.

We collect the organization's decision type's data or position or performance of the organization this type of data is qualitative data. So, qualitative data is not reliable data types for analyzing financial statements. There has a possibility of coming biased information which can hamper the company in preparing financial statement and decision making.

4.4.2 Quantitative data collection:

Quantitative data collection is a numerical and scientific data collection process. Company or industry can rely on this data for analysis ratio or statement(www.beximcopharma.com, n.d.). In this research, all data are from a trusted source and collected through a formal and legal process. The source of quantitative data collection is given below.

1. Annual reports of the companies

2. Website of the companies.
3. Different types of journals about these industries and companies.
4. Dhaka stock exchange etc.

4.5 Data analysis method:

After the collection of data, the next process is the data analysis method. In this research work all the data of the company analysis by ratio. By the ratio analysis, all the expected or wanted results can find. The company's assets, debts condition can find out by ratio analysis. So, ratio analysis is the method of analyzing secondary data of the organization.

4.5.1 Qualitative data analysis:

Qualitative data refers to non-numeric information of financial statements. Such as video and audio recordings, notes, interview transcripts, images and text documents, etc. There have some types of qualitative data analysis(S Sarantakos, 2007). They are Discourse analysis, Content analysis,Framework analysis, etc. Here in this report, we use framework qualitative data analysis and content qualitative data analysis. After collecting data about the organization we interpret these data by framework data analysis.

4.5.2 Quantitative data analysis:

Quantitative data analysis is the type of statistical data analysis of previous years. The quantitative data analysis method has some types. They are cross-tabulation, trend analysis, true analysis, SWOT analysis, etc. The company uses different types of data analysis methods as the need of the company.

4.6 Limitations of the resources and analysis:

This research doesn't have to face any major problem. But facing some problem at the time of data collecting. Have lots of data sourceso data collecting was very confusing. And also have some data variables at a different source. Though it can be overcome easily and tactfully. At the time collecting data there have some restrictions on some websites or journals. For that have to contact the company’s authority and author of the journals that were time-consuming.

At the same point have a lack of knowledge which analysis should apply or which ratio should apply. So, that's types of limitations were there in that research.

4.7 Conclusion:

The success of an industry depends on making proper decisions of financial statements. Looking at Bangladesh's industry the most successful industry is the textile industry. The large part of the national income comes from that industry.It's not that easy to be a successful industry in the country and also the world market. That mostly depends on the decision making initially and works forward according to the made decision. And the others have given industry not like that they are unsuccessful. From the analysis of financial statements, it is shown that the other industry (pharmaceutical industry, cement industry, chemical industry) are doing good day by day. From the previous five years of data analysis, it can be told that their growth rate is high. And these industries of Bangladesh trying to make a better position in the world market like the textile industry. Bangladesh's national income mostly depends on foreign currency. So, all the industries of Bangladesh trying to export the best quality product in the world for making a good position. So, everything depends on a good decision and a good decision of the company or the industry depends on the financial statement. So, preparing a financial statement properly is very important for proper making a decision. So, the employee or the finance department should be more careful at the time of preparing financial statements and at the time of collecting primary data.

5.Findings and Discussions

5.1 Pharmaceuticals Industry

ACI pharmaceuticals – after the establishment since 1992 aci pharmaceuticals has made its name among the most leading pharmaceuticals in Bangladesh. With appropriate knowledge, technology and skill Aci pharmaceutical’s mission is to enrich people’s life by using those components properly .A glance has given in the table showing its financial condition is given below,

Aci	2014	2015	2016	2017	2018	mean
Liquidity Ratios						
Current ratio	1.18763	1.67374	1.567049128	1.32726	1.17572	1.38628
Operating Cash flow Ratio	0.1275	0.01047	0.019779553	0.06921	0.00067	0.04553
Acid test ratio	0.60061	0.87888	0.851583118	0.77904	0.84124	0.79027
Account receivable turnover	2.12414	2.64088	1.274408714	1.95978	1.68725	1.93729
Leverage Financial Ratios						
Debt Ratio	0.57448	0.39483	0.433860645	0.5198	0.5993	0.50446
Equity Ratio	0.42552	0.60517	0.566139355	0.4802	0.4007	0.49554
Debt equity ratio	1.35007	0.65244	0.76634956	1.08248	1.49565	1.0694
Efficiency Ratios						
Asset Turnover Ratio	0.79342	0.75248	0.376241733	0.67657	0.5993	0.6396
Inventory turnover	2.59239	1.20182	1.108504478	2.03712	2.44717	1.8774
Days sales uncollected	171.928	131.028	286.4073322	186.246	273.244	209.771
Days sales in inventory	151.21	173.561	329.4904047	173.756	153.663	196.336
Profitability Ratios						
Gross margin	41.9755	42.9881	44.8393171	44.7723	43.214	43.5578
Operating profit margin ratio	14.492	11.061	9.102535004	8.68928	7.83641	10.2362
Net profit margin ratio	7.71763	21.8546	8.558614972	6.79321	6.15994	10.2168
Return on equity	0.1439	0.27174	0.056878366	0.09571	0.09213	0.13207
Return on asset	0.06123	0.16445	0.032201081	0.04596	0.03692	0.06815

Table – ratio analysis of 5 financial years of aci pharmaceuticals

Discussion –

Table show that under liquidity ratio there are 4 ratios and they are, 1. Current ratio – it shows from 2014-18 is 1.18, 1.167, 1.56, 1.32, 1.17 and average is 1.38 for the previous five year. 2. Operating cash flow ration is 0.12, 0.010, 0.019, 0.06, 0.00067316 and average is 0.04, experts suggest that it is good if this is higher than 1.0. 3. Acid test ratio -0.6, 0.87, 0.85, 0.77, 0.84 and average is 0.79. And for acid test ratio standard is 1 which was not meet up by the company for those financial year. 4. Account receivable turnover are -2.12, 2.64, 1.27, 1.95, 1.68 and average is 1.93, this average shows that they have poor account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are 1. Debt ratio – for those five year are 0.57, 0.39, 0.43, 0.51, 0.59 and average shows 0.50, from average value we can say this company is dependent equally on debt and investors .2.equaty ratio are 0.42,0.60,0.56,0.48,0.40,and average is 0.4955 so the company is being dependent on investors as well as debtors equally , which is a good practice.3. Debt equity ratios are 1.35, 0.65, 0.76, 1.08, 1.4 and average is 1.06 which is up to mark, it means company is equally dependent on debtors and investors. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for five year it is 0.79, 0.75, 0.37, 0.67, 0.59, and average is 0.63 which indicates for every dollar in asset the sale is not up to mark .2. Inventory turnover ratio – shows 2.59, 1.20, 1.10, 2.037, 2.44 and average is 1.87 which does not comply with the standard given by the experts.3.days sales uncollected – for five year this is 171.92, 131.02, 286.40, 186.24, 273.2, and average is 209.77. 4. Days sales inventory - 151.20, 173.56, 329.49, 173.75, 153.66, and average shows 196.33 days. Profitability ratio includes 5 type of ratio to evaluate those five year financial statements, and they are – 1.gross margin ration shows 41.97, 42.98, 44.83, 44.77, 43.21, and average is 43.55 so years 2016 and 17 shows a good amount in terms of rest of the value. 2. Operating profit margin ratio - 14.49, 11.06, 9.10, 8.68, 7.83, and mean shows 10.23, in this case we can see year 2014 and 15 is better than rest of the years, 3.net profit margin ratio – it shows 7.71, 21.85, 8.55, 6.79, 6.15, and average is 10.21 .result indicates in 2015 net profit margin was far better than the rest of the years. 4. Return on equities for five financial year are 0.14, 0.27, 0.056, 0.095, 0.09, and average is 0.13, from the average we can reach to a conclusion that it more than the standard means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.06, 0.16, 0.03, 0.04, 0.03, and 0.06 is average return on asset for five year. Which refers that profit generating with help of asset, and in this scenery six percent is way mush lower than the expectation.

Beximco pharmaceuticals- beximco pharmaceutical is one of the key player in bd pharmaceuticals industry who gives access to affordable medicine with world class supplies that follows the given regulation of USA, Australia, European Union and Canada ,

In the table we can see a brief view of this companies five years financial position through ratio analysis ,

beximcopharma	2014	2015	2016	2017	2018	mean
Liquidity Ratios						
Current ratio	1.77713	2.85928	2.859284086	1.25792	1.25792	2.00231
Operating Cash flow Ratio	0.47101	1.0626	0.883119989	0.20172	0.20172	0.56403
Acid test ratio	0.34406	1.56891	0.637614411	0.34988	0.17494	0.61508
Account receivable turnover	8.46783	6.84267	8.060806622	7.9767	5.81212	7.43203
Leverage Financial Ratios						
Debt Ratio	0.27863	0.2597	0.289310527	0.37466	0.37466	0.31539
Equity Ratio	0.72137	0.7403	0.804921505	0.62534	0.61917	0.70222
Debt equity ratio	0.72137	0.35081	0.359427006	0.59912	0.60509	0.52716
Efficiency Ratios						
Asset Turnover Ratio	0.38644	0.64318	0.497891515	0.40506	0.40506	0.46753
Inventory turnover	2.48808	4.10347	0.536721584	2.40913	1.71735	2.25095
Days sales uncollected	45.5155	81.223	39.55318215	56.8926	56.8926	56.0154
Days sales in inventory	149.145	93.6242	121.4781084	195.794	195.794	151.167
Profitability Ratios						
Gross margin	45.5451	46.0914	46.32784156	46.7693	46.7693	46.3006
Operating profit margin ratio	21.5776	22.2529	22.2339007	14.298	22.7252	20.6175
Net profit margin ratio	13.6458	14.7098	14.37427745	14.298	14.298	14.2652
Return on equity	0.0731	0.1278	0.0889134	0.05791	0.09354	0.08825
Return on asset	0.05273	0.09461	0.071568308	0.05791	0.05791	0.06695

Table – ratio analysis of 5 financial years of beximco pharmaceuticals

Discussion -

Table show that under liquidity ratio there are 4 ratios and they are, 1. Current ratio – it shows from 2014-18 1.78, 2.86, 2.86, 1.26, 1.26, and average is 2.00 for the previous five year. 2. Operating cash flow ration 0.47, 1.06, 0.88, 0.20, 0.20, and average shows 0.56 , experts suggest that it is good if this is higher than 1.0. 3. Acid test ratio - 0.34 , 1.57, 0.64, 0.35, 0.17, and average is 0.62And for acid test ratio standard is 1 which was not meet up by the company for those financial year. 4. Account receivable turnover are - 8.47, 6.84, 8.06, 7.98, 5.81 and average is 7.43, this average shows that they have poor account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are 1. Debt ratio – for those five year are 0.28, 0.26 0.29, 0.37, 0.37, also average shows 0.32, from average value we can say this company is dependent equally on debt and investors .2.equaty ratio are 0.72, 0.74, 0.80, 0.63, 0.62, and also average shows 0.70 so the company is being dependent on investors as well as debtors equally, which is a good practice.3. Debt equity ratios are 0.72 0.35, 0.36, 0.60, 0.61, and average shows 0.53 which is up to mark, it means company is equally dependent on debtors and investors. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for five year it is 0.39, 0.64, 0.50, 0.41, 0.41, average is 0.47which indicates for every dollar in asset the sale is not up to mark .2. Inventory turnover ratio – shows 2.49, 4.10, 0.54, 2.41 1.72 and 2.25 which does not comply with the standard given by the experts.3.days sales uncollected – for five year this is 45.52, 81.22, 39.55, 56.89 , 56.89, average 56.02. 4. Days sales inventory 149.14, 93.62, 121.4, 195.79, 195.79, average 151.17. Profitability ratio includes 5 type of ratio to evaluate those five year financial statements, and they are – 1.gross margin ration shows 45.55, 46.09, 46.33, 46.77, 46.77, average is 46.30, so in years 2016 and 17 shows a good amount in terms of rest of the value. 2. Operating profit margin ratio - 21.58, 22.25, 22.23, 14.30, 22.73, average shows 20.62, in this case we can see year 2014 and 15 is better than rest of the years, 3.net profit margin ratio – it shows 13.65, 14.71, 14.37, 14.30, 14.30, average is 14.27.result indicates in 2015 net profit margin was far better than the rest of the years. 4. Return on equities for five financial year are 0.07, 0.13, 0.09,0.06, 0.09, and average is 0.09, from the average we can reach to a conclusion that it more than the standard means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.05, 0.09, 0.07, 0.06, 0.06, 0.07 is average return on asset for five year. Which refers that profit generating with help of asset, and in this scenery six percent is way mush lower than the expectation.

Gsk pharmaceuticals – Gsk pharmaceuticals is a multi-nation company started its journey in bd while ago, it is one of the biggest pharmaceutical in bd with the purpose to improve the quality of human life and enabling people to do more , live long and feel better . With goal of becoming world most innovative, best performing and well accepted health care company gsk is trying it their level best. We can see a glance of their performance in the table below.

gsk	2014	2015	2016	2017	2018	mean
Liquidity Ratios						
Current ratio	1.72943	0.21152	1.669444268	1.65758	1.294	1.3124
Operating Cash flow Ratio	0.52028	0.34948	0.314723006	0.5065	0.16541	0.37128
Acid test ratio	1.39207	1.40747	1.383761558	1.62157	1.21875	1.40472
Account receivable turnover	9.26805	6.12844	5.748951464	6.7095	6.17508	6.80601
LeverageFinancial Ratios						
Debt Ratio	0.53931	0.53197	0.516022178	0.57873	0.71215	0.57564
Equity Ratio	0.46069	0.46803	0.483977822	0.42127	0.28785	0.42436
Debt equity ratio	1.17066	1.13661	1.06621038	1.37376	2.47408	1.44426
Efficiency Ratios						
Asset Turnover Ratio	1.42935	1.20411	1.176162258	1.08853	1.10553	1.20073
Inventory turnover	4.27823	4.9622	4.681059322	4.87712	5.44917	4.84956
Days sales uncollected	53.0652	66.7109	55.86513797	54.4829	41.3372	54.2923
Days sales in inventory	70.7844	76.54	74.81068619	80.7472	3.09154	61.1948
Profitability Ratios						
Gross margin	37.7193	39.3282	38.98755811	38.7771	46.6983	40.3021
Operating profit margin ratio	14.7836	15.5342	12.52078488	13.0197	24.5653	16.0847
Net profit margin ratio	11.5034	12.4063	10.25704108	9.84769	-14.818	5.83933
Return on equity	0.35691	0.31918	0.249266475	0.25445	-0.5691	0.12214
Return on asset	0.16442	0.14939	0.120639446	0.10719	-0.1638	0.07557

Table – ratio analysis of 5 financial years of gsk pharmaceuticals

Discussion –

Table show that under liquidity ratio there are 4 ratios and they are,

1. Current ratio – it shows from 2014-18 is 1.73, 0.21, 1.67, 1.66, 1.29, average is 1.31 for the previous five year. 2. Operating cash flow ration 0.52, 0.35, 0.31, 0.51, 0.17, average is 0.37, experts suggest that it is good if this is higher than 1.0, but in this case it is very poor. 3. Acid test ratio - 1.39, 1.41, 1.38, 1.62, 1.22, and average is 1.40 and for acid test ratio standard is 1 which has been meet up by the company for those financial years. 4. Account receivable turnover are - 9.27, 6.13, 5.75, 6.71, 6.18 and average is 6.81, this average shows that they have poor account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are1. Debt ratio – for those five year are 0.54, 0.53, 0.52, 0.58, 0.71, average is 0.58, and from average value we can say this company is dependent on debt rather than its own. 2. Equity ratio are 0.46, 0.47, 0.48, 0.42, and 0.29, average shows 0.42 so the company is being more dependent on debt rather than its owner. 3. Debt equity ratios are 1.17, 1.14, 1.07, 1.37, 2.47, average is 1.44, and it means company is dependent on debtors for financing. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for five year it is 1.43, 1.20, 1.18, 1.09, and 1.11, average is 1.20 which indicates for every dollar in asset the sale is not satisfactory.2. Inventory turnover ratio – shows 4.28, 4.96, 4.68, 4.88, 5.45, average is 4.85 which does comply with the standard given by the experts.3.days sales uncollected – for five year this is 53.07, 66.71, 55.87, 54.48, 41.34, and average is 54.29. 4. Days sales inventory 70.78, 76.54, 74.81, 80.75, 3.09, average is 61.19. Profitability ratio includes 5 type of ratio to evaluate those five year financial statements, and they are – 1.gross margin ration shows 37.72, 39.33, 38.99, 38.78, 46.70, and average 40.30, so in years 2016 and 18 shows a good amount in terms of rest of the years. 2. Operating profit margin ratio - 14.78, 15.53, 12.52, 13.02, 24.57, average is 16.08, in this case we can see year 2015 and 18 is better than rest of the value. 3. Net profit margin ratio – it shows 11.50, 12.41, 10.26, 9.85, -14.82, average is 5.84.result indicates in 2015 net profit margin is better than the rest of the years. 4. Return on equities for five financial year are 0.36, 0.32, 0.25, 0.25, -0.57, average is 0.12, from the average we can reach to a conclusion that it more than the standard means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.16, 0.15, 0.12, 0.11, -0.16, 0.08 is average return on asset for five year. Which refers that profit generating with help of asset, and in this scenery eight percent is way mush lower than the expectation.

Square pharmaceuticals – since 1985 square pharmaceuticals company has enrolled into the pharmaceuticals industry in bd it has left footprint in every spare of growth in our overall nation economy through its mass level of export . Here an overview has been given in the table -

square	2015	2016	2017	2018	2019	mean
Liquidity Ratios						
Current ratio	3.81801	6.60514	6.35228514	4.90932	12.9285	6.92264
Operating Cash flow Ratio	2.53952	0.24549	1.876045964	1.72615	4.17079	2.1116
Acid test ratio	1.87787	3.78624	5.099840651	3.30178	9.61461	4.73607
Account receivable turnover	63.4954	37.4759	8.210426151	15.8939	27.7171	30.5585
LeverageFinancial Ratios						
Debt Ratio	0.11649	0.09132	0.099671333	0.12501	0.05912	0.0865
Equity Ratio	0.88355	0.90868	0.900328667	0.87499	0.94088	0.72534
Debt equity ratio	0.13185	0.1005	0.110705498	0.14286	0.06284	0.28536
Efficiency Ratios						
Asset Turnover Ratio	0.87617	1.06392	0.631203893	0.56264	0.61034	0.74885
Inventory turnover	4.9421	6.61433	2.497454195	4.70531	4.89319	4.73048
Days sales uncollected	10.5894	11.6453	27.65301888	19.3079	12.9461	16.4283
Days sales in inventory	80.8534	57.7641	73.57248044	85.2232	75.9449	74.6716
Profitability Ratios						
Gross margin	38.0809	41.7655	48.6796933	48.0133	49.8307	45.274
Operating profit margin ratio	22.8634	26.2239	28.28138864	25.7359	32.1174	27.0444
Net profit margin ratio	18.8033	22.1409	28.0387125	26.2014	28.6253	24.7619
Return on equity	0.18646	0.25924	0.196574264	0.16848	0.18569	0.19929
Return on asset	0.16475	0.23556	0.176981445	0.14742	0.17471	0.17988

Table – ratio analysis of 5 financial years of square pharmaceuticals

Discussion-

Table show that under liquidity ratio there are 4 ratios and they are,

1. Current ratio – it shows from 2014-18 is 3.82, 6.61, 6.35, 4.91, 12.93, and average 6.92 for the previous five year. 2. Operating cash flow ration 2.54 0.25, 1.88, 1.73, 4.17, average is 2.11, experts suggest that it is good if this is higher than 1.0, and this very good in terms of the suggested value 3. Acid test ratio – are 1.88, 3.79, 5.10, 3.30, 9.61, average is 4.74. And for acid test ratio standard is 1 which has meet up by the company for those financial year.

4. Account receivable turnover are - 63.50, 37.48, 8.21, 15.89, 27.72 and average is 30.56, this average shows that they have good account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are

1. Debt ratio – for those five year are 0.12, 0.09, 0.10, 0.13, 0.06, and average is 0.09, and from average value we can say this company is insignificantly dependent on debt. 2. Equity ratio are 0.88, 0.91, 0.90, 0.87, 0.94, average is 0.73 so the company is being dependent on investors more 3. Debt equity ratios are 0.13, 0.10, 0.11, 0.14, 0.06, and average is 0.29 it means company is dependent on investors rather than debt. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for five year it is 0.88, 1.06, 0.63, 0.56, 0.61, and average is 0.75which indicates for every dollar in asset the sale is not very good. 2. Inventory turnover ratio – shows 4.94, 6.61, 2.50, 4.71, 4.89, and average is 4.73 which does comply with the standard given by the experts. 3. Days sales uncollected – for five year this is 10.59, 11.65, 27.65, 19.31, 12.95, and average shows 16.43 4. Day's sales inventory 80.85, 57.76, 73.57, 85.22, 75.94, average is 74.67. Profitability ratio includes 5 type of ratio to evaluate those five year financial statements, and they are – 1.gross margin ration shows 38.08, 41.77,48.68, 48.01, 49.83, average is 45.27, so in years 2016 and 2018 shows a good amount in terms of rest of the value. 2. Operating profit margin ratio - 22.86, 26.22, 28.28, 25.74, 32.12, average shows 27.04, in this case we can see year 2016 and 18 is better than rest of the years, 3. Net profit margin ratio – it shows 18.80, 22.14, 28.04, 26.20, 28.63, average is 24.76.result indicates in 2016 and 2018 net profit margin was far better than the rest of the years. 4. Return on equities for five financial year are 0.19, 0.26, 0.20, 0.17, 0.19, average shows 0.20, from the average we can reach to a conclusion that it more than the standard means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.16, 0.24, 0.18, 0.15, 0.17, 0.18 is

average return on asset for five year. Which refers that profit generating with help of asset, and in this scenery six percent is way mush lower than the expectation.

Reneta pharmaceutical- with the mission to provide maximum value to their customers they believe the endurance of a company depends upon the quality of work it does rather than the quantity,

An overall review of the financial condition through ratio analysis is been given below -

reneta	2014	2015	2016 six month	2017	2018	mean
Liquidity Ratios						
Current ratio	0.40684	0.96123	0.176415961	0.56923	0.12251	0.44724
Operating Cash flow Ratio	0.02583	0.09325	0.026530963	0.31726	0.03972	0.10052
Acid test ratio	0.12135	0.21001	0.095577959	0.44201	0.00377	0.17454
Account receivable turnover	16.0417	0.70988	1.051691239	4.56399	0.42731	4.55892
LeverageFinancial Ratios						
Debt Ratio	0.45725	0.95966	0.848397563	0.28046	0.89246	0.68765
Equity Ratio	0.54275	0.04034	0.151602437	0.71954	0.10754	0.31235
Debt equity ratio	0.84247	23.7922	5.596200015	0.38978	8.29909	7.78394
Efficiency Ratios						
Asset Turnover Ratio	0.54759	0.22106	0.043321322	2.36573	0.07425	0.65039
Inventory turnover	4.92339	0.32495	0.557120397	3.88162	0.90513	2.11844
Days sales uncollected	30.346	132.474	595.9165283	105.037	0	172.755
Days sales in inventory	77.8838	1155.9	560.0929395	83.927	413.405	458.241
Profitability Ratios						
Gross margin	3.03912	26.9407	0	29.5167	0	11.8993
Operating profit margin ratio	2.26128	4.28403	-8.778420754	19.822	-7.6044	1.99689
Net profit margin ratio	1.84178	7.0679	-70.19397518	19.9204	-24.076	-13.088
Return on equity	0.01858	0.38737	-0.030408958	0.65496	-0.1662	0.17285
Return on asset	0.01009	0.01562	-0.030408958	0.47126	-0.0179	0.08974

Table – ratio analysis of 5 financial years of reneta pharmaceuticals

Discussion -

Table show that under liquidity ratio there are 4 ratios and they are,

1. Current ratio – it shows from 2014-18 is 0.41, 0.96, 0.18, 0.57, 0.12 and average is 0.45 for the previous five year. 2. Operating cash flow ration 0.03, 0.09, 0.03, 0.32, 0.04, average is 0.10, experts suggest that it is good if this is higher than 1.0. 3. Acid test ratio – are 0.12, 0.21, 0.10, 0.44, 0.00, average is 0.17. And for acid test ratio standard is 1 which was not meet up by the company for those financial year. 4. Account receivable turnover are - 16.04, 0.71 , 1.05, 4.56, 0.43, and average is 4.56, this average shows that they have bad account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are 1. Debt ratio – for those five year are 0.46, 0.96, 0.85, 0.28, 0.89, and average is 0.69, and from average value we can say this company is dependent on debt rather than its owners and stockholders. 2. Equity ratio are 0.54, 0.04, 0.15, 0.72, 0.11, average is 0.31 so the company is being dependent less on equity 3. Debt equity ratios are 0.84, 23.79, 5.60, 0.39, 8.30, average is 7.78 it means company is dependent on debtors rather than investors. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for five year it is 0.55, 0.22, 0.04, 2.37, 0.07, 0.65which indicates for every dollar in asset the sale is not up to mark .2. Inventory turnover ratio – shows 4.92, 0.32, 0.56, 3.88, 0.91, average is 2.12which does not comply with the standard given by the experts. 3. Days sales uncollected – for five year this is 30.35, 132.47, 595.92 six month, 105.04, 0.00, average is 172.75 4. Day's sales inventory 77.88, 1155.90, 560.09, 83.93, 413.41, average is 458.24. Profitability ratio includes 5 type of ratio to evaluate those five year financial statements, and they are – 1. Gross margin ration shows 3.04, 26.94, 0.00, 29.52, 0.00, average is 11.90, so in years 2015 and 17 shows a good amount in terms of rest of the value. 2. Operating profit margin ratio - 2.26, 4.28, -8.78, 19.82, and 7.60, average is 2.00, in this case we can see year 2017 better than rest of the years, 3.net profit margin ratio – it shows 1.84 ,7.07, -70.19, 19.92, -24.08, and average is -13.09.result indicates in 2017 net profit margin was far better than the rest of the years. 4. Return on equities for five financial year are 0.02, 0.39, -0.03, 0.65, -0.17, average is 0.17, from the average we can reach to a conclusion that it more than the standard ,the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.01, 0.02, -0.03, 0.47, -0.02, 0.09 is average return on asset for five year. Which refers that profit generating with help of asset, and in this scenery it is nine percent.

5.2 Cement industry -

Heidenberg Cement Bangladesh Ltd.: HCBL is a leading company in cement industries with a motto of "Build Together". They are not only focused on building mega structures but also maintain good relationships with stakeholders. HC group is conducting their business in three thousand locations with fifty eight thousand employees. Their mission is to building

Hidenberg Cement	2014	2015	2016	2017	2018	Mean

their growth in solid based of earnings and fulfilling customer satisfaction with quality products. Ratio analysis of Heidenberg cement ltd. of five financial years are given below-

Liquidity Ratios						
Current ratio	2.34	1.96	1.73	1.59	1.43	1.81
Operating Cash flow Ratio	0.61	0.62	0.45	0.24	0.26	0.44
Acid Test Ratio	2.08	1.61	1.30	1.18	1.28	1.49
Account Receivable Turnover	11.73	10.93	9.77	8.58	7.52	9.71
LeverageFinancial Ratios						
Debt Ratio	0.36	0.41	0.45	0.46	0.46	0.43
Equity Ratio	0.65	0.59	0.55	0.54	0.54	0.57
Debt equity ratio	0.55	0.69	0.82	0.86	0.85	0.75
Efficiency Ratios						
Asset Turnover Ratio	1.03	1.07	1.04	1.12	1.29	1.11
Inventory Turnover	8.00	7.91	6.34	5.88	6.81	6.99
Days Sales Uncollected	31.07	35.66	39.42	42.47	59.76	41.68
Days Sales in Inventory	44.13	45.15	69.46	54.51	55.94	53.84
Profitability Ratios						
Gross margin	19.16	24.20	25.86	19.97	17.32	21.30
Operating profit margin ratio	12.44	16.24	18.36	10.40	9.33	13.35
Net profit margin ratio	11.23	13.37	14.22	8.19	7.26	10.86
Return on equity	0.18	0.24	0.27	0.17	0.17	0.21
Return on asset	0.12	0.14	0.15	0.09	0.09	0.12

Table: Ratio analysis of 5 financial years of HCBL

Discussions:

The table shows that Heidenberg cement's current ratio 2014 to 2018 respectively 2.34, 1.96, 1.73, 1.59 and 1.43. The average current ratio is 1.81. Experts consider that 2:1 is a standard current ratio. So we can say that in year 2014 company met the standard current ratio. Operating cash flows of the years are 0.61, 0.62, 0.45, 0.24 and 0.26 respectively and average ratio is 0.44. Experts consider that operating cash flow should be higher than 1.0. But the company couldn't meet the standard. Acid test ratios are 2.08, 1.61, 1.30, 1.18, 1.49 and 1.28 respectively and average acid test ratio is 1.49. We can see that Heidenberg cement met the standard ratio every year. Account receivable turnover of the company are 11.73 , 10.93, 9.77, 8.58 and 7.52 respectively and average ratio is 9.71. In year 2014 and 2015 they achieve standard account receivable turnover. Debt ratios are 0.36, 0.41, 0.45, 0.46 and 0.46 respectively and average ratio is 0.43. The ratios reveal that the company is less dependent on liabilities rather in their own funding in financing. Equity ratios of the company are 0.65, 0.59, 0.55, 0.54 and 0.54 respectively and average ratio is 0.57. That means the company prefers investor's fund rather than debt. This is a healthy practice of that company. Here debt equity ratios are 0.55, 0.69, 0.82, 0.86 and 0.85 respectively and the average ratio is 0.75. We can say that the company is less dependent on borrowing for financing. Asset turnover ratios of the company are 1.03 times, 1.07times, 1.04 times, 1.12times and 1.29 times respectively and average is 1.11 times. So we can say that they have poor sales in terms of their asset. Inventory turnover ratios are 8.00, 7.91, 6.34, 5.88 and 6.81 respectively and average ratio is 6.99. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company. Heidenberg cement has maintained investment efficiently in inventories. Days sales uncollected ratios are 31.07, 35.66, 39.42, 42.47 and 59.76 respectively and average is 41.68. Days sales inventory ratios of Heidenberg cement are 44.13, 45.15, 69.46, 54.51and 55.94 respectively. The average ratio is 53.84. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 19.16, 24.20, 25.86, 19.97 and 17.32 respectively and the average is 21.30. So we can see that Heidenberg cement has a good gross profit margin ratio as they maintain favorable markup policies and in year 2015 and 2016 they had higher gross margin. Operating profit margin ratios are 12.44, 16.24, 18.36, 10.40 and 9.33 respectively and average is 13.35. As the higher the ratio is better for the organization, Heidenberg cement maintained a good operating profit. Net profit margin ratios are 11.23%, 13.37%, 14.22%, 8.19% and 7.26% respectively and the average ratio is 10.86%. As the standard net profit margin ratio is 10%, we can say that Heidenberg cement maintained a good profit in year 2016 in their business. Return on equity ratios of Heidenberg cement are 0.18, 0.24, 0.27, 0.17 and 0.17 respectively and average is 0.21. The ratios are unsatisfactory of Heidenberg cement. Return on assets ratios are 0.12, 0.14, 0.15, 0.09 and 0.09 respectively and average is 0.12. These ratios indicate that assets are not utilized efficiently in these years.

LafargeHolcim Bangladesh Ltd.: LHBL is a leading company with building materials and providing solutions to small home builders and technically challenging infrastructures. LHBL has grown 8% to 10% in last decade. This company is expecting to grow at the same rate in following years. The board of directors of LHBL comprises 12 members. Ratio analysis of LafargeHolcim Bangladesh Ltd. of five financial years are given below-

Holcim Cement	2014	2015	2016	2017	2018	Mean
Liquidity Ratios						
Current ratio	1.42	1.99	2.55	2.24	1.02	1.85
Operating Cash flow Ratio	0.78	0.60	0.81	0.33	0.45	0.59
Acid Test Ratio	0.60	1.05	1.56	1.30	0.33	0.97
Account Receivable Turnover	13.92	12.37	9.45	7.48	8.69	10.38
LeverageFinancial Ratios						
Debt Ratio	0.34	0.31	0.27	0.29	0.42	0.32
Equity Ratio	0.66	0.69	0.73	0.71	0.58	0.68
Debt equity ratio	0.51	0.44	0.36	0.41	0.73	0.49
Efficiency Ratios						
Asset Turnover Ratio	0.58	0.53	0.51	0.50	0.62	0.55
Inventory Turnover	4.51	5.75	5.47	6.35	6.73	5.76
Days Sales Uncollected	27.27	30.23	46.32	51.66	41.43	39.38
Days Sales in Inventory	80.23	58.64	65.31	59.72	69.26	66.63
Profitability Ratios						
Gross margin	38.56	35.73	35.14	24.02	24.65	31.62
Operating profit margin ratio	32.62	26.36	26.88	11.74	13.89	22.30
Net profit margin ratio	24.34	20.87	20.75	7.44	6.70	16.02
Return on equity	0.21	0.16	0.14	0.05	0.07	0.13
Return on asset	0.14	0.11	0.11	0.04	0.04	0.09

Table: Ratio analysis of 5 financial years of LHBL

Discussion:

Table shows that Holcim cement's current ratio 2014 to 2018 respectively 1.42, 1.99, 2.55, 2.24 and 1.02. The average current ratio is 1.85. Experts consider that 2:1 is a standard current ratio. So we can say that in year 2016 and 2017 the company met the standard current ratio. Operating cash flows of the years are 0.78, 0.60, 0.81, 0.33 and 0.45 respectively and average ratio is 0.59. Experts consider that operating cash flow should be higher than 1.0. Acid test ratios are 0.60, 1.05, 1.56, 1.30 and 0.33 and average acid test ratio is 0.97. We can see that in year 2015, 2016 and 2017 the company met the standard ratio. Account receivable turnover are 13.92, 12.37, 9.45 , 7.48, 8.69 and 10.38 respectively and average ratio is 10.38. Debt ratios are 0.34, 0.31, 0.27, 0.29 and 0.42 respectively and average ratio is 0.32. The ratios reveal that the company is less dependent on liabilities rather in their own funding in financing. Equity ratios of the company are 0.66, 0.69, 0.73, 0.71 and 0.58 respectively and average ratio is 0.68. That means the company prefers investor's fund rather than debt. This is a healthy practice of that company. Here debt equity ratios are 0.51, 0.44, 0.36, 0.41 and 0.73 respectively and the average ratio is 0.49. We can say that the company is less dependent on debt. Asset turnover ratios of the company are 0.58 times, 0.53 times, 0.51 times, 0.50 times and 0.62 times respectively and average is 0.55 times. So we can say that they have poor sales in terms of their asset. Inventory turnover ratios are 4.51, 5.75, 5.47, 6.35 and 6.73respectively and average ratio is 5.76. Experts consider that 4 to 6 times inventory turnover ratio is good for a company. Holcim cement has excessive investment in inventories. Days sales uncollected ratios are 27.27, 30.23, 46.32, 51.66 and 41.43 respectively and average is 39.38. Days sales inventory ratios of Holcim cement are 80.23, 58.64, 65.31, 59.72and 69.26 respectively. The average ratio is 66.63. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 38.56, 35.73, 35.14, 24.02and 24.65 respectively and the average is 31.62. So we can see that Holcim cement has a good gross profit margin ratio as they maintain favorable markup policies. Operating profit margin ratios are 32.62, 26.36, 26.88, 11.74 and 13.89 respectively and average is 22.30. As the higher the ratio is better for the organization, Holcim cement maintained a good operating profit. Net profit margin ratios are 24.34%, 20.87%, 20.75%, 7.44% and 6.70% respectively and the average ratio is 16.02. As the standard net profit margin ratio is 10%, we can say that Holcim cement maintained a good profit in year 2014, 2015 and 2016 in their business. Return on equity ratios of Holcim cement are 0.21, 0.16, 0.14, 0.05and 0.07 respectively and average is 0.13. The ratios are unsatisfactory of Holcim cement. Return on assets ratios are 0.14, 0.11, 0.11, 0.04 and 0.04 respectively and average is 0.09. These ratios indicate that assets are not utilized efficiently in these years.

Meghna Cement Mills Ltd.: MCML is an enterprise of Bashundhora Group established in 1992. MCML is one of the largest cement industries in Bangladesh producing approximately one million metric tons in a year. Their mission is to be the leading company in Bangladesh by providing quality products and services. And their vision is to contribute in continuous growth and development for a better future. The analysis of ratios of last five financial years are given below-

Meghna Cement	2014	2016(18m)	2017	2018	2019	Mean
Liquidity Ratios						
Current ratio	1.20	1.07	1.05	1.13	0.80	1.05
Operating Cash flow Ratio	0.06	0.12	0.22	-0.02	0.18	0.11
Acid Test Ratio	0.36	0.33	0.44	0.49	0.30	0.39
Account Receivable Turnover	4.46	3.61	4.52	4.09	6.13	4.56
LeverageFinancial Ratios						
Debt Ratio	0.79	0.83	0.82	0.87	0.90	0.84
Equity Ratio	0.21	0.17	0.18	0.13	0.10	0.16
Debt equity ratio	3.84	4.74	4.67	6.98	8.88	5.82
Efficiency Ratios						
Asset Turnover Ratio	0.95	0.65	1.06	0.80	0.95	0.88
Inventory Turnover	4.53	3.59	7.16	7.80	10.83	6.78
Days Sales Uncollected	75.03	107.59	97.30	90.86	53.79	84.92
Days Sales in Inventory	83.67	98.37	43.69	54.52	28.34	61.72
Profitability Ratios						
Gross margin	11.86	11.62	11.00	10.28	10.15	10.98
Operating profit margin ratio	9.06	7.60	7.05	6.35	5.77	7.17
Net profit margin ratio	2.69	1.30	1.31	1.47	0.94	1.54
Return on equity	0.12	0.05	0.08	0.09	0.09	0.09
Return on asset	0.03	0.01	0.01	0.01	0.01	0.01

Discussions:

The table shows that Meghna cement's current ratio 2014 to 2019 respectively1.20, 1.07, 1.05, 1.13 and 0.80. The average current ratio is 1.05. Experts consider that 2:1 is a standard current ratio. So we can say that the current ratio of Meghna cement ltd. is not so good. Operating cash flows of the years are 0.06, 0.12, 0.22, -0.02 and 0.18 respectively and average ratio is 0.11. Experts consider that operating cash flow should be higher than 1.0. Meghna cement had poor operating cash flows Ratio and in year 2018 they had negative result. Acid test ratios are 0.36, 0.33, 0.44, 0.49 and 0.30 respectively and average acid test ratio is 0.39. We can see that the company couldn't meet the standard ratio. Account receivable turnover are 4.46, 3.61, 4.52, 4.09 and 6.13 respectively and average ratio is 4.56. Debt ratios are 0.79, 0.83, 0.82, 0.87 and 0.90 respectively and average ratio is 0.84. The ratios show that the company is more dependent on liabilities in financing. Equity ratios of the company are 0.21, 0.17, 0.18, 0.13 and 0.10 respectively and average ratio is 0.16. That means the company prefers borrowed fund rather than investor. Here debt equity ratios are 3.84, 4.74, 4.67, 6.98 and 8.88 respectively and the average ratio is 5.82. We can say that the company is so much dependent on debt. Asset turnover ratios of the company are 0.95 times, 0.65 times, 1.06 times, 0.80 times and 0.95 times respectively and average is 0.88 times. So we can say that they have poor sales in terms of their asset. Inventory turnover ratios are 4.53, 3.59, 7.16, 7.80 and 10.83 respectively and average ratio is 6.78. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company. Meghna cement has maintained efficiently investment in inventories. Days sales uncollected ratios are 75.03, 107.59, 97.30, 90.86 and 53.79 respectively and average is 84.92. Days sales inventory ratios of Meghna cement are 83.67, 98.37, 43.69, 54.52 and 28.34 respectively. The average ratio is 61.72. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 11.86, 11.62, 11.00, 10.28 and 10.15 respectively and the average is 10.98. So we can see that Meghna cement hadn't good gross profit margin ratio as they didn't maintain favorable markup policies. Operating profit margin ratios are 9.06, 7.60, 7.05, 6.35 and 5.77 respectively and average is 7.17. As the higher the ratio is better for the organization, Meghna cement didn't maintain good operating profit. Net profit margin ratios are 2.69%, 1.30%, 1.31%, 1.47% and 0.94% respectively and the average ratio is 1.54%. As the standard net profit margin ratio is 10%, we can say that Meghna cement had poor profit in year in their business. Return on equity ratios of Meghna cement are 0.12, 0.05, 0.08, 0.09 and 0.09 respectively and average is 0.09. The ratios are unsatisfactory of Meghna cement. Return on assets ratios are 0.03, 0.01, 0.01, 0.01 and 0.01 respectively and average is 0.01. These ratios indicate that assets are not utilized efficiently in these years.

M.I. Cement Factory Ltd.: MICFL is one of the leading manufacturer of cement in our country. They started their journey in 1994 and trying to provide quality product in the name of "Crown cement". Their mission is to fulfill the needs of consumers and add value for all stakeholders and their vision is to contribute to the nation in growth and prosperity. They are focused in securing the competitive position in market through excellence in operations. Ratio analysis of 2015 to 2019 are given below-

MI(Crown) Cement	2015	2016	2017	2018	2019	Mean
Liquidity Ratios						
Current ratio	1.45	1.28	1.15	1.15	1.10	1.23
Operating Cash flow Ratio	0.04	0.03	0.03	0.02	0.05	0.04
Acid Test Ratio	0.98	0.77	0.56	0.0005	0.00	0.46
Account Receivable Turnover	7.78	8.49	8.86	11.81	13.72	10.13
LeverageFinancial Ratios						
Debt Ratio	1.47	0.53	0.60	0.64	0.63	0.77
Equity Ratio	1.40	0.47	0.40	0.36	0.37	0.60
Debt equity ratio	1.05	1.11	1.52	1.77	1.69	1.43
Efficiency Ratios						
Asset Turnover Ratio	1.96	0.64	0.53	0.64	0.76	0.90
Inventory Turnover	0.92	8.82	8.81	8.82	8.87	7.25
Days Sales Uncollected	70.81	65.21	62.28	46.79	40.45	57.11
Days Sales in Inventory	46.88	45.60	45.70	45.60	45.35	45.83
Profitability Ratios						
Gross margin	17.11	18.40	17.06	13.09	13.19	15.77
Operating profit margin ratio	11.91	13.27	11.76	7.97	8.05	10.59
Net profit margin ratio	7.85	8.25	7.00	2.51	1.72	5.47
Return on equity	0.11	0.11	0.09	0.04	0.04	0.08
Return on asset	0.15	0.05	0.04	0.02	0.01	0.05

Table: Ratio analysis of 5 financial years of MICFL

Discussions:

The table shows that Crown cement's current ratio 2015 to 2019 respectively 1.45, 1.28, 1.15, 1.15 and 1.10. The average current ratio is 1.23. Experts consider that 2:1 is a standard current ratio. So we can say the company couldn't meet the standard current ratio. Operating cash flows of the years are 0.04, 0.03, 0.03, 0.02 and 0.05 respectively and average ratio is 0.04. Experts consider that operating cash flow should be higher than 1.0 and Crown cement had poor operating cash flows. Acid test ratios are 0.98, 0.77, 0.56, 0.0005 and 0.008 respectively and average acid test ratio is 0.46. Account receivable turnover are 7.78, 8.49, 8.86, 11.81 and 13.72 respectively and average ratio is 10.13. Debt ratios are 1.47, 0.53, 0.60, 0.64 and 0.63 respectively and average ratio is 0.77. The ratios reveal that the company is more dependent on liabilities rather in their own funding in financing. Equity ratios of the company are 1.40, 0.47, 0.40, 0.36 and 0.37 respectively and average ratio is 0.60. That means the company prefers borrowed fund rather than investors. This is not a healthy practice of that company. Here debt equity ratios are 1.05, 1.11, 1.52, 1.77 and 1.69 respectively and the average ratio is 1.43. We can say that the company is more dependent on debt. Asset turnover ratios of the company are 1.96 times, 0.64 times, 0.53 times, 0.64 times and 0.76 times respectively and average is 0.90 times. So we can say that they have poor sales in terms of their asset. Inventory turnover ratios are0.92, 8.82, 8.81, 8.82 and 8.87 respectively and average ratio is 7.25. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company so we can say that they have maintained good inventory turnover ratio. Days sales uncollected ratios are 70.81, 65.21, 62.28, 46.79 and 40.45 respectively and average is 57.11. Days sales inventory ratios of Crown cement are 46.88, 45.60, 45.70, 45.60 and 45.35 respectively. The average ratio is 45.83. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 17.11, 18.40, 17.06, 13.09 and 13.19 respectively and the average is 15.77. So we can see that Crown cement has a good gross profit margin ratio as they maintain favorable markup policies. Operating profit margin ratios are11.91, 13.27, 11.76, 7.97 and 8.05 respectively and average is 10.59. As the higher the ratio is better for the organization, Crown cement had poor operating profit in 2018 and 2019. Net profit margin ratios are 7.85%, 8.25%, 7.00%, 2.51% and1.72% respectively and the average ratio is 5.47%. As the standard net profit margin ratio is 10%, we can say that Crown cement had poor profit in year in their business. Return on equity ratios of Crown cement are 0.11, 0.11, 0.09, 0.04 and 0.04 respectively and average is 0.08. The ratios are satisfactory of Crown cement. Return on assets ratios are 0.15, 0.05, 0.04, 0.02 and 0.01

respectively and average is 0.05. These ratios indicate that assets are not utilized efficiently in these years.

Premier Cement Mills Ltd.: Premier cement is one of most renowned company started their journey in 2001. It was changed into public limited company in 2010 and listed in Dhaka Stock Exchange in 2013. Ratio analysis of Premier Cement Mills Ltd. of four financial years are given below-

Premier Cement	2015	2016	2017	2018	Mean
Liquidity Ratios					
Current ratio	1.02	1.05	0.94	0.80	0.95
Operating Cash flow Ratio	0.13	0.25	0.07	0.09	0.14
Acid Test Ratio	0.44	0.57	0.46	0.30	0.44
Account Receivable Turnover	5.41	5.11	4.32	4.44	4.82
LeverageFinancial Ratios					
Debt Ratio	0.62	0.57	0.61	0.66	0.62
Equity Ratio	0.38	0.43	0.39	0.34	0.38
Debt equity ratio	1.64	1.32	1.55	1.97	1.62
Efficiency Ratios					
Asset Turnover Ratio	0.86	0.94	0.89	0.74	0.86
Inventory Turnover	5.26	6.44	8.71	12.24	8.16
Days Sales Uncollected	71.17	82.39	94.36	87.33	83.81
Days Sales in Inventory	69.38	48.86	42.09	21.18	45.38
Profitability Ratios					
Gross margin	15.42	21.68	16.41	15.09	17.15
Operating profit margin ratio	11.21	14.66	9.46	9.99	11.33
Net profit margin ratio	5.25	9.92	5.29	4.40	6.22
Return on equity	0.12	0.22	0.12	0.10	0.14
Return on asset	0.04	0.09	0.05	0.03	0.05

Table: Ratio analysis of 5 financial years of Premier Cement

Discussions-

The table shows that Premier cement's current ratio 2015 to 2018 respectively 1.02, 1.05, 0.94 and 0.80. The average current ratio is 0.95. Experts consider that 2:1 is a standard current ratio. So we can say that the company didn't have the standard current ratio. Operating cash flows of the years are 0.13, 0.25, 0.07 and 0.09 respectively and average ratio is 0.14. Experts consider that operating cash flow should be higher than 1.0. Premier cement had poor operating cash flows. Acid test ratios are 0.44, 0.57, 0.46 and 0.30 respectively and average acid test ratio is 0.44. We can see that the company couldn't meet the standard ratio. Account receivable turnover are 5.41, 5.11, 4.32 and 4.44 respectively and average ratio is 4.82. They had poor account receivable turnover. Debt ratios are 0.62, 0.57, 0.61 and 0.66 respectively and average ratio is 0.62. The debt ratios show that the company is much dependent on liabilities in financing. Equity ratios of the company are 0.38, 0.43, 0.39 and 0.34 respectively and average ratio is 0.38. That means the company doesn't prefer investor's fund. This is not a healthy practice of that company. Here debt equity ratios are 1.64, 1.32, 1.55 and 1.97 respectively and the average ratio is 1.62. We can say that the company is much dependent on debt as they have high debt equity ratio. Asset turnover ratios of the company are 0.86times, 0.94 times, 0.89 times and 0.74 times respectively and average is 0.86 times. So we can say that they have poor sales in terms of their asset. Inventory turnover ratios are5.26, 6.44, 8.71 and 12.24 respectively and average ratio is 8.16. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company. Premier cement has excessive investment in inventories and in year 2017 and 2018 they maintained it efficiently. Days sales uncollected ratios are 71.17, 82.39, 94.36 and 87.33 respectively and average is 83.81. Days sales inventory ratios of Premier cement are 69.38, 48.86, 42.09 and 21.18 respectively. The average ratio is 45.38. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 15.42, 21.68, 16.41 and 15.09 respectively and the average is 17.15. So we can see that Premier cement has a good gross profit margin ratio as they maintain favorable markup policies. Operating profit margin ratios are 11.21, 14.66, 9.46 and 9.99 respectively and average is 11.33. As the higher the ratio is better for the organization, Premier cement maintained a good operating profit. Net profit margin ratios are 5.25%, 9.92%, 5.29% and 4.40% respectively and the average ratio is 6.22%. As the standard net profit margin ratio is 10%, we can say that Premier cement had poor profit in their business. Return on equity ratios of Premier cement are 0.12, 0.22, 0.12 and 0.10 respectively and average is 0.14. The ratios are so satisfactory of Premier cement.

Return on assets ratios are 0.04, 0.09, 0.05 and 0.03 respectively and average is 0.05. These ratios indicate that assets are not utilized efficiently in these financial years.

5.3 Chemical industry

Active Fine Chemicals Ltd – Afcl vision is to build a strong ground in bd chemical industry so that it can serve people with their innovation and service, it is moving slowly but eventually making its name among the top listed chemical companies in Bangladesh

Five years financial activity has shown below in the table with ratios,

Active Fine Chemicals Ltd	2016	2017	2018	2019	mean
Liquidity Ratios					
Current ratio	2.00	1.62	1.88	1.47	1.74
Operating Cash flow Ratio	0.75	0.58	0.49	0.51	0.58
Acid test ratio	1.32	1.05	1.20	0.90	1.12
Account receivable turnover	3.79	2.65	2.49	2.30	2.81
LeverageFinancial Ratios					
Debt Ratio	0.26	0.30	0.28	0.29	0.28
Equity Ratio	0.74	0.70	0.72	0.71	0.72
Debt equity ratio	0.36	0.42	0.39	0.41	0.39
Efficiency Ratios					
Asset Turnover Ratio	0.56	0.38	0.33	0.32	0.40
Inventory turnover	3.39	1.35	0.99	1.98	1.93
Days sales uncollected	105.39	143.31	151.55	182.29	145.64
Days sales in inventory	126.59	186.69	190.71	193.43	174.35
Profitability Ratios					
Gross margin	43.43	46.84	45.19	47.01	45.62
Operating profit margin ratio	38.33	38.81	37.30	39.00	38.36
Net profit margin ratio	25.41	26.02	38.29	29.43	29.78
Return on equity	0.19	0.14	0.17	0.13	0.16
Return on asset	0.14	0.10	0.13	0.09	0.12

Table – ratio analysis of 5 financial years of Active Fine Chemicals Ltd.

Discussion –

Table show that under liquidity ratio there are 4 ratios and they are,

1. Current ratio – it shows from 2014-18 is 2.00, 1.62, 1.88, 1.47, average is 1.74 for the previous four year. 2. Operating cash flow ration 0.75, 0.58, 0.49, 0.51, and average is 0.58, experts suggest that it is good if this is higher than 1.0.3. Acid test ratio – are 1.32, 1.05, 1.20, 0.90 and average shows 1.12. And for acid test ratio standard is 1 which does meet up by the company for those financial year. 4. Account receivable turnover are 3.79, 2.65, 2.49, 2.30, and 2.81 is average , this average shows that they have bad account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are 1. Debt ratio – for those four year are 0.26, 0.30, 0.28, 0.29, 0.28, and from average value we can say this company is less dependent on debt , 2.equaty ratio are 0.74, 0.70, 0.72, 0.71, average is 0.72 so the company is being dependent on investors rather than the debtors ,which is a good practice.3. Debt equity ratios are 0.36, 0.42, 0.39, 0.41, and average is 0.39, it means company is dependent on investors and owners rather than debtors. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for four year it is 0.56, 0.38, 0.33, 0.32, average 0.40 which indicates for every dollar in asset the sale is not up to mark . 2. Inventory turnover ratio – shows 3.39, 1.35, 0.99, 1.98, 1.93which does not comply with the standard given by the experts. 3. Days sales uncollected – for four year this is 105.39, 143.31, 151.55, 182.29 and average is 145.64. 4. Days sales inventory 126.59, 186.69, 190.71, 193.43, and average e shows 174.35. Profitability ratio includes 5 type of ratio to evaluate those four year financial statements, and they are – 1. Gross margin ration shows 43.43, 46.84, 45.19, 47.01, average is 45.62, so in years 2017 and 19 shows a good amount in terms of rest of the value. 2. Operating profit margin ratio - 38.33, 38.81, 37.30, 39.00, average is 38.36, in this case we can see year 2017 and 19 is better than rest of the years, 3. Net profit margin ratio – it shows 25.41, 26.02, 38.29, 29.43, average is 29.78.result indicates in 2018 and 19 net profit margin was far better than the rest of the years. 4. Return on equities for five financial year are 0.19, 0.14, 0.17, 0.13, average is 0.16, and from the average we can reach to a conclusion that it is more than the standard. Means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.14, 0.10, 0.13, 0.09, 0.12 is average return on asset for four year. Which refers that profit generating with help of asset, and in this scenery twelve percent is up to expectation.

Advance chemical industries-ACI- is the oldest chemical company in bd previously known as Imperial Chemical Industries (ICI) in East Pakistan in 1968.After the liberation of Bangladesh it incorporated in 1973 , and today ACI Limited is one of the leading chemical company in Bangladesh, with a multinational heritage.

Ratio analysis of five financial year is given in the table below -

Advanced Chemical Industries Ltd	2014	2016(18)	2017	2018	2019	mean
Liquidity Ratios						
Current ratio	1.19	1.57	1.33	1.18	1.13	1.2771183
Operating Cash flow Ratio	1.51	2.67	1.32	0.05	0.10	1.1288208
Acid test ratio	0.75	0.09	0.78	0.84	0.83	0.6570597
Account receivable turnover	2.12	15.52	1.59	1.62	1.20	4.4101291
LeverageFinancial Ratios						
Debt Ratio	0.57	0.43	0.52	0.60	0.65	0.5563565
Equity Ratio	0.43	0.57	0.48	0.40	0.35	0.4436435
Debt equity ratio	1.35	0.77	1.08	1.50	1.89	1.3175051
Efficiency Ratios						
Asset Turnover Ratio	0.79	1.07	0.29	0.60	0.52	0.655278
Inventory turnover	2.59	32.10	2.31	2.45	2.25	8.3393109
Days sales uncollected	171.93	10.10	429.33	273.24	341.01	245.12344
Days sales in inventory	151.21	113.78	173.76	153.66	167.82	152.04587
Profitability Ratios						
Gross margin	41.98	43.64	103.21	43.21	45.36	55.478771
Operating profit margin ratio	14.49	10.37	20.03	7.84	7.62	12.069818
Net profit margin ratio	7.72	17.16	15.66	6.16	2.52	9.8443128
Return on equity	0.14	0.32	0.10	0.09	0.04	0.1386487
Return on asset	0.06	0.18	0.05	0.04	0.01	0.0680693

Table – ratio analysis of 5 financial years of ACI

Discussion -

Table show that under liquidity ratio there are 4 ratios and they are,

1. Current ratio – it shows from 2014-18 is 1.19, 1.57, 1.33, 1.1, 1.13, average is 1.2771183 for the previous five year. 2. Operating cash flow ration 1.51, 2.67, 1.32, 0.05, 0.10, average is 1.13, experts suggest that it is good if this is higher than 1.0. 3. Acid test ratio – are 0.75, 0.09, 0.78, 0.84, 0.83, an average shows 0.66. And for acid test ratio standard is 1. 4. Account receivable turnover are - 2.12, 15.52, 1.59, 1.62, 1.20 and 4.41, this average shows that they have poor account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are 1. Debt ratio – for those five year are 0.57, 0.43, 0.52, 0.60, 0.65, 0.56 and from average value we can say this company is dependent on debt. 2. Equity ratio are 0.43, 0.57, 0.48, 0.40, 0.35, and 0.44 so the company is being dependent on investors, which is a good practice.3. Debt equity ratios are 1.35, 0.77, 1.08, 1.50, 1.89, and 1.32 it means company is dependent on investors rather than debtors. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for five year it is 0.79, 1.07, 0.29, 0.60, 0.52 and average 0.66 which indicates for every dollar in asset the sale is not up to mark.2. Inventory turnover ratio – shows 2.59, 32.10, 2.31, 2.45, 2.25 average is 8.34 which does comply with the standard given by the experts.3.days sales uncollected – for five year this is 171.93, 10.10, 429.33, 273.24, 341.01, average 245.12. 4. Days sales inventory 151.21 113.78 173.76 153.66 167.82 152.05. Profitability ratio includes 5 type of ratio to evaluate those five year financial statements, and they are – 1.gross margin ration shows 41.98, 43.64, 103.21, 43.21, 45.36 and average is 55.48, so in years 2017 and 19 shows a good amount in terms of rest of the value. 2. Operating profit margin ratio - 14.49, 10.37, 20.03, 7.84, 7.62, and average 12.07, in this case we can see year 2014 and 17 is better than rest of the years, 3.net profit margin ratio – it shows 7.72, 17.16, 15.66, 6.16, 2.52, and average 9.84.result indicates in 2017 net profit margin was far better than the rest of the years. 4. Return on equities for five financial year are 0.14, 0.32, 0.10, 0.09, 0.04, and average is 0.14, from the average we can reach to a conclusion that it more than the standard, means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.06, 0.18, 0.05, 0.04, 0.01, 0.07 is average return on asset for five year. Which refers that profit generating with help of asset, and in this scenery seven percent is way mush lower than the expectation.

Far chemical limited – by producing the best quality textile dying chemical, far chemical limited vision is to maintain its position and to become market leader in this particular field, and with mission to produce world-class chemical and export them globally.

Five year financial condition is being shown in the table given below -

FAR Chemical Industries Ltd	2015	2016	2017	2018	2019	mean
Liquidity Ratios						
Current ratio	24.37	24.08	22.75	22.95	24.29	23.689093
Operating Cash flow Ratio	0.32	9.49	6.57	6.36	5.27	5.5999471
Acid test ratio	14.98	14.42	13.46	13.10	13.72	13.936138
Account receivable turnover	2.49	2.40	2.32	2.11	1.91	2.2460003
LeverageFinancial Ratios						
Debt Ratio	0.02	0.02	0.02	0.02	0.02	0.019225
Equity Ratio	0.98	0.98	0.98	0.98	0.98	0.980775
Debt equity ratio	0.02	0.02	0.02	0.02	0.02	0.019608
Efficiency Ratios						
Asset Turnover Ratio	0.66	0.64	0.56	0.48	0.39	0.5476291
Inventory turnover	2.94	2.93	2.76	2.48	2.13	2.6484038
Days sales uncollected	179.74	146.47	162.65	171.03	189.94	169.96591
Days sales in inventory	136.83	128.35	135.78	148.70	178.94	145.72049
Profitability Ratios						
Gross margin	23.66	24.30	21.84	21.64	19.50	22.188774
Operating profit margin ratio	22.44	23.06	20.34	19.92	17.60	20.671337
Net profit margin ratio	22.81	23.08	20.37	19.94	17.63	20.765854
Return on equity	0.15	0.15	0.12	0.10	0.07	0.1180549
Return on asset	0.15	0.15	0.11	0.09	0.07	0.1157124

Table – ratio analysis of 5 financial years of FAR chemical

Discussion –

Table show that under liquidity ratio there are 4 ratios and they are,

1. Current ratio – it shows from 2014-18 is 24.37 24.08 22.75 22.95 24.29 23.69 for the previous four year. 2. Operating cash flow ration 0.32 9.49 6.57 6.36 5.27 5.60, experts suggest that it is good if this is higher than 1.0. 3. Acid test ratio – are 14.98 14.42 13.46 13.10, 13.72 13.94. And for acid test ratio standard is 1 4. Account receivable turnover are 2.49 2.40, 2.32 2.11 1.91 2.25, this average shows that they have poor account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are. 1. Debt ratio – for those four year are 0.02 0.02 0.02 0.02 0.02 0.02and from average value we can say this company is less dependent on debt. 2. Equity ratio are 0.98 0.98 0.98 0.98 0.98 0.98 so the company is being dependent on investors rather than debtors. 3. Debt equity ratios are 0.02 0.02 0.02 0.02, 0.02 0.02 company is more dependent on its investors, Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for four year it is 0.66 0.64 0.56 0.48 0.39 0.55 which indicates for every dollar in asset the sale is not up to mark. 2. Inventory turnover ratio – shows 2.94 2.93 2.76 2.48 2.13 2.65 is average which does not comply with the standard given by the experts. 3. Days sales uncollected – for four year this is 179.74 146.47 162.65 171.03 189.94 169.97 4. Days sales inventory 136.83 128.35 135.78, 148.70 178.94 145.72. Profitability ratio includes 5 type of ratio to evaluate those four year financial statements, and they are – 1.gross margin ration shows 23.66 24.30 21.84 21.64 19.50 is average 22.19, so in years 2015 shows a good amount in terms of rest of the value. 2. Operating profit margin ratio - 22.44 23.06 20.34 19.92 17.60 and average 20.67, in this case we can see year 2015 and 16 is better than rest of the years, 3.net profit margin ratio – it shows 22.81 23.08 20.37 19.94 17.63 and average 20.77.result indicates in 2016 net profit margin was far better than the rest of the years. 4. Return on equities for five financial year are 0.15 0.15 0.12 0.10 0.07 0.12, from the average we can reach to a conclusion that it more than the standard, means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.15 0.15 0.11 0.09 0.07 0.12 is average return on asset for four year. Which refers that profit generating with help of asset, and in this scenery 12 percent is a very good outcome.

Kohinoor chemical- consumer need and along with the consumer need is the only guiding philosophy of Kohinoor chemical, and to fulfill this motivation they are very dedicated

Here we can see their five year financial statement ratio analysis -

Kohinoor Chemical Industries Ltd	2013	2014	2015	2016(18m)	2017	mean
Liquidity Ratios						
Current ratio	1.16	1.27	1.41	1.43	1.86	1.4264575
Operating Cash flow Ratio	0.03	0.16	0.22	0.13	0.65	0.2377298
Acid test ratio	0.07	0.09	0.46	0.09	0.36	0.2136445
Account receivable turnover	333.75	358.71	320.09	385.43	716.22	422.83852
LeverageFinancial Ratios						
Debt Ratio	0.92	0.86	0.80	0.76	0.64	0.7963092
Equity Ratio	0.08	0.14	0.20	0.24	0.36	0.2036908
Debt equity ratio	11.84	6.36	4.04	3.09	1.76	5.4189512
Efficiency Ratios						
Asset Turnover Ratio	1.63	1.70	1.60	1.75	2.22	1.7801773
Inventory turnover	2.45	2.58	2.57	3.28	4.47	3.0725033
Days sales uncollected	1.09	1.03	1.13	0.89	0.23	0.8759432
Days sales in inventory	148.81	144.74	122.45	113.92	62.67	118.51772
Profitability Ratios						
Gross margin	17.31	17.95	17.98	17.95	17.94	17.825351
Operating profit margin ratio	6.61	7.54	5.75	6.38	6.15	6.4838893
Net profit margin ratio	3.43	3.62	3.44	3.98	4.33	3.7592581
Return on equity	0.72	0.45	0.28	0.29	0.26	0.3995818
Return on asset	0.06	0.06	0.06	0.07	0.10	0.06764

Table – ratio analysis of 5 financial years of Kohinoor chemical

Discussion -

Table show that under liquidity ratio there are 4 ratios and they are,

1. Current ratio – it shows from 2014-18 is 1.16 1.27 1.41 1.43 1.86 1.43 for the previous four year. 2. Operating cash flow ration 0.03 0.16 0.22 0.13 0.65 0.24, experts suggest that it is good if this is higher than 1.0. 3. Acid test ratio – are 0.07 0.09 0.46 0.09 0.36, average is 0.21. And for acid test ratio standard is 1 which was not meet up by the company for those financial year. , 4. Account receivable turnover are 333.75, 358.71, 320.09, 385.43, 716.22, 422.84 is average , this average shows that they have good account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are 1. Debt ratio – for those four year are 0.92 0.86 0.80, 0.76 0.64 0.80, and from average value we can say this company is dependent on debt 2. Equity ratio are 0.08 0.14 0.20 0.24 0.36 0.20 so the company is being less dependent on equity 3. Debt equity ratios are 11.84 6.36 4.04 3.09 1.76 5.42, it means company is dependent on debtors rather than investors. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for four year it is 1.63 1.70 1.60, 1.75 2.22 1.78 which indicates for every dollar in asset the sale is not up to mark. 2. Inventory turnover ratio – shows 2.45 2.58 2.57 3.28 4.47 3.07 which does not comply with the standard given by the experts. 3.days sales uncollected – for four year this is 1.09 1.03 1.13, 0.89 0.23 0.88 4. Days sales inventory 148.81 144.74 122.45 113.92 62.67 118.52. Profitability ratio includes 5 type of ratio to evaluate those four year financial statements, and they are – 1.gross margin ration shows 17.31 17.95 17.98 17.95 17.94 17.83, we can see a consistency over here 2. Operating profit margin ratio - 6.61 7.54 5.75 6.38 6.15 and average is 6.48, in this case we can see year 2014 is better than rest of the years, 3.net profit margin ratio – it shows 3.43 , 3.62 3.44 3.98 4.33 average 3.76.result indicates in here we can find consistency also 4. Return on equities for five financial year are 0.72 0.45 0.28 0.29 0.26 0.40, from the average we can reach to a conclusion that it more than the standard, means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.06 0.06 0.06 0.07, 0.10 ,0.07 is average return on asset for four year. Which refers that profit generating with help of asset, and in this scenery six percent is way mush lower than the expectation.

JDH chemical limited – this a leading impotent, intender and distributer of washing, dying and textile chemical company in bd in order to serve customer demands with on reasonable price tag. Other than that it also formulate their own product that is being distributed among the country.

Here we can see a brief of JDH five years ratio analysis of financial statements.

JDH chemical limited	2015	2016(18m)	2017	2018	2019	mean
Liquidity Ratios						
Current ratio	2.52	24.08	22.75	22.95	24.29	19.319964
Operating Cash flow Ratio	0.09	9.49	6.57	6.36	5.27	5.5536966
Acid test ratio	2.52	14.42	13.46	13.10	13.72	11.445625
Account receivable turnover	4.43	2.40	2.32	2.11	1.91	2.6333412
LeverageFinancial Ratios						
Debt Ratio	0.38	0.02	0.02	0.02	0.02	0.0905955
Equity Ratio	0.62	0.98	0.98	0.98	0.98	0.9094045
Debt equity ratio	0.61	0.02	0.02	0.02	0.02	0.137447
Efficiency Ratios						
Asset Turnover Ratio	1.32	0.64	0.56	0.48	0.39	0.678179
Inventory turnover	0.03	2.93	2.76	2.48	2.13	2.0663963
Days sales uncollected	84.31	146.47	162.65	171.03	189.94	150.87996
Days sales in inventory	11541.18	128.35	135.78	148.70	178.94	2426.5898
Profitability Ratios						
Gross margin	33.52	24.30	21.84	21.64	19.50	24.16
Operating profit margin ratio	31.47	23.06	20.34	19.92	17.60	22.48
Net profit margin ratio	32.37	23.08	20.37	19.94	17.63	22.68
Return on equity	0.15	0.15	0.12	0.10	0.07	0.12
Return on asset	0.26	0.15	0.11	0.09	0.07	0.14

Table – ratio analysis of 5 financial years of JDH chemical limited

Discussion –

Table show that under liquidity ratio there are 4 ratios and they are,

1. Current ratio – it shows from 2014-18 is 2.52 24.08 22.75 22.95 24.29 19.32 for the previous four year. 2. Operating cash flow ration 0.09 9.49 6.57 6.36 5.27 5.55, experts suggest that it is good if this is higher than 1.0. 3. Acid test ratio – are 2.52 14.42 13.46 13.10 13.72, 11.45. And for acid test ratio standard is 1 .4. Account receivable turnover are 4.43 2.40 2.32, 2.11 1.91 2.63 is average , this average shows that they have poor account receivable turnover, Leverage financial ratio – under this we took 3.ratios, and they are1. Debt ratio – for those four year are 0.38 0.02 0.02 0.02 0.02 0.09 and from average value we can say this company is less dependent on debt.2. Equity ratio are 0.62 0.98 0.98 0.98 0.98 0.91 so the company is being dependent on investors which is a good practice.3. Debt equity ratios are 0.61 0.02 0.02, 0.02 0.02 0.14 is average, it means company is less dependent on debtors but more on investors. Efficiency ratio – there are four type of ratios we took to evaluate under this main heading and they are, 1. Asset turnover ratio – for four year it is 1.32 0.64 0.56 0.48 0.39 0.68 is average which indicates for every dollar in asset the sale is not up to mark. 2. Inventory turnover ratio – shows 0.03, 2.93 2.76 2.48 2.13 2.07 is average which does not comply with the standard given by the experts. 3. Days sales uncollected – for four year this is 84.31 146.47 162.65 171.03 189.94 150.88 is average. 4. Days sales inventory 115.18 128.35 135.78 148.70 178.94 141.39 is average. Profitability ratio includes 5 type of ratio to evaluate those four year financial statements, and they are -1.gross margin ration shows 33.52 24.30 21.84 21.64 19.50 24.16 is average , so in years 2015 and 17 shows a good amount in terms of rest of the value. 2. Operating profit margin ratio - 31.47, 23.06 20.34 19.92 17.60 22.48is average, in this case we can see year 2014 and 15 is better than rest of the years, 3.net profit margin ratio – it shows 32.37 23.08 20.37 19.94 17.63, 22.68 is average .result indicates in 2015 net profit margin was far better than the rest of the years. 4. Return on equities for five financial year are 0.15 0.15 0.12 0.10 0.07 0.12, from the average we can reach to a conclusion that it more than the standard, means the return company is making is good accordance with the equity of the company. 5. Return on asset – shows for the financial year from 2014 to 2018 are 0.26 0.15 0.11 0.09 0.07

0.14 is average return on asset for four year. Which refers that profit generating with help of asset, and in this scenery 14 percent is very good.

5.4 Textile Industries:

Alhaj textile Mills Ltd.: Alhaj textile established in 1962 is one of leading garment company in Bangladesh. Their mission is to achieve consumer satisfaction with standard product all over the world and become leading industry by fulfilling human requirements and balance the requirements. They are trying to redefine the future ways of business and very much focused on the increase of shareholders value. Ratio analysis of five financial years (2014-2018) are

Alhaj Textile	2014	2015	2016	2017	2018	Mean
Liquidity Ratios						
Current ratio	2.41	2.71	2.81	2.90	2.55	2.68
Operating Cash flow Ratio	0.86	-0.21	0.71	0.09	-0.35	0.22
Acid Test Ratio	0.06	0.22	0.38	0.33	0.02	0.20
Account Receivable Turnover	108.61	141.19	172.62	114.13	103.02	127.91
LeverageFinancial Ratios						
Debt Ratio	0.61	0.58	0.56	0.55	0.57	0.57
Equity Ratio	0.39	0.42	0.44	0.45	0.43	0.43
Debt equity ratio	1.57	1.38	1.29	1.21	1.31	1.35
Efficiency Ratios						
Asset Turnover Ratio	0.59	0.53	0.72	0.53	0.45	0.56
Inventory Turnover	2.33	1.90	3.29	3.85	2.23	2.72
Days Sales Uncollected	2.39	2.59	2.38	3.38	3.27	2.80
Days Sales in Inventory	152.72	219.46	67.37	101.11	222.60	152.65
Profitability Ratios						
Gross margin	13.17	12.63	11.18	14.35	6.69	11.60
Operating profit margin ratio	6.76	5.82	5.82	7.84	-0.85	5.08
Net profit margin ratio	7.40	7.79	6.90	10.91	3.72	7.34
Return on equity	0.11	0.10	0.11	0.13	0.04	0.10
Return on asset	0.04	0.04	0.05	0.06	0.02	0.04

given below-

Table: Ratio analysis of 5 financial years of Alhaj Textile Mills Ltd.

Discussions:

1.The table shows that Alhaj textile's current ratio 2014 to 2018 respectively 2.41, 2.71, 2.81, 2.90 and 2.55. The average current ratio is 2.68. Experts consider that 2:1 is a standard current ratio. So we can say that Alhaj textile maintained efficiently the standard current ratio every year. Operating cash flows of the years are 0.86, -0.21, 0.71, 0.09 and -0.35 respectively and average ratio is 0.22. Experts consider that operating cash flow should be higher than 1.0. In year 2015 and 2018 they had negative operating cash flow ratio. Acid test ratios are 0.06, 0.22, 0.38, 0.33and 0.02 respectively and average acid test ratio is 0.20. We can see that the company didn't maintain the standard acid test ratio. Account receivable turnover are 108.61, 141.19, 172.62, 114.13and 103.02 respectively and average ratio is 127.91. Debt ratios are 0.61, 0.58, 0.56, 0.55 and 0.57 respectively and average ratio is 0.57. The ratios reveal that the company is much dependent on liabilities in financing. Equity ratios of the company are 0.39, 0.42, 0.44, 0.45 and 0.43 respectively and average ratio is 0.43. That means the company doesn't prefer investor's fund rather than debt. This is not a healthy practice of that company. Here debt equity ratios are 1.57, 1.38, 1.29, 1.21 and 1.31 respectively and the average ratio is 1.35. We can say that the company is much dependent on debt. Asset turnover ratios of the company are 0.59times, 0.53 times, 0.72 times, 0.53 times and 0.45 respectively and average is 0.56 times. So we can say that they have poor sales in terms of their asset. Inventory turnover ratios are 2.33, 1.90, 3.29, 3.85 and 2.23 respectively and average ratio is 2.72. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company. Alhaj textile has excessive investment in inventories. Days sales uncollected ratios are 2.39, 2.59, 2.38, 3.38 and 3.27 respectively and average is 2.80. Days sales inventory ratios of Alhaj textile are 152.72, 219.46, 67.37, 101.11 and 222.60 respectively. The average ratio is 152.65. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 13.17, 12.63, 11.18, 14.35 and 6.69 respectively and the average is 11.60. So we can see that Alhaj textile had poor profit margin ratio as they didn't maintain favorable markup policies. Operating profit margin ratios are 6.76, 5.82, 5.82, 7.84 and -0.85 respectively and average is 5.08. As the higher the ratio is better for the organization, Alhaj textile had poor operating profit and in year 2018 they had negative operating profit margin ratio. Net profit margin ratios are 7.40%, 7.79%, 6.90%, 10.91% and 3.72% respectively and the average ratio is 7.34%%. As the standard net profit margin ratio is 10% we can say thet in year 2017 they had good profit in their business. Return on equity ratios of Alhaj textile are 0.11, 0.10, 0.11, o.13 and 0.04

respectively and average is 0.10. The ratios are very much satisfactory of Alhaj textile. Return on assets ratios are 0.04, 0.04, 0.05, 0.06 and 0.02 respectively and average is 0.04. These ratios indicate that assets were not being utilized efficiently in these years.

Hamid Fabrics Ltd.: Hamid fabrics ldt started their operation in 1995 and converted from private to public in 2010. Their vision is to become the leading company in textile industry mainly for woven fabrics. Their mission is to fulfill customers expectation by quality full fabrics and substantially development of products.

Hamid Textile	2015	2016	2017	2018	2019	Mean
Liquidity Ratios						
Current ratio	3.08	2.09	1.62	1.47	1.66	1.98
Operating Cash flow Ratio	0.02	0.90	0.24	0.12	0.38	0.33
Acid Test Ratio	2.19	1.28	0.90	0.87	0.98	1.24
Account Receivable Turnover	1.35	1.27	1.60	2.52	1.94	1.74
LeverageFinancial Ratios						
Debt Ratio	0.22	0.27	0.29	0.31	0.24	0.27
Equity Ratio	0.78	0.73	0.71	0.69	0.76	0.73
Debt equity ratio	0.28	0.38	0.40	0.45	0.32	0.37
Efficiency Ratios						
Asset Turnover Ratio	0.41	0.29	0.27	0.45	0.41	0.36
Inventory Turnover	3.53	2.16	1.87	3.24	2.71	2.70
Days Sales Uncollected	260.64	237.87	208.89	618.64	173.70	299.95
Days Sales in Inventory	113.30	182.57	199.75	117.15	134.20	149.39
Profitability Ratios						
Gross margin	26.02	30.09	30.91	27.67	25.44	28.03
Operating profit margin ratio	12.96	16.00	16.53	15.67	15.41	15.31
Net profit margin ratio	7.61	6.72	5.45	7.83	5.77	6.67
Return on equity	0.04	0.03	0.02	0.05	0.03	0.03
Return on asset	0.03	0.02	0.01	0.04	0.02	0.02

Table: Ratio analysis of 5 financial years of Hamid fabrics ltd.

Discussions:

1.The table shows that Hamid textile's current ratio 2015 to 2019 respectively 3.08, 2.09, 1.62, 1.47 and 1.66. The average current ratio is 1.98. Experts consider that 2:1 is a standard current ratio. So we can say that in year 2015 and 2016 the company maintained the standard current ratio. Operating cash flows of the years are 0.02, 0.90, 0.24, 0.12 and 0.38 respectively and average ratio is 0.33. Experts consider that operating cash flow should be higher than 1.0. Here the company didn't maintain the ratio. Acid test ratios are 2.19, 1.28, 0.90, 0.87 and 0.98 respectively and average acid test ratio is 1.24. We can see that in year 2015, 2016 the company maintained the standard ratio. Account receivable turnover are 1.35, 1.27, 1.60, 2.52 and 1.94 respectively and average ratio is 1.74. Debt ratios are 0.22, 0.27, 0.29, 0.31 and 0.24 respectively and average ratio is 0.27. The ratios show that the company is less dependent on liabilities rather in their own funding in financing. Equity ratios of the company are 0.78, 0.73, 0.71, 0.69 and 0.76 respectively and average ratio is 0.73. That means the company prefers investor's fund rather than debt. This is a healthy practice of that company. Here debt equity ratios are 0.28, 0.38, 0.40, 0.45 and 0.32 respectively and the average ratio is 0.37. We can say that the company is less dependent on debt. Asset turnover ratios of the company are 0.41 times, 0.29 times, 0.27 times, 0.45 times and 0.41 times respectively and average is 0.36 times. So we can say that they have poor sales in terms of their asset. Inventory turnover ratios are 3.53, 2.16, 1.87, 3.24 and 2.71 respectively and average ratio is 2.70. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company. Hamid textile has excessive investment in inventories. Days sales uncollected ratios are 260.64, 237.87, 208.89, 618.64 and 173.70 respectively and average is 299.95. Days sales inventory ratios of Hamid textile are 113.30, 182.57, 199.75, 117.15 and 134.20 respectively. The average ratio is 149.39. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 26.02, 30.09, 30.91, 27.67 and 25.44 respectively and the average is 28.03. So we can see that Hamid textile had good gross profit margin ratio as they maintain favorable markup policies. Operating profit margin ratios are 12.96, 16.00, 16.53, 15.67 and 15.41 respectively and average is 15.31. As the higher the ratio is better for the organization, Hamid textile maintained a good operating profit. Net profit margin ratios are 7.61%, 6.72%, 5.45%, 7.83% and 5.77% respectively and the average ratio is 6.67%. As the standard net profit margin ratio is 10%, we can say that Hamid textile had poor net profit in their business. Return on equity ratios of Hamid textile are 0.04, 0.03, 0.02, 0.05 and 0.03 respectively and average is 0.03. The ratios were unsatisfactory of Hamid textile. Return on assets ratios are 0.03, 0.02, 0.01, 0.04 and 0.02 respectively and average is 0.02.

Saiham Textile Mills Ltd.: STML is one of the leading company in textile industries with a good reputation in stakeholders. By providing quality full products they achieved clients faith all over the country. Saiham Textile is very much reliable within the buyers and suppliers through ethical business works. They maintain international standard in producing goods.

Saiham Textile	2015	2016	2017	2018	2019	Mean
Liquidity Ratios						
Current ratio	1.54	1.57	1.42	1.34	1.48	1.47
Operating Cash flow Ratio	0.31	-0.23	0.04	0.01	0.08	0.04
Acid Test Ratio	0.69	0.73	0.34	0.37	0.57	0.54
Account Receivable Turnover	6.29	4.27	2.74	3.17	3.33	3.96
LeverageFinancial Ratios						
Debt Ratio	0.46	0.41	0.44	0.51	0.33	0.43
Equity Ratio	0.54	0.59	0.56	0.49	0.67	0.57
Debt equity ratio	0.85	0.69	0.78	1.03	0.48	0.77
Efficiency Ratios						
Asset Turnover Ratio	0.39	0.41	0.35	0.44	0.45	0.41
Inventory Turnover	1.47	1.32	1.15	1.18	1.75	1.37
Days Sales Uncollected	44.16	123.94	134.03	136.36	105.00	108.70
Days Sales in Inventory	281.73	243.83	363.36	373.79	101.52	272.85
Profitability Ratios						
Gross margin	9.46	12.01	15.14	12.02	12.86	12.30
Operating profit margin ratio	2.20	3.65	5.97	5.51	5.81	4.63
Net profit margin ratio	4.58	4.69	6.04	5.01	-3.37	16.52
Return on equity	0.03	0.03	0.04	0.04	-0.02	0.11
Return on asset	0.02	0.02	0.02	0.02	-0.02	0.07

Table: Ratio analysis of 5 financial years of Saiham textile Mills ltd.

Discussions:

The table shows that Saiham textile's current ratio 2015 to 2019 respectively 1.54, 1.57, 1.42, 1.34 and 1.48. The average current ratio is 1.47. Experts consider that 2:1 is a standard current ratio. So we can say that the company didn't maintain the standard current ratio. Operating cash flows of the years are 0.31, -0.23, 0.04, 0.01 and 0.08 respectively and average ratio is 0.04. Experts consider that operating cash flow should be higher than 1.0. Here the company did maintain standard operating cash flow and in year 2016 they had negative value in ratio. Acid test ratios are 0.69, 0.73, 0.34, 0.37 and 0.57 respectively and average acid test ratio is 0.54. Account receivable turnover are 6.29, 4.27, 2.74, 3.17 and 3.33 respectively and average ratio is 3.96. Debt ratios are 0.46, 0.41, 0.44, 0.51 and 0.33 respectively and average ratio is 0.43. The ratios reveal that the company is less dependent on liabilities rather in their own funding in financing. Equity ratios of the company are 0.54 , 0.59, 0.56, 0.49 and 0.67 respectively and average ratio is 0.57. That means the company prefers investor's fund rather than debt. Here debt equity ratios are 0.85, 0.69, 0.78, 1.03 and 0.48 respectively and the average ratio is 0.77. We can say that the company is much dependent on debt than equity. Asset turnover ratios of the company are 0.39times, 0.41 times, 0.35 times, 0.44 times and 0.45 times respectively and average is 0.41 times. Inventory turnover ratios are 1.47, 1.32, 1.15, 1.18 and 1.75 respectively and average ratio is 1.37. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company. Saiham textile has excessive investment in inventories. Days sales uncollected ratios are 44.16, 123.94, 134.03, 136.36 and 105.00 respectively and average is 108.70. Days sales inventory ratios of Saiham textile are 281.73, 243.83, 363.36, 373.79 and 101.52 respectively. The average ratio is 272.85. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 9.46, 12.01, 15.14 , 12.02 and 12.86 respectively and the average is 12.30. So we can see that Saiham textile had poor gross profit margin ratio as they didn't maintain favorable markup policies but only in year 2017 they had good gross profit. Operating profit margin ratios are 2.20, 3.65, 5.97, 5.51 and 5.81 respectively and average is 4.63. As the higher the ratio is better for the organization, Saiham textile didn't have good operating profit. Net profit margin ratios are 4.58%, 4.69%, 6.04%, 5.01% and -3.37% respectively and the average ratio is 4.84%. As the standard net profit margin ratio is 10%, it can be said that Saiham textile had poor net profit. Return on equity ratios of Saiham textile are 0.03, 0.03, 0.04, 0.04 and -0.02 respectively and average is 0.04. The ratios are unsatisfactory of Saiham textile and in year 2019 it was negative value. Return on assets ratios are 0.02, 0.02, 0.02, 0.02 and -0.02 respectively and average is 0.02. These ratios indicate that Saiham textile maintained same return on equity every year but in year 2019 it was negative so we can say that assets were not utilized efficiently in these years.

Shonargaon Textiles Ltd.: Shonargaon Textile is an organization of Khansons Group. Shonargaon textile is running its operation since 1985 and converted into public limitrd company in 1995. The Main objective of Khansons Group is to create new dimensions and participate in different kinds of business. Their mission is to achieve stakeholders trust by remaining true to ethical issues and provide quality full products.

Shonargaon Textile		2016	2017	2018	2019	Mean
Liquidity Ratios						
Current ratio		1.84	1.51	2.69	2.58	2.16
Operating Cash flow Ratio		-0.21	-0.002	0.02	0.04	-0.04
Acid Test Ratio		0.30	0.46	1.11	0.84	0.68
Account Receivable Turnover		5.74	4.12	2.42	2.37	3.66
LeverageFinancial Ratios						
Debt Ratio		0.52	0.54	0.56	0.57	0.55
Equity Ratio		0.48	0.46	0.44	0.43	0.45
Debt equity ratio		1.10	1.17	1.25	1.30	1.20
Efficiency Ratios						
Asset Turnover Ratio		0.41	0.49	0.47	0.48	0.46
Inventory Turnover		0.92	1.12	1.19	1.14	1.09
Days Sales Uncollected		72.47	117.30	180.31	140.53	127.65
Days Sales in Inventory		423.47	298.59	293.26	366.54	345.47
Profitability Ratios						
Gross margin		13.93	14.10	16.78	18.03	15.71
Operating profit margin ratio		2.95	0.72	0.18	0.17	1.01
Net profit margin ratio		-1.47	-3.44	-1.89	2.86	-0.98
Return on equity		-0.01	-0.04	-0.02	0.03	-0.01
Return on asset		-0.01	-0.02	-0.01	0.01	0.00

Table: Ratio analysis of 4 financial years of Shonargaon Textile ltd.

Discussions: 1.The table shows that Shonargaon textile's current ratio 2016 to 2019 respectively 1.84, 1.51, 2.69 and 2.58. The average current ratio is 2.16. Experts consider that 2:1 is a standard current ratio. So we can say that in year 2018 and 2019 the company maintained standard current ratio. Operating cash flows of the years are -0.21, -0.002, 0.02, 0.04 respectively and average ratio is -0.04. Experts consider that operating cash flow should be higher than 1.0. Here in year 2014 and 2015 the company had negative operating cash flow ratio. Acid test ratios are 0.30, 0.46, 1.11 and, 0.84 respectively and average acid test ratio is 0.68. Here the company didn't maintain the standard acid test ratio in these years. Account receivable turnover are 5.74, 4.12, 2.42 and 2.37 respectively and average ratio is 3.66. As we know standard account receivable turnover is 10, the company failed to maintain this ratio. Debt ratios are 0.52, 0.54, 0.56, 0.57respectively and average ratio is 0.55. The ratios reveal that the company is more dependent on debt in financing as the ratio are higher than 0.4. Equity ratios of the company are 0.48, 0.46, 0.44 and 0.43 respectively and average ratio is 0.45. That means the company prefers borrowed fund rather than investors. Here debt equity ratios are 1.10, 1.17, 1.25 and 1.30 respectively and the average ratio is 1.20. We can say that the company used borrowed fund to growth. Asset turnover ratios of the company are 0.41times, 0.49 times, 0.47 times and 0.48 times respectively and average is 0.46 times. So we can say that they didn't have good sales in terms of their asset. Inventory turnover ratios are 0.92, 1.12, 1.19, 1.14 respectively and average ratio is 1.09. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company. They had extreme investment in inventories. Days sales uncollected ratios are 72.47, 117.30, 180.31, 140.53 respectively and average is 127.65. Days sales inventory ratios of Shonargaon textile are 423.47, 298.59, 293.26 and 366.54 respectively. The average ratio is 345.47. So we can say that the company had maintained healthy sales inventory. In profitability ratios gross margin ratios are 13.93, 14.10, 16.78 and 18.03 respectively and the average is 15.71. So we can see that Shonargaon textile didn't have good gross profit margin ratio as they didn't maintain favorable markup policies. Operating profit margin ratios are 2.95 , 0.72, 0.18 and 0.17 respectively and average is 1.01. As the higher the ratio is better for the organization, Shonargaon textile had significantly poor operating profit over the years. Net profit margin ratios are -1.47%, -3.44%, -1.89% and 2.86% respectively and the average ratio is -0.98%. As the standard net profit margin ratio is 10%, here Shonargaon textile had net loss in year 2016 to 2018 in their business. They just had profit in year 2019. Return on equity ratios of Shonargaon textile are -0.01, -0.04, -0.02 and 0.03 respectively and average is -0.01. The ratios are unsatisfactory of Shonargaon textile. They had negative ratio in year

2016, 2017 and 2018. Return on assets ratios are -0.01, -0.02, -0.01and 0.01 respectively and average is -0.005. These ratios indicate that assets are not utilized efficiently in these years. In year 2016 to 2018 they had negative return on asset ratio.

Paramount textile: Paramount textile is operating their business since 2006 has become one of the leading companies in textile industry. They have achieved so many national award because of their contribution to the country. Their vision is to become leading company with sustainable development and create job opportunities for Bangladeshis.

Paramount Textile	2015	2016	2017	2018	2019	Mean
Liquidity Ratios						
Current ratio	1.27	1.30	1.11	1.09	1.05	1.17
Operating Cash flow Ratio	0.22	0.13	0.14	1.49	1.80	0.76
Acid Test Ratio	0.52	0.48	0.38	0.16	0.13	0.33
Account Receivable Turnover	3.34	3.13	3.15	11.97	14.25	7.17
LeverageFinancial Ratios						
Debt Ratio	0.43	0.51	0.56	0.63	0.64	0.56
Equity Ratio	0.57	0.49	0.44	0.36	0.36	0.44
Debt equity ratio	0.76	1.05	1.29	1.74	1.74	1.32
Efficiency Ratios						
Asset Turnover Ratio	0.72	0.63	0.59	0.56	0.69	0.64
Inventory Turnover	2.26	2.15	1.96	1.88	2.04	2.06
Days Sales Uncollected	108.42	127.44	117.33	36.13	24.98	82.86
Days Sales in Inventory	153.12	193.99	198.49	226.52	196.51	193.73
Profitability Ratios						
Gross margin	19.85	17.59	16.82	16.81	15.07	17.23
Operating profit margin ratio	13.48	11.35	11.06	11.82	10.32	11.61
Net profit margin ratio	6.37	6.61	6.86	6.74	7.25	6.77
Return on equity	0.08	0.08	0.09	0.10	0.14	0.10
Return on asset	0.05	0.04	0.04	0.04	0.05	0.04

Table: Ratio analysis of 5 financial years of Paramount Textile ltd.

Discussions:

The table shows that Paramount textile's current ratio 2015 to 2019 respectively 1.27, 1.30, 1.11, 1.09 and 1.05. The average current ratio is 1.17. Experts consider that 2:1 is a standard current ratio. They didn't maintain the standard current ratio. Operating cash flows of the years are 0.22, 0.13, 0.14, 1.49 and 1.80 respectively and average ratio is 0.76. Experts consider that operating cash flow should be higher than 1.0. In year 2018 and 2019 Paramount textile had operating cash flow ratio higher than 1. Acid test ratios are 0.52 , 0.48, 0.38, 0.16 and 0.13 respectively and average acid test ratio is 0.33. They maintained very low acid test ratio in these financial years. Account receivable turnover of Paramount textile are 3.34, 3.13, 3.15, 11.97 and 14.25 respectively and average ratio is 7.17. In year 2018 and 2019 we can see that paramount textile had account receivable turnover ratio higher than 10 which is good. Debt ratios are 0.43, 0.51, 0.56, 0.63 and 0.64 respectively and average ratio is 0.56. The ratios reveal that the company is more dependent on liabilities in financing. In year 2015 they had standard debt ratio but in year 2016 to 2019 ratios are higher than 0.5. Equity ratios of the company are 0.57, 0.49, 0.44, 0.36 and 0.36 respectively and average ratio is 0.44. That means the company prefers investor's fund rather than debt. Here debt equity ratios are 0.76, 1.05, 1.29, 1.74 and 1.74 respectively and the average ratio is 1.32. We can say that the company was less dependent on debt in 2015 only but from 2016 they were more dependent on liabilities than investors. Asset turnover ratios of the company are 0.72times, 0.63 times, 0.59 times, 0.56 times and 0.69 times respectively and average is 0.64 times. So we can say that they have good sales in terms of their asset. Inventory turnover ratios are 2.26, 2.15, 1.96, 1.88 and 2.04 respectively and average ratio is 2.06. Experts consider that 4 times to 6 times inventory turnover ratio is good for a company. Paramount textile has excessive investment in inventories but it seems that they are trying to maintain it. Days sales uncollected ratios are 108.42 , 127.44, 117.33, 36.13and 24.98 respectively and average is 82.86. We can see that in year 2018 and 2019 there are significant change in days sales uncollected ratio. Days sales inventory ratios of Paramount textile are 153.12 , 193.99, 198.49, 226.52 and 196.51 respectively. The average ratio is 193.73. So we can say that the company has maintained healthy sales inventory. In profitability ratios gross margin ratios are 19.85, 17.59, 16.82, 16.81 and 15.07 respectively and the average is 17.23. So we can see that Paramount textile had good gross profit margin ratio as they maintain favorable markup policies. Operating profit margin ratios are 13.48, 11.35, 11.06, 11.82 and 10.32 respectively and average is 11.61. As the higher the ratio is better for the organization, Paramount textile maintained good operating profit. Net profit margin ratios are 6.37%, 6.61, 6.86%, 6.74% and 7.25% respectively and the average ratio is 6.77%. As the standard net profit margin ratio is 10%, we can say that Paramount textile hadn't maintained good profit in their business. Return on equity ratios of Paramount textile are 0.08, 0.08, 0.09, 0.10 and 0.14 respectively and average is 0.10. The ratios are satisfactory of Paramount textile. In year 2018 and 2019 they had achieved standard return on equity. Return on assets ratios are 0.05, 0.04, 0.04, 0.04 and 0.05 respectively and average is 0.04. These ratios indicate that assets are not utilized efficiently in these years. They should focus on utilizing the asset more consciously and effectively.

6. Conclusions

this research has been conducted on financial statements analysis of industries in Bangladesh, basically this analysis has took place on four major and leading industries in Bangladesh and those are pharmaceuticals industry, textile industry, cement and chemical industry. Of those four industry five random companies such as in pharmaceuticals we choose square ,beximco, aci, gsk and renetapharma , for cement industry we have select Hidenberg ,holcim, meghna, premier and crown cement , for chemical there are active fine ,aci ,far chemical,Kohinoor and jdhchemical,and for textile industry we take alhajtextile,hamid fabrics, saiham textile, shonargaon and paramount textile ,calculation and observation had been made on their financial condition using ratio analysis as the main tool .

Ratio analysis is basically a scientific method to have a sight into a company's operational efficiency and profitability by using organizations balance sheet and income statement. Ratio analysis consists of five main components that is being used from financial performance - profitability, liquidity, activity, debt and market. Ratio analysis is widely accepted when it comes to make important decision and forecasting the future.

Calculation came to a point from where assumption is being visible for a particular company and this enable the opportunity to forecast the future. And that forecast could attract investors. From the perspective of an investor, they also can get the actual scenario of the company and from bigger perspective it enables for them to see how a particular industry is doing in Bangladesh, and it open future possibilities as well. From the perspective of authority or the management they can use this report to evaluate organizations performance, and can easily find any flaws so that need proper corrections to take place. Previous five years financial data has been used to conduct this report, so it will be very convenient to reach to the possible best output when it comes to take decision for management.

Unlike any other research paper to complete this research paper there was enough limitations. Especially for this research paper where key resource was financial data the gateway to collect this data was limited itself.

And after reaching to a final conclusion we can see the actual scenario of five companies from each industry using ratio analysis, from the above calculation it indicates in pharmaceuticals industry square pharmaceutical has the strongest position among rest of the four companies, for cement industry calculation and analysis shows holcim cement is in lead considering the mean or average amount as the benchmark. For Textile Company alhaj is far better than its competitors and it has been shown in calculation. From above given calculation decision could be made that active fine chemical is in most strong position in chemical industry.

Recommendations –

1. For pharmaceuticals industry management specially purchase, sale and marketing should be motivated enough so that they work all the task efficiently, effectively and most important cordially.
2. In textile and cement industry availability of information and data for third party usage should be increased, transparency of data should be increased also by appointing trained accounted and audit team.
3. Chemical industry need to give more emphasis on improving their quality of data by digitization.
4. Government regulations should be more flexible and feasible.
5. Moreover operational efficiency should be increased by lowering the cost and wastage, amount of working capital need to be adequate.
6. Easy and reasonable credit policy should be make for the industry to sustain and future growth.

References

Alford, T.L., Feldman, L.C. and Mayer, J.W. (2007). *Fundamentals of nanoscale film analysis*. New York, N.Y. ; London: Springer.

Arifudin, A. (2019). FINANCIAL STATEMENT FRAUD AND FINANCIAL STABILITY. *PROSIDING SEMINAR NASIONAL CENDEKIAWAN*, p.2.

Barnes, D. and Warman, N. (2000). Is securitisation still a useful balance sheet tool? *Balance Sheet*, 8(2), pp.14–18.

Bernstein, L.A. and Wild, J.J. (2000). *Analysis of financial statements : by Leopold A. Bernstein and John J. Wild*. New York: Mcgraw-Hill.

BTMA. (n.d.). *BTMA*. [online] Available at: https://www.btmadhaka.com/ [Accessed 25 Jul. 2020].

David, M. (2006). *Case study research*. London: Sage.

Deb, J. and Dash, A. (2012). Accounting Research and Policy Making: An Overview. *Paradigm*, 10(2), pp.9–16.

Fried, A.N. (2013). An Event Study Analysis of Statement of Financial Accounting Standards No. 158. *Accounting and Finance Research*, 2(2).

Kumar, R. (2019). *Research methodology : a step-by-step guide for beginners*. Los Angeles [U.A.] Sage.

Lin, S., Martinez, D., Wang, C. and Yang, Y. (2016). Is Other Comprehensive Income Reported in the Income Statement More Value Relevant? The Role of Financial Statement Presentation. *Journal of Accounting, Auditing & Finance*, 33(4), pp.624–646.

NimalathasanBalasundaram (2012). *Ratio analysis*. Lap Lambert Academic Publ.

P. Arulmurugan, P.A., P. Karthikeyan, P.K. and N. Devi, N.D. (2011). Financial Inclusion in India: A TheoriticalAssesment. *Indian Journal of Applied Research*, 3(3), pp.217–222.

Porter, G.A. and Norton, C.L. (2017). *Financial accounting : the impact on decision makers*. Boston, Ma: Cengage Learning.

Poth, A. (2016). Effectivity and economical aspects for agile quality assurance in large enterprises. *Journal of Software: Evolution and Process*, 28(11), pp.1000–1004.

Pride, W.M. (2017). *Foundations of business.* New York: Cengage Learning.

Rich, J.S. and Jones, J.P. (2018). *Cornerstones of financial accounting*. Boston, Ma: Cengage Learning.

S Sarantakos (2007). *Data analysis*. London: Sage.

Subramanyam, K.R. (2014). *Financial statement analysis*. New York, Ny: Mcgraw-Hill.

Valand, P.P. (2011). A Study Of Financial Statement. *Indian Journal of Applied Research*, 1(12), pp.8–10.

www.beximcopharma.com. (n.d.). *Home - Beximco Pharmaceuticals Ltd.* [online] Available at: http://www.beximcopharma.com/.