

Report On

A Comparative Analysis of Financial Performance between Viyellatax Spinning Ltd and Square Textile Ltd.

By

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

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Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

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LETTER OF TRANSMITTAL

August 26, 2019

Dr. Salehuddin Ahmed
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Subject: Submission of internship report on “A Comparative Analysis of Financial Performance between Viyellatax Spinning Ltd and Square Textile Ltd.

Dear Sir, It is my pleasure to submit my internship report on “**A Comparative Analysis of Financial Performance of Viyellatax Spinning Ltd and Square Textile** that contains; “A Comparative Analysis of Financial Performance of Viyellatax Limited and Square Textile”. I consider myself very fortunate that I have the opportunity to preparing the report under your guidance.

The report has been prepared in accordance with the knowledge that I have gather during my study of the program. I hope that you will find out this report worth of my labor. It is my pleasure to clarify any matter regarding this report and thank you for allowing me the opportunity to undertake the task and for your cooperation.

Sincerely yours

Md. Foysal

ID: 17364010

Acknowledgement

This report is an accumulation of many people's endeavor. I would like to convey my sincere appreciation to the almighty God for giving me the strength & the ability to finish the task within the planned time. Then I would like to express my sincere gratitude to everyone who contributed towards preparing & making this study successful. Major contribution was received from senior manager of "Viyellatax Group Ltd" to prepare report considerable thinking & information inputs from various sources were involved.

First of all I would like to express my Sincere & immense gratitude to my honorable teacher Dr. Salehuddin Ahmed, Professor, BRAC Business School, BRAC University for giving me his valuable time and all the necessary guidance, which inspired me to prepare this report. I am deeply indebted to his whole hearted supervision to me . His valuable suggestion & guideline helped me a lot to prepare the assignment in a well-organized manner.

I would also like to thank the authority of "Viyellatax Group Ltd." for giving me the opportunity to know function of financial manager of this well renowned business organization. The experience & knowledge gained in "Viyellatax Group Ltd" did help me to understand different aspects and elements related to my study.

Executive Summary

The report on “A Comparative Analysis of Financial Performance between Viyellatax Spinning Ltd and Square Textile Ltd.” is based on working knowledge and interview from Viyellatax Spinning Ltd and Square Textile Ltd. The topic of the report was approved by Dr. Salehuddin Ahmed, Professor, BRAC Business School, BRAC University. The report mainly contemplates on the topic “A Comparative Analysis of Financial Performance between Viyellatax Spinning Ltd and Square Textile Ltd.” to know financial position of Viyellatax Spinning Ltd and Square Textile Ltd..

First part of this report is based on the introduction which includes topics like objective, methodology and limitation of the study. Basically it defines the overall research and consultancy situation along with a corporation.

In the next part of the report highlights a brief background of Viyellatax Spinning Ltd with its mission, vision, objective, products etc. This report also includes the income statement and balance sheet of Viyellatax Spinning Ltd.

Finally this report includes the comparative analysis between Viyellatax Spinning Ltd and Square Textile Ltd according to their financial performance and financial performance evaluation from different aspects and adds a small recommendation which may be helpful for the company.

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CHAPTER-1
INTRODUCTION

1.1 Introduction:

VIYELLATEX Spinning Limited is the prime supplier of VIYELLATEX Limited. It fulfills the total yarn requirement of VTL. It started its business in 2005 and was set up with state-of-the-art machinery. The cotton is imported from U.S.A, Australia and other countries and processed step by step through these highly sophisticated machineries to ensure the best quality yarn. Efficient management of inventory ensures uninterrupted production process for the company. Cotton dust and other waste from production are re-used to make organic fertilizer which has been found to be very potent.

VSL is the least carbon emitting spinning mill in Bangladesh as declared by Systain Consulting, GmbH, Germany. It is also the only FLO Fair Trade accredited spinning mill in Bangladesh, and has CMIA, Organic Cotton, Cotton USA and Oeko-Tex Certifications.

1.2 Objective of the report

Following main objective and supporting objective is the main motive to prepare this report.

1.2.1 Main Objective

The prime objective of this report is to relate and compare the financial performance between Viyellatax Spinning Ltd and Square Textile.

1.2.2 Supporting Objective

- ✓ To know about the financial position of Viyellatax Spinning Ltd and Square Textile.
- ✓ To evaluate the financial position of Viyellatax Spinning Ltd and Square Textile.
- ✓ To identify the factors affecting the financial position of Viyellatax Spinning Limited and Square Textile.

- ✓ To know about the accounting operation of Viyellatax Spinning Limited and Square Textile.
- ✓ To know about the customer segment of Viyellatax Spinning Limited and Square Textile.
- ✓ To know the terms and conditions that affect financial performance of Viyellatax Spinning Limited and Square Textile.
- ✓ To identify the difference between theory and practice by working directly in a company.

1.3 Scope of the study

This report has shown the way to achieve the practical and real experience about the financial performance of textile industry in Bangladesh. The report provides a chance to do a real study. The report also help to find out the problems of Viyellatax Spinning Limited which may help them in taking corrective measures at present and also help them in future. This study also help me in my future career development.

1.4 Methodology

Methodology is an essential part of the study. It is designed in a way so that, it corresponds to achieve the objects of the study. All the information incorporated in this report has been collected from the primary sources as well as the secondary sources.

1.4.1 Data Collection process

Data collection is the process of gathering and measuring information on targeted variables in an established systematic fashion, which then enables one to answer relevant questions and evaluate outcomes. There are two ways to collect data for this report.

1) Primary sources

A lot of the required information comes from primary sources. These sources are:

- ✓ Face to face discussion with my line manager in Viyellatax Spinning Limited.
- ✓ Accounts personnel of Viyellatax Spinning Limited.
- ✓ Practical working experiences.

2) Secondary Sources

Secondary data was used for preparing this report. Data was collected from published materials, like:

- ✓ Annual reports of Viyellatax Spinning Limited
- ✓ Internal documents
- ✓ Internet
- ✓ Relevant books, Manuals and Journals.
- ✓ Website.

1.5 Data Analysis

Data will be analyzed into different ways-

- ✓ Descriptive analysis by using statistical apparatuses.
- ✓ Assessment will be from different year's data in easily understandable charts.

1.6 Limitation of the study

The report was prepared a very comprehensive and a well-organized format but it cannot claim that it is perfect and flawless. There are still some limitations present here.

- ✓ Some employees were not helpful to provide some information.
- ✓ Others interns from others university may create mess to gather data.
- ✓ Lack of experience in preparing this sort of report.
- ✓ Some information's are confidential and not available in the market.
- ✓ All the necessary data cannot be found in published or any other form.
- ✓ Lack of continuity of information also put me in a troublesome situation.
- ✓ Time limitation.

1.7 Time frame of the program:

The following Gantt chart will explain the time frame of the internship period

Activities	Duration	Time			
		1st July - 8th July	9th July -15th July	16th July-20th August	21st August -25th August
Proposal	8				
Data collection	7				
Report writing	43				
Submit ion of final report	4				

Chapter 2

Background of the company

Background of the company:

2.1 Viyellatex Spinning Ltd

It all started as a small family business of knit apparel manufacturing in 1996 and since then has evolved into a rapidly growing multi-dimensional conglomerate. Viyellatex Group considers itself as an end-to-end apparel solution provider, starting from sourcing the cotton and going all the way to providing logistical services to its' clients.



The company itself is entirely family owned and employs over 300 Management staff and over 15,000 workers. With a vertically integrated setup, the incorporation of advanced technology and a proficient management team, Viyellatex is emerging strongly as one of the most regarded organizations in the country. Looking ahead, Viyellatex is focusing more towards the front-end of the chain: the end customer. It has further diversified, expanding its presence towards other ventures such as tea production, agriculture, engineering, power generation and educational services.

Viyellatex has one of the best, dedicated and skilled workforces in the country. These are the people with the best talents, commitments, and expertise with the blend of experience and

enthusiasm. They work hard closely with stakeholders and are fully committed to deliver the best results, ensuring their satisfaction underpinned by the Viyellatax Values

Viyellatex Group considers itself as an end-to-end apparel solution provider, starting from sourcing the cotton and going all the way to providing logistical services to its' clients.

Viyellatex has diversified towards newer horizons and currently comprises of 11 business units:

1. VIYELLATEX LTD

VIYELLATEX Limited (VTL) is the composite knit apparel and textile manufacturing business unit of VIYELLATEX group. It started its journey in 1996. VTL is comprised of Design and Product Development, Sample, Knitting, Dyeing, Washing, Cutting, Sewing and Finishing sections. The Textile Testing Corporation (Testing Lab) is also a part of VTL. It caters to major buyers like Puma, S.Oliver, Espirit, Marks and Spencer, Sainsbury's, etc.

2. VIYELLATEX Spinning Limited

VIYELLATEX Spinning Limited is the prime supplier of VIYELLATEX Limited. It fulfills the total yarn requirement of VTL. It started its business in 2005 and was set up with state-of-the-art machinery. The cotton is imported from U.S.A, Australia and other countries and processed step by step through these highly sophisticated machineries to ensure the best quality yarn. Efficient management of inventory ensures uninterrupted production process for the company. Cotton dust and other waste from production are re-used to make organic fertilizer which has been found to be very potent.

3. Interfab Shirt Manufacturing Ltd (ISML)

Interfab Shirt Manufacturing Ltd (ISML) is the woven apparel business unit of VIYELLATEX group. It started its journey back in 1998. ISML has a highly dynamic, well trained, motivated and skilled workforce that meets the demands of its international premium customers such as Hugo Boss, Espirit, Calvin Klein, Tommy Hilfiger, M&S, DKNY, Olymp, and Tom Tailor. ISML has associations with prominent suppliers such as A & E, Wendler, etc. To ensure the highest level of quality, all products are manufactured using technologically advanced machinery imported from Europe and Asia.

4. Gothic Design Limited (GDL)

Gothic Design Limited (GDL) is the printing and embroidery unit of VIYELLATEX group. It was established in 2007 with a vision "To become the best printing factory in Bangladesh with modern equipment & techniques". GDL is committed to meet and exceed local and international

regulations as well as industry standards set by national and international organizations. It is equipped with state of the art machinery and uses the best printing and embroidery techniques. It is a familiar and well-known name in the printing industry. The kinds of artwork done in GDL are mainly Water Base, Oil Base and Silicon Base. GDL provides services to external businesses apart from the premium buyers of VIYELLATEX Ltd and Interfab Shirt Manufacturing Ltd.

5. Fashion Plastic and Packaging Limited (FPPL)

Fashion Plastic and Packaging Limited (FPPL) is a state-of the-art garments accessories manufacturing unit of VIYELLATEX group. It was established in 2003 with the mission to be the market leader in providing garments accessories and packaging products from Bangladesh to the customers around the globe. It produces poly bag, button, label, offset printing, hanger, elastic and twill tape. It is the first local organization of Bangladesh to be certified as Regional Accessories Supplier of M&S. It also exports M&S accessories to India, Puma accessories to Vietnam and Woolworths accessories to Mauritius. With a slogan of – Better Society, Better Business, FPPL actively engages in various Corporate Sustainability and Environmental initiatives for both its employees and the community. It works closely with its clients to ensure the best possible quality. FPPL ensures compliance of requirements of the customers in line with the code of conduct, plastic and metal restriction as applicable in EU, UK & USA for Ready Made Garments (RMG). FPPL is also aware of Children’s Safety Requirements as applicable in EU, UK and USA.

6. Logistics Management Services (LMS)

Logistics Management Services (LMS) is the logistics and warehouse business division of VIYELLATEX group. It provides logistics support to the group and also to other garments companies. LMS was established in the year 2009. Electronic Data Integration (EDI) system has been implemented in this facility to communicate directly with end clientele and ensure customized packaging service (Scan & Pack and Pick & Pack) from Bangladesh.

7. Midland Power Company Ltd.

Midland Power Company Ltd, is a joint venture effort between Viyellatex Group and Shahjibazar Power Company Limited. It is an Independent Power Producer (IPP), generating 51MW of electricity, supplying directly to the National Grid since 2013. With Bangladesh’s need for power and electricity intensifying, this company was started as a part of the Groups effort to diversify its market presence and meet the needs of the nation.

8. Royal Valley Planters

Royal Valley Planters is the agro based business division of VIYELLATEX group. It was acquired in 2009 with the vision to offset the amount of carbon emitted by all the business units. The tea estate spans over 1800 acres and sells its tea via the auction house Chittagong Tea Auction. As a part of the group's green initiatives, about 6 million trees need to be planted to offset the carbon emitted by the group. To date nearly 4 million trees have been planted to this effort.

9. Eco-Couture

Eco-Couture is one of the unique ventures of the group, which started in 2015. The architectural inspiration of this LEED Gold Certified building came from famous opera houses around the world, with the vision to create an art center instead of a factory.

10. Eco-Fab

Eco-Fab is another unique ventures of the group, which started in 2016. This LEED Gold Certified environment friendly building is an extension of the group's woven business, Interfab Shirt Manufacturing Limited (ISML). Just like Eco-Couture, the inspiration and vision of Eco-Fab focuses on the workplace environment of it's artists.

11. Pledge Harbor International School

Pledge Harbor International School is the first and only international co-educational boarding school in Bangladesh. Company's single minded focus is to uplift Bangladesh to a global platform in every possible sphere. With that vision and sense of responsibility towards the country and its people, Viyellatex Group took over Pledge Harbor School and Sports Academy as Pledge Harbor International School (PHIS) in 2014, in an attempt to facilitate international quality education. Since then the school has been certified as the only IB Diploma Program boarding school in the country and is in the process of obtaining IB certification for Middle Years Program and Primary Years Program.



2.1.1 Vision: “To be the most regarded company”

2.1.2 Mission: We strive to provide quality services on time, based on best practices for the satisfaction of our Partners & Stakeholders. We foster friendly working environment through open communication and mutual respect. We encourage initiative, innovation and teamwork. Workers welfare and rights is our premier focus. We are committed for cleaner and greener environment. We are driven by our responsibility to the society as a Corporate Body.

2.1.3 The board

Commencing from humble beginnings, Viyellatex evolved into a group of companies under the leadership and governance of Mr. K.M. Rezaul Hasanat, Chairman and CEO of the Group and the Vice-Chairman Mr. Ahasan Kabir Khan. Ms. Kaniz Fatema Zareen and Ms. Amina Salima Khan are the other two directors of the group. The Board of Directors are the highest government body, responsible for constructing the strategic planning of the company; these plans are implemented by the Executive Board. The Chairman, Vice-Chairman, directors, business unit & function heads constitute the Executive Board. The decisions are then delegated to the respective concerned departments of each business unit and business function for full implementation.

2.2 Square Textile Ltd

Square Textile is a subsidiary company of Square Group. The Company was incorporated as a public limited company in the year of 1994. . The operation was started in 1997. It was enlisted in Dhaka Stock Exchange & Chittagong Stock Exchange in 2002. Within a very short time of span the company achieved some significance success. Square Textile receives Oeko-Tex standard 100 and ISO-9002 certificates in the year 2000. Authorized capital of the company is tk. 1000 million. It's paid- up capital is tk. 251.90 million. 1,223 employees are working in this organization. The business lines of Square Textiles Limited are manufacturing and marketing of yarn. The Net Profit after Tax is 207.29 Million BDT of Square Textile in March 2011.

2.2.1 Objectives

To strive hard to optimize profit through conduction of transparent business. operations within the legal & Social framework with malice to none and justice for all in respective of gender disparity, caste, creed or religion or region.

2.2.2 Values

Square Textile Ltd is a private limited company belonging to a leading industrial group based in Bangladesh. It offers a wide range of textile products. Being a well-known textile company in the Asia pacific region Square Textile has always kept its promise of delivering value to its customers. Over the past fourteen years, we have offered superior quality products to our demanding and quality conscious customers across the globe. As a result we have developed an unmatched product range and earned the reputation of being (considered) market leaders.

CHAPTER 3
INTERNSHIP POSITION, DUTIES, AND RESPONSIBILITIES

3.1 Specific Responsibilities

For completing my internship period in VIYELLATEX Limited (VTL) at head office, I had to sit beside different Department, especially in Finance and Accounting department to take overall idea about financing and accounting activities

3.2 Activities

As a part of internship program, I was required to learn various types of which were assigned by the officers of different departments. In this period, I am working with different departments, basically in a major portion of time I spend in general finance and accounting departments. My different types of work are described below:

- ✚ Bill of exchange MIRO (Payable creation): A bill of exchange is a bill whereby a creditor asks his/her/its debtor to pay a specific sum to a designated person by a specific due date. MIRO deals with invoice verifications activities for bills raised from vendor end.
- ✚ Payment entry (bank voucher) in SAP: I had to entry different payment which is made by bank.
- ✚ Loan Creation (import, short, long) : Loan Creation was my another important task. I had to create loan in SAP based on confirmation letter from bank.
- ✚ Loan repayment (import, short, long) : After creating loan I had to pay installment based on agreement.
- ✚ Interest Charge posting in SAP: After calculating interest charge I had to match those charge with bank statement and finally I had to post these charge in SAP software.
- ✚ Bank reconciliation
- ✚ Bank Charges posting
- ✚ Interest expense provision
- ✚ Foreign exchange gain/loss
- ✚ Interest charge recon

- ✚ Bank charges reconciliation
- ✚ Electricity A/P Creation: Electricity A/P creation was my month ended task. After creating A/P I sent it over to treasury department for next processing.
- ✚ Gas A/P creation
- ✚ Salary & wages posting
- ✚ Director Remuneration Processing
- ✚ Land rents: Based on analyzing agreement in every month I had to process land rent for land lord.
- ✚ Consultant and Advisor Fee processing
- ✚ Drivers wages processing
- ✚ Rent a car processing
- ✚ LMS Rent processing
- ✚ Insurance expense processing
- ✚ Liability position matching: I had to collect our liability position status from bank and after collecting I had to match it with my book (SAP).

Chapter 4
Financial Performance Analysis

A sustainable business and mission requires effective planning and financial management. Ratio analysis is a useful management tool that will improve your understanding of financial results and trends over time, and provide key indicators of organizational performance. Managers will use ratio analysis to pinpoint strengths and weaknesses from which strategies and initiatives can be formed. Funders may use ratio analysis to measure your results against other organizations or make judgments concerning management effectiveness and mission impact. Financial analysis must be made in order to understand the financial position of the company's. This is done with help of the following criteria:

4.0 Ratio Analysis

Ratio means one number express in terms of another. Ratio analysis is the process of determining and interpreting numerical relationship based on financial statement. A ratio is a statistical yardstick that provides a measure of the relationship between variables and figures.

Ratio analysis is issued by all business and industrials concerns in their financial analysis. Ratio is considered to be the best efficient execution of managerial function like planning, forecasting, control etc.

Purpose

- ✚ To identify aspects of a business performance to aid decision making
- ✚ Quantitative process may need to be supplemented by qualitative factors to get a complete picture.

Types of Ratio

- 1) Liquidity
- 2) Asset Management
- 3) Debt management
- 4) Profitability

4.1 Liquidity Ratio

Liquidity ratio refers to the ability of a company to interact its assets that is most readily converted into cash. Assets are converted into cash in a short period of time that are concerns to liquidity position. However, the ratio made the relationship between cash and current liability.

The Liquidity ratio we can satisfy on the two ratios, those are:

- 1) Current ratio
- 2) Quick ratio or acid test

4.1.1 Current ratio

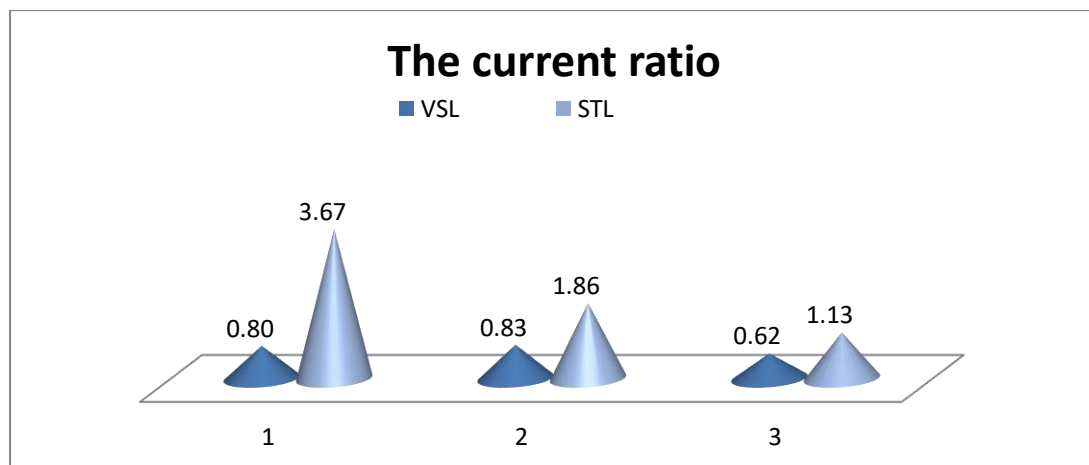
The current ratio is calculated by dividing current assets by current liabilities. Generally current ratio are acceptable of short term creditors for any company. If the ratio is too high, the firm have an excessive investment in current assets or to be underutilizing short

$$\text{Current Ratio} = \text{Current assets} / \text{Current liabilities.}$$

Table-3: Table shows the current ratio

Current Ratio of Viyellatax Spinning Ltd			
Particular	Year		
	2016	2017	2018
Current Asset	1,877,207,428.00	2,686,884,552.00	2,630,147,751.00
Current Liabilities	2,334,855,586.00	3,229,065,846.00	4,273,537,649.00
Current Ratio	0.80	0.83	0.62

Current Ratio of Square Textile Ltd			
Particular	Year		
	2016	2017	2018
Current Asset	3,547,892,593.00	3,618,294,827.00	4,430,793,243.00
Current Liabilities	965,543,991.00	1,948,729,056.00	3,910,867,252.00
Current Ratio	3.67	1.86	1.13



Graph: Graph shows the Current Ratio of Viyellatax Spinning Ltd and Square Textile Ltd from 2016 to 2018

Comments: From the above graph, we can see that the Current ratio of Viyellatax Spinning Ltd remain almost unchanged over first two years but we cannot say it sound position because we know 2:1 is considered as normal value but current situation of Viyellatax Spinning Ltd is less than 1.that means they have to borrow to operate their operating cost. If we see the Square Textile Ltd From the year 2016-2018 in 2017 and 2018 the current ratio is sound but in 2016 the ratio increases dramatically. It means Square Textile Ltd has huge amount of current asset in 2016 by which they can meet their current obligation. So, they have the opportunity to invest their excess current asset as short term investment in another project. So if we compare between this two companies we can say Square Textile Ltd position is better than Viyellatax Spinning Ltd.

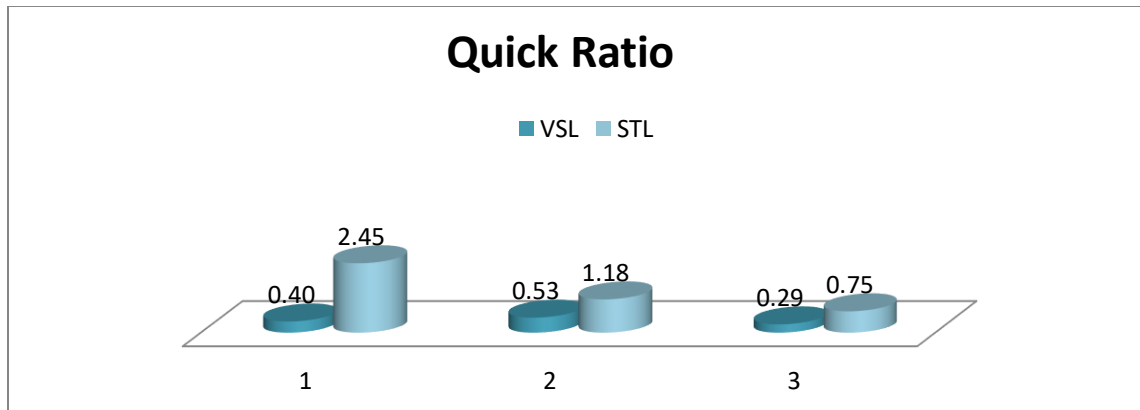
4.1.2 Quick Ratio

Quick ratio or acid test ratio is estimating the current assets minus inventories then divide by current liabilities. It is easily converted into cash at turn to their book values and it also indicates the ability of a company to use its near cash.

$$\text{Quick Ratio} = (\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$$

Table- 03: Table shows data relating to quick ratio.

Quick Ratio of Viyellatax Spinning Ltd			
Particular	Year		
	2016	2017	2018
Current Asset	1,877,207,428.00	2,686,884,552.00	2,630,147,751.00
Current Liabilities	2,334,855,586.00	3,229,065,846.00	4,273,537,649.00
Inventories	954,019,296.00	968,415,560.00	1,375,254,827.00
Quick Ratio	0.40	0.53	0.29
Quick Ratio of Square Textile Ltd			
Particular	Year		
	2016	2017	2018
Current Asset	3,547,892,593.00	3,618,294,827.00	4,430,793,243.00
Current Liabilities	965,543,991.00	1,948,729,056.00	3,910,867,252.00
Inventories	1,181,000,058.00	1,326,693,264.00	1,478,552,169.00
Quick Ratio	2.45	1.18	0.75



Graph: Graph shows the Quick Ratio of Viyellatax Spinning Ltd and Square Textile Ltd from 2016 to 2018.

Comments: From the above calculation we can say that Viyellatax Spinning Ltd has not enough current assets to cover its current liabilities. But if we see the Square Textile Ltd Quick ratio, we can say position is good for first two year and the last year they faced shortage which represent the inefficient management of using current asset. So we realized that Square Textile uses more efficiently their current assets than Viyellatax Spinning does.

4.2 Asset management ratio

Asset management ratios are most notable ratio of the financial ratios analysis. It measure how effectively a company uses and controls its assets. It is analysis how a company quickly converted to cash or sale on their resources. It is also called Turnover ratio because it indicates the asset converted or turnover into sales. Finally, we can recognize the company can easily measurement their asset because this ratio made up between assets and sales.

Following are discussed seven types of asset management ratios:

- ✚ Fixed asset turnover
- ✚ Total asset turnover
- ✚ DSO

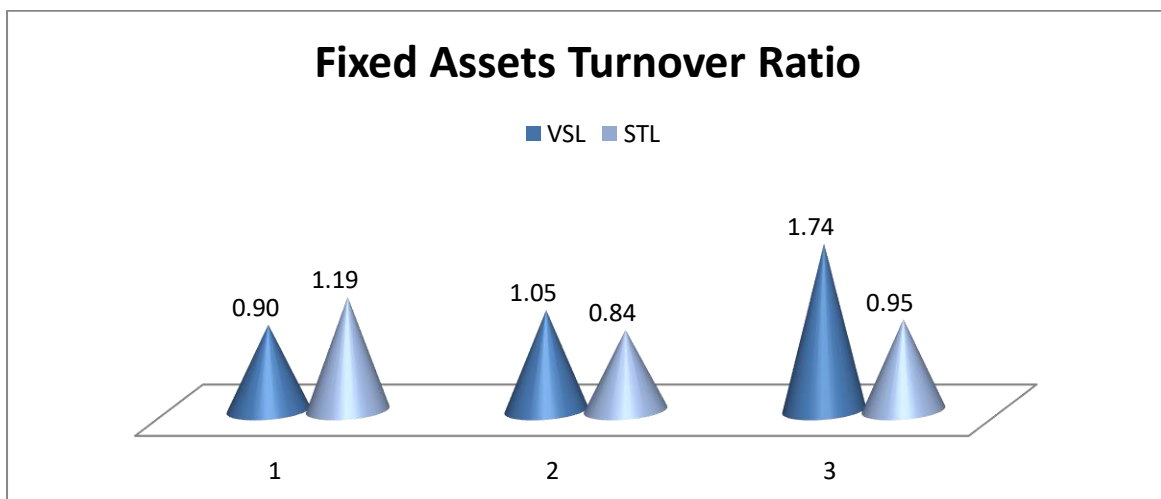
4.2.1 Fixed Assets Turnover Ratio:

The ratio indicates how intensively the fixed assets of the firms are being used. An inadequately ratio implies excessive investment relative plant and equipment relative to all value at the output being produced.

$$\text{Fixed Assets Turnover} = \text{Sales} / \text{Fixed Assets}$$

Fixed Assets Turnover Ratio of Viyellatax Spinning Ltd			
Particular	Year		
	2016	2017	2018
Sales	1,816,607,114.00	2,320,476,189.00	3,919,101,090.00
Fixed Assets	2,025,190,392.00	2,210,504,788.00	2,250,088,268.00
Fixed Assets Turnover Ratio	0.90	1.05	1.74

Fixed Assets Turnover Ratio of Square Textile Ltd			
Particular	Year		
	2016	2017	2018
Sales	5,322,401,680.00	4,889,528,849.00	5,711,888,809.00
Fixed Assets	4,484,472,833.00	5,808,792,102.00	5,985,889,409.00
Fixed Assets Turnover Ratio	1.19	0.84	0.95



Graph: Graph shows the Fixed Assets Turnover Ratio Viyellatax Spinning Ltd and Square Textile Ltd from 2016 to 2018

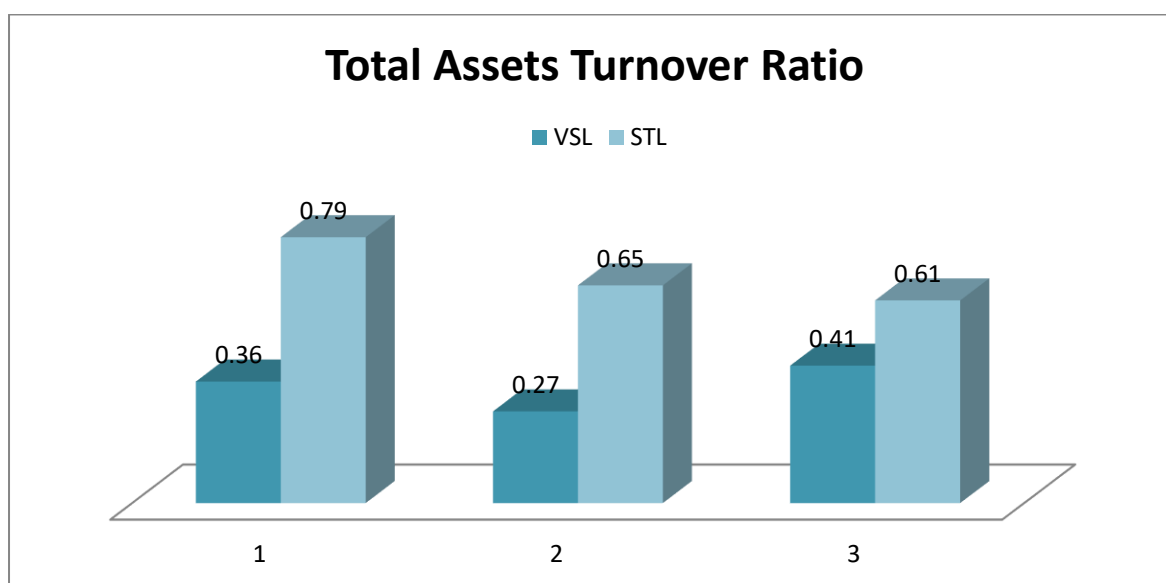
Comments: In this ratio we see that Viyellatax Spinning has better position than Square Textile. The position of Square Textile Ltd is really alarming because of declining trend year by year which represents the mismanagement of Square Textile Ltd. On the other hand, the ratio of Viyellatax Spinning Ltd is increasing year by year which implies that the more efficiently asset have been used which measure probably the greatest interest to the management.

4.2.2 Total Assets Turnover Ratio:

Total Assets Turnover reflects how well the company s assets are being used to generate sales.

The high total assets turnover is good for the company running and low reflects bad impact.

Total Assets Turnover Ratio Of Viyellatax Spinning Ltd			
Particular	Year		
	2016	2017	2018
Seles	1,816,607,114.00	2,320,476,189.00	3,919,101,090.00
Total Assets	5,000,132,613.00	8,461,381,843.00	9,539,286,449.00
Total Assets Turnover Ratio	0.36	0.27	0.41
Total Assets Turnover Ratio of Square Textile Ltd			
Particular	Year		
	2016	2017	2018
Seles	5,322,401,680.00	4,889,528,849.00	5,711,888,809.00
Total Assets	6,695,189,114.00	7,511,324,947.00	9,425,480,289.00
Total Assets Turnover Ratio	0.79	0.65	0.61



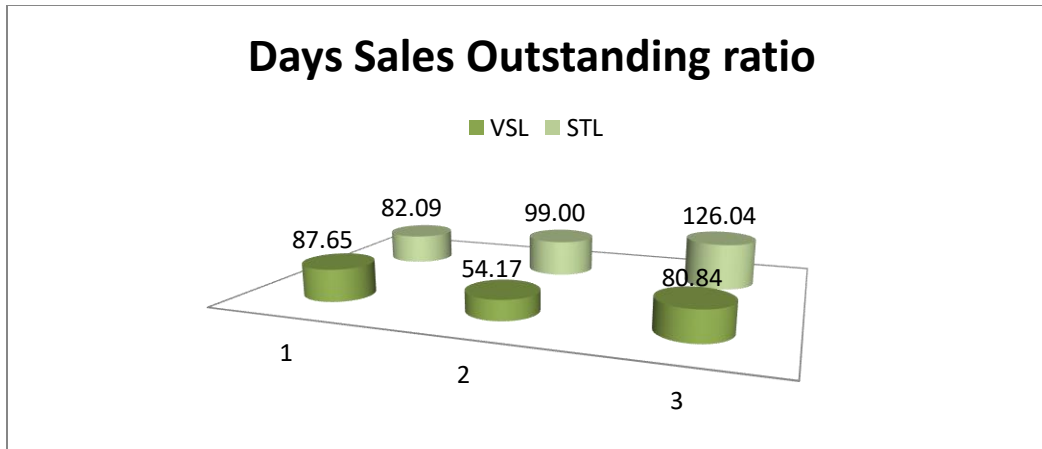
Graph: Graph shows Total Assets Turnover Ratio Viyellatax Spinning Ltd and Square Textile Ltd from 2016 to 2018.

Comments: From the above calculation, we can see that the Total Asset Turnover ratio of Square Textile decreasing year by year which shows that something wrong with this company. Total asset turnover ratio of Viyellatax Spinning is increasing that implies the more efficiently asset have been used which measure probably the greatest interest to the management. So, the Viyellatax Spinning is running their operation efficiently.

4.2.3 Days Sales Outstanding (DSO):

Days sales outstanding (DSO) is a measure of the average number of days that a company takes to collect revenue after a sale has been made. DSO is often determined on a monthly, quarterly or annual basis and can be calculated by dividing the amount of accounts receivable during a given period by the total value of credit sales during the same period, and multiplying the result by the number of days in the period measured.

Days Sales Outstanding ratio of Viyellatax Spinning Ltd			
Particular	Year		
	2016	2017	2018
Account receivable	442,307,278.00	349,166,353.00	880,092,998.00
Annual Sales/360	5,046,130.87	6,445,767.19	10,886,391.92
DSO	87.65	54.17	80.84
Days Sales Outstanding ratio of Square Textile Ltd			
Particular	Year		
	2016	2017	2018
Account receivable	1,213,702,218	1,344,598,778.00	1,999,834,667.00
Annual Sales/360	14,784,449.11	13,582,024.58	15,866,357.80
DSO	82.09	99.00	126.04



Graph: Graph shows Days Sales Outstanding Viyellatax Spinning Ltd and Square Textile Ltd from 2016 to 2018.

Comments: Though the Days Sale Outstanding ratio of this two companies have been increasing since three year, Viyellatax Spinning Ltd position is better than Square Textile because Viyellatax Spinning Ltd takes less time to collect revenue from market than Square Textile does.

4.3 Profitability Ratio

Profitability ratios designate a company's overall efficiency and performance. It measures the company how to use of its assets and control of its expenses to generate an acceptable rate of return. It also used to examine how well the company is operating or how well current performance compares to past records of both pharmaceutical companies.

There are five important profitability ratios that we are going to analyze:

1. Gross Profit Margin
2. Net Profit Margin
3. Return on Asset
4. Return on Equity
5. Operating profit margin

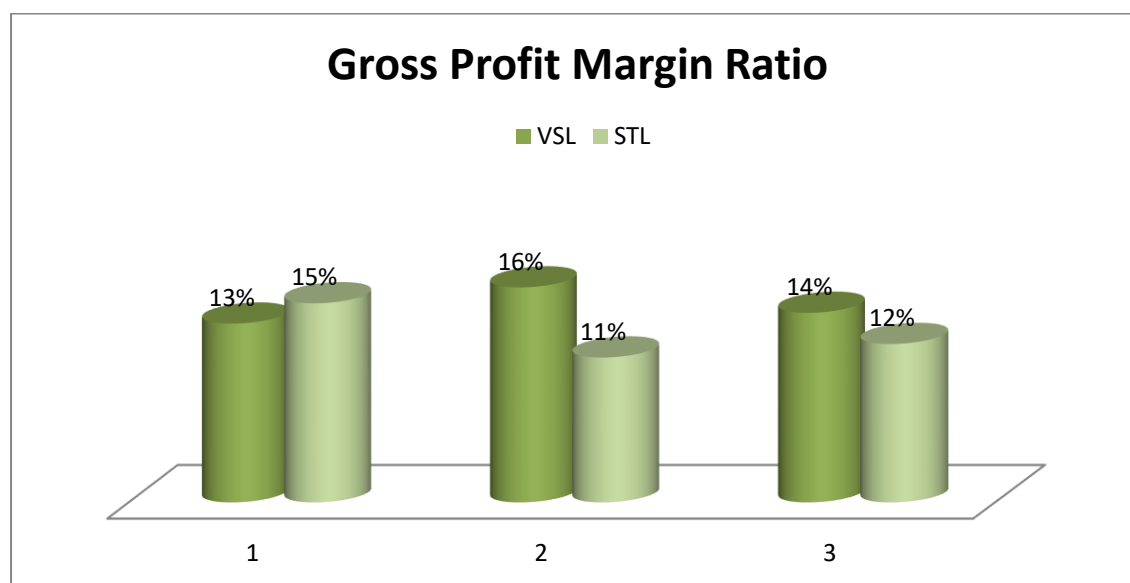
4.3.1 Gross Profit Margin Ratio (GPM):

Gross margin express of the company efficiency of raw material and labor during the working process .If any company higher gross profit margin then the company more efficiency to controls

their raw material and labors. So it is most important for performance evaluation of any company. It can be assigned to single products or an entire company. It determines the gross profit to divide by net sales.

$$\text{Gross Profit Margin} = (\text{Gross Profit} / \text{Seles}) * 10$$

Gross Profit Margin Ratio of Viyellatax Spinning Ltd			
Particular	Year		
	2016	2017	2018
Gross Profit	241,174,867.00	370,572,461.00	551,692,823.00
Seles	1,816,607,114.00	2,320,476,189.00	3,919,101,090.00
Gross Profit Margin Ratio	13%	16%	14%
Gross Profit Margin Ratio of Square Textile Ltd			
Particular	Year		
	2016	2017	2018
Gross Profit	787,049,577.00	525,634,120.00	671,529,649.00
Seles	5,322,401,680.00	4,889,528,849.00	5,711,888,809.00
Gross Profit Margin Ratio	15%	11%	12%



Graph: Graph shows Gross Profit Margin Viyellatax Spinning Ltd and Square Textile Ltd from 2016 to 2018.

Comments: From the above calculation we see that the Profit margin ratio of Viyellatax Spinning Ltd and Square Textile Ltd is increasing from last year (2017) which represents the increasing efficiency of using raw material and labor during the working process.

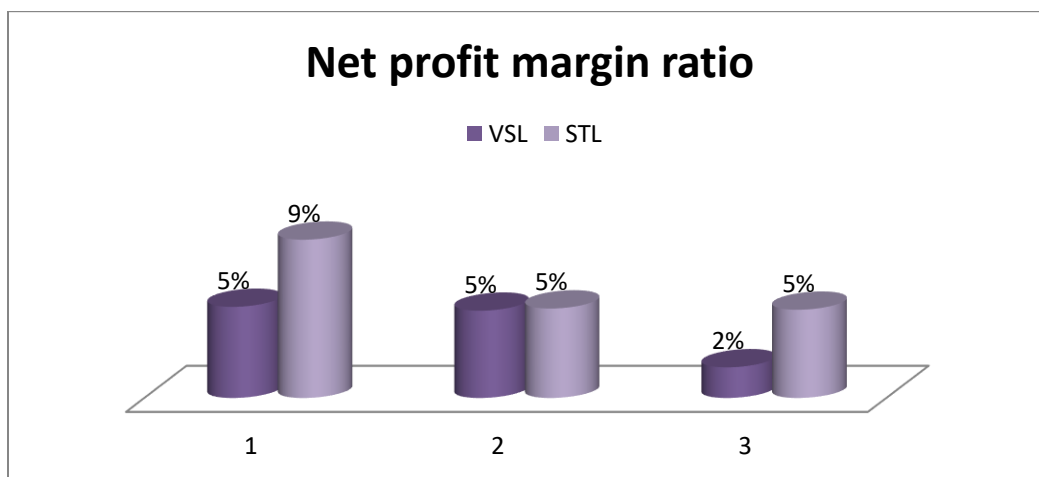
4.3.2 Net profit margin ratio (NPM):

The net profit margin is determined of net profit after tax to net sales. It argues that how much of sales are changeover after al expense .The higher net profit margins are the better for any pharmaceutical company

$$\text{NPM ratio} = (\text{Net Income}/\text{Sales}) * 100$$

Net profit margin ratio Viyellatax Spinning Ltd			
Particular	Year		
	2016	2017	2018
Net Income	95,560,585.00	116,906,854.00	69,335,343.00
Sales	1,816,607,114.00	2,320,476,189.00	3,919,101,090.00
NPM	5%	5%	2%

Net profit margin ratio Square Textile Ltd			
Particular	Year		
	2016	2017	2018
Net Income	486,235,901.00	252,493,568.00	290,913,928.00
Sales	5,322,401,680.00	4,889,528,849.00	5,711,888,809.00
NPM	9%	5%	5%



Graph: Graph shows Net Profit Margin Viyellatax Spinning Ltd and Square Textile Ltd from 2016 to 2018.

Comments: In this analysis we see that the net profit margin of Viyellatax Spinning Ltd and Square Textile is decreasing year by year which express their inefficiency in profitability.

4.3.3 Return on Assets (ROA)

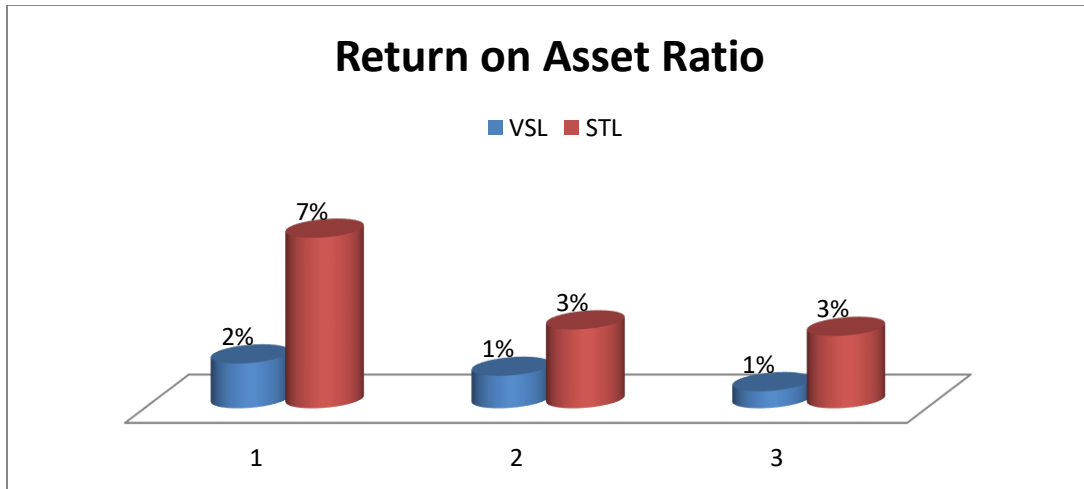
Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment".

Note: Some investors add interest expense back into net income when performing this calculation because they'd like to use operating returns before cost of borrowing.

$$\text{ROA} = \text{Net Income} / \text{Total Assets}$$

Table : Table shows data relating to return on assets

Return on asset ratio of Viyellatax Spinning Ltd			
Particular	Year		
	2016	2017	2018
Net Income	95,560,585.00	116,906,854.00	69,335,343.00
Total Assets	5,000,132,613.00	8,461,381,843.00	9,539,286,449.00
ROA	2%	1%	1%
Return on asset ratio of Square Textile Ltd			
Particular	Year		
	2016	2017	2018
Net Income	486,235,901.00	252,493,568.00	290,913,928.00
Total Assets	6,695,189,114.00	7,511,324,947.00	9,425,480,289.00
ROA	7%	3%	3%



Graph: Graph shows Return on asset ratio of Viyellatax Spinning Ltd and Square Textile Ltd from 2016 to 2018.

Comments: From the above calculation we can see the ROE of Viyellatax Spinning Ltd and Square Textile Ltd is decreasing year by year which is not good signal for any company.

Chapter-5

Findings and Analysis

5.1 Specific Findings

Liquidity: From the above calculation we can say that Viyellatax Spinning Ltd has not enough current assets to cover its current liabilities. But if we see the Square Textile Ltd Quick ratio, we can say position is good for first two year and the last year they faced shortage which represent the inefficient management of using current asset. So we realized that Square Textile uses more efficiently their current assets than Viyellatax Spinning does.

Asset Management: By analyzing asset management ratio, we can see that the Total Asset Turnover ratio of Square Textile decreasing year by year which shows that something wrong with managing asset of this company. Total asset turnover ratio of Viyellatax Spinning is increasing that implies the more efficiently asset have been used which measure probably the greatest interest to the management. So, the Viyellatax Spinning is running their operation efficiently.

Profitability: The profitability of Viyellatex Spinning is decreasing trend which represent the mismanagement of overall performance of the company. And the company should take immediate step as soon as possible.

Employee turnover: My experience about employment satisfaction is not good at Viyellatex group. Here, employee turnover rate is high because of inefficient evaluation of their employee. So Viyellatex should reorganize their employee evaluation process to reduce employee turnover rate.

5.2 SWOT analysis

SWOT Analysis is a useful technique for understanding your Strengths and Weaknesses, and for identifying both the Opportunities open to you and the Threats you face. SWOT analysis help you to develop a strong business strategy by making sure you've considered all of your business's strengths and weaknesses, as well as the opportunities and threats it faces in the marketplace.

5.2.1 SWOT analysis Viyellatex Spinning Ltd

- **Strengths**

Company Reputation:

Viyellatex Spinning is well known company in yarn industry in our country. Within six year this company has already created their exceptional market value in its industry by quality product on time.

Interactive Corporate culture:

Viyellatex Spinning has an interactive corporate culture. The working environment of Viyellatex Spinning is very friendly, interactive and informal. There are no hidden barriers or boundaries while interacting between superior and subordinate.

Teamwork at mid-level and lower level:

Many jobs of Viyellatex Spinning are performed by groups of two or three members in order to reduce the burden of the workload and enhance the process of completion of the job. People are eager to help each other and in general people are devoted to work in this company.

- **Weakness:**

Low reward package:

The reward package for the entry and the mid-level management is considerably low. Under the existing low payment structure, it will be very difficult to attract and retain higher educated employees in Viyellatex Spinning Ltd.

Centralized Decision-Making:

At Viyellatex Spinning, corporate decisions, the CEO and other top management officials craft policies and strategies and then they are cascaded down. At times the Board of Directors is also engaged in making corporate decisions. As a result of this practice there is only a top down flow of communication at Viyellatex Spinning. The scope for bottom up communication is very

limited and many bright ideas or opinions are not being able to climb up the ladder to the top management. Ideas remain their forever.

- **Opportunities:**

- ✦ Since they have environment friendly factory so they can get the preferences to sell their product in foreign market.

- ✦ They have woven and knit factory so they can take their own raw materials.

- **Threats**

- ✦ There are many competitors in the marker.

- ✦ The growth rate of competitors in the market.

- ✦ Many of the competitor companies are well equipped.

- ✦ Regulatory requirements.

- ✦ Govt. pressures to increase tax rate.

- ✦ Cost of production is increasing day by day.

5.2.2 SWOT analysis Square Textiles Spinning Ltd

- **Strength**

Square Textiles Ltd. is a rapidly expanding Company. After starting its journey in 1998 it has already doubled the net turnover by the year of 2008. All the units of the factory enjoy higher use of machinery that is imported from Germany, Switzerland, Italy & Japan. As a result it can maintain a smooth rate of production. Well trained human resources are strengths of the company. They train up their key personal within the country and in abroad. In this way the company can get some competitive advantages over the competitions. The HRM practice is also remarkable in Square Textiles Ltd.

- **Weakness**

Square Textiles Ltd. is highly dependent on Cotton. And raw materials of cotton are becoming expensive. Sometimes transaction time at Ports and transportation time create many problems there. And the higher taxes, power and interest rates are also included in weaknesses of this textile company.

- **Opportunity**

There are bright opportunities for the Company in the overseas market. If it can communicate well and capture a significant market portion in the Europe and USA market, it can be the leader in textiles fields. Growth rate of Domestic Textile Industry is increasing. Besides this, Product development and Diversification are also happening to cater global needs.

- **Threats**

For Square Textiles Ltd. Competition level is increasing both in local and abroad market. And the competition will be stiffer among the other foreign competitors like Srilanka, China, Pakistan and India are prominent. To balance between demand & supply and price & quality are also included in threats this company.

Chapter -6

Conclusions

Conclusion

Bangladesh is the second largest readymade garment (RMG) exporter country in the world. The textile sector (PTS) is producing yarn and fabric needed for readymade garment sector (RMG). Textile industry is the spine of clothing industries because it helps as the backward linkage for both the woven and knit sector. This sector provides the yarn to the clothing industries where yarn is the primary raw material of these industries to produce fabric. Textile industry is usually the factories under the leadership of Bangladesh Textile Mills Association (BTMA) comprises of spinning sector and weaving and woven processing sector of Bangladesh.

Viyellatex Spinning and Square textile is the leading contributor of this industry. For spreading their business area they should concentrate their liquidity and investment management process.

Every organization has their own strategy for managing fund and asset by which they can attain their ultimate goal. Viyellatex should emphasize on managing asset and liquidity by updated strategy because their asset management ratio is decreasing and their current asset does not cover current liability.

As a fact of globalization, every day technology is changing and people are likely to more conscious to environmental issue. They must focus on different fiber and its production and spinning procedure development such as flax, ramie, modal etc. if they coordinate total task properly within time period, spinning sector will be most prosperous industrial sector in our country.

Recommendation

- i. Management should ensure enough liquidity so that they can avoid interest burden for bearing short term loan.
- ii. Viyellatex spinning should keep its asset management process at standard way because Viyellatex spinning losing asset management efficiency year by year which is alarming for any company.
- iii. Management should take updated and proper steps to keep its present growth because its profitability is highly attractive so they should keep it up by taking necessary steps.
- iv. Maximum customers are expecting the responsible price, so carefully the price should establish.
- v. Provide intimate attention to the employee needs to ensure efficiency in work process.
- vi. Vendor payment procedure should take less time.
- vii. Customer database should be more organized
- viii. Setting proper planning each and every year work as well as for the whole department
- ix. Assigning necessary man power for every job
- x. Setting proper managerial observation and cooperation
- xi. Keeping proper maintenance of documents on daily basis
- xii. Improve knowledge of the employee about the new software through proper training.

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Appendix:

1. Question:-Has there any specific investment and financing policy?

Ans:- There are six banks help us by financing specially for short term loan in elegancy case and We prefer to invest in new concern by maintaining by reputation.

2. Question: Has there any policy for accounts payable management of this company-?

Ans:-60 days payment policy. If emergency situation arise 20 days maximum delay for payment but no cut in salary of employers.

3. Question: Inventory management of company-?

Ans:-They use SAP software for inventory counting. Inventory audit is performed in every three month by their internal audit team.

4. Question: How much company reserve for ready cash segment?

Ans:-10%-20% of total inflow.

5. Question: Which side first sees about investment (safety marketability, brand, maturity or interest rate)?

Ans:-First of all company matches their need with maturity then goes to next step.

6. Question: Is company going to repurchase agreement?

Ans:-yes.

8. Question: which side company sees first for investment?

Ans: New project.

9. Length of credit period? What schedule maintain?

Ans: - Its depend on agreement with buyer.

10. Is company doing seasonal dating?

Ans:-No.

11. Is company give discount earlier payment?

Ans:-Company did not give any discount for earlier payment.

12. Is company set any standard?

Ans:-Yes. Company set standard for their target people and employee following other successful organization.

13. Is company encouraged to develop entrepreneurship?

Ans:-Definitely. We always encourage developing entrepreneurship.