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Jaba Textile Mills Limited





Inspiring Excellence

BRAC UNIVERSITY

Internship Report

On

Financial Performance Evaluation of Jaba Textile Mills Limited

Submitted To

Md. Mahmudul Haq

Associate Professor

Faculty of Masters of Business Administration

BRAC University

Submitted By

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LETTER OF TRANSMITTAL

December 27, 2018

To,

Md. Mahmudul Haq

Associate Professor

Faculty of Masters of Business Administration

BRAC University

Subject: Internship Completion Report on “Financial Performance Evaluation of Jaba Textile Mills Limited”

Dear Sir,

I take the pleasure to submit my Internship Report, which is a requirement for my Internship and this internship program has given me the experience of working in a renowned manufacturing organization and on job training which has definitely enriched my knowledge. During the three months internship period, I was assigned to prepare a report on the topic “Financial Performance Evaluation of Jaba Textile Mills Limited.” This report gave me the opportunity to apply and match my theoretical knowledge in the organization, which will be a great help for me in the future.

I sincerely hope that you will enjoy reading this report and also will consider this as a resourceful one. Last but not least, I appreciate this opportunity to show my profound gratitude to you for sparing your valuable time, guidance, constant effort and prompt attention as and when required for accomplishing this report.

Yours sincerely,

Md. Mofiz Uddin

Student ID #15264065

Major in Finance

Faculty of Masters of Business Administration

BRAC University



ACKNOWLEDGEMENT

First of all, I would like to thank to almighty ALLAH to enable me to perform such an interesting job.

It is my pleasure to thank the respected faculty of the business school of BRAC University for assigning this expertise knowledge and giving me opportunity of practical exposure through this report.

I would also like to show my gratitude to Md. Mahmudul Haq, Associate Professor, Faculty of Masters of Business Administration, BRAC University for giving us permission to initiate this internship report and successfully finish it.

Without his impeccable support, scholarly guidance, incitement and intent attachment, it may become extremely difficult to conduct the report properly. I would like to thank you very much sir, for your condescension and animation throughout the report.

I would also like to thank Mohammad Mosharof Hossain, Chief Financial Officer, Jaba Textile Mills Limited for being on-site supervisor & providing me time to time information, suggestion as well as procedures to work with my topic. He also creates a friendly environment & assists me with the information of my project.



EXECUTIVE SUMMARY

Jaba Textile Mills Limited is a design driven brand that celebrates creative and original thinking to highlight a light hearted and optimistic view of life through a superior quality product. Jaba Textile Mills Limited started its journey from 2006 in a very short premise. Now it has gone international.

There is no annual report available for Jaba Textile Mills Limited for general people. Jaba Textile Mills Limited is a part of Miswar Group. Financial reports are made under Jaba Textile Mills Limited name by summing all the firms' expenses and earnings. But as I worked as an intern in the company, I had access in the internal data. That's why I got few financial statements and I have worked with that information.

This report applies Financial Performance Jaba Textile Mills Limited by Miswar Group. Different financial ratios are evaluated such as liquidity ratios, asset management ratios, profitability ratios, debt management ratios and finally measure the best performance of the company. The graphical analysis and comparisons are applied for the measurement of all types of financial ratio analysis

I hope this report will help the concerned management to take ideas about the past performance and avoid the short comes and take the positive aspects to apply in future.



1. INTRODUCTION

The textile and clothing (T&C) industries provide the single source of economic growth in Bangladesh's rapidly developing economy. Exports of textiles and garments are the principal source of foreign exchange earnings. By 2002 exports of textiles, clothing, and ready-made garments (RMG) accounted for 77% of Bangladesh's total merchandise exports. By 2013, about 4 million people, mostly women, worked in Bangladesh's \$19 billion-a-year industry, export-oriented ready-made garment (RMG) industry. Bangladesh is second only to China, the world's second-largest apparel exporter of western brands. Sixty percent of the export contracts of western brands are with European buyers and about forty percent with American buyers. Only 5% of textile factories are owned by foreign investors, with most of the production being controlled by local investors. The ready-made garment (RMG) sector has experienced an exponential growth since the 1980s. The sector contributes significantly to the GDP. RMG needs huge denim fabric to produce the cloths for export. We are contributing our national export also GDP by producing denim fabrics and supplies it's to garments to produce the cloths as well as meet the demand of foreign countries.

1.1 ORIGIN OF THE REPORT

The report is originated to make a study on the accounting system, and financial condition of Jaba Textile Mills Limited as a part of the fulfillment of internship program required for the completion of MBA program of BRAC University. This topic was assigned to me by my Coordinator Md. Mahmudul Haq, Associate Professor, Faculty of Masters of Business Administration, BRAC University. Being an intern the main challenge was to translate the theoretical concepts into real life experience. I have tried my level best to make this program and the study an excellent one. I have used all the latest data and information in completing my report. I have been serving this company as an intern under Accounts and Finance Department for three months.

- To experience the real corporate world.
- To experience the role of a team player.
- To compare the real scenario with the lessons learned in the University
- To fulfill the requirement of MBA Program.



1.2 HOW THE CHAIN WORKS ARE COMPLETING

This report is the result of three months long internship program conducted in Jaba Textile Mills Limited and is prepared as a requirement for the completion of the MBA program of BRAC University. My report is mainly based on the “Financial Statement Analysis of Jaba Textile Mills Limited”. This analysis is based on two years financial data of the company. This report also includes information on the products and services of Jaba Textile Mills Limited, the overview of the organization and also my experience of working as an intern in Jaba Textile Mills Limited.

1.3 OBJECTIVE

The objective of the report can be viewed in two forms:

General Objective

Specific Objective

General Objective: This internship report is prepared primarily to fulfill the Masters of Business Administration (M.B.A) degree requirement.

Specific Objective:

- How analyze business operations, trends, costs, revenues, financial commitments, and obligations, to project future revenues and expenses or to provide advice.
- How to report to management regarding the finances of establishment.
- Performance evaluation.
- To prepare different voucher & Sales report in an organization.
- Gain knowledge about “Tally” software.



1.4 SCOPE

The main intention of the study is to analyze the financial statements. This report will give an overall idea about the financial situation of Jaba Textile Mills Limited and correlate them to get a clear picture of the company's current as well as future opportunities and threats of the company. The report covers details about Jaba Textile Mills Limited, over view of Jaba Textile Mills Limited, details about my job responsibilities and a detailed analysis of the company's financial statements

1.5 METHODOLOGY

Methodology defines how we go through all the processes of research and how I have proceeded on. Here include the steps of conducting the report and the explanation of the sources of data.

1.6 SOURCES OF DATA

Primary Sources

- Discussion with officers of Jaba Textile Mills Limited.
- Observation of practical work of the responsible officer.
- Discussion with my supervisor.
- Information conversation with buyers.
- Group discussion.

Secondary Sources

Internal sources:

- Review different documents provided by concerned officers.
- Annual Reports and different circulars.
- Manuals and files of the organization.

External sources:

- There are some records collected from various resources of the company.
- Sources are different journals, yearbooks, websites and etc.



1.7 DATA COLLECTION TECHNIQUE

Primary data that are mainly used are from different persons directly related to Finance and Accounts Department of Jaba Textile Mills Limited. I had personal conversations with them regarding the collection of data. It should be mentioned here that all the officers were very much helpful. The secondary data are mainly collected through different Annual Reports, journals, yearbooks, websites and etc.

1.8 LIMITATION

I won't say that my study and the decisions I made are self-sufficient. That doesn't mean that there was any lack of my professionalism and eagerness to reach to the solution, rather it means that I had to face some obstacles. Those may be summarized as follows:

- It was so difficult to collect the adequate and real data from the assigned organization.
- Lack of experience in related field.
- The factory area was so far from our institution.
- Short time visit in different work stations
- Improper combination among various departments.
- Adequate books, publication and journals were not available.
- Due to the lack of time I could not acquire in depth knowledge of the activities of different department perfectly and clearly.
- It is too much difficult to comment and suggest based on short time analysis.
- As a new job holder, it was very difficult for me to collect data from other departments.



2. COMPANY PROFILE: JABA TEXTILE MILLS LIMITED

Jaba Textile Mills Limited, is a sister concern of 'Miswar Group'. Miswar Group' is one of the largest private sector industrial conglomerates in Bangladesh engaged in diverse business areas.

Jaba Textile Mills Limited covers one of South Asia's largest vertically integrated textile companies. The Textile division is a fully integrated manufacturer of cotton and polyester blended garments for men, women and children, both for domestic and export markets.

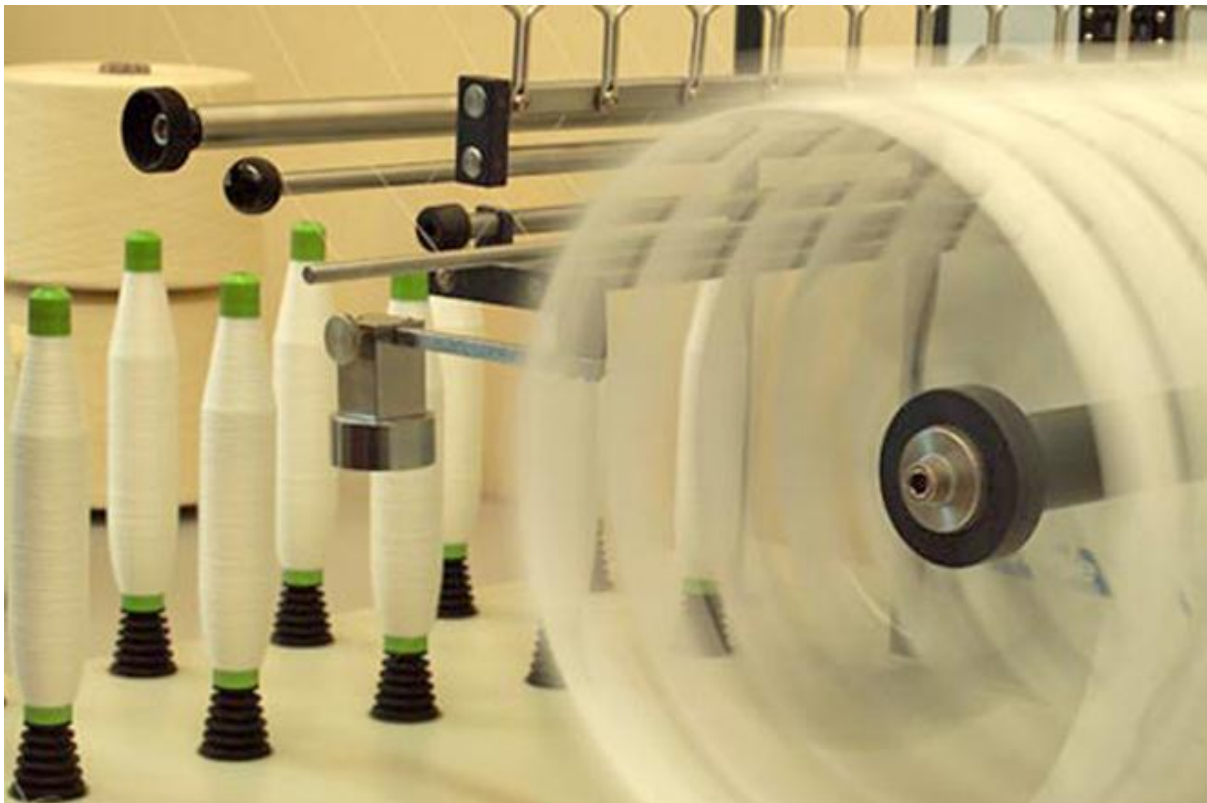


Figure 2.1: Jaba Textile Mills Limited Spinning Factory



2.1 CORPORATE LOGO



Figure 2.2: Logo of Jaba Textile Mills Limited



Figure 2.3: Logo of Miswar Group

Bangladesh Export Import Company (Jaba Textile Mills Limited) maintains this logo from the initial stage of its business. They have a mission of taking Bangladesh to the world. So, with this logo Jaba Textile Mills Limited has taken its identity towards the people of the world.

2.2 HISTORICAL BACKGROUND OF JTML

Jaba Textile Mills Limited (JTML), is a sister concern of 'Miswar Group'. The industry was under BTMC as Jaba Textile Mills Ltd. The ownership of the company was changed several times and finally it was purchased by us in 2006. The project set up at its own premises at 252, College Road, Brammondi, Narshingdi, Bangladesh currently running at **31,520** spindles.

The project generally sells to exporters of Knit and Garments. Yarns manufactured are mostly carded and its product, cotton yarn is carded with 16 to 62 counts. Yarn price at present range between US\$ 3.50 per kg to US\$ 5.00 per kg for export & waste cotton per kg US\$ 2.50 to US\$ 3.45. The prices are trending upward with the outlook of higher revenue and profit.



2.3 MISSION OF JTML

To provide highest satisfaction level to all the stake holders (Customers, suppliers, employees) through continuous improvement of the operational efficiency, cost effectiveness, research & development and investment in peoples benefit to implement and uphold our vision.

2.4 Visions of JTML

- Jaba Textile Mills Limited. is committed to expose its achievements to the world scenario. That`s why we have established ourselves with one-stop source for the global market.
- To realize the need to stake out a competitive segment in the changing global market through Technological Excellence and Human Expertise.
- To become confident of satisfying and fulfilling customers` requirement by developing and manufacturing products and offering related services on due time in terms of Quality, Price, Safety, Environmental Impact etc.
- To assure complete compliance of the international quality standards along with complete transparency in all aspects of business.



Figure 2.4: Jaba Textile Mills Limited Spinning Factory

2.5 COMMITMENT TO THE ENVIRONMENT

Jaba Textile Mills Limited is very committed to preserve a healthy and pollution-free environment. It has a very efficient waste collection and disposal system. In order to reduce air pollution by exhaust of gas from engine-generators, it maintains a costly plant that uses the exhaust gas to generate steam for chilling unit. Above measures not only help keep the water & air free from pollution but also help save cost of water treatment & air conditioning. The company uses only AZO-free dyes and is dedicated to ensure a healthy and eco-friendly environment.



2.6 INTERNAL FINANCIAL CONTROL

The directors are responsible for the Company's system of internal financial control. Although no system of internal control can provide absolute assurance against material misstatement and loss, the Company's system is designed to provide the directors with reasonable assurance that problems are timely identified and dealt with appropriately. Key procedures to provide effective internal financial control can be described in following heads:

Management Structure: The Company is operating through a well-defined management structure headed by chief executive officer (CEO) under whom there is executive directors, general managers for various departments and according to hierarchy, various senior and mid-level management staffs. The CEO and the executive directors, general managers meet at regular intervals represented also by finance, marketing and personnel heads.

Budgeting: There are comprehensive management reporting disciplines which involve the preparation of annual budgets by all operating departments. Executive management reviews the budgets and actual results are reported against the budget and revised forecasts are prepared at regular intervals.

Asset Management: The Company has complete asset management policy, which reasonably assures the safeguarding of assets against unauthorized use or disposition. The Company also follows proper records and policy regarding capital expenditures.

Functional Reporting: In pursuance with keeping the reliability of financial information used within the business or for publication, the management has identified some key areas which are subject to monthly reporting to the chairman of the board. These include monthly treasury operations and financial statements. Other areas are also given emphasis by reviewing on a quarterly basis. These include information for strategy, environmental and insurance matters.



2.7 COMPANY ORGANOGRAM

The sponsors have already formed a Public Limited Company registered with Register of Joint Stock Companies & Firms. Jaba Textile Mills Limited is set-up by a group of highly professional, well experienced and financially sounds Bangladeshi entrepreneurs. The sponsors have excellent track record about industrial, commercial, financial and production management. The experienced sponsors of this company have very progressive outlook and expertise about the technology and production management. The organizational hierarchy is illustrated below:

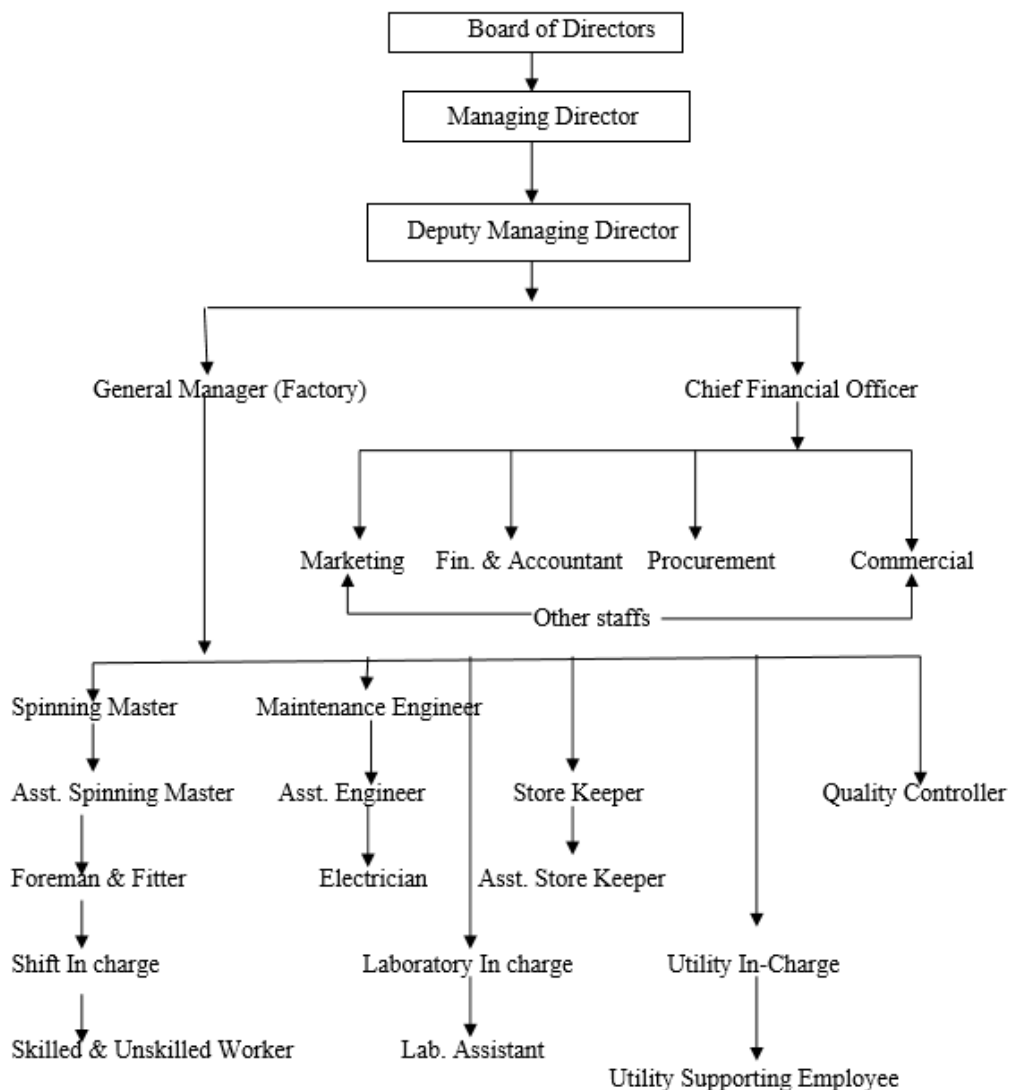


Figure 2.5: Company Organogram of Jaba Textile Mills Limited



2.8 TOP MANAGEMENT OF THE COMPANY

Name	Designation	Total Experience
Noor Jahan Begum	Chairman	35 Years
Shameem Ahmed	Managing Director	22 Years
Md. Mohsin Ali	Deputy Managing Director	18 Years
Mohammad Mosharof Hossain	Chief Financial Officer	14 Years
Md. Naim Islam	Deputy General Manager (Marketing)	13 years
Md. Sahidul Islam	Deputy General Manager (Commercial)	22 Years

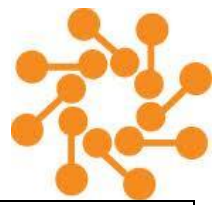
Table 2.1: Top Management of JTML

2.9 LIST OF EXISTING MACHINERIES (AS ON 28.02.16)

Sl.No.	Machine Description	Model	Manufacturing Year	Quantity
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Blow Room:

1	Rieter (Switzerland)	1994	-	01 Set
2	Rieter (Switzerland)	1994	-	01 Set
3	Filter Room	-	2007	03 Sets
4	Filter Room (China)	-	2012	01 Pcs.
5	Jossy Vision Shield	-	2012	01 Pcs.
6	Magic Eye	-	2012	01 Pcs.
7	Roving Opener M/C (Japan)	6363	1964	01 Pcs.
8	Hard Waste Opener	-	2011	01 Pcs.



Carding:				
1	Trutzchler (Germany)	DK-715	1987	06 Pcs
2	Rieter (Switzerland)	C-60	2011	05 Pcs.
3	Rieter (Switzerland)	C-70	2012	02 Pcs.

Drawing:

1	Rieter	SB D-22	2010	02 Pcs.
2	Rieter	SB D-20	2012	02 Pcs.

Simplex:

1	Hawa (Japan)	RME	1993	03 Pcs.
2	Toyoda (Japan)	FL-6	1974	01 Pcs.
3	China Simplex	FA-497	2010	02 Pcs.
4	Marzoli Simplex	FT-6	2012	01 Pcs.

Ring:

1	Zinser (1000 Spindle)	SL-319	1979	20 Pcs.
2	Ring Frame L M W	LR60/A	2012/13	12 Pcs.
3	Rotor	RN200	1987	02 Pcs.
4	Spindle Oil Lubricating M/C (Germany)	APPARATUS -1254106	2010	01 Pcs.
5	Cot Pusing M/C	Sabar	2010	01 Pcs.
6	Cot Mounting M/C	Sabar	2010	01 Pcs.
7	Cot Grinding M/C (Indian)	Sabar	2010	01 Pcs.



<u>Quality Equipments:</u>				
1	Uster Tester-5	Uster Tech. Ag	2012	01 Pcs.
2	Micrinaire 275	Mesdan	2012	01 Pcs.
3	Twist Tester	Mesdan	2012	01 Pcs.
4	Wrap Reel M/C	James Co. Ltd.	1969	01 Pcs.
5	Wrap Block M/C	James Co. Ltd.	1969	01 Pcs.
6	CSP Testing M/C	James Co. Ltd.	1969	02 Pcs.
7	Electronic Balance	CAS	CAS	02 Pcs.
<u>Finishing:</u>				
1	Mach Conner	7-V	1997	02 Pcs.
2	Auto Conner	Polar L of 72	2013	05 Pcs.
<u>Generator:</u>				
1	Gascor-952KW	SFGLD-560	2007	01 Pcs.
2	M W M	-	2012	01 Pcs.
3	Generator Cooling Tower	KST-N-250	2010	01 Pcs.

Workshop:

1	Lath Machine	FINE GOLD/ PATHAK	2005	02 Pcs.
2	Milling Machine	X6125A	1990	01 Pcs.
3	Shaper M/C	K-SM-400	1965	01 Pcs.



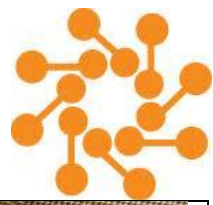
Utility Items:				
1	Atlas Copco	GA-37	2004	01 Pcs.
2	Boge Compressor	S90/2	2012	01 Pcs.
3	SCR Compressor	100D	2013	01 Pcs.
4	SCR Compressor	50D	2012	01 Pcs.
5	Jaguar (15 HP)-Taiwan	EP-120	2005	02 Pcs.
6	Juocai	F-AD	2004	01 Pcs.
7	Heat Setting Machine (ELGE)	SARA-500/D	2007	01 Pcs.
8	AC (01 Ton)	General	-	02 Pcs.
9	HT Switch Gear	MC-416/102	-	01 Pcs.
10	Transformer -1100 KVA	JEC-120	1952	01 Pcs.
11	PFI	500KVAR	2011	02 Pcs.
12	Mixture M/C	-	2012	01 Pcs.
13	Vibrator M/C	-	2012	01 Pcs.
14	Blower Fan-10.5 KW	-	2007	17 Pcs.
15	Computer	-	-	07 Sets

Table 2.2: List of Existing Machineries



2.10 PRODUCT GALLERY

	
Naps Yarn	Modal Yarn
	
Linen Yarn	Tensal / lyocel Yarn
	
Viscose Yarn	Nylon Yarn



<p>Brose/Syro Yarn</p>	<p>Blended Yarn</p>
<p>Blended Slub Yarn:</p>	<p>Tri Blend Yarn</p>
<p>Injection Slub yarn</p>	<p>Blended Yarn</p>
<p>Ring Slub Yarn</p>	<p>Cotton Poly Denim Yarn</p>

Figure 2.6: Product Gallery of Jaba Textile Mills Limited



2.11 SISTER CONCERNS OF MISWAR GROUP

NAME OF CONCERN	NATURE OF BUSINESS	MAIN SPONSOR
01. Jaba Textile Mills Limited	100% export oriented spinning mill	1. Shameem Ahmed
02. Al-Haj Abdus Sattar Limited	Indenting, Import and Export	
03. Miswar Hosiery Mills (Pvt.) Limited (Garments Division)	100% export oriented garments	2. Md. Mohsin Ali
04. Miswar Hosiery Mills (Pvt.) Limited (Hosiery Division)	100% export oriented garments	
05. M/s. Mohsin & Brothers	Indenting, Import and Export	

Table 2.3: Sister Concerns of Miswar Group



Figure 2.7: Jaba Textile Mills Limited Spinning Factory



2.12 LOCATION OF MISWAR GROUP

Corporate Office:

Jaba Textile Mills Limited

House#764 (5th Floor), Road#10, Avenue#6, Suite# 5

Mirpur, DOHS, Dhaka.

Phone# +880-2-580-70316 ~ 18

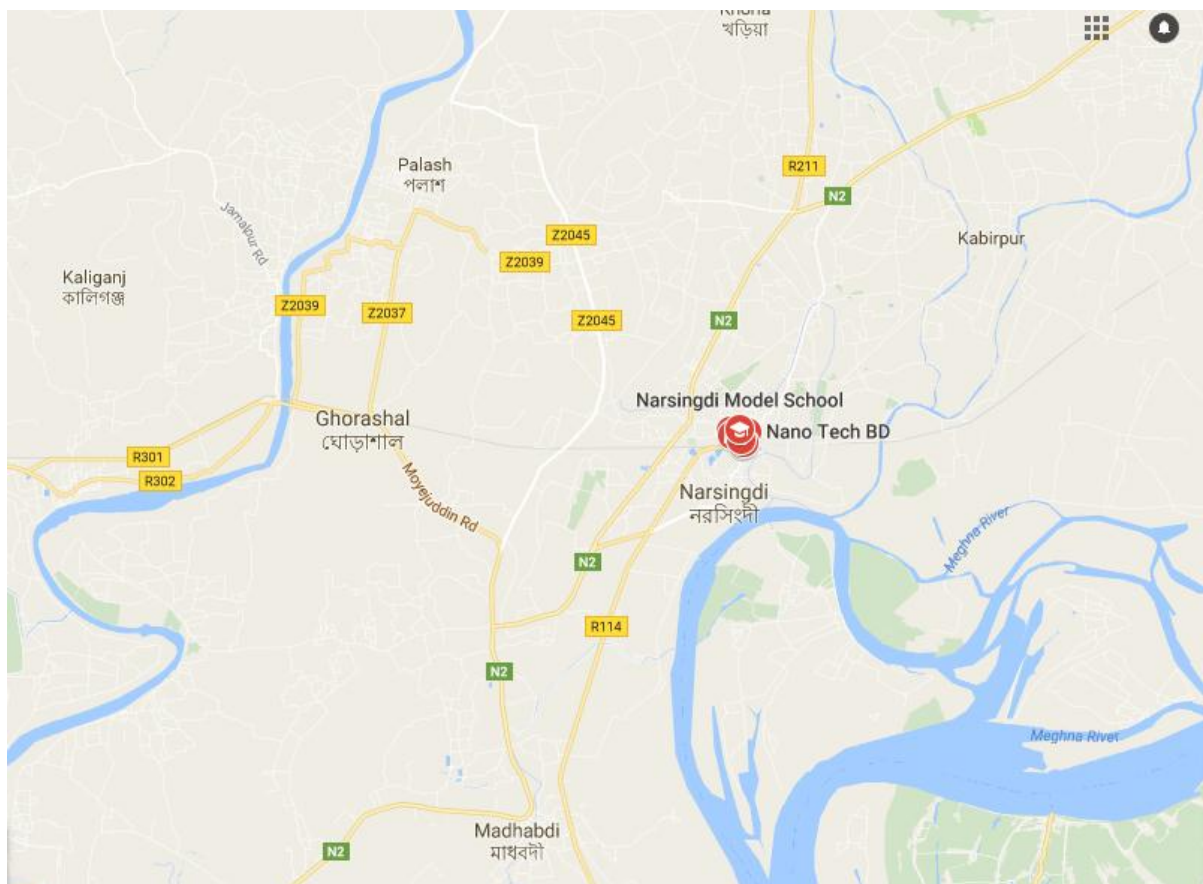


Figure 2.8: Location of Corporate office



Factory:

252, College Road,

Brammondi, Narshingdi.



Figure 2.9: Location of Factory

2.13 MAJOR BUYERS

Sl. No.	Name
01	Liz Fashion Industries Ltd.
02	Mondol Fabrics Ltd.
03	Mascom Composite Ltd.
04	Khan Brothers Knitwear Ltd.
05	Asrotex Ltd.
06	Fariha Kni Tex Ltd.
07	HMN Fashion Ltd.
08	Kayaba Knit Wear Ltd.
09	Radial International Ltd.
10	Turag Garments & Hosiery Mills Ltd. etc.

Table 2.4: Major Buyers of JBML



3. THEORETICAL ASPECT OF FINANCIAL AREAS

3.1 FINANCIAL STATEMENT

The Accounting process or financial reporting system, which generates financial information for external users, encompasses five principal financial statements:

- Balance sheet (statement of financial position)
- Income statement (statement of earnings)
- Statement of cash flows
- Statement of stockholders' equity

Financial statements provide information about the assets (resources), liabilities (obligations), income & cash flows, and stockholders' equity of the firm. The effects of transactions and other events are recorded in the appropriate financial statements.

- The income statement reports revenues, expenses, and gains & losses.
- The balance sheet shows assets, liabilities, & stockholders' equity; the statement of stockholders' equity reports capital transaction with owners.
- The statement of cash flows includes operating investing, and financial inflows and outflows. Many transactions are reflected in more than one statement so that the entire set is required to evaluate the firm.
- Footnotes provide information about the accounting method, assumptions, and estimates used by management to develop the data reported in the financial statements. They are designed to allow users to improve assessments of the amounts, timing, and uncertainty of the estimates reported in the financial statements. Footnotes provide additional disclosure related to such areas as:



- Fixed assets
- Inventories
- Income taxes
- Pension and other postemployment benefit plans
- Debt (interest rates, maturity schedules, and contractual terms)
- Lawsuits and other loss contingencies
- Marketable securities and other investments
- Hedging and other risk management activities
- Business segments
- Significant customers, sales to related parties and export sales.

Other Sources of Financial Information also work as financial statements. These statements also represent firms' position. Management discussions and analysis act as a source of information of financial information. Companies with publicly traded securities have been required to provide a discussion of earnings in the MD. The MD is required to discuss:

- Results of operations, including discussion of trends in sales and categories of expense.
- Capital resources and liquidity, including discussion of cash flow trends
- Outlook based on known trends.

Some other sources of financial information are:

- Companies that issue securities to the public are required to publish a registration statement including a prospectus.
- Proxy statements, issued in connection with shareholder meetings, contain information about board members and management, executive compensation, stock options, and major stockholders.



- Many companies prepare periodic “fact books” containing additional financial and operational data. Corporate press releases also provide new information on a timely basis.
- In addition, many companies hold periodic meetings or conference telephone calls to
- Keep the financial community apprised of recent developments regarding the company.

3.2 NEED FOR FINANCIAL STATEMENT ANALYSIS

The financial reporting system is not perfect. Analysis of these statements helps both the company and its investors to understand the overall financial condition of the company. Here some reasons of the need for financial statement analysis are given below:

- In an ideal world, the user of financial statements could focus only on the bottom lines of financial reporting: net income and stockholders’ equity.
- The financial reporting system is not perfect. Economic events & accounting entries do not correspond precisely; they diverge across the dimensions of timing, recognition & measurement.
- Economic events and accounting recognition of those events frequently take place at different times.
- Long - lived assets are written down, most of the time, in the Fiscal Period of management’s choice.
- Generally Accepted Accounting Principles (GAAP) permit economic events that do receive accounting recognition to be recognized in different ways by different financial statement prepare.



- Financial reports often contain supplementary data that, although not included in the statements themselves, help the financial statement users to interpret the statements or to adjust measures of corporate performance to make them more comparable.
- Information from outside the financial reporting process can be used to make financial data more useful.

3.3 RATIO ANALYSIS

Financial ratios are used to compare the risk and return of different firms in order to help equity investors and creditors make intelligent investment and credit decisions. Ratios can also provide a profile of a firm, its economic characteristics and competitive strategies and its unique operating, financial and investment characteristic. By doing ratio analysis it is possible to understand a company's past, current and future probable financial situation.

Four ratio categories measure the risk and return relationships. These categories are:

Liquidity Analysis: Measures the ability to meet the near-term obligations. Ability to convert into cash. By analyzing the ratios mentioned bellow liquidity analysis has been done by JTML.

- Current Ratio
- Quick Ratio
- Operation Cost to Income Ratio
- Net Working Capital

Profitability Analysis: Measures the income of the firm relative to its revenues and invested capital. The following ratios are used to analyze the profitability;

- Gross Profit Margin
- Operating Profit Margin
- Net profit Margin
- Earnings Per Share (EPS)
- Margin before interest and tax
- ROA (Return On Asset)



- ROE (Return On Equity)

Activity/ Asset management Analysis: Evaluates revenue and output generated by the firm's assets. The following ratios include in the activity analysis:

- Inventory turnover ratio
- Total asset turnover Ratio
- Fixed asset turnover Ratio
- Investment to deposit Ratio

Debt management ratio/Solvency Analysis: Debt Management Ratios attempt to measure the firm's use of Financial Leverage and ability to avoid financial distress in the long run. These ratios are also known as Long-Term Solvency Ratios.

- Debt to asset ratio
- Times Interest Earned (TIE)
- Cash Flow Debt Ratio
- Fixed Charge Coverage Ratio



4. ANALYSIS & EVALUATION

4.1 ANALYZING LIQUIDITY RATIO

The liquidity of a business firm is measured by its ability to satisfy its short term obligations as they come due. Liquidity refers to the solvency of the firm's overall financial position. The three basic measures of liquidity are:

- **Current Ratios:** One of the most general and frequently used of these liquidity ratios is the current ratio. Organizations use current ratio to measure the firm's ability to meet short term obligations. It shows the banks' ability to cover its current liabilities with its current assets.

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

Standard Ratio – 2:1

Year	2011	2012	2013	2014	2015
Current Ratios	1.07	0.88	0.90	0.44	0.61

Table 4.1: Current Ratio

Findings: Current ratio indicates the liquidity position of a firm and Jaba Textile Mills Limited increases its current ratio refers that the firm increases its liquidity position. However, it has been increasing over the years. But it has been decreased in year 2014 and again increased 2015 which is .61. It means it has 0.61 assets to pay tk I current liability. If current ratio increases it shows better liquidity position but at cost of profitability. Jaba Textile Mills Limited holds higher asset to pay current obligation but it doesn't generate any revenue.

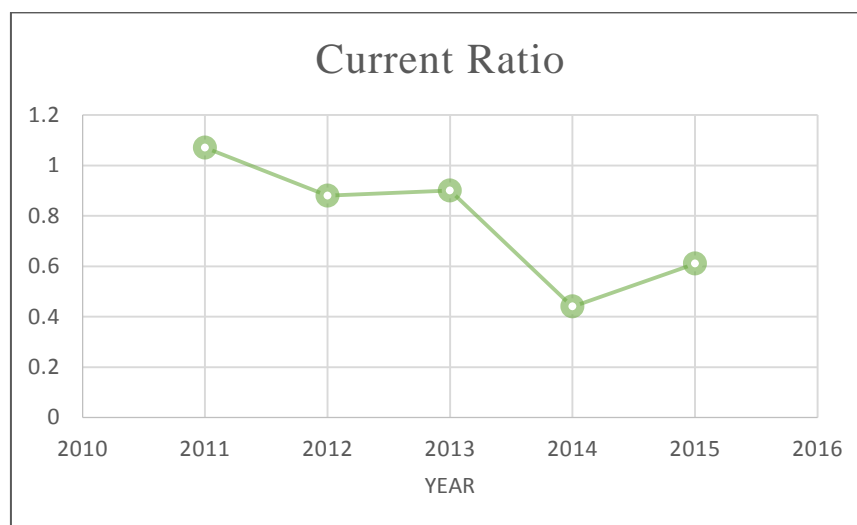


Figure 4.1: Current Ratio



- **Quick Ratio:** The quick ratio is a much more exacting measure than current ratio. This ratio shows a firm's ability to meet current liabilities with its most liquid assets.

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Standard Ratio – 1:1

Year	2011	2012	2013	2014	2015
Quick Ratio	0.398	0.27	0.67	0.07	0.14

Table 4.2: Quick Ratio

Findings: Since not all the Elements of current asset of a firm cannot be readily converted into cash, quick ratio eliminates those components which cannot be converted into cash i.e. prepaid expenses and depreciation. From the above table we can identify that in 2011 the firm has Tk. 0.398 quick assets (cash, receivables and marketable securities) to pay its. I taka current liability which decrease to 0.27 in 2012 but then increased to 0.67 in 2013. It again decreased drastically to 0.07 in 2014 and not improving till 2015. This gives indication that firm may face liquidity problem in near future.

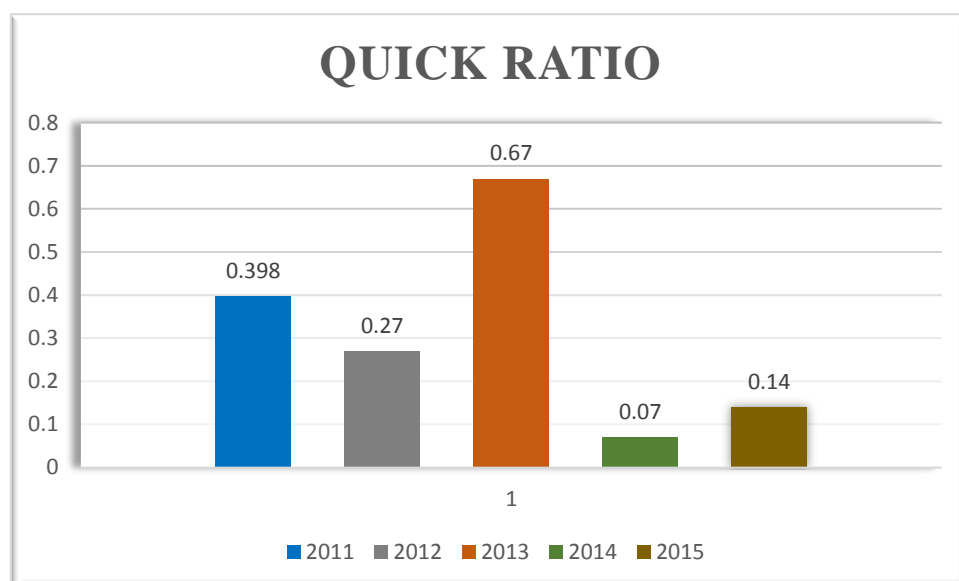


Figure 4.2: Quick Ratio



4.2 ANALYZING ACTIVITY RATIO

Activity ratios measure the speed with which accounts are converted into sale or cash. With regard to current accounts measures of liquidity are generally inadequate because difference in the composition of a firm's current accounts can significantly affects its true liquidity.

A number of ratios are available for measuring the activity of the important current accounts, which includes inventory, accounts receivable, and account payable. The activity of total assets can be also being assessed.

- **Total Asset Turnover Ratio:** The total asset turnover indicates the efficiency with which the firm is able to use all its assets to generate sales.

$$\text{Total Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Total Assets}}$$

Year	2011	2012	2013	2014	2015
Total Asset Turnover	0.05	0.48	0.34	0.39	0.46

Table 4.3: Total Asset Turnover Ratio

Findings: This ratio measures by utilizing its total assets how much sales the company generates. Higher the ratio is better for the company, because higher the ratio indicates that the company is efficient to utilize the assets in case of generating sales. The highest turnover is shown in 2012 which is 0.48. There is a fluctuation in total asset utilization. From 2011 to 2012 the turnover was significantly increased and showed excellent performance in utilization of total asset to generate sales. Then the ratio declined again increased from 2014 to 2015.

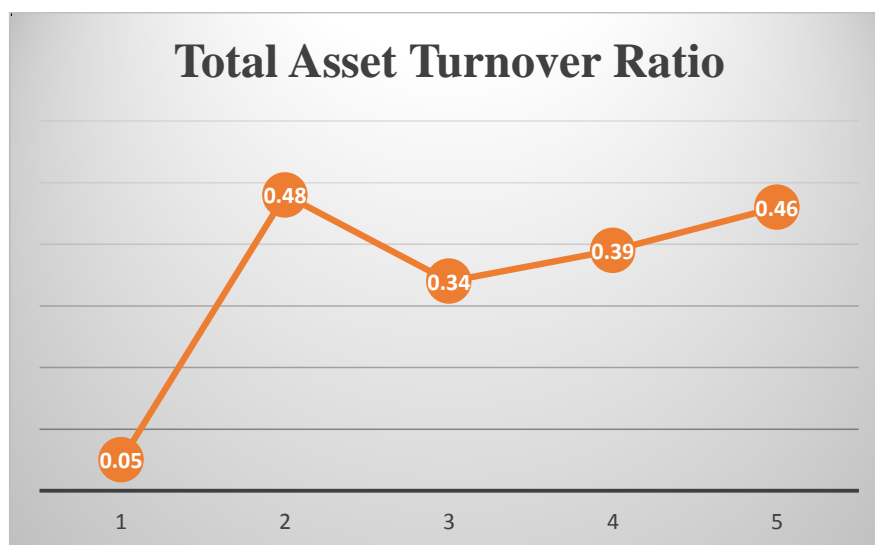




Figure 4.3: Total Asset Turnover Ratio

- **Inventory Turnover Ratio:** A ratio showing how many times a company's inventory is sold and replaced over a period.

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost Of Goods Sold}}{\text{Average Inventory}}$$

The days in the period can then be divided by the inventory turnover formula to calculate the days it takes to sell the inventory on hand or "Inventory Turnover Days". This ratio should be compared against industry averages.

A low turnover implies poor sells and, therefore, excess inventory.

A high ratio implies either strong sells or ineffective buying. High inventory levels are unhealthy because they represent an investment with a rate of turn of zero. It also opens the company up to trouble should prices begin to fall.

Year	2011	2012	2013	2014	2015
Inventory Turnover Ratio	5.69	4.74	2.32	2.19	3.84

Table 4.4: Inventory Turnover Ratio

Findings: From the inserted table I can find out that the inventory turnover is slow down from 5.69 to 3.84 during the time span from 2011 to 2015. The table shows the highest turnover of inventories in 2011 which is 5.69. The lowest turnover process has been done in 2014 which is 2.19. The turnover consecutively has sluggish down from the year 2011 to 2015.

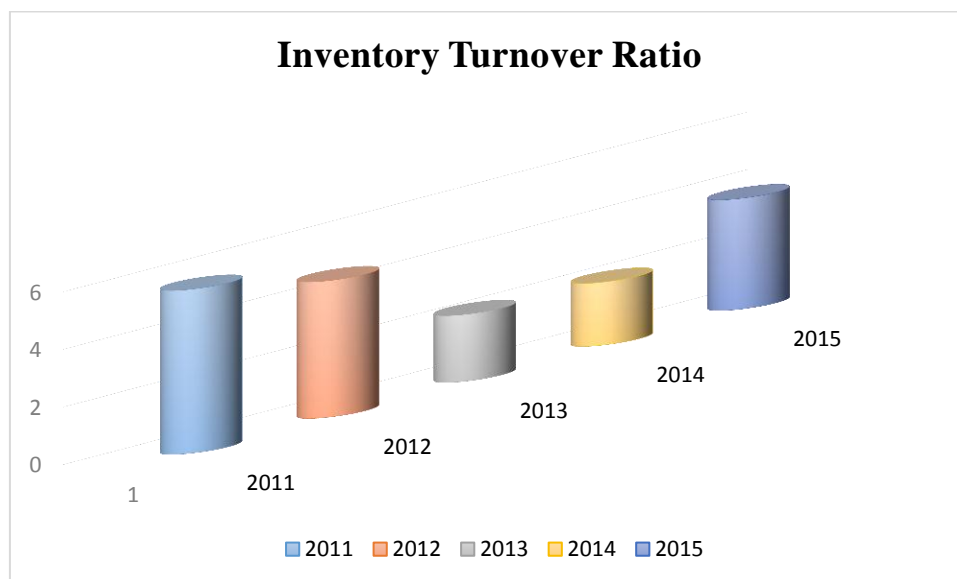


Figure 4.4: Inventory Turnover Ratio

There is huge fluctuation and instability in the ratio of turnover. So, we can say that the company is not efficient in inventory management. The process has been drastically declined or slows down in 2013 and 2014 which is 2.32 and 2.19. The inventories were piled up and remain idle from 2013 to 2015. In 2010 the ratio was higher. But it started to fall severely



from 2013. In 2015 the ratio was little bit up. But still the inventory remained idle and piled into stock.

➤ **Fixed Asset Turnover Ratio:** A financial ratio of net sales to fixed assets. The fixed-asset turnover ratio measures a company's ability to generate net sales from fixed asset investments - specifically property, plant and equipment (PP&E) - net of depreciation. A higher fixed-asset turnover ratio shows that the company has been more effective in using the investment in fixed assets of generate revenues. The fixed-asset turnover ratio is calculated as:

$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Net Fixed Assets}}$$

Year	2011	2012	2013	2014	2015
Fixed Asset Turnover	0.65	0.57	0.44	0.56	0.54

Table 4.5: Fixed Asset Turnover Ratio

Findings: Fixed asset turnover ratio shows the firm's ability to generate sales or perform its operation through its given level of fixed assets. The graph shows that the turnover of sales by fixed assets has stability in last five years. The highest sales were generated by fixed assets in 2011 which is 0.65. Then the ratio slowed down in 2012, 2013 and goes up into 2014. But the lowest turnover happened in 2013 which was 0.44.

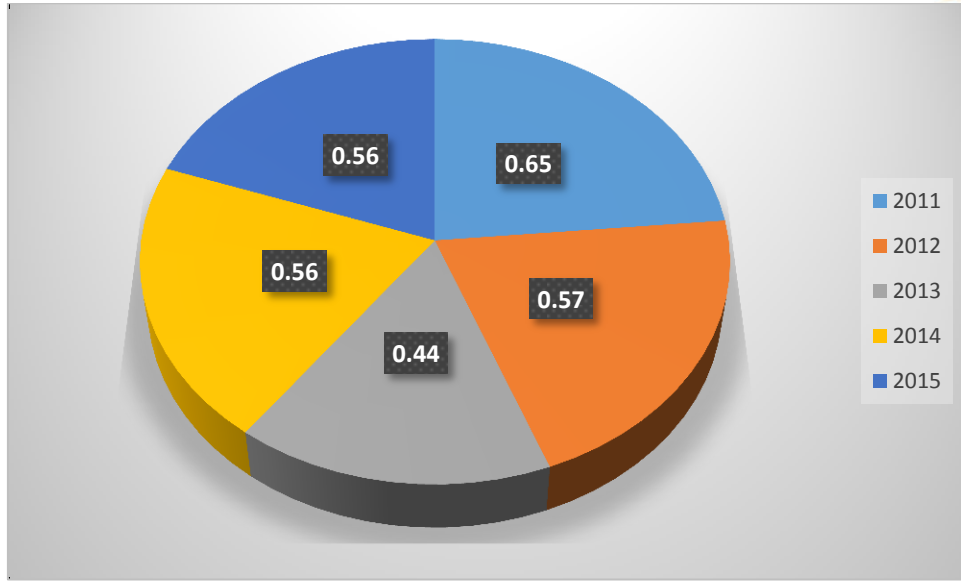


Figure 4.5: Fixed Asset Turnover Ratio



Limitations of Fixed/Total Asset Turnover Ratio:

- **Company/ Product Life cycle:** Turnover ratio depends on which stage of the life cycle the company I product is in. A company in the introductory stage will generally have a lower ratio than a company in the growth stage. This does not mean that the prior company is not operating efficiently; it is so due to its positioning the life cycle.
- **Timing of asset Purchase:** If a new asset is acquired, the ratio will decrease significantly but this does not mean that the company is not operating efficiently. And it may be the denominator is low due to its highly depreciated value. Neither decrease nor increase is due to operational efficiency.
- **Purchase of new asset:** purchase of new asset invariably decreases the ratio (as the denominator increases) but this does not due to operational inefficiency.



4.4 ANALYZING DEBT RATIO

The debt position of the indicates the amount of other people's money being used in attempting to generate profits. In general, the more debt a firm uses in relation to its total assets, the greater its financial leverage, a term use to describe the magnification of risk and return introduced through the use of fixed-cost financing such as debt and preferred stock.

- **Time Interest Earned Ratio:** This ratio measures the ability to meet contractual interest payment that means how much the company able to pay interest from their income.

$$\text{Time-Interest-Coverage Ratio} = \frac{\text{Earning before Interest \& Taxes}}{\text{Interest Ecpenses}}$$

Year	2011	2012	2013	2014	2015
Time Interest Earned Ratio	0.86	0.63	0.38	15.96	3.27

Table 4.6: Time Interest Earned Ratio

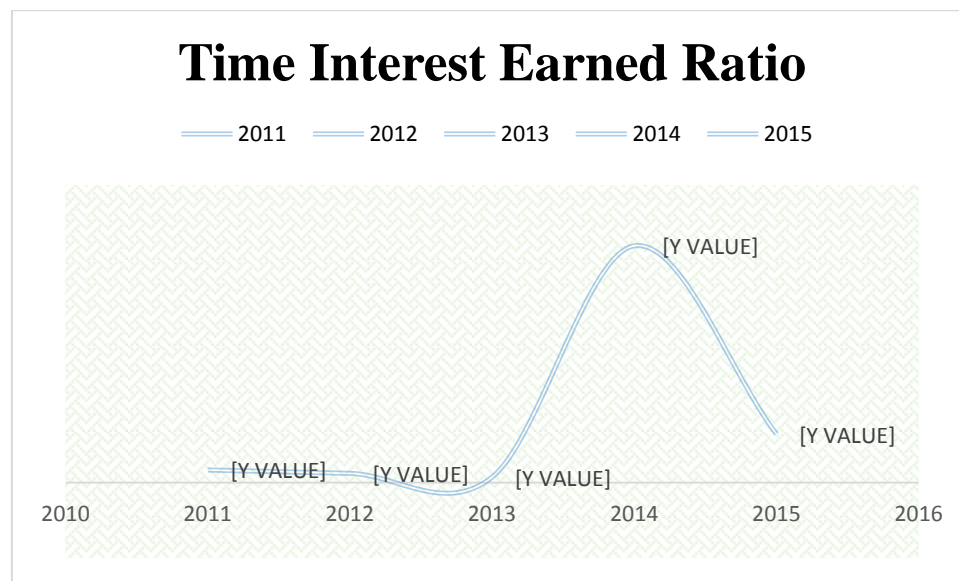


Figure 4.6: Time Interest Earned Ratio

Findings: From the inserted graph we can see that the firm has consecutively been lower from the year 2011 to 2013. This ratio shows firms ability of the firm to pay its interest expense by its operating income. Higher the ratio indicates higher solvency to payout interest. The decreasing trend of the time interest earned ratio shows less safety measure on protection available for creditors. The firm may fail to pay the interest near future.



- **Fixed Charge Coverage Ratio:** This ratio indicates the firm's ability to pay all fixed charges.

$$\text{Fixed Charge Coverage Ratio} = \frac{\text{Earning Before Fixed Charge \& Taxes}}{\text{Fixed Charge}}$$

Year	2011	2012	2013	2014	2015
Fixed Charge Coverage Ratio	1.29	0.64	0.25	0.28	0.84

Table 4.7: Fixed Charge Coverage Ratio

Findings: Fixed Charge includes the interest, current portion of long term payment, lease payment. The ratio shows the ability to pay the fixed charge coverage ability. There is fluctuation in the ratios of five years. In 2011, the ratio was 1.29 which is the highest ratio and it shows sufficient earnings to pay fixed charges and solvency of the firm. But later the ratio declined and shows alarming situation for the firm. But in 2015 the ratio was quite better.

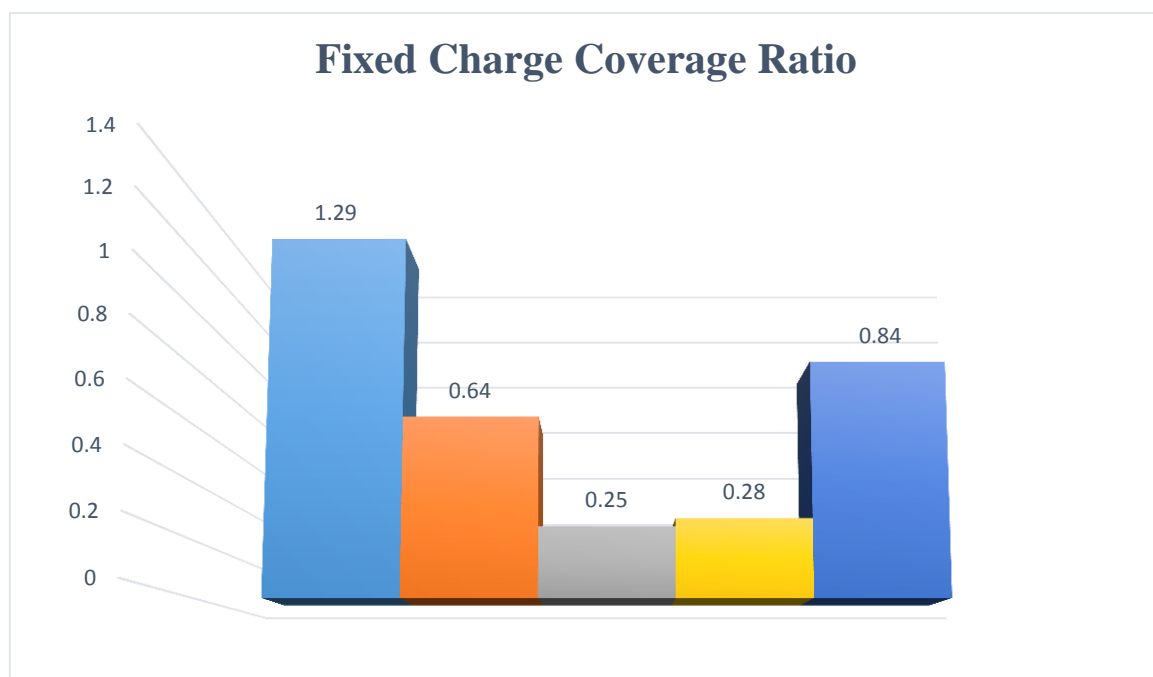


Figure 4.7: Fixed Charge Coverage Ratio



4.3 ANALYZING PROFITABILITY RATIO

These measures evaluate the bank's earning with respect to given level to sales, a certain level of assets, the owner's investment, or share value. Without profits, a firm could not attract outside capital. Moreover, present owners and creditors would become concerned about the company's future and attempt to recover their funds. Owners, creditors, and management pay close attention to boosting profits due to the great importance placed on earning in the marketplace.

- **Operating Profit Margin:** The Operating profit margin represents what are often called the pure profits earned on each sales dollar. A high operating profit margin is preferred. The operating profit margin calculated as follows:

$$\text{Operating Profit Margin} = \frac{\text{Operating Profit}}{\text{Sales}}$$

Year	2011	2012	2013	2014	2015
Operating Profit Margin	11%	7%	5%	9%	13%

Table 4.8: Operating Profit Margin

Findings: The ratio measures the profitability of the firm from its core operations. This profitability measure excludes the effect of Investment, Financing and Tax Position. The ratio declines at the beginning years. But in 2014 the ratio improved which was 0.09. In 2015 the ratio goes up to 0.13 which was the highest pick.

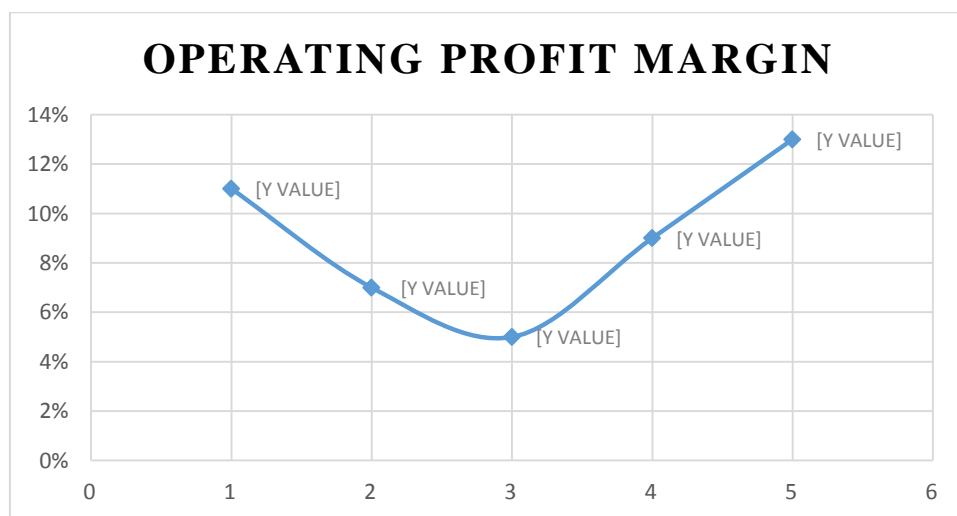


Figure 4.8: Operating Profit Margin



- **Gross Profit Margin:** This ratio looks at how well a company controls the cost of its inventory and the manufacturing of its products and subsequently passes on the costs to its customers. The larger the gross profit margin, the better for the company.

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{sales}}$$

Year	2011	2012	2013	2014	2015
Gross Profit Margin	16%	10%	8%	16%	23%

Table 4.9: Gross Profit Margin

Findings: From the above graph shows higher gross margin which indicates the relationship between sales and manufacturing expenditures. JTML has higher ratio trends or gross margin. The highest gross margin is 0.16 in 2011 which means it is able to generate higher sales from operations. It is also increasing efficiency to control its cost of goods sold.

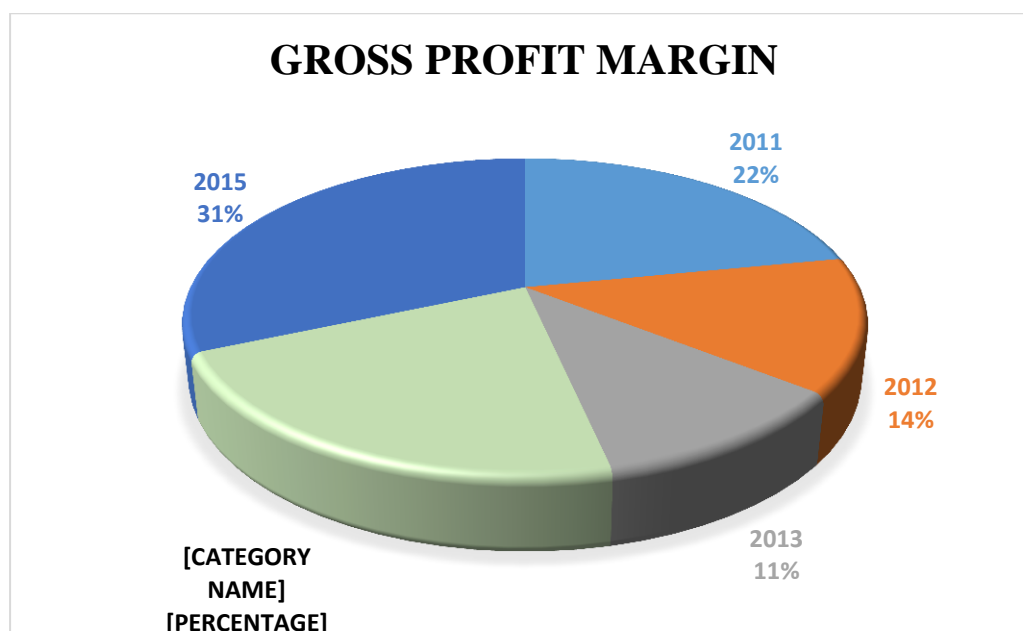


Figure 4.9: Gross Profit Margin



- **Return On Asset (ROA):** Return on asset (ROA), which is often called the firms return on total assets, measures the overall effectiveness of management in generating profits with its available assets. The higher ratio is better.

$$\text{Return On Assets} = \frac{\text{Net Profit After Taxes}}{\text{Total assests}}$$

Year	2011	2012	2013	2014	2015
Return On Asset	0.06%	0.04%	0.17%	0.04%	0.06%

Table 4.10: Return On Asset (ROA)

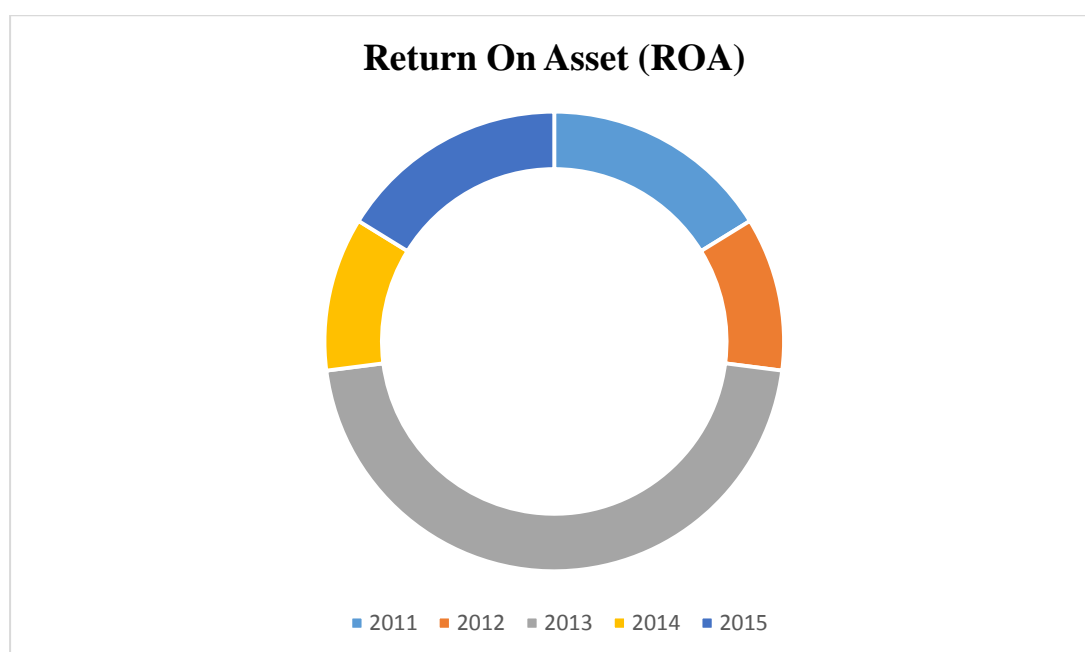


Figure 4.10: Return On Asset (ROA)

Findings: This ratio shows how much return a firm has generated by the given level of assets. The Following chart shows Jaba Textile generates moderate or lower return in most of the years. There is variability in the ratios. The highest ratio generated in 2013 which is 0.17%. But most of the years it increased and decreased and again increased in little amount.



- **Margin before Interest and Tax:** The operating profit margin looks at EBIT as a percentage of sales. The operating profit margin ratio is a measure of overall operating efficiency, incorporating all of the expenses of ordinary, daily business activity. It shows profitability of the business from core and peripheral businesses.

$$\text{Margin before interest \& tax} = \frac{\text{Earnings Before Interest and Taxes}}{\text{Sales}}$$

Year	2011	2012	2013	2014	2015
Margin before interest and tax	0.11	0.08	0.051	0.10	0.14

Table 4.11: Margin before Interest and Tax

Findings: There is a vast fluctuation in the margin before interest and tax. The ratio measures firms' ability to pay interest and tax after deducting all operating expenses. The lower ratios of 2012 and 2013 shows lower cash in hand to pay the interest and tax whereas the higher ratios of 2011, 2014 and 2015 shows higher ability to pay interest and tax.

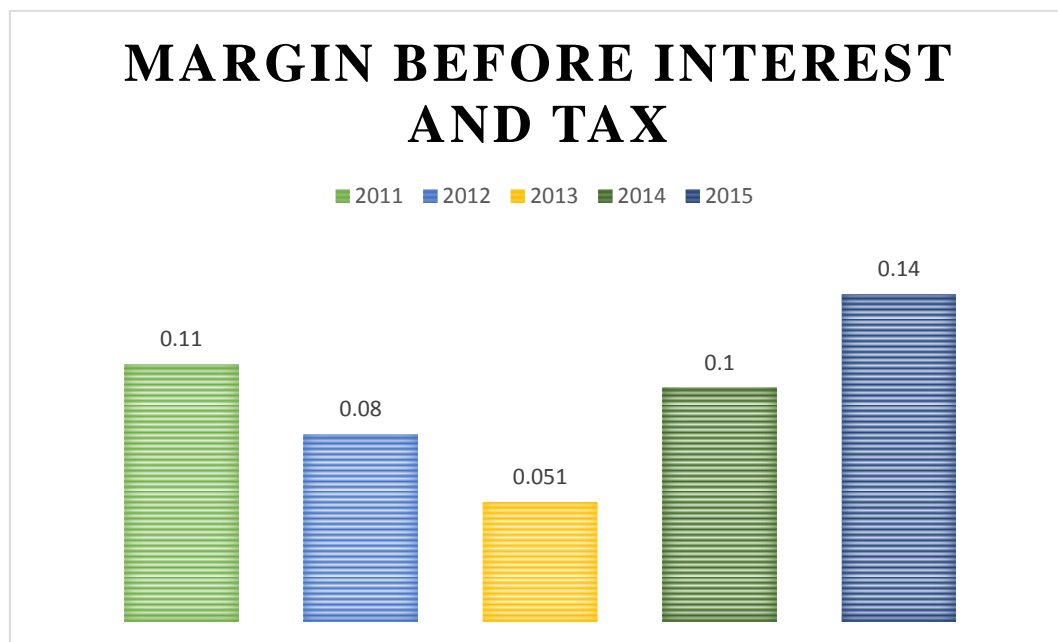


Figure 4.11: Margin before Interest and Tax



- **Return On Equality (ROE):** The return on Equity (ROE) measures the return earned on the owners (both preferred and common stockholders) investments. Generally, the higher this return, the better off the owners.

$$\text{Return On Equality} = \frac{\text{Net Profit After Taxes}}{\text{Shareholders Equity}}$$

$$\text{Return On Equality (ROE)} = \text{Net Profit After Taxes} / \text{Stockholders Equity}$$

Year	2011	2012	2013	2014	2015
Return On Equality (ROE)	0.04%	-0.68%	-0.24%	0.39%	0.06%

Table 4.12: Return On Equality (ROE)

Findings: ROE shows the return of the firm generated by the contribution of equity investors. The higher ratio shows a good use of equity of the firm. But it is unfortunate that Jaba Textile Mills Limited is unable to utilize the fund properly. It generates lower return through equity utilization. The ratio was negative and declined in 2012 and 2013. The ratio improved in 2014 into 39. It is the highest ratio.

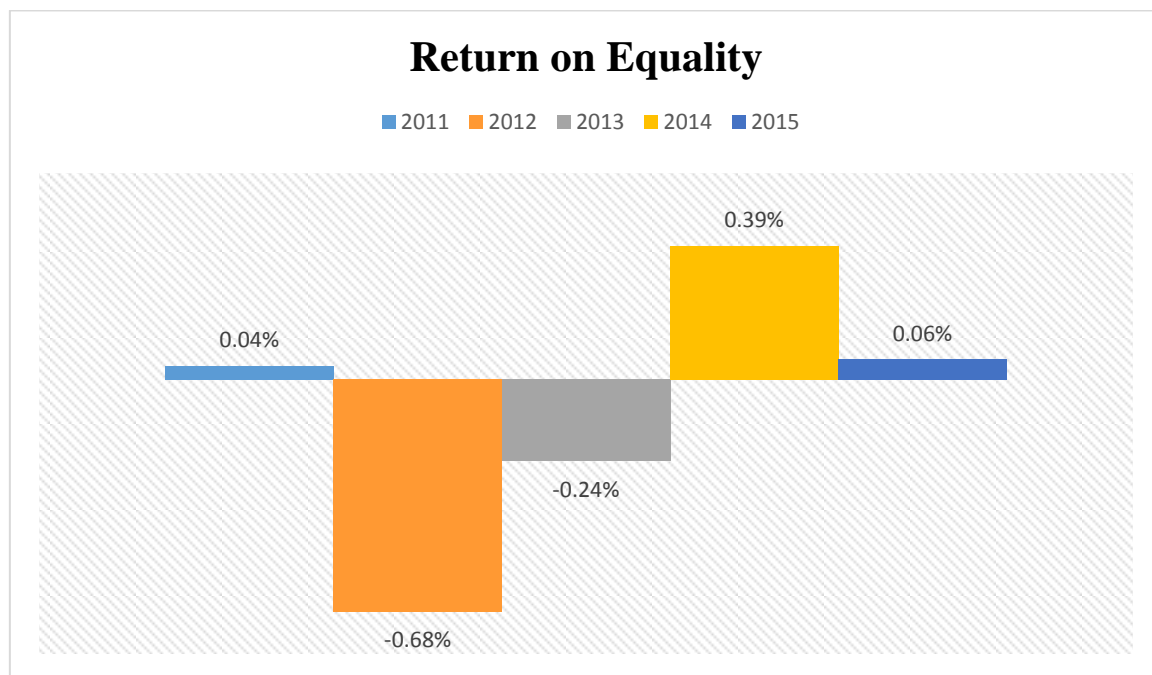


Figure 4.12: Return On Equality (ROE)



4.5 SWOT ANALYSIS

The Bangladesh Textile industry adds 14% to the industrial production and 8% to the GDP of Bangladesh. It provides employment to most of the people and thus, is the second largest employment provider after agriculture. The Bangladeshi Apparel & Textile Industry is one of the largest sources of foreign exchange flow into the country with the apparel exports accounting for almost 21% of the total exports of the country.

With the help of SWOT analysis, now I will try to find out the facts of Jaba Textile Mills Limited Though its Strength, Weakness, Opportunities and Threats.



Figure 4.13: SWOT Analysis



Strength

- The site is located very close to the Dhaka City, thus having an easy access from areas focused primarily on traditional handloom production such as Narayanganj, Demra, Tangail, Pathrail etc.
- Jaba Textile have an Owen Power supply plan.
- Enormous green area with balanced eco-system
- Adequate land area for the project
- The site is located on the eastern most side of the township and in one way can be seen as an isolated island, not hampering or being a nuisance to surrounding activities.



Figure 4.14: Strengths



Weaknesses

- Being part of a proposed township, the site has got no existing urban life or features to analyze and predict accordingly.
- New products need to be launched to meet the need of two segments of consumers; one for higher class and the other for middle class population.
- The site is still empty and will take much time to develop as per desired design goals.
- Low cost dyes and chemicals



Figure 4.15: Weaknesses



Opportunities

- The site is located in a very strategic position, and can provide an interesting platform for the convergence of artisans and weavers from all over the country as well as designers and enthusiasts from the city and abroad.
- Opportunity for expand the production
- Great Potential growth and profitability.
- The site is located in a new and barren development, and holds the strength in controlling the urban sprawl that shall direct to a new visualization of the township.
- More export operation in Foreign Country

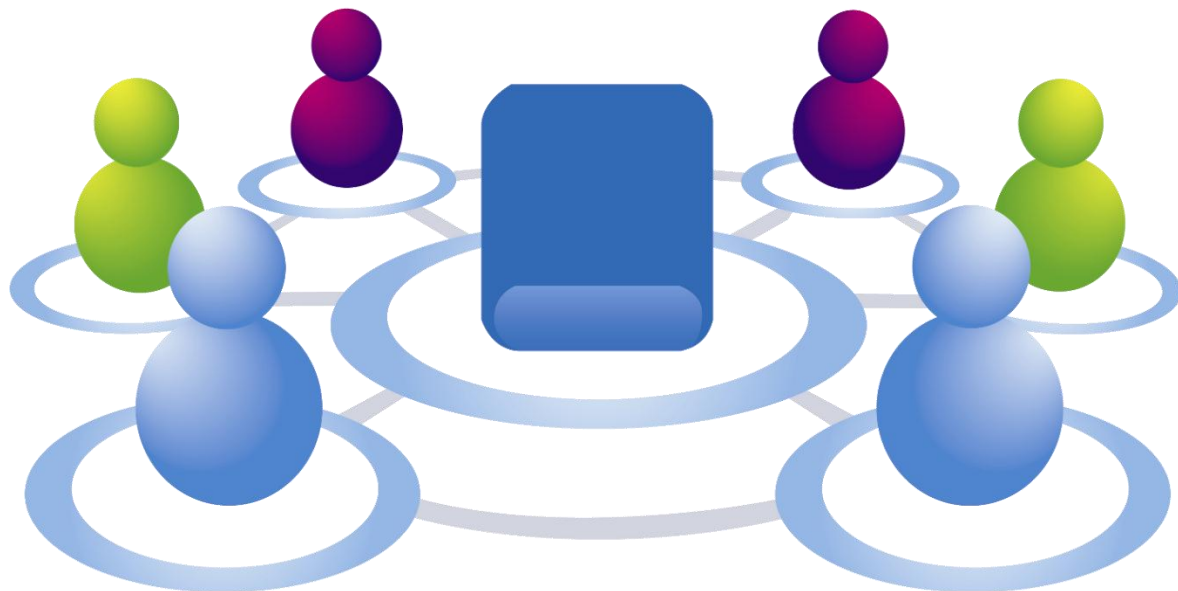


Figure 4.16: Opportunities



Threats

- The site and its surrounding land can turn into a dense and busy city like Dhaka.
- The urban development shall disrupt the present green landscape and cause environmental harm if not addressed at with proper design.
- Price increase in International market.



Figure 4.17: Threats



5. FINDINGS

The study, Performance Evaluation of Jaba Textile Mills Limited, reveals the following major findings:

- JTML greatly lose its capacity to pay their current obligations by using its current assets, which indicates they are in risky position in current ratio.
- Before 2014, Interest Earned ratio is less than 1, means the company is likely to have problems in paying interest on its borrowings. But from 2014, it was highly increased.
- Gross Profit Margin was being decreased from 2011 to 2013. After that it has been increasing.
- When JTML collected their cash in delay, they pay to their creditors in delay, which ensure balance liquidity and keep company risk free.
- Return on asset (ROA) & Return on equity (ROE) was also fluctuating over five years.



Recommendation

From my report the concern management will be able to know what they should avoid and what they should adopt more to perform well in the future. Though I have recommended the necessary steps after in each ratios discussed previously.

- To focus more on their Loan issues and utilize the outstanding stock stored in their factory.
- A regular basis checking of all the transaction.
- To be made backward linkage industries in the JTML in the next 5 years
- Financing from financial institution need to be improved.
- Allocate fund for training of manpower
- Research and development the attractive Yarn.
- To take necessary steps to transfer-technology in the field of JTML.



CONCLUSION

It is said that, coming up with better idea for a successful firm is a very difficult task. As a new player in the market, I tried heart and soul to analyze the specific aspects (finance and accounting) of the firm. I have lack of practical knowledge and experience. So the recommendations I made could be outdated beside any professional report.

In this report, I tried my best to provide a clear and descriptive analysis of the Jaba Textile Mills Limited. I provided necessary graphs, tables and included necessary ratios to form a clear picture about the activity, liquidity, solvency and profitability position of the discussed firms in this industry.

Here I was able to use the theoretical knowledge learned in all my courses in the setting to real world. Despite some problem raised in the creation of this report writing process, I would like to express my gratitude to my honorable supervisor for providing necessary guidance.

The textile industry of Bangladesh is an imperative sector, in Bangladesh. as such this report provided me with an in depth insight into this industry, revealing its strengths and weaknesses. Some companies in the industry are operating efficiently.

This process has opened my eyes and given me an in-depth look into real life financial world in the context of Bangladesh, something I hope to incorporate in nearly future life.