

Report On
**Financial performance analysis of Argon Denims Ltd. (A sister
Concern of Evince Group) and its Risk management strategies**

By
Md. Shamiul Asad
ID: 21164007

An internship report submitted to the BRAC Business School for fulfilling the
requirement of attaining the degree of Masters of Business Administration

BRAC Business School
BRAC University
October 2024

© 2024. BRAC University
All rights reserved.

Declaration

It is hereby declared that

1. This report of internship is submitted by my, is my own authentic work while completing degree at BRAC University.
2. All the contents and discussion in this report was not published or written by any third party earlier. If any sources used in the report as a purpose of showcasing information was cited accurately and appropriately.
3. This report is free of contents that has been accepted or submitted for academic purpose in BRAC university or any other institutions.
4. I have cited properly all the means of help, during preparation of this internship report.

Student's Full Name & Signature:

Md. Shamiul Asad
ID: 21164007

Supervisor's Full Name & Signature:

Dr. Suman Paul Chowdhury
Associate Professor
BRAC Business School
BRAC University

Letter of Transmittal

Dr. Suman Paul Chowdhury

Associate Professor

BRAC Business School, BRAC University

Kha 224 Bir Uttam Rafiqul Islam Avenue

Merul Badda, Dhaka 1212

Subject: Internship Report on Argon Denims Ltd. (A sister Concern of Evince Group).

Dear Sir,

With great pleasure, I provide my internship report on Argon Denims Ltd.'s financial performance analysis and risk management strategies. My MBA program required me to do this report. I learned a lot about my department and other theories during my internship that I could use to my work responsibilities. This made for an interesting learning process, and I think the report is interesting, helpful, and insightful.

I worked hard to produce a report that provides a thorough summary of the company's performance and is both believable and effective. Your feedback on the report is highly appreciated as it will help me grow my knowledge and learn new things.

Therefore, I would like to submit the report for your review and constructive suggestions. I am extremely grateful to you for your precious time and assistance in selecting the internship report topic.

Sincerely yours,

Md. Shamiul Asad

Student ID: 21164007

BRAC Business School

BRAC University

Date: 20th October 2024

Non-Disclosure Agreement

With great pleasure, I provide my internship report on Argon Denims Ltd.'s financial performance analysis and risk management strategies. I guarantee you that this report does not contain any confidential information that could jeopardize the company's reputation or relationship with BRAC University. In order to guarantee the confidentiality of the data in this report, Argon Denims Ltd and I, Md. Shamiul Asad, have executed a Non-Disclosure Agreement. This report is also kept on the BRAC University Library Server by me. I promise that neither the competitive advantage nor the brand equity of Argon Denims Ltd. a sister concern of EVINCE GROUP will be harmed by this report.

This agreement is made and entered into by and between and the undersigned student at BRAC University and Md. Shamiul Asad...

Acknowledgement

While I was employed at Argon Denims Ltd. A concern of Evince Group, I had a good experience conquering obstacles with others' assistance. I would want to thank God and Dr. Suman Paul Chowdhury, Associate Professor at BRAC University's BRAC Business School, for their outstanding assistance with my internship report. He has taught me a lot, and I appreciate it. They are appreciative of the help they got. It was an incredible experience working at Argon Denims Ltd. (Evince Group), a reputable company in garments and textiles sector in Bangladesh. I feel privileged to have been involved in it. Finally, I want to extend my thanks towards my on-site supervisor and my workplace reporting boss Mr. Md. Mahatab Hossain- AGM, IACD, Evince Group for his support and direction, that make me able to fulfill my internship requirement successfully. He has inspired me in many ways in my entire MBA journey at BRAC University and also during fulfilling this internship requirement by making me understand different critical situation.

Executive Summary

Argon Denims Ltd is a 100% export-oriented denim fabrics manufacturer, has a significant footprint in the denim industry in Bangladesh. With its production ADL sufficiently meets the local demand too, in special scenario. In this report, ADL's financial performance has been illustrated broadly; moreover, this report also tried to bring risk management strategies into consideration. With the use of essential financial indicator such as growth of revenue, profitability, return on assets & equity (ROA & ROE); the analysis in the report gives a scenario of continuous performance improvement. In the analysis, significant Compound Annual Growth Rate (CAGR) represents a possibility of ADL's potential of increasing market demand with its innovative products. Though the company's revenue growth shows satisfactory result but the company still struggling in its profitability measure, thus the company shows inefficiency in operation. For running the business seamlessly by avoiding any prospective risk ADL designed a multidimensional risk management framework that covers market risk, operational flexibility, and financial risk due to currency fluctuations. Moreover, ADL's commitment to sustainability throughout its operation and aligning with regulatory standards ensures competitive advantage in the market. ADL illustrates a praiseworthy improvement in generating revenue with lower profitability ratio alongside a moderate dependency on debt indicates lower financial risk. Moreover, ADL's strong risk management practices enables to face industry challenges alongside capturing any potential growth opportunities. This report offers some advises regarding diversification of markets, variation in product portfolio, modern technology inclusion in the operation, and regular improvement of risk strategies to ensure sustainability.

Keywords: Financial Performance, Operational efficiency, Risk diversification, Operational resilience, and Financial safeguards.

Contents

Declaration	2
Letter of Transmittal	3
Non-Disclosure Agreement	4
Acknowledgement	5
Executive Summary	6
Contents	7
List of Figures	9
List of Acronyms	10
Chapter 1 About the Internship at Argon Denims Ltd. (Evince Group)	11
1.1 Information About Internee	12
1.2 Information About the Internship	12
1.2.1 Details About Organization.....	12
1.2.2 Details About the On-Site Supervisor.....	12
1.2.3 Job Responsibilities.....	12
1.3 Outcome of Internship	13
1.3.1 Student’s Contribution to The Company.....	13
1.3.2 Benefits to the Student.....	13
1.3.3 Limitations of the Internship.....	14
1.4 Conclusion	14
1.5 Recommendation	14
Chapter 2 Organization Part	15
2.1 Introduction	16
2.2 Overview of the Argon Denims Ltd. (ADL)	16
2.2.1 About Argon Denims Ltd. (ADL).....	16
2.2.2 Vision of the Argon Denims Ltd. (ADL).....	17
2.2.3 Mission of the Argon Denims Ltd. (ADL).....	17
2.2.4 Objectives of the Argon Denims Ltd. (ADL).....	17
2.2.5 Core production stages and equipment at Argon Denims Ltd. (ADL).....	17
2.2.6 Strategic Approach of Argon Denims Ltd. (ADL).....	18
2.2.7 Products of Argon Denims Ltd. (ADL).....	19
2.3 Management Practices of the Argon Denims Ltd. (ADL)	19
2.3.1 Management Committee at Argon Denims Ltd. (ADL).....	19
2.3.2 Corporate governance of Argon Denims Ltd. (ADL).....	19
2.3.3 Organogram of Argon Denims Ltd. (ADL).....	20
2.4 Marketing Practices of Argon Denims Ltd. (ADL)	20
2.5 Financial and Accounting Practices of Argon Denims Ltd. (ADL)	21
2.5.1 Accounting Practices and Implementation of IAS/IFRS.....	21
2.5.2 Budgeting and Forecasting at Argon Denims Ltd. (ADL).....	21
2.6 Operations Management and Information System Practices of Argon Denims Ltd. (ADL)	22
2.7 Industry and Competitive Analysis of Argon Denims Ltd. (ADL)	23
2.7.1 Porter's Five Forces Analysis:.....	23

2.7.2 SWOT Analysis of Argon Denims Ltd. (ADL):.....	24
2.8 Conclusion	26
2.9 Recommendation.....	26
Chapter 3 Financial Performance Analysis and Risk Management Strategies of Argon Denims Ltd. (ADL)	27
3.1 Introduction.....	28
3.2 Literature Review	28
3.3 Objectives.....	29
3.4 Methodology	29
3.5 Findings and Analysis.....	30
3.5.1 Financial Performance Analysis	30
3.5.1.1 Revenue Growth Analysis	30
3.5.1.2 Profitability Analysis.....	31
3.5.1.3 Asset Utilization & Return (2019 - 2023)	33
3.5.1.4 Liquidity & Solvency Ratios (2019-2023)	34
3.5.2 Risk Management Strategies.....	37
3.5.2.1 Market Risk and Revenue Diversification	37
3.5.2.2 Operational Risks and Resilience	37
3.5.2.3 Financial Risks and Currency Fluctuations	38
3.5.3 Conclusions.....	39
3.5.4 Recommendations.....	40
References.....	41

List of Figures

Figure 1 Organogram of Argon Denims Ltd. (ADL) -----	20
Figure 2 Revenue Growth 2019-2023 -----	30
Figure 3 Gross Profit Margin (2019-2023) -----	31
Figure 4 Operating Profit Margin (2019-2023) -----	32
Figure 5 Net Profit Margin (2019-2023) -----	32
Figure 6 Return On Assets (ROA) 2019-2023 -----	33
Figure 7 Return On Equity (ROE) 2019-2023 -----	33
Figure 8 Asset Turnover Ratio (2019 - 2023) -----	34
Figure 9 Current Ratio (2019-2023) -----	34
Figure 10 Quick Ratio (2019-2023) -----	35
Figure 11 Debt Ratio (2019-2023) -----	35
Figure 12 Debt Equity Ratio (2019-2023) -----	36

List of Acronyms

ADL	Argon Denims Limited
AGM	Assistant General Manager
AI-driven	Artificial Intelligence-driven
BDT	Bangladeshi Taka
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ETL	Envoy Textiles Limited
GAAP	Generally Accepted Accounting Principles
IACD	Internal Audit and Control Department
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IS	Information Systems
MBA	Masters of Business Administration
ROA	Return on Assets
ROE	Return on Equity
SDL	Square Denims Limited
SWOT	Strengths, Weaknesses, Opportunities, and Threats.
USD	US Dollar

Chapter 1 About the Internship at Argon Denims Ltd. (Evince Group)

1.1 Information About Internee

Name: Md. Shamiul Asad

ID: 21164007

Department: Masters of Business Administration (MBA)

Major: Finance and Marketing

1.2 Information About the Internship

1.2.1 Details About Organization

Name of the Company: Argon Denims Ltd. (Evince Group).

Corporate Office: Level-6, Lotus Kamal Tower ONE, 57, Joar Sahara C/A, Nikunja-2, New Airport Road, Dhaka-1229. Bangladesh.

Employment Status: Permanent

Internship Period: 3 Months

1.2.2 Details About the On-Site Supervisor

Supervisor Name: Md. Mahatab Hossain

Designation: Assistant General Manager (AGM)

Department: Internal Audit and Control Department (IACD)

1.2.3 Job Responsibilities

Being a permanent employee of Evince Group's internal audit department, I have to perform different types of job assigned by management across functional department. My primary and routine responsibilities are to assist in evaluating the financial and operational soundness that also complies with the regulatory act and company's own policies. As an employee I have to take participation in planning and executing the audit assignments. To conduct the audit assignment, I have to accumulate information and analyze to identify any potential risk and also evaluating the effectiveness of any initiative to mitigate that risk. I also prepare audit report that explains findings and scope of solution with other team members. We as a team also conduct follow-up activities to monitor the implementation of audit observations. Alongside, we also take part in developing the audit plans by finding the best practices and future risks. I enhanced my skills through entire internal audit process at Evince Group, and committed to company's operational excellence.

1.3 Outcome of Internship

1.3.1 Student's Contribution to The Company

At the time of my internship and also as a full-time employee in the internal audit department, I made significant contributions to the department by enriching the audit processes along with compliance and company policy. I participated in different audit schedule designed by Internal Audit and Control Department (IACD) of Evince Group. During the course of audit, me along with my colleague try to find observation that is not matches with company policy and also recommend some probable solution to minimize the future risks. With thorough inspection of operation process and financial performance analysis, I contribute in streamlining the operations with increased efficiency, that eventually supports company to achieve its objectives. My work endeavors across company's different functional department establish a culture of knowledge sharing and accountability. Moreover, I assist in preparing audit reports that contains valuable finding to the management, that helps management to take necessary initiative to keep the company aligned with its strategic goals. The overall experience at Evince Group not only improve my audit knowledge but it also contributed in different ways for the betterment of the company.

1.3.2 Benefits to the Student

With the internship program of Argon Denims Ltd. (ADL) students can gain practical learning about the whole production process of denim fabrics. Internship at ADL will ensure in delivering the knowledge about manufacturing processes, process of supply chain management, and controlling the quality. A student not only gathering the technical knowledge and industry norms but it also provides knowledge of stainability and importance of technological advancements. Getting all the relevant knowledge, students can make them suitable in front of employers. Moreover, students get opportunities to meet with industry professionals that builds a strong professional networking that would help in building career in this sector. Continuous change is an inherent nature of this sector, those students who have practical experience, and knowledge about innovation are in a suitable position in getting promising career. Students can build their career in different areas like, product development, quality assurance, and management roles.

1.3.3 Limitations of the Internship

As I am working a permanent employee in the internal audit department a sensitive department for any company and also as it is a public limited company so there are some limitations. The main binding is the boundary of responsibilities and accessibility to sensitive information. An intern may not be allowed by the company to perform any routine jobs, such as financial analysis or auditing the operation process. For that they will remain unaware of complex audit processes and decision-making. Also, for sensitivity issue intern may not be able to access in certain financial data and strategic information. A valid reason for not understanding the entire audit process deeply. Being an intern, one might not get close supervision of the department seniors, that reduces the opportunity of knowing the auditing further and solving the problem effectively.

1.4 Conclusion

Though I work as a full-time employee at Evince Group in the internal audit department, but I got a new method of thinking while I conduct my internship as an academic requirement. During fulfilling my academic requirement, I got a chance to relate my academic knowledge with real life experience. It has enriched my audit knowledge and experience about the manufacturing company. I got a chance to upgrade my analytical skills by having practical knowledge through field work, which also enable me in applying my knowledge effectively. Working with industry professional I got to know the industry's best practices and standards, that also build quality of continuous learning in me. This experience has increased my commitment to excellent internal auditing and also inspired me to develop further for future growth. That would ultimately help me to develop a successful career in this sector.

1.5 Recommendation

To enhance the internship experience for future interns in the internal audit department at Argon Denim Ltd., I recommend expanding the scope of responsibilities assigned to interns to include more complex audit tasks, thereby providing greater exposure to the auditing process. Implementing a structured mentorship program could facilitate knowledge transfer and guidance, while allowing interns to participate in discussions surrounding strategic decision-making, within confidentiality limits. These changes would not only enrich the internship experience but also company can better prepare interns as their future employee.

Chapter 2 Organization Part

2.1 Introduction

Argon Denims Ltd is a good place to work at, I have been working under Evinco Group for around 03 years. Argon Denims Ltd has a remarkable footprint in the denim industry of Bangladesh. As an academic requirement of internship gave me scope to know more about ADL, and there are many scopes to know the operation even more. During fulfilling my internship requirement, I got a chance to relate theoretical knowledge with practical applicability. This paper focuses on the analysis of financial performance over the last 05 years and tried to relate company's risk management strategies and overall impacts upon financial performance. Being a fulltime employee in internal audit department I had to work across different functional department, analyzing financial performance and overall operations are being audited on a regular basis to smoothing the company's business operation.

2.2 Overview of the Argon Denims Ltd. (ADL)

2.2.1 About Argon Denims Ltd. (ADL)

Argon Denims Ltd is one of the pioneer denim factories manufactures denim fabrics since 2006. ADL was established on July 13, 2006, as a Private Limited Company under the Companies Act 1994, and after 02 years in March 2008 company started its business in full swing. The factory is located in Bangladesh's Gazipur district near Sreepur.

ADL mainly produces denim textiles ranges from medium to premium quality weights ranges from 4.5 Oz to 13 Oz. After commencement of business journey in 2008 company targeted to rise its production to 18 million yards by December 2012.

Argon Denims Ltd. produces different types of denim fabrics for example, 100% cotton, cotton stretch, and cotton polyester. The stretch of denims can be of different finishes such as pre-shrunk, flat, over-dyed, and coated, and its optics can be slub, crosshatch, mixed counts, and regular. The weaves of denim vary as per buyer requirement, most common denim fabrics' weave is plain, twill, broken twill, and herringbone.

ADL factory is designed environment friendly in a way that it has water and sewage treatment plant. For that ADL got environmental accreditation from Oeko-Tex and Organic Content Standard certificates.

2.2.2 Vision of the Argon Denims Ltd. (ADL)

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

2.2.3 Mission of the Argon Denims Ltd. (ADL)

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

2.2.4 Objectives of the Argon Denims Ltd. (ADL)

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

2.2.5 Core production stages and equipment at Argon Denims Ltd. (ADL)

ADL has total 06 main stages in its production plant that are equipped with modern machines. Those stages are described below-

- I. **Warping:** There are two new generation direct high-speed wrappers in the warping section. Chosen on the basis of unique technology, optimum ergonomics and high flexibility. These Machines are with creel size that enabled warping for fabrics of varied weight range, from really light 4.5 oz to 13 oz category. The machines contain automated yarn cleaner equipped with adjustable swing reeds which allows perfect tension control for different type of yarn counts.
- II. **Dyeing and sizing:** A major stage for best quality denims, in this stage yarns are dyed any mismatches can hamper the whole order delivery. The dyeing and sizing in denim manufacturing is a continuous process. In the whole dyeing process ADL ensures close human operation to produce the best quality product. In the ADL's manufacturing plant there are two machines for dyeing and sizing yarn, and the yarn counts are 6's-40's. With these two machine various casts can be done such as Indigo, Sulphur Black, SBIT,

and IBST. Moreover, there are 16 dye bath set (steamers enabled) that ensures good fastness, color intensity and consistent shade.

- III. **Weaving:** In the ADL factory there are more than 100 automatic Air Jet Looms for weaving from 02 prominent brand SOMET and PIKANOL. The speed of these brand's machine can go up to 1200RPM. All the required (authentic) parts has been installed with those weaving machine for weaving the 100% Cotton, Elastane and Polyester yarns (MMF). The current machines of ADL are able to produce different types of weaves like Plain, 3/1 Twill, 2/1 Twill, Broken twill, Herringbone, and matt weave.
- IV. **Finishing:** ADL factory's finishing unit ensures the best quality of fabrics once it was produced. There is total 5 efficient machines in the finishing section such as i. SINZING from MENZEL (U.S.A), ii. SANFORISING from DHALL (India) - for shrinkage control, iii. SINZING AND SANFORISING from CIBITEX (Italy), iv. STENTER WITH COATING HEAD from BABCOCK (Germany), and v. MERCERISING from DHALL (India) for ensuring the inspection meticulously.
- V. **Effluent Treatment Plant:** As a responsibility towards environment and future generation ADL is committed to not to harm its community through production process. As an initiative ADL set up a biological Effluent Treatment Plant to handle waste water.
- VI. **Quality Control:** The quality assurance team scrutinizes quality at every step of the process, from raw material purchase to finished product delivery to confirm reduction in rework and rejection percentages. There is a full equipped lab for testing purpose. In the Lab best machine has been set up such as GENSYES 20 Spectrophotometer, Tensile strength tester, Electrolux precision washer and precision tumble dryer, Crock meter and Pre-spirometer.

2.2.6 Strategic Approach of Argon Denims Ltd. (ADL)

Textile industry is showing a satisfactory result in the past few years but it also becomes competitive industry. As a reaction Argon Denims Ltd. has already adopted a strategic approach focusing on sustainability, innovation, and operational excellence to remain relevant in the competitive denim industry. ADL choose its materials and processes it by considering its eco-friendliness, thus ADL can draw attention of growing demand for sustainable fashion. Using lean manufacturing techniques with advanced technology will enhance production efficiency and product quality. Moreover, ADL targeting various market segments other than

European market, investing in human resource training, maintaining strong supplier relation for uninterrupted supply chain. All these are a joint endeavor for ADL's operational excellence.

2.2.7 Products of Argon Denims Ltd. (ADL)

Argon Denims Ltd. produces various types of denim fabrics, there are few common type described below-

- **Raw Denim:** Unwashed and untreated, retaining its original color and stiffness.
- **Sanforized Denim:** Pre-shrunk fabric to minimize shrinkage after washing, making it more stable for consumers.
- **Stretch Denim:** Blended with elastane or spandex for added flexibility and comfort.
- **Selvedge Denim:** A higher-quality fabric with a clean, finished edge, often used in premium jeans.
- **Denim Twill:** Characterized by its diagonal weave, offering durability and a distinct texture.

2.3 Management Practices of the Argon Denims Ltd. (ADL)

2.3.1 Management Committee at Argon Denims Ltd. (ADL)

Like all other company ADL's management committee also responsible for directing the whole operation of the company and keeping the company in right track towards its strategic objective. The company's top management is highly experienced of the relevant field, all the members have a good track record of experience in the denim manufacturing area. The important positions of ADL are Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), and department heads. ADL is a public limited company so it has to arrange strategic meeting on a regular basis. Other than the regulatory obligation ADL arrange meetings where they analyze the performance indicators, matches the current position with the goal set previously. They ensure a collaborative environment across the company so that every position can contribute their best for achieving the company's objective. To establish an innovative, transparent and accountability culture within the company management provides an extra emphasis.

2.3.2 Corporate governance of Argon Denims Ltd. (ADL)

Argon Denims Ltd. gives an extra priority to accountability, transparency, and ethical practice; So that all stakeholders' interest is effectively handled and protected. ADL's board of directors

is a blend of experienced professionals from various industry. This board members continuously monitors the operation closely alongside they make strategic decision and manages risk. ADL arranges board meetings as a part of regulatory obligation on a regular basis where members of the board share their opinion on key issues. This arrangement of meeting fulfills the legal and regulatory requirements, that represents the compliance and integrity in operations.

2.3.3 Organogram of Argon Denims Ltd. (ADL)

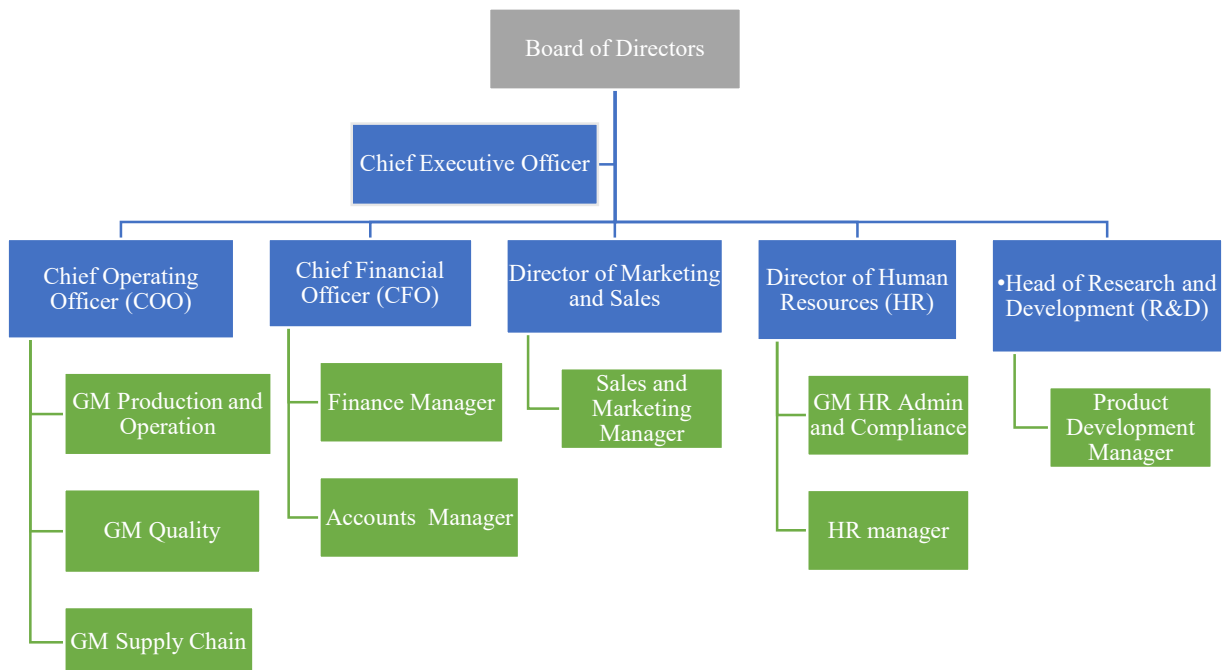


Figure 1 Organogram of Argon Denims Ltd. (ADL)

2.4 Marketing Practices of Argon Denims Ltd. (ADL)

Argon Denims Ltd practices justified marketing practices to get orders from the foreign clients. To remain relevant in the competitive textiles market of Bangladesh, ADL practices every type of marketing practices adopted by the competitor. ADL uses different types of marketing practices for example sometimes it chooses direct marketing approach where they mail directly to global buyers, ADL adopts another way to get in touch with potential customer is having an interactive website that create company’s online presence to give its information. Moreover, ADL participates in international trade fairs and textile exhibitions for example ADL participates in “Denim Expo” arranged at ICCB convention hall every year where they display their produced goods; thus, they build network with the buyer and get valuable insights from

the market trends. ADL also attempt to contact directly with foreign big fashion chain such as Levi Strauss & Co, Tesco, and Zara. Argon Denims Ltd. gives an extra effort and also invest a huge amount to build strong relationships with foreign buyer agents. With the use of above marketing practices ADL gets expected exposure to its buyer.

2.5 Financial and Accounting Practices of Argon Denims Ltd. (ADL)

2.5.1 Accounting Practices and Implementation of IAS/IFRS

For preparing the financial statements ADL chooses “Going Concern” as the basis of measurement under historical cost conventions of GAAP. ADL’s business operation and amount in the financial report is in the Bangladeshi currency (TAKA). As a modern practice of accounting principles ADL’s financial statements have been prepared based on the “Accrual basis of accounting”. The financial and accounting practices of Argon Denims Ltd. are compliance with local and international regulatory standards for ensuring accuracy & transparency; some standards are International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), Income TAX Act 2023, and Value Added Tax Act 1991. ADL practices a strong accounting policy that includes error free bookkeeping, timely financial reporting, and ethical financial practices. ADL prepares its financial statements using the IAS/IFRS guidelines (an international format) so that the stakeholders can easily assess the company’s financial condition. In the annual report, ADL prepares 04 types of statements such as statement of financial position, the profit and loss statement, the cash flow statement, and the statement of owner's equity. For smoothing the financial and accounting practices ADL deploys updated accounting software to monitor the real time financial condition and reporting accordingly. Implementation of accounting software ensures efficient and accurate financial monitoring within ADL. Moreover, internal audits are conducted on a regular basis that ensure adherence to accounting policies and identifies scope of improvement. This entire financial practice helps in making right decision and build trust among stakeholders regarding ADL’s integrity and transparency.

2.5.2 Budgeting and Forecasting at Argon Denims Ltd. (ADL)

Argon Denims Ltd. (ADL) prepares financial budgeting by engaging all the responsible department for accurate estimation of budget and disbursement accordingly. This process of preparing budget helps ADL to be aligned with its objective. ADL assess its previous data, current market scenario, and production capabilities to determine the final budget for the

company efficiently. In the budget preparation ADL includes all the necessary consideration such as revenue streams, expenditure flow and capital requirement; all of these particular enables ADL in allocating resources efficiently. ADL conducts different types of analysis for example variance analysis that compares actual performance with budget, trend analysis is another technique for financial analysis and forecasting. By using these analysis ADL can find out the problem and solve accordingly. With the use of trend analysis ADL can predict the future financial results at current time, also it helps company to know the future market changes and determine the strategic practice. By implementing all the above-mentioned techniques ADL can ensure soundness in financial management and can handle operations with efficiency.

2.6 Operations Management and Information System Practices of Argon Denims Ltd. (ADL)

All the operations at ADL are efficiently handled by advanced information system that helps in streamlining operation effectively. Argon Denims Ltd has an ERP system that allows to collect, store and analyze operational data. With the use of ERP system ADL can ensure data availability regarding production, inventory, and sales. Individual employee or the functional department can share the real time information with other department within the company. Also, with this ERP system ADL can share its information with other stakeholders. Thus, ADL can make fruitful business decision. Alongside a fully customized ERP software ADL uses various other prominent software like Microsoft Office Suite, Google Workspace for smoothing its operations across organization through uninterrupted cross-functional communication. This software is used for documentation, analysis and reporting purpose by the internal departments. ADL also uses specialized tools for allocating resources to different work process based on the necessity, this software also helps in planning the production line and human resource allocation to deliver the finished goods timely. In the final inspection department of ADL there are some tools used to measure the quality of goods, inspecting every detail of fabrics produced before making shipment. These information systems and operational practices together enable ADL to maintain high standards of productivity, resource efficiency, and product quality in a competitive market.

2.7 Industry and Competitive Analysis of Argon Denims Ltd. (ADL)

2.7.1 Porter's Five Forces Analysis:

The Porter's Five Forces is a method of analyzing any company's competitive environment from 05 different point of view. Almost every company use this method to assess its competitive environment and justifies its strategic objective accordingly. Argon Denims Ltd. (ADL) can get an understanding of its competitive dynamics for evaluating position in the textile industry, especially in the denim segment. The porter's five forces in the context of ADL are described below-

- I. **Threat of New Entrants:** As the establishment of a denim manufacturing plant requires a significant investment, thus the entrant's probability is moderate. The growing demand of denim market attracts local big conglomerates but as an established players ADL can enjoy the benefit of economies of scale, relationships with supplier, and brand reputation. This established position in the market would discourage new competitors. ADL's ability to maintain consistent quality and customer loyalty would strengthens its market position.
- II. **Bargaining Power of Suppliers:** in the Bangladesh's perspective almost all garments and textile companies are export oriented, and all the required raw materials are out sourced from different party local and abroad. So, suppliers are in a favorable position for strong bargaining. Supplier's bargaining power has an immense influence upon the entire denim industry as they are fully dependent on out sourcing raw materials i.e., yarn, dyes, and chemical treatments. Though ADL maintain a good relation with its suppliers but it also gets hamper for changes in international price or any changes in whole supply chain. However, ADL's diversified supplier base and strategic sourcing from both local and international markets help mitigate this risk to some extent.
- III. **Bargaining Power of Buyers:** As the textile industry is 100% export oriented so it has to depend fully on the buyer response in terms of getting order. In the Bangladesh's context all the textiles face problem in handling buyer's bargaining power as there are numbers of manufacturer in the market that allows buyer to switch easily. Still ADL try to mitigate this sort of threat by maintaining a good partnership with its current and potential buyer. ADL tries to build a valid ground to mitigate this threat by offering quality finished goods with varieties of denim finish. Finally, ADL has built a strong brand recognition over the years by ensuring on time shipment and compliance with all required standards place them to a respected position to its buyer.

- IV. **Threat of Substitutes:** In the denim industry threats of substitute is in a very moderate level. There are many other types of denim available at the market, like denim made from synthetic fibers and there are also non-denim fabrics in the market. But the demand for denim of organic yarn has a separate customer base. Using this denim for casual dress is a common trend among consumers. Currently people getting more environment conscious they want to choose or use goods that has a very low affect to the environment. As a consequence, people are now more likely to choose eco-friendly denim fabrics and recycled materials, that could bring threat to the conventional denim in the future. ADL is currently focusing in a great extent to innovate different types of denims that are eco-friendly, has no harm to the environment. This commitment towards eco-friendliness would help ADL in dealing with the threat of substitute.
- V. **Industry Rivalry:** There is an intense competition in the Bangladesh's textile industry. There are numbers of denim manufacturer currently competing in this market, and all of them are doing very good that makes the scenario even complex. Outside Bangladesh there are many other competitors from India, Vietnam competing with varieties of product offering. To compete with all these complex scenario ADL is currently focusing in innovating different types of denim along with variety of design obviously meeting customer's required quality. Moreover, ADL is also giving an extra focus on cost minimization while meeting the product's quality will position them in a competitive stage in the market.

2.7.2 SWOT Analysis of Argon Denims Ltd. (ADL):

SWOT is an established method of measuring the external and internal factors of a company. With the use of SWOT analysis, a company can know the situation of its internal factors "Strengths" and "Weaknesses", these are manageable by the company internally. On the other hand, "Opportunities" and "Threats" are external factors that cannot be managed by the company rather company can adjust with it. The best policy for any company is to having an idea of its external environment and manage its internal factors to perform best in the industry. SWOT analysis of Argon Denims Limited are given below-

Strengths

- **Sound Infrastructure:** ADL benefits from economies of scale and operational efficiency due to its large-scale production and established supply chain relationships.

- **State of the Art Machineries:** ADL manufacturing plant is equipped with machines of advanced technology and the automation in the production process allows ADL to produce large amount of quality finished goods with highest efficiency which is difficult for competitor to replicate.
- **Experienced Management team:** A strong backup for ADL, that ensures meeting delivery of finished goods on time with efficiency. All departments are backed by experienced personnel and their commitment towards company's excellence.

Weaknesses

- **Dependency on few suppliers:** ADL has a few key suppliers that are selected for sourcing raw materials that would be vulnerable if any disruptions happen in supply chain.
- **Sudden shift to follow trend:** ADL has already invested heavily and set up its plant for conventional denim, but current trend is going towards sustainable alternatives so shifting quickly is not possible.

Opportunities

- **Expansion Globally with sustainable goods:** ADL is currently focuses on European market, but has opportunity to grow in other geographical destination with the growing demand for sustainable denim.
- **Technological Advancements:** ADL can also have some extraordinary benefit from proper use of modern technology and machines. That will ensure the efficient use of its resources, ultimately brings customer satisfaction.

Threats

- **Intense Rivalry:** The denim industry is full with extreme competition. The rivalry among local and international is very intense everyone strives for an attractive market share. New entrants and low-cost producers in emerging markets may pose a threat to ADL's market position.
- **Price Fluctuation Raw Material:** Denim industry directly or indirectly dependent on importing the raw materials, which faces price fluctuation most often. This variability could impact ADL's production cost and profitability.

2.8 Conclusion

Argon Denims Ltd. is an established denim manufacturer in Bangladesh, ADL is known for its commitment for quality, innovation, and sustainability. The company effectively combines advanced technology with skilled craftsmanship, fostering a collaborative environment that supports both employee growth and environmental responsibility. Working at ADL has provided invaluable insights into industry practices and operational strategies.

2.9 Recommendation

Some recommendations for Argon Denims Ltd are listed below-

- Investment in sustainable practices and innovative technologies would enhance ADL's production efficiency and can get competitive advantage.
- Exploring new market place worldwide and bringing innovation in design is essentially required for diversifying their buyer.
- Finding a diverse source of supply need to be ensure for avoiding any unwanted disruption in supply.
- Fluctuation in dollar price impacts overall costing in a great extent, ensuring sources of funding needs to be arranged for on time importing of raw materials.

**Chapter 3 Financial Performance Analysis and Risk Management
Strategies of Argon Denims Ltd. (ADL)**

3.1 Introduction

This part of the report focuses on the financial performance analysis and risk management strategies of Argon Denims Ltd. (ADL), a prominent player in the denim manufacturing sector. Knowing the financial performance and managing any problems that might be a future risk is a major task to be done by any company, that is why company needs to conduct financial analysis. Moreover, for maintaining a stable growth and a satisfactory profitability is essential to be relevant in the competitive market. In this report, ADL's financial statements will be analyzed and will discuss the key performance indicators. This report will also try to justify the ADL's future economic prospect by evaluating current market trends. The financial analysis will be followed by exploring the ADL's risk management strategies that are used by the company for dealing with any sort of risk or challenge. This report will demonstrate ADL's financial performance and risk management strategy by analyzing quantitative data and qualitative data respectively. Finally, this report will offer some logical recommendation.

3.2 Literature Review

Any manufacturing firm's financial performance are thoroughly analyzed and its risk management strategies are studied in details to find the company's compatibility to deal with any unwanted risk. Currently Bangladesh's textiles industry is at the mature stage that makes the market competitive intensely. In the financial performance analysis normally, few common financial indicators are discussed for example profitability analysis, liquidity analysis, efficiency of asset utilization analysis, and solvency analysis. All of these indicators illustrate a detailed picture of the company's financial health (Penman, 2012). The main problems faced by textile industry of Bangladesh are changes or fluctuation of raw materials price, variation in the customer fashion trend and changing regulatory norms; all of this situation requires a detail financial strategy.

Moreover, current business world is competitive intensely that risk management is now an integral part of corporate finance. According to Jorion (2007), with the use of right risk management strategy company can protect its property and it also enables company to make decision in an efficient manner. In any manufacturing-based company risk can be categorized in 4 different types i.e., operational risk, financial risk, strategic risk, and compliance risks. With the use of an established format like Enterprise Risk Management (ERM), a company can identify any probable future risk, can assess its future impact, and minimize the hamper level

in a constructive way, thus company can ensure resilience and adaptability within its operation (COSO, 2013).

Research findings suggests that a company should practice financial performance analysis along with risk management strategies. For example, research by Mollah et al. (2018) finds that the company who practice both approaches simultaneously are successful in achieving an excellent performance in the competitive market. By using this approach Argon Denims Ltd. can be benefited as it is operating business in the intense competitive industry.

The above discussed literature gives a reasonable base for analyzing Argon Denims Ltd.'s financial performance and its risk management strategies. This paper aims to match ADL's financial strengths by managing risks effectively, that ensure ADL's sustainable growth in the competitive Market.

3.3 Objectives

- The main objective of this paper is to evaluate ADL's financial performance over the last 05 years (2019-2023), with the use of some major performance indicator such as profitability, asset utilization efficiency, liquidity, and solvency.
- Identifying the financial trends of ADL's performance that reflects organization's operational efficiency and market position.
- Measuring the effectiveness of ADL's risk management strategy on handling the operational, financial, strategic, and compliance risks. And overall importance of having risk management strategy.
- To offer some effective recommendations based on the analysis, for the betterment of ADL's financial stability and strengthening risk management practices.

3.4 Methodology

This report is fully based on the analysis of ADL's financial performance, requires a thorough understanding of financial principles. Alongside, this report showcases data that are meticulously analyzed using qualitative and quantitative methods. For preparing this report data collected from 02 sources mentioned below-

- I. **Primary Source:** Personal work experience, in person inquiry and related conversation is a significant source of information collection.
- II. **Secondary Source:** As a secondary source online article, journals and other resources are used for quantitative and qualitative data. Financial information obtained from ADL's annual report and company's website.

3.5 Findings and Analysis

3.5.1 Financial Performance Analysis

3.5.1.1 Revenue Growth Analysis

I. Current Revenue:



Figure 2 Revenue Growth 2019-2023

Argon Denims Ltd shows a gradual growth in generating revenue in the last 05 years (2019 to 2023). There was a down trend in 2019 that lasts till 2021. Down trend in the year 2020 and 2021 was a consequence of Covid-19 pandemic. Business recession was a common phenomenon for entire world during this pandemic. However, ADL comeback with a positive uptrend in the year 2022 and 2023.

II. Compound Annual Growth Rate (CAGR):

Compound Annual Growth Rate		
Year	Revenue (BDT)	CAGR
2018	3,381,447,214	
2019	3,448,591,217	1.99%
2020	3,115,437,247	-9.66%
2021	3,032,528,196	-2.66%
2022	4,695,952,090	54.85%
2023	4,555,303,346	-3.00%
CAGR (Using RRI function)		6.14%

Table 1 ADL's Compound Annual Growth Rate (2019 to 2023)

Compound Annual Growth Rate an effective method to measure company's annual growth rate during a specified period of time. In the above table, CAGR calculation shows ADL has achieved an overall of 6.14% from 2018 to 2023. The CAGR of 6.14% indicates a positive long-term growth rate, though there was a down-trend in 2020 and 2021, during Covid-19 pandemic. After this negative CAGR, ADL has made an incredible recovery of CAGR to 54.85% in 2022 that ultimately contributes in overall CAGR 6.14%. This improvement and

regaining the position indicates company’s strength to deal with any external unwanted disturbance. This positive trend of CAGR would build confidence and trust among stakeholders.

3.5.1.2 Profitability Analysis

I. Gross Profit Margin:

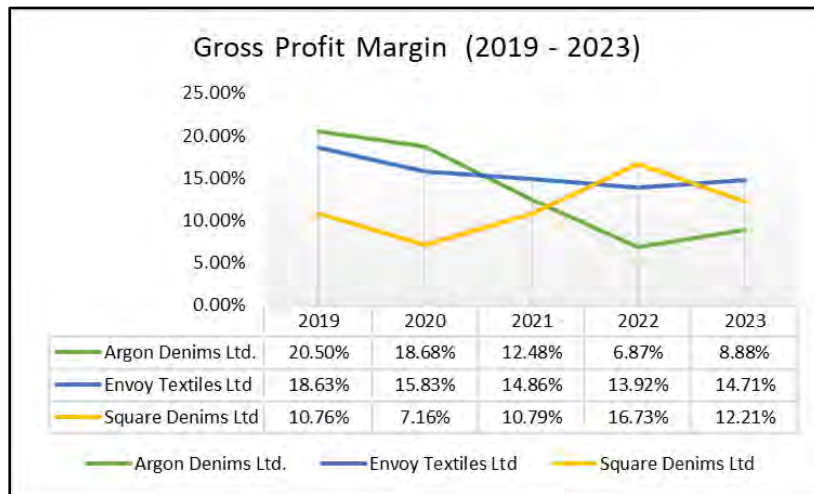


Figure 3 Gross Profit Margin (2019-2023)

The graph above presents the GPM in percentage of 03 companies Argon Denims Ltd. (ADL), Envoy Textiles Ltd. (ETL), and Square Denims Ltd. (SDL) over a five-year period (2019 to 2023). ADL shows a decreasing trend from 20.50% in 2019 to a low of 6.87% in 2022, followed by a slight recovery to 8.88% in 2023. ETL shows a relatively stable performance, starting at 18.63% in 2019 and gradually declining to a low of 13.92% in 2022, with a small increase to 14.71% in 2023. SDL exhibits a more unstable performance, it started at 10.76% in 2019, dropped to 7.16% in 2020, then increased to 16.73% in 2022 before decreasing to 12.21% in 2023. Overall, ADL experienced the most significant decline over the years, while ETL remained relatively stable, and SDL showed fluctuations with notable peaks and troughs.

II. Operating Profit Margin:

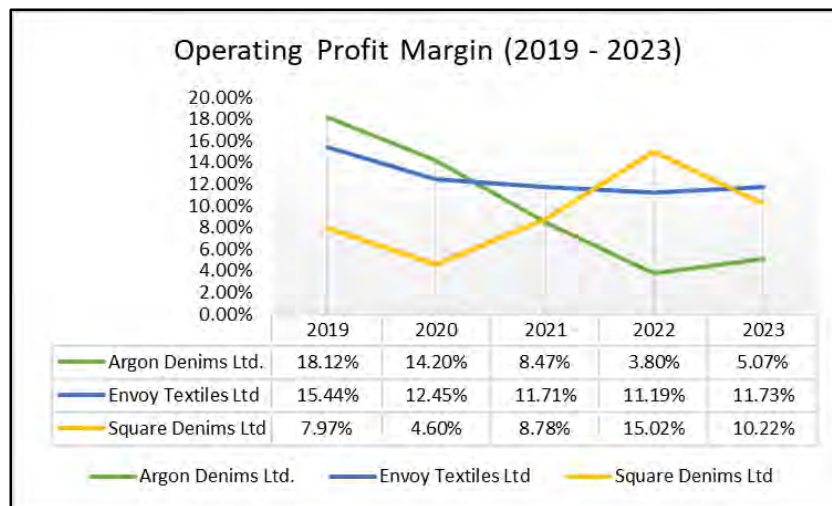


Figure 4 Operating Profit Margin (2019-2023)

Same performance as GPM reflects in OPM graph like ADL experienced a significant decline, ETL maintained a stable performance, and SDL showed instability with a strong peak followed by a decrease throughout 2019 to 2023. ADL consistently declined to 3.80% in 2022 from 18.12% in 2019; & in 2023 slightly recovered to 5.07%. ETL remained stable throughout 2019-2023, begin at 15.44% in 2019 and a gradual decrease to 11.19% in 2022, followed by a slight increase to 11.73% in 2023. This indicates a relatively steady performance over the years. SDL presents a more varied performance. Starts at 7.97% in 2019, decreases to 4.60% in 2020, then rises significantly to 15.02% in 2022 before falling to 10.22% in 2023.

III. Net Profit Margin:

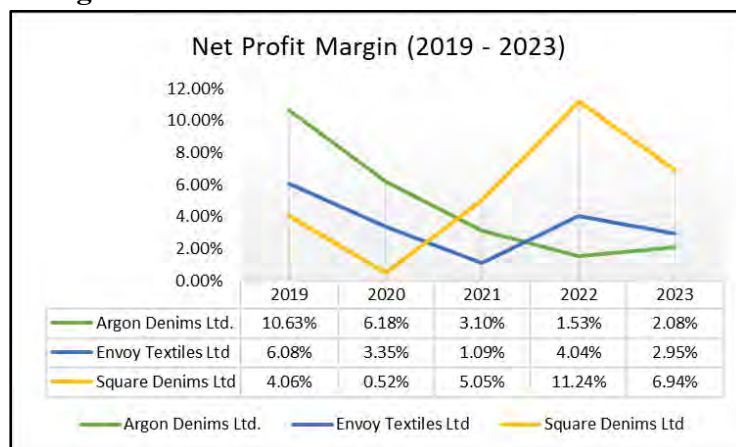


Figure 5 Net Profit Margin (2019-2023)

ADL undergoes from a consistent decline from 10.63% (2019) to a low of 1.53% (2022), Later in 2023 it recovered to 2.08%. ETL started at 6.08%, dropped to 1.09% (2021), then fluctuates slightly before ending at 2.95%. And, SDL exhibits fluctuation in the entire journey, initially dropping to 0.52% (2020), then rise till 11.24% (2022), lastly end up with 6.94% in 2023.

3.5.1.3 Asset Utilization & Return (2019 - 2023)

I. ROA Calculation:

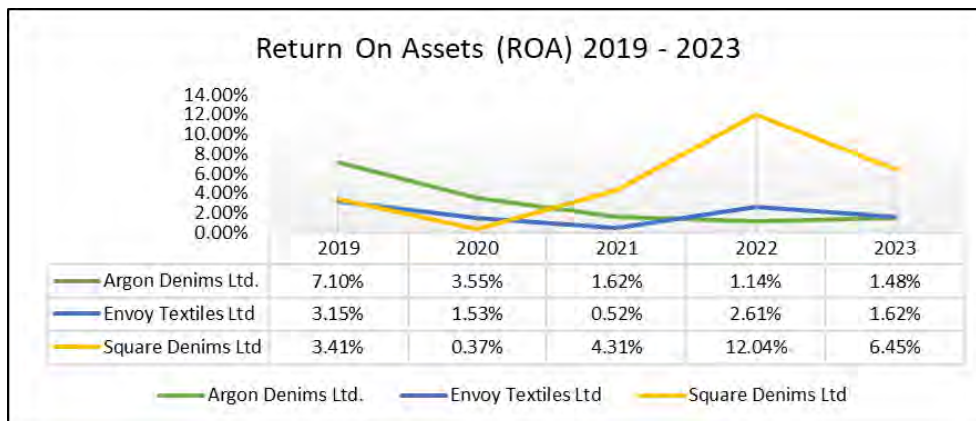


Figure 6 Return On Assets (ROA) 2019-2023

The line chart above illustrates data of Return on Assets (ROA) ratios for ADL, ETL, and SDL (2019 to 2023). The green line explains ADL’s ratio that starts at 7.10% in 2019 but declines steeply till 1.14% (2022), in 2023 it recovered slightly to 1.48%. ETL constantly drops from 3.15% to 0.52% in 2021; in the year 2022 it recovered but again fell in 2023 to 1.62%. And SDL shows a notable peak to 12.04% in 2022, recovered from 0.37% (2020); at the end in 2023 it fell down to 6.45%. Out of all these 03 entities ADL and ETL struggling in maintaining a balanced ratio, whereas SDL represents improvement during that time.

II. Return On Equity:

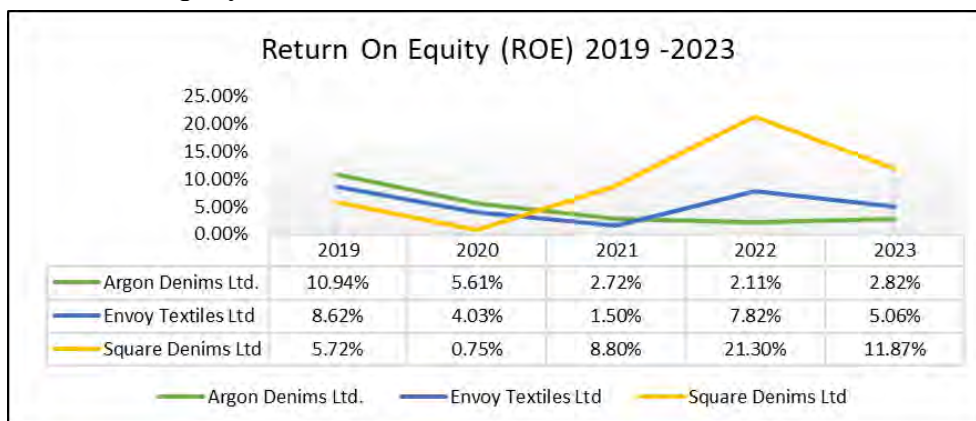


Figure 7 Return On Equity (ROE) 2019-2023

The green line of the above chart displays ADL’s track record over the years. In the year 2019 ADL started with 10.94% but in the following years it was continuously fell down. ETL fell down till 2021 (1.5%) later it grows till 7.82% (2022) and again fell down to 5.06% in 2023. Whereas, SDL showed a notable improvement over the years, especially in 2022 and 2023. Overall, the trends indicate varying growth and challenges faced by each company in the denim market.

III. Asset Turnover Ratio:

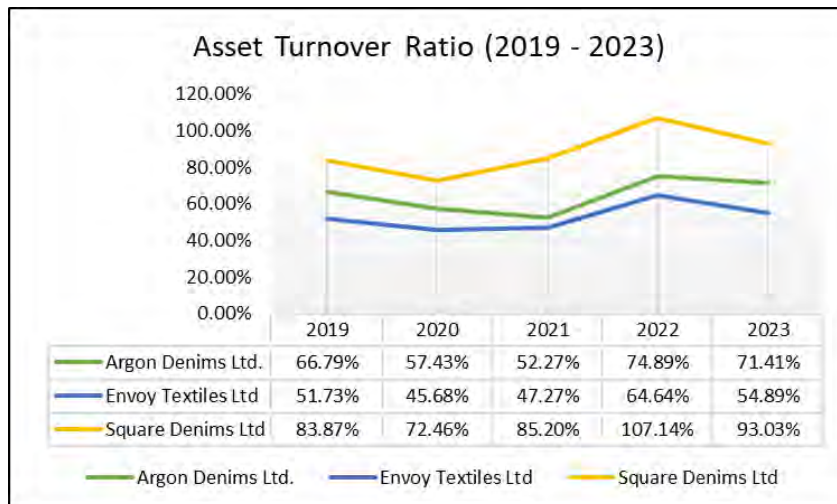


Figure 8 Asset Turnover Ratio (2019 - 2023)

ADL’s performance declines from 2019 to 2021, reached its peak at 74.89% in 2022, stabilizing in 2023. ETL fluctuates, with a significant rise in 2022 but around 10% dropped in 2023. SDL consistently improved, peaking at 107.14% in 2022 before declining slightly in 2023.

3.5.1.4 Liquidity & Solvency Ratios (2019-2023)

A. Liquidity Ratio

I. Current Ratio:

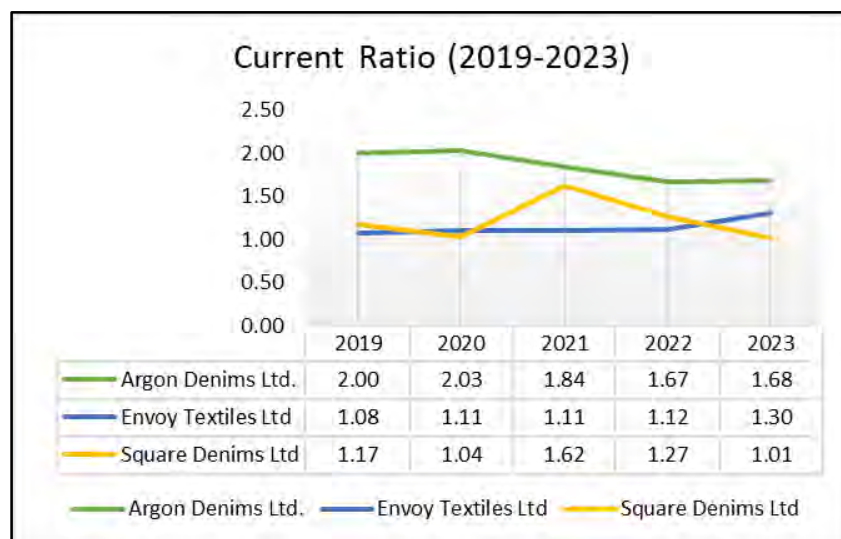


Figure 9 Current Ratio (2019-2023)

By using the “Current Ratio” company can assess its own ability to meet its current obligations with the use of its current assets. ADL started with a strong ratio of 2.00 in 2019 but gradually declined to 1.68 by 2023, means a decrease in liquidity. ETL maintained a stable ratio around 1.10, showing consistent capability to meet its current obligations. SDL fluctuated

significantly, highest at 1.62 in 2021 but dropping to 1.01 in 2023, indicating potential liquidity concerns. Overall, none of these maintains a consistent idle rate for its current ratio 1.5. (All the number indicates multiples or times)

II. Quick Ratio:

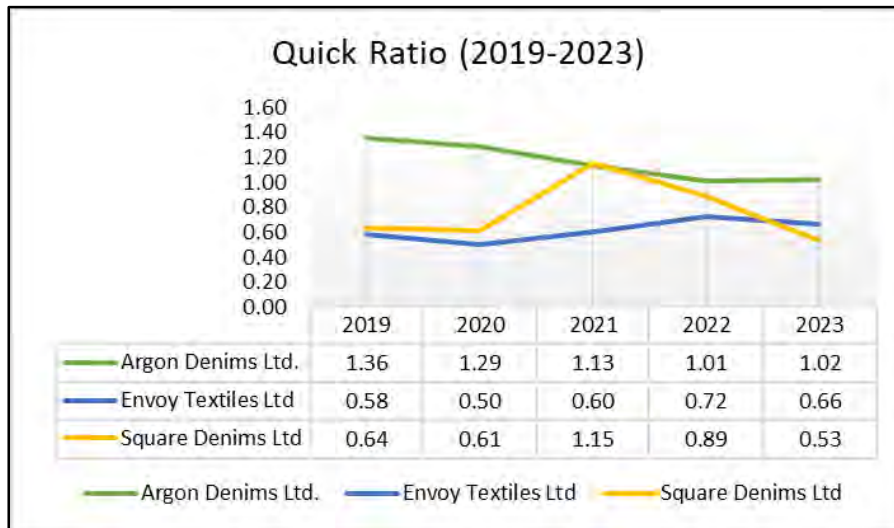


Figure 10 Quick Ratio (2019-2023)

Quick ratio indicates a firm’s ability to convert its most liquid asset to settle its short-term obligations. within shortest possible time. In the above scenario ADL maintains above 1 (One) better position than the rivals, a healthy quick ratio, declining from 1.36 in 2019 to 1.02 in 2023. ETL consistently stayed below 1, reflecting potential difficulties in covering current liabilities with liquid assets. SDL showed volatility, improving to 1.15 in 2021 but dropping to 0.53 by 2023, signaling significant liquidity challenges.

B. Solvency Ratio

I. Debt Ratio:

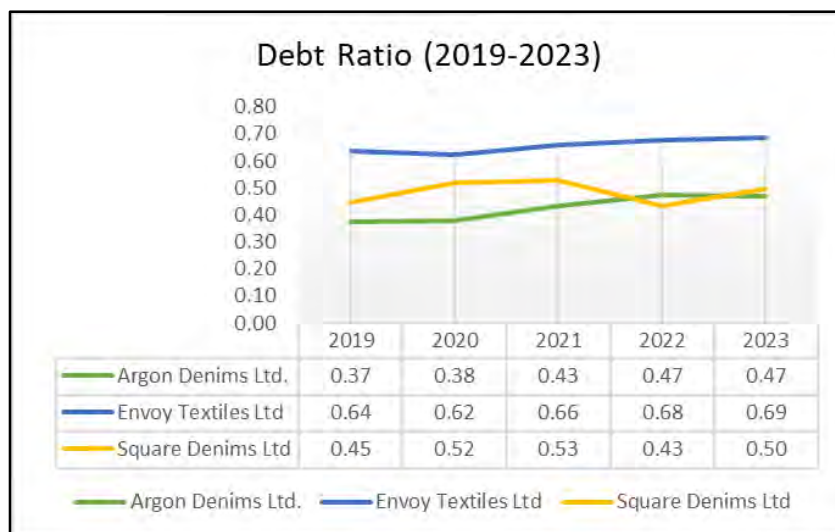


Figure 11 Debt Ratio (2019-2023)

Debt ratios is a measurement method of identifying the debt portion within a company’s assets. ADL is in a stronger equity position and lower financial risk as it is maintained the lowest debt ratio, starting at 0.37 in 2019 and stabilizing at 0.47 by 2023. ETL showed a gradual increase in its debt ratio, reaching 0.69 (2023), this implies that ETL is dependent too much on debt financing. SDL had a mixed performance, with a slight increase to 0.50 in 2023, reflecting moderate debt use. In comparison to rivals ADL shows a satisfactory condition in using debt as a means of financing its assets. The lowest debt ratio is an effective indicator of showing good financial stability and lower financial risk.

II. Debt Equity Ratio:

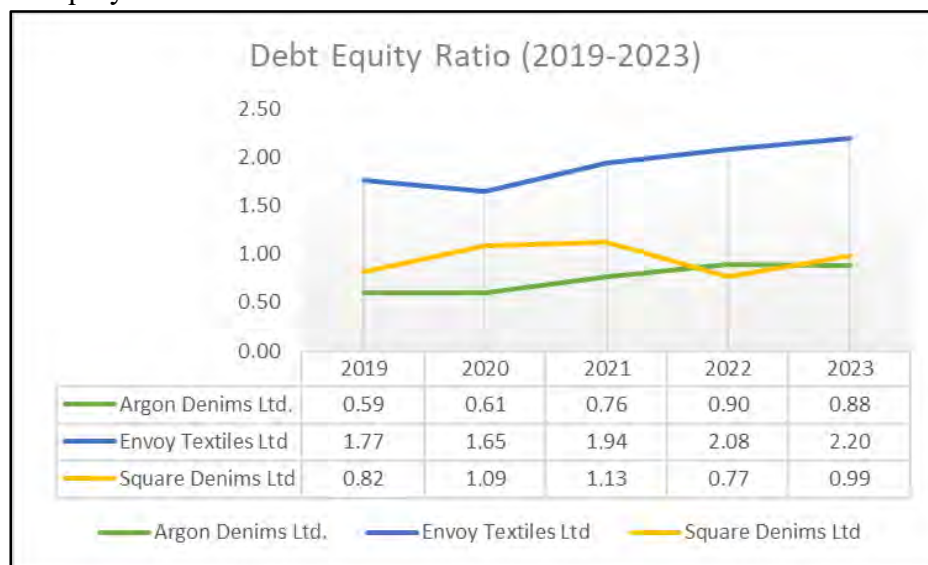


Figure 12 Debt Equity Ratio (2019-2023)

In the Debt-to-equity ratio ADL is in a stable state with compare to its competitor. For having a balanced ratio in the last 05 years ADL succeed to keep its risk level at a moderate stage. The blue line in the graph shows ETL’s debt is trending upward. This implies that ETL is dependent on the debt financial in a great extent. And SDL remain in ups and downs trend over the last 05 years this raises question regarding SDL’s financial stability. Finally, it can be said that, ETL has a higher equity ratio, indicates its strength to adopt losses and can expand its operation further.

3.5.2 Risk Management Strategies

3.5.2.1 Market Risk and Revenue Diversification

Like all other denim manufacturer of Bangladesh ADL also deals with various kinds of market risk. One of the major risks is price changes of raw materials such as yarn, chemical and so on; and also, customer preference changes also impose an additional risk for running business profitably. Demand for denims varies for changes in fashion trends. Alongside of this risk there is huge competition risk in denim industry worldwide. For dealing with this types of risk ADL has given a relentless effort to bring various types of denim in its production portfolio. They also try to bring sustainable and special types of fabrics in its product line. By doing so ADL can lower the dependence on conventional denim production. Moreover, ADL is also giving an importance to find new destination to export its denim fabrics for that they are adopting different types of strategy to make this initiative success. As an initiative to expand globally in different location ADL tries to build strong relation with the agent working in locally and internationally. With the successful completion of this expansion strategy ADL can expand its customer base and can increase revenue growth. ADL's multidimensional strategy would help them to become strong for absorbing economic changes and can position in a competitive place in the denim industry.

3.5.2.2 Operational Risks and Resilience

ADL established a strong supply chain management to meet operational excellence. Also, for ensuring excellence in overall operation ADL employs technological tools. There is also a dedicated team at ADL so that in any emergency they can make the operation on going for example, there was a team during corona breakout at the factory end so that production can run smoothly as textiles factory requires 24 hours production to meet economies of scale. As an initiation to make supply chain process stronger ADL ensure raw materials procurement from different suppliers; strong relation with suppliers allows ADL to continue its production continuously. Moreover, ADL set policies and standards throughout its operation so that workers or employee do not get demotivated which might result in work strike or vandalism. Argon denims strongly follows local and international compliance to operate its business ethically. For running the production operation at ADL, there are multiple initiative taken for technological investment so that the production can be ensure with efficiency by using minimum resources. As technology ADL includes automation and AI-driven processing in its production that enables operational excellence through efficiency and better adaptability with

any sort of changes. With the deployment of new technology in the production plant ADL can add up the eco-friendly products in its portfolio as this product's demand is growing. ADL's detailed planning and a dedicated team to respond in the crisis period will surely impact positively in the continuous production process without hamper. All of these strategies will help ADL to run its operation without any disturbance, will protect ADL in any unwanted situation and also positioned in a competitive place in the denim market.

3.5.2.3 Financial Risks and Currency Fluctuations

As the financial instability is very common scenario for any export-oriented company in Bangladesh; so, ADL is not an exception for such financial risk. ADL also faces financial problem like changes in financial currency rate, interest rate changes in local and international market. ADL exports its goods to different geographical location so using international currency are very common thus there is also a problem arises from currency rate changes. For example, If Bangladesh's currency's value is higher than the international currency USD then ADL will receive a lower revenue in TAKA which implies lower profit. Contrary, if Bangladeshi currency is weaker in value the cost of raw materials will be increase significantly also a threat for making profit. To deal with such financial threat ADL implement many types of strategies for instance using hedging strategies by making forward contracts that fixed the exchange rates to a specific rate. Another method applied by ADL is making "Options contracts" with the buyer, this type of agreement will help ADL by protecting it from any abnormal currency movements. And finally, there is another effective method of dealing with financial risk is natural hedging, with this method ADL can bring a balance between revenues and costs in the same currency. Any company can also be impacted by abnormal interest rate which increases the company's financing cost, that might become a burden for them. If the interest rate for a company is lower, then it offers immense opportunity to expand further. The detailed analysis of debt portion in the ADL's financing and application of different hedging strategies will demonstrate the total impact of currency rate changes and interest rate risks. That will eventually guide to become competitive entity in the industry.

3.5.3 Conclusions

This report analyzes the financial performance of last 05 years (2019-2023) of 03 company running business in the textiles industry. The 03 companies are Argon Denims Ltd. (ADL), Envoy Textiles Ltd. (ETL), and Square Denims Ltd. (SDL). In generation of revenue ADL made a nice move in 2022, ADL's Compound Annual Growth Rate (CAGR) is 6.14%. But the ADL is not performing well in making a good margin in profitability (Gross, operating, and net profit margins). In the year 2022, ADL's GM, OM and NM fell down to 6.87%, 3.80%, and 1.53% respectively. ADL's declining trend of profitability indicates its operational inefficiency or problem. ADL's asset utilization ratios such as ROA & ROE also not showing a satisfactory result, both of these ratios down trend implies not satisfactory return against its investment. But ADL's financial numbers shows a low debt ratio (0.47) which means stronger financial stability with lower financial risk. On the other hand, ETL and SDL ratios shows excessive dependence on debt financing.

Moreover, ADL's multidimensional risk management strategies impact greatly by reducing the various market, operational, and financial risks. That eventually make ADL capable for achieving sustainable growth in this industry. Through bringing various types of products (Sustainable fabrics) in ADL's portfolio, ADL can meet the growing consumer demands for sustainable goods other than the conventional denim. Fine-tuned supply chain process and inclusion of technological advancements in the production will ensure efficient and effective operational. ADL's adopted financial hedging strategies will be effective in managing the risk associated with foreign exchange and interest rate. This financial protection strategy will protect profit margins and smooth revenue generation. With the use of these advanced strategy ADL can position themselves competitively in the dynamic market.

3.5.4 Recommendations

- ADL should bring variations in its product portfolio. Like growing demand for eco-friendly fabrics can be a suitable scope for further expansion. By doing this ADL can meet customer new demand and bring brand value for them.
- ADL need to emphasis on its profitability ratios, as it is down trending in last 05 years. ADL can adopt strategy for reducing the production cost, optimizing the entire process, and finding the new value-added services.
- A complete dashboard can be added in the ERP system that displays updated financial indicators for example, ROA, ROE, and Profitability. With this management can monitor on a regular basis and can take initiative for any corrective actions.
- Manufacturing plant should be equipped with advanced automation and technology that will help in increasing overall productivity with excellence. If the production is efficiently streamlined then ADL will be able to produce goods at a lower cost.
- With the use of more forward contracts and options ADL can manage its uncertain financial risks arises from currency rate changes and changes in interest rate.

References

1. Internship Company Website. Argon Denims Ltd. (n.d.-b). <https://argondenims.com/new/>
2. Best denim fabrics manufactures in Bangladesh. Envoy Textiles LTD. (n.d.). <https://envoytextiles.com/>
3. Square Denims Ltd.: Square. Home. (n.d.). <https://squaregroup.com/bussiness/square-denims-ltd/>
4. Penman, S. H. (2012). Financial statement analysis and security valuation (2nd ed.). McGraw-Hill.
5. Jorion, P. (2007). Value at risk: The new benchmark for managing financial risk (3rd ed.). McGraw-Hill.
6. COSO. (2013). Enterprise risk management: Integrated framework: An update. Committee of Sponsoring Organizations of the Treadway Commission.
7. Mollah, M. S., Al Hasan, M., & Hossain, M. (2018). Integrating financial performance and risk management: Evidence from the textile industry. *Journal of Business and Management*.
8. Bangladesh Denim Expo. (2021). Bangladesh denim industry report 2021. Bangladesh Denim Expo. <https://www.bd-denimexpo.com/report2021>
9. Rahman, M. M., & Hossain, M. (2020). An analysis of the denim industry in Bangladesh: Current status and future prospects. *Journal of Textile and Apparel, Technology and Management*, 12(2), 150-162.
10. Bangladesh Garment Manufacturers and Exporters Association (BGMEA). (2020). Denim sector in Bangladesh: Growth and challenges. BGMEA. <https://www.bgmea.com.bd/denim-report-2020>
11. Khatun, F., & Hossain, M. (2019). Sustainability practices in the denim industry of Bangladesh: A review. *International Journal of Business and Management*, 14(4), 45-58.